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February 2024

QCAM MONTHLY

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QCAM Insight

What about the US elections?

Bernhard Eschweiler, Economic Advisor
QCAM Currency Asset Management AG

The USD is recovering as the market pairs back Fed rate cut expectations. Meanwhile, the US election campaign is gearing up with a Biden-Trump rematch looking most likely. The outcome of the election remains uncertain and there are many moving parts that can impact the USD in response. On balance, however, we think that the outcome of the election is more likely to support the USD than hurt it.

The USD DXY has recovered 3% since the end of last year as market participants paired back Fed rate cut expectations amid stronger-than-expected US activity reports as well as hawkish Fed commentary. We expect US PCE inflation to hit 2% in the near-term but we also fear that inflationary pressures are likely to rise again thanks to the ongoing strength of the economy and tight labor market conditions. As a result, we believe the Fed will look for more evidence that inflation is sustainably anchored around 2% and wait longer before cutting interest rates.

Given prevailing uncertainties, we expect the USD DXY to stay in last year's range (100 to 106, currently around 104) in the near term. One of the uncertainties is the run-up and outcome of the US election this year. Much can happen until November, but a Biden-Trump rematch currently looks most likely. Analyzing the implications for the USD is particularly interesting since both candidates have a presidential track record.

The USD and past presidencies

Looking at the last 50 years since the break-up of the Bretton Woods System suggests that Democratic Presidents have been on balance better for the USD than Republican Presidents (see chart). Interestingly, the same is true for the stock market performance, which is what presidents and the public probably care more about. Of course, the matter is more complicated and many other factors have impacted the equity market and the USD, not simply the presidency. For example, George W. Bush, who presided over the worst performance of the US equity market and the USD, was not solely responsible for the dot.com crisis and the great financial crisis.

What presidents control directly

The areas that presidents control most directly and that are relevant for the USD are foreign policy, trade policy and currency policy. Judging by their track record in these policy areas as well as their campaign statements, Trump is likely to be more USD positive than Biden. Whether good in the long-run or not, Trump's confrontational foreign and trade policy is likely to hurt both friends (e.g. Europe) as well as foes (China) more than the US and, although he is in favor of a weaker USD, his actual currency policy will probably not go much beyond verbal statements. Biden has not undone Trump's tariffs but unlike Trump he is not proposing new tariffs and his trade and foreign policy is generally more conciliatory, while his currency policy has been hands-off. This is not USD positive in itself, but unlikely to prevent USD strength either.

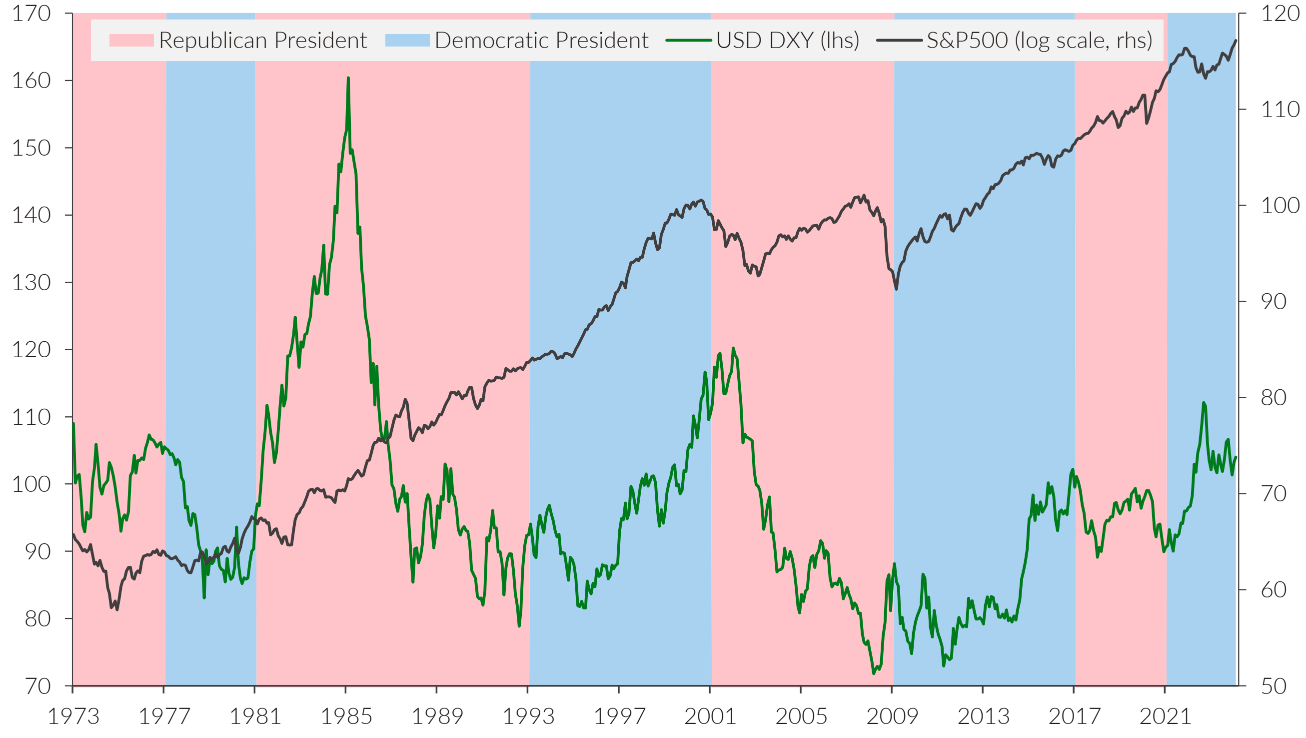
Fiscal policy matters in several ways

The president's ability to shape fiscal policy depends much on the Congressional election outcome. At the moment, the outcome of the Congressional election is as uncertain as the outcome of the presidential election. However, chances are high that the party that wins the presidency will also dominate Congress. Biden and Trump are both not focused on fiscal consolidation and are likely to pursue expansionary fiscal policies if they have a majority in Congress. Fiscal consolidation is most likely if Biden wins but the Republicans control both chambers of Congress.

The impact of fiscal policy on the USD goes through several channels and can vary depending on the circumstances. Expansionary fiscal policy can be USD favorable if combined with specific industrial policies that attract foreign direct investment. One example is Biden's "Inflation Reduction Act", which promotes investment in climate action and new jobs and attracts foreign investors. Important is also the combination with monetary policy. Expansionary fiscal policy and tight monetary policy are the perfect combination for USD strength. The text book example is the early years of President Reagan and Fed Chair Volker. The current Biden presidency also falls into that pattern. Thus, the USD is set to do well if either Biden or Trump win with a majority in Congress and the Fed keeps rates higher for longer.

So, what if Biden wins, but the Republicans control both House and Senate and force fiscal consolidation? This is the scenario that Bill Clinton faced for most of his presidency and yet it was also a period of spectacular equity performance and USD strength. The outcome will partly depend on the Fed and if the Fed goes soft the USD is likely to have a weak bias as well. However, the 1990s have shown that other developments can override the fiscal-monetary policy mix. Neither Trump nor Biden are likely to be AI champions, but AI could become a driver of productivity growth and foreign investment similar to the 1990s. If so, let's just hope it doesn't end in a bubble, which would result in a bad hangover for both the equity market and the USD.

USD DXY and S&P500 versus US presidencies (index both scales)



Source: investing.com, SPglobal and QCAM

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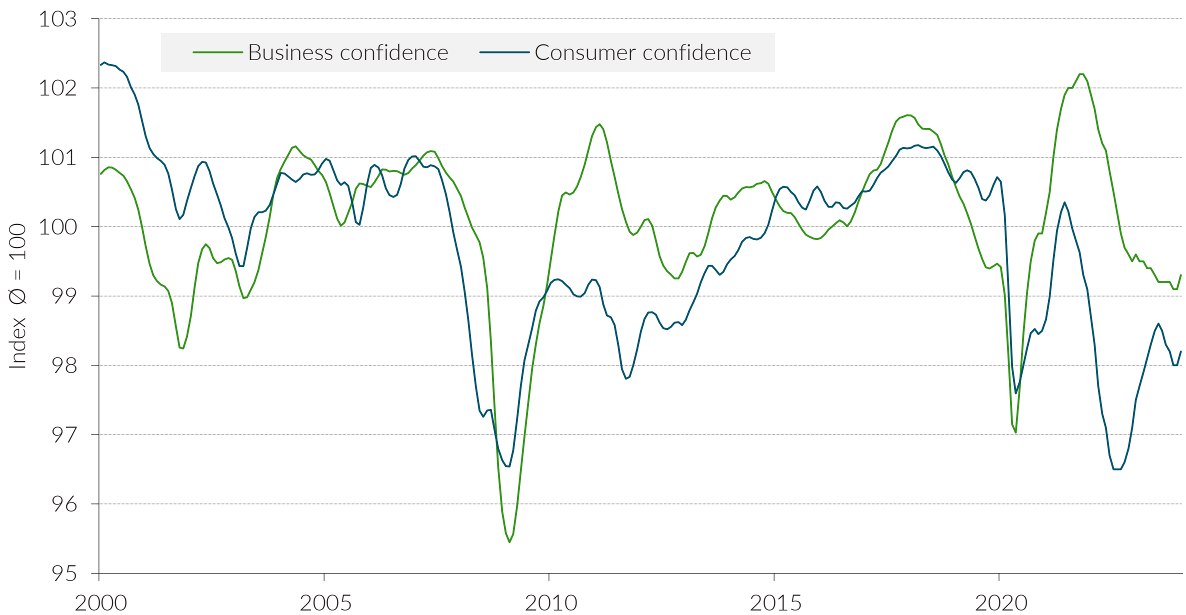
Economy & Interest Rates

Global growth conditions have improved a bit at the start of 2024 with continued US outperformance versus the rest of the world, most notably Europe. The process of disinflation continues with the notable exception of Japan. Going into 2024, "soft-landing" (lower growth and inflation) is the favored scenario of the market for the US as well as most of the rest of the world. However, uncertainty and the risk of a hard-landing or no-landing with an inflation rebound remain significant, leaving a range of possible monetary policy implications, especially who will cut interest rates first and by how much and when will the BoJ finally give in and start raising interest rates.

	Real GDP growth[1]		Unemployment rate[1]		Inflation rate[1]		Current account[2]		Fiscal balance[2]		Public debt[2]	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Global	2.7	2.5	n.a.	n.a.	4.5	3.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.7	1.3	n.a.	n.a.	4.6	2.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.5	2.0	3.6	4.0	4.1	2.5	-3.0	-3.0	-6.0	-6.0	123	127
Canada	1.1	1.0	5.5	6.0	3.9	2.5	-0.5	0.0	-0.5	-0.5	106	103
Euro-area	0.5	0.5	6.5	6.5	5.4	2.0	1.0	1.0	-4.0	-3.5	90	90
Sweden	-0.5	0.5	7.5	8.0	7.0	3.5	5.0	5.0	-0.5	-0.5	32	32
Switzerland	1.0	1.5	2.0	2.0	1.9	1.5	8.0	8.0	0.0	0.5	38	37
UK	0.3	0.5	4.1	4.5	7.3	3.0	-4.0	-4.0	-4.5	-4.0	104	106
Japan	1.9	1.0	2.6	2.5	3.4	3.5	3.0	3.0	-7.0	-7.0	255	255
Australia	2.0	2.0	3.7	4.0	5.7	4.0	1.5	2.0	-0.5	-0.5	52	55
Emerging	4.1	4.0	n.a.	n.a.	4.0	4.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	5.2	5.0	5.2	5.5	0.2	1.0	1.5	1.0	-7.0	-7.0	83	87
India	6.5	6.0	n.a.	n.a.	5.6	5.0	-2.0	-2.0	-9.0	-9.0	82	82
Russia	3.0	2.5	3.2	3.5	5.9	7.0	3.5	3.5	-3.5	-3.0	22	22
Brazil	3.1	2.0	8.0	8.5	4.5	4.0	-1.5	-1.5	-7.0	-6.5	88	90

Source: OECD, IMF World Economic Outlook and QCAM estimates [1] In percent annual average [2] In percent of GDP

OECD business and consumer confidence*



Source: OECD and QCAM *The last observations are QCAM estimates based on other surveys

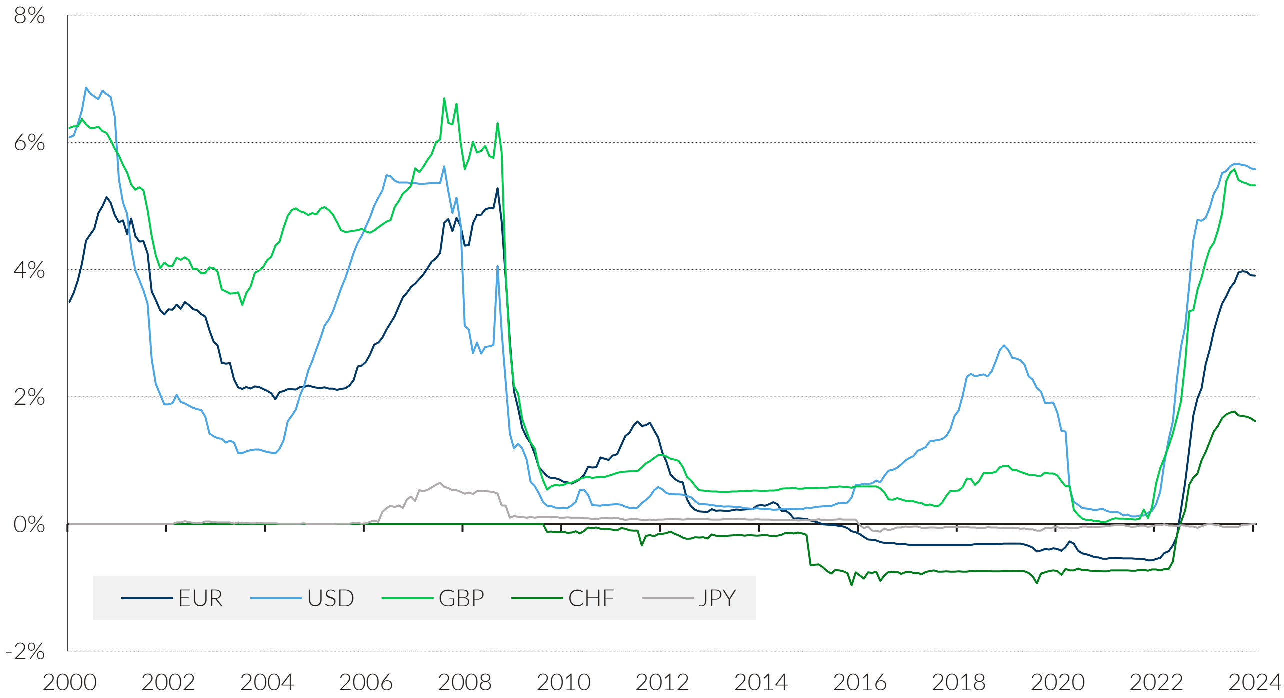
Interest Rates

Interest Rate Level Overview

	Short Term Interest Rate (3month OIS)					Long Term Interest Rate (10year Swap)				
	Current	1M ago	3M ago	12M ago	Ø 3 years	Current	1M ago	3M ago	12M ago	Ø 3 years
USD	5.31%	5.31%	5.40%	4.71%	2.63%	3.87%	3.75%	4.78%	3.51%	0.00%
EUR	3.91%	3.91%	3.97%	2.51%	1.19%	2.56%	2.49%	3.35%	2.88%	1.74%
JPY	0.00%	-0.01%	-0.01%	-0.01%	-0.03%	0.91%	0.85%	1.13%	0.85%	0.43%
GBP	5.19%	5.21%	5.26%	4.00%	2.39%	3.58%	3.29%	4.37%	3.38%	2.47%
CHF	1.62%	1.66%	1.70%	1.13%	0.32%	1.21%	1.17%	1.61%	1.70%	1.04%
AUD	4.30%	4.34%	4.29%	3.43%	1.99%	4.22%	4.18%	5.25%	4.10%	3.30%
CAD	5.02%	5.01%	5.06%	4.55%	2.57%	3.68%	3.41%	4.51%	3.33%	3.02%
SEK	3.95%	3.99%	4.12%	2.90%	1.64%	2.55%	2.36%	3.39%	2.71%	2.09%
RUB	15.70%	15.70%	15.25%	7.44%	9.27%	9.62%	9.75%	8.62%	8.94%	8.62%
BRL	9.85%	9.78%	10.31%	12.60%	9.76%	10.38%	10.18%	11.69%	13.00%	11.22%
CNY	2.00%	2.03%	2.23%	2.09%	2.14%	2.24%	2.37%	2.54%	3.01%	2.70%
TRY	46.50%	45.15%	38.30%	9.80%	0.00%	38.04%	38.04%	38.04%	38.04%	22.02%
INR	6.73%	6.79%	6.80%	6.67%	5.23%	6.27%	6.23%	6.75%	6.40%	6.34%

Source: QCAM Currency Asset Management, as of February 6th, 2024

3-month Rates



Source: QCAM Currency Asset Management, as of end of January 2024

FX Markets

FX Performance vs. PPP

The USD DXY rallied 3% since the end of last year with the JPY falling the most, followed by the SEK and the AUD, while the GBP held up best and EM currencies outperformed most major currencies. Overall speculative positions stayed modestly short USD with the long GBP position looking most exposed. Short-term interest rates were stable yet forwards paired back some rate cut expectations. The cost of forward hedging versus the USD has declined but remains expensive especially for JPY and CHF. Actual and implied FX volatilities were relatively stable and on balance close to historical levels. PPP changes continue to converge as inflation moderates but differences to actual exchange rate levels remain large and the USD continues to be overvalued versus all major currencies.

Overview

	Current Exchange Rate	Performance[1]				Purchasing Power Parity[2]		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation[3]
EURUSD	1.075	-2.83%	-1.78%	0.35%	-5.49%	1.24	1.11 - 1.37	-13%
USDJPY	147.920	5.03%	2.19%	11.40%	34.78%	98.85	87.63 - 110.07	50%
GBPUSD	1.260	-1.32%	-1.01%	4.85%	-2.76%	1.55	1.38 - 1.72	-19%
EURCHF	0.936	0.75%	0.56%	-5.96%	-17.89%	0.93	0.88 - 0.98	1%
USDCHF	0.870	3.69%	2.39%	-6.29%	-13.12%	0.80	0.71 - 0.89	9%
GBPCHF	1.096	2.32%	1.35%	-1.74%	-15.52%	1.05	0.96 - 1.15	4%
CHFJPY	169.982	1.27%	-0.20%	18.88%	55.13%	95.72	84.70 - 106.74	78%
AUDUSD	0.652	-4.58%	-2.86%	-5.08%	-8.48%	0.77	0.68 - 0.86	-15%
USDCAD	1.349	2.12%	1.09%	0.30%	2.25%	1.21	1.13 - 1.30	11%
USDSEK	10.522	4.82%	2.66%	-1.20%	14.57%	8.12	7.20 - 9.05	30%
EURSEK	11.312	1.85%	0.83%	-0.85%	8.28%	8.92	8.38 - 9.47	27%
USDRUB	90.675	1.33%	-0.29%	26.48%	37.80%	65.17	47.58 - 82.77	39%
USDBRL	4.959	2.20%	1.68%	-4.74%	34.16%	3.82	2.29 - 5.35	30%
USDCNH	7.202	1.13%	0.53%	5.75%	6.34%	7.17	6.57 - 7.77	0%
USDTRY	30.559	3.42%	2.40%	62.27%	486.05%	15.79	12.36 - 19.22	94%
USDINR	83.056	-0.20%	-0.09%	0.28%	16.07%	82.85	76.10 - 89.60	0%
US_Dollar_Ind	104.170	2.80%	1.72%	0.53%	8.07%	86.67	80.92 - 92.45	20%

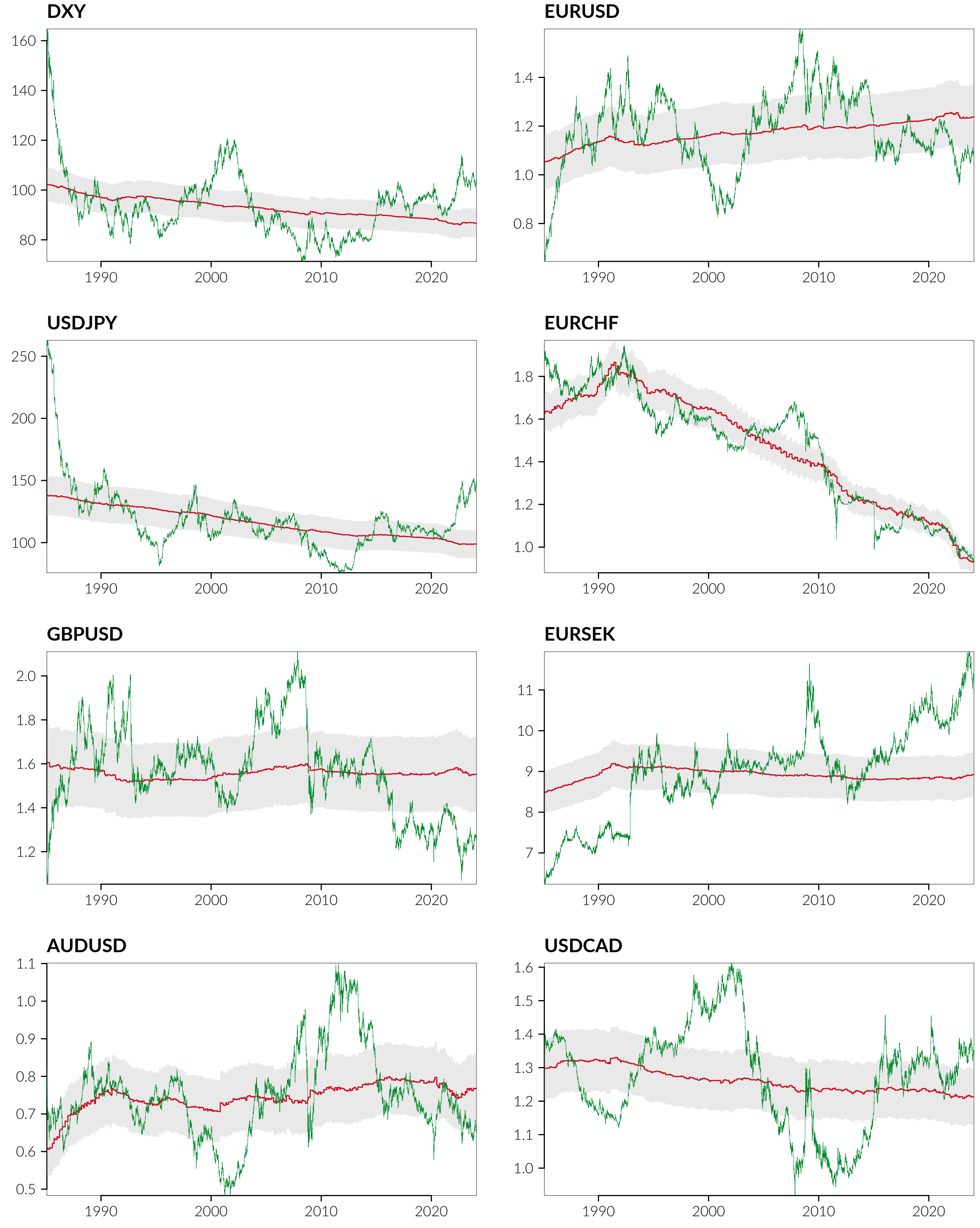
[1] Performance over the respective period of time, in percent

[2] Purchasing power parity (PPP) is estimated based on the relative development of inflation rates in two currency markets; the neutral range is determined by ± 1 standard deviation of the historical variation around the PPP value.

[3] Deviation of the current spot rate from PPP, in percent.

Source: QCAM Currency Asset Management, as of February 6th, 2024

Purchasing Power Parity



Source: QCAM Currency Asset Management, as of February 6th, 2024

PPP Spot Neutral Range

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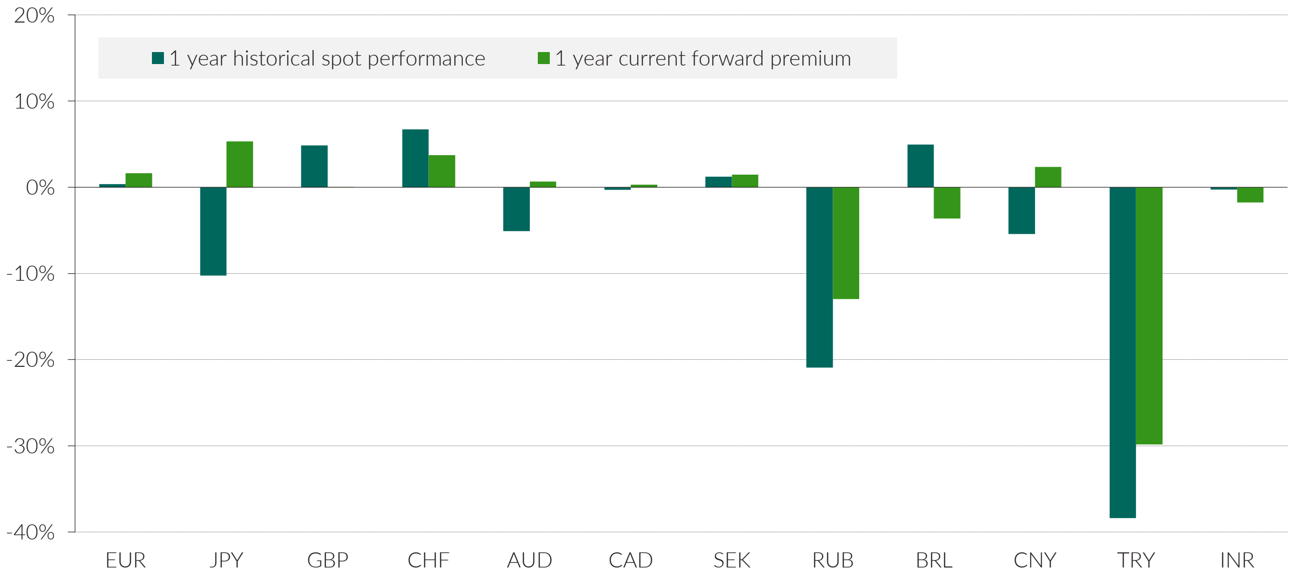
FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.075	1.0763	1.0791	1.0927	1.44%	1.50%	1.60%
USDJPY	147.920	147.2629	145.8740	140.4579	-5.51%	-5.53%	-4.94%
GBPUSD	1.260	1.2597	1.2601	1.2601	0.21%	0.20%	0.05%
EURCHF	0.936	0.9338	0.9302	0.9169	-2.32%	-2.31%	-1.95%
USDCHF	0.870	0.8676	0.8620	0.8391	-3.76%	-3.79%	-3.50%
GBPCHF	1.096	1.0929	1.0862	1.0573	-3.55%	-3.59%	-3.46%
CHFJPY	169.982	169.7408	169.2352	167.3967	-1.76%	-1.76%	-1.49%
AUDUSD	0.652	0.6528	0.6540	0.6566	1.10%	1.09%	0.65%
USDCAD	1.349	1.3482	1.3471	1.3448	-0.45%	-0.46%	-0.28%
USDSEK	10.522	10.5101	10.4848	10.3719	-1.42%	-1.42%	-1.40%
EURSEK	11.312	11.3125	11.3144	11.3335	0.02%	0.07%	0.18%
USDRUB	90.675	91.5880	93.7409	104.2001	12.50%	13.52%	14.67%
USDBRL	4.959	4.9738	5.0055	5.1463	3.65%	3.73%	3.69%
USDCNH	7.202	7.1894	7.1595	7.0353	-2.23%	-2.38%	-2.27%
USDTRY	30.559	31.4607	33.5022	43.5555	36.65%	38.53%	41.83%
USDINR	83.056	83.1346	83.3678	84.5596	1.07%	1.50%	1.77%

Historical Spot Performance and Current Forward Premium vs. the US Dollar



Source: QCAM Currency Asset Management, as of February 6th, 2024

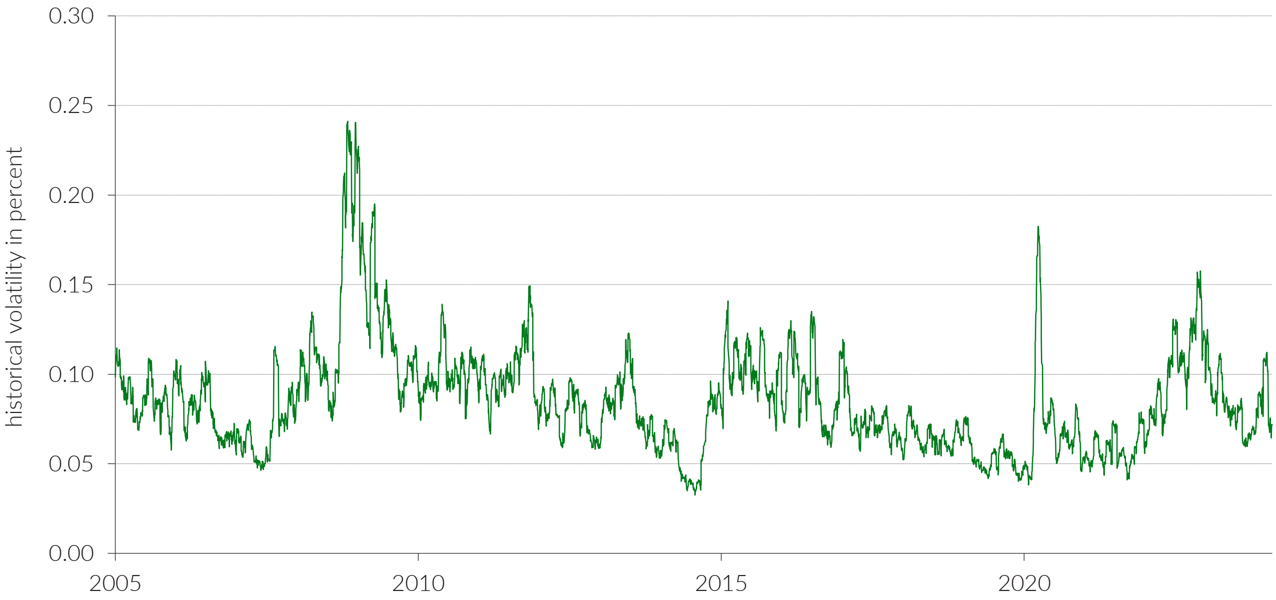
FX Volatility

Historical vs. Implied Volatility

	Current Exchange Rate	Historical Volatility [1]				Implied Volatility [2]			
		Current	1M	12M	Ø 5 years	Current	1M	12M	Ø 5 years
EURUSD	1.075	8.17%	8.72%	8.75%	7.08%	6.73%	6.68%	8.50%	6.91%
USDJPY	147.920	12.17%	11.63%	17.99%	8.14%	9.58%	10.00%	12.88%	8.19%
GBPUSD	1.260	8.94%	9.41%	12.36%	9.11%	7.03%	7.40%	10.18%	8.94%
EURCHF	0.936	4.52%	5.55%	5.75%	4.72%	5.40%	5.65%	6.23%	5.30%
USDCHF	0.870	8.02%	7.53%	10.28%	7.32%	7.30%	7.23%	8.57%	6.92%
GBPCHF	1.096	5.48%	6.35%	8.17%	7.87%	6.23%	6.50%	8.10%	8.12%
CHFJPY	169.982	9.78%	9.91%	14.74%	7.37%	9.17%	9.68%	12.23%	7.68%
AUDUSD	0.652	9.99%	10.47%	14.63%	10.28%	9.49%	9.73%	12.75%	10.02%
USDCAD	1.349	5.57%	6.06%	8.15%	6.74%	5.40%	5.80%	7.48%	6.63%
USDSEK	10.522	11.75%	12.66%	14.43%	10.25%	10.75%	11.32%	13.30%	10.04%
EURSEK	11.312	5.88%	6.15%	7.88%	6.15%	6.80%	7.45%	7.95%	6.44%
USDRUB	90.675	13.20%	13.98%	24.88%	20.03%	27.15%	28.65%	25.53%	23.27%
USDBRL	4.959	9.71%	10.76%	17.72%	15.09%	11.35%	13.00%	18.75%	16.54%
USDCNH	7.202	4.41%	4.16%	7.98%	4.84%	4.28%	4.93%	6.38%	5.41%
USDTRY	30.559	2.66%	2.46%	1.62%	14.76%	11.23%	13.82%	13.38%	21.16%
USDINR	83.056	1.51%	1.66%	4.58%	4.92%	2.80%	3.10%	5.90%	5.80%

[1] Realised 3-month volatility (annualised) [2] Market implied 3-month volatility (annualised)

QCAM Volatility Indicator[3]



[3] The QCAM volatility indicator measures general volatility in global FX markets; the indicator is based on historical volatility of the main exchange rates, which are weighted by trading volume.

Source: QCAM Currency Asset Management, as of February 6th, 2024

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FX Analytics

QCAM has developed an analytical framework to take scalable exchange rate positions. The QCAM exchange rate strategy for each currency pair has three principal components:

- **Macro**
- **Business Sentiment**
- **Technical**

The positioning signals from each component are aggregated into an overall positioning score for each currency pair. This score is used for the dynamic exposure management.

The Macro component consists typically of economic growth, balance of payments, fiscal and monetary policy and in some cases commodity fundamentals. The positions are either discretionary or model driven.

The Business Sentiment component is a rule-based framework built on business surveys.

The Technical component consists primarily of the technical analysis of daily exchange rates (trend following and mean reversion). We also consider speculative futures positions and the deviation of exchange rates from purchasing power parity.

The summary table below and the following pages show the QCAM strategy framework and the positioning for the major currency pairs actively covered by QCAM. The tables break each of the three strategies into subcomponents with an indication of the current impact. The charts show the respective exchange rate with past QCAM positions and their scale.

Current positioning - February 2024

There have been only a few signal changes since the last QCAM MONTHLY but enough to shift the overall USD position back to a small long. All discretionary Macro positions remained unchanged but Business Sentiment went short JPY and CHF and long GBP versus the USD. On balance, Business Sentiment is long USD. Technical went short GBP and neutral CAD and on balance is neutral USD. Overall, the main USD long positions are versus the CHF and the EUR with a small long versus the CAD. The EUR is short versus the CHF and long versus the SEK.

Overview[1]

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	– –	–	All positions remained unchanged and the overall position is 40% short EUR.
USDJPY	–/+	++	– –	The Macro carry model and Business Sentiment went short JPY pushing the overall position to neutral.
EURCHF	0	+	– –	Business Sentiment went short CHF versus both the EUR and the USD. All other positions remained unchanged, leaving the CHF slightly long versus the EUR and short versus the USD.
USDCHF	0	++	+	
GBPUSD	0	+	–	Business Sentiment went long and Technical short GBP, leaving the overall position at neutral.
EURSEK	0/+	++	–	The Macro interest rate model went short SEK, all other positions remained unchanged.
USDCAD	0/–	++	0	Technical shifted to neutral pushing the overall position to slightly short CAD.

[1] The signs relate to the first currency of the exchange rate pair ; ++ or – – means 100% long or short; */* means split position.

Source: QCAM Currency Asset Management

QCAM Currency Asset Management

EURUSD

We kept the Macro position at neutral. The EUR is weaker than the USD from a growth perspective but has the support of a current account surplus. Much depends on whether the Fed or the ECB cuts interest rates first, but that decision seems to get delayed as both central banks look for more evidence that the disinflation progress is sustained. Business Sentiment remains firmly short EUR, while Technical is slightly short EUR, leaving the overall position 40% short EUR.

	FX Factors	EUR Impact	Comment
Macro	Current Account Balances	+	The Euro-area's current account surplus has fully recovered on lower energy prices
	Fiscal Balances	0	Euro-area and US fiscal deficits are both elevated
	Interest Rate Differentials	0/–	Expectations of an early Fed rate cut are declining while the possibility that the ECB cuts rates before the Fed is rising
	Oil prices	0	Oil price expected to stay in volatile range
Sentiment	Business Sentiment	–	The momentum in Euro-area surveys remains weaker than US surveys
	Risk Sentiment	0	Risk aversion is low but outlook is uncertain
Technical	Price Action	0/–	Price action is neutral to slightly short EUR
	Spec Positions	0	Net long EUR position is unchanged and not extreme
	PPP Valuation	+	EUR undervaluation is around 13%

EURUSD and QCAM Strategic Positioning

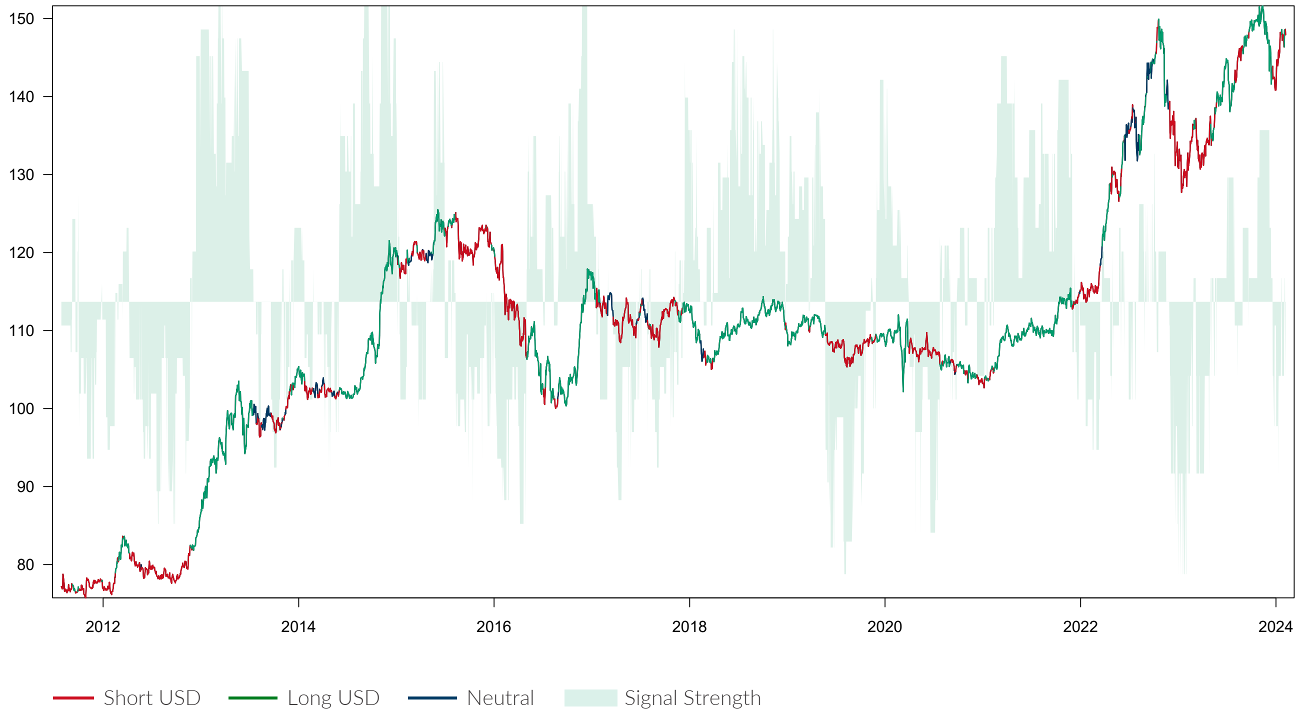
Source: QCAM Currency Asset Management

USDJPY

We keep the long JPY Macro position. Economic momentum has slowed but remains solid, while inflation pressures are not abating. The BoJ will probably move against the grain and hike interest rates in 2024, but timing remains uncertain. The risk is that the BoJ keeps dragging its feet longer, but we think the upside potential justifies taking that risk. Business Sentiment moved from neutral to short JPY and Macro Carry position went from long to short JPY, shifting the balance of all strategy positions to neutral.

	FX Factors	JPY Impact	Comment
Macro	Current Account Balances	+	The Japanese current account has returned to a solid surplus
	FDI Flows	–	Net outflows have returned to the pre-Corona level
	Interest Rate Differentials	0	JPY rates remain low but the outlook points to higher rates, while US rates are expected to fall, although slower
Sentiment	Business Sentiment	– –	Momentum of Japanese Business Sentiment fell behind that of US surveys
	Risk Sentiment	0	Safe-haven character has been reduced
Technical	Price Action	+	Technicals stayed long JPY
	Spec Positions	0	Net short JPY position has declined significantly
	PPP Valuation	+	The JPY is currently about 50% undervalued

USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

EURCHF

We keep our discretionary Macro position at neutral. The Swiss economy has slowed but remains fundamentally sound. Inflation has dropped below 2% and the SNB has finished the tightening cycle and is not active in FX markets. Less hawkish SNB policy could hurt the CHF, but the safe-haven feature remains strong. The balance of all strategy positions is slightly long CHF versus the EUR.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0	SNB likely to follow ECB if the latter cuts interest rates
	SNB Policy Intervention	0	The SNB remains inactive in FX markets but may become less tolerant of CHF appreciation
Sentiment	Business Sentiment	–	The Swiss economy has fallen slightly behind the Euro-area economy in the surveys
	Risk Sentiment	0	The CHF has not suffered from recent decline in risk aversion
Technical	Price Action	+	Technical is long CHF
	Spec Positions	0	Net position is close to neutral
	PPP Valuation	0	CHF is around fair-value versus the EUR

EURCHF and QCAM Strategic Positioning

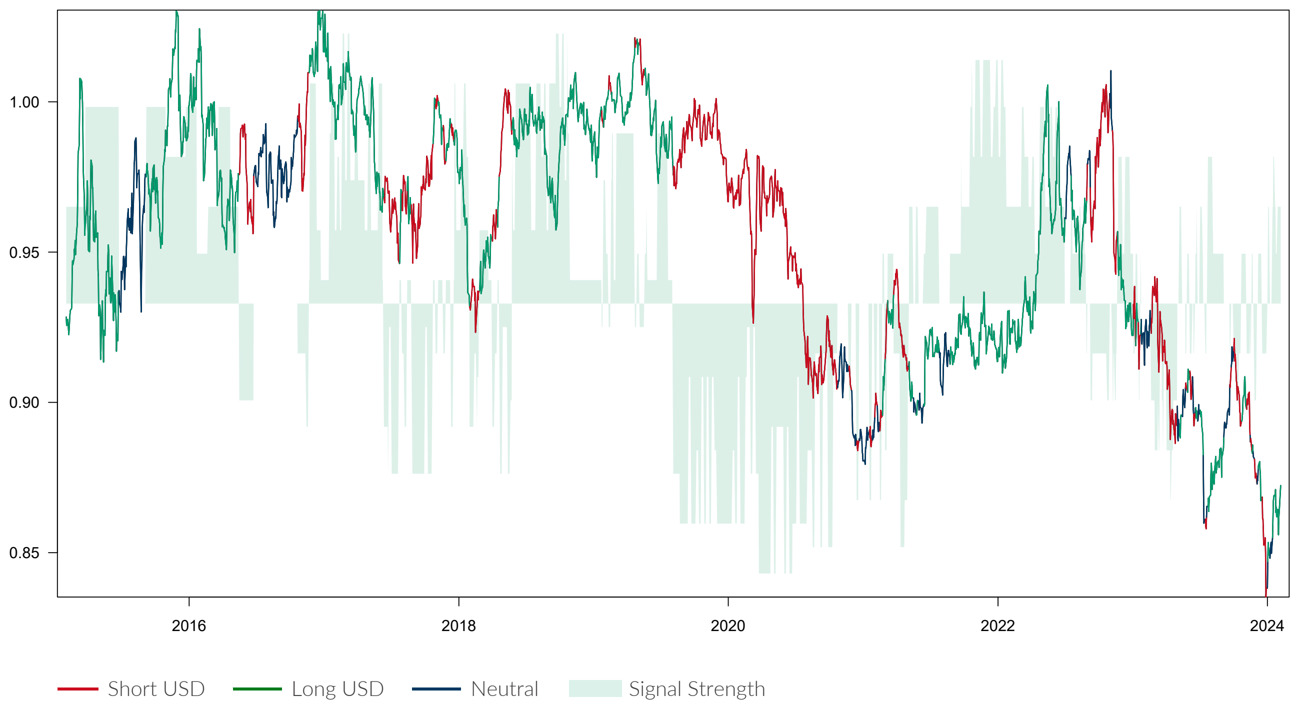
Source: QCAM Currency Asset Management

USDCHF

Our Macro positions in EURCHF (neutral) and EURUSD (neutral) imply neutral CHF vs. the USD. The Swiss economy has slowed but remains fundamentally sound. Inflation has dropped below 2% and the SNB has finished the tightening cycle and is not active in FX markets. Less hawkish SNB policy could hurt the CHF, but the safe-haven feature remains strong. We expect USDCHF to shadow EURUSD with a smaller amplitude. The balance of all strategy positions is short CHF versus the USD.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/–	The USD-CHF interest rate differential has narrowed but is still wide
	SNB Policy Intervention	0	The SNB remains inactive in FX markets but may become less tolerant of CHF appreciation
Sentiment	Business Sentiment	– –	Swiss surveys have fallen behind US surveys
	Risk Sentiment	0	The CHF has not suffered from recent decline in risk aversion
Technical	Price Action	–	Technical has turned short CHF
	Spec Positions	0	Net position is close to neutral
	PPP Valuation	+	CHF is about 9% undervalued versus USD

USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

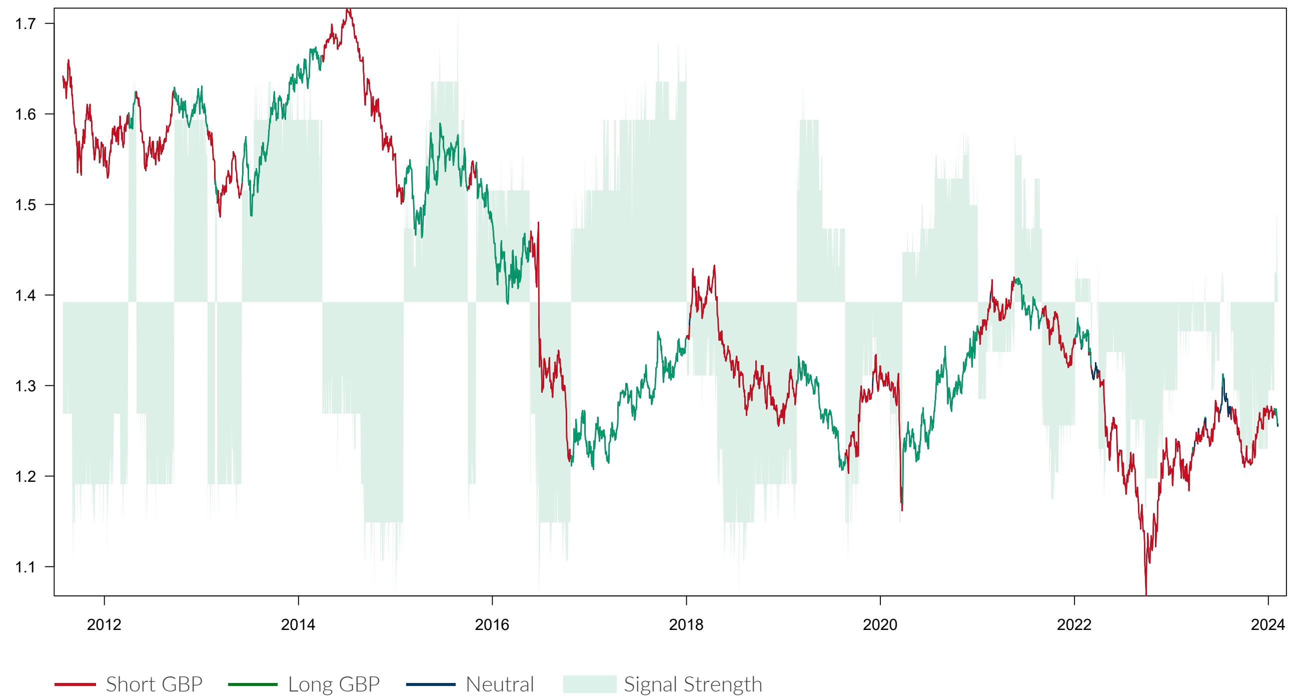
QCAM® Currency Asset Management

GBPUSD

We remain fundamentally bearish on the GBP given the negative Brexit fallout, persistent stagflationary pressures and risks in the property market thanks to higher interest rates. We maintain our neutral Macro position primarily given the GBP high affinity to rally in risk-on market conditions, which have prevailed despite the market pairing back Fed rate cut expectations. Business Sentiment went long GBP but Technical shifted to short GBP. The overall strategy position is neutral GBP.

	FX Factors	GBP Impact	Comment
Macro	Current Account Balances	0/–	The UK deficit has declined but remains firmly in the red zone
	Interest Rate Differentials	0/–	UK interest rates remain elevated slightly below US interest rates
	Oil Price	0	Oil price expected to stay in volatile range
Sentiment	Business Sentiment	+	Momentum in UK surveys has improved versus US surveys
	Risk Sentiment	–	BREXIT related economic and political uncertainties prevail
Technical	Price Action	–	Technical shifted to short GBP
	Spec Positions	–	Net position is long GBP approaching possible reveral point
	PPP Valuation	0/+	The GBP is 19% undervalued

GBPUSD and QCAM Strategic Positioning



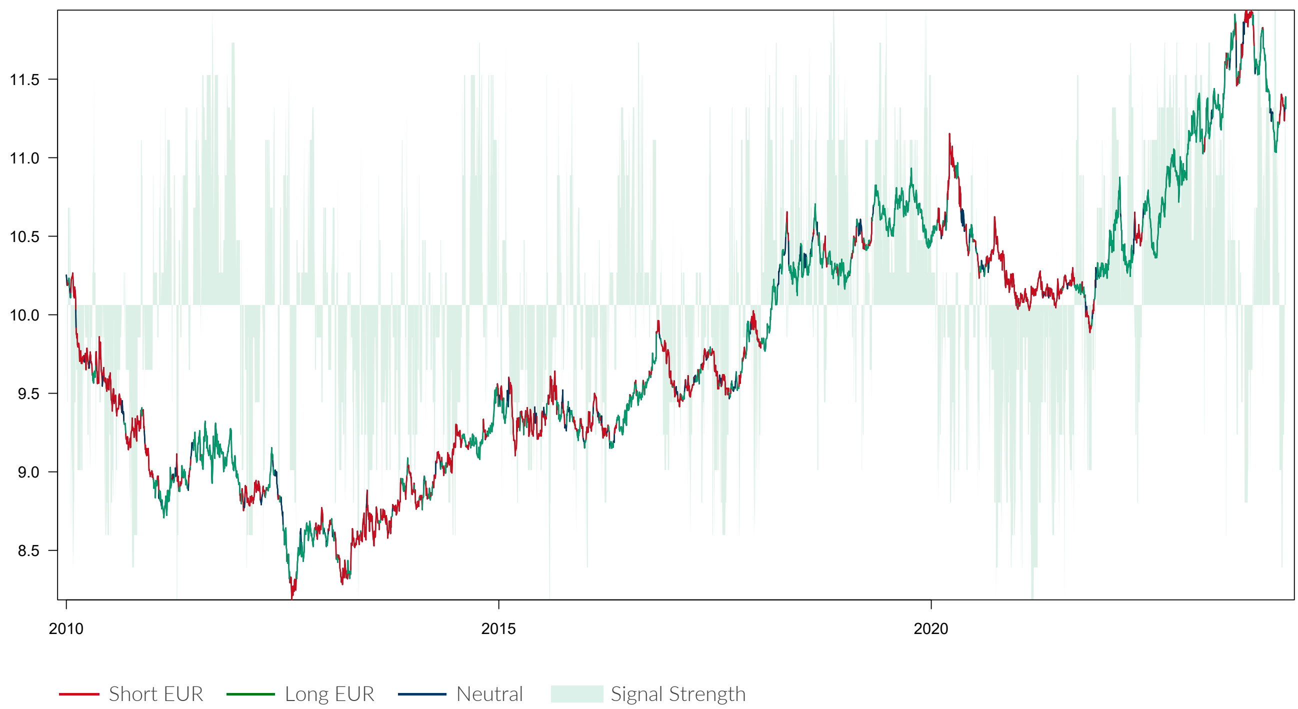
Source: QCAM Currency Asset Management

EURSEK

Chances of a soft-landing and falling interest rates are good news for Sweden and the SEK but uncertainty remains large and the economy remains vulnerable. We keep the neutral discretionary Macro position. Business Sentiment turned short SEK, while Technical stayed long SEK, turning the balance of all strategy positions modestly short SEK.

	FX Factors	SEK Impact	Comment
Macro	Current Account Balances	0/+	Sweden's surplus has largely recovered to the levels before the Ukraine war
	Interest Rate Differentials	–	The Macro interest rate model is short SEK
Sentiment	Business Sentiment	–	Surveys shifted to short SEK
	Risk Sentiment	–	Concerns over the property slump remain significant
Technical	Price Action	+	Technical stayed long SEK
	PPP Valuation	+	The SEK is roughly 27% undervalued versus the EUR

EURSEK and QCAM Strategic Positioning



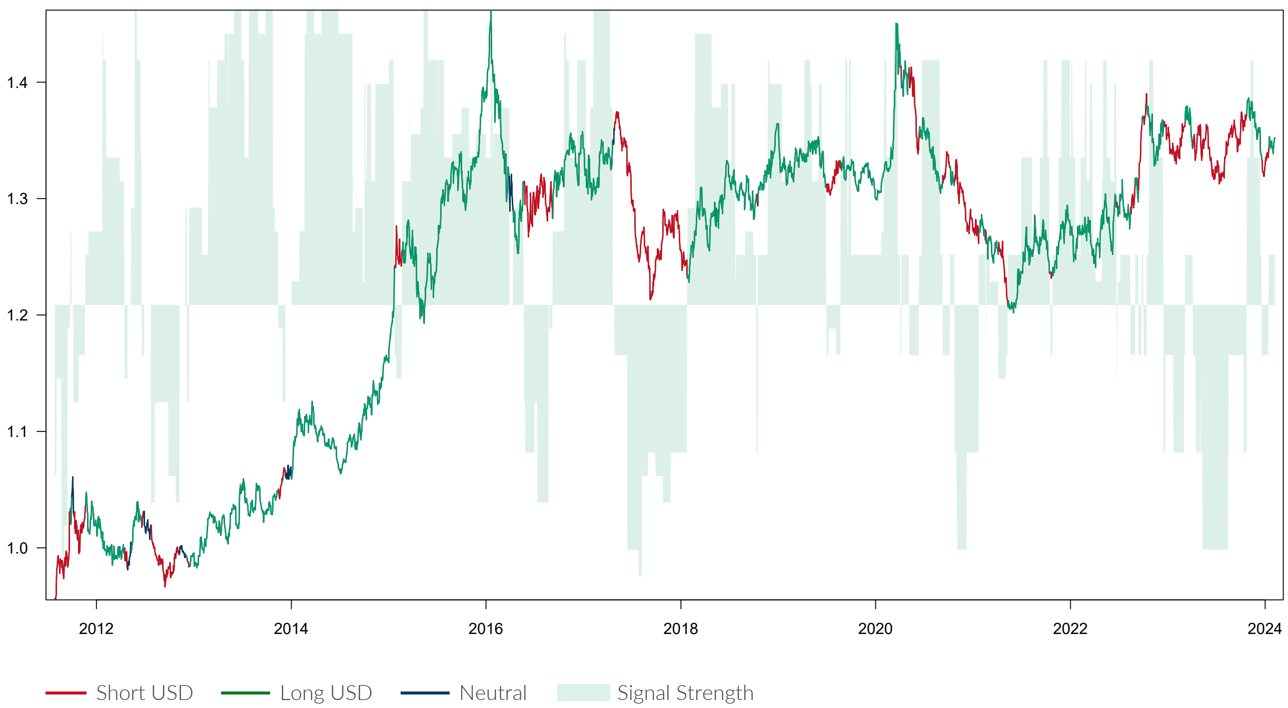
Source: QCAM Currency Asset Management

USDCAD

Canada's fundamental position remains solid although the current account dipped back into deficit and the adjustment in housing to higher interest rates creates some strains. Canadian inflation is at par with US inflation and the BoC will probably move in line with the Fed. Our discretionary Macro position stays neutral, but the Macro oil price model is long CAD while Business Sentiment is short CAD and Technical turned neutral, leaving the overall position slightly short CAD.

	FX Factors	CAD Impact	Comment
Macro	Current Account Balances	0	Canada's current account fell back into deficit but remains small versus the US deficit and compared to past levels
	Oil Prices	+	The Macro oil price model is long CAD as oil prices stayed below projections
	Interest Rate Differentials	0	CAD interest rates close to USD interest rates
	USD DXY Trend	0	Negative correlation with USD is small
Sentiment	Business Sentiment	–	Canada has weaker momentum versus the US in the surveys
	Risk Sentiment	0	No particular risk drivers at the moment
Technical	Price Action	0	Technical shifted to neutral
	Spec Positions	0	Net CAD position moved from short to neutral
	PPP Valuation	0	CAD is about 11% undervalued versus the USD

USDCAD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

QCAM®
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QCAM Products and Services

Our edge derives from a focus on professional currency management, the absolute transparency and the careful examination of risk. It is our mission to offer our clients innovative transparent solutions, in a thoughtful and risk-controlled environment, and to surpass investment goals.

Currency Overlay

Risks under control – opportunities in sight: QCAM Currency Overlay offers customised solutions for individual needs and investment goals. Our Passive Overlay focuses on risk management, reduction of transaction costs and the customer specific management of resulting cash flows.
Our Dynamic Overlay aims to generate returns based on QCAM´s proprietary FX Analytics, embedded in a strict risk budgeting framework.

FX Best Execution

With larger foreign currency transactions, even a small difference in pricing leads to a major impact on costs and revenues. While it is unattainable for most players to keep the full overview of the deals available in the market, independence and transparency are essential. We carry out a Transaction Cost Analysis for our clients to evaluate potential cost savings. Also, QCAM assists its clients in the design of an optimal multibank-setup and conducts clients FX transactions transparently, independently and in the client's best interests.

Money Market Plus

QCAM's Money Market Plus Strategy «MMP» enhances yield via the use of the FX interbank swap-market. Also, we take advantage from excellent conditions which we receive from our large pool of partner banks and highly rated debtors for money market and currency transactions. QCAM's MMP strategy has outperformed its peers for many years on a constant basis.

FX Alpha

Currencies as an attractive portfolio diversification via QCAM FX BIAS. The focus on QCAM's Business Intelligence Alpha Strategy is on business indicators which we have successfully used for many years. The strategy is market-neutral, no specific market environment necessary. Diversification via a pool of ten different currencies and their respective trading signals.

QCAM Profile

About us

QCAM Currency Asset Management AG is an independent financial services provider with a specific focus on currency and liquidity management. QCAM brings together a team of internationally experienced Currency and Asset Management specialists, who are managing assets of institutional clients of approx. USD 5 billion.

Our core competences are Currency Overlay Services, FX Transaction Execution according to „Best Execution“ principles, FX Alpha and Liquidity Management.

Long-standing customers of QCAM are pension funds, family offices, investment funds, companies, NGOs and HNWIs.

Headquarters

Zug, Switzerland

Founded

2005

Regulation

FINMA since 2007
SEC since 2014

Independent and Transparent

- Interests directly aligned with those of our clients
- Client focused solutions, tailored to each individuals requirements
- Independent selection of suitable external services providers
- No principal-agent conflicts
- Transparent fee model – no hidden costs
- Transparent reporting

QCAM MONTHLY Editorial Team

Bernhard Eschweiler, PhD
Senior Economic Advisor
bernhard.eschweiler@q-cam.com

Marcel Weidinger
Currency Overlay
marcel.weidinger@q-cam.com

Marc Eigenheer
Currency Overlay
marc.eigenheer@q-cam.com

Jürgen Büscher
Currency Overlay
juergen.buescher@q-cam.com

Sabrina von Dach
Business Management
sabrina.vondach@q-cam.com

Sanela Baltensperger
Business Management
sanela.baltensperger@q-cam.com

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QCAM®
Currency
Asset
Management

QCAM Currency Asset Management AG
Guthirtstrasse 4
6300 Zug
Switzerland

T +41 55 417 00 50
info@q-cam.com
www.q-cam.com