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QIS Tactical

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BBVA QIS Publication Monitor

Risk premia strategies

- [QIS Risk Premia Outlook: Carry on!](#) – 11 September 2025
- [Risk Premia: Keep calm and carry on!](#) – 10 June 2025
- [Risk Premia: After Liberation Day](#) – 23 April 2025
- [Risk Premia Outlook](#) – 11 March 2025

QIS Thematics

- [QIS Thematics: Small things matter](#) – 18 Sept 2025
- [QIS Thematics: Sell in May?](#) – 8 May 2025
- [QIS Thematics: Greed and fear](#) – 18 March 2025
- [QIS Thematic - Welcome to Trump 2.0](#) – 11 November 2024
- [QIS Thematic: Spooky Earnings](#) – 29 October 2024
- [QIS Thematics: Defence is the best offence](#) – 14 October 2024
- [QIS Thematics: Welcome to the Global Easing Cycle](#) – 4 September 2024

Macro tactical ideas

- [QIS Tactical: De-dollarisation](#) – 13 May 2025
- [QIS Tactical: European Exceptionalism](#) – 31 March 2025

Podcasts

- [Podcast: Thematics - Defense Moment\(um\)](#) – 21 May 2025
- [Podcast: Risk Premia - After Liberation Day](#) – 24 April 2025
- [Podcast: Risk Premia](#) – 24 March 2025
- [QIS Thematic – Podcast: Risk Premia Outlook for 2025 \(Feb\)](#) – 27 February 2025
- [QIS Thematic - Podcast: Risk Premia Outlook for 2025](#) – 29 Jan 2025

BBVA QIS Trade Tracker

BBVA QIS Trade Tracker

Source: Bloomberg and BBVA Global Markets Strategy

Title	Publication		Performance						Launch date	Close Date	Comments
			1-month	3-month	6-month	year-to-date	1-year	Since Launch			
BBVA Small Cap Index	QIS Thematics	RUTF40V	9.1	26.7	66.7	-1.0	-3.8	1.8	18 Sep 25		We expect small caps to outperform as the Fed continues on its rate cutting cycle
BBVA De-Dollarisation Index	QIS Tactical	BBXTDDL	-0.6	-1.3	4.0	8.4	1.9	2.1	13 May 25		BBVA FX strategy team continues to believe in a weak USD, especially given recent concerns of US shutdown
BBVA FX Latam Carry	QIS Risk Premia Outlook	BBFXLCRU	2.5	4.1	9.2	8.5	7.4	8.5	23 Apr 25		FX Carry remains our highest conviction idea currently
BBVA FX Global Carry	QIS Risk Premia Outlook	BBFXGCRU	2.1	3.3	6.5	4.3	4.6	6.6	23 Apr 25		FX Carry remains our highest conviction idea currently
BBVA Long Europe vs. US Equity	QIS Tactical	BBXTEUSU	0.8	-1.0	-4.7	1.4	-1.1	-5.4	31 Mar 25		European equities are starting to look undervalued and underowned again despite significant fiscal spending for the years to come
BBVA Long Europe vs. US FX	QIS Tactical	BBXTEFLU	0.0	-0.1	6.4	11.4	4.5	6.1	31 Mar 25		BBVA FX strategy team continues to believe in a weak USD, especially given recent concerns of US shutdown
BBVA Long Europe vs. US Credit	QIS Tactical	BBXTUICU	-0.2	-0.3	-1.1	-1.0	-0.9	-0.1	31 Mar 25	07 Oct 25	We are closing the trade given tight spreads globally
BBVA Global Infrastructure	QIS Thematics	SBVGINUN	0.8	0.6	14.9	13.4	11.4	7.5	18 Mar 25		Global fiscal spending has helped this theme which we expect to continue into next year
BBVA Credit Trend	QIS Risk Premia Outlook	BBCITRUS	0.7	1.1	-1.4	-2.3	-1.7	-2.4	11 Mar 25	23 Apr 25	Trend strategies have remained under pressure in the current choppy macro environment
BBVA Cybersecurity Index	QIS Thematics	SBVCYBEN	9.5	12.4	39.5	12.6	26.2	12.6	31 Dec 24		Long technology sector remains our highest conviction equity thematic view for 2025. Recent earnings momentum supports this theme to continue to outperform
BBVA AI and VR Index	QIS Thematics	SBVAVREN	6.5	7.6	34.1	2.1	15.4	2.1	31 Dec 24		

Carry EM on!

Trade idea: Long BBVA EM FX Carry Index: we expect FX market moves to be driven primarily by USD volatility. Our EM FX carry long-short basket has remained relatively flat this year vs. 7% carry potential from the interest-rate differential. We previously published our positive view on the FX carry strategy in our Risk Premia Outlooks (see QIS Risk Premia Outlook: Carry on! – 4 Sept, Risk Premia: After Liberation Day – 23 April and Risk Premia: Keep calm and carry on! – 10 June). While our preference remains for LatAm carry, in this note we have launched a new BBVA QIS Tactical index to position for **wider EM FX carry by including the ZAR, HUF and INR**. In the **short leg, we have included the CHF and DKK to offer higher exposure to Europe** as the funding region where central banks seem to have already reached the end of their cutting cycles.

FX carry on! The current environment of loose financial conditions and a supportive growth regime has historically been favourable for FX carry strategies, which have tended to perform best when financial conditions are as loose as they are today. The current environment of recovery is also favourable for FX carry strategies. The best time to enter these strategies is when emerging from a recession. We initiated our positive view on the FX carry strategy back in April when we were just coming out of the trough in risk assets. Since then, the FX carry strategy has delivered the best returns among BBVA QIS risk-premia strategies.

US economy in recovery phase: the US economic growth outlook remains healthy, according to our BBVA Macro Cycle Indicator. US economic data has been giving mixed signals about the health of the US economy, with the Atlanta Fed GDPNow pointing to near 4% GDP growth for the US economy. This was in line with the 3.8% GDP growth for Q2, which was 50bp ahead of Bloomberg survey estimates.

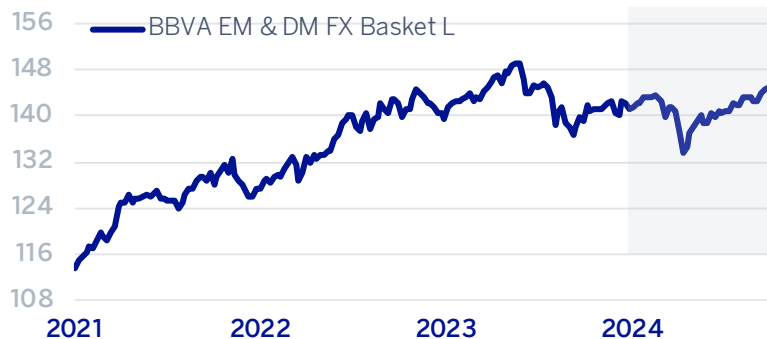
Loose getting looser: the Fed's latest cut points to the restart of the cutting cycle, with more cuts to come. Furthermore, the fiscal stimulus facing the US economy from "One Big Beautiful Bill" – which consensus expects will boost US GDP by up to 0.5% – and potentially tariff-funded fiscal cheques is likely to spur a continuation of risk-on sentiment.

Trade idea: Long BBVA EM FX Carry Index

Trade Idea: Long BBVA EM FX Carry Index: we expect FX market moves to be driven primarily by USD volatility. Our EM FX carry long-short basket has remained relatively flat this year vs. 7% carry potential from the interest-rate differential. We previously published our positive view on FX carry strategy in our Risk Premia Outlooks (see [QIS Risk Premia Outlook: Carry on! – 4 Sept](#), [Risk Premia: After Liberation Day – 23 April](#) and [Risk Premia: Keep calm and carry on! – 10 June](#)). While our preference remains for LatAm Carry, in this note we have launched a new BBVA QIS Tactical index to position for **wider EM FX carry by including the ZAR, HUF and INR**. In the **short leg, we have included the CHF and DKK to offer higher exposure to Europe** as the funding region where central banks seem to have already reached the end of their cutting cycles.

BBVA EM FX CARRY INDEX PERFORMANCE

Source: Bloomberg and BBVA Global Markets Strategy



EM FX CARRY BASKET EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy

Long	Weight	Short	Weight
INR	20%	CHF	-20%
HUF	20%	JPY	-20%
ZAR	20%	DKK	-20%
MXN	20%	SEK	-20%
BRL	20%	EUR	-20%

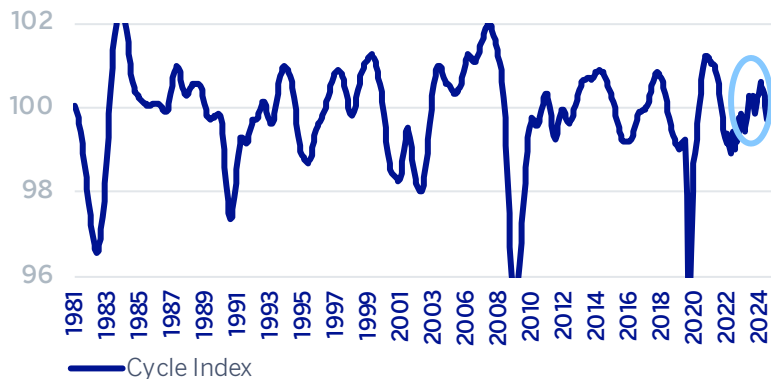
Global macro outlook

US economy in recovery phase: the US economic growth outlook remains healthy, according to our BBVA Macro Cycle Indicator. US economic data has been giving mixed signals about the health of the US economy with the Atlanta Fed GDPNow pointing to near 4% GDP growth for the US economy. This was in line with the 3.8% GDP growth for Q2, which was 50bp ahead of Bloomberg survey estimates. At the same time, US job market data points to anaemic growth, with the latest data revision from the US labour department bringing average job additions in the US economy from March 2024-2025 to just 70k per month. Despite mixed messages, US corporate earnings remain healthy, with 80% of US companies beating estimates during the last earnings season, pointing to a jobless recovery in the US economy.

Loose getting looser: the Fed's latest cut points to the restart of the cutting cycle, with more cuts to come. Furthermore, the fiscal stimulus facing the US economy from "One Big Beautiful Bill" – which consensus expects will boost US GDP by up to 0.5% – and potentially tariff-funded fiscal cheques is likely to spur a continuation of risk-on sentiment.

BBVA US MACRO CYCLE INDICATOR (BBRIMAUS)

Source: Bloomberg and BBVA Global Markets Strategy



BBVA US FINANCIAL CONDITIONS INDEX (BBRIFCUS)

Source: Bloomberg and BBVA Global Markets Strategy



FX carry on!

FX carry on! The current environment of loose financial conditions and a supportive growth regime has historically been favourable for FX carry strategies, which have tended to perform best when financial conditions are as loose as they are today. The table below summarises our different versions of FX carry strategies' 3-month forward performance for different levels of our BBVA US Financial Conditions Index (FCI). The current environment of recovery is also favourable for FX carry strategies. The best time to enter these strategies is when emerging from a recession. We initiated our positive view on the FX carry strategy back in April when we were just coming out of the trough in risk assets. Since then, the FX carry strategy has delivered the best returns among BBVA QIS risk-premia strategies.

CARRY STRATEGY PERFORMANCE VS. FCI

*we use shorter history (10Y) for EM FX carry given static basket constituents.
 Source: Bloomberg and BBVA Global Markets Strategy

BBRIFCUS Index	BBVA FX Latam Carry	BBVA FX Global Carry	BBVA EM FX Carry*
0.75 - 1.0	-0.5%	0.2%	NA
0.5 - 0.75	0.8%	0.5%	0.8%
0.5 - 0.25	0.6%	0.4%	0.4%
0.25 - 0	0.6%	1.4%	2.1%
0.0 - -0.25	0.5%	1.0%	0.7%
-0.25 - -0.5	0.4%	0.6%	-0.1%
-0.5 - -0.75	0.9%	1.2%	1.0%
-0.75 - -1	1.6%	2.3%	NA

CARRY STRATEGY PERFORMANCE VS. MACRO ECONOMY

*we use shorter history (10Y) for EM FX carry given static basket constituents
 Source: Bloomberg and BBVA Global Markets Strategy

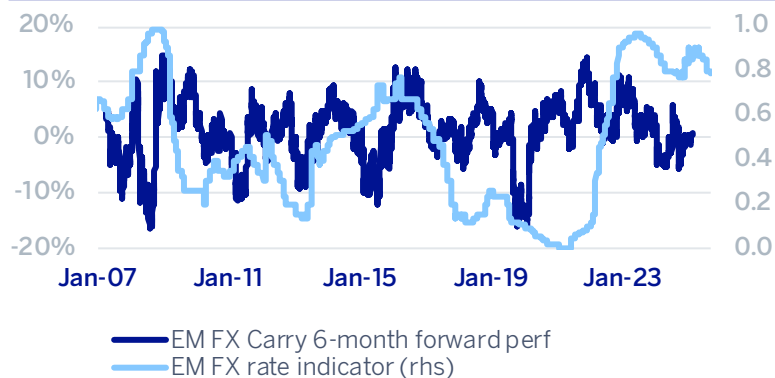
Description	BBRIMA US Index	BBVA FX Latam Carry	BBVA FX Global Carry	BBVA EM FX Carry*
# Recession	1	1.4%	1.8%	0.7%
# Recovery	2	0.9%	1.1%	0.5%
# Expansion	3	1.2%	0.8%	0.0%
# Expansion + CPI	4	-0.8%	-0.2%	-0.3%
# Downturn	5	0.9%	1.4%	1.1%
# Downturn + CPI	6	1.3%	1.0%	2.9%

EM FX could diversify your carry portfolio

EM FX in focus: we previously published our positive view on the FX carry strategy in our Risk Premia Outlooks (see [QIS Risk Premia Outlook: Carry on!](#) – 4 Sept, [Risk Premia: After Liberation Day](#) – 23 April and [Risk Premia: Keep calm and carry on!](#) – 10 June). While our preference remains for LatAm carry, in this note we have launched a new BBVA QIS Tactical index to position for **wider EM FX carry by including the ZAR, HUF and INR**. Having a diversified basket of currencies across continents should help investors avoid idiosyncratic risks coming from just the LatAm economies. This is particularly important in the current environment of US trade policy, which makes currency risks hard to predict. While we still like LatAm FX, there will potentially be additional political noise next year, with elections in Brazil in 4Q26 and the potential renegotiation of the US-Canada-Mexico USMCA at the start of 2026. In the **short leg, we have included the CHF and DKK to offer higher exposure to Europe** as the funding region where central banks seem to have already reached the end of their cutting cycles. The resultant basket provides similar carry potential to our LatAm Carry QIS index. The carry potential of this static component index remains at the 80th percentile over a 20-year history, which still makes for a compelling entry point for the trade.

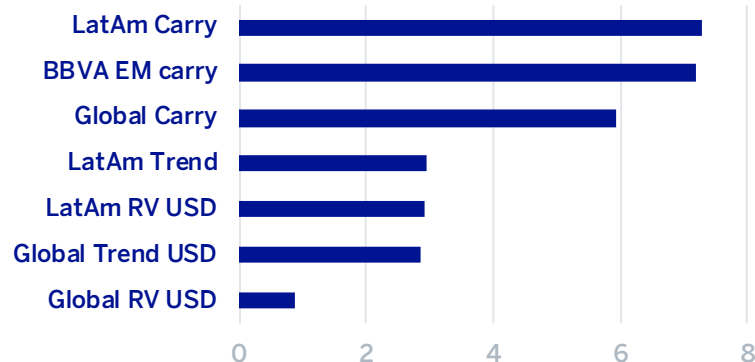
EM FX RATE INDICATOR

Source: Bloomberg and BBVA Global Markets Strategy



BBVA FX CARRY (%)

Source: Bloomberg and BBVA Global Markets Strategy

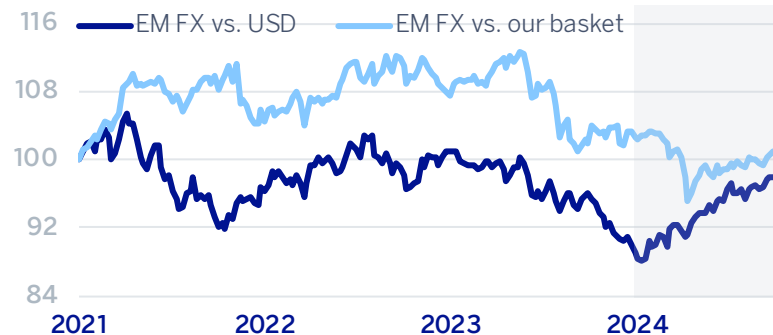


All about the USD

All about the USD: 2025 has been all about USD, with the greenback down over 10% just in the first four months of the year. Our EM carry basket has performed similarly, up 10% against the USD since the start of the year on average. Only the INR in our basket has depreciated against the USD on the back of rising trade tension between India and the US driving capital outflows. Nonetheless, our carry long-short basket has remained relatively stable this year. The BBVA FX strategy team maintains a bearish view on the USD on the back of hedging flows from asset managers who remain long USD assets. Outside the USD, the muted FX moves could create a supportive environment for FX carry trades. Currently, our FX carry basket offers a potential return of over 7% based on short-term interest rate differentials. We see a steady FX market as suitable for carry strategies, as also supported by our macro and financial conditions indicators. A weak USD is typically good for emerging markets, due to: a) a large part of EM debt denominated in USD; b) room for capital inflows during periods of USD weakness; and c) higher commodity prices priced in EM currencies, which helps commodity exporters. While we have seen a weak USD, we do not believe the positive effects for EM economies have fully played out.

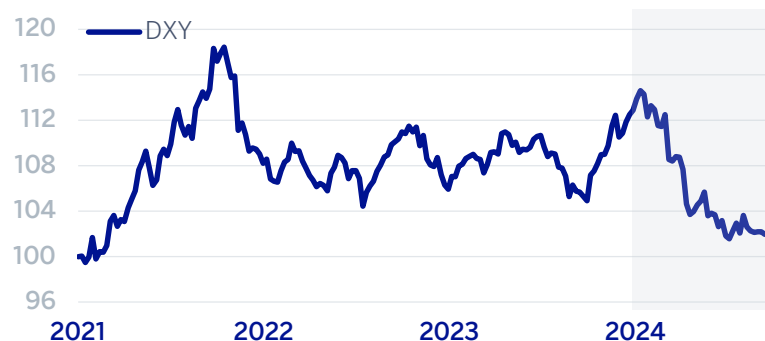
EM FX RECENT PERFORMANCE

Source: Bloomberg and BBVA Global Markets Strategy



USD down 10% since the start of the year

Source: Bloomberg and BBVA Global Markets Strategy



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