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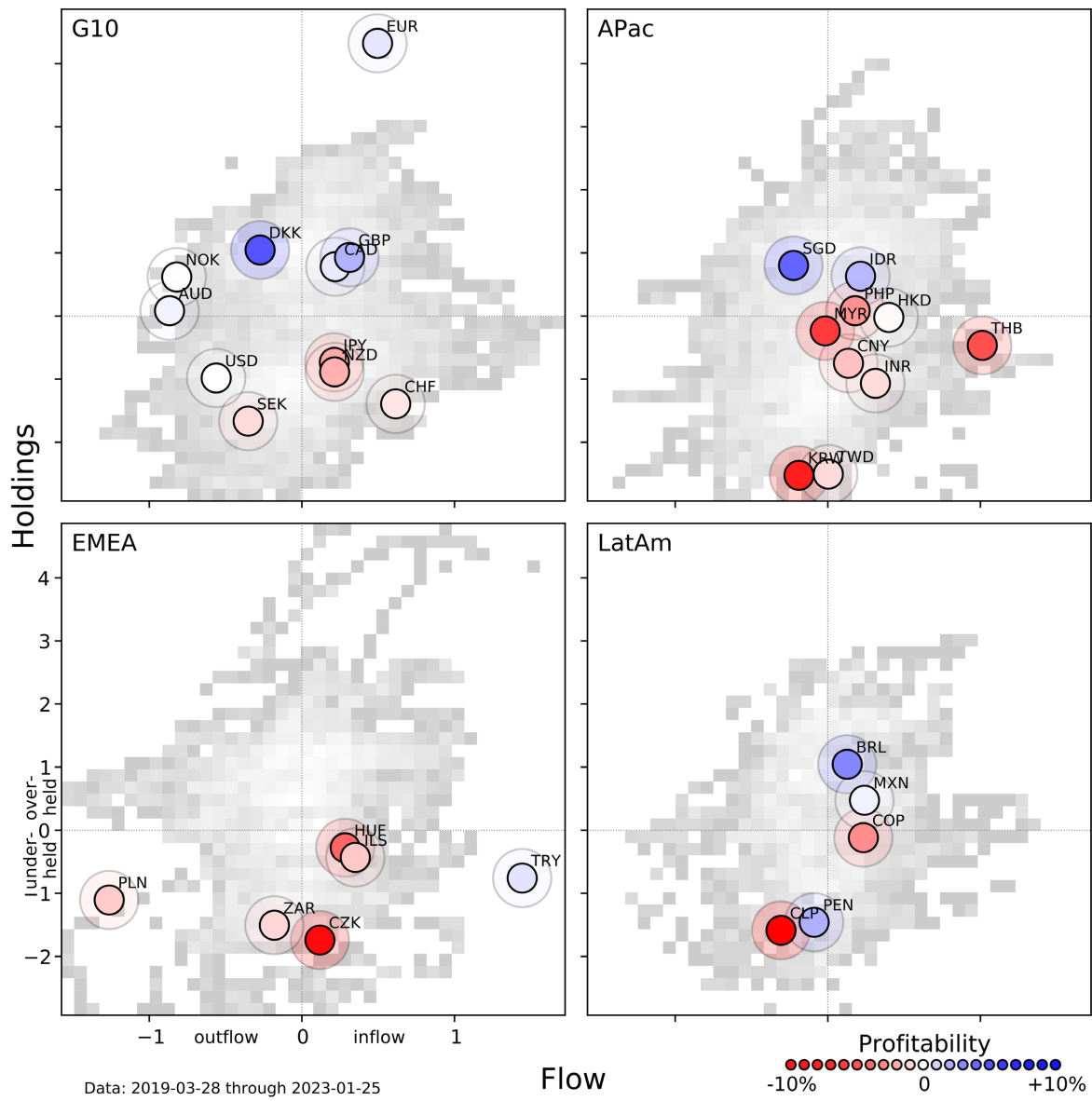
iFlow

MONTHLY

January 2023

Please find our iFlow Monthly for January below, plus iFlow Cloud and iFlow Hedge.

To enlarge the charts, please click the image below.



Source: BNY Mellon, iFlow

Broadly speaking, iFlow Cloud for end-January shows currency holdings remain negative. These shorts are generally unprofitable, particularly in emerging markets: the majority of currencies in the southeast quadrant of the Cloud indicates underheld positions but inflows into these shorts, as investors look to close out losing short trades against the dollar.

One grouping that does not conform to the above description is G10, which has a very

mixed picture. Standing out above all are the very extended euro longs. Investors have piled into the single currency, and those trades have been winners - hence the EUR position in the extreme upper-right quadrant. Long and still buying, still making profits. Other long positions in the G10 include CAD and GBP, which are also profitable. The most interesting short is the JPY, and those underweights are out of the money as the yen appreciates. That investors are buying (i.e., closing out these underweights) is significant.

A similar but less extreme story exists in APAC, where SGD and IDR are overweight and profitable, but the vast majority of the region is underweight, although there is broad buying. Note the preponderance of red dots in the southeast corner, indicating pain trades that are losing money and which investors are looking to buy their way out of (i.e., positive flows).

EMEA is entirely underweight, with only Turkish lira shorts in the money given the currencies' performance of late. PLN stands out in the extreme lower-left corner: underheld yet investors continue to sell, even though this is a loss-making combination.

Longs in LATAM, specifically BRL and MXN, are making money thanks to broad USD weakness, and investors are continuing to add to these positions. The only profitable short is PEN, and investors are continuing to shed it, along with its CLP Andean counterpart. Chilean peso underweights are heavily loss-making, however, yet investors continue to sell.

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