

October 2023

QCAM MONTHLY

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QCAM Insight

What stops the Dollar?

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The USD continued its rally in September and the momentum as well as the support from superior growth and interest rate run-rates point to further USD upside. Rising risk aversion also supports the USD and is unlikely to reverse as abruptly as it did at the end of last year. However, the risk is that the financial tightening becomes disruptive and forces the Fed to make a dovish turn.

September was another good month for the USD. The USD DXY rose 2.5% in September and is currently up 7% from the lows in the middle of July. Commodity currencies temporarily outperformed thanks to the rise in energy prices, but overall depreciated in line with all other major currencies versus the USD since the middle of July. EM currencies followed a similar trend but on balance depreciated a bit less versus the USD than the other major currencies, thanks to the resilient performances of the CNY and the INR.

Remarkable about the USD rally is its momentum and low volatility. For the last 49 trading days, the USD DXY stood every single day on average 1% above its 21-day trailing moving average. Since the start of the rally in the middle of July, the USD DXY rose 11 weeks in a row without a single weekly interruption and the 1-month actual volatility dropped from 8% a.r. at the end of July to just 5% a.r. most recently. The duration of more than two months of strong momentum and low volatility stands out and suggests that the USD rally may have further upside. In our view, the USD is likely to remain well supported until the end of this year, but the process of financial tighten-

ing also bears risks that could eventually go against the USD.

USD bull case still in place

As we outlined in prior issues of the QCAM MONTHLY, we see the main USD support coming from the superior US growth and interest rate run-rates versus all other major economics and most EM economies. Since the middle of September, the USD has also been supported by rising risk aversion. The term-premium of 10-year US Treasuries rose sharply with yields, equity markets dropped across the board, the VIX jumped from below 13 to above 20 and credit spreads widened notably. Interestingly, FX implied volatility, although up as well, has so far lagged behind the cross-market rise in risk/volatility premia (see Chart).

Importantly, the rise in risk aversion has not yet moved so far that it could become easily vulnerable to an event-driven reversal as seen in the fourth quarter of last year when better-than-expected US inflation data and China's shift away from the zero-Covid policy boosted risk sentiment and ended the USD's flight-to-quality rally. Despite the recent rise, risk premia are significantly more benign than a year ago and the IMM data points to a much smaller overhang of long USD positions. Global economic conditions are soft, notably in Europe, but not collapsing. Most economic indicators over the last two months have either stayed flat or marginally improved, notably in China. On the other hand, while China has managed to stabilize the economy, a positive growth surprise seems unlikely given prevailing debt deflation problems (see

also the prior issue of the QCAM MONTHLY).

But risk of disruptive financial tightening

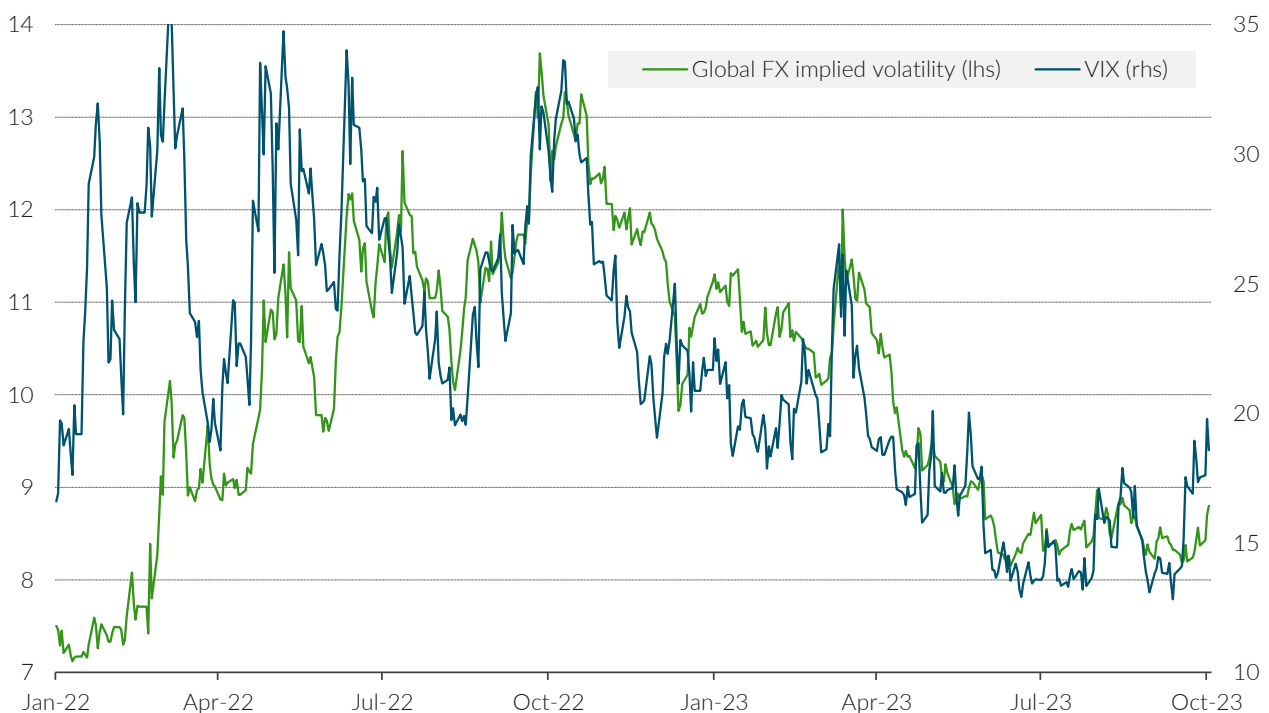
Overall, we think the USD rally is unlikely to reverse as quickly and abruptly as it did in the fourth quarter of last year. However, we expect more volatility and see some emerging risks for the USD outlook. The USD remains overvalued against most other major currencies and that overvaluation rose further over the last few months (see pages 5 and 6). Furthermore, the US current account deficit remains stubbornly large, while the Euro-area and Japan managed to return to sizeable surpluses. Overvaluation and current account deficit are unlikely to trigger a sell-off in the USD, but they increase the vulnerability to negative economic and policy surprises.

One area of concern is a disruptive tightening of financial conditions that forces the Fed to ease policy earlier and faster than it is projecting. With Congress

unable to contain the fiscal deficit, the Fed reducing its Treasury holdings, China and Japan using their reserves to support their currencies and US banks selling Treasuries to hedge unrealized losses, Treasury yields are under upward-pressure to attract funds from private sources. However, US households switching from bank deposits into Treasuries risks to increase the pressure on the banking system and interest rates further.

So far, the financial tightening resulting from rising interest rates and risk aversion has not created financial stress, but the risk is increasing and may come to a point where this threatens the economy and the market starts to anticipate a dovish Fed pivot. Indeed, failure to quickly re-install leadership in the House of Representatives and pass the 2024 budget could create more disruptive financial tightening and raise questions about the sustainability of US government debt.

FX and equity volatility



Source: JPMorgan, CBoE and QCAM

Economy & Interest Rates

Global growth conditions remain sluggish but have not further deteriorated in September. The US and Japan continue to outperform, while the Euro-area struggle to avoid recession. While the impact of higher interest rates is still unfolding, the renewed increase in energy prices further undermines growth prospects. The process of disinflation continues

with the latest data showing also showing more encouraging progress in the Euro-area but inflation pressures in Japan are not yet bending. Hopes for a soft-landing remain high, most notably for the US, but the risk of recession next year is significant, not least because monetary conditions are likely to remain tight for some time in most major economies.

	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	3.5	2.6	n.a.	n.a.	7.0	4.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	2.7	1.3	n.a.	n.a.	7.3	4.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.1	2.0	3.6	3.7	8.0	4.0	-3.8	-3.0	-5.5	-6.0	122	122
Canada	3.4	1.5	5.3	5.5	6.8	4.0	-0.3	-0.5	-0.7	-0.5	107	105
Euro-area	3.5	0.5	6.8	6.5	8.4	5.5	-0.4	1.0	-3.8	-3.5	91	90
Sweden	2.6	0.0	8.1	7.5	7.5	6.5	4.3	4.0	0.7	-0.5	32	32
Switzerland	2.1	0.5	2.2	2.5	2.8	2.0	9.8	8.0	0.2	0.5	39	38
UK	4.1	0.5	3.7	4.0	9.1	7.5	-5.6	-5.0	-6.3	-6.0	103	106
Japan	1.0	1.5	2.6	2.5	2.5	3.5	1.1	1.5	-7.8	-7.0	262	260
Australia	3.7	2.0	3.7	4.0	6.6	5.5	1.2	2.5	-3.3	-3.0	56	59
Emerging	4.0	4.0	n.a.	n.a.	6.5	4.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	3.0	5.0	5.5	5.5	1.9	0.5	2.3	1.5	-7.5	-6.5	77	82
India	7.2	5.5	n.a.	n.a.	6.9	5.5	-2.6	-2.5	-9.6	-9.0	83	83
Russia	-2.1	2.0	3.9	3.5	13.8	5.5	10.3	3.5	-2.2	-3.0	20	25
Brazil	2.9	3.0	9.5	9.5	9.3	5.0	-2.9	-2.5	-4.6	-8.0	86	89

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

OECD business and consumer confidence*



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

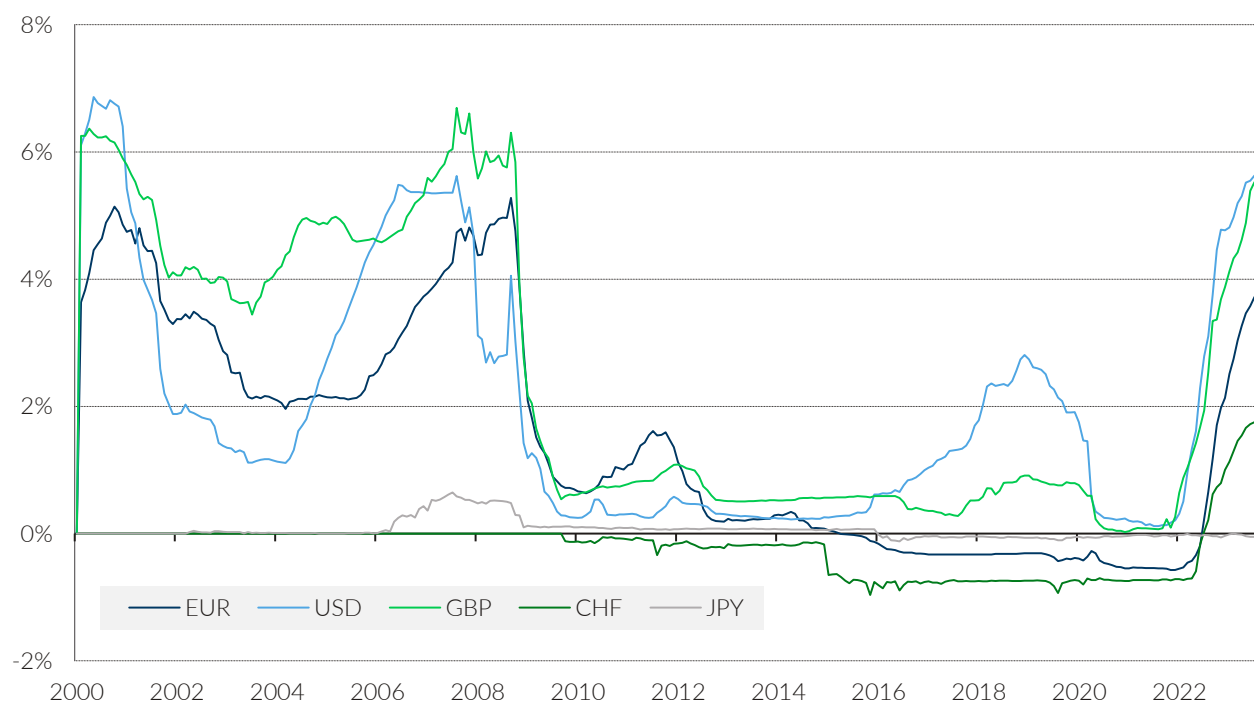
Interest Rates

Interest Rate Level Overview

	Short Term Interest Rate (3month OIS)					Long Term Interest Rate (10year Swap)				
	Current	1M ago	3M ago	12M ago	Ø 3 years	Current	1M ago	3M ago	12M ago	Ø 3 years
USD	5.41%	5.42%	5.27%	3.63%	2.04%	4.51%	4.16%	3.86%	3.83%	2.34%
EUR	3.95%	3.78%	3.59%	1.16%	0.70%	3.39%	3.10%	3.03%	3.14%	1.39%
JPY	-0.05%	-0.06%	-0.05%	-0.04%	-0.03%	0.94%	0.81%	0.56%	0.54%	0.32%
GBP	5.29%	5.47%	5.27%	3.28%	1.81%	4.36%	4.38%	4.36%	4.42%	2.06%
CHF	1.71%	1.78%	1.72%	0.61%	0.04%	1.80%	1.74%	1.79%	2.12%	0.84%
AUD	4.18%	4.13%	4.30%	3.08%	1.51%	4.75%	4.43%	4.41%	4.50%	2.88%
CAD	5.12%	5.11%	4.94%	3.67%	2.02%	4.50%	4.11%	3.87%	3.68%	2.72%
SEK	4.02%	3.91%	3.74%	2.01%	1.18%	3.45%	3.24%	3.05%	3.18%	1.80%
RUB	8.30%	8.30%	7.90%	7.75%	8.11%	8.62%	8.62%	6.88%	6.10%	8.25%
BRL	10.64%	11.62%	12.07%	12.44%	8.76%	11.44%	10.73%	10.76%	11.88%	10.89%
CNY	2.02%	1.89%	2.05%	1.84%	2.17%	2.56%	2.44%	2.63%	2.68%	2.75%
TRY	35.60%	28.95%	20.30%	11.80%	0.00%	38.04%	38.04%	38.04%	38.04%	20.23%
INR	6.85%	6.81%	6.62%	6.26%	4.86%	6.86%	6.69%	6.32%	7.03%	6.17%

Source: QCAM Currency Asset Management, as of October 3rd, 2023

3-month Rates



Source: QCAM Currency Asset Management, as of end of September 2023

FX Markets

FX Performance vs. PPP

The USD continued its rally in September but less evenly with the GBP losing the most and the NZD managing a small gain. Among EM currencies, TRY and ZAR reversed positions from winner to loser respectively. Overall speculative USD positions moved from short to neutral with the net long GBP position losing the most ground. Short-term interest rates rose very little or not at all and forwards price little chances for further rate hikes. The cost

of forward hedging versus the USD has declined but remains expensive especially for JPY and CHF. Actual FX volatilities fell slightly and implied FX volatilities were mixed but on balance closer to historical levels. PPP changes continue to converge as inflation moderates but absolute differences remain large and the USD valuation overhang increased further.

Overview

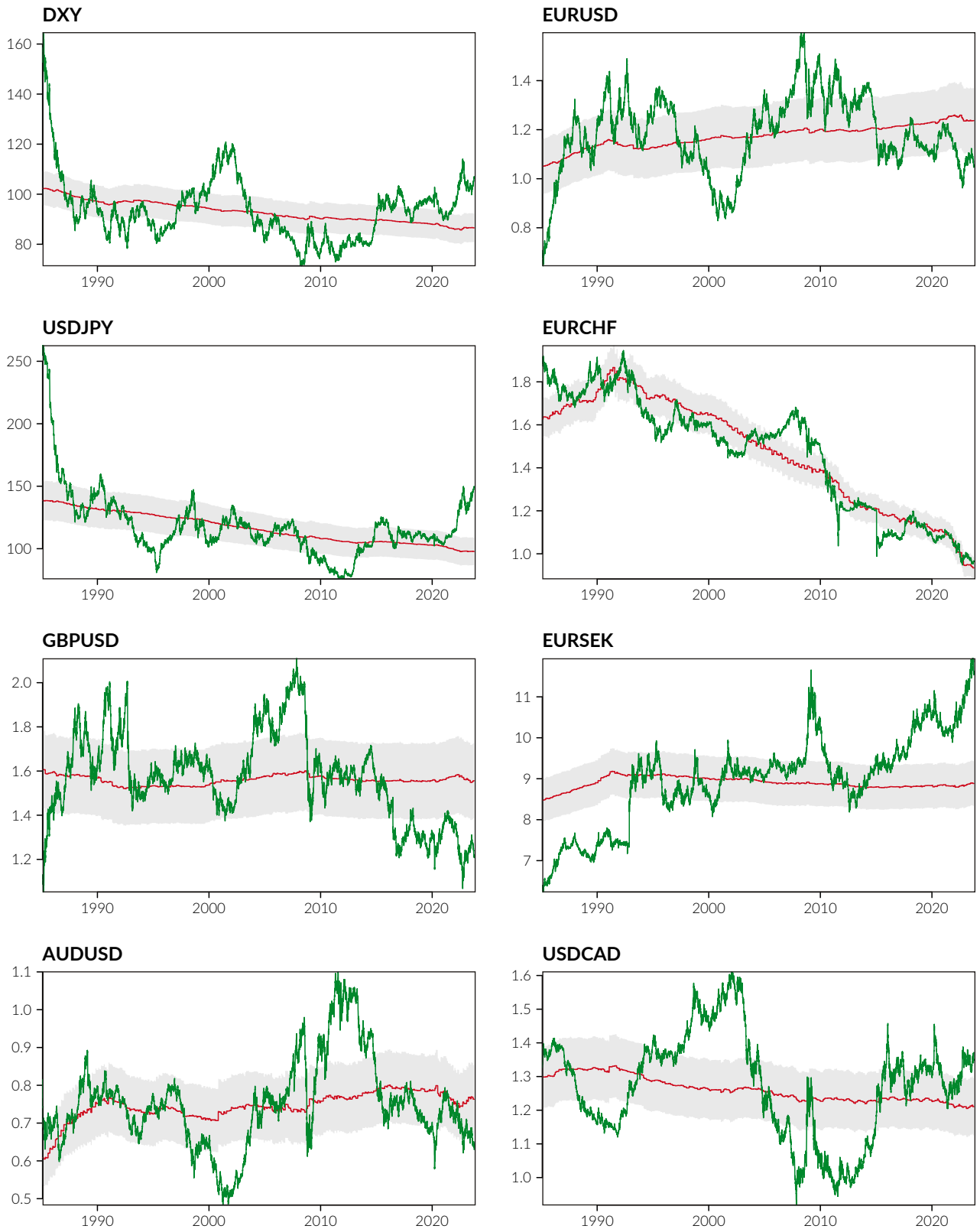
	Current Exchange Rate	Performance ¹				Purchasing Power Parity ²		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation ³
EURUSD	1.058	-1.24%	-1.91%	8.05%	-8.42%	1.24	1.10 - 1.37	-15%
USDJPY	149.410	14.04%	2.23%	3.24%	31.38%	97.79	86.67 - 108.90	53%
GBPUSD	1.221	0.89%	-3.04%	9.67%	-5.97%	1.56	1.39 - 1.73	-22%
EURCHF	0.967	-2.04%	1.26%	0.44%	-14.99%	0.93	0.88 - 0.99	4%
USDCHF	0.915	-0.80%	3.24%	-7.04%	-7.17%	0.81	0.72 - 0.90	13%
GBPCHF	1.116	0.10%	0.08%	1.94%	-12.72%	1.07	0.97 - 1.16	4%
CHFJPY	163.401	14.97%	-0.96%	11.08%	41.55%	95.94	84.87 - 107.01	70%
AUDUSD	0.644	-5.54%	-0.12%	0.17%	-10.42%	0.76	0.67 - 0.85	-15%
USDCAD	1.355	0.11%	-0.43%	-1.74%	5.68%	1.21	1.13 - 1.30	12%
USDSEK	10.907	4.73%	-1.28%	-1.84%	21.26%	8.13	7.20 - 9.06	34%
EURSEK	11.535	3.40%	-3.18%	6.04%	11.03%	8.88	8.34 - 9.43	30%
USD RUB	96.618	31.97%	0.30%	60.75%	47.85%	60.55	47.36 - 73.74	60%
USDBRL	5.009	-5.26%	1.47%	-7.42%	27.78%	3.95	3.28 - 4.63	27%
USDCNH	7.295	5.55%	0.35%	2.31%	5.97%	7.98	7.69 - 8.28	-9%
USDTRY	27.423	46.54%	2.64%	48.04%	358.59%	16.86	14.80 - 22.91	63%
USDINR	83.104	0.49%	0.51%	2.10%	13.31%	72.49	67.42 - 77.55	15%
US_Dollar_Inc	106.174	2.56%	1.86%	-5.30%	11.17%	86.55	80.79 - 92.31	23%

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 October 3rd, 2023

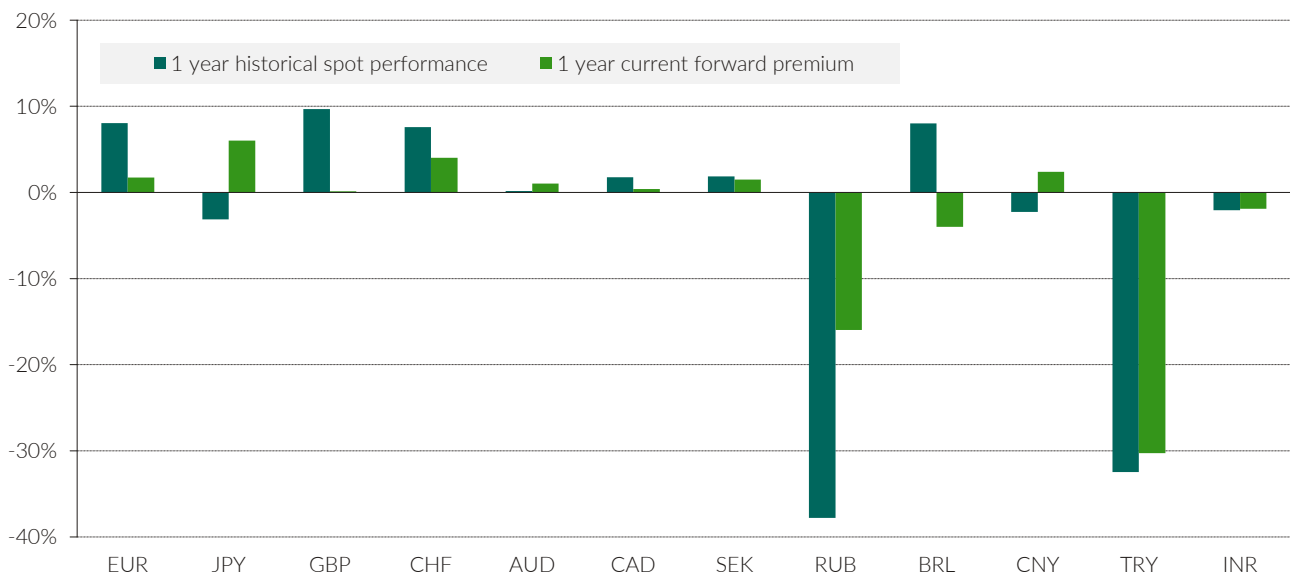
— PPP — Spot — Neutral Range

FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.058	1.0591	1.0626	1.0762	1.48%	1.79%	1.71%
USDJPY	149.410	148.6007	147.1038	140.9305	-5.74%	-5.97%	-5.58%
GBPUSD	1.221	1.2208	1.2215	1.2224	0.22%	0.28%	0.14%
EURCHF	0.967	0.9654	0.9616	0.9461	-2.33%	-2.34%	-2.16%
USDCHF	0.915	0.9115	0.9049	0.8791	-3.80%	-4.11%	-3.81%
GBPCHF	1.116	1.1127	1.1052	1.0744	-3.58%	-3.83%	-3.67%
CHFJPY	163.401	163.1022	162.6048	160.3367	-1.94%	-1.89%	-1.84%
AUDUSD	0.644	0.6448	0.6462	0.6507	1.26%	1.28%	1.01%
USDCAD	1.355	1.3539	1.3524	1.3493	-0.50%	-0.61%	-0.38%
USDSEK	10.907	10.8934	10.8520	10.7447	-1.46%	-1.98%	-1.46%
EURSEK	11.535	11.5351	11.5292	11.5611	0.02%	-0.19%	0.22%
USD RUB	96.618	97.9060	101.6912	114.9728	15.48%	19.09%	18.63%
USDBRL	5.009	5.0318	5.0652	5.2167	5.33%	4.41%	4.08%
USDCNH	7.295	7.2873	7.2648	7.1248	-1.20%	-1.61%	-2.29%
USDTRY	27.423	28.4461	30.3245	39.3301	43.32%	41.40%	42.59%
USDINR	83.104	83.2314	83.4799	84.6969	1.67%	1.77%	1.89%

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



Source: QCAM Currency Asset Management, as of October 3rd, 2023

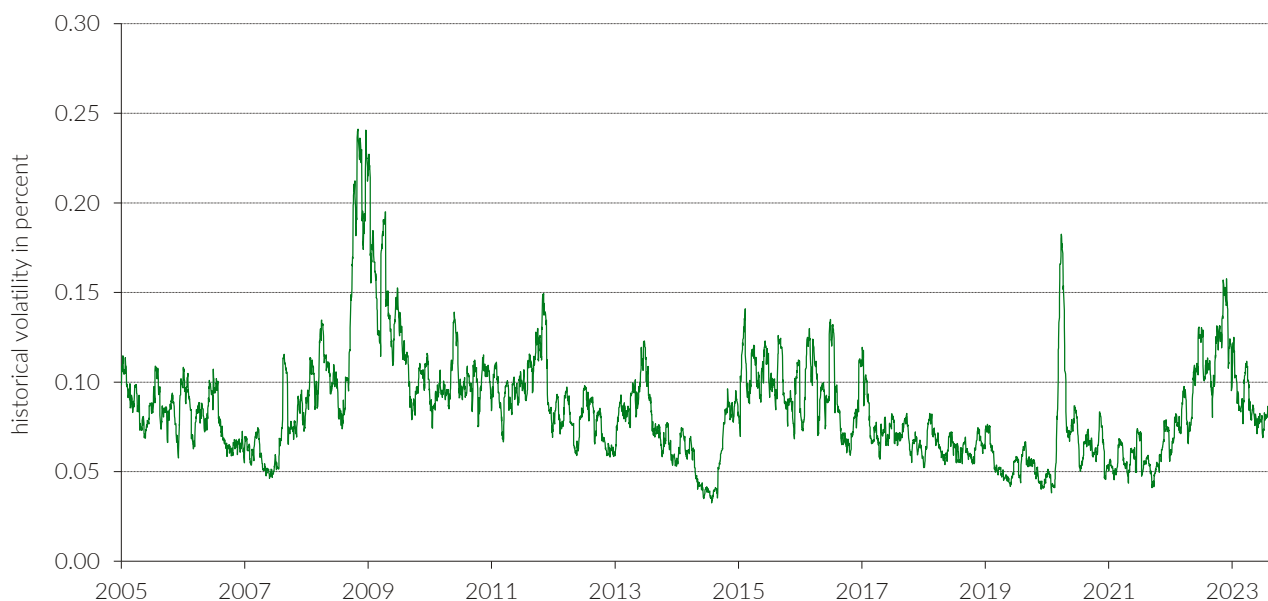
FX Volatility

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	1.058	6.81%	6.90%	10.52%	6.98%	7.20%	6.85%	12.65%	6.95%
USDJPY	149.410	8.13%	8.69%	12.85%	7.89%	9.48%	9.08%	12.78%	8.05%
GBPUSD	1.221	6.59%	7.35%	12.77%	9.15%	8.00%	8.03%	17.78%	9.23%
EURCHF	0.967	4.12%	4.39%	7.80%	4.71%	5.08%	5.23%	9.65%	5.31%
USDCHF	0.915	7.06%	7.33%	9.89%	7.21%	7.35%	7.15%	10.80%	6.90%
GBPCHF	1.116	4.39%	4.81%	9.84%	8.04%	6.48%	6.80%	15.50%	8.42%
CHFJPY	163.401	7.09%	7.28%	10.74%	7.18%	9.40%	8.80%	12.08%	7.55%
AUDUSD	0.644	10.53%	10.98%	13.39%	10.11%	10.03%	10.43%	14.73%	9.96%
USDCAD	1.355	5.35%	5.88%	8.64%	6.77%	6.03%	5.90%	10.32%	6.71%
USDSEK	10.907	12.05%	12.01%	13.52%	10.01%	11.32%	11.40%	16.23%	9.91%
EURSEK	11.535	7.85%	7.81%	5.32%	6.09%	7.25%	7.73%	7.63%	6.40%
USDRUB	96.618	16.28%	15.77%	39.89%	19.77%	33.13%	32.20%	28.49%	22.04%
USDBRL	5.009	12.21%	12.03%	17.65%	15.31%	13.70%	13.53%	21.58%	16.70%
USDCNH	7.295	4.93%	4.86%	5.21%	4.90%	5.43%	5.88%	8.28%	5.49%
USDTRY	27.423	14.41%	24.32%	5.45%	16.37%	20.13%	20.15%	21.28%	21.57%
USDINR	83.104	3.16%	3.06%	4.91%	5.31%	3.88%	3.88%	7.53%	6.12%

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 October 3rd, 2023

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 signal changes since the last QCAM MONTHLY and the balance of all positions remained modestly long USD. All discretionary Macro and Business Sentiment positions were unchanged. Only the Macro carry model went long JPY. Technical position changes were mixed but retained an overall long USD bias. Overall, the main USD long positions are versus the EUR and the GBP, the JPY and the CHF are neutral versus the USD, and the CAD is modestly long versus the USD. The EUR is short versus the CHF and neutral versus the SEK.

Overview¹

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	--	0	All strategy positions remained unchanged leaving the overall position short EUR.
USDJPY	-/-	0	++	The Macro carry model went long JPY pushing the overall position to neutral.
EURCHF	0	--	-	The Technical long CHF vs the EUR moderated. All other positions remained unchanged, leaving the overall CHF positions long vs the EUR and neutral vs the USD.
USDCHF	0	0	0	
GBPUSD	0	--	-	The Technical position shifted from long GBP to short, increasing the overall short position.
EURSEK	0/0	--	++	The Technical short SEK position increased shifting the overall position to neutral.
USDCAD	0/+	--	0	The Technical position shifted from short CAD to neutral, raising the overall long CAD position.

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

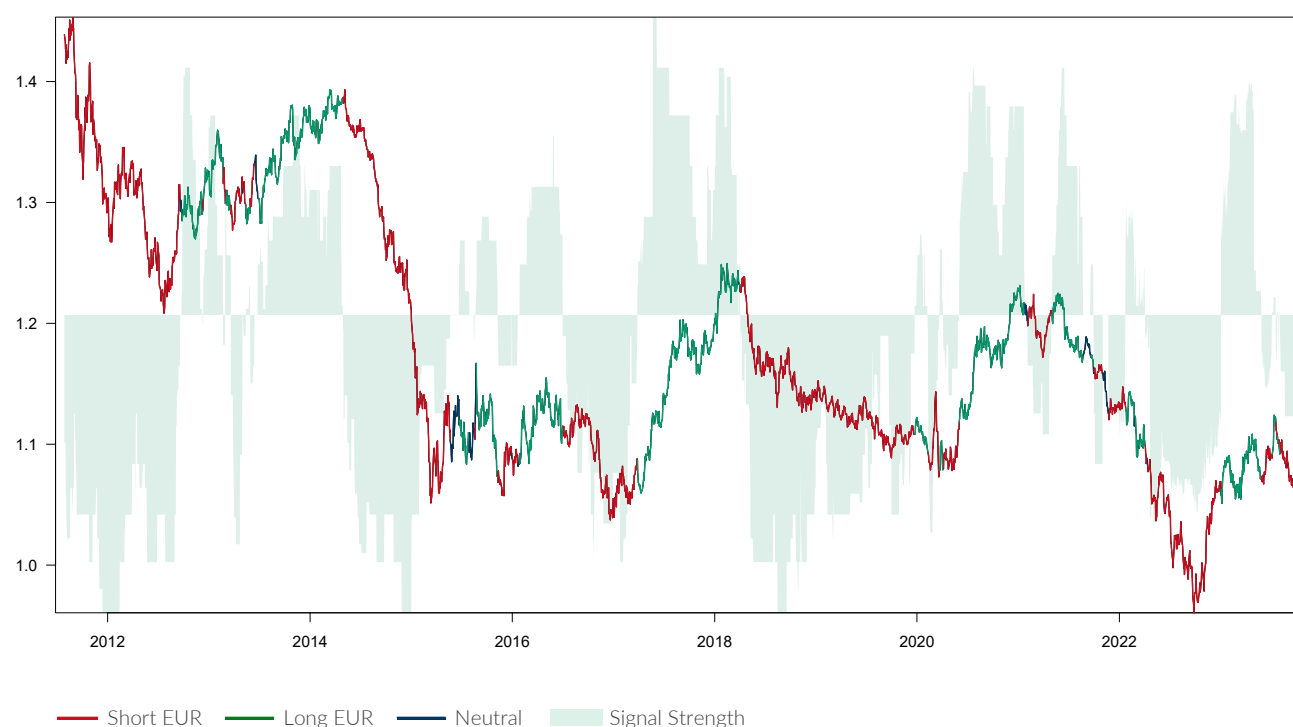
EURUSD

We kept the Macro position at neutral and the Business Sentiment and Technical positions were also unchanged, leaving the balance of all strategies short EUR. Growth and interest rate fundamentals remain EUR negative but the current account con-

tinues to be a support and the overbought EUR position in the market has declined. We think positive USD momentum will fade in Q4 but do not expect a reversal, resulting probably in more volatile range trading for EURUSD.

	FX Factors	EUR Impact	Comment
Macro	Current Account Balances	+	The Euro-area's current account surplus has fully recovered on lower energy prices
	Fiscal Balances	0	Euro-area and US fiscal deficits are both on the rise
	Interest Rate Differentials	0/-	Rate hike expectations are stabilizing on both sides but the USD has a clear and more sustained spread advantage.
	Oil prices	0	Oil price expected to stabilize
Sentiment	Business Sentiment	-	The momentum in Euro-area surveys remains weaker than US surveys
	Risk Sentiment	0	Risk aversion has increased but not yet extreme
Technical	Price Action	0	Price Technical is neutral
	Spec Positions	0	Net long EUR position has declined
	PPP Valuation	+	EUR undervaluation is around 15%

EURUSD and QCAM Strategic Positioning



USDJPY

We keep the long JPY Macro position despite the prevailing volatility of USDJPY. The economy remains on the Corona recovery path, while inflation pressures are not abating. The BoJ has more catch-up to do to normalize monetary policy. The lag of BoJ action is frus-

trating but with USDJPY close to 150 we think the risk of further JPY weakness is smaller than the potential of a policy move. The balance of all strategy positions is neutral JPY.

	FX Factors	JPY Impact	Comment
Macro	Current Account Balances	+	The Japanese current account has returned to a solid surplus
	FDI Flows	-	Net outflows have returned to the pre-Corona level
	Interest Rate Differentials	0/+	JPY rates remain low but rising risk aversion is undermining the carry trade
Sentiment	Business Sentiment	0	Momentum of Japanese Business Sentiment is on par versus US surveys
	Risk Sentiment	0	JPY has not yet benefitted from rising risk aversion
Technical	Price Action	-	Technical remains short JPY
	Spec Positions	0/+	Net short JPY position at potential reversal point
	PPP Valuation	+	The JPY is currently about 53% undervalued

USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

EURCHF

We keep our discretionary Macro position at neutral. The Swiss economy has slowed but remains fundamentally sound. Inflation has dropped below 2% and the SNB has probably hiked interest rates for the last

time. The balance of all strategy positions is long CHF versus the EUR.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/-	SNB rate policy trails behind the ECB
	SNB Policy Intervention	0	The SNB has allowed reserves to taper off a bit
Sentiment	Business Sentiment	+	The Swiss economy is ahead of the Euro-area economy in the surveys
	Risk Sentiment	0	The CHF benefits little from global recession concerns
Technical	Price Action	+	Technical is long CHF
	Spec Positions	0	Net CHF position close to neutral
	PPP Valuation	0	CHF is around fair-value versus the EUR

EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

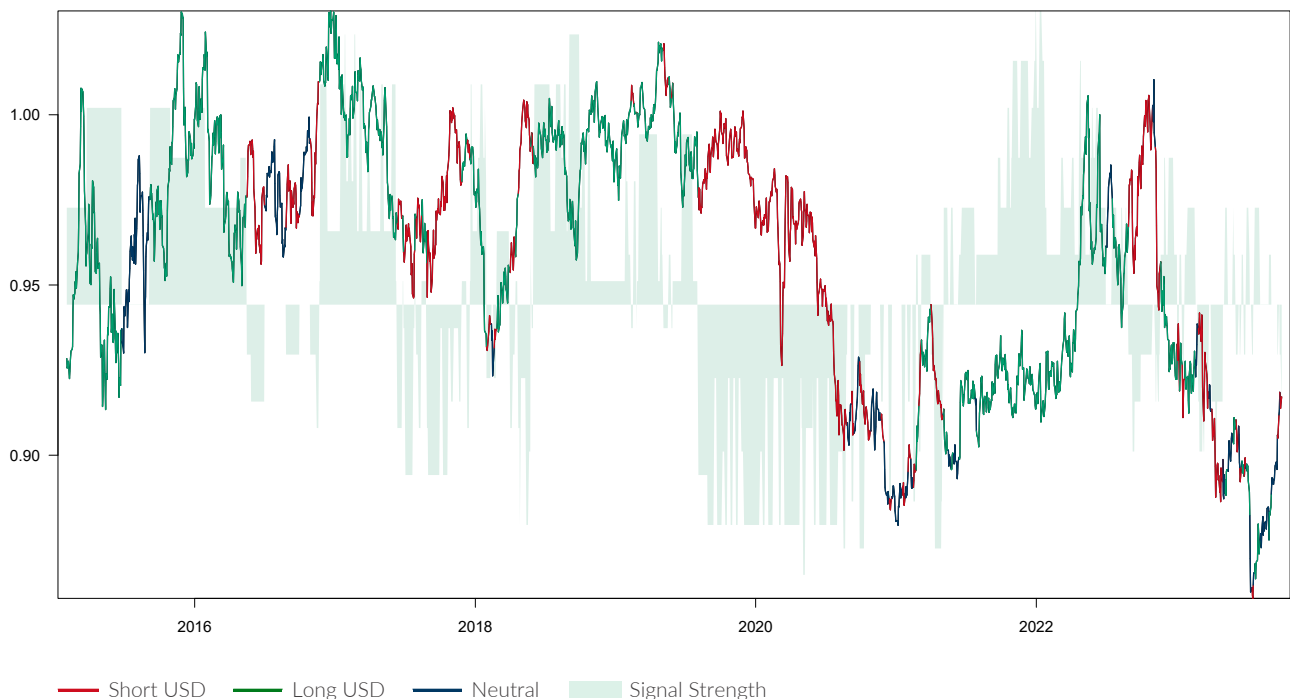
USDCHF

Our Macro positions in EURCHF (neutral) and EURUSD (neutral) imply neutral CHF vs. the USD. The Swiss economy has slowed but remains fundamentally sound. Inflation has dropped below 2% and the SNB has probably hiked interest rates for the last time. We expect

USDCHF to shadow EURUSD with a smaller amplitude. Business Sentiment and Technical are also neutral, leaving the overall position neutral CHF as well.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/-	The USD-CHF interest rate differential has widened
	SNB Policy Intervention	0	The SNB is not actively in the market
Sentiment	Business Sentiment	-	Swiss surveys are at par with US surveys
	Risk Sentiment	0	The CHF benefits little from global recession concerns
Technical	Price Action	0	Technical is neutral CHF
	Spec Positions	0	Net CHF position close to neutral
	PPP Valuation	+	CHF is about 13% undervalued versus USD

USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

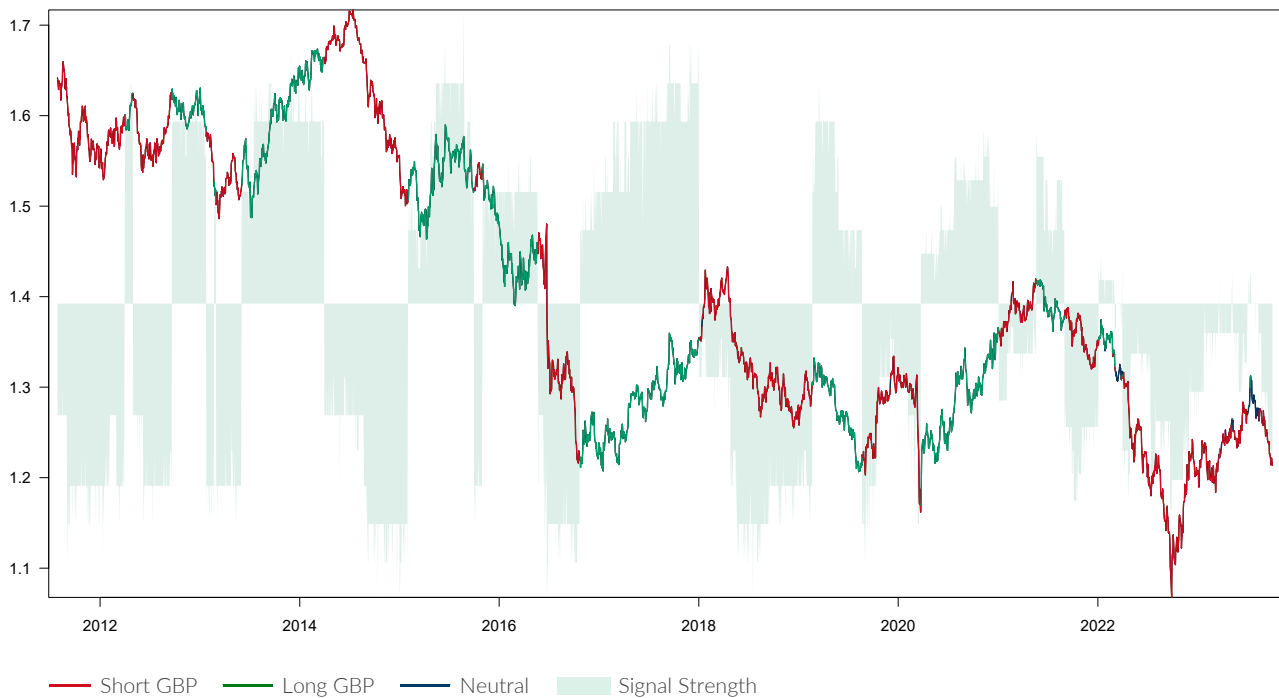
GBPUSD

We remain fundamentally bearish on the GBP given the negative Brexit fallout, growing stagflationary pressures and risks in the property market given higher interest rates. We maintain our neutral Macro position primarily because we think that

momentum behind the USD rally will fade. Business Sentiment stayed short GBP and Technical also turned bearish GBP, increasing the overall short GBP position.

	FX Factors	GBP Impact	Comment
Macro	Current Account Balances	0/-	The UK deficit has declined but remains firmly in the red zone
	Interest Rate Differentials	0/-	UK interest rates have again slipped below US interest rates
	Oil Price	0	Oil price likely to stabilize in wider range
Sentiment	Business Sentiment	--	Momentum in UK surveys remains below US surveys
	Risk Sentiment	-	BREXIT related economic and political uncertainties prevail
Technical	Price Action	-	Technical moved to short GBP
	Spec Positions	0/-	Net long GBP position dropped from the highs but is still elevated
	PPP Valuation	0/+	The GBP is 22% undervalued

GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

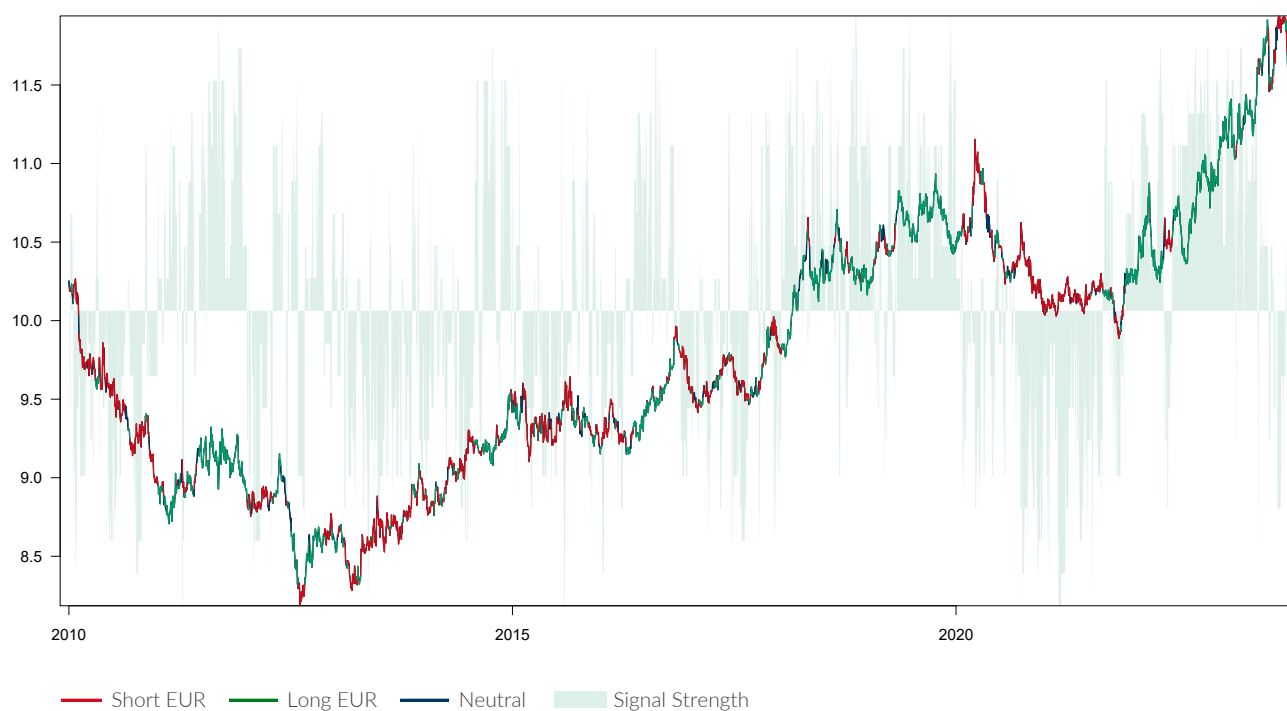
EURSEK

The Swedish economy continues to show signs of strain as the property slump is growing and spreading to other parts of the economy. On the other hand, the Riksbank is determined to slow inflation. We keep the neutral discretionary Macro position.

The Macro interest rate model also stayed neutral, while Business Sentiment stayed long SEK and the Technical short SEK position increased, shifting the balance of all strategy positions to neutral SEK.

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

EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

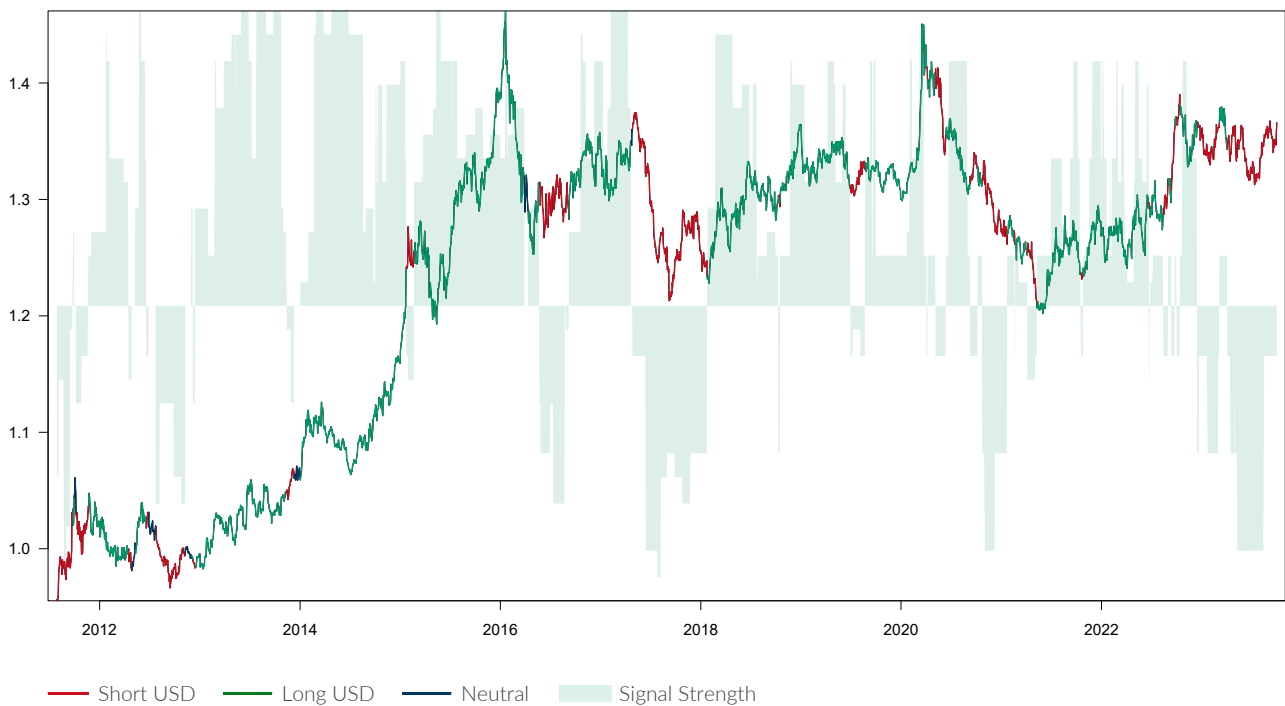
USDCAD

Canada's fundamental position remains solid although the current account dipped back into deficit and the adjustment in housing to higher interest rates creates some strains. Canadian inflation has reaccelerated above US inflation and the BoC may hike interest rates

one more time before year end. Our discretionary Macro position stays neutral but the Macro oil price model is short CAD. Business Sentiment remained long CAD, while Technical went neutral CAD. The overall position is modestly long CAD.

	FX Factors	CAD Impact	Comment
Macro	Current Account Balances	0	Canada's current account fell back into deficit but remains small versus the US deficit and compared to past levels
	Oil Prices	-	The Macro oil price model is short CAD as oil prices moved above projections
	Interest Rate Differentials	0/-	CAD interest rates remain slightly below USD interest rates
	USD DXY Trend	0	Negative correlation with USD is small
Sentiment	Business Sentiment	+	Canada has stronger momentum versus the US in the surveys
	Risk Sentiment	0	No particular risk drivers at the moment
Technical	Price Action	0	Technical shifted to neutral CAD
	Spec Positions	0	Net CAD position is short
	PPP Valuation	0	CAD is about 12% undervalued versus the USD

USDCAD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

QCAM Products and Services

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



Currency Overlay

Risks under control – opportunities in sight: QCAM Currency Overlay offers customised solutions for individual needs and investment goals. Our Passive Overlay focuses on risk management, reduction of transaction costs and the customer specific management of resulting cash flows.

Our Dynamic Overlay aims to generate returns based on QCAM's proprietary FX Analytics, embedded in a strict risk budgeting framework.

FX Best Execution

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



Money Market Plus

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

FX Alpha

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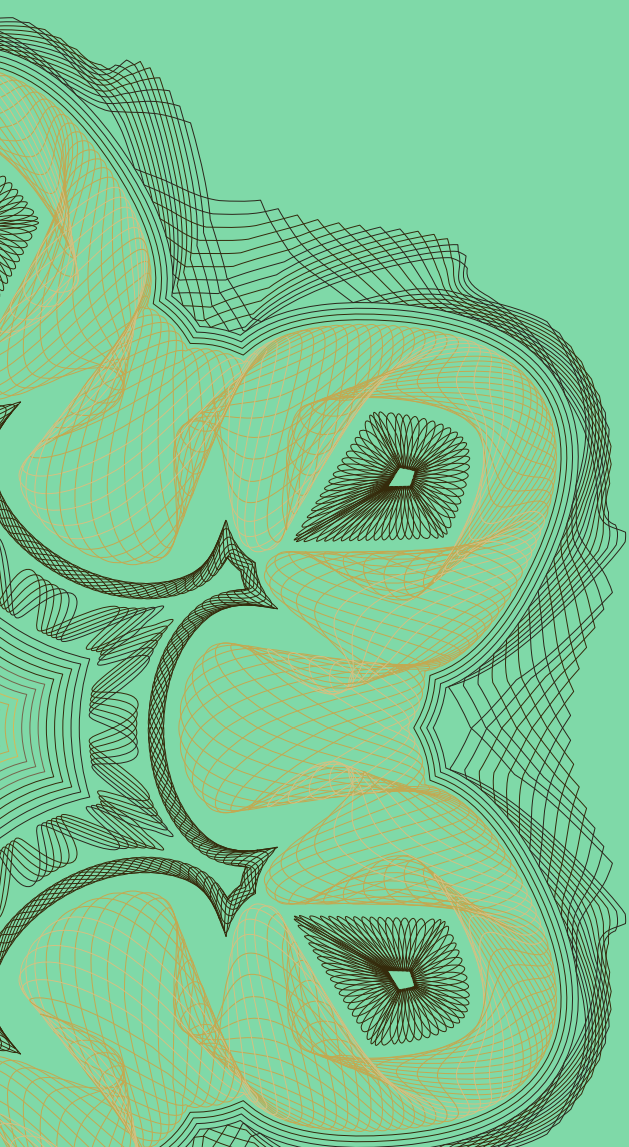
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