FIST FX Weekly

G10 Currency Strength & Highest-Conviction Trades

Note

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This Week at a Glance

Market regime	Neutral risk
Strongest currency	EUR — Euro
Weakest currency	AUD — Aussie Dollar
Trade of the Week	Long EURAUD
Conviction	●●●●○ (4/5)
VIX	16.8 (-4.7 2w) · **HY OAS** 3bp · **NFCI** −0.50

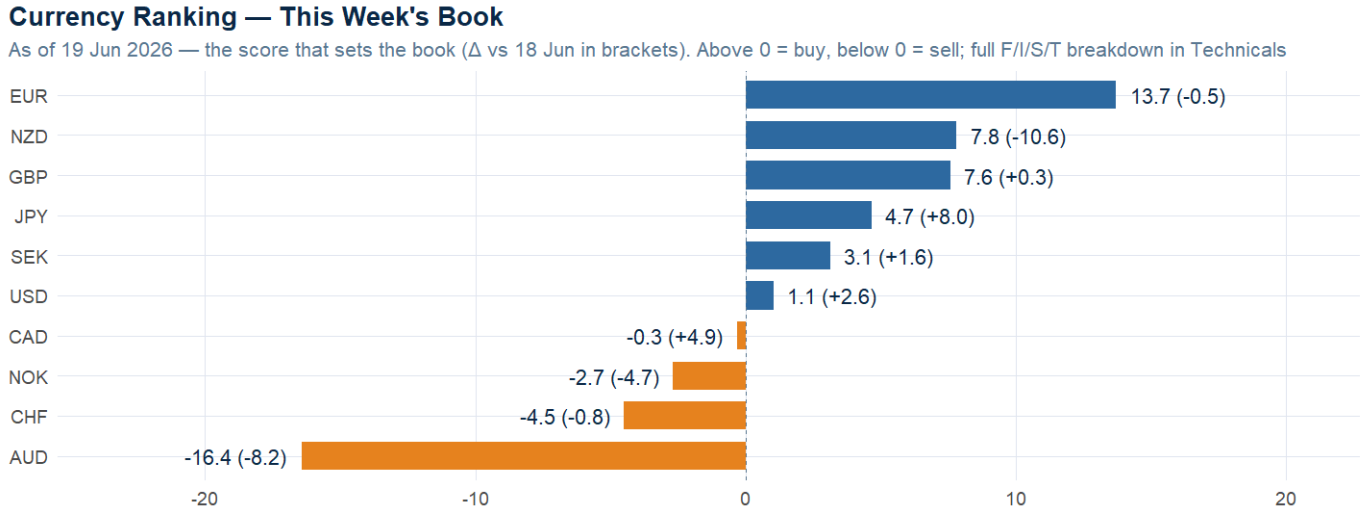


Figure 1: The score that decides what we buy and sell. It blends every F/I/S/T signal, leaning on the ones that have actually been predicting moves. Above 0 = buy candidate, below 0 = sell candidate.

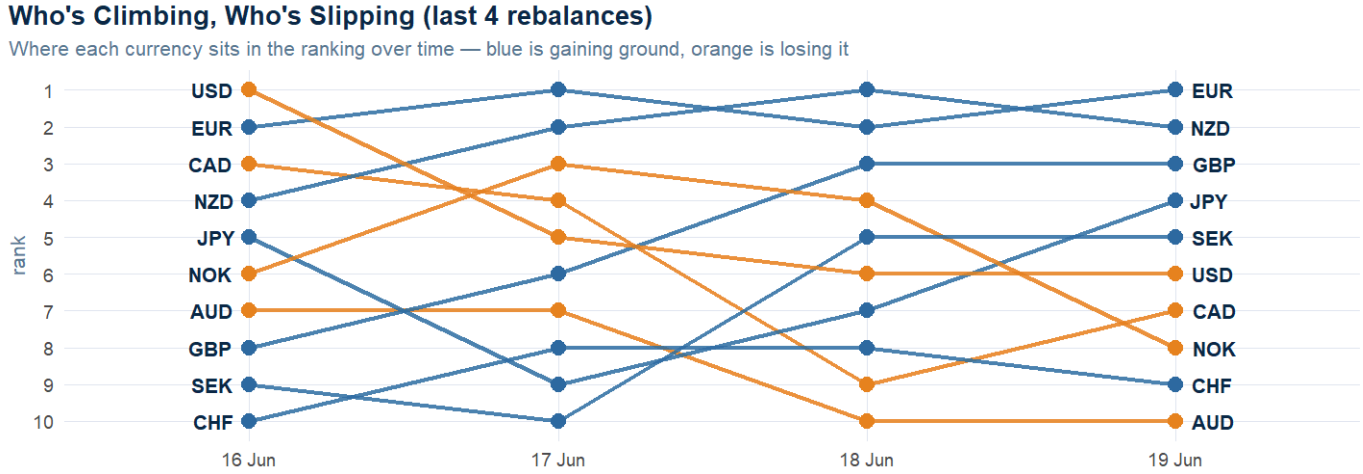


Figure 2: How the ranking has shifted over the last 4 rebalances (1 = strongest, 10 = weakest). Blue = moving up, orange = sliding, grey = unchanged.

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Executive Summary

Current regime: Neutral risk. VIX 16.8 (-4.7 2w), US HY credit 3bp (-0bp), financial conditions (NFCI) −0.50 (-0.00).

This week. A brief risk wobble pushed the VIX to 22 on 10 June before it faded back to ~17, leaving a **neutral-risk** tape (VIX −4.7 on the fortnight); US high-yield credit eased to ≈263 bp (−12 bp) and financial conditions (NFCI ≈ −0.5) stayed easy. It was a heavy central-bank slate: the Fed, BoE (3.75%), SNB (0%), Norges Bank (4.25%) and Riksbank all held — Norges Bank with a hawkish path guiding toward an August hike — leaving last week's ECB hike looking isolated, while the BoJ pushed rates to 1.00%. The book rotated since the last note: it now runs **long EUR, NZD and GBP, short NOK, CHF and AUD** — into the euro (on a snap-back in its data surprises), the kiwi and beaten-up sterling — with the Aussie the single weakest name and the euro the single strongest. The previous long-JPY leg has been cut to flat.

A hawkish Fed reset the dollar. In Kevin Warsh's debut meeting the Federal Reserve held at 3.50–3.75% but stripped the easing bias from a shortened statement; the new dot-plot shows roughly half of FOMC members now expecting at least one 2026 hike, and markets have raced to price a ~70% chance of a September move and an even higher chance by year-end. Two-year Treasury yields jumped to a 15-month high near 4.19%, the dollar index pushed to a 13-month high above 101 (peaking at 101.13) and the greenback firmed against every G10 currency — a rate-differential rally, not a haven bid — while gold slid toward $4,150.

Energy crashed on the US–Iran peace deal — but metals fell too. Washington and Tehran signed a Memorandum of Understanding to end hostilities and reopen the Strait of Hormuz, sending Brent −8% and WTI −10% on the week (both ~22% off the prior month's highs, WTI sub-$74 to a three-month low) even with US crude inventories at 40-year lows. The peace is already fraying — an Israel–Hezbollah flare-up, postponed Switzerland talks, a delayed Vance trip, and a breaking 20 June move by Iran to *re-close* Hormuz after accusing the US and Israel of violating the ceasefire — so the war premium may snap back fast. Crucially the metals offered no shelter this time: the hawkish Fed lifted real yields and the dollar, so gold (−1.0% on the week, ~25% off its February record), silver (−4.3%) and copper (−1.5%) all rolled over.

The growth scare is regional, not global. The economic-surprise pulse has cratered in the **US (≈ −3.2σ) and Australia (≈ −3.0σ)** while **Japan (+0.8σ) and New Zealand (+0.4σ)** still print positive and the euro-area surprise index rebounded sharply (+2.0 over the fortnight). Real-rate carry lines up behind the Scandies and sterling (NOK +1.5%, SEK +1.4%, GBP +1.3%), with EUR and CHF below zero and the dollar pinned near zero in real terms despite its nominal-yield jump.

The book is a carry-and-reversion bet. Top trade is **long EUR/AUD (conviction 4/5)**: the euro tops the book on a sharp rebound in its data-surprise pulse (+2.0σ on the fortnight, PMI surprises now beating at +1.4σ) and a washed-out spot — EUR/USD fell to two-month lows near 1.14 even after last week's *defensive* ECB hike into a contracting economy — while the Aussie anchors the short on the bloc's deepest growth scare, a heavy iron-ore market and crowded net-long positioning. The wider rotation also buys beaten-up sterling and the kiwi (now rank 2) and shorts the washed-out krone and the franc. Changed this week: the model leaves the record-short **yen flat rather than long**, even as the BoJ's hike to 1.00% — its highest since 1995 — and repeated Tokyo intervention warnings with USD/JPY above 161 keep asymmetric squeeze-up risk alive. The news runs the other way near-term (dollar dominance, USD/JPY at two-year highs, the euro a hostage to the greenback), but these crowded, stretched readings have a track record of fading, and the model buys the laggards rather than chasing the move.

Key changes (last 2 weeks)

- **NOK** real 2Y yield rose +0.26 pp; **USD** real 2Y yield fell −0.38 pp
- **EUR** data-surprise score rose +2.02 σ; **GBP** data-surprise score fell −1.62 σ
- **EUR** speculative positioning fell −0.65 z
- **JPY** 20-day strength rose +1.34 ; **NOK** 20-day strength fell −2.00

Top trade — Long EURAUD · conviction 4/5

- **Buy EUR** (Euro): 2s10s slope (IC −0.64), CPI surprise (IC −0.60), PMI surprise (IC +0.58)
- **Sell AUD** (Aussie Dollar): 5D strength (IC −0.74), 20D strength (IC −0.61), Brent oil (IC −0.56)
- **What kills it:** a sharp VIX spike, or the rate gap snapping back against the trade.

This week's book (19 Jun · ic-weighted · risk-balanced · market-neutral): Long EUR/NZD/GBP · Short NOK/CHF/AUD.

Fundamentals

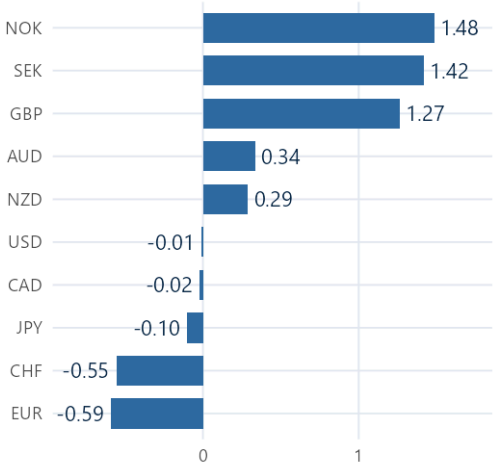
Real-rate carry favours the Scandies and sterling — real 2Y yields ~+1.5% (NOK), +1.4% (SEK) and +1.3% (GBP) — while EUR and CHF (both −0.6%) and the dollar (near zero) lag: the hawkish Fed lifted the US 2Y to ~4.2% nominal, but sticky 4%+ inflation guts the *real* yield. Cooling UK CPI (2.8%, off its 3.3% peak) backed the BoE's 7–2 hold at 3.75% and preserves sterling's carry edge. Last week's ECB hike — its first since 2023, and a *defensive* one into a contracting economy — looks isolated as the BoE, SNB, Norges Bank and Riksbank all held; grim German IFO forecasts cap euro upside, while Norges Bank's hawkish hold (guiding to an August hike) cements NOK's top carry. The data-surprise pulse stays regional: **US (−3.2σ) and Australia (−3.0σ)** cratered, while **Japan (+0.8σ), NZ (+0.4σ) and a rebounding euro area (+2.0σ, 2w)** hold up.

FUNDAMENTALS

- **NOK** pays the best real carry (1.48%); **EUR** the worst (-0.59%)
- Carry improving fastest in **NOK** (+0.26 pp, 2w)
- Bleeding fastest in **USD** (-0.38 pp)
- Data beating forecasts most in **JPY** (+0.75 σ), missing most in **USD** (-3.17 σ)
- Surprises turning up fastest in **EUR** (+2.02 σ, 2w)

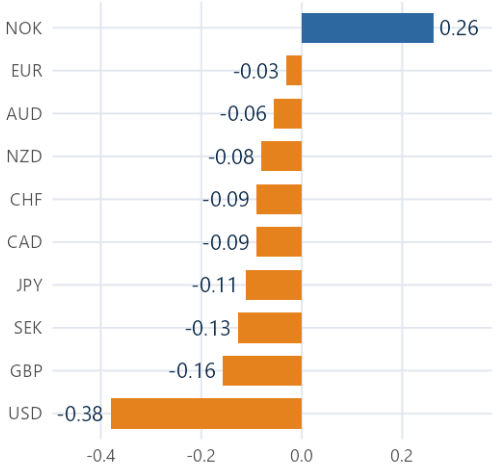
Real 2Y Yield

Level, % — higher pays you more to hold the currency



Real Yield — Past 2 Weeks

Change in pp · rising = carry improving



Data Surprises — What's Beating, What's Missing

Blue = data topping forecasts, orange = missing (std devs); ESI = overall score

	CPI	PMI	Labor	GDP	ESI
JPY	-1.53	0.00	0.79	1.50	0.75
NZD	0.04	0.00	0.07	0.33	0.44
EUR	-1.03	1.40	-0.06	-0.08	0.23
CAD	-1.19	0.54	1.50	-0.80	0.05
NOK	0.00	0.00	0.00	0.00	0.00
SEK	0.00	0.00	0.00	0.00	0.00
GBP	-2.98	0.00	1.40	1.40	-0.18
CHF	-0.74	1.05	-0.62	0.00	-0.31
AUD	-1.45	0.00	-0.73	-0.80	-2.98
USD	-1.90	1.53	-0.13	-2.67	-3.17

Real Yield Scorecard

Colour shaded within each column

	Real 2Y (%)	2W Chg (pp)	Rank
NOK	1.48	0.26	1.00
SEK	1.42	-0.13	2.00
GBP	1.27	-0.16	3.00
AUD	0.34	-0.06	4.00
NZD	0.29	-0.08	5.00
USD	-0.01	-0.38	6.00
CAD	-0.02	-0.09	7.00
JPY	-0.10	-0.11	8.00
CHF	-0.55	-0.09	9.00
EUR	-0.59	-0.03	10.00

Intermarket

The 2Y differential matrix still rewards the high-carry names — NOK, the Aussie, the dollar and sterling — against the low-yielders (CHF, JPY, EUR), and the hawkish Fed pushed the US front-end to a 15-month high near 4.19%. The week's standout move is a violent energy sell-off: a US–Iran MoU signed at Versailles, with toll-free passage promised through a reopening Strait of Hormuz, dragged Brent ~8% and WTI ~10% lower on the week (both ~22% off the month's highs, WTI to a three-month low sub-$74), even as the EIA flagged a tenth straight weekly draw leaving crude inventories at 40-year lows. This time the metals fell with crude — gold −1.0%, silver −4.3%, copper −1.5% — as the hawkish Fed lifted real yields and the dollar, leaving gold ~25% below its February record. The early-June VIX spike has unwound, but a breaking 20 June Iranian move to *re-close* Hormuz now threatens to re-arm the war premium.

INTERMARKET

- Biggest rate gap: **NOK** 4.58% vs **CHF** 0.04% (4.54 pp carry edge)
- Biggest commodity move: WTI Crude −9.8% on the week (drives CAD)
- Risk backdrop: **Neutral risk**; VIX 16.8 (-4.7, 2w)
- US junk-bond spread 3 bp (-0 bp, 2w)
- Financial conditions −0.50 — easy money

2-Year Rate Gaps

Row's 2Y yield minus column's, pp · blue = row pays more (carry edge to the long)

	NOK	AUD	USD	GBP	NZD	CAD	EUR	SEK	JPY	CHF
NOK	NA	0.0	0.4	0.5	1.2	1.8	2.0	2.4	3.2	4.5
AUD	-0.0	NA	0.3	0.5	1.1	1.8	1.9	2.3	3.1	4.5
USD	-0.4	-0.3	NA	0.1	0.8	1.4	1.6	2.0	2.8	4.1
GBP	-0.5	-0.5	-0.1	NA	0.7	1.3	1.5	1.8	2.7	4.0
NZD	-1.2	-1.1	-0.8	-0.7	NA	0.6	0.8	1.2	2.0	3.3
CAD	-1.8	-1.8	-1.4	-1.3	-0.6	NA	0.2	0.6	1.4	2.7
EUR	-2.0	-1.9	-1.6	-1.5	-0.8	-0.2	NA	0.4	1.2	2.6
SEK	-2.4	-2.3	-2.0	-1.8	-1.2	-0.6	-0.4	NA	0.8	2.2
JPY	-3.2	-3.1	-2.8	-2.7	-2.0	-1.4	-1.2	-0.8	NA	1.4
CHF	-4.5	-4.5	-4.1	-4.0	-3.3	-2.7	-2.6	-2.2	-1.4	NA

Rate Gaps — Past 2 Weeks

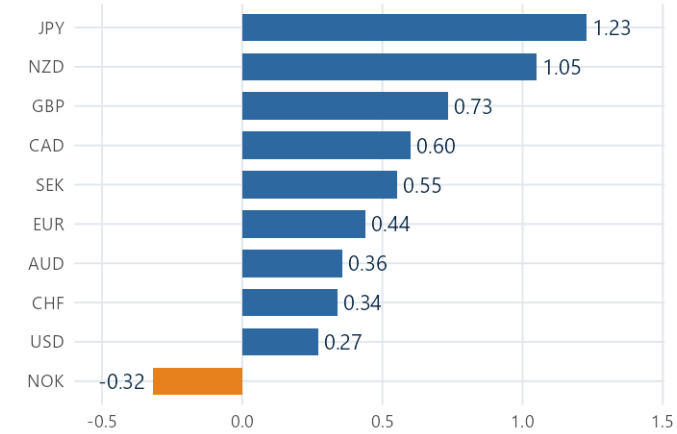
Blue = row's carry edge over the column widened

	NOK	AUD	USD	GBP	NZD	CAD	EUR	SEK	JPY	CHF
NOK	NA	0.02	-0.06	0.12	0.04	0.05	-0.01	0.09	-0.03	0.05
AUD	-0.02	NA	-0.08	0.10	0.02	0.03	-0.03	0.07	-0.04	0.03
USD	0.06	0.08	NA	0.18	0.10	0.11	0.05	0.15	0.03	0.11
GBP	-0.12	-0.10	-0.18	NA	-0.08	-0.07	-0.13	-0.03	-0.15	-0.07
NZD	-0.04	-0.02	-0.10	0.08	NA	0.01	-0.05	0.05	-0.07	0.01
CAD	-0.05	-0.03	-0.11	0.07	-0.01	NA	-0.06	0.04	-0.08	-0.00
EUR	0.01	0.03	-0.05	0.13	0.05	0.06	NA	0.10	-0.02	0.06
SEK	-0.09	-0.07	-0.15	0.03	-0.05	-0.04	-0.10	NA	-0.11	-0.04
JPY	0.03	0.04	-0.03	0.15	0.07	0.08	0.02	0.11	NA	0.08
CHF	-0.05	-0.03	-0.11	0.07	-0.01	0.00	-0.06	0.04	-0.08	NA

Rates, commodities & risk this week. Curves stayed positively sloped almost everywhere — JPY (+1.2) and NZD (+1.1) steepest, with only NOK inverted (−0.3) — while a violent energy sell-off (Brent −8%, WTI −10% on the week, both down ~22–23% over the month) hit the petro-currencies. This time the metals offered no shelter: gold −1.0%, silver −4.3% and copper −1.5% on the week as the hawkish Fed lifted real yields and the dollar. The early-June VIX spike to 22 has unwound to ~17 and HY credit eased to ~263 bp, leaving cross-asset risk neutral.

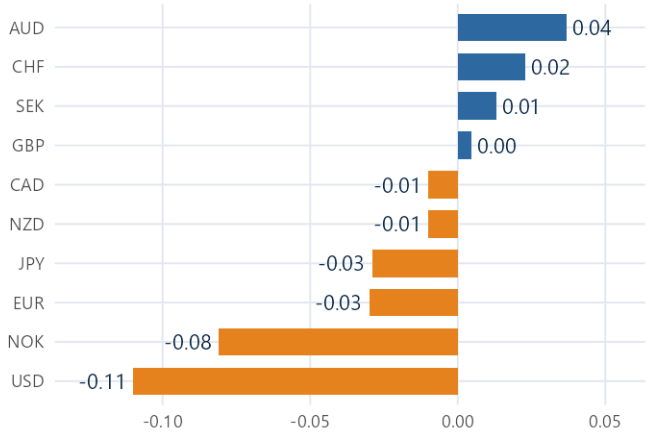
Yield Curve Slope (2s10s)

10Y minus 2Y, pp · steeper = market pricing more growth/inflation



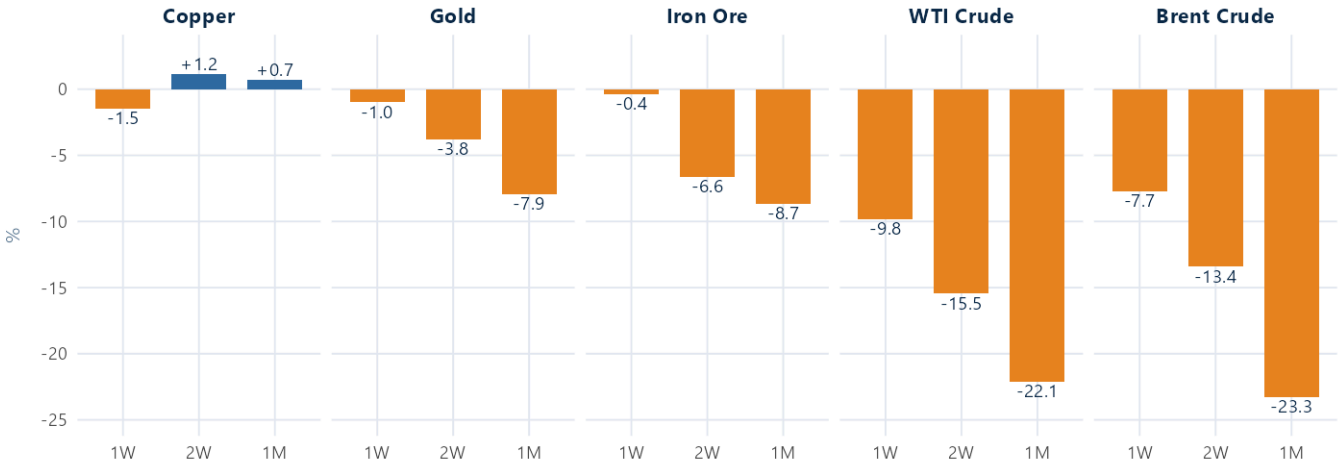
Curve — Past 2 Weeks

Change in pp



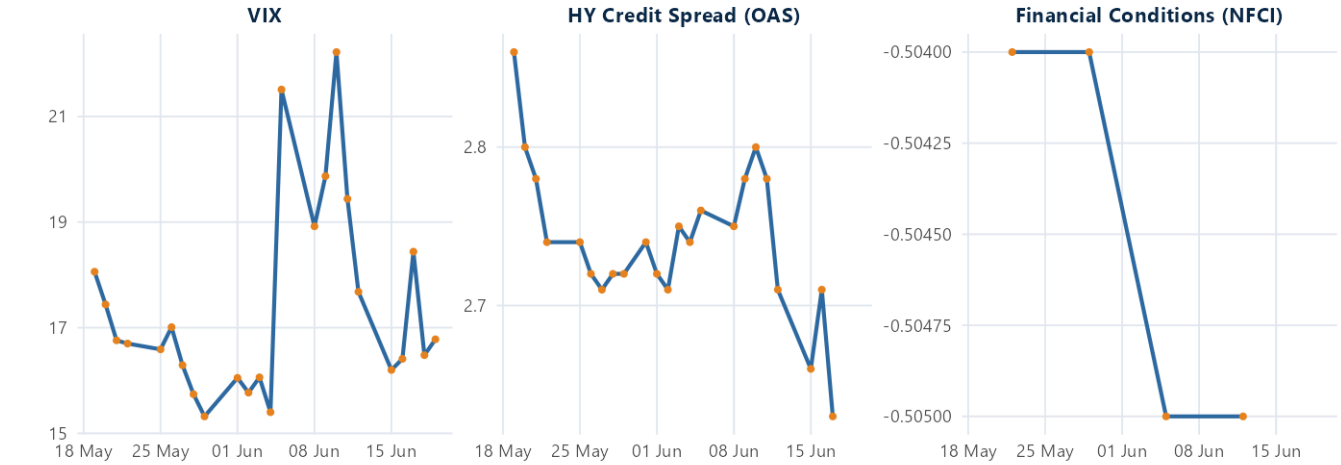
Commodities

Futures returns over 1W / 2W / 1M, %



Risk Gauges (last month)

Last 31 days · current read: Neutral risk



FX sensitivity — Gold → haven / CHF · WTI Crude → CAD · Brent Crude → NOK / CAD · Copper → AUD · Iron Ore → AUD.

Sentiment

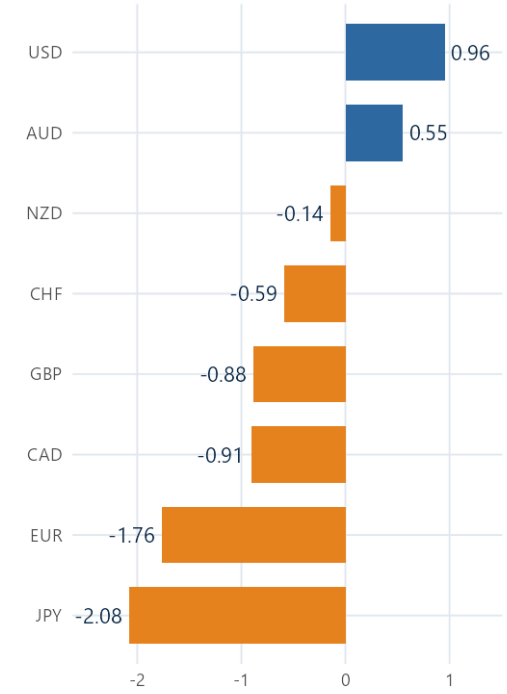
Speculators sit at a crowded short extreme in **JPY (z ≈ −2.1, 2nd percentile)** and **EUR (≈ −1.8, 8th)** and are net-long only the **dollar (z +1.0, 83rd) and the Aussie (+0.6, 65th)** — so the asymmetric squeeze risk lies with the funding shorts. The yen's is acute: the BoJ has just hiked to 1.00% (its highest since 1995) and Tokyo is firing repeated intervention warnings with USD/JPY pinned above 161 near a 40-year low, any of which could force the record shorts to cover. Note the change: the book now holds JPY *flat* rather than long, but that squeeze-up tail remains live. The model's active positioning short is the **crowded AUD net-long** — one-sided longs into the bloc's deepest growth scare are a classic wash-out set-up. A broad risk-off shock that squeezes the funding shorts would still run hardest against JPY and EUR.

SENTIMENT

- Most crowded **long**: **USD** (z +0.96, 83 pct)
- Most crowded **short**: **JPY** (z −2.08, 2 pct)
- Biggest 2w build: **JPY** (-0.11 z)
- Biggest 2w unwind: **EUR** (-0.65 z)
- Stretched and at squeeze risk: EUR, JPY

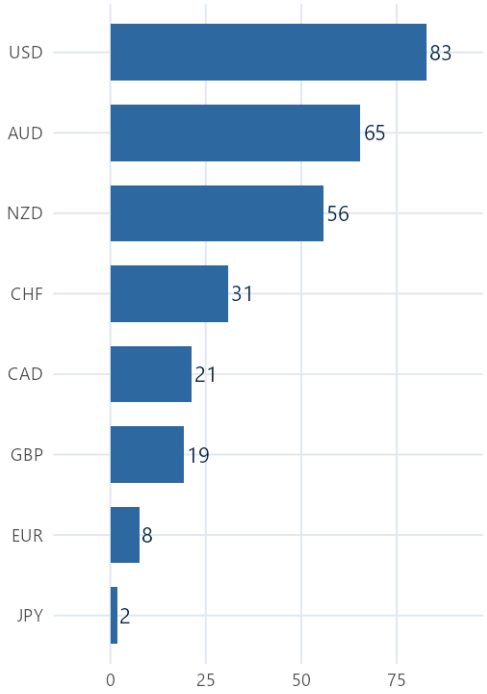
Positioning (COT) — How Crowded

Crowded long (blue) vs crowded short (orange) — extremes tend to snap back



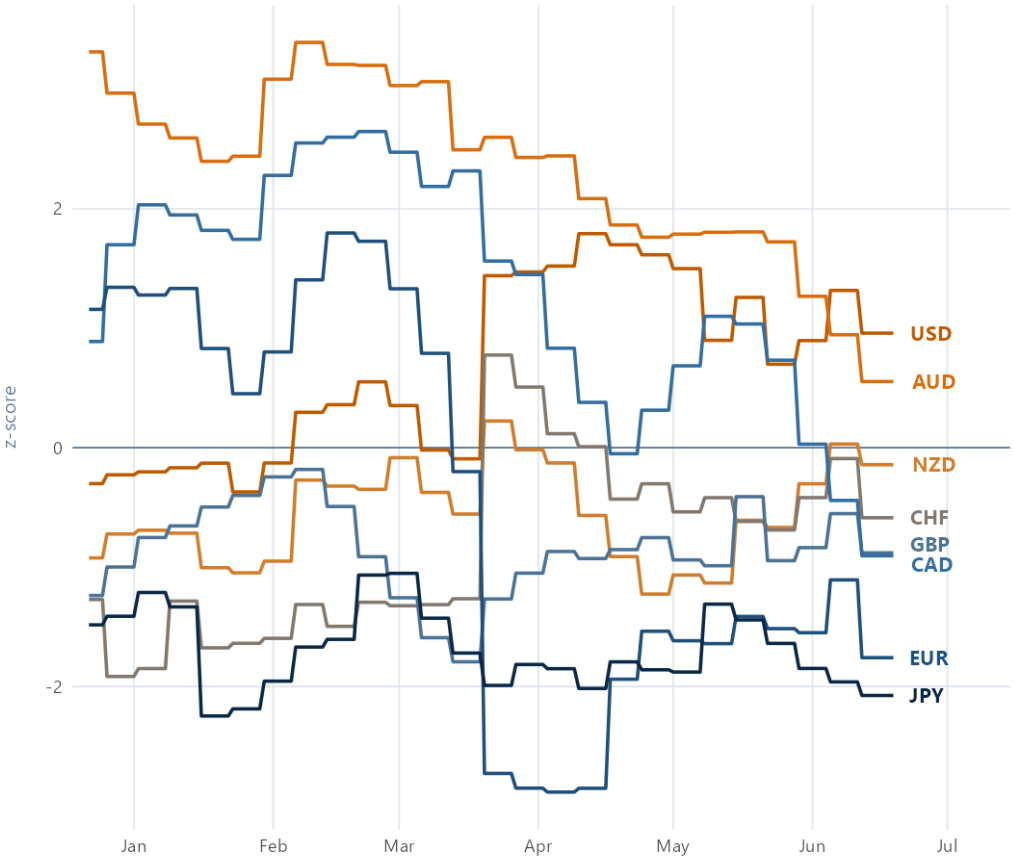
Positioning — Percentile

0 = most short in 12m, 100 = most long



How Positioning Has Shifted

Crowdedness (z-score vs the past year) per currency · last 6 months



Technicals

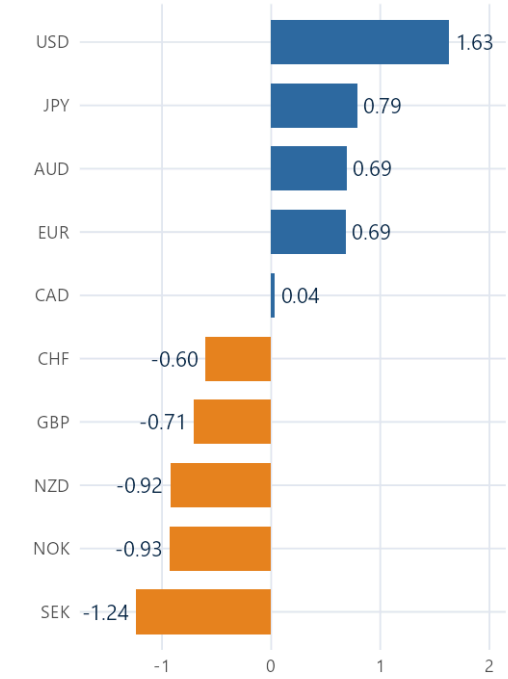
Twenty-day momentum is flat-to-negative across the entire G10 — nothing is trending hard — so the tape is about relative strength and mean-reversion rather than breakouts. **USD (+1.3) and EUR (+1.2)** lead the 20-day strength table while **NOK (−1.6)** sits firmly at the bottom; over the trailing week the dollar firmed hardest (5D strength +1.6) on the hawkish Fed and the Aussie steadied (+0.7) on a hawkish RBA, while **sterling slumped (5D strength −0.7, the biggest drop in the bloc)** as traders cut risk into a soft-CPI BoE hold and UK leadership noise; **SEK (−1.2)** and the franc (USD/CHF at a fresh YTD high as the SNB softened its intervention line) were the weakest names. USD/JPY meanwhile holds a two-year high above 161 on the still-wide rate gap, keeping intervention talk live.

TECHNICALS

- 5D strongest **USD** (+1.63), weakest **SEK** (-1.24)
- 20D strongest **USD**, weakest **NOK**
- Past week: **USD** led (101.3), **SEK** lagged (99.1)

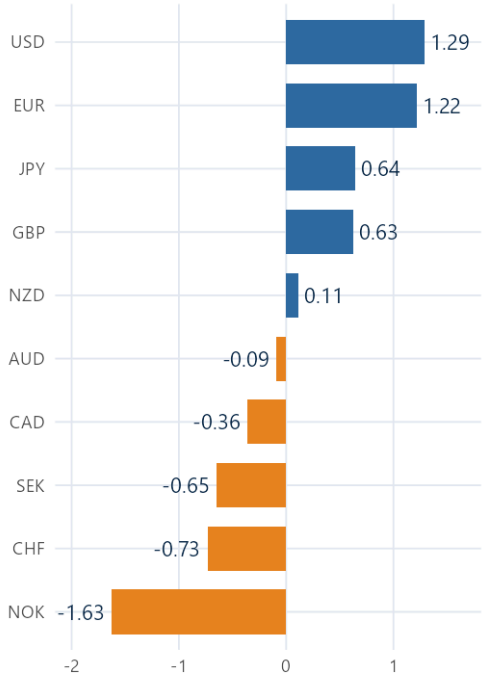
Currency Strength — 5D

Risk-adjusted basket return (short-term)



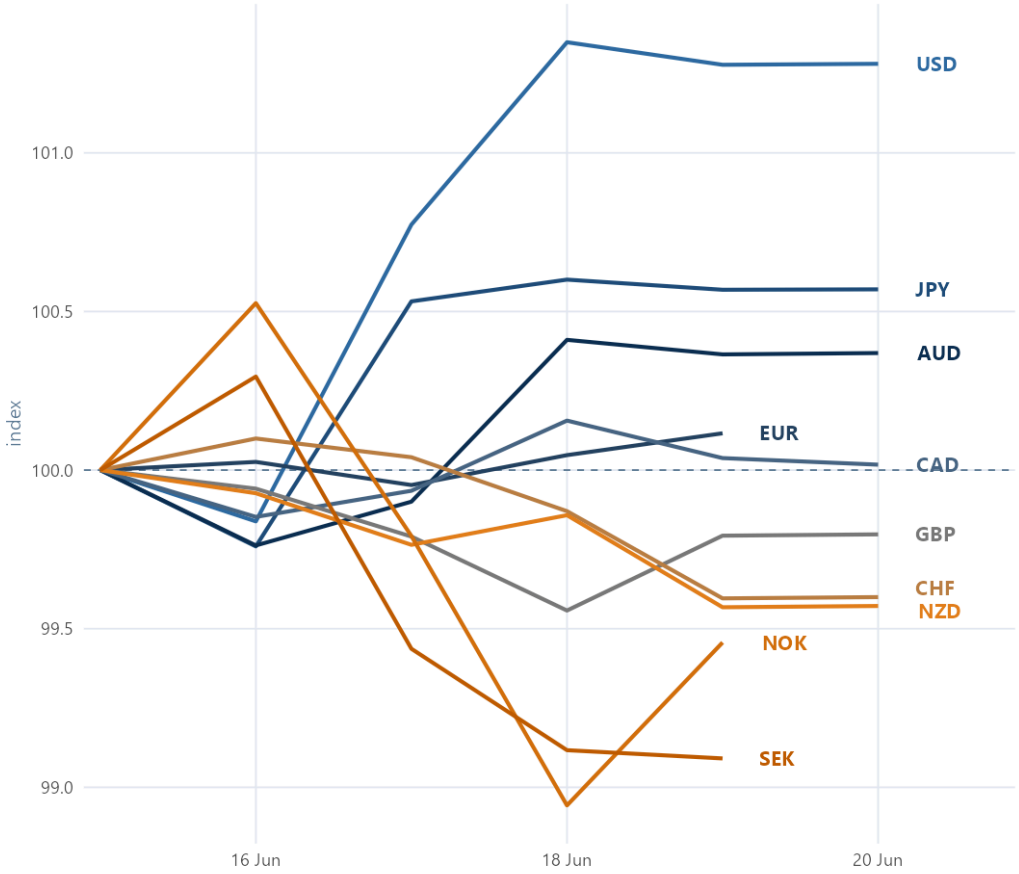
Currency Strength — 20D

Risk-adjusted basket return (trend)



Currency Strength — Last Week (rebased to 100)

Each currency vs the G10 basket, set to 100 on the first session — above 100 = outperforming



How the scores and momentum line up this week. With 20-day momentum flat across the board, the score breakdown does the separating, and the IC-weighted book diverges sharply from the equal-weight blend: USD screens 2nd on the equal-weight FIST table (63) yet the book holds it *flat*, and AUD screens mid-pack (51) but anchors the short side — both are faded because their positive-IC drivers are rolling over and positioning is one-sided. Conversely the model lifts mid-pack EUR (46) to its *top long* on a beating PMI-surprise read and buys beaten-up sterling, while NZD tops the equal-weight table (65) and is bought too. That's the mean-reversion tilt — fade the crowd, buy the laggards — explained in the next section.

FIST Score Breakdown (equal-weight)

Percentile 0–100 per bucket · the book trades the IC-weighted score on the cover

	F	I	S	T	FIST
NZD	69	77	71	43	65
USD	51	12	100	88	63
JPY	43	100	0	70	53
AUD	19	33	86	68	51
GBP	58	38	36	54	47
EUR	40	60	14	70	46
CAD	56	40	36	33	41
CHF	33	38	57	29	39
SEK	48	50	NA	14	37
NOK	69	0	NA	31	33

Momentum & Trend

Basket return over 5D/20D and distance from the 200-day average, %

	Mom 5D %	Mom 20D %	Dist 200DMA %
USD	1.5	2.3	1.3
JPY	0.6	0.9	-2.3
EUR	0.2	0.7	-0.6
GBP	-0.3	0.5	-0.1
NZD	-0.7	0.2	-0.1
AUD	0.5	-0.1	4.0
CAD	0.0	-0.4	-1.2
CHF	-0.3	-0.6	-0.9
SEK	-0.9	-0.9	-2.1
NOK	-0.8	-2.7	2.1

Breakout dashboard — where price sits in its recent range, −1 to +1 (+1 = at the highs, −1 = at the lows)

Currency	20D Range	55D Range	Dist 200DMA %	Status
EUR	1.00	0.34	−0.6	▲ at 20D high
JPY	0.96	0.72	−2.3	▲ at 20D high
USD	0.95	0.96	1.3	▲ at 20D high
AUD	0.65	0.33	4.0	— mid-range
GBP	0.53	0.62	−0.1	— mid-range
CAD	−0.60	−0.80	−1.2	— mid-range
NOK	−0.68	−0.70	2.1	— mid-range
SEK	−0.87	−0.75	−2.1	— mid-range
CHF	−1.00	−0.74	−0.9	▼ at 20D low
NZD	−1.00	−0.75	−0.1	▼ at 20D low

What's Driving the Book

The book is **not** equal-weighted. We lean on the signals that have actually been predicting the next move — measured as how closely each signal's ranking lines up with returns over the following 5 days. Signals that have been working get more weight; ones that haven't get cut or flipped to contrarian. The two charts below show (left) *which* signals are predicting G10 moves right now, and (right) *how much* each one counts toward every currency's score.

Right now the market is mean-reverting, not trending: recent-strength, momentum, breakout and crowded-positioning signals carry *negative* ICs across much of the bloc, so high readings are read as sell signals and low ones as buys. The clearest tell is AUD: it screens mid-pack on the equal-weight FIST blend (51) yet the IC-weighted book *shorts* it as the single weakest name, because the very signals that make it look steady — recent strength (5D IC ≈ −0.74, 20D ≈ −0.61) and a firm Brent (IC ≈ −0.56) — have been predicting reversals. The same logic holds the **dollar flat** despite a 2nd-place FIST score, and lifts mid-pack **EUR to the top long** on its positive PMI-surprise read (IC ≈ +0.58) while buying beaten-up sterling. That divergence between the two rankings is the one thing to understand about this week's book.

What's Predicting Moves

How well each signal has predicted returns, by holding period · blue = works as expected · orange = works in reverse

		1D	3D	5D	10D
Fundamentals	real-yield momentum	-0.02	-0.15	-0.15	-0.06
	CPI surprise	+0.03	-0.09	-0.14	-0.07
	GDP surprise	-0.03	-0.07	-0.09	+0.14
	real 2Y yield	+0.00	-0.05	-0.05	+0.14
	econ surprise	+0.03	-0.08	-0.07	+0.05
	2Y yield	+0.07	-0.02	-0.03	-0.07
	PMI surprise	+0.04	+0.01	+0.13	-0.00
	labor surprise	+0.10	+0.02	+0.03	+0.02
	10Y yield	+0.03	+0.01	-0.03	+0.01
Intermarket	home equities	+0.02	+0.15	+0.19	+0.03
	2s10s slope	-0.02	+0.07	-0.02	+0.10
	iron ore	-0.04	-0.04	-0.06	-0.02
	WTI oil	+0.03	+0.00	+0.02	-0.08
	Brent oil	+0.02	+0.01	+0.02	-0.06
	credit spreads	+0.05	-0.00	-0.02	-0.02
	financial conditions	+0.00	-0.01	-0.03	-0.03
	gold	-0.02	+0.01	-0.02	+0.02
	copper	+0.01	-0.00	-0.01	+0.01
Sentiment	COT percentile	+0.02	-0.03	-0.09	+0.03
	COT positioning	+0.01	-0.00	-0.06	+0.08
	VIX	+0.05	+0.00	-0.02	-0.03
	VIX change	+0.03	+0.00	-0.03	-0.02
Technicals	55D breakout	-0.24	-0.49	-0.59	-0.58
	ATR trend	-0.26	-0.47	-0.54	-0.57
	200DMA distance	-0.24	-0.45	-0.49	-0.51
	20D breakout	-0.20	-0.32	-0.35	-0.36
	20D strength	-0.11	-0.32	-0.44	-0.32
	20D momentum	-0.11	-0.32	-0.43	-0.32
	5D strength	-0.14	-0.19	-0.34	-0.48
	5D momentum	-0.14	-0.19	-0.33	-0.47
	trend regime	-0.02	-0.04	-0.03	+0.02

What Drives Each Currency

How much each signal contributes toward the currency's score, % (adds to 100% per

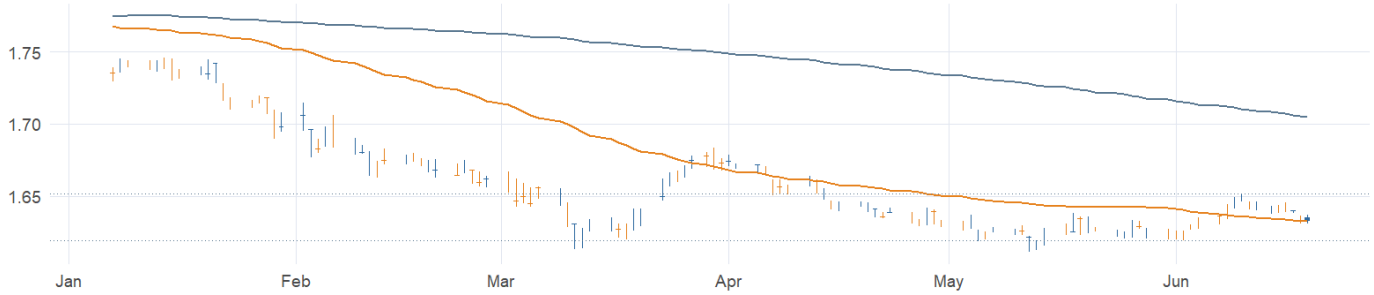
		EUR	NZD	GBP	JPY	SEK	USD	CAD	NOK	CHF	AUD
Fundamentals	2Y yield	3		5		14		9	3	8	
	10Y yield				5	10		10	9	8	
	labor surprise	10		9	11		3	4			4
	real 2Y yield	8	2	7		3	5	3	1	7	
	econ surprise	6		5			7	6			9
	real-yield momentum		8	7	10		1			5	
	CPI surprise	11	3	4			8				5
	PMI surprise	11					7	2		5	
	GDP surprise	2	2	1	4			8			
Intermarket	credit spreads	9		6	5	12	6	4	8	8	7
	copper	5		3	6	13	10	11	2	11	
	2s10s slope	12	14		3	5	8		11	5	
	Brent oil		8	3	8	4		7	5	1	15
	WTI oil		10	4	9	1			6	4	
	10Y diff vs USD	7	1		1	4		3	12		
	financial conditions			5		2	4		8	1	6
	gold	2	3	5	1			4		7	1
	2Y diff vs USD		1	8	1				13		
	real-2Y diff vs USD		3	9	3	3		2		3	
	home equities	1	10	3	3						
Sentiment	VIX			5			9		11	10	12
	VIX change		5			5	7	6	1		6
	COT positioning	3	2	0	7		8				
Technicals	20D strength	7	15	6	15	19	7	11	6	14	16
	5D strength	4	14	5	8	6	9	10	5	3	19

Charts — Pairs We're Watching

The book's strongest-vs-weakest crosses (50-day avg orange · 200-day avg steel · 20-day support/resistance dotted). **EURAUD** is the Trade of the Week.

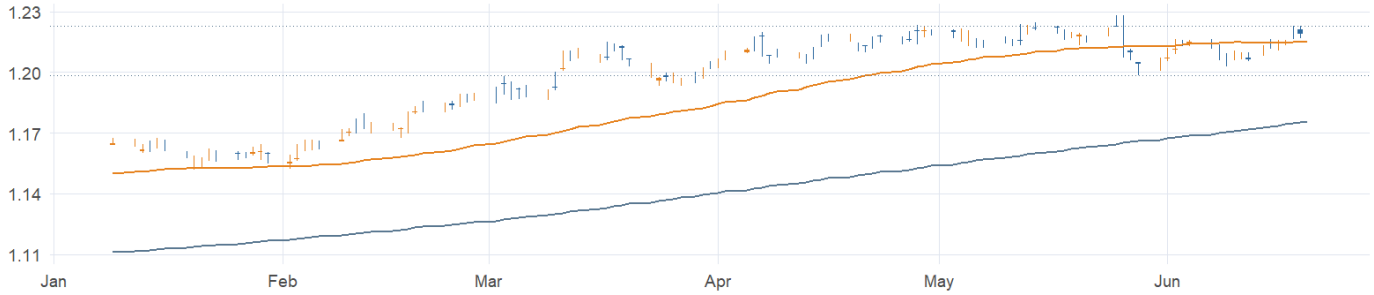
EURAUD

EUR drivers: 2s10s slope (IC -0.64), CPI surprise (IC -0.60) | AUD drivers: 5D strength (IC -0.74), 20D strength (IC -0.61)



AUDNZD

AUD drivers: 5D strength (IC -0.74), 20D strength (IC -0.61) | NZD drivers: 20D strength (IC -0.74), 5D strength (IC -0.69)



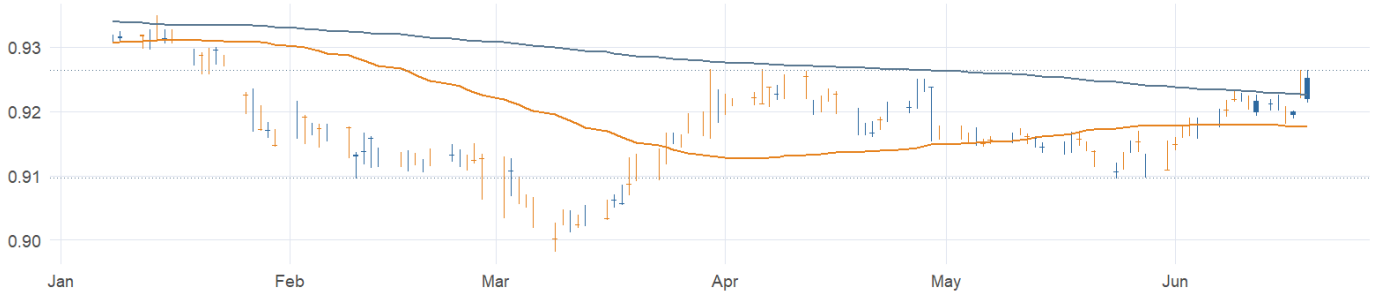
GBPAUD

GBP drivers: labor surprise (IC -0.55), real-2Y diff vs USD (IC +0.51) | AUD drivers: 5D strength (IC -0.74), 20D strength (IC -0.61)



EURCHF

EUR drivers: 2s10s slope (IC -0.64), CPI surprise (IC -0.60) | CHF drivers: 20D strength (IC -0.66), copper (IC -0.50)



Trade Opportunities

This week's book is a **carry-and-reversion** rotation: long the euro, the kiwi and beaten-up sterling (**EUR, NZD, GBP**), short the krone, the franc and the Aussie (**NOK, CHF, AUD**). The widest single edge is **long EUR vs short AUD** (score gap ≈ 30) — detailed as the Trade of the Week. AUD anchors the short side as the US/Australia growth scare, the energy rout and a heavy iron-ore market weigh on the commodity bloc.

Strongest currencies (buy candidates)

- **EUR** (Euro) — score +14; drivers: 2s10s slope (IC −0.64), CPI surprise (IC −0.60), PMI surprise (IC +0.58)
- **NZD** (Kiwi Dollar) — score +8; drivers: 20D strength (IC −0.74), 5D strength (IC −0.69), 2s10s slope (IC +0.68)
- **GBP** (Sterling) — score +8; drivers: labor surprise (IC −0.55), real-2Y diff vs USD (IC +0.51), 2Y diff vs USD (IC −0.48)

Weakest currencies (sell candidates)

- **AUD** (Aussie Dollar) — score −16; drivers: 5D strength (IC −0.74), 20D strength (IC −0.61), Brent oil (IC −0.56)
- **CHF** (Swiss Franc) — score −5; drivers: 20D strength (IC −0.66), copper (IC −0.50), VIX (IC +0.45)
- **NOK** (Norwegian Krone) — score −3; drivers: 2Y diff vs USD (IC +0.69), 10Y diff vs USD (IC +0.66), VIX (IC +0.61)

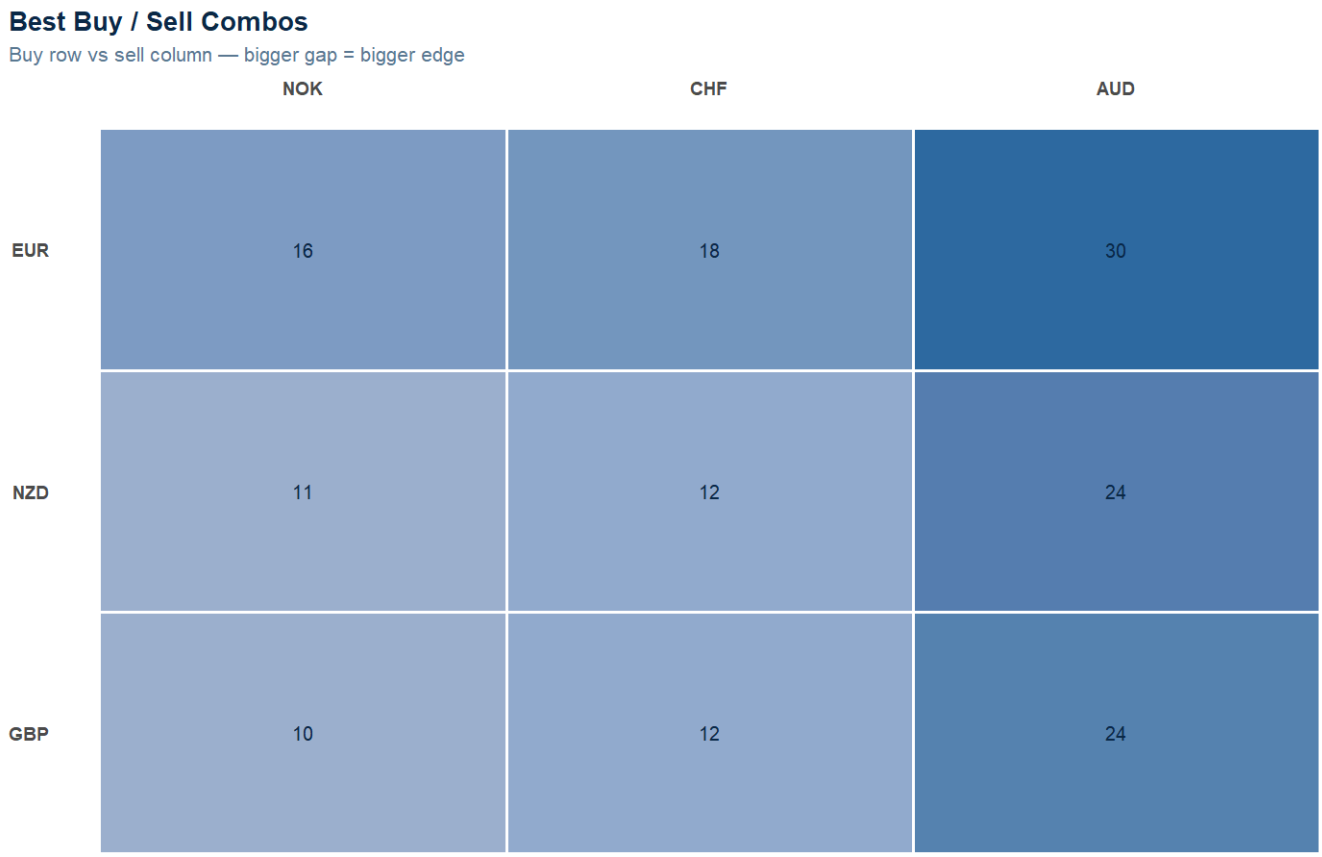


Figure 3: Best buy/sell combos — the score gap between each strong (row) and weak (column) currency. Darker blue = bigger edge.

Trade of the Week

Long EURAUD · conviction ●●●●○ · hold 1–2 weeks

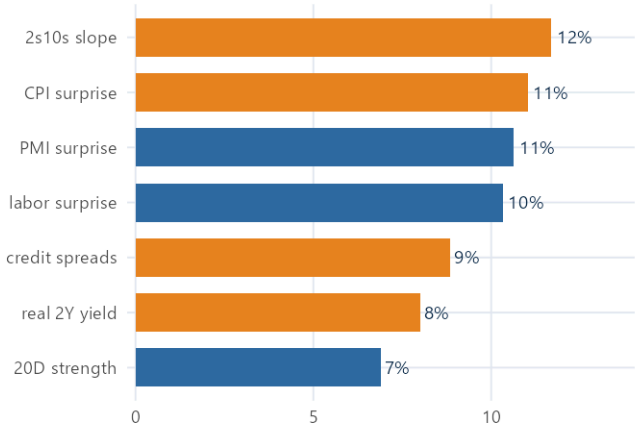
EURAUD — last 120 sessions

50-day avg (orange) · 200-day avg (steel) · 20-day support/resistance (dotted)



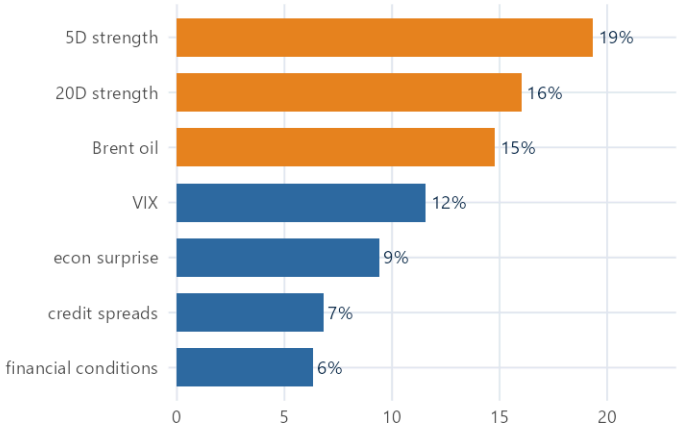
EUR (long leg)

biggest drivers · weight % (blue = signal as-is, orange = contrarian)



AUD (short leg)

biggest drivers · weight % (blue = signal as-is, orange = contrarian)



Thesis. Our ranking puts **EUR** at the top and **AUD** at the bottom for the days-to-weeks horizon. Going long captures that strongest-vs-weakest view in one clean G10 cross, while keeping the book risk-balanced and spread across currencies. EUR is held up by 2s10s slope (IC −0.64), CPI surprise (IC −0.60), PMI surprise (IC +0.58); AUD is weighed down by 5D strength (IC −0.74), 20D strength (IC −0.61), Brent oil (IC −0.56).

The macro backdrop frames the cross: a hawkish Fed debut under Kevin Warsh has lifted the dollar to a 13-month high against the whole bloc, while the US–Iran deal and a reopening Strait of Hormuz have crashed crude ~22% off the month's highs and dragged iron ore lower with it. EUR screens as the book's top long on a mean-reversion read: the euro-area data-surprise pulse rebounded sharply (+2.0σ over the fortnight, with PMI surprises now beating at +1.4σ), yet EUR/USD sold off to two-month lows near 1.14 as last week's *defensive* ECB hike — delivered into a contracting economy and grim German IFO forecasts — left the single currency a hostage to dollar direction, exactly the washed-out price the model buys. AUD, despite a steadier spot on the Iran-deal risk rally and an RBA still warning that inflation 'remains too high,' is faded on the deepest growth scare in the bloc (economic-surprise index ≈ −3.0σ), a heavy iron-ore market, a rolling-over Brent, and crowded net-long positioning (one of only two net-long G10 names) — its short-term-strength and commodity drivers all read contrarian. The news flow runs contrary to both legs near-term — the euro is chained to a recoupling, hawkish-Fed dollar and the Aussie actually firmed on the day — but this is a days-to-weeks reversion bet expressed in a clean Europe-vs-China cross: the book leans into the euro's surprise rebound and against AUD's deteriorating fundamentals and one-sided positioning, expecting both to revert as the post-Fed dislocation fades. Wednesday's Australian CPI is the main near-term risk to the short (a hot print revives RBA-hike bets), while euro-area flash PMIs and next Thursday's US core-PCE print are the broader tests that could extend or unwind the post-Fed dislocation.

Supporting factors.

- **EUR (long):** real carry −0.59% (-0.03 2w) · data surprise +0.23 · positioning −1.76 · 20D strength +1.22
- **AUD (short):** real carry 0.34% (-0.06 2w) · data surprise −2.98 · positioning +0.55 · 20D strength −0.09

Invalidation conditions.

- A VIX spike above 23 reversing the risk regime.
- The EURAUD 2-year rate gap narrowing sharply against the trade.
- EUR dropping out of the top 3, or AUD climbing out of the bottom 3, at the daily re-rank.

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