

05 June 2025

EM FX
RUB



Not a great deal of change in the price action, with the range unchanged for much of the day (78.60/90). There was a bit of paying interest late in the day with slightly negative remarks from both Trump and Putin. It really is hard to imagine that any ceasefire and lasting truce is possible in the short run. Doesn't seem to have too much impact on the currency, though, which remains well supported.

ZAR



A couple of headlines stating that Godongwana was “undecided on inflation-target change” saw USDZAR briefly trade higher, but as one read through the article, it was clear the headlines were taken out of context and that the finance minister was simply stating he had yet to receive a report and therefore could not form an opinion on it just yet. That said, view on rand remains constructive, and I continue to run long of the currency for now. Not much to comment on flow-wise with the desk seeing modest supply of ZAR by HF accounts, which was somewhat offset by systematic demand.

TRY



Significant volumes were traded in TRY yesterday. While there was a solid net LHS interest in the session, we also saw a tendency among fast money accounts to reduce positions closer to 39.11. Some corporate RHS activity was evident at session lows, but overall local flows were clearly skewed to the LHS, primarily driven by retail inflows ahead of the upcoming religious holidays. Although there has been some FX reserve accumulation this week, it has not been particularly aggressive, which led to spot eventually trading at lower levels into the London afternoons. That being said, FX reserve accumulation interest was more pronounced yesterday. State banks adjusted their offers towards 39.3450 overnight, equivalent to a daily adjustment of 250 pips, on a spot value date of Tuesday, 10th June. Please note that there will be no carry in TRY into the weekend. It will be important to see whether state banks adjust their offers by 250 pips daily tonight, or revert to a 3-day adjustment pattern seen previously for Thursday-Fridays. While monitoring local developments, such as the Imamoglu trial scheduled for 16th June and the CHP court ruling on 30th June, there is still a window of opportunity for long TRY trade to perform well, and we can still expect the market to settle below state bank offers mid-next week after the local holidays.

PLN



EURPLN traded with a bid tone this week, as the market continues to digest the outcome of the presidential elections and Tusk's announcement that the vote of confidence would take place on 11th June next week. Systematic accounts have been sellers of PLN this week. We have scaled into long EURPLN positions tactically, as political developments warrant some risk premium and may lead to medium-term underperformance against its peers like HUF and CZK (our preferred expression). NBP left rates unchanged as expected yesterday, and it will be important to see the Glapinski presser this afternoon.

HUF



EURHUF traded with a small offered tone yesterday, and the pair remains capped by resistance at 404.50. Price action generally remains encouraging, with the low vol and carry keeping the forint attractive. So far this month, we have seen interest from RM and systematics to buy HUF. There has been some selling from the leveraged community, making positioning a bit lighter there, although systematics continue to hold the biggest HUF longs. I maintain my focus on PLNHUF shorts, initiating post the Polish second round election result, and would be encouraged to see us close below 94.00.

CZK



CZ CPI surprised to the upside yesterday with the May headline reading printing at 2.4% YoY versus 2.0% consensus, the largest upside surprise since April 2024, with increases across multiple categories including services, goods, and core. In addition, Retail Sales also printed stronger than expected, which further emboldens my long CZK bias, so I added to my position again yesterday. With growth remaining robust and with inflation struggling to move back below target, I think we have now approached the end of the CNB cutting cycle, which should be another catalyst for koruna outperformance. Later today, we get the release of the Financial Stability Report where the market will be looking for clues as to whether the CNB has reached its peak fiscal prudence.

RON



Better offers for choice in the cross ahead of the three day (negative) carry. Market still long the cross and losing patience with the trade. Expect support around 5.0500 though.

ILS



Very strong price action in shekel yesterday with a plethora of leveraged accounts seen selling USD on our platform. Now seems that a peace plan is imminent and feels like 3.5000 has broken decisively.

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KZT



Better day for tenge yesterday, though, as ever, the timing of these bouts of price action is nigh on impossible to predict (e.g., USD/KZT went up 200 points on Monday as oil traded 4 percent higher and the USD got sold off everywhere else!). NBK rate meeting today. Most analysts expect them to leave rates unchanged at 16.5%, but it's not inconceivable that they surprise with a hike again given persistent inflationary pressure. Last time they did this, spot dropped sharply, so will be keeping an eye out for that as an opportunity to add to my modest USD short.

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