

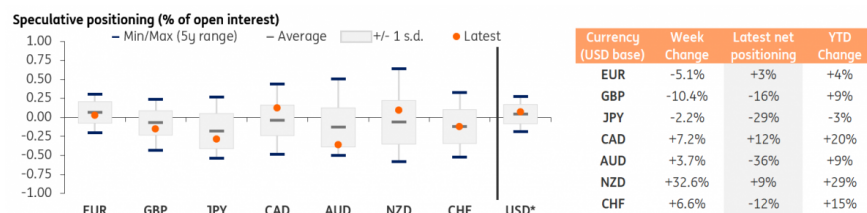
## FX Positioning: Major shifts in many G10 currencies

CFTC data shows some quite extreme swings in G10 FX positioning. EUR net longs dropped by 5% of open interest, GBP by 10%, while NZD positioning rose by 32% and entered net-long territory. Other pro-cyclical currencies saw an increase in net positioning. We suspect CFTC data has lost some explanatory power since the start of the Ukrainian war



### USD positioning stable, but high volatility in G10

CFTC data showed a marginal increase in the dollar's net aggregate positioning vs reported G10 currencies (i.e. G9 excluding NOK and SEK) in the week ending 15 March. However, the other G10 currencies showed very unusual and extreme volatility in their positioning gauges.



\*Note: Aggregate USD positioning versus G10 FX. As of 15 Mar 2022 (data reported with a lag).  
Source: CFTC, Macrobond, ING

EUR and GBP positioning tumbled, likely mirroring the impact of the Ukrainian conflict with some delay. EUR/USD saw a long squeeze worth 5% of open interest but remained marginally into net-long territory (+3% of o.i.).

GBP registered a considerable drop in net positioning (-10% of o.i.) and reached the lowest levels since early January. We have seen multiple examples in the past two years of large weekly swings in GBP positioning, which on many occasions were completely offset in the following week, so we warn against reading too much into this move.

## Pro-cyclicals jump

While the yen’s positioning advanced further into oversold territory, CAD, AUD and NZD saw an increase in net longs in the week ending 15 March. The Kiwi dollar’s positioning, in particular, saw a huge shift, rising by 32% of open interest and moving from oversold to overbought territory. Also, in this case, it appears that the move is mirroring actual market moves with a delay.

CAD and AUD positioning rose, but at a slower pace, and the latter remained into very oversold territory (-36% of open interest) despite having risen by more than 2.5% in the last month. We suspect the current market positioning on the Aussie dollar is no longer skewed to oversold territory.

This week’s big adjustments in CFTC FX positioning and the tendency to display market moves with some delay (even of multiple weeks) suggest that this is a tool that has likely lost some explanatory power, or at least its role as a leading indicator. This is likely due to the unusual FX volatility generated by the conflict in Ukraine.

## Author

**Francesco Pesole**

FX Strategist

[francesco.pesole@ing.com](mailto:francesco.pesole@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss

arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.