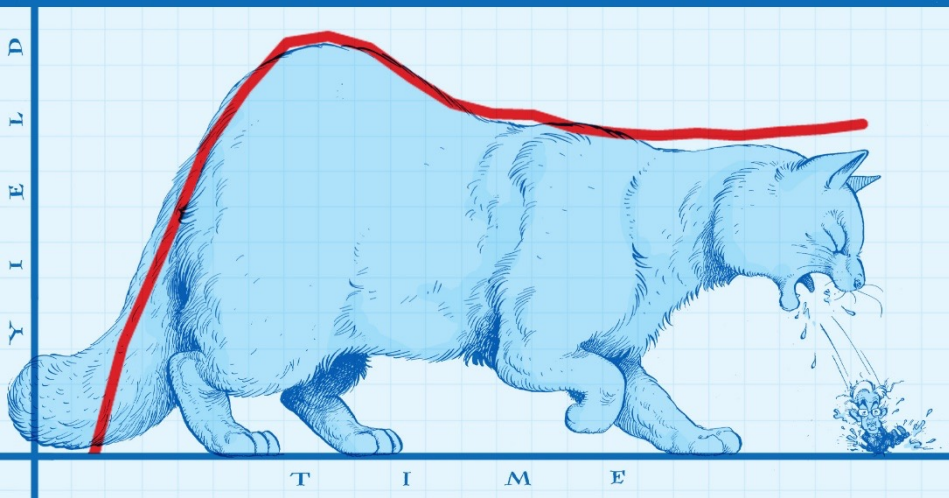


EURODOLLAR FUTURES CURVE (INVERSION): RETCHING CAT PATTERN



No Longer 'If'
or
'When'

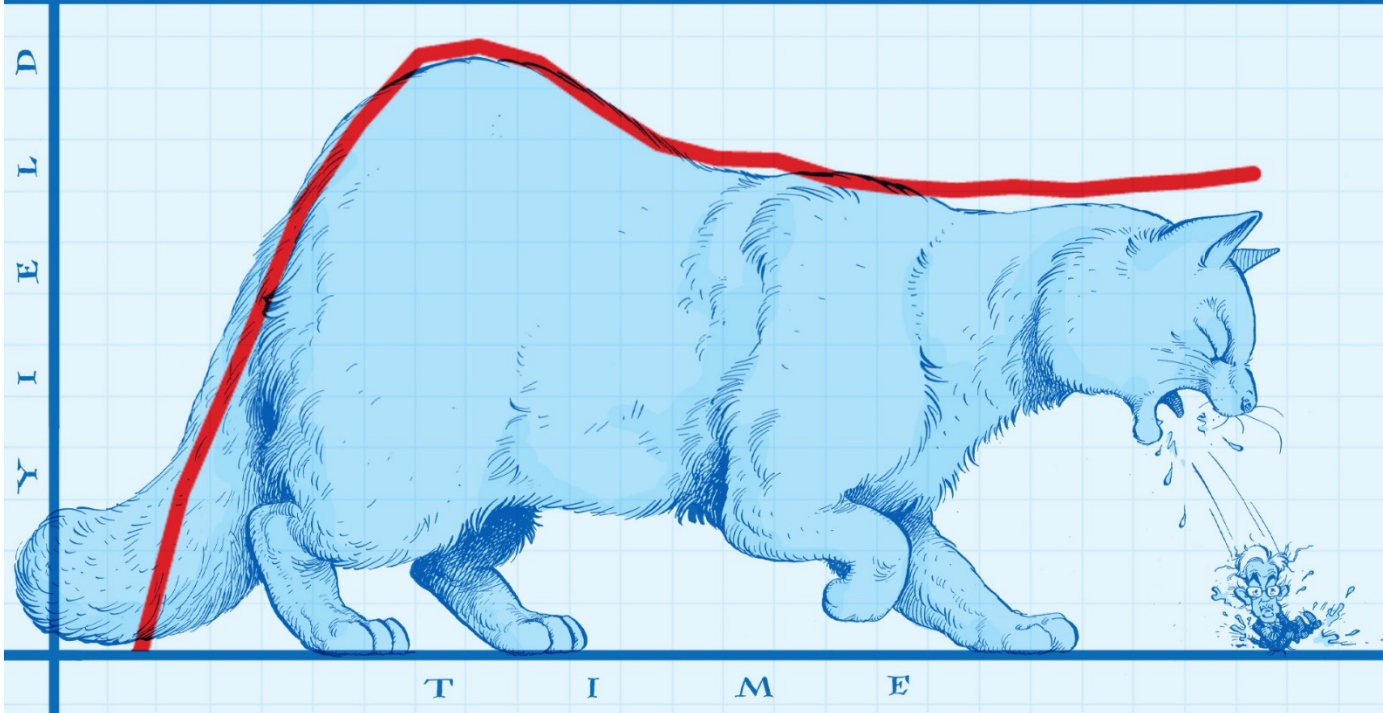
HOW BAD



eurodollar.
UNIVERSITY

Retching Just Ahead

EURODOLLAR FUTURES CURVE (INVERSION): RETCHING CAT PATTERN



Euro\$ Futures

“CHAIR POWELL. Not trying to induce a recession now. Let's be clear about that. We're trying to achieve 2 percent inflation consistent **with a strong labor market**. That's what we're trying to do. So let me talk about that sentence. Clearly, it's our goal to bring about 2 percent inflation while keeping the labor market strong, right? And that's kind of what the SEP says. The SEP has inflation getting down to 2, a little above 2 percent in 2024, with unemployment at 4.1 percent. And **this is a strong labor market—this is a good labor market**.



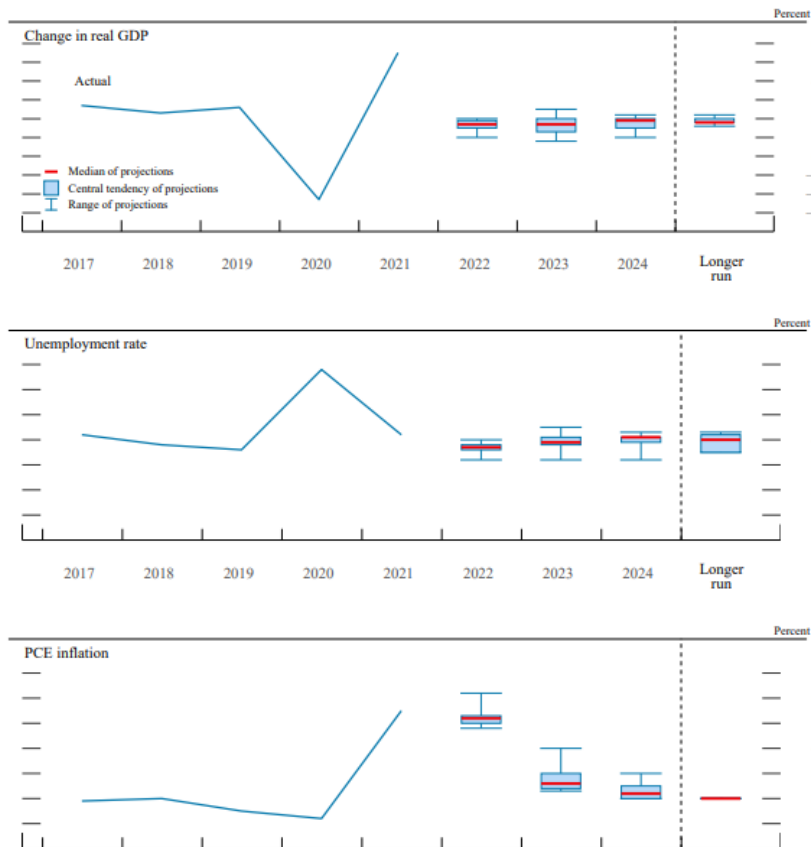
Federal Reserve Chairman Jay Powell

FOMC Press Conference Transcript

June 15, 2007

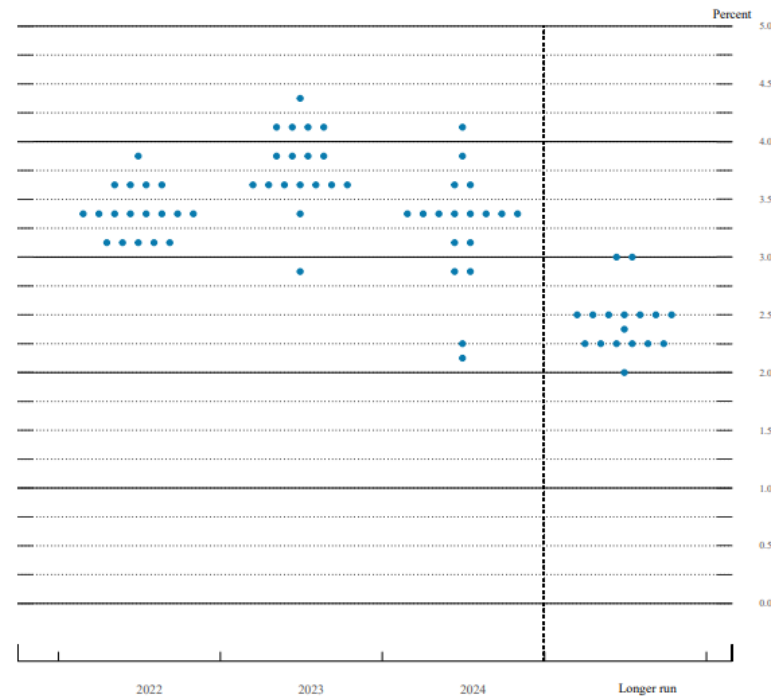
For release at 2:00 p.m., EDT, June 15, 2022

Figure 1. Medians, central tendencies, and ranges of economic projections, 2022–24 and over the longer run

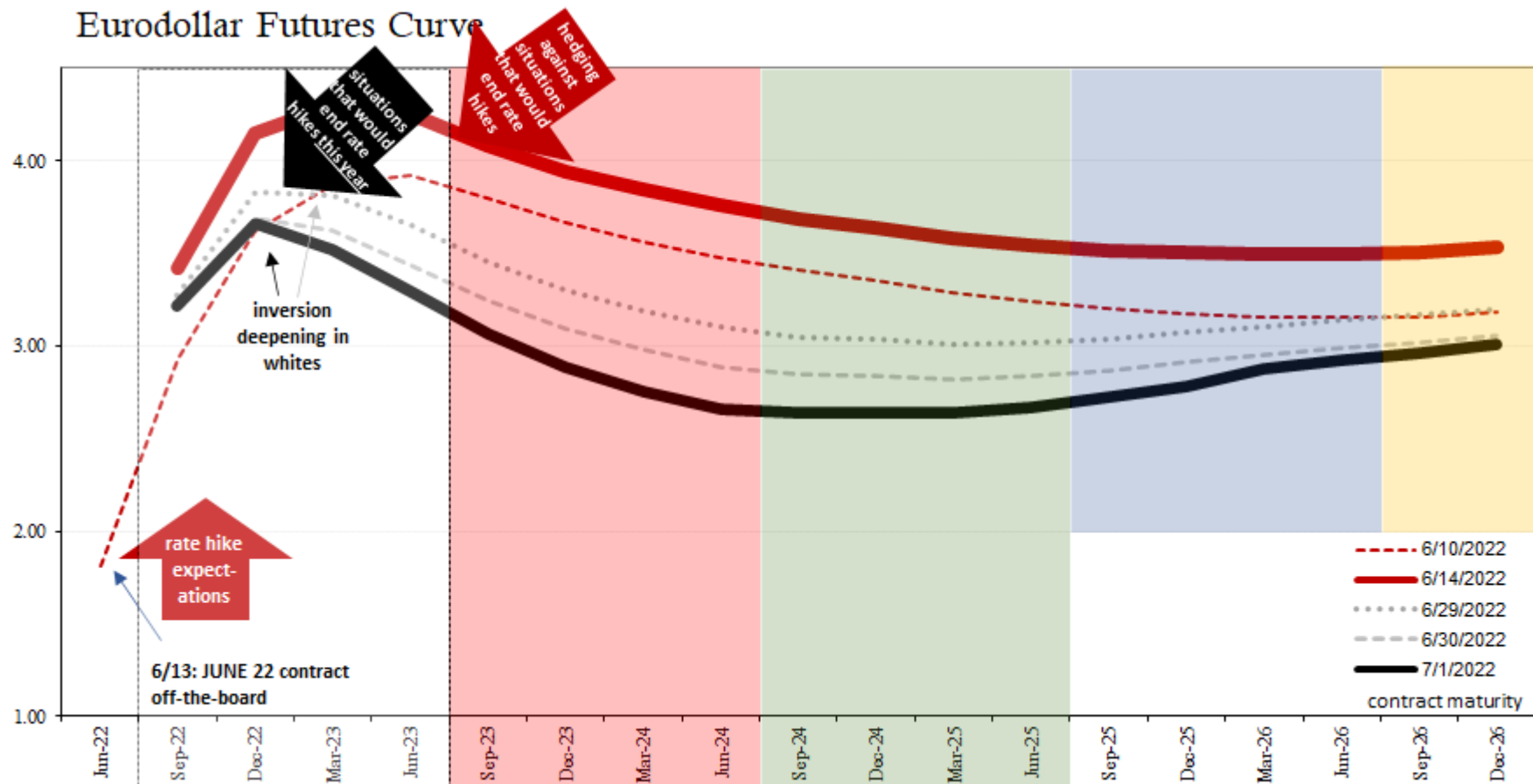


For release at 2:00 p.m., EDT, June 15, 2022

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Eurodollar Futures Curve



Retching Just Ahead



Mainstream Excuses for Euro\$ Inversion:

1. Euro\$ futures are ‘just’ hedging.
2. Maybe Euro\$ futures nailed ’00, ’07, and ’19, but *this time* it’s different: Fed ‘reaction function.’

Euro\$ Futures

“MR. DUDLEY. ...they advised me not to take what was going on in the Eurodollar futures markets literally because they felt that some of them were **putting on these positions in case of a bad scenario that led to significant reductions in short term interest rates**...An investor with speculative risk positions that would be vulnerable to economic weakness might hedge these risks by buying Eurodollar futures contracts. **This hedging could push the implied yields on Eurodollar futures contracts lower than** what would be consistent with an **unbiased forecast** of the likely path of the federal funds rate.

William Dudley, Manager, System Open Market Account

FOMC Transcript

March 20-21, 2007

March 20-21, 2007

1 of 196

Meeting of the Federal Open Market Committee on March 20-21, 2007

A meeting of the Federal Open Market Committee was held in the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., on Tuesday, March 20, 2007, at 2:30 p.m., and continued on Wednesday, March 21, 2007, at 9:00 a.m. Those present were the following:

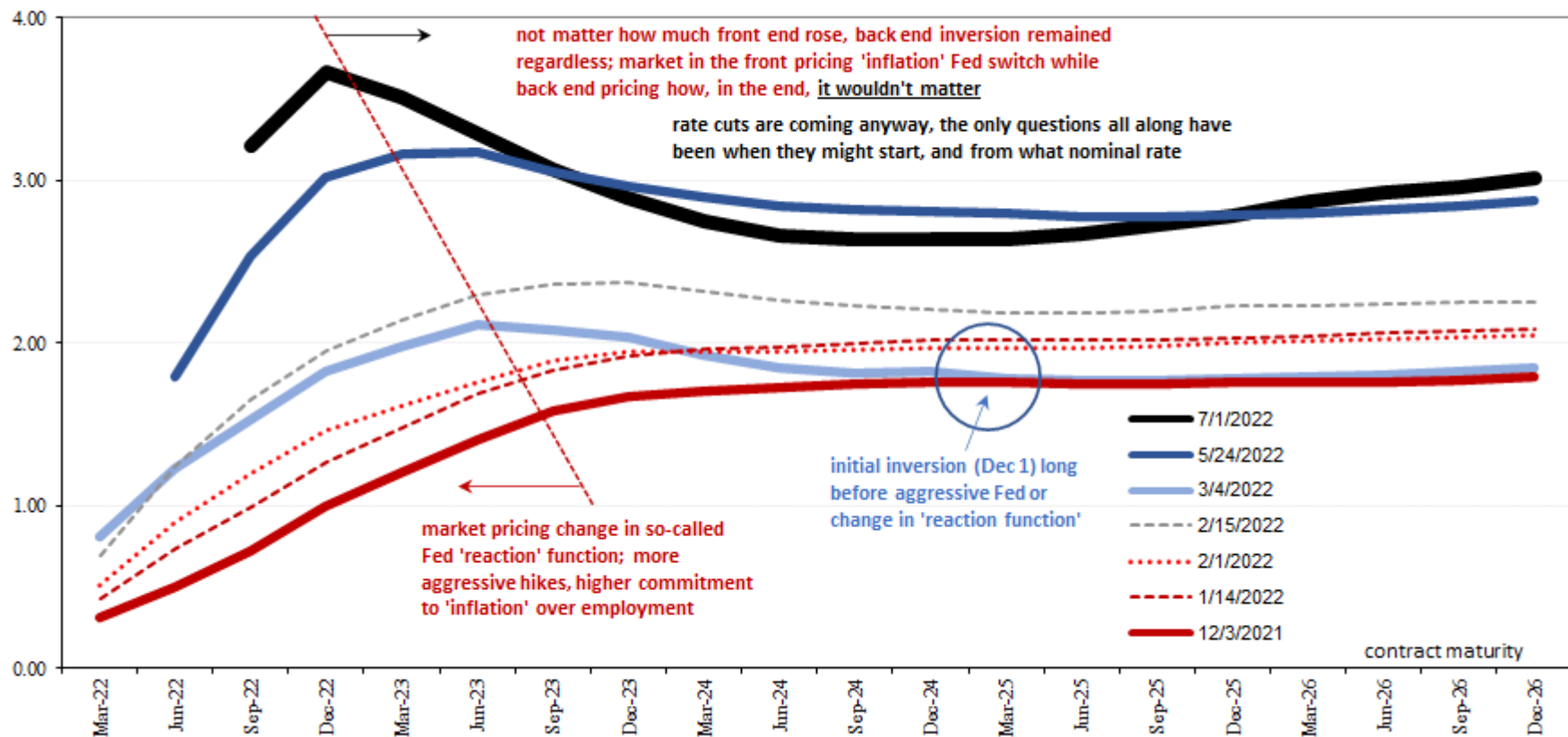
Mr. Bernanke, Chairman
Mr. Geithner, Vice Chairman
Mr. Hoehnig
Mr. Kohn
Mr. Kroszner
Ms. Minehan
Mr. Mishkin
Mr. Moskow
Mr. Poole
Mr. Warsh

Ms. Cumming, Mr. Fisher, Ms. Pianalto, and Messrs. Plosser and Stern, Alternate Members of the Federal Open Market Committee

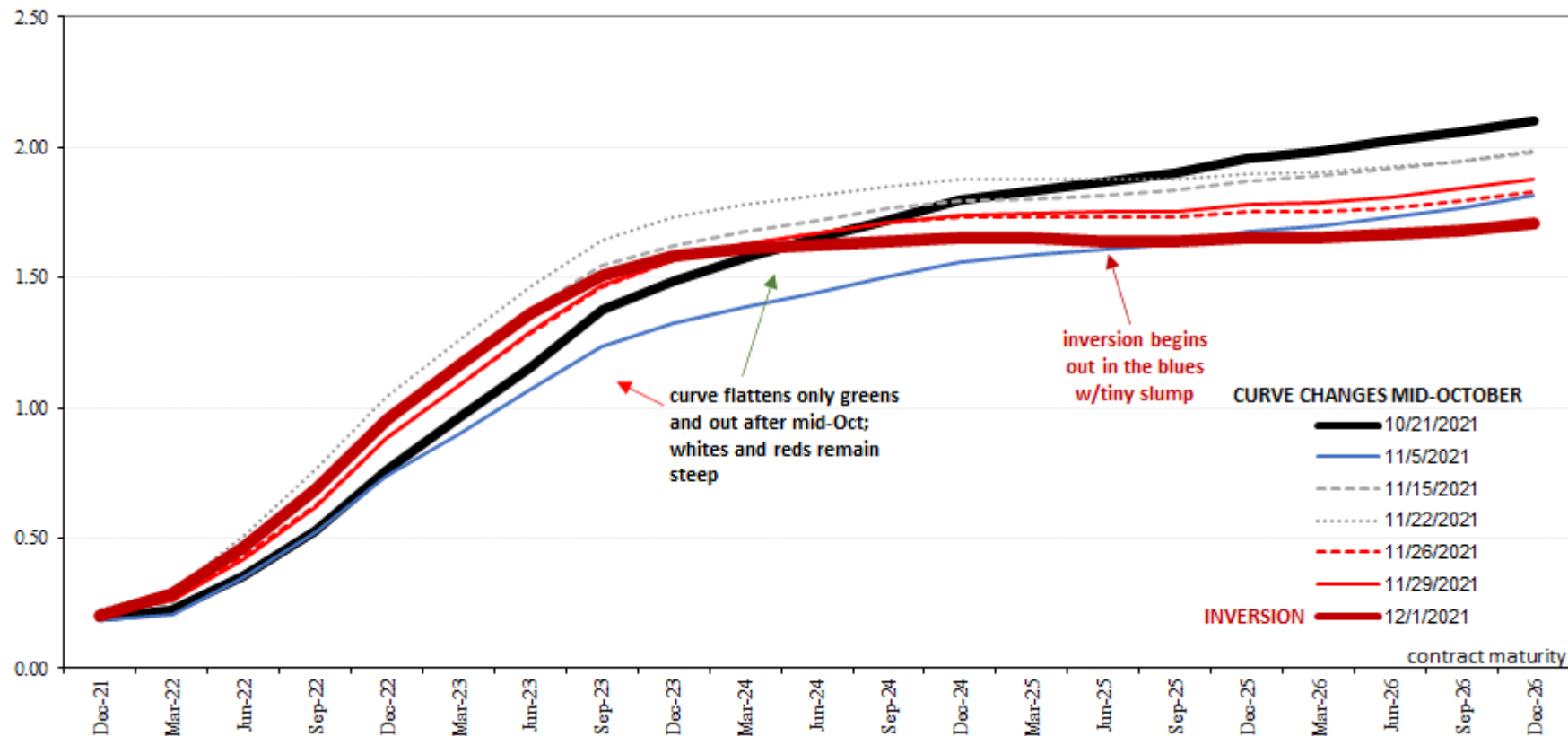
Messrs. Lacker and Lockhart, and Ms. Yellen, Presidents of the Federal Reserve Banks of Richmond, Atlanta, and San Francisco, respectively

Mr. Reinhart, Secretary and Economist
Ms. Danker, Deputy Secretary
Ms. Smith, Assistant Secretary
Mr. Skidmore, Assistant Secretary
Mr. Alvarez, General Counsel
Ms. Johnson, Economist

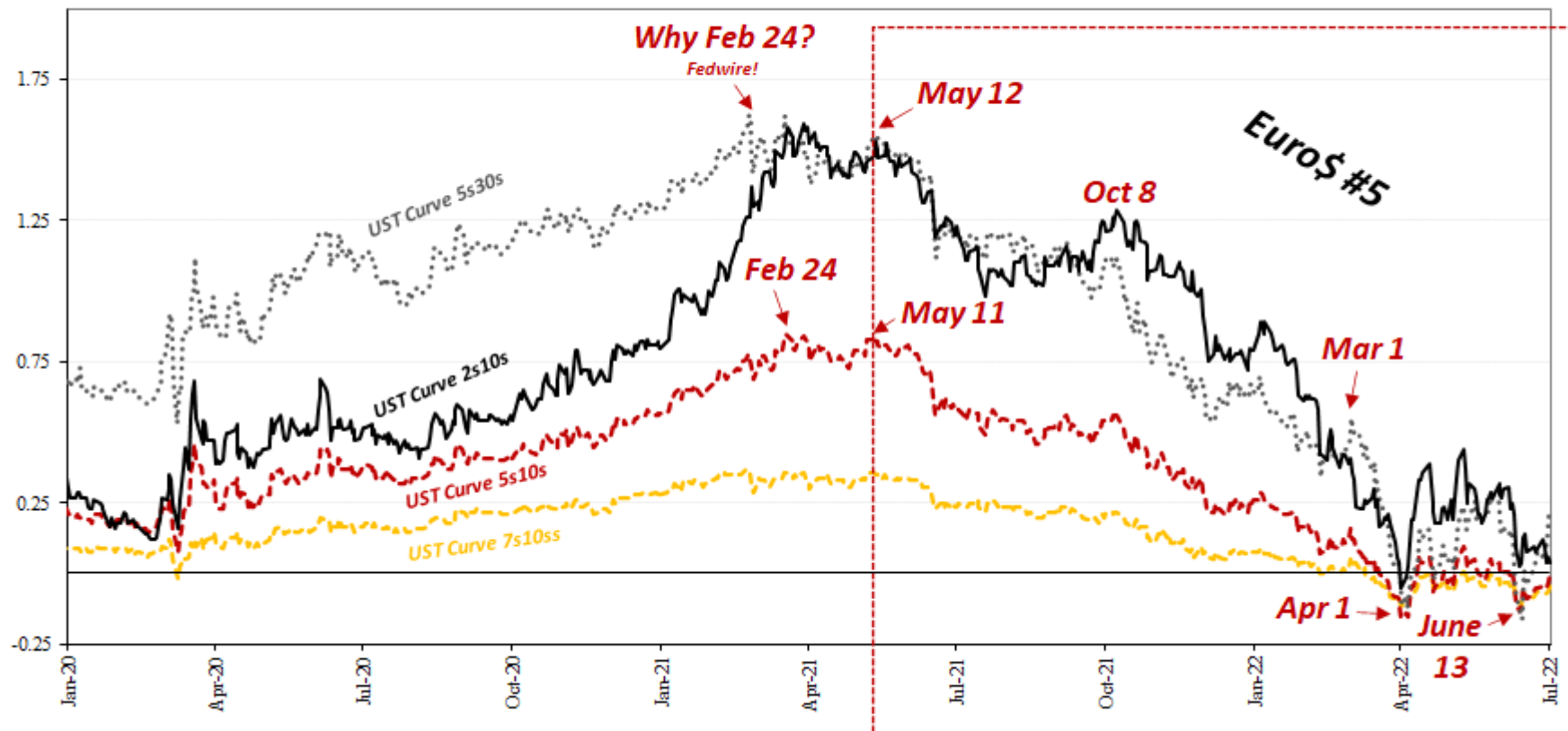
Eurodollar Futures Curve

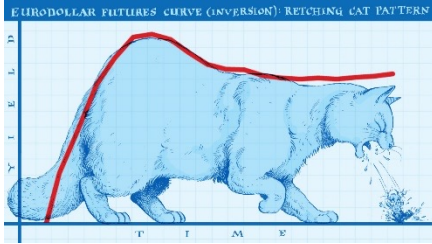


Eurodollar Futures Curve



UST Yield Curve





Retching Just Ahead

1. Macro (global) Recession Risks Are High

2. Monetary Tightening/Fragility

(has *nothing* whatsoever to do with rate hikes or QT, and began long before either)



Jeffrey P. Snider
@JeffSnider_AIP

...

"If I had to bet, I'd say that this might be one of the worst downturns that we've seen in recent history," Zuckerberg told workers...

Yes, and that was markets three months ago. Where is this thing really going?



cnn.com

Meta slashes hiring plans, girds for 'fierce' headwinds

Facebook-owner Meta Platforms Inc (META) has cut plans to hire engineers by at least 30% this year, CEO Mark Zuckerberg told employees on Thursday, as he ...

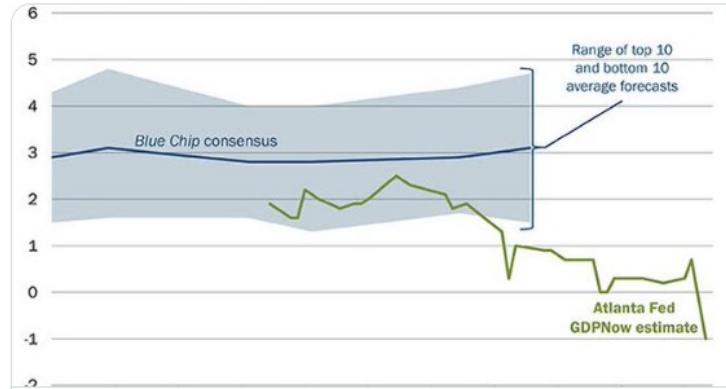


Jeffrey P. Snider
@JeffSnider_AIP

...

This isn't a "technical" recession, it's a recession recession.

The "technical recession" appears to be just the warmup.



zerohedge.com

Welcome To The Recession: Atlanta Fed Slashes Q2 GDP To -1%

So much for the "strong" US economy...

2:25 PM · Jun 30, 2022 · Twitter for Android



« Does China's Zero Covid Strategy Mean Zero Economic Growth? | Main | Will the U.S. Dollar Continue to Dominate World Trade? »

JUNE 17, 2022

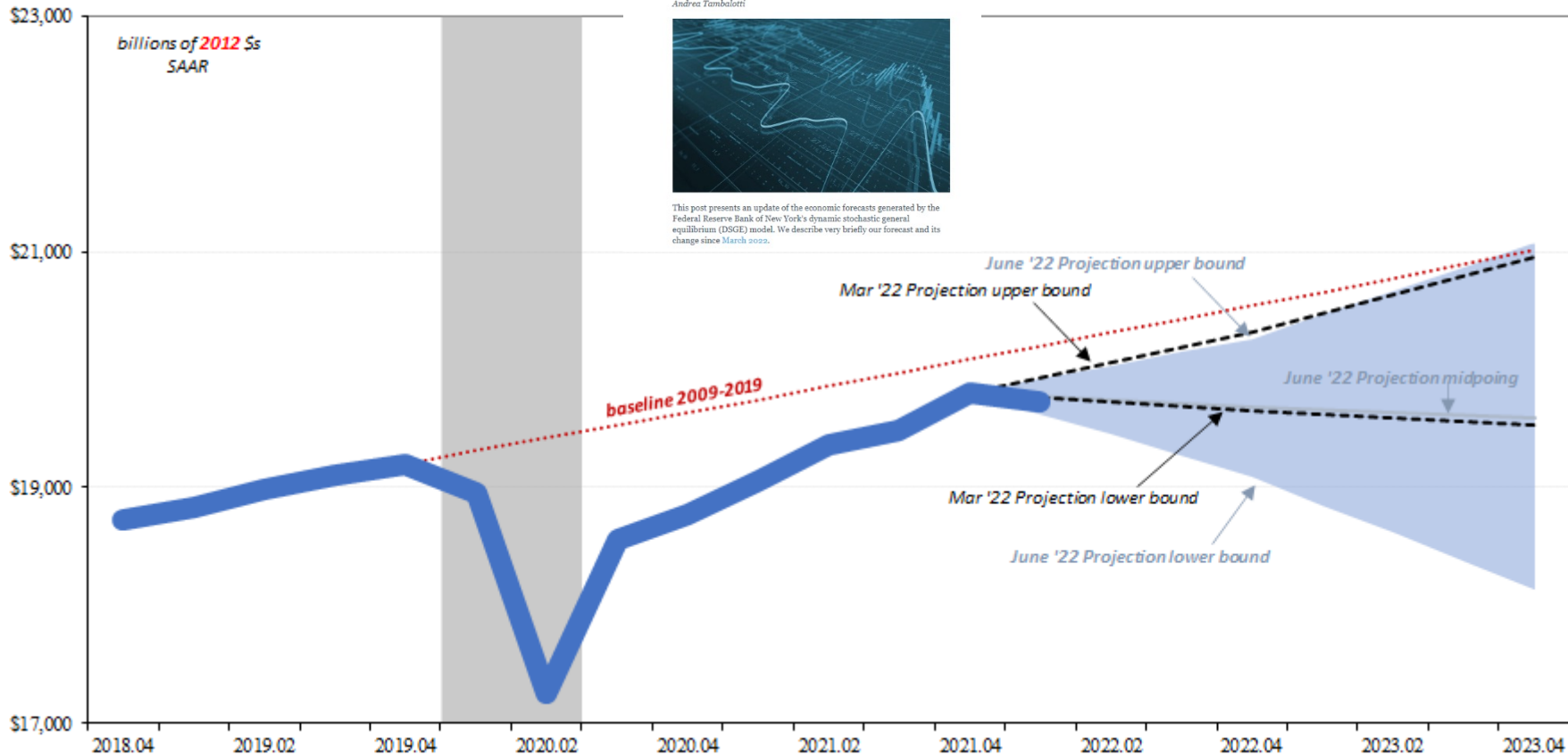
The New York Fed DSGE Model Forecast—June 2022

Marco Del Negro, Aidan Gleish, Shlok Goyal, Alissa Johnson, and Andrea Tambalotti

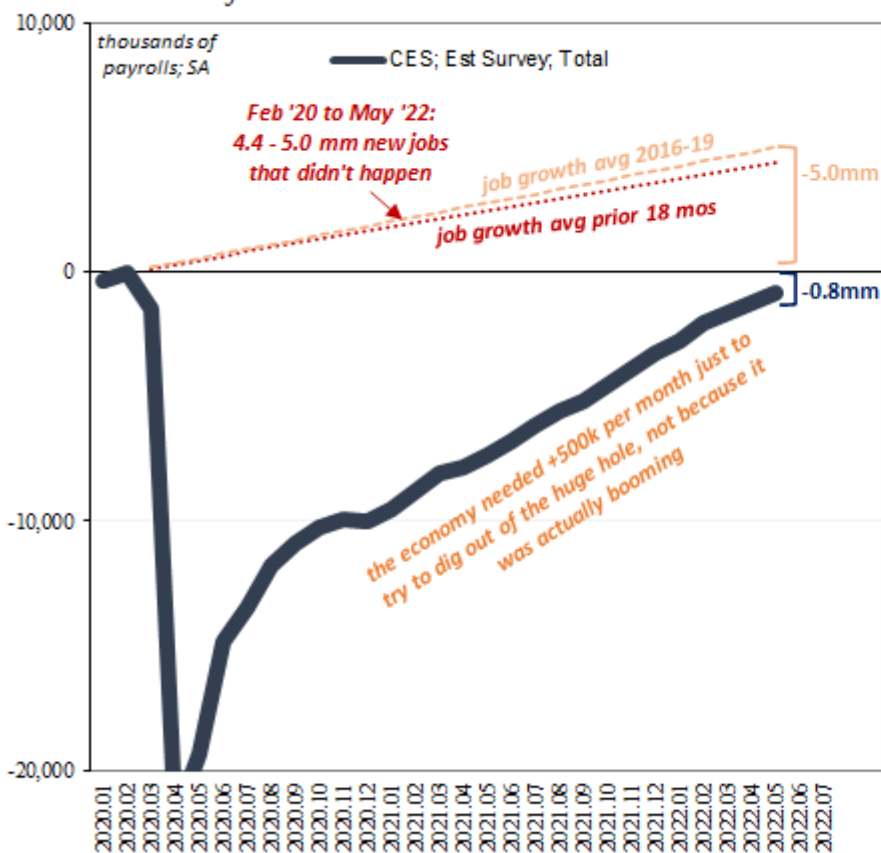


This post presents an update of the economic forecasts generated by the Federal Reserve Bank of New York's dynamic stochastic general equilibrium (DSGE) model. We describe very briefly our forecast and its change since March 2022.

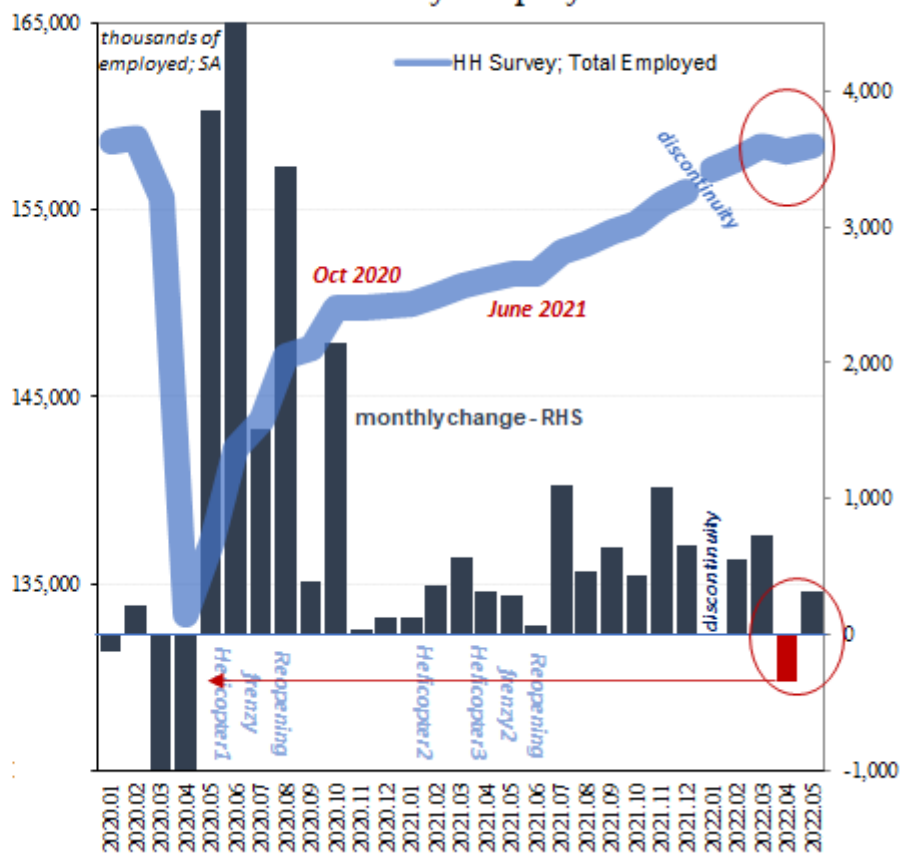
FRBNY DSGE: US Real GDP



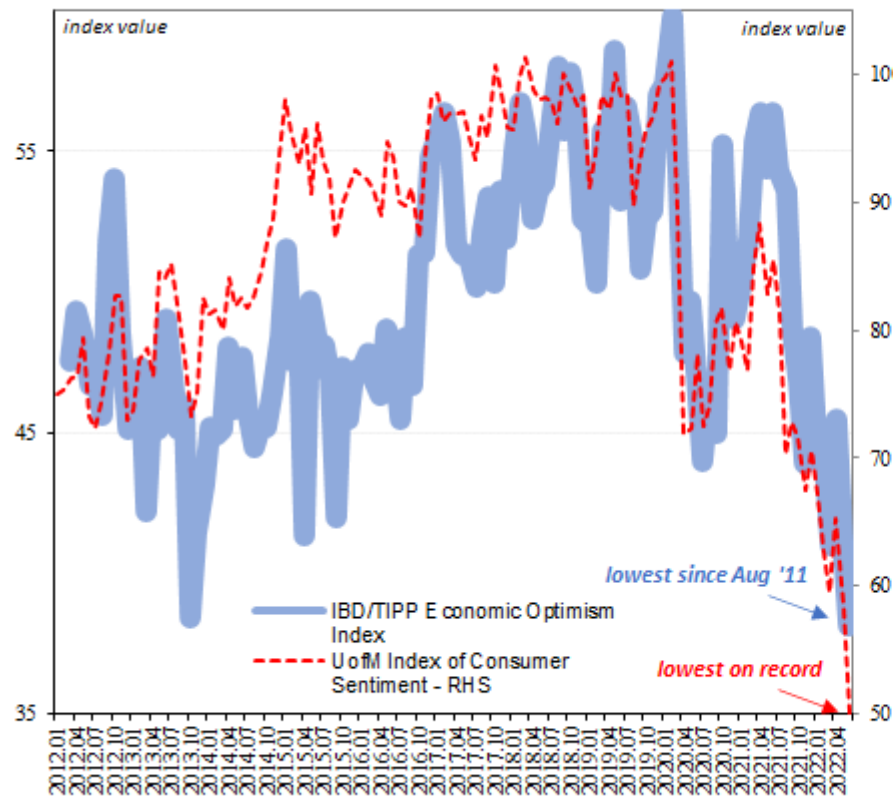
CES Payrolls



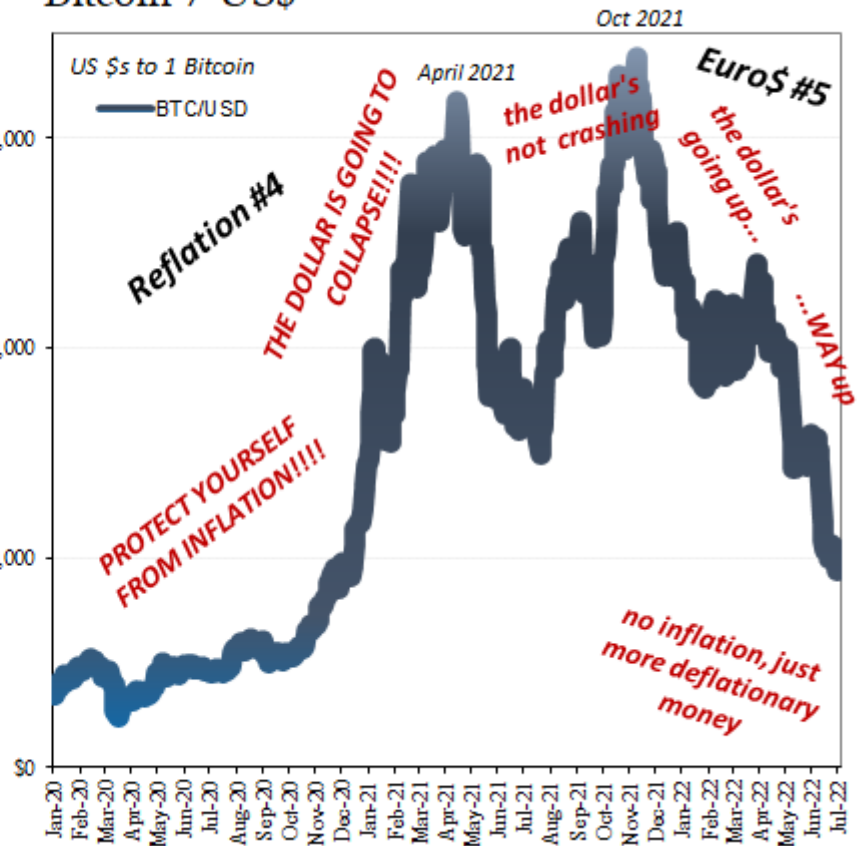
CPS Household Survey Employment Level



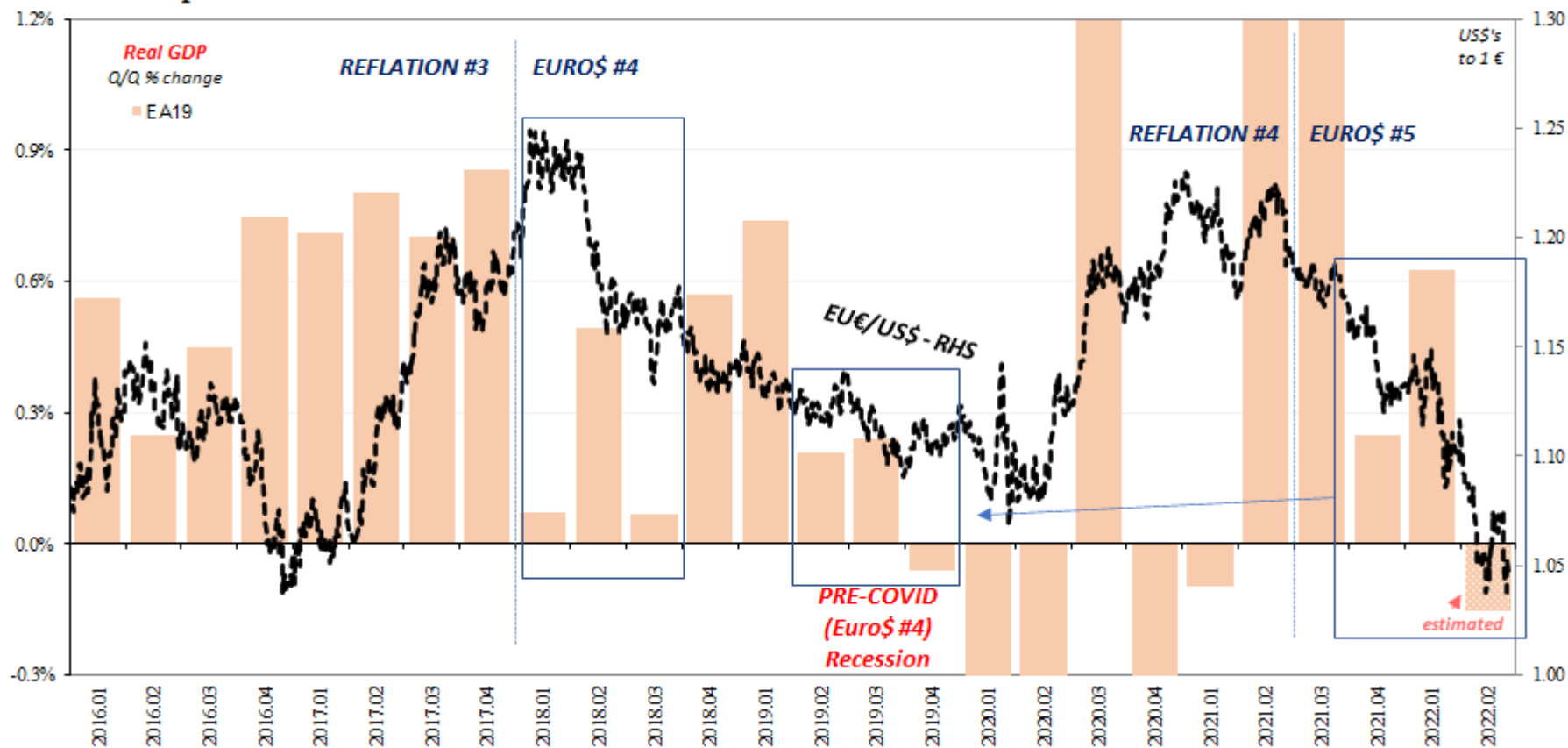
US Consumer Confidence



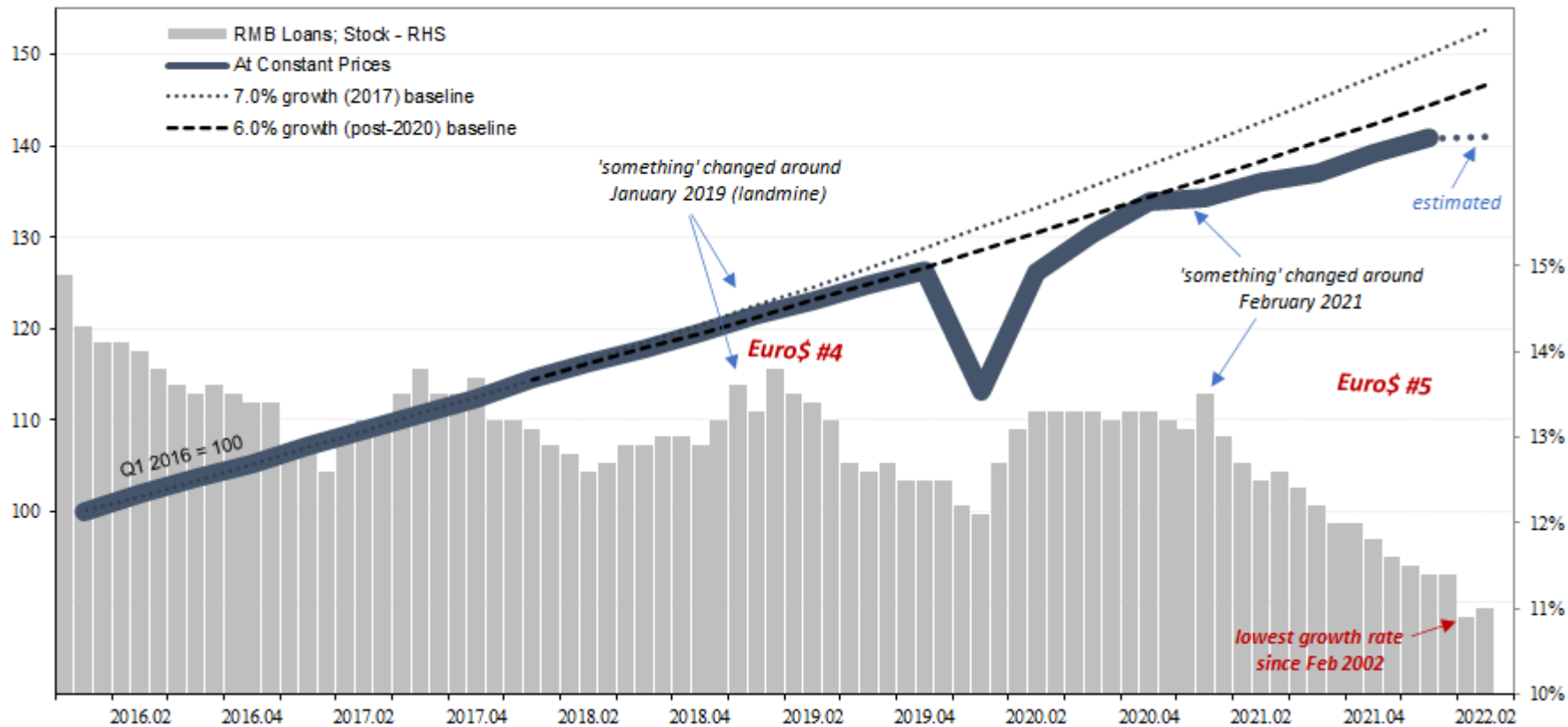
Bitcoin / US\$



Europe Real GDP



China Real GDP





Jeffrey P. Snider
@JeffSnider_AIP

The Shanghai-is-reopened-yay boom-let died without ever taking its first breath.

For perspective, China/Asia to USWC container prices were \$20k last year, and still better than \$17k just a few months ago.

TRANSITORY



Jeffrey P. Snider @JeffSnider_AIP · Jun 29

What recession?

"Asia-US West Coast prices (FBX01 Daily) fell 15% to \$7,599/FEU. This rate is 14% lower than the same time last year.

"Asia-US East Coast prices (FBX03 Daily) dropped 13% to \$10,113/FEU, and are 13% lower than rates for this week last year."

Freightos Baltic Index (FBX)
FBX01 China/East Asia - North America West Coast
28-Jun-22 | \$7,599



Jeffrey P. Snider
@JeffSnider_AIP

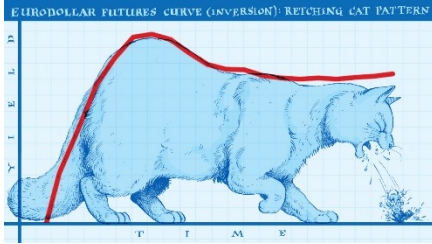
TRANSITORY



zerohedge.com

Deflationary Tsunami On Deck: A "Tidal Wave" Of Discounts And Crashing Pric...
"There are going to be discounts like you've never seen before."

8:04 PM · Jun 17, 2022 · Twitter for Android



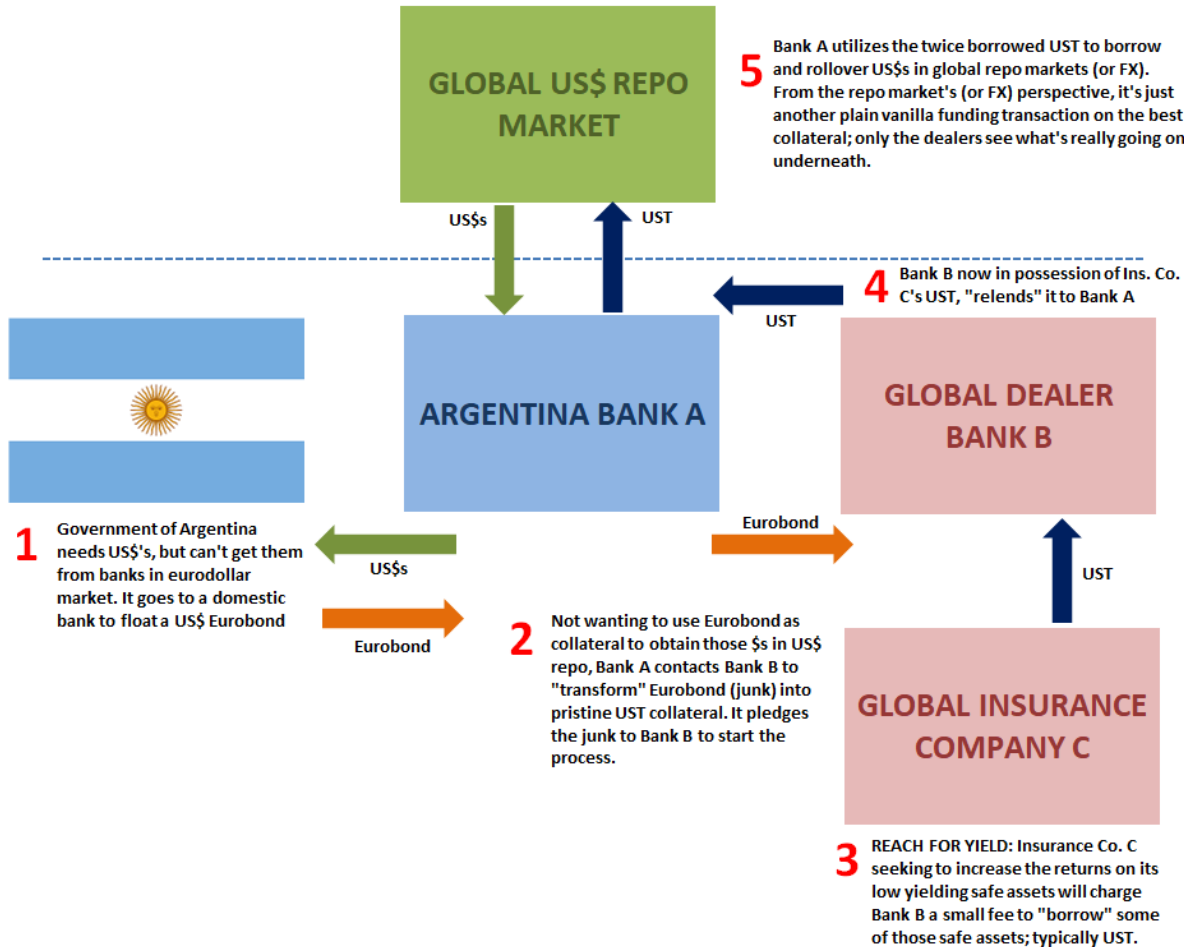
Retching Just Ahead

1. Macro (global) Recession Risks Are High

2. Monetary Tightening/Fragility
(has *nothing* whatsoever to do with rate hikes or QT,
and began long before either)

The Real Deflationary Danger

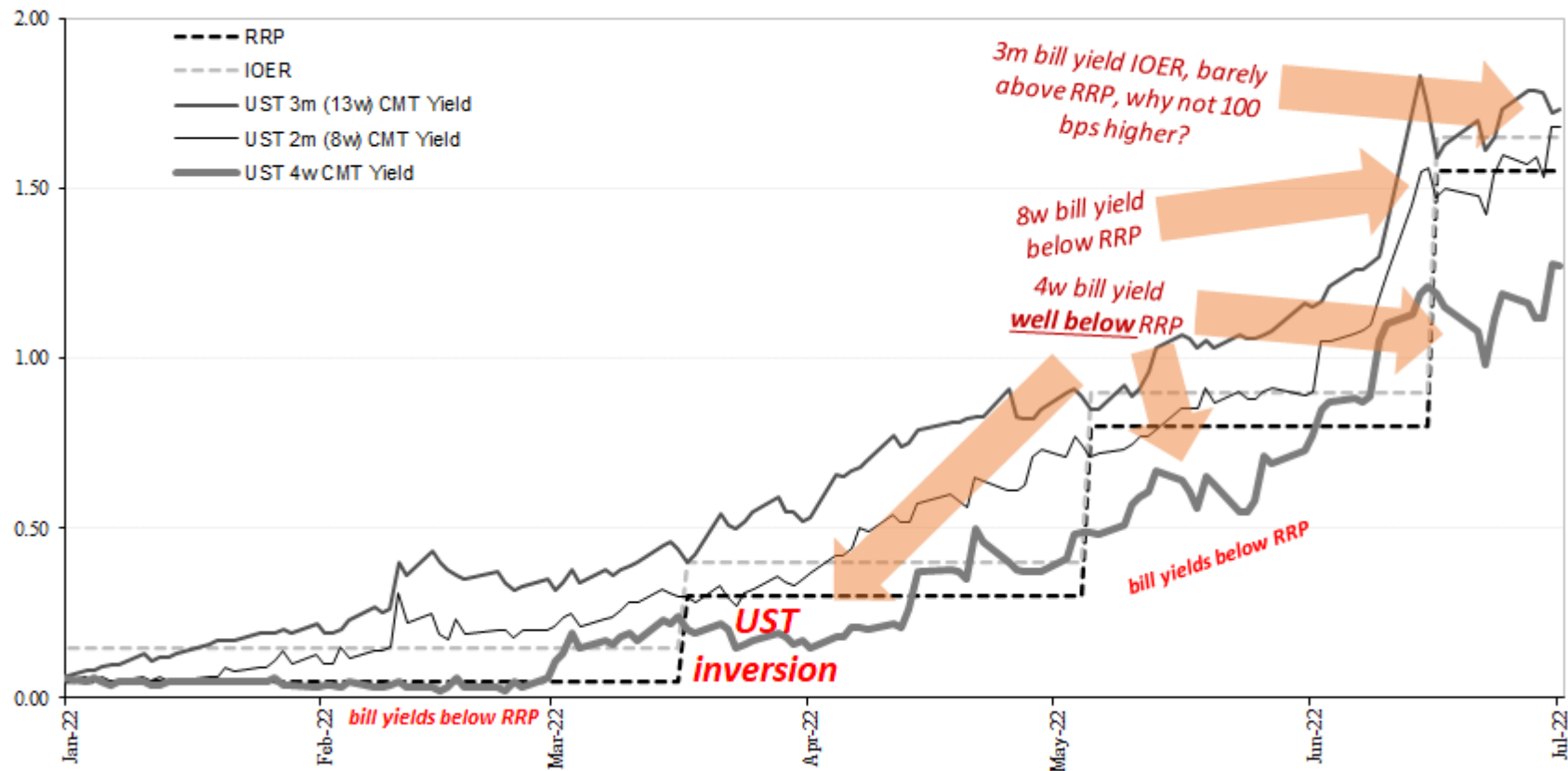




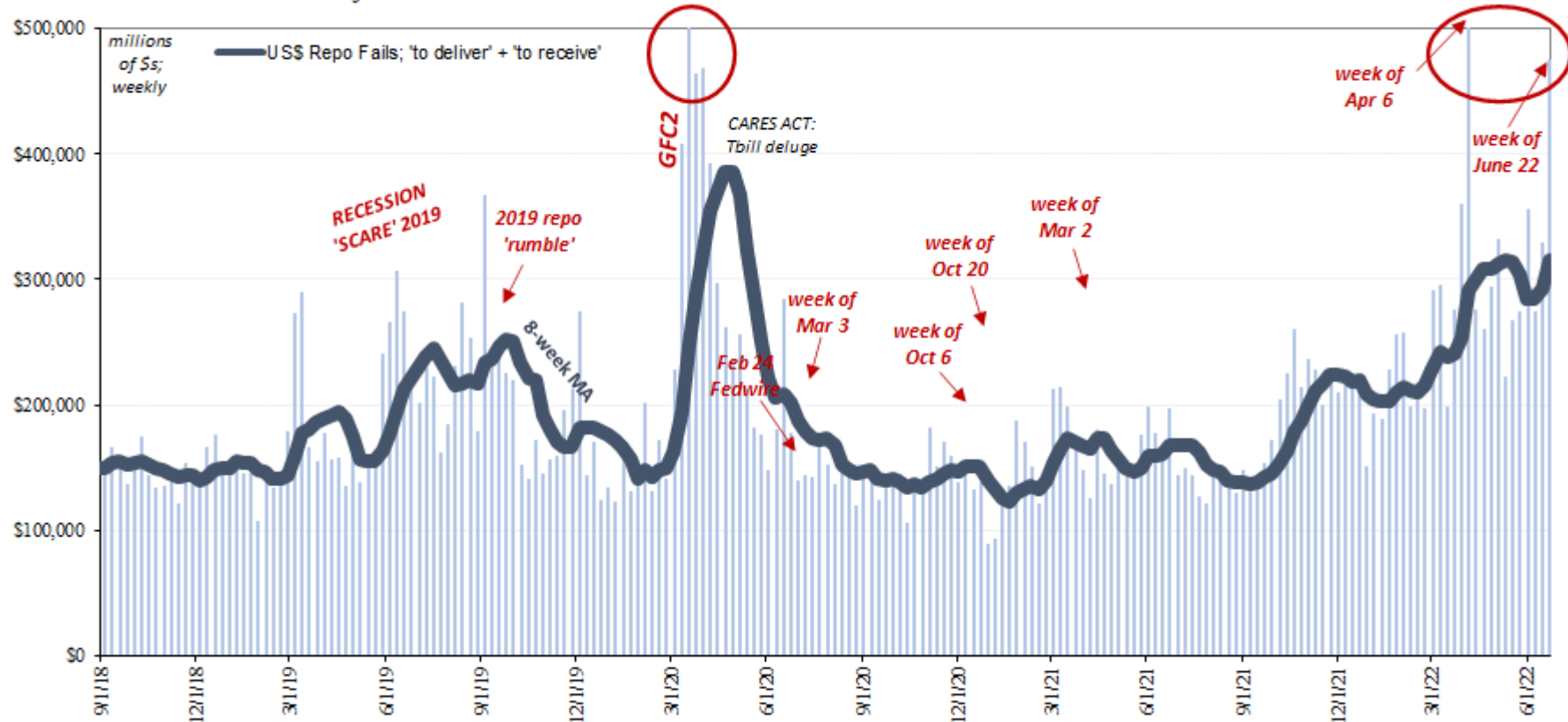
This process of collateral transformation (securities lending) is not just about Argentina or foreign governments, it is pervasive across the offshore eurodollar landscape and even domestically (there is no functional difference inside US vs. outside).

Up to 2007-08, for example, AIGFP had been transforming subprime mortgage bonds in a similar manner (borrowed from its own regulated insurer sub).

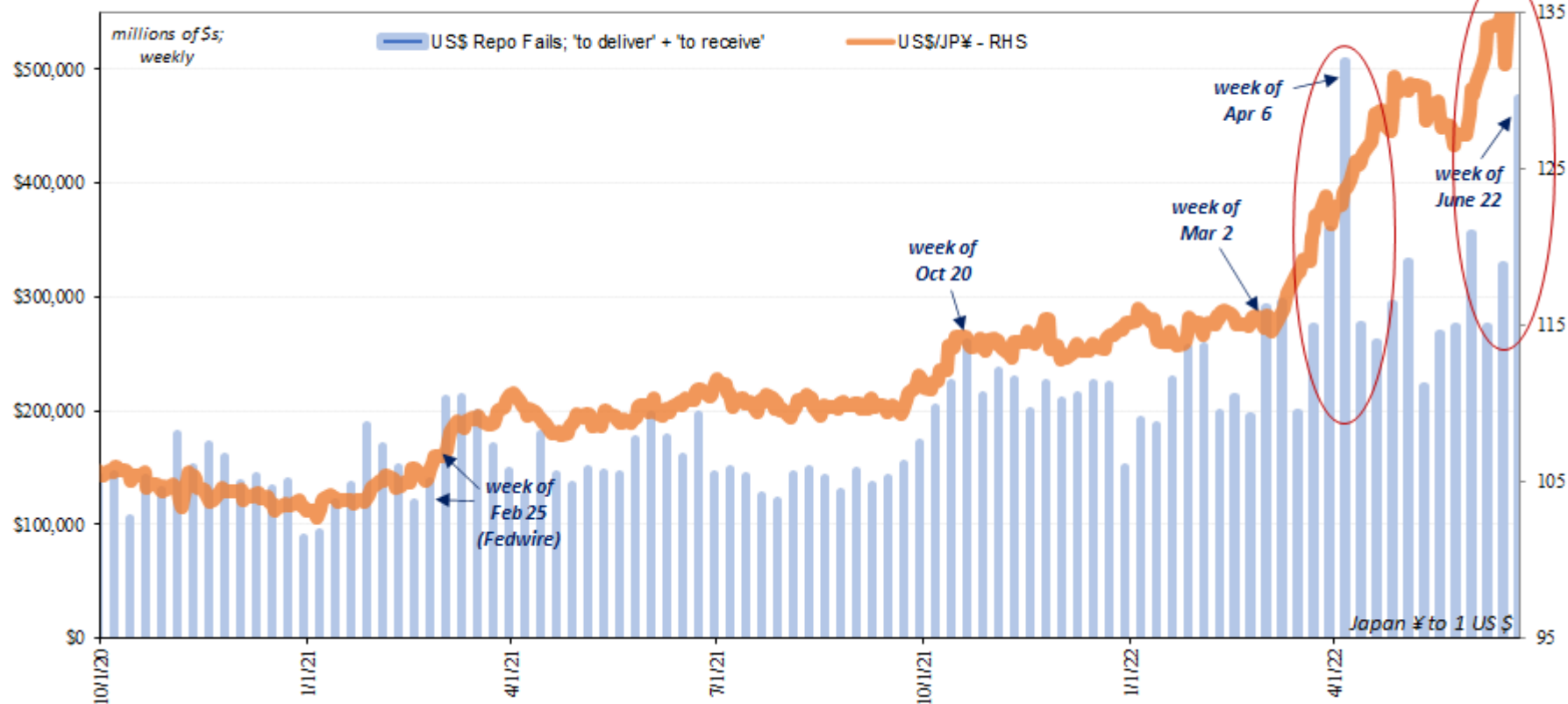
UST Yield Curve



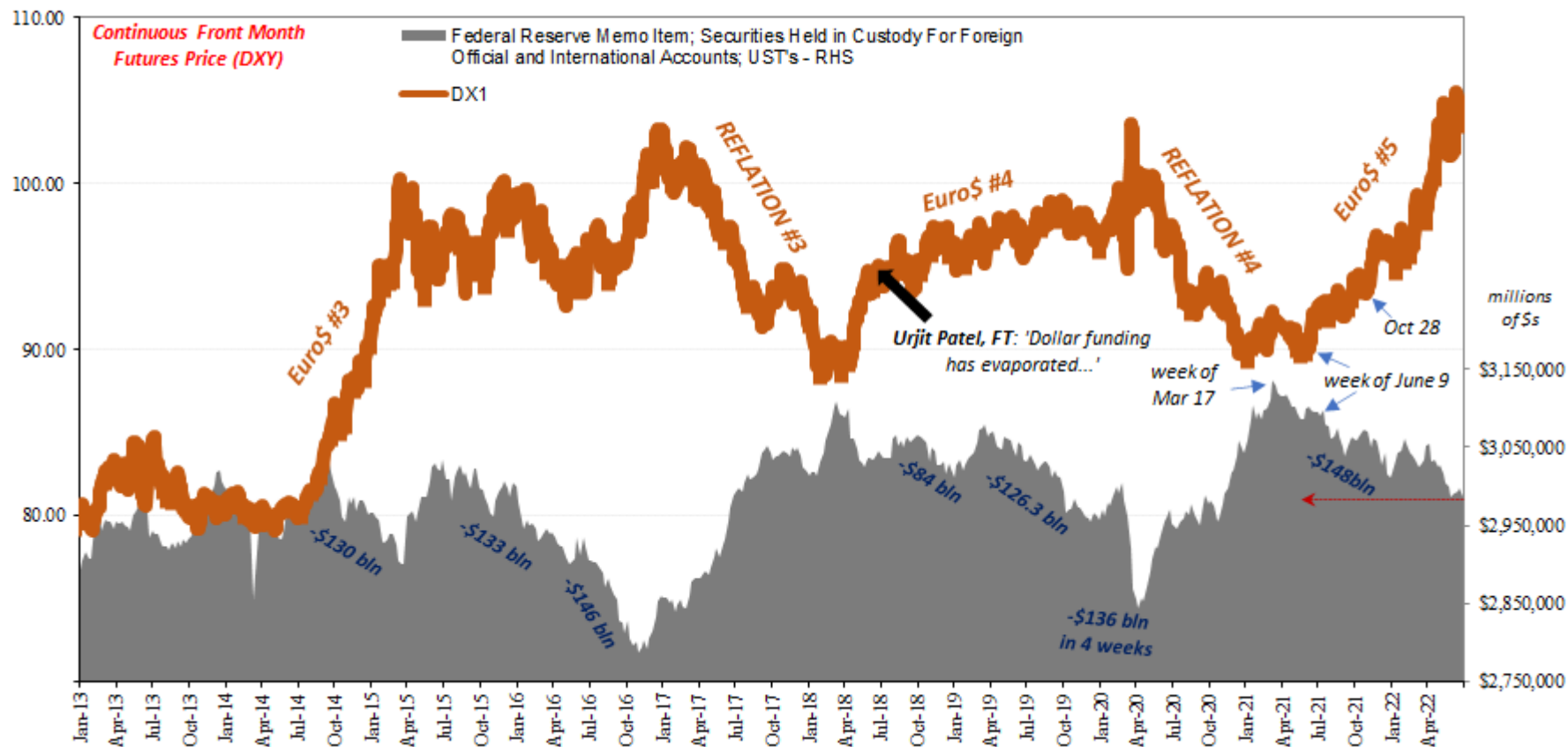
FRBNY: Primary Dealer Statistics



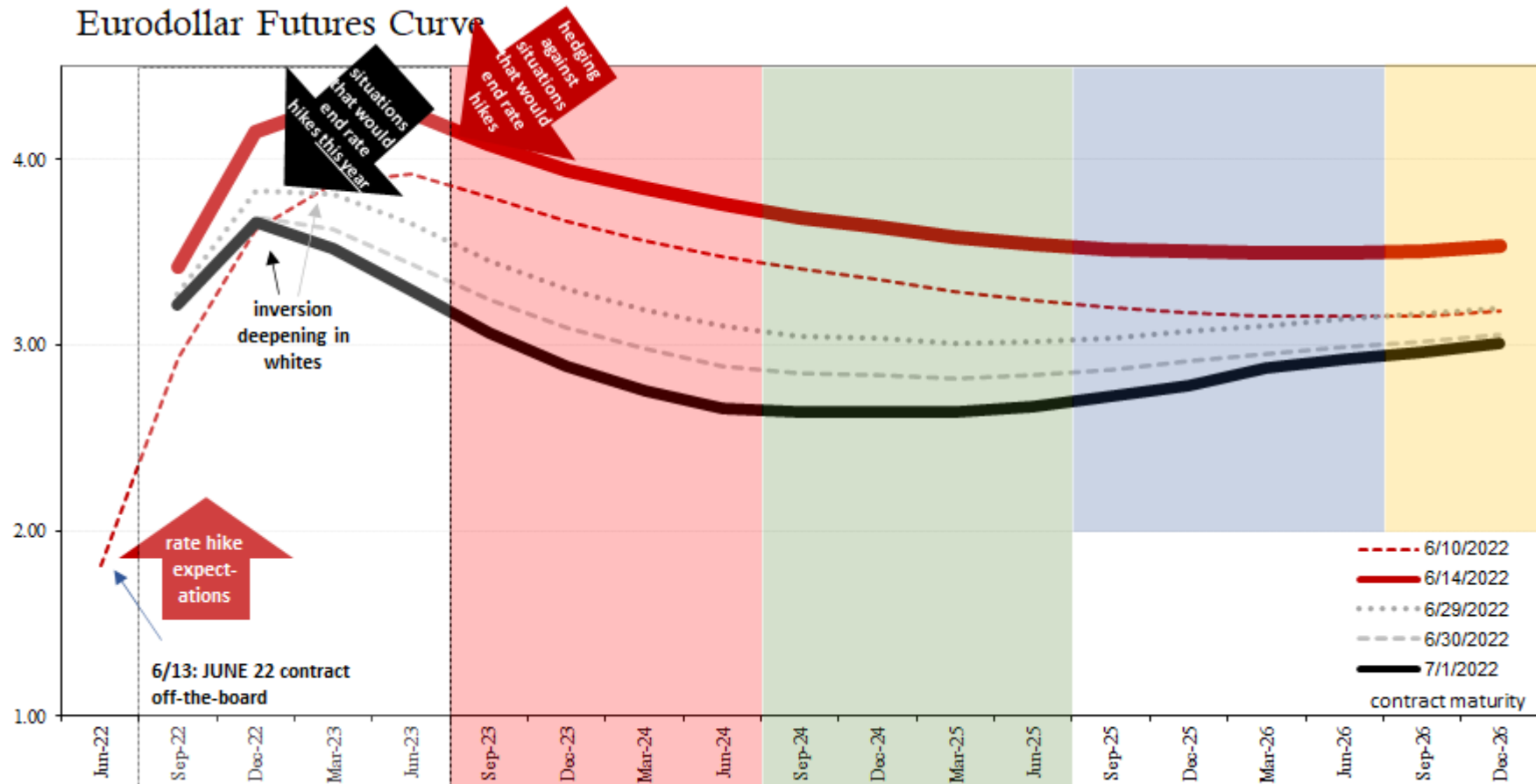
FRBNY: Primary Dealer Statistics



ICE: US\$ Futures Index



Eurodollar Futures Curve





82a The Federal Reserve is NOT a Central Bank Pt. 1

Emil Kalinowski • 5.8K views • 1 year ago

What should a central bank be? What does one do? Is what the Fed does 'central banking'? What did Ben Bernanke promise in 2002 that the Fed would never do again – learning the lesson of the...

<https://www.youtube.com/watch?v=0EHWqbuf-eM>



82b The Federal Reserve is NOT a Central Bank Pt. 2

Emil Kalinowski • 4.5K views • 1 year ago

In March 2020 long-term US Treasury yields shot higher - why? Aren't these safe assets? Did the 'Treasury market break'? No. Yields shot higher due to illiquidity. And liquidity is JOB #1 of...

<https://www.youtube.com/watch?v=LaQhyd2h974>



82c The Federal Reserve is NOT a Central Bank Pt. 3

Emil Kalinowski • 3.9K views • 1 year ago

Central banks inject liquidity into money markets to PREVENT a crisis. Let us review the last 14 years: Global Financial Crisis I (2008), European Sovereign Debt Crisis (2011), Chinese Reserve...

<https://www.youtube.com/watch?v=QuEKIEsks8I>

VOLCKER MYTH SERIES



The Myth of Paul Volcker: Part 2 [Eurodollar University, Ep. 247]

Emil Kalinowski • 10K views • 6 days ago

We are told that Paul Volcker led the Federal Reserve into the breach and bravely and knowingly raised short-term interest rates so as to bring about a recession and extinguish the 1970s Great...

<https://www.youtube.com/watch?v=4HbXUIXhqM4>



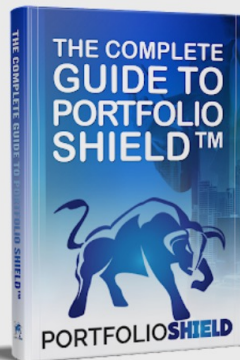
The Myth of Paul Volcker and the Powerful Fed [Eurodollar University, Ep. 221]

Emil Kalinowski • 15K views • 1 month ago

Paul Volcker is widely credited in ending the 1970s Great Inflation with stratospheric rate hikes, purposefully pushing the USA into recession. Balderdash! Volcker blinked when rates spiked....

<https://www.youtube.com/watch?v=9XqHyZOLiEc>

The Myth of Paul Volcker: Part 3: TBD



Investors searching for a unique investment strategy.

Jeff has recently partnered with friend and fellow monetary enthusiast Steven Van Metre. Steve's Portfolio Shield™ portfolios have been developed, and are executed, with monetary and financial fundamentals in mind, a menu of investment strategies which are very closely aligned with how Jeff believes portfolio construction and maintenance should flow from sound money, macro-first principles.

[Find Out More](#)

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The Promoter has an incentive to recommend the Adviser because the Promoter is being compensated.

The opinions expressed here are those solely of Jeffrey Snider and Eurodollar University and do not represent those of AFA.

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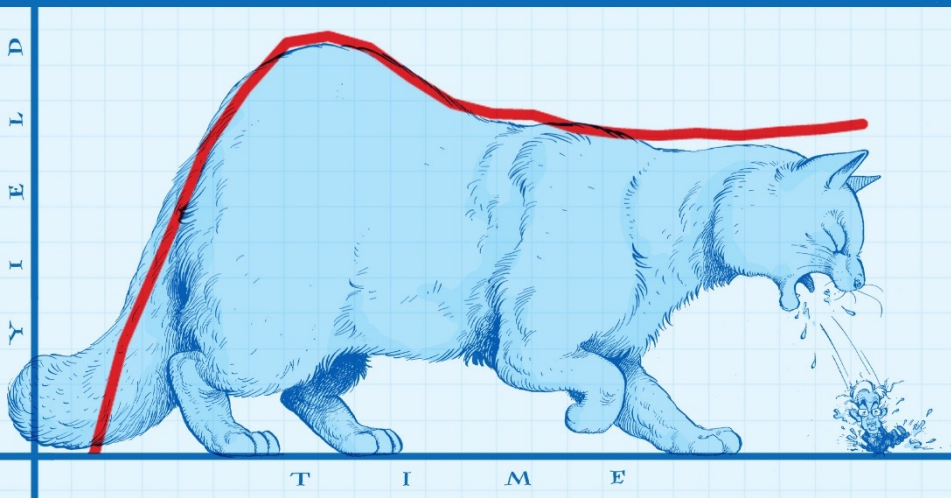
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Each day you will receive an e-mail summary of the most important macro and market indicators, and Jeff's insight into what they really mean.

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EURODOLLAR FUTURES CURVE (INVERSION): RETCHING CAT PATTERN



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