

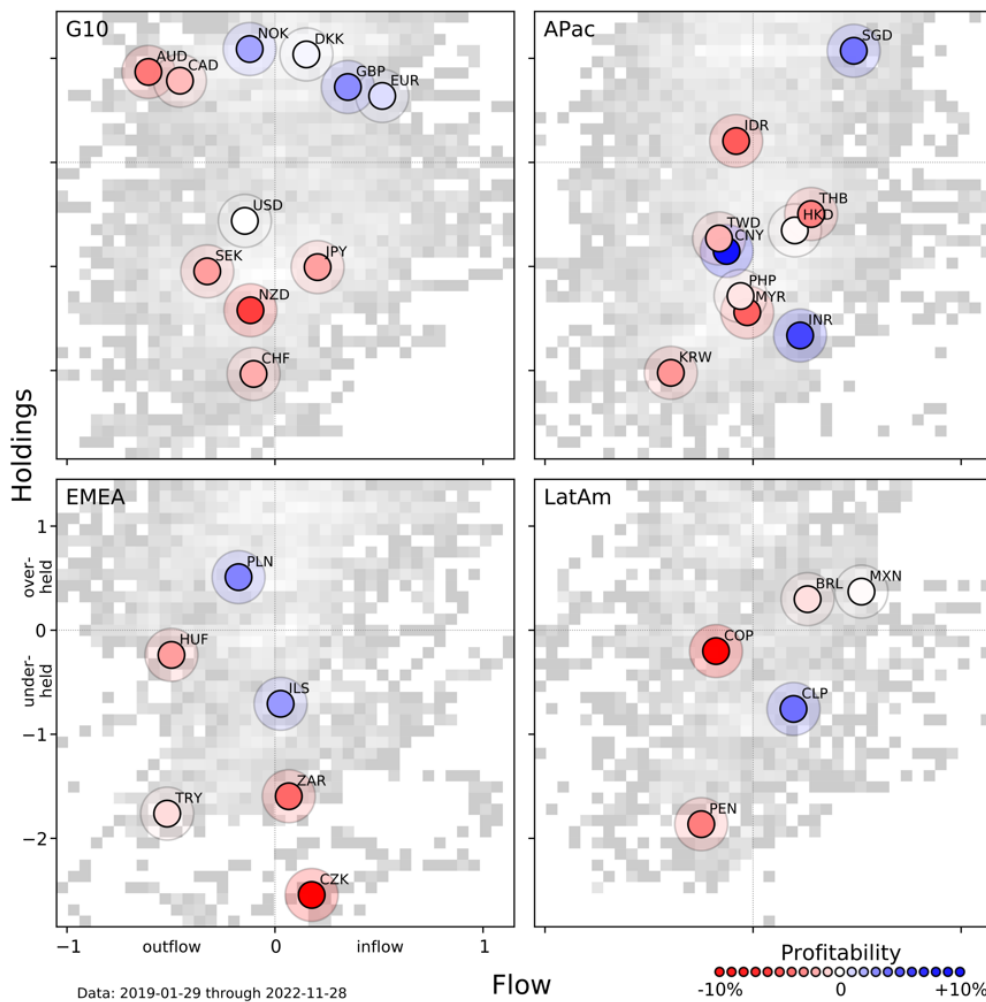
iFlow

MONTHLY

November 29, 2022

Please find our latest iFlow Monthly below, including iFlow Cloud and iFlow Hedge.

To view the document, please click the image below.



The iFlow Cloud shows a much more mixed picture than in past months. The dollar's volatile movements - albeit generally within a slightly weaker trend - in recent weeks reveals less clear-cut divisions between overheld and underheld currencies, and the relationship of holdings to profitability. There are more overweights in G10 than there have been in recent months, and many of those longs have been profitable. Exceptions are the underperforming AUD and CAD, both of which reside in the northwest quadrant of the panel (long positions with selling) and are loss-making, setting up a pain trade for these two currencies.

Otherwise noteworthy in the cloud is PLN, which is profitable and long, but where flows have turned negative, possibly indicating some profit taking. Most of the EMEA region is underheld, with only ILS shorts making money. CZK is extraordinarily underweight, and those underweights have been losing money. Small positive flows into the koruna could be the beginning of closing those unprofitable shorts.

APAC is the most differentiated region, with no clear indications of a pattern. SGD is very overweight, but those longs are quite profitable, and investors continue to buy. KRW paints the opposite picture: unprofitable shorts but still seeing outflows.

In LatAm, BRL and MXN post modest overweights and are slightly loss-making. PEN is heavily underheld with continued selling and unprofitable performance.

Our iFlow Hedge indicators show very different behavior between equities and sovereign debt. The latter is showing very few signs of hedging activity and not many signs of investors buying both the bond and the currency across markets.

In the equity space, the marginal propensity to hedge (MPH) across multiple markets, especially in EMEA and APAC, is significant. The correlation of equity flows with currency flows is negative. If this were to indicate hedging activity, we'd see equity buying but currency outflows across those markets. Instead, however, we are observing equity selling and currency inflows, leading to negative and significant MPHs. This seems to indicate more of a pure currency play even though equity assets are being shed.

To see current individual country flows across asset classes as well as currency holdings

[click here for our iFlow Chart](#) package.

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