

### USD net shorts stabilize as headwinds to USD abate

The downward pressure on USD has abated, but there has been only a very modest bounce from its late June lows. A modest relief rally at best. Consistent with the easing of USD headwinds, however, aggregate USD net short positions fell by USD6.3bn to USD63.3bn in the most recent CFTC report. That was the largest decline in USD net shorts since mid-May and was led by a USD3.4bn decline in speculative net shorts.

Despite its recent performance, the US dollar has declined meaningfully since the start of the year. This is reflected in positioning versus USD, which has swung by a total of USD121.4bn from a mid-January peak net long of USD58.1bn to their current net short valuation. At their peak, USD net longs were largely among speculators and hedge funds. USD net shorts are presently primarily in real money accounts. Though playing a much smaller role, speculators have shifted from net long to net short.

The tables show that most of the drop in the value of USD net shorts last week came via changes in positions in GBP. While there had been moderate net long GBP positions since mid-April (post Liberation Day), a USD4.7bn decline in GBP net longs last week has left the market essentially neutral GBP.

What is most curious regarding GBP net positions is that they have seemingly lagged the performance of GBP itself versus USD. Yes, there has been a shift from net short to net long GBP, but it seems a moderate repositioning given the rally in GBP. Notably, in the recent report, real money positions have moved to their biggest net short position since early February, potentially highlighting a shift in GBP sentiment.

With recent development in net GBP positions, net short USD positions are concentrated in EUR and JPY — EUR in particular.

### CAD net positions

CAD net short positions were largely unchanged in the week — for completeness, a very small USD0.1bn decline.

Since hitting a low of USD8.0bn in late June, CAD net shorts have increased to USD10.8bn. This coincides with the CAD's rally versus USD running out of steam and aligns with the 4-week USD2.8bn increase in the value of CAD net shorts.

In the past 4-weeks, real money CAD short positions have increased by CAD1.6bn — up by 85% to USD3.5bn, while speculative CAD shorts have increased by USD1.3bn — up by 33% to USD5.1bn.

As has been the case since mid-January, even as CAD strengthened versus USD, speculative accounts, real money accounts, and hedge funds have maintained CAD net short positions. Those positions might be smaller than they were, but it seems investors are not prepared to take a bullish view on CAD. Hence, the upswing in CAD might be on soft foundations.

### Non-commercial net positions

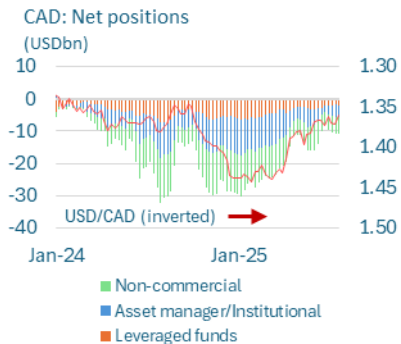
In aggregate, non-commercial accounts are net short USD, with the total net short position having a value of USD14.2bn. However, speculators are not across-the-board bearishness toward USD. Positions are net long EUR (USD18.4bn), JPY (USD9.1bn), and MXN (USD1.5bn). Speculators had been net long GBP but are essentially flat now.

On the other side of the market, speculators are net short CAD (USD5.1bn), CHF (USD4.1bn), and AUD (USD5.3bn).

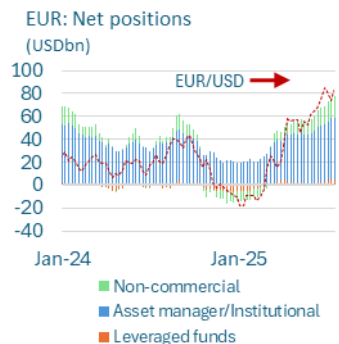
Even though USD has been under pressure this year, USD net short position among speculators is basically a two-currency play: EUR and JPY.

## Net positions

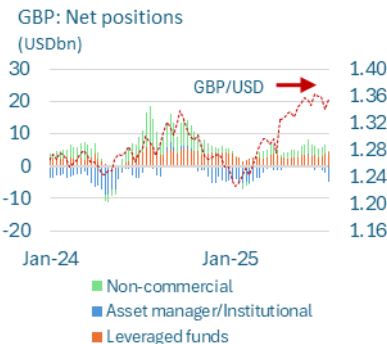
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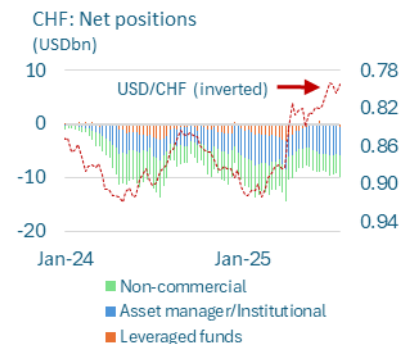
Source: Macrobond, CFTC



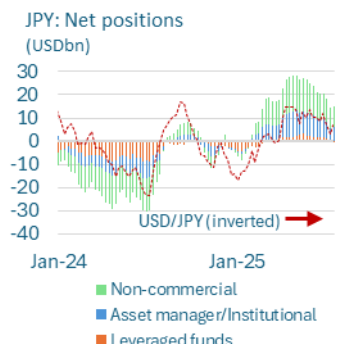
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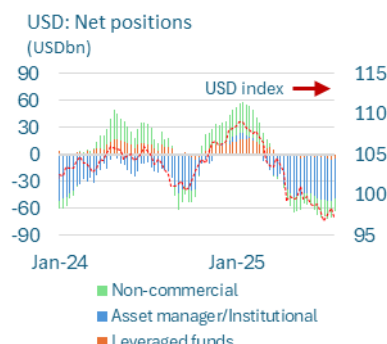
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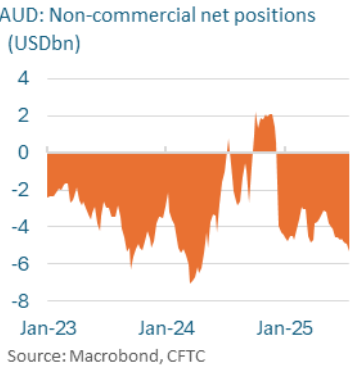
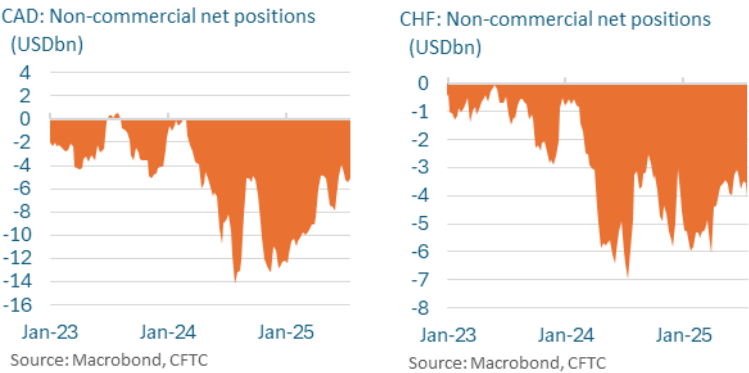
Source: Macrobond, CFTC

Change (USD mns)	Speculative	Real money	Hedge funds	Total	4 Wk	3 M
CAD	273.9	227.6	-358.2	143.4	-2,807.3	242.1
EUR	-369.5	2,064.7	-1,471.4	223.8	9,484.8	21,076.9
GBP	-2,404.8	-2,632.4	353.1	-4,684.1	-5,814.5	-4,753.4
AUD	-393.1	-994.7	358.8	-1,028.9	-1,135.7	-4,741.5
NZD	-406.2	-188.7	-34.9	-629.9	-503.6	2,363.6
CHF	-536.0	41.8	-382.1	-876.3	-1,276.8	-1,672.1
JPY	271.9	175.9	-229.6	218.2	-6,299.4	-14,044.6
MXN	166.1	-120.6	264.4	309.9	718.2	688.3
USD	3,397.7	1,426.3	1,499.9	6,323.9	7,634.1	840.6

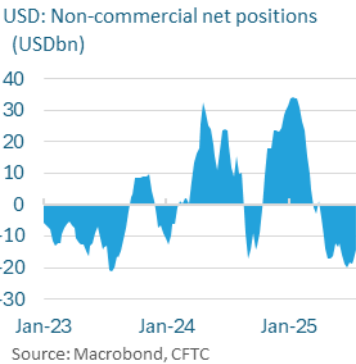
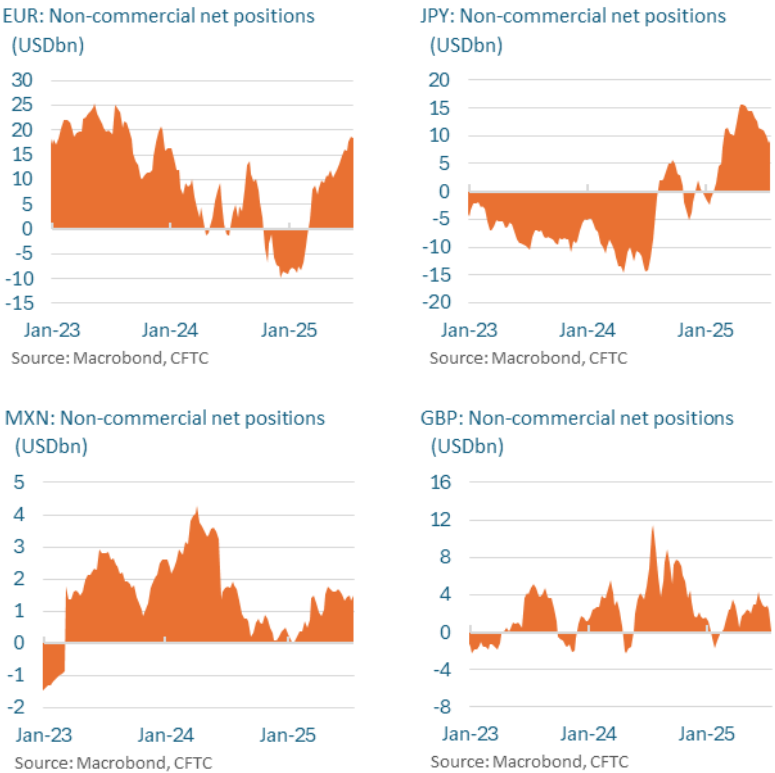
A negative reading implies a decline in net longs or an increase in net short positions

Positions (USD (bns))	Speculative	Real money	Hedge funds	Total
CAD	-5.1	-3.5	-2.2	-10.9
EUR	18.4	54.7	4.2	77.3
GBP	0.0	-4.9	4.3	-0.5
AUD	-5.3	-3.5	-0.8	-9.6
NZD	-0.2	0.3	-0.4	-0.3
CHF	-4.1	-5.3	-0.6	-10.0
JPY	9.0	6.0	-0.5	14.5
MXN	1.5	1.0	0.2	2.8
USD Aggregate	-14.2	-44.8	-4.2	-63.3

Net short v USD



Net long v USD



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