

February 2025

# QCAM MONTHLY

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## Disruption Risk and Opportunity

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# QCAM Insight

# Disruption Risk and Opportunity

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**January has delivered the volatility that was widely anticipated but not only from the expected sources. USD fundamentals remain strong relative to other major currencies but equity markets suggest that the support from US exceptionalism could fade, at least temporarily. As a result, we have squared our long USD Macro positions but remain long JPY expecting more policy normalization from the BoJ.**

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The USD DXY moved sideways in January, but with significant swings in both directions and mixed individual currency moves. The JPY performed best as the BoJ reconfirmed its commitment to normalize monetary policy, while the GBP was the biggest loser following signs that the economic recovery is crumbling. The widely anticipated source of volatility over the last few weeks was the barrage of US trade policy announcements. The biggest surprise, however, was the release of Deepseek's latest AI model, which challenges the supremacy of US AI and chip providers.

As outlined in the last FX Monthly, we believe that the base case remains USD supportive. First, the US economy continues to outperform all major economies. Second, the thrust of Trump's policy agenda has the potential to strengthen growth further through deregulation and tax cuts but is also likely to increase inflationary pressures. Third and as a result, the Fed is expected to lower interest rates less than any other major central bank except for the BoJ. Fourth, the USD remains the dominant safe-haven currency. However, US exceptionalism and USD supremacy are at

risk if the implementation of Trump's policy agenda is on balance more disruptive than beneficial and/or the US high-tech boom stumbles.

## **Taking stock of the Trump policy rollout**

True to his character, Trump has not failed to surprise and shock since his inauguration. Yet, the policy rollout has so far followed the anticipated pattern of multiple overlapping executive orders and legislative initiatives with rolling announcements and deadlines. It is too early to judge the overall impact of the policy rollout on businesses and the economy but there are some developments that could ultimately be more disruptive than beneficial.

- The delay of tariffs on Mexico and Canada is viewed as a relief and the pledges by Mexico and Canada to tighten border controls may lead to a first deal. However, the issue is not just border security. In particular Mexico is likely to face a second tariff attack as Trump tries to push more business operations into the US and to collect the much promised import tax revenues. Moreover, the negative supply effects for businesses from an escalated trade conflict with Mexico could get compounded if the immigration crackdown simultaneously drains the labor supply. The labor and supply-chain links are less entrenched with China and Europe, but both economies are much larger and a prolonged trade conflict risks broader growth inefficiencies and inflation pressures.
- The assault on regulation and bureaucracy is supposed to unshackle the economy but the risk is

that the indiscriminate approach destroys the framework of rules and institutions that safeguards orderly business operations and prudential standards.

- There have been no new developments on the tax side since Trump's inauguration. Based on current plans, the latest estimates by the Committee for a Responsible Federal Budget suggest that potential revenues from tariffs will cover at best a quarter of the revenue-shortfall from tax cuts and nearly double the debt growth. The risk is that this leads to a situation in which real interest rates exceed real growth, which would be bad news for government debt sustainability as well as the financial health of businesses and private households.

### Watch the equity markets

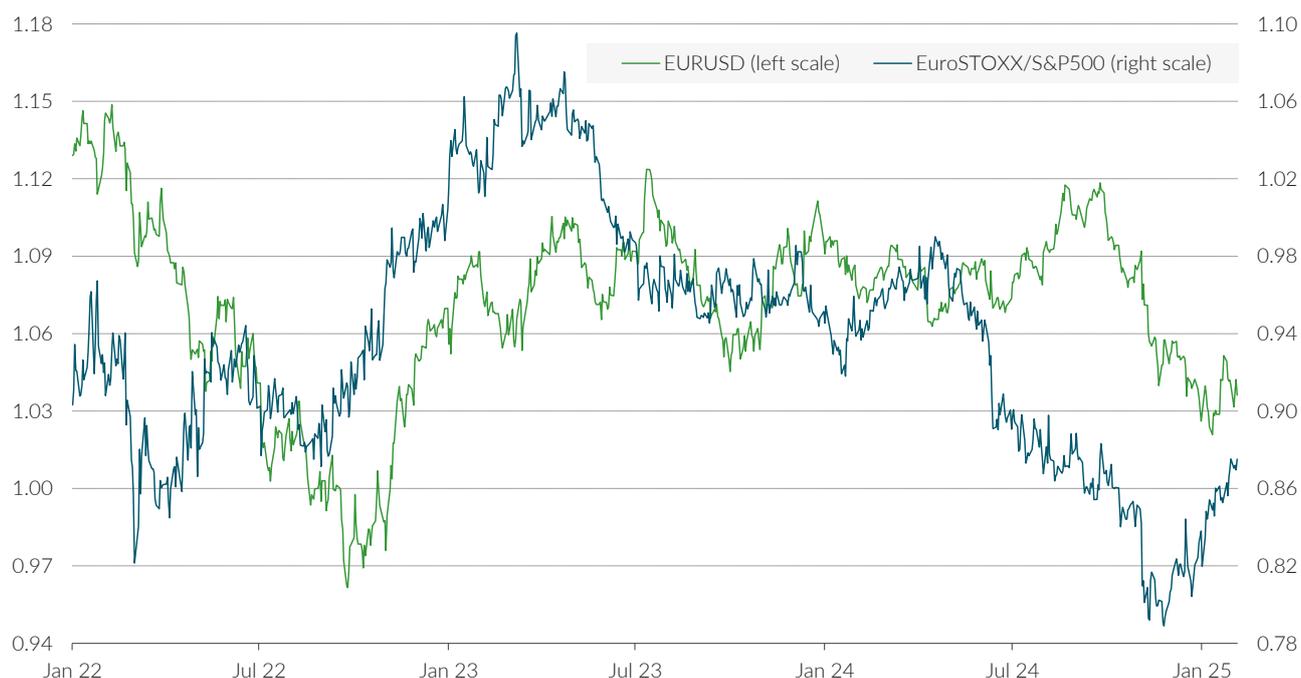
We have not become AI experts overnight. Yet, we believe that the US is likely to profit the most if the general benefits of the AI race in form of new products and productivity gains offset potential losses for some software and equipment providers. However, the AI boom could also go bust if the AI race leads to overinvestment and insufficient payoffs. The fallout would

be particularly bad for the US if in addition the roll-out of Trump's policy agenda is on balance disruptive for the economy.

There are several channels through which the impact of the US policy rollout and AI developments could affect FX markets. In our view, a key channel is relative equity market performance and equity flows. Equity outperformance, both in terms of price gains as well as capital inflows, has been a key feature of US exceptionalism and USD supremacy. Yet, high valuations and crammed long positions in both US equities and the USD create vulnerabilities. Deepseek's new product launch in January may have been an isolated shock but it could also be the start of a new trend for the relative equity performance.

Indeed, US equities have underperformed Euro-area equities since last December (see chart), which probably helped ending the USD's rally in January despite the generally USD bullish sentiment. It is not clear to us whether the change in relative equity performance will persist but it is reason enough to square our long USD Macro positions at least temporarily.

### EURUSD and relative equity market performance



Source: St. Louis Fed; S&PGlobal, STOXX and QCAM Currency Asset Management

# Economy & Interest Rates

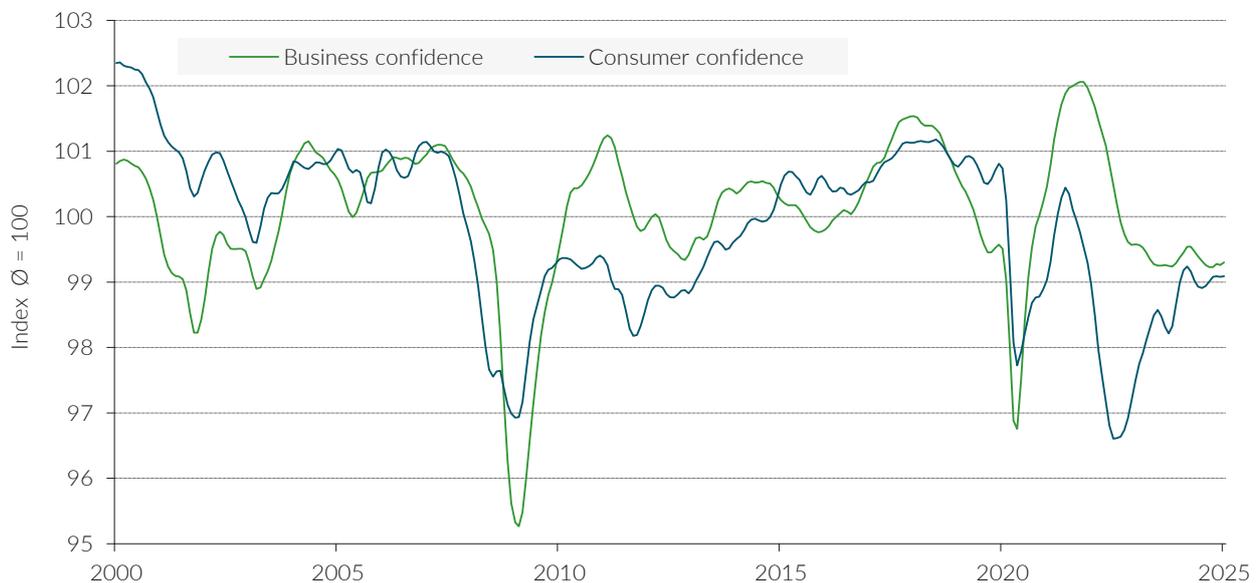
Global business and consumer sentiment has remained stable despite increased policy uncertainty following the inauguration of US President Trump. Overall, we expect global growth this year to roughly match last year's performance, but with increased uncertainty and some relative changes. Growth in the US is likely to moderate a bit, while most other developed countries will probably see a small pick-up in growth. However, US outperformance is ex-

pected to continue. Growth in emerging markets will probably moderate as well with China struggling to boost its economy. Disinflation is expected to continue, paving the way for an overall soft-landing scenario, but with some differences, which will also determine the direction of monetary policy. We expect less easing from the Fed, more easing from the ECB and a continuation of policy normalization from the BoJ.

	Real GDP growth <sup>1</sup>		Unemployment rate <sup>1</sup>		Inflation rate <sup>1</sup>		Current account <sup>2</sup>		Fiscal balance <sup>2</sup>		Public debt <sup>2</sup>	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Global	3.2	3.2	n.a.	n.a.	3.2	2.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.7	1.8	n.a.	n.a.	2.7	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.8	2.5	4.0	4.2	3.0	2.6	-3.3	-3.5	-7.6	-7.5	121	124
Canada	1.3	2.0	6.2	6.0	2.4	2.0	-1.0	-1.0	-2.0	-1.0	106	103
Euro-area	0.8	1.0	6.5	6.5	2.4	2.0	2.6	2.5	-3.1	-3.1	88	88
Sweden	1.0	2.0	8.5	8.0	2.2	2.0	6.5	6.0	-1.1	-0.5	36	35
Switzerland	1.3	1.3	2.4	2.4	1.3	1.0	8.2	8.0	0.6	0.5	32	31
UK	0.9	1.0	4.2	4.2	2.5	2.7	-2.8	-3.0	-4.3	-4.5	102	104
Japan	-0.2	1.5	2.5	2.5	2.7	2.7	3.8	3.5	-6.1	-6.0	251	252
Australia	1.2	2.0	4.1	4.0	3.2	2.5	-0.9	-1.0	-1.7	-2.0	49	50
Emerging	4.2	4.0	n.a.	n.a.	4.0	3.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	4.8	4.5	5.1	5.5	0.2	0.5	1.4	1.5	-7.4	-7.5	90	94
India	6.5	6.5	n.a.	n.a.	5.0	4.5	-1.1	-1.5	-7.8	-7.5	90	94
Russia	3.8	1.5	2.6	3.0	8.4	8.0	2.7	2.5	-2.0	-2.0	20	20
Brazil	3.7	2.0	7.2	7.0	4.4	5.0	-1.7	-2.0	-6.9	-7.0	88	92

Source: OECD, IMF World Economic Outlook and QCAM estimates <sup>1</sup> In percent annual average <sup>2</sup> In percent of GDP

## OECD business and consumer confidence\*



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

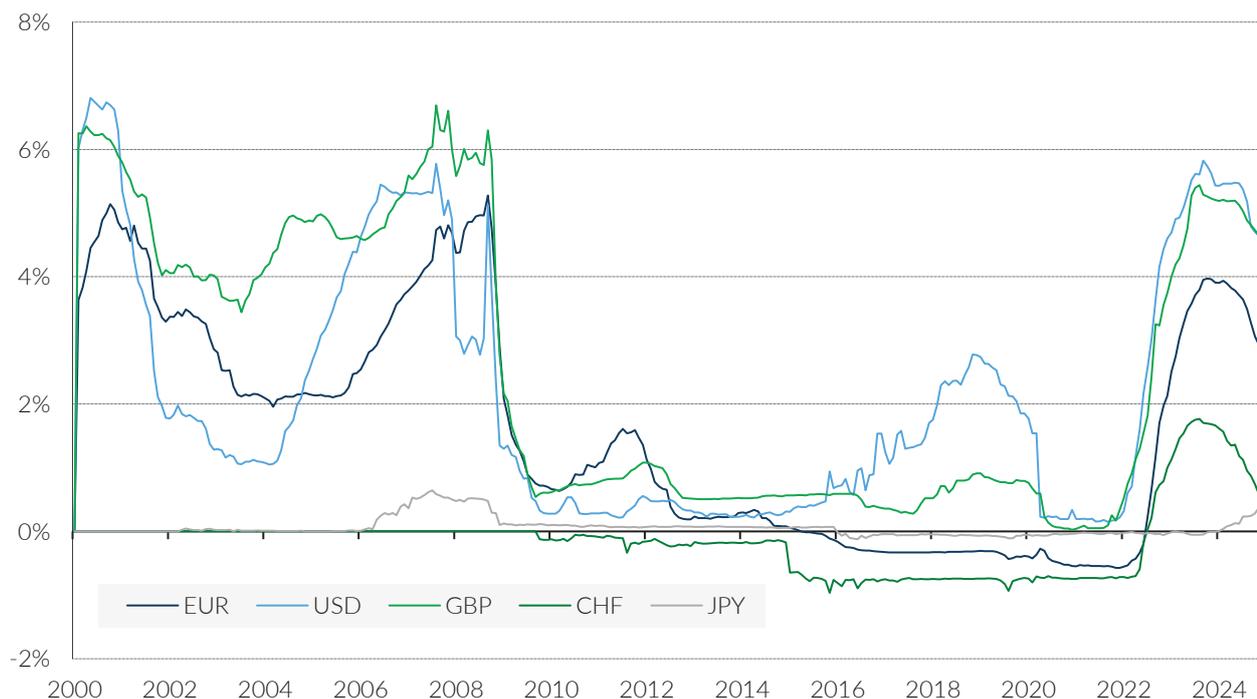
## Interest Rates

### 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	4.33%	4.31%	4.49%	5.32%	4.28%	4.37%	4.36%	4.07%	3.97%	2.92%
EUR	2.54%	2.73%	3.08%	3.90%	2.55%	2.31%	2.39%	2.42%	2.60%	2.56%
JPY	0.48%	0.32%	0.28%	0.01%	0.05%	1.19%	1.06%	0.94%	0.91%	0.74%
GBP	4.45%	4.61%	4.71%	5.20%	4.03%	4.00%	4.10%	4.03%	3.71%	3.50%
CHF	0.30%	0.39%	0.70%	1.63%	0.91%	0.42%	0.40%	0.51%	1.22%	1.34%
AUD	4.12%	4.26%	4.33%	4.32%	3.44%	4.27%	4.25%	4.41%	4.21%	4.08%
CAD	2.86%	3.13%	3.56%	5.02%	3.93%	3.06%	3.27%	3.41%	3.73%	3.59%
SEK	2.21%	2.39%	2.74%	3.95%	2.77%	2.49%	2.66%	2.42%	2.54%	2.69%
RUB	21.60%	20.63%	21.75%	15.70%	12.90%	15.15%	13.68%	16.35%	9.62%	9.57%
BRL	12.45%	11.81%	9.85%	9.75%	11.18%	14.43%	15.19%	13.02%	10.46%	12.02%
CNY	1.84%	1.65%	1.83%	2.00%	1.99%	1.55%	1.46%	1.85%	2.24%	2.39%
TRY	44.65%	46.05%	50.80%	46.80%	31.18%	38.04%	38.04%	38.04%	38.04%	30.17%
INR	6.47%	6.68%	6.59%	6.71%	6.26%	6.12%	6.24%	6.33%	6.20%	6.49%

Source: QCAM Currency Asset Management, as of February 5th, 2025

### 3-month Rates



Source: QCAM Currency Asset Management, as of end of January 2025

# FX Markets

## FX Performance vs. PPP

The USD moved on balance sideways in January, but with significant swings. The JPY gained the most versus the USD, while the GBP was the biggest loser. EM currencies were on balance firmer led by strong rebounds of the RUB and the BRL. Net long speculative USD positions increased further and stand at a historical high with EUR, CHF, CAD, AUD and NZD most oversold. Short-term interest rates continued to move lower but forwards point to less future rate cuts than a month ago. The cost of for-

ward hedging versus the USD is no longer declining and remains particularly expensive for JPY and CHF. Actual and implied FX volatilities were mixed but on balance relatively stable and close to their historical averages with USDJPY well above. PPP estimates continue to move against the USD as US inflation remains more resilient and the USD continues to be overvalued versus all major currencies.

### Overview

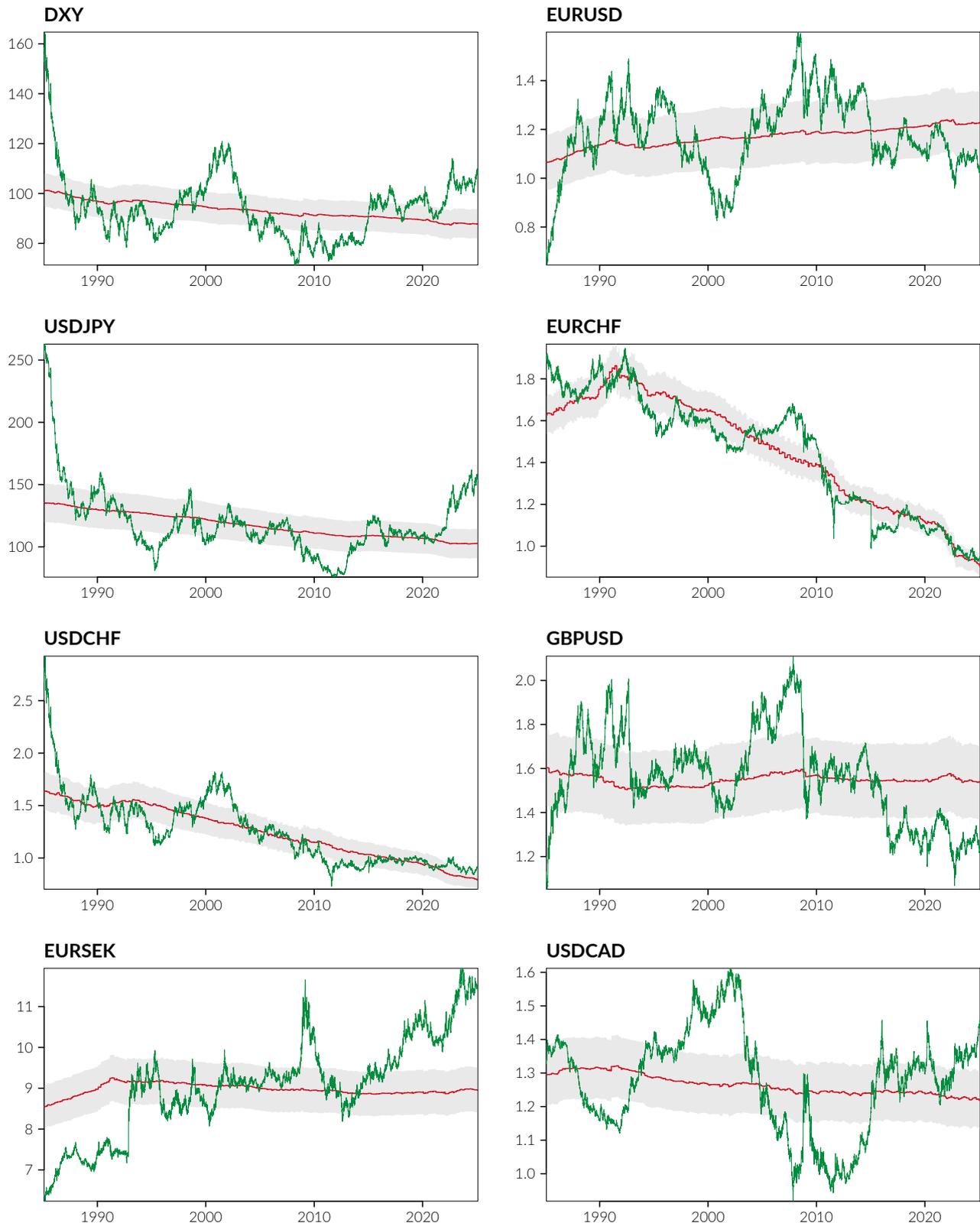
	Current Exchange Rate	Performance <sup>1</sup>				Purchasing Power Parity <sup>2</sup>		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation <sup>3</sup>
EURUSD	1.042	0.69%	1.18%	-2.97%	-5.28%	1.22	1.09 - 1.35	-15%
USDJPY	152.290	-3.23%	-3.10%	2.47%	38.75%	102.85	91.09 - 114.61	48%
GBPUSD	1.251	-0.08%	0.73%	-0.22%	-3.81%	1.54	1.37 - 1.71	-19%
EURCHF	0.939	-0.11%	0.23%	0.43%	-12.35%	0.90	0.85 - 0.95	4%
USDCHF	0.901	-0.78%	-0.95%	3.50%	-7.46%	0.79	0.70 - 0.88	14%
GBPCHF	1.127	-0.85%	-0.22%	3.29%	-10.98%	1.02	0.93 - 1.11	10%
CHFJPY	169.083	-2.47%	-2.18%	-1.01%	49.93%	95.77	84.83 - 106.71	77%
AUDUSD	0.629	1.73%	1.30%	-2.99%	-6.72%	0.76	0.67 - 0.85	-17%
USDCAD	1.429	-0.68%	-1.14%	5.65%	7.64%	1.22	1.13 - 1.30	17%
USDSEK	10.885	-1.69%	-2.08%	2.65%	13.62%	8.34	7.39 - 9.29	31%
EURSEK	11.342	-1.02%	-0.92%	-0.41%	7.62%	8.95	8.40 - 9.49	27%
USD RUB	98.000	-13.83%	-11.40%	8.13%	55.85%	69.75	51.16 - 88.33	41%
USDBRL	5.772	-6.47%	-6.70%	15.68%	35.54%	3.96	2.40 - 5.52	46%
USDCNH	7.278	-0.78%	-1.12%	0.79%	4.33%	7.13	6.54 - 7.73	2%
USDTRY	35.904	1.52%	1.50%	17.48%	499.79%	23.21	18.23 - 28.19	55%
USDINR	87.398	2.13%	1.88%	5.24%	22.76%	83.50	76.78 - 90.21	5%
US_Dollar_Index	107.615	-0.80%	-1.23%	3.03%	9.47%	87.83	82.02 - 93.64	23%

<sup>1</sup> Performance over the respective period of time, in percent

<sup>2</sup> Purchasing power parity (PPP) is estimated based on the relative development of inflation rates in two currency markets; the neutral range is determined by  $\pm 1$  standard deviation of the historical variation around the PPP value.

<sup>3</sup> Deviation of the current spot rate from PPP, in percent.

## Purchasing Power Parity



Source: QCAM Currency Asset Management, as of February 5th, 2025

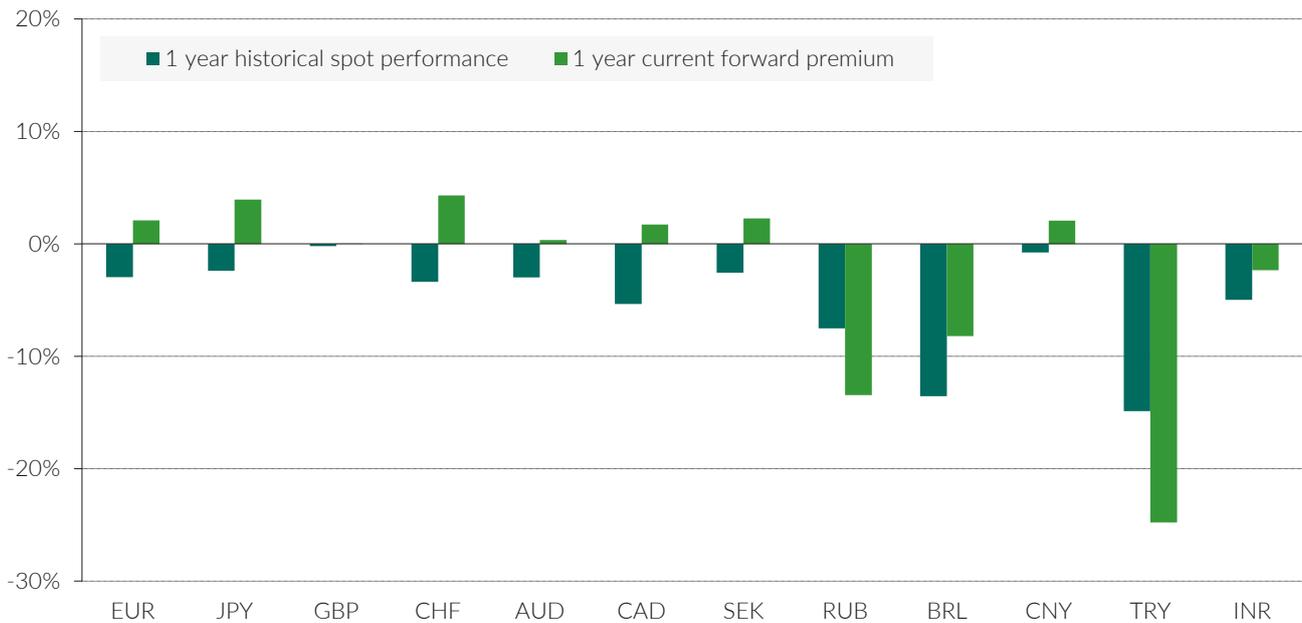
— PPP — Spot — Neutral Range

## FX Spot vs Forwards

### FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.042	1.0433	1.0467	1.0639	1.64%	1.82%	2.06%
USDJPY	152.290	151.8055	150.7614	146.5318	-4.09%	-4.06%	-3.71%
GBPUSD	1.251	1.2508	1.2506	1.2510	-0.09%	-0.10%	0.01%
EURCHF	0.939	0.9368	0.9331	0.9188	-2.41%	-2.33%	-2.06%
USDCHF	0.901	0.8979	0.8915	0.8636	-4.05%	-4.13%	-4.04%
GBPCHF	1.127	1.1231	1.1149	1.0804	-4.14%	-4.23%	-4.03%
CHFJPY	169.083	169.0774	169.1114	169.6700	-0.04%	0.07%	0.34%
AUDUSD	0.629	0.6293	0.6295	0.6313	0.15%	0.22%	0.32%
USDCAD	1.429	1.4276	1.4236	1.4051	-1.46%	-1.59%	-1.66%
USDSEK	10.885	10.8659	10.8249	10.6446	-2.20%	-2.22%	-2.16%
EURSEK	11.342	11.3366	11.3300	11.3243	-0.56%	-0.41%	-0.15%
USD RUB	98.000	99.7470	102.9006	113.2331	22.92%	20.23%	15.33%
USDBRL	5.772	5.7998	5.8681	6.2872	6.30%	6.77%	8.76%
USDCNH	7.278	7.2698	7.2483	7.1306	-1.41%	-1.64%	-1.98%
USDTRY	35.904	36.8101	38.7891	47.7331	32.44%	32.50%	32.49%
USDINR	87.398	87.5978	88.0300	89.4901	2.95%	2.93%	2.35%

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



Source: QCAM Currency Asset Management, as of February 5th, 2025

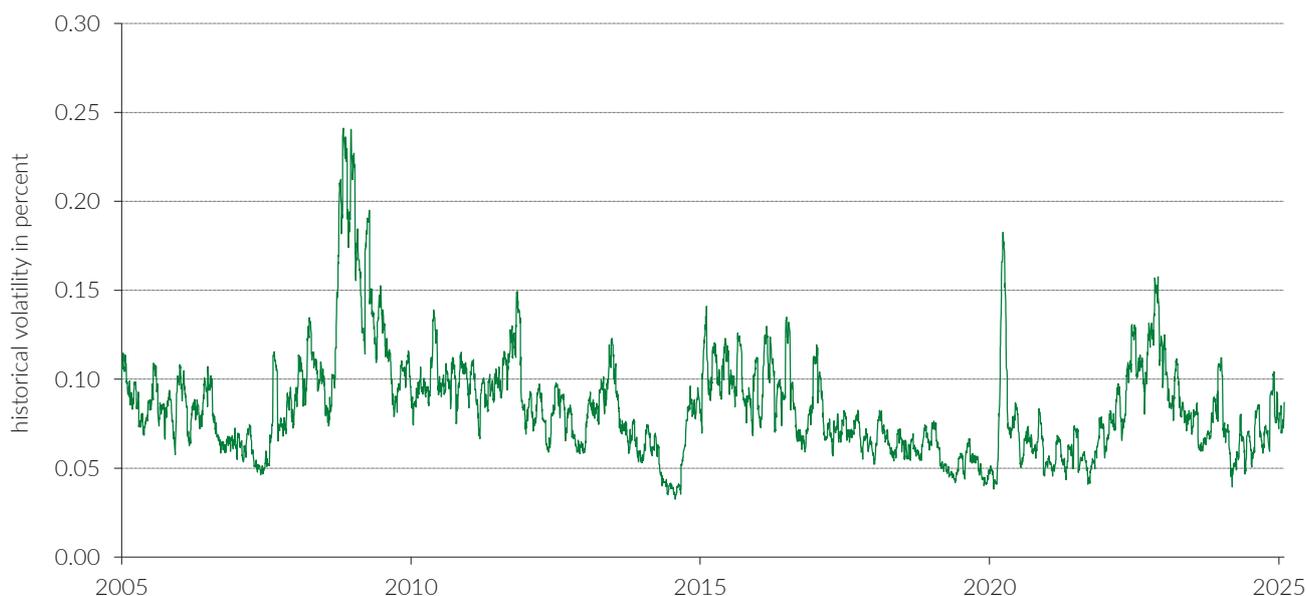
## FX Volatility

### Historical vs. Implied Volatility

	Current Exchange Rate	Historical Volatility <sup>1</sup>				Implied Volatility <sup>2</sup>			
		Current	1M	12M	Ø 5 years	Current	1M	12M	Ø 5 years
EURUSD	1.042	7.61%	7.38%	8.55%	7.35%	7.73%	8.47%	6.85%	7.13%
USDJPY	152.290	10.42%	10.99%	12.25%	9.14%	10.33%	10.75%	9.65%	8.95%
GBPUSD	1.251	8.11%	7.63%	9.36%	8.81%	7.75%	8.63%	6.73%	8.49%
EURCHF	0.939	4.03%	4.08%	4.60%	4.97%	5.03%	5.58%	5.08%	5.49%
USDCHF	0.901	6.51%	6.70%	8.18%	7.64%	7.13%	7.95%	6.03%	7.20%
GBPCHF	1.127	5.29%	6.15%	5.55%	7.50%	6.35%	7.05%	6.38%	7.62%
CHFJPY	169.083	9.03%	8.49%	9.71%	7.93%	9.23%	9.48%	9.38%	8.29%
AUDUSD	0.629	8.36%	8.93%	10.46%	10.61%	9.40%	10.68%	9.81%	10.40%
USDCAD	1.429	6.14%	4.55%	5.86%	6.64%	6.53%	6.90%	5.03%	6.66%
USDSEK	10.885	8.64%	8.58%	12.26%	10.79%	9.78%	11.45%	10.93%	10.53%
EURSEK	11.342	4.54%	5.32%	5.92%	6.27%	4.83%	5.68%	4.85%	6.56%
USD RUB	98.000	31.67%	30.18%	13.39%	22.13%	26.13%	26.40%	27.20%	26.04%
USDBRL	5.772	10.98%	11.28%	10.12%	15.09%	14.20%	15.58%	11.83%	16.65%
USDCNH	7.278	3.76%	4.53%	4.53%	4.73%	5.65%	6.38%	4.35%	5.41%
USDTRY	35.904	2.43%	2.57%	2.61%	12.85%	12.18%	13.65%	11.10%	20.70%
USDINR	87.398	2.67%	1.41%	1.56%	4.10%	4.05%	3.73%	2.42%	5.09%

<sup>1</sup> Realised 3-month volatility (annualised)    <sup>2</sup> Market implied 3-month volatility (annualised)

### QCAM Volatility Indicator<sup>3</sup>



<sup>3</sup> 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 5th, 2025

# FX Analytics

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

- Macro
- Business Sentiment
- Technical

The positioning signals from each component are aggregated into an overall positioning score for each currency pair.

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).

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.

## February 2025 – Current positioning

There have been several position changes since the last Monthly. The discretionary Macro went all neutral except for long JPY. Business Sentiment moved to small long positions in EUR and JPY and is on balance moderately long versus the USD. Finally, Technical went short SEK and remains on balance moderately long USD. As a result, the balance of all USD positions remains neutral with a mix of longs versus the GBP and the CAD, shorts versus the CHF and the JPY and neutral versus the EUR. The overall EUR position is short versus the CHF and neutral versus the SEK.

### Overview<sup>1</sup>

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	+	-	Macro moved to neutral and Business Sentiment to long EUR leaving the balance of all positions at neutral.
USDJPY	-/-	-	+	Business Sentiment moved to long JPY, reducing the balance of all positions to a small short JPY.
EURCHF	0	--	-	EURCHF moved to neutral. All other positions were unchanged. The balance of all CHF positions remains long versus both the EUR and the USD.
USDCHF	0	--	-	
GBPUSD	0	--	-	All positions were unchanged and the balance remains half short GBP as well.
EURSEK	0/+	--	++	Technical went short SEK while all other positions were unchanged, pushing the balance close to neutral.
USDCAD	0/+	--	++	Discretionary Macro went neutral and all other positions were unchanged, leaving the balance slightly short CAD.

<sup>1</sup> 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

## EURUSD

We kept the Macro position from short EUR to neutral. The Euro-area economy is underperforming versus the US economy and the ECB is likely to cut rates more than the Fed. However, the EUR retains solid current account support and the risk is rising that Trump's policy agenda could hurt US excep-

tionalism, while the USD is increasingly overvalued and overbought in general as well as versus the EUR. Business Sentiment moved from neutral to moderately long EUR and Technical remained short EUR with the balance of all strategy positions at neutral.

	FX Factors	EUR Impact	Comment
<b>Macro</b>	Current Account Balances	+	The Euro-area's current account surplus is widening gradually versus the US current account deficit
	Fiscal Balances	0/+	The US fiscal deficit is set to rise vs the Euro-area fiscal deficit
	Interest Rate Differentials	-	Balance of monetary policy expectations is biased towards more ECB rate cuts versus the Fed and a widening rate spread
	Oil prices	0	Oil price expected to stay in volatile range
<b>Sentiment</b>	Business Sentiment	0/+	The momentum of Euro-area surveys is slightly stronger than that of US surveys
	Risk Sentiment	-	Uncertainty over impact of Trump policies and domestic politics
<b>Technical</b>	Price Action	-	Technical stayed short EUR
	Spec Positions	+	Net short EUR position increased toward inflection point
	PPP Valuation	+	EUR undervaluation is around 15%

### EURUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

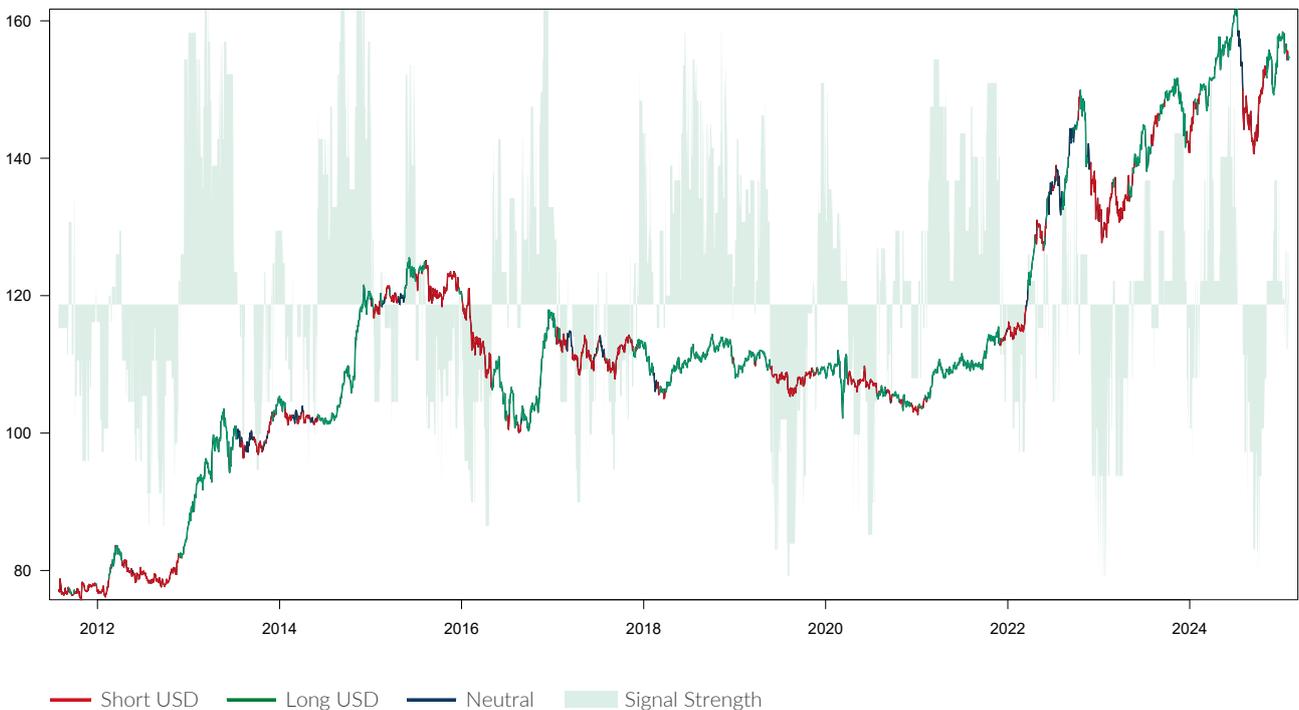
## USDJPY

We kept the discretionary Macro position at long JPY. We believe the BoJ will maintain its normalization policy. The data continues to show economic growth and inflation resilience. Especially wages are accelerating. We also expect the JPY to gradually regain its safe-haven status. A potential risk is trade tensions with the US, but we think Trump needs Japan more as a part-

ner versus China. As a result, we see the overall risk/reward trade-off as favourable for the JPY. The Macro carry model stayed long JPY and Business Sentiment moved to moderately long JPY, while Technical stayed short JPY, shifting the balance of all positions to slightly long JPY.

	FX Factors	JPY Impact	Comment
<b>Macro</b>	Current Account Balances	+	The Japanese current account surplus remains solid
	FDI Flows	-	Net outflows largely offset current account surplus
	Interest Rate Differentials	+	The Macro carry model stayed long JPY
<b>Sentiment</b>	Business Sentiment	0/+	The momentum of Japanese Business Sentiment moved slightly ahead of US surveys
	Risk Sentiment	0	Safe-haven character not yet restored
<b>Technical</b>	Price Action	-	Technical stayed short JPY
	Spec Positions	0	Net JPY position at neutral
	PPP Valuation	+	The JPY is currently about 48% undervalued

### USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

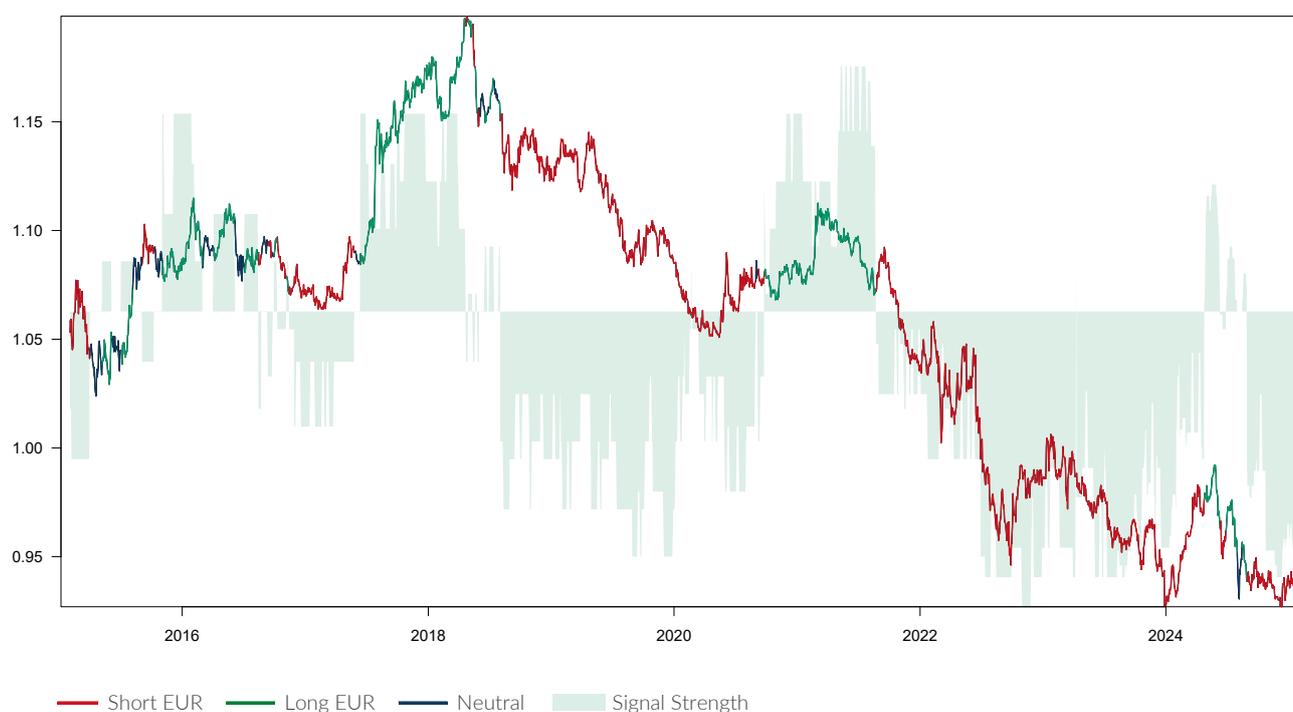
## EURCHF

We moved the discretionary Macro position from long CHF to neutral versus EUR, taking profit after the recent rally. Nevertheless, CHF fundamentals remain strong versus the EUR, also given political uncertainties in the Euro-area and the ongoing safe-haven appeal of the CHF. The SNB already cut interest rates four times and is not expected to cut rates more than

the ECB in 2025, while FX interventions seem less likely. Business Sentiment and Technical stayed long CHF, keeping the balance of all strategy positions at long CHF as well.

	FX Factors	CHF Impact	Comment
<b>Macro</b>	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/-	Possibility that SNB will cut rates further amid low inflation
	SNB Policy Intervention	0	SNB less inclined to use interventions
<b>Sentiment</b>	Business Sentiment	+	The Swiss economy remains ahead of the Euro-area economy in the surveys
	Risk Sentiment	0	The rise in risk aversion had limited impact on the CHF lately
<b>Technical</b>	Price Action	+	Technical stayed long CHF
	PPP Valuation	0	CHF is close to fair-value versus the EUR

### EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

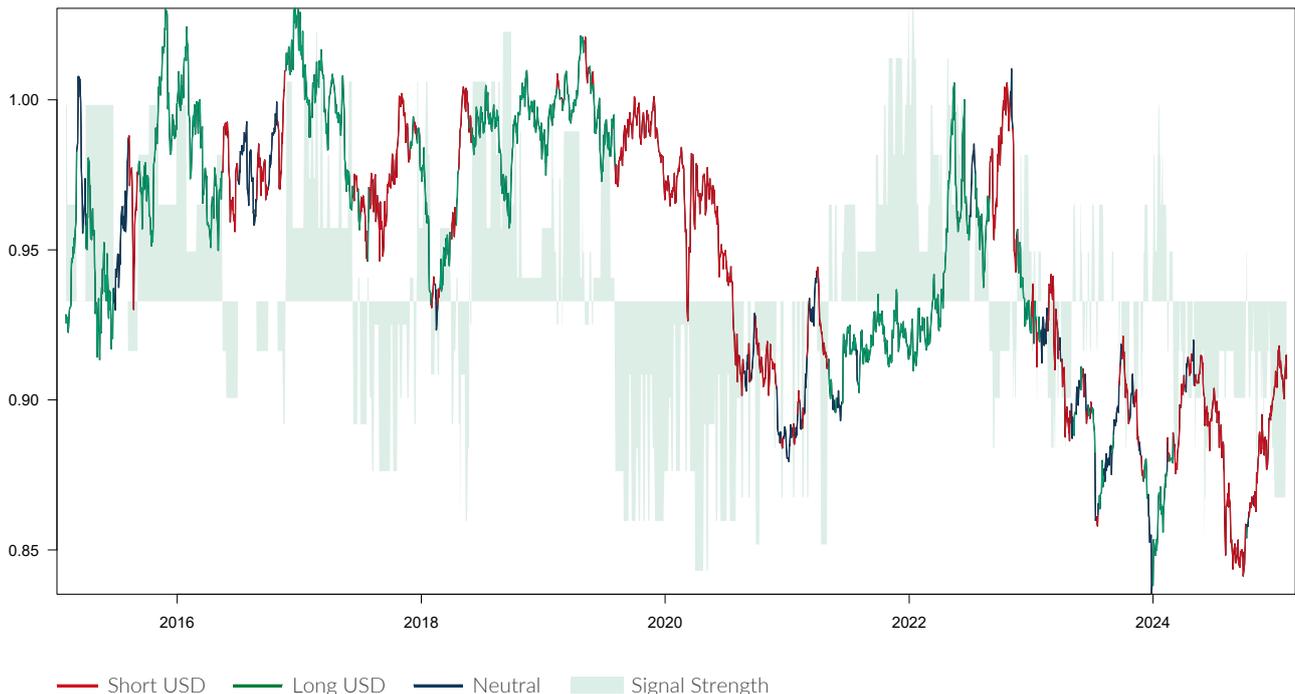
## USDCHF

Our neutral Macro positions in EURCHF and EURUSD imply neutral for USDCHF as well. The Swiss economy remains fundamentally sound and the CHF's safe-haven properties uncontested. The SNB already cut interest rates four times and the spread to US rates is wide, but SNB interventions seem less likely as the CHF weakened already versus the USD and the SNB

is probably getting concerned that the new US administration may put it on the currency manipulator list. Business Sentiment and Technical stayed long CHF, leaving the balance of all strategy positions long CHF versus the USD.

	FX Factors	CHF Impact	Comment
<b>Macro</b>	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/-	Wide spread to US rates and possibility that SNB will cut rates further amid low inflation
	SNB Policy Intervention	0	Less intervention risk given US trade policy uncertainties
<b>Sentiment</b>	Business Sentiment	+	Momentum of Swiss surveys is ahead of US surveys
	Risk Sentiment	0	The rise in risk aversion had limited impact on the CHF lately
<b>Technical</b>	Price Action	+	Technical stayed long CHF
	Spec Positions	+	The CHF oversold position remains large
	PPP Valuation	0	CHF is about 14% undervalued versus USD

### USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

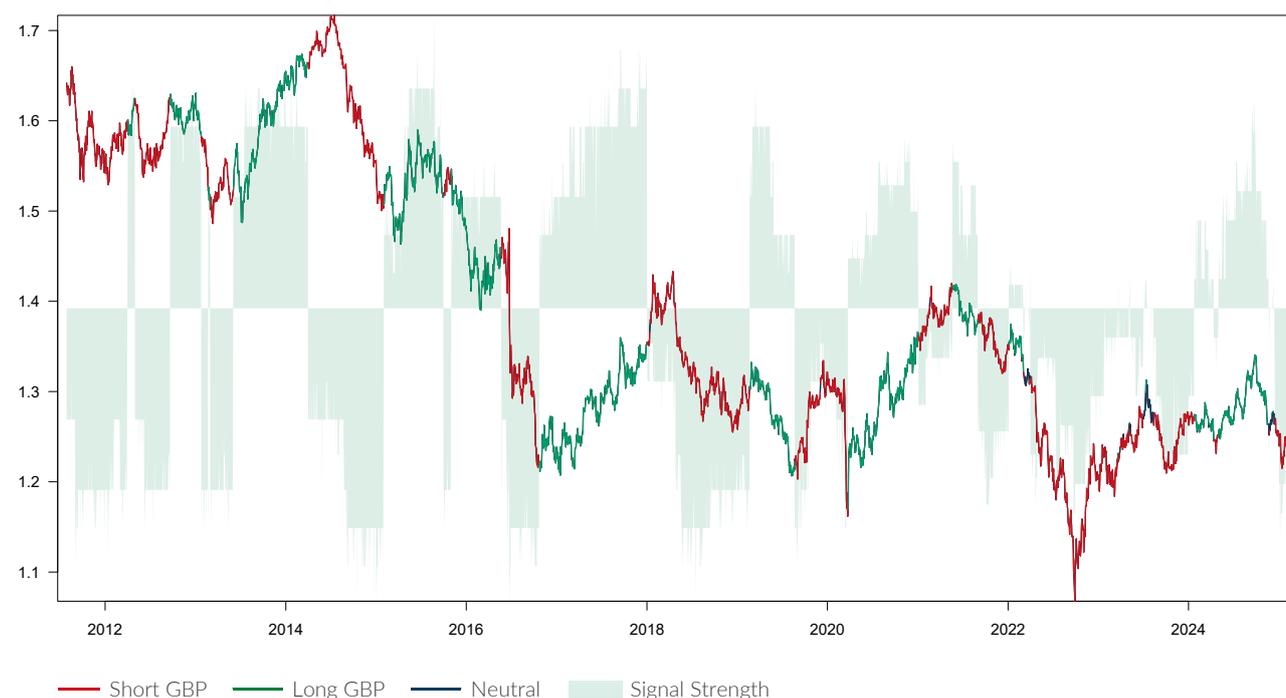
## GBPUSD

We keep the discretionary Macro position at neutral and remain unexcited about the UK's economic fundamentals. The positive growth momentum has faded and the government's new budget implies more borrowing. Inflation has picked up again and we believe the BoE will cut interest rates cautiously in line with the Fed, constraining the eco-

nommic recovery potential. Support from global investor sentiment has cooled as well. Business Sentiment and Technical stayed both short GBP. The overall strategy position is short GBP.

	FX Factors	GBP Impact	Comment
<b>Macro</b>	Current Account Balances	0/-	The UK deficit has returned to pre-Corona levels
	Interest Rate Differentials	0	UK rates are at par with US rates and BoE and Fed are expected to move in close alignment
	Oil Price	0	Oil price expected to stay in volatile range
<b>Sentiment</b>	Business Sentiment	-	Momentum in UK surveys has fallen behind versus US surveys
	Risk Sentiment	0/-	Global risk-on sentiment support has faded
<b>Technical</b>	Price Action	-	Technical stayed short GBP
	Spec Positions	0	Net positions have turned slightly short GBP
	PPP Valuation	0/+	The GBP is 19% undervalued

### GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

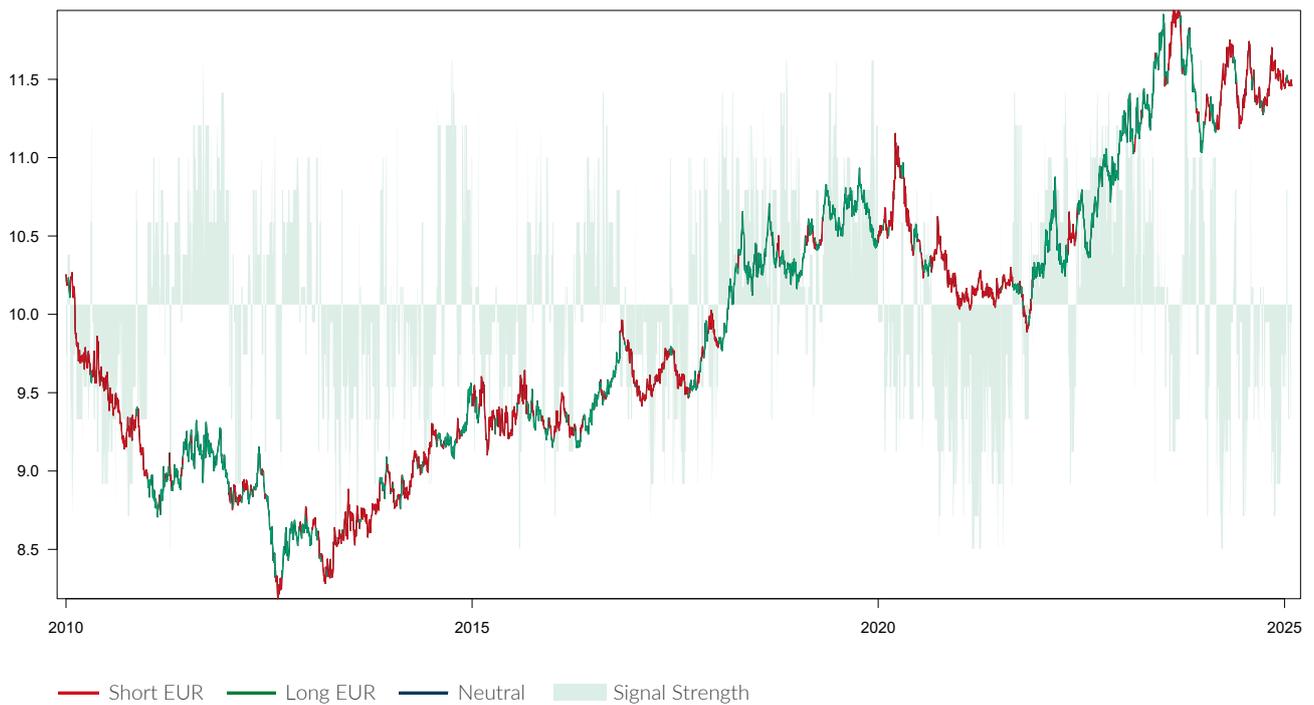
## EURSEK

We keep the discretionary Macro position at neutral. Chances of a soft-landing and falling interest rates have improved and the drag from the housing sector is gradually easing but external uncertainties remain high and Sweden is vulnerable to US tariffs and falling risk sentiment. The Macro interest rate model stayed short SEK and Business

Sentiment remained long SEK while Technical moved to short SEK, moving the overall SEK position close to neutral.

	FX Factors	SEK Impact	Comment
<b>Macro</b>	Current Account Balances	+	Sweden's surplus has rebounded to levels above those before the Ukraine war
	Interest Rate Differentials	-	The Macro interest rate model stayed short SEK
<b>Sentiment</b>	Business Sentiment	+	Surveys stayed long SEK
	Risk Sentiment	0	Concerns over the property slump are gradually easing
<b>Technical</b>	Price Action	-	Technical went short SEK
	PPP Valuation	+	The SEK is roughly 27% undervalued versus the EUR

### EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

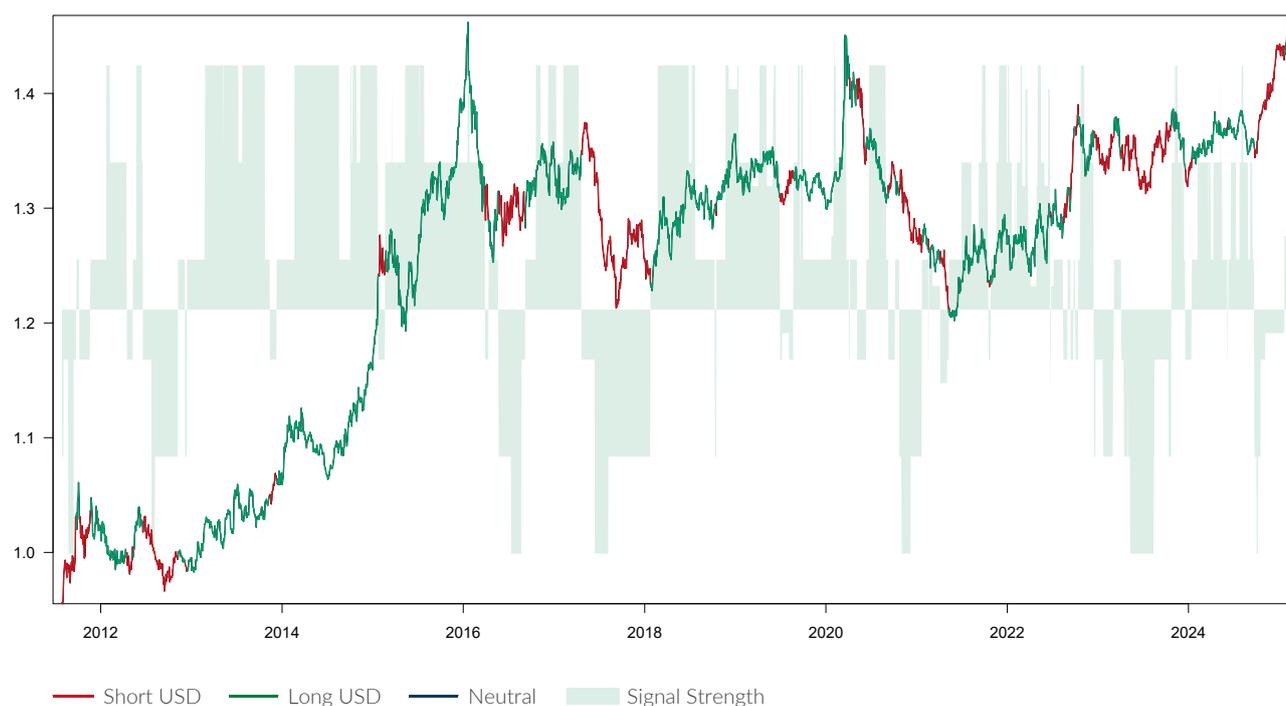
## USDCAD

We moved the discretionary Macro position from short CAD to neutral. The trade conflict with the US remains centre stage, but chances of a benign settlement have improved, reducing the CAD downside risk. Canadian inflation is below US inflation and Canada is in more need to lower interest rates, given the interest burden in the housing sector. As a result, the BoC will prob-

ably stay ahead of the Fed in the easing process. The political leadership turmoil remains an uncertainty, but a resolution could also improve market sentiment towards the CAD. The Macro oil price model stayed short CAD while Business Sentiment stayed long CAD and Technical remained short CAD, leaving the overall position slightly short CAD.

	FX Factors	CAD Impact	Comment
<b>Macro</b>	Current Account Balances	0	Canada's current account deficit remains small versus the US deficit and compared to past levels
	Oil Prices	-	The Macro oil price model stayed short CAD
	Interest Rate Differentials	-	CAD interest rates moving lower ahead of USD interest rates
	USD DXY Trend	0	Negative correlation with USD is small
<b>Sentiment</b>	Business Sentiment	+	Canada has firmer momentum versus the US in the surveys
	Risk Sentiment	0/-	Trade conflict with the US and political leadership turmoil
<b>Technical</b>	Price Action	-	Technical stayed short CAD
	Spec Positions	+	The CAD oversold position is at a historical high
	PPP Valuation	0	CAD is about 17% 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.**

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## 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.

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## 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.



## Short Term Fixed Income - USD Strategy

QCAM's Short Term Fixed Income - USD Strategy 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. The «QCAM STFI-USD» strategy has outperformed its peers for many years on a constant basis.

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## 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 focus on currency and money market management. QCAM brings together a team of internationally experienced Currency and Asset Management specialists, who are managing assets of institutional clients of approx. USD 6 billion.

Our core competences are Currency Overlay Services, FX Transaction Execution according to «Best Execution» principles, FX Alpha and Short Term Fixed Income Management.

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

### Headquarters

Zug, Switzerland

### Founded

2005

### Regulation

FINMA since 2007  
SEC since 2014

## Independent and Transparent

- Interests directly aligned with those of our clients

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- Client focused solutions, tailored to each individuals requirements

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- Independent selection of suitable external services providers

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- No principal-agent conflicts

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- Transparent fee model – no hidden costs

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- Transparent reporting

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