

Market compendium

22 March 2025

- USD posted a small gain over the past week, even as FX market positioning continued to shift away from USD long positions toward USD short positions. Speculative positions have turned net short for the first time since mid-October.
- Most currency moves against USD were quite modest last week. Among the ones that draw some interest are small declines in EUR and GBP. However, both EUR and GBP have made some solid gains versus USD over the past 4 weeks.
- USD/CAD has been trading sideways. We had thought CAD could make a bit of a run versus USD as extreme CAD shorts were unwound. It seemed to be developing, but every time Trump⁴⁷ makes a push to impose tariffs Canada seems to be front of line, leaving the market cautious on CAD. Hard data in Canada does not yet reflect the impact of tariffs but the soft data looks really, really bad. The read across from soft data to hard data is not direct, but we can't ignore it.
- To an extent things are unfolding in what could be

a worst-case scenario for the Bank of Canada. The economic outlook is deteriorating as fears of upside risks to inflation are increasing.

- As BoC Governor Tiff Macklem has said, the Bank does not have the policy levers to deal with the tariff threat; their focus is on inflation — and inflation expectations are an important part of that equation. Macklem has also noted that the BoC will likely be blamed if the economy underperforms and rates are slow to be cut (owing to those inflation concerns).

Global equity markets

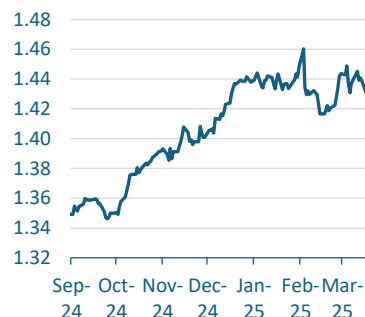
- In equity markets, overall global market sentiment remains neutral to positive. US markets remain below key thresholds, but they found support this past week. It is unclear whether the next leg will be up or down. However, the potential negative fallout from Trump⁴⁷'s trade policy will remain a source of instability. In FX and on equity markets, we are seeing a European renaissance.

Global forex performance

22 March 2025

% change v USD	1Y	4wk	1wk	1D	YTD
USD Index	-0.2	-2.3	0.4	0.3	-4.0
CAD	-5.6	-1.1	0.2	-0.2	0.0
GBP	2.3	2.0	-0.2	0.7	2.8
EUR	-0.1	3.4	-0.6	1.8	3.9
JPY	1.6	0.4	-0.3	0.0	5.1
MXN	-20.7	0.7	-1.7	-0.2	-2.2
SEK	3.9	4.7	0.0	0.1	8.1
NOK	1.8	5.1	1.0	0.2	-6.8
CHF	1.7	1.8	0.2	0.0	2.2
AUD	-3.9	-1.7	-0.9	-0.5	0.7
NZD	-4.5	-0.3	-0.2	-0.3	1.6
BRL	-14.7	-0.4	0.1	-0.8	7.4
CLP	5.4	1.4	0.8	-0.8	6.5
HKD	0.6	0.0	0.0	0.0	0.1
CNY	-0.3	0.0	-0.1	-0.2	-0.7
KRW	-9.2	-2.3	-1.0	0.1	0.2
TRY	-18.2	-3.7	-3.1	0.2	-7.1
INR	-2.9	0.7	1.0	0.4	0.3
IRS	-2.1	-4.2	-1.9	-1.1	-1.7

Canadian dollar
(USD/CAD)



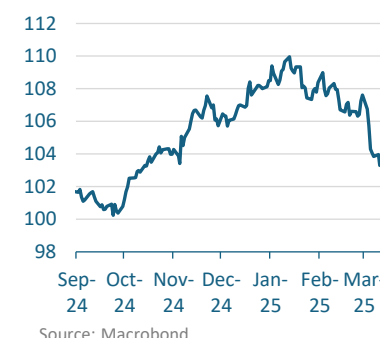
Euro
(EUR/USD)



British pound
(GBP/USD)



US Dollar
(index)



Forex: USD has declined since January, sentiment becoming headwind

22 March 2025

Australian dollar
(AUD/USD)



Japanese yen
(USD/JPY)



Norwegian krone
(USD/NOK)



Swedish krona
(USD/SEK)



Swiss franc
(USD/CHF)



Mexican peso
(USD/MXN)



Korean won
(USD/KRW)

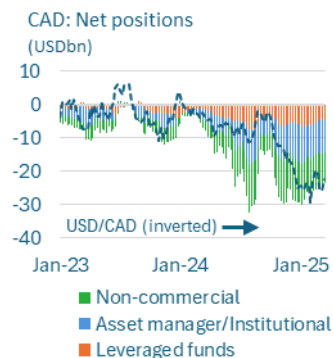


Canadian dollar
(USD/CAD)

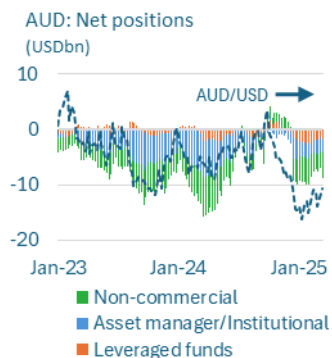


FX positioning: Speculators, hedge funds, and real money accounts

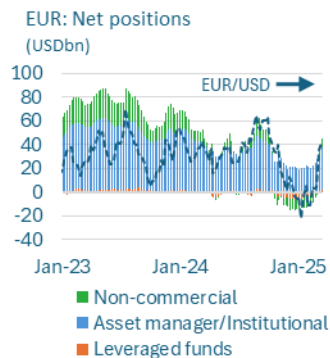
22 March 2025



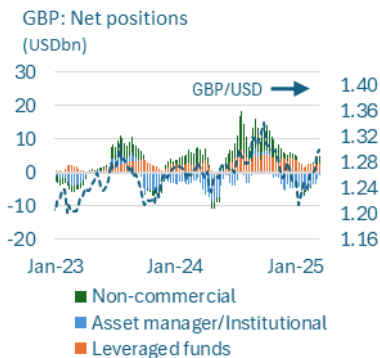
Source: Macrobond, CFTC



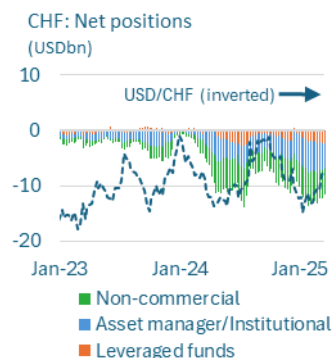
Source: Macrobond, CFTC



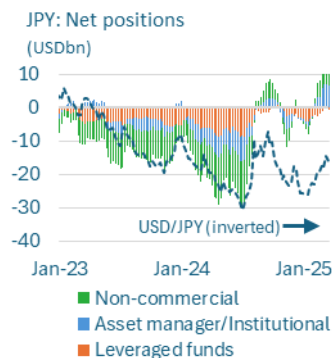
Source: Macrobond, CFTC



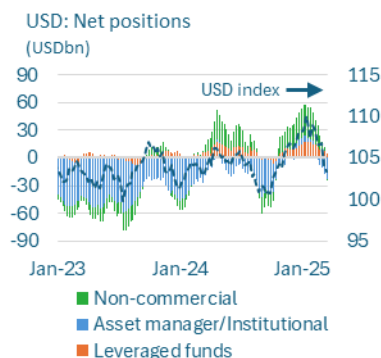
Source: Macrobond, CFTC



Source: Macrobond, CFTC



Source: Macrobond, CFTC



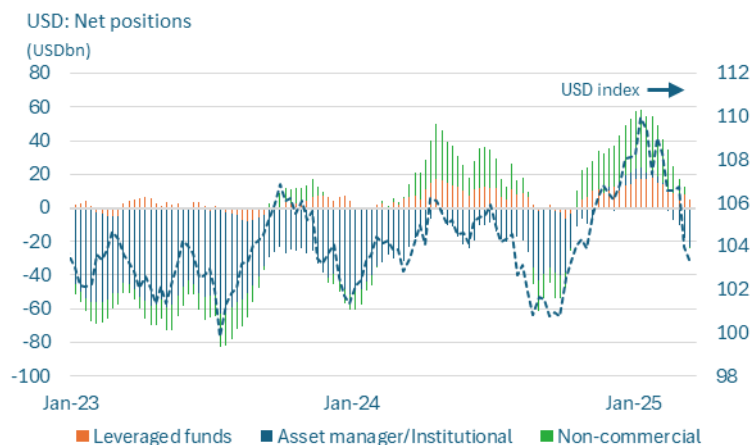
Source: Macrobond, CFTC

USD net position: Rotation continues — Speculators shift to net short

22 March 2025

Outstanding positions				
USD (billions)	Speculative Accounts	Real money	Hedge funds	Total
CAD	-9.5	-9.7	-4.4	-23.7
EUR	8.1	35.3	1.9	45.3
GBP	2.4	-1.1	2.6	3.9
AUD	-4.5	-2.3	-1.9	-8.7
NZD	-2.4	-2.1	-0.3	-4.8
CHF	-4.9	-4.3	-2.4	-11.5
JPY	10.3	6.7	-0.5	16.6
MXN	1.4	0.6	0.3	2.3

Week-to-week change				
USD (billions)	Speculative Accounts	Real money	Hedge funds	Total
CAD	319.8	502.9	-43.3	779.4
EUR	6338.6	2876.5	2693.7	11908.8
GBP	31.0	987.9	340.0	1358.9
AUD	-1449.7	86.3	-407.1	-1770.5
NZD	679.8	634.7	279.8	1594.4
CHF	366.9	475.7	-26.4	816.2
JPY	-1030.8	-435.1	-526.2	-1992.1
MXN	663.9	221.2	652.4	1537.5



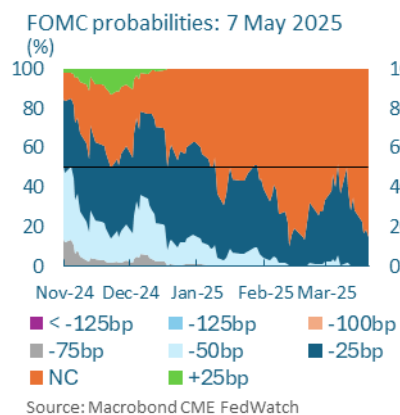
Source: Macrobond, CFTC

USD net positions have changed remarkably since the start of the year when the market was very long USD and as USD traded at its highest levels since late 2022. At present, USD is down by just over 5% this year, and sentiment regarding USD has soured. Market positioning in USD tracking USD downward. For example, asset managers had been net short USD through much of 2023 and 2024 but turned neutral as USD rallied starting last October. They have turned toward net shorts again, as USD headed lower.

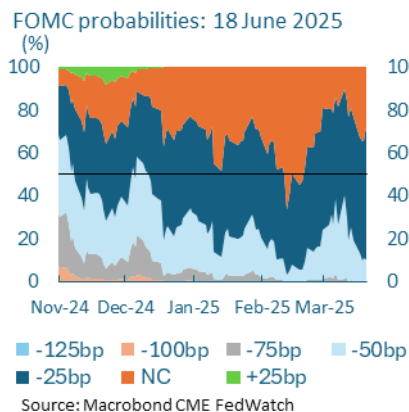
Meanwhile, speculators, who built net long positions during late 2024 have also now shifted toward net short positions for the first time since mid-October. Lastly, hedge funds have moved toward a neutral position exiting from a net long position. Overall, the market has become much less bullish on USD, but they do not yet look to be turning outright bearish.

Federal Reserve and Bank of Canada policy outlooks

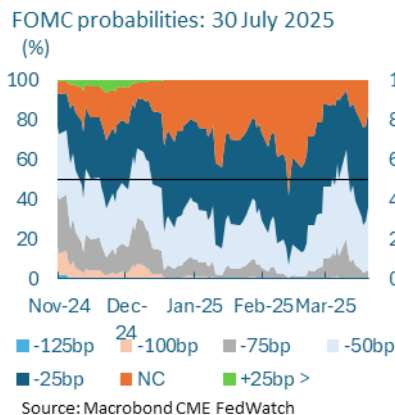
22 March 2025



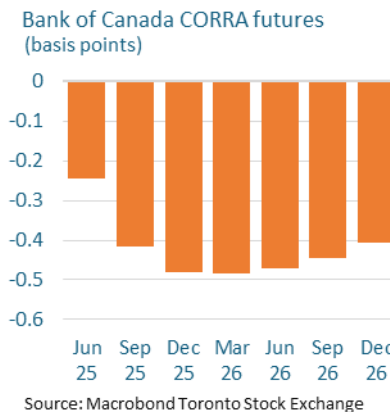
Probability Ease: 14.9%, NC: 85.1%



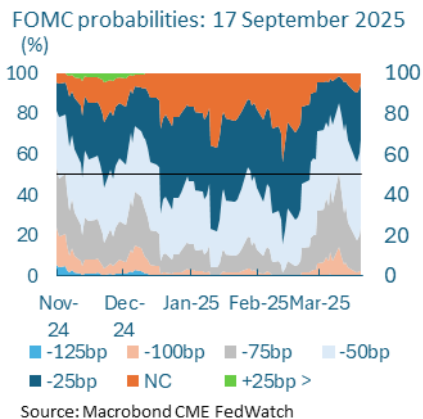
Probability Ease: 72.6%, NC: 27.4%



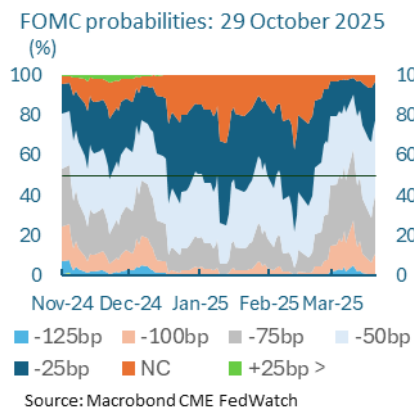
Probability Ease: 83.9%, NC: 16.1%



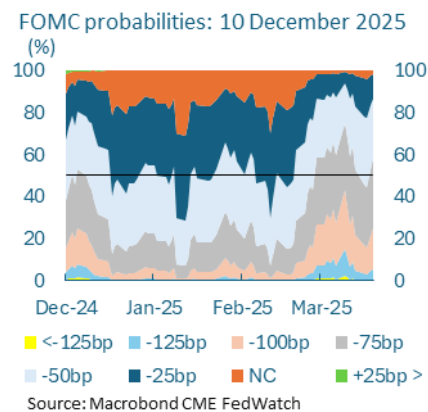
BoC still on an easing trajectory amid tariff policy uncertainty



Probability Ease: 94.5%, NC: 5.5%
Probability fed funds range
50bp lower: 67.4%



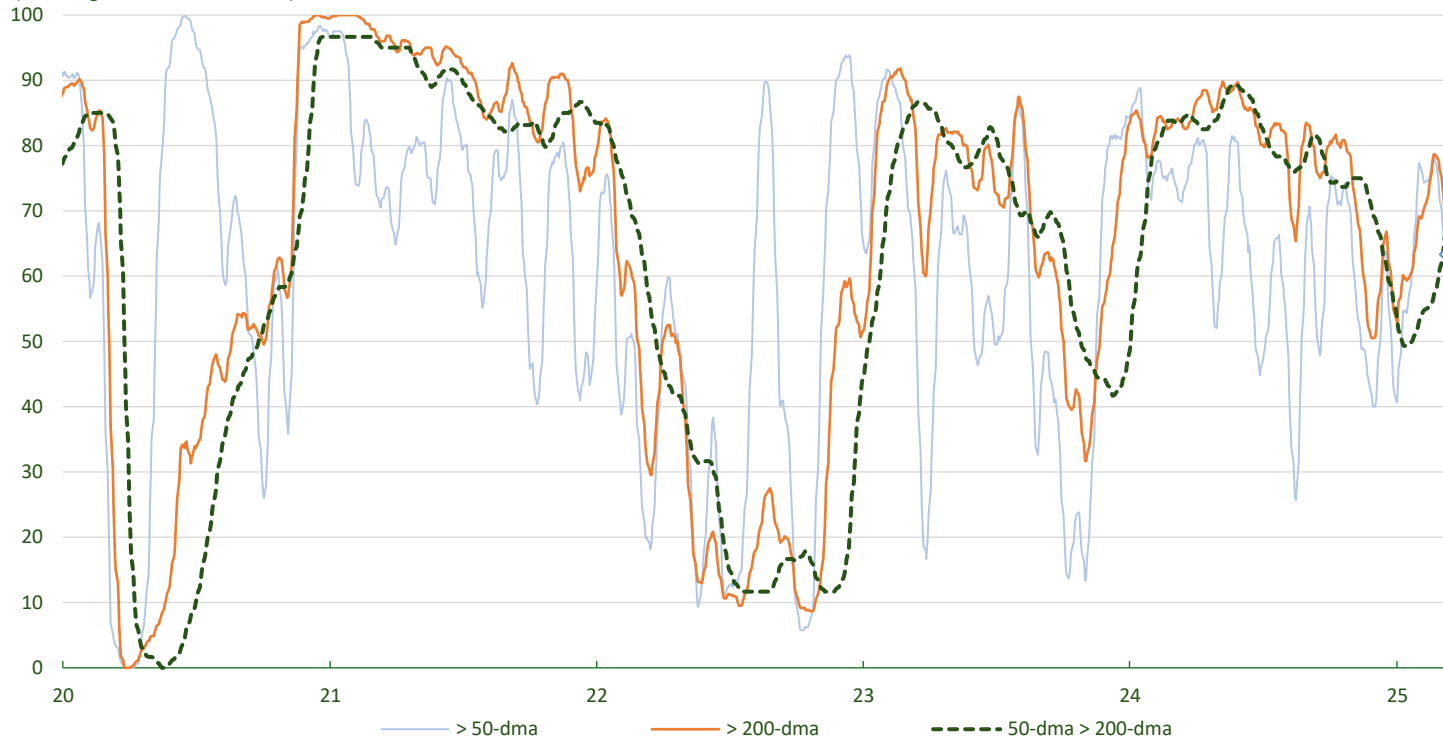
Probability Ease: 96.5%, NC: 3.5%
Probability fed funds range
50bp lower: 77.3%



Probability Ease: 98.2%, NC: 1.8%
Probability fed funds range
50bp lower: 86.6%

Market performance indicator

(% of 60 global indices, 10-d ma)

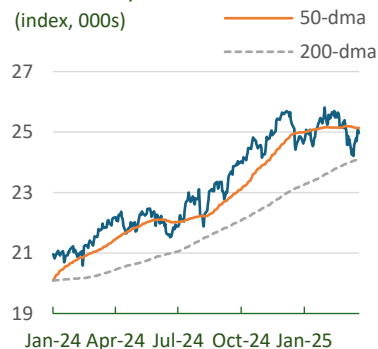


Source: Macrobond

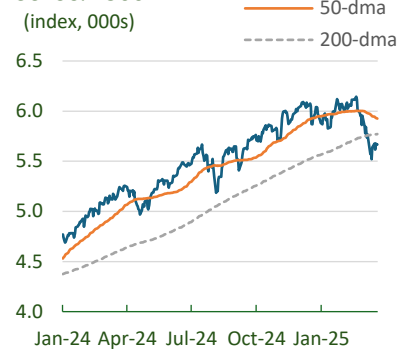
Global equity markets

22 March 2025

Canada: S&P/TSX
(index, 000s)



US: S&P 500
(index, 000s)



US: Russell 2000
(index, 000s)



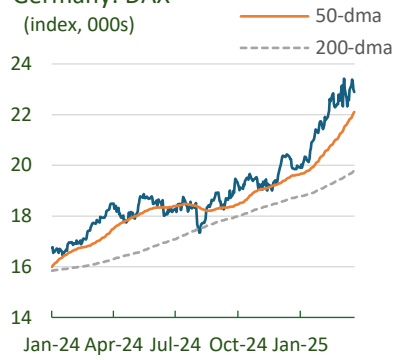
US: PHLX SOX
(index, 000s)



UK: FTSE 100
(index, 000s)



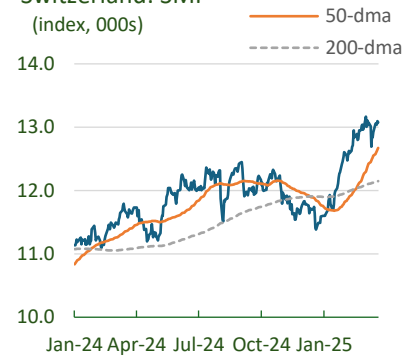
Germany: DAX
(index, 000s)



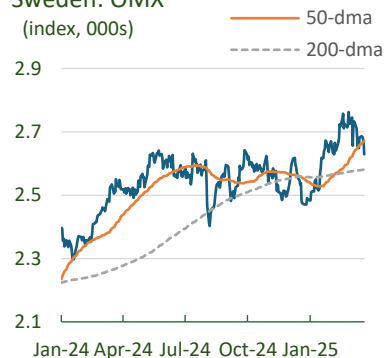
France: CAC
(index, 000s)



Switzerland: SMI
(index, 000s)



Sweden: OMX
(index, 000s)



Source: Macrobond

Czech: PX50
(index, 000s)



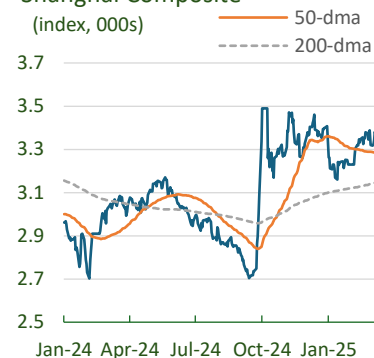
Source: Macrobond

Australia: S&P/ASX 200
(index, 000s)



Source: Macrobond

Shanghai Composite
(index, 000s)



Source: Macrobond

Poland: WIG 20 Index
(index, 000s)



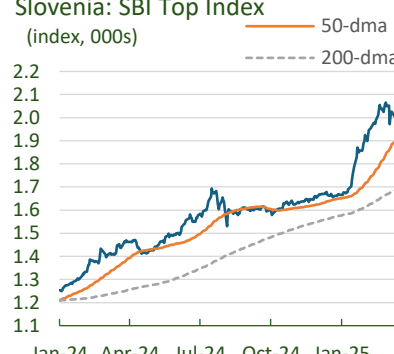
Source: Macrobond

Estonia: OMX Tallinn Index
(index, 000s)



Source: Macrobond

Slovenia: SBI Top Index
(index, 000s)



Source: Macrobond

Russia: RTS Index
(index, 000s)



Source: Macrobond

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