

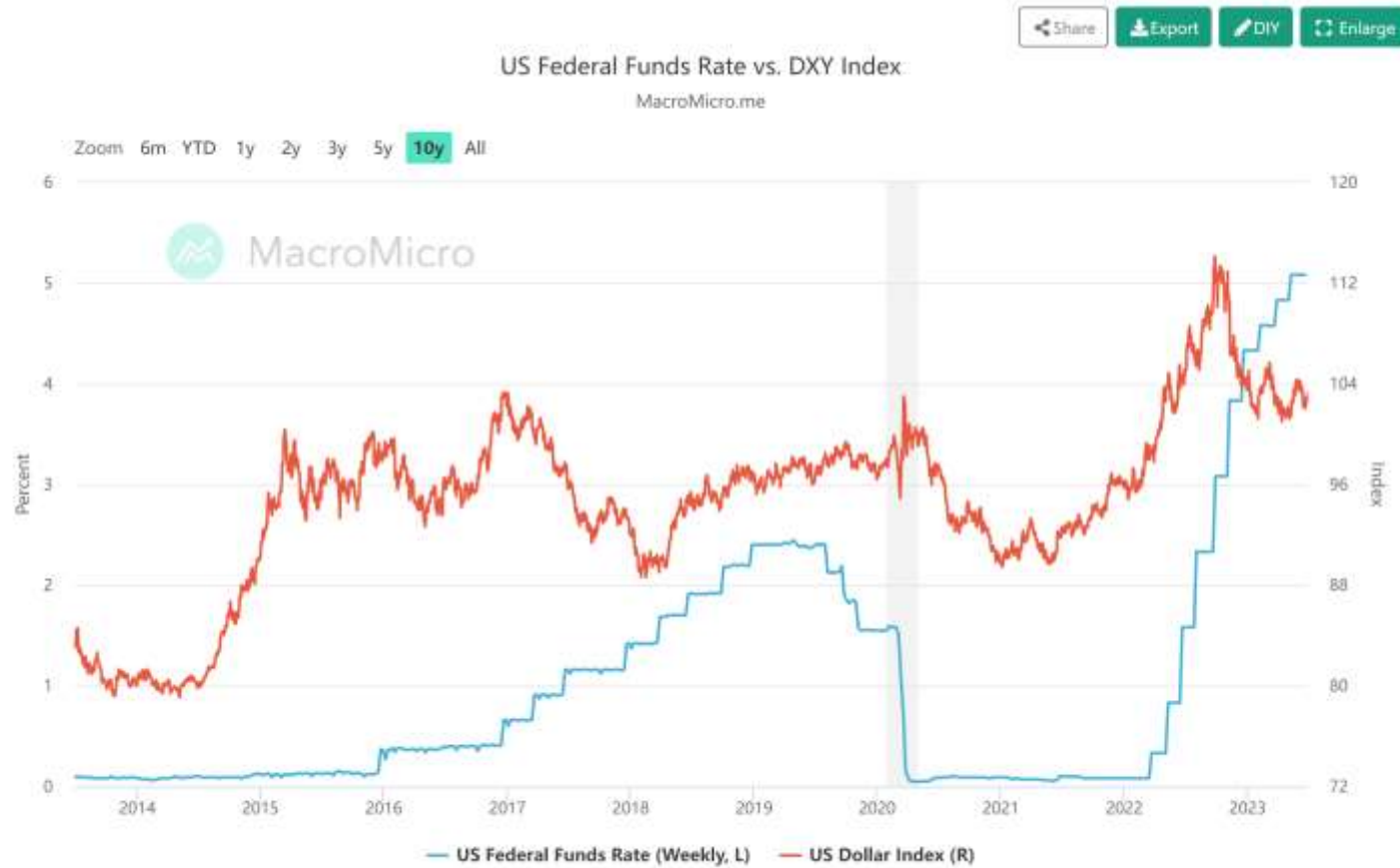


# Charts That Matter

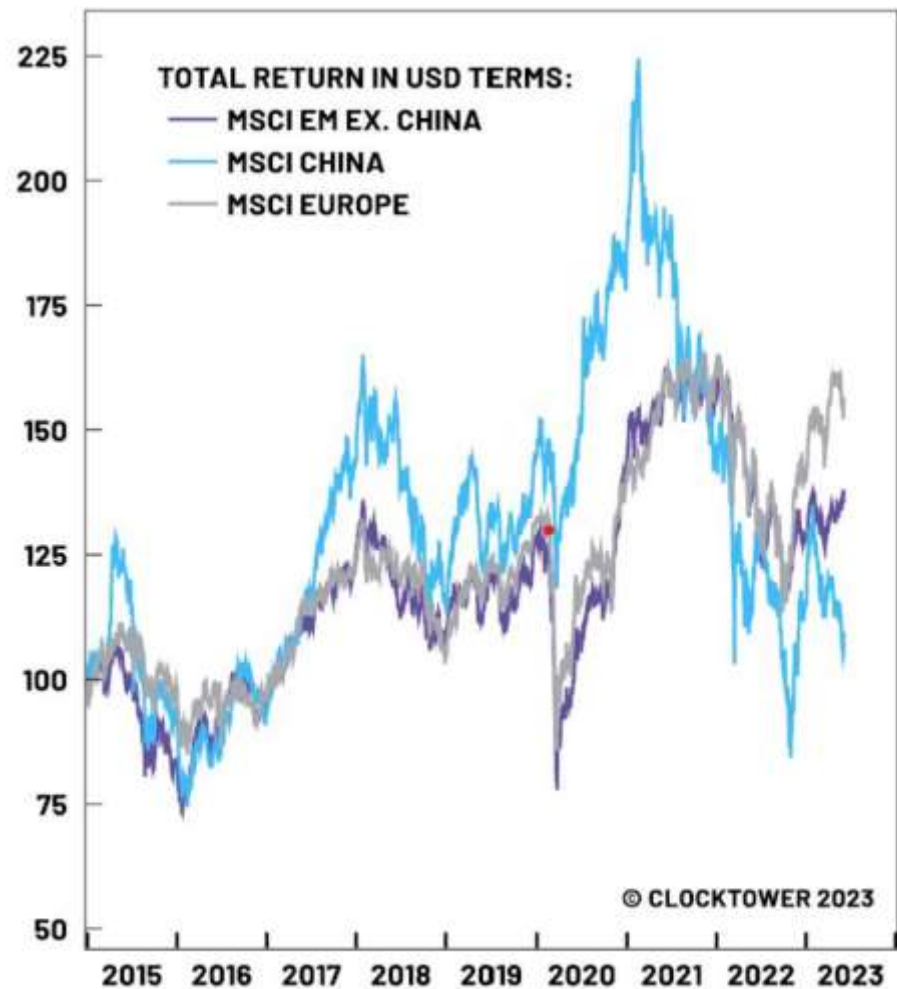
7<sup>th</sup> July 2023



# Fastest tightening in the history but US dollar still can't get a bid.



Beijing policymakers are going to be forced – whether they want it or not – into the policy path of least resistance. A path quite familiar to Western investors as we witnessed it from 2011 to 2018: interest rate cuts, QE, and finally fiscal largesse.



NOTE: ALL SERIES REBASED TO JANUARY 1, 2015 = 100.  
SOURCE: BLOOMBERG FINANCE L.P., MACROBOND.



The consequences of de-dollarization and the peace dividend. When Pakistan can buy Oil from Russia via swap line from China... Anything is possible.

India-Iran-Armenia launch trilateral to create corridor to Russia & Europe

**Saudi Arabia takes step to join China-led security bloc, as ties with Beijing strengthen**

'Iran may consider extension of sub-sea natural gas pipeline from Oman to India'

**Erdogan says Turkey and Russia to study Putin's gas hub proposal**

**Iran, Saudi Arabia, UAE and Oman to form a joint navy**

China 'Green Lights' A Whopping ¥ 400 Billion BRI Project To Pakistan; Aims To Connect Kashgar To Gwadar Via Kashmir

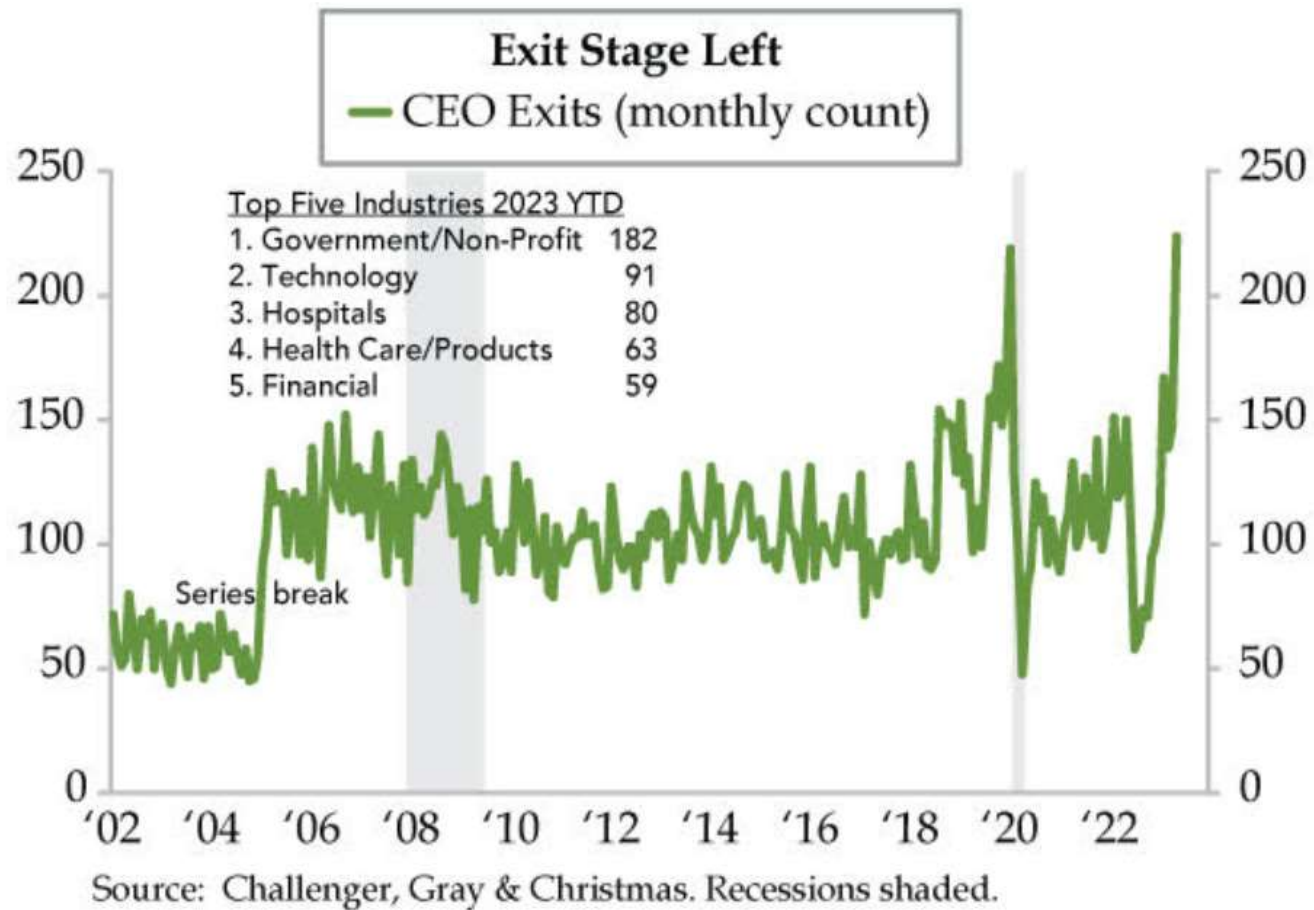
Russia and Iran sign rail deal for corridor intended to rival Suez Canal

India and Russia in 'advanced talks' over free trade agreement

**Sources: news headline clippings**



All time high monthly counts. The consensus clearly is becoming increasingly convinced that a recession is a fading risk



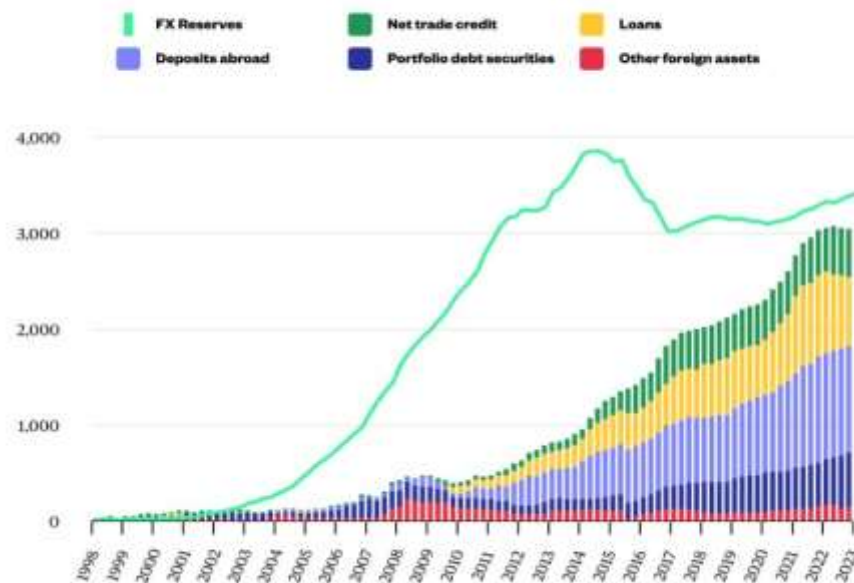
Brad setser arguing that China may have roughly TWICE the FX reserves it's been officially reporting.

#### A six trillion dollar pile of money?

All told, institutions that report to China's central government probably have closer to \$6 trillion in foreign assets than the \$3.12 trillion SAFE reported in December 2022.

This total counts the foreign assets of the state commercial banks (owned by a State Council holding company through the CIC), the state policy banks (owned by the PBoC, with some participation of the Ministry of Finance), and the CIC (owned by the State Council but with some funding from SAFE).

#### China: formal PBOC reserves vs potential hidden reserves cumulative balance of payments flows, USD billion



Source: 2021 Company Annual Reports



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