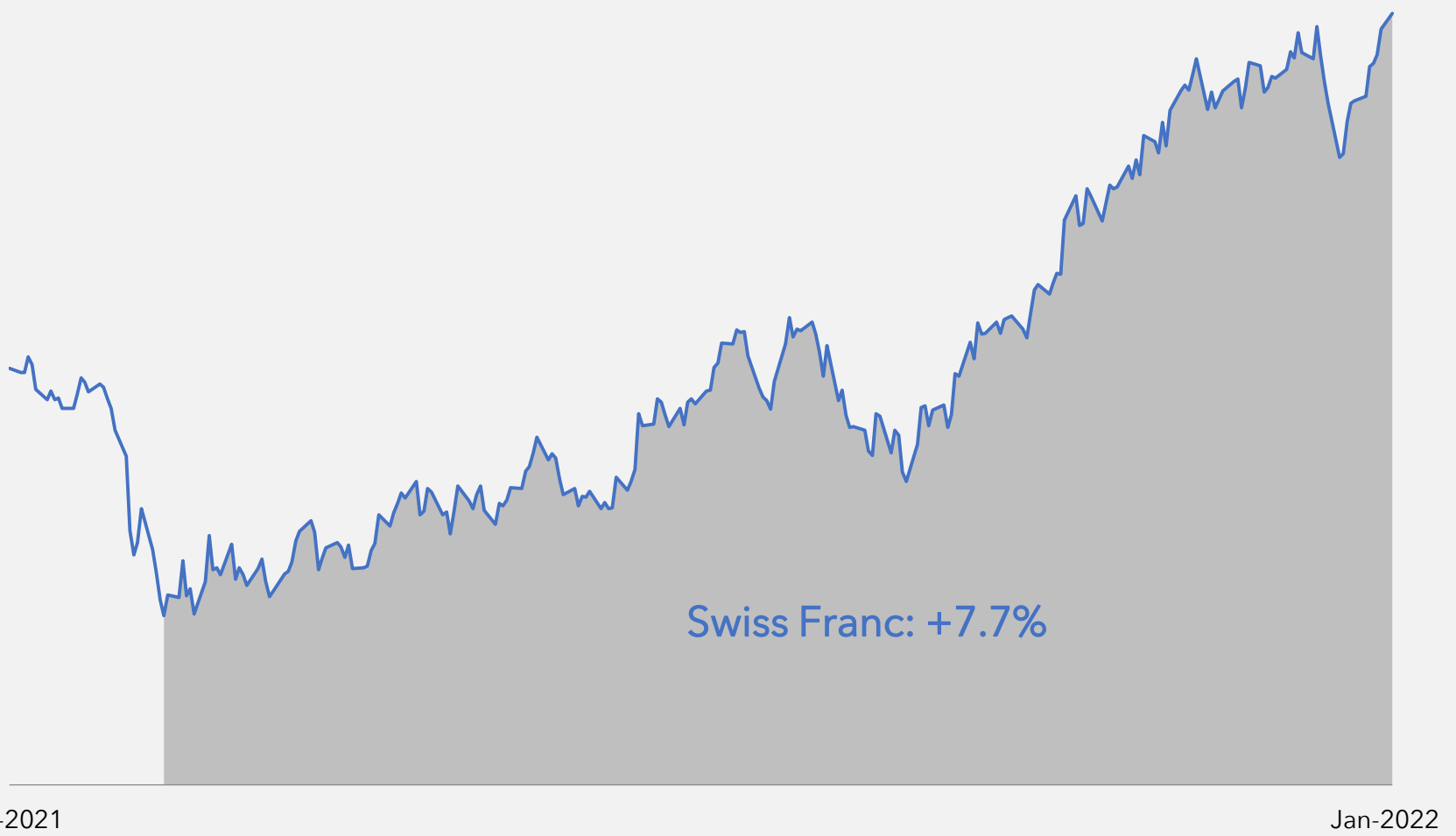


## Chart of the Day

Even with the SNB's benchmark policy rate in negative territory at (-0.75%), the Swiss Franc has strengthened nearly 8% against the Euro since the Delta variant emerged more prominently in India last March. While drivers of the currency are numerous (PPP valuations, large current account surplus), the continued strength of the safe haven Swiss currency encapsulates numerous important themes in the 2022 macro backdrop, including: (i) the dampening impact of COVID on global growth expectations; (ii) rising inflation expectations (given CHF's long-held status as a good inflation hedge); (iii) lagging expectations for ECB policy tightening vis-à-vis other developed market central banks; and (iv) escalating geopolitical tensions on Europe's Eastern border with Russia-Ukraine (which may very well be the largest military incursion in Europe since WW2).

### CHF / EUR performance



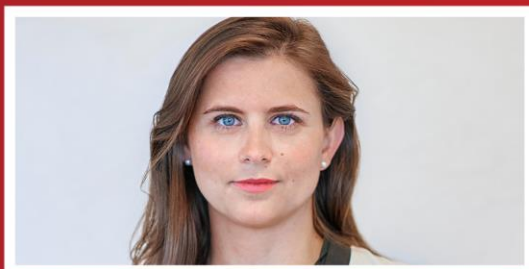
Source: (1) Bloomberg. Data as of January 24, 2022. Conventional EUR/CHF currency pairing inverted to show Swiss strengthening. MUFG Foreign Exchange Outlook. January 2022 (Derek Halpenny).

## Global Corporate & Investment Banking Capital Markets Strategy Team



**Tom Joyce**  
Managing Director

Tom.Joyce@mufgsecurities.com  
(212) 405-7472



**Hailey Orr**  
Director

Hailey.Orr@mufgsecurities.com  
(212) 405-7429



**Stephanie Kendal**  
Associate

Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443