FX Risk Index

07:35 CET
28 October 2026

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Risk sentiment continues to moderate

- **At -0.7779 (vs -0.9385 last week) our Risk Index reflects further reduction in risk-seeking activity by investors. Indeed, our Risk index is above its 100-day moving average for the first time since April this year and before the Memorandum of Understanding was signed between the US and Iran. Moves of the Risk Index above its trend have historically led to a sustained reduction in risk-seeking behaviour by investors.**
- **Despite the return of the AI trade, investor risk appetite continues to wane as key geopolitical events come into view. The Israeli election is currently too close to call. A change of government would probably alter Israel's diplomatic tone more than its security doctrine. Among the two front runners for PM, incumbent Benjamin Netanyahu favours regime change in Iran, while Gadi Eisenkot has not explicitly called for the regime's downfall. A more moderate PM could make it a bit tougher for President Donald Trump to ramp back up aggressive military action against Iran, a key risk after the US midterm elections next Tuesday.**
- **There has been a bit of a revival in the AI trade, however, helping support sentiment. Anthropic's official filing for its IPO as well as Meta's USD25bn share sale being five times oversubscribed have both helped breathe some new life into the AI trade. Oracle has also deepened its partnership with OpenAI. Later today we get earnings reports from Microsoft and Meta while Amazon and Intel report Thursday. These reports will have a significant impact on sentiment.**
- **The FOMC meeting outcome later today will also be closely watched by investors. Our US economist and the market look for an on-hold decision leaving the rhetoric in the FOMC Statement as well as Chair Kevin Warsh's press conference the largest influences on rates and therefore sentiment. A dovish hold would be positive for risk.**
- **Other than lower gold prices, all factors contributed to the rise in our Risk Index over the past week. Higher equity volatility and the outperformance of cyclical stocks by defensive stocks were the largest contributors to the rise in the Index.**
- **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.**



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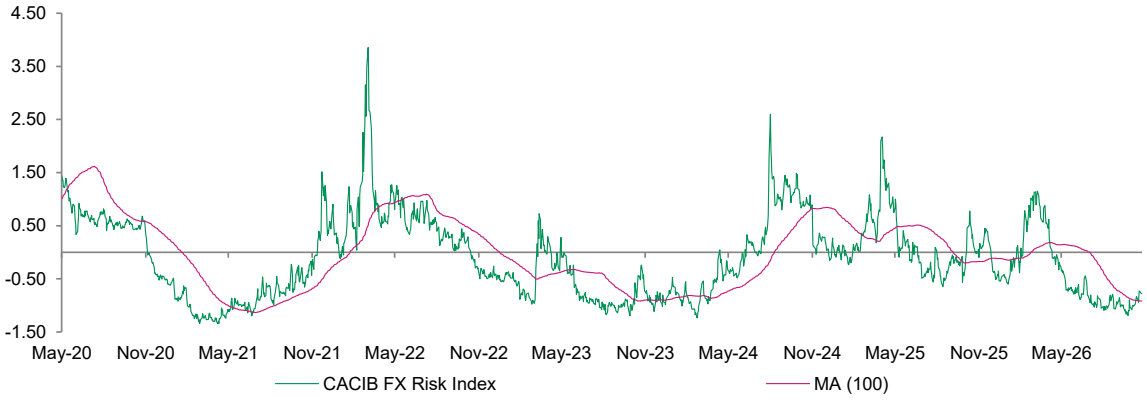
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Related publications

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

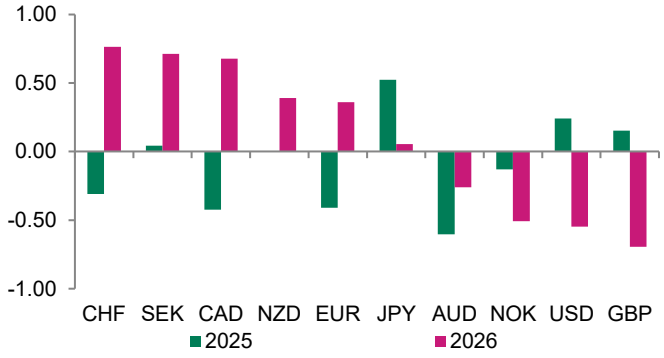
CACIB FX Risk Index



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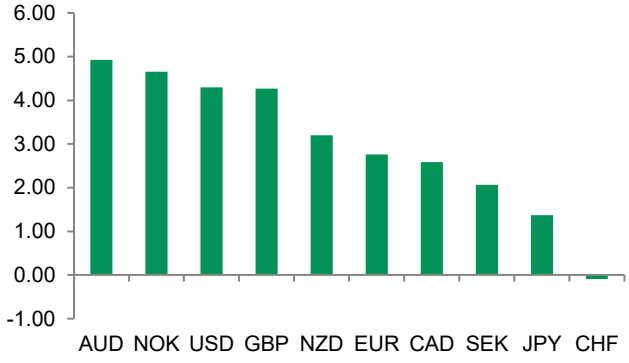
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Currency sensitivity



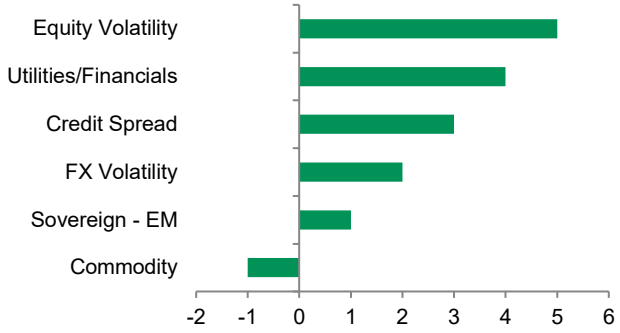
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Yield advantage



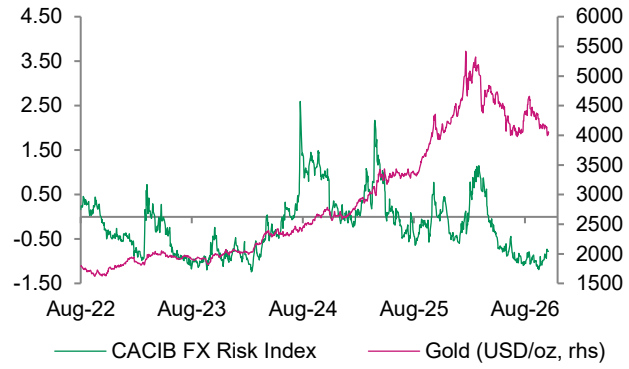
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Contribution of components



Source: Bloomberg, Crédit Agricole CIB

Gold & Risk Index



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FX Research advanced tools

With Red Mount Analytics, we are setting a new standard for market intelligence



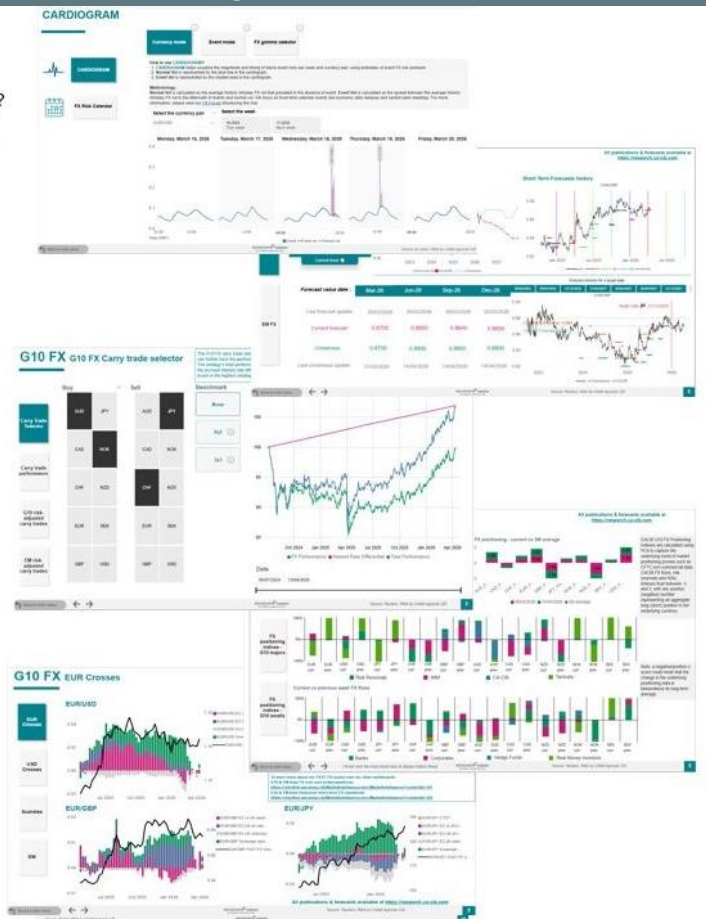
FX gamma calendar & Market monitors:
What are the key FX events ahead and how to position ahead of the next NFP or Fed/ECB meeting?
What is the FX CARDIOGRAM?
What are the key trends and the main movers in FX spot, forward and option markets?

Advanced FX forecasts:
Where are the FX market heading? How do our forecasts compare to consensus?
How accurate have our FX forecasts been?

Relative Value:
What is the EUR fair value vs the USD, JPY and GBP? Are commodity currencies cheap or expensive?
What are the best FX carry trades?
How to build a tailored FX carry trade and track its performance over time?

FX Flows and positioning:
What are the biggest longs and shorts in the FX markets?
How are FX corporates positioned?
What are hedge funds and real money buying and selling?

FX fundamentals:
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?
What's the latest on de-dollarisation?



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David Forrester

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