FX Weekly

07:30 CET
16 October 2026

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Taking stock

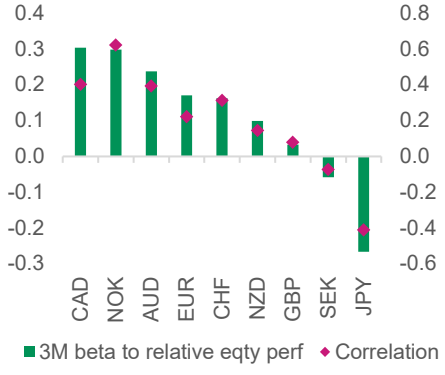
- **Upbeat US CPI data for September reignited the USD rally to new one-year highs, following in the footsteps of the knee-jerk reaction higher in USD rates/yields. Those moves were nonetheless swiftly reversed, and even more, as it seemed that global markets could not take much more tightening in US financial conditions. The subsequent decline in US equities then allowed for a major turnaround in USD rates, pointing to a ceiling that could be hard to break in the rates space without causing much damage elsewhere. With US money markets already discounting an overly aggressive Fed outlook in our view, and other central banks sounding hawkish too, relative policy expectations may then become somewhat less influential as an FX driver, which could restrict the potential for USD gains from here.**

- **FX participants could thus for some time turn their eyes to alternative avenues such as equities. A key feature of the past few months has been the outperformance of US equities over most other developed markets, and in recent years such a divergence has rarely been more important in bringing USD gains vs most G10 FX peers. Notably, over the past three months, USD/NOK and USD/CAD posted both the highest betas and the strongest correlations to relative equity performances. Therefore, in a benign environment where US equities struggle to go from record to record and other places play gradual catch-up, the NOK and CAD could be better positioned to recoup some ground, especially if energy prices stay elevated in the wake of new flare-ups in the Middle East.**

- **A retracement should avoid turning into a correction across global markets, amid mounting concerns around AI worldwide. The US earnings season is set to pick up in the week ahead, albeit without too many bellwethers from the tech sector. Instead, the latest TIC data could be more closely scrutinised to assess whether foreign investors have strongly participated in the US equity rebound in August, although that month the USD was more mixed than anything else. While FX hedging behaviours remain in question since the reality-check of Q225, growing purchases of risk-correlated US assets may still risk reducing the safe-haven appeal of the USD under distressed times.**

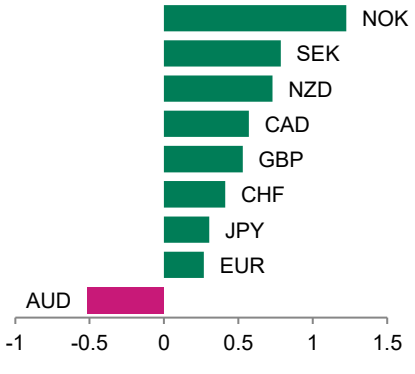
- **Elsewhere, CPI data out of Canada and the UK could be key to decide whether the BoC and BoE will start raising rates in the following weeks. For the EUR, a lack of setback in the French budget process could come as a greater relief than still resilient Eurozone leading indicators.**

FX & relative equity performance



Source: Crédit Agricole CIB, Bloomberg

Five-day performance (vs USD)



Source: Crédit Agricole CIB, Bloomberg



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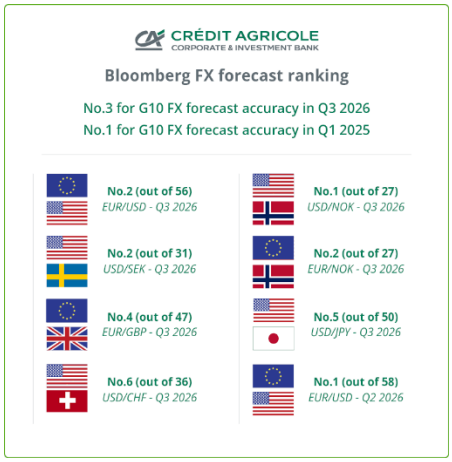
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G10 FX Forecasts

	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 also remain supported 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	11.16	**0.59%**
15/06/2026	10:00 BST	4338.00	Buy XAU/USD	5240.00	3800.00	4175.55	**-0.60%**

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

Closed Spot Trades

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
05/10/2026	09:00 BST	11.2657	Sell EUR/SEK	11.0066	11.3716	11.1786	**1.64%**
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
12/10/2026	09:00 BST	1.3246	Buy GBP/USD	1.3776	1.2981	1.3304	**0.43%**
12/10/2026	09:00 BST	1.1203	Buy EUR/USD	1.1651	1.0979	1.1230	**0.21%**

Closed Spot Trade

Open date	Time	Entry	Recommendation	Close date	Close time	Exit level	P&L
05/10/2026	09:00 BST	10.0550	Sell USD/SEK	09/10/2026	22:00 BST	9.9945	**0.60%**
05/10/2026	09:00 BST	1.3228	Buy GBP/USD	09/10/2026	22:00 BST	1.3235	**0.05%**
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%**

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	**1.27%**
Return on closed trades (YTD)	**-13.98%**
Hit ratio (YTD)	**45.07%**
Total return (YTD)	**-12.70%**

**Returns calculated as %VaR with 2% risk allocation per trade*
***Cost is a percentage of the notional value traded*
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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
24/08/2026	09:00 BST	1.3637	Sell GBP/USD	28/08/2026	22:00 BST	1.3534	**0.75%**
24/08/2026	09:00 BST	0.8017	Buy USD/CHF	28/08/2026	22:00 BST	0.8094	**1.35%**
17/08/2026	09:00 BST	1.3563	Sell GBP/USD	21/08/2026	22:00 BST	1.3644	**-0.60%**
10/08/2026	09:00 BST	1.3495	Sell GBP/USD	14/08/2026	22:00 BST	1.3534	**-0.29%**
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%**

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*
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FX Focus

This is a reproduction of A midterms GOP loss to trigger a USD mid(life) crisis? published 16 October 2026

- **Ahead of the US midterm elections on 3 November, the market betting odds suggest that investors are expecting a Democratic sweep of US Congress. We agree that there is a strong chance of the House changing hands and that the risk of the GOP losing the Senate has increased considerably of late as well.**

  Our US economist expects a return of legislative gridlock in DC after the midterms, with fiscal support for the economy giving way to more policy uncertainty and potential government shutdowns. Democratic control over the Senate could lead to more intense legislative oversight over the executive and frustrate President Donald Trump's foreign policy as well.

- **Political gridlock and a continuation of Trump's foreign policy could pose downside risks to the US economic outlook and therefore the USD outlook. That said, the experience since 1976 suggests that the two possible outcomes of the midterms could have very different FX impact:**

  - **In cases of a Democratic Congress coupled with a GOP president, the USD weakened in the months after the vote. The results reflect the impact of the 1985 Plaza Accord but also the USD's weakness at the start of both George H W Bush's presidency and George W Bush's second term. The two episodes also featured a slowing economy, Fed rate cuts and a Middle Eastern conflict.**

  - **During periods with a GOP President and Senate coupled with a Democrat House, the USD rallied across the board. The last such episode was during Trump's first presidential term, after the 2018 midterms. It coincided with a recovering US economy and a hawkish Fed. Earlier episodes from the 1980s were less USD-positive, however, partly due to weak economy and Fed easing.**

- **When drawing conclusions about the impact of the US midterms, we thus consider a broader range of factors than just the impact of the midterms. We expect that, in addition to legislative gridlock in DC, a slowing US economy and Fed rate cuts could add to the USD headwinds in 2027. We further expect that a slowing AI investment boom could erode the appeal of USD-denominated assets while de-dollarisation flows could intensify.**

- **We use the 'USD-smile' as a template for our FX outlook but assume that it would start resembling a 'smirk' – to reflect the reduced appeal of the USD during risk aversion spikes due to growing reliance on risk-correlated foreign capital inflows into the US. We expect the USD to slide towards the bottom of the eponymous smile/smirk, dragged down by a loss of rate advantage and portfolio diversification flows in 2027.**

Midterms – change on the horizon

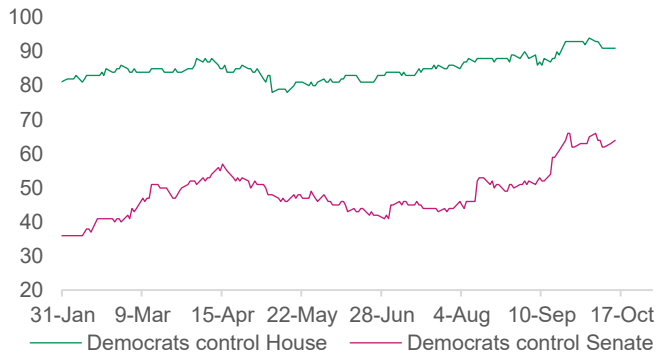
Ahead of the US midterm elections on 3 November, the market betting odds suggest that investors are expecting a Democratic sweep of US Congress. According to Polymarket, market participants attach a greater than 90% chance to the Democrats taking over the House and a more than 60% chance of the Democrats gaining control over the Senate as well (Figure 1). We agree that there is a strong chance of the House changing hands and that the risk of the GOP losing the Senate has increased considerably of late as well.

Our US economist expects a return of legislative gridlock in DC after the midterms, with fiscal support for the economy giving way to more policy uncertainty and even potential government shutdowns (Figure 2). Democratic control over the Senate could lead to more intense legislative oversight over the executive that could frustrate Trump's foreign policy as well. Political gridlock and a continuation of Trump's foreign policy could pose downside risks to the US economic outlook and

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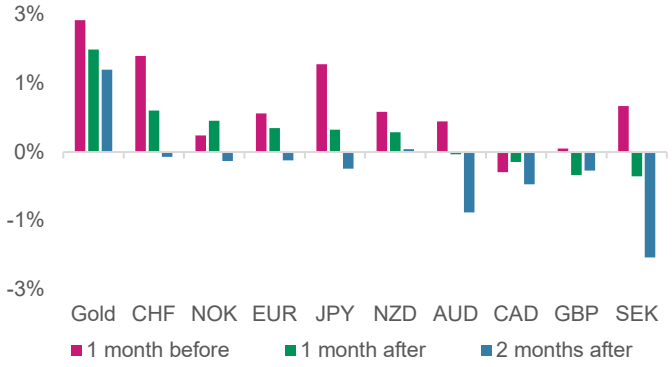
thus the USD outlook. That said, the experience since 1976 suggests that the two possible outcomes of the midterms could have different FX market impact.

Fig 1. Market betting odds ahead of the midterms: growing expectation of Democrat sweep of US Congress



Source: Crédit Agricole CIB, Bloomberg, Polymarket

Fig 2. Performance vs the USD around US government shutdowns since 1990 (date shutdown = 100)

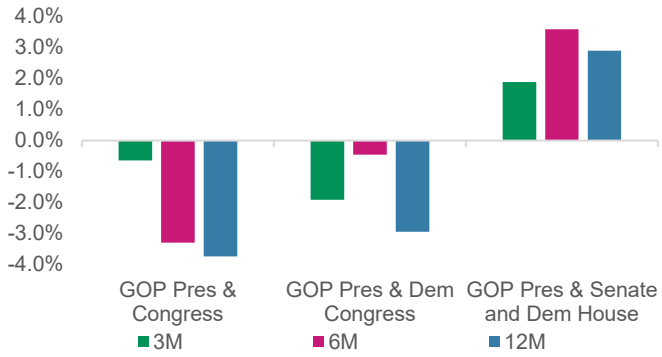


Source: Crédit Agricole CIB, Bloomberg

Historic FX impact of US elections

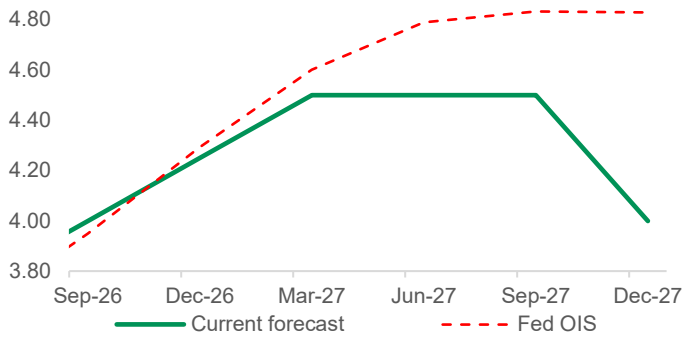
We measure the USD performance three, six and twelve months after all midterm and presidential elections since 1976. We then calculate the average currency return under different outcomes. For the purposes of our analysis, we focus on three possible scenarios: (1) GOP control of the legislature and the executive; (2) a GOP president and Senate coupled with a Democrat House; and (3) a Democratic Congress coupled with a GOP president. The results from our analysis are shown in Figure 3.

Fig 3. USD performance after US elections since 1976 (Election Day = 100)



Source: Crédit Agricole CIB, Bloomberg

Fig 4. CA-CIB Fed rate hike expectations vs US OIS implied rate



Source: Crédit Agricole CIB, Bloomberg

In the following, we focus on (2) and (3) given that they seem to be the most likely outcomes:

1. **Democratic Congress coupled with a GOP president:** in these situations, the USD weakened' in the months after the vote. The results reflect the lingering impact of the 1985 Plaza Accord that continued throughout 1986 and into early 1987 but also the USD's underperformance at the start of George H W Bush's presidency in 1991 and at the start of George W Bush's second term in 2007. The last two episodes also featured a slowing US economy, Fed easing and a conflict in the Middle East.
2. **GOP President and Senate coupled with a Democrat House:** in these cases, the USD rallied across the board. The last such episode was during Trump's first presidential term, after the 2018 midterms. It coincided with a recovering US economy and a hawkish Fed. Earlier episodes that featured a weakening US economy and Fed easing were less positive for the USD, however, as was the case in 1983.

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USD outlook: the midterms and beyond

Gauging the FX impact of legislative gridlock in DC

Based on the above, when drawing conclusions about the impact of the midterms, we consider a broader range of factors rather than just the impact of the midterms. We expect that, in addition to political gridlock in DC, a slowing US economy and Fed easing would add to the headwinds for the USD in 2027.

To start with, we gauge the impact of legislative gridlock by looking at the average USD performance before and after government shutdowns in the last more than thirty years. The results are shown in Figure 2 and highlight that the USD could be particularly vulnerable vs XAU and the CHF.

Slower US growth and inflation => Fed rate cuts

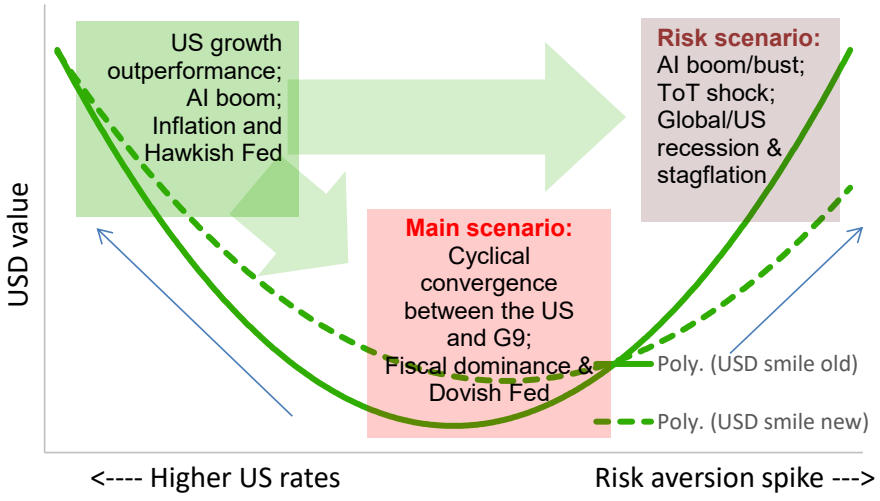
Our US economist expects US growth to cool down and inflation to slow down notably in 2027. The softening economic outlook is partly due to a loss of momentum of the AI-investment boom and renewed slackening of the labour market that could result in softening of US domestic demand. Because of that, we expect the Fed to reverse some of its earlier tightening and to cut rates twice before the end of next year. This is a more dovish outlook than is currently priced in by the rates markets (Figure 4).

From USD smile to USD smirk

Turning to the USD outlook, for our analysis we use the USD smile – the framework that links the currency performance to the prospects for higher US rates and/or risk aversion spikes. In Figure 5, we show two paths for the USD smile using a green and a green dashed line respectively. Our goal is to illustrate the impact from the increase of risk-correlated capital inflows into the US that we observed in the last three years.

We discussed that topic on several occasions and most recently as part of our FX market outlook. Our conclusion is that the growing importance of foreign buying of US risk-correlated assets has rendered the USD a less-attractive safe-haven during bouts of escalating risk aversion. This is why the 'new USD-smile' is starting to resemble a 'smirk' that points at less pronounced USD gains in response to risk aversion spikes (eg, the dashed green line in Figure 5).

Fig 5. The USD smile/smirk and our USD outlook



Source: Crédit Agricole CIB

USD outlook: two scenarios

Also shown in Figure 5 are the two main scenarios that we consider for the next six to twelve months.

1. **Main scenario:** under our central scenario, we expect a slowing growth and inflation outlook to reduce the relative rate appeal of the USD and thus push it towards the bottom of the USD-smile/smirk (Figure 5). Another important

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assumption we make is that the slowing AI-investment boom and its negative impact on US domestic demand would erode the international appeal of USD-denominated assets. Concerns about fiscal dominance over the Fed and thus lower US rates and yields could abound while de-dollarisation flows could intensify. In all, we expect portfolio diversification out of the USD to go up a notch next year.

2. **Risk scenario:** under our risk scenario, we assume that the AI boom turns into bust and triggers a negative demand shock to the US economy. Another risk we consider is persistently high energy prices that fuel US (and global) stagflationary headwinds. We see market risk aversion surging and thus giving the USD a boost, under the risk scenario. As highlighted above, the USD may struggle to benefit fully due to its growing exposure to risk-correlated foreign capital inflows (eg, the dashed green line in Figure 5).

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FX Focus recent publications

Release	Publication	Link
15/10/2026	FX Focus	A midterms GOP loss to trigger a USD mid(life) crisis?
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
07/05/2026	FX Focus	AUD: the Australian budget- lipstick on a pig?
30/04/2026	FX Focus	USD: flow wars
28/04/2026	FX Volatility Monitor	JPY vols run to the lows
15/04/2026	FX Volatility Monitor	Flying under the radar?
30/03/2026	FX Presentation	2026 FX market outlook: “Things can only get better?”
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10/03/2026	FX Focus	CHF: Surrendering Neutral Bliss
04/03/2026	FX Focus	Introducing Crédit Agricole CIB’s FX gamma calendar
02/03/2026	FX Volatility Monitor	Contained escalation
26/02/2026	FX Focus	AUD: dancing on the ceiling and our forecast
17/02/2026	FX Volatility Monitor	Too much steepness in G10 FX vols?
13/02/2026	FX Focus	EUR: more expensive than you think
10/02/2026	FX Focus	Japan’s election, Sanaenomics unbound & our JPY forecasts
04/02/2026	FX Focus	No ‘sell America trade’ but some short-USD hedging
27/01/2026	FX Focus	Upgrading our gold outlook
22/01/2026	FX Focus	The election, Sanaenomics and the JPY
21/01/2026	FX Volatility Monitor	Not ceding to Liberation Day like turmoil
02/12/2025	FX Presentation	2026 FX outlook: things can only get better
02/12/2025	FX Focus	2026 FX outlook: things can only get better
10/11/2025	FX Focus	JPY: Sanaenomics & our forecast
03/11/2025	FX Focus	GBP: near-term forecast downgrade but outlook remains more constructive for 2026
15/10/2025	FX Volatility Monitor	En garde, still?
07/10/2025	FX Focus	JPY: Takaichi’s win & our forecasts
30/09/2025	FX Presentation	FX market outlook: “The USD is down but not out”
29/09/2025	FX Focus	CHF and NZD forecast update
23/09/2025	FX Focus	JPY: the LDP presidential election & our forecasts
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28/08/2025	FX Focus	AUD: Australia’s productivity puzzle & our forecasts
14/08/2025	FX Volatility Monitor	Fighting the summer lull

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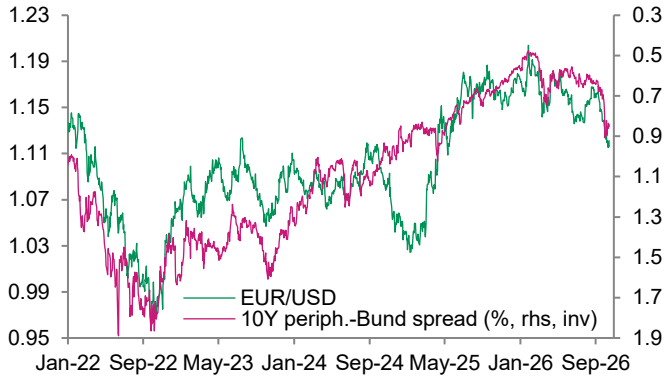
Week ahead: key themes & trades

EUR: risks remain. The most intense phase of the EUR sell-off seems to be behind us. The respite came despite lingering concerns about the ability of the parties in the French National Assembly to compromise on the 2027 budget. We think that the EUR has benefited from a broader shift in sentiment on the global fixed income markets that reflected fading central bank rate hike expectations amid softer energy prices and a renewed stock market sell-off focusing on technology companies. These developments helped the EUR by: (1) putting an end to the widening of the spread between OAT and other EGB yields vs Bunds; and (2) helping the currency's relative rate spreads consolidate near its lows, as investors pare back their Fed and BoE rate hike expectations.

In the near term, EUR-investors will continue to follow the progress of the French budget bill in the National Assembly. Focus will also be on Moody's rating decision on France next Friday. Elsewhere, the main data release next week will be the preliminary PMIs for October. We will also hear from ECB President Christine Lagarde and her colleagues. Despite its latest consolidation, the EUR should remain vulnerable to any potential return of sovereign credit risks. Investors will further keep an eye out for any evidence that the tightening of financial conditions has hurt the economic outlook in the Eurozone and thus may warrant an even less hawkish ECB policy stance from here.

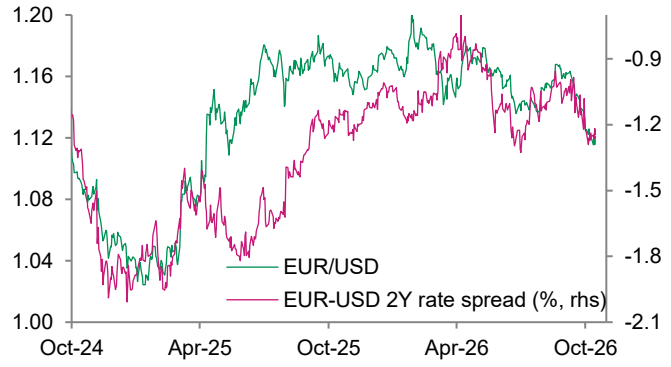
EUR investors will continue to follow the progress of the French budget bill in the National Assembly. Focus will also be on Moody's rating decision on France next Friday. Elsewhere, the main data release next week will be the preliminary PMIs for October. We will also hear from ECB President Christine Lagarde and her colleagues

EUR/USD vs 10Y peripheral yield spread to Bunds



Source: Source: Bloomberg, Crédit Agricole CIB

EUR/USD vs 2Y EUR-USD rate spread



Source: Source: Bloomberg, Crédit Agricole CIB

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USD: (not so) hot commodity. Even though the September US inflation data came in stronger than expected, rate investors pared back their Fed rate hike expectations across the curve. The reaction likely reflected market worries that the concurrent equity market jitters centred on technology stocks have tightened US financial conditions and reduced the need for aggressive Fed hikes. It is also worth highlighting that, despite their recent correction lower, the US rates market is still pricing c.75bp of tightening by the end of 2027. This is a more hawkish policy outlook than our own and suggests that many Fed-related positives are already in the USD price. The USD underperformance in response to the stock market selloff so far this week has further highlighted the limits of the currency's appeal as a safe-haven.

The USD should continue to follow the predictions of the so-called USD smile that links the currency's performance to the prospects for higher US rates and/or risk aversion spikes. With the markets still pricing in a very aggressive Fed hiking cycle and other central banks sounding hawkish as well, however, we doubt that the USD would benefit significantly from further improvement of its relative rate advantage over the rest of G10. We also think that the USD's ability to benefit from further spikes in risk aversion should be limited by the growing purchases of US risk-correlated assets by foreign investors in recent years. This means that when

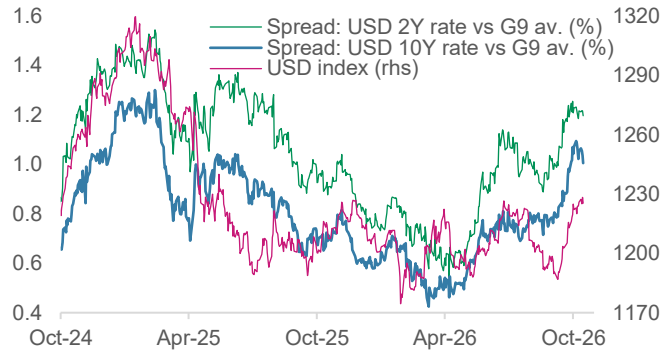
The US calendar is relatively light while the start of the Fed blackout period further means no Fedspeak in the near term. Against this backdrop, alternative FX market drivers like Q3 company earnings and/or geopolitical risks could become more relevant in the near-term. With many Fed-related positives already in its price, the USD performance could increasingly depend on the resilience of market risk sentiment. Even then, however, there would be a limit to which the USD could benefit from further selloff in risk.

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they cut their risk exposure at times of market distress especially one that is centred on US technology stocks, they also cut their USD exposure, thus eroding its appeal as a safe-haven.

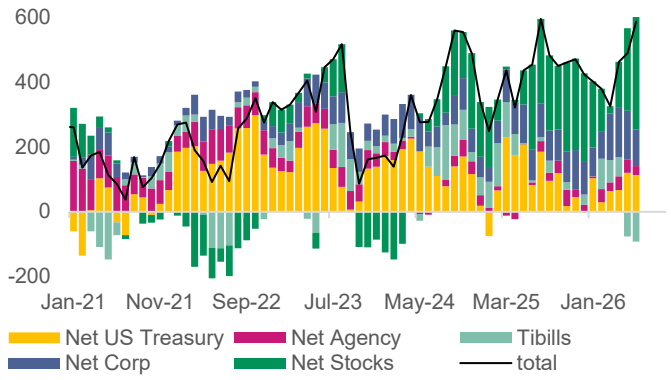
While today's TIC data for August could attract some attention, next week's US calendar is relatively light, with only the preliminary PMIs and the final University of Michigan Consumer confidence for October on the docket. The start of the Fed blackout period further means no Fedspeak before the FOMC meeting on 28 October. Against this backdrop, alternative FX market drivers like Q3 company earnings and/or geopolitical risks could become more relevant in the near term. With many Fed-related positives already in its price, the USD's performance could increasingly depend on the resilience of market risk sentiment. Even then, however, the USD may not benefit from any further sell-off in risk assets if US technology stocks are at the epicentre of market jitters.

The USD rate and yield advantage is no longer growing and could limit the currency's upside



Source: Bloomberg, Crédit Agricole CIB

Recent foreign capital inflows into USD have been dominated by demand for risk-correlated US assets



Source: Bloomberg, Crédit Agricole CIB

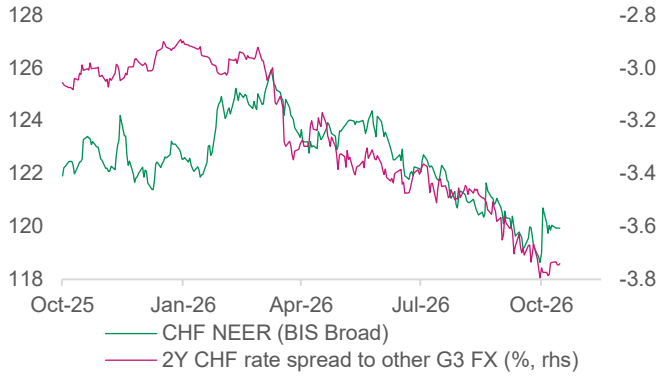
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CHF: watching from the sidelines. EUR/CHF has stabilised in narrower ranges around 0.93 following the sharp adjustment endured at the start of the month. A tentative stabilisation in EGB markets has likely helped as concerns around the French budget/political situation have not become more acute over the past week. Meanwhile, just like gold, the CHF has not enjoyed any material safe-haven demand in the wake of the latest equity slippage, as long-dated bonds have instead caught stronger bids. That has not reduced the CHF's relative disadvantage regarding short rates, as such a consideration could at some point return to the fore to eventually restart some carry-related CHF weakening. This would require sufficient confidence that no major spike in risk aversion is around the corner, while time might play a part too if CHF volatility subsides further. So far, the normalisation in the implied surfaces have only been relatively modest. Meanwhile, the latest Swiss external trade figures due out in the week ahead should be largely shrugged off by the CHF, which could still keep an eye on Thursday's update of the BIS REER for September. Not as a potential market mover though, and more as a reminder that this month's reversal started with the CHF being at its lowest real point in years. Meanwhile, the release of the minutes of the September SNB meeting is unlikely to bring fresh food for thought.

EUR/CHF has steadied near 0.93 as AI-related concerns have not really reinforced safe-haven bids for the CHF

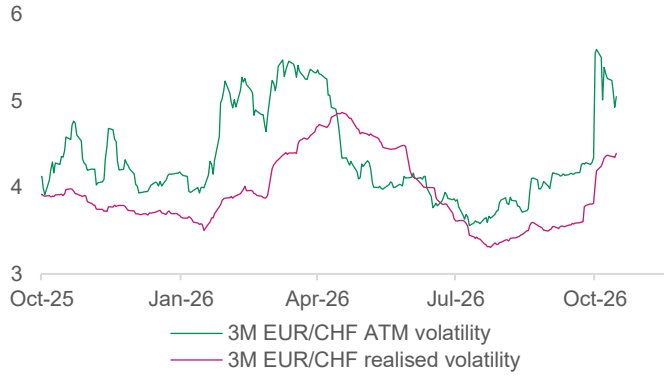
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The CHF's short rate disadvantage has not really abated despite the broad cooling in DM rates



Source: Crédit Agricole CIB, Bloomberg

Time could play a key role in cooling CHF volatility, barring any new exogenous setbacks



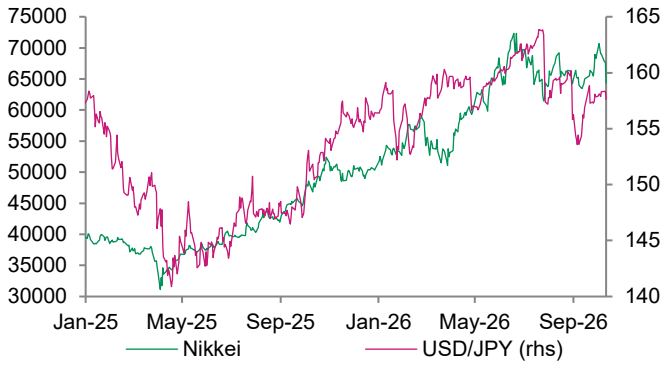
Source: Crédit Agricole CIB, Bloomberg

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JPY: time to shine? The JPY would be one of the G10 currencies to benefit most from an unwinding of the AI boom in equities. While the Nikkei has been a big beneficiary of the AI boom, there remains a strong negative correlation between the JPY and the Japanese bourse. Weaker Japan equities would cause foreign investors to experience falls in their exposures to JPY-denominated assets and lead to the unwinding of FX hedges. USD/JPY would also be weighed down by weaker US technology stocks given a lot of the USD's strength is tied to capital inflows into US equities. Continuing to drive the JPY in the background is the BoJ still moving to normalise rates. We still think this will be more of a neutral for USD/JPY than a negative, with the BoJ to only match the pace of Fed rate hikes. This week, BoJ board member Junko Koeda put forward that the BoJ should not be too cautious in raising rates as financial conditions remain accommodative, there are significant upside risks to inflation and the neutral policy rate is considerably above 1%. While Koeda also said that the BoJ should raise rates in a timely manner, her qualification was that the board should keep an eye on the economic and price situation suggesting back-to-back rate hikes remain unlikely as indicated in a recent article quoting sources at the BoJ. Japan's nationwide inflation data in the coming week could garner a bit more attention from JPY traders than usual. Tokyo inflation was pushed higher and above the BoJ's 2% target for the first time since January as temporary childcare and water fee waivers in the capital were removed. This factor makes the Tokyo inflation data a less effective leading indicator for the nationwide inflation data.

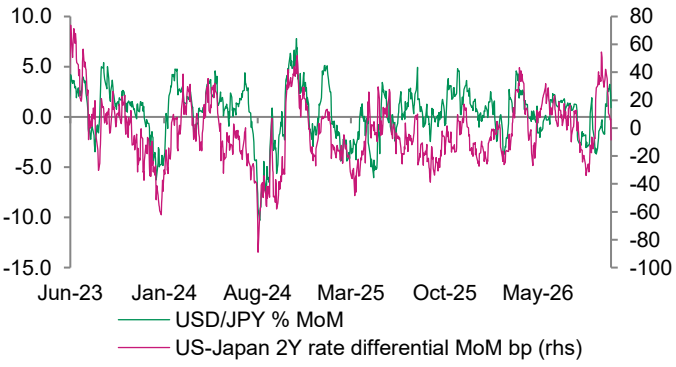
The JPY would be one of the G10 currencies to benefit most from an unwinding of the AI boom in equities. While the Nikkei has been a big beneficiary of the AI boom, there remains a strong negative correlation between the JPY and the Japanese bourse

USD/JPY and the Nikkei remain positively correlated



Source: Bloomberg, Crédit Agricole CIB

Rates shift back in the JPY's favour



Source: Bloomberg, Crédit Agricole CIB

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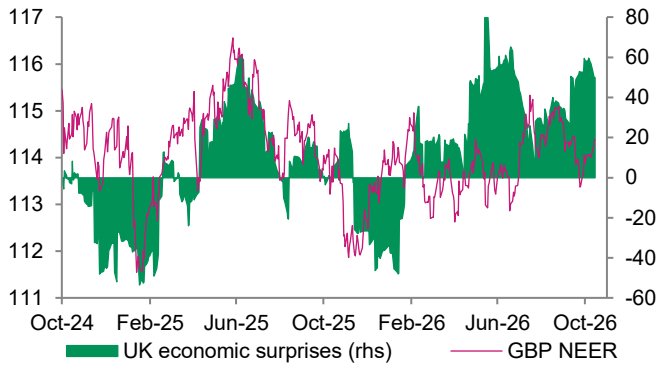
GBP: the bounce continues. The recent GBP resilience, in particular the magnitude of its outperformance vs the EUR and most of its European G10 peers, has surprised us. There seem to be three important reasons for that. The first is the recent strength of the UK economy driven by persistent AI-investment growth that has encouraged forecasters like our economists to upgrade their 2026 UK economic outlook. In addition, the UK rate markets expect four additional BoE rate hikes in the coming months, thus making it one of the most hawkish G10 central banks. Lastly, the GBP-bulls have been emboldened by the fiscal prudence of the Burnham government and its proposed policies to soften the economic blow from the post-Brexit trade deal with the EU.

Looking ahead into next week, GBP investors will continue to scrutinise the quality of the incoming UK data. In that, focus will likely be on the CPI data for September, the preliminary PMIs for October and the latest labour market data. The September public finance data would attract considerable attention heading into the Autumn statement on 28 October

We believe that despite the recent economic resilience and inflation persistence in the UK, rates markets are pricing in a very aggressive BoE tightening cycle. Earlier this week, the BoE's Chief Economist Huw Pill – arguably the MPC's biggest hawk – refused to 'validate' the current hawkish market BoE rate expectations and further highlighted the stagflationary challenges facing the economy. Moreover, the price that the UK economy may have to pay for the government's fiscal prudence would be additional fiscal austerity measures to be announced as part of the Autumn statement on 28 October. We also doubt that the government's ideas to mitigate the growth-negative impact from Brexit would provide any immediate economic gain and expect the UK growth outlook to weaken again next year.

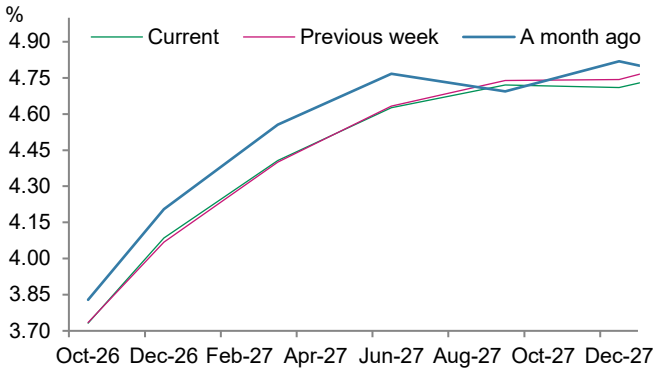
Looking ahead into next week, GBP investors will scrutinise the strength of the incoming UK data releases – eg, the CPI data for September, the preliminary PMIs for October and the latest labour market data. The September public finances data would attract some attention ahead of the Autumn statement as well. Despite the recent positive data surprises out of the UK, we think that the current market pricing of BoE rate hikes is excessive and suggests that many BoE-related positives are already in the price of the GBP. In the case of EUR/GBP, the contrast between the resilient and fiscally prudent UK on the one hand and beleaguered France on the other, could remain a drag. Even there, however, many negatives are in the price.

Positive UK data surprises have helped the GBP…



Source: Source: Bloomberg, Crédit Agricole CIB

…but UK rate markets are too hawkish on the BoE



Source: Source: Bloomberg, Crédit Agricole CIB

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CAD: a shoo-in? USD/CAD went on to post fresh highs around 1.43 this week, although at the same time it was also able to dip below 1.42 for the first time this month. The pair still had to battle with further widening in USD-CAD rate differentials after the Canadian labour report for September broadly underwhelmed with accelerating jobs losses and an uptick in the unemployment rate. That has reduced chances of an October start to BoC rate hikes, although not fully shutting the door on that. Hard on the heels of hot US CPI data, any evidence of a similar pick-up in Canadian inflation figures on Monday could call for the BoC to begin lifting the policy rate from the lower bound of its neutral range estimates, especially

USD/CAD has stabilised in wider ranges near recent highs, ahead of crucial days for the BoC outlook and Canada's unity

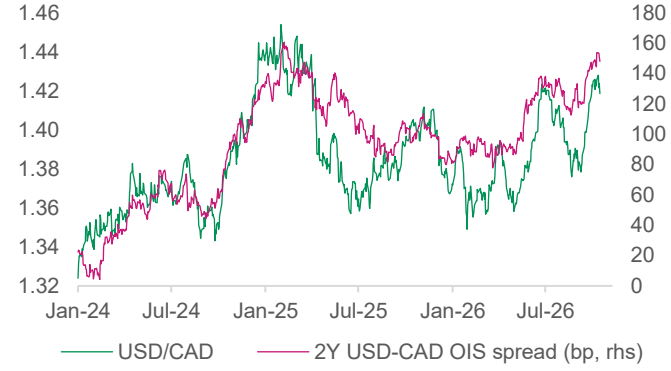
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if on the same day the BoC Business Outlook Survey shows no major deterioration in activity prospects and broader pressures to raise prices.

Aside from that, and as mentioned on the front page, the CAD may also indirectly benefit from a cooling in US equity markets if that reins in the outperformance of the past few months without triggering any material and lasting wave of risk aversion. On that matter, any evidence that Canadian investors have continued to sell their US equity holdings following the record divestment of July in that area could also play in the hands of the CAD, even though at the time FX levels may not have particularly encouraged repatriation.

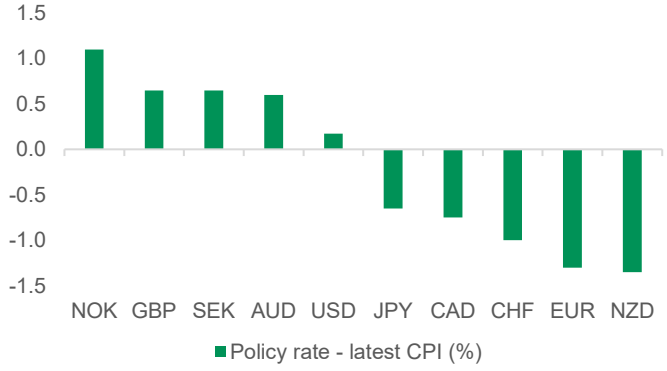
Finally, the CAD could also keep an eye on the results of the Alberta referendum taking place on Sunday, with the last question relating to whether the province should stay within Canada or start the process to hold a dedicated binding referendum to eventually separate. So far, opinion polls have regularly given a comfortable majority of over 60% to the former, in line with the outcome of the 1980 referendum in Quebec, before it turned into a much narrower victory 15 years later. A surprising loss of Remain would surely weigh on the CAD in a knee-jerk reaction, although not directly changing anything anyway for the country, as a more decisive vote would loom further down the road.

Disappointing Canadian labour report has caused more widening in USD-CAD rate differentials



Source: Crédit Agricole CIB, Bloomberg

Canada's real policy rates among the most negative in G10 FX, as BoC tightening is yet to resume



Source: Crédit Agricole CIB, Bloomberg

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AUD & NZD: rates vs equities. The Antipodean currencies are battling the USD on a rates and equities basis. While risk-off trading as the unwinding of the AI boom in stocks continues is weighing on the AUD and NZD, AUD/USD and NZD/USD are being supported by the USD experiencing downward pressure from weaker US technology stocks. We maintain our Q4 forecasts for AUD/USD and NZD/USD of 0.69 and 0.58.

While risk-off trading as the unwinding of the AI boom in stocks continues is weighing on the AUD and NZD, AUD/USD and NZD/USD are being supported by the USD experiencing downward pressure from weaker US technology stocks.

Weak Australian labour market data showed the unemployment rate rising to 4.7% and 20bp above the RBA's forecast average for H226. It is worth noting that the RBA has raised doubts about the labour market data, which has become even more volatile than usual due to the ABS introducing a new survey method. So, the labour market data will carry less weight than usual with the RBA leaving another rate hike on the table. The trend labour market data points to a grind higher in the unemployment rate as well as broader measures of labour market slack including the underemployment and underutilisation rates. The RBA will be content with this as the Minutes to the September meeting clearly point to the MPB being willing to sacrifice growth and employment to get inflation back to target, a significant shift from its previous "narrow path" rhetoric.

Weak labour market data has seen the Australian rates market reduce pricing for further rate hikes from another hike as a certainty with some chance of two more 25bp rate hikes by mid-2027 to pricing in only a strong chance of another 25bp rate hike by mid-2027. The views of RBA Deputy Governor Andrew Hauser and Assistant Governor Chris Kent on the recent labour market data will be key drivers of the AUD in the coming week. We think that both will remain hawkish pointing to

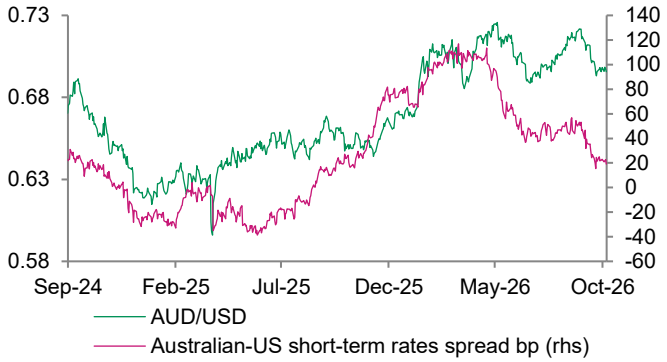
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inflation being the ultimate determinant of the next move in rates. Australia's next inflation reading is on 28 October, so markets will not have long to wait.

Meanwhile, the RBNZ appears to be finally waking up to the high likelihood it has underestimated inflation. RBNZ Chief Economist Paul Conway said this week that the October RBNZ meeting is "wide open". Not much of a statement as the RBNZ indicated after its last rate hike it could pause to assess the impact of its earlier rate hikes. The market is also about 70% priced for a rate hike in October and a hike more than fully priced by December. But Conway did admit the decline in the NZD as well as higher oil prices present upside risks to the RBNZ's inflation forecasts. So NZ inflation data for Q3 out in the coming week will be very important for the NZD. The RBNZ has forecasts of 0.8% QoQ and 3.9% YoY for Q3 inflation. We continue to see that the RBNZ will have to accelerate the pace of its rate hikes.

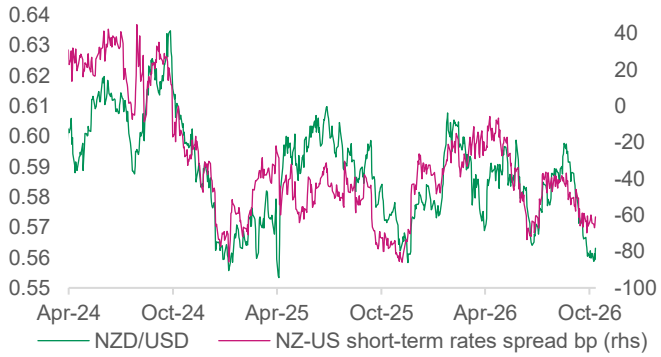
The AUD and NZD also remain attached to China's growth story, and China's cyclical data will also be important for the currencies in the coming week. Our China economist looks for in-line improvements in GDP and IP growth, above-consensus growth in retail sales and weaker-than-consensus FAI growth.

Relative rates continue to grind in the USD's favour



Source: Bloomberg, Crédit Agricole CIB

NZD/USD supported by the RBNZ beginning to shift on rates



Source: Bloomberg, Crédit Agricole CIB

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NOK & SEK: collateral beneficiaries. The Scandinavian currencies have fared well over the past week, as it looks like FX market participants have been looking for safer close alternatives to the EUR. Of special note, EUR/NOK has resumed its decline to its lowest level since early 2023 under 11.60, as the NOK has also benefitted from still-elevated energy prices. In that respect, the illusive talks of an energy truce between Ukraine and Russia, as well as prospects of a deal on diesel between Russia and the US, have been more than offset by more frequent and acute flare-ups between Saudi Arabia and the Houthis. On the domestic front, the NOK was not too undermined by the release of below-consensus CPI data for September, with core inflation holding up steady at 3.0% YoY. More contained inflationary pressures than expected nonetheless failed to rein in the chances of another rate hike by the Norges Bank, perhaps because the bank highlighted that the latest tightening step was rather caused by inflation being above target for too long, not overly above it. Aside from that, Norway registered its largest monthly trade surplus in over three years (around NOK105bn in September) thanks to higher energy prices and bigger export volumes. The domestic calendar for the week ahead gets less busy, and as a result for the NOK it could primarily be a matter of whether risk-off could outweigh high energy prices, as EUR/NOK has already dropped below our year-end forecasts of 11.70.

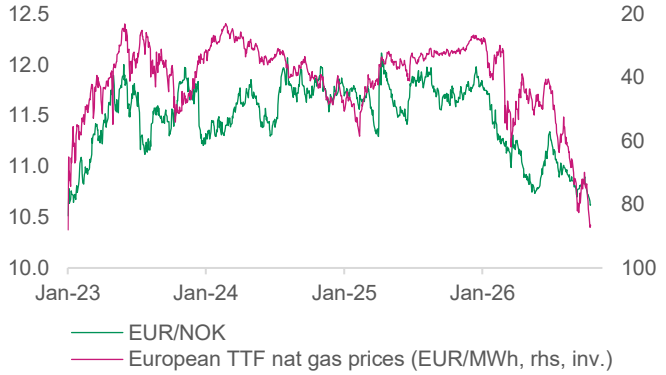
In comparison, the pullback in EUR/SEK to one-month lows near 11.15 may look impressive, although it may be enough to start questioning the uptrend channel that has been in place for the past nine months or so. The SEK has been able to keep its distance from the EUR struggles, while still facing its own political uncertainties, as a new government is yet to be formed after Social Democrat

Scandinavian FX have performed well over the past week, as the search for safer close alternatives to the still-struggling EUR may have been favoured by more compelling features in the Nordics

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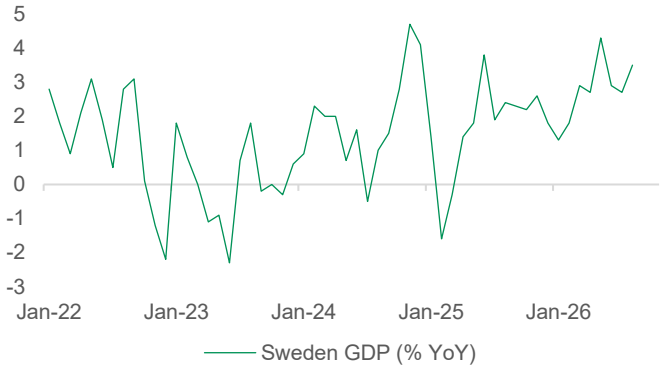
Leader Magdalena Andersson unsurprisingly lost the first vote on PM candidacy in Parliament. Meanwhile, the SEK could continue to rely on robust domestic macro data, after the Swedish economy was able to rebound twice as fast as expected in August (1.1% MoM vs 0.5% consensus), thanks in large part to buoyant personal consumption. Aside from the extra evidence of Swedish growth outperformance over the Eurozone, this is also the type of development which could sway undecided Riksbank members to back a sooner rather than later start to the bank's tightening cycle. That would most likely entrench peak divergence between the Riksbank and the ECB for good, which could then let the SEK focus on superior Swedish fundamentals to continue recouping more ground. Amid a light domestic agenda for the week ahead there too, we remain short EUR/SEK in our discretionary portfolio.

EUR/NOK has fallen to new lows, as natural gas prices keep pushing higher



Source: Crédit Agricole CIB, Bloomberg

A steeper rebound in Swedish growth in August could also sway the Riksbank to start normalising policy



Source: Crédit Agricole CIB, Bloomberg

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FX Positioning Update

This is our weekly update published 12 October 2026

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

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

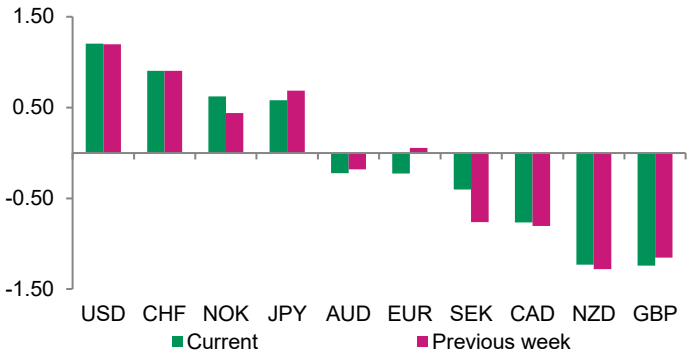
Fig 1. New G10 FX PIX 3.0 trades this week

Time Stamp	Entry	Trade	Direction	Spot at entry	Take Profit	Stop Loss
09:00 BST	12/10/2026	GBP/USD	Long	9am London fix	4.00%	-2.00%
09:00 BST	12/10/2026	EUR/USD	Long	9am London fix	4.00%	-2.00%

Source: Crédit Agricole CIB

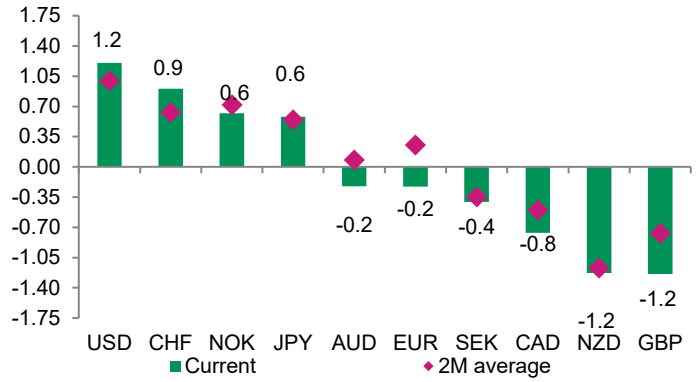
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Fig 2. G10 FX positioning at a glance



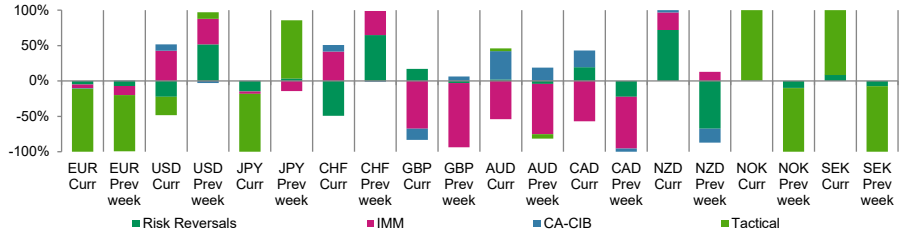
Source: Crédit Agricole CIB

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



Source: Crédit Agricole CIB

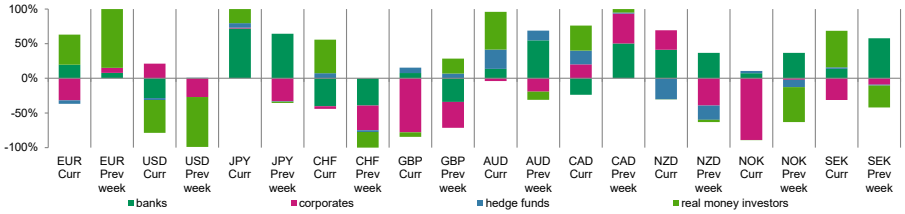
Fig 4. Current vs previous week weighted contributions of positioning sub-indices



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

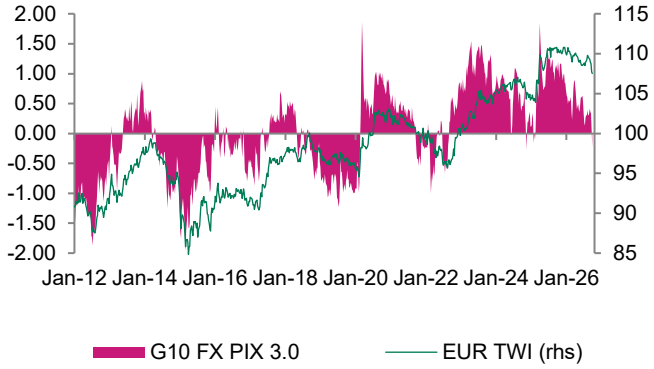
Source: Crédit Agricole CIB

Fig 5. Current vs previous week FX flows



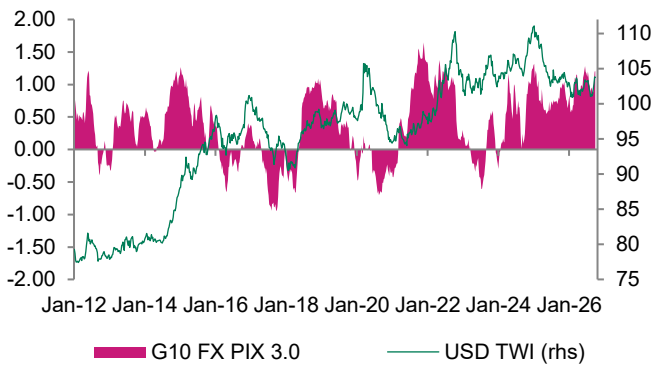
Source: Crédit Agricole CIB

Fig 6. G10 FX PIX 3.0 for EUR



Source: Crédit Agricole CIB, Bloomberg

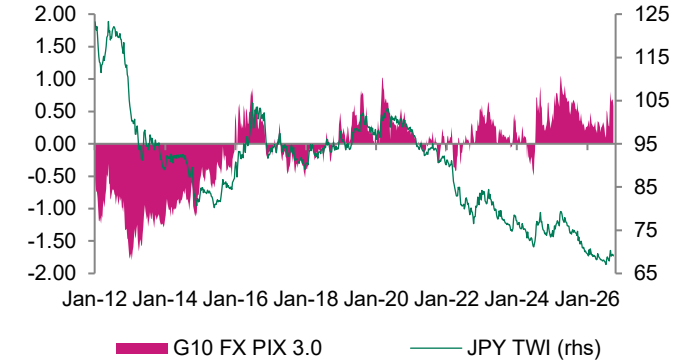
Fig 7. G10 FX PIX 3.0 for USD



Source: Crédit Agricole CIB, Bloomberg

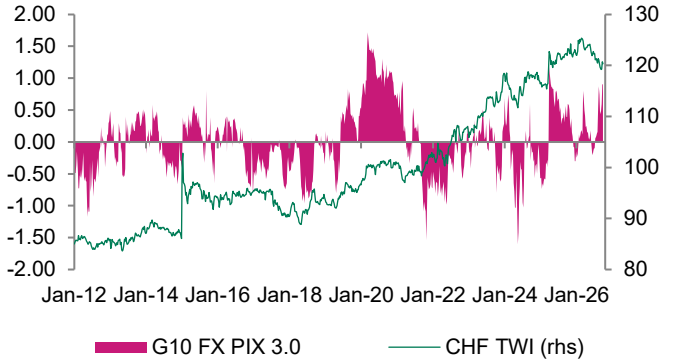
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Fig 8. G10 FX PIX 3.0 for JPY



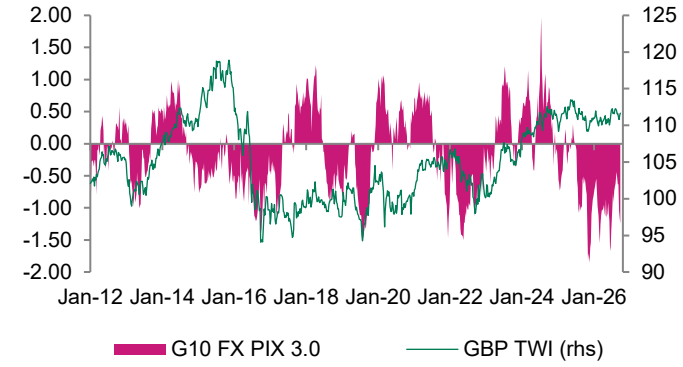
Source: Crédit Agricole CIB, Bloomberg

Fig 9. G10 FX PIX 3.0 for CHF



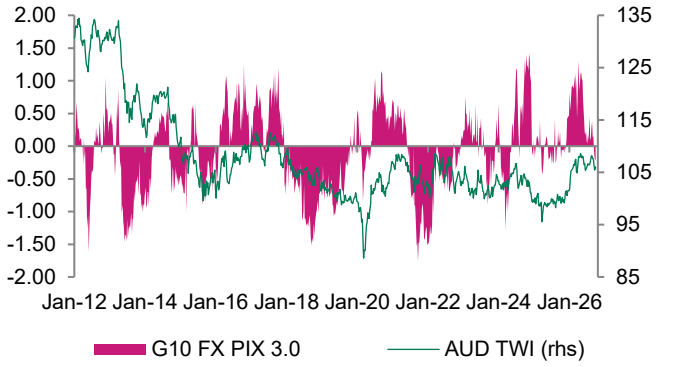
Source: Crédit Agricole CIB, Bloomberg

Fig 10. G10 FX PIX 3.0 for GBP



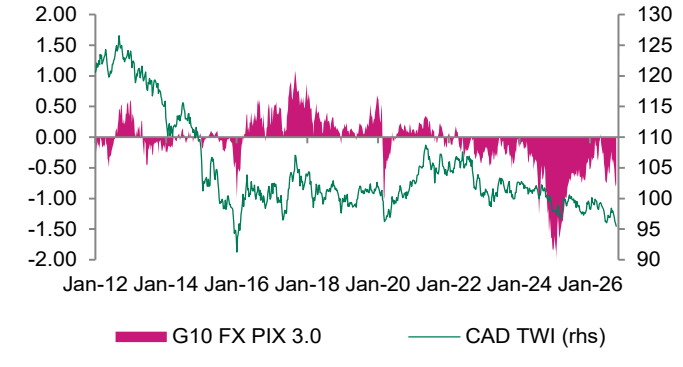
Source: Crédit Agricole CIB, Bloomberg

Fig 11. G10 FX PIX 3.0 for AUD



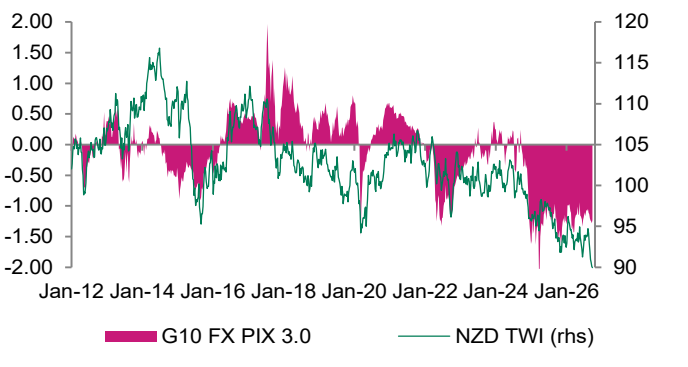
Source: Crédit Agricole CIB, Bloomberg

Fig 12. G10 FX PIX 3.0 for CAD



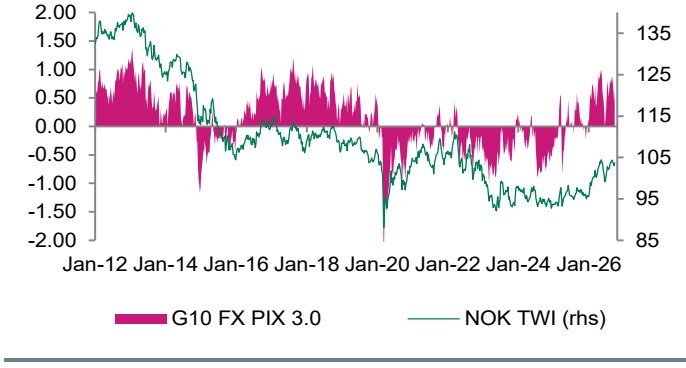
Source: Crédit Agricole CIB, Bloomberg

Fig 13. G10 FX PIX 3.0 for NZD



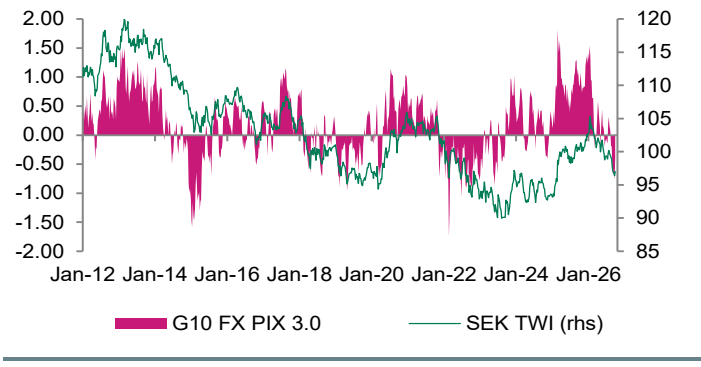
Source: Crédit Agricole CIB, Bloomberg

Fig 14. G10 FX PIX 3.0 for NOK



Source: Crédit Agricole CIB, Bloomberg

Fig 15. G10 FX PIX 3.0 for SEK



Source: Crédit Agricole CIB, Bloomberg

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FAST FX Fair Value Model Update

This is our weekly update published 12 October 2026

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

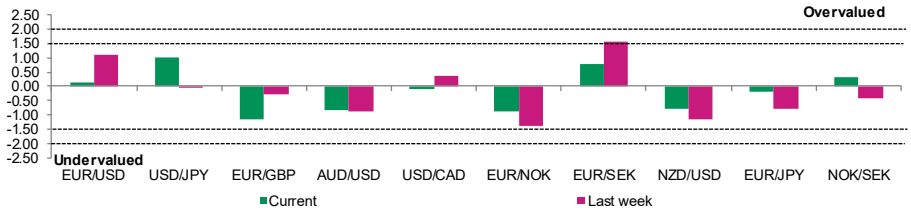
- **The FAST FX model made 0.45% last week being short EUR/SEK. The model has not triggered any new trades this week, but it judges that USD/JPY is looking a bit overvalued and EUR/GBP a bit undervalued.**
- **USD/JPY's fair value increased from 155.9068 to 155.9872 due to a fall in the US-Japan short-term rates differential, which was partly offset by rises in the US-Japan box yield spread and global equities. USD/JPY is outpacing the rise in its fair value, moving the exchange rate into overvaluation territory, but this overvaluation is short of the 1.5 standard deviations required to trigger a sell trade.**
- **EUR/GBP's fair value increased from 0.8512 to 0.8521 due to a rise in the Eurozone-UK box yield spread as well as falls in the Eurozone-UK short-term rates differential, the peripheral EGB yield spread to Bunds and the outperformance of Eurozone equities by UK equities. EUR/GBP's fall has pushed it into undervalued territory, but this undervaluation is short of the 1.5 standard deviations required to trigger a buy trade.**
- **EUR/NOK's fair value fell from 10.9051 to 10.7668 due to a fall in the Eurozone-Norway box yield spread as well as rises in energy prices and global equities, which was partly offset by a rise in the Eurozone-Norway short-term rates spread. EUR/NOK is falling faster than its fair value becoming modestly undervalued.**

New trades this week

No new trades

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	1.1200	1.1178	0.19%	0.16	stable
USD/JPY	158.31	155.99	1.49%	1.03	stable
EUR/GBP	0.8464	0.8521	-0.68%	-1.14	stable
AUD/USD	0.6983	0.7059	-1.08%	-0.82	stable
USD/CAD	1.4257	1.4271	-0.10%	-0.11	stable
EUR/NOK	10.7136	10.7668	-0.49%	-0.88	stable
EUR/SEK	11.204	11.0533	1.36%	0.80	stable
NZD/USD	0.5614	0.5690	-1.34%	-0.79	stable
EUR/JPY	177.34	177.62	-0.16%	-0.21	unstable
NOK/SEK	1.0454	1.0421	0.31%	0.34	stable

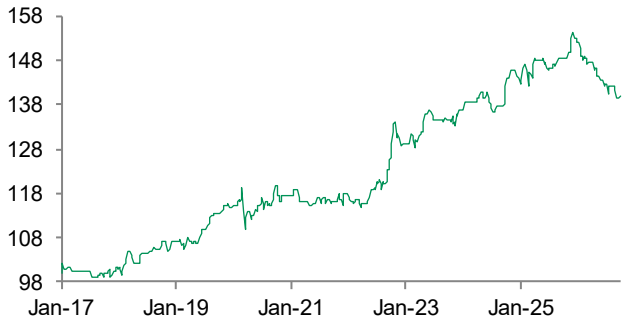
For a stable regime – the primary model is used whereby trades are triggered when the z-score is greater than 1.5 or less than -1.5; while for an unstable regime – the secondary model is used and the trigger level is +/-2 for the z-score.

Source: Bloomberg, Crédit Agricole CIB

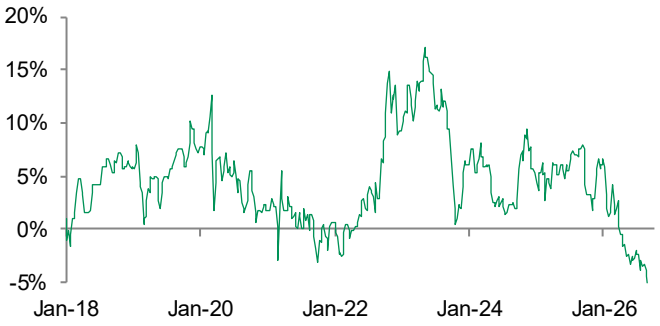
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Short-term fair value charts

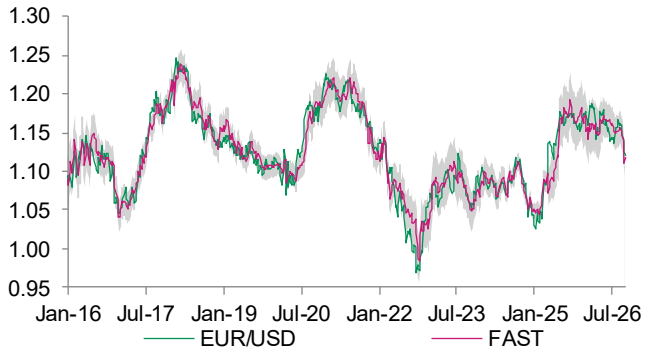
FAST FX Model performance since 2017



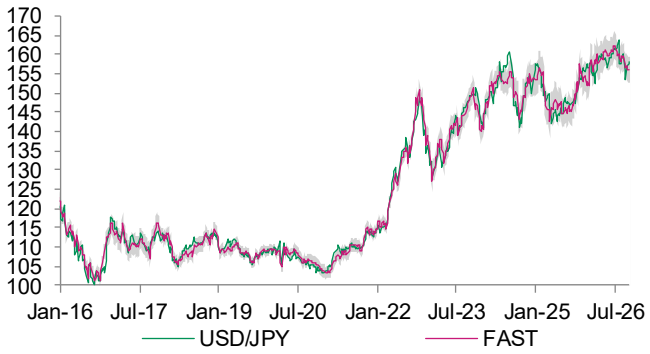
Annual Return since 2018



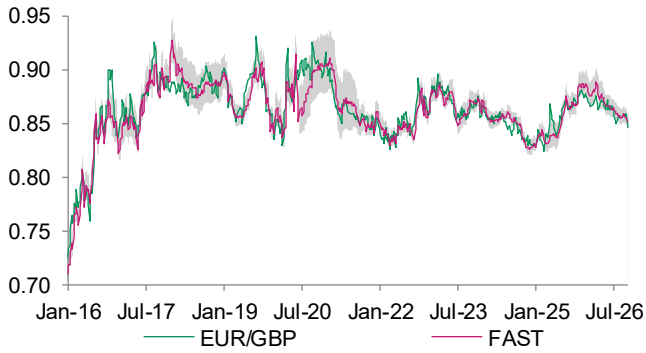
EUR/USD



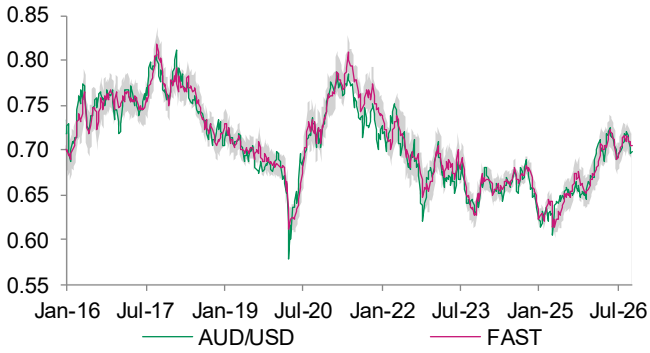
USD/JPY



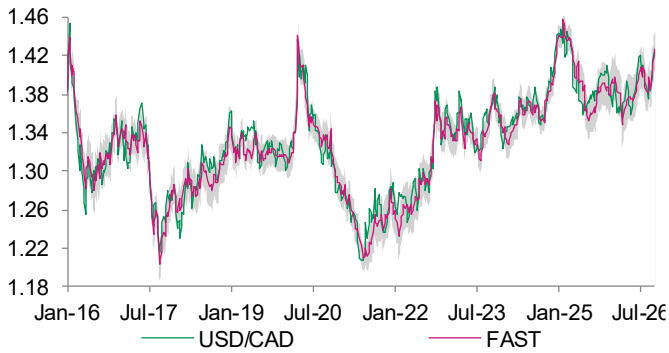
EUR/GBP



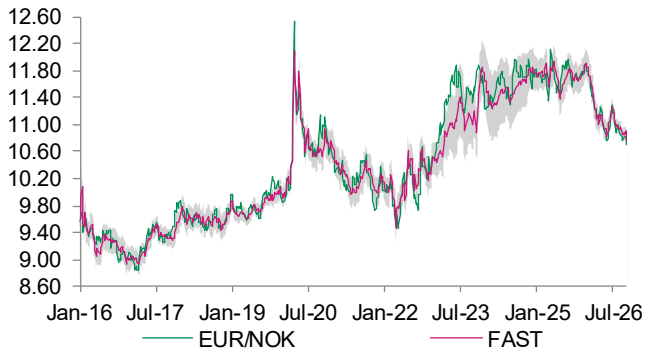
AUD/USD



USD/CAD



EUR/NOK

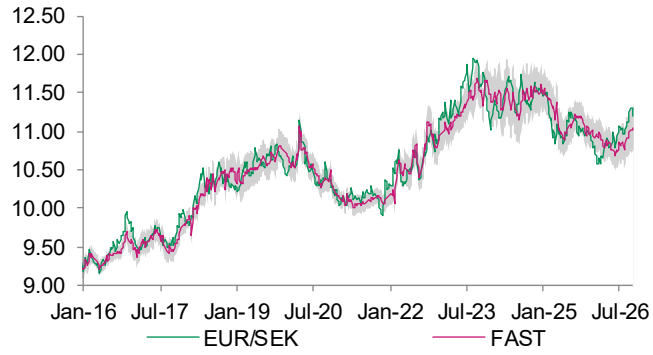


Note: Shaded area represents 1.5 standard deviation bands

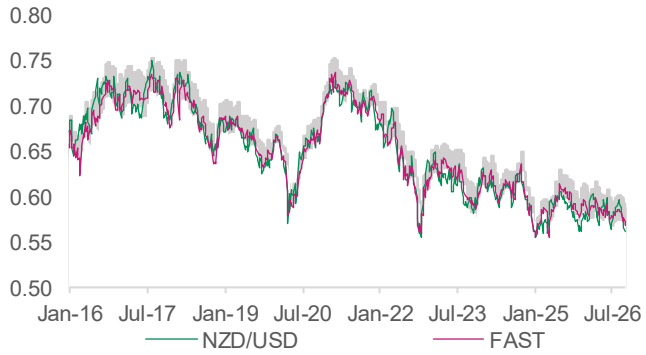
Source all charts: Crédit Agricole CIB, Bloomberg

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EUR/SEK



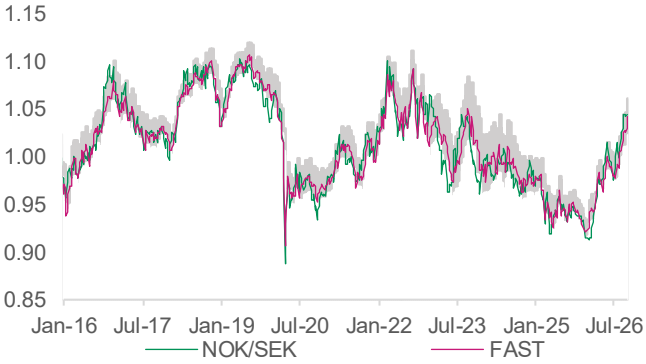
NZD/USD



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

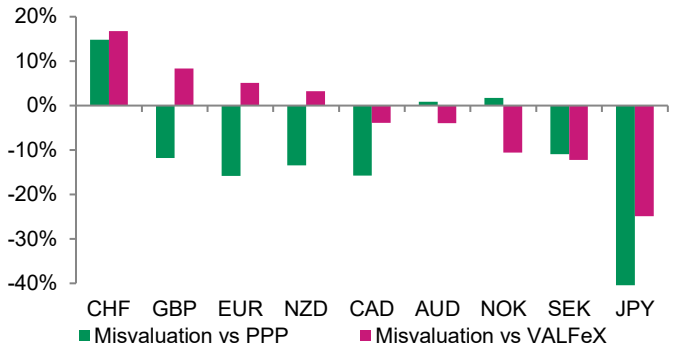
This is our latest update published 07 September 2026

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.**

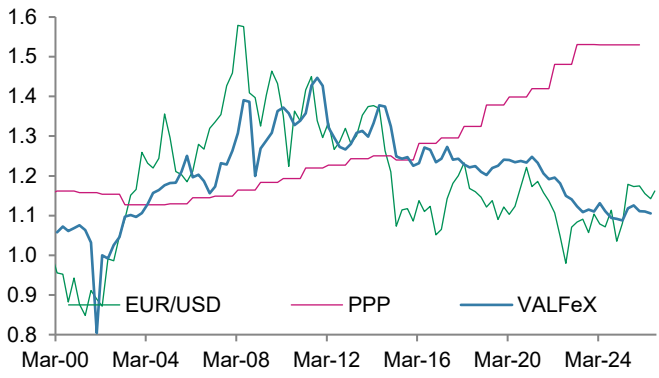
- **As a result, the USD's long-term fair value eked out 0.08% on average in Q226 while the USD gained 2.4% on average in FX spot over the same period. At present, the USD looks (1) overvalued vs the JPY, NOK, AUD, CAD and SEK; and (2) cheap vs the CHF, GBP, NZD and EUR. AUD/USD, GBP/USD and NZD/USD 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



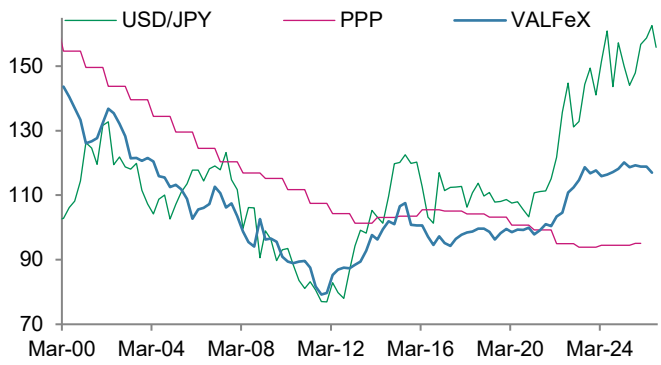
Source: Crédit Agricole CIB, Bloomberg

The EUR is expensive according to VALFeX but not PPP



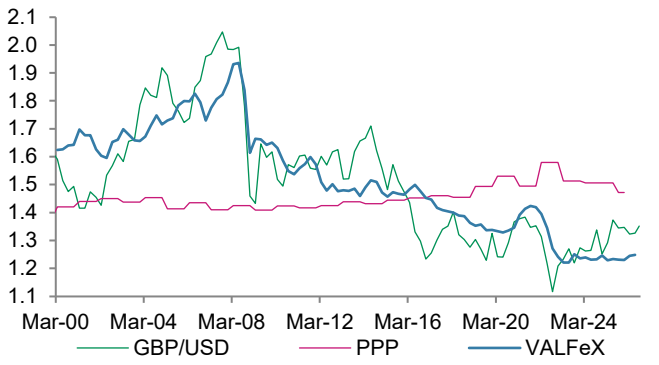
Source: Crédit Agricole CIB, Bloomberg

The JPY looks undervalued relative to VALFeX and PPP



Source: Crédit Agricole CIB, Bloomberg

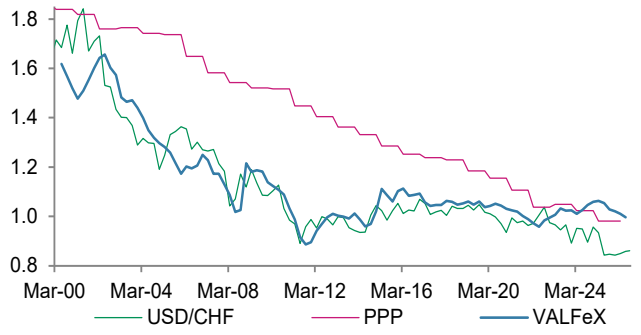
The GBP is expensive according to VALFeX but not PPP



Source: Crédit Agricole CIB, Bloomberg

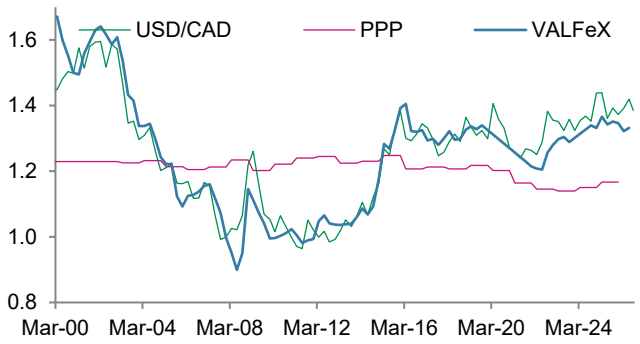
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The CHF looks overvalued relative to PPP and VALFeX



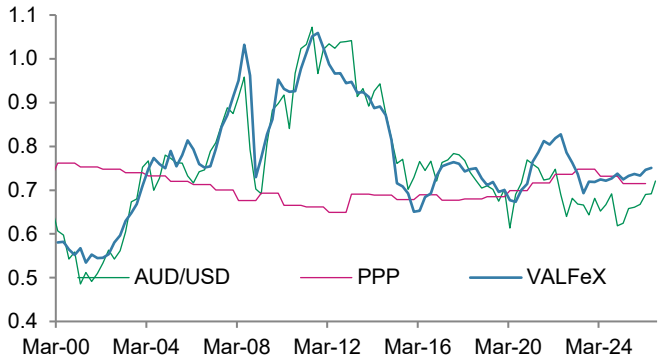
Source: Crédit Agricole CIB, Bloomberg

The CAD looks undervalued relative to VALFeX and PPP



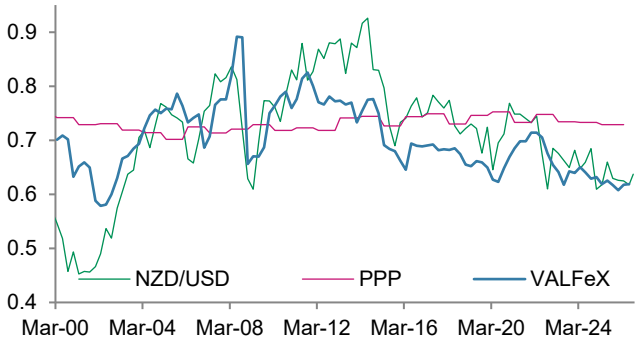
Source: Crédit Agricole CIB, Bloomberg

The AUD is undervalued according to VALFeX but not PPP



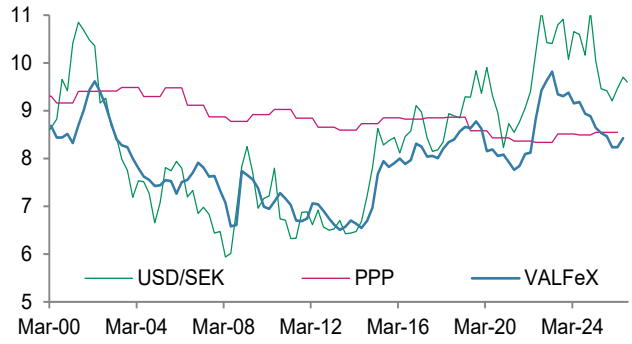
Source: Crédit Agricole CIB, Bloomberg

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



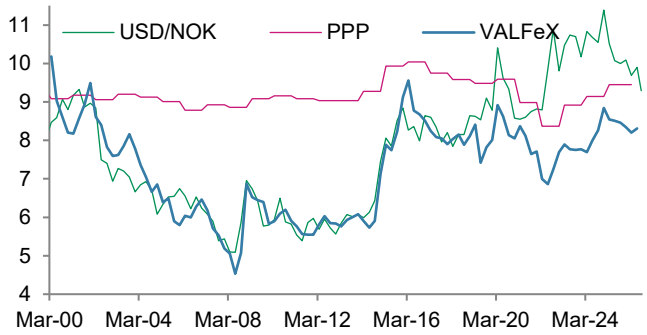
Source: Crédit Agricole CIB, Bloomberg

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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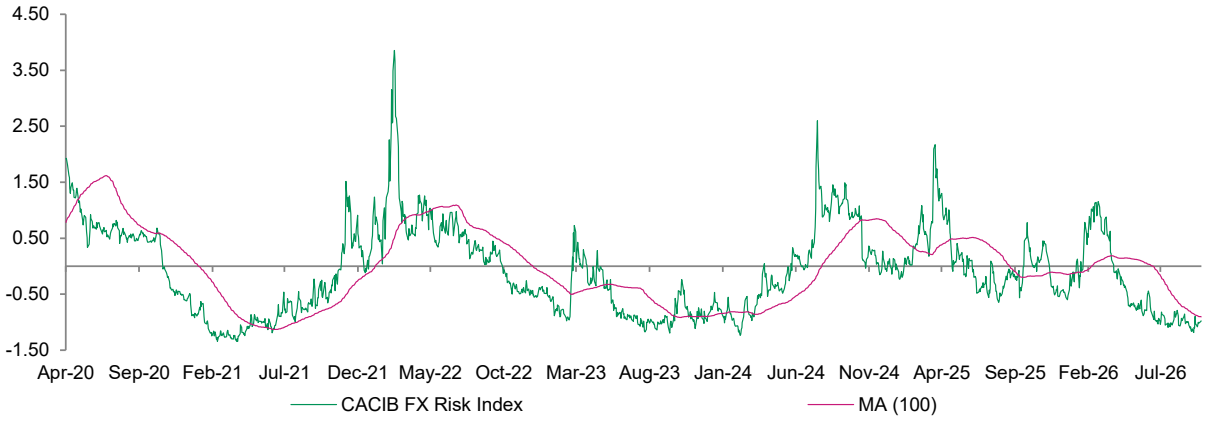
FX Risk Index

This is our weekly update published 14 October 2026

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

- **At -0.9764 (vs -1.0840 last week), our Risk Index has retreated slightly from aggressive risk seeking territory. The Index along with its trend are flattening out, with rising risk of the Index crossing over its 100-day moving average signalling a more sustained retreat in risk seeking behaviour by investors.**
- **Despite higher oil prices and the IMF warning that bond yields are getting to levels that threaten global growth via systemic risks, investors remain highly confident and are retreating only a little from aggressive risk seeking. Investors are assuming that nothing major will happen in the Middle East ahead of the US midterm elections. President Donald Trump has said that military strikes on Iran will not resume ahead of the elections and that the US and Iran are having productive talks.**
- **The corporate earnings season is underway and so far has generated mostly upside surprises – but it is early days and big technology companies are yet to report. So, investors will remain highly sensitive to the earnings yet to come.**
- **Recent Fedspeak has pointed to a rate hike profile more consistent with our US economist's view of a peak in the Fed Funds rate of 4.50%. This rhetoric has helped tame bond yields a little and support sentiment. But US inflation data will be the ultimate arbiter of how much further the Fed needs to raise rates, so investors will pay close attention to the US CPI data release later today.**
- **Rising equity market volatility as well as EM-Sovereign and private credit spreads were the main driver of the push higher in our Risk Index over the past week. Capping the rise in the Index were falling gold prices.**
- **Among G10 currencies, only the CHF, CAD and SEK have significant positive correlations with our Risk Index. The GBP, USD and NOK have significant negative correlations with the Index.**

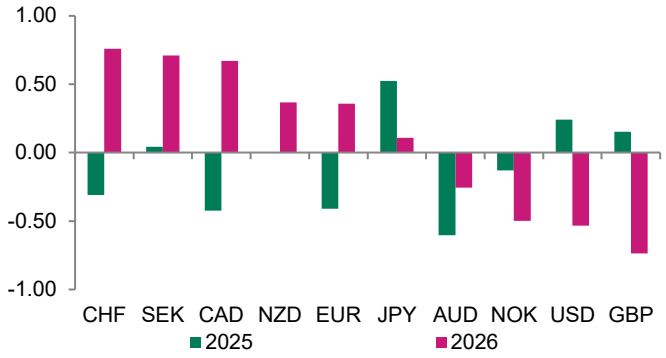
CACIB FX Risk Index



Source: Crédit Agricole CIB

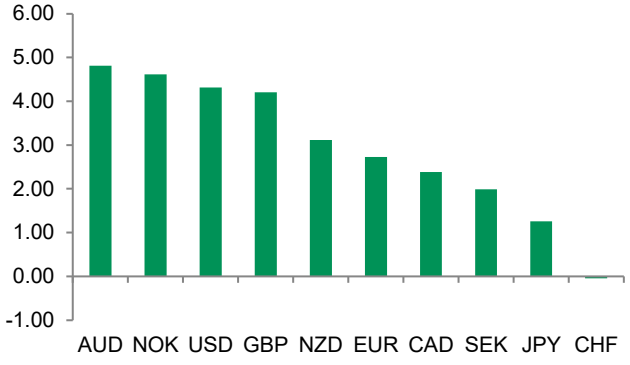
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Currency sensitivity



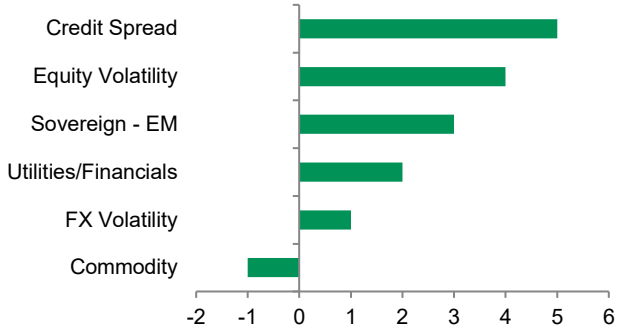
Source: Bloomberg, Crédit Agricole CIB

Yield advantage



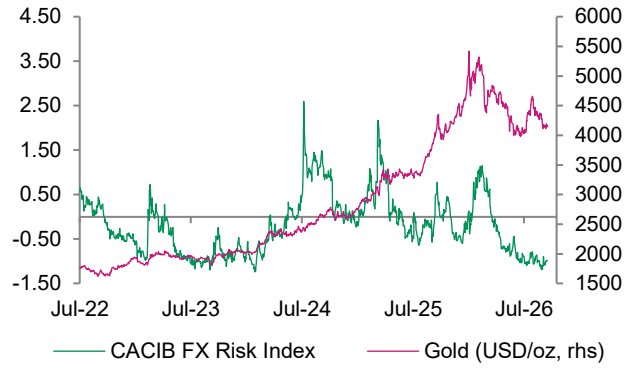
Source: Bloomberg, Crédit Agricole CIB

Contribution of components



Source: Bloomberg, Crédit Agricole CIB

Gold & Risk Index



Source: Bloomberg, Crédit Agricole CIB

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Key releases in the week ahead

GMT		Indicator/Event	For	Cons.	Prev.	Comment
Monday 19 October						
00:01	UK	Rightmove House Px YoY	Oct		-0.80%	
00:05	AU	RBA's Kent fireside chat				
03:00	CH	Industrial Production YTD YoY	Sep		5.30%	
03:00	CH	Retail Sales YoY	Sep	0.50%	0.40%	
03:00	CH	**GDP YoY**	3Q	4.30%	4.30%	
05:30	JN	Tertiary Industry Idx MoM	Aug		0.40%	
13:30	CA	**CPI YoY**	Sep		3.00%	
15:00	US	NAHB Housing Market	Oct	30.50	32.00	
16:30	CA	**BoC Business Outlook Survey**	3Q			
Tuesday 20 October						
07:00	UK	Claimant Count	Sep		7.60%	
07:00	UK	**Jobless Claims Change**	Sep			
07:00	SZ	Trade Balance	Sep		-8.40	
07:00	GE	PPI YoY	Sep			
09:00	EZ	Current Account Balance	Aug		3.30%	
10:00	GE	**ZEW Sentiment**	Oct			
10:00	EZ	Construction Activity	Aug		98.70	
13:30	US	Housing Starts	Sep	-0.25%	-1.97%	
15:00	US	Pending Home Sales	Sep			
18:00	UK	BoE's Greene delivers speech at LSE			-167 B	
Wednesday 21 October						
00:50	JN	Trade Balance	Sep		-1112 B	
07:00	UK	PSNB	Sep		18.27 B	
07:00	UK	**CPI YoY**	Sep		3.10%	
07:00	UK	RPI YoY	Sep		3.40%	
08:00	SZ	Money Supply	Sep		3.50%	
10:00	EZ	Eurostat Govt Debt	202		87.80%	
14:00	UK	BoE's Bailey speaks in Fireside chat				
22:45	NZ	**CPI YoY**	3Q		4.10%	
Thursday 22 October						
05:00	EZ	New Cars	Sep		4.50%	
07:00	JN	Machine Tool Orders YoY	Sep		60.40%	
07:45	FR	Manufacturing confidence	Oct		101.40	
14:00	SW	Riksbank Jansson speaks				
15:00	EZ	Consumer Confidence	Oct		-16.50	
15:00	US	Leading Index	Sep		-0.10%	
15:00	EZ	ECB's Panetta speaks				
16:00	US	Kansas City Fed	Oct		14.00	
Friday 23 October						
00:01	UK	Consumer Confidence	Oct		-13.00	
00:30	JN	**National CPI YoY**	Sep		1.90%	
01:30	JN	Manufacturing PMI	Oct		54.10	
01:30	JN	Services PMI	Oct		51.30	
06:30	JN	Tokyo Dpt Store Sales YoY	Sep		5.70%	
07:00	UK	**Retail Sales YoY**	Sep		2.70%	
08:15	FR	PMI Manufact.	Oct		50.60	
08:15	FR	Composite PMI	Oct		51.10	
08:30	GE	PMI Manufacturing	Oct		53.90	
08:30	GE	Composite PMI	Oct		53.80	
09:00	EZ	**PMI Manufacturing**	Oct		52.90	
09:00	EZ	**Composite PMI**	Oct		53.10	
09:30	UK	**Manufacturing PMI**	Oct		51.90	
09:30	UK	**Composite PMI**	Oct		52.00	

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GMT		Indicator/Event	For	Cons.	Prev.	Comment
13:30	CA	Retail Sales MoM	Aug		-0.70%	
14:45	US	PMI Manufacturing	Oct		55.90	
14:45	US	Services PMI	Oct		58.80	
15:00	US	U. of Mich. Sentiment	Oct		46.30	

Source: Crédit Agricole CIB

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Exchange rate forecasts

		14-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	158.3	156.0	155.0	154.0	152.0	150.0
United Kingdom	GBP/USD	1.32	1.31	1.32	1.34	1.37	1.39
Switzerland	USD/CHF	0.83	0.84	0.84	0.83	0.81	0.80
Canada	USD/CAD	1.42	1.38	1.36	1.34	1.33	1.32
Australia	AUD/USD	0.70	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	1.60	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	176.62	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	10.61	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	11.18	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	6.69	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	95.15	96.00	94.00	94.00	92.00	92.00
Indonesia	USD/IDR	17895	17600	17500	17500	17250	17250
Malaysia	USD/MYR	4.08	4.02	4.00	3.98	3.96	3.95
Philippines	USD/PHP	62.8	61.2	61.0	60.8	60.5	60.0
Singapore	USD/SGD	1.29	1.27	1.27	1.26	1.26	1.25
South Korea	USD/KRW	1338	1385	1400	1390	1380	1360
Taiwan	USD/TWD	32.2	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	25894	26250	26200	26200	26100	26000
Latin America							
Brazil	USD/BRL	5.03	5.25	5.30	5.35	5.40	5.45
Chile	USD/CLP	983.97	960.00	940.00	920.00	900.00	890.00
Colombia	USD/COP	3171.51	3550.00	3600.00	3650.00	3700.00	3750.00
Mexico	USD/MXN	18.48	18.00	18.25	18.50	18.75	19.00
Peru	USD/PEN	3.43	3.45	3.50	3.55	3.60	3.65
Africa							
South Africa	USD/ZAR	16.59	16.10	15.90	15.70	15.50	15.50
Emerging Europe							
Poland	USD/PLN	3.92	3.82	3.82	3.79	3.72	3.68
Russia	USD/RUB	83.62	77.00	80.00	81.00	82.00	83.00
Turkey	USD/TRY	49.39	51.50	52.50	53.50	54.10	55.00
Central Europe							
Czech Rep.	EUR/CZK	24.37	24.10	23.90	23.60	23.30	23.10
Hungary	EUR/HUF	364	364	362	360	358	357
Poland	EUR/PLN	4.37	4.32	4.32	4.32	4.31	4.30
Romania	EUR/RON	5.33	5.28	5.28	5.30	5.30	5.30
Precious metals							
Gold	XAU/USD	4155	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**	**0.6**	**3.0**	**2.1**	**1.1**	**4.8**	**4.0**	**3.0**
EUROZONE	**1.3**	**1.0**	**1.1**	**2.1**	**3.1**	**3.0**	**1.7**	**1.3**	**1.2**
Belgium	1.0	0.6	0.7	3.0	3.6	2.8	-1.9	-0.1	-0.1
France	0.9	0.4	0.7	0.9	2.4	2.4	-0.4	-1.2	-0.6
Germany	0.3	1.0	1.1	2.3	2.8	3.7	4.5	4.2	3.7
Italy	0.7	0.9	0.5	1.6	3.1	2.4	1.1	1.0	1.2
Netherlands	1.6	1.3	1.1	3.0	2.9	3.4	7.6	7.7	7.9
Spain	2.8	2.4	1.7	2.7	3.9	3.4	2.9	1.7	1.5
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	1.1	1.1	0.8	3.1	3.2	2.5	14.2	20.2	18.9
Sweden	1.4	2.8	2.6	2.6	1.4	2.1	6.1	4.7	4.3
Switzerland	1.0	1.3	1.1	0.1	0.6	0.7	7.0	7.0	7.1
United Kingdom	1.3	1.4	1.1	3.4	3.2	2.9	-3.1	-3.7	-3.5
Asia	**5.2**	**5.1**	**4.8**	**1.0**	**2.4**	**2.3**	**3.1**	**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	4.1	3.0	1.4	2.0	2.0	12.3	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	5.5	3.0	0.9	2.0	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**	**1.6**	**2.0**	**3.4**	**3.8**	**3.3**	**-0.5**	**-0.5**	**-0.8**
Brazil	2.3	1.9	1.6	5.0	4.5	4.1	-3.0	-2.2	-2.0
Chile	2.3	0.5	2.1	4.2	3.8	3.5	-2.3	-1.2	-1.5
Colombia	2.6	2.5	1.9	5.1	5.6	4.8	-2.4	-2.6	-2.2
Mexico	0.6	1.1	1.2	3.8	3.9	3.5	-0.5	-0.5	-0.4
Peru	3.4	2.7	2.4	1.5	3.3	2.5	3.1	1.5	0.6
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**	**-0.2**	**4.0**	**4.9**	**4.4**	**4.4**	**1.0**	**-0.3**	**0.0**
Algeria	3.8	3.1	2.9	1.5	6.5	5.5	-3.0	-3.0	-3.8
Egypt	4.4	4.6	4.0	20.9	13.3	14.0	-4.4	-4.6	-5.0
Iran	-	-	-	-	-	-	-	-	-
Kuwait	2.5	-13.5	15.0	2.3	2.4	2.3	22.6	17.0	19.0
Morocco	4.6	4.4	4.2	0.7	0.8	2.0	-2.5	-2.6	-2.6
Qatar	2.9	-14.5	12.0	0.6	2.6	2.6	15.5	8.0	10.0
Saudi Arabia	4.5	-2.5	5.0	2.1	2.3	2.4	-2.6	-2.0	-1.7
South Africa	1.1	1.2	1.2	3.2	4.4	4.2	-0.5	-1.5	-1.2
Tunisia	2.5	1.8	2.0	5.4	5.8	6.0	-2.8	-3.5	-3.2
United Arab Emirates	6.2	0.0	6.0	1.3	3.0	1.8	15.3	7.5	9.0
Total	**3.1**	**2.8**	**2.9**	**3.1**	**3.5**	**3.1**	**0.9**	**0.9**	**0.9**
Industrialised countries	**1.6**	**1.5**	**1.5**	**2.5**	**3.0**	**2.5**	**-0.5**	**-0.6**	**-0.8**
Emerging countries	**4.3**	**3.7**	**4.1**	**3.6**	**3.9**	**3.5**	**2.0**	**2.0**	**2.2**

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

Source: Crédit Agricole CIB

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Interest rate forecasts – developed countries

	14-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	2.63	2.85	2.85	2.65	2.50	2.30
Germany						
2Y	3.10	3.36	3.35	3.40	3.43	3.40
5Y	3.23	3.45	3.47	3.55	3.62	3.65
10Y	3.47	3.68	3.69	3.77	3.93	3.95
30Y	3.83	4.00	4.11	4.23	4.40	4.43
France						
2Y	3.61	3.66	3.72	3.83	3.78	3.80
5Y	4.23	4.05	4.27	4.35	4.37	4.45
10Y	4.88	4.68	4.84	4.97	4.98	5.05
30Y	5.44	5.25	5.46	5.68	5.70	5.78
Italy						
2Y	3.51	3.66	3.70	3.85	3.85	3.80
5Y	4.00	4.10	4.17	4.33	4.42	4.45
10Y	4.57	4.58	4.64	4.87	4.98	5.00
30Y	5.17	5.15	5.26	5.51	5.63	5.58
Spain						
2Y	3.29	3.42	3.43	3.50	3.53	3.52
5Y	3.59	3.66	3.65	3.72	3.79	3.80
10Y	4.10	4.13	4.14	4.32	4.48	4.50
30Y	4.60	4.65	4.76	5.01	5.10	5.08
Belgium						
10Y	4.34	4.28	4.29	4.47	4.68	4.65
Ireland						
10Y	3.61	3.93	3.94	4.07	4.18	4.25
Portugal						
10Y	3.95	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	4.39	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	3.39	3.56	3.58	3.59	3.58	3.53
5Y	3.47	3.61	3.64	3.68	3.70	3.70
10Y	3.53	3.68	3.71	3.75	3.83	3.85
30Y	3.42	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.)

	14-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	3.89	4.14	4.39	4.39	4.39	3.89
USTs						
2Y	4.87	4.75	4.85	4.80	4.75	4.60
5Y	5.06	4.90	4.95	4.90	4.85	4.75
10Y	5.25	5.05	5.10	5.05	5.05	4.95
30Y	5.57	5.40	5.45	5.40	5.40	5.30
USD swaps						
2Y	4.73	4.63	4.74	4.69	4.64	4.49
5Y	4.78	4.64	4.69	4.65	4.60	4.51
10Y	4.86	4.67	4.73	4.68	4.69	4.60
30Y	4.93	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	1.93	1.90	2.00	2.00	2.15	2.15
5Y	2.35	2.35	2.40	2.40	2.45	2.45
10Y	3.03	3.05	3.10	3.10	3.20	3.20
30Y	4.07	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

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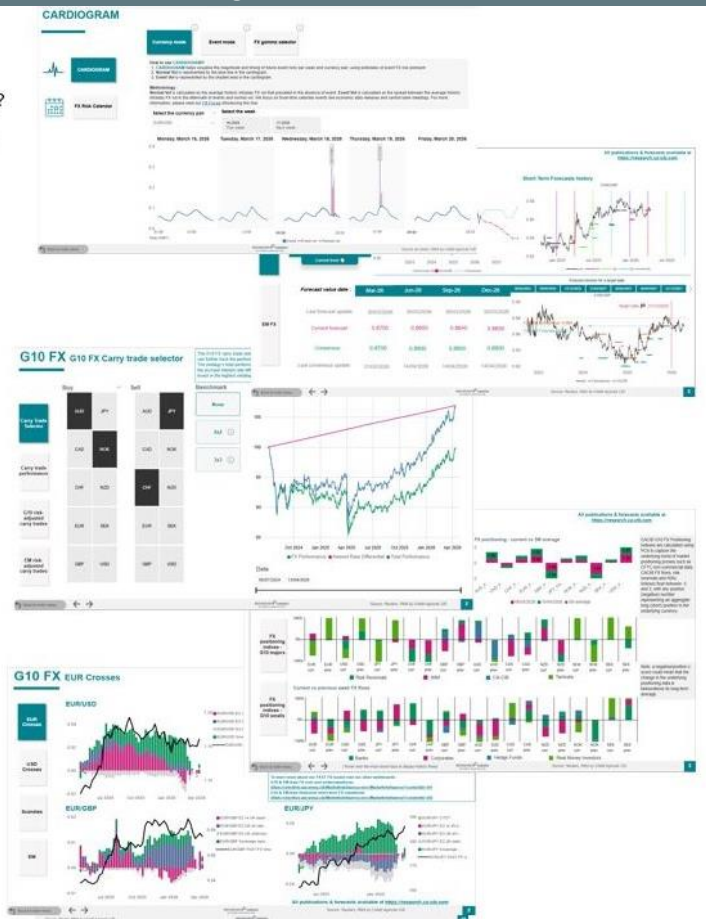
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