

April 2024

QCAM MONTHLY

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QCAM Insight

Early and Late Movers

Bernhard Eschweiler, Economic Advisor
QCAM Currency Asset Management AG

The USD continued its recovery in March after a short break in February. We think the USD will on balance remain firm, but we also expect more divergence given the cross current of policy and business cycle dynamics. In particular, we think the ECB will cut interest rates earlier and more than the Fed, hurting the EUR, but we also expect that a broadening global recovery will lift commodity prices and risk sentiment, supporting currencies such as the AUD.

The USD DXY rallied nearly 1% over the last month but with a notable performance spread versus other major currencies. The USD was strongest versus the SEK and the NOK, but failed to outperform the AUD and the CAD. As outlined in prior issues of the QCAM Monthly, we see two main dynamics shaping FX markets for the rest of this year: central bank policy actions and global business cycle dynamics. On balance, we believe the USD will remain firm, but we see diverging performance patterns depending on which dynamic will dominate.

First central bank actions

The BoJ and the SNB started this year's round of central bank actions, but in opposite directions. The BoJ finally made the long overdue first rate hike, but still disappointed market expectations, while the SNB cut rates earlier than widely expected. We think a lot more central bank action will follow from here, but timing, direction and extent is set to vary (→see table).

In our view, the easing cycle will begin in Europe and not in the US. The SNB made the first move but is unlikely to be the cheer leader. The CHF has weak-

ened significantly versus both the EUR and the USD since the start of the year. Thus, the pressure to soften the currency further has faded while the Swiss economy has not slumped like its European neighbors. We expect the SNB to cut interest rates at most for another 25 basis points. Instead, we anticipate that the ECB will take over the lead amid soft economic conditions and inflation coming close to target. Within Europe, we think the Riksbank is most likely to shadow the ECB followed by Norges and the BoE.

Moving over to the US, rate cut expectations have been dialed back since the start of the year amid disappointing inflation and ongoing strong economic news. The Fed's own projections still imply 75 basis points of rate cuts this year, but we think it will be at best 50 basis points. In our view, inflation will stay stubbornly close to 3% given sticky service price inflation and fading goods price deflation. The BoC will probably follow the Fed although we think that there is a chance that it will ease a bit more given pressure in the housing market.

In the Far East, we see the BoJ hiking interest rates more than expected by the market but the main outlier is probably the RBA, which we think will not move interest rates at all this year. The Australian economy is doing well yet inflation is not expected to fall consistently below 3%. As a result and given its recently tarnished credibility, we think the RBA will sit tight for longer. In contrast, we expect the RBNZ to start easing earlier amid weaker economic fundamentals, more likely disinflation progress and a tighter monetary policy stance.

More signs of global recovery

The other theme is the broadening global recovery. The JPMorgan Global Manufacturing PMI moved to 50.6 in March, up from 50.3 in February and its highest reading since July 2022. The US remains an important engine of global growth and so far continues to outperform most other major economies. Notable and important for the global economy is the recovery of business cycle conditions in China. We think China still faces significant structural problems, especially in the property sector, but the cyclical dynamic is improving thanks in part to policy stimulus. The recovery in the Euro-area remains sluggish thanks to weakness in Germany and France, but there are encouraging signs at the periphery, notably from Greece and Spain.

We think the global recovery will continue although with clear leaders and laggards and support risk sentiment and commodity prices. Besides the usual business cycle dynamics, the fading drags from high inflation are the main source for more consumption and

investment in our view. From a FX perspective, the main question is whether the US economy will continue to outperform or fall in line with the trend of the rest of the world.

Mixed currency implications

On balance, we think the policy and business cycle dynamics will be positive for the USD, but not uniformly. We believe that the dynamic will be most favorable for the USD versus the EUR. We also think that the EUR should come under pressure versus the CHF as the SNB fails to ease policy as expected by the market. On the other hand, we see upside potential for currencies that benefit from the global recovery theme (risk sentiment and commodity prices) but retain a firm monetary policy stance, such as the AUD.

Central bank policy rates (% p.a.)

Central bank	End 2023	Current	End 2024	Δ End 2024 – Current (bps)
Fed	5.50	5.50	5.00	-50
BoC	5.00	5.00	4.50	-50
ECB	4.00	4.00	3.00	-100
BoE	5.25	5.25	4.50	-75
SNB	1.75	1.50	1.25	-25
Riks Bank	4.00	4.00	3.00	-100
Norges	4.50	4.50	3.75	-75
BoJ	-0.10	0.10	0.75	65
RBA	4.35	4.35	4.35	0
RBNZ	5.50	5.50	4.75	-75

Source: Respective central bank websites and QCAM

Economy & Interest Rates

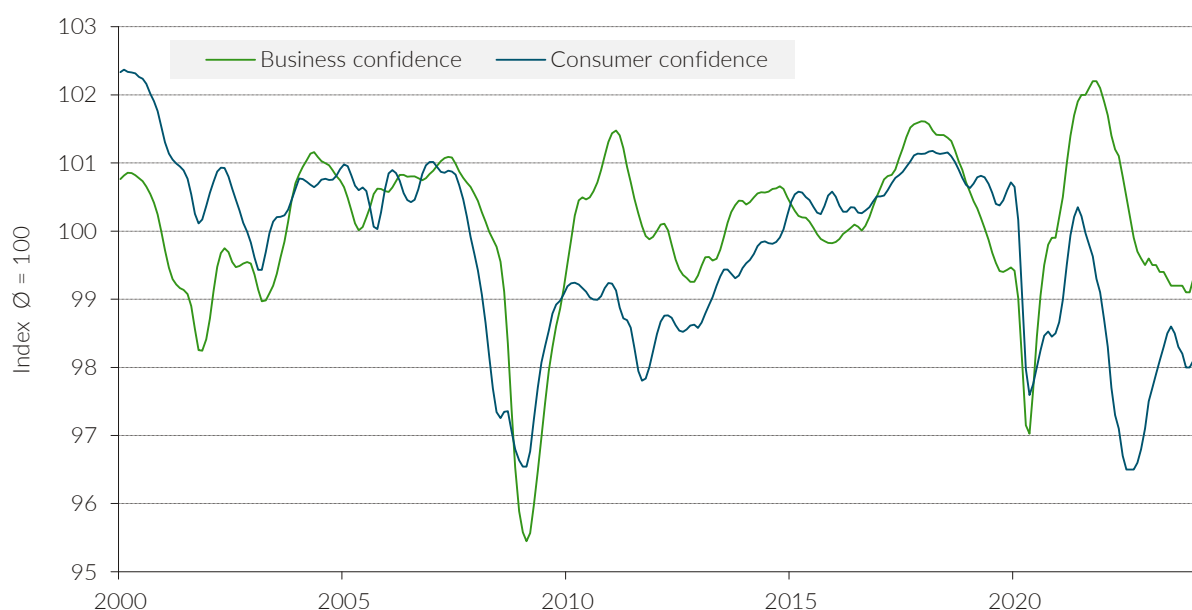
Global growth conditions continue to improve gradually with continued US outperformance versus the rest of the world, most notably Europe. The process of disinflation has become less even, with more progress in Europe and setbacks in the US. Soft-landing (moderate growth and lower inflation) remains the favored scenario of the market for the US as well as most of the rest of the world. How-

ever, 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. In our view, most easing is likely to occur in Europe led by the ECB, while the Fed will ease less than expected and the BoJ will move interest rates gradually higher (see also pages 1 & 2).

	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	2.7	n.a.	n.a.	4.5	3.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.7	1.5	n.a.	n.a.	4.7	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.5	2.5	3.6	4.0	4.1	3.0	-3.0	-3.0	-6.0	-6.0	123	127
Canada	1.1	1.0	5.5	5.5	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	7.5	7.0	2.5	5.0	5.0	-0.5	-0.5	32	32
Switzerland	0.7	1.5	2.0	2.0	1.9	1.5	8.0	8.0	0.5	0.5	38	37
UK	0.1	0.5	4.0	4.0	7.3	2.0	-4.0	-4.0	-4.5	-4.0	104	106
Japan	1.9	1.0	2.6	2.5	3.3	3.0	3.0	3.0	-7.0	-7.0	255	255
Australia	2.0	2.0	3.7	4.0	5.6	3.5	1.5	2.0	-0.5	-0.5	52	55
Emerging	4.1	4.0	n.a.	n.a.	4.1	3.8	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	7.5	6.5	n.a.	n.a.	5.6	5.0	-2.0	-2.0	-9.0	-9.0	82	82
Russia	3.6	2.5	3.2	3.5	5.9	7.0	3.5	3.5	-3.5	-3.0	22	22
Brazil	2.9	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

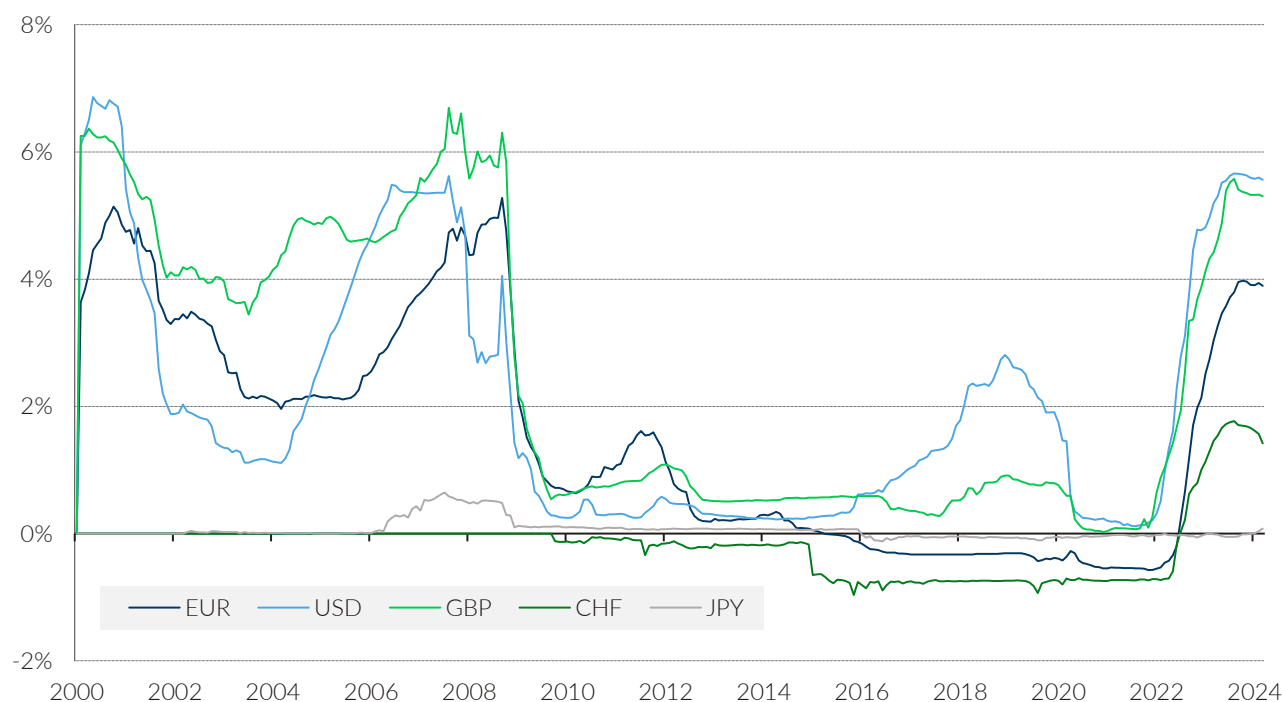
Interest Rates

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	5.32%	5.34%	5.31%	4.91%	2.90%	4.12%	4.13%	3.75%	3.54%	2.59%
EUR	3.89%	3.94%	3.91%	3.02%	1.43%	2.58%	2.73%	2.49%	2.99%	1.89%
JPY	0.08%	0.04%	-0.01%	-0.01%	-0.02%	0.84%	0.87%	0.85%	0.57%	0.47%
GBP	5.18%	5.21%	5.21%	4.29%	2.66%	3.66%	3.85%	3.29%	3.44%	2.64%
CHF	1.42%	1.58%	1.66%	1.43%	0.44%	1.15%	1.21%	1.17%	1.94%	1.11%
AUD	4.32%	4.32%	4.34%	3.64%	2.22%	4.22%	4.39%	4.18%	3.96%	3.44%
CAD	4.98%	4.99%	5.01%	4.47%	2.82%	3.81%	3.82%	3.41%	3.35%	3.12%
SEK	3.92%	3.97%	3.99%	3.28%	1.85%	2.65%	2.79%	2.36%	2.82%	2.19%
RUB	15.35%	15.70%	15.70%	7.60%	9.87%	9.62%	9.62%	9.75%	8.88%	8.78%
BRL	9.16%	9.36%	9.78%	12.43%	10.15%	10.82%	10.57%	10.18%	12.86%	11.34%
CNY	2.03%	1.99%	2.03%	2.34%	2.12%	2.18%	2.20%	2.37%	2.94%	2.65%
TRY	54.25%	48.10%	45.15%	13.10%	0.00%	38.04%	38.04%	38.04%	38.04%	22.93%
INR	6.72%	6.78%	6.79%	6.77%	5.39%	6.40%	6.42%	6.23%	6.37%	6.36%

Source: QCAM Currency Asset Management, as of April 2nd, 2024

3-month Rates



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

FX Markets

FX Performance vs. PPP

The USD DXY rose nearly 1% over the last months. The AUD and the CAD held up well with the USD while the SEK and the NOK underperformed the most. cspeculative positions moved from neutral to slightly long USD with the GBP looking most overbought and the JPY most oversold. Short-term interest rates were mostly stable yet forwards paired back more 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 inched lower and on balance have fallen below historical levels with the notable exception of the JPY. 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

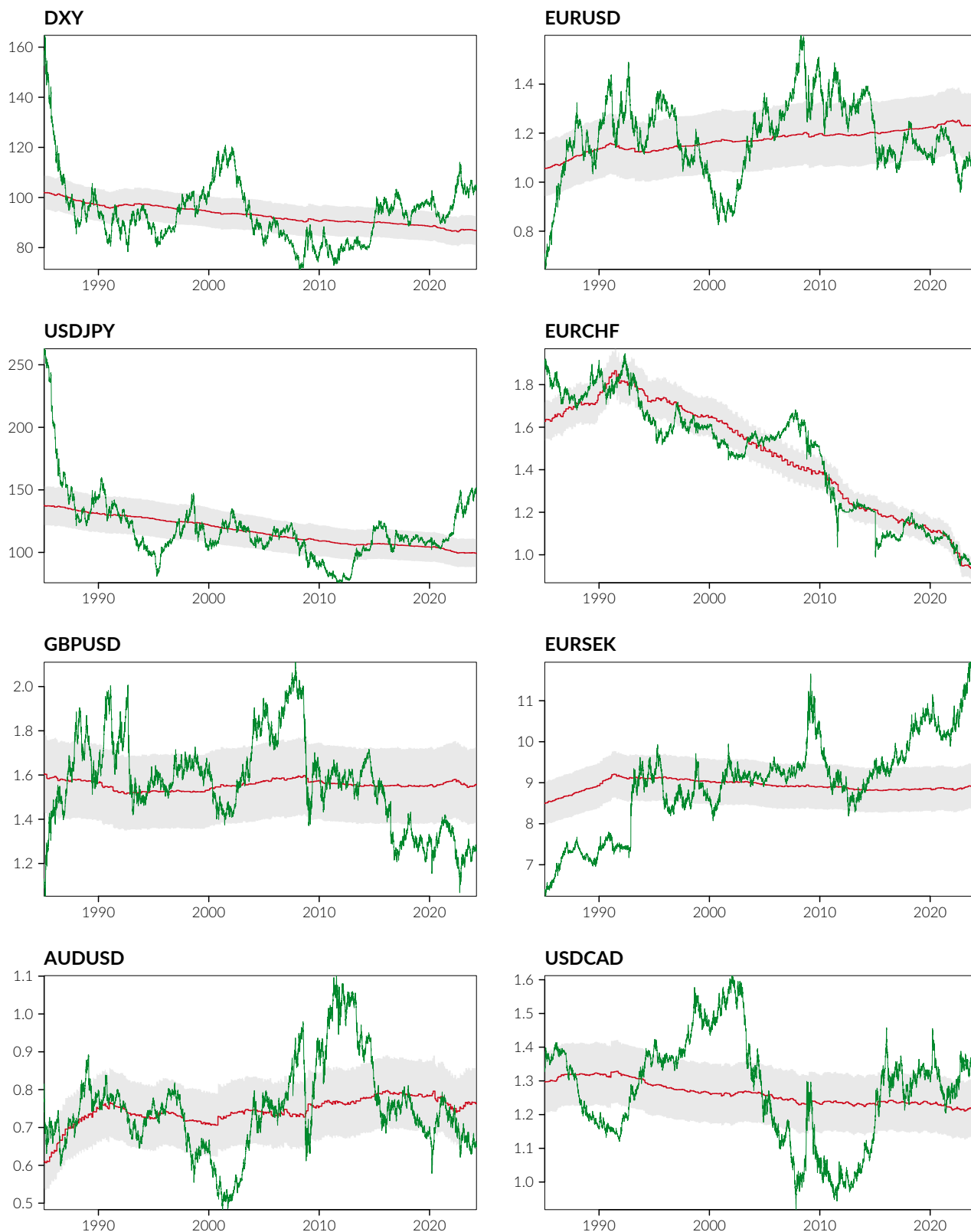
	Current Exchange Rate	Performance ¹				Purchasing Power Parity ²		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation ³
EURUSD	1.077	-2.68%	-0.65%	-0.93%	-3.83%	1.24	1.10 - 1.37	-13%
USDJPY	151.600	7.64%	0.97%	14.18%	36.15%	99.32	88.07 - 110.58	53%
GBPUSD	1.257	-1.50%	-0.66%	1.81%	-3.86%	1.56	1.39 - 1.73	-19%
EURCHF	0.977	5.20%	1.96%	-1.66%	-12.61%	0.92	0.87 - 0.97	6%
USDCHF	0.907	8.09%	2.61%	-0.73%	-9.13%	0.80	0.71 - 0.88	13%
GBPCHF	1.140	6.47%	1.93%	1.04%	-12.63%	1.06	0.96 - 1.15	8%
CHFJPY	167.116	-0.44%	-1.61%	15.04%	49.81%	96.11	85.08 - 107.14	74%
AUDUSD	0.651	-4.74%	-0.29%	-2.81%	-7.79%	0.76	0.67 - 0.85	-14%
USDCAD	1.357	2.76%	0.13%	0.36%	1.59%	1.21	1.12 - 1.29	12%
USDSEK	10.726	6.86%	3.94%	3.64%	14.97%	8.21	7.27 - 9.14	31%
EURSEK	11.550	4.00%	3.27%	2.69%	10.57%	8.91	8.37 - 9.46	30%
USDRUB	92.444	3.30%	0.77%	19.09%	41.35%	65.81	48.10 - 83.51	40%
USDBRL	5.053	4.14%	2.08%	-0.25%	30.76%	3.79	2.28 - 5.30	33%
USDCNH	7.256	1.89%	0.64%	5.66%	7.82%	7.16	6.56 - 7.75	1%
USDTRY	32.058	8.49%	2.23%	67.08%	467.31%	15.79	12.37 - 19.21	103%
USDINR	83.351	0.15%	0.60%	1.49%	20.94%	82.05	75.38 - 88.71	2%
US_Dollar_Inc	104.753	3.38%	0.86%	2.19%	7.59%	86.77	81.01 - 92.53	21%

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.

Purchasing Power Parity



Source: QCAM Currency Asset Management, as of April 2nd, 2024

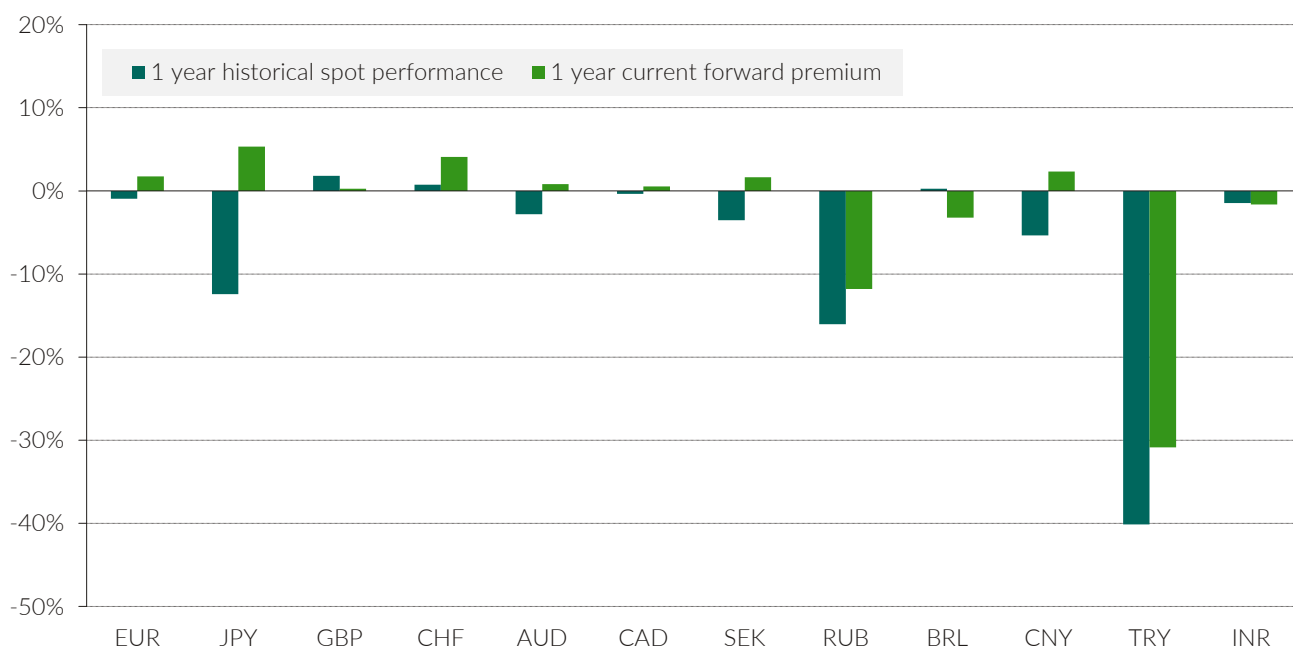
— PPP — Spot — Neutral Range

FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.079	1.0802	1.0829	1.0972	1.45%	1.48%	1.67%
USDJPY	151.320	150.6291	149.2427	143.7056	-5.48%	-5.43%	-4.96%
GBPUSD	1.262	1.2622	1.2626	1.2653	0.19%	0.19%	0.26%
EURCHF	0.973	0.9712	0.9671	0.9511	-2.54%	-2.51%	-2.25%
USDCHF	0.902	0.8991	0.8930	0.8668	-3.98%	-3.97%	-3.86%
GBPCHF	1.139	1.1349	1.1276	1.0968	-3.79%	-3.78%	-3.61%
CHFJPY	167.707	167.4698	167.0833	165.7537	-1.50%	-1.47%	-1.15%
AUDUSD	0.652	0.6527	0.6537	0.6574	1.03%	1.00%	0.80%
USDCAD	1.354	1.3536	1.3524	1.3471	-0.52%	-0.51%	-0.52%
USDSEK	10.684	10.6715	10.6441	10.5142	-1.44%	-1.49%	-1.57%
EURSEK	11.527	11.5269	11.5264	11.5352	0.00%	-0.02%	0.07%
USDRUB	92.462	93.3645	95.3949	104.9130	11.34%	12.55%	13.28%
USDBRL	5.015	5.0305	5.0585	5.1843	3.64%	3.41%	3.32%
USDCNH	7.257	7.2500	7.2268	7.0965	-1.09%	-1.66%	-2.18%
USDTRY	32.381	33.5872	35.9925	47.8110	43.26%	44.12%	46.87%
USDINR	83.357	83.4237	83.6070	84.7417	0.96%	1.19%	1.64%

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



Source: QCAM Currency Asset Management, as of April 2nd, 2024

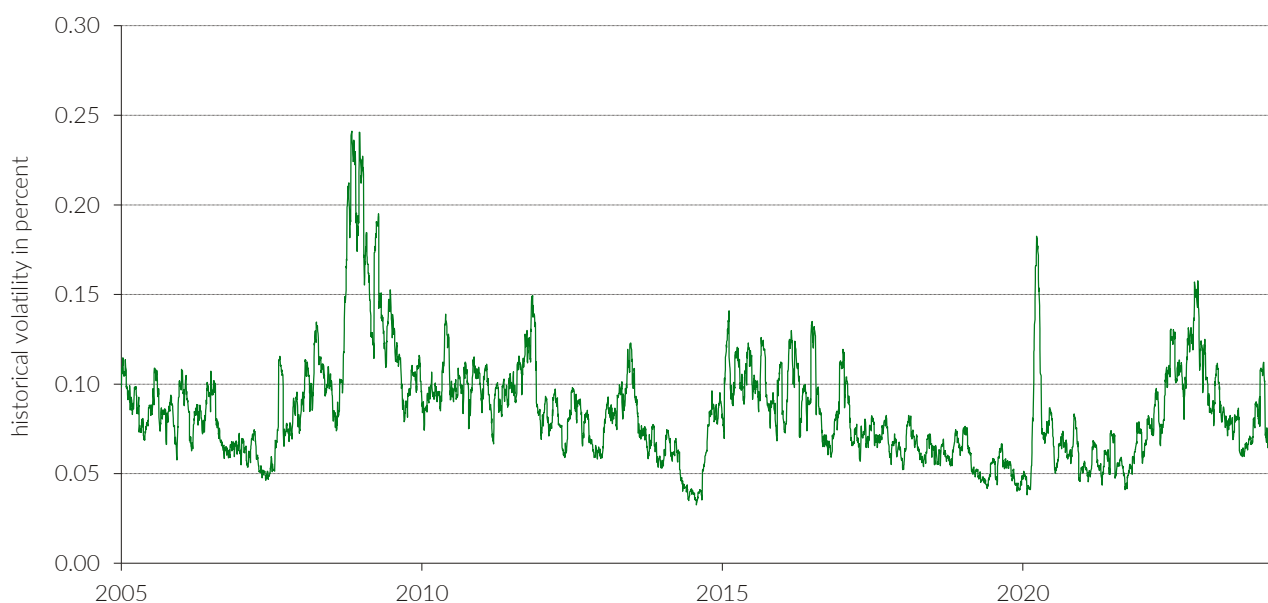
FX Volatility

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	1.077	5.18%	7.32%	9.04%	7.11%	5.60%	5.75%	8.05%	6.90%
USDJPY	151.600	8.07%	11.87%	12.71%	8.28%	8.13%	7.90%	12.13%	8.25%
GBPUSD	1.257	5.52%	7.68%	10.50%	9.06%	6.40%	6.13%	9.23%	8.80%
EURCHF	0.977	4.64%	4.80%	6.21%	4.73%	4.93%	4.80%	6.40%	5.31%
USDCHF	0.907	6.53%	8.03%	10.00%	7.39%	6.48%	6.50%	8.07%	6.94%
GBPCHF	1.140	4.44%	5.28%	7.38%	7.79%	5.68%	5.50%	7.45%	7.98%
CHFJPY	167.116	6.81%	9.60%	12.45%	7.44%	7.79%	7.40%	11.38%	7.73%
AUDUSD	0.651	7.23%	8.92%	12.89%	10.29%	8.15%	8.07%	11.53%	10.02%
USDCAD	1.357	4.40%	5.20%	6.93%	6.70%	4.90%	5.10%	7.05%	6.59%
USDSEK	10.726	8.91%	10.79%	13.91%	10.34%	9.35%	9.20%	12.48%	10.07%
EURSEK	11.550	5.16%	5.48%	8.79%	6.15%	5.98%	5.88%	8.13%	6.44%
USDRUB	92.444	11.98%	14.32%	16.37%	20.18%	24.80%	25.85%	31.95%	23.70%
USDBRL	5.053	7.99%	9.96%	14.24%	15.02%	10.15%	10.00%	16.95%	16.43%
USDCNH	7.256	3.07%	3.76%	7.03%	4.82%	3.98%	3.55%	6.43%	5.37%
USDTRY	32.058	4.50%	2.70%	0.93%	14.43%	13.68%	9.68%	38.50%	20.97%
USDINR	83.351	1.66%	1.46%	4.59%	4.76%	2.88%	2.42%	5.40%	5.64%

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

QCAM Volatility Indicator³



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 April 2nd, 2024

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 – April 2024

The overall USD position has shifted from neutral to modestly long. On the discretionary Macro side, we went long the USD versus the EUR and we shifted long the CHF versus the EUR. Business Sentiment went short EURUSD, neutral USDCHF and short EURSEK. On balance, Business Sentiment is long USD. Technical went neutral EURUSD, long USDJPY and short USDCHF. Overall, most positions are long USD with the exception of short USDCHF. The largest USD long positions are versus the JPY and the CAD. The EUR is short versus the CHF and the SEK.

Overview¹

	Macro	Business Sentiment	Technical	Comment
EURUSD	–	–	0	Discretionary Macro and Business Sentiment shifted to short EUR and Technical moved to neutral.
USDJPY	–/+	++	++	Technical moved to short JPY increasing the overall short JPY position.
EURCHF	–	–	–	Discretionary Macro went short EURCHF, Business Sentiment went neutral USDCHF and Technical went short USDCHF, leaving the balance of all CHF positions modestly long versus both EUR and USD.
USDCHF	0	0	–	
GBPUSD	0	0	+	All positions were unchanged, leaving a small overall long GBP position.
EURSEK	0/0	--	--	Business Sentiment went long SEK, all other positions were unchanged, leaving an overall long SEK position.
USDCAD	0/–	++	++	All positions were unchanged leaving the overall position short CAD.

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

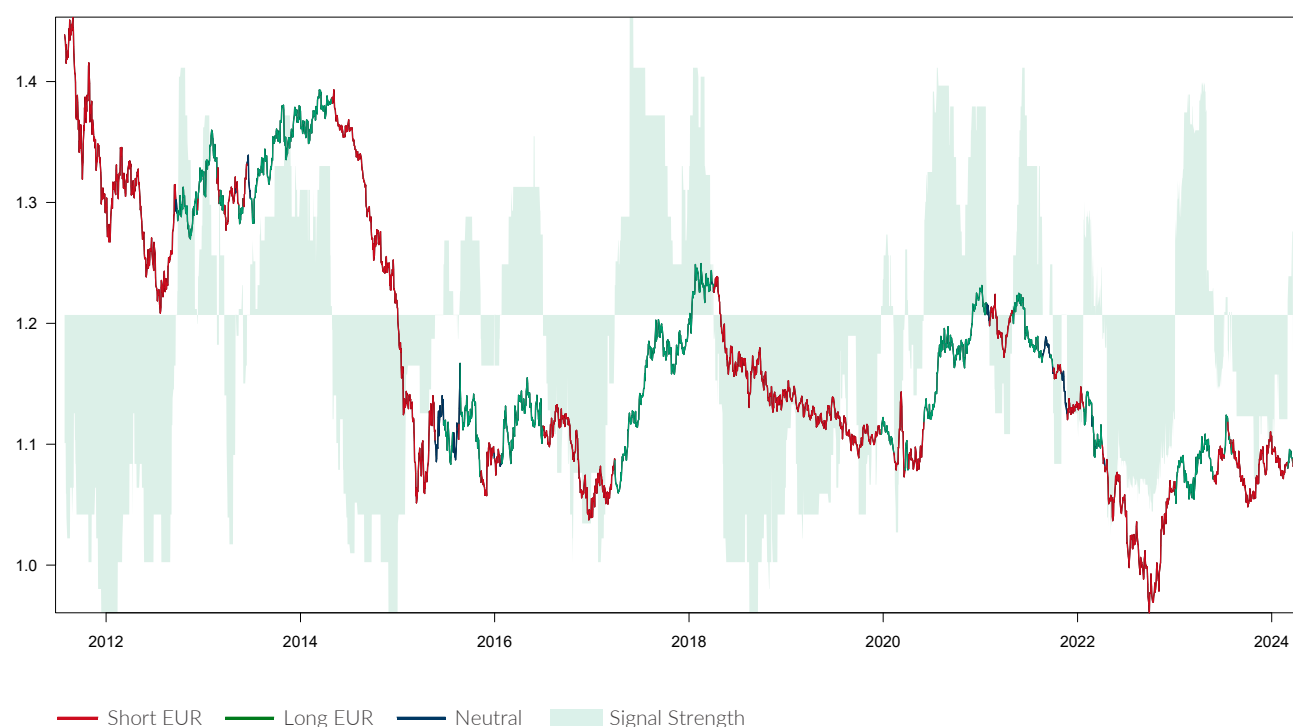
EURUSD

We shifted our discretionary Macro position to short EUR. We expect the ECB to cut interest rates earlier and more than the Fed, given better inflation performance and weaker growth. On the other hand, the EUR benefits from the emerging global recovery

and improving risk sentiment as well as a stable current account surplus. Business Sentiment went short EUR, while Technical is close to neutral, resulting in a moderate overall short EUR position.

	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	-	Expectations that the ECB will cut earlier and more than the Fed are rising
	Oil prices	0	Oil price expected to stay in volatile range
Sentiment	Business Sentiment	-	The momentum in Euro-area surveys has declined versus US surveys
	Risk Sentiment	0	Risk aversion is low but outlook remains uncertain
Technical	Price Action	0/-	Technical is close neutral
	Spec Positions	0	Net EUR position is close to neutral
	PPP Valuation	+	EUR undervaluation is around 13%

EURUSD and QCAM Strategic Positioning



USDJPY

We keep the long JPY Macro position. Economic momentum has slowed but remains solid, while inflation pressures are not abating. The BoJ's first rate cut has disappointed market expectations, but we believe that the BoJ will deliver more rate hikes in an environment

when most other central banks will cut rates. We think the upside potential justifies patience. Business Sentiment stayed short JPY and Technical went short as well, increasing the overall short JPY strategy position.

	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 and less
Sentiment	Business Sentiment	--	Momentum of Japanese Business Sentiment stayed behind that of US surveys
	Risk Sentiment	0	Safe-haven character has been reduced
Technical	Price Action	-	Technical went short JPY
	Spec Positions	0/+	Net short JPY position increased towards reversal area
	PPP Valuation	+	The JPY is currently about 53% undervalued

USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

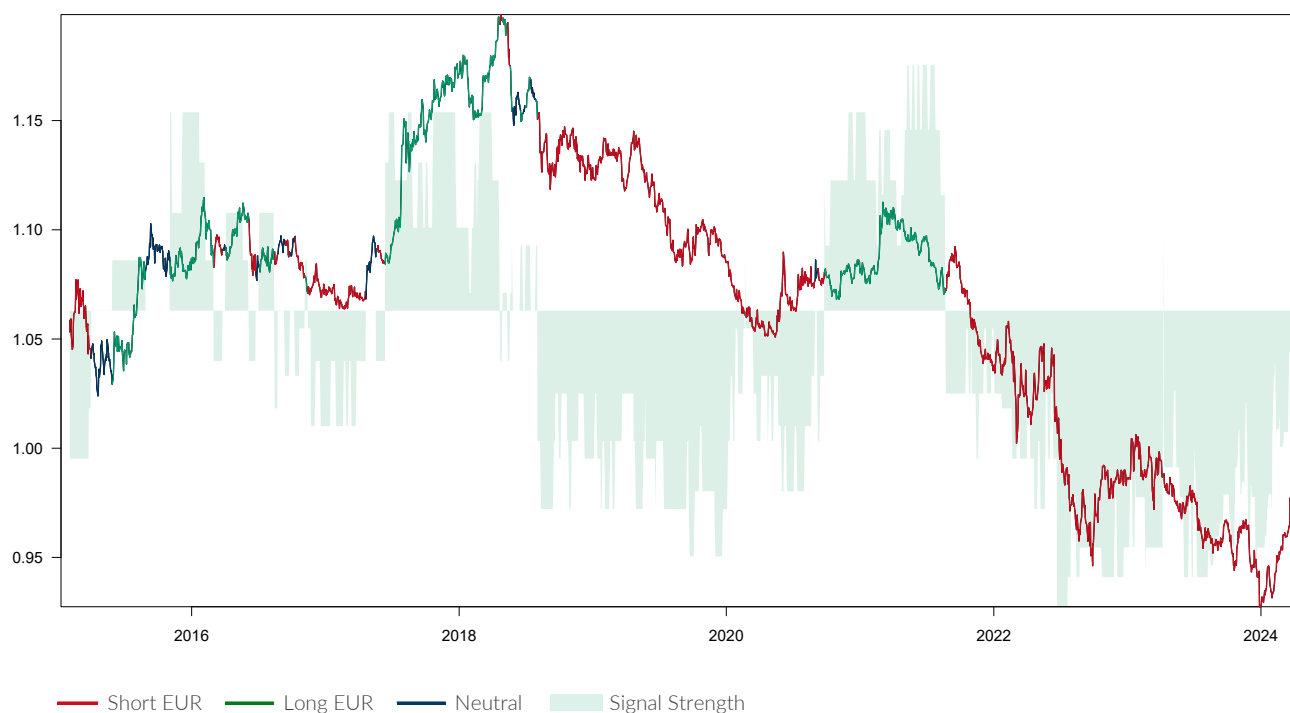
EURCHF

We shifted our discretionary Macro position to short EURCHF. The Swiss economy has slowed but remains fundamentally sound. The SNB rate cut has been a surprise, but we expect not much more easing from the SNB given the decline of the CHF since the start

of the year, while we think the ECB will lower interest rates more aggressively. Business Sentiment and Technical are also long CHF, leaving the balance of all strategy positions short EURCHF.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/+	SNB likely to keep rates steady after the early cut
	SNB Policy Intervention	0	The SNB remains inactive in FX markets
Sentiment	Business Sentiment	+	The Swiss economy has moved slightly ahead of 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 slightly short CHF
	PPP Valuation	0	CHF is close to fair-value versus the EUR

EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

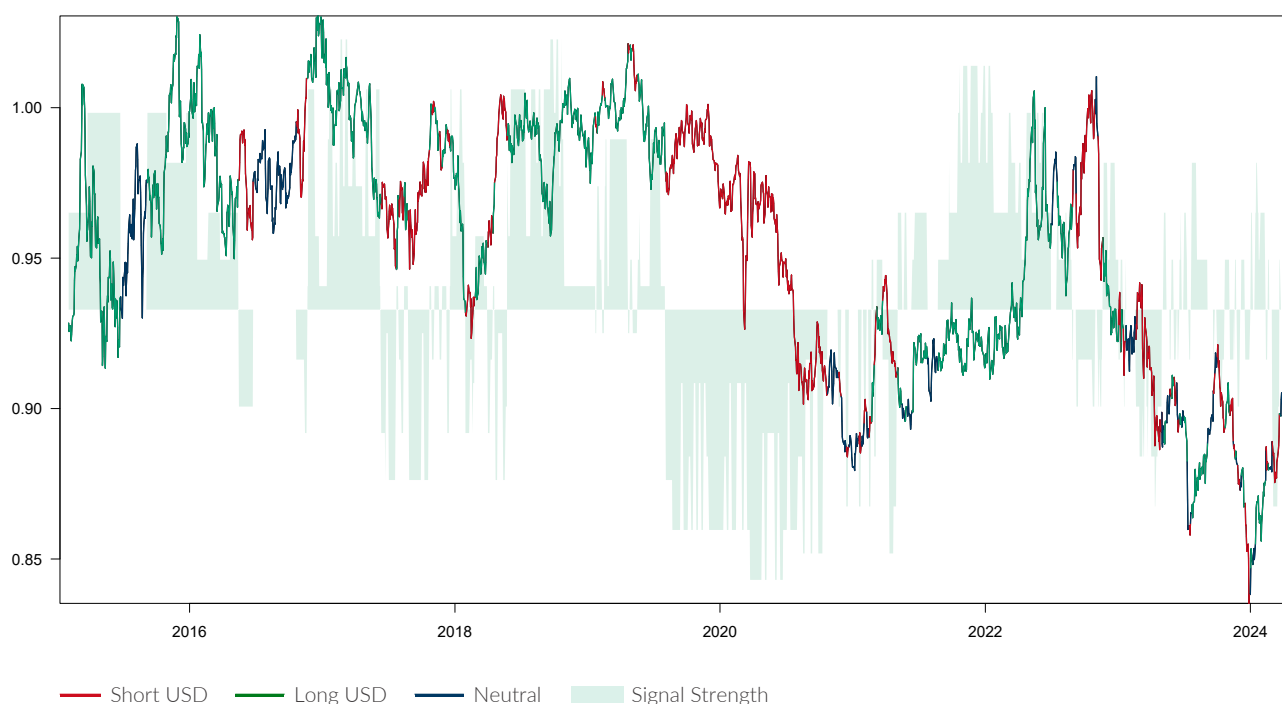
USDCHF

Our Macro positions in EURCHF (short) and EURUSD (short) imply neutral USDCHF. The Swiss economy has slowed but remains fundamentally sound. The SNB-Fed rate projection is less favorable for the CHF than the SNB-ECB rate projection, but we still think that the differential will narrow, plus the safe-haven feature

should give the CHF some support versus the USD. Business Sentiment is neutral and Technical is long CHF, leaving the balance of all strategy positions modestly short USDCHF.

	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
Sentiment	Business Sentiment	0	Momentum of Swiss surveys is at par with US surveys
	Risk Sentiment	0	The CHF has not suffered from recent decline in risk aversion
Technical	Price Action	+	Technical has turned long CHF
	Spec Positions	0	Net position is slightly short CHF
	PPP Valuation	+	CHF is about 13% undervalued versus USD

USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

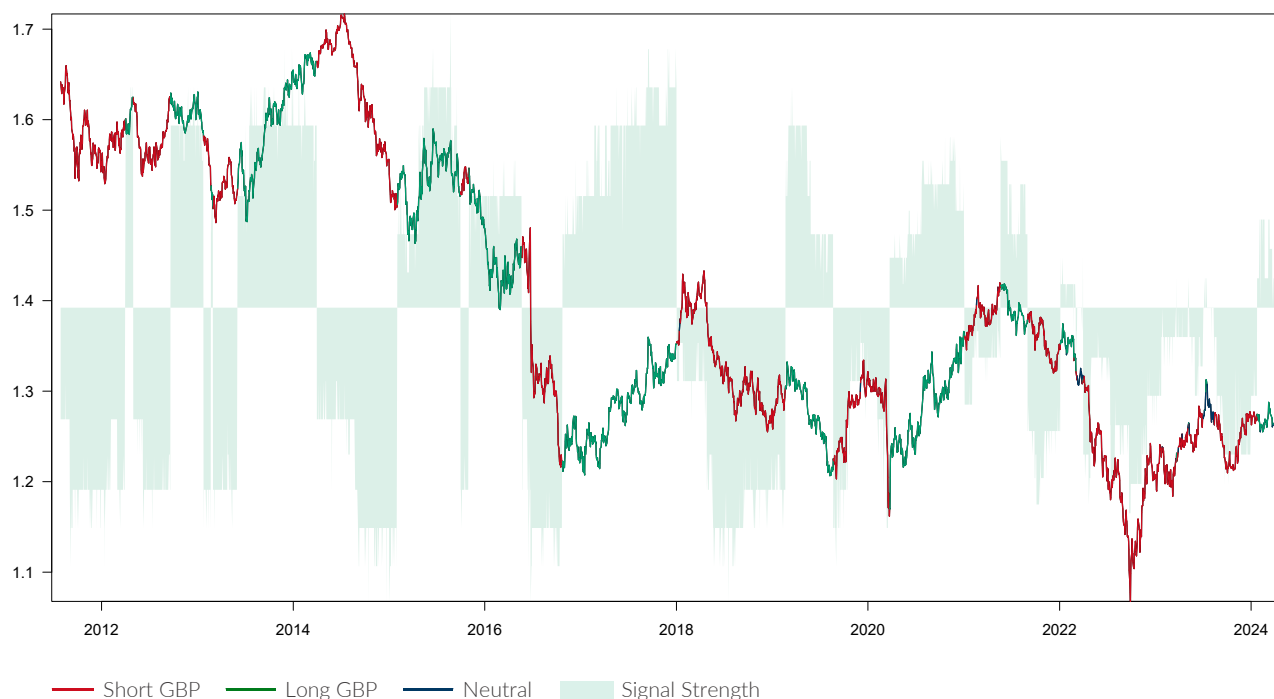
GBPUSD

We remain fundamentally bearish on the GBP given the negative Brexit fallout and the stalling economy. Disinflation progress has been encouraging, however, opening a window for the BoE to start cutting interest rates (possibly earlier and more than the Fed). We maintain our neutral Macro position

primarily given the GBP's high affinity to rally in risk-on market conditions, which have prevailed despite the market pairing back Fed rate cut expectations. Business Sentiment is neutral GBP and Technical stayed long GBP. The overall strategy position is slightly long 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 rates are slightly below US rates and we expect more rate cuts from the BoE than from the Fed
	Oil Price	0	Oil price expected to stay in volatile range
Sentiment	Business Sentiment	0	Momentum in UK surveys is at par versus US surveys
	Risk Sentiment	0	Global risk-on sentiment offsets domestic risks
Technical	Price Action	+	Technical is long GBP
	Spec Positions	-	Net position is long GBP approaching possible reversal 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 long SEK and

Technical stayed long SEK, pushing the balance of all strategy positions to long SEK.

	FX Factors	SEK Impact	Comment
Macro	Current Account Balances	+	Sweden's surplus has rebounded to levels above those before the Ukraine war
	Interest Rate Differentials	0	The Macro interest rate model is neutral SEK
Sentiment	Business Sentiment	+	Surveys went long SEK
	Risk Sentiment	-	Concerns over the property slump remain significant
Technical	Price Action	+	Technical stayed long SEK
	PPP Valuation	+	The SEK is roughly 30% undervalued versus the EUR

EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

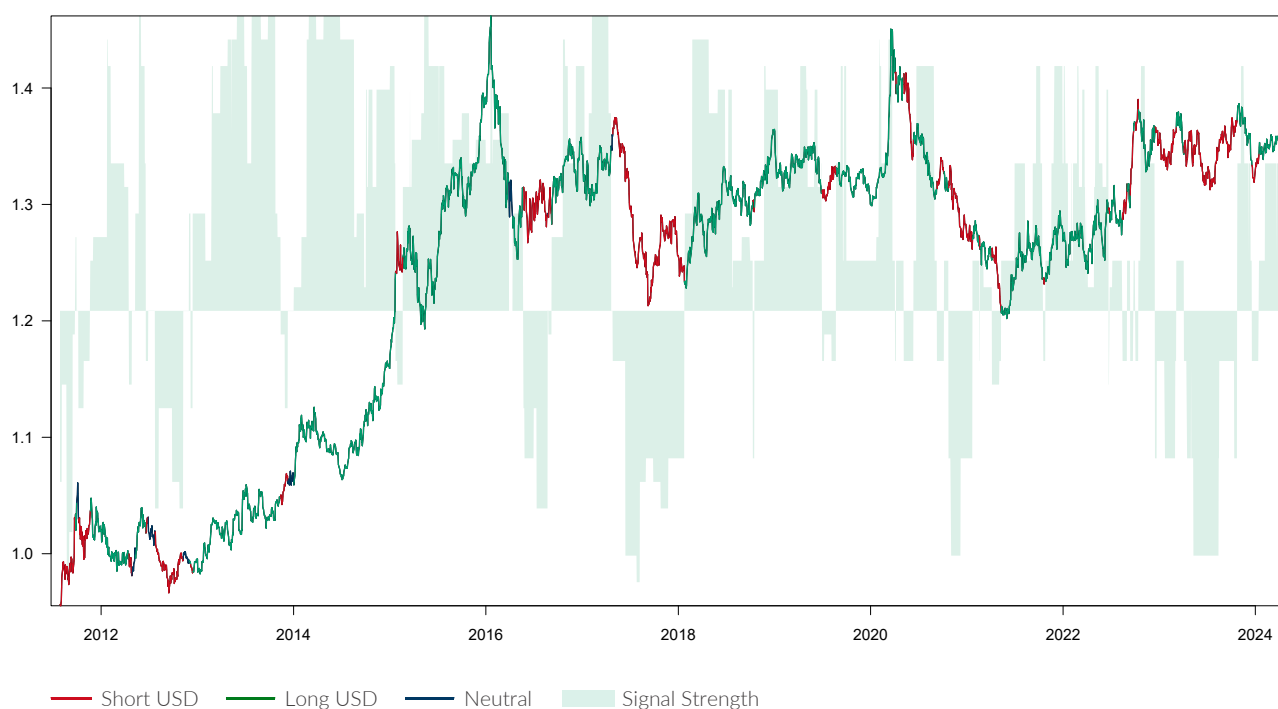
USDCAD

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 we think the BoC will move in tandem with

the Fed. Our discretionary Macro position stays neutral but the Macro oil price model is long CAD while Business Sentiment is short and Technical stayed short CAD, leaving the overall short CAD position unchanged.

	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	-	Technical stayed short CAD
	Spec Positions	0	Net position went short, but not extreme
	PPP Valuation	0	CAD is about 12% undervalued versus the USD

USDCAD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

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



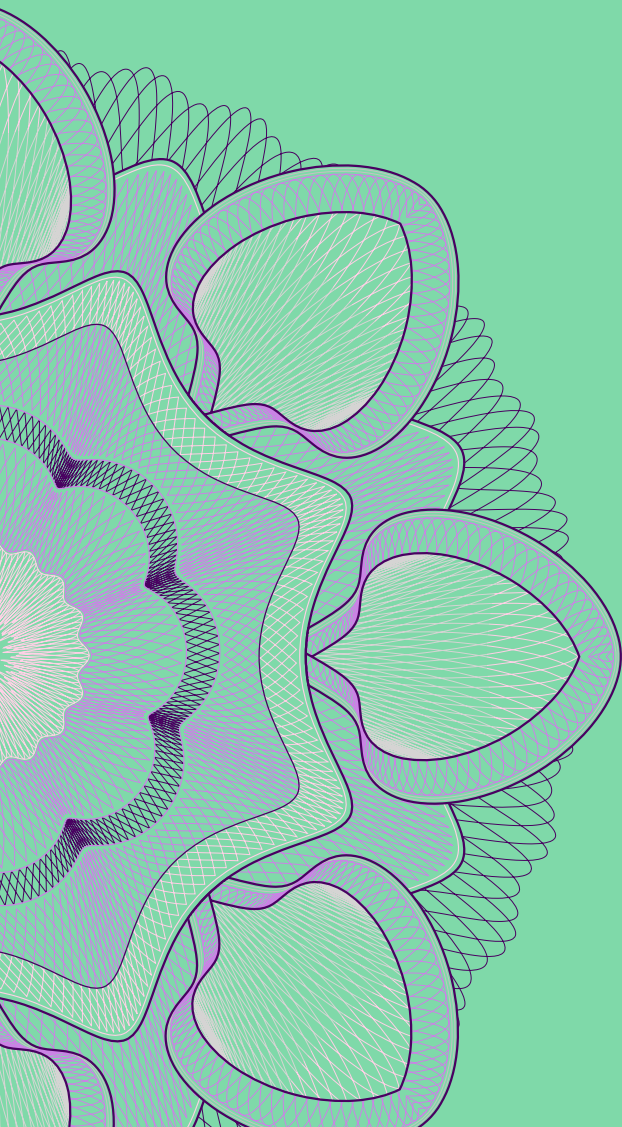
Jürgen Büscher
Currency Overlay
juergen.buescher@q-cam.com



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 AG

Guthirtstrasse 4
6300 Zug
Switzerland

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