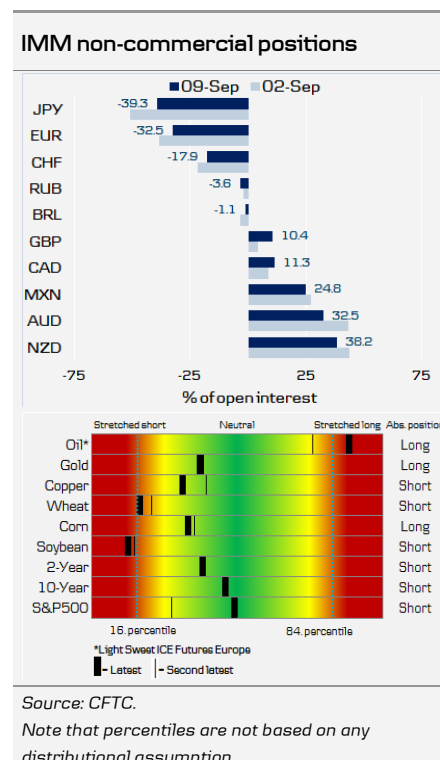


15 September 2014

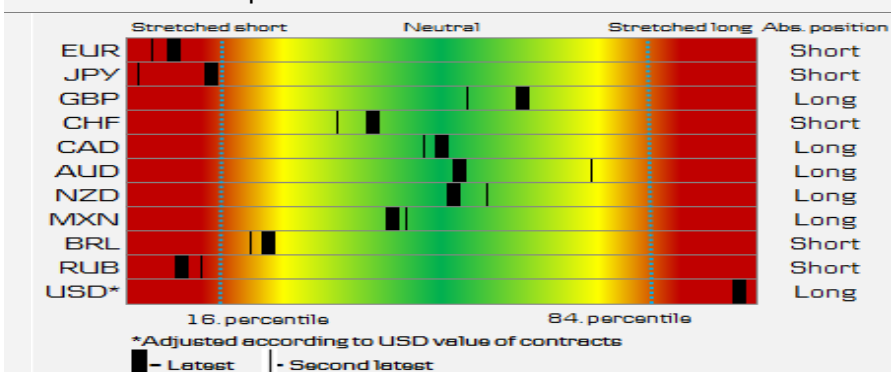
IMM Positioning

Profit taking in EUR and JPY shorts while GBP long builds

- The latest IMM data covers the week from 2 September to 9 September 2014.
- IMM data released last Friday revealed that **investors slashed net EUR shorts** for the first time in four weeks. The move is probably a reflection of profit taking in light of the recent EUR/USD move lower sparked by the surprising ECB rate cut.
- Friday's report also **revealed profit taking in JPY as investors slashed net short positions**. Non-commercial JPY positioning has consequently moved from the 2014-low (1st percentile) to the 14th percentile. Despite the stretched positioning in USD and JPY, we still believe that USD/JPY fundamentally should edge higher in H2 14, primarily driven by portfolio flows and a reform of the conservative investment strategy of the Japanese Government Pension Investment Fund (see *FX Strategy: USD/JPY is back in business – we target 114*, 11 September 2014). The recent profit taking has been considerable and speculative positioning now suggests that the sensitivity of USD/JPY to the upside has increased.
- Noteworthy the week to 9 September also **saw a build in net GBP longs** despite increased worries regarding the risk of Scottish independence. The move suggests that investors regard the recent GBP weakening as overdone and the referendum tail risk as limited. Total non-commercial GBP positioning remains close to neutral.
- Data also showed a **considerable slash in net AUD and net NZD longs**. The move in AUD positioning was particularly noteworthy: the largest single week bearish build since the first Fed talks of tapering in the summer of 2013. In light of the continued tumbling AUD sentiment seen after 9 September, it is very likely that investors have slashed net AUD longs further since 9 September. This suggests that the upside sensitivity of AUD/USD has increased significantly.
- In commodities, **speculators added net shorts in copper** reflecting increased worries of a slowdown in China (32nd percentile). On the other hand, **speculators added net longs in oil** – reflecting the increase in geopolitical risks – returning non-commercial positioning in the black gold to historical stretched levels (90th percentile).



IMM non-commercial positions – FX



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

IMM table

	1000 contracts			% of open interest			USD bn		Statistics	
	09-Sep	02-Sep	Change	09-Sep	02-Sep	Change	09-Sep	Change	Percentile	Z-score
USD*							29.4	-4.3	99	2.33
EUR	-157.5	-161.4	3.9	-32.5	-38.5	6	-25.4	1.1	8	-1.68
JPY	-100.7	-117.3	16.6	-39.3	-50.8	11.5	-11.8	2.1	14	-1.23
GBP	26.7	9.4	17.3	10.4	4	6.4	2.7	1.7	64	0.41
CHF	-13.8	-13.2	-0.7	-17.9	-21.8	3.9	-1.8	-0.1	40	-0.41
CAD	11.6	9.2	2.4	11.3	8.6	2.7	1.1	0.2	51	0.17
AUD	41.2	49.0	-7.8	32.5	43	-10.5	3.8	-0.7	54	0.39
NZD	9.5	10.1	-0.6	38.2	43.6	-5.4	0.79	-0.1	53	0.42
MXN	38.5	39.2	-0.6	24.8	27.2	-2.4	1.46	0.0	43	-0.07
BRL	-0.7	-3.0	2.3	-1.1	-3.4	2.3	-0.03	0.1	23	-0.72
RUB	-1.5	-0.9	-0.6	-3.6	-2	-1.6	-0.10	0.0	9	-1.19
Oil**	57.6	46.1	11.5	12.4	10	2.4			90	1.34
Gold	95.1	96.9	-1.7	24.8	26	-1.2			38	-0.06
Copper***	-9.5	-3.8	-5.7	-6.6	-2.8	-3.8			32	-0.54
Corn****	70.3	78.7	-8.5	5.7	6.4	-0.7			34	-0.45
Wheat****	-45.4	-40.8	-4.6	-11.5	-10.7	-0.8			17	-0.96
Soybean****	-22.7	-13.7	-9.0	-3.3	-2.1	-1.2			13	-1.24
2Y US Treasury	-8.5	54.0	-62.6	-0.6	3.9	-4.5			39	0.00
10Y US Treasury	-33.3	-82.7	49.4	-1.2	-3	1.8			47	0.00
S&P500	0.0	2.1	-2.1	0	1.2	-1.2			50	-0.08

*Adjusted according to USD value of contracts

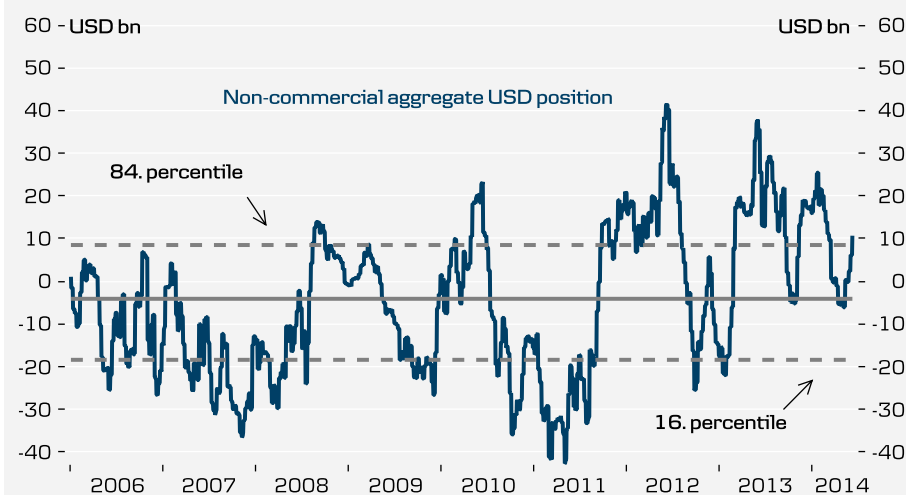
** ICE Light Sweet Brent Crude Futures Europe

***COMEX

****CBOT

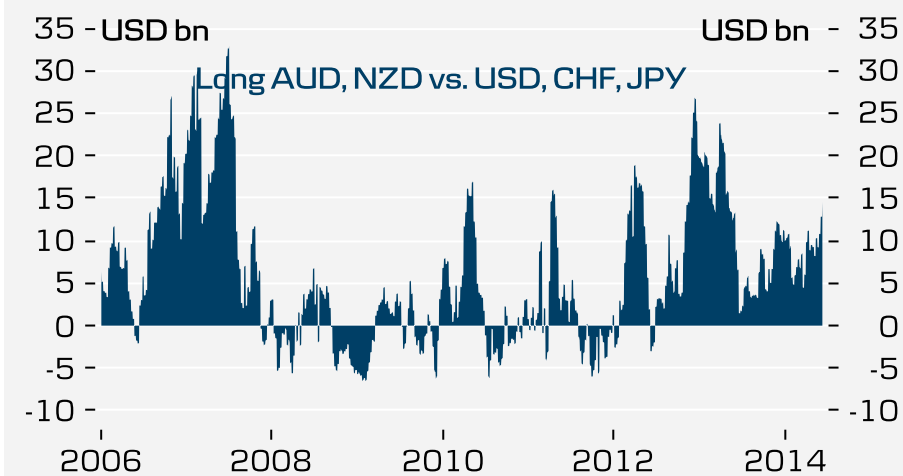
Source: CFTC, Macrobond, Danske Bank Markets

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



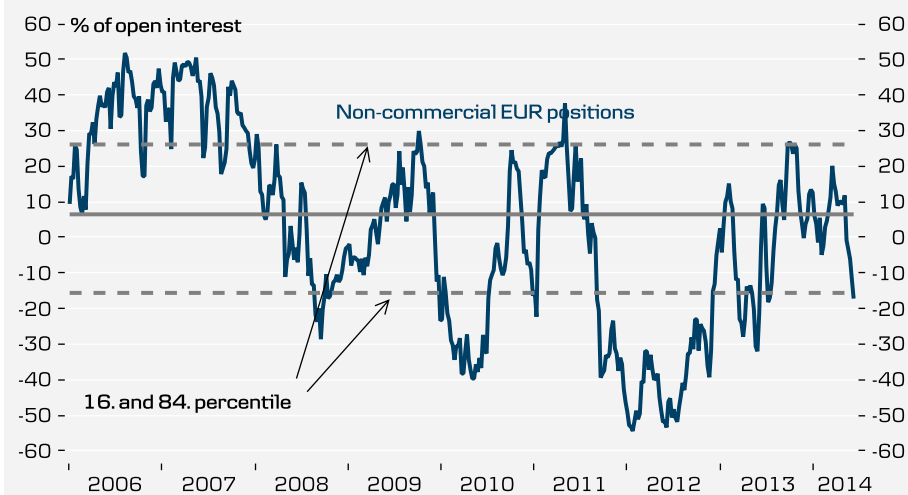
Source: CFTC, Danske Bank Markets

Chart 2. Non-commercial 'carry' positioning



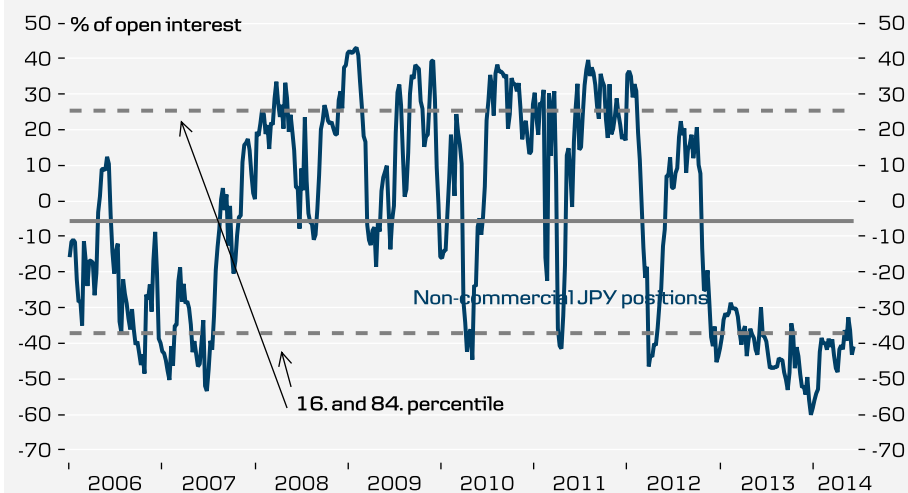
Source: CFTC

Chart 3. Net-long EUR positioning



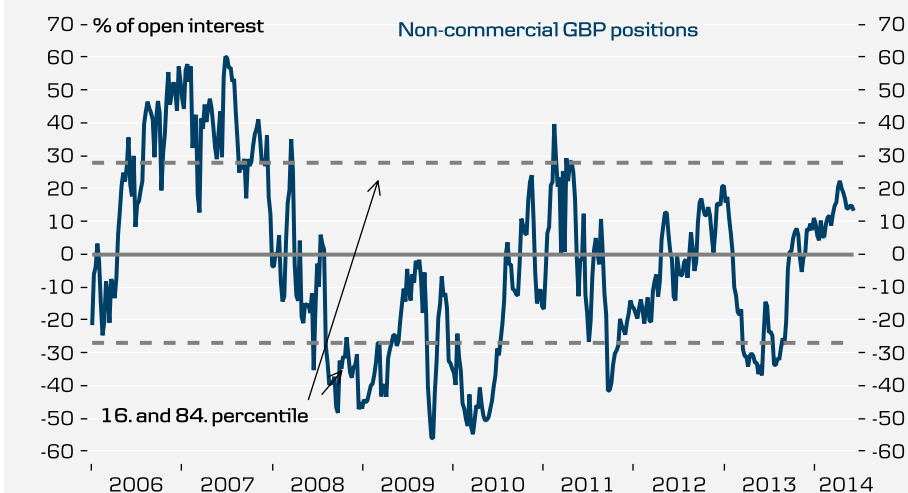
Source: CFTC

Chart 4. Net-long JPY positioning



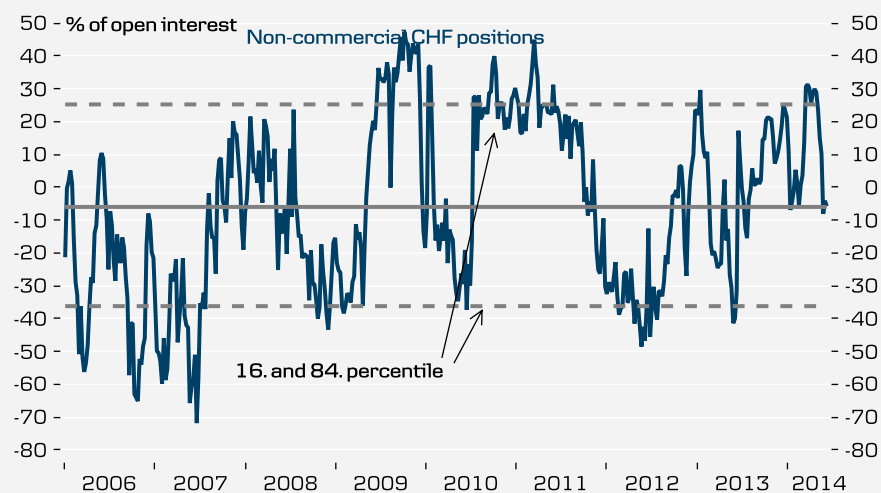
Source: CFTC

Chart 5. Net-long GBP positioning



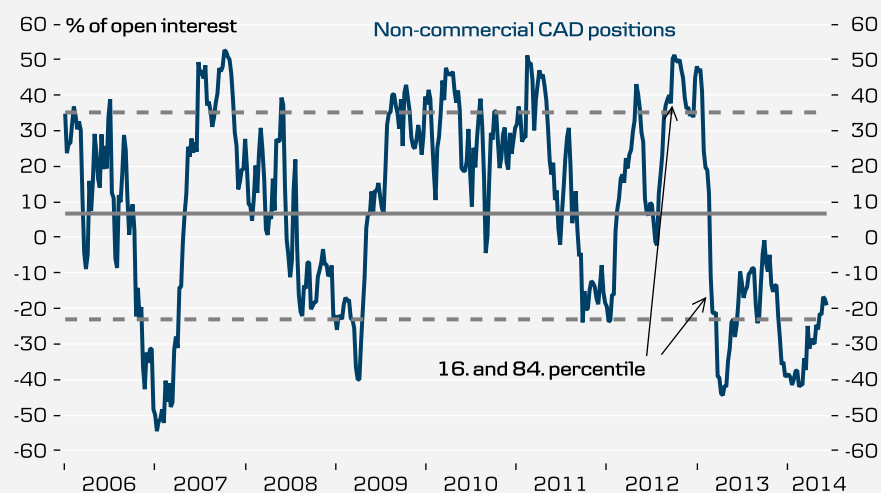
Source: CFTC

Chart 6. Net-long CHF positioning



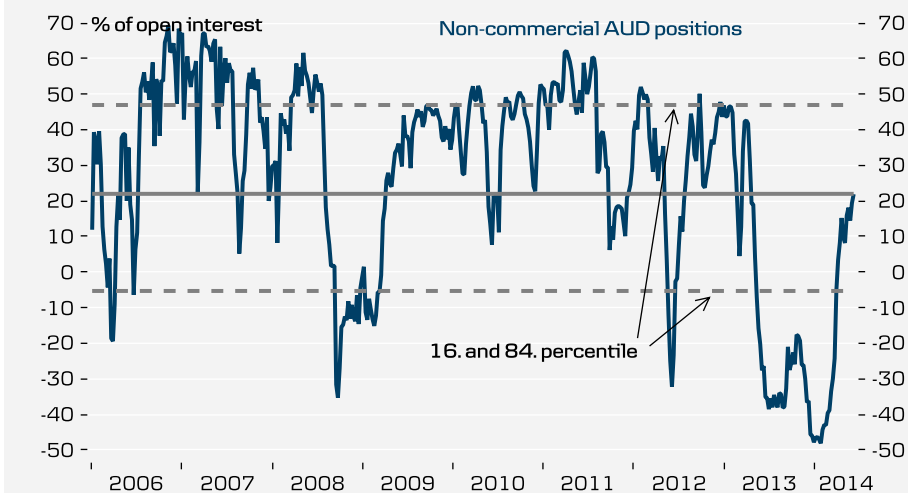
Source: CFTC

Chart 7. Net-long CAD positioning



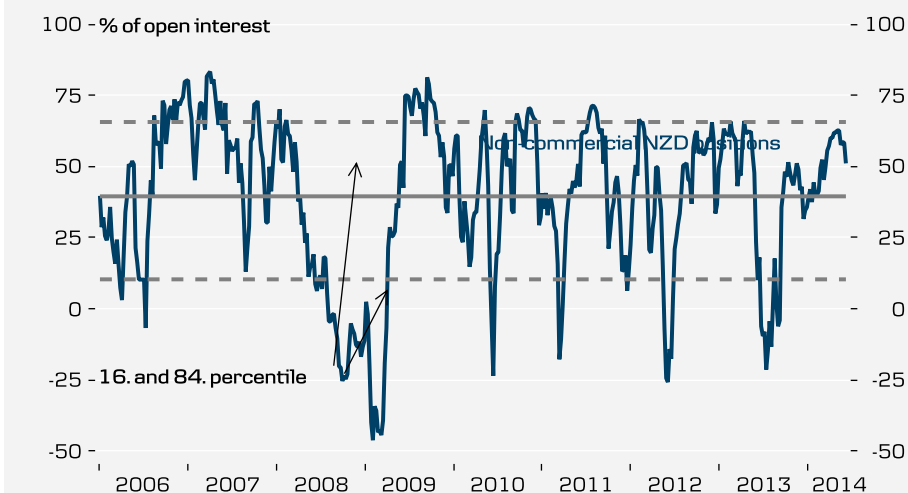
Source: CFTC

Chart 8. Net-long AUD positioning



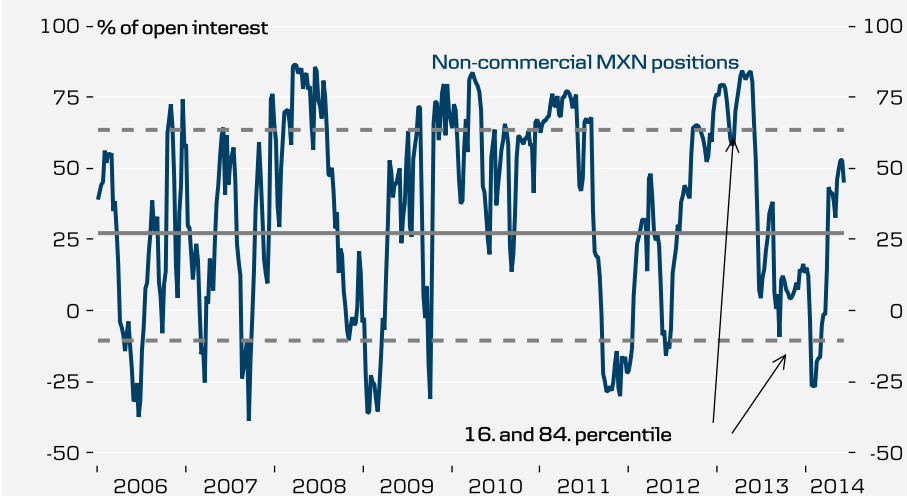
Source: CFTC

Chart 9. Net-long NZD positioning



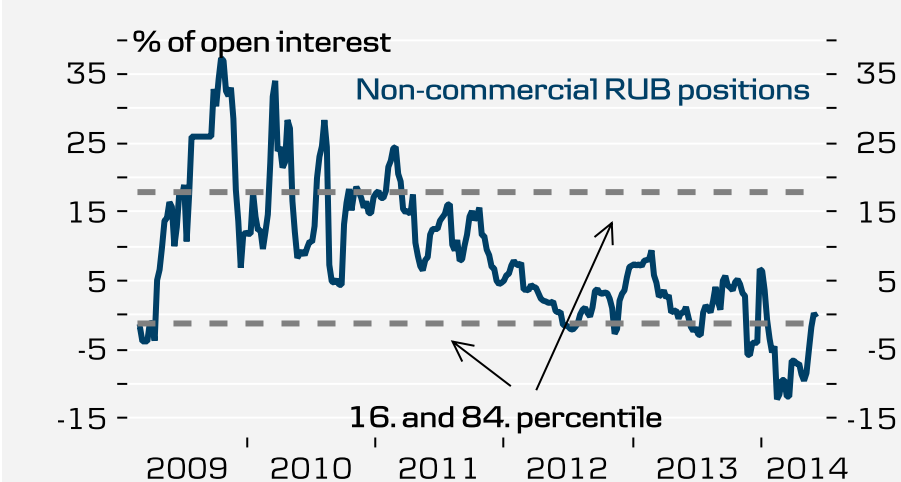
Source: CFTC

Chart 10. Net-long MXN positioning



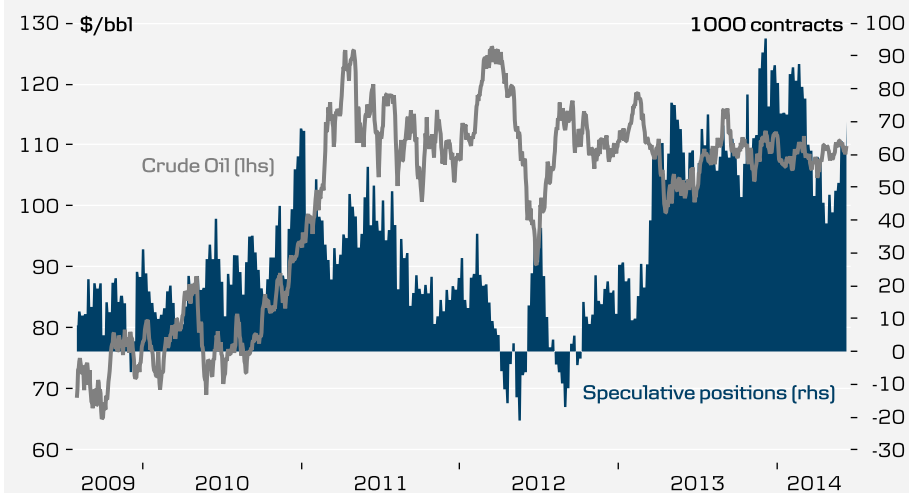
Source: CFTC

Chart 11. Net-long RUB positioning



Source: CFTC

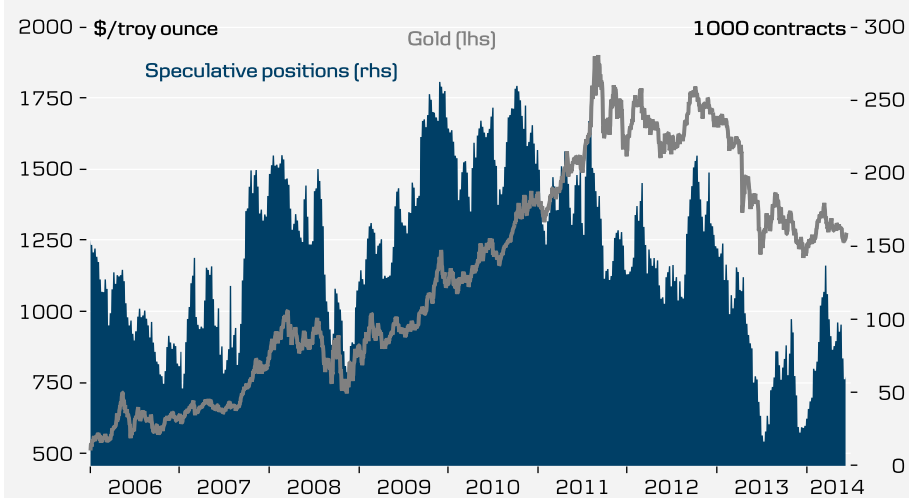
Chart 12. Oil* and non-commercial positioning



* ICE Light Sweet Brent Crude Futures Europe

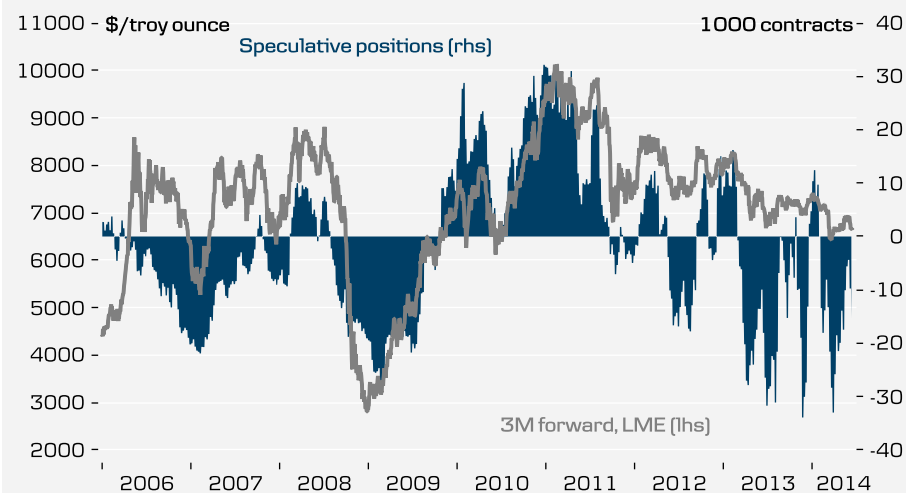
Source: CFTC

Chart 13. Gold and non-commercial positioning



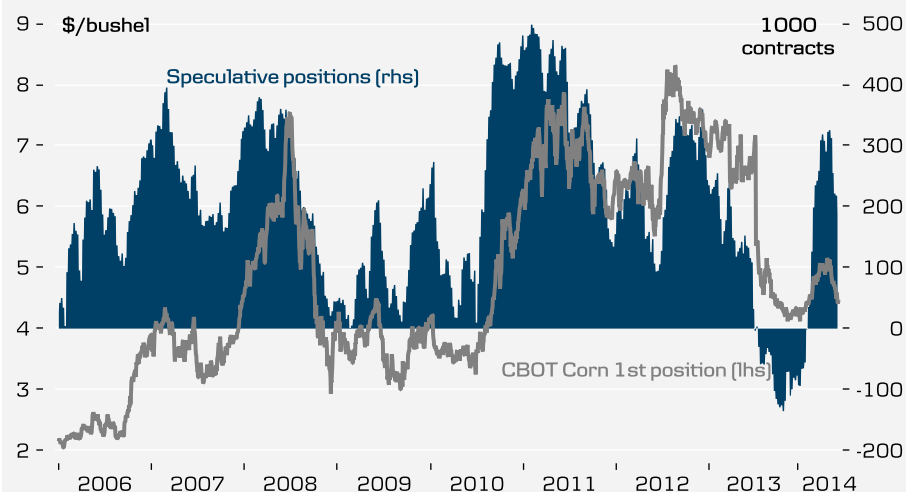
Source: CFTC

Chart 14. Copper and non-commercial positioning



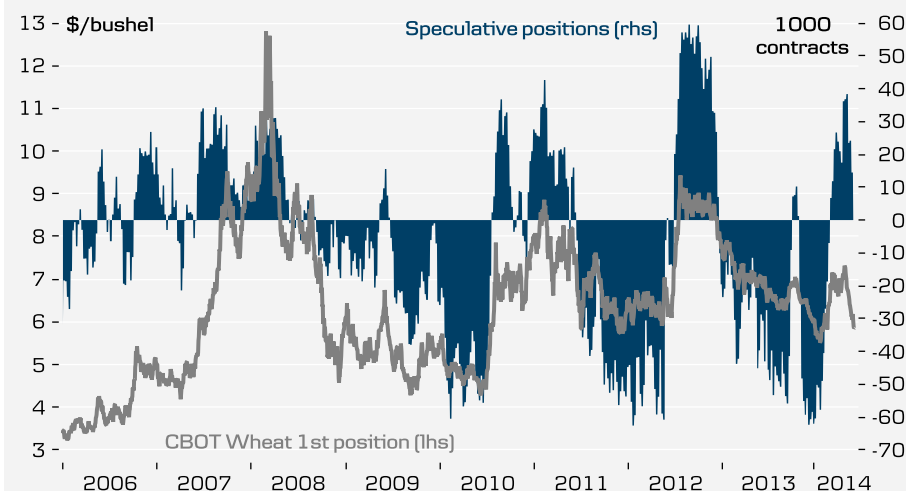
Source: CFTC

Chart 15. Corn and non-commercial positioning



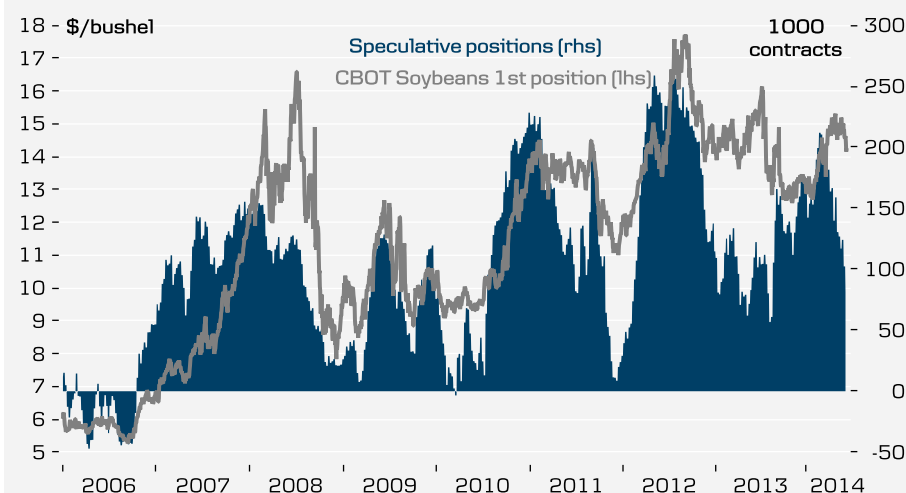
Source: CFTC

Chart 16. Wheat and non-commercial positioning



Source: CFTC

Chart 17. Soybean and non-commercial positioning

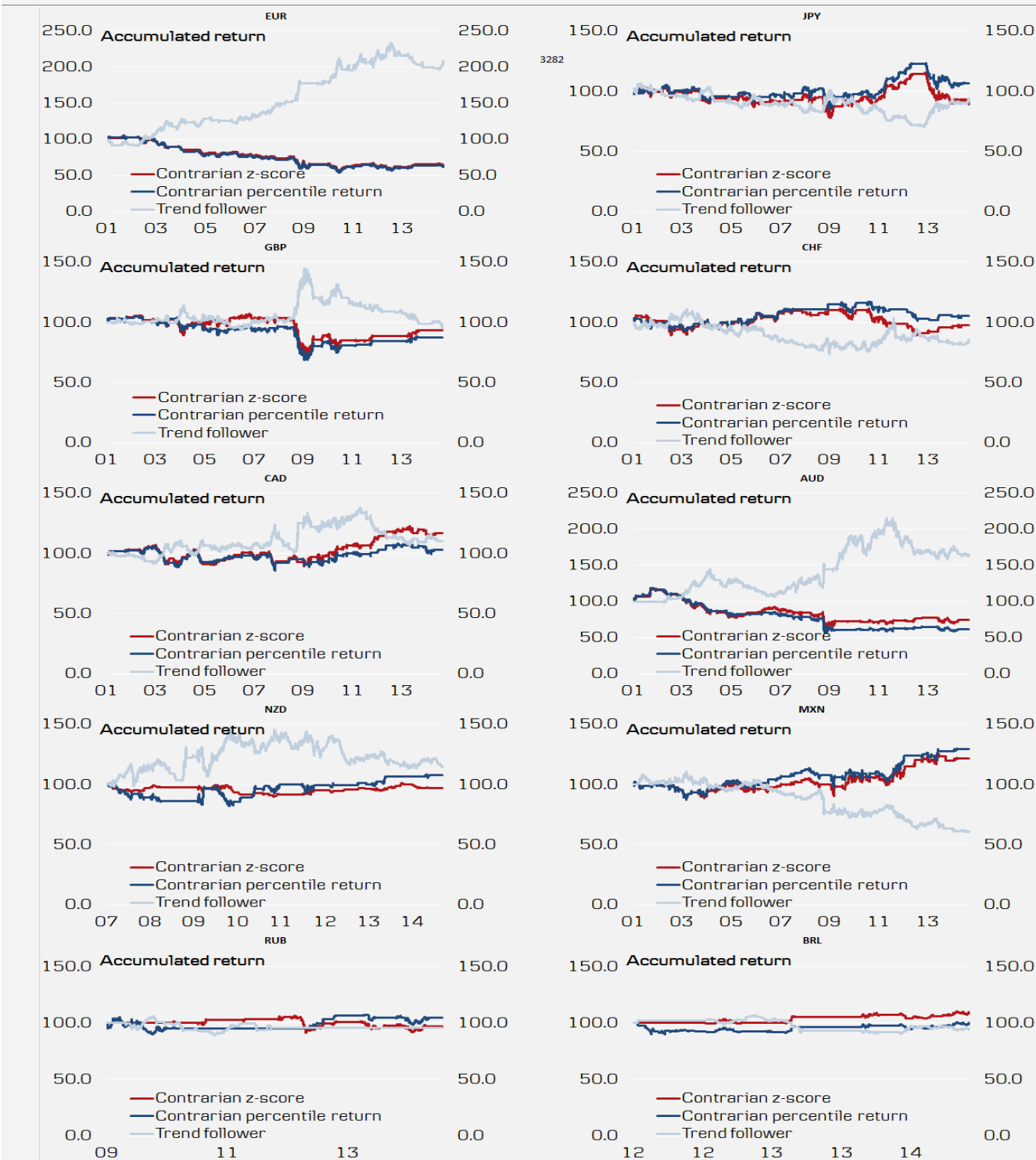


Source: CFTC

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

Disclosure

This research report has been prepared by Danske Bank Markets, a division of Danske Bank A/S ('Danske Bank'). The author of this report is Kristoffer Kjær Lomholt, Analyst.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and subject to regulation by the Danish Financial Supervisory Authority and is subject to the rules and regulation of the relevant regulators in all other jurisdictions where it conducts business. Danske Bank is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority (UK). Details on the extent of the regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Danske Bank on request.

The research reports of Danske Bank are prepared in accordance with the Danish Society of Financial Analysts' rules of ethics and the recommendations of the Danish Securities Dealers Association.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are organised independently from and do not report to other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country. Documentation can be obtained from the authors on request.

Risk warning

Major risks connected with recommendations or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

Expected updates

This publication is updated on a weekly basis.

Date of first publication

See the front page of this research report for the date of first publication.

General disclaimer

This research has been prepared by Danske Bank Markets (a division of Danske Bank A/S). It is provided for informational purposes only. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

The research report has been prepared independently and solely on the basis of publicly available information that Danske Bank considers to be reliable. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and Danske Bank, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts responsible for the research report and reflect their judgement as of the date hereof. These opinions are subject to change, and Danske Bank does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this research report.

This research report is not intended for retail customers in the United Kingdom or the United States.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank's prior written consent.

Disclaimer related to distribution in the United States

This research report is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.