

On the eve of July 4th, let's remind the dollar doomers that the dollar remains as invincible today as it did decades ago. (USD share of global FX reserves is the same now as in the early 1980s. It's also the same over the last year) - "opinion makers" hawking the 'death of dollar' seem to be folks who have very little knowledge or are too far away to know what's actually going on.

IMF says that it's corporate profits, not labour costs, driving inflation higher in EZ. (IMF doesn't use word "greedflation") Profits account for 45% of price rises compared with 40% from import costs and 25% from labour - this "greedflation" could very well be global and hence underpins rates as well as stocks - rising income inequality is the net outcome .

China strikes back by imposing controls on exports of gallium and germanium, used to make semiconductors. (China has 98% world's gallium production 68% of germanium) - could potentially cause disruption to global supply chains. Wei Jianguo, warned that "China's export control measures of chipmaking materials is just a start."

After disappointing German & EZ mfg PMIs, it's the turn of Services PMI today to show depressing state. However EUR/USD remains stuck & appears to have found an anchor around 1.0900. Support 21dma at 1.0876 & 50% 1.0635/1.1012 at 1.0823.

In the bigger picture, China is slowly converging with G7 growth. China's choice of PBOC party chief - RRR of China ?- signals the severity of the issues ..
China June 2023 Caixin / S&P Global Services PMI 53.9 (prior 57.1) - recovery yet to find stable footing on lack of internal growth drivers, weak demand & dimming prospects. 7.4400 imminent .

Same old battle between yield chasers from Japan and recession mongers in UK-GBP long positioning looking a little stretched. GBP stuck in range .BOEWATCH prices a 50bp hike to 5.5% on Aug 3rd as a 72.17% chance. 1.2690 early London low to break for 1.2578 - 50% May/ June rise .

Japan Services PMI for June 54.2 (prior 55.9). USD/JPY stuck in narrow trading range. Structural upmove in tact - 146.10 -

76.4% 151.94-127.22 drop beckons.

Inverse Gravity theory should work - What won't go down should go up - 82.00 82.20.