

The key message so far from these episodes of banking crisis is that Weak banks irrespective of the size are feeling exposed to global tightening cycle and that entire global system has been transiting beyond "mere pretend" central bankers.

All the banks are aware now that their unrealized losses are being frowned upon by the markets (tougher stress tests ahead ) and hence banks should become reluctant to lend. That's almost financial conditions tightening, akin to rate hikes.

The headline grabber this morning is that Credit Suisse says it will borrow up to CHF 50 billion from SNB - minor positive shift in the risk sentiment. Reaction is tepid as it is prudent to remain cautious after a week of bank turmoil- Which brick will fall next ?

**ECB to stay with 50 bps consecutively for the third time to 3.5% while ignoring CS fiasco. Resistance @ 1.0627 where 10 dma & 21 dma converge. Pay close attention to any ECB plans to provide liquidity. Mid-Feb market was long equivalent of \$22 bio Bets in excess of \$25bio usually have a material impact on EUR/USD. Stay short for 1.0485 test .**

**China has halted approvals for new GDR sales - GDRs, primarily listed in Zurich, have tended to trade at discounts. They become fungible with so-called A-shares in mainland China after 120 days - Large stream of capital inflow almost stopped.**

**China's electricity consumption +11% y/y in Feb. 6.8800 in USDCNY is resilient support .**

Hunt said that Brexit is creating a high-wage, high-enterprise economy. **GBP long position** inventory appears to have shifted from institutional investors to retail - skates on thin ice - Risk of BoE keeping rates unchanged as MPC tends to be more cautious than ECB if Financial instability risk rises .Stay short for 1.1920 below 1.2155.

**Japan Machinery Orders +9.5% m/m (exp +1.8%).** Kuroda in self congratulating mode as he said that BOJ has enacted an effective and sustainable policy. Almost like Hindi movie -When Heroes are hurt, the comedian seen chest thumping - Unable to hold the recovery near 133.50. Break there needed to save our bullish call.

In keeping with historic episodes, Equity

markets appear more apprehensive of fallout than currency markets - USDINR knocks doors at 83.00 .(Seasonal weakness in March - especially second half -seems to be the new story of this decade - old timers would hate to believe ) Should the door open at 83.00 it would be more like the re run of last fortnight of March 2020. 82.65 82.95.