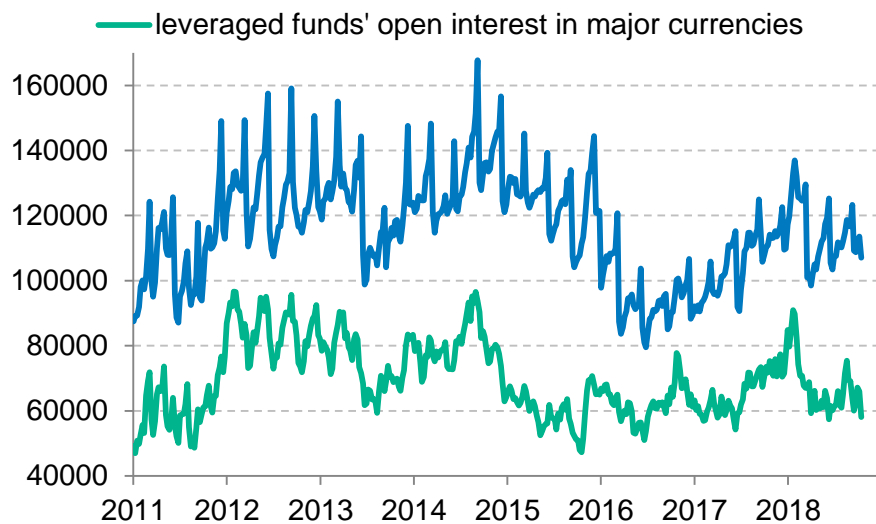


Highlights from the 16-Oct CoT survey of IMM leveraged funds

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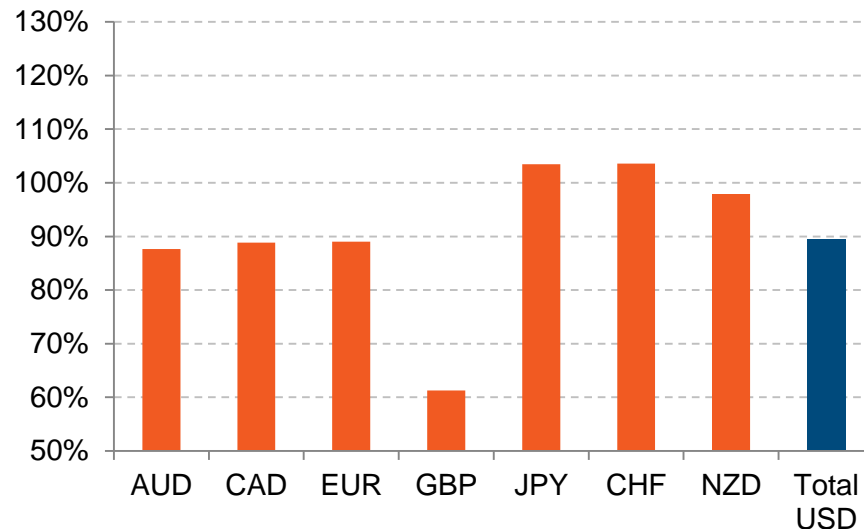
Speculative open interest in the FX category dropped sharply

Open interest in the primary IMM currencies timeline



CFTC, Bloomberg, BMO FX Strategy

Leveraged funds' open interest relative to 3Y average

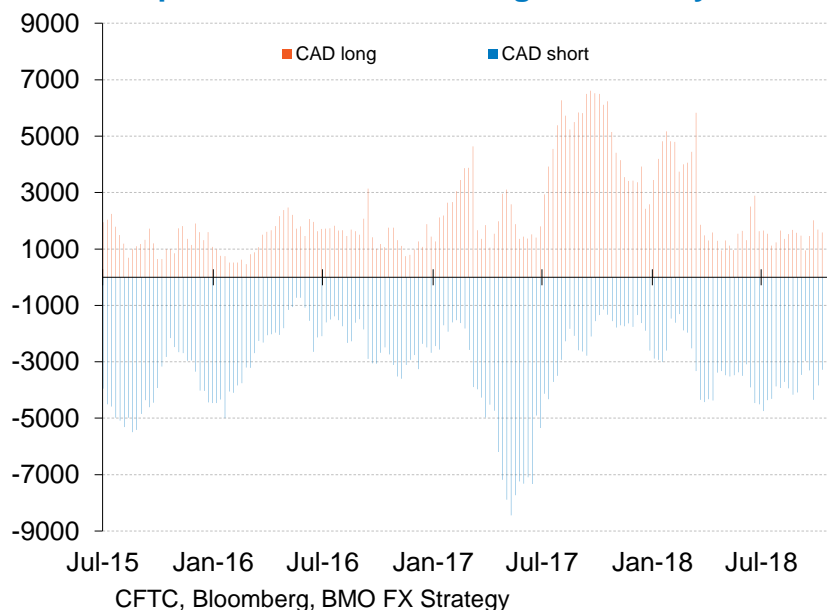


CFTC, Federal Reserve, Bloomberg, BMO FX Strategy

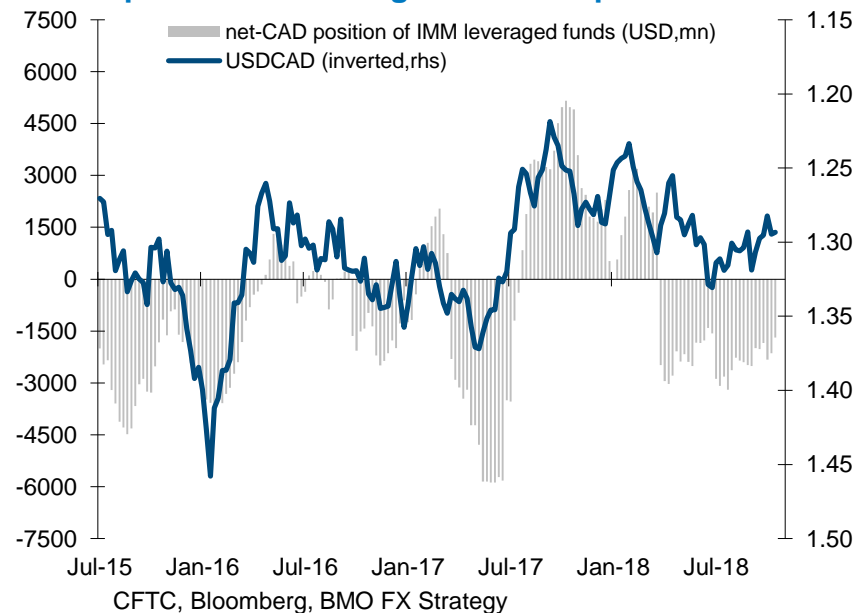
- **Total IMM open interest** (the sum longs and shorts) in all of the reported currency contracts was worth USD107.1bn—**down 6%** from the previous week. **Leveraged funds** were responsible for 58.1bn of that **open interest—down 12% on the week.**
- Total IMM open interest in FX was 11% above its 3Y average. **Leveraged funds' open interest in FX was 2% above its 3Y average.** Leveraged funds' open interest was 54% of total open interest in FX—well below the 3Y average of 61%.
- IMM leveraged funds' open interest was highest in notional terms in EUR at an equivalent of USD20.1bn. Leveraged funds' **open interest relative to its 3Y average was above average in CHF at 104% and JPY at 103%.** Open interest was **lowest in GBP at 61%** of its 3Y average. It appears that choppy price action related to Brexit drama is keeping model-trading leveraged funds away from GBP.

Leveraged funds bailing out of both sides of CAD

CAD positions of IMM leveraged funds by side



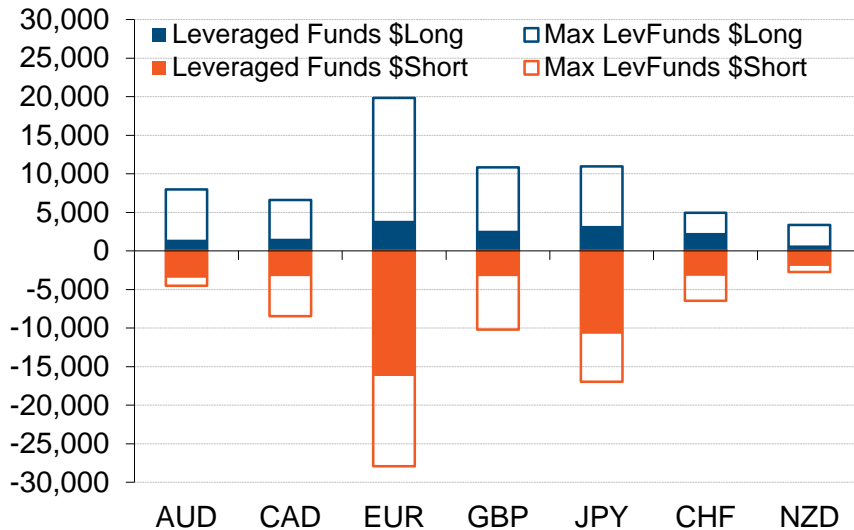
Net position of leverage funds vs spot USDCAD



- For the 16-Oct survey, IMM leveraged funds held 20,579 **long-CAD** contracts worth USD1591mn—**down 6%** between surveys. However, the side was only **24% of its 3Y max** and 67% of its 3Y average.
- The survey showed leveraged funds holding 42,425 **short-CAD** contracts worth USD3,280mn—**down 15%** from the previous week. The side was a mere **39% of its 3Y max** and 105% of its 3Y average.
- The net position was short-CAD by 21,846 contracts worth USD1,689mn. That is the least sizeable net position since 26-June. IMM leveraged funds' **CAD shorts outnumbered CAD longs by a 2.1:1 ratio.**
- Leveraged funds' open interest in CAD fell to USD4.9bn worth from 5.5bn. That put LF's open interest at just 89% of its 3Y average. The range-bound price action is presumably causing model traders to look elsewhere for opportunities.

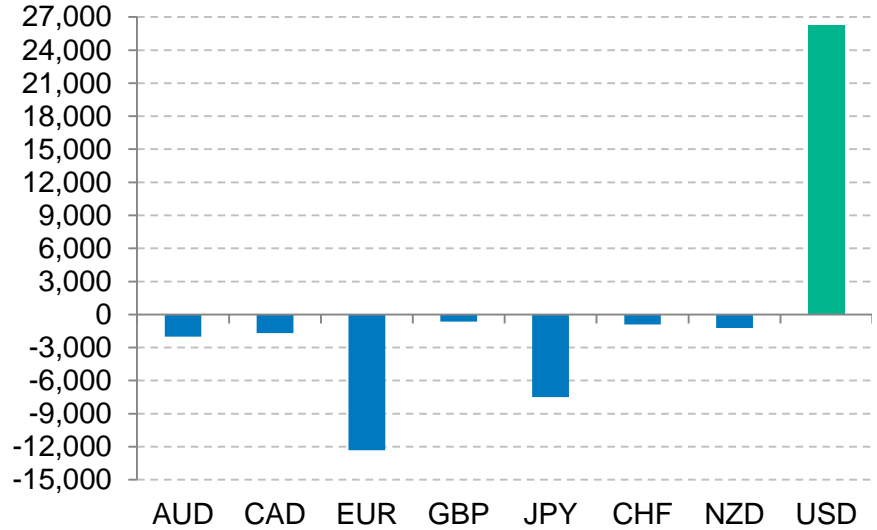
Short-AUD and long-USD were the most crowded sides

IMM leveraged funds' 16-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)

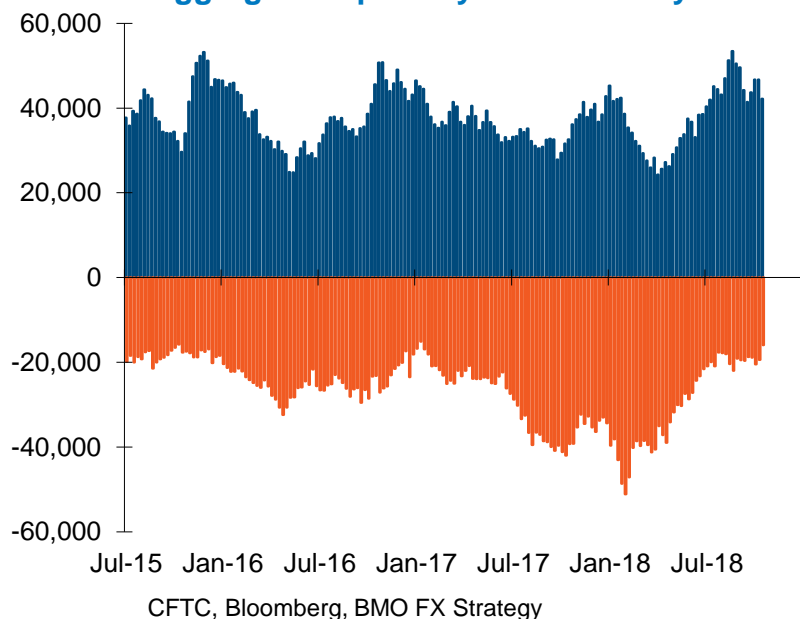


CFTC, Federal Reserve, Bloomberg, BMO FX Strategy

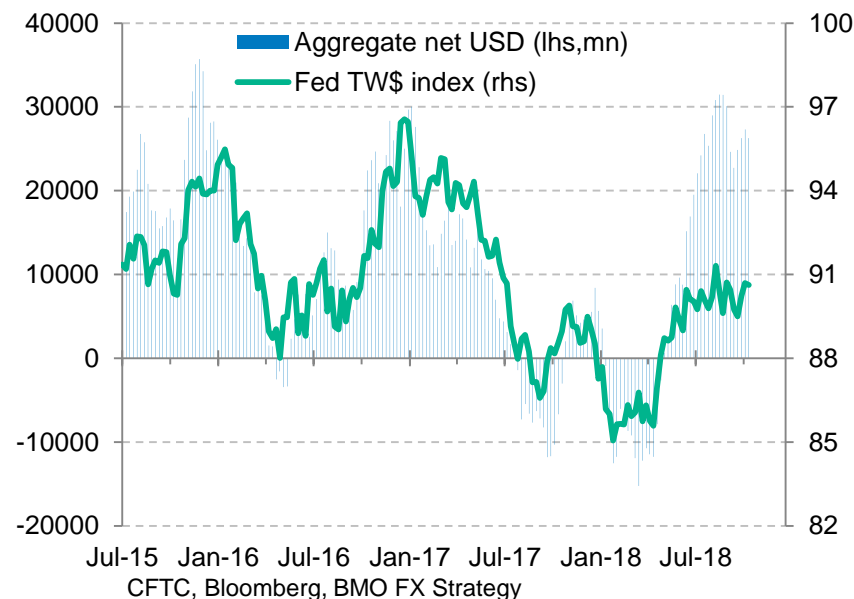
- In USD notional terms, short-EUR was the biggest currency side held by IMM leveraged funds with a notional value equivalent to USD16.2bn. However, that position was only 58% of its 3Y maximum, so it was only a moderate position from that perspective. **Short-AUD**, worth a USD equivalent of 3.5bn, was smaller in notional terms, but was at **77% of its 3Y max**. That was the **largest position** by that gauge.
- **Short-NZD**, at **71%** of its 3Y max, and **short-JPY**, at **73%**, were the **next largest positions** by that scale.
- As has been the case for 24 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 receded slightly

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 USD42.2bn worth of **long-USD** contracts against the aggregate of {AUD,CAD,CHF,EUR,GBP,JPY,NZD} ,which represents **79% of the 3Y maximum**. So by that measure, **the aggregate long-USD side was leveraged funds' most concentrated FX position**.
- The survey showed leveraged funds holding USD15.9bn worth of **short-USD** contracts against the basket, which is the smallest since January 2017. The short-USD side **was a scant 31% of its 3Y max**.
- Leveraged funds' **net position in the USD was long-USD by 26.3bn**. That was down 1.0bn from the prior week. It is almost USD5bn below August's peak of 31.5bn.

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