

iFlow Cloud

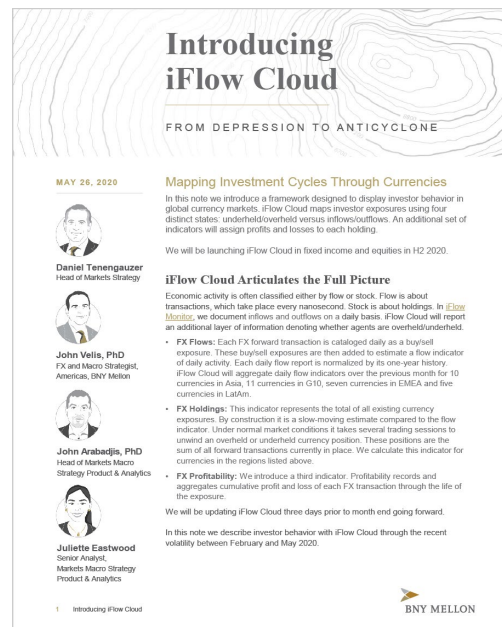
Introducing iFlow Cloud

iFlow Cloud is a new framework designed to display investor behavior in global currency markets.

Built on BNY Mellon's iFlow® data, iFlow Cloud maps investor exposures using four distinct states: underheld/overheld versus inflows/outflows, with an additional set of indicators assigning profits and losses to each holding.

Going forward, we will present monthly iFlow Cloud updates, with our latest findings being released three days prior to month end.

For more detail on iFlow Cloud, and to learn what the framework revealed about investor behavior during the recent market volatility, click on the thumbnail to the right.



Introducing iFlow Cloud
FROM DEPRESSION TO ANTICYCLONE

MAY 26, 2020

Mapping Investment Cycles Through Currencies

In this note we introduce a framework designed to display investor behavior in global currency markets. iFlow Cloud maps investor exposures using four distinct states: underheld/overheld versus inflows/outflows. An additional set of indicators will assign profits and losses to each holding.

We will be launching iFlow Cloud in fixed income and equities in H2 2020.

iFlow Cloud Articulates the Full Picture

Economic activity is often classified either by flow or stock. Flow is about transactions, which take place every nanosecond. Stock is about holdings. In [iFlow Cloud](#), we document inflows and outflows on a daily basis. iFlow Cloud will report an additional layer of information denoting whether agents are overheld/underheld.

- **FX Flows:** Each FX forward transaction is cataloged daily as a buy/sell exposure. These buy/sell exposures are then added to estimate a flow indicator of daily activity. Each daily flow report is normalized by its one-year history. iFlow Cloud will aggregate daily flow indicators over the previous month for 10 currencies in Asia, 11 currencies in G10, seven currencies in EMEA and five currencies in LatAm.
- **FX Holdings:** This indicator represents the total of all existing currency exposures. By construction it is a slow-moving estimate compared to the flow indicator. Under normal market conditions it takes several trading sessions to unwind an overheld or underheld currency position. These positions are the sum of all forward transactions currently in place. We calculate this indicator for currencies in the regions listed above.
- **FX Profitability:** We introduce a third indicator. Profitability records and aggregates cumulative profit and loss of each FX transaction through the life of the exposure.

We will be updating iFlow Cloud three days prior to month end going forward.

In this note we describe investor behavior with iFlow Cloud through the recent volatility between February and May 2020.

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