

Fed's restrictive monetary policy is seen less effective *domestically whereas the unbridled fiscal expansion is the key anchor for the economy .On the other hand , US monetary policy tightening negatively impacts rest of the world whereas US fiscal policy hardly crosses the shores. Hence It's prudent to conclude that so long this fiscal profligacy stays, you cant expect US to slow down., howsoever rates go higher .*

Despite what many headlines implied, strong jobs growth does not necessarily imply heady days of US growth - simple point is that there just aren't enough workers to fill all the jobs - nominal GDP has grown by \$6.2 trillion, or 28.7%, since the end of Q1 2020. & number of employed workers has only increased by 1.5% over

that same time.

It is no wonder why average hourly wages increased by 0.6% m/m in January, its fastest rate since March 2022, while rising 4.5% y/y its fastest rate since Sept 2023.

So CY 2024 could be marked by the sell side continuing to call "maybe next meeting"..

Wherever Fiscal taps are open and running non-stop, equities to enjoy their day in sun without any rational - its nothing but pure "borrowing the future".. Powell has very limited role to play .

About equities: Friday was only the second instance in 62 years when S&P rose by 1% on a day when there were 2 losers for every winner on NYSE - can you believe the

other instance was interestingly on Black Monday -

Vujcic : need to ensure there aren't any second-round effects on inflation from wages before cutting interest rates.

German Trade Balance today is relevant Below 1.0793, gates open for accelerated downmove at least till 1.0480.

Over the weekend the talking heads were trying to prop up the dream. But Chinese equity markets however don't believe them any more - history says "reined in" markets always meet their end tragically - could be one more instance ?

Bailey warned price pressures could pick up again in second half - Pill emphasized need for sufficient evidence- **below** 1.2600 would target a test of 1.2524, 38.2% of the

2023 range

**January Services PMI 53.1 (prior 51.5)-**  
Fri range 146.25-148.58; no prizes for  
guessing the imminent direction - move  
over 149.17 see fast rise towards 151.93  
where intervention is less likely to happen  
this time