FX Weekly

08:06 CET
02 October 2026

https://research.ca-cib.com

EUR: not a 2022 redux

- **EUR sentiment has weakened notably in recent days on the back of two mutually reinforcing developments that have reminded FX investors of the dark days of 2022 when the energy emergency due to the Ukraine war fanned concerns about a full-blown fiscal crisis in the Eurozone and sent the EUR tumbling across the board. Market fears about energy supplies to Europe due to the Iran war have been aggravated recently by mounting global diesel fuel shortages and low gas storage levels before the winter. The resulting rally of European energy costs has stoked fears about the fiscal outlook in France ahead of a crucial presidential vote next spring.**

- **We are cautious on the EUR from current levels but doubt that a repeat of the aggressive 2022 sell-off is on the cards. Firstly, the Eurozone economy shows considerable resilience, supported by robust domestic demand. It also remains to be seen whether the contagion from the OAT sell-off would intensify significantly further, in a blow to the EUR. Also, the ECB is very focused on containing inflation, and its hikes support the EUR rate appeal. The downside risks to our EUR outlook would grow, however, if the EGB market sell-off escalates and thus tightens European financial conditions, limiting the ECB's ability to hike too aggressively.**

- **We have recently upgraded our JPY outlook and lowered our EUR/JPY forecasts. We think fiscal worries over France could speed up any repatriation flows by Japanese investors out of EGB markets in the months before the French election. In the near term, EUR investors will continue to closely follow the evolution of European energy prices & EGB price action and their impact on Eurozone financial conditions. ECB speeches will be scrutinised as well and could impact the beleaguered EUR's relative rate appeal across the board.**

- **The high-yielding, safe-haven USD could remain bid amid surging fixed income market anxiety and tighter global financial conditions, though we caution that current hawkish market Fed expectations are starting to look excessive. The overbought USD could be vulnerable to any downside surprises from today's Non-farm payrolls and next week's services ISM & US consumer confidence data. Fedspeak and the September FOMC minutes could also attest to the strength of the hawkish consensus at the Fed. Focus will also be on the Swedish inflation and Canadian labour data for September as well as the latest SNB FX reserves.**

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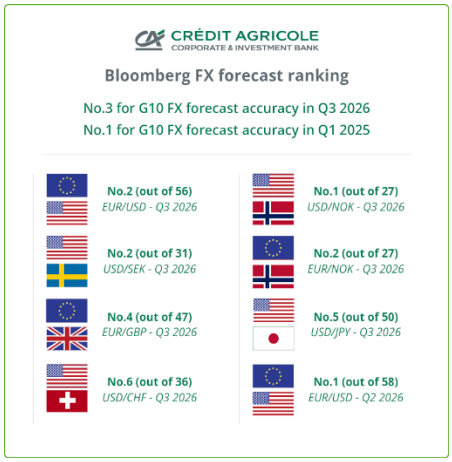
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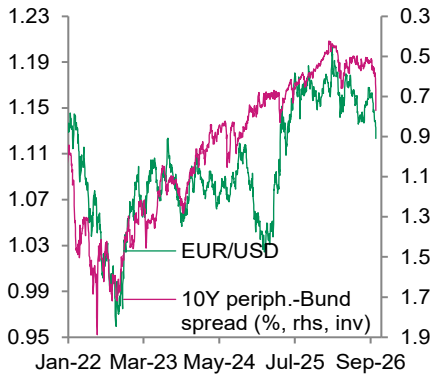
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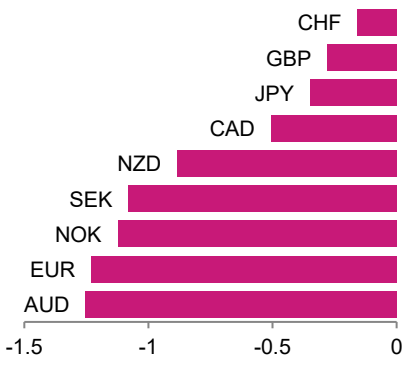


2022 EUR sell-off revisited



Source: Crédit Agricole CIB, Bloomberg

Five-day performance (vs USD)



Source: Crédit Agricole CIB, Bloomberg

Latest Publications

30 Sep – FX Risk Index: Investors undeterred by rising bond yields,
28 Sep – FX Focus: JPY forecast update,
28 Sep – FAST FX: Sell EUR/SEK, again
28 Sep – FX Positioning: USD longs get rebuilt

G10 FX Forecasts

	Dec-26	Mar-27	Jun-27	Sep-27
EUR/USD	1.13	1.13	1.14	1.16
USD/JPY	156.0	155.0	154.0	152.0
GBP/USD	1.31	1.32	1.34	1.37

Source: Bloomberg, Crédit Agricole CIB

FX and gold outlook



The EUR should continue to trade as collateral damage of global geopolitical risks and sovereign credit risks at home. We are cautious on EUR/USD but do not expect it to sell off aggressively because we think that additional ECB tightening could limit the downside risks to a degree in the coming months. It also remains to be seen whether the contagion from the recent OAT sell-off to the rest of the EGB market would intensify significantly further, in a blow to the EUR. Lastly, the Eurozone economy has proved to be more resilient so far this year even as persistent stagflationary headwinds, loss of international competitiveness and returning sovereign credit risks continue to hurt the appeal of EUR-denominated assets. Elevated global energy prices, US tariffs and policies to stimulate domestic demand-driven growth in the Eurozone could all reduce European net exports volumes & thus weaken net corporate demand for the EUR. These factors may not allow the EUR to recover meaningfully even if the latest French fiscal crisis starts to fade.



The recent hawkish shift by the Fed has burnished the appeal of the high-yielding, safe-haven King of FX. The USD should remain supported also by persistent portfolio flows linked to the US economic outperformance vs other major economies in Asia and Europe. Robust economic outlook & sticky inflation have already boosted Fed policy rate expectations and the USD's rate appeal, suggesting that positives are already in the price and this could limit the currency upside. US policy uncertainty could linger and fiscal dominance fears could resurface as well, but not before the US economy starts to cool down in 2027. Such risks are still more than offset by the AI boom & thus the US exceptionalism narrative and could keep the USD in demand in the next three to six months. Lastly, the USD is still the world's preeminent reserve fiat currency but de-dollarisation fears are never too far from the surface.



The CHF has recently weakened to one-year lows, as renewed turmoil in the Middle East has worsened the CHF rate disadvantage without triggering much safe-haven demand. Barring any major fracas, the CHF could remain a favoured funding currency for the coming months, although from here gains from carry differentials could trump any potential loss in spot, as the CHF still has many long-term positives on its side.



Record levels of intervention have capped USD/JPY's rally at 164, and there is risk of further intervention if USD/JPY moves towards 160. Standing in the way of a more sustainable JPY rally, however, are the BoJ likely only matching Fed rate hikes, elevated global energy prices and investor concerns about Japan's fiscal sustainability. The latter could see significant relief if Japan's GPIF allocates more of its AUM to domestic bonds capping super-long end JGB yields. The steep sell-off in JGBs over the past 18 months will likely encourage the GPIF to increase its allocation towards domestic bonds giving the JPY a boost.



We maintain a cautious GBP/USD outlook from current levels that is consistent with our constructive USD outlook. The GBP could remain a pressure valve for anxious market participants fretting about the impact of persistent stagflation risks on the UK economic, monetary and fiscal outlook. We also believe that some negatives are already priced into the GBP, especially vs the EUR, however, given that the Eurozone would have to deal with the consequences from the negative energy supply shock in the wake of the Iran war as well. We further note that the GBP is already looking oversold while global investors seem underinvested in UK assets.



USD/CAD has been able to re-assert itself within the 1.35/1.40 range, although the renewed trade war between the US and Canada makes the outlook more uncertain, with risks being tilted to the upside in the event of further escalation. Otherwise, improving Canadian macro data and a somewhat more hawkish BoC rather back the CAD in the long run.



The AUD is clinging to its rate advantage as sticky inflation forces the RBA to continue raising rates even while other central banks join the tightening cycle, making the currency a favoured carry trade. Adding to the AUD's appeal are elevated commodity prices and low levels of public debt, the latter leaving it immune to concerns about fiscal sustainability.



After two consecutive rate hikes, the RBNZ is adopting a gradual approach to withdrawing stimulus. While this foot-dragging will be a near-term weight on the NZD, the RBNZ is underestimating upside risks to inflation and will be forced to re-accelerate rate hikes. NZ's agricultural export prices are strong and, so far, El Niño is not weighing on local agricultural production.



The NOK continues to follow the ebb and flow in energy prices, while still being among the best G10 FX performers. A superior carry appeal and Norway's solid fundamentals should call for NOK appreciation to gradually continue despite some potential consolidation in the near term.



The SEK has struggled this year after outperforming in 2025. Risks of a wider policy gap between the Riksbank and the ECB could leave the SEK on the back foot in the near term, while more convincing evidence of Sweden's macro outperformance over the Eurozone calls for the SEK to reverse course later in the year.



We maintain a constructive long-term outlook on gold from current levels. Central banks still see XAU as a primary tool to reduce their exposure to the USD given the attempts by the US to weaponise the currency. They could thus resume gold purchases especially if the global energy shock continues to fade. Concerns about fiscal dominance over the Fed could return as well, weigh on US real rates and help XAU recover.

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G10 FX Portfolio

See below our model portfolio. A percentage representation of the positions' performance is applied for both FX spot and options trade ideas. A cap on individual position loss of 2% of notional is used. Other aspects of the performance calculation including position size, total overall position loss and cumulative portfolio performance are adjusted accordingly. Please see Our FX portfolio: performance of the past, adjustment for the future for further details. Please note that our G10 FX portfolio combines discretionary and systematically motivated trades, with the same risk management applied. For details on our systematic approach please see our FAST FX and Month-end Rebalancing Model fact sheets.

Open Spot Trades

Date	Time	Entry	Recommendation	Target	Stop	Last	P&L
23/09/2026	10:00 BST	11.25	Sell EUR/SEK	10.75	11.55	11.28	**-0.22%**
15/06/2026	10:00 BST	4338.00	Buy XAU/USD	5240.00	3800.00	4187.37	**-0.56%**

Open Options Trades

Date	Time	Option cost **	Recommendation	Strike	Spot ref	Expiry	P&L*
29/05/2026	09:00 BST	-0.93%	Long GBP/USD 6M-1Y calendar put spread	1.33/1.33	1.3420	31/05/2027	**0.71%**

Closed Spot Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
21/05/2026	07:44 BST	1.2156	Sell AUD/NZD	22/09/2026	08:00 BST	1.25	**-2.00%**
29/06/2026	13:51 BST	12.31	Sell CHF/NOK	22/07/2026	15:55 BST	11.80	**3.62%**

Closed Options Trades

Date	Time	Option cost **	Recommendation	Strike	Spot ref	Expiry	P&L*
08/12/2025	09:30 GMT	0.55%	Long EUR/JPY 6M put spread	176/172	181.13	08/06/2026	**-2.00%**
09/01/2026	08:00 GMT	0.33%	Long EURUSD 4M put spread	1.15/1.13	1.1650	11/05/2026	**-2.00%**

FAST FX (tactical) Portfolio***

Open Spot Trades

Date	Time	Entry	Recommendation	Target	Stop Loss	Last	P&L
28/09/2026	09:00 BST	11.3094	Sell EUR/SEK	11.0073	11.4202	11.2814	**0.51%**

Closed Spot Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
14/09/2026	09:00 BST	11.2631	Sell EUR/SEK	18/09/2026	22:00 GMT	11.2913	**-0.47%**
14/09/2026	09:00 BST	1.0482	Sell NOK/SEK	18/09/2026	22:00 GMT	1.0449	**0.34%**
07/09/2026	09:00 BST	180.8000	Buy EUR/JPY	11/09/2026	22:00 GMT	178.1100	**-1.36%**
31/08/2026	09:00 BST	10.8591	Buy EUR/NOK	04/09/2026	22:00 GMT	10.8094	**-0.51%**
27/07/2026	09:00 BST	163.5000	Sell USD/JPY	31/07/2026	22:00 GMT	160.2521	**2.94%**

G10 FX Positioning Index (tactical) Portfolio***

Open Spot Trades

Date	Time	Entry	Recommendation	Target	Stop Loss	Last	P&L

Closed Spot Trade

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
21/09/2026	09:00 BST	9.8313	Sell USD/SEK	25/09/2026	22:00 BST	9.9177	**-0.88%**
21/09/2026	09:00 BST	1.4014	Buy USD/CAD	25/09/2026	22:00 BST	1.4142	**0.94%**
14/09/2026	09:00 BST	9.7561	Sell USD/SEK	18/09/2026	22:00 BST	9.8299	**-0.76%**
07/09/2026	09:00 BST	0.8099	Buy USD/CHF	11/09/2026	22:00 BST	0.8165	**1.17%**
24/08/2026	09:00 BST	1.3637	Sell GBP/USD	28/08/2026	22:00 BST	1.3534	**0.75%**
24/08/2026	09:00 BST	0.8017	Buy USD/CHF	28/08/2026	22:00 BST	0.8094	**1.35%**
17/08/2026	09:00 BST	1.3563	Sell GBP/USD	21/08/2026	22:00 BST	1.3644	**-0.60%**
10/08/2026	09:00 BST	1.3495	Sell GBP/USD	14/08/2026	22:00 BST	1.3534	**-0.29%**

Month-end Rebalancing Model (tactical) Portfolio***

Open Spot Trades

Date	Time	Entry	Recommendation	Target	Stop Loss	Last	P&L

Closed Spot Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L

Portfolio Performance

Return on open trades	**0.36%**
Return on closed trades (YTD)	**-16.04%**
Hit ratio (YTD)	**41.79%**
Total return (YTD)	**-15.62%**

**Returns calculated as %VaR with 2% risk allocation per trade*
***Cost is a percentage of the notional value traded*
Source all tables: Crédit Agricole CIB

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FX Portfolio in 2026

Closed Spot Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
13/02/2026	7:50 GMT	1.1719	Sell AUD/NZD	02/03/2026	23:39 GMT	1.1950	**-2.07%**
01/08/2025	10:30 BST	184.40	Sell CHF/JPY	13/03/2026	02:16 BST	187.38	**-0.80%**

Closed Options Trades

Open date	Time	Option cost **	Recommendation	Strike	Spot ref	Expiry	P&L*
08/08/2025	15:50 BST	0.20%	Long EURGBP 3M put spread	0.86/0.85	0.8674	11/10/2025	**-2.00%**
13/08/2025	16:00 GMT	0.53%	Long EURAUD 3M put spread	1.70/1.65	1.7320	13/08/2025	**-2.00%**
08/04/2025	15:30 BST	0.35%	Long EURGBP 3M put spread	0.845/0.83	0.8540	08/07/2025	**-2.00%**

Closed FAST FX Spot Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
27/07/2026	09:00 BST	1.0063	Sell NOK/SEK	31/07/2026	22:00 GMT	1.0060	**0.03%**
20/07/2026	09:00 BST	1.0002	Sell NOK/SEK	24/07/2026	22:00 GMT	1.0144	**-1.65%**
29/06/2026	09:00 BST	1.1403	Buy EUR/USD	03/07/2026	22:00 GMT	1.1437	**0.33%**
22/06/2026	09:00 BST	10.9844	Sell EUR/SEK	26/06/2026	22:00 GMT	11.0833	**-1.21%**
01/06/2026	09:00 BST	185.9100	Buy EUR/JPY	05/06/2026	22:00 GMT	184.6600	**-0.87%**
18/05/2026	09:00 BST	1.0132	Sell NOK/SEK	22/05/2026	22:00 GMT	1.0107	**0.38%**
11/05/2026	09:00 BST	1.0049	Sell NOK/SEK	14/05/2026	22:00 GMT	1.0171	**-2.00%**
27/04/2026	09:00 BST	0.9931	Sell NOK/SEK	01/05/2026	22:00 GMT	0.9940	**-0.15%**
20/04/2026	09:00 BST	0.9810	Sell NOK/SEK	23/04/2026	22:00 GMT	0.9920	**-2.00%**
16/03/2026	09:00 GMT	0.8637	Buy EUR/GBP	20/03/2026	22:00 GMT	0.8674	**0.96%**
09/03/2026	09:00 GMT	0.8659	Buy EUR/GBP	13/03/2026	22:00 GMT	0.8630	**-0.76%**
09/03/2026	09:00 GMT	0.9611	Buy NOK/SEK	10/03/2026	08:15 GMT	0.9466	**-1.99%**
23/02/2026	09:00 GMT	0.7084	Sell AUD/USD	27/02/2026	22:00 GMT	0.7118	**-0.48%**
23/02/2026	09:00 GMT	10.6743	Buy EUR/SEK	27/02/2026	22:00 GMT	10.6664	**-0.12%**
16/02/2026	09:00 GMT	153.3500	Buy USD/JPY	20/02/2026	22:00 GMT	155.0500	**0.95%**
16/02/2026	09:00 GMT	0.7094	Sell AUD/USD	20/02/2026	22:00 GMT	0.7081	**0.16%**
16/02/2026	09:00 GMT	10.5863	Buy EUR/SEK	20/02/2026	22:00 GMT	10.6730	**1.60%**
16/02/2026	09:00 GMT	181.9500	Buy EUR/JPY	20/02/2026	22:00 GMT	182.6800	**0.45%**
09/02/2026	09:00 GMT	0.7037	Sell AUD/USD	13/02/2026	22:00 GMT	0.7073	**-0.44%**
09/02/2026	09:00 GMT	10.6686	Buy EUR/SEK	12/02/2026	22:00 GMT	10.5781	**-2.00%**
02/02/2026	09:00 GMT	10.5684	Buy EUR/SEK	06/02/2026	22:00 GMT	10.6018	**1.96%**
02/02/2026	09:00 GMT	0.6947	Sell AUD/USD	06/02/2026	22:00 BST	0.7013	**-0.78%**

Closed Positioning FX Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
13/07/2026	09:00 BST	0.6937	Buy AUD/USD	17/07/2026	22:00 GMT	0.6982	**0.88%**
29/06/2026	09:00 BST	1.3215	Buy GBP/USD	03/07/2026	22:00 GMT	1.3350	**1.02%**
29/06/2026	09:00 BST	0.6896	Buy AUD/USD	03/07/2026	22:00 GMT	0.6938	**0.82%**
15/06/2026	09:00 BST	0.7071	Buy AUD/USD	19/06/2026	22:00 GMT	0.7012	**-1.11%**
30/03/2026	09:00 GMT	9.4929	Sell USD/SEK	03/04/2026	22:00 GMT	9.4296	**0.67%**
30/03/2026	09:00 GMT	0.7999	Buy USD/CHF	03/04/2026	21:00 BST	0.7988	**-0.10%**
23/03/2026	09:00 GMT	9.4157	Sell USD/SEK	27/03/2026	22:00 GMT	9.4698	**-0.57%**
23/03/2026	09:00 GMT	0.7907	Buy USD/CHF	27/03/2026	22:00 GMT	0.7989	**1.46%**
16/03/2026	09:00 GMT	1.3250	Buy GBP/USD	20/03/2026	22:00 GMT	1.3311	**0.46%**
16/03/2026	09:00 GMT	9.4227	Sell USD/SEK	20/03/2026	22:00 GMT	9.3545	**0.72%**
09/03/2026	09:00 GMT	9.2715	Sell USD/SEK	13/03/2026	22:00 GMT	9.4607	**-2.04%**
09/03/2026	09:00 GMT	1.3316	Buy GBP/USD	13/03/2026	22:00 GMT	1.3240	**-0.57%**
02/03/2026	09:00 GMT	9.1516	Sell USD/SEK	05/03/2026	22:00 GMT	9.3384	**-2.04%**
23/02/2026	09:00 GMT	9.5335	Buy USD/NOK	27/02/2026	22:00 GMT	9.5100	**-0.33%**
23/02/2026	09:00 GMT	9.035	Sell USD/SEK	27/02/2026	22:00 GMT	9.0292	**0.10%**
16/02/2026	09:00 GMT	9.5096	Buy USD/NOK	20/02/2026	22:00 GMT	9.5268	**0.24%**
02/02/2026	09:00 GMT	1.3689	Sell GBP/USD	06/02/2026	22:00 GMT	1.3610	**0.58%**
26/01/2026	09:00 GMT	1.3664	Sell GBP/USD	30/01/2026	22:00 GMT	1.3686	**-0.16%**
19/01/2026	09:00 GMT	0.6696	Sell AUD/USD	23/01/2026	22:00 GMT	0.6796	**-2.00%**
19/01/2026	09:00 GMT	1.3407	Sell GBP/USD	23/01/2026	22:00 GMT	1.3644	**-1.76%**
29/09/2025	09:00 BST	1.3448	Sell GBP/USD	03/10/2025	22:00 BST	1.3497	**-0.23%**
15/09/2025	09:00 BST	9.8502	Buy USD/NOK	19/09/2025	22:00 BST	9.9445	**1.28%**

Closed Month-End FX Spot Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
24/11/2025	08:00 GMT	1.3091	Short GBP/USD	26/11/2025	15:00 GMT	1.3222	**-2.00%**
24/09/2025	08:00 BST	1.1788 / 0.8734	Long EUR vs USD & GBP basket	30/09/2025	17:00 BST	1.173 / 0.87283	**-0.76%**
25/07/2025	08:00 BST	1.1749/0.87101	Long EUR VS USD &GBP basket	28/07/2025	16:45 BST	1.1610 / 0.8668	**-2.00%**

**Returns calculated as %VaR with 2% risk allocation per trade*
***Cost is a percentage of the notional value traded*
Source all tables: Crédit Agricole CIB

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FX Focus

This is a reproduction of JPY: Fed vs the BoJ, the GPIF, oil and our forecasts published 28 September 2026

- **Without Japan's Government Pension Investment Fund (GPIF) changing its asset allocations towards domestic assets, USD/JPY could struggle to head significantly lower while oil prices remain elevated and the BoJ only matches Fed rate hikes.**
- **The steep selloff in JGBs over the past 18M is encouraging the GPIF to increase the weighting of domestic bonds in its portfolio. This change would also reduce pressure from the government for the Fund to allocate more of its capital domestically.**
- **While we cannot know the new asset reallocations of the GPIF, which could be revealed in early November, we judge the most likely new allocations towards domestic bonds of between 31-35% combined with no increase or a modest increase in domestic equity holdings to 31%. Such reallocations would generate repatriation flows of USD115-138.1bn, resulting in short-term fair value for USD/JPY between 148-150.**
- **We are lowering our USD/JPY forecast profile, now expecting the exchange rate to average 156 in Q426 (down from 163) and to continue its downward path to 150 in Q427 (previously 156).**

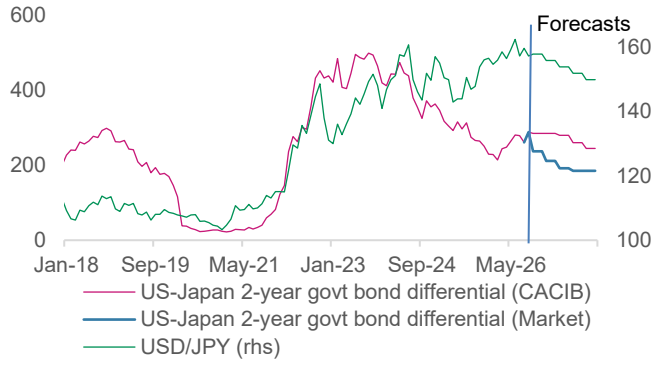
Forecast changes

The decline in USD/JPY has been driven by structural changes in the key drivers of exchange rate. While we think some of these changes are debatable, there is one that is very significant. So, we are lowering our USD/JPY forecast profile. We now look for USD/JPY to average 156 in Q426 down from 163 and expect the exchange rate's downward path to continue to 150 in Q427 from 156 previously.

The Fed vs the BoJ – not quite yet

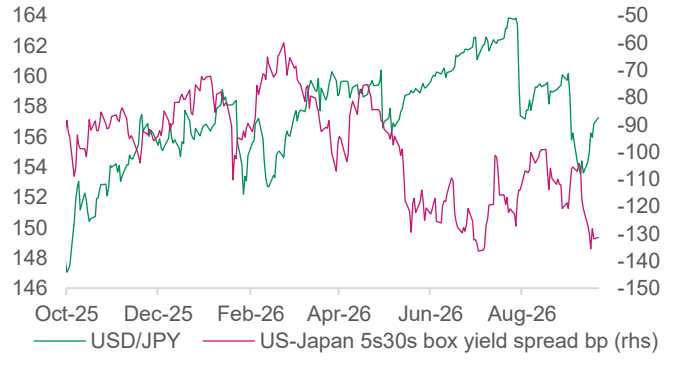
Despite recently being surprised by the Fed's hawkishness and the BoJ's lack thereof, investors are still expecting a significant structural shift lower in a key driver of USD/JPY, the US-Japan 2Y rates spread (Figure 1).

Fig 1. The US-Japan rates spread will still drag USD/JPY lower, but at a slower pace



Source: Crédit Agricole CIB, Bloomberg

Fig 2. The relative steepness of the UST and JGB curves has become inversely related to USD/JPY



Source: Crédit Agricole CIB, Bloomberg

Indeed, the market looks for a fall in the spread back to pandemic levels in the coming year. USD/JPY was below 120 during this period. Our US and Japan economics teams are looking for a significantly slower pace of US-Japan 2Y rate spread contraction than the market. Our US team looks for two 25bp rate hikes by the Fed in the coming 6M before the Fed potentially cuts rates in late 2027. Our Japan team forecasts two more 25bp rate hikes in the coming 9M. So, we still look for a downward path in the US-Japan 2Y rates spread and USD/JPY in 2027. But our downward trajectory for the US-Japan rates spread is delayed relative to the market consensus providing USD/JPY with significant support in the coming 6M.

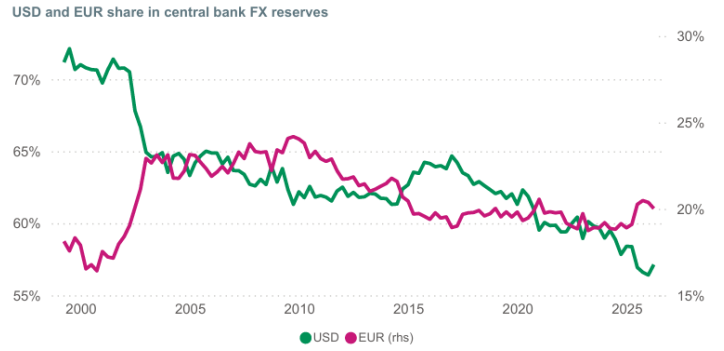
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The GPIF – time to draw down some offshore savings?

But USD/JPY is not only determined by short-term rates. Indeed, growing investor concerns about fiscal sustainability on both sides of the Pacific have also become a significant driver of the exchange rate. Monetary policy is tightening in Japan and the US at a time when both governments are issuing more debt to finance spending. In the case of the US, the government is competing with the technology companies raising funds for investments in AI. In Japan, PM Sanae Takaichi is trying to pair private and public investment. In both cases, the government bond curves are steepening.

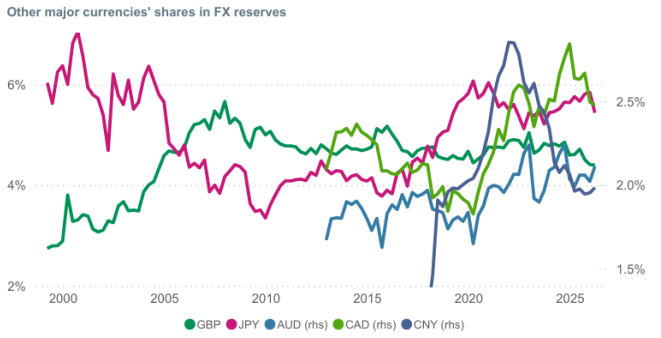
The fiscal sustainability concerns are being reflected in the shift to an inverse relationship between USD/JPY and the US-Japan 5Y30Y box yield spread (Figure 2). This inverse relationship suggests steeper government bond curves weaken their respective currencies. The US has an advantage over Japan in terms of getting buyers of its long-term debt, the USD is the global reserve currency. But we note that this advantage is gradually waning as the de-dollarisation trade continues running in the background. Indeed, while the EUR is benefiting from this trade as its share in global reserves grows, so too is the JPY (Figures 3 and 4). These charts are available on RMA.

Fig 3. The EUR is benefiting from the de-dollarisation trade…



Source: RMA by Crédit Agricole CIB

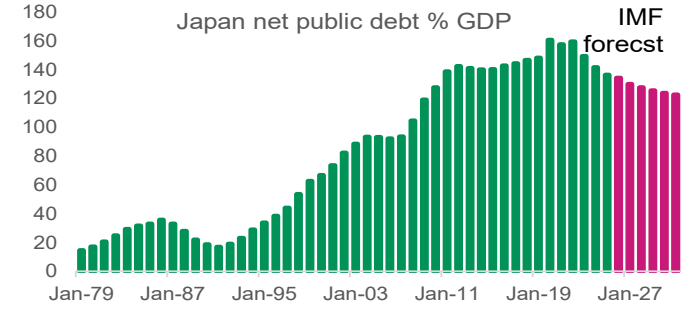
Fig 4. … so too is the JPY



Source: RMA by Crédit Agricole CIB

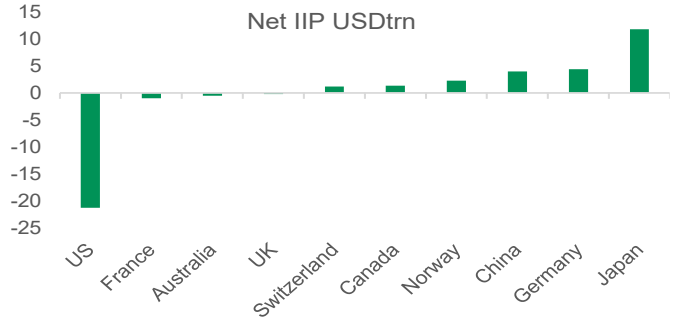
Japan also has the advantages over the US of falling net public debt as a share of GDP as well as a large amount of offshore assets that can be drawn upon to help finance government and private-sector investment spending (Figures 5 and 6). Indeed, one of the big structural changes that investors are pricing into USD/JPY is the prospect of Japan's GPIF reallocating some of its nearly USD2.1trn in AUM back towards Japan.

Fig 5. Japan's net public debt is declining



Source: Crédit Agricole CIB, Bloomberg

Fig 6. Japan has substantial foreign assets to call upon and the US does not



Source: Crédit Agricole CIB, Bloomberg, CEIC

In 2014, the GPIF decided to reduce its domestic bond holdings from 60% to 35% and reduced these shares again in 2020 from 35% to 25% (Figure 7). In 2013 and at the beginning of Abenomics, GPIF CEO Mitani Takahiro was concerned about a potential crash in the JGB market. The holdings of foreign bonds was 11% before

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the reallocation in 2014 and increased to 15% after, before being raised to 25% in 2020.

Fig 7. GPIF's asset allocations

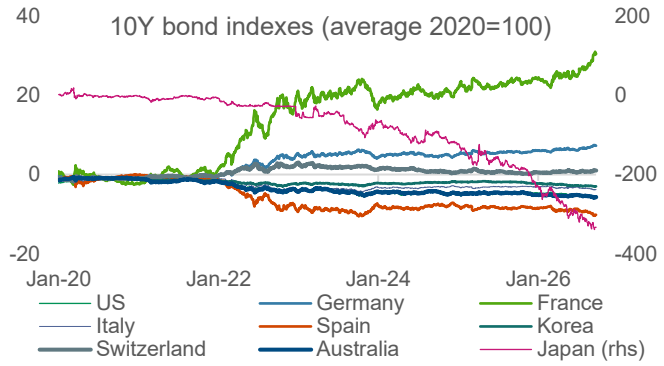
% shares in GPIF AUM	2013	2014	2020	Actual March 2026
Domestic bonds	60	35	25	26.91
Foreign bonds	11	15	25	24.48
Domestic equities	12	25	25	23.81
Foreign equities	12	25	25	24.8
Other	5	0	0	0

Source: GPIF

When it comes to its investments in equities, the GPIF's focus before Abenomics was shielding the nation's retirement wealth leaving the share of domestic and foreign equities in its asset allocations modest at just 12%. The push by PM Shinzo Abe to boost investment returns to help Japan break out of deflation led to an about doubling of domestic equities' share in the GPIF's AUM to 25%. The same was the case for foreign equities. These changes led to the approximate four-way split in the GPIF's current asset allocation of about 25% in each of domestic and foreign bonds and equities.

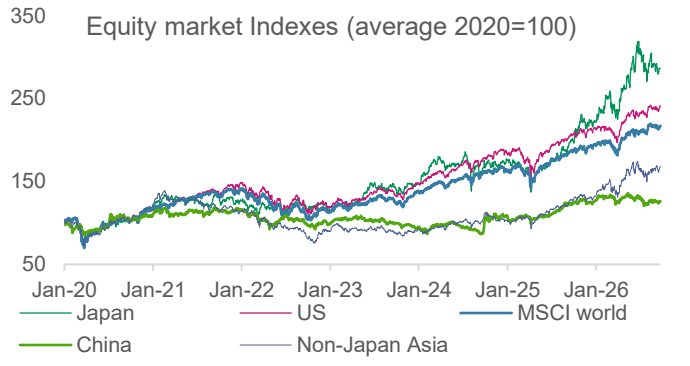
The GPIF is likely more comfortable increasing its allocation towards domestic bonds than equities following the recent sell off in JGBs. Since April 2025, the 10Y JGB yield has moved from close to 1.00% to above 3.00%. The pension fund may see that the Takahiro-foreseen crash in JGBs has largely occurred, especially given the underperformance of JGBs relative to other bond markets since the pandemic (Figure 8). We are less convinced the GPIF would be comfortable significantly boosting its holdings of domestic equities given Japan's equity market has outperformed even the US's market since the pandemic (Figure 9).

Fig 8. Japan's government bond market has dramatically underperformed other markets



Source: Crédit Agricole CIB, Bloomberg

Fig 9. Japan's equity market has outperformed even the US since the pandemic



Source: Crédit Agricole CIB, Bloomberg

There has also been domestic political pressure on the GPIF to raise its investment in Japanese financial assets from PM Takaichi and her cabinet. The GPIF is nominally independent of politics and has resisted this pressure in the recent past. But the GPIF held its first August meeting in seven years fuelling speculation of a shift in its allocations. Japan's Health Minister Kenichiro Ueno has said the fund is still examining whether a review is needed. The GPIF can change its shares of AUM in domestic bonds and equities by utilising the existing 25% mandate varying its holdings by +/-6% for domestic equities and bonds.

If the GPIF were to alter its asset allocations within its current allowances moving its domestic bond holdings slightly above 30%, we estimate that this would generate about USD115bn worth of repatriation inflows into JGBs assuming the GPIF's sister funds followed its lead. This would more than offset the capital outflows due to the recycling of Japan's annual current account surplus into offshore assets (Figure 10). If we allow for the GPIF also pushing its domestic equity holding to a bit above 30% (again we do not think the GPIF would increase

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this share by more), the repatriation flows into domestic bonds and equities would increase by USD253bn and nearly four times the current account surplus.

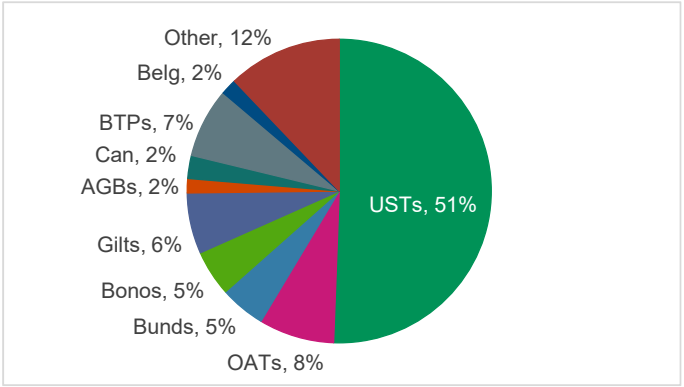
Fig 10. Potential GPIF repatriation flows vs Japan's current account surplus

		GPIF AUM		Sister funds' AUM
		JPYtrn	317.8	10.4
		USDtrn	2.1	0.1
		Domestic bonds share %	25.6	
		Domestic equities share %	24.5	
Potential share of domestic bonds %	31%	35%	40%	50%
Total share of domestic assets %	55%	59%	64%	74%
Potential reallocation flows	USDbn	USDbn	USDbn	USDbn
GPIF	110.9	192.9	295.5	500.5
Sister funds	3.6	6.3	9.7	16.4
Total bonds	**114.6**	**199.2**	**305.1**	**516.9**
Ratio to annual current account surplus	1.8	3.1	4.7	8.0
Potential share of domestic equities %	31%	31%	31%	31%
Total share of domestic assets %	62%	66%	71%	81%
Potential reallocation flows	USDbn	USDbn	USDbn	USDbn
GPIF	133.7	133.7	133.7	133.7
Sister funds	4.4	4.4	4.4	4.4
Total equities	**138.1**	**138.1**	**138.1**	**138.1**
Total bonds + equities	252.6	337.3	443.2	654.9
Ratio to annual current account surplus	3.9	5.2	6.8	10.1

Source: Crédit Agricole CIB, GPIF

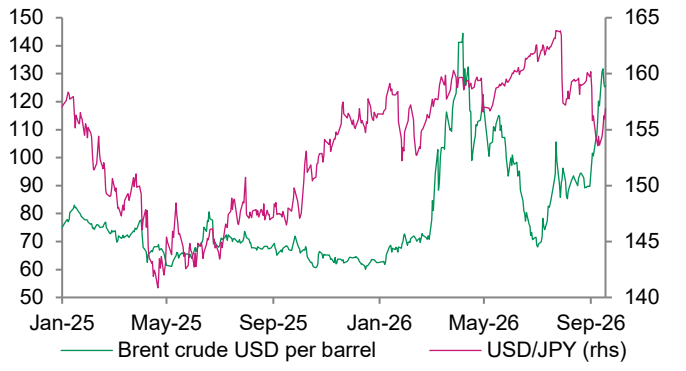
A potential obstacle to any GPIF reallocation flows is international politics. US Treasury Secretary Scott Bessent may be resistant to the GPIF selling USTs to reallocate funds to JGBs, especially given his efforts to cap UST yields. The US would prefer Japan to boost the JPY via a faster normalising of monetary policy. We think US resistance along with the rising risk of politics in Europe including the gathering steam of the AfD in Germany and next year's French Presidential election could make the GPIF spread the reductions in foreign bond holdings across EGBs and USTs as well as other foreign bond holdings. The UK's public finances also remain under strain. While the majority of the GPIFs holdings are in USTs, it also holds substantial OATs, Bunds, BTPs, Bonos and Gilts, which make up about one-third of the pension fund's foreign bond holdings (Figure 11).

Fig 11. While a majority of the GPIF's foreign bond holdings are in USTs, it also holds significant EGBs



Source: Crédit Agricole CIB, GPIF

Fig 12. Elevated oil prices continue providing support for USD/JPY



Source: Crédit Agricole CIB, Bloomberg

Oil prices – in search of a diplomatic solution

The US-Iran war continues, and oil prices remain structurally higher than before the war began (Figure 12). Our energy commodities analyst forecasts Brent crude oil prices to average around USD95/bl in the coming year vs about USD70/bl in 2025. The US's new approach to Iran as a war of economic attrition gives the Islamic Republic incentive to escalate the war to prevent the normal economic

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operations of its neighbours resuming and to keep oil prices elevated. Our analyst believes this escalation will not be linear with negotiations taking place but neither the US nor Iran is expected to back down. So, this structural factor has not changed in favour of the JPY and will remain an underlying support for USD/JPY. Japan is the G10 economy the most negatively sensitive to higher global energy prices and the US receives a positive terms-of-trade shock from higher energy prices.

What about intervention?

In JPY: intervention against the odds… again, we wrote that even joint intervention, much like unilateral intervention, would not have a lasting impact on the JPY. We also wrote that what is needed to rescue the JPY is a change in its fundamentals and as written above we are beginning to see some changes in favour of the JPY. The threat of intervention and the rise of JPY volatility have, however, pushed the JPY's favourability as a funding currency for carry trades lower relative to the CHF and SEK. This relative favourability can be viewed on our RMA platform (Figure 13). We believe the risk of FX intervention is likely, locking USD/JPY below the 160 level, which is a probable new line in the sand for Japan's MoF. Indeed, when USD/JPY threatened to move back above that level following the BoJ and FOMC's recent meetings, the BoJ reportedly performed a rate check in the FX market.

Fig 13. The JPY slips below the CHF and SEK as a favoured funding currency



Source: Crédit Agricole CIB RMA

Putting it all together and our forecasts

We gauge the impact of potential repatriation flows driven by changes in the GPIF's asset allocations on USD/JPY by taking the above estimations of repatriation flows and use our economists' estimations for their impacts on the US-Japan 2Y10Y box yield spread (the relative slopes of the UST and JGB curves) as well as Japan's equity market. Note that we do not assume that the entire reallocations to JGBs will be met by the selling of USTs. As noted above there are substantial political reasons for the GPIF not to follow this path. We assume the GPIF maintains its share of foreign bond holdings in USTs around its March 2026 level of 50%. We acknowledge the de-dollarisation trade could continue to see this share drift lower.

We plug these estimates into our FAST FX model for USD/JPY, and the results are shown in Figures 14 and 15. There are several observations to make from these simulations:

1. Without a change in the GPIF's allocations to favour JGBs, USD/JPY will struggle to head significantly lower while oil prices remain elevated and the BoJ only matches the Fed's rate hikes. Indeed, using our economists' forecasts for the Fed and the BoJ, our short-term fair value estimate for USD/JPY is close to 160, above that level would trigger further intervention.
2. Even a modest change in the GPIF's bond allocations can significantly lower the short-term fair value of USD/JPY and by 5-16 big figures. The global bond sell off has made the exchange rate increasingly sensitive to the US-Japan box yield spread. So, anything that lowers JGB long-end yields relative to UST long-end yields is very positive for the JPY.
3. Counterintuitively, if the GPIF were to also increase its allocation towards domestic equities, it would weigh on the JPY given the upward pressure on the Nikkei and the inverse relationship between the bourse and the JPY. The higher sensitivity of USD/JPY to the US-Japan box yield spread vs Japan equities, however, means the reallocations back towards both domestic bonds and equities would still give the JPY a big boost. A rise in the GPIF's allocations towards domestic equities to 31% gives USD/JPY only about a 13-pip boost.

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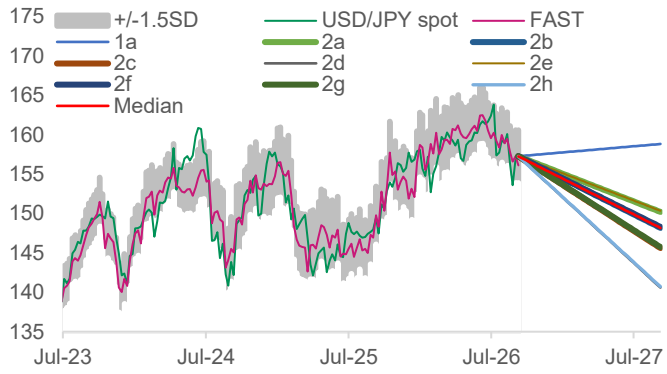
We cannot possibly know how the GPIF will change its asset allocations. The pension fund will be reporting its Q2 performance in early November and could announce any reallocations then. Looking across our potential reallocations, USD/JPY's short-term fair value ranges from about 140-150 with a median of 148. If we were forced to choose the most likely scenarios, which we need to do to forecast, we would focus on allocations towards domestic bonds between 31-35% in combination with no change to a modest rise in the allocation to domestic equities of 31%. We doubt the GPIF would want to allocate much more than 60% of its AUM to domestic assets. So, we expect USD/JPY to track lower to 150 by end-2026 given this would lead to a fall in USD/JPY's short-term fair value to between 148-150.

Fig 14. USD/JPY scenario analysis

Scenario	Theme	View	USD/JPY FFV
		Current fair value	**156.11**
1a	**Fed vs the BoJ**	CACIB	158.84
2a	**GPIF bonds**	31	150.22
2b		35	148.19
2c		40	145.62
2d		50	140.60
2e	**GPIF bonds + 30% equities**	31	150.35
2f		35	148.32
2g		40	145.74
2h		50	140.73
Median			148.19

Source: Crédit Agricole CIB

Fig 15. Without help from the GPIF, USD/JPY could struggle to head lower



Source: Crédit Agricole CIB, Bloomberg

Conclusions

Without Japan's Government Pension Investment Fund (GPIF) changing its asset allocations towards domestic assets, USD/JPY could struggle to head significantly lower while oil prices remain elevated and the BoJ only matches Fed rate hikes.

The steep selloff in JGBs over the past 18M is encouraging the GPIF to increase the weighting of domestic bonds in its portfolio. This change would also reduce pressure from the government for the Fund to allocate more of its capital domestically.

While we cannot know the new asset reallocations of the GPIF, which could be revealed in early November, we judge the most likely new allocations towards domestic bonds of between 31-35% combined with no increase or a modest increase in domestic equity holdings to 31%. Such reallocations would generate repatriation flows of USD115-138.1bn, resulting in short-term fair value for USD/JPY between 148-150.

We are lowering our USD/JPY forecast profile, now expecting the exchange rate to average 156 in Q426 (down from 163) and to continue its downward path to 150 in Q427 (previously 156).

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FX Focus recent publications

Release	Publication	Link
28/09/2026	FX Focus	JPY: Fed vs the BoJ, the GPIF, oil and our forecasts
16/09/2026	FX Focus	RMA: cAPItalising on the data behind the dashboards
10/09/2026	FX Focus	SEK: mind the gaps
02/09/2026	FX Focus	Still bearish on EUR/USD, for now
26/09/2026	FX Focus	XAU: Goldilocks market amid USD-debasement fears
06/08/2026	FX Focus	JPY: intervention against the odds… again
28/07/2026	FX Focus	US trip notes: bullish is in the eye of the beholder
10/07/2026	FX Focus	USD/JPY: Known unknowns
08/07/2026	FX Volatility Monitor	Anything left to sell?
01/07/2026	FX Focus	The downtrodden: revising our JPY, AUD, NZD & CAD forecast
23/06/2026	FX Focus	USD: party like its 1999? Not quite
15/06/2026	FX Focus	Still bearish EUR/USD, albeit less so than before
10/06/2026	FX Focus	CAD: when the world watches
02/06/2026	FX Volatility Monitor	EUR/USD vol: a sure rise?
27/05/2026	FX Focus	Trading UK political risks: from betting odds to GBP vol spreads
20/05/2026	FX Focus	The political drama in Westminster and the GBP: not another Mini-Budget
07/05/2026	FX Focus	AUD: the Australian budget- lipstick on a pig?
30/04/2026	FX Focus	USD: flow wars
28/04/2026	FX Volatility Monitor	JPY vols run to the lows
15/04/2026	FX Volatility Monitor	Flying under the radar?
30/03/2026	FX Presentation	2026 FX market outlook: “Things can only get better?”
30/03/2026	FX Focus	The Iran War and out FX forecasts: winners and losers
16/03/2026	FX Focus	The war in Iran and EUR/USD – assessing the impact
10/03/2026	FX Focus	CHF: Surrendering Neutral Bliss
04/03/2026	FX Focus	Introducing Crédit Agricole CIB’s FX gamma calendar
02/03/2026	FX Volatility Monitor	Contained escalation
26/02/2026	FX Focus	AUD: dancing on the ceiling and our forecast
17/02/2026	FX Volatility Monitor	Too much steepness in G10 FX vols?
13/02/2026	FX Focus	EUR: more expensive than you think
10/02/2026	FX Focus	Japan’s election, Sanaenomics unbound & our JPY forecasts
04/02/2026	FX Focus	No ‘sell America trade’ but some short-USD hedging
27/01/2026	FX Focus	Upgrading our gold outlook
22/01/2026	FX Focus	The election, Sanaenomics and the JPY
21/01/2026	FX Volatility Monitor	Not ceding to Liberation Day like turmoil
02/12/2025	FX Presentation	2026 FX outlook: things can only get better
02/12/2025	FX Focus	2026 FX outlook: things can only get better
10/11/2025	FX Focus	JPY: Sanaenomics & our forecast
03/11/2025	FX Focus	GBP: near-term forecast downgrade but outlook remains more constructive for 2026
15/10/2025	FX Volatility Monitor	En garde, still?
07/10/2025	FX Focus	JPY: Takaichi’s win & our forecasts
30/09/2025	FX Presentation	FX market outlook: “The USD is down but not out”
29/09/2025	FX Focus	CHF and NZD forecast update
23/09/2025	FX Focus	JPY: the LDP presidential election & our forecasts
18/09/2025	FX Focus	XAU: Forecast upgrade amid Goldilocks
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28/08/2025	FX Focus	AUD: Australia’s productivity puzzle & our forecasts
14/08/2025	FX Volatility Monitor	Fighting the summer lull
08/08/2025	FX Focus	JPY: geopolitics, politics and our forecasts
16/07/2025	FX Focus	GBP outlook update: pounded
10/07/2025	FX Focus	CAD, CHF, NOK, NZD and SEK forecast update

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Week ahead: key themes & trades

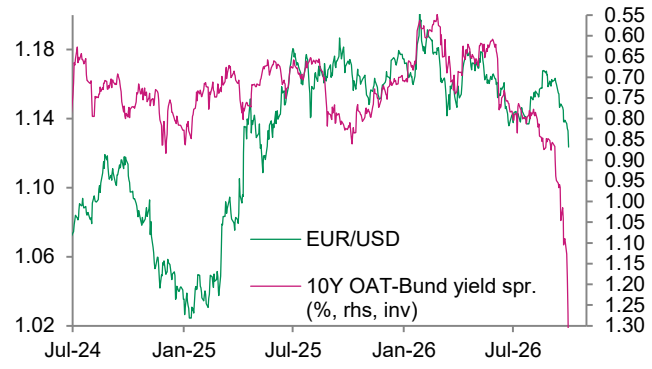
EUR: not a 2022 redux. EUR sentiment has weakened notably in recent weeks on the back of two mutually reinforcing developments that have reminded FX investors of the dark days of 2022 when the energy emergency due to the Ukraine war fanned concerns about a full-blown fiscal crisis in the Eurozone and sent the EUR tumbling across the board. Market fears about energy supplies to Europe due to the Iran war have been aggravated recently by mounting global diesel fuel shortages and low gas storage levels before the winter. The resulting rally of European energy costs has stoked fears about the fiscal outlook in France ahead of a crucial presidential vote next spring.

EUR investors will continue to closely follow the evolution of European energy prices and the EGB price action as well as their impact on Eurozone financial conditions. ECB speeches will be scrutinised as well and could impact the relative rate appeal of the beleaguered EUR across the board

We are cautious on the EUR from current levels but doubt that a repeat of the aggressive 2022 sell-off is on the cards. Firstly, the Eurozone economy is showing considerable resilience, supported by robust domestic demand and investment. It also remains to be seen whether the contagion from the OAT sell-off would intensify significantly further and hurt the EUR. Also, the ECB remains focused on containing inflation, and its hikes support the EUR rate appeal. The downside risks to our EUR-outlook would grow, however, if the EGB market sell-off escalates and thus tightens European financial conditions significantly further, limiting the ECB's ability to hike too aggressively.

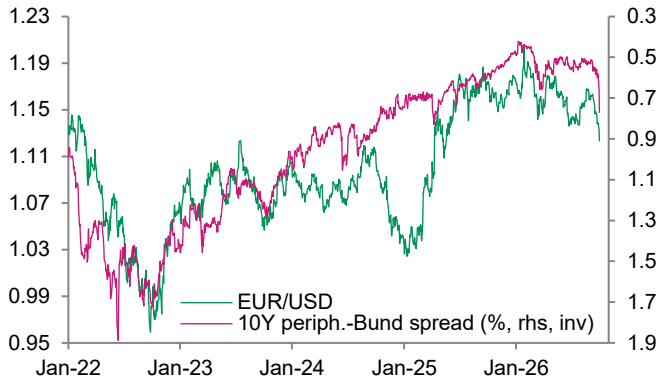
We have recently upgraded our JPY outlook and thus downgraded our EUR/JPY forecasts. We think that fiscal worries over France could speed up any repatriation flows by Japanese investors out of the EGB markets in the months before the French election. In the near term, EUR investors will continue to closely follow the evolution of European energy prices & the EGB price action and their impact on Eurozone financial conditions. ECB speeches will be scrutinised as well and could impact the relative rate appeal of the beleaguered EUR across the board.

EUR/USD vs 10Y OAT-Bund yield spread



Source: Crédit Agricole CIB, Bloomberg

EUR/USD vs 10Y peripheral spread over Bund yields



Source: Crédit Agricole CIB, Bloomberg

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USD: high-yielding, safe-haven. The high-yielding, safe-haven USD delivered one of its best monthly performances of the year in September and could remain in demand in the coming months. Indeed, evidence that the ongoing aggressive tightening of global financial conditions has started to take its toll on risk sentiment could burnish the currency's safe-haven appeal. We caution, however, that the current hawkish market Fed expectations are starting to look excessive. Indeed, at the time of writing, US rate investors expect monetary policy tightening of more than 90bp in the coming twelve months. In contrast, our US economist expects another two Fed rate hikes over the same period, arguing that policy rates are already in mildly restrictive territory and that the recent tightening of US financial conditions could slow down the economy as well.

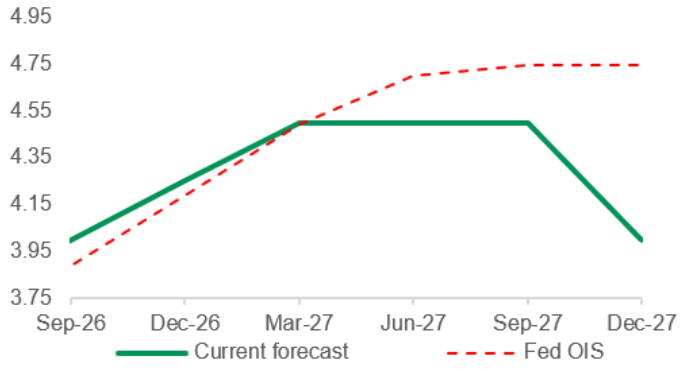
The high-yielding, safe-haven USD could remain bid amid surging fixed income market anxiety and tighter global financial conditions. The currency is also looking overbought and overvalued and could be vulnerable to potential downside US data surprises in coming days. Fedspeak and the September FOMC minutes will also attest to the strength of the hawkish consensus at the Fed

In the near-term, the high-yielding, safe-haven USD could remain bid amid surging fixed income market anxiety and tighter global financial conditions. That said, the USD looks quite overbought according to our most recent positioning data and

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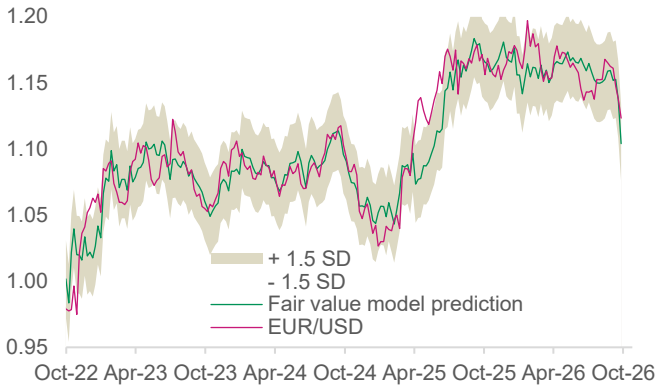
overvalued based on the latest estimates of our FAST FX fair value model. The currency could thus be vulnerable to any downside surprises from today's Non-farm payrolls and next week's services ISM and University of Michigan consumer confidence data. Speeches by the Fed's Lorie Logan, John Williams and Alberto Musalem as well as the September Fed minutes will be scrutinised in the coming days as well, as investors assess the strength of the hawkish consensus at the FOMC.

Markets are excessively hawkish on the Fed, in our view



Source: Crédit Agricole CIB, Bloomberg

EUR/USD looking cheap relative to short-term fair value



Source: Crédit Agricole CIB, Bloomberg

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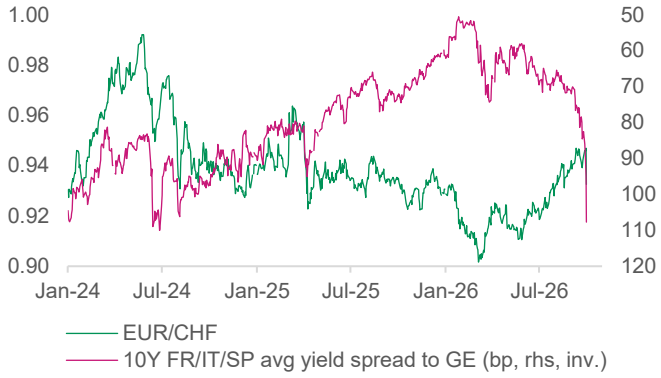
CHF: neutralised now? We are only a couple of days into Q426, and it looks like the gradual CHF underperformance that prevailed in Q326 has already been thrown out the window. The markets have seemingly finally waken back up to the reality of the CHF being a safe haven, as inner risk aversion signals have kept mounting out of the Eurozone. We had warned in previous publications that the balance between the CHF's relative rate disadvantage and its safe-haven nature could soon be reaching a tipping point in favour of the latter, and yesterday's sharp adjustments in the spot and option spaces suggest that this has likely materialised. EUR/CHF indeed fell from just short of its 0.95 highs to one-month lows under 0.9350, while risk reversals have also massively shifted towards CHF calls. Ultimately, the CHF is likely to keep closely following in the footsteps of European market sentiment in the near term, but at least the recent price action could bring the CHF downtrend of the past quarter to a final end, cementing 0.95 as a strong resistance in EUR/CHF for the foreseeable future.

After trailing in Q326, the tide has turned for the CHF which has been a major beneficiary of rising Eurozone woes

Yesterday, the publication of in-line Swiss CPI data for September did not play any meaningful role in lifting the CHF. Headline inflation picked up to a two-year high of 1.0% YoY thanks in large to higher energy prices, leaving the SNB's central case of a peak of 1.2% around the turn of the year well in play, implying that its price stability mandate remains comfortably fulfilled. Meanwhile, the bank also announced that it bought FX for CHF1.4bn in Q226, a decrease from the CHF3.9bn of Q126. This suggests that the CHF did not really need a helping hand to stabilise that quarter, leaving interest rates as the likely main factor behind the Q326 underperformance. On that matter, Wednesday's FX reserves figures should not prove too insightful, as bond holdings are set to suffer a large negative MtM last month, which may only be partly offset by the FX impact of CHF weakness that month.

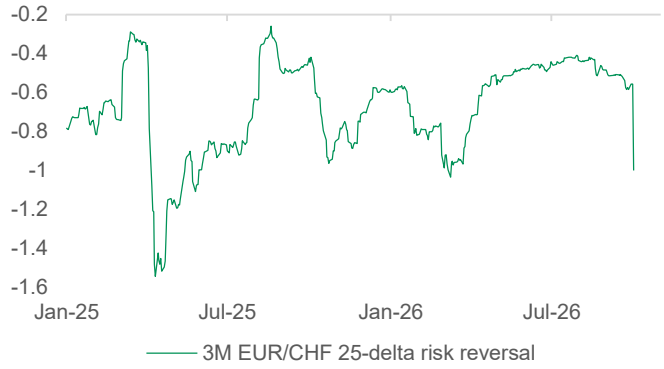
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Some factors do not matter until they really matter



Source: Crédit Agricole CIB, Bloomberg

FX options were more aware of the CHF potentially regaining its safe-haven credentials in the near future



Source: Crédit Agricole CIB, Bloomberg

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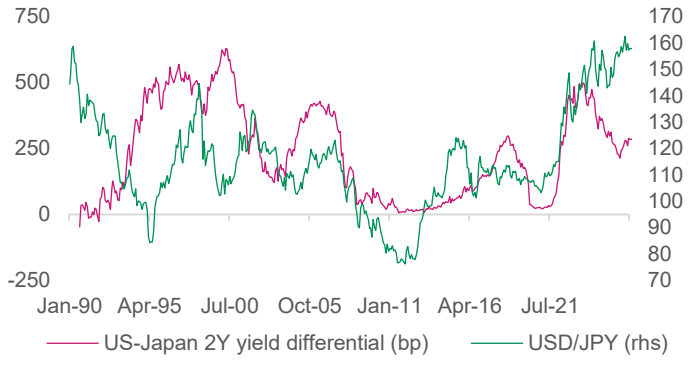
JPY: needs more help. We recently lowered our USD/JPY forecast profile, now expecting the exchange rate to average 156 in Q426 (down from 163) and to continue its downward path to 150 in Q427 (previously 156). Without Japan's Government Pension Investment Fund (GPIF) changing its asset allocations towards domestic assets, USD/JPY could struggle to head significantly lower while oil prices remain elevated and the BoJ only matches Fed rate hikes. Indeed, Tankan data for Q3 released this week points to a firm but not overheating economy, suggesting there will not be any urgency at the BoJ to further accelerate rate rises. While manufacturers are at their most confident in eight years, they have modestly lowered their inflation forecasts and investment intentions.

Without Japan's Government Pension Investment Fund (GPIF) changing its asset allocations towards domestic assets, USD/JPY could struggle to head significantly lower while oil prices remain elevated and the BoJ only matches Fed rate hikes

The steep sell-off in JGBs over the past 18M is encouraging the GPIF to increase the weighting of domestic bonds in its portfolio. While we cannot know the new asset reallocations of the GPIF, which could be revealed in early November, we judge the most likely new allocations towards domestic bonds of between 31-35% combined with no increase or a modest increase in domestic equity holdings to 31%. Such reallocations would generate repatriation flows of USD115.0-138.1bn, resulting in short-term fair value for USD/JPY between 148-150.

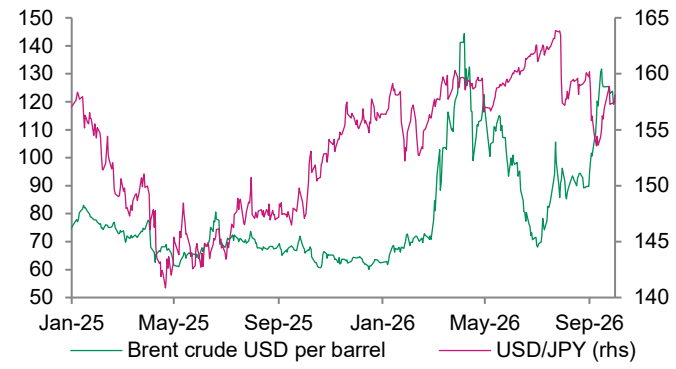
All enterprises in the Tankan survey continue to experience significant labour shortages. Japan's labour earnings data in the coming week should reflect these shortages and show strong wages growth, which will keep the BoJ on a tightening path. But the JPY is more likely to respond to offshore events in the coming week including US non-farm payrolls data later today, US services ISM data next week as well as any developments in US-Iranian talks and global energy markets. We continue to think that moves in USD/JPY back towards 160 could trigger FX intervention by the BoJ.

Higher UST yields remain an obstacle to a lower USD/JPY…



Source: Crédit Agricole CIB, Bloomberg

…so too do higher oil prices



Source: Crédit Agricole CIB, Bloomberg

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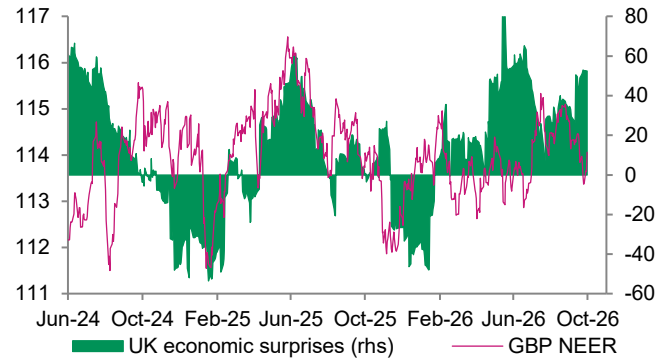
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GBP: the Burnham bounce. Persistent global geopolitical risks keep energy prices close to multi-year highs and continue to fuel market BoE rate hike expectations. Coupled with growing fiscal worries, these factors have weighed heavily on the gilt market and contributed to the tightening of UK financial conditions. Despite stagflationary headwinds and tight financial conditions, the UK economy has demonstrated commendable resilience in recent months. Indeed, the final Q2 GDP data released earlier in the week highlighted that solid private consumption and strong business investment were the main pillars of the economic recovery. Supporting the appeal of UK assets has been the pledge by PM Andy Burnham to attempt to reverse Brexit after the next general election.

As a result of the above developments, the GBP emerged as the best-performing European G10 currency in September, losing ground only vs the USD and the JPY. We doubt that the GBP's Burnham bounce can be sustained in the long term, however. We believe that the resilience of private consumption and therefore the UK economic outlook would be eroded by persistently high energy prices and softer labour market conditions. In addition, we expect the Burnam government to add to growth headwinds by announcing additional fiscal austerity measures later this month. Lastly, we think that the recent tightening of UK financial conditions would force the BoE to opt for a far less aggressive tightening cycle than currently priced by UK rate markets.

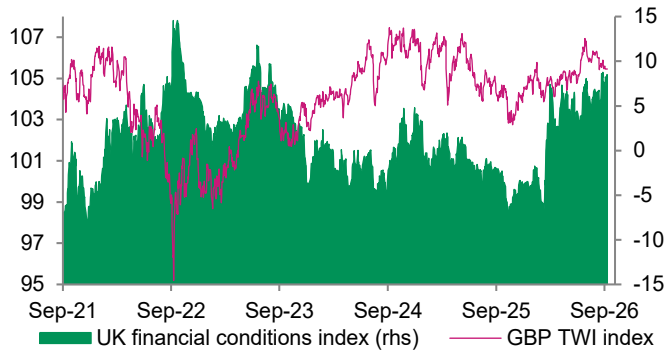
In the near term, on the domestic front, the UK data calendar is relatively light with only the final PMIs for September on the docket. We will also hear from the BoE's Andrew Bailey, Catherine Mann, Megan Greene, Huw Pill and Clare Lombardelli. UK rate markets are pricing in more than 100bp of monetary tightening over the next twelve months, at the time of writing. This represents a very hawkish BoE outlook; and we doubt that the upcoming MPC speakers would come even close to validating it. On the global front, GBP investors will continue to follow the latest developments in global energy prices and fixed-income markets as well as the swings of broader market risk sentiment.

GBP NEER vs UK economic data surprises



Source: Crédit Agricole CIB, Bloomberg

GBP NEER vs UK financial conditions index



Source: Crédit Agricole CIB, Bloomberg

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CAD: collateral damage. USD/CAD has gone into Q426 extending its rally to near 18-month highs above 1.4250, with the CAD still coping better with the USD resurgence/rising rates than its commodity FX peers. While the USD/CAD spot rally has not really lost any meaningful traction over the past week, a slower widening in USD-CAD rate differentials may offer some encouragement that some consolidation could soon be on the cards, alongside very overbought momentum indicators. In terms of levels though, the fact that long-dated forwards have turned more negative may not have particularly enticed Canadian exporters to hedge USD receivables just yet, as for instance the 5Y USD/CAD forward remains about 1.5 big figure below the 1.35 area that has acted as a strong resistance over the past few years.

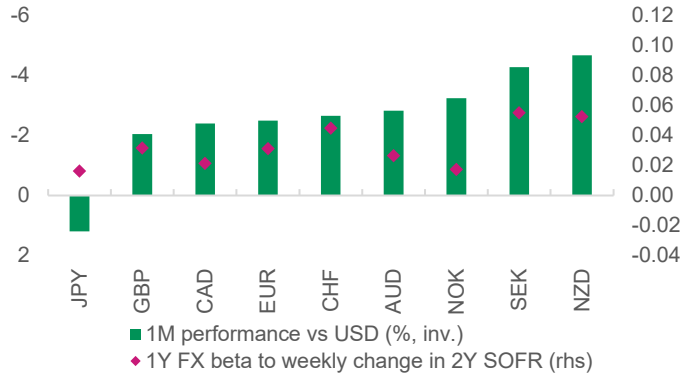
USD/CAD has risen to new one-year highs above 1.4250, largely following the broad moves elsewhere

Meanwhile, the CAD did not get much relief from solid Canadian GDP data, as of special note the preliminary estimate for August pointed to a 0.2% MoM increase

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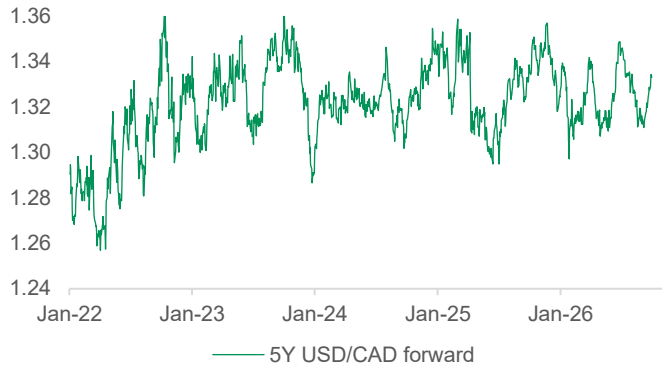
in activity despite a new round of US tariffs kicking in that month. The domestic agenda for the week ahead looks relatively light, as the September jobs report will be published a week later than in the US, with the market looking for reassurance that the August soft patch was short-lived. Until then, the CAD could continue to follow the broader moves in high-beta FX from some distance, with the risks being tilted to the downside.

The CAD has still done a tad better than its commodity FX peers over the past month



Source: Crédit Agricole CIB, Bloomberg

Long-dated USD/CAD forwards have not yet reached the good selling area of the past few years



Source: Crédit Agricole CIB, Bloomberg

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AUD & NZD: struggling in the face of a stronger USD. The Antipodean currencies continue to struggle in the face of the stronger USD as well as elevated oil prices. While there are reports that crude oil flows out of the Middle East are approaching pre-war levels, there remains a global shortage of refined products given the Middle East also hosts a significant amount of global refining capacity. Therefore, elevated fuel price concerns remain a weight on investor sentiment and the AUD & NZD.

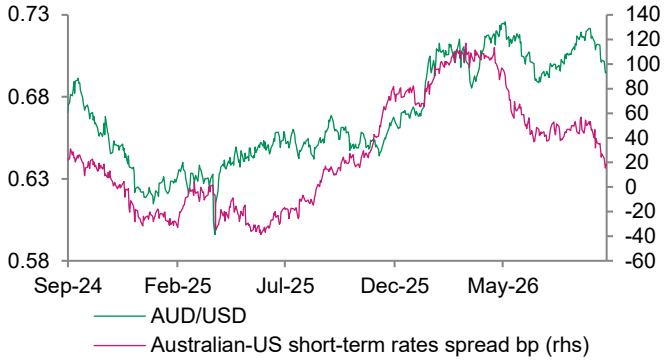
Elevated fuel price concerns remain a weight on investor sentiment and the AUD & NZD. Reclaiming a 70 handle in AUD/USD and a 57 handle in NZD/USD will prove tough while the USD remains strong. We think the USD is looking overvalued

While the RBA hiked rates this week, it was non-committal about further rate rises highlighting data dependence in its accompanying statement. Governor Michele Bullock also expressed the hope in her press conference that the central bank had done enough to lower inflation. The RBA's neutral hike combined with the Australian August inflation data coming in a little below consensus added weight to the AUD. We note, however, that underlying inflation pressures remain strong with non-tradeables and services inflation running at 4.5% YoY and 3.7% YoY, respectively. The RBA also expressed concern about increasing evidence of pass through from higher fuel prices onto retail prices. The likelihood of further rate hikes will remain an underlying support for the AUD. We continue to think the RBNZ will have to accelerate its rate hiking cycle, especially given elevated fuel prices. Reclaiming a 70 handle in AUD/USD and a 57 handle in NZD/USD will prove tough while the USD remains strong. We think the USD is looking overvalued.

It is a light week ahead in terms of Australian and NZ data and events. Australian consumer sentiment data will likely soften following the RBA's latest rate hike and higher fuel prices. Weak sentiment is yet to weigh significantly on household consumption, however, and so the data will likely have little impact on the AUD. NZIER survey data will be the main local highlight for the NZD. With local events sparse, the Antipodean currencies will be driven by developments on the US-Iran front, oil prices and the rollout of US economic data, including the US non-farm payrolls data later today and the US ISM services data next week.

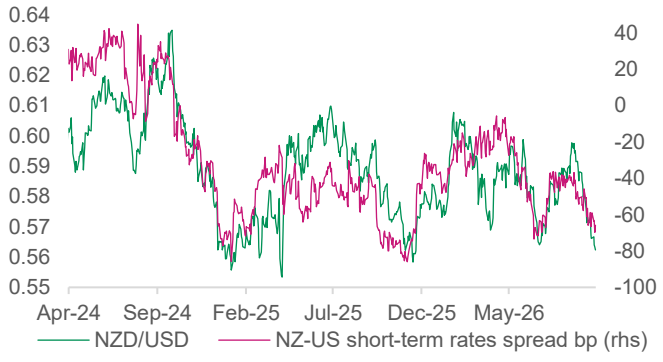
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Relative rates have moved in favour of the USD over the AUD…



Source: Crédit Agricole CIB, Bloomberg

…and the USD over the NZD



Source: Crédit Agricole CIB, Bloomberg

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NOK & SEK: joining forces. NOK/SEK has continued to hold up steady just below its multi-year highs of around 1.05, with both currencies on the back foot over the past week. Despite similar performances, they have had to battle different forces. For the NOK, its high-beta to global market sentiment has prevailed over elevated energy prices, amid a broad sell-off in equities and bonds. Meanwhile, the SEK has suffered from its nature as a EUR proxy as EUR/USD has just extended its decline to one-year lows under 1.13.

The NOK and SEK have both been on the back foot for largely external reasons, as we remain constructive on both

Overall, the drifting higher in EUR/SEK has continued at pretty much the same pace as in the past seven months, although yesterday's retracement sub-11.30 on the back of a sharp EUR/USD correction could appear encouraging for the SEK. The SEK has not been particularly moved by the failure of the Social Democrats to form a government, nor has it been supported by solid domestic macro data. Retail sales picked up in August, confirming that Swedish consumers have reacted well to this year's fiscal impulse, as private consumption should remain a solid engine of growth. Looking more ahead, the Swedish leading surveys firmed further, pointing to increased optimism. Meanwhile, the minutes of the September Riksbank minutes looked too mixed to give the SEK a late fillip. Governor Erik Thedeen and Deputy Governor Anna Siem already advocated for a November hike, while Deputy Governor Per Jansson clarified that any tightening should be seen as some normalisation in response to an improving economy, while only Deputy Governor Göran Hjelm sounded dovish by warning that the new policy rate path could now lay a bit too high. In the week ahead, the focus should shift onto the September CPIF figures, which may still be prone to heavy seasonal distortion from one month to another though and therefore may not necessarily come as a decisive tie breaker for the November meeting. Until then, any tentative SEK recovery would hinge more on global market jitters receding, even though it has to be repeated that Sweden enjoys sounder fundamentals than most other EU peers.

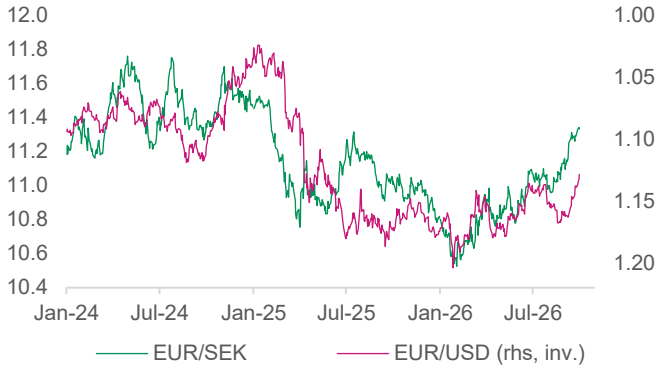
Unlike the SEK, the NOK continues to trade pretty much where it should be, with EUR/NOK having ended Q326 bang on our forecasts of 10.90, as we then see the pair targeting back 10.70 by year-end. Just like in Sweden, the Norwegian macro calendar for the week ahead only really offers the September inflation data on Friday. However, it would require a substantial pick-up in our view to further fuel the prospects that the Norges Bank may have to raise its policy rate higher than the peak of the past few years. Ahead of that, the government is due to unveil on Wednesday its 2027 budget proposal. While that event rarely gives the NOK any meaningful direction, it could still be interesting to see how much use of the oil money the government plans to make (relative to 2.7% of the pension fund value in recent years) and how much petroleum revenues it intends to get next year as energy prices remain elevated. In any case, that should offer a stark contrast to the fiscal/budget concerns mounting in many other developed economies, with Norway's less deteriorated outlook being the cornerstone of our constructive NOK view in the long run.

NOK/SEK has at least held up steady amid rising market jitters



Source: Crédit Agricole CIB, Bloomberg

EUR/SEK keeps drifting higher, as EUR/USD has dipped to fresh one-year lows



Source: Crédit Agricole CIB, Bloomberg

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FX Positioning Update

This is our weekly update published 28 September 2026

For more information please refer to the FX Focus – Introducing G10 FX PIX: our new G10 FX Positioning Index

- **The EUR enjoyed fresh buying interest last week, predominantly driven by Tactical flows. Our FX flow data points at hedge funds and real money investors inflows as well as banks and corporates outflows.**
- **The USD remains the biggest long in the G10 FX at present and saw new buying interest last week, predominantly driven by IMM flows. Our FX flow data points at banks, corporates, hedge funds and real money investors outflows.**
- **The JPY enjoyed new buying interest last week, predominantly driven by Risk Reversals flows. Our FX flow data points at banks, corporates and hedge funds inflows as well as real money investors outflows.**
- **The CHF enjoyed some buying interest last week, predominantly driven by IMM flows. Our FX flow data points at corporates, hedge funds and real money investors inflows as well as banks outflows.**
- **The GBP faced new selling interest last week, predominantly driven by IMM flows. Our FX flow data points at banks, hedge funds and real money investors inflows as well as corporates outflows.**
- **The AUD faced new selling interest last week, predominantly driven by Crédit Agricole CIB flows. Our FX flow data points at banks, corporates and real money investors inflows as well as hedge funds outflows.**
- **The CAD experienced new selling interest last week, predominantly driven by IMM flows. Our FX flow data points at banks and real money investors inflows as well as corporates and hedge funds outflows. All in all, the CAD is no longer in oversold territory.**
- **The NZD remains the largest short in the G10 FX at present and faced some selling interest last week, predominantly driven by Risk Reversals flows. Our FX flow data points at banks, hedge funds and real money investors inflows as well as corporates outflows.**
- **The NOK experienced some selling interest last week, predominantly driven by Tactical flows. Our FX flow data points at banks, corporates and real money investors inflows as well as hedge funds outflows.**
- **The SEK enjoyed fresh buying interest last week, predominantly driven by Tactical flows. Our FX flow data points at banks and real money investors inflows as well as corporates and hedge funds outflows. All in all, the SEK is no longer in oversold territory.**

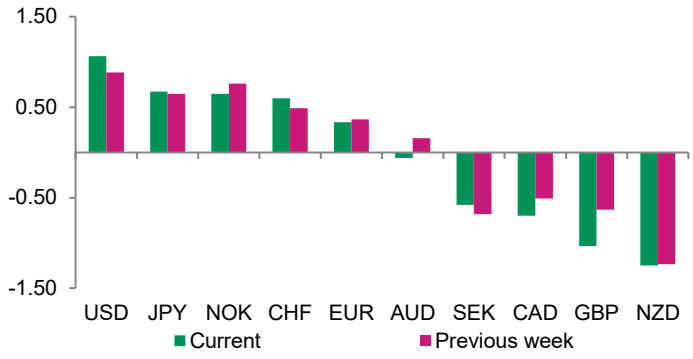
Fig 1. New G10 FX PIX 3.0 trades this week

No new trades this week

Source: Crédit Agricole CIB

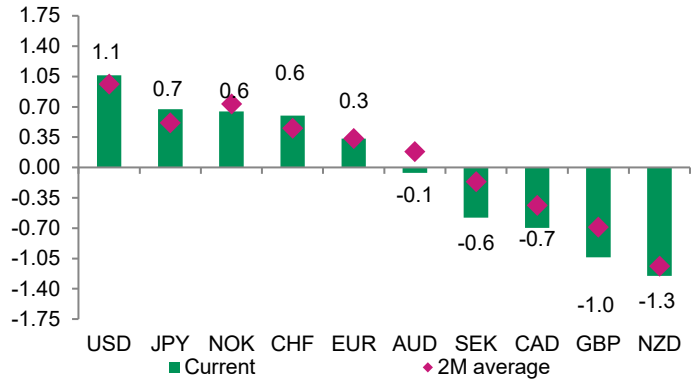
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Fig 2. G10 FX positioning at a glance



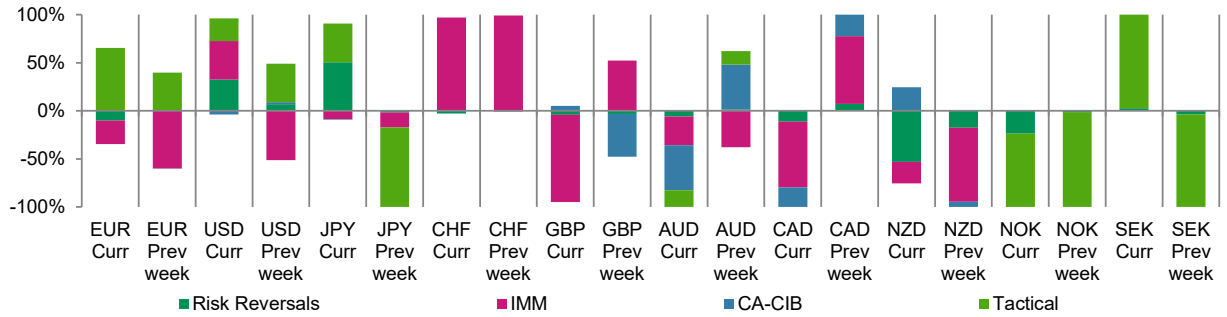
Source: Crédit Agricole CIB

Fig 3. G10 FX positioning – current vs 2M average



Source: Crédit Agricole CIB

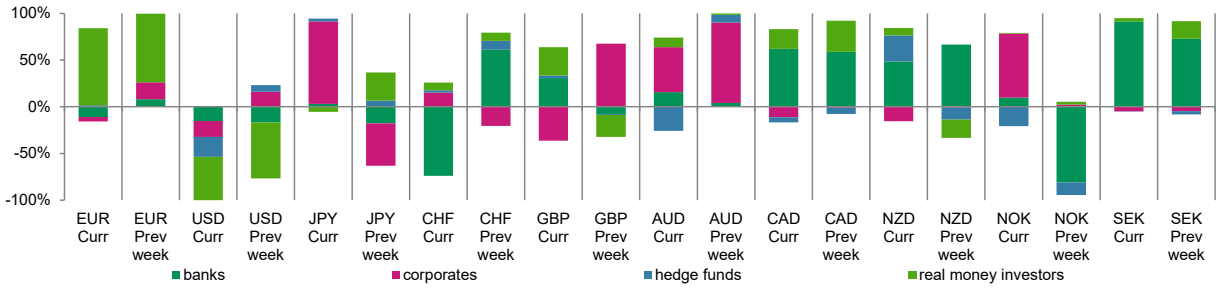
Fig 4. Current vs previous week weighted contributions of positioning sub-indices



Note: A negative (positive) z-score could mean that the change in the underlying positioning data is below (above) its long-term average

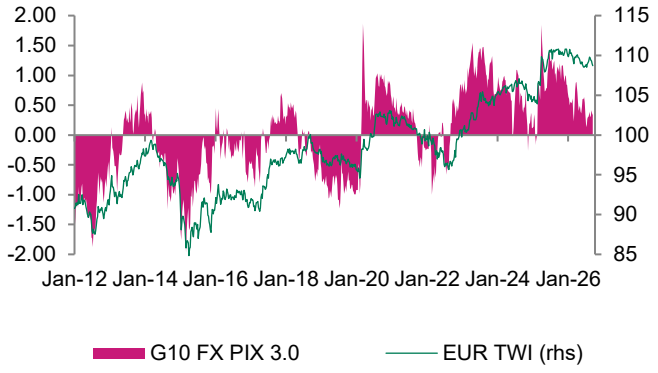
Source: Crédit Agricole CIB

Fig 5. Current vs previous week FX flows



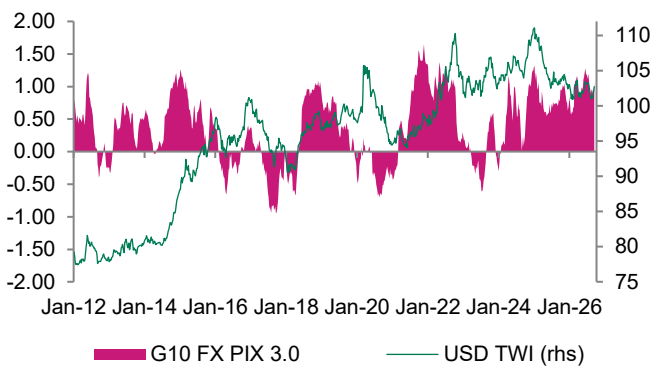
Source: Crédit Agricole CIB

Fig 6. G10 FX PIX 3.0 for EUR



Source: Crédit Agricole CIB, Bloomberg

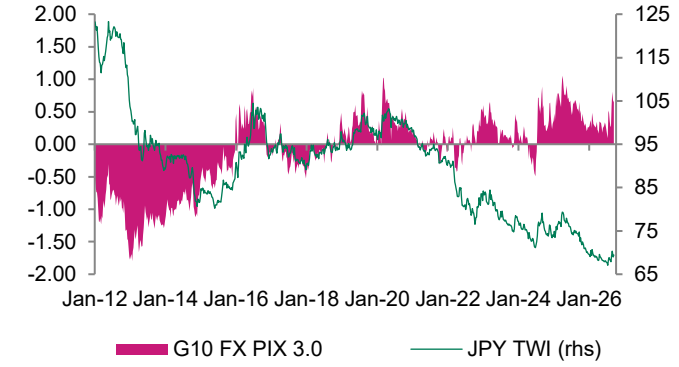
Fig 7. G10 FX PIX 3.0 for USD



Source: Crédit Agricole CIB, Bloomberg

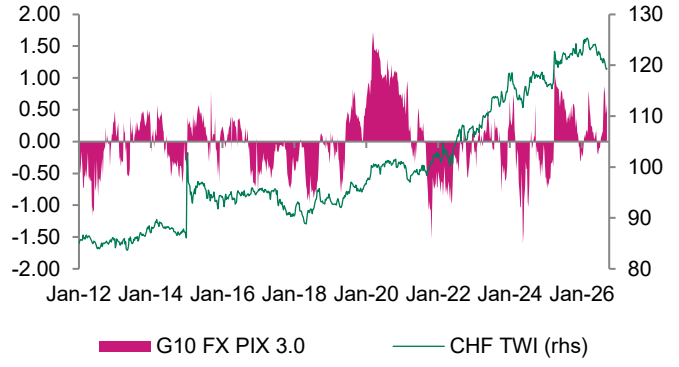
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Fig 8. G10 FX PIX 3.0 for JPY



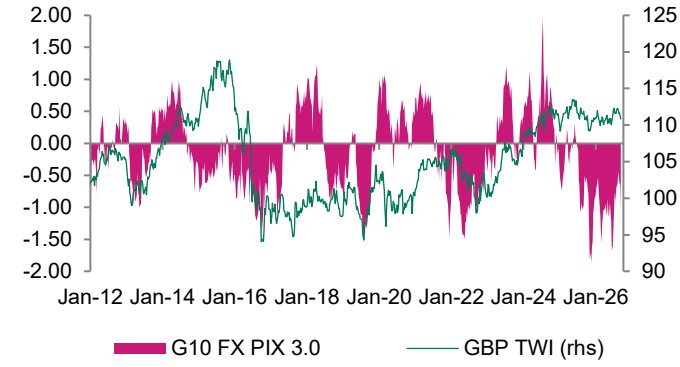
Source: Crédit Agricole CIB, Bloomberg

Fig 9. G10 FX PIX 3.0 for CHF



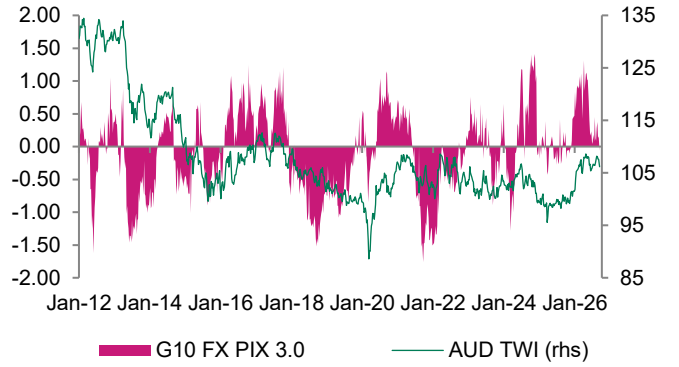
Source: Crédit Agricole CIB, Bloomberg

Fig 10. G10 FX PIX 3.0 for GBP



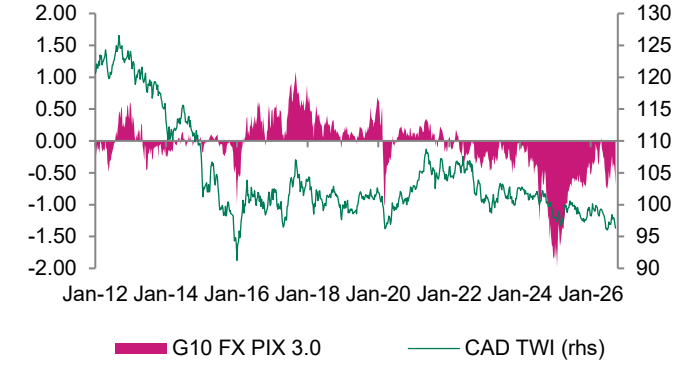
Source: Crédit Agricole CIB, Bloomberg

Fig 11. G10 FX PIX 3.0 for AUD



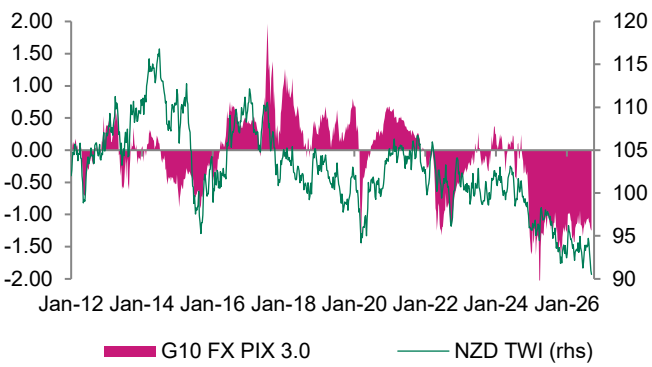
Source: Crédit Agricole CIB, Bloomberg

Fig 12. G10 FX PIX 3.0 for CAD



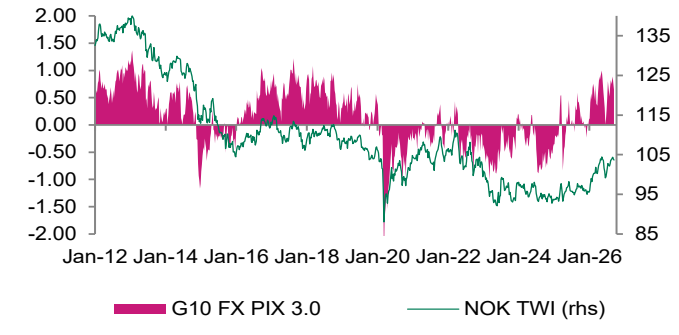
Source: Crédit Agricole CIB, Bloomberg

Fig 13. G10 FX PIX 3.0 for NZD



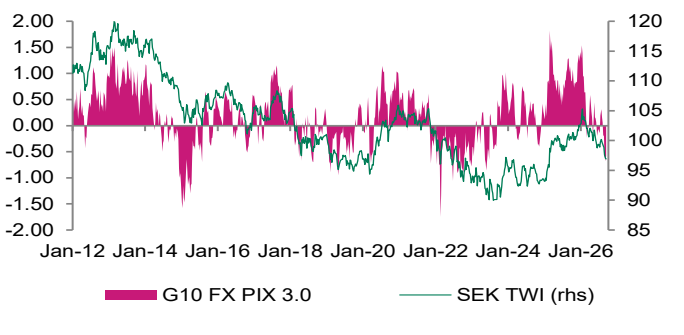
Source: Crédit Agricole CIB, Bloomberg

Fig 14. G10 FX PIX 3.0 for NOK



Source: Crédit Agricole CIB, Bloomberg

Fig 15. G10 FX PIX 3.0 for SEK



Source: Crédit Agricole CIB, Bloomberg

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FAST FX Fair Value Model Update

This is our weekly update published 28 September 2026

For more information please refer to the FX Focus – Introducing our FAST FX fair value model

- **The FAST FX model sat out last week, but this week has triggered another short EUR/SEK trade. The model also judges that the Antipodean currencies are undervalued, but that this undervaluation is not enough to trigger buy trades.**
- **EUR/SEK's fair value fell from 11.021 to 11.0073 due to a rise in the Eurozone-Sweden box yield spread. EUR/SEK's rise has made the exchange rate more than 1.5 standard deviations overvalued. The FAST FX model has triggered a short EUR/SEK trade with a stop-loss of -0.98% and a take-profit level of 11.0073.**
- **AUD/USD's primary model is unstable. Its secondary model estimates that the exchange rate's fair value increased from 0.7104 to 0.7130 due to a rise in global equities. AUD/USD's fall has pushed it into undervalued territory. This undervaluation is just short of the 2 standard deviations required to trigger a buy trade when a secondary model is being used to estimate fair value.**
- **NZD/USD's fair value increased from 0.5736 to 0.5771 due to a rise in the NZ-US short-term rates differential as well as a fall in the NZ-US box yield spread, which was partly offset by a rise in energy prices. NZD/USD's fall has pushed it into undervalued territory, but this undervaluation is short of the 1.5 standard deviations required to trigger a buy trade.**

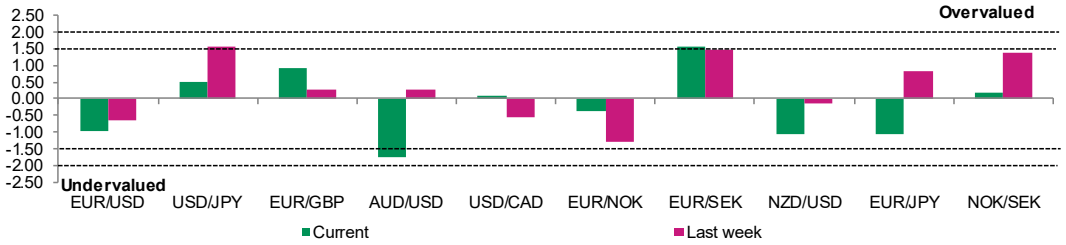
Click below to experience our new interactive data website:
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BY CRÉDIT AGRICOLE CIB

New trades this week

Time Stamp	Entry	Pair	Direction	Spot at entry	Take Profit	Stop Loss
09:00BST	28/09/2026	EUR/SEK	SELL	9am London fix	11.0073	-0.98%

Source: Crédit Agricole CIB

FX under/overvaluation – Z-scores



Dotted lines mark 1.5 and 2 standard deviations in the Z-score

Source: Crédit Agricole CIB

FAST FX fair value summary

	FX spot (Friday NY close)	Fair value estimate	Under /over valuation	Z-score	Stability filter
EUR/USD	1.1391	1.1469	-0.68%	-0.98	unstable
USD/JPY	157.28	156.43	0.54%	0.49	unstable
EUR/GBP	0.8601	0.8553	0.56%	0.90	stable
AUD/USD	0.7023	0.7130	-1.50%	-1.75	unstable
USD/CAD	1.4142	1.4131	0.08%	0.09	stable
EUR/NOK	10.8305	10.8515	-0.19%	-0.35	stable
EUR/SEK	11.2985	11.0073	2.65%	1.57	stable
NZD/USD	0.5663	0.5771	-1.88%	-1.08	stable
EUR/JPY	179.15	180.80	-0.91%	-1.06	unstable
NOK/SEK	1.0431	1.0418	0.12%	0.20	unstable

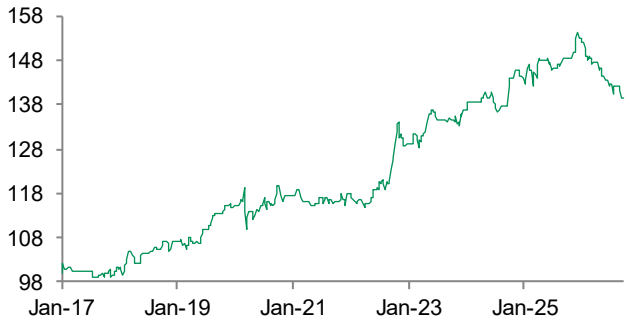
For a stable regime – the primary model is used whereby trades are triggered when the z-score is greater than 1.5 or less than -1.5; while for an unstable regime – the secondary model is used and the trigger level is +/-2 for the z-score.

Source: Bloomberg, Crédit Agricole CIB

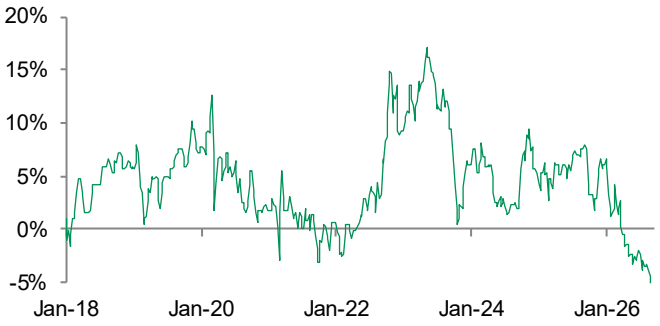
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Short-term fair value charts

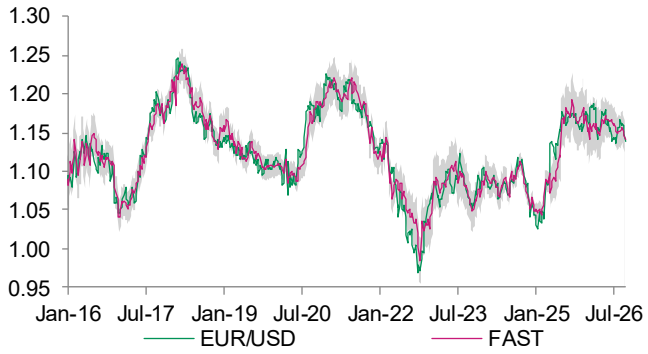
FAST FX Model performance since 2017



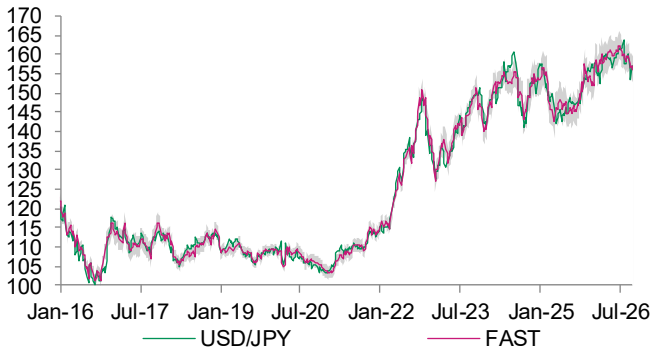
Annual Return since 2018



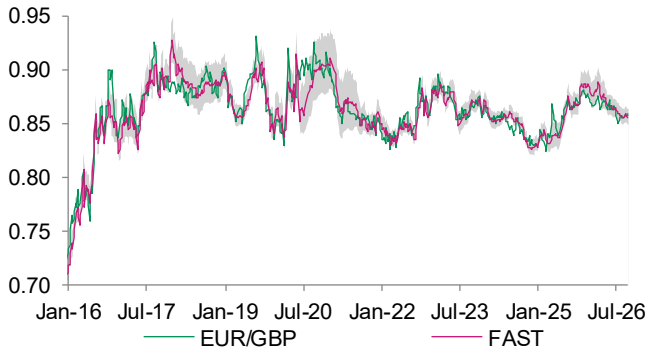
EUR/USD



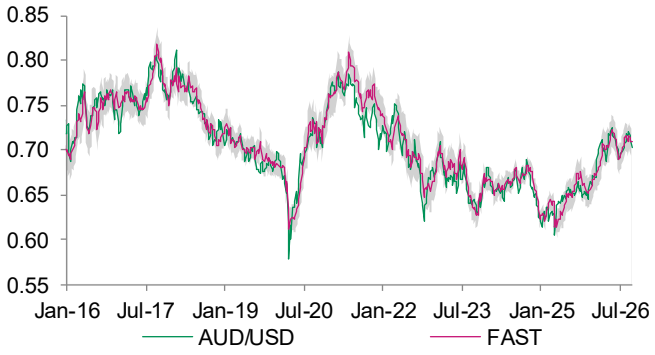
USD/JPY



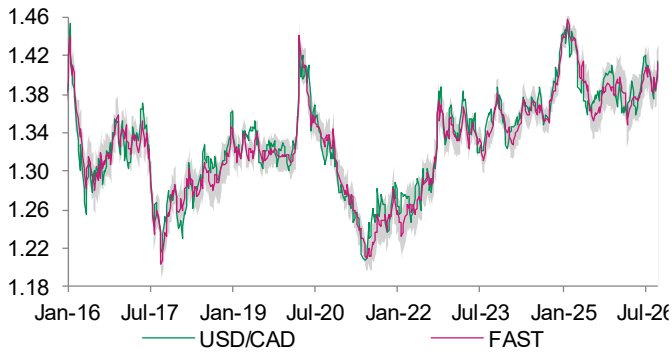
EUR/GBP



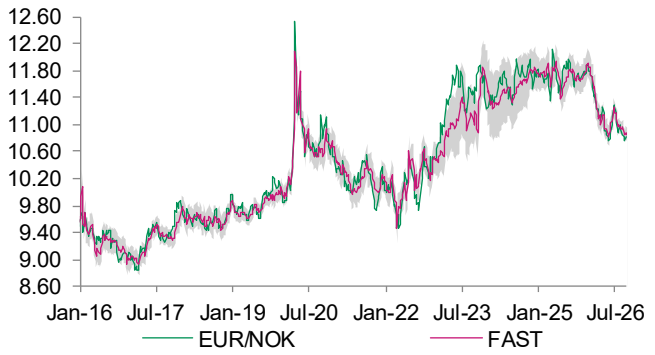
AUD/USD



USD/CAD



EUR/NOK

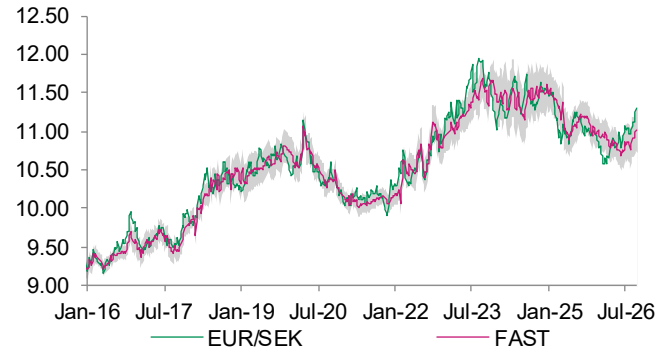


Note: Shaded area represents 1.5 standard deviation bands

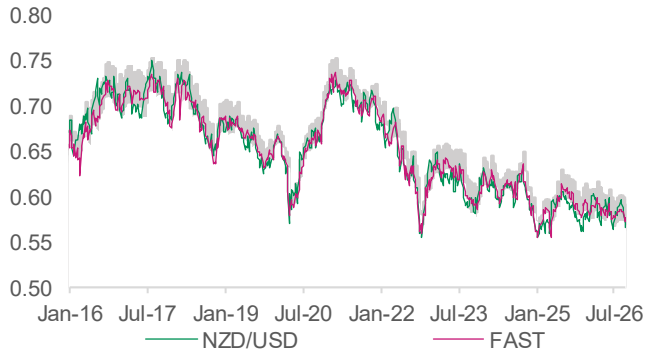
Source all charts: Crédit Agricole CIB, Bloomberg

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EUR/SEK



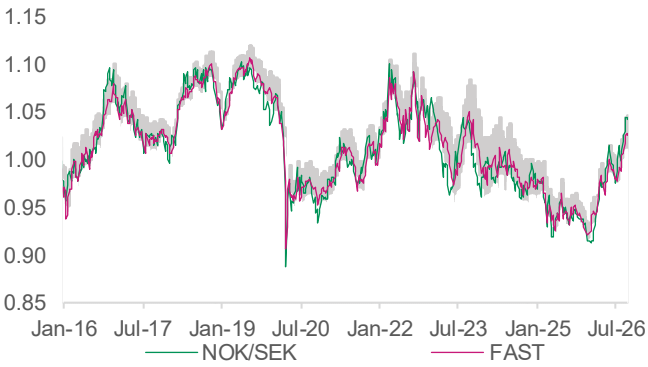
NZD/USD



EUR/JPY



NOK/SEK



Note: Shaded area represents 1.5 standard deviation bands

Source all charts: Crédit Agricole CIB, Bloomberg

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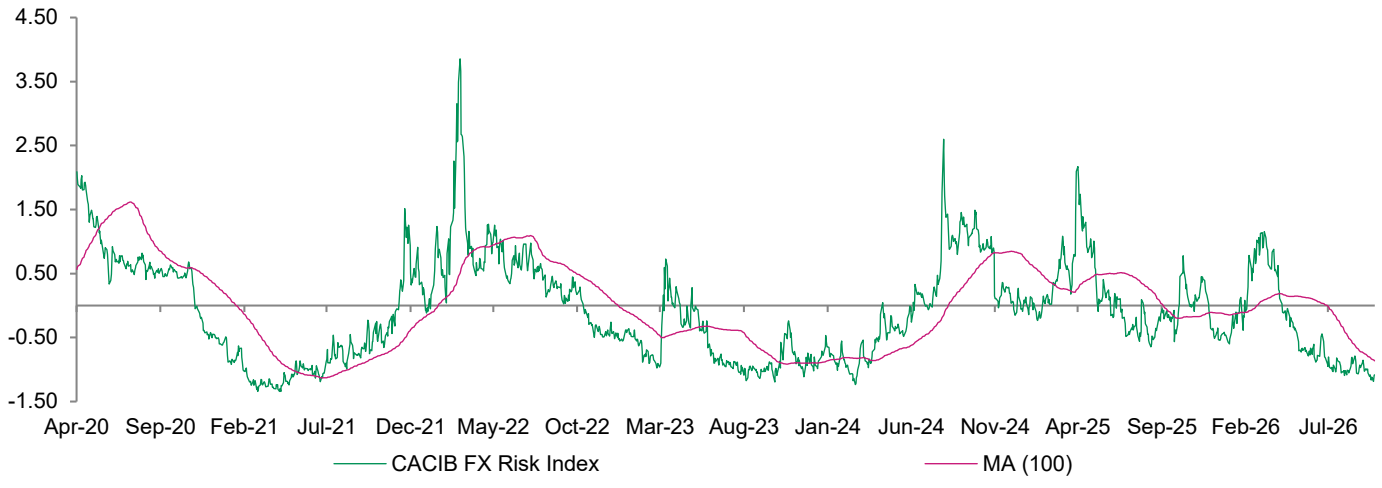
FX Risk Index

This is our weekly update published 30 September 2026

For more information please refer to the FX Focus – Introducing the new CACIB FX risk index

- **At -1.0837 (vs -1.1560 last week) our Risk Index has retreated only modestly and remains deep in risk-seeking territory. The downward trend in the Index continues accelerating.**
- **Higher oil prices and the global bond sell off are failing to significantly deter investors from risk-seeking behaviour. Key to investor confidence is the AI investment boom. Investors may also believe central banks can bring their economies in for soft landings. Likely important on this front are oil and refined product prices. According to some estimates, oil flows out of the Middle East are approaching pre-war levels despite the closure of the Strait of Hormuz, bolstering investor sentiment. Refined products remain in short supply, however, given that a significant amount of the world's refining capacity is in the Middle East and still constrained by the US-Iran war.**
- **Investors will therefore continue watching headlines for any progress in the US-Iran talks. As long as hostilities do not resume, they may remain optimistic. The resumption of hostilities would likely significantly damage sentiment. President Donald Trump's pledge that a deal will be done after the US mid-term elections has essentially kicked the can down the road. In the meantime, US core PCE inflation data out later today will condition investors' expectations for further rate hikes.**
- **Rising equity and FX market volatility and private credit spreads as well as the outperformance of cyclical stocks by defensive stocks put upward pressure on our Risk Index over the past week. Capping the rise in the Index were falling gold prices and EM-Sovereign spreads.**
- **Among G10 currencies, only the CHF, CAD and SEK have significant positive correlations with our Risk Index. The GBP, USD and NOK have significant negative correlations with the Index.**

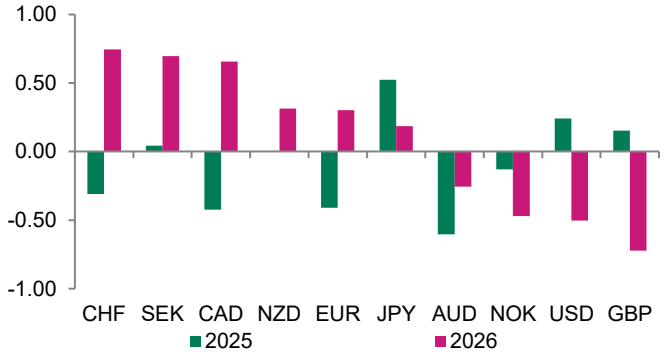
CACIB FX Risk Index



Source: Crédit Agricole CIB

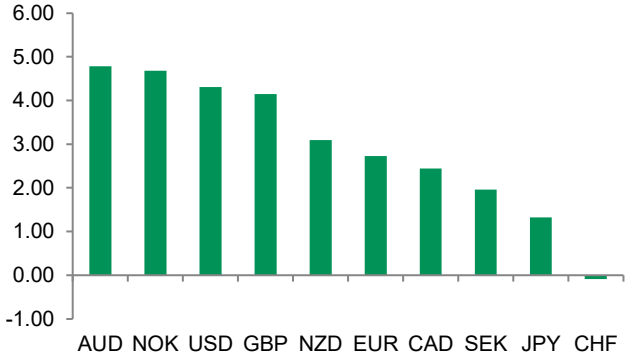
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Currency sensitivity



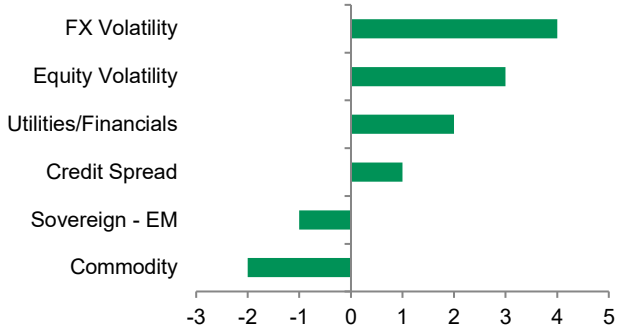
Source: Bloomberg, Crédit Agricole CIB

Yield advantage



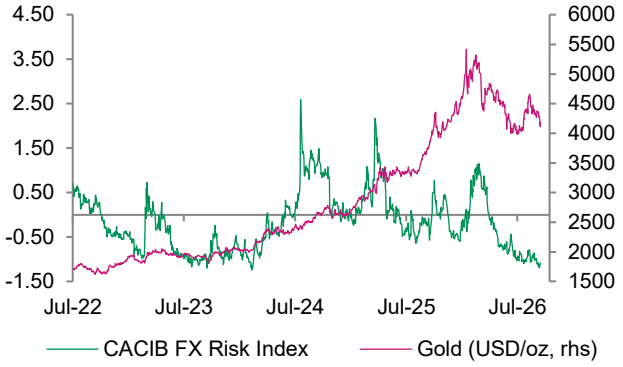
Source: Bloomberg, Crédit Agricole CIB

Contribution of components



Source: Bloomberg, Crédit Agricole CIB

Gold & Risk Index



Source: Bloomberg, Crédit Agricole CIB

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Key releases in the week ahead

GMT		Indicator/Event	For	Cons.	Prev.	Comment
Monday 05 October						
01:00	NZ	Commodity Price	Sep		-0.40%	
01:00	AU	Melbourne Institute Inflation YoY	Sep		4.80%	
01:30	JN	Services PMI	Sep		51.60	
06:00	JN	Consumer Confidence	Sep		35.50	
07:30	SW	PMI Services	Sep		55.80	
08:00	EZ	ECB's Kocher, Buch speak in Vienna				
08:50	FR	Composite PMI	Sep		51.20	
08:55	GE	Composite PMI	Sep		53.80	
09:00	EZ	ECB's Lane speaks in Frankfurt				
09:00	EZ	Composite PMI	Sep		53.10	
09:30	UK	Composite PMI	Sep		51.70	
09:30	EZ	Investor Confidence	Oct		5.07	
09:30	UK	Reserves	Sep		5328 M	
09:30	UK	Services PMI	Sep		51.70	
10:00	EZ	PPI	Aug		5.80%	
10:00	EZ	ECB Schnabel speaks in Frankfurt				
12:15	EZ	ECB's Kocher speaks in Vienna				
14:45	US	Services PMI	Sep		58.70	
15:00	US	**ISM Non-Manufact.**	Sep	55.40	55.40	
Tuesday 06 October						
00:30	AU	Westpac Consumer Confidence	Oct		84.36	
01:30	AU	ANZ Job Advertisements	Sep		2.50%	
07:00	GE	Factory Orders MoM	Aug		2.50%	
07:45	FR	Industrial Production YoY	Aug		-0.50%	
07:45	FR	Manufacturing Prod. YoY	Aug		-2.00%	
08:00	SZ	Unemployment	Sep		3.10%	
09:30	UK	BoE's Mann speaks in fireside chat				
09:30	UK	Construction PMI	Sep		44.30	
10:00	EZ	Retail Sales YoY	Aug		0.60%	
13:30	US	Trade Balance	Aug	-83.80 B	-88.58 B	
14:00	EZ	ECB's Cipollone speaks at MNI event				
14:05	US	Fed's Williams moderates panel				
15:00	CA	Ivey PMI	Sep		64.30	
Wednesday 07 October						
00:30	JN	Earnings	Aug		4.30%	
06:00	JN	Leading Index	Jul		117.70	
07:00	SW	Budget	Sep		61.90 B	
07:00	SW	**CPIF YoY**	Sep		0.70%	
07:00	GE	Industrial Prod. YoY	Aug		-1.60%	
07:00	NO	Industrial Production	Aug		-1.80%	
07:45	FR	Trade Balance	Aug		-6669 M	
08:00	SZ	**FX Reserves**	Sep		770 B	
19:00	US	**FOMC meeting minutes**				
20:00	US	Consumer Credit	Aug	15.00 B	18.06 B	
Thursday 08 October						
00:01	UK	RICS House Price Balance	Sep		-27.50%	
00:50	JN	Current Account Balance	Aug		¥2989 B	
00:50	JN	Trade Balance BoP	Aug		-¥400 B	
06:30	AU	Reserves	Sep		106.02 B	
10:15	UK	BoE's Greene speaks in South Africa				
11:00	EZ	ECB's Lane speaks in London				
11:30	UK	BoE's Pill speaks in London				
13:15	UK	BoE Governor speaks in Turkey				

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GMT		Indicator/Event	For	Cons.	Prev.	Comment
14:00	UK	BoE's Lombardelli speaks in Coventry				
18:40	US	Fed's Musalem speaks at Bloomberg Event on US Economy				
Friday 09 October						
00:30	JN	House Cons	Aug		-3.60%	
07:00	NO	**CPI YoY**	Sep		3.30%	
07:00	SW	Industrial Orders YoY	Aug		-0.50%	
07:00	NO	PPI YoY	Sep		30.10%	
08:30	EZ	ECB's Wunsch speaks in Brussels				
09:00	IT	Industrial Production MoM	Aug		0.70%	
13:30	CA	**Unemployment**	Sep	6.50%	6.40%	
15:00	US	U. of Mich. Sentiment	Oct		48.10	

Source: Crédit Agricole CIB, Bloomberg

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Exchange rate forecasts

		1-Oct	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
USD Exchange rate							
Industrialised countries							
Euro	EUR/USD	1.12	1.13	1.13	1.14	1.16	1.17
Japan	USD/JPY	158.1	156.0	155.0	154.0	152.0	150.0
United Kingdom	GBP/USD	1.32	1.31	1.32	1.34	1.37	1.39
Switzerland	USD/CHF	0.83	0.84	0.84	0.83	0.81	0.80
Canada	USD/CAD	1.42	1.38	1.36	1.34	1.33	1.32
Australia	AUD/USD	0.69	0.69	0.70	0.70	0.72	0.73
New Zealand	NZD/USD	0.56	0.58	0.60	0.61	0.62	0.63
Euro Cross rates							
Industrialised countries							
Australia	EUR/AUD	1.62	1.64	1.61	1.63	1.61	1.60
Canada	EUR/CAD	1.6	1.559	1.537	1.528	1.543	1.544
Japan	EUR/JPY	177.66	176.28	175.15	175.56	176.32	175.50
New Zealand	EUR/NZD	2.0	1.948	1.883	1.869	1.871	1.857
Norway	EUR/NOK	10.82	10.70	10.50	10.40	10.30	10.20
Singapore	EUR/SGD	1.4	1.435	1.435	1.436	1.462	1.463
Sweden	EUR/SEK	11.29	10.60	10.50	10.60	10.50	10.40
Switzerland	EUR/CHF	0.93	0.95	0.95	0.95	0.94	0.94
United Kingdom	EUR/GBP	0.85	0.86	0.86	0.85	0.84	0.84
Asia							
China	USD/CNY	6.70	6.62	6.60	6.60	6.55	6.50
Hong Kong	USD/HKD	7.85	7.81	7.82	7.82	7.82	7.80
India	USD/INR	96.31	96.00	94.00	94.00	92.00	92.00
Indonesia	USD/IDR	17940	17600	17500	17500	17250	17250
Malaysia	USD/MYR	4.08	4.02	4.00	3.98	3.96	3.95
Philippines	USD/PHP	62.7	61.2	61.0	60.8	60.5	60.0
Singapore	USD/SGD	1.28	1.27	1.27	1.26	1.26	1.25
South Korea	USD/KRW	1359	1385	1400	1390	1380	1360
Taiwan	USD/TWD	31.9	31.6	31.5	31.5	31.4	31.2
Thailand	USD/THB	33.6	33.0	33.0	32.8	32.5	32.0
Vietnam	USD/VND	25979	26250	26200	26200	26100	26000
Latin America							
Brazil	USD/BRL	5.22	5.25	5.30	5.35	5.40	5.45
Chile	USD/CLP	985.41	920.00	910.00	900.00	890.00	880.00
Colombia	USD/COP	3307.55	3550.00	3600.00	3650.00	3700.00	3750.00
Mexico	USD/MXN	18.27	18.00	18.25	18.50	18.75	19.00
Peru	USD/PEN	3.45	3.45	3.50	3.55	3.60	3.65
Africa							
South Africa	USD/ZAR	16.68	15.50	15.50	15.50	15.50	15.50
Emerging Europe							
Poland	USD/PLN	3.89	3.82	3.82	3.79	3.72	3.68
Russia	USD/RUB	83.50	77.00	80.00	81.00	82.00	83.00
Turkey	USD/TRY	48.90	51.50	52.50	53.50	54.10	55.00
Central Europe							
Czech Rep.	EUR/CZK	24.45	24.10	23.90	23.60	23.30	23.10
Hungary	EUR/HUF	369	364	362	360	358	357
Poland	EUR/PLN	4.38	4.32	4.32	4.32	4.31	4.30
Romania	EUR/RON	5.34	5.28	5.28	5.30	5.30	5.30
Precious Metals							
Gold	XAU/USD	4184.00	5000	5200	5300	5400	5500

Source: Crédit Agricole CIB

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Economic forecasts

	Real GDP (YoY. %)			CPI (YoY. %)			Current Account (% GDP)		
	25	26	27	25	26	27	25	26	27
USA	**2.1**	**2.1**	**2.0**	**2.7**	**3.4**	**2.4**	**-3.8**	**-3.5**	**-3.4**
JAPAN	**1.2**	**0.8**	**0.8**	**3.0**	**2.1**	**1.1**	**4.8**	**4.0**	**3.0**
EUROZONE	**1.5**	**0.2**	**0.9**	**2.1**	**3.1**	**3.0**	**1.7**	**1.3**	**1.3**
Belgium	1.0	0.7	0.7	3.0	3.7	3.0	-0.4	-1.9	-2.1
France	0.9	0.6	0.8	0.9	2.5	2.3	0.1	-0.3	0.1
Germany	0.3	0.6	0.9	2.3	2.9	3.7	5.8	4.5	3.9
Italy	0.7	0.5	0.6	1.6	3.1	2.4	1.1	1.1	1.0
Netherlands	1.8	1.0	1.0	3.0	2.9	3.4	9.1	7.9	7.7
Spain	2.8	2.1	1.6	2.7	3.9	3.4	3.2	2.9	1.7
Other developed countries									
Australia	2.1	2.2	2.3	3.3	3.0	2.6	-2.1	-2.3	-2.6
Canada	1.1	1.5	1.8	2.0	2.1	2.0	-0.8	-1.0	-1.7
New Zealand	1.9	2.4	2.6	2.2	2.1	2.1	-3.6	-3.4	-3.4
Norway	1.7	1.2	1.5	3.0	3.3	2.5	13.8	16.5	11.5
Sweden	1.7	1.8	2.3	2.6	0.9	2.7	6.1	4.4	4.8
Switzerland	1.0	1.3	1.1	0.1	0.6	0.7	7.0	7.0	7.1
United Kingdom	1.4	1.1	1.1	3.4	3.1	2.6	-2.4	-4.1	-3.8
Asia	**5.2**	**5.0**	**4.8**	**1.0**	**2.4**	**2.3**	**3.2**	**3.4**	**3.6**
China	5.0	4.5	4.5	0.0	1.0	1.2	3.7	4.0	3.9
Hong Kong	3.2	3.1	3.0	1.5	1.8	2.0	13.5	11.2	9.5
India	7.0	6.5	6.7	2.6	5.2	4.5	-1.0	-2.9	-2.1
Indonesia	5.0	5.2	5.0	2.0	3.2	2.8	-0.1	-1.9	-1.7
Korea	1.0	3.5	2.7	2.1	2.7	2.4	6.6	22.0	23.4
Malaysia	4.2	4.5	4.3	2.0	2.2	2.0	1.9	1.8	1.8
Philippines	4.7	2.8	4.1	1.7	5.8	5.3	-2.3	-5.3	-4.8
Singapore	5.0	4.3	2.7	0.9	2.2	2.0	16.7	17.2	17.0
Taiwan	8.4	11.3	3.8	1.7	2.2	1.8	20.0	23.6	22.5
Thailand	2.0	2.1	2.0	-0.1	2.6	2.4	2.8	-4.5	-3.5
Vietnam	6.9	6.9	6.6	3.3	3.5	3.3	5.1	5.3	6.0
Latin America	**2.5**	**2.0**	**2.0**	**3.5**	**3.2**	**3.2**	**-0.5**	**-0.7**	**-0.9**
Brazil	2.3	1.9	2.0	5.2	4.5	4.1	-3.0	-2.1	-2.2
Chile	2.3	1.8	2.1	4.2	3.4	3.4	-2.3	-1.6	-1.5
Colombia	2.6	2.8	1.9	5.1	4.8	4.6	-2.4	-2.5	-2.2
Mexico	0.6	0.9	1.2	3.7	3.9	3.5	-0.5	-0.5	-0.6
Peru	3.4	2.4	2.2	1.5	2.0	2.2	3.1	1.2	0.5
Emerging Europe	**1.5**	**1.8**	**1.8**	**7.0**	**5.2**	**4.9**	**0.4**	**0.2**	**0.3**
Czech Republic	2.6	2.1	2.3	2.5	1.9	2.5	0.7	0.4	0.3
Hungary	0.4	2.0	2.5	4.4	1.8	3.0	1.5	-0.3	0.4
Poland	3.6	3.7	3.0	3.6	3.3	3.7	-0.8	-1.3	-1.3
Romania	0.7	-0.1	1.5	7.3	8.1	4.4	-8.0	-6.8	-5.6
Russia	1.0	1.4	1.4	8.7	6.0	5.8	1.8	1.7	1.6
Turkey	3.4	3.4	3.7	36.0	24.0	19.0	-1.5	-1.5	-2.0
Africa & Middle East	**3.3**	**0.8**	**3.5**	**4.9**	**4.5**	**4.1**	**1.0**	**0.1**	**0.2**
Algeria	3.8	3.1	2.9	1.5	6.0	5.5	-3.0	-3.0	-3.8
Egypt	4.4	4.6	4.0	20.9	13.3	12.0	-4.4	-5.0	-3.9
Iran	-	-	-	-	-	-	-	-	-
Kuwait	2.5	-8.5	9.0	2.3	2.4	2.3	22.6	18.0	19.0
Morocco	4.6	4.1	4.2	0.7	3.5	2.0	-2.5	-2.6	-2.6
Qatar	2.9	-14.5	11.0	0.6	2.6	2.9	15.5	8.0	8.0
Saudi Arabia	4.5	1.4	4.2	2.1	2.3	2.4	-2.6	-0.8	-1.4
South Africa	1.1	1.0	1.2	3.2	4.4	4.2	-0.5	-0.9	-1.2
Tunisia	2.5	1.8	1.6	5.4	7.5	6.0	-2.8	-3.5	-3.2
United Arab Emirates	6.2	-0.9	6.0	1.3	3.0	1.8	15.3	7.5	9.0
Total	**3.2**	**2.7**	**2.9**	**3.1**	**3.5**	**3.0**	**1.0**	**0.9**	**0.9**
Industrialised countries	**1.7**	**1.3**	**1.4**	**2.6**	**3.0**	**2.4**	**-0.5**	**-0.7**	**-0.8**
Emerging countries	**4.3**	**3.8**	**4.0**	**3.6**	**3.8**	**3.5**	**2.0**	**2.1**	**2.2**

Notes:
(1) CPI – for UK: HICP; for Brazil: IPCA
(2) India – fiscal year ending in March

Source: Crédit Agricole CIB

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Interest rate forecasts – developed countries

	01-Oct	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
EUR						
Refi rate	2.65	2.90	2.90	2.90	2.65	2.65
Depo rate	2.50	2.75	2.75	2.75	2.50	2.50
ESTR	2.44	2.70	2.70	2.70	2.45	2.45
3M Euribor	2.59	2.85	2.85	2.65	2.50	2.30
Germany						
2Y	3.07	3.36	3.35	3.40	3.43	3.40
5Y	3.24	3.45	3.47	3.55	3.62	3.65
10Y	3.52	3.68	3.69	3.77	3.93	3.95
30Y	3.91	4.00	4.11	4.23	4.40	4.43
France						
2Y	3.68	3.66	3.72	3.83	3.78	3.80
5Y	4.24	4.05	4.27	4.35	4.37	4.45
10Y	4.92	4.68	4.84	4.97	4.98	5.05
30Y	5.53	5.25	5.46	5.68	5.70	5.78
Italy						
2Y	3.63	3.66	3.70	3.85	3.85	3.80
5Y	4.15	4.10	4.17	4.33	4.42	4.45
10Y	4.71	4.58	4.64	4.87	4.98	5.00
30Y	5.28	5.15	5.26	5.51	5.63	5.58
Spain						
2Y	3.28	3.42	3.43	3.50	3.53	3.52
5Y	3.64	3.66	3.65	3.72	3.79	3.80
10Y	4.16	4.13	4.14	4.32	4.48	4.50
30Y	4.69	4.65	4.76	5.01	5.10	5.08
Belgium						
10Y	4.40	4.28	4.29	4.47	4.68	4.65
Ireland						
10Y	3.67	3.93	3.94	4.07	4.18	4.25
Portugal						
10Y	4.05	3.78	3.79	3.87	4.03	4.05
Finland						
10Y	3.90	4.08	4.09	4.17	4.33	4.40
Greece						
10Y	4.56	4.43	4.49	4.57	4.73	4.80
Sweden						
Repo		1.75	2.00	2.00	2.00	2.00
Norway						
Deposit	4.50	4.25	4.25	4.25	4.00	4.00
EUR swaps						
2Y	3.43	3.56	3.58	3.59	3.58	3.53
5Y	3.53	3.61	3.64	3.68	3.70	3.70
10Y	3.63	3.68	3.71	3.75	3.83	3.85
30Y	3.50	3.58	3.71	3.78	3.90	3.93
GBP						
Bank Rate	0.00	3.75	3.75	3.75	3.50	3.25
Sonia	0.00	3.50	3.50	3.50	3.50	3.50

Note: 3M rates are interbank, 2Y and 10Y rates are government bond yields

Source: Crédit Agricole CIB

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Interest rate forecasts – developed countries (cont.)

	01-Oct	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
USD						
FF target	4.00	4.25	4.50	4.50	4.50	4.00
FF effective	3.88	4.13	4.38	4.38	4.38	3.88
SOFR	3.90	4.14	4.39	4.39	4.39	3.89
USTs						
2Y	4.82	4.75	4.85	4.80	4.75	4.60
5Y	5.04	4.90	4.95	4.90	4.85	4.75
10Y	5.27	5.05	5.10	5.05	5.05	4.95
30Y	5.63	5.40	5.45	5.40	5.40	5.30
USD swaps						
2Y	4.66	4.63	4.74	4.69	4.64	4.49
5Y	4.74	4.64	4.69	4.65	4.60	4.51
10Y	4.86	4.67	4.73	4.68	4.69	4.60
30Y	4.95	4.72	4.78	4.74	4.75	4.66
JPY						
Call rate	0.00	1.00	1.25	1.25	1.50	1.50
JGBs						
2Y	1.95	1.65	1.75	1.75	1.90	1.90
5Y	2.37	2.10	2.15	2.20	2.35	2.40
10Y	3.10	2.70	2.75	2.75	2.75	2.75
30Y	4.16	3.95	4.00	4.00	4.00	4.00
Canada						
Overnight	0.00	2.25	2.25	2.25	2.25	2.25

Note: 3M rates are interbank, 2Y and 10Y rates are government bond yields

Source: Crédit Agricole CIB

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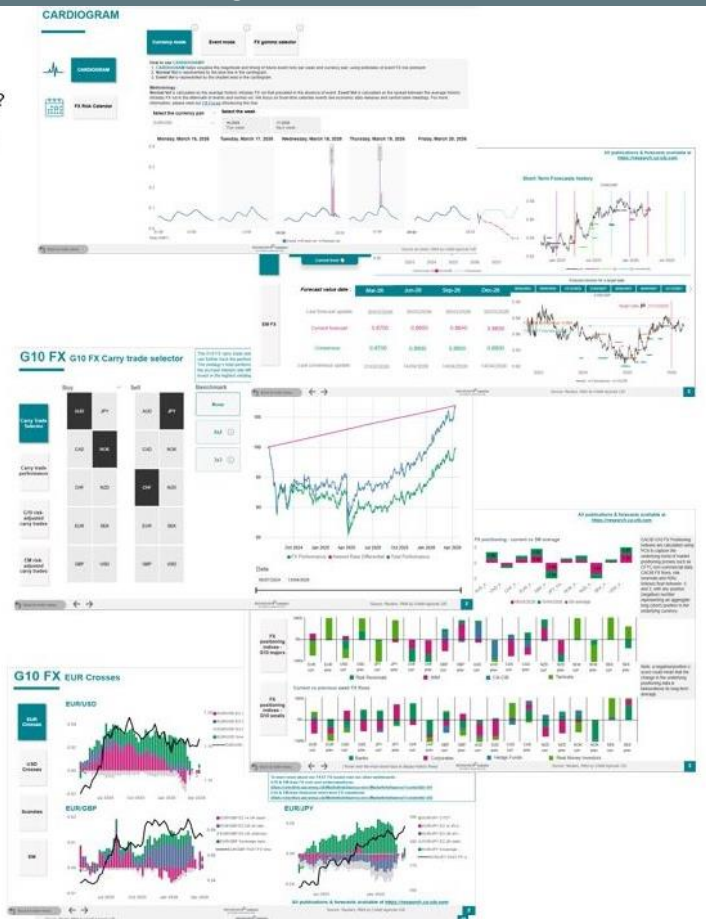
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