

am
FX

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What do Tory voters think?

Q Given the choice, would you prefer that Boris Johnson was still Prime Minister in a year's time, or would you prefer someone else?

Johnson to remain Prime Minister
25%

I would prefer someone else to be PM
60%

Don't know
15%

Source: YouGov, June 22-23, 1,671 adults. Results show those who voted Conservative in 2019.

Data is ugly

Wut?

Current Views

Short USDJPY @ 136.11

Stop loss 137.15

Take profit 133.15

Half way there

Despite significant bearishness, risky assets continue to suffer. The buy-the-dip indicators and playbooks that worked so well from 2010 to 2021 are not working. It's more like a 2001 or 2008 market where you just sell every rally and sentiment doesn't matter. AAll, for example, has not been useful as a contrary indicator.

The importance of month-end in FX has waned dramatically over the last year or two and so expect random transactional price action today, not the moves predicted by the models. If I had to guess, I would think the flows today would be selling cross/JPY and selling cross/CHF. I managed to survive yesterday's USDJPY jump, and I still like it lower as we transition from inflation fear to growth fear.

1.0330/50 is huge in EURUSD as it's the 2016 low plus the recent series of lows that has created a major base:

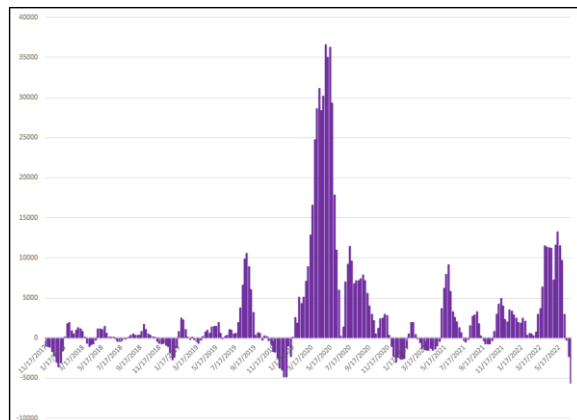
EURUSD back to the key 1.0330/50 level



SNB Sight Deposits

I have been getting questions about why the SNB sight deposits have dropped. Normally, sight deposits are a good way of tracking SNB intervention, but I strongly doubt the SNB has intervened to buy CHF. Here is the chart:

4-week change in SNB sight deposits



This explanation from Reuters is probably right:

Sight deposits could also have dipped as the SNB likely reduced the number of liquidity-providing repurchase operations (REPOs) after it lowered the threshold above which its negative interest rate applies.

This means more banks' reserves are covered by the -0.25% interest rate, giving them less of an incentive to borrow money from the SNB via REPOs. The amount of money held via sight deposits will have declined as banks borrow less using REPO operations and pay back the SNB for REPOs that are already outstanding, said Credit Suisse's Botteron.

Another factor could be an increase in cash withdrawals from banks by holidaying customers, which are deducted from their sight deposits.

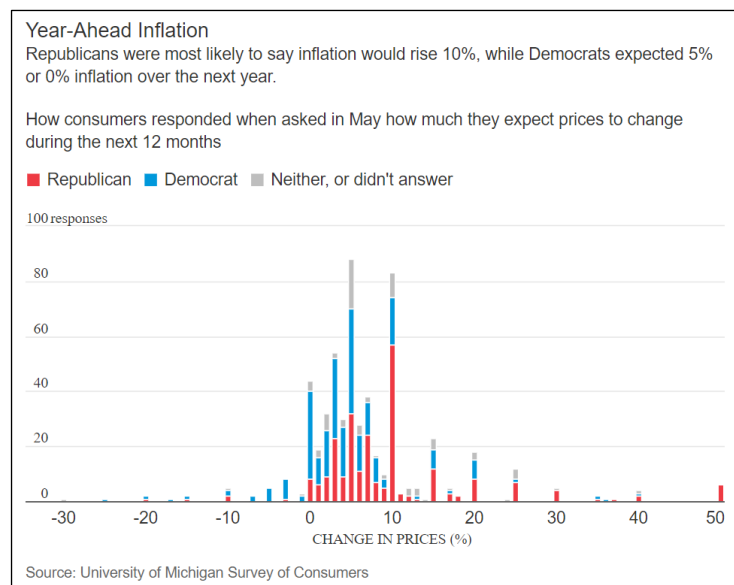
The CHF performance is quite amazing and logical, and it seems like path of least resistance in EURCHF is 0.9500.

The Politics of Inflation, and Round Number Bias

Some interesting tidbits [in this WSJ article](#) that Purcy sent to me. Politics and economics have merged, and round number bias. A quick excerpt and chart from the article:

In October 2020, before the presidential election, members of both parties expected roughly 3% inflation over the next year. By this May, Republicans expected 9.6% inflation on average but Democrats only 4.5%. The increase in expectations over the past year and a half reflects a combination of these two quirks. In May, Republicans' most common answer on inflation over the next year was 10%, provided by nearly a quarter of the respondents. (More than one in 10 expects between 20% and 50% inflation!)

By contrast, for Democrats, the most common response is 5%. (Closely followed by zero percent—inflation fully conquered in a year!)



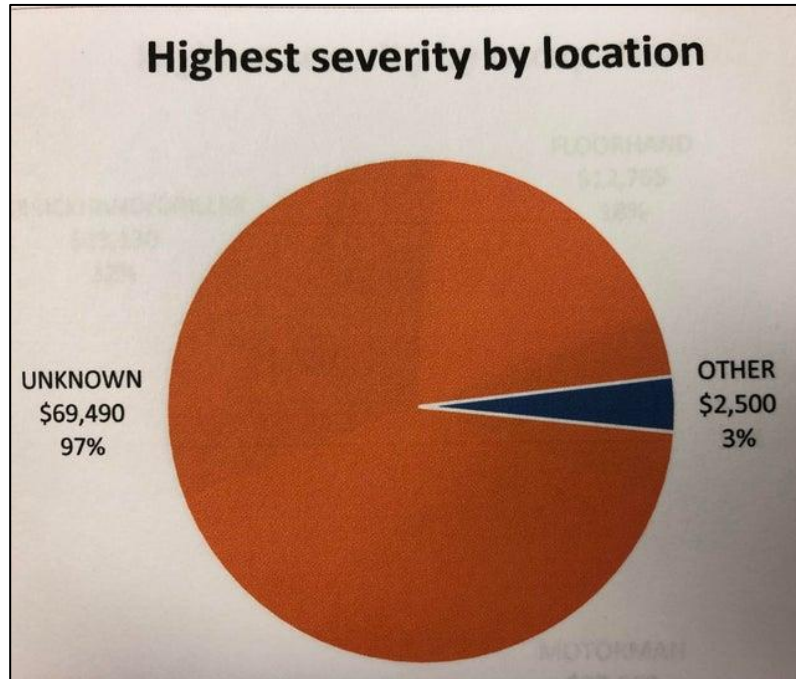
Homo economicus bwahahah.

Final thoughts

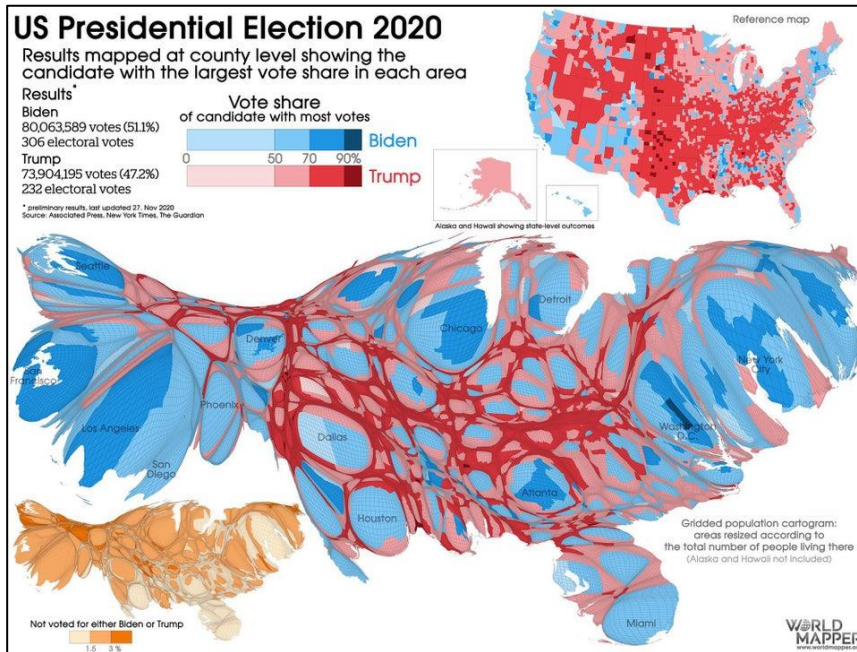
ISM tomorrow and the ECB meeting July 21 is huge. Have a beautiful day.

good luck ↑↓ be nimble

Workers' Compensation Claims, by location



Wut?



<https://www.reddit.com/r/dataisugly/>

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