WELLS FARGO

International Commentary — May 20, 2024

International Economic Outlook: May 2024

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Summary

Forecast Changes

- We have not made significant changes to our economic forecasts this month. We continue to believe the global economy can grow 3% this year, even as geopolitical tensions have introduced some new uncertainties. Our forecast profiles for major economies have also not changed materially. In our view, the U.S. economy, while on pace to achieve a "soft landing", is slowing, while economic recoveries in the Eurozone and U.K. are under way.
- In our view, the Fed is likely to cut policy rates in September; however, we believe risks are tilted toward a later shift to more accommodative Fed monetary policy. Internationally, we maintain our view that the ECB will start lowering interest rates in June, while the BoE will likely make its pivot in August. Our most noteworthy central bank forecast change is in Brazil. Given the most recent policymaker communications and fears of fiscal loosening, we now believe BCB policymakers will keep rates on hold through the end of 2025.
- Our outlook for the U.S. dollar has not changed materially, and we continue to believe the greenback can strengthen into Q3-2024. Longer term, we believe an extended period of greenback depreciation can materialize as the Fed eases monetary policy and global financial conditions ease. In an environment of Fed rate cuts, we believe the Japanese yen can outperform, while select emerging market currencies can also perform well.

Key Themes

- The global economy faces a myriad of challenges; however, global economic growth remains resilient. With that said, the composition of global growth is starting to change as the U.S. economy is showing clearer signs of deceleration, while major foreign economies are demonstrating signs of recovery. In our view, growth trends are changing and starting to swing toward international economies, and U.S. exceptionalism is starting to fade.
- Diverging paths for monetary policy has become a prominent theme in global financial markets. Select G10 central banks—including the Fed and Reserve Bank of Australia—have leaned less dovish recently, while other G10 institutions have already started, or are about to start, lowering interest rates. Similar divergences are apparent in the emerging markets, where select institutions are easing, while others have either kept rates on hold or are approaching the end of their respective easing cycles.
- The U.S. dollar continues to be primarily influenced by Federal Reserve monetary policy. With the Fed shifting to a slightly less dovish stance, we continue to believe the dollar can broadly strengthen over the next several months. Once the Fed makes a clear pivot to rate cuts, we believe depreciation pressures can build on the greenback, and a downtrend in the dollar can persist for most of 2025. Economic growth trends becoming more favorable for international economies relative to the U.S. can also act as a long-term headwind for the greenback.

Table of Contents

I. Growth Trends Are Starting To Swing Toward International Economies

II. The Fed Is Still Being Patient

III. U.S. Dollar Stronger in 2024, Weaker in 2025

IV. Economic Forecast

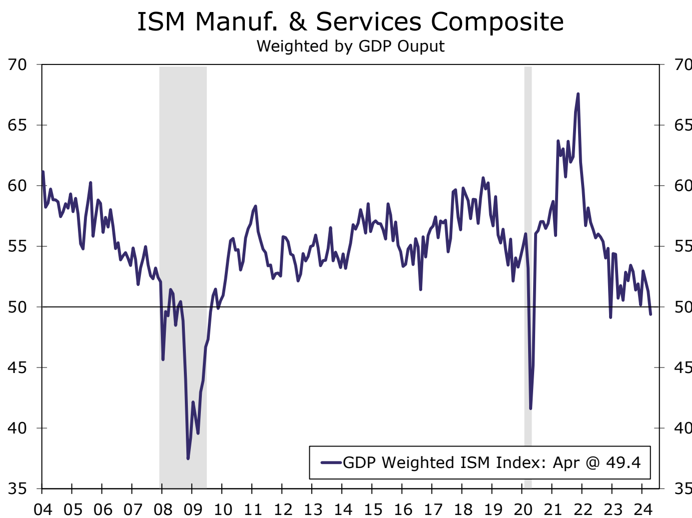
V. Interest Rate Forecast

VI. FX Forecast

Growth Trends Are Starting to Swing Toward International Economies

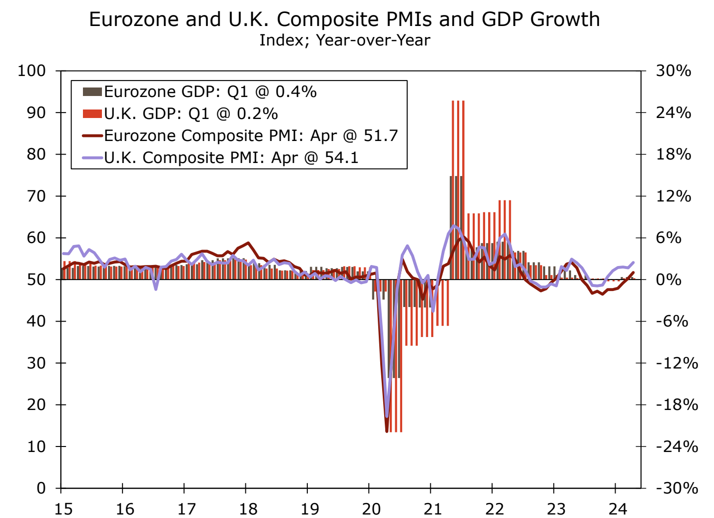
The past few years have been defined by an overwhelming sense of resilience and optimism when thinking about global economic growth. At the beginning of 2022, the global economic outlook was dim. Inflation took off on an upward trajectory, forcing central banks around the world to tighten monetary policy among the fastest paces on record. Despite higher interest rates, shrinking central bank balance sheets and reduced consumer purchasing power, global growth has been sturdy over the past few years. Recession outlooks—for the most part—did not materialize, and the global economy has grown at least 3% every year in the post-pandemic era. We expect this global economic resilience to continue in 2024, and forecast global GDP growth to hit 3% this year. For most of the past few years, the U.S. economy has been the primary example of economic resilience and international economies have, in many cases, been laggards. However, evidence is now starting to take shape that suggests U.S. exceptionalism may be flickering out and that U.S. outperformance could wane in the near future. As far as activity in the United States, leading indicators suggest Fed rate hikes and persistent price pressures are finally beginning to take a toll. To that point, the April ISM manufacturing index slipped back into contraction territory, while the April ISM services index fell into the contraction zone for the first time since December 2022. A GDP-weighted composite ISM index is also now in contraction territory (Figure 1). Historically, the GDP-weighted composite ISM index falling below 50 has been associated with recession, typically driven by a crisis such as the Global Financial Crisis in 2008-2009 and the COVID pandemic in 2020. With neither the global economy nor U.S. economy in economic crisis, the drop in the composite ISM index below 50 is notable. Other economic indicators are also softening. Job creation as reflected in non-farm payrolls slowed more than expected and the total amount of job openings also dropped sharply in April. And finally, inflation pressures have not dissipated. University of Michigan survey data show inflation expectations rose in May, and while April inflation data came in lower than expected, inflation is still elevated and, to a degree, restraining consumer purchasing power.

Figure 1



Source: Institute for Supply Management and Wells Fargo Economics

Figure 2



Source: DataStream and Wells Fargo Economics

On the other hand, major G10 economies—in particular the Eurozone and United Kingdom—are showing tentative signs of recovery. Following technical recessions during the second half of last year, both the Eurozone and U.K. economies reported positive GDP growth in Q1-2024. In the U.K., Q1 GDP grew 0.6% quarter-on-quarter, while the Eurozone economy experienced a 0.3% sequential expansion. Progress on economic recovery in the Eurozone and U.K. appears to be gathering momentum in Q2 as sentiment indicators suggest growth prospects are still improving (Figure 2). To that point, the April Eurozone composite PMI climbed to 51.7, further into expansion territory and well off the recent low of 46.5 in October of last year. The U.K. composite PMI also rose further into expansion territory in April, climbing to a level slightly above 54. Improving confidence in April suggest economic growth is picking up pace across Europe's major economies. While overall growth in the Eurozone and U.K. may be lackluster this year, double-dip recessions in either economy appear unlikely

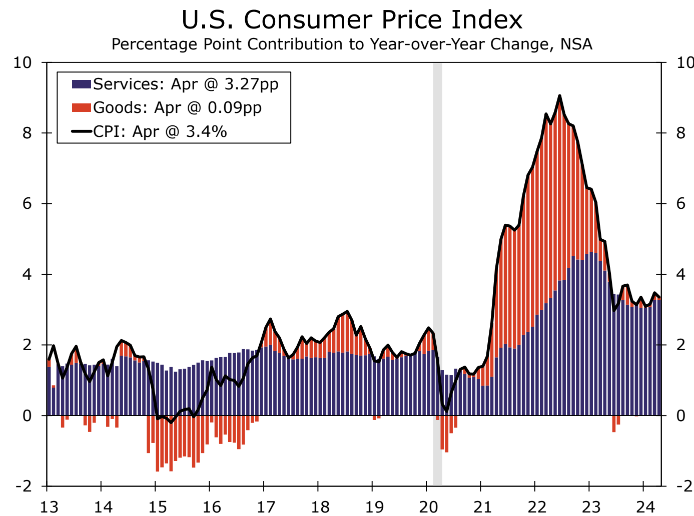
to us, barring some kind of economic shock, at this time. With major European economies on their respective paths to recovery and the U.S. economy showing some signs of deceleration, the narrative of diverging growth prospects in favor of the United States may be about to change course. In prior publications, we highlighted how this reversal in growth trends would eventually unfold and how economic growth prospects in H2-2024 would eventually become more robust for foreign economies relative to the U.S. In our view, that trend is not only under way now, but is likely to pick up pace in the coming quarters as the U.S. economy slows and foreign economy recoveries pick up steam.

But not all international growth trends are optimistic. China's economy, despite an encouraging start to this year, is again demonstrating how its imbalances are weighing on economic output. China continues to be plagued by a deteriorating real estate and property development industry. Infrastructure spending once powered the Chinese economy to double-digit growth rates, but with corporate debt levels elevated and given a concerted effort by policymakers to reduce system leverage, the property sector is now restraining China's economy. Consumer spending also remains subdued, partially from falling real estate prices and a lack of confidence in the local real estate market, while the absence of local inflation has also contributed to consumers remaining on the sidelines. Granted, inflation popped a little higher in April, but subdued price pressures are also likely contributing to suppressed consumer activity. Tack on China being removed from the global supply chain due to geopolitical concerns, volatility in local financial markets due to an uncertain direction of policy, and China's growth prospects are not exactly inspiring. Although a good chunk of global growth will likely come from China this year, and while People's Bank of China (PBoC) monetary policy has turned more accommodative and fiscal policy has shifted more expansionary, growth is unlikely to materially surprise to the upside going forward. In fact, we expect more downside surprises going forward as fundamentals look weak. In our view, China is likely to experience a sovereign credit rating downgrade from at least one of the major agencies (Moody's, S&P or Fitch) by the end of this year. A downgrade could put further pressure on China's financial markets and result in capital outflows. For the time being, we forecast China's economy to grow 5.1% this year, in line with the official Chinese GDP growth target, but far from what we would consider an inspiring pace of growth for the Chinese economy.

The Fed Is Still Being Patient

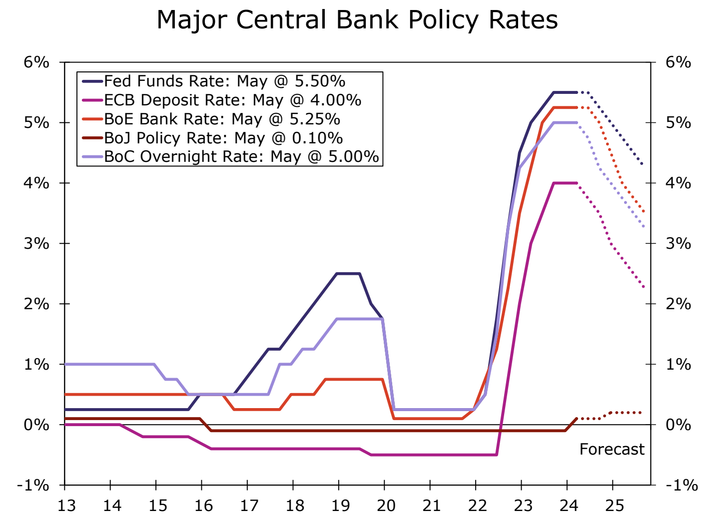
With U.S. growth trends starting to soften, while disinflation is stalling, the question confounding market participants is: When will the Fed shift to rate cuts? Easy to ask, difficult to answer. Right now, we believe the Fed is focused on its dual mandate of low and stable inflation and maximum employment, not necessarily growth or any other factors. With respect to the employment mandate, the U.S. labor market is softening. Job creation has slowed, job openings have come down, but overall the labor market is still relatively tight. On the inflation mandate, core PCE—the Fed's preferred inflation gauge—is at 2.8% year-over-year, still above the Fed's 2% goal. Goods inflation has come down rapidly; however, services inflation has been tougher to break, meaning achieving the Fed's inflation target in the next few months/quarters will be a challenge (Figure 3). But at least for now, we believe our forward-looking U.S. labor market and inflation outlook should allow the Fed to initiate its rate cut cycle in September with a 25 bps reduction to the target range for the Fed funds rate. We would note that conviction around our September rate cut forecast is not particularly high. With PCE inflation unlikely to reach 2% this year and the jobs market still tight, crafting a story around why the Fed is easing monetary policy this year is becoming less certain and more finely balanced. Which is probably why Fed speakers, as well as the most recent FOMC official statement, has turned less dovish/more hawkish lately. As far as Fed speakers, multiple Fed members have suggested financial markets may be mispricing the timing of rate cuts. Some have even said the Fed may not be in a position to be lower policy rates in 2024. The May FOMC statement also makes overtures to the Fed maintaining a “high for longer” stance on monetary policy, a sentiment Fed Chair Powell did little to push back on in his subsequent press conference. While we believe the Fed holds a bias to ease, we also believe a September rate cut is a bit of a coin flip. Risks around our Fed forecast are clearly tilted toward later easing.

Figure 3



Source: U.S. Department of Commerce and Wells Fargo Economics

Figure 4



Source: Bloomberg Finance L.P. and Wells Fargo Economics

Internationally, we feel more comfortable suggesting major G10 central banks are closer to shifting to rate cuts relative to the Fed. Foreign economies have in many cases made more progress returning inflation back toward respective targets, creating room for policymakers to start easing earlier than the Fed (Figure 4). As far as the major central banks, we believe the European Central Bank (ECB) is on track to begin easing in June. Our ECB view is predicated on the fact that Eurozone inflation has dropped precipitously over the past several quarters. As of April, headline inflation is 2.4%, while core inflation is 2.7%. While still above the ECB's stated 2% goal, we, along with ECB policymakers, believe inflation can continue to edge lower going forward. Receding inflation combined with only a gradual Eurozone recovery put ECB policymakers in a position where a pivot to rate cuts is likely appropriate in the near future. We also believe the Bank of England (BoE) has teed up financial markets to expect more accommodative monetary policy in the coming months. With inflation still elevated but receding, and growth prospects not particularly robust, BoE policymakers recently signaled that a shift to rate cuts is approaching. We interpret the latest BoE communication as policymakers ready to delivery its first policy rate cut in August. And in Canada, where inflation has also come down rather rapidly, we believe Bank of Canada (BoC) policymakers are also preparing to begin easing monetary policy at their June meeting. While most of the major advanced economy central banks are still in the process of pivoting to easing, select institutions have already made the shift to rate cuts. In Sweden, the Riksbank initiated its easing cycle not long ago, while Switzerland's Swiss National Bank has also delivered an initial rate cut. Only the Bank of Japan (BoJ) stands out and is pushing back against the broader easing trend. In fact, we continue to believe BoJ policymakers can deliver additional tightening by year-end, more specifically another rate hike in October.

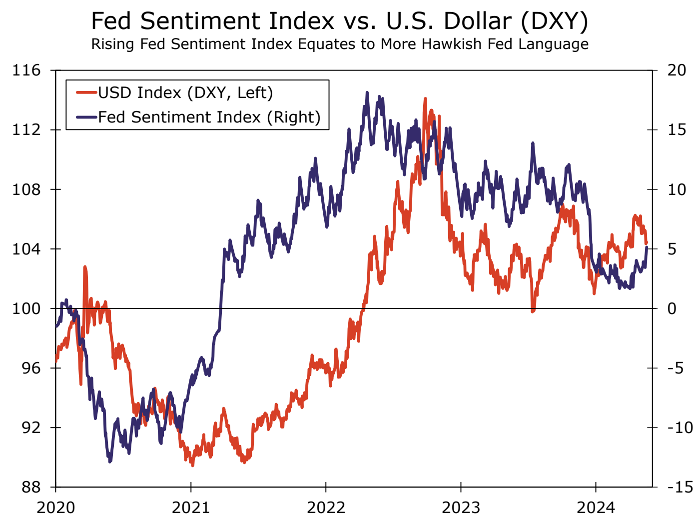
Emerging market central banks, in responding to local developments as well as a possible “high for longer” stance from the Fed, are likely to pursue a cautious approach to monetary easing in the months and quarters ahead. In Latin America, policymakers in Brazil, Chile, Colombia and Mexico have all exercised prudence recently. In Brazil and Chile, policymakers slowed the pace of easing and signaled incoming data will determine if additional cuts will be warranted. BanRep policymakers in Colombia have held off on picking up the pace of easing as currency depreciation and inflation worries remain present, while Banxico recently paused its easing cycle amid persistent services inflation and peso volatility. Going forward, we believe major Latin American central banks will continue to exercise caution in an effort to defend against inflationary pressures and currency depreciation, and we have revised up our terminal rate forecasts in Brazil, Mexico and Chile. Most notably, we believe Brazilian Central Bank (BCB) policymakers could be very close to at least pausing their easing cycle. Brazilian currency volatility has picked up over the past few weeks, which could fan already-sticky services inflation. In addition, the Lula administration is demonstrating a slippage in fiscal discipline, which could be exacerbated by the latest natural disaster in parts of the country. The combination of sticky services inflation potentially amplified by fiscal spending and FX depreciation risks, in our view, will prevent Brazil's central bank from delivering further easing in 2024. In 2025, BCB President Campos Neto's term at the central bank will end and President Lula will select his replacement. Over the course of

his administrations, Lula has selected BCB policymakers who hold a dovish bias toward interest rates, which could mean personnel turnover at Brazil's central bank could lead to a more dovish composition of policymakers and a restart of interest rate cuts next year. However, unless or until more clarity is received on the composition of Brazil's monetary policy committee, we believe the easing cycle has ended and rates will remain on hold through the end of 2025. Prudence with respect to monetary policy easing is likely to be most evident in Asia. Risks of imported inflation via currency depreciation seems to be a common theme among emerging Asia central bankers and, in our view, is a risk that will prevent aggressive easing from the major regional institutions. In that sense, we continue to believe the Reserve Bank of India (RBI) will deliver its initial rate cut in Q4-2024 and will ultimately deliver one of the shallower rate cut cycles across the emerging markets spectrum. Finally in China, uninspiring economic trends should result in further PBoC easing, particularly through lower bank Reserve Requirement Ratios and lower lending rates. We continue to believe PBoC policymakers will lower the Reserve Requirement Ratio for major banks to 9.50% in Q3-2024 and move ahead will additional reductions in 2025.

U.S. Dollar Stronger in 2024, Weaker in 2025

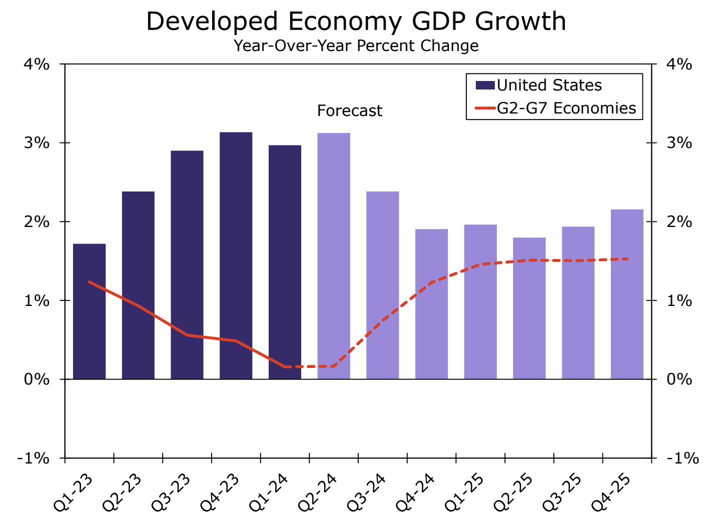
For most of the post-pandemic years, Fed policy has driven the direction of the U.S. dollar. A dovish Fed has weighed on the dollar at times, while in other instances hawkish language has pushed the dollar higher against a collection of the world's major currencies. This trend is depicted in comparing Bloomberg's Fed sentiment index—designed to measure how dovish, neutral or hawkish the Fed is—against the DXY dollar index (Figure 5). Whenever Fed communications leaned dovish, as they did in the immediate years after the pandemic, the dollar index moved lower. As the Fed turned hawkish and raised interest rates to contain inflation, the dollar broadly strengthened. And now that the Fed has almost certainly ended rate hikes, has a bias to ease, but is cautious around when to cut rates, the dollar has mostly moved sideways since the beginning of 2023. In our view, this correlation between the Fed's monetary policy outlook and the direction of the dollar is likely to continue over our forecast horizon. In this context, we have not made significant changes to our outlook for the U.S. dollar. We continue to believe the dollar can strengthen through Q3-2024 before experiencing trend depreciation into the later quarters of 2025. As far as our outlook for a stronger dollar, with the Fed likely to deliver its first cut in September (or possibly later) and the Fed communicating a somewhat less dovish message recently, we believe the dollar can strengthen against both G10 and emerging currencies for the next several months. Adding to that outlook is our view that foreign central banks will deliver rate cuts before the Fed. So, as the Fed remains reluctant to prematurely cut rates and international institutions ease in the near future, we believe the dollar can remain on the front foot through September.

Figure 5



Source: Bloomberg Finance L.P. and Wells Fargo Economics

Figure 6



Source: Datastream and Wells Fargo Economics

Longer term, once the Fed delivers rate cuts, we believe depreciation pressure could build on the greenback. Similar to the pattern in Figure 5, a Federal Reserve that is more clearly in the dovish camp should allow for U.S. dollar weakness and foreign currency strength, despite international central banks also easing monetary policy. In addition, easier Fed monetary policy should also create a backdrop of easier global financial conditions where risk assets can perform well. As global financial conditions ease and risk assets are supported, demand for safe-haven currencies such as the U.S. dollar should fade and also contribute to dollar depreciation. While the Fed should primarily contribute to the path of the dollar, we also believe U.S. and international economic trends can play a role in the dollar's longer-term slide. As mentioned, growth trends are starting to swing toward international economies (Figure 6). With economic recoveries starting to materialize in Europe and other advanced economies while U.S. economic trends soften, relative growth differentials can also act as a pillar of support for foreign currencies. In an environment of broad-based dollar weakness, we believe most G10 and emerging market currencies can strengthen. We believe the Japanese yen could be one of the key G10 currencies that can outperform over the longer term. With the BoJ set to raise rates again by year-end, the yen could benefit modestly from interest rate differentials that finally move in favor of Japan's currency rather than act as a source of depreciation. More significantly, we believe Fed easing and lower U.S. bond yields will be supportive of the yen over the longer term. We expect the Australian dollar to perform well over time. With Australian inflation receding slightly, we do not expect the Reserve Bank of Australia to cut interest rates until November, even later than the Fed. This noticeably cautious and gradual approach from the central bank toward easing policy should be supportive of the Australian dollar over time. In the emerging markets, the Mexican peso can outperform as Banxico demonstrates caution on rate cuts, the economy benefits from nearshoring and as local political risk remains contained after Mexico's presidential election. We also believe the Indian rupee can outperform as local elections result in policy continuity, the RBI does not cut rates all that quickly and as sovereign credit rating upgrades and the inclusion of government bonds into passive indices attract more capital inflows to India. In Turkey, we remain confident that the policy mix will remain orthodox and credibility/independence will continue to be restored at the central bank. In our view, the worst of the Turkish lira depreciation story is in the past and the currency is on a path to long-term recovery. And finally, we have become more optimistic South Africa can avoid crisis conditions post-election; however, the magnitude of ANC support and political coalitions will have an influence over the path of the rand.

Risk factors around our long-term currency outlook are primarily geopolitical and political in nature. While not our base case, should geopolitical tensions in Eastern Europe or the Middle East dramatically escalate, we would likely extend the duration of our dollar strength outlook into 2025. As of now, geopolitical tensions in Ukraine and the Middle East have yet to find steady states, and while we believe de-escalation is more likely than escalation, we have limited visibility into the direction of each conflict. Also, the U.S. election could be a source of longer-term U.S. dollar strength. Should the U.S. policy mix, particularly foreign policy mix, turn more hostile toward key trading partners, the dollar could begin to attract safe-haven capital flows. In an environment where U.S. policy again focuses on unilateral renegotiation of trade agreements and more protectionist measures, we would expect market participants to increase exposure to the safe-haven characteristics of the dollar. For now, despite President Biden raising tariffs on China's electric vehicle exports to the U.S., election-related developments have not sparked much volatility in financial markets. However, should election rhetoric intensify and policy proposals turn inward-looking, our outlook for foreign currency strength in 2025—particularly for the Mexican peso and Chinese renminbi—would likely be revisited and adjusted.

Wells Fargo International Economic Forecast

	GDP				CPI			
	2022	2023	2024	2025	2022	2023	2024	2025
Global (PPP Weights)	3.5%	3.2%	3.0%	2.8%	8.7%	4.5%	3.7%	3.4%
Advanced Economies[1]	2.6%	1.6%	1.8%	2.0%	7.3%	4.9%	3.0%	2.4%
United States	1.9%	2.5%	2.6%	2.0%	8.0%	4.1%	3.3%	2.5%
Eurozone	3.4%	0.5%	0.8%	1.6%	8.4%	5.4%	2.3%	2.1%
United Kingdom	4.3%	0.1%	0.8%	1.5%	9.1%	7.3%	2.7%	2.3%
Japan	1.0%	1.9%	0.0%	1.3%	2.5%	3.3%	2.2%	1.7%
Canada	3.8%	1.1%	1.2%	1.8%	6.8%	3.9%	2.2%	2.0%
Switzerland	2.7%	0.8%	1.3%	1.6%	2.8%	2.2%	1.4%	1.2%
Australia	3.8%	2.1%	1.4%	2.1%	6.6%	5.6%	3.4%	2.7%
New Zealand	2.4%	0.6%	0.8%	2.3%	7.2%	5.8%	3.3%	2.2%
Sweden	2.7%	0.0%	0.1%	1.7%	8.1%	8.6%	2.9%	1.9%
Norway	3.0%	1.1%	0.7%	1.5%	5.8%	5.5%	3.4%	2.5%
Developing Economies[1]	4.1%	4.3%	3.9%	3.3%	9.8%	4.1%	4.2%	4.2%
China	3.0%	5.2%	5.1%	4.3%	2.0%	0.2%	0.8%	1.6%
India	6.5%	7.7%	7.2%	6.6%	6.7%	5.7%	5.0%	4.5%
Mexico	3.9%	3.2%	1.8%	2.0%	7.9%	5.5%	4.5%	4.0%
Brazil	3.0%	2.9%	1.7%	2.0%	9.3%	4.8%	4.0%	3.6%

Forecast as of: May 20, 2024

[1]Aggregated Using PPP Weights

Source: International Monetary Fund and Wells Fargo Economics

Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)

Central Bank Key Policy Rate	2024				2025		
	Current	Q2	Q3	Q4	Q1	Q2	Q3
United States	5.50%	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%
Eurozone[1]	4.00%	3.75%	3.50%	3.00%	2.75%	2.50%	2.25%
United Kingdom	5.25%	5.25%	5.00%	4.50%	4.00%	3.75%	3.50%
Japan	0.10%	0.10%	0.10%	0.20%	0.20%	0.20%	0.20%
Canada	5.00%	4.75%	4.25%	4.00%	3.75%	3.50%	3.25%
Switzerland	1.50%	1.25%	1.00%	1.00%	1.00%	1.00%	1.00%
Australia	4.35%	4.35%	4.35%	4.10%	3.85%	3.60%	3.35%
New Zealand	5.50%	5.50%	5.25%	4.75%	4.50%	4.00%	3.75%
Sweden	3.75%	3.75%	3.50%	3.00%	2.75%	2.50%	2.25%
Norway	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.25%
China[3]	10.00%	10.00%	9.50%	9.50%	9.00%	9.00%	8.50%
India	6.50%	6.50%	6.50%	6.00%	5.75%	5.75%	5.75%
Mexico	11.00%	10.75%	10.25%	9.75%	9.25%	8.75%	8.50%
Brazil	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Chile	6.50%	5.50%	5.00%	4.50%	4.50%	4.50%	4.50%
Colombia	11.75%	11.25%	10.25%	9.25%	8.25%	7.75%	7.25%

2-Year Note	2024				2025		
	Current	Q2	Q3	Q4	Q1	Q2	Q3
United States	4.83%	4.80%	4.40%	4.05%	3.85%	3.70%	3.55%
Eurozone[2]	2.98%	2.95%	2.80%	2.55%	2.45%	2.35%	2.25%
United Kingdom	4.33%	4.35%	4.20%	3.90%	3.65%	3.55%	3.45%
Japan	0.34%	0.30%	0.25%	0.25%	0.30%	0.30%	0.30%
Canada	4.23%	4.15%	3.85%	3.70%	3.55%	3.45%	3.35%

10-Year Note	2024				2025		
	Current	Q2	Q3	Q4	Q1	Q2	Q3
United States	4.44%	4.40%	4.20%	4.00%	3.90%	3.85%	3.80%
Eurozone[2]	2.52%	2.50%	2.40%	2.30%	2.30%	2.25%	2.25%
United Kingdom	4.15%	4.15%	4.05%	3.85%	3.70%	3.60%	3.55%
Japan	0.98%	1.00%	1.05%	1.10%	1.05%	1.00%	0.95%
Canada	3.63%	3.60%	3.50%	3.45%	3.40%	3.35%	3.35%

Forecast as of: May 20, 2024

[1] ECB Deposit Rate [2] German Government Bond Yield [3] Reserve Requirement Ratio Major Banks

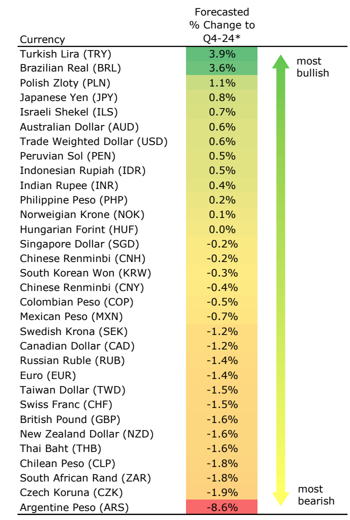
Source: Bloomberg Finance L.P. and Wells Fargo Economics

Wells Fargo International FX Forecast

Currency Pair*	Current Rate	Q2-2024	Q3-2024	Q4-2024	Q1-2025	Q2-2025	Q3-2025
G10							
EUR/USD	1.0856	1.0800	1.0600	1.0700	1.0800	1.1000	1.1200
USD/JPY	156.21	157.00	158.00	155.00	153.00	152.00	151.00
GBP/USD	1.2697	1.2600	1.2500	1.2500	1.2600	1.2700	1.2900
USD/CHF	0.9108	0.9175	0.9375	0.9250	0.9125	0.8900	0.8700
USD/CAD	1.3635	1.3800	1.3900	1.3800	1.3700	1.3500	1.3300
AUD/USD	0.6662	0.6600	0.6600	0.6700	0.6800	0.6900	0.7000
NZD/USD	0.6097	0.6000	0.5900	0.6000	0.6100	0.6200	0.6300
USD/NOK	10.7091	10.6950	10.8500	10.7000	10.5550	10.3175	10.0900
USD/SEK	10.7126	10.7875	10.9900	10.8400	10.6950	10.4550	10.2225
Asia							
USD/CNY	7.2335	7.2500	7.2800	7.2600	7.2400	7.2200	7.2000
USD/CNH	7.2439	7.2500	7.2800	7.2600	7.2400	7.2200	7.2000
USD/IDR	15978	16000	16000	15900	15800	15700	15600
USD/INR	83.33	83.25	83.25	83.00	82.75	82.50	82.25
USD/KRW	1355.87	1360.00	1370.00	1360.00	1350.00	1340.00	1330.00
USD/PHP	57.88	57.75	58.00	57.75	57.25	56.75	56.25
USD/SGD	1.3479	1.3500	1.3600	1.3500	1.3400	1.3300	1.3200
USD/TWD	32.25	32.75	33.00	32.75	32.50	32.25	32.00
USD/THB	36.15	36.50	37.00	36.75	36.50	36.25	36.00
Latin America							
USD/BRL	5.1264	5.0500	5.0500	4.9500	4.9000	4.8500	4.8000
USD/CLP	893.77	910.00	920.00	910.00	900.00	890.00	880.00
USD/MXN	16.6312	16.7500	17.0000	16.7500	16.7500	16.5000	16.5000
USD/COP	3829.40	3850.00	3900.00	3850.00	3800.00	3750.00	3700.00
USD/ARS	886.69	900.00	940.00	970.00	1000.00	1050.00	1100.00
USD/PEN	3.7385	3.7500	3.7500	3.7200	3.6900	3.6600	3.6300
Eastern Europe/Middle East/Africa							
USD/CZK	22.80	23.25	23.75	23.25	23.00	22.25	21.75
USD/HUF	355.25	361.00	368.00	355.25	347.25	336.25	326.00
USD/PLN	3.9200	3.9350	3.9625	3.8775	3.7975	3.6825	3.5725
USD/RUB	90.70	90.00	90.00	92.00	94.00	96.00	98.00
USD/ILS	3.7065	3.7000	3.7000	3.6800	3.6600	3.6400	3.6200
USD/ZAR	18.1600	18.2500	18.5000	18.5000	18.2500	18.0000	18.0000
USD/TRY	32.2010	32.0000	31.5000	31.0000	30.0000	29.0000	28.0000
Euro Crosses							
EUR/JPY	169.58	169.50	167.50	165.75	165.25	167.25	169.00
EUR/GBP	0.8550	0.8575	0.8475	0.8550	0.8575	0.8650	0.8675
EUR/CHF	0.9887	0.9900	0.9950	0.9900	0.9850	0.9800	0.9750
EUR/NOK	11.6255	11.5500	11.5000	11.4500	11.4000	11.3500	11.3000
EUR/SEK	11.6293	11.6500	11.6500	11.6000	11.5500	11.5000	11.4500
EUR/CZK	24.76	25.00	25.25	25.00	24.75	24.50	24.25
EUR/HUF	385.66	390.00	390.00	380.00	375.00	370.00	365.00
EUR/PLN	4.2555	4.2500	4.2000	4.1500	4.1000	4.0500	4.0000

Forecast as of: May 20, 2024

Source: Bloomberg Finance L.P. and Wells Fargo Economics



Currency	Forecasted % Change to Q4-24*
Turkish Lira (TRY)	3.9%
Brazilian Real (BRL)	3.6%
Polish Zloty (PLN)	1.1%
Japanese Yen (JPY)	0.8%
Israeli Shekel (ILS)	0.7%
Australian Dollar (AUD)	0.6%
Trade Weighted Dollar (USD)	0.6%
Peruvian Sol (PEN)	0.5%
Indonesian Rupiah (IDR)	0.5%
Indian Rupee (INR)	0.4%
Philippine Peso (PHP)	0.2%
Norweigian Krone (NOK)	0.1%
Hungarian Forint (HUF)	0.0%
Singapore Dollar (SGD)	-0.2%
Chinese Renminbi (CNH)	-0.2%
South Korean Won (KRW)	-0.3%
Chinese Renminbi (CNY)	-0.4%
Colombian Peso (COP)	-0.5%
Mexican Peso (MXN)	-0.7%
Swedish Krona (SEK)	-1.2%
Canadian Dollar (CAD)	-1.2%
Russian Ruble (RUB)	-1.4%
Euro (EUR)	-1.4%
Taiwan Dollar (TWD)	-1.5%
Swiss Franc (CHF)	-1.5%
British Pound (GBP)	-1.6%
New Zealand Dollar (NZD)	-1.6%
Thai Baht (THB)	-1.6%
Chilean Peso (CLP)	-1.8%
South African Rand (ZAR)	-1.8%
Czech Koruna (CZK)	-1.9%
Argentine Peso (ARS)	-8.6%

Forecast as of: May 20, 2024
*Percentage Change Against USD, Q4-24 Vs. Current Spot Rate

Source: Bloomberg Finance L.P. and Wells Fargo Economics

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