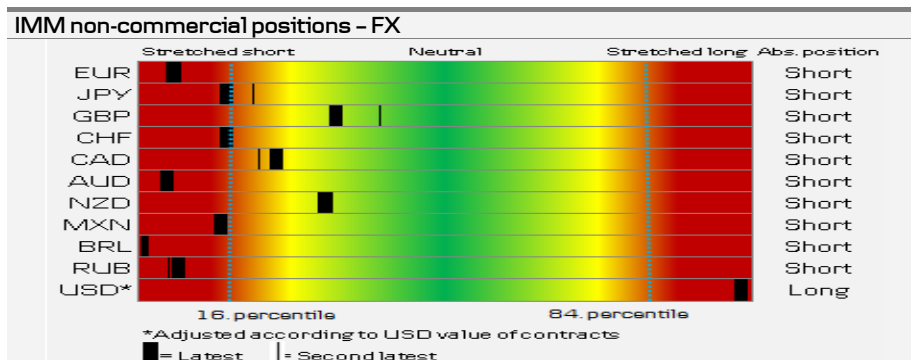
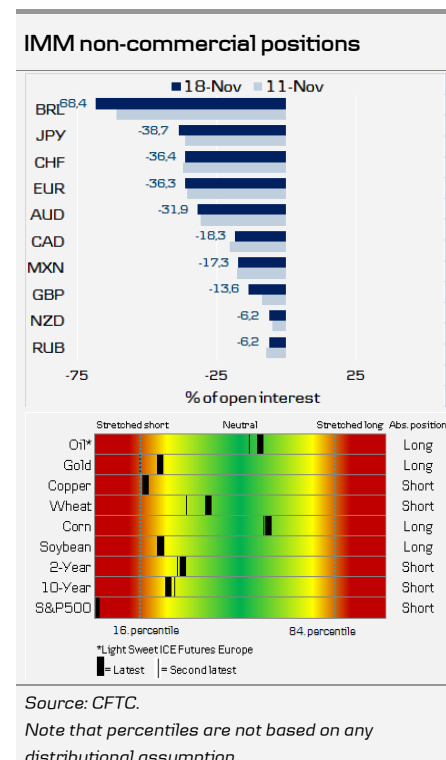


24 November 2014

IMM Positioning

Bullish USD bets regain momentum – at a new record high

- The latest IMM data covers the week from 11 November to 18 November 2014.
- IMM data released on Friday revealed the largest single week bearish JPY build since September, sending speculative positioning to the 15th percentile (see page 4). The move reflects the previous week's regained momentum in JPY selling (see page 11) and Prime Minister Shinzu Abe postponing the planned consumption tax hike of October 2015. While Abe's decision arguably weakens the strong anchor for the Bank of Japan's aggressive monetary policy, we still expect relative monetary policy and portfolio flows to be significant supportive factors for USD/JPY going forward. In addition, while positioning is stretched and technical indicators suggest the pair is overbought, history has shown that the cross can be very persistent under appreciation trends. We target the cross at 120 in 3M, 122 in 6M and 124 in 12M.
- We note that the change in investor sentiment towards GBP is also reflected in this week's report with speculators adding bearish GBP bets for the seventh consecutive week (see page 4). Consequently, non-commercial GBP positioning is now at the most bearish level (33rd percentile) since September 2013. Fundamentally, we remain bullish on GBP and believe that financial markets still underestimate the Bank of England (BoE). As a result, we want to highlight that the high GBP sensitivity to the upside remains an important factor with the first BoE hike getting repriced in the markets. We target GBP/EUR at 0.77 in 3M and 0.76 in 6M.
- Friday's release also showed a build in bearish EUR bets sending non-commercial positioning in the single currency back to the 6th percentile after last week's short-covering. The build in short JPY, GBP and EUR bets have increased the aggregate long USD positioning sending it to a new record high (see page 2). 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. Having said that, we also want to emphasise that the current record-long speculative USD positions leave EUR/USD vulnerable to short-term, temporary corrections higher.
- In commodities, non-commercial oil positioning remains neutral in a historical perspective despite the second consecutive week of bullish builds.



Source: CFTC.

Note that percentiles are not based on any distributional assumption.

Analyst

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IMM table

| | 1000 contracts | | | % of open interest | | | USD bn | | Statistics | |
|-----------------|----------------|--------|--------|--------------------|--------|--------|--------|--------|------------|---------|
| | 18-Nov | 11-Nov | Change | 18-Nov | 11-Nov | Change | 18-Nov | Change | Percentile | Z-score |
| USD* | | | | | | | 49,5 | 2,8 | 100 | 3,50 |
| EUR | -168,7 | -163,9 | -4,8 | -36,3 | -35,4 | -0,9 | -26,4 | -1,0 | 6 | -1,79 |
| JPY | -92,5 | -82,6 | -9,9 | -38,7 | -36,3 | -2,4 | -9,9 | -1,0 | 15 | -1,19 |
| GBP | -22,8 | -12,9 | -9,9 | -13,6 | -8,5 | -5,1 | -2,2 | -1,0 | 33 | -0,54 |
| CHF | -22,1 | -22,7 | 0,6 | -36,4 | -37,0 | 0,6 | -2,9 | 0,0 | 15 | -1,06 |
| CAD | -19,5 | -21,8 | 2,3 | -18,3 | -20,2 | 1,9 | -1,7 | 0,2 | 23 | -0,94 |
| AUD | -37,6 | -38,0 | 0,4 | -31,9 | -30,8 | -1,1 | -3,3 | 0,0 | 5 | -1,99 |
| NZD | -1,2 | -1,0 | -0,3 | -6,2 | -5,0 | -1,2 | -0,10 | 0,0 | 31 | -0,75 |
| MXN | -29,0 | -29,7 | 0,6 | -17,3 | -17,7 | 0,4 | -1,07 | 0,0 | 14 | -1,23 |
| BRL | -47,8 | -44,7 | -3,1 | -68,4 | -60,8 | -7,6 | -1,84 | -0,1 | 0 | -3,15 |
| RUB | -3,6 | -4,1 | 0,5 | -6,2 | -7,3 | 1,1 | -0,19 | 0,0 | 7 | -1,35 |
| Oil** | 30,5 | 30,6 | 0,0 | 7,1 | 6,5 | 0,6 | | | 58 | 0,13 |
| Gold | 81,4 | 56,0 | 25,4 | 17,7 | 12,7 | 5 | | | 23 | -0,45 |
| Copper*** | -24,6 | -25,6 | 1,0 | -14 | -15 | 1 | | | 18 | -0,98 |
| Com**** | 222,5 | 210,4 | 12,1 | 16,7 | 15,8 | 0,9 | | | 61 | 0,46 |
| Wheat**** | -20,4 | -29,2 | 8,9 | -5 | -7,1 | 2,1 | | | 40 | -0,33 |
| Soybean**** | 19,7 | 25,1 | -5,4 | 3 | 3,8 | -0,8 | | | 23 | -0,76 |
| 2Y US Treasury | -23,2 | -33,3 | 10,1 | -1,6 | -2,4 | 0,8 | | | 31 | -0,44 |
| 10Y US Treasury | -127,3 | -112,5 | -14,9 | -4,4 | -4,1 | -0,3 | | | 26 | -0,70 |
| S&P500 | 6,2 | 5,6 | 0,6 | 4,1 | 3,9 | 0,2 | | | 0 | -8,86 |

*Adjusted according to USD value of contracts

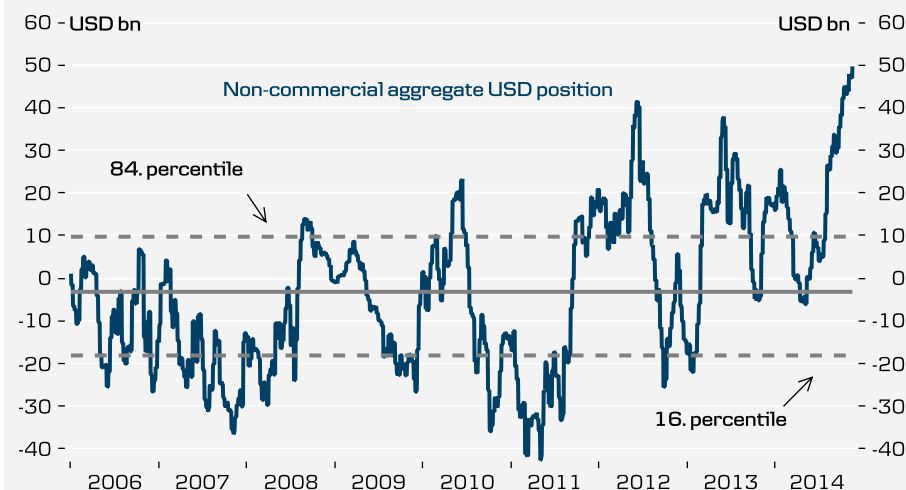
** ICE Light Sweet Brent Crude Futures Europe

***COMEX

****CBOT

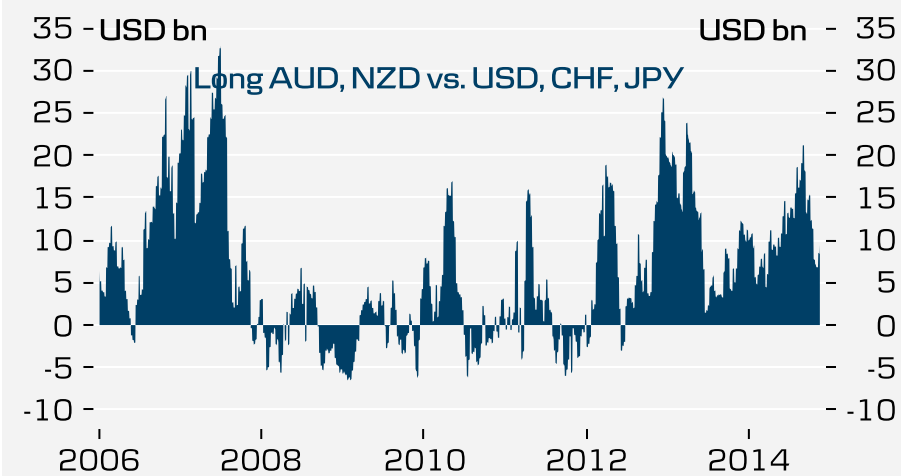
Source: CFTC, Macrobond, Danske Bank Markets

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



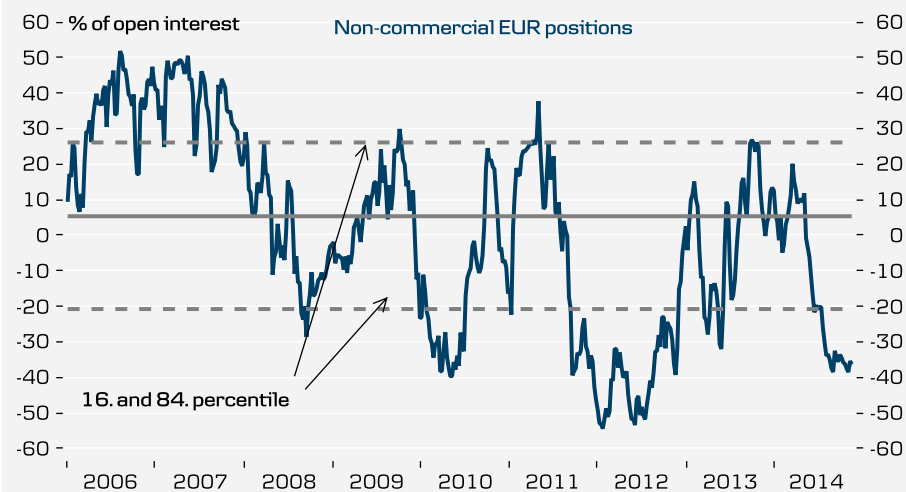
Source: CFTC, Danske Bank Markets

Chart 2. Non-commercial 'carry' positioning



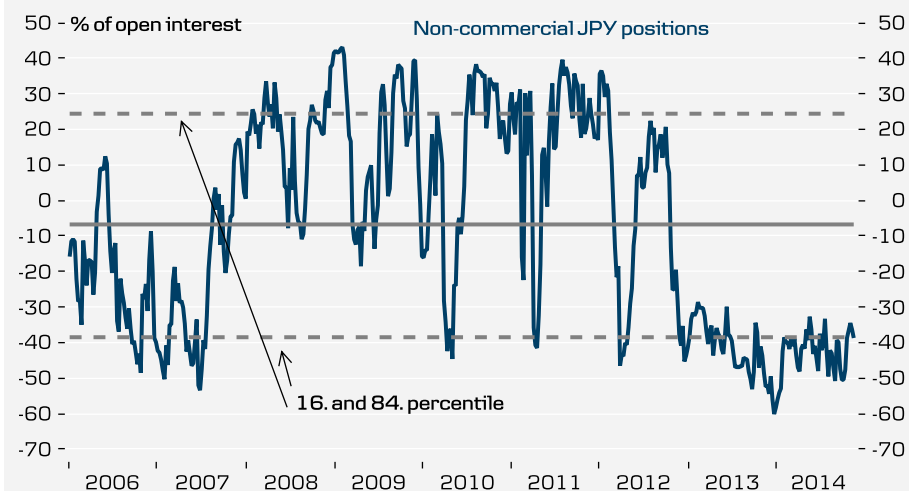
Source: CFTC

Chart 3. Net-long EUR positioning



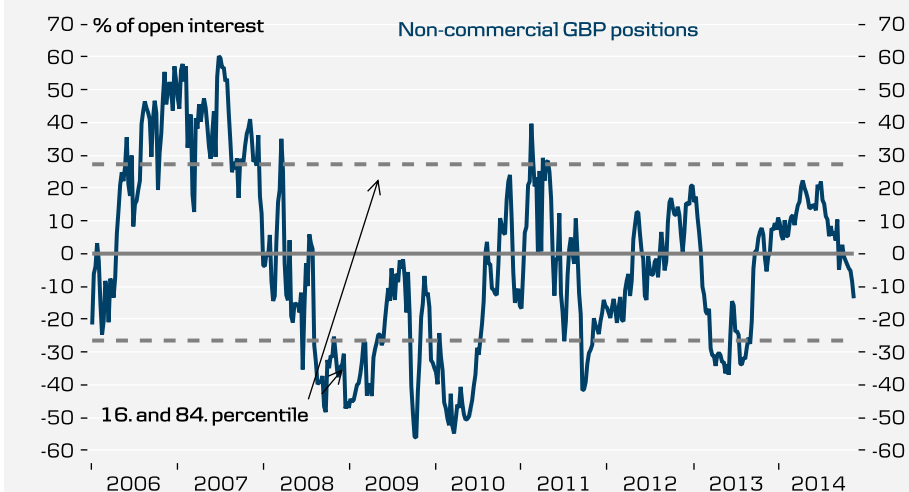
Source: CFTC

Chart 4. Net-long JPY positioning



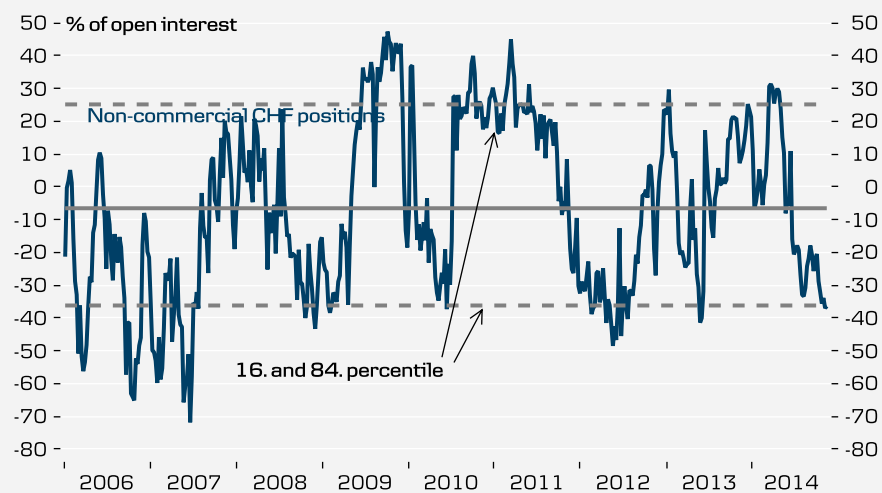
Source: CFTC

Chart 5. Net-long GBP positioning



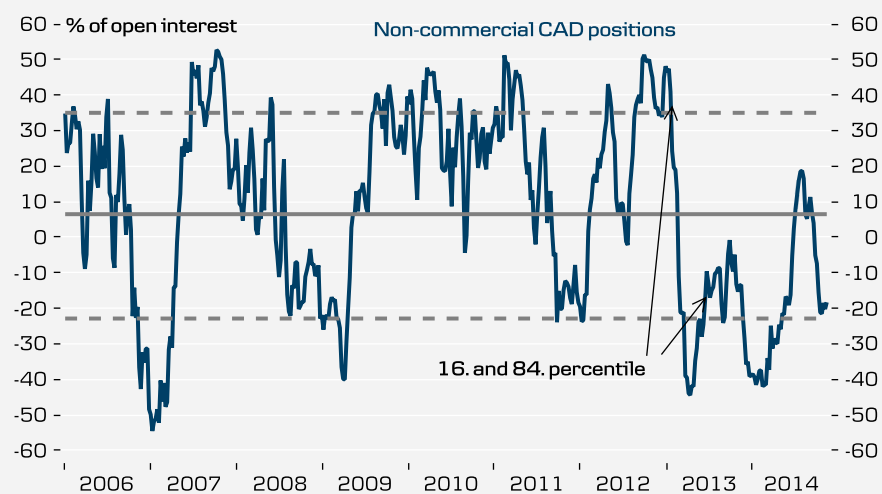
Source: CFTC

Chart 6. Net-long CHF positioning



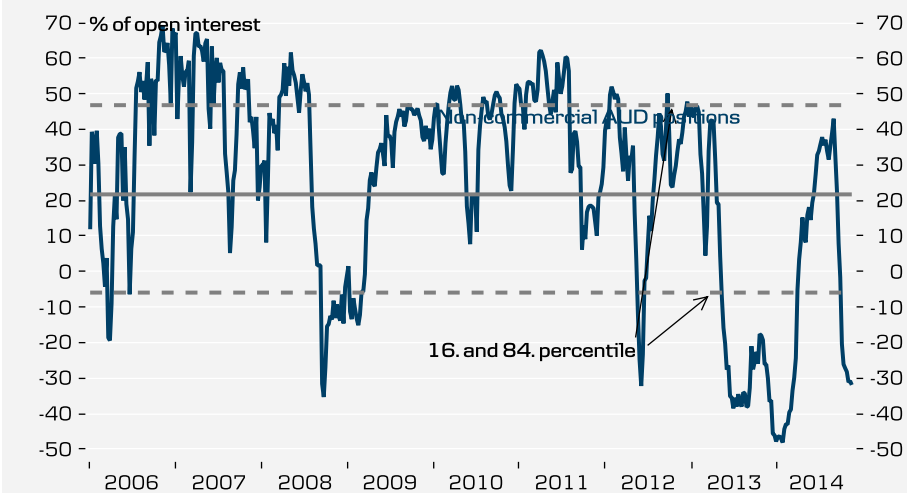
Source: CFTC

Chart 7. Net-long CAD positioning



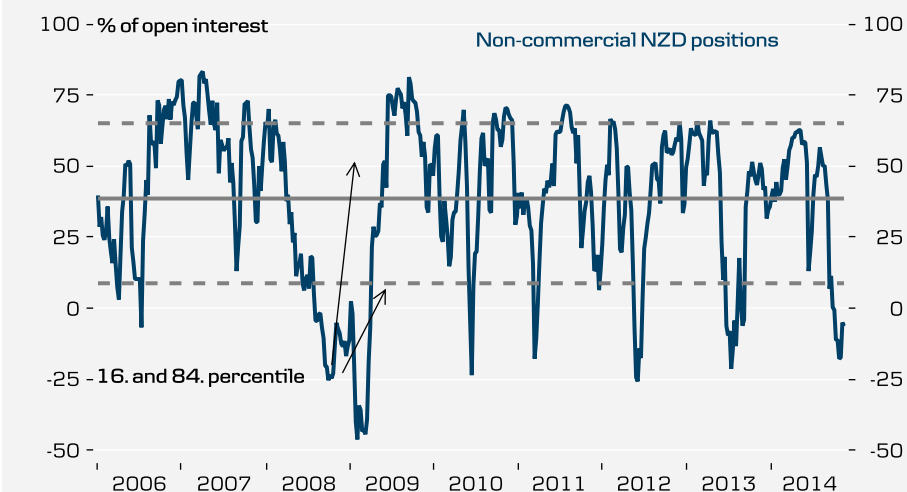
Source: CFTC

Chart 8. Net-long AUD positioning



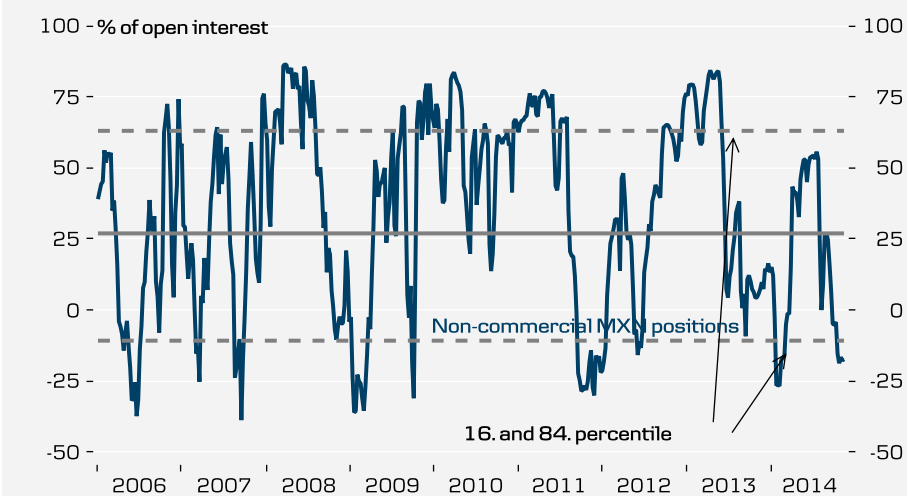
Source: CFTC

Chart 9. Net-long NZD positioning



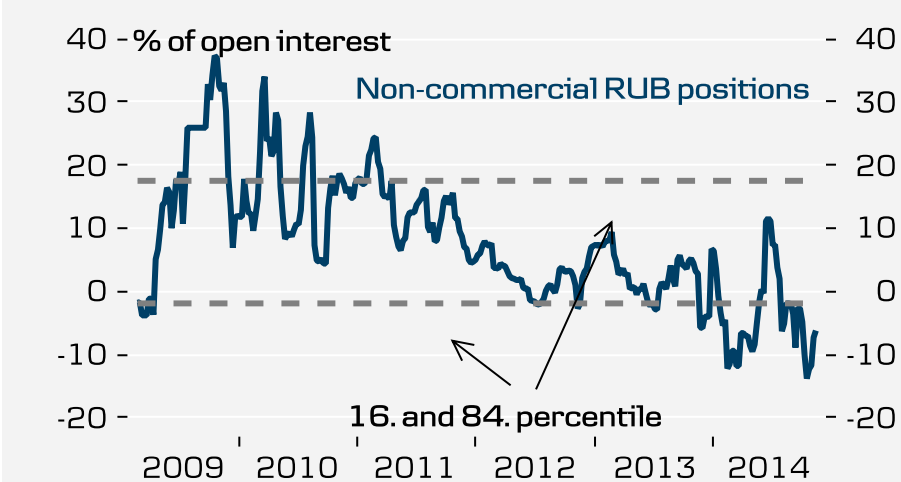
Source: CFTC

Chart 10. Net-long MXN positioning



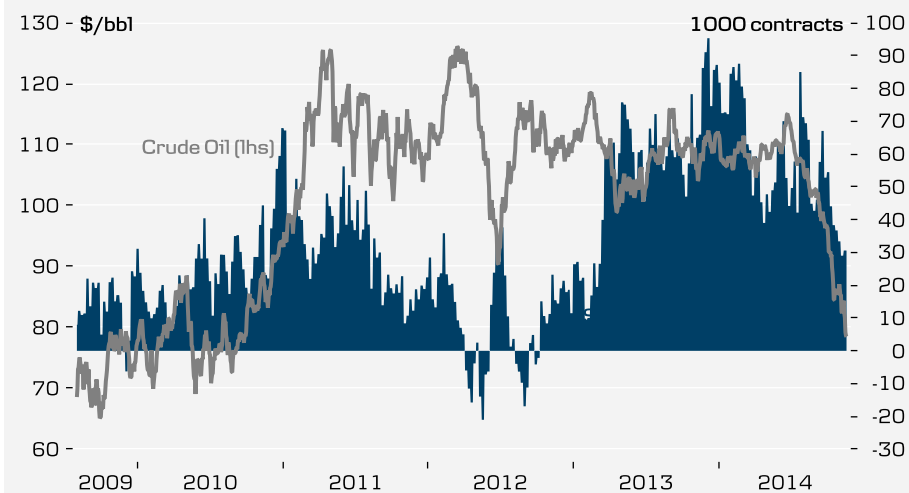
Source: CFTC

Chart 11. Net-long RUB positioning



Source: CFTC

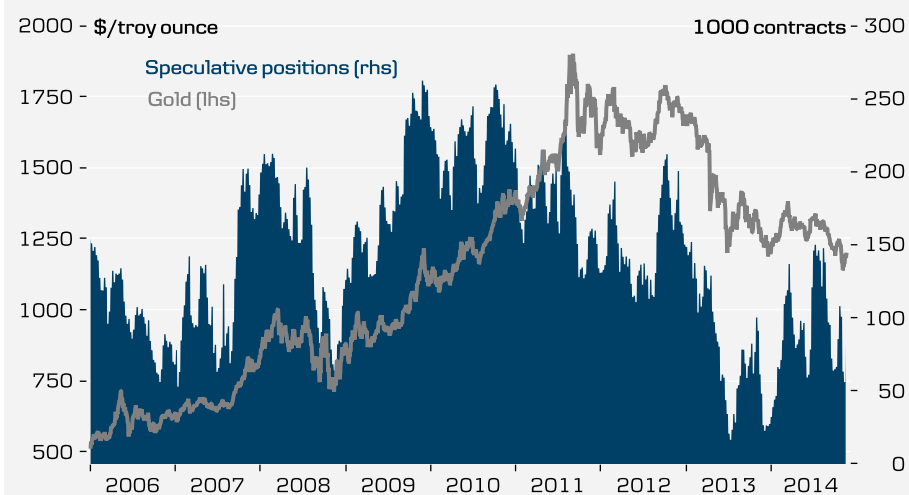
Chart 12. Oil* and non-commercial positioning



* ICE Light Sweet Brent Crude Futures Europe

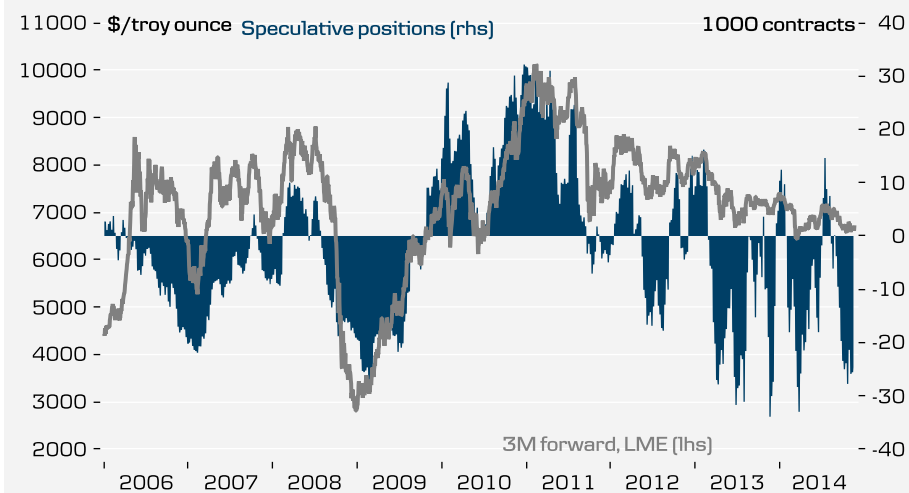
Source: CFTC

Chart 13. Gold and non-commercial positioning



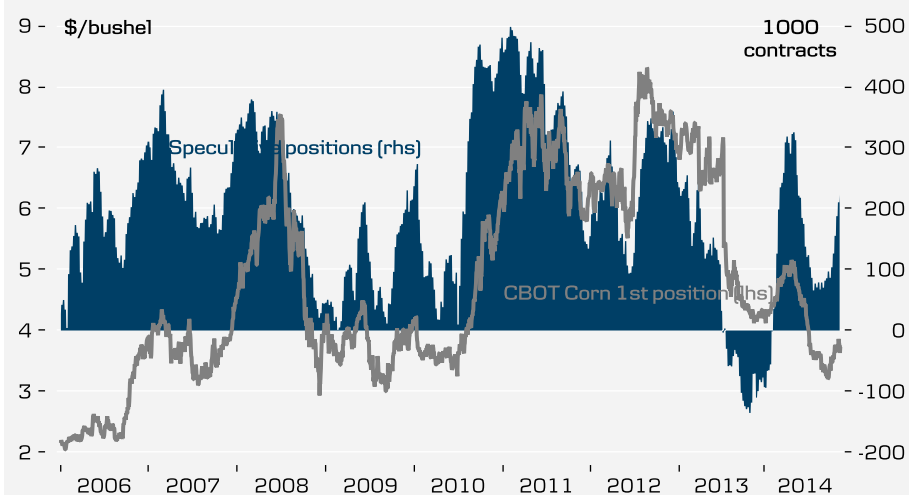
Source: CFTC

Chart 14. Copper and non-commercial positioning



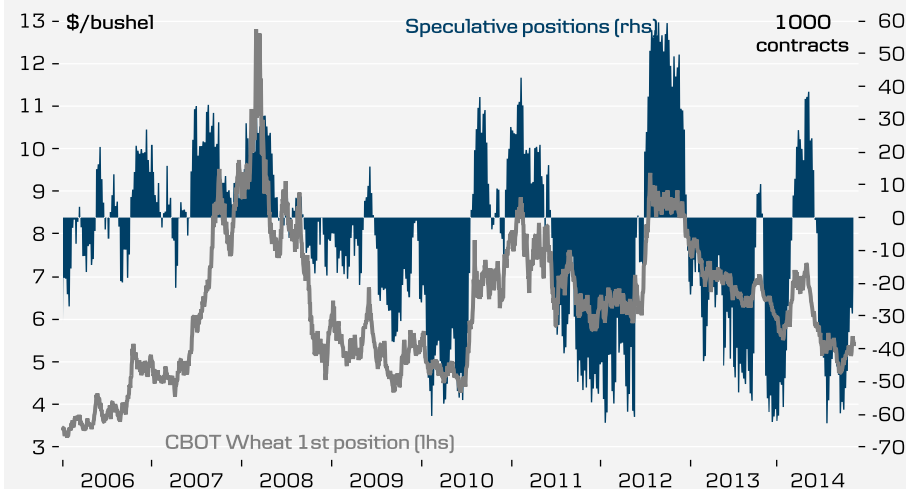
Source: CFTC

Chart 15. Corn and non-commercial positioning



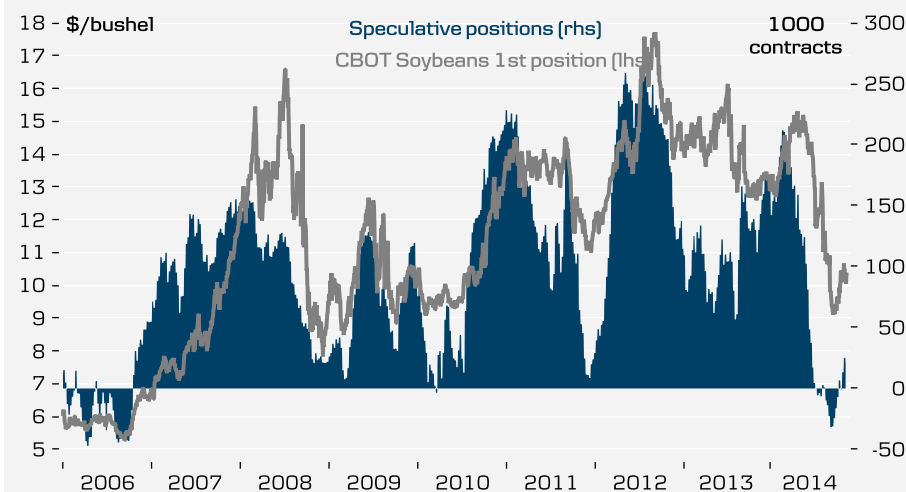
Source: CFTC

Chart 16. Wheat and non-commercial positioning



Source: CFTC

Chart 17. Soybean and non-commercial positioning

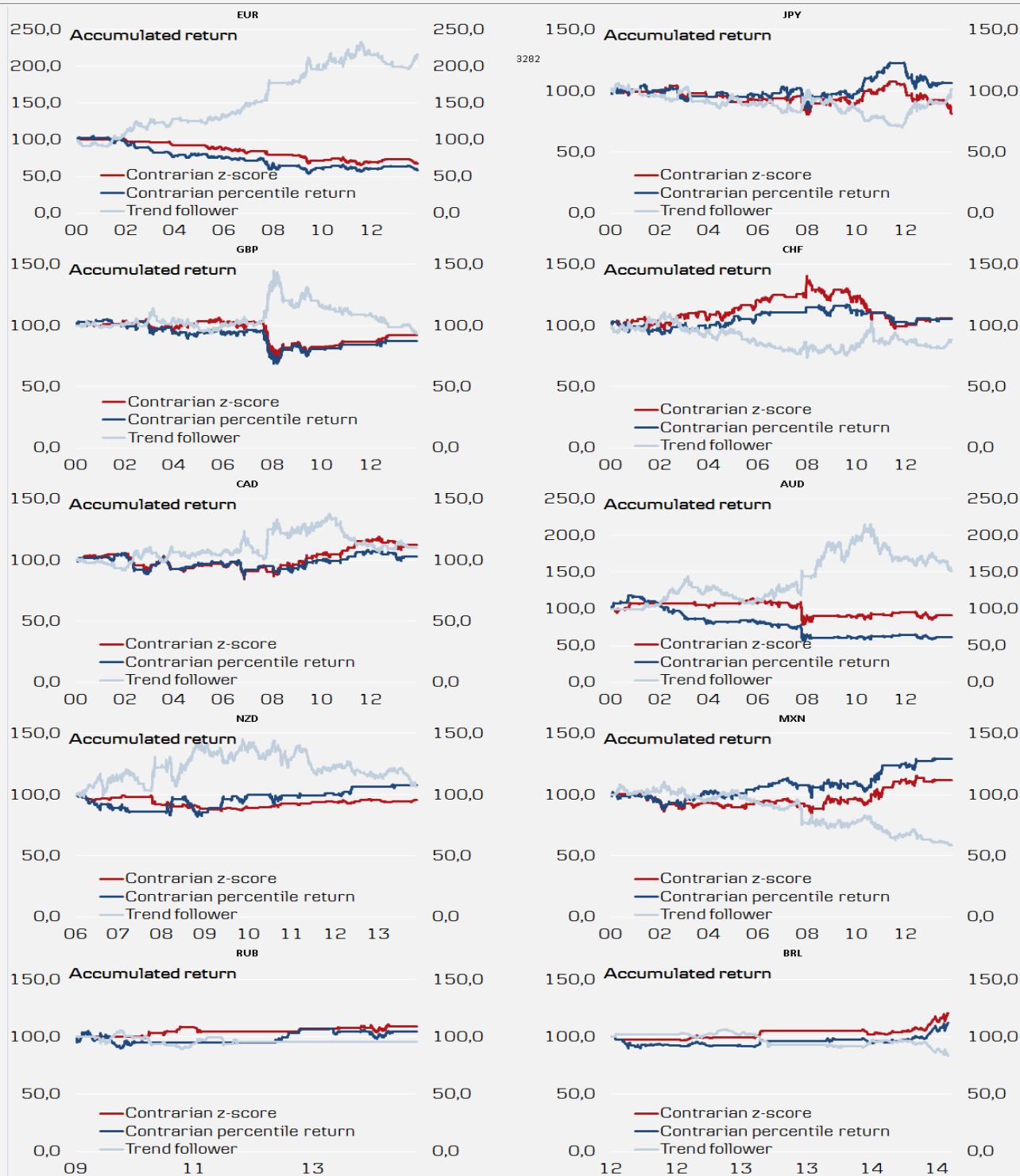


Source: CFTC

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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