

FX

CONSENSUS FORECAST

A LOOK AT THE MONTH AHEAD

October 2021

moneycorp 

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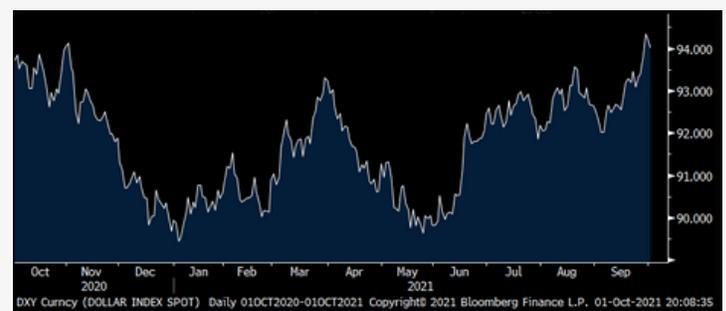
Sustained inflation has proven to be more than transitory and it has started to raise concerns over policymakers globally, unfolding a hawkish wave of central banks shifting stance. The Federal Reserve hinted at imminent tapering expected to be announced in their upcoming meeting in November while the market prepares expectations towards rate hikes in 2022 and 2023. The hawkish shift in stance induced a significant rise in U.S. treasury yields from 1.30% to 1.56% in a matter of days while Jerome Powell, Chairman of the Fed said at his congressional hearing that inflation is now more concerning than earlier this year. However, Powell highlighted that even with tapering the Fed will continue to buy bonds until mid-2022 and that employment is still a long way to go before considering any further adjustment in policy approach. The Fed still believes that inflation will come down in the mid-term, especially as supply chain bottlenecks ease, pointing at supply-chain restrictions at the heart of it.

However, unemployment keeps making small progress towards recovery as disappointing job reports in August suggested that summer growth drivers were offset by the impact of the delta variant on the economy. Non-farm payrolls figures failed to impress with 235k new jobs created in August, while market participants set expectations at 750k. Despite the disappointing figures, unemployment fell 0.2% in August posting 5.2% as previous figures for June and July were revised up to improve the aggregate figures, although it is still a long way from the Fed's target of full employment. Upcoming job reports in October will be closely watched by policymakers as efforts from U.S. authorities to improve vaccine distribution hold hopes that might have a positive impact over economic drivers. The FDA announced the full approval of the Pfizer vaccine which enabled authorities to activate new channels of distribution.

Moreover, the U.S. congress faces budgeting constraints amid the end of the fiscal year in the U.S. and Joe Biden ambitious USD 3.5 trillion spending plans. Hours before the fiscal deadline on the 30th of September, the U.S. senate leader Schumer announced a last-minute stopgap bill to keep the government funded until 3 December, 2021. The last minute bill saved the Biden administration from the embarrassment of a government shutdown in the middle of the pandemic, although democrats are not out of the woods just yet. Treasury Secretary, Jannet Yellen flagged during her congressional hearing alongside Powell, that the U.S. will reach the debt ceiling by 18th October, resulting in default and financial crisis if lawmakers fail to suspend or increase the debt limit by then.

Aside from internal drivers, we witnessed across the month a dampened sentiment after China's authorities and top executives announced that Evergrande, the second-largest real estate developer in the world, was missing upcoming interest payments for its outstanding debt valued around USD 288 billion. Beijing seems reluctant to bail out the real estate giant, although it is taking steps to limit the damage in the financial system. The announcement shook equity markets globally amid fears of contagion through the financial global system. The broader risk off sentiment underpinned the dollar triggering a significant demand for the safe-haven greenback. The U.S. dollar index, which tracks the performance of the greenback against a basket of six major currencies, rallied 1.69% after Evergrande announced its credit fallout inducing a wave of risk off flows. In addition to the risk averse dollar demand, Fed officials' announcement of imminent tapering ignited the spike in Yields creating a snowball effect making the dollar close the month with solid momentum.

The Federal Reserve faces resolving "tension" between high inflation and still-elevated unemployment, which means that the central bank's two goals are in potential conflict. Chairman Powell acknowledged that this is not a situation that policymakers have faced for a very long time and it's one in which there is tension between the objectives of the Fed's mandate. Inflation is high and well above the target levels and yet there appears to be slack in the labor market. The comments for the Chairman raise eyebrows over market participants bringing fears of "stagflation" lived back in the 70's that combined high unemployment and fast rising prices. Policymakers' working hypothesis is that inflation will ease on its own as the global economy returns to normal after a rocky reopening from the coronavirus pandemic and as supply chain bottlenecks ease policymakers will have room to shift policy more comfortably.



EUR/USD



The EUR depreciated 2.29% against the dollar during the month of September, amid broader risk-off mood and rising U.S. yields which bolstered the greenbacks demand. Imminent tapering from the Federal Reserves keep pushing yields higher.

However, the ECB remains reluctant to openly shift the narrative to a hawkish approach, while their stimulus program was slowed down during the course of the month. The divergence in approach from U.S. and E.Z. policymakers is an important driver for the pair.

What To Watch For This Month

10/01/2021 Consumer Price Index

August reported annualized headline inflation at 3% and Core reading at 1.6%. The ECB expects inflation to ease given its transitory and bottleneck effects on supply chains.

10/28/2021 ECB Monetary Policy Meeting

The ECB is expected to hold monetary policy unchanged, although policymakers have previously flagged a slowdown in the pace of the bond purchase program.

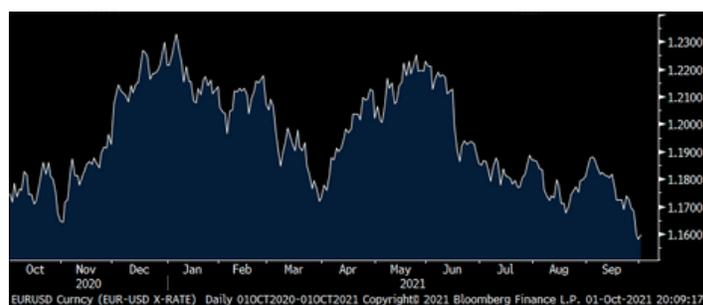
10/29/2021 Gross Domestic Product

GDP rebounded more strongly than expected in the second quarter of 2021 and should continue to grow rapidly during the second half of the year.

Economic Indicators

European Central Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-6.3	5.0	4.6	2.1
CPI (YOY%)	0.25	2.2	1.7	1.4
Unemployment (%)	7.90	7.0	7.7	7.3

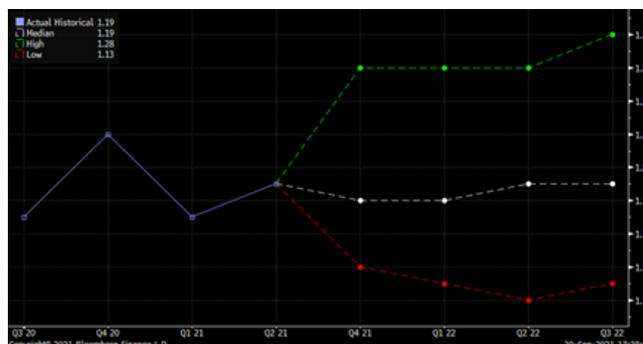


Historical Rates

EUR/USD

Market Consensus & Forecast

	Q4 21	Q1 22	Q2 22	Q3 22
Mean	1.18	1.18	1.19	1.19
High	1.26	1.26	1.26	1.28
Low	1.14	1.13	1.12	1.13



Consensus Forecast

Forecast by Institution

	As of:	Q4 21	Q1 22	Q2 22	Q3 22
Australia & NZ Banking Group	09/30/21	1.18	1.2	1.22	1.22
Jyske Bank	09/29/21	1.16	1.15	1.16	--
Landesbank Baden-Wuert.	09/29/21	1.18	1.16	1.15	1.15
United Overseas Bank	09/29/21	1.16	1.15	1.14	1.13
Kshitij Consultancy Services	09/28/21	1.14	1.15	1.19	--
Standard Chartered	09/28/21	1.26	1.26	1.26	1.26
CIMB	09/24/21	1.19	1.18	1.14	1.12
Danske Bank	09/24/21	1.16	1.14	1.13	--
Mouvement Desjardins	09/24/21	1.19	1.2	1.18	1.17
UniCredit	09/24/21	1.19	1.2	1.22	1.22
Morgan Stanley	09/21/21	1.21	1.19	1.2	1.23
BNP Paribas	09/20/21	1.15	1.14	1.13	1.12
ABN Amro	09/17/21	1.18	1.17	1.15	1.15
Intesa Sanpaolo	09/17/21	1.15	1.16	1.22	1.22
Rabobank	09/17/21	1.17	1.16	--	1.17
Nomura Bank International	09/16/21	1.22	1.23	1.25	1.26
Scotiabank	09/16/21	1.18	1.17	1.15	1.15
Swedbank	09/15/21	1.17	1.17	1.16	1.15
Barclays	09/14/21	1.18	1.17	1.15	1.15

USD/JPY



The Japanese Yen fell back 1.32% against the greenback amid spiking U.S. treasury yields and a change in government in Japan. The outburst of the delta variant left Prime Minister Yoshide Suga against the ropes announcing his resignation.

Japan's former Foreign Minister Fumio Kishida won governing party leadership election and is set to become prime minister Japan. The markets seem to have reacted positively to the announcement, although its impact faded quickly.

What To Watch For This Month

10/21/2021 National Consumer Price Index

Governor Kudora believes prices will rise ahead but the pace is likely to be moderate. The timing of consumption recovery will depend largely on developments regarding the pandemic.

10/28/2021 BoJ Outlook Report

Japan's economy is expected to accelerate to 3.8% growth in the fourth quarter from 1.6% in the third. Pandemic developments will be key.

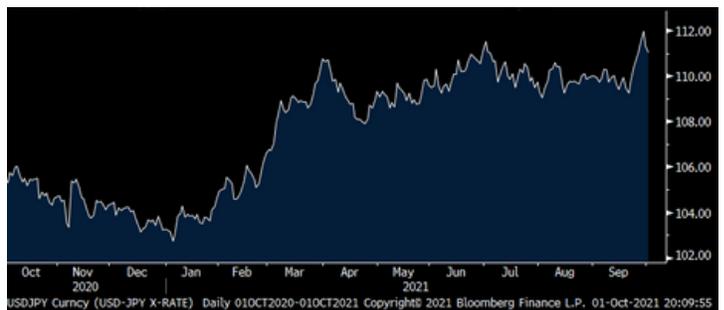
10/28/2021 Unemployment

The latest report showed the economy added just 235k new jobs in August while the unemployment rate fell to 2.5%.

Economic Indicators

Bank of Japan Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-4.65	3.8	2.7	1.3
CPI (YOY%)	-0.02	--	--	--
Unemployment (%)	2.79	2.9	2.9	2.9

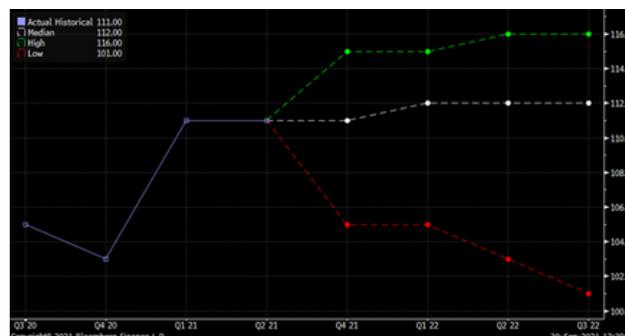


Historical Rates

USD/JPY

Market Consensus & Forecast

	Q4 21	Q1 22	Q2 22	Q3 22
Mean	110	111	111	111
High	115	115	116	116
Low	105	105	103	101



Consensus Forecast

Forecast by Institution

	As of:	Q4 21	Q1 22	Q2 22	Q3 22
Australia & NZ Banking	09/30/21	112	112	112	112
Jyske Bank	09/29/21	113	115	116	114
Landesbank Baden-Wuert	09/29/21	110	112	115	116
United Overseas Bank	09/29/21	111	112	113	113
Standard Chartered	09/28/21	108	106	105	105
CIMB	09/24/21	112	112	114	115
Danske Bank	09/24/21	111	111	112	112
UniCredit	09/24/21	110	109	108	107
Morgan Stanley	09/21/21	110	111	112	109
BNP Paribas	09/20/21	111	111	112	113
ABN Amro	09/17/21	110	113	115	116
Intesa Sanpaolo	09/17/21	112	113	114	114
Rabobank	09/17/21	111	112	112	--
Nomura Bank	09/16/21	112	113	114	115
Scotiabank	09/16/21	107	108	108	110
Swedbank	09/15/21	110	112	112	112
Barclays	09/14/21	111	112	112	112
Citigroup	09/13/21	109	111	112	112
Westpac Banking	09/13/21	112	112	112	--
JPMorgan Chase	09/10/21	111	112	112	112

GBP/USD



The British Pound is closing the month 2.11% lower against the dollar as Petrol shortages and bolstering U.S. yields overshadow the hawkish bias from the Governor of the Bank of England Andrew Bailey and his cues toward interest rate hikes.

The latest GDP figures exceeded expectations posting 23.6% annualized growth vs 22.3% previously anticipated. The readings will urge policymakers to hike rates before the end of the month, although fundamentals compromise Sterling. The End of Furlough, petrol crisis and Brexit will continue to add pressure to Sterling.

What To Watch For This Month

10/12/2021 ILO Unemployment

The U.K.'s Unemployment reading posted 4.6% in July, improving 0.3%, although experts suggest the market will remain in recovery following the end of the furlough scheme.

10/20/2021 Consumer Price Index

The Consumer Price Index rose by 3% in the 12 months to August 2021, up from 2.1% in the 12 months to July. A sharp rise driven by crude oil prices and gas shortages keeps markets nervous.

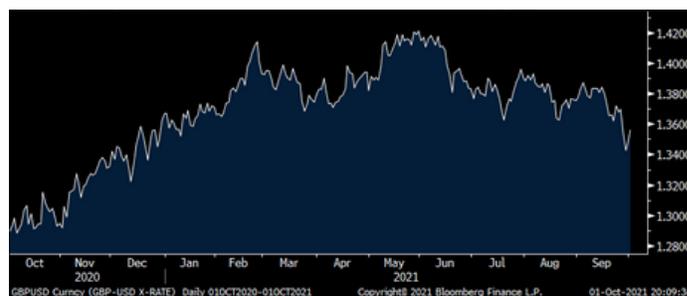
10/22/2021 Markit Services PMIs

The U.K. Purchasing Managers index dropped for a fourth consecutive month in September to its lowest reading since February, slipping to 54.1 from 54.8 in August.

Economic Indicators

Bank of England Forecast

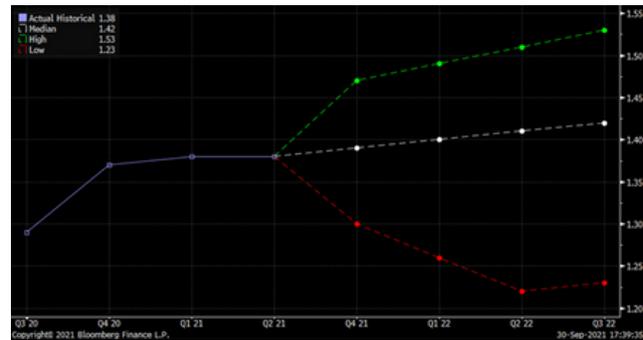
Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-9.7	7.25	6.00	1.50
CPI (YOY%)	0.85	4.00	2.50	2.00
Unemployment (%)	4.42	4.75	4.25	4.25



GBP/USD

Market Consensus & Forecast

	Q4 21	Q1 22	Q2 22	Q3 22
Mean	1.39	1.4	1.4	1.41
High	1.47	1.49	1.51	1.53
Low	1.3	1.26	1.22	1.23



Consensus Forecast

Forecast by Institution

	As of:	Q4 21	Q1 22	Q2 22	Q3 22
LAustralia & NZ Banking	09/30/21	1.39	1.41	1.43	1.46
Jyske Bank	09/29/21	1.36	1.35	1.34	1.36
Landesbank Baden-Wuertt.	09/29/21	1.39	1.38	1.37	1.37
United Overseas Bank	09/29/21	1.4	1.41	1.42	1.43
Standard Chartered	09/28/21	1.43	1.43	1.44	1.44
CIMB	09/24/21	1.4	1.39	1.38	1.35
Danske Bank	09/24/21	1.38	1.36	1.36	1.36
UniCredit	09/24/21	1.39	1.4	1.41	1.42
Morgan Stanley	09/21/21	1.4	1.41	1.41	1.42
BNP Paribas	09/20/21	1.37	1.37	1.36	1.38
ABN Amro	09/17/21	1.4	1.4	1.4	1.4
Intesa Sanpaolo	09/17/21	1.38	1.39	1.43	1.48
Rabobank	09/17/21	1.39	1.38	1.38	--
Nomura Bank	09/16/21	1.47	1.49	1.51	1.53
Scotiabank	09/16/21	1.38	1.4	1.4	1.42
Swedbank	09/15/21	1.38	1.38	1.43	1.38
Barclays	09/14/21	1.4	1.39	1.4	1.4
Citigroup	09/13/21	1.41	1.41	1.42	1.42
Westpac Banking	09/13/21	1.43	1.44	1.45	--
CIBC	09/10/21	1.38	1.39	1.38	1.36

USD/CHF



The Swiss Franc retraced 2.15% against the dollar amid U.S. yields overshadowing the CHF safe-haven appeal, despite the Evergrande debt crisis. The is closing the month with six consecutive days recording losses .

While Fed officials project their hawkish narrative, Swiss policymakers sustain their monetary policy settings at record low-interest rates as they witness a drawback of the Franc following their concerns over the Swiss Franc overvaluation. The Swiss growth forecast was revised down by SNB.

What To Watch For This Month

10/07/2021 Unemployment Rate s.a.

Job reports showed strong swiss unemployment declined from 3.0% in July to 2.9% in August, making Switzerland one of the countries with the lowest unemployment in the world.

10/15/2021 SNB Quarterly Bulletin

Policymakers will release its quarterly bulletin with an updated review and assessment of the Swiss growth forecast and inflation to the end of the year. FX interventions will be monitored.

10/27/2021 ZEW Survey - Expectations

Morale indicators will be critical for market participants to assess risk perception and economic expectations of Switzerland and its safe-haven currency.

Economic Indicators

Swiss National Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-2.5	3.4	3.6	--
CPI (YOY%)	-0.73	0.5	0.8	--
Unemployment (%)	3.24	3.0	2.7	--

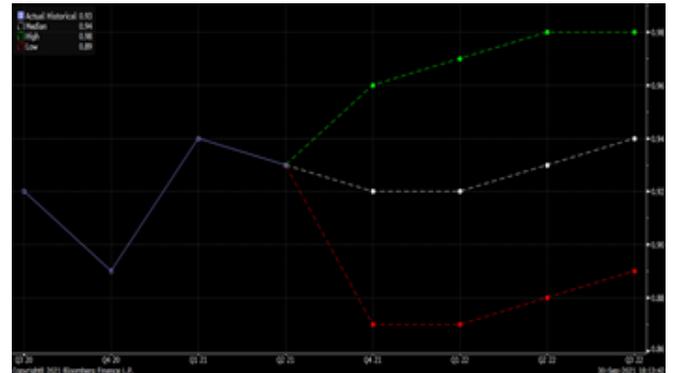


Historical Rates

USD/CHF

Market Consensus & Forecast

	Q4 21	Q1 22	Q2 22	Q3 22
Mean	0.92	0.93	0.93	0.94
High	0.96	0.97	0.98	0.98
Low	0.87	0.87	0.88	0.89



Consensus Forecast

Forecast by Institution

	As of:	Q4 21	Q1 22	Q2 22	Q3 22
Australia & NZ Banking Group	09/30/21	0.92	0.93	0.91	0.93
Rabobank	09/30/21	0.93	0.94	0.96	0.97
Jyske Bank	09/29/21	0.94	0.96	0.96	0.95
Landesbank Baden-Wuertt.	09/29/21	0.93	0.95	0.97	0.97
Standard Chartered	09/28/21	0.89	0.9	0.9	0.91
Danske Bank	09/24/21	0.94	0.97	0.97	0.98
Mouvement Desjardins	09/24/21	0.92	0.91	0.93	0.95
UniCredit	09/24/21	0.92	0.92	0.92	0.92
Morgan Stanley	09/21/21	0.93	0.95	0.97	0.95
BNP Paribas	09/20/21	0.94	0.96	0.97	0.97
ABN Amro	09/17/21	0.95	0.96	0.97	0.98
Nomura Bank	09/16/21	0.89	0.89	0.9	0.9
Scotiabank	09/16/21	0.93	0.92	0.92	0.91
Swedbank	09/15/21	0.93	0.94	0.93	0.97
Barclays	09/14/21	0.92	0.91	0.93	0.94
Citigroup	09/13/21	0.92	0.94	0.96	0.97
Westpac Banking	09/13/21	0.89	0.89	0.9	--
JPMorgan Chase	09/10/21	0.94	0.96	0.96	0.96
NAB/BNZ	09/06/21	0.91	0.91	0.91	0.89
MUFG	09/03/21	0.92	0.92	0.93	--

USD/CAD



The Loonie had a volatile August due to the latest fluctuations in oil prices which has kept the commodity-driven currency on the move. The latest outburst of the virus required Chinese authorities to reimpose Covid measures in the country in an effort to control the Delta strain.

The imposed lockdown induced global fears of a major economic slowdown and a sharp decline in demand for commodities, making WTI oil prices fall over 9% in 2 days. However, as the Chinese suspense clears, confidence and commodities prices recover, underpinning CAD.

What To Watch For This Month

10/08/2021 Unemployment Rate

Canada's jobless rate hits pandemic low in September. Canada added 90.2k jobs with the jobless rate dropping to 7.1%, below 7.3% previously anticipated.

10/20/2021 Consumer Price Index

Consumer Price Index rose 4.1% annualized in August, making the fifth consecutive month with inflation well above BoC 3% threshold. However, policymakers consider current inflation transitory.

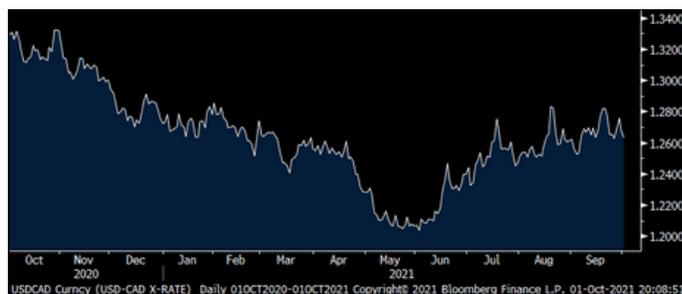
10/27/2021 BoC Monetary Policy Meeting

The Bank of Canada is expected to hold monetary policy unchanged, although the sustained inflation suggests that withdrawing further stimulus could be announced.

Economic Indicators

Bank of Canada Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-5.30	6	4.6	3.3
CPI (YOY%)	0.73	3	2.4	2.2
Unemployment (%)	9.6	--	--	--

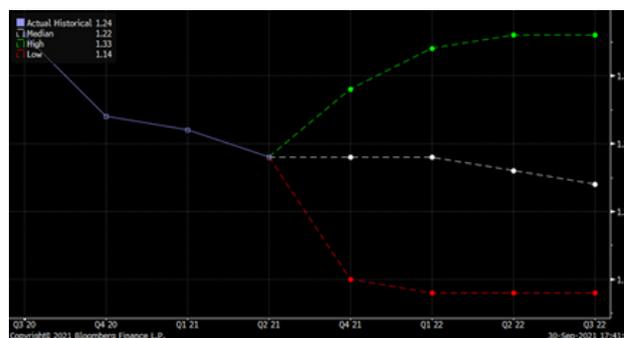


Historical Rates

USD/CAD

Market Consensus & Forecast

	Q4 21	Q1 22	Q2 22	Q3 22
Mean	1.24	1.24	1.23	1.23
High	1.29	1.32	1.33	1.33
Low	1.15	1.14	1.14	1.14



Consensus Forecast

Forecast by Institution

	As of:	Q4 21	Q1 22	Q2 22	Q3 22
Landesbank Baden-Wuertt.	09/29/21	1.24	1.25	1.25	1.25
Standard Chartered	09/28/21	1.15	1.14	1.14	1.14
Danske Bank	09/24/21	1.29	1.32	1.33	1.33
Mouvement Desjardins	09/24/21	1.25	1.25	1.23	1.22
UniCredit	09/24/21	1.26	1.25	1.23	1.22
Morgan Stanley	09/21/21	1.21	1.23	1.23	1.23
BNP Paribas	09/20/21	1.26	1.25	1.25	1.24
ABN Amro	09/17/21	1.18	1.18	1.17	1.17
Intesa Sanpaolo	09/17/21	1.26	1.27	1.24	1.22
Rabobank	09/17/21	1.28	1.27	1.26	--
Nomura Bank	09/16/21	1.24	1.23	1.22	1.21
Scotiabank	09/16/21	1.22	1.24	1.25	1.25
Swedbank	09/15/21	1.25	1.24	1.22	1.2
Barclays	09/14/21	1.24	1.23	1.22	1.22
Citigroup	09/13/21	1.25	1.24	1.23	1.22
Westpac Banking	09/13/21	1.23	1.22	1.21	--
ATB FINANCIAL	09/10/21	1.24	1.21	1.2	1.22
CIBC	09/10/21	1.27	1.28	1.29	1.3
JPMorgan Chase	09/10/21	1.26	1.25	1.24	1.23
NAB/BNZ	09/06/21	1.22	1.21	1.21	1.21

USD/CNY

The Evergrande conglomerate announced earlier this month that the company will miss their interest payments for their USD 288 billion debt. Beijing was reluctant to bail out the real estate developer although they vowed to ensure a healthy property market and taken measure to control the damage.

Moreover, power shortages have accentuated in September, requiring to cutting power in several regions where industrial production focuses. Market participants remain cautious as this could impact even more supply chain issues globally and feed broader inflation in other economies.



What To Watch For This Month

10/09/2021 Consumer Price Index

Besides the Evergrande concerns, China's factory and consumer prices continue to diverge, ramping up concerns of an economic slowdown. Spike in oil should add price activity.

10/19/2021 Gross Domestic Product

Market participants will assess the unfolding impact of the Evergrande fallout over the economy in the upcoming release of GDP figures.

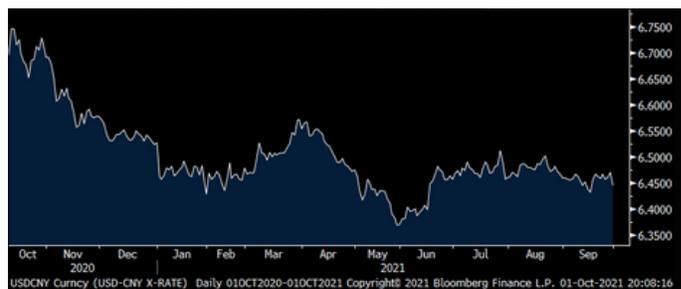
10/20/2021 PBoC Monetary Policy Meeting

Market participants expect Chinese policymakers to keep interest rates unchanged. However, it is likely that the PBoC will cut its Required Reserve Ratio in order to ease financial conditions.

Economic Indicators

People's Bank of China Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	2.30	8.35	5.50	5.50
CPI (YOY%)	2.51	1.20	2.28	2.30
Unemployment (%)	4.24	3.90	3.60	3.61

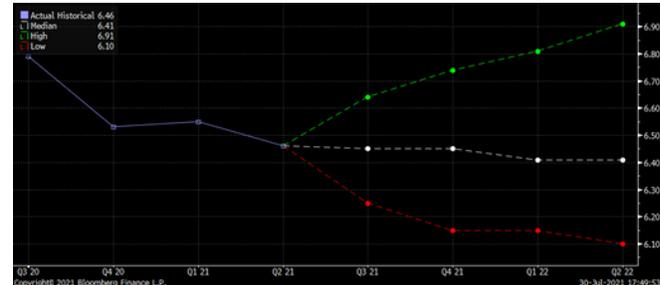


Historical Rates

USD/CNY

Market Consensus & Forecast

	Q4 21	Q1 22	Q2 22	Q3 22
Mean	6.45	6.45	6.45	6.44
High	6.74	6.81	6.91	6.87
Low	6.15	6.2	6.15	6.1



Consensus Forecast

Forecast by Institution

	As of:	Q4 21	Q1 22	Q2 22	Q3 22
LaAustralia & NZ Banking	09/30/21	6.4	6.35	6.3	6.27
Jyske Bank	09/29/21	6.62	6.74	6.8	6.68
Landesbank Baden-Wuertt.	09/29/21	6.74	6.81	6.91	6.87
United Overseas Bank	09/29/21	6.52	6.56	6.6	6.64
Danske Bank	09/24/21	6.61	6.7	6.75	6.8
UniCredit	09/24/21	6.45	6.4	6.35	6.3
Morgan Stanley	09/21/21	6.48	6.53	6.55	6.47
ABN Amro	09/17/21	6.4	6.3	6.3	6.2
Rabobank	09/17/21	6.55	6.55	6.55	--
Nomura Bank	09/16/21	6.36	6.32	6.3	6.31
Scotiabank	09/16/21	6.4	6.3	6.3	6.2
Barclays	09/14/21	6.4	6.35	6.3	6.4
Citigroup	09/13/21	6.37	6.33	6.27	6.13
Westpac Banking	09/13/21	6.3	6.25	6.25	--
CIBC	09/10/21	6.4	6.35	6.25	6.2
JPMorgan Chase	09/10/21	6.5	6.5	6.5	6.5
NAB/BNZ	09/06/21	6.15	6.2	6.2	6.25
MUFG	09/03/21	6.55	6.55	6.55	--
Commerzbank	09/03/21	6.6	6.62	6.65	6.68
Banco Santander	09/03/21	6.65	6.7	6.7	6.7

USD/BRL



The Brazilian Real continued to extend losses against the dollar as political turmoil and inflation pressure keep affecting the performance of the currency. Inflation reports showed inflation spiking to 9.68% last month, well above the BCB target.

In order to push back inflationary pressures in the Brazilian economy, policymakers decided to hike 100 bps the Selic rate, set at 6.25%. The BCB flagged that their monetary policy committee is considering adding another 100 bps before the end of the year.

What To Watch For This Month

10/27/2021 Unemployment

Unemployment dropped to 13.7% in June, improving from its March results At 15.1%. However, figures remain very high amid soaring prices and political crisis.

10/28/2021 Consumer Price Index

Brazil accumulated an increase of 5.81% of price increase so far this year and annualized headline inflation of 9.3%, the highest in over two decades which triggered a rate hike from BCB.

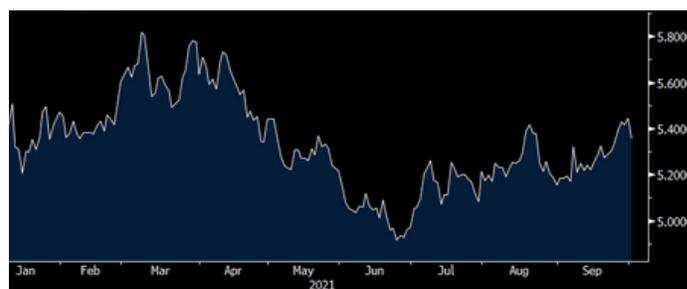
10/29/2021 Nominal Budget Balance

One of the main points of concern over the political scenery in Brazil is the control over the fiscal deficit in the country and the ambitious plans of President Bolsonaro, difficult to finance.

Economic Indicators

Brazil's Central Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-4.05	5.20	2.10	2.30
CPI (YOY%)	3.21	7.70	4.50	3.50
Unemployment (%)	2	7.90	8.25	7.25

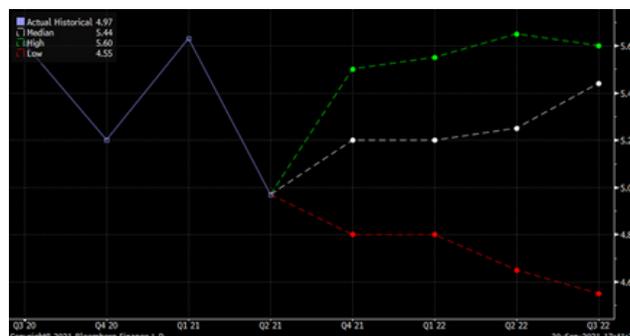


Historical Rates

USD/BRL

Market Consensus & Forecast

	Q4 21	Q1 22	Q2 22	Q3 22
Mean	5.19	5.19	5.24	5.28
High	5.5	5.55	5.65	5.6
Low	4.8	4.8	4.65	4.55



Consensus Forecast

Forecast by Institution

	As of:	Q3 21	Q4 21	Q1 22	Q2 22
Landesbank Baden-Wuertt.	09/29/21	5	5.26	5.39	5.48
Standard Chartered	09/28/21	4.8	5	5.3	5.6
Morgan Stanley	09/21/21	5.3	5.3	5.4	5.6
ABN Amro	09/17/21	5	4.9	4.8	4.7
Rabobank	09/17/21	5.2	5.3	5.4	--
Nomura Bank	09/16/21	5.3	5.2	5.1	5
Scotiabank	09/16/21	4.96	4.85	4.81	4.85
Barclays	09/14/21	5.35	5.2	5.3	5.55
Citigroup	09/13/21	5.33	5.37	5.4	5.4
CIBC	09/10/21	5.3	5.1	5.3	5.5
JPMorgan Chase	09/10/21	5.4	5.35	5.5	5.5
MUFG	09/03/21	5.1	5.08	5.05	--
Commerzbank	09/03/21	5	4.9	5	5.1
RBC	09/02/21	5.5	5.5	5.25	5.25
Mizuho Bank	09/01/21	4.95	5.05	5.2	--
Prestige Economics LLC	09/01/21	5.05	5	5.05	5.1
DZ Bank	08/31/21	5.2	5.2	5.2	--
Silicon Valley Bank	08/31/21	5.2	5.18	5.16	--
BBVA	08/30/21	5.27	5.2	5.25	--
ING Financial Markets	08/09/21	5.25	5.5	5.75	--

USD/MXN

The Mexican Peso remained subdued before U.S. rising yields while Mexican inflation reports triggered an additional interest rate hike of 25 bps. The MXN fell 3% against the USD with a significant impact towards the end of the month.

Employment readings show encouraging results reaching 4.3% in August, down from 5.3% recorded in August 2020. However, policymakers will continue to watch closely inflation performance as inflationary pressures continue to broaden.



What To Watch For This Month

10/08/2021 Headline Inflation

Banxico is expected to hike 25 bps its interest rate given its inflation dynamics and rising U.S. rates. Policymakers forecast headline inflation closing 2021 at 5.4% annualized.

10/21/2021 Retail Sales

The Mexican economy is looking to pick up on this economic indicator after disappointing figures in July showed a contraction of -0.4% amid the impact of the delta variant.

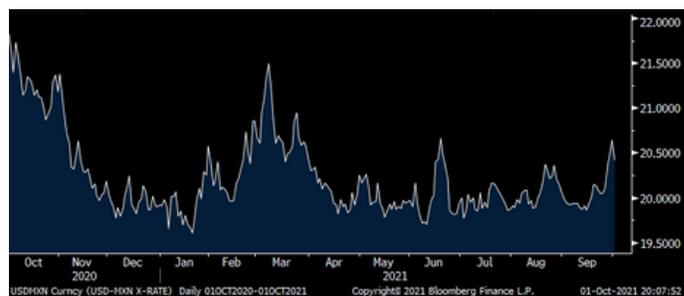
10/25/2021 Jobless rate

The unemployment rate hit 4.3%, improving from 5.3% recorded in August 2020. The latest report also flagged that the underemployment rate fell from 16% to 13% in the same year.

Economic Indicators

Banco de Mexico Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-8.20	6.00	3.00	2.30
CPI (YOY%)	3.40	5.40	4.05	3.60
Unemployment (%)	4.43	4.25	4.10	3.80

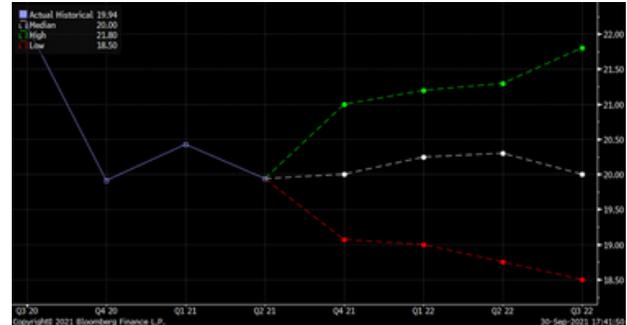


Historical Rates

USD/MXN

Market Consensus & Forecast

	Q4 21	Q1 22	Q2 22	Q3 22
Mean	20	20.16	20.22	20.23
High	21	21.2	21.3	21.8
Low	19.07	19	18.75	18.5



Consensus Forecast

Forecast by Institution

	As of:	Q4 21	Q1 22	Q2 22	Q3 22
Landesbank Baden-Wuertt.	09/29/21	19.07	19.83	20.43	20.87
Standard Chartered	09/28/21	19.25	19	18.75	18.5
Morgan Stanley	09/21/21	20.4	20.8	21	20.41
Rabobank	09/17/21	20.5	21	21	--
Nomura Bank	09/16/21	19.5	19.6	19.7	19.7
Scotiabank	09/16/21	20.54	20.76	21.03	21.27
Barclays	09/14/21	19.7	20.25	20.25	20.4
PNC Financial	09/14/21	21	21.2	21.3	21.4
Citigroup	09/13/21	20.2	20.3	20.5	20.6
CIBC	09/10/21	20	19.8	19.5	20
JPMorgan Chase	09/10/21	20.5	21	21.3	21.8
MUFG	09/03/21	20.2	20.25	20.3	--
Commerzbank	09/03/21	19.5	19.5	19.5	20
RBC	09/02/21	19.5	20.26	20.33	19.81
Mizuho Bank	09/01/21	19.9	20	20.2	--
Prestige Economics LLC	09/01/21	19.8	19.7	19.6	19.6
DZ Bank	08/31/21	20	19.95	19.7	--
Silicon Valley Bank	08/31/21	20.25	20.45	20.65	--
BBVA	08/30/21	20.15	20.15	20.4	--
ING Financial Markets	08/09/21	19.75	19.75	20.25	--

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