Forex Analysis

November 2026

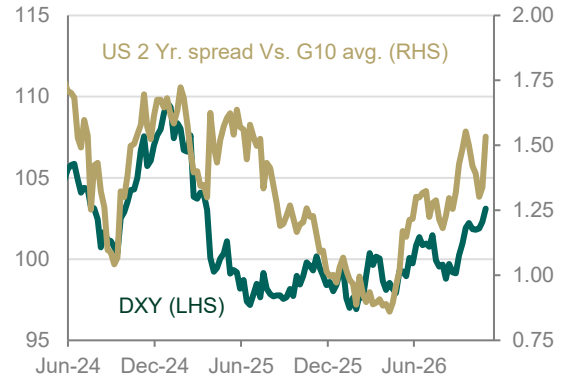
UNION BANCAIRE PRIVÉE

The Week Ahead FX

- The USD broke above key resistance levels – following higher-than-expected October CPI data.
- Investors increased short EUR positions as EUR comes under pressure.
- GBP firmed ahead of the publication of UK inflation and labour market data.

Chart 1: USD rose with higher spreads

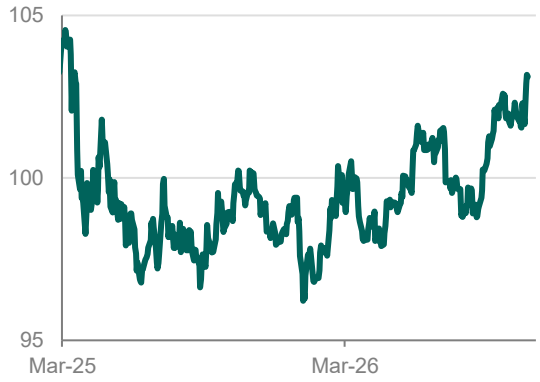
DXY Index, 2 Yr. spread over G10 average, %



Sources: Bloomberg L.P., ICE, as at November 2026,

Chart 2: DXY rose to its highest level this year

DXY Index



Sources: Bloomberg L.P., ICE, as at November 2026

USD – Hot CPI raises market expectations

Last week, the US Dollar Index rose to levels of above 103 – it's highest level this year (Chart 2). The up move followed the publication of October CPI data, which came in above expectations at 0.4% m/m (headline) and 0.3% m/m (core). Markets moved to price in a faster pace of rate hikes, and a higher terminal rate expectation.

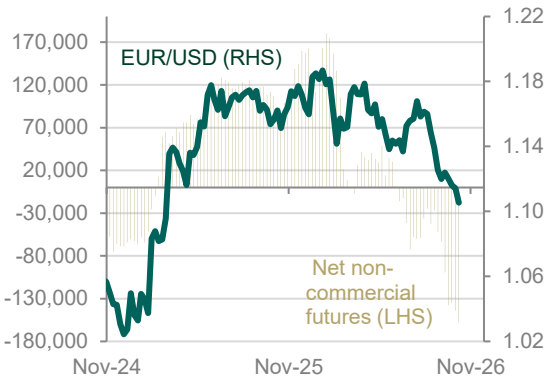
The overnight index swap (OIS) market moved to price in a 25 bp rate hike at the December FOMC meeting with a 110% probability – meaning that markets are pricing a small possibility of a 50 bp rate hike. The Fed's Waller noted that he could vote for a 50 bp rate hike in December. Terminal rate expectations rose to levels of around 4.75% - a 40 bp rise in the space of ten days. The large rise in long-end rate volatility has been beneficial for the USD, given that we do not see moves of a similar magnitude elsewhere. This dynamic is also illustrated in Chart 1 – which shows the large rise in US two-year spreads over G10 averages.

USD gains over the week were consistent with typical yield driven moves – the greenback outperformed against currencies with a lower front-end carry profile. In the near term, there are few obstacles towards further appreciation. US labour market data remain solid, and the stabilisation in US equity markets reduces the possibility of equity related outflows from the US.

The main event over the coming week will be the publication of October retail sales data and FOMC Minutes from the September meeting – where the FOMC raised rates by 25 bps. The focus is likely to be on the tone of the Minutes, and whether there is any consensus on the FOMC regarding inflation trends. Retail sales are unlikely to be a showstopper for the USD, given the market's focus on the underlying inflation backdrop.

Chart 3: Investors increased short EUR positions

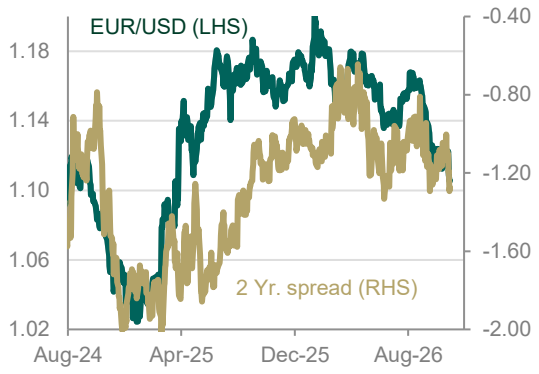
EUR/USD spot, IMM net non cmcl futures



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

Chart 4: 2 Yr swaps dragged EUR lower

EUR/USD spot, 2 Yr. swap spread, %



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

EUR – Under pressure

Last week, EUR/USD fell to lows of around 1.1050, which was its lowest level since April 2025. The EUR decline reflected the widening in two-year swap spreads, in favour of the USD. The publication of October US CPI data was a game changer, and the USD rose across the board. Trade-weighted EUR now sits at its lowest level since June 2025, and a reversal is not imminent. The latest CFTC positioning data show that investors have increased their net short EUR positions once again – even at current levels.

We note that OIS markets have priced in a 25 bp December rate hike with a 90% probability, and the OIS terminal rate expectation is around 3.15% The terminal rate expectation appears to be slightly overdone – and any unwind here could place the EUR under further pressure in the near term.

There are few important date releases over the coming week, and EUR/USD is likely to trade towards the lower end of recent ranges. A test of levels below 1.10 is a distinct possibility, given the likelihood of short gamma positions around the 1.10 level.

GBP – Unemployment and inflation data are in focus

Last week, GBP/USD fell to lows of around 1.32, while EUR/GBP ranged around the 0.8350 level. Little direct upside or downside pressure on GBP was seen. GBP swaps rose to price in over two hikes by Q1 2027 and a terminal rate of 5%. This, combined with an upside surprise in UK Q3 gross domestic product (GDP) data at 0.7% q/q, allowed marginal GBP resilience against the broader USD move.

The main data event for GBP over the coming week will be the release of the UK's unemployment rate and CPI data for October. Recent employment trends have indicated that the UK labour market may be beginning to stabilise at weak levels, while BoE member Lombardelli recently commented that the UK's *'natural rate of unemployment may be a bit higher than before'*. The unemployment print should therefore do little to alter the near-term BoE curve, and markets will focus on the inflation data, which are expected to print at 3.6% y/y headline and 2.8% y/y core.

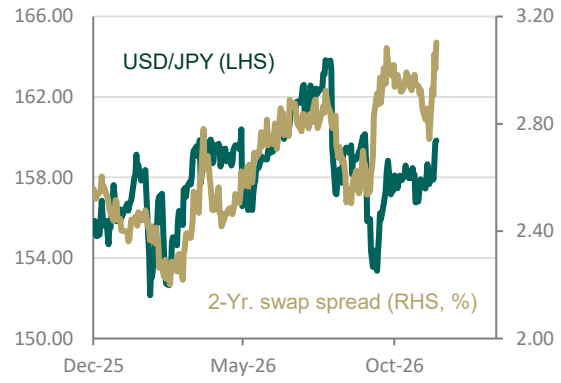
GBP swaps currently expect 21 bp of tightening to be delivered at the December BoE meeting, which is elevated considering the lack of pass-through from energy prices into core UK inflation so far. Asymmetric downside risk to GBP therefore stands in the event of a downside inflation surprise.

JPY – 160 level in focus

Last week, USD/JPY traded from 158.00 to 159.95, reflecting a large dollar up-move and notable JPY resilience below the 160 level. Finance Minister Katayama commented that Japanese and US officials are

Chart 5: USD/JPY is likely to retest 160

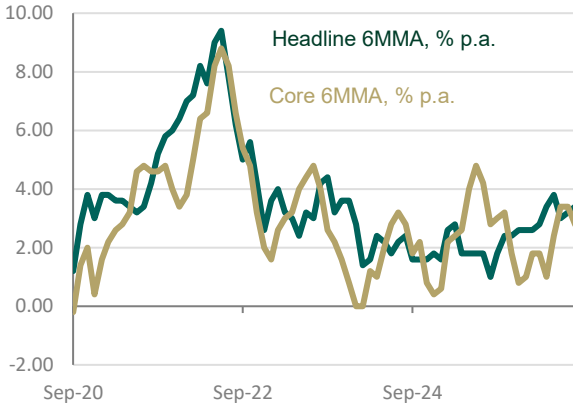
USD/JPY spot, 2 Yr. swap spread, %



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

Chart 6: Canadian inflation is contained

Headline & Core CPI, 6 month moving avg., %



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

'working closely' together to prevent adverse FX moves. This signalled that monetary officials remain uncomfortable with JPY weakness, and particularly the 160 threshold. USD/JPY risk reversals, which measure the cost of a USD call / JPY put compared to a USD put / JPY call, remain skewed to USD puts, indicating that markets price in high probabilities of FX intervention.

The main data event for JPY over the coming week will be the release of Japanese GDP data for Q3, which is expected to show slower growth at 0.1% q/q. USD/JPY price action, however, should mostly reflect the threat of FX intervention and moves from the USD side. Current two-year spreads are consistent with USD/JPY moving above 160. Overall, markets are likely to test the resolve of the monetary authorities over the coming days, and more volatile JPY price action is expected.

CAD – Inflation data are in focus

Last week, USD/CAD traded higher to levels around 1.4250. The up move reflected broad USD appreciation. There were few Canadian domestic data releases over the week.

The main event risk to CAD over the coming week will be the release of Canadian CPI data for October, which is expected to print at 3.2% y/y. Recent Canadian inflation data have shown little pass-through from headline into core inflation, with the CPI prints remaining broadly contained within the Bank of Canada's (BoC) 1%–3% target range. The Summary of Deliberations from the October BoC meeting emphasised that the MPC intends to 'proceed carefully' in moving to tighten further. A large upside surprise will therefore need to be seen for markets to price in any more than the 15 bp of BoC tightening currently expected by CAD swaps in December. Prints in line with consensus should sustain current pricing. Consequently, no significant idiosyncratic CAD moves are expected over the coming days.

MXN – Strong performance on inflation surprise

Last week, USD/MXN traded in a tight range around the 18.60 level while EUR/MXN fell to levels of around 20.54, reflecting idiosyncratic MXN strength against the broad USD bid. Mexican inflation data meaningfully surprised to the upside at 3.75% y/y headline and 3.80% y/y core, indicating rising underlying price pressures. Mexican central bank (Banxico) member Ceja, who voted for the November cut to 6.25%, also communicated that an easing cycle is not the intention and suggested that the current policy rate is seen as appropriate. MXN TIIE swaps consequently rose to price out expectations for further cuts. The upshot of this is that both the domestic and external environments are no longer supportive of Banxico's previously held dovish stance.

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	1.33	0.83	160	0.85	0.94	6.70	0.68	0.56	1.43	11.40	10.60
Mar-27	1.10	1.33	0.84	158	0.84	0.93	6.65	0.70	0.56	1.44	11.20	10.40
Jun-27	1.12	1.32	0.85	156	0.82	0.92	6.65	0.72	0.58	1.42	11.00	10.20
Sep-27	1.14	1.33	0.86	156	0.80	0.92	6.65	0.72	0.60	1.40	10.80	10.00

Sources: UBP SA, as at November 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 November 2026

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