

Forex Flash

The Fed raises rates and the dollar dominates

- The Federal Reserve raised interest rates by 25 basis points to the 3.75 per cent–4.00 per cent range on Wednesday 16 September, in a unanimous decision – the first rise in over three years. The key takeaway is that 16 out of 18 FOMC members expect at least one further 25-basis-point rise by the end of the year. Chairman Warsh stated: *"The plain fact is that inflation is too high and has been for too long..."* and *"...today's action starts to show we're serious about this"*. The dollar jumped by 0.7 per cent on the DXY index to a five-week high, with widespread declines.
- The Bank of England kept the Bank Rate at 3.75% by a 6-3 vote, but adopted a marked shift in tone: inflation could exceed 4% in early 2027, and Governor Bailey warned that the continuation of the conflict in Iran could necessitate higher rates. At the same time, the BoE suspended all active gilt sales for six months and permanently ceased sales of long-dated gilts. The pound reacted negatively, whilst long-dated gilts recorded their strongest rally since May.
- The Bank of Japan raised rates by 25 basis points to 1.25 per cent (18 September) – the highest level since 1995 – but rather than strengthening, the yen plummeted by over 100 pips against the dollar. This paradox can be explained by the 7-2 vote, in which the two dissenting members – both appointed by Prime Minister Takaichi – voted against the rise, and by Governor Ueda's press conference, in which he avoided giving any explicitly hawkish signals regarding the pace of future rate rises.

The Fed raises rates and adopts a more aggressive stance

The Federal Reserve raised rates by **25 basis points to 3.75 per cent–4.00 per cent** on 16 September – the first rise in over three years – with a unanimous vote that cemented the hawkish shift under new Chairman Kevin Warsh. The new projections from the 18 FOMC members indicate a median rate of **4.1 per cent** by the end of 2026 (up from 3.8 per cent in June) and 4.1 per cent by the end of 2027 as well, signalling at least one further rise this year and no cuts before 2029. The dollar jumped by 0.7% on the DXY index to a five-week high above 100, whilst all major currencies recorded losses of between 0.5% and 0.85%. US 2-year yields shot up to 4.74 per cent, their highest level since July 2024, and the 2-30-year yield curve flattened to 62.9 basis points – the lowest since the start of the year.

The decision: unanimity and determination

This was the first rate rise under the leadership of Warsh, who took office at the end of May after being appointed by Trump with the expectation that he would cut rates. The decision was **unanimous amongst all the governors**, a sign of cohesion that bolstered the credibility of the move.

The new Summary of Economic Projections (SEP) show:

- **12 out of 18** officials expect a further 25 bp rise by the end of 2026
- **4 out of 18** foresee two further rises
- Only **2 out of 18** expect no further rises
- PCE inflation expected to be **3.7%** by the end of 2026 (up from 3.6% in June); core PCE at **3.4%** (up from 3.3%)
- GDP growth revised upwards to **2.3 per cent** (from 2.2 per cent); unemployment expected to be **4.1 per cent** (from 4.3 per cent)

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Weekly Note

Research Department

Rates, FX & Commodities
Research

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- The return of inflation to the 2% target has been pushed back to **2029** – one year later than in previous projections.

The most significant development for the markets is the **removal from the statement** of the **previous reference** attributing high inflation to 'supply-side shocks' – a sign that policymakers now consider price pressures **too widespread to be described as transitory**.

Warsh's press conference: independence and determination

Chairman Warsh held a press conference that was shorter than usual (around 15 minutes shorter than his predecessors'), but packed with content that amplified the impact on the markets:

- *"The plain fact is that inflation is too high and has been for too long"*
- *"Today's action begins to show that we are serious about this"*
- *"This summer's inflation figures do not suggest to me that underlying trends have improved"*
- *"I would be hard-pressed to describe broad financial conditions as restrictive"*
- *"The economy has strengthened... domestic spending has been resilient, productivity growth strong, and capital investment robust"*.

The 2-30 year spread has narrowed to **62.9 basis points** – the tightest level since the start of the year (previous low: 69 basis points on 24 June) – a classic bullish sign of a flattening yield curve that reflects market confidence in the Fed's anti-inflationary resolve.

SOFR futures pricing: the market expects even higher rates

December 2026 SOFR futures are pricing in a rate of **4.275 per cent** – implying a **154 per cent probability of a further 25 basis point rise** by the end of the year. For March 2027, the market is pricing in a rate of **4.53 per cent** (a 256 per cent probability of a rate rise, i.e. at least two further rate rises as the base case). For June 2027, the pricing stands at **4.67 per cent**.

The CME FedWatch Tool indicates a probability of around **50 per cent** for a rate rise at the October meeting (27–28 October), with a probability of **~90 per cent** for a rate rise by the end of the year.

The BoE keeps rates on hold but paves the way for a rise

The Bank of England kept the Bank Rate at **3.75%** by a 6-3 vote, but adopted a marked shift in tone: inflation could exceed 4% in early 2027, and Governor Bailey warned that the ongoing conflict in Iran could necessitate higher rates. At the same time, the BoE has suspended all active gilt sales for six months and has permanently ceased sales of long-dated gilts. The pound reacted negatively, slipping to a seven-week low of **1.3337** against the dollar (-0.23 per cent), whilst long-dated gilts recorded their strongest rally since May.

The decision: rates held, with a hawkish tone

The MPC voted **6–3** to keep rates unchanged: dissenting members Huw Pill, Megan Greene and Catherine Mann once again voted for a rise to 4.00 per cent. The new

development is that Bailey and his deputies – Breeden, Lombardelli and Ramsden – also signalled their willingness to support a rise.

Bailey was explicit: *"The longer this goes on, the more difficult this becomes"*, referring to the pass-through of the energy shock to consumer prices. In the minutes, the MPC toughened its language by stating that *"it was not appropriate to wait too long for evidence of such effects before responding with policy"* – a clear signal that a rate rise is on the way.

The BoE's new forecasts have raised the expected peak inflation **rate** to **"slightly over 4 per cent" in early 2027**, up from the previous forecast of 3.2 per cent at the end of 2026. Q3 GDP growth has been revised upwards to 0.4 per cent from the previous 0.1 per cent.

The U-turn on QT: all gilt sales suspended

The real surprise was the radical overhaul of *quantitative tightening*, which was approved unanimously (9–0). The BoE has set out a multi-year plan that reduces the pace of annual sales and **temporarily suspends auctions of government bonds (gilts)** until April. The aim of this partial U-turn is to stabilise the bond market and avoid selling the very long-term bonds still held by the central bank at excessively low prices.

- **Slowing the pace:** The BoE has approved a long-term trajectory to reduce the securities held in its *Asset Purchase Facility* to zero. The plan envisages an overall average reduction of **£46 billion per year** until 2034, split between the natural maturing of securities and **active sales totalling just £20 billion per year**. This represents a slower pace compared with the previous twelve months.
- **Temporary halt to auctions (until April):** Sales on the market have been **suspended**. During this period, the BoE will consult with the UK government (the Chancellor of the Exchequer) to assess a new operational model.
- **Passive QT on Gilts maturing before 2035.**
- **Direct sale to the government:** The proposal under consideration is for the central bank **to sell the securities directly to the Debt Management Office (DMO)** of the Treasury at market prices, rather than auctioning them to private investors. This would prevent the BoE from having to accept 'poor prices' on the open market for small residual lots.
- **Exclusion of long-term securities:** Securities with very long maturities (20–30 years) will be removed from the standard immediate sale programme and transferred to an internal structural portfolio, thereby reducing pressure on long-term government bond yields, which had surged to record highs.

The reaction of gilts and equities

Long-dated gilts staged a sharp rally following the QT announcement:

- **30-year:** yield down 11.8 basis points to 5.74 per cent, the sharpest daily fall since May, after hitting 5.96 per cent (the highest since 1998) at the start of the week
- **10-year:** yield down 7.65 basis points to 5.226 per cent
- **FTSE 100:** up 1.2% to 10,816, led by banks (HSBC up 2%, Standard Chartered up 2.2%).

Market expectations

OIS markets are now pricing in a rise of **+39 bp by December 2026** and **+96 bp by December 2027**, with the probability of a rate rise in November at 75 per cent.

The BoJ and the paradox of a 'dovish' rate rise

The Bank of Japan raised interest rates by **25 basis points to 1.25 per cent** (18 September) – the highest level since 1995 – but rather than strengthening, the yen plummeted by over 100 pips against the dollar, slipping from 155.88 to **157.53** during the Asian session. This paradox can be explained by the 7-2 vote, in which the two dissenting members – both appointed by Prime Minister Takaichi – voted against the rate rise, and by Governor Ueda's press conference, in which he avoided giving any explicitly hawkish signals regarding the pace of future rate rises.

The 7-2 vote and Takaichi's dissenting members

The Board raised the policy rate from 1.00 per cent to 1.25 per cent by a vote of **7 to 2**. The dissenting members were **Toichiro Asada** and **Ayano Sato**, both regarded as 'reflationists' and appointed by Prime Minister Sanae Takaichi – a supporter of Abenomics and expansionary fiscal policy. Their dissent, in favour of keeping rates unchanged, sent a clear signal: political pressure on the BoJ is far from absent.

The statement: risks of inflationary overshooting

However, the BoJ has revised its assessment in a hawkish direction on several fronts:

- Wholesale inflation remains high and business-to-business price pressures are beginning to **feed through to consumer prices**
- Core inflation is "approaching 2 per cent" thanks to the persistent pass-through of higher wage costs
- Medium- to long-term inflation expectations **continue to rise**
- There is a risk that core inflation **could deviate upwards** from the 2 per cent target
- Exports and industrial production have started to rise, supported by **global demand linked to AI**.

Ueda's press conference: calculated caution

Governor Ueda stated that the BoJ has entered a **new phase** of monetary policy: the aim is no longer to push underlying inflation towards 2 per cent, but rather **to stabilise it** at that level and prevent it from overshooting:

- *"If risks of underlying inflation overshooting 2 per cent materialise, that could have a negative impact on Japan's economy"*
- *"We are in a phase where we need to examine various data carefully. But that does not mean we can move slowly"*
- *"We've also seen rises in medium- and long-term inflation expectations. Recent wage data have also been quite strong, suggesting that wage pressures are broadening."*

50-bp hikes or back-to-back hikes? "We're not ruling anything out"

When asked about the possibility of more aggressive rate rises, Ueda replied: *"That depends on how price conditions develop. There could be various possibilities. We shouldn't rule anything out"*, adding, however, that larger or consecutive rate rises

would only be justified by “very significant inflation risks, or inflation sharply overshooting our target” – as the Fed and the ECB did in their respective rate-hiking cycles.

On the neutral rate, Ueda remained deliberately vague: “It is hard to pinpoint where the neutral rate is, and therefore the terminal rate” – a comment that leaves open a wide range of possibilities, given that the BoJ estimates the nominal neutral rate to be in a range between **1.1% and 2.5%**.

The reaction of the JGB markets: the yield curve steepens

Short-term yields fell following the decision, whilst super-long yields continued to rise – a classic sign of **bull steepening**:

The steepening of the curve on super-long maturities reflects persistent concerns about Japan's **fiscal sustainability** – with budget requests for the next financial year swelling to 143,000 billion yen (close to pandemic-era levels) and Takaichi's pledge to cut VAT on food.

Market expectations

OIS markets are now pricing in a rise of **+22 basis points by December 2026** and **+92 basis points by December 2027**, with a 31 per cent probability of a rate rise in October.

Analysis by currency

US Dollar (USD) – Bullish momentum following the hawkish rate hike

The Fed's decision on 16 September marks a structural turning point for the foreign exchange market: the dollar is now underpinned by three pillars – **the yield spread** (US 2-year at 4.74% vs 2-year Bund at ~3.5%), **anti-inflationary credibility** (unanimous vote and the abandonment of the ‘temporary shocks’ narrative), and **economic resilience** (retail sales up 1.2 per cent, unemployment at 4.1 per cent). The Dollar Index (DXY) jumped by **0.7%** to its highest level since 31 July, breaking above the 100-day moving average (99.80) to settle at **100.27–100.35**.

Warsh's shift is all the more significant because it comes from a chairman appointed by Trump with the expectation of low interest rates: the fact that he voted for the rate hike and stated that financial conditions “cannot be described as restrictive” signals a personal commitment to price stability that should support the dollar in the coming weeks.

However, the market is now decidedly long on the dollar, and the yield curve is already pricing in an aggressive path of rate rises. The main risk is that economic data may weaken more rapidly than expected – particularly with the prime rate at 7 per cent and mortgage rates close to the same level – forcing the Fed to pause, a scenario the market is not currently pricing in. In that case, EUR/USD could rebound towards the 1.16–1.17 range, whilst USD/JPY would find a natural ceiling around 158, where the Japanese and US authorities have already shown a willingness to intervene jointly.

The flurry of comments from Fed officials (Goolsbee, Jefferson, Williams, Barkin, Hammack, Paulson) will provide the market with a steady stream of clues regarding the likelihood of further rate rises. The markets are pricing in a fed funds rate of 4.275

per cent by December (with a 154 per cent implied probability of a 25-basis-point rise) and 4.53 per cent by March 2027.

The short-term risk for the dollar is that Fed officials' tone may prove less hawkish than expected, particularly as Governor Waller and New York Fed President Williams have already shown caution about committing to further tightening beyond September, given the volatile oil price environment.

Despite the favourable momentum, a number of risk factors should be noted:

1. **Stable inflation break-evens:** the 2-, 5- and 10-year break-evens have not risen from the ranges seen over the last two years, suggesting that the market does not foresee a structural acceleration in inflation. If the Fed's rhetoric were to soften, the dollar and US interest rates could come under downward pressure, paving the way for further potential depreciation of the dollar.
2. **Geopolitical risk as a bilateral variable:** an escalation of the Iranian conflict would strengthen the dollar as a safe haven, but a de-escalation would cause oil prices to plummet and, with them, expectations of aggressive rate rises.
3. **US equity wealth is at record highs:** American households have reached a net worth of **USD 196,000 billion** (828 per cent of disposable income), with shares accounting for 46.6 per cent of financial assets – a record. A potential stock market crash, fuelled in part by higher interest rates, could dampen consumer spending and force the Fed to reverse course.

Euro (EUR) – Between subdued wage growth and mounting political tensions at the ECB

The EUR/USD exchange rate over the past month shows a gradual decline from the **1.17** level at the end of August to **1.1464** on 16 September – a loss of around 250 pips (2.1 per cent) in just three weeks. The post-Fed session saw a plunge from 1.1538 (opening) to 1.1460 (closing), with an intraday low of 1.1498.

EUR/USD has remained trapped within the 1.1325–1.2084 range since June 2025. Analysis of the key drivers suggests that a breakout to the upside would require an accommodative shift by the Fed combined with a steadfast ECB, whilst a break below 1.1325 would necessitate further rate hikes by the Fed or a capitulation by the ECB.

Eurozone wage data show a slowdown in labour cost growth to 3.1 per cent in Q2 from 3.3 per cent in Q1, with negotiated contracts indicating only a modest rise to 2.8 per cent in the first half of 2027 – a source of comfort for the ECB, which considers wage growth of 3 per cent to be compatible with its 2 per cent inflation target.

The speeches by Lane (on Wednesday in Geneva and Thursday in Lausanne) and Schnabel (on Thursday in Rome) will be closely watched for clues as to the ECB's next move, expected in October. At the same time, the race to succeed Lagarde – with France reportedly backing the Dutchman Knot in exchange for the post of chief economist – could indirectly influence expectations regarding the future monetary policy stance.

Japanese yen (JPY) – A complex geopolitical landscape

The yen suffered a sharp fall following today's BoJ decision, extending its losses during Ueda's press conference: GBP/JPY reached its highest level since 7 September (211.19), whilst CHF/JPY hit its highest level since 8 September (190.81).

The yen's future will be determined by the interplay of three, partly conflicting, forces:

1. **US pressure for higher interest rates and fiscal discipline.** Bessent made explicit what had been implicit: Washington wants a stronger yen, faster BoJ rate rises and a scaling back of Takaichi's spending plans. The joint intervention in July and the '*I am the house*' statements have created a ceiling on the yen, but not a catalyst for structural appreciation.
2. **Domestic political resistance.** Takaichi's two dissidents on the BoJ Board, the confirmation of Economy Minister Kiuchi (a self-confessed reflationist) and the budget requests totalling 143,000 billion yen signal that Tokyo has no intention of abandoning its expansionary fiscal policy – creating growing tension with the central bank's restrictive stance.
3. **Structural lag behind peers.** With the Fed at 3.75%–4.00%, the ECB at 2.50% and the BoE at 3.75%, the US–Japan interest rate differential remains above **250 basis points** – a gap which, in the absence of a dramatic acceleration in the BoJ's rate-hiking cycle, maintains structural downward pressure on the yen.

For the coming months, the market consensus sees USD/JPY trading within a **range of 155–160**, with the risk of a return towards 160 if Ueda does not maintain sufficiently hawkish rhetoric and if oil prices continue to rise. On the downside, a potential de-escalation in the Middle East or a softening stance from the Fed could push the exchange rate back towards 152–153. The next BoJ decision (29–30 October) and the October quarterly report – in which Ueda promised to "*quantify the impact of rate rises*" – will be the key catalysts.

Finance Minister Katayama has already warned today that "*it is important to maintain order regarding exchange rates and interest rates*" – language that leaves the door open to further intervention should the yen slide too rapidly towards 160.

Pound (GBP) – Negative outlook in the short term

The pound extended its post-decision losses, hitting a low of **1.3333** during the European session (its lowest level since early August), before stabilising at **1.3349** during the New York afternoon. EUR/GBP rebounded from a pre-decision low of 0.8563 to head towards **0.8607**, the two-month high reached on 3 September.

The BoE's decision paints a **negative picture for the pound in the short term**, for three reasons:

1. **Lagging behind the Fed and the ECB:** the Fed raised rates yesterday, the ECB last week – the BoE is the only major G7 central bank yet to act, creating a credibility gap.
2. **The suspension of quantitative tightening (QT),** whilst positive for gilts, reduces the relative attractiveness of sterling-denominated assets as it signals concern over the stability of the bond market.
3. **Geopolitical uncertainty** – the conflict in Iran as an exogenous variable for monetary policy – is keeping volatility high and weighing on the currencies of those economies most exposed to the energy shock.

The turning point for the pound will be the **November** meeting: a 25-basis-point rise to 4.00 per cent – now widely anticipated – could, paradoxically, prove to be a positive development only if accompanied by aggressive *guidance* on further tightening. In the absence of this, GBP/USD risks slipping towards the **1.3200–1.3300** area in the coming weeks, whilst EUR/GBP could consolidate within the **0.8600–0.8650** range.

Swiss franc (CHF) – The SNB takes centre stage

USD/CHF at 0.8251 indicates a relatively strong franc. The SNB's decision on Thursday 24th (07:30 GMT), accompanied by a press conference, is the main catalyst for the franc and EUR/CHF this week. The backdrop of persistent global inflation could lead the SNB to maintain a more hawkish stance than expected.

Commodity currencies (AUD, NZD, CAD) – Pressure from a strong dollar and volatile oil prices

- **AUD/USD:** the RBA will not decide on interest rates until 28–29 September, but Governor Bullock's parliamentary hearings this week provide the context.
- **NZD/USD:** New Zealand's Q2 GDP came in at +0.2% q/q (better than the expected +0.1% and the RBNZ's forecast of zero growth), with the annual figure at +2.6% versus expectations of +2.2%.
- **USD/CAD:** Governor Macklem's speech on Monday 21st in Halifax will be the first catalyst of the week for the loonie.

Week of 21–24 September: Key events

The week of 21–24 September looks set to be packed with catalysts for the global foreign exchange market, with traders set to digest the Federal Reserve's *hawkish* rate hike (+25 bp to 3.75%–4.00%), the Bank of Japan's *dovish* move (rate rise to 1.25 per cent) and the Bank of England's wait-and-see stance, whilst three further monetary policy decisions – by **the SNB, the Riksbank and Norges Bank** – are scheduled throughout the week, alongside a packed schedule of speeches by officials from the Fed, the ECB and the BoE.

Monday 21 September

- **Speech by Bank of Canada Governor Tiff Macklem** in Halifax – insights into Canadian monetary policy (relevant for USD/CAD, currently at 1.3990).
- **Chicago Fed President Goolsbee** speaks in London at the OMFIF on '*Monetary Policy in an Uncertain World*' – his first speech since the rate rise, to be monitored for nuances regarding *forward guidance*.

Tuesday 22 September

- **Fed Vice-Chair Philip Jefferson** and **Fed NY President John Williams** speak at the Treasury Markets Conference in New York – speeches with significant implications for the US bond and currency markets.
- **Richmond Fed President Barkin** speaks at the CFA Society in Baltimore.
- **ECB – Claudia Buch** delivers a keynote speech in Amsterdam.
- **RBNZ Governor Breman's** economic update – relevant for the NZD.

Wednesday 23 September

- **Riksbank – Monetary policy decision** (07:00 GMT) – impact on the SEK and, by extension, on the EUR.
- **ECB – Chief Economist Philip Lane** speaks in Geneva on "*Monetary Policy in the Euro Area*" – a speech that could potentially move the market for EUR/USD, given the growing focus on the ECB's hawkish stance.
- **ECB Vice-President Vujcic** under scrutiny in Frankfurt.

Thursday 24 September – The key day

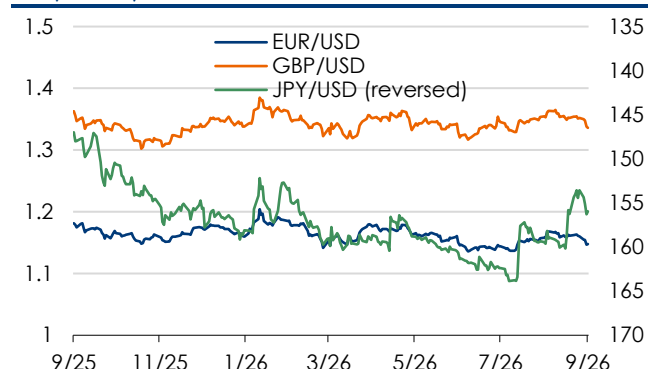
- **Swiss National Bank (SNB): Monetary policy decision and press conference** (07:30 GMT) – a crucial decision for USD/CHF and EUR/CHF. Against a backdrop of persistent global inflation, the SNB may provide guidance on its path of rate rises.
- **Riksbank:** Announcement of the decision (07:30 GMT) and press conference (08:30 GMT).
- **Norges Bank:** Interest rate decision and Monetary Policy Report 3/26 (08:00 GMT) – impact on the NOK.
- **London Macro Policy Forum:** NY Fed President Williams, BoE MPC member Dhingra and BoE Deputy Governor Breeden on a panel and in a fireside chat – impact on GBP.
- **Fed:** Richmond President Barkin at the Economic Club of Washington; Cleveland President Hammack and Philadelphia President Paulson – further post-rate-hike commentary.
- **ECB:** Isabel Schnabel at the Women's Economic Forum (Rome); Philip Lane to give a lecture in Lausanne.

Operational conclusions

The week of 21–24 September will be dominated by three interlinked developments: **(1)** the market's reaction to the Fed's hawkish rate rise and the interpretation of numerous speeches by officials, which will shape expectations for October; **(2)** the three decisions by smaller but influential central banks (SNB, Riksbank, Norges Bank) on Thursday 24 alone, which may trigger cross-currency movements in the CHF, SEK and NOK; **(3)** the market's reaction to the previous week's decisions by the BoJ and the BoE, with the risk that a more hawkish-than-expected tone from Ueda could trigger a recovery in the yen, whilst the BoE will have to navigate between persistent inflation and an economic slowdown.

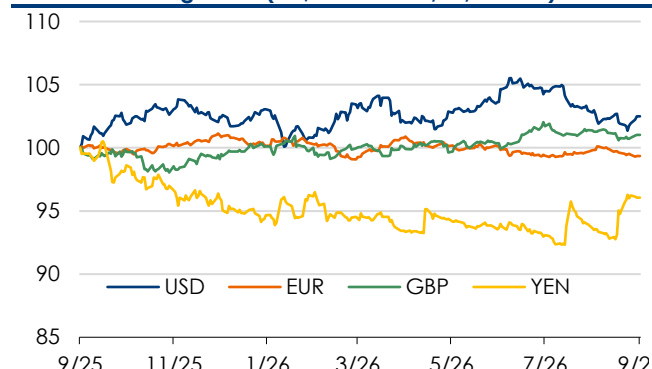
The dollar remains structurally favoured by the yield differential and the Fed's restrictive *stance*, but the volume of statements from central bankers throughout the week introduces a high risk of intraday volatility. The EUR/USD appears set to remain within its consolidated range, barring any surprises from the ECB's rhetoric or an unexpected softening of the Fed's tone.

Euro, Pound, Yen vs USD



Source: WS Datastream

Nominal Exchange Rate (BIS, rebased 11/09/25=100)

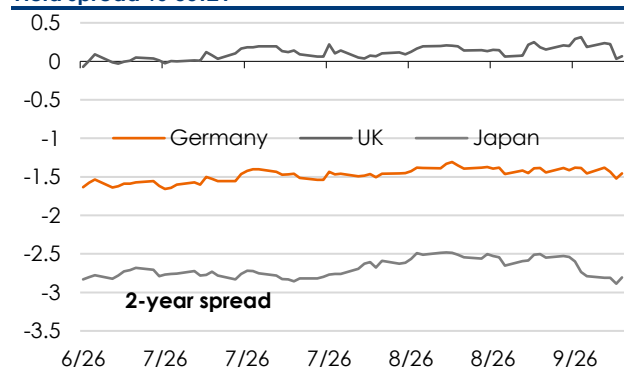


Source: WS Datastream

G10 Forex Forecasts

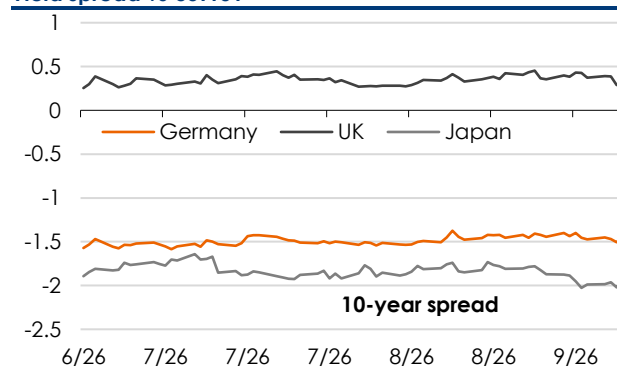
	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	Q1 2028	Q2 2028
WD EUR/USD	1.1459	1.1277	1.1294	1.1462	1.1581	1.1568	1.1648	1.1858
WD EUR/GBP	0.8563	0.8684	0.883	0.8866	0.8911	0.8923	0.894	0.8944
WD EUR/NOK	11.0345	10.9309	10.8257	10.726	10.6706	10.6158	10.5509	10.4964
WD USD/CAD	1.4066	1.4319	1.433	1.4105	1.3954	1.3934	1.382	1.357
WD USD/JPY	159.7091	159.7902	159.5413	155.7251	149.7483	145.6032	143.5761	140.5335
WD EUR/CHF	0.9284	0.9243	0.926	0.9219	0.9209	0.9193	0.9183	0.9164
WD EUR/SEK	10.9652	10.8592	10.7283	10.5072	10.3504	10.2194	10.1496	10.1012
WD USD/CHF	0.81	0.8196	0.82	0.8043	0.7952	0.7947	0.7884	0.7728
WD AUD/USD	0.7053	0.7047	0.7049	0.7142	0.7185	0.7147	0.715	0.7249
WD GBP/USD	1.3386	1.2986	1.279	1.2927	1.2997	1.2964	1.3029	1.3258
WD NZD/USD	0.587	0.5878	0.5993	0.6186	0.6299	0.6314	0.6346	0.6465
WD EUR/AUD	1.6254	1.6004	1.6022	1.6048	1.6119	1.6186	1.629	1.6357
WD EUR/CAD	1.6122	1.6148	1.6185	1.6166	1.616	1.6119	1.6096	1.6091
WD EUR/JPY	183.0808	180.1947	180.1875	178.4847	173.4246	168.4352	167.2297	166.638
WD EUR/NZD	1.9529	1.9185	1.8846	1.853	1.8385	1.832	1.8353	1.8341

Yield spread vs UST2Y



Source: WS Datastream

Yield spread vs UST10Y



Source: WS Datastream

Appendix

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