



iFlow

MONTHLY

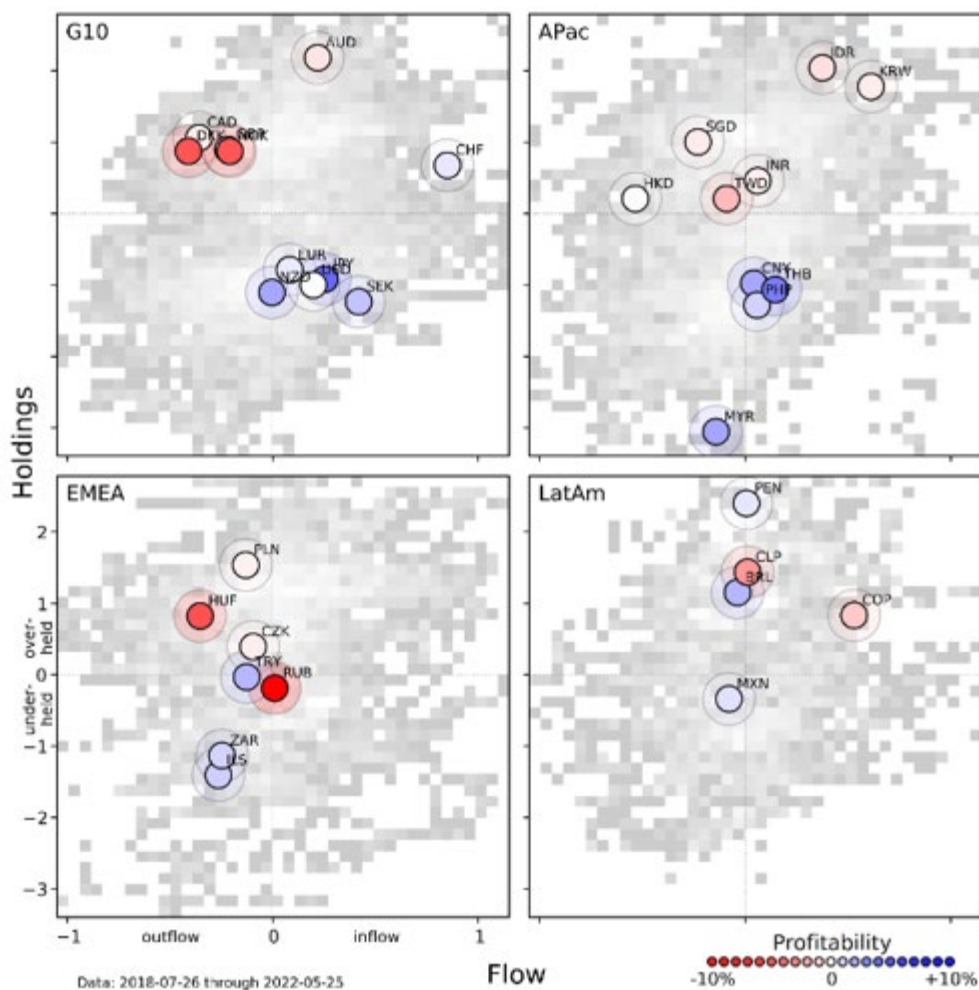
May 2022

Please find the latest edition of iFlow Monthly below.

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

To enlarge the charts, please click the image below.

iFlow Cloud
May 25, 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



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A broad, corrective move lower in markets in May included softening in the US dollar and the S&P 500 losing more ground. The 10y US Treasury yield breached the 3% threshold early month before drifting lower into month-end. This month's iFlow Cloud continues to show that shorts or underheld currencies are generally profitable – but in a lesser magnitude – with many strengthening thanks to the dollar's depreciation. Similarly, the profitability of overheld currencies has improved, but remains in negative territory.

Notably, AUD, CAD and BRL profitability swung into negative territory, after being positive in April. The most profitable short positions in FX according to our framework are JPY and THB, while longs in DKK, NOK and HUF have suffered the steepest losses.

On an aggregate basis, iFlow Cloud shows positioning in APac and so-called haven

currencies turning marginally positive for the first time since April 2021. This has been driven primarily by a significant positioning shift, from underheld to overheld, in CHF, INR and KRW. Rising demand for APac currencies may be related to the shift in regional monetary policies, e.g., both India and Malaysia delivered tightening surprises during the month.

We saw risk reduction in LatAm but investors increasing exposure in Central and Eastern Europe (CEE) currencies. The Hong Kong dollar suffered the largest outflows during the month, driven by USDHKD reaching the weak side of the Convertibility Undertaking band at 7.85.

iFlow Hedge suggests some unwinding of hedges took place over the past month, i.e., investors reducing exposure to both equities and bonds. APac stands out: good-sized demand for INR and KRW on the back of equity selling, and buying of IDR alongside reducing exposures in Indonesia government bonds. Interesting of note is China, in two respects: we saw inflows into both CNY and local equities, with a positive marginal propensity to hedge (MPH) reading.

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