Growth Positions Unwind

Mixed data on the back of the polar vortex combined with another bout of EM flight has fueled an unwind of growth positions. Cyclical sector positioning and the net long in S&P 500 futures were cut while the short in rates was covered. Equity ETF outflows were massive, driven unsurprisingly by EM, but large US outflows point to hedging of risks in US markets. In EM, positioning has turned short, highlighted by near peak BRL shorts. However, as many worry about near-term growth and market weakness, overhangs remain. Aggregate equity positioning is very high driven in large part by elevated mid/small cap exposure while the likely roll off of excessive year-end call buying may provide pressure.

- **Equity exposures pared but overhangs remain.** S&P futures positioning was cut the last two weeks and equity mutual funds reduced their cyclical sector positioning toward neutral, with Healthcare a big beneficiary. However, significant net call buying since mid-Dec may be an overhang as those positions roll off. Our measure of composite equity positioning has risen toward peak levels driven by overweight mutual fund and equity HF exposure. However, MFs on average have outperformed the S&P 500 by over 40bps YTD in the down market so there is less pressure to de-risk unlike 2011 and 2012 when they underperformed and were hit by big outflows.

- **Mid/small cap exposure is extended.** The MF outperformance is likely due to rising exposure to mid/small cap stocks, which have outperformed the S&P 500 by 2-3% this year but have higher betas to the market. Indeed MF relative performance has closely tracked mid/small cap relative performance. With extended MF exposure likely due in part to mid/small cap holdings, these higher beta stocks may be more at risk in a protracted selloff.

- **Signs of hedging in US equities.** US equity ETFs had $10b of outflows while inflows continued to Europe and Japan. Europe equity inflows have exceeded US equity flows by $30b over the last 3m, a point at which relative flows (and performance) have turned in favor of the US in recent years. Additionally, there was a relative uptick in US skew.

- **Rates short covered but 15y+ is net long.** Going into 2014, UST positioning was net short but mixed data has fueled covering, mainly in the 10y. Fed expectations look to be well-hedged with Eurodollar futures positioning very short, but long positioning in 15y+ treasury futures makes the long end more susceptible to a pickup in growth. Interestingly, shorts in HY ETFs have risen back toward peak levels as investors hedge credit risk.

- **EM positioning turns short.** Net positioning in BRL is near record short levels. Even the darling in EM has seen positioning turn as MXN positions are near historic lows. GEM equity fund beta was cut and is now just below average and EM equity ETF shorts are near post-2009 peaks. EM bond fund NAV declines have tracked fund outflows. EM equity and bond outflows picked up this week, so positioning is likely to stay conservative until outflows slow.

- **Oil positions remain extended, cold weather forces natgas short covering.** Despite the growth concerns amidst an EM shock, oil has held up but remains vulnerable with long positioning just below peaks. Additionally, the polar vortex has seen abrupt covering of shorts in natural gas.
Summary of positioning and flows

Aggregate equity positioning has turned notably o/w and is highest since May ’12:
- MFs equity beta has turned up to an extreme o/w position (13.1 pp);
- L/S HFs equity exposure rose sharply and is very o/w (12.8 pp);
- Macro HFs pared equity positions but still remain o/w (3.2 pp);
- Hybrid funds are at a neutral position (0.1 pp) after increasing equity exposure;
- MFs have raised exposure to Healthcare, while HFs are considerably o/w on Materials; Utilities, Telecom and Cons Staples are consensus u/w;
- MFs strongly o/w Healthcare, while HFs are considerably o/w on Materials; Utilities, Telecom and Cons Staples are consensus u/w;
- Across regions US, UK, Europe, Global and Japan funds are o/w while EMEA and GEM are u/w.

USD longs at 8m high; rates positioning remains neutral
- Shorts increased in 10y and pared in 2y & 5y; 15 y+ positions remain net long;
- USD longs raised and at 8m high; Euro positions turn net short; GBP longs cut;
- JPY shorts trimmed; Shorts increased in AUD and CAD;
- Longs added in WTI and Copper;
- Gold longs inched up while longs in silver were slashed; Corn stayed flat.

Outflows from bonds on EM concerns; outflows from money markets
- First outflows from bonds in 4w (-$1.9b last week) after inflows of $8.2b in prev 3w;
- Outflows from rate-sensitive funds (funds excl short term, floating rate and HY) continue (-$1.9b last week), albeit at a slower pace; these funds have seen outflows in 33 of past 36 weeks (totaling -$172.1b);
- Inflows to US ($0.8b) and Europe ($0.2b) more than offset by outflows from EM (-$2.6b) last week; 8th straight week of outflows from EM (totaling $9.7b in outflows);
- Corp IG (-$0.2b) and HY (-$0.8b) both experienced their first outflows in 6w; govt funds saw no flows last week;
- Short term and floating rate funds continue to get inflows (of $0.3b and $0.6b respectively last week); flows to intermediate term bonds continue to be volatile and that to long term funds stayed positive ($0.6b last week);
- MM funds saw outflows of -$11.5b last week, after big inflows of $29.8b the previous week.

Big outflows from equities driven by US and EM; inflows to Europe and Japan continue
- Equities experienced huge outflows of -$10.4b last week (highest since mid-Sep 2013), after $6.6b in inflows the prior week;
- Outflows entirely from ETFs (-$12.3b), partly offset by $1.9b inflows to MFs;
- US funds saw large outflows (-$9.7b), after inflows of $2.4b the previous week;
- Europe ($3.3b) and Japan ($1.2b) continued trend of strong inflows;
- EM funds experienced their biggest outflow since mid-2011 (-$6.3b last week and -$2.4b the week before); this is the 14th straight week of outflows from EM equities, totaling -$26.9b.
- All size and style funds, with the exception of mid cap funds ($0.1b), witnessed outflows last week: large cap (-$9.0b), small cap (-$0.8b), growth (-$0.2b) and value (-$0.6b); this is the biggest weekly outflow from large cap funds in 5 months.
- Buyback announcements ($31bn) surged in the last two weeks as companies reported earnings. Buybacks are at a strong rate of $122b over the last 3 months and $603b since the start of 2013.
Growth positions unwind across assets

Figure 1: Short positioning was pared in the Yen and rates while equity futures and cyclical sector positioning was cut; BRL positioning has gone extremely short

Source: CFTC, Haver, Deutsche Bank
Equity positions pared but overhangs remain

**Figure 2:** After an extended period of being net long, S&P 500 futures positioning has been cut back toward neutral

![Graph showing S&P 500 futures positioning](source)

**Figure 3:** Mutual funds have reduced their net cyclical sector positioning

![Graph showing MFs net cyclical positioning and relative performance](source)
Figure 4: Call volume in December and early January significantly exceeded put volume; as net call positions roll off, it could be an overhang on the market.

Figure 5: Adjusting for mid and small cap exposure, mutual fund beta is still modestly overweight.

Source: CBOE, Haver, Deutsche Bank.

Figure 6: Mutual fund exposure to mid and small cap stocks has risen notably, likely in part due to significant mid and small cap outperformance to start the year.

Figure 7: Mutual fund relative performance has closely tracked relative mid and small cap performance.
Signs of hedging in US equities

Figure 8: Outflows from US equity ETFs of $10b as Europe and Japan get inflows

Equity ETF Flows ($bn)

US
DM ex-US

Source: EPFR Global, Haver, Deutsche Bank

Figure 9: European equities have benefitted from inflows the last three months that have exceeded US inflows by $30b, a point at which momentum has turned in the past

Europe relative to US: Flows vs Performance

Stoxx 600 relative to S&P 500 (lhs)
3m moving total Europe relative to US flows ($bn,rhs)

Source: EPFR Global, Haver, Deutsche Bank
Rates short covered but 15y+ is net long

Figure 10: Rates positioning is back to neutral after being short coming into the year

Treasuries: Net Long in 10Yr Equivalents (in ’000)

Source: CFTC, Haver, Deutsche Bank

Figure 11: Short Eurodollar positioning suggests that investors are positioning for a shift in Fed expectations

3m Eurodollar F&O Positions vs 3m LIBOR

Source: CFTC, Haver, Deutsche Bank
Figure 12: Investors have increased positions in longer dated rates

![Chart showing net speculative futures & options positions (in '000) from Jan-10 to Jan-14. The x-axis displays dates from Jan-10 to Jan-14 with increments of 3 months. The y-axis ranges from -250 to 150. The chart indicates a positive trend in the speculative positions over time, with peaks in Oct-10 and Jan-12. The line graph is marked as "15+y Treasury futures and options." Source: CFTC Haver, Deutsche Bank]

Figure 13: Short interest in HY ETFs is back near peak levels

![Chart showing US HY Bond ETFs short interest from Jan-09 to Jan-14. The x-axis displays dates from Jan-09 to Jan-14 with increments of 3 months. The y-axis ranges from 0.0% to 12.0%. The chart indicates a trend of increasing short interest, peaking in May-13 and Jan-14. The graph includes two series: Short Interest ($bn, lhs) and SI % of AUM (rhs). Source: Factset, Deutsche Bank]
EM positioning turns short

**Figure 14: Positioning in the Brazilian Real is nearing extremes**

BRL Futures Positioning vs BRL

- Net Long Contracts (Thous, lhs)
- BRL (rhs)

Source: Bloomberg Finance LP, Deutsche Bank

**Figure 15: Even the Mexican Peso has seen positioning cut**

MXN F&O Positions vs USDMXN

- Net Long Contracts (Thous, lhs)
- USDMXN (inv, rhs)

Source: CFTC, Haver, Deutsche Bank
Figure 16: The decline in EM bond fund NAVs has tracked EM bond outflows

Figure 17: Short interest in EM bond ETFs remains elevated

Source: CFTC, Haver, Deutsche Bank

Source: Factset, Deutsche Bank
Figure 18: GEM equity funds have reduced exposure to just below average levels

Rolling 1m beta of EM Funds

- Median Beta
- Average Since 2010: 0.84

Source: Factset, Bloomberg Finance LP, Deutsche Bank

Figure 19: Short interest in EM equity ETFs is back up to post 2009 peak levels

EM Equity ETFs Short Interest

- Short Interest ($bn, lhs)
- SI % of AUM (rhs)

Source: Factset, Deutsche Bank
Oil positions remain extended and natgas shorts are covered

**Figure 20:** Oil prices remain vulnerable with positioning just below peak levels

WTI F&O Positions vs WTI Price

Net Long Contracts (Thous, lhs) - WTI ($/Barrel) (rhs)

Source: CFTC, Haver, Deutsche Bank

**Figure 21:** Natural gas shorts have been covered

Natural Gas F&O Positions vs Natural Gas Price

Net Long Contracts (Thous, lhs) - Natural Gas ($/mmbtu) (rhs)

Source: CBOE, Haver, Deutsche Bank
Equity Positioning

Overall Equity Positioning

Figure 22: Composite equity beta

![Composite equity beta chart]

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Figure 23: Positioning across fund types – relative to historical average beta exposure

![Positioning by Investor Class chart]

Source: Bloomberg Finance LP, Reuters, Deutsche Bank
Equity Positioning by Fund Type

**Figure 24: US mutual fund positioning**

Large Cap Mutual Funds:
Beta to the S&P 500: 1m Rolling

**Figure 25: Equity long-short hedge fund positioning**

Equity Long-Short Hedge Funds:
Beta to the S&P 500:1m rolling

**Figure 26: Macro hedge fund positioning**

Macro Hedge Funds:
Beta to the S&P 500:1m rolling

**Figure 27: Hybrid fund positioning**

Hybrid Funds:
Beta to the S&P 500:1m rolling

Note: Beta to the S&P 500 calculated using a rolling 21 day regression of the fund type daily index returns against daily S&P 500 returns. We create an index of the largest mutual funds and hybrid funds with fund weights based on assets under management.
Figure 28: Sector positioning for mutual funds and equity long-short hedge funds

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Figure 29: One month change in sector positioning

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Note: We calculate the 21 day correlation of MF or HF daily excess returns (vs. the S&P 500) and the sector excess daily excess returns (vs. the S&P 500) to get a timely estimate of over or underweight positioning.
Mutual Fund Betas Across Regions

**Figure 30: Mutual fund betas across regions**

Regional Mutual Fund Positioning

Overweight: Median beta of region to benchmark is higher than avg (Z-score)

- EMEA
- GEM
- Japan
- Latam
- Asia ex Japan Funds
- Europe Funds
- UK Global Funds

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

**Figure 31: Change in mutual fund betas across regions**

1m Change in Regional Mutual Fund Beta (Z-Score)

- GEM
- Latam
- EMEA
- Japan
- Europe Funds
- Asia ex Japan Funds
- Global Funds
- UK
- US Funds

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Note: For each of the largest dedicated mutual funds in each region, we calculate the rolling 21 day beta of daily fund returns against the daily returns of their stated benchmark. The betas displayed above represent the z-score of the median for the respective region versus the historical average.
Skew across regions

Figure 32: Option skew across regional equity indices

![Skew Z-Score Chart]

Source: Global Equity Derivatives Strategy, Deutsche Bank

Figure 33: Change in option skew across regions

![Skew: 1M Chg in Z-Score Chart]

Source: Global Equity Derivatives Strategy, Deutsche Bank

Note: Skew is calculated as difference in 3m Implied Volatility for 90% strike minus 110% strike of respective indices. Indices used for region/country:
Equity Short Interest

**Figure 34: Total short interest as % of S&P 500 market cap**

- Futures, Cash Equities & ETFs Shorts % of S&P 500 Mkt Cap

![Graph showing total short interest as % of S&P 500 market cap]

**Note:** S&P Futures data as of Jan 28. Cash equities and ETF shorts data as of Jan. 15

**Source:** NYSE, CFTC, Haver, Reuters, Bloomberg Finance LP, Deutsche Bank

**Figure 35: S&P 500 net futures speculative positioning**

- Total Net Position (Bigs + Minis) (Thous, lhs)
- S&P 500 (rhs)

![Graph showing S&P 500 net futures speculative positioning]

**Note:** Non-commercial futures positions are open positions held by traders who are in the market for speculative motives – non-commercial players include individual investors, financial institutions and hedge funds.

**Source:** CFTC, Haver, Bloomberg Finance LP, Deutsche Bank
Figure 36: Components of total short interest

![Figure 36](image1.png)

Source: CFTC, Haver, NYSE, Reuters, Deutsche Bank

Figure 37: Short interest by sector

![Figure 37](image2.png)

Source: NYSE, Reuters, Deutsche Bank

Figure 38: Change in short interest by sector

![Figure 38](image3.png)

Source: NYSE, Reuters, Deutsche Bank
Bond Positioning

Bond mutual fund positioning

Figure 39: Broad bond market beta

![Graph: Bond Funds Beta to Broad Market](image1)

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Figure 40: Duration beta

![Graph: Bond Funds Beta to Duration (US 10y - 2y)](image2)

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Figure 41: Credit beta

![Graph: Bond Funds Beta to Credit (US Corp BBB-AA)](image3)

Source: Bloomberg Finance LP, Reuters, Deutsche Bank
Rates futures positioning

Figure 42: Non-commercial net long positions in US treasuries

Treasuries: Net Long in 10Yr Equivalents (in '000)

Source: CFTC, Haver, Deutsche Bank

Figure 43: Current net speculative positioning in US treasuries

Treasuries: Net Long in 10Yr Equivalent (in '000)

Source: CFTC, Haver, Deutsche Bank
FX & Commodity Positioning

Figure 44: USD Positions

Trade Weighted Dollar F&O Positions vs USD Index

Net Long Contracts (Thous, lhs) — US TWI, Major Currencies (rhs)

Trade Weighted Positions in JPY, EUR, GBP, AUD, CHF and CAD are used for calculating USTWI.

Source: CFTC, Haver, Deutsche Bank

Figure 45: Euro Positions

Euro F&O Positions vs EURUSD

Net Long Contracts (Thous, lhs) — EURUSD (rhs)

Source: CFTC, Haver, Deutsche Bank

Figure 46: JPY Positions

JPY F&O Positions vs USDJPY

Net Long Contracts (Thous, lhs) — USDJPY (rhs, inv)

Source: CFTC, Haver, Deutsche Bank

Figure 47: GBP Positions

GBP F&O Positions vs GBPUSD

Net Long Contracts (Thous, lhs) — GBPUSD (rhs)

Source: CFTC, Haver, Deutsche Bank

Figure 48: AUD positions

AUD F&O Positions vs AUDUSD

Net Long Contracts (Thous, lhs) — AUDUSD (rhs)

Source: CFTC, Haver, Deutsche Bank

Figure 49: CAD Positions

CAD F&O Positions vs USDCAD

Net Long Contracts (Thous, lhs) — USDCAD (inv, rhs)

Source: CFTC, Haver, Deutsche Bank
Figure 50: Oil
WTI F&O Positions vs WTI Price
Source: CFTC, Haver, Deutsche Bank

Figure 51: Copper
Copper F&O Positions vs Copper Price
Source: CFTC, Haver, Deutsche Bank

Figure 52: Gold
Gold F&O Positions vs Gold Price
Source: CFTC, Haver, Deutsche Bank

Figure 53: Silver
Silver F&O Positions vs Silver Price
Source: CFTC, Haver, Deutsche Bank

Figure 54: Corn
Corn F&O Positions vs Corn Price
Source: CFTC, Haver, Deutsche Bank

Figure 55: Wheat
Wheat F&O Positions vs Wheat Price
Source: CFTC, Haver, Deutsche Bank
Fund Flows

Cross Asset Fund Flows

Figure 56: Equity, bond and money market flows

4w ma of flows (% of assets)

Equities  Bonds  MM

Source: EPFR Global, Haver, Deutsche Bank

Figure 57: Cumulative equity, bond and money market flows over the last year

Cumulative Flows (last 12m, % of assets)

Equities  Bonds  MM funds

Source: EPFR Global, Haver, Deutsche Bank
Figure 58: Fund flows across assets for the last 4 weeks

Cross asset flows as a % of assets (last 4 weeks)

Source: EPFR Global, Haver, Deutsche Bank

Figure 59: Bond flows across regions

Bond Flows (last 4 weeks, % of assets)

Source: EPFR Global, Haver, Deutsche Bank

Figure 60: Equity flows across regions

Equity flows (last 4 weeks, % of assets)

Source: EPFR Global, Haver, Deutsche Bank
Bond Flows – Regions, Sectors

**Figure 61: Global bond flows across sectors**

- Cumulative Bond Flows (last 12m, % of assets)
  - Govt Bonds
  - Corp IG
  - Corp HY
  - EM Bonds
  - All Bonds

Source: EPFR Global, Haver, Deutsche Bank

**Figure 62: US and Europe bond flows across sectors**

- Cumulative Bond Flows (last 12m, % of assets)
  - US HG
  - US HY
  - Europe HG
  - Europe HY

Source: EPFR Global, Haver, Deutsche Bank

**Figure 63: DM bond flows**

- Cumulative Bond Flows (last 12m, % of assets)
  - US
  - Europe
  - Japan

Source: EPFR Global, Haver, Deutsche Bank

**Figure 64: EM bond flows**

- Cumulative Bond Flows (last 12m, % of assets)
  - EM Bonds
  - Latam
  - Asia ex Japan
  - EMEA

Source: EPFR Global, Haver, Deutsche Bank

**Figure 65: Global bonds flows by tenor**

- Cumulative Bond Flows (last 12m, % of assets)
  - Long Term
  - Short Term
  - Intermediate Term
  - Floating rate

Source: EPFR Global, Haver, Deutsche Bank

**Figure 66: EM hard and local currency fund flows**

- Cumulative EM Bond Flows (last 12m, % of assets)
  - Hard Currency
  - Local Currency

Source: EPFR Global, Haver, Deutsche Bank
Equity Flows – Regions, Sectors, Styles

**Figure 67: Developed market regions**

Cumulative Equity Flows (last 12m, % of assets)

- US
- Europe
- Japan

Source: EPFR Global, Haver, Deutsche Bank

**Figure 68: Emerging market regions**

Cumulative Equity Flows (last 12m, % of assets)

- GEM
- EM Equity
- Latam
- Asia ex Japan
- EMEA

Source: EPFR Global, Haver, Deutsche Bank

**Figure 69: Cyclical sectors**

Cumulative Equity Flows (last 12m, % of assets)

- Materials
- Energy
- Financials
- Industrials
- Technology

Source: EPFR Global, Haver, Deutsche Bank

**Figure 70: Defensive sectors**

Cumulative Equity Flows (last 12m, % of assets)

- Cons Goods
- Health Care
- Real Estate
- Telecom
- Utilities

Source: EPFR Global, Haver, Deutsche Bank

**Figure 71: Size**

Cumulative Equity Flows (last 12m, % of assets)

- Large Cap
- Mid Cap
- Small Cap

Source: EPFR Global, Haver, Deutsche Bank

**Figure 72: Style**

Cumulative Equity Flows (last 12m, % of assets)

- Growth
- Value

Source: EPFR Global, Haver, Deutsche Bank
Country-wise Equity Flows

Figure 73: Europe country flows

Figure 74: Other developed market country flows

Figure 75: Asian emerging markets country flows

Figure 76: Other emerging markets country flows

Source: EPFR Global, Haver, Deutsche Bank
Fund Liquidity Ratios

Figure 77: Equity funds – US and EM

Liquidity Ratio (%)
- EM Equity
- US Equity

Source: ICI, Haver, Deutsche Bank

Figure 78: Hybrid funds

Liquidity Ratio (%)

Hybrid Funds

Source: ICI, Haver, Deutsche Bank

Figure 79: Government bond funds

Liquidity Ratio (%)
- Govt Bond

Source: ICI, Haver, Deutsche Bank

Figure 80: Corporate bond funds

Liquidity Ratio (%)
- Corp Bond

Source: ICI, Haver, Deutsche Bank

Figure 81: High yield bond funds

Liquidity Ratio (%)
- HY Bond

Source: ICI, Haver, Deutsche Bank

Figure 82: World bond funds

Liquidity Ratio (%)
- World Bond

Source: ICI, Haver, Deutsche Bank
Buyback Tracker

**Figure 83: Recent S&P 500 buyback announcements**

<table>
<thead>
<tr>
<th>Date</th>
<th>Ticker</th>
<th>Company Name</th>
<th>Sector</th>
<th>Industry Group</th>
<th>Mkt Cap ($mn)</th>
<th>Buyback Programs</th>
<th>% of mcap</th>
<th>Excess Ret (-1d to +1d)</th>
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<td>AutoNation Inc</td>
<td>Consumer Discretionary</td>
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<td>QEP Resources Inc</td>
<td>Energy</td>
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<td>Chubb Corp/The</td>
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<td>F5 Networks Inc</td>
<td>Information Technology</td>
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<td>400</td>
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Source: Bloomberg Finance LP, Reuters, Deutsche Bank

**Figure 84: Weekly buybacks and rolling 3m sum**

**Figure 85: Sector buyback announcements**

**Figure 86: Quarterly history of buyback announcements**

**Figure 87: Actual buybacks net of issuance**

Source: Bloomberg Finance LP, Reuters, Deutsche Bank
Small Cap Tracker

Figure 88: Small cap mutual fund equity positioning

Rolling 1m Beta of Small Cap funds to Russell 2000

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Figure 89: Small cap value and growth fund positioning

Rolling 1m Beta of Small Cap Growth & Value Funds

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Figure 90: Small cap fund sector positioning

1m Correlation of S&P 600 Sectors Excess Returns

Source: Bloomberg Finance LP, Reuters, Deutsche Bank

Figure 91: Small cap equity flows

Cum. Equity Flows (Smallcap, last 12m, % of assets)

Source: EPFR Global, Haver, Deutsche Bank

Figure 92: S&P 600 short interest

S&P 600 Mkt cap wtd Short Interest as % of o/s shares

Source: NYSE, Bloomberg Finance LP, Reuters, Deutsche Bank

Figure 93: Russell 2000 net speculative futures

Russell 2000 F&O Positions vs Russell 2000

Source: CFTC, Deutsche Bank
The primary author of this report, Keith Parker, wishes to acknowledge the contributions made by Prakash Chithambaram, Karthik Prabhu, Manish Kothari and Magesh Kumar employees of Irevna, a division of CRISIL Limited, a third-party provider of offshore research support services to Deutsche Bank.
Appendix 1

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<table>
<thead>
<tr>
<th>Equity rating key</th>
<th>Equity rating dispersion and banking relationships</th>
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<tbody>
<tr>
<td>Buy: Based on a current 12-month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield), we recommend that investors buy the stock.</td>
<td><img src="image" alt="Equity rating dispersion" /></td>
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<tr>
<td>Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock.</td>
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<tr>
<td>Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.</td>
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<tr>
<td>Notes:</td>
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<tr>
<td>1. Newly issued research recommendations and target prices always supersede previously published research.</td>
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<td>2. Ratings definitions prior to 27 January, 2007 were:</td>
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<td>Buy: Expected total return (including dividends) of 10% or more over a 12-month period</td>
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<td>Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period</td>
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<td>Sell: Expected total return (including dividends) of -10% or worse over a 12-month period</td>
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