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It Is A Eurodollar World 2

There Are No Strong Dollars

(Eurodollar University)



The 'Booming' Economy

“ *I'm very happy about the state of the economy now. Our policy is part of the reason why our economy is in such a good place right now.* ”



Federal Reserve Chairman Jay Powell

*Dallas Fed Conference - Global Perspectives with Jerome H. Powell
November 14, 2018*

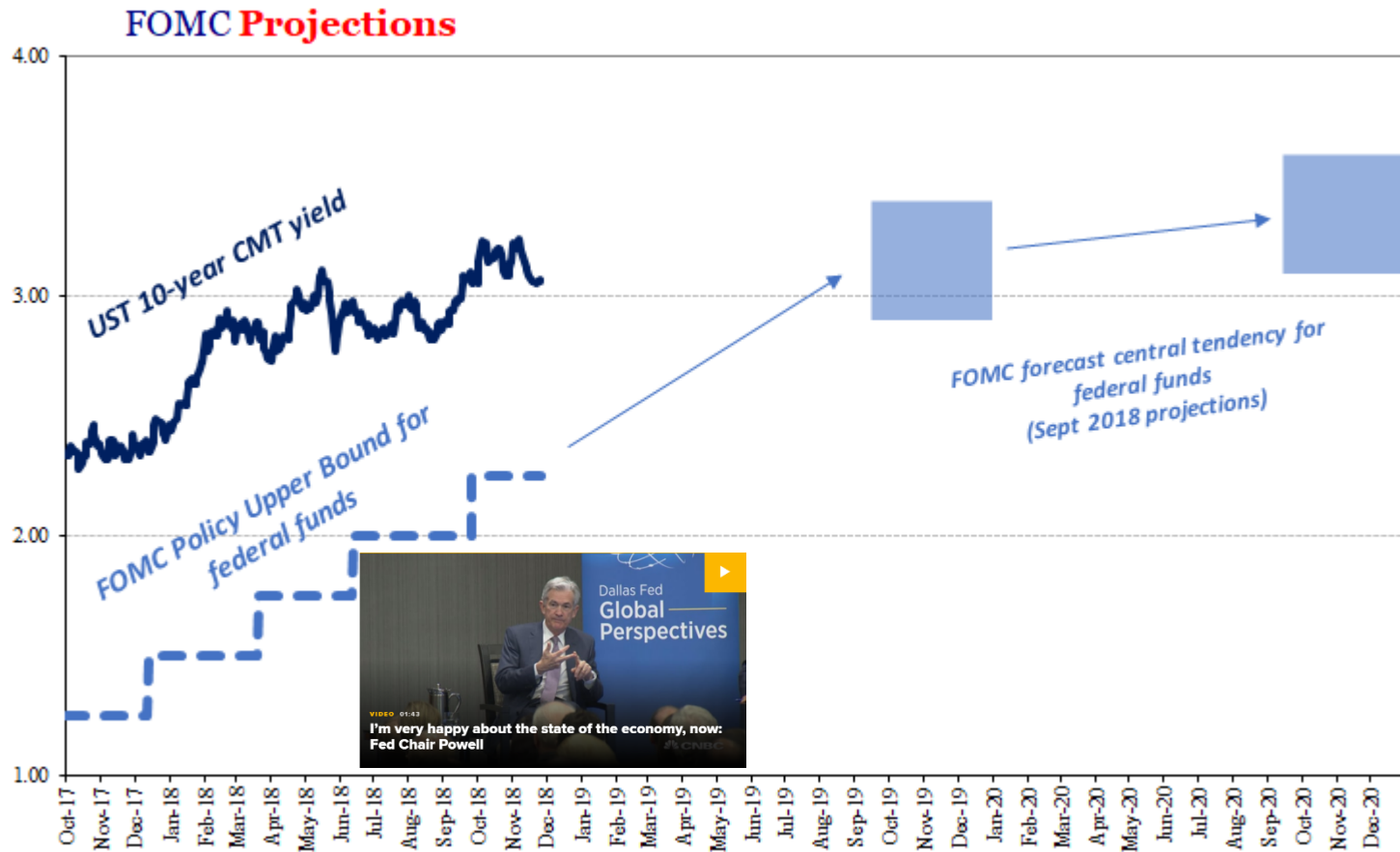
The ‘Booming’ Economy

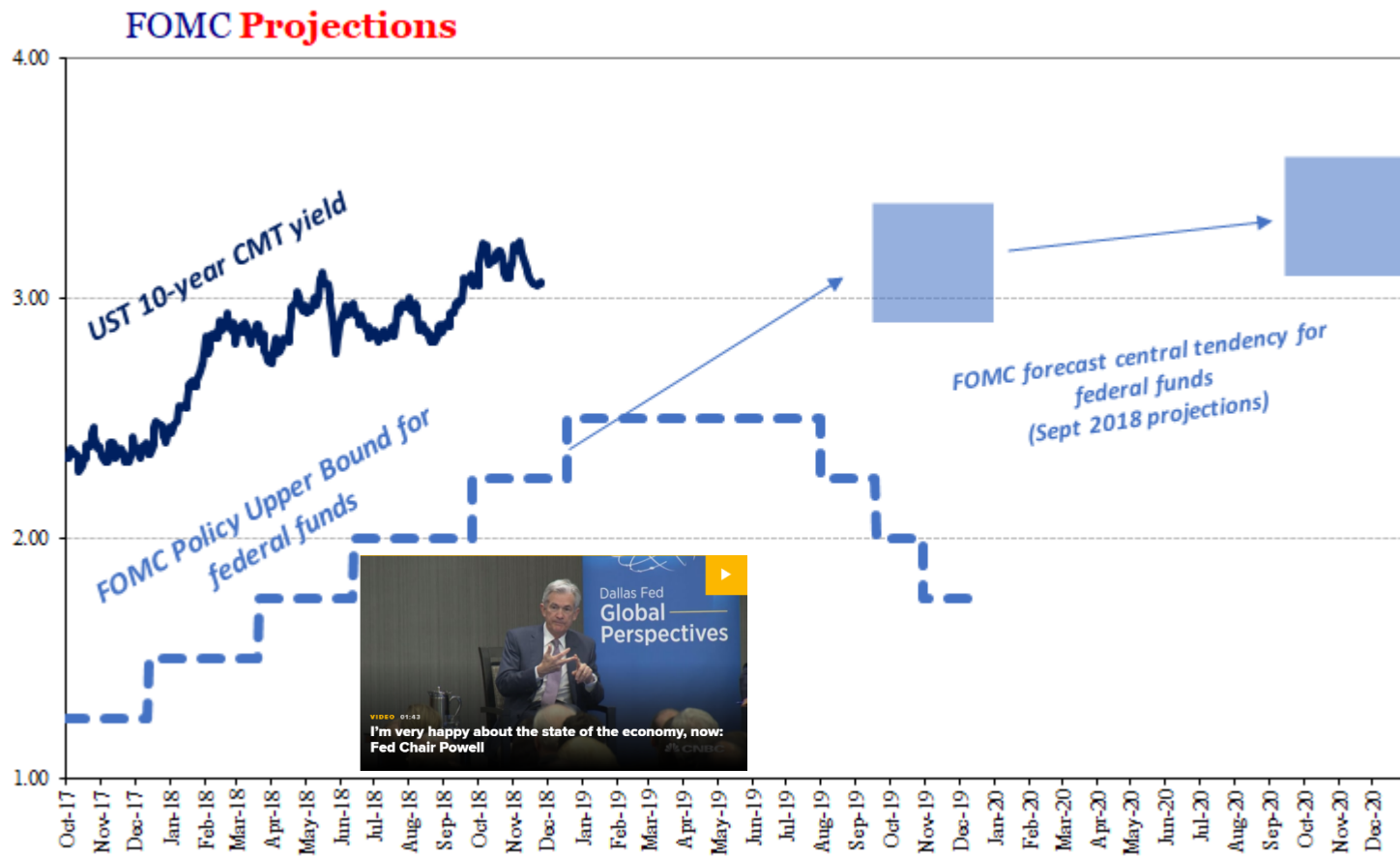
“ Congress assigned the Federal Reserve the job of promoting maximum employment and price stability. I am pleased to say that our economy is now close to both of those objectives. The unemployment rate is 3.7 percent, a 49-year low, and many other measures of labor market strength are at or near historic bests. Inflation is near our 2 percent target. The economy is growing at an annual rate of about 3 percent, well above most estimates of its longer-run trend.

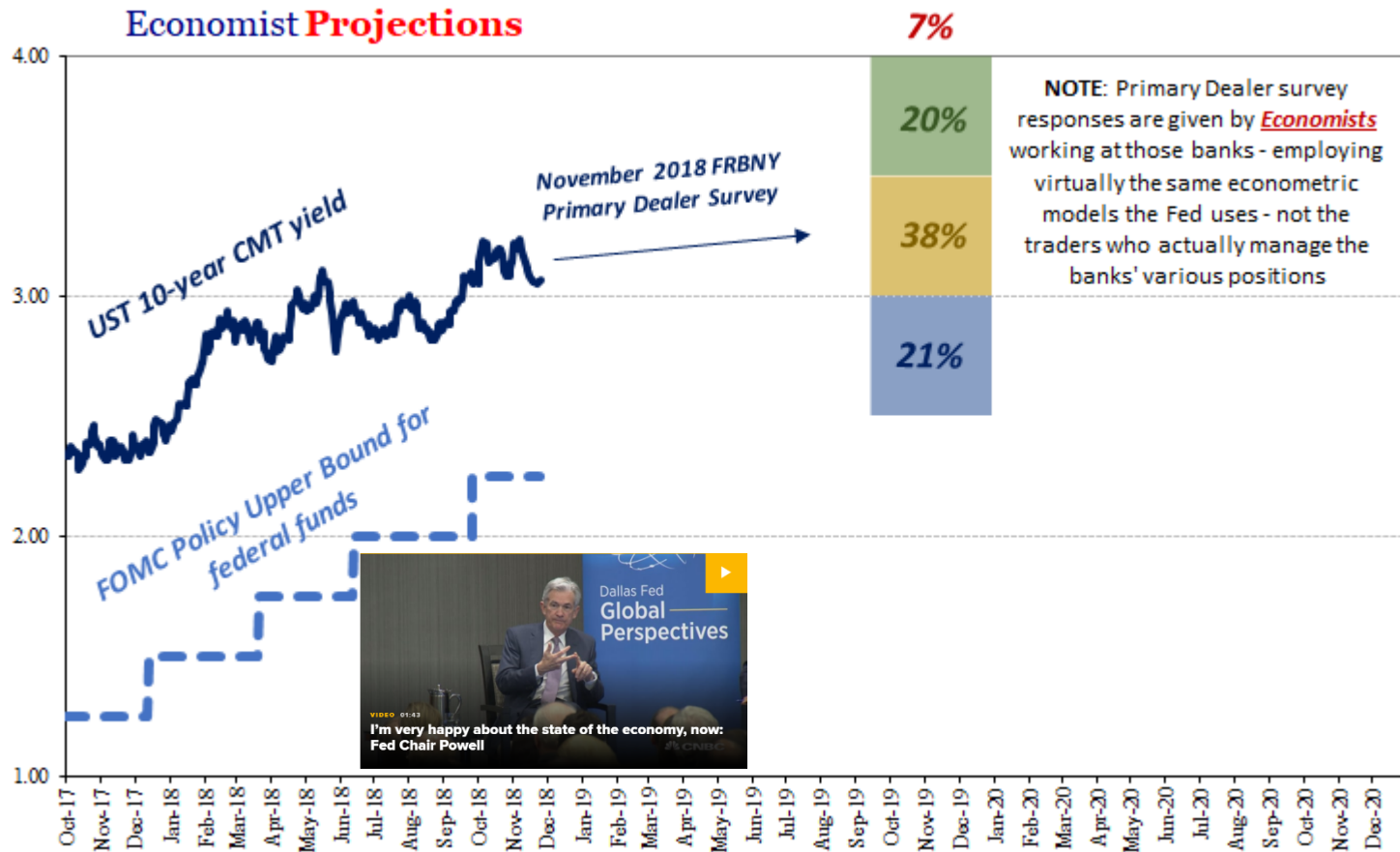


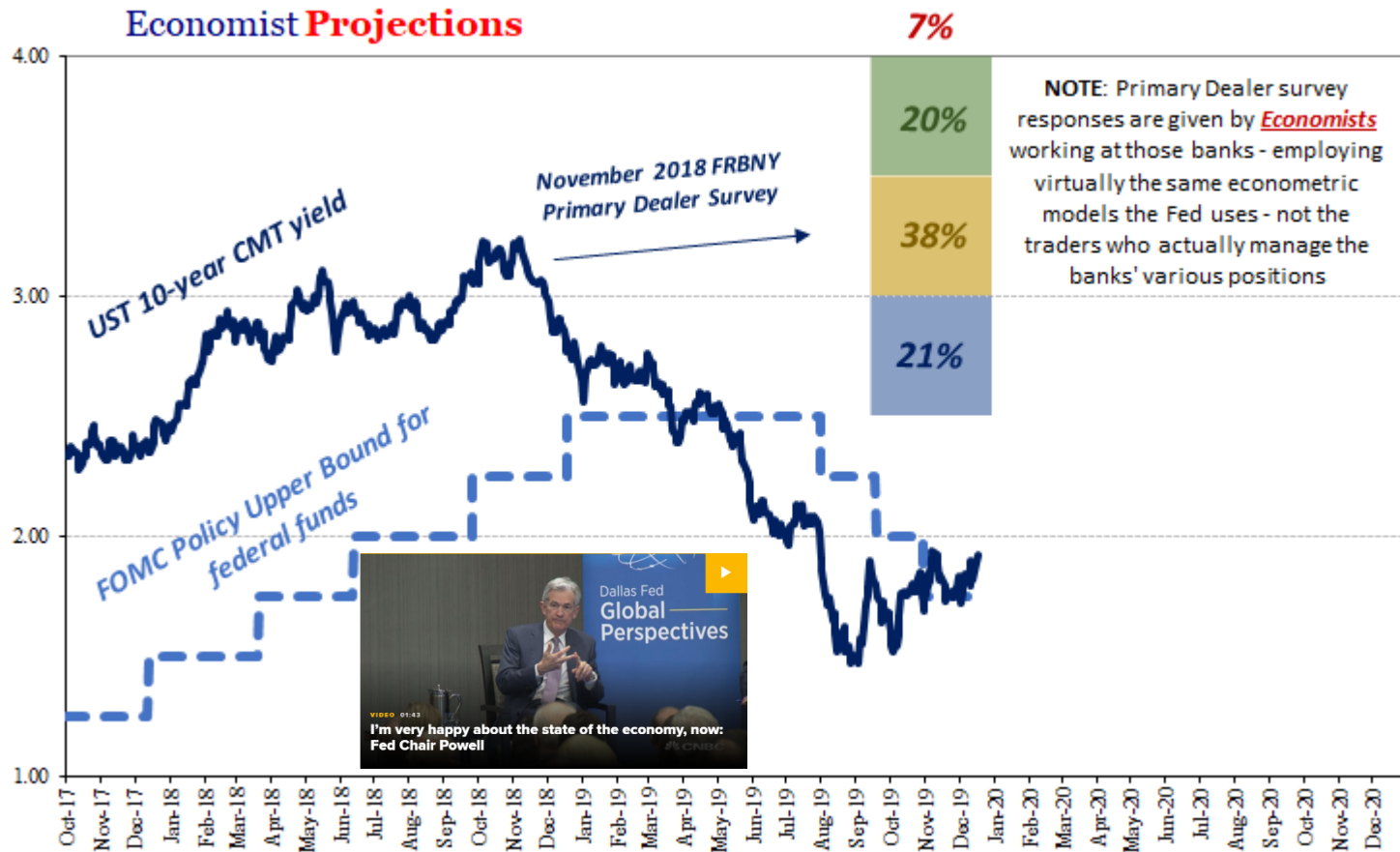
Federal Reserve Chairman Jay Powell

*At the Economic Club of New York
November 28, 2018*









The ‘Booming’ Economy

“ Despite this robust economic backdrop and our expectation for healthy growth, **we have seen developments that may signal some softening relative to what we were expecting a few months ago. Growth in other economies around the world has moderated somewhat over the course of 2018**, albeit to still-solid levels. At the same time, financial market volatility has increased over the past couple of months, and overall financial conditions have tightened—that is, they have become less supportive of growth.

Federal Reserve Chairman Jay Powell

*Press Conference
December 19, 2018*



Rising Dollar Squeeze

“ The focus on the US dollar as the currency underpinning global banking lends support to studies that have emphasized the US dollar as a bellwether for global financial conditions.

Bruno, Valentina and H Shin

Capital Flows and the Risk-Taking Channel of Monetary Policy (2013)

“ First, there is **a strong negative relationship between the US dollar and cross-border bank lending denominated in US dollars**. Second, an increase in US dollar denominated cross-border lending to a given EME is associated with greater real investment in that EME. Finally, **a decline in the value of a country's currency against the US dollar triggers a decline in real investment in that country**.

Avdjiev, Stefan, V Bruno, C Koch, and H Shin

The dollar exchange rate as a global risk factor: evidence from investment (2018)

The ‘Booming’ Economy

“ JEFF. And I think right now where we are **is we’re waiting for the next tightening event to start taking place.** That there’s **plenty of evidence that the system continues to decay**...So it doesn’t add up to a bullish position, necessarily. And I think that’s one of the things I want to define, is **what exactly is a rising dollar? And it’s not bullish.** And I’m certainly not of the position that most dollar bulls take, which is that the dollar goes up because the US is going to strengthen either economically, financially, or otherwise. I think that’s just not the case.

So if we couch these in terms of the Eurodollar system and its continued decay, it’s not a bullish thing.

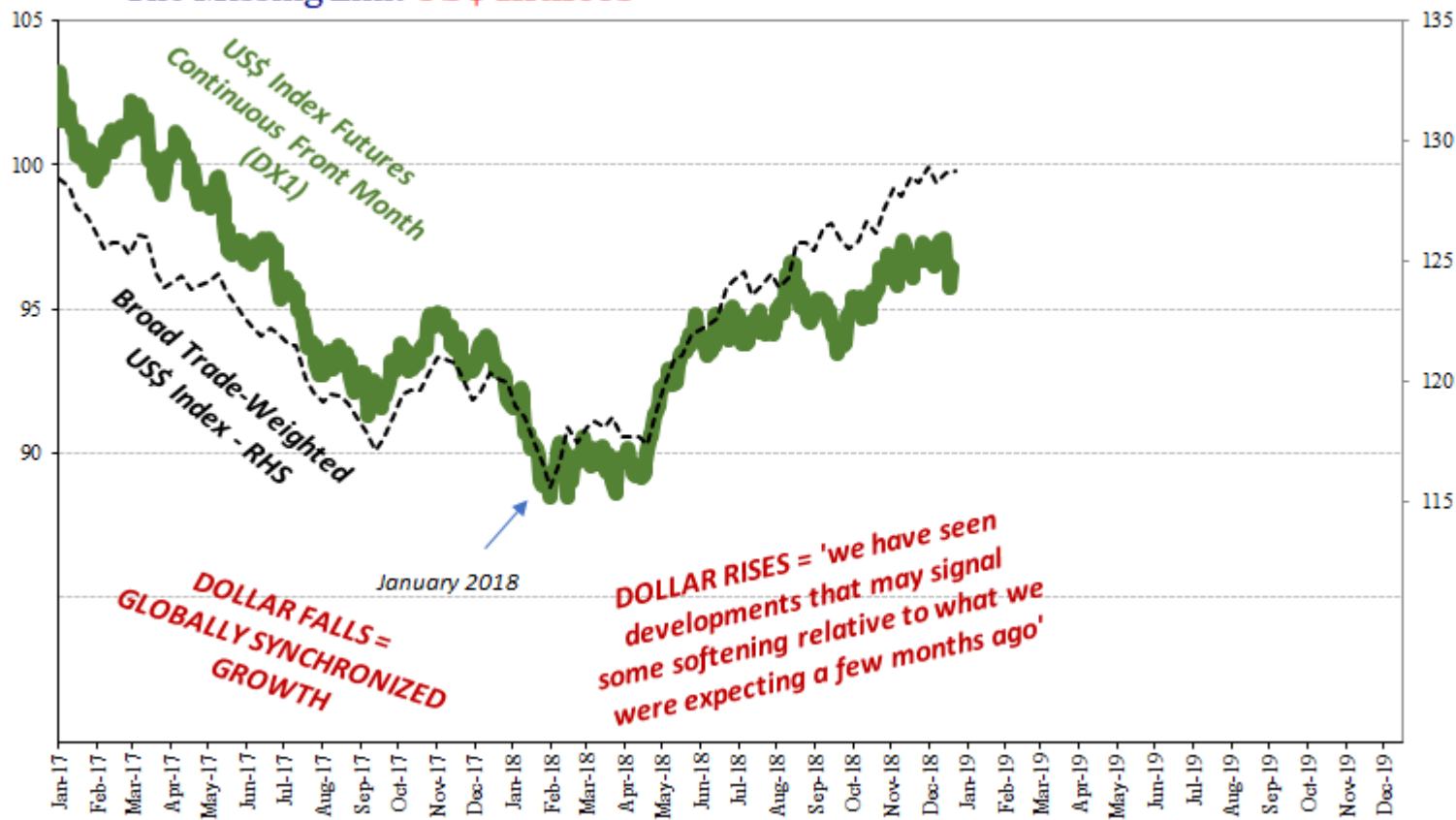
Anatomy of the U.S. Dollar End Game

*Erik Townsend welcomes Jeffrey Snider, Mark Yusko and Luke Gromen to MacroVoices
December 2017*



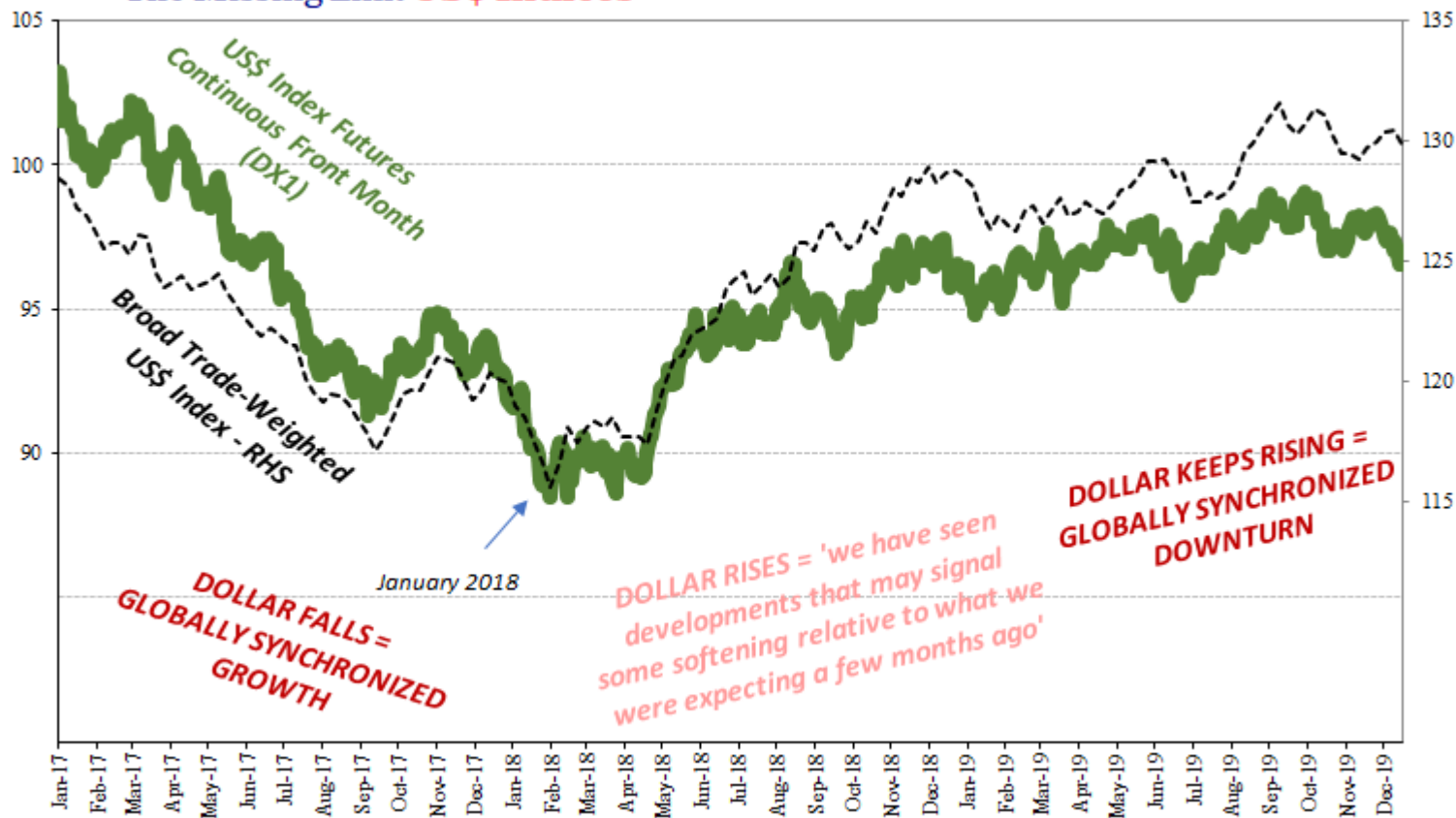


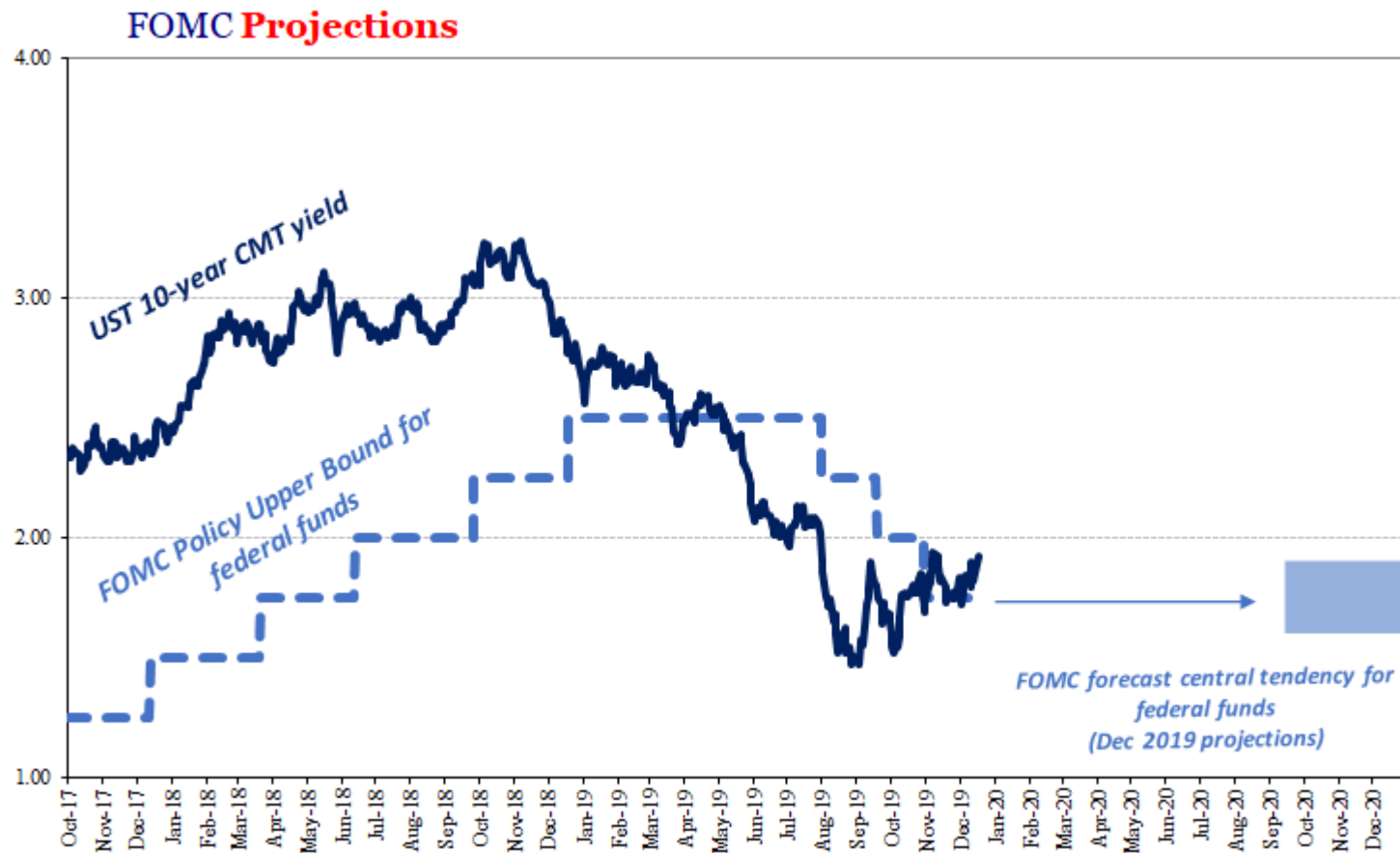
The Missing Link **US\$ Indices**



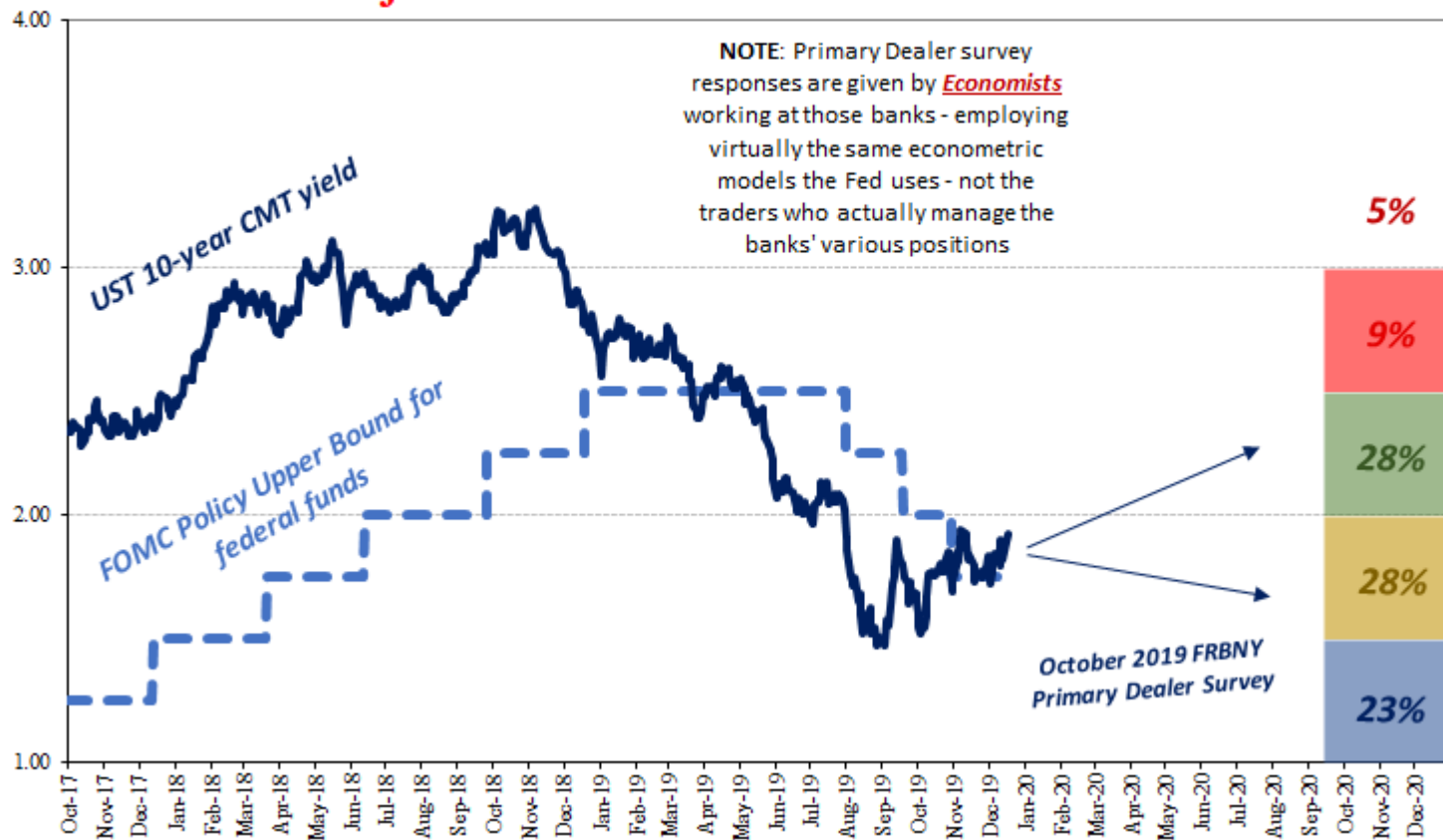


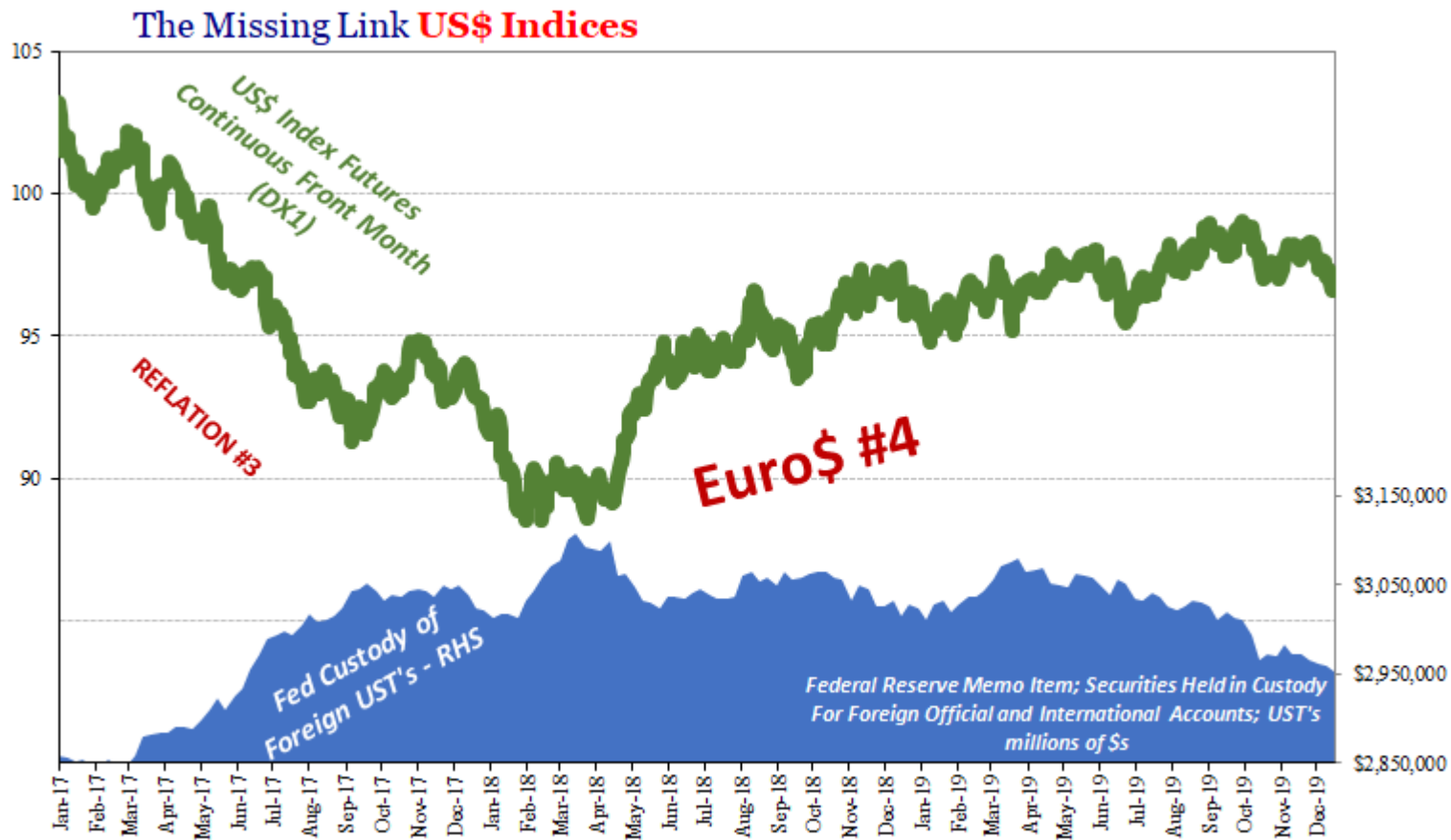
The Missing Link **US\$ Indices**

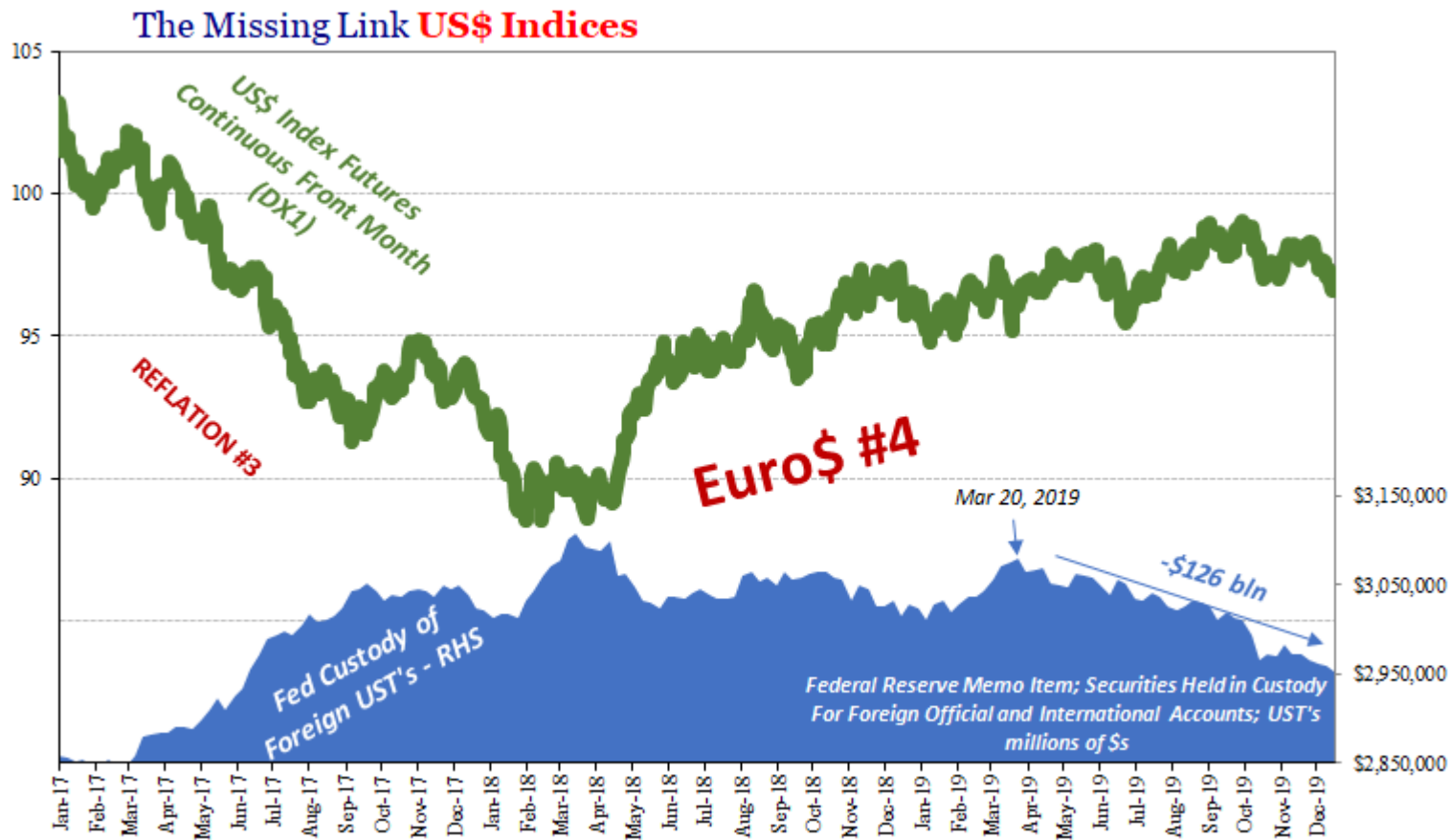




Economist Projections

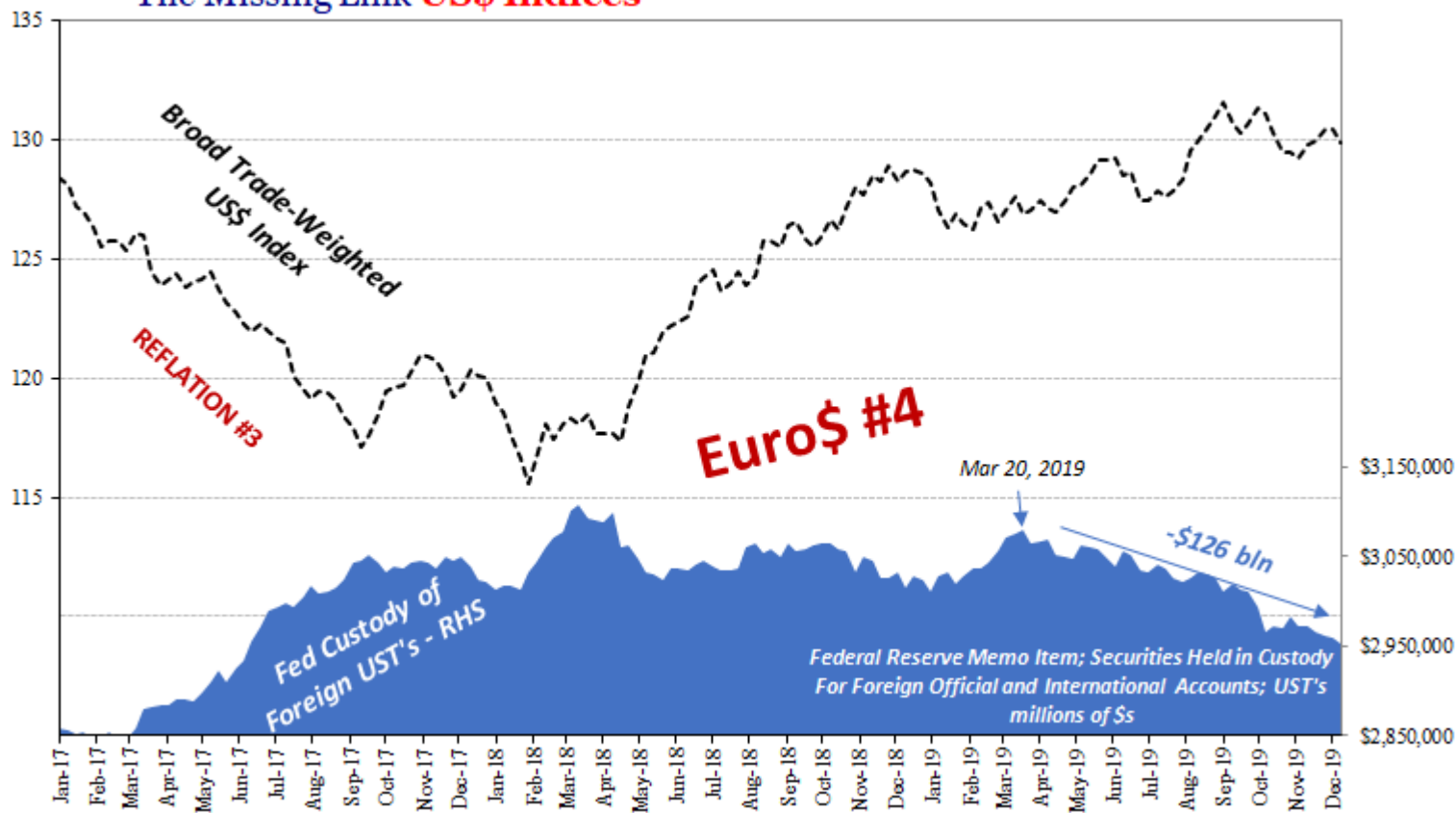






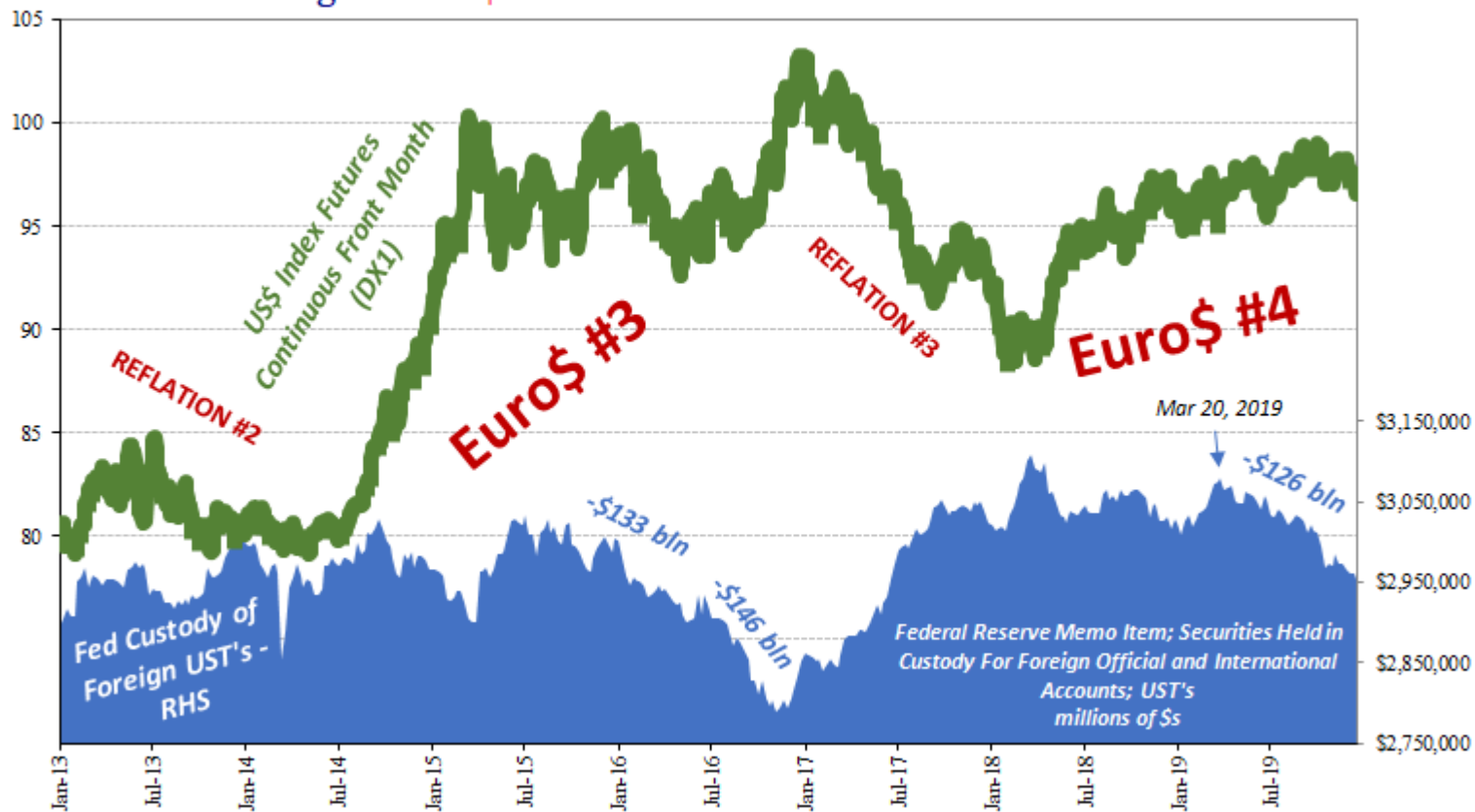


The Missing Link **US\$ Indices**



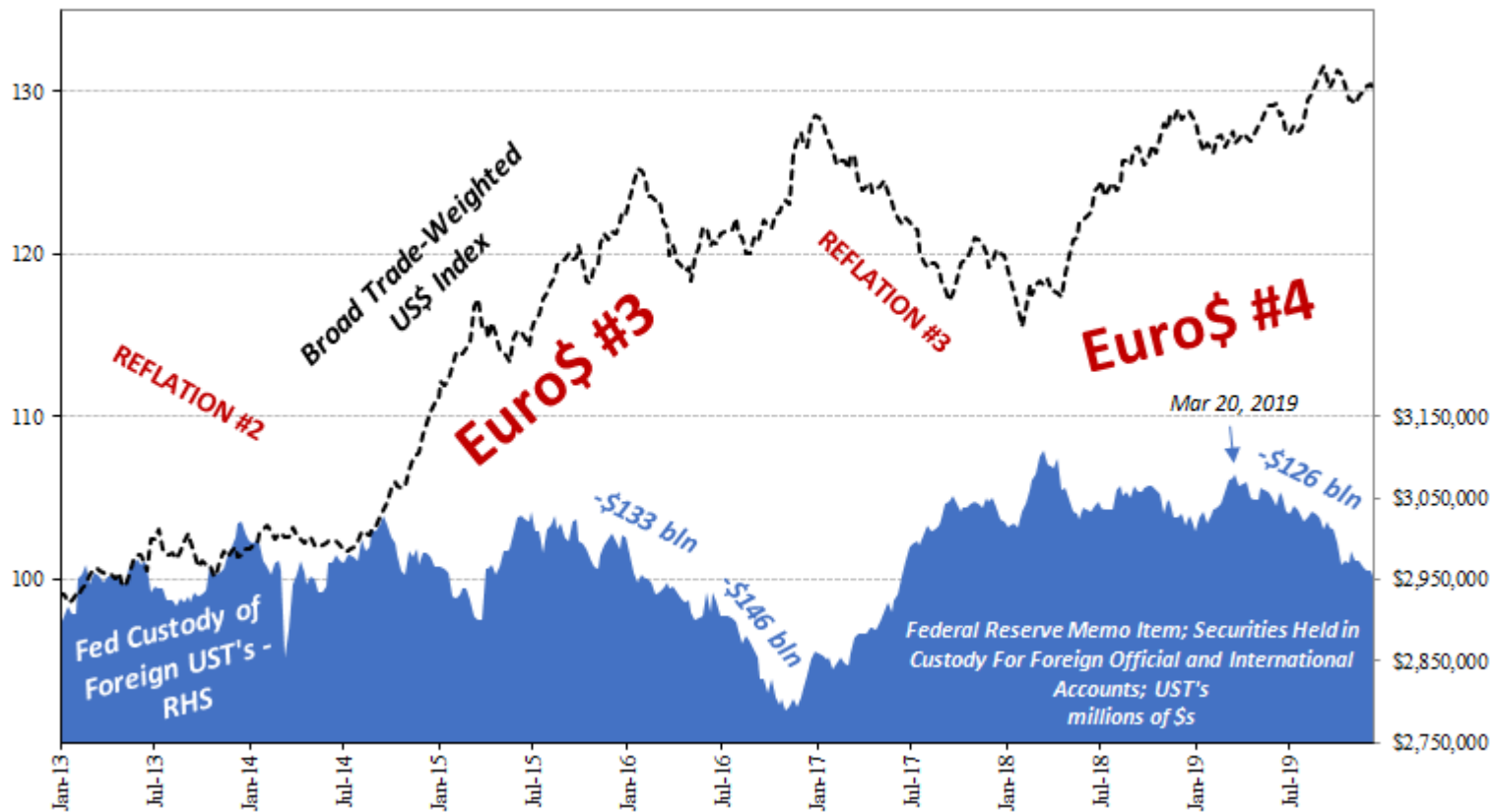


The Missing Link US\$ Indices





The Missing Link US\$ Indices



The (euro)Dollar's Economy

“ JEFF. So it doesn't add up to a bullish position, necessarily. And I think that's one of the things I want to define, is **what exactly is a rising dollar?**
And it's not bullish.

DOLLAR UP = BAD

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CONCLUDED

