

Fed speak was just endorsing what Steve Leeson said on CNBC : If you aren't confused about economic data, you aren't paying attention - Barkin downplayed recent CPI & retail sales potentially skewed by seasonals & Bowman expressed angst & uncertainty about inflation.

10th-straight decline in LEI January is technically consistent with a recession. However firmer prints of CPI and Retail Sales followed the upbeat employment and output data confirm that the economy is doing extremely well .

So the sentiment swings - however There is an undercurrent of cognitive dissonance when it comes to what the market wants to hear from Fed and what the Fed is trying to say. Friday's sell everything trade

halted on the realisation that it's a long week end in US .

**Besides the economics, , Geopolitical news is worrying - North Korea fires ballistic missiles, warns of turning Pacific into 'firing range' - cant be dismissive as usual as the missiles were termed as tactical nuclear attack weapons. The fact that Kishida is requesting a meeting of the UNSC indicates that this is bit too serious .**

German-U.S two -year yield spreads began trending toward an increasing dollar yield advantage before consolidation began on Feb 7. After completing that phase , dollar's yield advantage rose again implying it may rise towards 235 bps. Ability to close below 23.6% of 0.9528- 1.1034 is bearish 1.0280 . Support @ 1.0612 where Friday's low and 76.4% of 2023 rise converge.

Lack of warmth in US- China relationship  
-key negative for CNY.PBOC LPR setting: 1-  
year and 5-year both unchanged. Some  
stall at 6.8800 in USDCNH - expect a break  
for 7.00 test .

Political risk high -economic woes as well -  
Sunak & Ursula von der Leyen held positive  
talks- DUP unconvinced- possibility of a  
turbulence in parliament could undermine  
Sunak. NI trade compromise strong GBP  
positive - breakdown **bearish**.Focus now  
on flash PMI & BoE speak : Sam Woods,  
Mann, Cunliffe & Tenreiro. Expect a Large  
down move to 1.1000 - stop at 1.2250.

You cant get bullish on JPY come what  
may as BoJ offers to purchase JPY1.75  
trillion worth of JGBs. USDJPY trading  
above 200 ema, around 133.80 -aim for

Dec 2022 peak 138.20.

USDINR remains in the range 82.65 82.85.  
Nothing to suggest that the range could  
give way anytime soon - so long the local  
factors are in the dominant narrative , the  
intervention offers won't give up .