



THE WORLDONOMICS TIMES

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INSPIRING ACTION
DRIVING CHANGE
SHAPING A BRIGHTER FUTURE

POWERING CHANGE

"Join hands with us as we catalyze positive change for individuals, businesses, and communities."

SHRI NAVEEN MATHUR

DIRECTOR
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THE CHANGING LANDSCAPE OF GLOBAL ECONOMIES: A WINDOW INTO THE DYNAMIC WORLD OF WORLDONOMICS

In today's interconnected world, the dynamics of global economics continue to evolve rapidly. As nations strive to navigate the challenges and opportunities in this ever-changing landscape, Worldonomics plays a crucial role in bringing insights and analysis to the forefront. With its reputable position as a leading informational hub, the Worldonomics Times US website (worldonomics.in) serves as an invaluable reference for anyone seeking a deeper understanding of the world economy.

One of Worldonomics' notable strengths is its ability to provide comprehensive coverage and insights on a wide array of economic topics. From macroeconomics to sector-specific analyses, readers can explore a myriad of articles written by renowned economists and industry experts. Whether one is interested in exploring the impact of geopolitical events on financial markets or dissecting the implications of emerging technologies, Worldonomics covers it all.

Advancements in Technology:

Technology undeniably stands at the forefront of societal progress. Across a broad spectrum of articles, discussions on technological progress and its implications on various aspects of life have taken the spotlight. Subjects such as artificial intelligence, blockchain, virtual reality, and quantum computing have consistently attracted attention. These articles feature groundbreaking research, real-world applications, and ethical considerations, captivating readers with a glimpse into the future.

Sustainable Development and Climate Change:

The pressing need to tackle climate change and promote sustainable development has been a recurring theme in our publication. Articles centered on renewable energy sources, eco-friendly practices, and the shift towards a low-carbon economy have maintained a steady presence. The convergence of technology and sustainability has also been a notable focus, with discussions on smart cities, circular economy, and sustainable transportation solutions.

Education and Lifelong Learning:

The significance of education and continuous learning has been a prominent theme in our publication. Articles exploring innovative teaching methods, the integration of technology in education, vocational training, and online learning have appealed to readers adapting to a knowledge-based economy. The focus on empowering individuals to acquire new skills and knowledge has remained consistent.

Social Justice and Equality:

In a world where social issues demand ongoing attention, our publication has presented numerous insightful articles on social justice and equality. Topics such as gender equality, racial justice, LGBTQ+ rights, and socio-economic disparities have sparked meaningful dialogues. These articles delve into the challenges faced by marginalized communities while proposing solutions to foster a fair and inclusive society.



Sandeep Kumar

EDITOR-IN-CHIEF

Worldonomics Times

DOLLAR DOMINANCE ENDURES, BUT THREATS LINGER ON THE HORIZON

Dollar has reigned as the preeminent global currency for nearly a century. However, recent U.S.-led financial sanctions on other global economies have prompted speculation about the future durability of this status. Observers are questioning whether the dollar will continue to maintain its dominance, especially, as global economies explore alternatives and diversify their dollar reserves.

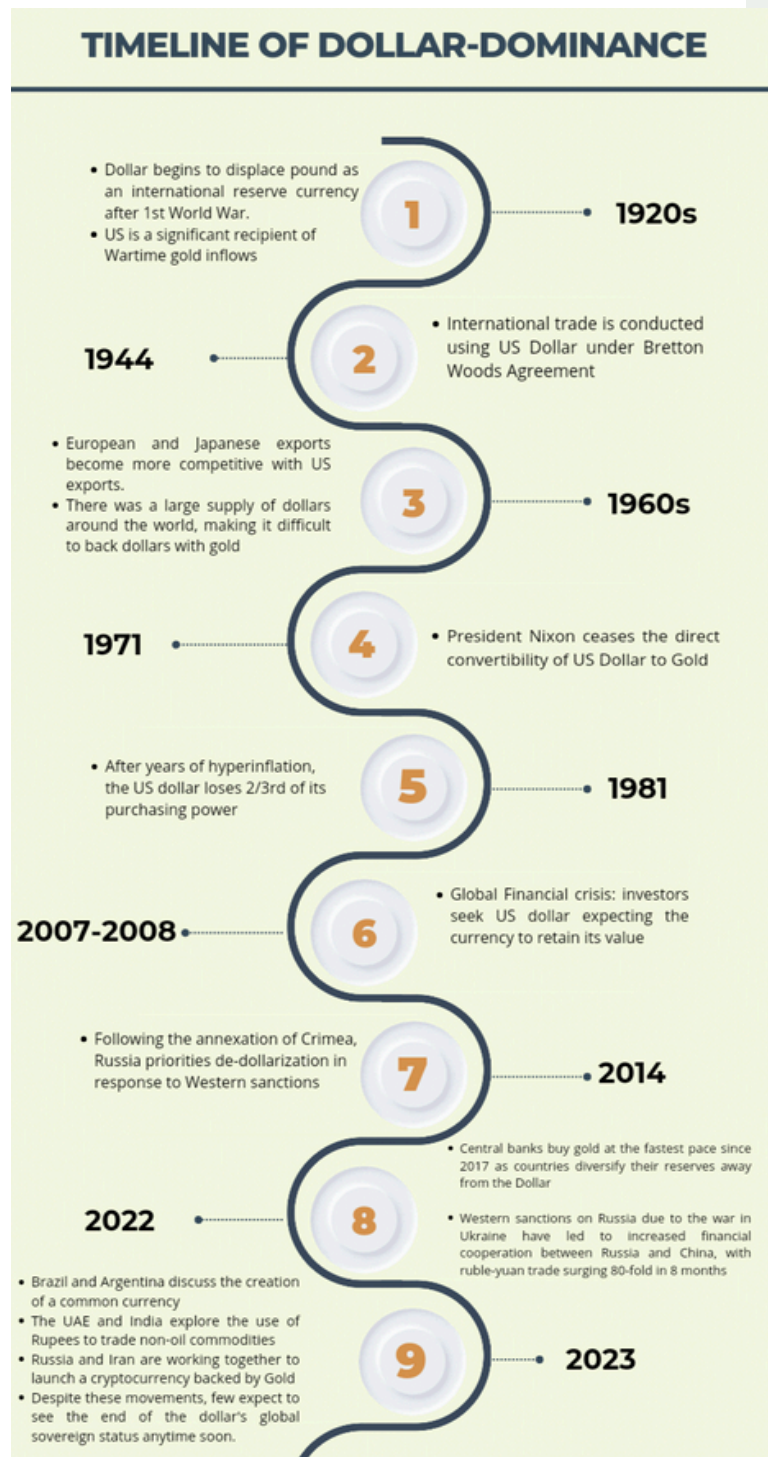
Let's dig in the History ... from where it started

The United States ascended to the pinnacle of global financial supremacy almost overnight following World War I. Entering the conflict in 1917, the US emerged markedly stronger than its European counterparts. Consequently, the dollar began to eclipse the pound sterling as the international reserve currency, bolstered by substantial wartime gold inflows.

The dollar's prominence was further cemented in 1944 when 44 nations ratified the Bretton Woods Agreement. This accord established a collective international currency exchange regime pegged to the US dollar, which was itself anchored to Gold.

By the late 1960s, European and Japanese exports became more competitive with US exports. There was a large supply of dollars around the world, making it difficult to back dollars with gold. In response, President Nixon terminated the direct convertibility of US dollars to Gold in 1971, effectively abolishing the gold standard and removing restrictions on currency issuance.

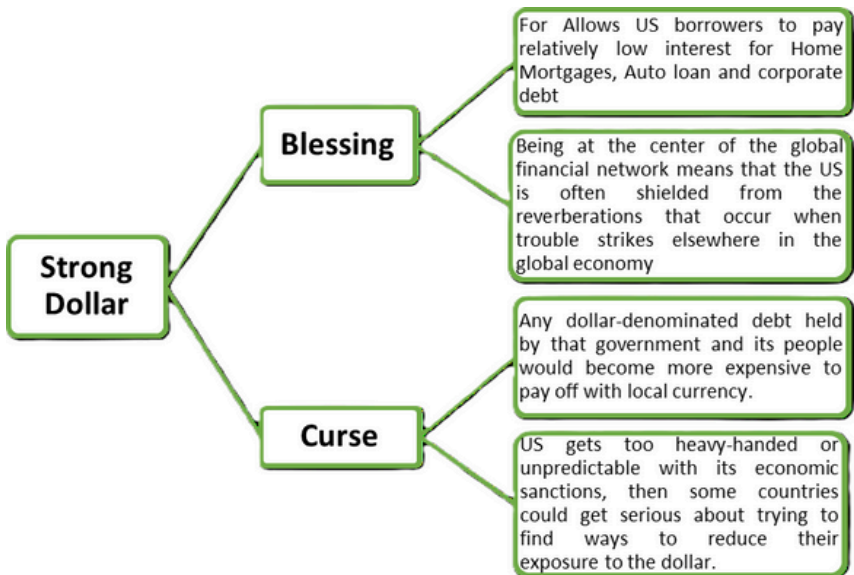
Despite maintaining its status as the international reserve currency, the US dollar has steadily eroded in purchasing power since then.



Reason for Ruling on the Dominance

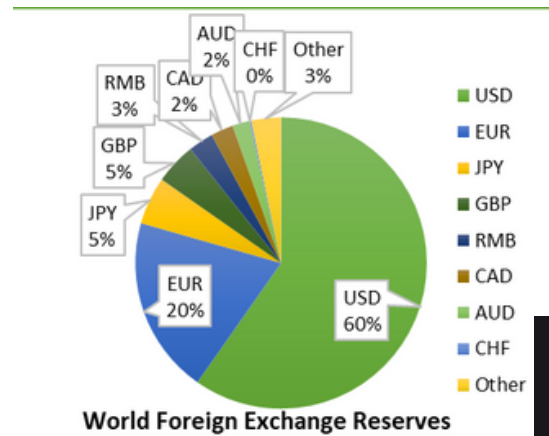
The Dollar has the power of incumbency on its side. For most of the last century, the preeminent role of the US dollar in the global economy has been supported by the size and strength of the US economy, its stability and openness to trade and capital flows, and strong property rights and the rule of law. As a result, the depth and liquidity of US financial markets is unmatched, and there is a large supply of extremely safe dollar-denominated assets. And the US is financially stable: It's among only a handful of countries that have never defaulted on their debt or been wracked by hyperinflation. Another advantage: dollar-denominated assets are so abundant that they're among the most "liquid" assets in the world meaning they can be easily bought and sold. People rush to dollars even when the US itself is in distress: During the US housing melt down that started in 2008, the dollar rose more than 26% against a basket of 6 other major currencies in the span of 12 months. These qualities make the dollar an attractive store of value and among the safest bets when markets go haywire.

88%
PORTION OF FOREIGN EXCHANGE
TRANSACTIONS THAT INVOLVE DOLLARS



Beyond Dollar story is growing confidence gradually...

There are many other government-supported currencies around the world, and several of them have significant positions within the international financial markets. In terms of central bank FX reserves, there has been a drop in the dollar's share, but dollar usage has held up very well in commerce, private assets, debt issuance, and generally on the global FX market. The EURO, the common currency of much of the European Union is the clear No.2 globally, as measured by volume of international transactions, reserve holdings and the size of its capital markets. But it has immense hurdles to jump if it has any chance to topple the dollar. China is, of course, America's largest geopolitical and economic rival, and there has been talk for years that the Yuan might be a contender to supplant the dollar one day. Concerned about America's dominance over the global financial system and the country's ability to weaponize it, other nations have been testing alternatives to reduce the dollar's dominance.



Dollar poses threat! As De-Dollarization seeking attention

The US dollar has dominated global trade and capital flows for decades. However, many nations are looking for alternatives to the greenback to reduce their dependence on the US. As the United States and other Western nations imposed economic sanctions against Russia in response to its invasion of Ukraine, Moscow and the Chinese government have been teaming up to reduce reliance on the dollar and to establish cooperation between their financial systems. Moreover, central banks, with Russia and China at the forefront, are accumulating gold at a rate unseen since 1967. This rapid gold acquisition underscores a deliberate shift towards diversifying national reserves away from the dollar, reflecting a broader strategy to fortify economic sovereignty in the face of geopolitical pressures.

DE-DOLLARIZATION
The process of substituting the US Dollar as the currency used for trading commodities and other goods and services



US dollar is showing a lot of muscle in 2024

Every major currency in the world (including the Indian rupee) has depreciated versus the US dollar this year. Emerging markets are the hardest hit, but developed countries like Japan and Europe are also feeling the heat. High US interest rate is typically bad news for other countries. And right now, the US rate of 5.5% is the highest in the past two decades. The high rate means that American investments such as government bonds are offering better risk-adjusted returns than most of the world. So investors are doing the logical thing: selling their country's currency and buying US dollars, to invest in higher return US securities. This rising demand for the USD is strengthening the dollar against other currencies. But given the sharp decline in dollar longs over the past four weeks, dollar index futures have depreciated in the month of May as US economic conditions are also showing signs of moderation. Meanwhile inflation in US staying sticky on yearly basis at above 3%, Investors shouldn't be surprised if this year's greenback rally has a little bit more room to run into the summer.

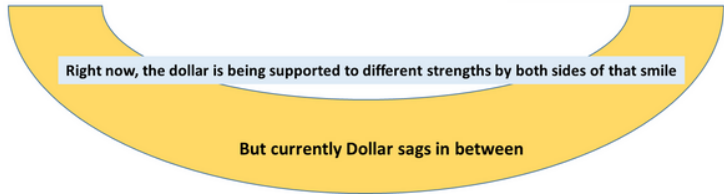
The rising usage of alternative currencies does not seem to be threatening the dollar but rather increasing the competition among the regional currencies amid fragmentation of the trade and capital flows. While the US dollar has lost some of its previous momentum, it's important not to draw too many conclusions from current market positions, as many other global factors and financial movements impact currency markets.

Dollar rises in good times

- ❑ Strong resilience in US growth
- ❑ High asset returns
- ❑ "Risk-on" markets

Rises in bad times as well

- ❑ Global risk aversion that draw domestic capital home to cash
- ❑ Sticky Inflation bets driving safe haven buying in Dollar Index



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