

# FX

# CONSENSUS FORECAST

A LOOK AT THE MONTH AHEAD

*February 2022*

moneycorp 

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# QUICK GLANCE



In January, the US economy was heading through caseloads of Omicron variant, geopolitical chaos, and record-high inflation. The world's strongest economy concluded 2021 with another strong quarter of thriving growth, delivering to strengthen the fastest full-year recovery since Ronald Reagan's presidency as the country continued to recover from the worst of the economic harm caused by the coronavirus outbreak. In 2021, the country's GDP (total output of goods and services) increased by 5.7%. It was the highest calendar-year increase since a 7.2% surge following a prior recession in 1984. The economy finished the year by growing at an unexpectedly impressive annual rate of 6.9% in the fourth quarter. Last year's expansion was fueled by a moderate increase in consumer expenditure and a significant increase in private investment, driven by expansionary fiscal and monetary policy. Moving forward, the economy is anticipated to continue expanding this year, albeit at a slower pace, despite being squeezed by inflation and still gripped by COVID-19 caseloads. Many economists have reduced their forecasts for the first quarter of 2022, owing to the impact of the Omicron variant. Furthermore, the Federal Reserve stated in its last meeting that it intends to hike interest rates numerous times this year in order to combat the highest inflation in nearly four decades. These rate hikes will make borrowing more expensive, dragging economic growth this year.

Low Retail sales and sluggish Manufacturing activity in December were offset by robust personal consumption and private expenditure. The economy began to show signs of tiredness late last year. For example, retail sales declined 1.9% in December. According to the Institute for Supply Management's manufacturing index, manufacturing slowed in December to its lowest level in 11 months. Despite poor December retail sales numbers, consumer spending aided fourth-quarter economic growth as Americans began their Christmas shopping early due to concerns that supply chain snarls would result in bare store shelves. Consumer spending increased at a 3.3% annual rate in the last three months of 2021. Private investment, on the other hand, increased by 32%. Furthermore, in December, labor market circumstances improved. The unemployment rate fell to 3.9%, compared to the market forecast of 4.1% and previous figures of 4.2%. Furthermore, labor force participation grew to 61.9%, adding more workers to the force than was previously predicted at 61.7%.

During the end of last year, a strong resurgence in demand piqued supply chain problems and spiked inflation to a four-decade high. The rise in demand was so strong that it caught businesses off guard. Many businesses struggled to find enough goods and staff to meet a sudden rise in consumer demand. With so many individuals now working remotely, the market witnessed shortages of home goods inventories, appliances to athletic goods and electronic equipment, which were increasingly problematic. Additionally, the ongoing shortage of computer chips kept auto dealers short of vehicles. Factories, ports, and freight yards were overburdened, amid clogged supply chains. Inflation began to pick up speed. Consumer prices have risen by 7% in the last year, the biggest year-on-year increase since 1982, raising flags across policymakers and market participants. Food, energy, (commodities), and automobiles (chips) were among the goods where prices picked up the fastest. In the near term, one issue that may have a detrimental impact on spending is the US economy's skyrocketed inflation. According to the most recent report, core personal consumption expenditures, the Federal Reserve's preferred inflation gauge, increased by 4.9% on an annualized basis in the fourth quarter, up from 4.6% the previous quarter.

The Fed focused beyond Omicron effects and signaled rate hikes in the near term. On the Fed's most recent meeting, Chairman Jay Powell stated that he expected some slowdown in the economy as a result of the Omicron wave, which began to ripple through the U.S. in late December, although the spokesman flagged that the impacts would be temporary and should fade away as coronavirus constraints ease. The Fed has ignored Omicron's worries and signaled its determination to tighten monetary policy in March as part of its measures to combat persisting inflation. With markets expecting at least four rate hikes this year and the Fed swiftly decreasing its balance sheet, there are concerns that aggressive tightening may undermine the economy's momentum.

The U.S. Dollar Index, which gauges the greenback against the basket of currencies, appreciated by 0.66% during January after posting a marginal loss in the previous month. The Index was mostly supported by risk-off market mood due to geopolitical worries, and the Fed's hawkish tone in response to the record high price spike. According to recent reports, the United States has drafted sanctions aimed at Vladimir Putin's inner circle and its ties to the West, as Washington expands the list of financial penalties alongside European allies amid the imminent threat of Russia invading Ukraine. Additionally, The U.S. dollar rose to its highest level in over 18 months in late January, as currency traders reacted to Federal Reserve Chair Jay Powell's indication of a rate hike in March and subsequent balance-sheet reduction. The gains occurred as markets priced in five quarter-point rate increases from the Fed by the end of this year, increasing the gap in rate expectations between the Fed and other major economies, underpinning the demand for the greenback. On the other hand, expected CPI figures, low retail sales, and dampened consumer sentiment have undermined the U.S. dollar index during the month. The scorching inflation figure, which peaked at 7% year on year in December, failed to boost the dollar further as it was in line with forecasts, and several economists consider these to be already priced in by markets. Furthermore, US retail sales fell 1.9% year on year in December, the greatest drop since February 2021 and the end of four months of strong growth amid mounting omicron infections. Lastly, the University of Michigan consumer sentiment in the United States edged lower to 67.2 in January 2022, the worst level since November 2011, dropping from its preliminary score of 68.8. While the Delta and Omicron variations were substantially to blame, other causes, some of which were first sparked by covid, have emerged as autonomous forces affecting sentiments. Looking forward, the development of the Omicron variant, geopolitical tensions, and the Fed's stance on monetary policy will influence the dollar flows in the short term.

The US stock market has had its worst start to a year since the global financial crisis, with rising interest rates, slowing corporate earnings growth, and geopolitical tensions sending stocks plummeting across the board. Stocks have suffered in January mainly due to mixed earnings reports and the Fed's shift to a more hawkish monetary policy, with investors increasingly betting on five rate hikes in 2022. The Dow and S&P 500 are down 5% and 7%, respectively, and have shown the worst performance in almost a year, while the Nasdaq retraced 12% and is on track for its worst month since October 2008. Meanwhile, Apple and Microsoft, the world's two most valuable companies by market capitalization, both reported positive results last week, assisting US stocks to rebound on the last trading day of January, with the Dow Jones gaining more than 200 points, the S&P 500 gaining more than 1%, and the Nasdaq gaining more than 2%. Moving forward, Fed's hawkish stance and various corporate earnings, which are due to release next month will drive the equity markets further.

To conclude, the United States' economy capped off 2021 with robust economic growth, driven by strong consumer spending and private investments amid the prevalence of high levels of Covid infections and record-high inflation. The bigger story in the next month would be how personal consumption and demand will change given that consumer sentiments and retail sales are down at the moment. Americans cut back on dining out and air travel, while plans for workers to return to their offices were delayed, affecting commercial spending. Given this, economists have warned that the wave of Covid-19 infections triggered by Omicron will deliver a sharp but short-lived hit to economic activity at the start of 2022. On the other hand, Powell did not specify how gradually interest rates will be raised to battle excessive inflation. That gives a lot of room for speculation, and the market is betting that the pace of hikes will be quick. This Fed's surprise will eventually pave the road for economic growth. A high number of rate hikes in the remaining seven meetings this year would impede economic growth momentum, whereas a less aggressive attitude would extend the price war in the near future.

# EUR/USD



The common currency sustained significant volatility throughout the course of January, driven by risk sentiment flows. The currency rallied during early sessions of the month before depreciating over 3% from the monthly highs amid Fed policymakers suggesting at least 4 interest rate hikes in 2022 and geopolitical tensions in eastern

Europe. However, the Euro closed out the month with strong momentum as the broader sentiment restores and investors shift to risk-on mode underpinned by German macro data and Fed officials ruling out any interest rate hikes over 50 bps removing support from the greenback and pulling back Treasury Yields.

## What To Watch For This Month

### **02/03/2022 - ECB Monetary Policy Decision**

ECB will announce its decision on monetary policy to show its stance on the inflationary outlook of the economy. We expect a progressive shift in tone, although policy divergence should underpin the greenback.

### **02/02/2022 Consumer Price Index**

Eurostat will release its preliminary CPI report showing a comparison of retail prices of goods and services excluding the volatile components, expected at 4.4% annually.

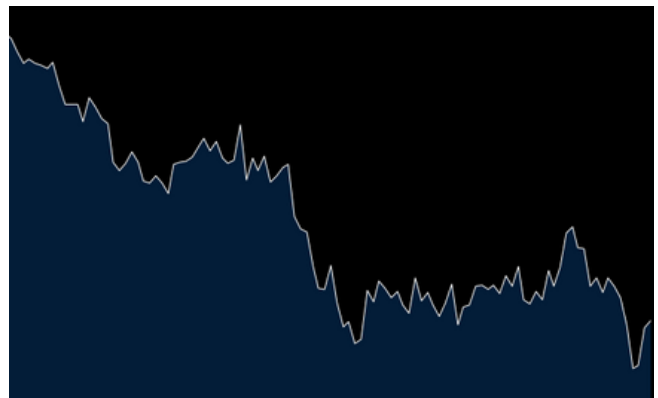
### **02/15/2022 Gross Domestic Product**

Eurostat will provide quarterly GDP results to show the total value generated by all goods and services for the Eurozone, previously at 4.6% annually.

## Economic Indicators

European Central Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-6.4	5.1	4.2	2.9
CPI (YOY%)	0.25	2.6	3.2	1.8
Unemployment (%)	7.92	7.7	7.3	6.9



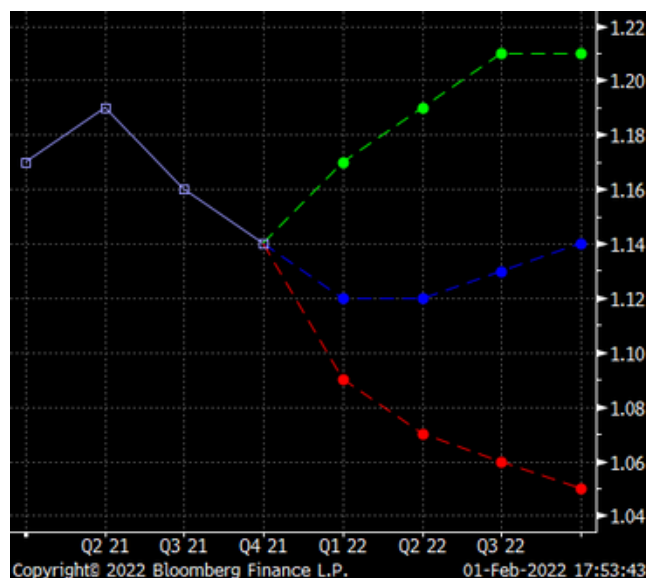
Historical Rates



# EUR/USD

## Market Consensus & Forecast

	Q1 22	Q2 22	Q3 22	Q4 22
Mean	1.12	1.12	1.13	1.14
High	1.17	1.19	1.21	1.21
Low	1.09	1.07	1.06	1.05



Consensus Forecast

## Forecast by Institution

	As of:	Q1 22	Q2 22	Q3 22	Q4 22
Jyske Bank	02/01/22	1.1	1.1	1.12	1.14
Mizuho Bank	02/01/22	1.13	1.12	1.13	1.15
ABN Amro	01/31/22	1.09	1.07	1.06	1.05
Australia & NZ Banking	01/31/22	1.12	1.14	1.15	1.17
Silicon Valley Bank	01/31/22	1.13	1.14	1.16	1.17
Emirates NBD	01/28/22	1.12	1.1	1.1	1.13
Rabobank	01/28/22	1.13	1.11	1.11	1.12
Banco Santander	01/28/22	1.1	1.13	1.17	1.18
Swedbank	01/28/22	1.11	1.13	1.14	1.17
DNB	01/26/22	1.12	1.12	1.11	1.1
TD Securities	01/26/22	1.09	1.1	1.12	1.14
DZ Bank	01/18/22	1.11	1.12	1.14	1.15
CBA	01/17/22	1.14	1.16	1.18	1.2
Danske Bank	01/17/22	1.13	1.11	1.1	1.08
United Overseas Bank	01/17/22	1.12	1.11	1.1	1.1
Commerzbank	01/14/22	1.12	1.1	1.09	1.1
SEB	01/12/22	1.12	1.1	1.08	1.09
Sumitomo Mitsui Trust Bank	01/12/22	1.13	1.15	1.18	1.18
MUFG	01/11/22	1.1	1.12	1.14	1.16
ING Financial Markets	01/11/22	1.1	1.08	1.08	1.1

# USD/JPY



The Japanese Yen reached its lowest level against the dollar since early 2017 during the early days of January, followed by a strong appreciation of 2.5% driven by broader risk flows in global markets. However, towards the end of the month market participants witnessed a pullback of the currency driven by

divergence in monetary policy between the Federal Reserve and the Bank of Japan. Japanese policymakers raised their inflation forecast although Governor Kudora refrain from tightening monetary policy in the foreseeable future. However, a retracement in U.S. treasury yields provides support to the Yen.

## What To Watch For This Month

### **02/14/2022 GDP Q4**

The Japanese Cabinet office will release Monthly GDP readings of value generated by all goods and services provided by the economy, previously 3.4% annually.

### **02/18/2022 National Consumer Price Index**

Statistics Bureau will release Consumer Price Index report for January, previously 0.8% annually and expected to expand amid the recent BoJ forecasts revisions.

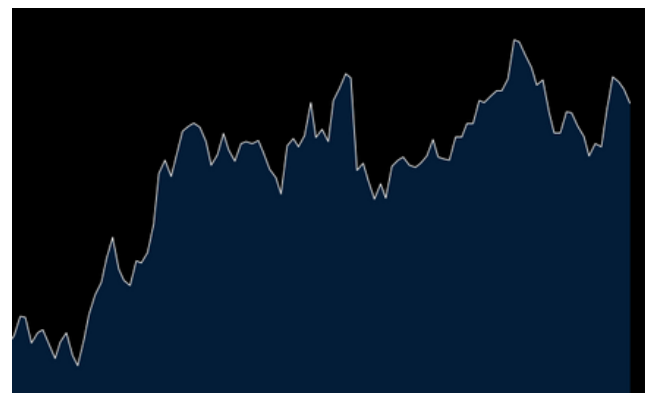
### **02/27/2022 Retail Trade**

Ministry of Economy and Trade is due to release retail sales figures for January to show the performance of the retail sector in the short term, previously 1.4%.

## Economic Indicators

Bank of Japan Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-4.55	2.8	3.8	1.1
CPI (YOY%)	-0.02	--	--	--
Unemployment (%)	2.79	2.73	2.73	2.73

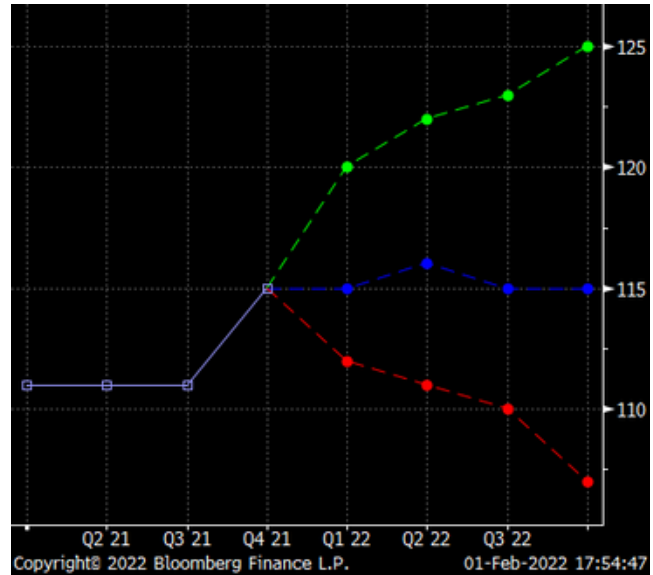


Historical Rates

# USD/JPY

## Market Consensus & Forecast

	Q1 22	Q2 22	Q3 22	Q4 22
Mean	115	116	115	115
High	120	122	123	125
Low	112	111	110	107



Consensus Forecast

## Forecast by Institution

	As of:	Q1 22	Q2 22	Q3 22	Q4 22
Jyske Bank	02/01/22	115	113	113	112
Mizuho Bank	02/01/22	116	117	118	119
ABN Amro	01/31/22	120	122	123	124
Australia & NZ Banking Group	01/31/22	113	114	115	116
CICC	01/31/22	113	112	110	107
Silicon Valley Bank	01/31/22	114	114	113	113
Emirates NBD	01/28/22	115	116	116	118
Rabobank	01/28/22	115	116	116	117
Banco Santander	01/28/22	114	116	117	117
Swedbank	01/28/22	116	117	119	115
TD Securities	01/26/22	117	118	116	115
DZ Bank	01/18/22	114	114	115	116
CBA	01/17/22	116	118	119	121
Danske Bank	01/17/22	112	111	110	109
United Overseas Bank	01/17/22	114	115	116	117
Commerzbank	01/14/22	115	116	117	118
SEB	01/12/22	114	114	115	115
Sumitomo Mitsui Trust Bank	01/12/22	115	113	110	108
MUFG	01/11/22	117	116	114	112
ING Financial Markets	01/11/22	116	117	118	120

# GBP/USD

The Pound Sterling retraced 2.77% from its monthly highs, after reaching prices last seen in October 2021. The overall risk-off sentiment induced investors to find refuge in the U.S. dollar amid political instability in the U.K. government. Boris Jhonson, the U.K. Prime Minister has been defending

his seat as Tory rebels openly requested his resignation after it was discovered that No. 10 Downing street held a Christmas party when the country was in strict lockdown. Investigations and parliamentary debates have weighed on Sterling although the Prime Minister still remains in his seat.

## What To Watch For This Month

### **02/03/2022 BOE Monetary policy decision**

The Bank of England will announce its decision on monetary policy to show its stance on the inflationary outlook of the economy.

### **02/11/2022 Gross Domestic Product Q4**

National Statistics will release November month growth results of economic output, previously 1.1%.

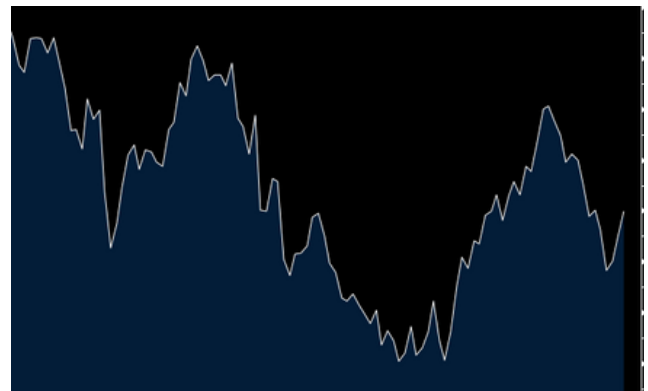
### **02/22/2022 ILO Unemployment Rate 3M**

National Statistics will release unemployment rate results of December to show labor market conditions, previously 4.1%

## Economic Indicators

Bank of England Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-9.38	7	5	1.5
CPI (YOY%)	0.85	4.25	3.5	2.25
Unemployment (%)	4.42	4.5	4	4.25



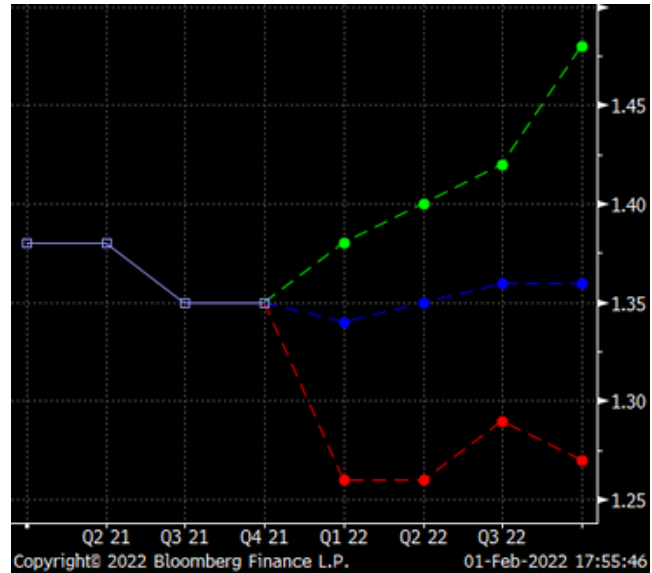
Historical Rates



# GBP/USD

## Market Consensus & Forecast

	Q1 22	Q2 22	Q3 22	Q4 21
Mean	1.34	1.35	1.36	1.36
High	1.38	1.4	1.42	1.48
Low	1.26	1.26	1.29	1.27



Consensus Forecast

## Forecast by Institution

	As of:	Q1 22	Q2 22	Q3 22	Q4 22
Jyske Bank	02/01/22	1.26	1.26	1.3	1.34
ABN Amro	01/31/22	1.36	1.35	1.34	1.33
Australia & NZ Banking Group	01/31/22	1.37	1.38	1.4	1.43
CICC	01/31/22	1.32	1.34	1.37	1.38
Silicon Valley Bank	01/31/22	1.35	1.36	1.37	1.37
Emirates NBD	01/28/22	1.34	1.37	1.38	1.4
Rabobank	01/28/22	1.34	1.29	1.29	1.29
Banco Santander	01/28/22	1.35	1.35	1.34	1.34
Swedbank	01/28/22	1.33	1.36	1.34	1.36
TD Securities	01/26/22	1.33	1.35	1.36	1.38
DZ Bank	01/18/22	1.35	1.35	1.36	1.35
CBA	01/17/22	1.35	1.36	1.38	1.4
Danske Bank	01/17/22	1.35	1.32	1.31	1.29
United Overseas Bank	01/17/22	1.36	1.38	1.4	1.4
Commerzbank	01/14/22	1.35	1.34	1.35	1.34
SEB	01/12/22	1.35	1.34	1.32	1.35
Sumitomo Mitsui Trust Bank	01/12/22	1.36	1.37	1.4	1.39
MUFG	01/11/22	1.32	1.34	1.37	1.41
ING Financial Markets	01/11/22	1.33	1.32	1.32	1.34
Landesbank Baden-Wuertt.	01/11/22	1.31	1.31	1.3	1.29

# USD/CHF

The Swiss Franc fell over 2.5% against the greenback during the course of January, hitting the November 2021 lows amid inflationary readings in the U.S. market and hawkish queues from Fed policymakers. However, the Fed officials induced softer U.S. treasury yields after ruling out any

interest rate hikes of 50 bps. Despite the Swiss weakness, geopolitical tensions in Eastern Europe led by Putin benefitted the safe-haven Franc and contributed to a CHF buying bias towards the end of the month. Speculations in regards to the Fed approach to tackle surging inflation will be key to determining the direction of the Swiss Franc.

## What To Watch For This Month

### **02/07/2022 Unemployment Rate**

The State Secretariat for Economic Affairs (SECO) will announce the monthly unemployment rate results for January, previously 2.4%.

### **02/18/2022 Industrial Production Q4**

The Swiss statistics will announce last quarter manufacturing and production results, previously 8.3%.

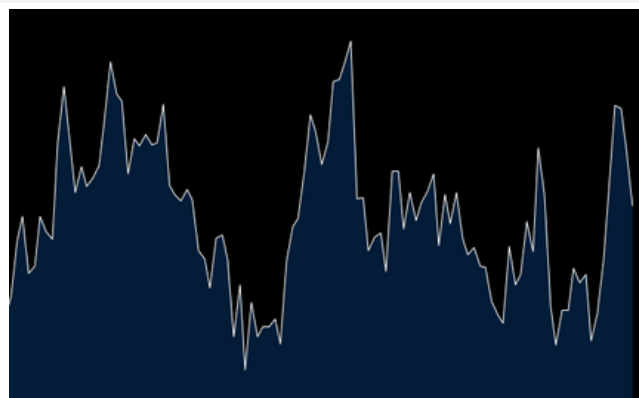
### **02/24/2022 KOF leading indicator**

KOF Swiss Economic Institute will publish a leading KOF indicator that measures future trends of the overall economic activity and hints of market sentiment.

## Economic Indicators

Swiss National Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-2.5	3.5	3.2	1.7
CPI (YOY%)	-0.73	0.6	1.1	0.7
Unemployment (%)	3.24	3	2.4	2.3

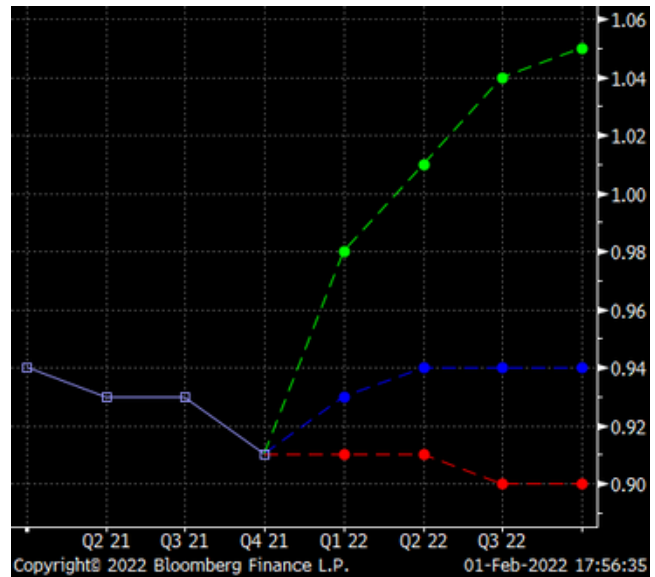


Historical Rates

# USD/CHF

## Market Consensus & Forecast

	Q1 22	Q2 22	Q3 22	Q4 22
Mean	0.93	0.94	0.94	0.94
High	0.98	1.01	1.04	1.05
Low	0.91	0.91	0.9	0.9



Consensus Forecast

## Forecast by Institution

	As of:	Q1 22	Q2 22	Q3 22	Q4 22
Jyske Bank	02/01/22	0.93	0.93	0.93	0.93
ABN Amro	01/31/22	0.98	1.01	1.04	1.05
Australia & NZ Banking Group	01/31/22	0.94	0.92	0.93	0.91
CICC	01/31/22	0.93	0.93	0.92	0.92
Mouvement Desjardins	01/31/22	0.93	0.93	0.93	0.93
Silicon Valley Bank	01/31/22	0.92	0.92	0.91	0.91
Emirates NBD	01/28/22	0.93	0.92	0.91	0.9
Rabobank	01/28/22	0.92	0.96	0.97	0.98
Banco Santander	01/28/22	0.97	0.96	0.93	0.93
Swedbank	01/28/22	0.94	0.93	0.94	0.96
TD Securities	01/26/22	0.94	0.94	0.94	0.94
DZ Bank	01/18/22	0.93	0.93	0.93	0.93
CBA	01/17/22	0.94	0.93	0.91	0.9
Danske Bank	01/17/22	0.91	0.91	0.92	0.92
Commerzbank	01/14/22	0.93	0.95	0.95	0.95
SEB	01/12/22	0.95	0.97	1	1
MUFG	01/11/22	0.93	0.93	0.92	0.91
Landesbank Baden-Wuertt.	01/11/22	0.96	0.97	0.99	1
PNC Financial	01/07/22	0.95	0.95	0.95	0.95
BNP Paribas	01/06/22	0.96	0.97	0.99	1.01

# USD/CAD

The Canadian dollar sustained pressure arising from geopolitical tensions and the hawkish Federal Open Market Committee (FOMC) looking to tackle multidecade high inflation. The Loonie closed January 0.63% lower against the greenback as market participants

looked for refuge in the dollar safe-haven appeal amid the risk-off sentiment. However, despite the broader dollar strength in January, the West Texas intermediate continued to rally breaking last year's highs, and currently changes hands at USD 87.8 per barrel. We expect that if the sentiment restores we could see traders starting to prices in current crude levels into FX quotes.

## What To Watch For This Month

### 02/01/2022 GDP

Statistics Canada will release November GDP results of value generated by all goods and services provided by the country, anticipated at 0.3% monthly.

### 02/04/2022 Unemployment Rate

Statistics Canada will announce the monthly unemployment rate results for January, expected at 6.2%.

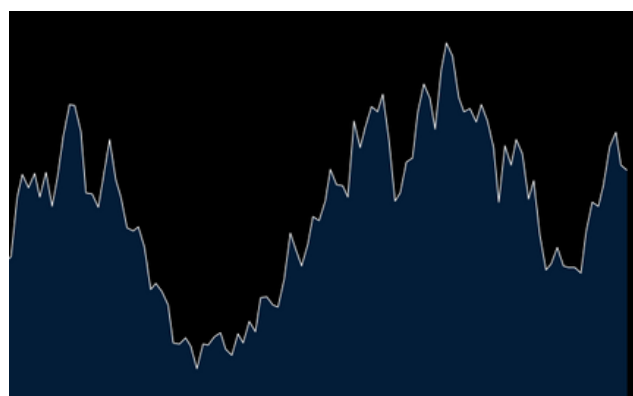
### 02/23/2022 BoC Consumer Price Index

Statistics Canada will announce CPI reading for January month to show the price movement of goods and services excluding volatile components, previously 4% annually.

## Economic Indicators

Bank of Canada Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-5.23	4.6	4	3.5
CPI (YOY%)	0.73	3.4	4.2	2.3
Unemployment (%)	9.58	--	--	--

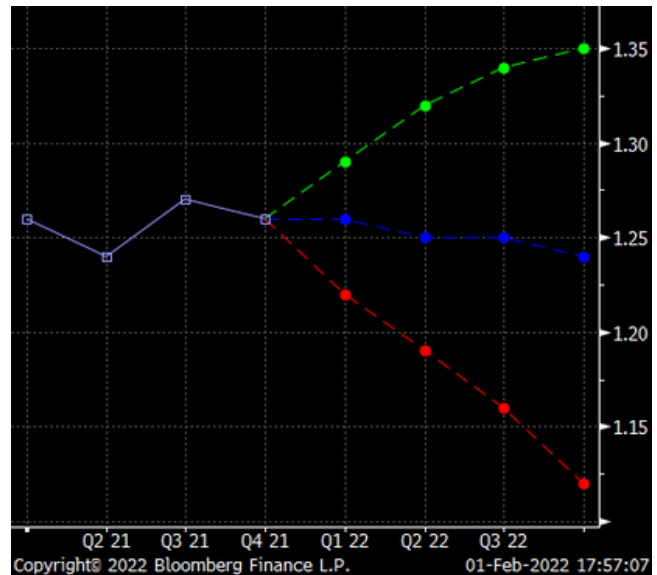


Historical Rates

# USD/CAD

## Market Consensus & Forecast

	Q1 22	Q2 22	Q3 22	Q4 22
Mean	1.26	1.25	1.25	1.24
High	1.29	1.32	1.34	1.35
Low	1.22	1.19	1.16	1.12



Consensus Forecast

## Forecast by Institution

	As of:	Q1 22	Q2 22	Q3 22	Q4 22
ABN Amro	01/31/22	1.23	1.22	1.21	1.2
CICC	01/31/22	1.29	1.27	1.25	1.23
Mouvement Desjardins	01/31/22	1.24	1.23	1.24	1.26
Silicon Valley Bank	01/31/22	1.26	1.26	1.25	1.24
Emirates NBD	01/28/22	1.25	1.24	1.23	1.2
Rabobank	01/28/22	1.26	1.27	1.27	1.26
Banco Santander	01/28/22	1.23	1.22	1.25	1.27
Swedbank	01/28/22	1.26	1.23	1.22	1.22
TD Securities	01/26/22	1.23	1.24	1.25	1.26
DZ Bank	01/18/22	1.27	1.27	1.26	1.25
CBA	01/17/22	1.24	1.22	1.21	1.2
Danske Bank	01/17/22	1.28	1.32	1.34	1.35
Commerzbank	01/14/22	1.27	1.28	1.29	1.27
SEB	01/12/22	1.24	1.23	1.22	1.21
MUFG	01/11/22	1.28	1.26	1.23	1.21
ING Financial Markets	01/11/22	1.25	1.24	1.23	1.22
Landesbank Baden-Wuertt.	01/11/22	1.29	1.27	1.3	1.34
PNC Financial	01/07/22	1.28	1.29	1.29	1.3
BNP Paribas	01/06/22	1.25	1.25	1.24	1.24
Morgan Stanley	01/04/22	1.23	1.19	1.16	1.12



# USD/CNY



The Chinese Yuan depreciated 0.48% after the Peoples Bank of China announced a cut in its benchmark lending rates amid concerns about an economic slowdown in the Asiatic giant. Policymakers reduced the one-year Loan prime rate by 10 bps from 3.8% to 3.7%, the second rate cut since December.

The dovish policy approach aims to tackle the current real estate crisis the economy is going through, aiming to reduce costs over mortgages and help shore-up housing demand while pushing banks to increase the volume of mortgage lending. However, economists remain skeptical as the cuts seem to be too small to have a material impact.

## What To Watch For This Month

### **02/16/2022 Consumer Price Index**

National Bureau of Statistics will announce CPI readings for January to show the price movement of goods and services excluding volatile components, previously 1.5% annually.

### **02/17/2022 Retail Sales**

National Bureau of Statistics is due to release retail sales figures to show the performance of the retail sector in January, previously 1.7% annually.

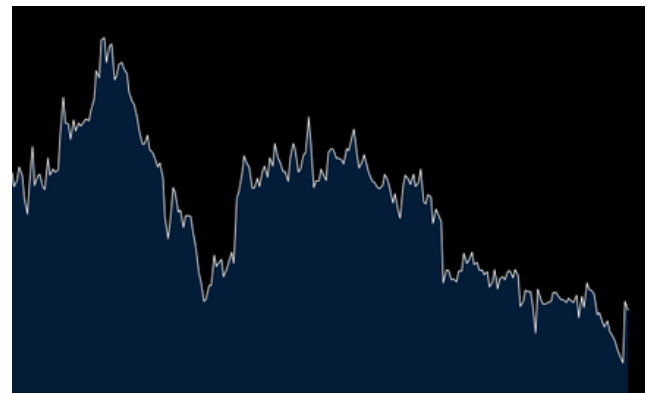
### **02/21/2022 PBoC Interest Rate Decision**

The People's Bank of China will announce its decision on monetary policy to show its stance on the inflationary outlook of the economy. Economists expect China's policymakers to sustain the approach.

## Economic Indicators

People's Bank of China Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	2.2	8.1	5.2	5.1
CPI (YOY%)	2.51	0.9	2.26	2.2
Unemployment (%)	4.24	4.9	3.7	3.65

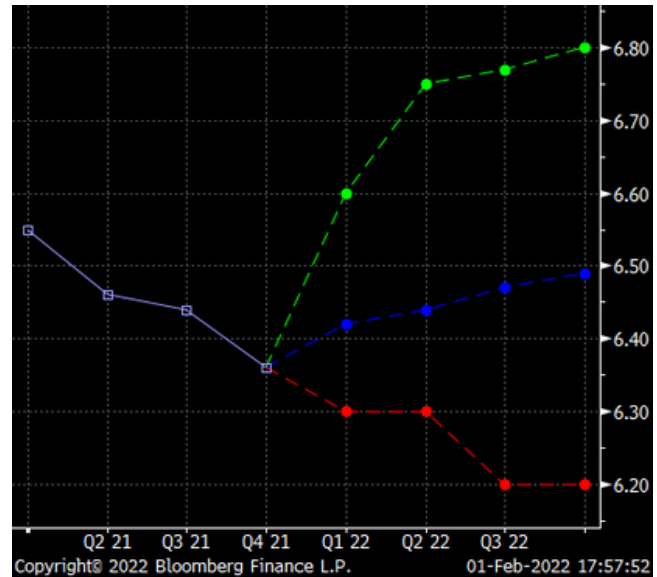


Historical Rates

# USD/CNY

## Market Consensus & Forecast

	Q1 22	Q2 22	Q3 22	Q4 22
Mean	6.42	6.44	6.47	6.49
High	6.6	6.75	6.77	6.8
Low	6.3	6.3	6.2	6.2



Consensus Forecast

## Forecast by Institution

	As of:	Q1 22	Q2 22	Q3 22	Q4 22
Jyske Bank	02/01/22	6.41	6.41	6.47	6.58
Mizuho Bank	02/01/22	6.43	6.45	6.48	6.5
ABN Amro	01/31/22	6.3	6.3	6.2	6.2
Australia & NZ Banking Group	01/31/22	6.37	6.35	6.32	6.3
CICC	01/31/22	6.45	6.5	6.6	6.65
Mouvement Desjardins	01/31/22	6.35	6.4	6.45	6.5
Silicon Valley Bank	01/31/22	6.38	6.39	6.4	6.42
Rabobank	01/28/22	6.6	6.55	6.55	6.58
TD Securities	01/26/22	6.39	6.41	6.43	6.45
DZ Bank	01/18/22	6.38	6.47	6.5	6.5
CBA	01/17/22	6.4	6.32	6.25	6.2
Danske Bank	01/17/22	6.44	6.53	6.65	6.78
United Overseas Bank	01/17/22	6.4	6.45	6.5	6.55
Commerzbank	01/14/22	6.55	6.6	6.65	6.7
SEB	01/12/22	6.4	6.38	6.37	6.3
MUFG	01/11/22	6.4	6.45	6.5	6.55
ING Financial Markets	01/11/22	6.35	6.35	6.4	6.5
Landesbank Baden-Wuertt.	01/11/22	6.5	6.5	6.61	6.71
Credit Agricole CIB	01/05/22	6.46	6.48	6.44	6.4
BNP Paribas	01/04/22	6.6	6.5	6.55	6.65

# USD/BRL



The Brazilian currency sustained significant pressure against the greenback although finished the month recording gains. Overall, the Real closed out January by edging 0.55% higher, supported by high-interest rates domestically and strong Iron-ore prices and commodities in general.

Market participants in the time of hot inflation expect a hawkish monetary policy stance by the Central bank of Brazil. Policymakers are anticipating a hike of 150bps in their next meeting in February.

## What To Watch For This Month

### **02/01/2022 HSBC PMI Manufacturing**

Bureau for Economic Research will release a leading indicator to show the economic situation in January.

### **02/09/2022 IPCA Inflation**

The IBGE will release its inflation results for January to show the inflation outlook and change in purchase trend, previously 0.73% monthly.

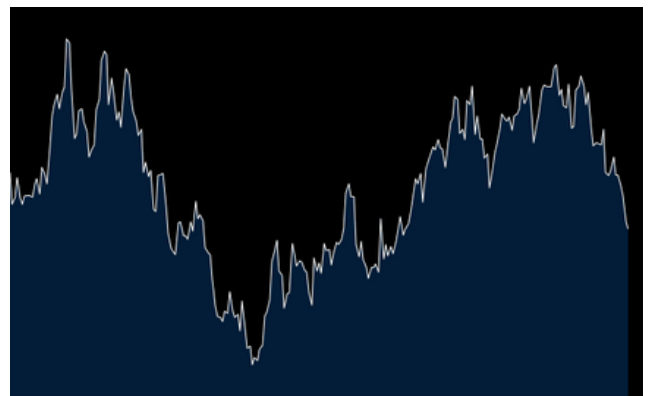
### **02/24/2022 Unemployment Rate**

The IBGE will announce the monthly unemployment rate results for November, expected 11.9%.

## Economic Indicators

Brazil's Central Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-3.87	4.7	0.7	2
CPI (YOY%)	3.21	8.3	7.35	3.77
Unemployment (%)	2	9.2	11.75	8.35

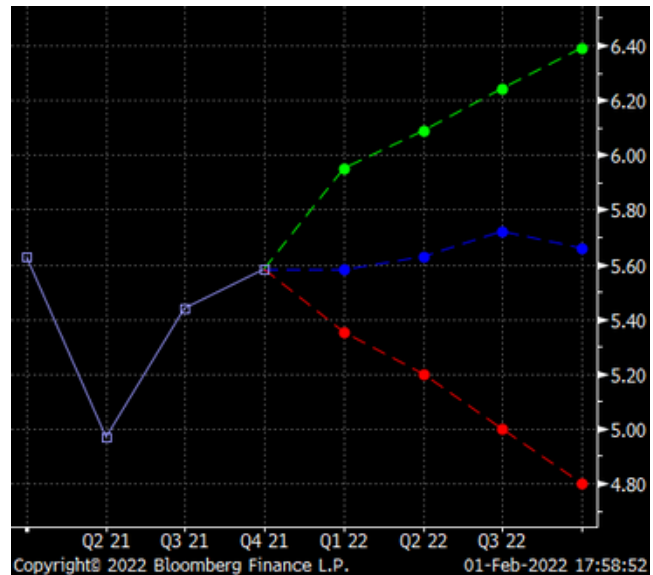


Historical Rates

# USD/BRL

## Market Consensus & Forecast

	Q1 22	Q2 22	Q3 22	Q4 22
Mean	5.58	5.63	5.72	5.66
High	5.95	6.09	6.24	6.39
Low	5.35	5.2	5	4.8



Consensus Forecast

## Forecast by Institution

	As of:	Q1 22	Q2 22	Q3 22	Q4 22
Mizuho Bank	02/01/22	5.5	5.65	5.8	5.7
ABN Amro	01/31/22	5.5	5.5	5.5	5.5
Mouvement Desjardins	01/31/22	5.4	5.5	5.7	5.8
Silicon Valley Bank	01/31/22	5.35	5.4	5.45	5.5
Rabobank	01/28/22	5.63	5.72	5.75	5.58
TD Securities	01/26/22	5.45	5.35	5.25	5
DZ Bank	01/18/22	5.64	5.7	5.67	5.62
SEB	01/12/22	5.5	5.5	5.8	6
MUFG	01/11/22	5.64	5.69	5.75	5.8
ING Financial Markets	01/11/22	5.6	5.75	6	6
Landesbank Baden-Wuertt.	01/11/22	5.95	6.09	6.24	6.39
BNP Paribas	01/04/22	5.35	5.55	5.85	5.6
Morgan Stanley	01/04/22	5.8	5.9	6.1	5.7
Eurobank Cyprus	01/03/22	5.5	5.45	5.65	--
BBVA	12/28/21	5.55	5.7	5.95	5.75
Prestige Economics LLC	12/28/21	5.6	5.58	5.55	5.5
Scotiabank	12/21/21	4.85	4.81	4.85	4.92
CIBC	12/20/21	5.7	5.7	6	5.7
RBC Capital Markets	12/10/21	5	5	6	5.5
Nomura Bank International	12/03/21	5.9	6	6	6

# USD/MXN

Mexican currency sustained significant pressure against the greenback although finished the month marginally positively. Overall, the Peso closed out January by edging up 0.09% amid a sluggish dollar and robust crude oil prices.

High inflation data and last Banxico's meeting supports the possibility of further rate hikes, with the market pricing in 50bps rise in the upcoming meeting. Having said that, the economic contraction in Q4 2021 could affect the central bank's decision to lift the interest rates.

## What To Watch For This Month

### **02/09/2022 12-Month Inflation**

Banxico will release an inflation reading for January to show the price movement of goods and services excluding volatile components, previously 7.36%.

### **02/12/2022 Central Bank Interest rate**

Banxico will announce its decision on monetary policy to show its stance on the inflationary outlook of the economy

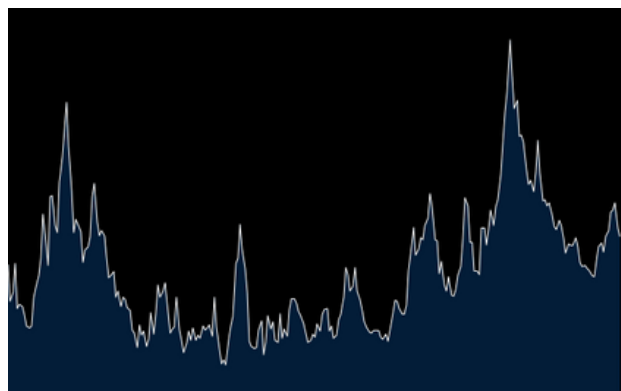
### **02/21/2022 Jobless Rate**

The INEGI will announce the monthly unemployment rate results for January, previously 3.5%.

## Economic Indicators

Banco de Mexico Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-8.2	5.3	2.58	2.2
CPI (YOY%)	3.4	5.7	5	3.71
Unemployment (%)	4.43	4.2	3.95	3.8



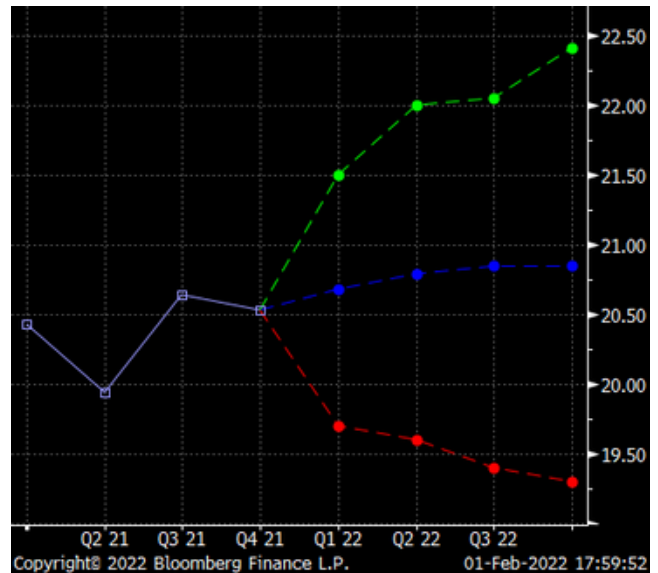
Historical Rates



# USD/MXN

## Market Consensus & Forecast

	Q1 22	Q2 22	Q3 22	Q4 22
Mean	20.68	20.79	20.85	20.85
High	21.5	22	22.05	22.41
Low	19.7	19.6	19.4	19.3



Consensus Forecast

## Forecast by Institution

	As of:	Q1 22	Q2 22	Q3 22	Q4 21
Mizuho Bank	02/01/22	20.5	20.5	20.6	20.8
Mouvement Desjardins	01/31/22	20.5	20	20.5	21
Silicon Valley Bank	01/31/22	20.47	20.27	20.07	20.17
Rabobank	01/28/22	20.75	21.33	21.83	22.33
TD Securities	01/26/22	20.5	21	21.25	21.5
Banorte	01/19/22	21.2	21.5	21.6	21.8
DZ Bank	01/18/22	20.77	21	20.83	20.58
MUFG	01/11/22	21.1	21.2	21.3	21.4
ING Financial Markets	01/11/22	20.75	21	21	21
Landesbank Baden-Wuertt.	01/11/22	20.91	21.36	22.02	22.41
BNP Paribas	01/04/22	20.5	20	19.6	19.5
Morgan Stanley	01/04/22	20.7	21	20.5	20
BBVA	12/28/21	20.45	20.75	21.05	21.35
Prestige Economics LLC	12/28/21	21.2	20.6	20.4	20.2
Scotiabank	12/21/21	20.76	21.03	21.27	21.45
CIBC	12/20/21	21	22	22	21.5
RBC Capital Markets	12/10/21	20	19.8	20.66	20.16
Nomura Bank International	12/03/21	21.5	21.5	21.5	21.5
JPMorgan Chase	11/24/21	21.3	21.5	21.8	22
Barclays	11/16/21	20.4	20.3	20.1	20.1

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