Global FX Outlook

September 2024

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Key insights

USD at 13-month lows as Fed looks to cut

FX markets were sent on a rollercoaster ride in August led by a sell-off in the all-important USD/JPY pair with the market now down an incredible 11% from July highs. Shifting expectations for central bank moves were the main driver for the action across FX markets although worries about US economic growth and the outlook for US company earnings also played a part.

The losses in the USD/JPY had big ramifications – especially across Asia – with the greenback sharply lower across the region. The USD/CNY fell to ten-month lows while the USD/SGD hit ten-year lows.

The greenback fell in other regions too. The EUR/USD hit one-year highs while GBP/USD reached the highest level since March 2022. The USD/CAD fell to six-month lows while the AUD/USD hit the highest level since January.

Might FX markets continue to see these kinds of sharp shifts? With heightened expectations for further central bank moves in September – and the US presidential election looming – risks are growing for more volatility as we near the end of 2024.

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 fell to a 13-month low near the end of August on heightened expectations for Federal Reserve rate cuts. The Fed next meets on 18 September.

EU

The EUR/USD hit the highest level since mid-2023 as markets speculated the ECB would be slower to cut rates than the Fed. However, EUR/USD now looks stretched according to some momentum measures.

UK

The GBP/USD reached more than two-year highs in August in a summer surge that saw the pair more than 4.3% away from the 200-day moving average -- the largest variation from this key average since July 2023.

Australia

The Reserve Bank of Australia looks to be one of the last major central banks to hold out on rate cuts and that provided support to the AUD/USD last month. The Aussie neared 2024 highs.

Global economic outlook

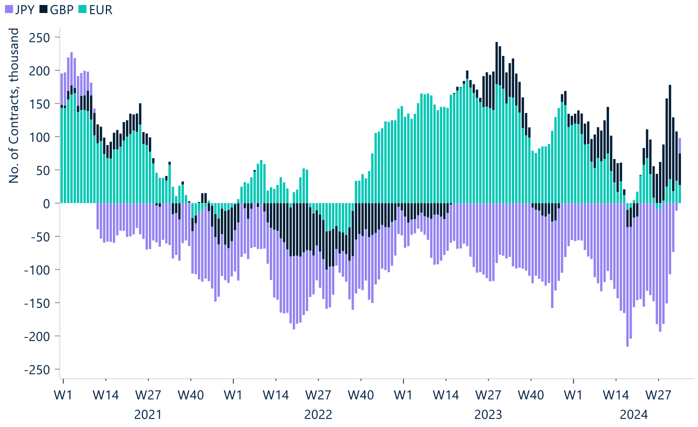
Key market themes to watch

The dollar is losing its crown

For the first time since the beginning of 2021 FX speculators are simultaneously bullish on the euro, pound, and yen versus the US dollar. Investors have trimmed their short yen positions in what has been the fastest unwinding of the carry trade on record. This highlights the shift in sentiment away from the greenback that has swept over markets since the second half of 2024. The directional bias in options markets has turned away from the dollar as well, as the currency partly lost its appeal due to falling interest rates and a dovish Fed.

Speculators bullish on the euro, pound and yen

CFTC non-commercial positioning (against USD)

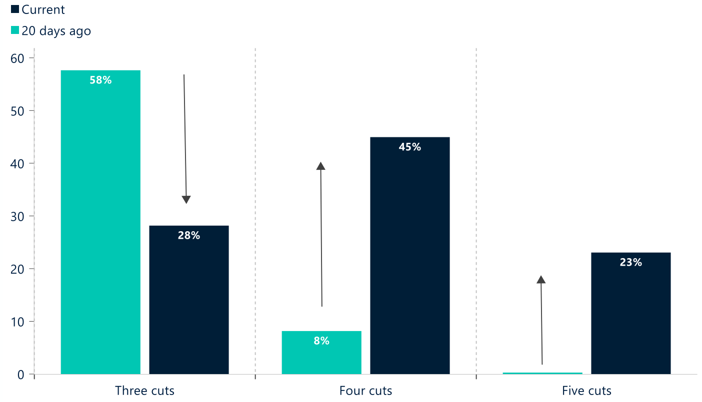


Betting on lower policy rates

The Federal Reserve signaled its willingness to consider easing interest rates at its last meeting and Jerome Powell confirmed this easing bias at the Jackson Hole Symposium. This has led investors to price in around 100 basis points of Fed cuts for this year alone, a development which has supported risk assets. However, recession probabilities remain low, and the recent string of economic data has come in better than expected. Therefore, September seems to be a done deal for a rate cut but what happens afterwards remains uncertain.

The Fed is now expected to cut rates four times this year

Implied probabilities of Fed rate cuts in 2024



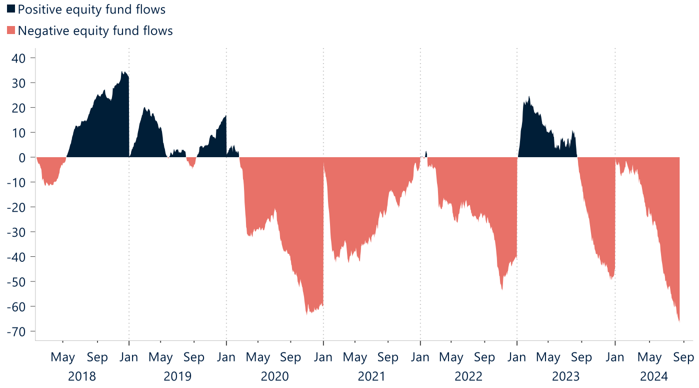
Source: Convera, Macrobond

Continued China pessimism

The pandemic seems to have changed the perception of China as 2019 was the last year in which Chinese equities experienced a net inflow of foreign capital. All five years – including 2024 – have seen capital moving out of onshore stock markets. Compare this with Japan, where FDI's continue to trend higher as investors and companies neutralize their underweight position in the country and its assets. All these factors explain why Japan's Topix has outperformed China's Shanghai Composite by the most since around 2007. The Japan-China divergence remains.

China likely to record fifth straigth year of equity outflows

Net foreign flows into Chinese equities. Annual ytd cumulative flows



Source: Convera, Macrobond

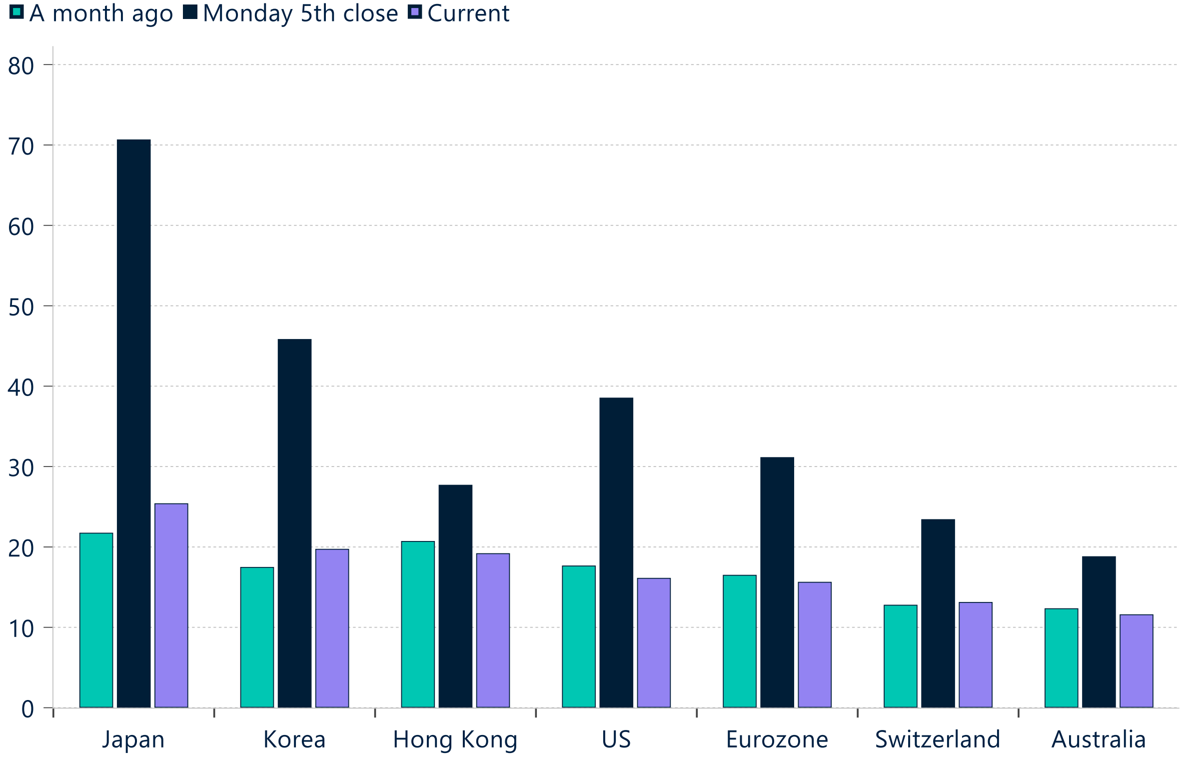
Note: Equity flows derived from Shanghai and Shenzhen Hong Kong Stock Connect

Chart sources: Convera, Macrobond – July 29, 2024

Theme in focus: Rate cuts despite soft landing?

Back to the soft landing narrative

Global overview of selected equity volatility indicators (VIX)



Source: Convera, Macrobond

- Investors seem to have all but forgotten the volatility shock from two and a half weeks ago. Global equity benchmarks are approaching their previous highs as capital continued to flow out of the US dollar into the euro, pound, yen and yuan.
- Investors had been eagerly awaiting the scheduled speech by Fed Chair Jerome Powell at the last day of the Jackson Hole Symposium in Wyoming. The short speech confirming policy makers easing bias, acknowledging the recent cooling of the labor market, and preparing the groundwork for rate cuts over the coming months have given markets the green light they had been seeking for so long.
- Overall, the macro news flow this week has not altered the global narrative too much. The totality of the data continues to add to policy makers' confidence to lower interest rates to a more neutral level. Inflation is easing and the labor market is cooling off.
- Both have been welcomed by investors as the pace has been fast enough to justify rate cuts without raising recession risks materially.
- The incompatibility of those two conditions (no recession accompanied by significant policy easing) and the upcoming US presidential election are the two main concerns for us right now.
- The US dollar has suffered under this framework as both rate cuts and soft-landing pricing are seen as net risk positive factors. We tend to believe that the recession risks need to increase to allow the greenback to continue its descent.

Key market events to watch

September 2024

3
- Mfg PMI
- ISM Mfg PMI

4
- Services PMI
- Inflation (PPI)
- **Rate Decision**
- Job Openings

5
- ISM Services PMI
- Retail Sales

6
- Jobs Report
- Jobs Report
- Q3 GDP

9
- Inflation (CPI, PPI)

10
- Inflation (CPI)
- Jobs Report

11
- Inflation (CPI)
- GDP, Industrial & Manufacturing Output

12
- **Rate Decision**
- Inflation (PPI)

13
- Industrial Production

17
- Retail Sales, Industrial Production
- Inflation (CPI)
- ZEW Surveys

18
- Inflation (CPI, PPI)
- Inflation (CPI)
- **Rate Decision**

19
- **Rate Decision**
- Jobs Report

20
- C. Confidence Retail Sales
- C. Confidence
- **Rate Decision**

23
- Industry PMIs

24
- **Rate Decision**
- Ifo Surveys
- C. Confidence

26
- Q2 GDP/PCE Prices
- Gfk C. Sentiment

27
- Inflation (CPI)
- Business Sentiment
- Inflation (PCE)

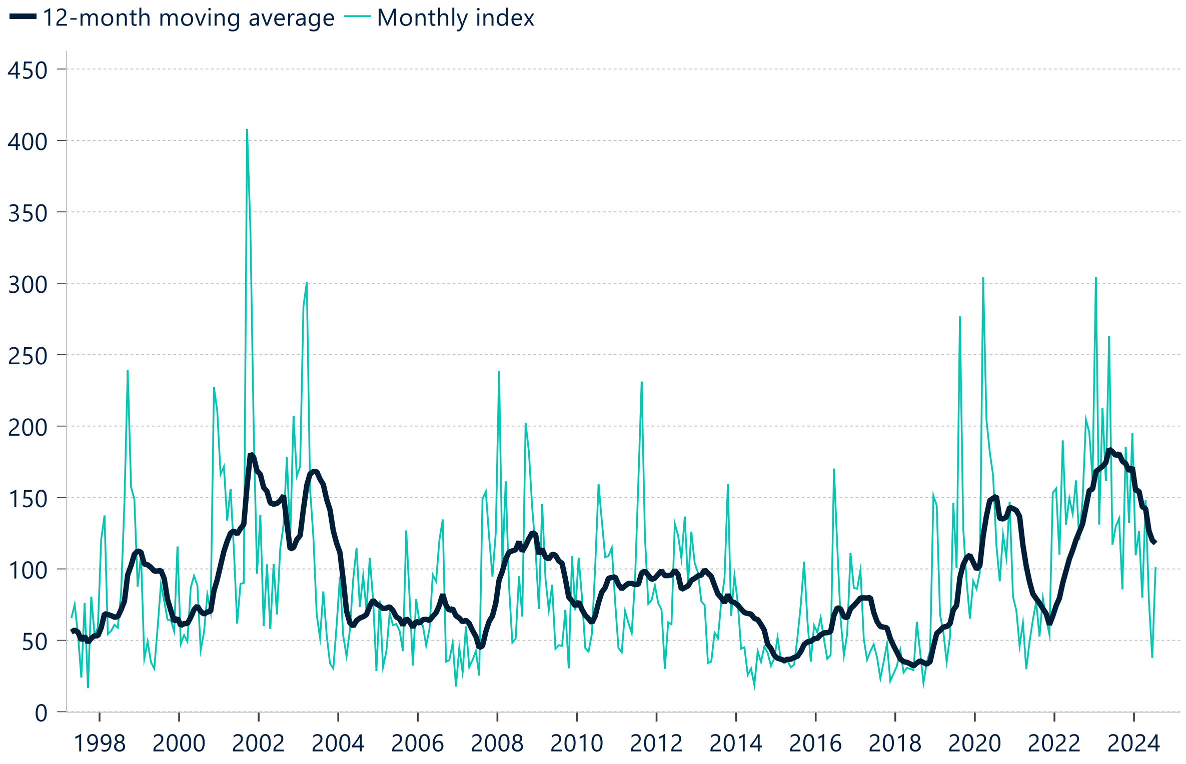
30
- Retail Sales

Source: Convera, Bloomberg – August 28, 2024

Event in focus: Policy divergence in September?

Elevated policy uncertainty slowly coming down with inflation

US monetary policy uncertainty index



Source: Convera, Macrobond

- Markets have partially recovered from the unwinding shock seen at the beginning of August. While the aftermatch has therefore been less impactful than initially expected, the main takeaway is that markets remain highly data dependent and sensitive to macro surprises.
- The US data patch in the first week of September will decide the magnitude of the Fed's rate cut, while the labor market data and CPI print will settle the debate if the Bank of England needs to ease policy in September.
- Macro data from the Eurozone will be less impactful given that the expectation about the ECB will cut by 25 basis points is seen as a done deal. The attention will therefore be on the German state elections in Thuringia, Saxony and Brandenburg as the far-right FDP moves up the polls.
- In Asia, both the BoJ and PboC are data dependent, although displaying opposite policy biases. Strong data from Japan could keep the possibility of further policy tightening in 2024 alive. The inflation and macro patch from China will decide if easing is likely on the 19th.
- Themes to watch therefore remains the direction and divergence of global monetary policy, gauging US recession risks and the likelihood of European stagnation. September could go down in history as the month during which the Fed decided to commence its easing cycle.

UK currency outlook

GBP volatility analysis

Big swings against haven peers

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

Increasing volatility

	Spot	High	Low	High	Low	Trading range		Position within the range	
		30D		YTD		30D	YTD	30D	YTD
GBP/JPY	190.6	199.4	180.1	208.1	178.7	10.7%	16.5%	54%	40%
GBP/CHF	1.118	1.140	1.074	1.167	1.064	6.1%	9.7%	67%	52%
GBP/USD	1.319	1.324	1.266	1.324	1.23	4.6%	7.6%	91%	95%
GBP/CNY	9.394	9.440	9.061	9.471	8.908	4.2%	6.3%	88%	86%
GBP/NOK	13.89	14.20	13.66	14.34	12.88	4.0%	11.3%	43%	69%
GBP/AUD	1.946	2.003	1.927	2.003	1.859	3.9%	7.7%	25%	60%
GBP/NZD	2.124	2.191	2.11	2.191	2.005	3.8%	9.3%	17%	64%
GBP/ZAR	23.35	23.79	22.94	24.59	22.57	3.7%	8.9%	48%	39%
GBP/CAD	1.777	1.786	1.740	1.786	1.678	2.6%	6.4%	80%	92%
GBP/EUR	1.181	1.189	1.159	1.192	1.147	2.6%	3.9%	73%	76%

Source: Bloomberg, Convera – August 27, 2024

- **GBP/USD** advanced for a third month in four amid increased confidence around the September Fed rate cut. The pair is currently trading in the upper quartile of its YTD range having breached the $1.30 barrier for the first time in 12-months.
- **GBP/EUR** remains the least volatile amongst the top GBP FX pairs, swinging a mere 2.6% over the past month and less than 4% in total this year. The pound is back up in the top quartile of its YTD range though as growth and rate differentials boost GBP demand.
- **GBP/CHF** plunged over 6% in August before erasing over half of those losses. The reverberations of the rapid unwind of carry trades and market turmoil spurring volatility amongst the low yielding currencies like the franc.
- **GBP/JPY** staged the biggest moves once again though, swinging almost 11% from high to low in August. Again, the low yielding yen benefited from the carry trade unwind, which sent volatility measures soaring across the board, sparking haven demand which further supported the JPY. The pair recouped 6% of its losses as the tumult settled, though the outlook appears cloudy for the pound versus the yen given narrowing yield differentials with the BoJ hiking rates.

GBP value indicator

GBP/USD is ~7% above its two-year average

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

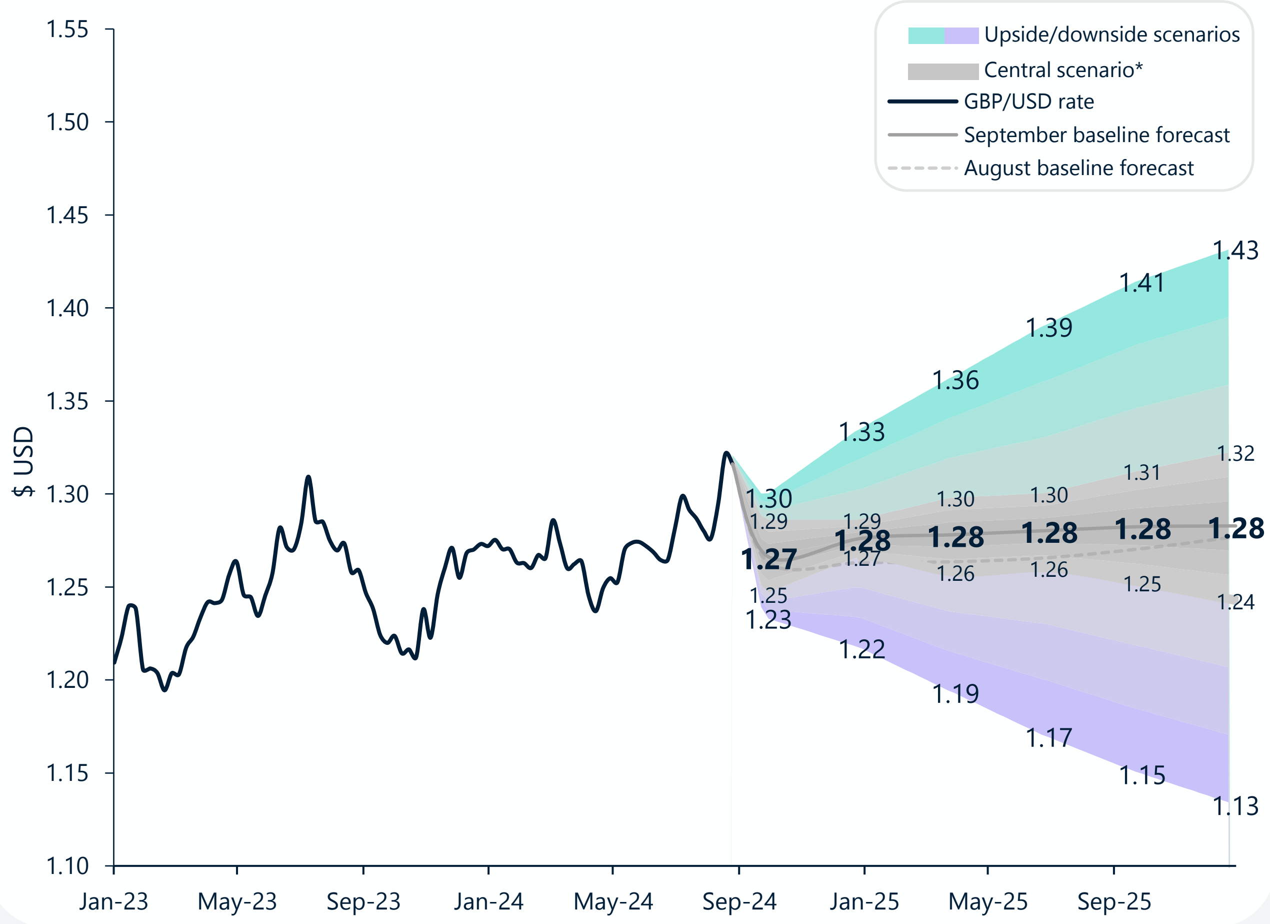
Appreciation Depreciation

	Spot (As of 27.08.2024)	Spot vs YTD average	Spot vs 1-year average	Spot vs 2-year average	Spot vs 5-year average
GBP/USD	1.319	3.8% Avg.: 1.270	4.6% Avg.: 1.260	6.5% Avg.: 1.238	2.9% Avg.: 1.282
GBP/CAD	1.777	2.8% Avg.: 1.729	3.6% Avg.: 1.715	6.0% Avg.: 1.675	5.2% Avg.: 1.688
GBP/CNY	9.394	2.5% Avg.: 9.167	3.1% Avg.: 9.109	6.4% Avg.: 8.827	6.9% Avg.: 8.791
GBP/NZD	2.124	1.6% Avg.: 2.090	2.0% Avg.: 2.082	4.6% Avg.: 2.031	6.8% Avg.: 1.989
GBP/AUD	1.946	1.1% Avg.: 1.924	1.3% Avg.: 1.921	4.0% Avg.: 1.870	5.2% Avg.: 1.850
GBP/EUR	1.181	0.7% Avg.: 1.172	1.2% Avg.: 1.166	2.1% Avg.: 1.157	2.2% Avg.: 1.155
GBP/CHF	1.118	-0.7% Avg.: 1.126	-0.1% Avg.: 1.118	-0.3% Avg.: 1.121	-5.8% Avg.: 1.186
GBP/JPY	190.6	-1.4% Avg.: 193.3	0.3% Avg.: 189.9	6.4% Avg.: 179.1	19.3% Avg.: 159.7

Source: Bloomberg, Convera – August 27, 2024

- The **British pound** appreciated against more than 50% of its global peers in August, down on July's performance, but meaning it retains its status as the best performing G10 currency in 2024.
- Despite the downward surprise in services inflation, wage growth resilience, coupled with the better-than-expected UK growth backdrop has seen the odds of September BoE rate cut stay close to just 20% and total 2024 easing at less than 50 basis points from here.
- Thanks to favoring rate differentials and improving global risk sentiment, **GBP/USD** continues to climb to fresh two-year highs. Above $1.32 means its positively positioned versus its long-term averages.
- **GBP/EUR** briefly plunged from €1.19 to €1.16, a more balanced position according to rate differentials. However, the growth differential still favours the UK over Europe, allowing the pound to erase most monthly losses and taking it over 2% above it five-year average of €1.1550.
- Due to safe haven demand for the Swiss franc, **GBP/CHF** has failed to hold onto its 2024 gains, meaning it's still trading almost 6% below its five-year average.

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

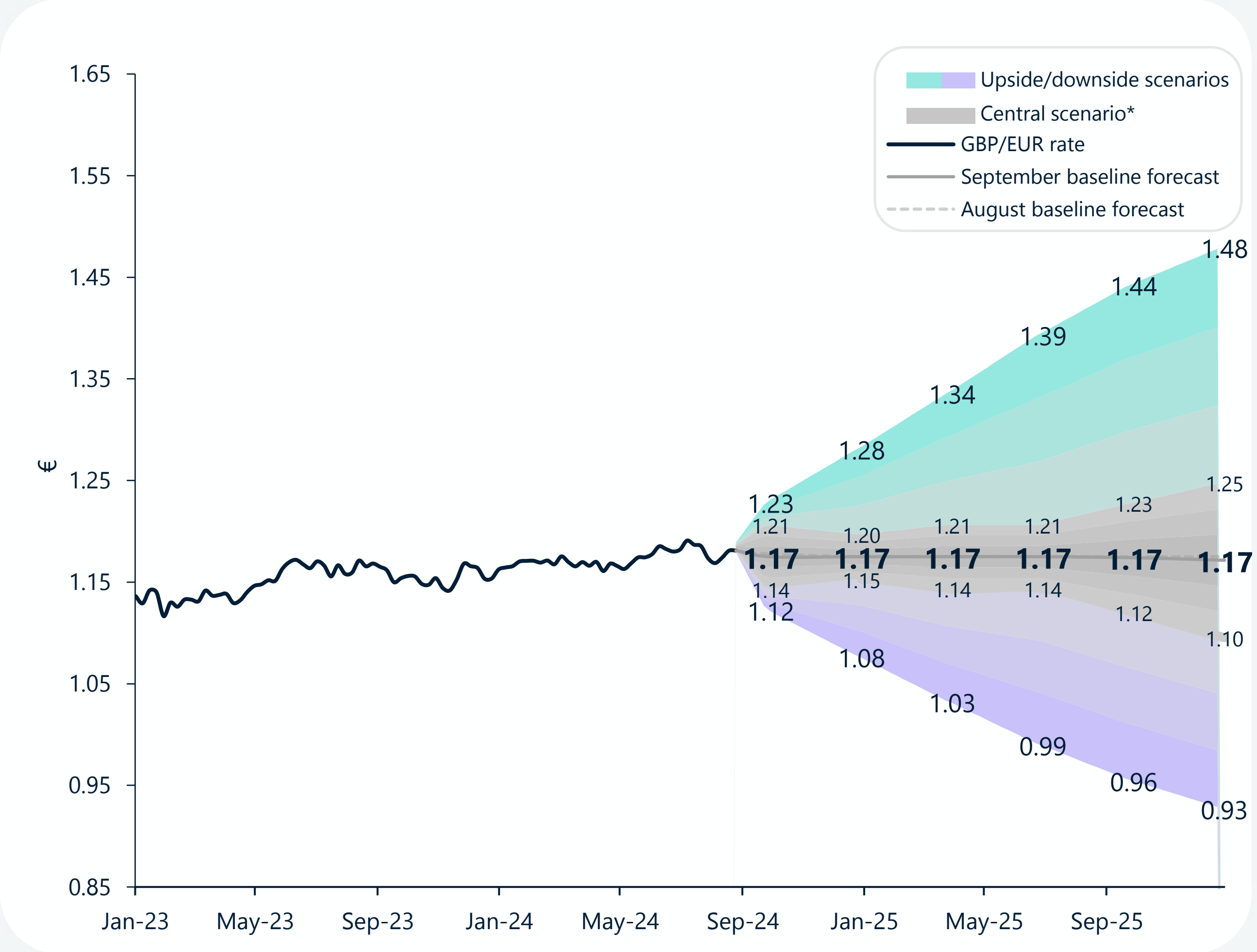
- UK-US economic growth divergence narrows as UK recovery gathers steam.
- Both central banks embark on their easing cycles, but GBP retreats given the historically overstretched long positioning.

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 – August 27, 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 & risk appetite

- 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: Easing at different speeds

- Sticky inflation and strong UK growth pressures the BoE to keep rates high, widening the UK-EU rate differential and keeping the pair in and around €1.17.
- The main risk to this outlook is if the BoE is forced to cut rates more than markets are pricing in, given the current dovish pricing of the ECB.

Downside scenario: Global growth outlook weakens

- Tighter credit conditions 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 – August 27, 2024. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
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EU currency outlook

EUR volatility analysis

EUR/JPY volatility climbs to a four-year high

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

Increasing volatility

	Spot	High 30D	Low	High YTD	Low	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
EUR/JPY	161.3	168.0	154.4	175.4	154.4	8.8%	13.6%	51%	33%
EUR/AUD	1.647	1.718	1.644	1.718	1.599	4.5%	7.4%	4%	40%
EUR/CHF	0.946	0.960	0.921	0.993	0.921	4.2%	7.8%	64%	35%
EUR/NZD	1.797	1.864	1.793	1.864	1.739	4.0%	7.2%	6%	46%
EUR/USD	1.117	1.120	1.077	1.120	1.060	4.0%	5.7%	93%	95%
EUR/SEK	11.39	11.77	11.34	11.77	11.03	3.8%	6.7%	12%	49%
EUR/CNY	7.946	7.978	7.768	7.978	7.655	2.7%	4.2%	85%	90%
EUR/GBP	0.846	0.862	0.841	0.870	0.838	2.5%	3.8%	24%	25%
EUR/CAD	1.504	1.522	1.489	1.522	1.446	2.2%	5.3%	45%	76%
EUR/CZK	25.03	25.53	25.01	25.53	24.45	2.1%	4.4%	4%	54%

Source: Bloomberg, Convera – August 27, 2024

- **EUR/JPY** 1-month realised volatility surged to the highest level since April 2020 as investors cut short yen positions and turned bullish for the first time in over 3-years.
- **EUR/AUD** briefly reached a five-month high of A$1.67 at the start of August amid a sharp 22bps drop in the AU two-year bond yield (3rd largest one-day net rate rally in a decade) on the back of a downside surprise in the Australian Q2 CPI.
- The euro's 3% rally in August has been relentless amid heightened concerns of the US falling into a recession, which significantly boosted bets on Fed easing. Powell's signal that the time has come to adjust policy rates during the Jackson Hole Symposium has further bolstered market sentiment, propelling **EUR/USD** to a fresh one-year high above $1.12. Implied volatility expectations remain above the YTD average, signaling investor angst going into the September rate decisions.
- **EUR/CHF** fell over 1% in August and the one-month realized volatility spiked to fresh one-year high amid carry trade unwind and safe haven outflows registered at the start of the month.

EUR value indicator

Euro rallies against its North American G10 peers

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

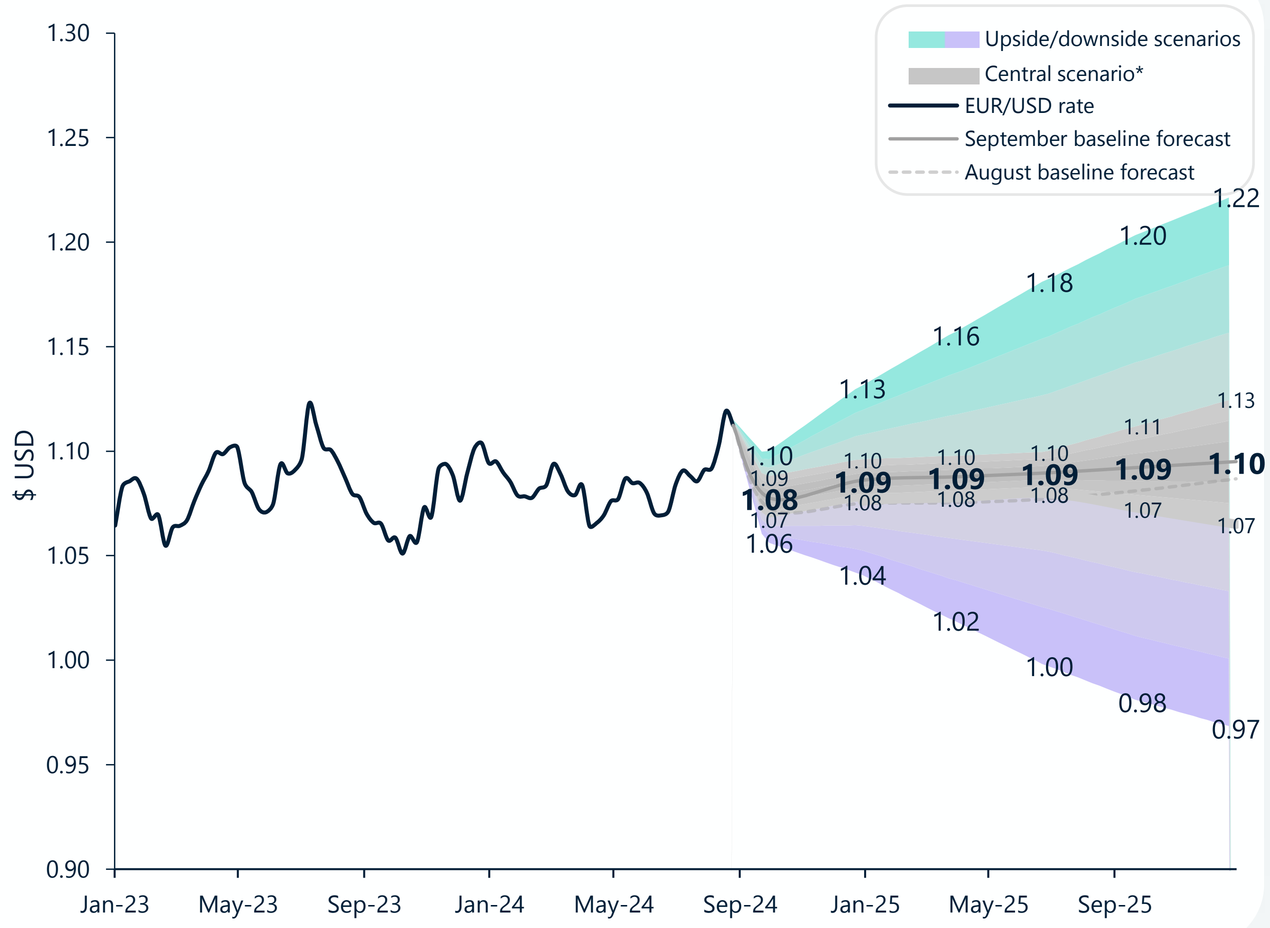
Appreciation Depreciation

	Spot (As of 27.08.2024)	Spot vs YTD average	1-year average	2-year average	5-year average
EUR/USD	1.117	3.1% Avg.: 1.083	3.4% Avg.: 1.080	4.4% Avg.: 1.070	0.6% Avg.: 1.110
EUR/CAD	1.504	2.0% Avg.: 1.474	2.3% Avg.: 1.470	3.9% Avg.: 1.448	2.8% Avg.: 1.462
EUR/NZD	1.797	0.8% Avg.: 1.783	0.7% Avg.: 1.785	2.4% Avg.: 1.755	4.3% Avg.: 1.722
EUR/AUD	1.647	0.3% Avg.: 1.641	0.0% Avg.: 1.647	1.9% Avg.: 1.616	2.8% Avg.: 1.602
EUR/CZK	25.03	-0.2% Avg.: 25.07	0.7% Avg.: 24.86	2.5% Avg.: 24.42	-0.6% Avg.: 25.19
EUR/GBP	0.846	-0.8% Avg.: 0.853	-1.3% Avg.: 0.857	-2.1% Avg.: 0.864	-2.3% Avg.: 0.866
EUR/CHF	0.946	-1.5% Avg.: 0.960	-1.3% Avg.: 0.958	-2.4% Avg.: 0.969	-7.9% Avg.: 1.027
EUR/JPY	161.3	-2.2% Avg.: 164.9	-0.9% Avg.: 162.8	4.3% Avg.: 154.7	16.7% Avg.: 138.1

Source: Bloomberg, Convera – August 27, 2024

- The broad **Euro index** gained in excess of 1% in August, climbing to a one-year high driven by gains versus the North American G10 currencies and the British Pound.
- Amid the newly found gains, **EUR/USD** is currently trading more than 3% above its YTD, one-year and two-year moving averages. While the euro has legs to potentially test the 30-month range ceiling around mid-$1.12 (the July 2023 high), the momentum continues to slow. From a technical perspective, the RSI momentum indicator is in overbought territory, signaling a pullback is likely. From a fundamental perspective, Eurozone economic momentum continues to weaken. Alongside buckling fundamentals, the three-month outlook for the euro remains bearish due to lingering political risks in both the Eurozone and the US. In times of uncertainty, the dollar tends to benefit via the safe haven channel.
- **EUR/CHF** remains trapped in a descending channel, having fallen to a nine-year low at the start of August and poised to suffer a fourth monthly drop on the trot.
- **EUR/CAD** continues to trade more than 2% above its short- and long-term moving averages amid dovish BoC expectations. The pair has climbed towards the C$1.52 level for the first time in over three-years, but the momentum is showing signs of fatigue.

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

- EUR/USD pulls back from the 1-year high given stretched momentum indicators and deteriorating EZ economic fundamentals.
- Lingering political risks in Eurozone and the upcoming US presidential election in November support the US dollar via safe haven flows.

Downside scenario: Eurozone falls into a recession

- The Eurozone economy falls into a recession as economic recovery in Germany fails to materialize. The ECB forced to cut rates more aggressively to support the common bloc..
- Fed cuts in September and commits to a gradual easing cycle amid lingering upside risks to inflation.

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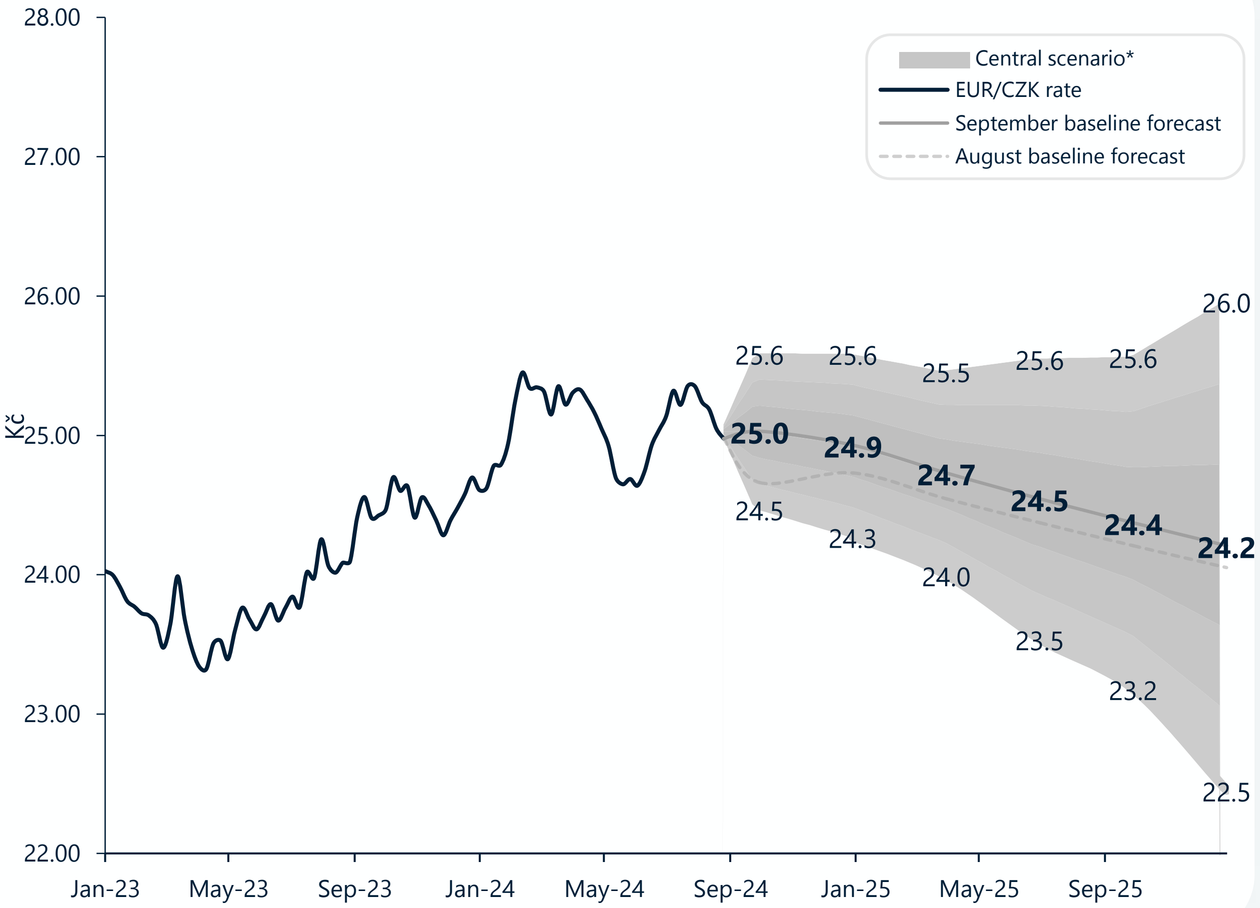
EUR/CZK future scenarios



Central scenario: CNB cautious about future cuts

- The Czech National Bank lowered its key interest rate by 25bps to 4.5% in its August 1st meeting, in line with market expectations. The easing monetary policy is deemed tight enough to control inflation which has hovered around the 2% target this year. Meanwhile, economic growth remains modest, with GDP rising by 0.3% quarter-on-quarter in Q2 2024, driven by household consumption and external demand. The Bank Board remains cautious about further rate cuts, considering inflationary pressures from wage demands and public spending, while being prepared to adjust policies to maintain price stability amidst global economic uncertainties.

- The annual inflation rate in the Czech Republic edged up to 2.2% in July, compared to market forecasts and the previous three-month low of 2%, as deflation slowed for food and non-alcoholic beverages. Moreover, prices increased at a faster pace for health, recreation and culture, and miscellaneous goods and services. Further price pressures are mounting down the pipeline, as the annual PPI inflation advanced to a one-year high in July.

- **Upside risks**: The ECB cuts more gradually as headline inflation remains sticky.

- **Downside risks**: ECB aggressively cuts policy rates as disinflation trend continues, wage growth pressures ease and the economy continues to sharply deteriorate. Meanwhile, CNB postpones further rate cuts as inflation reheats.

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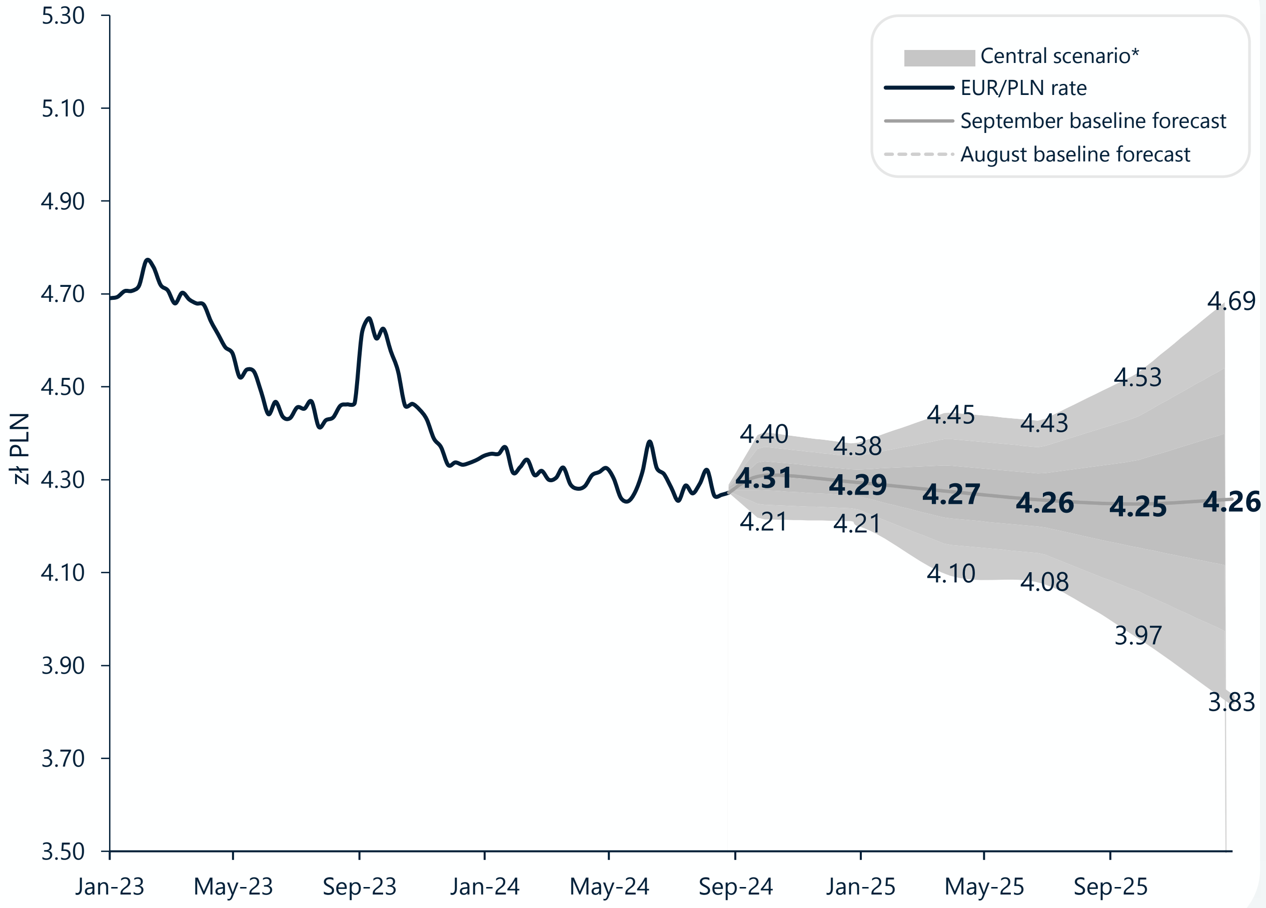
EUR/PLN future scenarios



Central scenario: Hot inflation rules out further NBP cuts in '24

- The NBP is on summer break and the next monetary meeting is not until the end of September. However, Governor Adam Glapiński's surprise interview has temporarily ended zloty's rally against the euro. The governor acknowledged the possibility of the economy and inflation surprising to the downside next year, but it seems his base case scenario is still more of a rate cut in 2026 given the upside risks to inflation in his view. Consequentially, PL-DE two-year yield differential widened to an eight-month high, lifting EUR/PLN from one-month lows.
- Nonetheless, inflation in Poland remains well above target, and with a tight job market, there are few reasons for the NBP to rush with the rate cuts.
- Poland's annual inflation rate accelerated for the fourth consecutive month, reaching 4.2% in July 2024, the highest level since last December. Upward pressure came mostly from prices of education (9%, the same rate as in June); housing and utilities (8.7% vs 1.7%) and electricity, gas and other fuels (10.1%). On he labor market front, average wages in Poland's corporate sector rose by 10.6% year-on-year in July, while employment contraction remained muted (-0.4% YoY).

- **Upside risks**: Inflation in Poland cools, prompting 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 amid growth risks while the NBP leaves the rates unchanged throughout 2024.

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APAC currency outlook

APAC volatility analysis

Yen volatility drives APAC currency turbulence

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

Increasing volatility

	Spot	High 30D	Low	High YTD	Low	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
AUD/JPY	97.97	101.7	90.15	109.3	90.15	12.8%	21.2%	68%	41%
AUD/USD	0.678	0.679	0.635	0.684	0.635	6.9%	7.7%	98%	88%
AUD/CNY	4.825	4.841	4.527	4.934	4.527	6.9%	9.0%	95%	73%
NZD/USD	0.621	0.623	0.585	0.635	0.585	6.5%	8.5%	95%	72%
AUD/EUR	0.607	0.608	0.582	0.625	0.582	4.5%	7.4%	96%	58%
NZD/EUR	0.556	0.557	0.536	0.575	0.536	3.9%	7.3%	95%	51%
AUD/GBP	0.513	0.518	0.499	0.539	0.499	3.8%	8.0%	74%	35%
USD/SGD	1.303	1.345	1.299	1.367	1.299	3.5%	5.2%	9%	6%
NZD/AUD	0.916	0.922	0.894	0.946	0.894	3.1%	5.8%	79%	42%
USD/CNY	7.125	7.264	7.113	7.277	7.088	2.1%	2.7%	8%	20%

Source: Bloomberg, Convera – August 27, 2024

- **JPY** fluctuations have been the epicenter of APAC currency volatility, with the **AUD/JPY** pair experiencing an unprecedented 21.2% YTD trading range.
- **AUD/USD** showed significant movement, with a 7.7% YTD range, reflecting the impact of domestic economic indicators and global market sentiment.
- **NZD/EUR** and **AUD/CNY** demonstrated notable volatility, with YTD ranges of 7.3% and 9.0% respectively, indicating sensitivity to both regional and international economic factors.
- **AUD/GBP** saw an 8.0% YTD range, highlighting the cross-currency dynamics at play in the wake of diverging monetary policies.
- In contrast, **USD/CNY** exhibited the lowest regional volatility with a 2.7% YTD range, suggesting effective PBOC management of the yuan against the dollar.

APAC value indicator

AUD performance: A tale of two timeframes

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

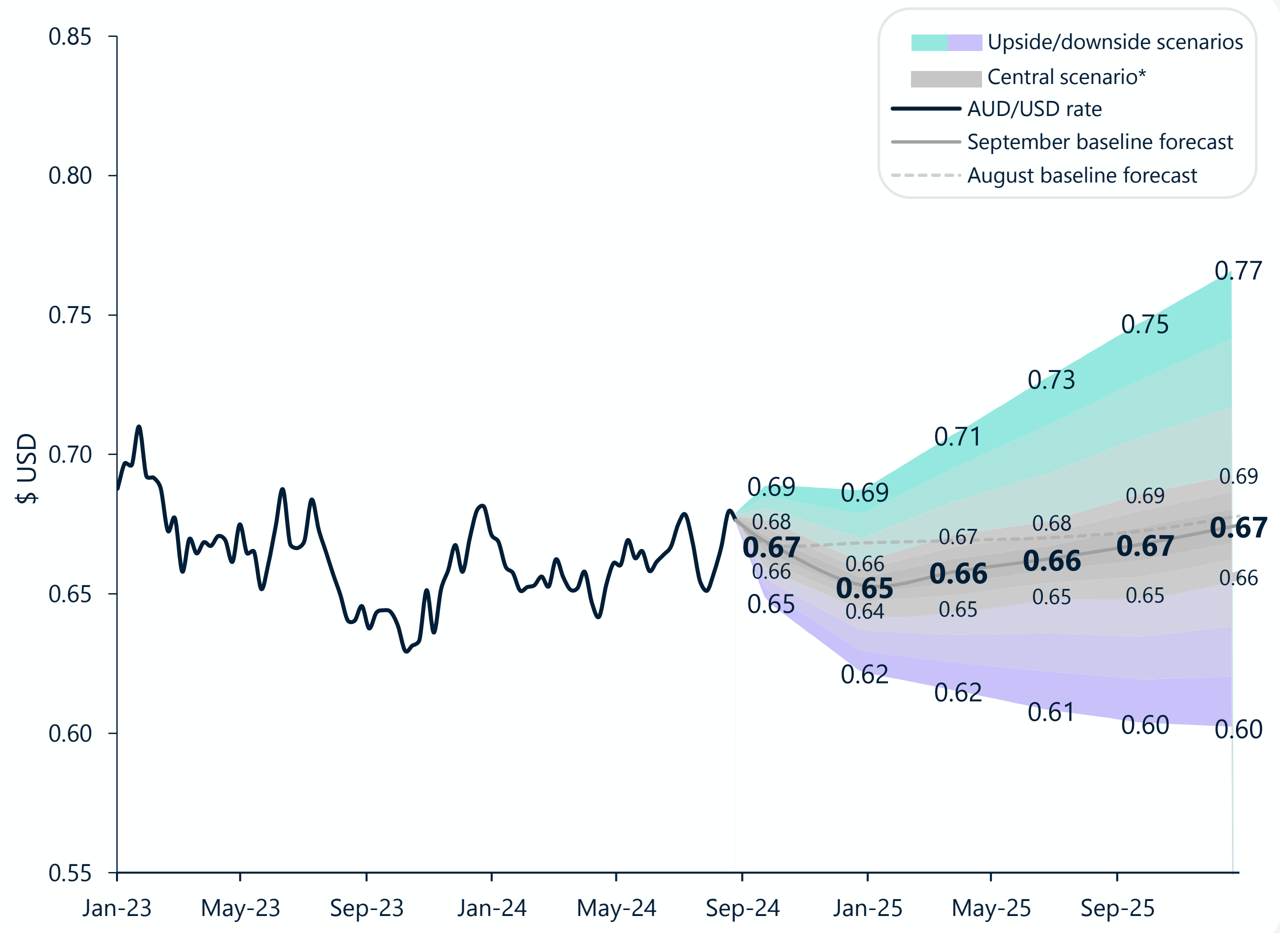
Appreciation Depreciation

	Spot (As of 27.08.2024)	Spot vs YTD average	1-year average	2-year average	5-year average
AUD/USD	0.678	2.7% Avg.: 0.660	3.3% Avg.: 0.656	2.3% Avg.: 0.662	-2.3% Avg.: 0.693
AUD/CAD	0.913	1.6% Avg.: 0.898	2.3% Avg.: 0.892	1.9% Avg.: 0.896	0.0% Avg.: 0.913
AUD/CNY	4.825	1.3% Avg.: 4.761	1.8% Avg.: 4.740	2.3% Avg.: 4.718	1.5% Avg.: 4.752
AUD/NZD	1.091	0.4% Avg.: 1.086	0.6% Avg.: 1.084	0.4% Avg.: 1.086	1.4% Avg.: 1.075
AUD/EUR	0.607	-0.3% Avg.: 0.609	0.0% Avg.: 0.607	-2.0% Avg.: 0.619	-2.9% Avg.: 0.625
AUD/SGD	0.883	-0.4% Avg.: 0.886	-0.1% Avg.: 0.883	-1.4% Avg.: 0.895	-6.3% Avg.: 0.942
AUD/GBP	0.513	-1.3% Avg.: 0.519	-1.4% Avg.: 0.520	-4.2% Avg.: 0.535	-5.2% Avg.: 0.541
AUD/JPY	97.97	-2.5% Avg.: 100.4	-0.9% Avg.: 98.87	2.4% Avg.: 95.69	13.4% Avg.: 86.36

Source: Bloomberg, Convera – August 27, 2024

- **AUD/JPY** stands out with a dramatic 13.4% appreciation against its five-year average, reflecting sustained relative yen weakness and shifting yield differentials. The pair peaked at 109.373, at a 17-year high
- **AUD/USD** shows resilience in the short term, trading 3.3% above its one-year average, but remains 2.3% below its five-year mean, indicating longer-term pressures.
- **AUD/CNY** demonstrates remarkable stability, hovering just 1.5% above its five-year average, suggesting a delicate balance between Australian and Chinese economic forces.
- **AUD/CAD** and **AUD/NZD** exhibit strength, trading 2.3% and 0.6% above their one-year averages respectively, pointing to relative outperformance against commodity currencies.
- **AUD/SGD** and **AUD/GBP** show significant underperformance, trading 6.3% and 5.2% below their five-year averages, hinting at persistent cross-currency headwinds for the Aussie.

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 recovers

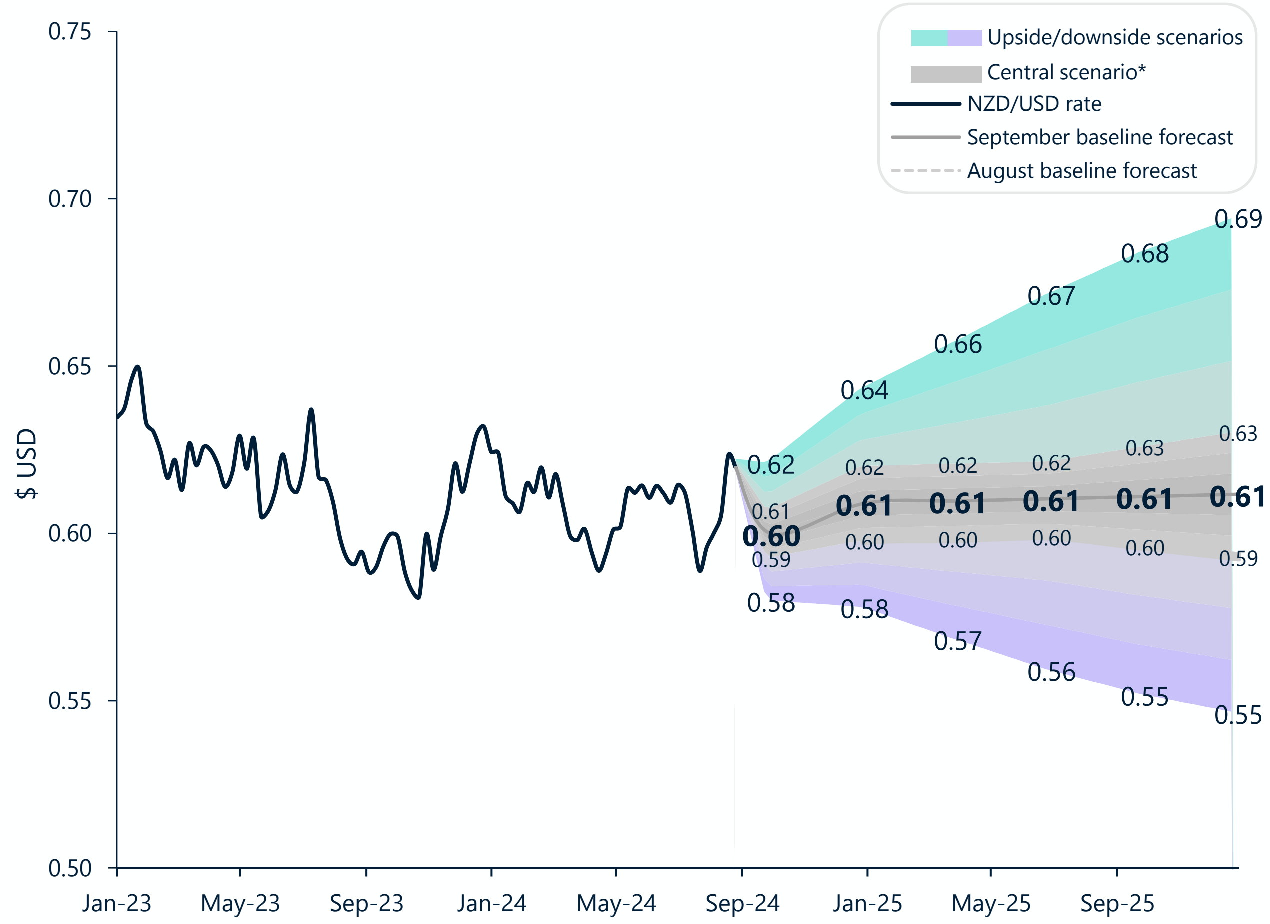
- The Australian dollar might rise in response to the Reserve Bank of Australia's resistance to a worldwide cycle of rate cuts.
- Although the RBA may hold steady in coming meetings, US rates are likely to remain above Australian rates, capping growth in the AUD/USD.

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.
- Higher-for-longer global policy outlook starts to put pressure on credit markets.

Chart sources: Oxford Economics, Bloomberg, Convera – August 27, 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

- The US labor market's slowdown devolves into chaos
- Despite an increasing labor supply, domestic economy is unable to recover, pushing further aggressive RBNZ easing.

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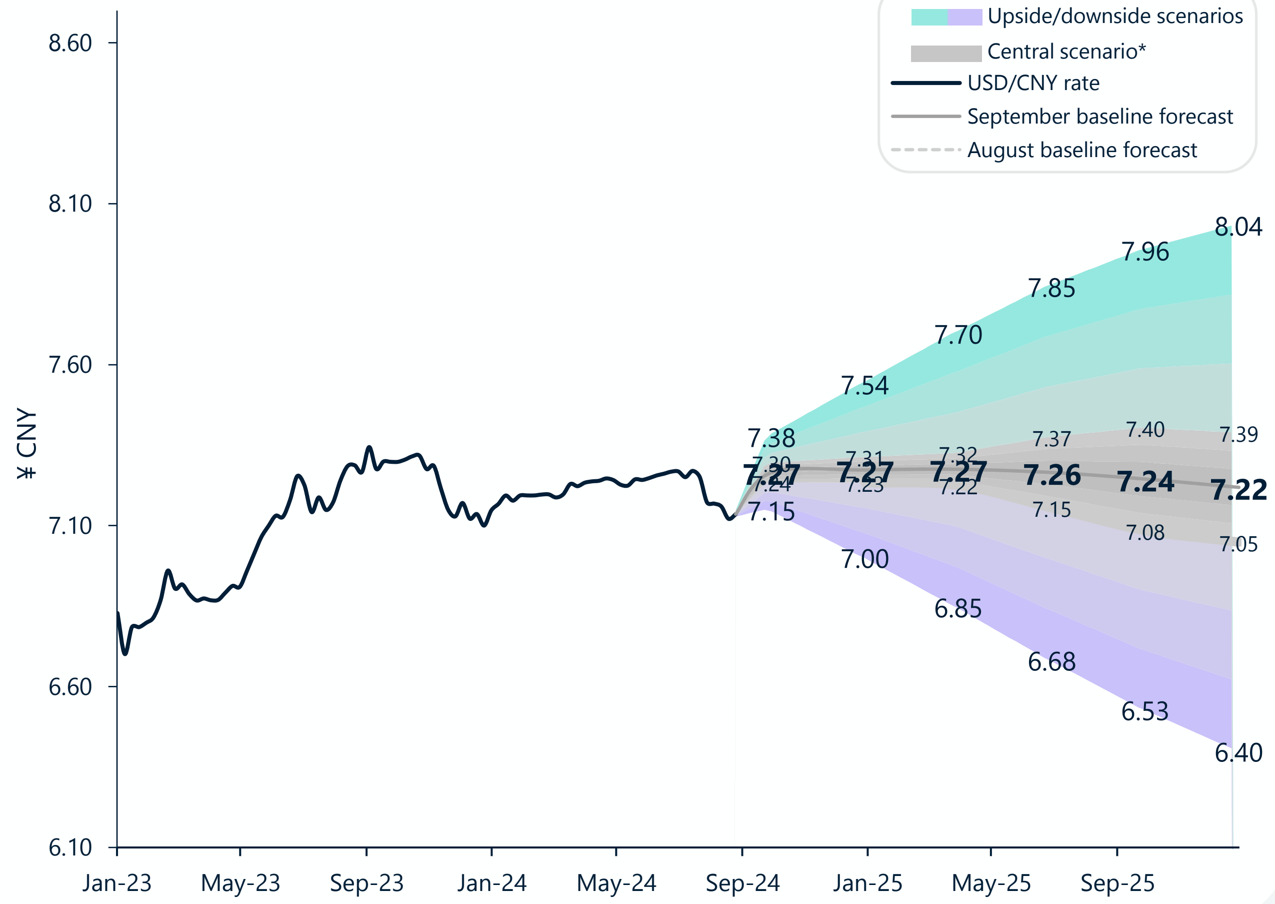
USD/CNY future scenarios



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.

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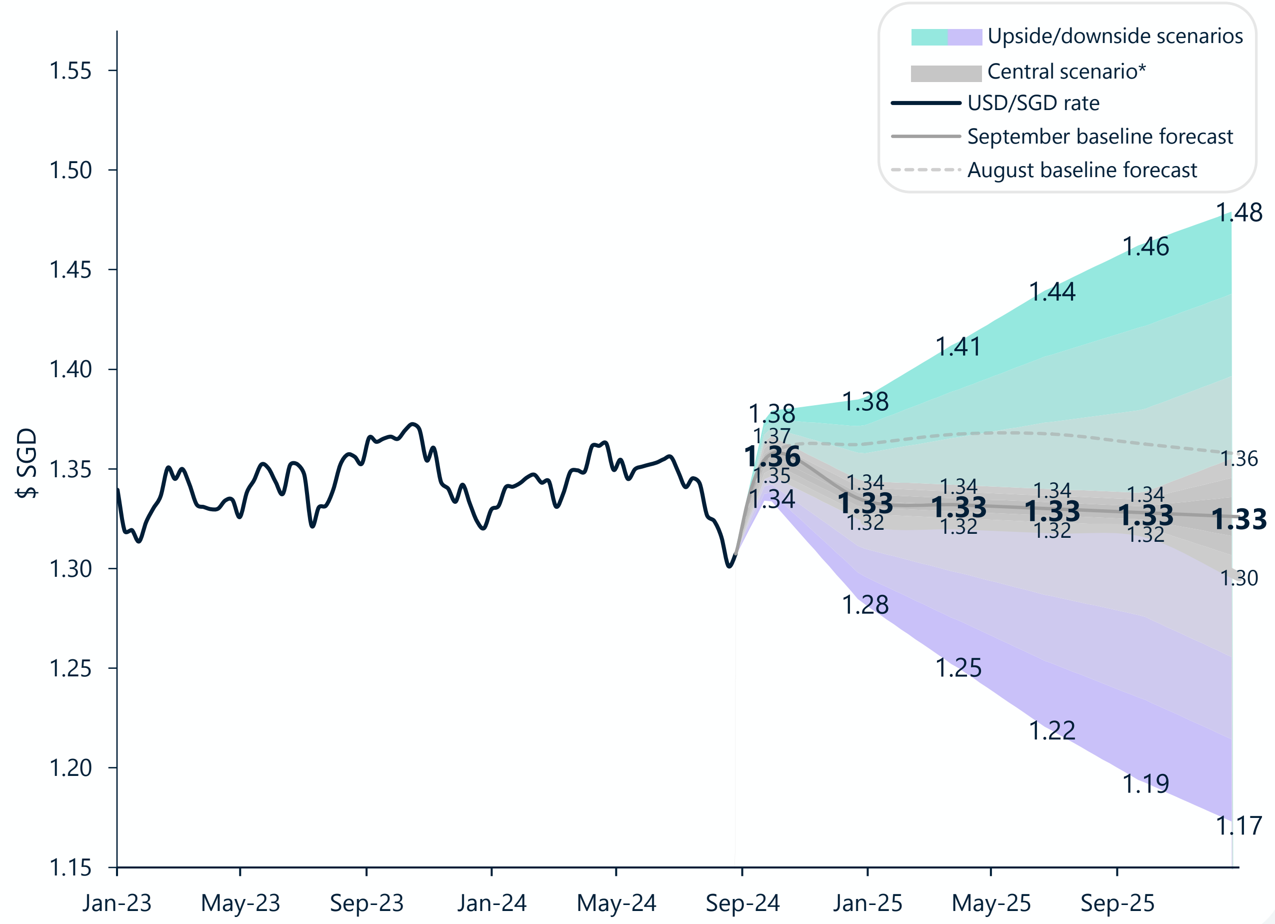
USD/SGD future scenarios



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 – August 27, 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

Dollar plummets to 2024 lows

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

Increasing volatility

	Spot	High 30D	Low	High YTD	Low	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
USD/MXN	19.36	20.21	18.30	20.21	16.26	10.4%	24.3%	55%	78%
USD/JPY	144.4	155.2	141.7	161.9	140.8	9.5%	15.0%	20%	17%
AUD/USD	0.678	0.679	0.635	0.684	0.635	6.9%	7.7%	98%	88%
NZD/USD	0.621	0.623	0.585	0.635	0.585	6.5%	8.5%	95%	72%
USD/CHF	0.847	0.887	0.843	0.922	0.835	5.2%	10.4%	9%	14%
GBP/USD	1.319	1.324	1.266	1.324	1.23	4.6%	7.6%	91%	95%
EUR/USD	1.117	1.120	1.077	1.120	1.060	4.0%	5.7%	93%	95%
USD/CAD	1.347	1.394	1.346	1.394	1.317	3.6%	5.8%	2%	39%
EUR/CAD	1.504	1.522	1.489	1.522	1.446	2.2%	5.3%	45%	76%
USD/CNY	7.125	7.264	7.113	7.277	7.088	2.1%	2.7%	8%	20%

Source: Bloomberg, Convera – August 27, 2024

- In August, the FX markets have experienced a sharp increase in volatility amid three key reasons: (1) Increased perceived risk of a US recession and subsequent bets of an aggressive Fed cutting cycle (2) Unwind of the carry trade; (3) Pricing out of the Trump trade.
- Against this backdrop, **USD/MXN** realized volatility spiked to a four-year high amid long MXN positioning unwind.
- **USD/JPY** was one of the main beneficiaries in the month of August. The pair's realized volatility surged to the highest level since April 2020 as investors closed out their historically short yen positions in the matter of four-weeks and flipped the books net long for the first time in over three-years.
- With the market pricing in the bottom of the dollar smile (a situation where US economy struggles relative to other global peers), **DXY** index plunged to 2024 lows. The greenback has shed over 3% value over the past 30 days.
- Despite increased wagers of back-to-back BoC cuts given the successful progress on the inflation front, the **Canadian dollar** had its best month thus far in 2024 as Fed rate cut hopes took precedence over the domestic affairs.

NAM value indicator

USD/JPY over 5% below its YTD average amid the carry trade unwind

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

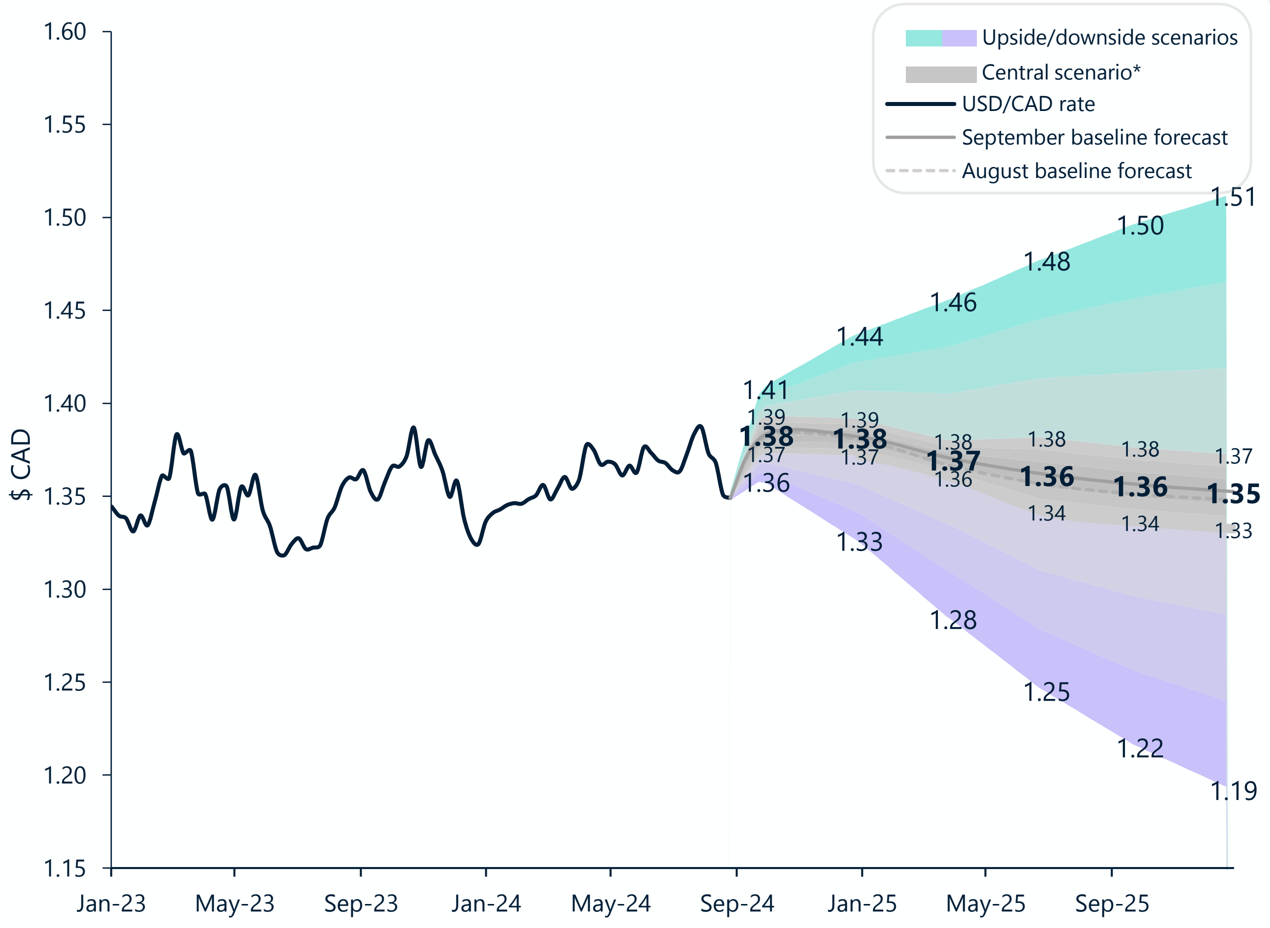
Appreciation Depreciation

	Spot (As of 27.08.2024)	Spot vs YTD average	Spot vs 1-year average	Spot vs 2-year average	Spot vs 5-year average
USD/MXN	19.36	11.0% Avg.: 17.44	10.9% Avg.: 17.45	7.5% Avg.: 18.00	-1.0% Avg.: 19.55
GBP/USD	1.319	3.8% Avg.: 1.270	4.6% Avg.: 1.260	6.5% Avg.: 1.238	2.9% Avg.: 1.282
EUR/USD	1.117	3.1% Avg.: 1.083	3.4% Avg.: 1.080	4.4% Avg.: 1.070	0.6% Avg.: 1.110
AUD/USD	0.678	2.7% Avg.: 0.660	3.3% Avg.: 0.656	2.3% Avg.: 0.662	-2.3% Avg.: 0.693
NZD/USD	0.621	2.2% Avg.: 0.607	2.6% Avg.: 0.605	1.8% Avg.: 0.609	-3.8% Avg.: 0.645
EUR/CAD	1.504	2.0% Avg.: 1.474	2.3% Avg.: 1.470	3.9% Avg.: 1.448	2.8% Avg.: 1.462
USD/CAD	1.347	-1.0% Avg.: 1.360	-1.0% Avg.: 1.360	-0.5% Avg.: 1.353	2.2% Avg.: 1.318
USD/JPY	144.4	-5.1% Avg.: 152.2	-4.2% Avg.: 150.6	-0.1% Avg.: 144.5	15.4% Avg.: 125.1

Source: Bloomberg, Convera – August 27, 2024

- On the back of the sharpest monthly loss since end of 2022, **DXY** is now trading 3.5% below its YTD average. 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 may help the greenback recoup some of its recent losses.
- Amid the newly found gains**, EUR/USD** is currently trading over 3% above its YTD, one-year and two-year moving averages. From here on, the momentum may ease given the looming political risks on both sides of the Atlantic.
- **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** has more than halved its year-to-date gains from peak 4.4% in early August down to 1.6% by the end of the month. CAD bearish positions continue to remain elevated, thus further unwind should see Loonie appreciate further in the short term.

USD/CAD future scenarios



Upside scenario: Dovish BoC, cautious Fed

- Confident with inflation diffusion progress, the BoC signals more easing, increasing the US dollar's interest rate advantage.
- As US inflation proves sticky, prompting investors to price out aggressive Fed rate cut bets for 2024 and beyond.

Central scenario: Fed cuts rates gradually

- Fed cuts in September and commits to a gradual easing cycle amid lingering upside risks to inflation.
- The BoC resumes cutting its policy rates in September and delivers another two rate cuts by year end.

Downside scenario: US labor market deteriorates

- Fed forced to deliver a more aggressive cutting cycle as US labor market weakens, reducing the US dollar interest rate differential advantage.
- The BoC adopts a conservative approach to monetary easing, easing at quarterly cadence.

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International strategy

Considerations for global businesses

Currency volatility

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

Risk management

Talk to us about our full range of currency risk management tools^.

Geopolitics

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

Diversification

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

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

Sanctions

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

Efficiency and security

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

We invest annually in managing compliance and regulations globally.

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

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Appendix

Future scenarios

	Scenarios	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4
GBP/USD	High	1.298	1.334	1.362	1.390	1.414	1.432	1.446	1.457	1.462	1.467
	Baseline + σ	1.286	1.286	1.298	1.3	1.312	1.322	1.324	1.339	1.353	1.367
	Baseline	1.266	1.276	1.278	1.280	1.282	1.282	1.284	1.289	1.293	1.297
	Baseline - σ	1.246	1.266	1.258	1.26	1.252	1.242	1.244	1.239	1.233	1.227
	Low	1.233	1.217	1.193	1.170	1.150	1.133	1.123	1.121	1.123	1.128
GBP/EUR	High	1.228	1.281	1.336	1.393	1.442	1.479	1.504	1.518	1.519	1.516
	Baseline + σ	1.205	1.196	1.205	1.205	1.226	1.247	1.245	1.266	1.288	1.309
	Baseline	1.174	1.174	1.174	1.174	1.173	1.171	1.169	1.168	1.167	1.165
	Baseline - σ	1.142	1.151	1.142	1.142	1.119	1.094	1.092	1.069	1.045	1.020
	Low	1.122	1.076	1.032	0.990	0.955	0.927	0.908	0.898	0.896	0.896
GBP/JPY	High	215.5	220.5	224.8	229.7	233.7	236.2	237.7	238.2	237.2	235.5
	Baseline + σ	205.1	204.2	203.2	204.4	206.4	205.7	205.9	210.6	213.7	215.6
	Baseline	197.2	195.8	193.8	192.2	190.8	189.1	187.7	186.6	185.3	183.8
	Baseline - σ	189.2	187.3	184.3	179.9	175.1	172.4	169.4	162.5	156.8	151.9
	Low	179.6	172.4	164.9	158.0	152.1	147.2	143.6	141.3	139.8	138.6
GBP/CHF	High	1.190	1.251	1.303	1.349	1.387	1.415	1.434	1.445	1.446	1.445
	Baseline + σ	1.148	1.167	1.182	1.182	1.190	1.224	1.222	1.230	1.225	1.232
	Baseline	1.118	1.133	1.139	1.139	1.138	1.136	1.134	1.133	1.132	1.130
	Baseline - σ	1.087	1.098	1.095	1.095	1.085	1.047	1.045	1.035	1.038	1.027
	Low	1.048	1.022	0.987	0.947	0.914	0.888	0.869	0.859	0.855	0.854

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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	1.098	1.130	1.155	1.181	1.204	1.222	1.236	1.247	1.253	1.258
	Baseline + σ	1.087	1.096	1.097	1.099	1.112	1.125	1.128	1.143	1.158	1.172
	Baseline	1.077	1.086	1.087	1.089	1.092	1.095	1.098	1.103	1.108	1.112
	Baseline - σ	1.067	1.076	1.077	1.079	1.072	1.065	1.068	1.063	1.058	1.052
	Low	1.056	1.041	1.019	0.997	0.980	0.967	0.960	0.959	0.962	0.967
EUR/GBP	High	0.890	0.928	0.968	1.009	1.047	1.078	1.100	1.112	1.115	1.115
	Baseline + σ	0.872	0.865	0.872	0.872	0.886	0.903	0.905	0.920	0.936	0.952
	Baseline	0.851	0.851	0.851	0.851	0.851	0.853	0.855	0.855	0.856	0.857
	Baseline - σ	0.829	0.836	0.829	0.829	0.815	0.802	0.804	0.789	0.775	0.761
	Low	0.813	0.780	0.748	0.717	0.693	0.675	0.664	0.658	0.658	0.659
EUR/CHF	High	1.007	1.060	1.105	1.146	1.180	1.207	1.226	1.237	1.239	1.239
	Baseline + σ	0.970	0.995	1.000	1.000	1.010	1.040	1.040	1.049	1.048	1.056
	Baseline	0.951	0.965	0.970	0.970	0.970	0.969	0.969	0.969	0.970	0.969
	Baseline - σ	0.931	0.934	0.939	0.939	0.929	0.897	0.897	0.888	0.891	0.881
	Low	0.897	0.874	0.843	0.808	0.779	0.758	0.743	0.735	0.733	0.733
EUR/CNY	High	8.107	8.528	8.900	9.269	9.583	9.820	9.986	10.08	10.09	10.08
	Baseline + σ	7.934	8.015	8.040	8.109	8.235	8.311	8.394	8.542	8.631	8.710
	Baseline	7.829	7.899	7.913	7.916	7.913	7.904	7.897	7.891	7.882	7.875
	Baseline - σ	7.723	7.782	7.785	7.722	7.590	7.496	7.399	7.239	7.132	7.039
	Low	7.557	7.294	6.983	6.669	6.403	6.196	6.052	5.969	5.942	5.936

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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	425.2	448.2	468.5	490.4	511.1	529.1	544.2	554.7	558.6	559.9
	Baseline + σ	405.3	407.1	403.8	404.0	410.1	426.4	429.1	440.1	451.2	460.0
	Baseline	396.4	395.9	392.5	390.0	389.5	390.8	393.7	396.9	398.7	399.7
	Baseline - σ	387.4	384.6	381.1	375.9	368.8	355.1	358.2	353.6	346.1	339.3
	Low	379.2	362.5	343.3	325.6	312.5	304.1	300.0	299.0	299.7	300.5
EUR/CZK	High	26.49	27.41	28.23	29.08	29.80	30.32	30.64	30.75	30.66	30.51
	Baseline + σ	25.58	25.57	25.46	25.54	25.56	25.95	25.75	25.84	25.92	26.05
	Baseline	25.03	24.92	24.73	24.54	24.37	24.20	24.05	23.90	23.75	23.62
	Baseline - σ	24.47	24.26	23.99	23.53	23.17	22.44	22.34	21.95	21.57	21.18
	Low	23.60	22.56	21.45	20.39	19.49	18.78	18.25	17.90	17.72	17.60
USD/CZK	High	24.11	24.24	24.42	24.61	24.74	24.81	24.77	24.65	24.46	24.24
	Baseline + σ	23.52	23.34	23.19	23.23	22.98	23.07	22.81	22.59	22.38	22.21
	Baseline	23.22	22.95	22.73	22.52	22.31	22.10	21.88	21.65	21.43	21.22
	Baseline - σ	22.92	22.56	22.27	21.81	21.64	21.13	20.95	20.71	20.48	20.23
	Low	22.33	21.66	21.04	20.43	19.87	19.40	19.00	18.66	18.41	18.19
USD/PLN	High	4.162	4.183	4.224	4.266	4.306	4.349	4.382	4.396	4.396	4.387
	Baseline + σ	4.048	3.993	4.049	4.025	4.068	4.168	4.161	4.158	4.155	4.166
	Baseline	3.998	3.953	3.929	3.905	3.888	3.888	3.891	3.888	3.885	3.876
	Baseline - σ	3.948	3.913	3.809	3.785	3.708	3.608	3.621	3.618	3.615	3.586
	Low	3.833	3.723	3.634	3.545	3.470	3.427	3.399	3.380	3.374	3.365

Chart sources: Oxford Economics, Bloomberg, Convera – August 27, 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	0.687	0.707	0.727	0.747	0.766	0.786	0.807	0.824	0.838
	Baseline + σ	0.675	0.660	0.670	0.675	0.685	0.692	0.711	0.724	0.742	0.759
	Baseline	0.667	0.652	0.658	0.662	0.668	0.674	0.683	0.695	0.707	0.718
	Baseline - σ	0.658	0.643	0.645	0.648	0.650	0.655	0.654	0.665	0.671	0.676
	Low	0.647	0.621	0.615	0.608	0.603	0.602	0.604	0.611	0.619	0.627
AUD/EUR	High	0.652	0.659	0.693	0.729	0.762	0.792	0.818	0.841	0.856	0.866
	Baseline + σ	0.631	0.613	0.626	0.629	0.635	0.635	0.658	0.660	0.670	0.680
	Baseline	0.619	0.601	0.605	0.608	0.611	0.616	0.622	0.630	0.638	0.645
	Baseline - σ	0.606	0.588	0.583	0.586	0.586	0.596	0.585	0.599	0.605	0.609
	Low	0.589	0.550	0.532	0.514	0.501	0.492	0.489	0.489	0.494	0.498
AUD/NZD	High	1.188	1.188	1.244	1.300	1.354	1.403	1.449	1.491	1.523	1.548
	Baseline + σ	1.140	1.105	1.120	1.126	1.149	1.166	1.204	1.239	1.275	1.311
	Baseline	1.112	1.072	1.079	1.085	1.093	1.102	1.116	1.134	1.152	1.168
	Baseline - σ	1.083	1.038	1.037	1.043	1.036	1.037	1.027	1.028	1.028	1.024
	Low	1.041	0.966	0.936	0.905	0.882	0.867	0.861	0.864	0.873	0.884
AUD/CNY	High	5.085	5.182	5.445	5.708	5.949	6.161	6.353	6.522	6.639	6.723
	Baseline + σ	4.934	4.836	4.916	4.984	5.078	5.118	5.294	5.413	5.533	5.637
	Baseline	4.849	4.748	4.788	4.814	4.839	4.869	4.915	4.974	5.032	5.080
	Baseline - σ	4.763	4.659	4.659	4.643	4.599	4.619	4.535	4.534	4.530	4.522
	Low	4.628	4.355	4.215	4.067	3.943	3.855	3.809	3.801	3.824	3.850

Chart sources: Oxford Economics, Bloomberg, Convera – August 27, 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	1.408	1.437	1.455	1.477	1.496	1.512	1.522	1.528	1.528	1.526
	Baseline + σ	1.393	1.391	1.38	1.381	1.376	1.372	1.379	1.387	1.385	1.393
	Baseline	1.383	1.381	1.370	1.361	1.356	1.352	1.349	1.347	1.345	1.343
	Baseline - σ	1.373	1.371	1.36	1.341	1.336	1.332	1.319	1.307	1.305	1.293
	Low	1.358	1.326	1.284	1.246	1.215	1.192	1.176	1.166	1.162	1.161
USD/MXN	High	20.28	21.12	21.88	22.59	23.22	23.76	24.18	24.49	24.67	24.81
	Baseline + σ	19.33	19.54	19.72	19.89	20.36	20.87	21.2	21.51	21.66	21.78
	Baseline	18.51	18.85	19.10	19.30	19.51	19.71	19.90	20.07	20.22	20.35
	Baseline - σ	17.69	18.16	18.48	18.71	18.66	18.55	18.6	18.63	18.78	18.92
	Low	17.58	17.62	17.57	17.48	17.43	17.44	17.49	17.58	17.71	17.85
USD/JPY	High	165.9	165.2	165.0	165.2	165.2	164.9	164.3	163.4	162.1	160.5
	Baseline + σ	159.5	158.7	156.5	157.2	157.2	155.5	155.4	157.2	157.9	157.7
	Baseline	155.8	153.4	151.6	150.1	148.7	147.4	146.1	144.7	143.2	141.7
	Baseline - σ	152.0	148.0	146.6	142.9	140.1	139.2	136.7	132.1	128.5	125.7
	Low	145.6	141.6	138.2	135.1	132.3	129.9	127.8	126.0	124.4	122.8
USD/CNY	High	7.379	7.542	7.699	7.845	7.958	8.035	8.076	8.081	8.053	8.016
	Baseline + σ	7.295	7.313	7.324	7.374	7.404	7.388	7.437	7.471	7.452	7.425
	Baseline	7.265	7.273	7.274	7.264	7.244	7.218	7.187	7.151	7.112	7.075
	Baseline - σ	7.235	7.233	7.224	7.154	7.084	7.048	6.937	6.831	6.772	6.725
	Low	7.150	7.003	6.849	6.684	6.530	6.401	6.298	6.221	6.172	6.134

Chart sources: Oxford Economics, Bloomberg, Convera – August 27, 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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