

# Liquid Cross Border Flows

## Too early to be too late

### Key takeaways

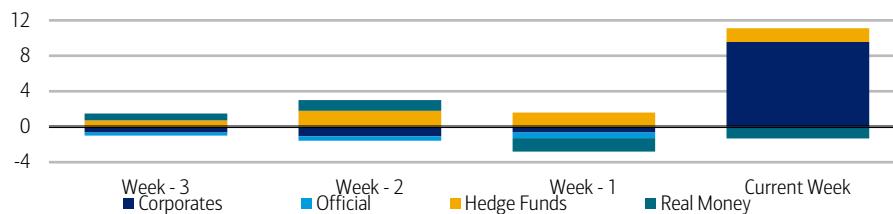
- The strong corporate USD demand vs. EUR, AUD, GBP stood out last week. Investor USD flows were mostly mixed.
- AUD was also supplied by investors, with AUD positioning turning slightly short into the RBA. Meanwhile, CHF buying stopped.
- EM FX: selling in Asia (esp. KRW), but modest buying in LatAm (esp. BRL) and EMEA (HUF, ZAR, ILS).

### Strong corporate month-end USD demand

The strong month-end corporate USD demand vs. EUR, AUD and, to some extent, GBP (Exhibit 2) stood out last week. Our investor USD flows were mixed, in line with the price action for most of the week (Exhibit 1).

#### Exhibit 1: BofA USD weekly indexed flows

Our investor USD flows were mixed in a week with anyway mostly mixed price action

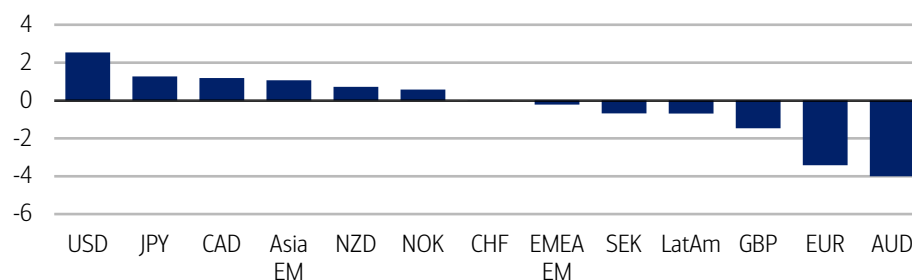


Source: BofA Securities

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#### Exhibit 2: BofA corporate flow last week (2-year z-score)

What stood out was the strong month-end corporate USD demand vs. EUR, AUD and, to some extent, GBP



Source: BofA Securities

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05 February 2024

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Refer to important disclosures on page 6 to 8.

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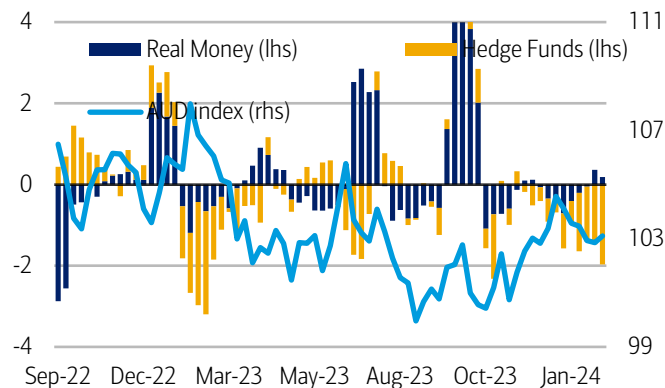
Timestamp: 05 February 2024 11:30AM EST

## AUD supplied into the RBA. CHF short covering stopped

AUD was supplied last week, both by corporates (Exhibit 2) and, to a lesser extent, investors, likely amid the softer-than-expected inflation data (Exhibit 3). Into the RBA our aggregate AUD positioning measure turned slightly short (Exhibit 8), yet we expect rather modest changes to the RBA guidance this week (see [RBA Feb preview](#)).

### Exhibit 3: Investor 4-week AUD flows (z-score) and AUD TWI

Investors sold AUD last week amid softer-than-expected CPI data

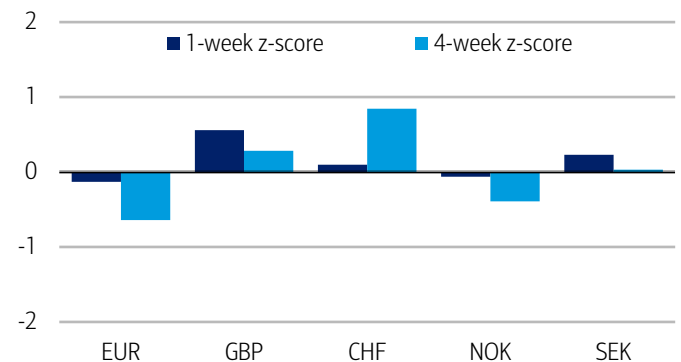


Source: BofA Securities, Bloomberg

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### Exhibit 4: European G10 BofA FX investor flows

Investor paring back of CHF shorts largely paused last week



Source: BofA Securities. Currencies ranked on the equally-weighted average of z-scores for Hedge Funds and Real Money.

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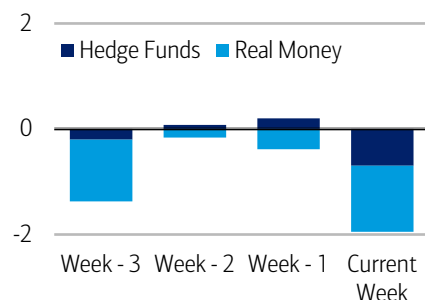
Meanwhile, investor support toward GBP slightly grew last week as the paring back of CHF shorts largely stopped (Exhibit 4). The CHF positioning remains short, but it is much lighter than two months ago, and probably less likely to pose risks to our tactical long GBPCHF recommendation (see [Tactical Trade: Buy GBP/CHF 5 Feb 24](#)).

## EM FX: Asia selling but modest LatAm & EMEA buying

BofA investors sold Asia EM FX last week, esp. KRW, THB and TWD (Exhibit 5, Exhibit 9). But in LatAm and EMEA investor flows were favourable overall (Exhibit 6, Exhibit 7). In LatAm investors supported BRL although kept PEN and CLP under pressure. In EMEA, investors favoured HUF, ZAR and ILS last week.

### Exhibit 5: BofA Asia EM weekly indexed flows

BofA investors sold Asia EM FX last week...

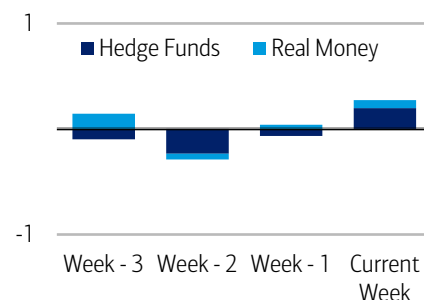


Source: BofA Securities

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### Exhibit 6: BofA EMEA EM weekly indexed flow

...but modestly supported EMEA...

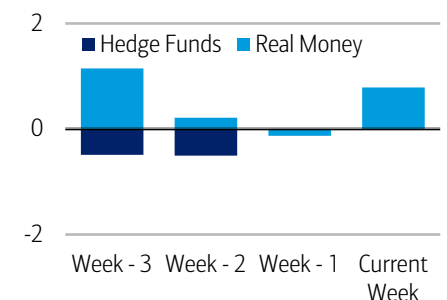


Source: BofA Securities

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### Exhibit 7: BofA LatAm weekly indexed flows

...and LatAm



Source: BofA Securities

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For more information and data files on flows and positioning, please see

[Liquid Cross Border Flows: Flows data 5 February 2024](#)

[Liquid Cross Border Flows: Positioning data 5 February 2024](#)

[Liquid Cross Border Flows: Charts and Tables 5 February 2024](#)

# Snapshot of flows

## Exhibit 8: Snapshot G10 FX flows (z-score)

BofA proprietary FX flows in the past four weeks

	Total				Corporate				Official				Hedge funds				Real money			
	t-3	t-2	t-1	t	t-3	t-2	t-1	t	t-3	t-2	t-1	t	t-3	t-2	t-1	t	t-3	t-2	t-1	t
USD	0.00	0.25	-0.46	2.51	-0.41	-0.53	-0.40	2.54	-0.12	-0.25	-0.42	0.09	0.45	1.09	0.95	0.92	0.38	0.58	-0.75	-0.58
EUR	0.39	-0.54	0.45	-2.63	0.45	-0.04	0.83	-3.42	0.48	-0.35	0.34	0.90	1.24	-0.67	-1.62	-0.84	-0.81	-0.56	0.15	0.58
JPY	-0.92	-0.70	-0.03	0.57	0.15	0.67	-0.04	1.27	-0.37	0.07	-0.12	0.58	-1.28	-0.98	-0.93	0.10	-0.46	-0.70	0.42	-0.14
GBP	0.69	0.38	0.14	-1.01	-0.04	0.37	0.15	-1.47	0.24	0.65	0.45	-0.81	0.37	-1.28	0.33	0.65	0.79	0.35	-0.39	0.46
CAD	0.50	-0.63	0.33	0.73	0.47	-0.67	-0.13	1.19	1.08	-0.16	0.41	-0.30	-0.90	-0.31	1.12	-0.65	-0.11	-0.16	-0.30	0.79
AUD	-0.12	0.55	-0.71	-3.71	-0.11	0.40	-1.14	-4.00	1.25	0.50	0.39	-0.30	-1.81	0.05	-0.48	-1.37	0.46	0.28	0.03	-0.38
NZD	-0.51	-0.24	0.26	-0.03	-1.40	-0.03	-0.91	0.72	-0.37	-0.69	0.52	-2.09	-0.31	-0.61	-0.19	0.40	-0.02	0.29	0.55	-0.12
CHF	-0.40	0.02	3.84	0.34	0.01	-0.16	-0.14	0.00	-0.44	3.41	-0.26	0.37	0.99	-0.22	-1.31	-0.34	-1.07	-0.29	4.00	0.53
NOK	0.40	-0.57	0.60	0.15	1.32	0.07	1.45	0.58	0.20	0.25	0.14	0.26	0.14	0.76	0.60	0.21	-0.30	-1.51	-0.51	-0.33
SEK	-2.13	-1.13	0.07	-0.10	-1.88	-0.86	-0.41	-0.68	0.02	0.80	0.08	0.00	0.08	0.89	-0.08	-0.53	-0.69	-1.10	0.64	0.99
G10-xUSD	0.09	-0.68	0.80	-2.74	0.28	0.07	0.47	-3.43	0.94	0.26	0.62	0.10	-0.18	-1.19	-1.27	-0.80	-0.59	-0.75	1.09	0.68
Asia	-1.07	0.71	0.53	-0.45	0.15	1.03	0.94	1.07	-1.18	0.07	-0.11	-0.19	-0.27	0.05	0.19	-0.79	-1.56	-0.02	-0.35	-1.65
EMEA	0.54	-0.12	0.47	0.63	1.80	1.56	1.89	-0.22	-0.28	0.04	-0.10	-0.10	-0.24	-0.88	-0.06	1.20	0.49	-0.12	0.17	0.27
LatAm	1.47	0.12	-1.93	0.82	0.58	1.00	-3.77	-0.69	0.59	0.36	0.84	-0.62	-1.34	-1.36	0.12	0.16	3.12	0.49	-0.37	2.02

Source: BofA Securities

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## Exhibit 9: Snapshot of EM Flows (Z-score)

BofA proprietary FX flows in the past four weeks

	Total				Corporate				Official				Hedge funds				Real money											
	t-3	t-2	t-1	t	t-3	t-2	t-1	t	t-3	t-2	t-1	t	t-3	t-2	t-1	t	t-3	t-2	t-1	t								
LatAm	1.47	0.12	-1.93	0.82	0.58	1.00	-3.77	-0.69	0.59	0.36	0.84	-0.62	-1.34	-1.36	0.12	0.16	3.12	0.49	-0.37	2.02								
BRL	0.83	0.78	-2.84	2.31	-0.40	0.56	-4.00	-0.08	-	-	0.74	1.54	-0.27	-0.03	0.61	0.71	2.27	0.82	-0.96	3.71								
MXN	2.66	-0.64	0.48	-0.76	1.88	0.58	-0.60	-1.67	0.44	0.27	0.31	-1.79	-0.96	-2.02	-0.21	0.94	2.87	0.19	1.10	-0.22								
CLP	-0.65	0.07	0.23	-1.35	0.66	0.70	1.23	0.04	0.14	0.01	0.01	-1.08	-1.27	-0.67	0.56	-0.73	-0.02	0.42	-0.67	-1.09								
COP	0.29	-0.50	-0.93	0.29	-0.25	0.99	0.05	0.60	0.38	-	-	-	0.12	-0.54	-0.69	-0.13	0.16	-0.65	-0.75	0.20								
PEN	-0.62	-0.43	-0.04	-0.98	0.44	0.46	1.77	0.16	-	-	1.77	-4.00	-1.51	-0.06	-1.07	-2.24	0.08	-0.51	0.09	0.55								
ARS	0.01	0.01	-0.51	0.01	0.27	0.27	0.27	0.28	-	-	-	-	0.24	0.24	0.24	0.22	-0.21	-0.21	-0.82	-0.20								
Asia	-1.07	0.71	0.53	-0.45	0.15	1.03	0.94	1.07	-1.18	0.07	-0.11	-0.19	-0.27	0.05	0.19	-0.79	-1.56	-0.02	-0.35	-1.65								
CNY	0.33	-2.28	-0.21	0.18	0.44	0.52	-0.95	0.23	-1.03	-4.00	0.06	-	1.76	3.15	-0.33	-0.31	1.40	-2.76	1.58	0.02								
CNH	-1.50	0.63	1.21	0.43	-1.23	-0.03	2.23	0.36	1.06	3.88	0.60	1.27	-0.74	-0.37	0.04	0.11	-1.13	0.02	-0.45	-0.46								
INR	0.52	0.52	-0.18	-0.15	-0.09	0.82	0.11	1.11	-0.51	-0.51	-0.51	-0.53	1.15	0.21	0.47	-0.57	1.43	1.07	-0.12	-0.30								
KRW	-0.58	0.76	0.20	-1.35	0.84	0.64	0.28	0.41	-4.00	-	0.32	-0.52	0.05	0.40	0.46	-2.31	-2.31	0.36	-0.51	-3.11								
IDR	-0.56	-0.55	-0.11	-0.20	0.03	-0.12	-0.41	0.67	0.12	0.12	0.29	0.11	-0.75	-1.66	-0.38	0.67	-0.26	0.35	0.22	-0.95								
MYR	-0.75	0.69	-0.41	-1.70	0.16	1.40	-1.03	-1.74	-	-	0.41	-0.60	-0.06	-1.14	0.26	0.09	-1.14	-0.39	0.48	-0.44								
SGD	-0.29	0.50	0.70	0.40	-0.96	0.79	0.12	-0.77	0.06	3.68	1.00	0.44	0.02	0.19	0.49	0.51	-0.07	-1.79	-0.09	0.15								
TWD	-1.28	0.94	-0.55	0.92	0.25	0.25	0.35	2.38	-	0.11	-2.74	-3.39	-0.18	0.67	-0.63	-1.05	-1.80	0.57	-0.28	0.80								
THB	-0.13	0.38	0.02	-1.53	1.76	1.44	1.90	-0.49	-0.33	-0.55	-0.08	-0.92	-0.48	0.28	-0.55	-1.25	-0.57	-0.15	-0.53	-0.29								
EMEA	0.54	-0.12	0.47	0.63	1.80	1.56	1.89	-0.22	-0.28	0.04	-0.10	-0.10	-0.24	-0.88	-0.06	1.20	0.49	-0.12	0.17	0.27								
TRY	-0.98	0.63	-0.37	-0.24	0.30	0.73	-0.14	-1.43	-0.29	-0.30	-0.30	-0.27	-2.24	-0.82	-0.45	0.39	-0.30	1.00	-0.12	0.66								
HUF	1.65	1.18	0.09	0.41	0.16	0.71	0.55	0.88	-0.76	0.20	0.21	0.32	2.36	-1.11	-0.52	1.10	0.83	1.64	0.14	-0.39								
PLN	0.77	-0.16	0.42	0.51	0.35	-0.31	1.86	-0.14	-0.48	0.25	0.22	0.18	-0.02	0.43	-0.49	-0.08	0.90	-0.34	0.11	0.71								
ILS	0.10	-0.01	0.01	0.38	3.58	1.84	1.53	-0.27	-0.17	-0.17	-0.17	-0.17	-0.31	-0.41	0.43	1.22	-1.63	-0.66	-1.22	0.10								
CZK	-0.46	-0.80	0.54	-0.56	-0.67	0.24	-0.21	-0.64	0.16	0.16	0.15	0.16	-0.30	0.15	0.31	-0.02	-0.09	-1.66	0.65	-0.58								
ZAR	-0.21	-0.68	0.24	0.97	0.36	0.54	-0.26	1.40	-0.11	1.15	-0.01	-0.12	-0.67	-1.38	0.14	1.08	0.13	-0.14	0.29	0.14								
KEY:																												
	Z>2				2>Z>1.5				1.5>Z>1				1>Z>-1				-1>Z>-1.5				-1.5>Z>-2				Z<-2			

Source: BofA Securities; Note: The Z-score is calculated as the weekly flow minus the 2-year average flow, divided by the 2-year standard deviation of flows. A positive (negative) number does not necessarily suggest buying (selling), as it is expressed relative to the 2-year average flow and depends on whether the latter is a positive or a negative number. In this context, the arrows indicate whether our flow, and not the Z-score, is positive or negative, suggesting buying or selling. Weeks with no flow are marked with '-'.  
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# Positioning Scorecard

## Exhibit 10: G10 FX Positioning Scorecard

50 (-50) represents a max long (short) positioning relative to history

Currency	BofA HF	BofA RM	FXRS	COT	TFF LF	TFF AM	EPFR	Aggregate Positioning Signal	Change in positioning	MAA Breadth
NOK	34	3	24	-	-	-	41	20	↓	3 ↔
EUR	-18	9	-8	11	2	44	26	6	↓	-3 ↔
GBP	21	23	-13	20	13	-19	44	5	↑	4 ↑
JPY	7	15	14	-28	-18	-14	49	1	↓	-9 ↓↓
USD	25	-5	-4	-3	0	-27	50	-2	↑	3 ↔
AUD	-16	26	18	-34	3	-50	47	-4	↓	-7 ↓↓
CAD	15	-11	-14	-1	-13	-7	49	-6	↑	3 ↔
SEK	8	-20	-7	-	-	-	36	-6	↑	3 ↔
CHF	-16	-10	-	-8	7	-12	41	-8	↑	7 ↑↑
NZD	-23	-32	9	-2	8	-23	47	-12	↓	-3 ↔

Source: BofA Global Research, Bloomberg, EPFR Global; See appendix for details; HF: Hedge Fund, RM Real Money, FXRS: FX and Rates Sentiment Survey

Note: Aggregate positioning is the unweighted average of BofA HF, BofA RM, FXRS, TFF LF and TFF AM

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## Exhibit 11: EM FX Positioning Scorecard

50 (-50) represents a max long (short) positioning relative to history

Currency	BofA HF	BofA RM	FXRS	COT	TFF LF	TFF AM	EPFR	Aggregate Positioning Signal	Change in positioning	MAA trend
HUF	30	23	-	-	-	-	21	26	↑	↑
INR	31	21	-	-	-	-	50	26	↓	↓
CZK	18	20	-	-	-	-	43	19	↓	↑
PLN	1	28	-	-	-	-	-15	15	↑	↓
CLP	28	-4	-	-	-	-	46	12	↓	↑
CNH	-6	26	-	-	-	-	0	10	↓	↔
MYR	19	-6	-	-	-	-	38	7	↑	↑
MXN	-47	18	-	19	8	45	47	6	↑	↔
ILS	1	9	-	-	-	-	49	5	↑	↔
BRL	-42	31	-	14	-4	27	44	3	↓	↑
THB	-12	16	-	-	-	-	30	2	↓	↑
COP	34	-35	-	-	-	-	47	0	↑	↓
IDR	22	-31	-	-	-	-	7	-5	↓	↓
PEN	-48	29	-	-	-	-	36	-10	↓	↑
ARS	-39	11	-	-	-	-	50	-14	↑	↑
TRY	-40	9	-	-	-	-	10	-16	↑	↑
TWD	-22	-14	-	-	-	-	31	-18	↓	↔
CNY	-3	-45	-	-	-	-	44	-24	↓	↔
ZAR	-28	-21	-	-	-	-	47	-25	↑	↑
KRW	-18	-39	-	-	-	-	44	-29	↓	↑
SGD	-31	-34	-	-	-	-	45	-33	↑	↔

Source: BofA Global Research, Bloomberg, EPFR Global; See appendix for details; HF: Hedge Fund, RM Real Money, FXRS: FX and Rates Sentiment Survey

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## Data appendix

BofA Securities Proprietary FX Flows represent the aggregated net base notional of spot and forward trades for sales-only data on a firm-wide basis for the 31 major currencies we track. We filter the data by customer type, which we categorize as Hedge Funds, Corporates, Real Money and Official Institutions. For the purposes of this report we exclude interbank flows, which would include commercial banks, proprietary trading, broker/dealer and affiliates. Indexed data is available upon request.

The currencies used in building this report are defined as:

- **G10:** USD, EUR, JPY, AUD, NZD, CAD, GBP, CHF, NOK, SEK
- **LatAm:** BRL, MXN, CLP, COP, PEN, ARS
- **ASIA:** CNH, CNY, INR, KRW, IDR, MYR, SGD, TWD, THB
- **EMEA:** TRY, HUF, PLN, ILS, CZK, ZAR, RUB

**Emerging Markets** is defined as the sum of LatAm, Asia and EMEA.

**Public/Official:** Central Banks, Government – including federal, state and local municipality clients – and Sovereign Wealth Funds.

**Real Money:** Pension Funds, REITs, Small Institutions/Trusts, Insurance, Asset Management and Finance Companies. RM clients will often trade FX to facilitate transactions in Fixed Income or Equities rather than to take a view on FX itself.

**Hedge Funds:** Usually limited-partnership funds with diverse, often leveraged strategies designed to maximize returns. HF flow is speculative in nature, and many HF trade FX as an asset class

**Corporates:** Businesses across all industries whose investment efforts focus mostly on operative activities, such as hedging and M&A. Corporate FX flow is not speculative in nature but arises as a 'by-product' of normal business operations.

**EPFR GLOBAL data** on country flows combine the respective fund flow and country weightings data to track the flow of money into world stock and bond markets. Fund flow reports track the amount of cash flowing into and out of the investment funds monitored world-wide. Country weightings reports track fund manager allocations at month-end across the various markets they invest in. By combining these two data sets we are able to estimate the flow of cash into and out of various stock and bond markets.

### Note on Aggregate Positioning

We calculate aggregate positioning using a number of different inputs:

- (i) Proprietary BofA Securities FX flows data for hedge funds and real money
- (ii) Futures data, using the TFF (Traders in Financial Futures) data for leveraged funds and asset managers separately.
- (iii) BofA Global Research [FXRS: FX and Rates Sentiment Survey](#) data

The signals are all considered relative to the start of 2012 (i.e. an expanding window) and each signal is scaled to be between +50 and -50. The aggregate signal is the simple average of all the inputs.

+50 (-50) represents a max long (short) positioning *relative to history*.

For more detail on the construction and use of this report, please see our [LCBF Primer](#)



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