Subtle shift in Narrative : From Fed pivot to the beilef that the economy will continue to glide right through , irrespective of how high rates go (forecasts above-consensus Q4 GDP on Thursday)

This sets up markets for disppointments if they don't get exactly what they want.The moot point is that the positive drivers are well known- important to acknowledge when good news has already got factored.

Looking around , you find Its mostly US banks who talk about the March Fed cut because Fed will probably not be renewing its Bank Term Funding Programme in early March. Currently, US banks are using the facility to borrow at 4.87% and park money at the Fed at 5.30% The thinking goes that a rate cut in March could smooth funding conditions for the regional banks

On disinflation momentum going forward, the much forgotten Oil plays major role- biggest surprises in oil market in 2023 was the impressive increase in US oil production to 13.3mbpd, a record high even as there has been a continued drop in the crude oil rig count. Productivity gains? - is it sustainable ?

While Leading Economic Index continues to signal recession - good news is that there has been only a milder contraction in components - activity in interest-rate sensitive sectors, is bottoming out . Richmond today (should send some strong recession signals)

Beyond Thursday's ECB, little bit of relevance in today's bank lending survey

& tomorrow's Jan flash PMIs.Far more has been priced out of the ECB than Fed cycle Softer bias in EURUSD- support is 1.0793 50% of the October/December rise

State Council meeting was the clearest sign of the govt's attempt at putting a floor on the stock prices - sets off **Chatter of a 278bn rescue package for stocks .Looks less likely before Chinese New year .**

Technical recession in UK as the cost-of-living crisis deepens - however UK's composite PMI is above 50 (last reading 52.2) compared to EZ 48.0.EURGBP under pressure since then keeping GBPUSD tied to 1.2700.

Main policy planks of BoJ unchanged - just for info, Short-term interest rate target

-0.1% &10-year JGB yield around 0%, but flexible up to 1% (in Oct 2023 ,BOJ made it even more flexible - 1% bound is only a ‘reference’).Nov. 22-27 highs at 149.55-75 to resist pre-151.92.

Trading (?) pain limited to three days in this week - layman would seek to see atleast 83.30 .