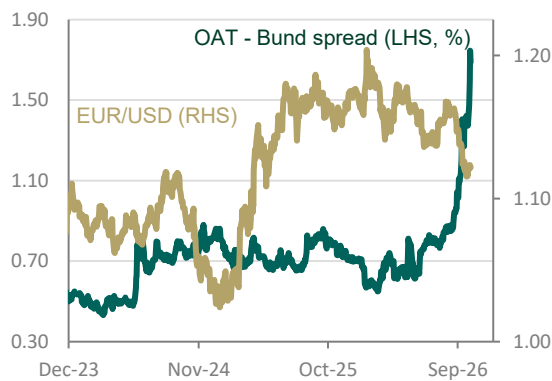


The Week Ahead FX

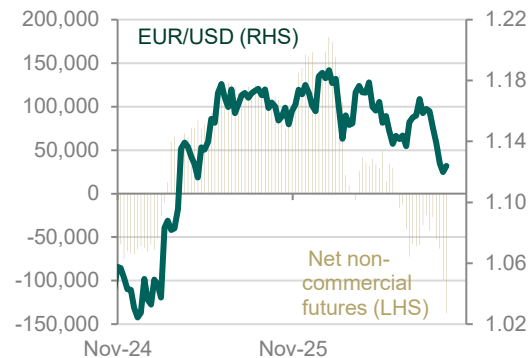
- The EUR underperformed on OAT-Bund spread widening – the European Central Bank (ECB) is expected to keep rates on hold at this week's forthcoming meeting.
- The US Federal Reserve is set keep rates on hold at this week's forthcoming meeting – the USD should continue to trade steadily in the near term.
- GBP has depreciation potential with UK budget in focus.

Chart 1: OAT-Bund spreads widened
EUR/USD spot, OAT-Bund spread, %



Sources: Bloomberg L.P., as at October 2026,

Chart 2: Markets are shorting the EUR
EUR/USD spot, IMM net non cmcl futures



Sources: Bloomberg L.P., CFTC, as at October 2026

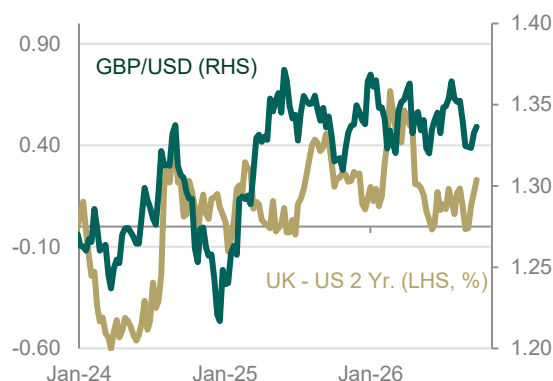
USD – Fed is set to remain on hold

Last week, the USD traded slightly lower against most of the major currencies. The US Dollar Index fell to levels of just below 102 – in a decline which reflected JPY appreciation – with USD/JPY falling below 157.00. The USD traded steadily against the EUR, at levels of around 1.12.

US bond yields fell across the curve, reflecting rising risk aversion. Both two and ten-year US yields fell by twenty basis points (bps). The USD did not appear to weaken on the decline in yields. It appears that the outright level of front-end US yields remains supportive, rather than the rate of change. US data over the week printed strongly. Composite PMI data for October printed at 57.6 – showing a robust pace of activity growth. The prices paid component rose at its sharpest pace since 2022, signalling that inflation could have further upside. We note that the overnight index swap (OIS) market has priced in a 25 bp rate hike with only a 10% probability at the Fed's FOMC meeting this coming Wednesday. The Fed appears set to remain on hold ahead of the US Mid-Term elections – which explains the relatively low level of OIS pricing for the coming week.

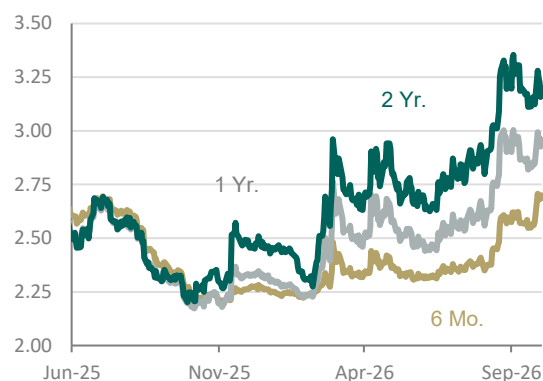
The Fed's December meeting is priced with an 85% probability – so the market's focus is likely to be on the possibility for further rate hikes following December. Overall, the USD's high level of front-end carry should be supportive in the near term, and the bar towards a material weakening in the USD remains relatively high. Risk events over the week could include worse than expected Q2 US tech earnings data.

Chart 3: GBP trades slightly above spread levels
GBP/USD spot, 2 Yr. swap spread, %



Sources: Bloomberg L.P., as at October 2026

Chart 4: CAD swaps have room to move lower
CAD OIS, %



Sources: Bloomberg L.P., as at October 2026

EUR – ECB is set to hold at 2.50 %

Last week, EUR/USD continued to consolidate around the 1.12 level, ending the week towards the bottom of its range. The moves reflected OAT-Bund spread widening to extreme levels of around 1.75%. Fiscal risk has driven EUR/USD and EUR/GBP below indications from two-year spreads but since the ECB is unlikely to intervene without a broader contagion in eurozone bonds, there remains little scope for a EUR relief rally. Key eurozone October PMI data later surprised to the downside, further weighing on EUR as UK and US PMI data outperformed.

The European Central Bank (ECB) is expected to hold the key policy rate at 2.50% over the coming week, and communication should remain hawkish, in line with rising energy prices and inflation risks. Forward-looking inflation expectations – seen in two-year eurozone inflation swaps – have reached year-to-date highs – however, recent eurozone CPI data haven't yet shown clear signs of second-round effects. The ECB is therefore likely to opt for a data-dependent approach in delivering the remainder of its hiking cycle.

Markets' expectations for 65 bp in further tightening from the ECB over the coming year are likely overdone when viewed against tighter eurozone financial conditions and a more dovish shift in EBC Chair Lagarde's recent communications. Elevated swap pricing, however, reflects an energy price risk premium, meaning it could feasibly be sustained while oil and gas prices stay high. The meeting is therefore not expected to be significantly market-moving, and immediate EUR/USD price action should remain subdued.

GBP – Autumn budget is in focus

The main event for GBP over the coming week will be the release of the UK government's autumn Budget and the Office for Budget Responsibility's (OBR) estimate of the UK's fiscal headroom, where risks to GBP are skewed to the downside. Elevated thirty-year gilt yields, alongside higher expectations for the Bank of England (BoE) policy rate, have substantially raised the UK government's borrowing costs, making a downward adjustment in the OBR's headroom figure a done deal.

Markets currently price low levels of fiscal risk premium on GBP. This is indicated by GBP trading far above levels implied by two-year spreads and has been helped by the UK government's signalled commitment to its fiscal rules. Smaller fiscal headroom could raise GBP fiscal risk premia going into 2027, while the expected tax increases would have marginal downside implications for both UK growth and BoE interest rates. The risks to GBP remain skewed to the downside, and expectations stand for GBP to trade at weaker levels against both the USD and EUR over the coming months.

JPY – BoJ is set to hold rates at 1.25%

Last week, USD/JPY traded lower to levels of around 156.60, reflecting idiosyncratic JPY strength. Japanese September CPI data printed in line with expectations, showing rising headline and core inflation while measures of inflation momentum continued to show a sharp uptrend, annualising at rates well over 2%. The data gave some credence to markets' expectations for three more BOJ hikes over the coming year, which supported the JPY strengthening move.

The Bank of Japan (BoJ) is expected to hold the key policy rate at 1.25% over the coming week, keeping the door open to more hikes in the coming months. Recent communications from Governor Ueda and other key BoJ MPC members have been hawkish, emphasising the need to act to keep inflation contained at the 2% target. The MPC is likely to increase its inflation projections for 2027, which could be taken as a hawkish signal. Markets currently price a BoJ hike in December with only a 57% probability, which is likely too low, considering that accommodative Japanese financial conditions and a positive output gap do not stand in the way of higher rates. Risks therefore are skewed towards some modest JPY appreciation on spread adjustment if markets move to price a December BoJ hike with greater certainty.

CAD – Dovish BoC surprises are likely

Last week, USD/CAD traded lower to levels around 1.40, reflecting modest CAD strength. The move was in line with more general outperformance by commodity currencies such as CAD and AUD on the back of rising commodity prices, and a modestly weaker USD. Canadian CPI data printed slightly below expectations in both headline and core categories, pointing to relatively benign underlying price pressures. CAD swap rates nonetheless remained elevated over the week, in line with a rising energy-price-driven risk premium.

CAD swap markets expect the Bank of Canada (BoC) to deliver a 25 bp hike to 2.50% over the coming week with around a 75% probability, with a further 65 bp expected to be delivered over 2027. Considering that recent Canadian inflation trends have been mild and that BoC has expressed caution over downside risks to Canadian growth, dovish surprises are more likely than is currently priced in. Risks to CAD over the coming week are binary, depending on whether a hike or a hold is seen, but asymmetrically large downside risk stands in the event of a hold.

AUD – Inflation data are in focus

The main event risk to AUD over the coming week will be the release of Australian CPI inflation data for September, which are expected to print at 4.2% y/y headline and 3.6% y/y trimmed mean. Recent communication from Reserve Bank of Australia (RBA) Deputy Governor Hauser was hawkish, emphasising strong upside risks to inflation, which caused swap markets to price in a 64% chance of a November RBA hike. The upshot of the communication is that the next RBA move will be data-dependent, and the forthcoming CPI data are now a greater event risk. At the September meeting, the RBA signalled a bias towards holding rates at 4.60% to allow the effect of the 100 bp of 2026 tightening to pass through to the economy. This means material upside inflation surprises should need to be seen to force the RBA to move from here.

Our FX Forecasts

	EUR/USD	GBP/USD	EUR/GBP	USD/JPY	USD/CHF	EUR/CHF	USD/CNY	AUD/USD	NZD/USD	USD/CAD	EUR/SEK	EUR/NOK
Dec-26	1.10	1.28	0.86	160	0.85	0.94	6.70	0.68	0.56	1.43	11.40	10.60
Mar-27	1.10	1.26	0.87	158	0.84	0.93	6.65	0.70	0.56	1.44	11.20	10.40
Jun-27	1.12	1.27	0.88	156	0.82	0.92	6.65	0.72	0.58	1.42	11.00	10.20
Sep-27	1.14	1.27	0.90	156	0.80	0.92	6.65	0.72	0.60	1.40	10.80	10.00

Sources: UBP SA, as at October 2026

	USD/TRY	USD/ZAR	USD/RUB	USD/ILS	USD/MXN	USD/BRL	USD/INR	USD/KRW	USD/TWD	USD/HKD	USD/SGD
Dec-26	50.00	16.80	85	3.10	18.00	5.35	95.50	1350	32.50	7.85	1.28
Mar-27	52.00	17.00	85	3.15	17.75	5.50	96.00	1350	33.00	7.85	1.26
Jun-27	54.00	17.20	85	3.15	17.50	5.50	96.50	1325	33.00	7.85	1.26
Sep-27	56.00	17.40	85	3.20	17.50	5.60	96.50	1325	33.00	7.85	1.26

Sources: UBP SA, as at October 2026

Disclaimer

This document is a marketing communication containing **GENERAL INFORMATION** on the financial services and/or financial instruments, and reflecting the sole opinion of Union Bancaire Privée, UBP SA and/or any entity of the UBP Group (hereinafter "UBP") as of the date of issue. It may contain generic recommendations but it is not and should not be deemed an offer nor a solicitation to enter into any transaction with UBP, buy, subscribe to, or sell any currency, product, or financial instrument, make any investment, or participate in any particular trading strategy in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or solicitation. This document is meant only to provide a broad overview for discussion purposes, in order to determine clients' interest. It does not replace a prospectus, KID, KIID or any other legal document relating to any specific financial instrument, which may be obtained upon request free of charge from UBP or from the registered office of the issuer of the instrument concerned, where applicable. The opinions herein do not take into account individual clients' circumstances, objectives, or needs.

In this document UBP makes no representation as to the suitability or appropriateness, for any particular client, of the financial instruments or services described, nor as to their future performances. Clients who wish to obtain more information about any specific financial instruments can request it from UBP and/or their Relationship Manager. Where an investment is considered, the information on the risks linked to each financial instrument shall be provided in good time by separate means before the investment decision is taken. In any case, each client must make their own independent decisions regarding any securities or financial instruments mentioned herein and regarding the merits or suitability of any investment. Before entering into any transaction, clients are invited to carefully read the risk warnings and the regulations set out in the prospectus or other legal documents and are urged to seek independent, professional advice from their financial, legal, accounting and/or tax advisors with regard to their investment objectives, financial situation and specific needs.

UBP performs analysis on the financial instruments based on market offer and may maintain and/or seek to develop business affiliations with third parties for that purpose; furthermore UBP may create its own financial instruments. This generic information is therefore not independent from the proprietary interests of UBP or connected parties, which may conflict with the client's interests. UBP has policies governing cases of conflicts of interest and takes appropriate organisational measures to prevent potential conflicts of interest.

The information contained in this document is not the result of financial analysis within the meaning of the Swiss Banking Association's "Directives on the Independence of Financial Research" or of independent investment research as per the EU's MiFID or other regulations. EU regulation does not govern relationships entered into with UBP entities located outside the EU.

The investments mentioned herein may be subject to risks that are difficult to quantify and to integrate into the valuation of investments. Generally speaking, products with a high degree of risk, such as derivatives, structured products or alternative/nontraditional investments (such as hedge funds, private equity, real estate funds, etc.) are suitable only for clients who are capable of understanding and assuming the risks involved. The value of any capital investment may be at risk and some or all of the original capital may be lost. The investments are exposed to currency fluctuations and may increase or decrease in value. Fluctuations in exchange rates may cause increases or decreases in the client's returns and/or in the value of the portfolio. The client may be exposed to currency risks if a financial instrument or the underlying investment of a financial instrument is denominated in a currency different from the reference currency of the client's portfolio or from the currency of their country of residence. For more information on risks, the brochure called "Characteristics and risks of certain financial operations" should be consulted.

When providing investment advice or portfolio management services, UBP considers and assesses all relevant financial risks, including sustainability risks. Sustainability risks are defined by the EU's Sustainable Finance Disclosure Regulation (2019/2088) as "an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment". For further information on our sustainability risk management approach please visit [www.ubp.com].

Reasonable efforts have been made to ensure that the content of this document is based on objective information and data obtained from reliable sources. However, UBP cannot guarantee that the information the Bank has gathered in good faith is accurate and complete, nor does it accept any liability for any loss or damage resulting from its use. Circumstances may change and affect the data collected and the opinions expressed at the time of publication. Therefore information contained herein is subject to change at any time without prior notice. UBP makes no representations, provides no warranty and gives no undertaking, express or implied, regarding any of the information, projections or opinions contained herein nor does it accept any liability whatsoever for any errors, omissions or misstatements in the document. UBP does not undertake to update this document or to correct any inaccuracies which may have become apparent after its publication.

This document may refer to the past performance of financial instruments. Past performance is not a guide to current or future results. The value of financial instruments can fall as well as rise. All statements in this document, other than statements of past performance and historical fact, are "forward-looking statements". Forward-looking statements do not guarantee future performances. The financial projections included in this document do not represent forecasts or budgets, but are purely illustrative examples based on a series of current expectations and assumptions which may not happen as forecast. The actual performance, results, market value and prospects of a financial instrument may differ materially from those expressed or implied by the forward-looking statements in this document. The projected or targeted returns are inherently subject to significant economic, market and other uncertainties that may adversely affect performance. UBP also disclaims any obligation to update forward-looking statements, as a result of new information, future events or otherwise.

Any performance data included in this document does not take into account fees, commissions, expenses charged on issuance and redemption of securities, or any other costs, nor any taxes that may be levied. The tax treatment of any investment depends on the client's individual circumstances and may be subject to change in the future. This document does not contain any tax advice issued by UBP and does not reflect the client's individual circumstances.

This document is confidential and is intended to be used only by the person to whom it was delivered. This document may not be reproduced, either in whole or in part. UBP specifically prohibits the redistribution of this document, in whole or in part,

without its written permission and accepts no liability whatsoever for the actions of third parties in this respect. This document is not intended for distribution in the US and/or to US Persons or in jurisdictions where its distribution by UBP would be restricted.

Switzerland: UBP is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA).

UK: UBP is authorised in the United Kingdom by the Prudential Regulation Authority, and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the Prudential Regulation Authority.

Dubai: This marketing material has been communicated by Union Bancaire Privée (Middle East) Limited, a company regulated by the Dubai Financial Services Authority ("DFSA"). It is intended for professional clients and/or market counterparties only and no other person should act upon it. The financial products or services to which this material relates will only be made available to a client who meets the professional client and/or market counterparty requirements. This information is provided for information purposes only. It is not to be construed as an offer to buy or sell, or a solicitation for an offer to buy or sell any financial instruments, or to participate in any particular trading strategy in any jurisdiction.

Hong Kong: UBP is a licensed bank regulated by the Hong Kong Monetary Authority (HKMA) and a registered institution regulated by the Securities and Futures Commission (SFC) for Type 1, 4 & 9 activities only in Hong Kong. The securities may only be offered or sold in Hong Kong by means of documents that (i) are addressed to "professional investors" within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder (the "SFO"); or (ii) are defined as "prospectuses" within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "CO") or constitute offers to the public within the meaning of the CO. Unless permitted to do so under the laws of Hong Kong, no person may issue or have in their possession for the purpose of issuing, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities, directed at, or likely to be accessed or read by, the public in Hong Kong, except where the securities are intended to be disposed of only to persons outside Hong Kong, or only to "professional investors" within the meaning of the SFO.

Singapore: UBP is a bank regulated by the Monetary Authority of Singapore (MAS), is an exempt financial adviser under the Financial Advisers Act 2001 of Singapore to provide certain financial advisory services, and is exempt under section 99(1) of the Securities and Futures Act 2001 of Singapore to conduct certain regulated activities. This document has not been registered as a prospectus with the MAS. Accordingly, this document and any other document or material in connection with generic recommendations may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) institutional investors; or (ii) accredited investors as defined under the Securities and Futures Act 2001 of Singapore. This advertisement has not been reviewed by the Monetary Authority of Singapore.

Luxembourg: UBP is registered by the Luxembourg supervisory authority the Commission de Surveillance du Secteur Financier (CSSF).

Italy: Union Bancaire Privée (Europe) S.A., Succursale di Milano, operates in Italy in accordance with the European passport – held by its parent company, Union Bancaire Privée (Europe) S.A. – which is valid across the entire European Union. The branch is therefore authorised to provide services and conduct business for which its parent company, Union Bancaire Privée (Europe) S.A., has been authorised in Luxembourg, where it is regulated by the Luxembourg financial supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF).

Monaco: This document is not intended to constitute a public offering or a comparable solicitation under the Principality of Monaco's laws, but might be made available for information purposes to clients of Union Bancaire Privée, UBP SA, Monaco Branch, a regulated bank under the supervision of the Autorité de Contrôle Prudentiel et de Résolution (ACPR) for banking activities and under the supervision of the Commission de Contrôle des Activités Financières for financial activities.

Jersey: Union Bancaire Privée, UBP SA, Jersey Branch is regulated by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. Union Bancaire Privée, UBP SA, Jersey Branch is a branch of Union Bancaire Privée, UBP SA, whose registered offices are at Rue du Rhône 96-98, P.O. Box 1320, 1211 Geneva 1, Switzerland, with its principal place of business in Jersey at 3rd Floor, Lime Grove House, P.O. Box 526, St Helier, Jersey JE4 5UH.

Portugal: Union Bancaire Privée (Europe) S.A. Sucursal em Portugal is regulated by the Securities Market Commission (CMVM) and duly authorised by Banco de Portugal.

South Africa: UBP Investment Services (Pty) Ltd is an authorised financial services provider (FSP number 53152) in terms of section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) and conducts its activity under the supervision of the Financial Sector Conduct Authority.

© UBP SA 2026. All rights reserved