

Before the string of bank failures earlier this month, one had to squint to see the impact of a rapid tightening . Fed has been trying to get nominal spending back down to a more manageable level to cool the inflation - the banking crisis just seems to help them in doing it.

Banking crisis has since eased somewhat, with no spreading of contagion - the broad conclusion is that the credit crunch will feed through into weak real-economy which, in turn, could slow down economy.

The second theme was about Inflation : this is the first month in which base effects adjustment would come into play. So logically the monthly figures are going to be more relevant - Core readings however tend to stay high across the world

Initial jobless claims at 198K. Coming in below 200K keeps the jobs data solid. Fed speakers tend to be being somewhat dated reiterating the data dependency but focus still on inflation. Core PCE today is key with expectations for 0.4%.

Market has once again run ahead of itself, pricing early Fed cuts, with re-pricing likely to weigh on EURUSD .Besides , continued war in Ukraine & possible market pressure on Italy from the hawkish ECB post hot German inflation data- the EUR/USD rose to 1.0925 before offers ahead of Mar 23 high @ 1.0930 capped.

South Korea Chip Production dropped 41.8 % y/y (33.9% fall in Jan)-most since 2008 - declining demand - may be deeper and longer-lasting than feared. 100 dma hurdle at 6.9140 directs USD/CNH towards an

upward-sloping support line from early Feb, near 6.8280. Close past 6.8800 today should negate this downmove .

Yield gap between 10-yr gilts & 10-yr UST set to rise for 1st mth since Sept. Focus turns to UK Q4 GDP- base case GBP weakness almost negated above 1.2390 . For now range 1.2258 -1.2393 .

Next crisis in Asian Insurance ? Japanese, (Korean and Taiwanese) insurers hold more than US\$1.5trn of long duration bonds. Rising hedging costs and falling asset values are combination. USDJPY upside bolstered - A **close above 133.00** needed to cross hurdle near 133.80.

USDINR to stay steady between 82.10 82.30 as a tumultuous fiscal comes to a close .

