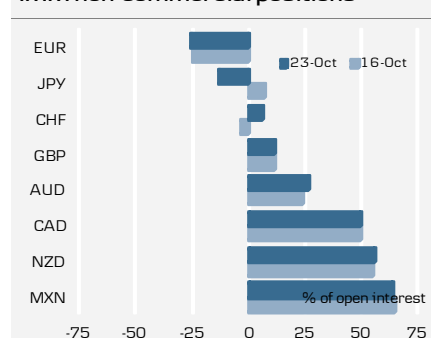


IMM Positioning

JPY bears prepare for Bank of Japan

- The latest IMM data covers the week from 17 October to 23 October.
- **Investors made an outright turnaround on the yen last week**, turning from net bullish to net bearish, leading up to this week's Bank of Japan (BoJ) meeting. At the meeting, we look for the BoJ to increase its asset-purchase programme by JPY10trn to JPY65trn, which seems to be widely expected in the market. We still target USD/JPY at 83 on a 12M horizon but see the potential for this week's BoJ meeting to steer the yen lower as fairly limited – not least considering the latest turn in positioning.
- **The opposite U-turn to that of the yen was seen for CHF where speculators turned net bullish on the CHF over the past week.** The CHF has continued to trade around the 1.21 level since the early September uptick induced by the ECB move. The SNB's 1.20 minimum target is likely to stay in place for now but should Spain give in and ask for ECB assistance, this may cut safe-haven flows to Switzerland and weigh on the Swissie, thus making the work of the SNB even easier in helping EUR/CHF to move higher still.
- **Euro short bets were unwound only to a very limited extent last week** and the scope for EUR upside from positioning thus remains intact compared with last week. However, the 'easy move' higher in EUR/USD is likely to be behind us and we will probably have to wait for Spain to ask for ECB assistance before the next sustained uptick can be made.
- **Bullish commodity bets were cut last week as investors shed oil, gold and copper alike:** indeed, we have yet to see the leg higher in prices that we have been calling for in H2. Commodities are still waiting for firmer confirmation that China is stabilising as well as more sustained dollar weakness. Our fair-value models however underline that fundamentals have improved in recent months and we see a floor for Brent oil around USD100 per barrel.

IMM non-commercial positions



Source: Commodity Futures Trading Commission

Senior Analyst

Christin Tuxen

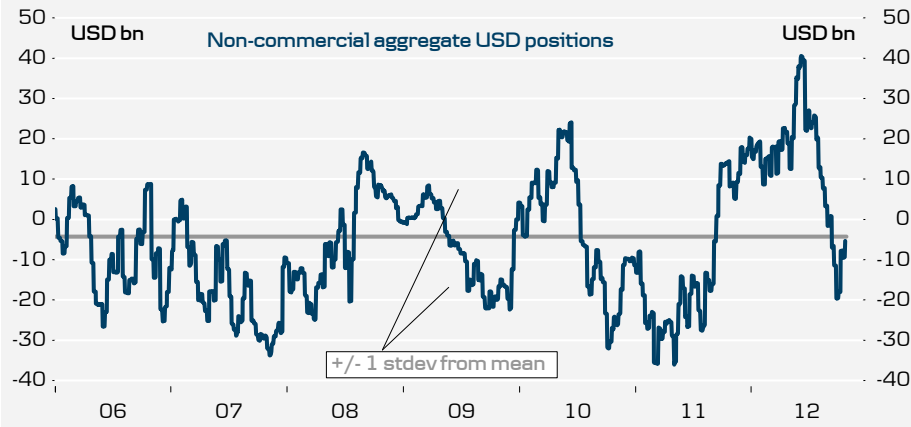
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	1000 contracts			% of open interest			USD bn		
	23-Oct	16-Oct	Change	23-Oct	16-Oct	Change	23-Oct	16-Oct	Change
USD*							-10.4	-14.7	4.3
EUR	-55.2	-53.5	-1.7	-25.5	-24.3	-1.1	-9.0	-8.7	-0.2
JPY	-18.2	10.1	-28.3	-13.3	7.7	-20.9	-2.8	1.6	-4.4
GBP	18.4	19.6	-1.2	11.8	11.9	-0.1	1.8	2.0	-0.1
CHF	2.4	-1.2	3.6	6.4	-3.3	9.7	0.3	-0.2	0.5
CAD	89.1	93.8	-4.7	50.0	49.5	0.5	9.0	9.5	-0.5
AUD	45.7	38.4	7.2	27.1	23.7	3.4	4.7	3.9	0.7
NZD	16.3	16.3	0.1	56.1	55.2	0.9	1.3	1.3	0.0
MXN	132.4	135.5	-3.1	63.8	64.9	-1.1	5.1	5.3	-0.2
OIL	186.4	206.5	-20.1	11.8	13.1	-1.3			
GOLD	182.0	194.0	-12.0	39.9	41.9	-2.0			
COPPER	6.9	11.5	-4.6	4.5	7.6	-3.2			
2-YEAR	-5.5	46.2	-51.7	-0.6	4.8	-5.4			
10-YEAR	79.3	136.0	-56.7	4.7	8.1	-3.4			
S&P500	-3.3	3.8	-7.2	-1.6	1.9	-3.5			

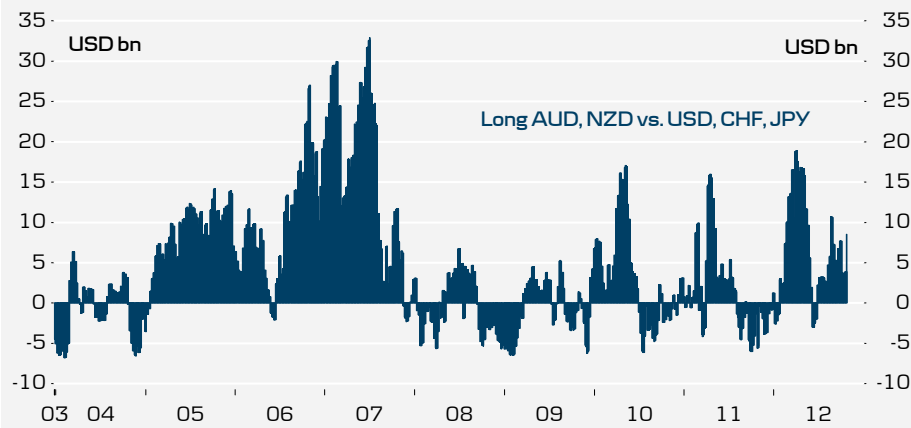
Source: Commodity Futures Trading Commission

Chart 1. Sum of EUR, JPY, GBP, CHF, CAD, AUD and NZD



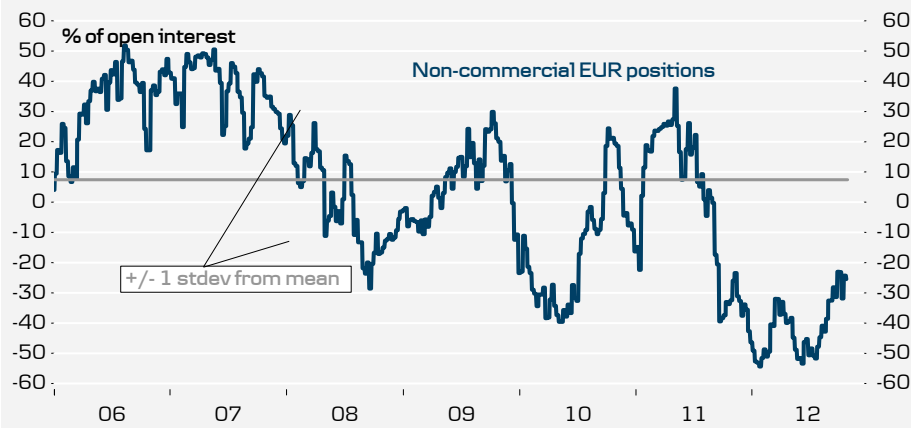
Source: Commodity Futures Trading Commission, Danske Markets

Chart 2. Non-commercial 'carry' positioning



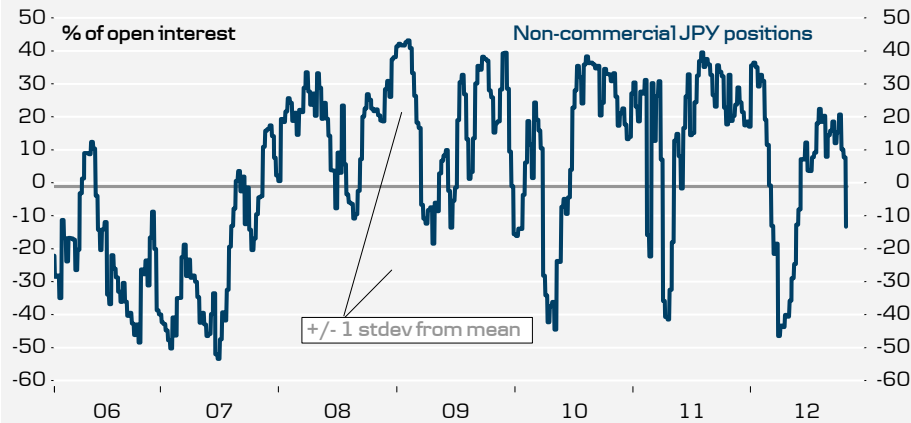
Source: Commodity Futures Trading Commission

Chart 3. Net-long EUR positioning



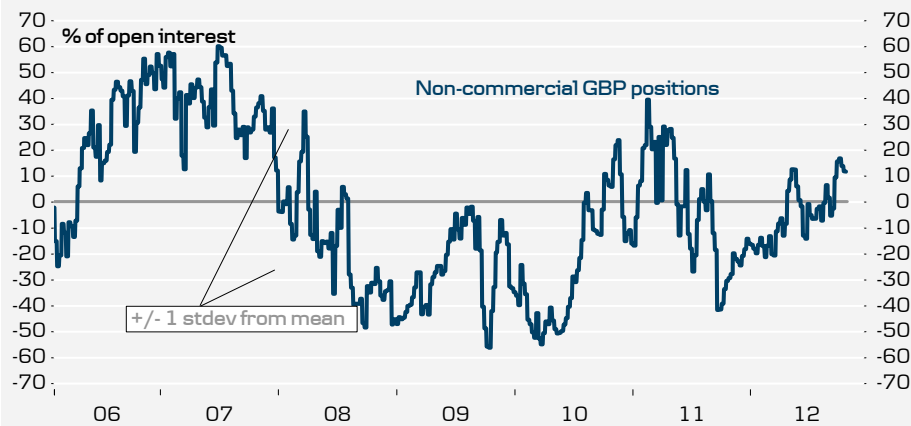
Source: Commodity Futures Trading Commission

Chart 4. Net-long JPY positioning



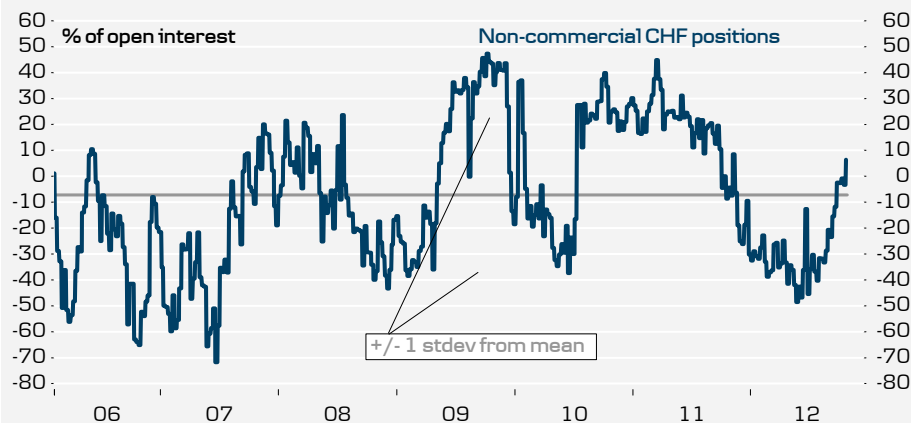
Source: Commodity Futures Trading Commission

Chart 5. Net-long GBP positioning



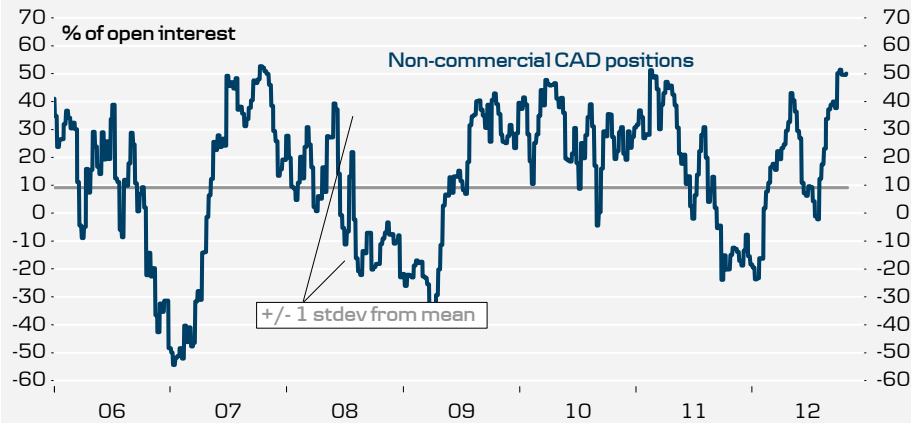
Source: Commodity Futures Trading Commission

Chart 6. Net-long CHF positioning



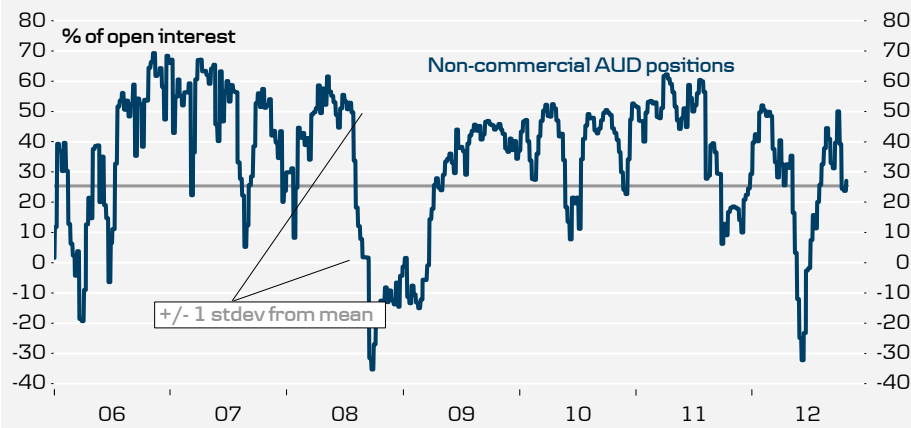
Source: Commodity Futures Trading Commission

Chart 7. Net-long CAD positioning



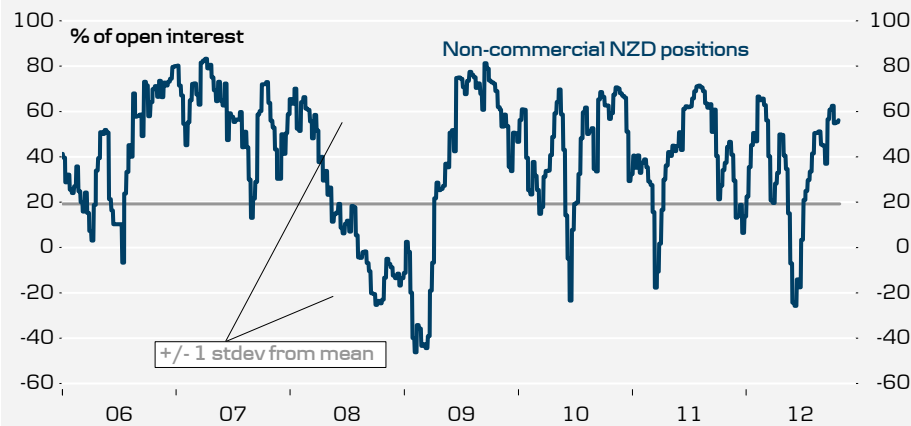
Source: Commodity Futures Trading Commission

Chart 8. Net-long AUD positioning



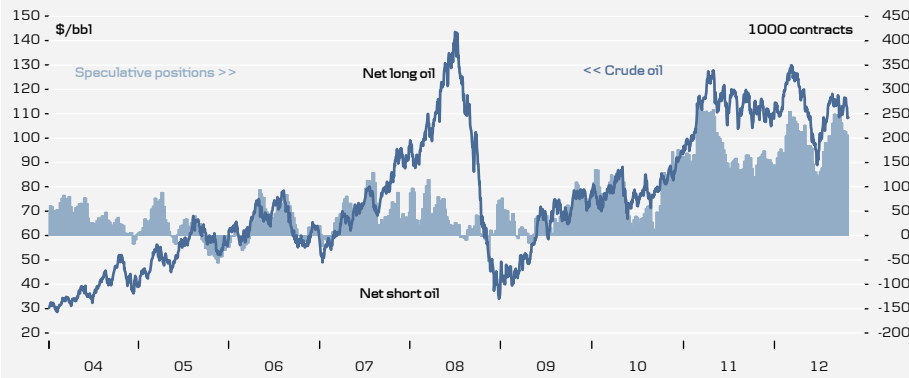
Source: Commodity Futures Trading Commission

Chart 9. Net-long NZD positioning



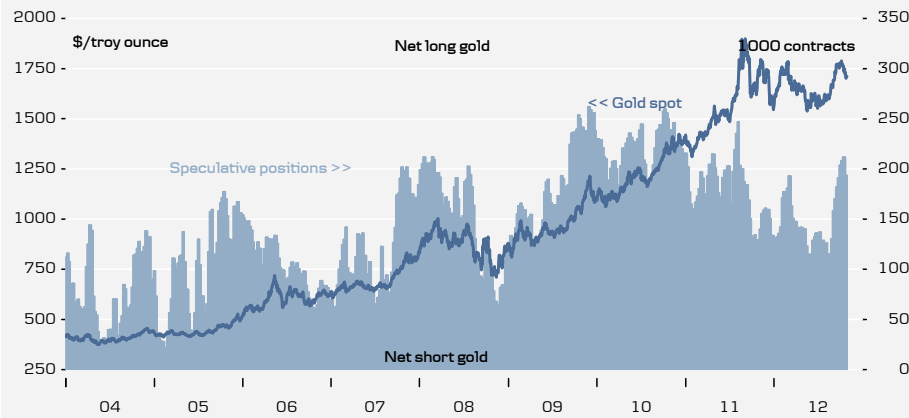
Source: Commodity Futures Trading Commission

Chart 10. Oil and non-commercial positioning



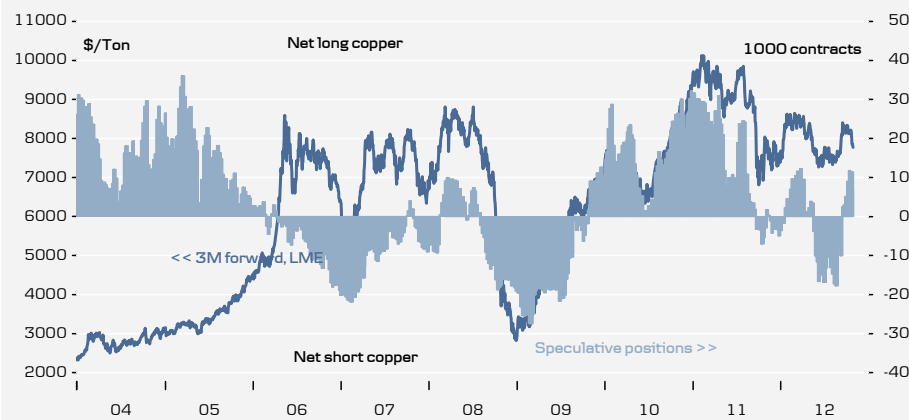
Source: Commodity Futures Trading Commission

Chart 11. Gold and non-commercial positioning



Source: Commodity Futures Trading Commission

Chart 12. Copper and non-commercial positioning



Source: Commodity Futures Trading Commission

The IMM data

The IMM data is part of the Commitments of Traders (COT) reports published by the U.S. Commodity Futures Trading Commission (CFTC). The IMM data provides a breakdown of each Tuesday's open futures positions on the International Money Market (IMM) a division of the Chicago Mercantile Exchange. All of a trader's reported futures positions in a commodity are classified as commercial if the trader uses futures contracts in that particular commodity for hedging as defined in CFTC Regulation 1.3(z), 17 CFR 1.3(z). A trader may be classified as a commercial trader in some commodities and as a non-commercial trader in other commodities.

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This research report has been prepared by Danske Research, a division of Danske Bank A/S ('Danske Bank'). The author of this research report is Christin Tuxen, Senior Analyst.

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