Brent Donnelly
July 13, 2026

GPIF and CPI

The overnight story changes nothing re: GPIF. CPI and Fedspeak on deck.

Current Views

10SEP CHFJPY put spread
199/196 for ~37bps off 200.50 spot

30JUL USDMXN put fly
17.40/17.15/16.90 1X2X1 for 30bps off 17.52 spot

13JUL USDKRW put spread
1530/1505 for 37bps off 1543 spot
Finishes below the bottom strike, paid out 163bps = 4.4:1

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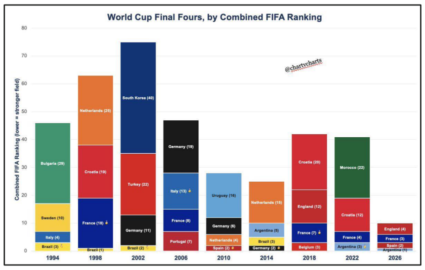
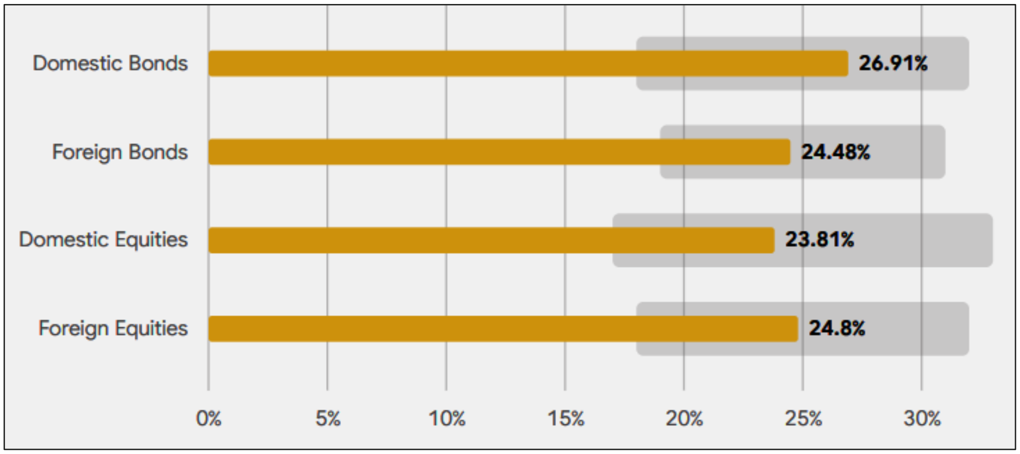


Looking at 1994 to now, this is the first World Cup semis featuring the four best teams.

GPIF pushback

A small win for the JPY bears overnight as there was a Reuters article saying that GPIF will not overhaul its asset allocation. This is not a huge surprise given the bureaucratic and pre-determined nature of the asset allocation strategy. The article goes on to say that the government could work within existing allowable ranges to funnel more investment from state pension funds to domestic assets. That's the key. I don't think many are expecting a random GPIF reallocation announcement. Yen bulls (like me) expect GPIF will respond to the prime minister's request by changing allocations within existing bands. This graphic shows current allocations and the allowable deviation band. They have plenty of flexibility within the existing allocation.



Orange bar is actual, gray box is allowable zone

I am unfazed by the overnight article but will be watching Tokyo time every night for evidence of JPY buying because if GPIF (or other pension funds) are going to slowly switch to more domestic assets, you should see it in the Japan time zone price action. Let's see. In the meantime, I feel much more comfortable sitting in CHFJPY for two months than paying the negative carry in USDJPY.

So, to summarize: I never thought GPIF would change their strategic asset mix numbers in response to Takaichi—I think they can change their allocations within the current strategic mix. As such, the overnight article doesn't change my mind. Perhaps confirmation bias, but I don't think so.

Speaking of Asian currencies, the USDKRW trade has expired at max profit as KRW continues to rip higher. That was a good trade. It paid 4.4:1. If you are short cash, I would be taking it back now as the hedging of the SK Hynix flow should be nearly complete given payment is scheduled for 14JUL. For a full explanation of the trade, please see here: https://www.spectramarkets.com/amfx/totb-and-usdkrw/

CPI

We are now on the other side of the April/May oil spike, so June MoM Headline CPI will probably have a minus sign in front of it. At right please see the distribution of expectations from Kalshi and Bloomberg.

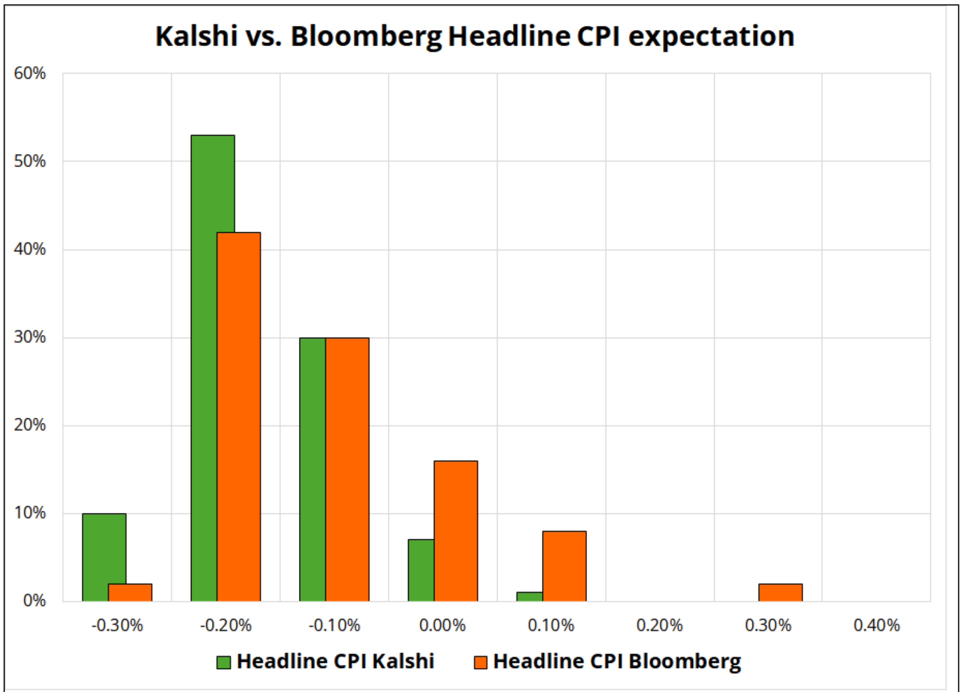
Obviously headline is way over on the left while core remains the primary concern as we know that oil has fallen but wonder if there will be any disinflationary second round effects and continued softness in shelter.

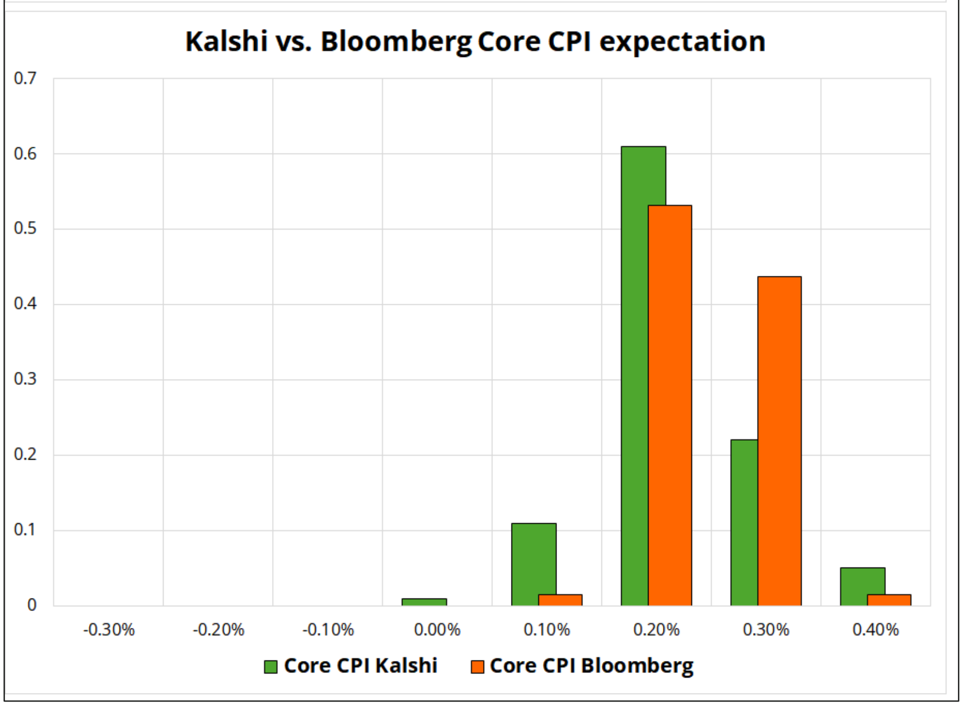
Or, will AI Capex, high computer component costs, and sticky services keep the inflationary flames flickering?

One astute client notes that the median for Core CPI was 0.3% and is now 0.2% as the majority has moved to the left by 0.1%. That probably means that 0.2% and 0.3% are equally unsurprising and the third decimal could matter as 0.252% is much different from 0.324%.

This number is particularly important as July FOMC nears and as the market is torn as to whether falling shelter and oil prices are enough to stem the inflationary impulse… Or not.

Today we get Waller at 12:30 N.Y. time and then tomorrow we get Kevin Warsh's first testimony at the House Financial Services Committee. That testimony is usually boring, but we will be on alert for any useful nuggets.





Calendar

The rest of the calendar is on the next page…

Spectra Markets trading calendar for the week of July 13

	MONDAY 13	TUESDAY 14	WEDNESDAY 15	THURSDAY 16	FRIDAY 17
Before NY open				**TSMC 2:00** **UK GDP 2:00**	
NY AM		**Bank earnings: JPM / BAC / C / GS / WFC** **US CPI 8:30** **Fed Chair Warsh House testimony 10:00**	**MS** US PPI 8:30 **BoC Rate Decision + MPR 9:45** **BoC Press Conference 10:30**	**US Retail Sales 8:30** **US Initial Jobless Claims 8:30** US Pending Home Sales 10:00	US Housing Starts & Permits 8:30 **US IP 9:15** **U-Mich Sentiment (Prelim) 10:00**
NY PM	Waller at NYABE 12:30	US TIC / Foreign Portfolio Flows 16:00	US Fed Beige Book 14:00	**NFLX**	
Asia	**RBNZ Chief Economist Paul Conway (dove) speaks on Inflation 18:00**	**CN Q2 GDP 22:00** CN Industrial Production 22:00 CN Retail Sales 22:00			

All times NYC

Final Thoughts

1. Looks like a false start in crypto so far. I am sticking with a bullish lean there and in silver, but both are not doing much of anything to inspire.
2. Weird USD rally in Asia last night. It was soon rejected.
3. SPCX $143. Watch the IPO price ($135) as a key psychological level.

Positioning report is on the next page.

Have a highly-rated week.

good luck ⇅ be nimble

The Spectra FX Positioning and Momentum Report

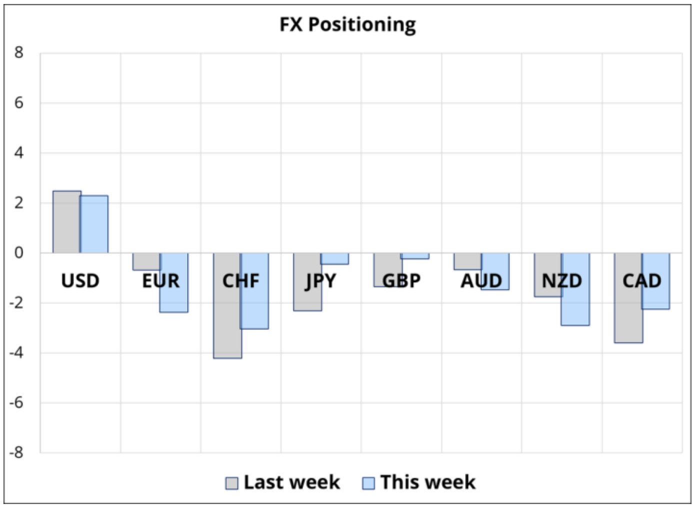
Hi. Welcome to this week's report. *(To read about how I use and trade this report, see here.)* The USD bull fever has cooled as price momentum has stalled, but there has been no catalyst for a major reversal and so here we are. GBP and NZD have recovered, USDCAD is trending lower out of nowhere, and EURUSD and USDJPY remain paralyzed. With the scores where they are, there is no big positioning story in FX. The USD can rally or selloff from here; it's close to symmetrical.

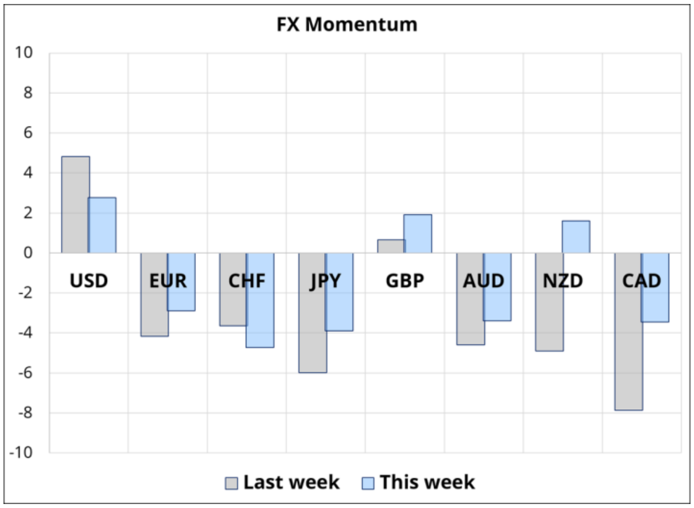
G10 FX Positioning and Momentum Scores

All scores -10 to +10 scale, all currencies vs. USD (that is: JPY means yen, not USDJPY)

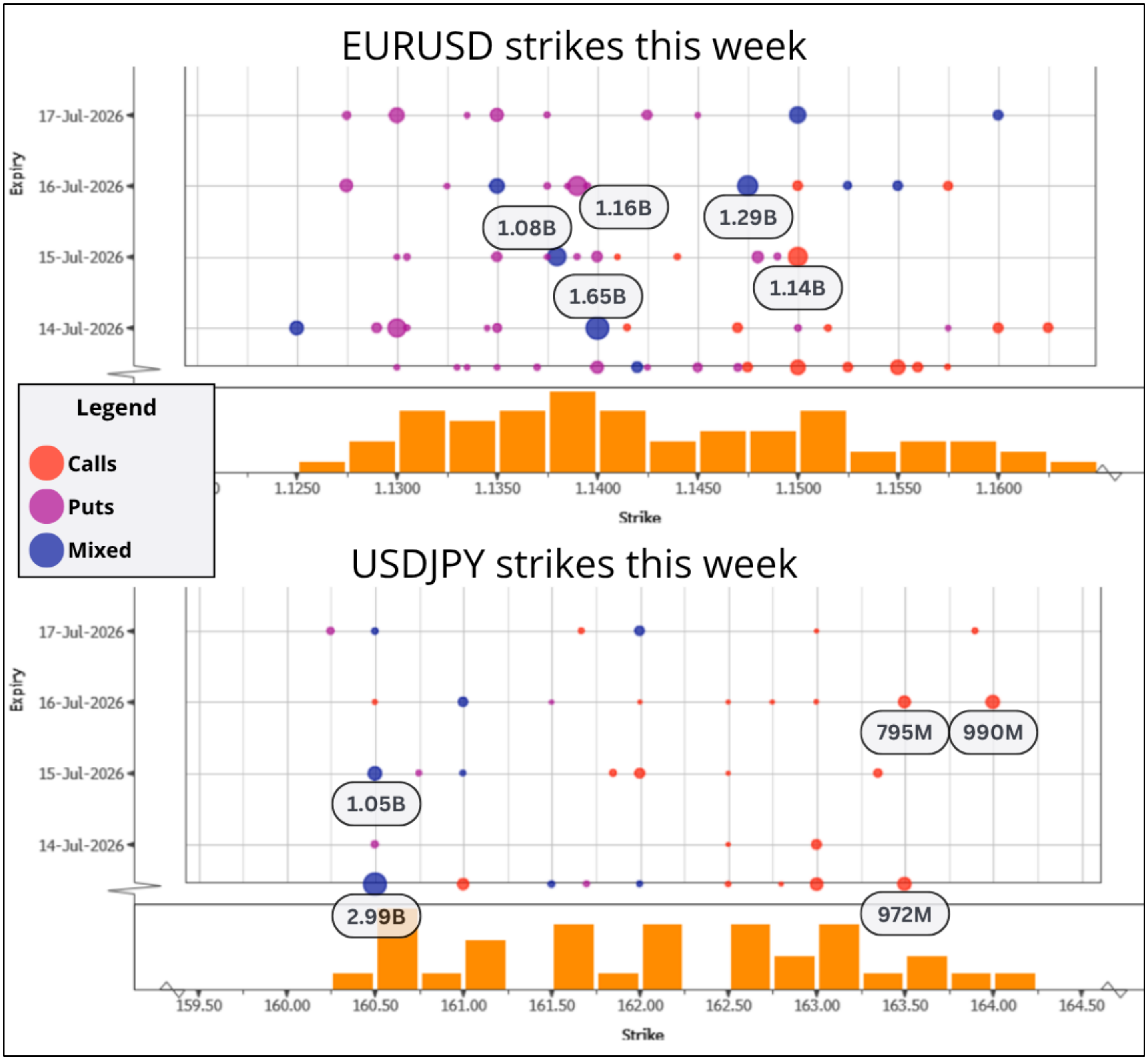
Summary scores	USD	EUR	CHF	JPY	GBP	AUD	NZD	CAD
Positioning	2	-2	-3	0	0	-1	-3	-2
Momentum	3	-3	-5	-4	2	-3	2	-3

Positioning and Sentiment	USD	EUR	CHF	JPY	GBP	AUD	NZD	CAD
CFTC Level (% of OI)	6	-3	-6	-4	-8	-3	-10	-9
CFTC 4-Week Change	5	-4	-1	-1	-5	-8	-9	-7
Daily Sentiment Index	4	-4	-7	-5	3	2	2	-5
Risk Reversal (1-month lookback)	-5	0	6	10	7	0	0	10
Risk Reversal (6-month lookback)	1	-3	-7	3	3	0	-1	0
Spectra FX Positioning	2	-1	-3	-5	-1	0	1	-2
Momentum	**USD**	**EUR**	**CHF**	**JPY**	**GBP**	**AUD**	**NZD**	**CAD**
RSI	4	-4	-7	-4	3	-5	3	-5
Deviation from 20-Day	-1	0	-2	-2	3	-1	4	2
Deviation from 100-Day	5	-4	-5	-5	-1	-5	-2	-7





Big Strikes


EURUSD strikes this week
Expiry
17-Jul-2026
16-Jul-2026
15-Jul-2026
14-Jul-2026
1.16B
1.08B
1.29B
1.65B
1.14B
Legend
Calls
Puts
Mixed
1.1250
1.1300
1.1350
1.1400
1.1450
1.1500
1.1550
1.1600
Strike
USDJPY strikes this week
Expiry
17-Jul-2026
16-Jul-2026
15-Jul-2026
14-Jul-2026
795M
990M
1.05B
2.99B
972M
159.50
160.00
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161.00
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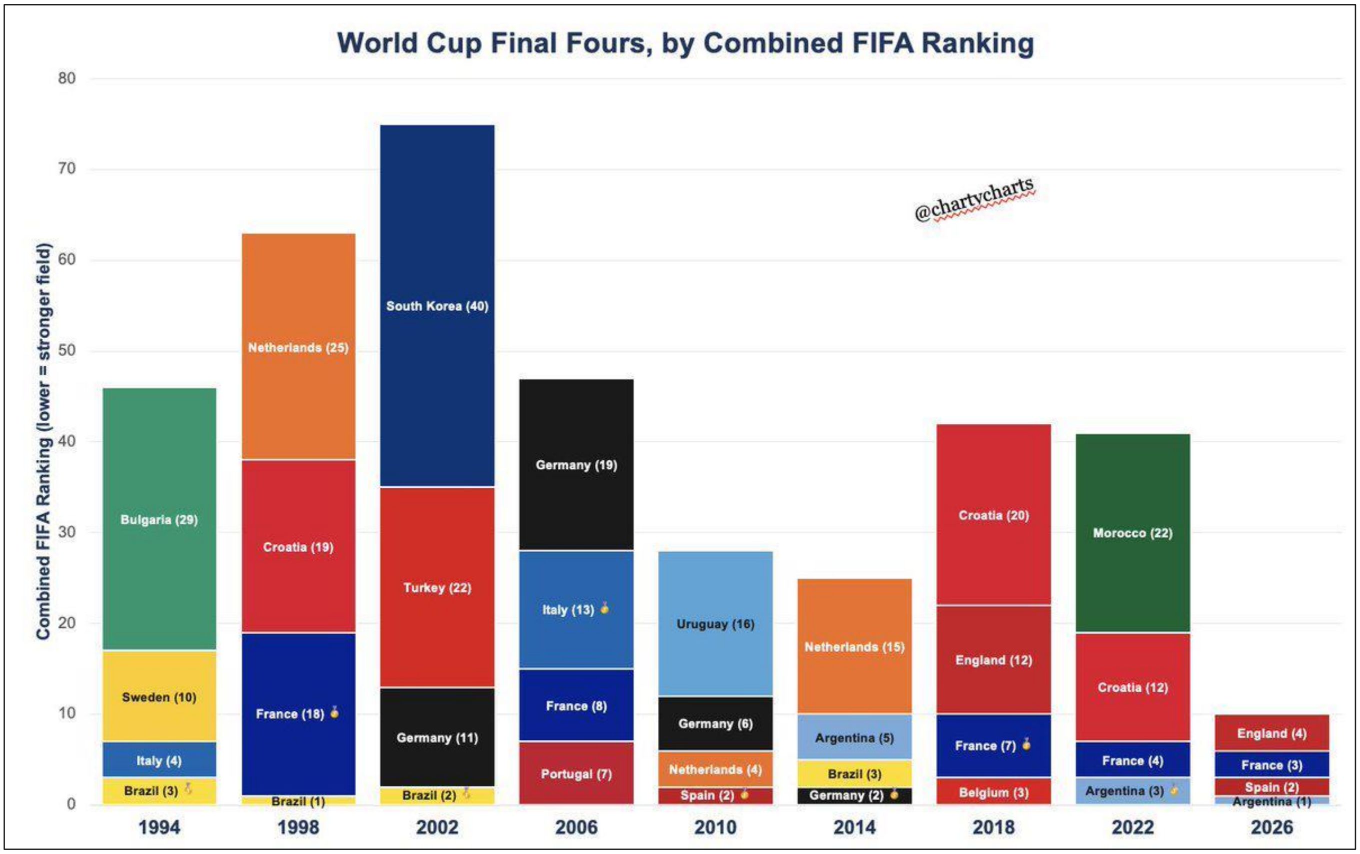
164.00
164.50
Strike



https://x.com/chartycharts/status/2076387938938871918

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Just the 2nd time in 9 world cups that the number 1 ranked team has made the semis.

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