

FX SENTIMENT REPORT

COMMITMENT OF TRADERS—CFTC

Camilla Sutton, CFA, CMT
Chief Currency Strategist
(416) 866-5470
Camilla.Sutton@scotiabank.com

Eric Theoret, CMT
Currency Strategist
(416) 863-7030
Eric.Theoret@scotiabank.com

Friday, July 25, 2014

CAD SENTIMENT CONTINUES TO DIVERGE FROM SPOT

Data in this report cover up to Tuesday July 22 & were released Friday July 25.

- CAD, AUD, NZD, MXN and JPY have pushed toward the bullish end of their one year ranges (bottom right p2), providing a contrast to deteriorated positioning in EUR and CHF as bullish GBP sentiment fades. AUD has unseated GBP as the largest held net long (bottom left p2), sharing the bullish end of the spectrum with CAD, MXN, and NZD while EUR, JPY and CHF are held net short—overall, positions are not yet reflective of the broad-based USD strength that has been observed through July, adding to vulnerability for those currencies held long.

- CAD sentiment has continued to improve, with the net long position rising to its most bullish level since Feb 2013, to \$1.9bn up \$0.5bn from the previous week. CAD sentiment has diverged from spot in July, as a \$1.6bn build in the net long contrasts with a 1.3% decline in the currency, leaving CAD vulnerable to a turn. AUD sentiment was unchanged this week, even as investors added to both long and short positions.

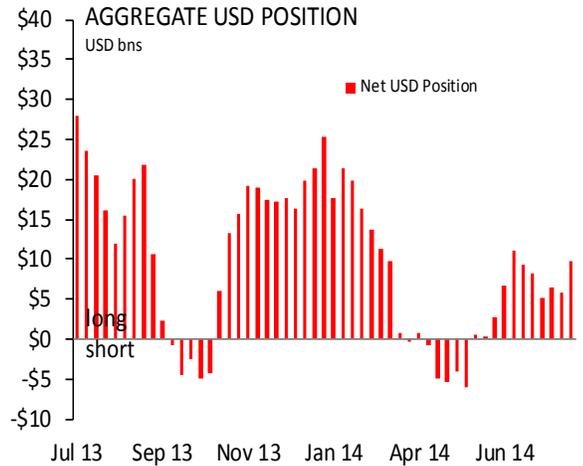
- EUR sentiment continues to deteriorate, as seen in this week's \$4.3bn widening in the net short to \$15.0 — a level not seen since November 2012. The driver of the deterioration in EUR sentiment has shifted since a mid-month pause, from one driven by a waning in longs to building shorts.

- Investors have covered \$10.7bn worth of short JPY positions in 2014, discouraged by range bound movement in spot.

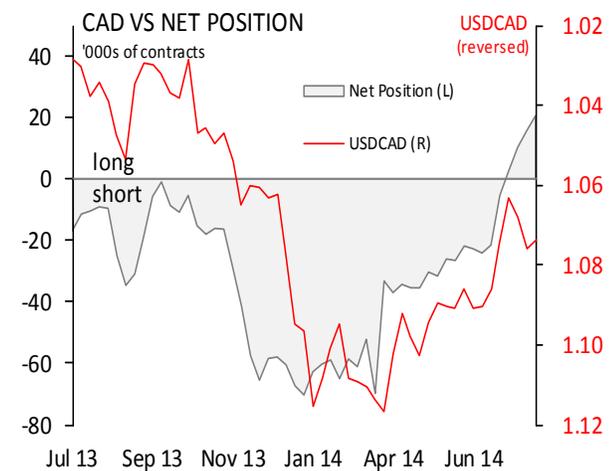
	Sentiment		\$mns	
	22-Jul	Bias	Trend	Position
CAD	bullish	increasing	1,917	465
AUD	bullish	neutral	3,644	-80
NZD	bullish	neutral	1,311	-43
MXN	bullish	increasing	3,057	367
EUR	bearish	increasing	-14,951	-4,292
GBP	bullish	decreasing	2,933	-1,221
CHF	bearish	neutral	-1,022	-148
JPY	bearish	decreasing	-6,643	1,096
Gold	bullish	increasing	19,093	658
Total USD pos'n (excluding gold)			9,754	3,857

CAD — NON-COMMERCIAL POSITIONING

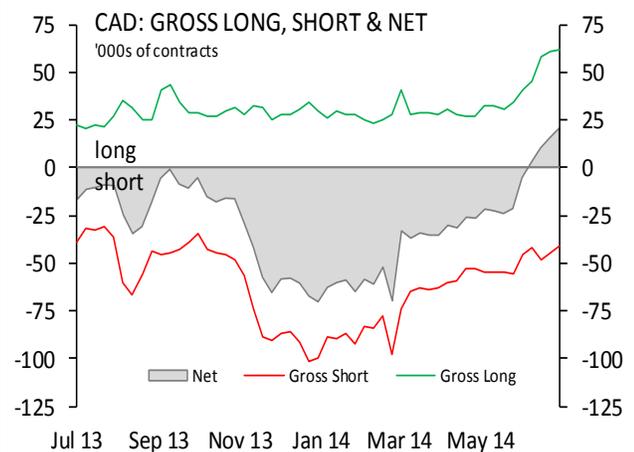
Date	(\$MM)	Position - Contracts of 100,000 CAD				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	1,917	62,078	41,497	20,581	4,960	129,188
15-Jul	1,452	60,353	44,732	15,621	5,326	129,787
8-Jul	964	58,245	47,950	10,295	7,600	128,555
1-Jul	253	44,755	42,060	2,695	8,015	111,438



Source: Scotiabank FX Strategy, Bloomberg & CFTC

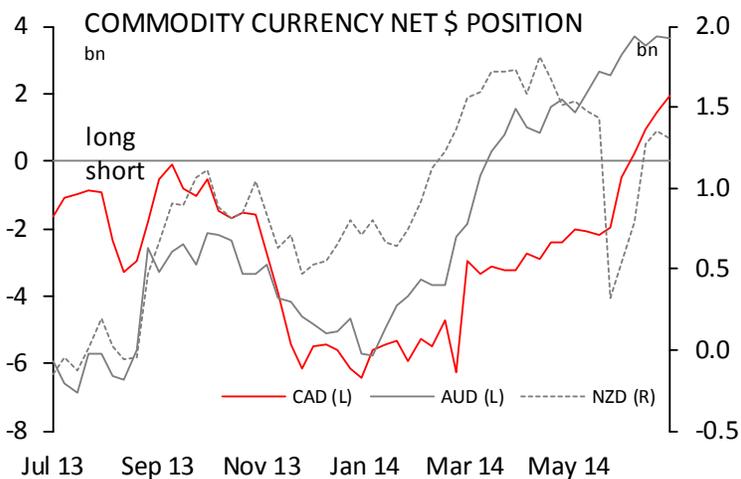


Source: Scotiabank FX Strategy, Bloomberg & CFTC

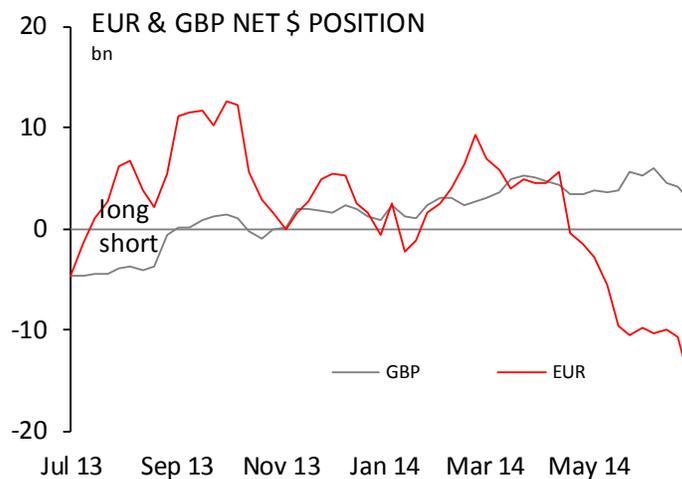


Source: Scotiabank FX Strategy, Bloomberg & CFTC

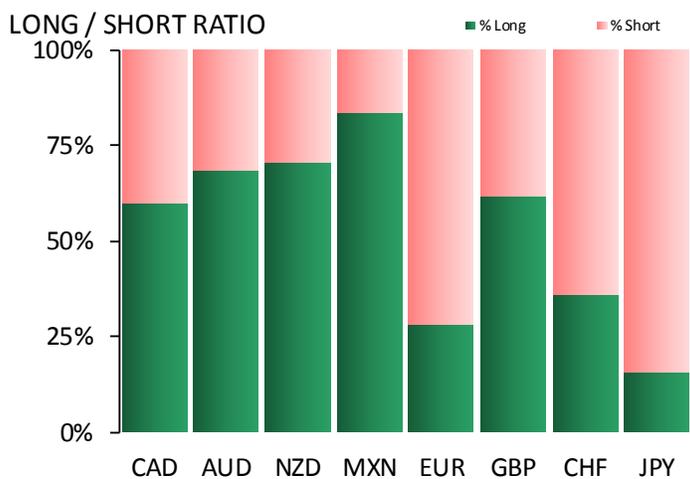
* A trader is classified as "non-commercial" by the Commodity Futures Trading Commission if the trader is not using futures contracts in a particular currency for hedging purposes (as defined by the Commission). This category of futures trader is generally considered to include individual investors, hedge funds and other large financial institutions engaged in trading the securities for speculative purposes.



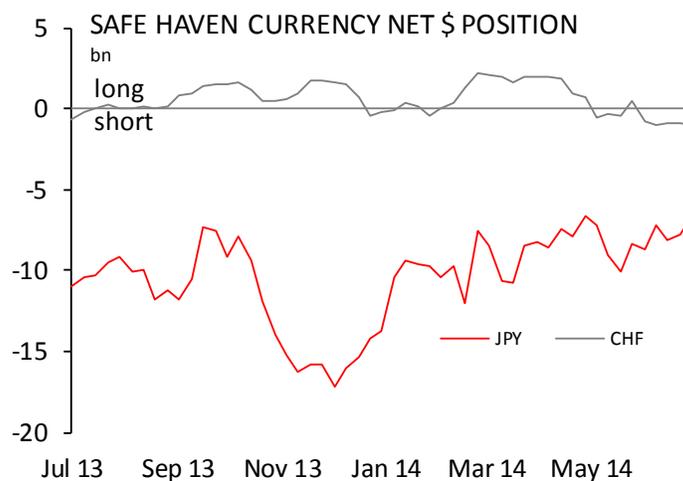
Source: Scotiabank FX Strategy, Bloomberg & CFTC



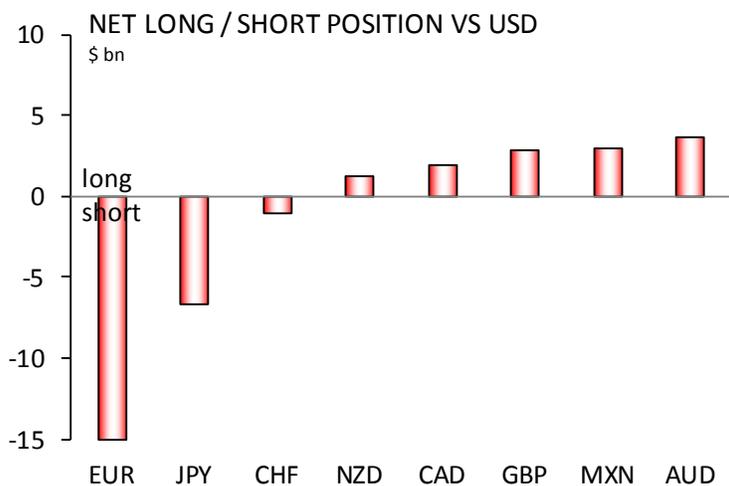
Source: Scotiabank FX Strategy, Bloomberg & CFTC



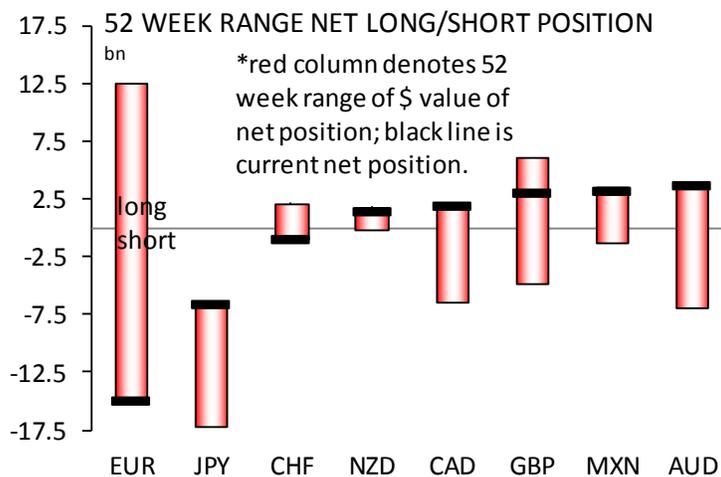
Source: Scotiabank FX Strategy, Bloomberg & CFTC



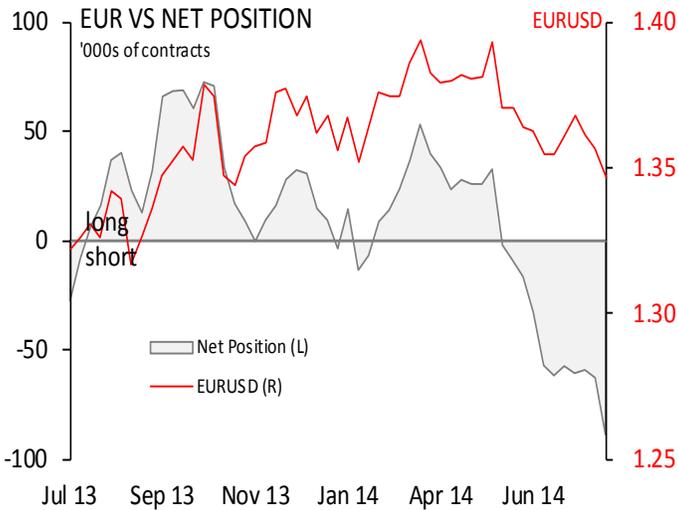
Source: Scotiabank FX Strategy, Bloomberg & CFTC



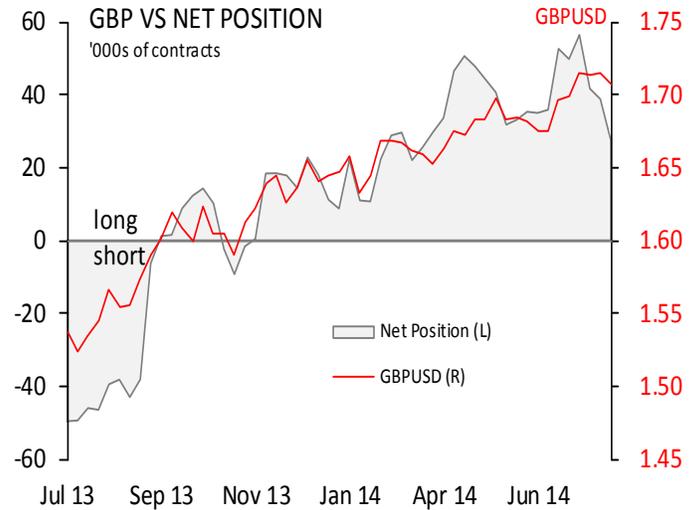
Source: Scotiabank FX Strategy, Bloomberg & CFTC



Source: Scotiabank FX Strategy, Bloomberg & CFTC



Source: Scotiabank FX Strategy, Bloomberg & CFTC



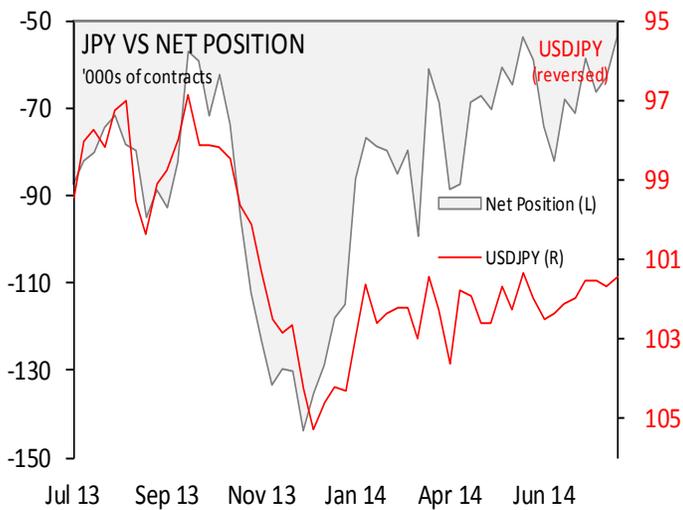
Source: Scotiabank FX Strategy, Bloomberg & CFTC

EUR — NON-COMMERCIAL POSITIONING

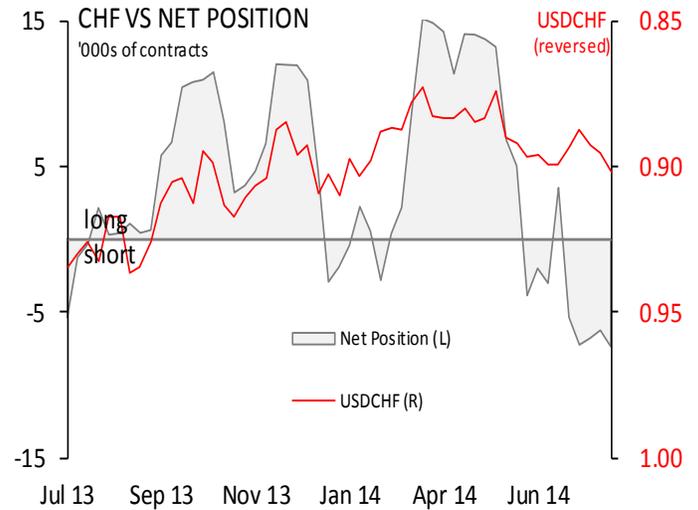
Date	(\$MM)	Position - Contracts of 125,000 EUR				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	-14,951	58,142	146,965	-88,823	-25,977	339,706
15-Jul	-10,659	59,506	122,352	-62,846	-3,581	310,661
8-Jul	-10,084	51,595	110,860	-59,265	1,511	294,381
1-Jul	-10,392	52,665	113,441	-60,776	-3,273	291,488

GBP — NON-COMMERCIAL POSITIONING

Date	(\$MM)	Position - Contracts of 62,500 GBP				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	2,933	71,792	44,295	27,497	-11,273	241,155
15-Jul	4,154	85,983	47,213	38,770	-2,869	255,115
8-Jul	4,458	86,614	44,975	41,639	-14,773	254,788
1-Jul	6,047	99,929	43,517	56,412	6,661	255,911



Source: Scotiabank FX Strategy, Bloomberg & CFTC



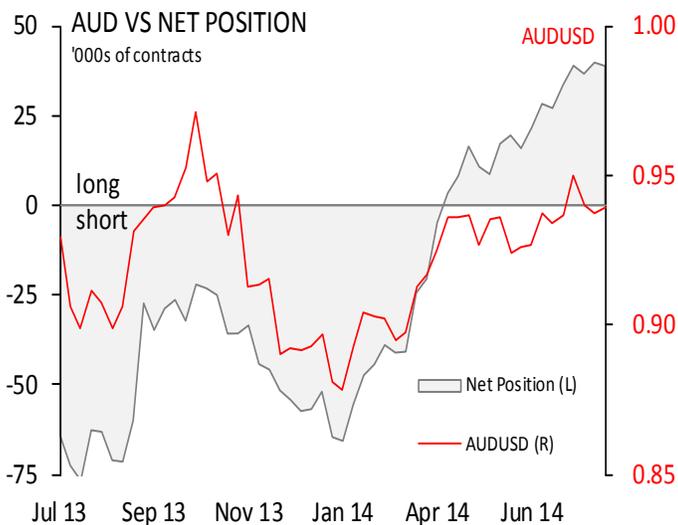
Source: Scotiabank FX Strategy, Bloomberg & CFTC

JPY — NON-COMMERCIAL POSITIONING

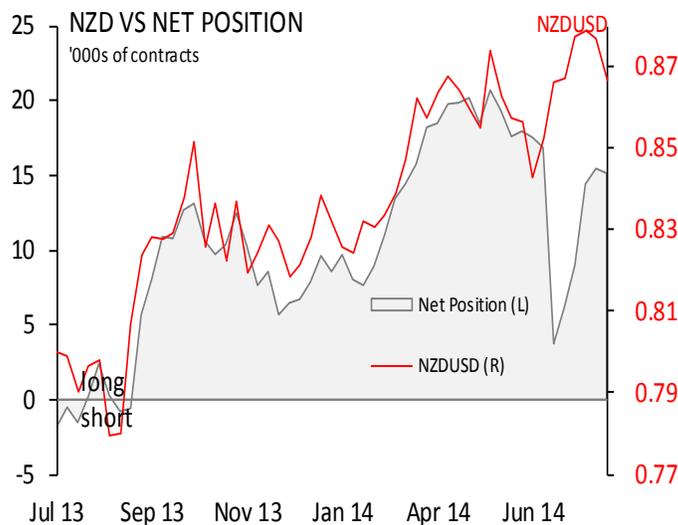
Date	(\$MM)	Position - Contracts of 12.5MM JPY				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	-6,643	11,979	65,895	-53,916	9,032	162,029
15-Jul	-7,738	8,385	71,333	-62,948	3,427	155,127
8-Jul	-8,169	11,174	77,549	-66,375	-7,689	157,710
1-Jul	-7,225	18,739	77,425	-58,686	12,537	156,480

CHF — NON-COMMERCIAL POSITIONING

Date	(\$MM)	Position - Contracts of 125,000 CHF				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	-1,022	9,642	17,022	-7,380	-1,118	38,359
15-Jul	-874	8,799	15,061	-6,262	551	35,007
8-Jul	-954	9,136	15,949	-6,813	447	35,053
1-Jul	-1,023	9,731	16,991	-7,260	-1,888	35,221



Source: Scotiabank FX Strategy, Bloomberg & CFTC



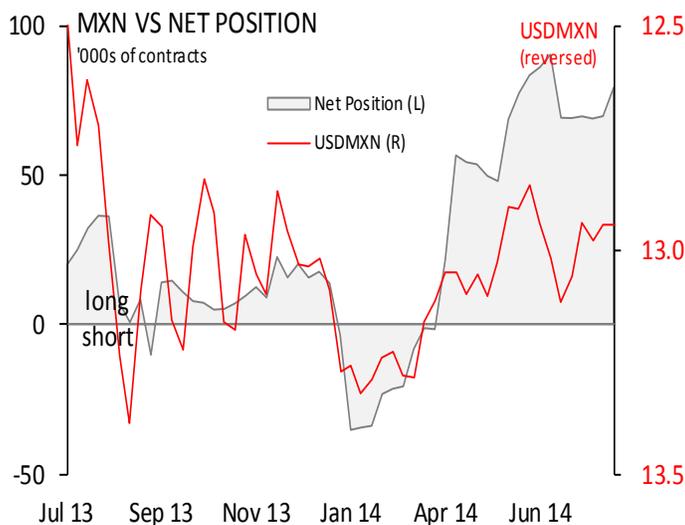
Source: Scotiabank FX Strategy, Bloomberg & CFTC

AUD — NON-COMMERCIAL POSITIONING

Date	(\$MM)	Position - Contracts of 100,000 AUD				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	3,644	72,170	33,377	38,793	-950	109,341
15-Jul	3,724	70,881	31,138	39,743	3,140	105,209
8-Jul	3,440	66,705	30,102	36,603	-2,276	101,860
1-Jul	3,692	76,598	37,719	38,879	5,416	114,918

NZD — NON-COMMERCIAL POSITIONING

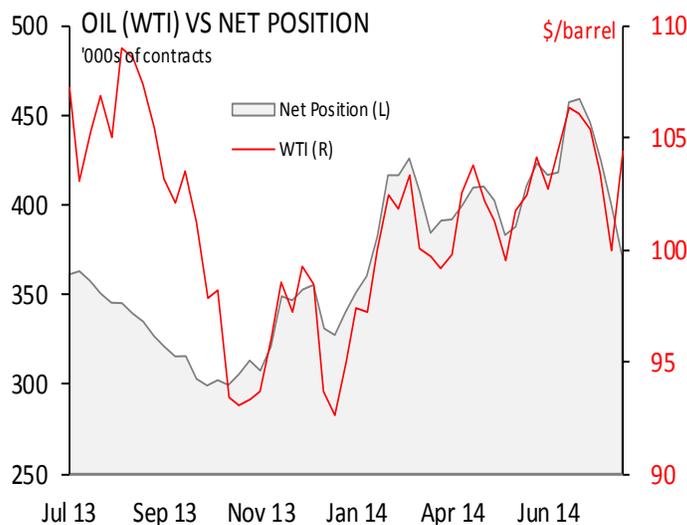
Date	(\$MM)	Position - Contracts of 100,000 NZD				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	1,311	26,028	10,896	15,132	-321	32,728
15-Jul	1,355	26,570	11,117	15,453	1,037	32,879
8-Jul	1,267	26,750	12,334	14,416	5,431	36,123
1-Jul	788	26,563	17,578	8,985	2,833	33,455



Source: Scotiabank FX Strategy, Bloomberg & CFTC

MXN — NON-COMMERCIAL POSITIONING

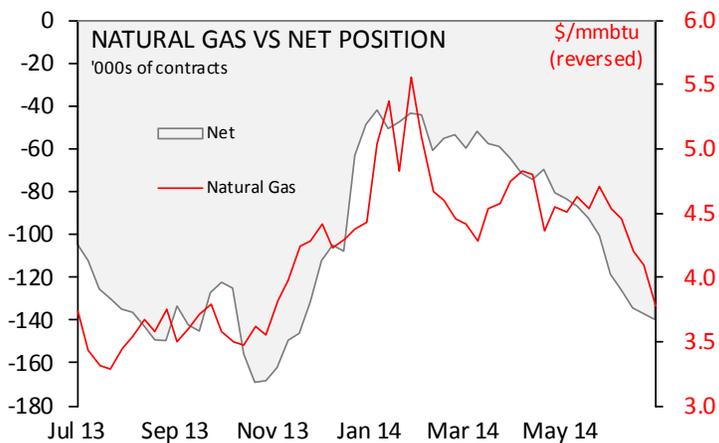
Date	(\$MM)	Position - Contracts of 100,000 AUD				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	3,057	98,823	19,689	79,134	9,497	142,254
15-Jul	2,689	86,707	17,070	69,637	826	131,108
8-Jul	2,650	82,777	13,966	68,811	-751	126,231
1-Jul	2,687	85,387	15,825	69,562	593	129,425



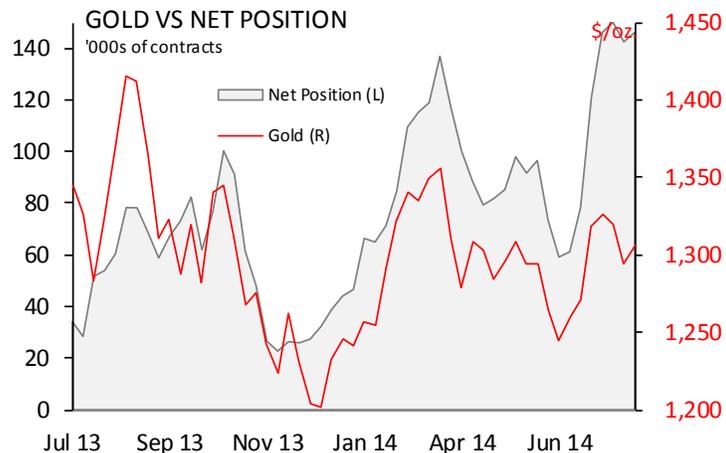
Source: Scotiabank FX Strategy, Bloomberg & CFTC

NYMEX Crude — NON-COMMERCIAL POSITIONING

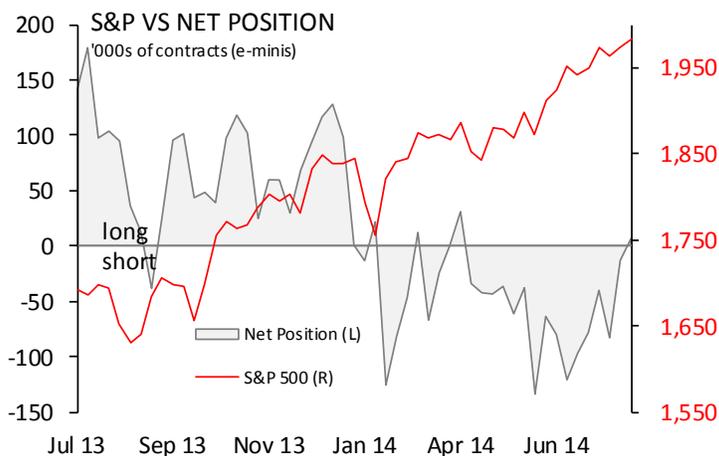
Date	(\$MM)	Position - Contracts of 1000 barrels				Open Int.
	Net	Long	Short	Net	Net w/w	
22-Jul	38,786	467,574	96,130	371,444	-28,159	1,642,836
15-Jul	39,944	489,729	90,126	399,603	-25,284	1,721,704
8-Jul	43,933	514,431	89,544	424,887	-20,953	1,742,131
1-Jul	46,965	535,712	89,872	445,840	-13,129	1,759,554



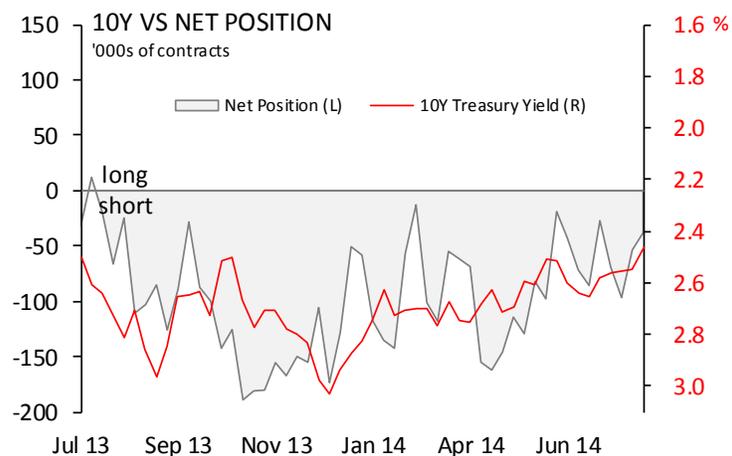
Source: Scotiabank FX Strategy, Bloomberg & CFTC



Source: Scotiabank FX Strategy, Bloomberg & CFTC



Source: Scotiabank FX Strategy, Bloomberg & CFTC



Source: Scotiabank FX Strategy, Bloomberg & CFTC

IMPORTANT NOTICE and DISCLAIMER:

This publication has been prepared by The Bank of Nova Scotia (Scotiabank) for informational and marketing purposes only. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable, but no representation or warranty, express or implied, is made as to their accuracy or completeness and neither the information nor the forecast shall be taken as a representation for which Scotiabank, its affiliates or any of their employees incur any responsibility. Neither Scotiabank nor its affiliates accept any liability whatsoever for any loss arising from any use of this information. This publication is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any of the currencies referred to herein, nor shall this publication be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The general transaction, financial, educational and market information contained herein is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a "call to action" or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. You should note that the manner in which you implement any of the strategies set out in this publication may expose you to significant risk and you should carefully consider your ability to bear such risks through consultation with your own independent financial, legal, accounting, tax and other professional advisors. Scotiabank, its affiliates and/or their respective officers, directors or employees may from time to time take positions in the currencies mentioned herein as principal or agent, and may have received remuneration as financial advisor and/or underwriter for certain of the corporations mentioned herein. Directors, officers or employees of Scotiabank and its affiliates may serve as directors of corporations referred to herein. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. This publication and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced in whole or in part, or referred to in any manner whatsoever nor may the information, opinions and conclusions contained in it be referred to without the prior express written consent of Scotiabank.

™Trademark of The Bank of Nova Scotia. Used under license, where applicable. Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, all members of the Scotiabank group and authorized users of the mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorized and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia and Scotiabank Europe plc are authorized by the UK Prudential Regulation Authority. The Bank of Nova Scotia is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available on request. Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities. Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.