

November 2022

QCAM MONTHLY

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QCAM Insight

Yen Quo Vadis?

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QCAM Currency Asset Management AG

FX markets remained volatile in October driven by changing market perceptions of relative monetary policy adjustments. We believe these conditions will prevail until year-end. The JPY remains a special case. The combination of accommodative fiscal and monetary policies risks further JPY weakness in the near term. However, the current policy mix is not sustainable for much longer. The Yen is likely to do better if BoJ governor Kuroda starts the normalization process before he leaves in April next year.

The USD was broadly unchanged in October (the USD DXY was just 0.6% weaker by the end of the month) but volatility was high and there have been significant moves by individual currencies in opposite directions. Most notable were the recovery of the GBP (+2.8% over the month and +4.2% when GBPUSD broke temporarily through 1.16) and the further downfall of the JPY (-2.6% over the month and -3.6% when USDJPY temporarily broke through 150).

The outlook for currency markets remains uncertain for the rest of the year. The main themes are 1) evidence of actual recession, 2) inflation dynamics and 3) relative monetary policy adjustments. In our view, signs of recession will emerge first in Europe, while inflation dynamics in the US will point to earlier deceleration. What that means for relative monetary policy is not straight forward. The Fed may want to see more labor market slack even though actual inflation is moderating, while the ECB may want to see more actual inflation declines even though the economy is already in recession. In our view, the pace of monetary tightening will slow over the next six months and

probably come to a standstill in the second quarter of next year, but that still leaves much uncertainty for markets and room for FX volatility.

As a result, our discretionary macro positions remain neutral. Otherwise, the balance of our Business Sentiment and Technical positions is still long USD (see page 9). Notable exception is the shift of the Business Sentiment position for the JPY from neutral to long, which we use as an opportunity to take a closer look at Japan and the outlook for the Yen.

Uncoordinated policy mix

Historically, monetary and fiscal policy in Japan have been highly coordinated, sometimes causing questions about the BoJ's independence. At the moment, Japan's policy mix appears uncoordinated. The government is worried about inflation and introduced a new fiscal package, worth roughly 5% of GDP, which aims to reduce the burden of rising energy prices for households and businesses. The BoJ, on the other hand, is maintaining its super-easy policy stance, arguing that the long-term goal of 2% inflation has not yet been reached. The sharp fall of the Yen this year has added to the energy price increases and the government has tried to stabilize the currency with verbal and actual interventions. In contrast, the BoJ seems less worried about Yen weakness and said that interventions by the MoF are only necessary to maintain orderly market conditions.

Although fiscal and monetary policy seem uncoordinated, the thrust of both policies is highly accommodative and a recipe for further JPY weakness. If the current policy stance is maintained for longer USDJPY

could move to 180 in our view. The question is whether the current policy mix is sustainable. Technically, the BoJ is running into difficulties as it already owns most bonds eligible for the yield curve control. Currency interventions by the MoF, on the other hand, help stabilize the Yen only temporarily. Fundamentally, government debt sustainability and monetary stability are at risk if the current policy mix is continued for much longer. Furthermore, the benefits of Yen weakness for exporters are no longer seen outweighing the costs for consumers and domestic businesses.

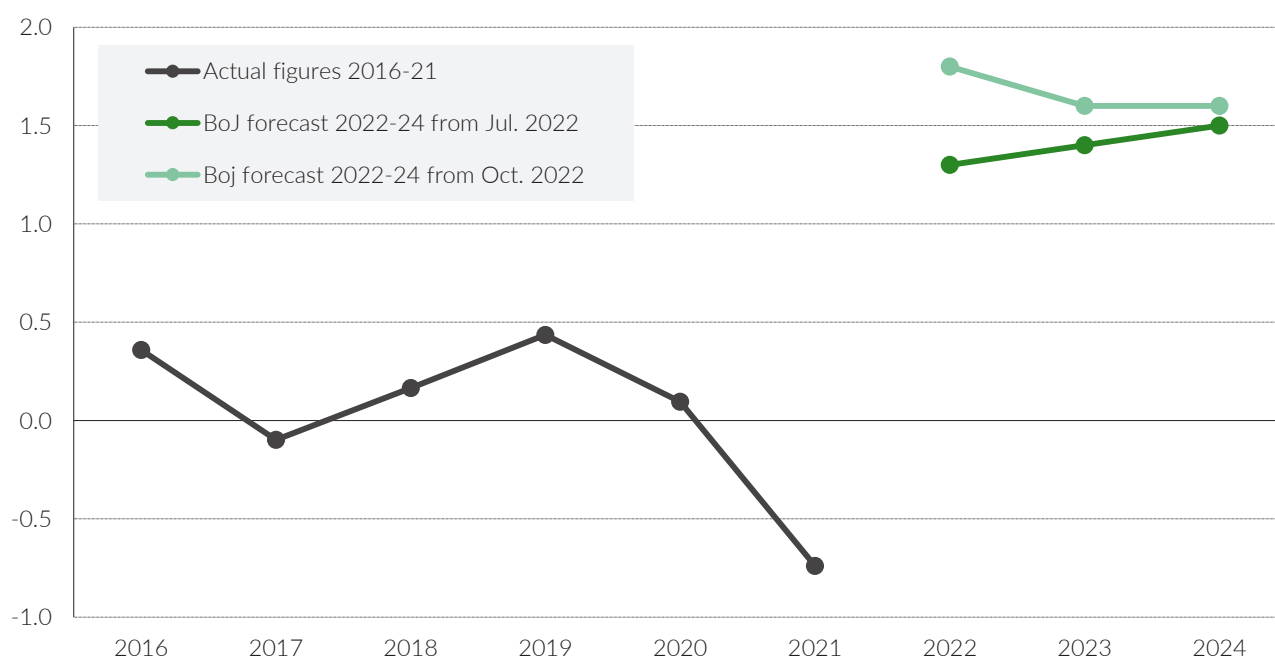
Timing the policy change

In our view, BoJ policy will change with the departure of Governor Kuroda in April next year. The question is whether Kuroda will initiate a policy change before he leaves. Changing policy could be an opportunity for Kuroda to declare success of his strategy. Important for making that change are economic conditions

and inflation dynamics in coming months. As the business surveys are indicating, the Japanese economy is holding up better. Especially the service sector is recovering nicely in a delayed response from the Corona restrictions. On the inflation side, the October report for Tokyo surprised on the high side and the BoJ has just raised its core inflation projections for 2022 through 2024 moving much closer to the 2% target (see chart).

Until a policy mix is announced, further downside remains the main risk for the Yen. A radical policy shift is also not likely, as this risks destabilizing the JGB market. Thus, the interest rate differential with the US is likely to remain wide. Nevertheless, we think that a first step towards monetary policy normalization will be sufficient to arrest further Yen weakness and could result in some modest appreciation given the Yen's overall undervaluation.

Japan core CPI inflation rate and BoJ forecasts (%y/y)



Source: OECD, BoJ and QCAM

Economy & Interest Rates

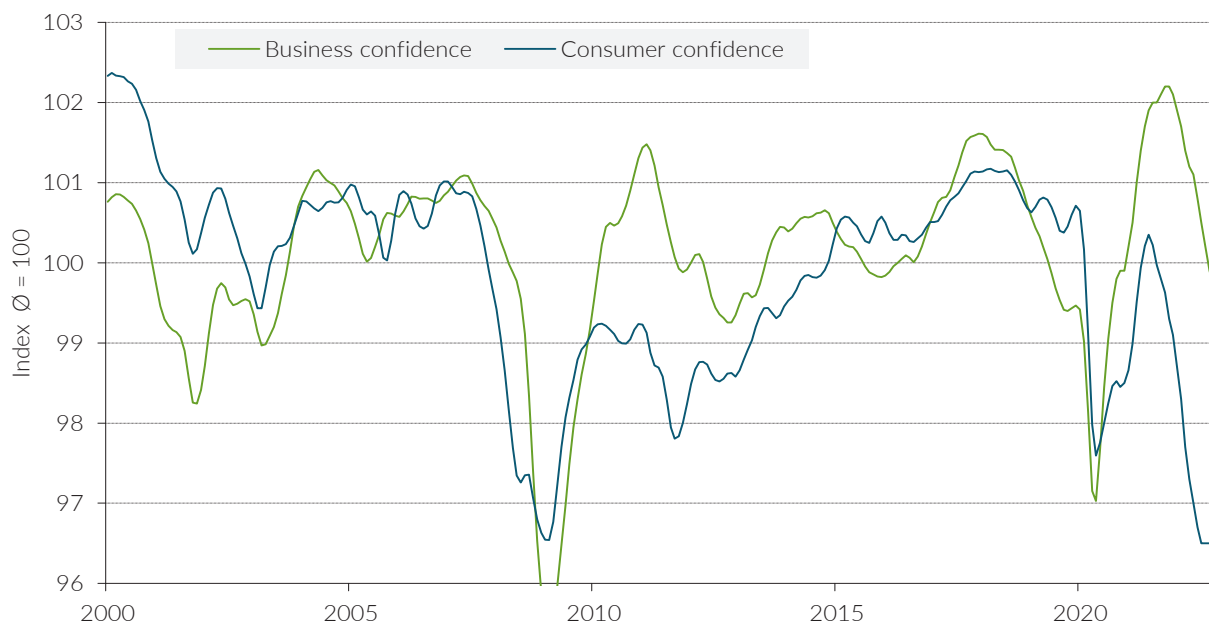
Growth forecasts have been revised further down and are approaching recession levels for several economies in 2023. Consumer confidence is already in recession territory and business sentiment is approaching recession levels. The near-term risk of recession is highest in Europe (energy shortage), while the risk of recession in the US is bigger in mid

2023. Meanwhile, inflation remains stubbornly high, especially in Europe. Further monetary tightening, weaker economic conditions and further normalization of the demand and supply distortions caused by Corona are likely to dampen inflation in 2023. The risk is that more monetary tightening results in financial stress and leads to deeper recessions.

	Real GDP growth ¹		Unemployment rate ¹		Inflation rate ¹		Current account ²		Fiscal balance ²		Public debt ²	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Global	3.0	2.0	n.a.	n.a.	7.0	5.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	2.5	1.0	n.a.	n.a.	7.5	4.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.0	1.0	3.6	4.0	8.0	4.0	-3.6	-3.5	-4.0	-5.0	122	123
Canada	3.5	1.5	5.5	6.0	7.0	3.0	0.5	0.5	-1.0	-1.0	102	99
Euro-area	3.0	0.5	6.8	7.0	8.5	5.5	0.5	1.0	-4.0	-3.5	93	91
Sweden	2.5	0.0	7.5	8.0	7.5	8.0	3.0	3.5	0.0	-0.5	33	33
Switzerland	2.5	1.0	2.2	2.5	3.0	2.5	6.0	6.5	0.0	0.0	40	40
UK	4.0	0.0	3.5	4.0	9.0	6.0	-5.0	-4.5	-7.0	-5.0	90	90
Japan	1.7	2.0	2.5	2.5	2.5	2.5	1.0	1.5	-6.0	-4.5	264	262
Australia	4.0	2.5	3.7	3.5	6.0	4.0	3.5	2.5	-4.0	-3.0	57	59
Emerging	3.5	3.0	n.a.	n.a.	7.0	5.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	3.0	4.0	5.0	5.0	2.2	2.5	2.1	2.0	-4.0	-3.5	77	84
India	7.0	5.0	n.a.	n.a.	7.0	5.0	-3.5	-3.0	-10.5	-10.0	83	84
Russia	-3.0	-2.0	4.5	5.0	17.0	14.0	8.5	3.5	-1.0	-2.0	16	17
Brazil	2.5	0.0	10.0	11.0	9.5	4.5	-1.5	-2.0	-6.0	-10.0	90	92

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

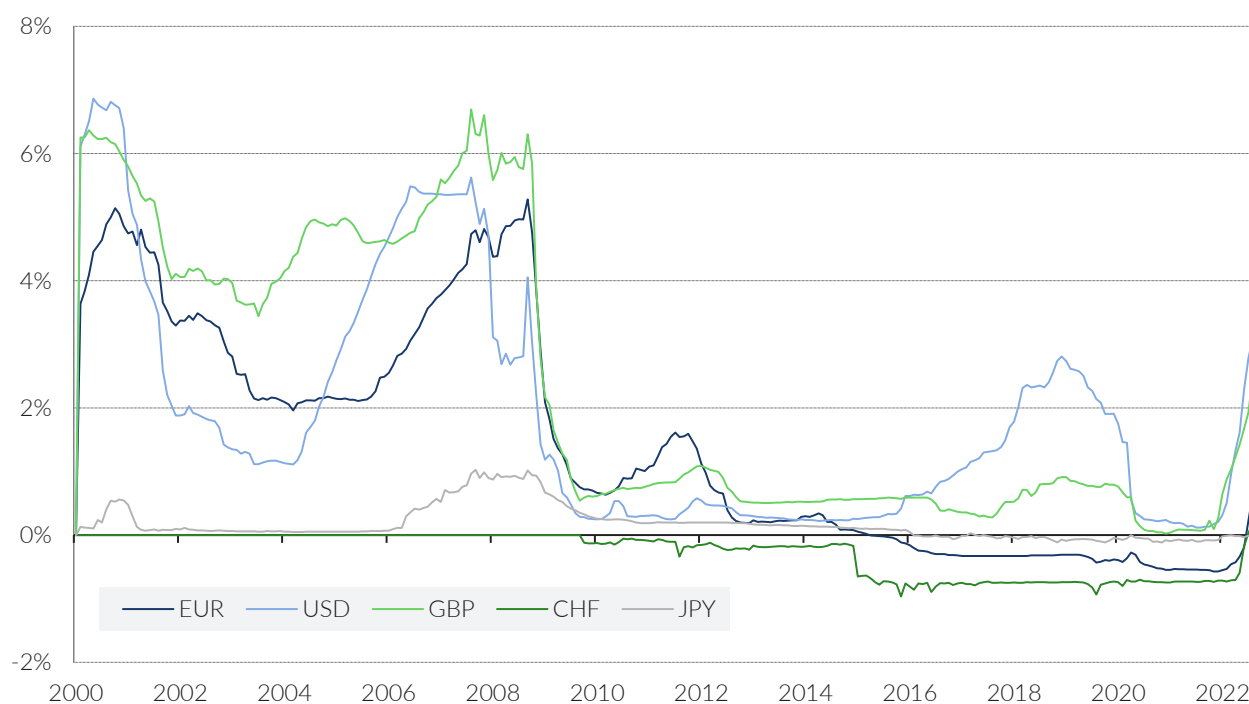
Interest Rates

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	4.17%	3.66%	2.60%	0.08%	0.71%	4.09%	3.88%	2.73%	1.56%	1.66%
EUR	1.70%	1.17%	0.23%	-0.55%	-0.34%	3.03%	3.08%	1.65%	0.28%	0.46%
JPY	-0.04%	-0.04%	-0.02%	-0.03%	-0.04%	0.57%	0.56%	0.36%	0.14%	0.17%
GBP	3.24%	3.26%	1.82%	0.25%	0.55%	3.81%	4.45%	2.04%	0.97%	0.99%
CHF	0.72%	0.61%	0.03%	-0.72%	-0.61%	1.97%	2.03%	1.19%	0.19%	0.18%
AUD	3.06%	3.08%	2.11%	0.03%	0.48%	4.56%	4.41%	3.51%	2.13%	1.90%
CAD	3.98%	3.67%	2.87%	0.24%	0.87%	3.77%	3.68%	3.12%	2.20%	2.02%
SEK	2.26%	1.99%	1.19%	-0.06%	0.14%	3.09%	3.16%	2.30%	1.03%	1.03%
RUB	7.71%	7.81%	7.60%	7.97%	7.29%	10.94%	8.34%	8.09%	8.61%	8.14%
BRL	12.49%	12.72%	13.25%	8.48%	5.88%	11.65%	11.74%	12.72%	12.36%	9.50%
CNY	1.83%	1.82%	1.79%	2.33%	2.20%	2.51%	2.68%	2.56%	2.81%	2.75%
TRY	10.74%	11.81%	20.60%	15.43%	0.00%	38.04%	38.04%	38.04%	19.88%	17.41%
INR	6.55%	6.25%	5.51%	3.73%	4.19%	6.97%	7.00%	6.49%	6.13%	5.72%

Source: QCAM Currency Asset Management, as of November 2nd, 2022

3-month Rates



Source: QCAM Currency Asset Management, as of end of October 2022

FX Markets

FX Performance vs. PPP

The USD was broadly unchanged in October but with large swings over the month and opposing currency moves. The GBP was the biggest gainer following the change in leadership, while USDJPY temporarily broke through 150. The BRL was the star performer among EM currencies, while the CNY remained under pressure. Speculative net long USD positions were range bound. Interest rates rose

again but differentials remained largely unchanged and forward hedging versus the USD remains costly from the perspective of EUR, JPY and CHF. FX volatilities were mixed but stayed well above the 5-year averages. PPP estimates are diverging in line with diverging inflation trends. The JPY lost more ground and is now 56% undervalued versus the USD followed by the GBP (-27%).

Overview

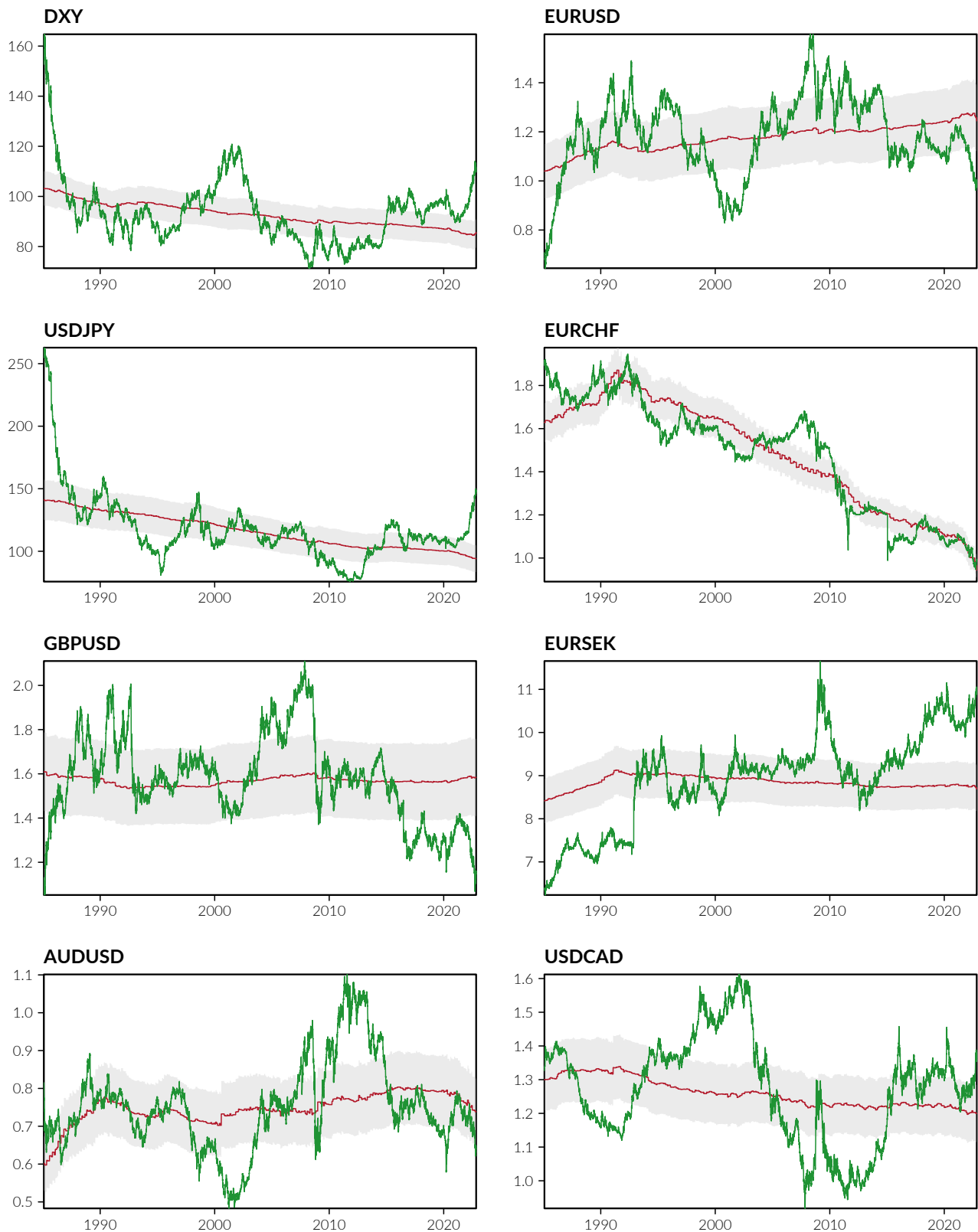
	Current Exchange Rate	Performance ¹				Purchasing Power Parity ²		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation ³
EURUSD	0.988	-13.23%	0.92%	-14.70%	-15.24%	1.24	1.11 - 1.38	-20%
USDJPY	147.060	27.84%	1.62%	29.15%	28.90%	94.12	83.5 - 104.8	56%
GBPUSD	1.147	-15.23%	3.08%	-15.76%	-12.12%	1.58	1.41 - 1.76	-27%
EURCHF	0.986	-4.95%	2.40%	-6.84%	-15.35%	0.94	0.89 - 1.00	5%
USDCHF	0.998	9.51%	1.45%	9.20%	-0.14%	0.81	0.72 - 0.90	23%
GBPCHF	1.145	-7.21%	4.56%	-8.03%	-12.27%	1.15	1.04 - 1.25	0%
CHFJPY	147.378	16.75%	0.19%	18.29%	29.11%	95.80	84.7 - 106.9	54%
AUDUSD	0.641	-11.87%	-0.26%	-13.65%	-16.90%	0.74	0.65 - 0.83	-13%
USDCAD	1.363	7.77%	-1.11%	9.93%	6.39%	1.20	1.12 - 1.28	14%
USDSEK	11.018	21.92%	-0.85%	28.59%	31.23%	8.31	7.35 - 9.26	33%
EURSEK	10.890	5.85%	0.11%	9.72%	11.27%	8.69	8.15 - 9.22	25%
USD RUB	61.725	-17.78%	2.70%	-13.79%	5.90%	57.90	45.3 - 70.5	7%
USDBRL	5.146	-7.65%	-4.89%	-9.45%	57.52%	3.80	3.15 - 4.46	35%
USDCNY	7.313	15.03%	2.56%	14.23%	10.55%	7.66	7.39 - 7.92	-5%
USDTRY	18.625	40.77%	0.54%	94.07%	389.56%	11.48	9.02 - 13.9	62%
USDINR	82.720	11.04%	1.63%	10.87%	28.17%	69.55	64.6 - 74.5	19%

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 November 2nd, 2022.

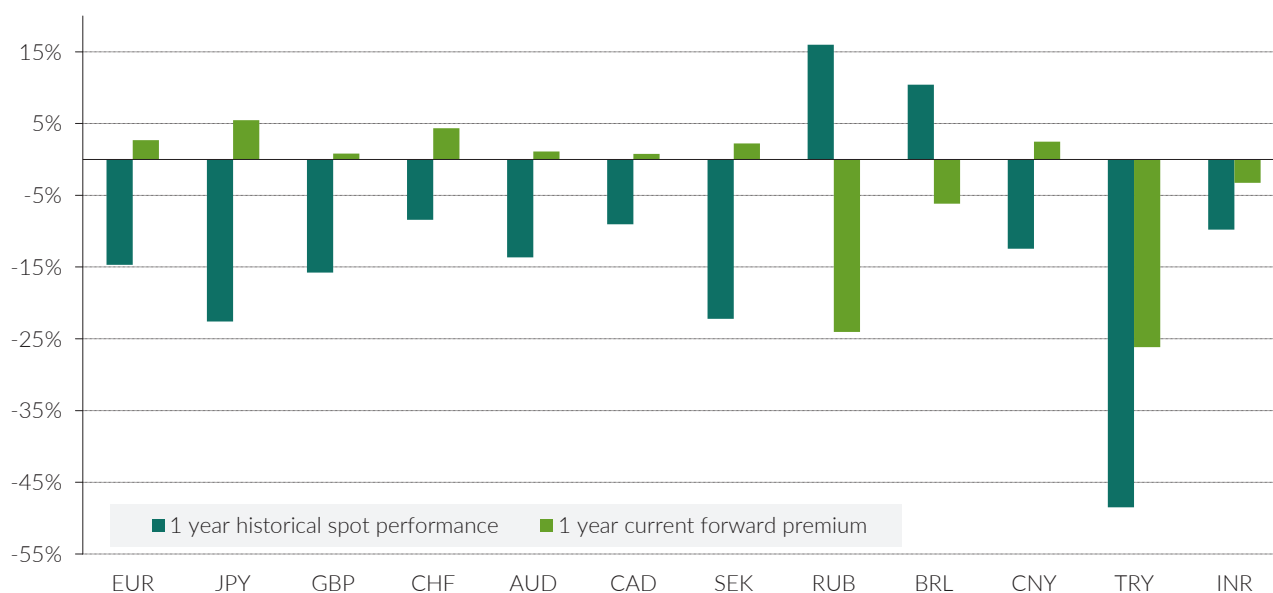
— PPP — Spot — Neutral Range

FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	0.988	0.9902	0.9957	1.0144	2.54%	3.00%	2.63%
USDJPY	147.060	146.5651	145.2433	139.4077	-4.04%	-4.83%	-5.13%
GBPUSD	1.147	1.1483	1.1511	1.1569	1.01%	1.27%	0.82%
EURCHF	0.986	0.9851	0.9828	0.9706	-1.33%	-1.34%	-1.56%
USDCHF	0.998	0.9948	0.9869	0.9566	-3.86%	-4.30%	-4.07%
GBPCHF	1.145	1.1420	1.1357	1.1065	-2.85%	-3.04%	-3.29%
CHFJPY	147.378	147.3675	147.1778	145.7272	-0.09%	-0.53%	-1.10%
AUDUSD	0.641	0.6419	0.6437	0.6484	1.16%	1.43%	1.08%
USDCAD	1.363	1.3629	1.3615	1.3529	-0.22%	-0.48%	-0.75%
USDSEK	11.018	10.9962	10.9330	10.7749	-2.27%	-2.94%	-2.16%
EURSEK	10.890	10.8921	10.8904	10.9346	0.27%	0.03%	0.41%
USD RUB	61.725	62.6772	68.5285	81.2812	17.35%	43.13%	31.25%
USDBRL	5.146	5.1765	5.2426	5.4838	6.99%	7.23%	6.45%
USDCNY	7.313	7.2977	7.2666	7.1351	-2.36%	-2.40%	-2.38%
USDTRY	18.625	19.1328	20.1502	25.2233	30.65%	32.03%	34.94%
USDINR	82.720	82.9976	83.5896	85.4846	3.90%	4.03%	3.28%

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



Source: QCAM Currency Asset Management, as of November 2nd, 2022

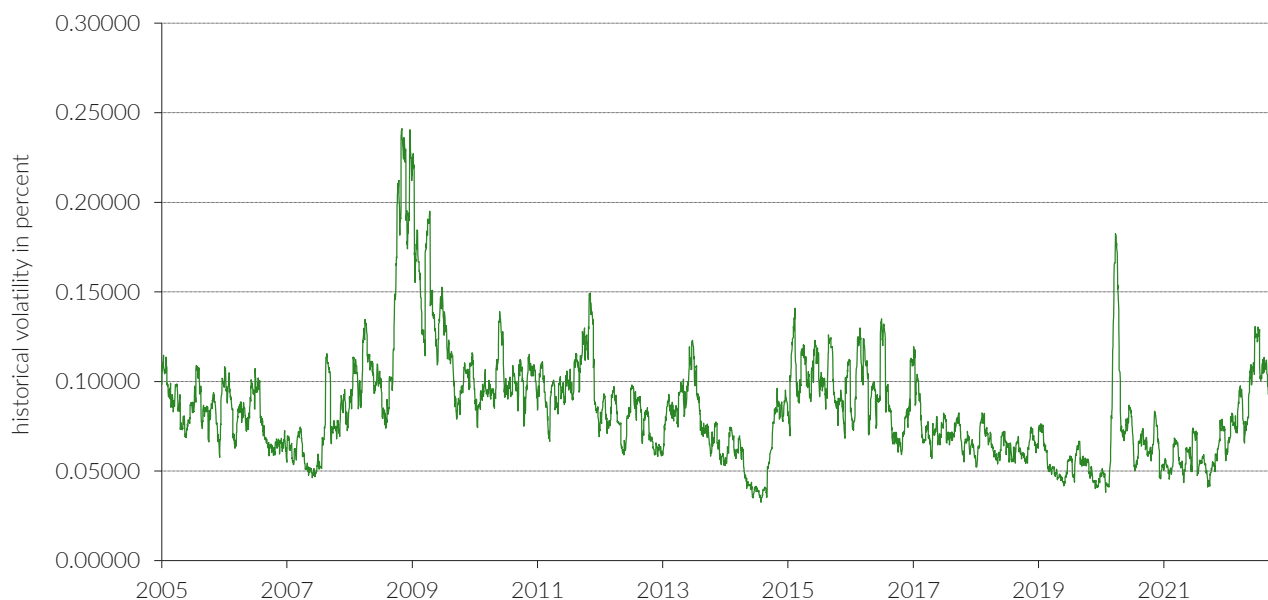
FX Volatility

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	0.988	11.18%	10.65%	4.94%	6.63%	11.00%	12.50%	5.30%	6.82%
USDJPY	147.060	11.76%	12.84%	5.25%	6.87%	12.65%	12.35%	6.58%	7.44%
GBPUSD	1.147	16.30%	13.31%	6.76%	8.49%	12.90%	17.38%	7.23%	9.03%
EURCHF	0.986	7.95%	8.19%	4.40%	4.57%	7.20%	9.45%	4.48%	5.27%
USDCHE	0.998	10.04%	9.91%	6.27%	6.69%	9.68%	10.63%	6.18%	6.71%
GBPCHE	1.145	13.14%	10.87%	6.69%	7.81%	10.65%	15.28%	6.97%	8.39%
CHFJPY	147.378	11.01%	10.73%	5.07%	6.31%	11.32%	11.83%	6.33%	6.92%
AUDUSD	0.641	13.94%	13.17%	8.50%	9.18%	14.25%	14.88%	9.15%	9.37%
USDCAD	1.363	8.79%	8.63%	7.13%	6.71%	8.93%	10.45%	6.43%	6.77%
USDSEK	11.018	14.08%	13.55%	7.86%	9.27%	15.13%	16.15%	8.13%	9.37%
EURSEK	10.890	5.55%	5.34%	4.73%	5.90%	8.05%	7.65%	5.00%	6.22%
USDRUB	61.725	21.66%	40.02%	8.08%	18.75%	46.93%	31.34%	11.06%	17.78%
USDBRL	5.146	20.36%	17.78%	14.30%	14.96%	19.52%	21.53%	17.70%	16.43%
USDCNY	7.313	8.23%	6.07%	3.39%	4.58%	9.35%	7.83%	4.22%	5.32%
USDTRY	18.625	2.34%	5.48%	11.27%	18.44%	17.20%	20.95%	19.77%	20.39%
USDINR	82.720	5.33%	4.91%	4.11%	5.48%	7.05%	7.15%	5.28%	6.30%

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 November 2nd, 2022

FX Analytics

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

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

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

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

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

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

exchange rates from purchasing power parity.

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

Current positioning

There have been few position changes. Our discretionary Macro positions remain neutral, given the uncertain macro environment. The balance of the Business Sentiment positions is modestly long USD. Notable is the shift in Business Sentiment to long JPY, while all other positions remain long USD. The overall long USD position in Technicals has remained unchanged with only USDCHF still neutral in Technical. The balance of all strategies is long USD versus the EUR, GBP, CAD and the CHF and only slightly short the JPY. The EUR is long versus the SEK and slightly short versus the CHF.

Overview¹

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	--	-	All positions remained unchanged with the balance half short EUR
USDJPY	0/+	--	++	Business sentiment went long JPY, while all other positions remained unchanged, leaving a small short JPY position
EURCHF	0	--	+	EURCHF Technical shifted to short CHF and USDCHF Business Sentiment shifted to short CHF as well. The balance of all positions is modestly long CHF versus the EUR and modestly short CHF versus the USD.
USDCHF	0	++	0	
GBPUSD	0	--	-	Positions have not changed and remain half short GBP
EURSEK	0/+	++	+	Positions have not changed and remain half short SEK
USDCAD	0/+	++	++	The oil price model and Business Sentiment went short CAD increasing the overall short CAD position

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

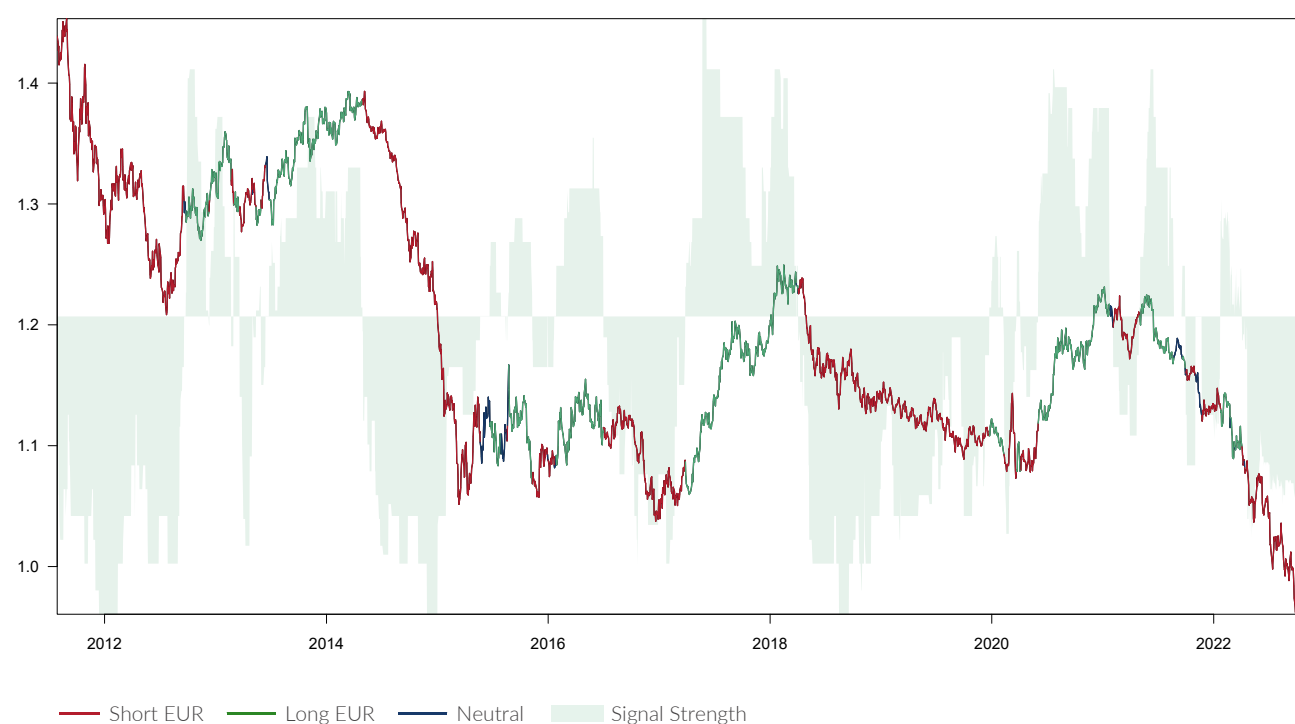
EURUSD

Recession risks and uncertainties related to energy supplies as well as a debt crisis in Italy continue to weigh on the EUR. Statements by Fed and ECB officials create volatility in EURUSD around parity. The EUR could benefit from its undervaluation if

the economy fares better than expected going into the winter. Our positions have not changed (neutral Macro, short EUR in Business Sentiment and half short EUR in Technical) and the overall position is half short EUR versus the USD.

	FX Factors	EUR Impact	Comment
Macro	Current Account Balances	0/-	The surge in energy prices has pushed the Euro-area's current account into deficit
	Fiscal Balances	0/-	Energy relief packages are lifting the Euro-area fiscal deficit although the US deficit is rising as well
	Interest Rate Differentials	-	Rate hike expectations have increased on both sides, but the spread remains unfavorable for the EUR
	Oil prices	0	Oil prices are moving in a range
Sentiment	Business Sentiment	--	The momentum in Euro-area surveys remains below US surveys
	Risk Sentiment	-	Ongoing uncertainty related to a possible energy crisis in Europe and debt problems in Italy
Technical	Price Action	-	Price technicals remain short EUR
	Spec Positions	0	Net EUR positions have moved from neutral to modestly long
	PPP Valuation	+	EUR undervaluation is around 20%

EURUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

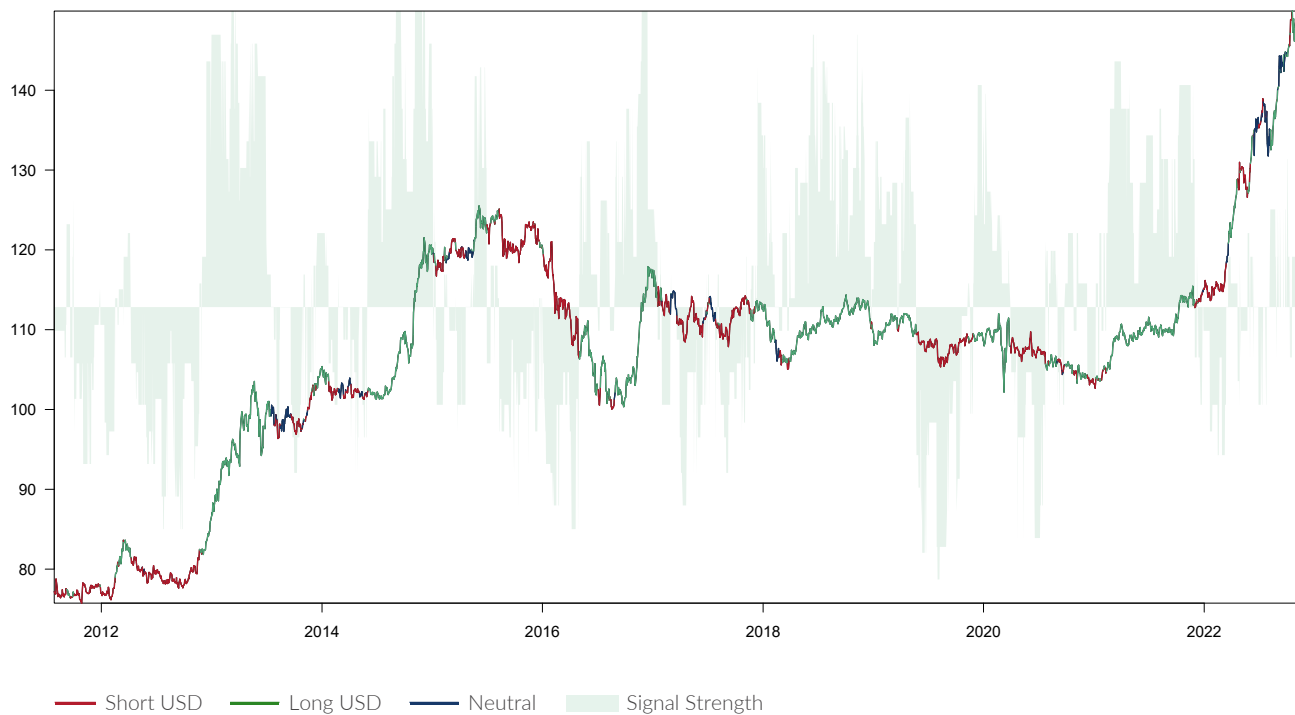
USDJPY

The economy is holding up better than feared, but the current account cushion is declining and the commitment to the zero interest rate policy remains strong for now (see also page 1 & 2). Our discretionary Macro position remains neutral and the Macro carry model

stayed short JPY as interest rate differentials widened. Business Sentiment shifted from neutral to long JPY and Technical remained short JPY. The balance of all strategy positions is slightly short JPY.

	FX Factors	JPY Impact	Comment
Macro	Current Account Balances	0	The Japanese surplus has declined on rising energy prices
	FDI Flows	-	Net outflows have increased to the pre-Corona level
	Interest Rate Differentials	-	JPY interest rates remain zero-bound versus higher and rising interest rates in the US, raising the appeal of the carry trade
Sentiment	Business Sentiment	0	Momentum of Japanese Business Sentiment has improved versus US Business Sentiment
	Risk Sentiment	0	Changes in risk sentiment had little impact so far this year
Technical	Price Action	-	Price action remains JPY negative
	Spec Positions	0	Net short JPY positions are approaching oversold levels
	PPP Valuation	+	The JPY is currently about 56% undervalued

USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

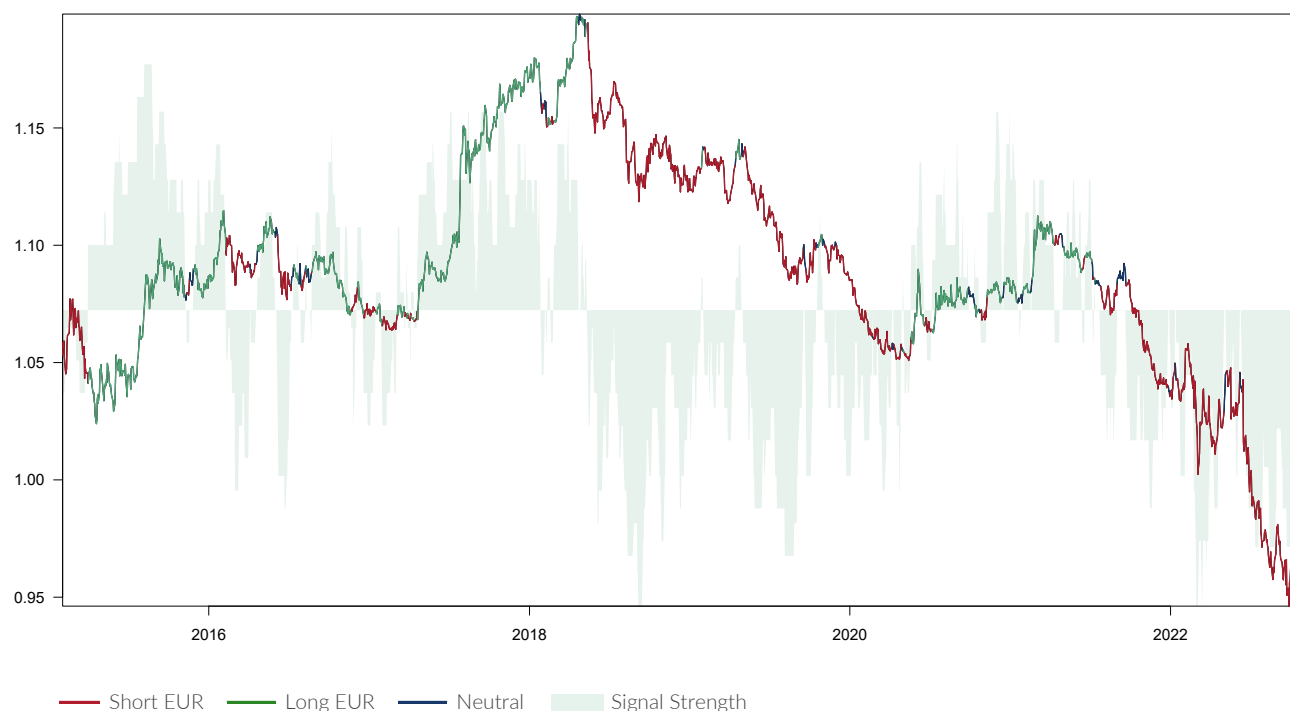
EURCHF

We maintain the neutral Macro position. The CHF is fundamentally strong and the SNB is turning more hawkish on inflation but we think further upside is limited for now. Business Sentiment remains long CHF

but Business Sentiment shifted to short CHF. Our three strategy positions are on balance slightly long CHF versus the EUR.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Capital Flows (Safe Haven)	0	No significant inflows on global recession concerns
	Interest Rate Differentials	+	SNB rate policy likely to stay ahead of ECB
	SNB Policy Intervention	0/+	The SNB has reduced its foreign currency reserves
Sentiment	Business Sentiment	+	Swiss economy has overtaken the Euro-area in the surveys
	Risk Sentiment	0	Changes in risk sentiment had little impact so far this year
Technical	Price Action	-	Technical shifted to short CHF
	Spec Positions	0	Net CHF position is modestly short
	PPP Valuation	0	CHF is around fair-value versus the EUR

EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

USDCHF

Our Macro positions in EURCHF (neutral) and EURUSD (neutral) imply also neutral for USDCHF. USDCHF remains dominated by moves in EURUSD with some possible moderation from EURCHF. Business Sentiment

went short CHF, while Technical stayed neutral. The balance of all three strategies is modestly short CHF.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Capital Flows (Safe Haven)	0	No significant inflows on global recession concerns
	Interest Rate Differentials	-/0	Interest rate differentials are a negative for CHF versus the USD but more likely to narrow than to widen further
	SNB Policy Intervention	0	Tied to EURCHF intervention and interest rate policy
Sentiment	Business Sentiment	0	Swiss surveys have fallen behind US surveys
	Risk Sentiment	0	Changes in risk sentiment had little impact so far this year
Technical	Price Action	0	Price action remains neutral
	Spec Positions	0	Net CHF position is modestly short
	PPP Valuation	+	CHF is about 23% undervalued versus USD

USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

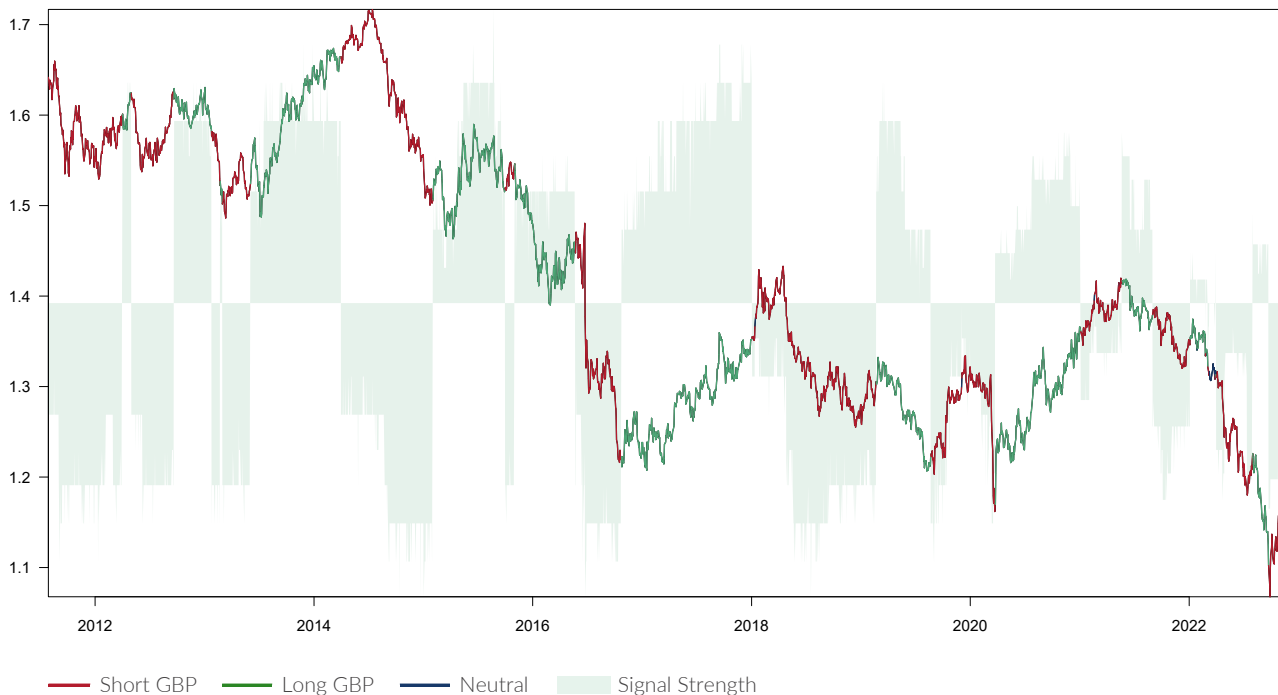
GBPUSD

We remain fundamentally bearish on the GBP given the negative Brexit fallout, growing stagflationary pressures and prevailing policy uncertainty. We maintain our neutral Macro position, however, given

the relief after the change in government. Our Business Sentiment and Technical positions both remain short GBP and the balance of all our strategies is half short GBP.

	FX Factors	GBP Impact	Comment
Macro	Current Account Balances	0/-	The UK has like the US a twin deficit problem, but the current account deficit is widening faster
	Interest Rate Differentials	0/-	UK interest rates have fallen below US rates as the funding squeeze faded
	Oil Price	0	Range
Sentiment	Business Sentiment	-	Momentum in UK surveys remains below US surveys
	Risk Sentiment	-	Political uncertainty remains despite leadership change
Technical	Price Action	-	Technicals remain short GBP
	Spec Positions	0	Net short GBP position remained unchanged
	PPP Valuation	+/0	The GBP is 27% undervalued

GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

EURSEK

The Swedish economy is holding up well and the SEK is undervalued. We maintain the neutral discretionary Macro position, however, given concerns over the impact of rising interest rates on housing

debt. The interest rate Macro model stayed short SEK. Business Sentiment and Technical also remained short SEK. The balance of all strategy positions is half short SEK versus the EUR.

	FX Factors	SEK Impact	Comment
Macro	Current Account Balances	0/+	Sweden's surplus suffers less terms of trade losses compared to the Euro area
	Interest Rate Differentials	0/-	The Macro interest rate model stayed short SEK
Sentiment	Business Sentiment	-	Surveys remained short SEK
	Risk Sentiment	-	Energy supply uncertainty
Technical	Price Action	-	Technicals stayed short SEK
	PPP Valuation	+	The SEK is roughly 25% undervalued versus the EUR

EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

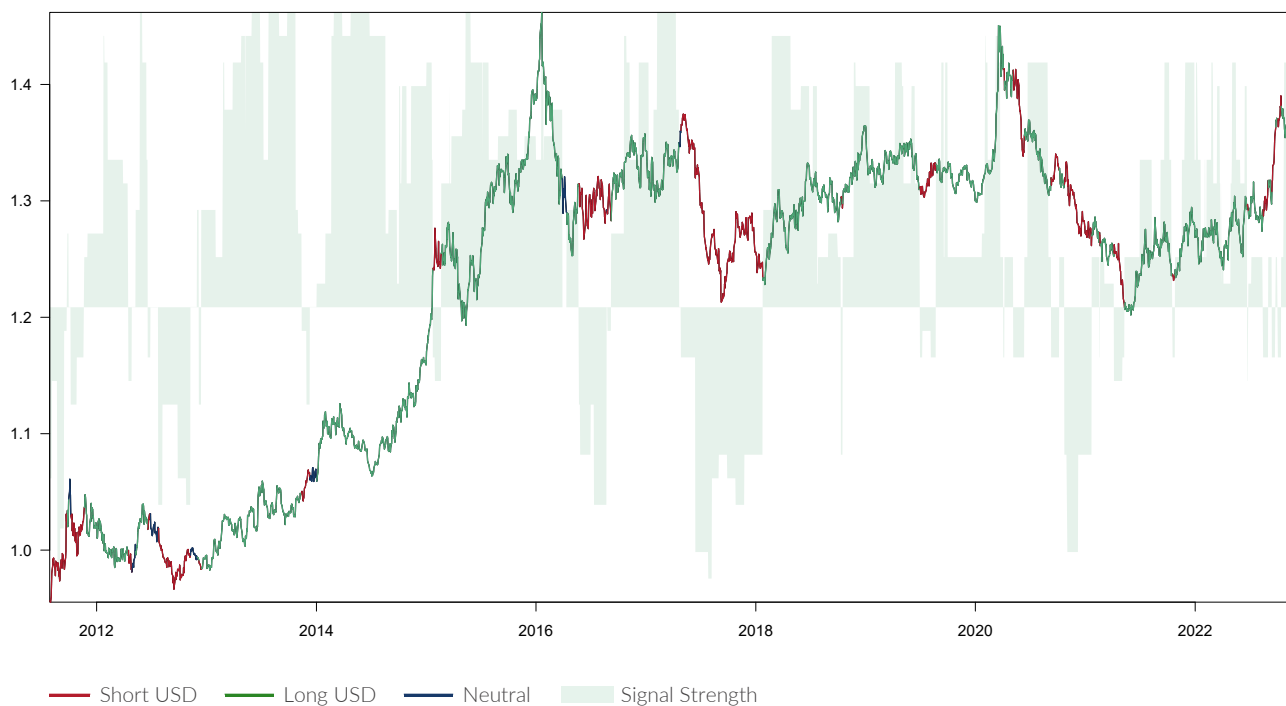
USDCAD

Canada's fundamental position remains solid. The current account moved into surplus on rising oil prices, inflation is a bit lower than in the US and the BoC is moving in line with the Fed. The Macro oil price model went short CAD as forecasts moved below current

levels. Business Sentiment shifted to short CAD as well, while Technical stayed short CAD. As a result, the overall position has moved from close to neutral to short CAD.

	FX Factors	CAD Impact	Comment
Macro	Current Account Balances	+	Canada's current account moved further into surplus, while the US deficit remains wide
	Oil Prices	0	Range
	Interest Rate Differentials	0	CAD short-term and long-term rates are moving closely in line with US rates
	USD DXY Trend	0	Negative correlation with USD is small
Sentiment	Business Sentiment	-	Canada has lost momentum versus the US in the surveys
	Risk Sentiment	0	No particular risk drivers at the moment
Technical	Price Action	-	Technicals stayed short CAD
	Spec Positions	0	Net short CAD position remained unchanged but not extreme
	PPP Valuation	0	CAD is about 14% undervalued versus the USD

USDCAD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

QCAM Products and Services

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



Currency Overlay

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

FX Best Execution

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



Money Market Plus

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

FX Alpha

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



QCAM Profile

About us

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

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

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

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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