

Bond markets are often called as 'adults in the room' - it is prudent to revisit all your assumptions and turn realistic ,when these "adults" see no point in jumping in front of the train.

The long bond yield is now up 55 bps in 13 trading days.Losses on US Treasuries have reached \$1.429 trillion.With the treasury set to raise issuance , yields will continue to push higher , they belatedly realise that even the steep run-up in rates won't keep off Fed from its "higher-rates-for-longer" theme and are factoring a "term premium" that had been negative for long

Under rated second tier data reveal much better stories - New orders contracting in Dallas, Kansas City & Philadelphia;while they're modest in NY & Richmond -mix of

strong employment & weak demand bodes ill for productivity - hence elevated unit labor costs & resultant inflation . At some point, corporations need resurgence in demand or a slowdown in labour costs to alleviate margin pressure. Till then Equities to struggle.

Lane is in the peak rates camp. He said that interest rates have “reached a level that will make a substantial contribution to get inflation to target” and added that the “base case is to maintain this level for as long as needed.” EURUSD targets a test of 1.0402, 50% of the 2022-2023 rise

USDCNY is a side-lined trade although "Higher for longer" looks the name of the game-

1.2067, 38.2% of 2022-2023 rise remains

under pressure. Sustained 1.2067 break to target a test 1.1805 March and 2023 low

In keeping with the adage "listen to what they say, but watch what they do," there has been a sell off in USDJPY which failed to shake - No comment yet on whether they did intervene - Kanda's bouncer fails to rattle - markets await him .

Is it a Moral hazard ? - Who will care to hedge even at this miniscule carry , if the FX risk is managed by "hand of God" - the unhedged interest rate risk on FCE - is it too serious to deserve a mention - leverage never a free lunch - 83.30 break looming .

