13 November 2026

FX Viewpoint

Currencies
Global

USD strength, European currency headwinds

- EUR-USD remains vulnerable to fiscal risks and a hawkish Fed
- Weaker UK growth may continue to weigh on GBP-USD
- CHF intervention risks may be overstated

With the US midterm elections behind us, **we retain our constructive USD view** and assess its prospects against three European currencies: EUR, GBP and CHF.

EUR: Vulnerable outlook

We remain cautious on EUR-USD, supported by a hawkish Federal Reserve (Fed) and resilient US activity. Strong payrolls and above-consensus inflation earlier this month have reinforced our expectation of a 25bp Fed rate hike in December. **France's fiscal pressures** have attracted less FX-market attention than in early October, but **remain unresolved**.

EUR-USD weighed down by fiscal risks and a strong USD

GBP: Downside risks

We expect GBP to remain under pressure versus the USD. Last month's UK budget did little to improve the growth outlook, suggesting **recent upside surprises in activity may fade**. Since March, GBP bond yields have been the most correlated with oil prices among G10 markets, while oil prices have retreated this month.

GBP-USD could come under pressure as UK activity slows

The Bank of England (BoE) rate hikes currently priced into the market also appear **heavily reliant on potentially temporary factors**. Moreover, the hawkish tone of the BoE's latest meeting suggests that efforts to contain inflation could weigh further on growth – a combination that is unlikely to support GBP.

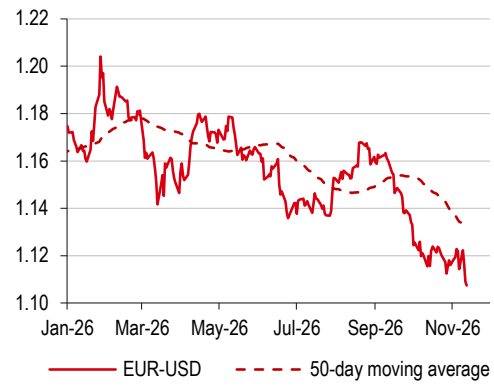
CHF: Intervention pressure may be overstated

The Swiss National Bank (SNB) Governor's description of the central bank as "ready", rather than "willing", to intervene in the FX market has **raised intervention expectations**. However, the wording change should not be overinterpreted with EUR-CHF still above its 2026 lows.

Higher US and EU rates may ease SNB intervention pressure

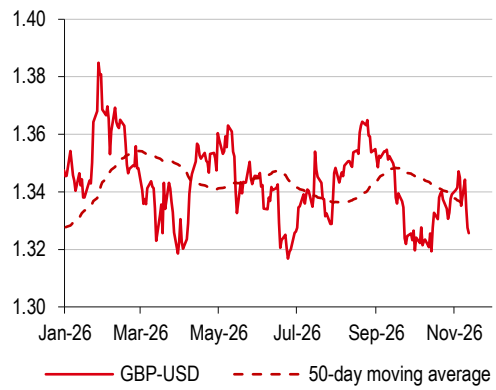
Inflation remains key. Swiss inflation reached 1.5% y-o-y in October, its highest since late 2023, while PPI has improved. But higher US-rate expectations, a stronger USD and continued EU tightening **may ease pressure on the SNB to intervene**.

EUR-USD, year-to-date



Source: Bloomberg, HSBC

GBP-USD, year-to-date



Source: Bloomberg, HSBC

HSBC

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