

FX

CONSENSUS FORECAST

A LOOK AT THE MONTH AHEAD

March 2022

moneycorp 

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QUICK GLANCE



In February, the U.S. economy appears to be dealing with two major difficulties. The first is the issue between Ukraine and Russia and the second is the continued price increase. According to preliminary data, the world's largest economy increased by 7.2% in the fourth quarter of 2021, compared to the predicted 6.9%. The key economic engine was consumer spending, which was boosted by increased retail sales throughout the early holiday season. The Ukraine crisis entered the scene and complicated the economic outlook in the short term while officials debated how to withdraw monetary stimulus, accelerate tapering, and deliver rate hikes to manage record-high inflation. Meanwhile, the U.S. and its allies imposed more sanctions on Russia, including Swift and other measures. Consumers are anxious about high inflation and the expiration of the child tax credit while speculators are reconsidering their bets on the Federal Reserve, raising interest rates by a half-point.

Consumer spending remained resilient despite the Personal Consumption expenditure posting record-high figures. However, this looks gloomy in the near future. The month of January saw a 3.8% increase in retail sales compared to the 2.5% decline in the previous month. This was primarily due to increased consumer spending, which rose by 2.1% for the month of January. The majority of this was due to consistently high inflation. However, consumer spending is projected to darken since inflation has lingered longer than expected and the child tax credit system has expired, which was a surplus for families to spend. Furthermore, the elimination of this tax benefit enters a period of persistently high inflation in which Personal Consumption Expenditure (PCE) prices have risen to 6.3%, the highest since 1983, lowering consumers' purchasing power. Elsewhere, market participants are also interested in learning more about the Build Back Better (BBB) program. This provides a recovery plan through changes to maternity leave, voting rights, medical coverage, and includes a variety of other perks. In the State of the Union speech early next month, President Joe Biden is expected to revive stalled climate legislation by presenting a package of tax credits and detailing climate expenditures as a method to combat inflation and save the typical American family \$500 per year.

Geopolitical tensions continue to peak as the U.S. and allies ramp up sanctions against Russia causing concern among policymakers about oil prices. Putin finally pulled the trigger in February. Russia launched a full-scale invasion of Ukraine in the last week of February, causing Europe's worst security crisis since World War II. According to the most recent sources, Russia escalated the fight on the sixth day of the invasion by announcing that it would continue until its goal of dematerializing the Ukrainian government was met. Russia increased its shelling of major cities, including Kharkiv, as a big convoy marched toward Kyiv. According to the United Nations figures, 12 million people within the country are projected to require help and protection. The figures further state that in the following months, more than 4 million Ukrainian refugees may seek shelter and assistance from neighboring nations. To date, more than 500,000 migrants have fled Ukraine as a result of military pressure.

In response to Russia, the United States, the European Union, and their allies have chosen to exercise their muscles by cutting Russia off from the global financial system SWIFT. The measures at the heart of those sanctions are steps to isolate Russian banks, including the country's central bank, thus choking the Russian economy by denying it cash. The backlash against Russia is still ongoing. Major Hollywood studios, including Disney, have halted new film releases in the nation, while Mastercard and Visa have restricted some Russian activity on their payment networks. As a result, the Russian currency fell by more than 25% on February 28th, and the Bank of Russia raised interest rates from 9% to 20% in order to increase liquidity. Furthermore, the Russian stock exchanges have been suspended for two days, and the Bank of Russia is anticipated to announce their restoration on Wednesday, March 2nd. Furthermore, foreign-listed shares in Russian companies continued to fall on Tuesday as investors attempted to unwind billions of dollars in holdings. Russia is now drafting a policy to address the country's stockpile and liquidity issues. The start of the war has gone poorly for Russia as half of Russia's international reserves have been frozen abroad. There is a high degree of uncertainty about what will happen next.

Though the sanctions look to be effective against Russia, the next major issue is rising oil costs, as Russia accounts for more than one-third of Europe's gas supplies. Brent oil futures touched \$105 per barrel while West Texas Intermediate Crude oil reached multi-year highs of \$100 per barrel. This has the greatest influence on gas costs for customers in the United States. President Joe Biden is attempting to diversify the country's oil supplies and is contemplating options to release strategic petroleum reserves to alleviate supply worries.

The current problem is also affecting the Federal Reserve's efforts to contain excessive inflation, as it is viewed as a potential danger to the economic recovery. Markets no longer factor in the possibility of the Federal Reserve boosting its policy rate by more than a quarter percentage point in March. Moving forward, it will be worth watching how Fed Chair Jerome Powell aims to convince lawmakers in the first week of March that the central bank would take action to cool the highest inflation in four decades while remaining flexible in the face of global uncertainty.

In February, the U.S. dollar index increased by 0.2%. The worldwide risk-off sentiment, caused by Russia's invasion of Ukraine and its major cities prompted investors to withdraw their funds from riskier assets and flock to the safe-haven U.S. dollar. On the data front, the dollar was bolstered by strong nonfarm payrolls, which came in at 467k versus estimates of 150k. Furthermore, the solid Consumer Price Index, which stood at 7.5% year on year in January, boosted the likelihood of a Fed rate hike, thus boosting the dollar index. On the other hand, disappointing Michigan Consumer Index data, which stood at 61.7 vs forecasts of 67.5, dragged the dollar down. Moving forward, the dollar is projected to rise if the Ukraine-Russia situation worsens. Furthermore, positive nonfarm payrolls and inflation data would bolster the dollar and eventually the Fed's rate rise prospects.

U.S. Equities are off to another difficult start this year as rising interest rates and Russia's invasion of Ukraine combine to put the "stocks only go up" adage to the test. For the first time in nearly a year and a half, the S&P 500 had back-to-back monthly falls, extending its losses this year to 8.2%, the worst start since the pandemic roiled markets in early 2020. Also, equities fell as a rise in crude raised concerns about greater inflation, complicating the Federal Reserve's task at a time when Russia's invasion of Ukraine is seen as a potential danger to the economic recovery. Meanwhile, bonds rose as investors worried about the impact of conflict on global economies, with 10-year U.S. rates falling to their lowest four-day level since July on the last day of February. Equity markets are falling despite the fact that substantial share buybacks have been observed across the markets. Share buybacks have increased this year compared to last year as companies repair their balance sheets as the Covid-risks have subsided. Moving forward, the stock market will be guided by geopolitical headlines, market sentiments, and Fed's monetary policy tightening prospects.

In summary, the U.S. economy has proven to be resilient during the fourth quarter of 2021 despite rising consumer spending. In the immediate term, consumer spending appears to be bleak as market players seek stalled tax incentives and other perks amid record-high inflation. Furthermore, the escalation between Russia and Ukraine would have a negative impact on the U.S. economy as well as oil prices for U.S. consumers. The turmoil would also jeopardize the Fed's plan to raise interest rates. Currently, market players are anticipating a gradual response in the form of a quarter-point raise by the Federal Reserve in the midst of the conflict. On the other hand, higher-than-expected nonfarm payroll figures or strong inflation estimates would increase odds for a half-point rate hike. The progression of the Ukraine crisis and inflationary pressures will pave the path for the Fed to shift gears properly.

EUR/USD

The EUR kicked off the month with a solid performance against the USD, capitalizing over 3% amid a friendlier market environment. However, amid the Ukrainian-Russian tensions, the EUR has turned south dropping sharply in line with the conflict escalation driven by risk-off flows looking for refuge in safe haven assets and the greenback.

However, amid the escalation of the conflict in Ukraine and inflation readings meeting expectations, it is unlikely that the ECB will rush into tightening monetary policy. Analysts suggest that the European Union has significant exposure to Russia, especially in terms of energy which is expected to have a hit over the European economy.



What To Watch For This Month

03/02/2022 - HICP (Feb)

Eurostat will announce HICP for February that is a significant way to measure purchasing trends and inflation in Eurozone. Expected at 5.4% annually

03/08/2022 GDP Q4

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. Expected at 4.6% annually.

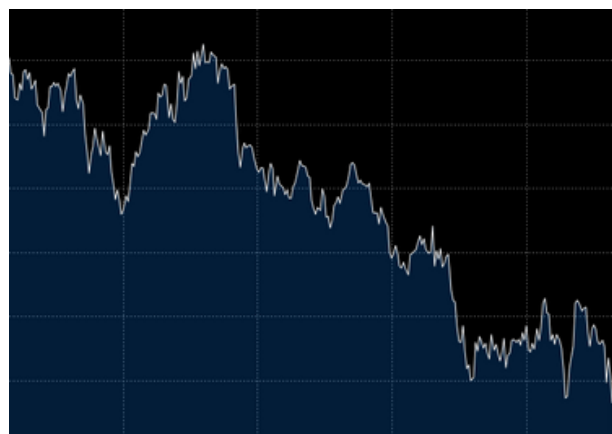
03/10/2022 ECB interest rate decision

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

Economic Indicators

European Central Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-6.4	--	4.2	2.9
CPI (YOY%)	0.25	2.6	3.2	1.8
Unemployment (%)	7.97	7.7	7.3	6.9

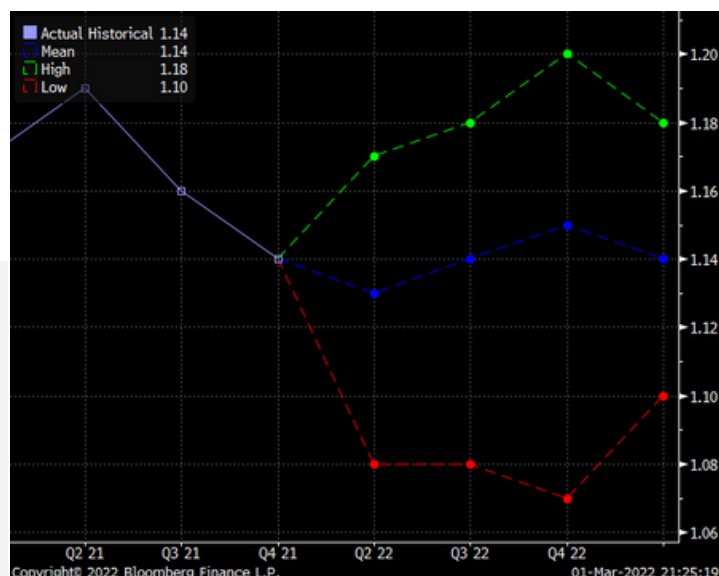


Historical Rates

EUR/USD

Market Consensus & Forecast

	Q2 22	Q3 22	Q4 22	Q1 23
Mean	1.13	1.14	1.15	1.14
High	1.17	1.18	1.2	1.18
Low	1.08	1.08	1.07	1.1



Consensus Forecast

Forecast by Institution

	As of:	Q2 22	Q3 22	Q4 22	Q1 23
CICC	03/01/22	1.14	1.16	1.15	--
Morgan Stanley	03/01/22	1.12	1.15	1.18	1.18
Mizuho Bank	03/01/22	1.12	1.13	1.15	--
BBVA	02/28/22	1.12	1.13	1.13	--
Jyske Bank	02/28/22	1.09	1.16	1.19	--
Mouvement Desjardins	02/28/22	1.14	1.16	1.17	--
Prestige Economics LLC	02/28/22	1.09	1.08	1.08	1.1
Silicon Valley Bank	02/28/22	1.14	1.16	1.17	--
Rabobank	02/25/22	1.12	1.12	1.14	--
Investec	02/23/22	1.15	1.18	1.18	--
Kshitij Consultancy Services	02/23/22	1.17	1.18	1.2	--
Nomura	02/22/22	1.16	1.18	1.2	--
Axis Bank	02/18/22	1.15	1.16	1.16	--
ING Financial Markets	02/18/22	1.12	1.12	1.13	--
Swedbank	02/17/22	1.14	1.16	1.18	--
Eurobank Cyprus	02/16/22	1.15	1.17	--	--
Maybank Singapore	02/16/22	1.14	1.16	1.18	--
Landesbank Baden-Wuertt.	02/15/22	1.1	1.09	1.08	--
Danske Bank	02/14/22	1.12	1.1	1.09	--

USD/JPY



The Japanese Yen appreciated 0.3% in February, benefitting from its safe-haven appeal amid the escalation of the conflict in Ukraine. The Yen is taking a breather from the strong depreciation it held throughout 2021 as the pair seems to have found stability since the beginning of the geopolitical tensions in Eastern Europe.

However, following the sanctions arising from the Russian invasion of Ukraine, stock markets regained momentum with Nikkei being one of the big winners, adding over 1.20% in the last session of February. From a monetary policy perspective, we don't expect any shift from the BoJ as the economy and price conditions warrants keeping monetary policy loose.

What To Watch For This Month

03/08/2022 GDP Q4

The Japanese Cabinet office will release GDP readings of value generated by all goods and services provided by the economy, expected 1.3% quarterly.

03/17/2022 National Consumer Price Index

Statistics Bureau will release Consumer Price Index report for February, previously 0.5% annually.

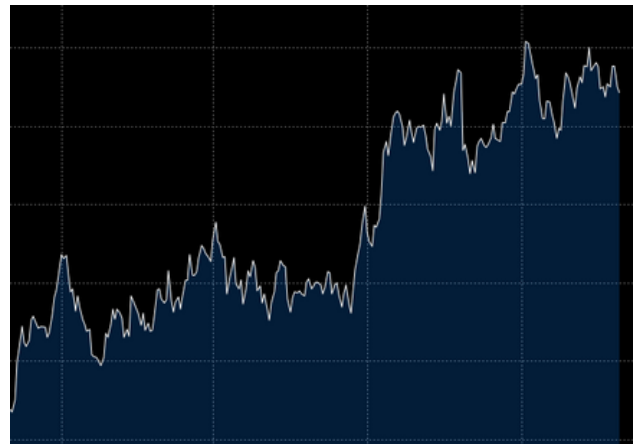
03/18/2022 BoJ Monetary Policy Decision

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

Economic Indicators

Bank of Japan Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-4.53	1.85	3.8	1.1
CPI (YOY%)	-0.02	-0.25	--	--
Unemployment (%)	2.79	2.81	2.73	2.73

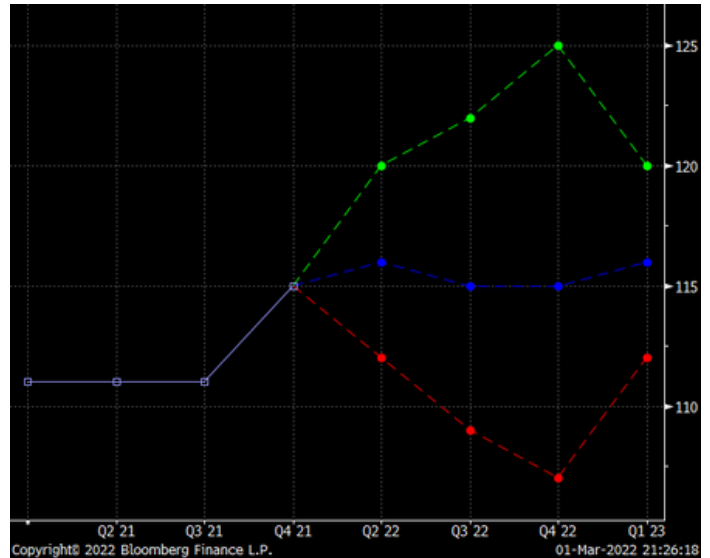


Historical Rates

USD/JPY

Market Consensus & Forecast

	Q2 22	Q3 22	Q4 22	Q1 23
Mean	116	115	115	116
High	120	122	125	120
Low	112	109	107	112



Consensus Forecast

Forecast by Institution

	As of:	Q2 22	Q3 22	Q4 22	Q1 23
CICC	03/01/22	112	110	107	--
Morgan Stanley	03/01/22	118	115	113	112
Mizuho Bank	03/01/22	117	118	119	--
BBVA	02/28/22	114	113	110	--
Jyske Bank	02/28/22	114	109	108	--
Mouvement Desjardins	02/28/22	115	116	116	--
Prestige Economics LLC	02/28/22	117	118	118	117
Silicon Valley Bank	02/28/22	115	115	114	--
Rabobank	02/25/22	116	117	117	--
Investec	02/23/22	118	119	120	--
Nomura	02/22/22	117	116	115	--
Axis Bank	02/18/22	116	117	117	--
ING Financial Markets	02/18/22	117	118	120	--
Swedbank	02/17/22	118	118	115	--
Eurobank Cyprus	02/16/22	114	110	--	--
Maybank Singapore	02/16/22	114	113	112	--
Landesbank Baden-Wuertt.	02/15/22	120	122	125	--
Danske Bank	02/14/22	113	112	111	--
ABN Amro	02/11/22	118	119	120	--
SEB	02/11/22	114	115	116	--

GBP/USD



The Pound Sterling rallied 1.73% during the early sessions of February before the conflict in Ukraine dented the market sentiment. The raising tension and escalation of conflict induced a broader risk-off mood in the global markets weighing over currencies like the British Pound.

However, a driver of the early rally of sterling was the decision from the Bank of England to raise interest rates by 25 bps as a response to surging inflation in the British economy. Inflation was released higher than anticipated for January posting 5.5% vs 5.4% expected. Unemployment on the other hand remains unchanged at 4.1%.

What To Watch For This Month

03/17/2022 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.

03/22/2022 ILO Unemployment Rate 3M

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

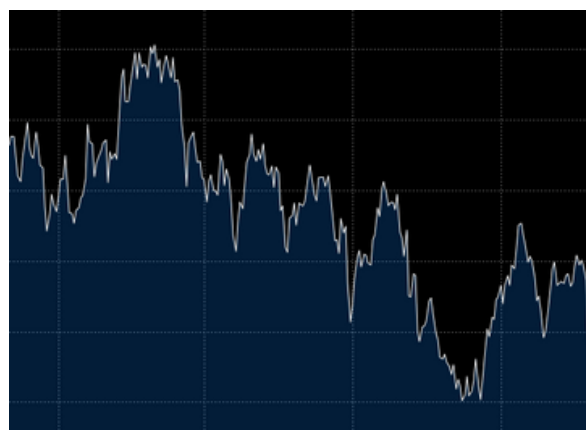
03/31/2022 GDP Q4

National Statistics will release Q4 2021 growth results of economic output, previously 6.5% annually.

Economic Indicators

Bank of England Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-9.38	--	3.75	1.25
CPI (YOY%)	0.85	2.58	5.75	2.50
Unemployment (%)	4.42	4.59	4.00	4.50

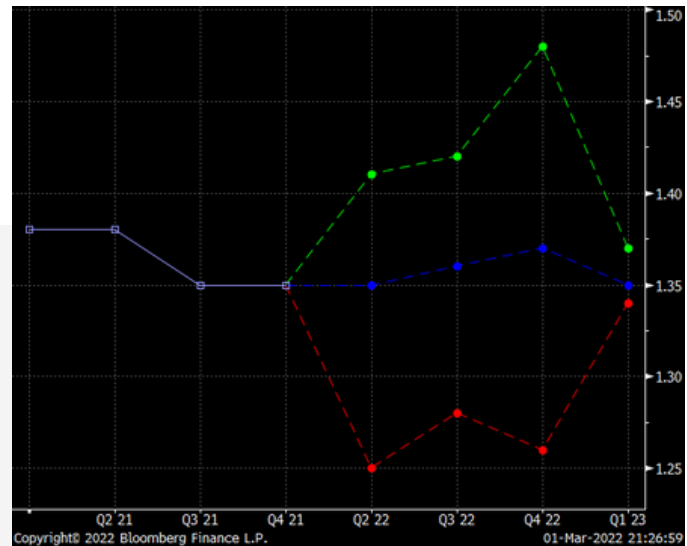


Historical Rates

GBP/USD

Market Consensus & Forecast

	Q2 22	Q3 22	Q4 22	Q1 23
Mean	1.35	1.36	1.37	1.35
High	1.41	1.42	1.48	1.37
Low	1.25	1.28	1.26	1.34



Consensus Forecast

Forecast by Institution

	As of:	Q2 22	Q3 22	Q4 22	Q1 23
CICC	03/01/22	1.34	1.37	1.38	--
Morgan Stanley	03/01/22	1.34	1.36	1.38	1.37
BBVA	02/28/22	1.37	1.37	1.38	--
Jyske Bank	02/28/22	1.25	1.35	1.4	--
Mouvement Desjardins	02/28/22	1.36	1.38	1.39	--
Prestige Economics LLC	02/28/22	1.32	1.33	1.33	1.34
Silicon Valley Bank	02/28/22	1.35	1.36	1.37	--
Rabobank	02/25/22	1.31	1.3	1.32	--
Investec	02/23/22	1.4	1.42	1.42	--
Nomura	02/22/22	1.4	1.42	1.48	--
Axis Bank	02/18/22	1.35	1.35	1.35	--
ING Financial Markets	02/18/22	1.37	1.35	1.35	--
Swedbank	02/17/22	1.36	1.36	1.37	--
Eurobank Cyprus	02/16/22	1.39	1.42	--	--
Maybank Singapore	02/16/22	1.36	1.37	1.38	--
Landesbank Baden-Wuertt.	02/15/22	1.31	1.3	1.29	--
Danske Bank	02/14/22	1.33	1.31	1.3	--
ABN Amro	02/11/22	1.31	1.28	1.26	--
SEB	02/11/22	1.38	1.39	1.38	--
TD Securities	02/11/22	1.38	1.39	1.4	--

USD/CHF

The Swiss Franc appreciated over 1.6% against the greenback underpinned by its safe-haven appeal and the Russian invasion of Ukraine. However, the Swiss franc has also shown high levels of volatility against the dollar, with the session swinging up to 1.19%.

Moreover, yearly Retail Sales released earlier this week revealed an increase of 5.1%, significantly higher than previous results at a shy 0.5% which weighed on the Franc back in January. However, headlines around the Ukraine-Russia war will remain strong drivers for the Swissy in the coming sessions.

What To Watch For This Month

03/07/2022 Unemployment rate (Feb)

The SECO will announce the monthly unemployment rate results for February, expected at 2.2%

03/17/2022 SNB interest rate decision

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

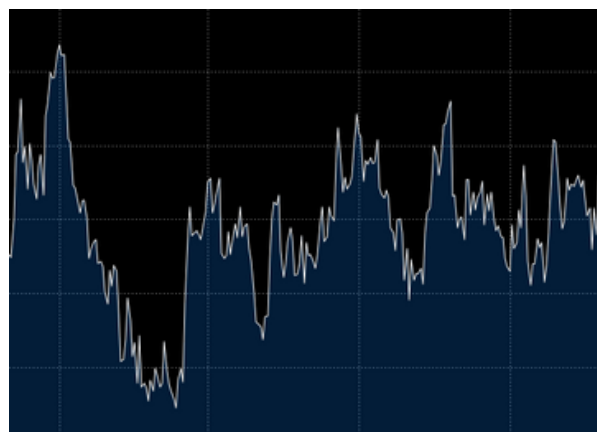
03/24/2022 KOF leading indicator (Mar)

KOF Swiss Economic institute will release KOF for March to show the future trends of future economic activity.

Economic Indicators

Swiss National Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-2.53	3.80	3.20	1.70
CPI (YOY%)	-0.73	0.58	1.10	0.70
Unemployment (%)	3.24	2.98	2.40	2.30

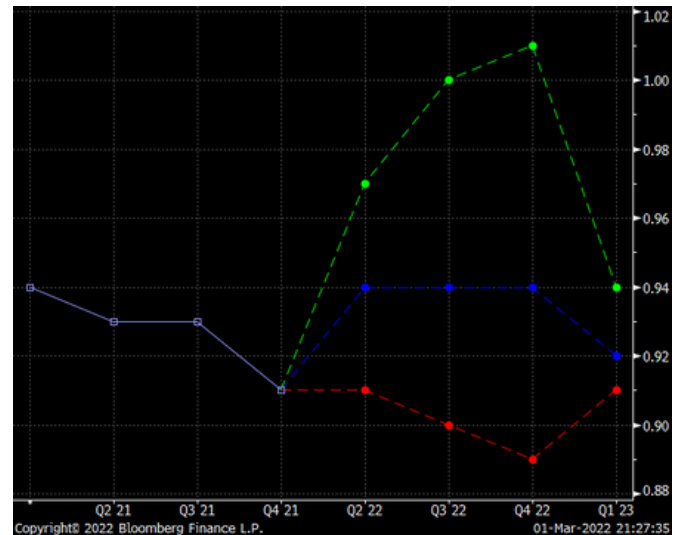


Historical Rates

USD/CHF

Market Consensus & Forecast

	Q2 22	Q3 22	Q4 22	Q1 23
Mean	0.94	0.94	0.94	0.92
High	0.97	1	1.01	0.94
Low	0.91	0.9	0.89	0.91



Consensus Forecast

Forecast by Institution

	As of:	Q2 22	Q3 22	Q4 22	Q1 23
CICC	03/01/22	0.93	0.92	0.92	--
Morgan Stanley	03/01/22	0.96	0.95	0.93	0.94
BBVA	02/28/22	0.96	0.98	0.99	--
Jyske Bank	02/28/22	0.94	0.9	0.89	--
Mouvement Desjardins	02/28/22	0.93	0.93	0.94	--
Prestige Economics LLC	02/28/22	0.93	0.92	0.92	0.91
Silicon Valley Bank	02/28/22	0.92	0.91	0.91	--
Rabobank	02/25/22	0.95	0.96	0.95	--
Investec	02/23/22	0.92	0.91	0.92	--
Wells Fargo	02/23/22	0.94	0.96	0.97	--
Nomura	02/22/22	0.91	0.92	0.92	--
Swedbank	02/17/22	0.92	0.92	0.95	--
Eurobank Cyprus	02/16/22	0.94	0.96	--	--
Maybank Singapore	02/16/22	0.94	0.94	0.93	--
Landesbank Baden-Wuertt.	02/15/22	0.97	0.99	1	--
Danske Bank	02/14/22	0.92	0.91	0.92	--
ABN Amro	02/11/22	0.97	1	1.01	--
SEB	02/11/22	0.97	1	0.92	--
TD Securities	02/11/22	0.92	0.92	0.92	--
BNP Paribas	02/10/22	0.93	0.93	0.93	--

USD/CAD



The Canadian dollar appreciated against the U.S. dollar throughout the course of February amid soaring energy prices underpinning the commodities linked loonie. Following the erosion of relationships between

Russia and Ukraine, WTI crude oil prices spiked to USD 104 per barrel, the highest since June 2014. The exponential appreciation of Crude oil managed to offset pressure arising from risk-off flows which have seemed absent as the commodities rally provides solid support to the Canadian Dollar.

What To Watch For This Month

03/01/2022 GDP Q4

Statistics Canada will release GDP results of value generated by all goods and services provided by the country. Expected at 6.2% annually.

03/02/2022 BOC Interest rate decision

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

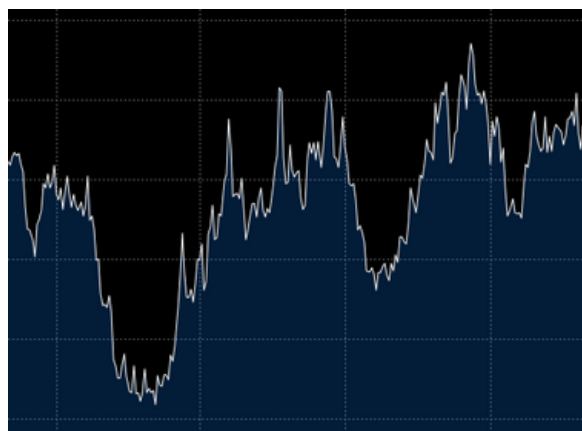
03/16/2022 BoC Consumer Price Index

Statistics Canada will announce CPI reading for February month to show the price movement of goods and services excluding volatile components. Expected at 4.8% annually

Economic Indicators

Bank of Canada Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-5.23	--	4.00	3.5
CPI (YOY%)	0.73	3.40	4.20	2.3
Unemployment (%)	9.58	7.43	--	--

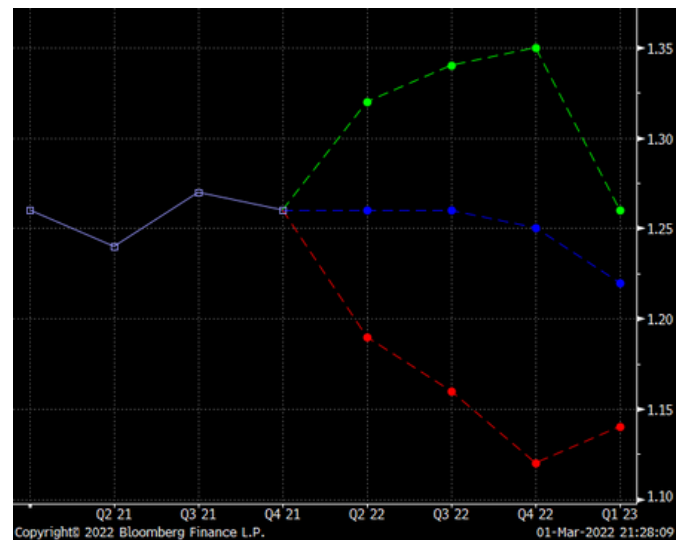


Historical Rates

USD/CAD

Market Consensus & Forecast

	Q2 22	Q3 22	Q4 22	Q1 23
Mean	1.26	1.26	1.25	1.22
High	1.32	1.34	1.35	1.26
Low	1.19	1.16	1.12	1.14



Consensus Forecast

Forecast by Institution

	As of:	Q2 22	Q3 22	Q4 22	Q1 23
CICC	03/01/22	1.27	1.25	1.23	--
Morgan Stanley	03/01/22	1.19	1.16	1.12	1.14
BBVA	02/28/22	1.26	1.25	1.24	--
Mouvement Desjardins	02/28/22	1.24	1.25	1.27	--
Prestige Economics LLC	02/28/22	1.27	1.26	1.26	1.25
Silicon Valley Bank	02/28/22	1.26	1.25	1.24	--
Rabobank	02/25/22	1.27	1.28	1.27	--
Wells Fargo	02/23/22	1.29	1.3	1.31	--
Nomura	02/22/22	1.27	1.26	1.26	--
ING Financial Markets	02/18/22	1.24	1.23	1.22	--
Swedbank	02/17/22	1.23	1.22	1.22	--
Eurobank Cyprus	02/16/22	1.32	1.33	--	--
Maybank Singapore	02/16/22	1.24	1.23	1.23	--
Landesbank Baden-Wuertt.	02/15/22	1.27	1.3	1.34	--
Danske Bank	02/14/22	1.32	1.34	1.35	--
ABN Amro	02/11/22	1.28	1.29	1.3	--
SEB	02/11/22	1.26	1.25	1.24	--
TD Securities	02/11/22	1.28	1.29	1.3	--
BNP Paribas	02/10/22	1.25	1.24	1.24	--
Laurentian Bank of Canada	02/08/22	1.23	1.23	1.22	--

USD/CNY



The Chinese Yuan is one of the few currencies in Asia to gain in the past week and closing the month 0.96% amid a global riskoff mood established after Russia invaded Ukraine. The nation's robust trade surplus and expectations that the PBoC measure may boost the economy underpin CNY.

The Peoples Bank of China had so far refrained from intervening through its daily fixing this year especially as the currency reaches its highest level since 2018 against the greenback. The PBoC signaled preferences for a stable currency in a statement reviewing the yuen performance since 2018, highlight solid policy.

What To Watch For This Month

03/09/2022 Consumer Price Index

National Bureau of Statistics will announce CPI readings for February to show the price movement of goods and services excluding volatile components, expected at 0.6% annually.

03/17/2022 Retail Sales

National Bureau of Statistics is due to release retail sales figures to show the performance of the retail sector in February.

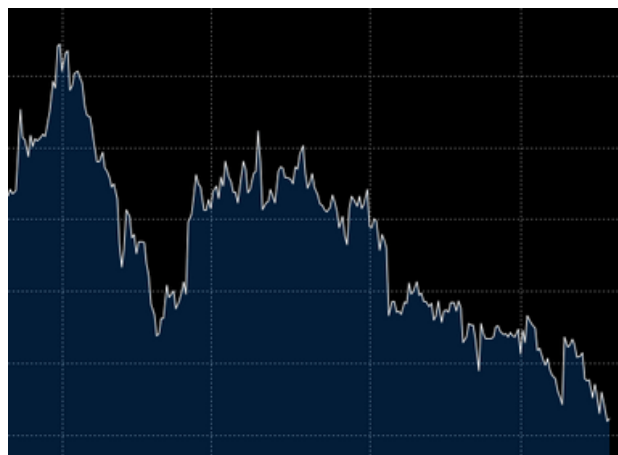
03/21/2022 PBoC Interest Rate Decision

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%)	2.20	8.1	5.18	5.20
CPI (YOY%)	2.51	0.9	2.10	2.20
Unemployment (%)	4.24	--	3.80	3.70

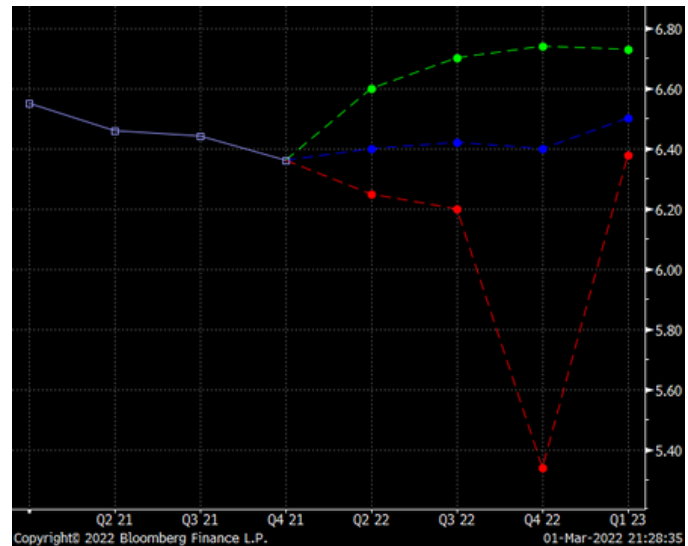


Historical Rates

USD/CNY

Market Consensus & Forecast

	Q2 22	Q3 22	Q4 22	Q1 23
Mean	6.4	6.42	6.4	6.5
High	6.6	6.7	6.74	6.73
Low	6.25	6.2	5.34	6.38



Consensus Forecast

Forecast by Institution

	As of:	Q2 22	Q3 22	Q4 22	Q1 23
CICC	03/01/22	6.4	6.6	6.65	--
Morgan Stanley	03/01/22	6.45	6.43	6.4	6.4
Mizuho Bank	03/01/22	6.38	6.4	6.45	--
BBVA	02/28/22	6.29	6.31	5.34	--
Jyske Bank	02/28/22	6.47	6.25	6.3	--
Mouvement Desjardins	02/28/22	6.4	6.45	6.5	--
Prestige Economics LLC	02/28/22	6.31	6.33	6.35	6.38
Silicon Valley Bank	02/28/22	6.3	6.28	6.26	--
Rabobank	02/25/22	6.43	6.52	6.57	--
Nomura	02/22/22	6.34	6.28	6.25	--
ING Financial Markets	02/18/22	6.35	6.4	6.5	6.25
Credit Agricole CIB	02/16/22	6.48	6.44	6.4	--
Eurobank Cyprus	02/16/22	6.6	6.7	--	--
Maybank Singapore	02/16/22	6.36	6.35	6.35	--
Landesbank Baden-Wuertt.	02/15/22	6.5	6.61	6.71	--
Danske Bank	02/14/22	6.5	6.61	6.74	--
ABN Amro	02/11/22	6.3	6.2	6.2	--
SEB	02/11/22	6.39	6.37	6.3	--
TD Securities	02/11/22	6.41	6.43	6.45	--
NAB/BNZ	02/08/22	6.4	6.45	6.5	--

USD/BRL



The Brazilian currency rallied 7.5% against the U.S. dollar during the course of February amid bolstering commodity prices and interest rate hike expectations. Although the Real retraced amid the conflict in Ukraine, the surge in commodity prices underpins further high inflation in the country.

Market participants expect the Selic rate to hit 12% in the coming months as policymakers accelerate the pace of tightening monetary policy. Economists highlight that after the Selic rate passed 10%, it triggered exacerbated optimism in the currency.

What To Watch For This Month

03/03/2022 HSBC PMI Manufacturing

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

03/04/2022 GDP Q4

The IBGE will release Monthly GDP results of value generated by all goods and services provided by the country. Expected 1.1% annually.

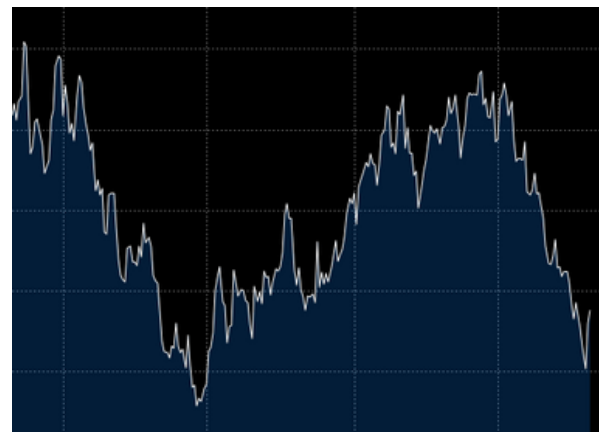
03/11/2022 Unemployment Rate

The IBGE will release its inflation results for February to show the inflation outlook and change in purchase trend, Expected 0.89% monthly.

Economic Indicators

Brazil's Central Bank Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-3.87	--	0.60	1.80
CPI (YOY%)	3.21	8.29	7.50	3.90
Policy Rate (%)	2.00	9.25	11.90	8.35

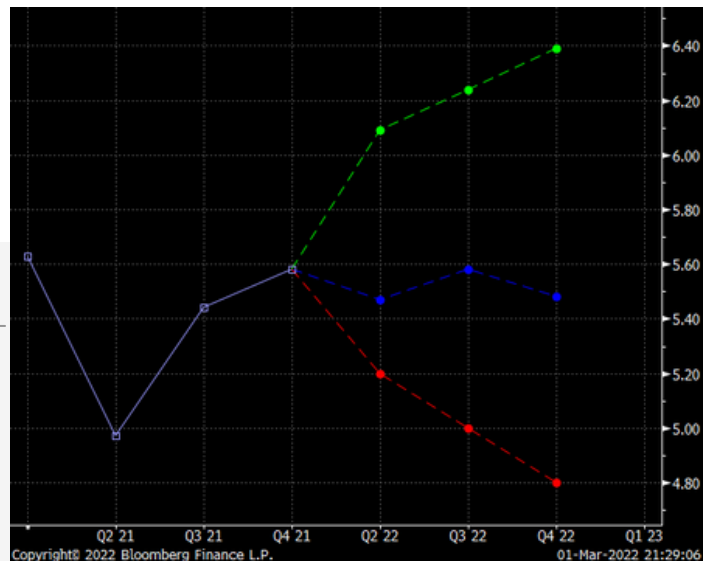


Historical Rates

USD/BRL

Market Consensus & Forecast

	Q2 22	Q3 22	Q4 22	Q1 23
Mean	5.47	5.58	5.48	--
High	6.09	6.24	6.39	--
Low	5.2	5	4.8	--



Forecast by Institution

	As of:	Q2 22	Q3 22	Q4 22	Q1 23
Morgan Stanley	03/01/22	5.9	6.1	5.7	5.65
Mizuho Bank	03/01/22	5.5	5.65	5.5	--
BBVA	02/28/22	5.21	5.48	5.4	--
Mouvement Desjardins	02/28/22	5.3	5.4	5.5	--
Prestige Economics LLC	02/28/22	5.35	5.3	5.25	5.25
Silicon Valley Bank	02/28/22	5.2	5.18	5.15	--
Rabobank	02/25/22	5.45	5.53	5.47	--
Nomura	02/22/22	5.6	6	5.6	--
ING Financial Markets	02/18/22	5.6	5.75	5.75	--
Eurobank Cyprus	02/16/22	5.4	5.6	--	--
Landesbank Baden-Wuertt.	02/15/22	6.09	6.24	6.39	--
ABN Amro	02/11/22	5.5	5.5	5.5	--
TD Securities	02/11/22	5.35	5.25	5	--
CIBC	02/02/22	5.7	6	5.7	--
Scotiabank	02/02/22	5.71	5.72	5.68	--
DZ Bank	01/18/22	5.7	5.67	5.62	--
Standard Chartered	01/13/22	5.9	5.95	6	--
SEB	01/12/22	5.5	5.8	6	--
MUFG	01/11/22	5.69	5.75	5.8	--
BNP Paribas	01/04/22	5.55	5.85	5.6	--

USD/MXN



Mexican Peso had a steady pace during the early days of February, capitalizing 1.85% before the broader market was hit by the outbreak of the conflict in Ukraine. Risk-off flows weighed over risky assets with the Mexican Peso erasing previous gains in only 3 sessions.

The high inflationary pressures have pushed central bankers to hike rates 0.5% in February, reaching 6%. However macroeconomic readings underpin momentum in the Mexican economy with Gross Domestic Product posting 1.1% and Jobless rate at 3.7%.

What To Watch For This Month

03/09/2022 12-Month Inflation

Banxico will release an inflation reading for February to show the price movement of goods and services excluding volatile components, previously 7.07%.

03/21/2022 Jobless rate

The INEGI will announce the monthly unemployment rate results for February, previously 3.7%.

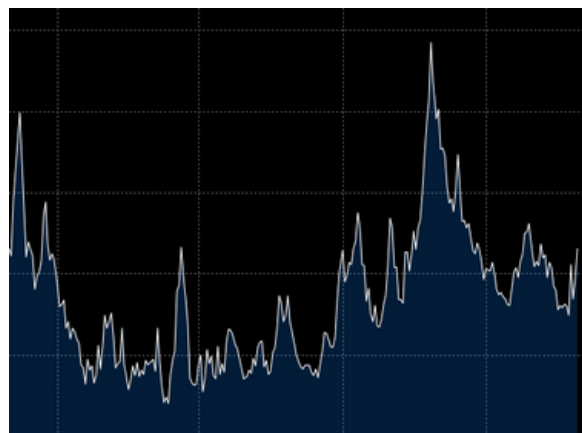
03/30/2022 Banxico interest rate

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

Economic Indicators

Banco de Mexico Forecast

Forecast	2020	2021	2022	2023
Real GDP (YOY%)	-8.20	4.80	2.40	2.10
CPI (YOY%)	3.40	5.68	5.25	3.80
Unemployment (%)	4.43	4.14	4.00	3.77

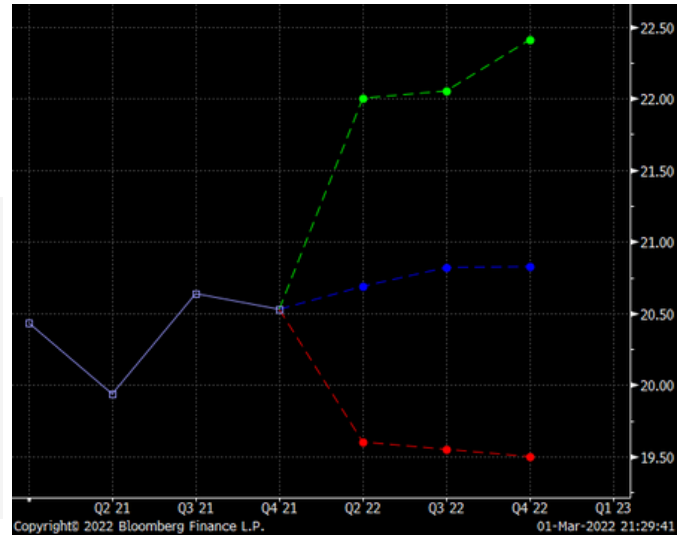


Historical Rates

USD/MXN

Market Consensus & Forecast

	Q2 22	Q3 22	Q4 22	Q1 23
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



Forecast by Institution

	As of:	Q1 22	Q3 22	Q4 22	Q1 23
Morgan Stanley	03/01/22	21	20.5	20	19.9
Mizuho Bank	03/01/22	20.5	20.6	20.7	--
BBVA	02/28/22	20.45	20.62	20.8	--
Mouvement Desjardins	02/28/22	20.25	20.5	20.75	--
Prestige Economics LLC	02/28/22	20.35	20.2	20	20
Silicon Valley Bank	02/28/22	20.27	20.07	20.17	--
Rabobank	02/25/22	20.67	21	21.33	--
Nomura	02/22/22	20.3	20	19.8	--
ING Financial Markets	02/18/22	20.75	21	21	--
Landesbank Baden-Wuertt.	02/15/22	21.36	22.02	22.41	--
TD Securities	02/11/22	21	21.25	21.5	--
CIBC	02/02/22	21.5	22	21.5	--
Scotiabank	02/02/22	20.82	21.21	21.52	--
Banorte	01/19/22	21.5	21.6	21.8	--
DZ Bank	01/18/22	21	20.83	20.58	--
MUFG	01/11/22	21.2	21.3	21.4	--
BNP Paribas	01/04/22	20	19.6	19.5	--
RBC Capital Markets	12/10/21	19.8	20.66	20.16	--
JPMorgan Chase	11/24/21	21.5	21.8	22	--
Barclays	11/16/21	20.3	20.1	20.1	--

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