

Liquid Cross Border Flows

BoJ fears for tears

Key takeaways

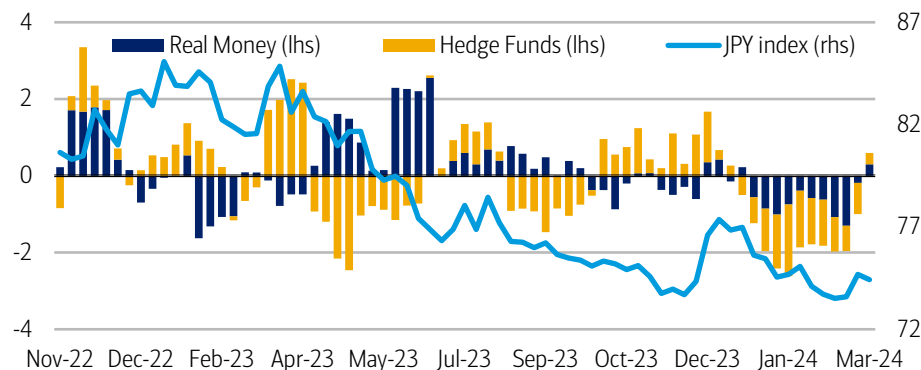
- JPY flows turned positive into the BoJ, having been negative in recent months. USDJPY positioning slightly long and HF driven
- GBP flows turned negative into the BoE. Real Money has been net GBP buyers this year but Hedge Funds have reduced their longs
- Recent G10 bond flows have been very similar, but equity flows way more mixed and likely USD-supportive

JPY flows turned positive into the BoJ

Into the BoJ our investor JPY flows turned positive, after being negative this year (Exhibit 1). We find the market positioning slightly long for USDJPY and Hedge Funds-driven from slightly short at the start of the year (Exhibit 8). Details always matter but our base case suggests buying USDJPY dips around the BoJ (see also [BoJ preview 13 Mar 24](#)).

Exhibit 1: BofA Hedge Fund and Real Money 4-week JPY flows (z-score) and JPY TWI

Into the BoJ our investor JPY flows turned positive, after being negative for most of the past weeks



Source: BofA Securities, Bloomberg

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18 March 2024

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Refer to important disclosures on page 6 to 7.

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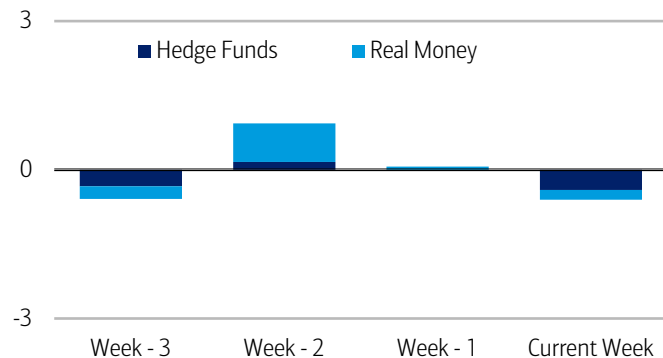
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GBP profit-taking continues into BoE

Investors, led by Hedge Funds, likely took profit ahead of the BoE (Exhibit 2). While Real Money has been net GBP buyers this year, Hedge Funds have meaningfully reduced their long GBP exposure (Exhibit 3, Exhibit 8).

Exhibit 2: BofA weekly indexed investor GBP flow

Investors, led by Hedge Funds, likely took profit ahead of the BoE

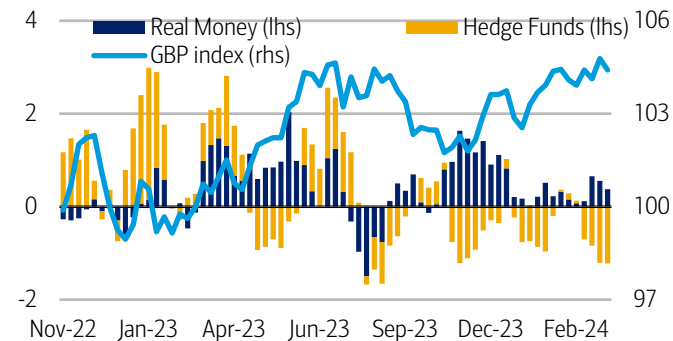


Source: BofA Securities

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Exhibit 3: BofA investor 4-week GBP flows (z-score) and GBP TWI

Real Money has been net GBP buyers this year, Hedge Funds have meaningfully reduced their long exposure



Source: BofA Securities, Bloomberg

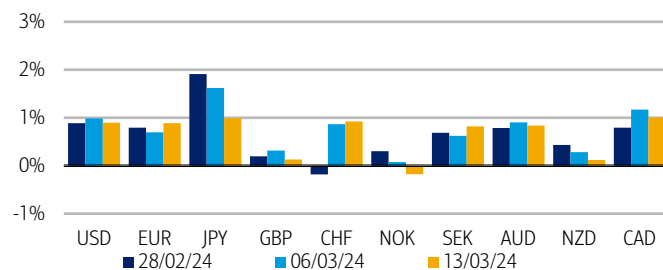
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More divergence in equity flows

While recent fixed income flows have been very similar across the G10 (Exhibit 4), equity flows have been way more mixed and likely supportive of USD (Exhibit 5).

Exhibit 4: G10 bond flow (4-week bond flow as % of AUM)

Fixed income flows have been fairly similar across the G10...

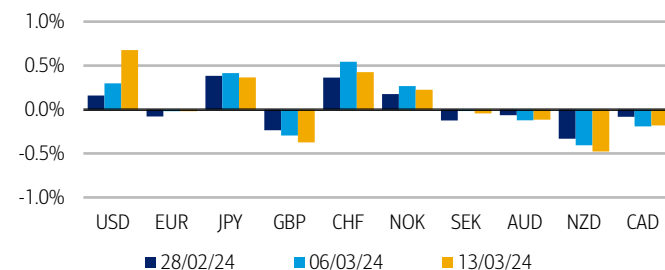


Source: EPFR, BofA Global Research

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Exhibit 5: G10 equity flow (4-week equity flow as % of AUM)

...but equity flows have been way more mixed



Source: EPFR, BofA Global Research

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

[Liquid Cross Border Flows: Flows data 18 March 2024](#)

[Liquid Cross Border Flows: Positioning data 18 March 2024](#)

[Liquid Cross Border Flows: Charts and Tables 18 March 2024](#)

Snapshot of flows

Exhibit 6: 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	0.38	0.33	-2.07	-0.60	0.27	0.90	-0.30	-0.73	0.95	0.31	-0.48	-0.31	0.57	-1.15	-0.89	-0.50	-0.73	-0.16	-2.37	0.71
EUR	-0.40	-0.25	0.75	0.49	-1.04	-0.52	-0.24	0.66	-1.23	-0.15	1.90	0.27	2.36	1.91	0.28	0.35	0.40	-0.46	1.05	-0.47
JPY	-0.40	-1.38	1.19	0.83	0.44	-2.73	-0.47	0.37	-0.10	0.97	2.39	-0.54	-0.31	0.64	-1.06	1.37	-0.51	-0.65	1.60	0.23
GBP	-0.22	-0.87	0.20	0.51	0.41	-2.06	0.15	1.28	0.08	-0.23	0.12	0.16	-1.22	0.40	-0.16	-1.53	-0.37	1.36	0.13	-0.33
CAD	-0.58	0.16	0.39	-1.41	-0.12	0.51	0.36	-0.38	0.23	-0.06	-0.33	-0.07	-2.66	-0.48	0.08	0.37	0.26	0.14	0.55	-1.95
AUD	0.00	0.25	1.64	0.63	0.43	0.11	1.42	0.73	-0.73	-0.25	0.74	0.90	-1.14	0.55	2.01	-1.01	0.38	-0.04	-0.49	0.52
NZD	0.29	-0.35	-0.28	-0.35	-3.06	0.36	-0.28	0.89	-0.65	0.05	0.08	-0.57	0.50	-0.43	-0.66	-1.20	0.73	-0.21	0.17	0.34
CHF	-1.23	-0.53	0.43	0.38	-0.15	0.45	0.11	1.01	0.01	0.49	-3.04	0.44	-0.80	-0.75	1.92	-0.76	-0.97	-0.90	-0.01	-0.38
NOK	-0.13	-0.56	-0.91	0.41	0.28	-0.80	0.00	1.27	0.26	0.27	-3.56	0.23	-1.95	-0.19	0.05	-0.02	1.39	-0.18	-0.39	-0.14
SEK	-1.88	1.47	0.67	0.03	-0.72	0.67	-0.33	-0.11	0.05	2.89	4.00	-0.83	-3.98	2.68	0.34	0.90	0.44	-0.52	0.58	-0.21
G10-xUSD	-0.90	-0.81	1.42	0.62	-0.64	-1.24	0.04	1.14	-0.68	0.05	1.32	0.16	-0.67	1.65	0.50	-0.02	0.07	-0.39	1.59	-0.72
Asia	0.44	0.35	0.99	0.28	0.59	0.70	0.73	-0.38	-0.83	-0.35	-1.16	-0.13	0.03	-0.01	0.76	0.44	0.85	0.09	1.34	0.84
EMEA	0.15	-0.90	0.45	-0.59	2.79	-0.05	0.40	-0.57	-0.07	-0.19	-0.14	0.38	-1.27	-1.27	0.87	-0.71	0.14	-0.39	-0.05	-0.31
LatAm	1.06	2.15	0.66	0.17	-0.24	-0.26	0.21	-0.81	2.49	-1.11	0.40	1.65	-0.57	0.70	-0.63	1.04	1.79	3.49	1.31	-0.39

Source: BofA Securities

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Exhibit 7: 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	1.06	2.15	0.66	0.17	-0.24	-0.26	0.21	-0.81	2.49	-1.11	0.40	1.65	-0.57	0.70	-0.63	1.04	1.79	3.49	1.31	-0.39								
BRL	0.86	2.31	-0.10	0.08	-0.66	0.01	0.40	-1.08	-	0.18	0.40	-0.20	0.40	0.74	-1.21	1.82	2.08	3.60	0.22	-0.03								
MXN	0.45	0.09	2.51	0.74	0.29	-1.06	-0.75	-0.03	0.45	-1.03	0.17	1.19	-0.90	-0.05	0.29	0.45	0.97	1.08	3.58	0.39								
CLP	0.12	0.60	-0.19	-0.14	0.79	0.76	0.82	0.60	4.00	-0.07	-0.08	4.00	-1.06	0.38	-0.49	-1.80	-0.78	0.19	-0.11	0.25								
COP	0.85	0.27	-1.19	1.85	0.11	0.39	0.38	0.21	-	-0.50	0.21	-	-0.50	-0.65	-0.47	1.53	1.63	1.26	-1.50	0.77								
PEN	0.19	1.01	-0.35	-2.81	1.39	0.32	0.23	0.38	-	-4.00	0.16	-0.68	0.73	1.59	1.41	-0.10	-0.46	0.63	-1.22	-2.86								
ARS	-0.05	1.84	-0.08	1.14	0.22	0.22	0.20	0.19	-	-	-	-	0.22	0.22	0.22	3.52	-0.22	1.90	-0.24	-0.24								
Asia	0.44	0.35	0.99	0.28	0.59	0.70	0.73	-0.38	-0.83	-0.35	-1.16	-0.13	0.03	-0.01	0.76	0.44	0.85	0.09	1.34	0.84								
CNY	0.03	0.13	-1.37	0.90	-0.84	0.09	0.33	0.53	1.06	-	-2.07	0.57	1.77	-0.30	-0.07	-0.31	-0.35	0.14	-1.61	0.86								
CNH	0.40	-0.03	0.60	-0.44	0.39	0.35	0.53	-0.26	-0.12	0.01	0.02	-0.99	-0.06	-0.19	0.21	-0.42	0.66	-0.15	0.29	0.79								
INR	0.41	-1.06	1.44	-0.56	0.41	-0.50	-0.34	-2.67	-0.51	-0.46	-0.51	-0.51	0.93	-0.46	2.33	1.62	0.68	-0.86	3.08	1.23								
KRW	0.21	1.04	-0.38	0.06	0.71	0.74	0.48	0.50	-	-	0.12	-	-0.93	0.90	-2.06	-1.23	-0.37	0.57	-0.69	-0.09								
IDR	1.73	1.45	2.91	-0.47	0.47	0.61	0.15	0.75	-0.39	0.12	0.11	0.11	0.41	0.46	-0.35	-0.48	1.59	1.07	3.32	-0.58								
MYR	0.76	-0.92	-0.22	2.30	-0.54	1.07	0.19	1.80	1.03	-0.63	-	-	0.07	0.29	0.80	-1.27	1.53	-2.26	-0.53	1.23								
SGD	-0.85	-0.13	1.52	2.97	-0.30	0.13	-0.59	0.26	-3.90	0.03	0.00	2.61	0.70	-0.29	1.90	1.99	-0.05	0.07	0.41	0.79								
TWD	-0.59	0.69	0.70	0.48	0.33	0.62	1.75	0.39	-	0.40	-0.36	-	-1.14	0.64	-0.50	0.38	-0.13	-0.03	0.20	0.08								
THB	0.02	1.01	-2.58	-2.21	0.50	0.94	0.39	-0.23	-0.19	-0.06	0.08	-0.07	-0.17	-0.60	0.41	-0.14	0.00	1.61	-4.00	-2.98								
EMEA	0.15	-0.90	0.45	-0.59	2.79	-0.05	0.40	-0.57	-0.07	-0.19	-0.14	0.38	-1.27	-1.27	0.87	-0.71	0.14	-0.39	-0.05	-0.31								
TRY	-0.82	-1.65	-1.34	-0.29	0.28	0.40	0.09	-0.71	4.00	-0.27	-2.84	-0.21	-0.78	-2.02	-1.35	0.16	-1.27	-1.28	-0.96	-0.02								
HUF	-0.15	-1.40	0.71	-1.35	-0.63	-0.13	0.15	0.23	0.24	0.18	0.16	3.07	-0.35	0.06	-0.42	-0.36	0.21	-1.59	0.92	-1.63								
PLN	1.02	0.23	0.42	0.19	1.57	-0.10	0.48	0.42	0.18	0.23	0.21	0.21	0.76	0.39	-0.18	-0.02	0.30	0.10	0.41	0.05								
ILS	0.46	0.75	0.25	-0.79	2.74	0.60	-0.32	-0.34	-0.17	-0.26	-0.17	-0.06	-0.92	0.52	1.80	-1.59	0.21	1.11	-0.75	0.24								
CZK	-0.04	0.17	-0.27	-0.28	0.87	-0.65	0.78	-0.11	0.11	0.18	0.20	0.78	-0.30	-0.35	-0.69	-1.03	-0.10	0.91	-0.02	0.67								
ZAR	-0.92	-1.75	0.55	0.31	1.56	-0.40	-0.28	-1.71	-0.85	-0.07	-0.10	0.80	-2.09	-2.29	2.00	0.82	0.03	-0.46	-0.79	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 8: 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	30	-1	23	-	-	-	41	17	↓	0 ↔
EUR	1	8	-10	10	1	38	26	8	↑	5 ↑
GBP	11	27	-14	29	8	-7	44	5	↓	8 ↑↑
USD	23	-3	1	3	5	-18	50	2	↓	0 ↔
AUD	-18	17	39	-38	-4	-44	47	-2	↑	0 ↔
JPY	4	12	7	-26	-24	-11	50	-3	↑	-8 ↓↓
NZD	-28	-32	32	4	5	-7	46	-6	↑	-2 ↔
SEK	12	-20	-13	-	-	-	36	-7	↑	8 ↑↑
CAD	2	-12	9	-16	-11	-25	49	-7	↓	-4 ↓
CHF	-26	-23	-	-21	-7	-11	41	-17	↓	-8 ↓↓

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 9: 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
INR	37	26	-	-	-	-	50	31	↑	↓
HUF	25	16	-	-	-	-	22	20	↓	↑
PLN	5	32	-	-	-	-	-11	18	↑	↓
CZK	11	22	-	-	-	-	43	16	↓	↑
MXN	-48	41	-	19	7	39	48	10	↓	↓
CLP	22	-2	-	-	-	-	46	10	↓	↑
CNH	-11	26	-	-	-	-	0	8	↓	↔
MYR	19	-6	-	-	-	-	38	6	↓	↔
ILS	2	10	-	-	-	-	50	6	↓	↓
BRL	-39	39	-	11	2	19	40	5	↓	↑
IDR	22	-12	-	-	-	-	6	5	↓	↓
COP	32	-32	-	-	-	-	46	0	↑	↓
THB	-15	8	-	-	-	-	29	-4	↓	↑
PEN	-44	28	-	-	-	-	35	-8	↓	↓
ARS	-31	15	-	-	-	-	50	-8	↑	↑
TWD	-21	-14	-	-	-	-	31	-17	↑	↑
TRY	-49	10	-	-	-	-	11	-20	↑	↑
CNY	-3	-46	-	-	-	-	43	-24	↑	↔
SGD	-23	-32	-	-	-	-	45	-28	↑	↓
KRW	-19	-39	-	-	-	-	44	-29	↓	↑
ZAR	-36	-23	-	-	-	-	47	-30	↑	↔

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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