

Flash Note
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EUR/USD shift. Especulative in nature (long lasting?)

I guess that any small supportive news coming from the US could curve the trend dramatically. (Of course, I can be wrong)

The steadily building in net notional USD short SPEC position trend reached a new milestone this past week, growing to -\$7.7bn and now breaching prior cycle troughs in May-2016 (-6.9bn), May-2014 (-6.0), and Oct-2013 (-5.5) to print the largest spec short positioning since February-2013 (Sources).

The USD is the currency where ESPECS have the shortest positions globally!!!

On a 3-year lookback basis, USD positioning is much shorter today (-2.22 sigma) today than in Feb-2013 (-0.94 sigma), and currently has the most negative z-score since March-2011.

Accordingly, ESPEC positioning data has pushed extremes (this time longs) across several other currencies, particularly EUR longs, at EUR11.4bn, the largest long bias since May 2011. On a 3-year z-score basis, the EUR is 2.8 sigma long!! Crystal clear. The currency where investors have the longest positions globally is the Euro. Think about the room left for building new positions.

Best regards from SW in Great London

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