Uni-Fx: US exceptionalism, Trump trade may keep FX markets volatile next year

12th December 2024

By:

Kanika Pasricha
kanika.pasricha@unionbankofindia.bank

Akash Deb
akash510@unionbankofindia.bank

Shreyas Bidarkar
shreyas.bidarkar@unionbankofindia.bank

Key takeaways

1) *US exceptionalism to drive US dollar higher next year*
2) *Monetary policy divergency is likely to remain key FX drivers next year*
3) *Oil may subside under Trump's 2.0 administration but gold up on safe haven demand*

FX Crosses	View in 2025	Key Risk for FX crosses
EURUSD	↓	Trump's policies less aggressive than expected
GBPUSD	→	UK economy detoriates to put pressure on BoE to cut rates aggressively
USDJPY	↓	BoJ maintains its less hawkish tone
USDINR	↑	FII inflows see sharp seasonal reversal in Q4'FY25
USDCNY	↑	1) Trump less aggressive to China 2)PBoC intervenes in its FX markets

Flashback 2024 the year that went by: -

As we approach end of the year, 2024 was year of global monetary policy easing, political regime shift(s), wars and then consequently saw FX volatility. Global central banks have been on policy easing spree and have cut rates 62 times over the last three months, most since the 2020 pandemic. While the regime shift in US was of pivotal importance as it is likely to shape the economy of US and the world around in the coming years. (Refer our report: Trump 2.0 Impact on markets and macros).

During the year chatter around the US recession made rounds after the trigger of Saham rule in August, but that has been put to rest for now as US economy continues to grow at a robust pace. (Refer: US recession fear shift towards soft landing, which bodes well for India).

The global markets were in free fall when BoJ further hiked its policy rate on 31st July, highest levels since 2008 with global markets witnessed free fall on black Monday post sharply weak NFO print on 2nd August, which also saw unwinding of carry trades, but since then equity markets have recovered and have traded near all-time high levels. (Refer: Markets in Mayhem mode amid US recession fears & unwinding of carry trades).

Key Themes for 2025: -

The year 2025 awaits the polices of Trump's administration once he resumes office on 20th January. We believe US Dollar exceptionalism to continue in 2025 boosted by Trump trade effect. Despite central banks continuing with its easing of monetary policy, bond yields have seen upward pressure and will continue to rise over uncertain environment under Trumps administration.

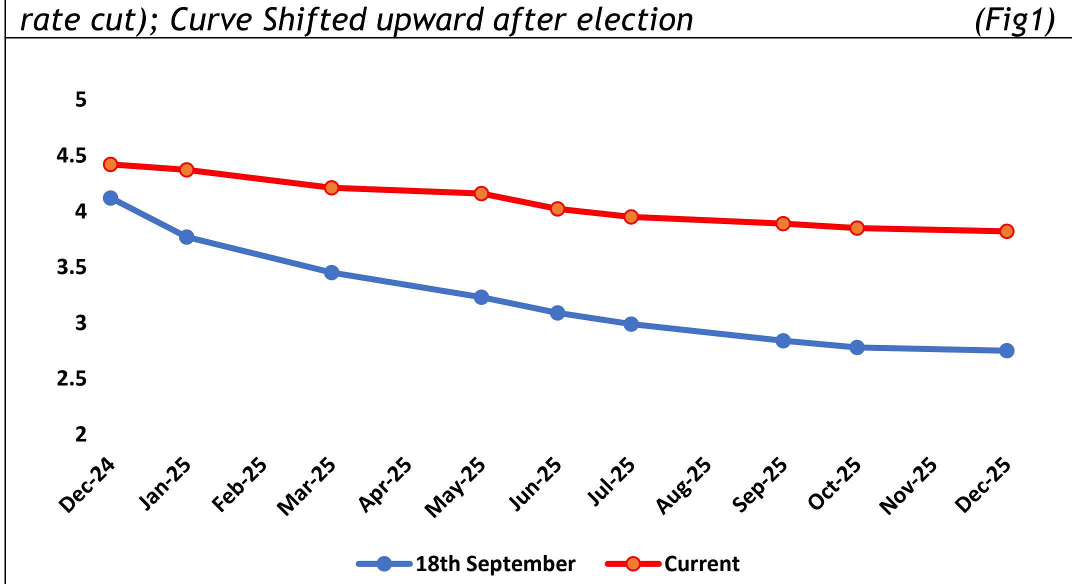
*Given that Trump is a war dove the outlook on geopolitics may probably improve in 2025. We may reiterate what Trump said **"Leave the oil to me"** which may lead the crude oil prices to trade lower next year. Meanwhile safe haven demand for gold continues, boosted by buying spree from central banks as golds upward momentum continues. The key FX themes for Uni-Fx are outlined below.*

- ♣ **Global markets eagerly await Trump's actions**
- ♣ **Monetary policy differential and Politics to keep Euro suppressed**
- ♣ **JPY awaits BoJ's decision on rate hike for next leg of rally**
- ♣ **Dovish policy bets on new RBI Governor spurs rupee to all time low**

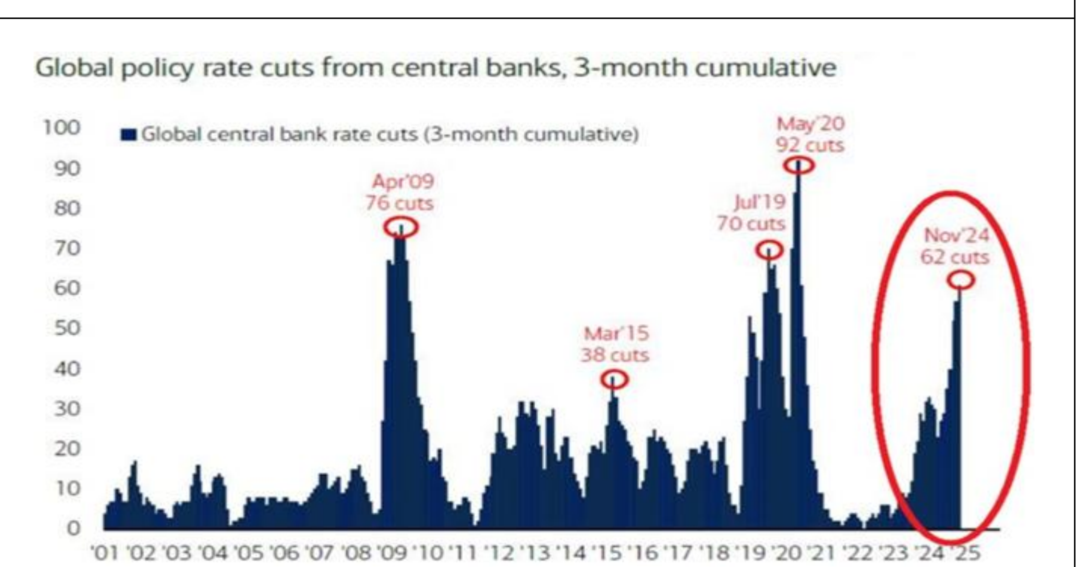
Global markets eagerly await Trump's actions

Global inflation continues to decline, leading to a broad easing of monetary policy worldwide. After the sharp drop in inflation from pandemic highs, central banks are moving away from their tightening measures. However, the pace of rate cuts varies as per the economy. Many economies have successfully brought inflation within target ranges, while inflation is expected to keep remain elevated if Trump implements his trade tariff policies. An exception is Japan, where the Bank of Japan is hiking its policy rates due to rising reflationary pressures. Generally, central banks around the world are close to adjusting

Current FED policy rate vs FED fund rate on 18th September (Jumbo rate cut); Curve Shifted upward after election (Fig1)



Central banks cutting rates at faster pace since 2020 (Fig 2)



Source: Bloomberg, UBI Research, Refinitiv, Kobeissiletter their interest rate; however, divergences in the direction and pace of interest rate adjustment may be on display even in 2025 (Refer: Central Banks policy divergence to stay key FX drives). Hence monetary policy divergence is likely to remain key Fx driver next year.

US Dollar exceptionalism to continue in 2025

While the US has lagged many other countries in reducing interest rates and may continue to do so if Trump's inflationary policies are implemented. This has helped support the US dollar and we expect US dollar exceptionalism to continue to be boosted by Trump trade. The US Dollar Index has gained c.5% this year and has been consolidating after making highs of 108.07.

The bond market continues to asses FED's plan to cut interest rate and the risk of high inflation and record high federal debt levels. For much of the year, the soft-landing scenario of moderate growth and falling inflation amid low unemployment drove bond yields lower, but robust growth estimates and concerns about policy proposals that could boost inflation in 2025 led to a rebound. The longer end of curve i.e. US10Y have continued to trade higher even after FED's 50bps jumbo rate cut on 18th September and since then have rose by c.70bps on backdrop of uncertainty under Trump's administration. While shorter end of curve which track the FED fund rate have also rose by c.70bps since he FED's rate cut in September.

Repricing of FED rate cut has been a key drive of strong Dollar

Market expectations for the FED's "terminal" rate have risen as FED members appear to be less dovish

As inflation continues to decline which was c.3.1% in Jan'24 while labor market continues to remain weak, the FED began cutting (FOMC) the policy rate, it started by jumbo 50bps at its September meeting (Refer: Jumbo cut (50bps) by FED to ensure soft landing) and 25bps at its November meeting. Going forward a 25-bps rate cut is expected in December 18th FOMC meet, especially after the release of November CPI data which came on expected lines. The probability of rate cut currently stands at 98% as per CME FedWatch tool although January rate cut remains dicey. The recent FED's summary of economic projection (dot plot) indicates that the FED fund rate would we lowered in coming years for neutral rate to remain at 2.75% to 3.0%. Although after Trump's election win the markets assessment of neutral rate have shifted upward, the markets currently expect FED to cut rate by 75bps by end of 2025 as previous expectation of 200bps after the September 18th FOMC meet. ***In the new year, the dot plot will be a key indicator of how the various members of the FED are viewing the landscape for 2025 and beyond.***

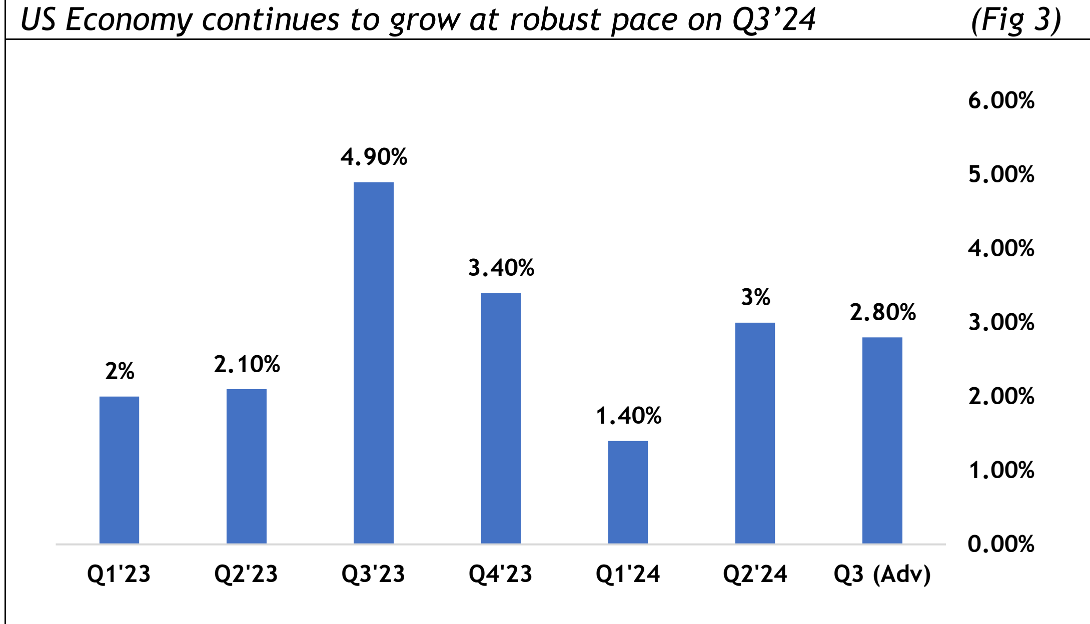
We expect FED to follow gradual path for rate cut and remain more cautious which is also evident from FED members recent remarks. FED Chair J. Powell stated that strong U.S. economic growth will allow policymakers to take their time in deciding how far and how fast to lower interest rates. ***This, FED easing cycle may be dominating factor for the US dollar along with economic growth which has generally surprised to the upside for the past few quarters, helped support the US dollar.*** Although the risk remains due to its structural "twin deficits" the large current account and fiscal deficits, as well as the associated high government debt level in the US.

November NFP data induces hopes on improving labor market

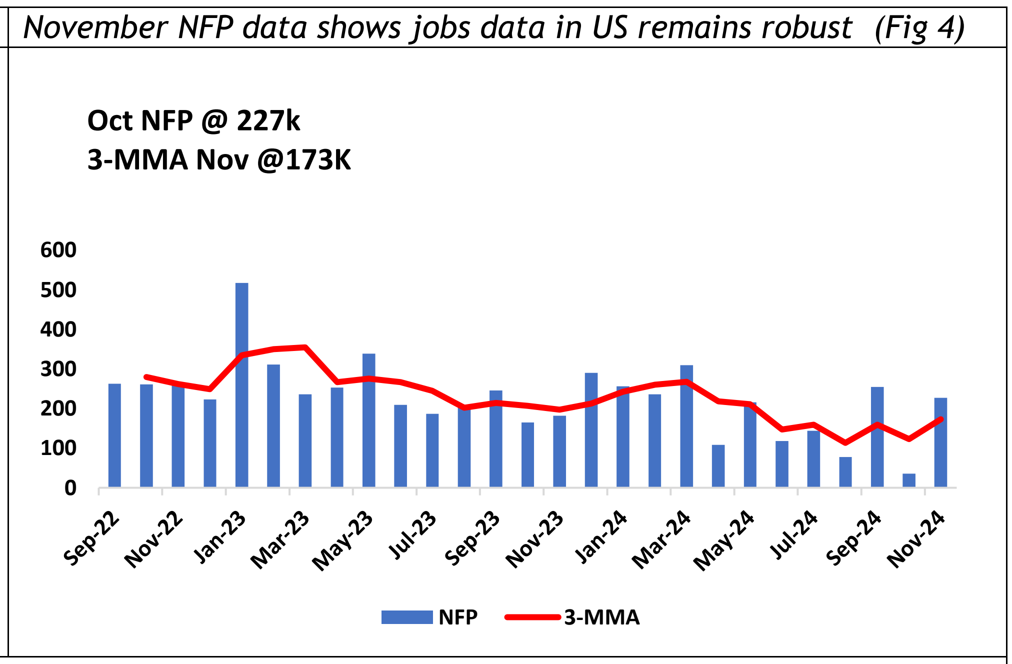
Economic data: Labor market remains weak while inflation remain sticky

The November, non-farm payroll (NFP) in US rose by 227K. This was roughly in line with market expectations (consensus 210k). However, the figures for September and October were revised upwards to 255k and 36k respectively (previously reported: 223k and 12k). The unemployment rate rose slightly from

US Economy continues to grow at robust pace on Q3'24 *(Fig 3)*



November NFP data shows jobs data in US remains robust *(Fig 4)*



Source: Bloomberg, UBI Research, Refinitiv

Tax cuts could boost inflation while limiting immigration could affect growth prospect

4.1% to 4.2% (consensus 4.1%). Average hourly earnings rose relatively sharply by 0.4% mom. Year-on-year, wages rose by 4.0%, the same as in October. The wage growth has been moving sideways at around 4%, which indicates that the labor market remains tight.

Inflation continues to fall and is nearing the FED's 2% target. Supply and demand for goods and services have largely stabilized, leaving the deflator for personal consumption expenditures (PCE) the Federal Reserve's preferred inflation gauge in the 2.5% region, even as the economy's growth rate has remained at a solid 3% pace. However, the core PCE rate, which excludes volatile food and energy prices, has stalled at a slightly higher level due to the "stickiness" of housing costs. Meanwhile CPI for month of November came in pretty much as expected, with both headline and core CPI rising 0.3% mom. The details showed some moderation in services inflation including in the shelter component, but core goods disinflation slowed with rise in apparel prices coupled with food components.

High Tariffs may lead to inflation remaining at elevated levels in 2025

Trade policy changes, particularly tariffs, could disrupt the FED's plan for 2025 by introducing inflationary risks. During his campaign, Trump proposed tariffs of 10% to 20%, and up to 60% on Chinese goods. Trump has also advocated for a weaker dollar to improve U.S. export competitiveness, but such policies could inadvertently strengthen the dollar instead. A stronger dollar could raise the cost of imports, contributing to inflation pressures and tighter FED policy. Additionally, retaliatory actions from other countries could harm US exports. The potential for tariffs to increase inflation and interest rates has already boosted the dollar, making it harder for the US to weaken its currency for trade purposes.

Monetary policy differential and Politics to keep Euro suppressed

Lagarde worried about Trump's policy and asked its members to be prepared

This EURUSD pair has been under pressure for the second half of 2024. The pair continues to wobble around the psychological figure of 1.05 after making a low of 1.0331 on 22nd November since then it has shown some recovery. Prior to the run into the US election EUR/USD was trading as high at the 1.1200-level but has since fallen by around 8 big figures in recent months. The potential return of trade tariffs, as proposed by Donald Trump, could add complexity to the economic landscape. Such measures might push US inflation higher, forcing the FED to adopt a more aggressive policy stance. This could strengthen the USD further, placing additional pressure on EUR/USD in the coming months.

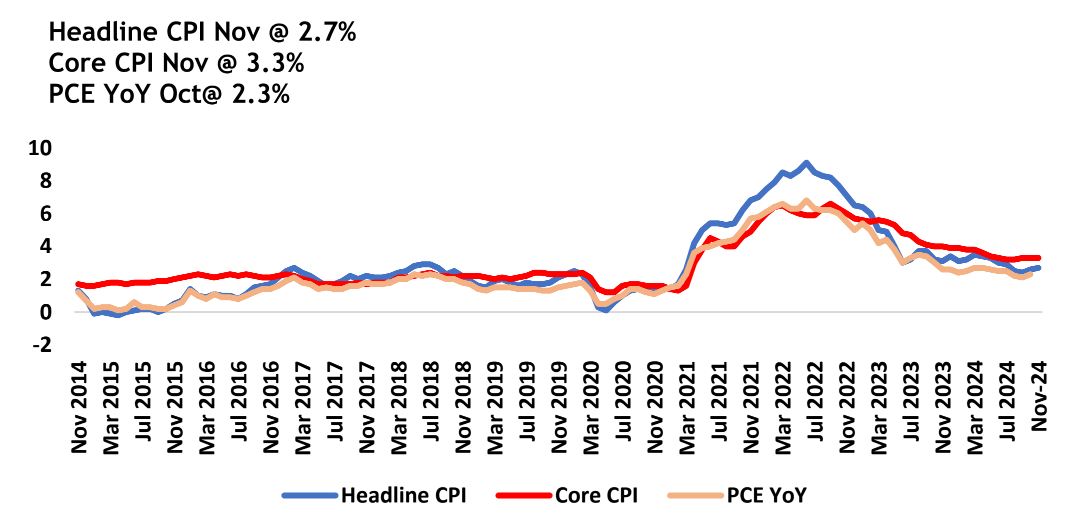
ECB worried about growth

The ECB staff will present updated economic projections at this week's meeting.

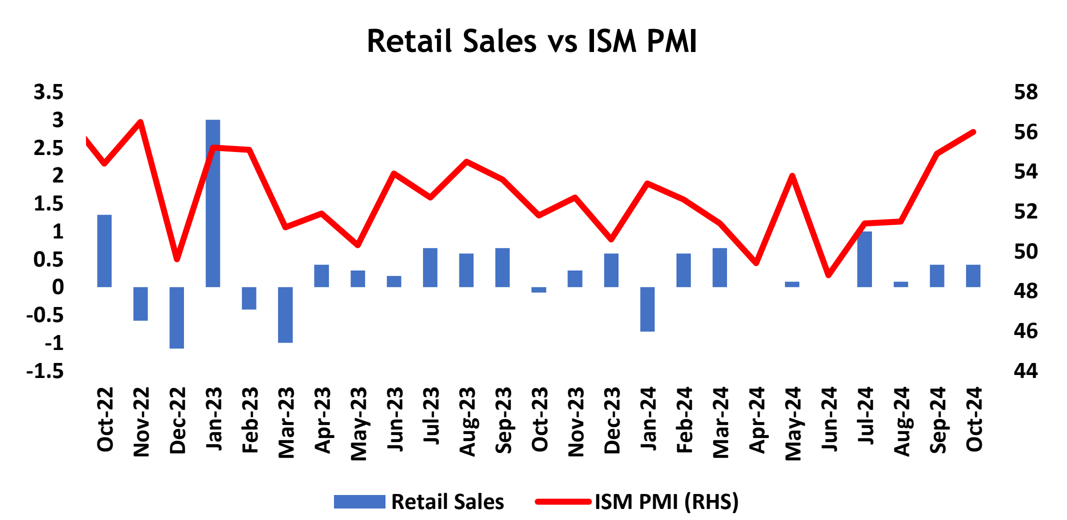
Consumer confidence in eurozone remains low

The European Central Bank (ECB) is widely anticipated to trim its interest rates by another quarter percentage point at its meeting later in the week. Inflation remains a lingering concern, with November data revealing renewed price pressures in Germany and the Eurozone, accompanied by rising wages. In her latest remarks, ECB President Christine Lagarde acknowledged the downside risks to growth but maintained her neutral stance, offering little clarity on future moves. Also, markets are pricing in a total of 150bps rate cut by ECB by end of 2025 as compared with 75 bps by FED with this interest rate differential likely to put more pressure on euro. While Lagarde has stated that the downside risk to growth remains on possible tariff hikes by Trump's administration.

Annual inflation rates accelerates in Nov as expected and remains sticky (Fig 5)



US Retail sales data show resilience in US economy (Fig 6)



Source: Refinitiv, UBI research, Bloomberg

Dark clouds hover over France and German economies

The French government collapsed after the National Assembly voted to oust Prime Minister Michel Barnier. Appointed by President Macron just three months ago, Barnier's budget proposal, which included €60 billion in tax increases and spending cuts to address France's growing deficit, faced opposition and failed to gain enough support. France's mounting deficit and debt are significant challenges, exacerbated by pandemic related spending and the economic impact of Russia's invasion of Ukraine. The country's deficit is expected to reach 6.2% of GDP by the end of 2024, and its debt exceeds 110% of GDP, violating EU's fiscal rules. Passing the 2025 budget remains crucial for stabilizing France's finances, but political divisions make this difficult. Macron now faces the challenge of appointing a new prime minister to manage the divided Assembly and secure a budget. Emergency legislation may be needed in the interim. Amid the political impasse, France's 10-year government bond spread over Germany has moved higher, and is now above that of Spain and Portugal.

Euro to remain on shaky ground due to divergence in monetary policy between ECB and FED

The economic situation in Germany is also on a downtrend with industrial production falling by 1% month-on-month in October from -2.5% MoM in September. On the year, industrial production is down by almost 5%. Meanwhile Germany also narrowly avoided recession with marginal Q3 growth of 0.2% following second quarter contraction of 0.1%. Germany is also headed for elections in February'25 after its coalition government collapsed.

EURO (€ - EUR) view:

EUR/USD remains on shaky ground, weighed down by USD strength, political uncertainties, and diverging monetary policies between the FED and ECB. While the pair has attempted some consolidation in the last few days, risks to the downside linger, leaving it exposed to further declines as market dynamics unfold. Overall the developments highlight that there is a higher hurdle now for the EUR to weaken further heading into year end. EUR/USD has already fallen sharply in the run up to and following the US election victory for Donald Trump, and market participants are now left waiting for a fresh trigger for another leg lower. Technically the next support for EURUSD pair lies at 1.0440 levels a breach of which expose the pair to teat the 1.0310 level. Resistance comes at 1.0610 followed by 1.0725.

JPY awaits BoJ's decision on rate hike for next leg of rally

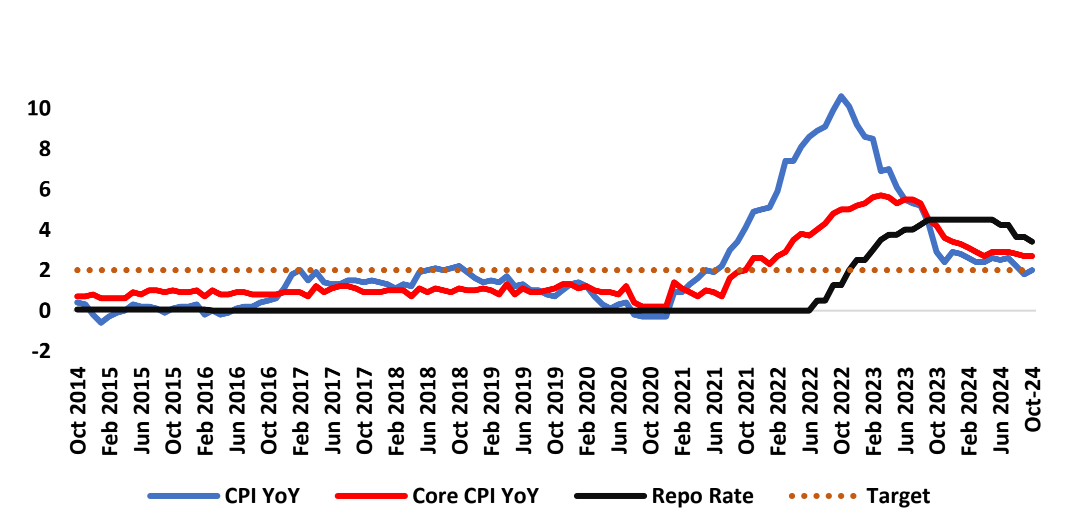
Core inflation continue to remain above BoJ's target of 2%

In November, Yen was the top performing G-10 currency strengthening by c.1.5% versus the US dollar. Overall this year USDJPY pair has gained c.8% also we saw the pair touch high of 161.95 levels highest level since 1986 along with MOF's intervention numerous times to provide support to the Yen. The BoJ this year hiked its policy rate by 25bps highest since 2008 were we saw global markets enter into mayhem mode as carry trade began to unwind and provide strength to yen. But since then the equity markets have recovered their losses while USDJPY trades near 150.0 levels on expectations of another rate hike in December. We also saw Japanese PM Ishiba coming back in power after he called for snap elections just one month after he took the office as prime minster although his government remains in minority.

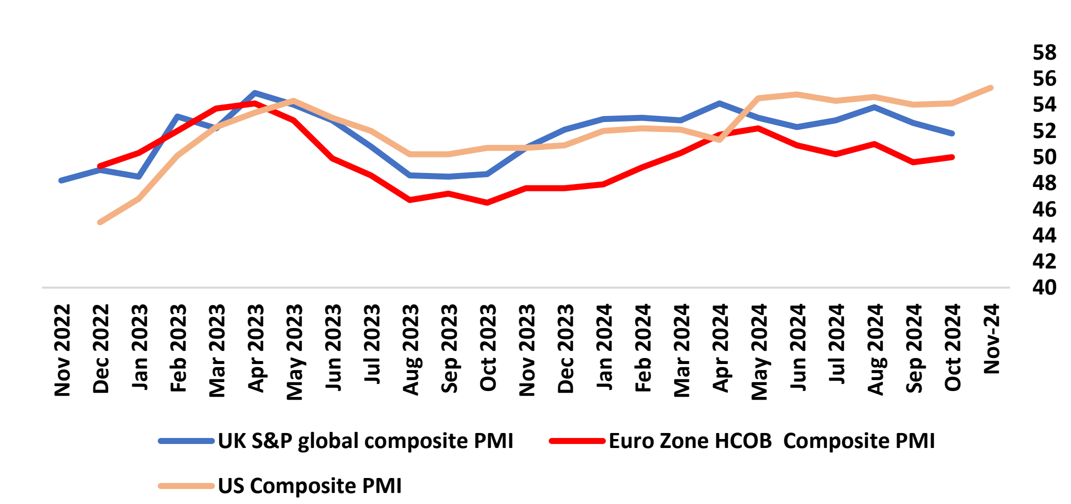
Economic data supports rate hike scenario while central bankers gives no clue

This month wage growth figures, showed that October base pay grew 2.7% YoY, the fastest rate since November 1992. Also, preliminary report by the Bank of Japan revealed that Japan's Producer Price Index

Eurozone inflation spiked to 2% in October, while core remains unchanged (Fig 7)



Growth fear visible outside US (Fig 8)



Source: Bloomberg, UBI Research, Refinitiv

(PPI) increased by 0.3% in November and rose by 3.7% compared to the same time period last year. While its core inflation in October held above the central bank's 2% target as it clocked 2.3% rise YoY. The data also showed continued gains in service prices, which are closely watched by the Bank of Japan (BOJ) for clues on whether firms were passing on rising labour costs, suggesting conditions for further rate hikes were falling into place. Moreover, BoJ Governor Kazuo Ueda recently stated that the timing of the next rate hike was approaching as he asserted we are ***"open for rate hike"***. Furthermore, BoJ's more dovish board member Toyoaki Nakamura stated that the central bank must move cautiously in raising rates, fuelling uncertainty about the BoJ's December policy decision.

Ueda expresses concern about weakness in JPY and its effect on inflation

JAPANESE YEN (¥ - JPY): View

The JPY continues to strengthen on increased speculation that the BoJ may hike rate in December 19 meet. This was also evident by move in yields where we saw in November the 2-year JGB yield jumped 14bps. Going ahead if JPY does not hike rates this month the currency is likely to weaken further and will remain solely as US dollar play while awaits Trump administration policies once he resumes office on 20th January. As per the market expectations there is 76% probability that the BoJ will maintain status quo in its December policy meet, while next year its is expected to hike rates by total of 45 bps for its policy rates to reach 0.68% in December 2025. Technically USDJPY pair is likely to consolidate in the range of 147.90 to 152.90 this month.

Global economic events and data

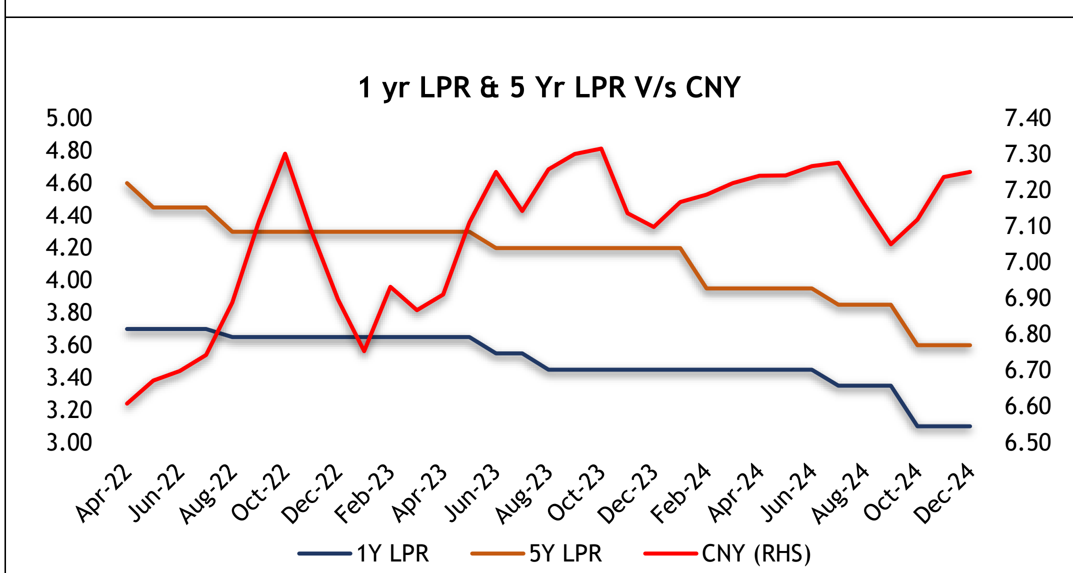
This month South Korean President Yoon Suk Yeol's controversial declaration of martial law, a first in over 40 years, drew significant attention. The National Assembly swiftly blocked the order, and Yoon now faces mounting calls for resignation and potential impeachment. ***The South Korean won initially weakened sharply, but most of the losses were later reversed, with the currency resuming a gradual decline against the U.S. dollar***. This trend is expected to continue in the medium term.

The RBA left the cash rate unchanged at 4.35% but the policy statement was more dovish as it acknowledged that inflation is moving sustainably towards target, while household consumption growth has been weaker than expected. Currently markets are pricing in 61% probability of rate cut on Feb 28th 2025 meet and a total of 75bps cut by end of 2025 for policy rate to reach at 3.50%.

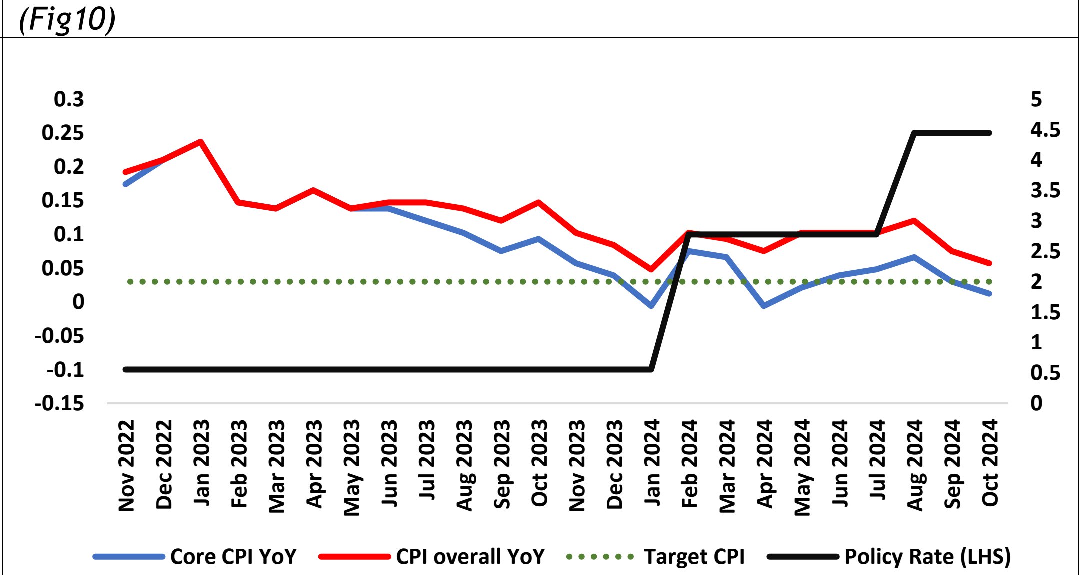
Beijing announces first shift in stance since 2010 to ramp up economic growth

The Chinese economy has faced challenges in gaining momentum this year. In response, ahead of the annual Central Economic Work Conference, ***China's Politburo has decided to adopt an "appropriately loose" monetary policy for the coming year, alongside a more proactive fiscal policy, to stimulate growth***. This marks the first significant monitory policy easing cycle since 2010. The central bank has outlined five policy stances, and "appropriately loose" which was adopted post-2008 financial crisis before shifting to "prudent" in late 2010. The government also pledged support for the property and equity markets, signalling intensified efforts to address the current economic slowdown. The target for GDP growth next year remains at 5%. The People's Bank of China (PBoC) has kept key lending rates unchanged, following significant cuts earlier in the year, reflecting ongoing efforts to inject liquidity and stimulate the economy. As per media report ***China is considering allowing the yuan to weaken in 2025 to brace for higher trade tariffs in second Trump presidency***.

Chinese Yuan continues its weakness amid Trump threat *(Fig 9)*



Japan October CPI came in @ 2.3% induced rate hike hope in December (Fig10)



Source: Refinitiv, UBI research, Bloomberg

Key takeaways:
1. Rupee remains under selling pressure amid dollar strength & REER over-valuation.
2. FII flows have recovered yet subdued
3. Further depreciation seen in INR however solitary factors like global oil prices and 4th largest FX reserves will contain volatility.

Dovish policy bets on new RBI Governor spurs rupee to all time low

INR slipped to fresh all-time low of 84.8825/$ (12th Dec'24) on Dollar strength and sustained global FX volatility. Weak domestic GDP data, CRR cut in the RBI policy and appointment of new RBI Governor Shri Sanjay Malhotra together have cherished hopes of rate cuts in the upcoming Feb'25 MPC; lingering deprecation bias of Rupee hitting fresh all-time lows. ECB rate decision on 12th Dec'24, US FOMC interest rate decision on 18th Dec'24 and soon followed by BoJ decision on 19th Dec'24 will be the key market movers in this month. Dollar has maintained an upward bias on US exceptionalism and uncertainty over Trump's policies. (Refer our monthly report: Uni-FX: US exceptionalism theme boosted by Trump trade effects)

Rupee hits all time low on rate cut expectations

Since June'24, unlike Asian peers, Rupee was the worst performing currency and was hovering close to its then all-time lows. However, in recent weeks when most of the emerging-market currencies appreciated against a stable Dollar, Rupee is the 3rd worst performing currency among the Asian peers and depreciated 1.15% in Nov/Dec'24. Despite this, REER has seen an overvaluation bias reflecting pending depreciation pressure in the currency pair.

FII flows have recovered yet remain subdued

FPIs who net withdrew $11.12bln (highest in a decade) in Oct'24, outflows moderated to $2.56bln in Nov'24. However, flows turned positive in Dec'24 to $3.08bln. Nevertheless, on a MoM basis equity markets received inflows to the tune of $3084mln vis-à-vis outflows $2563mln a month ago. Also, the debt segment has witnessed inflows to the tune of $2105mln vis-à-vis outflows of $5mln from the previous month. Moreover, the FAR related flows have turned positive at $1645mln in Dec'24 vis-à-vis outflow of $507mln in Nov'24. Going forward, Dollar inflows are also expected from Dec'24 on inclusion of India FAR bonds in the Bloomberg Emerging Market (EM) Local Currency Government Index and related indices, starting 31st Jan'25.

Rupee remains third worst performing currency amongst Asian peers

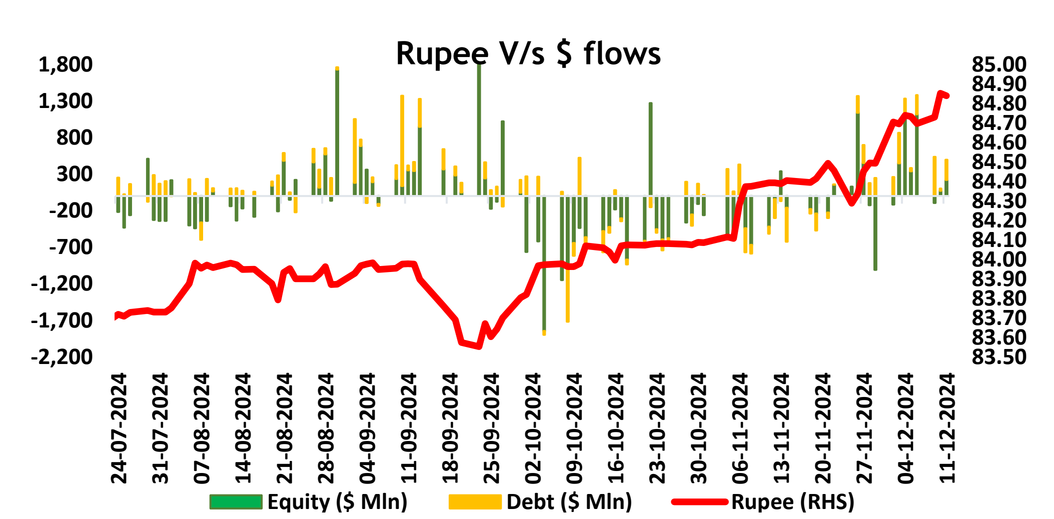
Our analysis shows that FYTD25 BoP is tracking only c.$1.63bln (Q1: $6.37bln, Q2: $27.65bln & Q3: -$32.39bln) with sharp loss in BoP seen in last 2 ½ months. Historically, there is a close correlation between FX reserves (adjusted for valuation effects) and BoP.

Hence, in order to attract Dollar inflows, RBI decided to increase the interest rate ceilings on FCNR(B) deposits. Accordingly, banks are permitted to raise fresh FCNR(B) deposits of 1Y to less than 3Y maturity at Alternative Reference Rate (ARR) plus 400bps from 250bps. Similarly, for deposits of 3Y to 5Y maturity, the ceiling has been increased to overnight ARR plus 500 bps from 350bps. This relaxation will be available till March 31, 2025. Currently, FCNR rates are already prevailing way below the previous ceiling which indicates that we may probably need more policy levers like CRR cut to incentivise banks to attract FCNR flows.

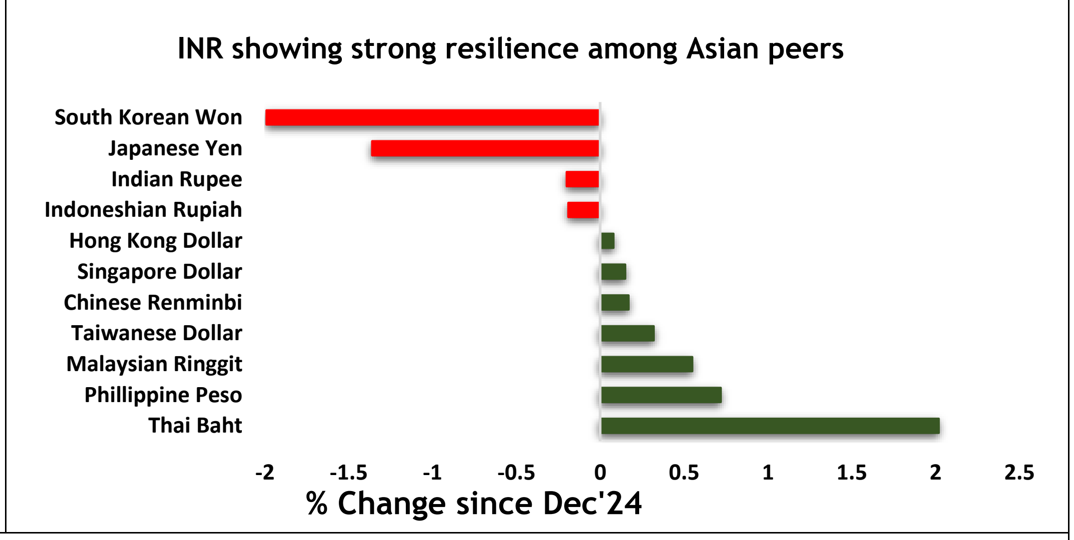
Further depreciation seen in INR in the coming months

Given US Dollar exceptionalism may persist in the near term at least till Trump joins office on 20th Jan'25, we are of the view that there is a case for further drift in USDINR. Fundamentally as well, Rupee is a depreciating currency with an average annual FX move of 2-3% clocked to align with US-India long term

Rupee weakening despite improved FPI flows *(Fig11)*



Rupee third worst performing currency amongst Asian peers *(Fig 12)*



Source: Refinitiv, UBI research, Bloomberg

inflation differentials. Interestingly, during Mar'20-Mar'23, while INR was nearly flat from Mar'20 to Mar'22, a one-off depreciation of 9-10% was seen in FY'23 to align with fundamentals. Thereafter, INR depreciated c.1% in FY24 and also in this year there is a very tight movement of c.2%. Hence, there is a pending depreciation in FX from a fundamental perspective as well.

December FII flows turned positive as compared with November

However, 3 factors may provide a salutary effect to Rupee moves: i/ Subdued oil prices as favoured by Trump - Sensitivity of C/A deficit to oil prices stays high with every $10/b move in oil price affecting annual C/A balance by close to $15 bln. Hence, if average oil prices settle lower at c.$75/b, C/A deficit may be closer to 0.5% of GDP in FY25 and may stay low in FY26 too; ii/ Adequate FX reserve buffers may lead the RBI to continue to curb volatility - *RBI ex-Governor Shaktikanta Das stated, "Our overall approach ensures that forex reserves act as shock absorbers, safeguarding the economy from external spill overs, while supporting competitive and orderly market conditions.* The latest RBI Special Data Dissemination Standards shows, the RBI's net outstanding short positions in dollar/rupee forward contracts rose by a whopping $34.60bln to $49.18bln at the end of Oct'24, the highest in at-least in a decade. However, market participants believe that the central bank has further stepped up in the non-deliverable forwards market on the back of its ballooning aggregate short position, which likely climbed to $65bln-$70bln in Nov'24. Additionally, spot FX reserves are at a near 5-month low to $658.09bln for the week ended 29th Nov'24, though it is down by $46.79bln from all-time highs of $704.86 ($32.39bln fall was adjusted after valuation effects). This shows central bank has persisted with its efforts to curb FX volatility.

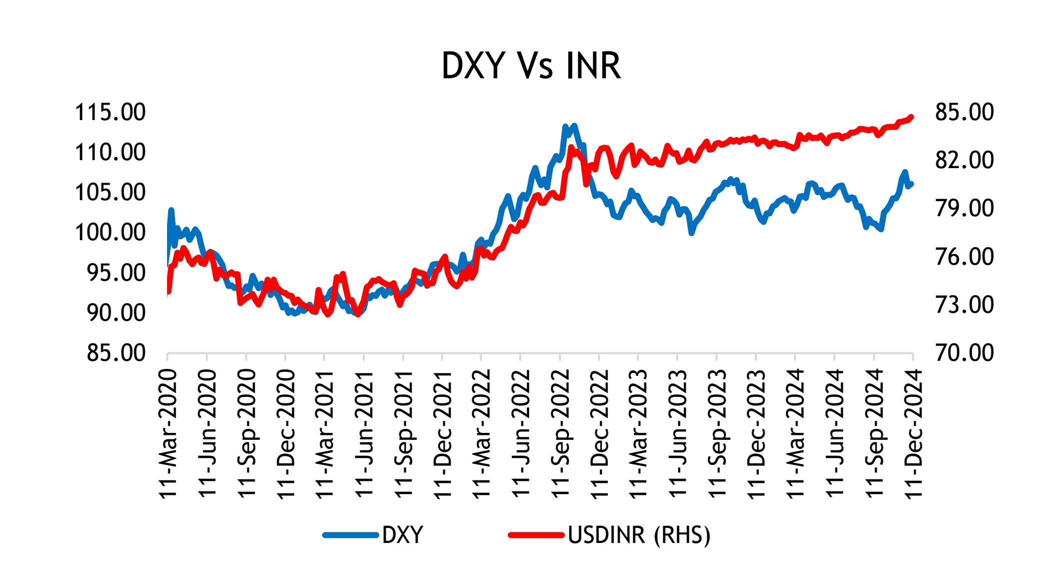
Indian Rupee (₹ - Rupee): View

RBI has taken measures to attract US Dollar inflows

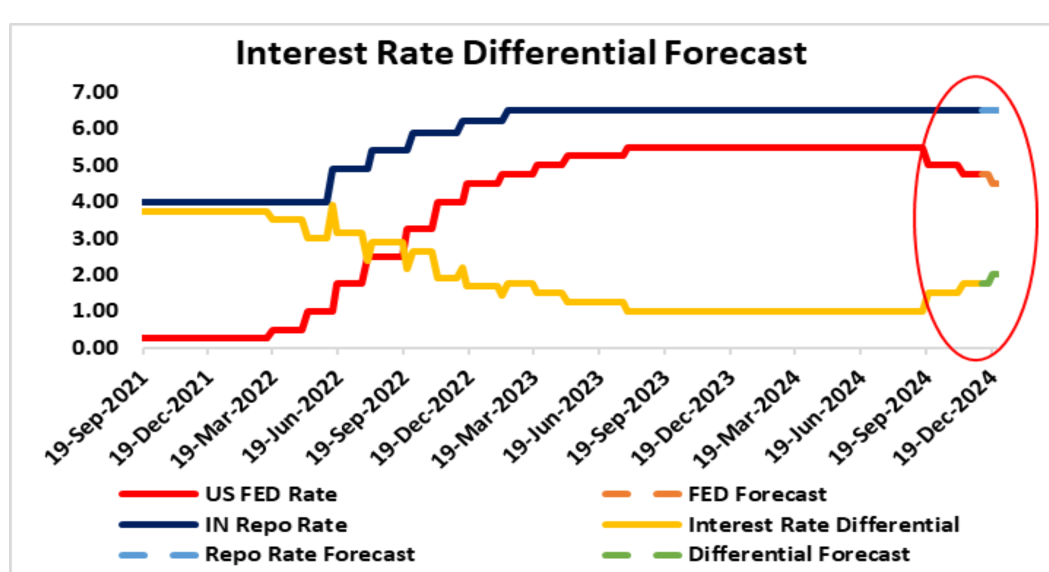
Based on the current global scenario, technically INR should take support of 84.50 followed by 84.16 levels and will find resistance around 84.90 (NDF highs), breach of which will test 85.30 levels. However, going forward, we closely watch for a scenario of possible overshoot in DXY, probably a breach of current technical level. However, going forward, we closely watch for a scenario of possible overshoot in DXY, probably a breach of current technical level.

(Refer our weekly report: [FX weekly: US labour market data to impact FX markets])

INR tracking US Doller movement *(Fig 13)*

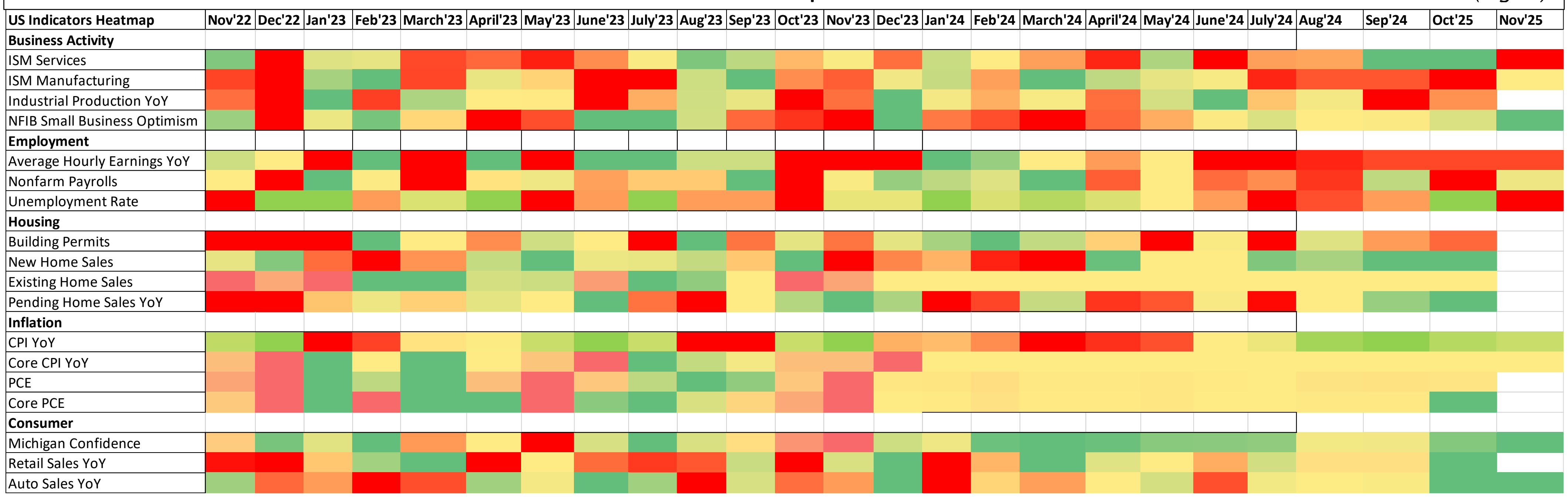


Interest rate differential to continue *(Fig 14)*



Source: Refinitiv, UBI research, Bloomberg

US Indicator Heatmap *(Fig 15)*



Trump 2.0: +ve for Equity, Dollar and -ve for bonds *(Fig 16)*

Asset class	Impact	Risk
US		
US Equities	● (green)	1. Limited Fiscal expansion on low policy space 2. Trade protectionism drives de-dollarisation 3. Safe haven demand for treasuries drives yields lower 4. Trump's inflationary policies leads to hawkish FED
US Treasuries	● (red)	
US Dollar	● (green)	
Fiscal Policy	● (red)	
FED	● (red)	
India		
Equities	● (green)	1. Rupee sees more than 10% upmove similar to 2018 2. Sharp spike in imports from China weighs on both growth and inflation 3. Further delay in private capex recovery on loss in global business confidence 4. Sanctions on key oil exporters drives spike in prices
INR	● (red)	
Yields	● (red)	
Gold	● (green)	
Crude Oil	● (red)	
Emerging Market Fx	● (red)	

Key Market Movers *(Fig 17)*

Government Bond and Commodity Price Change

Government Bond

	1M Change BPS	3M Change BPS	YTD Change
10Y US Treasury	-15	63	40
10Y JP JGB	2	21	40
10Y DE Bund	-26	2	12
10Y UK	-20	55	78

Commodity Price Performance

	MTD % Change	3M % Change	YTD % Change
WTI Crude	-4	-6.6	-6.4
Gold	-2.78	5.26	28.84
Silver	-4	7	30
Copper	-6.84	-1.4	6.68

FX performance

FX Performance

FX Pair	3M % Change	6M % Change	MTD % Change	YTD % Change
EURUSD	-5.16	-2.8	-0.69	-4.84
GBPUSD	-2.77	-0.27	0.21	0.25
AUDUSD	-4.7	-3.86	-1.6	-5.93
NZDUSD	-6.13	-6.18	-1.89	-8.22
USDJPY	7.5	-2.87	1.64	7.9
USDCHF	3.88	-1.13	0.35	5.04
USDCAD	4.18	3.1	1.04	6.18
DXY	5.11	0.87	0.06	5.14
USDCNY	2.08	0.38	0.32	2.36
USDINR	1.1	1.69	0.33	1.99

Source: Reuter, UBI research, Bloomberg

Banking Research Team	
Kanika Pasricha Chief Economic Advisor	**kanika.pasricha@unionbankofindia.bank**
Suneesh K	suneeshk@unionbankofindia.bank
R Gunaseelan	gunaseelan@unionbankofindia.bank
Nidhi Arora	nidhiarora@unionbankofindia.bank
Rajesh Ranjan	rajeshranjan@unionbankofindia.bank
Jovana Luke George	jovana.george@unionbankofindia.bank
Amit Srivastava	asrivastava@unionbankofindia.bank
Rohit Yarmal	rohitdigambar@unionbankofindia.bank
S. Jaya Laxmi	s.jayalakshmi@unionbankofindia.bank
Dhiraj Kumar	dhirajkumar@unionbankofindia.bank
Akash Deb	akash510@unionbankofindia.bank
Shreyas Bidarkar	shreyas.bidarkar@unionbankofindia.bank