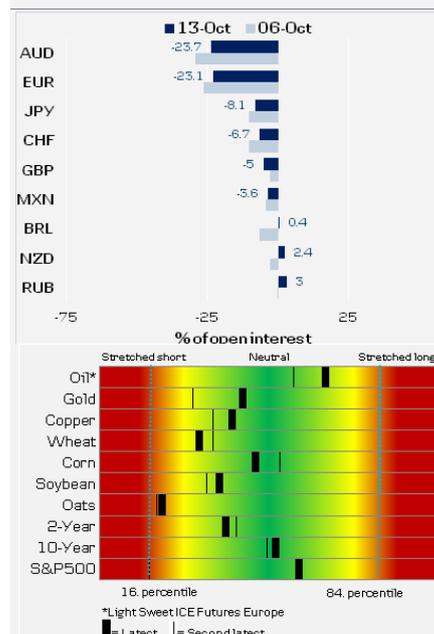


IMM Positioning

Positioning leaves upside potential in USD/JPY

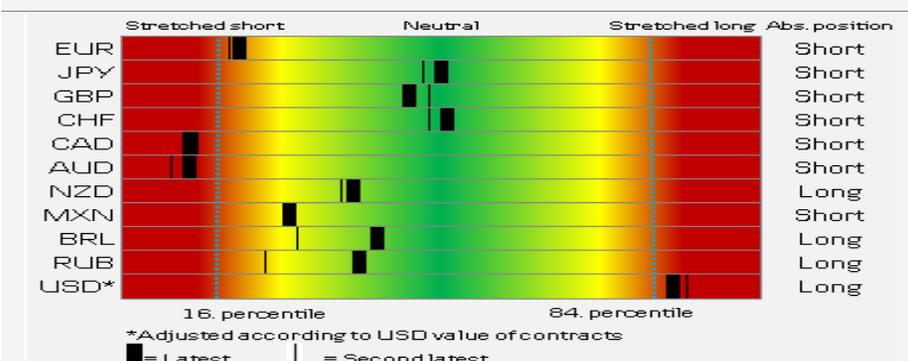
- The latest IMM data covers the week from 6 October to 13 October 2015.
- IMM positioning data released on Friday show **speculators continue to unwind their bearish JPY exposure**. Indeed, in eight of the past nine weeks investors have short covered their JPY positions, sending positioning from the 13th to 51st percentile. Looking at the change in overall USD positions, **since the summer investors have broadly reduced their exposure to the greenback and with this week's long covering, aggregate USD positions are now back at the least bullish level since August 2014** (see page 2). In our view, this leaves upside potential in USD/JPY and, although the cross remains significantly overvalued according to our long-term PPP fair value estimate, we expect additional easing from the Bank of Japan at the 30 October meeting to weigh on the JPY near term (see *FX Forecast Update: BoJ to breakaway – more easing in October*, 16 October, for more details). We forecast USD/JPY at 124 in 1M.
- The IMM report also shows how **investors for the second consecutive week reduced their bearish EUR exposure**, sending non-commercial EUR positions to the 19th percentile – the least bearish level since the start of September. Fundamentally, we see EUR/USD range bound between 1.10 and 1.16 in coming months, with a move lower as markets buy into a first Fed hike in early 2016. Notably, our not-so-aggressive call on ECB easing (a mere extension of QE) limits the EUR downside from euro area monetary policy. We think the low in EUR/USD will arrive in 3-6M and now see the cross at 1.12 in 3-6M, with the risk of the pair temporarily undershooting our forecasts.
- Notably, **speculators significantly reduced their bearish AUD positions last week, returning non-commercial AUD positioning to the 11th percentile** – the least bearish level since mid-July. Fundamentally, this is in line with our expectations as we expect a repricing of the Reserve Bank of Australia together with speculative short covering to counter some of the AUD/USD downside potential. We target the cross at 0.71 in 1M, 0.69 in 3M and 0.68 in 6M and 12M.
- In commodities, speculators **added long oil positions** for the first time in five weeks.

IMM non-commercial positions



Note: Percentiles are not based on any distributional assumption
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

IMM non-commercial positions - FX



Note: Percentiles are not based on any distributional assumption
Source: Commodity Futures Trading Commission, Danske Bank Markets

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IMM summary

| | 1000 contracts | | | % of open interest | | | USD bn | | Statistics | |
|-----------------|----------------|--------|--------|--------------------|--------|--------|--------|--------|------------|---------|
| | 13-Oct | 06-Oct | Change | 13-Oct | 06-Oct | Change | 13-Oct | Change | Percentile | Z-score |
| USD* | | | | | | | 19.0 | -2.1 | -11 | -0.72 |
| EUR | -80.6 | -88.8 | 8.2 | -23.1 | -26.3 | 3.2 | -11.5 | 1.0 | 19 | -1.07 |
| JPY | -13.8 | -17.6 | 3.8 | -8.1 | -10.3 | 2.2 | -1.4 | 0.4 | 51 | -0.01 |
| GBP | -7.5 | -4.5 | -3.0 | -5 | -2.9 | -2.1 | -0.7 | -0.3 | 46 | -0.17 |
| CHF | -2.4 | -4.0 | 1.6 | -6.7 | -10.2 | 3.5 | -0.3 | 0.2 | 52 | -0.01 |
| CAD | -33.9 | -35.0 | 1.1 | -29.1 | -28.7 | -0.4 | -2.6 | 0.1 | 11 | -1.28 |
| AUD | -33.7 | -40.8 | 7.1 | -23.7 | -29.2 | 5.5 | -2.5 | 0.5 | 11 | -1.49 |
| NZD | 0.7 | -1.0 | 1.7 | 2.4 | -3.0 | 5.4 | 0.05 | 0.1 | 37 | -0.47 |
| MXN | -4.1 | -5.2 | 1.1 | -3.6 | -4.3 | 0.7 | -0.13 | 0.0 | 27 | -0.73 |
| RUB | 1.2 | -0.1 | 1.3 | 3 | -0.4 | 3.4 | 0.05 | 0.1 | 38 | -0.40 |
| BRL | 0.1 | -1.8 | 1.9 | 0.4 | -6.5 | 6.9 | 0.00 | 0.0 | 41 | -0.21 |
| Oil** | 32.9 | 27.6 | 5.3 | 8.4 | 7.1 | 1.3 | | | 68 | 0.43 |
| Gold | 117.2 | 86.8 | 30.3 | 26.8 | 20.2 | 6.6 | | | 43 | 0.07 |
| Copper*** | -6.1 | -11.5 | 5.4 | -3.9 | -7.5 | 3.6 | | | 40 | -0.32 |
| Corn**** | 146.5 | 177.3 | -30.9 | 11.4 | 13.6 | -2.2 | | | 47 | 0.02 |
| Wheat**** | -31.5 | -25.6 | -5.9 | -8.4 | -6.9 | -1.5 | | | 30 | -0.64 |
| Soybean**** | 63.1 | 43.7 | 19.4 | 8.6 | 6.2 | 2.4 | | | 36 | -0.30 |
| 2Y US Treasury | -2.8 | 5.6 | -8.4 | -0.2 | 0.5 | -0.7 | | | 38 | -0.31 |
| 10Y US Treasury | 17.7 | -2.5 | 20.2 | 0.7 | -0.1 | 0.8 | | | 53 | -0.04 |
| S&P500 | 9.2 | 11.4 | -2.2 | 8.7 | 10.3 | -1.6 | | | 60 | 0.22 |

* Adjusted according to USD value of contracts

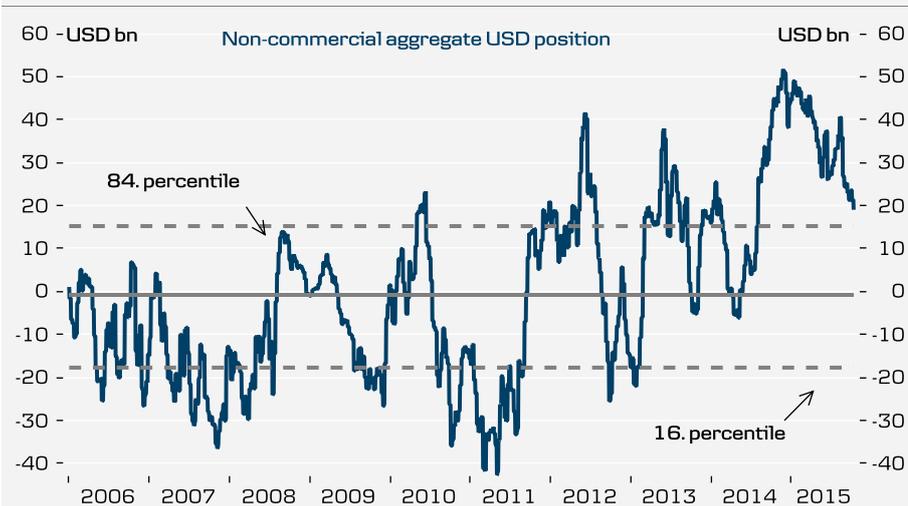
** ICE Light Sweet Brent Crude Futures Europe

*** COMEX

**** CBOT

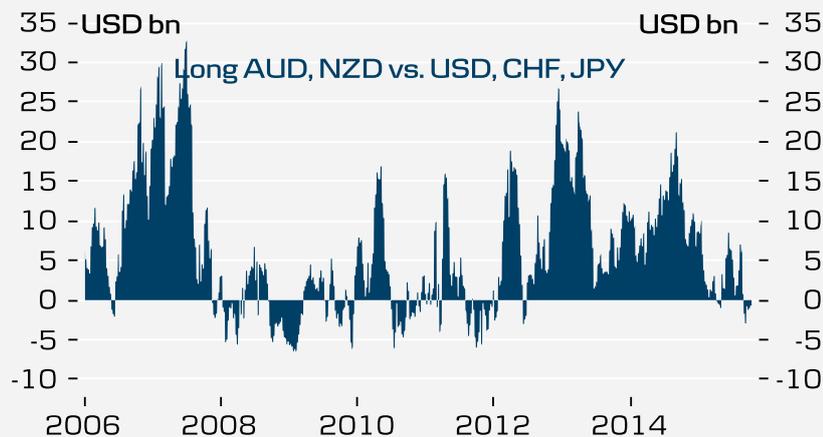
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

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



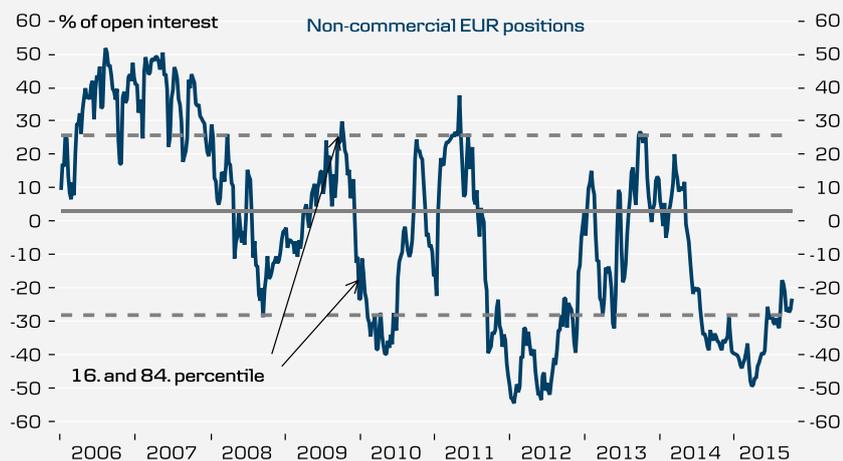
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 2. Non-commercial 'carry' positioning



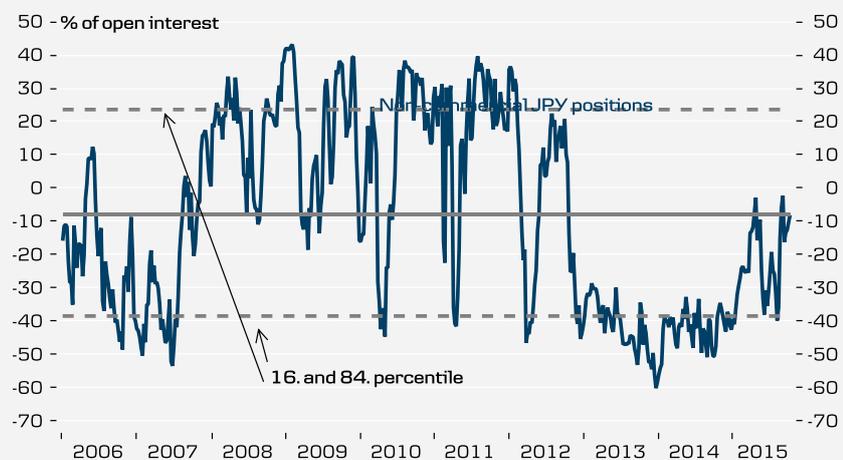
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 3. Net-long EUR positioning



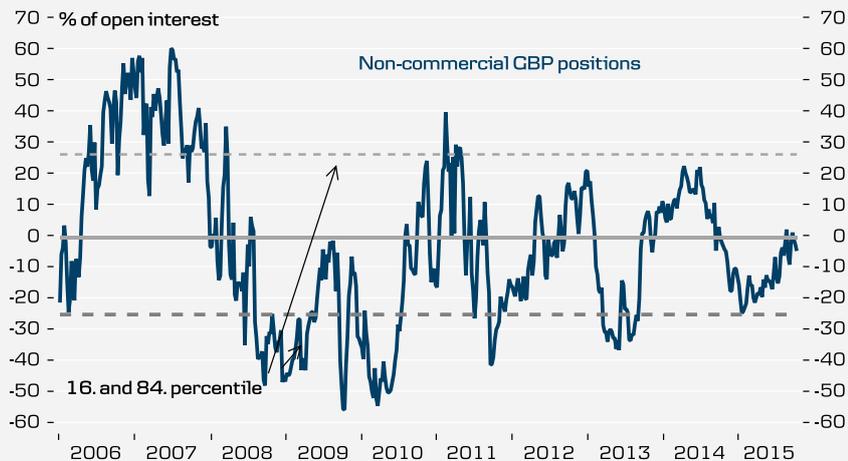
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 4. Net-long JPY positioning



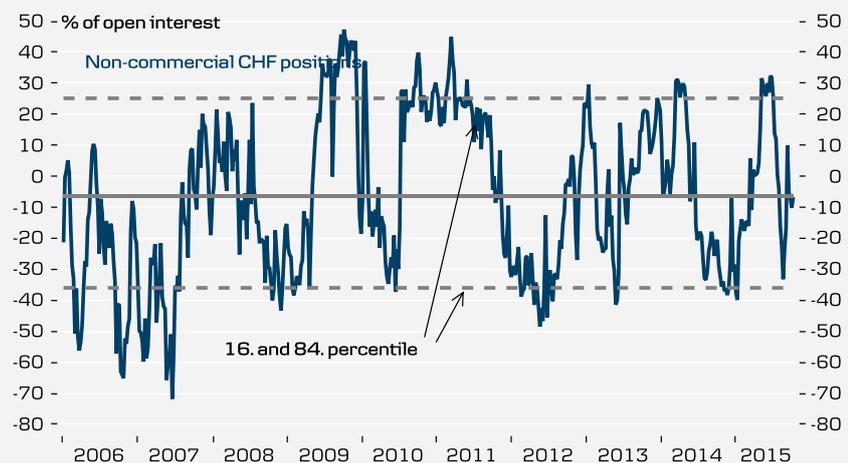
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 5. Net-long GBP positioning



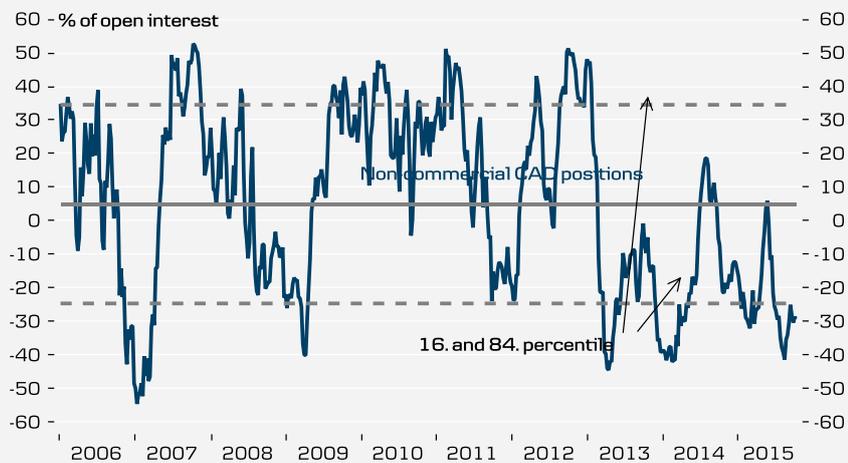
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 6. Net-long CHF positioning



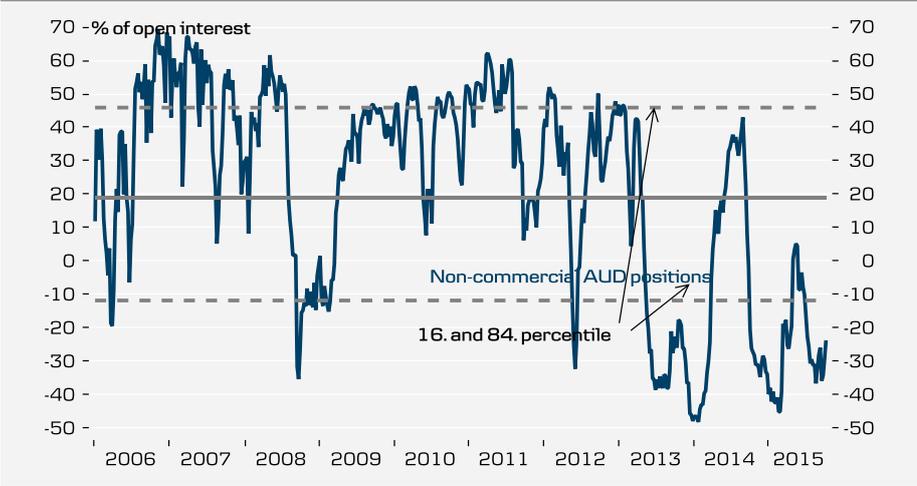
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 7. Net-long CAD positioning



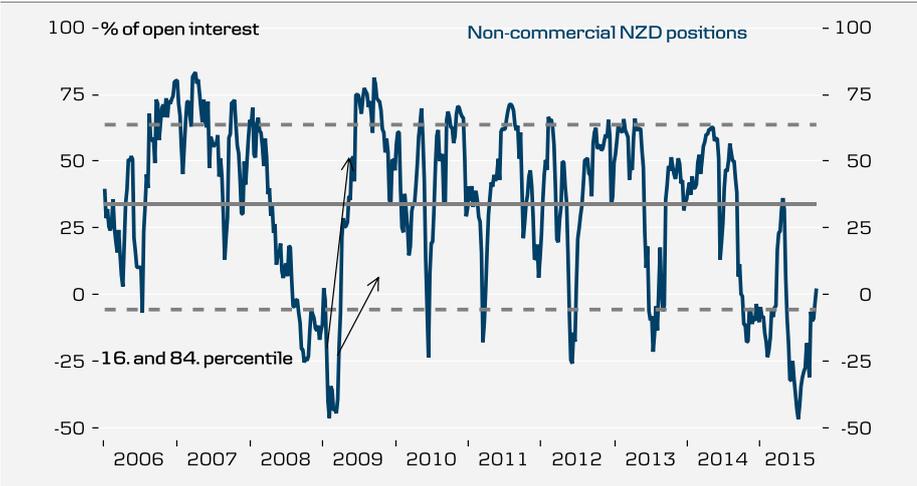
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 8. Net-long AUD positioning



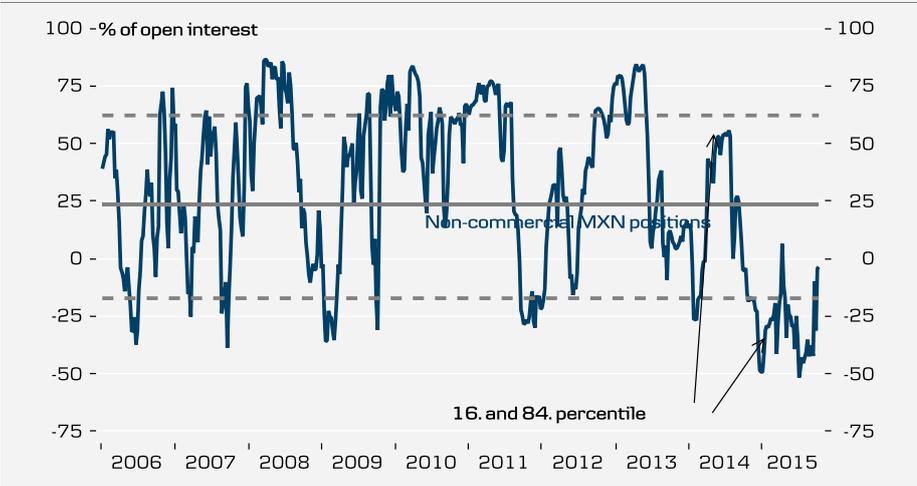
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 9. Net-long NZD positioning



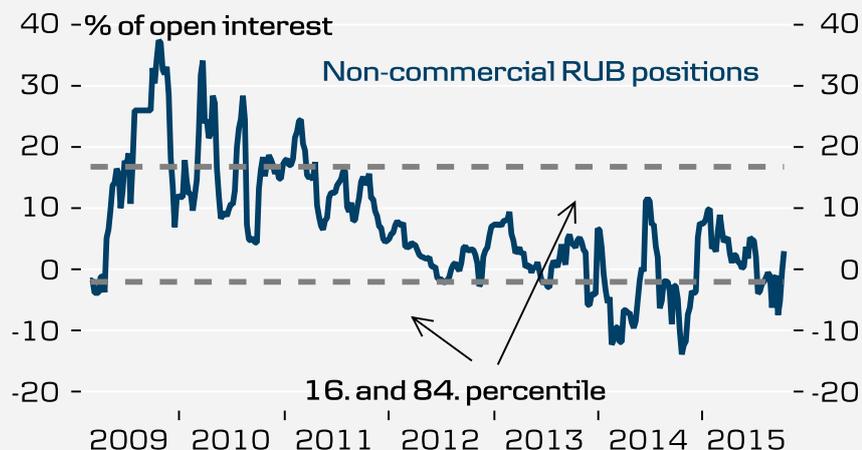
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 10. Net-long MXN positioning



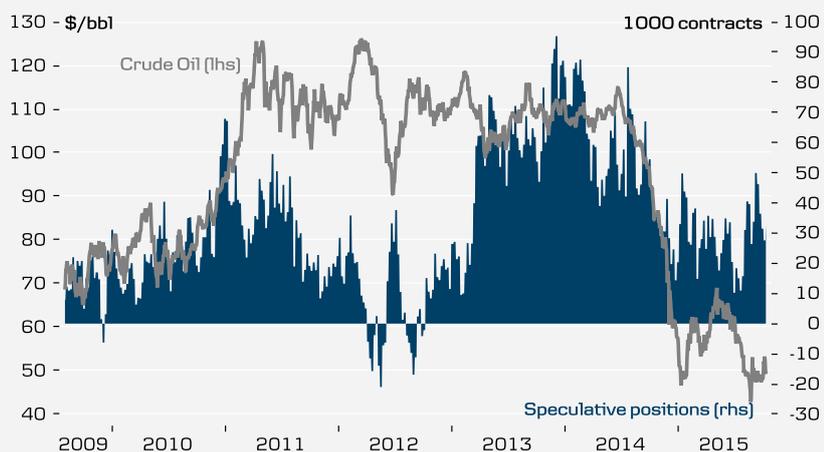
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 11. Net-long RUB positioning



Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

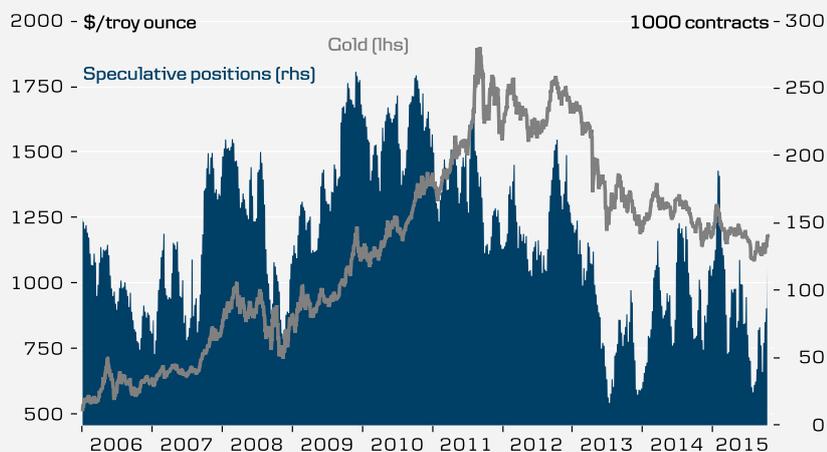
Chart 12. Oil* and non-commercial positioning



* ICE Light Sweet Brent Crude Futures Europe

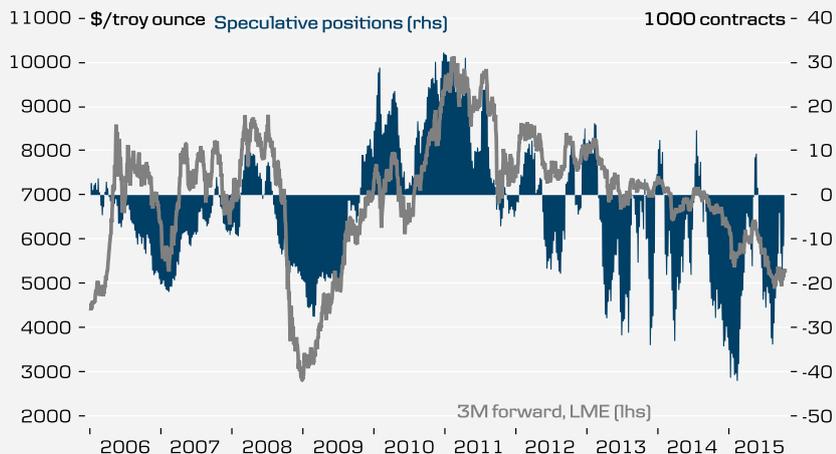
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 13. Gold and non-commercial positioning



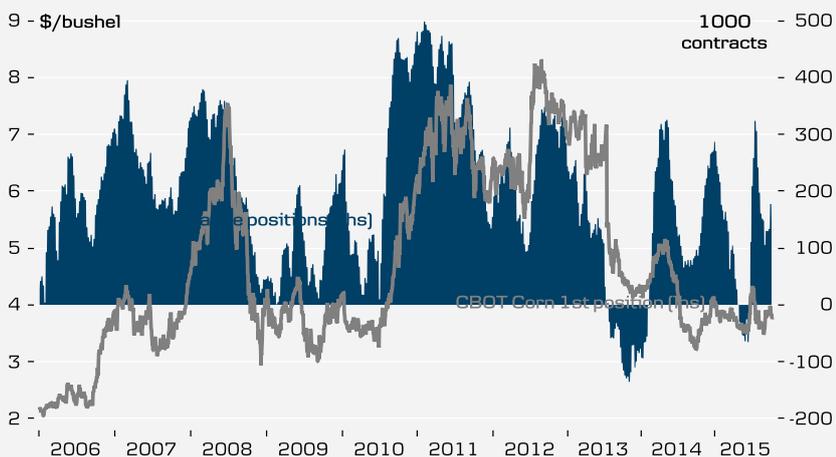
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 14. Copper and non-commercial positioning



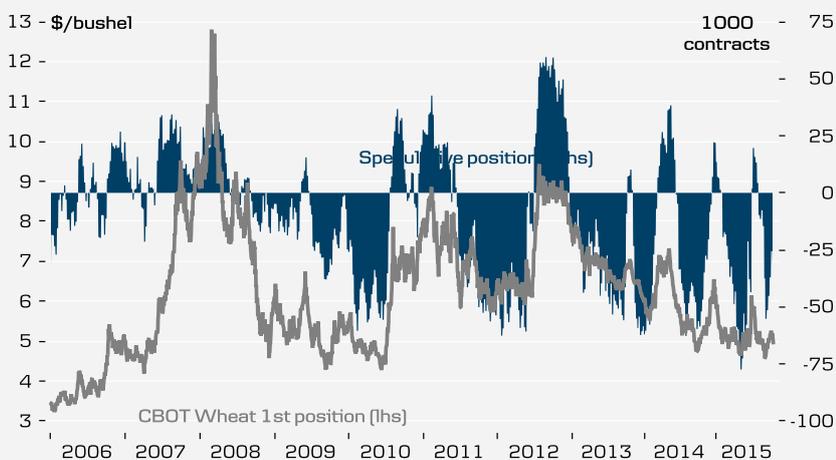
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 15. Corn and non-commercial positioning



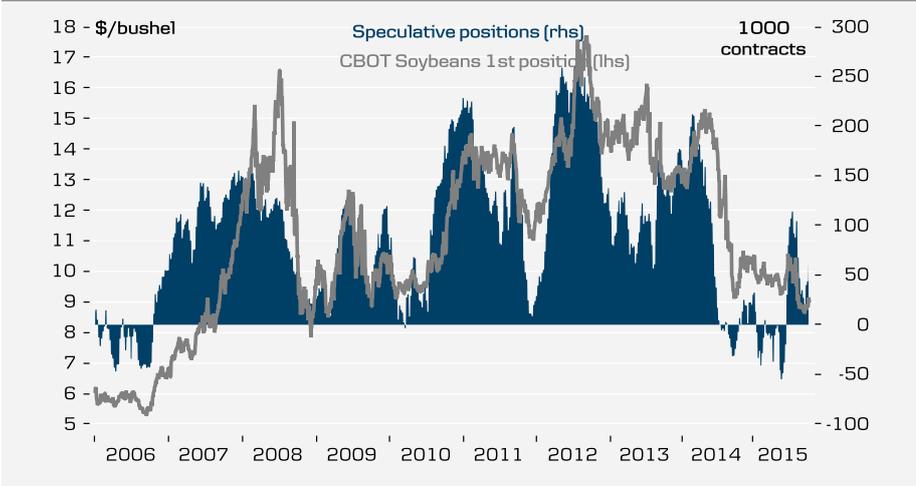
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 16. Wheat and non-commercial positioning



Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

Chart 17. Soybean and non-commercial positioning

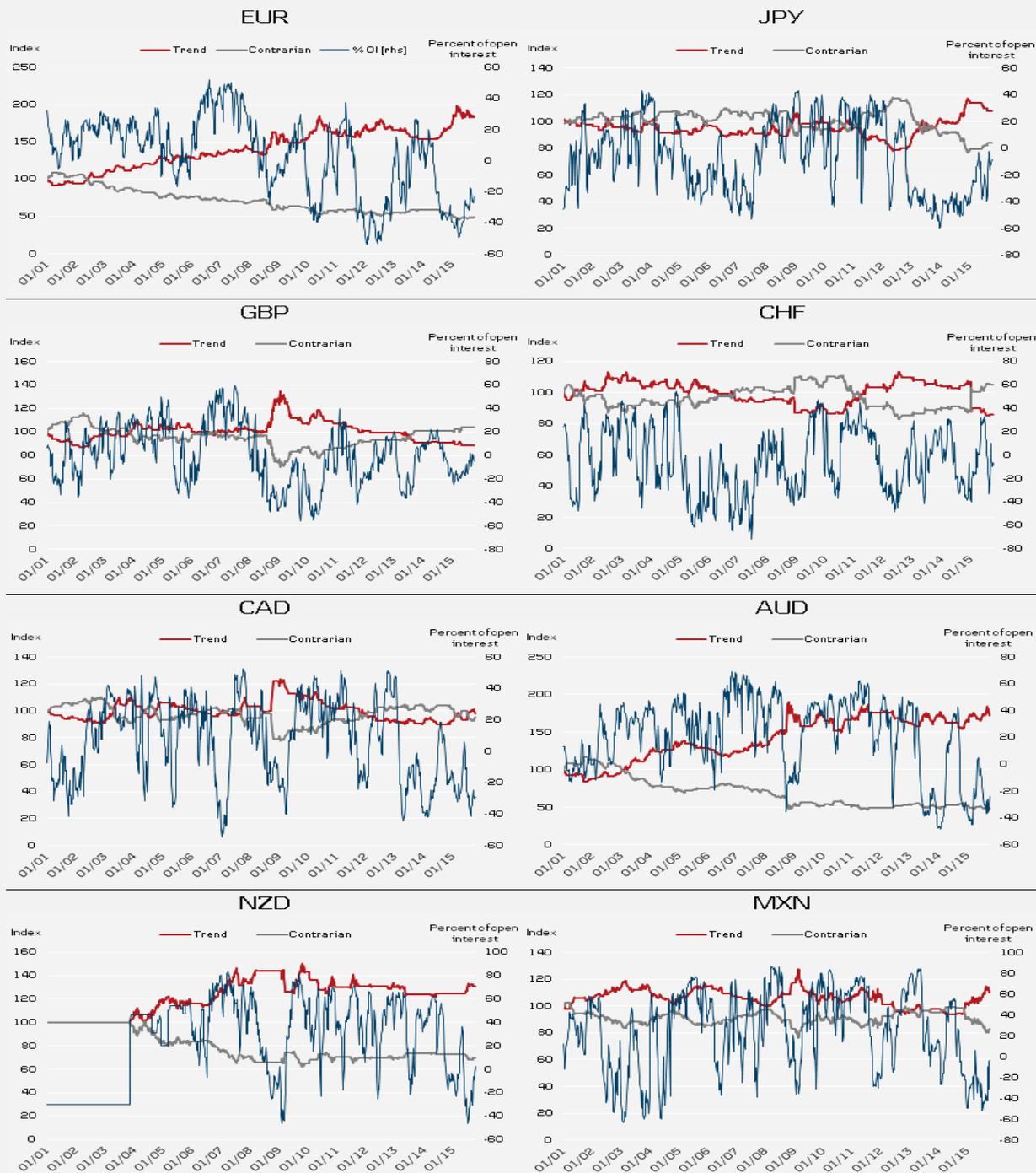


Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

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



* Returns are based on a 'trend' strategy and a 'contrarian' strategy where trigger levels are defined as the 16th and 84th percentile
Source: Commodity Futures Trading Commission, Macrobond Financial, Danske Bank Markets

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