

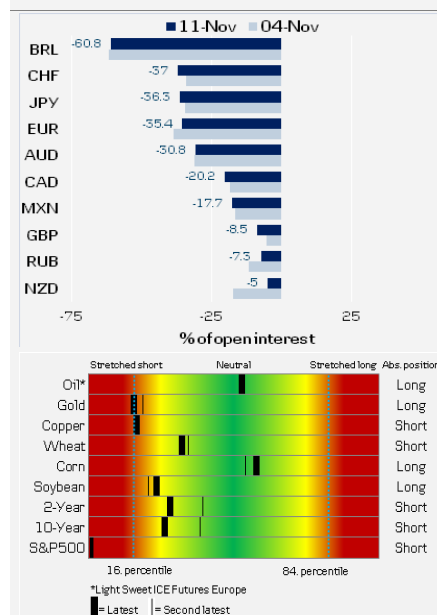
17 November 2014

IMM Positioning

Investors slash net EUR shorts

- The latest IMM data cover the week from 4 to 11 November 2014.
- IMM data released last Friday revealed the largest single week EUR short covering since September. The move – like in September – reflects profit taking after Draghi surprised markets at the ECB meeting, which contributed in sending EUR/USD temporarily below 1.24. Fundamentally, we still expect EUR/USD to edge lower based on relative monetary policy, the USD's role as an asset currency and the EUR's role as an attractive funding currency. We would, however, like to emphasise that the stretched positioning levels still suggest that the pair is vulnerable to short-term, temporary corrections higher.
- Noteworthy, **speculators returned to re-building their net-short JPY positions** in the week to 11 November. Consequently, non-commercial JPY positioning is back at the 19th percentile, which from a historical perspective highlights a high sensitivity of JPY to the downside. We have, however, seen that USD/JPY trends can be very persistent even under stretched speculative positioning. Indeed, we believe that USD/JPY will continue to move higher and that portfolio flows and relative monetary policy will be supportive factors in pushing USD/JPY towards 120 in 3M.
- Interestingly, investors **built their bearish GBP positions** for the sixth consecutive week, sending non-commercial GBP positioning below the 40th percentile for the first time since September 2013 (see page 4). This week's change suggests speculations of a dovish rhetoric in the BoE Inflation report released post the coverage period of this week's report. As we now know, the report was indeed more dovish than expected with BoE cutting its inflation forecast considerably. With the first BoE-hike getting re-priced in the market, we expect positioning to remain a factor for a high GBP-sensitivity to the upside as we still believe markets underestimate BoE.
- Friday's report also revealed an intensification in speculation of SNB's willingness to defend the 1.20 EUR/CHF floor, with **non-commercial CHF positioning below the 15th percentile** for the first time since June 2013.
- In commodities, speculative **oil bets remained close to unchanged (54th percentile)**.

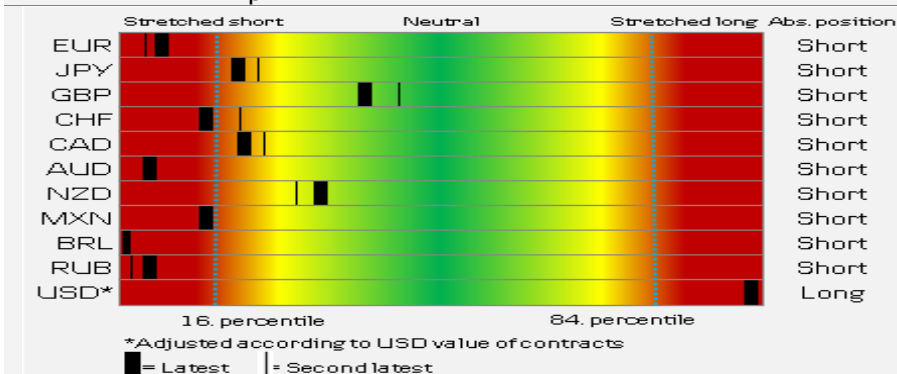
IMM non-commercial positions



Source: CFTC.

Note that percentiles are not based on any distributional assumption.

IMM non-commercial positions – FX



Source: CFTC

Note that percentiles are not based on any distributional assumption.

Analyst

Kristoffer Kjær Lomholt
+45 45 13 78 67
klom@danskebank.dk

IMM table

	1000 contracts			% of open interest			USD bn		Statistics	
	11-Nov	04-Nov	Change	11-Nov	04-Nov	Change	11-Nov	Change	Percentile	Z-score
USD*							46.7	-0.8	100	3.35
EUR	-163.9	-179.0	15.1	-35.4	-38.5	3.1	-25.5	2.7	7	-1.76
JPY	-82.6	-71.7	-10.9	-36.3	-34.5	-1.8	-8.9	-1.0	19	-1.10
GBP	-12.9	-7.5	-5.4	-8.5	-5.2	-3.3	-1.3	-0.5	39	-0.34
CHF	-22.7	-20.2	-2.5	-37	-33.9	-3.1	-2.9	-0.3	14	-1.09
CAD	-21.8	-19.4	-2.4	-20.2	-18.5	-1.7	-1.9	-0.2	20	-1.02
AUD	-38.0	-38.3	0.2	-30.8	-31.1	0.3	-3.3	0.0	5	-1.95
NZD	-1.0	-4.1	3.1	-5	-17.3	12.3	-0.08	0.2	32	-0.72
MXN	-29.7	-26.6	-3.1	-17.7	-16.6	-1.1	-1.09	-0.1	14	-1.24
BRL	-44.7	-43.5	-1.1	-60.8	-61.6	0.8	-1.74	0.0	1	-2.94
RUB	-4.1	-6.2	2.1	-7.3	-11.7	4.4	-0.22	0.1	5	-1.47
Oil**	30.6	29.0	1.6	6.5	6.2	0.3			54	-0.01
Gold	56.0	63.2	-7.2	12.7	15.2	-2.5			16	-0.72
Copper***	-25.6	-25.9	0.3	-15	-15.7	0.7			17	-1.04
Corn****	210.4	187.6	22.8	15.8	14.4	1.4			59	0.39
Wheat****	-29.2	-27.5	-1.7	-7.1	-6.5	-0.6			33	-0.53
Soybean****	25.1	13.3	11.8	3.8	2	1.8			24	-0.70
2Y US Treasury	-33.3	3.5	-36.8	-2.4	0.2	-2.6			29	-0.53
10Y US Treasury	-112.5	-47.3	-65.2	-4.1	-1.7	-2.4			27	-0.66
S&P500	5.6	5.8	-0.2	3.9	3.8	0.1			0	-8.29

*Adjusted according to USD value of contracts

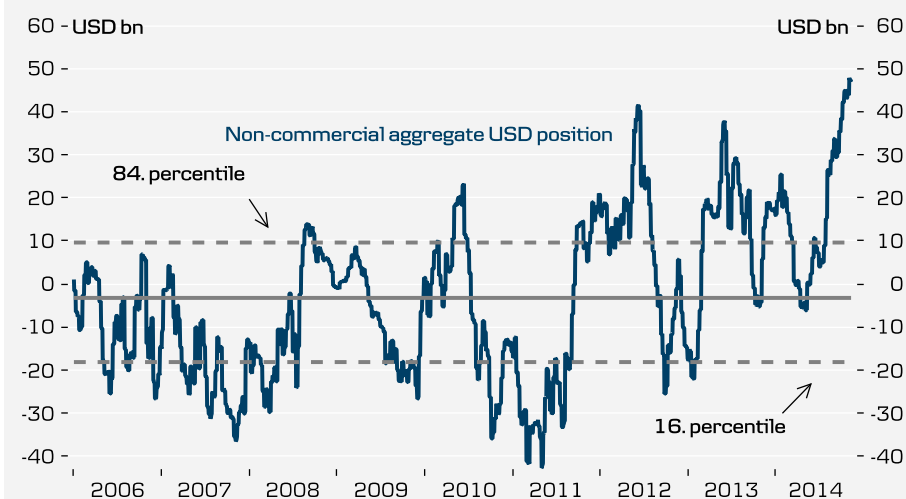
** ICE Light Sweet Brent Crude Futures Europe

***COMEX

****CBOT

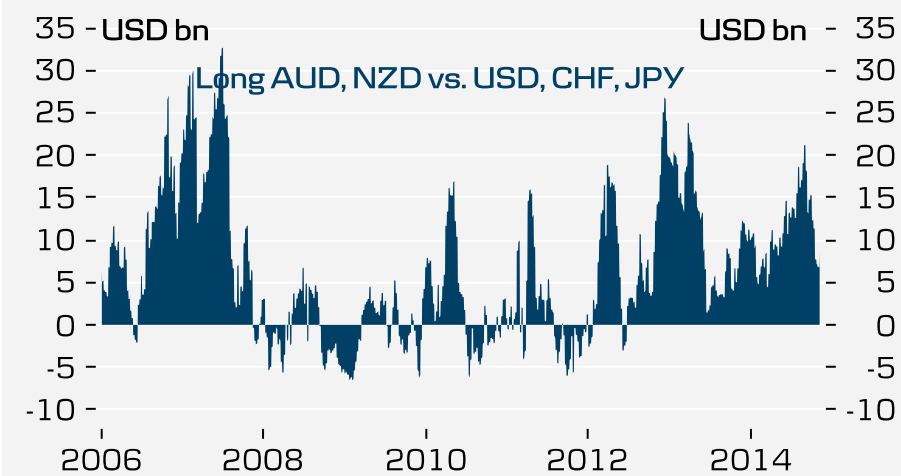
Source: CFTC, Macrobond, Danske Bank Markets

Chart 1. Sum of EUR, JPY, GBP, CHF, CAD, AUD, NZD, MXN, BRL and RUB



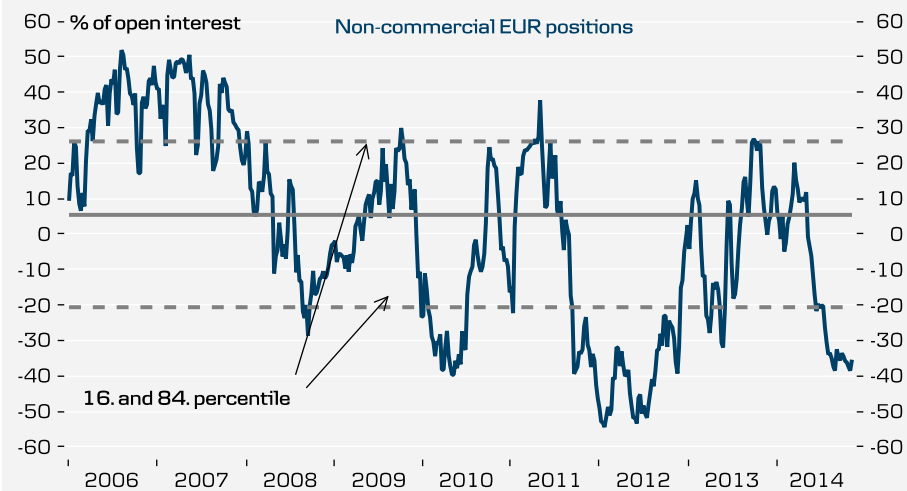
Source: CFTC, Danske Bank Markets

Chart 2. Non-commercial 'carry' positioning



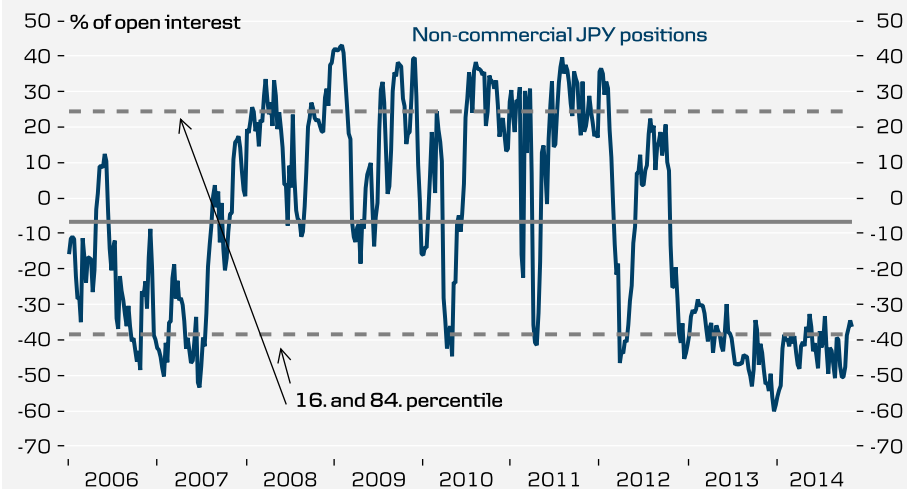
Source: CFTC

Chart 3. Net-long EUR positioning



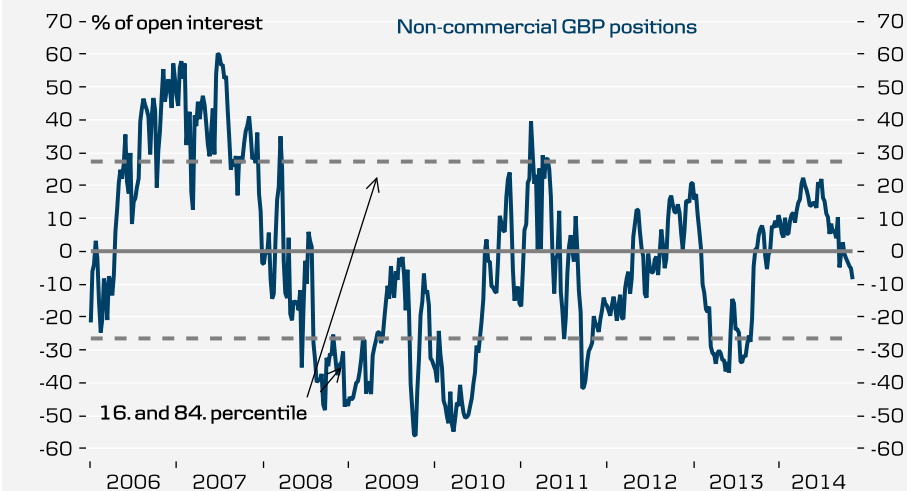
Source: CFTC

Chart 4. Net-long JPY positioning



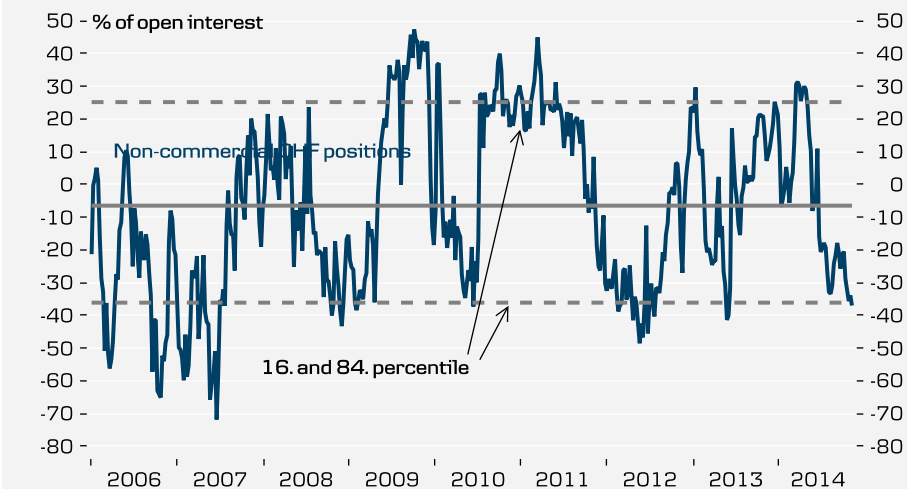
Source: CFTC

Chart 5. Net-long GBP positioning



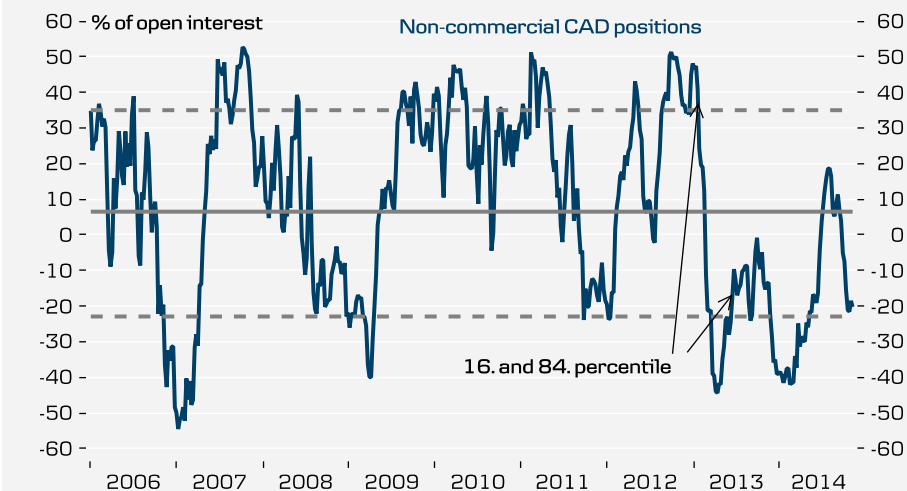
Source: CFTC

Chart 6. Net-long CHF positioning



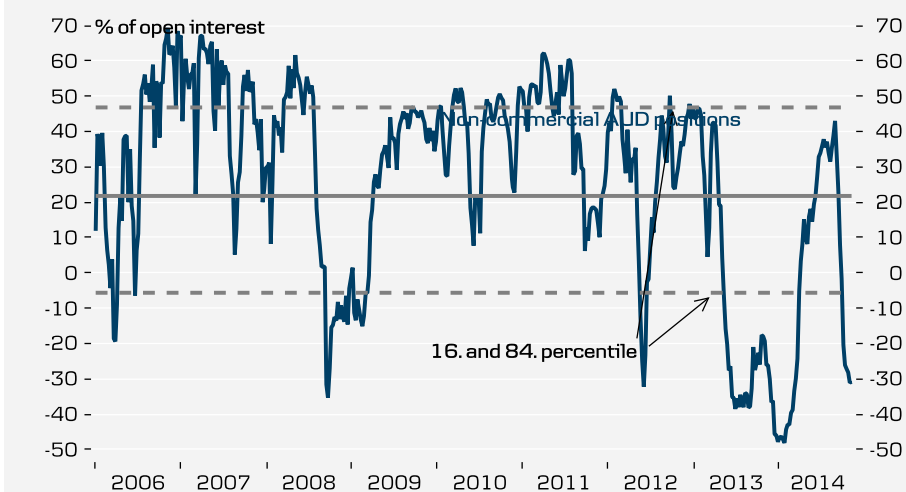
Source: CFTC

Chart 7. Net-long CAD positioning



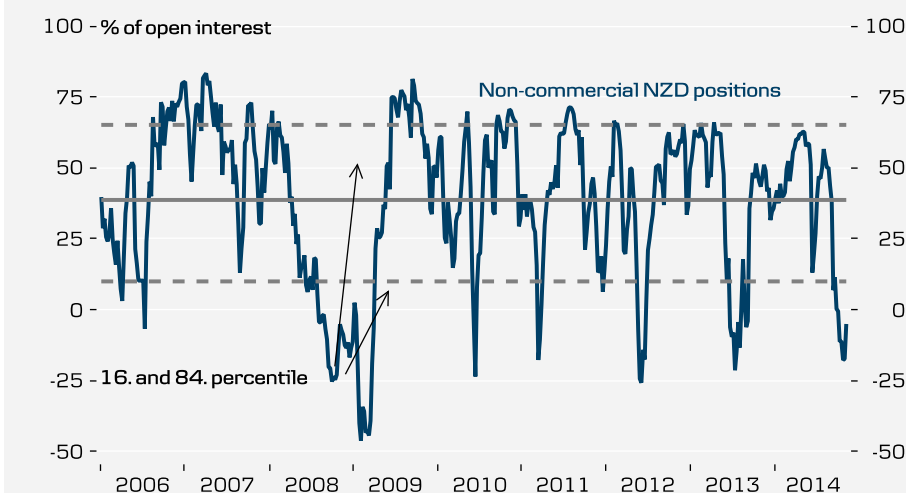
Source: CFTC

Chart 8. Net-long AUD positioning



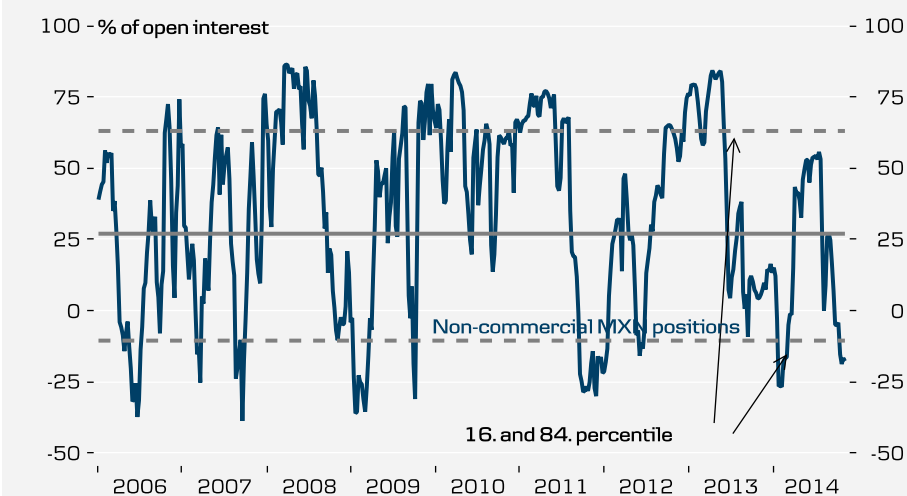
Source: CFTC

Chart 9. Net-long NZD positioning



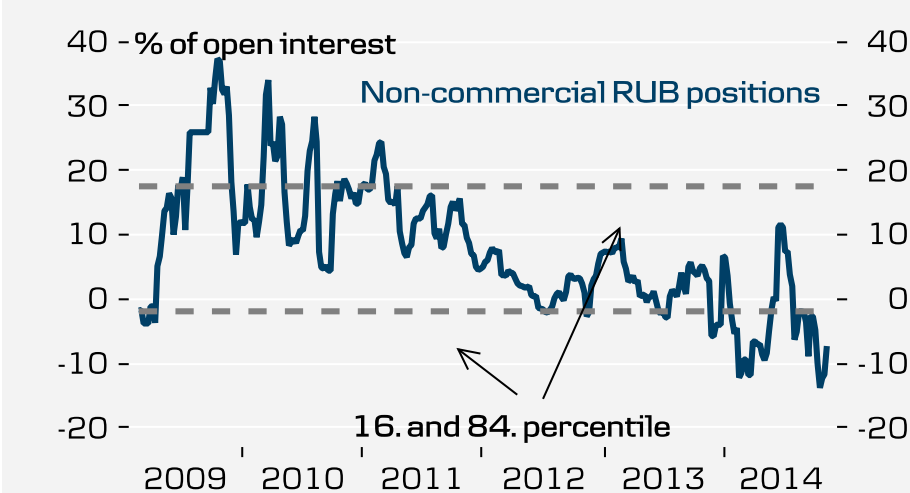
Source: CFTC

Chart 10. Net-long MXN positioning



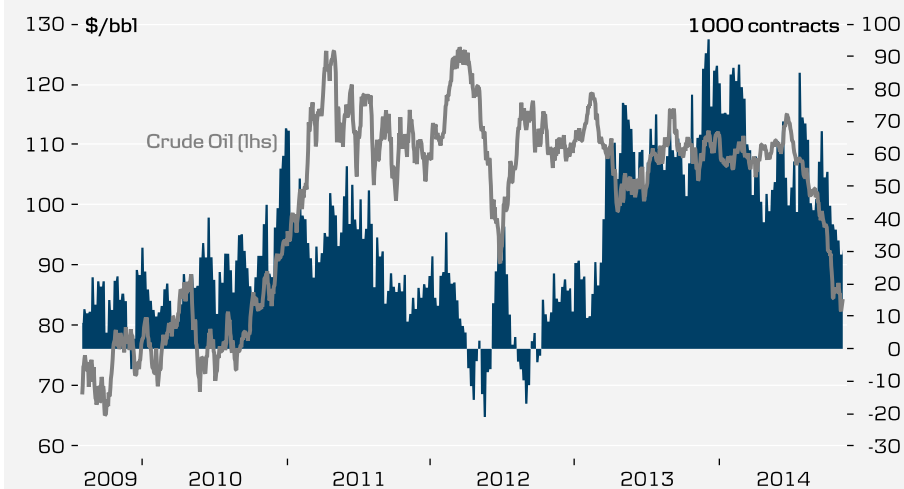
Source: CFTC

Chart 11. Net-long RUB positioning



Source: CFTC

Chart 12. Oil* and non-commercial positioning



* ICE Light Sweet Brent Crude Futures Europe

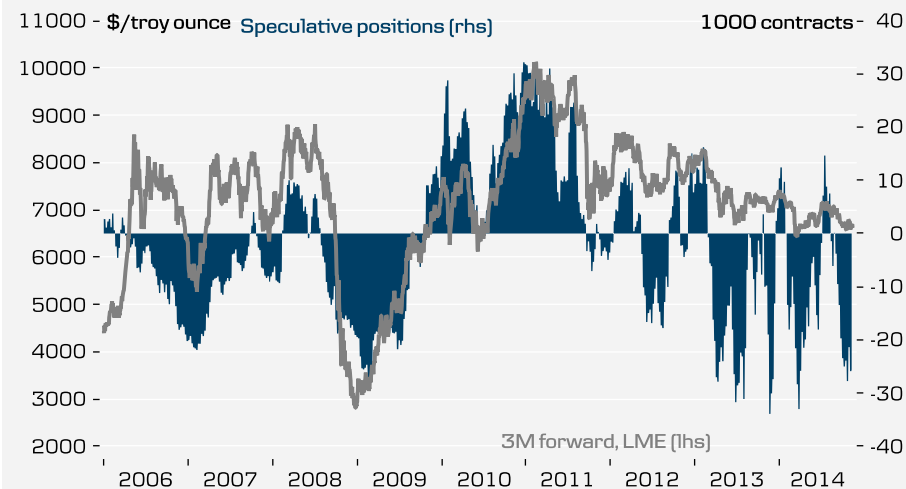
Source: CFTC

Chart 13. Gold and non-commercial positioning



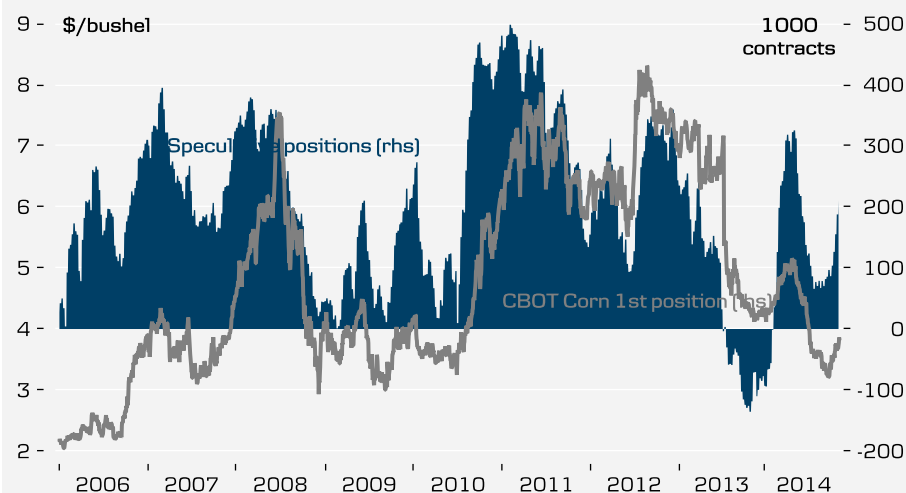
Source: CFTC

Chart 14. Copper and non-commercial positioning



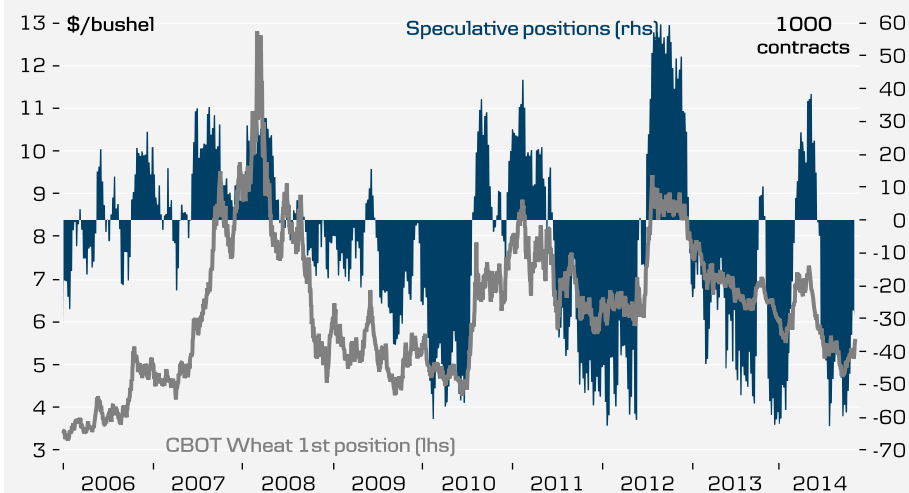
Source: CFTC

Chart 15. Corn and non-commercial positioning



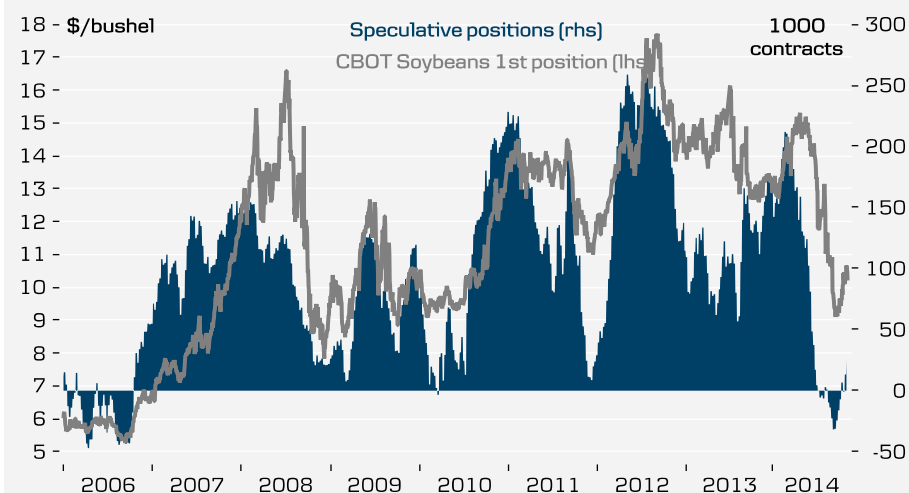
Source: CFTC

Chart 16. Wheat and non-commercial positioning



Source: CFTC

Chart 17. Soybean and non-commercial positioning

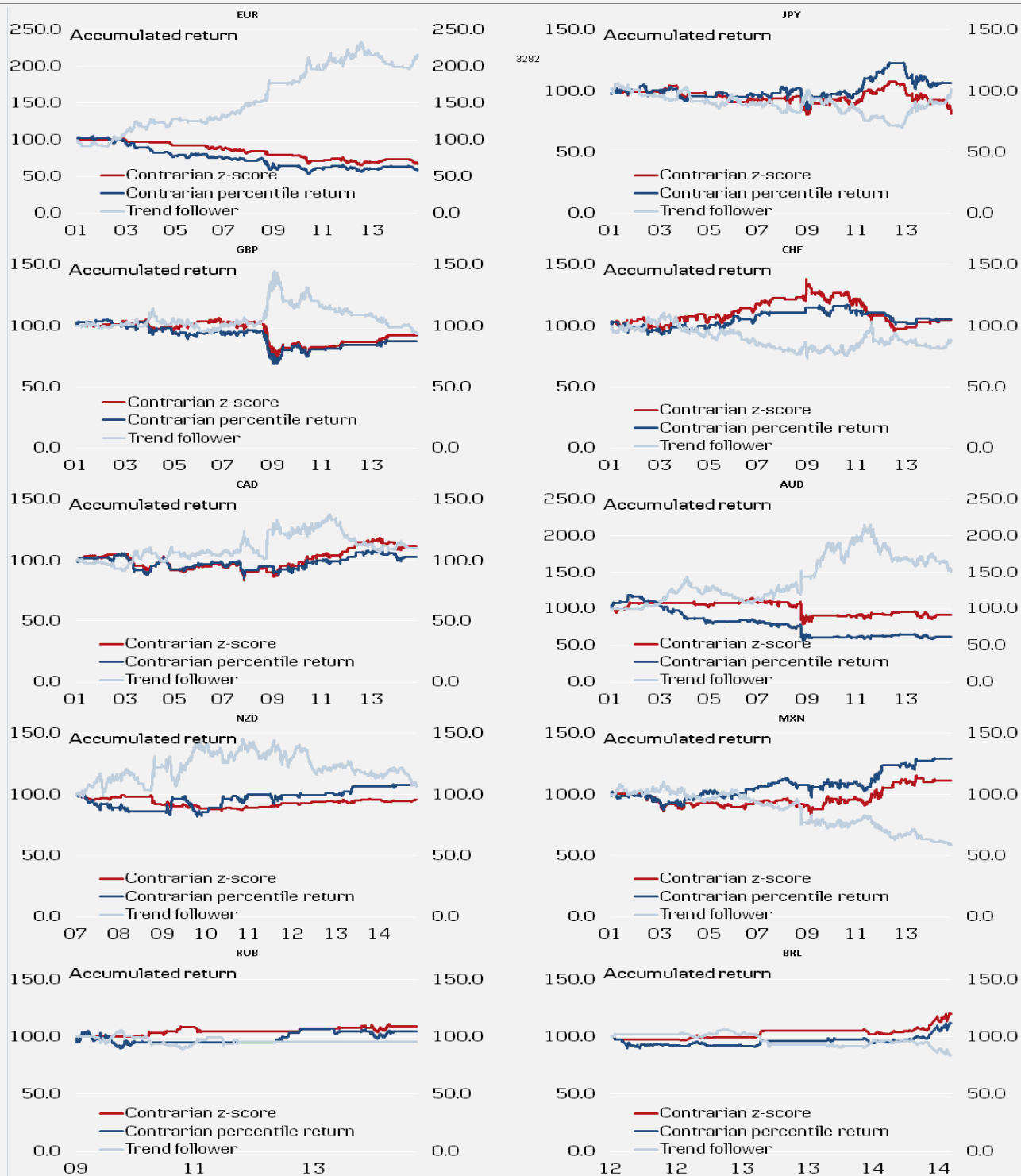


Source: CFTC

The IMM data

The IMM data is part of the Commitments of Traders (COT) reports published by the U.S. Commodity Futures Trading Commission (CFTC). The IMM data provides a breakdown of each Tuesday's open futures positions on the International Money Market (IMM) a division of the Chicago Mercantile Exchange. All of a trader's reported futures positions in a commodity are classified as commercial if the trader uses futures contracts in that particular commodity for hedging as defined in CFTC Regulation 1.3(z), 17 CFR 1.3(z). A trader may be classified as a commercial trader in some commodities and as a non-commercial trader in other commodities.

Accumulated return for each currency



Source: CFTC, Danske Bank Markets

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