Global
FX Outlook

October 2024

convera
SMART MONEY MOVES

Key insights

Fed cuts, China stimulus drives September to remember

After a wild volatility ride in July and August, markets switched back to positivity in September as key equity markets climbed to record levels as major FX markets hit new highs.

Two key factors drove these gains. First, a larger-than-expected rate cut from the Federal Reserve boosted US shares with the Dow Jones index and S&P 500 both making new record highs during the month. The Fed's move sent the US dollar sharply lower, however.

Second, a sequence of moves from Chinese authorities, including cutting key interest rates and encouraging more bank lending, saw Chinese shares experience their best one-week performance since 2008. The Chinese yuan surged on hopes for improved growth.

The improved global risk sentiment saw big gains across FX markets with the Australian and Canadian dollars, British pound and euro all setting new highs.

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

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

US

The USD index hit the lowest level since July 2023 after the Federal Reserve's jumbo 50bps rate cut. Financial markets have 75bps worth of cuts priced in for the next two meetings – suggesting one more 50bps cut.

EU

The EUR/USD touched 14-month highs last month but spent most of September trading between 1.1000 and 1.1200. The ECB cuts rates for a second time last month, moderating EUR gains

UK

The GBP/USD hit 31-month highs as the BoE signalled it was less inclined to cut compared with peers. Market pricing now sees fewer BoE cuts (92bps) versus ECB (109bps) and Fed (139bps) over six months.

Australia

The Aussie led gains in September, perfectly positioned to benefit from both the Fed and China's moves. The AUD/USD broke out of its 2024 range of 0.6400 - 0.6800 and hit the highest level in 18 months.

Global economic outlook

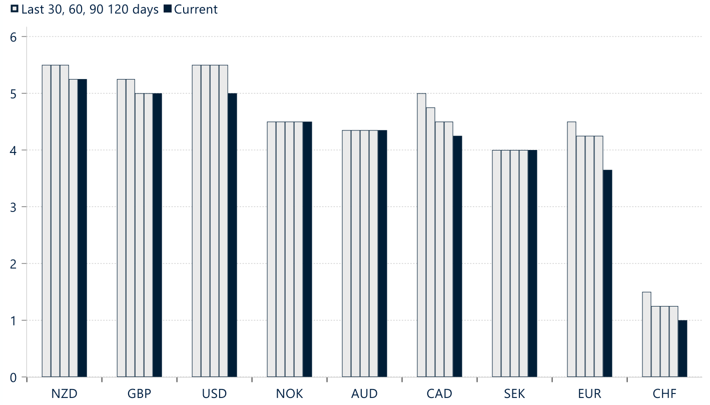
Key market themes to watch

Easing cycle gathers pace

Monetary easing is in full swing across regions, with most central banks that met in September cutting rates. But it was the Fed's out-sized 50bp cut that stood out. This has given investors the green light to push for more easing as early as November, with the probability of the Fed cutting another 50bp priced at around 50%. With inflation seemingly under control, the focus has shifted to supporting labor markets. Investors will continue to parse through macro data to gauge how much central banks will continue cutting interest rates this year and next.

More G10 central banks join the easing cycle

G10 central bank benchmark policy rates



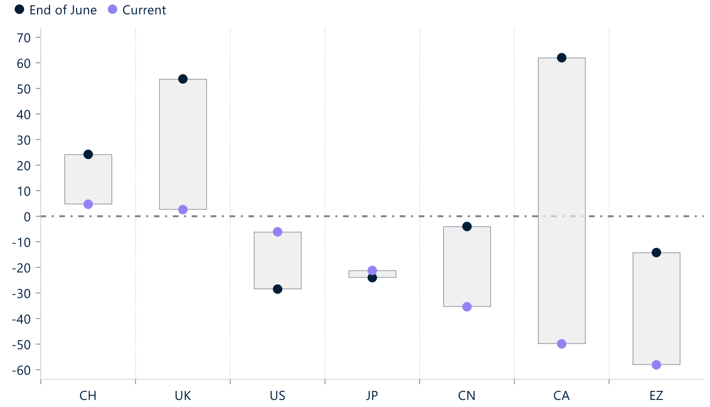
Source: Convera, Macrobond

Macro backdrop is weakening

Although recession probabilities remain low, the anticipated rate of global growth has eased considerably since July and remains relatively subdued by historical standards. The recent string of economic data has come in worse than expected in most regions, raising concerns that central banks may be behind the curve when it comes to policy easing. The economic situation in Europe, namely Germany, is most alarming, and with growth momentum going into Q4 expected to remain feeble, bets of another ECB rate cut are on the rise.

Macro data has been disappointing in H2 so far

Citi Economic Surprise Index - First vs. second half of 2024



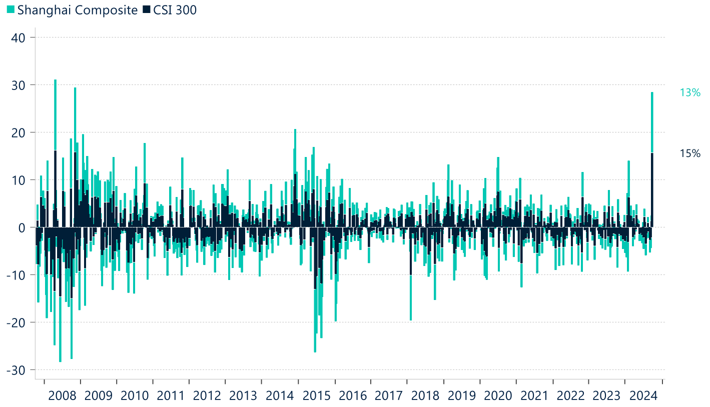
Source: Convera, CitiGroup, Macrobond

China's stimulus injects optimism

China picked up the baton from the Fed in supporting risk assets, with a wave of stimulus action. The central bank and financial regulators unveiled a raft of new policies aimed at bolstering China's struggling economy and fragile housing sector. The CSI 300 index of Chinese stocks surged nearly 16% to score its best week since 2008. But the positive spillover effects coursed through other markets too. Commodity prices, chiefly metals, surged higher, and currencies of commodity-exporting nations closely linked with China, like AUD, catapulted higher.

Investors are betting on a big turnaround

Chinese equity benchmarks - weekly change in %



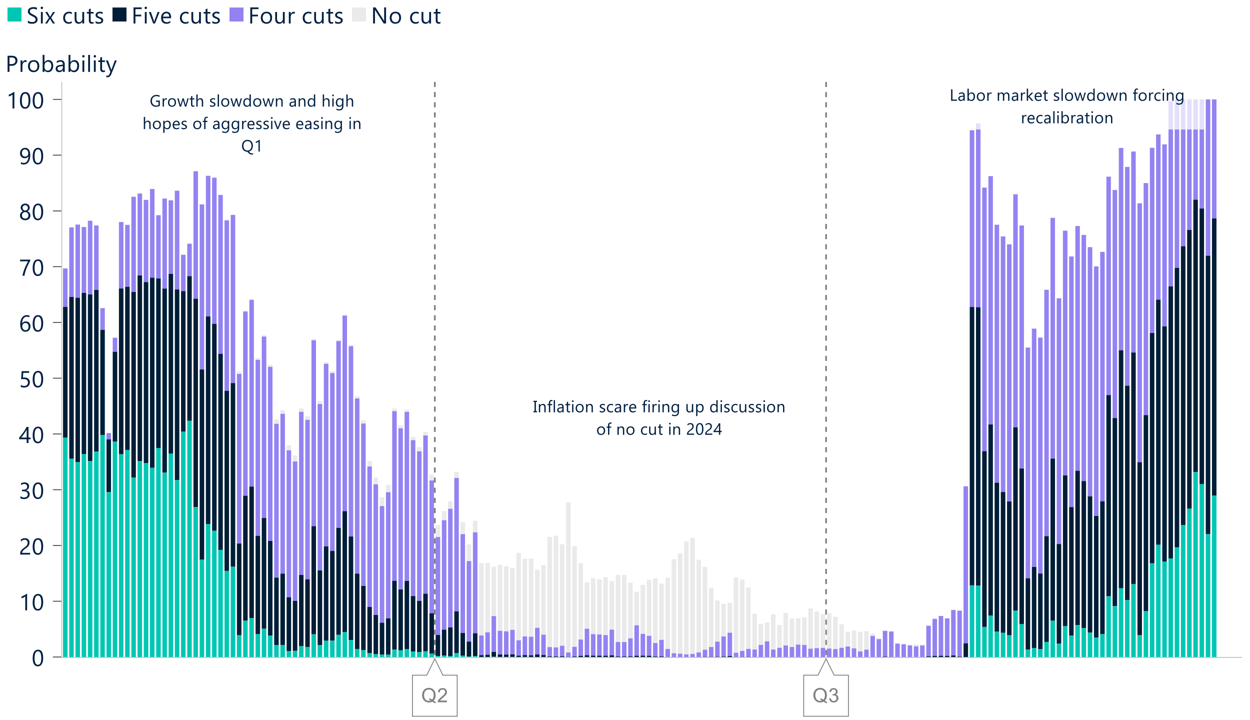
Source: Convera, Macrobond

Chart sources: Convera, Macrobond – September 30, 2024

Theme in focus: See-sawing easing expectations

Fed narrative this year can be split into three periods

Federal Reserve. Priced in rate cuts for the total year (2024)



Source: Convera, Macrobond

- Elevated macro uncertainty and unconditional data dependency have made for a volatile year in global monetary policy. Going into 2024, markets hoped that slowing growth and inflation would force the Fed to act quick and aggressive in lowering rates.
- However, three months (Q1) of above consensus inflation led to a sharp repricing of expectations, going as far as igniting debates about the Fed not cutting at all this year.
- Hawkish sentiment prevailed up until the beginning of August, when, in less than two months, a string of weak US labor market data forced both the Fed and markets to reconsider this newly found hawkishness. Indeed, the US easing cycle commenced with a jumbo 50-basis point cut, lowering the fed funds rate from a 23-year high to 4.75% - 5.00%.
- Markets are wagering that another 50 to 75bp are on the table before the year is up, and that rates in the US will come down faster than in other countries, despite ongoing hopes of a soft landing.
- This picture continues to support the dollar bearish narrative that has seen the US dollar index touch a fresh 14-month low recently. However, the incompatibility of a soft-landing scenario accompanied by significant policy easing, coupled with the uncertainty about the upcoming US presidential election are the two main concerns for us right now that could challenge the weaker dollar outlook.

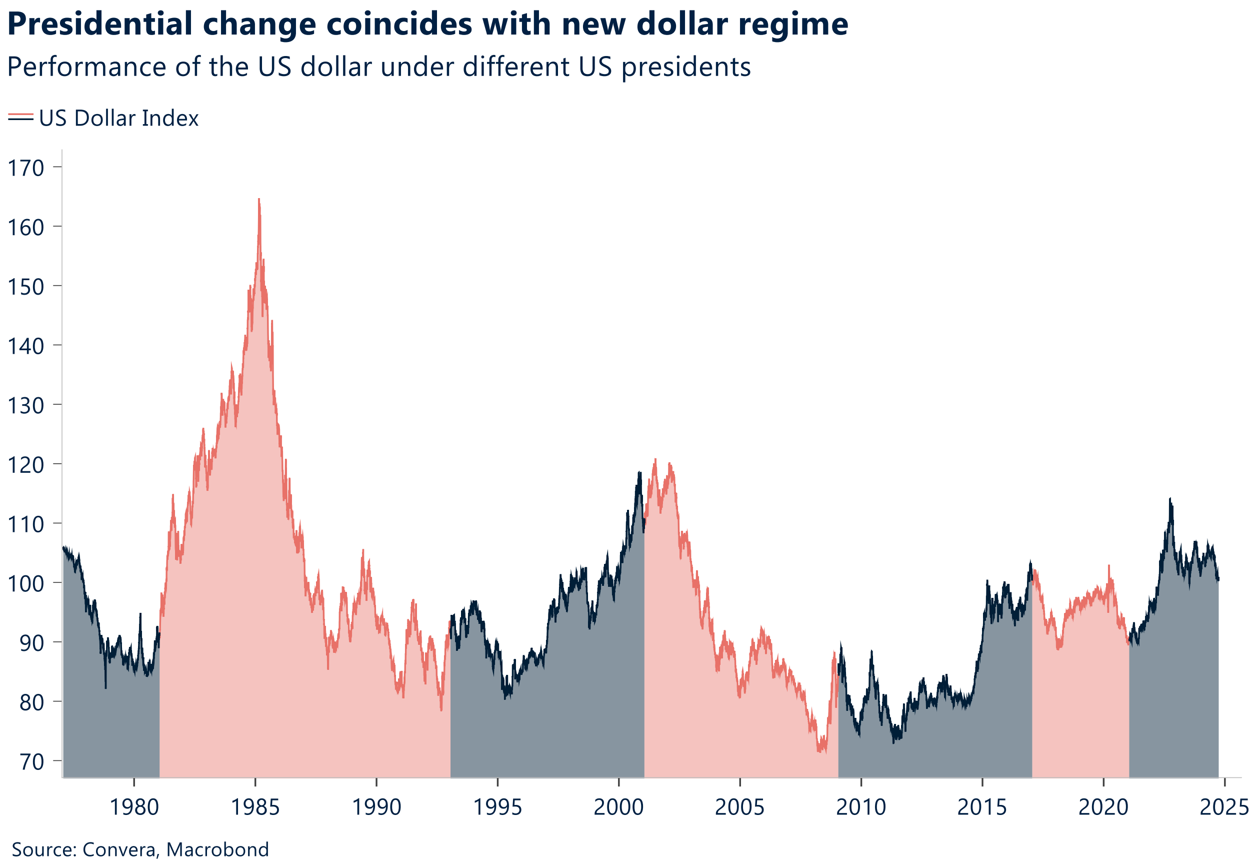
Key market events to watch

October 2024

- **1**: Inflation (CPI); ISM Mfg PMI, Job openings
- **3**: Inflation (PPI); ISM Services PMI
- **4**: Jobs Report
- **7**: Retail Sales
- **8**: BRC Retail Sales
- **9**: Fed Minutes; **Rate Decision**
- **10**: Inflation (CPI)
- **11**: GDP, Industrial & Manufacturing Output; Inflation (CPI); Jobs Report; Inflation (PPI)
- **13**: Inflation (CPI, PPI)
- **15**: Jobs Report; ZEW Surveys, Industrial Production; ZEW Surveys; Inflation (CPI)
- **16**: Inflation (CPI, PPI)
- **17**: Jobs Report; **Rate Decision**; Retail Sales, Industrial Production
- **18**: Retail Sales
- **23**: **Rate Decision**; C. Confidence
- **24**: Industry PMIs
- **25**: Ifo Surveys; Inflation (CPI); C. Confidence
- **30**: Q3 GDP/PCE Prices; Q3 Inflation; Q3 GDP; Business Sentiment
- **31**: GDP; Inflation (PCE); Retail Sales; **Rate Decision**

Source: Convera, Bloomberg – September 30, 2024

Event in focus: US election race



- American voters are heading to the polls on November 5th in what will be the most important political event of the year. The big question is - will America get its first female president or a second Donald Trump term?
- As US election day approaches, we'll be keeping track of the polls and seeing what effect the campaign has on the race for the White House. The composition of the White House, Senate, and House of Representatives will be crucial for the domestic economy, world trade, and financial markets across the world.
- Most betting and polling odds are slightly favoring Democrat Vice-President Kamala Harris over Republican former President Donald Trump, though the Republicans are expected to take the Senate. Thus, a split Congress under Kamala Harris seems to be the most likely outcome as it stands, but of course the race remains incredibly tight and too close to call.
- Amidst this uncertainty, volatility might start picking up across financial markets and safe haven demand could support the US dollar. But we think the risk of a major FX regime change is high because the dollar has historically changed direction with every presidential cycle and has never been positive or negative for two consecutive presidential periods (four years). We note that the USD also displays a clear historic bias towards Republican presidents in the short term and Democrat presidents in the medium term. Moreover, the initial reaction following the election usually doesn't stick.

UK currency outlook

GBP volatility analysis

Pound rallies to over two-year peaks vs. USD & EUR

Chart: GBP 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
GBP/JPY	192.8	193.4	183.7	208.1	178.7	5.3%	16.5%	94%	48%
GBP/USD	1.332	1.343	1.300	1.343	1.23	3.3%	9.2%	74%	90%
GBP/ZAR	23.01	23.62	22.89	24.59	22.57	3.2%	8.9%	16%	22%
GBP/CHF	1.133	1.137	1.102	1.167	1.064	3.2%	9.7%	89%	67%
GBP/NOK	14.08	14.20	13.80	14.34	12.88	2.9%	11.3%	70%	82%
GBP/CAD	1.796	1.808	1.768	1.808	1.678	2.3%	7.7%	70%	91%
GBP/CNY	9.367	9.450	9.255	9.471	8.908	2.1%	6.3%	57%	82%
GBP/NZD	2.127	2.140	2.097	2.191	2.005	2.1%	9.3%	70%	66%
GBP/AUD	1.952	1.970	1.932	2.003	1.860	2.0%	7.7%	53%	64%
GBP/EUR	1.196	1.202	1.180	1.202	1.147	1.9%	4.8%	73%	89%

Source: Bloomberg, Convera – September 25, 2024

- **GBP/USD** surged to a new 31-month high above the $1.34 handle and clocked its best Q3 performance since 2012. Widening rate differentials in favor of GBP, due to dovish Fed and more hawkish BoE, plus upbeat global risk appetite – drove sterling's gains. One-month implied volatility expectations remain above the YTD average, signaling investor angst going into October.
- **GBP/EUR** remains the least volatile amongst the top GBP FX pairs, swinging a mere 2% over the past month, but the pound popped to its highest over two-year vs. the euro, to breach €1.20 – a level it's only been above for 3% of the post-Brexit period.
- **GBP/AUD** was also relatively stable last month, swinging just 2%. This is due to both currencies having a high beta to risk – both benefiting when risk appetite improves. But also, because both the BoE and RBA remain the least dovish out of the cutting central bank clan.
- **GBP/JPY** staged the biggest moves once again though, swinging over 5% from high to low in September. Again, the low yielding yen benefited from the carry trade reversal, but the less hawkish Bank of Japan, coupled with unwinding of safe haven demand, hurt the yen in the end. Yet, the pair remains in the bottom half of its YTD trading range still.

GBP value indicator

GBP/USD is ~8% above its 2-year average

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

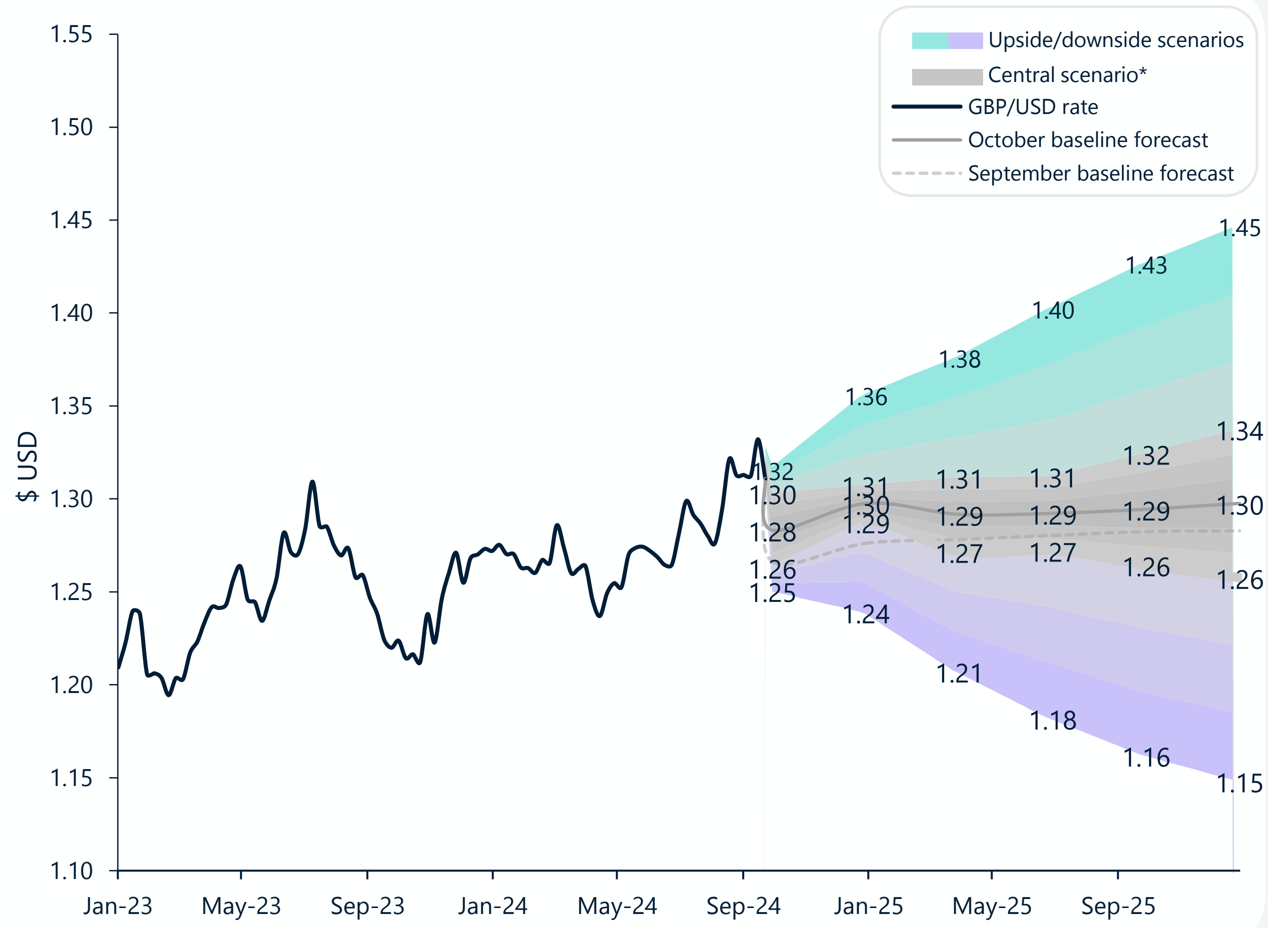
Appreciation | Depreciation

	Spot (As of 25.09.2024)	Spot vs YTD average	1-year average	2-year average	5-year average
GBP/USD	1.341	5.1% Avg.: 1.275	5.9% Avg.: 1.266	7.7% Avg.: 1.245	4.5% Avg.: 1.283
GBP/CAD	1.801	3.8% Avg.: 1.735	4.6% Avg.: 1.722	6.8% Avg.: 1.686	6.5% Avg.: 1.691
GBP/CNY	9.435	2.7% Avg.: 9.187	3.4% Avg.: 9.128	6.2% Avg.: 8.881	7.2% Avg.: 8.800
GBP/EUR	1.199	2.1% Avg.: 1.173	2.6% Avg.: 1.168	3.5% Avg.: 1.158	3.7% Avg.: 1.156
GBP/NZD	2.115	1.0% Avg.: 2.093	1.5% Avg.: 2.083	3.7% Avg.: 2.040	6.2% Avg.: 1.992
GBP/AUD	1.946	1.0% Avg.: 1.927	1.2% Avg.: 1.922	3.5% Avg.: 1.880	5.0% Avg.: 1.852
GBP/CHF	1.131	0.5% Avg.: 1.125	1.1% Avg.: 1.118	0.9% Avg.: 1.121	-4.5% Avg.: 1.184
GBP/JPY	192.1	-0.4% Avg.: 192.9	0.9% Avg.: 190.4	6.6% Avg.: 180.2	19.5% Avg.: 160.7

- The **British pound** scored its best Q3 performance against the USD and EUR in over decade. It also defied weak seasonal trends in September thanks to a more hawkish BoE compared to peers. As a result, GBP retains its status as the best performing G10 currency in 2024.
- Despite moderating economic growth, services inflation jumped back above 5.6% supporting the BoE's almost unanimous vote to keep Bank Rate unchanged at 5%, giving the pound a yield advantage over most peers.
- **GBP/USD** continues to climb to over fresh two-year highs and now sits almost 8% above its two-year average thanks to favoring rate differentials and improving global risk sentiment.
- **GBP/EUR** briefly plunged from €1.19 to €1.16 a month ago. However, the growth and yield differential still favours the UK over Europe, allowing the pound to climb all the way above €1.20 and almost 4% above it five-year average of €1.1560.
- **GBP/JPY** has switched from top to bottom of the pack as the yen has strengthened over 10% in Q3. But GBP/JPY is still almost 20% above its 50-year average.

Source: Bloomberg, Convera – September 25, 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

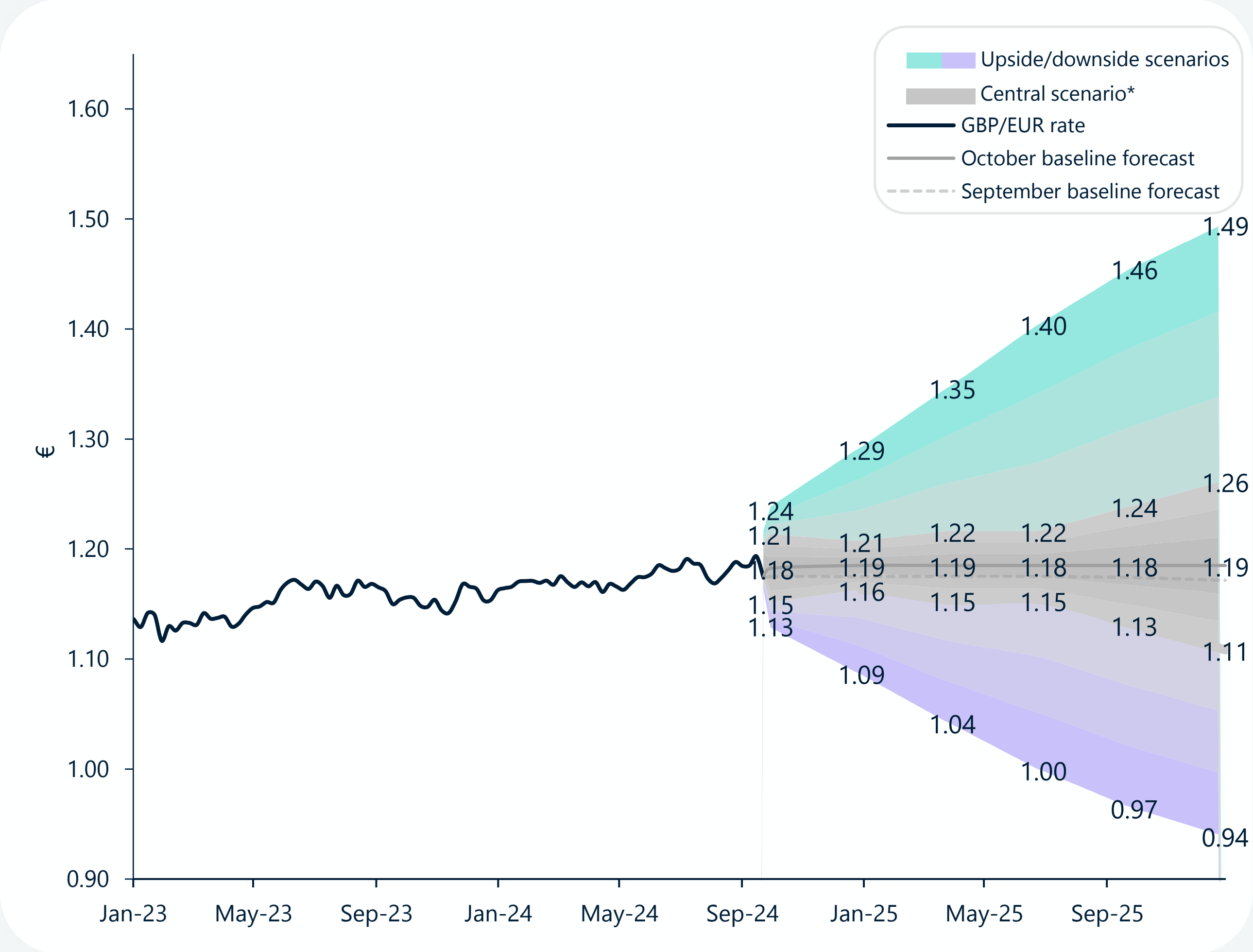
- UK-US economic growth divergence narrows as UK recovery gathers steam.
- Both central banks embark on their easing cycles, but GBP retreats given the historically overstretched long positioning.

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 – September 25, 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: UK economic outperformance

- 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 falters further, 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 €1.18-€1.19 zone.
- 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 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 – September 25, 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 a four-year high

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

Increasing volatility

	Spot	High 30D	Low 30D	High YTD	Low YTD	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
EUR/JPY	160.1	162.8	155.1	175.4	154.4	5.0%	13.6%	65%	27%
EUR/AUD	1.622	1.664	1.618	1.718	1.599	2.8%	7.4%	9%	19%
EUR/NZD	1.763	1.802	1.761	1.864	1.739	2.3%	7.2%	5%	19%
EUR/CHF	0.942	0.950	0.930	0.993	0.921	2.2%	7.8%	60%	29%
EUR/GBP	0.833	0.849	0.831	0.870	0.831	2.2%	4.7%	11%	5%
EUR/CNY	7.867	7.978	7.816	7.978	7.655	2.1%	4.2%	31%	66%
EUR/USD	1.118	1.121	1.100	1.121	1.060	1.9%	5.8%	86%	95%
EUR/CAD	1.501	1.516	1.488	1.522	1.446	1.9%	5.3%	46%	72%
EUR/SEK	11.28	11.47	11.27	11.77	11.03	1.8%	6.7%	5%	34%
EUR/CZK	25.08	25.17	24.99	25.53	24.45	0.7%	4.4%	50%	58%

Source: Bloomberg, Convera – September 25, 2024

- **EUR/JPY one**-month realized volatility cooled from August highs, but nonetheless picked up towards the end of the month amid yen's rally on the back of Ishiba's victory for the PM seat.
- From five-month highs in August**, EUR/AUD** plunged over 4% in September as the high beta, commodity currency benefited from the announcement of the fresh China stimulus package.
- **EUR/USD** gained for a third consecutive month on the back of a jumbo Fed cut in September and signaling that the FOMC is willing to front-load its rate cutting cycle if the pace of US labor market deterioration exceeds projections. We expect the ECB to accelerate its easing cycle too, given the souring domestic backdrop as well as cooling inflation, the impact of which would cap euro's potential.
- **EUR/GBP** fell for the seventh consecutive month, plunging to the lowest level since April 2022. The one-month implied volatility, showing market implied volatility expectations, is on the rise given increased French political uncertainty.

EUR value indicator

Euro trading 4% above its two-year average versus US dollar

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

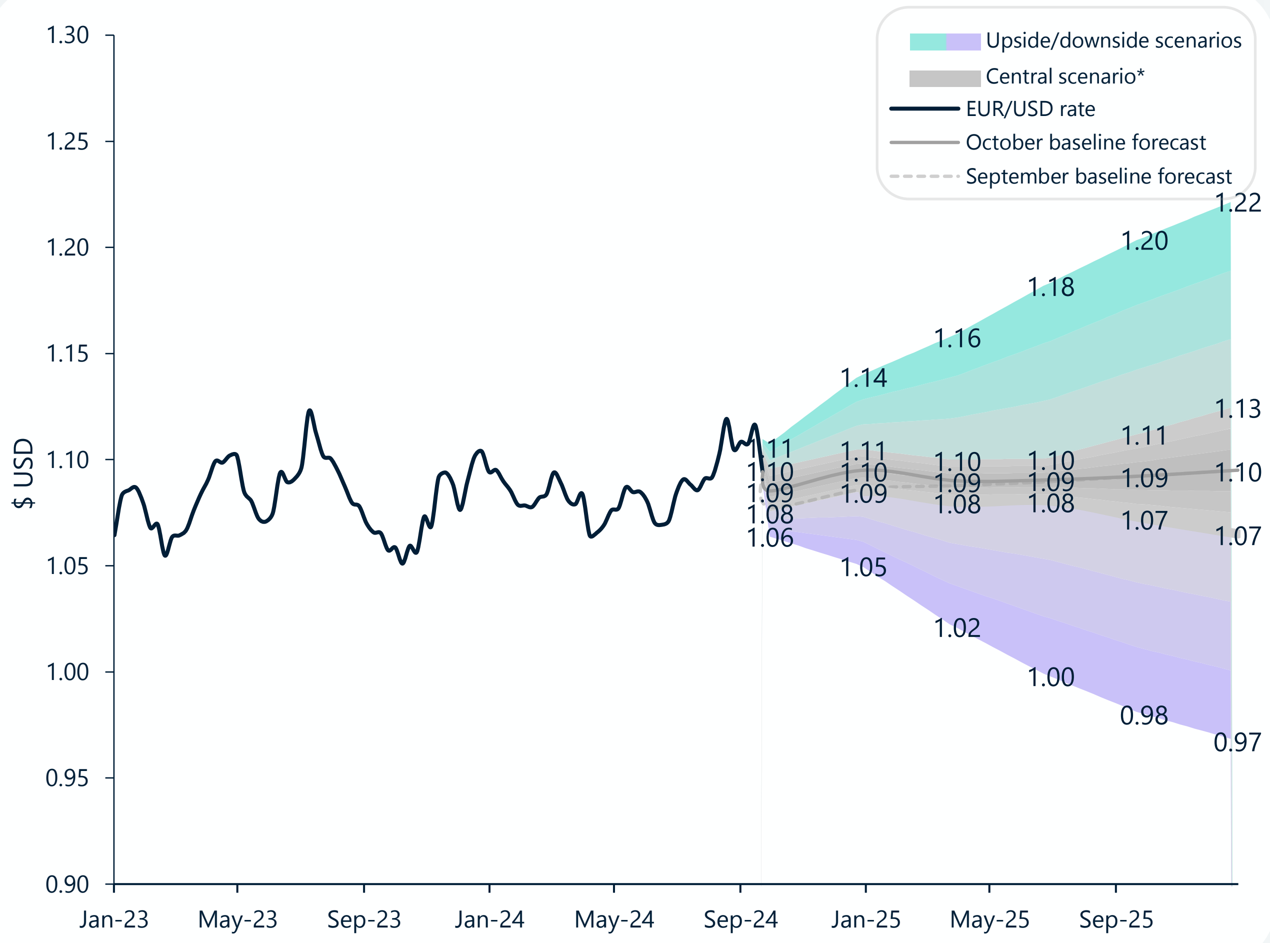
Appreciation Depreciation

	Spot (As of 25.09.2024)	Spot vs YTD average	1-year average	2-year average	5-year average
EUR/USD	1.118	2.9% Avg.: 1.086	3.2% Avg.: 1.083	4.0% Avg.: 1.074	0.7% Avg.: 1.110
EUR/CAD	1.501	1.6% Avg.: 1.477	1.8% Avg.: 1.473	3.1% Avg.: 1.455	2.6% Avg.: 1.463
EUR/CZK	25.08	0.0% Avg.: 25.07	0.6% Avg.: 24.92	2.6% Avg.: 24.45	-0.4% Avg.: 25.17
EUR/NZD	1.763	-1.1% Avg.: 1.783	-1.1% Avg.: 1.783	0.1% Avg.: 1.760	2.3% Avg.: 1.723
EUR/AUD	1.622	-1.2% Avg.: 1.642	-1.4% Avg.: 1.644	-0.1% Avg.: 1.623	1.2% Avg.: 1.602
EUR/CHF	0.942	-1.7% Avg.: 0.958	-1.6% Avg.: 0.957	-2.7% Avg.: 0.968	-8.1% Avg.: 1.024
EUR/GBP	0.833	-2.2% Avg.: 0.851	-2.7% Avg.: 0.855	-3.5% Avg.: 0.863	-3.7% Avg.: 0.865
EUR/JPY	160.1	-2.6% Avg.: 164.3	-1.7% Avg.: 162.9	3.0% Avg.: 155.4	15.3% Avg.: 138.8

Source: Bloomberg, Convera – September 25, 2024

- The broad **Euro index** gained for a second consecutive month, appreciating 0.1% in September, driven by gains versus the North American G10 currencies and the Swiss franc.
- **EUR/USD** is currently trading over 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 has significantly slowed. From a fundamental perspective, having peaked in May, Eurozone economic momentum continues to weaken, and headline inflation continues to cool, challenging the relatively hawkish stance of the ECB. Alongside buckling fundamentals, the two-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.
- It appears that **EUR/CHF** may have found its near term bottom. The pair continues to trade below its short and long-term moving averages but has recorded its first positive month of gains since April.
- **EUR/CAD** continues to trade over 3% above its two-year moving average 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 exhaustion, fueled by dovish ECB repricing.

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

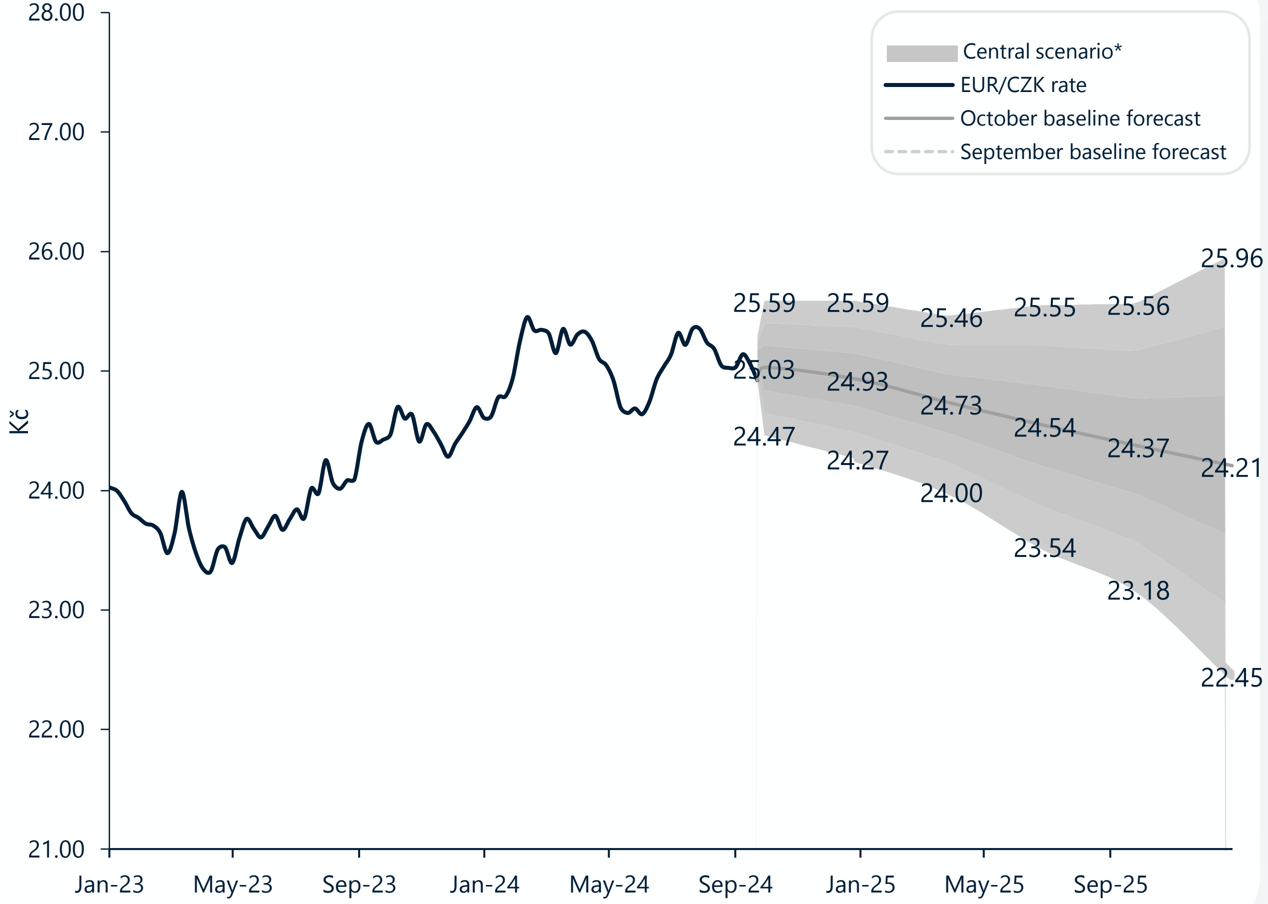
- EUR/USD pulls back from the one-year high given stretched momentum indicators and deteriorating EZ economic fundamentals.
- Lingering political risks in Eurozone and the upcoming US presidential election in November support the US dollar via safe haven flows.

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.
- Having delivered a 50bps cut in September, the Fed cuts more gradually than priced in by the market amid lingering upside risks to inflation.

Chart sources: Oxford Economics, Bloomberg, Convera – September 25, 2024. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

EUR/CZK future scenarios

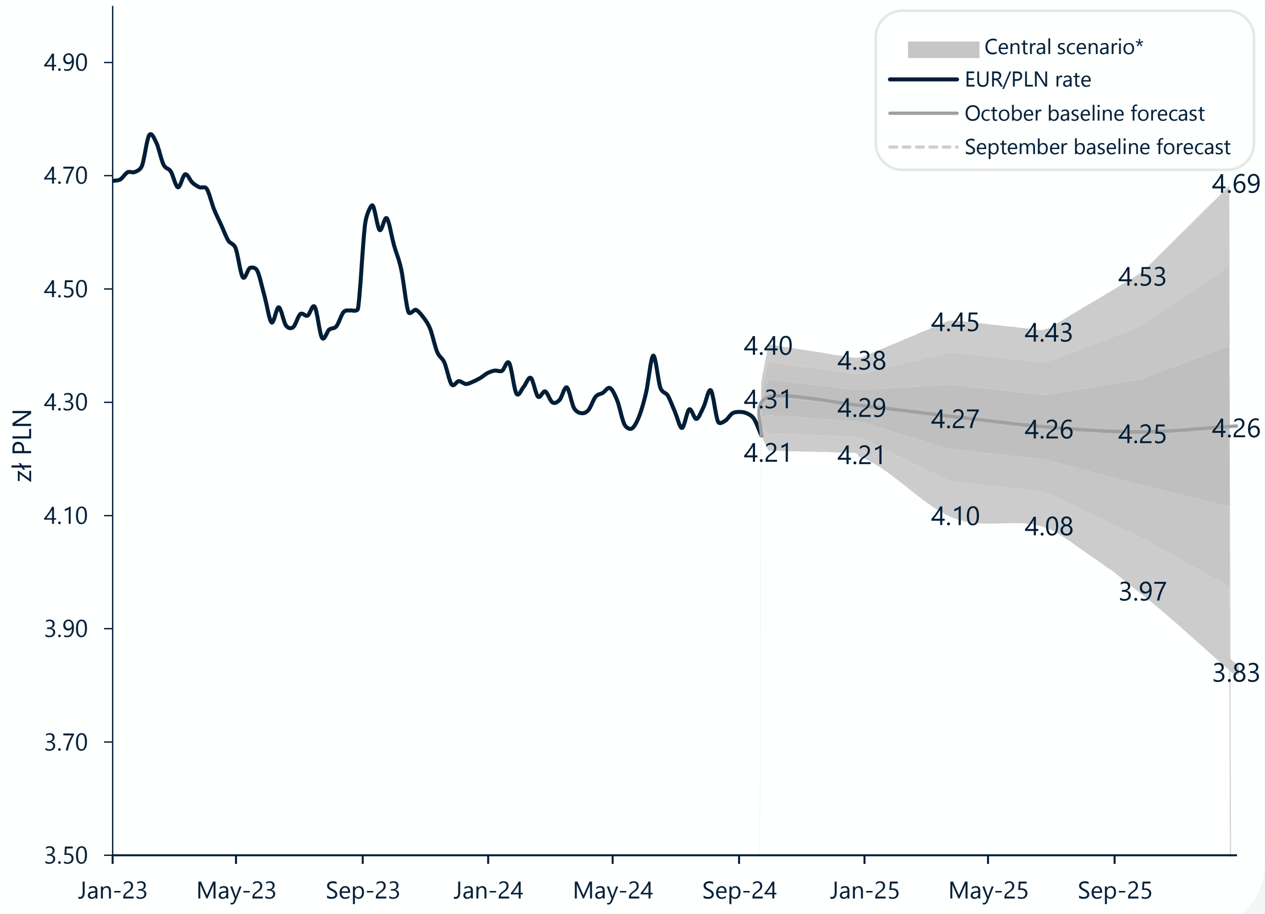


Central scenario: China stimulus gives EM FX a boost

- The Czech National Bank reduced its key interest rate by 25 basis points to 4.25% during its September meeting, aligning with market expectations. This marks another phase in a series of rate cuts, following a peak of 7% in December 2023.
- The decision was influenced by a decline in domestic inflationary risks and growing concerns over the global economic outlook, reinforcing the case for further monetary easing. Despite consumer price growth hovering near the 2% target throughout the year, some board members remain cautious about lingering inflationary pressures in the services and housing sectors.
- Going forward, interest rate decisions will be shaped by several factors, including the persistence of the low-inflation environment, the performance of the koruna exchange rate, the influence of fiscal policy on the economy, labor market conditions, domestic and foreign demand trends, and the actions of major foreign central banks.
- **Upside risks**: The ECB cuts more gradually as services inflation remains sticky.
- **Downside risks**: ECB joins the Fed in front-loading its easing cycle. Meanwhile, CNB postpones further rate cuts as inflation reheats.

Chart sources: Oxford Economics, Bloomberg, Convera – September 25, 2024. For more information about the Convera-Oxford Economics economic modelling, framework and methodology used to derive the FX forecast scenarios please contact AskMarketInsights@convera.com
*+/-1 standard deviation from baseline (68% chance rate falls within this range)

EUR/PLN future scenarios



Central scenario: No NBP cuts in ’24

- The National Bank of Poland kept its benchmark reference rate unchanged for the tenth meeting at 5.75% in September, aligning with market expectations. The Lombard and deposit rates were also held at 6.25% and 5.25%, respectively.
- Preliminary estimates show that the country's inflation rate increased to 4.3% in August 2024, up from 4.2% in July, marking an eight-month high and signaling a trend of accelerating inflation. However, economic growth in Q2 2024 surpassed expectations, expanding by 1.5%, fueled by robust household consumption and a rise in investments.
- In July, central bank governor Glapinski indicated that rate cuts were unlikely before 2026, but last month he hinted that an earlier easing of monetary policy is not ruled out.
- **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 and colling inflation while the NBP leaves the rates unchanged throughout 2024.

Chart sources: Oxford Economics, Bloomberg, Convera – September 25, 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 turbulence drives regional fluctuations

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	98.77	99.86	93.59	109.3	90.15	6.7%	21.2%	83%	45%
AUD/USD	0.682	0.690	0.662	0.690	0.635	4.2%	8.7%	71%	85%
NZD/USD	0.626	0.635	0.610	0.635	0.585	4.1%	8.5%	64%	82%
AUD/CNY	4.804	4.853	4.714	4.934	4.527	2.9%	9.0%	65%	68%
AUD/EUR	0.612	0.617	0.601	0.625	0.582	2.7%	7.4%	69%	70%
NZD/EUR	0.562	0.567	0.554	0.575	0.536	2.3%	7.3%	62%	67%
USD/SGD	1.289	1.309	1.282	1.367	1.282	2.1%	6.6%	26%	8%
AUD/GBP	0.512	0.517	0.507	0.539	0.499	2.0%	8.0%	50%	33%
USD/CNY	7.030	7.135	7.012	7.277	7.012	1.8%	3.8%	15%	7%
NZD/AUD	0.917	0.927	0.913	0.946	0.894	1.5%	5.8%	29%	44%

Source: Bloomberg, Convera – September 26, 2024

- The **AUD/JPY** pair has exhibited an unprecedented 21.2% year-to-date trading range, underscoring the yen's position as the focal point of APAC currency turbulence.
- With an 8.7% year-to-date range, **AUD/USD** reflects the impact of domestic economic indicators and evolving global market sentiment.
- Emerging as the third most volatile pair in the APAC space, **NZD/USD** has shown an 8.5% year-to-date range, indicating heightened sensitivity to global economic factors.
- **AUD/GBP**'s 8.0% year-to-date range highlights the complex interplay of diverging monetary policies and economic performance between Australia and the UK.
- In contrast to regional trends, **USD/CNY** exhibited the lowest volatility with a 3.8% year-to-date range, suggesting effective management by the People's Bank of China.

APAC value indicator

Divergent trends in Antipodean and Asian currencies

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

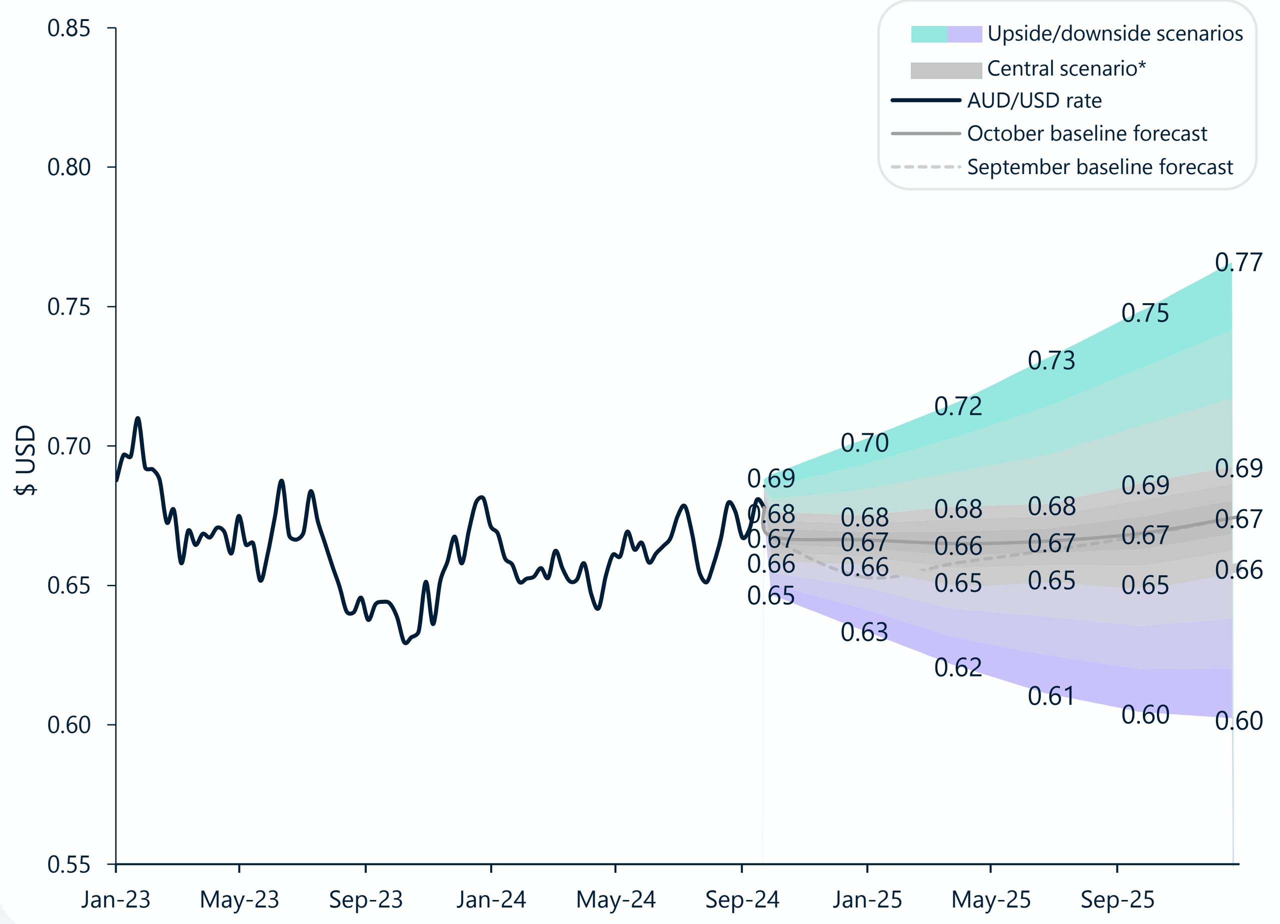
Appreciation Depreciation

	Spot (As of 26.09.2024)	Spot vs YTD average	Spot vs 1-year average	Spot vs 2-year average	Spot vs 5-year average
AUD/USD	0.682	3.0% Avg.: 0.661	3.5% Avg.: 0.658	2.9% Avg.: 0.662	-1.7% Avg.: 0.693
AUD/CAD	0.920	2.2% Avg.: 0.900	2.6% Avg.: 0.896	2.5% Avg.: 0.897	0.7% Avg.: 0.913
AUD/CNY	4.804	0.8% Avg.: 4.765	1.2% Avg.: 4.748	1.7% Avg.: 4.722	1.1% Avg.: 4.751
AUD/EUR	0.612	0.5% Avg.: 0.609	0.7% Avg.: 0.608	-0.7% Avg.: 0.616	-2.1% Avg.: 0.624
AUD/NZD	1.089	0.3% Avg.: 1.086	0.4% Avg.: 1.084	0.4% Avg.: 1.084	1.2% Avg.: 1.075
AUD/SGD	0.880	-0.7% Avg.: 0.885	-0.5% Avg.: 0.883	-1.4% Avg.: 0.892	-6.6% Avg.: 0.941
AUD/GBP	0.512	-1.3% Avg.: 0.518	-1.6% Avg.: 0.520	-3.8% Avg.: 0.532	-5.3% Avg.: 0.540
AUD/JPY	98.77	-1.3% Avg.: 100.0	-0.3% Avg.: 99.07	3.2% Avg.: 95.74	13.8% Avg.: 86.76

- While showing short-term strength at 3.5% above its one-year average, **AUD/USD** remains 1.7% below its five-year mean, indicating longer-term pressures on the Australian dollar.
- **AUD/CAD** exhibits strength, trading 2.6% above its one-year average, pointing to the Australian dollar's relative outperformance among commodity currencies.
- **AUD/NZD** demonstrates strength, trading 0.4% above its one-year average, suggesting a degree of resilience in the AUD.
- **AUD/SGD** shows significant weakness, trading 6.6% below its five-year average, suggesting persistent headwinds for the Aussie against Asian currencies.
- **AUD/JPY** stands out with a dramatic 13.8% appreciation against its five-year average, reflecting widening yield differentials.

Source: Bloomberg, Convera – September 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 recovers

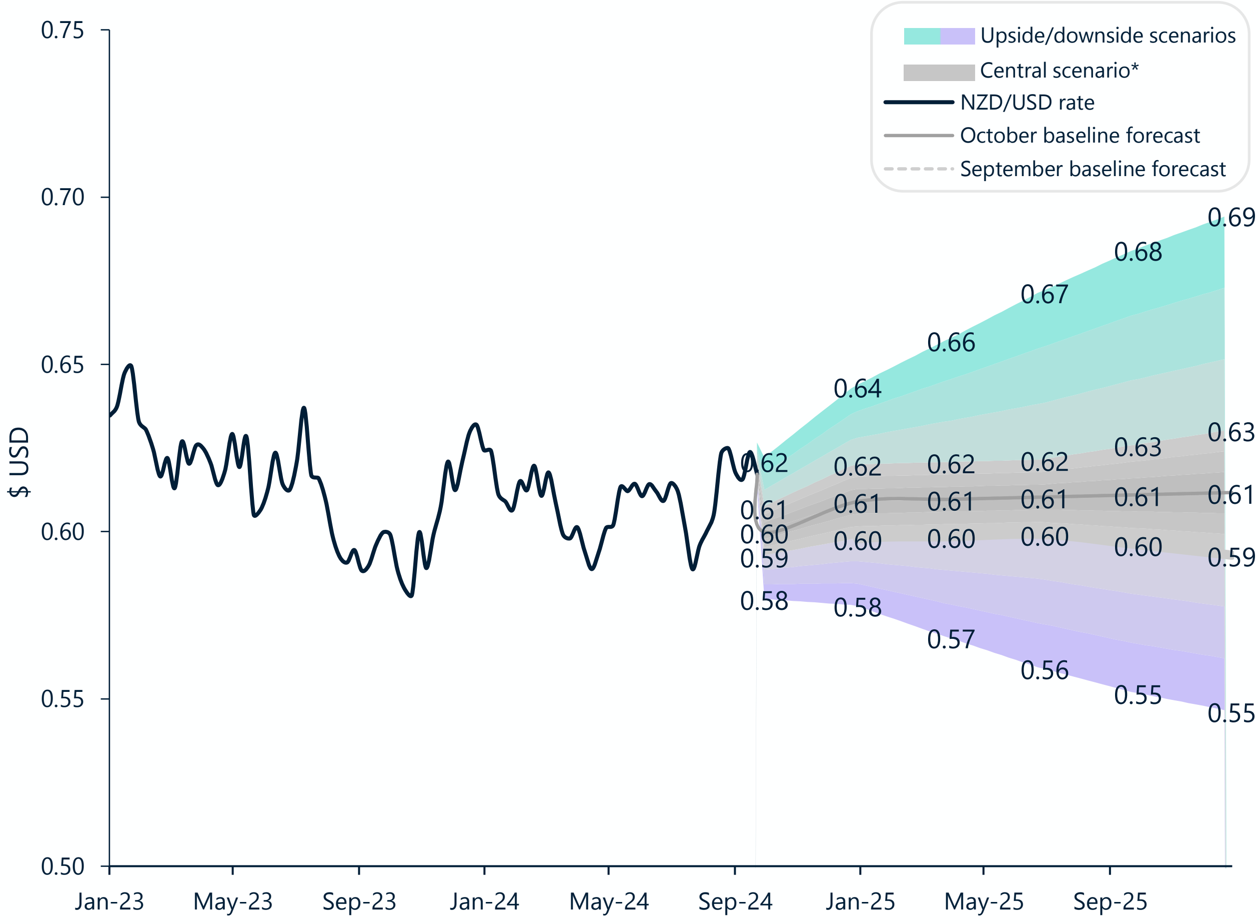
- The Australian dollar might rise in response to the Reserve Bank of Australia's resistance to a worldwide cycle of rate cuts.
- Although the RBA may hold steady in coming meetings, US rates are likely to remain above Australian rates, capping growth in the AUD/USD.

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 – September 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.
- The likelihood of soft landing globally is boosted by sharply lower US inflation

Central scenario: NZD susceptible to risk-off events

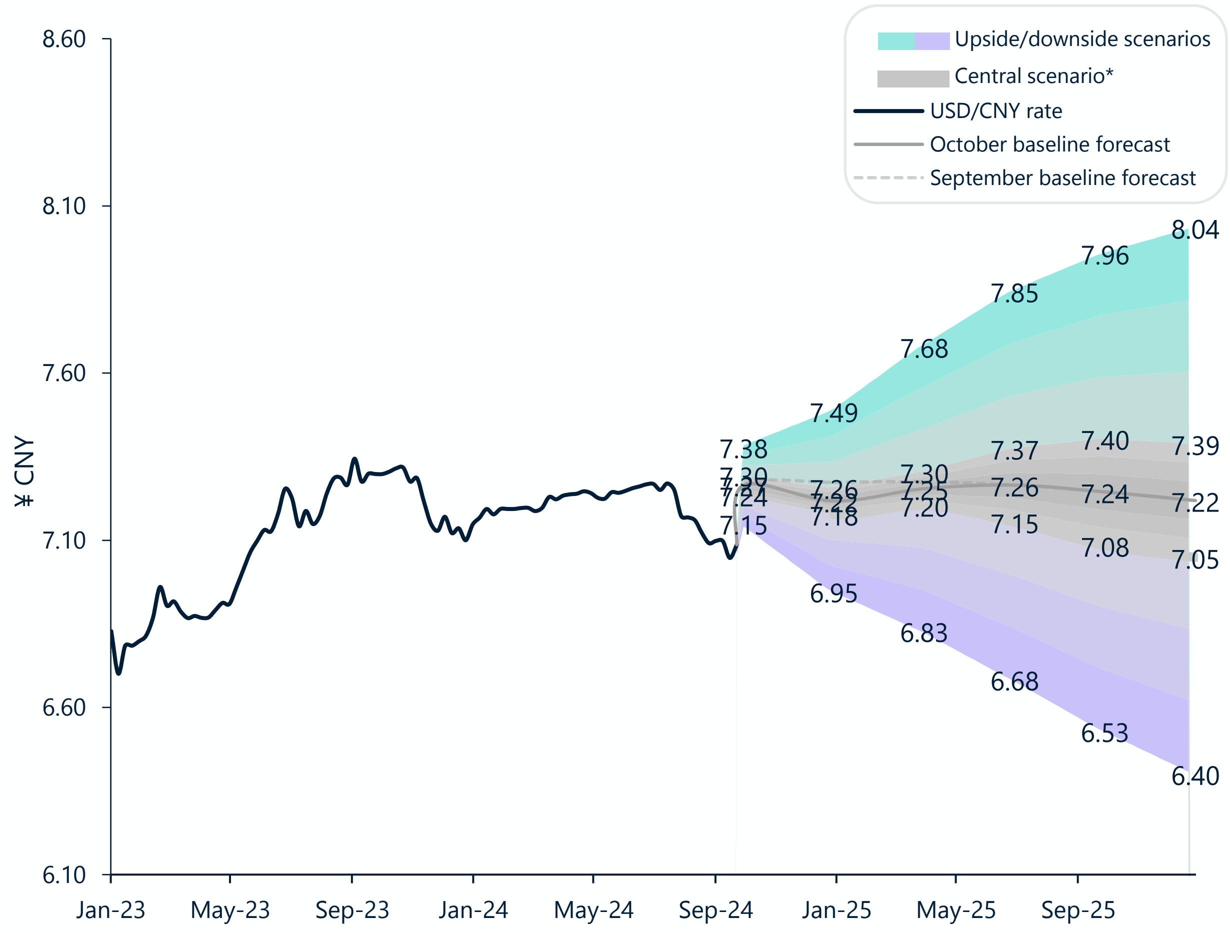
- NZD is still susceptible to any global risk-off events, even if China surprises to the upside.
- A slowdown in growth means commodities remain under pressure with dairy prices key for NZD.

Downside scenario: More aggressive RBNZ easing

- Housing arrears exacerbate the decline in consumption and increase in unemployment, posing a danger to financial stability.
- When the RBNZ begins to ease, domestic growth stagnates and a more aggressive policy response is pursued,

Chart sources: Oxford Economics, Bloomberg, Convera – September 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
- Geopolitical unrest intensifies

Central scenario: China recovery improves

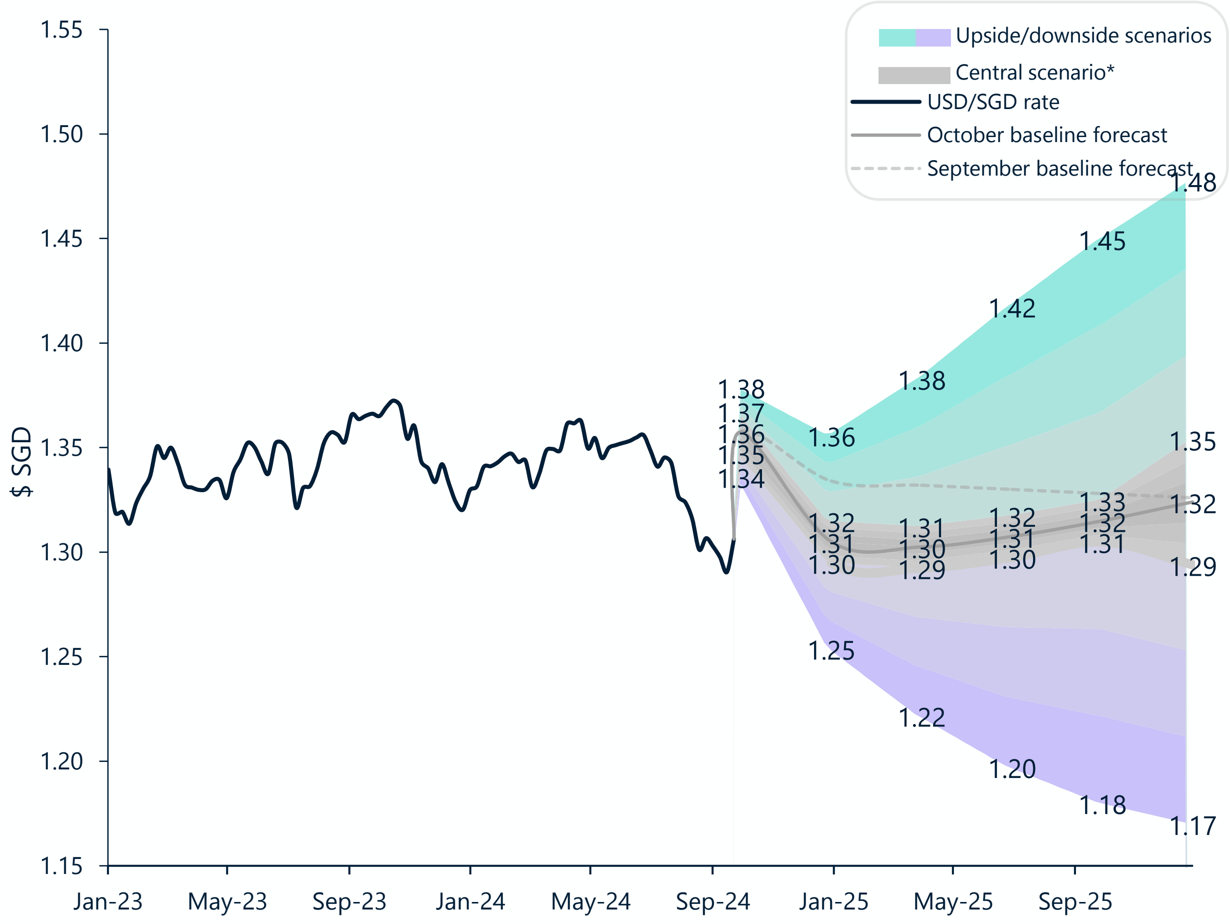
- The Chinese government's recent supportive action to the local economy could see the CNY strengthen.
- Once the Fed confirms a cut in rates, the US dollar might ease.

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 – September 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 rises as risk aversion comes to the fore

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 – September 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

US dollar index hits July 2023 low

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

Increasing volatility

	Spot	High 30D	Low 30D	High YTD	Low YTD	Trading range 30D	Trading range YTD	Position within the range 30D	Position within the range YTD
USD/MXN	19.33	20.14	19.06	20.21	16.26	5.7%	24.3%	25%	78%
USD/JPY	143.2	147.2	139.5	161.9	139.5	5.5%	16.1%	48%	17%
AUD/USD	0.689	0.690	0.662	0.690	0.635	4.2%	8.7%	96%	98%
NZD/USD	0.634	0.635	0.610	0.635	0.585	4.1%	8.5%	96%	98%
GBP/USD	1.341	1.343	1.300	1.343	1.23	3.3%	9.2%	95%	98%
USD/CHF	0.843	0.855	0.837	0.922	0.837	2.2%	10.2%	33%	7%
EUR/USD	1.118	1.121	1.100	1.121	1.060	1.9%	5.8%	86%	95%
EUR/CAD	1.501	1.516	1.488	1.522	1.446	1.9%	5.3%	46%	72%
USD/CNY	7.020	7.135	7.016	7.277	7.016	1.7%	3.7%	3%	2%
USD/CAD	1.343	1.364	1.342	1.394	1.322	1.6%	5.4%	5%	29%

- In September, the **US dollar index** sunk to its lowest level since July 2023 as the Fed kicked off its easing cycle by cutting the Fed fuds rate by 50bps for the first time in four years. Despite the dot plot indicating further 50bps is on the agenda over the remaining two meetings, money markets price in a little under three quarter point rate cuts.
- At the start of September, **USD/MXN** climbed to a near two-year high. Realized volatility has cooled from four-year highs but remains elevated.
- **JPY** was the best performing currency against the US dollar in the G10 complex, clocking in a close to 2% in September.
- Despite increased wagers of back-to-back BoC cuts given the successful progress on the inflation front and signs of the central bank to step up its easing cycle, the **Canadian dollar** appreciated to an eight-month high, breaking past the C$1.35 level. One-month realized volatility continues to rise, but remains below the YTD average of 4.7% (ann.)

Source: Bloomberg, Convera – September 25, 2024

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

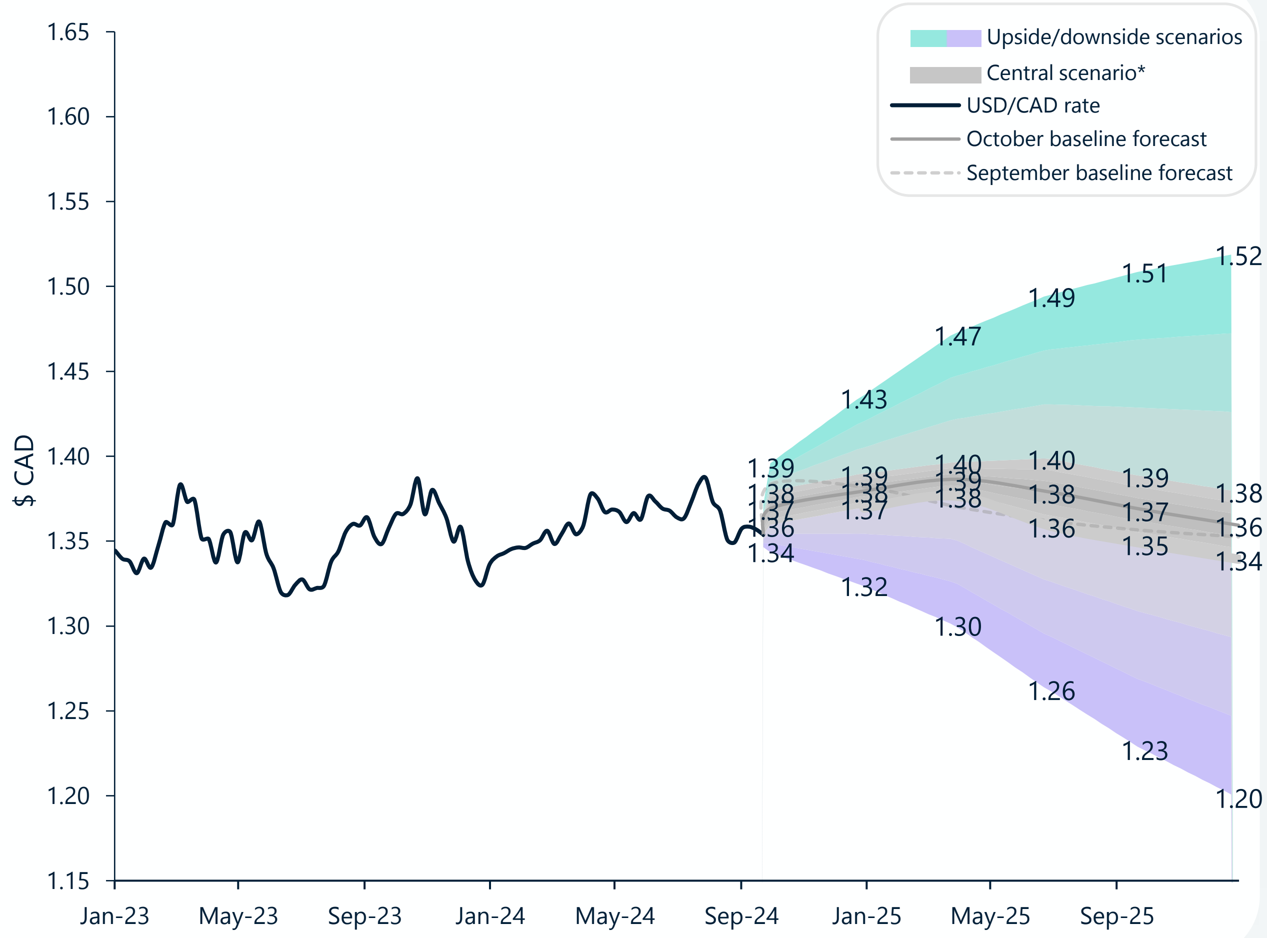
Appreciation Depreciation

	Spot (As of 25.09.2024)	Spot vs YTD average	Spot vs 1-year average	Spot vs 2-year average	Spot vs 5-year average
USD/MXN	19.33	9.3% Avg.: 17.68	9.5% Avg.: 17.65	7.5% Avg.: 17.98	-1.1% Avg.: 19.54
GBP/USD	1.341	5.1% Avg.: 1.275	5.9% Avg.: 1.266	7.7% Avg.: 1.245	4.5% Avg.: 1.283
AUD/USD	0.689	4.1% Avg.: 0.661	4.6% Avg.: 0.658	4.0% Avg.: 0.662	-0.7% Avg.: 0.693
NZD/USD	0.634	4.0% Avg.: 0.609	4.3% Avg.: 0.607	3.8% Avg.: 0.610	-1.8% Avg.: 0.645
EUR/USD	1.118	2.9% Avg.: 1.086	3.2% Avg.: 1.083	4.0% Avg.: 1.074	0.7% Avg.: 1.110
EUR/CAD	1.501	1.6% Avg.: 1.477	1.8% Avg.: 1.473	3.1% Avg.: 1.455	2.6% Avg.: 1.463
USD/CAD	1.343	-1.3% Avg.: 1.360	-1.3% Avg.: 1.360	-0.9% Avg.: 1.354	1.8% Avg.: 1.319
USD/JPY	143.2	-5.3% Avg.: 151.2	-4.8% Avg.: 150.3	-1.0% Avg.: 144.6	13.9% Avg.: 125.7

Source: Bloomberg, Convera – September 25, 2024

- The US dollar index declined for the third consecutive month as the market continues to price in the bottom of the dollar smile, a net negative environment for the Greenback. With rising market volatility and persistent geopolitical and trade risks, along with US election in November, 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 one-year and two-year moving averages. With $1.12 proving a hard barrier to breach, and from here on, the momentum may ease given the looming French political risks and the US presidential election.
- **EUR/CAD** is trading above the short and long C$1.50 term moving average amid dovish BoC pricing. Nonetheless, the pair is showing signs of loosing steam as C$1.50-$1.52 is proving hard to sustain on the back of mounting dovish ECB rate cuts for the upcoming October meeting.
- The UD dollar underperformed against the high beta commodity backed currencies, especially **AUD and NZD**, thanks to widening interest rate differentials as well as the newly announced Chinese stimulus.

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 in the near-term and 2025.

Central scenario: Fed cuts rates gradually

- Fed cuts further 50bps by year end amid lingering upside risks to inflation, despite weakening US labour market.
- The BoC accelerates its policy easing cycle, encouraged by Fed's 50bps cut in September.

Downside scenario: US labor market deteriorates

- Fed forced to deliver an 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 as economy shows signs of recovery.

Chart sources: Oxford Economics, Bloomberg, Convera – September 25, 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

Contact us

Steven Dooley
Head of Market Insights
Global

George Vessey
FX & Macro Strategist
UK

Ruta Prieskienyte
FX & Macro Strategist
UK

Boris Kovacevic
Global Macro Strategist
Central Europe

Shier Lee Lim
FX & Macro Strategist
APAC

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

Appendix

Future scenarios

	Scenarios	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1
GBP/USD	High	1.315	1.356	1.375	1.402	1.426	1.446	1.462	1.472	1.478	1.482	1.486
	Baseline + σ	1.303	1.307	1.311	1.312	1.324	1.337	1.341	1.354	1.368	1.382	1.386
	Baseline	1.283	1.297	1.291	1.292	1.294	1.297	1.301	1.304	1.308	1.312	1.316
	Baseline - σ	1.263	1.287	1.271	1.272	1.264	1.257	1.261	1.254	1.248	1.242	1.246
	Low	1.250	1.239	1.207	1.182	1.162	1.148	1.139	1.137	1.139	1.143	1.146
GBP/EUR	High	1.236	1.290	1.346	1.404	1.455	1.494	1.521	1.534	1.535	1.531	1.528
	Baseline + σ	1.213	1.207	1.216	1.215	1.237	1.261	1.260	1.281	1.303	1.324	1.322
	Baseline	1.182	1.185	1.185	1.184	1.184	1.185	1.184	1.182	1.181	1.179	1.177
	Baseline - σ	1.150	1.162	1.153	1.152	1.130	1.108	1.107	1.082	1.058	1.033	1.031
	Low	1.130	1.087	1.042	0.999	0.965	0.939	0.921	0.911	0.908	0.908	0.908
GBP/JPY	High	207.8	217.4	221.0	225.1	228.5	231.0	232.5	233.0	232.4	231.5	230.8
	Baseline + σ	197.4	201.2	199.5	200.1	201.6	201.0	201.2	206.0	209.5	212.0	213.1
	Baseline	189.6	192.7	190.1	187.9	186.0	184.4	183.1	182.0	181.1	180.3	179.6
	Baseline - σ	181.7	184.1	180.6	175.6	170.3	167.7	164.9	157.9	152.6	148.5	146.0
	Low	172.1	169.4	161.4	154.1	147.8	143.0	139.5	137.2	136.1	135.5	134.9
GBP/CHF	High	1.201	1.261	1.313	1.359	1.399	1.429	1.450	1.460	1.461	1.460	1.458
	Baseline + σ	1.158	1.177	1.193	1.193	1.202	1.237	1.236	1.245	1.238	1.246	1.244
	Baseline	1.128	1.143	1.149	1.149	1.149	1.149	1.148	1.147	1.145	1.144	1.142
	Baseline - σ	1.097	1.108	1.104	1.104	1.095	1.060	1.059	1.048	1.051	1.041	1.039
	Low	1.057	1.031	0.996	0.956	0.924	0.899	0.882	0.871	0.867	0.866	0.865

Chart sources: Oxford Economics, Bloomberg, Convera – Sept 25, 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	2027 Q1
EUR/USD	High	1.106	1.139	1.158	1.182	1.204	1.222	1.236	1.247	1.253	1.258	1.263
	Baseline + σ	1.095	1.105	1.1	1.1	1.112	1.125	1.128	1.143	1.158	1.172	1.177
	Baseline	1.085	1.095	1.09	1.090	1.092	1.095	1.098	1.103	1.108	1.112	1.117
	Baseline - σ	1.075	1.085	1.08	1.08	1.072	1.065	1.068	1.063	1.058	1.052	1.057
	Low	1.064	1.050	1.021	0.998	0.980	0.967	0.960	0.959	0.962	0.967	0.972
EUR/GBP	High	0.884	0.919	0.959	1.000	1.036	1.064	1.084	1.097	1.100	1.100	1.101
	Baseline + σ	0.866	0.857	0.863	0.863	0.878	0.892	0.893	0.909	0.924	0.940	0.942
	Baseline	0.845	0.843	0.843	0.843	0.843	0.843	0.844	0.845	0.846	0.847	0.849
	Baseline - σ	0.823	0.828	0.822	0.822	0.807	0.793	0.794	0.780	0.767	0.753	0.755
	Low	0.808	0.774	0.742	0.712	0.687	0.668	0.657	0.651	0.651	0.652	0.654
EUR/CHF	High	1.010	1.060	1.105	1.146	1.180	1.207	1.226	1.237	1.239	1.239	1.239
	Baseline + σ	0.973	0.994	1.000	1.000	1.010	1.040	1.040	1.049	1.048	1.056	1.057
	Baseline	0.954	0.964	0.970	0.970	0.970	0.969	0.969	0.969	0.970	0.969	0.970
	Baseline - σ	0.934	0.933	0.939	0.939	0.929	0.897	0.897	0.888	0.891	0.881	0.882
	Low	0.900	0.874	0.843	0.808	0.779	0.758	0.743	0.735	0.733	0.733	0.733
EUR/CNY	High	8.162	8.532	8.894	9.276	9.583	9.820	9.986	10.08	10.09	10.08	10.08
	Baseline + σ	7.989	8.019	8.034	8.115	8.235	8.311	8.394	8.542	8.631	8.710	8.702
	Baseline	7.884	7.903	7.907	7.922	7.913	7.904	7.897	7.891	7.882	7.875	7.868
	Baseline - σ	7.778	7.786	7.779	7.728	7.590	7.496	7.399	7.239	7.132	7.039	7.033
	Low	7.610	7.298	6.978	6.675	6.403	6.196	6.052	5.969	5.942	5.936	5.930

Chart sources: Oxford Economics, Bloomberg, Convera – Sept 25, 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	2027 Q1
EUR/HUF	High	422.9	444.7	467.3	490.4	511.1	529.1	544.2	554.7	558.6	559.9	561.2
	Baseline + σ	403.0	403.7	402.6	404.0	410.1	426.4	429.1	440.1	451.2	460.0	463.0
	Baseline	394.1	392.5	391.3	390.0	389.5	390.8	393.7	396.9	398.7	399.7	400.6
	Baseline - σ	385.1	381.2	379.9	375.9	368.8	355.1	358.2	353.6	346.1	339.3	338.1
	Low	376.9	359.1	342.2	325.6	312.5	304.1	300.0	299.0	299.7	300.5	301.3
EUR/CZK	High	26.50	27.41	28.23	29.08	29.80	30.32	30.64	30.75	30.66	30.51	30.36
	Baseline + σ	25.57	25.57	25.46	25.54	25.56	25.95	25.75	25.84	25.92	26.05	25.91
	Baseline	25.02	24.92	24.73	24.54	24.37	24.20	24.05	23.90	23.75	23.62	23.49
	Baseline - σ	24.46	24.26	23.99	23.53	23.17	22.44	22.34	21.95	21.57	21.18	21.06
	Low	23.59	22.55	21.45	20.39	19.49	18.78	18.25	17.90	17.72	17.60	17.49
USD/CZK	High	23.95	24.05	24.37	24.59	24.74	24.81	24.77	24.65	24.46	24.24	24.04
	Baseline + σ	23.36	23.15	23.14	23.21	22.98	23.07	22.81	22.59	22.38	22.21	22
	Baseline	23.06	22.76	22.68	22.50	22.31	22.10	21.88	21.65	21.43	21.22	21.01
	Baseline - σ	22.76	22.37	22.22	21.79	21.64	21.13	20.95	20.71	20.48	20.23	20.02
	Low	22.17	21.47	20.99	20.41	19.87	19.40	19.00	18.66	18.41	18.19	17.99
USD/PLN	High	4.135	4.151	4.216	4.263	4.306	4.349	4.382	4.396	4.396	4.387	4.366
	Baseline + σ	4.02	3.961	4.041	4.022	4.068	4.168	4.161	4.158	4.155	4.166	4.155
	Baseline	3.970	3.921	3.921	3.902	3.888	3.888	3.891	3.888	3.885	3.876	3.855
	Baseline - σ	3.92	3.881	3.801	3.782	3.708	3.608	3.621	3.618	3.615	3.586	3.555
	Low	3.806	3.691	3.626	3.542	3.470	3.427	3.399	3.380	3.374	3.365	3.344

Chart sources: Oxford Economics, Bloomberg, Convera – Sept 25, 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	2027 Q1
AUD/USD	High	0.689	0.701	0.715	0.731	0.748	0.766	0.786	0.807	0.824	0.838	0.852
	Baseline + σ	0.675	0.674	0.677	0.678	0.685	0.692	0.711	0.724	0.742	0.759	0.774
	Baseline	0.667	0.666	0.664	0.665	0.668	0.674	0.683	0.695	0.707	0.718	0.727
	Baseline - σ	0.658	0.657	0.650	0.651	0.650	0.655	0.654	0.665	0.671	0.676	0.679
	Low	0.647	0.634	0.621	0.611	0.604	0.602	0.604	0.611	0.619	0.627	0.635
AUD/EUR	High	0.647	0.668	0.699	0.732	0.763	0.792	0.818	0.841	0.856	0.866	0.876
	Baseline + σ	0.627	0.620	0.631	0.631	0.636	0.635	0.658	0.660	0.670	0.680	0.694
	Baseline	0.615	0.608	0.610	0.610	0.612	0.616	0.622	0.630	0.638	0.645	0.651
	Baseline - σ	0.602	0.595	0.588	0.588	0.587	0.596	0.585	0.599	0.605	0.609	0.607
	Low	0.585	0.556	0.536	0.516	0.502	0.492	0.489	0.489	0.494	0.498	0.502
AUD/NZD	High	1.188	1.214	1.257	1.307	1.356	1.403	1.449	1.491	1.523	1.548	1.572
	Baseline + σ	1.140	1.128	1.132	1.133	1.150	1.166	1.204	1.239	1.275	1.311	1.345
	Baseline	1.112	1.094	1.090	1.091	1.094	1.102	1.116	1.134	1.152	1.168	1.183
	Baseline - σ	1.083	1.059	1.047	1.048	1.037	1.037	1.027	1.028	1.028	1.024	1.020
	Low	1.041	0.985	0.945	0.909	0.883	0.867	0.861	0.864	0.873	0.884	0.893
AUD/CNY	High	5.085	5.255	5.491	5.738	5.957	6.161	6.353	6.522	6.639	6.723	6.801
	Baseline + σ	4.934	4.900	4.954	5.009	5.084	5.118	5.294	5.413	5.533	5.637	5.731
	Baseline	4.849	4.809	4.824	4.838	4.845	4.869	4.915	4.974	5.032	5.080	5.124
	Baseline - σ	4.763	4.717	4.693	4.666	4.605	4.619	4.535	4.534	4.530	4.522	4.516
	Low	4.628	4.405	4.244	4.085	3.947	3.855	3.809	3.801	3.824	3.850	3.874

Chart sources: Oxford Economics, Bloomberg, Convera – Sept 25, 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	2027 Q1
USD/CAD	High	1.394	1.434	1.471	1.494	1.509	1.519	1.526	1.530	1.529	1.526	1.525
	Baseline + σ	1.379	1.389	1.396	1.398	1.388	1.379	1.383	1.389	1.386	1.393	1.392
	Baseline	1.369	1.379	1.386	1.378	1.368	1.359	1.353	1.349	1.346	1.343	1.342
	Baseline - σ	1.359	1.369	1.376	1.358	1.348	1.339	1.323	1.309	1.306	1.293	1.292
	Low	1.344	1.324	1.300	1.263	1.227	1.199	1.180	1.168	1.163	1.161	1.159
USD/MXN	High	20.70	21.92	22.58	23.16	23.67	24.08	24.39	24.61	24.72	24.82	24.92
	Baseline + σ	19.75	20.33	20.41	20.46	20.8	21.19	21.41	21.63	21.71	21.79	21.87
	Baseline	18.93	19.64	19.79	19.87	19.95	20.03	20.11	20.19	20.27	20.36	20.46
	Baseline - σ	18.11	18.95	19.17	19.28	19.1	18.87	18.81	18.75	18.83	18.93	19.05
	Low	18.00	18.42	18.27	18.05	17.88	17.76	17.70	17.71	17.76	17.86	17.96
USD/JPY	High	157.9	160.3	160.6	160.5	160.1	159.6	159.0	158.2	157.2	156.2	155.3
	Baseline + σ	151.5	153.8	152.0	152.5	152.2	150.2	150.0	151.9	153	153.3	153.7
	Baseline	147.8	148.5	147.1	145.4	143.7	142.1	140.7	139.4	138.3	137.3	136.4
	Baseline - σ	144.0	143.1	142.1	138.2	135.1	133.9	131.3	126.8	123.6	121.3	119.0
	Low	137.6	136.7	133.7	130.4	127.2	124.6	122.4	120.7	119.5	118.5	117.6
USD/CNY	High	7.379	7.486	7.679	7.845	7.958	8.035	8.076	8.081	8.053	8.016	7.980
	Baseline + σ	7.295	7.257	7.304	7.374	7.404	7.388	7.437	7.471	7.452	7.425	7.389
	Baseline	7.265	7.217	7.254	7.264	7.244	7.218	7.187	7.151	7.112	7.075	7.039
	Baseline - σ	7.235	7.177	7.204	7.154	7.084	7.048	6.937	6.831	6.772	6.725	6.689
	Low	7.150	6.948	6.829	6.684	6.530	6.401	6.298	6.221	6.172	6.134	6.099

Chart sources: Oxford Economics, Bloomberg, Convera – Sept 25, 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)

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

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

All other logos, trademarks, service marks and trade names referenced in this material are the property of their respective owners.

ASIA PACIFIC

Australia

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Australia through Convera Australia Pty Ltd ("Convera") ABN 24 150 129 749 and AFSL 404092. Convera is the issuer of the financial products (if any) referred to in this communication.

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

Before you decide to acquire a financial product from Convera you should read and consider the relevant product disclosure statement and target market determination. This communication has been prepared solely for informational purposes and does not in any way create any binding obligations on either party. Relations between you and Convera shall be governed by the applicable terms and conditions provided to you before you trade. No representations, warranties, or conditions of any kind, express or implied, are made in this communication.

Hong Kong

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Hong Kong through Convera Hong Kong Limited. This communication has been prepared solely for informational purposes and does not in any way create any binding obligations on either party. Relations between you and Convera shall be governed by the applicable terms and conditions.

Japan

Convera is a global leader in providing foreign exchange products and services and payment solutions and operates in Japan through Convera Japan KK (" Convera"). This communication has been prepared solely for informational purposes and does not in any way create any binding obligations on either party. Relations between you and Convera shall be governed by the applicable terms and conditions.

New Zealand

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in New Zealand through Convera Australia Pty Ltd, NZ branch (company number 3527631 and FSP 168204) ("Convera") and is the issuer of the financial products (if any) referred to in this communication. A Product Disclosure Statement is available for each of the financial products that Convera issues and can be obtained by visiting https://www.convera.com/en-nz/compliance-legal/compliance.

This communication has been prepared solely for informational purposes and does not in any way create any binding obligations on either party. Relations between you and Convera will be governed by the applicable terms and conditions provided to you before you trade. No representations, warranties or conditions of any kind, express or implied, are made in this communication.

Singapore

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Singapore through Convera Singapore Pte Ltd ("Convera Singapore") and/or Convera Singapore Financial Pte Ltd ("Convera Singapore Financial") (Convera Singapore and Convera Singapore Financial are collectively referred to as "Convera").

Convera Singapore Financial is a capital markets services licence holder for dealing in capital markets products and an exempt financial adviser for advising others on over-the-counter derivatives contracts and spot foreign exchange contracts other than for the purposes of leveraged foreign exchange trading within the meaning of the Securities and Futures Act, Cap 289 ("SFA").

Convera Singapore is a Major Payment Institution licensed under the Payment Services Act 2019. All payment services referred to in this communication are offered under Convera Singapore's Payment Services Licence issue by the Monetary Authority of Singapore ("MAS").

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

NORTH AMERICA

Canada

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

USA

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

EUROPE

Austria

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Austria through Convera Europe S.A., Austria Branch, with business address at Kohlmarkt 8-10 / 1 .OG, 2 .OG, 1010 Wien, registered with the Austrian companies register under FN 605081 a, the Austrian branch office of Convera Europe S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number B262832, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg) which is authorised and supervised as payment institution by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) and Convera Europe Financial S.A., Austria Branch, with business address at Kohlmarkt 8–10, 1., 2. Obergeschoß, 1010 Wien, Österreich, registered with the Austrian companies register under FN 605838 p , is the Austrian branch office of Convera Europe Financial S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number: B264303, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg) which is authorised and supervised as investment firm by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF).

Czech Republic

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in the Czech Republic through Convera Europe S.A., a company incorporated and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg, registered with the Luxembourg Registre de Commerce et des Sociétés under B262832, which is authorised and supervised by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) as a payment institution, and which is acting in the Czech Republic through its branch office Convera Europe S.A., odštěpný závod, identification number 17614546, with its registered office at Václavské náměstí 2132/47, Praha 1, 11000, Czech Republic and Convera Europe Financial S.A., a company incorporated and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg, registered with the Luxembourg Registre de Commerce et des Sociétés under B264303, which is authorised and supervised by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) as an investment firm, and which is acting in the Czech Republic through its branch office Convera Europe Financial S.A., odštěpný závod, identification number 17655722, with its registered office at Václavské náměstí 2132/47, Praha 1, 11000, Czech Republic.

France

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in France through Convera Europe S.A., France Branch, registered under number 920 020 070 R.C.S. Paris, which has a place of business at Liberty Tower, 17 place des Reflets, 92400 Courbevoie, France and is a branch of Convera Europe S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number B262832, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg) which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) and Convera Europe Financial S.A., France Branch, registered under number 920 024 478 R.C.S. Paris, which has a place of business at Liberty Tower, 17 place des Reflets, 92400 Courbevoie, France and is a branch of Convera Europe Financial S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number: B264303, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg) which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF).

Germany

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Germany through Convera Europe S.A., Germany Branch, with a registered place of business in Frankfurt am Main and a registered business address c/o Citco Deutschland GmbH, Mainzer Landstraße 41, 60329 Frankfurt am Main, a branch of Convera Europe S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number B262832, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg) which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) and Convera Europe Financial S.A., Germany Branch with a registered place of business in Frankfurt am Main and a registered business address c/o Citco Deutschland GmbH, Mainzer Landstraße 41, 60329 Frankfurt am Main, a branch of Convera Europe Financial S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number: B264303, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg) which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF).

Italy

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Italy through Convera Europe S.A., Italy Branch, which has a registered place of business at c/o Signature San Silvisestro, Palazzo Marignoli, Piazza di S.Silvestro,8, 00187 Rome, Italy, is registered in the Milano-Monza Brianza-Lodi Enterprises' Register no. 12573060964, tax code and VAT no. 12573060964 and is a branch of Convera Europe S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number B262832, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg, Corporate Capital: EUR 150,000; Sole Shareholder (and therefore subject to the direction and coordination activity of): Convera International Holdings Limited), which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) and Convera Europe Financial S.A., Italy Branch, which has a registered place of business at c/o Signature San Silvestro, Palazzo Marignoli, Piazza di S.Silvestro,8, 00187 Rome, Italy, is registered in the Milano-Monza Brianza-Lodi Enterprises' Register no. 12573070963, tax code and VAT no. 12573070963 and is a branch of Convera Europe Financial S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number B264303, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226, Luxembourg, Corporate Capital: EUR 800,000; Sole Shareholder (and therefore subject to the direction and coordination activity of): Convera International Holdings Limited) which is authorized and regulated by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF).

DISCLAIMERS

EUROPE

Malta

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in Malta through Convera Malta Financial Limited ("Convera") a limited company registered in Malta (Company Number C22339) with its registered office at W Business Centre, Level 5, Triq Dun Karm, Birkirkara By-Pass, Birkirkara, BKR 9033, Malta and which is licensed and regulated by the Malta Financial Services Authority to undertake the business of a financial services in terms of the Financial Institutions Act).

Poland

Convera is a global leader in providing foreign exchange products and services and payment solutions. In Poland, Convera does business through Convera Europe S.A. Spółka Akcyjna Oddział w Polsce (Poland Branch), which has a registered place of business at Ethos building, Plac Trzech Krzyży 10/14, 00-499 Warsaw and is a branch of Convera Europe S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number B262832, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald Luxembourg) which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) and Convera Europe Financial S.A. Spółka Akcyjna Oddział w Polsce (Poland Branch), which has a registered place of business at Ethos building, Plac Trzech Krzyży 10/14, 00-499 Warsaw and is a branch of Convera Europe Financial S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number: B264303, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald Luxembourg) which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF).

Spain

Convera provides foreign exchange products and services and payment solutions and does business in Spain through Convera Europe S.A., Sucursal en España (registered in the Mercantile Registry of Madrid in volume 44.501, book 0, folio 104, section 8, sheet 784083, registration 1, with NIF W0255059H and registered office at Calle José Abascal 41, 28003 Madrid, Spain), which is the Spanish branch of Convera Europe S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number B262832, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226 Luxembourg) which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier and Convera Europe Financial S.A., Sucursal en España (registered in the Mercantile Registry of Madrid in volume 44.501, book 0, folio 112, section 8, sheet 784083, registration 1, with NIF W0255072A and registered office at Calle José Abascal 41, 28003 Madrid, Spain), which is the Spanish branch of Convera Europe Financial S.A. (registered with the Luxembourg Registre de Commerce et des Sociétés, Company Number: B264303, Registered Office Address: OBH Building, 6B rue du Fort Niedergrunewald, L-2226 Luxembourg) which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier.

Switzerland

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

UK

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

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