

**We are into last week of Q1- the message from Q1 : Don't Sell the USD Before Fed Is actually Done Hiking - combination of ongoing Fed hikes & intensifying recession risks tend to boost the USD**

Consensus has been expecting the reversal of last year's trends, with lower inflation, rate cuts and a weaker USD. However nothing has transpired . Still they remain unrelenting on their USD pessimism. Simply put, the consensus fails to recognise that **USD call is an inflation call for as long as Fed remains obsessed with inflation, that will keep USD historically strong.**

Even as the sentiment remains still quite fragile in the aftermath of the bank

collapses, Markets would track the flash CPI readings for Euro area as well as the PCE inflation from US . Hot inflation could roil markets as central banks may not take their eye off the ball.

Bullard's base case ( and most likely outcome in our opinion as well ) is that bank stress abates and if the economy remains resilient, markets might be proved wrong in anticipating the Fed's next move will be a cut. Bullard's dot is at 5.625%, which means he is confident that the Fed is nowhere near done tightening.

Energy Secretary Granholm said refilling the SPR could take years. Is there any one willing to listen to him ? No

Eyes on DB after its share fell & CDS jumped. **De Guindos: banking sector ... "a**

**period of very high uncertainty". Stay short for 1.0730 break for 1.0570**

Would surprise so many USD bears to see that USD share of China's reserves almost rose a bit in 2022.- although US Treasuries fell below \$1 trillion in 2022 for the first time in years -piling into US agency MBS for higher yields.6.8800 break in USDCNY for 7.00 test .

**Hopes of more soothing economic measures for the UK energy companies from Sunak help sentiment .Bailey is speaking today -likely to be pertinent to the economy and/or policy. 1.2250 is the maximum GBP USD can see**

Dive on banking angst, Tsy yield plunge and broad haven yen buying.Low is near the 76.4% Fibo of 2023's 127.215-137.90

range at 129.74- However **2023 Uptrend Line Break Proves Fleeting. Now hurdles 133.00/134.32-46. Range solidifying 130.00 135.00 .**

If the first half is bearish, the second half of the session stays bullish .82.20 provided impetus as expected for 82.50 . Nothing to change the range 82.25 82.45