

Liquid Cross Border Flows

Carry me away

Key takeaways

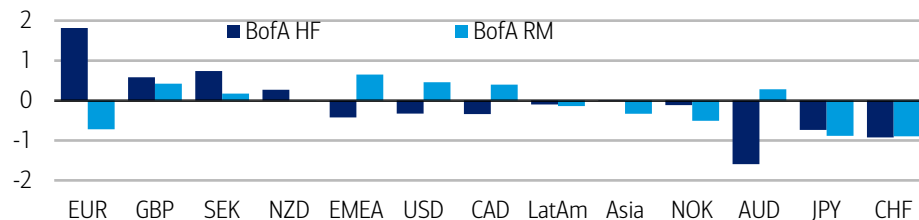
- CHF and JPY supply stood out last week. Current positioning for CHF is bullish vs past year, but that for JPY is bearish.
- EUR flows moved sideways for second week in a row. Hedge Funds continued adding to their AUD shorts.
- EM FX: our net FX flows were light last week, esp. in EMEA. Most EM FX positions are light, esp. outside Asia EM.

CHF and JPY under pressure

Investors sold CHF and JPY last week, adding to their CHF shorts and turning almost neutral JPY (Exhibit 1, Exhibit 10). But, within the past year's timeframe, the latest CHF positioning stands out slightly bullishly and the JPY positioning bearishly (Exhibit 2).

Exhibit 1: BofA proprietary investor flows last week (2-year z-score)

CHF and JPY were sold last week by both Hedge Funds and Real Money

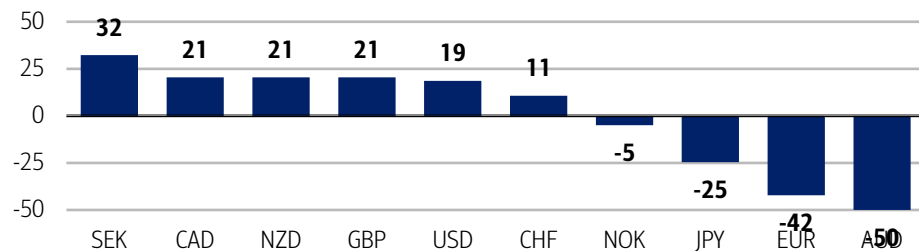


Source: BofA Securities

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Exhibit 2: Latest positioning relative to the past year (1Y percentile, scaled +50 to -50)

Seen through the lens of the past year, CHF positioning stands out bullishly but JPY positioning bearishly



Source: BofA Securities, Bloomberg

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12 February 2024

Currency Strategy
Global

BofA

Data
Analytics



Michalis Rousakis

FX Strategist
MLI (UK)
+44 20 7995 0336
michalis.rousakis@bofa.com

Athanasios Vamvakidis

FX Strategist
MLI (UK)
+44 20 7995 0279
athanasios.vamvakidis@bofa.com

See Team Page for List of Analysts

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Refer to important disclosures on page 6 to 8.

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Timestamp: 12 February 2024 12:37PM EST

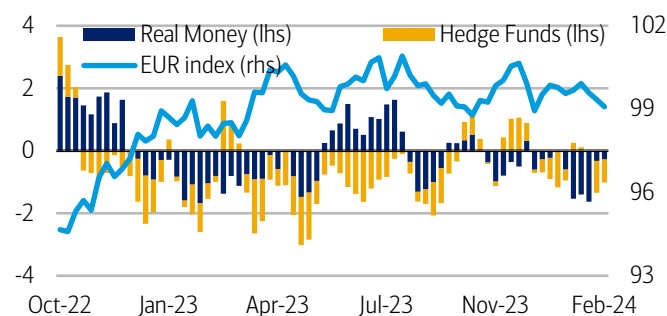
EUR flows sideways, AUD selling continued

EUR flows stayed mixed last week—with HF buying it from a short position and RM Money continuing reducing their longs (Exhibit 1). This followed strong selling in 2H '23 and the first weeks of '24 (Exhibit 3). While the EUR positioning still seems to lag sentiment (FXRS 9 Feb 24), we suspect good part of EUR bearishness is in the price.

Meanwhile, Hedge Funds continued selling AUD, which has been supplied the most this year within G10 FX (FX flows in '24 8 Feb 24), also amid continued China bearishness.

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

EUR positioning still seems to lag sentiment but we suspect at least some part of EUR bearishness is priced

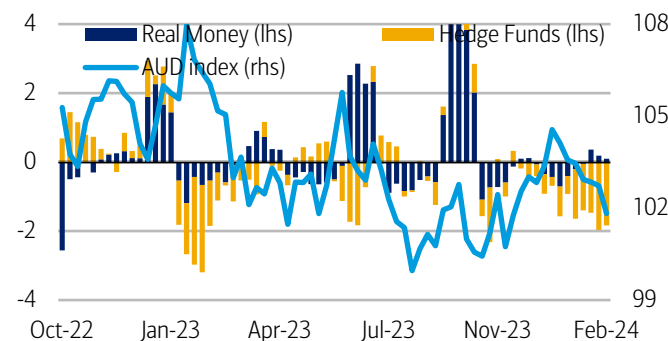


Source: BofA Securities, Bloomberg

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

AUD has been under strong pressure by Hedge Funds in recent weeks



Source: BofA Securities, Bloomberg

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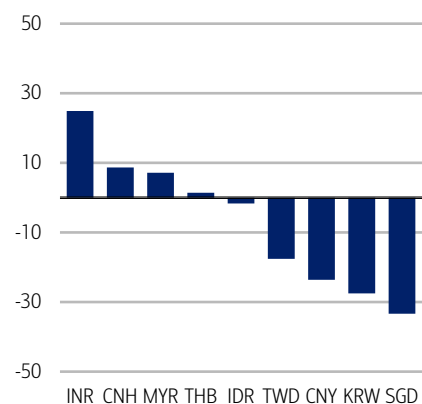
EM FX: mostly light flows meeting mostly light positions

Net EM FX flows were light last week, especially in EMEA (Exhibit 9). In LatAm, PEN remained under Hedge Funds' pressure. In Asia, Hedge Funds bought KRW and TWD, while Real Money bought IDR and sold INR.

Taking a step back, EM FX positioning seems light in most cases. In Asia, it is long for INR, and short for SGD, KRW, CNY and TWD (Exhibit 5). In EMEA, we find the market long HUF and short ZAR (Exhibit 6). In LatAm, most positions look light (Exhibit 7).

Exhibit 5: Asia EM FX aggregate positioning

Market long INR but short SGD, KRW, CNY, TWD

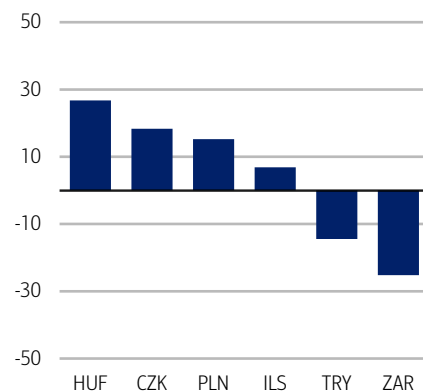


Source: BofA Securities. We assign equal weights to BofA Hedge Fund and BofA Real Money positioning.

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Exhibit 6: EMEA EM FX aggregate positioning

Market long HUF and short ZAR

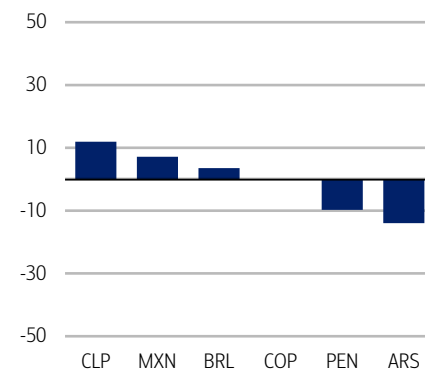


Source: BofA Securities. We assign equal weights to BofA Hedge Fund and BofA Real Money positioning.

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Exhibit 7: LatAm FX aggregate positioning

All LatAm FX positions seem light



Source: BofA Securities. We assign equal weights to BofA Hedge Fund and BofA Real Money positioning and to the CFTC data in the case of BRL and MXN.

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

[Liquid Cross Border Flows: Flows data 12 February 2024](#)

[Liquid Cross Border Flows: Positioning data 12 February 2024](#)

[Liquid Cross Border Flows: Charts and Tables 12 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	0.25	-0.46	2.54	-0.32	-0.53	-0.40	2.53	-0.45	-0.25	-0.42	0.08	0.03	1.09	0.95	0.97	-0.33	0.58	-0.75	-0.55	0.46
EUR	-0.54	0.45	-2.66	0.38	-0.04	0.83	-3.42	0.20	-0.35	0.34	0.90	0.62	-0.67	-1.62	-0.95	1.81	-0.56	0.15	0.58	-0.72
JPY	-0.70	-0.03	0.58	-0.72	0.67	-0.04	1.27	0.50	0.07	-0.12	0.58	0.85	-0.98	-0.93	0.11	-0.74	-0.70	0.42	-0.14	-0.89
GBP	0.38	0.14	-1.01	0.39	0.37	0.15	-1.47	0.11	0.65	0.45	-0.82	-0.40	-1.28	0.33	0.66	0.58	0.35	-0.39	0.46	0.42
CAD	-0.63	0.33	0.75	0.05	-0.67	-0.13	1.19	0.23	-0.16	0.41	-0.27	-0.38	-0.31	1.12	-0.65	-0.34	-0.16	-0.30	0.79	0.40
AUD	0.55	-0.71	-3.71	-0.12	0.40	-1.14	-4.00	0.00	0.50	0.39	-0.30	1.53	0.05	-0.48	-1.37	-1.59	0.28	0.03	-0.38	0.28
NZD	-0.24	0.26	-0.03	-0.05	-0.03	-0.91	0.72	-0.20	-0.69	0.52	-2.09	-1.29	-0.61	-0.19	0.40	0.27	0.29	0.55	-0.12	0.01
CHF	0.02	3.84	0.34	-0.96	-0.16	-0.14	0.00	0.09	3.41	-0.26	0.37	0.21	-0.22	-1.31	-0.34	-0.93	-0.29	4.00	0.53	-0.90
NOK	-0.57	0.60	0.15	-0.20	0.07	1.45	0.58	0.63	0.25	0.14	0.26	0.27	0.76	0.60	0.21	-0.11	-1.51	-0.51	-0.33	-0.51
SEK	-1.13	0.07	-0.10	0.64	-0.86	-0.41	-0.68	0.24	0.80	0.08	-0.01	0.12	0.89	-0.08	-0.53	0.74	-1.10	0.64	0.99	0.18
G10-xUSD	-0.68	0.80	-2.76	0.08	0.07	0.47	-3.43	0.34	0.26	0.62	0.11	0.32	-1.19	-1.27	-0.86	0.41	-0.75	1.09	0.68	-0.74
Asia	0.71	0.53	-0.45	-0.08	1.03	0.94	1.07	0.37	0.07	-0.11	-0.19	-0.53	0.05	0.19	-0.80	-0.01	-0.02	-0.35	-1.65	-0.33
EMEA	-0.12	0.47	0.63	0.11	1.56	1.89	-0.22	-0.18	0.04	-0.10	-0.10	-0.45	-0.88	-0.06	1.20	-0.43	-0.12	0.17	0.27	0.65
LatAm	0.12	-1.93	0.73	0.07	1.00	-3.77	-0.69	0.27	0.36	0.84	-0.62	0.46	-1.36	0.12	0.16	-0.10	0.49	-0.37	1.87	-0.14

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	0.12	-1.93	0.73	0.07	1.00	-3.77	-0.69	0.27	0.36	0.84	-0.62	0.46	-1.36	0.12	0.16	-0.10	0.49	-0.37	1.87	-0.14								
BRL	0.78	-2.84	2.19	-0.54	0.56	-4.00	-0.08	-0.04	-	0.74	1.54	0.18	-0.03	0.61	0.71	-0.22	0.82	-0.96	3.48	-0.82								
MXN	-0.64	0.48	-0.76	0.93	0.58	-0.60	-1.67	0.45	0.27	0.31	-1.79	0.46	-2.02	-0.21	0.94	0.88	0.19	1.10	-0.22	0.17								
CLP	0.07	0.23	-1.35	-0.09	0.70	1.23	0.04	0.69	0.01	0.01	-1.08	0.02	-0.67	0.56	-0.73	-0.59	0.42	-0.67	-1.09	0.15								
COP	-0.50	-0.93	0.29	0.35	0.99	0.05	0.60	0.10	-	-	-	-	-0.54	-0.69	-0.13	0.13	-0.65	-0.75	0.20	0.21								
PEN	-0.43	-0.04	-0.98	0.16	0.46	1.77	0.16	0.02	-	1.77	-4.00	-	-0.06	-1.07	-2.24	-1.00	-0.51	0.09	0.55	0.73								
ARS	0.01	-0.51	0.01	0.00	0.27	0.27	0.28	0.27	-	-	-	-	0.24	0.24	0.22	0.22	-0.21	-0.82	-0.20	-0.20								
Asia	0.71	0.53	-0.45	-0.08	1.03	0.94	1.07	0.37	0.07	-0.11	-0.19	-0.53	0.05	0.19	-0.80	-0.01	-0.02	-0.35	-1.65	-0.33								
CNY	-2.28	-0.21	0.18	-0.69	0.52	-0.95	0.23	0.26	-4.00	0.06	-	-1.88	3.15	-0.33	-0.31	-0.31	-2.76	1.58	0.02	0.56								
CNH	0.63	1.21	0.44	-0.64	-0.03	2.23	0.36	-0.64	3.88	0.60	1.27	1.91	-0.37	0.04	0.12	-0.60	0.02	-0.45	-0.46	-0.69								
INR	0.52	-0.18	-0.15	-0.88	0.82	0.11	1.11	-0.03	-0.51	-0.51	-0.53	-0.51	0.21	0.47	-0.57	-0.16	1.07	-0.12	-0.30	-1.16								
KRW	0.76	0.20	-1.36	1.00	0.64	0.28	0.41	0.47	-	0.32	-0.52	-	0.40	0.46	-2.36	1.54	0.36	-0.51	-3.11	0.57								
IDR	-0.55	-0.11	-0.20	2.55	-0.12	-0.41	0.67	0.46	0.12	0.29	0.11	-0.33	-1.66	-0.38	0.67	0.09	0.35	0.22	-0.95	2.67								
MYR	0.69	-0.41	-1.70	-0.21	1.40	-1.03	-1.74	-0.65	-	0.41	-0.60	-	-1.14	0.26	0.09	0.10	-0.39	0.48	-0.44	0.38								
SGD	0.50	0.70	0.39	-0.58	0.79	0.12	-0.77	0.03	3.68	1.00	0.44	-0.33	0.19	0.49	0.49	-0.31	-1.79	-0.09	0.15	-0.41								
TWD	0.94	-0.55	0.93	0.85	0.25	0.35	2.38	1.62	0.11	-2.74	-3.39	-	0.67	-0.63	-1.04	1.02	0.57	-0.28	0.80	-0.78								
THB	0.38	0.02	-1.53	-0.33	1.44	1.90	-0.49	1.00	-0.55	-0.08	-0.92	-0.49	0.28	-0.55	-1.26	-0.45	-0.15	-0.53	-0.29	-0.39								
EMEA	-0.12	0.47	0.63	0.11	1.56	1.89	-0.22	-0.18	0.04	-0.10	-0.10	-0.45	-0.88	-0.06	1.20	-0.43	-0.12	0.17	0.27	0.65								
TRY	0.63	-0.37	-0.24	0.74	0.73	-0.14	-1.43	0.55	-0.30	-0.30	-0.27	-0.27	-0.82	-0.45	0.39	-0.22	1.00	-0.12	0.66	0.90								
HUF	1.18	0.09	0.41	0.36	0.71	0.55	0.88	-0.29	0.20	0.21	0.32	-1.62	-1.11	-0.52	1.10	-0.38	1.64	0.14	-0.39	0.82								
PLN	-0.16	0.42	0.51	0.33	-0.31	1.86	-0.14	0.52	0.25	0.22	0.16	-0.48	0.43	-0.49	-0.08	0.02	-0.34	0.11	0.71	0.26								
ILS	-0.01	0.01	0.38	0.32	1.84	1.53	-0.27	-0.45	-0.17	-0.17	-0.17	-0.17	-0.41	0.43	1.22	0.80	-0.66	-1.22	0.10	0.51								
CZK	-0.80	0.54	-0.56	-0.58	0.24	-0.21	-0.64	-0.04	0.16	0.15	0.16	-0.56	0.15	0.31	-0.02	-0.62	-1.66	0.65	-0.58	-0.16								
ZAR	-0.68	0.24	0.97	-0.54	0.54	-0.26	1.40	-1.08	1.15	-0.01	-0.12	-0.12	-1.38	0.14	1.08	-0.62	-0.14	0.29	0.14	0.04								
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	2	34	-	-	-	41	23	↑	6
GBP	23	23	-7	20	15	-25	44	6	↑	3
EUR	-13	7	-14	8	-1	41	26	4	↓	-4
USD	25	-4	3	2	3	-23	50	1	↑	1
JPY	5	13	10	-27	-17	-15	50	-1	↓	-9
CAD	14	-11	7	-5	-17	-3	49	-2	↑	2
AUD	-23	27	23	-38	5	-50	47	-4	↓	-7
SEK	10	-19	-13	-	-	-	36	-8	↓	5
CHF	-19	-13	-	-11	0	-11	41	-11	↓	0
NZD	-23	-32	7	2	7	-17	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	28	25	-	-	-	-	22	27	↑	↑
INR	31	19	-	-	-	-	50	25	↓	↓
CZK	17	20	-	-	-	-	43	18	↓	↑
PLN	1	29	-	-	-	-	-14	15	↑	↓
CLP	27	-3	-	-	-	-	46	12	↓	↑
CNH	-8	25	-	-	-	-	0	9	↓	↑
MYR	19	-5	-	-	-	-	38	7	↑	↑
MXN	-44	19	-	20	9	45	48	7	↑	↓
ILS	4	10	-	-	-	-	49	7	↑	↔
BRL	-43	30	-	19	-8	35	44	4	↑	↑
THB	-13	16	-	-	-	-	30	1	↓	↑
COP	34	-35	-	-	-	-	47	0	↑	↓
IDR	22	-25	-	-	-	-	7	-2	↑	↓
PEN	-50	30	-	-	-	-	36	-10	↓	↑
ARS	-38	10	-	-	-	-	50	-14	↑	↑
TRY	-41	12	-	-	-	-	10	-14	↑	↑
TWD	-20	-15	-	-	-	-	31	-18	↑	↔
CNY	-3	-44	-	-	-	-	44	-24	↑	↔
ZAR	-29	-21	-	-	-	-	47	-25	↓	↑
KRW	-17	-38	-	-	-	-	44	-28	↑	↑
SGD	-32	-35	-	-	-	-	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:

- Proprietary BofA Securities FX flows data for hedge funds and real money
- Futures data, using the TFF (Traders in Financial Futures) data for leveraged funds and asset managers separately.
- 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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Research Analysts

Athanasios Vamvakidis

FX Strategist

MLI (UK)

athanasios.vamvakidis@bofa.com

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