Howsoever the markets may want to deny , Narrative still is about High geopolitical uncertainty, the still-unfolding impact of aggressive monetary tightening, fiscal policy in many economies gradually becoming more restrictive, and a long list of structural transitions. But the prospects of Fed rate "cuts" continue to overwhelm the negatives ..

We all know that the Central bankers missed inflation upswing; obviously they should want to be fully sure of the inflation downswing and hence will prefer to be staying well behind the curve.

Moreover , the Financing conditions have eased in both US and EZ since early December, doing the work actual rate cuts would do: supporting growth and pushing up inflation risks. Consequently, the more aggressive the market prices future rate cuts, the less needed those cuts will be.

U.S. published December deficit of $129 billion, up 52% from the previous year. The period between Oct and Dec 2023 showed deficit at staggering $510 billion. Deficits are not a tool for growth; they are tools for stagnation.The massive deficit means more taxes, persistent inflation and lower growth .

Rcent gains in EUR/USD during Q4 of 2023 disproportionate when compared to the evolving growth landscape - 5-year real EUR-USD rate spread—indicate EUR/USD is currently trading at higher level than what ECB-Fed outlook would justify.With '*at-least-things-are-not-getting-any better -in-the-eurozone*' scenario,. Prudent to have sell-on-rallies approach to EUR/USD,

Taiwan re-elected a DPP President - China continues its barrage of balloons in an effort to test Taiwan’s responses & wear down its threat awareness.

PBoC Ex- official says China’s property downturn may continue for two more years. New-home sales nationwide will likely shrink by another 50 million sqm both in 2024 and 2025

UK activity data was quite mixed, but there was a slightly better set of trade figures which may have helped sterling.Well-tested Dec/Jan range base around 1.2610 is key support.Growing perception that BOE might be less aggressive with cuts.

Yield on the 2 year JGB dropping back

under zero - you can still get a 5%+ carry on long USD. Imminent **Break above 146.60/147.40 for testing 2023 CY highs .**

Markets continue to debate about the local factors whereas Policy balancing indicates Interest rates are anchored to West and exchange rate anchored to East- no early respite from this strategy as "extension" indicates extended days of this eerie calm.