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## COMMENTARY

After writing about investor activity in the currencies and asset markets of the Eurozone and Japan the past two weeks, we now turn to emerging markets currencies.

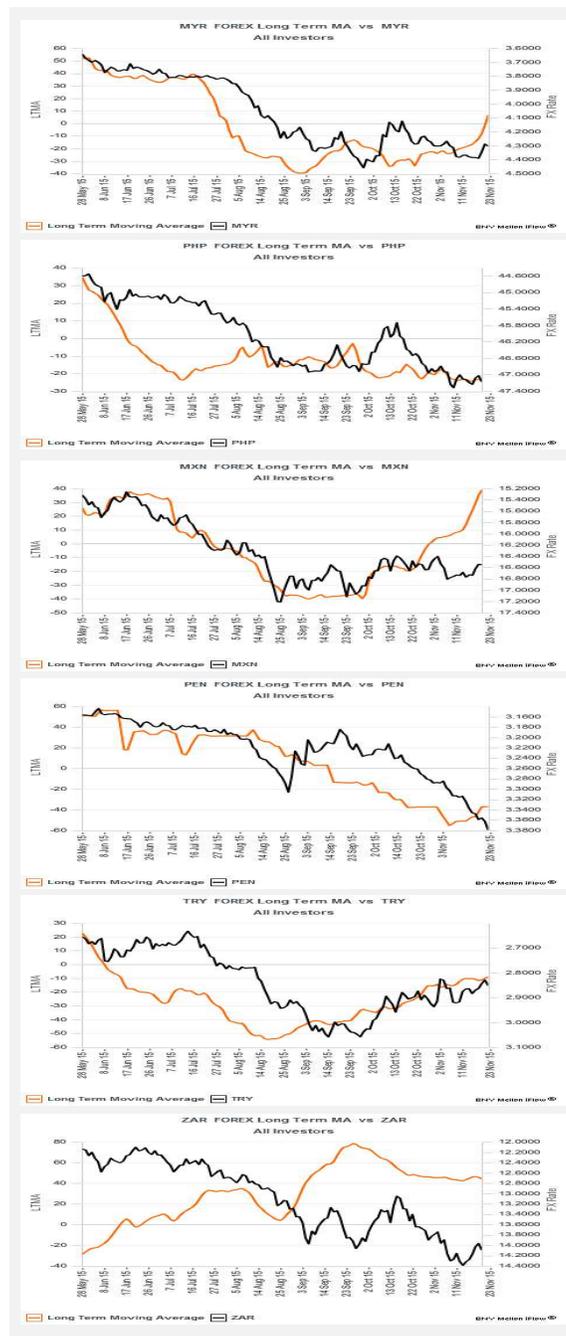
Selectivity amongst FX market participants remains key. This week, we illustrate this observation by focusing on two currencies each in the Asia-Pacific, Latin America and EMEA regions.

- MYR had been sold since May, but buying interest emerged around September, and the buying has picked up in recent weeks (Chart 1). Recent comments from Chinese Premier Li Keqiang that China plans to buy Malaysian government bonds and 1MDB's USD 2.3 bln deal with China to sell its power assets has helped improve sentiment.
- PHP had been sold since April, but there are signs of stabilization in recent months (Chart 2). The BSP kept its policy rate unchanged in its latest meeting, and BSP governor Amando Tetangco said that the nation's policy stance remains appropriate – further, expectations that growth may pick up in 2015H2 should help to underpin the peso.
- MXN had been sold since May, but buying interest emerged around September, and the buying has picked up notably in recent weeks (Chart 3). Recent upside surprises in data, especially Q3 GDP and the expectation of Banxico's lift-off in December is helping to attract net inflows in the local currency.
- The outflows from PEN have lasted for several months this year, but we note that buying interest has emerged since November (Chart 4). The recent declines in commodity prices have put pressure on the local currency, but it appears that investors may be viewing the recent PEN weakening to an almost 9-year-low as an attractive buying opportunity.
- TRY has been bought since late August after months of selling, and the currency has appreciated after it bottomed in September (Chart 5). The recent positive business confidence data and the election results helped drive the optimism about the country's economic outlook. However, geo-political risks in the region and tensions with neighboring countries bring risks and uncertainties.
- ZAR had been bought in the past several months, but has become net sold since late September (Chart 6). The recent drop of commodity prices and GDP growth misses may put further pressure on the currency which has remained on the back-foot in recent weeks.

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MARKETS GROUP



iFLOW® iQ

In the signal grid below as of 23 November 2015 (compared to the previous week's signal grid as of 17 November), amongst G10 FX, AUD changed to Flat from Short, CAD closed its Short position opened on 19 November with about a 0.6% gain, CHF remains in its Short position opened on 13 October with about a 6.3% gain, GBP remains in its Short position opened on 27 October with about a 1.2% gain, JPY remains in its Short position opened on 27 October with about a 2% gain, NOK remains in its Long position opened on 17 November with about a 0.4% gain, and others remain the same. In emerging markets, KRW closed its Long position opened on 9 November with about a 0.3% gain and reversed to Short on 20 November, and the new short position was closed on 21 November with about a 0.4% gain and reversed to Long, TWD opened a Short position, MYR opened a Long position, IDR closed its Long position, PHP opened a Short position, ZAR opened a Short position, and others remain the same. Amongst equities, SPX opened a Short position on 20 November which has gained about 0.12%. The US10Y changed to Short from Flat.

iFlow iQ models are based on a rich source of fundamental investor flow information. Investor flows have the dominant role to drive a long/short bias. There is an overlay of a set of technical analysis parameters aimed at improving the price-sensitivity of the models. These models equip you to make well-informed decisions across different portfolio strategies and investment horizons. **The signal grid below, as of 23 November 2015, is representative of some of the numerous applications across a multitude of asset classes and markets.**

If you would like a daily update of these models or others, please contact one of our Global Markets Sales professionals in Boston (+1 617 722 6800), New York (+1 212 815 7166), London (+44 207 570 0892) or Hong Kong (+852 2840 6693). ([jiangang.dou@bnymellon.com](mailto:jiangang.dou@bnymellon.com))

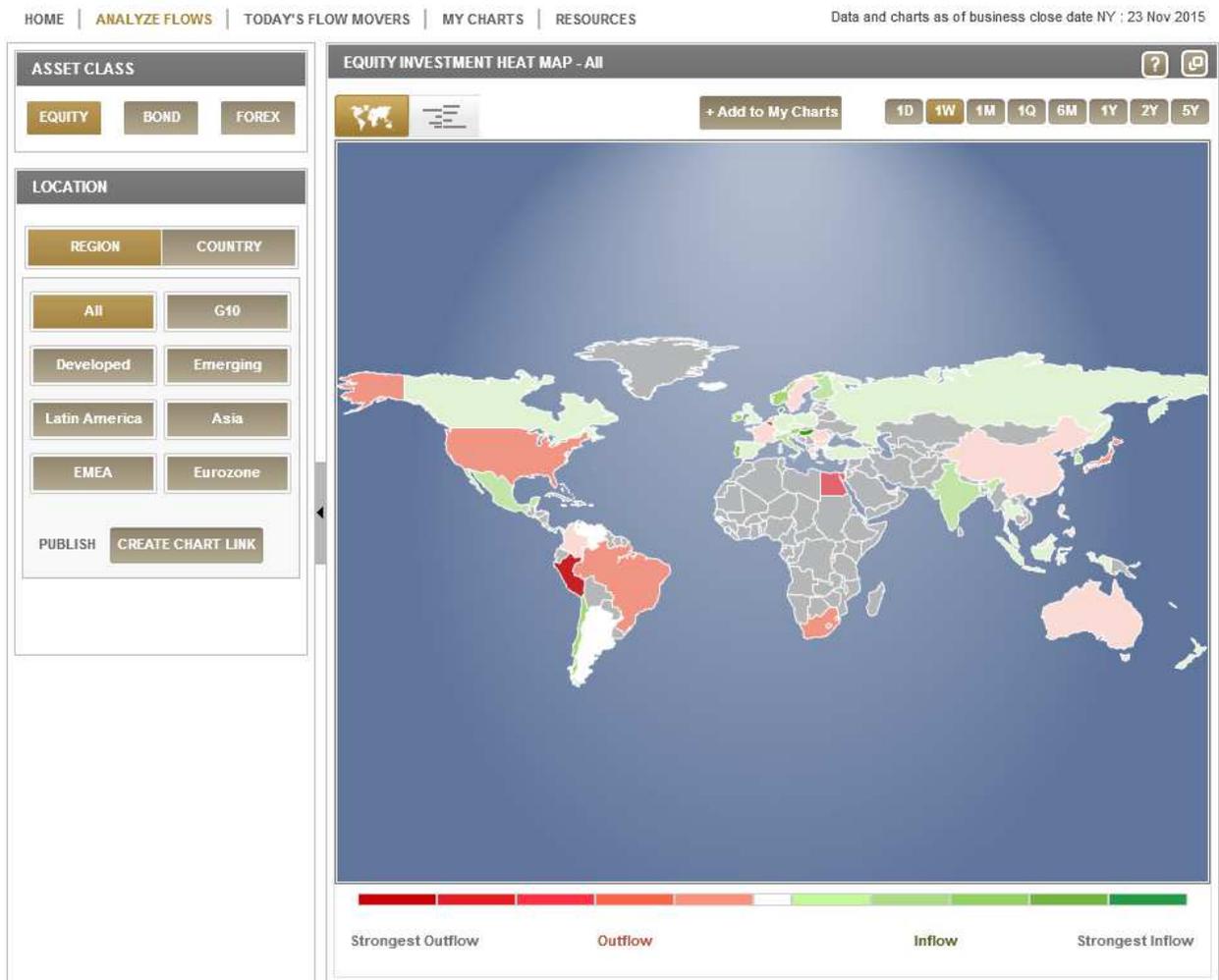
							
BNY Mellon iFlow iQ							
23-Nov-2015							
Note: All FX Signals are against the USD, e.g., Long AUD means long AUD/USD, Long CAD means short USD/CAD, etc.							
1	2	3	4	5	6	7	8
CURRENCY	SIGNAL	SIGNAL DATE	ENTRY PRICE	STOP	CURRENT PRICE	OPEN P&L (%)	12-Month Total Return (%)
AUD	Flat	****	****	****	0.7192	****	-0.10
CAD	Close Short	****	****	****	1.3365	****	9.84
CHF	Short	****	****	****	1.0181	****	4.00
EUR	Flat	****	****	****	1.0836	****	5.26
GBP	Short	****	****	****	1.5124	****	5.10
JPY	Short	****	****	****	122.84	****	5.52
NOK	Long	****	****	****	8.6510	****	22.31
NZD	Flat	****	****	****	0.6521	****	19.04
SEK	Flat	****	****	****	8.7176	****	13.17
MXN	Flat	****	****	****	16.5471	****	17.52
BRL	Flat	****	****	****	3.7323	****	32.53
KRW	Close Short and Go Long	****	****	****	1158.54	****	5.29
SGD	Short	****	****	****	1.4172	****	7.45
TWD	Open Short	****	****	****	32.679	****	6.93
INR	Flat	****	****	****	66.4775	****	-2.50
THB	Flat	****	****	****	35.859	****	7.11
MYR	Open Long	****	****	****	4.3022	****	30.61
IDR	Close Long	****	****	****	13722.00	****	4.00
PHP	Open Short	****	****	****	47.163	****	-0.29
ZAR	Open Short	****	****	****	14.087	****	17.91
TRY	Flat	****	****	****	2.851	****	14.36
HUF	Flat	****	****	****	293.150	****	16.34
PLN	Flat	****	****	****	4.000	****	22.48
CLP	Flat	****	****	****	715.110	****	19.15
INDEX	SIGNAL	SIGNAL DATE	ENTRY PRICE	STOP	CURRENT PRICE	OPEN P&L (%)	12-Month Total Return (%)
SPX	Short	****	****	****	2086.59	****	9.68
BOND	SIGNAL	SIGNAL DATE	ENTRY YIELD	STOP	CURRENT YIELD	OPEN P&L (bps)	12-Month Total Return (bps)
US10Y	Short	****	****	****	2.2377	****	44.38
<ul style="list-style-type: none"> <li>* STOP - Each new signal carries a predetermined "overlay" stop designed to provide broad latitude of price movement, and defined risk.</li> <li>* The current price/yield is the 5pm EST closing price on Bloomberg</li> <li>* The model takes 5pm EST closing price of the signal out day as an entry/exit price.</li> <li>* Please be aware that data revisions may cause signals to be revised occasionally, see below for details.</li> <li>* The bond yield index is Bloomberg USGG10YR Index, long equals falling yields, short equals rising yields.</li> </ul>							
<b>NOTES:</b>							
"Signal" as used in this document refers to model output information only and should not be relied upon as a direction or instruction to take a specific market position or any action whatsoever.							
All trading models could experience periods of drawdown that may last for protracted periods of time, which is why single asset performance is generally more volatile than a diversified portfolio of assets that can provide a more balanced overall performance thereby reducing the depths and time of drawdown periods that otherwise could be experienced in a single asset portfolio. Past performance is not indicative of future results. There is risk in all trading.							

iFLOW: GLOBAL EQUITY MARKETS ... over the past week

In developed markets, the past week has seen modest net inflows to UK, Canada, Germany, Switzerland, Norway, Finland, Netherlands, Denmark, Ireland, Austria, Portugal, Spain, Italy, and New Zealand; considerable net outflows from Belgium; modest net outflows from US, Japan, France, Sweden, Greece and Australia.

For emerging markets:

- China has seen modest net outflows. Investors remain cautious. South Korea, Taiwan, India, Thailand, Indonesia and Malaysia have seen modest net inflows, while Philippines has seen modest net outflows.
- Brazil and Colombia have seen modest net outflows; Peru has seen considerable net outflows, while Chile has seen modest net inflows.
- Mexico has seen modest net inflows, with the MEX IPC index up about 1% in the past five trading days.
- South Africa has seen modest net outflows, with the JALSH index down about 0.3% in the past week.
- Russia has seen modest net inflows, with the MICEX index up about 1.2% in the past week; Hungary has seen considerable net inflows; Poland, Czech Republic and Turkey have seen modest net inflows.



iFLOW: DEVELOPED EQUITY MARKETS ... over the past month



iFLOW: EMERGING EQUITY MARKETS ... over the past month



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<sup>2</sup> Source: Global Finance Magazine, World's Best Foreign Exchange Providers 2015, January 2015

