

Liquid Cross Border Flows

Fade it until you make it

Key takeaways

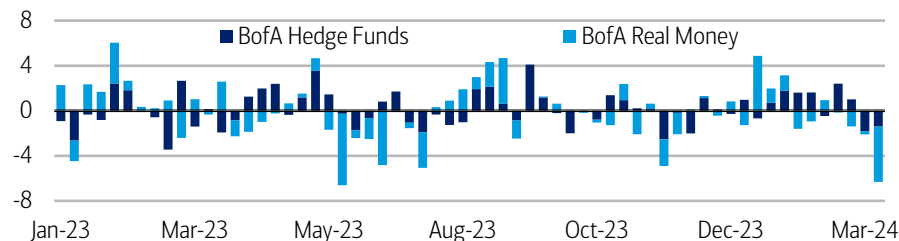
- Real Money's USD supply vs JPY & EUR stood out last week. Investors are flat USDJPY & EURUSD. Officials also bought JPY & EUR
- Hedge Funds reduced their AUD and CHF shorts last week, having kept both currencies under pressure in recent months
- EM FX: Real Money continued reducing their Asia EM shorts & adding to their LatAm longs. Both HF and RM continued selling TRY

Strongest Real Money USD selling since June

The Real Money-led USD supply vs. JPY & EUR stood out last week (Exhibit 1), amid the easing US jobs data & dovish Powell, the hawkish Rengo demands, and a balanced ECB. BofA investors now flat USDJPY & EURUSD (Exhibit 2). Officials also bought JPY & EUR.

Exhibit 1: BofA investor USD flows (weekly and indexed)

Last week's Real Money-led USD selling was the strongest since June

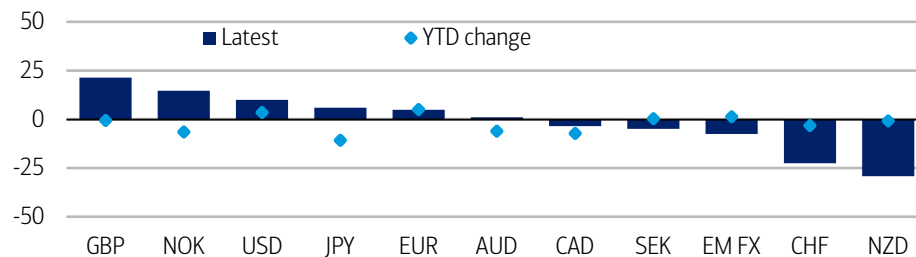


Source: BofA Securities

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Exhibit 2: Latest BofA investor FX positioning & year-to-date change

BofA investors are roughly flat USDJPY and EURUSD



Source: BofA Securities. Equal weights for Hedge Funds and Real Money. +50 (-50) represents max long (short) positioning vs history

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11 March 2024

Currency Strategy
Global

BofA

Data
Analytics



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Refer to important disclosures on page 6 to 8.

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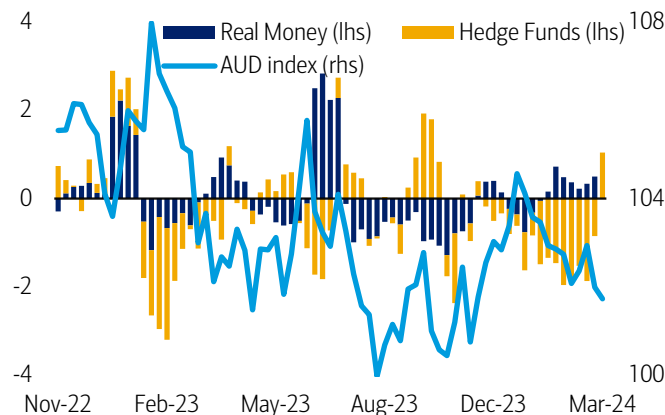
Timestamp: 11 March 2024 11:16AM EDT

Hedge Funds' AUD and CHF flow turned positive

Hedge Funds reduced their AUD and CHF shorts last week, having sold both currencies strongly in recent months (Exhibit 3, Exhibit 4). The aggregate AUD positioning does not seem to pose much of a risk to our constructive AUD view, but the short CHF positioning continues to pose some risks to our bearish CHF view (Exhibit 9).

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

Hedge Funds bought AUD which they had mostly sold since early Nov

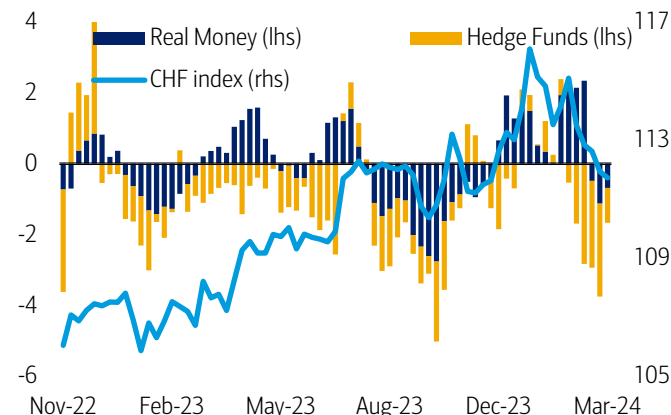


Source: BofA Securities, Bloomberg

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Exhibit 4: BofA investor 4-week CHF flows (z-score) and AUD TWI

Hedge Funds had been selling CHF for several months



Source: BofA Securities, Bloomberg

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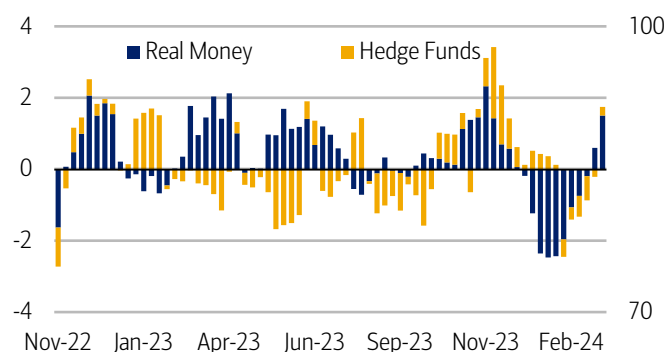
EM FX: Real Money continued buying in Asia and LatAm

Real Money continued reducing its Asia EM FX shorts and adding to its LatAm longs last week (Exhibit 5, Exhibit 6 and Exhibit 8).

- **LatAm** - the strong MXN buying and, to some extent, the COP selling stood out.
- **Asia** - the strong INR, IDR, and the Hedge Fund-led SGD buying stood out, in addition to Hedge Funds' KRW selling
- **EMEA** - the continued TRY selling, by both Hedge Funds and Real Money, stood out, in addition to Hedge Funds' ZAR flows turning positive

Exhibit 5: BofA investor 4-week Asia EM FX flows (z-score)

Real Money continued reducing its Asia EM FX shorts...

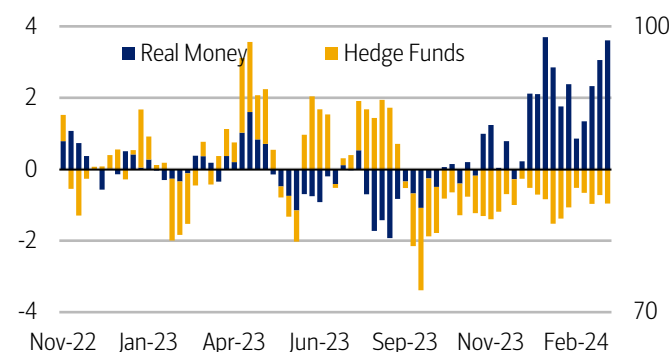


Source: BofA Securities

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Exhibit 6: BofA investor 4-week LatAm FX flows (z-score)

...and adding to its LatAm longs last week



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 11 March 2024](#)
[Liquid Cross Border Flows: Positioning data 11 March 2024](#)
[Liquid Cross Border Flows: Charts and Tables 11 March 2024](#)

Snapshot of flows

Exhibit 7: 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	-0.02	0.37	0.30	-2.13	-0.77	0.27	0.86	-0.30	0.52	0.95	0.31	-0.46	1.43	0.57	-1.15	-0.87	-0.11	-0.73	-0.16	-2.49
EUR	0.43	-0.40	-0.20	0.75	0.32	-1.04	-0.46	-0.24	0.14	-1.23	-0.15	1.91	0.06	2.36	1.91	0.28	0.23	0.40	-0.46	1.05
JPY	-1.33	-0.40	-1.38	1.18	-0.34	0.44	-2.73	-0.47	-0.25	-0.10	0.97	2.39	-1.00	-0.31	0.64	-1.11	-0.83	-0.51	-0.65	1.61
GBP	0.64	-0.22	-0.87	0.20	1.10	0.41	-2.06	0.15	0.27	0.08	-0.23	0.12	-1.48	-1.22	0.40	-0.16	0.12	-0.37	1.36	0.13
CAD	-0.43	-0.58	0.16	0.42	-0.32	-0.12	0.51	0.36	0.11	0.23	-0.06	-0.39	-0.78	-2.66	-0.48	0.08	-0.14	0.26	0.14	0.66
AUD	1.03	0.00	0.25	1.64	0.69	0.43	0.11	1.42	0.94	-0.73	-0.25	0.74	0.56	-1.14	0.55	2.01	0.17	0.37	-0.04	-0.49
NZD	-0.90	0.29	-0.35	-0.28	0.46	-3.06	0.36	-0.28	1.67	-0.65	0.05	0.08	-1.31	0.50	-0.43	-0.66	-0.49	0.73	-0.21	0.17
CHF	-0.73	-1.23	-0.53	0.43	0.08	-0.15	0.45	0.11	-1.52	0.01	0.49	-3.04	-2.14	-0.80	-0.75	1.92	0.31	-0.97	-0.90	-0.01
NOK	-1.19	-0.13	-0.56	-0.91	0.66	0.28	-0.80	0.00	-0.99	0.26	0.27	-3.56	0.04	-1.96	-0.19	0.05	-1.61	1.39	-0.18	-0.39
SEK	-0.90	-1.88	1.47	0.67	-0.85	-0.72	0.67	-0.33	0.48	0.05	2.89	4.00	0.58	-3.98	2.68	0.34	-0.57	0.44	-0.52	0.58
G10-xUSD	-0.08	-0.90	-0.77	1.42	0.52	-0.64	-1.19	0.04	0.23	-0.68	0.05	1.29	-1.29	-0.67	1.65	0.48	-0.37	0.07	-0.39	1.62
Asia	0.31	0.44	0.35	1.10	0.48	0.59	0.70	0.73	-0.19	-0.83	-0.35	-1.16	-0.36	0.03	-0.01	0.76	0.66	0.85	0.09	1.61
EMEA	-0.19	0.15	-0.90	0.45	2.31	2.79	-0.05	0.40	-0.02	-0.07	-0.19	-0.14	-0.53	-1.27	-1.27	0.87	-0.67	0.14	-0.39	-0.05
LatAm	-0.20	1.07	2.16	0.67	1.41	-0.24	-0.26	0.22	-4.00	2.49	-1.11	0.41	-1.67	-0.57	0.70	-0.63	1.55	1.80	3.49	1.31

Source: BofA Securities

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Exhibit 8: 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	-0.20	1.07	2.16	0.67	1.41	-0.24	-0.26	0.22	-4.00	2.49	-1.11	0.41	-1.67	-0.57	0.70	-0.63	1.55	1.80	3.49	1.31								
BRL	-1.00	0.86	2.31	-0.10	0.48	-0.66	0.01	0.40	-4.00	-	0.18	0.40	-0.13	0.40	0.74	-1.21	-0.28	2.08	3.60	0.22								
MXN	0.48	0.45	0.09	2.51	1.27	0.29	-1.06	-0.75	0.35	0.45	-1.03	0.17	-2.14	-0.90	-0.05	0.29	1.30	0.97	1.08	3.58								
CLP	0.41	0.12	0.60	-0.18	-0.32	0.79	0.76	0.87	0.02	4.00	-0.07	-0.08	-0.16	-1.06	0.38	-0.49	0.83	-0.78	0.19	-0.11								
COP	-0.21	0.85	0.27	-1.19	4.00	0.11	0.39	0.38	-2.51	-	-0.50	0.21	-1.25	-0.50	-0.65	-0.47	0.55	1.63	1.26	-1.50								
PEN	1.07	0.20	1.03	-0.34	0.50	1.39	0.32	0.23	-	-	-4.00	0.16	-1.03	0.73	1.59	1.41	1.62	-0.45	0.65	-1.22								
ARS	4.00	-0.05	1.84	-0.08	0.24	0.22	0.22	0.20	-	-	-	-	0.22	0.22	0.22	0.22	4.00	-0.22	1.90	-0.24								
Asia	0.31	0.44	0.35	1.10	0.48	0.59	0.70	0.73	-0.19	-0.83	-0.35	-1.16	-0.36	0.03	-0.01	0.76	0.66	0.85	0.09	1.61								
CNY	0.22	0.03	0.13	-1.37	0.27	-0.84	0.09	0.33	-	1.06	-	-2.07	-1.11	1.77	-0.30	-0.07	0.24	-0.35	0.14	-1.61								
CNH	-0.04	0.40	-0.03	0.60	0.21	0.39	0.35	0.53	0.06	-0.12	0.01	0.02	-0.50	-0.06	-0.19	0.21	0.60	0.66	-0.15	0.29								
INR	-0.42	0.41	-1.06	1.44	-0.30	0.41	-0.50	-0.34	-0.53	-0.51	-0.46	-0.51	-0.10	0.93	-0.46	2.33	0.35	0.68	-0.86	3.08								
KRW	0.53	0.21	1.04	-0.38	0.39	0.71	0.74	0.48	0.44	-	-	0.12	0.89	-0.93	0.90	-2.06	-0.15	-0.37	0.57	-0.69								
IDR	0.55	1.73	1.45	2.91	0.58	0.47	0.61	0.15	0.12	-0.39	0.12	0.11	0.07	0.41	0.46	-0.35	0.29	1.59	1.07	3.32								
MYR	-1.66	0.76	-0.92	-0.22	-0.80	-0.54	1.07	0.19	-	1.03	-0.63	-	0.05	0.07	0.29	0.80	-1.34	1.53	-2.26	-0.53								
SGD	0.38	-0.85	-0.13	1.52	0.51	-0.30	0.13	-0.59	1.12	-3.90	0.03	0.00	-0.48	0.70	-0.29	1.89	0.38	-0.05	0.07	0.41								
TWD	1.13	-0.59	0.69	0.70	1.03	0.33	0.62	1.75	-	-	0.40	-0.36	0.08	-1.14	0.64	-0.50	0.78	-0.13	-0.03	0.20								
THB	-0.90	0.02	1.01	-1.19	-0.10	0.50	0.94	0.39	-0.01	-0.19	-0.06	0.08	-0.48	-0.17	-0.60	0.41	-0.91	0.00	1.61	-2.55								
EMEA	-0.19	0.15	-0.90	0.45	2.31	2.79	-0.05	0.40	-0.02	-0.07	-0.19	-0.14	-0.53	-1.27	-1.27	0.87	-0.67	0.14	-0.39	-0.05								
TRY	0.76	-0.82	-1.65	-1.34	0.07	0.28	0.40	0.09	-0.29	4.00	-0.27	-2.84	0.23	-0.78	-2.02	-1.35	1.00	-1.27	-1.28	-0.96								
HUF	-1.29	-0.15	-1.40	0.71	0.19	-0.63	-0.13	0.15	0.18	0.24	0.18	0.16	0.16	-0.35	0.06	-0.42	-1.69	0.21	-1.59	0.92								
PLN	0.53	1.02	0.23	0.42	0.93	1.57	-0.10	0.48	1.72	0.18	0.23	0.21	0.42	0.76	0.39	-0.18	-0.05	0.30	0.10	0.41								
ILS	-0.35	0.46	0.75	0.26	-0.37	2.74	0.60	-0.32	-0.17	-0.17	-0.26	-0.17	-0.40	-0.92	0.52	1.80	0.17	0.21	1.11	-0.75								
CZK	0.73	-0.04	0.17	-0.27	4.00	0.87	-0.65	0.78	0.24	0.11	0.18	0.20	0.05	-0.30	-0.35	-0.69	-0.60	-0.10	0.91	-0.02								
ZAR	-0.87	-0.92	-1.75	0.55	0.98	1.56	-0.40	-0.28	-1.60	-0.85	-0.07	-0.09	-1.52	-2.09	-2.29	2.00	-0.15	0.03	-0.46	-0.79								
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 9: 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	34	-	-	-	41	21	↓	4
EUR	0	10	-14	9	2	38	26	7	↓	2
GBP	15	27	-7	30	13	-15	44	7	↑	7
USD	25	-5	3	4	2	-15	50	2	↓	-5
JPY	1	11	10	-31	-26	-15	50	-4	↑	-6
AUD	-14	16	23	-35	1	-49	47	-5	↑	-1
CAD	1	-8	7	-11	-7	-29	49	-7	↓	-6
SEK	10	-20	-13	-	-	-	36	-8	↑	9
NZD	-26	-32	7	11	10	-8	46	-10	↓	3
CHF	-24	-21	-	-22	0	-18	41	-16	↓	-7

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 10: 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	35	24	-	-	-	-	50	29	↑	↓
HUF	26	20	-	-	-	-	22	23	↑	↑
PLN	5	31	-	-	-	-	-11	18	↑	↓
CZK	14	20	-	-	-	-	43	17	↓	↑
CLP	25	-3	-	-	-	-	46	11	↓	↑
MXN	-49	40	-	21	9	42	48	10	↑	↓
MYR	25	-8	-	-	-	-	38	9	↑	↔
ILS	7	10	-	-	-	-	50	8	↑	↓
CNH	-9	25	-	-	-	-	0	8	↑	↓
IDR	23	-11	-	-	-	-	6	6	↑	↓
BRL	-43	39	-	10	1	24	40	5	↑	↑
THB	-15	14	-	-	-	-	29	-1	↓	↑
COP	29	-33	-	-	-	-	46	-2	↓	↓
PEN	-43	31	-	-	-	-	35	-6	↑	↓
ARS	-37	16	-	-	-	-	50	-11	↑	↑
TWD	-22	-14	-	-	-	-	31	-18	↓	↓
TRY	-50	10	-	-	-	-	11	-20	↓	↑
CNY	-3	-47	-	-	-	-	43	-25	↓	↓
KRW	-18	-39	-	-	-	-	44	-29	↓	↔
SGD	-28	-34	-	-	-	-	45	-31	↑	↓
ZAR	-38	-24	-	-	-	-	47	-31	↑	↑

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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