

April 2026

# QCAM MONTHLY

QCAM Insight ++ Economy and Interest Rates ++ FX Markets ++ FX Analytics ++  
QCAM Products and Services ++ QCAM Profile

**Page 1** QCAM Insight

## Catch 22 Again

**Page 3** Economy and Interest Rates

**Page 5** FX Markets

**Page 9** FX Analytics

**Page 17** QCAM Products and Services

**Page 18** QCAM Profile

# QCAM Insight

## Catch 22 Again

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The war in the Gulf has become entrenched and oil and gas shortages will last longer even if hostilities end soon. So far, a financial crisis has been avoided but the fallout is starting to be felt in terms of rising inflation and falling growth prospects. Central banks have up to now watched the situation but face a dilemma should the conflict endure and the negative inflation and growth fallout intensify. After the initial USD bounce, FX markets are increasingly rattled around by hopes that the war will end soon and fears that hostilities may escalate. As a result, we are keeping our Macro positions at neutral for now.

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Four weeks ago, we argued that ending the Gulf war soon was in everyone's interest, but we also stressed that this is not necessarily a stable path to end the conflict. Today, the conflict is still ongoing and, while there are some encouraging de-escalation signals, the outlook remains highly uncertain. The attacks by the US and Israel have badly damaged Iran's leadership structure and military capabilities but not the regime's domestic power base and its ability to block the Strait of Hormuz and inflict damage to the region's oil and gas production infrastructure. The regime's defiance creates a dilemma for the US and Israel and increases the risk of a prolonged conflict as Iran leverages its improved bargaining position.

### Maybe more than a temporary shock

Oil and gas future markets suggest that the supply squeeze will end soon (see chart). Brent futures anticipate some near-term price increases followed by quick price declines. Dutch TTF gas futures imply a stagna-

tion of the current price level through the end of this year but at much lower levels compared to 2022, when Russia attacked the Ukraine. Oil and gas futures may be right that hostilities will end soon, but that does not necessarily restore supply conditions quickly. First, an end to the hostilities does not imply an immediate reopening of the Strait of Hormuz. We believe that ending the hostilities will only be a first step followed by negotiations in which Iran will use the Strait of Hormuz as a bargaining chip to extract maximum concessions for its security and economic survival.

Second, much damage has been done to the oil and gas production and transportation infrastructure in the Gulf region that is unlikely to be rebuilt quickly. The Gulf region accounts for roughly 20% of global oil and gas supply. So far, this shortfall has been partly offset by the release of global reserves, but that buffer will soon run out. Moreover, not only has the supply of oil and gas been impaired but also the production and export of petrochemicals and related agriculture products like the ingredients for fertilizer. We expect that this supply shortage will be felt at least through the end of this year and keep prices higher for longer than currently implied by future markets.

### The impact is increasingly felt

The impact of the Gulf war is increasingly felt in day-to-day life as well as economic and financial conditions around the world. Gasoline prices jumped almost immediately, and early inflation reports for March point to an average increase in headline inflation of about half a percentage point. Business and consumer confidence surveys for March have not collapsed but show a dete-

rioration in sentiment. A financial crisis has been avoided so far, and markets have rebounded on de-escalation hopes yet the impact is nevertheless visible in lower stock prices and higher bond yields. Importantly, forecasts are being changed. What looked like a goldilocks scenario, a modest improvement in global growth with stable inflation and central banks either on hold or marginally lowering interest rates, as in the case of the Fed, is turning into a stagflation scenario with rising inflation and falling growth, which creates a policy dilemma for central banks. In our view, the profile of this stagflation scenario will get worse if oil and gas supply conditions fail to decline quickly as implied by future markets.

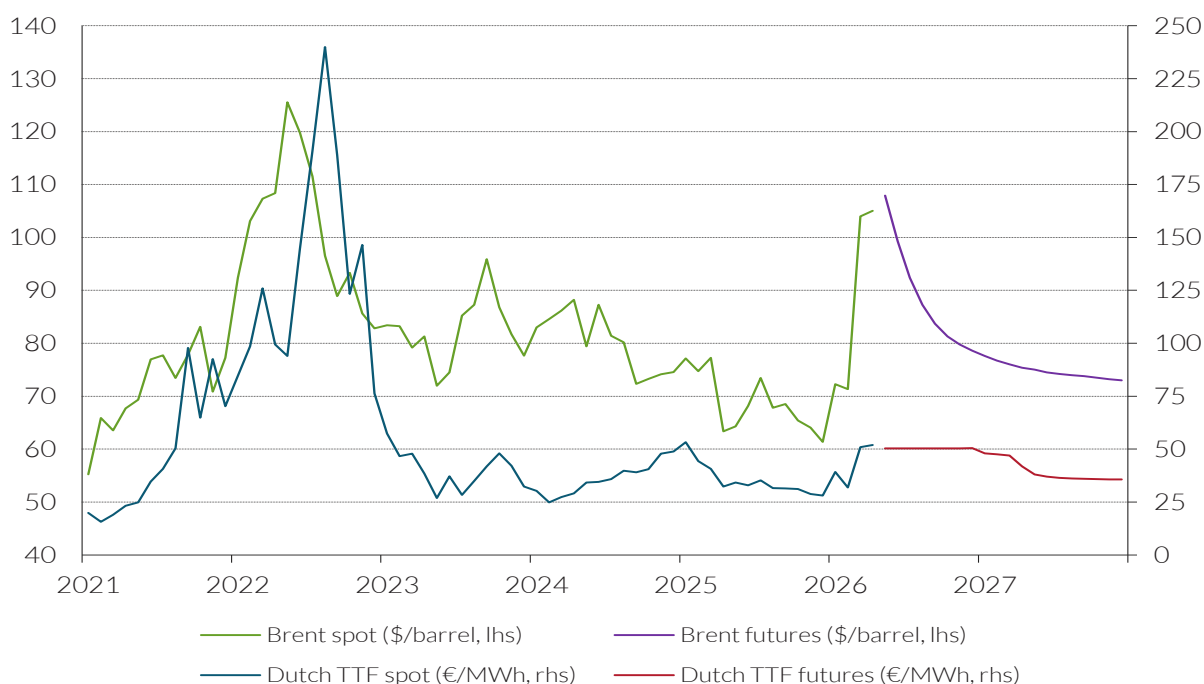
### A central bank dilemma

With the notable exception of the RBA, major central banks have so far kept policy on hold, but the signaling has been mostly hawkish. The memory of 2022, when central banks responded late to mounting inflation pressures, is still painfully alive. In private, central

bank officials are probably hoping that the chalice of having to hike interest rates may pass by. With the inflation fallout likely to show up faster than the growth implications, some central banks may feel forced to make a move. Nevertheless, we do not expect much overall tightening. Unlike early 2022, when most economies were at the end of the Corona recovery boom, economic conditions now are not overstretched and monetary policy conditions are not super easy. In fact, we think the Fed will just stay on hold and may even ease at the end of the year, while the ECB and the BoE will probably hike rates once by 25 bps. The outlier is probably the Bank of Japan, which we believe will maintain its gradual policy normalization path.

For FX markets, diverging monetary policy paths could imply a return to the USD depreciation scenario. For now, however, we just expect a continuation of volatility as FX markets get bounced around by hopes that the Gulf war may end soon and fears that hostilities may escalate. As a result, we keep our Macro positions at neutral for now.

### Global oil and gas prices



Sources: investing.com, ICE Futures Europe, ENDEX and QCAM

# Economy & Interest Rates

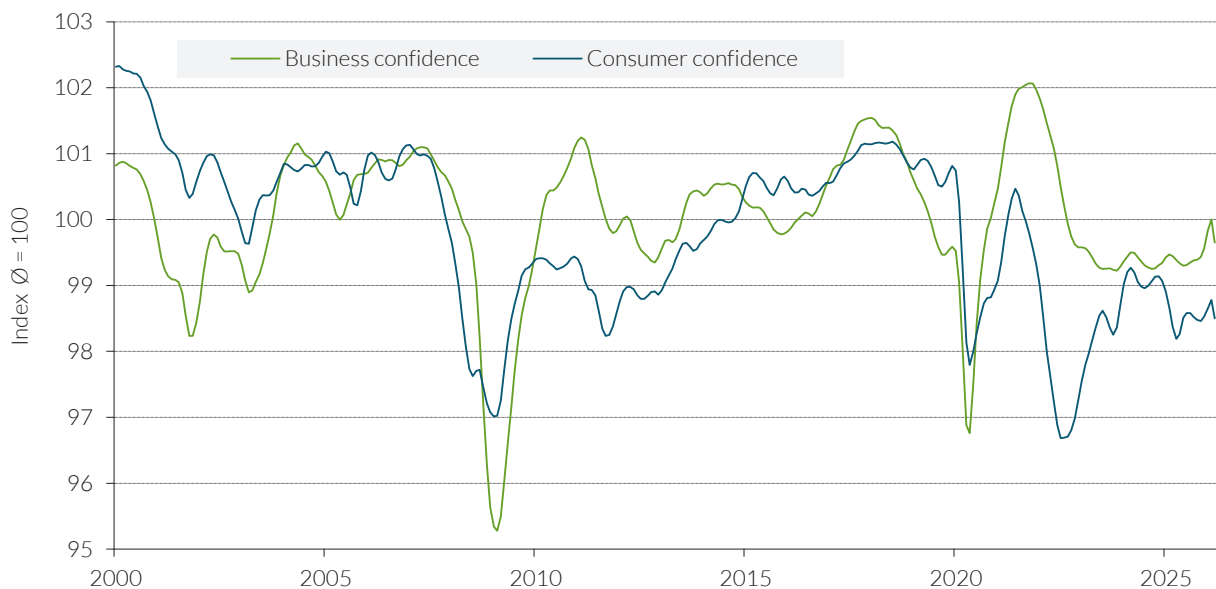
So far, there is little material impact from the Gulf war. Business and consumer sentiment have declined, but not dramatically. Still, as the conflict drags on longer with no imminent end in sight, we have lowered our growth forecasts and raised our inflation forecasts. The forecast changes are asymmetric, with the US less negatively impacted than Europe and Asia. Central banks are still in the “wait and see” mode but some have clearly indicated that they

will raise interest rates should the war continue and push up inflation through higher energy prices. Having been late in 2022, many central banks feel the pressure to be more reactive, but actual rate hikes are likely to be small in our view as economic downside risks also weigh in the decision making. We think the Fed will be most reluctant to change policy while the ECB and the BoJ are more likely to hike.

	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>	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Global	2.8	2.6	n.a.	n.a.	2.7	3.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.8	1.7	n.a.	n.a.	2.6	3.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.1	2.1	4.3	4.3	2.7	3.2	-4.0	-3.7	-7.4	-7.5	125	128
Canada	1.7	1.2	6.9	6.7	2.1	2.8	-0.2	-0.3	-2.2	-2.4	114	113
Euro-area	1.5	1.2	6.3	6.2	2.1	2.7	2.5	2.0	-3.2	-3.4	88	89
Sweden	1.5	1.1	8.5	8.2	0.9	2.0	6.0	5.0	-1.5	-2.0	34	34
Switzerland	1.0	0.8	2.5	2.5	0.2	1.0	5.0	4.5	0.3	0.0	37	36
UK	1.3	0.7	4.8	5.2	3.4	3.5	-3.5	-3.5	-4.5	-3.5	103	105
Japan	1.2	0.8	2.5	2.5	3.2	2.5	4.0	3.0	-7.0	-7.0	230	227
Australia	1.9	2.0	4.2	4.2	2.8	4.0	-2.0	-2.0	0.5	0.0	51	50
Emerging	4.2	3.9	n.a.	n.a.	2.8	3.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	5.0	4.8	5.2	5.3	0.0	1.0	3.0	2.0	8.5	8.5	96	100
India	7.5	6.5	n.a.	n.a.	2.1	4.5	-1.0	-2.0	-7.0	-7.0	80	80
Russia	1.0	1.0	2.2	2.5	8.7	6.0	2.0	2.5	-2.5	-2.0	21	22
Brazil	2.3	1.5	5.9	6.0	5.0	4.5	-2.5	-2.5	-9.0	-9.0	91	94

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

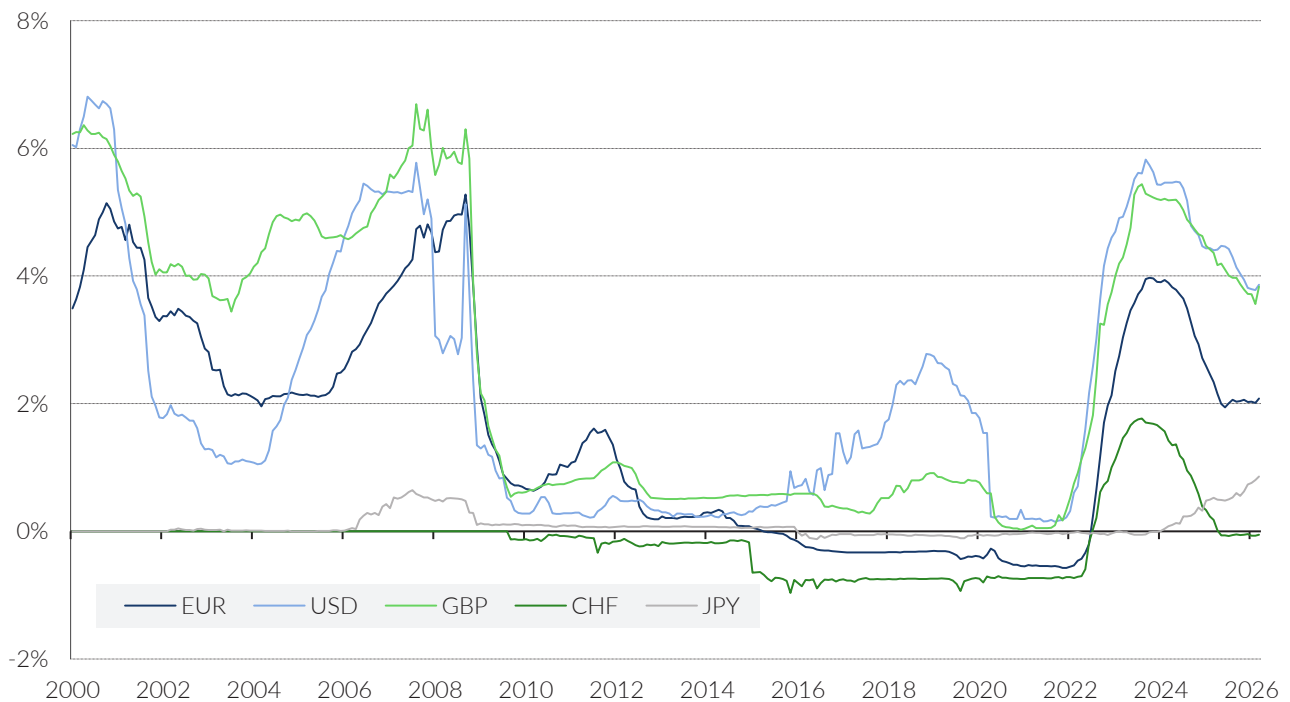
## Interest Rates

### 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
<b>USD</b>	3.66%	3.63%	3.60%	4.30%	4.69%	4.15%	3.84%	4.05%	4.05%	3.13%
<b>EUR</b>	2.08%	2.01%	2.03%	2.34%	3.01%	3.01%	2.60%	2.86%	2.64%	2.71%
<b>JPY</b>	0.86%	0.80%	0.73%	0.53%	0.29%	2.15%	1.91%	1.88%	1.32%	1.12%
<b>GBP</b>	3.83%	3.56%	3.72%	4.36%	4.63%	4.40%	3.88%	4.00%	4.17%	3.99%
<b>CHF</b>	-0.06%	-0.07%	-0.05%	0.18%	0.82%	0.55%	0.42%	0.67%	0.64%	0.95%
<b>AUD</b>	4.23%	3.94%	3.67%	4.01%	4.05%	4.83%	4.50%	4.58%	4.18%	4.27%
<b>CAD</b>	2.29%	2.26%	2.26%	2.66%	3.76%	3.54%	3.22%	3.48%	3.07%	3.56%
<b>SEK</b>	1.83%	1.71%	1.76%	2.26%	2.92%	3.03%	2.65%	2.94%	2.94%	2.75%
<b>RUB</b>	14.45%	14.90%	16.00%	21.00%	15.87%	11.12%	11.12%	11.12%	11.12%	9.93%
<b>BRL</b>	13.02%	13.23%	13.34%	13.25%	11.58%	13.78%	12.86%	13.35%	14.79%	12.47%
<b>CNY</b>	1.49%	1.55%	1.58%	1.88%	1.85%	1.73%	1.70%	1.71%	1.65%	1.99%
<b>TRY</b>	43.41%	37.92%	38.05%	47.70%	42.14%	30.25%	26.80%	27.95%	29.45%	26.85%
<b>INR</b>	5.64%	5.33%	5.36%	6.11%	6.28%	6.99%	6.30%	6.15%	6.00%	6.25%

Source: QCAM Currency Asset Management, as of March 31st, 2026

### 3-month Rates



Source: QCAM Currency Asset Management, as of end of March 2026

# FX Markets

## FX Performance vs. PPP

The USD DXY gained 1.1% over the last four weeks and is up 2.6% since the start of the Gulf war. The SEK and the CHF lost the most, while the GBP and the JPY held up best. EM FX performance was also negative with the CNH holding up best also compared to major currencies. Speculative positions declined significantly with the large net short USD position turning neutral. Short-term interest rates mostly moved higher pricing in potential rate hikes. The cost of forward hedging versus the USD was broadly stable and remains elevated with USDCHF

and GBPCHF hedging still most expensive. Actual and implied FX volatilities increased further. Actual volatilities are still mostly below their long-term averages, while implied volatilities have broadly returned to their historical averages. PPP estimates continued to grind against the USD as US inflation was more resilient until the Gulf war. Estimates may change as new inflation data becomes available. So far, the USD remains broadly overvalued (13% for the USD DXY) with JPY the most undervalued and the CHF at fair value.

### Overview

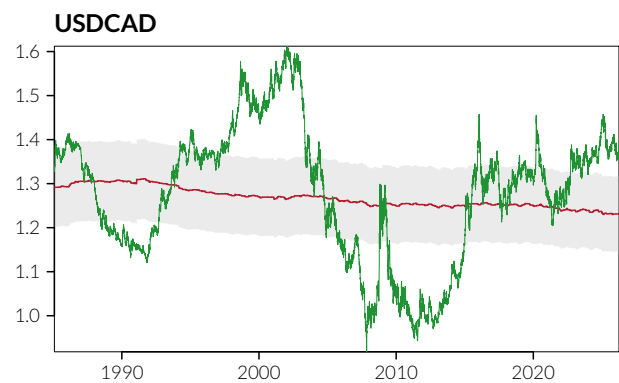
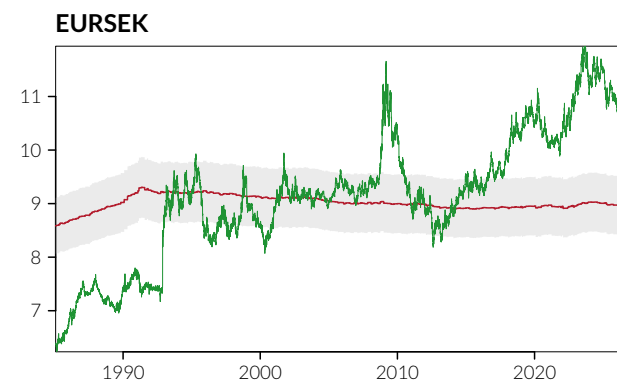
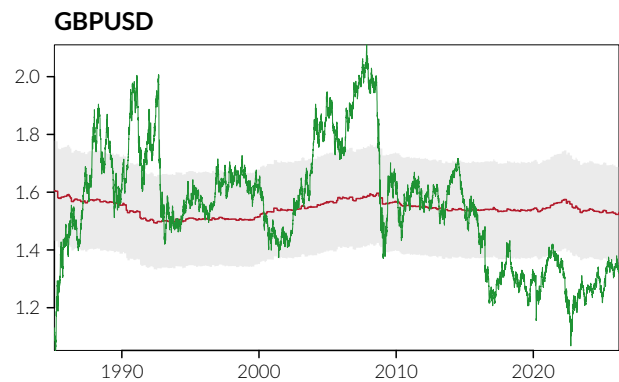
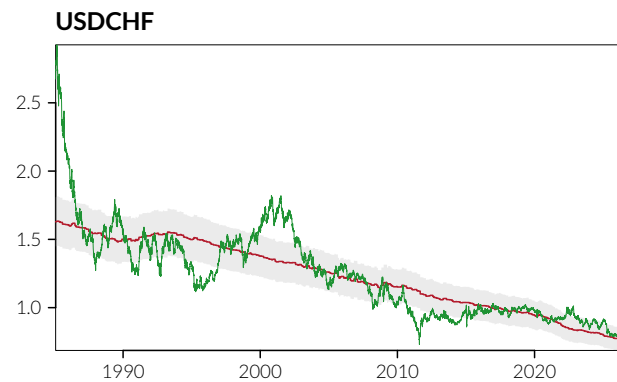
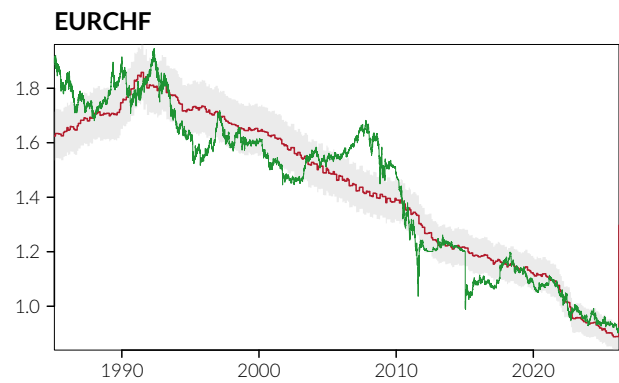
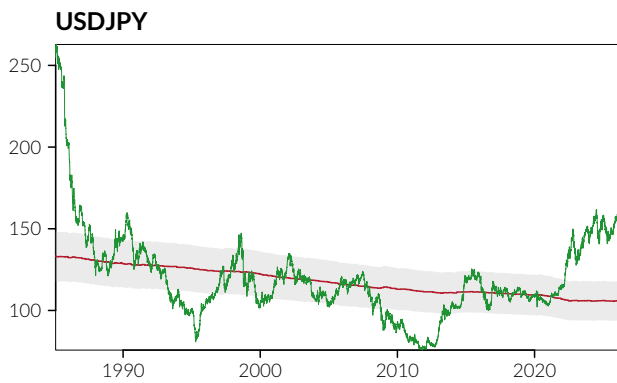
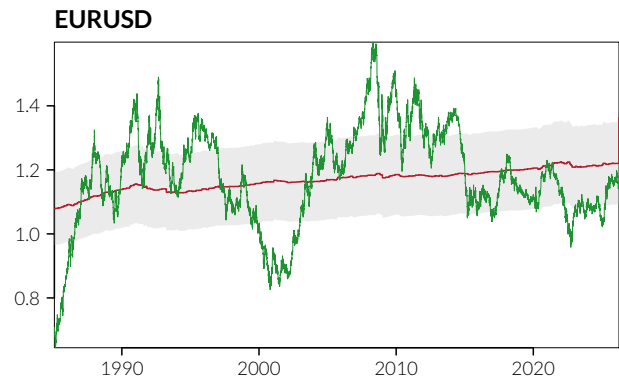
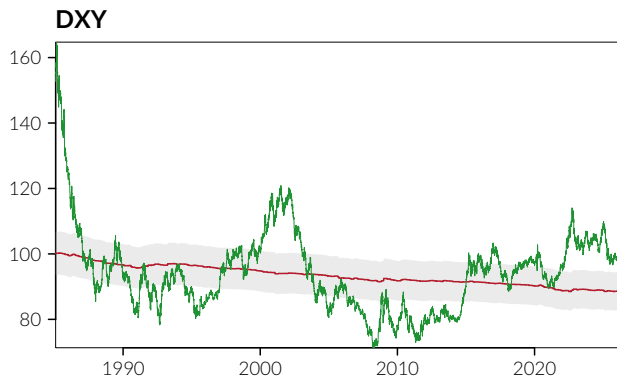
	Current Exchange Rate	Performance <sup>1</sup>				Purchasing Power Parity <sup>2</sup>		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation <sup>3</sup>
EURUSD	1.154	-1.66%	-2.34%	6.66%	-1.78%	1.22	1.09 - 1.35	-5%
USDJPY	158.950	1.35%	1.85%	5.98%	43.70%	105.49	93.52 - 117.46	51%
GBPUSD	1.322	-1.75%	-1.81%	2.13%	-4.23%	1.53	1.36 - 1.69	-14%
EURCHF	0.925	-0.72%	1.77%	-3.11%	-16.47%	0.88	0.83 - 0.93	5%
USDCHF	0.801	0.96%	4.20%	-9.16%	-14.97%	0.77	0.69 - 0.86	4%
GBPCHF	1.059	-0.81%	2.32%	-7.23%	-18.56%	0.98	0.90 - 1.07	8%
CHFJPY	198.414	0.39%	-2.25%	16.67%	68.99%	96.99	85.98 - 108.00	105%
AUDUSD	0.689	3.19%	-3.25%	9.48%	-9.61%	0.76	0.67 - 0.85	-9%
USDCAD	1.394	1.56%	2.24%	-2.59%	10.83%	1.23	1.14 - 1.32	13%
USDSEK	9.501	3.02%	5.28%	-4.93%	9.02%	8.58	7.61 - 9.56	11%
EURSEK	10.965	1.30%	2.82%	1.40%	7.08%	8.97	8.42 - 9.51	22%
USD RUB	81.300	2.74%	5.21%	-4.30%	7.63%	73.38	53.93 - 92.83	11%
USDBRL	5.195	-5.81%	1.13%	-9.79%	-8.58%	4.02	2.45 - 5.58	29%
USDCNH	6.898	-1.16%	0.55%	-5.15%	5.12%	7.12	6.53 - 7.70	-3%
USDTRY	44.477	3.54%	1.19%	17.08%	439.16%	32.77	25.83 - 39.72	36%
USDINR	94.391	4.96%	3.69%	10.35%	29.02%	83.28	76.64 - 89.92	13%
US_Dollar_Index	99.879	1.58%	2.33%	-4.00%	7.13%	88.43	82.59 - 94.27	13%

<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 March 31st, 2026

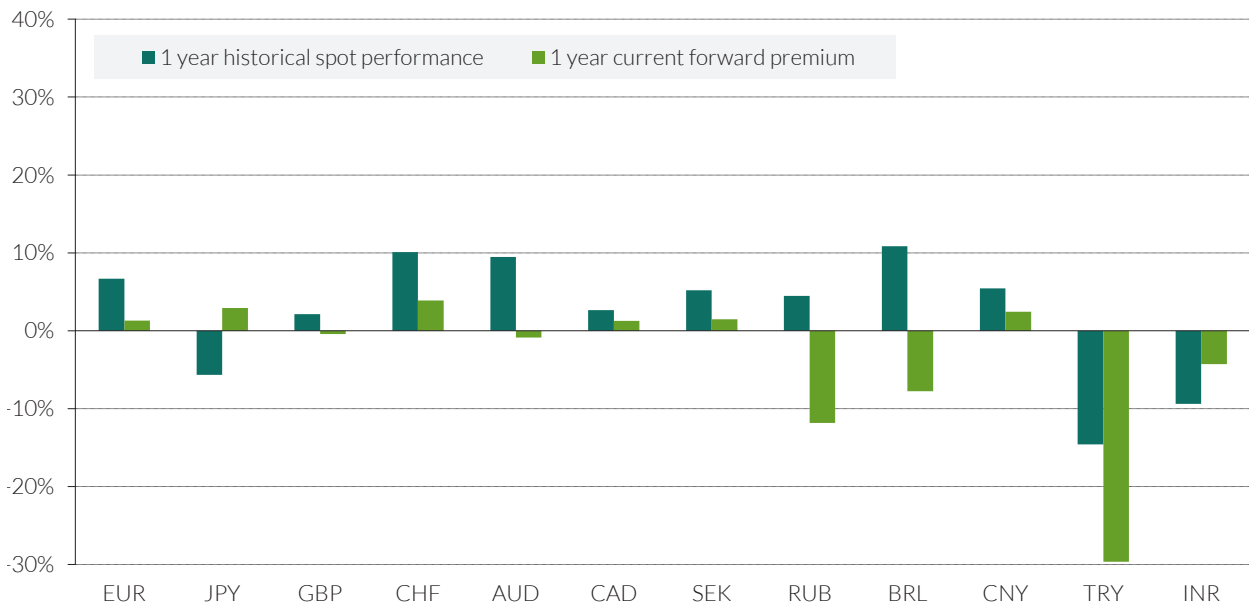
— PPP — Spot — Neutral Range

## FX Spot vs Forwards

### FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.154	1.1559	1.1588	1.1692	1.72%	1.62%	1.29%
USDJPY	158.950	158.4766	157.7456	154.4595	-3.06%	-3.00%	-2.79%
GBPUSD	1.322	1.3215	1.3212	1.3158	-0.04%	-0.12%	-0.43%
EURCHF	0.925	0.9227	0.9192	0.9016	-2.26%	-2.30%	-2.44%
USDCHF	0.801	0.7983	0.7932	0.7711	-3.97%	-3.91%	-3.69%
GBPCHF	1.059	1.0549	1.0480	1.0148	-4.01%	-4.03%	-4.10%
CHFJPY	198.414	198.5884	198.8741	200.2983	0.90%	0.92%	0.94%
AUDUSD	0.689	0.6882	0.6875	0.6824	-0.43%	-0.55%	-0.87%
USDCAD	1.394	1.3917	1.3880	1.3759	-1.59%	-1.54%	-1.25%
USDSEK	9.501	9.4855	9.4581	9.3640	-1.87%	-1.80%	-1.43%
EURSEK	10.965	10.9632	10.9593	10.9475	-0.16%	-0.20%	-0.15%
USD RUB	81.300	81.9001	83.4120	92.2200	8.05%	10.28%	13.25%
USDBRL	5.195	5.2255	5.3021	5.6333	6.54%	8.14%	8.32%
USDCNH	6.898	6.8813	6.8547	6.7342	-2.54%	-2.47%	-2.34%
USDTRY	44.477	46.3080	49.2133	63.2362	44.90%	42.12%	41.60%
USDINR	94.391	95.0408	96.0375	98.5955	8.27%	6.90%	4.39%

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



Source: QCAM Currency Asset Management, as of March 31st, 2026

## 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	1.154	6.86%	5.57%	9.09%	7.45%	7.10%	6.00%	7.48%	7.16%
USDJPY	158.950	9.12%	8.97%	8.63%	9.64%	9.50%	9.13%	9.88%	9.55%
GBPUSD	1.322	6.93%	6.48%	7.42%	8.12%	7.98%	7.20%	7.13%	8.03%
EURCHF	0.925	4.29%	3.28%	6.79%	5.17%	5.38%	4.93%	5.68%	5.57%
USDCHF	0.801	8.87%	8.05%	6.55%	7.89%	8.18%	7.80%	6.68%	7.45%
GBPCHF	1.059	5.96%	5.22%	5.46%	6.83%	6.90%	6.68%	6.25%	7.25%
CHFJPY	198.414	7.64%	7.04%	8.41%	8.09%	8.60%	8.25%	8.63%	8.66%
AUDUSD	0.689	9.88%	7.22%	8.75%	10.25%	10.70%	9.28%	9.00%	10.09%
USDCAD	1.394	5.11%	4.58%	7.04%	6.22%	5.08%	4.95%	6.20%	6.28%
USDSEK	9.501	11.28%	7.98%	11.37%	10.85%	11.31%	9.36%	10.83%	10.64%
EURSEK	10.965	6.02%	4.40%	4.96%	6.10%	6.90%	5.98%	6.35%	6.47%
USDRUB	81.300	15.07%	12.97%	22.20%	22.42%	23.38%	23.61%	23.55%	27.86%
USDBRL	5.195	11.92%	10.19%	9.38%	13.23%	14.33%	12.05%	13.95%	15.28%
USDCNH	6.898	3.23%	1.92%	4.32%	4.40%	3.60%	3.40%	4.78%	5.00%
USDTRY	44.477	1.23%	1.26%	6.78%	10.63%	17.88%	12.48%	23.93%	19.88%
USDINR	94.391	5.90%	4.87%	4.21%	3.86%	7.28%	4.38%	4.05%	4.57%

<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 March 31st, 2026

# 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.

## April 2026 – Current positioning

There have been several position changes over the last four weeks. We kept the Macro positions at neutral given the uncertainties related to the Iran war. In Business Sentiment, the EUR position moved from long to short, the CHF position went short versus the USD and the GBP position flipped from long to short as well. The overall Business Sentiment position is now 30% long USD. In Technical, EUR went from long versus the USD to neutral, JPY went from neutral to short JPY versus the USD and CHF switched from short versus the USD to neutral. On balance, the small short USD Technical position remained roughly unchanged. The balance of all strategy positions is now slightly long USD resting on small shorts in EUR and the CHF. The overall EUR position is 35% short versus the CHF and 10% long versus the SEK.

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

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	-	0	Business Sentiment went from long to short EUR and Technical moved from long to neutral
USDJPY	0/-	-	+	Technical from neutral to short JPY, moving the overall long JPY position close to neutral as well
EURCHF	0	-	-	Business sentiment went short CHF versus the USD and Technical turned neutral USDCHF. The overall position is 35% long CHF versus the EUR and 25% short CHF versus the USD.
USDCHF	0	++	0	
GBPUSD	0	-	+	Business Sentiment shifted to short GBP, moving the overall position to neutral
EURSEK	0/+	++	--	All positions were unchanged, leaving a small short SEK position
USDCAD	0	++	--	The short CAD Business Sentiment position increased, shifting the overall position to neutral

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

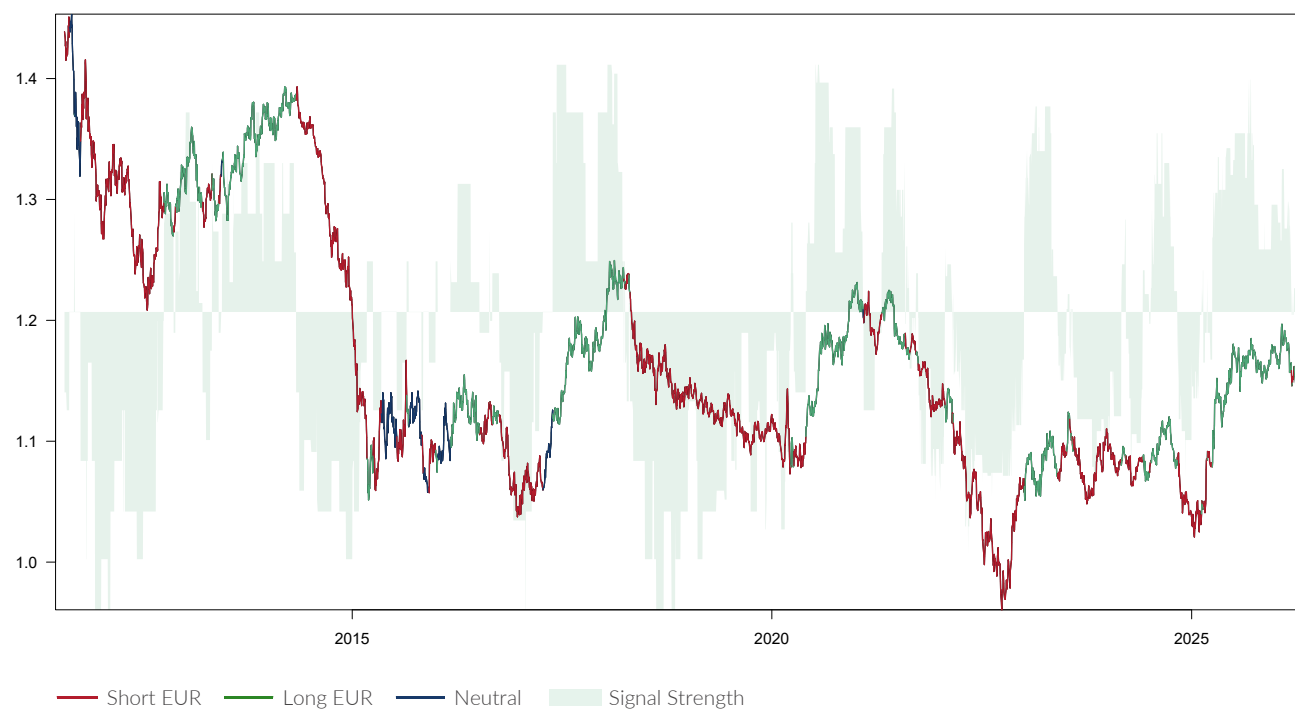
## EURUSD

We kept the Macro position at neutral given persistent uncertainties related to the Iran war. We remain fundamentally constructive on the EUR but the rise in energy prices is having a direct balance of payments impact given the high reliance on energy imports. We are prepared to move the Macro position back to long EUR if the shock from the Iran war proves temporary and uncertainty around US economic policy and AI related volatility returns into

focus. The ECB is more likely to be forced to hike interest rates in response to higher inflation, but we think any tightening will be modest given the likely negative impact on growth. The small long EUR Business Sentiment position shifted to short and Technical moved from long EUR to neutral. The balance of all strategy positions is now slightly short EUR.

	FX Factors	EUR Impact	Comment
<b>Macro</b>	Current Account Balances	0/+	Rising energy prices to raise Euro-area import bill but surplus to remain sizable versus US deficit
	Fiscal Balances	0	Euro-area deficit likely to rise but remain below the US deficit
	Interest Rate Differentials	0/+	Risk of ECB rate hike rising while Fed more likely to stay on hold
<b>Sentiment</b>	Business Sentiment	-	The momentum of Euro-area surveys fell behind versus that of US surveys
	Risk Sentiment	0/-	Lasting geopolitical uncertainties risk undermining sentiment
<b>Technical</b>	Price Action	0	Technical turned neutral
	Spec Positions	-	Net long EUR position collapsed to neutral
	PPP Valuation	0	EUR is slightly (5%) below fair value

### EURUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

## USDJPY

We remain fundamentally constructive on the JPY (solid growth, elevated inflation, BoJ balancing fiscal stimulus) but kept the Macro position at neutral given increased uncertainties related to the Iran war. The rise in energy prices is having a direct balance of payments impact given the high reliance on energy imports. We are prepared to move the Macro position back to long

JPY if the shock from the Iran war proves temporary and uncertainty around US economic policy and AI related volatility returns into focus. The Macro carry model and Business Sentiment stayed long JPY and Technical moved from neutral to short JPY, reducing the overall long JPY position close to neutral.

	FX Factors	JPY Impact	Comment
<b>Macro</b>	Current Account Balances	+	Rising energy prices to raise Japan's import bill but surplus to remain sizable versus US deficit
	FDI Flows	-	Net outflows largely offset current account surplus
	Interest Rate Differentials	+	The Macro carry model stayed long JPY on increased volatility
<b>Sentiment</b>	Business Sentiment	+	The momentum of Japanese Business Sentiment is slightly stronger versus that of US surveys
	Risk Sentiment	0	Safe-haven character not yet restored
<b>Technical</b>	Price Action	-	Technical went short JPY
	Spec Positions	0	The net position is slightly underweight JPY
	PPP Valuation	+	The JPY is currently about 51% undervalued

### USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

## EURCHF

We kept the discretionary Macro position at neutral versus the EUR. Swiss fundamentals remain solid, especially the support from external and fiscal positions. Potential risks to the economy and still low inflation favour stable interest rates. The SNB's voiced discomfort with the strong CHF exchange rate contributed to the CHF's underperformance in March despite its ongoing

safe haven appeal. Nevertheless, we think the SNB will resist larger FX interventions to avoid escalating the conflict with the US. Business Sentiment and Technical positions remained long CHF versus the EUR leaving the balance of all strategy positions at 35% long CHF versus the EUR.

	FX Factors	CHF Impact	Comment
<b>Macro</b>	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0	SNB expected to keep interest rates unchanged
	SNB Policy Intervention	0	Limited risk of significant SNB FX interventions
<b>Sentiment</b>	Business Sentiment	-	The Swiss economy fell behind ahead of the Euro-area economy in the surveys
	Risk Sentiment	0/+	The CHF remains a prime safe haven currency but failed to benefit from it so far in the Gulf war
<b>Technical</b>	Price Action	+	Technical stayed long CHF
	PPP Valuation	0	The CHF is around fair value versus the EUR

### EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

## USDCHF

Our Macro positions in EURCHF and EURUSD, which are both neutral imply neutral CHF versus the USD as well. Potential risks to the economy and still low inflation favour stable interest rates. The SNB's voiced discomfort with the strong CHF exchange rate contributed to the CHF's underperformance in March despite its ongoing safe haven appeal. Nevertheless, we think the

SNB will resist larger FX interventions to avoid escalating the conflict with the US. The main downside risk for the CHF is the attractive funding position for carry trades. Business Sentiment switched from long CHF versus the USD to short and Technical went from short CHF to neutral, shifting the overall CHF position to a small short versus the USD.

	FX Factors	CHF Impact	Comment
<b>Macro</b>	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/-	SNB expected to keep interest rates unchanged
	SNB Policy Intervention	0	Limited risk of sizable SNB FX interventions
<b>Sentiment</b>	Business Sentiment	-	The Swiss economy fell behind ahead of the Euro-area economy in the surveys
	Risk Sentiment	0/+	The CHF remains a prime safe haven currency but failed to benefit from it so far in the Gulf war
<b>Technical</b>	Price Action	0	Technical went neutral
	Spec Positions	0/+	The oversold CHF position declined
	PPP Valuation	0	The CHF is around fair value versus the USD

### USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

## GBPUSD

We keep the discretionary Macro position at neutral given ongoing geopolitical uncertainties. The economy has been resilient, but we believe that UK fundamentals remain challenged thanks to BREXIT. The twin deficits and a negative net international investment position are structural handicaps for the GBP. Resilient and new inflation pressures may force the BoE to raise interest rates, but we doubt that

will support the GBP much. Political uncertainty around the PM's leadership position remains an additional headwind for the GBP. However, we are reluctant to go short as the GBP is likely to rally quickly if global risk sentiment improves. Business Sentiment shifted from long to short GBP and Technical stayed long GBP, leaving the overall strategy position at neutral.

	FX Factors	GBP Impact	Comment
<b>Macro</b>	Current Account Balances	0/-	The UK deficit has declined somewhat but remains close to the pre-Corona level
	Interest Rate Differentials	0/+	UK rates likely to stay above US rates as BoE more likely to hike than Fed
<b>Sentiment</b>	Business Sentiment	-	Momentum in UK surveys fell behind US surveys
	Risk Sentiment	-	Political uncertainty around PM leadership remains elevated
<b>Technical</b>	Price Action	+	Technical stayed long GBP
	Spec Positions	0/+	The net short GBP position remains very elevated
	PPP Valuation	0/+	The GBP is 14% undervalued

### GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

## EURSEK

We keep the discretionary Macro position at neutral. Economic conditions have improved and the drag from the housing sector is fading as the Riksbank lowered interest rates. However, the SEK is more vulnerable to negative changes in global risk sentiment and energy prices. The Macro interest rate and Business Sentiment stayed short SEK, while Technical remained long SEK, leaving a small overall

short SEK position versus the EUR. We are also neutral SEK versus the USD given the neutral EURUSD Macro position. However, we think the SEK is well positioned for a rebalancing in foreign portfolio positions given its current account surplus and large positive net international investment position if global risk sentiment improves.

	FX Factors	SEK Impact	Comment
<b>Macro</b>	Current Account Balances	0/+	Sweden's surplus likely to decline on rising energy prices but remain large
	Interest Rate Differentials	-	The Macro interest rate model stayed short SEK
<b>Sentiment</b>	Business Sentiment	-	Surveys stayed short SEK
	Risk Sentiment	0/-	The SEK is more vulnerable to negative sentiment changes
<b>Technical</b>	Price Action	+	Technical stayed long SEK
	PPP Valuation	+	The SEK is roughly 22% undervalued versus the EUR

### EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

## USDCAD

We kept the discretionary Macro position at neutral. As a net oil&gas exporter, Canada is less vulnerable to the disruptions caused by the Iran war, but the CAD still suffers from the deterioration of global risk sentiment. The trade conflict with the US remains an open issue and handicaps the CAD despite the rise in oil prices. Canadian inflation is below US inflation and the BoC is ex-

pected to keep interest rates well below the Fed funds rate. Market sentiment towards the CAD has improved following the change in leadership and handling of the tensions with the US by the new government. The short CAD Business Sentiment position increased, while Technical remained long CAD, leaving the overall CAD position at neutral.

	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
	Interest Rate Differentials	-	CAD interest rates to remain lower versus USD interest rates
<b>Sentiment</b>	Business Sentiment	-	Canada has lost momentum versus the US in the surveys
	Risk Sentiment	0/-	Tensions with the US over tariffs remain elevated
<b>Technical</b>	Price Action	-	Technical stayed long CAD
	Spec Positions	0/-	The CAD position returned from overbought to neutral
	PPP Valuation	0	CAD is about 13% 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

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. Over the years, the strategy has consistently outperformed its peers. It is investable either through a Swiss-regulated investment fund or as a managed account. New EUR, GBP, and CHF share classes are fully currency-hedged and based on the same secure Swiss portfolio, offering identical risk and quality.

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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 HNWIs.

### 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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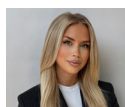
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