

November 2023

QCAM MONTHLY

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QCAM Insight

Something has to give

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Powerful headwinds stalled the USD's rally in October. Cross currents are likely to keep FX markets range-bound in the near term, but with a USD-bullish bias. The tides are set to change if US economic outperformance fades next year, the global economy starts to re-accelerate and the BoJ finally catches up with reality.

The USD rally stalled in October despite further increases in US Treasury yields and rising risk aversion. By the end of the month, the USD DXY managed a modest gain for October thanks to month-end effects in combination with disappointment over the outcome of the BoJ's policy meeting as well as news from the Euro-area of negative Q3 real GDP growth and lower-than-expected inflation data. Performance was also more dispersed. The USD made solid gains versus all commodity currencies as well as the SEK. However, safe-haven currencies performed better. The CHF outperformed the USD and the EUR and the JPY only lost their gains versus the USD on the very last trading day of the month due to the above-mentioned reasons.

More headwinds

The USD's struggle to sustain the rally in October despite further increases in US Treasury yields (the 10-year Treasury yield rose 30 bps in October) and ongoing pressure on risk markets (driven by both the rise in Treasury yields as well as new geo-political concerns related to the conflict in the Middle East) raises questions over the USD outlook. However, we think it is too early to jump to clear conclusions. In our view, the USD faces stronger headwinds but fundamental sup-

port remains solid for now. Three factors help explain the sluggish USD performance in October.

First, higher yields make the USD more attractive but periods of rising yields also create challenges. When yields rise and, thus, bond prices fall, foreign investors are less willing to buy US Treasuries fearing capital losses or even sell bonds to limit further capital losses. The most prominent example of this phenomenon was in 1994 when 10-year US Treasury yields rose 250 bps amid Fed tightening and the USD DXY fell 12%. In our judgment, this effect is currently not as powerful as it was in 1994. However, the uncertainty over the leadership of the US House of Representatives and the consequences for the budget legislation as well as the absence of China and Japan as major sources of Treasury demand probably added to the headwinds in October. Typically, foreign investor appetite for US Treasuries returns when yields stabilize at higher levels, which is our forecast for the remainder of the year.

Second, net speculative futures positions were outright short USD when the USD rally started in the middle of July, most notably versus the GBP followed by the EUR. This has changed significantly with net speculative positions now modestly long the USD. The USD still has some speculative positioning upside, especially versus the EUR, but the main adjustment is probably over. Third, the USD seems to have more competition as a safe-haven currency compared to last year, when the USD was the sole beneficiary of rising global risk aversion. The reasons are probably twofold: 1) global growth conditions are sluggish but the outlook uncertainty is not as big as it was last year,

when large parts of the global economy had to fear an imminent energy crunch and China was paralyzed in a nation-wide look-down; 2) the US faces more political uncertainties at home and the conflict in the Middle East is not as remote as the Ukraine war (especially given the risk of direct hostilities with Iran).

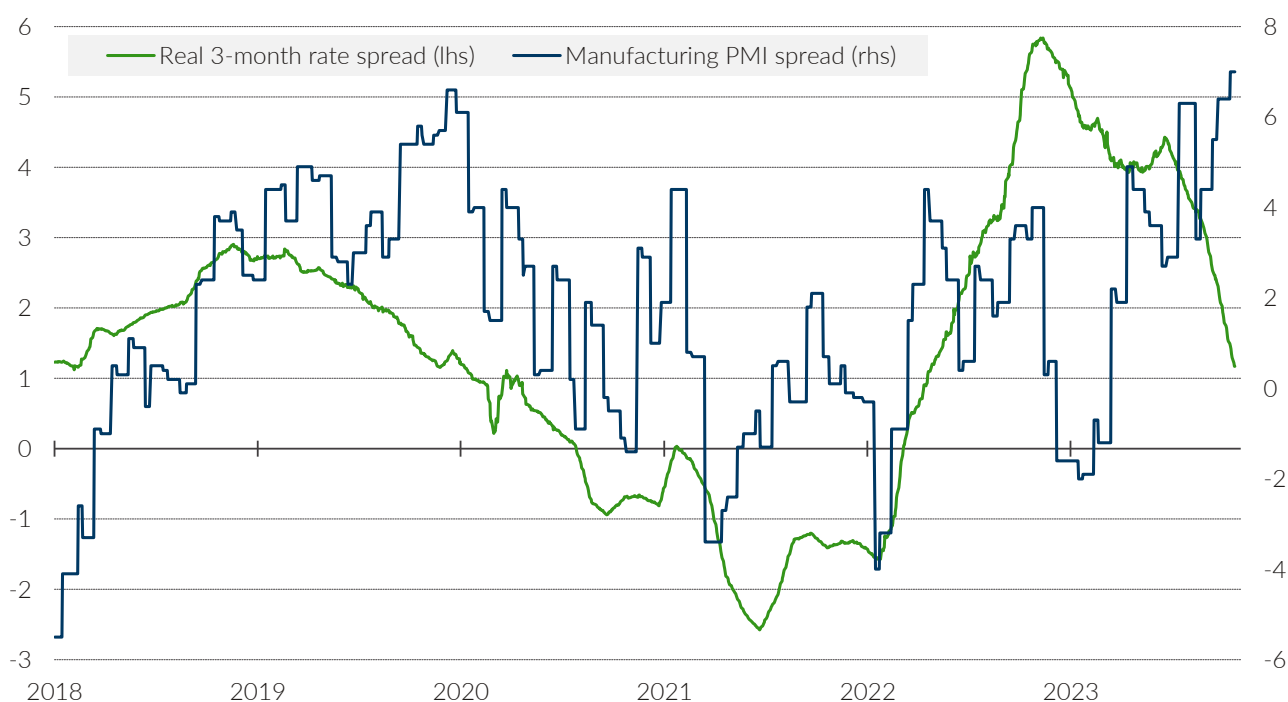
Diverging economic and policy dynamics

Despite other cross currents, we expect that discrepancies between economic fundamentals and monetary policies and their likely undoing will drive FX markets going forward. In the case of EURUSD, the ECB has followed the Fed in tightening policy but economic dynamics have gone in the opposite direction (see Chart, the spread between US and Euro-area real short-term rates has dropped sharply to its long-term average, while the manufacturing PMI spread has widened to a long-term high). This discrepancy is unlikely to be sustained for long but the question is what will bend first. In our view, the ECB will come sooner

under pressure to ease policy as inflation is falling faster than expected while the economy is battling with recession. This creates more downside pressure for the EUR, which may get offset by some of the above-mentioned USD headwinds. The result is likely to be a range with a EUR-bearish bias. Medium-term, we expect that US economic outperformance will fade, which in combination with a global recovery should become EUR-bullish.

The other major discrepancy between economic fundamentals and monetary policy concerns the JPY. The Economy is doing well and inflation remains stubbornly above target. The outcome of this week's BoJ meeting has again disappointed the market, but we note that the BoJ has effectively dropped the yield-curve-control, which creates room to gradually tighten financial conditions, and we believe this opens the way for a first policy rate hike in the first quarter of next year.

US versus Euro-area real interest rate and manufacturing PMI spreads



Source: Source: S&P Global, FRED, ECB, Bloomberg and QCAM

Economy & Interest Rates

Global growth conditions remain sluggish with an increased dispersion between US outperformance versus the rest of the world, most notably Europe. The process of disinflation continues with the latest data showing more progress in the Euro-area while the US struggles to break the 3% level. Given the dispersion in growth and inflation perfor-

mance, the Fed is likely to stay firm for longer, while the ECB may ease sooner and the BoJ has still much to do to normalize policy. Overall, hopes for a soft-landing next year remain high with a likely reversal in growth performance as the US slows and much of the rest of the world accelerates.

	Real GDP growth ¹		Unemployment rate ¹		Inflation rate ¹		Current account ²		Fiscal balance ²		Public debt ²	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Global	2.7	2.6	n.a.	n.a.	4.3	3.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.5	1.5	n.a.	n.a.	4.5	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.5	1.5	3.7	4.0	4.0	2.5	-3.0	-3.0	-6.0	-6.0	123	127
Canada	1.5	1.5	5.5	6.0	4.0	2.5	-0.5	-0.5	-0.5	-0.5	106	103
Euro-area	0.5	1.0	6.5	6.5	5.5	2.5	1.0	1.0	-4.0	-3.5	90	90
Sweden	-0.5	0.5	7.5	8.0	6.5	3.0	5.0	5.0	-0.5	-0.5	32	32
Switzerland	1.0	1.5	2.0	2.0	2.0	2.0	8.0	8.0	0.0	0.5	38	37
UK	0.5	0.5	4.0	4.5	7.5	3.5	-4.0	-4.0	-4.5	-4.0	104	106
Japan	2.0	1.0	2.5	2.5	3.5	3.0	3.0	3.0	-7.0	-7.0	255	255
Australia	2.0	2.0	4.0	4.0	5.5	4.0	2.0	2.0	-0.5	-0.5	52	55
Emerging	4.5	4.0	n.a.	n.a.	4.0	4.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	5.0	5.0	5.0	5.5	0.5	1.5	1.5	1.0	-7.0	-7.0	83	87
India	6.0	5.5	n.a.	n.a.	5.5	5.0	-2.0	-2.0	-9.0	-9.0	82	82
Russia	2.5	1.5	3.5	3.5	5.5	5.5	3.5	3.5	-3.5	-3.0	22	22
Brazil	3.0	1.5	9.5	10.0	5.0	4.5	-2.5	-2.5	-7.0	-6.5	88	90

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

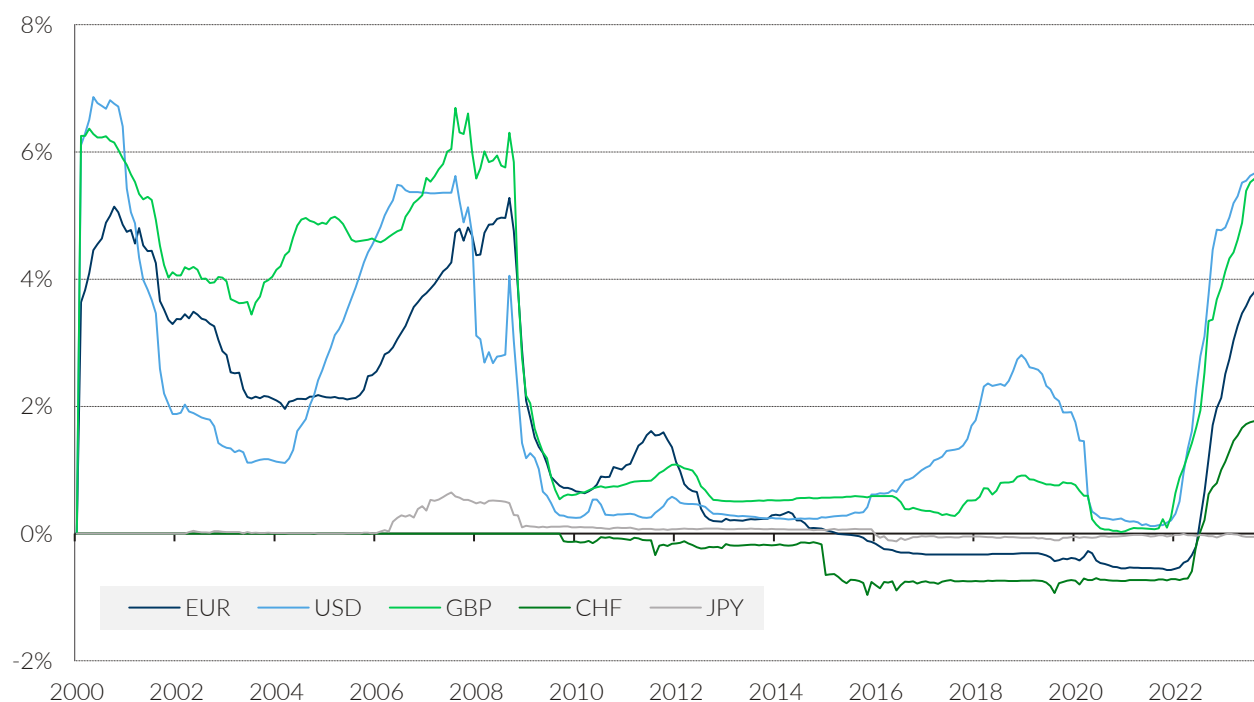
Interest Rates

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	5.40%	5.41%	5.38%	4.17%	2.19%	4.84%	4.51%	3.98%	4.08%	2.40%
EUR	3.97%	3.95%	3.72%	1.70%	0.83%	3.35%	3.39%	3.07%	3.03%	1.50%
JPY	-0.01%	-0.05%	-0.05%	-0.04%	-0.03%	1.13%	0.94%	0.76%	0.51%	0.35%
GBP	5.26%	5.29%	5.40%	3.24%	1.97%	4.37%	4.36%	4.25%	3.81%	2.18%
CHF	1.70%	1.71%	1.75%	0.72%	0.11%	1.61%	1.80%	1.79%	1.97%	0.91%
AUD	4.29%	4.18%	4.19%	3.06%	1.63%	5.25%	4.75%	4.41%	4.56%	3.00%
CAD	5.06%	5.12%	5.08%	3.98%	2.16%	4.51%	4.50%	4.01%	3.77%	2.81%
SEK	4.12%	4.02%	3.83%	2.14%	1.30%	3.39%	3.45%	3.07%	3.09%	1.89%
RUB	8.30%	8.30%	8.30%	7.71%	8.35%	8.62%	8.62%	8.62%	9.74%	8.34%
BRL	10.31%	10.64%	11.90%	12.49%	9.05%	11.69%	11.44%	10.66%	11.65%	11.00%
CNY	2.23%	2.02%	1.96%	1.83%	2.16%	2.54%	2.56%	2.64%	2.51%	2.74%
TRY	38.30%	35.60%	20.15%	10.74%	0.00%	38.04%	38.04%	38.04%	38.04%	20.64%
INR	6.80%	6.85%	6.66%	6.55%	4.95%	6.75%	6.86%	6.58%	6.97%	6.23%

Source: QCAM Currency Asset Management, as of November 1st, 2023

3-month Rates



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

FX Markets

FX Performance vs. PPP

The USD rally slowed in October with the DXY up just 0.5%. Best performer was the CHF while commodity currencies underperformed. EM currencies held up well on balance with the RUB up notably while the TRY fell again. Overall speculative USD positions moved from neutral to modestly long with the GBP position losing the most ground. Short-term interest rates stabilized and forwards price almost no chances of further rate hikes. The cost of

forward hedging versus the USD has declined but remains expensive especially for JPY and CHF. Actual and implied FX volatilities were mixed with no overall directional change as they have come closer to historical averages. PPP changes continue to converge as inflation moderates but absolute differences remain large and the USD's overvaluation increased further.

Overview

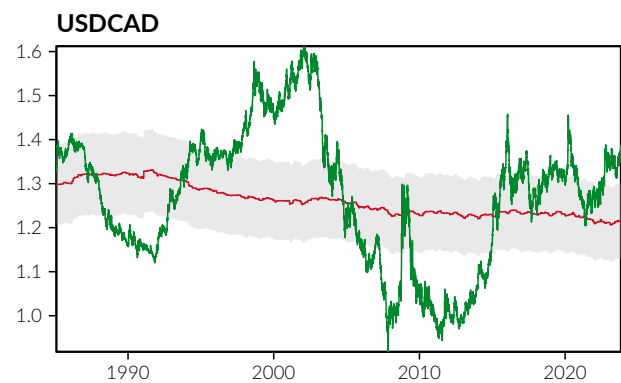
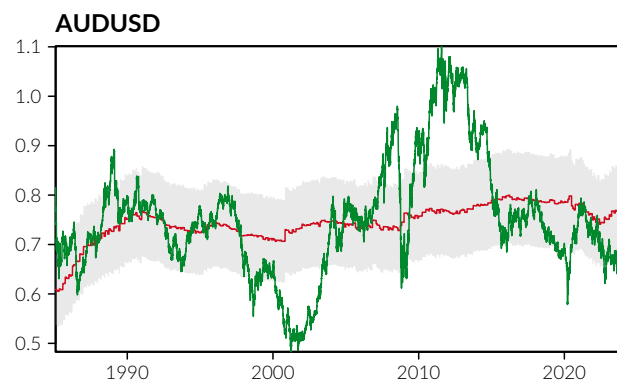
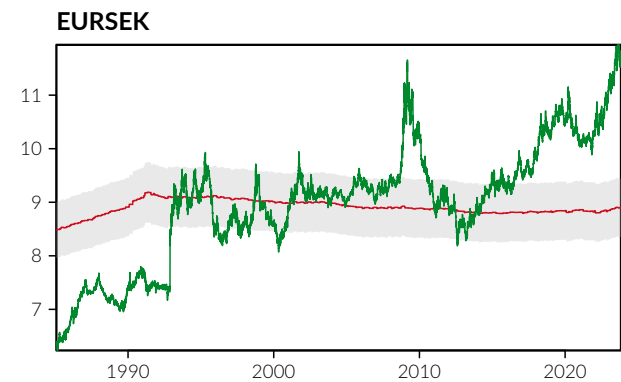
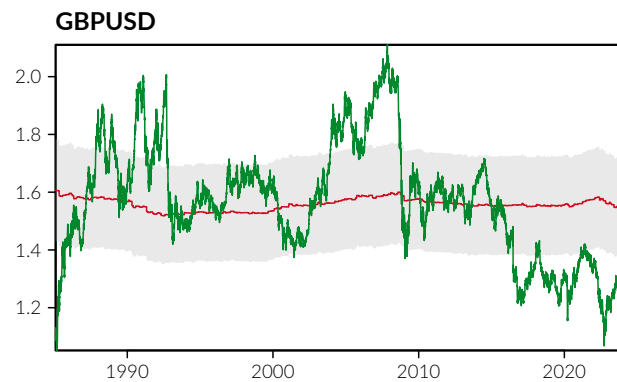
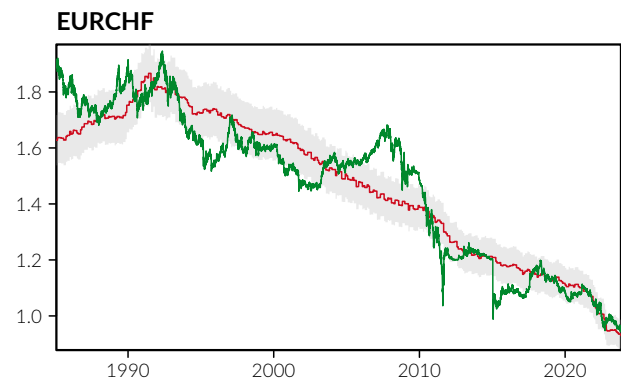
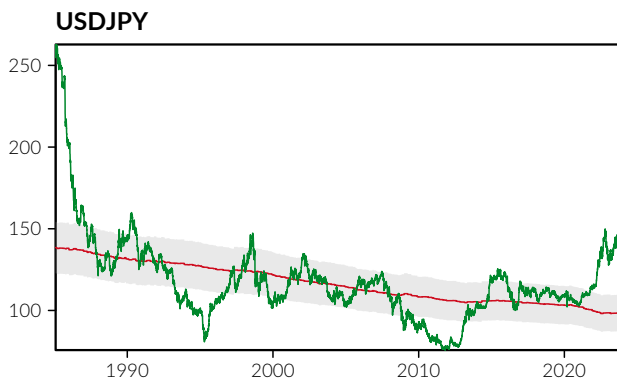
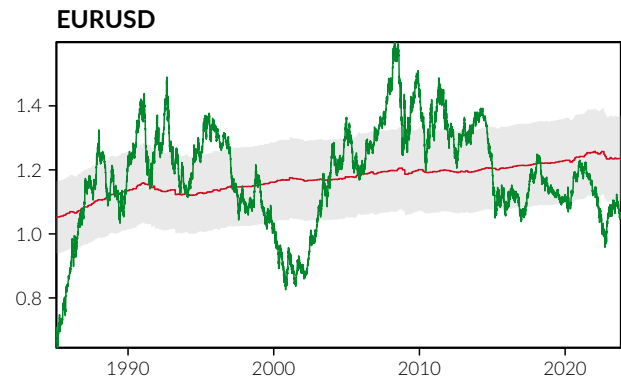
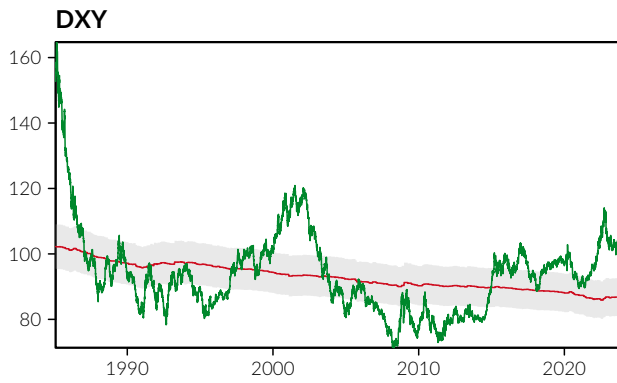
	Current Exchange Rate	Performance ¹				Purchasing Power Parity ²		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation ³
EURUSD	1.058	-1.27%	-0.03%	6.96%	-6.47%	1.24	1.10 - 1.37	-15%
USDJPY	151.510	15.65%	1.41%	1.94%	34.02%	98.20	87.04 - 109.37	54%
GBPUSD	1.215	0.41%	-0.48%	5.93%	-4.75%	1.56	1.38 - 1.73	-22%
EURCHF	0.962	-2.59%	-0.56%	-2.81%	-15.70%	0.93	0.88 - 0.98	3%
USDCHF	0.910	-1.33%	-0.54%	-9.13%	-9.87%	0.80	0.71 - 0.89	14%
GBPCHF	1.105	-0.89%	-0.99%	-3.73%	-14.15%	1.06	0.97 - 1.16	4%
CHFJPY	166.575	17.20%	1.94%	12.19%	48.71%	95.95	84.89 - 107.00	74%
AUDUSD	0.634	-7.04%	-1.58%	-0.89%	-10.36%	0.77	0.68 - 0.86	-18%
USDCAD	1.388	2.58%	2.47%	1.76%	5.48%	1.21	1.13 - 1.30	15%
USDSEK	11.169	7.24%	2.40%	1.15%	21.81%	8.16	7.23 - 9.09	37%
EURSEK	11.812	5.88%	2.40%	8.19%	13.94%	8.89	8.34 - 9.43	33%
USDRUB	93.038	27.08%	-3.71%	49.95%	41.26%	64.03	46.75 - 81.31	45%
USDBRL	5.042	-4.63%	0.66%	-2.45%	35.17%	3.79	2.28 - 5.31	33%
USDCNH	7.341	6.21%	0.63%	0.04%	5.21%	7.18	6.57 - 7.78	2%
USDTRY	28.297	51.21%	3.19%	52.02%	405.27%	14.09	11.03 - 17.16	101%
USDINR	83.281	0.70%	0.21%	0.54%	12.45%	83.02	76.25 - 89.79	0%
US_Dollar_Inc	106.701	3.07%	0.50%	-4.33%	9.86%	86.65	80.88 - 92.41	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 31st, 2023

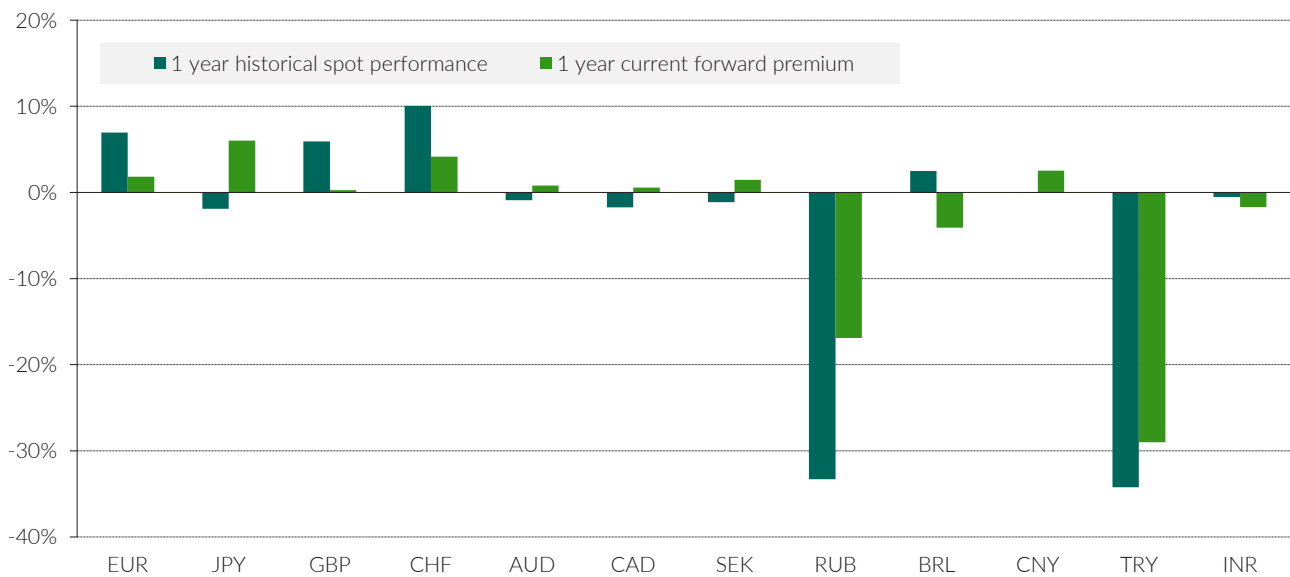
— PPP — Spot — Neutral Range

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	1.0589	1.0621	1.0769	1.44%	1.71%	1.79%
USDJPY	151.510	150.7480	149.2172	142.9260	-5.66%	-5.92%	-5.53%
GBPUSD	1.215	1.2150	1.2157	1.2178	0.21%	0.29%	0.24%
EURCHF	0.962	0.9599	0.9561	0.9405	-2.35%	-2.37%	-2.18%
USDCHF	0.910	0.9065	0.9002	0.8733	-3.78%	-4.06%	-3.90%
GBPCHF	1.105	1.1016	1.0944	1.0636	-3.58%	-3.77%	-3.67%
CHFJPY	166.575	166.2966	165.7747	163.6883	-1.88%	-1.88%	-1.69%
AUDUSD	0.634	0.6346	0.6358	0.6389	1.17%	1.18%	0.77%
USDCAD	1.388	1.3873	1.3857	1.3802	-0.49%	-0.63%	-0.55%
USDSEK	11.169	11.1544	11.1197	11.0086	-1.42%	-1.71%	-1.40%
EURSEK	11.812	11.8117	11.8112	11.8559	0.02%	-0.01%	0.37%
USD RUB	93.038	94.4676	97.8893	111.9658	18.44%	20.40%	20.01%
USDBRL	5.042	5.0611	5.0963	5.2566	4.38%	4.12%	4.17%
USDCNH	7.341	7.3242	7.2935	7.1591	-2.52%	-2.51%	-2.42%
USDTRY	28.297	28.9441	30.5399	39.8500	27.43%	31.01%	40.16%
USDINR	83.281	83.3406	83.5451	84.7126	0.81%	1.24%	1.68%

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



Source: QCAM Currency Asset Management, as of October 31st, 2023

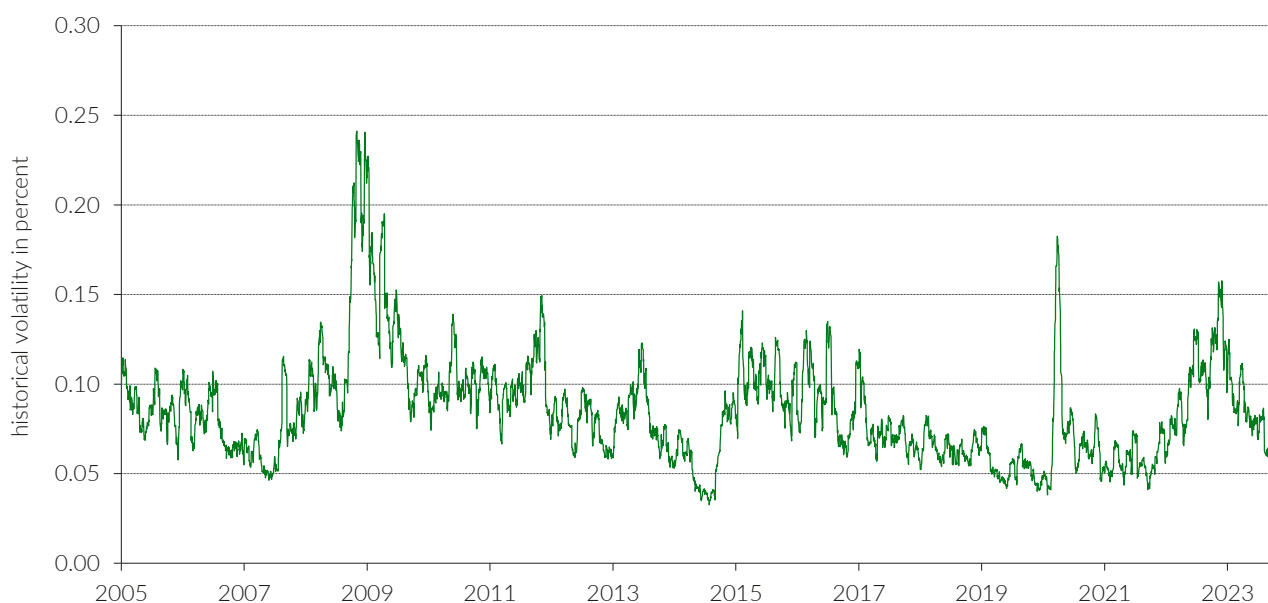
FX Volatility

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	7.02%	6.80%	11.36%	7.00%	6.95%	7.08%	10.93%	6.95%
USDJPY	151.510	6.95%	8.14%	12.28%	7.92%	9.59%	9.33%	12.70%	8.08%
GBPUSD	1.215	6.48%	6.60%	16.24%	9.14%	7.75%	8.03%	12.88%	9.20%
EURCHF	0.962	4.94%	4.13%	7.98%	4.69%	5.45%	5.10%	7.15%	5.31%
USDCHF	0.910	6.05%	7.04%	10.35%	7.23%	6.93%	7.38%	9.63%	6.91%
GBPCHF	1.105	5.07%	4.40%	13.16%	8.01%	6.55%	6.50%	10.78%	8.38%
CHFJPY	166.575	7.48%	7.07%	11.02%	7.21%	9.25%	9.23%	11.48%	7.58%
AUDUSD	0.634	9.70%	10.54%	14.02%	10.15%	10.15%	9.78%	14.30%	9.99%
USDCAD	1.388	5.01%	5.32%	8.81%	6.76%	5.88%	5.75%	9.03%	6.70%
USDSEK	11.169	11.05%	12.03%	14.25%	10.05%	10.85%	11.23%	15.20%	9.94%
EURSEK	11.812	6.50%	7.86%	5.55%	6.11%	6.88%	7.35%	8.05%	6.41%
USDRUB	93.038	18.34%	16.28%	22.13%	19.83%	31.20%	33.08%	40.10%	22.38%
USDBRL	5.042	12.93%	12.12%	19.20%	15.25%	13.65%	13.73%	20.20%	16.64%
USDCNH	7.341	3.79%	4.98%	8.03%	4.87%	4.73%	5.43%	9.45%	5.47%
USDTRY	28.297	13.59%	14.41%	2.39%	15.69%	17.65%	20.25%	17.45%	21.51%
USDINR	83.281	2.65%	3.16%	5.37%	5.24%	3.45%	3.85%	6.97%	6.05%

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 31st, 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 several signal changes since the last QCAM MONTHLY increasing the overall long USD position. All discretionary Macro positions remained unchanged, but Business Sentiment went long USD versus the JPY, the CHF and the CAD. Technical position went long USD versus the EUR and the CAD but short USD versus the CHF. Overall, the main USD long positions are versus the EUR, the JPY, the GBP, and the CAD with a small long versus the CHF. The EUR is short versus the CHF and long versus the SEK.

Overview¹

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	--	-	Technical went short EUR increasing the overall short EUR position.
USDJPY	-/-	++	++	Business Sentiment went short JPY pushing the overall position from neutral to short JPY.
EURCHF	0	-	--	Business Sentiment went short CHF vs USD and Technical turned long CHF vs USD. The overall CHF positions is half long vs the EUR and slightly short vs the USD.
USDCHF	0	++	-	
GBPUSD	0	--	-	All strategy positions remained unchanged leaving the overall position half short GBP.
EURSEK	0/+	++	0	The Macro interest rate model and Business Sentiment went short SEK, while Technical shifted to neutral.
USDCAD	0/-	++	++	The Macro oil model went long CAD, while Business Sentiment and Technical turned short CAD.

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

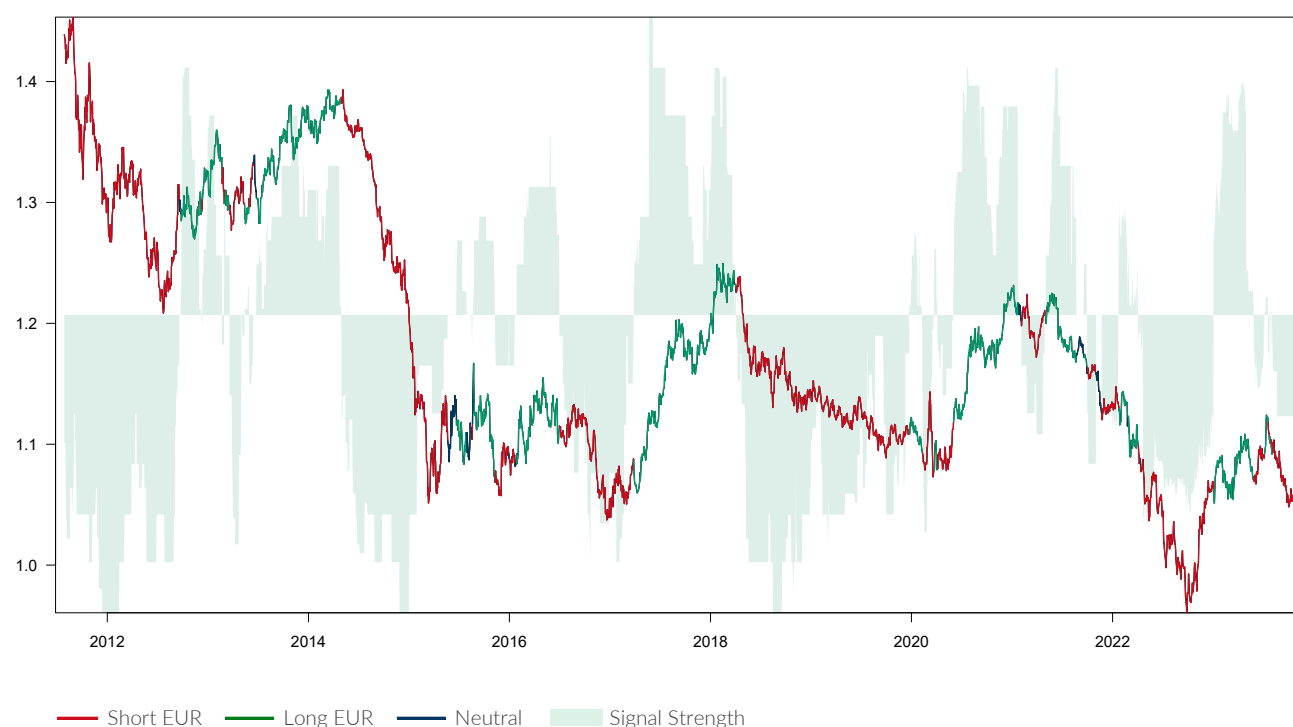
EURUSD

We kept the Macro position at neutral and the short EUR Business Sentiment was also unchanged, while Technical went short EUR, increasing the overall short EUR position. Growth and interest rate fundamentals remain EUR negative, but the current

account continues 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 elevated
	Interest Rate Differentials	0/-	Rate hike expectations are stabilizing on both sides but the ECB is more likely to soften than the Fed
	Oil prices	0	Oil price expected to stay in volatile range
Sentiment	Business Sentiment	-	The momentum in Euro-area surveys remains weaker than US surveys
	Risk Sentiment	0/-	Risk aversion has increased
Technical	Price Action	-	Price technical is short EUR
	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. Economic momentum has slowed but remains solid, 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 above 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 short 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 and the BoJ continues to drag its feet but rising risk aversion is muting the carry trade
Sentiment	Business Sentiment	-	Momentum of Japanese Business Sentiment slowed versus US surveys
	Risk Sentiment	0	JPY has not benefitted much 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 54% 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 finished rate hikes and is not ac-

tive in FX markets. 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 is currently not active in FX markets
Sentiment	Business Sentiment	+	The Swiss economy is ahead of the Euro-area economy in the surveys
	Risk Sentiment	0/+	The CHF benefits somewhat from global risk aversion
Technical	Price Action	+	Technical is long CHF
	Spec Positions	0	Net position is slightly short CHF
	PPP Valuation	0	CHF is around fair-value versus the EUR

EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

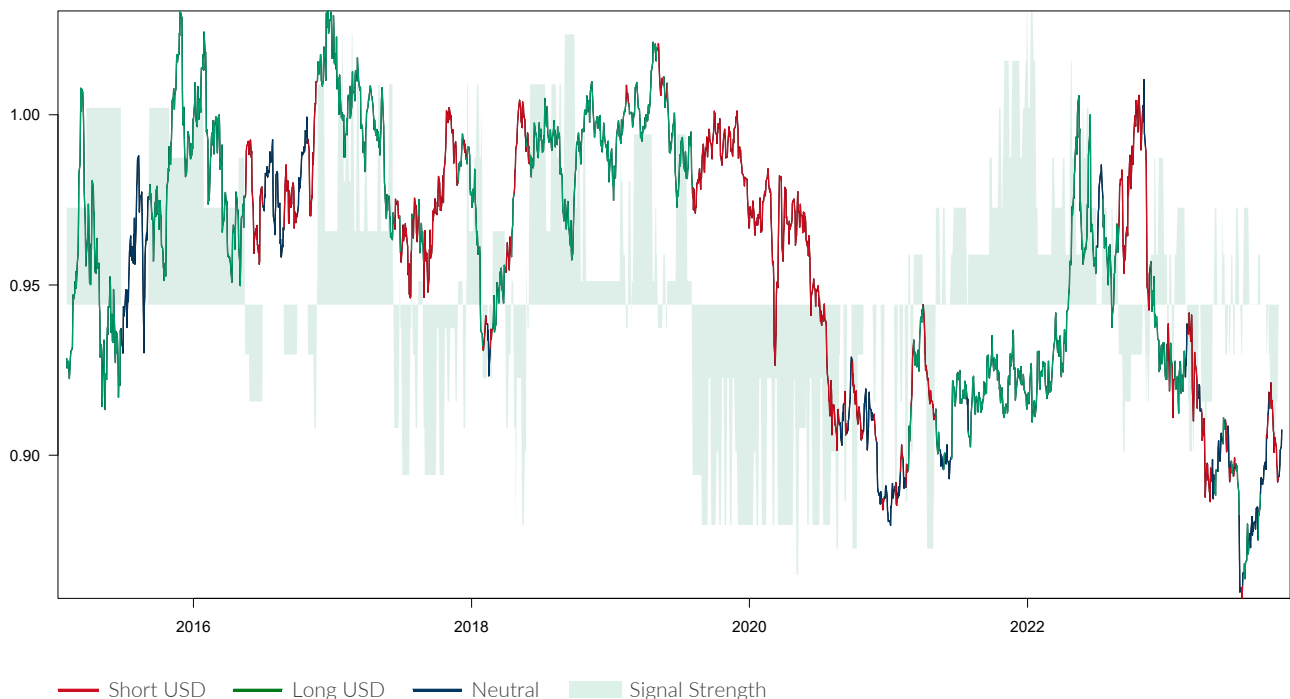
USDCHF

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 finished rate hikes and is not active in FX markets.

We expect USDCHF to shadow EURUSD with a smaller amplitude. Business Sentiment went short CHF and Technical turned long CHF, with the balance of all strategies moving to a small short CHF position.

	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 active in the market
Sentiment	Business Sentiment	-	Swiss surveys have fallen behind US surveys
	Risk Sentiment	0/+	The CHF benefits somewhat from global risk aversion
Technical	Price Action	+	Technical went long CHF
	Spec Positions	0	Net position is slightly short CHF
	PPP Valuation	+	CHF is about 14% undervalued versus USD

USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

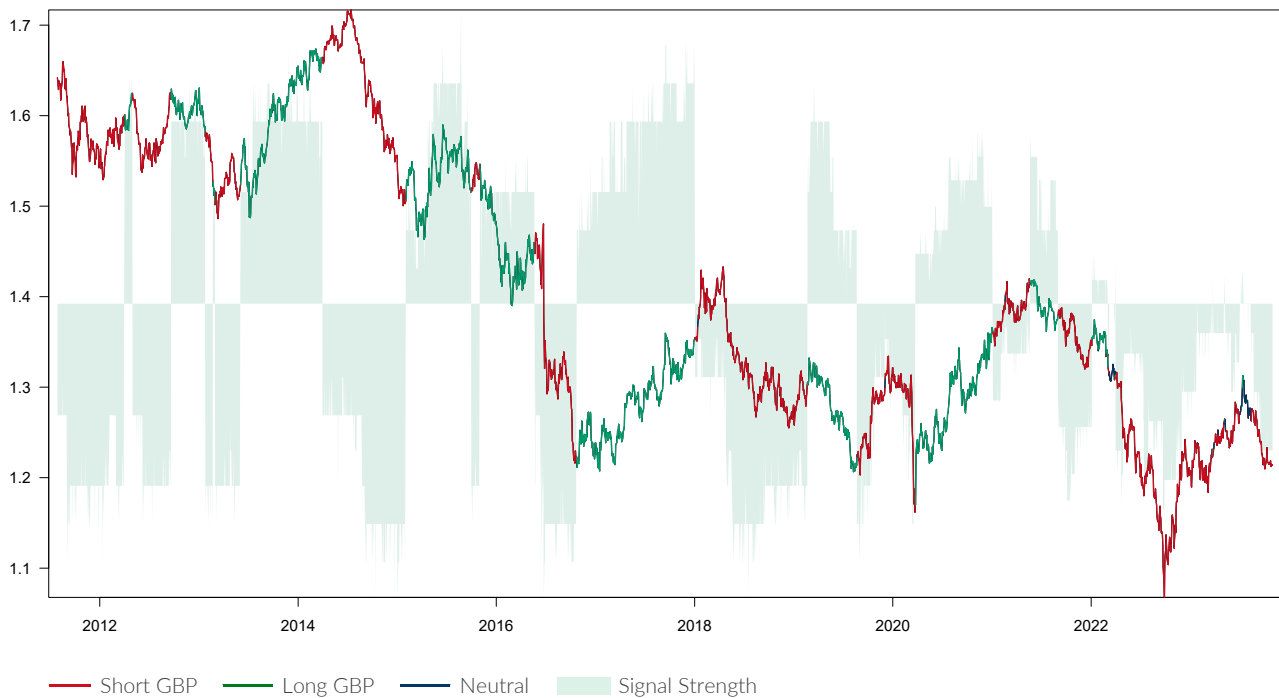
GBPUSD

We remain fundamentally bearish on the GBP given the negative Brexit fallout, persistent 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 is fading. Business Sentiment and Technical both stayed short GBP, leaving the overall strategy position short GBP as well.

	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 remain elevated but below US interest rates
	Oil Price	0	Oil price expected to stay in volatile 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 stayed short GBP
	Spec Positions	0	Net position sifted from long to slightly short GBP
	PPP Valuation	0/+	The GBP is 22% undervalued

GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

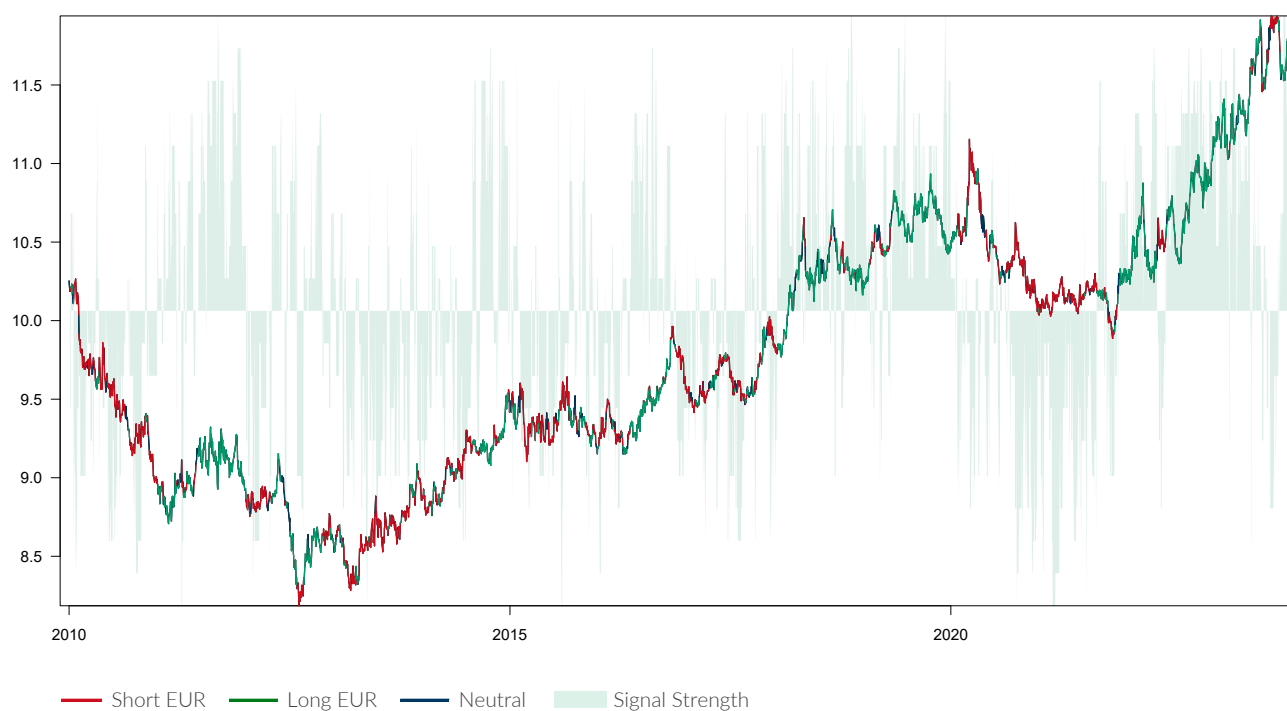
EURSEK

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 and Business Sentiment both turned short SEK, while Technical stayed short SEK, shifting the balance of all strategy positions to short SEK as well.

	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	-	The Macro interest rate model is short SEK
Sentiment	Business Sentiment	-	Surveys went short SEK
	Risk Sentiment	-	Concerns over the property slump remain significant
Technical	Price Action	--	Technical stayed short SEK
	PPP Valuation	+	The SEK is roughly 33% undervalued versus the EUR

EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

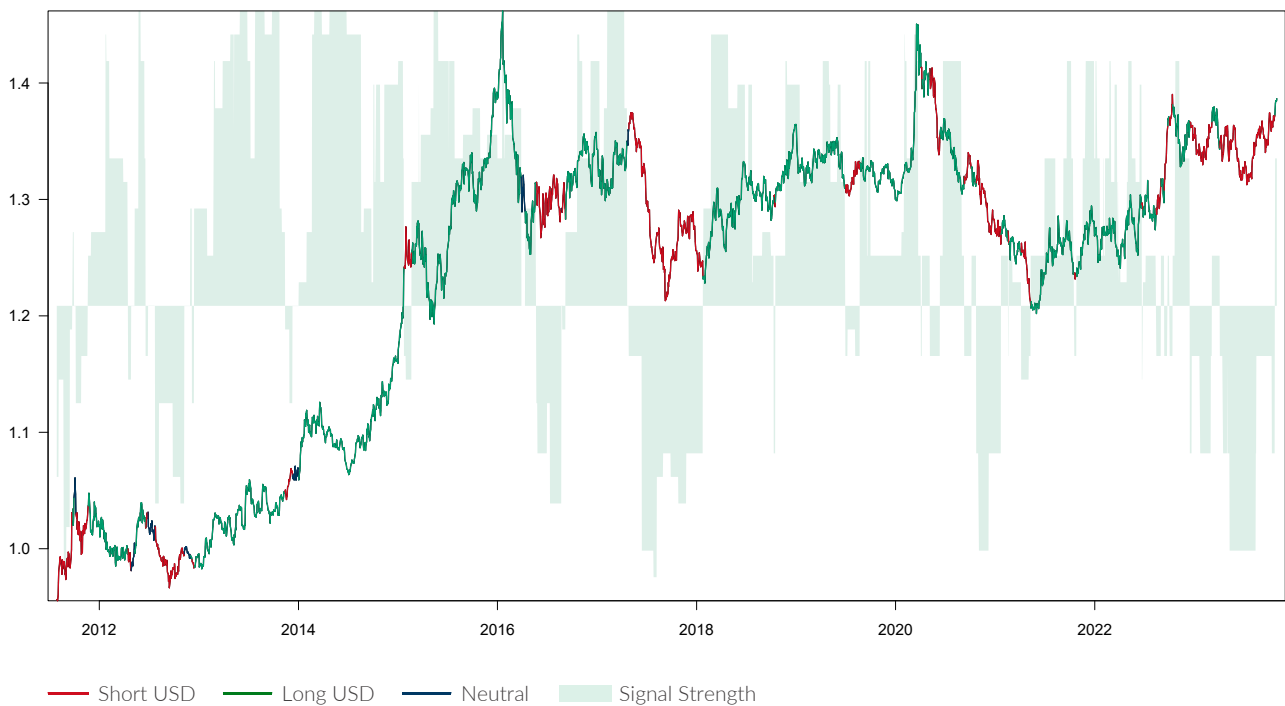
USDCAD

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 is at par with US inflation and the BoC is probably finished with rate hikes.

Our discretionary Macro position stays neutral, but the Macro oil price model went long CAD while Business Sentiment and Technical both turned short CAD, leaving the overall position short CAD as well.

	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 long CAD as oil prices moved below projections
	Interest Rate Differentials	0	CAD interest rates close to USD interest rates
	USD DXY Trend	0	Negative correlation with USD is small
Sentiment	Business Sentiment	-	Canada has weaker momentum versus the US in the surveys
	Risk Sentiment	0	No particular risk drivers at the moment
Technical	Price Action	-	Technical shifted to short CAD
	Spec Positions	0/+	Net CAD position is short
	PPP Valuation	0	CAD is about 15% 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 ten 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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