



SEI prefers the yen over the euro.

SEI believes the Japanese yen will appreciate versus the euro.

SEI recently purchased put options on the euro versus Japanese yen. We believe fundamentals support strengthening of the yen versus the euro. From a valuation perspective, the market appears overly pessimistic toward the yen given our outlook for the currency. The Bank of Japan pivoted to a hawkish stance with higher interest rates in the middle of 2024, and we believe they will continue to normalize monetary policy. As for the euro, we believe there are several headwinds that could drive the currency lower including weak economic growth and poor sentiment. Additionally, the Trump administration’s tariff rhetoric appears more hawkish toward the eurozone than to Japan. Given our view, we believe the pricing in the option market was attractive. For these reasons, we believe the yen could experience meaningful appreciation versus the euro over the next several months.

Exhibit 1: Euro/yen exchange rate



Source: SEI, Bloomberg, December 31, 2019 to January 31, 2025.

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