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iFlow

MONTHLY

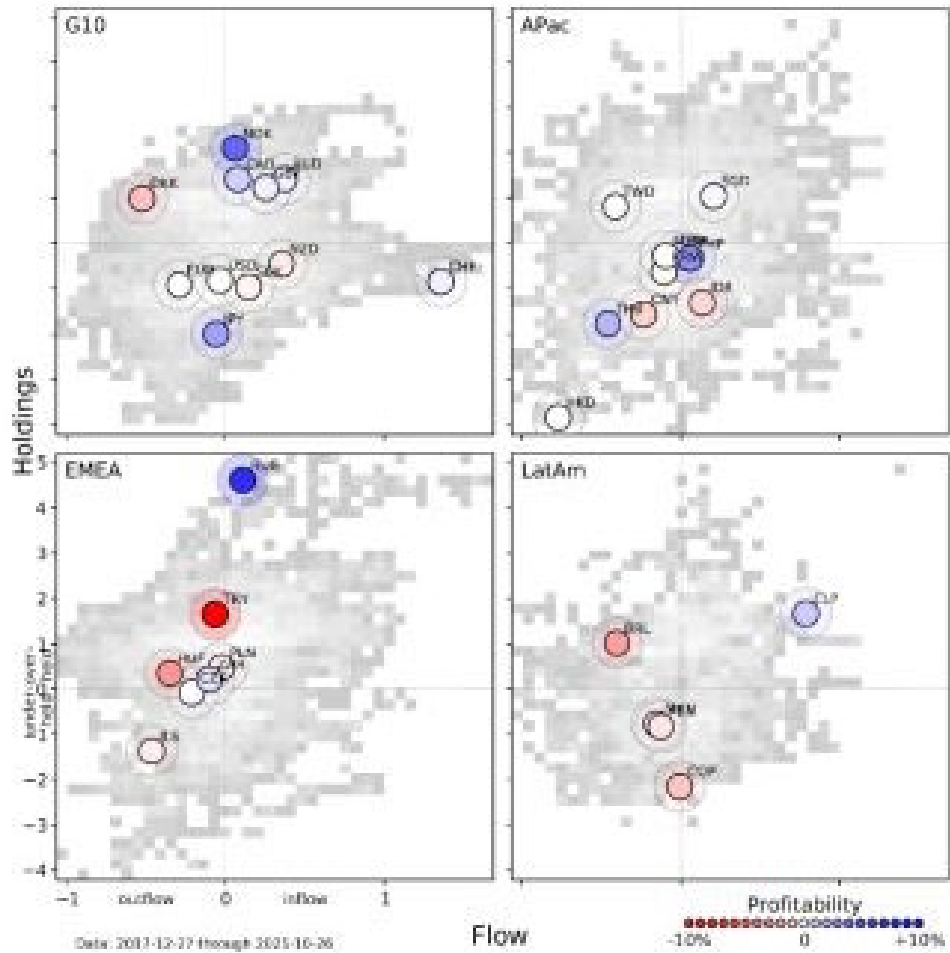
October 2021

Please find the latest edition of iFlow Monthly below.

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

To enlarge the charts, please click the image below.

IFlow Cloud
 October 26, 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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Compared to last month, when a number of currencies across all four regions we monitor were much closer to neutral, positioning has become more varied. The dollar's relatively stable performance over the month resulted in some widening of over- and underweights.

Commodity currencies, in particular, are demonstrating long holdings, and they are generally in the money. In the G10, NOK, AUD and CAD, stand out for their quite elevated holdings and positive profitability.

The CLP is overweight and profitable, although with flows quite a bit stronger. The peso is actually at the very edge of the cloud diagram, which indicates its combination of flows and holdings is outside of recent historical norms. But by far the commodity currency that is most overheld is the ruble, which is also the “bluest” on our cloud diagram – profitability is very high.

Shorts are generally out of the money, with the JPY a clear exception. Underperformance of the yen this month has made those shorts quite profitable. THB is also a money-making short, while most of the other shorts in all four regions are losing money. The TRY is the most loss-making currency, although positioning is somewhat overweight. The ongoing devaluation of the lira is catching long investors the wrong way. BRL is showing similar behavior.

Although a number of DM currencies show a statistically significant marginal propensity to hedge (gold bars to left) in the equity space, many of these signals are actually indicative of the opposite behavior – selling equities and buying the currencies. This is the case for the AUD, CHF, and JPY.

Only DKK is actually showing hedging behavior. Similar anomalies are displayed in EM equity markets, for example in INR. In the sovereign bond space, we see the same pattern holding up in a large number of currencies, where the correlation between currency and bond flows are negative, but not indicative of hedging.

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

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