
Carlsquare/Vontobel weekly trading note: Stronger economic growth should strengthen the US-dollar

While the US and Asian economies performed better than expected between March and May 2026, Europe's economy weakened. This puts more pressure on European central banks to stimulate their economies. We believe that the interest rate gap between the US and Europe could widen, favouring the US dollar over the euro.

Data from the Purchasing Managers' Index last week showed that the war in the Middle East is having an increasingly negative impact on the Eurozone economy. The Economic Surprise Index for eurozone countries fell from around +25 in March 2026 to around -50 two months later. In contrast, the Economic Surprise Index for the United States and Asia increased from around 25 in March 2026 to approximately 50 in May 2026. The weakening European economy means that the ECB and other European central banks are likely to face greater pressure than the Fed to keep policy rates low and stimulate their respective domestic economies. Therefore, our case this week is about taking a long position in USD and a short position in EUR.

Please find out more in our weekly letter on certificates Vontobel.com: [Read the weekly newsletter here](#)

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