

Presentation to CFEC – February 2025

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Global Head FX Strategy & Central Bank Coverage

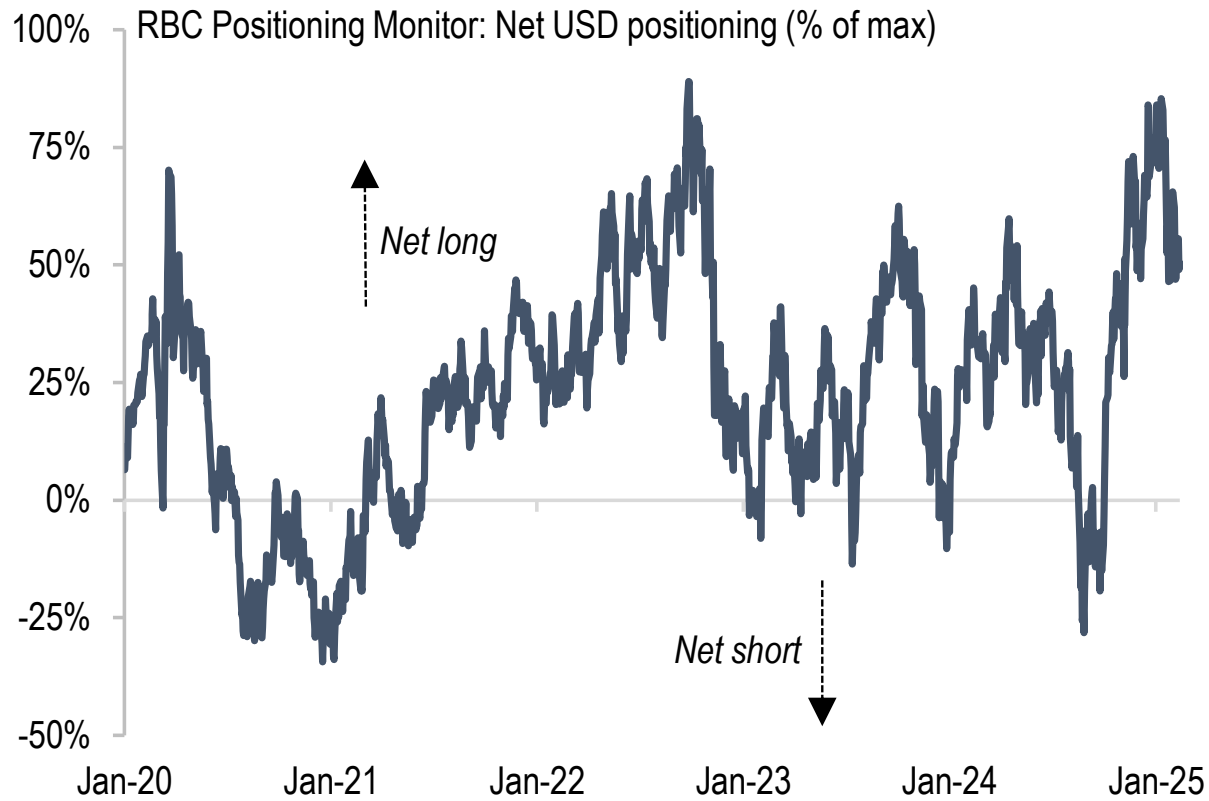
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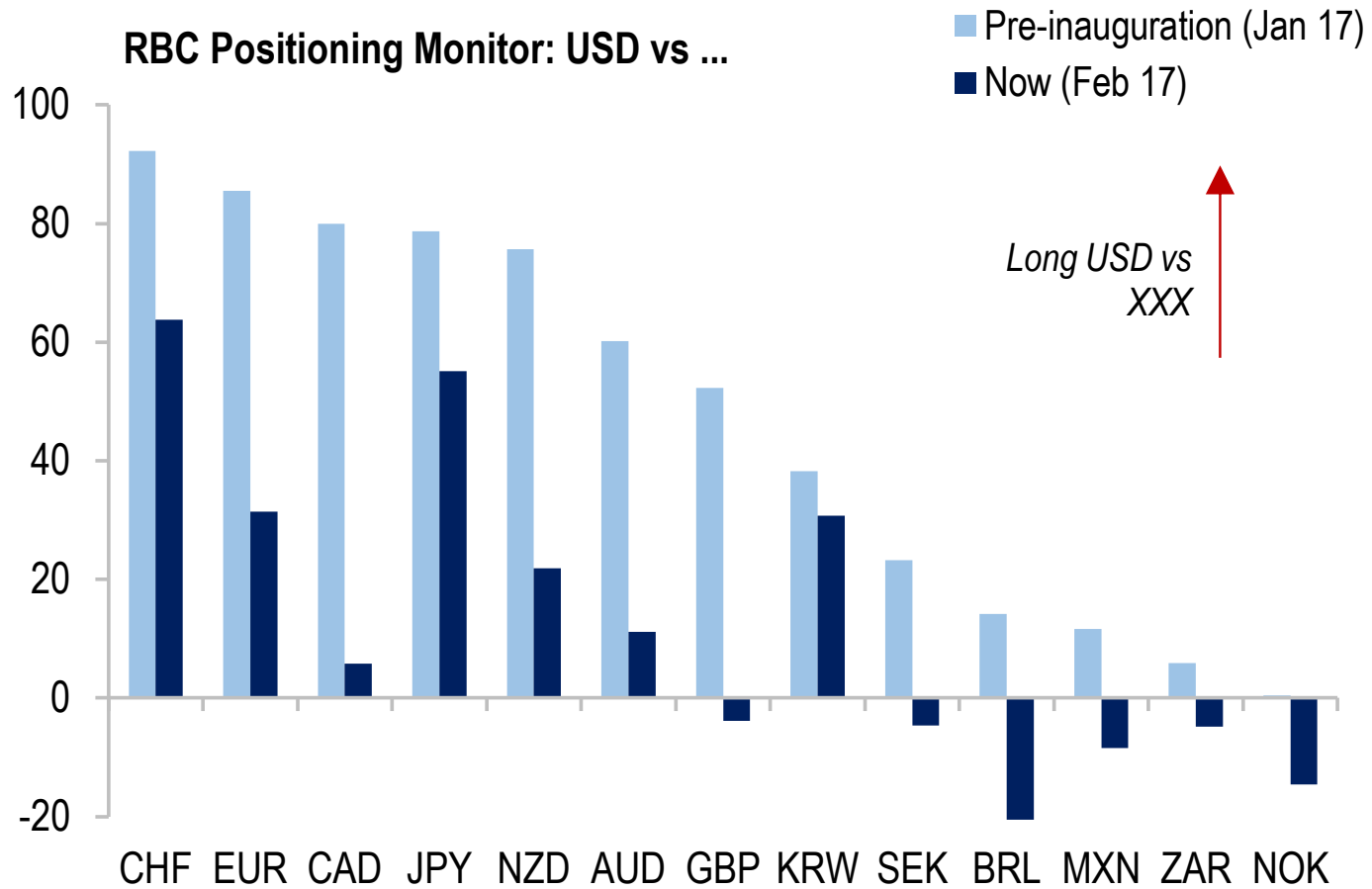
Capital
Markets

Markets persistently long USD since 2020

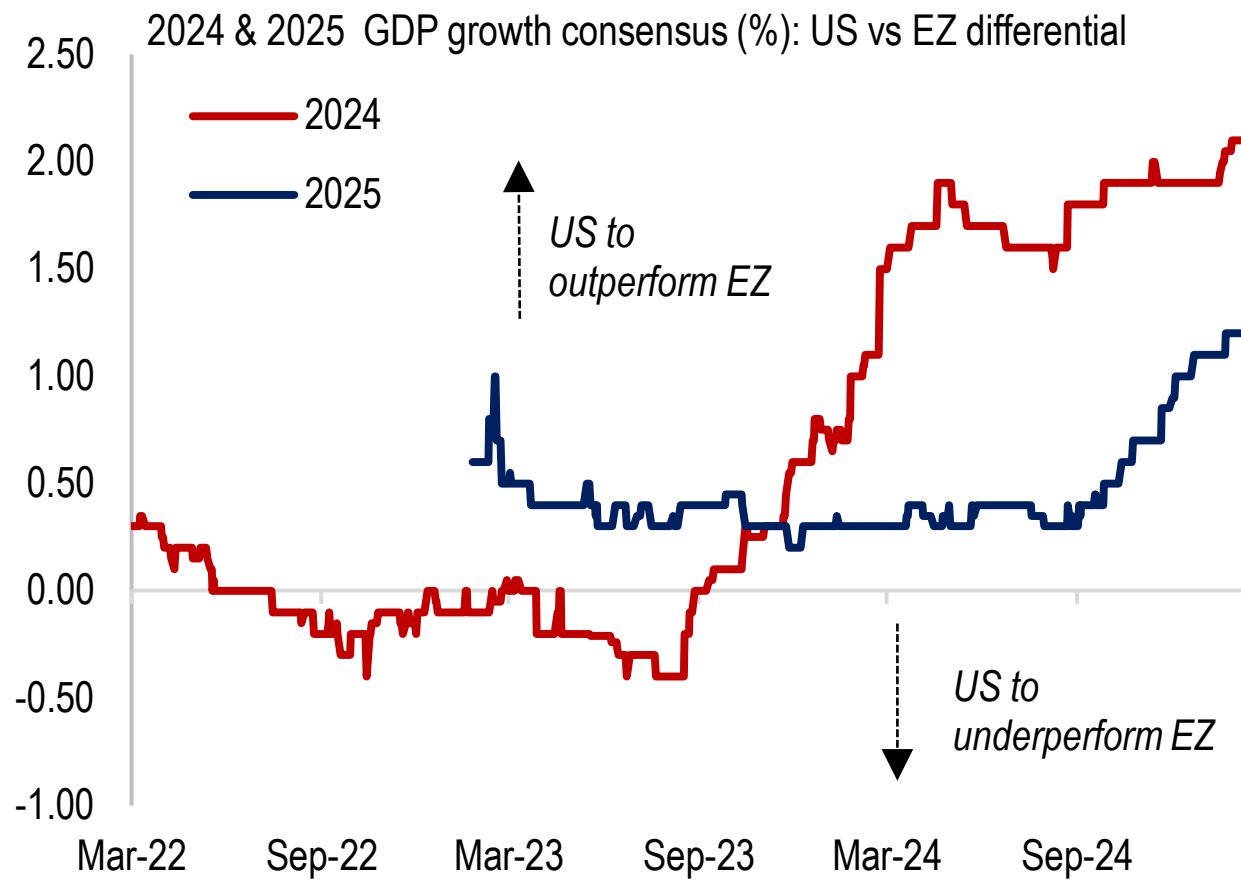


- Our AMOS positioning monitor uses observed trade data in the market to derive positioning metrics.
- This quantifies the speed and scale of the rebuild in USD longs since early October.

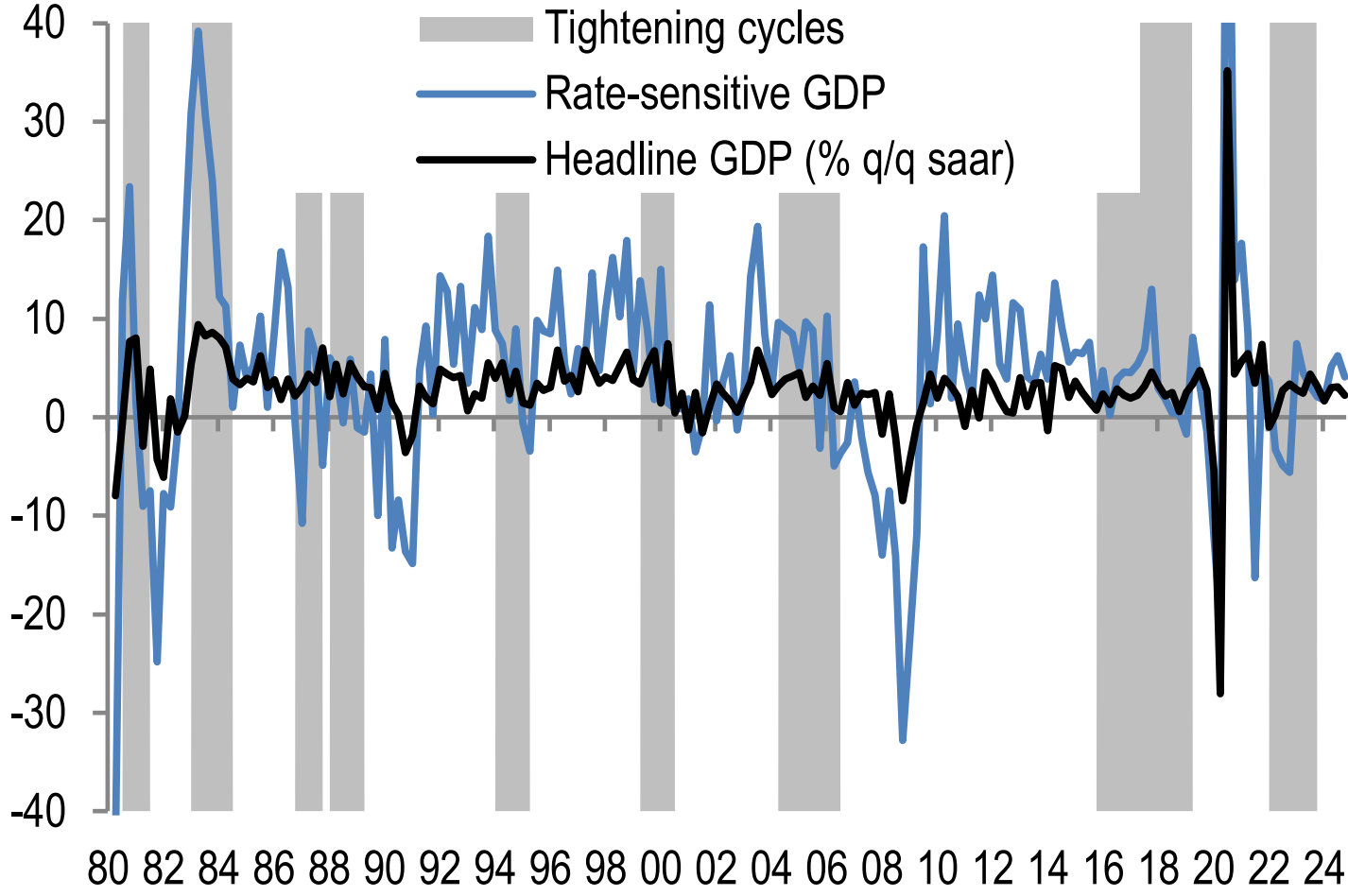
Post inauguration positioning



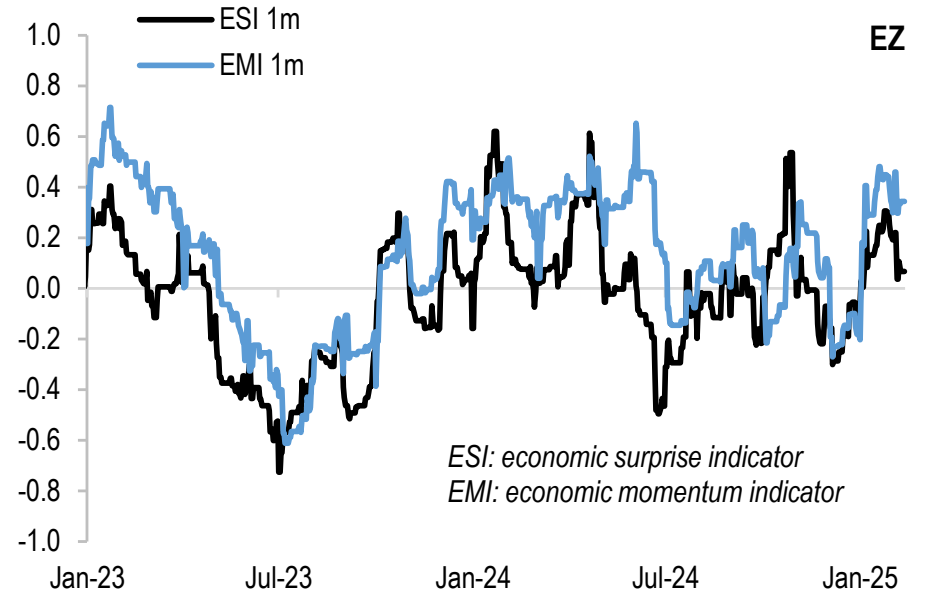
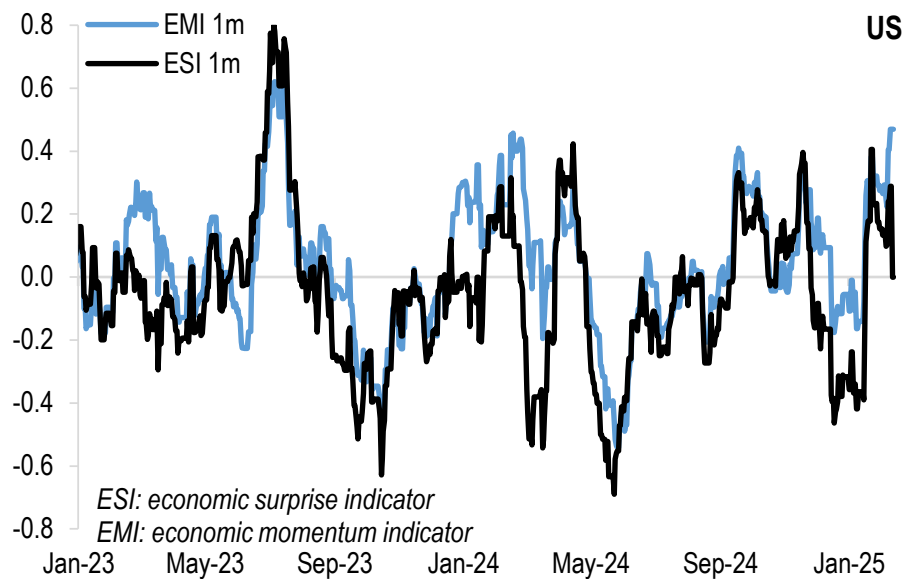
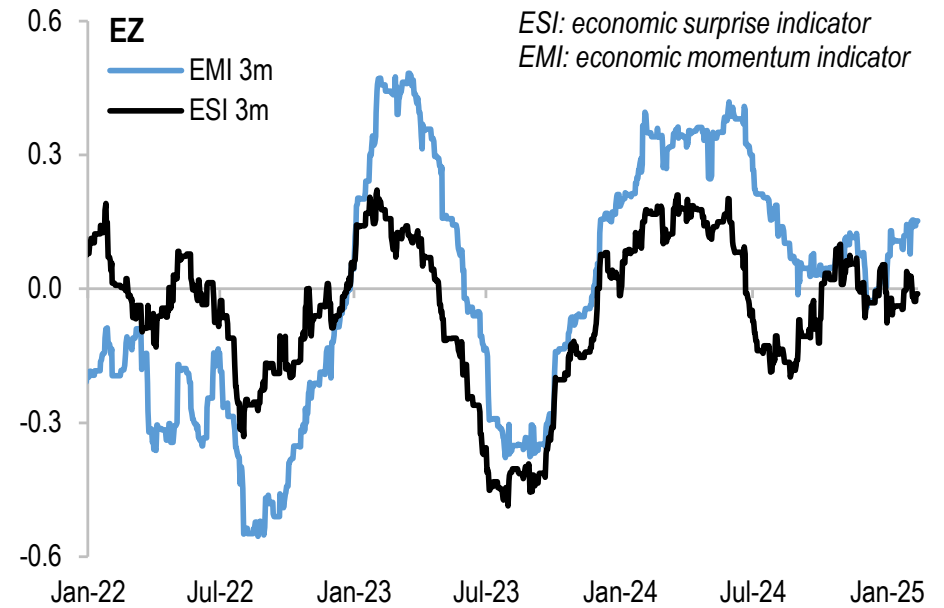
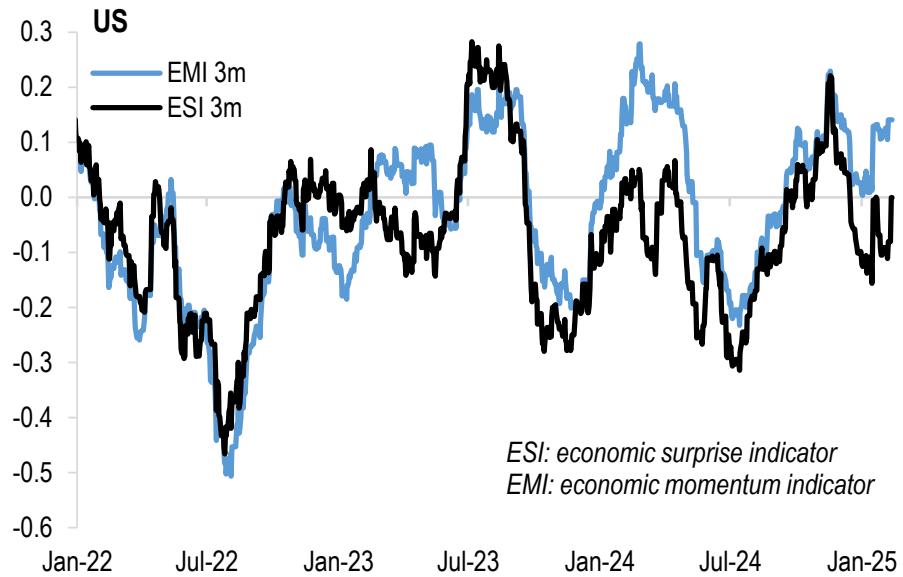
US exceptionalism is consensus by now



The US looks a lot less sensitive than it used to be to higher rates



Data momentum is positive but expectations have quickly caught up

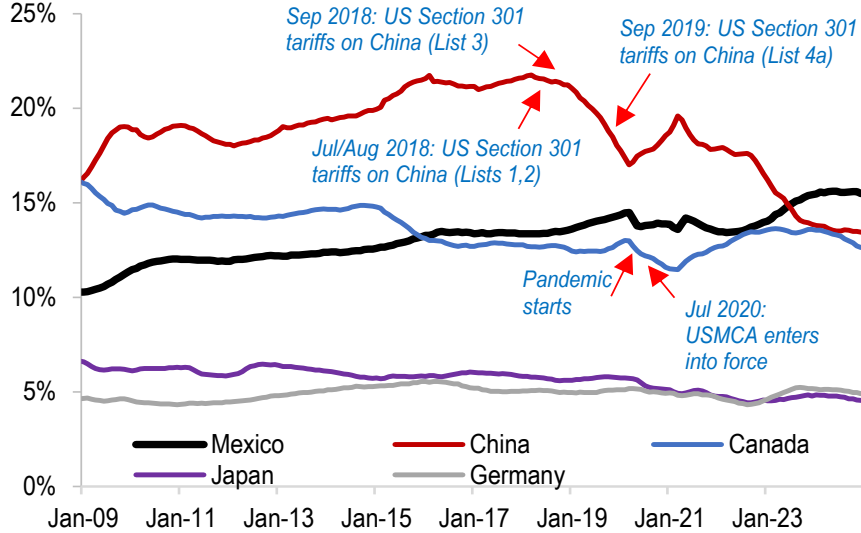


Upside risks 1 & 2

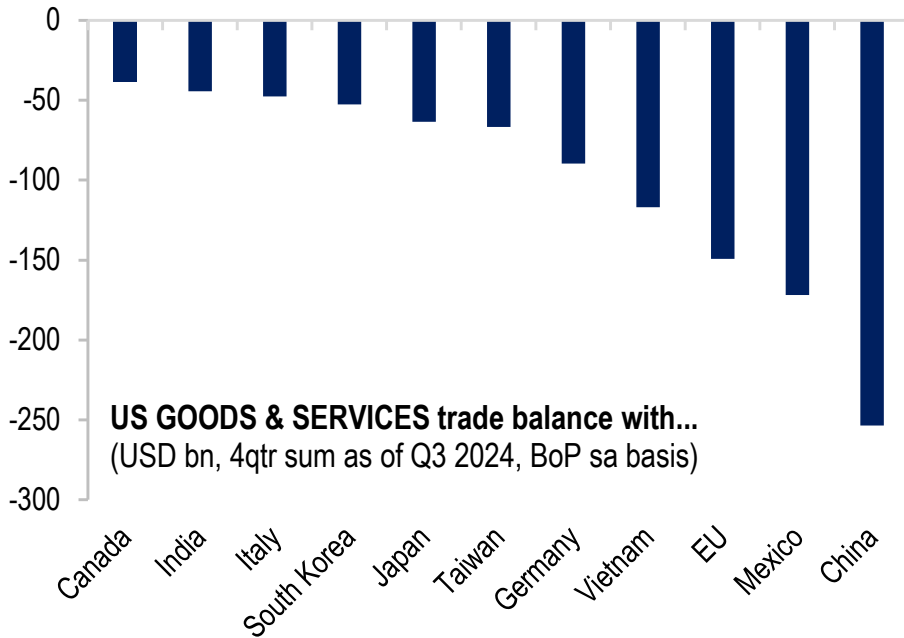
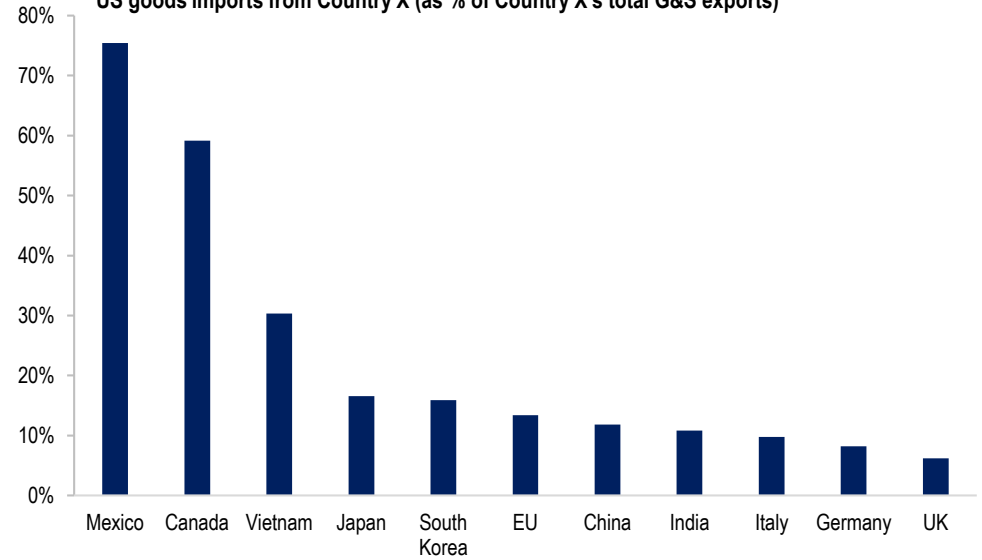
Tracking exposure to US tariffs

US goods imports: % share by country of source

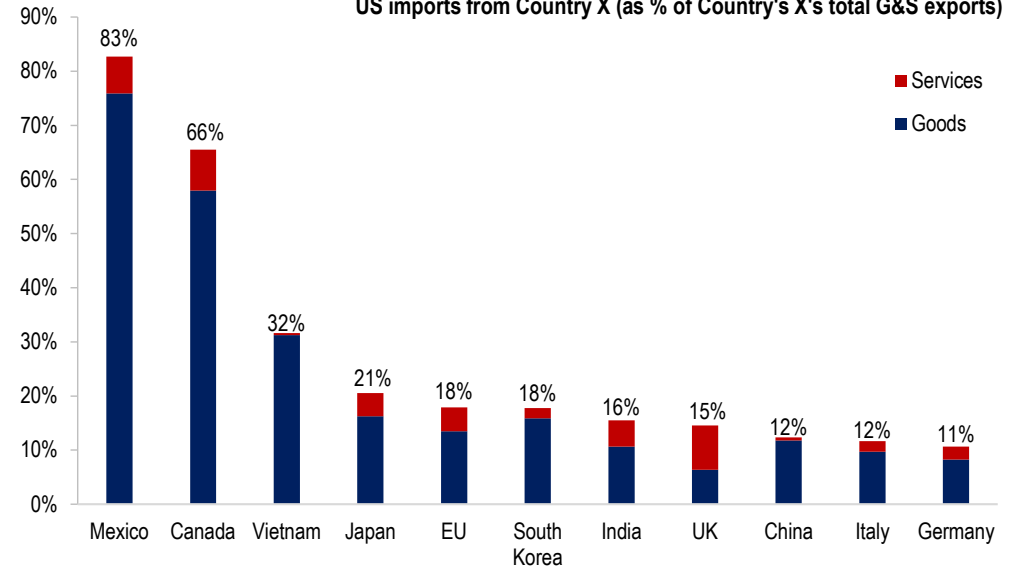
(12m rolling sum of imports from country X / 12m rolling sum of US total imports)



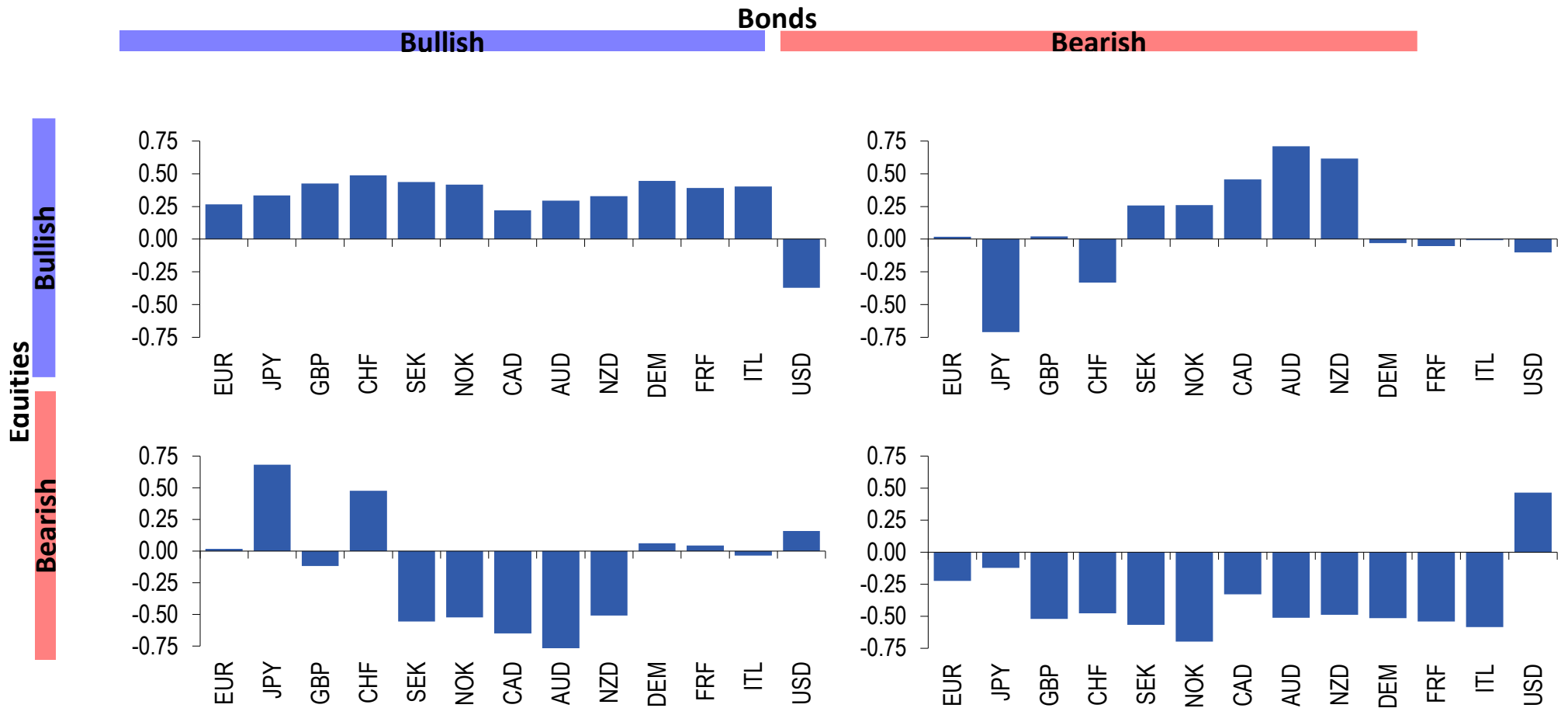
US goods imports from Country X (as % of Country X's total G&S exports)



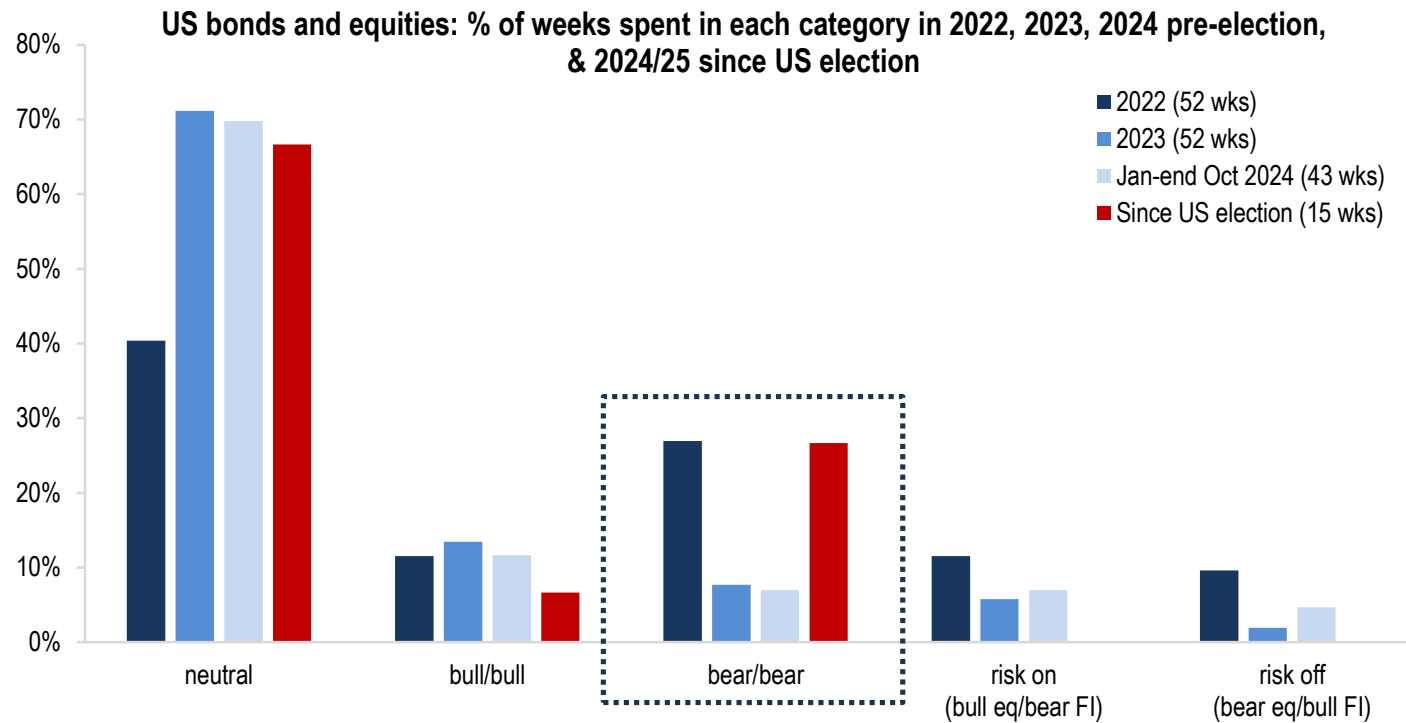
US imports from Country X (as % of Country's X's total G&S exports)



Cross-asset signals for FX

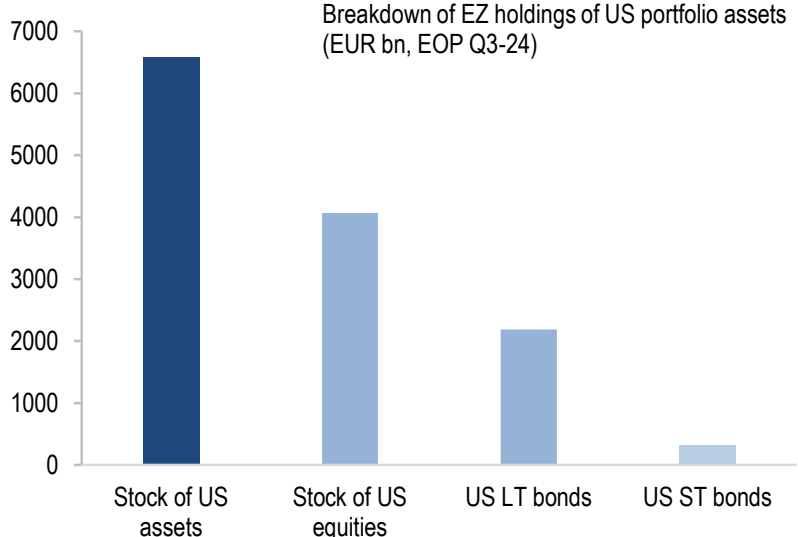
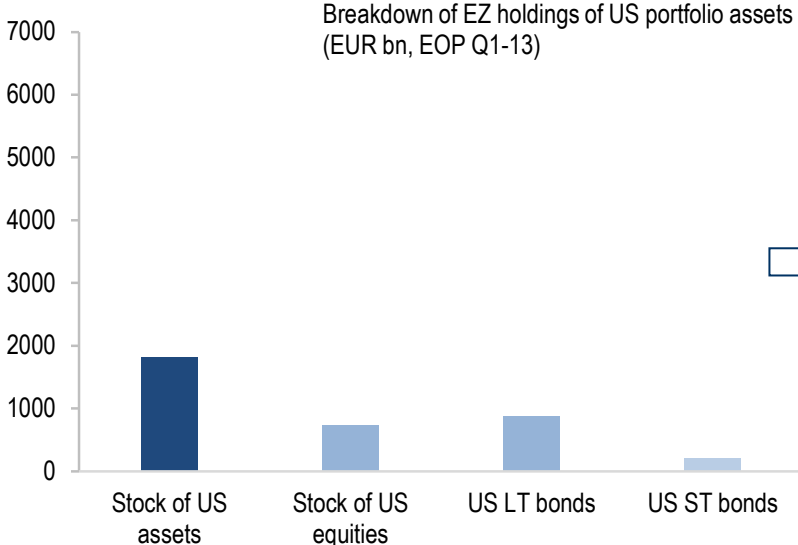


Twin US bond/equity weakness accounts for ~2/3 of post-election USD strength

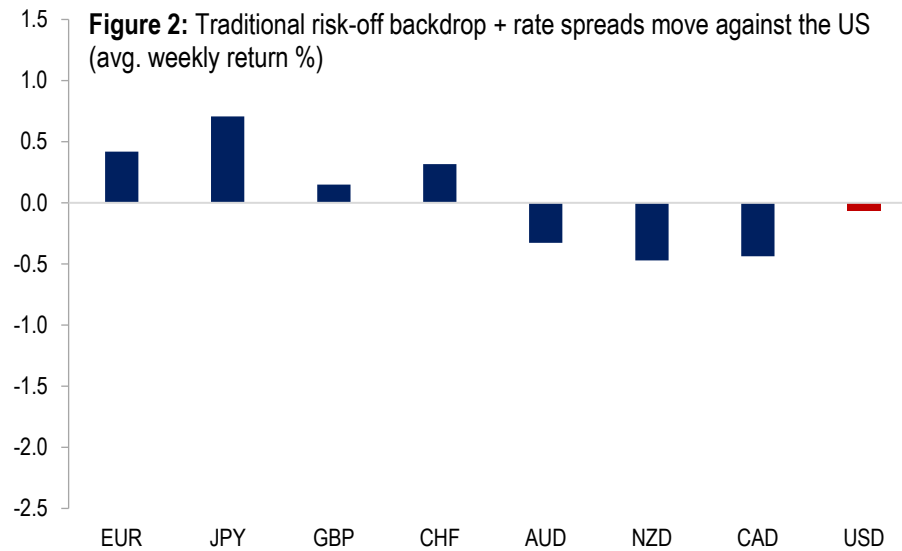
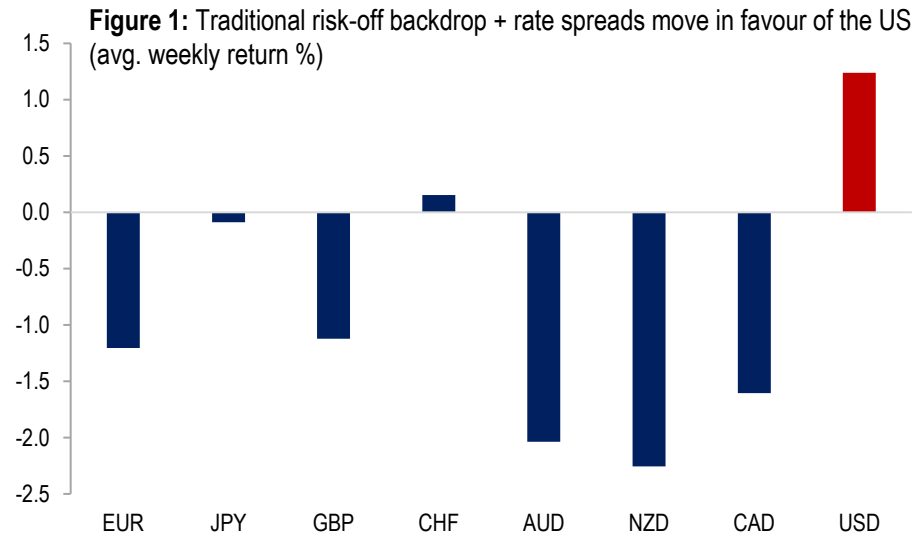


Downside risks 1 & 2

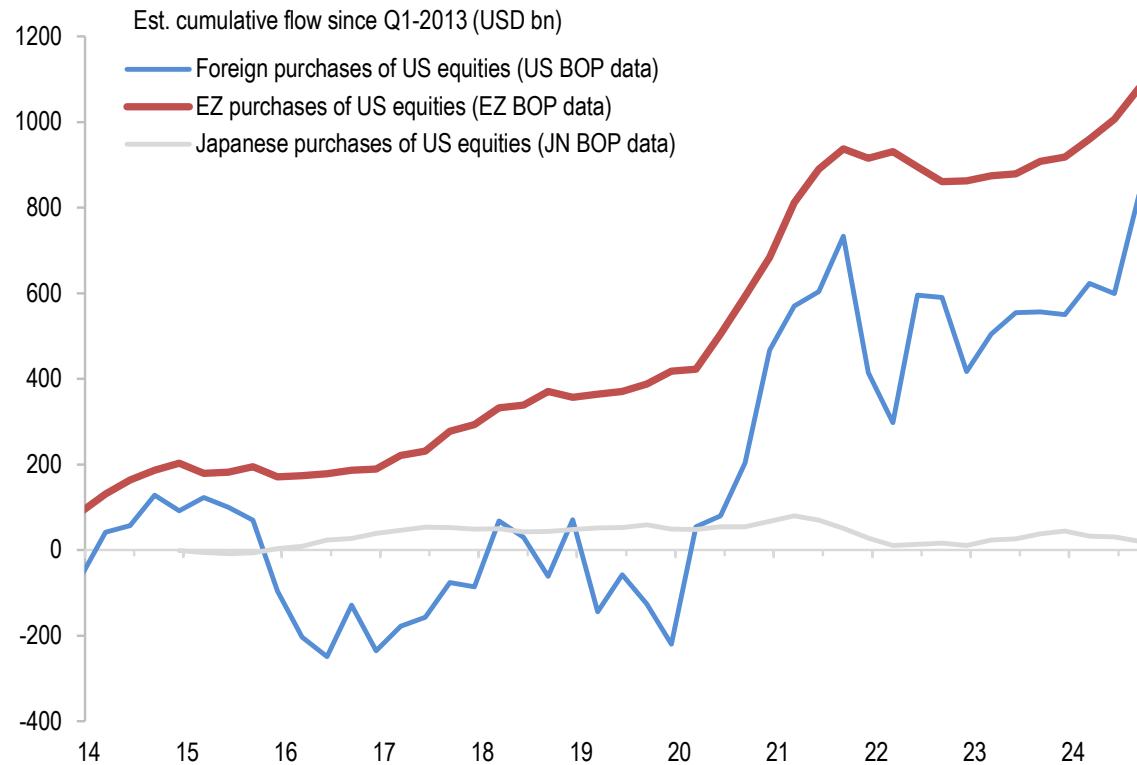
Europe has turned into large net creditor to the US



Rate dynamics can override USD smile



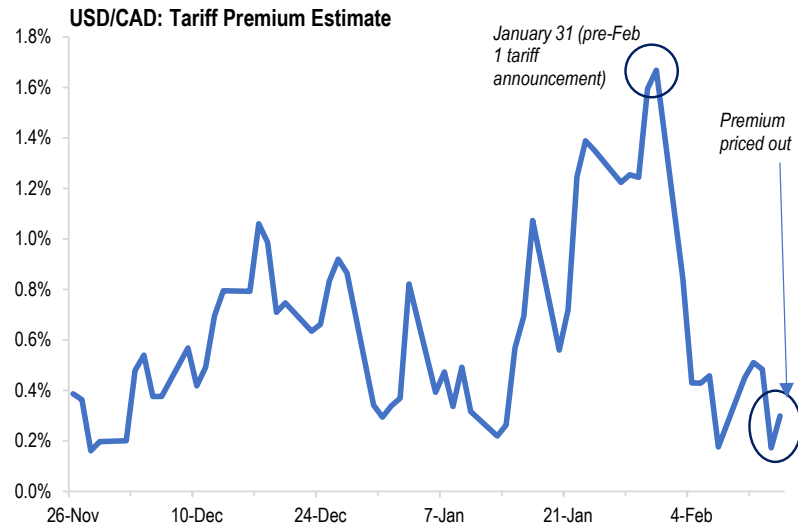
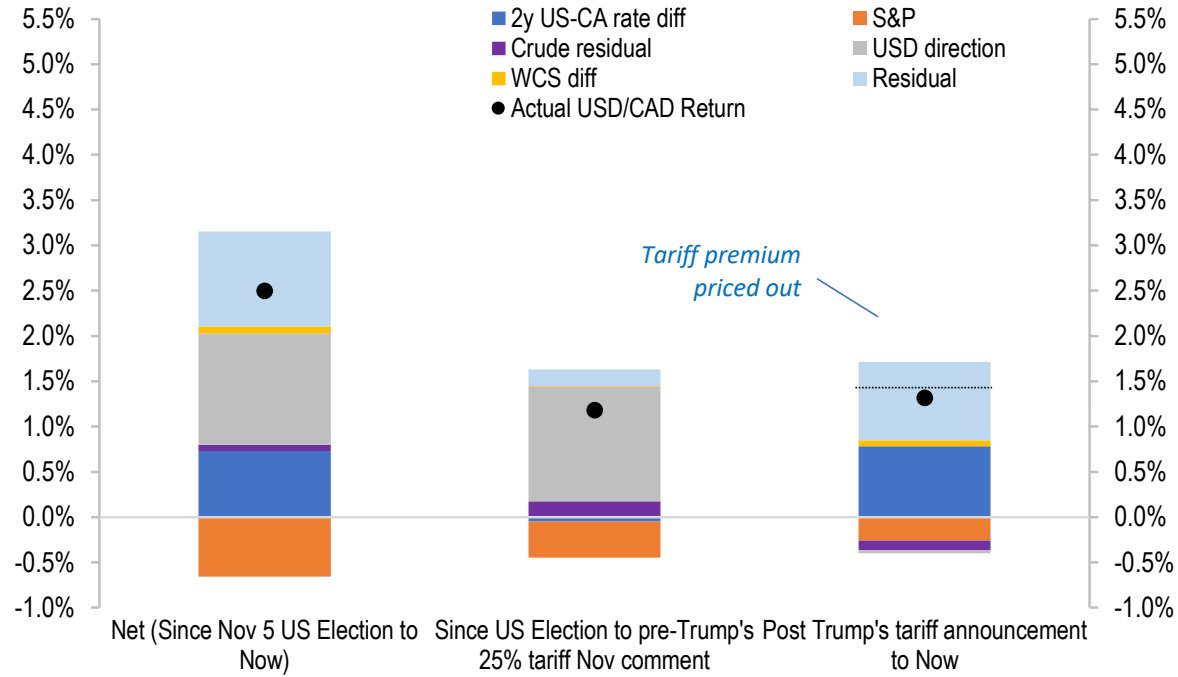
European investors have piled money into US equities



CAD

USD/CAD: Tariff premium largely priced out

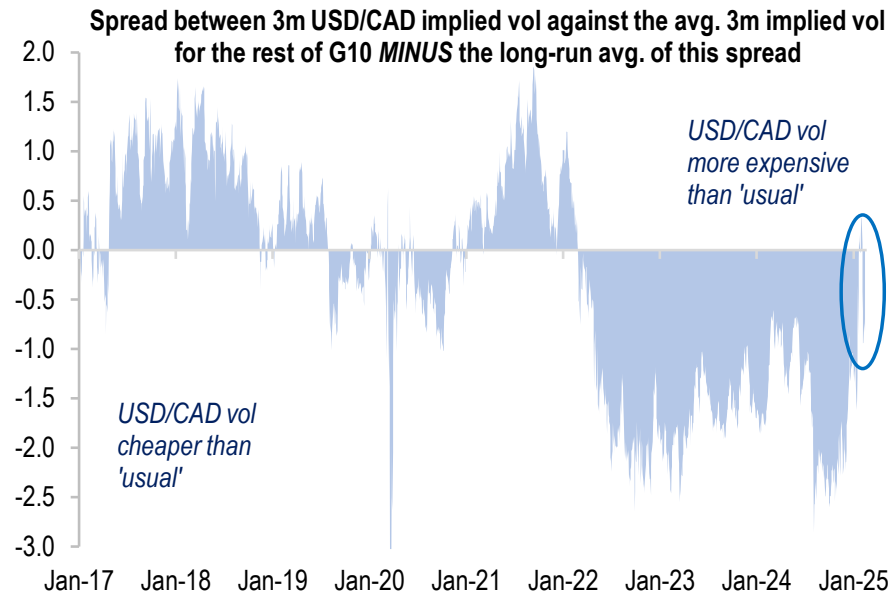
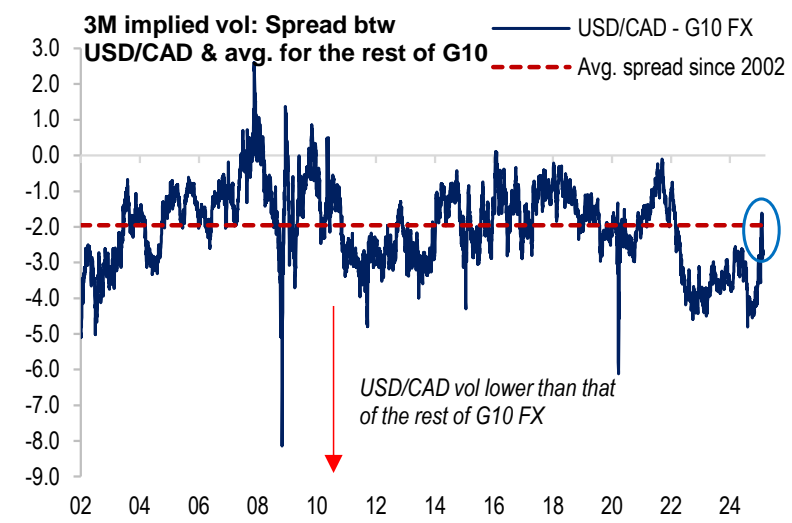
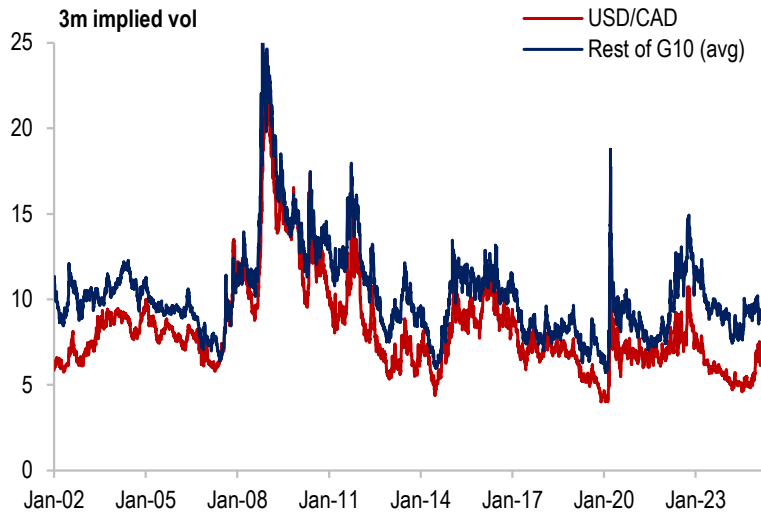
USD/CAD Fitted Framework: Contributions of underlying drivers to rally since the US Election



USD/CAD vol tells a similar story

USD/CAD's vol typically trades at a discount to the rest of G10 FX (avg.).

That discount gap narrowed into Trump's Feb 1 tariff announcement, with the 3m implied vol spread btw USD/CAD & the rest of G10 moving to its long-run avg.



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