

The time tested words of wisdom proving right : When the crowd has been piling into a single idea -they've often gotten it dead wrong

Stronger-than-expected U.S. retail sales in December (surge in control group sales means upside risk for Q4 PCE - With 12 full months of data, the largest gain in 2023 was bars and restaurants, which were up 11.3%)

NAHB shows higher confidence on the heels of lower mortgage rates...John Williams declines to offer any policy commentary during an anticipated speech and Beige Book the most aptly-named release ...just, dull...

UK Inflation data just showed the mirror to markets - higher taxes to fund massive

govt spending (inevitable everywhere) can feed into inflation- **similar undertone in all messages** from central bankers on both sides of Atlantic -**ECB continues to stamp out rate cut bets while Fed lets data do the work for them.**

Lagarde leaned into “data-dependency” rhetoric - **Vasle said it’s premature to expect first rate cuts at the beginning of Q2.** Relative buoyancy of EUR belie deteriorating macros in Germany. Longer it stays below 1.0930, greater the potential for decline .

Chinese economy has long suffered from inefficient capital allocation & resource misallocation- short-term prosperity often obscures these substantive issues- Debt-to-GDP Ratio at 286.1%-**Japanification is complete - currency has to weaken now.**

U.K. inflation "unexpectedly" picked up to 4% y/y and 0.4% Dec (In August, U.K. raised its duty on alcohol).To stay between 1.2638 NY low & 1.2696 London high. Stagflation - more than usual focus on UK budget on 6 March, where tax cuts are on the agenda - tax cuts to bring down prices ?

Adding fuel to the fire, Expansion of tax exemptions under NISA programme spurred retail investors in foreign stocks influencing the USD/JPY rise.Likelihood grows for much bigger gains to retest 149.17- 76.4% retrace of 151.92 to 140.27 (Nov to Dec).

No surprise, oblivious of all that happening elsewhere , USDINR stays well within its contours

