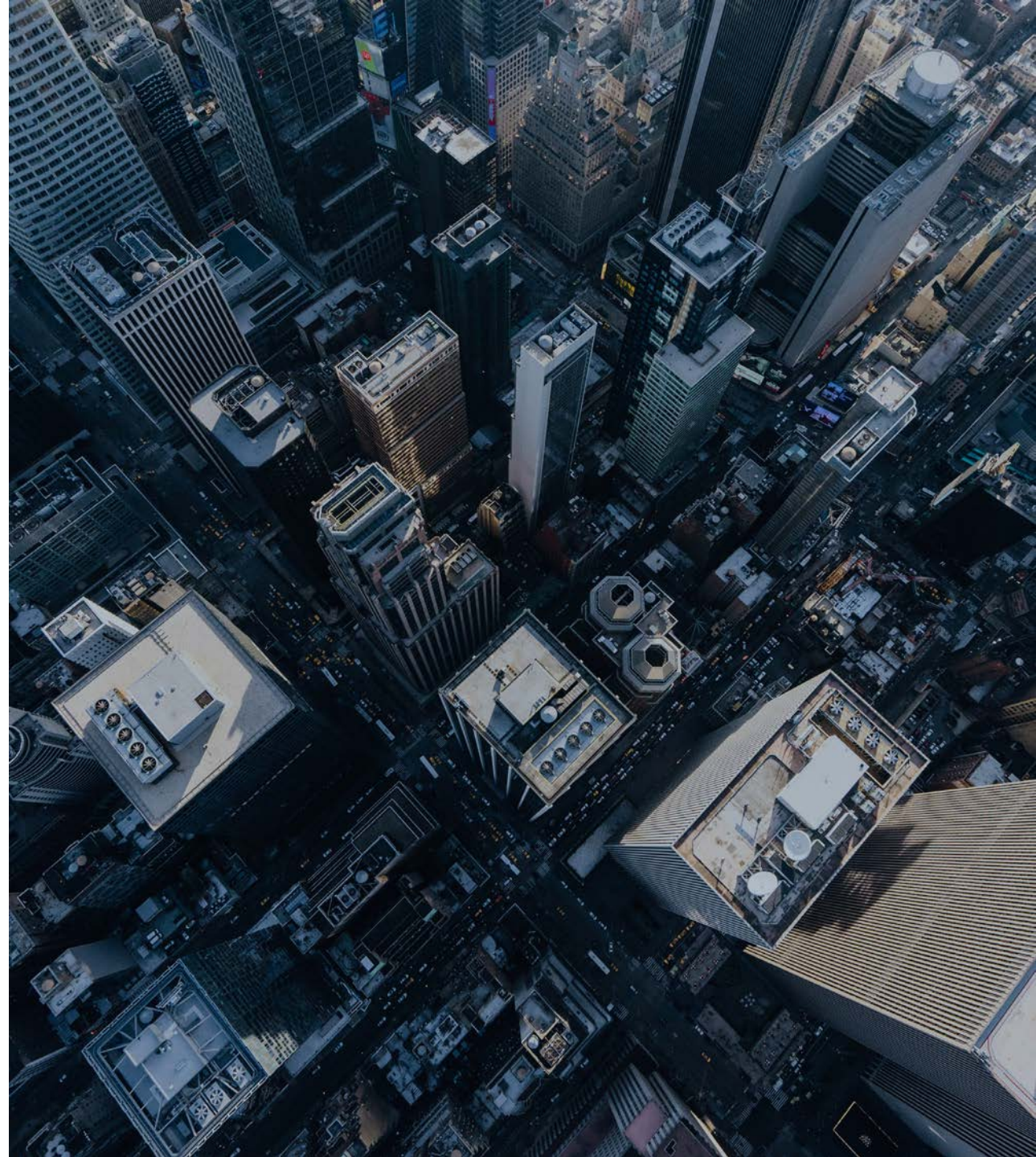




Global FX Outlook

June 2024

convera
SMART MONEY MOVES



Key insights

FX markets look to divergence risk in June

Global markets will be on edge in June as major central bank meetings might see a sharp divergence in policy that could drive a return of the volatility seen in April.

Most notably, US inflation remains high and solid readings from the most up-to-date US activity data like purchasing manager indexes (PMI) means that money markets have pushed back expectations for Federal Reserve (Fed) cuts. This month's Fed meeting will be key for setting expectations – a more cautious Fed could see the US dollar higher.

On the other hand, inflation has been falling in other regions and this month's European Central Bank (ECB) and Bank of Canada (BoC) decisions could see these central banks ready to cut rates. If so, a move to start easing monetary policy could lead to a weaker euro and Canadian dollar during the month.

FX markets started the year with lower volatility because investors expected central banks to cut rates by broadly the same amount and at broadly the same speed. What happens to volatility if these illusions are shattered?

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 hit a six-week low in May after Federal Reserve chair Jerome Powell indicated a rate hike was "unlikely" despite higher-than-forecast inflation.

EU



EUR/USD climbed to two-month highs in May despite growing expectations for a rate cut at the ECB's meeting on 6 June. Financial markets see more than a 90% chance of a 25bps cut.

UK



GBP/USD reached the highest level since early March after a hotter-than-expected inflation reading. The UK's snap election, due 4 July, is yet to have a significant impact.

Australia



AUD/USD reached a four-month high with higher-than-expected inflation also driving the Aussie higher. Financial markets don't see a full 25bps cut priced in until June 2025.

Global economic outlook

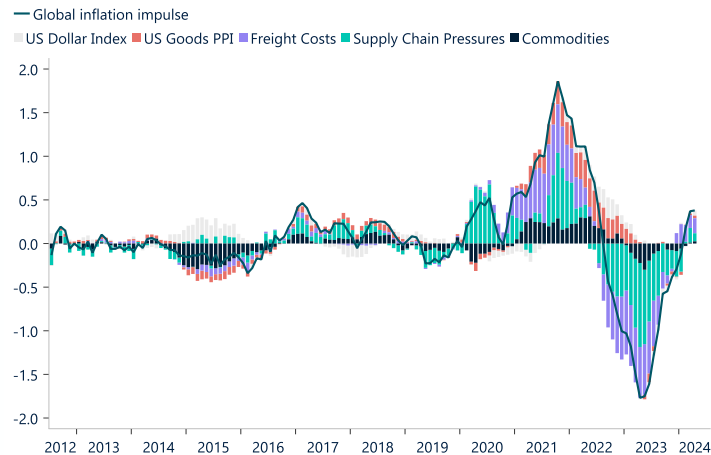
Key market themes to watch

Global disinflation has slowed

Fed speak this month has displayed a hawkish undertone derived from a reflationary first quarter. While rate hikes have been taken off the table by Fed Chair Jerome Powell, the central bank is not expected to ease policy until Q3. Inflation rates are coming down globally, but the pace has slowed, and the goods side is starting to reflate again. The risks of declaring victory against inflation are high and have led to policy makers cautiously pushing back against speculations of premature easing.

Global inflation impulse has turned positive

Global inflation impulse and its contributing factors



US economy showing cracks in Q2

The US economy has clearly been in a league of its own in the post-pandemic era. Still, the latest string of data disappointments from a range of purchasing manager indicators, and small business confidence falling to an 11-year low, to job growth starting to moderate have thrown the US exceptionalism theme into question. Both retail sales and industrial production stagnated in April, ending a two-month streak of growth and job growth slowed to the lowest level this year at 175 thousand.

High inflation left the US exceptionalism theme in play but weak macro data is starting to bite

US exceptionalism proxy and economic surprise index (standardised)



Equities at records as China comes back

US and European equities managed to rise in all but one month since November, continuing the global bull run started by central banks beginning to cut interest rates. And while the disinflationary process has slowed, inflation is still expected to trend lower in most countries and earnings have remained resilient. This has supported risk assets in May with the US dollar on the defensive. Chinese equities soared as speculations of policy support brought back buyers.

Equities continued their November induced bull run

Selected equity market price returns since 2021 in %

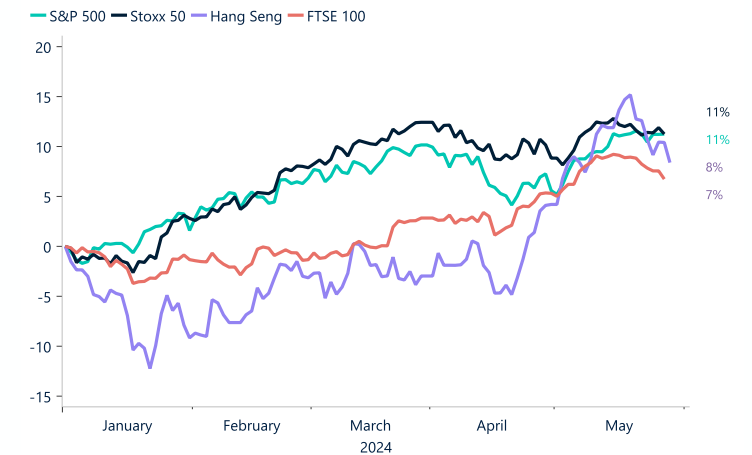
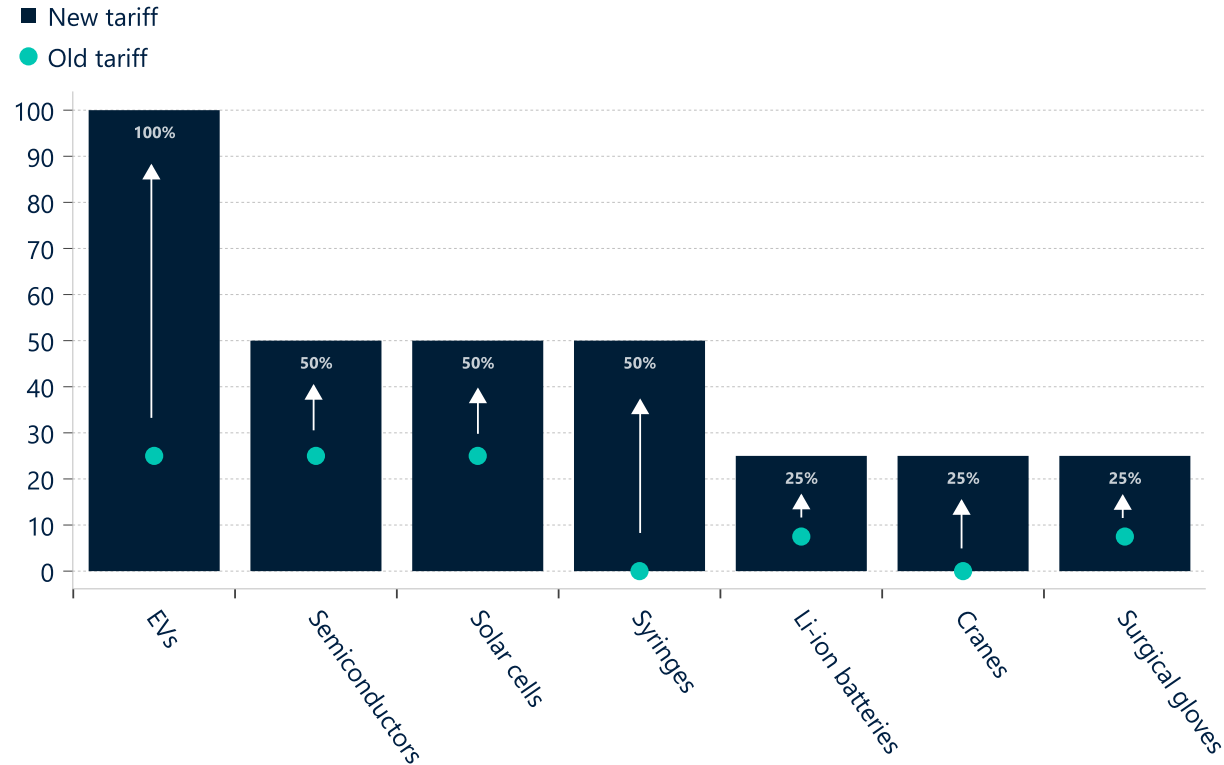


Chart sources: Convera, Macrobond – April 30, 2024

Theme in focus: Trade disputes intensify

Biden expands on Trump tariffs as election looms

US tariffs on Chinese selected imports as per latest increase



Source: Convera, Macrobond

- Trade tensions are never a good thing. This holds even more true when they involve the three most important regions economically in the world.
- The United States increased tariffs on a variety of Chinese imports, including critical materials for both AI developments and the green revolution - two sectors China has recently made strides in, strengthening its position as one of the world's leading exporters. While the changes will affect only around \$18 billion of goods, the tariff on semiconductors and electric vehicles will rise from 25% to 50% and 100%.
- This comes at a time when the G-7 countries intensified their criticism of Chinese trade practices, formalizing a complaint that has been talked about during previous meetings.
- Tensions between Europe and China have risen since the EU launched its probe into EV practices in September last year, which could result in policy makers imposing additional tariffs on Chinese imports.
- China has already responded by threatening retaliatory measures, which could see tariffs on European cars with large engines rise to as high as 25%. About one-in-four EV's sold in Europe are made in China, with China importing around 250 thousand cars from Europe. With these dependencies in mind, the stakes are high.

Key market events to watch

June 2024



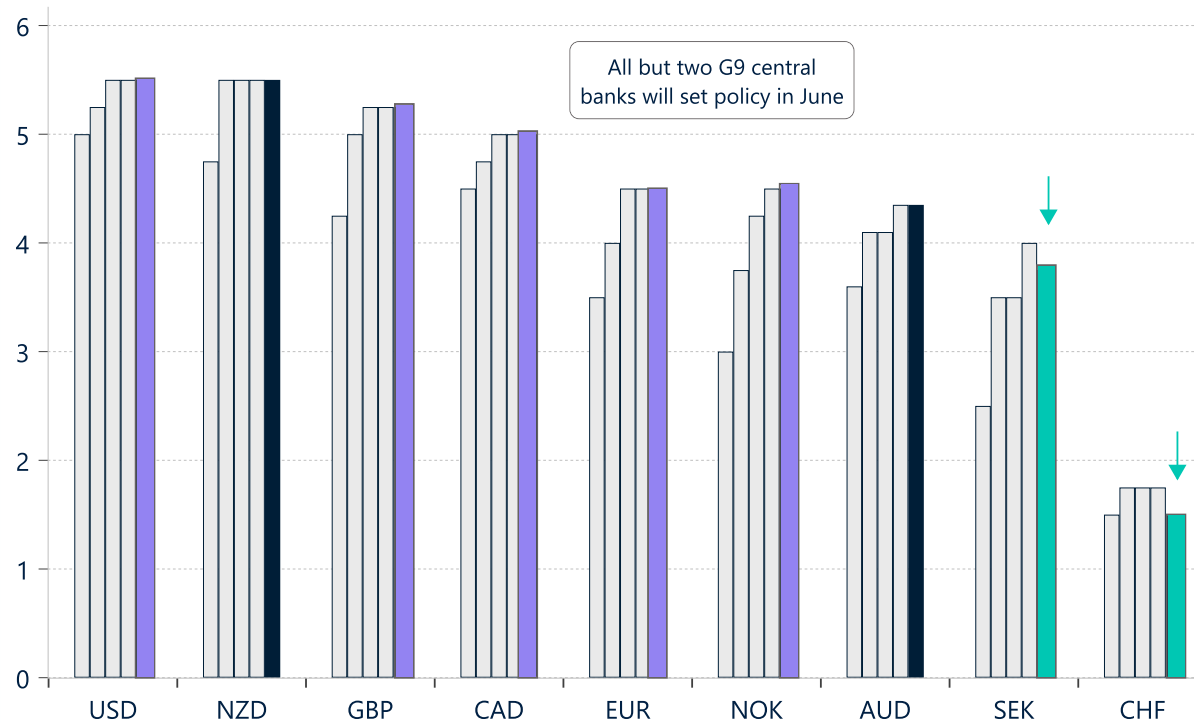
Source: Convera, Refinitiv – May 29, 2024

Event in focus: Setting the scene before summer

ECB expected to join Riksbank and SNB in cutting rates

G10 central bank benchmark policy rates

▣ Last four quarters ■ Current



Source: Convera, Macrobond

- The **big three central banks** across Europe and the US are meeting this month and only one of them is expected to commence its long-awaited easing cycle.
- The **European Central Bank** has almost pre-committed to cutting interest rates by 25 basis points in June, which would be the first easing in four-and-a-half years. Investors will therefore shift their attention to the economic projections published on the day of the rate decision to assess how likely a back-to-back cut in July really is.
- Inflation surprises in both the UK and US have put off speculative bets on the **Fed and Bank of England** easing policy in June. However, as with the ECB, the US central bank will publish its Summary of Economic Projections, which could give clues to how the FOMC sees inflation, growth and rates evolving over the next 12 months.
- The two central banks responsible for kickstarting the European easing cycle in **Sweden and Switzerland** are meeting as well but no change in policy is expected at the next meeting.
- In Canada, the market is slightly tilting towards a rate cut by the central bank in June. However, the **Bank of Canada** could decide to skip the meeting and instead wait for two additional CPI prints, GDP and jobs data to ease policy in July.



UK currency outlook

GBP volatility analysis



Pound climbs to multi-month highs as snap UK election called

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



	Spot	High	Low	High	Low	Trading range		Position within the range	
		30D		YTD		30D	YTD	30D	YTD
GBP/JPY	199.2	200.5	191.3	200.5	178.7	4.8%	12.2%	86%	94%
GBP/ZAR	23.46	23.98	22.92	24.59	22.92	4.6%	7.3%	51%	32%
GBP/NOK	13.55	13.90	13.43	13.90	12.88	3.5%	7.9%	26%	66%
GBP/CHF	1.161	1.165	1.132	1.165	1.064	2.9%	9.5%	88%	96%
GBP/NZD	2.081	2.126	2.067	2.126	2.005	2.9%	6.0%	24%	63%
GBP/USD	1.269	1.276	1.242	1.289	1.23	2.7%	4.8%	79%	66%
GBP/CNY	9.193	9.238	8.995	9.263	8.908	2.7%	4.0%	81%	80%
GBP/CAD	1.743	1.745	1.699	1.745	1.678	2.7%	4.0%	96%	97%
GBP/AUD	1.922	1.931	1.890	1.957	1.860	2.2%	5.2%	78%	64%
GBP/EUR	1.174	1.176	1.16	1.176	1.147	1.4%	2.5%	88%	93%

- GBP/USD** recorded its biggest monthly rise since November and clocked fresh 10-week peaks around \$1.28, up over 4% from April's low of \$1.23. The recent stronger-than-expected UK inflation report led to the odds of a BoE June rate cut plunging from 50% to 10%, with UK-US yield spreads rising as a result. Plus, political and economic stability in the UK is in the offing under a Labour leadership, which is why the pound also gained on the surprise snap election called by PM Rishi Sunak.
- GBP/EUR** remains one of the most stable currency pairs in the FX space due to UK-EZ economic similarities. However, the pound climbed to a nine-month high near €1.18 on contrasting ECB vs BoE rate expectations for June. The ECB is expected to cut rates whereas the BoE is expected to hold. The odds of a Labour Party victory in the upcoming UK election is also proving constructive for the pound.
- GBP/JPY** jumped back above ¥200.00, near 16-year highs, as speculators continued to sell the low-yielding yen. The pair has swung over 12% this year and has risen over 30% since the BoE started hiking rates back in December 2021.

Source: Refinitiv, Oxford Economics, Convera – May 24, 2024

GBP value indicator



GBP/JPY close to 2008 highs

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

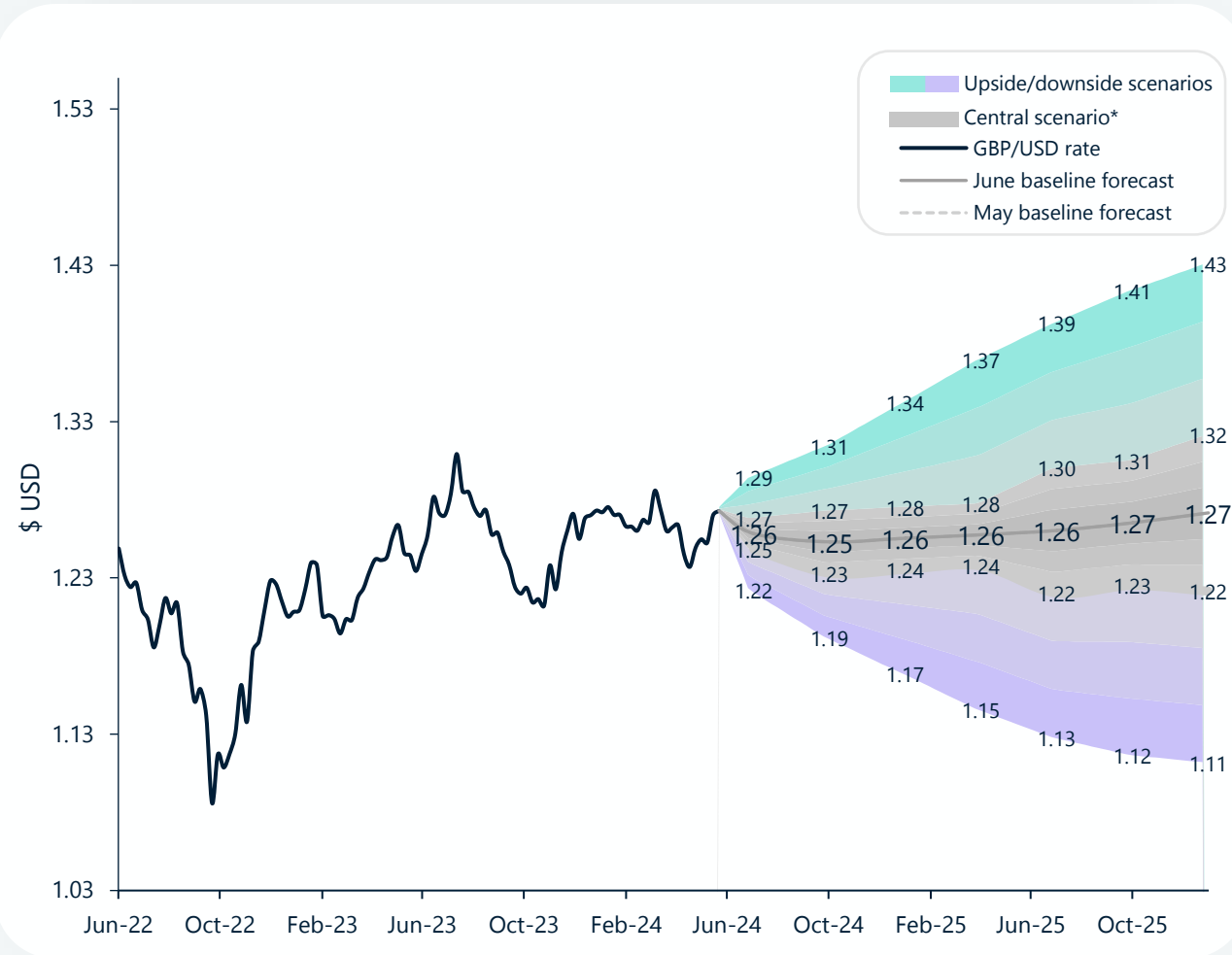
● Appreciation ● Depreciation

	Spot	Spot vs			
	(As of 24.05.2024)	YTD average	1-year average	2-year average	5-year average
GBP/JPY	199.2	4.7% Avg.: 189.3	7.4% Avg.: 185.4	14.0% Avg.: 174.7	27.3% Avg.: 156.4
GBP/CHF	1.161	3.6% Avg.: 1.120	4.0% Avg.: 1.116	3.1% Avg.: 1.126	-2.5% Avg.: 1.191
GBP/CAD	1.743	1.8% Avg.: 1.712	2.5% Avg.: 1.699	5.5% Avg.: 1.651	3.5% Avg.: 1.683
GBP/CNY	9.193	1.0% Avg.: 9.104	1.3% Avg.: 9.075	5.8% Avg.: 8.689	5.0% Avg.: 8.758
GBP/EUR	1.174	0.6% Avg.: 1.167	1.0% Avg.: 1.162	1.5% Avg.: 1.156	1.9% Avg.: 1.151
GBP/USD	1.269	0.4% Avg.: 1.263	0.9% Avg.: 1.258	3.1% Avg.: 1.230	-0.9% Avg.: 1.280
GBP/NZD	2.081	0.1% Avg.: 2.078	0.3% Avg.: 2.074	3.6% Avg.: 2.008	5.2% Avg.: 1.978
GBP/AUD	1.922	0.0% Avg.: 1.922	0.2% Avg.: 1.917	4.0% Avg.: 1.847	4.2% Avg.: 1.843

- The **British pound** appreciated against 80% of its global peers in May, its best monthly performance since October 2022 when it rebounded from record lows against the US dollar after the UK mini-budget crisis under former PM, Liz Truss.
- Supporting the pound of late has been the hawkish repricing of BoE rate expectations after UK services inflation came in at 5.9%, above the 5.5% forecast, which gave the pound a big boost across the board amid UK gilt yields rising to two-month highs.
- **GBP/USD** has rebounded from 2024 lows in line with our expectations. The pair is sitting 3% above its two-year average but could struggle to gain traction from here amid the uncertain monetary policy outlook, whereby markets appear too hawkish on the BoE.
- **GBP/EUR** stands almost 2% above its five-year average of €1.1510 now thanks to hawkish BoE repricing and optimism about a Labour Party victory. The €1.18 level has been a tough resistance barrier over the past two years though.
- **GBP/JPY and GBP/CHF** remain at the top of the pack due to looser monetary policy in Japan and Switzerland giving the pound a strong yield advantage over these peers. The former close to 2008 highs and 27% above its five-year average.

Note: YTD average refers to the following time periods: 01.01.2024 - 24.05.2024; 1Y: 25.05.2023 - 24.05.2024; 2Y: 25.05.2022 - 24.05.2024; 5Y: 24.05.2019 - 24.05.2024.
Table sources: Refinitiv, Convera – May 24, 2024

GBP/USD future scenarios



Upside scenario: Global recovery & risk appetite

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

Central scenario: Policy easing cycle

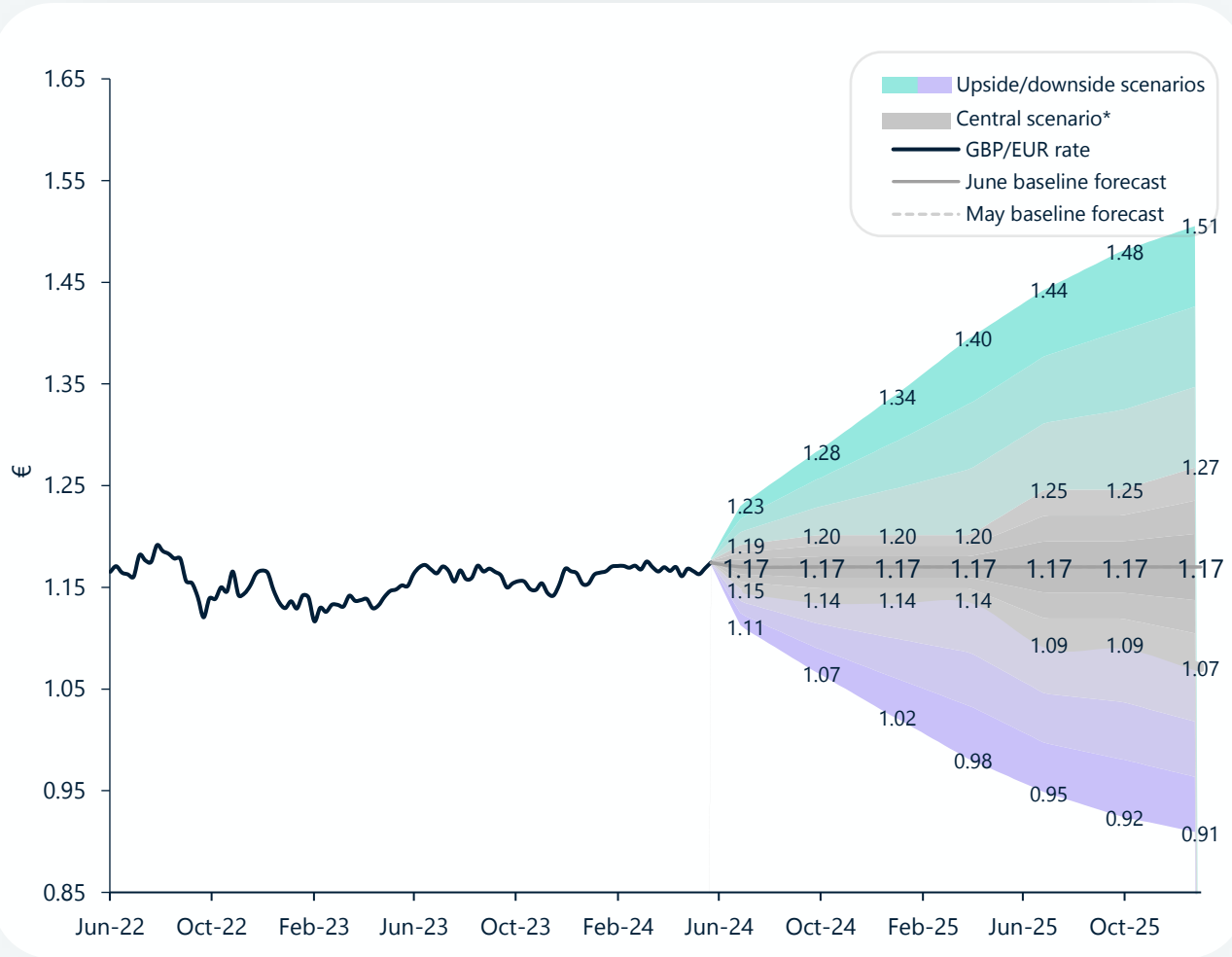
- UK-US economic growth divergence narrows as UK recovery gathers steam, whilst both central banks embark on their easing cycles.
- However, the Fed doesn't cut rates as much as the BoE, providing the USD a yield advantage and limiting upside potential.

Downside scenario: UK recession & risk aversion

- 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 – May 22, 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 economic recovery slows, 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 anemic UK economic growth limits sterling's upside.
- Moreover, risk of hawkish ECB talk, coupled with stronger economic data could delay ECB rate cuts too, boosting demand for the euro.

Downside scenario: Global growth outlook weakens

- 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 – May 22, 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)



EU currency outlook

EUR volatility analysis



Volatility normalises as focus lies on central banks

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



	Spot	High	Low	High	Low	Trading range		Position within the range	
		30D	YTD	30D	YTD	30D	YTD	30D	YTD
EUR/JPY	169.7	171.5	164.0	171.5	155.0	4.6%	10.6%	76%	89%
EUR/NZD	1.773	1.815	1.765	1.815	1.739	2.8%	4.4%	16%	45%
EUR/CNY	7.762	7.870	7.655	7.884	7.655	2.8%	3.0%	50%	47%
EUR/CZK	24.73	25.27	24.64	25.51	24.45	2.6%	4.3%	14%	26%
EUR/USD	1.081	1.089	1.065	1.105	1.060	2.3%	4.2%	67%	47%
EUR/CHF	0.988	0.992	0.973	0.992	0.925	2.0%	7.2%	79%	94%
EUR/SEK	11.61	11.77	11.54	11.77	11.03	2.0%	6.7%	30%	78%
EUR/CAD	1.484	1.488	1.460	1.488	1.446	1.9%	2.9%	86%	90%
EUR/AUD	1.637	1.651	1.621	1.674	1.612	1.9%	3.8%	53%	40%
EUR/GBP	0.851	0.862	0.849	0.870	0.849	1.5%	2.5%	15%	10%

- The euro posted a strong May performance, appreciating against 65% of its peers in May, up from 43% in the previous month – its second-best monthly performance in 2024.
- Despite BoJ intervention at the beginning of May, **EUR/JPY** continues to climb and has gained over 0.3% in the past 30 days. One-month euro realized volatility against the yen remains the highest across the basket of its G10 peers, but admittedly has cooled substantially from mid-month highs.
- **EUR/CHF** climbed past the CHF0.9900 barrier - a 14- month high, largely due to a back-up in Eurozone swap rates, where two-year rates have risen 60bps since January. The widening swap differential has pushed EUR/CHF within 1% from parity.
- **EUR/USD** negated its YTD bearish trend channel as a soft US CPI print boosted demand for pro-cyclical currencies. Short-term market sentiment, as measured by the 1-month risk reversal in options market, remains euro bearish. Two-week implied volatility in the pair, that envelopes ECB-meeting risk, stands below YTD average with markets fully pricing in a 25bps rate cut.

Source: Refinitiv, Oxford Economics, Convera – May 24, 2024

EUR value indicator



Swissy drops to a 14-month low against the euro

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

● Appreciation ● Depreciation

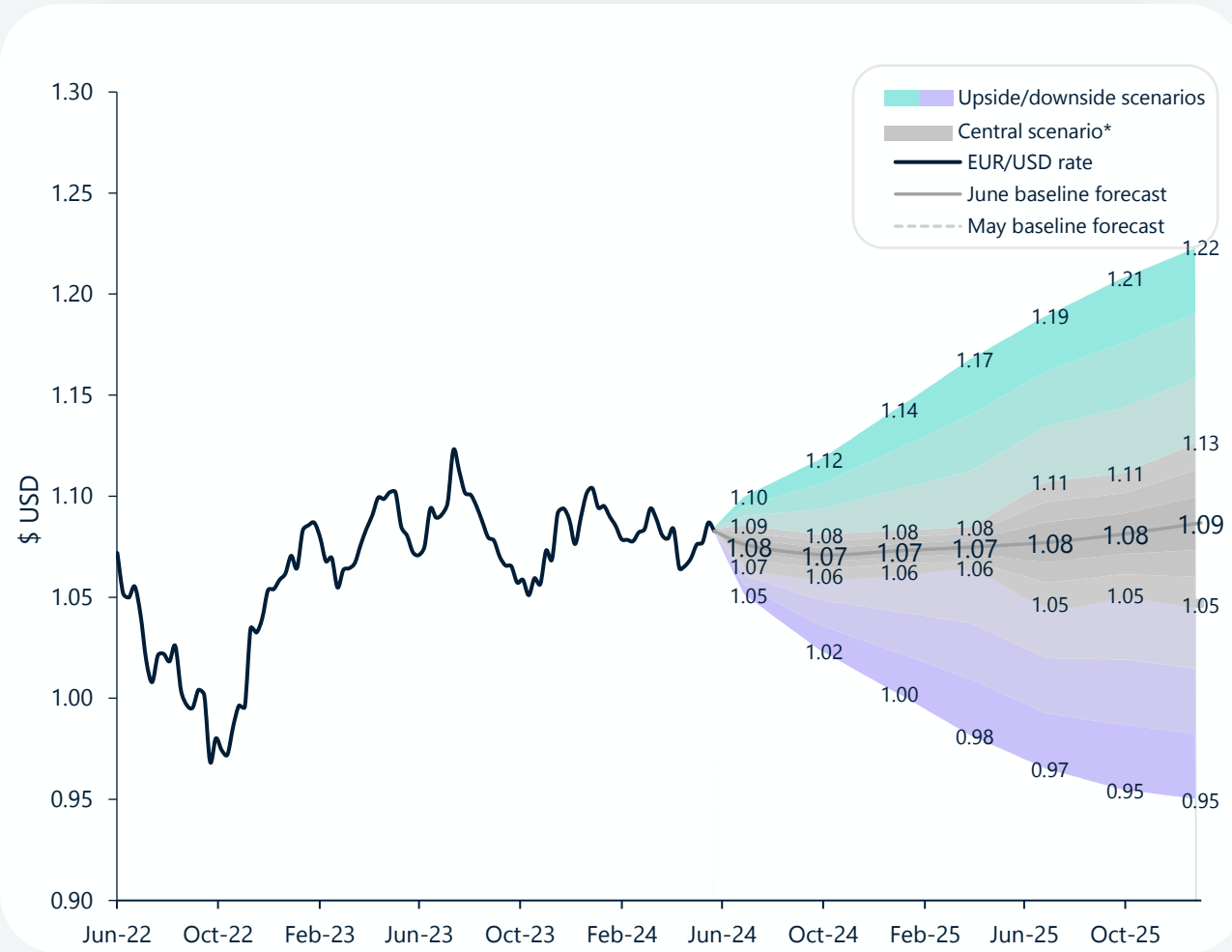
	Spot (As of 24.05.2024)	Spot vs			
		YTD average	1-year average	2-year average	5-year average
EUR/JPY	169.7	4.1% Avg.: 163.0	6.4% Avg.: 158.5	12.4% Avg.: 151.0	25.0% Avg.: 135.7
EUR/CHF	0.988	2.9% Avg.: 0.959	2.9% Avg.: 0.960	1.5% Avg.: 0.973	-4.5% Avg.: 1.034
EUR/CAD	1.484	1.2% Avg.: 1.466	1.5% Avg.: 1.461	3.9% Avg.: 1.428	1.5% Avg.: 1.462
EUR/USD	1.081	-0.1% Avg.: 1.082	-0.1% Avg.: 1.082	1.6% Avg.: 1.063	-2.8% Avg.: 1.112
EUR/NZD	1.773	-0.4% Avg.: 1.779	-0.6% Avg.: 1.784	2.1% Avg.: 1.736	3.2% Avg.: 1.718
EUR/GBP	0.851	-0.6% Avg.: 0.856	-1.1% Avg.: 0.860	-1.6% Avg.: 0.864	-2.0% Avg.: 0.868
EUR/AUD	1.637	-0.6% Avg.: 1.646	-0.8% Avg.: 1.649	2.5% Avg.: 1.597	2.2% Avg.: 1.601
EUR/CZK	24.73	-1.4% Avg.: 25.07	0.7% Avg.: 24.55	1.5% Avg.: 24.37	-1.9% Avg.: 25.22

- The Japanese yen has weakened over 9.6% this year versus the euro – the most among its G10 peers. **EUR/JPY** trades over 4% above its YTD average and the ongoing stochastic positive momentum supports the continuance of its bullish track.
- **EUR/CHF** trades close to 3% above its YTD- and one-year averages, amidst cooling geopolitical tensions and thus safe haven demand. By year-end, money markets are betting on a 215 basis-point difference in the key policy rates of the ECB and SNB, increasing the chance of EUR/CHF breaking above parity for the first time since March 2023.
- **EUR/USD** gained around 2% in May and is now trading flat compared to its YTD and one-year averages. The stellar performance means the pair is only 1.5% down in 2024, but with the ECB expected to cut rates in June, there is an overarching downward bias in EUR/USD over the near term.
- **EUR/CZK** shed over 1.8% of its value in May and is currently trading 1.4% below its YTD average of 25.07. The Czech Republic's central bank cut its key interest rate for the fourth straight time down to 5.25% as inflation dropped and the economy showed signs of recovery.

Note: YTD average refers to the following time periods: 01.01.2024 - 24.05.2024; 1Y: 25.05.2023 - 24.05.2024; 2Y: 25.05.2022 - 24.05.2024; 5Y: 24.05.2019 - 24.05.2024.
Table sources: Refinitiv, Convera – May 24, 2024



EUR/USD future scenarios



Upside scenario: EZ economy recovers, US exceptionalism falters

- Economic growth across the Eurozone picks up in H2, while the US economy's growth continues to slow.
- Renewed risk sentiment supports pro-cyclical euro over the dollar.

Central scenario: Dollar strength prevails

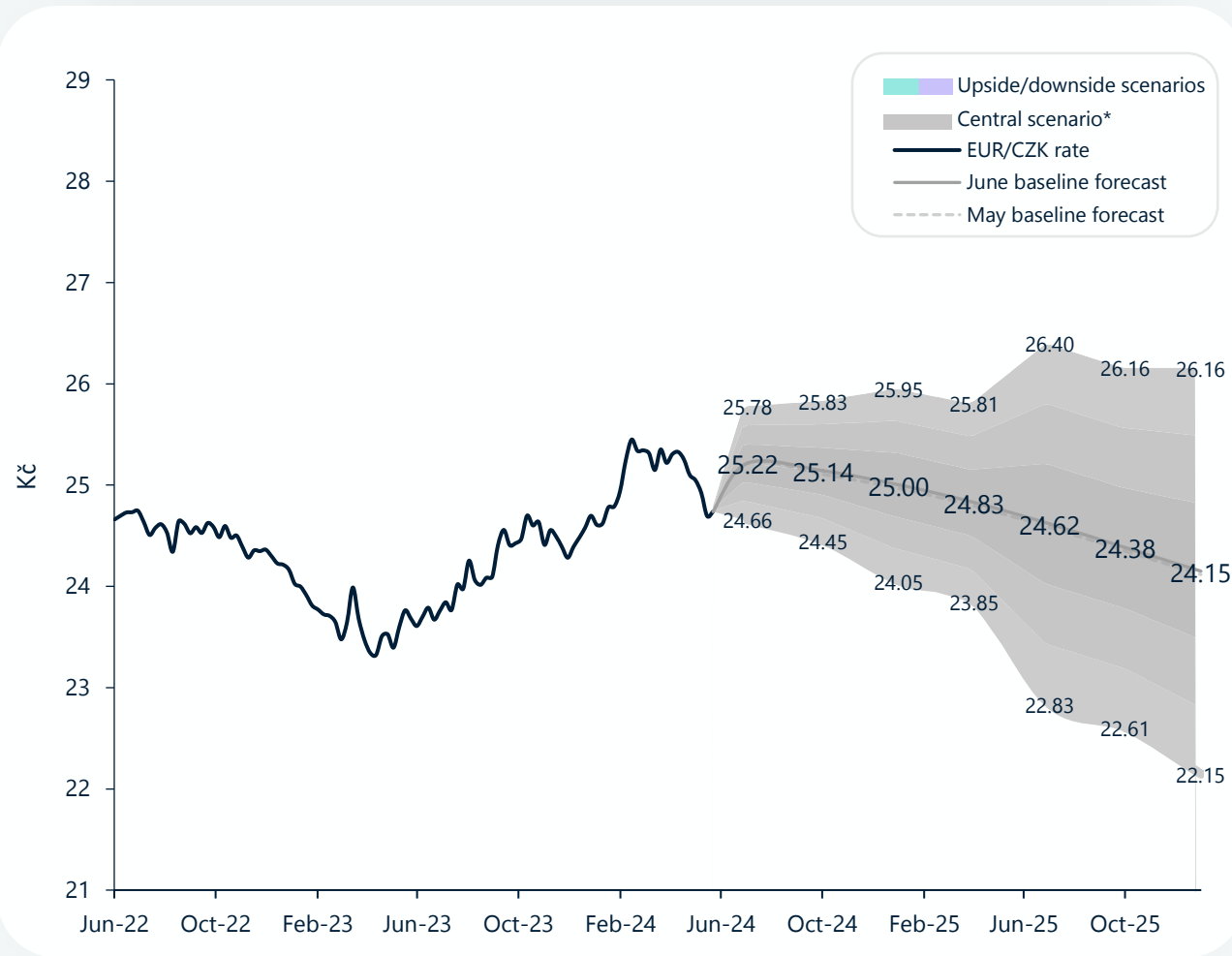
- The ECB kicks off the easing cycle in June as inflation edges closer to the 2% target.
- The US dollar remains strong over the medium term, supported via interest rate differentials, with the Fed in no rush to cut rates.

Downside scenario: Fed postpones cuts to 2025

- The ECB aggressively cuts policy rates as the disinflation trend continues. Wage growth pressures ease, and the risk of a wage-price spiral fades.
- Fed postpones rate cuts until 2025 as consumer price data points to signs of reinflation. Higher long-term dot plot fuels fresh dollar buying.

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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

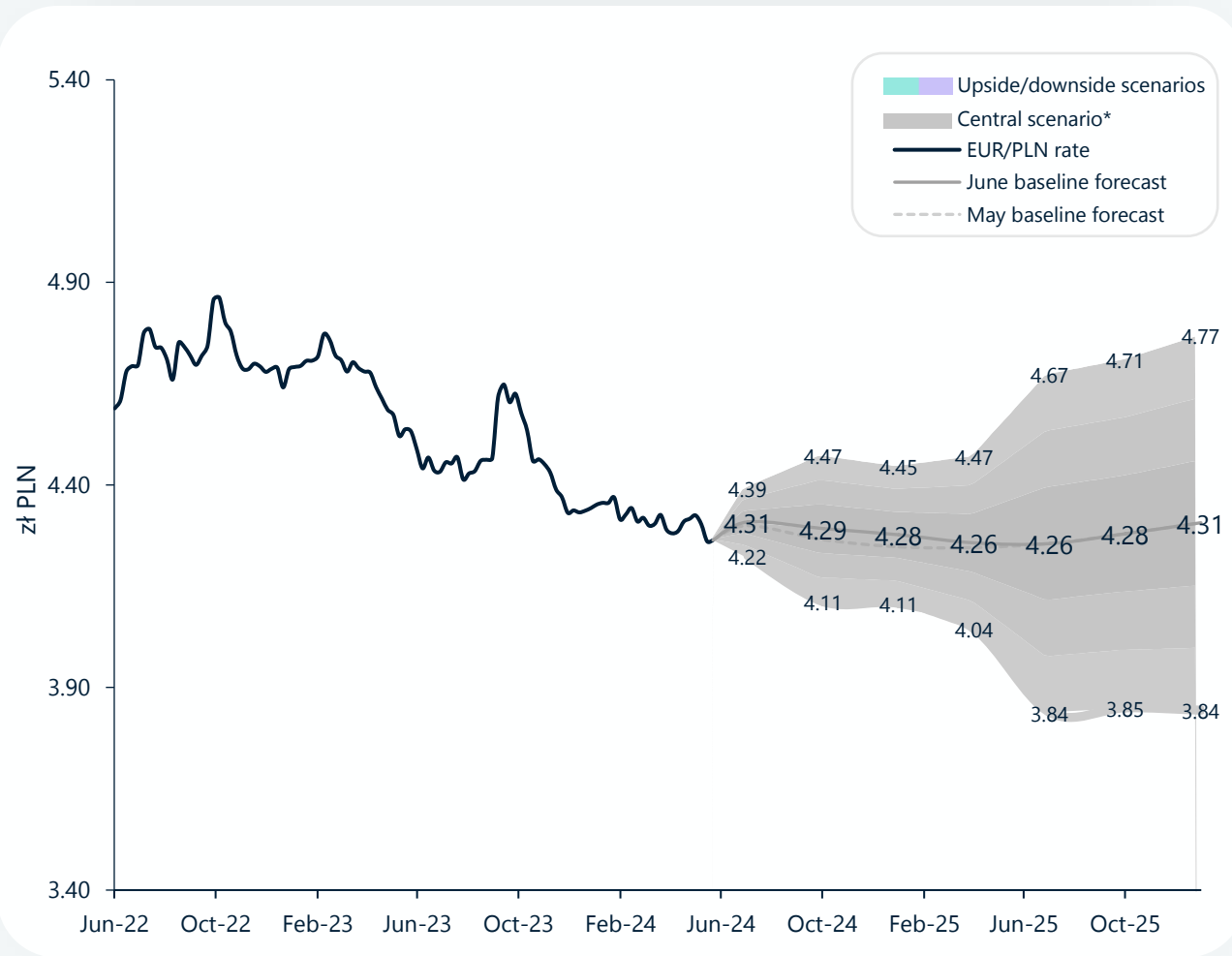


Central scenario: CNB eases, but remains cautious

- The Czech National Bank cut rates by 50bps to 5.25% as expected, again sending a hawkish signal that further rate cuts will be cautious. In the new forecast, the central bank sees a stronger economy and at the same time lower inflation. On the other hand, the rate forecast has moved up significantly, with the bank board seeing a neutral rate of around 3.5%. The front of the curve has been repriced up, while the long end is down, pushing EUR/CZK below 25.0 for the first time since the February rate cut.
- Producer price growth in Czech Republic remained moderate in April and did not signal a build-up of consumer inflation pressures, with prices in industry coming in slightly below market expectations. Industrial prices increased by 1.4% year-on-year, predominantly due to higher energy costs. Meanwhile, Czech confidence indicators somewhat softened in May with a noticeable increase in the proportion of respondents expecting the overall economic situation in the Czech Republic to deteriorate over the next 12 months. This should not be perceived as a threat to the cyclical recovery with households willing to spend, while tracking headline inflation carefully.
- **Upside risks:** ECB cuts in June but remains cautious from thereon as the latest negotiated wage print reversed course.
- **Downside risks:** ECB aggressively cuts policy rates over the course of 2024 as disinflation trend continues and wage growth pressures ease. CNB remains cautious.

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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)

EUR/PLN future scenarios



Central scenario: Limited scope for further NBP cuts in 2024

- Poland employment experienced its largest drop in seven months during April, falling by 0.4% year-on-year. This marked the seventh consecutive month of decline in corporate employment and the steepest fall among the sequence. Meanwhile, wage growth continued at a double-digit pace, rising by 11.3% year-on-year in April. Wage pressures are fueled by very low unemployment, as well as regulatory changes such as a very high minimum wage hike.
- April retail sales data surprised to the downside, rising by 4.1% year-on-year versus expected 5.2% increase, amid a decline in food sales. The majority of Easter spending most likely took place in March, and the return of VAT on food in April potentially led to some stock building in advance. Gradual improvement in private consumption is still expected over the course of 2024.
- Since April, the disinflation trend in Poland has ended, with the latest print rising to 2.4% year-on-year, thus limiting the scope for monetary easing from the NBP and most likely no rate cuts in 2024.
- Upside risks:** NBP cuts rates earlier than expected while the ECB remains cautious following the June cut. EUR/PLN trends higher thanks to improving rate differentials.
- Downside risks:** ECB aggressively cuts policy rates over the course of 2024 as disinflation trend continues, while NBP leaves rates unchanged as it continues to battle inflation.

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



APAC currency outlook

APAC volatility analysis



Yen's wild swings keep APAC FX markets on edge

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



	Spot	High	Low	High	Low	Trading range		Position within the range	
		30D	YTD	30D	YTD	30D	YTD	30D	YTD
AUD/JPY	103.6	104.9	99.93	104.9	95.50	5.0%	9.8%	74%	86%
NZD/USD	0.609	0.615	0.587	0.632	0.585	4.8%	8.0%	79%	51%
AUD/USD	0.660	0.671	0.646	0.683	0.636	3.9%	7.4%	56%	51%
AUD/CNY	4.781	4.850	4.672	4.875	4.608	3.8%	5.8%	61%	65%
NZD/EUR	0.564	0.566	0.550	0.574	0.550	2.9%	4.4%	87%	58%
AUD/GBP	0.520	0.528	0.517	0.539	0.511	2.1%	5.5%	27%	32%
NZD/AUD	0.923	0.924	0.906	0.946	0.906	2.0%	4.4%	94%	43%
AUD/EUR	0.610	0.616	0.605	0.62	0.597	1.8%	3.9%	45%	57%
USD/SGD	1.351	1.365	1.342	1.367	1.317	1.7%	3.8%	39%	68%
USD/CNY	7.244	7.247	7.203	7.247	7.088	0.6%	2.2%	93%	98%

- The **JPY** dominated volatility in the Asia-Pacific currency markets over the past month, with **AUD/JPY** cross trading in a staggering 9.8% YTD range.
- Volatility was also elevated for the Australian dollar, as the **AUD/USD** pair swung 7.4% after hotter-than-expected inflation data caused markets to scale back bets on Reserve Bank of Australia rate cuts this year. The **NZD** saw similar turbulence, with **NZD/USD** hitting an 8% YTD trading range – the 2nd most volatile pair in APAC.
- In contrast, the **USD/CNY** pair witnessed the lowest volatility regionally as the People's Bank of China pushed back against excessive US dollar gains versus the yuan. The **NZD/AUD** cross also maintained relatively subdued volatility, reflecting similar monetary policy paths for the RBA and RBNZ.
- Overall, the volatility patterns underscore the yen's outsized influence amid its dramatic policy-driven swings, while also highlighting the **AUD** and **NZD's** sensitivities to shifting domestic economic data and central bank rhetoric.

Source: Refinitiv, Oxford Economics, Convera – May 24, 2024

APAC value indicator



Aussie regains poise after inflation jolt, but upside still bounded

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

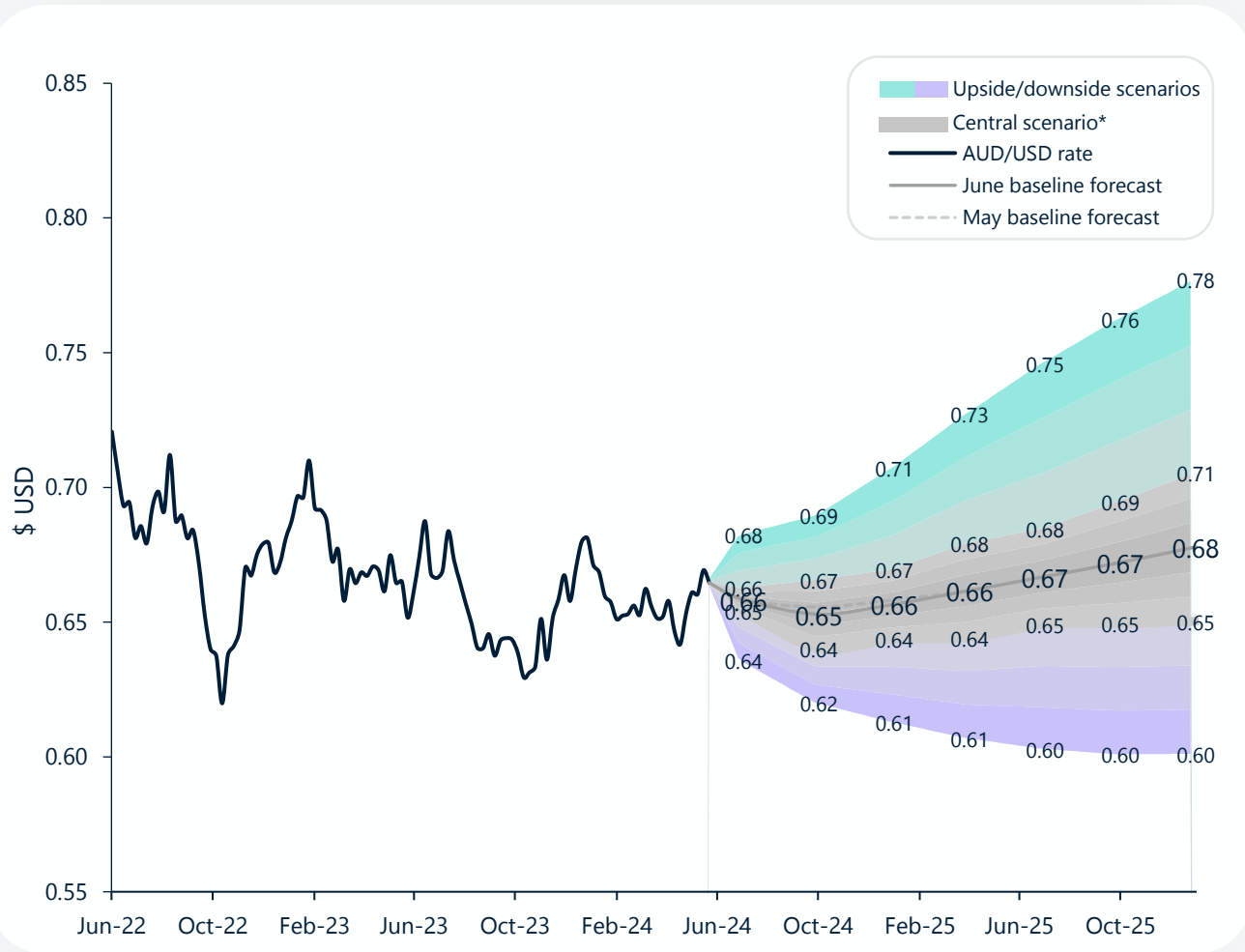
● Appreciation ● Depreciation

	Spot (As of 24.05.2024)	Spot vs			
		YTD average	1-year average	2-year average	5-year average
AUD/JPY	103.6	4.7% Avg.: 38.99	7.1% Avg.: 98.71	9.6% Avg.: 94.53	22.0% Avg.: 84.09
AUD/CAD	0.906	1.7% Avg.: 0.890	2.2% Avg.: 0.886	1.3% Avg.: 0.894	-0.8% Avg.: 0.913
AUD/CNY	4.781	1.0% Avg.: 4.733	1.0% Avg.: 4.732	1.6% Avg.: 4.703	0.6% Avg.: 4.751
AUD/SGD	0.892	0.9% Avg.: 0.884	0.9% Avg.: 0.884	-1.4% Avg.: 0.905	-5.7% Avg.: 0.945
AUD/EUR	0.610	0.5% Avg.: 0.607	0.6% Avg.: 0.606	-2.8% Avg.: 0.627	-2.5% Avg.: 0.625
AUD/USD	0.660	0.4% Avg.: 0.657	0.6% Avg.: 0.656	-1.0% Avg.: 0.666	-5.1% Avg.: 0.695
AUD/NZD	1.083	0.2% Avg.: 1.080	0.1% Avg.: 1.081	-0.5% Avg.: 1.087	0.9% Avg.: 1.073
AUD/GBP	0.520	0.0% Avg.: 0.520	-0.3% Avg.: 0.521	-4.1% Avg.: 0.542	-4.2% Avg.: 0.543

- The **AUD** has rebounded against most counterparts after the Q1 inflation upside surprise fueled expectations for a higher-for-even-longer RBA stance. Most strikingly, **AUD/JPY** has surged over 22% above its five-year average, benefiting from yen weakness and the **AUD's** renewed vigor.
- **AUD/USD** has also recouped some lost ground, now trading just 5% below its five-year mean after the inflation data boosted RBA rate hike pricing. However, the currency remains somewhat undervalued against the British pound based on longer-term pricing of two-years.
- Versus the **CNY**, where Australia's export ties are so critical, **AUD/CNY** has barely deviated from long-run averages even after the inflation shock, likely reflecting the offsetting impacts of China's internal economic policies and global growth concerns.
- The relative valuation patterns reinforce that while the Aussie has regained its poise after the inflation data catalyzed a repricing of RBA rate expectations, its upside may still be bounded, especially against the US dollar given the Fed's high-for-longer posture. The currency's performance will hinge on whether fading global growth fears can overshadow policy repricing to spur renewed risk appetite.

Note: YTD average refers to the following time periods: 01.01.2024 - 24.05.2024; 1Y: 25.05.2023 - 24.05.2024; 2Y: 25.05.2022 - 24.05.2024; 5Y: 24.05.2019 - 24.05.2024.
Table sources: Refinitiv, Convera – May 24, 2024

AUD/USD future scenarios



Upside scenario: Australian inflation remains high

- Continued higher-than-expected readings from Australian inflation might mean the RBA is forced to keep rates higher for longer.
- US inflation slows down faster than anticipated, lowering expectations for terminal rates, and boosting risk assets like the AUD.

Central scenario: Greenback pulls back

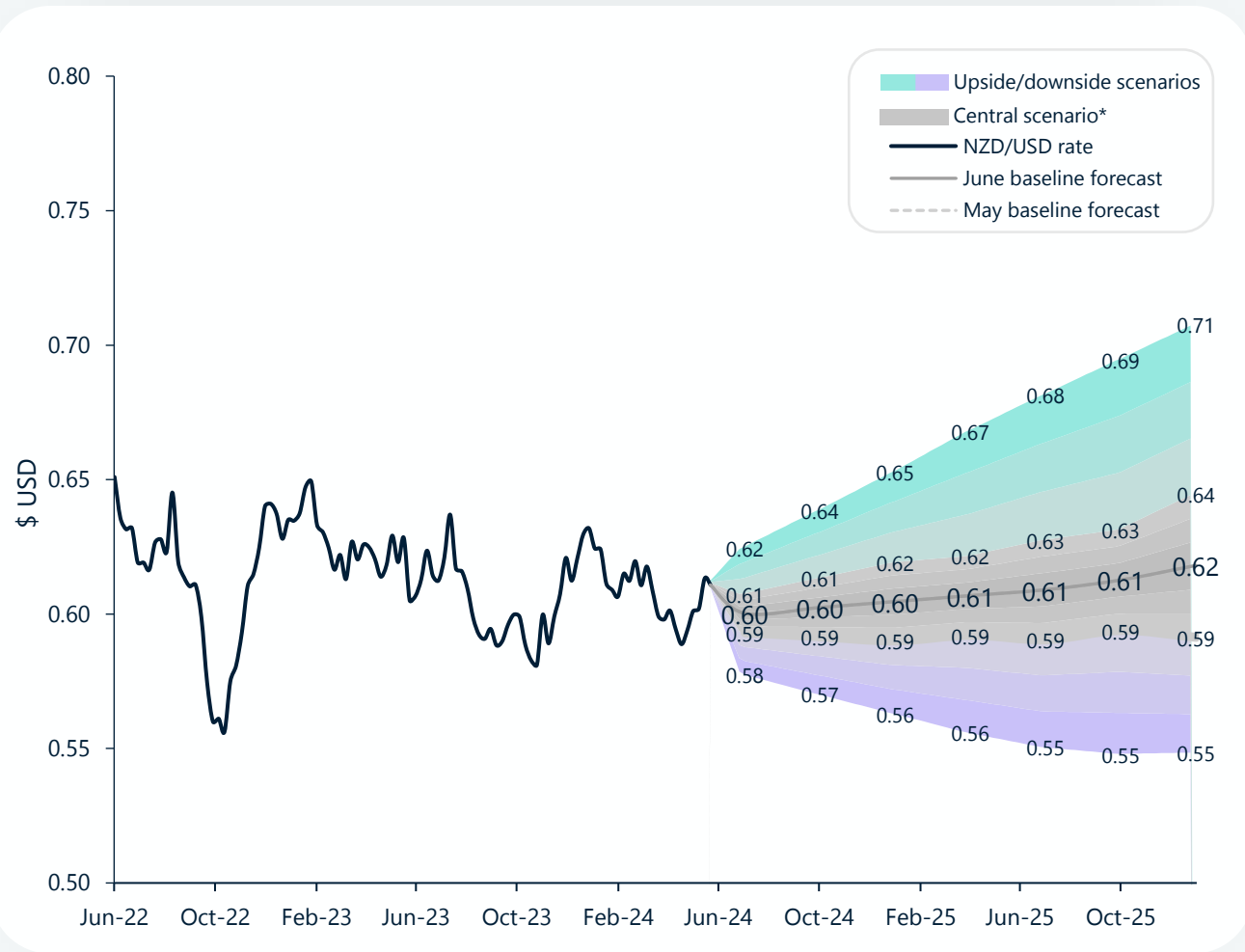
- The Australian dollar might rise in response to the Reserve Bank of Australia's resistance to a worldwide cycle of rate cuts.
- Although the RBA may hold steady in coming meetings, US rates are likely to remain above Australian rates, capping growth in the AUD/USD.

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.
- High-for-long global policy outlook starts to put pressure on credit markets.

Chart sources: Oxford Economics, Refinitiv, Convera – April 29, 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

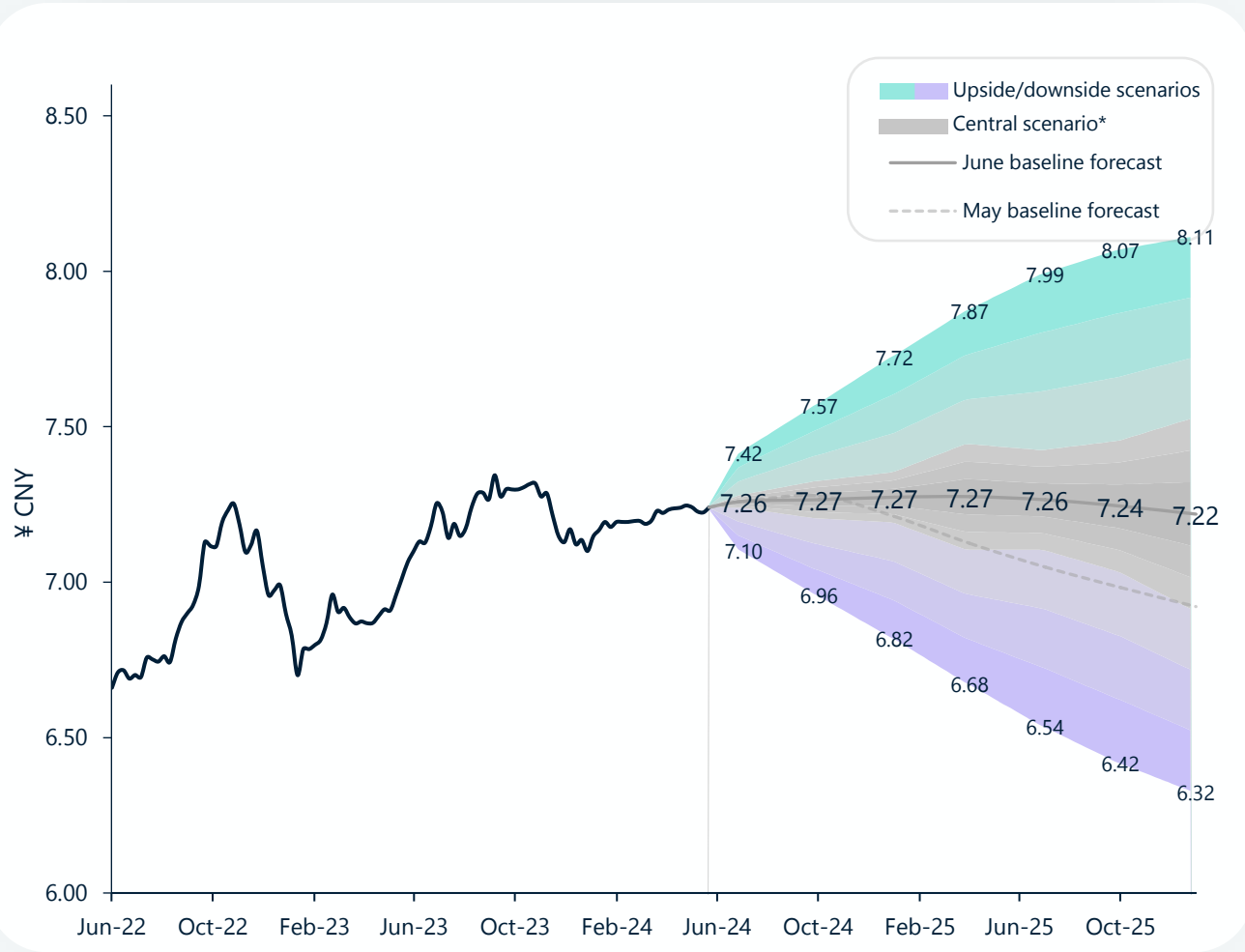
- NZD is still susceptible to any global risk-off events, even if China surprises to the upside.
- A slowdown in growth means commodities remain under pressure with dairy prices key for NZD.

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 – May 22, 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: Higher PBoC tolerance for a yuan that is weaker

- Higher PBoC tolerance for a yuan that is weaker
- 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

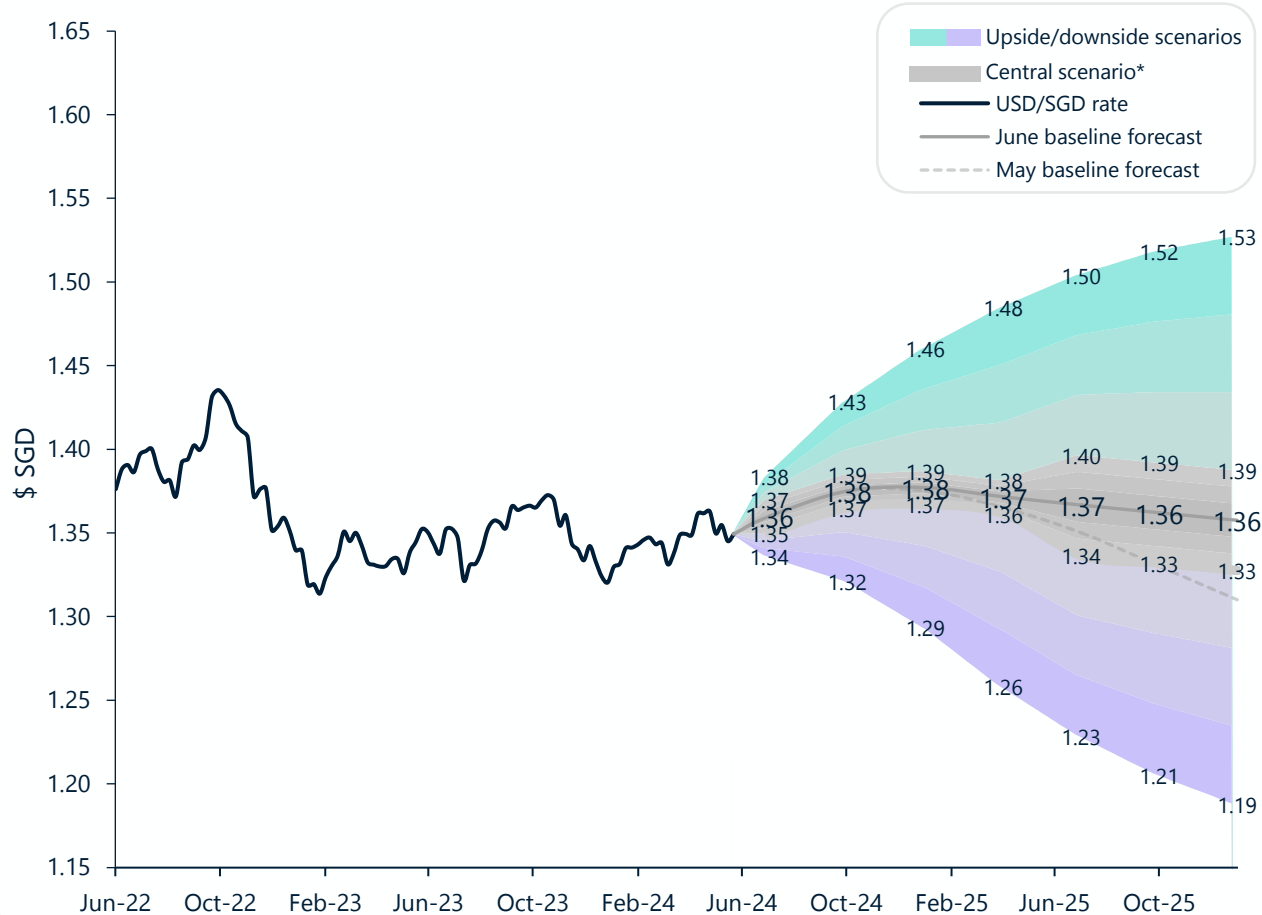
- The Chinese government's recent supportive action to the local economy could see the CNY strengthen.
- Once the Fed confirms a cut in rates, the US dollar might ease.

Downside scenario: Larger-than-expected stimulus from PBoC

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

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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

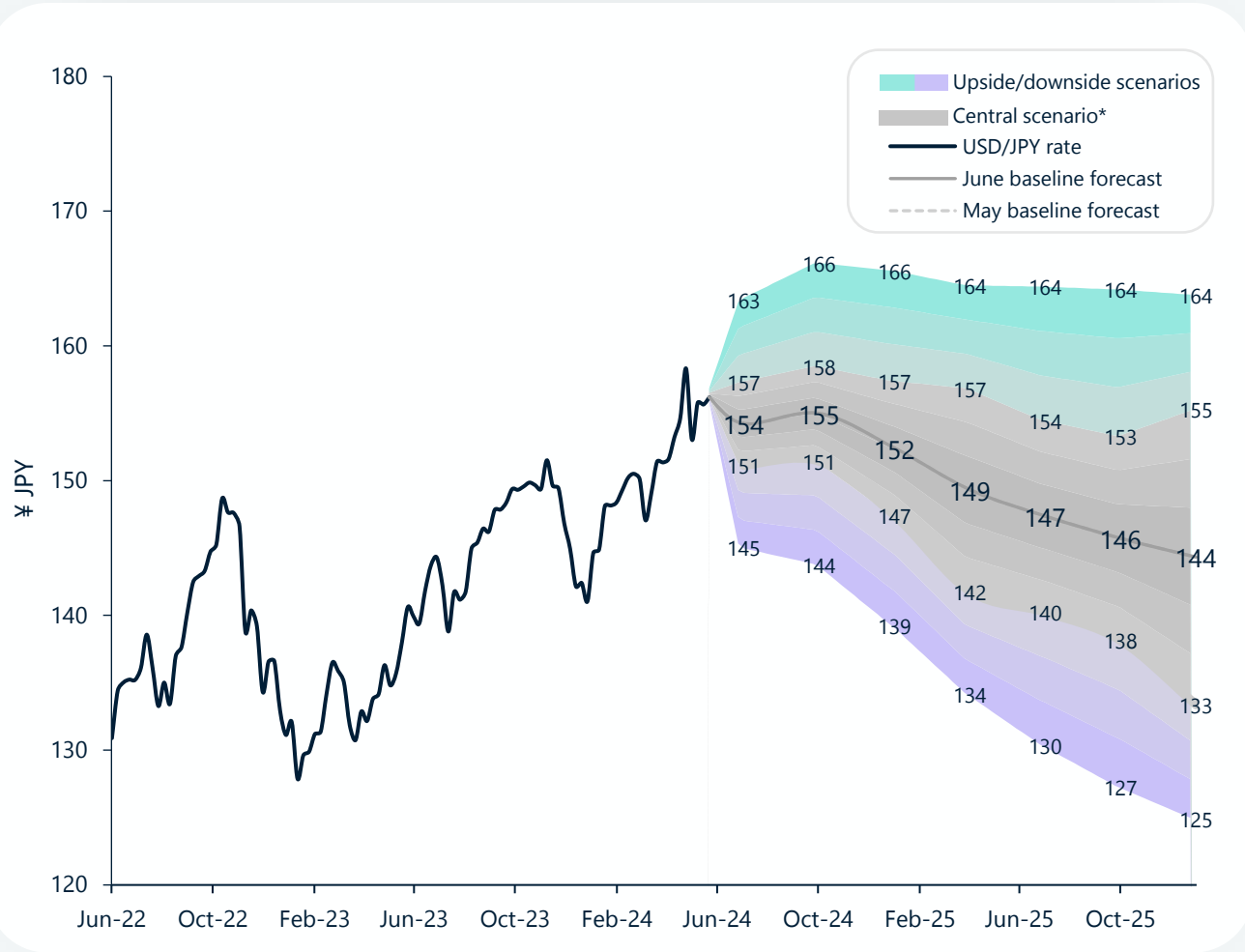
- Global trade is likely disappointing as Chinese growth remains sluggish, keeping the USD/SGD near recent highs.
- The USD stays relatively strong as the Fed maintains higher rates.

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 – May 22, 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/JPY future scenarios



Upside scenario: US inflation remains hot

- The USD/JPY might remain elevated if US inflation remains hot and forces the Fed to keep US interest rates higher for longer, widening US-JP yield spreads.
- Cooling Japanese inflation – under target for most of the last 20 years – could further weigh on the JPY.

Central scenario: BoJ tightens as Fed eases

- A pullback in USD/JPY might be driven by the Fed moving to cut interest rates in 2024.
- If US inflation falls in line with Fed forecasts, this will likely remain the central scenario.

Downside scenario: BoJ proposes a series of rate increases

- BoJ proposes a series of rate increases
- A major sell-off in financial markets might weigh on USD/JPY with the pair a major focus for speculative “carry trades” that do best in low volatility environments.

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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



Chair Jerome Powell rules out further rate hikes

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



	Spot	High	Low	High	Low	Trading range		Position within the range	
		30D	YTD	30D	YTD	30D	YTD	30D	YTD
USD/JPY	156.9	160.1	151.8	160.1	140.8	5.5%	13.7%	61%	83%
USD/MXN	16.72	17.38	16.52	18.21	16.26	5.2%	12.0%	23%	24%
NZD/USD	0.609	0.615	0.587	0.632	0.585	4.8%	8.0%	79%	51%
AUD/USD	0.660	0.671	0.646	0.683	0.636	3.9%	7.4%	56%	51%
GBP/USD	1.269	1.276	1.242	1.289	1.23	2.7%	4.8%	79%	66%
USD/CHF	0.914	0.922	0.898	0.922	0.839	2.7%	9.9%	67%	90%
EUR/USD	1.081	1.089	1.065	1.105	1.060	2.3%	4.2%	67%	47%
EUR/CAD	1.484	1.488	1.460	1.488	1.446	1.9%	2.9%	86%	90%
USD/CAD	1.372	1.378	1.359	1.384	1.322	1.4%	4.7%	68%	81%
USD/CNY	7.244	7.247	7.203	7.247	7.088	0.6%	2.2%	93%	98%

- Broad based realized FX volatility across USD denominated pairs has cooled over the past 30-day when compared to their respective longer-term averages.
- **USD/JPY** took the top position as the most volatile pair, having deviated 5.5% over the course of May from peak to trough. The pair continues to trade above key support at 151.95-153.07, keeping the broader rally structure intact for now. Japanese authorities have clearly signaled the 160-level is the latest “line in the sand” for intervention. Any turn lower in USD/JPY might be significant – speculative positioning is extremely stretched and could lead to JPY appreciation if there is any panicked reversal.
- The diverging rate views between the BoC and the Fed led to a wider CA-US 10-year yield interest rate differential, which weighed on the Canadian dollar. From a positioning perspective, the latest CFTC data shows that hedge funds increased short bets on the Loonie to their highest level since 2017.
- **AUD/USD** advanced toward a four-month high, and **NZD/USD** reached a two-month high after slowdown in US disinflation pushed the US dollar sharply lower.

Source: Refinitiv, Oxford Economics, Convera – May 24, 2024



NAM value indicator



Dollar remains strong as rate cut bets trimmed

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

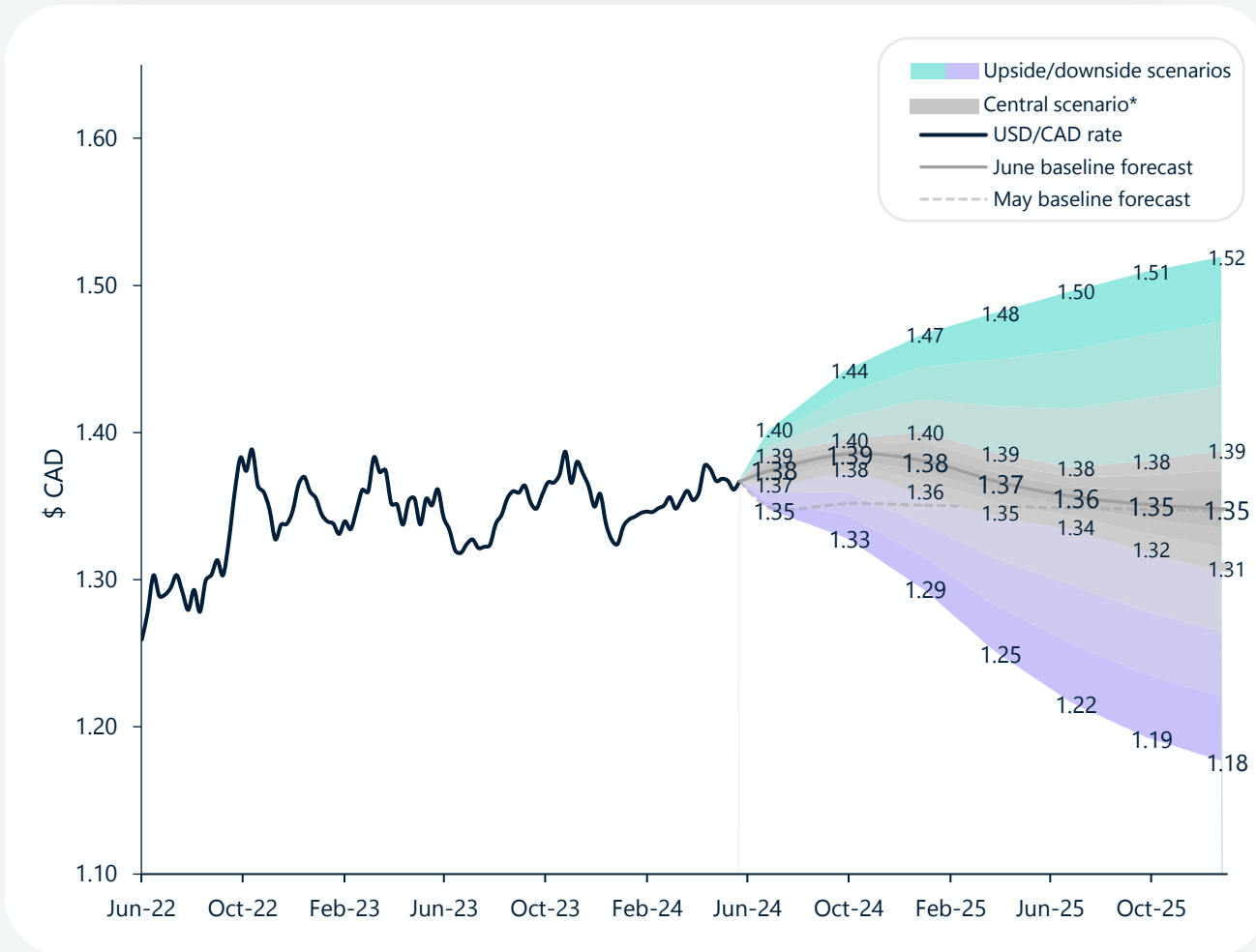
● Appreciation ● Depreciation

	Spot (As of 24.05.2024)	Spot vs			
		YTD average	1-year average	2-year average	5-year average
USD/JPY	156.9	4.2% Avg.: 159.8	6.4% Avg.: 147.4	10.5% Avg.: 141.9	27.9% Avg.: 122.7
USD/CAD	1.372	1.3% Avg.: 1.354	1.5% Avg.: 1.351	2.2% Avg.: 1.342	4.2% Avg.: 1.316
EUR/CAD	1.484	1.2% Avg.: 1.466	1.5% Avg.: 1.461	3.9% Avg.: 1.428	1.5% Avg.: 1.462
AUD/USD	0.660	0.4% Avg.: 0.657	0.6% Avg.: 0.656	-1.0% Avg.: 0.666	-5.1% Avg.: 0.695
GBP/USD	1.269	0.4% Avg.: 1.263	0.9% Avg.: 1.258	3.1% Avg.: 1.230	-0.9% Avg.: 1.280
NZD/USD	0.609	0.1% Avg.: 0.608	0.4% Avg.: 0.606	-0.6% Avg.: 0.612	-6.0% Avg.: 0.648
EUR/USD	1.081	-0.1% Avg.: 1.082	-0.1% Avg.: 1.082	1.6% Avg.: 1.063	-2.8% Avg.: 1.112
USD/MXN	16.72	-1.1% Avg.: 16.90	-2.5% Avg.: 17.15	-8.4% Avg.: 18.24	-14.7% Avg.: 19.59

- **US dollar** strength has significantly cooled, with the world’s reserve currency appreciating against just 14% of its global peers in May. Nonetheless, the dollar maintains its stronghold as hawkish Fed minutes and the consequent cooling off in global risk sentiment allowed for a moderate restrengthening of the dollar across the board towards the end of the month. This was further supported by strong US economic data which pushed out the timing of the first Fed rate cut to December.
- The **Canadian dollar** fell against its G10 peers after domestic inflation came in lower than expected. With all inflation measures within the BoC’s tolerance band, the pressure increases on the Bank of Canada to kickstart its monetary policy easing cycle from the current 24-year highs. The swap-implied probability of a BoC rate cut in June rose to 66%, up from 38% min-month. Despite markets jumping the gun with additional pricing for near-term easing, the risks are skewed towards a delayed BoC rate cut as the central bank may opt to wait until the July meeting to confirm that lower core inflation will be sustained. If the Bank does delay, the market will unwind recent CAD weakness.
- The Mexican peso remains the top performing of 16 major currencies. **USD/MXN** trades below its key short- and long-term moving averages as the peso’s high carry and relatively low volatility keep bringing bulls in.

Note: YTD average refers to the following time periods: 01.01.2024 - 24.05.2024; 1Y: 25.05.2023 - 24.05.2024; 2Y: 25.05.2022 - 24.05.2024; 5Y: 24.05.2019 - 24.05.2024. Table sources: Refinitiv, Convera – May 24, 2024

USD/CAD future scenarios



Upside scenario: Fed postpones cuts to 2025

- Confident with disinflation progress, the BoC cuts rates in July, increasing the US dollar's interest rate advantage.
- As US inflation continues to run hot, the FOMC revises its long-term dot plot higher, taking 2024 cuts off the table.

Central scenario: BoC cuts in July

- With all inflation measures within the BoC's tolerance band, the central bank cuts the policy rate by 25bps in July from the current 24-year highs.
- Fed maintains rates higher for longer while it waits for a confirmation for a sustained convergence to its 2% target.

Downside scenario: US labor market weakens

- As the Canadian economy recovers, foreign investors raise their exposure to Canadian securities, supporting CAD demand.
- Fed forced to cut rates as US labor market weakens, reducing the US dollar interest rate differential advantage.

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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)

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	1.294	1.314	1.342	1.369	1.392	1.413	1.431	1.443	1.450	1.455
	Baseline + σ	1.268	1.273	1.275	1.277	1.3	1.305	1.321	1.337	1.352	1.367
	Baseline	1.258	1.253	1.255	1.257	1.260	1.265	1.271	1.277	1.282	1.287
	Baseline - σ	1.248	1.233	1.235	1.237	1.22	1.225	1.221	1.217	1.212	1.207
	Low	1.222	1.191	1.168	1.145	1.127	1.116	1.111	1.111	1.114	1.120
GBP/EUR	High	1.231	1.284	1.338	1.395	1.443	1.480	1.506	1.519	1.520	1.516
	Baseline + σ	1.190	1.201	1.201	1.201	1.246	1.245	1.268	1.290	1.312	1.321
	Baseline	1.169	1.17	1.17	1.170	1.170	1.169	1.170	1.169	1.168	1.167
	Baseline - σ	1.147	1.138	1.138	1.138	1.093	1.092	1.071	1.047	1.023	1.012
	Low	1.111	1.065	1.022	0.980	0.948	0.924	0.908	0.900	0.897	0.898
GBP/JPY	High	211.5	218.4	222.2	225.2	229.0	232.1	234.4	235.5	235.3	234.6
	Baseline + σ	199.4	201.6	200.7	200.3	200.8	200.0	205.2	209.2	212.2	214.9
	Baseline	194.0	194.1	191.3	187.7	185.7	184.3	183.5	182.8	182.2	181.6
	Baseline - σ	188.5	186.5	181.8	175.0	170.5	168.5	161.7	156.3	152.1	148.2
	Low	177.2	171.3	162.7	153.7	146.9	142.1	138.8	136.8	135.9	135.4
GBP/CHF	High	1.222	1.260	1.304	1.350	1.389	1.418	1.440	1.451	1.453	1.452
	Baseline + σ	1.175	1.177	1.177	1.177	1.222	1.222	1.231	1.240	1.235	1.243
	Baseline	1.141	1.134	1.134	1.134	1.134	1.134	1.134	1.134	1.133	1.132
	Baseline - σ	1.106	1.090	1.090	1.090	1.045	1.045	1.036	1.027	1.030	1.020
	Low	1.062	1.016	0.976	0.937	0.906	0.882	0.865	0.856	0.852	0.851

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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	1.099	1.118	1.143	1.168	1.189	1.207	1.223	1.234	1.241	1.247
	Baseline + σ	1.085	1.081	1.083	1.084	1.107	1.111	1.126	1.142	1.157	1.163
	Baseline	1.075	1.071	1.073	1.074	1.077	1.081	1.086	1.092	1.097	1.103
	Baseline - σ	1.065	1.061	1.063	1.064	1.047	1.051	1.046	1.042	1.037	1.043
	Low	1.051	1.023	1.002	0.981	0.965	0.954	0.950	0.949	0.953	0.959
EUR/GBP	High	0.900	0.938	0.978	1.019	1.054	1.081	1.100	1.111	1.113	1.113
	Baseline + σ	0.868	0.875	0.875	0.875	0.905	0.905	0.920	0.936	0.951	0.958
	Baseline	0.854	0.854	0.854	0.854	0.854	0.854	0.854	0.855	0.855	0.856
	Baseline - σ	0.839	0.832	0.832	0.832	0.802	0.802	0.787	0.773	0.758	0.753
	Low	0.812	0.778	0.747	0.716	0.692	0.675	0.663	0.658	0.657	0.659
EUR/CHF	High	1.038	1.072	1.111	1.152	1.186	1.212	1.231	1.241	1.244	1.244
	Baseline + σ	1.005	0.999	1.000	0.999	1.040	1.040	1.049	1.060	1.056	1.056
	Baseline	0.975	0.969	0.970	0.969	0.969	0.969	0.969	0.970	0.969	0.969
	Baseline - σ	0.944	0.938	0.939	0.938	0.897	0.897	0.888	0.879	0.881	0.881
	Low	0.913	0.872	0.837	0.803	0.775	0.754	0.739	0.731	0.729	0.729
EUR/CNY	High	8.159	8.465	8.832	9.198	9.504	9.747	9.925	10.02	10.05	10.04
	Baseline + σ	7.902	7.917	7.962	8.076	8.220	8.283	8.483	8.597	8.672	8.669
	Baseline	7.808	7.780	7.803	7.819	7.825	7.833	7.845	7.850	7.850	7.847
	Baseline - σ	7.713	7.642	7.643	7.561	7.429	7.382	7.206	7.102	7.027	7.024
	Low	7.465	7.124	6.839	6.552	6.309	6.129	6.009	5.940	5.922	5.919

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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	425.1	444.7	468.9	494.5	515.7	532.6	545.0	552.6	555.4	556.7
	Baseline + σ	402.1	401.7	404.6	406.8	430.1	431.0	439.2	448.7	458.4	461.5
	Baseline	392.9	390.1	391.1	392.7	393.8	394.8	395.8	396.7	397.7	398.7
	Baseline - σ	383.6	378.4	377.5	378.5	357.4	358.5	352.3	344.6	336.9	335.8
	Low	373.3	355.0	340.7	327.3	316.2	307.9	302.5	299.8	299.8	300.6
EUR/CZK	High	26.88	27.79	28.65	29.48	30.10	30.50	30.70	30.74	30.62	30.47
	Baseline + σ	25.77	25.82	25.94	25.79	26.39	26.15	26.15	26.16	26.28	26.14
	Baseline	25.21	25.14	25.00	24.82	24.61	24.38	24.15	23.95	23.80	23.67
	Baseline - σ	24.64	24.45	24.05	23.84	22.82	22.60	22.14	21.73	21.31	21.19
	Low	23.60	22.62	21.60	20.57	19.68	18.94	18.38	18.01	17.83	17.72
USD/CZK	High	24.44	24.84	25.05	25.23	25.31	25.25	25.09	24.89	24.66	24.43
	Baseline + σ	23.74	23.89	23.96	23.78	23.84	23.53	23.21	22.91	22.7	22.47
	Baseline	23.44	23.47	23.30	23.09	22.85	22.54	22.22	21.93	21.68	21.45
	Baseline - σ	23.14	23.05	22.64	22.4	21.86	21.55	21.23	20.95	20.66	20.43
	Low	22.45	22.09	21.54	20.95	20.39	19.84	19.35	18.96	18.69	18.46
USD/PLN	High	4.224	4.282	4.316	4.346	4.378	4.418	4.445	4.456	4.454	4.442
	Baseline + σ	4.045	4.137	4.105	4.12	4.22	4.237	4.232	4.23	4.246	4.253
	Baseline	4.005	4.007	3.985	3.960	3.950	3.957	3.962	3.960	3.956	3.943
	Baseline - σ	3.965	3.877	3.865	3.8	3.68	3.677	3.692	3.69	3.666	3.633
	Low	3.786	3.732	3.655	3.574	3.521	3.496	3.479	3.464	3.457	3.444

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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	0.682	0.689	0.707	0.727	0.746	0.762	0.777	0.792	0.807	0.821
	Baseline + σ	0.662	0.664	0.668	0.678	0.683	0.694	0.704	0.718	0.734	0.752
	Baseline	0.658	0.652	0.656	0.661	0.666	0.672	0.677	0.686	0.696	0.707
	Baseline - σ	0.653	0.639	0.643	0.643	0.648	0.649	0.649	0.653	0.657	0.661
	Low	0.635	0.620	0.612	0.606	0.603	0.600	0.601	0.605	0.612	0.621
AUD/EUR	High	0.649	0.673	0.705	0.741	0.773	0.798	0.817	0.834	0.846	0.856
	Baseline + σ	0.615	0.631	0.634	0.646	0.638	0.649	0.654	0.661	0.670	0.685
	Baseline	0.612	0.609	0.612	0.615	0.619	0.621	0.623	0.628	0.634	0.641
	Baseline - σ	0.608	0.586	0.589	0.583	0.599	0.592	0.591	0.594	0.597	0.596
	Low	0.578	0.554	0.536	0.519	0.507	0.497	0.491	0.490	0.493	0.497
AUD/NZD	High	1.181	1.209	1.256	1.308	1.355	1.391	1.416	1.438	1.453	1.463
	Baseline + σ	1.116	1.124	1.134	1.146	1.158	1.168	1.189	1.216	1.239	1.261
	Baseline	1.096	1.083	1.086	1.090	1.095	1.097	1.096	1.099	1.104	1.108
	Baseline - σ	1.075	1.041	1.037	1.033	1.031	1.025	1.002	0.981	0.968	0.954
	Low	1.018	0.971	0.938	0.908	0.884	0.865	0.849	0.841	0.840	0.840
AUD/CNY	High	5.061	5.219	5.463	5.727	5.961	6.152	6.304	6.437	6.538	6.621
	Baseline + σ	4.823	4.875	4.923	5.056	5.083	5.178	5.310	5.415	5.512	5.608
	Baseline	4.779	4.743	4.776	4.814	4.845	4.869	4.893	4.934	4.984	5.032
	Baseline - σ	4.734	4.610	4.628	4.571	4.606	4.559	4.475	4.452	4.455	4.455
	Low	4.516	4.315	4.180	4.052	3.942	3.857	3.802	3.786	3.804	3.831

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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	1.402	1.442	1.466	1.481	1.496	1.509	1.519	1.525	1.526	1.525
	Baseline + σ	1.385	1.395	1.4	1.385	1.376	1.38	1.388	1.386	1.395	1.394
	Baseline	1.375	1.385	1.380	1.365	1.356	1.350	1.348	1.346	1.345	1.344
	Baseline - σ	1.365	1.375	1.36	1.345	1.336	1.32	1.308	1.306	1.295	1.294
	Low	1.347	1.328	1.293	1.250	1.216	1.192	1.176	1.167	1.164	1.163
USD/MXN	High	17.91	18.72	19.74	20.93	21.88	22.61	23.14	23.51	23.75	23.93
	Baseline + σ	16.97	17.46	17.93	18.9	19.81	20.41	20.81	21.09	21.25	21.41
	Baseline	16.74	17.03	17.53	18.20	18.70	19.09	19.38	19.61	19.81	19.99
	Baseline - σ	16.51	16.6	17.13	17.5	17.59	17.77	17.95	18.13	18.37	18.57
	Low	16.15	16.14	16.33	16.69	16.94	17.13	17.28	17.42	17.61	17.78
USD/JPY	High	163.4	166.1	165.5	164.4	164.3	164.1	163.7	163.2	162.3	161.2
	Baseline + σ	157.2	158.4	157.3	156.8	154.4	153.2	155.2	156.4	156.9	157.2
	Baseline	154.2	154.9	152.4	149.3	147.3	145.7	144.3	143.1	142.1	141.1
	Baseline - σ	151.1	151.3	147.4	141.7	140.1	138.1	133.3	129.7	127.2	124.9
	Low	145.0	143.7	139.2	134.1	130.3	127.2	124.8	123.1	121.9	120.9
USD/CNY	High	7.417	7.569	7.724	7.873	7.991	8.069	8.112	8.120	8.094	8.056
	Baseline + σ	7.28	7.325	7.353	7.444	7.424	7.454	7.528	7.527	7.491	7.452
	Baseline	7.26	7.265	7.273	7.274	7.264	7.244	7.218	7.187	7.151	7.112
	Baseline - σ	7.24	7.205	7.193	7.104	7.104	7.034	6.908	6.847	6.811	6.772
	Low	7.102	6.960	6.821	6.675	6.538	6.419	6.324	6.254	6.207	6.169

Chart sources: Oxford Economics, Refinitiv, Convera – May 22, 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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