Global FX Outlook

April 2024

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.

Key insights

USD dominates as commodity currencies crunched

Another month of FX trading and another month of USD dominance. The USD index climbed to six-week highs by the end of March and was close to the highest level since mid-November as strong US economic data and a booming US stock market provided support to the world's most traded currency.

Other major FX markets faltered in the face of USD strength with the euro and British pound ending March at the monthly lows and the Japanese yen at 34-year lows even after the Bank of Japan lifted interest rates for the first time since 2007.

Otherwise, commodity currencies like the Australian, New Zealand and Canadian dollars were the other clear losers, despite crude oil and copper reaching multi-month highs last month. Ongoing worries about the state of the Chinese economy weighed on these currencies.

Can the USD continue further in April? This monthly guide provides analysis of 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

The USD index reversed from two-month lows to six-week highs spurred by its fifth-consecutive beat in the monthly non-farm employment series. The US jobs market remains solid.

EU

The EUR/USD reversed sharply from the 1.1000 level – a technical zone that has provided resistance for 15 months now.

UK

The GBP/USD was moderately lower in March but more broadly remains struck in a trading range between 1.2500 and 1.2900. A breakout of this range could drive a more substantive move.

Australia

The AUD/USD was lower in March after the Reserve Bank of Australia switched to a more "neutral" stance on monetary policy while worries about China also weigh.

Global economic outlook

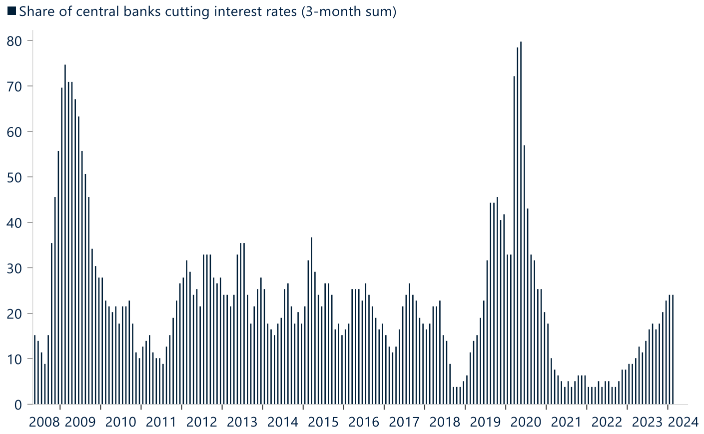
Key market themes to watch

The beginning of the easing cycle

Global investors have become comfortable pricing in the turn of the global monetary policy cycle to a more accommodative stance. Even with central banks in the developed world expected to deliver later and less aggressive rate cuts than initial expected. November last year saw interest rate cuts outstrip hikes for the first time since the end of 2020. Retrospectively, this become the starting point of a new macro regime, which saw the US dollar and global bond yields peak and stocks bottom.

Central banks are cutting, just not in developed markets

Monetary policy (79 central banks used in analysis)



Source: Convera, Macrobond

Cheerful markets as volatility falls

Investors have welcomed the beginning of the easing cycle with open arms and feel reassured in their hopes that the peak of the global tightening cycle is behind us. The European equity benchmark rose for a seventh consecutive week and has extended its gain since November to 18%. The S&P 500 pushed higher as well and has now risen in 18 out of the last 21 weeks with a 10% year-to-date gain under its belt. Markets are cheering the end of hawkish monetary policy.

S&P500 recorded its eigth weekly all-time high this year

The US equity benchmark and its all-time highs

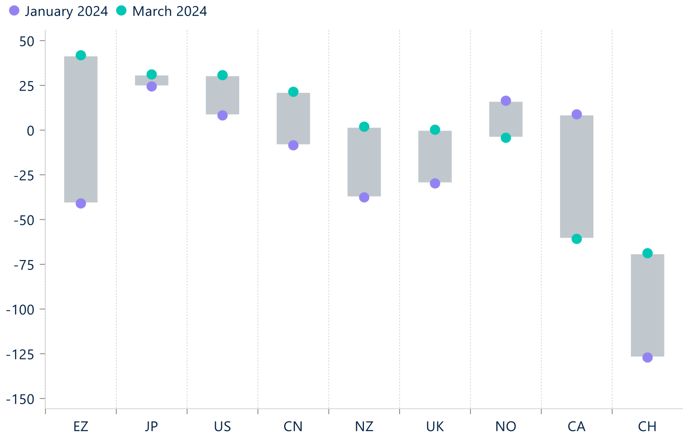
Source: Convera, Macrobond

Macro data has been holding up

Despite markets cheering the start of the global easing cycle, the big macro theme of 2024 so far has been the paring back of rate cutting expectations for the next 6-12 months. This is due to the stronger macro data and inflation surprises in January and February. This development explains the rise in yields and the US dollar so far this year. However, equity investors continue to see the strong data and eventual start of the easing cycle as risk positive.

Rebounding macro surprises across the globe

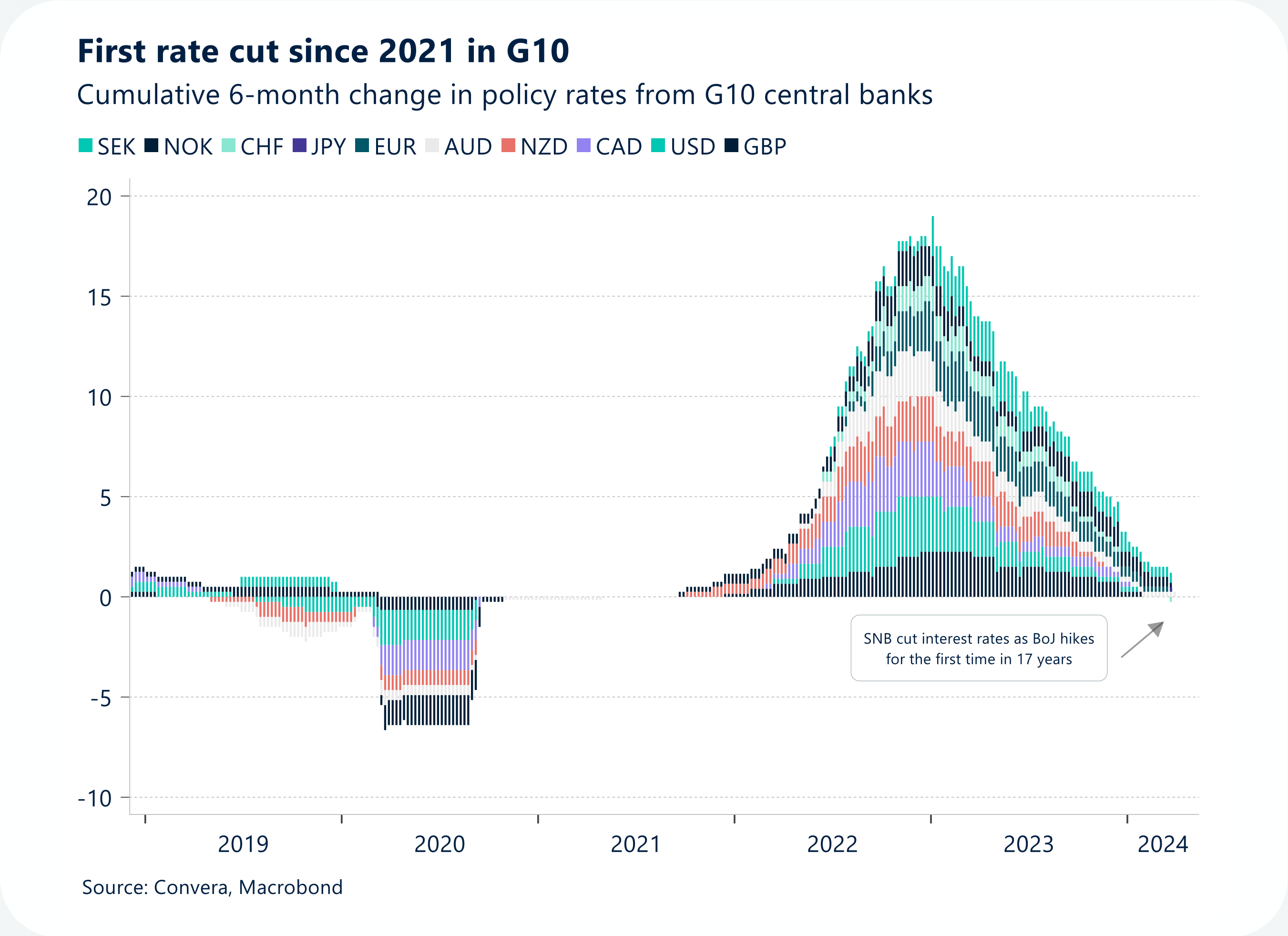
Citi Economic Surprise Index - year-to-date performance



Source: Convera, CitiGroup, Macrobond

Chart sources: Convera, Macrobond – February 27, 2024

Theme in focus: Where is the volatility?



- G10 Central banks have come a step closer to joining the monetary policy easing cycle that their peers in emerging markets have kickstarted this year.
- The share of central banks cutting interest rates is rising by the week and communication from the big three is becoming more dovish by the meeting.
- The Swiss National Bank has become the first G10 institution to cut interest rates, while the Federal Reserve and Bank of England failed to deliver hawkish messages this week.
- At the same time, in a historic shift from decades of massive monetary stimulus, the Bank of Japan (BoJ) ended eight years of negative interest rates. The yen weakened and Japanese government bond yields fell in a classic case of 'buy the rumour, sell the fact.'
- This could be the first sign of monetary policy starting to drive FX volatility again. Price action has broadly been in doldrums as the pricing of the future policy path of major central banks have converged.
- We expect the divergence of both the economic and policy front to start playing out in the months ahead as the differences of the regional economies come to the forefront.
- However, it is unlikely that price swings will rise exclusively due to the expected policy divergence as volatility has a hard time picking up in policy easing regimes like the one we are entering. Rather, external non-consensus shocks will be the main culprit of a pickup in volatility.

Source: Convera, Macrobond – February 27, 2024

Key market events to watch

April 2024

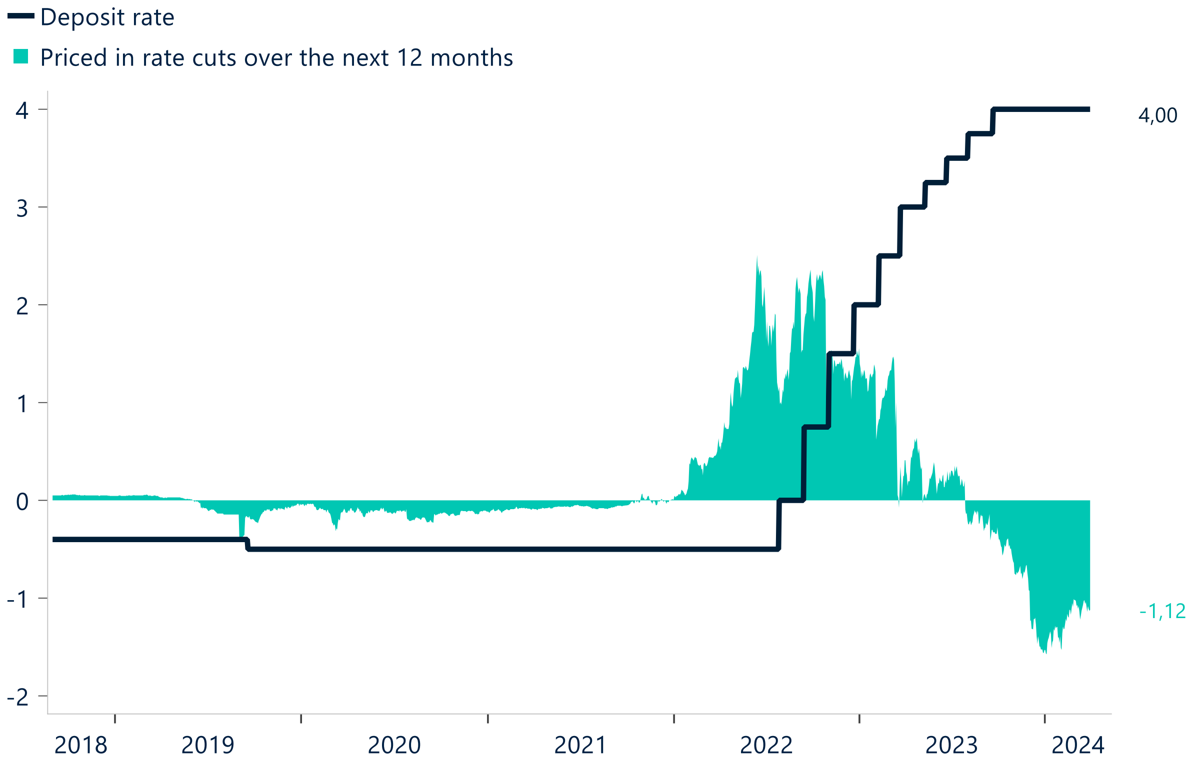
- **1** – ISM Mfg PMI
- **2** – Inflation (CPI); Job Openings; Services PMI
- **3** – ISM Non-Mfg PMI; Inflation (CPI) Unemployment Rate
- **4** – Inflation (PPI); **Rate Decision**
- **5** – Jobs Report; Retail Sales; Industrial Orders
- 6
- 7
- **8** – Industrial Production
- 9
- **10** – **Rate Decisions**; Inflation (CPI); Inflation (CPI, PPI)
- **11** – Inflation (PPI); **Rate Decision**
- **12** – GDP, Industrial & Manufacturing Output; Michigan Sentiment Index
- 13
- 14
- **15** – Retail Sales
- **16** – Q1 GDP, Retail Sales; Jobs Report; ZEW Surveys; Inflation (CPI)
- **17** – Inflation (CPI, PPI)
- **18** – Jobs Report; Philly Fed Index
- **19** – Retail Sales
- 20
- 21
- **22** – C. Confidence; **Loan Prime Rate (1Y, 5Y)**
- **23** – Industry PMIs
- **24** – Retail Sales; Ifo Surveys; Inflation (CPI)
- **25** – Gfk C. Sentiment; **Rate Decision**; Q1 GDP, PCE
- **26** – **Rate Decisions**; Inflation (PCE); Inflation (CPI); C. Confidence
- 27
- 28
- **29** – Business Surveys; Inflation (CPI); Retail Sales
- **30** – C. Confidence; Inflation, Q1 GDP; Retail Sales, Q1 GDP Unemployment Rate; Mfg PMI

Source: Convera, Refinitiv – March 28, 2024

Event in focus: ECB to lay groundwork for a cut

More than four cuts priced in for the next 12 months

ECB deposit rate vs. priced in rate cuts for 2024



Source: Convera, Macrobond

- The European Central Bank's interest rate decision will be in focus this month as inflation continues to decline, and economic growth remains subdued.
- Speaking at a conference in Frankfurt, ECB's President Lagarde laid out three tests that the central bank will apply to judge the optimal time to cut interest rates, cautioning, however, that the ECB would not commit to a predetermined rate cut path and will continue to depend on incoming data: (1) - Wage growth. (2) - Corporate profit margins. (3) + Productivity growth. These factors would allow the bloc to recover more rapidly even as inflation dissipates.
- Latest data from the Eurozone revealed that the bloc's labor costs rose by 3.4% y/y in Q4 2023, the slowest pace since Q3 2022, and below market expectations of 4.6%.
- The continued moderation in goods and food prices are putting downward pressure on headline inflation and will encourage the doves within the European Central Bank to be more vocal about cutting interest rates sooner than later.
- We expect Eurozone inflation to fall back below 2% by the middle of the year. And while the April meeting still seems too early for policy easing, it could become the first dovish hold that is laying the groundwork for a series of cuts starting in June.

Source: Convera, Macrobond – February 27, 20234

UK currency outlook

GBP volatility analysis

Realised volatility remains compressed YTD

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	23.93	24.58	23.68	24.58	23.23	3.8%	5.8%	28%	52%
GBP/NZD	2.100	2.107	2.040	2.107	2.010	3.3%	4.8%	90%	93%
GBP/CHF	1.13	1.145	1.111	1.145	1.068	3.1%	7.2%	56%	81%
GBP/JPY	190.7	193.5	187.9	193.5	178.7	3.0%	8.3%	50%	81%
GBP/NOK	13.55	13.62	13.28	13.62	12.90	2.6%	5.6%	79%	90%
GBP/USD	1.259	1.289	1.257	1.289	1.251	2.5%	3.0%	6%	21%
GBP/CNY	9.106	9.263	9.063	9.263	9.002	2.2%	2.9%	21%	40%
GBP/AUD	1.933	1.956	1.924	1.956	1.860	1.7%	5.2%	28%	76%
GBP/CAD	1.713	1.734	1.705	1.734	1.678	1.7%	3.3%	28%	63%
GBP/EUR	1.163	1.175	1.161	1.176	1.149	1.2%	2.3%	14%	52%

Source: Refinitiv, Oxford Economics, Convera – March 26, 2024

- **GBP/USD** has swung in a 2.5% range year-to-date, which is unusual as the median change between monthly highs and lows has been 4% over the past decade. In fact, GBP/USD has spent 50% of its time oscillating in a remarkably tight range of $1.26330 - $1.2727. The pair briefly hit seven-month highs just shy of $1.29 before settling back into the lower end of its one-month and YTD range nearer $1.26.
- **GBP/JPY** rose to a fresh nine-year high above ¥193.00 after the dovish BoJ hike, but reversed course and sits bang in the middle of its one-month range. The pair has risen by an incredible 65% since September 2019 when it was trading down at ¥126.00.
- **GBP/EUR** continues to struggle above €1.17 and remains trapped in a very tight 2.3% range YTD, swinging just 1.2% in March. With one- and three-month implied volatility at 17-year lows, markets aren't expecting any major shifts in either direction in April or Q2.
- **GBP/CHF** climbed to its highest level in almost a year, above the Fr1.14 handle after the SNB's surprise rate cut in March. Moreover, in this period of low volatility, the popular carry trade – selling a low-yielding currency for a higher yielder – is benefiting the pound against the franc.

GBP value indicator

GBP/JPY is an eye-popping 23% above its five-year average

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

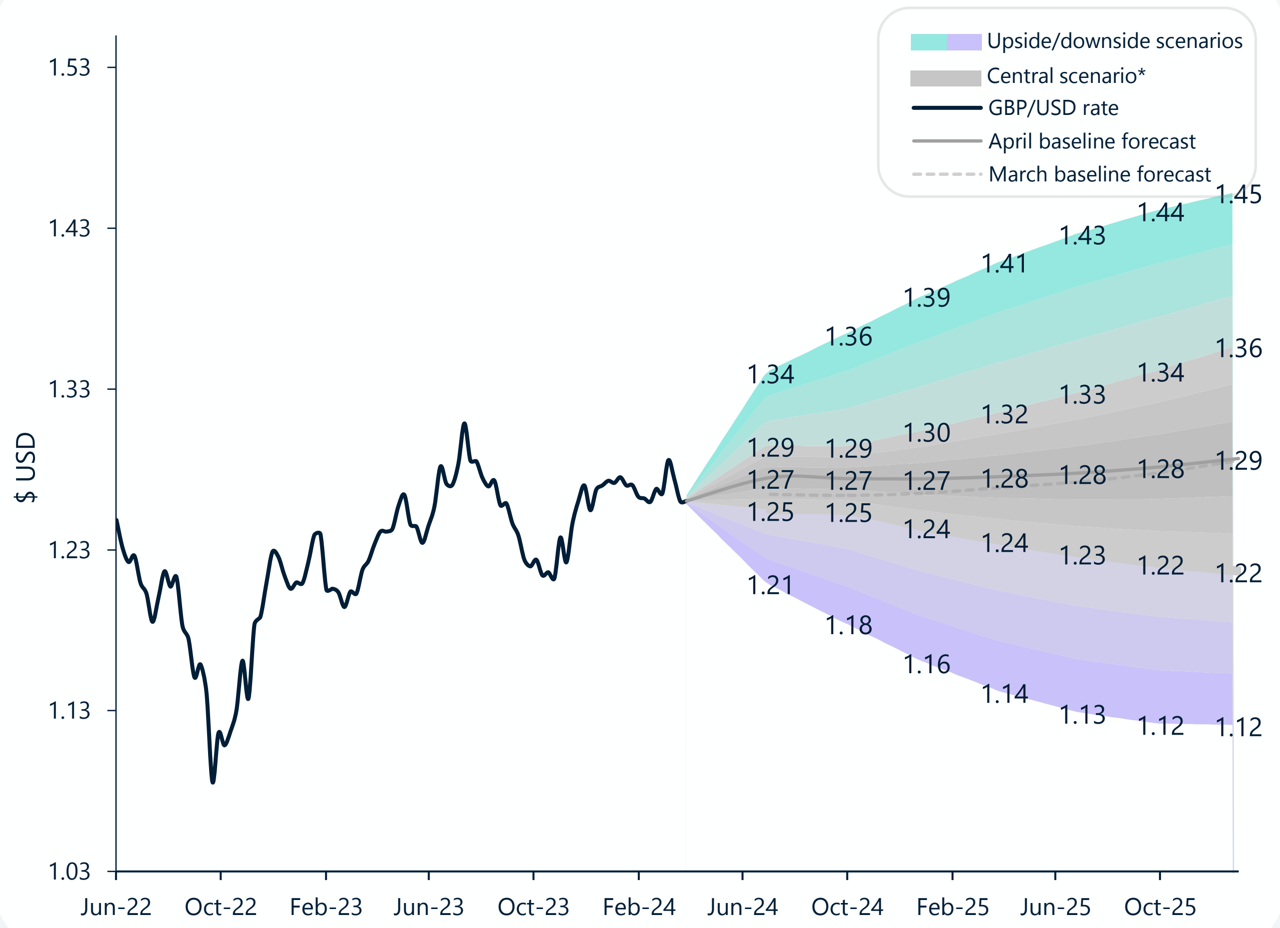
Appreciation Depreciation

	Spot (As of 25.03.2024)	Spot vs YTD average	1-year average	2-year average	5-year average
GBP/CHF	1.13	2.3% Avg.: 1.105	1.5% Avg.: 1.112	-0.2% Avg.: 1.132	-5.5% Avg.: 1.196
GBP/NZD	2.100	1.7% Avg.: 2.065	2.0% Avg.: 2.057	5.3% Avg.: 1.994	6.4% Avg.: 1.972
GBP/JPY	190.7	1.5% Avg.: 187.8	5.4% Avg.: 181.0	10.8% Avg.: 172.0	23.2% Avg.: 154.8
GBP/AUD	1.933	0.3% Avg.: 1.926	1.3% Avg.: 1.908	5.4% Avg.: 1.834	5.0% Avg.: 1.841
GBP/CAD	1.713	0.3% Avg.: 1.708	1.1% Avg.: 1.693	4.2% Avg.: 1.643	1.7% Avg.: 1.683
GBP/CNY	9.106	-0.1% Avg.: 9.117	1.2% Avg.: 8.995	5.5% Avg.: 8.627	4.1% Avg.: 8.749
GBP/EUR	1.163	-0.4% Avg.: 1.167	0.5% Avg.: 1.157	0.4% Avg.: 1.158	1.0% Avg.: 1.151
GBP/USD	1.259	-0.8% Avg.: 1.268	0.2% Avg.: 1.256	2.2% Avg.: 1.231	-1.8% Avg.: 1.281

- The **British pound** appreciated against 40% of its global peers in March and has appreciated against almost 70% of its peers so far this year.
- However, with UK inflation fast-approaching the BoE's 2% target, and early rate cuts being priced in by markets, sterling has lost some of its yield appeal.
- **GBP/USD** has moved back below its YTD average due to UK-US yield spreads falling to one-year lows. But the currency pair remains more than 2% above its two-year average of $1.23.
- **GBP/EUR** remains neutrally positioned in general given economic and policy similarities between the UK and Eurozone. The pair stands 0.4% below its YTD average and 0.5% above its one- and two-year averages. From a wider lens though, sterling is 1% above its five-year average of €1.15.
- **GBP/CHF** has moved to the top of the pack - However, at -5.5% below its five-year average, the pound is still heavily undervalued versus its European peer, signaling room for more uplift this year.

Note: YTD average refers to the following time periods: 01.01.2024 - 25.03.2024; 1Y: 24.03.2023 - 25.03.2024; 2Y: 25.03.2022 - 25.03.2024; 5Y: 27.03.2019 - 25.03.2024.
Table sources: Refinitiv, Convera – March 25, 2024

GBP/USD future scenarios



Upside scenario: Global recovery

- UK economic recovery gathers pace, and the BoE keeps interest rates elevated, whilst US economy underperforms and the Fed cuts rates.
- Geopolitical risks recede and China's growth outlook improves, fueling increased demand for riskier assets and hurting the safe haven USD.

Central scenario: interest rate differential

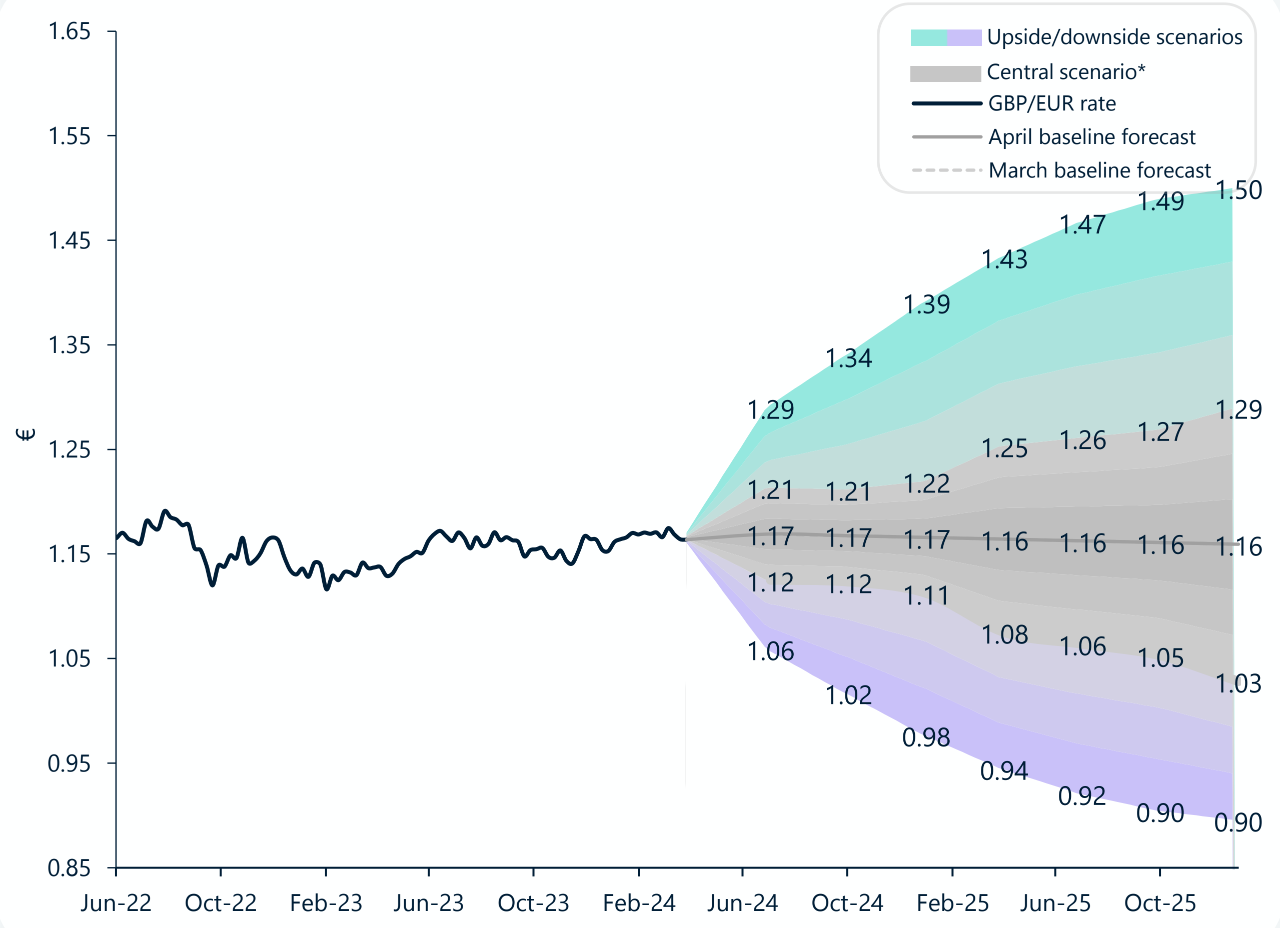
- A stronger UK economy and sticky inflation puts pressure on BoE to keep rates high, widening the UK-US rate differential and supporting the pound.
- However, higher rates also increase recession risks, which keeps investors at bay from betting too heavily on the pound appreciating.

Downside scenario: UK suffers deep recession

- Tighter credit conditions weigh on global economic growth, the housing market tumbles, and the safe haven dollar outperforms the "riskier" pound.
- BoE forced to cut interest rates as UK falls into recession, hurting the pound, whilst geopolitical risks inflate safe haven US dollar demand.

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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)

GBP/EUR future scenarios



Upside scenario: Global recovery

- BoE keeps interest rates high for longer amid sticky inflation, whilst ECB is forced to cut rates sooner amid disinflationary impulse accelerating.
- Meanwhile, the Eurozone suffers a deeper recession, whilst the UK economy continues to surprise stronger than expected.

Central scenario: interest rate differential

- Sticky inflation pressures the BoE to keep rates high, widening the UK-EU rate differential and supporting the pound, but recession risks start rising.
- Moreover, risk of hawkish ECB talk, coupled with stronger economic data could delay ECB rate cuts, boosting demand for the euro.

Downside scenario: Global banking crisis

- Tighter credit conditions globally weigh on global economic growth, the housing market tumbles, and the "riskier" pound is sold across the board.
- BoE fails to keep up with market rate expectations and is forced to cut rates, hurting the pound, whilst EZ economy recovers quicker and boosts EUR.

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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
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EU currency outlook

EUR volatility analysis

Euro outperforms low-yielding currencies JPY and CHF

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/NZD	1.802	1.805	1.744	1.805	1.739	3.5%	3.8%	95%	95%
EUR/JPY	163.6	165.3	160.2	165.3	155.0	3.2%	6.6%	67%	83%
EUR/NOK	11.60	11.65	11.31	11.65	11.18	3.0%	4.2%	85%	89%
EUR/CHF	0.969	0.978	0.951	0.978	0.926	2.8%	5.6%	67%	83%
EUR/SEK	11.39	11.44	11.13	11.44	11.08	2.8%	3.2%	84%	86%
EUR/CNY	7.811	7.883	7.712	7.883	7.691	2.2%	2.5%	58%	63%
EUR/AUD	1.658	1.674	1.643	1.674	1.612	1.9%	3.8%	48%	74%
EUR/USD	1.080	1.098	1.079	1.104	1.069	1.8%	3.3%	5%	31%
EUR/CAD	1.470	1.477	1.457	1.477	1.446	1.4%	2.1%	65%	77%
EUR/GBP	0.857	0.860	0.850	0.868	0.849	1.2%	2.2%	70%	42%

Source: Refinitiv, Oxford Economics, Convera – March 26, 2024

- The euro is on track to close the month ≈1.0% higher against the basket of G10 peers.
- **EUR/NZD** climbs to a four-month high on dovish RBZ repricing. The pair is currently trading at the top of its short terms, 30-day and YTD- trading ranges. However, by historical standards, EUR/NZD one-month option vols remains close to four-and-half-year lows.
- **EUR/JPY** reached a 16-year high of ¥165.35 as Japan ends the world's last negative rates, with the first hike in 17-years. Among the G10 peers, the pair has the largest YTD volatility and continues to trade in the upper 2024 quintile.
- Norway's central bank kept its benchmark interest rate unchanged at a 16-year high of 4.50%, signaling intentions to cut only once by year end. **EUR/NOK** remains near four-month highs as the core inflation in Norway remains almost double the rate observed across the common bloc.
- **EUR/USD** has entered a bearish trend since the beginning of March and is trading near the bottom of its 30-day trading range as ECB is penciling in 100bps worth of cuts by year-end, compared to Fed's 75bps.

EUR value indicator

EUR/USD underperforms as ECB easing looms

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

Appreciation Depreciation

	Spot (As of 25.03.2024)	Spot vs YTD average	1-year average	2-year average	5-year average
EUR/CHF	0.969	2.4% Avg.: 0.946	0.8% Avg.: 0.961	-0.9% Avg.: 0.977	-6.8% Avg.: 1.039
EUR/NZD	1.802	1.9% Avg.: 1.768	1.4% Avg.: 1.777	4.7% Avg.: 1.721	5.1% Avg.: 1.714
EUR/JPY	163.6	1.7% Avg.: 160.8	4.7% Avg.: 156.2	10.1% Avg.: 148.5	21.8% Avg.: 134.3
EUR/AUD	1.658	0.5% Avg.: 1.649	0.6% Avg.: 1.647	4.7% Avg.: 1.583	3.6% Avg.: 1.599
EUR/CAD	1.470	0.5% Avg.: 1.463	0.5% Avg.: 1.462	3.6% Avg.: 1.418	0.5% Avg.: 1.463
EUR/GBP	0.857	0.1% Avg.: 0.856	-0.7% Avg.: 0.863	-0.7% Avg.: 0.863	-1.4% Avg.: 0.868
EUR/CNY	7.811	0.1% Avg.: 7.801	0.6% Avg.: 7.764	4.9% Avg.: 7.446	2.8% Avg.: 7.599
EUR/USD	1.080	-0.6% Avg.: 1.086	-0.4% Avg.: 1.084	1.6% Avg.: 1.063	-3.0% Avg.: 1.113

- **EUR/CHF** overtakes EUR/JPY for the top spot at the table, as the pair is more than 2% above its YTD average. EUR/CHF rallied to a seven-month high of CHF0.9787 as SNB cut its main policy rate by 25bps, the first G10 central bank to kick off the monetary policy easing cycle.
- **EUR/NZD** remains above its short- and long-term averages as New Zealand's economy unexpectedly contracted in the fourth quarter, putting the country into a technical recession. Markets brought forward rate cut expectations from the Reserve Bank of New Zealand, now seeing a 55% chance of a move in July. A 25bps RBNZ rate cut is also fully priced in for August.
- **EUR/JPY** remains at the top of the table, positioned near its 16-year high and over 21% above its five-year average. BoJ officials warned against speculative moves in the forex market, signalling a possible intervention.
- **EUR/USD** underperforms on an average YTD, one- and five- basis as recent data supports an ECB rate cut in June. Meanwhile, the Fed does not appear to be any closer to cutting rates than it was back in January.

Note: YTD average refers to the following time periods: 01.01.2024 - 25.03.2024; 1Y: 24.03.2023 - 25.03.2024; 2Y: 25.03.2022 - 25.03.2024; 5Y: 27.03.2019 - 25.03.2024.
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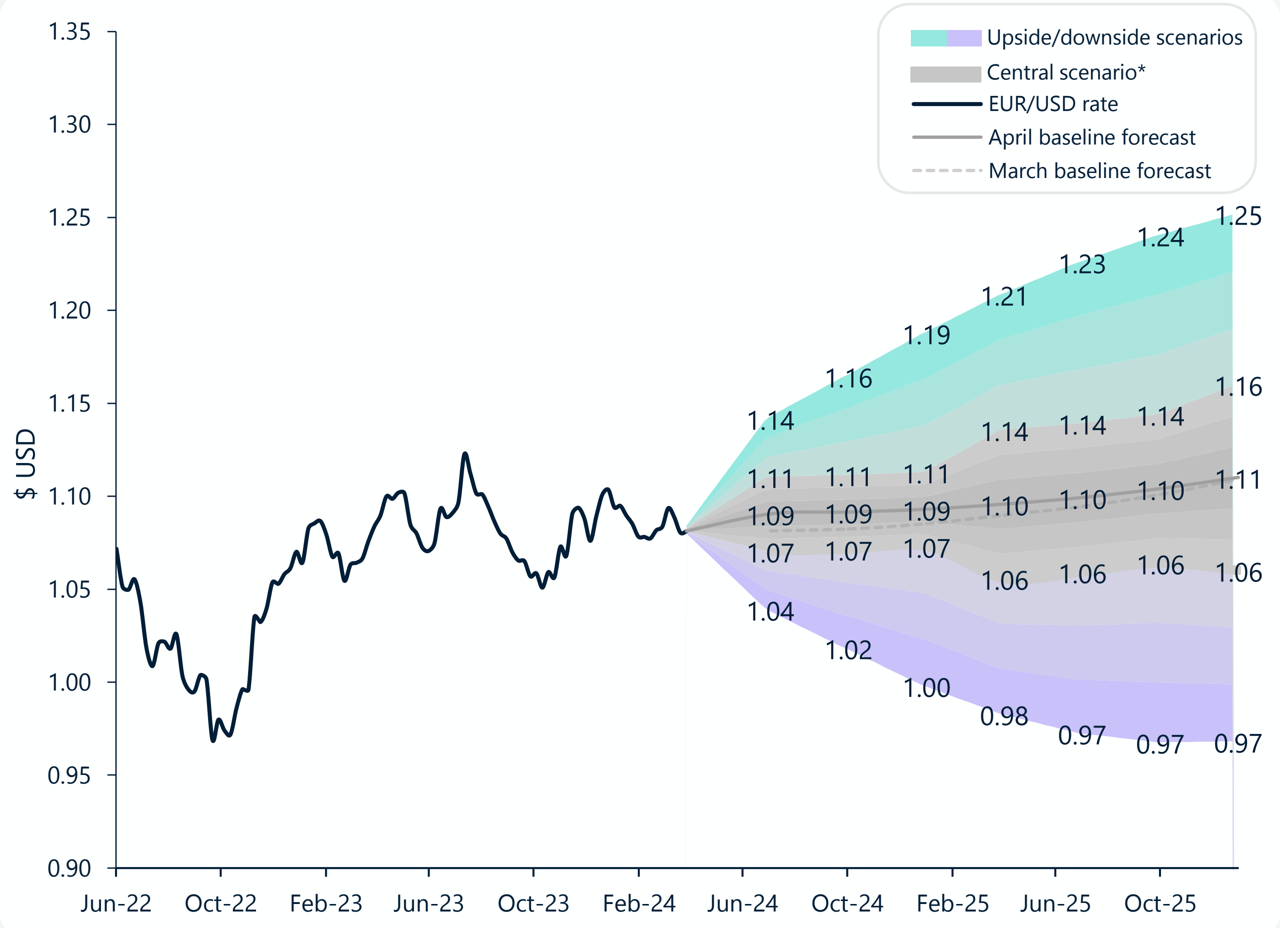
EUR/USD future scenarios



Upside scenario: Global recovery

- Global economic growth outlook improves. Renewed risk sentiment supports the euro over the dollar.
- Fed forced to cut rates in 2024 H1 as US labour markets weakens unexpectedly. Narrowing US-EZ yield spreads reduce the dollar's interest rate advantage.

Central scenario: interest rate differential

- ECB and Fed keep interest rates elevated throughout H1 2024 to ensure inflation is contained.
- Eurozone economic growth starts the year sluggishly, dragged by poor performance from Germany. US activity data starts to dwindle.

Downside scenario: US inflation proves stubborn

- ECB cuts policy rates as disinflation trend continues and wage growth pressures continue to ease.
- Fed hold rates higher for longer as fifth consecutive inflation print came in hotter-than-expected. Higher long-term dot plot fuels fresh dollar buying.

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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
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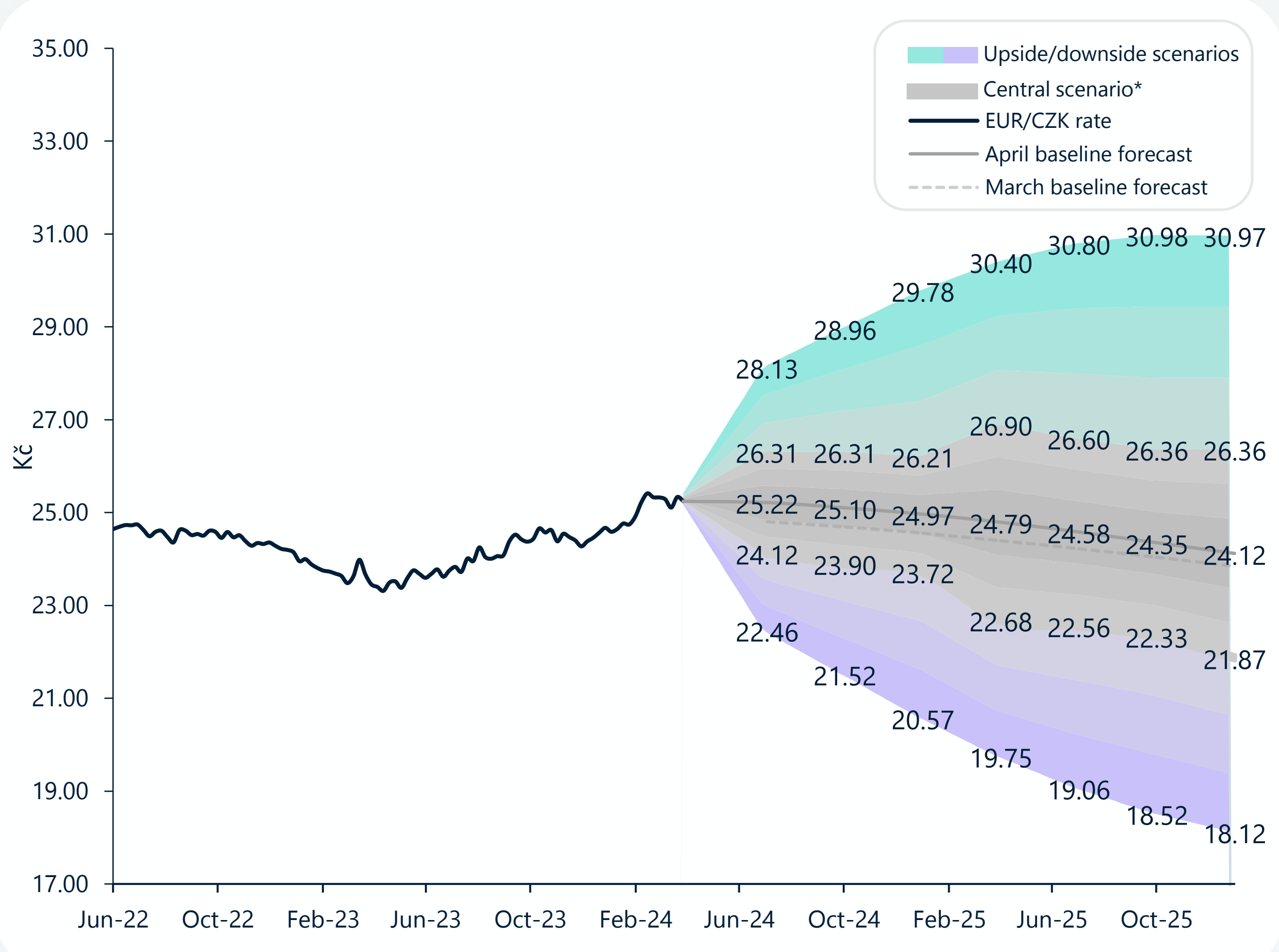
EUR/CZK future scenarios



Upside scenario: EZ labour cost presumes reaccelerate

- With the latest Czech inflation rate at 2% y/y, the CNB pace of rate cuts accelerates from now on. Narrowing rate differential benefits the euro.
- May's wage date shows a reacceleration in labour cost pressures, delaying ECB easing cycle.

Central scenario: CZ steady economic recovery

- The appreciation of the crown will be supported by slow interest rate cuts and a steady economic recovery.
- EUR/CZK oscillates in the CZK23.70 – CZK26.30 range until year-end.

Downside scenario: CNB turns hawkish

- ECB cuts policy rates as disinflation trend continues and wage growth pressures ease.
- Weaker CZK and continuing high services inflation turns CNB more hawkish, with the central bank pausing its cutting cycle.

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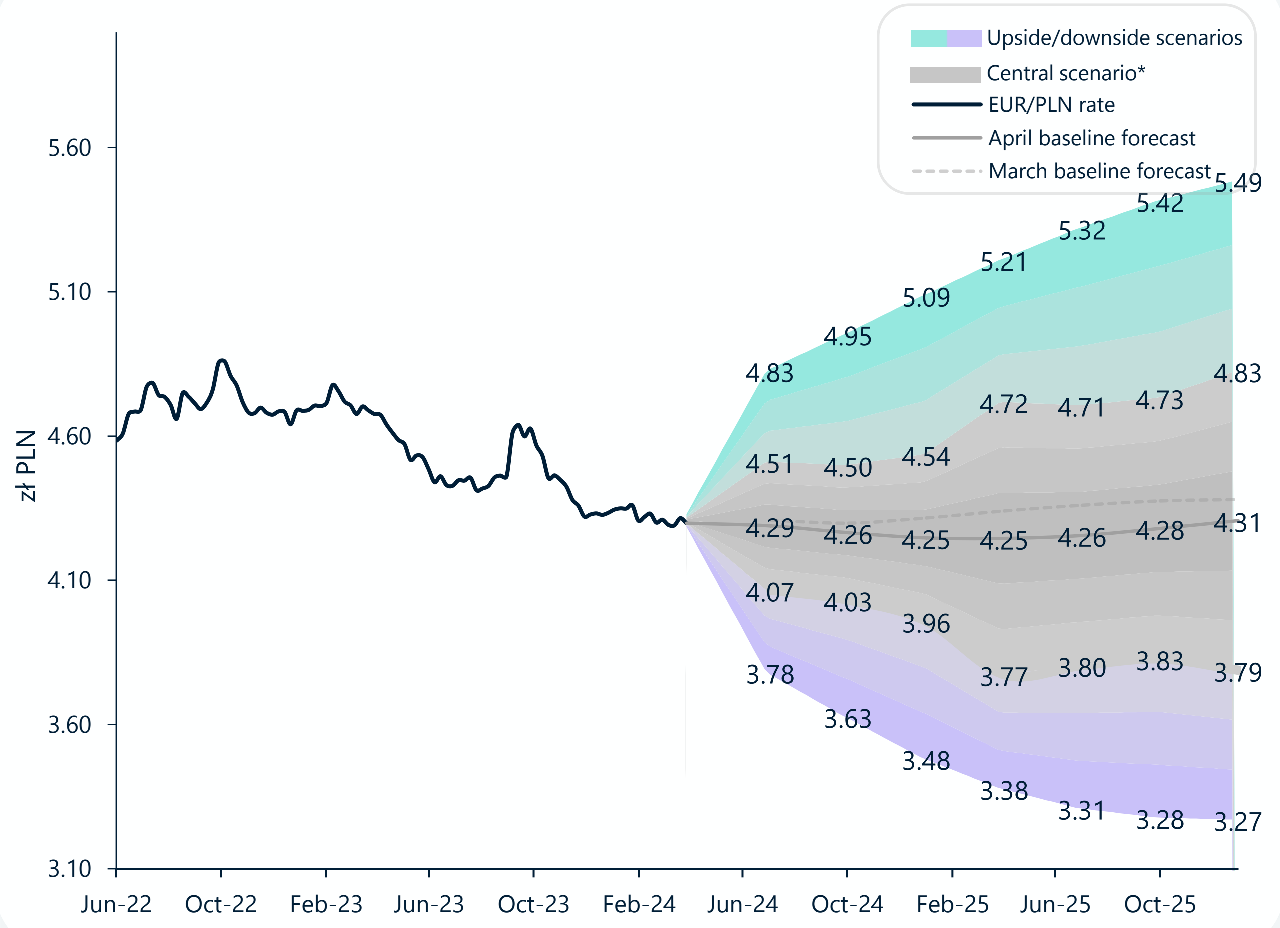
EUR/PLN future scenarios



Upside scenario: Rising political uncertainty

- Rising political uncertainties cast a negative bias on Polish zloty.
- May's wage date shows a reacceleration in labor cost pressures, delaying ECB easing cycle.

Central scenario: NBP remains hawkish

- Interest rates in Poland remain steady compared to cuts in the rest of the CEE. Zloty supported by slow interest rate cut trajectory.
- Polish economy outperforms the Eurozone. Zloty benefits from favorable growth differential.

Downside scenario: ECB cuts rates

- ECB cuts policy rates as disinflation trend continues and wage growth pressures ease.
- Polish zloty climbs while ECB interest rate cuts undermine EUR.

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APAC currency outlook

APAC volatility analysis

Kiwi and Aussie currencies bear brunt of growth fears

Chart: APAC 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
NZD/USD	0.598	0.621	0.598	0.632	0.598	3.8%	5.7%	0%	0%
NZD/EUR	0.553	0.573	0.553	0.574	0.553	3.6%	3.8%	0%	0%
AUD/JPY	98.63	100.1	96.85	100.1	95.35	3.4%	5.0%	55%	69%
NZD/AUD	0.918	0.945	0.916	0.945	0.916	3.2%	3.2%	7%	7%
AUD/USD	0.651	0.666	0.647	0.683	0.644	2.9%	6.1%	21%	18%
AUD/CNY	4.707	4.792	4.661	4.874	4.632	2.8%	5.2%	35%	31%
AUD/EUR	0.602	0.608	0.596	0.619	0.596	2.0%	3.9%	50%	26%
USD/SGD	1.348	1.350	1.326	1.352	1.318	1.8%	2.6%	92%	88%
AUD/GBP	0.516	0.519	0.510	0.537	0.510	1.8%	5.3%	67%	22%
USD/CNY	7.207	7.229	7.171	7.229	7.107	0.8%	1.7%	62%	82%

Source: Refinitiv, Oxford Economics, Convera – March 26, 2024

- The **NZD/USD** experienced the highest 30-day volatility of 3.8% as slower global growth prospects continued to pressure the commodity-linked **NZD** against the safe-haven **USD**
- The **NZD/EUR** cross saw the second-highest 30-day volatility at 3.6%, as NZ slipped into technical recession.
- The **AUD/JPY** ranked third in volatility at 3.4%, driven by big moves from central banks. The RBA's shifted to a neutral while the BoJ exited from negative interest rates.
- Volatility in the **NZD/AUD** cross-rate eased to 3.2% as the interest rate differential between the RBA and RBNZ narrowed.
- The **AUD/USD** saw 2.9% 30-day volatility, with the Aussie weighed down by the faltering global outlook while the Fed said it remained open to cutting interest rates this year.

convera

APAC value indicator

Aussie loses shine against both G10 and EM currencies

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

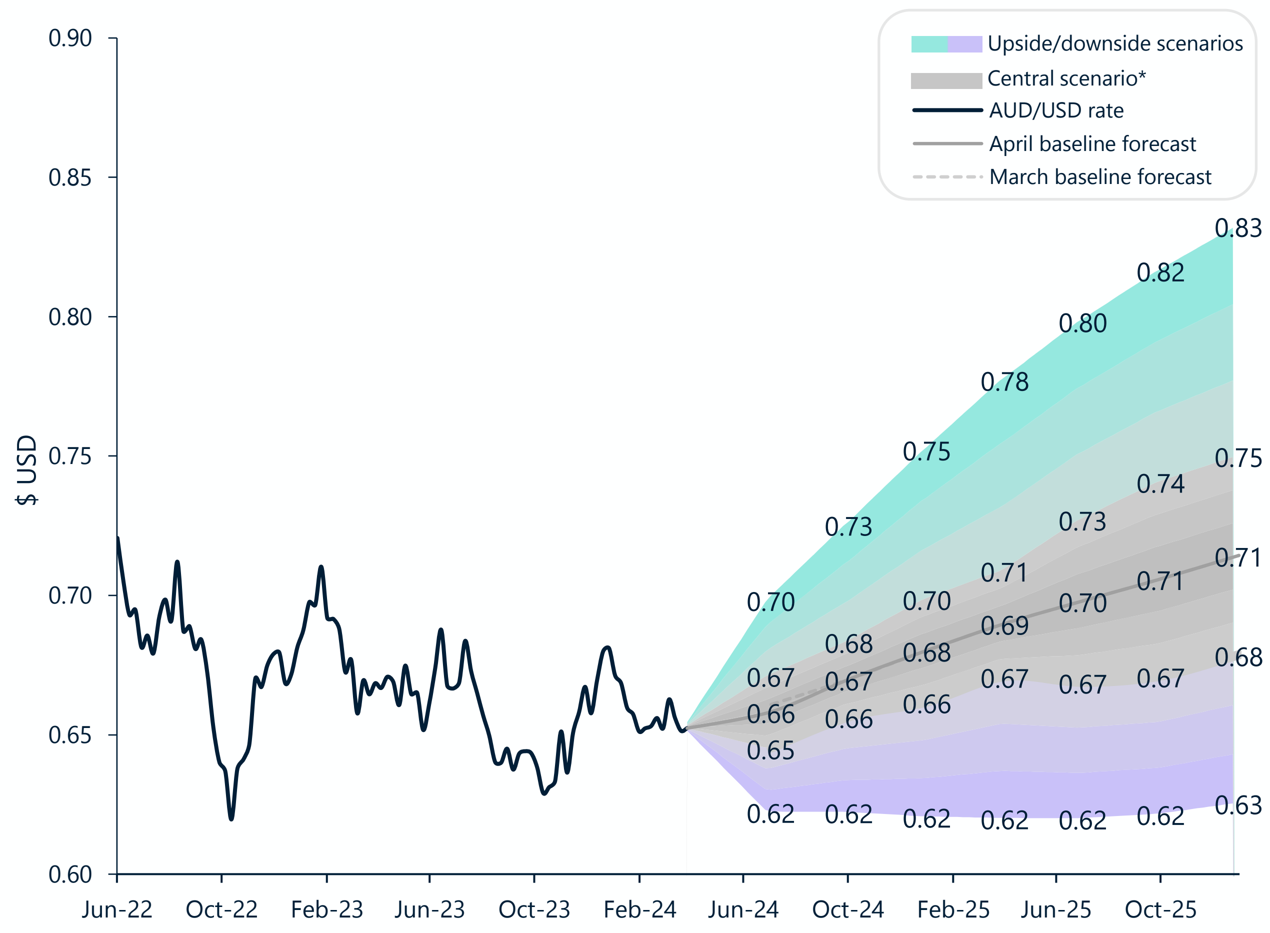
Appreciation Depreciation

	Spot (As of 25.03.2024)	Spot vs YTD average	Spot vs 1-year average	Spot vs 2-year average	Spot vs 5-year average
AUD/NZD	1.084	1.2% Avg.: 1.071	0.6% Avg.: 1.077	-0.3% Avg.: 1.087	1.2% Avg.: 1.071
AUD/JPY	98.63	1.2% Avg.: 97.47	4.0% Avg.: 94.79	5.2% Avg.: 93.74	17.3% Avg.: 84.11
AUD/CAD	0.886	-0.1% Avg.: 0.886	-0.1% Avg.: 0.887	-1.1% Avg.: 0.896	-3.1% Avg.: 0.914
AUD/SGD	0.878	-0.4% Avg.: 0.881	-0.7% Avg.: 0.884	-3.9% Avg.: 0.913	-7.3% Avg.: 0.947
AUD/GBP	0.516	-0.5% Avg.: 0.518	-1.5% Avg.: 0.523	-5.5% Avg.: 0.545	-5.1% Avg.: 0.543
AUD/CNY	4.707	-0.5% Avg.: 4.728	-0.1% Avg.: 4.710	0.2% Avg.: 4.699	-0.9% Avg.: 4.750
AUD/EUR	0.602	-0.6% Avg.: 0.605	-0.7% Avg.: 0.606	-4.8% Avg.: 0.632	-3.8% Avg.: 0.625
AUD/USD	0.651	-1.1% Avg.: 0.658	-1.1% Avg.: 0.658	-3.1% Avg.: 0.672	-6.5% Avg.: 0.696

Note: YTD average refers to the following time periods: 01.01.2024 - 25.03.2024; 1Y: 24.03.2023 - 25.03.2024; 2Y: 25.03.2022 - 25.03.2024; 5Y: 27.03.2019 - 25.03.2024.
Table sources: Refinitiv, Convera – March 25, 2024

- The **AUD** remains under pressure against most G10 currencies as China growth worries persist.
- The **AUD/JPY** climbed to multi-year highs, but gains may be capped as the Bank of Japan exits ultra-loose policy, ending its negative interest rate policy in March 2024.
- The **AUD/EUR** remains 4.8% below its two-year average, weighed down by tepid global demand and helped by the euro's relative strength.
- The **AUD/USD** trades 3.1% weaker than its two-year mean as the US dollar's haven appeal persists amid the uncertain global backdrop.
- The **AUD/GBP** is 5.5% below its two-year average, with the British pound holding steady as the UK looks likely to emerge from its technical recession.
- Versus EM currencies like the **CNY**, the **AUD** has been lackluster, with AUD/CNY just 0.2% firmer than its two-year mean as global headwinds dominate.

AUD/USD future scenarios



Upside scenario: Higher RBA's terminal rate

- The Australian government might cause the RBA to raise rates further if it introduces additional significant fiscal easing.
- US inflation slows down faster than anticipated, lowering expectations for terminal rates, and boosting risk assets like the AUD.

Central scenario: RBA's resistance to rate cuts

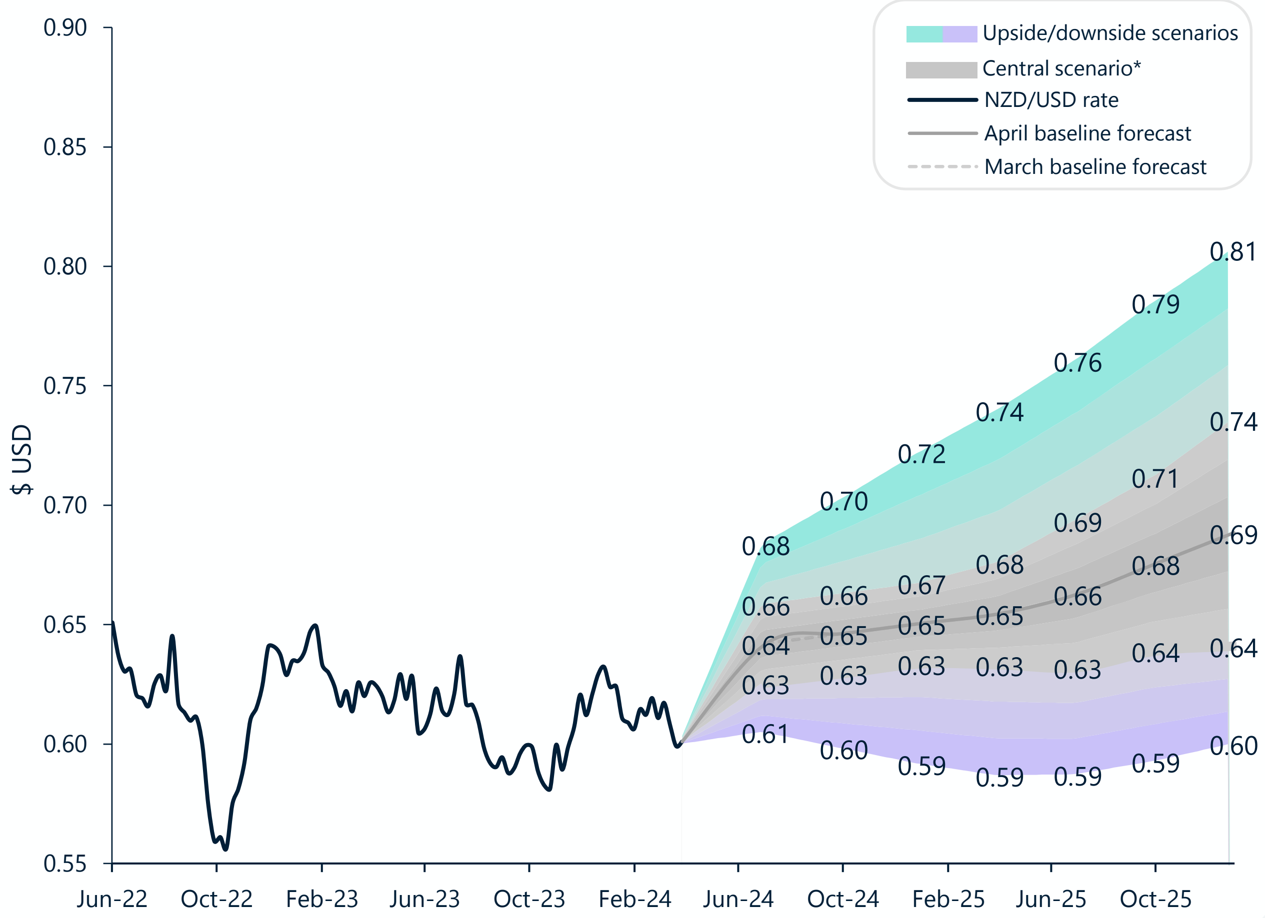
- The Australian dollar might rise in response to the Reserve Bank of Australia's resistance to a worldwide cycle of rate cuts
- Although the RBA may hold steady in coming meetings, US rates are likely to remain above Australian rates, capping growth in the AUD/USD.

Downside scenario: Financial system stress

- The regional financial system could see stress due to structural problems in Chinese real estate that turn into a bigger shock.
- The AUD is susceptible to global banking system dysfunction and tighter global policy.

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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)

NZD/USD future scenarios



Upside scenario: Higher local asset returns

- A more ambitious agenda of tax cuts and deregulation, which increase local asset returns, is advanced by the new government.
- Firmer export prices for New Zealand are supported by a shift in China's strategy to encourage households.

Central scenario: NZD susceptible to risk-off events

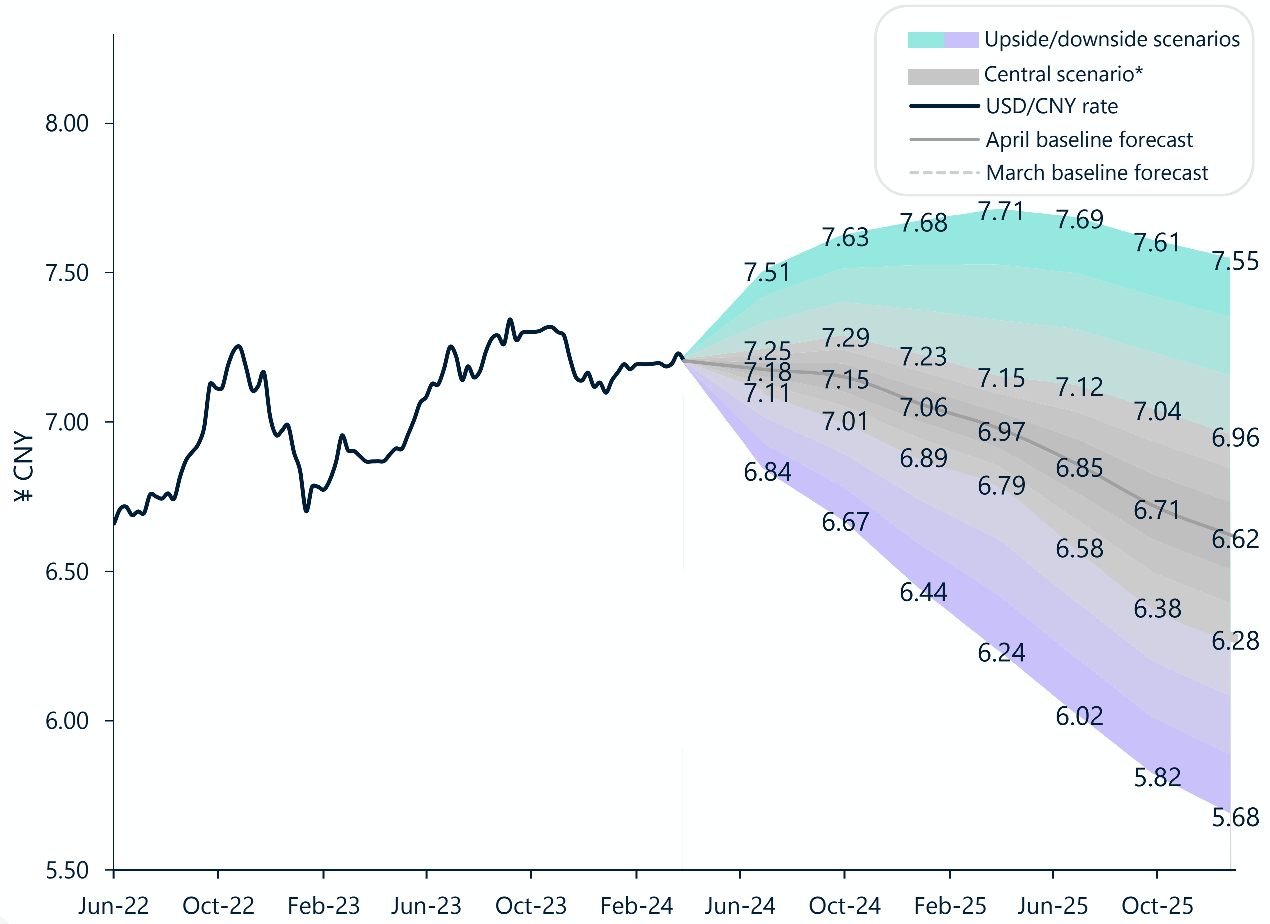
- NZD is still susceptible to any global risk-off events, even if China surprises to the upside.
- A slowdown in growth means commodities remain under pressure with dairy prices key for NZD.

Downside scenario: More aggressive RBNZ easing

- Housing costs exacerbate the decline in consumption or increase in unemployment and pose a threat to the stability of the financial system.
- Despite an increasing labor supply, domestic economy is unable to recover, pushing further aggressive RBNZ easing.

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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)

USD/CNY future scenarios



Upside scenario: Housing market slump persists

- Despite recent policy easing by the PBoC, the slump in the housing market persists. Ongoing economic worries could pressure the CNY further.
- Any shift in Fed expectations – if the US central bank cuts rates by less than expected – could boost the USD.

Central scenario: China recovery improves

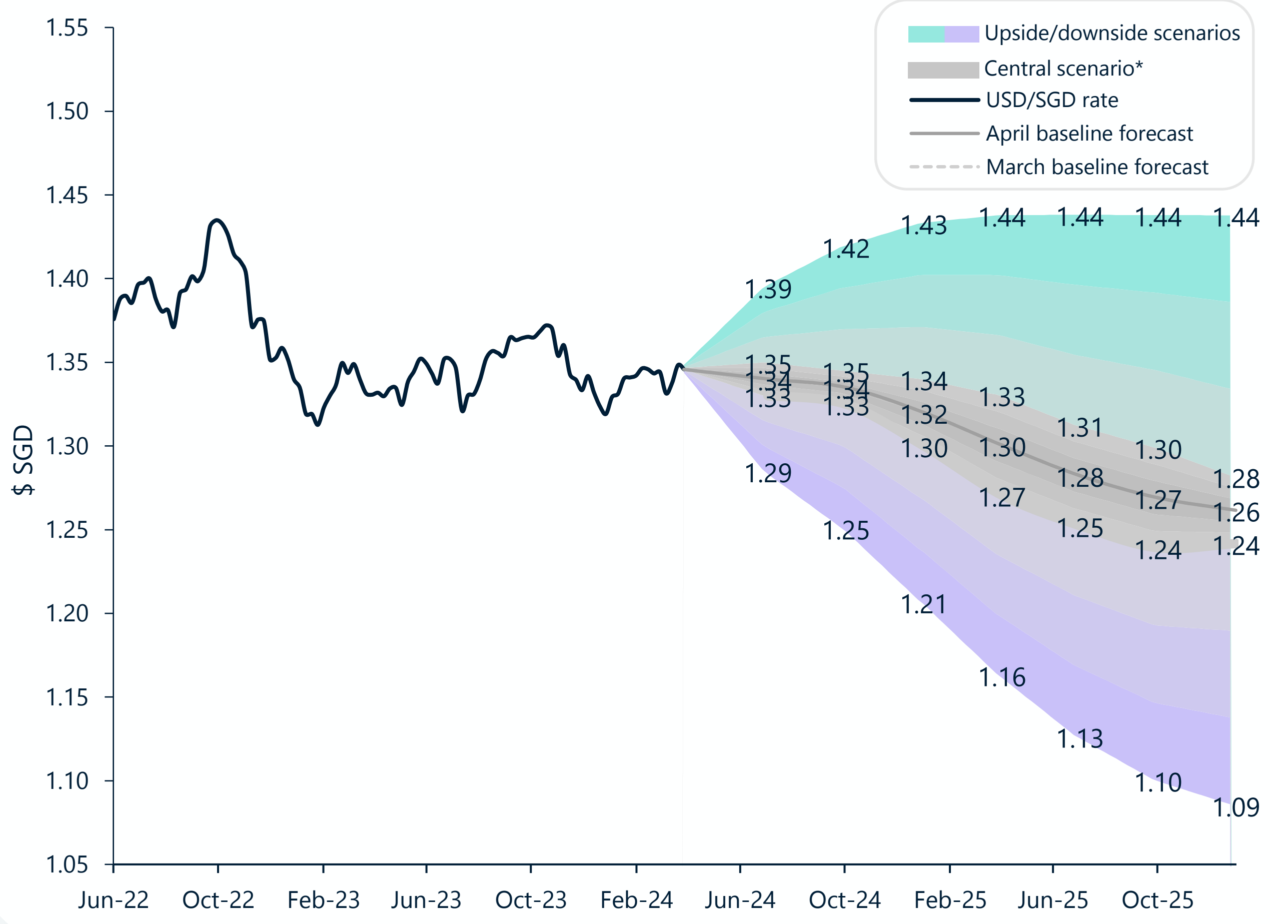
- The Chinese government's recent supportive action to the local economy could see the CNY strengthen.
- Once the Fed confirms a cut in rates, the US dollar might ease.

Downside scenario: Larger-than-expected stimulus from PBoC

- Larger-than-expected stimulus from PBoC
- The USD could fall if the Federal Reserve is forced to cut official interest rates to support the US economy.

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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)

USD/SGD future scenarios



Upside scenario: Global sell-off hits risk

- US equities could turn from higher levels, causing safe-haven FX like the US dollar to gain.
- SGD NEER trades in the top half of the band and pose downside risks to SGD.

Central scenario: Global growth remains underwhelming

- Global trade is likely disappointing as Chinese growth remains sluggish, keeping the USD/SGD near recent highs.
- The USD stays relatively strong as the Fed maintains higher rates.

Downside scenario: Fed cuts – and fast

- USD might weaken if the Fed is forced to cut official interest rates as the US economy slows.
- An improving global growth outlook could help trade – and the SGD.

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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)

NAM currency outlook

NAM volatility analysis

USD gains as other central banks turn dovish

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

Increasing volatility

	Spot	High	Low	High	Low	Trading range		Position within the range	
		30D		YTD		30D	YTD	30D	YTD
NZD/USD	0.598	0.621	0.598	0.632	0.598	3.8%	5.7%	0%	0%
USD/JPY	151.4	151.8	146.4	151.8	140.8	3.7%	7.8%	93%	96%
USD/CHF	0.897	0.902	0.872	0.902	0.839	3.4%	7.5%	83%	92%
USD/MXN	16.75	17.16	16.64	17.39	16.64	3.1%	4.5%	21%	15%
AUD/USD	0.651	0.666	0.647	0.683	0.644	2.9%	6.1%	21%	18%
GBP/USD	1.259	1.289	1.257	1.289	1.251	2.5%	3.0%	6%	21%
EUR/USD	1.080	1.098	1.079	1.104	1.069	1.8%	3.3%	5%	31%
USD/CAD	1.359	1.361	1.341	1.361	1.322	1.5%	3.0%	90%	95%
EUR/CAD	1.470	1.477	1.457	1.477	1.446	1.4%	2.1%	65%	77%
USD/CNY	7.207	7.229	7.171	7.229	7.107	0.8%	1.7%	62%	82%

Source: Refinitiv, Oxford Economics, Convera – March 26, 2024

- **NZD/USD** dropped to around $0.60, sliding to its lowest levels in four-months as the US dollar rebounded on growing expectations that interest rates could remain higher for longer in the US even as they start coming down in other major economies. Meanwhile, the New Zealand economy registered a technical recession.
- **USD/JPY** was the second most volatile currency on the list over the past 30-days, having deviated 3.7% between the period's high and low values. The BoJ raised its key short-term interest rate to around 0% to 0.1% from -0.1%, the first-rate hike in Japan since 2007, as inflation had exceeded the central bank's 2% target in over a year. With rates still stuck around zero, the yen remains a funding currency has weakened across the board with USD/JPY reclaiming the ¥150 handle.
- **USD/CHF** has swung close to 8% over the course of 2024 as SNB cut is main policy rate by 25bps, the first G10 central bank to kick off the monetary policy easing cycle.
- **USD/CAD** volatility remains largely subdued, with the 30-day trading range at 1.5%. In fact, pair's 1one-month option vols remains close to four-year lows.

NAM value indicator

JPY most overvalued despite's BoJ's historic rate hike

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

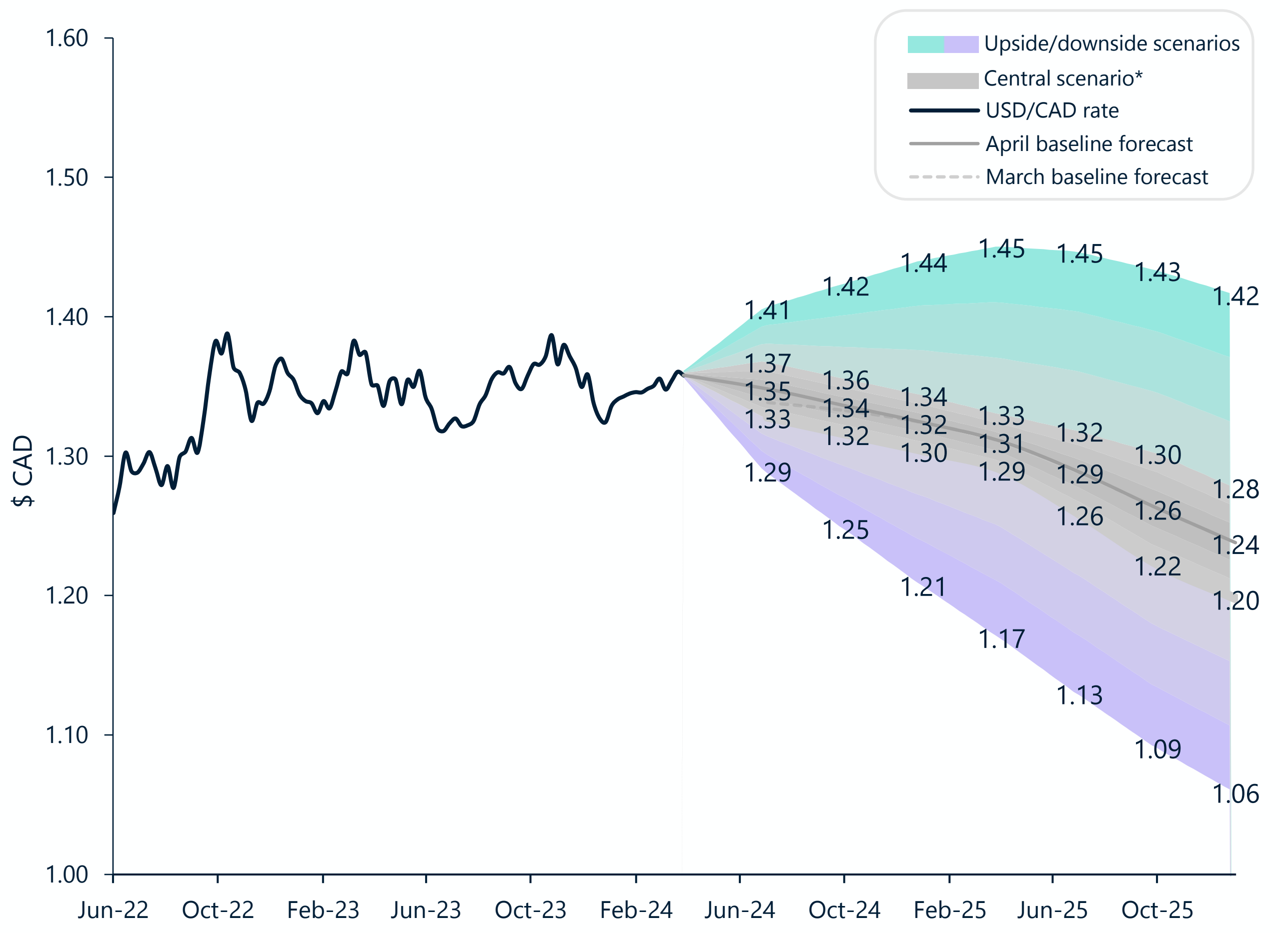
Appreciation Depreciation

	Spot (As of 25.03.2024)	Spot vs			
		YTD average	1-year average	2-year average	5-year average
USD/JPY	151.4	2.3% Avg.: 148.0	5.1% Avg.: 144.0	8.4% Avg.: 139.6	24.9% Avg.: 121.2
USD/CAD	1.359	0.9% Avg.: 1.346	0.8% Avg.: 1.348	1.8% Avg.: 1.334	3.3% Avg.: 1.315
EUR/CAD	1.470	0.5% Avg.: 1.463	0.5% Avg.: 1.462	3.6% Avg.: 1.418	0.5% Avg.: 1.463
EUR/USD	1.080	-0.6% Avg.: 1.086	-0.4% Avg.: 1.084	1.6% Avg.: 1.063	-3.0% Avg.: 1.113
GBP/USD	1.259	-0.8% Avg.: 1.268	0.2% Avg.: 1.256	2.2% Avg.: 1.231	-1.8% Avg.: 1.281
AUD/USD	0.651	-1.1% Avg.: 0.658	-1.1% Avg.: 0.658	-3.1% Avg.: 0.672	-6.5% Avg.: 0.696
USD/MXN	16.75	-1.5% Avg.: 16.99	-3.4% Avg.: 17.34	-9.5% Avg.: 18.51	-14.8% Avg.: 19.66
NZD/USD	0.598	-2.6% Avg.: 0.614	-2.0% Avg.: 0.610	-3.2% Avg.: 0.617	-8.0% Avg.: 0.650

- **USD/JPY** trades at four-months highs, above the ¥150 handle, as BoJ ends world's last negative rates. As the yen continues to hover near a 2022 intervention level, BoJ officials warned that the current weakening of the yen is not in line with fundamentals and is driven by speculation.
- **EUR/USD** underperforms on an average YTD, one- and five- basis as EZ Q4 2023 wage growth data comes in below expectations, while the US observes a fifth consecutive upward surprise to its inflation print. The recent data supports an ECB rate cut in June, while the Fed does not appear to be any closer to cutting rates than it was back in January.
- **USD/CAD** remains above all medium- and long-term averages as Canada's disinflation trend continues with the latest February print firmly within BoC's 1-3% inflation target range. In the short-term, we should expect to see a slowdown in the velocity of USD/CAD appreciation as it continues to test towards the elusive $1.3600 barrier, with further USD/CAD gains capped.
- Despite Banxico's 25bps cut to its overnight policy, **USD/MXN** continues to trade near the highest level since November 2015 as MXN remains in demand amid the current carry environment.

Note: YTD average refers to the following time periods: 01.01.2024 - 25.03.2024; 1Y: 24.03.2023 - 25.03.2024; 2Y: 25.03.2022 - 25.03.2024; 5Y: 27.03.2019 - 25.03.2024.
Table sources: Refinitiv, Convera – March 25, 2024

USD/CAD future scenarios



Upside scenario: Canada's inflation falls, BoC cuts

- Canda's disinflation trend continues, from the current rate of 2.8% y/y in February, prompting BoC to cut rates ahead of the Fed.
- Fifth consecutive US inflation print came in hotter-than-expected. FOMC revises the long-term dot plot higher.

Central scenario: Evenly matched Fed vs BoC policies

- USD/CAD oscillates in the $1.3100 - $1.3600 range until year end amid generally similar interest rate trajectories for the US and Canadian central banks.
- BoC and Fed are both expected to cut rates in June.

Downside scenario: higher-for-longer regime

- BoC cuts in tandem with the Fed, but less aggressively. Policy rate differential tightens, supporting the Canadian dollar,
- Fed forced to cut rates as US labour markets weakens, reducing the US dollar interest rate differential advantage.

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International strategy

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 risk management tools^.

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 organizations 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.

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

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Appendix

Future scenarios

	Scenarios	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3
GBP/USD	High	1.340	1.364	1.388	1.409	1.426	1.441	1.452	1.460	1.467	1.475
	Baseline + σ	1.294	1.294	1.304	1.315	1.327	1.341	1.356	1.373	1.38	1.378
	Baseline	1.274	1.274	1.274	1.275	1.277	1.281	1.286	1.293	1.300	1.308
	Baseline - σ	1.254	1.254	1.244	1.235	1.227	1.221	1.216	1.213	1.22	1.238
	Low	1.209	1.184	1.160	1.141	1.128	1.121	1.121	1.125	1.133	1.141
GBP/EUR	High	1.290	1.339	1.390	1.433	1.467	1.489	1.500	1.499	1.494	1.490
	Baseline + σ	1.213	1.211	1.218	1.253	1.260	1.268	1.289	1.310	1.322	1.298
	Baseline	1.169	1.167	1.165	1.164	1.162	1.160	1.159	1.157	1.155	1.154
	Baseline - σ	1.124	1.122	1.111	1.074	1.063	1.051	1.028	1.003	0.987	1.009
	Low	1.059	1.017	0.976	0.944	0.920	0.904	0.895	0.893	0.893	0.893
GBP/JPY	High	210.4	211.6	211.6	212.5	213.6	214.1	213.6	212.2	210.7	209.3
	Baseline + σ	193.3	191.6	188.1	184.9	186.3	189.4	191.7	193.1	193.4	191.2
	Baseline	186.2	181.3	175.3	171.1	168.4	166.1	164.3	162.7	161.4	160.1
	Baseline - σ	179.0	170.9	162.4	157.2	150.4	142.7	136.8	132.2	129.3	128.9
	Low	163.5	153.2	142.3	134.2	128.4	124.2	121.3	119.7	118.5	117.4
GBP/CHF	High	1.237	1.284	1.339	1.384	1.413	1.430	1.438	1.437	1.433	1.429
	Baseline + σ	1.153	1.157	1.190	1.220	1.229	1.235	1.240	1.232	1.229	1.217
	Baseline	1.110	1.114	1.125	1.132	1.132	1.129	1.125	1.122	1.119	1.116
	Baseline - σ	1.066	1.070	1.059	1.043	1.034	1.022	1.009	1.011	1.008	1.014
	Low	0.990	0.956	0.929	0.905	0.882	0.863	0.851	0.846	0.843	0.840

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3
EUR/USD	High	1.141	1.164	1.187	1.208	1.225	1.240	1.252	1.260	1.268	1.276
	Baseline + σ	1.11	1.111	1.113	1.135	1.139	1.144	1.16	1.177	1.195	1.193
	Baseline	1.090	1.091	1.093	1.095	1.099	1.104	1.110	1.117	1.125	1.133
	Baseline - σ	1.07	1.071	1.073	1.055	1.059	1.064	1.06	1.057	1.055	1.073
	Low	1.039	1.018	0.998	0.982	0.972	0.967	0.968	0.973	0.982	0.990
EUR/GBP	High	0.944	0.983	1.023	1.058	1.086	1.105	1.116	1.119	1.119	1.118
	Baseline + σ	0.884	0.885	0.893	0.917	0.926	0.933	0.949	0.965	0.975	0.960
	Baseline	0.855	0.856	0.857	0.858	0.860	0.861	0.862	0.863	0.865	0.866
	Baseline - σ	0.825	0.826	0.820	0.798	0.793	0.788	0.774	0.760	0.754	0.771
	Low	0.775	0.746	0.719	0.697	0.681	0.671	0.666	0.666	0.668	0.671
EUR/CHF	High	1.054	1.097	1.145	1.186	1.214	1.230	1.239	1.240	1.239	1.237
	Baseline + σ	0.988	0.993	1.015	1.052	1.055	1.053	1.061	1.056	1.064	1.052
	Baseline	0.949	0.954	0.964	0.972	0.974	0.972	0.971	0.969	0.968	0.966
	Baseline - σ	0.909	0.914	0.912	0.891	0.892	0.890	0.880	0.881	0.871	0.879
	Low	0.850	0.822	0.799	0.779	0.760	0.745	0.735	0.732	0.731	0.729
EUR/CNY	High	8.574	8.881	9.116	9.322	9.422	9.438	9.449	9.434	9.423	9.426
	Baseline + σ	8.045	8.102	8.043	8.125	8.116	8.058	8.069	8.106	8.149	8.071
	Baseline	7.824	7.804	7.713	7.642	7.535	7.412	7.344	7.313	7.301	7.303
	Baseline - σ	7.602	7.505	7.382	7.158	6.953	6.765	6.618	6.519	6.452	6.534
	Low	7.108	6.796	6.426	6.129	5.858	5.630	5.503	5.460	5.449	5.450

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3
EUR/HUF	High	455.6	475.3	496.9	517.1	533.7	545.8	553.4	556.5	557.9	559.3
	Baseline + σ	410.7	410.0	416.6	435.1	435.4	440.9	451.1	459.2	465.4	462.7
	Baseline	394.6	392.7	392.1	392.7	393.8	394.8	395.8	396.7	397.7	398.7
	Baseline - σ	378.4	375.3	367.5	350.2	352.1	348.6	340.4	334.1	329.9	334.6
	Low	355.6	339.6	325.2	314.1	306.3	301.0	298.4	298.3	299.1	299.9
EUR/TRY	High	49.60	52.12	54.48	56.69	58.52	59.99	61.08	61.75	62.41	63.04
	Baseline + σ	38.44	42.00	43.25	44.72	45.68	46.92	48.85	50.41	51.70	52.02
	Baseline	35.99	36.72	37.23	37.71	38.18	38.68	39.18	39.69	40.18	40.68
	Baseline - σ	33.53	31.43	31.20	30.69	30.67	30.43	29.50	28.96	28.65	29.33
	Low	30.92	30.71	30.29	29.94	29.77	29.80	30.02	30.43	30.85	31.29
USD/CZK	High	24.63	24.87	25.07	25.15	25.12	24.97	24.73	24.44	24.14	23.88
	Baseline + σ	23.69	23.67	23.55	23.68	23.35	23.04	22.72	22.43	22.11	21.83
	Baseline	23.12	23.00	22.84	22.62	22.36	22.05	21.72	21.41	21.11	20.85
	Baseline - σ	22.55	22.33	22.13	21.56	21.37	21.06	20.72	20.39	20.11	19.87
	Low	21.61	21.13	20.61	20.09	19.60	19.13	18.71	18.38	18.09	17.82
USD/PLN	High	4.226	4.253	4.282	4.311	4.339	4.365	4.380	4.376	4.363	4.342
	Baseline + σ	4.062	4.047	4.075	4.154	4.13	4.136	4.159	4.172	4.168	4.148
	Baseline	3.932	3.907	3.885	3.874	3.870	3.876	3.879	3.872	3.858	3.838
	Baseline - σ	3.802	3.767	3.695	3.594	3.61	3.616	3.599	3.572	3.548	3.528
	Low	3.638	3.561	3.488	3.436	3.402	3.386	3.377	3.367	3.354	3.333

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3
AUD/USD	High	0.698	0.725	0.752	0.777	0.798	0.816	0.832	0.845	0.857	0.870
	Baseline + σ	0.671	0.682	0.698	0.708	0.727	0.739	0.749	0.770	0.779	0.783
	Baseline	0.658	0.669	0.680	0.689	0.698	0.705	0.714	0.723	0.731	0.740
	Baseline - σ	0.644	0.655	0.661	0.669	0.668	0.670	0.678	0.675	0.682	0.696
	Low	0.622	0.622	0.620	0.620	0.620	0.621	0.625	0.631	0.638	0.645
AUD/EUR	High	0.672	0.712	0.753	0.790	0.820	0.843	0.859	0.868	0.873	0.878
	Baseline + σ	0.619	0.628	0.646	0.642	0.665	0.677	0.675	0.690	0.687	0.687
	Baseline	0.603	0.613	0.622	0.629	0.635	0.639	0.643	0.647	0.650	0.653
	Baseline - σ	0.586	0.597	0.597	0.615	0.604	0.600	0.610	0.603	0.612	0.618
	Low	0.545	0.534	0.522	0.513	0.505	0.501	0.499	0.500	0.503	0.505
AUD/NZD	High	1.154	1.212	1.271	1.324	1.359	1.377	1.387	1.386	1.384	1.381
	Baseline + σ	1.072	1.084	1.101	1.118	1.148	1.155	1.163	1.181	1.177	1.155
	Baseline	1.025	1.036	1.045	1.054	1.053	1.045	1.037	1.030	1.024	1.017
	Baseline - σ	0.977	0.987	0.988	0.989	0.957	0.934	0.910	0.878	0.870	0.878
	Low	0.910	0.885	0.859	0.838	0.815	0.792	0.775	0.763	0.755	0.746
AUD/CNY	High	5.245	5.532	5.775	5.996	6.136	6.213	6.283	6.328	6.369	6.423
	Baseline + σ	4.863	4.981	5.050	5.072	5.181	5.217	5.217	5.301	5.318	5.307
	Baseline	4.723	4.790	4.801	4.812	4.785	4.739	4.726	4.732	4.748	4.773
	Baseline - σ	4.582	4.598	4.551	4.551	4.388	4.260	4.234	4.162	4.177	4.238
	Low	4.258	4.153	3.997	3.867	3.735	3.617	3.556	3.540	3.541	3.550

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3
USD/CAD	High	1.406	1.423	1.440	1.450	1.446	1.433	1.416	1.396	1.378	1.366
	Baseline + σ	1.368	1.356	1.344	1.33	1.318	1.302	1.277	1.265	1.248	1.236
	Baseline	1.348	1.336	1.324	1.310	1.288	1.262	1.237	1.215	1.198	1.186
	Baseline - σ	1.328	1.316	1.304	1.29	1.258	1.222	1.197	1.165	1.148	1.136
	Low	1.289	1.248	1.207	1.170	1.130	1.091	1.059	1.035	1.018	1.006
USD/MXN	High	19.22	20.10	21.03	21.89	22.62	23.18	23.59	23.83	23.99	24.12
	Baseline + σ	17.81	18.3	19.11	19.88	20.37	20.8	21.04	21.22	21.36	21.67
	Baseline	17.41	17.79	18.22	18.65	19.03	19.36	19.63	19.84	20.00	20.13
	Baseline - σ	17.01	17.28	17.33	17.42	17.69	17.92	18.22	18.46	18.64	18.59
	Low	16.46	16.54	16.67	16.84	17.03	17.22	17.41	17.61	17.77	17.90
USD/JPY	High	157.0	155.1	152.4	150.7	149.7	148.5	147.0	145.3	143.5	141.8
	Baseline + σ	149.3	148.0	144.2	140.5	140.2	141.2	141.2	140.6	139.9	138.6
	Baseline	146.1	142.2	137.5	134.1	131.7	129.6	127.6	125.8	124.0	122.3
	Baseline - σ	142.8	136.3	130.8	127.6	123.1	117.9	113.9	110.9	108.0	105.9
	Low	135.2	129.3	122.7	117.5	113.8	110.7	108.2	106.3	104.5	102.8
USD/CNY	High	7.509	7.626	7.675	7.713	7.685	7.608	7.546	7.484	7.427	7.382
	Baseline + σ	7.245	7.29	7.226	7.154	7.124	7.043	6.955	6.885	6.818	6.763
	Baseline	7.175	7.15	7.056	6.974	6.854	6.713	6.615	6.545	6.488	6.443
	Baseline - σ	7.105	7.01	6.886	6.794	6.584	6.383	6.275	6.205	6.158	6.123
	Low	6.840	6.673	6.438	6.236	6.023	5.818	5.684	5.606	5.549	5.504

Chart sources: Oxford Economics, Refinitiv, Convera – March 26, 2024. 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
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