FX Weekly

07:33 CET
09 October 2026

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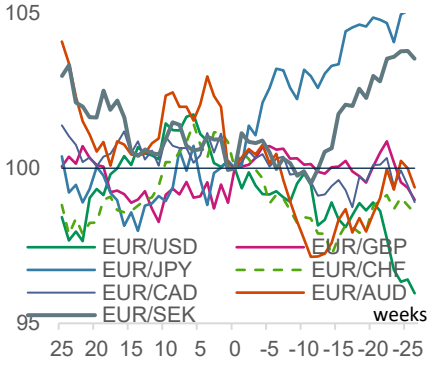
EUR: watch OAT!

- **French fiscal and political risks remain a dominant FX driver. Key focal points for investors in the near term could be the start of the 2027 budget discussion in the French National Assembly next Tuesday and Moody's rating decision on France on 23 October. Key for the EUR outlook would be the level of contagion from the OAT sell-off to the broad EGB market and the impact of tighter Eurozone financial conditions on the ECB's policy outlook. We think that the market pressure could ultimately force French political parties to reach a compromise on the budget. Moreover, contagion from the OAT sell-off remains contained and the Eurozone economy is resilient, while we and the markets continue to expect further ECB tightening, in a boost to the EUR rate appeal. We thus expect the EUR to consolidate even as FX investors remain very cautious, given the looming EU-China trade spat, elevated energy costs and the damage they could do to the European macro outlook.**

- **Our analysis of the average FX performance around the French and Italian elections since 2018 also suggests that the EUR tended to gain vs many G10 currencies prior to the vote, before selling off after the ballot especially vs the USD, CHF and AUD. In contrast, the EUR followed a broadly opposite path vs the JPY, GBP, SEK and NOK. This could make the JPY, GBP and Scandies attractive EUR-downside FX hedges prior to the 2027 French and Italian votes. In our recent focus piece, we further discuss five scenarios for the aftermath of the French vote and estimate a range of potential EUR/USD values that spans 1.05-1.19 and suggests that EUR vol could remain elevated going forward. Under our baseline election scenario, however, we see EUR/USD reaching 1.17 by Q427.**

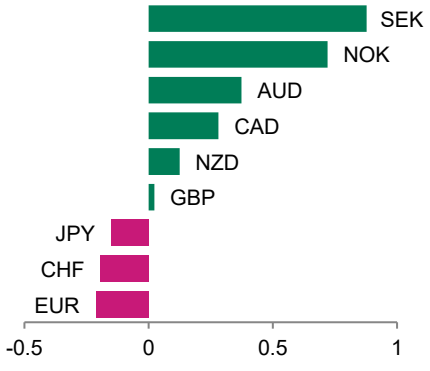
- **The USD has emerged as a key beneficiary from the EUR worries and could continue to attract safe-haven inflows the near term. Next week's focus could shift to the US inflation and retail sales data for September as well as speeches by Fed Chair Kevin Warsh and his colleagues. With many Fed-related positives already in the price of the USD, it would take upside data surprises and hawkish Fedspeak to boost the currency. The GBP was able to outperform the beleaguered EUR, but there is a limit to its resilience. Next week's UK GDP data and BoE speeches could point at softening growth outlook and data-dependent MPC forward guidance. The Australian labour data for September could be in focus as well.**

Average EUR-crosses perf. around elections since 2018 (poll day =100)



Source: Crédit Agricole CIB, Bloomberg

Five-day performance (vs USD)



Source: Crédit Agricole CIB, Bloomberg



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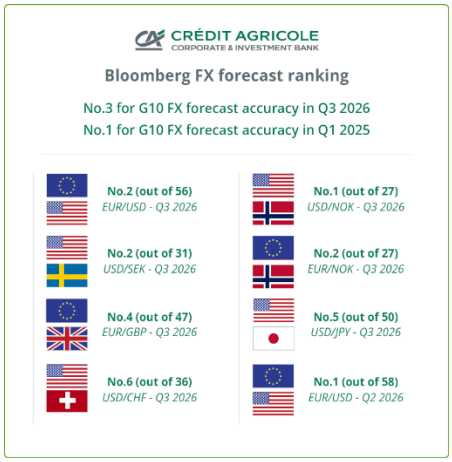
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05 Oct – *FX Positioning:* *Buy GBP and SEK*
05 Oct – *FAST FX:* *Sell EUR/SEK, again*
02 Oct – *FX Weekly:* *Investors undeterred by rising bond yields*

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

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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.



Renewed political/fiscal concerns out of the Eurozone have pulled the CHF out of its one-year lows thanks to safe-haven demand. The CHF could continue to closely follow Eurozone sovereign spreads in the near term, while any lasting détente could see carry trade making a comeback. Yet, EUR/CHF's 0.95 resistance has come out reinforced, while the CHF rebound remains far from needing a response from the SNB.



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.



The CAD could not cope with the latest USD resurgence, just faring in line with other commodity FX peers as USD/CAD hit one-year highs. Yet, any evidence that the Canadian economy has remained resilient in the face of renewed trade tensions with the US could see the BoC following suit with rate hikes sooner rather than later, which could help the CAD recoup some ground.



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. Its nature as a EUR proxy has not helped, although Sweden's sounder fiscal credentials have seen the SEK distancing itself from recent EUR lows. Peak policy divergence between the Riksbank and the ECB could also allow the SEK to focus on Sweden's growth outperformance to recoup some ground.



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	11.18	**0.45%**
15/06/2026	10:00 BST	4338.00	Buy XAU/USD	5240.00	3800.00	4187.03	**-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	**0.64%**

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
05/10/2026	09:00 BST	11.2657	Sell EUR/SEK	11.0066	11.3716	11.1786	**1.64%**

Closed Spot Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
28/09/2026	09:00 BST	11.3094	Sell EUR/SEK	02/10/2026	22:00 GMT	11.2988	**0.19%**
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%**

G10 FX Positioning Index (tactical) Portfolio***

Open Spot Trades

Date	Time	Entry	Recommendation	Target	Stop Loss	Last	P&L
05/10/2026	09:00 BST	10.0550	Sell USD/SEK	9.6683	10.2602	9.9531	**1.01%**
05/10/2026	09:00 BST	1.3228	Buy GBP/USD	1.3757	1.2964	1.3244	**0.12%**

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%**

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	**3.30%**
Return on closed trades (YTD)	**-15.79%**
Hit ratio (YTD)	**42.65%**
Total return (YTD)	**-12.49%**

**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	163.5000	Sell USD/JPY	31/07/2026	22:00 GMT	160.2521	**2.94%**
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%**

Closed Positioning FX Trades

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

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

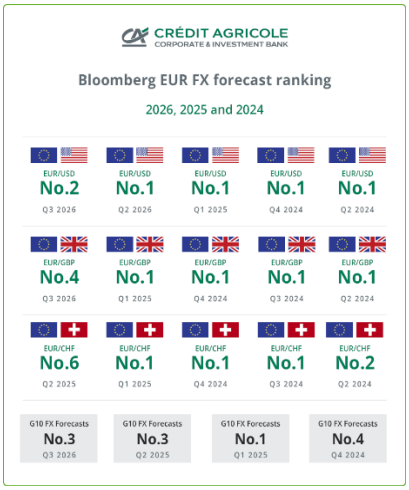
This is a reproduction of EUR and France: des liaisons dangereuses *published 07 October 2026*

- **The EUR has once again become a pressure valve of choice for investors fretting about the growing fiscal and political risks in France ahead of the 2027 budget and presidential elections next April and May. We think, however, that factors like the contagion from the OAT selloff to the rest of the EGB market, its impact on the Eurozone financial conditions and ultimately the ECB policy outlook could matter more for the EUR outlook.**

- **Crédit Agricole CIB macro and rate strategists have recently discussed different political scenarios ahead of the 2027 vote and analysed their EGB market impact. We complement their analysis by simulating the EUR impact under the different scenarios. We use the EUR/USD FAST FX model because it allows us to account for any contagion effects or any impact on the ECB policy outlook from the selloff in the OAT market.**

- **Our results suggest that the EUR could recover under several scenarios including our baseline – eg, either an RN or centrist president coupled with either a centrist or RN majority in the legislature – and some more positive outcomes – eg, a centrist president with either a technocrat, centrist or RN government. We see the OAT, BTP and Bono yield spreads to Bunds tighten notably to push EUR/USD back towards 1.17 or higher, consistent with our current EUR/USD forecasts for 2027.**

- **In contrast, should anti-establishment parties to the right or left of the French political spectrum end up controlling both the presidency and the legislature and are able to exercise fiscal restraint, our simulation results point at EUR/USD trading between 1.12 and 1.14. The most EUR-negative outcomes involve a hung parliament accompanied by either policy paralysis or runaway fiscal deficit. We see EUR/USD falling towards 1.05 under these outcomes.**

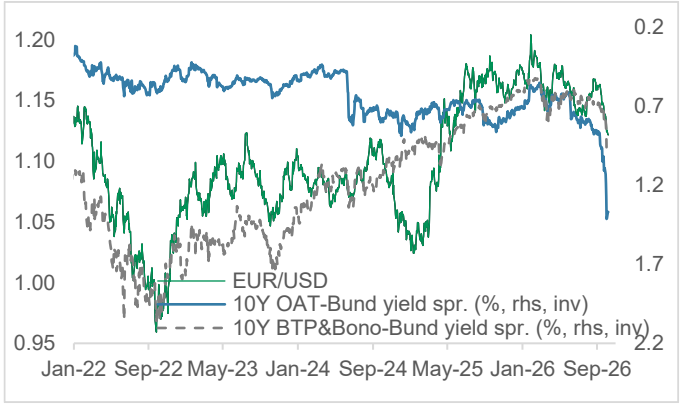


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Contagion and ECB more important than France?

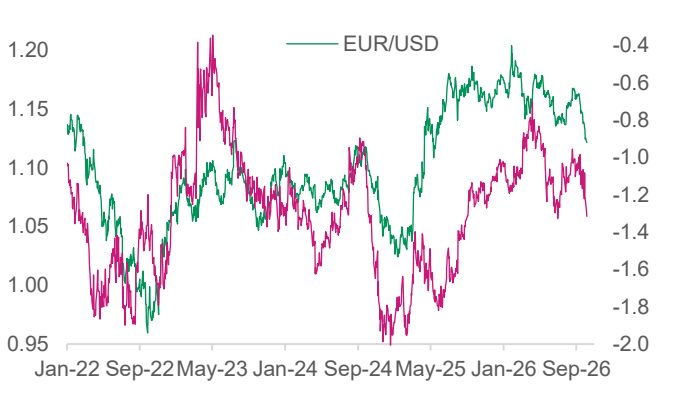
The EUR has once again become a pressure valve of choice for FX investors fretting about the growing fiscal and political risks in France ahead of the 2027 budget and presidential elections next April and May. The start of the French budget process last week acted as a catalyst for the correction in the FX and OAT markets (Figure 1).

Fig 1. EUR/USD vs 10Y OAT-Bund yield and debt-weighted 10Y BTP- & Bono-Bund spread



Source: Crédit Agricole CIB, Bloomberg

Fig 2. EUR/USD vs 2Y EUR-USD rate spread



Source: Crédit Agricole CIB, Bloomberg

We further saw contagion to the BTP and Bono market intensifying recently. As a result, the debt-market-weighted BTP and Bono yield spread to Bunds hit its widest level in almost three years (Figure 1). We also note that the latter spread has been by far the stronger EUR driver in recent years than the OAT-Bund yield spread.

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We thus think that the EUR outlook would be driven more by the impact of the French political risks on the EGB market than the OAT market in isolation.

Contagion from the OATs to the rest of the EGB market could tighten Eurozone financial conditions to such an extent that they force the ECB to turn less hawkish. This is what happened when the energy emergency in Europe fuelled fears about a full-blown fiscal crisis in the Eurozone in 2022 (Figure 1). The sharp widening of peripheral spreads to Bunds forced the ECB to remain dovish despite growing inflation threat and this significantly eroded the EUR rate appeal vs the USD (Figure 2).

We have seen investors paring back their ECB rate hike expectations due to the latest tightening of Eurozone financial conditions. That said, the Eurozone economy remains resilient, and the ECB continues to focus on containing inflation. The bank further has tools to deal with any potential spike in sovereign credit risks. As a result, the EUR-USD rate spread has dipped but has not collapsed (Figure 2). Given the close correlation between the ECB relative rate outlook and EUR/USD, we expect that a continuation of the recent policy normalisation in the Eurozone would offer some support to the EUR.

In summary, **we are cautious on the EUR from current levels but doubt that a repeat of the aggressive 2022 sell-off is on the cards**:

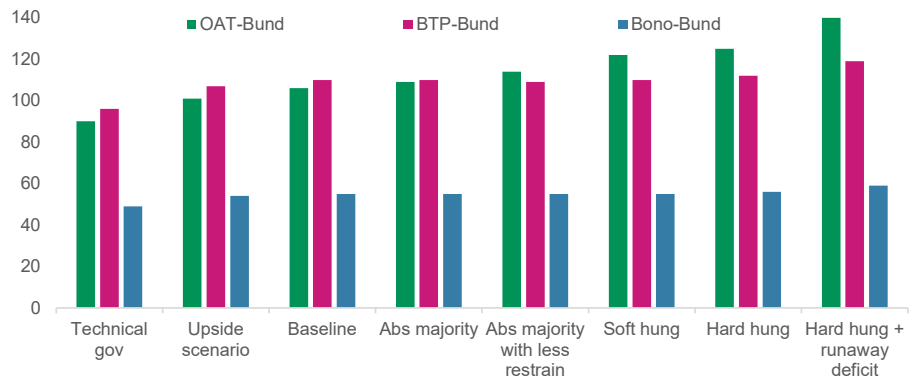
1. **The Eurozone economy shows considerable resilience, supported by robust domestic demand.**
2. **It remains to be seen whether the contagion from the OAT sell-off would intensify significantly further, in a blow to the EUR.**
3. **The ECB is very focused on containing inflation, and its hikes support 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.

Election scenarios and their EGB market impact

The French fiscal and political outlook will remain a key driver of the EUR outlook in the next 6-9M. Crédit Agricole CIB macro and rate strategists have recently discussed the different political scenarios ahead of the election and analysed their bond market impact. We show the expected levels for 10Y OAT-Bund, BTP-Bund and Bono-Bund yield spreads as of the end of Q327 in Figure 3.

Fig 3. Q327 indicative 10Y spreads under different scenarios (Q327, bp)



Source: Crédit Agricole CIB

Our macro and rate strategists consider a base case of a centrist President and an RN majority in the National Assembly or an RN president and a centrist majority in the legislature. They also construct several additional scenarios that are meant to cover a wide range of positive and negative outcomes and their impact on the OAT as well as the BTP and Bono markets. Among these, the most positive outcomes involve a centrist president with either a technocrat government or a centrist majority in the National Assembly (Figure 3).

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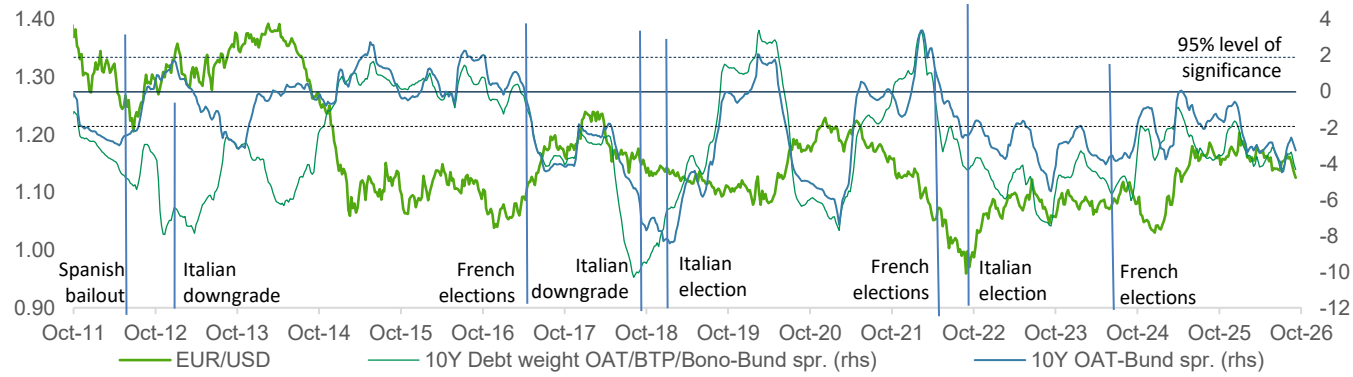
In contrast, the scenario with the most negative EGB impact would come from either an 'absolute majority with less fiscal restraint' or a 'hard hung parliament with runaway fiscal deficit' that would involve parties on the left of the political spectrum who are in charge of either the presidency or the legislature, or both. It is also worth highlighting that a hung parliament or absolute majority involving RN is expected to be less negative for the EGB markets (Figure 3).

Simulating the EUR/USD impact

In this section, we complement the analysis of our macro and rate strategists by looking at the FX market impact from the potential outcomes from the 2027 vote and the different configurations of political parties that it may entail. To this end, we use the forecasts from our rate strategy colleagues about the impact of the different election outcomes on the 10Y OAT yield spread over Bunds. We further consider a potential contagion to the rest of the EGB market by using forecasts for the 10Y BTP and Bono yield spread over Bunds (Figure 3).

We use our FAST FX EUR/USD model framework for our simulations (we replace the peripheral yield spread variable that is part of the model's specification). We use average historic beta coefficients that are calculated over periods with elevated sovereign credit risks. As a result, we are using higher beta coefficients for our simulations than estimated at present. Our econometric analysis also suggests that a debt-weighted-average of OAT, BTP and Bono yield spread over Bunds has a better explanatory power than OAT-Bund yield spread alone (see also Figure 4).

Fig 4. EUR/USD vs t-stats of 10Y OAT & BTP & Bono yield spreads to Bunds and 10Y OAT-Bund yield spread



Source: Crédit Agricole CIB, Bloomberg

We also incorporate our central bank rate expectations for the quarters ahead. Our economists expect the ECB and the FOMC to deliver one and two rate hikes respectively in the next 3-6M before cutting rates at the end of 2027. This compares with market expectations of 71bp and 81bp of ECB and Fed rate hikes respectively in the next 12M, at the time of writing. Our forecasts are thus more dovish than the market on the ECB and the Fed but more so on the former than the latter. These differences become important especially when simulating the FX impact of the more adverse outcomes that could both fuel contagion in the EGB markets and force the markets to turn more dovish on the ECB.

Prior to the EUR impact simulations, we further condense the eight scenarios shown in Figure 3 into five broader scenarios mainly because the results for the FX impact were quite similar for some of the scenarios.

1. **Positive scenario – Centrist president and either a centrist majority in the National assembly or a technocrat government**
2. **Baseline scenario – RN president and centrist majority or a centrist president and RN majority in the National Assembly**
3. **Adverse scenario 1 – Absolute majority for either RN or Left**
4. **Adverse scenario 2 – Hung parliament and policy paralysis**
5. **Adverse scenario 3 – Hung parliament with runaway deficit**

Our results are shown in Figure 5 and are further depicted in Figure 6. They suggest that the EUR could recover under several scenarios including our baseline

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– eg, either an RN or centrist president coupled with either a centrist or RN majority in the legislature – and some more positive outcomes – like a centrist president with either a technocrat, centrist or RN government. We see the OAT, BTP and Bono yield spreads to Bunds tighten notably to push EUR/USD back towards 1.17 or higher. This would be with our current EUR/USD forecasts for 2027.

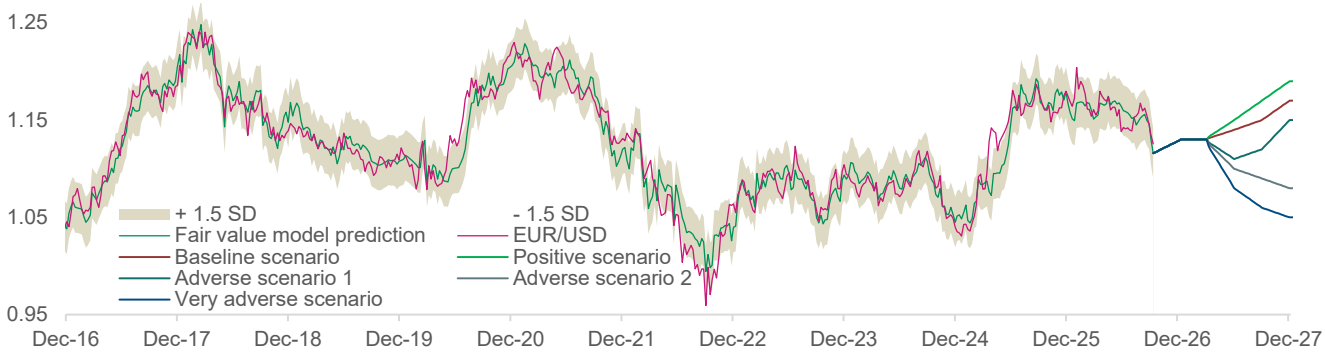
Fig 5. EUR/USD scenarios ahead of the French 2027 elections

	10Y OAT-Bund (bps)	10Y OAT/ BTP/ Bono vs Bund yield spread (bps)	EUR/USD
Positive scenario	90-101 in Q327/ 87-101 in Q427	84-93 in Q327/ 77-88 in Q427	1.17 in Q327, 1.19 in Q427
Baseline scenario	106 in Q327/ 105 in Q427	97 in Q327/ 92 in Q427	1.14 in Q327, 1.17 in Q427
Adverse scenario 1	109-114 in Q327/ 105-110 in Q427	98-100 in Q327/ 95-97 in Q427	1.12 in Q327, 1.14 in Q427
Adverse scenario 2	122-125 in Q327/ 127-132 in Q429	104-106 in Q327/ 105-109 in Q427	1.08 in Q327, 1.09 in Q427
Very adverse scenario	140 in Q327/ 150 in Q429	115 in Q327/ 122 in Q427	1.06 in Q327, 1.05 in Q427

Source: Crédit Agricole CIB

In contrast, should anti-establishment parties to the right or left of the French political spectrum end up controlling both the presidency and the legislature and are able to exercise fiscal restraint, our econometric results point at EUR/USD trading between 1.12 and 1.14. The most EUR negative outcomes involve a hung parliament accompanied by either policy paralysis or runaway fiscal deficit. We see EUR/USD falling towards 1.05 under these outcomes (see Figure 5 and 6). Should any of these outcomes materialise, they would pose significant downside risks to our current EUR/USD forecasts.

Fig 6. EUR/USD vs fair value and fair value projections, based bond yield and rate forecasts



Source: Crédit Agricole CIB, Bloomberg

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FX Focus recent publications

Release	Publication	Link
08/09/2026	FX Volatility Monitor	Looking for cheap EUR downside hedges?
07/09/2026	FX Focus	EUR and France: des liaisons dangereuses
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
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30/03/2026	FX Presentation	2026 FX market outlook: “Things can only get better?”
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26/02/2026	FX Focus	AUD: dancing on the ceiling and our forecast
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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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14/08/2025	FX Volatility Monitor	Fighting the summer lull

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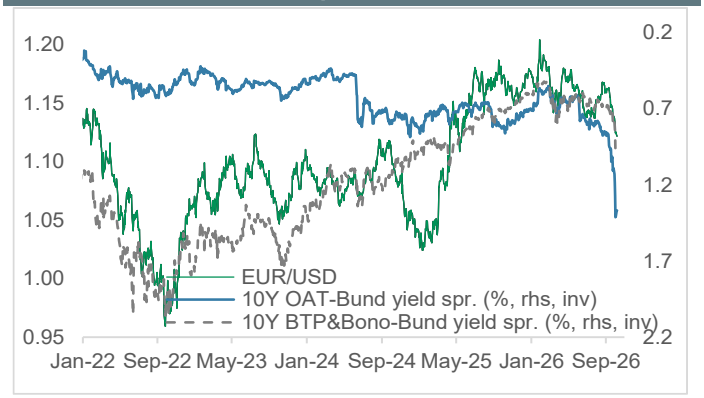
Week ahead: key themes & trades

EUR: a perfect storm. French fiscal and political risks remain a dominant FX driver. Key focal points for investors in the near term thus could be the start of the 2027 budget discussion in the French National Assembly next Tuesday as well as Moody's rating decision on France on 23 October. Key for the EUR outlook would be the level of contagion from the OAT to the broader EGB market and the impact of tightening Eurozone financial conditions on the ECB policy outlook. We think that mounting market pressure could ultimately force French political parties to compromise on the budget. In addition, contagion from the OAT market sell-off remains contained and the Eurozone economy resilient, while we and the markets continue to expect further ECB tightening.

Key focal points for investors in the near term thus could be the start of the 2027 budget discussion in the French National Assembly next Tuesday as well as Moody's rating decision on France on 23 October. Key for the EUR outlook would be the level of contagion from the OAT to the broader EGB market and the impact of tightening Eurozone financial conditions on the ECB policy outlook

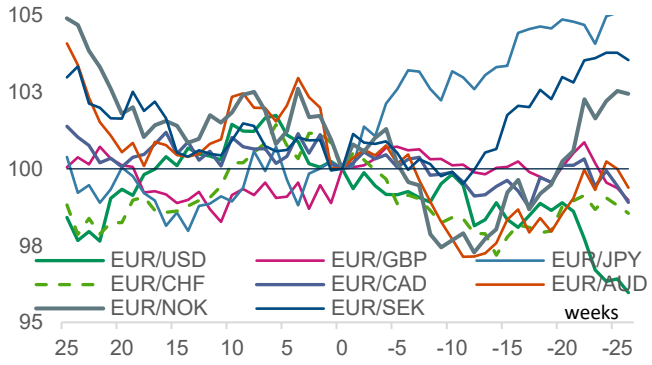
We thus expect the EUR to consolidate even as FX investors remain very cautious on the outlook, given the looming EU-China trade spat, the elevated energy costs and the damage they could do to the European macro-outlook. This conclusion is further borne out by our analysis of the average FX performance around the French and Italian elections since 2018. Our results suggest that the EUR tended to gain vs many G10 currencies prior to the vote, before selling off after the elections especially vs the USD, CHF and AUD. In contrast, the EUR followed the opposite path vs the JPY, GBP, SEK and NOK. This could make the JPY and GBP attractive 'safe-haven EUR proxies' in the months ahead of the 2027 vote.

EUR/USD vs 10Y OAT-Bund yield and debt-weighted 10Y BTP- & Bono-Bund spread



Source: Crédit Agricole CIB, Bloomberg

Average EUR-crosses performance around French and Italian elections since 2018 (poll day =100)



Source: Crédit Agricole CIB, Bloomberg

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USD: looking beyond France. The high-yielding, safe-haven USD has emerged as a key beneficiary from the EUR worries and could continue to attract safe-haven inflows the near term. The currency's recent rally has pushed it ever deeper into overbought territory, however, and forced FX investors to look for alternative EUR downside hedges like the CHF, SEK and NOK. While FX investors will continue to monitor closely the outlook for the OAT and EGB markets, we think many France-related negatives have already been priced into EUR/USD. Next to France, the USD could also benefit from any renewed escalation of geopolitical jitters in the Middle East, but it seems that this scenario could become less likely as we go into the midterm elections.

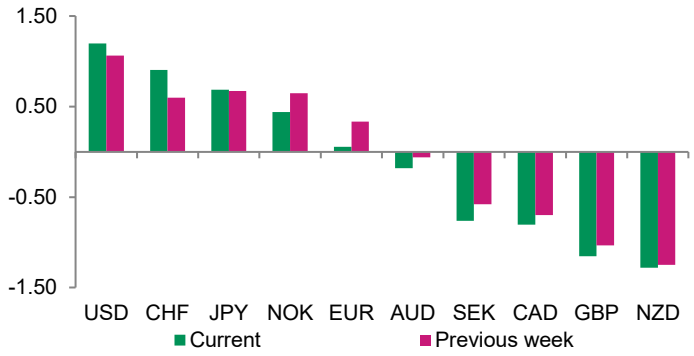
Next week, focus will also be on the US inflation and retail sales data for September as well as speeches by Fed Chair Kevin Warsh and his colleagues. With many Fed-related positives already in the price of the USD, it would take upside data surprises and hawkish Fedspeak to boost the currency

With the above in mind, FX investors could start focusing on other USD fundamentals more closely and may thus discover that its relative rate advantage over the rest of G10 is no longer growing and that, as a result, the USD is starting to look somewhat overvalued. Market participants would further start scrutinising the quality of the incoming US data as it would inform the Fed policy outlook. Next week, focus will also be on the US inflation and retail sales data for September as well as speeches by Fed Chair Kevin Warsh and his colleagues. At the time of writing, the US rate markets are pricing in c.76bp of additional Fed tightening in the

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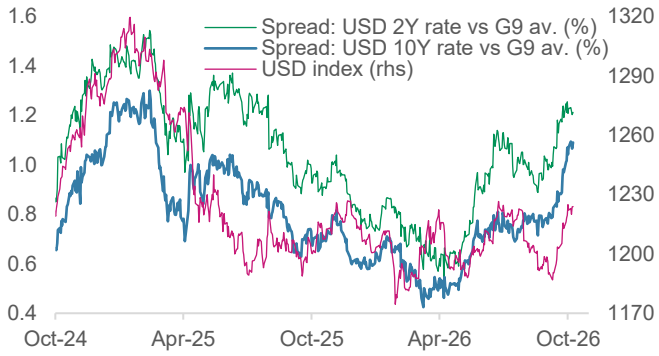
next twelve months. This is an excessively hawkish outlook in our view. With many Fed-related positives already in the price of the USD, it would take upside data surprises and hawkish Fedspeak to boost the currency.

Stretched USD longs have forced FX investors to look for alternative downside EUR-hedges



Source: Crédit Agricole CIB, Bloomberg

The USD vs its relative rate and yield appeal over G9 – reaching its limits?



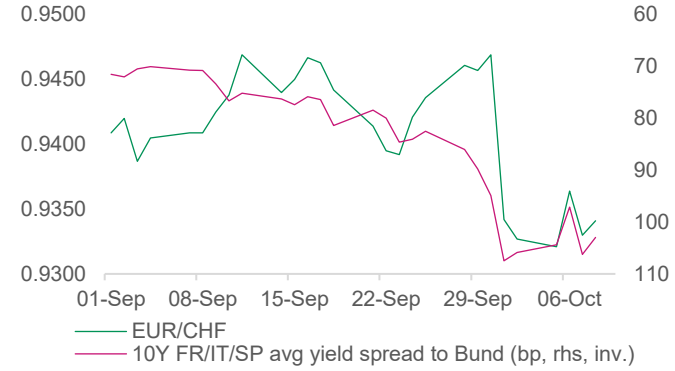
Source: Crédit Agricole CIB, Bloomberg

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CHF: on the alert. EUR/CHF posted two-month lows around 0.9260 a week ago, as the pair has since tried to consolidate above 0.93 in a not so calm way. The CHF has continued to follow very closely the gyrations in the Eurozone sovereign spreads, which, aside from the French budget considerations, have not been helped by renewed weakness in long-dated bonds. It would require a significant and lasting détente in EGBs to eventually allow EUR/CHF to resume marching higher, whereas conversely any increased turmoil could risk reinforcing safe-haven bids for the CHF. In any case, the CHF remains sufficiently far from the levels that may potentially trigger a response from the SNB, as the latest speeches by SNB members did not let transpire any sort of concerns at this stage. Meanwhile, the latest FX reserves figures for September showed a steady tally near CHF770bn, while in the past few months the growing rate disadvantage had been enough to weaken the CHF. The domestic calendar for the week ahead hardly picks up, leaving the onus on exogenous factors to drive the CHF, and decide whether intraday volatility could subside somewhat.

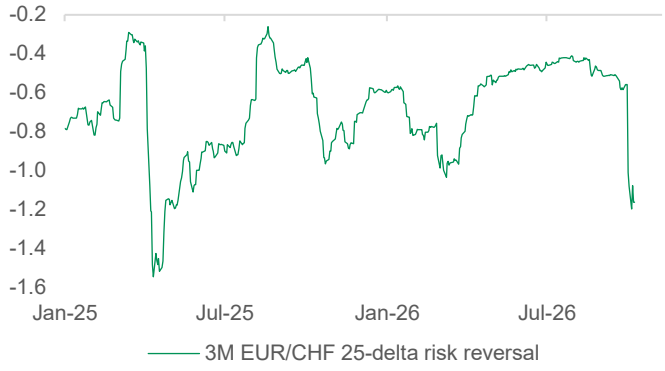
EUR/CHF has tentatively stabilised near 0.93 as Eurozone fiscal/political concerns have not materially abated

EUR/CHF has closely followed gyrations in Eurozone sovereign spreads



Source: Crédit Agricole CIB, Bloomberg

EUR/CHF has been one of the main avenues used for EUR downside hedges



Source: Crédit Agricole CIB, Bloomberg

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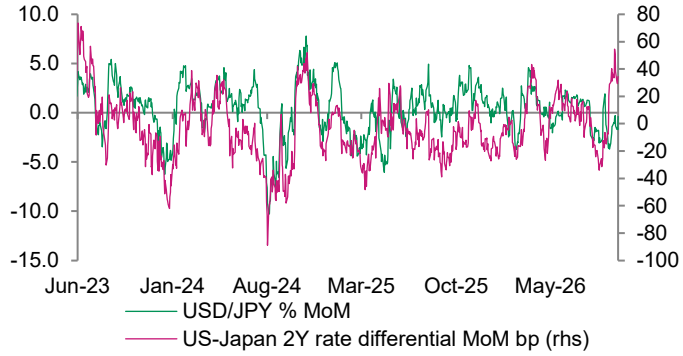
JPY: in need of fresh impetus. Despite soft US non-farm payrolls data, USD/JPY is struggling to head lower. We continue to think that the BoJ only matching Fed rate hikes will not be able to drive USD/JPY lower, especially while

While the threat of FX intervention is capping USD/JPY on the topside, the exchange rate needs fresh impetus to head lower.

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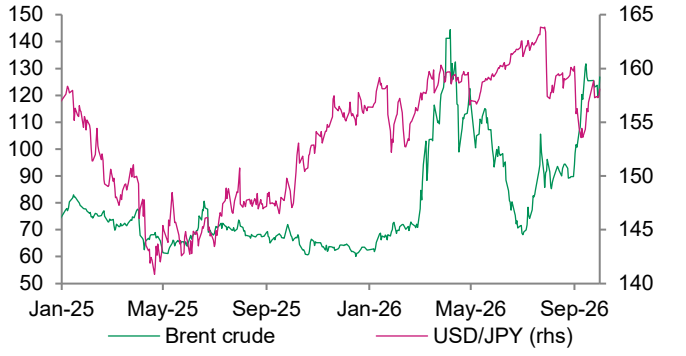
oil prices remain elevated. BoJ Governor Kazuo Ueda confirmed his cautious approach to further rate hikes, reiterating that rates will go higher if the economy meets the Board's expectations. Again, there was no indication of a need to further accelerate rate hikes. BoJ hawkish Board member Junko Koeda and centrist Deputy Governor Shinichi Uchida will speak in the coming week but are unlikely to change this tone. The more important drivers of USD/JPY will be US retail sales and inflation data. Any developments in the Middle East and their impact on oil prices will also be key for USD/JPY. USD/JPY continues to be capped on the topside around 159 as investors fear FX intervention close to 160. On the downside, 157 held post the US non-farm payrolls data and will be a key level to watch if US economic data in the coming week also come out soft.

Despite weaker US non-farm payrolls, yields have moved in USD/JPY's favour



Source: Crédit Agricole CIB, Bloomberg

Elevated oil prices also remain a support for USD/JPY



Source: Crédit Agricole CIB, Bloomberg

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GBP: a EUR safe-haven proxy. While the French fiscal woes became a key FX market driver at the start of the French 2027 budget process on 1 October, the sell-off in the OAT market began in earnest a week earlier as bond investors started fretting at the growing fiscal and political risks ahead. A look at the FX market performance over that period would suggest that, next to the USD, the GBP has emerged as one of the best-performing G10 currencies vs the EUR.

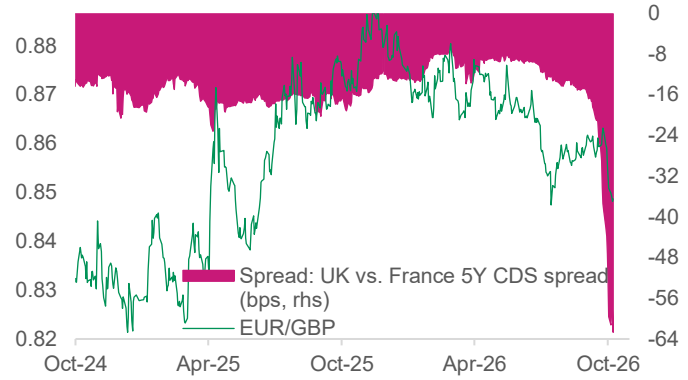
The GBP was able to outperform the beleaguered EUR but there is a limit to its resilience. Next week's UK GDP data and BoE speeches could point at softening growth outlook and data-dependent MPC forward guidance

The GBP's appeal as a EUR safe haven proxy seems to rest on several traits: (1) the UK sovereign credit risk is significantly lower than that of France at the start of the French budget process and ahead of the Autumn statement due on 28 October; (2) the UK economy has surprised to the upside in recent months, and this has kept in place hawkish market BoE bets; while (3) the tightening of Eurozone financial conditions has forced European rate investors to pare back their ECB rate hike expectations, in a blow to the EUR rate appeal vs the GBP.

Despite the recent EUR/GBP sell-off, we believe that there is a limit to the current appeal of the GBP over the EUR. For starters, we believe that incoming UK data like next week's GDP data for August could highlight the fragility of the economy to tightening financial conditions and persistent stagflationary headwinds. Also, next week we will hear from the BoE's Andrew Bailey, Sarah Breeden, Catherine Mann, Megan Greene, Swathi Dhingra and Huw Pill who could continue to stick to the bank's still data-dependent forward guidance. All this could in turn challenge the excessively hawkish market BoE rate outlook and erode the appeal of the GBP.

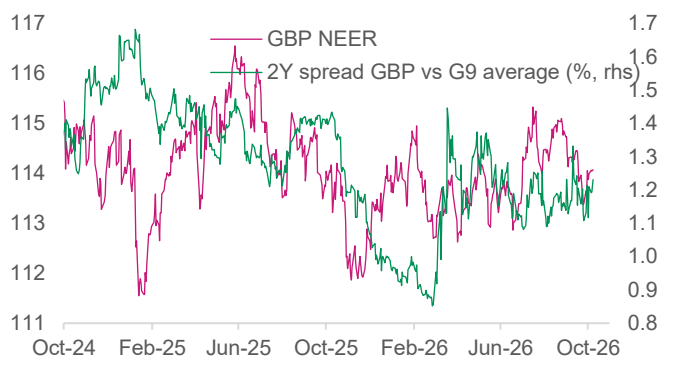
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EUR/GBP vs spread: UK-France 5Y sovereign CDS spread



Source: Crédit Agricole CIB, Bloomberg

GBP vs its relative rate appeal over G9 – no real support anymore?



Source: Crédit Agricole CIB, Bloomberg

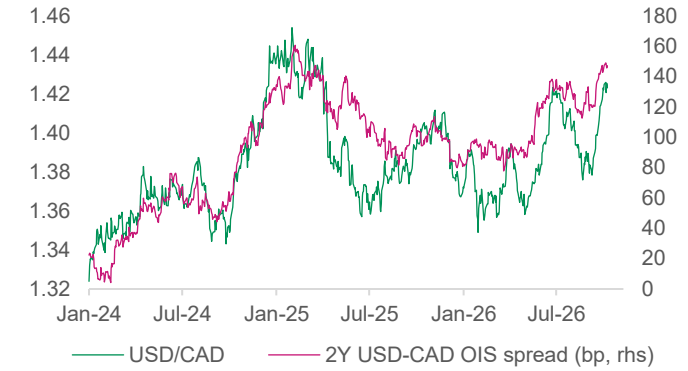
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CAD: no early celebration. The USD/CAD rally has seemingly lost some traction over the past week, but the pair still went to post fresh one-year highs just shy of 1.43, thanks to the USD generally remaining on the front foot. Meanwhile, the CAD did not get undermined by the victory of the separatist Parti Québecois in the latest provincial election, perhaps because it fell short of an outright majority, but also because it has already pledged to not complicate the task of the federal administration when having to deal with a hostile US administration. Aside from that, Canada's largest monthly trade surplus in years (CAD4.2bn in August) did not offer the CAD any meaningful relief, as the latest round of US tariffs may have spurred some frontloading in Canadian exports. In the end, the main reason that has left USD/CAD eyeing north has likely been the extended widening in USD-CAD rate spreads, as the 2Y mark reached its highest level since Q125 when USD/CAD was hovering over 1.44. There have nonetheless not been any great changes at the very front end of Canadian money markets, which still discount around one-in-three chances that the BoC kick-starts its tightening cycle this month. Ahead of the next CPI data in ten days, today's Canadian jobs report for September could already provide a material lift if August's soft patch is followed by some signs of improvement suggesting that the Canadian economy has coped fairly well with renewed trade tensions with the US.

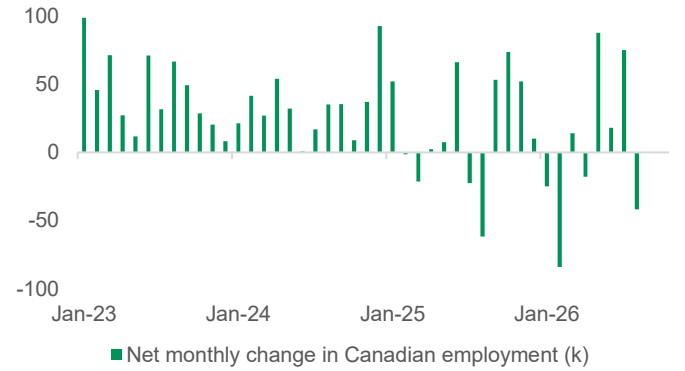
USD/CAD has risen to just shy of 1.43, although the BoC may not fall so much behind the Fed if the economy remains resilient

USD/CAD extends its rally on the back of widest USD-CAD rate spreads since Q125



Source: Crédit Agricole CIB, Bloomberg

Any signs of improvement in the Canadian jobs report could lend the CAD a hand



Source: Crédit Agricole CIB, Bloomberg

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AUD & NZD: less confidence. A steep drop in Australian consumer confidence led to the Australian rates market reducing the chances of follow-up rate hikes by the RBA. While the market is still fully pricing in another

Investors are becoming less confident of multiple follow-up rate hikes by the RBA weighing on AUD/USD

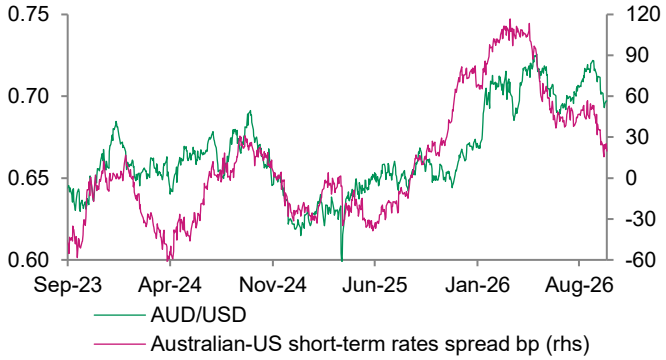
25bp rate hike by the middle of 2027, it has pulled back from pricing in a good chance of more than one rate hike. AUD/USD therefore continues to struggle to get a foothold back about 0.70, despite weaker-than-expected US non-farm payrolls data. Investors also remain rattled by the global bond sell-off reducing demand for the AUD as a carry trade.

China trade as well as US retail sales and inflation data will be the big international drivers of the Antipodean currencies in the coming week. With UST yields being such a strong driver of investor sentiment, the US data is likely to take centre stage.

Local rates will also remain an important for the AUD with the release Australian business confidence and labour market data for September as well as the publication of the Minutes to the RBA's September meeting. While the policy statement was hawkish following the RBA's September rate hike, Governor Michele Bullock sounded less hawkish in her press conference. We note that Bullock tends to present her own view at the press conference and so expect the Minutes to likely be hawkish. Business confidence will probably weaken on the back of higher energy prices as well as the market fully pricing in an RBA rate hike at the September meeting. Australian employment demand likely remained firm in September. While investors will focus on the unemployment rate, which at 4.6% sits 10bp above the RBA's forecast average for H226, we think they should also look at other indicators of labour market slack such as the underemployment, hours based underutilisation and youth unemployment rates to gauge how the RBA will react to the data.

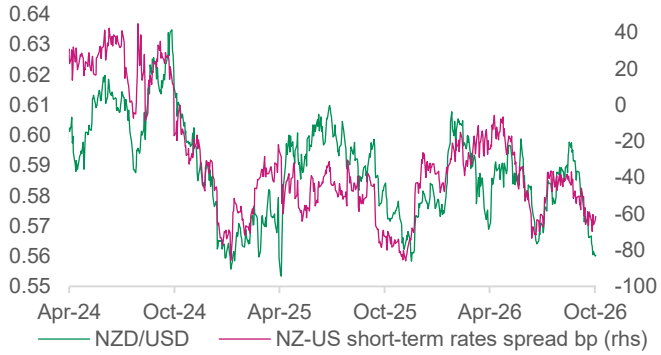
NZ manufacturing PMI and food prices data are unlikely to be big movers of the NZD in the coming week. High oil prices and rising global yields leave NZD/USD struggling to hold onto 0.56.

Relative rates remain a drag on AUD/USD



Source: Crédit Agricole CIB, Bloomberg

NZD/USD beginning to undershoot its relative rates spread



Source: Crédit Agricole CIB, Bloomberg

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NOK & SEK: at bay. The Scandinavian currencies have been able to avoid any contagion from the EUR weakness, and may have indirectly benefited from its woes via potential rotation within Europe. Despite being usually more sensitive to risk appetite than the EUR, they may have been spared by the fact that Norway and Sweden enjoy much sounder fiscal credentials. Aside from that, there has been no regional differentiation with NOK/SEK holding up steady just under 1.05, even though energy prices have rather pushed higher over the past week. All in all, we remain constructive on both currencies, with the undervalued and oversold SEK having arguably more room to recover in the near term.

The NOK and SEK have withstood recent EUR slippage, thanks to the stark contrast of solid public finances

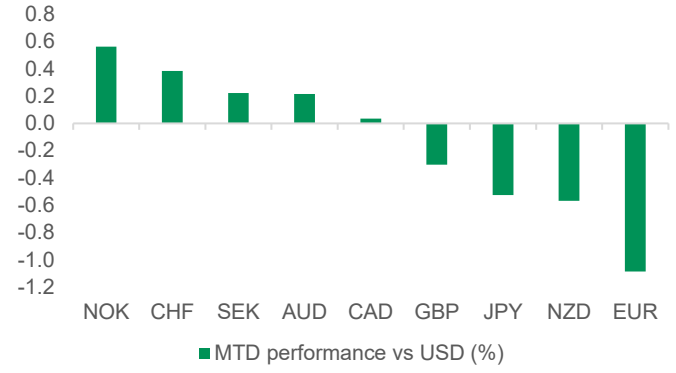
Of special note, a slight miss in Sweden's core CPIF for September hardly weighed on the SEK, even though the lack of upside impulse in underlying inflation should not sway undecided Riksbank members to back an early rate hike. On that matter, today's GDP figures for August could prove more decisive, as any evidence that buoyant demand continues to boost activity could be enough to justify starting some policy normalisation. More importantly, it means that peak Riksbank-ECB divergence has likely been reached, allowing the SEK to focus on more acute

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growth outperformance between Sweden and Germany, as the government has just lifted its GDP forecasts for 2026 to 3.0%. We thus see EUR/SEK gradually drifting lower, as we remain short the pair in our discretionary portfolio.

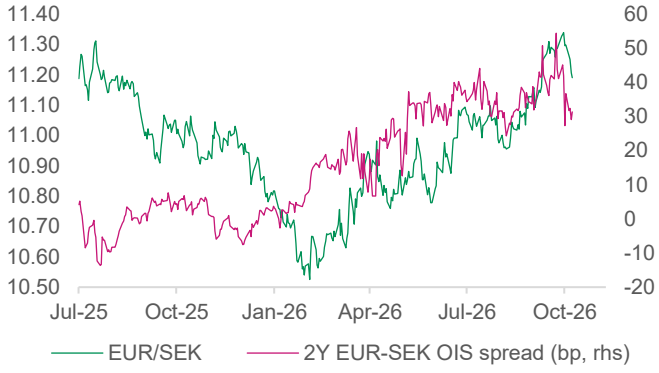
In contrast, EUR/NOK is pretty much where it should be, already eyeing our year-end forecasts of 10.70. For the NOK to accentuate its YTD gains, it may require an extended rally in energy prices, which at the same time would not take too much of a toll on global appetite. Meanwhile, the NOK can already rely on one of the highest carries of G10 FX and the bar is quite high for today's CPI data to exacerbate that comparative advantage even more. Both headline and core inflation are expected to firm a bit more last month, albeit in line with the central case of the Norges Bank which already stressed that the September hike had more to do with inflation being above target for too long, rather than the actual inflation levels themselves.

Other European currencies may have indirectly benefited from the EUR woes



Source: Crédit Agricole CIB, Bloomberg

Riksbank-ECB peak divergence could help EUR/SEK turn things around despite core CPIF miss



Source: Crédit Agricole CIB, Bloomberg

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CACIB FX Volatility Monitor

Updated 08 October 2026

For more information please refer to the FX Volatility Monitor –Introducing our FX Volatility Monitor

- **EUR spot weakness has lifted EUR implied vol surfaces, with a more pronounced rise for EUR downside strikes. Renewed fiscal/political worries in the Eurozone have arguably been the main catalyst behind those moves, as shown by widening sovereign spreads. We use two similar past episodes (2018 and 2022) to assess whether the recent vol adjustments still leave relatively cheap hedges against EUR downside.**

- **EUR/USD and EUR/CHF have seemingly concentrated most of the surge in demand for EUR downside protection, with the average ATM vols having already risen by more than in 2018 & 2022, and the average 25-delta risk reversals having turned more negative than back then. EUR/JPY ATMs have on balance increased by the same magnitude as EUR/CHF's like in 2018, while the shift in the skew has proved more modest. Meanwhile, EUR/GBP ATMs have shown more restraint like in previous stress episodes, with the shift in risk reversals having so far been more limited than back then.**

- **Looking at our relative-value plots that rank ATMs in function of their deciles and ratio to realised volatility, EUR/GBP vols appear the least expensive too. Meanwhile, back-end EUR/GBP risk reversals for now remain in positive territory, which may be further called into question if the vol/spot correlation is to get entrenched in negative territory.**

- **The EUR/GBP ATM term structure experience the regular seasonal pattern of 3M cheapness relative to 1M and 6M, to account for usually sideways spot trading around the turn of the year. Nevertheless, that seems to overlook the risks of potential setbacks in the process for France to secure a 2027 Budget in the three months ahead, which would not upset bond vigilantes. In that context, holding 3M OTM EUR/GBP puts appears to us as a compelling way to hedge against the potential risks of further EUR slippage.**

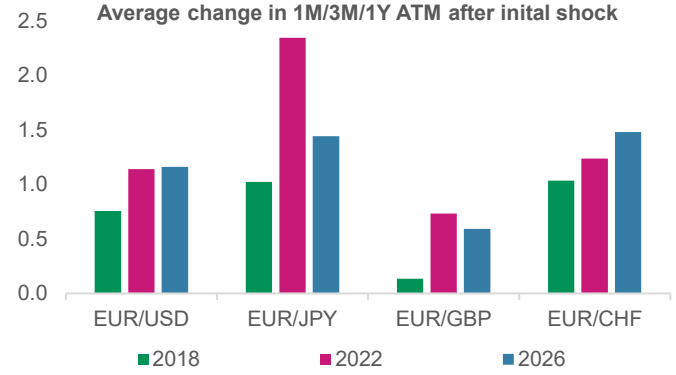
EUR spot weakness has lifted EUR implied vol surfaces. EUR/USD ATMs have not returned to the highs posted at the beginning of the conflict in the Middle East, as only EUR/CHF's have pushed for new one-year highs. Nevertheless, the shift towards EUR downside strikes has proved more acute and broad-based, with most EUR risk reversals hitting their lowest level in a year. Renewed fiscal/political worries in the Eurozone have arguably been the main catalyst behind those moves, as shown by widening sovereign spreads. We thus use two similar past episodes (2018 and 2022) to assess whether the recent vol adjustments still leave relatively cheap hedges against EUR downside.

May/June 2018 was indeed the last time (when excluding the Covid-19 outbreak) that the average FR/IT/SP 10Y yield spread to Bund experienced as fast and steep widening as recently. This also coincided with the return of US trade wars and a more aggressive Fed tightening. 2022 shares the similarity of the energy terms of trade shock, hiking central banks and major elections in the Eurozone, while we would use the start of March as a comparison base, when EUR/USD and sovereign spreads were trading around the same levels as today. For 1M, 3M and 1Y tenors, we measure how vols have behaved on balance in the month after the initial shock, when compared to average levels that prevailed a month prior. The reduced results are show in Figure 1 for ATMs and Figure 2 for 25-delta risk reversals.

EUR/USD and EUR/CHF have seemingly concentrated most of the surge in demand for EUR downside protection, with the average ATM vols having already risen by more than in 2018 & 2022, and the average 25-delta risk reversals having turned more negative than back then. EUR/JPY ATMs have on balance increased by the same magnitude as EUR/CHF's like in 2018, while the shift in the skew has proved more modest. Meanwhile, EUR/GBP ATMs have shown more restraint like in previous stress episodes, with the shift in risk reversals having so far been more limited than back then.

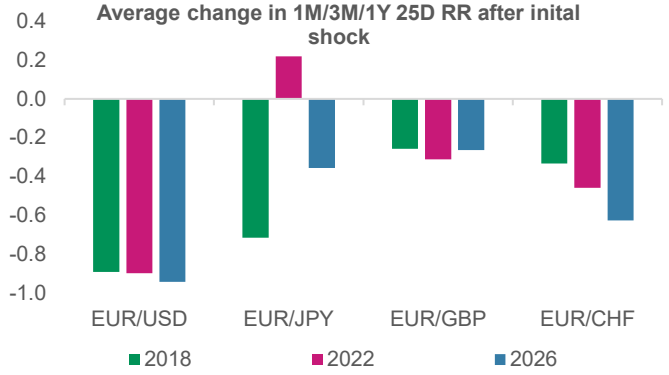
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Fig 7. EUR/USD and EUR/CHF ATMs have already risen more than in 2018 & 2022



Source: Crédit Agricole CIB, Bloomberg

Fig 8. Just like for ATMs, EUR/GBP RRs have shown more restraint

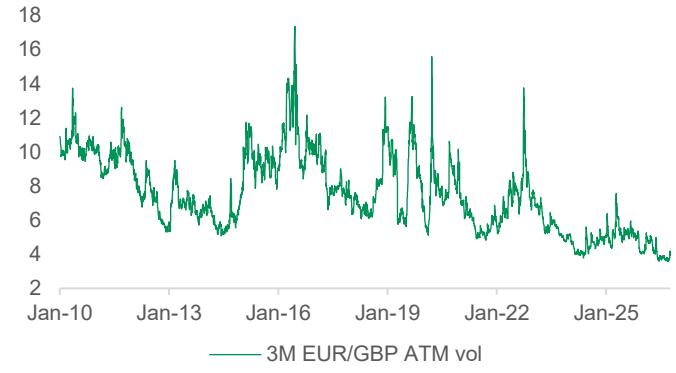


Source: Crédit Agricole CIB, Bloomberg

Looking at our relative-value plots that rank ATMs in function of their deciles and ratio to realised volatility on the next page, EUR/GBP vols appear the least expensive too of the main EUR vols. Meanwhile, back-end EUR/GBP risk reversals for now remain in positive territory, which may be further called into question if the vol/spot correlation is to get entrenched in negative territory.

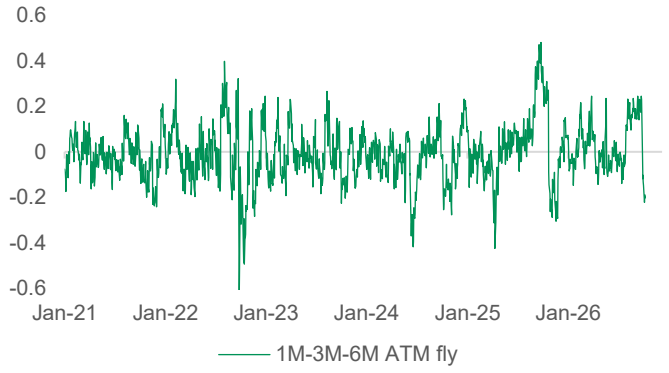
Of special note too, the EUR/GBP ATM term structure experiences the regular seasonal pattern of 3M cheapness relative to 1M and 6M, to account for usually sideways spot trading around the turn of the year. The 1M-3M-6M has indeed turned negative to the tune of about -0.2, which is in line with what we see in early October in the past few years, with the notable exception of 2025 when the option market had to price in the risks related to the UK November Budget. That thus seems to overlook the risks of potential setbacks in the process for France to secure a 2027 Budget in the three months ahead, which would not upset bond vigilantes. In that context, holding 3M OTM EUR/GBP puts appears to us as a compelling way to hedge against the potential risks of further EUR slippage.

Fig 9. 3M EUR/GBP ATM vol remain close to recent all-time lows



Source: Crédit Agricole CIB, Bloomberg

Fig 10. 3M ATM trade at a discount to 1M and 6M despite potential pitfalls for French Budget over that period



Source: Crédit Agricole CIB, Bloomberg

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FX Positioning Update

This is our weekly update published 05 October 2026

- **The EUR faced fresh selling interest last week, predominantly driven by Tactical flows. Our FX flow data points at banks, corporates, hedge funds and real money investors inflows.**
- **The USD remains the biggest long in the G10 FX at present and saw some buying interest last week, predominantly driven by Risk Reversals flows. Our FX flow data points at banks and hedge funds inflows as well as corporates and real money investors outflows.**
- **The JPY enjoyed some buying interest last week, predominantly driven by Tactical flows. Our FX flow data points at banks inflows as well as corporates, hedge funds and real money investors outflows.**
- **The CHF enjoyed some buying interest last week, predominantly driven by Risk Reversals flows. Our FX flow data points at banks, corporates, hedge funds and real money investors outflows.**
- **The GBP faced some selling interest last week, predominantly driven by IMM flows. Our FX flow data points at hedge funds and real money investors inflows as well as banks and corporates outflows. All in all, the GBP in oversold territory.**
- **The AUD experienced some selling interest last week, predominantly driven by IMM flows. Our FX flow data points at banks and hedge funds inflows as well as corporates and real money investors outflows.**
- **The CAD experienced some selling interest last week, predominantly driven by IMM flows. Our FX flow data points at banks, corporates, hedge funds and real money investors inflows.**
- **The NZD remains the largest short in the G10 FX at present and experienced some selling interest last week, predominantly driven by Risk Reversals flows. Our FX flow data points at banks inflows as well as corporates, hedge funds and real money investors outflows.**
- **The NOK experienced some selling interest last week, predominantly driven by Tactical flows. Our FX flow data points at banks inflows as well as corporates, hedge funds and real money investors outflows.**
- **The SEK faced new selling interest last week, predominantly driven by Tactical flows. Our FX flow data points at banks inflows as well as corporates, hedge funds and real money investors outflows. All in all, the SEK in oversold territory.**

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

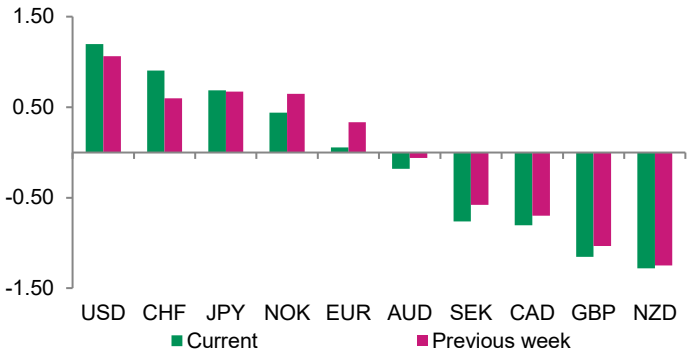
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Fig 1. New G10 FX PIX 3.0 trades this week

Time Stamp	Entry	Trade	Direction	Spot at entry	Take Profit	Stop Loss
09:00 BST	05/10/2026	USD/SEK	Short	9am London fix	4.00%	-2.00%
09:00 BST	05/10/2026	GBP/USD	Long	9am London fix	4.00%	-2.00%

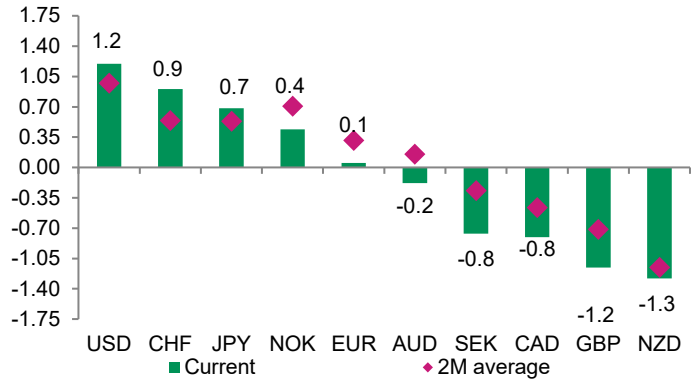
Source: Crédit Agricole CIB

Fig 2. G10 FX positioning at a glance



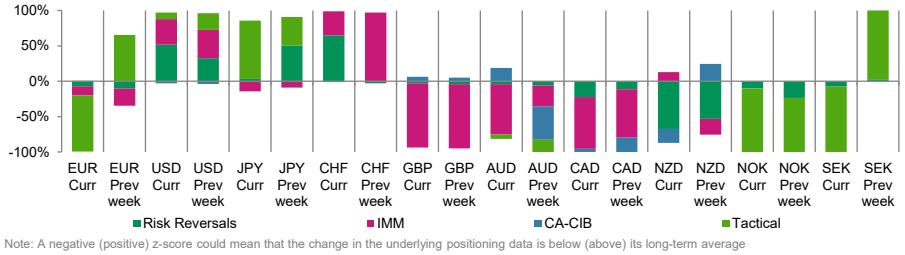
Source: Crédit Agricole CIB

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



Source: Crédit Agricole CIB

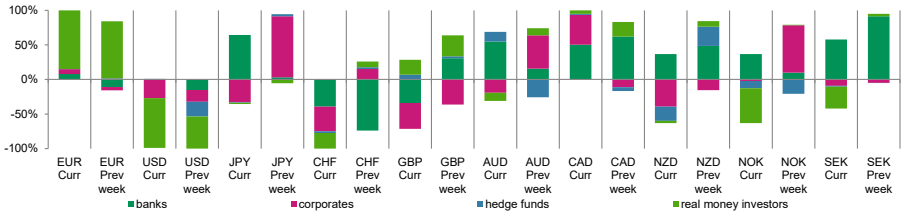
Fig 4. Current vs previous week weighted contributions of positioning sub-indices



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

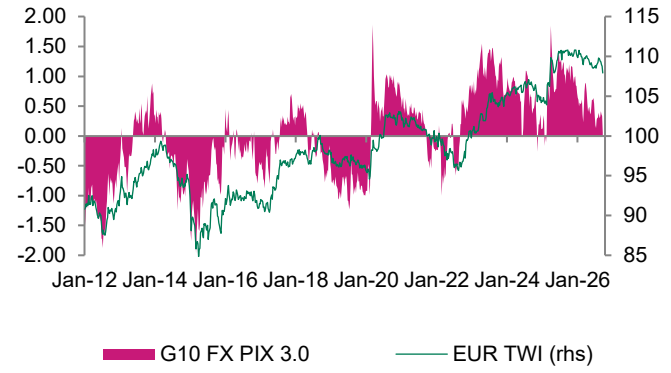
Source: Crédit Agricole CIB

Fig 5. Current vs previous week FX flows



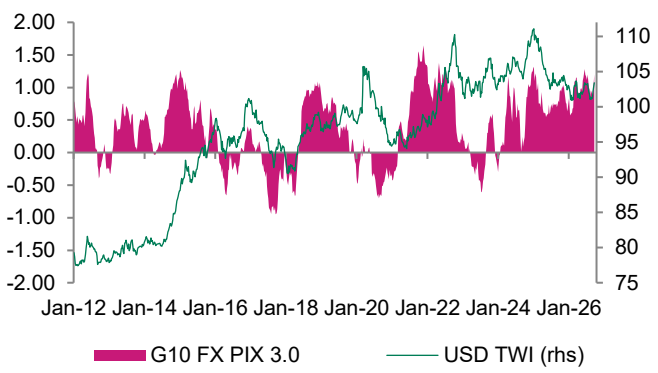
Source: Crédit Agricole CIB

Fig 6. G10 FX PIX 3.0 for EUR



Source: Crédit Agricole CIB, Bloomberg

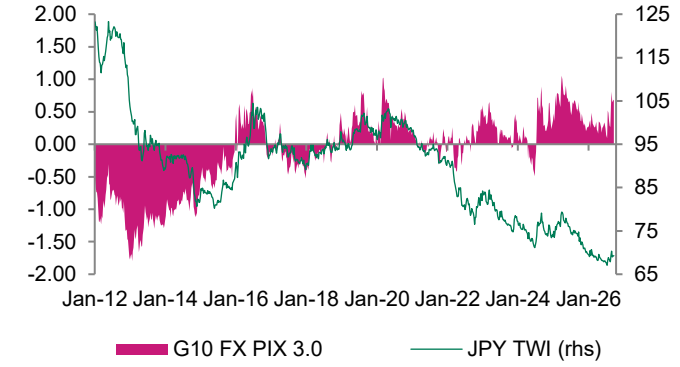
Fig 7. G10 FX PIX 3.0 for USD



Source: Crédit Agricole CIB, Bloomberg

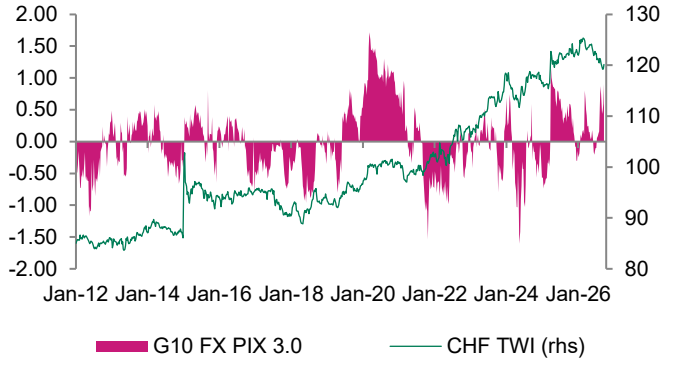
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Fig 8. G10 FX PIX 3.0 for JPY



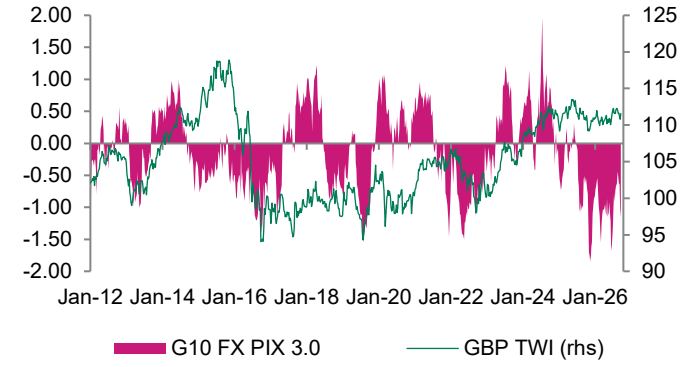
Source: Crédit Agricole CIB, Bloomberg

Fig 9. G10 FX PIX 3.0 for CHF



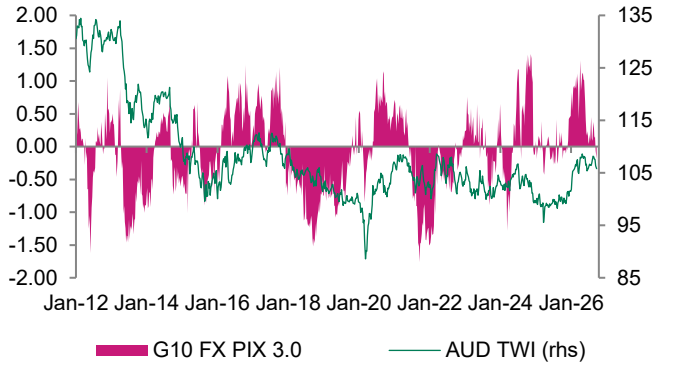
Source: Crédit Agricole CIB, Bloomberg

Fig 10. G10 FX PIX 3.0 for GBP



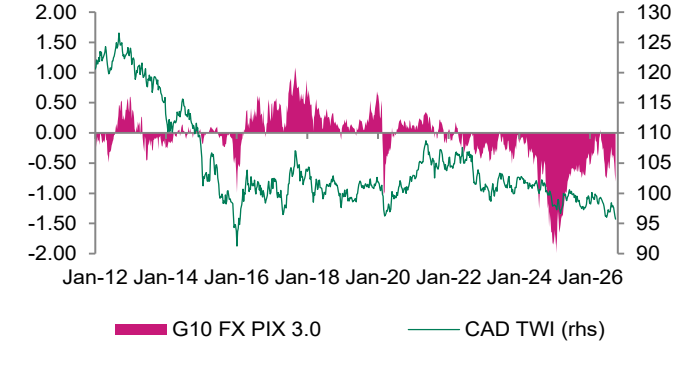
Source: Crédit Agricole CIB, Bloomberg

Fig 11. G10 FX PIX 3.0 for AUD



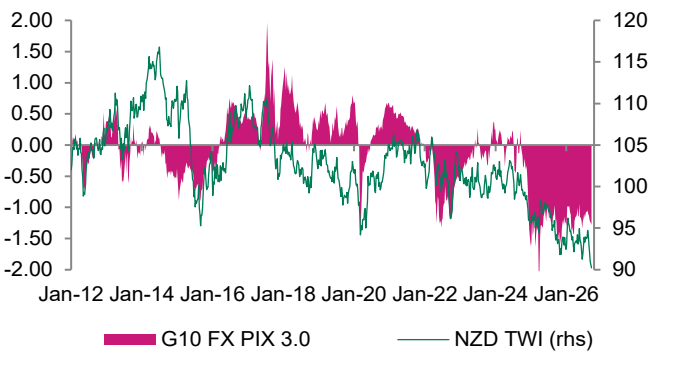
Source: Crédit Agricole CIB, Bloomberg

Fig 12. G10 FX PIX 3.0 for CAD



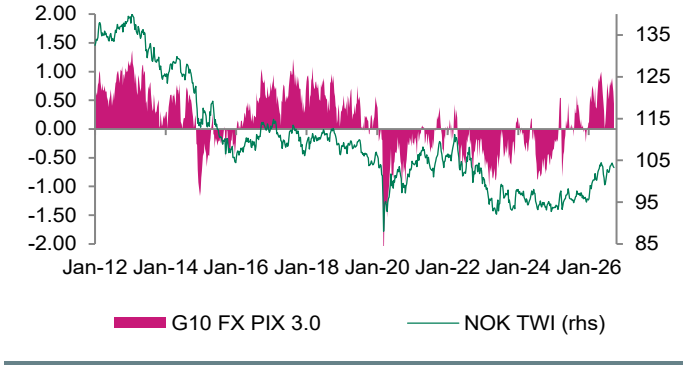
Source: Crédit Agricole CIB, Bloomberg

Fig 13. G10 FX PIX 3.0 for NZD



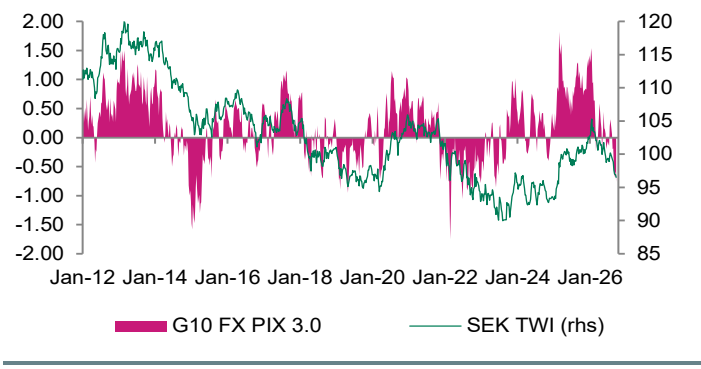
Source: Crédit Agricole CIB, Bloomberg

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 05 October 2026

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

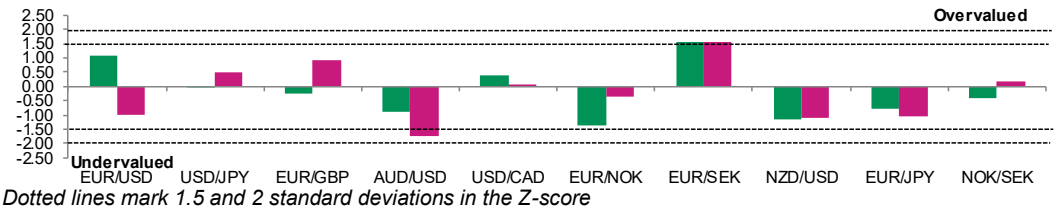
- **The FAST FX model made 0.19% last week being short EUR/SEK. The cross remains very overvalued and the model has triggered another short EUR/SEK trade for this week with a stop-loss of -0.94% and a take-profit level of 11.0066.**
- **EUR/SEK's fair value fell from 11.0073 to 11.0066, but its downward move was limited by a fall in the Eurozone-Sweden box yield spread. EUR/SEK's rise has made the exchange rate more than 1.5 standard deviations overvalued. As a result, the FAST FX model has triggered a short EUR/SEK trade.**
- **EUR/NOK's fair value increased from 10.8515 to 10.9051 due to a rise in the Eurozone-Norway box yield spread as well as falls in energy prices and global equities, which was partly offset by a fall in the Eurozone-Norway short-term rates spread. EUR/NOK's fall has pushed it into undervaluation territory. This undervaluation is just short of the 1.5 standard deviations required to trigger a buy trade.**
- **EUR/USD's fair value dropped from 1.1419 to 1.1109 due to correction lower in the Eurozone-US short-term rates spread and the Eurozone-US box yield spread as well as a persistent rise in the peripheral EGB yield spread to Bunds. The overvaluation is still short of the 1.5 standard deviations required to trigger a sell trade, however.**

New trades this week

Time Stamp	Entry	Pair	Direction	Spot at entry	Take Profit	Stop Loss
09:00BST	05/10/2026	EUR/SEK	SELL	9am London fix	11.0066	-0.94%

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	1.1255	1.1109	1.32%	1.09	stable
USD/JPY	157.85	157.92	-0.04%	-0.04	unstable
EUR/GBP	0.8498	0.8512	-0.16%	-0.27	stable
AUD/USD	0.6956	0.7038	-1.16%	-0.87	stable
USD/CAD	1.4251	1.4204	0.33%	0.36	stable
EUR/NOK	10.8213	10.9051	-0.77%	-1.37	stable
EUR/SEK	11.2988	11.0066	2.66%	1.56	stable
NZD/USD	0.5616	0.5732	-2.02%	-1.16	stable
EUR/JPY	177.66	178.86	-0.67%	-0.78	unstable

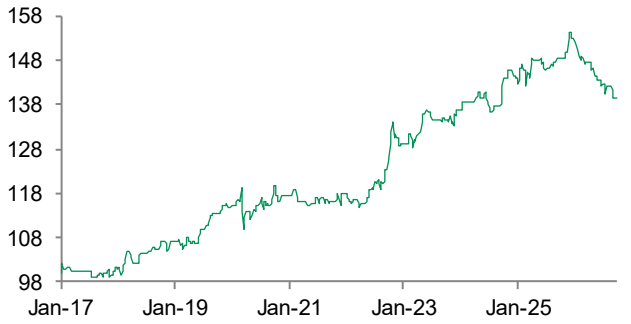
For a stable regime – the primary model is used whereby trades are triggered when the z-score is greater than 1.5 or less than -1.5; while for an unstable regime – the secondary model is used and the trigger level is +/-2 for the z-score.

Source: Bloomberg, Crédit Agricole CIB

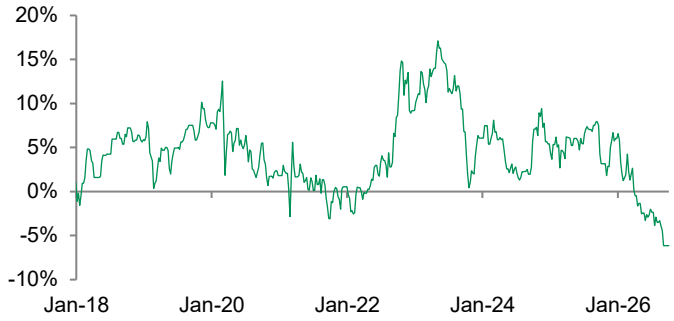
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Short-term fair value charts

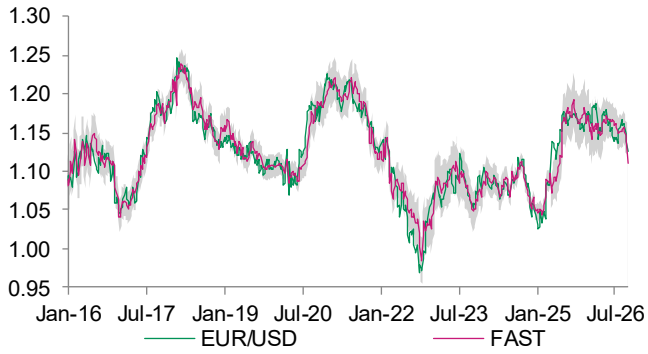
FAST FX Model performance since 2017



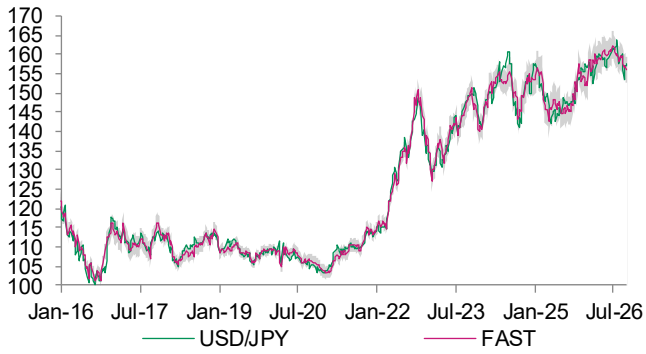
Annual Return since 2018



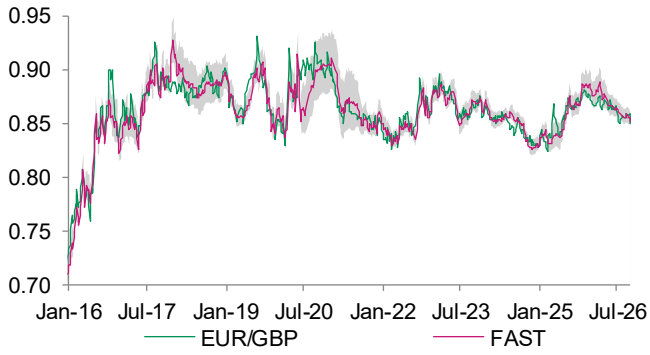
EUR/USD



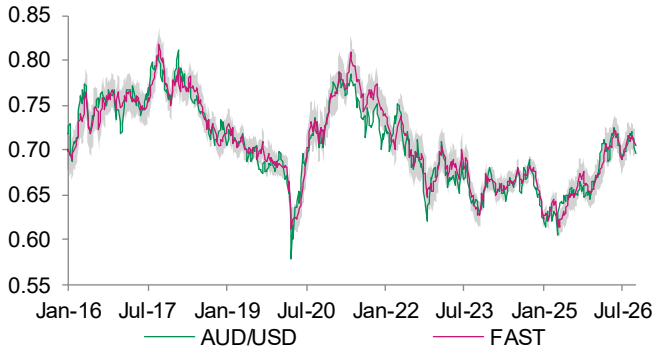
USD/JPY



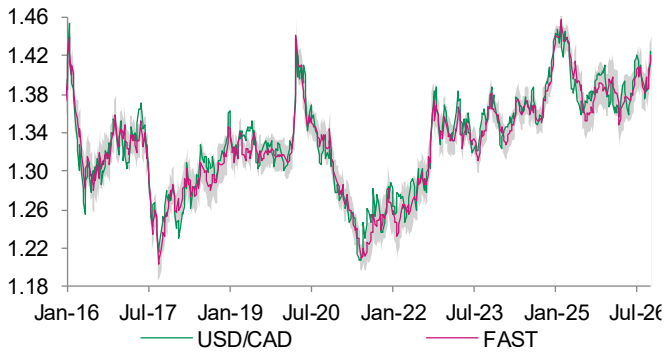
EUR/GBP



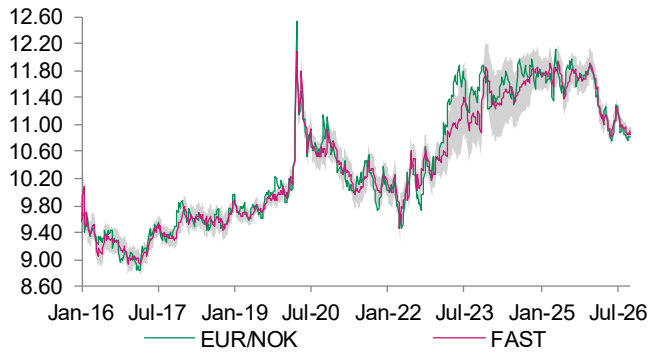
AUD/USD



USD/CAD



EUR/NOK

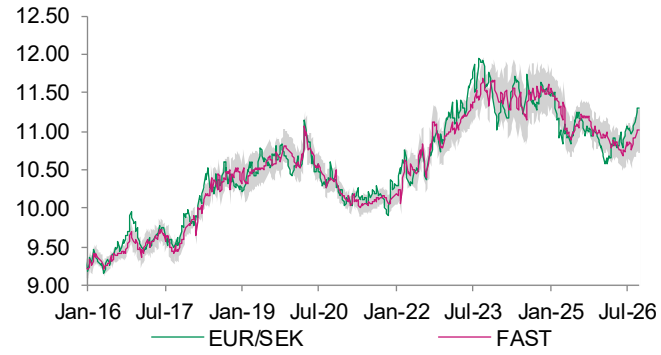


Note: Shaded area represents 1.5 standard deviation bands

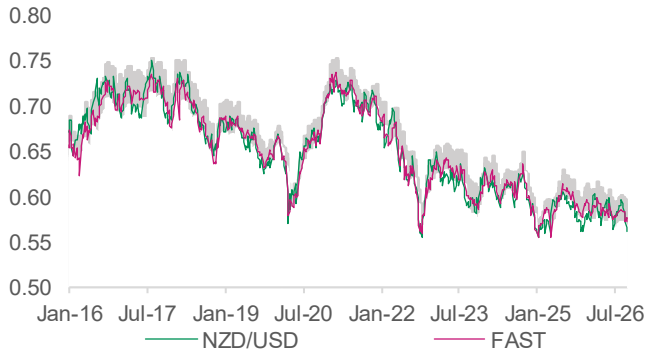
Source all charts: Crédit Agricole CIB, Bloomberg

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EUR/SEK



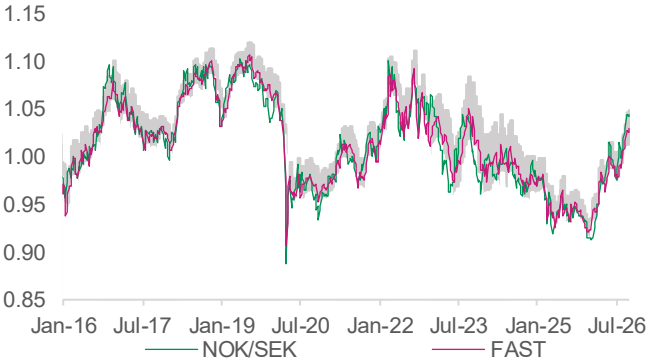
NZD/USD



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 Fair Value Model Update

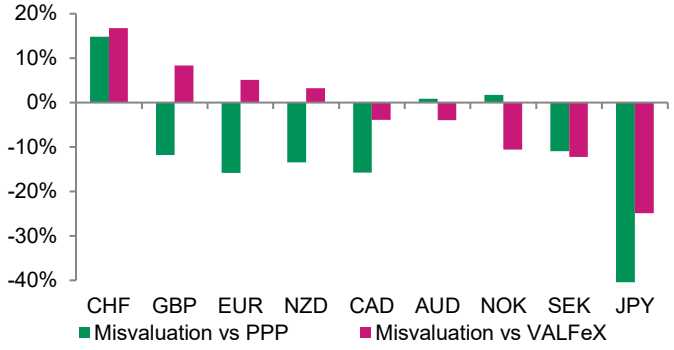
This is our latest update published 07 September 2026

For more information please refer to the FX Focus – Introducing CACIB's FX fair value model: G10 VALFeX

- **While the Iran war and its impact on global commodity terms of trade and central bank rate expectations dominated the G10 VALFeX FX fair values in Q126, Q226 was characterised by less homogenous developments of G10 FX fundamentals that further had conflicting effects on our fair value estimates. The two common trends in Q226 were: (1) a rebound of the USD real rate and yield advantage vs most G10 currencies bar the GBP, AUD and JPY, as investors reassessed their Fed policy outlook; and (2) a renewed deterioration of the commodity terms of trade for energy exporters, after subsiding geopolitical risks started deflating the oil price rally. We further saw notable relative productivity gains in the case of the AUD, GBP and CHF, but also losses in the case of the NOK and SEK.**

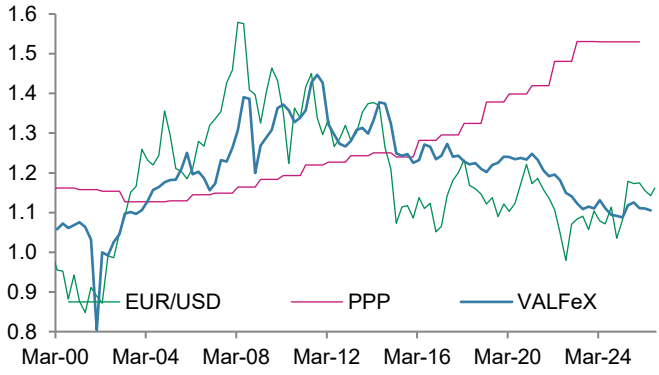
- **As a result, the USD's long-term fair value eked out 0.08% on average in Q226 while the USD gained 2.4% on average in FX spot over the same period. At present, the USD looks (1) overvalued vs the JPY, NOK, AUD, CAD and SEK; and (2) cheap vs the CHF, GBP, NZD and EUR. AUD/USD, GBP/USD and NZD/USD saw their fair values climb to 0.7510, 1.2480 and 0.5690 in Q226 from 0.7467, 1.2445 and 0.5671 in Q126, respectively. In contrast, USD/JPY and USD/CHF fair values dipped to 116.93 and 0.9470 in Q226, from 118.89 and 0.9600 in Q126. The fair values of USD/CAD, USD/SEK and USD/NOK increased to 1.332, 8.42 and 8.31 in Q226 from 1.322, 8.24 and 8.19 in Q126, respectively. Finally, EUR/USD saw its fair value remaining broadly stable at 1.1050 in Q226 vs 1.1099 in Q126.**

The USD misvaluation according to VALFeX and PPP



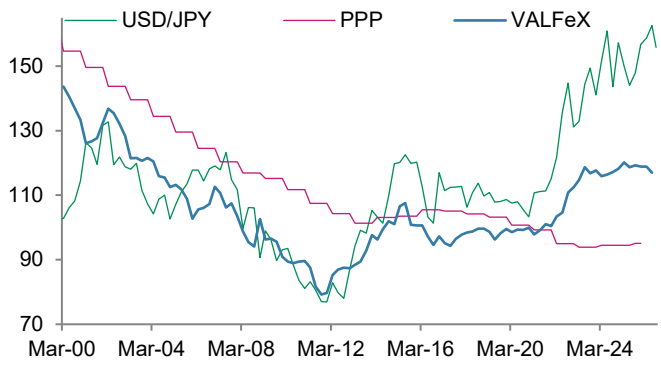
Source: Crédit Agricole CIB, Bloomberg

The EUR is expensive according to VALFeX but not PPP



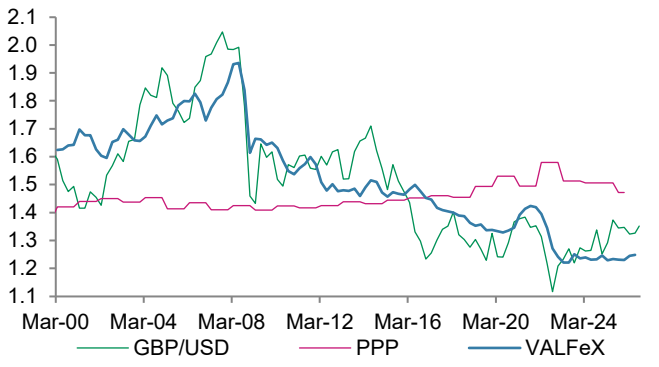
Source: Crédit Agricole CIB, Bloomberg

The JPY looks undervalued relative to VALFeX and PPP



Source: Crédit Agricole CIB, Bloomberg

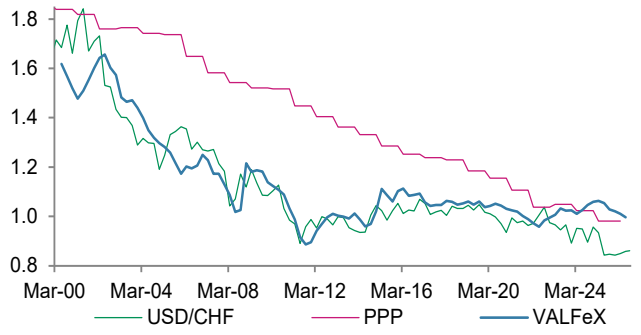
The GBP is expensive according to VALFeX but not PPP



Source: Crédit Agricole CIB, Bloomberg

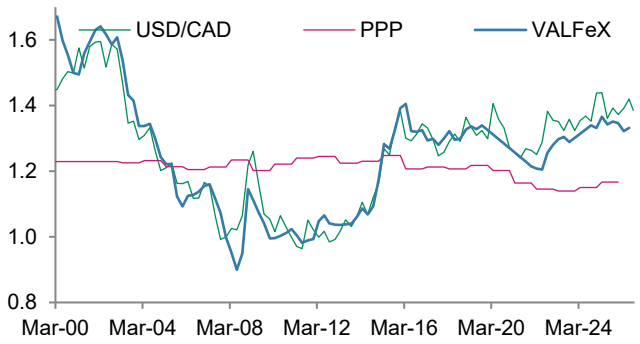
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The CHF looks overvalued relative to PPP and VALFeX



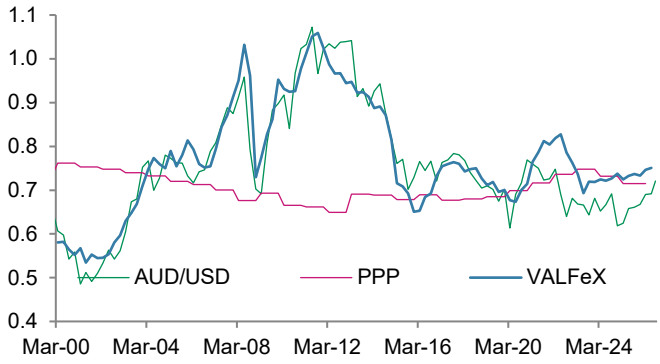
Source: Crédit Agricole CIB, Bloomberg

The CAD looks undervalued relative to VALFeX and PPP



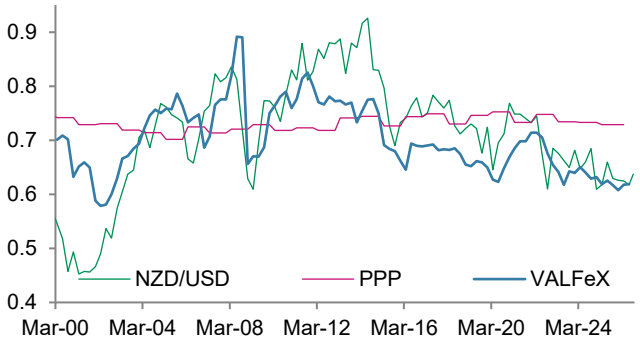
Source: Crédit Agricole CIB, Bloomberg

The AUD is undervalued according to VALFeX but not PPP



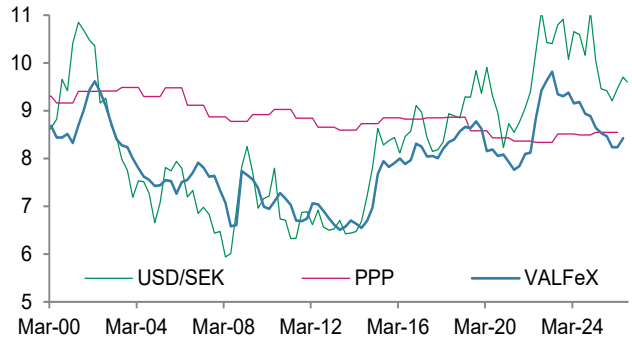
Source: Crédit Agricole CIB, Bloomberg

The NZD looks undervalued relative to PPP but looks expensive relative to VALFeX



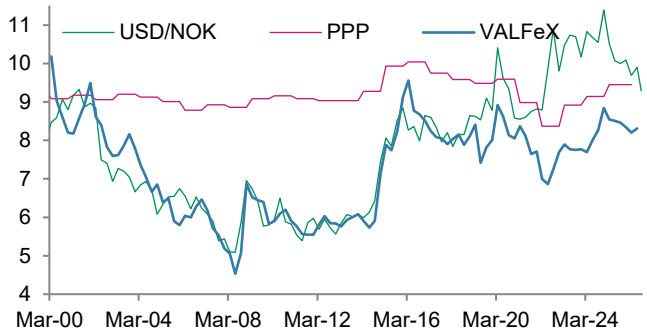
Source: Crédit Agricole CIB, Bloomberg

The SEK looks undervalued relative to VALFeX and PPP



Source: Crédit Agricole CIB, Bloomberg

The NOK is undervalued according to VALFeX but not PPP



Source: Crédit Agricole CIB, Bloomberg

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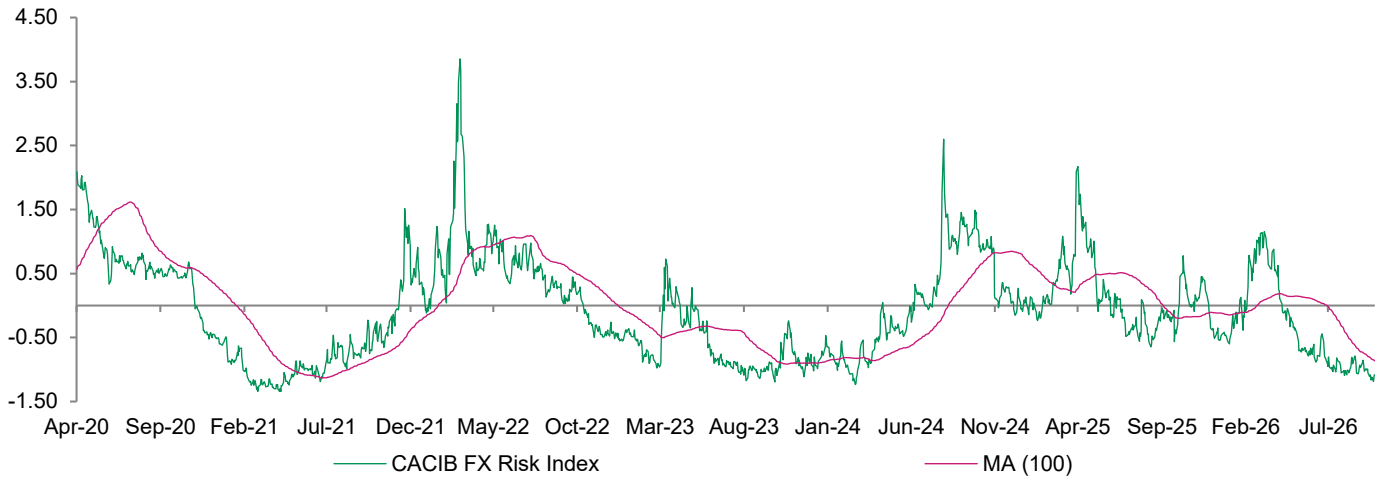
FX Risk Index

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.**

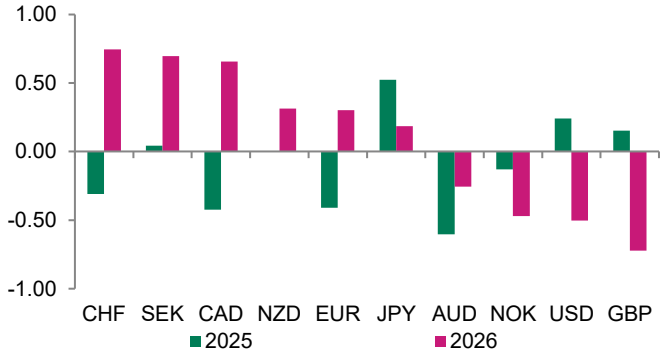
CACIB FX Risk Index



Source: Crédit Agricole CIB

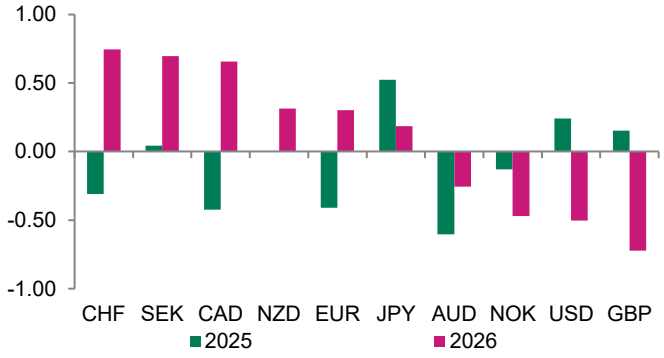
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Currency sensitivity



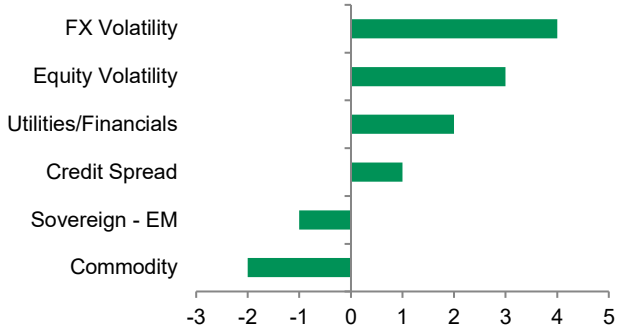
Source: Bloomberg, Crédit Agricole CIB

Currency sensitivity



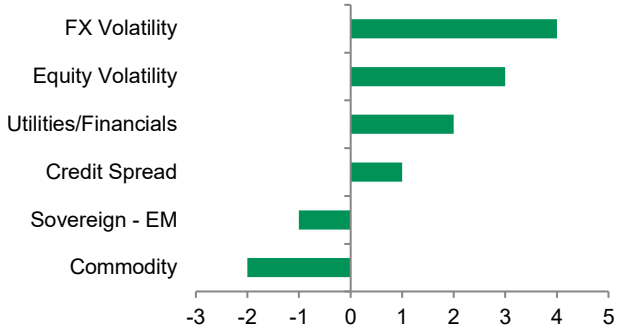
Source: Bloomberg, Crédit Agricole CIB

Contribution of components



Source: Bloomberg, Crédit Agricole CIB

Contribution of components



Source: Bloomberg, Crédit Agricole CIB

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Key releases in the week ahead

GMT		Indicator/Event	For	Cons.	Prev.	Comment
Monday 12 October						
10:30	UK	BoE's Breeden speaks in Atlantic Council Interview				
13:50	UK	BoE's Mann speaks at NABE annual meeting				
17:10	US	Fed's Hammack speaks at NABE conference				
Tuesday 13 October						
00:50	JN	PPI YoY	Sep		7.60%	
04:00	UK	BoE's Greene speaks in Bangkok				
01:30	AU	Business Confidence	Sep		-8.40	
04:00	UK	BoE's Greene speaks in Bangkok				
07:00	GE	CPI YoY	Sep		3.30%	
08:45	US	Fed's Waller speaks at Bloomberg New Economy forum				
11:00	US	NFIB	Sep		98.70	
15:00	US	Existing Homes Sales MoM	Sep	-0.25%	-1.97%	
17:00	UK	BoE's Dhingra speaks on Panel in London				
19:00	US	Budget Statement	Sep		-167 B	
21:00	US	Fed's Collins speaks at Banking conference				
Wednesday 14 October						
00:00	CH	Trade Balance	Sep	120.00 B	119.09 B	
00:30	AU	Westpac Leading Index	Sep		-0.04%	
00:50	JN	Money Stock M2 YoY	Sep		2.00%	
02:30	CH	CPI YoY	Sep	1.10%	0.80%	
02:30	CH	PPI YoY	Sep	4.40%	3.80%	
04:30	EZ	ECB's Zigman, BoE's Breeden speak on digital money				
07:00	UK	BoE's Pill speaks at Roundtable in Bangkok				
08:00	SP	CPI YoY	Sep		5.00%	
09:30	EZ	ECB's Pereira, Peru's Velarde speak in Bangkok				
09:30	EZ	ECB's Lagarde speaks on Europe Digital Future				
10:20	EZ	ECB's Escriva, Makhlouf speak at IIF in Bangkok				
10:40	US	Bowman in moderated conversation				
13:30	US	**CPI YoY**	Sep	3.60%	3.40%	
13:30	CA	Building permits MoM	Aug		-17.30%	
19:00	US	**Fed releases Beige Book**				
Thursday 15 October						
00:50	JN	Machine Orders YoY	Aug		11.20%	
01:30	AU	**Unemployment**	Sep		4.60%	
04:35	EZ	ECB's Kocher, Simkus speak in Bangkok				
04:40	UK	BoE's Pill speaks on Panel in Bangkok				
05:30	JN	Industrial Production YoY	Aug		3.40%	
05:30	JN	Capacity Utilization	Aug		0.47%	
07:00	UK	Construction Output	Aug		-2.50%	
07:00	UK	Industrial Production YoY	Aug		0.60%	
07:00	UK	Manufacturing Prod. YoY	Aug		2.60%	
07:00	UK	**GDP**	Aug		0.40%	
07:00	UK	Trade Balance	Aug		-3450 M	
07:00	NO	External Trade Balance	Sep		100.44 B	
07:30	SZ	PPI YoY	Sep		-0.70%	
07:45	UK	BoE's Greene speaks on Panel in Bangkok				
07:45	FR	CPI YoY	Sep		3.40%	
09:45	UK	BoE's Breeden speaks on IIF Panel in Bangkok				
10:00	CA	BoC Rogers speaks in Bangkok				
10:00	EZ	Industrial Production MoM	Aug		-0.10%	
13:30	US	PPI final Demand YoY	Sep		5.40%	
13:30	CA	Manufacturing Sales	Aug		-0.35%	
13:30	CA	Wholesale Trade	Aug		0.30%	

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GMT		Indicator/Event	For	Cons.	Prev.	Comment
13:30	US	**Retail Sales Advance MoM**	Sep	0.20%	1.10%	
13:30	US	Philly Fed	Oct	27.80	37.80	
15:00	US	Business Inventories	Aug		0.80%	
21:30	US	Fed's Hammack participates in a moderated discussion				
22:30	NZ	BNZ Manufacturing PMI	Sep		53.10	
22:45	NZ	Food Prices MoM	Sep		0.30%	
Friday 16 October						
	JN	BoJ Deputy Governor Uchida speech				
00:00	JN	Tokyo Dpt Store Sales YoY	Sep		5.70%	
03:00	UK	BoE Governor speaks in Fireside Chat in Bangkok				
04:30	US	Fed's Warsh in fireside chat with IMF's Georgieva				
10:00	IT	CPI	Sep		4.10%	
10:00	EZ	CPI YoY	Sep		3.80%	
10:00	CA	Home Sales	Sep		-0.70	
10:00	EZ	Trade Balance NSA	Aug		14191 M	
11:00	IT	Trade Balance	Aug		8240 M	
13:00	CA	BoC Alexopoulos speaks				
13:15	CA	Housing starts	Sep		229 K	
13:30	US	Import Price MoM	Sep		0.70%	
13:30	CA	Intl Transactions	Aug		20.65 B	
14:15	US	Capacity Utilization	Sep	76.50%	76.27%	
14:15	US	Industrial Production MoM	Sep	0.30%	0.02%	
21:00	US	TIC	Aug	0.00 B	-27.91 B	

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Exchange rate forecasts

		7-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	1.43	1.38	1.36	1.34	1.33	1.32
Australia	AUD/USD	0.70	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	1.61	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	176.96	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	10.71	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	11.20	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	96.76	96.00	94.00	94.00	92.00	92.00
Indonesia	USD/IDR	17875	17600	17500	17500	17250	17250
Malaysia	USD/MYR	4.09	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	1339	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	25975	26250	26200	26200	26100	26000
Latin America							
Brazil	USD/BRL	5.02	5.25	5.30	5.35	5.40	5.45
Chile	USD/CLP	978.54	960.00	940.00	920.00	900.00	890.00
Colombia	USD/COP	3231.25	3550.00	3600.00	3650.00	3700.00	3750.00
Mexico	USD/MXN	17.98	18.00	18.25	18.50	18.75	19.00
Peru	USD/PEN	3.44	3.45	3.50	3.55	3.60	3.65
Africa							
South Africa	USD/ZAR	16.61	15.50	15.50	15.50	15.50	15.50
Emerging Europe							
Poland	USD/PLN	3.90	3.82	3.82	3.79	3.72	3.68
Russia	USD/RUB	85.47	77.00	80.00	81.00	82.00	83.00
Turkey	USD/TRY	49.19	51.50	52.50	53.50	54.10	55.00
Central Europe							
Czech Rep.	EUR/CZK	24.40	24.10	23.90	23.60	23.30	23.10
Hungary	EUR/HUF	365	364	362	360	358	357
Poland	EUR/PLN	4.37	4.32	4.32	4.32	4.31	4.30
Romania	EUR/RON	5.35	5.28	5.28	5.30	5.30	5.30
Precious Metals							
Gold	XAU/USD	4120	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

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Interest rate forecasts – developed countries

	07-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	2.64	2.85	2.85	2.65	2.50	2.30
Germany						
2Y	3.04	3.36	3.35	3.40	3.43	3.40
5Y	3.20	3.45	3.47	3.55	3.62	3.65
10Y	3.48	3.68	3.69	3.77	3.93	3.95
30Y	3.87	4.00	4.11	4.23	4.40	4.43
France						
2Y	3.62	3.66	3.72	3.83	3.78	3.80
5Y	4.18	4.05	4.27	4.35	4.37	4.45
10Y	4.87	4.68	4.84	4.97	4.98	5.05
30Y	5.43	5.25	5.46	5.68	5.70	5.78
Italy						
2Y	3.47	3.66	3.70	3.85	3.85	3.80
5Y	4.04	4.10	4.17	4.33	4.42	4.45
10Y	4.65	4.58	4.64	4.87	4.98	5.00
30Y	5.25	5.15	5.26	5.51	5.63	5.58
Spain						
2Y	3.25	3.42	3.43	3.50	3.53	3.52
5Y	3.59	3.66	3.65	3.72	3.79	3.80
10Y	4.13	4.13	4.14	4.32	4.48	4.50
30Y	4.68	4.65	4.76	5.01	5.10	5.08
Belgium						
10Y	4.35	4.28	4.29	4.47	4.68	4.65
Ireland						
10Y	3.64	3.93	3.94	4.07	4.18	4.25
Portugal						
10Y	4.02	3.78	3.79	3.87	4.03	4.05
Finland						
10Y	3.87	4.08	4.09	4.17	4.33	4.40
Greece						
10Y	4.50	4.43	4.49	4.57	4.73	4.80
Sweden						
Repo		2.00	2.25	2.25	2.25	2.25
Norway						
Deposit	4.50	4.50	4.50	4.50	4.50	4.50
EUR swaps						
2Y	3.36	3.56	3.58	3.59	3.58	3.53
5Y	3.46	3.61	3.64	3.68	3.70	3.70
10Y	3.58	3.68	3.71	3.75	3.83	3.85
30Y	3.47	3.58	3.71	3.78	3.90	3.93
GBP						
Bank Rate	0.00	4.00	4.25	4.25	4.00	3.75
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.)

	07-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	4.79	4.75	4.85	4.80	4.75	4.60
5Y	5.04	4.90	4.95	4.90	4.85	4.75
10Y	5.31	5.05	5.10	5.05	5.05	4.95
30Y	5.69	5.40	5.45	5.40	5.40	5.30
USD swaps						
2Y	4.64	4.63	4.74	4.69	4.64	4.49
5Y	4.76	4.64	4.69	4.65	4.60	4.51
10Y	4.90	4.67	4.73	4.68	4.69	4.60
30Y	5.01	4.72	4.78	4.74	4.75	4.66
JPY						
Call rate	0.00	1.25	1.50	1.50	1.75	1.75
JGBs						
2Y	1.95	1.90	2.00	2.00	2.15	2.15
5Y	2.41	2.35	2.40	2.40	2.45	2.45
10Y	3.12	3.05	3.10	3.10	3.20	3.20
30Y	4.22	4.15	4.20	4.20	4.25	4.25
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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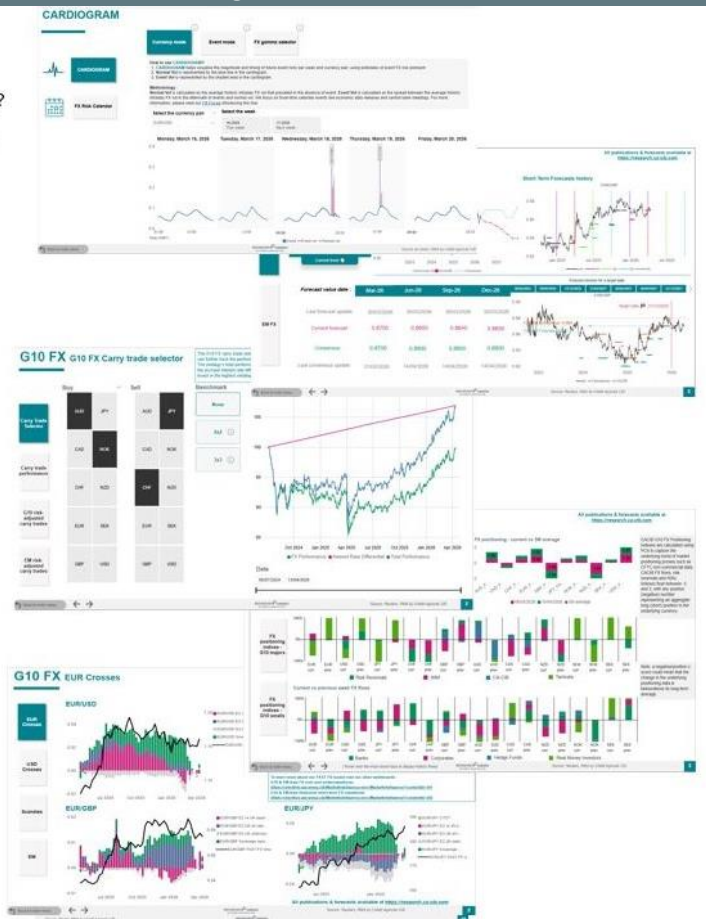
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What is the FX CARDIOGRAM?
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How accurate have our FX forecasts been?

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How to build a tailored FX carry trade and track its performance over time?

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How are FX corporates positioned?
What are hedge funds and real money buying and selling?

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What are the key FX drivers at present – relative rate spreads or market risk sentiment?
Are the FX markets in risk-on or risk-off mood?
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Valentin Marinov, David Forrester, Alexandre Dolci

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