

Global FX weekly

Where is the USD pain trade?

The View

G10. USD sentiment at bearish extremes, but less evident in price action; European flows square the circle. Iran risks: short NZD not EUR the best hedge; fade JPY rallies.

EM. Structurally bullish EM FX but oil price spike is a major risk, especially for Asia FX; PHP & THB best hedges, as well as currencies with high beta to DXY (HUF & ZAR).

G10 Themes

G10 and geopolitical risks: USD stronger but nuanced response within G10 FX driven by oil sensitivity and positioning.

Regional FX flows: A regional breakdown of our flow data shows EURUSD demand by potentially price-inelastic Real Money investors in Europe has stood out.

USD: FOMC statement/SEP viewed as mildly dovish but USD recovered as Powell's press conference leaned hawkish on labour market and inflation.

SEK: SEK weakened around the Riksbank's decision due to dovish guidance. We remain constructive going forward.

EM Themes

TWD. Exporters hedging to be main driver of TWD as lifers' activity slows.

ASEAN/India. Geopolitical risks. Oil impact on PHP, THB. Bond outflow risk in MYR, IDR.

COP. Fiscal Outlook worsens. Maintain bearish COP as carry slides.

GEM. Inflows to dedicated local debt. Rising crossover interest into EM debt.

Quant & Vol Insights

EURUSD spot and risk reversal retracements present cheaper entry level for bulls. 6m tenor 1.20-strike call is currently the most underpriced point on the FX vol surface vs historical distribution of subsequent 6m EURUSD returns.

Technical Strategy

USD battles for support. BBDXY is testing long-term trend line support and 2023 lows at 1200. RSI, positioning and sentiment are stretched. Summer bounce?

20 June 2025FX Research
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G10 FX Strategy

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Refer to important disclosures on page 24 to 26. Analyst Certification on page 23. 12843309

Timestamp: 20 June 2025 12:26AM EDT

Key views, forecasts and latest trades

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Exhibit 1: Our medium-term views

G10 and EM FX medium-term views

G10	We look for EUR-USD at 1.17 this year and 1.20 next. Even if we are past peak trade uncertainty, current tariff levels and ongoing uncertainty should eventually manifest into both higher prices and slower activity than otherwise. And even as USD has found support, negative risk premia remain evident. On the euro side of things, we do not think the FX market has appreciated sufficiently the German fiscal package nor Europe's increased defense needs – the June NATO and EU summits are key. The market has turned long overall EUR, but we still see ample space left among Real Money investors. Whether Officials continue rebalancing into USD is also key. On JPY we remain bearish, still looking for USD-JPY at 155 by year-end, on structural Japan outflows and, nearer-term, fiscal risks into the July Upper House elections. We are constructive on GBP, the Scandies, and AUD, and bearish CHF for the rest of the year.
EM	EM FX is holding in relatively well despite the ongoing tariff tensions. This is partly due to improving fundamentals and lower inflation, which is helping to support higher real yields. This dynamic is being reinforced by the EUR rally and opens the door for high beta and carry EM to outperform. Trump appears to be dialing back on tariffs, providing USD relief, but doubts remain. We stay short SGD NEER against the basket, long IDR NDF points. On the long side, we believe there are opportunities in Latam, where real yields are better: stay long BRL vs. COP, we also enter long ARS. In EMEA, we believe ZAR offers the best valuation opportunity for longs.

Source: BofA Global Research

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Our key forecasts

Exhibit 2: Key BofA G10 and EM FX forecasts

Forecasts as of 19-Jun-2025

(EOP)	YE 2022	YE 2023	YE 2024	1Q 25	2Q 25	3Q 25	YE 2025	YE 2026
EUR/USD	1.07	1.10	1.04	1.08	1.15	1.16	1.17	1.20
USD/JPY	131	141	157	150	148	152	155	148
GBP/USD	1.21	1.27	1.25	1.29	1.37	1.40	1.43	1.54
AUD/USD	0.68	7.00	0.00	0.62	0.63	0.64	0.66	0.71
USD/CNY	6.90	7.10	7.30	7.26	7.50	7.40	7.30	7.00
USD/BRL	5.29	4.92	6.21	5.71	5.60	5.55	5.50	5.75
USD/INR	83	83	86	85	85	85	84	83
USD/ZAR	17.04	18.36	18.84	18.32	18.00	17.80	17.70	17.50

Source: BofA Global Research. Forecasts as of 19-Jun-2025

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What we particularly like right now

Exhibit 3: Our latest G10 and EM FX trade recommendations

What we particularly like right now

G10	
Buy EUR/JPY via 1y 172 call	Europe to respond to US policies. Higher European yields to increase Japanese demand for EUR bonds
Buy EUR/CHF via 6m 0.9450/0.97 1x2 call spread	We want to position for positive EA developments. Meanwhile, SNB policy rates are towards our forecast for terminal (25bps) but weaker inflation risks a return to negative policy rates but more likely a sustained period of low rates.
Sell USD/CAD via 1y RKO put	Market too optimistic on CA fiscal, rate cut pause and investment inflow near-term, so we prefer more medium-term expressions
EM	
Long ARS	Sell USD/ARS 3M NDF at 1,202 for an implied yield of 39% due to tight fiscal and monetary policy.
Buy EUR/MXN	We recommend buying EUR/MXN as Mexico's peso has returned to overvalued territory
Stay short CNH CFETS	Maintain long-standing short CFETS motivated by China's need to loosen financial conditions and positive carry

For a complete list of our open trade recommendations, as well as our trade recommendations closed over the last 12 months, please see Exhibit 21 and Exhibit 22



Week ahead & G10 Central Bank calls

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In focus next week

Powell testimony (Tue/Wed), **US PCE** (Fri). **EA PMIs** (Mon). **Tokyo CPI** (Fri), **BOJ June Summary of Opinions** (Wed). **NATO summit** (Tue/Wed). **EU Summit** (Thu/Fri)

Other events by region:

- **AMRS – US** consumer confidence (Tue), 1Q GDP (3rd print, Thu), many Fed speakers incl. Waller (Mon). **CA** CPI (Tue), GDP (Fri)
- **Europe – Euro area** sentiment (Fri), many speakers inc. Lane (Tue). In Germany, IFO survey (Tue) and eyes on 2025 budget developments. In the **UK**, many BoE speakers incl. Bailey (Tue/Thu), Lombardelli (Wed). In **Sweden**, Riksbank minutes (Wed)
- **APAC – AU** May CPI (Wed)

Source: Bloomberg. Last updated: 19-Jun-2025. Dates are according to London time

G10 Central Bank calls

Exhibit 4: BofA G10 Central Bank calls

No G10 central bank meetings next week

Country	Current	Next	Our call	BofA YE 25 (bp)	Priced YE 25 (bp)	Narrative
US	4.38%	30-Jul	4.38%	0	-48	After the June meeting, we still don't expect any rate cuts this year. But we expect 100bp in rate cuts next year, likely in 2H.
Eurozone	2.00%	24-Jul	2.00%	-50	-20	Following the hawkish June meeting, we no longer expect the ECB to cut policy rates in July, but we still expect them to do so in September and December. Our terminal call hence moves to 1.5%, from 1.25%.
Japan	0.50%	31-Jul	0.50%	0	+13	We continue to expect the BoJ to be on hold through end-2025 and raise it to 0.75% in April 2026.
UK	4.25%	7-Aug	4.00%	-75	-50	We continue to expect the BoE to cut in August, September, and November to reach a terminal of 3.5% on the back of continued inflation progress, weaker growth and further cooling of the labour market. we acknowledge that elevated inflation, gradual guidance and rising energy/ food prices put our call for September cut at risk, but we think the bar to cut less than quarterly is high.
Canada	2.75%	30-Jul	2.75%	-75	-29	We see the BoC in no rush to cut due to high core inflation. We expect the BoC on hold in July with risks to the downside. After that, we see the BoC cutting its policy rate by 25bp at each of its meetings in September, October, and December (i.e., 75bp in cuts in total) to leave the policy rate at 2.00% by year-end.
Australia	3.85%	8-Jul	3.85%	-25	-74	The uncertain outlook and revised forecasts reinforce our view that the RBA will hold in July, with the next cut most likely in November, barring a significant growth shock or downside inflation surprise.
New Zealand	3.25%	9-Jul	3.00%	-75	-26	We expect weaker data outturns will lead to an additional 75bps of cuts to reach a terminal rate of 2.5% at the end of 2025.
Switzerland	0.00%	25-Sep	0.00%	0	-14	We expect no more rate cuts, with risks to the downside. That said, we believe a return to negative rates would require inflation to stay below the 0-2% target band on a more persistent course.
Norway	4.25%	14-Aug	4.25%	-50	-45	We see two more rate cuts this year, in Sep/Dec, and two more cuts next year.
Sweden	2.00%	20-Aug	2.00%	0	-15	We are still confident in our terminal rate forecast for Sweden (1.75%), but we are much less confident in the precise timing of this final cut. With this guidance and forecasts, our base case of a last cut in 1Q26 is getting increasingly narrow – we think an anticipation in 2H25 is getting more and more realistic.

Source: BofA Global Research. Forecasts and pricing as of 19-Jun-2025.

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The View

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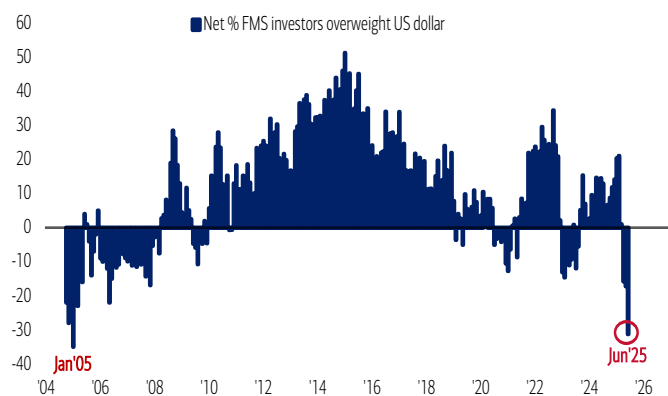
G10 FX: where is the USD pain trade?

USD bearishness at historic extremes...

BofA's investor surveys over the past week revealed a dramatic further deterioration in USD sentiment. The [Global Fund Manager Survey](#) suggests investors are the most underweight US dollars in 20 years (Exhibit 5). The [FX and Rates Sentiment Survey](#) shows USD FX sentiment at its lowest level in the history of the survey, and positioning not far behind (Exhibit 6). The return of geopolitical risk, alongside other factors, has USD bears on edge ([Macro Risk Digest: The return of geopolitical risks 17 June 2025](#)).

Exhibit 5: Fund Manager Survey most underweight the USD in 20 years

Net % FMS say they are overweight the US dollar

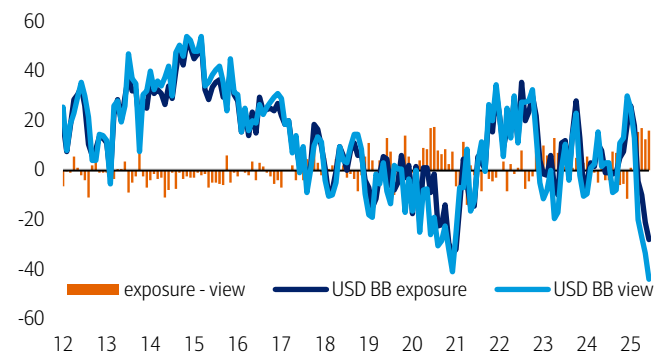


Source: BofA Global Fund Manager Survey

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Exhibit 6: BofA sentiment survey -FX exposure and view: USD

USD sentiment fell to the lowest level in survey history, but positioning is still lagging



Source: BofA Global Research FX and Rates Sentiment Survey

BB is the Bull-Bear Index for exposure and view. It weights responses to create an index ranging from -100 to +100, zero representing neutral. See appendix for formulas.

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... but less evident in price action

While the USD has strengthened over the past week, the move has been quite orderly, all Iran noise considered. Indeed, since mid-May, USD rallies have not been as volatile as might be expected for a crowded short. Exhibit 7 shows a measure of 1-month realized skew for the DXY dollar index (realized volatility on up vs. down days). While USD shorts did seem extreme until mid-May (rallies were more volatile than sell-offs), the price action has been more neutral since then.

Squaring the circle – EUR not the best long USD hedge for Iran escalation

Our flows help square the US dollar sentiment/price-action circle. Real money investors, especially in Europe, have used USD rallies as buying opportunities (see report: [Where do USD sellers live? 19 June 2025](#)). This is consistent with the corresponding up-down volatility measures for EUR & GBP at low percentiles (Exhibit 8) with real money flows likely blunting the impact of position cutting by hedge funds.

Whether these flows sustain if the Iran situation escalates and oil prices surge – a risk that we feel is underpriced (see report: [Plant a hedge 19 June 2025](#)) – is unclear. We have closed our long EURUSD recommendation considering geopolitical uncertainty (see report: [FX Alpha 19 June 2025](#)). Still EUR does not represent the best long USD hedge in our view, especially ahead of next week's NATO and EU summits that could deliver positive surprises.

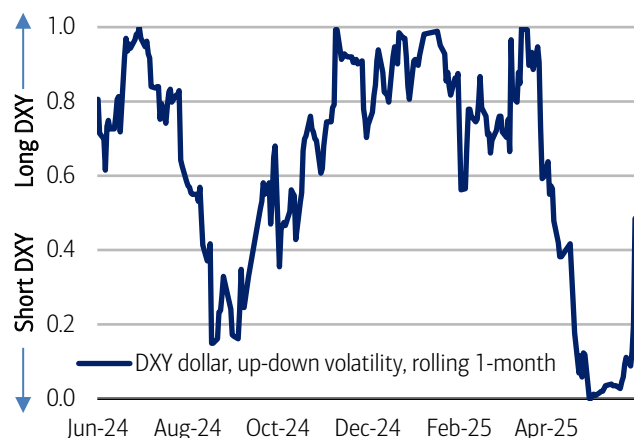


Short NZD the best hedge in G10; fade risk-off rallies in JPY

Instead, Exhibit 8 suggests the price action in G10 commodity currencies warrants more concern than elsewhere. Within these, the choice of hedge against Iran escalation is straightforward – NZD is the only energy importer and most vulnerable if Middle East oil supply is impacted more severely. Separately, any “risk-off” rally in JPY would be a good opportunity to sell in our view, with Japan’s energy imports and structural outflows likely to dominate medium-term ([Japan BoP: Investor hedging vs structural outflows 09 June 2025](#)). Short JPY remains a strong conviction beyond the short-term noise.

Exhibit 7: DXY dollar index, up-down volatility (realized skew)

DXY price action implied crowded shorts Apr-May, but more neutral since then

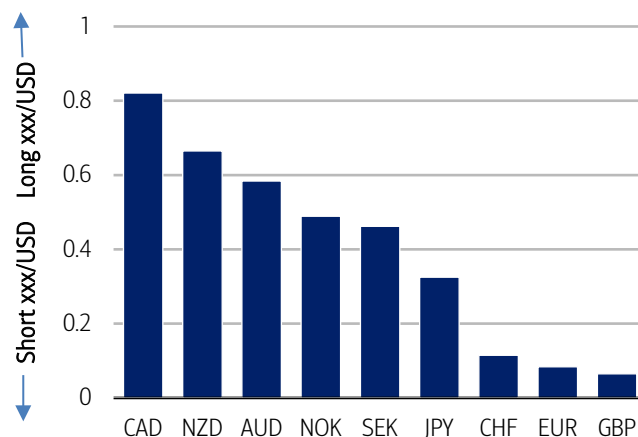


Source: Bloomberg

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Exhibit 8: G10 vs. USD, up-down volatility (realized skew), past one month

Price action in commodity FX implies more vulnerability than European FX



Source: Bloomberg

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EM FX: de-risking to ride the volatility

Our medium-term constructive view on EM FX remains intact but the recent volatility spike has the potential to trigger a broader de-risking in EM markets. While EM FX positions may not be as crowded, USD strength on safe-haven demand against G10 currencies and risk-aversion could spill-over to EM FX as well. EEMEA FX has benefitted from EUR strength so far and could be more vulnerable to a position squeeze if EUR corrects lower. Higher volatility and potential geopolitical tail-risks may keep markets on the edge and temper risk appetite for EM assets.

Oil shock particularly negative for Asia

The pressure could intensify if an oil supply shock leads to inflation concerns and higher UST yields. Being a large oil importer, the Asia region remains most vulnerable to such a shock. Countries with low CA buffer would find it more even difficult to ride the terms-of-trade decline. Secondly, this could also trigger portfolio outflows from EM debt markets if expectations for near-term cuts are pushed back. Asia could be more vulnerable after having witnessed debt inflows this year.

Within Asia, PHP and THB stand-out as best hedges for this shock, with political uncertainty in both markets adding to the risks. INR could come under pressure as well if equity outflows pick-up due to global risk-aversion. In EEMEA, ZAR is vulnerable to a negative impact from higher oil and USD-beta. MYR and IDR could be more sensitive to a potential reversal of debt portfolio inflows this year if US yields continue the march higher while markets continues to price-out Fed cuts.

Idiosyncratic moves possible – CNY stability, TWD hedging flows

Amidst the external volatility, CNY stability vs USD could provide an anchor for markets. That would support PBoC's recent focus on promoting CNY internationalization which reduces chances of an outsized depreciation of CNY vs USD. However, PBoC announcement of additional outbound investment quota is not inconsistent with our view for relative CNY weakness vs the basket currencies.

Idiosyncratic moves are also possible in TWD due to structural hedging flows from lifers and exporters, creating a skew in possible return scenarios. This can engender characteristics of a safe-haven market in currencies with large CA surpluses and net foreign assets. High volatility could, in fact, slow the capital outflows while large CA surplus adds to the BoP surplus.

Key views and trades

Within Asia, we are bullish on KRW but acknowledge some risk of retracement due to ongoing volatility. We like shorts on CNY and SGD vs their respective trade-weighted baskets due to softer macro backdrop and policy leanings. We stay bearish PHP vs INR as wide CA deficit leaves it more vulnerable to oil price shock.

In EEMEA FX, we stay long TRY for carry but see potential for crowded long positioning in EGP and ZAR coming under pressure if USD strengthens further. In Latam, we are bullish on BRL, ARS and CLP vs bearish MXN, COP and PEN primarily on divergence in monetary policy outlook amidst risks to growth.



G10 Themes

Geopolitical risks back in focus

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Full report: [FX Watch: FX & Rates: Geopolitical risks back in focus 13 June 2025](#)

- Geopolitical tensions have sparked a cross-asset response, most notably in the oil market. FX and rates reaction more nuanced.
- USD initially rallied but pared back moves; G10 correlations to oil in play, though positioning also relevant.
- UST yields have risen, suggesting less "haven" appeal. inflation, fiscal and supply dynamics remain in background.

FX: A differentiated G10 response

The FX market's initial response to the Middle East escalation on Friday, 13 June, was to buy dollars across the board, evoking its traditional "safe haven" characteristics, which have recently come into question. (see [Bent but not broken: FAQ on the USD's "safe haven" status 08 May 2025](#)). After some initial volatility, the USD is ending the week stronger, although still well withing recent ranges. The biggest price mover by far has been oil, which has held on to its significant gains.

In FX, the G10 response has been somewhat noteworthy for a few reasons, which we think represents some combination of positioning dynamics as well as the stand-out move in oil markets. Some notable observations:

- JPY and CHF: These other traditional non-USD "safe havens" are still net-lower vs. the USD, despite their positive correlation to the VIX. As oil importers, these currencies have the largest inverse correlation to Brent in the G10.
- NOK and CAD are outperforming within G10, consistent with their sensitivity to oil prices, which seems to be dominating positioning. AUD has been resilient too, potentially due to lagged impact of higher crude on LNG prices (a key export).
- SEK has been the biggest underperformer despite the market being net-short before the escalation, but primarily driven by the dovish Riksbank.
- The EUR's net depreciation was initially modest, but it eventually broke below 1.15. We continue to see notable real money demand for the currency (see [Liquid Cross Border Flows: Back to USD selling 09 June 2025](#))



Where do USD sellers live?

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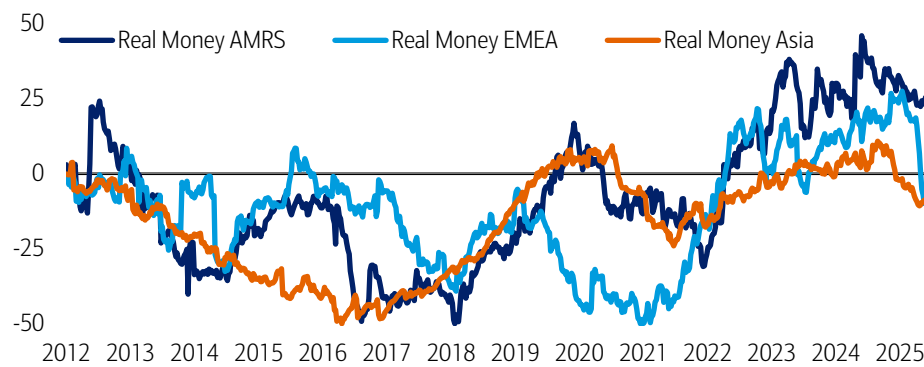
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Link to the full report: [Liquid Insight: Where do USD sellers live? 19 June 2025](#)

- Atypical EUR correlations suggest the presence of less price-sensitive buyers: indeed, Real Money (RM) drive EUR demand in Q2
- EUR demand by European RM and limited demand by AMRS RM stand out. We see space for USD to sell off more incl vs EUR among...
- ...AMRS RM and Asia and AMRS Hedge Funds. Other highlights are: CAD demand in AMRS, EM in EMEA; GBP supply in AMRS and EMEA

Exhibit 9: Ample room among Real Money, esp. in AMRS, for USD to sell off further

Real Money USD positioning by region



Source: BofA Securities. Data through June 13. +50 (-50) represents max long (short) positioning level vs history starting Jan-2012.
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Mostly outside the US, mainly in Europe

The atypical EUR correlations in recent months suggest the presence of less price-sensitive buyers: indeed, Real Money drove EURUSD demand in Q2. Where these buyers are based may in turn help us assess whether a regime shift – albeit likely a partial one – could be underway. Our answer is: mostly outside the US and mainly in Europe.

EURUSD demand by European Real Money investors has particularly stood out in recent months, but so also has the limited participation of AMRS-based Real Money, according to our proprietary flows. We see space, particularly among AMRS Real Money and Asia and AMRS Hedge Funds, for the USD to sell off more, including vs. the EUR.

EURUSD aside, regional highlights include CAD demand in AMRS; EM demand in Europe; JPY demand in Asia; GBP supply in AMRS and Europe; and SEK supply in AMRS and Asia.



USD: June FOMC – maximum optionality

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Full report: [US Watch: June FOMC meeting: Maximal optionality 18 June 2025](#)

- The June FOMC statement noted that uncertainty has diminished, and omitted the language around rising economic risks.
- The dot plot medians still showed two cuts this year, while growth was marked down and inflation revised up.
- After the June FOMC meeting, we still don't expect any rate cuts this year.

Economics: Maximal optionality

The June FOMC statement noted that uncertainty has diminished, and the dot plot medians still showed two cuts this year and just one next year. Meanwhile, growth was marked down and inflation was revised up in the 2025 macro forecasts. In the press conference, Chair Powell didn't seem concerned about signs of labor market weakness. After the June meeting, we still don't expect any rate cuts this year. A large share of the committee has moved towards this view, and we expect the migration to continue as tariff-driven inflation starts to hit the data.

Rates: June FOMC does not change core rate views

Fed communications do not materially impact our core rate views. We continue to like being: (1) paid at the front end & fading the extent of near-term Fed rate cuts; we like being paid Dec '25 FOMC OIS & see logic of being paid Sept '25 FOMC OIS (2) long 2y3y inflation swaps given the rapid drop in inflation pricing after 1Y & limited risk of persistently elevated inflation (3) short 30Y asset swap spreads due to long end supply / demand issues & disappointment around near-term financial de-regulation.

FX: A mixed bag for the USD

The USD was ~0.25% higher vs. most G10 currencies (on net) since pre-FOMC, with some mixed signals coming from the statement/SEP and the press conference. The FX market interpreted the statement/SEP as mildly USD-negative on net. The dollar then turned higher during the press conference, as Chair Powell was fairly even-keeled on economic and policy outlook, even amid ongoing uncertainty. We remain bearish for the year but recognize increasing 2-way risks in the near-term.



SEK: dovish cut from Riksbank

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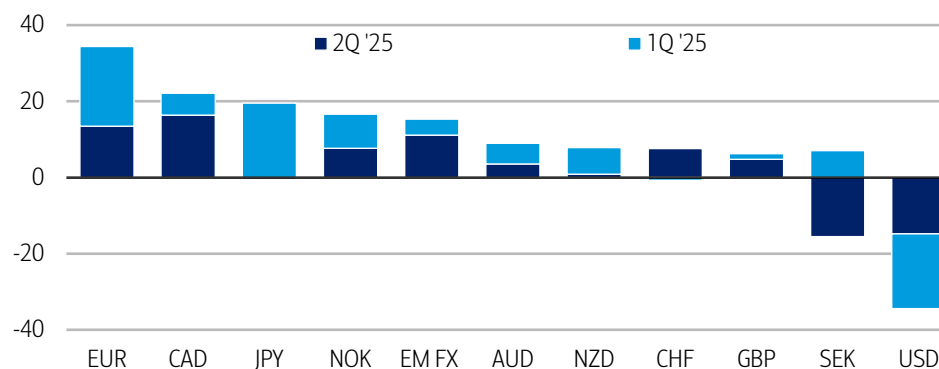
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Full report: [European Watch: Riksbank review: cut, with dovish undertones 18 June 2025](#)

- Riksbank cut to 2.0%, as expected, with guidance of potentially more easing.
- We remain confident on 1.75% terminal, much less on the timing. With this guidance/forecasts, risks of a cut as soon as Sep.
- SEK weakened around the Riksbank's decision given its guidance was on the dovish side. We remain constructive going forward.

Exhibit 10: SEK has been supplied meaningfully in Q2

Change in aggregate FX positioning by quarter



Source: BofA Securities, Bloomberg. Data through June 13. +50 (-50) represents max long (short) positioning level vs history starting Jan-2012.

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Riksbank: 25bp cut, some signal for more

The Riksbank cut rates to 2.0% as expected. The guidance was a bit more explicitly dovish than we had anticipated, signalling c50% probability of a further cut by the end of this year. The central bank's confidence in the recovery is very fragile and, at the same time, confidence in the transitory nature of the inflation spike has increased. In this environment, risk-reward considerations give the Riksbank a clear dovish bias.

We are still confident in our terminal rate forecast for Sweden (1.75%), but we are much less confident in the precise timing of this final cut. With this guidance and forecasts, our base case of a last cut in 1Q26 is getting increasingly narrow – we think an anticipation in 2H25 is getting more and more realistic. We keep in mind that the Riksbank tends to overdeliver on the dovish side on its guidance.

FX: more dovish cut than expected

SEK weakened around the Riksbank's decision, and understandably so: the Riksbank did cut rates as expected, but its guidance was more dovish than we and markets expected. Looking ahead, we stay constructive on SEK, forecasting EUR-SEK at 10.40 by year-end. SEK can benefit from: (1) the European fiscal push and EUR's boosted profile; (2) potentially fresh rotation into domestic assets and/or higher equity hedging ratios of local asset managers; (3) a tighter Riksbank stance vs. the ECB given market expectations; and (4) faster growth vs the Euro area in 2H. Meanwhile, SEK has been supplied in recent weeks (Exhibit 10), with positioning now somewhat short.



EM Themes

TWD. The USDTWD saga continues

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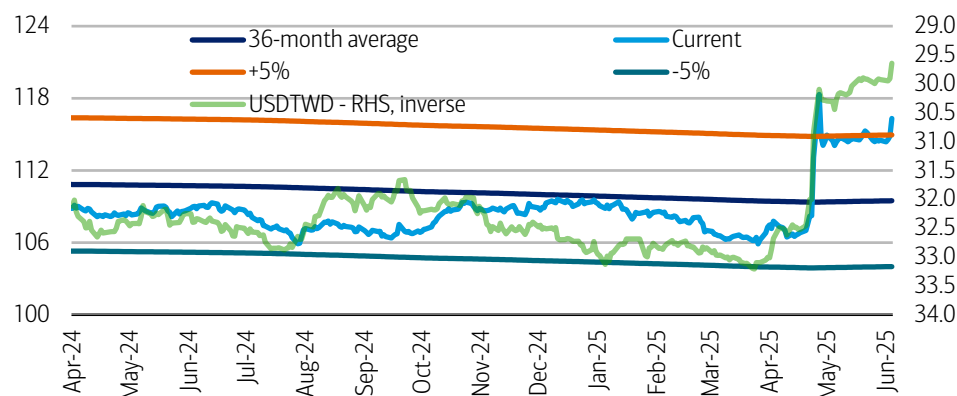
The following piece is an abridged version of [Emerging Insight: The USDTWD saga continues 15 June 2025](#).

Key takeaways

- After early-May, TWD began to stabilize as CBC returned to the market to provide liquidity resulting in rising USD reserves.
- On June 12, the TWD rally continued as the TWD NEER broke above its 5% upper NEER band and NDF curve steepened.
- Exporters and equity inflow to be the main driver of USDTWD. Lifers' hedging activity to slow tied to regulatory relief.

Exhibit 11: TWD NEER band

In the past week, the TWD NEER significantly broke above its 5% upper limit, the first time since early May



Source: Bloomberg, BofA Global Research

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USDTWD in focus

After the rapid TWD appreciation in early-May, the CBC stabilized the FX market by returning to be a buyer of USD, as shown by the large increase in FX reserves over the month. As the CBC returned to the market, we expected USDTWD to decline in a slower pace for the remainder of 2025, mainly driven by global factors tied to the USD and global risk-on conditions. However, On June 12, USDTWD fell and puts a downside risk to our end-2025 USDTWD forecast of 28.8. We see equity inflow and increased export selling to the major factors driving USDTWD lower. We expect lifer hedging activities to slow because of the onset of FSC's latest regulatory relief measures.

The USDTWD saga continues

After May 5th, the CBC stopped the historic rally of the TWD by re-entering the market. Following the historic rally of the Taiwanese Dollar in early-may (see: [Asia FI & FX Strategy Viewpoint: USDTWD: After the fall 06 May 2025](#)), USDTWD began to stabilize at around 30. After the stabilization, it was revealed that the CBC's headline FX reserves data grew by US\$ 10bn in May-2026, the highly monthly increase since Jan-2021. The strong increase in CBC's FX reserve during the month is consistent with the CBC coming back to buy USD to support the FX market after the significant increase in spot volatility in USDTWD.

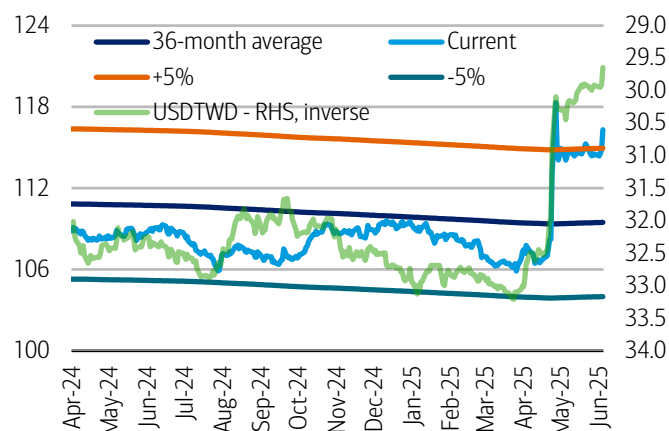


TWD volatility returned on June 12th. Because of the subsequent stabilization, we revised our USDTWD forecast to 28.8 by 4Q25 (see: [Asia FI & FX Strategy Watch: New forecasts for HKD, TWD and KRW 19 May 2025](#)). Our working hypothesis on this forecast was that USDTWD will continue to decline based off the global trend of the falling DXY, strong equity inflow, increased USD selling by Taiwan's exporters and the rising hedging activities by Taiwan's life insurance companies. However, we expect the USD selling trend to be met by smoothing activities of the CBC, similar to what we saw after May 5th.

TWD NEER is once again above the 5% upper band. This hypothesis of stabilization in USDTWD worked well throughout May and early-June but downside risks for our USDTWD forecast began to emerge on June 12th. On June 12th, USDTWD fell close to 90bps on a single trading session. This rally in the TWD resulted in the NEER to significantly pushed above the 5% upper end of the 36-month moving average for the first time since early-May (**Exhibit 12**).

Exhibit 12: TWD NEER band

In the past week, the TWD NEER significantly broke above its 5% upper limit, the first time since early May

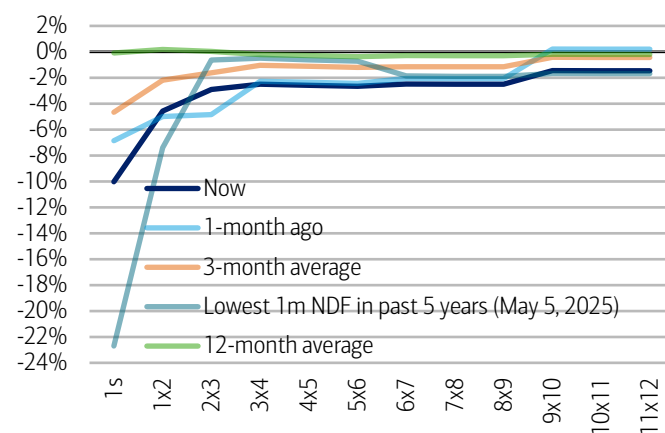


Source: Bloomberg

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Exhibit 13: USDTWD NDF curve

USDTWD NDF curve bull-steepened following the TWD rally on June 12th



Source: Bloomberg

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The USDTWD NDF curves also reacted to the decline in spot on June 12th.

Exhibit 13 shows, upon the June 12th TWD rally, 1-month NDF points fell back to -340pips, from -125pips the day prior. In FX-implied yield terms, this is a decline from -0.5% to -10%. Although this remains very far from the recent trough of -22% reached on May 5th, the deepening of NDF points would represent a material increase in hedging cost for the lifers going forward. Currently, annualized hedging cost on USDTWD NDF on the 1-month tenor is 12% while it is around 8% for tenors longer than 3-months.



ASEAN/India-Geopolitical risks – Impact from oil and portfolio flows

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The following piece is an abridged version of [Asia FI & FX Strategy Watch: ASEAN/India strategy – Geopolitical risks – Impact from oil and portfolio flows 16 June 2025](#).

Conflict in the Middle East poses risks to our constructive outlook for ASEAN/India rates and FX markets. The initial volatility spike on the start of missile strikes by Israel and Iran likely triggered risk-reduction and unwinding of crowded long FX and duration positions across the region. FX remains exposed to all three near-term transmission channels – USD safe-haven demand, net trade impact of oil and portfolio outflows due to risk-aversion. We believe long duration positions may have been less crowded recently. But if these factors persist and UST continues to sell off, that may reduce scope for further duration gains in the region.

Oil impact – PHP most exposed, MYR insulated

The region is a net importer of oil and gas to varying degrees, except Malaysia which runs around 1% of GDP surplus. Currencies with a CA deficit, PHP and INR, are more vulnerable to an unfavorable trade swing. In Thailand's case, higher gold prices may not offset the impact of oil and USD-beta during unfavorable summer seasonality in CA. Malaysia is relatively insulated due to natural gas trade surplus, but the extent has declined over the years and may fall short in offsetting the impact of other factors including stronger USD.

Bond outflow risk – Indonesia and Malaysia

Portfolio inflows into the region have been concentrated in debt as risks to growth, soft inflation and weaker USD raised market expectations on further easing. A spike in oil prices poses risk to those positions by either resulting in higher inflation in markets with quicker pass-through (Philippines) or fiscal risks for markets with price controls (Indonesia). Second, higher UST yields, despite risk-off, could further pressure markets with larger foreign ownership or recent bond inflows.

Thailand could see front-end rates positions unwind as higher FX volatility and oil prices increase chances of BoT pushing back on easing calls. However, negative net impact on growth and perennial underweights in ThaiGBs (See report: [Real Money Tracker - June 2025](#)) could mitigate the impact on longer-end bonds, leading to bear-flattening pressure.

Indonesia appears most at risk within the region as the monetary easing cycle has been sensitive to FX volatility and USD moves. Indonesia has seen the most debt inflows this year, after Malaysia, which could be at risk if BI indicates a more cautious stance. Higher oil also hurts Indonesia's fiscal outlook by increasing subsidy burden even as inflation impact is contained by fuel price controls.

India's debt portfolio inflows have stopped lately after index inclusion ended in Mar'25. Received positioning in India rates has also likely reduced after RBI's hawkish guidance in last meeting. Inflation or fiscal risks from oil prices appear contained, though, due to gap between domestic retail fuel prices against crude oil price. Recent equities inflows could be at risk if global equities sentiment worsens. However, positioning in regional equities appears less crowded, judging by the net outflows for the year.



Columbia- Fiscal castles in the air?

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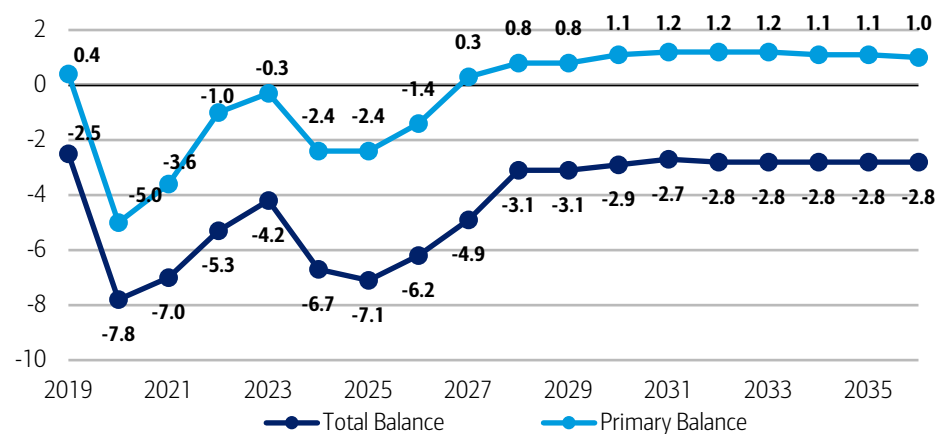
The following piece is an abridged version of [Emerging Insight: Colombia – Fiscal castles in the air? 17 June 2025](#).

Key takeaways

- The Colombian fiscal outlook has deteriorated after the government announced the suspension of the fiscal rule.
- An aggressive fiscal consolidation is required, but the proposed adjustment relies on the implementation of a tax reform.
- Fiscal risks remain high, but the market only prices a very hawkish BanRep. We like 2y receivers and keep a bearish COP view.

Exhibit 14: Following the suspension of the fiscal rule, Colombia needs a 4% of GDP consolidation

Overall balance and primary balance (% of GDP)



Source: BofA Global Research, Ministry of Finance

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Colombia – fiscal castles in the air?

The fiscal outlook in Colombia has unquestionably deteriorated. The government tapped the fiscal rule escape clause, allowing for a deficit of 7.1% of GDP in 2025. While the government has emphasized commitment to fiscal stability, the expected reduction in the fiscal deficit for 2026 relies almost exclusively on the approval of a tax reform. Market reaction since the release of the Medium-Term Fiscal Framework (MTFF) suggests some fiscal risk premium had already been priced. However, we disagree with the market expectation that the central bank (BanRep) will accommodate the shock with very hawkish monetary policy. We believe that risk-reward of fading COP strength and receiving front-end rates remains attractive, as carry is set to fade.



GEM- Inflows add to crossover interest

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The following piece is an abridged version of [GEMs Flow Talk: Inflows to Dedicated Local and External debt add to crossover interest 13 June 2025](#).

Exhibit 15: EXD and LDM remain positive, same as US HY. But US IG was down this week.

EPFR flows (% of AUM)

	All ex CN	EXD	LDM ex CN	Blend	EM Eqty	US HY	US IG	ETF EXD	ETF LDM
1w	0.2%	0.2%	0.3%	-0.1%	0.1%	0.4%	-0.1%	0.8%	3.7%
YTD	-2.5%	-3.3%	-0.5%	-2.1%	0.0%	2.3%	0.9%	10.3%	27.7%
2024	-8.0%	-6.5%	-10.9%	-8.9%	-0.1%	9.0%	11.2%	2.5%	11.9%
2023	-14.5%	-15.8%	-13.5%	-10.5%	1.9%	8.5%	15.6%	-3.8%	30.6%
Trend	2↗	2↗	4↗	2↘	3↗	5↗	1↘	2↗	8↗

Source: BofA Global Research, EPFR, Inc. Note: Trend is # of consecutive wks up or down – shown 1w, YTD, FY 2024 & FY 2023

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Higher crossover participation in EM debt: Increasing participation of crossover investors could represent a structural change for the EM debt asset class. EM has grown despite outflows from dedicated funds. Driving crossover interest: inflows, valuations, improving credit quality, and diversification. See our note “Global Emerging Markets Weekly: Crossover investors to the rescue” dated 06 June, 2025.

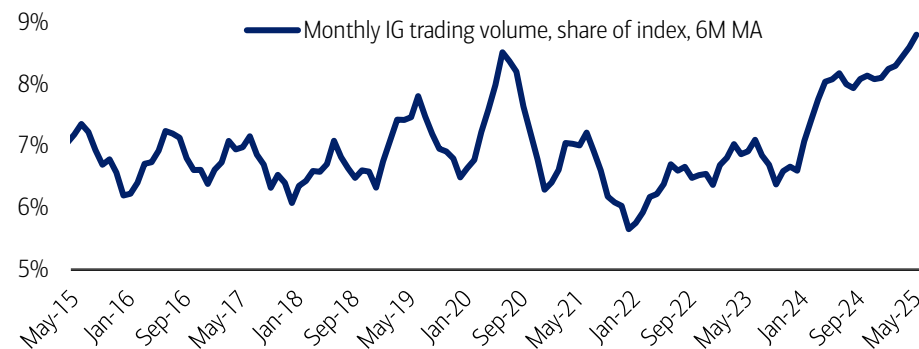
Turnover in US IG market is growing, but not in EM. The large US IG inflows reported by EPFR since 2021 correspond to the increase in trading volume reported through TRACE. Unlike EM sovereigns, US Corporate trading volume is growing faster than the size of the market. Visibility to EM is difficult because trace US regulatory reporting may include many EM corporate bonds traded in the US, but it does not include sovereigns. See [More growth US IG bond volume than in outstanding debt](#)

Good inflows into India local govt bonds: Foreign investors bought +\$1.8bn of India local govt bonds in May, following a big outflow in Apr (-\$2.9bn). YTD flows at +\$4.4bn.

EM local govt bond flows ex-CN turn positive in May. May flows are at +\$1.5bn, following a large -\$12.1bn outflow in Apr. Winners: IN, ID, TR & CO. Loser: MX.

Exhibit 16: IG trading volume hit record high levels in April at 10% of index notional

Monthly IG trading volume hit record high of 10.1% of index in April 2025.



Source: BofA Global Research, TRACE.

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Quant & Vol Insights

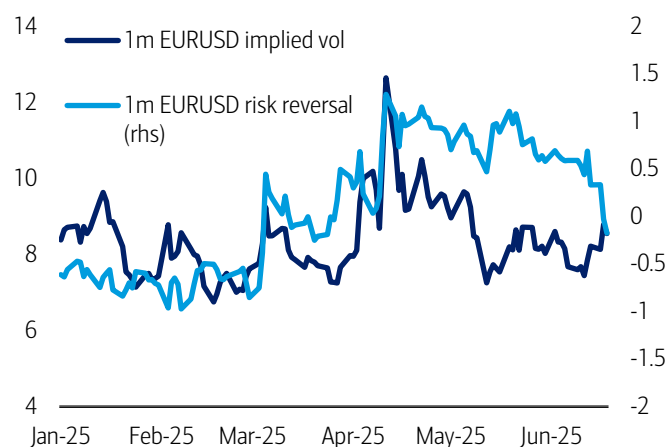
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EURUSD spot and risk reversal retrace for dip buyers

On the back of soft US inflation data and geopolitical shock, front-end EURUSD vol has risen over the past week, in-line with our call (see report: [FX Vol Insight, 03 June 2025](#)). It is also notable that front-end EURUSD risk reversal has dipped below zero for the first time since March 4, breaking away from its year-to-date positive correlation with implied vol (Exhibit 17). We prefer to fade the recent geopolitical shock in market (see report: [FX Quant Insight, 16 June 2025](#)), and view dips in EURUSD spot and risk reversal as emergence of attractive entry levels for global investors.

Exhibit 17: EURUSD vol has risen amid falling risk reversal

1m EURUSD implied vol and risk reversal



Source: BofA Global Research, Bloomberg

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Exhibit 18: The 1.20-strike is currently most underpriced for EURUSD at the 6m tenor

6m EURUSD digi call price at various strike levels vs historical probability for spot to move higher

strike	% upside vs 1.15 spot	historical probability	6m digi call price	difference
1.18	2.6%	46%	41%	4.9%
1.19	3.4%	42%	35%	7.3%
1.20	4.3%	37%	30%	7.6%
1.21	5.2%	30%	25%	4.8%
1.22	6.0%	24%	21%	2.8%
1.23	6.9%	19%	18%	1.7%
1.24	7.8%	17%	15%	2.4%
1.25	8.6%	15%	12%	3.1%

Source: BofA Global Research, Bloomberg. Historical probability column shows the percent of times for EURUSD to continue rising by the amount in the adjacent left column, after it has risen by 10% in the previous 6m period.

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FX option surface shows 1.20-strike as the sweet spot for EURUSD bulls

Current vol pricing suggests 1.20-strike for year-end is the sweet spot for EUR bulls. After rallying by around 10% in the first half of the year, naturally investors question how much more upside EURUSD could see for rest of the year. Historical analysis since 1999 suggests after a 10% move over a 6-months period, EURUSD continues to see a median return of +1.5% in the next 6-months with hit ratio above 50%. The asymmetric distribution continues to favor EURUSD bulls for second half of 2025. Compared to current 6m digi call pricings at various strike levels, Exhibit 18 shows the 1.20-strike as the most underpriced vs historical probability for EURUSD to see another 4.3% rally to reach the strike level in the next 6 months.



Technical Strategy

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USD battles for support

- The BBDXY is testing long-term trend line support and 2023 lows at 1200. RSI, positioning and sentiment are stretched.
- We show support lines for USD vs EUR, JPY, AUD, KRW and CNH holding. Pivotal points suggest reassessing/hedging USD shorts.
- For more, please see [FX Technical Advantage: USD battles for support 18 June 2025](#)

View: USD battles for support

The Bloomberg USD index peaked in January 2025 at 1,325 and has declined as much as -9.63%. It has closed at and above 1200. Aside from a round number being psychological support, a long-term trend line and 2023 closing low also reside at 1200. The decline is modestly stretched on the weekly RSI and more so on some positioning and sentiment measures. Asset managers are short the DXY future (relative to open interest) the most in history. BofA sentiment surveys reflect USD bearishness (see reports: [FX and Rates Sentiment Survey: 13 June 2025](#) and [Global Fund Manager Survey 17 June 2025](#)).

Altogether, upside technical risks for USD are present.

A handful of USD crosses are testing pivotal long-term support areas. Euro stalling in the 1.15s, USDJPY vs 143/140, AUD\$ vs .6630-.6600, \$KRW vs 1350 and \$CNH vs 7.16. We think hedging of USD shorts or tactical longs make sense to at least consider. Recall the repeat 2017 USD bear narrative where DXY bottomed in early September after an 11% decline. This year the DXY is down about 11% already. A 1H23 choppy 3-5% swing phase also comes to mind. However, this year the BBDXY crossed < the 200wk SMA (1240). Trend followers sell the bounce. Pain trade may begin if above.

BBDXY: Testing double support and is a little oversold

The long-term uptrend in the BBDXY declined to trend line support and the 2023 low of 1200. Downside momentum modestly stretched. An appealing level to reassess USD shorts. A break of support leads to 1180-1170, creating a deeper oversold trend and greater risk of snap back. A big USD bear market can take BBDXY down to +/- 1130. Upside risk a retest of the 200wk SMA at 1240. Short squeeze sees 1261 / 1275.

BBDXY: Shorter term on watch for wedge bottom

Our daily chart shows potential for a wedge bottom, which tends to represent the end of five waves down. Three waves up tend to follow. Another indicator says 1200 is support.

USD support levels/ areas to know

1. **Euro** – Three days in a row, markets faded the 1.16s to end the sessions below. Is demand waning? Weekly RSI is diverging. Risk of correction to 1.12 / 1.1065.
2. **USDJPY** is holding supports in the 143-140 area. While they hold a rally back to 150-152 is possible. However a break down can signal top/drop to 135/131.
3. **AUDUSD** is testing long term trend line resistance in the low .66s. We're checking monthly closes to see if can sustain a break or reverses lower, again.
4. **USDKRW** is testing/holding trend line support at 1350. A bounce back to 1400/1425 could be underway. A break down leads to 1321 / 1300.
5. **USDCNH** is testing trend line support at 7.16. A bounce back to 7.30 could occur provided the BBDXY > 1200. A break down leads to 200wk SMA (6.99).



Trade Recommendations G10

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Exhibit 19: Open trades G10

Current G10 FX trade recommendations. Prices as of 18-Jun-2025

Trade Description	Open Date	Entry Price	Expiry Date	Current Price	Rationale	Risks
Buy AUD/JPY	28-May-25	92.80 (target 100.00, stop-loss 89.50)		94.29	Tactically bullish AUD/JPY and see Upper House elections in Japan and a likely RBA pause in July as bullish catalysts.	AUD weakens due to US policy-driven equity selloff.
Buy 1y USD/CAD RKO put	13-May-25	0.33% USD (1.36-strike with 1.30 RKO barrier, spot ref 1.3997, vol ref 5.915)	13-May-26	0.3585% USD	Position for a grind lower in USD this year and use historically low 1y skew to cheapen premium.	North America recession leading to surge in demand for USD.
Buy EUR/USD	10-Apr-25 (raised target and stop on April 22)	1.1061 (raised stop to 1.12 with spot ref 1.1503 on April 22, target 1.19)		1.1463	Unconventional & stagflationary policies USD negative; EU reforms & trade deals EUR positive. Substantial needs for USD hedging, de-dollarization debate, threats to Fed independence suggest even more USD downside	US pivot towards more conventional economic policies or expansion of the trade war beyond the US, which for now we see as having a low probability
Buy 1y EUR/JPY call	25-Mar-25	1.41% EUR (172-strike, spot ref 162.70)	25-Mar-26	1.57% EUR	EUR/JPY should benefit from structural outflows from Japan, investor demand for EUR bonds, and Europe's fiscal expansion.	US trade/tariffs policy become bearish for the EUR.
Buy 6m EUR/CHF ratio call spread	5-Mar-25	0.53% EUR (spot ref 0.9550, buy 1 unit 0.9450 strike call; short 2 units of 0.97 strike call)	4-Sep-25	0.48% EUR	Bullish EUR fiscal policies, widening rate differential and capital flow into EUR assets are bullish EUR/CHF.	Increased global volatility on risk-off shock, or EUR rallies sharply beyond the upper breakeven level of the ratio call spread.

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Source: BofA Global Research



Exhibit 20: G10 FX Closed trades

Recently closed trades in G10 FX.

Trade Description	Entry date	Entry Level	Target	Stop	Close date	Level closed
Buy 3m AUD/NZD call seagull	17-Apr-25	initially receive 0.3% AUD, long 3m call spread, strikes at 1.08 and 1.10, vol refs 5.59/5.7; short 1.06-strike put, vol ref 5.725, spot ref 1.0715)			9-May-25	0.7045% AUD (spot ref 1.0863)
Short CAD/MXN	11-Mar-25	6m fwd 14.5166 (spot ref 14.0467)	13.00	14.50	13-May-25	6m fwd 14.1360 (spot ref 13.9134)
Buy 3m EUR/SEK call	11-Feb-25	0.57% EUR (strike ref 11.40, spot ref 11.2709, vol ref 5.1)			9-May-25	Option expired OTM (spot ref 10.9294)
Buy 1m EUR/GBP put	1-Apr-25	18 pip GBP (strike price 0.83, spot ref 0.8365)			1-May-25	Option expired OTM (spot ref 0.8498)
Buy EUR/USD	10-Apr-25	1.1061	1.15	1.0750	22-Apr-25	Raised stop to 1.12 (spot ref 1.1503)
Buy 3m USD/CHF call spread	14-Jan-25	0.6466% USD (spot ref 0.9167, strike refs 0.92/0.9450)			14-Apr-2025	Option expired OTM (spot ref 0.8149)
Buy 6m EUR/USD ratio call spread	5-Mar-25	1.01% EUR (spot ref 1.0696, buy 1 unit 1.08-strike call; short 2 units of 1.13-strike call.)			8-Apr-2024	1.18% EUR (spot ref 1.0946)
Buy AUD/CNH	3-Apr-25	4.5835	4.89	4.44	7-Apr-2025	4.44
Buy EUR/USD 2w put spread	19-Mar-25	31.5 pip	1.075	1.085	27-Mar-25	60 pip
Short AUD/CAD	16-Jan-25	0.8933	0.86	0.91	12-Mar-25	0.91
Buy NOK/SEK	1-Feb-24	0.9949	1.0240	0.9480	5-Mar-25	0.9352
Buy 6m EURJPY ERKO put	22-Nov-24	0.7425% EUR (spot ref 160.65, strike ref 158.75, down/out European barrier at 150.00)			7-Feb-25	0.96% EUR (spot ref 157.79)
Short EUR/GBP via 3m seagull	24-Jan-25	Rec 0.3052% EUR (buy 0.83/0.82-strike put spread funded by short 0.86-strike call, spot ref 0.8445)			3-Feb-25	0.3191% EUR (spot ref 0.8299)
6m AUDUSD digi risk reversal	22-Nov-24	Rec 5.2% AUD (spot ref 0.6502, long put costs 21.03% vs short call receives 26.24%, atm vol 9.97)			09-Jan-25	37% AUD
Buy 3m GBP/CHF ratio call spread	6-Nov-24	0.7175% GBP (1x2 notional, strike refs 1.1162 and 1.1450, spot ref 1.1284, vol refs 7.36 and 6.25)			17-Dec-24	1.0364% GBP
Buy AUD/KRW	18-Nov-24	909	930	875	4-Dec-24	933
Buy 3m 11.65/11.40 EUR/NOK put spread	9-Aug-24	0.70% EUR (spot ref 11.8054, vol refs 9.01% and 8.33%)			11-Nov-24	Option expired OTM (spot ref 11.7544)
Buy AUD/NZD	28-Aug-24	1.0877	1.13	1.07	28-Oct-24	1.1054
Buy 4m EURUSD put spread	10-Oct-24	0.3658% EUR (spot ref 1.0933, vol refs 6.518 and 6.610)			23-Oct-24	0.56% EUR (spot reference 1.0769, vol references 7.115 and 7.149)
Buy 6m ATMF EURUSD straddle	8-Apr-2024	3.3558% EUR (spot ref 1.0804, strike ref 1.0880, vol ref 6.019)			7-Oct-24	Straddle expired OTM (spot ref 1.0980)
Buy 6m 0.96538 EUR/CHF call	3-Apr-24	1.4382% EUR (spot ref 0.97737, vol ref 5.186%)			2-Oct-24	Option expired OTM (spot ref 0.9385)
Buy EUR/USD	16-Nov-23	1.0859	1.15	1.04	30-Sep-24	Raised stop to 1.10 (spot ref 1.1209)
Buy 2m 1.10/1.13 GBP/CHF risk reversal	19-Aug-24	Rec 0.074% GBP (spot ref 1.1213, vol refs 7.464 and 7.342)			19-Sep-24	0.33% GBP (spot ref 1.1262)

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Source: BofA Global Research



EM Alpha Trade Recommendations

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MLI (UK)

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Exhibit 21: Open trades

EM Alpha Trade Recommendations

FX	Entry date	Entry level	Current level	Target	Stop	Notional	Rationale/ Time horizon	Risks
Buy EUR/MXN	21-May-25	21.72	21.91	24	20.5	10	Mexico's peso has returned to overvalued territory. The economy is likely to enter a recession this year, and the central bank is turning more dovish..	Risks to the trade are a hawkish shift in monetary policy, keeping what is still high MXN carry for longer, and light positioning across investors.
Long INR vs PHP	13-May-25	1.5275	1.54	148	155	10	Improvement in risk-sentiment would support further portfolio inflows into India.	Equity market risk-off which could have a larger impact on India.
Long USD/BRL	5/8/2025	5.68	5.64	5.00	6.00	10	The real is 20% undervalued in real terms, representing the largest valuation gap among Latin American currencies.	Government pushing for more fiscal stimulus or a deepening global risk-off scenario.
Buy CLP/COP	8-May-25	4.51	4.39	5.00	4.30	10	Take advantage of a potential monetary, fiscal, and policy divergence between Chile and Colombia.	Lower copper or higher oil prices
Sell USD/ARS 3M NDFs	23-Apr-25	1202	spot 1185	1000	1400	10	Tight fiscal and monetary policy to induce FX appreciation. Money demand increases and positive trade balance seasonality.	higher inflation, external deficits, a stronger US dollar and dollar purchases by the CB or treasury.
Short SGD NEER	11-Apr-25	0.72%	0.72%	0.1%	1.3%	10	Re-engage short SGD NEER as levels look attractive again ahead of potential slope flattening in MAS meeting.	Unwinding of short SNEER positioning if either risk sentiment improves.
3M USD/CNH call spread	10-Apr-25	7.3390	spot 7.18	7.50/7.70	-	10	We limit exposure to USD sell-off with call spread as US asset volatility and weakness in bonds/equities increases.	Risk of a greater 5% CNY depreciation remains.
Indonesia – Pay IDR points	25-Mar-25	59.5	spot 16290	85	40	10	We recommend paying IDR NDF points to hedge against further IDR weakness which may prompt stronger defense from BI.	USD weakness, unwinding of IDR hedges linked to SRBI or faster rate-cuts in Indonesia.
Long TRY vs EUR and USD via 3m forward	16-Jan-25	39.26	spot 39.32	37.3	40.44	10	TRY should appreciate in real terms driven by positive real rates, disinflation and tight monetary stance. The carry for the trade is very attractive.	Much stronger broader USD
Buy USDHKD 12-month outright	26-Nov-24	7.746	spot 7.8455	7.783	7.72	10	Current interest rate differentials are pricing for 12-month USDHKD outright be below the strong-side of the USDHKD band at 7.75.	further decline in global risk and liquidation of risk-on positions.
Buy 6M USD/SGD 1.45 instant one-touch	22-Nov-24	11.50%	spot 1.2871	50%	0	10	Hedge against deeper Asia FX weakness due to trade tensions. Risk of MAS easing.	US-China negotiations reducing trade tensions
Short CNH, long basket	17-Nov-23	100	-	94	102	10	We expect CNH to underperform peers as PBOC will lean-in against appreciation in an effort to keep monetary conditions loose. Basket earns 8bps 3M carry	The risk to the trade is a large fiscal policy stimulus and economic recovery, ending the need for loose monetary policy and CNY appreciates aggressively in 6months.

Source: BofA Global Research. Spot values as of June 6 2025. Bid/offer spreads accounted for in initiation and closing levels. Does not reflect tax withholdings or any investment advisory fees. Past performance is no guarantee of future results. A complete performance record is available on request. Inception date – July 4, 2016 Initiation and closing prices are priced as of trade publication.

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Exhibit 22: Closed trades

EM Alpha Trade Recommendations

Trade description	Entry date	Entry Level	Target	Stop	Notional	Close date	Level closed
Short USDZAR	6-Mar-25	18.34	17.90	20	10	5/28/2025	13.91
Sell 6m USDEGP NDF	21-Jan-25	53.8	51.10	55.4	10	5/28/2025	13.91
Short CAD/MXN	3/11/2025	14.05	13.00	14.88	10	5/13/2025	13.91
Long BRL/COP	3/6/2025	754	900	650	10	5/8/2025	752
Buy 15/05/2025 T-bill in Pakistan FX-unhedged	21-Nov-24	USDPKR: 277.9; T-bill price: 94	3.78	hold to maturity	USDPKR at 283.5	4/30/2025	99.57
Buy USD/PEN	20-Feb-25	3.6894	3.78	3.55	10	4/10/2025	3.72
short CNH 6M forward	14-Nov-25	7.19	7.45	7.1	10	4/9/2025	7.36
Long THB vs USD	6-Mar-25	33.66	32.5	34.5	10	4/9/2025	34.5
Short SGD NEER	22-Jan-25	0.97	0.3	1.5	10	4/9/2025	0.2
Short SGD NEER; Long dual digital EUR>1.095, SGD>1.335	17-Mar-25	Eurusd: 1.0880 usdsgd: 1.3340	EURUSD>1.0950, USD/SGD>1.3350	-	10	4/7/2025	19.9
Sell PEN/CLP	30-Jan-25	266.91	240.00	280.00	10	3/31/2025	258
Long INR 1m fwd vs USD	6-Mar-25	87.27	86	88.0	10	3/24/2025	86
Short PLN/HUF	11-Feb-25	96.64	91.8	99.54	10	3/20/2025	95.32
Long USD/TWD 6-month NDF outright	12-Feb-25	32.57	33.37	32.08	10	3/12/2025	32.6
Short PHP/USD	8-Jan-25	58.36	59.5	57.5	10	3/6/2025	57.29
Short CNH/INR 3M outright	22-Nov-24	11.736	11.32	11.9	10	3/6/2025	12.02
Short THB vs SGD	1-Aug-24	26.54	27.2	26.2	10	3/6/2025	25.23
Long MXN/CLP	22-Nov-24	47.9	53.00	45.00	10	1/21/2025	48.3
long SGD/KRW	2-Nov-24	1040	1082	1020	10	1/6/2025	1074
Long USD/PLN	6-Dec-24	4.03	4.2	3.95	10	1/15/2025	4.074
Long USDZAR	21-Aug-24	17.86	18.6	17.45	10	12/24/2024	18.73
Sell USD/CLP	10-Oct-24	930	860	975	10	12/12/2024	979
9M dual digital USD/CNH >7.30, gold rally > 6%	13-May-24	7.242	-	-	10	12/4/2024	7.30
Long 1M USD/CNH call spread	14-Oct-24	7.0685	7.20-7.35	-	10	11/14/2024	7.2544
Buy 6-month US\$HKD call spread	24-Apr-24	7.8299	7.7925 / 7.8365	-	-	11/15/2024	3.52
Long BRL/MXN	24-Sep-24	3.51	4.00	3.25	-	11/14/2024	3.52
Sell CLP/COP	11-Jul-24	4.36	4.08	4.53	-	11/14/2024	4.60
Long USD/HUF	12-Oct-23	363.56	382	338	-	11/12/2024	385
Pay FRA 6x9 in Hungary vs receive FRA 6x9 in Czechia	5-Sep-24	2.09	2.54	1.84	-	10/9/2024	2.37
Short USD/PEN	20-Aug-24	3.83	3.70	3.25	-	9/30/2024	3.702
Long KZT vs an equal basket of USD and EUR (3m NDFs)	25-Jun-24	494.2	469	530	-	10/3/2024	508.6
Sell PEN against a basket of USD and CLP	09-May-24	100	-	106	97.5	9/6/2024	8.97
Short USDPKR using 3m NDF	02-May-24	289	275	298	-	8/12/2024	278
Short EUR/PLN using a 6m digital option (strike: 4.2)	1/13/2024	17%	strike: 4.2	-	-	8/15/2024	-
3M USD call, CNH put spread	13-May-24	7.1965	7.25/7.35	-	-	8/13/2024	-
Long INR/TWD 3m NDF	30-May-24	0.384	0.4	0.377	-	8/1/2024	389
Pay 2-month US\$HKD forward points	3-June-24	-134	-40	-180	-	7/30/2024	-117
Buy BRL/JPY	23-Apr-24	29.90	32	28	-	7/24/2024	28
Long IDR vs PHP	31-May-24	277.7	272	280	-	7/15/2024	276.45
Long TRY/CZK using 3m forward	15-May-24	0.643	0.675	0.624	-	6/27/2024	0.675
Long USDZAR	21-Jun-24	17.99	18.9	17.35	-	6/27/2024	18.47
Buy 4m T-bill in Egypt FX-unhedged	14-Mar-24	T-bill price: 92.2; USDEGP: 47.88	T-bill price: 100	USDEGP: 52.2	-	6/26/2024	98.6
Short THB vs USD using 3m forwards	21-May-24	36.18	36.9	35.8	-	6/10/2024	36.9
Buy USD/INR down-and-in one-touch option for 1m	16-May-24	83.53	82.5	-	10	6/5/2024	83.61
Worst off 6M USD/IDR>5 % OTMS, US\$PHP>5% OTMS	17-Nov-23	32bps	-	-	10	5/30/2024	-
3m USD call CNH put spread	17-Nov-23	39.8bps	7.30/7.55	-	10	5/17/2024	-
1yr USD/CNH vol swap at 6.175%	8/2/23	6.175	-	5.00	10	5/17/2024	-0.1
Short RON/CZK	5/24/2023	4.77	4.53	5.2	10	5/16/2024	-0.1
Short USDZAR	11/15/2023	18.15	10	14	10	5/13/2024	12.50
Sell EUR/CLP	2-Apr-24	1063	1000	1100	10	5/6/2024	1000
Pay 1x3 USDTW NDF	3/18/2023	-163	-111	-190	10	4/22/2024	-63
Buy USDZAR 6m 25 Delta Risk Reversal	16-Feb-24	1.491	2.5	1	10	4/16/2024	2.543
Sell EUR/KRW 3m NDF	1/14/2024	1429	1385	1450	10	4/11/2024	1466
Buy BRL/MXN	11/17/2024	3.52	4	3.24	10	4/10/2024	3.25
Short EURTRY using 3m forward	2/5/2024	36.2	34.4	37.3	10	4/9/2024	35.72
Short USDUZS using 3m NDF	1/5/2024	12.674	12.374	12.902	10	4/9/2024	12.672
Sell COP vs LatAm FX basket	4/4/2024	100	92	104	10	4/4/2024	105
USDHKD call spread at 2.1x	11/17/2023	7.76	-	-	10	4/5/2024	7.82
Sell USD/PEN	1/15/2024	3.84	3.70	3.90	10	3/8/2024	3.68
Long IDR vs PHP	1/19/2024	280	276	282	10	2/19/2024	278
Selling US\$KRW	1/18/2024	1332	1292	1352	10x10	2/14/2024	1328
Short SGD/KRW	9/20/2023	974	945	990	10	3-nov-23	969
Buy 6m 25-delta call option for USDTW	8/1/2023	31.6	31.9	29.8	10x10	2/8/2024	-
Short CZK/HUF	11/29/2023	15.7	14.9	16.3	10x10	2/6/2024	15.48
Long PLN/CZK	11/8/2023	5.51	5.78	5.34	10	1/11/2024	5.67

Note: Bid/offer spreads accounted for in entry and closing levels. Does not reflect tax, withholdings or any investment advisory fees. Past performance is no guarantee of future results. A complete performance record is available on request. Inception date – July 4, 2016. For additional discussion on baseline views, valuation and risks to closed trades, please see links to the relevant reports. Trade recommendations are highlighted green when the closing value is greater than the entry value and red when the closing value is less than or equal to the entry value. **Source:** BofA Global Research

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World At A Glance Projections

Exhibit 23: G10 FX forecasts

Forecasts as of 19-Jun-2025

	Spot	Jun-25	Sep-25	YE 2025	Mar-26	Jun-26	Sep-26	YE 2026
G3								
EUR-USD	1.15	1.15	1.16	1.17	1.17	1.18	1.19	1.20
USD-JPY	146	148	152	155	152	148	148	148
EUR-JPY	167	170	176	181	178	175	176	178
Dollar Bloc								
USD-CAD	1.37	1.38	1.38	1.36	1.35	1.35	1.35	1.35
AUD-USD	0.64	0.63	0.64	0.66	0.68	0.69	0.70	0.71
NZD-USD	0.60	0.58	0.59	0.60	0.60	0.60	0.61	0.61
Europe								
EUR-GBP	0.85	0.84	0.83	0.82	0.82	0.80	0.79	0.78
GBP-USD	1.34	1.37	1.40	1.43	1.43	1.48	1.51	1.54
EUR-CHF	0.94	0.94	0.95	0.96	0.96	0.97	0.98	1.10
USD-CHF	0.82	0.82	0.82	0.82	0.82	0.82	0.82	0.83
EUR-SEK	11.07	10.70	10.60	10.40	10.40	10.40	10.40	10.30
USD-SEK	9.65	9.30	9.14	8.89	8.89	8.81	8.74	8.58
EUR-NOK	11.54	11.70	11.40	11.00	11.00	10.90	10.80	10.70
USD-NOK	10.07	10.17	9.83	9.40	9.40	9.24	9.08	8.92

Source: BofA Global Research, Bloomberg. Note: Forecasts as of 19-Jun-2025

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Exhibit 24: EM FX forecasts

Forecasts as of 19-Jun-2025

	Spot	Jun-25	Sep-25	YE 2025	Mar-26	Jun-26	Sep-26	YE 2026
Latin America								
USD-BRL	5.49	5.60	5.55	5.50	5.50	5.55	5.65	5.75
USD-MXN	19.08	19.50	19.75	20.00	20.25	20.50	20.75	21.00
USD-CLP	947	930	925	915	910	905	900	900
USD-COP	4,074	4,300	4,400	4,475	4,475	4,450	4,425	4,400
USD-ARS	1,153	1,100	1,200	1,300	1,375	1,450	1,525	1,600
USD-PEN	3.59	3.70	3.73	3.75	3.77	3.78	3.79	3.80
Emerging Europe								
EUR-PLN	4.28	4.25	4.20	4.15	4.15	4.15	4.15	4.15
EUR-HUF	403.46	403	400	395	390	390	390	390.00
EUR-CZK	24.82	24.80	24.60	24.50	24.50	24.30	24.20	24.20
USD-ZAR	18.11	18.00	17.80	17.70	17.70	17.60	17.60	17.50
USD-TRY	39.57	40.00	41.00	42.00	43.50	44.50	45.50	47.00
EUR-RON	5.03	5.10	5.12	5.15	5.15	5.15	5.18	5.20
USD-ILS	3.49	3.55	3.55	3.50	3.45	3.45	3.40	3.40
Asian Bloc								
USD-KRW	1,381.05	1,370	1,340	1,320	1,300	1,280	1,260	1,240.00
USD-TWD	29.62	29.70	29.10	28.80	28.50	28.20	27.90	27.60
USD-SGD	1.29	1.30	1.29	1.28	1.28	1.27	1.27	1.27
USD-THB	32.76	33.00	32.00	31.00	31.00	30.00	30.00	30.00
USD-HKD	7.85	7.85	7.85	7.83	7.80	7.80	7.78	7.75
USD-CNY	7.19	7.50	7.40	7.30	7.30	7.20	7.20	7.00
USD-IDR	16,395	16,500	16,400	16,300	16,300	16,200	16,200	16,100
USD-PHP	57.45	57.00	57.00	56.00	56.00	55.00	55.00	55.00
USD-MYR	4.26	4.30	4.25	4.20	4.20	4.15	4.15	4.15
USD-INR	86.73	85.00	84.50	84.00	83.00	83.00	83.00	83.00

Source: BofA Global Research, Bloomberg. Note: Forecasts as of 19-Jun-2025

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