

Highlights from the 10-July CoT survey of IMM leveraged funds

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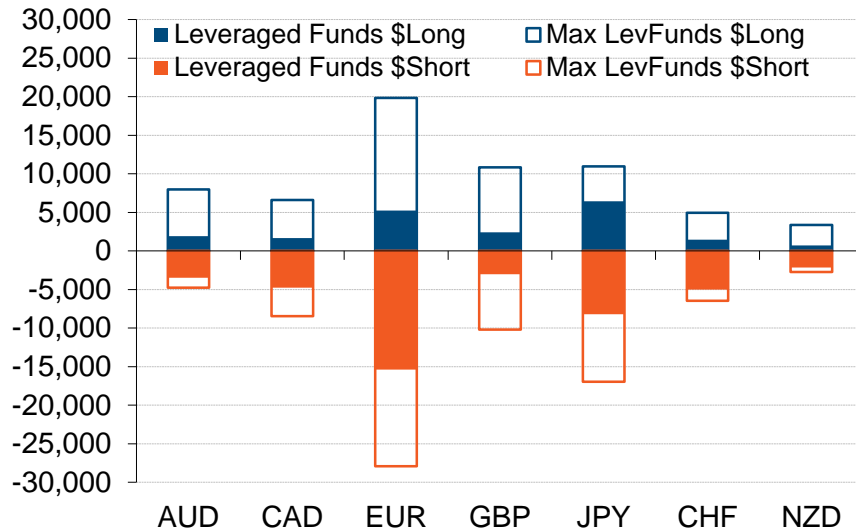


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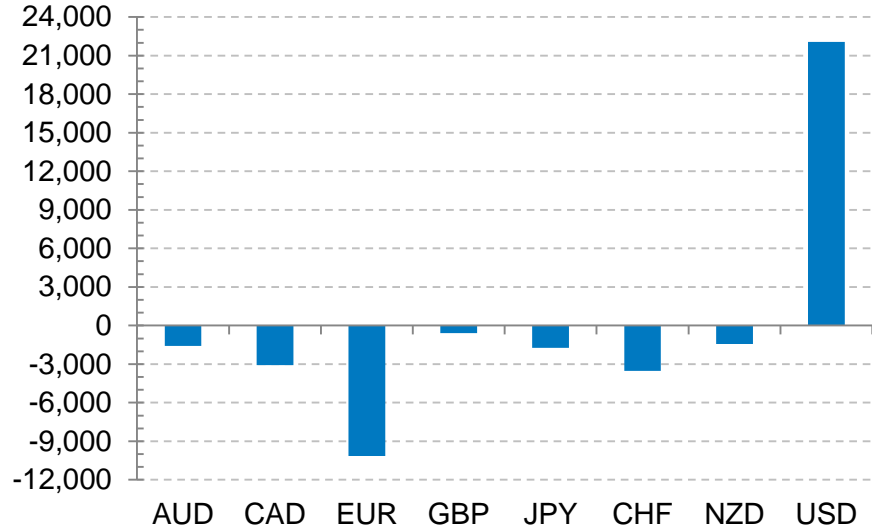
Short-NZD the biggest side with short-EUR the biggest net

IMM leveraged funds' 10-Jul-18 positions by side relative to the 3Y max of that side



CFTC, Bloomberg, BMO FX Strategy

Leveraged funds' net positions by currency (measured in USD notional for each currency and the aggregate)

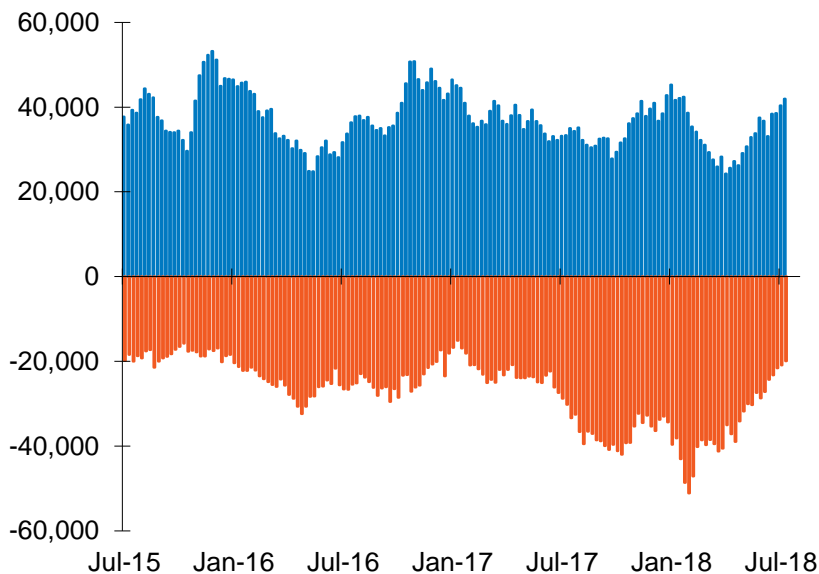


CFTC, Federal Reserve, Bloomberg, BMO FX Strategy

- In USD notional terms, short-EUR was the biggest currency side held by IMM leveraged funds with a notional value equivalent to USD15.4bn. However, that position was only 55% of its 3Y maximum, so it was only a moderate position from that perspective. **Short-NZD**, worth a USD equivalent of 2.2bn, was smaller in notional terms, but was at **79% of its 3Y max**. That was the **largest position by that gauge**. **Short-CHF at 77%** of its 3Y max was the only other side above 75% of max (our threshold for 'extended').
- IMM leveraged funds were **net long of USD**. IMM leveraged funds were **net short of AUD, CAD, CHF, EUR, GBP, JPY and NZD**. Of those net shorts, short-EUR was the biggest at USD10.1bn in notional.
- Combining EUR, GBP and CHF, IMM leveraged funds were **substantially short European currencies**. Combining AUD, NZD and CAD, they were also substantially short commodity currencies.

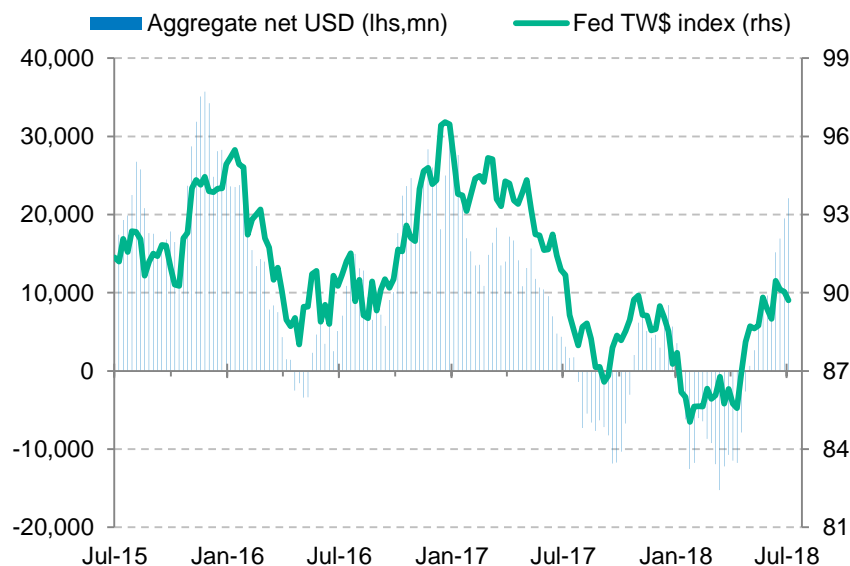
Leveraged funds getting longer of USD but it's not rallying

IMM leveraged funds positions in the USD against the aggregate of primary currencies by side



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IMM leveraged funds positions in the USD against the aggregate vs the Fed's narrow USD index

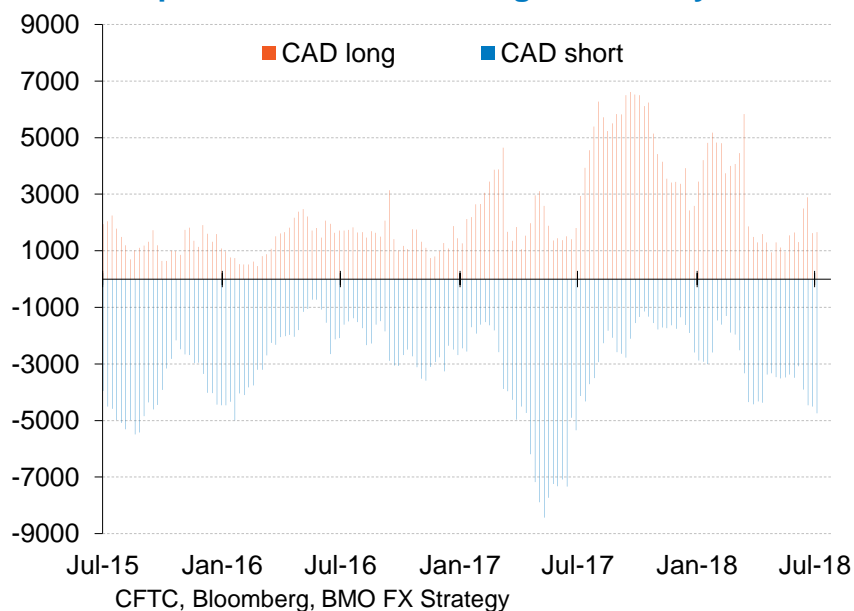


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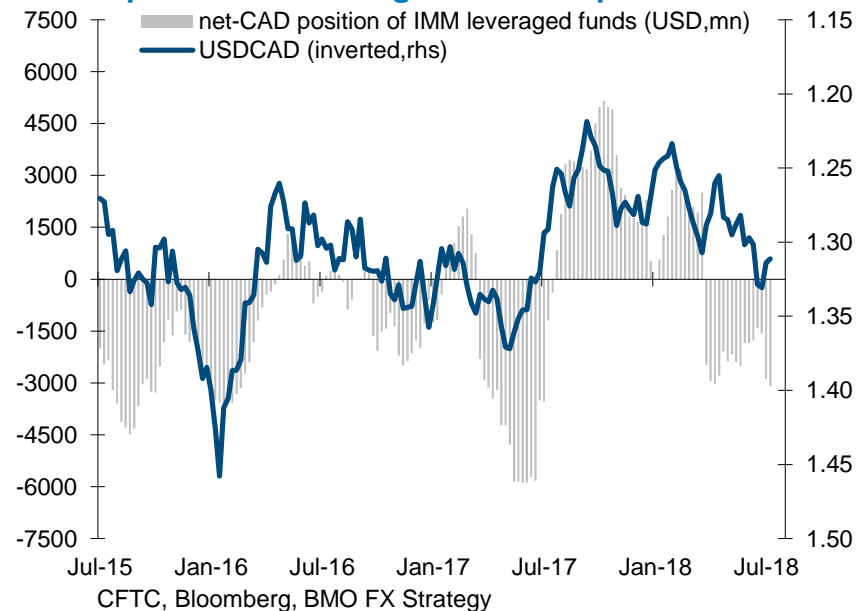
- IMM leveraged funds held the notional equivalent of USD42.0bn worth of **long-USD** contracts against the aggregate of {AUD,CAD,CHF,EUR,GBP,JPY,NZD} , which represents **79% of the 3Y maximum USD long**. So by that measure, **the long-USD side is tied with short-NZD as the most concentrated FX position**. The survey showed leveraged funds holding USD19.9bn worth of **short-USD** contracts against the basket. The short-USD side stood at **39% of its 3Y max**. It was the smallest short-USD side in 18 months.
- Leveraged funds' **net position in the USD was long-USD by 22.1bn**. It was the **biggest net position (on either side) since 24-Jan-2017** (when the market was piled into the BAT tax trade).
- The USD rally has hollowed out over the past few weeks while the net long-USD position has exploded, which is arguably a bearish setup. However, the high carry of being long-USD may be a mitigating factor.

IMM leveraged funds with biggest net short-CAD in 12M

CAD positions of IMM leveraged funds by side



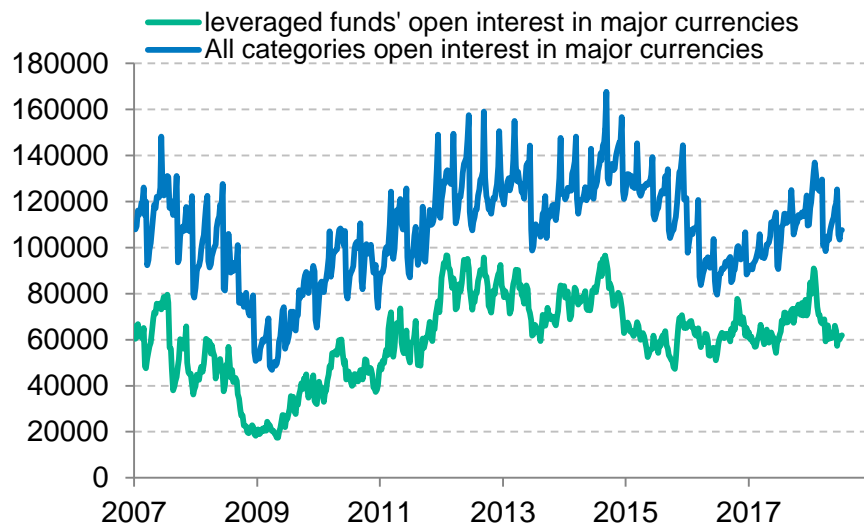
Net position of leverage funds vs spot USDCAD



- For the 10-Jul survey, IMM leveraged funds held 21,726 **long-CAD** contracts worth USD1,657mn—**up 2%** between surveys. The side was only 25% of its 3Y max and **67% of its 3Y average**.
- The survey showed leveraged funds holding 62,218 **short-CAD** contracts worth USD4,745mn—**up 5%** from the previous week. The side was 56% of its 3Y max and **149% of its 3Y average**.
- The **net position** was **short-CAD** by 40,492 contracts worth USD3,088mn—the **biggest in 12 months**.
- IMM leveraged funds' **CAD shorts outnumbered CAD longs by a 2.9:1 ratio**. That skew is the most extreme in 7 weeks.
- IMM leveraged funds' **open interest** (sum of longs and shorts) in **CAD** contracts was worth USD6,402mn, which is **115% of the 3Y average**. By that gauge, **CAD is the currency with the 2nd highest interest**.

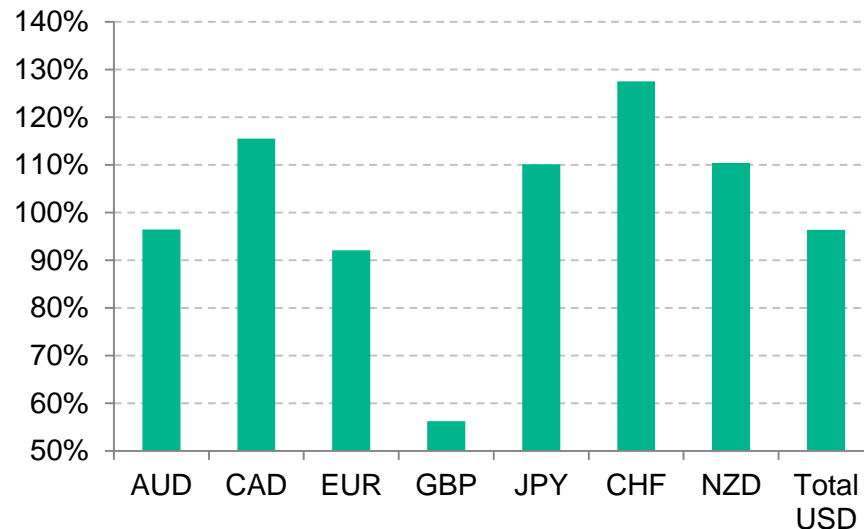
Leveraged funds active in CHF but avoiding GBP

Open interest in the primary IMM currencies timeline



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Leveraged funds' open interest relative to 3Y average



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- **Total IMM open interest** (the sum longs and shorts) in all of the reported currency contracts was worth USD107.6bn—**up 1%** from the previous week. **Leveraged funds** were responsible for 61.8bn of that **open interest—also up 1% on the week.**
- Total IMM open interest in FX was 1% above its 3Y average. Leveraged funds' open interest in FX was 4% below its 3Y average. **Leveraged funds' open interest was 57% of total open interest in FX—3% below the 3Y average.**
- IMM leveraged funds' open interest was highest in notional terms in EUR at an equivalent of USD20.6bn, but that was only 92% of its 3Y average. Leveraged funds' **open interest relative to its 3Y average was highest in CHF at 128%.** Leveraged funds' open interest was also high in CAD (115%), JPY (110%) and NZD (110%). **Open interest was exceptionally low in GBP at 56%.**

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