

Fears of “money printing” & USD collapse make scary headlines - however the reality is more complex as the mechanics driving asset prices is different. Despite headlines labelling it as freefall, the dollar is not excessively weak.

Normally, people fear the dollar whether it is strengthening or weakening. Hence USD should be seen as kind of Rorschach test: a way to gauge sentiment, rather than suggesting anything else. Key is not to chase fear-driven narratives but to focus on fundamentals.

Dollar's downmove of last few days now attracts hyperbolic tone whereas in reality, it just tracks eerily close to its trajectory during Trump's first term- more generally speaking, that of Republican Presidency in second year - current handwringing could be due to the sociopolitical backdrop than the dollar's actual movement. Actually, USD index now is shade higher than the arithmetic mean over 40-years (96.20 vs 93.21 average).

The institutional credibility is a ubiquitous term in the global markets. In this infinite world of alternatives, the investors look for policy and institutional credibility beyond the conventional growth and interest rates - probably explains why currencies with strong fundamentals are having weak currencies. Minnesota episode could have hurt USD through institutional credibility metric?

Fed chair pick is the next most pressing question in respect of institutional credibility. Anxiety that is sweeping the markets would probably constrain Trump to be cautious about his choice of Fed chair. Bullard could even make way?

Takeaway from FOMC meeting is that the hurdle to additional cuts has been raised under Powell. U.S. jobless claims & Nov factory orders today.

ECB would certainly battle this EUR upmove with outdated strategy of rate cuts. Kocher suggests continued Euro appreciation could prompt a reaction from ECB. But rates are too obsolete to work in this context. Slowly settling into 1.1880 1.2080 range.

Resistance is indicated by the recent high around 1.3850 and natural big-figure resistance at 1.40. appears a top has been established at 1.3850, with risks skewed to the downside.

Clear evidence that USDJPY had carved out strong support at 151.97

Gold is the new oil : Battle lines drawn at 92.00