



## Multi-Asset *Essentials*

### Yen looks well-placed to top spot FX returns table in 2023

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#### Too soon for broad and persistent USD fall but JPY may be exception

DXY index should hold key support around 105 for now. Our roadmap is for broad and extended USD depreciation to not begin before next Spring. But JPY could gain further vs. USD in the interim if US yields fall in response to global recession.

#### Do not ignore 'safe haven' and 'valuation' arguments

A framework using terms of trade and rates changes to rationalise FX moves shows JPY could have been even weaker in 2022 were it not for its 'safe haven' attributes. All 3 factors could help JPY in '23. Plus it's cheap (and Value tends to work in FX).

#### Technical case for rallies in JPY crosses is broadening

Bearish price-SBI\* divergence on CNY/JPY & SGD/JPY. Short SGD/JPY is standout Asian valuation play. Weak money growth suggests MAS will become less hawkish. TWD was a '22 short on valuation but no longer dear & equity market has de-rated.

#### SENTIMENT WATCH:

**EQUITIES:** Global Insurance and Capital Goods relatives are both in 'stretched optimism' territory (p.11)

**COMMODITIES:** Crude Oil relative SBI is showing extended pessimism (p.21)

**CURRENCIES:** USD/MXN in the 'stretched pessimism' zone (p.17)

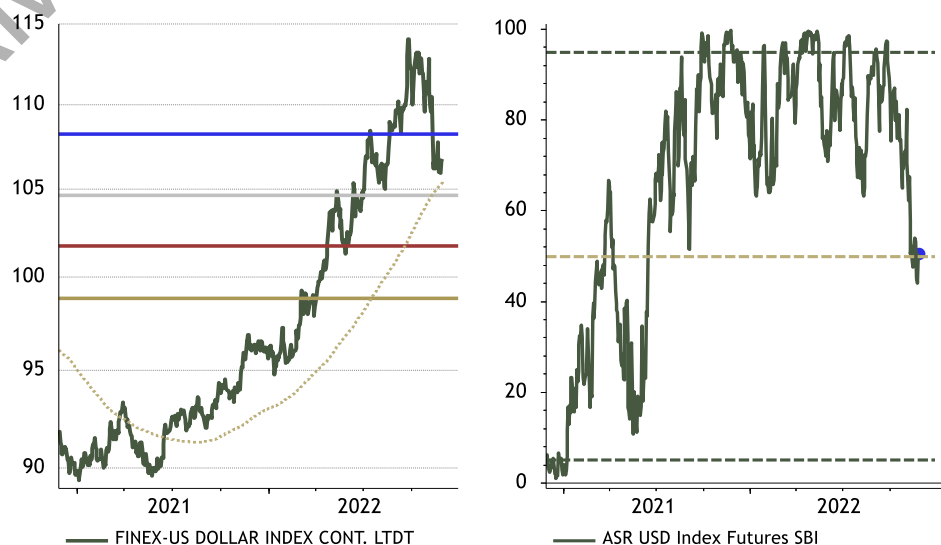
**SBI Summaries:**  
Updated Daily [here!](#)

#### \*SBI Methodology

Sentiment Barometer Indicators (SBIs) use behavioural biases to create series that have the same dynamics as survey-based indices. Independent analysis showed how SBIs can add alpha - see [here](#).

#### Key Chart: We look for DXY (USD) index to hold support in 104.6-105.4 range

DXY: 23.6%, 38.2%, 50% & 61.8% Retracement, 200d MA & ASR USD Index SBI



Source: ASR Ltd./Refinitiv Datastream