

May 2026

QCAM MONTHLY

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

Page 1 QCAM Insight

Improving USD Fundamentals

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

Improving USD Fundamentals

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Events in the Gulf continue to drive short-term FX movements between de-escalation hopes and renewed tensions. This may go on for a while, but fundamentals are changing as well. The US economy is proving more resilient than others, the Fed is adopting a hawkish stance, and US equities are again outperforming. We are not yet prepared to go outright long the USD, but we think these positive developments offset the USD negative forces from asset rebalancing and currency hedging.

Despite a ceasefire and negotiations between the warring parties, the conflict in the Gulf region drags on with no immediate resolution in sight. Iran stays defiant and the US is reluctant to apply overwhelming force as a favorable outcome is not ensured and the situation could worsen leading to an even bigger oil and gas supply shock. In our view, the US will have to make more concessions to get Iran to reopen the Strait of Hormuz. Whether and how soon the US is prepared to meet Teheran's demands is a key uncertainty. Against that background, we view current oil and gas futures pricing as too optimistic not only because it may take longer to open the Strait of Hormuz but also because it will take longer to restore supply conditions.

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

Asymmetric impact

The economic impact of the Gulf war is felt around the world. Inflation is rising everywhere but the impact on real economic activity is less even. By far hardest hit are the Gulf states followed by the more vulnerable economies in Asia. In Europe, the impact is so far through prices and less actual shortages, but the situation is likely to worsen the longer the situation drags on. Least impacted among the major economies is the US with the weekly economic activity index actually rising since the start of the Gulf war. Our FX BIAS business sentiment indicators also signal an outperformance of US surveys versus surveys in other major economies. This is not completely surprising, given the shift of the US from a net importer of oil and gas to a net exporter. But there is more to it. Unemployment is falling and private consumption remains firm, while capex is rebounding, powered by AI and IT spending, and loan growth is rising.

We continue to believe that the economic policies of the Trump administration are negative for supply conditions in the US. Nevertheless, the resilience of the US economy shows that much is still alive of what made the US economy exceptional for many years. Equity markets seem to take notice as well. After massively underperforming during the first two months of the year, the US equity market has significantly outperformed all its major-currency rivals except for Norway

since the start of the Gulf war (see chart). Importantly, the outperformance is not driven by rising valuations but by strong earnings growth (2026-Q1 median EPS growth in the US is 10% versus 5% in Europe).

The Fed has turned hawkish

Economic resilience, favorable financial conditions, and rising inflation have triggered a hawkish shift at the Fed, with three FOMC members opting for a rate hike at the last meeting. We believe that incoming Fed Chair Warsh has already recognized the changed conditions and is unlikely to burn his credibility during his first months in office by pushing for rate cuts against the better judgment of the majority of FOMC members. In fact, we would not be surprised if the first rate move under Warsh is a hike. As a result, the Fed looks likely to maneuver between holding and hiking like most other major central banks, especially the ECB.

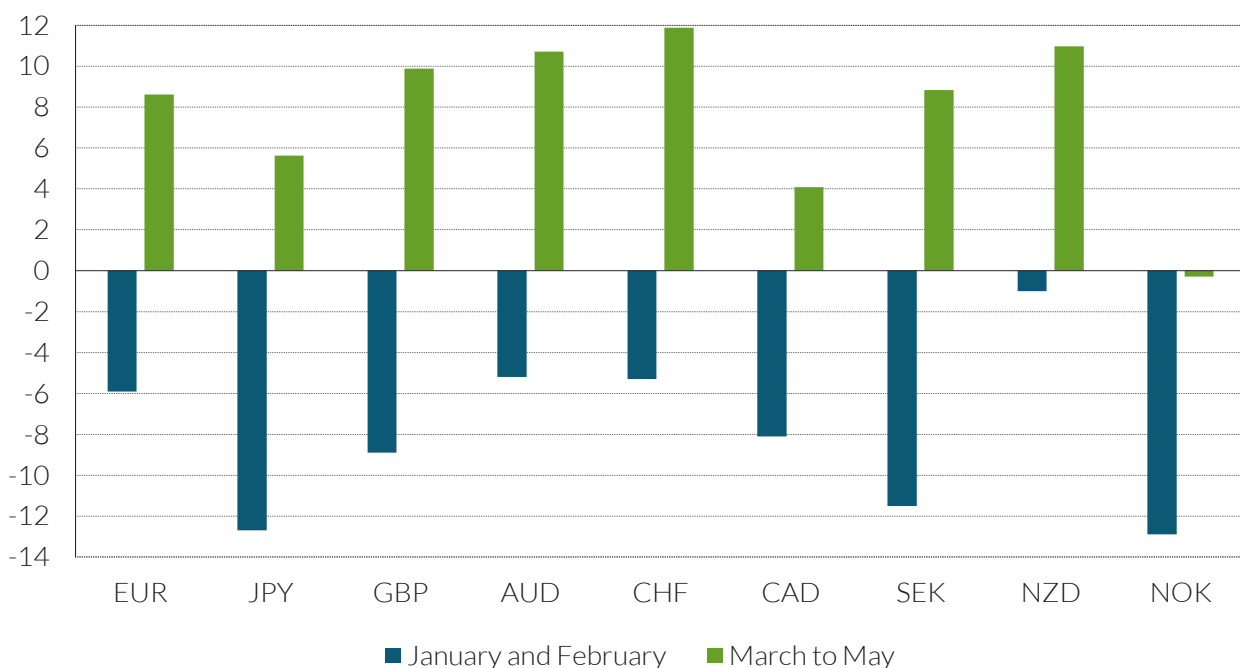
To be sure, we are not yet prepared to go outright long the USD given the possibility that a resolution of the Gulf conflict could trigger a risk-on rally. However,

we think the positive development of US fundamentals offset the USD negative forces from asset rebalancing and currency hedging that were triggered by the rise in US policy uncertainty a year ago

Interventions only smooth

A special case is the JPY, which received a 2.4% boost last week from MoF interventions. We believe the JPY has upside once the geopolitical uncertainties fade, but doubt interventions will be repeated at large scale and move the JPY much over time. Repeated large interventions would imply that Japan actively targets the exchange rate and attract anger from the US administration. Furthermore, JPY interventions only tend to have lasting effects in an environment of falling US interest rates, which is unlikely in the near term.

US equity performance relative to other major markets in 2026 (%)



Sources: investing.com and QCAM

Economy & Interest Rates

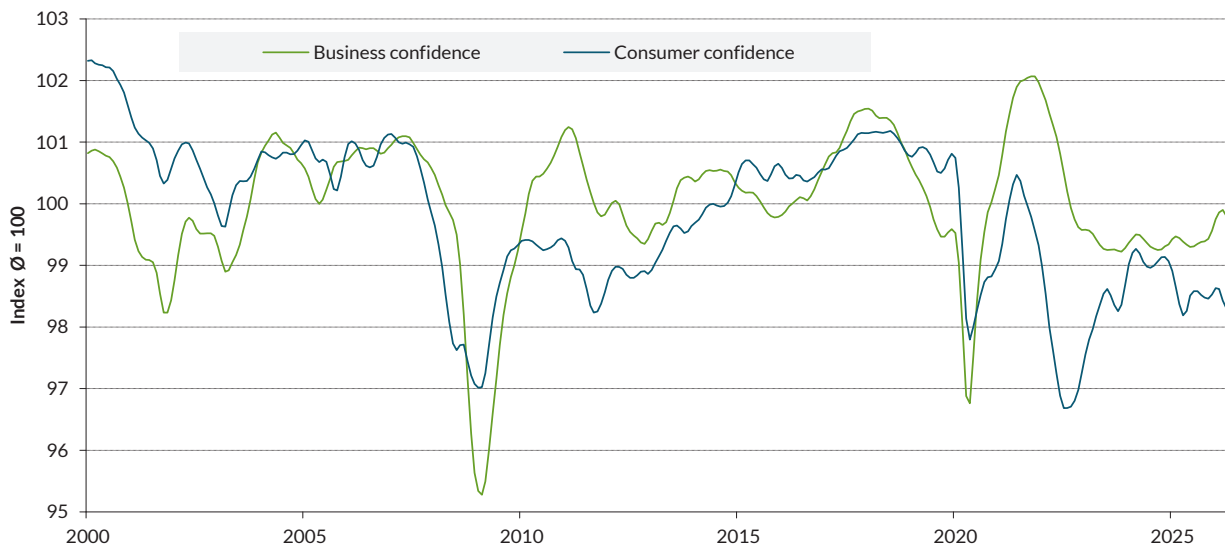
So far, the material impact from the Gulf war is most visible in the Middle East and some emerging economies, notable in Asia. Global business sentiment has held up surprisingly well, while consumer confidence deteriorated, although not dramatically. Still, as the conflict drags on longer with no imminent end in sight, we have lowered our growth forecasts a bit further and raised our inflation forecasts again. The forecast changes are asymmetric with the US less

negatively impacted than Europe and Asia. Most central banks are still in the “wait and see” mode. The inflation pressure is viewed as less dramatic as in 2022, growth conditions are softer and monetary policy stances are not super easy. How long central banks will remain patient is less clear. We think the Fed and the ECB are similarly likely to stay on hold or make one rate hike, while we expect the BoJ to hike rates at least twice this year.

	Real GDP growth ¹		Unemployment rate ¹		Inflation rate ¹		Current account ²		Fiscal balance ²		Public debt ²	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Global	2.8	2.5	n.a.	n.a.	2.7	3.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.8	1.5	n.a.	n.a.	2.6	3.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.1	2.0	4.3	4.3	2.7	3.5	-3.6	-3.5	-7.4	-7.5	125	128
Canada	1.7	1.2	6.9	6.7	2.1	2.5	-0.9	-0.5	-2.2	-2.4	114	113
Euro-area	1.5	1.0	6.3	6.2	2.1	2.8	1.6	0.5	-3.2	-3.4	88	89
Sweden	1.8	1.8	8.5	8.2	0.9	2.0	6.0	4.0	-1.5	-2.0	34	34
Switzerland	1.0	0.8	2.5	2.5	0.2	1.0	5.0	3.5	0.3	0.0	37	36
UK	1.3	0.8	4.8	5.1	3.4	3.5	-3.1	-3.5	-4.5	-3.5	103	105
Japan	1.2	0.8	2.5	2.5	3.2	2.5	4.8	3.0	-7.0	-7.0	230	227
Australia	2.0	2.0	4.2	4.2	2.8	4.0	-2.6	-2.0	0.5	0.0	51	50
Emerging	4.2	4.0	n.a.	n.a.	2.8	3.3	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	3.7	3.0	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	1.5	1.0	2.2	2.5	8.7	6.0	1.7	2.0	-2.5	-2.0	21	22
Brazil	2.3	1.5	5.9	6.0	5.0	4.5	-3.0	-2.5	-9.0	-9.0	91	94

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

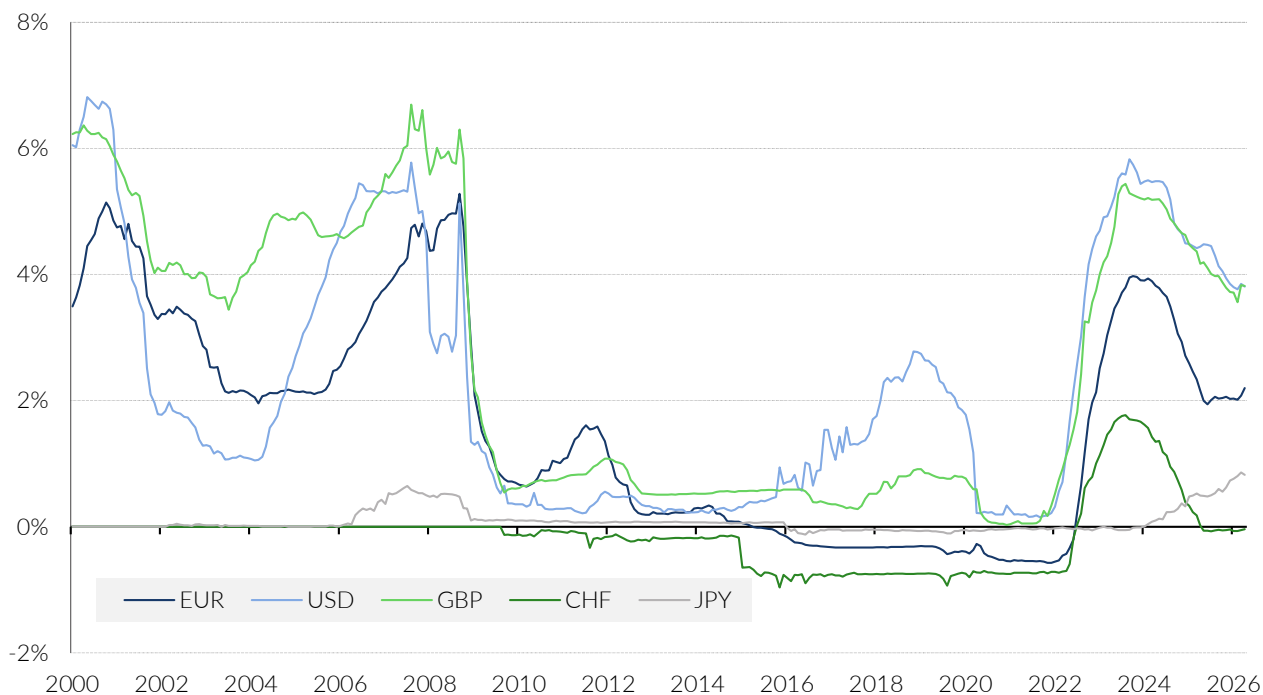
Interest Rates

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	3.65%	3.66%	3.61%	4.30%	4.65%	4.27%	4.18%	4.09%	4.09%	3.15%
EUR	2.20%	2.10%	2.02%	2.15%	2.98%	3.03%	2.99%	2.79%	2.46%	2.71%
JPY	0.83%	0.87%	0.78%	0.48%	0.31%	2.31%	2.19%	1.99%	1.06%	1.17%
GBP	3.84%	3.82%	3.66%	4.17%	4.61%	4.59%	4.38%	4.14%	3.99%	4.02%
CHF	-0.04%	-0.05%	-0.06%	0.00%	0.77%	0.61%	0.58%	0.55%	0.43%	0.91%
AUD	4.40%	4.25%	3.89%	3.84%	4.07%	4.84%	4.91%	4.66%	4.03%	4.30%
CAD	2.32%	2.29%	2.26%	2.66%	3.69%	3.54%	3.54%	3.48%	3.23%	3.56%
SEK	1.81%	1.85%	1.75%	2.17%	2.87%	3.03%	3.12%	2.82%	2.66%	2.76%
RUB	13.75%	14.45%	14.50%	21.60%	16.03%	12.16%	12.39%	12.94%	11.95%	11.26%
BRL	13.23%	13.06%	13.36%	13.62%	11.60%	13.79%	13.74%	12.96%	13.81%	12.50%
CNY	1.44%	1.48%	1.58%	1.68%	1.82%	1.68%	1.71%	1.75%	1.46%	1.96%
TRY	41.83%	42.66%	37.95%	49.90%	42.82%	30.48%	29.82%	26.75%	30.25%	27.04%
INR	5.44%	5.74%	5.34%	5.86%	6.24%	6.90%	7.05%	6.36%	5.70%	6.26%

Source: QCAM Currency Asset Management, as of May 5th, 2026

3-month Rates



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

FX Markets

FX Performance vs. PPP

The USD DXY lost 1.5% over the last five weeks, erasing most of the gains after the start of the Gulf war. The AUD performed best, while the JPY trailed behind despite the MoF intervention. EM FX performance was on balance also positive, but more mixed with BRL and RUB gaining strongly and TRY and INR falling further behind. Speculative positions are on balance USD neutral, with a large overbought position in the AUD versus a similarly large oversold position in the GBP. Short-term interest rates were stable or 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 and implied volatilities declined and fell below their long-term averages. Higher inflation everywhere has not changed the trend of PPP estimates. So far, the USD remains broadly overvalued (11% for the USD DXY) with JPY the most undervalued and the CHF at fair value.

Overview

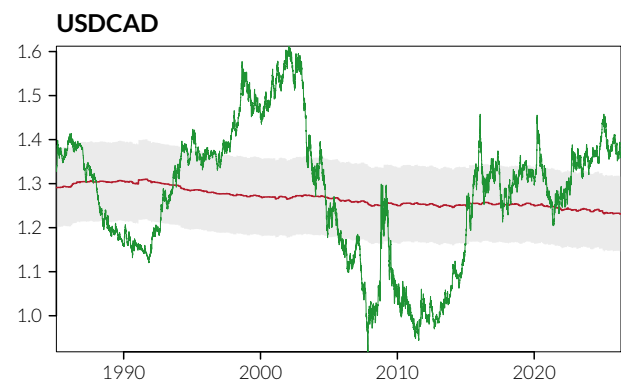
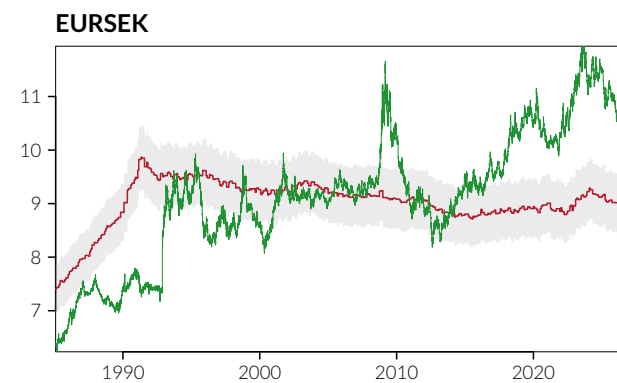
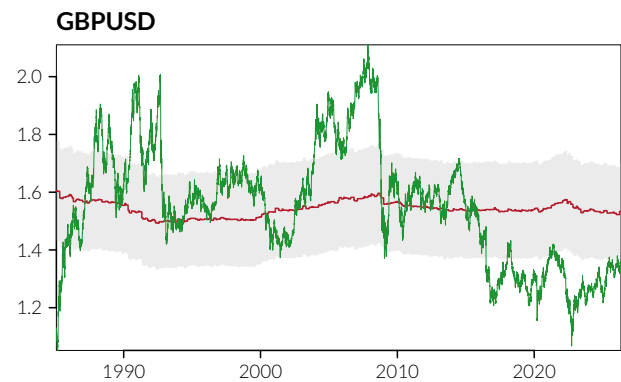
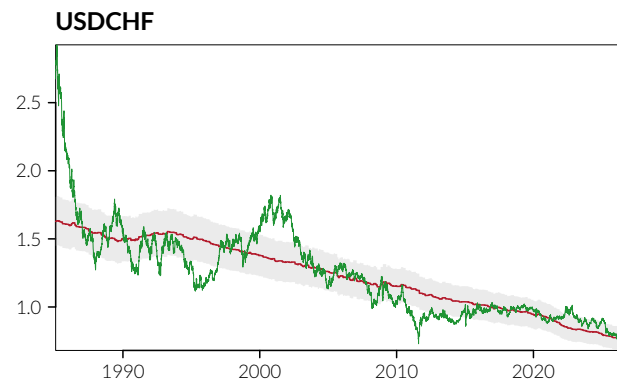
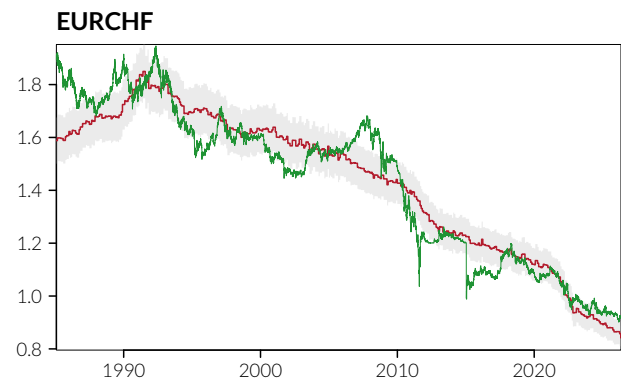
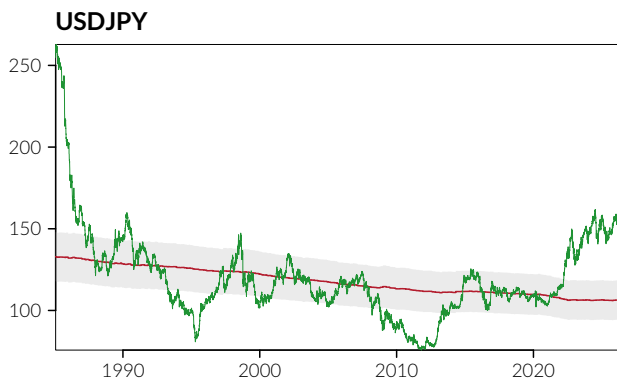
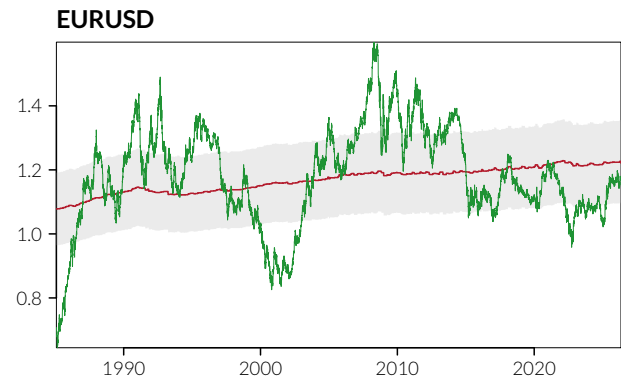
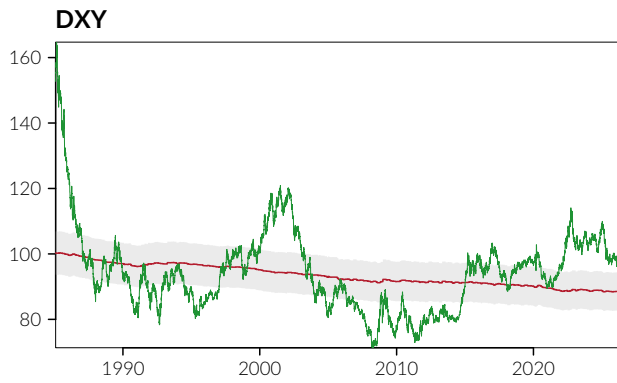
	Current Exchange Rate	Performance ¹				Purchasing Power Parity ²		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation ³
EURUSD	1.170	-0.32%	1.56%	3.51%	-2.46%	1.22	1.09 - 1.35	-4%
USDJPY	157.790	0.61%	-1.16%	9.45%	44.36%	105.74	93.76 - 117.73	49%
GBPUSD	1.356	0.77%	2.71%	2.12%	-2.49%	1.53	1.37 - 1.70	-11%
EURCHF	0.916	-1.64%	-0.70%	-1.66%	-16.40%	0.84	0.80 - 0.89	9%
USDCHF	0.783	-1.34%	-2.24%	-5.00%	-14.31%	0.77	0.68 - 0.85	2%
GBPCHF	1.061	-0.57%	0.43%	-2.98%	-16.44%	0.98	0.89 - 1.06	8%
CHFJPY	201.566	1.98%	1.12%	15.20%	68.46%	97.08	86.08 - 108.09	108%
AUDUSD	0.719	7.72%	4.30%	11.19%	-7.16%	0.75	0.66 - 0.84	-4%
USDCAD	1.362	-0.74%	-2.31%	-1.40%	10.95%	1.23	1.15 - 1.32	11%
USDSEK	9.263	0.43%	-2.29%	-4.29%	8.98%	8.71	7.73 - 9.70	6%
EURSEK	10.837	0.12%	-0.76%	-0.93%	6.30%	8.84	8.30 - 9.37	23%
USD RUB	75.410	-4.70%	-5.77%	-6.32%	0.71%	73.56	54.07 - 93.05	3%
USDBRL	4.912	-10.96%	-4.78%	-13.60%	-8.71%	4.02	2.46 - 5.58	22%
USDCNH	6.828	-2.16%	-0.84%	-5.26%	5.26%	7.09	6.51 - 7.67	-4%
USDTRY	45.219	5.27%	1.42%	17.23%	443.27%	33.14	26.13 - 40.15	36%
USDINR	95.063	5.71%	2.25%	12.81%	28.86%	82.84	76.24 - 89.43	15%
US_Dollar_Index	98.487	0.17%	-1.54%	-1.35%	7.86%	88.48	82.65 - 94.32	11%

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 May 5th, 2026

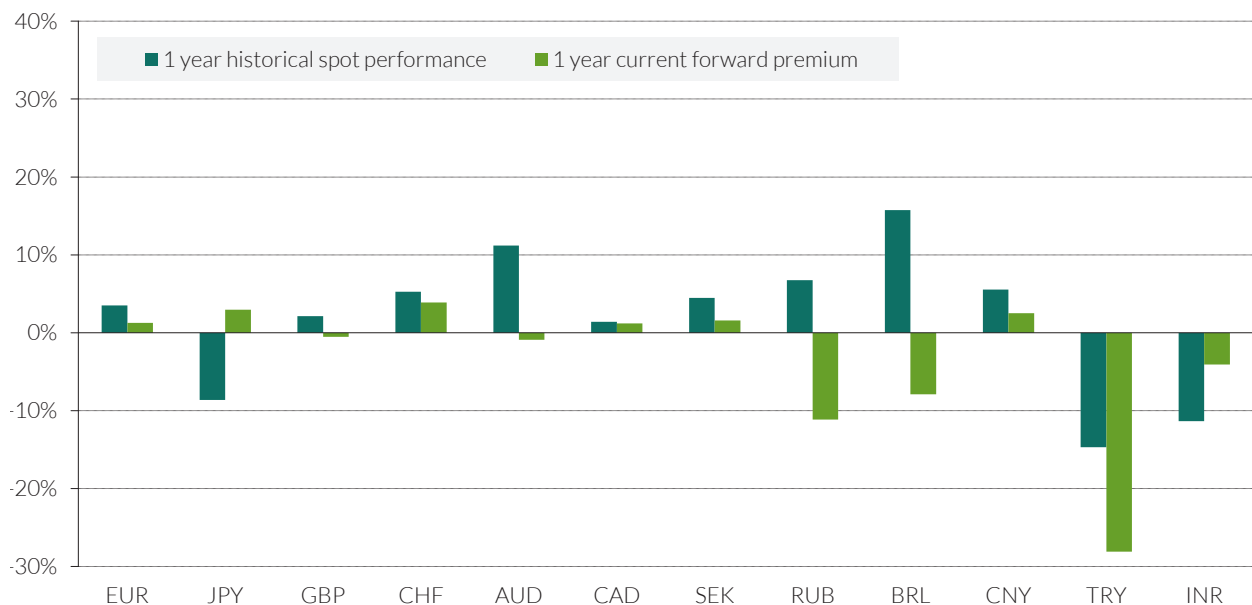
— PPP — Spot — Neutral Range

FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.170	1.1717	1.1745	1.1848	1.68%	1.55%	1.25%
USDJPY	157.790	157.3795	156.5745	153.2685	-3.02%	-2.95%	-2.81%
GBPUSD	1.356	1.3555	1.3551	1.3487	-0.04%	-0.15%	-0.50%
EURCHF	0.916	0.9142	0.9106	0.8929	-2.17%	-2.28%	-2.49%
USDCHF	0.783	0.7802	0.7753	0.7536	-3.85%	-3.82%	-3.69%
GBPCHF	1.061	1.0576	1.0505	1.0164	-3.90%	-3.97%	-4.17%
CHFJPY	201.566	201.7102	202.0258	203.4437	0.83%	0.87%	0.91%
AUDUSD	0.719	0.7182	0.7173	0.7122	-0.72%	-0.74%	-0.89%
USDCAD	1.362	1.3601	1.3569	1.3457	-1.52%	-1.48%	-1.18%
USDSEK	9.263	9.2467	9.2187	9.1187	-1.92%	-1.85%	-1.53%
EURSEK	10.837	10.8342	10.8278	10.8036	-0.24%	-0.31%	-0.30%
USD RUB	75.410	76.1104	77.4262	84.8799	10.13%	10.46%	12.39%
USDBRL	4.912	4.9481	5.0249	5.3336	8.39%	9.04%	8.48%
USDCNH	6.828	6.8127	6.7844	6.6614	-2.52%	-2.50%	-2.41%
USDTRY	45.219	46.6218	49.2931	62.8900	33.84%	35.25%	38.54%
USDINR	95.063	95.5212	96.3480	99.0915	5.42%	5.29%	4.18%

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



Source: QCAM Currency Asset Management, as of May 5th, 2026

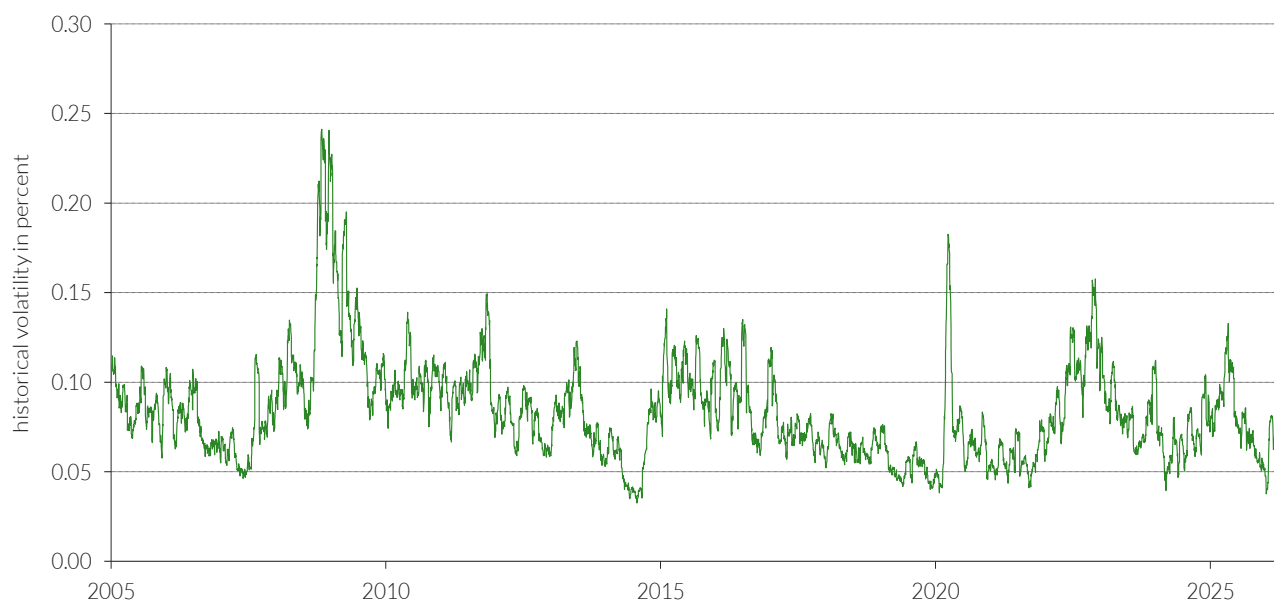
FX Volatility

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	1.170	5.97%	6.85%	10.42%	7.47%	6.13%	6.73%	9.25%	7.17%
USDJPY	157.790	8.59%	9.15%	11.40%	9.72%	7.93%	9.23%	12.00%	9.59%
GBPUSD	1.356	6.70%	6.93%	8.49%	8.14%	6.88%	7.78%	8.65%	8.03%
EURCHF	0.916	4.13%	4.33%	7.74%	5.18%	4.30%	5.25%	6.88%	5.57%
USDCHF	0.783	7.11%	8.89%	11.01%	7.92%	7.10%	7.95%	10.33%	7.47%
GBPCHF	1.061	4.96%	5.97%	9.01%	6.82%	5.60%	6.83%	8.40%	7.22%
CHFJPY	201.566	7.62%	7.74%	8.94%	8.13%	7.00%	8.30%	9.70%	8.68%
AUDUSD	0.719	9.79%	9.90%	15.51%	10.25%	8.95%	10.25%	11.25%	10.09%
USDCAD	1.362	4.52%	5.12%	8.58%	6.20%	4.58%	4.93%	6.65%	6.25%
USDSEK	9.263	11.56%	11.41%	14.70%	10.92%	9.75%	11.10%	12.05%	10.67%
EURSEK	10.837	7.09%	6.27%	8.71%	6.15%	6.03%	6.75%	7.58%	6.49%
USDRUB	75.410	13.99%	15.24%	21.52%	22.50%	23.44%	23.90%	23.56%	28.02%
USDBRL	4.912	12.13%	11.95%	13.44%	13.11%	12.58%	13.28%	14.30%	15.18%
USDCNH	6.828	3.33%	3.24%	4.71%	4.39%	2.95%	3.55%	5.55%	4.97%
USDTRY	45.219	1.42%	1.22%	6.83%	10.21%	14.53%	17.78%	16.60%	19.72%
USDINR	95.063	6.40%	6.70%	4.60%	3.88%	5.55%	7.45%	5.65%	4.55%

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 May 5th, 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.

May 2026 – Current positioning

There have been few position changes over the last five weeks. We kept the Macro positions at neutral given the uncertainties related to the Gulf war. In Business Sentiment, the short EUR position versus the USD increased while the SEK position moved to long versus the EUR. The overall Business Sentiment position is now 60% long USD. In Technical, the JPY position turned short versus the USD while the CAD position went neutral. On balance, the Technical positions are now slightly long USD. The balance of all strategy positions is now one-third long USD resting on longs versus the EUR, the CAD, the JPY and the CHF. The overall EUR position is 40% short versus the CHF and 35% short versus the SEK.

Overview¹

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	--	0	The short EUR Business Sentiment position increased lifting the overall short EU position as well
USDJPY	0/+	-	++	The Macro carry and the Technical position went short JPY, shifting the overall position to short JPY as well
EURCHF	0	-	-	All positions remained unchanged. The overall position is 40% long CHF versus the EUR and 33% short CHF versus the USD.
USDCHF	0	++	0	
GBPUSD	0	-	+	All position were unchanged keeping the overall position at neutral
EURSEK	0/+	--	-	Business Sentiment went long SEK, shifting the overall position to long SEK as well
USDCAD	0	++	0	Technical went to neutral, shifting the overall position to short CAD

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

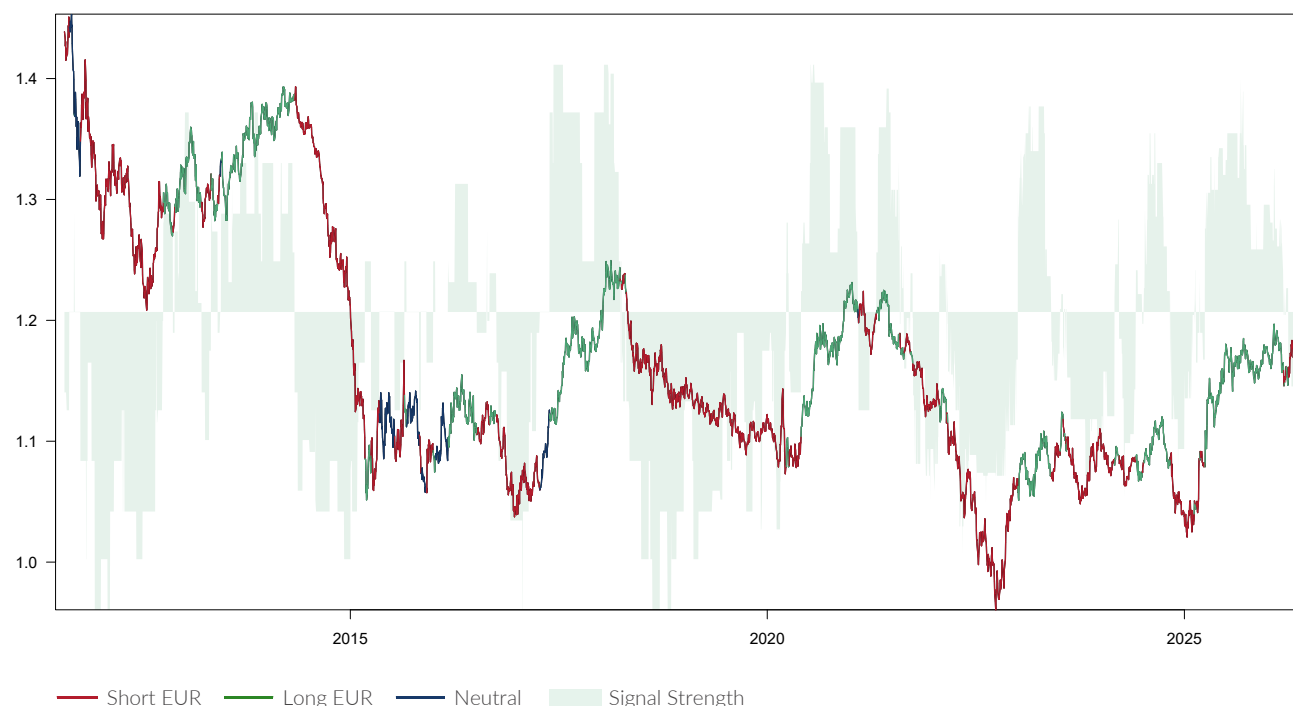
EURUSD

We kept the Macro position at neutral given persistent uncertainties related to the Gulf war. We are fundamentally also neutral as asset relocation and hedging dynamics seem to slow, while the rise in energy prices is having a direct balance of payments impact given the high reliance on energy imports. On the other side, the US economy appears more

resilient, while ECB and Fed seem similarly likely to stay on hold or hike interest rates. The short EUR Business Sentiment position increased while Technical stayed at neutral, increasing the overall short EUR position as well.

	FX Factors	EUR Impact	Comment
Macro	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	Similar probabilities of rate hikes by ECB and Fed
Sentiment	Business Sentiment	-	The momentum of Euro-area surveys fell behind versus that of US surveys
	Risk Sentiment	0/-	Lasting geopolitical uncertainties risk undermining sentiment
Technical	Price Action	0	Technical stayed neutral
	Spec Positions	0	Net EUR position close to neutral
	PPP Valuation	0	EUR is slightly (4%) 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 Gulf war. The rise in energy prices is having a direct balance of payments impact given the high reliance on energy imports. Resil-

ience of the US economy and the Fed at least on hold and possibly forced to hike support the neutral Macro position. The Macro carry model and Technical both went short JPY, while Business Sentiment stayed long JPY, switching the overall JPY position to short JPY as well.

	FX Factors	JPY Impact	Comment
Macro	Current Account Balances	0/+	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 went short JPY on falling volatility
Sentiment	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
Technical	Price Action	-	Technical went short JPY
	Spec Positions	0	The net position is moderately underweight JPY
	PPP Valuation	+	The JPY is currently about 49% undervalued

USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

EURCHF

Swiss fundamentals remain solid, especially the support from external and fiscal positions. However, the CHF failed to benefit from the increased uncertainty created by the Gulf war. As a result, we keep our Macro position at neutral. Potential risks to the economy and still low inflation favor stable interest rates. The SNB's voiced discomfort with the strong CHF exchange rate

and minor interventions contributed to the CHF's underperformance. 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 40% long CHF versus the EUR.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF despite higher oil prices
	Interest Rate Differentials	0	SNB expected to keep interest rates unchanged
	SNB Policy Intervention	0	Limited risk of significant SNB FX interventions
Sentiment	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
Technical	Price Action	+	Technical stayed long CHF
	PPP Valuation	0	The CHF is 9% undervalued 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 favor stable interest rates. The SNB's voiced discomfort with the strong CHF exchange rate and minor interventions probably contributed to the CHF's underperformance 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 stayed short CHF versus the USD and Technical remained neutral, keeping the overall CHF position modestly short versus the USD.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF despite higher oil prices
	Interest Rate Differentials	0/-	SNB expected to keep interest rates unchanged
	SNB Policy Intervention	0	Limited risk of sizable SNB FX interventions
Sentiment	Business Sentiment	-	The Swiss economy stayed behind the US 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
Technical	Price Action	0	Technical stayed neutral
	Spec Positions	0/+	The oversold CHF position increased again
	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 stayed short GBP and Technical remained long GBP, leaving the overall strategy position at neutral.

	FX Factors	GBP Impact	Comment
Macro	Current Account Balances	0/-	The UK deficit is expected to rise with higher oil prices
	Interest Rate Differentials	0/+	UK rates likely to stay above US rates as BoE more likely to hike than Fed
Sentiment	Business Sentiment	-	Momentum in UK surveys stayed behind US surveys
	Risk Sentiment	-	Political uncertainty around PM leadership remains elevated
Technical	Price Action	+	Technical stayed long GBP
	Spec Positions	0/+	The net short GBP position remains very elevated
	PPP Valuation	0/+	The GBP is 11% undervalued

GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

EURSEK

We keep the discretionary Macro position at neutral given the heightened geopolitical uncertainties. 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 model stayed short SEK, while Business Sentiment shifted to long SEK and Technical remained long SEK

as well, shifting the overall position to long SEK 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
Macro	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
Sentiment	Business Sentiment	+	Surveys shifted to long SEK
	Risk Sentiment	0/-	The SEK is more vulnerable to negative sentiment changes
Technical	Price Action	+	Technical stayed long SEK
	PPP Valuation	+	The SEK is roughly 23% 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 turned neutral, shifting the overall CAD position to short versus the USD.

	FX Factors	CAD Impact	Comment
Macro	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
Sentiment	Business Sentiment	-	Canada has lost momentum versus the US in the surveys
	Risk Sentiment	0/-	Tensions with the US over tariffs remain elevated
Technical	Price Action	-	Technical went neutral CAD
	Spec Positions	0	The CAD position is moderately oversold
	PPP Valuation	0	CAD is about 11% 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.



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.

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

- 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

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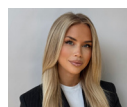
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