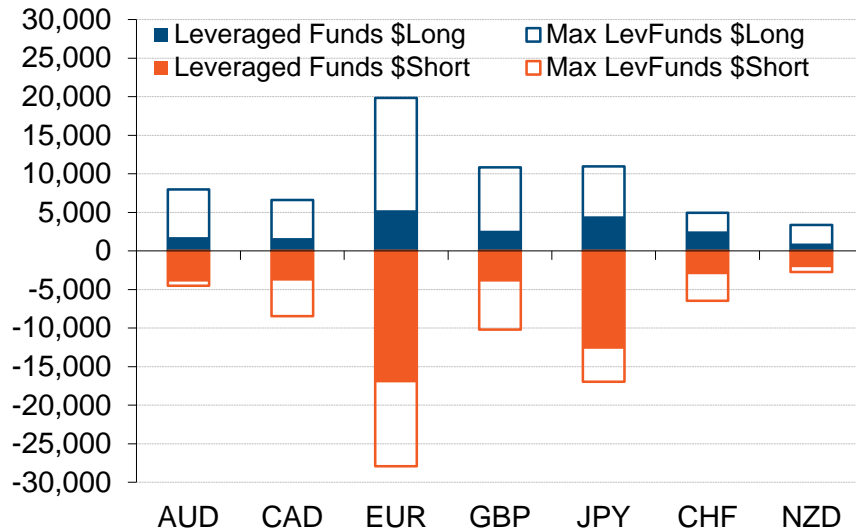


Highlights from the 09-Oct CoT survey of IMM leveraged funds

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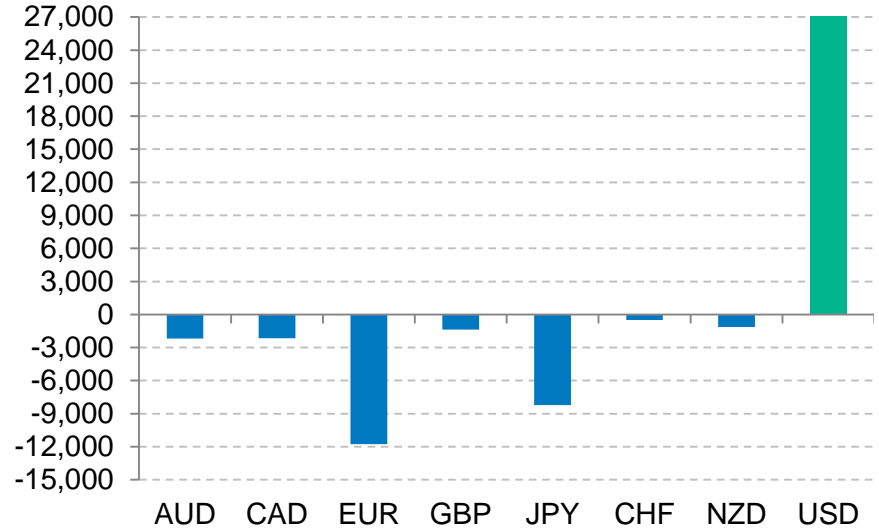
Short-AUD and long-USD were the most crowded sides

IMM leveraged funds' 09-Oct-18 positions by side relative to the 3Y max of that side



CFTC, Bloomberg, BMO FX Strategy

Leveraged funds' net positions by currency (measured in USD notional for each currency and the aggregate)

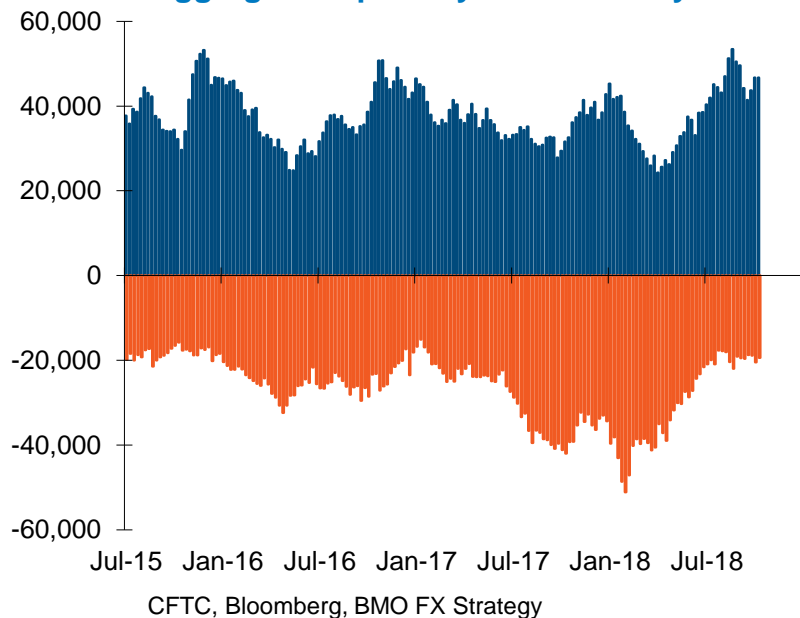


CFTC, Federal Reserve, Bloomberg, BMO FX Strategy

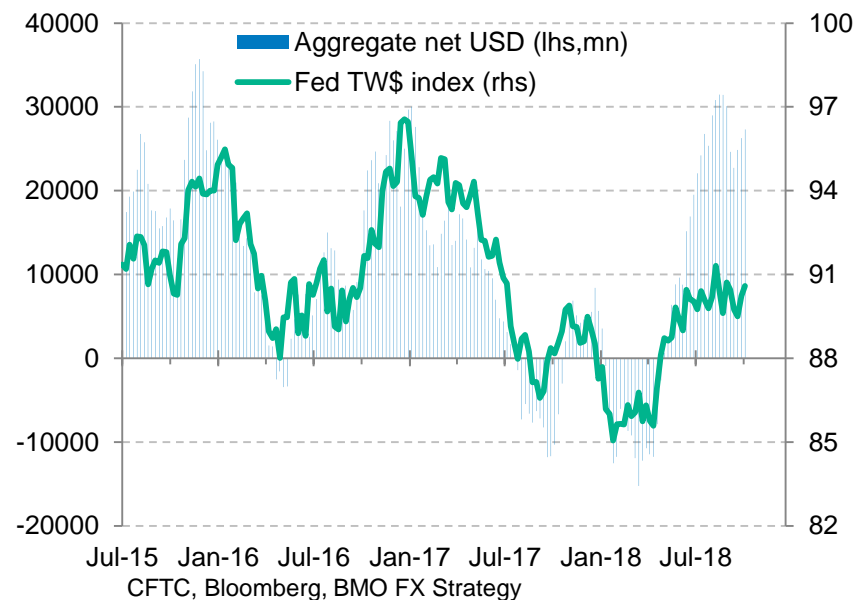
- In USD notional terms, short-EUR was the biggest currency side held by IMM leveraged funds with a notional value equivalent to USD17.0bn. However, that position was only 61% of its 3Y maximum, so it was only a moderate position from that perspective. **Short-AUD**, worth a USD equivalent of 4.0bn, was smaller in notional terms, but was at **88% of its 3Y max**. That was the **largest position** by that gauge.
- **Short-NZD**, at **77%** of its 3Y max, and **short-JPY**, at **75%** were the **next largest positions** by that scale.
- As has been the case for 23 straight weeks, IMM leveraged funds were **net long of USD**. IMM leveraged funds were **net short of everything else (AUD, CAD, CHF, EUR, GBP, JPY and NZD)**.
- Net shorts in EUR and JPY were large in absolute terms, while all other net positions were relatively small.

Leveraged funds net long-USD position inched higher

IMM leveraged funds positions in the USD against the aggregate of primary currencies by side



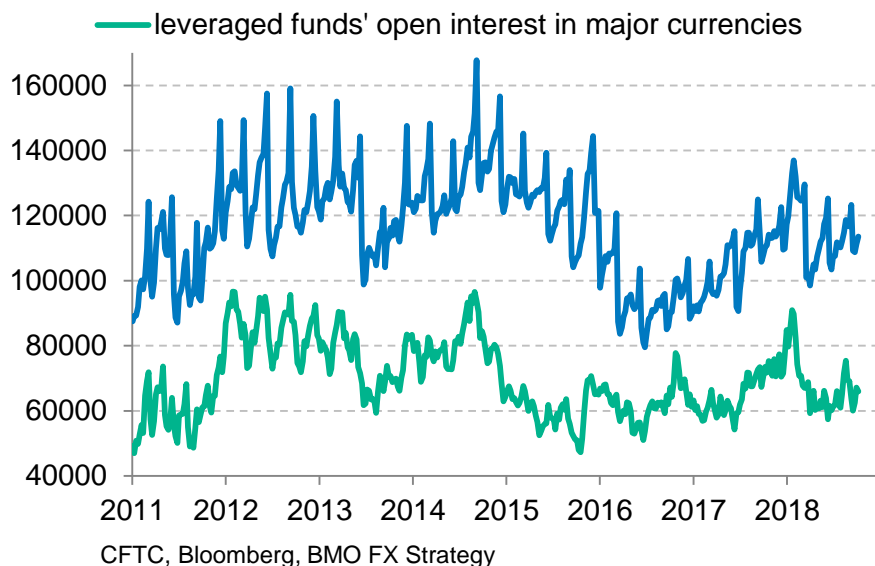
IMM leveraged funds positions in the USD against the aggregate vs the Fed's narrow USD index



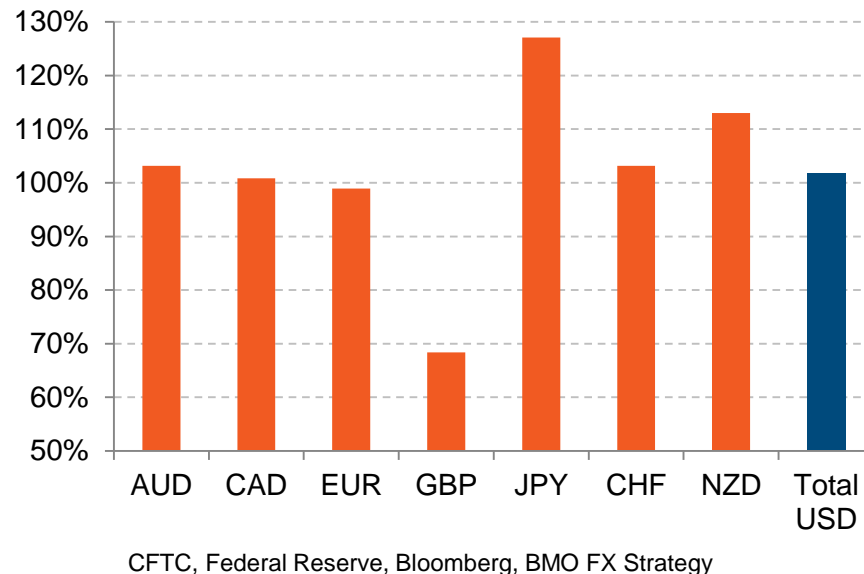
- IMM leveraged funds held the notional equivalent of USD46.7bn worth of **long-USD** contracts against the aggregate of {AUD,CAD,CHF,EUR,GBP,JPY,NZD} ,which represents **87% of the 3Y maximum**. So by that measure, **the aggregate long-USD side was leveraged funds' 2nd most concentrated FX position** (after short-AUD). It was the 7th biggest aggregate long-USD side of 2018.
- The survey showed leveraged funds holding USD19.4bn worth of **short-USD** contracts against the basket. The short-USD side **stood at 38% of its 3Y max**.
- Leveraged funds' **net position in the USD was long-USD by 27.3bn**. That was up 1.0bn from the prior week but is still below August's peak of 31.5bn.

Open interest abnormally high in JPY

Open interest in the primary IMM currencies timeline



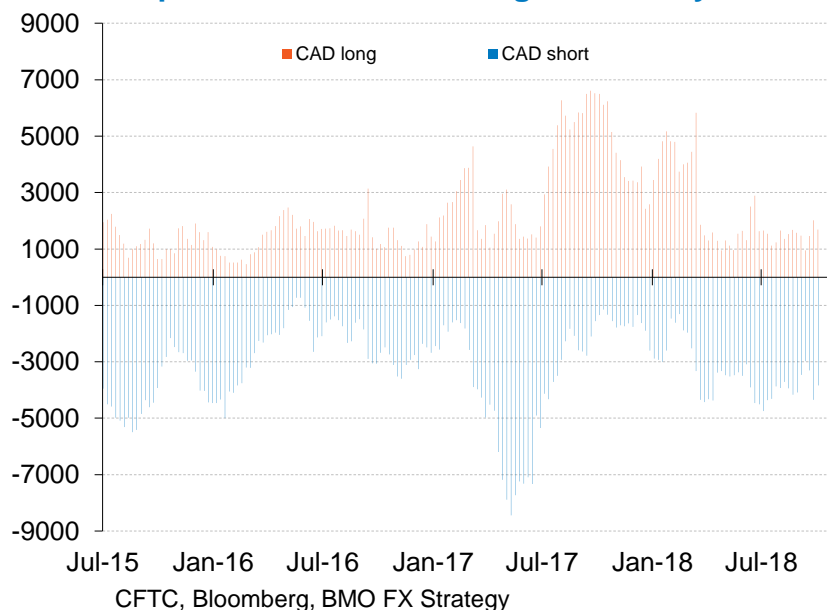
Leveraged funds' open interest relative to 3Y average



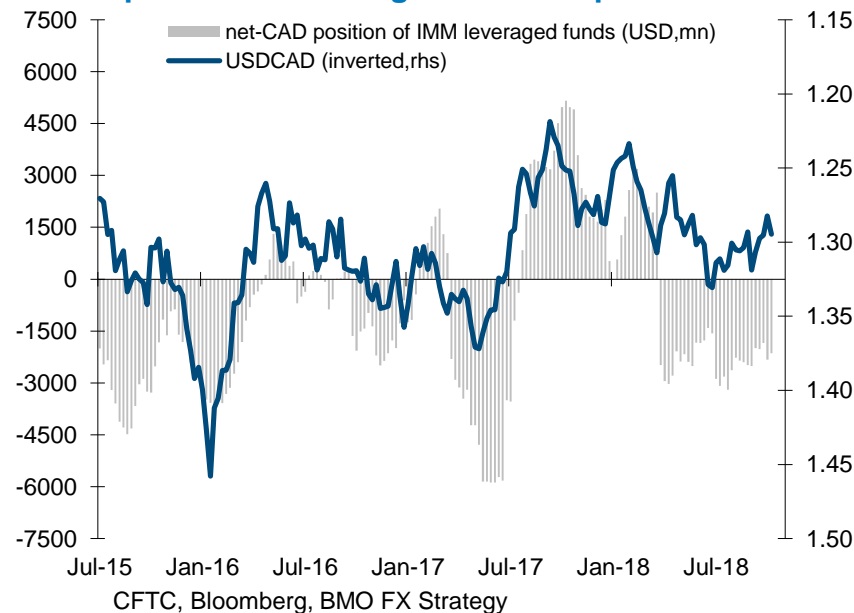
- **Total IMM open interest** (the sum longs and shorts) in all of the reported currency contracts was worth USD113.6bn—**up 2%** from the previous week. **Leveraged funds** were responsible for 66.0bn of that **open interest—down 2% on the week.**
- Total IMM open interest in FX was 7% above its 3Y average. **Leveraged funds' open interest in FX was 2% above its 3Y average.** Leveraged funds' open interest was 58% of total open interest in FX—3% below the 3Y average.
- IMM leveraged funds' open interest was highest in notional terms in EUR at an equivalent of USD22.4bn. Leveraged funds' **open interest relative to its 3Y average was highest in JPY at 127%.** Open interest was **lowest in GBP at 68%** of its 3Y average. It appears that **market volatility and the correlation between JPY and US rates has drawn in a wave of speculative interest on both sides.**

Leveraged funds backed away from both sides of CAD

CAD positions of IMM leveraged funds by side



Net position of leverage funds vs spot USDCAD



- For the 09-Oct survey, IMM leveraged funds held 21,843 **long-CAD** contracts worth USD1687mn—**down 16%** between surveys. However, the side was a scant **26% of its 3Y max** and 72% of its 3Y average.
- The survey showed leveraged funds holding 49,623 **short-CAD** contracts worth USD3,833mn—**down 11%** from the previous week. The side was **45% of its 3Y max** and 123% of its 3Y average.
- The net position was short-CAD by 29,833 contracts worth USD2,146mn, which is a completely un-noteworthy position in the 2018 context. IMM leveraged funds' **CAD shorts outnumbered CAD longs by a 2.3:1 ratio.**
- Leveraged funds' open interest in CAD fell to USD5.5bn worth from 6.4bn. That returned open interest to 101% of its 3Y average. FX investors appear to now be looking to other pairs for trading opportunities.

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