Global FX Strategy

FX Compass: Different levels, same story

FX

Global

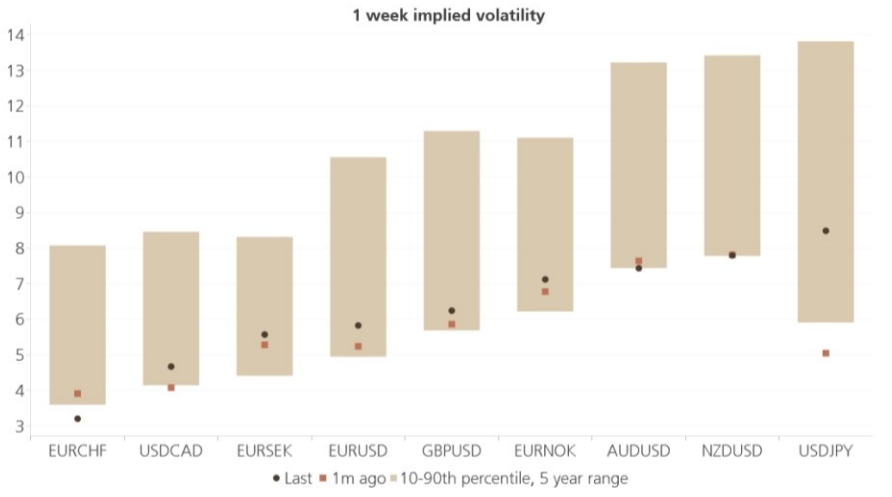
Shahab Jalinoos
Strategist
shahab.jalinoos@ubs.com
+1-212-882-5532

Alvise Marino
Strategist
alvise.marino@ubs.com
+41-44-237 8440

Benjamin Jarrett
Strategist
benjamin.jarrett@ubs.com
+44-20-7567 5430

Meena Bassily
Strategist
meena.bassily@ubs.com
+44-20-7567 1145

Figure 1: Elevated USDJPY implied vol stands out within G10



Source: Bloomberg, UBS

With the world cup in full swing, the typical vol-suppressive effect on G10 FX markets we have written about previously appears to be in play. This is despite the fact that rates markets have contributed considerable movement since the 17 Jun FOMC. The fact the 4 July US holiday falls on Friday further diminishes the odds of major moves this week.

This week nonetheless has some key events. The most important being the US employment data on Thursday. UBS economists make the point that June payrolls numbers historically tend to show strong at first blush and then be revised down later, suggesting a bad outcome could be even more concerning. Conversely, if the numbers beat expectations clearly, it would strengthen the narrative that forces linked to growth rather than energy prices are an alternative driver of inflationary pressure. With the market already long USD, arguably the odds are higher of a material correction upwards in EURUSD on the back of soft data than of sharp losses on stronger numbers. But with the 200d moving average near 1.1650 likely to be a tough resistance, we would be looking at levels at 1.1550 or above as interesting entry points for fresh EURUSD shorts.

Yesterday saw USDJPY push past 162.00 for the first time in 39 years. While interesting in terms of levels, it is hard to argue that this represents anything new in terms of drivers. Indeed, just last week we moved up our end-Q3 target to 165.00, looking for a potential range high of 167.00 in the quarter. And we still have a USDJPY 29 Dec '26 expiry 175.00 One Touch as part of our trading recommendations. With polls showing the government's popularity remains high even if such policies generate underlying inflation pressure and hit real consumption levels, the pressure to change internally is low. So far, we have not seen the level of pressure needed to make Japan do what could change the underlying JPY trend: raise rates faster than markets are already pricing in.

In CHF, we think resurgent demand from asset managers will subside, while corporates largely remain on the sidelines; barring a high CPI surprise, USDCHF should resume its upmove. Following a positioning wash out, we see NOK as supported by attractive carry. Finally, ahead of the 8 Jul RBNZ, we see risk asymmetry in AUDNZD still skewed lower. But we think further weak AUD surprises are needed for the pair to come under sharp

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 14.**

pressure.

Macro overview: Different levels, same story

Shahab Jalinoos
Strategist

With the world cup in full swing, the typical vol-suppressive and flow-diminishing effect on G10 FX markets we have written about previously appears to be in play. And this is despite the fact that rates markets have contributed a decent amount of movement into the mix ever since the 17 Jun FOMC. The fact the 4 July holiday in the US falls on Friday further diminishes the odds of major moves this week. The ongoing waning in geopolitical risk premium linked to the Iran conflict is another factor to consider. Both the US and Iran conducted strikes over the weekend, centred around a dispute over who controls shipping movements through the SoH. But the market appears largely unconcerned, seeing this more as tactical maneuvering for leverage ahead of further talks than a resumption in hostilities so consequential as to entirely derail the MoU process. It appears a much more significant disruption would be needed to charge the market than the weekend's seemingly managed and contained exchanges.

Low-vol summer markets are in play, aided by the world cup, 4 July and ongoing US-Iran optimism

The fact that oil prices are stable on such news lowers the odds of a new surge in yields and, in our view, generates another force for near-term low volatility. This matters to us because global rates markets are clearly still in thrall to oil prices. Last week's 10% decline in Aug '26 Brent futures between the Monday open and Wednesday close certainly contributed to a reversal lower in US rates and inflation breakevens.

US jobs data tomorrow will be key for Fed pricing

This week nonetheless has events that can clearly be very relevant and should not be underestimated. The most important of these is US employment data on Thursday. After last week's rates rally, the US front end is now pricing in only about a 30% chance of a 25bp rate hike at the 29 Jul FOMC, with a full hike only priced by the 27 Oct meeting and less than half a hike more priced by the supposed peak in rates in Mar 2027. This more subdued profile relative to where things stood on 22 Jun clearly reflects the sharp decline in expected inflation due to lower energy prices. Recent months have seen relatively upbeat US jobs data. As such, any major undershoot compared to the market baseline (110k for headline payrolls, 4.3% for the unemployment rate, 0.3% m/m for average hourly earnings) would provide reasons for the market to remove the July rate hike odds altogether and maybe even question if a hike is needed at all.

A particularly strong NFP print could see a July hike become fully priced in

UBS economists make the point that Jun payrolls numbers historically tend to show strong at first blush and then be revised down later, making a bad outcome even more concerning. Especially as Jul numbers released in Aug tend to be on the weak side. Conversely, if the numbers beat expectations clearly, it would strengthen the narrative that forces linked to growth rather than energy prices are an alternative driver of price pressures and inflation expectations. This could easily lead the market to price in not only a July rate hike but also a longer sequence of further moves. After all, if the Warsh Fed is going to be data-driven and not offering guidance, it becomes difficult to ignore data giving a clear signal at a time when the Fed knows its most recent failures have been related to underestimating inflation rather than growth.

If the data come in soft and the USD weakens, we would look at levels around 1.1550 as interesting entry points for EURUSD shorts

As far as FX consequences go, last week we already lowered our end-Q3 and end-2026 EURUSD targets to 1.1200, within a potential 1.1100 – 1.1650 range for Q3. With the market already long USD, arguably the odds are higher of a material correction in EURUSD higher on the back of soft data than of further sharp losses on stronger numbers. But with the 200-day moving average near 1.1650 likely to be a tough hurdle to conquer, we would be looking at levels at 1.1550 or above as interesting entry points for fresh EURUSD shorts. To move much lower and break June lows around 1.1325 this week or next to push towards 1.1200, it's probably necessary to see data strong enough to question the narrative that Fed rate hikes would likely be tame in scale and short-lived in duration – and likely needs decent confidence in a July Fed rate hike too.

EUR: Sintra back in focus

Lagarde's Sintra comments and soft growth expectations are hampering hawkish ECB expectations

The other major development this week is the ECB's Sintra conference. Yesterday ECB chief Lagarde said that policymakers can now "make measured adjustments to rates, calibrated to the shocks that we face". Even while arguing that the ECB's latest hike was not an "insurance hike", she said that there is no need to act as forcefully in hiking rates as in 2022-23. Together with soggy growth expectations and fast-falling energy prices, these comments underline what seems to be a lack of strong appetite to necessarily hike rates again. UBS economists recently published a note on the weakness expected in

Berlin for the German growth outlook despite fiscal measures, against a darkening political mood ahead of upcoming state elections.

Today's Sintra roundtable including Fed Chair Warsh will be closely watched, but US jobs data will likely dominate this week

Meanwhile UBS rates strategists last week recommended to go long Sep vs Jul ECB ESTR at 16bp, looking for a move to 8bp with a stop at 23bp. The message being that they see enough risk of the market pricing in lower odds of a rate hike in Sep to make this trade worthwhile. Certainly, this framework contributes to our bearish forecasts for EURUSD, which we have despite acknowledging the market already has positions in this direction. Clearly Lagarde's comments do not hurt this stance. Otherwise, the highlight of this event should be today's roundtable that includes Fed Chair Warsh. Given his promise to speak less and give less guidance, UBS economists feel such occasions will be carefully parsed for any signals. As far as FX goes however, we struggle to see Warsh looking to or managing to meaningfully move markets ahead of key US jobs data the following day.

JPY: different levels, same story

USDJPY has pushed through multi-decade highs

Yesterday saw USDJPY push past 162.00 for the first time in 39 years. The latest move appears to reflect the fact that:

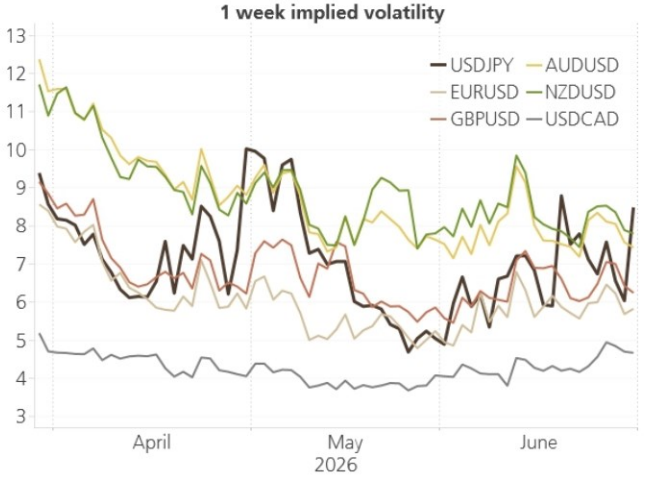
1. Data released on Tuesday confirmed no Japanese intervention between 28 May and 26 Jun, despite some strange intra-day gyrations in that period.
2. Japan finance minister Katayama in press comments did not go out of her way to make bolder intervention threats than she has already stated, despite key levels being under threat.
3. New BoJ "reflationist" board member Sato in press comments suggested a lack of concern about both JPY levels and inflation risks, saying "While we may observe some risk of inflation overshooting, I do not believe that an inflationary norm has yet become firmly established" and pointing out that JPY weakness has both pros and cons.

Lack of BoJ hawkishness is keeping JPY on the backfoot

4. Japan's latest fiscal proposals have led to some pressure for longer-dated JGB yields to rise again. As we've discussed in the past, the Takaichi government early in its life made a shift from targeting budget deficit levels to targeting a reduction in the debt / GDP ratio. Given that the latter can come down through high inflation as easily as through better growth or more budget strictures, the market has a strong sense of a framework of monetary and fiscal coordination to ensure the economy is as stimulated as possible, with JPY levels of relatively minor significance in that context.

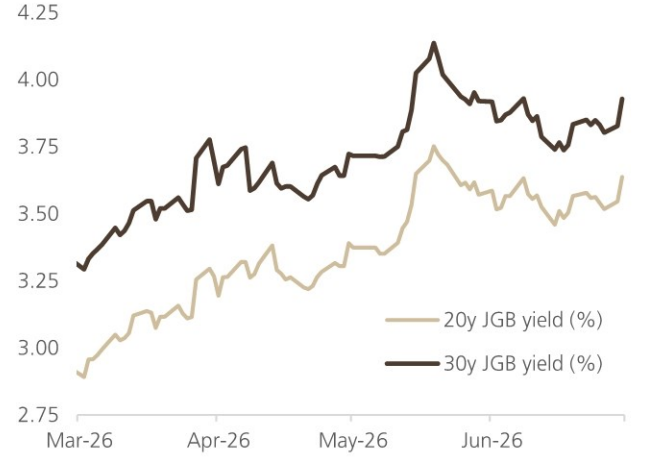
Fiscal proposals are pressuring JGB yields higher which does not bode well for JPY

Figure 2: USDJPY implied vol stands out within G10



Source: Bloomberg, UBS

Figure 3: JGB yields are picking up again



Source: Bloomberg, UBS

While this is interesting in terms of levels, it is harder to argue that this represents anything especially new in terms of drivers. Indeed just last week we moved up our end-Q3 target to 165.00, looking for a potential range high of 167.00 in the quarter. And we

still have a USDJPY 29 Dec '26 expiry 175.00 One Touch as part of our trading recommendations. While this trade started life at least partly as a "SoH stays closed" trade, the underlying framework is JPY-negative enough to make us reluctant to close it out even if the key original catalyst has largely evaporated.

We target USDJPY 165 for end-Q3

With polls showing the government's popularity remains high even if such policies generate underlying inflation pressure and hit real consumption levels, the pressure to change internally is low. And so far 18 months of dealing with the Trump administration does not appear to have exerted the level of external pressure needed to make Japan do what could actually change the underlying JPY trend: raise rates faster than markets are already pricing in.

So what could happen next? This week affords a couple of possibilities for another bout of intervention:

We are vigilant on the possibility of JPY interventions near-term

a. If US jobs numbers on Thursday are weak and the USD is under general pressure, intervention could be more impactful
b. Friday being a US holiday means that already-thin world cup markets could be vulnerable to a sudden bout of large intervention in the $30-40bio range
c. A bout of joint intervention with the US would have a novelty factor that would suggest to markets that perhaps policymakers in both countries are prepared to fight harder than has been the case till now

While acknowledging these risks, we still argue in favour of fading intervention bouts rather than going with them until something changes more impactfully in terms of underlying fundamentals and we still look for general JPY underperformance within the G10 space longer term.

We ultimately view interventions as opportunities to re-engage in long USDJPY positions

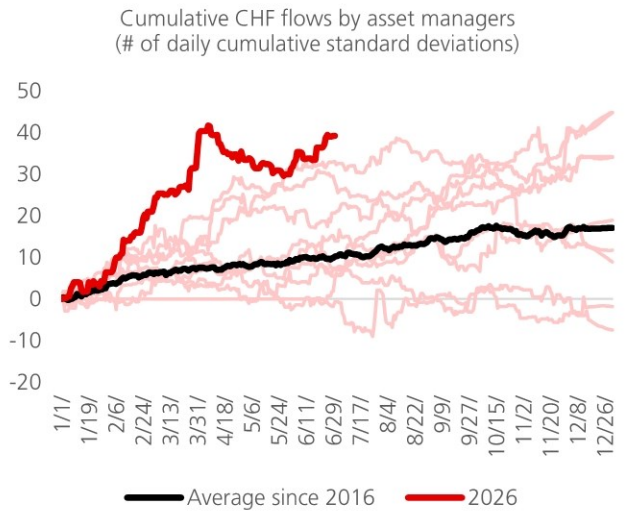


CHF: USDCHF grinding, but not to a halt

Last week we flagged long USDCHF as appealing in the light of the pair's carry in broader low vol FX market conditions and set an end-Q3 target of 0.83. Recent performance has however been mixed, with upside momentum stalling and the pair consolidating shortly after establishing a local high at 0.8140 on 24 Jun. What explains this and how can it change?

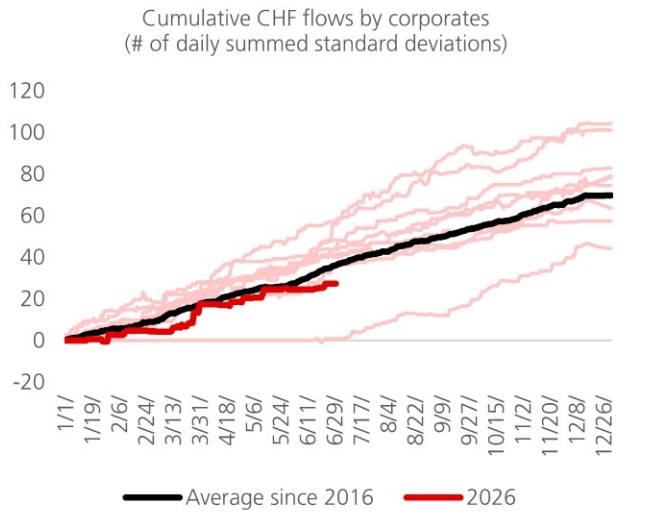
Alvise Marino
Strategist

Figure 4: CHF demand from asset managers has rebounded



Source: UBS

Figure 5: Meanwhile corporate demand for CHF is subdued



Source: UBS

1. Demand for CHF by asset managers (but not by corporates). Our FX flow data show that demand for CHF from asset managers rebounded of late (Figure 2) after a seasonal lull in May and early June. We tend to associate these flows with FX hedging activity by domestic investors of predominantly USD-denominated foreign asset holdings. Higher US rates and reduced risk premia for US policy instability however suggest that an extension of this rebound is unlikely; we would be inclined to expect demand for CHF from this investor cohort to subside in coming weeks.

   Asset managers' demand for CHF should subside. Meanwhile, corporates remain on the sidelines

   Meanwhile, Swiss corporates – another group of investors with a one-sided pro-CHF bias – have held back in their demand for francs despite attractive entry points emerging in both USDCHF and EURCHF (Figure 3). Our conversations with market participants suggest that higher hedging costs and reduced fears of a sharp USD decline are key changes relative to conditions that were prevalent in late Q1. At the time we highlighted the potential for increased corporate FX hedging to stem USDCHF upside; this more subdued recent activity by corporates represents a notable change of behavior that bodes well for our view.

2. Signs of improvement in economic data. Another possible explanation for CHF resilience is the improvement in economic data. Yesterday saw the KOF survey rise to 101.2 in June from 98.6 in May. This follows three consecutive months of below average readings and could be seen as heralding a less overtly dovish set of SNB policy intentions. This said, SNB policy expectations are unmoved, with a modest 6bp of tightening priced by year end. June CPI data, out tomorrow, will be the next point of interest.

   Economic activity data might be improving, but ultimately CPI is key for CHF. June data are out on 2 Jul

   Consensus is set for a pullback from 0.6% y/y to 0.5% y/y, which if realized would leave inflation squarely in line with the SNB's Q2 forecast. Our economists are in line with consensus, and we do not have strong reasons to disagree given the recent energy price pullback. But we also are alert to the fact that CHF weakened ~1.7% on a NEER basis in June, the biggest monthly decline since March 2021, which raises the possibility of imported ex-energy inflation rebounding.

   Markets would see any strong inflation surprise as a reason to anticipate less of a

dovish policy stance from the SNB, and for carry for USDCHF longs to come under pressure. It is not our baseline scenario, but a risk to monitor. We also continue to monitor trade developments, as the possibility of fresh tariffs on pharma exports to the US are discussed locally - potentially a CHF negative.

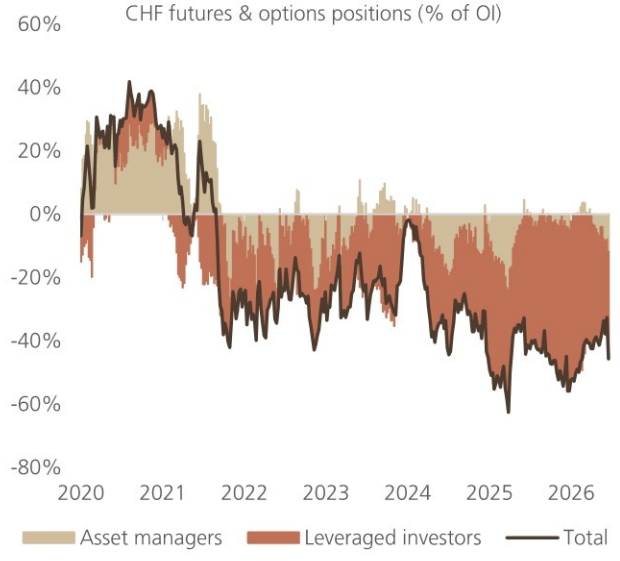
3. Positioning favors a grind over sharp moves. The third and final reason for the lack of CHF follow through to the break above 0.80 is that positioning might be starting to act as a hurdle. We are not very confident in this assessment, as IMM data on hedge fund CHF positioning and similar indicators from our own CTA data show shorts are on the rise (Figure 4), but still far from extreme. But we also acknowledge that front end USDCHF risk reversal skews are now well bid for calls (Figure 5), which implies a higher bar for CHF weakness to realize from current levels.

Short CHF positioning has been rising, but is still not extreme

Overall, our preference for USDCHF topside remains intact, but given how quickly the positioning has moved, we think linear views in the pair likely require a correction towards the low end of our Q3 target range at 0.79 (near the 200-dma at ~0.7911), where we think support will be robust. For those instead looking to position for an extension of the USD upmove from current levels, expressions tailored for a grind and that take advantage of the elevated skew to cheapen exposure are likely more appropriate. The key risk to our view is a sudden rebound in CPI.

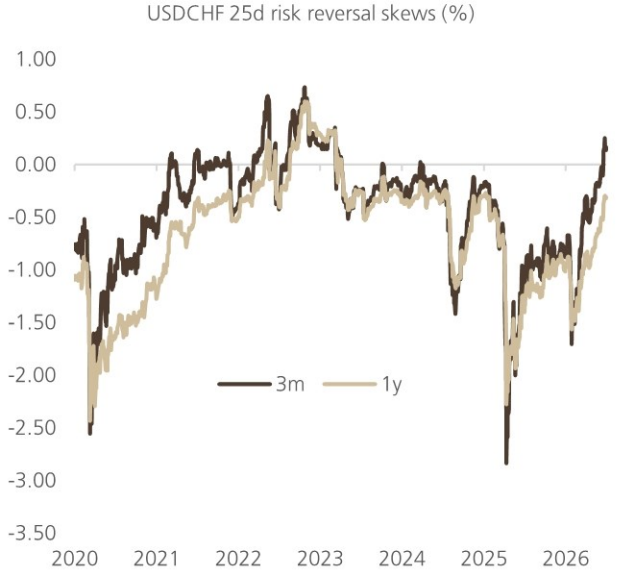
Linear USDCHF longs are best reserved to spot retreats to 0.79, while skew favors grind higher vol expressions

Figure 6: CHF shorts are significant, but still not stretched



Source: Bloomberg, CFTC, UBS

Figure 7: Topside USDCHF optionality demand on the rise



Source: Bloomberg, UBS

NOK: Cleaner positioning, attractive carry

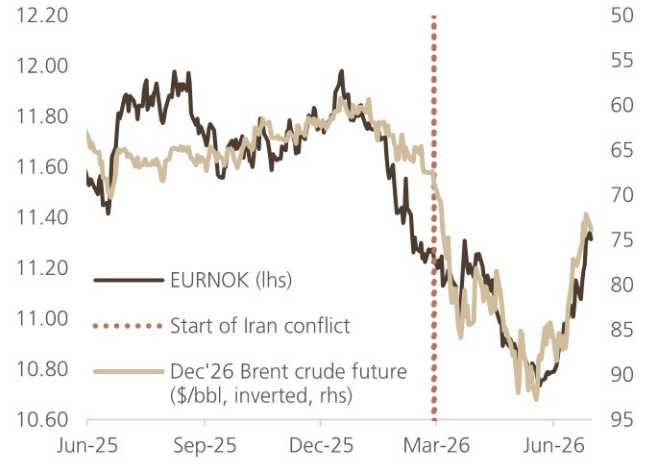
Benjamin Jarrett
Strategist

Directionally, recent price action in EURNOK has been as expected, with the pair trading higher as oil prices have fallen and the long NOK positions that built up during the Iran conflict have been washing out. For reference, the latest UBS FX CTA Positioning Monitor (25 June) showed that systematic funds have shifted back to neutral on EURNOK after reaching max short (long NOK) during the conflict. However, the extent of the corrective move higher in the pair has surprised us, trading to a high of 11.3593 on Monday.

In our Q3 FX Outlook, published last week, we gave a target of EURNOK 11.15 for end-Q3 with a 11.00-11.30 range alongside our existing 11.20 target for year-end. This was based on the view that once positioning had washed out, NOK's standing as one of the highest carry currencies within the G10 space, cemented by a hawkish Norges Bank, would limit the extent to which NOK would sell off given the current risk-on, low-vol environment that is favouring carry trades. It may be the case that positioning in the market was still slightly long at that point and was subsequently neutralised as oil prices fell further; between publication of our Q3 FX Outlook and the Monday high in EURNOK, front-month Brent futures had fallen another 5%.

The correction higher in EURNOK recently was larger than we expected, but positioning looks more neutral now

Figure 8: EURNOK is trading in line with oil...



Source: Bloomberg, UBS

Figure 9: ...and rate differentials



Source: Bloomberg, UBS

From the current vantage point, EURNOK now looks to be trading in line with both oil prices and the 1y1y interest rate differential (Figure 6, Figure 7), and the slight retracement from the Monday highs may suggest that positioning has now been cleared. As such, we see little reason to revise our EURNOK targets higher at this point. Assuming the large swings in oil prices are behind us and the pro-carry environment persists through summer as we expect, the road should now be clearer for carry-focused NOK longs to come back into play. Marking to market, we simply widen our Q3 expected range to EURNOK 11.00-11.50. Aside from potential swings in oil prices, a shift to a risk-off/high-vol environment would likely see the pair push towards the upper end of this range while a dovish shift from the ECB vis-à-vis the Norges Bank could see the pair approaching the lower end.

We maintain our targets of EURNOK 11.15 for end-Q3 and 11.20 for year-end, but widen our Q3 expected range to 11.00-11.50

Regarding the Norges Bank decision two weeks ago (18 June) to hold rates unchanged, the Committee decisively leaned into its existing hawkish bias. After delivering a 25bp hike in May to 4.25%, the updated forecasts in the June Monetary Policy Report saw the end-2026 policy rate projection revised up to 4.55% from 4.35% in the face of sticky underlying inflation and robust wage settlements. Note that the Norges Bank's peak policy rate during the post-pandemic hiking cycle was 4.50%, meaning the Committee is now entertaining the possibility of policy rates exceeding that previous cycle high. Market expectations are effectively in line with this projection, pricing in 27bps of tightening by year-end. As such, we view the carry that NOK offers as relatively "reliable".

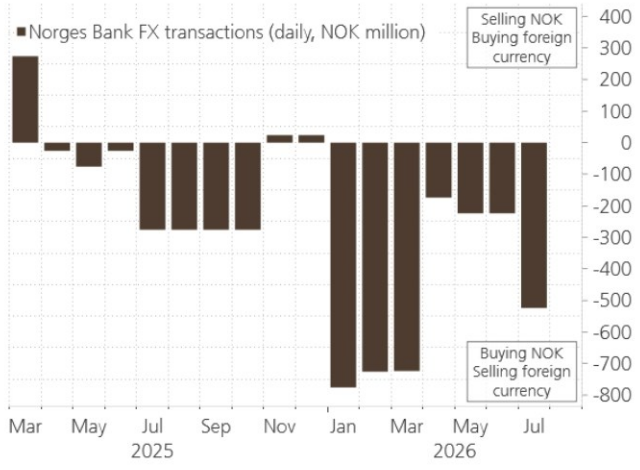
NOK is supported by attractive carry, cemented by a hawkish Norges Bank

A note on Norges Bank FX transactions

In its usual month-end announcement, the Norges Bank yesterday flagged that it would be purchasing NOK 524 million (selling foreign currency) per day through the month of July. This is a considerable increase from the NOK 224 million announced at the end of May for the month of June (Figure 8). However, we do not view this as impacting demand for NOK in either direction. The amount of NOK that the Norges Bank purchases each month is mainly a function of 1) the non-oil budget deficit, and 2) oil-related tax revenues.

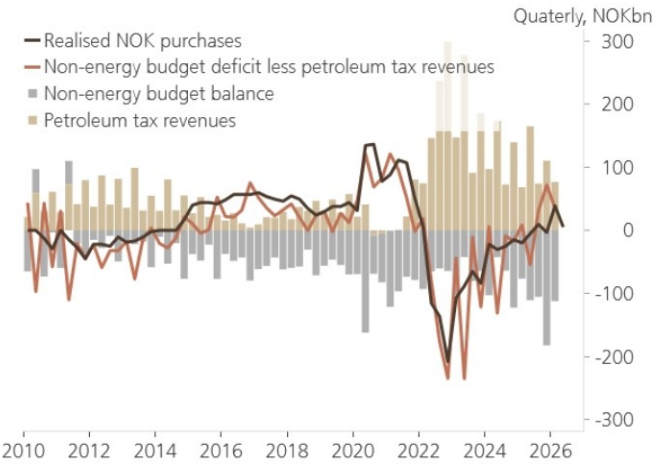
Daily NOK purchases by the Norges Bank will increase in July

Figure 10: Norges Bank FX transactions



Source: Macrobond, Norges Bank, UBS

Figure 11: Breaking down the net NOK requirement



Source: Macrobond, Norges Bank, Statistics Norway, UBS

The government finances its non-oil budget deficit via "transfers" from the sovereign wealth fund, resulting in the need for NOK purchases (FX sales) as the fund operates entirely in foreign currency. The government also receives tax revenues in NOK from the oil firms. Norges Bank FX transactions plug the gap between these two factors (Figure 9). Within this framework, the trajectory of Norges Bank NOK purchases YTD makes sense mechanically. Less NOK was purchased by the Norges Bank during the Iran conflict as the surge in oil prices resulted in higher tax receipts from the oil companies and therefore less of a gap needing to be plugged. Likewise, now that oil prices have fallen considerably, the government will be receiving less in tax receipts from the oil companies, meaning more NOK purchases are required again.

We do not see this as impacting overall NOK demand

We simply view the Norges Bank's FX transactions as a balancing exercise. For a "true" increase in NOK demand within this framework, we would need to see a marked increase in the size of the government's non-oil budget deficit, increasing the overall NOK requirement.

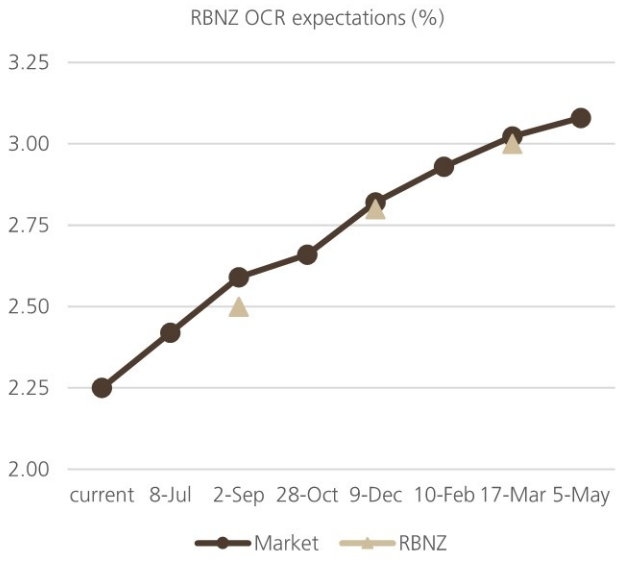
NZD: Intact downside asymmetry risk in AUDNZD

In our Q3 outlook we reaffirmed the view that AUDNZD is likely to be capped at 1.22 and to weaken modestly to 1.20 by year end. But we also argued that the bar for the downside to become an appealing trading proposition is high given the mixed tone of New Zealand's recovery. Markets expect the RBNZ to hike rates mostly for "bad reasons", i.e. to tame high inflation expectations amid mixed demand indicators; this underscores our reluctance to chase AUDNZD lower. Next week's RBNZ decision, for which our economists and most market participants anticipate a 25bp hike (~70% priced in OIS), is unlikely to substantially upset this equilibrium, but should reinforce the downside risk asymmetry in AUDNZD. The following elements drive our thinking:

Alvise Marino
Strategist

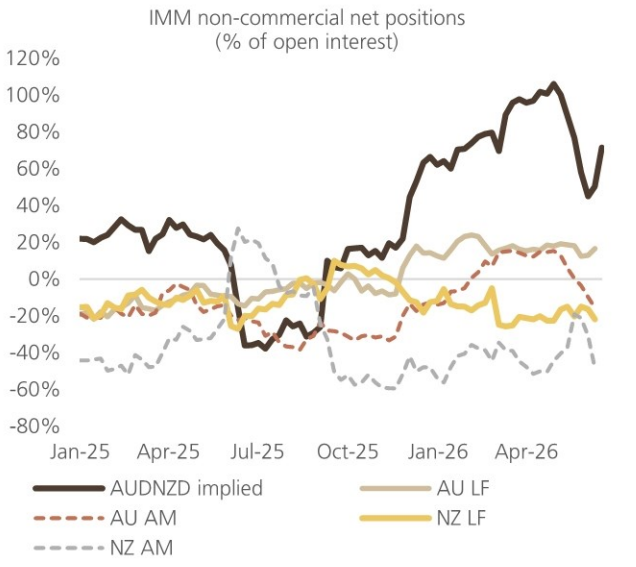
Meena Bassily
Strategist

Figure 12: Markets are in line with RBNZ OCR forecasts



Source: Bloomberg, UBS

Figure 13: Positioning is still long AUDNZD



Source: Bloomberg, CFTC, UBS

1. A hike is not fully priced, but still the most likely outcome. The hawkish tone of the 27 May RBNZ decision, featuring a 3-3 split vote and OCR projections for 50bp of hikes by year end, largely reflected upside risks to inflation expectations from energy prices. Since then, Brent crude oil prices have fallen ~$20, and expectations of a hike on 8 Jul have eased from their peak near 90% in early Jun. While this pullback makes sense in the context of the previous rhetoric, survey data show that lower energy prices are also feeding into improved economic activity prospects, underpinning the case for a still cautious RBNZ stance. The surge in the ANZ business confidence indicator to 36.6 in Jun from 10.0 in May (and -10.6 in Apr) speaks to this change in backdrop. Similarly, Q1 GDP rising 1.5% y/y (above RBNZ's 1.2% y/y forecast) points to more supportive growth dynamics than previously expected, especially given large upside revisions to H225 numbers. The June ANZ confidence data also show still elevated inflation expectations at 3.36% y/y (3.63% in May); with the RBNZ policy rate in stimulative territory at 2.25% and growth prospects improving, a 25bp hike next week still seems very likely.

A 25bp rate hike on 8 Jul is likely in our view, but only 70% priced despite improved activity data

2. Limited scope for dovish signals beyond the meeting. This meeting will not feature an updated OCR track and is therefore unlikely to provide markets with clear indications that a hike in Sep can be fully ruled out. As things stand, market pricing is in line with the RBNZ's projections (Figure 10), implying a 3.0% OCR by end Q127 and 35bp of hikes by end-Q3 split between Jul and Sep meetings. In the event of a hike, a clear dovish shift in rhetoric (i.e. a dovish hike) is likely needed for markets to price out the possibility of further tightening; the case from economic data to support such an outcome is not clear, in our view.

With no OCR path update, the bar for major changes in RBNZ pricing is relatively high

3. Positioning is still long AUDNZD. IMM data show that positioning in AUDNZD is long at 71% of open interest, and remains resilient, having rebounded last week after retreating from recent peaks in May (Figure 11). With interest rate differentials largely stable (Figure 12), decision outcomes that reinforce or extend

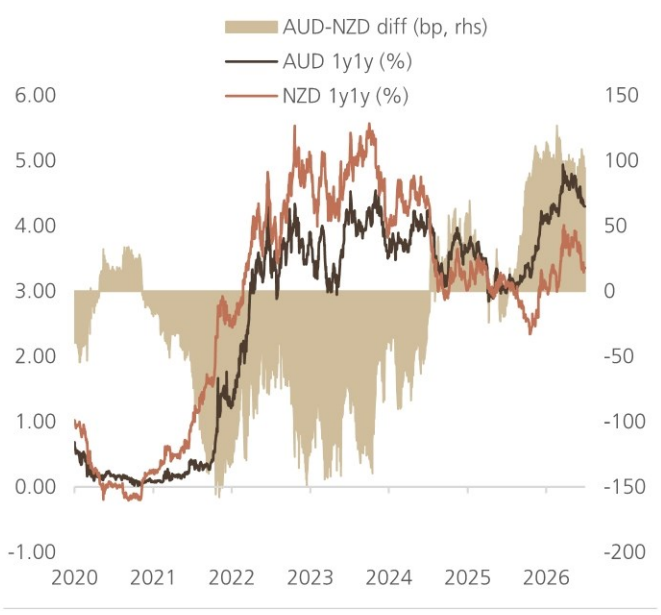
Long AUDNZD market positioning leaves pair vulnerable

prospects of convergence between RBNZ and RBA policy are more likely to impact AUDNZD price action than dovish RBNZ surprises. Meanwhile, vol markets have completely unwound and reversed the premium for AUDUSD over NZDUSD front end implied vols, tracking closely the rise and subsequent decline in RBA tightening expectations (Figure 13). So, while vol markets have already repriced to anticipate reduced potential volatility from RBA policy, the evidence from IMM positioning data is less conclusive in this regard, and points to scope for further trimming of AUDNZD longs in absence of new macro drivers.

With RBNZ hikes priced, a weak AUD surprise is needed for AUDNZD to come under extensive pressure

The main risk to the view is a dovish RBNZ outcome, with an unchanged policy rate the extreme outcome. Under such conditions, a test of May highs at 1.2288 is possible in the immediate aftermath of the decision (a risk case, not our baseline). Conversely, in the event of a hike (as we expect), the cap to further upside in AUDNZD should be reinforced, but the already substantial amount of RBNZ hikes priced will likely remain a hurdle for large and rapid moves lower in the pair. With broader FX volatility under pressure and carry still favoring AUD over NZD, such an outcome would require more negative surprises on the Australian side than we currently expect. As our economists expect the RBA to hike 25bp in Aug (vs +5bp priced at the time of writing), the uneven balance of risks on that front adds to reasons why we are cautious about running AUDNZD shorts even if we anticipate the pair to weaken in coming months.

Figure 14: Rate differentials between AU and NZ are stable



Source: Bloomberg, UBS

Figure 15: Markets no longer see RBA policy as vol driver



Source: Bloomberg, UBS

FX trade recommendations & forecasts

Figure 16: Open and closed trade recommendations (trades executed once weekly, the day before publication)

FX Trade Monitor							
Trade Ideas							
	P&L Units	**Entry Date**	**Entry level**	**Current level**	**Expiry date / Stop loss**	**P&L (incl. carry)**	**Link to Publication**
Long 6m GBPUSD 1.40 digital call	% notional	8-Jan-26	0.19%	0.01%	8-Jul-26	**-0.18%** -0.18%	Thematic trades to start 2026
Long 6m AUDNZD 1.12 digital put	% notional	8-Jan-26	0.17%	0.00%	8-Jul-26	**-0.17%** -0.17%	Thematic trades to start 2026
Long 9m USDJPY 175 one touch	% notional	1-Apr-26	0.19%	0.16%	29-Dec-26	**-0.03%** -0.03%	FX Compass: Mideast conflict scenarios
Sell EURNOK rallies to 11.95	% notional	n/a	n/a	n/a	n/a	**0.00%** 0.00%	Thematic trades to start 2026
Closed trades							
	P&L Units	**Entry Date**	**Entry level**	**Exit level**	**Close Date**	**P&L (incl. carry)**	**Link to Publication**
Long 6m USDCAD volatility swap	% notional	4-Nov-25	4.92%	4.76%	4-May-26	**-0.16%** -0.16%	FX Compass: Going corporate
Long 6m USDJPY 154.30 call 162.10 RKO	% notional	8-Jan-26	0.24%	0.70%	28-Apr-26	**0.46%** 0.46%	Thematic trades to start 2026
Long 6m dual digital GBPUSD ≥ 1.32, EURUSD ≤ 1.17	% notional	8-Jan-26	0.19%	0.21%	31-Mar-26	**0.02%** 0.02%	Thematic trades to start 2026
Short EURSEK	% notional	3-Mar-26	10.75	10.75	12-Mar-26	**0.00%** 0.00%	FX Compass: Volatility roars back
Long 6m EURAUD 1.74 put EKO 1.65	% notional	10-Nov-25	0.50%	1.50%	4-Mar-26	**1.00%** 1.00%	Global Economics & Markets Outlook 2026-27

Source: Bloomberg, UBS. This table is a record of current trade recommendations from the most recently published research reports available on NEO.

Figure 17: UBS FX Forecasts

Last forecast update: 23 June 2026

	Spot	Q3-2026	Q4-2026	Q1-2027	End-2027
DXY	101.2	103.0	102.8	102.6	102.1
EURUSD	1.142	1.12	1.12	1.12	1.12
USDJPY	162.6	165	165	164	160
EURJPY	185.7	185	185	184	179
EURCHF	0.923	0.930	0.915	0.910	0.900
USDCHF	0.809	0.83	0.82	0.81	0.80
EURGBP	0.861	0.855	0.850	0.850	0.850
GBPUSD	1.325	1.31	1.32	1.32	1.32
USDCAD	1.421	1.43	1.43	1.42	1.40
AUDUSD	0.691	0.69	0.68	0.68	0.68
NZDUSD	0.568	0.57	0.57	0.57	0.58
AUDNZD	1.218	1.22	1.20	1.20	1.18
EURSEK	11.08	11.20	11.00	11.00	11.00
EURNOK	11.31	11.15	11.20	11.20	11.20
EURAUD	1.65	1.62	1.65	1.65	1.65

Source: Bloomberg, UBS estimates

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