

## Global FX weekly

## Yen and yang

**The view**

**G10 FX.** Reduce USD shorts; CTA buying may amplify rally. JPY intervention unlikely for now. Risks skewed lower for EUR crosses. Domestic factors support AUD, CAD and SEK.

**EM FX.** Going its own way as PBoC fixes strong and BRL and ZAR carry holds sway. EM implied ATM vol trading below G10 also shows divergent paths.

**G10 Themes**

**JPY.** Bullish USD/JPY for 4Q25. 1) BoJ pricing too hawkish; 2) Gradual tariff pass through; 3) US-Japan investment deal; 4) Position liquidation.

**FX hedge ratio.** Q3 macro dynamic calls for a slight increase to USD hedge ratio. Material increase likely requires another round of concurrent US equity and dollar rout.

**Dutch pension funds** raised USD hedge ratios a little in 2Q, according to our estimates. Their USD hedge ratio likely troughed in Q1 and remains far recent highs

**CAD.** Fiscal expansion announcement on Nov 4 and its bullish implication for CAD may be underpriced. We enter 3m 1.36-strike USDCAD put.

**SEK.** Both domestic and external factors support SEK. We expect stronger growth vs the EA and a relatively hawkish Riksbank.

**CHF.** SNB intervention (CHF7bn) in Sep. Intervention comes as data reveals CHF selling in Q2 & sign that SNB has tolerance levels. US-Swiss Accord no constraint.

**EM Themes**

**Long BRL/COP.** Three-month annualized carry of 4.5%, historical volatility at 12.8%.

**Asia FX.** Corporate Europe sentiment constructive, focus on Thailand and India

**THB.** Seasonal flows turn bullish for THB in 4Q, led by tourism and net trade balance

**Quant & Vol Insights**

Short-term FX quant signals become bullish for the USD as EURUSD uptrend turns neutral amid bearish options sentiment. USDJPY should also see further upside from trend-followers.

**Technical Strategy**

Reiterate bearish GBPUSD view. Since end of 2Q25, we have been constructive on the USD indices preferring long USD ideas. We technically and seasonally reiterate this. We still like lower GBP\$.

10 October 2025

FX Research  
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**Refer to important disclosures on page 25 to 27. Analyst Certification on page 24. 12885373**

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# Key views, forecasts and latest trades

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## Exhibit 1: Our medium-term views

G10 and EM FX medium-term views

**G10** We maintain a bearish USD bias, looking for EUR-USD at 1.20 this year and 1.25 next. This is predicated on (1) ongoing stagflationary risks in the US; (2) resumed Fed cuts, as other central banks appear much closer to the end of cutting cycles; (3) the US administration's preference for significantly lower rates (and by extension USD); (4) the likely continuation of USD hedging flows; (5) lower bar for positive surprises around the German fiscal and European defence spending. On JPY we remain bearish, looking for USD-JPY at 155 by year-end, partly on structural Japan outflows and, nearer-term, elevated fiscal risks. We remain bullish AUD, incl. vs NZD, and the Scandies and patiently constructive on GBP – we forecast EUR-GBP at 0.86 by year-end. Our CHF bias is bearish, but CHF could find support from rising global fiscal premia, esp. vs JPY.

**EM** EM FX is holding up well as the USD policy risk discount deepens and the Fed delivered the September cut. We pay 3x12M CNH forward positions based on near-term CNY appreciation and a normalization of domestic (tighter) liquidity. SGD is expected to underperform its NEER basket as we are on the strongside of the band, offering a hedge against any trade deal disappointment. In Latam, we favor long BRL against CLP, MXN and USD on valuations and easing cycles. We are bearish MXN as rate cuts reduce carry amid a deteriorating macro backdrop and potentially weaker remittances. For EMEA, enter long KZT for yield and central bank support. We close long a basket of ZAR, CZK, PLN in a 3:2:1 ratio, to reduce risk as the USD is showing some signs of a tactical near-term USD rebound.

Source: BofA Global Research

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## Our key forecasts

### Exhibit 2: Key BofA G10 and EM FX forecasts

Forecasts as of 9-Oct-2025

(EOP)	YE 2022	YE 2023	YE 2024	1Q 25	2Q 25	3Q 25	YE 2025	YE 2026	YE 2027
EUR/USD	1.07	1.10	1.04	1.08	1.18	1.17	1.20	1.25	1.25
USD/JPY	131	141	157	150	144	148	155	150	142
GBP/USD	1.21	1.27	1.25	1.29	1.37	1.34	1.40	1.51	1.51
AUD/USD	0.68	7.00	0.68	0.62	0.68	0.66	0.68	0.71	0.72
USD/CNY	6.90	7.10	7.30	7.26	7.16	7.12	7.10	6.80	6.70
USD/BRL	5.29	4.92	6.21	5.71	5.43	5.32	5.40	5.50	5.50
USD/INR	83	83	86	85	86	89	86	84	84
USD/ZAR	17.04	18.36	18.84	18.32	17.71	17.27	17.00	16.50	16.50

Source: BofA Global Research. Forecasts as of 9-Oct-2025

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## What we particularly like right now

### Exhibit 3: Our latest G10 and EM FX trade recommendations

What we particularly like right now

#### G10

Sell GBP/AUD Elevated GBP risk-premium and asymmetric downside risks. Potential end of RBA easing cycle and improving China sentiment

Sell EUR/SEK via 3m 10.90/10.80 put spread We position for upside European surprises on the fiscal front. Sweden to out-grow the Euro area. Riksbank better priced vs ECB

Buy EUR/JPY via 1y 172 call Higher European yields to increase Japanese demand for EUR bonds. Fiscal hopes in Europe vs fiscal concerns in Japan

Sell EUR/GBP via 6m 0.8530/0.8350 put spread EUR/GBP expensive relative to traditional anchors: rate spreads & FX volatility. UK to benefit from broader US derisking

#### EM

Short USD/KZT High carry and favourable fundamentals make long KZT appealing while the central bank FX reaction function limits downside

EM Alpha: Long BRL/COP Expect BRL to outperform given its high carry, attractive valuation, and the potential for improved Brazil-US trade ties. Expect COP to underperform due to fiscal slippage, treasury running out of dollars to sell, and concerns about foreign policy

Pay 3x12 CNH points We enter paid 12M vs. 3M CNH points at -1118pts, target -820pts based on CNY appreciation and reduced domestic liquidity

For a complete list of our open trade recommendations, as well as our trade recommendations closed over the last 12 months, please see pages 21-24.



# Week ahead & G10 Central Bank calls

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## In focus next week

**IMF meetings** (all week). **Powell** (Tue), **Beige book** (Wed), **UK labour data** (Tue), **GDP** (Thu). **RBA Sep minutes** (Tue), **AU labour data** (Thu)

### Other events by region:

- AMRS – **US** CPI (Wed), retail sales (Thu), PPI (Thu), import prices (Fri) could be affected by the US government shutdown
- Europe – **Euro area** ZEW Survey (Tue), IP (Wed), final CPI (Fri)
- APAC – in **JP**, BoJ speakers (Tamura Thu, Uchida Fri)

Source: Bloomberg. Last updated: 9-Oct-2025. Dates are according to London time.

## G10 Central Bank calls

### Exhibit 4: BofA G10 Central Bank calls

No G10 central bank meetings next week

Country	Current	Next	Our call	BofA YE 25 (bp)	Priced YE 25 (bp)	Narrative
US	4.13%	29-Oct	3.88%	-25	-45	We have pulled forward the next Fed cut from Dec to Oct because the labor data remain soft. We still expect only another 25bp of cuts under Powell and another 75bp in rate cuts post-Powell (June/Sep/Dec '26), for a 3-3.25% terminal. But the risk is that the Fed will over-ease because it is slow to accept the labor supply story.
Eurozone	2.00%	30-Oct	2.00%	-25	-3	We still expect two more 25bp cuts, in Dec and Mar. ECB could skip Dec, but we maintain confidence in 1.5% terminal. To us, whether the ECB cuts more is a "when" rather than "if" story. The longer it takes to provide modest stimulus, the more likely that, once it does cut, it gets stuck there and the normalisation we now expect in late 2027 never happens
Japan	0.50%	30-Oct	0.50%	0	+15	While Takaichi's cautious stance on BoJ's rate hikes slightly raise the bar to their Oct hike, it should not materially affect the BoJ's rate-hiking path per se. We continue to expect the next hike in Jan and one hike every six months thereafter, to a 1.5% terminal by end-2027.
UK	4.00%	6-Nov	4.00%	0	-6	We expect the BoE cut rates again in Feb and Apr 2026, for a 3.50% terminal rate.
Canada	2.50%	29-Oct	2.25%	-50	-23	We think the BoC will likely lower the policy rate to below neutral to support the economy. The timing will depend on how fast core inflation responds to the weak economy activity, but we expect the movement to below neutral to be relatively fast (we expect 25bp cuts in October and December).
Australia	3.60%	4-Nov	3.35%	-25	-13	While lingering upside inflation risks mean a Nov cut will be a close call, we believe labour market softening tilts the balance in favour of a 25bp cut. However, a strong labour market release (due Oct 16), and/or material upside surprise to our Q3 trimmed mean forecast of 0.7% q/q and 2.6% y/y (due Oct 29), would likely shift our expectation to a hold in Nov
New Zealand	2.50%	26-Nov	2.25%	-25	-24	We expect a 25bps cut in Nov to a 2.25% terminal, but see risks skewed towards a lower terminal rate
Switzerland	0.00%	11-Dec	0.00%	0	-2	We stick to our call that the SNB's zero interest rate policy is here to stay. Rates in negative territory are a risk, contingent on a meaningful deterioration in the Swiss inflation outlook. And given the still high uncertainty around the Swiss macro outlook, we expect discretionary FX interventions to remain an additional policy tool of choice for the SNB.
Norway	4.00%	6-Nov	4.00%	0	-4	We expect no more cuts this year, one cut next year, and a final cut in 2027, for a 3.50% terminal (vs 3.25% prev.)
Sweden	1.75%	5-Nov	1.75%	0	-4	We think the Riksbank is done with rate cuts, but some downside risks remain, if households remain very prudent over the next two quarters. We keep our rates path fixed at 1.75% in 2026/27, and struggle to see the Riksbank hiking rates

Source: BofA Global Research. Forecasts and OIS pricing as of 9-Oct-2025.

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# The view

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## G10 FX: fall cleaning

### FX markets stirred, not yet shaken

The US has “shut down” but the rest of the world has not. Japan and Europe injected some volatility in FX markets despite the ongoing US data vacuum. We summarize our views and recent trade updates below.

- **Reduce short USD exposure.** We closed our long EURUSD recommendation ([FX Alpha 07 October 2025](#)) following political developments in France this week. We also exited long AUDUSD in late September ([FX Alpha 26 September 2025](#)). This leaves us with minimal short USD exposure outside of our recent 3m 1.36 USDCAD put recommendation, partly motivated by cheap implied vol in that pair. We remain bearish USD medium-term but with Fed independence risk likely pushed back to 2026 and uncertainty around the timing of hedge ratio adjustments, there are few obvious near-term triggers. Meanwhile, the technical outlook remains constructive for USD ([FX Technical Advantage 22 September 2025](#)) and CTA buying could amplify the USD rally ([Systematic Flows Monitor 26 September 2025](#)).
- **JPY intervention unlikely for now.** We were short JPY vs. CHF, USD & EUR. The LDP election result allowed us to close two trades near our targets ([FX Alpha: Long CHF/JPY: Target Reached 07 October 2025](#) and [FX Alpha 08 October 2025](#)), but we stay long EURJPY and bearish yen more generally on structural corporate and household outflows. Intervention is the near-term risk, but we think this is unlikely unless the USDJPY rally accelerates above 155. In our view, it may be difficult for the MoF (responsible for FX intervention) to act proactively during a government transition period ([Japan BoP: new policy dilemma 08 October 2025](#)).
- **France investor trip.** A timely investor trip by our European team this week found little conviction on stable solutions but near-term expectations for a path to a negotiated solution on the 2026 budget, which would avoid snap elections ([France: another try? 09 October 2025](#)). This reduces the risk of a disorderly sell-off in EURUSD, especially if OAT-Bund spreads stabilize around 80bp as we expect. Risks are skewed lower for EUR if there is protracted political instability, but this is better expressed via crosses than against USD.
- **G10 alternatives.** The lack of constructive macro narratives in the rest of G10 has heavily restrained the short USD trade, except of course vs. gold. Still, we like some idiosyncratic stories, even if mostly expressing these in non-USD crosses for now. We maintain a long AUD bias (vs. GBP) with a potential end to the RBA easing cycle and improving China sentiment. We are bullish SEK (vs. EUR) on a likely growth recovery and more hawkish Riksbank vs. ECB ([SEK rally ain't over 09 October 2025](#)). And we fade the bearish consensus on CAD on the view that the Budget on Nov 4 is underpriced in terms of likely fiscal impulse ([CAD: domestic green shoots 07 October 2025](#)).

## EM FX – Go your own way

The PBoC returns from its Golden Week holiday and shows that it is willing to go its own way, despite the USD rebound and sell-off in JPY. Thursday's USD/CNY fixing of 7.1102 came in below market expectations and pushes the central banks trade-weighted currency index to 97.012, the highest level since May this year and a 2% rally since the July low.



Meanwhile, on the other side of the world, high yields BRL and ZAR, continue to show strength against USD. We maintain our long positions in BRL against USD, CLP, and MXN. There are exceptions, however, with ARS still struggling to hold stability as its local rates push above 80%.

The ongoing global tariff situation remains a challenge and risk for EM. Our recent discussions with European corporate engaged in Asia shows that they did better than they otherwise feared given the US tariff hikes – see [Asia FI & FX Strategy Viewpoint: The Asia view from Corporate Europe – so far, so good, but far from over 07 October](#).

However, Asian exports are showing signs of rolling over, while German industrial production and car exports are sinking, especially to China. This brings the risk that the EU will announce a quota cut to tariff free imports of steel and aluminum and will seek higher tariffs too next Tuesday. At the same time, China has just announced more restrictions to rare earth exports.

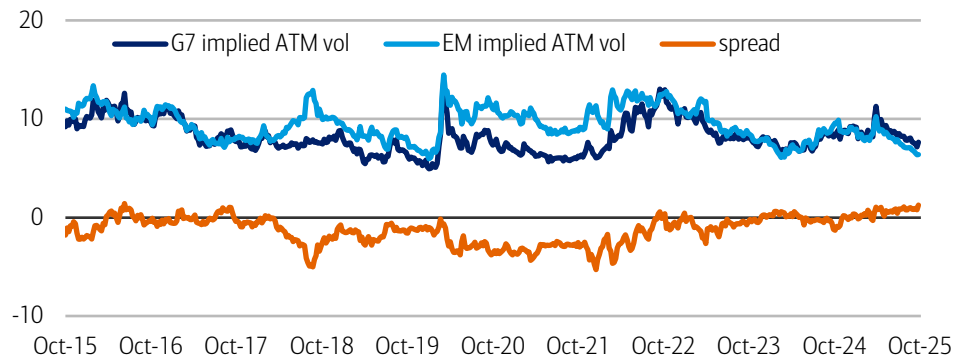
Despite this risk for tit-for-tat tariffs spreading, global equity markets remain buoyant, and the US VIX volatility index remains contained, albeit off its lows.

### Vol divergence – G7 trades at wide premium to EM

It is worth noting the large divergence in G7 FX implied volatility relative EM as captured by chart below. On average G7 FX implied volatility is trading at a 1.26% premium to EM, this is 1.74 standard deviation above the 10yr average using weekly data. On a 20yr history it is 1.26% standard deviations. This would hint at a vol ‘risk premium’ in G10 FX, with the recent JPY sell-off aggravating higher G10 volatility and again highlighting concerns over policy risks to monetary credibility. Thus far, more subdued EM inflation, better EM growth and fiscal dynamics, appear to support this divergence.

#### Exhibit 5: G7 implied ATM vol compared with EM implied ATM volatility over past 10 years

EM implied volatility is on average 1.2% below G7 volatility, widest spread since June 2016



Source: BofA Global Research, Bloomberg  
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# G10 Themes

## USD/JPY – contrarian long for 4Q25

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Link to the full report: [FX Viewpoint: USD/JPY – contrarian long for 4Q25 06 October 2025](#)

### 5 reasons to buy USD/JPY

We remain constructive on USD/JPY and raise our USD/JPY forecasts given the result of the LDP's presidential election. We raise our year-end forecast to 155 from 153, and end-2026 forecast to 150 from 148. We remain short JPY vs USD, EUR, and CHF. We raise 5 factors supporting USD/JPY.

#### 1) BoJ pricing looks too hawkish vs Fed pricing

The current Fed rate cut pricing (90% priced for Oct) appears to imply continued deterioration in the US labor market. The pricing for BoJ hikes (>50% priced for Oct before weekend) assume a solid external condition, but a hike in Oct is at risk given Takaichi's victory over the weekend. If concern over the US labor market declines and the government shutdown ends, the Fed's rate cut(s) may be priced out, which would have a bigger impact on USD/JPY than a BoJ hike.

#### 2) Japan CPI to fall under 2% in 2026 - can BoJ hike?

The market and our economists expect Japan's inflation to fall below 2% YoY in 2026, and remain below 2% into 2027. The BoJ can still hike with CPI inflation below 2% YoY but those who oppose rate hikes may justify their argument by pointing to CPI undershooting the BoJ's price stability target. Thus, it may be important for the BoJ to get support for rate hikes from the administration. From this perspective, Takaichi's victory could raise the bar for the BoJ to hike in 2026 at a margin.

#### 3) Gradual tariff pass through positive for USD/JPY?

Slow pass through of US tariffs by Japanese exporters - as opposed to a lump sum price hike - would at a margin have a more moderate inflationary impact on the US economy over a longer period and benefit the US government at the cost of Japanese exporters' profits as they initially bear the burden of the tariff. It could be positive for USD/JPY.

#### 4) US-Japan investment deal to boost USD demand

The US has been the top destination of foreign direct investment by Japanese firms over the past 5 years. Even if there is no direct USD buying emerging from the US-Japan investment deal, outflows from Japan can accelerate due to participation by firms in government-led projects.

#### 5) Position liquidation more bullish for USD than JPY

Historically, the market has assumed the yen to rise during periods of market turmoil and position liquidation. Position liquidation is a key risk today given rising equity valuation and risk asset prices. However, USD may gain more than JPY in today's case given a still wide gap between short USD and long JPY positioning.

### JPY into year-end

This week, hedgers may sell USD/JPY's rally above 150. However, given increased political and fiscal risks, we think USD/JPY's dip will be bought and USD/JPY's range would shift to above 150.



## Q3 '25 estimated FX hedge ratio

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Link to the full report: [FX Watch: USD Hedge Ratio Series #7 - Q3 '25 estimated FX hedge ratio 08 October 2025](#)

### Q3 macro dynamic calls for higher FX hedge ratio

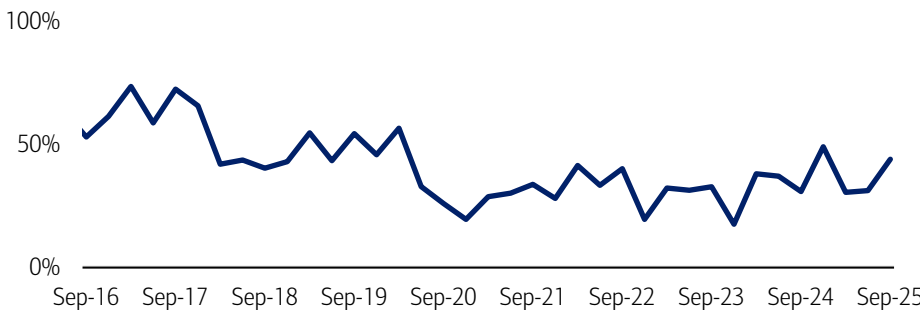
In April, we described a theoretical FX hedge ratio estimation framework for global investors ([FX Viewpoint, 14 April 2025](#), for more details also see Appendix). We estimate FX hedge ratio from four aspects: USD's correlation to US equity market, discretionary USD view, FX forwards-implied hedging cost, and USD valuation. We now provide an update on how global investors' FX hedge ratio for USD-denominated assets could have evolved in recent months. In Q3 '25, macro dynamic called for an increase of FX hedge ratio to 44% from 31% at midyear 2025 (Exhibit 6).

### Bearish USD view adds the most to increased hedge

Across the four aspects, renewed bearish USD consensus outlook contributed the most to the increase in estimated FX hedge ratio. The USD depreciated at a fast speed in Q2. As a result, spot price briefly fell below consensus forecast, but consensus forecast has now caught on. The USD has stayed range-bound in recent months while consensus sees further weakness in the quarters ahead.

#### Exhibit 6: We estimate global investors' FX hedge ratio should have marginally rose from 31% at midyear to 44% in Q3

BofA estimate of global investors' US equity FX hedge ratio



Source: BofA Global Research, Bloomberg

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# Hedge Ratio update – Netherlands

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Link to the full report: [FX Watch: USD Hedge Ratio Series #6 – Netherlands 06 October 2025](#)

## Dutch pension funds raised a little USD hedge ratios in Q2

Dutch pension funds raised their USD hedge ratio by c. 4pp in Q2, according to our estimates. We think this implies a c. 46% USD hedge ratio in Q2 (Exhibit 7) for the four largest pension funds combined (end-24: AUM c. EUR 960bn AUM; USD assets c. 360bn).

## FX-driven losses dwarfed other losses

Our quarterly estimates are subject to high uncertainty: we only rely on quarterly data for currency derivatives and a report published in May<sup>1</sup>, both by the Dutch central bank. We do know that FX-driven losses dwarfed other losses for Dutch pension funds in Q1, even if FX hedges ended up offsetting some 40% of them.

## Ample room for further adjustments in USD hedge ratios

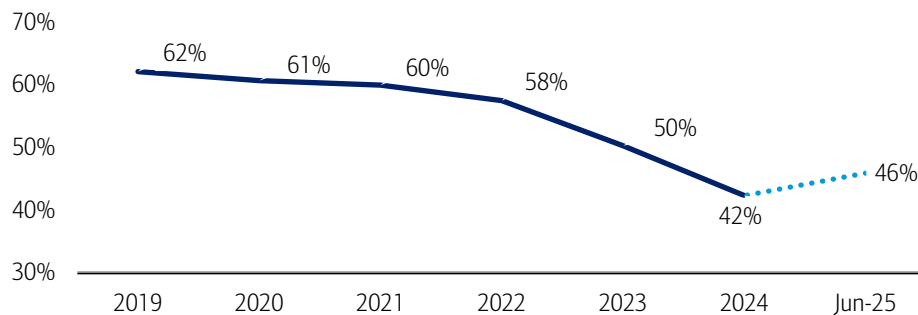
We estimate the Dutch pension sector's hedge ratio troughed at some point in Q1 and remained far from its highs in Q2. The combined USD hedge ratio of the four largest funds stood as high as 60% as recently as end-2021, according to our estimates (Exhibit 7). Lower hedging costs and any fresh challenges to USD-asset correlations could force more adjustments over time (see [Liquid Insight: Hedge ratio considerations 2 Oct '25](#)).

## Ever-increasing US equity share

Since end-2021 EUR investment share (% total) has risen by c. 10pp while USD share declined by 5pp. But, within equities – where FX hedge ratios are typically meaningfully lower than elsewhere – the non-EUR share has doubled since end-2019 and, in fact, rose further in Q2 this year as well.

### Exhibit 7: Dutch pension funds likely raised their USD hedge ratio by around 4pp in Q2

Combined USD hedge ratio of four largest Dutch pension funds (USD AUM-weighted), 2019-2024



**Source:** ABP, PFZW, PMT, bpf BOUW, BofA Global Research. Values are as of year-end for 2019-2024 based on data for the 4 largest Dutch pension funds by Assets under Management at end-2024. BofA estimate for Q2 2025.

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<sup>1</sup> See <https://www.dnb.nl/en/general-news/statistical-news/2025/weaker-us-dollar-hits-pension-funds-harder-than-falling-stock-prices>



# CAD – finding domestic green shoots

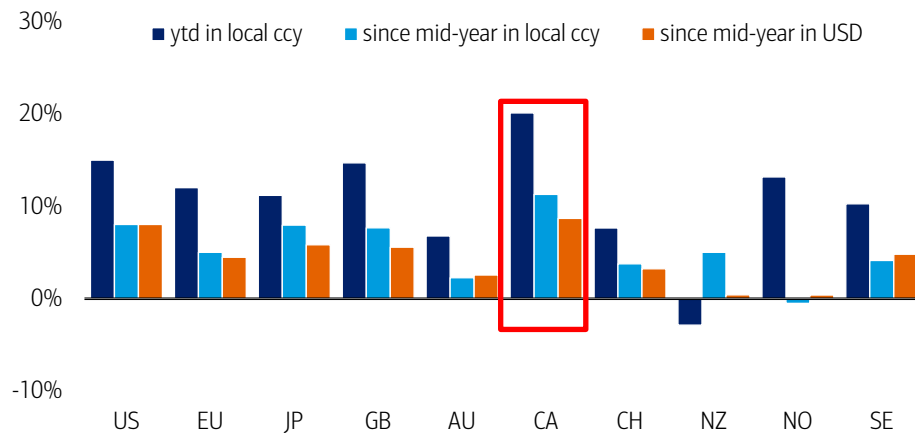
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Link to the full report: [Liquid Insight: CAD – finding domestic green shoots 07 October 2025](#)

- Canada's equity market has outperformed in 2025; disconnect between equity rally and weak economy should ease over time.
- Fiscal expansion announcement on Nov 4 and its bullish implication for CAD may be underpriced.
- Despite short term USD strength, we maintain downward USD/CAD forecast for this year and enter 3m 1.36-strike USDCAD put.

## Exhibit 8: Canada's equity market has outperformed G10 peers in 2025

G10 equity market performance in 2025



Source: BofA Global Research, Bloomberg. Year-to-date shows cumulative return since Jan 1 2025; mid-year cumulative return is calculated from Jul 1 2025.

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## Equity market resilience vs weak economic sentiment

The Canadian equity market has outperformed all G10 peers in 2025. The bullish momentum remained strong in recent months, as Canadian equities continued to outperform in both local currency and FX-adjusted terms in H2 '25. Equity rally should eventually transmit to economic growth recovery, in-line with our forecast. Announcement of fiscal expansion plan on November 4 should also serve as a bullish catalyst for CAD, in our view. Despite more recent USD strength, we find little reason for USD/CAD to trade sustainably above 1.40 and see current spot level as attractive to enter short. We buy 3m 1.36-strike USDCAD put given our year-end forecast, negative spot-to-vol correlation, and cheap implied vol. Risk to the trade is a global risk-off shock or the BoC cuts policy rate to a terminal level that is even lower than our current forecast.



# SEK rally ain't over

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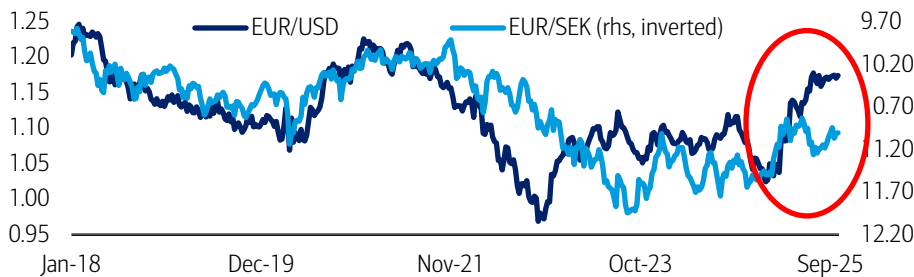
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Link to the full report: [Liquid Insight: SEK rally ain't over 09 October 2025](#)

- SEK is this year's best G10 performer, but we do not think its rally is over. We count on both domestic and external factors
- We count on a softer USD, supportive risk sentiment, positive impact from Germany and the EU and some insulation from France
- We expect stronger growth vs the EA and a relatively hawkish Riksbank. On the flows side, Asset Managers can support SEK more

## Exhibit 9: Soft Swedish data likely behind recent EUR-SEK & EUR-USD divergence

EURSEK (inverted) and EURUSD since Jan-18



Source: Bloomberg. Weekly data through 3 Oct 2025

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## We still like SEK

SEK has been the best performing G10 currency this year, but we do not think its rally is over. We count on favourable developments both externally and domestically.

Externally, we count on a bearish USD, supportive risk sentiment, positive spillovers from German fiscal and European defence spending, and some insulation from French political developments.

On the domestic front, we anticipate stronger growth in Sweden vs. the Euro area, given Sweden's weaker starting point, higher rate sensitivity, and consumer-oriented fiscal push. We also expect a more hawkish Riksbank stance vs the ECB, given market pricing.

On the flows front, SEK has not benefited much from this year's USD supply. We see ample space among Asset Managers. Local asset managers, too, have some space.

We forecast EUR-SEK at 10.70 (USD-SEK 8.92) by year-end and remain short EUR-SEK via a 10.90/10.80 put spread expiring Dec 5. Risks to the trade include weaker Swedish data, stronger US data, and risk-off sentiment.



# Swiss FX Reserves – More Intervention

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Link to the full report: [Rates/FX Watch: Swiss FX Reserves – More Intervention 08 October 2025](#)

## Intervention in September

Data released by the SNB on FX reserves was given added focus following confirmation that the central bank had intervened in Q2 (see: [FX Watch: CHF: Intervention in Q2 01 October 2025](#)). The headline data shows FX reserves rose to CHF727bn from CHF715 in the previous month. This is the fifth consecutive headline increase where we know that intervention took place in Q2 according to the SNB's own data. As ever, the headline masks valuation effects on the SNB portfolio: bonds, equities, and FX. The rally in US equities will be the obvious adjustment factor (25% of the SNB portfolio) as it has in recent months. Accounting for valuation changes, we estimate that the SNB sold approximately CHF7bn through September, short of the CHF11bn posted in June (Exhibit 2).

## Levels matter

A cursory glance at FX price action through the month provides justification for SNB intervention. Whilst we continue to believe that the SNB does not intervene on a "line in the sand" basis, the appreciation in CHF versus both EUR and USD which pushed the nominal trade weighted index to new highs. Against the backdrop of the SNB's price stability mandate, we think interventions are justified and suggests that they will lean more heavily on FX as the primary tool for monetary policy given negative externalities of moving the policy rate into negative territory. We have argued that a formal shift to an exchange rate targeting framework where FX is at the heart of policy making. There has been some conjecture that the recent US-Swiss Accord on exchange rates would limit the SNB's degree of flexibility in interventions. We disagree: as long as the SNB operates within an inflation targeting framework, interventions geared towards this objective.

## Rates: intervention a risk to mild tighter swap spread bias

The SNB's FX intervention may help to explain the resilience in German swap spreads since September, to the extent some of the SNB's FX purchases were placed in German bonds. Our regressions suggest swap spreads widened since September by 5-7bp more than what the movements in peripheral spreads, repo markets, and rate volatility would historically imply.



# EM Themes

## Long BRL/COP

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The following piece is an abridged version of [EM Alpha: Brazil tames the beast, Colombia lets it roam – Long BRL/COP 08 October 2025](#).

### The trade: Long BRL/COP

We initiate a long BRL/COP trade (entry: 724, target: 775, stop: 700). The trade has three-month annualized carry of 4.5%, with historical volatility at 12.8%. We expect BRL to outperform given its exceptionally high carry, attractive valuation, and the potential for improved Brazil-US trade ties. In contrast, we expect COP to underperform due to fiscal slippage, flow reversals, and concerns around foreign policy. Risks are higher public spending in Brazil, potential rate hikes in Colombia, and large dollar sales by Colombia's treasury.

### Large interest rate differentials

Both BRL and COP rank among the highest-yielding currencies globally, but Brazil's 15% Selic rate is well above Colombia's 9.25% policy rate. The real rate differential – 5.6% based on one-year ahead inflation expectations of 4.2% in Brazil and 4.1% in Colombia – is significantly above the 3% average real rate spread observed since 2010.

### Inflation declines in Brazil, rises in Colombia

Brazil's monetary policy appears *appropriately* tight, in our view, helping to push expected inflation down by nearly 170bp since February. In contrast, Colombia's policy stance seems *insufficient* to counterbalance fiscal slippage, with expected inflation stuck at around 4% and showing signs of renewed acceleration.

### BRL around 15% undervalued relative to COP

Brazil's real exchange rate remains significantly undervalued relative to Colombia's, with BRL nearly 15% cheaper based on historical trade-weighted metrics. This valuation gap is impacting trade dynamics: Brazil continues to run solid trade surpluses despite coming off record highs, while Colombia is experiencing growing trade deficits.

### Colombian rate cuts coming in 2026

We expect Colombia to cut rates next year, with the easing cycle being significantly deeper than what is currently priced by the market. In our view, the terminal rate in Colombia will be 7%, but the market is pricing only 9%. This should put some pressure on the Colombian peso, particularly should we get any dovish surprise this year.

### Colombian treasury running out of dollars to sell

Colombian authorities reported two weeks ago that the government had about \$6.8bn in foreign currency liquidity. However, local press has since then reported that the government may have already sold about \$3.4bn. Moreover, implicit in the 2026 Financial Plan is the objective to keep about \$2bn in foreign currency liquidity by 2025-end. In our view, this suggests that the government has now much more limited room to sell dollars.

### The trade: Long BRL/COP

We initiate a long BRL/COP recommendation (entry: 724, target: 775, stop: 700). The trade offers a 3-month annualized carry of 4.5%, with historical volatility at 12.8%. We expect the BRL to outperform given its exceptionally high carry, attractive valuation, and the potential for improved Brazil-US trade ties. In contrast, we expect COP to underperform due to fiscal slippage, flow reversals, and concerns around foreign policy. Risks are higher public spending in Brazil ahead of next year's election, potential rate hikes in Colombia, and large dollar sales by Colombia's treasury.



### Large valuation gap to rate differentials

Both BRL and COP rank among the highest-yielding currencies globally, but Brazil's 15% Selic rate stands well above Colombia's 9.25% policy rate. The real rate differential – 5.6% based on one-year ahead inflation expectations of 4.2% in Brazil and 4.1% in Colombia – is significantly above the 3% average real rate spread observed since 2010.

Real interest rate differentials are typically a key driver of exchange rates (see Exhibit 10). Yet, despite Brazil's substantial tightening relative to Colombia this year, BRL has only modestly outperformed COP. We see three factors behind this. First, Colombia's growth has reaccelerated in 2025. Second, according to polls from EcoAnalitica, markets increasingly expect a pro-market candidate to win Colombia's 2026 election. And third, Colombia's treasury has conducted sizable dollar sales.

### Inflation expectations decline in Brazil, rises in Colombia.

Brazil's monetary policy appears *appropriately* tight, helping to push expected inflation down by nearly 170bp since February. In contrast, Colombia's policy stance seems *insufficient* to counterbalance fiscal slippage, with expected inflation stuck at around 4% and showing signs of renewed acceleration (see Exhibit 11).

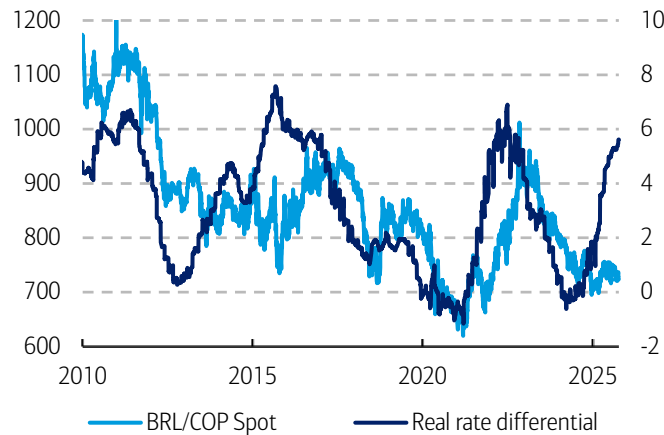
As a result, we expect Brazil to begin easing in December with a 50bp cut, lowering rates to 11.25% by end-2026. In Colombia, we have postponed our expectation of the next rate cut to March 2026, with the policy rate now forecast at 7.5% by end-2026 and 7% by mid-2027.

### BRL is almost 15% undervalued relative to COP

Brazil's real exchange rate remains around 10% cheaper than in early 2024. In contrast, Colombia's real exchange rate has returned to early-2024 levels. Based on historical real trade-weighted exchange rates, we estimate that BRL is nearly 15% undervalued relative to the Colombian peso.

**Exhibit 10: Large real rate differential suggests undervalued BRL/COP**

Spot BRL/COP (left axis) and real ex-ante policy rate differential (right axis)

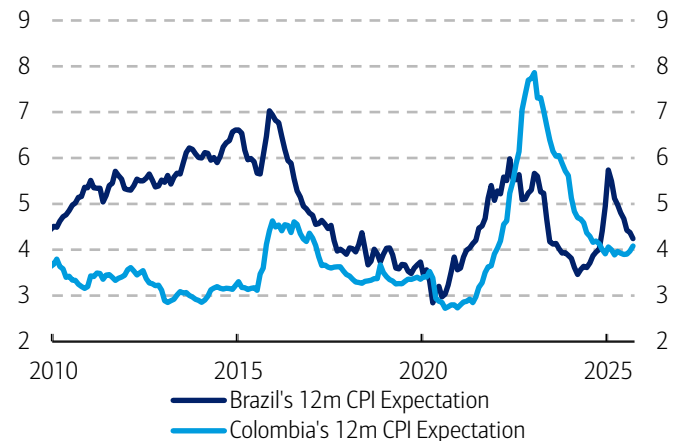


Source: Bloomberg, Haver Analytics

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**Exhibit 11: Inflation expectations decline in Brazil but rise in Colombia**

One-year-ahead CPI expectations based on surveys in Brazil and Colombia



Source: Bloomberg, Haver Analytics

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# The Asia view from Corporate Europe

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The following piece is an abridged version of [Asia FI & FX Strategy Viewpoint: The Asia view from Corporate Europe – so far, so good, but far from over 07 October 2025](#).

## European corporates navigating the tariff storm.

Over the past-two weeks we met with over 35 European corporate treasury clients in 11 cities. The general mood is constructive, with the negative fallout from tariffs less than feared. The relative depreciation of Asia FX against EUR (see Exhibit 12) is helping to contain production costs, where paid in local currency, and offset some of the tariff headwinds. Reconfiguring supply chains into ASEAN is helping, but many European corporates still see China as indispensable. This said, tariffs costs are being partially passed onto US consumers and this is expected to continue in 2026.

## The tail winds – FX de-regulation, lower funding, India

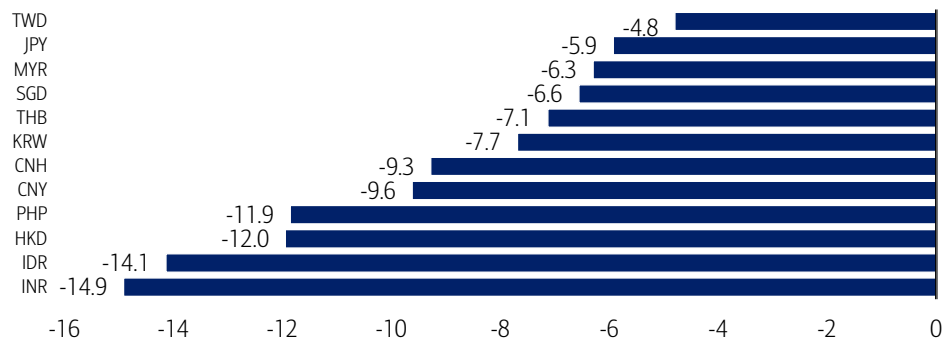
One positive for corporates, is the potential easing of FX regulations among Asia’s restricted currencies: INR, KRW and THB (see our note, [Asia FX Strategy: India FX – Incremental steps on INR globalization](#)). This deregulation could be structural as USD weakness takes hold and Asian central banks become less defensive and lean towards attracting corporate investment and portfolio flows. Asia’s falling interest rates below Europe presents a funding opportunity for European corporates, especially in Thailand. Finally, most European clients see India as an attractive growth opportunity and are examining raising local funding as demand for working capital rises.

## The head winds – China growth, commodities, geopolitics

The most common European corporate concern is over China growth, especially for firms sensitive to discretionary consumer demand. The second key concern is rising steel, aluminum, and more selectively gold commodity prices. Lastly, geopolitics and the closer bilateral relationship between China and Russia is also an area of concern.

**Exhibit 12: Asia FX performance against EUR year-to-date in %**

Asian currencies underperform the EUR rally against USD this year, especially high yielders IDR & INR



Source: BofA Global Research, Bloomberg

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# THB – Seasonal flows to turn bullish

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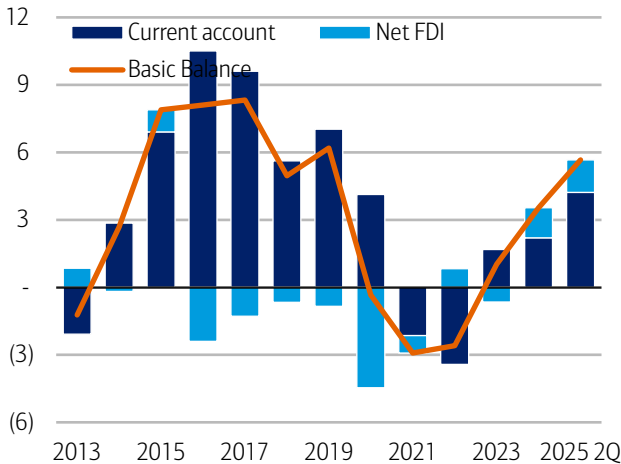
The following piece is an abridged version of [Emerging Insight: Thailand Strategy – Seasonal flows to turn bullish for THB 07 October 2025](#)

## THB – seasonal 4Q strength driven by CA flows...

THB’s seasonality turns positive in 4Q due to peak tourism season but partly also due to USD weakness, seasonality and THB’s high-beta to USD. Even on a NEER basis, THB tends to appreciate more in November, leading the CA improvement in December by a month. For 4<sup>th</sup> quarter as a whole, tourism improves by around 3% of GDP vs the previous quarter while trade balances add further to CA flows in December. Over the full year, trade balance swings can be much larger, with particularly negative seasonality in the first month of every quarter, but to a lesser extent in October.

### Exhibit 13: Thailand basic balance drives THB stronger despite weak macro backdrop

CA, net FDI and basic balance (% of GDP)

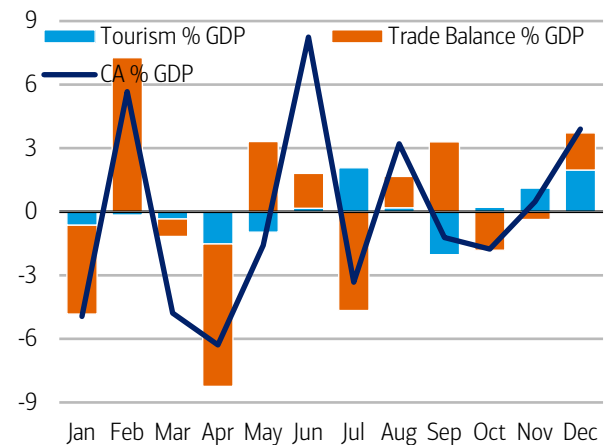


Source: BofA Global Research, Bloomberg

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### Exhibit 14: CA improves in 4Q, primarily driven by tourism and augmented by trade balance improvement in December.

Monthly seasonal fluctuation in CA and split by tourism and trade balance (% of GDP)



Source: R BofA Global Research, Bloomberg

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## ... and continued hidden capital flows ...

THB’s strength has also been attributed to hidden capital flows in the BoP errors, but after the recent revision, some of these flows have been attributed to trade balances (due to a lower final oil price vs the initial estimate), trade credits and higher FDI inflows. The revisions improved the basic balance profile for Thailand over the last few years (see Exhibit 13). These adjustments have nearly halved the errors over the last two years to around USD 2Bn / quarter, which is still close to 1.5% of GDP on an annualized basis in unaccounted inflows.

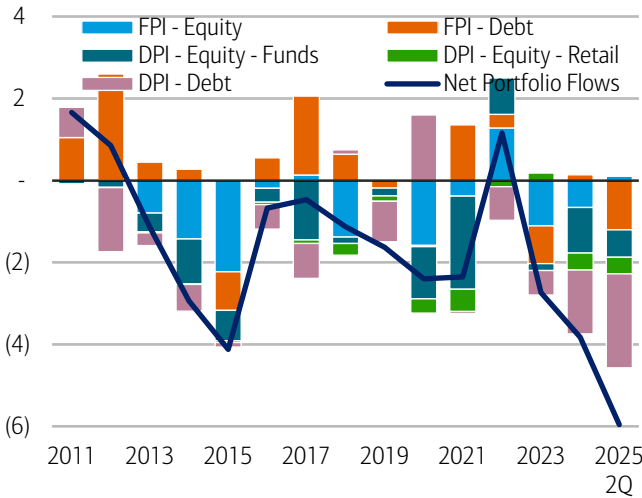
## Despite negative macro backdrop ...

Macro fundamentals for Thailand have been negative for THB for a while due to weak growth and easing policy bias on both fiscal and expansionary policy. Exports have been performing well so far but tapering off recently with downside risks due to tariffs and payback for earlier front-loading. With fiscal policy constrained by legal limits, BoT appears set to continue the easing path in order to support domestic consumption, which would likely keep rate-differentials unfavorable for THB.



**Exhibit 15: Outflows from domestic investors have picked-up due to slow growth and low rates**

Net portfolio flows including FPI and DPI split by equity, debt and further by direct retail or via funds. (% of GDP)

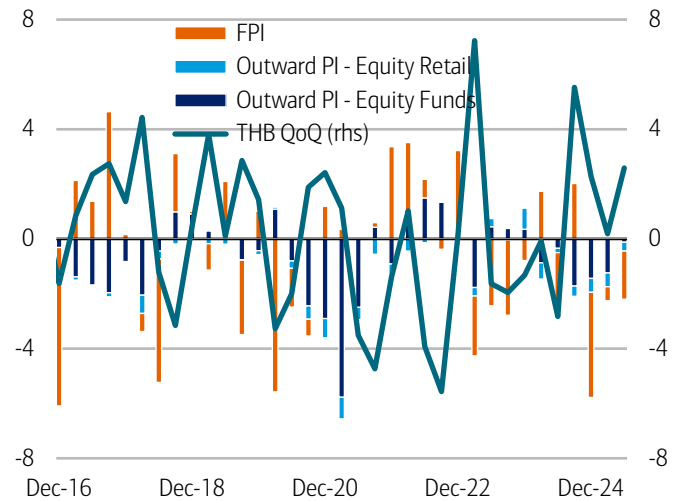


Source: BofA Global Research, Bloomberg

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**Exhibit 16: Outward flows show little correlation with THB movements**

Net flows from FPI and outward PI (Portfolio investments) split by equity retail and funds (quarterly, % GDP, lhs) vs THB change (QoQ %, rhs)



Source: BofA Global Research, Bloomberg

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**... resulting in portfolio outflows**

Lower domestic rates have indeed resulted in outflows from both foreign and domestic investors. Domestic outflows into foreign debt markets have picked up sharply, which could be partly driven by domestic pension funds raising foreign allocation to meet target rate of returns (see Exhibit 15).

**... but with little FX impact ...**

However, domestic funds have mentioned high hedge ratios for most of the offshore investments. Fixed income products investing into foreign debt tend to be benchmarked to 100% hedge ratio while equities funds are also reported to have hedge ratios in the vicinity of 80-90%. Direct retail flows are more likely to be unhedged due to retail investors' lack of access to FX hedging and smaller ticket size of such investments. These have been increasing over time but remain small compared to overall portfolio outflows.

While outward portfolio outflows may continue, their impact on THB appears quite limited (see Exhibit 16). On the flip side, there also appears to be less urgency to hedge foreign exposure in a similar manner similar to North Asian peers.

**... Increasing calls for policy resistance ...**

With rising risks to exports being further aggravated by strong THB, onshore corporate bodies have become increasingly vocal about the need for BoT to lean against THB. This has resulted in BoT increasing scrutiny for signs of speculative positioning in THB while absorbing the surplus BoP of roughly USD 12Bn YTD via market intervention.

However, in our interactions, BoT appeared less concerned about THB NEER overvaluation as low domestic inflation vs peers has kept REER within historical ranges. BoT also pointed towards strong exports growth over the last year and mentioned few complaints from exporters and showed little intention of stepping in strongly to drive down THB NEER from elevated levels.



# Quant & Vol Insights

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## FX quant signals deteriorate for both EUR and JPY

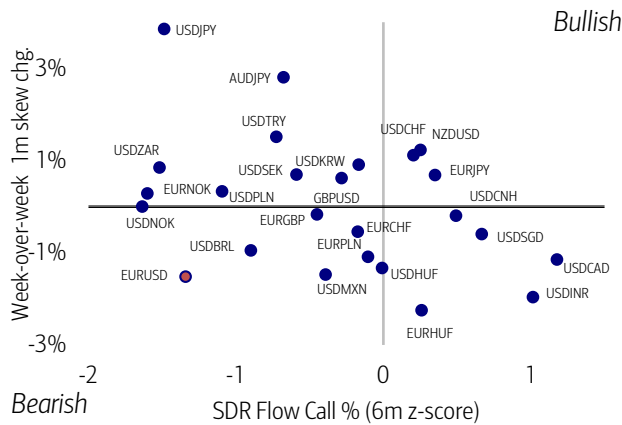
The broad USD downtrend appeared to be stalled last week ([FX Quant Insight, 29 September 2025](#)). We believe the real test for USD bears began this week as FX quant signals deteriorate for both the EUR and JPY.

For the EURUSD, option flow showed below -1.0 call percent z-score with falling 1m risk reversal for the first time since December 2024 (Exhibit 17). EURUSD spot is barely clinging to an uptrend and a close below the 50d SMA should neutralize the trend. As for JPY, trend continuation and option flow are broadly bullish for cross-JPY pairs and the knee-jerk JPY selloff to start the week did not appear to be stretched.

From a time zone perspective, it is notable that the USD downtrends in US hours appeared to have bottomed out in the last week of September. The USD has been grinding higher in US trading hours against both the EUR and JPY since then (Exhibit 18). The DXY index has perked to the 99-handle with both the EUR and JPY weakening against the USD. In the absence of weaker US labor data and lingering risks from the collapse of the French government, we would prefer to hold a bearish EURUSD view in the near-term.

### Exhibit 17: Option flow is bearish for EURUSD with -1 z-score for call % ratio

1m skew change vs call percentage z-score

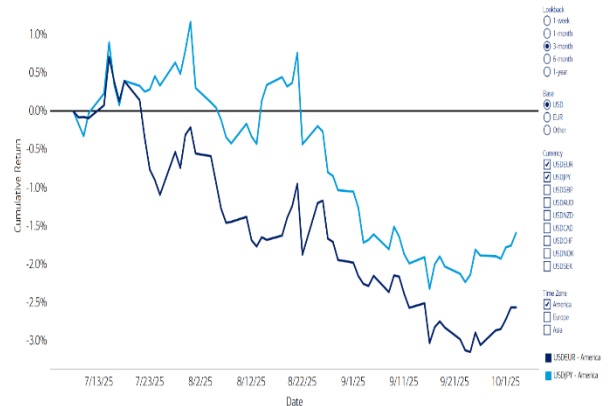


Source: BofA Global Research, DTCC. Note: CNH flows are proxied by "CNY" flows in SDR.

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### Exhibit 18: USD downtrend appears to be reversing course in US trading hours vs both EUR and JPY

Cumulative 3m returns for USD/EUR and USD/JPY



We denote America time zone as between 1pm to 12am UTC, Europe time zone as between 8am to 1pm UTC, and Asia time zone as between 12am to 8am UTC.

Source: BofA Global Research, Bloomberg

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# Technical Strategy

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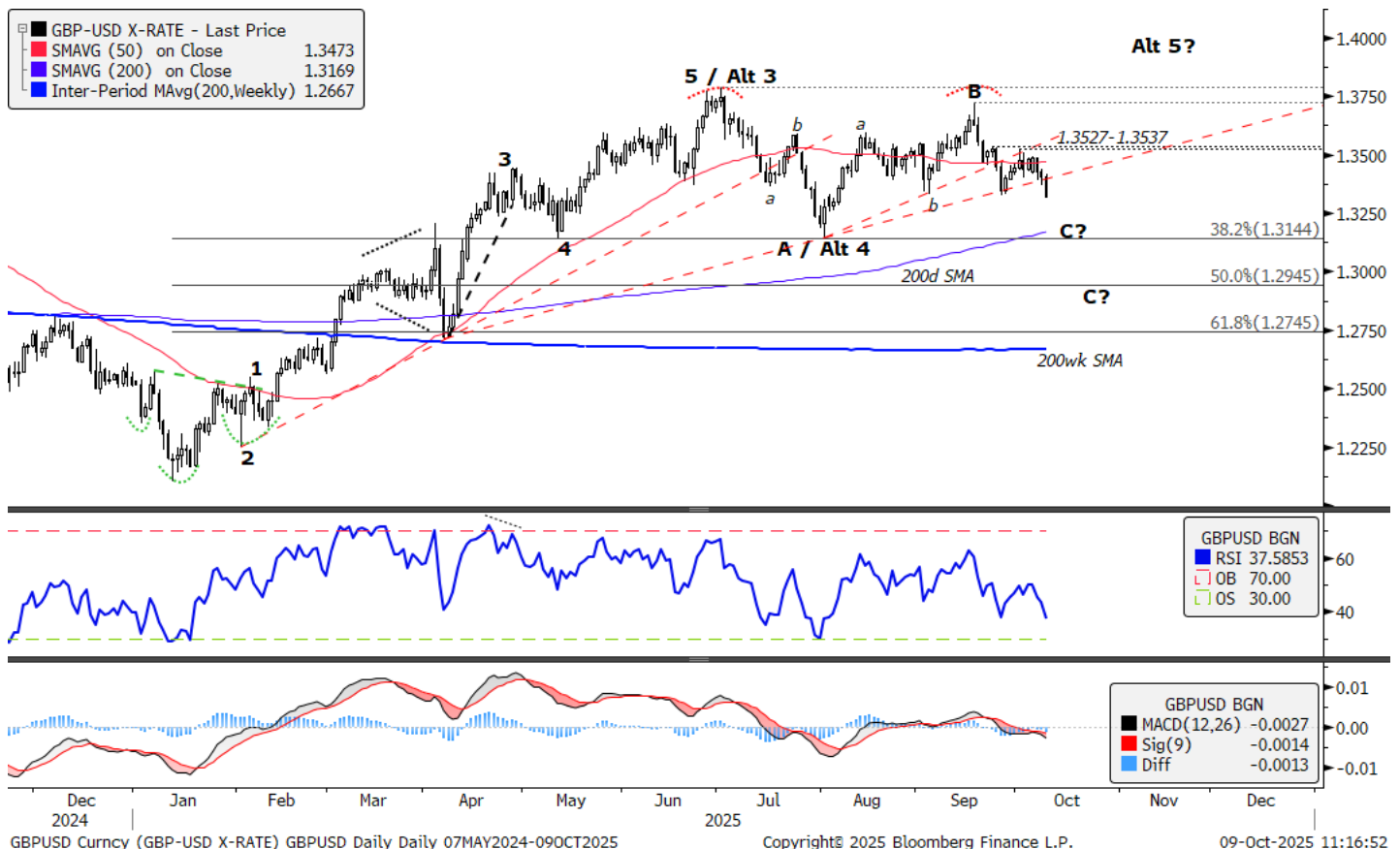
- Since end of 2Q25, we have been constructive on the USD indices preferring long USD ideas. We technically and seasonally reiterate this. We still like lower GBP\$.
- GBPUSD has broken below more support lines and moving averages confirming our bearish view. A break below 1.3320 will likely lead to the 200d SMA at about 1.3175 and/or the July lows at about 1.3150.
- A close below the July lows of 1.3144 could favor a double top pattern and deeper downside to the 1.26s. The Sept 23-Oct 1 highs of 1.3527-1.3537 is key resistance.

For more, please see the [FX Technical Advantage: Ten USD support lines in dissent \(Sept 22, 2025\)](#) and [Seasonality Advantage: Q4 tends to be the most wonderful time of the year \(Sept 24, 2025\)](#) reports.

## Bearish GBP\$ wave pattern remains

**Exhibit 19: GBPUSD in wave “C” down that is likely to test the 1.31s (July lows). Because wave C is expected to be five waves down, additional downside may be signaled if a lower low vs July is reached. A lower low would imply a double top with downside to 1.2745 and/or the 200wk SMA in the 1.26s. The Oct 1 high of 1.3527 is currently the key resistance for our downtrend view.**

Candle Exhibit, 200d SMA, 200wk SMA, RSI, MACD.



Source: BofA Global Research, Bloomberg



# Trade Recommendations G10

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## Exhibit 20: Open trades G10

Current G10 FX trade recommendations. Prices as of 9-Oct-2025

Trade Description	Open Date	Entry Price	Expiry Date	Current Price	Rationale	Risks
<a href="#">Buy 3m USD/CAD put</a>	6-Oct-2025	0.22% USD (1.36-strike, spot ref 1.3962, vol ref 4.74)	6-Jan-2026	0.23% USD	Canada fiscal expansion optimism and expectation for equity-driven growth recovery.	Lower BoC terminal policy rate or global risk-off shock.
<a href="#">Sell GBP/AUD</a>	2-Oct-2025	2.0380 (target 1.9720, stop 2.06)		2.0271	Expect GBP to remain under pressure before November 26th Budget. Bullish AUD on hawkish RBA from the RBA and China.	Better outturn for the Budget funding gap or renewed dovishness
<a href="#">Buy 3m EURSEK put spread</a>	8-Sep-2025	0.32% EUR (10.90/10.80 strikes, spot ref 10.9750)	5-Dec-2025	0.2861% EUR	Sweden stands to benefit from positive European surprises on fiscal and defence spending. Sweden outgrows Euro area in 2H.	Weaker Swedish data leading to an even more dovish Riksbank, strong US data or risk-off
<a href="#">Buy 6m EUR/GBP put spread</a>	1-Jul-25	0.52% EUR (spot ref 0.8575, strikes 0.8530/0.8350)	31-Dec-25	0.2065% EUR	Bullish GBP seasonality in July, long-term valuation, stronger UK macro data vs EU.	Renewed geo-political risks, or positive timeline on European fiscal/defense implementation.
<a href="#">Buy 1y EUR/JPY call</a>	25-Mar-25	1.41% EUR (172-strike, spot ref 162.70)	25-Mar-26	3.77% EUR	EUR/JPY should benefit from structural outflows from Japan, investor demand for EUR bonds, and Europe's fiscal expansion.	US trade/tariffs policy become bearish for the EUR.

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**Source:** BofA Global Research. See reports for each trade under trade description.



**Exhibit 21: G10 FX Closed trades**

Recently closed trades in G10 FX.

Trade Description	Entry date	Entry Level	Target	Stop	Close date	Level closed
Buy 3m USD/JPY call spread	14-Jul-25	0.6426% USD (strikes 150/155, forwards ref 145.86, vol refs 9.94 and 9.75)			8-Oct-2025	1.6% (spot ref 152.54)
Buy EUR/USD	12-Aug-25	1.1612	1.20	1.1392	7-Oct-2025	1.1675
Buy CHF/JPY	8-Sep-2025	184.30	189.00	182.00	7-Oct-2025	189.00
Buy AUD/USD	10-Jul-25	0.6546	0.69	0.6570	12-Sep-25	0.6659 (raise stop to 0.6570)
Buy 6m EUR/CHF ratio call spread	5-Mar-25	0.53% EUR (spot ref 0.9550, buy 1 unit 0.9450 strike call; short 2 units of 0.97 strike call)			4-Sep-25	Option expired OTM (spot ref 0.9380)
Buy 1y USD/CAD RKO put	13-May-25	0.33% USD (1.36-strike with 1.30 RKO barrier, spot ref 1.3997, vol ref 5.915)			24-Jul-2025	0.4228% USD (spot ref 1.36)
Buy USD/JPY	19-Jun-25	145.25	152	142	14-Jul-25	147.37
Buy EUR/USD	22-Apr-25	raised stop to 1.12 with spot ref 1.1503 target 1.19	1.19	1.12	19-Jun-25	1.1466
Buy AUD/JPY	28-May-25	92.80	100	89.50	19-Jun-25	94.18
Buy 3m AUD/NZD call seagull	17-Apr-25	initially receive 0.3% AUD, long 3m call spread, strikes at 1.08 and 1.10, vol refs 5.59/5.7; short 1.06-strike put, vol ref 5.725, spot ref 1.0715)			9-May-25	0.7045% AUD (spot ref 1.0863)
Short CAD/MXN	11-Mar-25	6m fwd 14.5166 (spot ref 14.0467)	13.00	14.50	13-May-25	6m fwd 14.1360 (spot ref 13.9134)
Buy 3m EUR/SEK call	11-Feb-25	0.57% EUR (strike ref 11.40, spot ref 11.2709, vol ref 5.1)			9-May-25	Option expired OTM (spot ref 10.9294)
Buy 1m EUR/GBP put	1-Apr-25	18 pip GBP (strike price 0.83, spot ref 0.8365)			1-May-25	Option expired OTM (spot ref 0.8498)
Buy EUR/USD	10-Apr-25	1.1061	1.15	1.0750	22-Apr-25	Raised stop to 1.12 (spot ref 1.1503)
Buy 3m USD/CHF call spread	14-Jan-25	0.6466% USD (spot ref 0.9167, strike refs 0.92/0.9450)			14-Apr-2025	Option expired OTM (spot ref 0.8149)
Buy 6m EUR/USD ratio call spread	5-Mar-25	1.01% EUR (spot ref 1.0696, buy 1 unit 1.08-strike call; short 2 units of 1.13-strike call.)			8-Apr-2024	1.18% EUR (spot ref 1.0946)
Buy AUD/CNH	3-Apr-25	4.5835	4.89	4.44	7-Apr-2025	4.44
Buy EUR/USD 2w put spread	19-Mar-25	31.5 pip	1.075	1.085	27-Mar-25	60 pip
Short AUD/CAD	16-Jan-25	0.8933	0.86	0.91	12-Mar-25	0.91
Buy NOK/SEK	1-Feb-24	0.9949	1.0240	0.9480	5-Mar-25	0.9352
Buy 6m EUR/JPY ERKO put	22-Nov-24	0.7425% EUR (spot ref 160.65, strike ref 158.75, down/out European barrier at 150.00)			7-Feb-25	0.96% EUR (spot ref 157.79)
Short EUR/GBP via 3m seagull	24-Jan-25	Rec 0.3052% EUR (buy 0.83/0.82-strike put spread funded by short 0.86-strike call, spot ref 0.8445)			3-Feb-25	0.3191% EUR (spot ref 0.8299)
6m AUDUSD digi risk reversal	22-Nov-24	Rec 5.2% AUD (spot ref 0.6502, long put costs 21.03% vs short call receives 26.24%, atm vol 9.97)			09-Jan-25	37% AUD

Source: BofA Global Research

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# Trade Recommendations EM

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## Exhibit 22: Open trades

EM Alpha Trade Recommendations

FX	Entry date	Entry level	Current level	Target	Stop	Notional	Rationale/ Time horizon	Risks
Long BRL/COP	7-Oct-25	724	730.38	775	700	10	Expect BRL to outperform given its high carry, attractive valuation, and the potential for improved Brazil-US trade ties.	Risks are higher public spending in Brazil, potential rate hikes in Colombia, and large dollar sales by Colombia's treasury.
Long BRL/MXN	19-Aug-25	3.45	3.44	3.8	3.2	10	BRL is cheaper than MXN and offers higher carry.	hawkish turn by Mexico's central bank or political surprises in Brazil ahead of 2026 elections
Short USDKZT 6m NDF	19-Aug-25	538	566.40	541	587.1	10	The KZT looks significantly undervalued with carry of almost 1% per month. Seasonality should be less negative in September than in August	The risks are a stronger USD and lower oil
Short EUR/CLP	18-Aug-25	1129	1099.64	1060	1160	10	CLP is roughly 10% undervalued versus its long-run average, while positioning is very clean.	falling copper prices, global risk-off, and prolonged policy uncertainty.
Long USD/PEN	31-Jul-25	3.5760	3.45	3.680	3.520	10	Unattractive PEN valuation and a potential Fed repricing should result in a weaker Peruvian sol.	Heightened uncertainty around policy in the US, downward surprises on US inflation or growth, and approval of an AFP withdrawal bill in Peru
Long USD/MXN	10-Jul-25	18.62	18.3057	20	18	10	Growth outlook has worsened. Economy facing a demand shortfall. Investment being hit by trade policy uncertainty as well as domestic uncertainty given changes to the Constitution.	Hawkish monetary policy stance, and a global risk-on environment that weakens the US dollar.
Short SGD NEER	11-Apr-25	0.72%	0.72	0.1%	1.3%	10	Re-engage short SGD NEER as levels look attractive again ahead of potential slope flattening in MAS meeting.	Unwinding of short SNEER positioning if either risk sentiment improves.
3M USD/CNH call spread	10-Apr-25	7.3390	spot 7.1261	7.50/7.70	-	10	We limit exposure to USD sell-off with call spread as US asset volatility and weakness in bonds/equities increases.	Risk of a greater 5% CNY depreciation remains.
Indonesia – Pay IDR points	25-Mar-25	59.5	spot 16568	85	40	10	We recommend paying IDR NDF points to hedge against further IDR weakness which may prompt stronger defense from BI.	USD weakness, unwinding of IDR hedges linked to SRBI or faster rate-cuts in Indonesia.
Buy USDHKD 12-month outright	26-Nov-24	7.746	spot 7.7803	7.783	7.72	10	Current interest rate differentials are pricing for 12-month USDHKD outright be below the strong-side of the USDHKD band at 7.75.	further decline in global risk and liquidation of risk-on positions.
Buy 6M USD/SGD 1.45 instant one-touch	22-Nov-24	11.50%	spot 1.2957	50%	0	10	Hedge against deeper Asia FX weakness due to trade tensions. Risk of MAS easing.	US-China negotiations reducing trade tensions
Short CNH, long basket	17-Nov-23	100	-	94	102	10	We expect CNH to underperform peers as PBOC will lean-in against appreciation in an effort to keep monetary conditions loose. Basket earns 8bps 3M carry	The risk to the trade is a large fiscal policy stimulus and economic recovery, ending the need for loose monetary policy and CNY appreciates aggressively in 6months.

**Source:** BofA Global Research. Spot values as of October 9 2025. Bid/offer spreads accounted for in initiation and closing levels. Does not reflect tax withholdings or any investment advisory fees. Past performance is no guarantee of future results. A complete performance record is available on request. Inception date – July 4, 2016 Initiation and closing prices are priced as of trade publication.

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**Exhibit 23: Closed trades**

## EM Alpha Trade Recommendations

Trade description	Entry date	Entry Level	Target	Stop	Notional	Close date	Level closed
Long ZAR, CZK and PLN against USD in the ratio of 3:2:1	19-Aug-25	16.40	15.83	16.73	10	7/17/2025	1.5016
Buy CLP/COP	8-May-25	4.51	5	4.1	10	9/11/2025	4.09
Long INR vs THB	13-May-25	1.5275	148	155	10	7/17/2025	1.5016
Long USD/BRL	5/8/2025	5.68	5.00	6.00	10	7/10/2025	5.54
Long USD/SGD	5-Jun-25	1360	1300	1390	10	6/24/2025	1390
Buy EUR/MXN	21-May-25	21.72	24	20.5	10	6/24/2025	21.72
Sell USD/CNH 3M NDF	07-May-24	1384	1285	1700	10	6/18/2025	13.91
Short USDZAR	6-Mar-25	18.34	17.90	20	10	5/28/2025	13.91
Sell 6m USDEGP NDF	21-Jan-25	53.8	51.10	55.4	10	5/28/2025	13.91
Short CAD/MXN	3/11/2025	14.05	13.00	14.88	10	5/13/2025	13.91
Long BRL/COP	3/6/2025	754	900	650	10	5/8/2025	752
Buy 15/05/2025 T-bill in Pakistan FX-unhedged	21-Nov-24	USDPKR: 277.9; T-bill price: 94	3.78	hold to maturity	USDPKR at 283.5	4/30/2025	99.57
Buy USD/PEN	20-Feb-25	3.6894	3.78	3.55	10	4/10/2025	3.72
short CNH 6M forward	14-Nov-25	7.19	7.45	7.1	10	4/9/2025	7.36
Long THB vs USD	6-Mar-25	33.66	32.5	34.5	10	4/9/2025	34.5
Short SGD NEER	22-Jan-25	0.97	0.3	1.5	10	4/9/2025	0.2
Short SGD NEER; Long dual digital EUR>1.095, SGD>1.335	17-Mar-25	Eurusd: 1.0880 usdsgd: 1.3340	EURUSD>1.0950, USD/SGD>1.3350	-	10	4/7/2025	19.9
Sell PEN/CLP	30-Jan-25	266.91	240.00	280.00	10	3/31/2025	258
Long INR 1m fwd vs USD	6-Mar-25	87.27	86	88.0	10	3/24/2025	86
Short PLN/HUF	11-Feb-25	96.64	91.8	99.54	10	3/20/2025	95.32
Long USD/TWD 6-month NDF outright	12-Feb-25	32.57	33.37	32.08	10	3/12/2025	32.6
Short PHP/USD	8-Jan-25	58.36	59.5	57.5	10	3/6/2025	57.29
Short CNH/INR 3M outright	22-Nov-24	11.736	11.32	11.9	10	3/6/2025	12.02
Short THB vs SGD	1-Aug-24	26.54	27.2	26.2	10	3/6/2025	25.23
Long MXN/CLP	22-Nov	47.9	53.00	45.00	10	1/21/2025	48.3
long SGD/KRW	2-Nov-24	1040	1082	1020	10	1/6/2025	1074
Long USD/PLN	6-Dec-24	4.03	4.2	3.95	10	1/15/2025	-
Long USDZAR	21-Aug-24	17.86	18.6	17.45	10	12/24/2024	18.73
Sell USD/CLP	10-Oct-24	930	860	975	10	12/12/2024	979
9M dual digital USD/CNH >7.30, gold rally > 6%	13-May-24	7.242	-	-	10	12/4/2024	7.30
Long 1M USD/CNH call spread	14-Oct-24	7.0685	7.20-7.35	-	10	11/14/2024	7.2544
Buy 6-month USD/HKD call spread	24-Apr-24	7.8299	7.7925 / 7.8365	-	-	11/15/2024	3.52
Long BRL/MXN	24-Sep-24	3.51	4.00	3.25	-	11/14/2024	3.52
Sell CLP/COP	11-Jul-24	4.36	4.08	4.53	-	11/14/2024	4.60
Long USD/HUF	12-Oct-23	363.56	382	338	-	11/12/2024	385
Pay FRA 6x9 in Hungary vs receive FRA 6x9 in Czechia	5-Sep-24	2.09	2.54	1.84	-	10/9/2024	2.37
Short USD/PEN	20-Aug-24	3.83	3.70	3.25	-	9/30/2024	3.702
Long KZT vs an equal basket of USD and EUR (3m NDFs)	25-Jun-24	494.2	469	530	-	10/3/2024	508.6
Sell PEN against a basket of USD and CLP	09-May-24	100	-	106	97.5	9/6/2024	8.97
Short USDPKR using 3m NDF	02-May-24	289	275	298	-	8/12/2024	278
Short EUR/PLN using a 6m digital option (strike: 4.2)	1/13/2024	17%	strike: 4.2	-	-	8/15/2024	-
3M USD call, CNH put spread	13-May-24	7.1965	7.25/7.35	-	-	8/13/2024	-
Long INR/TWD 3m NDF	30-May-24	0.384	0.4	0.377	-	8/1/2024	-389
Pay 2-month USD/HKD forward points	3-June-24	-134	-40	-180	-	7/30/2024	-117
Buy BRL/JPY	23-Apr-24	29.90	32	28	-	7/24/2024	28
Long IDR vs PHP	31-May-24	277.7	272	280	-	7/15/2024	276.45
Long TRY/CZK using 3m forward	15-May-24	0.643	0.675	0.624	-	6/27/2024	0.675
Long USDZAR	21-Jun-24	17.99	18.9	17.35	-	6/27/2024	18.47
Buy 4m T-bill in Egypt FX-unhedged	14-Mar-24	T-bill price: 92.2; USDEGP: 47.88	T-bill price: 100	USDEGP: 52.2	-	6/26/2024	98.6
Short THB vs USD using 3m forwards	21-May-24	36.18	36.9	35.8	-	6/10/2024	36.9
Buy USD/INR down-and-in-one-touch option for 1m	16-May-24	83.53	82.5	-	10	6/5/2024	83.61
Worst off 6M USD/IDR>5% OTMS, USD/PHP>5% OTMS	17-Nov-23	32bps	-	-	10	5/30/2024	-
3m USD call CNH put spread	17-Nov-23	39.8bps	7.30/7.55	-	10	5/17/2024	-
1yr USD/CNH vol swap at 6.135%	8/2/23	6.175	-	5.00	10	5/17/2024	-0.1
Short RON/CZK	5/24/2023	4.77	4.53	5.2	10	5/16/2024	-0.1
Short USDZAR	11/15/2023	18.15	10	14	10	5/13/2024	12.50
Sell EUR/CLP	2-Apr-24	1063	1000	1100	10	5/6/2024	1000
Pay 1x3 USD/TWD NDF	3/18/2023	-163	-111	-190	10	4/22/2024	-63
Buy USDZAR 6m 25 Delta Risk Reversal	16-Feb-24	1.491	2.5	1	10	4/16/2024	2.543
Sell EUR/KRW 3m NDF	1/14/2024	1429	1385	1450	10	4/11/2024	1466
Buy BRL/MXN	11/17/2024	3.52	4	3.24	10	4/10/2024	3.25
Short EUR/TRY using 3m forward	2/5/2024	36.2	34.4	37.3	10	4/9/2024	35.72
Short USD/USZ using 3m NDF	1/5/2024	12.674	12.374	12.902	10	4/9/2024	12.672
Sell COP vs LatAm FX basket	4/4/2024	100	92	104	10	4/4/2024	105
USD/HKD call spread at 2.1x	11/17/2023	7.76	-	-	10	4/5/2024	7.82
Sell USD/PEN	1/15/2024	3.84	3.70	3.90	10	3/8/2024	3.68
Long IDR vs PHP	1/19/2024	280	276	282	10	2/19/2024	278
Selling USDKRW	1/18/2024	1332	1292	1352	10x10	2/14/2024	1328
Short SGD/KRW	9/20/2023	974	945	990	10	3-nov-23	969
Buy 6m 25-delta call option for USD/TWD	8/1/2023	31.6	31.9	29.8	10x10	2/8/2024	-
Short CZK/HUF	11/29/2023	15.7	14.9	16.3	10x10	2/6/2024	15.48
Long PLN/CZK	11/8/2023	5.51	5.78	5.34	10	1/11/2024	5.67

Note: Bid/offer spreads accounted for in entry and closing levels. Does not reflect tax, withholdings or any investment advisory fees. Past performance is no guarantee of future results. A complete performance record is available on request. Inception date – July 4, 2016. For additional discussion on baseline views, valuation and risks to closed trades, please see links to the relevant reports. Trade recommendations are highlighted green when the closing value is greater than the entry value and red when the closing value is less than or equal to the entry value. **Source:** BofA Global Research



# World At A Glance Projections

## Exhibit 24: G10 FX forecasts

Forecasts as of 9-Oct-2025

	Spot	YE 2025	Mar-26	Jun-26	Sep-26	YE 2026	Mar-27	Jun-27	Sep-27	YE 2027
<b>G3</b>										
EUR-USD	1.16	1.20	1.20	1.22	1.23	1.25	1.25	1.25	1.25	1.25
USD-JPY	153	155	154	153	152	150	149	146	143	142
EUR-JPY	177	186	185	187	187	188	186	183	179	178
<b>Dollar Bloc</b>										
USD-CAD	1.40	1.36	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
AUD-USD	0.66	0.68	0.69	0.69	0.70	0.71	0.72	0.72	0.72	0.72
NZD-USD	0.58	0.59	0.58	0.58	0.59	0.60	0.61	0.61	0.62	0.62
<b>Europe</b>										
EUR-GBP	0.87	0.86	0.85	0.85	0.84	0.83	0.83	0.83	0.83	0.83
GBP-USD	1.34	1.40	1.41	1.44	1.46	1.51	1.51	1.51	1.51	1.51
EUR-CHF	0.93	0.96	0.96	0.97	0.98	1.00	1.00	1.02	1.04	1.08
USD-CHF	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.82	0.83	0.86
EUR-SEK	10.98	10.70	10.70	10.60	10.60	10.50	10.40	10.30	10.30	10.30
USD-SEK	9.46	8.92	8.92	8.69	8.62	8.40	8.32	8.24	8.24	8.24
EUR-NOK	11.63	11.30	11.20	11.10	11.00	10.90	10.80	10.70	10.70	10.70
USD-NOK	10.01	9.42	9.33	9.10	8.94	8.72	8.64	8.56	8.56	8.56

Source: BofA Global Research, Bloomberg. Note: Forecasts as of 9-Oct-2025

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## Exhibit 25: EM FX forecasts

Forecasts as of 9-Oct-2025

	Spot	YE 2025	Mar-26	Jun-26	Sep-26	YE 2026	Mar-27	Jun-27	Sep-27	YE 2027
<b>Latin America</b>										
USD-BRL	5.33	5.40	5.40	5.45	5.50	5.50	5.50	5.50	5.50	5.50
USD-MXN	18.32	19.00	19.25	19.50	19.75	20.00	20.25	20.50	20.75	21.00
USD-CLP	948	925	920	910	905	900	900	900	900	900
USD-COP	3,892	4,000	4,100	4,050	4,100	4,200	4,250	4,300	4,350	4,400
USD-ARS	1,430	1,550	1,600	1,650	1,700	1,800	1,850	1,900	1,950	2,000
USD-PEN	3.44	3.55	3.57	3.60	3.63	3.65	3.68	3.70	3.73	3.75
<b>Emerging Europe</b>										
EUR-PLN	4.25	4.24	4.22	4.20	4.18	4.15	4.15	4.15	4.15	4.15
EUR-HUF	390.98	395	395	390	385	380	380	380.00	380	380
EUR-CZK	24.32	24.10	24.00	23.80	23.60	23.60	23.60	23.60	23.60	23.60
USD-ZAR	17.10	17.00	16.80	16.60	16.50	16.50	16.50	16.50	16.50	16.50
USD-TRY	41.72	43.50	46.00	50.00	53.50	57.50	60.50	64.00	69.00	73.00
EUR-RON	5.09	5.08	5.10	5.10	5.10	5.10	5.12	5.15	5.20	5.20
USD-ILS	3.24	3.33	3.33	3.32	3.32	3.31	3.30	3.28	3.26	3.25
<b>Asian Bloc</b>										
USD-KRW	1,406.35	1,340	1,320	1,300	1,280	1,260	1,240	1,220.00	1,220	1,220
USD-TWD	30.54	28.40	28.10	27.80	27.50	27.20	26.90	26.60	26.60	26.60
USD-SGD	1.30	1.27	1.27	1.26	1.26	1.26	1.26	1.26	1.26	1.26
USD-THB	32.59	31.00	31.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
USD-HKD	7.78	7.80	7.80	7.78	7.75	7.75	7.75	7.75	7.75	7.75
USD-CNY	7.12	7.10	7.00	6.90	6.80	6.80	6.70	6.70	6.70	6.70
USD-IDR	16,545	16,300	16,300	16,200	16,100	16,000	16,000	16,000	16,000	16,000
USD-PHP	58.27	56.00	56.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00
USD-MYR	4.22	4.20	4.20	4.15	4.15	4.15	4.15	4.15	4.15	4.15
USD-INR	88.79	86.00	85.00	85.00	84.50	84.00	84.00	84.00	84.00	84.00

Source: BofA Global Research, Bloomberg. Note: Forecasts as of 9-Oct-2025

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