

iFlow

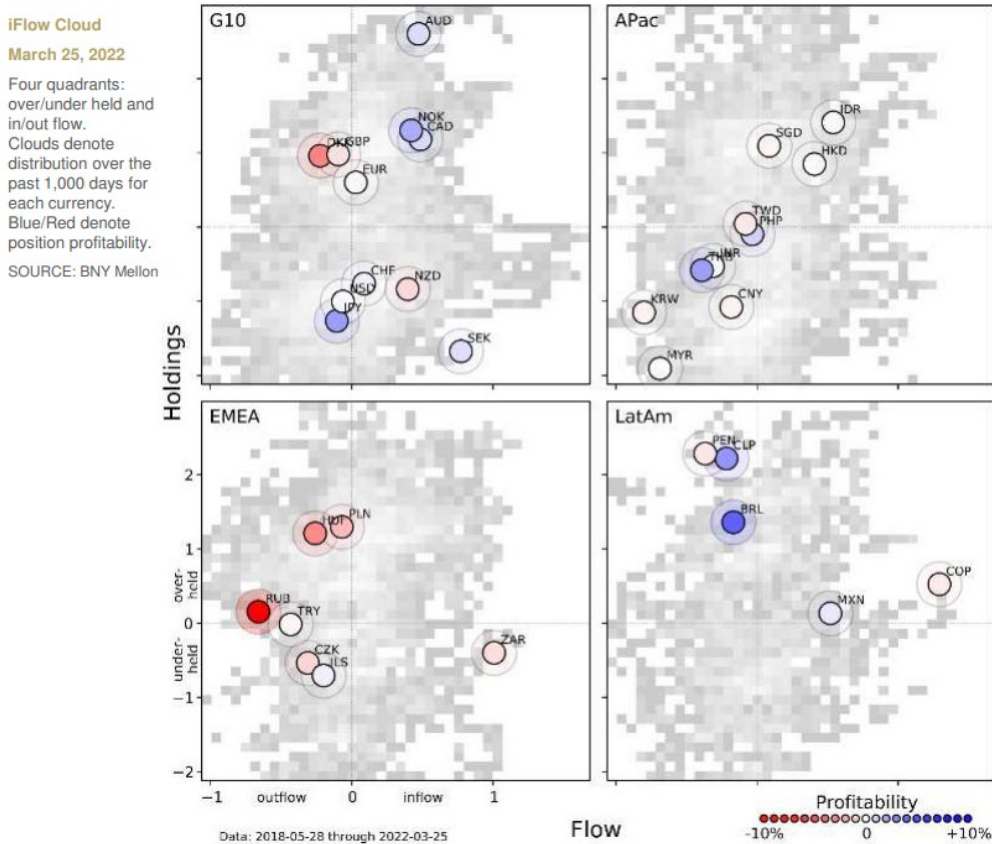
MONTHLY

March 2022

Please find the latest edition of iFlow Monthly below.

Attached is the May 2021 edition of our iFlow Monthly, including iFlow Cloud and iFlow Hedge.

To enlarge the charts, please click the image below.



Source: BNY Mellon

This month's iFlow Cloud shows that shorts are generally profitable, as USD strength has characterized the post-invasion currency markets. Yen shorts are extremely profitable, for example. Exceptions to this rule of thumb in the G10 are seen in AUD, NOK, and CAD, which are commodity currencies that remain in demand and longs in these currencies are indeed profitable.

In EMEA, HUF, PLN, and RUB longs – as well as CZK shorts are all-out-of-the-money. The ZAR bucks the trend in the rest of the region with strong inflows and marginally underweight positioning, which is also out-of-the-money. Latin American currency positioning is long as well, and these currencies have performed quite well since the conflict began.

APAC is more varied; a number of currencies are underweight with negative flows, like CNY and KRW, both of which are losing money on their positions. On the other hand, THB is in the same quadrant of the cloud as CNY and KRW but is profitable. In contrast, IDR, SGD and HKD are all overweight and getting inflows, even though these overweight positions are just about breaking even.

iFlow Hedge shows very little hedging activity in sovereign bond space in the G10, while in equities, we see outright currency exposure being sought in Australia, Canada, the UK and Norway. This aligns with the long commodity theme mentioned above.

Meanwhile, flows are positive into Mexican and Colombian equities and currency flows are marginally negative in comparison, so we infer currency hedging is taking place. The Marginal Propensity to Hedge (MPH) in EMEA equities suggests some currency hedging in South Africa and Romania. In APAC we see outflows in both CNY as well as in Chinese equities, so the MPH is positive. In IDR, we see currency flows coming off while equity flows are also negative, but by contrast, Indonesian bond flows are being hedged.

To access this week's iFlow Chart click on the thumbnail above, or [click here](#).

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