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US\$/Swiss Franc, Euro/Swiss Franc Cross Rates, and S&P500 All on One Chart

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Intermarket Technical Analysis attempts to catch the correlation of diverse assets with foreign exchange currency movements to possibly signal a Risk ON or Risk OFF attitude toward the S&P500 Index by institutional investors. The direction of the US\$/Swiss Franc ("Swissi" is viewed as a gold-backed, strong currency) and of the €/Swiss Franc sometimes hint as early warning signals, reflecting capital flows or investment decisions of international portfolio managers in this small country of 9 million, which recently attracted the attention of a Master of the Universe.

In the last four weeks, weakness of the Swiss Franc against the US\$ should not have been a surprise to market analysts, as the momentum oscillator Stochastic was overbought and showed a bearish divergence with the price of the Swiss Franc Index, while the rising MACD was starting to be topy at a very extreme positive level. The cycle analysis (the **blue sinusoidal line** is entering a down phase during window from July-November) suggesting a topping phase in July, which would lead to weakness for the Swiss Franc/US\$, or at least a pause following its strong rise since January 2025. That **blue line** represents a 196-day, or a 39-week, or a 9.5-month cycle.

On the chart, there is also a second active cycle, the **red line**, representing a longer 36-38-month cycle bottoming in September. Thus, it would suggest strength for the Swiss Franc for 1-1/2 years. Combining both cycles would suggest that the weakness of the Swiss Franc should be limited until September, and that the strength of this golden currency will become more obvious after November, after the bottom of the **blue line** in the fall.

Caveat: "Trend is more important than the Cycles Phase" (sic, Larry R. Williams), and Cycle Analysis is also like Technical Analysis, an ongoing process subject to regular revision! In terms of price amplitude, the previous resistance at 120 in 2023 and 2024 should act as support for the expected coming weakness of the Swiss Franc (currently 124.36), i.e., a 5-7% decline from 126 to 120 toward the Fibi level of 38% of the rise from 108 to 126 on the weekly chart.

Also, smart readers should take the time to look at the print on the left side of the chart and on the **dashed vertical black lines** on the chart, which show that the Euro/Swiss Franc cross rate sometimes acts as an early warning for the Risk ON or Risk OFF attitude of money managers toward the S&P500. Put your glasses on!

CHART OF THE VALUE OF THE SWISS FRANC ON THE PHILADELPHIA EXCHANGE is the inverse of the value of US\$ v. Swiss Franc together on the **UPPER PANEL** with the S&P500 (**orange candle**) and the value of the FX cross rate Euro/Swiss Franc ($\$XDE/\XDS = Euro - Swiss Franc as **black solid line**).

LOWER PANEL: two momentum measures (STO and MACD) of the value of the Swiss Franc Index ($\$XDS$) superimposed on the value of the Swiss Franc ($\$XDS$) are two daily cycles, which suggest that the period of weakness of the Swiss Franc v. US\$ (in weekly candles) may last until the red vertical line near the end of August 2025. So far, the Swiss Franc still appears to be stable v. the Euro (**black line**) above 93 Swiss Francs for 100 Euro. Sometimes the Swiss Franc gets stronger in advance of a decline of the S&P500 (**black dashed vertical line** in March 2025) as a signal of the Risk OFF attitude of institutional portfolio managers. In reverse, the end of a downtrend of this cross rate (**black dashed vertical line** in October 2022 and February 2024) often signals a return to a Risk ON period with a rising S&P500.



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Data Source: Stockcharts.com
Analysis by B.E.S.T.