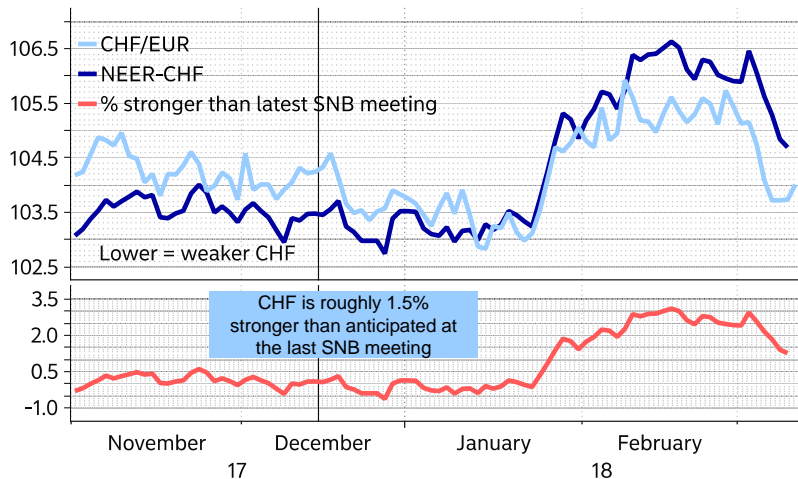
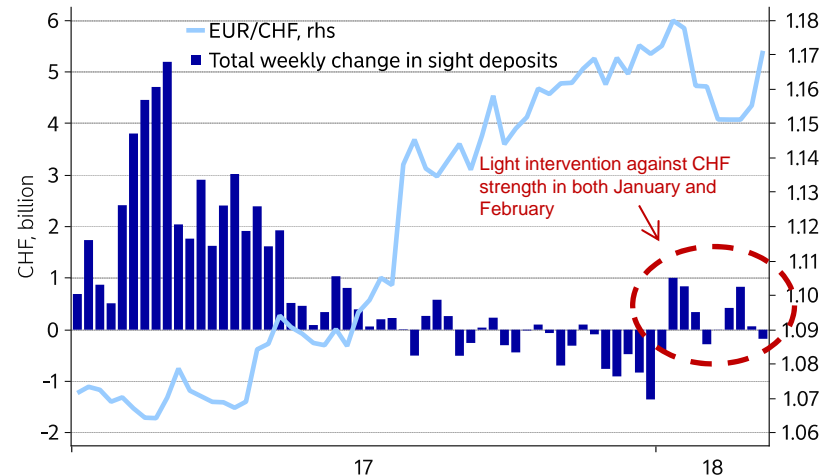


SNB watch: CHF too strong to the SNBs taste?

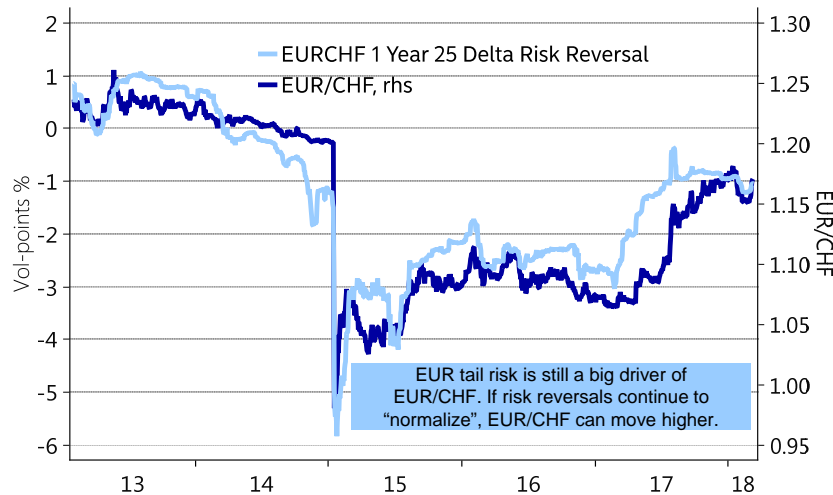
The CHF has strengthened both in trade-weighted terms and against the EUR since the last SNB meeting in December. The SNB has intervened against a stronger CHF in both January and February (albeit in small magnitude). But in real-terms the CHF has continued its weakening versus the EUR. EUR/CHF is closest to the PPP-fair value since 2013 (CHF only 4.4% over-valued). The risk reversal in EUR/CHF continues to trade with a "EUR-risk premium" – and has seen a small correction lower over the Italian election. A further abating tail-risk premium in the Euro area is needed, before EUR/CHF can move even higher. We see best risk reward in betting on lower EUR/CHF over the SNB meeting (and short-term).



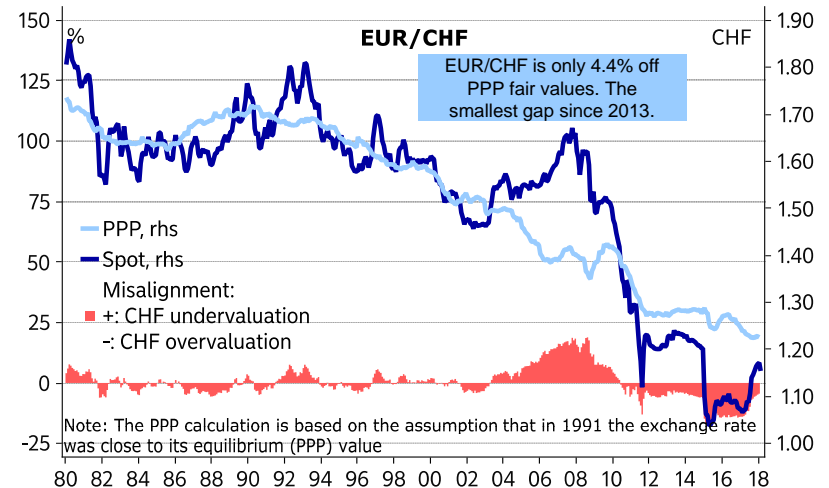
Source: Nordea Markets and Macrobond



Source: Nordea Markets and Macrobond



Source: Nordea Markets and Macrobond



Source: Nordea Markets and Macrobond

Thank you!
Nordea Research
Andreas Steno Larsen & Martin Enlund

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