

FX

CONSENSUS

FORECAST

A LOOK AT THE MONTH AHEAD

August 2023

moneycorp 

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CENTRAL BANKS CHANGING THEIR TUNE ON MONETARY POLICY?

An action-packed July concluded with the Federal Reserve (Fed), European Central Bank (ECB), and Bank of Japan (BoJ) each taking the stage for the final time until September, and each seemingly changing their tune on monetary policy to varying degrees - or at least that's how markets interpreted them.

For starters, the Fed delivered another 0.25% rate hike after their July monetary policy meeting, which was widely expected by markets, particularly after they telegraphed two more rate hikes for 2023 following their June meeting. However, comments from Fed Chair Jerome Powell were slightly less hawkish than some of the more recent press conferences, and markets interpreted this to mean that another rate hike this year may not be a foregone conclusion - particularly in September.

According to Powell: "it is certainly possible" the Fed would raise rates again in September, but also added the Fed could also "choose to hold steady at that meeting." He emphasized that the Fed would take a data-driven approach to their September decision, paying particular attention to inflation and the labor market. While acknowledging the positive trend in inflation as of late, Powell also noted there is still a long way to go to bring inflation down to the 2% target.

Like their US counterparts, the ECB elected to raise rates by another 0.25%, but ECB President Christine Lagarde was non-committal about another increase in September. This is a departure from previous months, where Lagarde and Co. have been decisively hawkish and have been telegraphing future rate hikes for some time as the Bank continues to battle inflation across the Eurozone.

While inflation remains well above the ECB's target, progress has been made, particularly in Spain and France. However, this progress has come at a price. Eurozone GDP growth has been falling steadily over the past year, with its biggest economy, Germany, already falling into recession. This combination of slowing price growth and a sputtering economy has prompted the ECB to tone down the hawkish rhetoric, and traders have taken this as a cue to scale back bets on another rate hike in September.

Last but certainly not least, the BoJ sent markets into a frenzy following their July monetary policy meeting when they announced they would loosen their yield curve control policy for the first time since its implementation in 2016. While there were rumblings in the lead-up to the meeting that the BoJ was contemplating such a move, it was seen as an outside chance, given how firmly dovish the Bank has been for years.

Despite the move, BoJ Governor Kazuo Ueda insisted it was not an indication of interest rates rising any time soon, stating that it was simply a pre-emptive move that allowed the Bank more flexibility. Still, markets interpreted the move as a small step towards policy normalization for Japan after years of ultra-loose monetary policy.

STRONG US DATA RAISES HOPES FOR SOFT LANDING

The US economy grew 2.4% year-on-year in Q2, much faster than expected, thanks to a strong labor market supporting consumer spending and increased business investments. Meanwhile, the latest jobless claims report showed initial claims fell to a five-month low while continuing claims declined to the lowest since January, indicating a probable decline in the US unemployment rate for July.

Given the strong growth and resilience of the jobs market in the face of rising interest rates, some market participants believe the US can achieve a "soft landing" and avoid a recession. Even the Fed has shifted its outlook and no longer foresees a recession for the US economy, with Fed Chair Powell stating his base case is inflation can be curbed without significant damage to the labor market.

IMF RAISES 2023 GLOBAL GROWTH FORECAST

The International Monetary Fund (IMF) slightly raised its 2023 global growth projections due to resilient Q1 economic activity, citing improvements in inflation and stabilization in the banking system as reasons for cautious optimism. However, according to their latest World Economic Outlook, the downside risks for the global economy outweigh any bright spots, and the medium-term outlook remains precarious.

The IMF now projects global real GDP growth of 3.0% in 2023, up from 2.8% in its previous forecast. Meanwhile, their forecast for 2024 remains unchanged at 3.0%. Both figures remain well below pre-pandemic levels, primarily due to weaker manufacturing across most developed nations.

Looking at the world's major economies, the fund revised its 2023 growth projections for the US to 1.8%, while China's outlook remained unchanged at 5.2%. In addition, Germany's growth forecast was downgraded to a contraction of 0.3%, while the UK experienced a significant upgrade to the projected growth of 0.4%. Finally, Japan's expected growth was revised slightly higher to 1.4%.

EUR/USD

The Euro finished July in the green, its second consecutive winning month against the Greenback, although it closed well off the month's highs thanks to a less-hawkish ECB and increasing recession fears across the Eurozone. Germany's outlook is particularly gloomy as Europe's biggest economy officially

entered a recession after contracting for the second-consecutive quarter.

However, France and Spain both saw growth in Q2, while Eurozone inflation appears to be moving in the right direction, albeit slower than desired in countries such as Germany and Italy.

What To Watch For This Month

08/04/2023 June Retail Sales

Eurozone retail sales have remained stagnant for the past two months, and have not posted growth since January as consumers feel the pressure of inflation and rising interest rates

08/16/2023 Q2 GDP

The final read of Q1 GDP showed annualized growth of 1% for the Eurozone economy, its worst since the pandemic.

08/31/2023 August CPI

Inflation continues to trend in the right direction, but remains above the ECB's 2% target. June's read showed inflation cooled to 5.5% in the Eurozone,

Economic Indicators

ECB Forecast

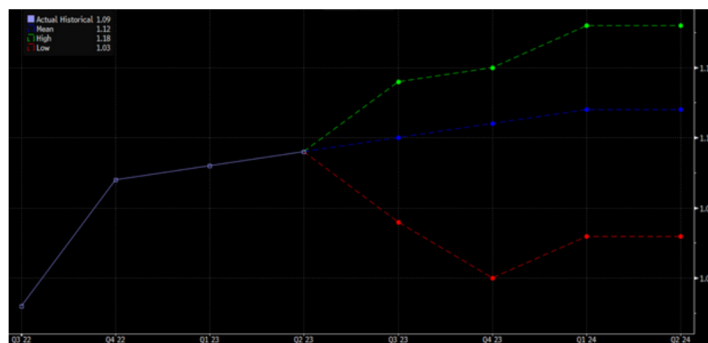
FORECAST	2022	2023	2024	2025
Real GDP (yoy%)	3.3	0.9	1.5	1.6
CPI (yoy%)	8.36	5.4	3	2.2
Unemployment (%)	6.73	6.5	6.4	6.3



EUR/USD

Market Consensus & Forecast

FORECAST	Q3 23	Q4 23	Q1 24	Q2 24
Mean	1.1	1.11	1.12	1.12
High	1.14	1.15	1.18	1.18
Low	1.04	1	1.03	1.03



Consensus Forecast

Forecast by Institution

INSTITUTION	AS OF	Q3 23	Q4 23	Q1 24	Q2 24
Wells Fargo	07/25/23	1.09	1.09	1.1	1.12
Rabobank	07/21/23	1.1	1.07	1.07	1.09
Commonwealth Bank of Australia	07/18/23	1.1	1.08	1.1	1.14
Danske Bank	07/18/23	1.1	1.07	1.05	1.03
TD Securities	07/17/23	1.13	1.15	1.16	1.17
Swedbank	07/14/23	1.12	1.13	1.13	1.14
Credit Agricole CIB	07/12/23	1.09	1.1	1.11	1.09
Canadian Imperial Bank of Commerce	07/10/23	1.06	1.08	1.11	1.14
Commerzbank	07/10/23	1.12	1.14	1.12	1.1
JPMorgan Chase	07/07/23	1.05	1.05	1.08	1.12
RBC Capital Markets	07/06/23	1.07	1.04	1.04	1.07
Standard Chartered	07/05/23	1.09	1.1	1.12	1.13
Amdocs Development Ltd	07/03/23	1.1	1.12	1.13	--
Banco Santander	06/30/23	1.07	1.09	1.1	1.12
Barclays	06/20/23	1.08	1.1	1.11	1.12
BNP Paribas	06/13/23	1.1	1.12	1.13	1.15
PNC Financial	05/22/23	1.11	1.12	1.13	--
Citigroup	04/19/23	1.15	1.16	1.17	1.17
Morgan Stanley	03/03/23	1.13	1.15	1.14	--
Societe Generale	03/02/23	1.14	1.18	1.15	--

USD/JPY

The Japanese Yen has its first winning month against the Greenback since March, driven by overall Dollar-softness and increased rhetoric from Japanese officials earlier in the month hinting and potential intervention to prop up the Yen. However, the Yen has come off the July highs after a volatile reaction to the

surprising move from the BoJ to loosen its yield curve controls.

Meanwhile, Japan's inflation rate ticked up to 3.3% in June after surprisingly cooling in May, remaining above the BoJ's 2% target. Food prices, in particular, remained elevated at 8.4% year-on-year.

What To Watch For This Month

08/10/2023 Q2 GDP

Japan's economy expanded 0.7% in Q1, its second-straight quarter of growth and its best quarter since Q2 2022.

08/17/2023 National CPI

Japan's national inflation rate ticked up to 3.3% in June after surprisingly cooling in May, remaining above the BoJ's 2% target.

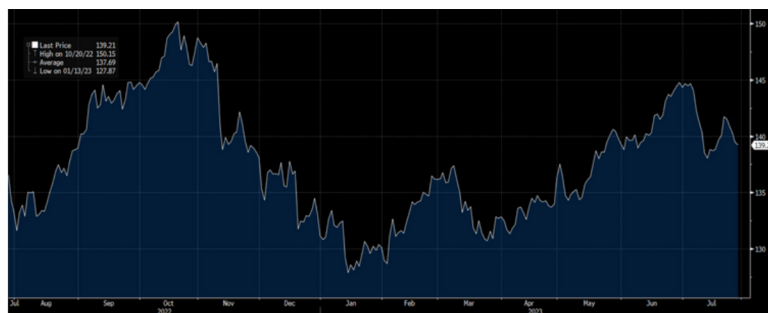
08/31/2023 Tokyo CPI

Tokyo's inflation exceeded the BoJ's target for the 14th consecutive month in July, rising to 3.2% year-on-year.

Economic Indicators

BOJ Forecast

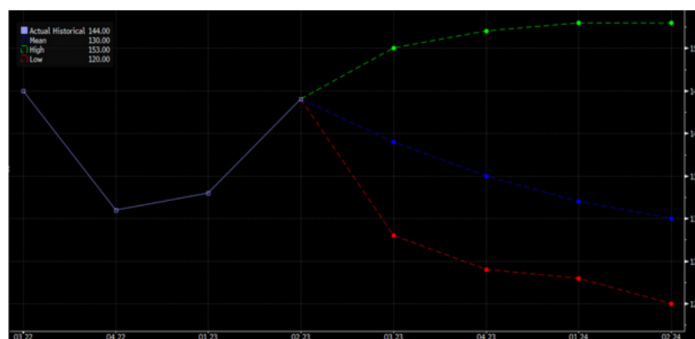
FORECAST	2022	2023	2024	2025
Real GDP (yoy%)	1.05	1.4	1.2	1
CPI (yoy%)	2.51	--	--	--
Unemployment (%)	2.59	2.6	2.6	2.6



USD/JPY

Market Consensus & Forecast

FORECAST	Q3 23	Q4 23	Q1 24	Q2 24
Mean	139	135	132	130
High	150	152	153	153
Low	128	124	123	120



Consensus Forecast

Forecast by Institution

INSTITUTION	AS OF	Q3 23	Q4 23	Q1 24	Q2 24
Wells Fargo	07/25/23	142	139	135	133
Rabobank	07/21/23	139	138	136	133
Commonwealth Bank of Australia	07/18/23	140	136	133	130
Danske Bank	07/18/23	133	128	126	125
TD Securities	07/17/23	134	132	127	125
Swedbank	07/14/23	136	132	130	127
Canadian Imperial Bank of Commerce	07/10/23	135	130	125	122
Commerzbank	07/10/23	140	138	136	134
JPMorgan Chase	07/07/23	147	152	153	153
RBC Capital Markets	07/06/23	147	150	147	145
Standard Chartered	07/05/23	138	134	130	124
Amdocs Development Ltd	07/03/23	148	143	139	--
Credit Agricole CIB	06/30/23	150	138	136	135
Banco Santander	06/30/23	138	134	130	128
Barclays	06/20/23	137	135	132	128
BNP Paribas	06/13/23	133	130	127	125
PNC Financial	05/22/23	133	136	134	--
Citigroup	04/19/23	125	121	122	124
Morgan Stanley	03/03/23	130	127	127	--
Societe Generale	03/02/23	128	125	127	--

GBP/USD

The British Pound continued its ascent against the Dollar in July, although losing momentum in the back half of the month as traders assessed the BoE's next move.

With UK inflation cooling slightly but remaining highest among G7 nations, and economic growth dwindling, traders have scaled back

expectations for how hawkish the BoE will be moving forward. Although another rate hike appears likely in August, market pricing suggests it is more likely to be a 0.25% increase rather than the 0.5% initially expected. In addition, markets now anticipate UK rates will peak sometime this year.

What To Watch For This Month

08/03/2023 BoE Interest Rate Decision

Market pricing suggests a 0.25% increase is the most likely outcome, although there is still an outside chance of an aggressive 0.5% hike.

08/16/2023 July CPI

UK inflation slowed to 7.9% in June, the lowest since March 2022, but still well above the BoE's 2% target.

08/23/2023 Aug S&P Global/CIPS PMIs (Prel)

The UK private sector continues to trend in the wrong direction, with July's PMIs showing growth weakening for the fourth-straight month.

Economic Indicators

BOE Forecast

BOE FORECAST	2022	2023	2024	2025
Real GDP (yoy%)	4.25	0.25	0.75	0.75
CPI (yoy%)	9.05	5	2.25	1
Unemployment (%)	3.73	3.75	4	4.5

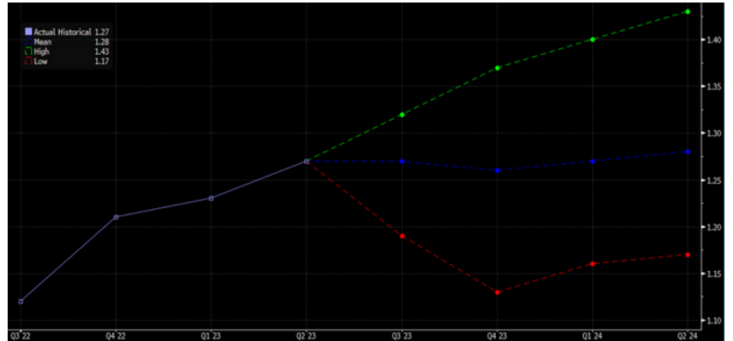


Historical Rates

GBP/USD

Market Consensus & Forecast

FORECAST	Q3 23	Q4 23	Q1 24	Q2 24
Mean	1.27	1.26	1.27	1.28
High	1.32	1.37	1.4	1.43
Low	1.19	1.13	1.16	1.17



Consensus Forecast

Forecast by Institution

INSTITUTION	AS OF	Q3 23	Q4 23	Q1 24	Q2 24
Wells Fargo	07/25/23	1.28	1.27	1.26	1.27
Rabobank	07/21/23	1.27	1.23	1.21	1.22
Commonwealth Bank of Australia	07/18/23	1.28	1.23	1.24	1.26
Danske Bank	07/18/23	1.26	1.21	1.19	1.17
TD Securities	07/17/23	1.3	1.3	1.32	1.34
Swedbank	07/14/23	1.27	1.27	1.27	1.31
Credit Agricole CIB	07/12/23	1.27	1.29	1.31	1.28
Canadian Imperial Bank of Commerce	07/10/23	1.25	1.27	1.29	1.32
Commerzbank	07/10/23	1.27	1.27	1.23	1.2
JPMorgan Chase	07/07/23	1.21	1.19	1.23	1.29
Nomura Bank International	07/06/23	1.26	1.27	1.3	1.33
RBC Capital Markets	07/06/23	1.22	1.13	1.16	1.19
Standard Chartered	07/05/23	1.28	1.24	1.21	1.21
Banco Santander	06/30/23	1.23	1.24	1.22	1.25
Barclays	06/20/23	1.29	1.29	1.29	1.29
BNP Paribas	06/13/23	1.25	1.27	1.28	1.31
PNC Financial	05/22/23	1.25	1.26	1.28	--
Citigroup	04/19/23	1.27	1.27	1.29	1.32
Morgan Stanley	03/03/23	1.21	1.21	1.22	--
Societe Generale	03/02/23	1.25	1.28	1.26	--

USD/CHF

The Swiss Franc had another solid showing in July, finding its way to an eight-year high versus the Dollar before pulling back slightly to close the month.

With the Fed and ECB hinting they may be taking their foot off the gas, the SNB looks set to remain hawkish and has signaled another

rate hike could be in the cards when they reconvene in September. The hawkish stance taken by the SNB comes despite inflation continuing to slow since February, with the June CPI coming in at 1.7%.

Meanwhile, the SNB also continues to sell FX reserves to prop up the Franc to fight inflation.

What To Watch For This Month

08/03/2023 July CPI

Swiss inflation is expected to fall to 1.5% year-on-year in July after coming in at 1.7% in June.

08/30/2023 Aug ZEW Survey - Expectations

Consumer sentiment ticked slightly lower in July and has remained negative for each of the past 17 months.

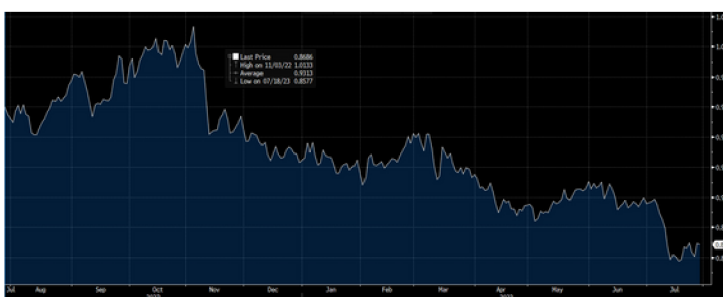
08/31/2023 July Retail Sales

Swiss retail sales rose 1.8% year-on-year in June, its first increase since September 2022.

Economic Indicators

SNB Forecast

FORECAST	2022	2023	2024	2025
Real GDP (yoy%)	2.13	0.8	1.8	--
CPI (yoy%)	2.83	2.3	1.5	--
Unemployment (%)	2.14	2	2.3	--

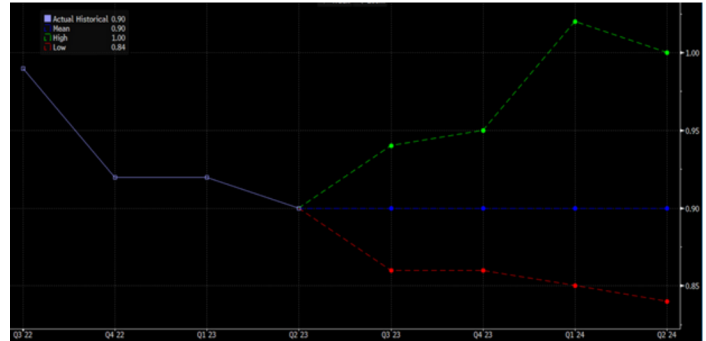


Historical Rates

USD/CHF

Market Consensus & Forecast

FORECAST	Q3 23	Q4 23	Q1 24	Q2 24
Mean	0.9	0.9	0.9	0.9
High	0.94	0.95	1.02	1
Low	0.86	0.86	0.85	0.84



Consensus Forecast

Forecast by Institution

INSTITUTION	AS OF	Q3 23	Q4 23	Q1 24	Q2 24
Wells Fargo	07/25/23	0.88	0.89	0.88	0.87
Rabobank	07/21/23	0.88	0.9	0.89	0.87
Commonwealth Bank of Australia	07/18/23	0.9	0.93	0.89	0.86
Danske Bank	07/18/23	0.88	0.89	0.91	0.92
TD Securities	07/17/23	0.86	0.86	0.85	0.84
Swedbank	07/14/23	0.88	0.88	0.88	0.89
Credit Agricole CIB	07/12/23	0.89	0.89	0.88	0.89
Canadian Imperial Bank of Commerce	07/10/23	0.93	0.92	0.9	0.89
Commerzbank	07/10/23	0.88	0.88	0.9	0.93
JPMorgan Chase	07/07/23	0.9	0.9	0.88	0.86
Nomura Bank International	07/06/23	0.88	0.89	0.89	0.89
RBC Capital Markets	07/06/23	0.91	0.92	0.91	0.89
Standard Chartered	07/05/23	0.91	0.93	0.93	0.94
Banco Santander	06/30/23	0.94	0.94	0.95	0.95
Barclays	06/20/23	0.9	0.88	0.87	0.87
BNP Paribas	06/13/23	0.88	0.86	0.85	0.84
PNC Financial	05/22/23	0.88	0.87	0.85	--
Citigroup	04/19/23	0.86	0.86	0.86	0.86
Morgan Stanley	03/03/23	0.9	0.9	0.91	--
Societe Generale	03/02/23	0.9	0.89	0.9	--

USD/CAD

After a solid performance in June where it gained nearly 2.5% on the Dollar, the Loonie struggled to find momentum in July, trading in and out of losses after climbing to a 10-month high mid-month.

The BoC surprised markets back in June with a 0.25% hike after remaining on the sidelines for some time. It followed the move up with

another such increase in July, but the BoC may find itself on the sidelines again in the near future. Minutes from the July meeting indicate some hesitation about moving forward with the latest hike.

Meanwhile, inflation cooled to 2.8% year-on-year in June, its lowest in over two years.

What To Watch For This Month

08/04/2023 July Unemployment Rate

Canada's unemployment rate rose to 5.4% in June, the second-straight monthly increase and highest since June 2022.

08/16/2023 July CPI

Canada's headline inflation rate fell to 2.8% in June, the lowest in over two years, although the food inflation remained elevated at 8.3%

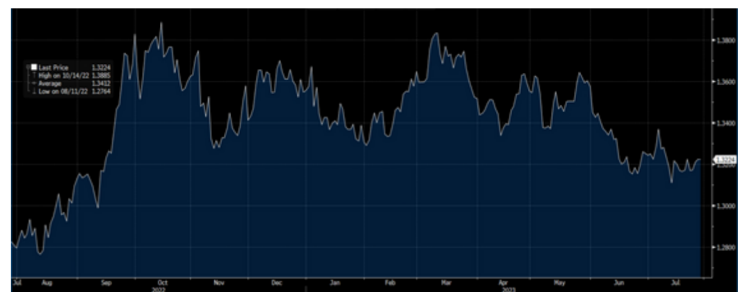
08/31/2023 Q2 GDP

Canada's GDP increased by 0.8% in Q1, its best quarter since Q2 2022, and rebounding from the stagnation seen in Q4 2022.

Economic Indicators

BOC Forecast

FORECAST	2022	2023	2024	2025
Real GDP (yoy%)	3.45	1.8	1.2	2.4
CPI (yoy%)	6.8	3.7	2.5	2.1
Unemployment (%)	5.28	--	--	--

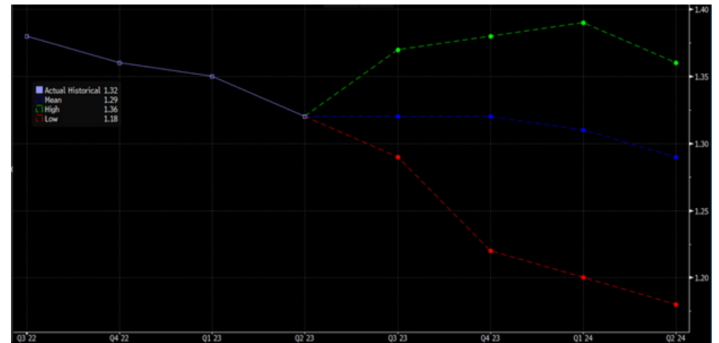


Historical Rates

USD/CAD

Market Consensus & Forecast

FORECAST	Q3 23	Q4 23	Q1 24	Q2 24
Mean	1.32	1.32	1.31	1.29
High	1.37	1.38	1.39	1.36
Low	1.29	1.22	1.2	1.18



Consensus Forecast

Forecast by Institution

INSTITUTION	AS OF	Q3 23	Q4 23	Q1 24	Q2 24
Wells Fargo	07/25/23	1.32	1.32	1.31	1.3
Rabobank	07/21/23	1.34	1.35	1.35	1.35
Commonwealth Bank of Australia	07/18/23	1.34	1.36	1.32	1.3
Danske Bank	07/18/23	1.35	1.36	1.36	1.36
TD Securities	07/17/23	1.33	1.3	1.29	1.27
Swedbank	07/14/23	1.29	1.28	1.28	1.27
Credit Agricole CIB	07/12/23	1.3	1.27	1.26	1.25
Canadian Imperial Bank of Commerce	07/10/23	1.33	1.31	1.31	1.3
Commerzbank	07/10/23	1.32	1.3	1.29	1.28
JPMorgan Chase	07/07/23	1.33	1.37	1.37	1.31
Nomura Bank International	07/06/23	1.36	1.35	1.32	1.35
RBC Capital Markets	07/06/23	1.35	1.38	1.37	1.35
Standard Chartered	07/05/23	1.3	1.29	1.29	1.28
Banco Santander	06/30/23	1.33	1.31	1.29	1.27
Barclays	06/20/23	1.33	1.32	1.31	1.3
BNP Paribas	06/13/23	1.32	1.31	1.3	1.3
PNC Financial	05/22/23	1.34	1.33	1.31	--
Citigroup	04/19/23	1.31	1.31	1.3	1.29
Morgan Stanley	03/03/23	1.28	1.26	1.25	--
Societe Generale	03/02/23	1.33	1.32	1.31	--

USD/CNY

In July, the Yuan gained ground on the Greenback for the first month since March amidst renewed support from the PBoC to support the currency and increased hopes for comprehensive fiscal stimulus to kickstart China's slowing economy.

The PBoC has consistently been setting the onshore CNY fixes much higher than market

expectations over the last month, helping prop up the Yuan. It also announced it would ease cross-border financing rules to encourage Chinese companies to borrow USD rather than buy it in the spot market.

While these measures have helped, the Yuan could continue to face pressure if the underlying economic trends persist.

What To Watch For This Month

08/08/23 July CPI YoY

Annual inflation surprised markets by coming in flat in June, the lowest read since February 2021.

08/20/23 PBoC Interest Rate Decision

The PBoC held rates steady at their last meeting, and is not expected cut this time around either.

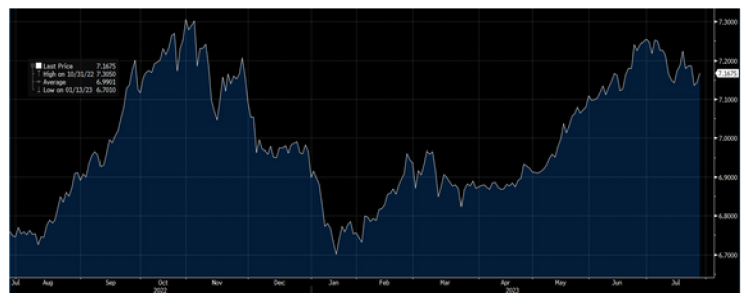
08/30/23 August NBS Manufacturing PMI

The June read saw the index sink to its lowest level in seven months as China's manufacturing sector continues to struggle.

Economic Indicators

PBOC Forecast

FORECAST	2022	2023	2024	2025
Real GDP (yoy%)	3	5.2	4.7	4.6
CPI (yoy%)	1.96	0.9	2	2
Unemployment (%)	--	5.2	5	4.9

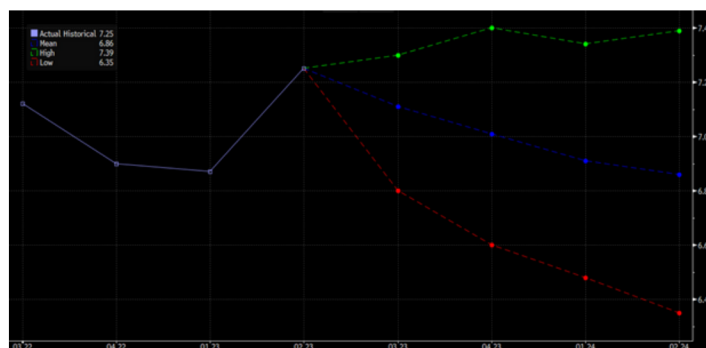


Historical Rates

USD/CNY

Market Consensus & Forecast

FORECAST	Q3 23	Q4 23	Q1 24	Q2 24
Mean	7.11	7.01	6.91	6.86
High	7.3	7.4	7.34	7.39
Low	6.8	6.6	6.48	6.35



Consensus Forecast

Forecast by Institution

INSTITUTION	AS OF	Q3 23	Q4 23	Q1 24	Q2 24
Credit Agricole CIB	07/25/23	7.1	6.95	6.9	6.85
Wells Fargo	07/25/23	7.15	7.1	7	6.9
Rabobank	07/21/23	7.15	7.27	7.22	7.13
Danske Bank	07/18/23	7.24	7.29	7.34	7.39
TD Securities	07/17/23	7	6.8	6.7	6.5
CICC	07/10/23	7.05	6.85	6.65	6.65
Canadian Imperial Bank of Commerce	07/10/23	7.2	6.85	6.75	6.73
Commerzbank	07/10/23	7.2	7	6.95	6.9
JPMorgan Chase	07/07/23	7.3	7.25	7.15	7.1
Nomura Bank International	07/06/23	7.12	6.9	6.7	6.65
RBC Capital Markets	07/06/23	7.3	7.3	7.2	7.15
Standard Chartered	07/05/23	7.15	7.05	6.9	6.8
Mizuho Bank	07/03/23	7	6.95	6.9	6.85
Barclays	06/20/23	7.2	7	6.9	6.8
NAB/BNZ	06/14/23	6.9	6.6	6.75	6.75
BNP Paribas	06/13/23	7.2	6.95	6.85	6.83
Oversea-Chinese Banking Corp	06/01/23	7	6.95	6.9	6.88
PNC Financial	05/22/23	6.83	6.8	6.77	--
Citigroup	04/19/23	6.64	6.61	6.63	6.67
Morgan Stanley	03/03/23	6.6	6.65	6.65	--

USD/BRL



After a slow start to the month, the Brazilian Real finished July higher against the Dollar, retesting a 13-month high in the process.

With July's mid-month inflation read coming in at 3.19%, its lowest level in nearly three years, BRL traders have been ramping up bets that the BCB will finally begin cutting interest

rates as soon as August. While this would be seen as bearish for the Real, the increased odds of the Fed nearing the end of its hiking cycle have helped negate this effect.

In addition, strong macro data in Brazil has boosted forecasts for growth and supported the BRL.

What To Watch For This Month

08/02/2023 BCB Interest Rate Decision

With inflation moving lower, and continued pressure from its government, bets on the BCB cutting rates in August are mounting.

08/25/2023 July Mid-Month Inflation

July's mid-month inflation read came in at 3.19%, its lowest level in nearly three years, and below the BCB's 2023 target.

08/31/2023 July Unemployment Rate

Brazil's three-month average unemployment rate fell to 8% in June, its fourth consecutive monthly decline.

Economic Indicators

Brazil's Central Bank Forecast

FORECAST	2022	2023	2024	2025
Real GDP (yoy%)	2.9	2.1	1.5	2
CPI (yoy%)	9.34	5	4.2	3.6
Policy Rate	13.75	12.25	9.3	8.35
Exchange Rate	5.2804	4.9	4.95	5

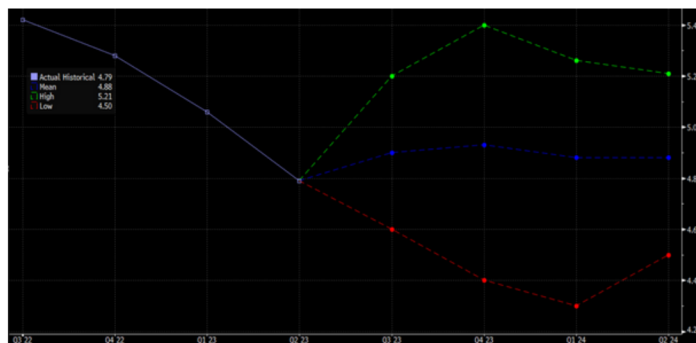


Historical Rates

USD/BRL

Market Consensus & Forecast

FORECAST	Q3 23	Q4 23	Q1 24	Q2 24
Mean	4.9	4.93	4.88	4.88
High	5.2	5.4	5.26	5.21
Low	4.6	4.4	4.3	4.5



Consensus Forecast

Forecast by Institution

INSTITUTION	AS OF	Q3 23	Q4 23	Q1 24	Q2 24
Wells Fargo	07/25/23	4.8	4.75	4.65	4.55
Rabobank	07/21/23	4.88	5.02	5.02	5
DZ Bank	07/18/23	4.94	5	5	5
ING Financial Markets	07/18/23	4.9	4.8	4.7	4.8
TD Securities	07/17/23	4.6	4.4	4.3	4.5
Canadian Imperial Bank of Commerce	07/10/23	5.2	5.4	5.2	5.2
Commerzbank	07/10/23	5.05	5	4.95	5.05
JPMorgan Chase	07/07/23	4.7	4.9	5	5
MUFG	07/06/23	5.08	5.2	5.22	--
Nomura Bank International	07/06/23	4.73	4.7	4.68	4.66
RBC Capital Markets	07/06/23	4.75	4.75	4.5	4.5
ABN Amro	07/05/23	4.9	4.8	4.7	4.6
Standard Chartered	07/05/23	4.7	4.6	4.5	4.6
Banco Bilbao Vizcaya Argentaria	07/03/23	4.75	5	5.06	5.16
Mizuho Bank	07/03/23	5.2	5.1	5.12	5.15
Skandinaviska Enskilda Banken	06/26/23	5.1	5.15	5.15	5.15
Prestige Economics LLC	06/23/23	4.85	4.8	4.8	4.75
Barclays	06/20/23	4.65	4.75	4.85	5
BNP Paribas	06/13/23	4.7	4.6	4.65	4.7
Citigroup	04/19/23	5.16	5.19	5.19	5.18
Morgan Stanley	03/03/23	5.2	5.15	5.07	--

USD/MXN

The impressive rally continues for the Mexican Peso - now up over 14% against the Greenback for the year and trading at its highest level since December 2015.

Meanwhile, inflation continues to cool in Mexico but remains above Banxico's target. Given the overall resilience of the Mexican

economy in the face of high interest rates, the central bank does not appear in a rush to cut rates as it hopes to diminish inflation further.

With the Fed's tightening cycle nearing its end and Banxico holding steady for the foreseeable future, the Peso remains buoyed by a wide interest rate differential between the two nations.

What To Watch For This Month

08/08/2023 – July 12-Month Inflation

12-month inflation fell for the fifth straight month in June to 5.06%, although still higher than Banxico's target.

08/10/2023 Banxico Interest Rate Decision

With inflation remaining above target and the economy displaying resilience, Banxico appears content on the sidelines for the time being.

08/25/2023 – Q2 GDP

Despite high interest rates and global uncertainties, Mexico's economy grew 1% in Q1, the highest quarterly growth since Q2 2022.

Economic Indicators

Banco de Mexico Forecast

FORECAST	2022	2023	2024	2025
Real GDP (yoy%)	3.1	2.35	1.5	2
CPI (yoy%)	7.89	5.6	4.2	4
Unemployment (%)	3.27	3.32	3.4	3.3

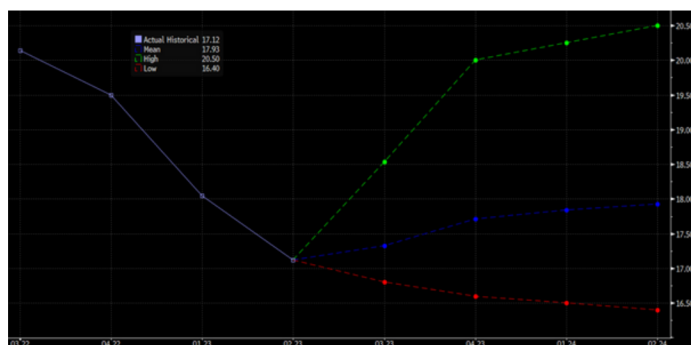


Historical Rates

USD/MXN

Market Consensus & Forecast

FORECAST	Q3 23	Q4 23	Q1 24	Q2 24
Mean	17.33	17.71	17.84	17.93
High	18.54	20	20.25	20.5
Low	16.8	16.6	16.5	16.4



Consensus Forecast

Forecast by Institution

INSTITUTION	AS OF	Q3 23	Q4 23	Q1 24	Q2 24
Wells Fargo	07/25/23	17	17.25	17.5	17.25
Rabobank	07/21/23	16.8	17.6	18.07	18.4
Banorte	07/20/23	16.8	17.9	18.5	19.7
DZ Bank	07/18/23	17.3	17.83	18	18
ING Financial Markets	07/18/23	17	17	16.75	16.5
TD Securities	07/17/23	17	17.15	17.3	17.5
Canadian Imperial Bank of Commerce	07/10/23	18.5	19	19	19.5
Commerzbank	07/10/23	17.8	17.7	17.6	17.5
JPMorgan Chase	07/07/23	17	17.4	17.75	18
MUFG	07/06/23	17.2	17.3	17.4	--
Nomura Bank International	07/06/23	16.9	16.6	16.5	16.4
RBC Capital Markets	07/06/23	17	18	18.5	18.5
Standard Chartered	07/05/23	17.1	17.4	17.8	18
Bank Julius Baer	07/03/23	16.9	16.85	16.95	17
Banco Bilbao Vizcaya Argentaria	07/03/23	17.14	17.9	18.3	18.7
Mizuho Bank	07/03/23	18.5	19	19.1	19.2
Prestige Economics LLC	06/23/23	17.1	17	16.9	16.85
Barclays	06/20/23	16.9	17.5	18.15	18
BNP Paribas	06/13/23	17.1	16.7	17.2	17.4
Citigroup	04/19/23	19	19.3	19.4	19.6
Morgan Stanley	03/03/23	19.6	20	20.16	--



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