

FX CONSENSUS FORECAST

A LOOK AT THE MONTH AHEAD

August 2022

moneycorp ✦

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QUICK GLANCE



The United States economy continued to walk on shaky ground in July, with the exclamation mark coming on the 28th when quarterly GDP came in negative for the second quarter in a row. This, to some, would indicate that the United States is now in the midst of a recession, however, lawmakers and central bankers alike are not yet ready to use that label, pointing to strength in the labor market in their reasoning. Consumer spending, the main engine of the economy, continued to see decreased growth in May when adjusted for inflation, and while the Federal Reserve continues to aggressively tighten monetary policy to tame inflation this remains a red flag for domestic demand. The Fed will take a break in August with no interest rate decision planned, while the market is currently pricing a 100% chance of at least a 50bp hike in their September meeting.

US quarterly GDP showed a retraction of 0.9% in Q2 of this year, which was a far cry from the consensus 0.5% growth that markets has anticipated. Increased inventories (due to a lack of Q1 consumer spending) and a decrease in business investment were the main factors. Other contributors were residential investment, structures, equipment, spending on goods, and government consumption, which all saw a drop from Q1. On the bright side, after printing at an all-time high of -107.7B in March, the US trade deficit has now contracted for 2 straight months to -85.5B in May. This was driven by an all-time high value of \$255B in exports, and a slowdown in imports due to the inventory build-up and increased overall domestic demand.

Retail spending saw a nice rebound in June, growing 1.0% from the previous month. This was a welcome surprise after May's contraction of 0.1% which was the first negative print of the year. Unfortunately, Retail Sales is not adjusted for inflation, so if anything this release is simply a reflection of an increase in overall prices. Not surprisingly, sales at the pumps led the charge in this data set, growing by 3.6%. Meanwhile, sales at non-store retailers, miscellaneous store retailers, and furniture stores all saw increases greater than 1%. Still, this release led to consumer confidence falling to a 17-month low in July. On a bright note, oil prices have dropped over the month by 5.85% down to \$97 per barrel.

Consumer behavior will continue to be closely monitored as the Federal Reserve considers how far it will need to raise interest rates in order to control inflation. The Fed raised its policy rate by three-quarters of a percentage point in July and has done so now for 2 straight months. In fact, the only other time they raised rates by 75bp was in 1994. Since March, the Fed has raised its benchmark overnight interest rate by 225 basis points, and it does not appear that they are on track to stop hiking any time soon. The most recent year-over-year inflation print hit 9.1%, a 21.5-year high. While this did not include the impacts of the most recent rate hikes out of the Fed, the expectation of seeing CPI back at the Fed's target of 2% any time this year would be an extreme outlier in any forecasting model.

The question that is now on everyone's minds is whether we are in a recession, and if not, what it will take for one to be declared. Generally, successive quarters with negative growth would be enough for some to accept the term "recession" as an accurate depiction of the current economy. However, there is no clear definition and the call is ultimately up to the National Bureau of Economic Research (NBER), who have been tasked to call the beginning and end of business cycles since the late 1970s. Historically the NBER has taken their time to assess a number of different data sets and underlying market conditions before making a decision, as of course the stakes are very high. In this particular case, this is no tall task as there are arguments to be made on both sides. On the positive side, Nonfarm Payrolls rose, on average, by over 450,000 jobs per month in the first two quarters of the year. In fact, there are more job vacancies at this moment in the United States than are available applicants. On the negative front, while consumer spending has been solid, adjusting for inflation tells a vastly different story. As previously stated, GDP has contracted for 2 straight quarters. Inventories are spiking, and consumer debt is increasing due to both increased interest rates and decades-high inflation. This might just be a game of semantics at this point, but nothing is official until the NBER puts its stamp on it, and they are likely to be hesitant given the state of the labor market, as well as the fact that the retractions in GDP have not been especially steep.

After increasing at the highest clip in history in the first half of the year, the dollar continued its surge in the first 2 weeks of July, where the US Dollar Index hit a near 20-year high. This was on the back of rising bets of a 100bp hike in the July FOMC, however as probabilities began to normalize the dollar saw a steady decline of nearly 3% to close the month. That said, it is worth noting that it still closed the month nearly 1% higher than June's close. The US dollar is continuing to show a negative correlation with risk assets, though it is not quite as strong now that global central banks in major economies have begun to hike rates themselves. For example, the S&P hit its July low on the exact same day as the dollar's ~20 year high, however the S&P saw a larger rebound of 9.6% to end the month and ended quite a bit higher from June's close.

Moving forward, in the short term, the path to USD strength lies in the hands of the Federal Reserve, as well as economic and geopolitical risk. Alongside the war in Ukraine and recession fears, risks are now emerging in North Korea and Taiwan. Kim Jong Un spoke to state media on Thursday (28th), stating that his military was "ready to mobilize" their nuclear deterrence. Meanwhile, Nancy Pelosi is rumored to be planning a trip to Taiwan, a move that Beijing has already declared will come with "serious consequences". Any negative developments in either of those stories are sure to create a risk-off environment.

EUR/USD

The Euro is trading 3.5% lower against the dollar since the beginning of the month, amid broader dollar strength and weakness on the Eur which pushed the pair to parity throughout the course of the month. Geopolitical and inflationary conditions have pushed the ECB to increase its interest rate by 50 bps, setting the benchmark at 0% after decades of negative territory.

The announcement from the ECB underpinned some correction to the Eur although fluctuations in commodities and cuts of Russian gas to Europe loom prospects for the winter and suggest that energy bills will continue to grow. The European economic confidence slumped to the lowest since Feb 2021 as global recession expectations continue to undermine real growth.

What To Watch For This Month

08/01/22 Unemployment Rate (Jun)

Eurostat is set to announce unemployment readings which have been gradually improving to 6.6% in June.

08/12/2022 Industrial Production (Jun)

Industrial output will be closely monitored to assess the production impact of the current energy crisis.

08/17/2022 GDP (Q2)

Eurostat will announce the Q2 GDP readings to show results of value generated by all goods and services provided by the country. Previously 5.9% yearly.

Economic Indicators

European Central Bank Forecast

Forecast	2021	2022	2023	2024
Real GDP (YOY%)	5.30	2.80	2.10	2.1
CPI (YOY%)	2.6	6.80	3.50	2.1
Unemployment (%)	7.73	6.80	6.80	6.7

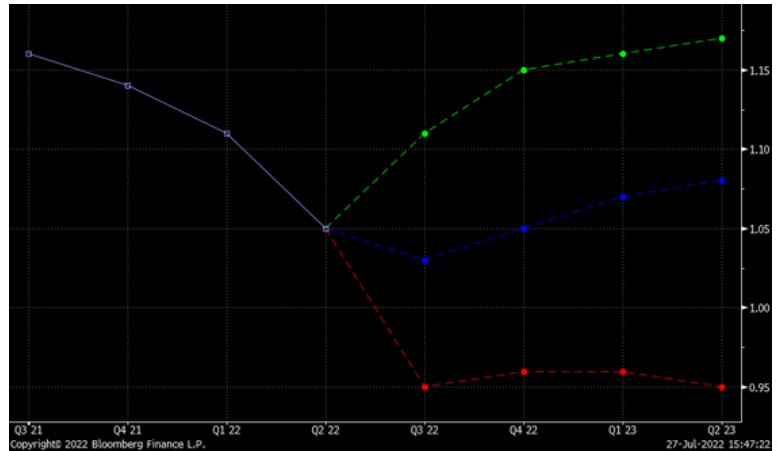


Historical Rates

EUR/USD

Market Consensus & Forecast

	Q3 22	Q4 22	Q1 23	Q2 23
Mean	1.03	1.05	1.07	1.08
High	1.11	1.15	1.16	1.17
Low	0.95	0.96	0.96	0.95



Consensus Forecast

Forecast by Institution

	As of:	Q3 22	Q4 22	Q1 23	Q2 23
Credit Agricole CIB	07/26/22	1.08	1.1	1.1	1.1
Wells Fargo	07/26/22	1	0.98	0.96	0.97
Australia & NZ Banking Group	07/25/22	1.05	1.1	1.12	1.13
UniCredit	07/25/22	1.03	1.06	1.08	1.1
Capital Economics	07/22/22	1.01	1	1.02	1.05
NAB/BNZ	07/20/22	0.98	0.98	0.99	1
Rabobank	07/20/22	0.98	1.04	1.06	1.08
Axis Bank	07/19/22	1.11	0.98	1	1.02
DZ Bank	07/15/22	1.04	1.07	1.08	1.09
Nomura	07/15/22	0.95	0.96	0.98	1
Swedbank	07/15/22	1	1.02	1.08	1.1
Danske Bank	07/14/22	0.98	0.96	0.96	0.95
ING Financial Markets	07/12/22	1.05	1.08	1.1	1.12
Sumitomo Mitsui Trust Bank	07/12/22	1.05	1.09	1.1	1.1
Westpac Banking	07/12/22	1.05	1.09	1.11	1.13
BBVA	07/11/22	1.03	1.02	1.02	1.05
Morgan Stanley	07/11/22	0.97	0.99	1.01	1.03
MUFG	07/05/22	1.01	1.06	1.1	1.12
CICC	07/04/22	1.05	1.07	1.1	1.13
Canadian Imp. Bank of Commerce	07/04/22	1.04	1.05	1.07	1.08
Investec	07/04/22	1.08	1.1	1.12	1.14

USD/JPY

Although the Yen sustained significant pressure throughout July, the currency is looking to close out the month pretty much flat against the dollar as market participants shift positions. One of the most popular trades this year, shorting the Yen, seems to have topped out for market participants as funds close out these positions as the Fed vows to provide less guidance in future hikes.

The latest Fed rate hike had little or no direct impact on the Bank of Japan's monetary policy approach, which continues to remain dovish in a global environment where central banks are rushing to control soaring inflation. However, the Fed reached its neutral area and therefore further hikes should be less aggressive as their impact in the real economy materializes underpinning JPY

What To Watch For This Month

08/05/2022 Household Spending (Jun)

Investors will keep an eye open to household spending to track consumer activity adjusted to inflation. The previous reading showed a 0.5 contraction.

08/15/2022 GDP (Q2)

The Japanese economy contracted 0.5% in its previous GDP release. This will be key for policymakers to assess stimulus.

08/17/2022 Trade Balance (Jul)

Trade Balance will be closely monitored as in the latest release exports showed a 19.4% vs imports at 46.1%.

Economic Indicators

Bank of Japan Forecast

Forecast	2021	2022	2023	2024
Real GDP (YOY%)	1.8	2.40	2.00	1.30
CPI (YOY%)	-0.25	--	--	--
Unemployment (%)	2.82	2.70	2.70	2.70

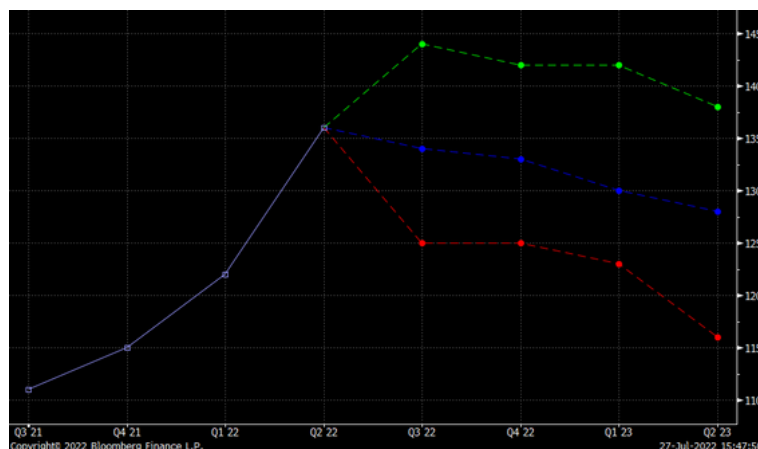


Historical Rates

USD/JPY

Market Consensus & Forecast

	Q3 22	Q4 22	Q1 23	Q2 23
Mean	134	133	130	128
High	144	142	142	138
Low	125	125	123	116



Forecast by Institution

	As of:	Q3 22	Q4 22	Q1 23	Q2 23
Credit Agricole CIB	07/26/22	132	130	125	122
Wells Fargo	07/26/22	138	139	140	138
Australia & NZ Banking	07/25/22	130	128	127	126
UniCredit	07/25/22	133	132	130	129
Capital Economics	07/22/22	138	140	138	135
NAB/BNZ	07/20/22	135	133	128	125
Rabobank	07/20/22	138	136	132	129
Axis Bank	07/19/22	124	134	134	133
DZ Bank	07/15/22	136	134	133	132
Nomura	07/15/22	135	128	125	125
Swedbank	07/15/22	135	132	128	125
Danske Bank	07/14/22	132	129	127	125
ING Financial Markets	07/12/22	132	128	127	126
Sumitomo Mitsui Trust Bank	07/12/22	135	132	128	125
Westpac Banking	07/12/22	134	132	130	127
BBVA	07/11/22	133	130	127	126
Morgan Stanley	07/11/22	141	140	139	138
MUFG	07/05/22	135	131	130	129
CICC	07/04/22	132	129	126	124
Investec	07/04/22	135	132	130	128

GBP/USD

The British Pound suffered severe pressure throughout the course of the month amid broader dollar strength and political drivers inducing volatility in the British currency. Political uncertainty settled down when Boris Johnson was forced to resign by the Tory party earlier this month, kicking off

the race to No.10 Downing Street and become the new prime minister of the United Kingdom. Sunak and Truss are the final candidates and the country will be defining a new Tory leadership in the weeks to come. Uncertainty keeps the UK on the verge of its seats, amid inflationary pressures, rate hikes and drag in economic growth.



What To Watch For This Month

08/04/2022 BoE Interest Rate Decision (Aug)

The Bank of England is expected to increase its interest rate from 1.25% to 1.75% in an attempt to combat soaring inflation.

08/12/2022 GDP (Q2)

Prior GDP readings showed that the economy grew 8.7% on a yearly basis and 0.8% in the quarter.

08/17/2022 CPI (Jul)

The inflation reading will be monitored closely as June readings posted 9.4% increase and are forcing the BoE to hike rates further.

Economic Indicators

Bank of England Forecast

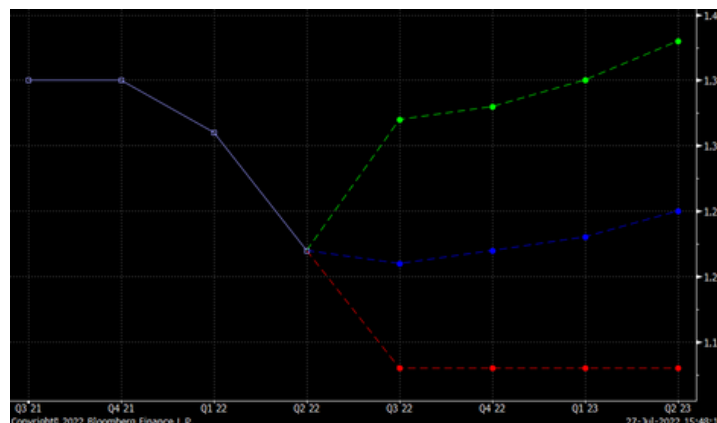
Forecast	2021	2022	2023	2024
Real GDP (YOY%)	--	3.75	-0.25	0.25
CPI (YOY%)	2.58	10.25	3.50	1.50
Unemployment (%)	4.60	3.50	4.25	5.0



GBP/USD

Market Consensus & Forecast

	Q3 22	Q4 22	Q1 23	Q2 23
Mean	1.24	1.25	1.26	1.27
High	1.32	1.33	1.35	1.38
Low	1.14	1.1	1.12	1.14



Consensus Forecast

Forecast by Institution

	As of:	Q3 22	Q4 22	Q1 23	Q2 23
Credit Agricole CIB	07/26/22	1.26	1.29	1.29	1.3
Wells Fargo	07/26/22	1.18	1.17	1.16	1.16
Australia & NZ Banking	07/25/22	1.21	1.23	1.24	1.26
UniCredit	07/25/22	1.2	1.18	1.17	1.16
Capital Economics	07/22/22	1.19	1.18	1.2	1.21
Rabobank	07/20/22	1.15	1.2	1.21	1.21
Nomura Bank	07/15/22	1.13	1.13	1.16	1.19
Swedbank	07/15/22	1.18	1.2	1.24	1.25
Danske Bank	07/14/22	1.15	1.13	1.13	1.13
ING Financial Markets	07/12/22	1.2	1.26	1.28	1.29
Sumitomo Mitsui Trust Bank	07/12/22	1.22	1.24	1.26	1.26
Westpac Banking	07/12/22	1.23	1.26	1.28	1.3
BBVA	07/11/22	1.21	1.16	1.15	1.22
Morgan Stanley	07/11/22	1.15	1.17	1.18	1.2
MUFG	07/05/22	1.18	1.22	1.26	1.3
CICC	07/04/22	1.23	1.24	1.25	1.27
Canadian Imperial Bank	07/04/22	1.18	1.19	1.21	1.22
Investec	07/04/22	1.22	1.2	1.23	1.26

USD/CHF

The Swiss Franc had a volatile month, recording 3.7% losses during the early sessions of July, while progressively gaining momentum and pairing up losses towards the month close. Recession jitters and rate hikes in the U.S. undermine prospect of economic growth providing solid support to the safe haven Franc.

The commitment from the Swiss National Bank to quell inflation suggests a further appreciation of the Franc in the medium and short term. After having underestimated inflation at the turn of the year, the SNB is now looking to make up for lost time, and expectations are set at another 50 bps hike in September.

What To Watch For This Month

08/03/2022 CPI (Jul)

The latest swiss inflation readings posted 3.4% annualized, significantly lower than its peers in Europe.

08/08/2022 Unemployment rate (Jul)

The SECO will announce the monthly unemployment rate results for June, previously at 2.2% annually.

08/15/2022 Producer Import Prices (Jul)

The Federal Statistics Office of Switzerland will release production and import price readings, previously posted at 6.9%.

Economic Indicators

Swiss National Bank Forecast

Forecast	2021	2022	2023	2024
Real GDP (YOY%)	3.83	2.80	1.60	--
CPI (YOY%)	0.58	2.50	1.40	--
Unemployment (%)	2.98	2.10	2.0	--

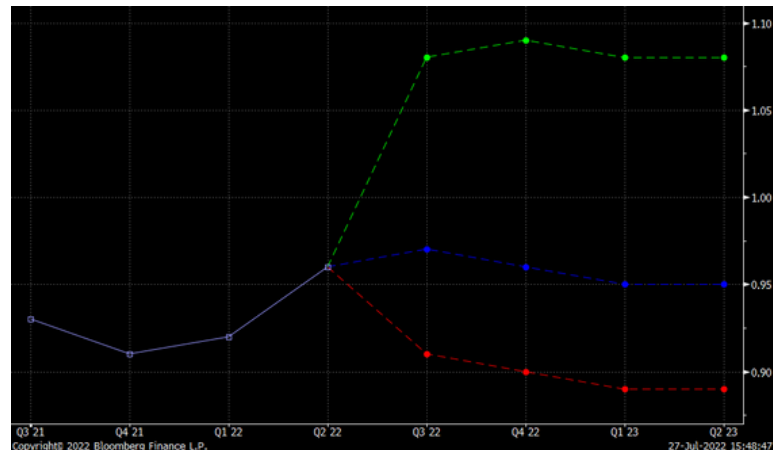


Historical Rates

USD/CHF

Market Consensus & Forecast

	Q3 22	Q4 22	Q1 23	Q2 23
Mean	1	1.01	1.01	1.02
High	1.05	1.05	1.08	1.09
Low	0.96	0.95	0.94	0.92



Consensus Forecast

Forecast by Institution

	As of:	Q3 22	Q4 22	Q1 23	Q2 23
Credit Agricole CIB	07/26/22	0.98	0.99	1	1
Wells Fargo	07/26/22	0.98	0.98	0.98	0.98
Australia & NZ Banking	07/25/22	1.01	1	1	1.01
UniCredit	07/25/22	1.01	1.03	1	1.05
Capital Economics	07/22/22	0.99	1	1	1
Rabobank	07/20/22	0.99	1.01	1.03	1.05
DZ Bank	07/15/22	0.99	1.03	1.04	1.04
Nomura Bank	07/15/22	1.03	1.05	1.06	1.08
Swedbank	07/15/22	1.01	1.02	1.04	1.06
Danske Bank	07/14/22	0.97	0.96	0.96	0.95
ING Financial Markets	07/12/22	0.98	0.97	0.97	0.98
Westpac Banking	07/12/22	1.02	1.04	1.05	1.06
BBVA	07/11/22	1.05	1	0.99	1.03
Morgan Stanley	07/11/22	0.96	0.95	0.96	0.98
MUFG	07/05/22	0.98	1	1.02	1.04
Canadian Imperial Bank	07/04/22	1	1.01	1.02	1.03
Investec	07/04/22	1.02	1.03	1.03	1.04

USD/CAD

The loonie advanced 0.77% against the greenback in the month of July underpinned by sustained high crude oil prices providing support to the commodities-linked currency and inflationary pressures in the country.

Economists expect the Bank of Canada to increase its overnight rate by 75 bps in their next meeting in September and another 25 bps hike in October to finalize the tightening cycle and set the benchmark rate at 3.5%. The combination of strong inflation and a tight labor market support aggressive tightening.

What To Watch For This Month

08/04/2022 Trade Balance (Jun)

Trade balance surplus has been progressively increasing in Canada underpinned by higher oil prices and tight job market conditions.

08/15/2022 Manufacturing Sales (Jun)

Statistics Canada will announce the manufacturing shipping and turnover for June, previously contracting in May.

08/16/2022 CPI (Jul)

Statistics Canada will release the CPI readings which posted 8.1% in June vs 8.4% expected, showing signs of a pullback in inflation.

Economic Indicators

Bank of Canada Forecast

Forecast	2021	2022	2023	2024
Real GDP (YOY%)	4.73	3.50	1.80	2.40
CPI (YOY%)	3.40	7.20	4.60	2.30
Unemployment (%)	7.43	--	--	--

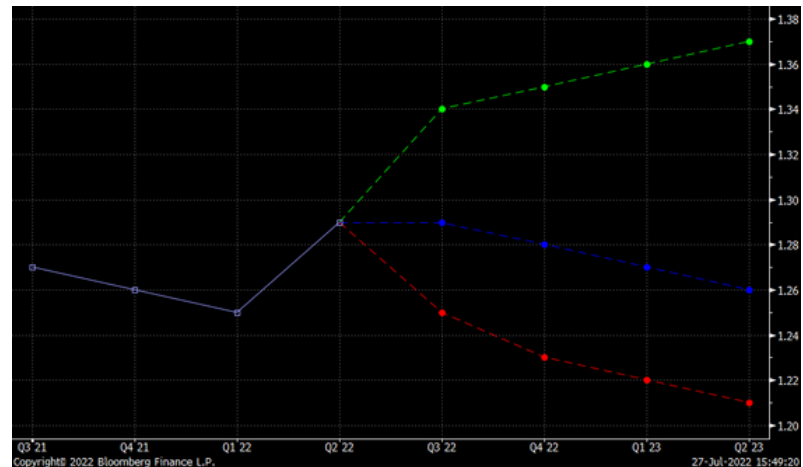


Historical Rates

USD/CAD

Market Consensus & Forecast

	Q3 22	Q4 22	Q1 23	Q2 23
Mean	1.29	1.28	1.27	1.26
High	1.34	1.35	1.36	1.37
Low	1.25	1.23	1.22	1.21



Consensus Forecast

Forecast by Institution

	As of:	Q3 22	Q4 22	Q1 23	Q2 23
Credit Agricole CIB	07/26/22	1.25	1.23	1.22	1.21
Wells Fargo	07/26/22	1.29	1.29	1.28	1.27
UniCredit	07/25/22	1.27	1.25	1.24	1.22
Capital Economics	07/22/22	1.31	1.35	1.36	1.37
Rabobank	07/20/22	1.3	1.29	1.29	1.28
DZ Bank	07/15/22	1.29	1.28	1.28	1.28
Nomura Bank	07/15/22	1.3	1.29	1.28	1.27
Swedbank	07/15/22	1.27	1.25	1.25	1.25
Danske Bank	07/14/22	1.33	1.34	1.34	1.34
ING Financial Markets	07/12/22	1.27	1.23	1.22	1.21
Westpac Banking	07/12/22	1.26	1.25	1.24	1.24
ATB FINANCIAL	07/11/22	1.27	1.26	1.24	1.23
BBVA	07/11/22	1.29	1.27	1.28	1.25
Morgan Stanley	07/11/22	1.34	1.3	1.28	1.27
MUFG	07/05/22	1.31	1.28	1.25	1.23
CICC	07/04/22	1.28	1.27	1.25	1.23
Canadian Imperial Bank	07/04/22	1.29	1.31	1.33	1.33

USD/CNY

The Chinese Yuan remains on the backfoot against the U.S. dollar, dropping 0.74% by month end amid accentuating Covid challenges and poor economic performance arising from its health care policy. Furthermore, the real estate market remains

wounded and the Evergrande crisis lingers. The leadership of the Chinese constructions giant announced the resignation of senior executives earlier this month and another default is expected. The PBoC is deploying stimulus packages into the economy to incentivize growth.

What To Watch For This Month

08/07/2022 Trade Balance (Jul)

Trade balance will be a key reading this month as in June we witnessed a significant increase of over 20 billion dollars from expectations.

08/09/2022 CPI (Jul)

The National Bureau of Statistics will announce CPI readings for July to show the price movement of goods and services, posted at 2.5% the past month.

08/14/2022 Industrial Production (Jul)

Industrial production figures will be published by the National Bureau of Statistics to track slowing performance amid internal challenges.

Economic Indicators

People's Bank of China Forecast

Forecast	2021	2022	2023	2024
Real GDP (YOY%)	8.10	4.00	5.20	5.00
CPI (YOY%)	0.92	2.30	2.30	2.12
Unemployment (%)	--	4.08	3.90	3.85

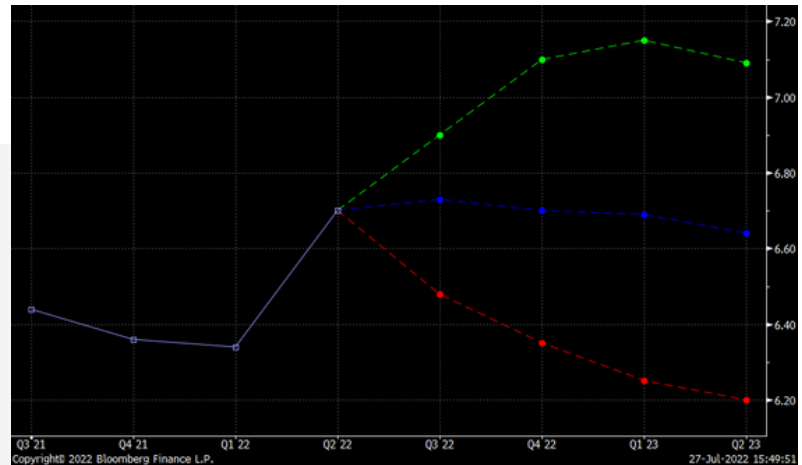


Historical Rates

USD/CNY

Market Consensus & Forecast

	Q3 22	Q4 22	Q1 23	Q2 23
Mean	6.73	6.7	6.69	6.64
High	6.9	7.1	7.15	7.09
Low	6.48	6.35	6.25	6.2



Forecast by Institution

	As of:	Q3 22	Q4 22	Q1 23	Q2 23
Wells Fargo	07/26/22	6.75	6.77	6.79	6.77
Australia & NZ Banking	07/25/22	6.6	6.55	6.5	6.48
UniCredit	07/25/22	6.65	6.55	6.5	6.45
Capital Economics	07/22/22	6.86	7	7	7
NAB/BNZ	07/20/22	6.8	6.9	6.8	6.7
Rabobank	07/20/22	6.68	6.73	6.78	6.83
DZ Bank	07/15/22	6.77	6.77	6.75	6.75
Nomura Bank	07/15/22	6.8	6.75	6.65	6.58
Danske Bank	07/14/22	6.84	6.94	7.01	7.09
ING Financial Markets	07/12/22	6.7	6.5	6.4	6.2
Westpac Banking	07/12/22	6.55	6.35	6.25	6.2
BBVA	07/11/22	6.78	6.61	6.63	6.65
Morgan Stanley	07/11/22	6.85	6.65	6.58	6.5
MUFG	07/05/22	6.65	6.6	6.57	6.54
CICC	07/04/22	6.7	6.65	6.65	6.6
Canadian Imperial Bank	07/04/22	6.7	6.6	6.65	6.6
Barclays	07/01/22	6.9	6.8	6.7	6.7
Mizuho Bank	07/01/22	6.7	6.7	6.73	6.75

USD/BRL

The Brazilian Real was one of the best-performing currencies against the dollar throughout the course of July, capitalizing 3.12% and closing the month with strong momentum as the Fed pledged to slow down the pace of interest rate increases at some point. Inflationary expectations in Brazil have marginally eased

and a surge in commodities underpins the trade balance of the nation. An increase in sugar prices is offering support to a stronger currency while risk perception eases in global markets. However fiscal concerns keep investors wary of latent risk in the country and inflation still needs to materialize in lower readings.

What To Watch For This Month

08/03/2022 Interest Rate Decision

The BCB is expected to increase the Selic rate by 50 bps aggregating 13.75%.

08/09/2022 CPI (Jul)

Inflation readings showed an annualized increase of 11.89% in June. The results will provide a better view for BCB to apply policy.

08/10/2022 Retail Sales (Jun)

The IBGE will publish Retail sales readings, tracking the resale of new and used goods to the general public, for personal or household consumption.

Economic Indicators

Brazil's Central Bank Forecast

Forecast	2021	2022	2023	2024
Real GDP (YOY%)	4.81	1.40	1.0	2.00
CPI (YOY%)	8.29	10.00	5.40	3.90
Policy Rate (%)	9.25	13.65	9.70	7.95

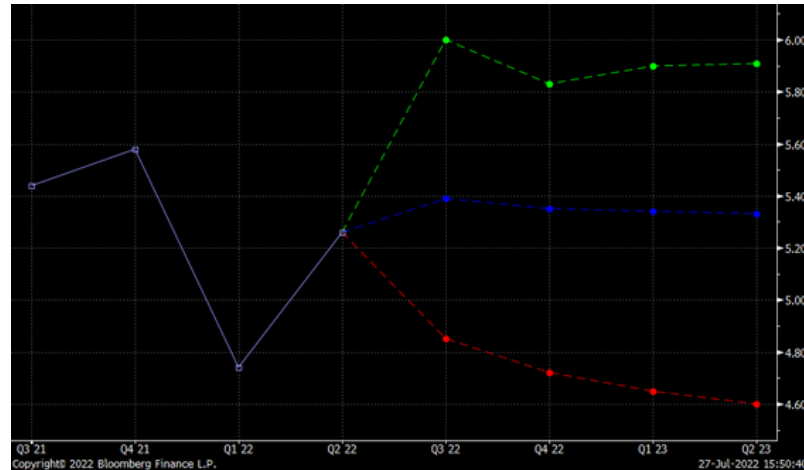


Historical Rates

USD/BRL

Market Consensus & Forecast

	Q3 22	Q4 22	Q1 23	Q2 23
Mean	5.39	5.35	5.34	5.33
High	6	5.83	5.9	5.91
Low	4.85	4.72	4.65	4.6



Forecast by Institution

	As of:	Q3 22	Q4 22	Q1 23	Q2 23
Wells Fargo	07/26/22	5.5	5.75	5.8	5.85
Amdocs Development Ltd	07/25/22	5.3	5.2	5.5	--
Capital Economics	07/22/22	5.47	5.5	5.56	5.62
Rabobank	07/20/22	5.25	5.28	5.12	5.02
DZ Bank	07/15/22	5.46	5.37	5.3	5.3
Nomura Bank	07/15/22	6	5.6	5.55	5.5
ING Financial Markets	07/12/22	5.6	5.7	5.75	5.8
BBVA	07/11/22	5.48	5.2	5.12	5.1
Morgan Stanley	07/11/22	5.8	5.6	5.4	5.35
MUFG	07/05/22	5.35	5.6	5.58	5.55
Canadian Imperial Bank	07/04/22	6	5.7	5.9	5.7
Barclays	07/01/22	5.3	5	4.95	4.9
Mizuho Bank	07/01/22	5.4	5.3	5.2	5.05

USD/MXN

The Mexican Peso edged 1.48% lower against the greenback amid a broader dollar strength driven by aggressive tightening from the Federal Reserve. However, Mexico recorded an increase in trade deficit, driven by global manufacturing supply chain problems and high oil prices.

However, a weaker currency and a gradual alleviation of supply chain constraints should support Mexican exports alongside foreign direct investment. On the other hand, unemployment is facing challenges for a third consecutive month, challenging further tightening in a price sensitive environment.

What To Watch For This Month

08/09/2022 CPI (Jul)

INEGI is set to release inflation reading in Mexico which reached 7.99% in June hitting expectations.

08/11/2022 Industrial Production (Jun)

The INEGI will publish output readings for mining, manufacturing and public utilities.

08/11/2022 Interest Rate Decision (Aug)

Banco de Mexico pushed rates to 7.75% in order to offset soaring inflation in June and we could see further tightening.

Economic Indicators

Banco de Mexico Forecast

Forecast	2021	2022	2023	2024
Real GDP (YOY%)	4.80	1.80	1.90	2.05
CPI (YOY%)	5.68	7.33	4.70	3.80
Unemployment (%)	4.14	3.70	3.60	3.76

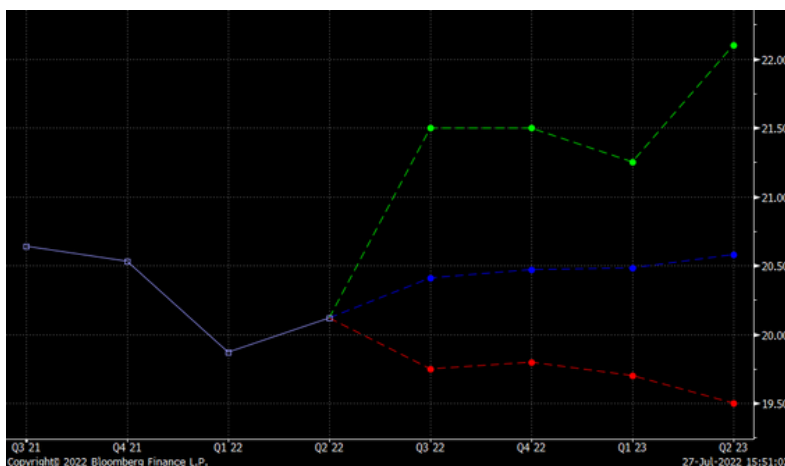


Historical Rates

USD/MXN

Market Consensus & Forecast

	Q3 22	Q4 22	Q1 23	Q2 23
Mean	20.41	20.47	20.48	20.58
High	21.5	21.5	21.25	22.1
Low	19.75	19.8	19.7	19.5



Forecast by Institution

	As of:	Q3 22	Q4 22	Q1 23	Q2 23
Wells Fargo	07/26/22	20.75	20.75	20.5	20.25
Capital Economics	07/22/22	20.93	21.5	21.25	21
Rabobank	07/20/22	20.5	20.83	21	21.33
DZ Bank	07/15/22	20.58	20.83	21	21
Nomura Bank	07/15/22	20	19.8	19.7	19.7
ING Financial Markets	07/12/22	20.75	20.5	20.5	20.25
BBVA	07/11/22	19.95	20.2	20.38	20.56
Morgan Stanley	07/11/22	21.5	21.2	21	20.7
MUFG	07/05/22	20.2	20.3	20.4	20.5
Canadian Imperial Bank	07/04/22	21.5	21.5	21	21.5
Barclays	07/01/22	20.25	20	19.75	19.5
Mizuho Bank	07/01/22	20.4	20.5	20.5	20.4
JPMorgan Chase	06/28/22	20	20.25	20.5	20.75

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