

Flash Note 16/04/2018

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Speculative Fx further lengthen the extremes, but the dollar seems stable.

Global Fx positioning shifts in the past week incrementally extended recent extremes:

- New highs in USD shorts (Net notional USD shorts widened out to \$-27.2bn from -25bn the prior week)
- Back to highs in EUR longs (EUR notional longs rose to EUR18.4bn from 16.8bn the prior week, basically matching the all-time historic highs of 18.6bn first printed late January)
- Back to highs in GBP longs (GBP notional longs rose to GBP2.7bn from 2.5bn the prior week, a fresh high since July 2014!!)

Outlook:

Despite this extension of extremes (short USD), the greenback has not retreated in the last 3 months. Which means that more extreme positions are needed in the futures market to maintain the EUR/USD price. What would happen with a futures market normalizing?

Maybe a sign of exhaustion of the dollar's speculative rout.

EUR/USD



Kind regards