

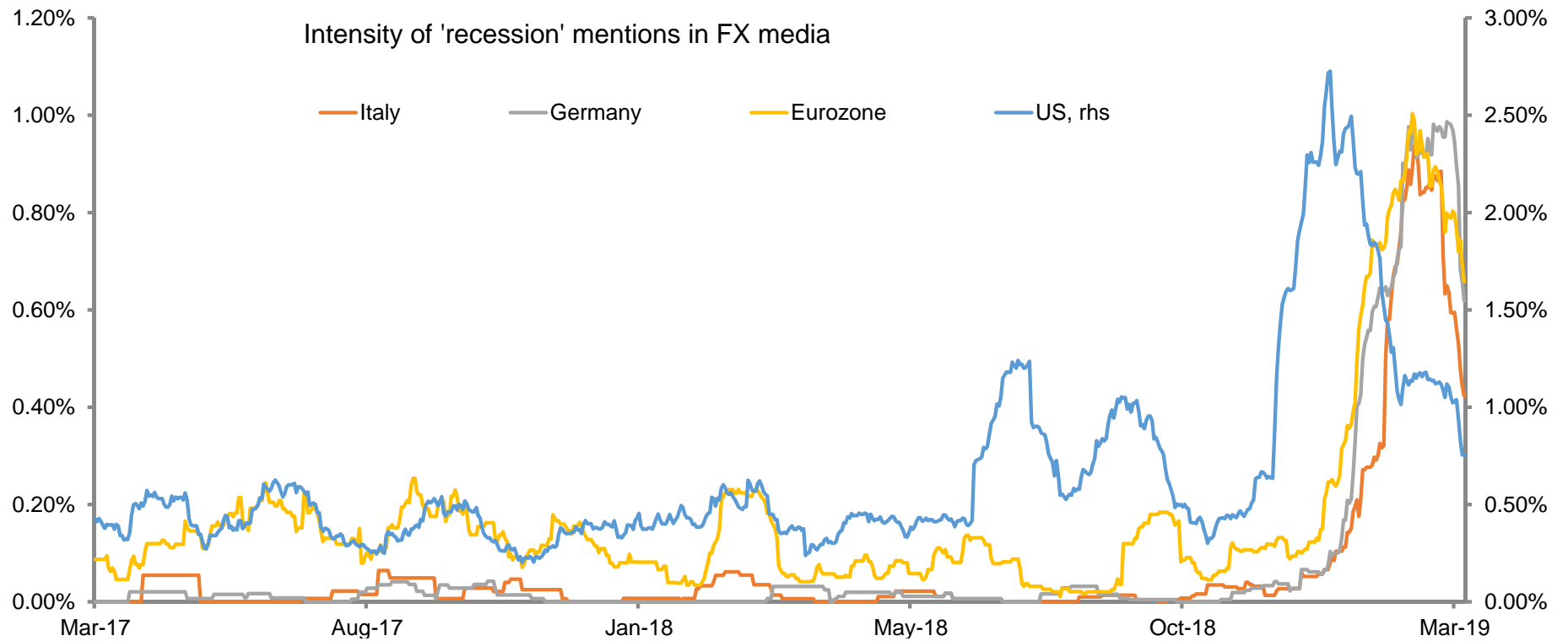
Eurozone Chart Pack for ECB

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Q1 2019

Recession risk passing?

Our scan of FX-related financial media reveals a decline in mentions of recession in the Eurozone (and US)

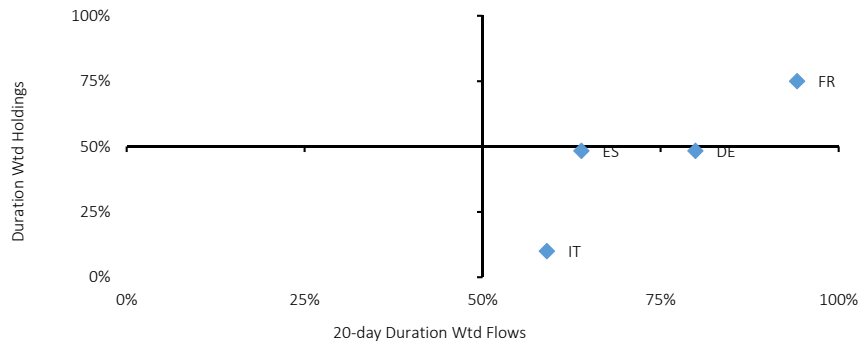


2 Source: State Street Global Markets, MKT MediaStats

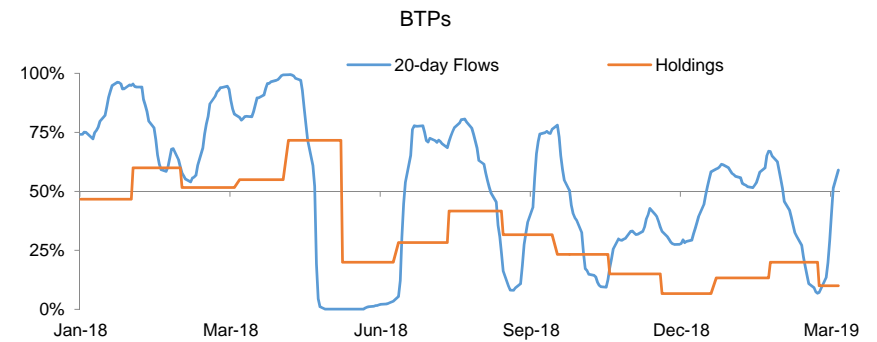
Investor Behaviour in Eurozone Assets and the EUR

Inflows into Eurozone assets look strong but they are look FX hedged

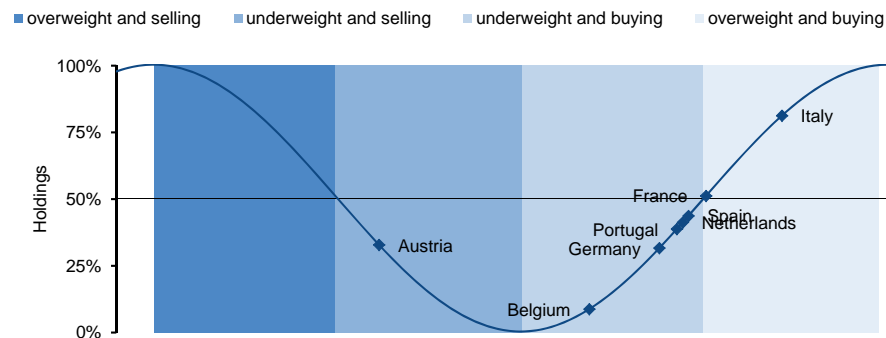
Sovereign Bonds – inflows picking up



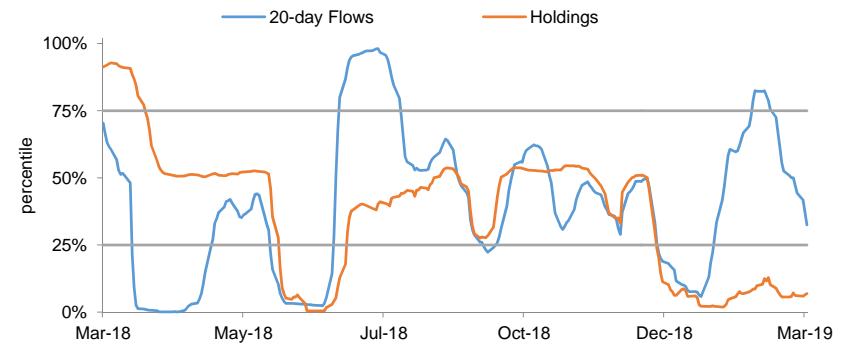
Investors still better sellers of BTPs – but underweight



Equities – investors buying back underweight



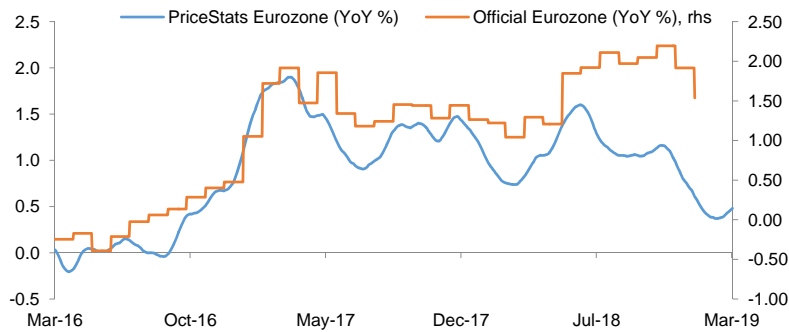
EUR – investors still selling against underweight



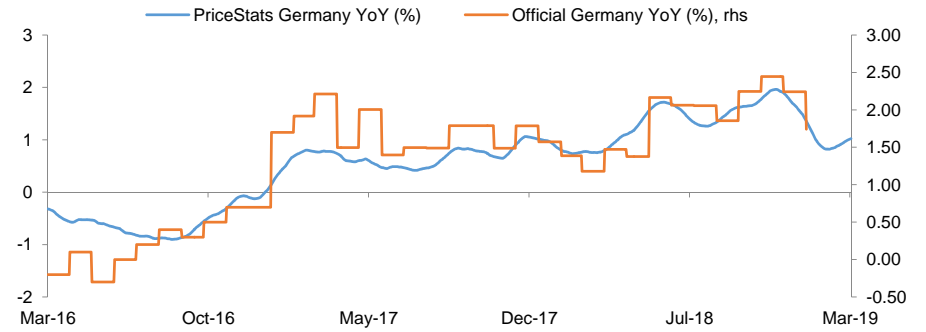
Eurozone inflation

Still very weak, though Germany showing signs of turning higher

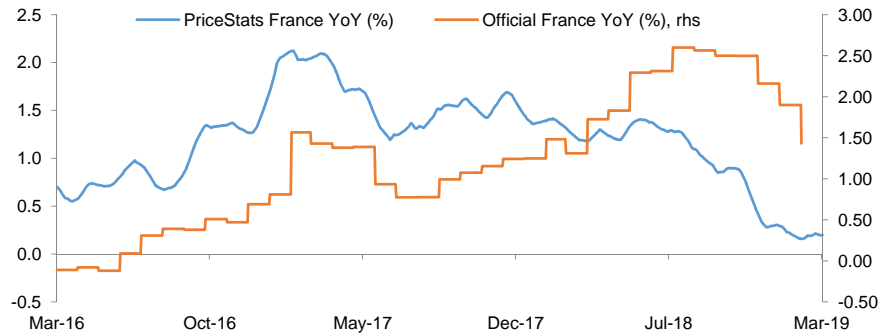
Eurozone



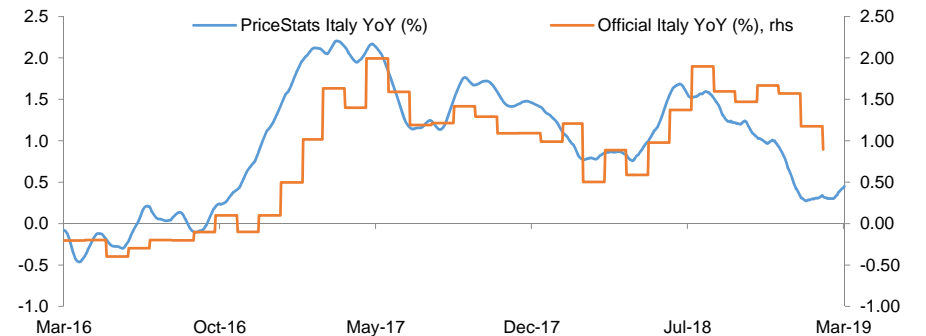
Germany



France

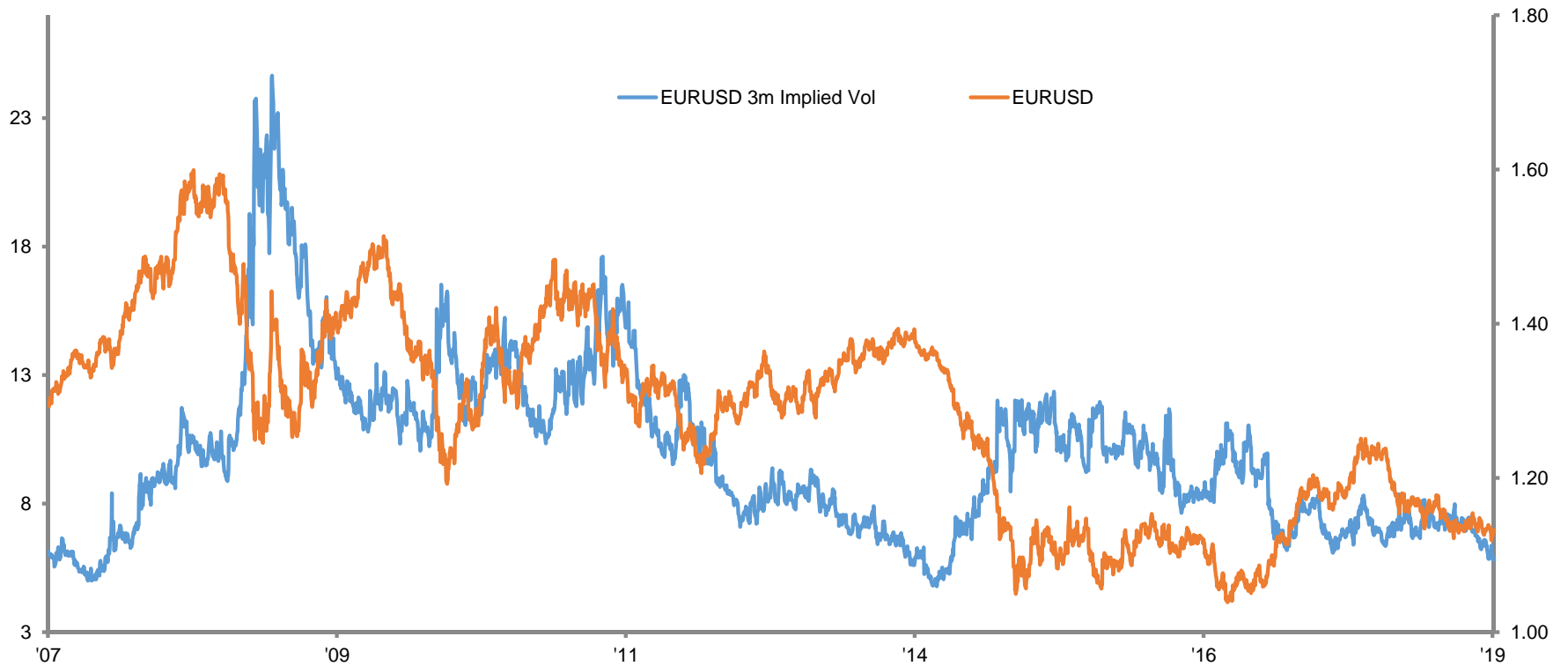


Italy



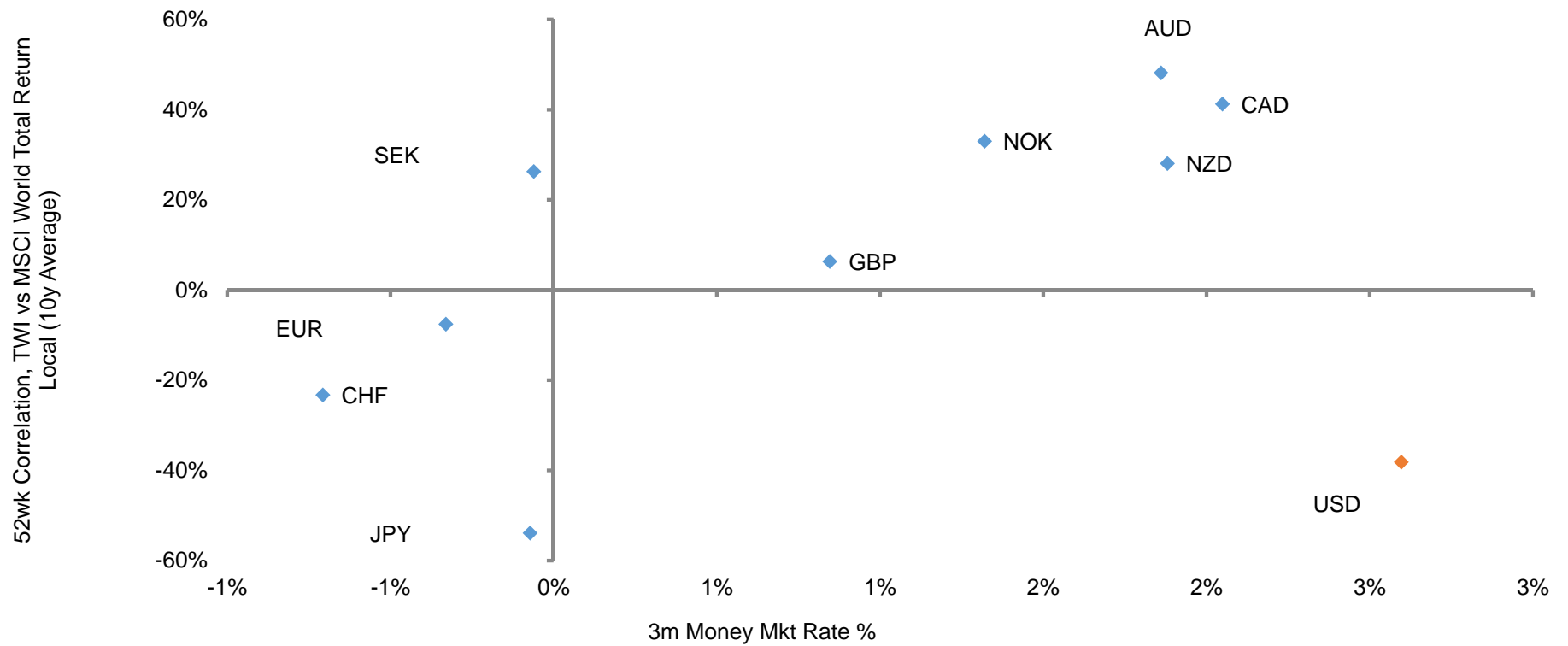
Low volatility in FX leaves the EUR a funder

EURUSD volatility not responding the usual way to spot weakness



Low volatility in FX leaves the EUR a funder

The USD pays you to own a volatility proxy...pretty hard to be bearish



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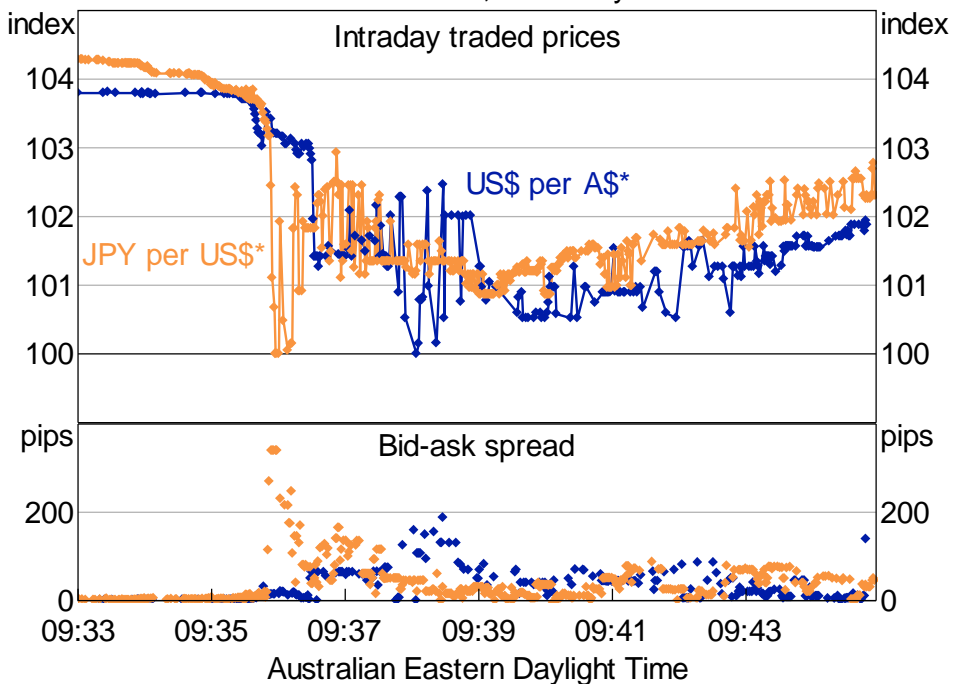
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Information Classification: General

Currency flash event

Currency Flash Episode

12 minute window; 3 January 2019



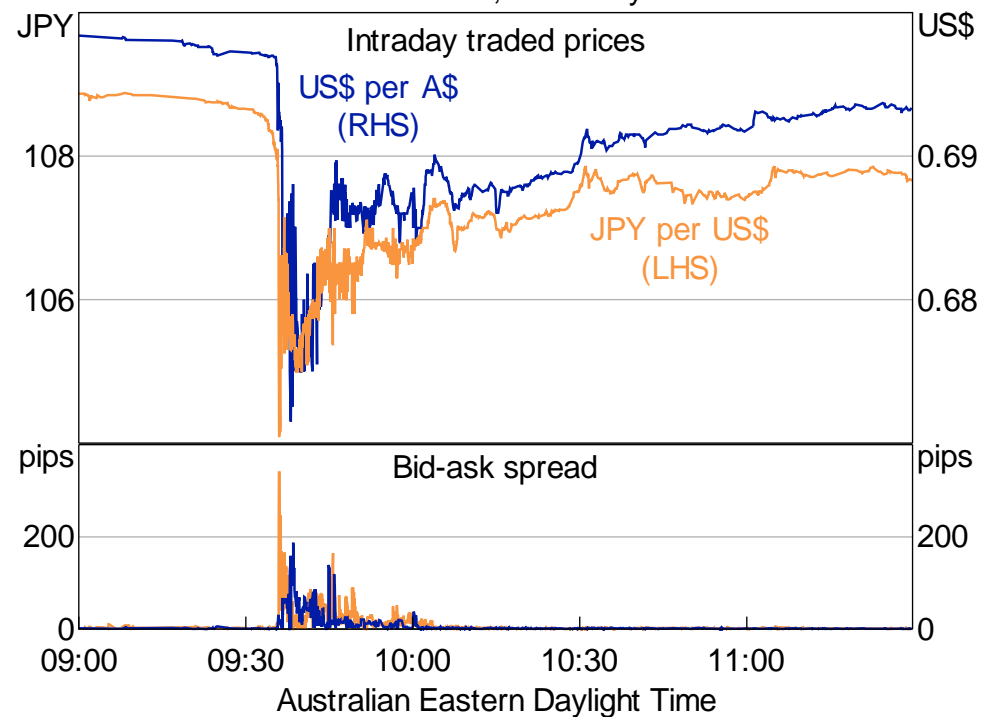
* intraday trough = 100

Sources: RBA; Thomson Reuters

See: <https://www.rba.gov.au/publications/smp/2019/feb/pdf/box-b-the-recent-japanese-yen-flash-event.pdf>

Currency Flash Episode

2.5 hour window; 3 January 2019



Sources: RBA; Thomson Reuters