CURRENCY convo

convera
SMART MONEY MOVES

GLOBAL FX OUTLOOK
March 2023

Key insights

Bright economic data could mean more rate hikes

Surprisingly strong economic data is a blessing and a curse. Recession worries are waning but bets on higher interest rates are gaining. Virtually all key indicators are coming in stronger than expected, prompting a widespread reassessment of the economic and monetary policy outlook.

Financial markets are starting to come round to the "higher for longer" Fed rate narrative. Bond yields are rising towards fresh cycle highs, equities are on the defensive, and the US dollar has bounced off three-month lows. But is this dollar rally just a correction of a longer-term downward trajectory? Declining macro risk is fuelling tepid optimism, but leading indicators remain suggestive of recession and more rate hikes magnify this risk.

This monthly guide provides forward guidance on the global trends and events driving FX volatility, to help SMEs and corporates uncover the potential opportunities or risks involved with cross-border trade.

We hope that with better access to insights, more informed international trade and payment strategies may lead to better financial outcomes for our customers.

US

US peak interest rate expectations have jumped from 5% to 5.4%, helping the US dollar to seven-week highs against a basket of major currencies.

EU

EUR/USD fell from a nine-month high in January to a six-week low in February, despite ECB interest rate expectations jumping to an all-time high of 3.7%.

UK

Sterling suffered its worst month since September against the US dollar, falling nearly 3%, despite better-than-expected UK activity data reducing recession fears.

Australia

The Aussie dollar has softened amidst wavering risk appetite, whilst the RBA lifted its cash rate to 3.35% as inflation hovers above 30-year highs

Please note: the information contained within this report does not constitute financial advice or a financial recommendation, is general in nature and has been prepared without considering your objectives, financial situation or needs.

© 2023 Convera Holdings, LLC. All rights reserved.

Global economic outlook

© 2023 Convera Holdings, LLC. All rights reserved.

Key insights

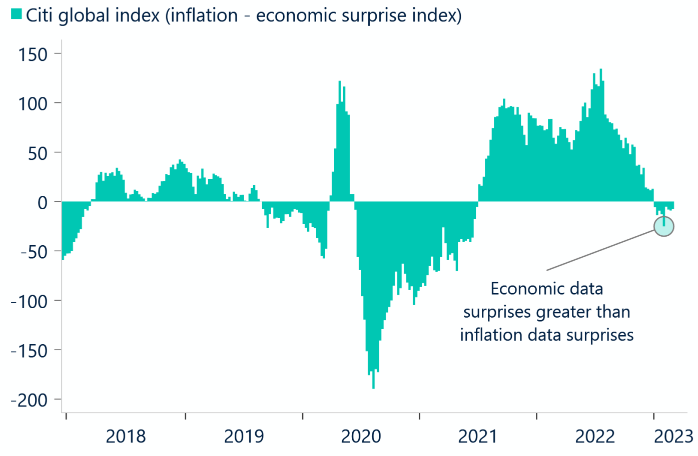
Why has economic data been so strong?

Coming into 2023, the global consensus was risk assets would come under pressure and economic data would deteriorate under the weight of the cost of living crisis and higher interest rates.

Neither assumption has played out so far. While inflation has started to ease, incoming economic data has not confirmed the inevitability of a hard landing. These two developments have eased stagflationary risks, for now, but price pressures remain elevated.

Recent data has eased stagflationary risks slightly

Global stagflation surprise index



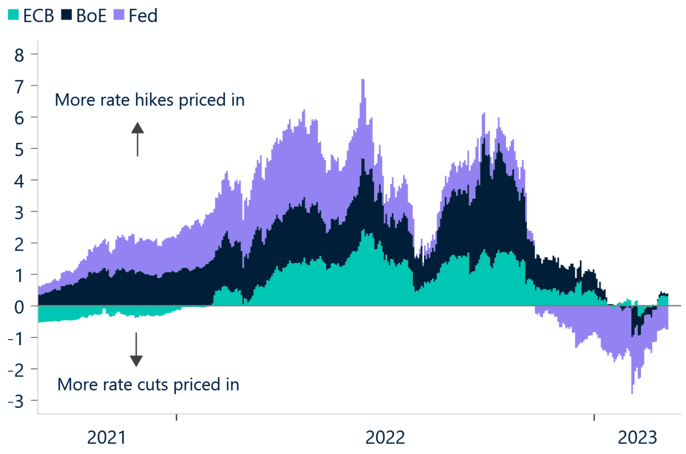
What comes after peak rates?

Global risk assets were cheering signs of peaking inflation via the monetary policy channel. The start of the disinflationary process resulted in markets pricing in rate cuts as soon as the end of this year.

However, improving growth prospects have recently squashed hopes of policy easing in 2023. Investors have scaled back rate-cut bets and revised peak rates higher, leading stocks down and bond yields up during February, negating some of the profits from January.

Rate cuts no more, investors cut bet speculations

Cumulative rate hikes/cuts priced in during next 24 months



Geopolitics as a market driver

The cautious optimisms on China's reopening and falling energy prices have so far mitigated any negative market implications from rising geopolitical risks. With the alleged Chinese spy balloons grabbing global headlines, the US President's surprise visit to Ukraine, and the Russian President promoting escalation in his recent state of the nation speech, a lot is happening on the geopolitical front.

The commodity market will be the most important to watch in case of military or diplomatic escalations.

Geopolitical tensions have not gone away

% of articles discussing geopolitics

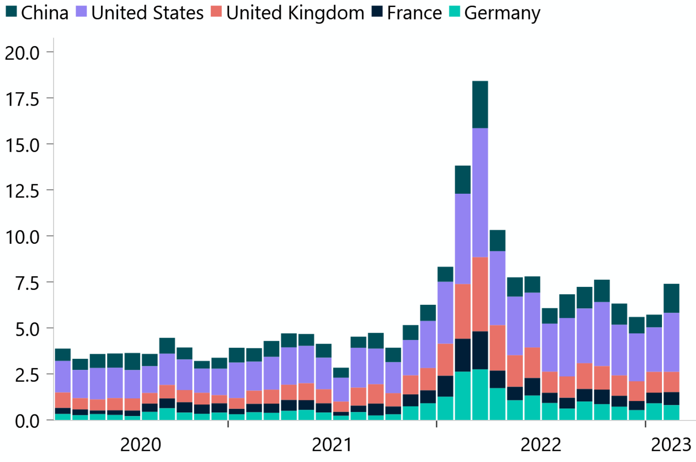


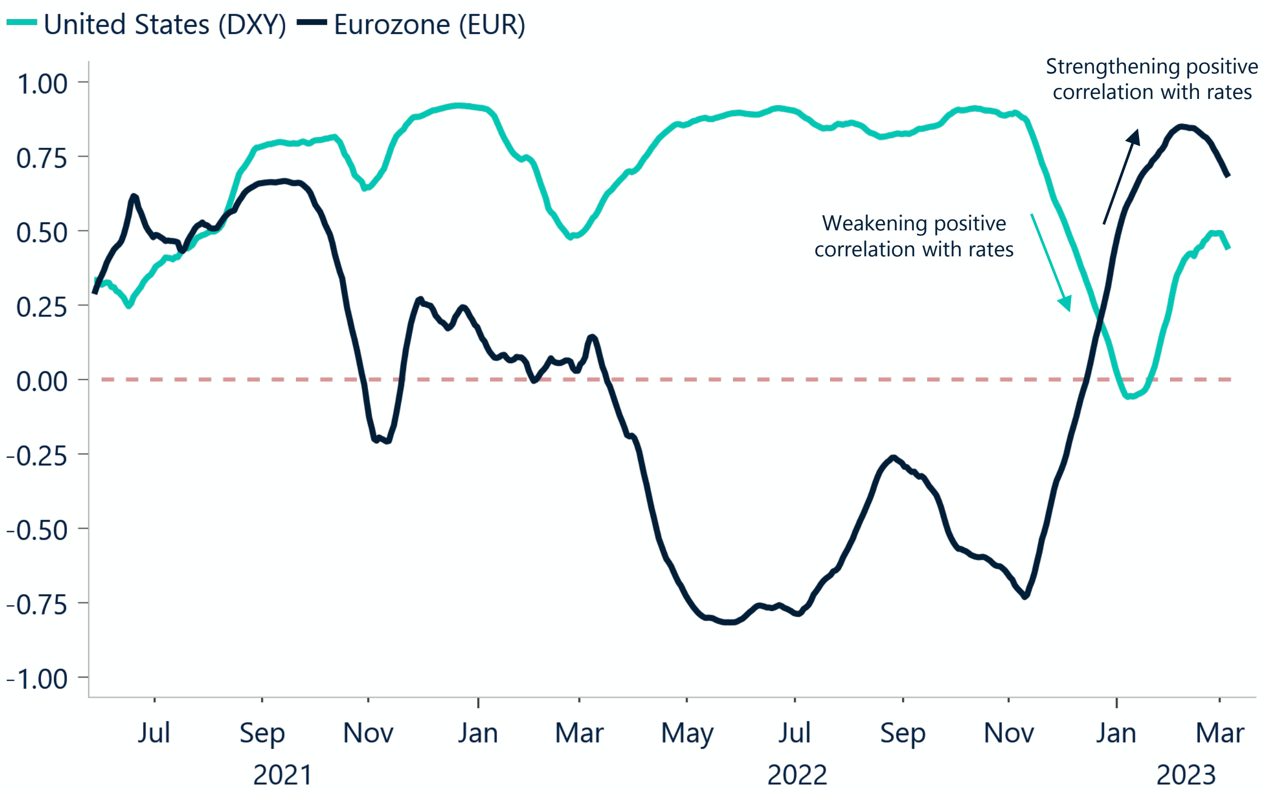
Chart sources: Convera, Macrobond – March 02, 2023

© 2023 Convera Holdings, LLC. All rights reserved.

Theme in focus: FX sensitivity to rates

Dollar may struggle to benefit as much from higher rates

100-day rolling correlation between rates and FX



Source: Convera, Macrobond – March 02, 2023

Interest rate expectations are a key driver of FX volatility and the recent 3% rebound in USD is almost entirely a result of monetary factors but also the return of geopolitical risk.

Continued hawkishness of Fed officials and stronger activity and price data have led markets to re-price expectations of where US interest rates will peak (from 4.9% to 5.3%) and when the peak will be reached (From May to July). While the same can be said for other regions like the Eurozone, where the terminal rate is expected to be reached in November at 3.6%, the recent re-pricing has been stronger in the US.

The surge in US bond yields makes the dollar more attractive to investors, leading to a rise in demand for the US currency, which has caused EUR/USD to fall over 3% to 7-week lows, but with yields rising elsewhere as well, further dollar gains may be limited.

The dollar's positive correlation with two-year US yields (a proxy for Fed rates) has weakened since November last year. Higher rate expectations may no longer support the USD as convincingly, whilst currencies such as EUR, GBP and AUD are beginning to benefit more from higher local rate expectations.

Whether February's dollar bounce has any further to go will depend on several factors: 1) Fed rate cuts in 2023 being completely priced out, 2) an increase in financial market volatility, and 3) a return of risks (economic, financial and/or political).

© 2023 Convera Holdings, LLC. All rights reserved.

Key market events to watch

March 2023

- **1**: Mfg PMI; ISM Mfg PMI
- **2**: Inflation (CPI), Unemployment Rate
- **3**: ISM non-Mfg PMI; Inflation (PPI); Services PMI
- **4**
- **5**
- **6**: Retail Sales, Sentix index; Factory Orders
- **7**: Fed Testimony to Senate; **Rate decision 03:30**
- **8**: Industrial Production, Retail Sales; Q4 GDP (revision); **Rate decision 13:00**; **Rate decision 13:30**; Fed's Beige Book
- **9**: Inflation (CPI)
- **10**: Jobs Report; Jobs Report; GDP, Industrial Production, Trade Balance; **Rate decision 03:00**
- **11**
- **12**
- **13**
- **14**: Jobs Report; Inflation (CPI)
- **15**: **Spring budget**; Retail Sales, Industrial Production; PPI, Retail Sales; Industrial Production
- **16**: Jobs Report; Phill Fed Index; **Rate decision 13:15**
- **17**: Industrial Production, UoM C. Sentiment
- **18**
- **19**
- **20**: **Rate decision 01:15**
- **21**: Inflation (CPI); ZEW Surveys; PSNB
- **22**: **Rate decision 18:00**; Inflation (PPI, CPI)
- **23**: **Rate decision 08:30**; **Rate decision 09:00**; **Rate decision 11:00**; **Rate decision 12:00**; C. Confidence; Inflation (CPI)
- **24**: Durable Goods; Retail Sales; Industry PMIs; Industry PMIs; C. Confidence, Retail Sales
- **25**
- **26**
- **27**: Ifo Business Climate, Inflation (CPI)
- **28**: C. Confidence, Richmond Fed Index; **Rate decision 13:00**
- **29**: **Rate decision 13:30**
- **30**: Inflation (CPI); Sentiment Surveys; Q4 GDP (final est.), Q4 PCE Price Index
- **31**: Jobs Report, Retail Sales; Inflation (CPI), Unemployment Rate; PCE Prices

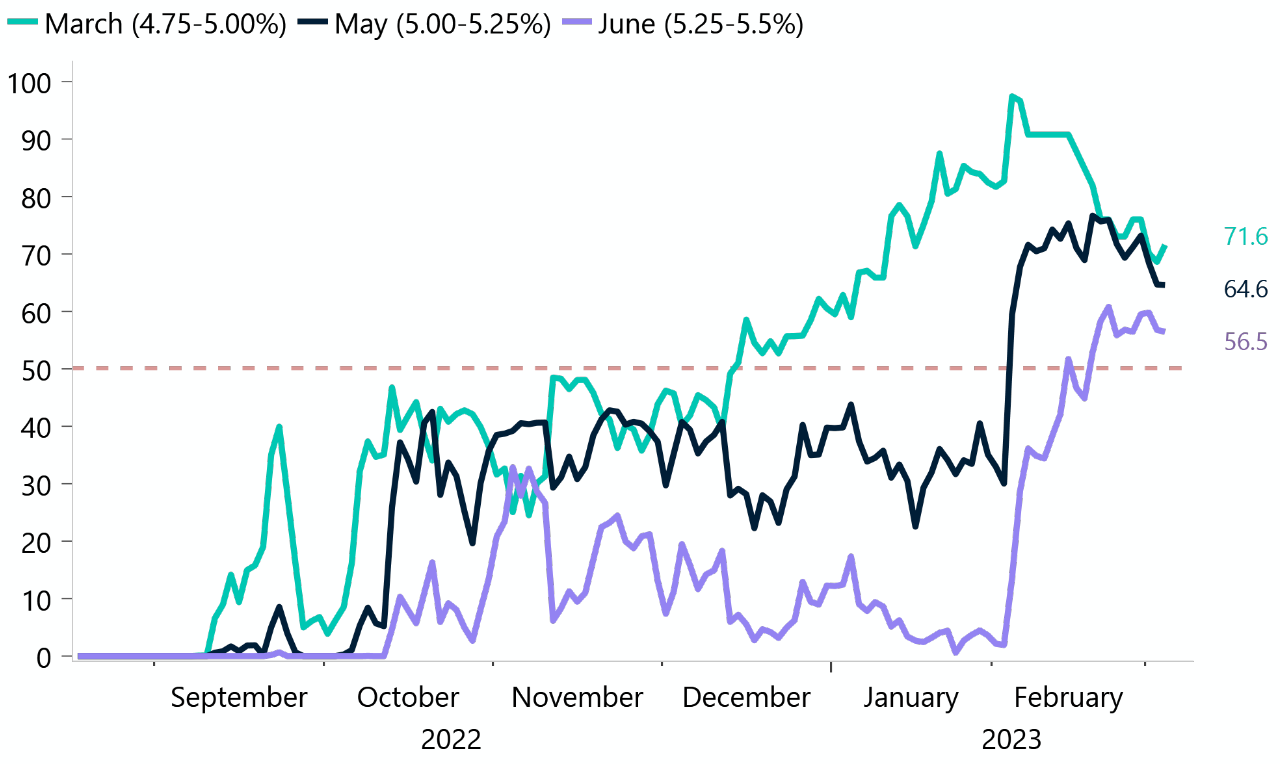
Source: Convera, Refinitiv – March 02, 2023

Copyright © Convera 2023. All rights reserved.

Event in focus: Fed rate decision

Hikes in next three Fed meetings now base case

Fed: implied probabilities of a 25 basis point hike in…



Source: Convera, Macrobond – March 02, 2023

March will be an eventful month as it marks the next series of policy meetings for major central banks, including the Fed. The "higher for longer" policy narrative is finally being absorbed by markets and volatility in FX markets is picking up as a result.

The Fed hiked by 50 basis points (bps) in December and 25 basis points in February, at which time only one more 25-basis point hike was being priced in by markets. Investors were ignoring the Fed's supporting hawkish commentary and instead focussing on the admission that the disinflation process has started.

What a difference a month makes. A slew of data changed perceptions in the market - from the blockbuster jobs report to the robust consumer spending print and higher-than-expected inflation readings – all boosting US rate expectations.

The falling probability of a 25-basis point Fed hike in March is because of the rising probability of a 50-basis point increase instead. At around 20%, the odds of a return to larger hikes are slim, but therefore such a move would rattle financial markets and fuel global risk aversion.

Two more 25-basis point rate increases after the March meeting are now the base case, but markets are still pricing in one rate cut before the end of 2023. If the hawkish drumbeat gets even louder considering the resilient economic backdrop of late, rate-cut bets will likely vanish and risk sentiment could deteriorate further, hurting pro-cyclical currencies like EUR, GBP and AUD.

convera

© 2023 Convera Holdings, LLC. All rights reserved.

UK currency outlook

© 2023 Convera Holdings, LLC. All rights reserved.

GBP volatility analysis

GBP/ZAR has fluctuated ~10% this year

Chart: GBP 30-day, year-to-date trading range

Increasing volatility

	Spot	High 30D	Low 30D	High YTD	Low YTD	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
GBP/ZAR	21.99	22.23	20.81	22.23	20.22	6.8%	9.9%	83%	88%
GBP/JPY	162.5	163.7	156.7	163.7	155.3	4.5%	5.4%	83%	86%
GBP/USD	1.205	1.243	1.191	1.244	1.183	4.4%	5.2%	27%	36%
GBP/NZD	1.937	1.951	1.883	1.951	1.883	3.6%	3.6%	79%	79%
GBP/CAD	1.632	1.663	1.607	1.669	1.607	3.5%	3.9%	45%	40%
GBP/CNY	8.308	8.382	8.114	8.404	8.114	3.3%	3.6%	72%	67%
GBP/CHF	1.121	1.143	1.107	1.143	1.107	3.3%	3.3%	39%	39%
GBP/INR	99.83	101.7	98.64	101.7	97.89	3.1%	3.9%	39%	51%
GBP/AUD	1.771	1.774	1.722	1.795	1.722	3.0%	4.2%	94%	67%
GBP/EUR	1.135	1.141	1.113	1.146	1.113	2.5%	3.0%	79%	67%

Table sources: Refinitiv, Convera – February 23, 2023

- GBP/USD has swung more than 5% in 2023 and is trading in the lower region of its year-to-date trading range following the re-pricing of US interest rates higher. The currency pair fell back under $1.20 for the first time in six weeks.
- GBP/EUR volatility remains slightly more subdued as both UK and Eurozone recession fears recede and rate expectations in both regions rise. Appetite for the pound has been slightly more favourable though, after flash UK services sector activity smashed expectations.
- The outlook for the British pound largely rests on whether expectations for further interest rate hikes by the Bank of England and elevated relative UK bond yields can be maintained.
- Other notable moves in the sterling exchange rate complex include GBP/ZAR, which has fluctuated nearly 10% in the first two months as South Africa's energy crisis weighs heavy on the rand.
- GBP/JPY is another bright spot for sterling as widening rate differentials, due to Japan keeping interest rates at record lows, benefits the higher yielding pound.

© 2023 Convera Holdings, LLC. All rights reserved.

GBP value indicator

GBP/USD still 7% below two-year average

Chart: GBP performance versus year-to-date, 1, 2, and 5-year averages

Appreciation Depreciation

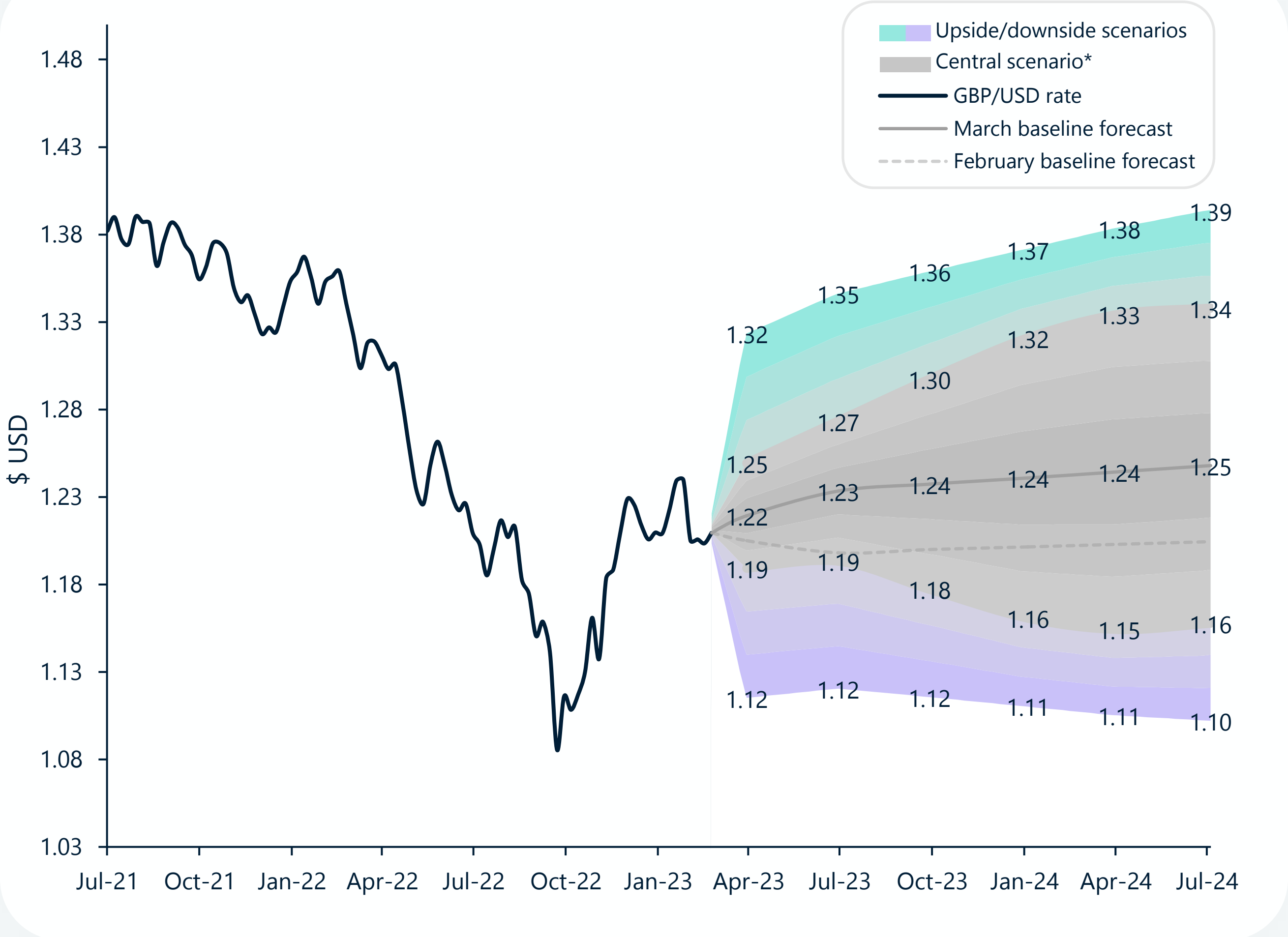
	Spot (As of 23.02.2023)	Spot vs YTD average	1-year average	2-year average	5-year average
GBP/JPY	162.5	**1.7%** Avg.: 159.7	**0.1%** Avg.: 162.3	**3.1%** Avg.: 157.6	**10.2%** Avg.: 147.5
GBP/NZD	1.937	**1.3%** Avg.: 1.912	**0.4%** Avg.: 1.929	**-0.4%** Avg.: 1.945	**-0.5%** Avg.: 1.946
GBP/AUD	1.771	**1.0%** Avg.: 1.754	**0.6%** Avg.: 1.760	**-1.8%** Avg.: 1.803	**-2.6%** Avg.: 1.819
GBP/CNY	8.308	**0.6%** Avg.: 8.259	**0.7%** Avg.: 8.254	**-2.9%** Avg.: 8.554	**-4.7%** Avg.: 8.720
GBP/EUR	1.135	**0.3%** Avg.: 1.131	**-2.5%** Avg.: 1.163	**-2.8%** Avg.: 1.168	**-1.0%** Avg.: 1.146
GBP/INR	99.83	**-0.1%** Avg.: 99.96	**3.1%** Avg.: 96.84	**0.5%** Avg.: 99.33	**4.8%** Avg.: 95.28
GBP/CHF	1.121	**-0.3%** Avg.: 1.123	**-3.5%** Avg.: 1.161	**-7.4%** Avg.: 1.211	**-9.4%** Avg.: 1.237
GBP/USD	1.205	**-1.0%** Avg.: 1.217	**-1.0%** Avg.: 1.217	**-7.0%** Avg.: 1.295	**-7.1%** Avg.: 1.296

- GBP/JPY leads the table relative to its year-to-date average as the potential appointment of Kazu Ueda as Bank of Japan governor was seen as likely to keep the BoJ's stimulus measures in place. GBP/JPY is 10% above its five-year average rate.
- GBP/NZD and GBP/AUD are also 1% above their year-to-date averages despite China's reopening expected to boost growth and trade prospects in the APAC region. Waning global risk sentiment and higher UK rate expectations have been supportive to the pound.
- GBP/EUR has made a muted start to 2023, but compared to longer-term averages, the pound remains negatively positioned versus the euro, perhaps due to economic growth divergences.
- GBP/CHF remains very weak relative to its long-term moving averages as the Swiss economy proves resilient and inflation has barely hit 3.5% compared to the UK's current 10.1% rate.
- GBP/USD remains stuck in the doldrums on all major timeframes. After hitting eight-month highs above $1.24 in late January, the pound's rally has fizzled out and the US dollar has benefited from safe haven demand as well as higher US real yields.

Note: YTD average refers to the following time periods: 02.01.2023 - 23.02.2023; 1Y: 23.02.2022 - 23.02.2023; 2Y: 23.02.2021 - 23.02.2023; 5Y: 23.02.2018 - 23.02.2023. Table sources: Refinitiv, Convera – 23 February 2023

© 2023 Convera Holdings, LLC. All rights reserved.

GBP/USD future scenarios



Upside scenario: UK avoids recession

- UK unexpectedly dodges recession, and the BoE keeps interest rates higher for longer, whilst US economy underperforms, and the Fed disappoints.
- Geopolitical risks recede and China's reopening supports global growth outlook, sparking demand for riskier assets and hurting the safe haven USD.

Central scenario: interest rate differential

- A stronger UK economy allows BoE to continue hiking to fight inflation, narrowing the US-UK rate differential and supporting the pound.
- But hawkish Fed talk, coupled with strong economic data could lift US rate expectations even higher, boosting demand for the high-yielding dollar.

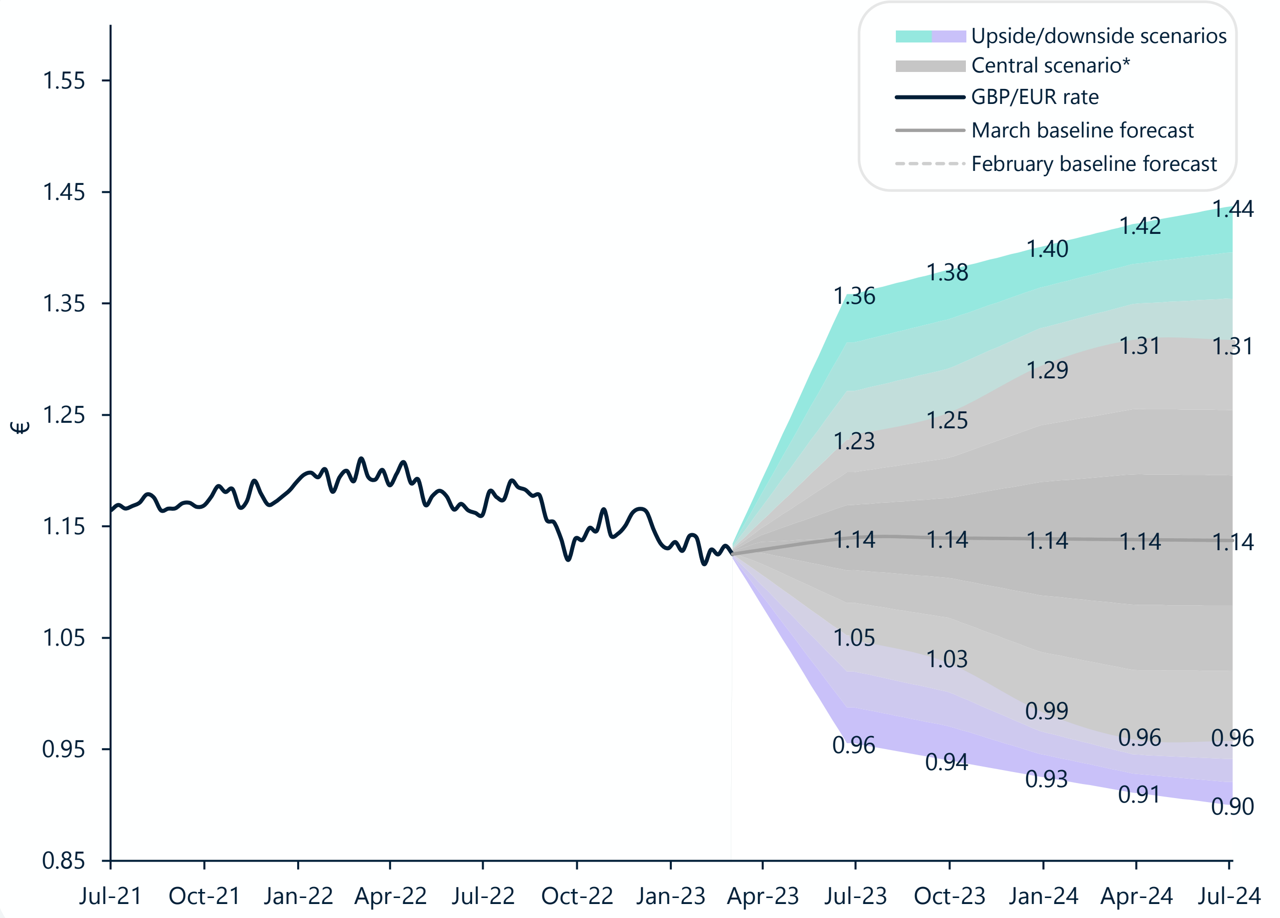
Downside scenario: UK suffers deep recession

- Surging borrowing costs and inflation send UK economy into turmoil, with a housing market crash and a deeper rout in UK bond markets, hurting GBP.
- BoE fails to keep up with market rate expectations, hurting the pound, whilst geopolitical risks inflate safe haven US dollar demand.

Chart sources: Oxford Economics, Refinitiv, Convera – February 23, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

© 2023 Convera Holdings, LLC. All rights reserved.

GBP/EUR future scenarios



Upside scenario: UK avoids recession

- UK unexpectedly dodges recession, and the BoE keeps interest rates higher for longer, whilst EZ economy underperforms, and the ECB disappoints.
- Meanwhile, the Eurozone enters deep recession as colder weather and supply issues trigger gas rationing.

Central scenario: interest rate differential

- A stronger UK economy allows BoE to continue hiking to fight inflation, widening the UK-EU rate differential and supporting the pound.
- But hawkish ECB talk, coupled with strong economic data could lift ECB rate expectations even higher, boosting demand for the euro.

Downside scenario: UK suffers deep recession

- Surging borrowing costs and inflation send UK economy into turmoil, with a housing market crash and a deeper rout in UK bond markets, hurting GBP.
- BoE fails to keep up with market rate expectations and forced to cut rates, hurting the pound, whilst EZ economy outperforms and boosts EUR.

Chart sources: Oxford Economics, Refinitiv, Convera – March 2, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

© 2023 Convera Holdings, LLC. All rights reserved.

EU currency outlook

© 2023 Convera Holdings, LLC. All rights reserved.

EUR volatility analysis

EUR/USD has fluctuated over 5% this year

Chart: EUR 30-day, year-to-date trading range

Increasing volatility

	Spot	High 30D	Low 30D	High YTD	Low YTD	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
EUR/ZAR	19.32	19.57	18.52	19.57	17.80	5.7%	9.9%	76%	86%
EUR/USD	1.060	1.103	1.057	1.103	1.048	4.4%	5.2%	7%	22%
EUR/INR	87.75	90.37	87.30	90.37	86.63	3.5%	4.3%	15%	30%
EUR/JPY	143.1	144.1	139.5	144.1	137.3	3.3%	5.0%	78%	85%
EUR/NZD	1.704	1.717	1.667	1.717	1.666	3.0%	3.1%	74%	75%
EUR/CAD	1.436	1.464	1.423	1.464	1.423	2.9%	2.9%	32%	32%
EUR/AUD	1.559	1.565	1.525	1.574	1.525	2.6%	3.2%	85%	69%
EUR/GBP	0.88	0.897	0.876	0.897	0.872	2.4%	2.9%	19%	32%
EUR/CNY	7.316	7.422	7.242	7.422	7.188	2.5%	3.3%	41%	55%
EUR/CHF	0.987	1.006	0.984	1.009	0.983	2.2%	2.6%	14%	15%

Table sources: Refinitiv, Convera – February 23, 2023

- EUR/USD has swung over 4% in the last 30 days as monetary policy expectations and economic data surprises continue to drive currency volatility. The world's most traded currency pair has recently turned negative for the year.
- EUR/GBP volatility remains slightly more subdued as both UK and Eurozone recession fears recede and rate expectations in both regions rise. Appetite for the pound has been slightly more favourable though, after flash UK services sector activity smashed expectations.
- EUR/CHF fell to a seven-year low of ₣0.95 last year during the peak of concerns about Europe's gas supplies this winter. Improving Eurozone economic conditions and surging ECB rate expectations, have supported a tepid recovery, but the safe haven franc remains in high demand.
- EUR/JPY climbed to a new annual high of almost ¥144 in February. This threshold hasn't been reached since Japan's monetary policy meeting last December, during which the central bank surprisingly adjusted its rate control policy by raising the ceiling on the 10-year rate from 0.25% to 0.50%.

© 2023 Convera Holdings, LLC. All rights reserved.

EUR value indicator

EUR/USD still over 4% below two-year average

Chart: EUR performance versus year-to-date, 1, 2, and 5-year averages

Appreciation Depreciation

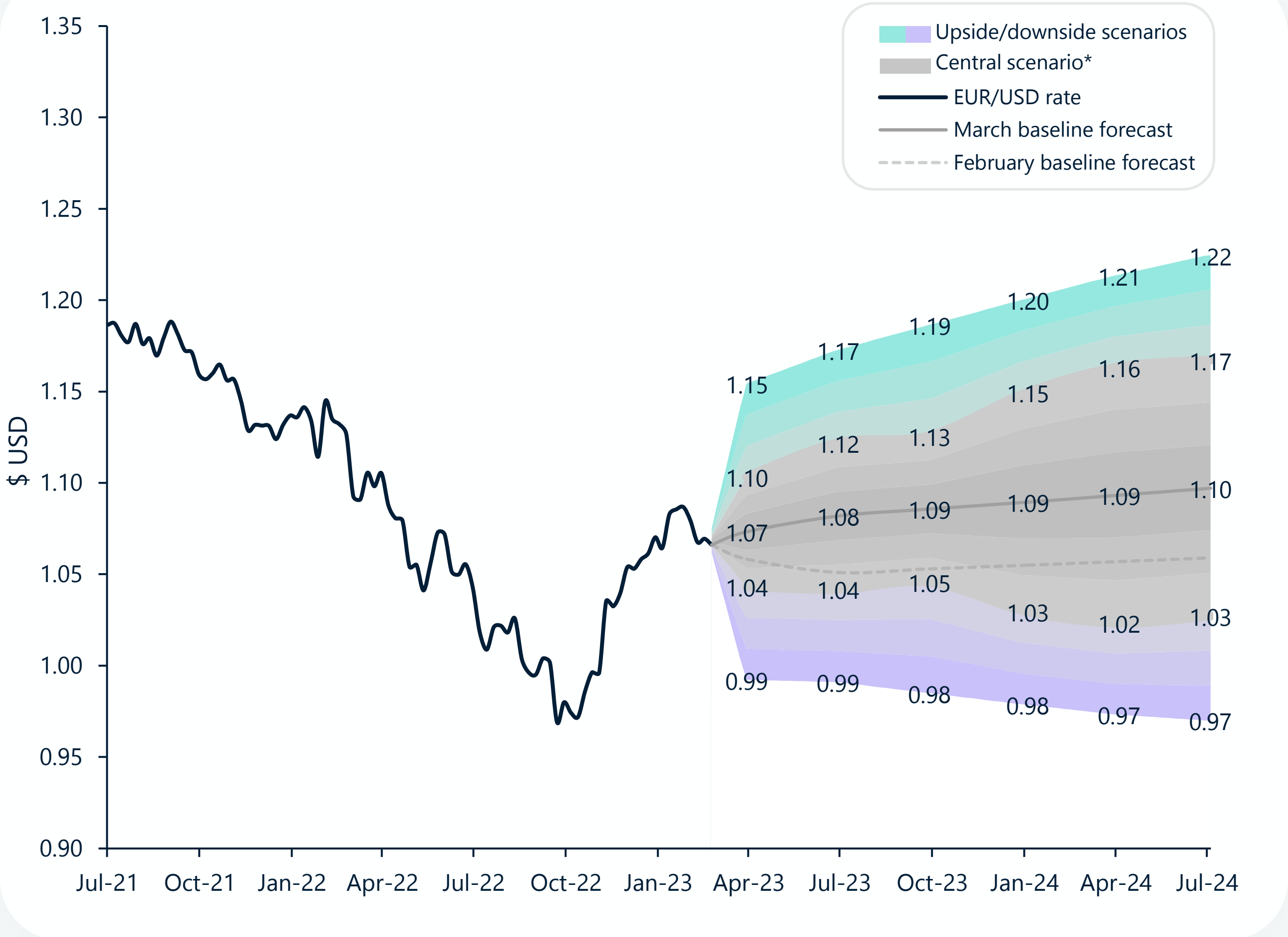
	Spot (As of 23.02.2023)	Spot vs YTD average	1-year average	2-year average	5-year average
EUR/JPY	143.1	**1.4%** Avg.: 141.1	**2.5%** Avg.: 139.5	**6.0%** Avg.: 134.9	**11.3%** Avg.: 128.6
EUR/NZD	1.704	**0.8%** Avg.: 1.690	**2.8%** Avg.: 1.658	**2.3%** Avg.: 1.665	**0.3%** Avg.: 1.698
EUR/AUD	1.559	**0.6%** Avg.: 1.550	**3.1%** Avg.: 1.512	**1.0%** Avg.: 1.544	**-1.8%** Avg.: 1.587
EUR/CNY	7.316	**0.2%** Avg.: 7.304	**3.2%** Avg.: 7.088	**0.0%** Avg.: 7.314	**-3.8%** Avg.: 7.607
EUR/GBP	0.88	**-0.4%** Avg.: 0.883	**2.4%** Avg.: 0.859	**2.8%** Avg.: 0.855	**0.9%** Avg.: 0.872
EUR/CHF	0.987	**-0.6%** Avg.: 0.993	**-1.1%** Avg.: 0.997	**-4.8%** Avg.: 1.036	**-8.6%** Avg.: 1.079
EUR/INR	87.75	**-0.6%** Avg.: 88.30	**5.5%** Avg.: 83.16	**3.3%** Avg.: 84.96	**5.7%** Avg.: 83.04
EUR/USD	1.060	**-1.5%** Avg.: 1.075	**1.4%** Avg.: 1.045	**-4.4%** Avg.: 1.108	**-6.3%** Avg.: 1.131

- EUR/JPY leads the table relative to its year-to-date average as the potential appointment of Kazu Ueda as Bank of Japan governor was seen as likely to keep the BoJ's stimulus measures in place. EUR/JPY is 11% above its five-year average rate.
- EUR/NZD and EUR/AUD are also above their year-to-date averages despite China's reopening expected to boost growth and trade prospects in the APAC region. Waning global risk sentiment and higher ECB rate expectations have been supportive to the euro.
- EUR/GBP has made a muted start to 2023, but compared to longer-term averages, the euro remains positively positioned versus the pound for the most part, perhaps due to economic growth divergences.
- EUR/CHF remains very weak relative to its long-term moving averages as the Swiss economy proves resilient and inflation has barely hit 3.5% compared to the UK's current 10.1% rate.
- EUR/USD remains stuck in the doldrums on most major timeframes. After hitting nine-month highs near $1.11 in late January, the euro's rally has fizzled out and the US dollar has benefited from safe haven demand as well as higher US real yields.

Note: YTD average refers to the following time periods: 02.01.2023 - 23.02.2023; 1Y: 23.02.2022 - 23.02.2023; 2Y: 23.02.2021 - 23.02.2023; 5Y: 23.02.2018 - 23.02.2023. Table sources: Refinitiv, Convera – 23 February 2023

© 2023 Convera Holdings, LLC. All rights reserved.

EUR/USD future scenarios



Upside scenario: EZ avoids deep recession

- Russia conflict eases, risk appetite rebounds and energy supply concerns diminish, which benefits the Eurozone economy and supports euro demand.
- Fed underwhelms markets with a less aggressive rate hike schedule - narrowing US-EZ yield spreads, reducing the dollar's interest rate advantage.

Central scenario: higher interest rates

- Fed and ECB continue raising interest rates through 2023 in a bid to temper elevated inflation levels. Rate cuts are put on hold as a result.
- Eurozone suffers a shallow recession amidst tighter financial conditions and decreased consumer spending, but US economy underperforms too.

Downside scenario: EZ suffers deep recession

- Energy crisis intensifies as gas rationing and soaring prices, the result of colder weather and reduced supply, sends EZ into a deep recession.
- Rising commodity prices benefit exporters like the US, helping the dollar. Europe's terms of trade shock intensifies, weighing heavily on the euro.

Chart sources: Oxford Economics, Refinitiv, Convera – February 23, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

© 2023 Convera Holdings, LLC. All rights reserved.

APAC currency outlook

© 2023 Convera Holdings, LLC. All rights reserved.

APAC volatility analysis

AUD/USD has already seen a 7% range in 2023

Chart: APAC 30-day, year-to-date trading ranges

Increasing volatility

	Spot	High 30D	Low 30D	High YTD	Low YTD	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
NZD/USD	0.621	0.653	0.619	0.653	0.618	5.5%	5.7%	6%	9%
AUD/USD	0.680	0.715	0.677	0.715	0.668	5.6%	7.0%	8%	26%
AUD/CNY	4.687	4.844	4.650	4.844	4.609	4.2%	5.1%	19%	33%
AUD/JPY	91.76	93.04	89.86	93.04	87.37	3.5%	6.5%	60%	77%
USD/SGD	1.340	1.344	1.302	1.349	1.302	3.2%	3.6%	90%	81%
AUD/GBP	0.564	0.580	0.563	0.580	0.556	3.0%	4.3%	6%	33%
NZD/EUR	0.586	0.599	0.581	0.600	0.581	3.1%	3.3%	28%	26%
USD/CNY	6.895	6.907	6.705	6.923	6.690	3.0%	3.5%	94%	88%
AUD/EUR	0.641	0.655	0.637	0.655	0.634	2.8%	3.3%	22%	33%
NZD/AUD	0.913	0.926	0.901	0.933	0.901	2.8%	3.6%	48%	38%

Table sources: Refinitiv, Convera – 23 February 2023

- AUD/USD has already seen a 7% trading range in just the first two months of the year. This is a volatile start to 2023. To put this in context, the long-term annual trading range for AUD/USD since 1983 is 19%.
- AUD/EUR has experienced a quieter start to the year, especially compared to the volatility in 2022. A short-term cap in price rises has been seen above 0.6500.
- NZD/USD has been mostly lower in 2023 despite a 50-basis point rate hike from the Reserve Bank of New Zealand. Rising US bond yields have limited the attractiveness of the NZD, traditionally closely tied to interest rate differentials.
- USD/CNY has fallen very quickly from the 15-year highs seen late last year as hopes for a swift Chinese reopening boosted sentiment toward the Chinese yuan. The Chinese yuan might see further gains if the Chinese economy shows signs that these hopes have not been misplaced.
- USD/SGD has rebounded sharply from five-year lows at 1.30, in line with broader gains from the USD. The move has seen the USD/SGD back at the top of recent trading ranges.

© 2023 Convera Holdings, LLC. All rights reserved.

AUD FX value indicator

US dollar strength still dominates markets

Chart: AUD performance versus year-to-date, 1, 2, and 5-year averages

Appreciation Depreciation

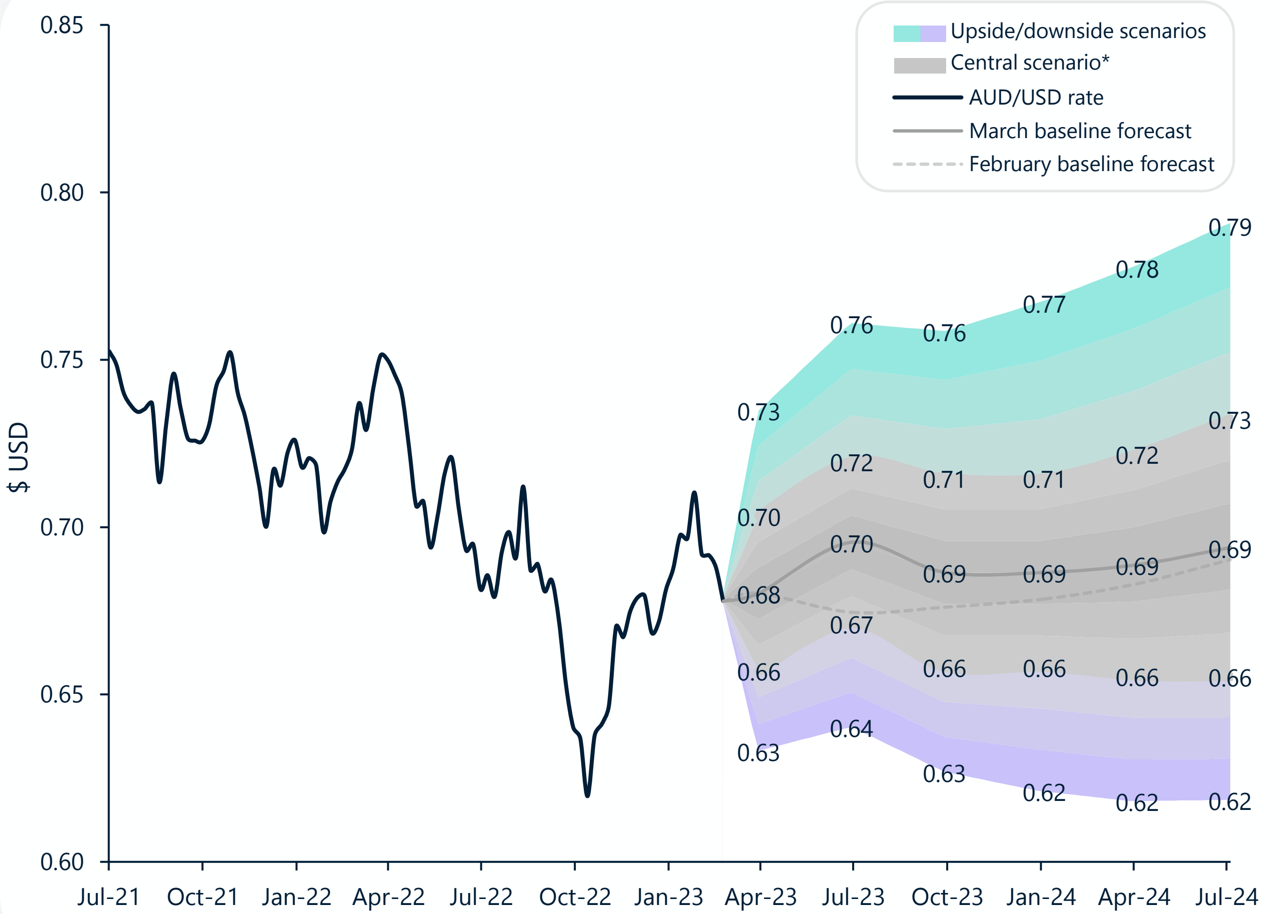
	Spot (As of 23.02.2023)	Spot vs YTD average	Spot vs 1-year average	Spot vs 2-year average	Spot vs 5-year average
AUD/JPY	91.76	0.8% Avg.: 91.03	-0.5% Avg.: 92.26	4.9% Avg.: 87.49	13.0% Avg.: 81.20
AUD/NZD	1.094	0.4% Avg.: 1.089	-0.2% Avg.: 1.095	1.4% Avg.: 1.078	2.3% Avg.: 1.069
AUD/EUR	0.641	-0.6% Avg.: 0.644	-3.1% Avg.: 0.661	-1.0% Avg.: 0.647	1.7% Avg.: 0.630
AUD/CNY	4.687	-0.7% Avg.: 4.719	0.0% Avg.: 4.689	-1.0% Avg.: 4.736	-2.2% Avg.: 4.791
AUD/GBP	0.564	-1.0% Avg.: 0.569	-0.7% Avg.: 0.568	1.7% Avg.: 0.554	2.6% Avg.: 0.549
AUD/CHF	0.633	-1.2% Avg.: 0.640	-4.1% Avg.: 0.659	-5.7% Avg.: 0.671	-6.9% Avg.: 0.680
AUD/HKD	5.337	-1.8% Avg.: 5.433	-1.5% Avg.: 5.418	-4.7% Avg.: 5.599	-4.1% Avg.: 5.565
AUD/USD	0.680	-2.0% Avg.: 0.693	-1.6% Avg.: 0.691	-5.2% Avg.: 0.717	-4.6% Avg.: 0.712

- AUD/JPY leads the table relative to its year-to-date average as the potential appointment of Kazu Ueda as Bank of Japan governor was seen as likely to keep the BoJ's stimulus measures in place.
- AUD/NZD was also above its year-to-date average as a more hawkish commentary from the Reserve Bank of Australia at its February meeting pushed up Australian yields relative to NZ.
- AUD/EUR has been broadly steady so far in 2023 as the volatility seen after the Russian invasion of Ukraine eased. Growing expectations for further rate hikes from the European Central Bank has supported the euro.
- AUD/GBP was weaker after an unexpectedly large drop in the UK's January inflation report. Inflation in the UK remains high, however, with an annual pace of 10.1% seen in January.
- AUD/USD remains stuck in the doldrums on all major timeframes. After a brief three-month rally, the AUD/USD has been more recently pressured by looming Federal Reserve rate hikes.

Note: YTD average refers to the following time periods: 02.01.2023 - 23.02.2023; 1Y: 23.02.2022 - 23.02.2023; 2Y: 23.02.2021 - 23.02.2023; 5Y: 23.02.2018 - 23.02.2023. Table sources: Refinitiv, Convera – 23 February 2023

© 2023 Convera Holdings, LLC. All rights reserved.

AUD/USD future scenarios



Upside scenario: Chinese recovery boosts optimism

- Chinese reopening story delivers in line with hopes. Commodities gain and drive the AUD higher.
- AUD benefits from improving global growth scenario, notably if the US Federal Reserve can look to rate cuts later in 2023.

Central scenario: Inflation slows, but so growth

- Global central bank action slows inflation, but interest rates remain at relatively elevated levels.
- Global growth cools as higher interest rates bite. The Australian dollar, traditionally tied to growth expectations, remains broadly flat.

Downside scenario: Fed inflation fight continues

- Inflation remains persistent as central banks, led by the Federal Reserve, continue to raise rates beyond June.
- China's reopening unable to withstand the global slowdown as higher interest rates hit demand.

Chart sources: Oxford Economics, Refinitiv, Convera – February 23, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

© 2023 Convera Holdings, LLC. All rights reserved.

NAM currency outlook

© 2023 Convera Holdings, LLC. All rights reserved.

NAM volatility analysis

USD/JPY has already seen a 6.4% range in 2023

Chart: NAM 30-day, year-to-date trading ranges

Increasing volatility

	Spot	High 30D	Low 30D	High YTD	Low YTD	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
USD/NOK	10.34	10.43	9.779	10.43	9.710	6.7%	7.4%	86%	88%
USD/JPY	134.8	135.3	128.0	135.3	127.2	5.7%	6.4%	93%	94%
NZD/USD	0.621	0.653	0.619	0.653	0.618	5.5%	5.7%	6%	9%
AUD/USD	0.680	0.715	0.677	0.715	0.668	5.6%	7.0%	8%	26%
USD/MXN	18.33	19.28	18.28	19.52	18.28	5.5%	6.8%	5%	4%
GBP/USD	1.205	1.243	1.191	1.244	1.183	4.4%	5.2%	27%	36%
EUR/USD	1.060	1.103	1.057	1.103	1.048	4.4%	5.2%	7%	22%
USD/CHF	0.931	0.934	0.905	0.940	0.905	3.2%	3.9%	90%	74%
USD/CNY	6.895	6.907	6.705	6.923	6.690	3.0%	3.5%	94%	88%
USD/CAD	1.354	1.358	1.326	1.368	1.326	2.4%	3.2%	88%	67%

Table sources: Refinitiv, Convera – 23 February 2023

- EUR/USD slipped toward the bottom of a more than five-cent range as a increasingly hawkish outlook for Fed policy narrowed central bank policy divergence with Europe. Expectations for ECB rate hikes to outpace the Fed this year helped to cushion the euro's fall.
- GBP/USD was little changed for 2023 as signs of economic resilience on both sides of the Atlantic largely offset. Still, the pound retreated from seven-month highs with the BOE perceived to be closer to pausing rate hikes than the Fed.
- USD/CAD was camped toward the top of its 2023 range as Canadian central bankers signaled a pause on further rate hikes, while the Fed is expected to press ahead with more rate increases.
- USD/MXN added to its 2022 declines by falling nearly 5%, the most since 2017, as Mexico remained in jumbo rate-hike mode with a 50 bp bump to a record peak of 11% in February.
- USD/JPY was perched near 2023 highs, given Japan's hesitancy to follow in the Fed's higher interest rate footsteps. But the yen could be a sleeping giant if the change in Bank of Japan leadership in April should pave the way for a shift to more hawkish central bank policy.

© 2023 Convera Holdings, LLC. All rights reserved.

NAM FX value indicator

USD/MXN is ~9% above two-year average

Chart: NAM performance versus year-to-date, 1, 2, and 5-year averages

Appreciation Depreciation

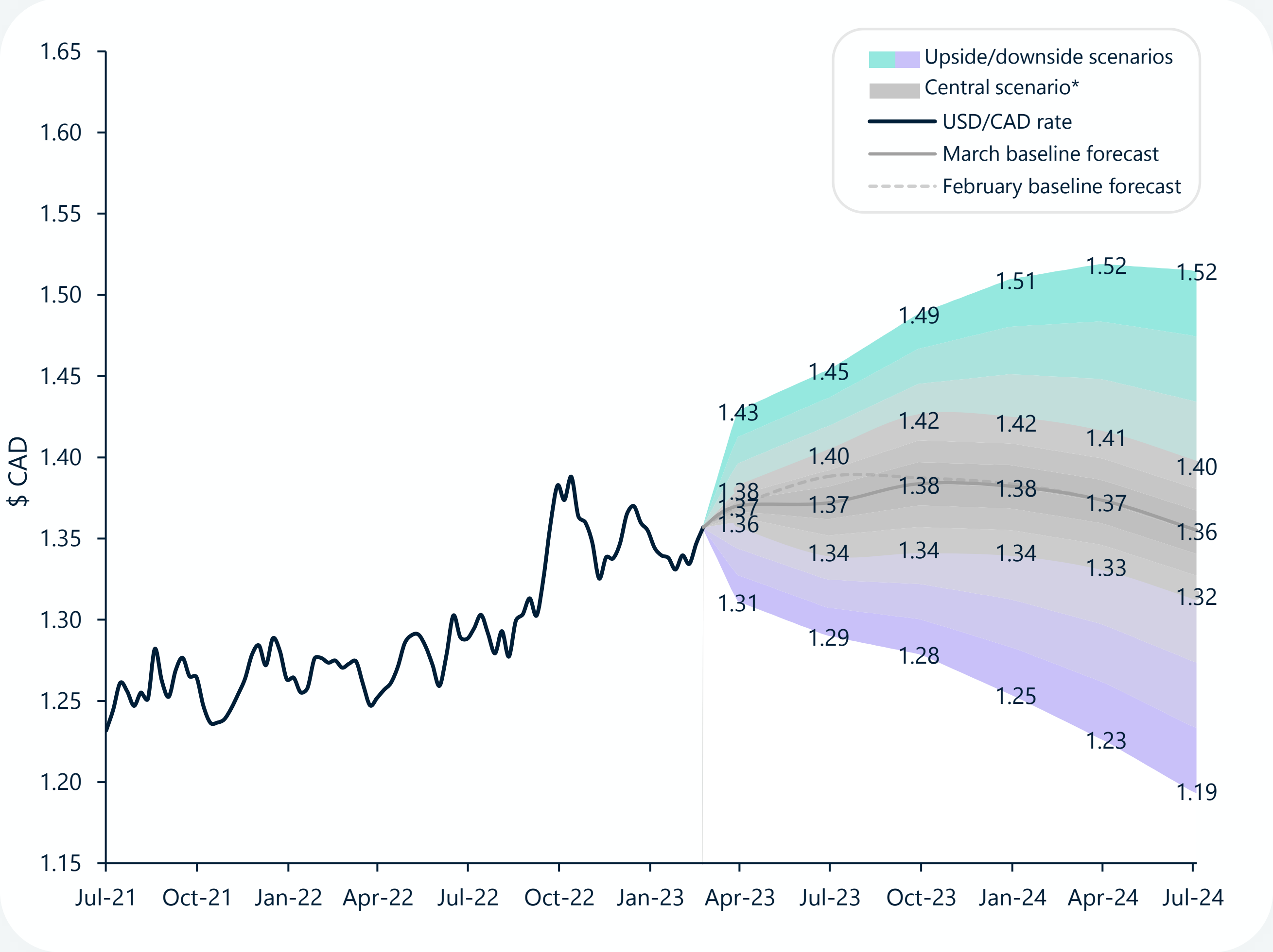
	Spot (As of 23.02.2023)	Spot vs YTD average	1-year average	2-year average	5-year average
USD/JPY	134.8	**2.7%** Avg.: 131.2	**0.8%** Avg.: 133.7	**10.0%** Avg.: 122.5	**18.1%** Avg.: 114.1
USD/CNY	6.895	**1.4%** Avg.: 6.802	**1.5%** Avg.: 6.793	**4.2%** Avg.: 6.614	**2.4%** Avg.: 6.733
USD/CAD	1.354	**0.9%** Avg.: 1.342	**3.2%** Avg.: 1.312	**5.6%** Avg.: 1.282	**3.6%** Avg.: 1.306
USD/CHF	0.931	**0.8%** Avg.: 0.923	**-2.5%** Avg.: 0.954	**-0.6%** Avg.: 0.936	**-2.5%** Avg.: 0.955
EUR/CAD	1.436	**-0.5%** Avg.: 1.443	**4.7%** Avg.: 1.371	**1.2%** Avg.: 1.419	**-2.8%** Avg.: 1.476
GBP/USD	1.205	**-1.0%** Avg.: 1.217	**-1.0%** Avg.: 1.217	**-7.0%** Avg.: 1.295	**-7.1%** Avg.: 1.296
EUR/USD	1.060	**-1.5%** Avg.: 1.075	**1.4%** Avg.: 1.045	**-4.4%** Avg.: 1.108	**-6.3%** Avg.: 1.131
USD/MXN	18.33	**-2.7%** Avg.: 18.84	**-7.7%** Avg.: 19.86	**-8.8%** Avg.: 20.10	**-8.7%** Avg.: 20.06

- EUR/USD retreated from 10-month highs as bullish US data suggested a less divergent outlook for US-European interest rate policy this year in the latter's favour. Going forward, the Fed could raise rates by another 75 basis points while the ECB may have to tighten by around 115 basis points.
- GBP/USD kept to the middle of its YTD range with both the Fed and the Bank of England seen on somewhat similar monetary policy paths this year.
- USD/CAD climbed out of its biggest hole since mid-November as Canadian central bankers hit the rate-hike pause button, something the Fed appears set to do later rather than sooner.
- USD/MXN fell to April 2018 lows as Mexico's record high interest rate of 11% enhanced the peso's appeal and stood in contrast to America's comparable rate that's currently below 5%.
- USD/JPY kept on the front foot after it appreciated by a substantial 14% in 2022. The yen remains at a disadvantage in a world where major central banks outside of Japan have significantly raised interest rates to fight decades-high inflation. Still, better days could be around the corner for the yen if an impending change in Bank of Japan leadership should spur a policy pivot.

Note: YTD average refers to the following time periods: 02.01.2023 - 23.02.2023; 1Y: 23.02.2022 - 23.02.2023; 2Y: 23.02.2021 - 23.02.2023; 5Y: 23.02.2018 - 23.02.2023. Table sources: Refinitiv, Convera – 23 February 2023

© 2023 Convera Holdings, LLC. All rights reserved.

USD/CAD future scenarios



Upside scenario: Canada's economy slows sharply

- A weaker Canadian economy could spur expectations for the Bank of Canada to slash interest rates to support growth.
- Fed extends rate-hiking cycle into the second half of 2023 amid a strong labor market and inflation descending too slowly.

Central scenario: Similar cross-border monetary policy

- USD/CAD largely adheres to recent ranges amid generally similar interest rate trajectories for the US and Canadian central banks.
- Canada has paused rate hikes but potentially not for long in the wake of stunning January job growth.

Downside scenario: Canada resumes rate hikes

- Canada's economy proves more resilient than anticipated, leading Ottawa to restart interest rate hikes.
- US economic momentum begins to stall, giving rise to expectations of an earlier pause in rate increases.

Chart sources: Oxford Economics, Refinitiv, Convera – February 23, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

convera

© 2023 Convera Holdings, LLC. All rights reserved.

International strategy

© 2023 Convera Holdings, LLC. All rights reserved.

Considerations for global businesses

Currency volatility

What if we continue to see material 5-10% shifts in your key exchange rates, or your target rate stays at levels significantly above or below your budgeted level?

Risk management

Talk to us about our full range of currency hedging products like FX options^, and forward contracts.

We help organisations track and mitigate FX risks, protect profits, and optimise international cash flow.

Geopolitics

What if your industry, or specific country of interest remains exposed to supply chain risks, whilst pressures to diversify and speed up delivery remains high?

Diversification

Talk to us about our trade solutions and how we help organisations accelerate payment speed or diversify into alternative markets.

We support 140 currencies and operate across 200 countries and territories.

Sanctions

What if factors like sanctions escalate, and your payment and regulatory complexities increase? Is managing reputational risks and customer experience related to global payments important to you?

Efficiency and security

Talk to us about our automated global payment solutions, compliance controls and fraud prevention measures.

We invest annually in managing compliance and regulations globally.

Climate change

Do customers expect to see your carbon footprint? Sustainability is a key strategic priority for many amid government pledges to cut carbon emissions in half by 2030 and hit net zero by 2050.

ESG

Talk to us about our partnership with Gold Standard and new products like Green Hedging.

We offer the opportunity to earn and report globally recognised carbon offset credits and certification.*

^Options products are not available in Hong Kong.
*Green hedging products are not available in all countries. For more information on availability, contact AskMarketInsights@Convera.com

© 2023 Convera Holdings, LLC. All rights reserved.

Contact us

Nawaz Ali
Head of Market Insights – Global

George Vessey
FX & Macro Strategist – UK

Boris Kovacevic
FX & Macro Strategist – Central Europe

Joe Manimbo
FX & Macro Strategist – North America

Steven Dooley
FX & Macro Strategist – Asia Pacific

e: currencyconvo@convera.com | **w:** convera.com | @converaholdings | converaholdings

© 2023 Convera Holdings, LLC. All rights reserved.

Appendix

© 2023 Convera Holdings, LLC. All rights reserved.

Future scenarios

	Scenarios	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3
GBP/USD	High	1.323	1.346	1.358	1.371	1.383	1.393	1.401	1.407	1.411	1.414	1.418
	Baseline + σ	1.249	1.273	1.297	1.32	1.334	1.337	1.331	1.334	1.338	1.331	1.335
	Baseline	1.219	1.233	1.237	1.240	1.244	1.247	1.251	1.254	1.258	1.261	1.265
	Baseline - σ	1.189	1.193	1.177	1.16	1.154	1.157	1.171	1.174	1.178	1.191	1.195
	Low	1.115	1.120	1.115	1.110	1.105	1.102	1.101	1.102	1.105	1.109	1.112
GBP/EUR	High	1.333	1.358	1.379	1.400	1.421	1.436	1.446	1.451	1.450	1.448	1.446
	Baseline + σ	1.201	1.226	1.246	1.290	1.313	1.312	1.301	1.300	1.300	1.276	1.275
	Baseline	1.136	1.139	1.139	1.138	1.138	1.137	1.136	1.135	1.135	1.134	1.133
	Baseline - σ	1.070	1.051	1.031	0.985	0.962	0.961	0.970	0.969	0.969	0.991	0.990
	Low	0.966	0.955	0.940	0.925	0.911	0.900	0.893	0.889	0.888	0.888	0.888
GBP/JPY	High	195.4	198.4	199.8	201.2	202.0	201.3	200.0	198.4	196.4	194.5	192.8
	Baseline + σ	173.2	174.9	181.8	187.7	189.8	188.5	185.7	183.4	181.0	177.3	175.3
	Baseline	160.9	162.4	162.4	162.4	161.6	159.7	157.7	155.8	154.0	152.3	150.8
	Baseline - σ	148.5	149.8	142.9	137.0	133.3	130.8	129.6	128.1	126.9	127.2	126.2
	Low	129.7	129.9	128.9	127.8	125.6	122.9	120.4	118.4	116.8	115.3	113.9
GBP/CHF	High	2.090	2.102	2.167	2.207	2.238	2.253	2.256	2.246	2.224	2.199	2.174
	Baseline + σ	1.898	1.894	1.967	2.002	2.030	2.034	1.993	1.975	1.979	1.928	1.904
	Baseline	1.792	1.773	1.802	1.807	1.806	1.798	1.786	1.769	1.748	1.726	1.703
	Baseline - σ	1.685	1.651	1.636	1.611	1.581	1.561	1.578	1.562	1.516	1.523	1.501
	Low	1.517	1.472	1.470	1.447	1.421	1.395	1.371	1.349	1.329	1.309	1.290

Chart sources: Oxford Economics, Refinitiv, Convera – February 23, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com

*+/-1 standard deviation from baseline (68% chance rate falls within this range)

Future scenarios

	Scenarios	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3
EUR/USD	High	1.154	1.172	1.186	1.200	1.213	1.224	1.233	1.239	1.244	1.247	1.251
	Baseline + σ	1.103	1.121	1.125	1.149	1.163	1.167	1.17	1.174	1.178	1.172	1.176
	Baseline	1.073	1.081	1.085	1.089	1.093	1.097	1.100	1.104	1.108	1.112	1.116
	Baseline - σ	1.043	1.041	1.045	1.029	1.023	1.027	1.03	1.034	1.038	1.052	1.056
	Low	0.992	0.990	0.984	0.978	0.973	0.970	0.968	0.969	0.972	0.976	0.980
EUR/GBP	High	1.035	1.046	1.063	1.080	1.097	1.110	1.119	1.124	1.125	1.125	1.125
	Baseline + σ	0.926	0.938	0.953	0.986	1.001	1.002	0.994	0.995	0.995	0.980	0.980
	Baseline	0.880	0.877	0.877	0.878	0.878	0.879	0.879	0.880	0.880	0.881	0.882
	Baseline - σ	0.833	0.815	0.800	0.769	0.754	0.755	0.763	0.764	0.764	0.781	0.783
	Low	0.749	0.736	0.724	0.713	0.703	0.696	0.691	0.689	0.689	0.690	0.691
EUR/CHF	High	1.131	1.149	1.174	1.199	1.221	1.237	1.247	1.253	1.253	1.251	1.250
	Baseline + σ	1.055	1.060	1.059	1.078	1.087	1.085	1.083	1.081	1.080	1.069	1.067
	Baseline	0.995	0.990	0.989	0.989	0.989	0.987	0.986	0.984	0.983	0.981	0.980
	Baseline - σ	0.934	0.919	0.918	0.899	0.890	0.888	0.888	0.886	0.885	0.892	0.892
	Low	0.868	0.842	0.821	0.800	0.781	0.766	0.755	0.748	0.745	0.744	0.743
EUR/CNY	High	8.477	8.504	8.654	8.823	8.959	9.041	9.086	9.095	9.068	9.044	9.039
	Baseline + σ	7.807	7.745	7.833	7.996	8.036	7.978	7.919	7.906	7.882	7.803	7.799
	Baseline	7.402	7.275	7.262	7.263	7.247	7.215	7.182	7.148	7.115	7.093	7.089
	Baseline - σ	6.996	6.804	6.690	6.529	6.457	6.451	6.444	6.389	6.347	6.382	6.378
	Low	6.400	6.142	5.991	5.854	5.717	5.594	5.501	5.435	5.398	5.379	5.374

Chart sources: Oxford Economics, Refinitiv, Convera – February 23, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

Future scenarios

	Scenarios	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3
AUD/USD	High	0.734	0.760	0.758	0.767	0.777	0.790	0.803	0.816	0.831	0.846	0.862
	Baseline + σ	0.703	0.719	0.714	0.714	0.721	0.731	0.734	0.744	0.765	0.773	0.786
	Baseline	0.680	0.695	0.686	0.686	0.688	0.693	0.700	0.709	0.719	0.731	0.742
	Baseline - σ	0.656	0.670	0.657	0.657	0.654	0.654	0.665	0.673	0.672	0.688	0.697
	Low	0.633	0.640	0.626	0.621	0.618	0.618	0.621	0.626	0.634	0.643	0.652
AUD/EUR	High	0.740	0.767	0.770	0.783	0.798	0.814	0.828	0.842	0.854	0.866	0.879
	Baseline + σ	0.661	0.663	0.662	0.649	0.651	0.662	0.657	0.662	0.686	0.691	0.699
	Baseline	0.633	0.642	0.632	0.630	0.629	0.632	0.636	0.641	0.649	0.657	0.665
	Baseline - σ	0.604	0.620	0.601	0.610	0.606	0.601	0.614	0.619	0.611	0.622	0.630
	Low	0.548	0.545	0.528	0.517	0.509	0.505	0.503	0.505	0.510	0.515	0.520
AUD/NZD	High	1.283	1.360	1.372	1.389	1.403	1.408	1.401	1.393	1.381	1.368	1.366
	Baseline + σ	1.171	1.220	1.229	1.230	1.239	1.236	1.209	1.193	1.194	1.171	1.158
	Baseline	1.085	1.131	1.126	1.120	1.114	1.102	1.083	1.066	1.050	1.034	1.027
	Baseline - σ	0.998	1.041	1.022	1.009	0.988	0.967	0.956	0.938	0.905	0.896	0.895
	Low	0.914	0.939	0.922	0.903	0.884	0.862	0.837	0.816	0.797	0.780	0.770
AUD/CNY	High	5.396	5.518	5.533	5.639	5.741	5.835	5.918	5.994	6.061	6.136	6.226
	Baseline + σ	4.977	4.968	4.973	4.971	4.987	5.006	4.970	5.009	5.126	5.151	5.216
	Baseline	4.691	4.676	4.591	4.576	4.565	4.563	4.570	4.588	4.620	4.662	4.716
	Baseline - σ	4.404	4.383	4.208	4.180	4.142	4.119	4.169	4.166	4.113	4.172	4.215
	Low	4.084	3.969	3.813	3.715	3.630	3.567	3.527	3.511	3.520	3.542	3.574

Chart sources: Oxford Economics, Refinitiv, Convera – February 23, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

Future scenarios

	Scenarios	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3
USD/CAD	High	1.428	1.453	1.488	1.509	1.519	1.515	1.503	1.487	1.467	1.445	1.425
	Baseline + σ	1.38	1.401	1.423	1.421	1.412	1.395	1.373	1.352	1.34	1.319	1.299
	Baseline	1.37	1.371	1.383	1.381	1.372	1.355	1.333	1.312	1.290	1.269	1.249
	Baseline - σ	1.36	1.341	1.343	1.341	1.332	1.315	1.293	1.272	1.24	1.219	1.199
	Low	1.311	1.290	1.278	1.254	1.226	1.194	1.163	1.136	1.114	1.093	1.073
USD/MXN	High	20.79	21.43	22.36	23.25	23.99	24.59	25.04	25.34	25.54	25.66	25.72
	Baseline + σ	19.79	20.01	20.38	20.75	20.98	21.2	21.45	21.92	22.45	22.57	22.63
	Baseline	19.36	19.44	19.82	20.14	20.42	20.67	20.86	21.03	21.20	21.31	21.38
	Baseline - σ	18.93	18.87	19.26	19.53	19.86	20.14	20.27	20.14	19.95	20.05	20.13
	Low	18.64	18.39	18.43	18.43	18.44	18.48	18.53	18.61	18.76	18.87	18.94
USD/JPY	High	147.6	147.4	147.0	146.7	146.0	144.5	142.7	140.9	139.2	137.5	135.9
	Baseline + σ	138.7	137.4	140.2	142.1	142.2	140.9	139.4	137.4	135.2	133.1	131.2
	Baseline	132.0	131.7	131.3	130.9	129.8	128.0	126.0	124.2	122.4	120.7	119.1
	Baseline - σ	125.2	126	122.3	119.6	117.3	115.0	112.5	110.9	109.5	108.2	106.9
	Low	116.3	116.0	115.5	115.1	113.7	111.5	109.3	107.4	105.6	103.9	102.3
USD/CNY	High	7.343	7.251	7.294	7.351	7.384	7.385	7.369	7.337	7.288	7.247	7.221
	Baseline + σ	7.077	6.905	6.958	6.956	6.909	6.836	6.763	6.731	6.688	6.656	6.631
	Baseline	6.897	6.725	6.688	6.666	6.629	6.576	6.523	6.471	6.418	6.376	6.351
	Baseline - σ	6.717	6.545	6.418	6.376	6.349	6.316	6.283	6.211	6.148	6.096	6.071
	Low	6.450	6.198	6.083	5.981	5.873	5.767	5.677	5.604	5.548	5.506	5.480

Chart sources: Oxford Economics, Refinitiv, Convera – February 23, 2023. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

DISCLAIMERS

Convera has based the opinions expressed in this communication on information generally available to the public. Convera makes no warranty concerning the accuracy of this information and specifically disclaims any liability whatsoever for any loss arising from trading decisions based on the opinions expressed and information contained in this communication. Such information and opinions are for general information purposes only and are not intended to present advice with respect to matters reviewed and commented upon.

This communication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Convera and/or its affiliates to any registration or licensing requirement within such jurisdiction. This communication has been prepared solely for informational purposes and does not in any way create any binding obligations on either party. Relations between you and Convera shall be governed by the applicable terms and conditions provided to you before you trade. No representations, warranties or conditions of any kind, express or implied, are made in this communication.

© 2023 Convera Holdings, LLC. All rights reserved.

ASIA PACIFIC

Australia

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Australia through Western Union Business Solutions (Australia) Pty Limited (“Convera”) ABN 24 150 129 749 and AFSL 404092. Convera is the issuer of the financial products (if any) referred to in this communication but is not affiliated with The Western Union Company and plans to change its name to Convera Australia Pty Ltd in 2023. The Western Union Company or its affiliates own all rights in the Western Union name.

A Product Disclosure Statement and Target Market Determination is available for each of the financial products that Convera issues and can be obtained by visiting our compliance and legal web page. Any information provided in this communication is factual information only and does not take account of your financial situation, objectives or needs. You should therefore consider whether the information that we provide is appropriate for you having regard to your own objectives, financial situation and/or needs.

Before you decide to acquire a financial product from Convera you should read and consider the relevant product disclosure statement and Target Market Determination.

Hong Kong

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Hong Kong through Western Union Business Solutions (Hong Kong) Limited, company number 1474270 (“Convera”). Convera is not affiliated with The Western Union Company and plans to change its name to Convera Hong Kong Ltd in 2023. The Western Union Company or its affiliates own all rights in the Western Union name. This communication has been prepared solely for informational purposes and does not in any way create any binding obligations on either party. Relations between you and Convera shall be governed by the applicable terms and conditions. No representations, warranties, or conditions of any kind, express or implied, are made in this communication.

Japan

Convera is a global leader in providing foreign exchange products and services and payment solutions and operates in Japan through Convera Japan KK.

New Zealand

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in New Zealand through Western Union Business Solutions (Australia) Pty Ltd, NZ branch (company number 3527631 and FSP 168204) (“Convera”) is the issuer of the financial products (if any) referred to in this communication. A Product Disclosure Statement is available for each of the financial products that Convera issues and can be obtained by visiting https://convera.com/en-nz/compliance-legal/compliance. Convera is not affiliated with The Western Union Company and plans to change its name to Convera Australia Pty Ltd, NZ Branch in 2023. The Western Union Company or its affiliates own all rights in the Western Union name.

This communication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Convera and/or its affiliates to any registration or licensing requirement within such jurisdiction.

Singapore

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Singapore through Western Union Business Solutions (Singapore) Pte Ltd (“WUBS Singapore”) and/or WUBS Financial Services (Singapore) Pte Ltd (“WUBS FS Singapore”) (WUBS Singapore and WUBS FS Singapore are collectively referred to as “Convera”). Convera is not affiliated with The Western Union Company and plans to change its name to Convera later in 2023. The Western Union Company or its affiliates own all rights in the Western Union name. WUBS FS Singapore is a capital markets services licence holder for dealing in capital markets products and an exempt financial adviser for advising others on over-the-counter derivatives contracts and spot foreign exchange contracts other than for the purposes of leveraged foreign exchange trading within the meaning of the Securities and Futures Act, Cap 289 (“SFA”). WUBS Singapore is a Major Payment Institution. All payment services referred to in this communication are offered under WUBS Singapore’s Payment Services Licence issued by the Monetary Authority of Singapore (“MAS”).

Nothing in this communication is intended or should be construed as an offer to provide services, solicitation, invitation to or inducement to engage in services provided by Convera, save where the provision of the services by Convera will not violate or give rise to any requirement under any relevant law, including the laws of Singapore. Convera has based the opinions expressed herein on information generally available to the public. Nothing in this communication is intended to amount to opinion recommendation or any other advice on contracts or arrangements for the purpose of foreign exchange trading, whether on a leveraged basis or otherwise. Convera makes no warranty concerning the accuracy of this information and specifically disclaims any liability whatsoever for any loss arising from trading decisions based on the opinions expressed and information contained herein. Such information and opinions are for general information only and are not intended to present advice with respect to matters reviewed and commented upon. Relations between you and Convera will be governed by the applicable terms and conditions. No representations, warranties or conditions of any kind, express or implied, are made in this communication.

This communication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Convera and/or its affiliates to any registration or licensing requirement within such jurisdiction. All material presented herein, unless specifically indicated otherwise, is under copyright to Convera Holdings, LLC.

NORTH AMERICA

Canada

In Canada, services are provided by Convera Canada ULC (“Convera Canada”). This brochure has been prepared solely for informational purposes and does not in any way create any binding obligations on any party. Relations between you and Convera Canada shall be governed by applicable terms and conditions.No representations, warranties, or conditions of any kind, express or implied, are made in this brochure.

USA

Money transfer and foreign exchange services in the US are provided by Convera USA, LLC (NMLS ID: 907333; MA MT license #: FT0041) (referred to as “Convera”). For a complete listing of US state licensing visit https://www.convera.com/en-us/compliancelegal/ compliance. For additional information about Convera visit https://www.convera.com/en-us.

EUROPE

Malta

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Malta through Western Union Business Solutions (Malta) Limited (“Convera”) a limited company registered in Malta (Company Number C22339) with its registered office at W Business Centre, Level 5, Triq Dun Karm, Birkirkara By-Pass, Birkirkara, BKR 9033, Malta and which is licensed and regulated by the Malta Financial Services Authority to undertake the business of a financial services in terms of the Financial Institutions Act) .Convera is not affiliated with The Western Union Company and plans to change its name to Convera Malta Financial Ltd in 2022. The Western Union Company or its affiliates own all rights in the Western Union name.

Switzerland

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Switzerland through Convera Switzerland, LLC, Zurich Branch (“Convera”). Convera has a registered place of business at Werdstrasse 2, P.O. Box 2063, 8021 Zurich, Switzerland. Convera is organised in the United States. Therefore, it is subject to United States rules and regulations with respect to certain transactions with its clients. However, Convera is not registered with the U.S. Commodity Futures Trading Commission as a Commodity Trading Advisor, as a Swap Dealer, or in any other capacity. Convera is not a member of the U.S. National Futures Association. Protections that would otherwise be available under the U.S. Commodity Exchange Act, the rules of the U.S. Commodity Futures Trading Commission, or the rules of the U.S. National Futures Association will not be available in connection with a client’s relationship with, or transactions with, Convera.

UK

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in the UK through Convera UK Financial Limited.

Convera UK Financial Limited (registered in England and Wales, Company Number 13682869, Registered Office Address: Alphabeta Building, 14-18 Finsbury Square, London EC2A 1AH) is: (i) authorised and regulated by the Financial Conduct Authority; and (ii) authorised by the Financial Conduct Authority under the Payment Services Regulations 2017 for the provision of payment services (Register Reference: 966305).