International Commentary — September 25, 2024

International Economic Outlook: September 2024

Summary

Forecast Changes

- With the Federal Reserve opting to front-load policy rate cuts in September, we have made notable changes to our fed funds rate forecast. We now believe the Fed will cut policy rates 25 bps in both November and December. The same 25 bps rate cut pace is also likely to now continue through the middle of 2025, with the Fed achieving a terminal rate of 3.00%-3.25%. Our G10 central bank forecasts are broadly unchanged; however, given renewed inflation challenges and fiscal dominance risks, we believe the Brazilian Central Bank will raise rates more aggressively.
- As far as the global economy, our global GDP forecast is little changed; however, we have revised our China GDP forecast lower. We now forecast China's economy to grow 4.6% this year, falling short of the government's 5% target growth rate. In our view, while recent policy support is notable, announced measures are insufficient to address underlying challenges to growth or existing vulnerabilities within China's economy.
- We have made notable revisions to our longer-term outlook for the U.S. dollar, which we now believe can strengthen through all of 2025. With the Fed likely to end its easing cycle by the middle of next year—while foreign central banks are likely to maintain easing cycles throughout 2025—and U.S. growth outperformance likely to return, two pillars of support should be established that push the dollar higher against G10 and emerging market currencies. Select foreign currencies can perform well in the medium term despite an environment of dollar strength, particularly the Brazilian real, Mexican peso and Japanese yen.

Key Themes

- The health of the U.S. labor market has become a focus for FOMC policymakers, and the slowdown in job creation likely prompted the Fed to lower policy rates by 50 bps in September. However, the 50 bps pace is not likely to become a trend as policymakers suggest a more gradual pace of easing will be delivered going forward. Fed easing has generated policy space for central banks around the world—particularly in emerging Asia—to begin easing cycles of their own, and we expect policymakers in Asia to lower policy rates through the end of this year and in 2025. Select Latin American central banks can also continue cutting policy rates.
- Our global GDP forecast is little changed this month; however, risks to global growth are tilted to the downside. China's economy has yet to stabilize amid multiple challenges to growth. In our view, the latest round of policy stimulus is notable, but will do little to alter China's growth trajectory or solve the underlying problems plaguing China's economy. We also believe the Eurozone economic recovery is showing some fragility as sentiment weakens. The combination of slowing China growth and a weaker Eurozone introduces downside risks to the global economy in 2024 as well as 2025.
- We expect the U.S. dollar to be pushed and pulled in different directions through the end of this year; however, we have become more confident in the longer-term prospects of the greenback. With the Fed getting the heavy lifting on rate cuts out of the way early, interest rate differentials may favor the dollar as 2025 progresses. Also, we forecast U.S. economic growth to pick up again starting from during H1-2025, which should also support the dollar over the longer term. As monetary policy and growth differentials become more attractive in the U.S., the U.S. dollar should benefit over the course of next year.

Economist(s)

Nick Bennenbroek
International Economist | Wells Fargo Economics
Nicholas.Bennenbroek@wellsfargo.com | 212-214-5636

Brendan McKenna
International Economist | Wells Fargo Economics
Brendan.McKenna@wellsfargo.com | 212-214-5637

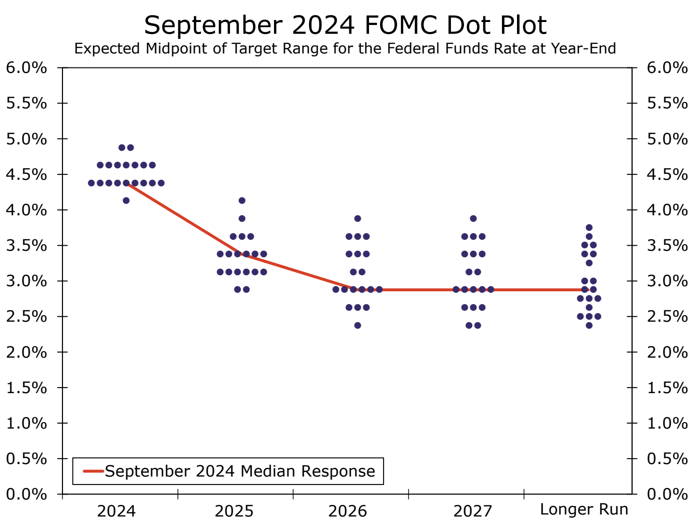
Anna Stein
Economic Analyst | Wells Fargo Economics
Anna.H.Stein@wellsfargo.com | 212-214-1063

Table of Contents

Federal Reserve Jump Starts Monetary Easing

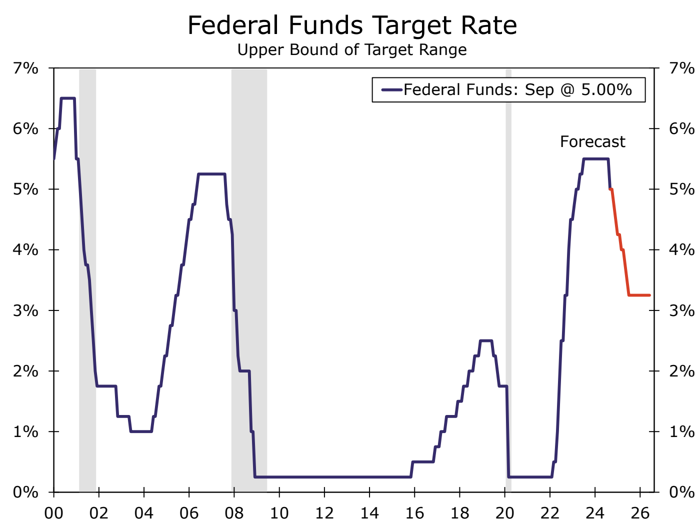
Arguably the most important event of the past month was the Federal Reserve's September monetary policy meeting. Heading into that September meeting, Fed speakers—including Fed Chair Powell at the Jackson Hole Symposium in August—telegraphed that a rate cut was coming this month, although market participants were still left debating the magnitude of easing. While Fed members communicated in advance that a softening jobs market had become a more significant concern for policymakers, financial markets and economists alike were not fully convinced conditions had deteriorated to the point where an abrupt pace of policy change was necessary. Still above-target inflation and resilient economic activity also played a role in the large majority of market participants believing the Fed would take an initially gradual approach when shifting to more accommodative monetary policy settings. Ultimately, however, the FOMC opted for a larger 50 bps rate cut. That 50 bps of easing came as a surprise, but the Fed's forward guidance via rhetoric and the “dot plot” left market participants still torn on the pace of future policy rate adjustments. To that point, Fed Chair Powell's post decision press conference suggested 50 bps rate cuts may not be the pace of fed funds rate adjustments going forward. Also, Fed policymakers indicated through the dot plot that only 50 bps of cumulative easing was expected to be delivered through the end of this year (Figure 1). Together, Powell's comments and the dot plot suggest the FOMC may have felt a need to ensure they did not fall behind the curve in terms of providing monetary policy support to the U.S. economy. Front-loading rate cuts may bring the fed funds rate more in line with evolving economic conditions. In response to the Fed's September rate decision, forward guidance, and incorporating our view for a U.S. “soft landing” we have adjusted our fed funds forecast. We now believe the FOMC will lower policy rates by 25 bps in November and another 25 bps in December. We still expect Fed easing to continue in 2025; however, we now believe the FOMC will deliver steady 25 bps rate cuts at each meeting through July, reaching a terminal fed funds rate of 3.00%-3.25% by the middle of next year (Figure 2).

Figure 1



Source: Federal Reserve Board and Wells Fargo Economics

Figure 2



Source: Federal Reserve Board and Wells Fargo Economics

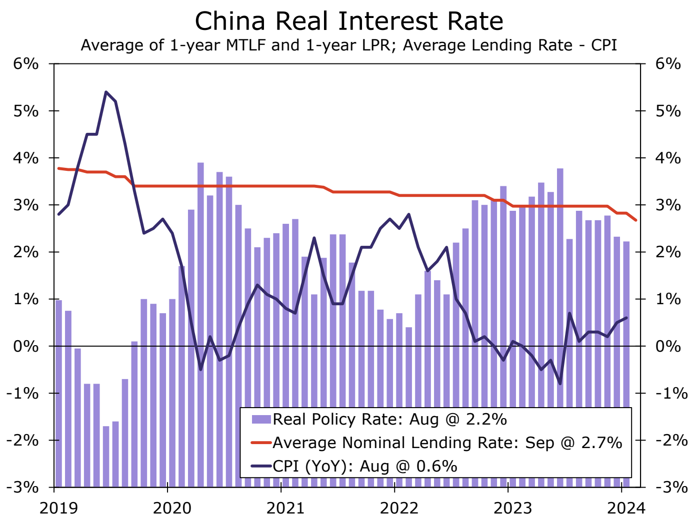
The Federal Reserve was not the only active central bank over the past few weeks. Institutions across Europe, Asia-Pacific and Latin America also met to decide monetary policy, although few provided a similar level of surprise or forcefulness as the Federal Reserve. In the Eurozone, the European Central Bank (ECB) lowered its Deposit Rate by 25 bps, as expected, at its September meeting. Forward guidance was also consistent with previous communications as ECB policymakers suggested data dependency and caution when considering future adjustments in policy rates. With growth sluggish and core inflation persistently above the ECB's target, we remain comfortable with our view that the ECB will, for the time being, maintain a gradual approach to rate cuts relative to the Fed. In that sense, we continue to believe the ECB will take an “every other meeting” approach to rate cuts, opting to skip easing monetary policy in October and deliver the next rate cut in December. Our base case is that the every other meeting approach is most likely to be maintained in 2025. To be sure, sentiment surveys have softened and downside risks to growth are increasing, suggesting risks could be tilted toward a quicker pace of ECB cuts. However, uncomfortably high core inflation led by rising wages should keep the ECB on a gradual path for the time being. A similar tone was struck by the Bank of England (BoE). Policymakers left rates unchanged in September, and we interpreted the 8-1 decision to hold policy steady as less dovish than expected. U.K. policy rates are likely to come down before the end of this year, but the BoE is also likely to exercise caution in an effort to prevent inflation from rising in the midst of a broader economic recovery. Rounding out the G10, the Bank of Japan (BoJ) also chose to keep interest rates unchanged. Rather than delivering commentary similar to the ECB and BoE, BoJ officials expressed prudence in a less hawkish direction. The BoJ's announcement suggested it is not seriously considering imminent rate hikes, with BoJ Governor Ueda noting recent yen strength and saying policymakers have "some time to confirm certain points when making policy decisions." Local inflation and wages continue to trend in an upward direction, which could prompt further tightening in early 2025, but for now we remain comfortable forecasting the next BoJ rate hike will come next year.

As we noted in the August International Economic Outlook and a thematic report published earlier this month, the Fed's pivot to rate cuts should create policy space for many institutions in the developing world to also lower policy rates. Indeed, we have already seen evidence of central banks from the emerging economies utilizing this policy space. Bank Indonesia, one of the more cautious central banks in Asia, just initiated an easing cycle with a 25 bps rate cut in September. Peer central banks in Asia—such as the Bank of Korea and Central Bank of the Philippines—have also indicated the rising probability of rate cuts in the near future. In EMEA, South Africa's central bank also cut interest rates by 25 bps, while the Central Bank of Turkey made a tentative pivot toward delivering rate cuts in the not-too-distant future. Middle East central banks with pegged exchanges rates to the dollar also took advantage of Fed easing and lowered their respective policy rates by 50 bps. Fed easing is also likely to provide most policymakers in Latin America with room to continue along their respective easing cycles. BanRep in Colombia is likely to deliver additional 50 bps rate cuts—possibly picking up the pace to 75 bps—while Chile's central bank has communicated that policy rates are likely to head toward neutral over the next few meetings. Mexico's central bank, whose moves maintain a degree of correlation to Fed monetary policy, is also likely to be more committed to easier monetary policy now that the Fed has delivered rate cuts. Noticeably absent from the trend of Latin American central banks lowering interest rates is Brazil's central bank. In fact, Brazilian Central Bank (BCB) policymakers recently raised interest rates and signaled the tightening cycle is likely to continue for the time being as fiscal dominance risks rise and Brazil's currency remains weak. Thematically, the trend of central bank policy divergence remains intact. G10 central banks are either easing monetary pace at different speeds or not cutting rates at all, while central banks in emerging nations are also moving at different tempos, and in select cases, different directions.

China Policy Support Does Not Fix the Economy

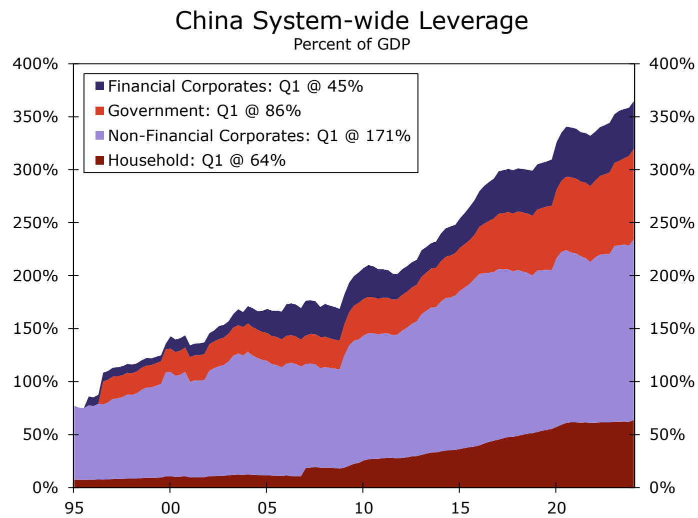
Easier monetary policy should offer support to many economies around the world. With the global and U.S. economy demonstrating signs of softening, central bank rate cuts may be coming to fruition at the opportune time. With that said, our 2024 global GDP forecast is stable, and we continue to believe the global economy can grow 3.0% this year. The primary contributor to this steady, rather than strengthening, global GDP growth outlook is China. China's economic troubles are well-known, and in our view, the challenges restraining Chinese growth are intensifying. August activity and sentiment data indicate domestic consumption remains subdued, the property sector correction has gathered momentum, and overall deflationary pressures are persistent amid an environment of weak consumer confidence and falling home and asset prices. In fairness, Chinese authorities recently announced a slew of measures to support the economy with the intention of achieving the government's 5% growth target. These measures include lower lending rates, lowering the major banks' Reserve Requirement Ratio (RRR), and other policy modifications designed to support the local property sector. Directionally speaking, easier monetary policy and support for the property sector is an appropriate course of action; however, we believe the recent announcements are not a cure for China's growth challenges. As far as property sector support, we believe Chinese consumers are unwilling to direct capital toward real estate at the current juncture, given the sharp and ongoing downturn in the industry. Policies aimed at supporting a failing industry are unlikely to provide much support if consumer and investor sentiment does not change, which as of now, we believe sentiment will remain subdued for an extended period of time. Easier monetary policy has also been ineffective in China for some time. PBoC policymakers have been in easing mode for a while now; however, lower lending rates and reserve requirement ratios have done little to spark economic activity. While easier monetary policy has been largely ineffective, a gradual approach to more accommodative monetary policy further diminishes that effectiveness. To that point, real interest rates in China are actually positive and well into restrictive territory (Figure 3). While positive real rates may be driven by disinflation, a gradual easing of monetary policy that maintains restrictive monetary policy settings will continue to act as a drag on China's economy for the time being.

Figure 3



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

Figure 4



Source: IIF and Wells Fargo Economics

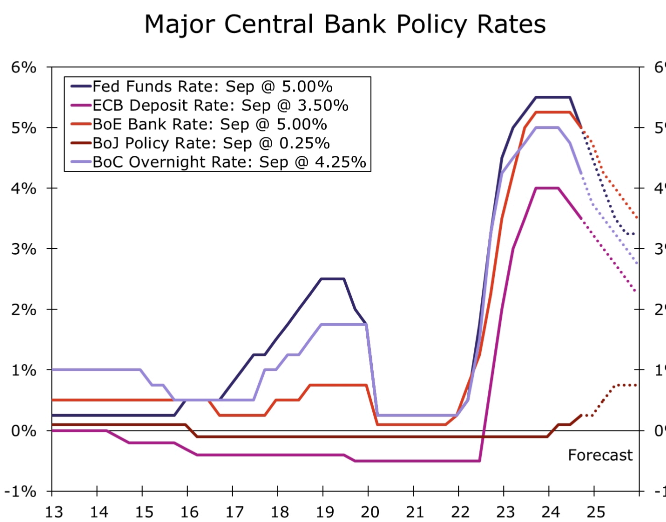
With monetary policy not a particularly effective policy tool to support China's economy, authorities could consider fiscal policy as means to prop up activity; however, discussions on fiscal stimulus have seemingly not gathered much momentum and plans for any widespread fiscal support do not appear to be forthcoming. Historically, Chinese authorities have deferred to fiscal policy as the primary policy lever for economic support during times of crisis. We saw massive fiscal stimulus deployed in 2009 to offset the impact of the Global Financial Crisis as well as strong fiscal responses to external crises (Eurozone sovereign debt crisis & COVID) and periods of domestic economic stress (2015). However, in the post-COVID years, at a time when China's economy has struggled to achieve high and sustainable economic growth, fiscal support has been largely absent. We can attribute the lack of fiscal support to multiple dynamics, the first being that China maintains a weak public finance profile coupled with a debt burden across the entire system that remains significantly elevated (Figure 4). In an effort to not worsen the public finance position or add new debt, authorities could be hesitant to deploy fiscal stimulus. Also, Chinese households maintain an elevated saving rate (i.e., the amount of disposable income that is saved as opposed to spent/invested). In our view, authorities may believe that households would opt to save rather than spend any fiscal stimulus, especially in an environment of deflation and declining local asset prices. And finally, previous fiscal stimulus cycles were directed toward infrastructure and real estate. With the real estate and broader property market in downturn, Chinese authorities may be unwilling to deploy the same fiscal playbook and direct fiscal resources toward the struggling industry. Point being, fiscal stimulus may not be deployed in any significant form, but even if fiscal resources are used to support the economy, they would have to be directed toward sparking consumption rather than infrastructure. But with a household saving rate hovering ~30% of disposable income (relative to a U.S. household saving rate closer to 2%), fiscal stimulus may also not be an effective policy tool either.

With China's growth hurdles and vulnerabilities adding up, and policy support, in our view, unable to materially change the growth trajectory, we now believe the Chinese economy will grow 4.6% this year, compared to our forecast of 4.8% from a month ago. In 2025, we expect China's economy to slow further and experience growth of just 4.3%. China is not the only major economy where we revised our growth outlook lower. This month, we have also revised our Eurozone GDP forecast lower to reflect manufacturing and services sectors that are tailing off. As of now, we are not forecasting a Eurozone recession; however, we note that the Eurozone economic recovery may not be as strong as initially expected. September PMI's revealed a noticeable softening in sentiment across the economy, which we suspect will ultimately translate into a slower rebound in Eurozone economic activity. As far as risks to global economic growth, we see those risks as tilted to the downside. Monetary policy typically works with a lag, suggesting today's rate cuts may not translate into stronger growth in the very near term. And with China's economy in flux and the Eurozone stumbling again, global GDP growth could dip below 3% by the end of this year.

Turning Long-Term Bullish on the U.S. Dollar

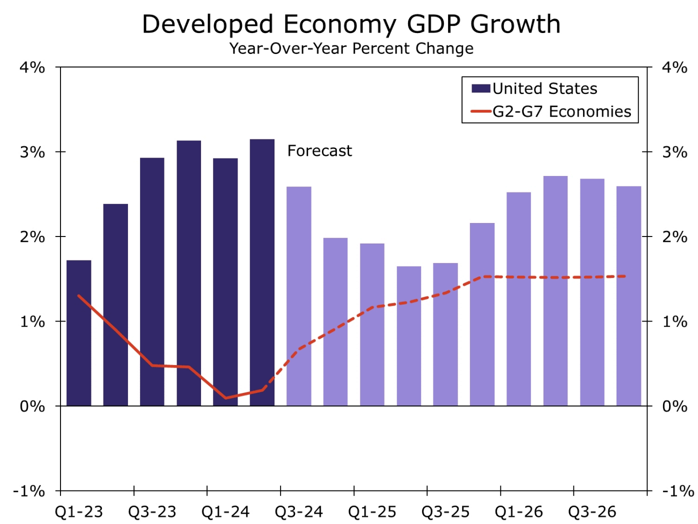
Regarding currency markets and the U.S. dollar, we believe that through the end of this year the dollar can be pushed and pulled in multiple directions by multiple factors, but ultimately trend sideways for the rest of 2024. As far as factors that can push the dollar higher against foreign currencies, we believe uncertainty heading into the U.S. election could result in broad-based dollar strength over the next few months. The potential for a contentious election, a possible contested outcome as well as uncertainty regarding the direction of the U.S. policy mix could all create a dynamic that increases demand for the safe-haven characteristics of the U.S. dollar. Should demand for safe-haven currencies rise around and/or after the time of the election, the U.S. dollar could strengthen against many foreign currencies. On the other hand, the Federal Reserve, in our view, is front-loading policy rate cuts and, in many cases, is on pace to ease monetary policy quicker than peer G10 central banks over the next few months. From an interest rate differential perspective, the dollar could be weighed down as rates in the U.S. come down faster than rates abroad. In addition, we believe the U.S. economy is set to slow noticeably in the coming months, while the international economic recovery is still thematically intact, even if the pace at which some international economies are rebounding is becoming more gradual. Growth differentials that are becoming less supportive of the United States and more supportive of international economies could also be a factor that contributes to dollar downside between now and the end of this year. Considering the combination of these factors, as mentioned, the dollar could see volatility in the coming months, but overall trend sideways.

Figure 5



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

Figure 6



Source: Datastream and Wells Fargo Economics

Over the longer term, we have made some notable changes to our U.S. dollar outlook. Last month, we forecast a period of dollar weakness in early 2025, which was then followed by pronounced greenback strength in the second half of the year. Recent trends in monetary policy and economic growth now lead us to believe that a period of trend U.S. dollar appreciation could begin even earlier and that, broadly speaking, the greenback could strengthen against most foreign currencies through most, if not all, of 2025. Part of our underlying rationale for dollar appreciation in 2025 stems from the Federal Reserve front-loading interest rate cuts. With the Fed doing the heavy lifting on interest rate cuts through the remainder of 2024, we believe the pace of easing from many foreign central banks may now more closely match, or even exceed, the pace of monetary policy from the Fed during 2025 (Figure 5). In that context, the narrowing in interest rate differentials that could contribute to depreciation pressures on the greenback in the months ahead should dissipate in 2025, an important element in stabilizing the U.S. dollar. We also note that whereas the Fed is expected to complete its monetary easing cycle by around mid-2025, several international central banks are likely to ease through until the end of 2025, and perhaps beyond. The more truncated cycle of Fed easing versus the more prolonged easing cycle of many foreign central banks should be an important driver of U.S. dollar strength over the longer term. Finally, following a brief period of softness in the U.S. economy through early 2025, we expect the U.S. economy to again outperform relative to peer advanced economies as next year progresses (Figure 6). U.S. economic outperformance over the past few years has been one reason why the dollar has strengthened the way that it has in the post-COVID years. Our outlook for growth, both in the U.S. and internationally, means that we expect the U.S. economy to again outperform over the long run. Along with relative monetary policy dynamics, long-term U.S. economic outperformance should also provide a tailwind for the greenback in 2025.

Among the foreign currencies where we see particular weakness in 2025 are the euro and Canadian dollar. While the ECB has lowered interest rates at a gradual pace so far, downside growth risks are growing, which could raise the risk of faster ECB easing if wages and prices slow. Against an underwhelming backdrop, we forecast the EUR/USD exchange rate at $1.0600 by the end of next year. In Canada, softening growth, contained inflation, steady Bank of Canada interest rate cuts and potentially lower commodity prices should see the Canadian dollar weaken through much of next year, toward a USD/CAD exchange rate of CAD1.4200 by the end of 2025. One notable exception to this weaker foreign currency trend, at least during the early part of 2025, could be the Japanese yen. During the first half of next year, the contrast between Bank of Japan rate hikes and Fed rate cuts could see the yen strengthen to a USD/JPY exchange rate of JPY140.00 by Q2-2025. We also see idiosyncratic opportunities among some emerging currencies at varying points over our forecast horizon. In the short term, we believe the Brazilian real can be one of the currencies that outperforms against a broadly stable U.S. dollar. Brazilian Central Bank policymakers are committed to tightening monetary policy, and as a result, we have revised our Selic rate forecast higher after the BCB's September meeting. BCB rate increases, while the Fed is easing, can support Brazil's currency. Also, we believe President Lula will exercise fiscal discipline in 2025 by respecting the fiscal framework and achieving a balanced primary budget. The Brazilian real is sensitive to fiscal headlines, and if spending restraints are intact and monetary policy is trending in a tightening direction, Brazil's currency can outperform through the end of this year. In Mexico, despite the passage of judicial reforms and the local political risk backdrop turning more challenging, we remain optimistic for a modest rebound in the Mexican peso over the medium term. In our view, financial markets are mispricing political risk in Mexico, and while judicial reforms and broader efforts to amend Mexico's constitution are net negatives for economic growth, we continue to believe the peso is currently misaligned relative to political reality. With AMLO set to formally leave office at the beginning of October, we believe president-elect Sheinbaum will look to enact her own path for policy that is not overly influenced by AMLO. With a technocratic and predictable policy mix likely forthcoming under Sheinbaum, and as financial markets digest judicial reforms with no additional constitutional reform pursuits, we believe the USD/MXN exchange rate can move lower over time despite an environment of greenback strength. With that said, lingering political risks should prevent the Mexican peso from trading back at pre-election levels over our forecast horizon.

Wells Fargo International Economic Forecast

	GDP				CPI			
	2023	2024	2025	2026	2023	2024	2025	2026
Global (PPP Weights)	3.2%	3.0%	2.7%	2.9%	6.8%	3.9%	3.8%	3.7%
Advanced Economies[1]	1.6%	1.8%	1.8%	2.3%	4.6%	2.7%	2.3%	2.2%
United States	2.5%	2.7%	1.9%	2.6%	4.1%	2.9%	2.3%	2.3%
Eurozone	0.4%	0.7%	1.2%	1.6%	5.4%	2.4%	2.2%	2.0%
United Kingdom	0.1%	1.1%	1.5%	1.6%	7.3%	2.6%	2.4%	2.1%
Japan	1.9%	-0.2%	1.3%	1.2%	3.3%	2.6%	2.1%	1.9%
Canada	1.2%	1.1%	1.8%	2.1%	3.9%	2.5%	2.1%	2.1%
Switzerland	0.8%	1.6%	1.6%	1.6%	2.1%	1.4%	1.2%	1.1%
Australia	2.0%	1.1%	2.1%	2.4%	5.6%	3.5%	2.9%	2.7%
New Zealand	0.6%	0.4%	2.2%	2.5%	5.7%	3.0%	2.1%	2.0%
Sweden	-0.2%	0.8%	1.7%	1.8%	5.9%	2.1%	1.9%	1.9%
Norway	0.5%	0.6%	1.5%	1.9%	5.5%	3.4%	2.6%	2.4%
Developing Economies[1]	4.3%	3.8%	3.3%	3.3%	8.3%	4.6%	4.9%	4.8%
China	5.2%	4.6%	4.3%	4.2%	0.2%	0.6%	1.6%	1.6%
India	8.2%	6.8%	6.1%	6.1%	5.4%	4.7%	4.5%	4.5%
Mexico	3.2%	1.2%	1.6%	1.7%	5.5%	4.9%	4.3%	3.9%
Brazil	2.9%	2.9%	2.3%	2.1%	4.6%	4.2%	3.7%	3.6%

Forecast as of: September 25, 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				2026
	Current	Q4	Q1	Q2	Q3	Q4	Q1
United States	5.00%	4.25%	3.75%	3.25%	3.25%	3.25%	3.25%
Eurozone[1]	3.50%	3.25%	3.00%	2.75%	2.50%	2.25%	2.00%
United Kingdom	5.00%	4.75%	4.25%	4.00%	3.75%	3.50%	3.25%
Japan	0.25%	0.25%	0.50%	0.75%	0.75%	0.75%	0.75%
Canada	4.25%	3.75%	3.50%	3.25%	3.00%	2.75%	2.75%
Switzerland	1.25%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Australia	4.35%	4.35%	4.10%	3.85%	3.60%	3.35%	3.35%
New Zealand	5.25%	4.75%	4.50%	4.00%	3.75%	3.50%	3.50%
Sweden	3.25%	2.75%	2.25%	2.00%	2.00%	2.00%	2.00%
Norway	4.50%	4.25%	4.00%	3.75%	3.50%	3.25%	3.25%
China[3]	10.00%	9.00%	9.00%	8.50%	8.50%	8.00%	8.00%
India	6.50%	6.25%	6.00%	5.75%	5.75%	5.75%	5.75%
Mexico	10.75%	10.00%	9.50%	9.00%	8.50%	8.00%	8.00%
Brazil	10.75%	11.75%	11.75%	11.25%	10.75%	10.25%	9.75%
Chile	5.50%	5.00%	4.75%	4.50%	4.50%	4.50%	4.50%
Colombia	10.75%	9.25%	8.50%	8.00%	8.00%	8.00%	8.00%

2-Year Note	2024		2025				2026
	Current	Q4	Q1	Q2	Q3	Q4	Q1
United States	3.53%	3.40%	3.25%	3.20%	3.20%	3.20%	3.20%
Eurozone[2]	2.13%	2.15%	2.20%	2.20%	2.15%	2.10%	2.10%
United Kingdom	3.94%	3.95%	3.75%	3.70%	3.65%	3.55%	3.50%
Japan	0.35%	0.40%	0.55%	0.65%	0.70%	0.70%	0.75%
Canada	2.93%	2.95%	2.90%	2.85%	2.80%	2.75%	2.75%

10-Year Note	2024		2025				2026
	Current	Q4	Q1	Q2	Q3	Q4	Q1
United States	3.77%	3.60%	3.50%	3.45%	3.40%	3.40%	3.40%
Eurozone[2]	2.19%	2.20%	2.20%	2.15%	2.10%	2.10%	2.15%
United Kingdom	3.97%	3.90%	3.80%	3.75%	3.75%	3.80%	3.80%
Japan	0.82%	0.85%	0.95%	1.00%	1.05%	1.05%	1.10%
Canada	2.99%	3.00%	2.95%	2.90%	2.90%	2.95%	2.95%

Forecast as of: September 25, 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	Q4-2024	Q1-2025	Q2-2025	Q3-2025	Q4-2025	Q1-2026
G10							
EUR/USD	1.1209	1.1200	1.1100	1.1000	1.0800	1.0600	1.0400
USD/JPY	143.93	144.00	142.00	140.00	142.00	144.00	146.00
GBP/USD	1.3405	1.3400	1.3300	1.3200	1.3000	1.2800	1.2600
USD/CHF	0.8467	0.8475	0.8525	0.8550	0.8650	0.8775	0.8900
USD/CAD	1.3440	1.3600	1.3700	1.3800	1.4000	1.4200	1.4300
AUD/USD	0.6879	0.7000	0.7000	0.6900	0.6700	0.6500	0.6400
NZD/USD	0.6319	0.6300	0.6200	0.6100	0.5900	0.5700	0.5600
USD/NOK	10.4380	10.4025	10.4500	10.5000	10.6475	10.8025	10.9625
USD/SEK	10.0853	10.1775	10.3600	10.4100	10.5550	10.7075	10.8650
Asia							
USD/CNY	7.0264	7.0500	7.1000	7.1500	7.2000	7.2500	7.3000
USD/CNH	7.0219	7.0500	7.1000	7.1500	7.2000	7.2500	7.3000
USD/IDR	15102	15100	15200	15300	15500	15700	15900
USD/INR	83.60	83.50	83.75	84.00	84.25	84.50	84.75
USD/KRW	1330.64	1340.00	1350.00	1360.00	1370.00	1380.00	1390.00
USD/PHP	55.89	55.75	56.00	56.50	57.00	58.00	59.00
USD/SGD	1.2842	1.2800	1.2900	1.3000	1.3100	1.3200	1.3300
USD/TWD	31.86	31.50	31.75	32.00	32.25	32.50	32.75
USD/THB	32.61	32.75	33.00	33.25	33.50	33.75	34.00
Latin America							
USD/BRL	5.4676	5.4000	5.3000	5.3000	5.5000	5.7000	5.9000
USD/CLP	911.82	920.00	930.00	940.00	950.00	950.00	960.00
USD/MXN	19.4377	19.2500	19.0000	19.0000	19.2500	19.5000	19.7500
USD/COP	4185.50	4200.00	4250.00	4300.00	4400.00	4500.00	4600.00
USD/ARS	966.92	1000.00	1075.00	1150.00	1225.00	1300.00	1375.00
USD/PEN	3.7630	3.7500	3.7800	3.8000	3.8200	3.8500	3.9000
Eastern Europe/Middle East/Africa							
USD/CZK	22.39	22.50	23.00	23.50	24.00	24.75	25.50
USD/HUF	352.20	352.75	360.25	368.25	379.75	396.25	413.50
USD/PLN	3.8020	3.8400	3.9200	4.0000	4.1200	4.2450	4.3750
USD/RUB	92.56	91.00	92.00	94.00	96.00	98.00	100.00
USD/ILS	3.7390	3.7000	3.7000	3.7300	3.7600	3.7900	3.8200
USD/ZAR	17.1397	17.2500	17.5000	17.7500	18.0000	18.2500	18.5000
USD/TRY	34.1178	34.2500	34.0000	33.7500	33.5000	33.2500	33.0000
Euro Crosses							
EUR/JPY	161.32	161.25	157.50	154.00	153.25	152.75	151.75
EUR/GBP	0.8362	0.8350	0.8350	0.8325	0.8300	0.8275	0.8250
EUR/CHF	0.9490	0.9500	0.9450	0.9400	0.9350	0.9300	0.9250
EUR/NOK	11.6994	11.6500	11.6000	11.5500	11.5000	11.4500	11.4000
EUR/SEK	11.3039	11.4000	11.5000	11.4500	11.4000	11.3500	11.3000
EUR/CZK	25.10	25.25	25.50	25.75	26.00	26.25	26.50
EUR/HUF	394.76	395.00	400.00	405.00	410.00	420.00	430.00
EUR/PLN	4.2615	4.3000	4.3500	4.4000	4.4500	4.5000	4.5500

Forecast as of: September 25, 2024

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

Currency	Forecasted % Change to Q3-25*	
Trade Weighted Dollar (USD)	2.4%	most bullish
Turkish Lira (TRY)	1.8%	
Japanese Yen (JPY)	1.4%	
Mexican Peso (MXN)	1.0%	
Israeli Shekel (ILS)	-0.6%	
Brazilian Real (BRL)	-0.6%	
Indian Rupee (INR)	-0.8%	
Taiwan Dollar (TWD)	-1.2%	
Peruvian Sol (PEN)	-1.5%	
Philippine Peso (PHP)	-1.9%	
Norweigian Krone (NOK)	-2.0%	
Singapore Dollar (SGD)	-2.0%	
Swiss Franc (CHF)	-2.1%	
Chinese Renminbi (CNY)	-2.4%	
Chinese Renminbi (CNH)	-2.5%	
Indonesian Rupiah (IDR)	-2.6%	
Australian Dollar (AUD)	-2.6%	
Thai Baht (THB)	-2.7%	
South Korean Won (KRW)	-2.9%	
British Pound (GBP)	-3.0%	
Russian Ruble (RUB)	-3.6%	
Euro (EUR)	-3.6%	
Canadian Dollar (CAD)	-4.0%	
Chilean Peso (CLP)	-4.0%	
Swedish Krona (SEK)	-4.5%	
South African Rand (ZAR)	-4.8%	
Colombian Peso (COP)	-4.9%	
New Zealand Dollar (NZD)	-6.6%	
Czech Koruna (CZK)	-6.7%	
Hungarian Forint (HUF)	-7.3%	
Polish Zloty (PLN)	-7.7%	most bearish
Argentine Peso (ARS)	-21.1%	

Forecast as of: September 25, 2024
*Percentage Change Against USD, Q3-25 Vs. Current Spot Rate

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

Subscription Information

To subscribe please visit: www.wellsfargo.com/economicsemail

Via The Bloomberg Professional Services at WFRE

Economics Group

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Jeremiah Kohl	Economic Analyst	212-214-1164	Jeremiah.J.Kohl@wellsfargo.com
Aubrey Woessner	Economic Analyst	704-410-2911	Aubrey.B.Woessner@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Anna Stein	Economic Analyst	212-214-1063	Anna.H.Stein@wellsfargo.com
Ali Hajibeigi	Economic Analyst	212-214-8253	Ali.Hajibeigi@wellsfargo.com
Coren Miller	Administrative Assistant	704-410-6010	Coren.Miller@wellsfargo.com

Required Disclosures