

Speculators move from net short to net long USD

There were some dramatic moves in USD positions in the recent CFTC report. The value of aggregate USD net short positions (speculative, real money, and hedge fund) fell by USD22.7bn to USD23.8bn. The largest decline in USD net shorts came from speculative accounts (USD10.9bn), with smaller (but still significant) moves among real money accounts and hedge funds.

Speculative accounts have now shifted from net short to net long USD. This is the first time speculative positions have been net long USD since early December.

Over the past four weeks, as the Middle East war roiled markets, USD net short positions have been massively cut to USD23.8bn. Before the war sparked this shift in FX market positions, aggregate net USD positions were historically elevated, suggesting significant bearish sentiment.

The moves in FX positions seem to reflect a combination of a flight to perceived safe havens and an acknowledgement that some economies are more vulnerable to the disruption of Middle East oil. It's not just a price issue; it is also a supply issue due to the effective closure of the Strait of Hormuz.

A focus on CAD, EUR and CHF speculative positions

- **Speculators now net SHORT CAD:** The change in CAD net positions stands out given a shift in speculative positions from net long to net short. It might be fair to say that speculative CAD positions are essentially flat, but the sign did change, so we highlight there was shift in balance. Real money net CAD longs also fell sharply last week — The first notable change in real money CAD net positions since the start of the Middle East war. Seemingly concerns about the war had not prompted moves in CAD positions, but as the war continues (escalates?) participants are starting to shift positions.

An intriguing part of the shift in speculative CAD net positions was that most of the change came via a decline in CAD long positions. By comparison, there was little change in CAD short positions. Evidently, it is less that people became bearish CAD, and more that folks who were bullish moved to the sidelines.

- **A dramatic shift in speculative EUR positions:** Though speculators remain net long EUR, there has been a dramatic shift in recent weeks. For example, in early February, speculative EUR net long positions peaked at USD26.7bn. They fell to USD3.0bn in the most recent report. FYI, the last time speculators were net short EUR was in early March 2024. As with CAD net positions, most of the move in EUR net positions came via a reduction in EUR long positions, though there has been an increase in EUR short positions.

Real money net long EUR positions have also declined in recent weeks, falling below 300,000 contracts for the first time since late April 2025. The value of asset manager EUR net long positions has declined from a peak of over USD60bn to USD42.4bn.

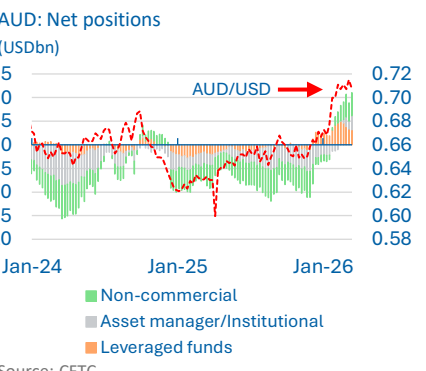
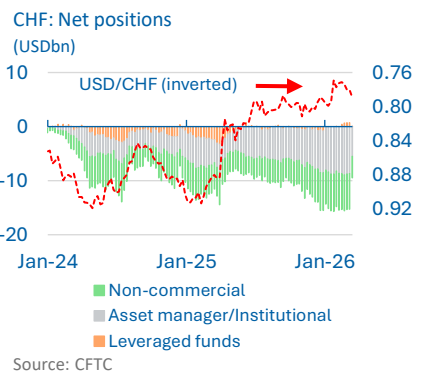
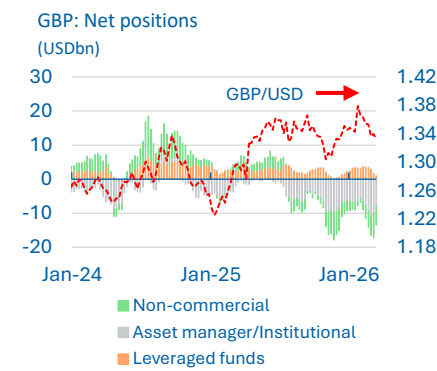
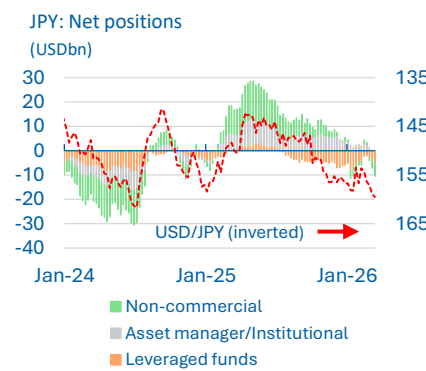
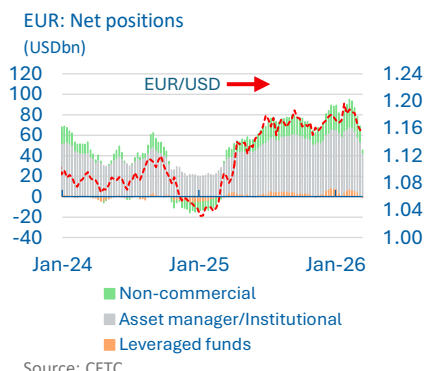
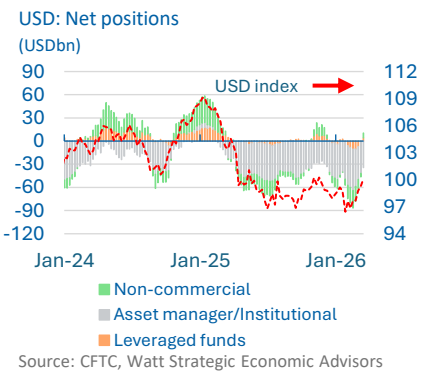
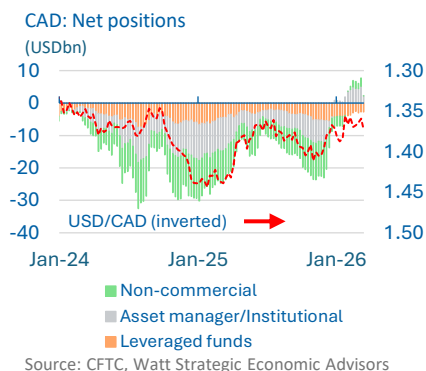
- **A shakeout of CHF shorts:** The story for quite some time was that speculators had remained significantly net short CHF even as USD/CHF declined to its lowest levels since August 2011. That changed last week — net short CHF positions declined sharply.

While the move in speculative CHF net shorts seems to reflect a shift toward relative safe havens, there was no such move in speculative JPY net short positions. Instead, speculative JPY net shorts increased by USD2.3bn to USD5.2bn last week, largest since late 2024.

The nature of the shock seems to matter

To an extent, the differing response of speculators to CHF and JPY reflects the nature of the current global shock. In particular, since Japan is a heavy oil importer, the shutting of the Strait of Hormuz (and the risks posed to Middle East oil industry infrastructure) creates a great deal of uncertainty about the outlook for Japan. The "energy importer" effect might be outweighing any "safe haven" effect. However, it should be noted that JPY was already under pressure before the war in the Middle East started, potentially reinforcing that JPY is not seen as much of a safe harbour right now.

Last note: AUD is seemingly insulated from much of the turbulence besetting other currencies, as the number of speculative long AUD contracts are near their highest level since early 2013. Speculative net long AUD positions are at their highest level since October 2017, having accumulated quickly since mid-January.



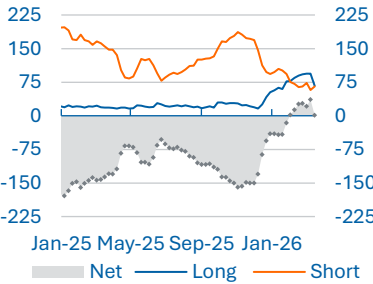
	Net positions (USDbn)				Weekly change (USD, 000s)					
	Speculative	Real money	Hedge funds	Total	Speculative	Real money	Hedge funds	Total	4 Wk	3 M
CAD	64.5	2,189.5	-2,756.3	-502.3 <i>Net Short</i>	-2,595.4	-2,924.0	-22.8	-5,542.2	-4,325.3	10,693.0
EUR	3,041.1	42,386.9	-1,000.5	44,427.5 <i>Net Long</i>	-12,160.1	-10,571.0	-1,756.7	-24,487.9	-48,937.0	-44,853.2
GBP	-5,455.2	-7,990.1	979.9	-12,465.4 <i>Net Short</i>	1,595.0	2,100.2	-703.4	2,991.9	-4,543.4	-3,840.7
AUD	4,887.2	2,967.2	3,209.9	11,064.3 <i>Net Long</i>	1,012.4	1,299.3	-119.5	2,192.2	2,722.5	12,437.1
NZD	-1,346.3	-1,290.5	-929.4	-3,566.2 <i>Net Short</i>	846.2	917.4	-683.3	1,080.4	846.7	2,013.7
CHF	-3,993.4	-5,487.7	81.3	-9,399.9 <i>Net Short</i>	2,586.8	3,217.6	-604.1	5,200.3	5,556.2	6,083.2
JPY	-2,744.0	-34.4	-5,128.1	-7,906.6 <i>Net Short</i>	-2,055.3	-257.2	-1,254.7	-3,567.2	-12,434.0	-8,181.8
MXN	1,916.5	1,458.7	1,314.2	4,689.5 <i>Net Long</i>	-171.1	-143.1	-181.0	-495.2	-1,578.0	-1,948.2
USD	6,198.1	-34,199.6	4,229.0	-23,772.5 <i>Net Short</i>	10,941.6	6,360.7	5,325.4	22,627.7	62,692.3	30,023.7

A negative reading implies a net short position in that currency. A positive a net long in that currency.

A negative reading implies a decline in net longs (increase in net short positions). A positive reading implies an increase in net longs or a decrease in net shorts

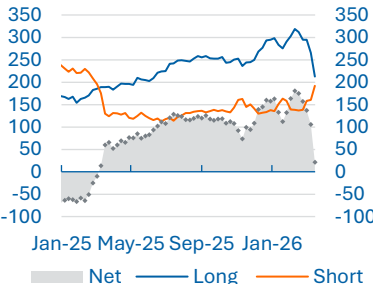
Speculative positions

CAD: Speculative positions (contracts, 000s)



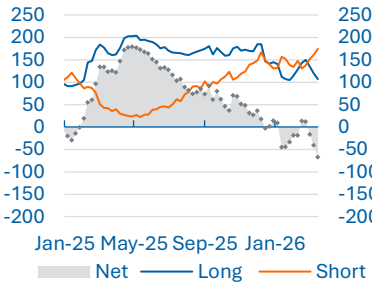
Source: CFTC, Watt Strategic

EUR: Speculative positions (contracts, 000s)



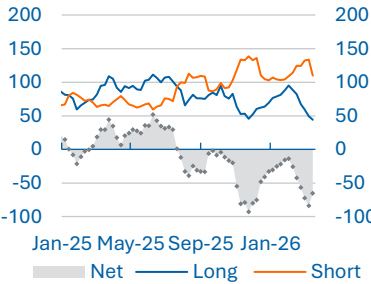
Source: CFTC, Watt Strategic

JPY: Speculative positions (contracts, 000s)



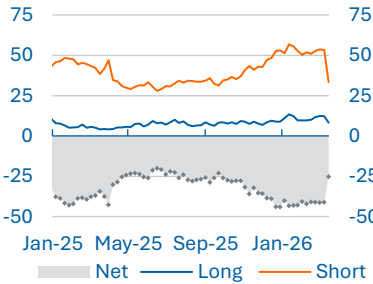
Source: CFTC, Watt Strategic

GBP: Speculative positions (contracts, 000s)



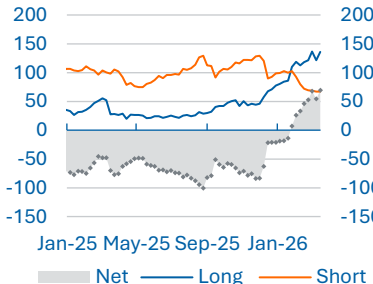
Source: CFTC, Watt Strategic

CHF: Speculative positions (contracts, 000s)



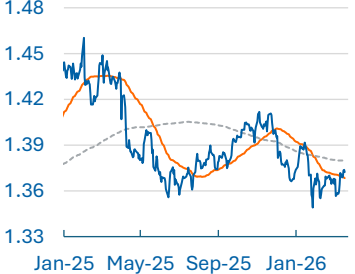
Source: CFTC, Watt Strategic

AUD: Speculative positions (contracts, 000s)



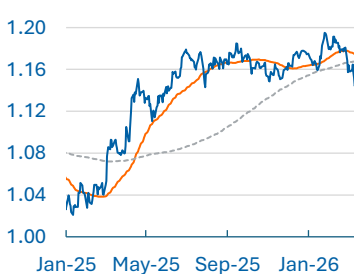
Source: CFTC, Watt Strategic

Canadian dollar (USD/CAD) 50-dma 200-dma



Source: Investing.com, Watt Strategic

Euro (EUR/USD) 50-dma 200-dma



Source: Investing.com, Watt Strategic

Japanese yen (USD/JPY) 50-dma 200-dma



Source: Investing.com, Watt Strategic

British pound (GBP/USD) 50-dma 200-dma



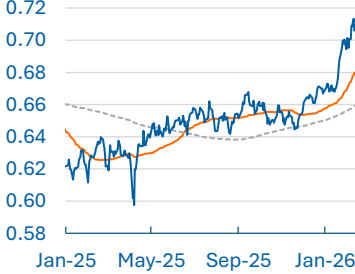
Source: Investing.com, Watt Strategic

Swiss franc (USD/CHF) 50-dma 200-dma



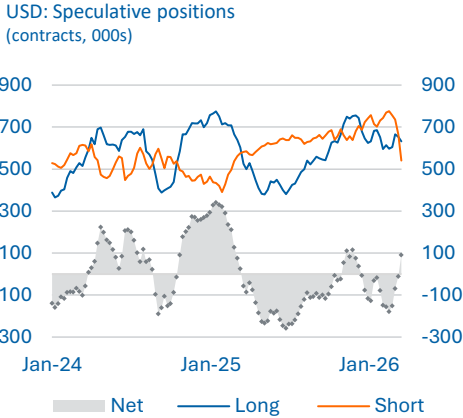
Source: Investing.com, Watt Strategic

Australian dollar (AUD/USD) 50-dma 200-dma

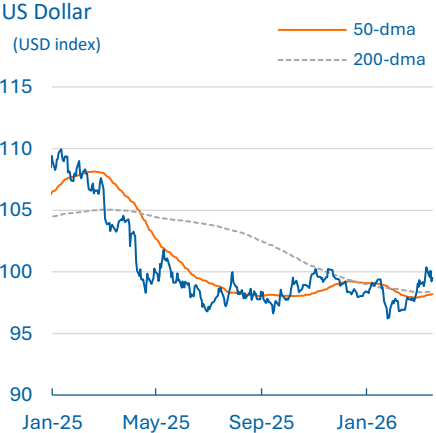


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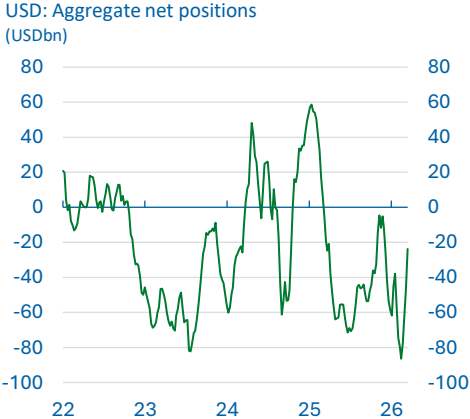
Focus on USD and USD positions



Source: CFTC, Watt Strategic



Source: Investing.com, Watt Strategic



Source: CFTC, Watt Strategic

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