

When markets are turbulent, we are concerned about high volatility. Right now despite persisting geopolitical uncertainty and economies wobbling at the doorstep of recession, risk remains inexplicably well bid - should that indeed be a worry?

Middle East escalation is seeing flows out of risk trades., but its all sketchy- mainstream news is however focussed on US primary voting in Iowa.

Route diversion of maritime vessels is raising shipping costs & transit times.
Threat rises of disruption to world trade - slower growth and higher inflation- higher for longer framework comes up - If at all the Fed is not going to be vigilant, then risk of US Treasuries becoming even a big sell - whatever it be, the credibility matters ...

Bostic believes that rates should remain unchanged until at least the summer - inflation could "see-saw" if policymakers cut interest rates too soon.

Retail Sales tomorrow & Empire state today - contextually irrelevant.

2023 was the first full year since 2020 in which German economy contracted- the concern is that there is very little chance of any imminent rebound . EZ Industrial Production at -0.3% m/m. **German CPI & ZEW today . A daily close below the bull channel base at 1.0923 & 40 dma at 1.0931, doors opened for 1.0700 test.**

Fosun Group founder Guangchang says the 'days of runaway growth have gone', with China's private firms suffering from high debt & heavy asset loads -indeed a

learning for some of the highlylying debt laden companies of EM-

Bailey's testimony has been cancelled - he speaks in Davos now - more important labour data today. Last week's 1.2675 low held so far - break would test key 1.2610.

PPI came in at 0.3% m/m in Dec vs. 0.2% previous. Inflation not even acknowledged by the Central bank otherwise busy buying JGBs . Come to think of it, It's not olden days when risk off implied JPY strength - multidimensional thinking of the markets in evidence - above 146.10, bet for 147.70 .

Trade data's volatile swings - but holds the new normal \$ 20 bio per month -time for optimism to become measured - USD INR back at 83.00.

