

## Markets

**Swiss Franc Option Activity Surges as Traders Bet on More Losses**By [Vassilis Karamanis](#)

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## ✦ Takeaways NEW

Traders bet heavily that the Swiss franc will extend its recent losses, with €4.6 billion in euro-franc options traded on Monday.

Summary by Bloomberg AI

Almost 90% of the total exposure showed bets on a weaker Swiss currency, with many expecting the euro to trade above 0.98 against the franc after mid-April.

Summary by Bloomberg AI

The Swiss National Bank expected to cut interest rate on Thursday, with a 72% probability of a quarter-point reduction to 0.25% this week.

Summary by Bloomberg AI

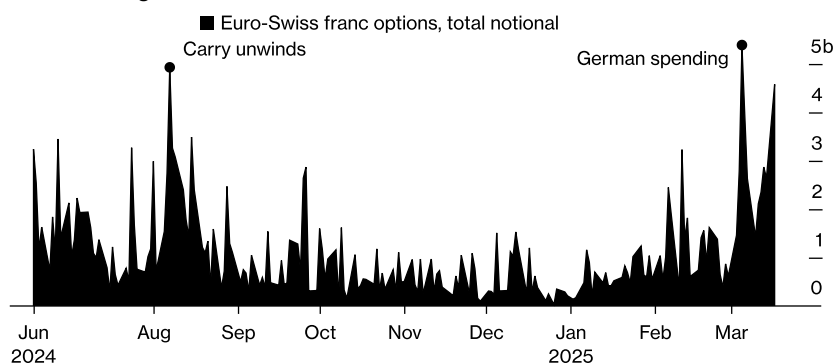
In one of the busiest days in history for Swiss franc options, traders bet big that the currency will extend its recent losses.

A total notional of €4.6 billion (\$5 billion) traded in euro-franc options on Monday, the third largest data from the Depository Trust & Clearing Corporation show. And almost 90% of the total exposure showed bets on a weaker Swiss currency.

The franc traded at 0.9631 per euro as of 7:42 a.m. in London, near an eight-month low hit Friday. The currency remains under pressure as the Swiss National Bank is expected to cut interest rates on Thursday while German lawmakers will vote on a bill later Tuesday to unlock hundreds of billions of euros for financed defense and infrastructure spending.

**Swiss Franc Options in Demand**

Volumes surge as trades are almost one-sided



Source: DTCC, Bloomberg

Almost half of the franc-bearish trades that went through Monday bet that the euro would trade at parity after mid-April, a 2% advance from current spot levels, while a 132 million euro call option targeted a move above parity.

Money markets assign a 72% probability that the SNB will deliver a quarter-point reduction in its policy rate to 0.25% this week. Conviction over rate cuts has declined this month due to tolerable low inflation and the weaker franc.

**[Read More: Switzerland Faces Rate-Cut Dilemma Over Limited Easing Space](#)**

Currency traders are positioning for a rate cut, as shown by so-called risk reversals, which trade at a premium for the euro. The options gauge, which depicts the appetite for trades that benefit from a rise or fall in the franc, became the most bearish in a year for the franc when Germany first announced its spending package.

## Swiss Franc Stays Under Pressure

Options trades show large demand for bearish exposure versus euro



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