Investec
Investec Bank plc (UK)

26 May 2022

Economics

Global Economic Overview

Frontloading intensifies as central bankers feel the need for speed

Global

The global growth outlook has worsened in the last month. The war in Ukraine looks set to be protracted, and Chinese activity is stagnant due to lockdowns. This will hamper supply chains and add to inflationary pressure, which further fuels general suppositions of a global slowdown. Our forecasts for most individual economies are downgraded, and as such our global growth forecast for 2022 is cut by 0.6%pts to 2.7% (2023: 3.0%, prev. 3.4%). These slowdown fears have torn through asset markets. Equities have slumped and interest rate markets have rallied, to the extent that much less tightening is now being priced in for next year – a risk we have highlighted for some time now.

United States

US CPI inflation slipped back in April. We suspect both the headline and core measures have peaked, but they remain elevated at 8.3% and 6.2%. Hence the FOMC's primary concern remains to curb price pressures to a degree consistent with its policy mandate. Its 'frontloading' strategy was confirmed by a 50bp hike in the Fed funds target range to 0.75-1.00% earlier in May and by leaving 50bp moves on the table at the next two meetings. We then expect a scaling back in the pace of increases, especially as the Fed's balance sheet contraction (QT) starts in early-June, thought by members to be equivalent to 1-3 25bp hikes. Our base case is that the funds rate tops out at 2.50%-2.75% by end-year, followed by a policy hiatus through 2023. But as explained last month, we consider there to be a material chance that the FOMC eases policy at some stage, given risks of an economic downturn. For now activity remains solid, though housing market activity may be weakening rapidly. Although yield curves have fallen back recently, we still judge them to be too steep.

Eurozone

Headwinds to growth continue to build given inflationary pressures on households and the war in Ukraine. Consequently we have cut our GDP forecasts to 2.8% (2022) and 2.3% (2023). Despite these headwinds inflation is the primary concern and as such we expect the ECB to also frontload policy via three 25bp hikes in the Deposit rate this year, starting in July. In markets policy normalisation has pushed yields higher and spreads wider, but we see risks of a renewed debt crisis as being overblown. Meanwhile whilst the euro has been under pressure against the dollar we see it firming as the ECB hikes rates – we reaffirm our forecasts at $1.10 Q4 2022 and $1.15 Q4 2023.

United Kingdom

Despite inflation having surged to its highest in four decades, we do not see a consumer-led recession as inevitable: momentum in wages and employment is strong, as are buffers from high savings. Still, real incomes stand to fall; and rising costs squeeze firms' margins. That is likely to weigh on growth. We have trimmed our 2022 GDP forecast by 0.6%pts to 3.4% and our 2023 forecast by 0.5%pts to 1.7%. Even so, the extreme tightness of the labour market argues for further swift rate hikes for now. We have brought forward their expected timing, now looking for a Bank rate of 1.75% by year-end. Similarly to the US we envisage a policy pause, but with a risk that the MPC cuts rates. We still look for GBP to appreciate, especially against USD: we forecast $1.30 at end-2022 and $1.37 at end-2023.

	2022	2023
GDP Growth (%)		
Global	2.7	3.0
US	2.6	1.7
China	3.9	5.4
UK	3.4	1.7
EU19	2.8	2.3
Key Official Interest rates (%, end-year)		
US Fed funds	2.50-2.75	2.50-2.75
ECB Deposit rate	0.25	0.75
UK Bank rate	1.75	1.75
FX rates (end-year)		
€:$	1.10	1.15
€:£	0.85	0.84
£:$	1.30	1.37
$:¥	123	120
AUD:$	0.76	0.80
€:CHF	1.07	1.10

Please click here for a summary of our economic and market forecasts

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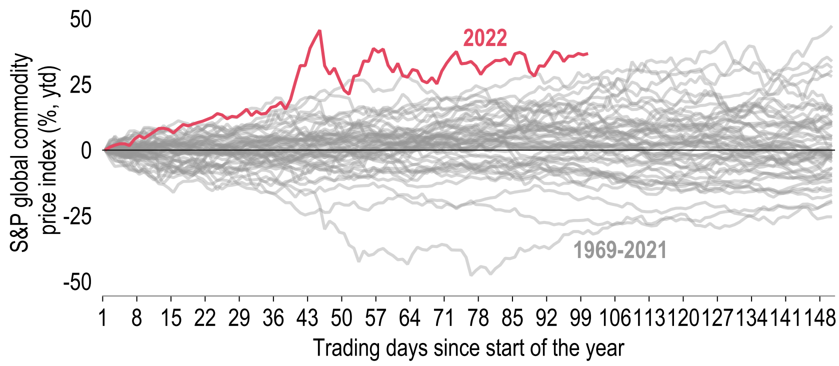
Global

Over six million Ukrainians – roughly 14% of its population – have now fled their country in search of refuge, as fighting continues to ensue in the east of the country. Regrettably, the war now looks as if it will be drawn out for longer than expected, potentially for a number of years. Press focus is now more so on the geopolitical issues spurred by the conflict, such as Finland and Sweden's NATO membership bids, and the European Union's plans to place an embargo on Russian oil. The latter constitutes part of a wider change in global energy attitudes. Combined with the continued bottlenecks in Russo-Ukrainian influenced commodity markets, the war-induced inflationary pressure is not yet subsiding. Also yet…

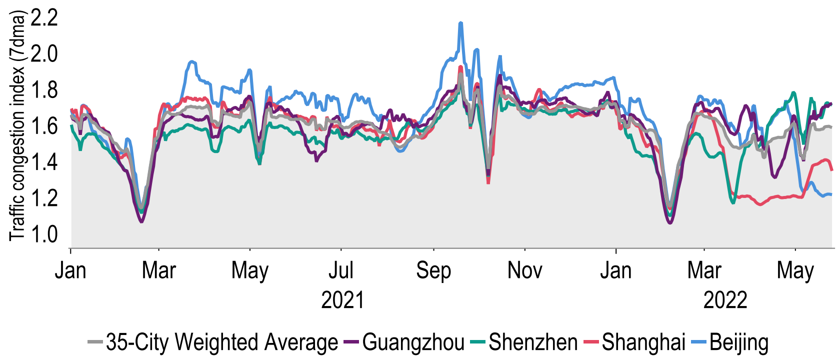
Chart 1: Commodity price pressure shows no sign of letting up as war drags on



Sources: Macrobond, Investec

… to alleviate are the lockdowns in China, which too are adding to the inflation backdrop through disruptions to global supply chains. Shanghai is beginning to emerge from its restrictions, but will not return to normal until at least mid-late June. But, as indicated in Chart 2, activity in Beijing looks to have plummeted. This does not bode well for the Chinese economy in the second quarter, which started badly in April, evidenced by the 11.1% y/y fall in retail sales. Despite policymakers' vows to support the economy with further stimulus, we have downgraded our forecast for Chinese growth this year to 3.9% from 4.8% (2023: 5.4%, previously 5.0%). Chinese growth worries naturally spell trouble…

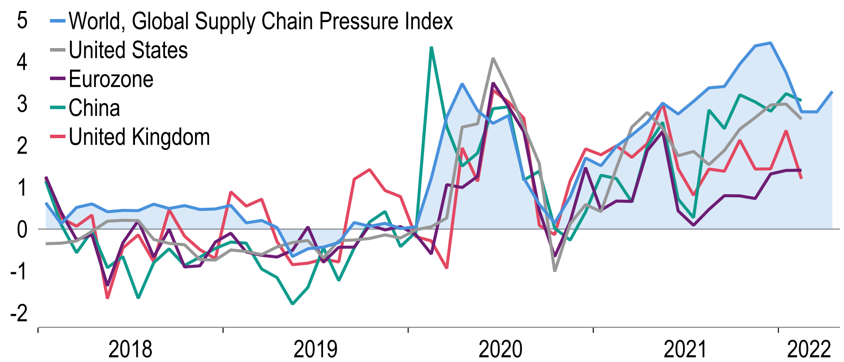
Chart 2: Shanghai begins to emerge from lockdowns as Beijing sees activity fall



Sources: Macrobond, Investec

… for the wider economic outlook. In particular, the blockages of global supply chains will undoubtedly weigh on manufacturing output in many economies, and retail trade too if inventories are depleted. But some business surveys, notably the S&P Global PMIs, appear to show industrial output holding up well in most economies. We suspect this may be due to the compilation methodology. The *Suppliers' Delivery Times* component is accounted for in a way such that a worsening in supply chains deceptively provides an upward contribution to manufacturing PMIs. However using the New York Fed Global Supply Chain Pressure indices, Chart 3 demonstrates the worsening in supply chains, having...

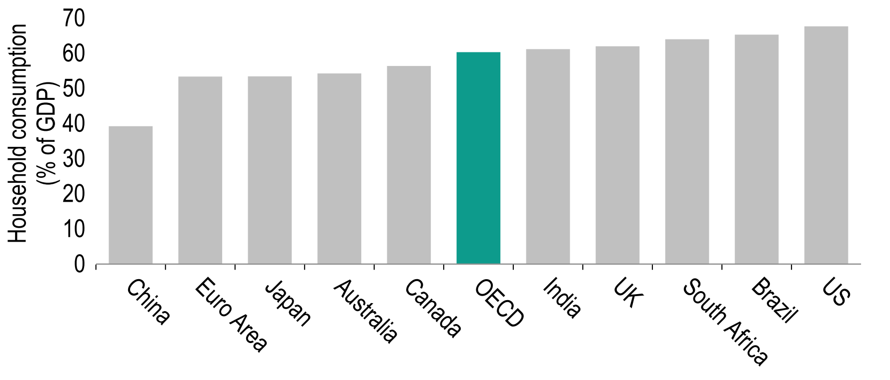
Chart 3: Global supply chains worsen in April, China index yet to be published



Sources: Macrobond, Investec

… been trending downwards of late. Notably the China index in Chart 3 has not been updated, which you would expect to have risen higher since February. But while the production outlook is not exactly rosy, the outlook for household consumption looks to be the crux for global growth. Consumer spending represents c. 60% of most economies' GDP (Chart 4), and so with inflation soaring, it is the real income squeeze that will likely induce somewhat of a global slowdown. This is particularly the case for economies that are heavily exposed to energy prices, such as the UK. So, while our assumptions for Russian (-10%) and Ukrainian (-30%) growth remain unchanged, a multitude of downgrades…

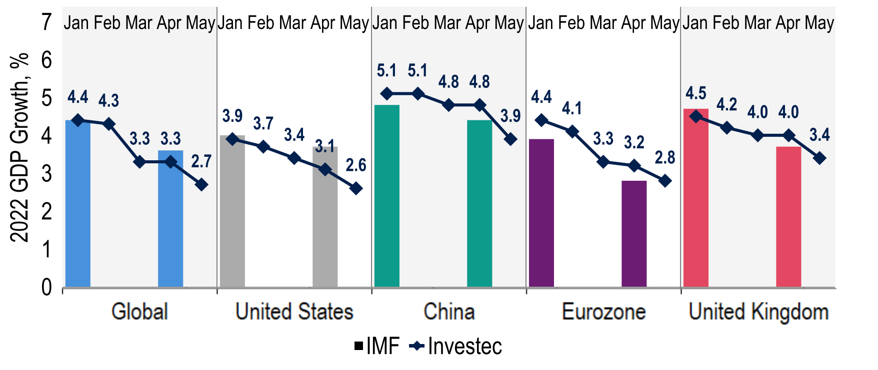
Chart 4: Supply chain disruptions will hamper industrial output, but the consumer is key



Sources: Macrobond, Investec

… to individual economies means that our global growth forecast for 2022 is reduced by a sizeable 0.6%pts, to 2.7% (Chart 5). Some of this weakness will spill over to 2023 too, where we now expect global growth of 3.0% rather than 3.4%. Fears of these slowdowns worldwide have gripped markets this month. Equity indices have been sent tumbling – the MSCI global index is down 17.1% year-to-date. Meanwhile bond markets have swung both ways: to factor in a greater recession risk (↑); and in expectation of tighter monetary policy despite the growth backdrop (↓). Indeed, it appears as if the general consensus among monetary policymakers is that inflation concerns outweigh those of the deteriorating…

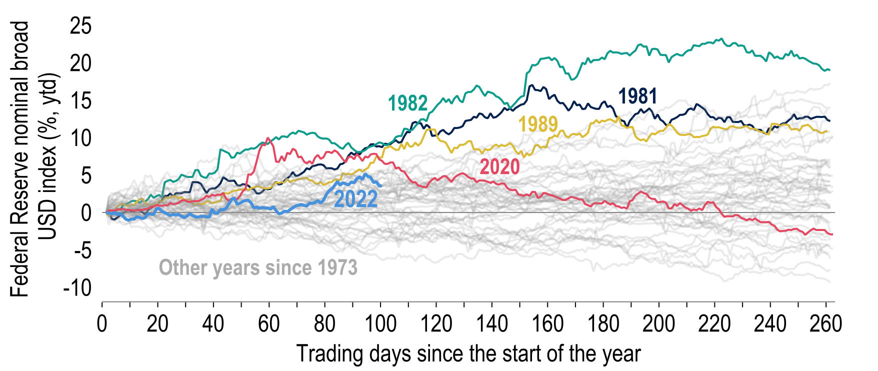
Chart 5: Our GDP growth forecasts are downgraded across the board



Sources: Macrobond, Investec

… growth outlook (for now), and that rates must therefore go higher. Especially in the US, where Fed Chair Jerome Powell noted that everybody is better off with stable prices, even if that requires some pain in the short-term. The reinforcement of Fed tightening expectations, in combination with a general flight to safety in light of recession fears, has seen the dollar continue to strengthen. We envisage a point where markets are sufficiently assuaged over the global inflation outlook that they begin to price in easing by global central banks, including the Fed. Combined with a gradual dissipation of risk aversion, despite the more modest growth outlook, this would see an unwinding of recent USD strength.

Chart 6: The dollar remains strong, but has weakened in the last week

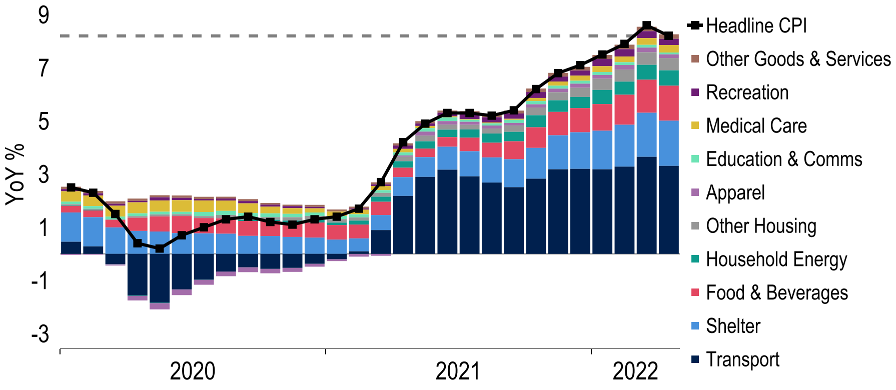


Sources: Macrobond, Investec

United States

The US has been subject to the same inflationary pressures plaguing the world economy, but there are early signs that US CPI inflation has peaked – April's headline measure eased to +8.3% from 8.5% and the core measure to 6.2% from 6.5%. Although still highly elevated (and above consensus), we did see signs of comfort. One example is apparel prices, which fell by 0.8% mom, ending a run of six straight gains. Moreover large swings such as the 18.6% monthly rise in airline fares are unlikely to be repeated. From here favourable base effects should lend support for an easing in inflation (including the PCE measure) over the coming months, including an expected…

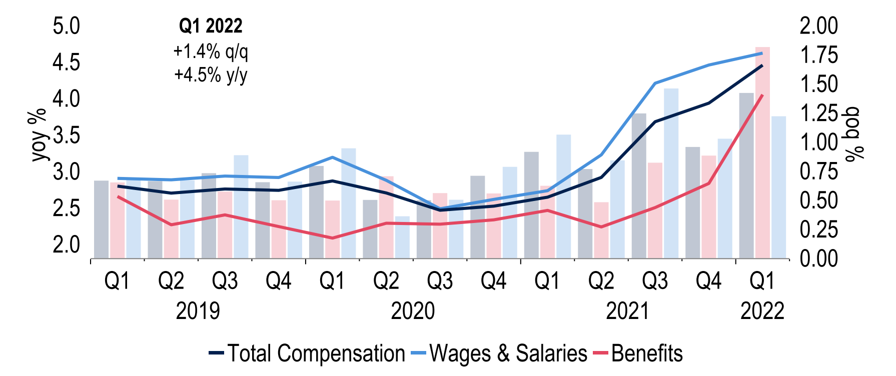
Chart 7: US CPI inflation has probably peaked, but remains elevated



Source: Macrobond, Investec

… decline in energy and used car prices. The major medium-term risk to this view is the potential for second-round effects from sustained high wage growth. Here although the Employment Cost Index surged by 1.4% in Q1, the highest quarterly growth since 1989, the main driver was robust benefits (+1.8%). Wages and salary growth was more moderate at +1.2%, about average for the past year, despite the progressively tighter labour market conditions. This may partly quell 'second-round' fears, but nowhere near enough to prevent the FOMC's 'frontloading' monetary policy strategy. Concerns though are growing that the scale of Fed tightening could well choke off economic growth. Indeed…

Chart 8: Employment Cost Index – wages grew more modestly on the quarter in Q1*

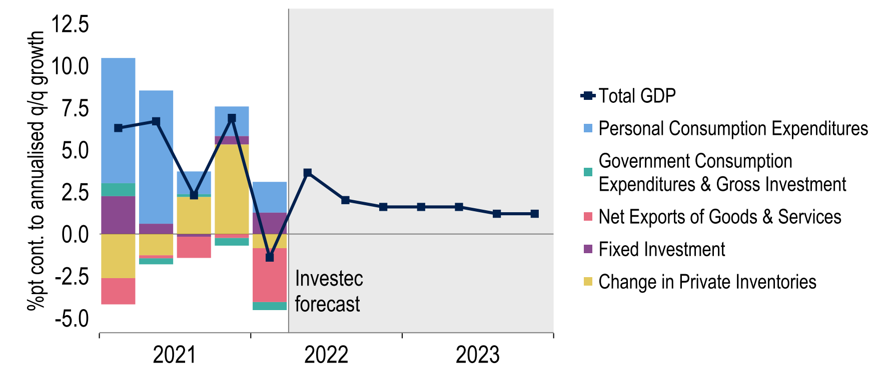


*Columns represent q/q % change, lines represent y/y % change

Sources: Macrobond, Investec

... Fed Chair Powell himself has admitted that fighting inflation will include 'some pain', stoking recession fears. On the face of it, the Q1 GDP report does not help ease such concerns, yet the weak number was induced by a large inventory swing and a deterioration in net trade. Personal consumption actually exhibited robust growth, which seems to have continued into Q2, given strong retail sales in April. That does not, however, detract from risks looking ahead. Higher rates threaten to hit business investment and there are already warning signs from the housing market, including a near 17% slide in new home sales in April. Incorporating the weaker-than-expected Q1, we have downgraded our GDP forecasts to 2.6% (-0.5%pts) for this year and 1.7% (-0.6%pts) next.

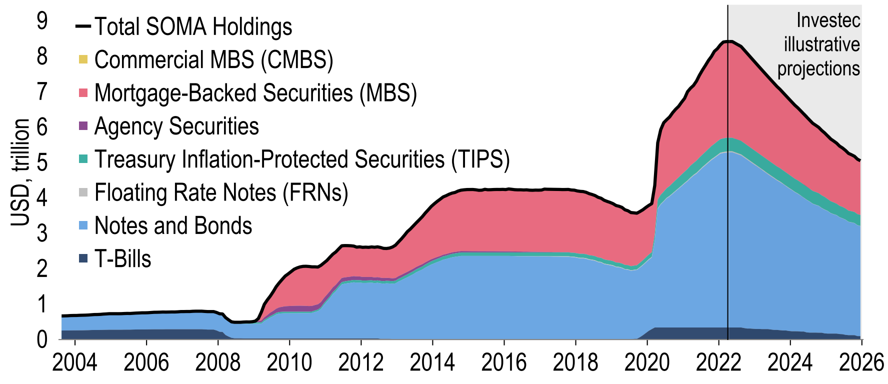
Chart 9: US GDP was weak in Q1, but has little to do with downside risks looking ahead



Source: Macrobond, Investec

After the 4 May 50bp hike in the Fed funds target to 0.75-1.00%, Chair Powell stated that 50bp increases are also on the table for June and July. We now expect a 50bp move in Jul (was 25bps), but no longer see a rise in 2023. Slower 'frontloading' to 25bp hikes post-summer leaves our forecast cycle peak at 2.50-2.75%. Most FOMC members see this as a 'restrictive' level, with the Fed's plans to shrink its balance sheet from Jun reinforcing this stance. These amount to a $30bn monthly run-off in Treasuries and $17.5bn in MBS, with the run-off set to double in Sep. Fed members suggest this could be the equivalent of 1-3 (25bp) hikes. Our recent paper argues that to achieve an optimal balance sheet size, the Fed *could* keep policy this in place until 2025.

Chart 10: At the pre-specified runoff pace, the Fed's balance sheet will contract quickly

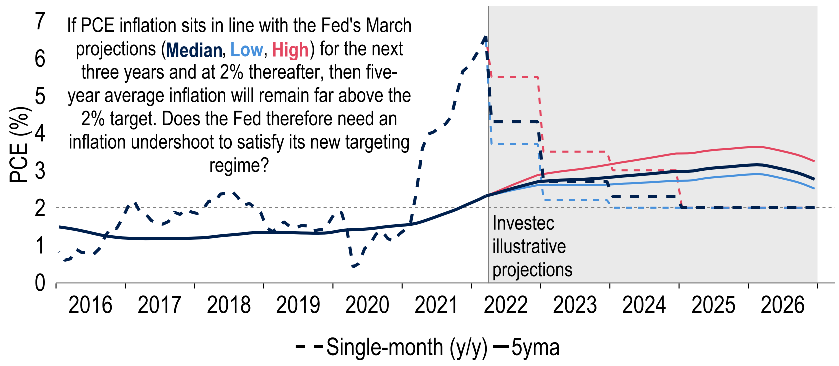


Note: Assumes $60bn/month UST runoff and $35bn/month MBS runoff, amounts above that are reinvested

Sources: New York Fed, Macrobond, Investec

One feature of the Fed's inflation mandate is that it employs a 'make up' strategy, namely that it compensates for past errors in meeting its 2% objective and 'averages out' over time. At inception in 2020, this meant that the Fed could run the economy 'hot' for a while, as inflation had been below 2% for a period. Does the Fed have the same wiggle room now? In short, no. As an example, over the past five years, core PCE has averaged 2.2% and the headline measure 2.3%, suggesting in principle that the FOMC should run the economy 'cold' for a while to get the long-term inflation average back down to 2%. But this is a slight nuance given high inflation on one side and uncertainties over the pace of growth on the other.

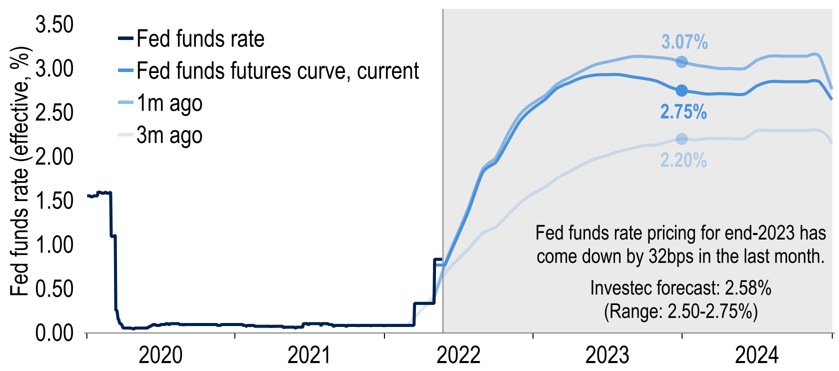
Chart 11: Does the Fed need to run an inflation undershoot to bring average inflation down?



Sources: Federal Reserve, Macrobond

Indeed Treasuries have been volatile over the past month. 10y yields have retraced from recent highs of 3.20%, currently trading at 2.73%, as jitters over a hard landing have mounted. Money markets have rallied hard and from this point are pricing a total of 200-225bps of tightening, compared with 275bps earlier this month. Our own expectation is 175bps. Also, as we wrote last month, there is a material chance that the combined effect of higher rates and QT results in a bumpy landing for the economy and encourages the FOMC to adjust rates down during 2023 if it assesses that the curb on price pressures is sufficient. This though this is not our central view. Yet.

Chart 12: Markets move to price in less tightening in the face of weakening growth

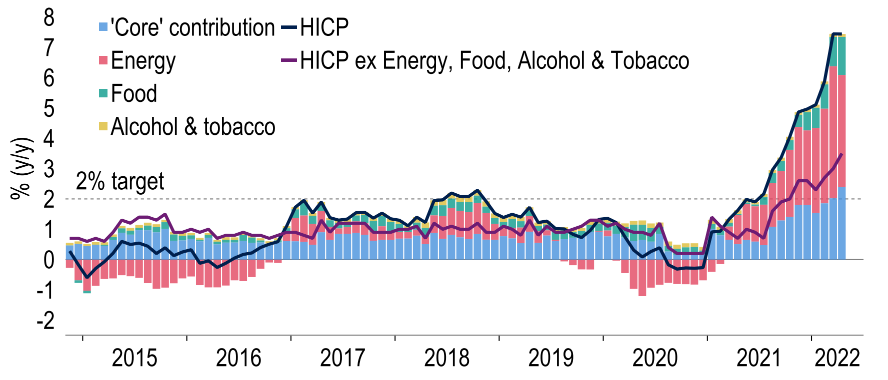


Bloomberg, Macrobond, Investec

Eurozone

April's HICP reading saw inflation remain at its record high of 7.4%. Unsurprisingly energy prices were a significant upward influence, contributing 3.7ppts to the annual rate, but so was food, where prices rose by 7.7%. Have we seen the peak in inflation? We suspect not quite yet; our own forecasts envisage inflation rising to 8% in the near term, before beginning to moderate as energy's influence starts to wane. Nonetheless we still see inflation above 6% at the end of this year. Clearly this backdrop is worrying policymakers, both in terms of realised inflation, but also as regards its expected path, with the ECB March set of projections likely to see another notable uplift next month. The labour market outlook…

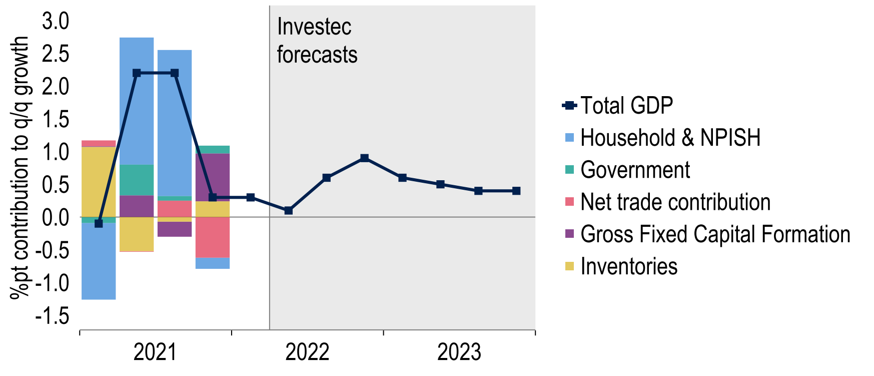
Chart 13: HICP inflation is at recent historical highs, but should start to moderate in H2



Sources: Macrobond , Investec

…and wages in particular will be a key factor in the medium-term outlook and in the ECB's thinking. Although conditions remain tight – employment rose 0.5% q/q in Q1, whilst unemployment is at a record low 6.8% – a significant wage response has yet to emerge. These labour market conditions have been set against a thus far resilient economy. But inflationary pressures on consumer spending are mounting, as are downside risks of a near-term loss of Russian gas supplies. Our latest forecasts see GDP growth cut in both 2022 and 2023 by 0.4%pts and 0.7%pts respectively to 2.8% and 2.3%. An assumption within this is that investment is a notably supportive factor in some countries given the drive to diversify away from Russian energy.

Chart 14: Household pressures to weigh on GDP, but energy investment to offer some offset

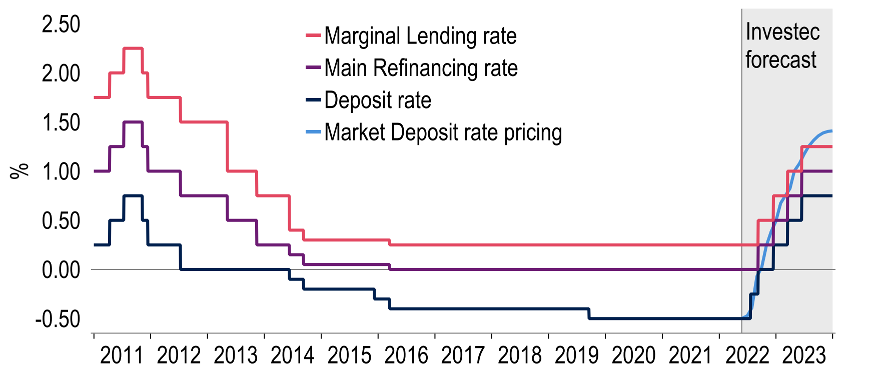


Note: Expenditure breakdown of Q1 GDP is as yet unreleased

Source: Macrobond, Investec

Despite the growth headwinds, inflation remains the primary concern. Here the ECB's tone clearly appears to be moving in the direction of other central banks and frontloading policy tightening. We now expect rates to begin rising in July with a 25bp Deposit rate move. Subsequently we look for two further 25bp hikes in Sep and Dec, which would take the Deposit rate to 0.25%, its first foray into positive territory since 2012. This return to a positive Deposit rate should also trigger adjustments in the ECB's other two policy rates, the Main Refinancing and Marginal Lending rates, for the first time since 2016 and ultimately a symmetrical 25bps rate corridor either side of the refi rate. In 2023 we expect two 25bps hikes as the ECB…

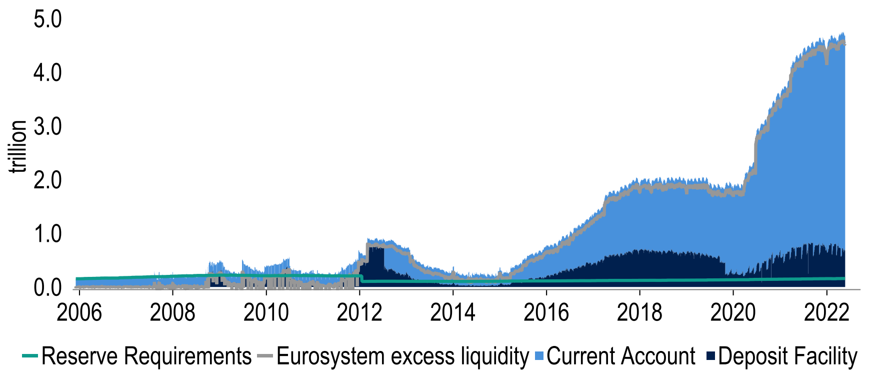
Chart 15: Key ECB policy rates: Deposit rate expected to return to positive territory this year



Source: Macrobond, Investec

…moves toward neutral rates. Reports have suggested that the ECB views this to be about 1.25%. The prospect of a positive Deposit rate has raised a question over whether it will herald the return of the refi rate as the main ECB interest rate. In the short term we suspect not given the excess amount of liquidity in the system, which we estimate currently stands at €4.5trn. In normal times the ECB would add or drain liquidity via fine tuning operations, but given the ECB's policy on open market operations* and the amount of QE in the system, draining liquidity so that it equals bank reserve requirements~~,~~ looks unfeasible given the size of operations needed. Shrinking…

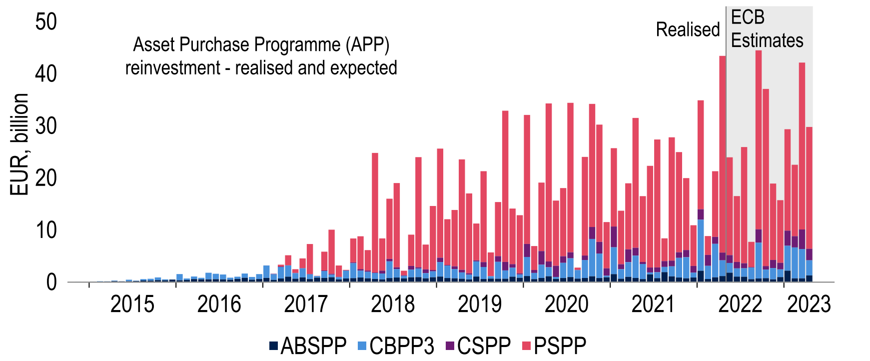
Chart 16: The Deposit rate stands to remain the key interest rate given excess liquidity



* the ECB currently conducts open market operations on a full allotment basis meaning it will supply as much liquidity as banks demand. Source: Macrobond, Investec

…its balance sheet would begin to address this, but at present such talk looks premature. Current guidance is that reinvestment of QE principal will continue until at least the end of 2024 for PEPP, and an 'extended period of time' after the first rate move for APP. For the latter this is vague, but to us a move towards QT during 2023 is possible. Just illustratively, if the ECB were to begin shrinking its balance sheet via natural runoff in 2023, it would be at half the pace of the Fed**. A consequence of normalisation has been a rise in sovereign yields, for example 10yr Bunds are up 112bps to 0.91% this year. However this rise is more pronounced in Southern Europe, prompting a widening in spreads, particularly in Greece (275bps) and Italy (203bps), which is …

Chart 17: ECB QE reinvestment to continue, but discussions on ending it could arise in 2023

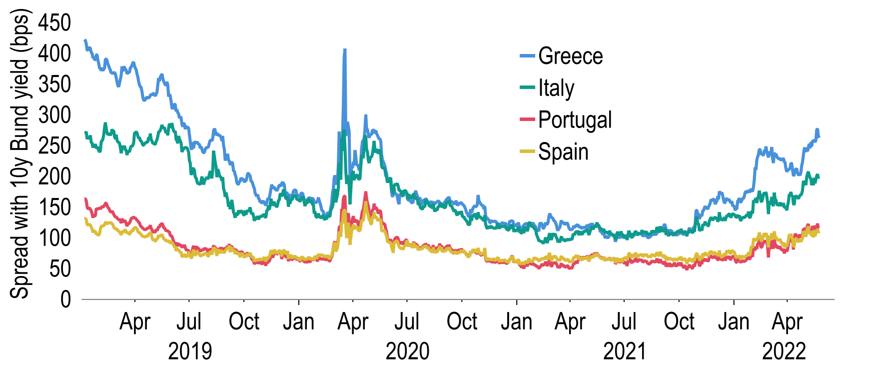


** Based on the ECB redemption forecasts and average realised redemptions- monthly roll-off equivalent to 0.5% of QE assets, Fed's $95bn equates to 1.1% of QE assets. Sources: ECB, Macrobond, Investec

PEPP- Pandemic Emergency Purchase Programme, PSPP- Public sector, CBPP3- Covered bonds, CSPP-Corporate bonds, ABSPP- Asset backed securities

...once again raising questions over fragmentation risks in EU19 markets. However whilst yields have risen, funding costs remain far below previous peaks. For example in Italy yields at issuance so far this year have averaged 0.42%, way below the 3.6% in 2011. Therefore we see the risks of a debt crisis 2.0 as being exaggerated. Nonetheless the ECB will be mindful of the effects of its policy. Policy and rate differentials are also playing a key part in FX markets. In the case of the euro, we judge it has been undervalued versus the USD since 2014 when rates went negative. Broadly we continue to view a move out of negative rates and discussions around QT in 2023 as being supportive of the euro and as such we maintain our end '22 and end '23 €:$ forecasts at $1.10 and $1.15.

Chart 18: Yield spreads widen, but remain below pandemic peaks (bps)

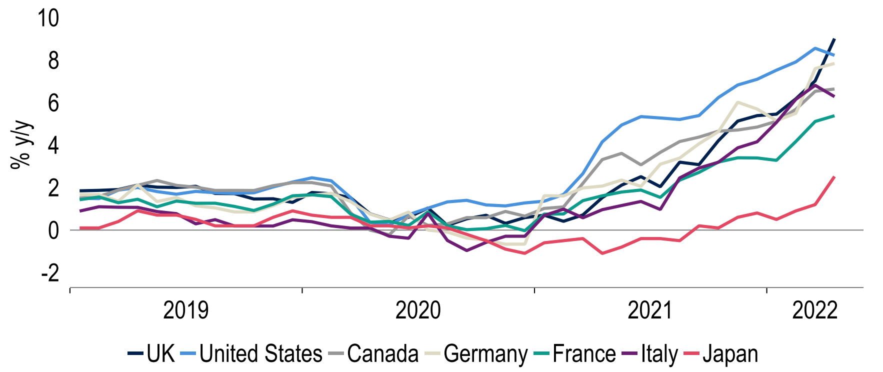


Sources: Macrobond, Investec

United Kingdom

The cost-of-living crisis remains front-page news in the UK: on the CPI measure the Bank of England targets, it hit 9.0% in April. This is not only its highest in four decades, but also higher than in all of its G7 peers (Chart 19). Nor is this likely to be the peak: we now anticipate it to hit 10.3% in October and retreat only slowly from there, falling below 2% only in Q4 2023. Worries are now centred, understandably, on whether discretionary household spending will be squeezed to the extent it tips the UK into a consumer-led recession. In our view, that is not inevitable. For one, the red-hot labour market can offer support to incomes. Competition for workers is…

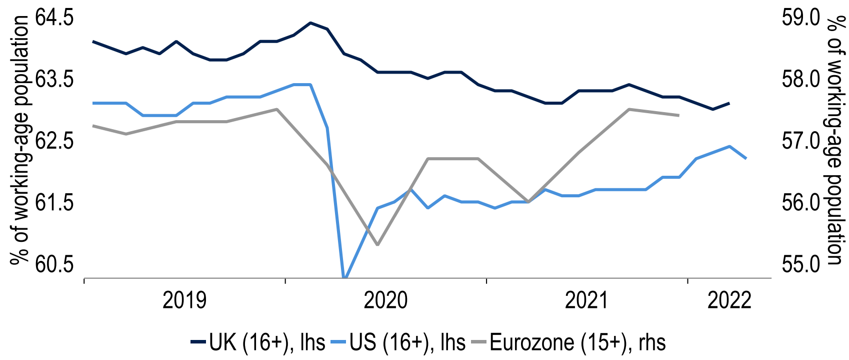
Chart 19: UK consumer price inflation is now the highest in the G7



Source: National statistics offices, Investec and Macrobond

…very strong, the number of vacancies now surpassing the number of unemployed for the first time. This stands to support wage growth, thereby also enticing more people back into the labour force: unlike in the US and the Eurozone, the participation rate has barely risen from its pandemic trough (Chart 20). Moreover, households benefit from strong balance sheets, with the saving rate still far above previous troughs and cash holdings – which can most easily be run down – £158bn above where pre-pandemic trends would have put them ('excess savings'). But that is not to say the outlook is rosy. We have cut our GDP growth forecast for 2022 by 0.6%pts to 3.4% and our 2023 forecast by 0.5%pts to 1.7%.

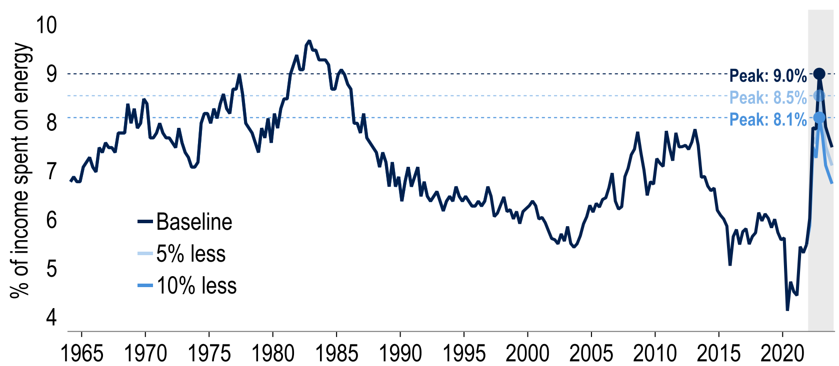
Chart 20: Labour force participation in the UK has lagged the recovery elsewhere



Source: ONS, BLS, Eurostat, Investec and Macrobond

This is because some weakening in growth, including in consumption, looks hard to avoid, with the spending power of those on the lowest incomes and with little or no assets squeezed the most. Even in aggregate, the share of household disposable incomes spent on energy alone stands to rise sharply (Chart 21). Moreover, margin squeezes for firms are likely to trigger some easing in labour demand and rising unemployment in late 2022/early 2023 (to a peak rate of 4.7%, we estimate, from 3.7% now) and hold back investment. Ultimately weaker growth can be traced back to the negative terms of trade shock from further Covid disruptions to global supply chains and a more protracted war in Ukraine than previously thought.

Chart 21: Even if energy consumption is cut on higher prices, more income will be spent on it



Note: Chart shows the illustrative reduction in the energy expenditure share if energy consumption volumes were unchanged from Q4 2021 (baseline) or cut by 5% or 10%, respectively

Source: ONS, Macrobond and Investec:

Because the cost squeeze for firms is not solely due to the vagaries of world prices, and specifically because the extreme tightness of the labour market portends further wage rises, we view this as leaving little choice but to press on with additional frontloaded policy tightening for the Bank of England, to cool demand. Indeed, we now see 25bp rate hikes in Jul, Aug and Nov, giving a year-end Bank rate of 1.75%. MPC members have oscillated in recent meetings, in the sense that the dissenters have swung between advocating more hawkish and more dovish decisions than those ultimately taken (Chart 22). The MPC looks likely to receive the backing it needs to keep on hiking policy relatively aggressively in…

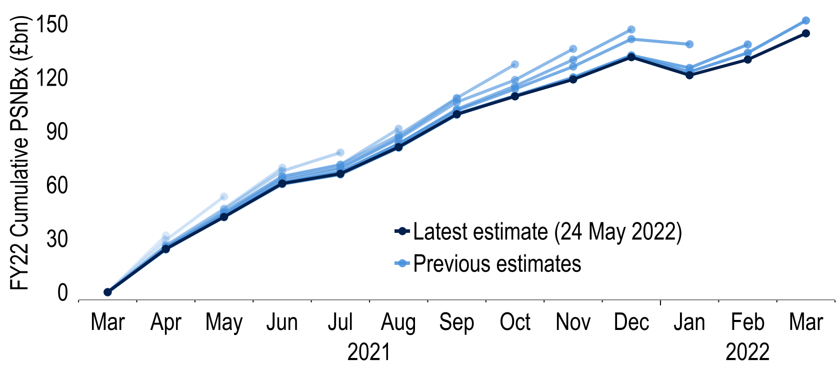
Chart 22: Dissents at MPC meetings have oscillated between more and less hawkish views

Note: Shaded boxes indicate the MPC's actual rate decision taken at each meeting

Sources: Bank of England, Investec

…the near term from greater fiscal largesse. Further fiscal support to households hit the most by the surging cost of living has now been announced, following hot on the heels of Sue Gray's 'Partygate' report. The scale of spending has been upped significantly from March, to £36bn, of which only £5bn is to be funded through windfall taxes on oil and gas companies. The rest would appear to come from higher borrowing and using some of the 'war chest' built up partly from past borrowing having been successively revised down (Chart 23). Come 2023, however, we anticipate that, weakening momentum in inflation will allow the MPC to halt tightening as growth and the labour market respond to higher rates.

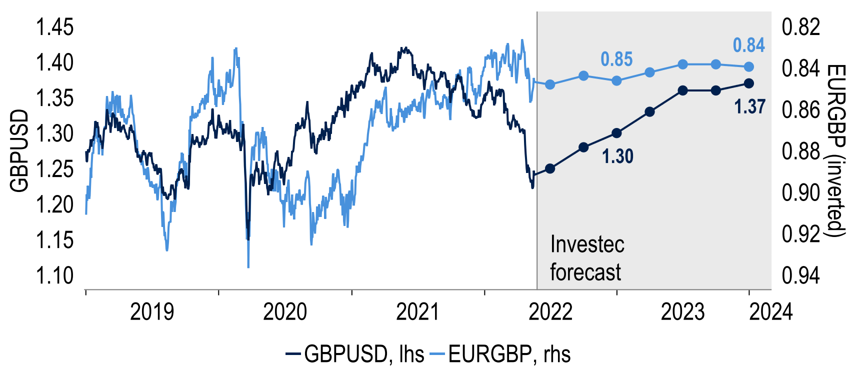
Chart 23: Successive revisions have lowered the borrowing reported for the last fiscal year



Sources: ONS, Macrobond, Investec

Indeed, although not our baseline, we see a chance this response is larger than intended, and that the MPC eases rates rather than hikes further next year. Even so, from the currency perspective, we see the most likely scenario to be a recovery in GBP following its weakening from the start of the year. The largest move is likely to be against the US dollar, whose relative rate differential and safe haven appeal we expect to diminish over time. We expect Cable levels of $1.30 at end-'22 and $1.37 at end-'23. Against EUR, we foresee more limited gains. Some of the gloom in macro expectations for the UK may be overdone, but as policy rates start to rise in the Euro area, this may support demand for EUR. We forecast EURGBP at 85p at end-'22 and 84p at end-'23 (Chart 24).

Chart 24: Sterling looks poised to strengthen most against a retreating US dollar



Source: Investec and Macrobond

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Global Forecasts

GDP Growth (%)

	Global	US	Japan	China	UK	EU19	Germany	France	Italy
2017	3.7	2.3	1.7	7.0	2.1	2.8	3.0	2.4	1.7
2018	3.6	2.9	0.6	6.7	1.7	1.8	1.1	1.8	0.8
2019	2.9	2.3	-0.2	6.0	1.7	1.6	1.1	1.8	0.5
2020	-3.1	-3.4	-4.6	2.3	-9.3	-6.5	-4.9	-8.0	-9.1
2021	6.1	5.7	1.7	8.1	7.4	5.4	2.9	7.0	6.6
2022	2.7	2.6	1.4	3.9	3.4	2.8	1.8	3.0	2.5
2023	3.0	1.7	2.0	5.4	1.7	2.3	2.6	2.3	1.6

Sources: IMF, Macrobond, Investec

Key Official Interest rates (%, end quarter):

	US Fed funds	Eurozone refi rate	Eurozone deposit rate	UK Bank rate	Australia cash rate
Current	0.75-1.00	0.00	-0.50	1.00	0.35
2022					
Q1	0.25-0.50	0.00	-0.50	0.75	0.10
Q2	1.25-1.50	0.00	-0.50	1.25	0.75
Q3	2.00-2.25	0.25	0.00	1.50	1.25
Q4	2.50-2.75	0.50	0.25	1.75	1.50
2023					
Q1	2.50-2.75	0.75	0.50	1.75	2.00
Q2	2.50-2.75	1.00	0.75	1.75	2.00
Q3	2.50-2.75	1.00	0.75	1.75	2.00
Q4	2.50-2.75	1.00	0.75	1.75	2.00

Sources: Macrobond, Investec

10-year government bond yields (%, end quarter):

	US	Germany	UK
Current	2.75	0.96	1.93
2022			
Q2	3.00	1.00	1.75
Q4	2.75	1.00	1.75
2023			
Q2	2.50	1.00	1.50
Q4	2.50	1.25	1.50

Sources: Refinitiv, Investec

FX rates (end quarter/ annual averages)

		Current	2022				2023				2021	2022	2023
		26-May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	average	average	average
Euro	€:$	1.069	1.11	1.06	1.08	1.10	1.12	1.14	1.14	1.15	1.18	1.09	1.13
Sterling	€:£	0.851	0.84	0.85	0.84	0.85	0.84	0.84	0.84	0.84	0.86	0.84	0.84
	(£:€)	1.175	1.18	1.18	1.19	1.18	1.19	1.19	1.19	1.19	1.16	1.19	1.19
	£:$	1.256	1.32	1.25	1.28	1.30	1.33	1.36	1.36	1.37	1.38	1.29	1.35
Yen	$	127.1	121	126	125	123	121	120	120	120	110	123	121
	€	135.9	135	134	135	135	136	137	137	138	130	134	136
	£	159.6	160	158	160	160	161	163	163	164	151	159	162
Aussie Dollar	$	0.707	0.75	0.72	0.75	0.76	0.78	0.80	0.80	0.80	0.75	0.73	0.79
	€:AUD	1.512	1.48	1.47	1.44	1.45	1.44	1.43	1.43	1.44	1.57	1.48	1.43
	¥	89.86	91.1	90.7	93.8	93.5	94.4	96.0	96.0	96.0	82.5	90.4	95.3
	£:AUD	1.776	1.75	1.74	1.71	1.71	1.71	1.70	1.70	1.71	1.83	1.76	1.70
Swiss Franc	€	1.028	1.03	1.03	1.05	1.07	1.08	1.10	1.10	1.10	1.08	1.04	1.09
	$	0.961	0.92	0.97	0.97	0.97	0.96	0.96	0.96	0.96	0.91	0.96	0.96
	£	1.207	1.22	1.21	1.24	1.26	1.28	1.31	1.31	1.31	1.26	1.24	1.30

Sources: Refinitiv, Investec