



# iFlow

**MONTHLY**

November 2021

**Please find the latest edition of iFlow Monthly below.**

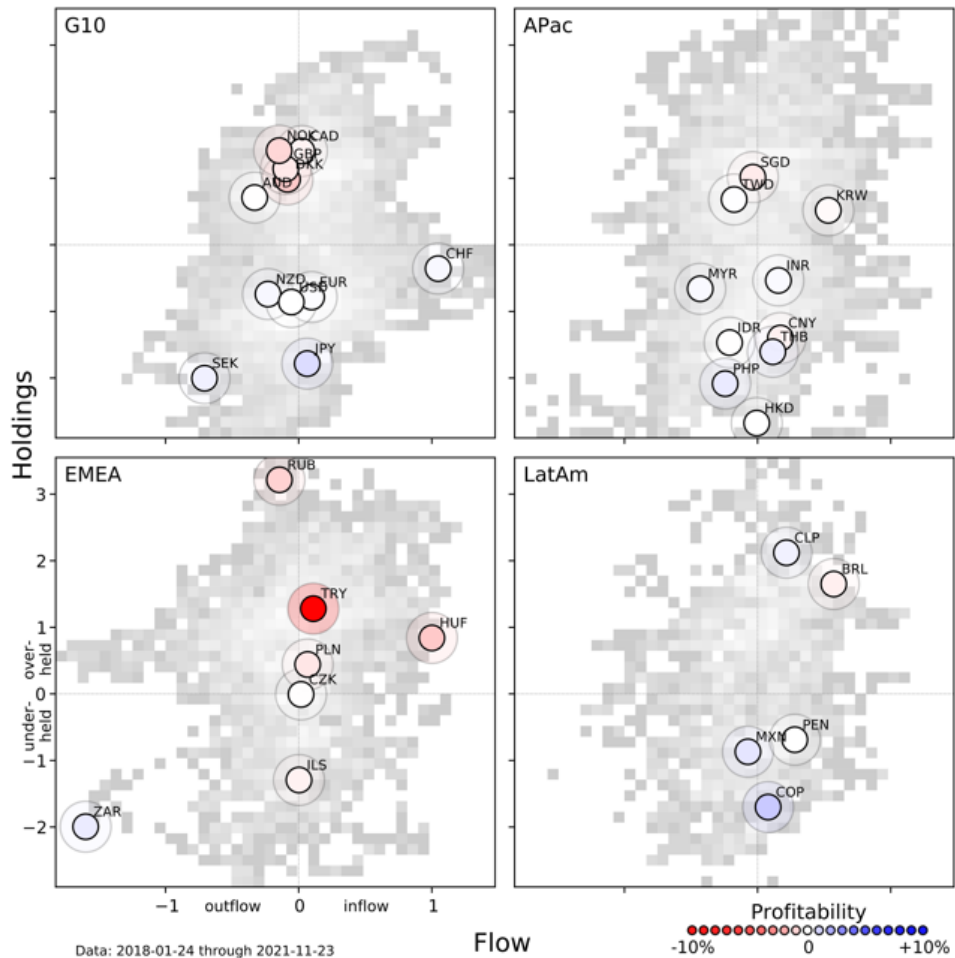
Attached is the November 2021 edition of our iFlow Monthly, including iFlow Cloud and iFlow Hedge.

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To enlarge the charts, please click the image below.

**iFlow Cloud**  
**November 23, 2021**

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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Over the past week, there has been a clear pickup in U.S. dollar purchases. The strong performance post-Fed has now propelled the greenback to the best-bought currency in the entire monitor on a one-month basis, though we have not seen a broader risk off or carry unwinding environment yet. Elsewhere, G10 equities remain under pressure while fixed-income interest is strong in APAC.

Compared to the previous month, we can start to see that some of the overheld currencies, regardless of their underlying properties, are starting to feel the profitability strain due to the dollar's good run of form and risk aversion.

Commodity currencies are still overheld but flows have started to neutralise, further draining potential profitability. AUD, CAD and NOK are now flat measured by flow and still

moderately overheld, but all three are no longer profitable. BRL is in a similar category, while CLP is the only clear commodity currency which is overheld and profitable, though we note that non-commodity drivers are now in play. The RUB is still the most overheld commodity name and the most overheld in the monitor, but profitability pressures will likely increase.

Funding currencies have generally been bought over the past month in a further sign that risk aversion has started to undermine the carry trade. The CHF is a standout name for inflows, but EUR and JPY were also marginally net bought. All three remain underheld and these positions are lightly profitable, but flow direction is moving against adding to shorts. SEK was the outlier having seen further outflows.

The vast majority of APAC currencies remain underheld, and mostly in a profitable manner. There is a lack of conviction for the entire region as while the flow direction was mixed for all the currencies, flow strength was very light. Only the KRW registered moderate inflows. In EMEA, all overheld currencies are now unprofitable, led by TRY which is still feeling the strain from extreme volatility.

Hedging behaviour has picked up, though no individual market has seen a statistically significant marginal propensity to hedge in both equities and fixed income. Australian equities are displaying the highest correlation between abnormal FX and equity flow. Meanwhile, DKK, SEK and ZAR now display strong total return interest as abnormal FX and equity/government bond flows are statistically significant and moving in the same direction.

To access the November iFlow Monthly click on the thumbnail above, or [click here](#).

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