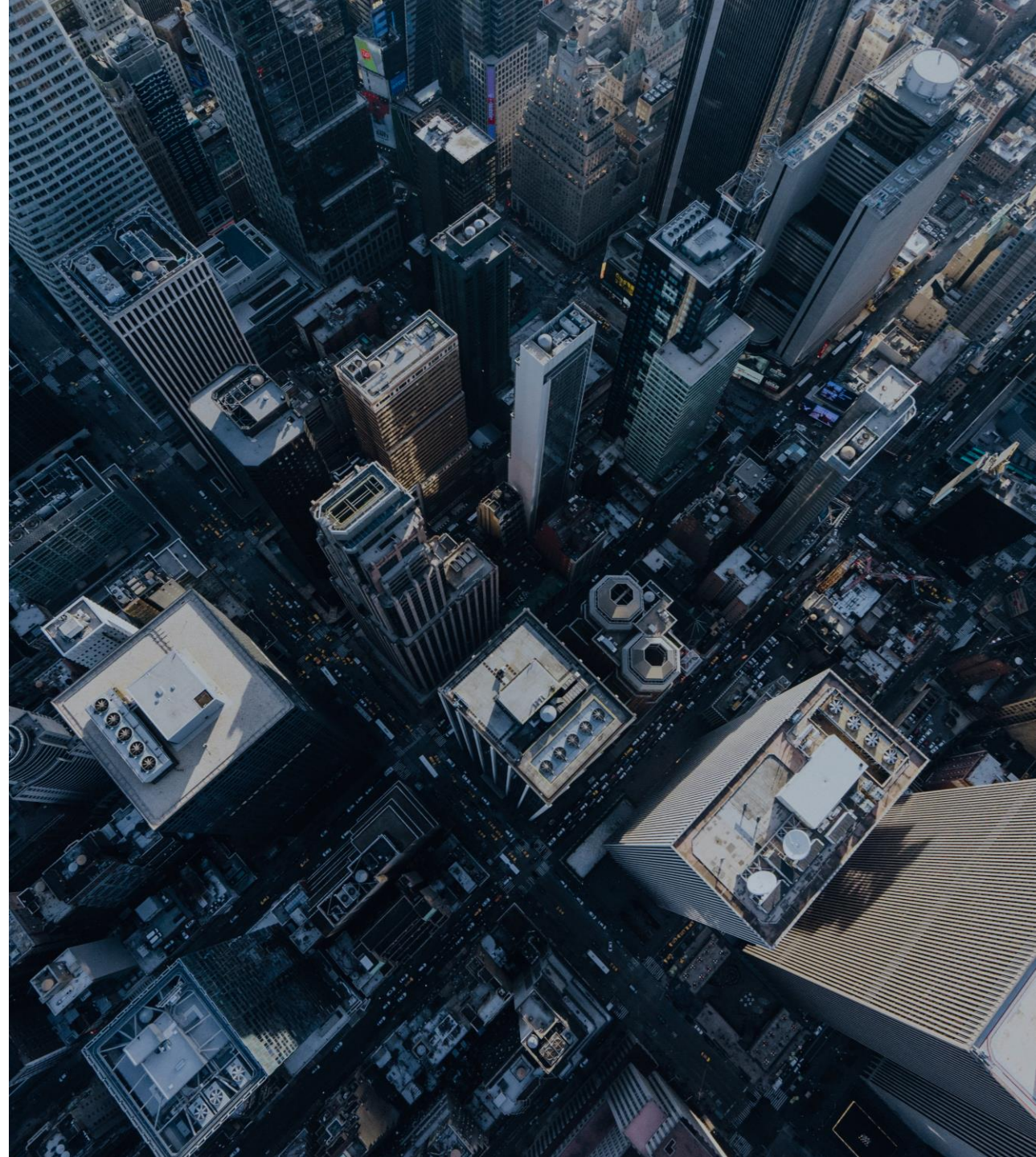




Global FX Outlook

August 2024

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SMART MONEY MOVES



Key insights

FX markets hit as risk sentiment turns sour

An incredible month of headlines saw election results in the UK and France, an assassination attempt on former US president Donald Trump, current US president Joe Biden withdraw from the 2024 presidential election, and vice president Kamala Harris assume the role of presumptive Democratic presidential candidate.

Financial markets were roiled not just by these political events but also a steepening of the US yield curve, a sell-off in US tech stocks and heavy liquidation in a range of Japanese yen pairs that had been the favoured trade in FX markets over 2024 so far.

In equities, the US's S&P 500 and tech-focused Nasdaq saw their biggest one-day losses since 2022. At one point, the S&P 500 was down 5.0% from its July highs and the Nasdaq down 9.0% from this month's highs.

FX markets were dominated by the meltdown in the USD/JPY. The USD/JPY's moves this year were closely tied to tech stocks – the pair had been the focus of the speculative "carry trade". The pair had gained more than 15% so far this year but the reversal in sentiment this month has seen the USD/JPY down as much as 6.1% in July.

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 was lower in July, unusual in a month dominated by heavy selling across markets. The USD's haven appeal faltered on hopes for Fed rate cuts. It was only the second monthly loss for the USD in 2024.

EU



The EUR/USD marked a rare monthly win versus the USD in July – only the second monthly gain in 2024 – after the ECB held rates steady last month. The euro gained versus most G10 peers in July.

UK



The GBP/USD reached one-year highs in July, producing a bronze-medal performance versus G10 peers, as a big Labour win removed political uncertainty while a strong GDP number cast doubt on rate cuts.

Australia



The AUD/USD suffered a nine-day losing streak that saw the pair fall from six-month highs to three-month lows in less than a fortnight. Chinese growth worries, falling metal prices and market-wide selling hit AUD.

Global economic outlook

Key market themes to watch

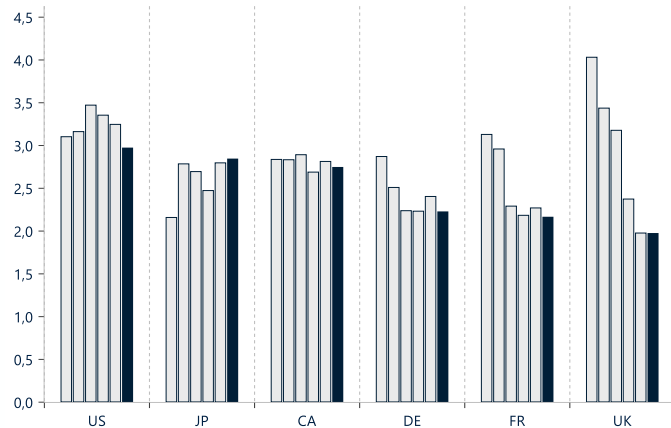
Inflation has been benign lately

Price pressures continue to moderate in developed markets. Even though the pace of disinflation has slowed, investors are comfortable pricing in rate cuts from central banks. These expectations assume price growth continuing to fall in the second half of 2024. Services and wage inflation should do just that. However, the goods and industrial side of the equation and trade political tensions could complicate the picture for policy makers. For now, inflation close to 2% is enough for cheer.

Inflation coming closer to target

Overview of annual consumer inflation rates in %

■ Previous five months ■ June



Source: Convera, Macrobond

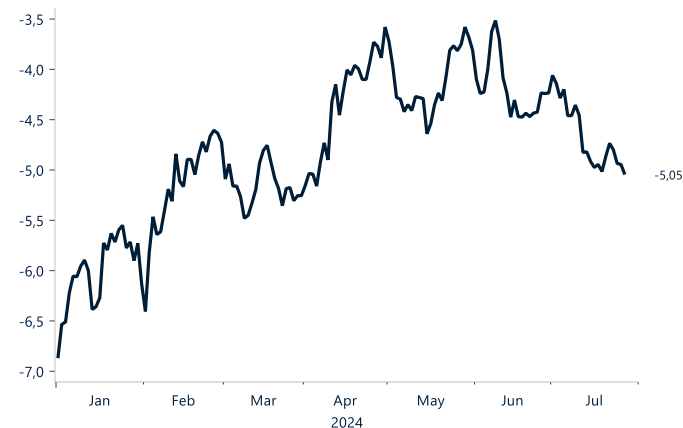
Leading to more cuts being priced in

The softening of the US labor market and weaker than expected sentiment indicators from Europe have brought back bets on policy easing from the Fed, ECB and BoE. The first half of 2024 had been about paring those bets back on sticky inflation. Investors are now starting to feel comfortable with more easing from policy makers. Around 500 basis points of cuts are priced for the G3 central banks over the next 24 months. Two main risks going forward: Goods reflation and supply chain disruptions.

Investors comfortable pricing in more cuts from the G3

Cumulative rate hikes/cuts priced in during the next 24 months

— G3 easing priced in



Source: Convera, Macrobond

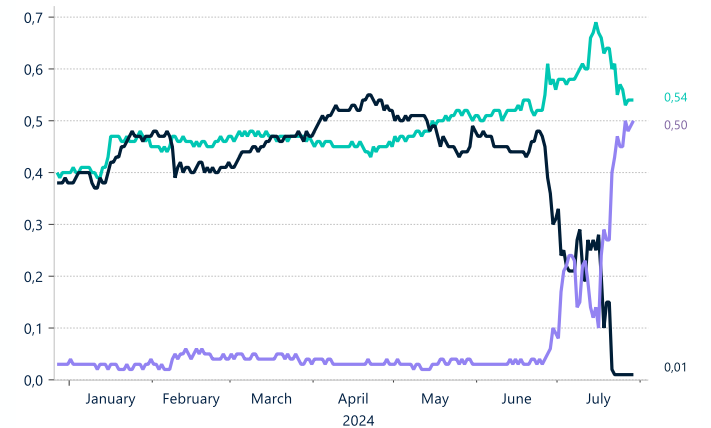
But politics complicates the picture

The political focus has shifted from Europe back to the United States with the elections in the United Kingdom and France behind us. Volatility premia has mostly normalized but the Harris vs. Trump face-off comes with a lot of new uncertainties. The lack of clarity on Harris' view on the US dollar and contradictions in Trump's policy recommendations makes a clear directional FX call hard to make. Volatility and political uncertainty tend to rise going into the presidential election in November.

Harris entering the race adds uncertainty to the election

Chances of winning the US presidential election (Predictit)

— Harris — Biden — Trump



Source: Convera, Macrobond

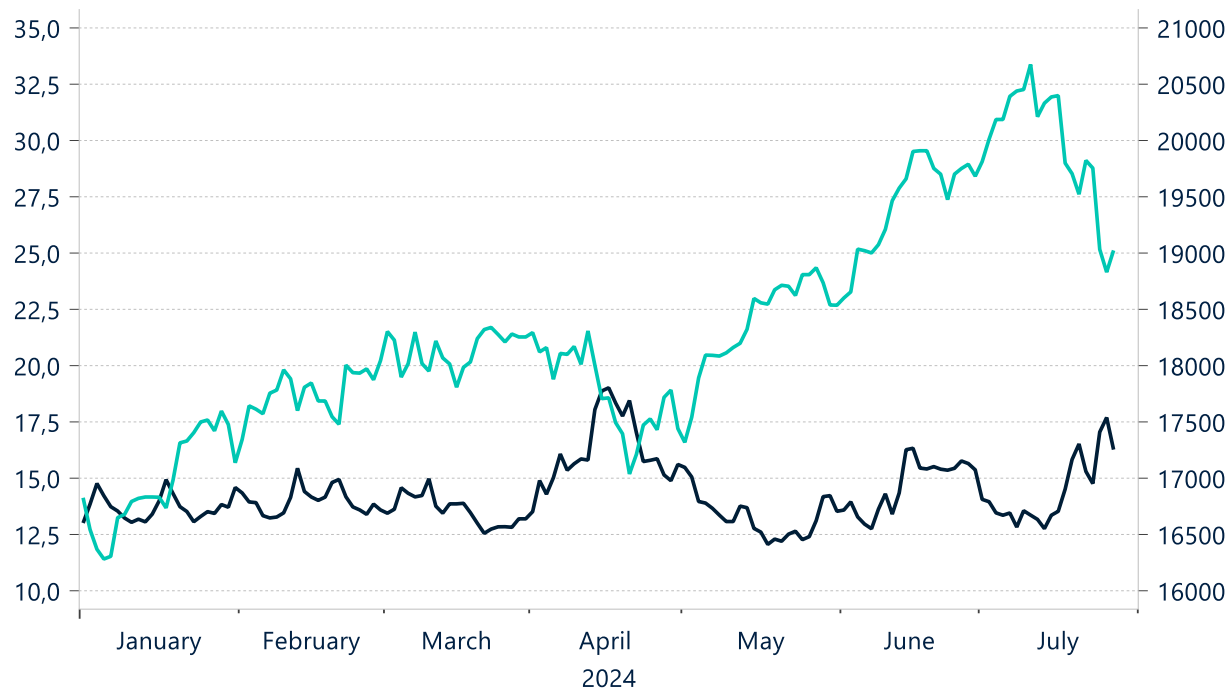
Chart sources: Convera, Macrobond – July 29, 2024

Theme in focus: Stuck between macro and politics

Volatility on the rise as equities sell off

US tech stock market benchmark and equity volatility index (Nasdaq and VIX)

— US equity volatility index (VIX), lhs
— US tech stock index (Nasdaq), rhs

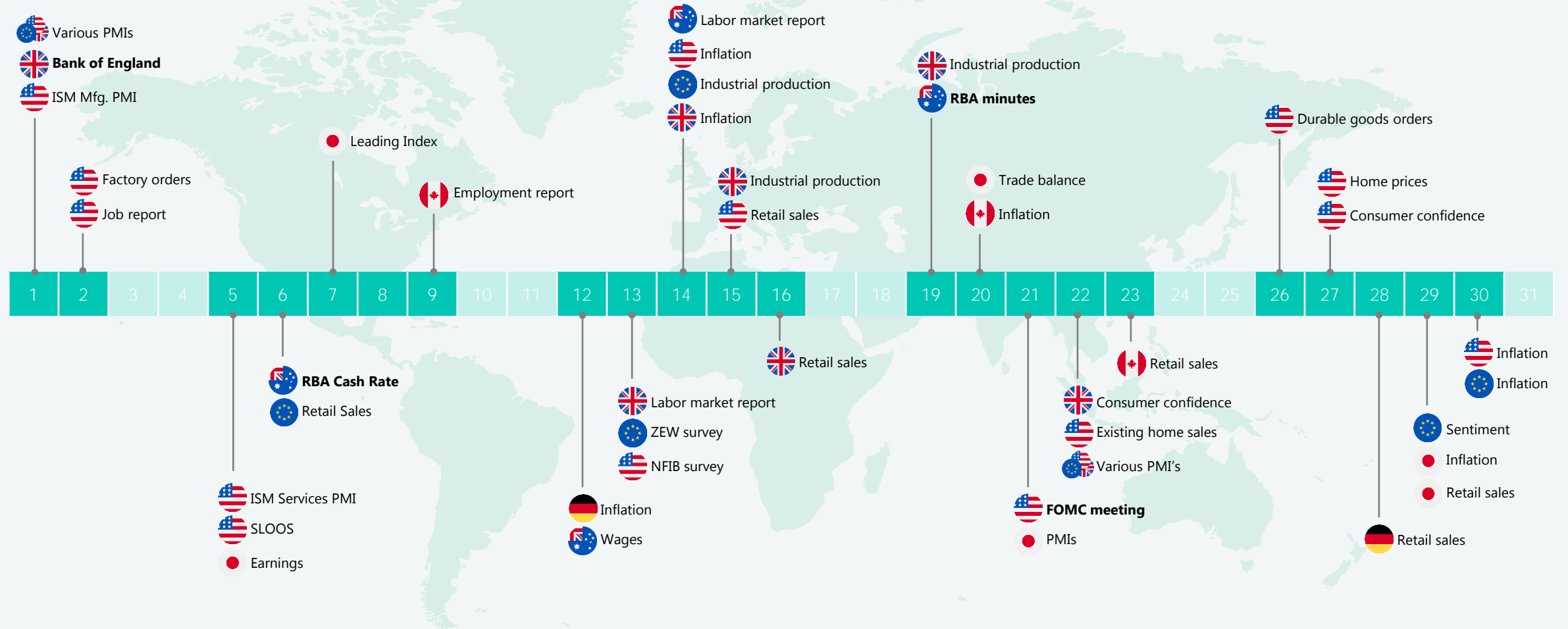


Source: Convera, Macrobond

- **Macro.** Business conditions are worsening, the labor market is coming back into balance and disinflation is back on track. The US consumer is starting to feel the weight of high interest rates with excess savings now largely depleted and credit card delinquency on the rise. The recent macro data has softened, and company earnings have so far somewhat disappointed.
- **Rates.** This has pushed government bond yields on the front end of the curve lower with the two-year yield now having fallen for three consecutive months, with July seeing the largest fall this year. Markets are preparing for three rate cuts by the Fed this year with the easing cycle expected to start in September.
- **Politics.** It appears that Trump's fiscal rhetoric coupled with rising Fed easing bets are leading to a steepening of the yield curve and for now a slightly weaker dollar. Both the Trump and Fed trade do favor higher equity markets under the assumption of a soft landing as more fiscal spending and a lower benchmark policy rate act risk positive.
- **Markets.** Markets have been stuck between the favorable move in yields and political uncertainty. One reason for the rise in volatility and equity sell-off in July has also been the driver of these lower yields, namely the expectation of weaker economic growth ahead. The Nasdaq index is now down 8% from its peak, the largest drawdown this year with the Japanese yen having its best month in 2024 against the dollar and euro.

Key market events to watch

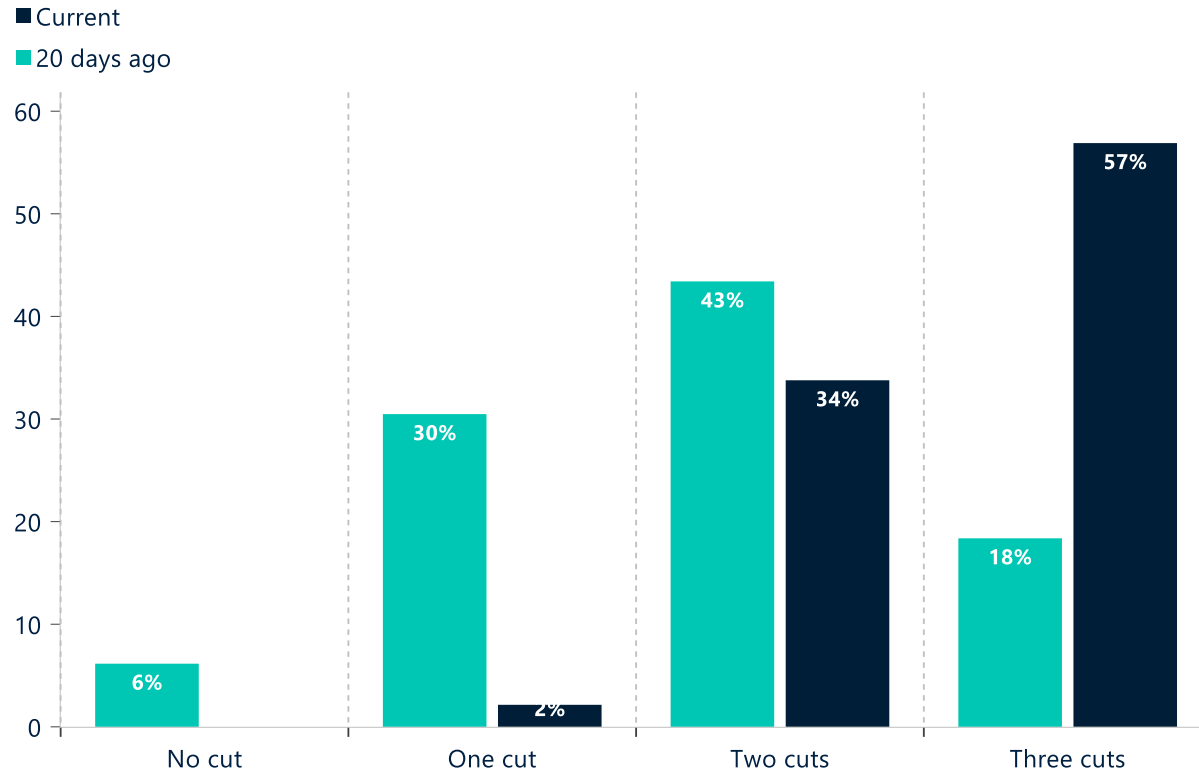
August 2024



Event in focus: No summer lull on the data front

The Fed is now likely to cut rates three times this year

Implied probabilities of Fed rate cuts in 2024



Source: Convera, Macrobond

- European trading activity tends to calm down during the summer period, but a summer lull on the central bank side is more than compensated for by the heavy macro calendar in August.
- Ten days in particular (12th – 22nd) will most likely decide the sentiment going into the September meetings of the Fed and ECB. Inflation and labor market data are the main priority for investors looking to gauge what central banks will do at the next meetings.
- In the United States, the prospects of a softening labor market and weaker spending led Treasury yields lower in July. This trend would have to continue for the dollar to remain on its backfoot. If we see an acceleration of economic momentum, some of the recently priced in rate cuts might have to be pared again.
- European data will come in the form of lagged data like GDP and retail sales and leading indicators like the Ifo and ZEW surveys. The PMIs and Q2 wage data on the 22nd will be crucial to move ahead with an ECB cut in September.
- The month in the United Kingdom will be decided by one week (12. – 16.), when all major data will be released. In the same period, investors in Asia will keep an eye out on the big macro path from China including GDP, industrial production, retail sales and other key indicators.



UK currency outlook

GBP volatility analysis



British Pound retreats against safe haven JPY and CHF

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



| | Spot | High 30D | Low | High YTD | Low | Trading range | | Position within the range | |
|---------|-------|-------------|-------|-------------|-------|---------------|-------|---------------------------|-----|
| | | | | | | 30D | YTD | 30D | YTD |
| GBP/NOK | 14.17 | 14.34 | 13.42 | 14.34 | 12.88 | 6.9% | 11.3% | 82% | 88% |
| GBP/JPY | 198.4 | 208.1 | 195.8 | 208.1 | 178.7 | 6.3% | 16.5% | 21% | 67% |
| GBP/NZD | 2.181 | 2.186 | 2.070 | 2.186 | 2.005 | 5.6% | 9.0% | 96% | 97% |
| GBP/ZAR | 23.61 | 23.88 | 22.74 | 24.59 | 22.57 | 5.0% | 8.9% | 76% | 51% |
| GBP/AUD | 1.965 | 1.976 | 1.891 | 1.976 | 1.859 | 4.5% | 6.3% | 87% | 91% |
| GBP/USD | 1.288 | 1.304 | 1.261 | 1.304 | 1.23 | 3.4% | 6.0% | 63% | 78% |
| GBP/CAD | 1.778 | 1.785 | 1.726 | 1.785 | 1.678 | 3.4% | 6.4% | 88% | 93% |
| GBP/CNY | 9.309 | 9.471 | 9.170 | 9.471 | 8.908 | 3.3% | 6.3% | 46% | 71% |
| GBP/CHF | 1.134 | 1.163 | 1.129 | 1.167 | 1.064 | 3.0% | 9.7% | 15% | 68% |
| GBP/EUR | 1.186 | 1.192 | 1.176 | 1.192 | 1.147 | 1.4% | 3.9% | 63% | 87% |

- **GBP/NOK** rallied ~5% in July as the equity selloff and risk-off sentiment left the Norwegian krona exposed to a broad-based selloff. As a result, the one-month realised volatility in the pair spiked to a six-month high.
- **GBP/JPY** one-month realised volatility climbed to a two-month high as the unwind of carry trade strategies saw the yen rally across the board in July. Given the sharp unwind of the historically high short yen positions, the one-month implied option volatility for the pair, which measures the market expectations of future volatility over the course of the tenor, has also climbed near 2024 highs of 10.5 vol.
- With the European elections behind us, **GBP/EUR** historical volatility succumbed to a three-month low. Volatility expectations over the next 30-days have also retreated to the YTD average.
- **GBP/USD** advanced for a second month in seven amid increased confidence around the September Fed rate cut. The pair is currently trading in the upper quartile of its YTD average having breach the \$1.30 barrier for the first time in 12-months.

Source: Bloomberg, Convera – July 26, 2024

GBP value indicator



GBP advances against commodity backed G10 currencies

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

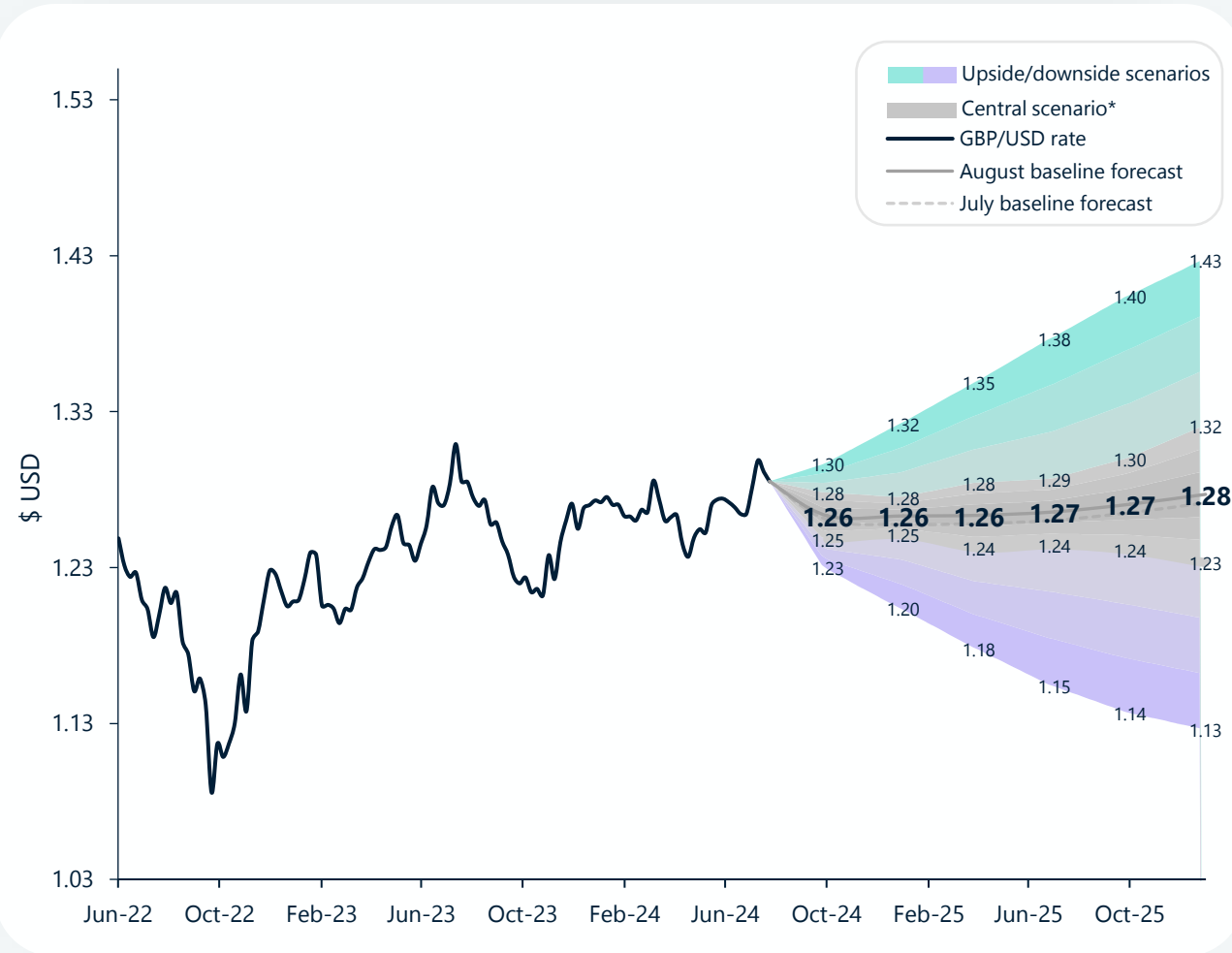
● Appreciation ● Depreciation

| | Spot | Spot vs | | | |
|---------|--------------------|---------------------|---------------------|----------------------|----------------------|
| | (As of 26.07.2024) | YTD average | 1-year average | 2-year average | 5-year average |
| GBP/NZD | 2.181 | 4.7% Avg.: 2.083 | 4.8% Avg.: 2.080 | 7.8% Avg.: 2.022 | 9.9% Avg.: 1.984 |
| GBP/CAD | 1.778 | 3.2% Avg.: 1.723 | 4.0% Avg.: 1.710 | 6.7% Avg.: 1.666 | 5.5% Avg.: 1.685 |
| GBP/JPY | 198.4 | 2.4% Avg.: 193.8 | 4.7% Avg.: 189.4 | 11.5% Avg.: 177.9 | 25.0% Avg.: 158.7 |
| GBP/AUD | 1.965 | 2.3% Avg.: 1.921 | 2.3% Avg.: 1.921 | 5.6% Avg.: 1.861 | 6.4% Avg.: 1.847 |
| GBP/CNY | 9.309 | 1.7% Avg.: 9.156 | 2.2% Avg.: 9.106 | 6.0% Avg.: 8.782 | 6.0% Avg.: 8.779 |
| GBP/USD | 1.288 | 1.6% Avg.: 1.267 | 2.3% Avg.: 1.259 | 4.3% Avg.: 1.235 | 0.5% Avg.: 1.281 |
| GBP/EUR | 1.186 | 1.2% Avg.: 1.171 | 1.7% Avg.: 1.165 | 2.4% Avg.: 1.157 | 2.8% Avg.: 1.153 |
| GBP/CHF | 1.134 | 0.5% Avg.: 1.127 | 1.4% Avg.: 1.118 | 1.0% Avg.: 1.123 | -4.5% Avg.: 1.187 |

- The **British pound** appreciated against more than 80% of its global peers in July, its joint best monthly performance in 2024. In the G10 space, GBP was the third best performing currency amid a surge of safe haven demand towards the month-end.
- An upside surprise in services inflation and better than expected growth backdrop saw the odds of an August rate cut reduced to a coin toss, which helped protect sterling's high yield status.
- Earlier in July, **GBP/USD** reached a fresh one-year high above \$1.30, driven by record-high bullish bets on the British currency amid growing uncertainty about the near-term BoE easing path.
- Having breached the 208 barrier for the first time in 16-years, **GBP/JPY** plunged over 4% since the July peak amid an unwinding of the carry trade strategies prompted by the equity market rout as well as growing speculations of further BoJ tightening in the near-ter.
- **GBP/EUR** climbed above €1.19 threshold for the first time since April 2022 amid worsening Eurozone economic backdrop. Meanwhile the UK continues to exceed market expectations.

Source: Bloomberg, Convera – July 26, 2024

GBP/USD future scenarios



Upside scenario: Global recovery & risk appetite

- UK economic recovery gathers pace. The BoE keeps interest rates elevated due to persistent services inflation, whilst US economy underperforms.
- Geopolitical risks recede and China's growth outlook improves, fueling increased demand for risk assets and hurting the safe haven USD.

Central scenario: Policy easing cycle

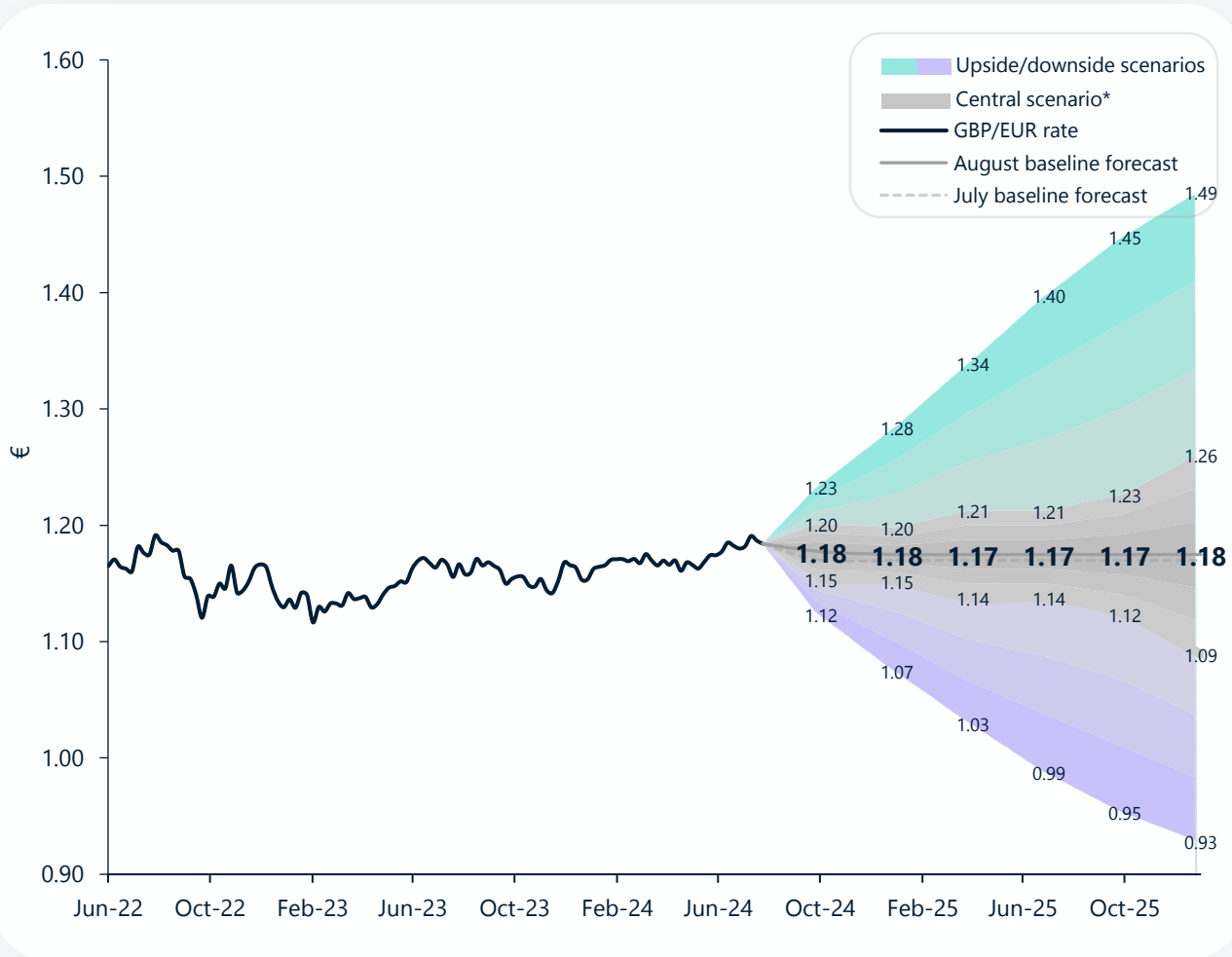
- UK-US economic growth divergence narrows as UK recovery gathers steam.
- Both central banks embark on their easing cycles, but GBP retreats given the historically overstretched long positioning.

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 GBP. Geopolitical risks and the US election inflate safe haven USD demand.

Chart sources: Oxford Economics, Bloomberg, Convera – July 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 economic recovery slows, whilst the UK economy continues to surprise stronger than expected.

Central scenario: Interest rate differential

- Sticky services inflation pressures the BoE to keep rates high, widening the UK-EU rate differential. Anemic UK economic growth limits sterling's upside.
- Lingering French election risks maintains OAT-Bund yield spreads structurally elevated, capping euro's potential.

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 eases policy rates as the headline inflation is at the 2% target, eroding sterling's yield advantage. EZ economy recovers, boosting EUR demand.

Chart sources: Oxford Economics, Bloomberg, Convera – July 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)



EU currency outlook

EUR volatility analysis



EUR/JPY volatility climbs to 2024 high

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



| | Spot | High 30D | Low | High YTD | Low | Trading range | | Position within the range | |
|---------|-------|-------------|-------|-------------|-------|---------------|-------|---------------------------|-----|
| | | | | | | 30D | YTD | 30D | YTD |
| EUR/JPY | 167.3 | 175.4 | 164.8 | 175.4 | 155.0 | 6.4% | 13.2% | 24% | 60% |
| EUR/NZD | 1.839 | 1.845 | 1.748 | 1.845 | 1.739 | 5.5% | 6.1% | 94% | 94% |
| EUR/SEK | 11.72 | 11.77 | 11.23 | 11.77 | 11.03 | 4.8% | 6.7% | 91% | 93% |
| EUR/AUD | 1.656 | 1.664 | 1.599 | 1.674 | 1.599 | 4.1% | 4.7% | 88% | 76% |
| EUR/CAD | 1.499 | 1.502 | 1.460 | 1.502 | 1.446 | 2.9% | 3.9% | 93% | 95% |
| EUR/CHF | 0.956 | 0.977 | 0.952 | 0.993 | 0.925 | 2.6% | 7.4% | 16% | 46% |
| EUR/USD | 1.086 | 1.094 | 1.066 | 1.108 | 1.060 | 2.6% | 4.5% | 71% | 54% |
| EUR/CZK | 25.37 | 25.46 | 24.81 | 25.51 | 24.45 | 2.6% | 4.3% | 86% | 87% |
| EUR/CNY | 7.847 | 7.947 | 7.750 | 7.947 | 7.655 | 2.5% | 3.8% | 49% | 66% |
| EUR/GBP | 0.843 | 0.849 | 0.838 | 0.870 | 0.838 | 1.3% | 3.8% | 45% | 16% |

- Favourable seasonality trends saw the **Euro index** gain 0.5% over the past 30-days.
- As expected, the European Central Bank (ECB) left its benchmark rate unchanged at 3.75% in July but refrained from pre-committing to a specific rate cut trajectory, noting that September's decision remains open.
- The second round of the French snap elections resulted in a hung parliament. Such a political backdrop is not sustainable beyond the short term, and there is no end to the current political uncertainty in sight. Consequently, we expect the spreads between the OAT-Bund 10-year government bonds to remain structurally elevated, dampening the euro's potential.
- **EUR/JPY** plunged by ~3.4% in July, its largest monthly loss in 2024, amid an unwind of carry trade strategies, further exacerbated by the broad-based equity selloff. The pair's one-month realized volatility also spiked to the highest level thus far this year.
- One-month realized volatility on **EUR/USD** is back at the 2024 lows, as the euro has been broadly unresponsive to both soft domestic surveys and the equity and carry trade-driven positioning adjustments in FX.

Source: Bloomberg, Convera – July 26, 2024

EUR value indicator



Euro rallies against high beta currencies

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

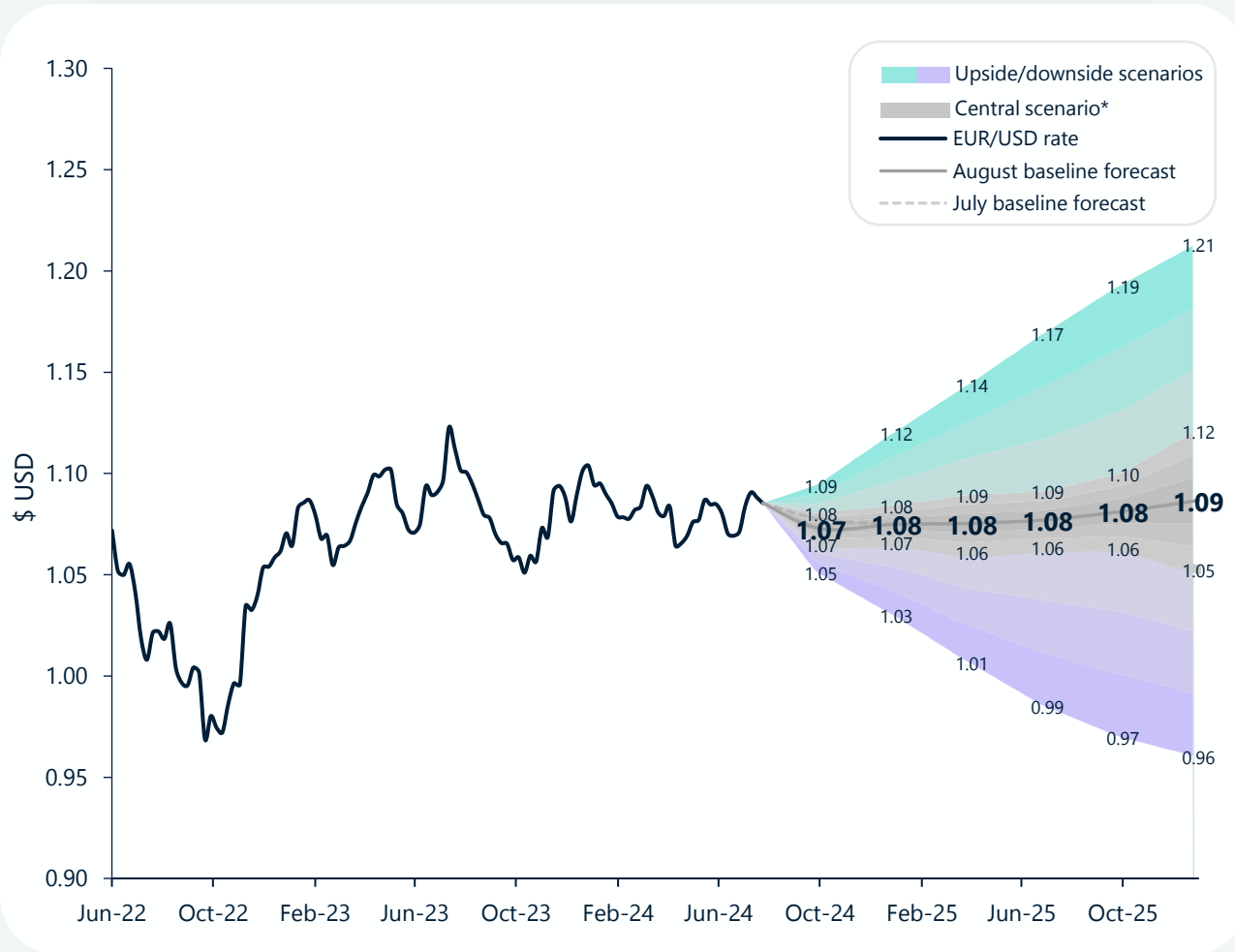
● Appreciation ● Depreciation

| | Spot (As of 26.07.2024) | Spot vs | | | |
|---------|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | | YTD average | 1-year average | 2-year average | 5-year average |
| EUR/NZD | 1.839 | 3.5% Avg.: 1.777 | 3.1% Avg.: 1.784 | 5.3% Avg.: 1.746 | 6.9% Avg.: 1.720 |
| EUR/CAD | 1.499 | 1.9% Avg.: 1.470 | 2.2% Avg.: 1.466 | 4.1% Avg.: 1.439 | 2.5% Avg.: 1.461 |
| EUR/CZK | 25.37 | 1.3% Avg.: 25.05 | 2.4% Avg.: 24.76 | 4.0% Avg.: 24.40 | 0.7% Avg.: 25.20 |
| EUR/JPY | 167.3 | 1.2% Avg.: 165.3 | 3.0% Avg.: 162.4 | 8.9% Avg.: 153.8 | 21.7% Avg.: 137.4 |
| EUR/AUD | 1.656 | 1.0% Avg.: 1.639 | 0.5% Avg.: 1.648 | 3.0% Avg.: 1.607 | 3.4% Avg.: 1.601 |
| EUR/USD | 1.086 | 0.4% Avg.: 1.081 | 0.5% Avg.: 1.080 | 1.8% Avg.: 1.066 | -2.2% Avg.: 1.110 |
| EUR/CHF | 0.956 | -0.7% Avg.: 0.962 | -0.4% Avg.: 0.959 | -1.5% Avg.: 0.970 | -7.1% Avg.: 1.029 |
| EUR/GBP | 0.843 | -1.2% Avg.: 0.853 | -1.7% Avg.: 0.857 | -2.4% Avg.: 0.863 | -2.8% Avg.: 0.867 |

- The **Euro index** weakness towards the month end was solely driven by a flight to safe-haven currencies: USD, CHF, and JPY.
- Despite the weakening momentum in the second half of July, **EUR/USD** is still up ~1% month-to-date, but that may cap near-term gains. Previously supportive seasonality trends weaken in August and are set to turn negative in September, leading to an overall negative Q3 performance. With several Governing Council members implicitly endorsing the current ECB money market pricing (48bps by year end), these expectations are likely to remain stable throughout the coming weeks. This suggests that the Federal Reserve's actions will be a major driver for EUR/USD.
- The Swiss franc has made sizable gains against all G10 peers bar the Japanese yen recently, in a sign of safe haven demand and the unwinding of carry trades. Although the Swiss National Bank remains dovish, the risk off climate, and the closing out of short bets against low yielders like the swissy prompted **EUR/CHF** to fall over 1% in July towards a one-month low.
- **EUR/GBP** touched a fresh two-year low amid sterling strength driven by a supportive real yield differential and a record-high bullish bets on the British currency.

Source: Bloomberg, Convera – July 26, 2024

EUR/USD future scenarios



Upside scenario: EZ economy recovers, US exceptionalism fades

- 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: USD supported by safe haven flows

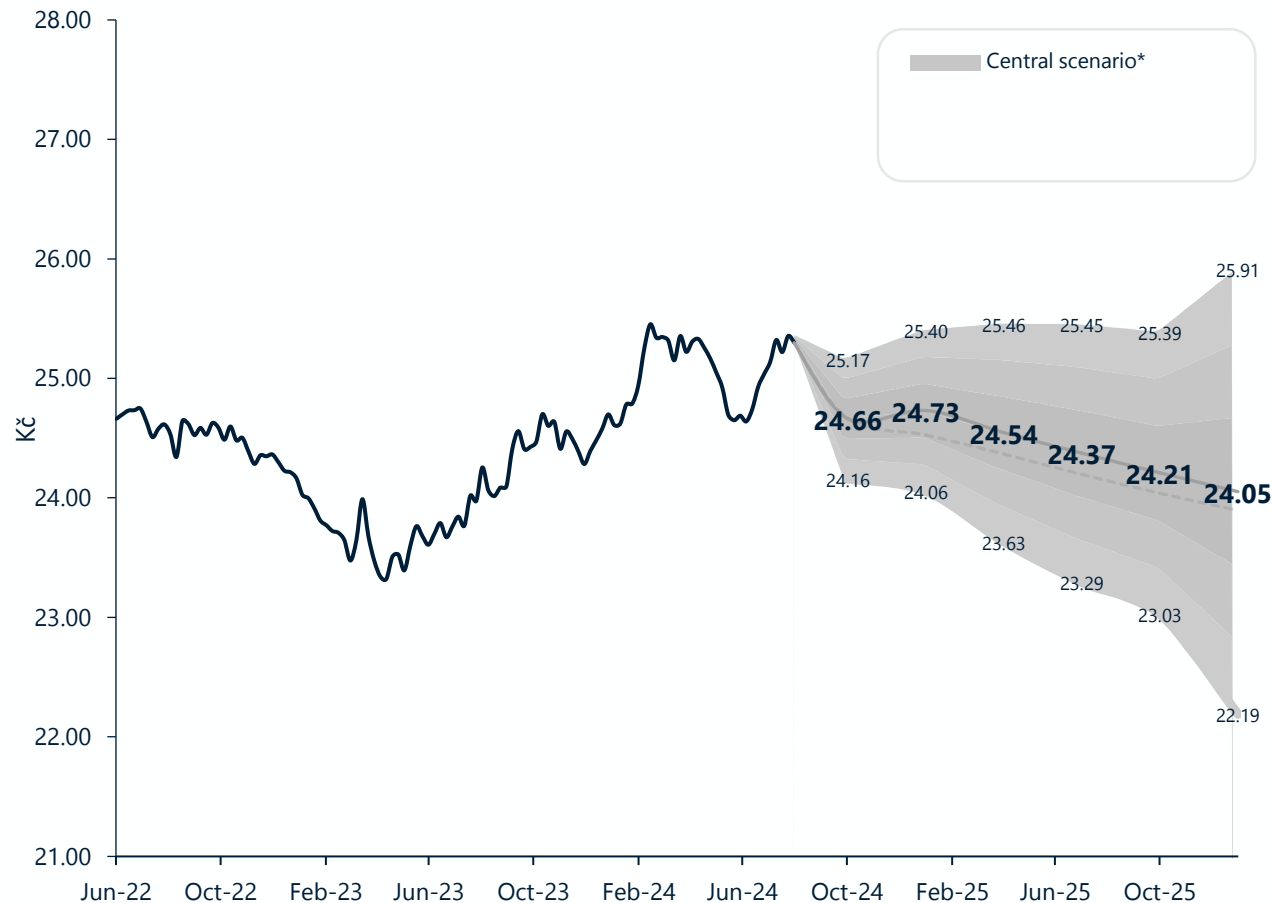
- The ECB maintained its policy rates unchanged in the July meeting as it awaits further evidence of easing inflationary pressures.
- The US dollar remains strong over the short term, supported via interest rate differentials and safe haven demand.

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 to 2025 as consumer price data points to sticky inflation, fueling fresh dollar buying.

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EUR/CZK future scenarios

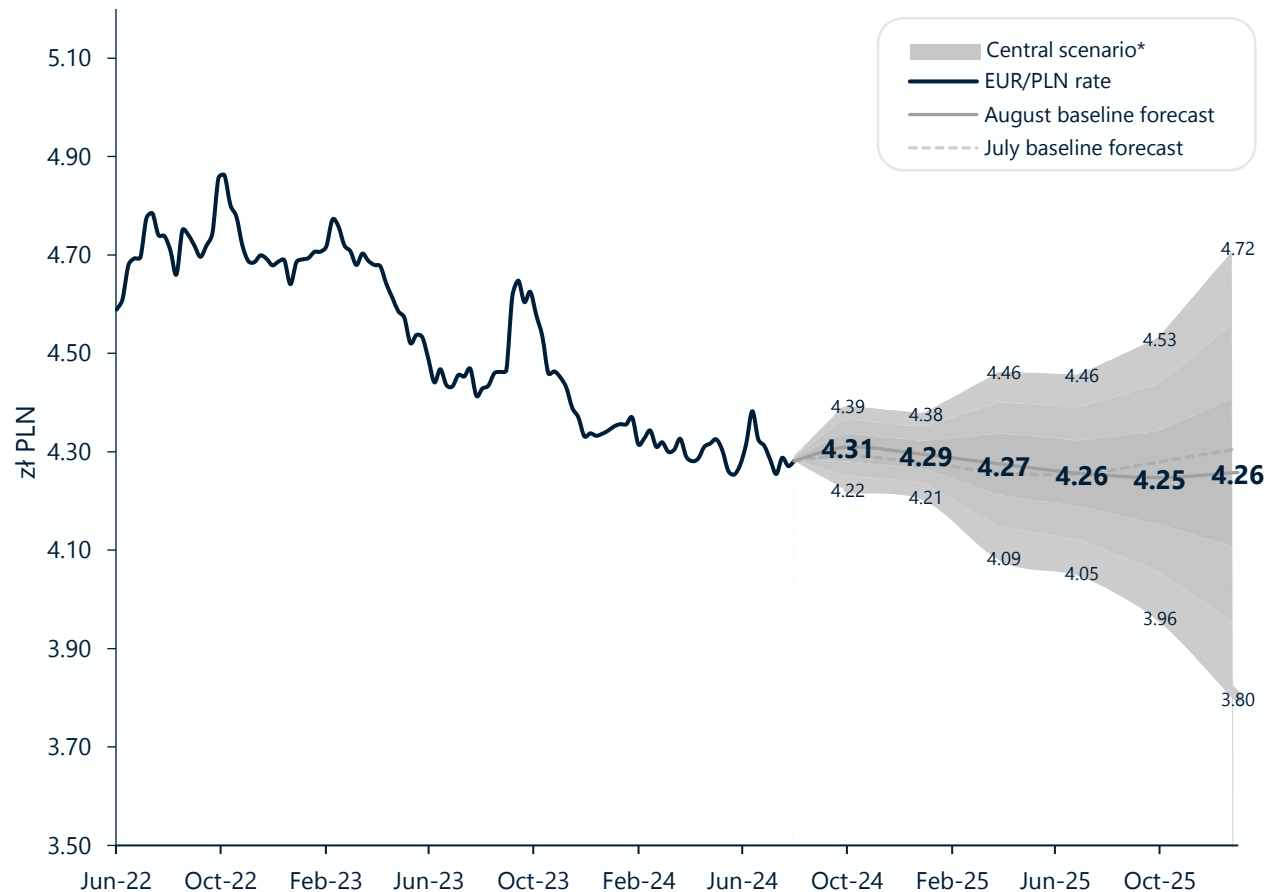


Central scenario: Disinflation puts 50bps cut back on the table

- Czech annual inflation slowed down in June, returning to target. Consumer prices shed 0.3% from a month earlier, with food and fuel prices contributing most to the drop. The recent inflation print is well below market expectations and the CNB's spring forecast, opening the door to a continued reduction in the restrictiveness of monetary policy.
- Surprisingly low inflation puts a 50bp rate cut back on the table, but FX is against it. Market pricing has moved significantly to the side of a 50bp rate cut for the next meeting, and the rest of the curve rallied as well. EUR/CZK followed with no surprises in another move up and for the moment has traded above 25.400, reaching new highs. This puts FX above the Czech National Bank's forecast (25.20 on average for the second quarter) and shows EUR/CZK sensitivity to the rate differential, which has been extremely high in recent weeks. Any dovish signal from CNB will lead to further weakness in the CZK.
- **Upside risks:** The ECB postpones subsequent rate cuts to end of H2 as inflation reheats.
- **Downside risks:** ECB aggressively cuts policy rates over the course of 2024 as the disinflation trend continues and wage growth pressures ease. If the CNB exercises caution given the breach of the CNB FX target, the relative divergence in the pace of monetary policy easing benefits the EM currency.

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EUR/PLN future scenarios



Central scenario: Hawkish NBP benefits zloty

- As expected, the National Bank of Poland left rates unchanged in July. The updated forecasts have a baseline that assumes inflation this year in the range of 2.8% and 4.3%, only slightly above the scenario maintaining the full inflation shield in the previous forecast. On the other hand, inflation for next year has been revised up significantly.
- July projections from Poland's central bank signal flat rates through 2024.
- EUR/PLN looks fairly priced in now and only another rally in the rates market would be a reason for PLN to weaken.
- Long zloty is the most held position in the CEE market at the moment.
- **Upside risks:** Fastest disinflation prompts the NBP to cut once towards the end of the year, taking away from PLN appeal. EUR/PLN trends higher as rate differentials improve marginally to favor the euro.
- **Downside risks:** the ECB cuts rates more aggressively while the NBP leaves the rates unchanged throughout 2024.

Chart sources: Oxford Economics, Bloomberg, Convera – July 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)



APAC currency outlook

APAC volatility analysis



Yen and Aussie lead dramatic FX swings

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



| | Spot | High 30D | Low | High YTD | Low | Trading range | | Position within the range | |
|---------|-------|-------------|-------|-------------|-------|---------------|-------|---------------------------|-----|
| | | | | | | 30D | YTD | 30D | YTD |
| AUD/JPY | 100.9 | 109.3 | 99.21 | 109.3 | 95.50 | 10.2% | 14.5% | 17% | 39% |
| NZD/EUR | 0.543 | 0.572 | 0.541 | 0.575 | 0.541 | 5.7% | 6.3% | 6% | 6% |
| AUD/CNY | 4.743 | 4.934 | 4.703 | 4.934 | 4.608 | 4.9% | 7.1% | 17% | 41% |
| NZD/USD | 0.590 | 0.615 | 0.588 | 0.635 | 0.585 | 4.6% | 8.5% | 7% | 10% |
| AUD/GBP | 0.508 | 0.528 | 0.506 | 0.539 | 0.506 | 4.3% | 6.5% | 9% | 6% |
| AUD/USD | 0.655 | 0.679 | 0.651 | 0.684 | 0.636 | 4.3% | 7.5% | 14% | 40% |
| AUD/EUR | 0.603 | 0.625 | 0.600 | 0.625 | 0.597 | 4.2% | 4.7% | 12% | 21% |
| NZD/AUD | 0.900 | 0.921 | 0.897 | 0.946 | 0.897 | 2.7% | 5.5% | 13% | 6% |
| USD/SGD | 1.342 | 1.359 | 1.339 | 1.367 | 1.317 | 1.5% | 3.8% | 15% | 50% |
| USD/CNY | 7.240 | 7.277 | 7.208 | 7.277 | 7.088 | 1.0% | 2.7% | 46% | 80% |

- **JPY** volatility has dominated APAC currency markets all year and the moves produced a – possible – crescendo in July.
- **AUD/JPY** cross experienced significant swings, reflecting the interplay between risk sentiment and yield differentials. The **AUD/JPY** cross has experienced a dramatic 14.5% YTD trading range.
- **NZD/EUR** and **AUD/CNY** also showed significant volatility, with YTD ranges of 6.3% and 7.1% respectively, highlighting sensitivity to both domestic and external factors.
- **AUD** also saw elevated volatility, as **AUD/USD** swung 7.5% YTD after hotter-than-expected inflation data caused markets to reassess RBA rate expectations. However, the AUD/USD later fell in line with market-wide selling.
- **USD/CNY** pair witnessed the lowest regional volatility at 2.7% YTD range, as **PBOC** efforts contained excessive USD gains versus the yuan.

Source: Bloomberg, Convera – July 26, 2024

APAC value indicator



Mixed signals as risk appetite wanes

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

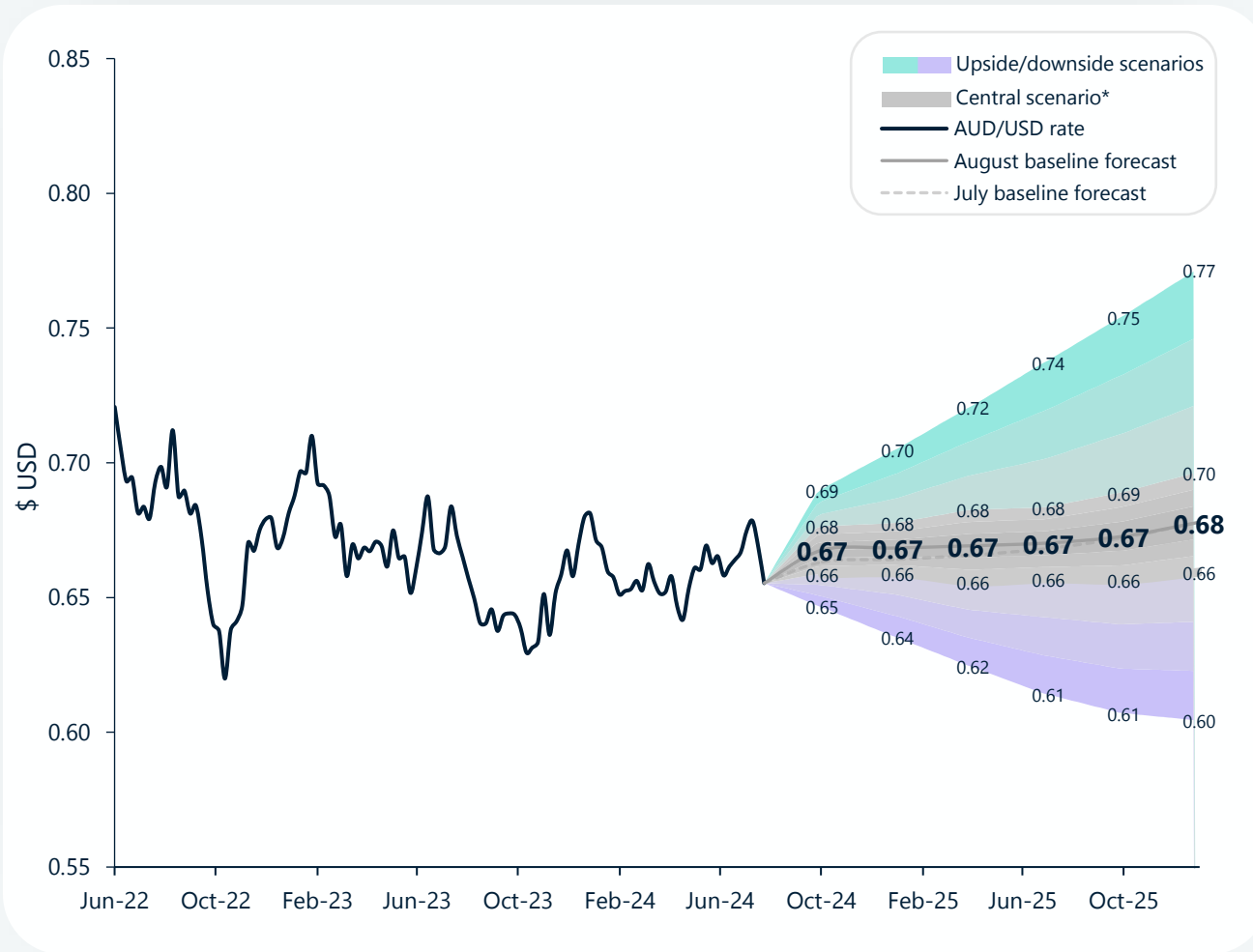
● Appreciation ● Depreciation

| | Spot (As of 26.07.2024) | Spot vs | | | |
|---------|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | | YTD average | 1-year average | 2-year average | 5-year average |
| AUD/NZD | 1.110 | 2.4% Avg.: 1.084 | 2.5% Avg.: 1.082 | 2.1% Avg.: 1.086 | 3.3% Avg.: 1.074 |
| AUD/CAD | 0.904 | 0.8% Avg.: 0.897 | 1.6% Avg.: 0.890 | 0.9% Avg.: 0.895 | -1.0% Avg.: 0.913 |
| AUD/JPY | 100.9 | 0.0% Avg.: 100.9 | 2.4% Avg.: 98.57 | 5.6% Avg.: 95.54 | 17.4% Avg.: 85.81 |
| AUD/CNY | 4.743 | -0.5% Avg.: 4.764 | 0.1% Avg.: 4.738 | 0.5% Avg.: 4.717 | -0.2% Avg.: 4.753 |
| AUD/USD | 0.655 | -0.8% Avg.: 0.659 | -0.1% Avg.: 0.655 | -1.4% Avg.: 0.663 | -5.6% Avg.: 0.694 |
| AUD/SGD | 0.880 | -1.0% Avg.: 0.888 | -0.5% Avg.: 0.884 | -2.1% Avg.: 0.899 | -6.8% Avg.: 0.943 |
| AUD/EUR | 0.603 | -1.2% Avg.: 0.610 | -0.6% Avg.: 0.606 | -3.2% Avg.: 0.623 | -3.6% Avg.: 0.625 |
| AUD/GBP | 0.508 | -2.4% Avg.: 0.520 | -2.4% Avg.: 0.520 | -5.6% Avg.: 0.538 | -6.3% Avg.: 0.542 |

- The **AUD/NZD** and **AUD/CAD** showed strength last month, trading 2.5% and 1.6% above their one-year averages, respectively.
- While it fell during the month, the **AUD/JPY** remains 17.4% above its five-year average, benefiting from yen weakness and renewed **AUD** vigour following inflation data.
- **AUD/CNY** barely deviated from long-run averages, likely reflecting offsetting impacts of China's policies and global growth concerns.
- **AUD/USD** recouped some ground early in the month, and now trades 5.6% below its five-year mean. **AUD** faces conflicting pressures, with domestic inflation surprises supporting while global risk-off sentiment weighs on the currency.
- **AUD/GBP** and **AUD/SGD** underperformed, trading 6.3% and 6.8% below their five-year averages, suggesting lingering concerns in cross-currency dynamics.

Source: Bloomberg, Convera – July 26, 2024

AUD/USD future scenarios



Upside scenario: Australian inflation remains high

- The Australian government plans to boost growth prospects by compensating for cost savings with another significant fiscal easing.
- US inflation slows down faster than anticipated, lowering expectations for terminal rates, and boosting risk assets like the AUD.

Central scenario: Greenback pulls back

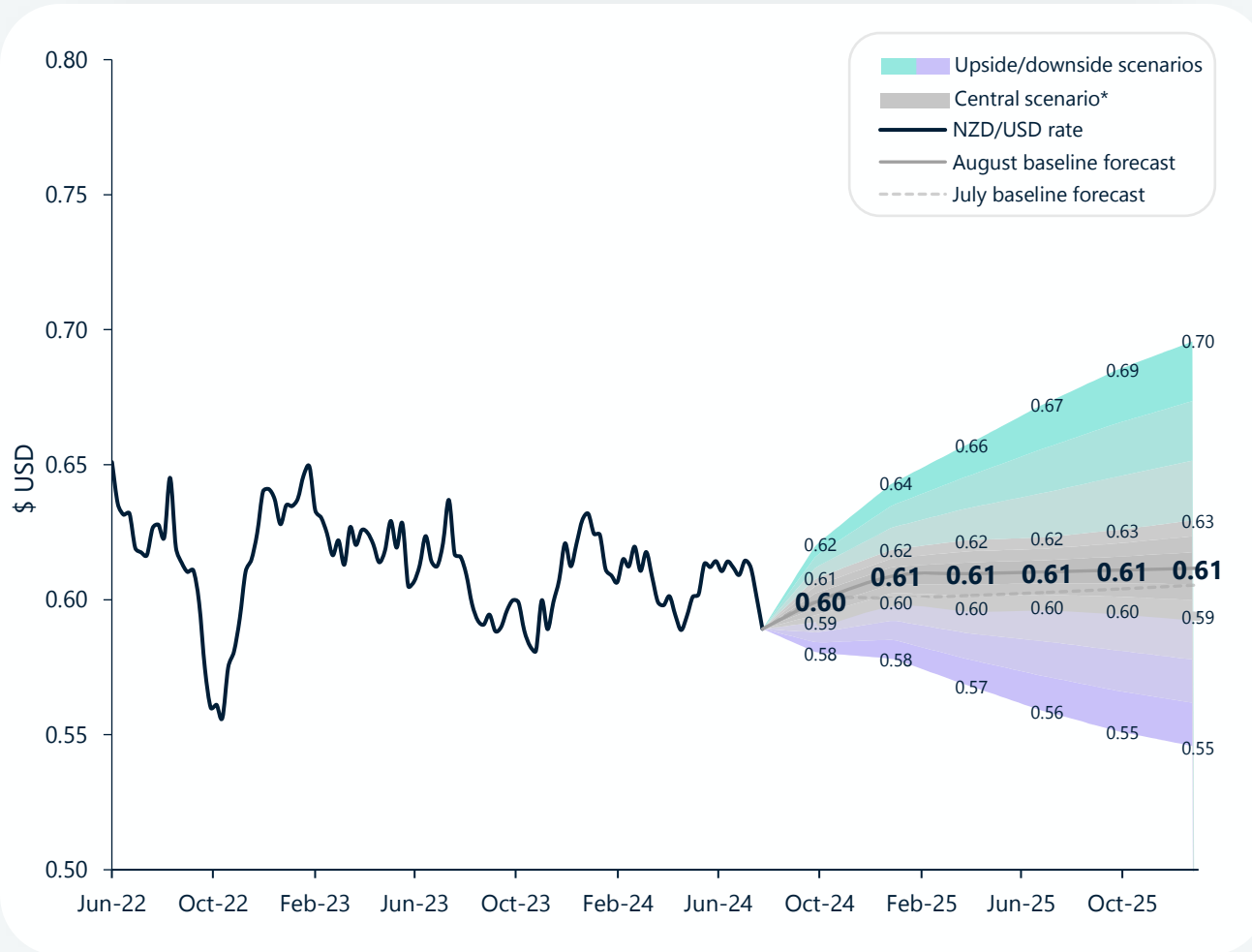
- The Australian dollar might rise in response to the Reserve Bank of Australia's resistance to a worldwide cycle of rate cuts.
- Although the RBA may hold steady in coming meetings, US rates are likely to remain above Australian rates, capping growth in the AUD/USD.

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, Bloomberg, Convera – July 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

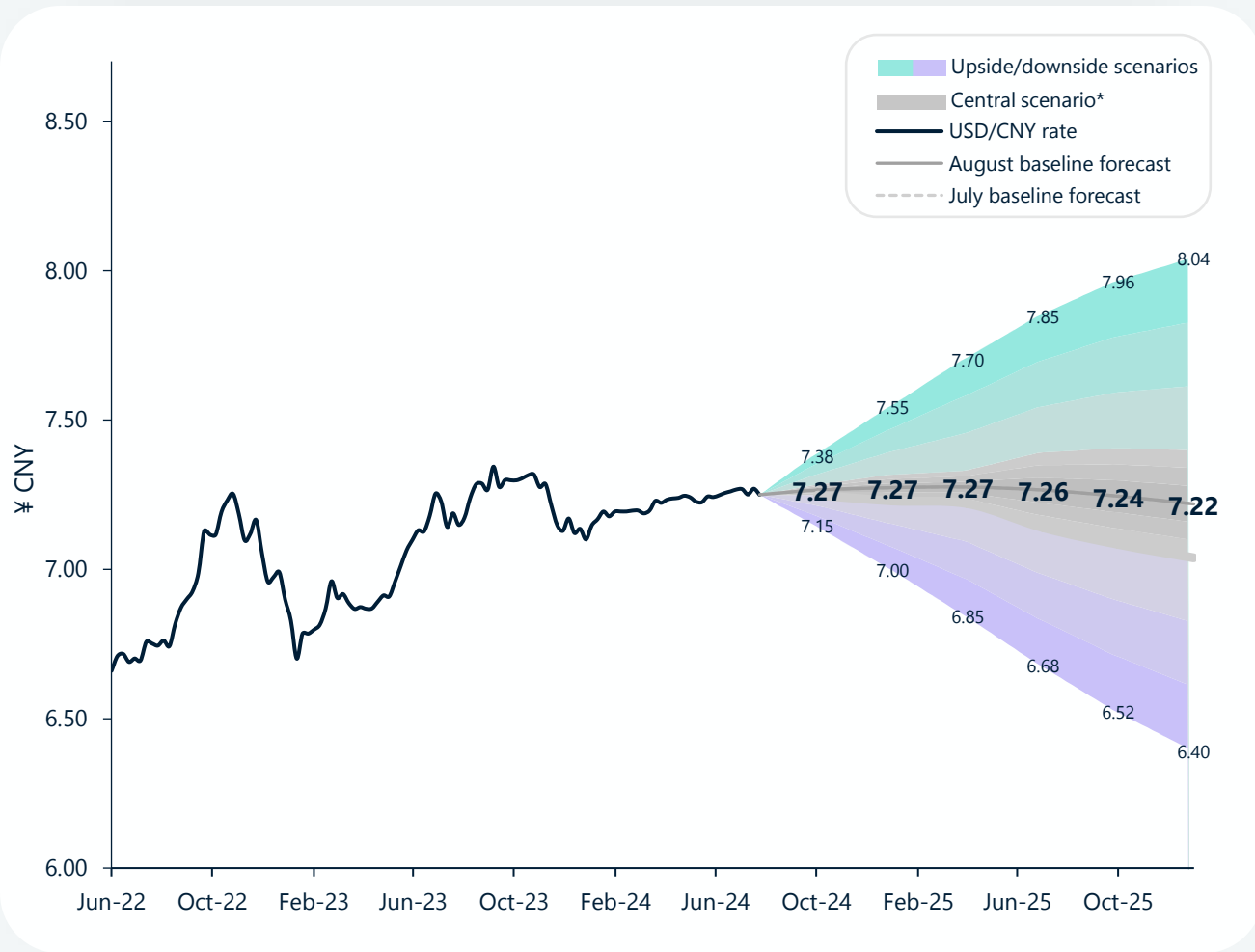
- NZD is still susceptible to any global risk-off events, even if China surprises to the upside.
- A slowdown in growth means commodities remain under pressure with dairy prices key for NZD.

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, Bloomberg, Convera – July 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: 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

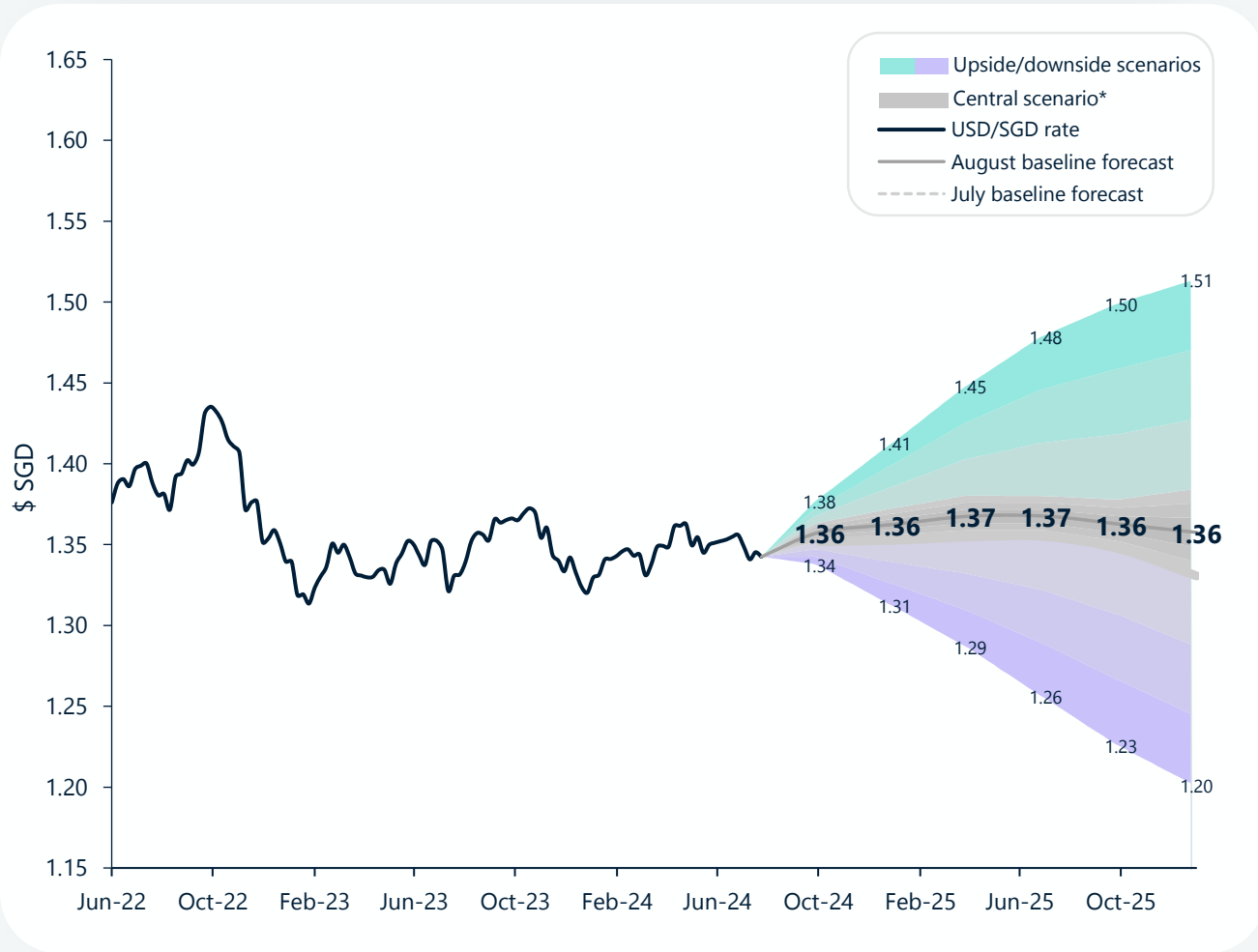
- The Chinese government's recent supportive action to the local economy could see the CNY strengthen.
- Once the Fed confirms a cut in rates, the US dollar might ease.

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, Bloomberg, Convera – July 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, Bloomberg, Convera – July 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



Safe haven reputation shields DXY from sizable losses

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



| | Spot | High 30D | Low | High YTD | Low | Trading range | | Position within the range | |
|---------|-------|-------------|-------|-------------|-------|---------------|-------|---------------------------|-----|
| | | | | | | 30D | YTD | 30D | YTD |
| USD/JPY | 154.0 | 161.9 | 151.9 | 161.9 | 140.8 | 6.6% | 15.0% | 21% | 63% |
| USD/MXN | 18.37 | 18.59 | 17.60 | 18.99 | 16.26 | 5.6% | 16.8% | 78% | 77% |
| NZD/USD | 0.590 | 0.615 | 0.588 | 0.635 | 0.585 | 4.6% | 8.5% | 7% | 10% |
| AUD/USD | 0.655 | 0.679 | 0.651 | 0.684 | 0.636 | 4.3% | 7.5% | 14% | 40% |
| GBP/USD | 1.288 | 1.304 | 1.261 | 1.304 | 1.23 | 3.4% | 6.0% | 63% | 78% |
| USD/CHF | 0.880 | 0.905 | 0.877 | 0.922 | 0.835 | 3.2% | 10.4% | 11% | 52% |
| EUR/CAD | 1.499 | 1.502 | 1.460 | 1.502 | 1.446 | 2.9% | 3.9% | 93% | 95% |
| EUR/USD | 1.086 | 1.094 | 1.066 | 1.108 | 1.060 | 2.6% | 4.5% | 71% | 54% |
| USD/CAD | 1.380 | 1.384 | 1.358 | 1.384 | 1.317 | 1.9% | 5.1% | 85% | 94% |
| USD/CNY | 7.240 | 7.277 | 7.208 | 7.277 | 7.088 | 1.0% | 2.7% | 46% | 80% |

- In July, the FX markets have been dominated by the meltdown in **USD/JPY**. The USD/JPY's moves this year were closely tied to tech stocks – the pair had been the focus of the speculative “carry trade”. The pair has gained more than 15% so far this year but the reversal in sentiment this month has seen the USD/JPY down as much as 6.1% in July.
- Despite the sharp drop against JPY and CHF, the dollar’s reputation as a safe haven in the current risk-off climate has mitigated its depreciation when measured on the **DXY** index basis. The Greenback has gained more than 3% against less-liquid, higher-beta currencies such as the Norwegian krone and New Zealand dollar, and over 1.5% against the Aussie and the Swedish Krona during the month of July.
- The BoC reduced its policy rate by 25bps for the second consecutive time in July meeting, signaling further easing to come. However, the loonie sustained minimal damage for several reasons: (1) the cut was largely priced in; (2) overstretched positioning limited the impact; and (3) favorable July seasonality trend cushioned the demise.
- **USD/MXN** broke through 18.00 resistance on political headlines.

Source: Bloomberg, Convera – July 26, 2024

NAM value indicator



USD/JPY within 0.7% of the YTD average amid carry trade unwind

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

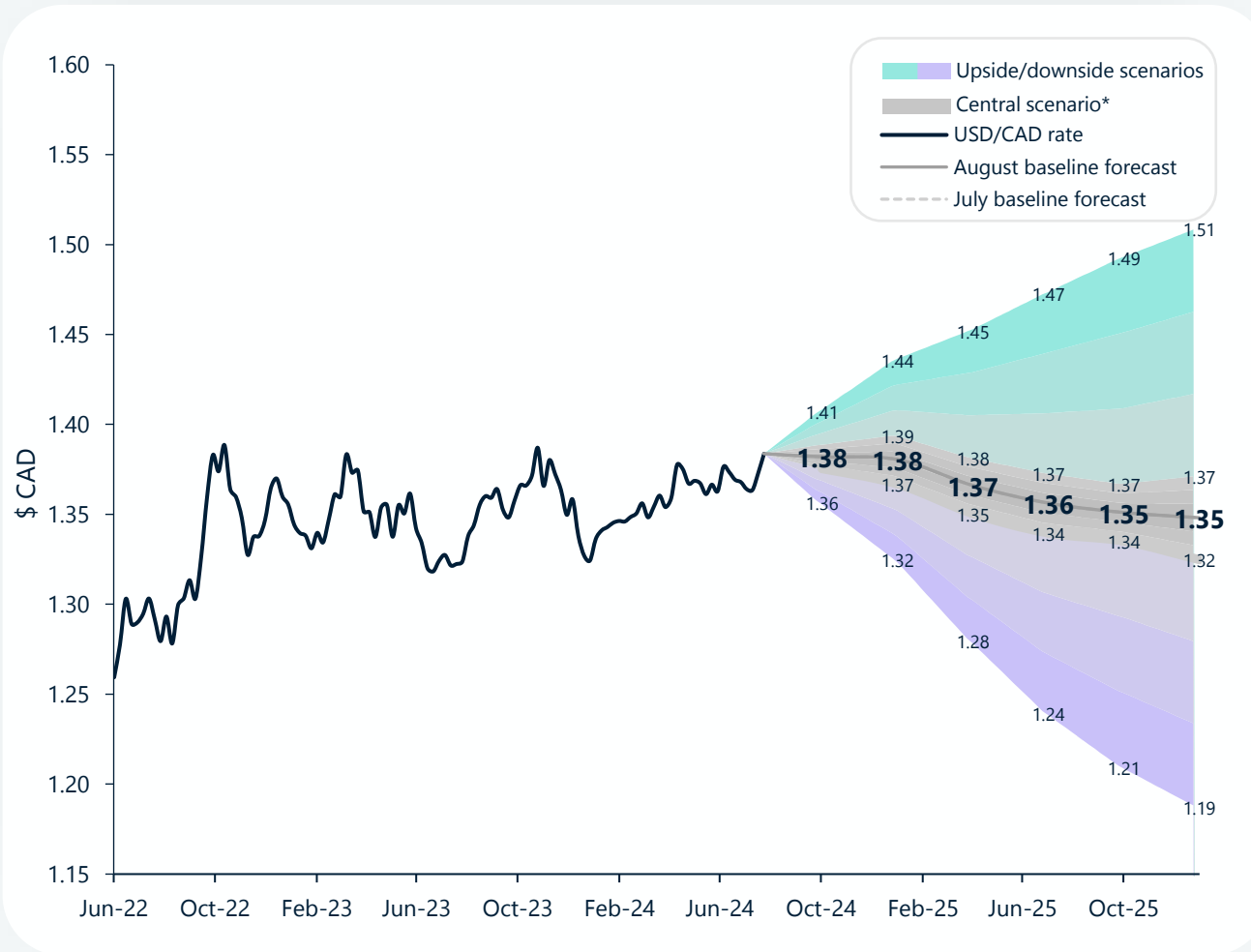
● Appreciation ● Depreciation

| | Spot (As of 26.07.2024) | Spot vs | | | |
|---------|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | | YTD average | 1-year average | 2-year average | 5-year average |
| USD/MXN | 18.37 | 6.6% Avg.: 17.22 | 6.3% Avg.: 17.28 | 1.7% Avg.: 18.05 | -6.1% Avg.: 19.55 |
| EUR/CAD | 1.499 | 1.9% Avg.: 1.470 | 2.2% Avg.: 1.466 | 4.1% Avg.: 1.439 | 2.5% Avg.: 1.461 |
| GBP/USD | 1.288 | 1.6% Avg.: 1.267 | 2.3% Avg.: 1.259 | 4.3% Avg.: 1.235 | 0.5% Avg.: 1.281 |
| USD/CAD | 1.380 | 1.5% Avg.: 1.359 | 1.6% Avg.: 1.357 | 2.3% Avg.: 1.349 | 4.7% Avg.: 1.317 |
| USD/JPY | 154.0 | 0.7% Avg.: 152.8 | 2.4% Avg.: 150.3 | 6.9% Avg.: 144.0 | 23.8% Avg.: 124.4 |
| EUR/USD | 1.086 | 0.4% Avg.: 1.081 | 0.5% Avg.: 1.080 | 1.8% Avg.: 1.066 | -2.2% Avg.: 1.110 |
| AUD/USD | 0.655 | -0.8% Avg.: 0.659 | -0.1% Avg.: 0.655 | -1.4% Avg.: 0.663 | -5.6% Avg.: 0.694 |
| NZD/USD | 0.590 | -3.1% Avg.: 0.608 | -2.6% Avg.: 0.605 | -3.4% Avg.: 0.611 | -8.7% Avg.: 0.646 |

- Despite a 0.8% loss in July, **DXI** remains over 3.8% up on YTD terms. The dollar tends to exhibit seasonal strength in the third quarter. With rising market volatility and persistent geopolitical and trade risks, the dollar's safe haven status could limit its recent losses.
- **EUR/USD** is still up ~1% month-to-date, but this might be the cap for near-term gains. The previously supportive seasonality trends weaken in August and are set to turn negative in September and could lead to an overall negative performance for the third quarter.
- **EUR/CAD** appreciated for five consecutive weeks to climb to an eight-month high, but may soon face resistance at C\$1.50, a psychological barrier that the pair has been unable to sustain above since Oct '21.
- **USD/CAD** year-to-date gains amount to approximately 4.4%, its best performance since 2018, and in the 90th percentile of gains since 1950. Consequently, room for further gains appears to be limited.

Source: Bloomberg, Convera – July 26, 2024

USD/CAD future scenarios



Upside scenario: Dovish BoC

- Confident with inflation diffusion progress, the BoC signals more easing, increasing the US dollar's interest rate advantage.
- As US inflation continues to run hot, FOMC cuts once in 2024.

Central scenario: BoC adopts a cautious approach

- The BoC adopts a conservative approach to monetary easing, easing at quarterly cadence.
- Fed cuts in September and commits to a shallow easing cycle amid lingering upside risks to inflation.

Downside scenario: US labor market deteriorates

- The Canadian economy recovers, foreign investors raise their exposure to Canadian securities, supporting CAD demand.
- Fed forced to deliver a more aggressive cutting cycle as US labor market weakens, reducing the US dollar interest rate differential advantage.

Chart sources: Oxford Economics, Bloomberg, Convera – July 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)

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 Q3 | 2024 Q4 | 2025 Q1 | 2025 Q2 | 2025 Q3 | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 |
|----------------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| GBP/USD | High | 1.296 | 1.322 | 1.348 | 1.376 | 1.404 | 1.427 | 1.445 | 1.456 | 1.463 | 1.468 |
| | Baseline + σ | 1.278 | 1.275 | 1.283 | 1.286 | 1.299 | 1.319 | 1.327 | 1.342 | 1.357 | 1.370 |
| | Baseline | 1.263 | 1.263 | 1.263 | 1.265 | 1.270 | 1.276 | 1.282 | 1.287 | 1.292 | 1.297 |
| | Baseline - σ | 1.247 | 1.250 | 1.242 | 1.243 | 1.240 | 1.232 | 1.236 | 1.231 | 1.226 | 1.223 |
| | Low | 1.229 | 1.203 | 1.178 | 1.154 | 1.137 | 1.126 | 1.120 | 1.118 | 1.121 | 1.126 |
| GBP/EUR | High | 1.233 | 1.283 | 1.339 | 1.397 | 1.447 | 1.486 | 1.512 | 1.525 | 1.526 | 1.522 |
| | Baseline + σ | 1.200 | 1.198 | 1.211 | 1.211 | 1.225 | 1.260 | 1.259 | 1.276 | 1.296 | 1.316 |
| | Baseline | 1.177 | 1.175 | 1.174 | 1.174 | 1.174 | 1.175 | 1.174 | 1.173 | 1.171 | 1.170 |
| | Baseline - σ | 1.153 | 1.151 | 1.136 | 1.136 | 1.122 | 1.089 | 1.088 | 1.069 | 1.045 | 1.023 |
| | Low | 1.123 | 1.074 | 1.030 | 0.987 | 0.953 | 0.928 | 0.911 | 0.901 | 0.899 | 0.899 |
| GBP/JPY | High | 218.5 | 223.7 | 228.2 | 232.5 | 236.0 | 238.3 | 239.5 | 239.4 | 238.2 | 236.7 |
| | Baseline + σ | 206.1 | 207.3 | 206.5 | 207.0 | 207.4 | 207.3 | 208.0 | 212.0 | 214.8 | 216.5 |
| | Baseline | 200.1 | 198.6 | 196.4 | 194.1 | 191.9 | 190.0 | 188.2 | 186.6 | 185.2 | 183.9 |
| | Baseline - σ | 194.0 | 189.8 | 186.2 | 181.1 | 176.3 | 172.6 | 168.3 | 161.1 | 155.5 | 151.2 |
| | Low | 182.3 | 174.9 | 167.0 | 159.1 | 152.4 | 147.2 | 143.2 | 140.4 | 138.8 | 137.7 |
| GBP/CHF | High | 1.212 | 1.255 | 1.303 | 1.351 | 1.391 | 1.422 | 1.443 | 1.454 | 1.455 | 1.454 |
| | Baseline + σ | 1.166 | 1.174 | 1.181 | 1.181 | 1.197 | 1.226 | 1.229 | 1.234 | 1.239 | 1.243 |
| | Baseline | 1.142 | 1.139 | 1.139 | 1.139 | 1.139 | 1.139 | 1.139 | 1.137 | 1.136 | 1.135 |
| | Baseline - σ | 1.117 | 1.103 | 1.096 | 1.096 | 1.080 | 1.051 | 1.048 | 1.039 | 1.032 | 1.026 |
| | Low | 1.074 | 1.029 | 0.987 | 0.946 | 0.913 | 0.888 | 0.870 | 0.860 | 0.856 | 0.855 |

Chart sources: Oxford Economics, Bloomberg, Convera – July 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 Q3 | 2024 Q4 | 2025 Q1 | 2025 Q2 | 2025 Q3 | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 |
|----------------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| EUR/USD | High | 1.094 | 1.120 | 1.143 | 1.169 | 1.192 | 1.213 | 1.229 | 1.240 | 1.247 | 1.253 |
| | Baseline + σ | 1.079 | 1.084 | 1.089 | 1.090 | 1.099 | 1.120 | 1.125 | 1.135 | 1.151 | 1.166 |
| | Baseline | 1.072 | 1.075 | 1.075 | 1.077 | 1.081 | 1.086 | 1.092 | 1.097 | 1.103 | 1.108 |
| | Baseline - σ | 1.064 | 1.065 | 1.060 | 1.063 | 1.062 | 1.051 | 1.058 | 1.058 | 1.054 | 1.049 |
| | Low | 1.051 | 1.029 | 1.006 | 0.985 | 0.969 | 0.960 | 0.955 | 0.954 | 0.958 | 0.964 |
| EUR/GBP | High | 0.889 | 0.930 | 0.970 | 1.012 | 1.049 | 1.077 | 1.097 | 1.109 | 1.112 | 1.111 |
| | Baseline + σ | 0.865 | 0.866 | 0.876 | 0.876 | 0.885 | 0.908 | 0.907 | 0.920 | 0.935 | 0.949 |
| | Baseline | 0.849 | 0.851 | 0.851 | 0.851 | 0.851 | 0.851 | 0.851 | 0.852 | 0.853 | 0.854 |
| | Baseline - σ | 0.832 | 0.835 | 0.825 | 0.825 | 0.816 | 0.793 | 0.794 | 0.783 | 0.770 | 0.758 |
| | Low | 0.810 | 0.778 | 0.746 | 0.715 | 0.690 | 0.672 | 0.660 | 0.655 | 0.655 | 0.656 |
| EUR/CHF | High | 1.023 | 1.063 | 1.105 | 1.147 | 1.181 | 1.208 | 1.227 | 1.238 | 1.241 | 1.241 |
| | Baseline + σ | 0.985 | 0.999 | 1.002 | 1.001 | 1.013 | 1.040 | 1.042 | 1.043 | 1.050 | 1.058 |
| | Baseline | 0.969 | 0.970 | 0.970 | 0.969 | 0.969 | 0.969 | 0.970 | 0.969 | 0.969 | 0.970 |
| | Baseline - σ | 0.952 | 0.940 | 0.937 | 0.936 | 0.924 | 0.897 | 0.897 | 0.894 | 0.887 | 0.881 |
| | Low | 0.918 | 0.880 | 0.843 | 0.807 | 0.779 | 0.757 | 0.742 | 0.734 | 0.732 | 0.732 |
| EUR/CNY | High | 8.077 | 8.450 | 8.811 | 9.177 | 9.500 | 9.757 | 9.937 | 10.03 | 10.05 | 10.05 |
| | Baseline + σ | 7.866 | 7.932 | 7.985 | 8.062 | 8.143 | 8.295 | 8.386 | 8.500 | 8.588 | 8.662 |
| | Baseline | 7.793 | 7.818 | 7.823 | 7.825 | 7.833 | 7.845 | 7.850 | 7.850 | 7.847 | 7.845 |
| | Baseline - σ | 7.719 | 7.703 | 7.660 | 7.587 | 7.522 | 7.394 | 7.313 | 7.199 | 7.105 | 7.027 |
| | Low | 7.514 | 7.210 | 6.893 | 6.581 | 6.328 | 6.140 | 6.010 | 5.932 | 5.911 | 5.909 |

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

Future scenarios



| | Scenarios | 2024 Q3 | 2024 Q4 | 2025 Q1 | 2025 Q2 | 2025 Q3 | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 |
|----------------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| EUR/HUF | High | 424.4 | 445.4 | 467.2 | 491.7 | 514.3 | 533.2 | 547.1 | 555.6 | 558.6 | 559.9 |
| | Baseline + σ | 402.4 | 403.5 | 404.1 | 405.8 | 413.9 | 432.1 | 433.1 | 441.3 | 451.6 | 459.8 |
| | Baseline | 394.3 | 392.1 | 390.3 | 390.4 | 392.1 | 394.2 | 396.2 | 397.7 | 398.7 | 399.7 |
| | Baseline - σ | 386.1 | 380.6 | 376.4 | 374.9 | 370.2 | 356.2 | 359.2 | 354.0 | 345.7 | 339.5 |
| | Low | 376.2 | 358.1 | 340.7 | 325.5 | 314.5 | 307.0 | 302.2 | 299.8 | 299.7 | 300.6 |
| EUR/CZK | High | 26.19 | 27.27 | 28.10 | 28.96 | 29.67 | 30.19 | 30.50 | 30.63 | 30.54 | 30.40 |
| | Baseline + σ | 25.16 | 25.40 | 25.45 | 25.45 | 25.38 | 25.91 | 25.67 | 25.67 | 25.78 | 25.89 |
| | Baseline | 24.66 | 24.73 | 24.54 | 24.37 | 24.20 | 24.05 | 23.90 | 23.76 | 23.63 | 23.50 |
| | Baseline - σ | 24.15 | 24.05 | 23.62 | 23.28 | 23.01 | 22.18 | 22.12 | 21.84 | 21.47 | 21.10 |
| | Low | 23.16 | 22.30 | 21.22 | 20.17 | 19.29 | 18.60 | 18.09 | 17.76 | 17.60 | 17.49 |
| USD/CZK | High | 23.93 | 24.35 | 24.57 | 24.77 | 24.87 | 24.88 | 24.81 | 24.68 | 24.48 | 24.26 |
| | Baseline + σ | 23.28 | 23.42 | 23.36 | 23.32 | 23.07 | 23.11 | 22.81 | 22.58 | 22.38 | 22.19 |
| | Baseline | 22.98 | 23.00 | 22.82 | 22.62 | 22.38 | 22.13 | 21.88 | 21.64 | 21.42 | 21.20 |
| | Baseline - σ | 22.67 | 22.57 | 22.27 | 21.91 | 21.68 | 21.14 | 20.94 | 20.69 | 20.45 | 20.20 |
| | Low | 22.04 | 21.65 | 21.07 | 20.47 | 19.89 | 19.37 | 18.94 | 18.60 | 18.35 | 18.13 |
| USD/PLN | High | 4.185 | 4.227 | 4.271 | 4.312 | 4.346 | 4.380 | 4.406 | 4.417 | 4.415 | 4.403 |
| | Baseline + σ | 4.065 | 4.038 | 4.096 | 4.084 | 4.119 | 4.206 | 4.184 | 4.173 | 4.178 | 4.182 |
| | Baseline | 4.016 | 3.994 | 3.974 | 3.950 | 3.928 | 3.918 | 3.914 | 3.908 | 3.903 | 3.891 |
| | Baseline - σ | 3.966 | 3.949 | 3.851 | 3.815 | 3.736 | 3.629 | 3.643 | 3.642 | 3.627 | 3.599 |
| | Low | 3.848 | 3.761 | 3.677 | 3.589 | 3.509 | 3.455 | 3.421 | 3.399 | 3.390 | 3.378 |

Chart sources: Oxford Economics, Bloomberg, Convera – July 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 Q3 | 2024 Q4 | 2025 Q1 | 2025 Q2 | 2025 Q3 | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 |
|----------------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| AUD/USD | High | 0.689 | 0.704 | 0.720 | 0.737 | 0.754 | 0.771 | 0.791 | 0.809 | 0.825 | 0.839 |
| | Baseline + σ | 0.675 | 0.677 | 0.682 | 0.683 | 0.688 | 0.695 | 0.713 | 0.727 | 0.742 | 0.761 |
| | Baseline | 0.667 | 0.668 | 0.669 | 0.670 | 0.672 | 0.677 | 0.686 | 0.696 | 0.707 | 0.718 |
| | Baseline - σ | 0.658 | 0.658 | 0.655 | 0.656 | 0.655 | 0.658 | 0.658 | 0.664 | 0.671 | 0.674 |
| | Low | 0.646 | 0.635 | 0.624 | 0.614 | 0.607 | 0.604 | 0.606 | 0.611 | 0.619 | 0.627 |
| AUD/EUR | High | 0.656 | 0.684 | 0.715 | 0.748 | 0.777 | 0.803 | 0.828 | 0.848 | 0.860 | 0.870 |
| | Baseline + σ | 0.635 | 0.634 | 0.641 | 0.641 | 0.644 | 0.639 | 0.660 | 0.668 | 0.675 | 0.687 |
| | Baseline | 0.622 | 0.621 | 0.622 | 0.622 | 0.622 | 0.623 | 0.628 | 0.634 | 0.641 | 0.647 |
| | Baseline - σ | 0.608 | 0.607 | 0.602 | 0.602 | 0.599 | 0.606 | 0.595 | 0.599 | 0.606 | 0.606 |
| | Low | 0.591 | 0.567 | 0.546 | 0.525 | 0.509 | 0.498 | 0.493 | 0.493 | 0.496 | 0.500 |
| AUD/NZD | High | 1.188 | 1.219 | 1.267 | 1.319 | 1.368 | 1.414 | 1.459 | 1.499 | 1.528 | 1.553 |
| | Baseline + σ | 1.142 | 1.129 | 1.141 | 1.143 | 1.154 | 1.171 | 1.211 | 1.245 | 1.279 | 1.319 |
| | Baseline | 1.112 | 1.097 | 1.097 | 1.098 | 1.100 | 1.108 | 1.121 | 1.136 | 1.152 | 1.168 |
| | Baseline - σ | 1.081 | 1.064 | 1.052 | 1.052 | 1.045 | 1.044 | 1.030 | 1.026 | 1.024 | 1.016 |
| | Low | 1.042 | 0.987 | 0.949 | 0.913 | 0.885 | 0.868 | 0.861 | 0.862 | 0.871 | 0.881 |
| AUD/CNY | High | 5.090 | 5.317 | 5.550 | 5.787 | 6.005 | 6.206 | 6.394 | 6.550 | 6.651 | 6.736 |
| | Baseline + σ | 4.924 | 4.957 | 5.002 | 5.050 | 5.101 | 5.152 | 5.317 | 5.446 | 5.541 | 5.654 |
| | Baseline | 4.849 | 4.860 | 4.868 | 4.868 | 4.873 | 4.893 | 4.934 | 4.984 | 5.032 | 5.080 |
| | Baseline - σ | 4.773 | 4.762 | 4.733 | 4.685 | 4.644 | 4.633 | 4.550 | 4.521 | 4.522 | 4.505 |
| | Low | 4.624 | 4.448 | 4.276 | 4.103 | 3.961 | 3.865 | 3.815 | 3.801 | 3.817 | 3.843 |

Chart sources: Oxford Economics, Bloomberg, Convera – July 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 Q3 | 2024 Q4 | 2025 Q1 | 2025 Q2 | 2025 Q3 | 2025 Q4 | 2026 Q1 | 2026 Q2 | 2026 Q3 | 2026 Q4 |
|----------------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| USD/CAD | High | 1.407 | 1.436 | 1.452 | 1.472 | 1.492 | 1.509 | 1.520 | 1.527 | 1.528 | 1.527 |
| | Baseline + σ | 1.387 | 1.393 | 1.380 | 1.372 | 1.365 | 1.371 | 1.380 | 1.385 | 1.388 | 1.392 |
| | Baseline | 1.381 | 1.380 | 1.365 | 1.356 | 1.350 | 1.348 | 1.346 | 1.345 | 1.344 | 1.343 |
| | Baseline - σ | 1.374 | 1.366 | 1.349 | 1.339 | 1.334 | 1.324 | 1.311 | 1.304 | 1.299 | 1.293 |
| | Low | 1.356 | 1.324 | 1.279 | 1.239 | 1.209 | 1.187 | 1.171 | 1.163 | 1.160 | 1.159 |
| USD/MXN | High | 19.96 | 20.69 | 21.48 | 22.31 | 23.05 | 23.62 | 24.05 | 24.36 | 24.55 | 24.68 |
| | Baseline + σ | 19.13 | 19.17 | 19.43 | 19.78 | 20.37 | 20.93 | 21.23 | 21.53 | 21.67 | 21.79 |
| | Baseline | 18.42 | 18.64 | 18.91 | 19.21 | 19.50 | 19.72 | 19.90 | 20.07 | 20.22 | 20.35 |
| | Baseline - σ | 17.70 | 18.10 | 18.38 | 18.63 | 18.62 | 18.50 | 18.56 | 18.60 | 18.76 | 18.90 |
| | Low | 17.63 | 17.54 | 17.50 | 17.51 | 17.52 | 17.54 | 17.58 | 17.66 | 17.79 | 17.92 |
| USD/JPY | High | 168.5 | 169.2 | 169.1 | 168.8 | 168.0 | 167.0 | 165.7 | 164.3 | 162.7 | 161.2 |
| | Baseline + σ | 161.2 | 162.5 | 160.7 | 160.8 | 159.5 | 156.9 | 156.6 | 157.7 | 158.0 | 157.8 |
| | Baseline | 158.4 | 157.2 | 155.4 | 153.3 | 151.0 | 148.8 | 146.7 | 144.9 | 143.2 | 141.7 |
| | Baseline - σ | 155.5 | 151.8 | 150.0 | 145.7 | 142.4 | 140.6 | 136.7 | 132.0 | 128.3 | 125.5 |
| | Low | 148.2 | 145.3 | 141.7 | 137.8 | 134.0 | 130.7 | 127.8 | 125.5 | 123.7 | 122.2 |
| USD/CNY | High | 7.380 | 7.545 | 7.703 | 7.850 | 7.964 | 8.041 | 8.083 | 8.088 | 8.060 | 8.023 |
| | Baseline + σ | 7.281 | 7.316 | 7.329 | 7.389 | 7.404 | 7.398 | 7.452 | 7.478 | 7.454 | 7.423 |
| | Baseline | 7.265 | 7.273 | 7.274 | 7.264 | 7.244 | 7.218 | 7.187 | 7.151 | 7.112 | 7.075 |
| | Baseline - σ | 7.248 | 7.229 | 7.218 | 7.138 | 7.083 | 7.037 | 6.921 | 6.823 | 6.769 | 6.726 |
| | Low | 7.149 | 7.000 | 6.846 | 6.679 | 6.524 | 6.395 | 6.291 | 6.213 | 6.164 | 6.127 |

Chart sources: Oxford Economics, Bloomberg, Convera – July 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)

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