

## FX Positioning: King dollar

CFTC data for the week 13-19 November show speculators added shorts in all G9 currencies vs the dollar, which continues to consolidate its momentum amid trade chatter. CAD net long positioning faced another fierce correction

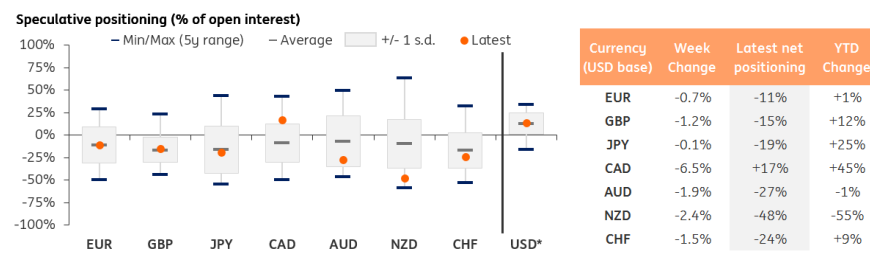


Source: Shutterstock

### Strengthening dollar positioning

In the week 13-19 November, the CFTC Commitments of Traders figures show how markets added speculative short positions on all G9 currencies versus the dollar (Figure 1). The dynamics probably reflect some skepticism around the advancement in Sino-American trade negotiations, that contributed to keep appetite for the USD supported whilst also ending the slump in JPY net positioning.

## G10 Positioning overview



\*Note: Aggregate USD positioning versus G10 FX. As of 19 Nov 2019 (data reported with a lag).  
Source: CFTC, Bloomberg, ING

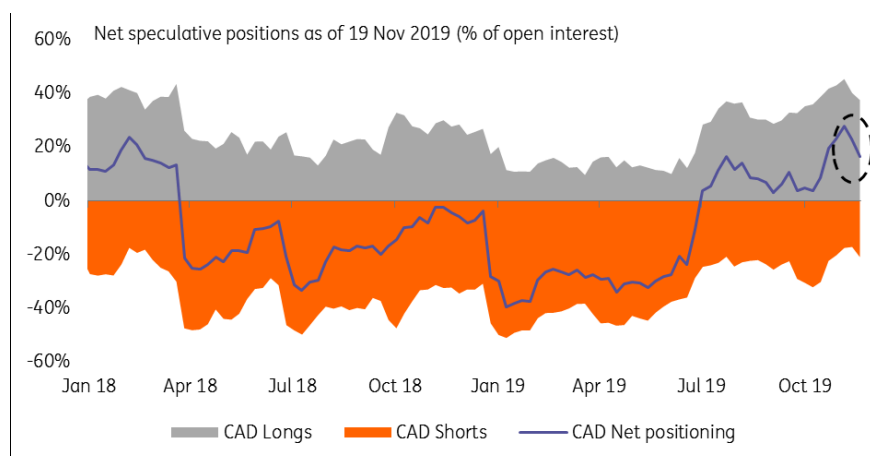
EUR/USD net positioning only moved marginally lower and remains around -11% of open interest, in line with its 5-year average. The gauge (similarly to the pair itself) seems stuck in a very narrow range, with speculative investors likely waiting on more signs of a rebound in the battered Eurozone economic outlook to consider adding longs in the pair.

The data does not cover the eurozone PMI released last Friday, which showed a tentative recovery in manufacturing (although services dropped). It will be interesting to monitor next week's CFTC report to spot any change in sentiment on the EUR, given that in the spot market the common currency remained capped.

## A fierce correction in CAD longs

CAD's net positioning has only recently moved at the top of the board in the G10 space (surpassing the dollar), but it is already facing a correction. In the week covered by CFTC data, CAD'S net longs retracted by 6.5% of open interest to +17% (Figure 2), with the drop outpacing those in the other commodity currencies (AUD -1.9%, NZD -2.4%). Such dynamics is strictly related to markets increasingly pricing in Bank of Canada easing.

## Tide turning for CAD?



Source: CFTC, Bloomberg, ING

However, it must be noted that the data does not cover the speech by Canadian central bank Governor Poloz on 21 November which prompted a fierce hawkish repricing in the OIS curve

(implied probability of a cut in December is down to 8% from 20% last week). In turn, we expect the next CFTC report not to display a further slump in CAD positioning.

## 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>.