

Its an era wherein any fantasy can be sold and there are enough people to believe in it.

Ten years ago hedge fund manager Hugh Hendry wrote in his annual letter that central banks have given rise to a new form of investing that he called "imagined realities". He said that the worse the reality of the economy became, more greedy the investors became . He ended saying that it would all end badly but in the meantime there was money to be made by capitalizing on rampant gullibility.

Anticipation of Fed bail out is securing the 10yr below 4%.Markets least concerned about any conventional drivers - just tracking regional bank performance - new thing to correlate 10yr yield against is the Regional Banking Index (KRX).

Anyway, ISM has been a resiliency paradox - hopes of restocking potential - biggest move in prices paid - jumped to 52.9 from 45.2- jump occurred alongside only tepid improvement in other areas shows the challenge Fed faces .

Productivity growth is possibly the key as to why inflation has receded with little economic pain - the less talked about data : Labour productivity rose 3.2%- third consecutive period in which it topped 3%- theory however says Higher productivity is always associated with higher yields.

Eurozone GDP was flat in Q4 region narrowly avoided a technical recession. Major support at 1.0793 50% of the Oct/ Dec rise provided a base.1.0887 NY high &1.0893 21DMA to resist .

BoE's decision was supported by a mixed vote - differing views on the policy. Pill to speak today - anyway hardly any one bothers about his views or the economy - 1.2600-1.2825 range is in its 8th week - will extend.

USD/JPY still above 38.2% Dec. 28-Jan. 19 rise at 145.54. So the uptrend bets stay valid. A sub-146 close today could target 144.535 50% Fib.