

## Twitter Thread by Macro Maniac, Head of Transitory Dept.

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@Macro\_Maniac



Thread (Goods, Services, Federal Reserve and DXY)

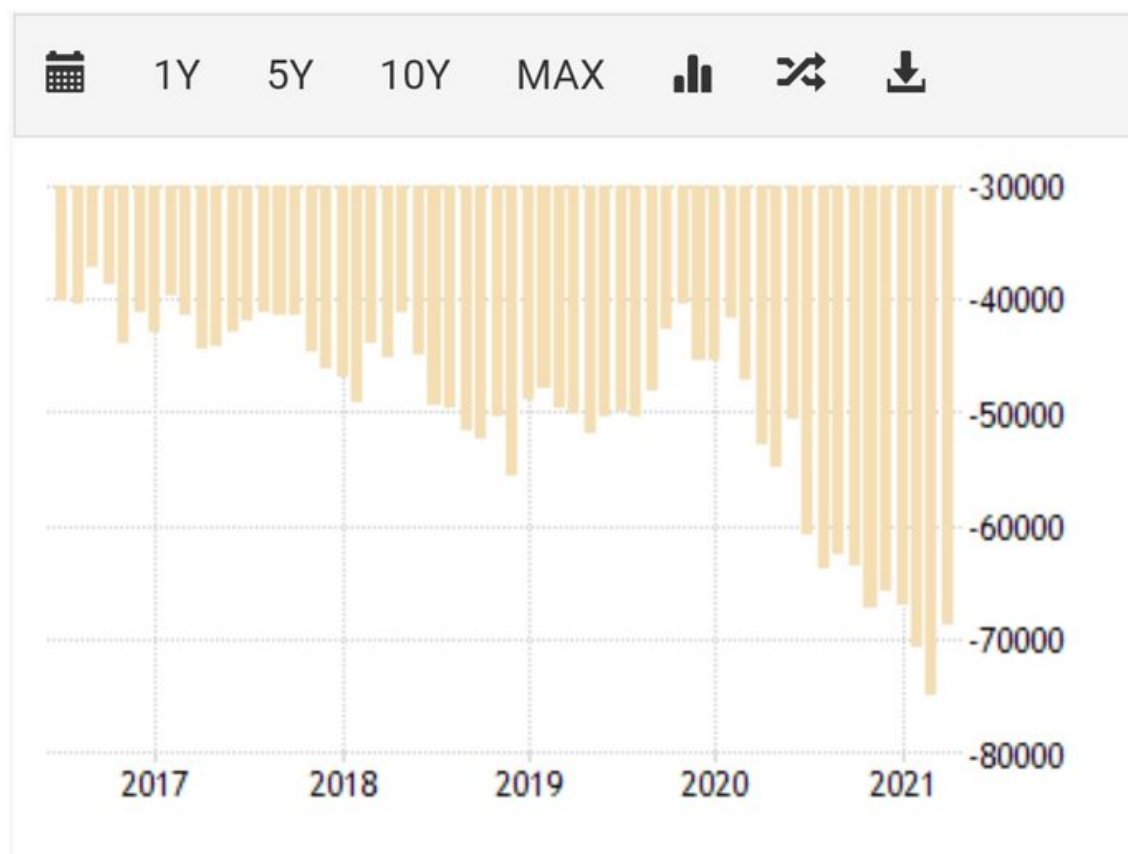
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The #COVID19 pandemic resulted in increased Goods consumption. The Services to Goods consumption meant increased Trade Deficit for US. That was negative for Dollar. That was in 2020.

## United States Balance of Trade

The US trade gap narrowed to \$68.9 billion in April of 2021 from a record high \$75 billion gap in March and in line with market expectations. Exports were up 1.1% to \$205 billion, due to civilian aircraft (\$1.4 billion), crude oil (\$1.0 billion), other petroleum products (\$0.6 billion), fuel oil (\$0.5 billion), travel (\$0.2 billion) and transport (\$0.2 billion). Imports dropped 1.4% to \$273.9 billion due to other textile apparel and household goods (\$-0.9 billion), toys, games, and sporting goods (\$-0.7 billion), household appliances (\$-0.7 billion), automotive parts and accessories (\$-0.7 billion) and passenger cars (\$-0.5 billion). The deficit with China decreased \$7.1 billion to \$32.4 billion as exports were up and imports declined.

source: Bureau of Economic Analysis (BEA)



The pre-pandemic US retail sales were at \$525 bn per month. This is hovering at about \$625 bn per month.

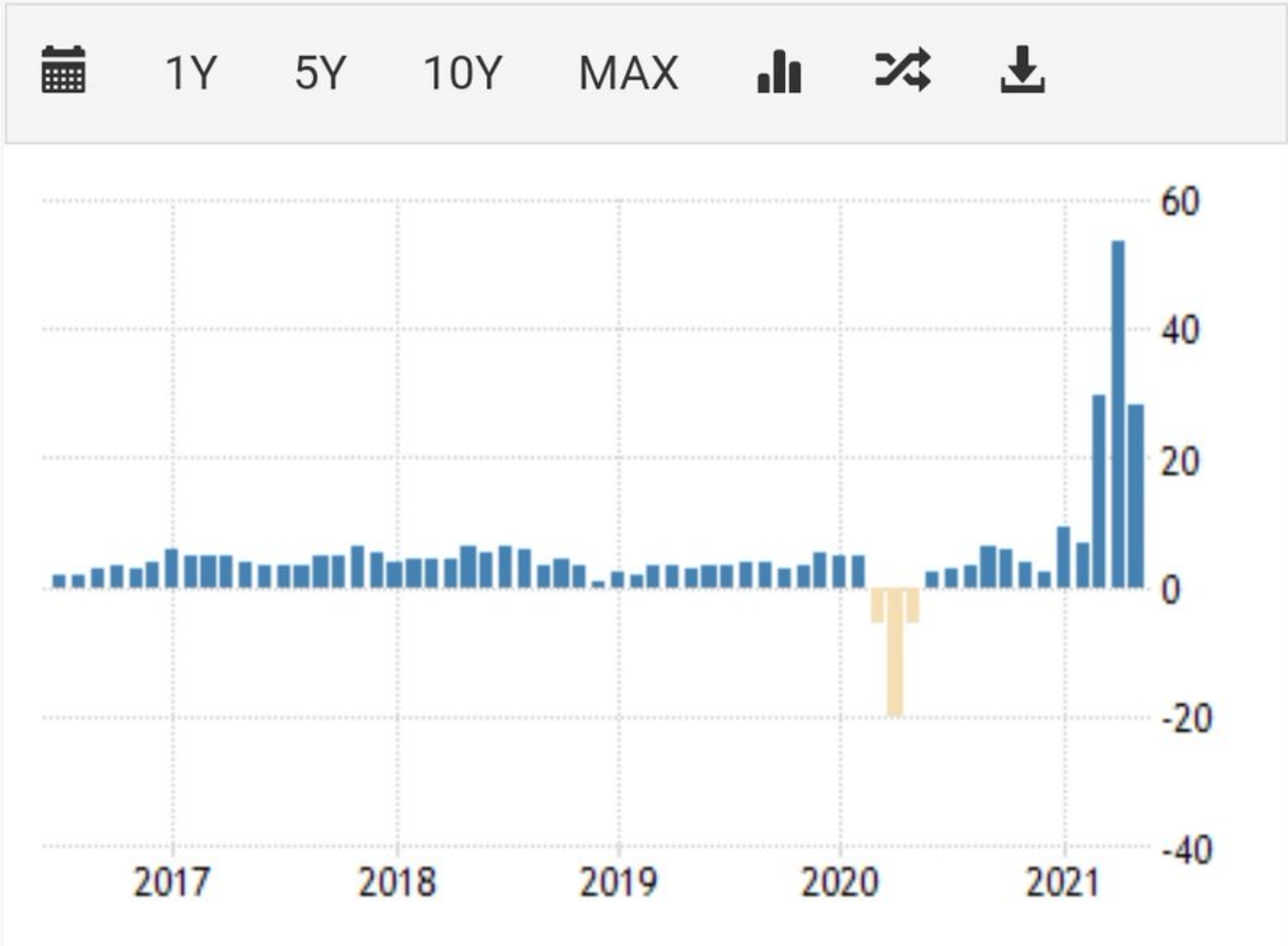
This resulted in massive Current Account Surplus in EZ/ China

The reopening of economy means Normalization of Services consumption and reduction of Goods consumption.

## United States Retail Sales YoY

Summary	Calendar	Forecast	Stats	Alerts
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Retail Sales in the United States increased 28.10 percent in May of 2021 over the same month in the previous year. A low base effect from last year is weighing on retail sales. A year earlier, retail sales shrank 5.7 percent due to the coronavirus pandemic. source: U.S. Census Bureau



This reopening of US will result in reduction of US merchandise trade deficit. Positive for #DXY

The reopening of Emerging Market economies will result in reduction of Current Account Surpluses or increase in Deficit. Positive for Dollar.

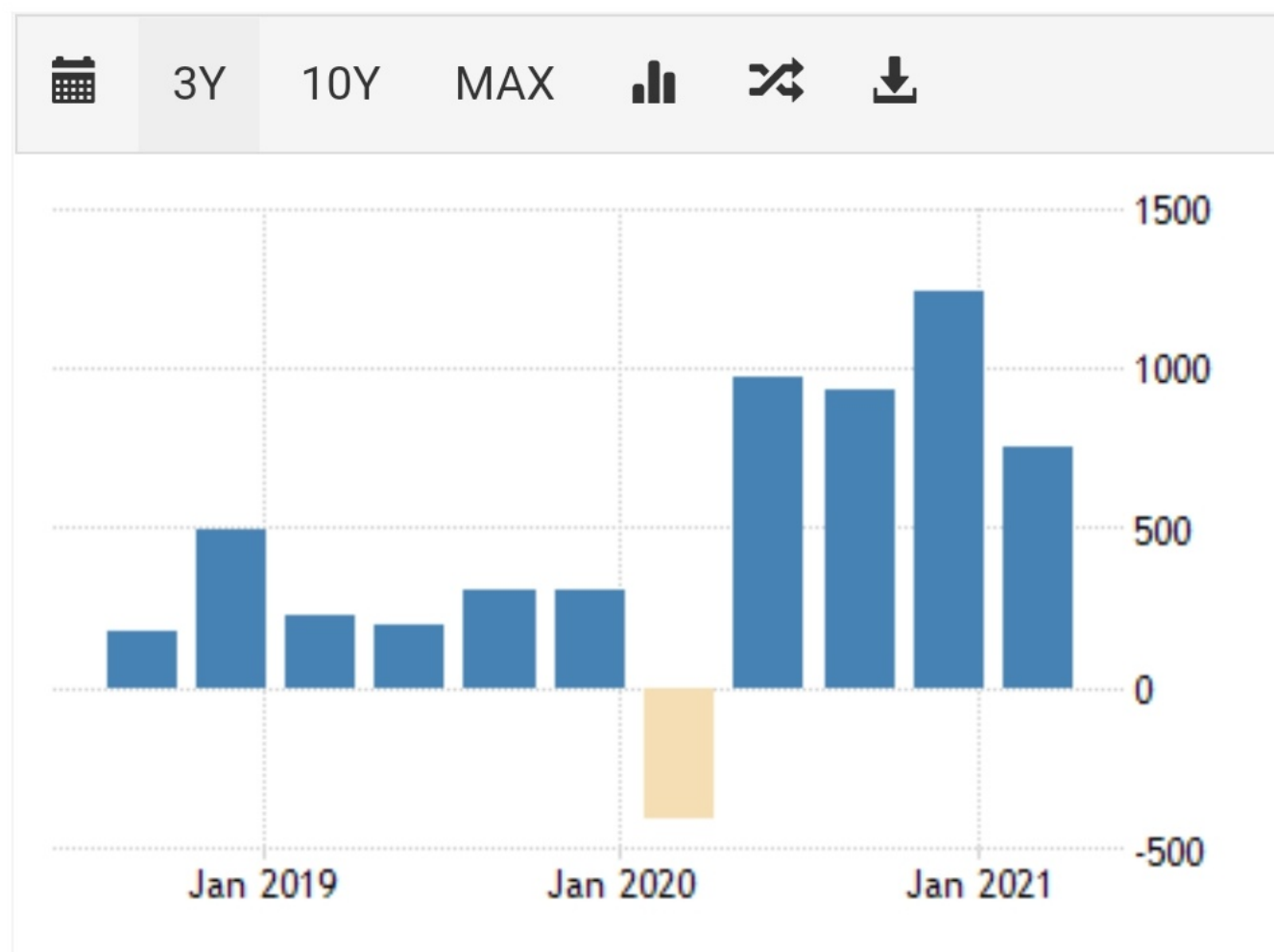
## China Current Account

Summary

Forecast

Stats

China recorded a Current Account surplus of 751 USD HML in the first quarter of 2021. source: State Administration of Foreign Exchange, China



There is CB policy divergence also at play. Hawkish Federal Reserve and Dovish ECB. Again positive for \$DXY

The Jackson Hole Conference and September #FOMC will become important for DXY trajectory

It's clear that dips are to be bought in Dollar

Thanks for reading!

=END=

