Currency Report Card – March 2024

08 March 2024

Forecasts

March 2024

Three month forecast returns

Most bullish	Most bearish
BRL	CHF
JPY	AUD
USD	EUR

Source: RBC Capital Markets

12 month forecast returns

Most bullish	Most bearish
BRL	CHF
CAD	JPY
MXN	GBP

Source: RBC Capital Markets

Please note that we have re-introduced LatAm FX forecasts this month.

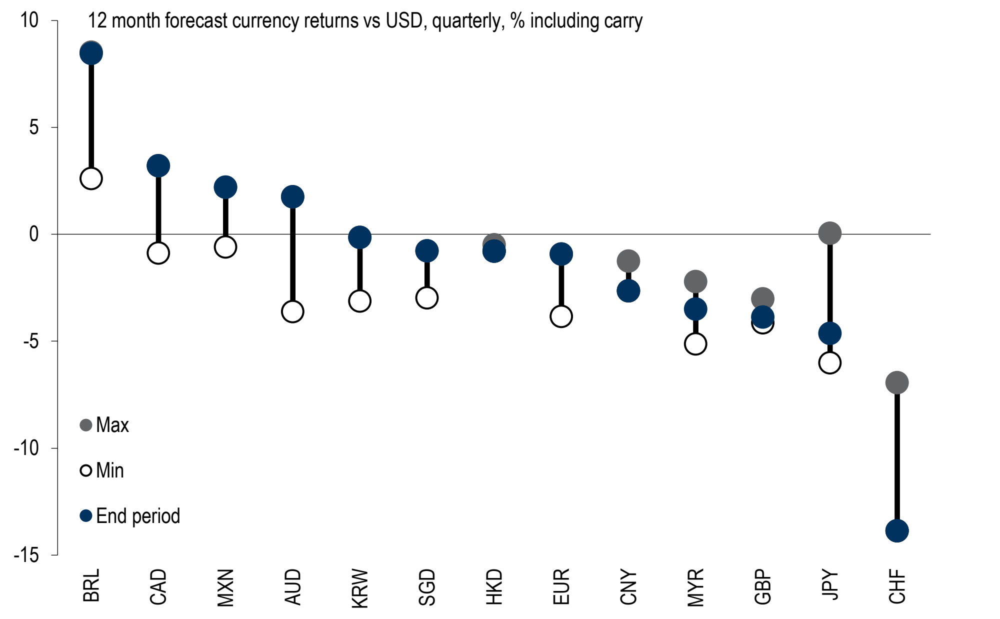
Key forecast revisions:

EUR/CHF: Profile revised higher. End-2024 now 1.02 (prior 0.99). End-2025 1.10 (1.05).

USD/JPY: End-Q1 2024 now 145 (prior 140). End-2024 150 (145).

AUD/USD: Near-term profile unchanged. Long-term profile revised lower. End-2024 now 0.66 (prior 0.68).

BRL, CAD, MXN outperformance; CHF, JPY underperformance



Source: RBC Capital Markets

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US Dollar

Elsa Lignos

1-3 Month Outlook – Range-trading with risks

USD started the year as the best-performing currency. February was a sideways month and March has turned that on its head. It's a frustrating backdrop for USD bulls but if we are right in seeing this as a range trade, we are at or near levels in several USD-pairs where the risk-reward starts to favour longs again. Positioning has lightened up significantly since the start of March. On our AMOS monitor, USD/JPY remains the most crowded trade but longs have been cut back from ~80% max to nearer 50%. EUR/USD positioning is close to neutral. Unlike the start of the year, where USD seemed to be trading tick for tick with expectations for a March or June cut, the past week has had very little to do with front-end expectations. The probability of a March cut remains close to zero, a June hike remains a near certainty (92-95% priced) and overall 2024 cut pricing has not moved by much (Figure 1). UST10 yields have moved lower but only to reverse the rise in Feb. The move in FX is much bigger by comparison. We think investors were caught long USD at the 'wrong' levels – some who may have missed the initial move in January, perhaps got long USD/JPY in the very high 140s or short EUR/USD at 1.08, and conviction levels in FX are low leading to quick cutbacks in positions. At least that is how we read the speed of USD's decline and associated pullback in positioning on our metrics. That in turn makes it seem more likely that the next move for USD is likely to be back towards the middle or higher end of its range (depending on the upcoming CPI data) rather than a breakout lower. We wrote last month that USD looked set to be a range-trade for the next 1-3 months with a bias to end H1 at the stronger USD-end of the range (EUR/USD 1.06). That view has not changed. To turn USD around, we think we'd need to see a material slowdown and/or much deeper banking stress than anything seen so far. For USD to break higher, we'd need to see reacceleration in inflation and/or a bigger non-US risk off shock (escalating conflict in the Middle East).

6-12 Month Outlook – Watch private sector surplus

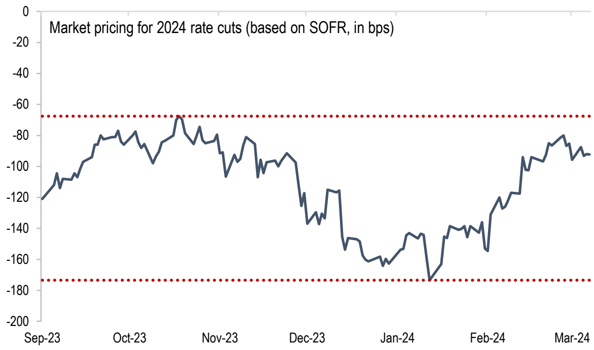
The election is getting closer but views are still mixed on what it could mean for USD. Most investors expect a Trump victory would be USD positive (tariffs/trade wars) but there is a strong minority arguing it could be negative, if not initially then more so in the longer-term, through a combination of excessive deficit spending and a President pushing for a more dovish Fed. But as long as the USD runs a private sector surplus we think it's hard for budget deficits to turn into a USD story. Our LT forecasts are unchanged.

Indicators

	Current (Previous)*
Official cash rate	**5.25-5.50% (5.00-5.25%)**
Trend interest rates (10yr average)	1.4%
Bias in interest rate market	Lower
Core PCE Inflation %Y/Y Jan (Dec)	**2.9% (2.9%)**
Inflation target	2%, on average
Budget balance % GDP FY22 (FY21)	**-5.5% (-12.3%)**
Budget balance target % GDP	-
GDP Growth % y/y Q4 (Q3)	3.2% (4.9%)
Trend GDP %y/y	2.6%
Purchasing Power Parity Value	**-**
Spot	-
PPP Valuation	-
Current account balance % GDP Q3 (Q2)	**-3.1% (-3.2%)**
Trend current account balance % GDP	-2.4%
Moody's Foreign Currency Rating	**Aaa**
Outlook	Negative

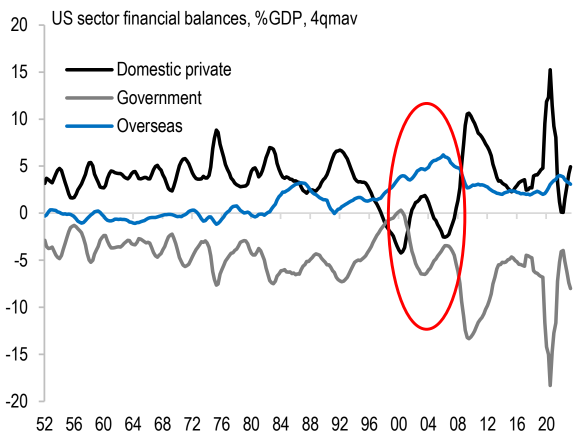
* Current is latest month, quarter or year

1. Fed seen delivering 3-4 cuts in 2024



Source: Bloomberg, RBC Capital Markets

2. US does not have 'triple deficits' like in the early 2000's



Source: Federal Reserve, RBC Capital Markets

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
EUR/USD	1.08	1.06	1.06	1.08	1.10	1.12	1.15	1.18
USD/JPY	145	145	150	150	146	141	138	135
USD/CAD	1.34	1.36	1.33	1.31	1.31	1.30	1.30	1.29

Source: RBC Capital Markets estimates

Euro

Elsa Lignos

1-3 Month Outlook – ECB guides to June cut

The EUR bearishness that dominated consensus a month ago appears to have eased off a bit. The downside EUR risks that dominated narrative at the start of the year (war in the Middle East, disrupted shipping via the Red Sea, cyclical weakness in China, German industrial recession, etc.) have taken a back seat. As we noted last month, the hurdle for upside surprises was pretty low and EZ data have delivered. Our economic surprise indicator (ESI) and economic momentum indicator (EMI), ie measures of European activity data relative to consensus expectations and relative to the previous period's release have both turned positive since the start of the year (Figure 1). We don't want to suggest that has turned people bullish EUR but we no longer find strong sentiment on EUR in either direction. As noted on the previous page, EUR/USD positioning is close to neutral and EUR on the crosses is equally mixed (long EUR/JPY and EUR/CHF, neutral EUR/CAD, marginally short EUR/GBP and EUR/SEK). That seems in line with EUR's status as neither a high yielder nor a prominent funding currency. The next 1-3 months look set to be pretty dull from EUR's perspective, barring some exogenous shock. The ECB keeps saying it is data-dependent but President Lagarde seemed to go out of her way to guide markets to a June cut, noting how *little* information they would have in April, how much more they would know by June. EUR/USD still gets whipped around by USD direction but as a lower beta version of more popular trades like USD/JPY and USD/CHF. Technically, EUR/USD appears to be breaking higher. Our Chief Technical Analyst argues that the close above 1.0898 points to a short-term bottom in EUR/USD, shifting the focus up to 1.0998 and then 1.1036. But short of seeing a big downside miss in the upcoming US CPI report, we would caution against looking for the topside break. Positioning is too light for that to be driven by a short squeeze and fundamentally, USD retains its yield advantage over EUR.

6-12 Month Outlook – Will US/EZ rates converge?

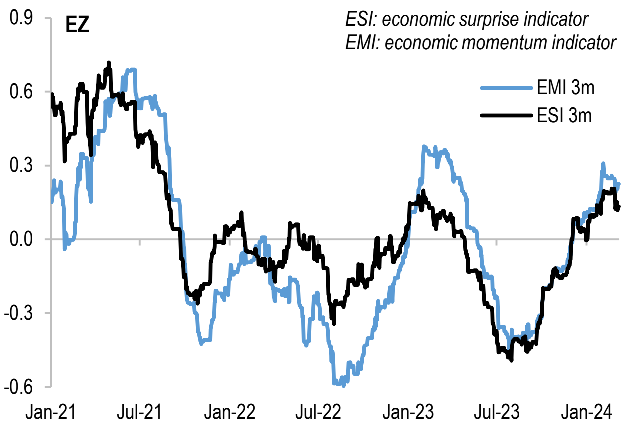
To flesh out the argument we made last month on how EUR could rally in a US/global growth slowdown, we looked at how various currencies perform in a traditional risk off environment where rate spreads are moving against the US (see Figure 2 and here). One key impact of deeper Fed cuts would be to converge the cost of carry for USD and EUR. A narrowing in hedging costs, of the sort we saw in 2020, could lead to a material move higher in EUR/USD. We have pencilled that in for 2025 though the timing is highly uncertain. Our LT forecasts are unchanged.

Indicators

	Current (Previous)*
Official cash rate (ECB main refi rate)	**4.50% (4.50%)**
Trend interest rates 10y average	0.5%
Bias in interest rate market	Easing
HICP core Inflation %Y/Y Feb P (Jan)	**3.1% (3.3%)**
Inflation target	2.0% (symmetric)
Budget balance % GDP 2022 (2021)	**-3.6% (-5.2%)**
Budget balance target % GDP	3% of GDP-Unless special circumstances
GDP Growth %Y/Y Q4 (Q3)	**0.1% (0.0%)**
Trend GDP %y/y	1.5%
Purchasing Power Parity Value Jan	**1.2739**
Spot end-Feb	1.0805
PPP Valuation	EUR/USD is undervalued
Current account % GDP Q3 (Q2)	1.24% (0.25%)
Trend current account balance % GDP	2.2%
Moody's Foreign Currency Rating	**Aaa (Germany)**
Outlook	Stable

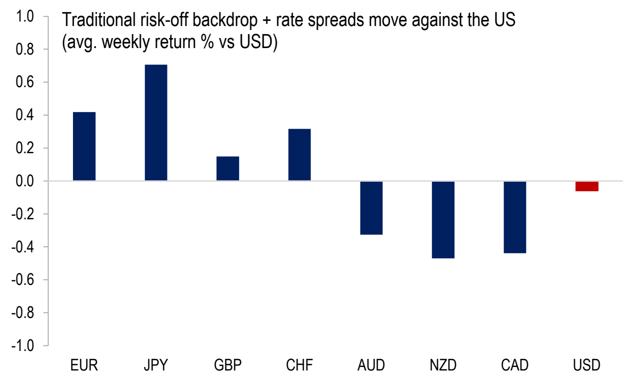
* Current is latest month, quarter or year

1. Euro area ESI and EMI has turned positive since January



Source: RBC Capital Markets, Bloomberg

2. EUR outperforms USD in certain risk off scenarios



Source: RBC Capital Markets, Bloomberg

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
EUR/USD	1.08	1.06	1.06	1.08	1.10	1.12	1.15	1.18
EUR/JPY	157	154	159	162	161	158	159	159
EUR/CAD	1.45	1.44	1.41	1.41	1.44	1.46	1.49	1.52

Source: RBC Capital Markets estimates

Japanese Yen

RBC FX Strategy

1-3 Month Outlook – BoJ hike comes into view

Since the start of the month, expectations have started rising for a possible move as soon as the BoJ's March meeting. Various comments from BoJ and govt officials have hinted at the possibility. It was reinforced by the announcement from Japan's trade union confederation (Rengo) that its affiliates have demanded average wage increases close to 6% at this year's spring wage talks (the highest wage demand in 30 years). The Nikkei has finally broken above its 1989 high and briefly topped 40,000. All of this has created the conditions for a pullback in USD/JPY. When we published our forecasts in early Feb, we thought the pullback may take us down to 140. That seems like a stretch, especially as we reached a peak of ~80% priced for a 10bps March hike and USD/JPY only made it down to 147 (that has eased off to 67% and USD/JPY is still at 147 as we go to press). So we have bumped up our end-Q1 forecast to 145 and left Q2 and Q3 unchanged (at 145 and 150 respectively). We are still in a minority of analysts looking for USD/JPY to still trade at 150 in H2, though JPY bullishness (and USD bearishness) has been scaled back a lot. The possibility of an even slower cutting path for the Fed makes it seem more likely that USD/JPY will trade around a 150 handle for longer and we have revised up our end-Q4 forecast to match that level. As outlined in the CHF discussion (pg 7), the current conditions favour carry trades and weigh on funding currencies. We don't think the BoJ will be able to hike anywhere near fast enough to change that. Overall, the hedging dynamic that has driven our bullish USD/JPY view for the last three years remains intact (Figure 1). As we wrote last month, the expected dip in USD/JPY as the BoJ delivers its first hike in decades, should be seen as a buying opportunity. Technically, the first week of March saw USD/JPY break out from an ascending channel pattern, marking the start of a retracement phase. Support comes in at 146.83 and 145.90 (Feb low). Initial resistance is located at 147.63 and 148.80, with a daily close above 150.89 required to reassert the uptrend.

6-12 Month Outlook – Long JPY still doesn't pay

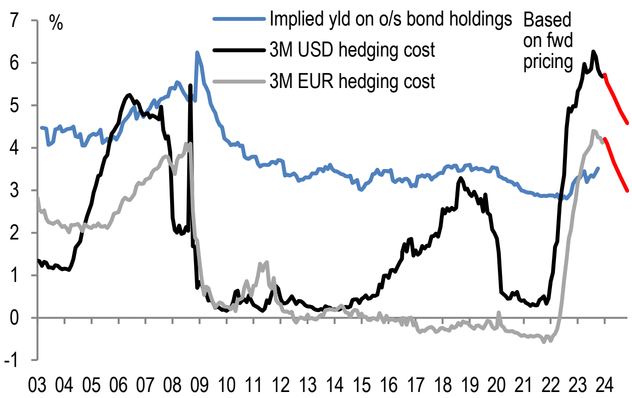
It is the balance between foreign and domestic investor flow that will be the longer-term driver of JPY. While in the short-term, there may be further bouts of selling as USD/JPY shorts are reestablished or international yields fall, in the longer-term, we think domestic investor flow will dominate. Hedge ratios are getting closer to historic lows but Lifers' accounts suggest we are not there yet.

Indicators

	Current (Previous)*
Official cash rate	**-0.1% (-0.1%)**
Trend interest rates 10y average	0.15%
Bias in interest rate market	Rising
CPI Inflation %Y/Y Feb (Jan)	**2.2% (2.6%)**
Inflation target	2.0%
Budget balance % GDP 2021 (2020)	**-6.2% (-9.1%)**
Budget balance target % GDP	n/a
GDP Growth %Y/Y Q4 (Q3)	**1.0% (1.7%)**
Trend GDP %Y/Y	0.7%
Purchasing Power Parity Value Jan	**82.02**
Spot end-Feb	149.98
PPP Valuation	USD/JPY is overvalued
Current a/c balance % GDP Q3 (Q2)	3.5% (2.9%)
Trend current account balance % GDP	2.9%
Moody's Foreign Currency Rating	**A1**
Outlook	Stable

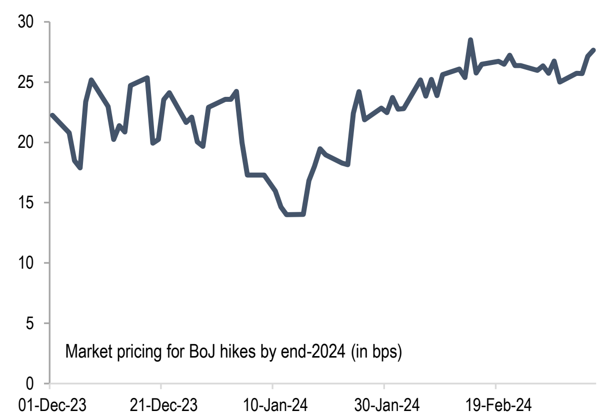
* Current is latest month, quarter or year

1. 200bps of Fed cuts are not enough; for ECB it might be



Source: RBC Capital Markets, Bloomberg

2. Expectations for BoJ hikes in 2024 are near the highs



Source: RBC Capital Markets, Bloomberg

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/JPY	145	145	150	150	146	141	138	135
EUR/JPY	157	154	159	162	161	158	159	159
CAD/JPY	108	107	113	115	112	108	107	105

Source: RBC Capital Markets estimates

Sterling

Daria Parkhomenko

1-3 Month Outlook – Neutral EUR/GBP profile

On a YTD basis, GBP has been one of the top performers in G10. But most of this can be attributed to the UK seeing one of the larger increases in yields in January (red bars in Figure 1), with GBP turning into a mixed performer in February and MTD as of writing. At the February 1st meeting, the BoE shifted to a more neutral stance. Since then, data have come in mixed. The January CPI report showed headline, core, and services inflation y/y softer than expected. Q4 GDP was also weaker than expected, showing a contraction of 0.3% q/q. On labour, although our economists think the updated Labour Force Survey needs to be treated "with a degree of caution", the labour market remains tight. Meanwhile, wage growth momentum is showing signs of slowing down, however, our economists highlight that private sector pay growth is tracking slightly above the BoE's latest Q1 2024 MPR projection. In all, our economists expect the BoE to start cutting rates in August and by a total of 100bps to 4.25% by the of 2024 (mkt: first cut in Aug; total of -65bps). On RBC's forecasts, this would result in a later start than the Fed, BoC, and ECB, albeit the magnitude for this year would be more than the ECB (RBC -75bps; mkt -85bps), in line with the BoC (RBC -100bps; mkt -86bps), and less than the Fed (RBC -125bps; mkt -92bps). GBP may benefit from decent carry in the near-term. Having said that, market pricing for 2024 is more underpriced vs our economists' projections for BoE rate cuts than for the ECB and the BoC. This leaves GBP vulnerable to a deterioration in UK economic data. Hence, we are left with a relatively flat profile for EUR/GBP.

6-12 Month Outlook – Elections, fiscal dynamics

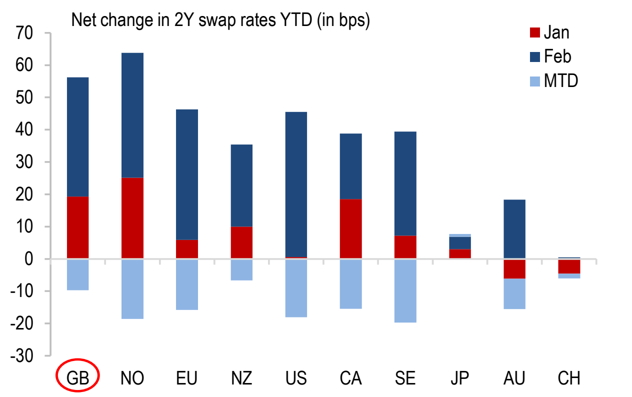
Elections are very likely to be held in 2024 (28 Jan 2025 is last possible date) and Labour is widely expected to be the largest party in Parliament. The factors that would cause material GBP upside, such as single market or customs union membership, do not appear to be in play for the UK on any kind of investable horizon. Fiscally, the 2024 Budget on March 6 did not bring any major surprises (see here for a recap). Although fiscal concerns have abated since the 2022 Truss/Kwarteng episode, the fiscal backdrop is still constrained, amid a tight spending profile and rising demand for public services, and any deterioration in policy credibility will leave GBP vulnerable. We have EUR/GBP moving higher next year, but this is more about expectations for a EUR/USD rally than a strong negative GBP view vs EUR.

Indicators

	Current (Previous)*
Official cash rate	**5.25% (5.25%)**
Trend interest rates 10y average	~1.0%
Bias in interest rate market	Easing
CPI Inflation %Y/Y Jan (Dec)	**4.0% (4.0%)**
Inflation target (HICP)	2.0%
Budget balance % GDP 2022 (2021)	**-4.7% (-7.9%)**
Budget balance target % GDP	Budget surplus as soon as possible
GDP Growth %Y/Y Q4 P (Q3)	**-0.2% (0.2%)**
Trend GDP %Y/Y	1.7%
Purchasing Power Parity Value Jan	**1.3383**
Spot end-Feb	1.2625
PPP Valuation	GBP/USD is undervalued
Current a/c balance sa % GDP Q3 (Q2)	-2.5% (-3.5%)
Trend current account balance % GDP	-3.9%
Moody's Foreign Currency Rating	**Aa3**
Outlook	Stable

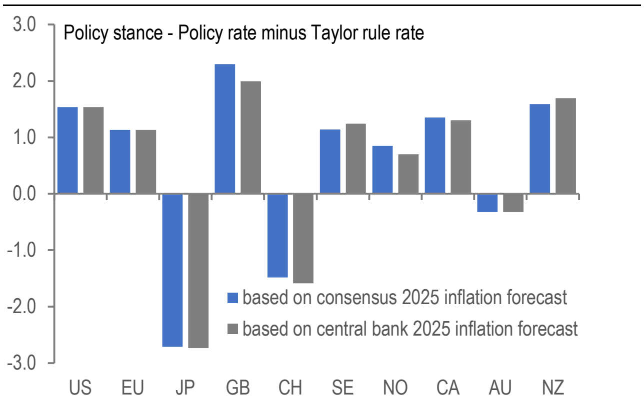
* Current is latest month, quarter or year

1. Relative rate dynamics have buoyed GBP YTD



Source: RBC Capital Markets, Bloomberg

2. BoE's stance: restrictive but no longer extreme outlier



Source: RBC Capital Markets, Bloomberg, national central banks, OECD

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
GBP/USD	1.27	1.25	1.23	1.24	1.24	1.23	1.24	1.26
EUR/GBP	0.85	0.85	0.86	0.87	0.89	0.91	0.93	0.94
GBP/JPY	184	181	185	186	180	174	171	169
GBP/CAD	1.70	1.70	1.64	1.63	1.61	1.60	1.60	1.62

Source: RBC Capital Markets estimates

Swiss Franc

Elsa Lignos

1-3 Month Outlook – CHF suffering on carry trade

Since our last *Currency Report Card*, CHF is the standout underperformer in G10, though it has recouped a small portion of losses in recent days. Conviction in FX is generally low, but most investors that do have FX risk, have short CHF in some form. Anecdotally, long EUR/CHF is popular but our positioning metric shows long USD/CHF is actually the more heavily positioned of the two. Part of the short CHF narrative was based on the expectation that the SNB would be the first G10 central bank to cut rates. At the start of March, markets were discounting a 60% chance of a cut at the SNB's March meeting (though that has since halved to 30% while expectations for the RBA to be first have crept higher). But in our view, the timing of the first cut is only a small part of the story. Inflation has come down rapidly. The SNB was forecasting 1.8% for Q1 and based on the first two months, we are coming in at 1.1%. Core inflation is also only just above 1%. As of December, the SNB is "no longer focusing in currency sales" but it is not hard to imagine the central bank welcoming some further CHF weakness if the downside risks to inflation start to outweigh the upside. In December their assessment was that upside and downside inflation risks were "approximately balanced". We will be watching whether that line is dropped in March. Taking a step back, the SNB was a big buyer of CHF from mid 2022 to end-2023, with purchases well north of CHF100bn. So far CHF has only given back a small portion of the gains of the past 18 months. In Q2 2022, EUR/CHF was trading 1.02-1.05; now it sits at 0.9600. USD/CHF was at parity, now it's at 0.88. The biggest driver we can see for further CHF weakness is the return of the carry trade. CHF now ranks alongside JPY as the most efficient funding currency for a lot of high yielders. Technically, USD/CHF is on the fence, having briefly broken the channel top in late Feb but falling back in the past week. Resistance is at 0.8886 with support at 0.8728.

6-12 Month Outlook – How long will carry last?

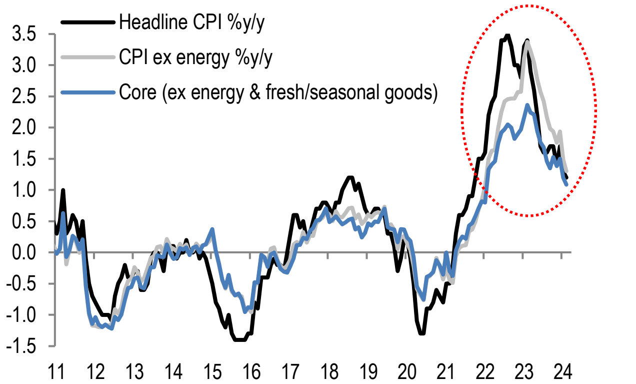
While other central banks are cutting or set to cut this year, CHF and JPY will likely still be the most efficient funding currencies 6m forward based on current curve pricing. Short of an exogenous risk off shock, or a real slowdown in US activity data, the downward pressure on CHF will likely build further. We prefer long EUR/CHF than using CHF to fund high yielders but we are conscious that the longer we remain in a low FX vol environment, the more CHF is likely to keep grinding lower. We have revised down our CHF forecasts.

Indicators

	Current (Previous)*
Official cash rate	**1.75% (1.75%)**
Trend interest rates average	-0.09%
Bias in interest rate market	Easing
CPI Inflation %Y/Y Dec (Nov)	**1.3% (1.7%)**
Inflation target	less than 2.0%
Budget balance % GDP 2022 (2021)	**1.2% (-0.3%)**
Budget balance target % GDP	Balanced over the business cycle
GDP Growth %Y/Y Q4 (Q3)	**0.6% (0.4%)**
Trend GDP %Y/Y	1.8%
EUR Purchasing Power Parity Value Jan	**1.0712**
EUR/CHF spot end-Feb	0.9557
EUR/CHF PPP Valuation	EUR/CHF is undervalued
Current a/c balance % GDP Q3 (Q2)	8.33% (8.86%)
Trend current account balance % GDP	6.5%
Moody's Foreign Currency Rating	**Aaa**
Outlook	Stable

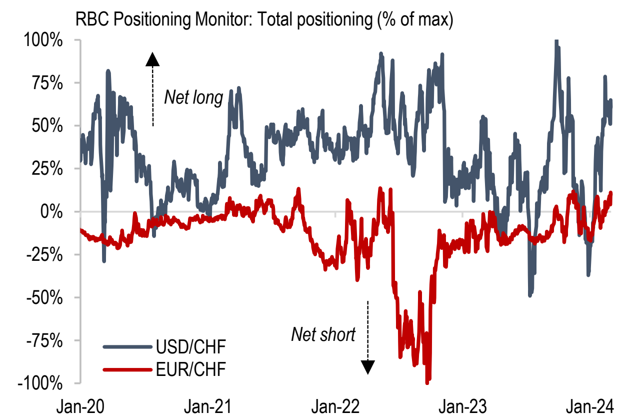
* Current is latest month, quarter or year

1. Headline and core inflation back below the 2% target



Source: Bloomberg, RBC Capital Markets

2. Market short CHF vs USD and flat against EUR



Source: RBC Capital Markets

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/CHF	0.89	0.92	0.94	0.94	0.95	0.95	0.94	0.93
EUR/CHF	0.96	0.98	1.00	1.02	1.04	1.06	1.08	1.10
CHF/JPY	163	157	159	159	154	149	147	145
CAD/CHF	0.66	0.68	0.71	0.72	0.72	0.73	0.73	0.72

Source: RBC Capital Markets estimates

Canadian Dollar

Daria Parkhomenko

1-3 Month Outlook – USD/CAD range-bound

In February, USD/CAD extended its uptrend, reaching a new YTD high of 1.3606, due to a broadly higher USD and 2Y US-CA rate spreads moving against CAD, as Canadian January CPI came in weaker than expected (Feb 20) and US data were firm. On the crosses, CAD was a mixed performer last month, as CA 2Y yields' relative rise was also mixed vs the rest of G10. As we go to press, despite the market's hawkish reaction to the March BoC meeting, CAD has fallen further down the ranks in G10 MTD, amid USD weakness.

Going forward, we hold our view for a range-bound USD/CAD (~1.3100-1.3600), with USD direction a key driver. To break above this range, we think it would either take a traditional risk-off shock or further strong US data that spills over into a twin selloff in US bonds & equities. Recently, Fed speakers have been consistent with their messaging (cautious but still expecting cuts later this year), with some appearing to downplay the January inflation data. Given this and Fed rate cut re-pricing coming a long way from the extremes in late 2023/early 2024, we still don't think the current backdrop is sufficient to see a sustainable break above the 1.3600 area. In Canada, the March meeting did not see any significant changes, with the BoC not yet shifting to imminent rate cuts. Governor Macklem's opening statement noted that it is "still too early to consider lowering the policy interest rate", and despite the weaker than expected January CPI report, the meeting still showed a concern about the inflation backdrop (e.g. "still concerned about risks to the outlook for inflation, particularly the persistence in underlying inflation"). However, the BoC has toned down its language around wage growth, with the decision statement noting that "there are now some signs that wage pressures may be easing". Overall, this leaves us expecting the first BoC cut in June and a total of -100bps this year (mkt pricing: -18bps by Jun; -67bps total by year-end).

6-12 Month Outlook – Not breaking the range yet

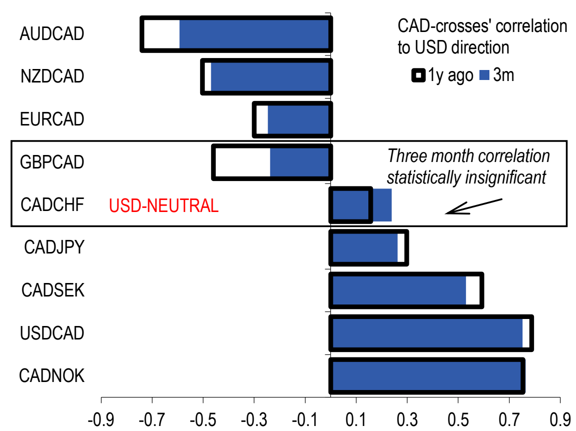
Our year-end target of 1.3100 is unchanged, which would be the bottom of the range we cited above and pencils in a bias that CAD performs well on the crosses. If central banks are making "adjustment" cuts instead of substantial ones due to significant growth concerns, then global central banks reducing rates in H2 2024 and a potential turn in the global business cycle may benefit CAD, given CAD is likely to be one of the main candidates for the market expressing a view on global growth. US elections may present some volatility in H2.

Indicators

	Current (Previous)*
Official cash rate	**5.00% (5.00%)**
Trend interest rates 10y average	1.4%
Bias in interest rate market	Easing
Core CPI Inflation (Trim) %Y/Y Jan (Dc)	**3.4% (3.7%)**
CPI inflation target range %Y/Y	1-3%
Budget balance % GDP FY22 (FY21)	**-c3.2% (-12.5%)**
Budget balance target % GDP	Declining over the business cycle
GDP growth %Q/Q saar Q3 (Q2)	**1.0% (-0.5%)**
Trend GDP %Q/Q	2.1%
Purchasing Power Parity value Jan	**1.2125**
Spot end-Feb	1.3579
PPP valuation	USD/CAD is overvalued
Current account balance % GDP Q4 (Q3)	**-0.6% (-0.9%)**
Trend current account balance % GDP	-2.1%
Moody's foreign currency rating	**Aaa**
Outlook	Stable

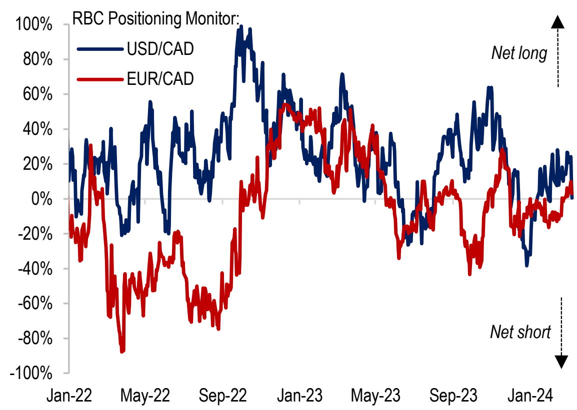
* Current is latest month, quarter or year

1. Only GBP/CAD and CAD/CHF screen USD-neutral



Source: Bloomberg, RBC Capital Markets

2. Markets are neutral CAD vs USD & EUR



Source: RBC Capital Markets

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/CAD	1.34	1.36	1.33	1.31	1.31	1.30	1.30	1.29
EUR/CAD	1.45	1.44	1.41	1.41	1.44	1.46	1.49	1.52
CAD/JPY	108.2	106.6	112.8	114.5	111.9	108.5	106.6	104.7

Source: RBC Capital Markets estimates

Australian Dollar

Alvin T. Tan

1-3 Month Outlook – Resilient economy & currency

Australia's domestic demand has cooled following the RBA's policy tightening cycle. More importantly, inflation pressures have turned the corner decisively. This leads to our expectation of 50bp of RBA rate cuts this year, all in Q4 2024. In this light, the RBA is expected to lag both the Fed and ECB in the timing of its first rate cut and the quantum of cuts.

Meanwhile, Australia's trade with China has risen significantly over the past year amid improving diplomatic ties. On the other hand, the softening of iron ore prices since the new year has been negative for the currency. As such, AUD has not been entirely immune to China's ongoing economic malaise, but the net impact has been well buffered. With the downside risks to China's economy contained for the time being, additional major headwinds to AUD from this aspect is unlikely.

Over the past few quarters, the AUD/USD spot rate has been driven heavily by the US dollar's broad fluctuations. Given the expectation of a generally resilient USD, a patient RBA, and mixed impact from China, AUD/USD is likely to continue fluctuating in sideways fashion with a mild downside bias in coming months.

The Aussie dollar, however, retains a clear negative correlation to the MSCI World Index, indicating that it remains a relatively pro-risk currency.

6-12 Month Outlook – Potential upside if China's recovery firms up

Australia's external balance has improved structurally in recent years, turning it into a current account surplus country. It is also no longer a "high carry" currency relative to other major currencies. Nonetheless, AUD continues to be sensitive to global risk sentiment, and it is difficult to see this changing over the year. That in turn makes AUD look like a good funding currency for some commodity high yielders in particular, even if in the current very low vol environment, CHF and JPY screen as more efficient funders. There is a potential strong upside risk for AUD if China's economy revives more strongly, with corresponding growth in its imports from Australia, but this is not a baseline scenario.

Indicators

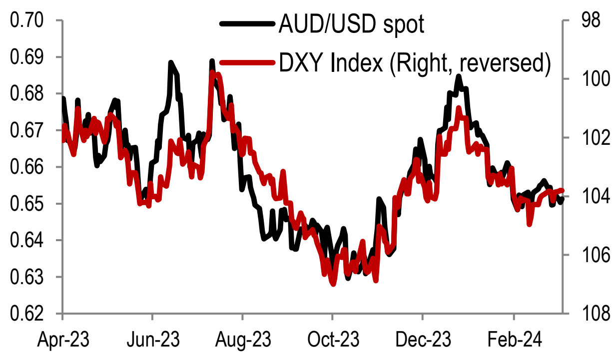
	Current (Previous)*
RBA cash rate	**4.35%**
Trend interest rates (10yr average)	1.60%
Bias in interest rate market	Lower
CPI Inflation %Y/Y last (prev)	**3.4% (3.4%)**
Inflation target	2.0-3.0%
Budget balance % GDP last (prev)	**1.6% (1.4%)**
Budget balance trend % GDP	-1.7%
GDP Growth % y/y last (prev)	1.5% (2.1%)
Trend GDP %y/y	2.4%
Purchasing Power Parity Value Dec	**0.7231**
Spot end-Feb	0.6497
PPP valuation	AUD/USD is undervalued
Current acct balance % GDP last (prev)	**1.2% (1.2%)**
Trend current account balance % GDP	-1.2%
Moody's Foreign Currency Rating	**Aaa**
Outlook	Stable

* Current is latest month, quarter or year

1. Exports to China rebounded strongly in past year

Source: RBC Capital Markets; Bloomberg

2. AUD/USD driven primarily by USD leg lately



Source: RBC Capital Markets; Bloomberg

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
AUD/USD	0.65	0.64	0.65	0.66	0.68	0.70	0.71	0.73
EUR/AUD	1.66	1.66	1.63	1.64	1.62	1.60	1.62	1.62
AUD/CAD	0.87	0.87	0.86	0.86	0.89	0.91	0.92	0.94

Source: RBC Capital Markets estimates

Chinese Yuan

Alvin T. Tan

1-3 Month Outlook – Ongoing economic malaise

China's economy appears set for a continuation of its "L-shape" growth trajectory in coming months. The year's just-announced GDP growth target of "around 5%" will require further stimulus measures to achieve. The moribund real estate and construction sectors continue to exert a huge drag on growth.

Falling housing prices have dampened consumer sentiment and activity. Foreign investors are generally cautious given the shaky economic outlook, though bonds have seen strong inflows in recent months for understandable macro reasons. There has been a steady drip of targeted support measures through the past year, particularly for the property market. Moreover, the exports slump appears to have ended.

In this light, further gradual RRR and/or interest rate cuts are expected in coming months. The USD should thereby continue to provide a significant carry premium over CNY. However, the PBOC has also revealed its determination to cap USD/CNY under ~7.33 through its persistently below-expectations USD/CNY reference rates.

The PBOC's tight management of the exchange rate has suppressed the renminbi's volatility. The currency has thus become a poor vehicle for expressing a bearish China macro view. It is difficult to see the implicit USD/CNY cap breaking in coming months without a very strong across-the-board US dollar upsurge.

6-12 Month Outlook – Determined cap on USD/CNY

China's multi-year property and construction boom has ended definitively, and policymakers are unwilling to reflate it. The fallout is likely to last for years, and there is no easy alternative driver of the economy at hand. Although Beijing continues to evince an aversion to large-scale fiscal stimulus, targeted support measures are gradually adding up. They should be enough to keep a floor on economic growth.

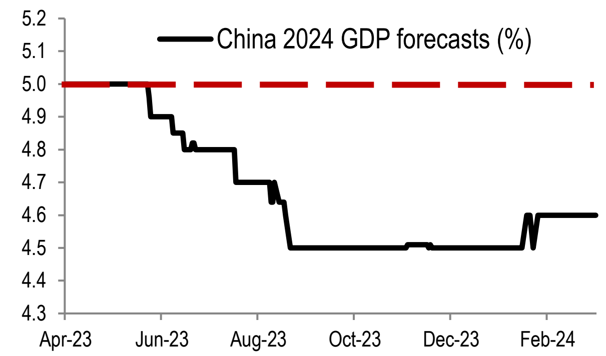
Weak domestic demand and low local interest rates present major headwinds for the yuan. Domestic equities' bear market is also prompting foreign capital outflows. On the flipside is the apparent determination to cap upside risks in the bilateral USD/CNY exchange rate.

Indicators

	Current (Previous)*
China 1-year loan prime rate	**3.45%**
Trend interest rates (10yr average)	3.88%
Bias in interest rate market	Lower
CPI Inflation %Y/Y last (prev)	**-0.8% (-0.3%)**
Inflation target	3.0%
Budget balance % GDP last (prev)	**-4.7% (-3.8%)**
Budget balance trend % GDP	-3.1%
GDP Growth % y/y last (prev)	5.2% (4.9%)
Trend GDP %y/y	5.0%
Purchasing Power Parity Value Dec	**6.8878**
Spot end-Feb	7.1886
PPP valuation	USD/CNY is overvalued
Current acct balance % GDP last (prev)	**1.5% (1.8%)**
Trend current account balance % GDP	1.6%
Moody's Foreign Currency Rating	**A1**
Outlook	Stable

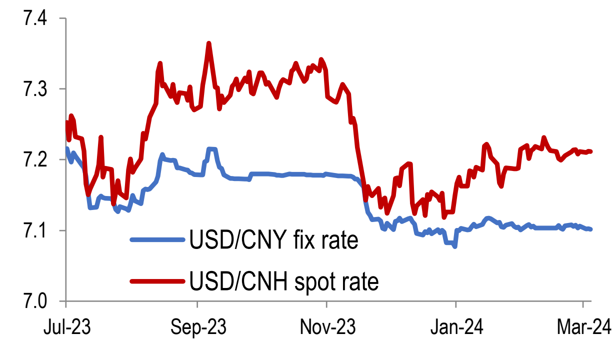
* Current is latest month, quarter or year

1. 2024 growth target will require additional stimulus



Source: RBC Capital Markets; Bloomberg

2. Renminbi constrained by PBOC's tight management



Source: RBC Capital Markets; Bloomberg

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/CNY	7.20	7.22	7.25	7.20	7.15	7.00	7.00	6.90
EUR/CNY	7.78	7.65	7.69	7.78	7.87	7.84	8.05	8.14
CNY/JPY	20.1	20.1	20.7	20.8	20.4	20.1	19.7	19.6
CAD/CNY	5.37	5.31	5.45	5.50	5.48	5.38	5.41	5.35

Source: RBC Capital Markets estimates

South Korean Won

Alvin T. Tan

1-3 Month Outlook – Buffeted by cross-currents

The outlook for South Korea's trade-dependent economy is brightening, but background risks have also risen. The Bank of Korea is on an extended pause, and the exports cycle appears to have turned for the better. The trade balance has been in a persistent surplus since June 2023, and monthly exports have marked five consecutive positive year-on-year growth readings.

Semiconductors are a mainstay of the Korean economy, and the global semiconductor cycle is on an upturn, though still uneven. The turn lower in the global interest rate cycle also helps the won, given its traditional heightened sensitivity to external macro factors.

Indications of an upturn in the exports and semiconductor cycles, however, need to be balanced against China's ongoing economic malaise. There are also domestic financial stability concerns in the local credit market caused by a combination of elevated interest rates, high debt levels and weak property sector. Geopolitical concerns over North Korea have also risen lately amid Pyongyang's aggressive statements and weapons tests.

Furthermore, the US dollar retains a large carry advantage. Persistent downside pressure on the neighbouring JPY and CNY currencies is also a drag on the won. Given the various cross-currents, the won is likely to underperform among the Asia FX complex in coming weeks.

6-12 Month Outlook – Cheap amid uncertainties

The won's persistent weakness in 2021 and 2022 has rendered it relatively cheap. The months ahead promise a more favorable outlook for the won as existing macro headwinds fade in time. However, a more positive cycle for the won may have to await the start of Fed rate cuts.

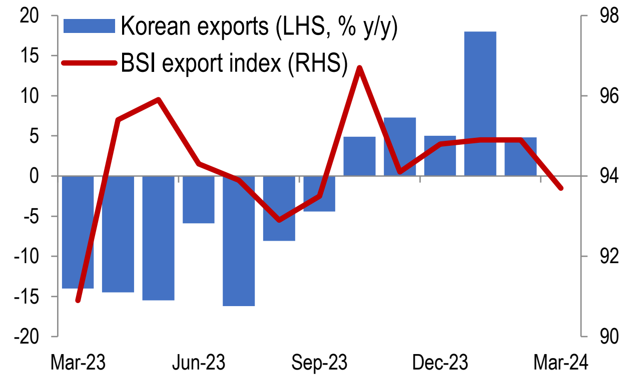
Even then, we need to be mindful of remaining deep macro uncertainties that could hinder any potential KRW uptrend. First are uncertainties about the state of global demand given the Korean economy's heavy export-dependence. Heightened geopolitical concerns in the Korean peninsula is another potential risk factor. Finally, a potential Trump election victory and the related risk of higher US trade tariffs could also weigh on the won.

Indicators

	Current (Previous)*
BOK Base Rate	**3.50%**
Trend interest rates (10yr average)	1.68%
Bias in interest rate market	Lower
CPI Inflation %Y/Y last (prev)	**3.1% (3.0%)**
Inflation target	2.0%
Budget balance % GDP last (prev)	**-1.8% (-0.3%)**
Budget balance trend % GDP	1.3%
GDP Growth % y/y last (prev)	2.2% (1.4%)
Trend GDP %y/y	2.5%
Purchasing Power Parity Value Jan	**1057**
Spot end-Feb	1331
PPP valuation	USD/KRW is overvalued
Current acct balance % GDP last (prev)	**2.1% (1.1%)**
Trend current acct. balance % GDP	5.0%
Moody's Foreign Currency Rating	**Aa2**
Outlook	Stable

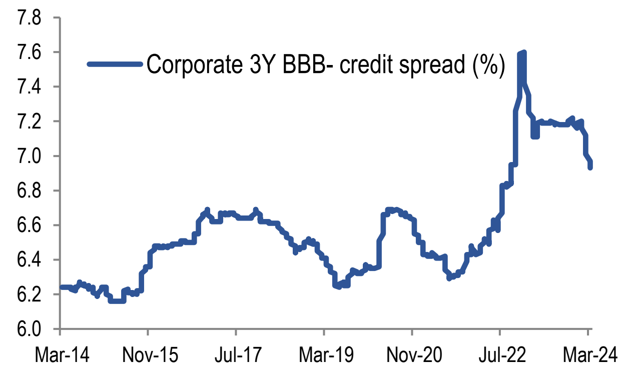
* Current is latest month, quarter or year

1. Tentative exports growth upturn



Source: RBC Capital Markets; Bloomberg

2. Domestic credit stress still elevated though off the peak



Source: RBC Capital Markets; Bloomberg

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/KRW	1330	1340	1350	1330	1300	1280	1260	1240
EUR/KRW	1436	1420	1431	1436	1430	1434	1449	1463
JPY/KRW	9.2	9.2	9.0	8.9	8.9	9.1	9.1	9.2
CAD/KRW	993	985	1015	1015	996	985	973	961

Source: RBC Capital Markets estimates

Singapore Dollar

Alvin T. Tan

1-3 Month Outlook – Supported by existing policies

Singapore's inflation pressures are on the wane, similarly with much of the world. However, inflation remains elevated, and is likely to be volatile in early 2024 from the sales tax hike and fluctuating COE prices. The situation should encourage the MAS to maintain the existing currency appreciation settings for the time being.

The regional exports cycle upturn has also reduced the urgency of shifting to looser monetary policy. Moreover, Singapore is less exposed to China's economy compared to South Korea and Taiwan, so it has been less negatively affected.

The MAS' trade-weighted SGD index has been trading consistently above the estimated mid-point of the currency band for over two years. SGD's performance since mid-2023 has consistently been ranked among the top half of the Asia FX basket, further underscoring its stable performance.

The estimated 1.5% annualised appreciation path of the trade-weighted SGD has and should continue to support further gradual gains in SGD against its main trading partners' currencies. The improving exports outlook has reduced downside growth risks.

That said, the bilateral USD/SGD exchange rate evinces a consistent high positive correlation to the DXY Index, so it is highly sensitive to broad US dollar direction. In this light, the range-bound USD/SGD rate is likely to remain so in coming weeks given the expected resiliency of the US dollar.

6-12 Month Outlook – Valuation getting stretched

The trade-weighted SGD's consistent appreciation in recent years has rendered it relatively expensive among Asian currencies. However, it would probably require both the start of Fed and MAS policy easing to reverse the currency's valuation. This could occur in H2 2024.

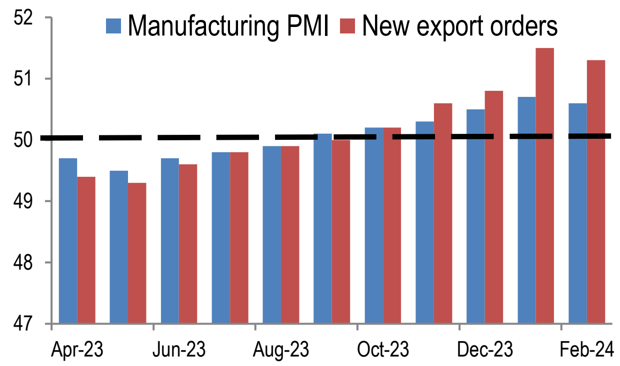
Nonetheless, the growing attractiveness of Singapore as an Asian wealth and financial hub suggests a structural tailwind for SGD. The persistently large current account surplus also offers robust fundamental support to the currency.

Indicators

	Current (Previous)*
Estimated SGD NEER annual appreciation	**1.5%**
Bias in policy expectations	Flat
CPI Inflation %Y/Y last (prev)	**2.9% (3.7%)**
Inflation target	None
Budget balance % GDP last (prev)	**-1.6% (-1.6%)**
Budget balance trend % GDP	-0.5%
GDP Growth % y/y last (prev)	2.2% (1.0%)
Trend GDP %y/y	3.2%
Purchasing Power Parity Value Jan	**1.3467**
Spot end-Feb	1.3456
PPP valuation	USD/SGD close to neutral
Current acct balance % GDP last (prev)	**19.8% (18.5%)**
Trend current account balance % GDP	17.4%
Moody's Foreign Currency Rating	**Aa3**
Outlook	Stable

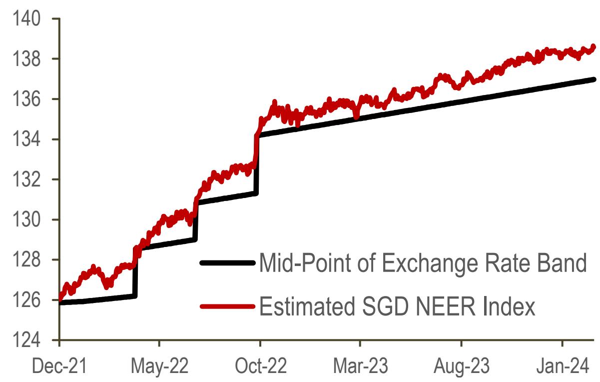
* Current is latest month, quarter or year

1. Export orders' pickup augurs well for growth outlook



Source: RBC Capital Markets; Bloomberg

2. Trade-weighted SGD continues to be supported by MAS' appreciation settings



Source: RBC Capital Markets

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/SGD	1.34	1.36	1.36	1.33	1.32	1.31	1.30	1.28
EUR/SGD	1.45	1.44	1.44	1.44	1.45	1.47	1.50	1.51
SGD/JPY	108.2	106.6	110.3	112.8	110.6	107.6	106.2	105.5
CAD/SGD	1.00	1.00	1.02	1.02	1.01	1.01	1.00	0.99

Source: RBC Capital Markets estimates

Malaysia Ringgit

Alvin T. Tan

1-3 Month Outlook – Positive factors in short supply

Malaysia's economy is meandering along, though the weakness in industrial activity is gradually receding. The country's manufacturing PMI nonetheless has been running consistently below the 50 expansion-contraction threshold for well over a year. Local bond yields are relatively mediocre, and below US yields across the curve.

On top of these fundamental drags, MYR had been bedeviled by net foreign equity portfolio outflows for much of the past year, though these have turned around tentatively. The prices of key commodity exports of oil & gas and palm oil have also been range-bound for months.

It is clear that Bank Negara's policy tightening has come to a definitive end, and it is unwilling to raise rates just to defend the currency. Without an exciting growth story, Malaysia's financial assets will struggle to generate significant interest from global investors.

Moreover, the incumbent coalition government remains fragile politically, making it challenging to undertake needed but difficult structural reforms to reduce the persistent fiscal deficit and boost the country's growth potential. The government's plan to rationalise subsidies, which are a huge fiscal drain, will likely continue to be slow to be implemented.

The chief positive factor for the ringgit is the brightening exports outlook. Another is Malaysia's attractiveness for foreign direct investors seeking "supply-side diversification". But in neither of these macro themes is the ringgit the top trade either in Asia or across global EM.

6-12 Month Outlook – Cheap valuation awaiting a catalyst

The main fundamental positive factor for the ringgit is that it is cheap on a number of long-term valuation metrics. The ringgit is among the cheapest Asian currencies according to the famous "Big Mac Index" for example. Malaysia's trade balance is also expected to stay positive through 2024.

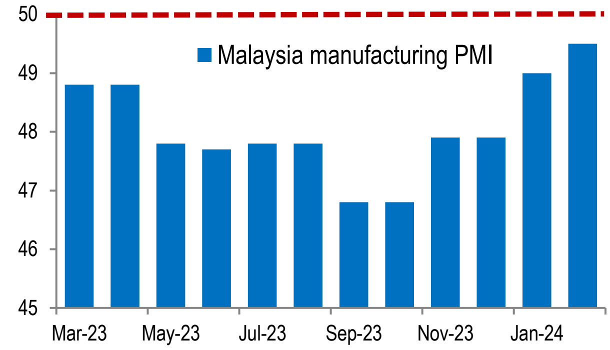
The currency, however, still awaits a catalyst to reverse its cheapness. Malaysia's interest rates continue to lag US ones and those of several of its Asian peers. Plus, there is an abiding question mark about the stability of the current coalition government.

Indicators

	Current (Previous)*
BNM official overnight rate	**3.00%**
Trend interest rates (10yr average)	2.80%
Bias in interest rate market	Lower
CPI Inflation %Y/Y last (prev)	**1.5% (1.5%)**
Inflation target	None
Budget balance % GDP last (prev)	**-5.4% (-5.2%)**
Budget balance trend % GDP	-4.2%
GDP Growth % y/y last (prev)	3.0% (3.3%)
Trend GDP %y/y	4.0%
Purchasing Power Parity Value Jan	**2.9449**
Spot end-Feb	4.7428
PPP valuation	USD/MYR is overvalued
Current acct bal % GDP last (prev)	**1.3% (2.8%)**
Trend current acct balance % GDP	3.7%
Moody's Foreign Currency Rating	**A3**
Outlook	Stable

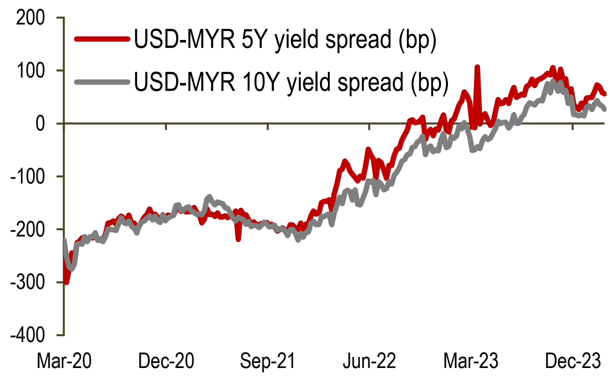
* Current is latest month, quarter or year

1. Receding weakness in manufacturing activity



Source: RBC Capital Markets; Bloomberg

2. Lack of yield advantage in MYR since Q3 2022



Source: RBC Capital Markets; Bloomberg

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/MYR	4.70	4.75	4.85	4.75	4.70	4.60	4.50	4.50
EUR/MYR	5.08	5.04	5.14	5.13	5.17	5.15	5.18	5.31
MYR/JPY	30.9	30.5	30.9	31.6	31.1	30.7	30.7	30.0
CAD/MYR	3.51	3.49	3.65	3.63	3.60	3.54	3.47	3.49

Source: RBC Capital Markets estimates

Brazilian Real

Luis Estrada

1-3 Month Outlook – Smooth sailing

The path of USD/BRL has smoothly drifted downward from the 2020 highs. The BCB cutting cycle, which began in August 2023, has progressed without negatively impacting BRL. We expect this to continue until a 9.00% estimated terminal rate is achieved. Over the last year, 3-month volatility has decreased from 17% to about 10%, showing increased confidence in BRL. However, implied volatility in FX options continues to maintain a healthy 2% spread over realized spot volatility, signaling that the market remains cautious, with flows balanced between buyers and sellers.

6-12 Month Outlook – Latin America Winner

De Gaulle once said of Brazil "It is the Country of the Future… and always will be". But in 2024, we believe it will emerge as the LATAM winner. We expect BRL to appreciate, closing the year at 4.70 per USD. The trifecta of an improving current account, a muted political landscape, and inflation trending towards the 3% target should enable BRL to outshine its peers in 2024.

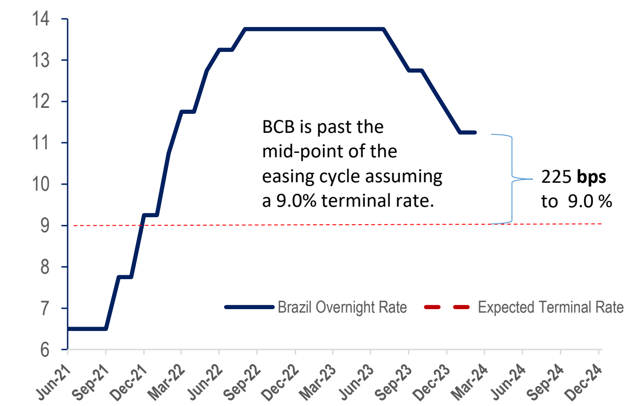
A 5% spot appreciation, coupled with a ~10% carry, might seem aggressive against an expected growth of 1.7%. However, with Brazil's inflation under control, half the battle is won. We have heard arguments that Brazil's CPI is unhinged because Focus 2024 CPI expectations are +0.76% above the objective target of 3%. Yet, many Central Banks consider a +/-1% margin around their target as mission accomplished, and this is Brazil, that had a 9% CPI two years ago. By the same token, Brazil epitomizes the quintessential high-beta, cyclical economy. The current BCB GDP forecast for 2024 assumes gloomy expectations for exports, with a +1.5% growth expected versus the +8% growth realized in 2023. The BCB incorporates lower forecasts in the production of agriculture, livestock, and extractive industry, reflecting dated expectations of gloomy demand from China and a slowdown in the USA. Any upside surprise in their demand for Brazil's exports will lead to a stronger trade and current account, firmer business sentiment, and faster growth. Additionally, as the fintech hub of Latin America, and the largest exchange in Latin America, Brazil offers a unique environment that not only attracts fixed-income investors but also supports international equity investors who are looking to diversify from the US market and not underperform a strong dollar.

Indicators

	Current (Previous)*
Official cash rate	11.25
O/N interest rates (10yr avg)	8.57
Bias in interest rate market	Lower
IPCA Inflation %Y/Y (Previous)	4.51% (4.62%)
Inflation target	3.0% in 2024
Budget balance % GDP (Previous)	-2.25(-2.29)
Budget balance target % GDP	-
GDP Growth % y/y (Q4) **(Previous)**	2.46% (3.51%)
Trend GDP %y/y (10yr avg)	1.57%
Purchasing Power Parity Value Jan	3.6224
Spot end-Feb	4.9703
PPP Valuation	USD/BRL is overvalued
Current account balance % GDP	-1.34% (1.65%)
Trend current acct balance % GDP(10y avg)	2.56%
Moody's Foreign Currency Rating	Ba2
Outlook	STABLE

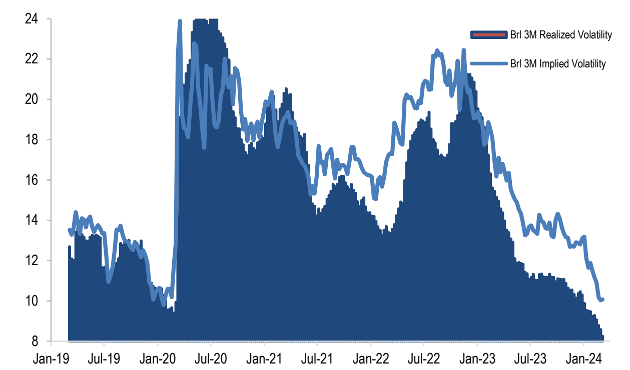
* Current is latest month, quarter, or year

1. Brazil Overnight Rate after 250 bps of easing



Source: RBC Capital Markets, Bloomberg

2. USDBRL 3mth Implied Volatility vs. Historical Volatility



Source: RBC Capital Markets; Bloomberg

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/BRL	5.00	4.90	4.85	4.70	4.75	4.75	4.77	4.80
EUR/BRL	5.40	5.19	5.14	5.08	5.23	5.32	5.49	5.66
BRL/JPY	29.0	29.6	30.9	31.9	30.7	29.7	28.9	28.1
CAD/BRL	3.73	3.60	3.65	3.59	3.64	3.65	3.68	3.72

Source: RBC Capital Markets estimates

Mexican Peso

Luis Estrada

1-3 Month Outlook – Is MXN overcrowded?

The main argument we hear against MXN is that it is overcrowded but we would push back on this. CFTC data show long MXN positions 30% below 2019's peak level. Volatility has been decreasing, and the premium for the MX election is null, as seen in the 3 month tenor. The recent break below 17.00 USD/MXN support and the subsequent gap under 16.90 suggest that many investors anticipated higher USD/MXN levels to sell USD, and now may be forced to sell sub-17.00 after this support broke.

6-12 Month Outlook – A brave new world

In the spirit of a "brave new world" we stand to witness two pivotal political events in Mexico's history over the next 12 months – a repeat victory for Morena, AMLO's party, in the Mexican presidential race, coupled with the possible re-election of Donald Trump to the White House. Counterintuitively, the MXN options market shows negligible premium to purchase USD/MXN ahead of the Mexican elections on June 2nd, and only a slight premium for the U.S. election on November 5th. We anticipate MXN to outperform the FX forwards, targeting end-Q4 at 17.2500 for three reasons. First, nearshoring is set to overshadow political jitters as MXN flows follow new FDI and portfolio investments. Investments already announced for 2024 total 25 billion USD, which represents 70% of the total FDI for 2023. This euphoria also boosts portfolio investments into local IPOs, with manufacturing REITs leveraging the nearshoring wave to spin off portfolios in the local MEXBOL. Fibra Next's is set to be the biggest IPO since early 2018, signaling strong foreign interest. Second, the imminent easing cycle by Banxico is expected to fuel fixed-income flows into Mexican bonds, as investors look to capitalize on the FX and duration appreciation resulting from the overnight rate reduction from 11.25% to ~9%. Despite the strong correlation between higher real rates and FX appreciation, this 225-basis points shift is unlikely to adversely affect MXN dynamics. Instead, it will draw a new investor base. Thirdly, remittances continue to be a cornerstone of MXN strength, with an average 60 billion USD inflows per year. This steadfast support underscores the resilience of MXN.

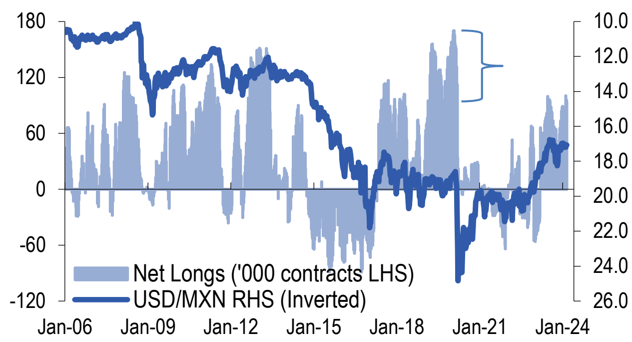
The main risks to our view are that (1) remittance flows are curbed by U.S. financial regulators, or (2) the new Mexican government removes the unconditional support AMLO gave to PEMEX. Both of these events have a low probability in our view, but we are keeping them on our radar.

Indicators

	Current (Previous)*
Official cash rate	11.25%
Trend O/N interest rates (10yr avg)	6.32%
Bias in interest rate market	Lower
Headline Inflation %Y/Y (Previous)	4.40% (4.88%)
Inflation target	3%
Budget balance % GDP(Previous)	-3.31% (-4.01%)
Budget balance target % GDP	-
GDP Growth % y/y	2.46 (3.51)
Trend GDP %y/y (10y avg)	1.57%
Purchasing Power Parity Value	16.6922
Spot end-Feb	17.0542
PPP Valuation	USD/MXN is overvalued
Current account balance % GDP (Previous)	-0.48% (-0.98%)
Trend current acct balance % GDP (10y avg)	-1.08%
Moody's Foreign Currency Rating	Baa2
Outlook	STABLE

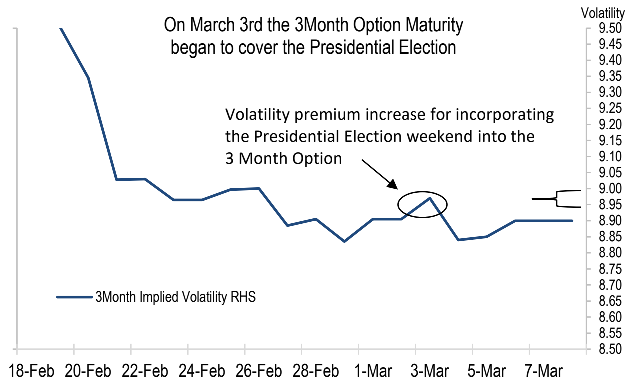
* Current is latest month, quarter, or year

1. CFTC Report of Speculator's net position in MXN



Source: RBC Capital Markets, Bloomberg

2. USDMXN 3 Month ATM Implied Volatility



Source: RBC Capital Markets; Bloomberg

Forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
USD/MXN	17.00	17.15	17.20	17.25	17.40	17.40	17.45	17.60
EUR/MXN	18.36	18.18	18.23	18.63	19.14	19.49	20.07	20.77
MXN/JPY	8.53	8.45	8.72	8.70	8.39	8.10	7.91	7.67
CAD/MXN	12.69	12.61	12.93	13.17	13.33	13.38	13.47	13.64

Source: RBC Capital Markets estimates

Forecasts

Spot forecasts

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
EUR/USD	1.08	1.06	1.06	1.08	1.10	1.12	1.15	1.18
USD/JPY	145	145	150	150	146	141	138	135
GBP/USD	1.27	1.25	1.23	1.24	1.24	1.23	1.24	1.26
USD/CHF	0.89	0.92	0.94	0.94	0.95	0.95	0.94	0.93
USD/CAD	1.34	1.36	1.33	1.31	1.31	1.30	1.30	1.29
AUD/USD	0.65	0.64	0.65	0.66	0.68	0.70	0.71	0.73
USD/CNY	7.20	7.22	7.25	7.20	7.15	7.00	7.00	6.90
USD/KRW	1330	1340	1350	1330	1300	1280	1260	1240
USD/SGD	1.34	1.36	1.36	1.33	1.32	1.31	1.30	1.28
USD/MYR	4.70	4.75	4.85	4.75	4.70	4.60	4.50	4.50
USD/HKD	7.83	7.84	7.83	7.81	7.81	7.81	7.80	7.79
USD/BRL	5.00	4.90	4.85	4.70	4.75	4.75	4.77	4.80
USD/MXN	17.00	17.15	17.20	17.25	17.40	17.40	17.45	17.60

Source: RBC Capital Markets estimates

EUR Crosses

	2024				2025			
	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
EUR/USD	1.08	1.06	1.06	1.08	1.10	1.12	1.15	1.18
EUR/JPY	157	154	159	162	161	158	159	159
EUR/GBP	0.85	0.85	0.86	0.87	0.89	0.91	0.93	0.94
EUR/CHF	0.96	0.98	1.00	1.02	1.04	1.06	1.08	1.10
EUR/CAD	1.45	1.44	1.41	1.41	1.44	1.46	1.49	1.52
EUR/AUD	1.66	1.66	1.63	1.64	1.62	1.60	1.62	1.62
EUR/CNY	7.78	7.65	7.69	7.78	7.87	7.84	8.05	8.14
EUR/KRW	1436	1420	1431	1436	1430	1434	1449	1463
EUR/SGD	1.45	1.44	1.44	1.44	1.45	1.47	1.50	1.51
EUR/MYR	5.08	5.04	5.14	5.13	5.17	5.15	5.18	5.31
USD/HKD	8.46	8.31	8.30	8.43	8.59	8.75	8.97	9.19
USD/BRL	5.40	5.19	5.14	5.08	5.23	5.32	5.49	5.66
USD/MXN	18.36	18.18	18.23	18.63	19.14	19.49	20.07	20.77

Source: RBC Capital Markets estimates

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