



iFlow

MONTHLY

April 2022

Please find the latest edition of iFlow Monthly below.

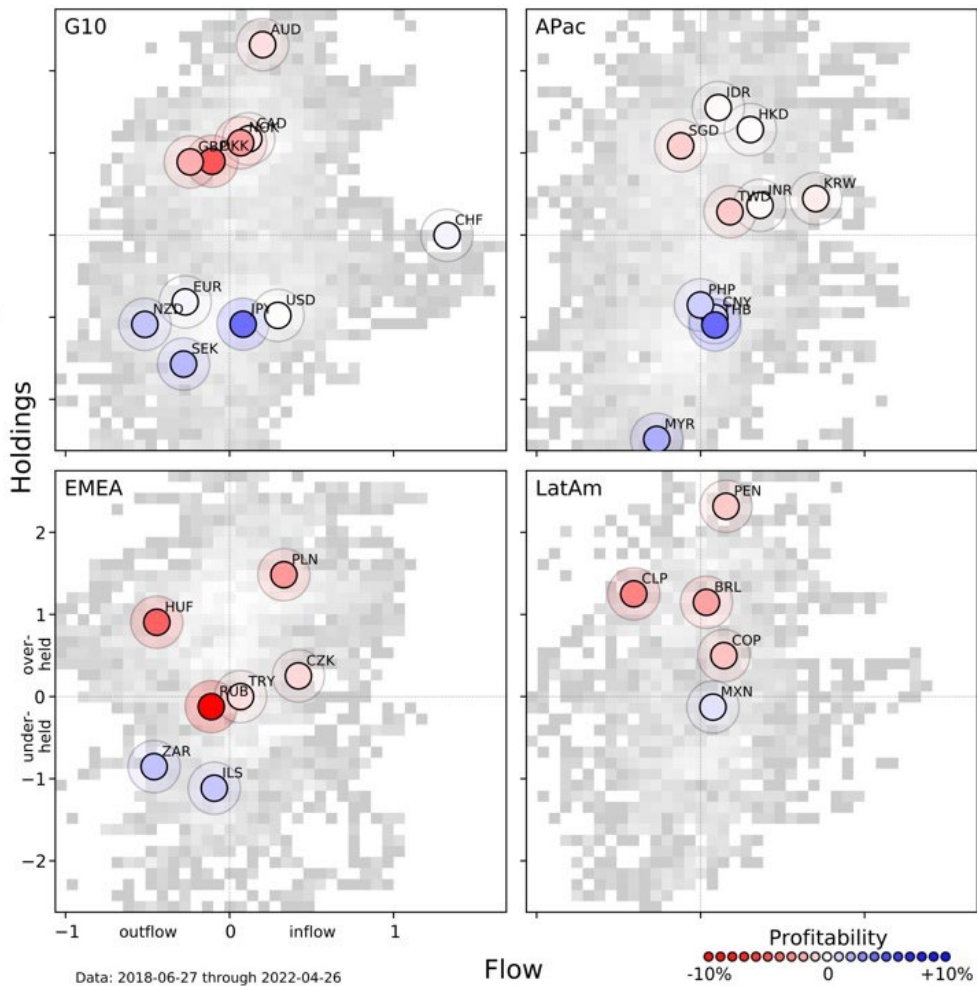
Attached is the April 2022 edition of our iFlow Monthly, including iFlow Cloud and iFlow Hedge.

To enlarge the charts, please click the image below.

iFlow Cloud

April 27, 2022

Four quadrants:
over/under held and
in/out flow.
Clouds denote
distribution over the
past 1,000 days for
each currency.
Blue/Red denote
position profitability.
SOURCE: BNY Mellon



Per iFlow Cloud, FX profitability flipped significantly as of the end of April compared to March. A month ago many overheld commodity currencies were showing profits, but this is no longer the case. USD appreciation across the board has taken all overheld positions into losses. Meanwhile, all underheld positions are now registering profits. In LatAm, MXN is profitable. In EMEA, short ZAR and short ILS are in the money. The most profitable short positions in FX according to our framework are JPY and THB underheld exposures.

Long positions in LatAm show the most meaningful turn in profitability, driven by USD/BRL breaking back above 5.00. In EMEA, PLN and HUF remain overheld. Investors are exiting unprofitable short HUF, but adding to long PLN despite the losses. In G10, we continue to see buying into overheld AUD exposures. In Asia, following a hawkish MAS decision, investors have been unwinding overheld SGD exposures.

iFlow Hedge suggests that marginal propensity to hedge (MPH) in LatAm bonds is low.

There's been marginal buying of bonds in Brazil and investors are overholding BRL. In Mexico, the flows are the opposite: investors are selling MBONO while also selling the peso.

Meanwhile, investors are also seeking to buy both bonds and equities and stay exposed to the currency in South Africa and Australia. MPH seems to be the highest Asia fixed income, where FX hedging is prevalent in China, Indonesia, India, Korea and Philippines bonds.

In equities, while iFlow shows outflows across most markets, hedging is subdued. This is likely because equity unwinding is not about FX-hedged exposures. The main notable exceptions here are the Philippines and Denmark.

Investor appetite for FX-unhedged equity exposure in Australia is the newest signal from iFlow Hedge.

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