FX QUANT SERIES · 3 OF 6

USD/CHF: A Quantitative Review

the franc as funding currency

The dollar has gained more than 5 per cent against the Swiss franc this year, making the franc one of the weakest major currencies. This note shows how stretched the move is and what could reverse it.

Global Markets Research · FX Quantitative Strategy Desk Prepared by ANDRA MARKETS

+5.2% YTD, at the high

Coverage summary. USD/CHF fixed at 0.8337 on 8 October, 5.2 per cent higher than at the end of 2025 and only 0.2 per cent below its 52-week high of 0.8353 reached on 1 October. The move reflects the widest interest-rate gap in this series: the Swiss National Bank has kept its rate at zero while the Fed has raised rates, so the two-year yield gap is 4.57 percentage points. That gap has turned the franc into a funding currency for carry trades. The quantitative signals favour the dollar on trend, momentum and carry, but the pair is statistically stretched, with a z-score of +2.4.

USD/CHF, 8 Oct	2y yield gap	z-score (1y)	SNB rate
0.8337	**+4.57pp**	**+2.4**	**0%**
+5.2% YTD	*UST 4.79% vs Swiss 0.22%*	*98% of 52-week range*	*5th hold, 24 Sep*

Exhibit A. Quantitative dashboard: USD/CHF

Metric	Value	Context
Spot (8 Oct, ECB reference)	0.8337	end-2025: 0.7927
Return 1 week / 1 month	-0.2% / +2.7%	3 months: +3.1%
Return YTD / 12 months	+5.2% / +4.2%	
52-week range	0.7670 to 0.8353	position: 98% of range
50-day / 200-day average	0.8156 / 0.7968	spot +4.6% vs 200-day
z-score vs 1-year mean / RSI(14)	+2.4 / 64	
Realised vol 1m / 3m / 1y	6.3% / 6.3% / 7.0%	1m in 40th percentile of 10 years
Skew / excess kurtosis (1y daily)	-0.54 / 1.4	fat tails if kurtosis > 1
Daily 95% VaR (historical, 1y)	-0.85% / +0.64%	down / up tail
Variance ratio (5-day) / autocorr.	0.96 / +0.03	>1 trending, <1 mean-reverting

Source: ECB euro reference rates (14:15 CET), crossed through EUR/USD to obtain dollar pairs; Andra Markets calculations on log returns, 252-day year. Data to 8 October 2026.

1.0 Executive Summary

Key takeaways

trend + carry: up

A clean trend. The pair is 2.2 per cent above its 50-day average and 4.6 per cent above its 200-day, and both averages are rising. Momentum and carry point the same way. This is the strongest trend among the six pairs in this series.

stretched: z +2.4

But the move is stretched. The price is at 98 per cent of its 52-week range and +2.4 standard deviations above its one-year average. On our data since 2014, the pair fell in the following month in four of the five non-overlapping periods that began with a z-score above +2, by 2.8 per cent on average, although the sample is small.

1m range: 0.819 to 0.849

Range. The one-month one-sigma range is 0.8187 to 0.8490. MUFG sees 0.848 by the end of the year but 0.784 by the third quarter of 2027, a sign that the franc's weakness is seen as cyclical.

2.0 Price and Trend

The strongest trend in the series

Feb low 0.7670

USD/CHF fell to 0.7670 on 10 February, its lowest level since at least 2014 on our data, and has since risen almost 9 per cent. The rise accelerated after the Fed's increase on 16 September. Unlike the other dollar pairs, it has not been interrupted by large reversals: the largest one-year drawdown was -5.3 per cent. The RSI of 64 shows strength without being overbought.

Exhibit 1. USD/CHF over two years, with 50-day and 200-day moving averages



above both averages

Feb low: 0.767

Source: ECB euro reference rates, Andra Markets calculations. Moving averages are simple averages of daily fixes.

3.0 Volatility

Average

One-month and three-month realised volatility are both about 6.3 per cent, in the 40th percentile of the past ten years and close to the median of 6.6 per cent. The franc's volatility tends to rise in market stress, when investors buy it as a safe haven, so the current level reflects calm equity markets as much as the franc itself.

vol 6.3%, normal

Exhibit 2. USD/CHF: one-month realised volatility, annualised

spikes = risk-off



Source: Andra Markets calculation from ECB reference rates: 21-day standard deviation of daily log returns, annualised with √252. The median is over ten years.

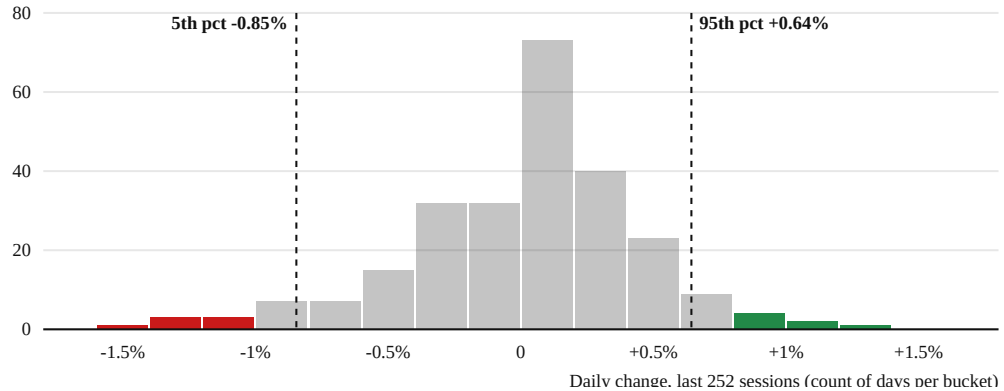
4.0 Distribution of Returns

A slight negative skew

falls bigger than rises

The distribution of daily changes has a skew of -0.54: the largest falls are slightly larger than the largest rises. The biggest fall of the year was −1.49 per cent on 8 April, when the US-Iran ceasefire caused a sharp drop in the dollar, and the biggest rise +1.40 per cent on 18 June, after the June Fed meeting. The one-day value at risk at 95 per cent is -0.85 per cent.

Exhibit 3. USD/CHF: distribution of daily changes over the last year



8 Apr: −1.5%

Source: Andra Markets calculation. Red bars are days beyond the 5th percentile (historical value at risk), green bars beyond the 95th.

5.0 What Moves the Pair

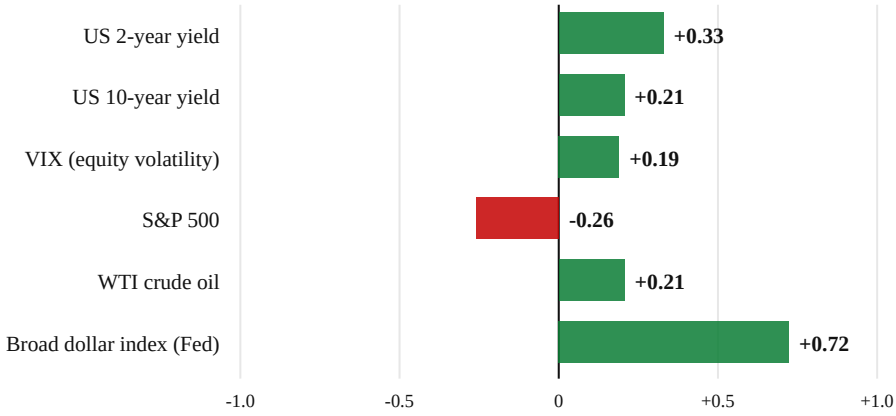
Rates, more than for other pairs

US 2y: +0.33

Over the past year USD/CHF has been more sensitive to interest rates than the other pairs: the correlation of weekly changes with the US two-year yield is +0.33 and with euro area two-year yields +0.34, because Swiss rates are anchored at zero and every rise abroad widens the gap. The correlation with the broad dollar is +0.72. The pair also rises with oil (+0.21) and falls when US equities rise (−0.26), a sign that part of the dollar's strength reflects geopolitical risk rather than pure carry.

EUR yields: +0.34

Exhibit 4. USD/CHF: correlation of weekly changes with market drivers, last 52 weeks



rates matter here

Source: Andra Markets calculation from weekly (Friday) changes; FRED for US yields, VIX, S&P 500, WTI and the Fed broad dollar index. Weekly data avoid the gap between the ECB fixing time and US closing prices.

6.0 Macro and Policy Context

Zero rates in Switzerland

SNB: no rush

The Swiss National Bank held its rate at zero on 24 September for the fifth meeting in a row and repeated that it is willing to intervene in the currency market if necessary. Swiss inflation has risen to 1.0 per cent, its highest in two years, but core inflation is only 0.5 per cent and the SNB expects 0.7 per cent this year, so there is little pressure to raise rates. The next decision is

on 10 December. With US rates rising and Swiss rates fixed, the yield gap is the widest of the six pairs.

Exhibit B. USD/CHF macro and policy dashboard

Indicator	United States	Switzerland
Policy rate	3.75 to 4.00%	0% (hold 24 Sep)
Next meeting	28 Oct	10 Dec
2-year yield	4.79%	0.22%
10-year yield	5.24%	0.57%
Inflation	CPI 3.4% (Aug)	CPI 1.0%, core 0.5% (Sep)
SNB inflation forecast	n/a	0.7% (2026), 0.8% (2027)

Sources: Federal Reserve; Swiss National Bank via Admiral Markets and Trading Economics; FRED and Trading Economics for yields (8 to 9 October 2026).

7.0 Positioning and Forecasts

Short francs

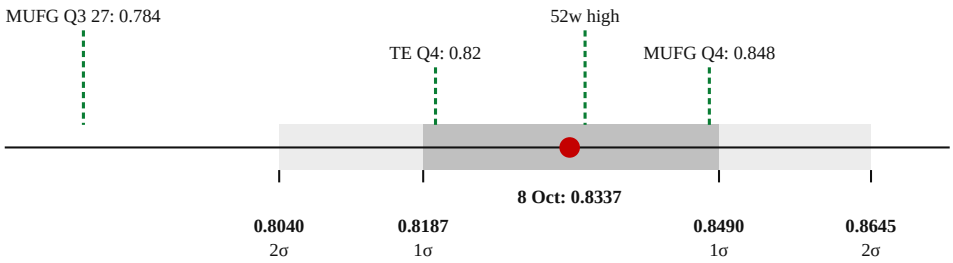
Speculators are net short the franc by 24,617 contracts, slightly less than a week earlier, consistent with its use as a funding currency. Forecasts are divided between the short and the long term: MUFG sees 0.848 at the end of 2026 and 0.784 in the third quarter of 2027, while Trading Economics' model has 0.82 at the end of the year.

8.0 Quantitative Outlook

Ranges and signals

The one-month range is 0.8187 to 0.8490 at one standard deviation and 0.8040 to 0.8645 at two. The composite score is +2, driven by trend, momentum and carry and partly offset by the stretched z-score. Seasonality is weak: USD/CHF rose in only six of the last twelve fourth quarters, with an average change of -0.5 per cent.

Exhibit 5. USD/CHF: statistical one-month range from current volatility, with published forecasts



Source: Andra Markets calculation. Bands use three-month realised volatility of 6.3% and assume normally distributed returns: about two-thirds of outcomes fall inside 1σ and 95% inside 2σ. Forecast markers: MUFG (1 October 2026); Trading Economics model; 1 October 2026 high.

Exhibit C. Quantitative signal scorecard for USD/CHF

Signal	Reading	Implication for the pair
Trend	+2.2% vs 50-day, +4.6% vs 200-day	supports higher
Momentum (12 minus 1 month)	+1.4%	supports higher
Mean reversion	z-score +2.4; RSI 64	supports lower
Carry (2-year yield gap)	+4.57 pp in favour of holding the pair	supports higher
Seasonality (Q4, 2014 to 2025)	average -0.5%, up in 6 of 12	neutral
Composite score	**+2 out of ±5**	**leans higher**

Andra Markets rules: trend is positive if the pair is above both averages and negative if below both; momentum uses a ±1% band; mean reversion flags a z-score beyond ±2 or RSI beyond 30/70; carry uses a ±0.5 point band; seasonality needs at least 8 of 12 years in one direction. Signals are descriptive, not trading advice.

The scorecard leans towards a higher USD/CHF, but with a warning: when carry trades funded in francs are unwound, the move is usually fast, as the 8 April fall showed. Investors using the franc as a funding currency are effectively short a safe haven, which works while markets are calm and loses money when they are not.

score +2: leans higher

9.0 Risk Considerations and Calendar

What to watch

risk-off = franc up

The main risks to a higher dollar are a sell-off in equities, an escalation in the Middle East or European fiscal stress, all of which typically strengthen the franc, and a pause by the Fed. On the other side, the SNB's willingness to intervene limits the franc's strength. Key dates: US CPI on 14 October, the FOMC on 28 October and the SNB on 10 December. The trend is strong, but it is a trend in a safe-haven currency, which can reverse in a day.

28 Oct FOMC

verdict: trend and carry favour the dollar; respect the safe-haven tail

Methodology and Source Notes

Method. This note applies standard quantitative measures to USD/CHF using ECB euro reference rates, crossed through EUR/USD, to 8 October 2026. Returns are log returns; realised volatility is annualised with 252 trading days; value at risk is historical; correlations use weekly changes. Ranges and signals are statistical descriptions of past behaviour and do not predict future prices. Handwritten notes and highlights are informal commentary by the desk. This note is analysis, not investment advice.

Principal sources. ECB euro reference rates (data to 8 October 2026); FRED; Swiss National Bank decision of 24 September 2026 via Admiral Markets; Trading Economics (Swiss yields and data, 8 to 9 October 2026); MUFG Research (1 October 2026); CFTC Commitments of Traders (29 September 2026).

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