

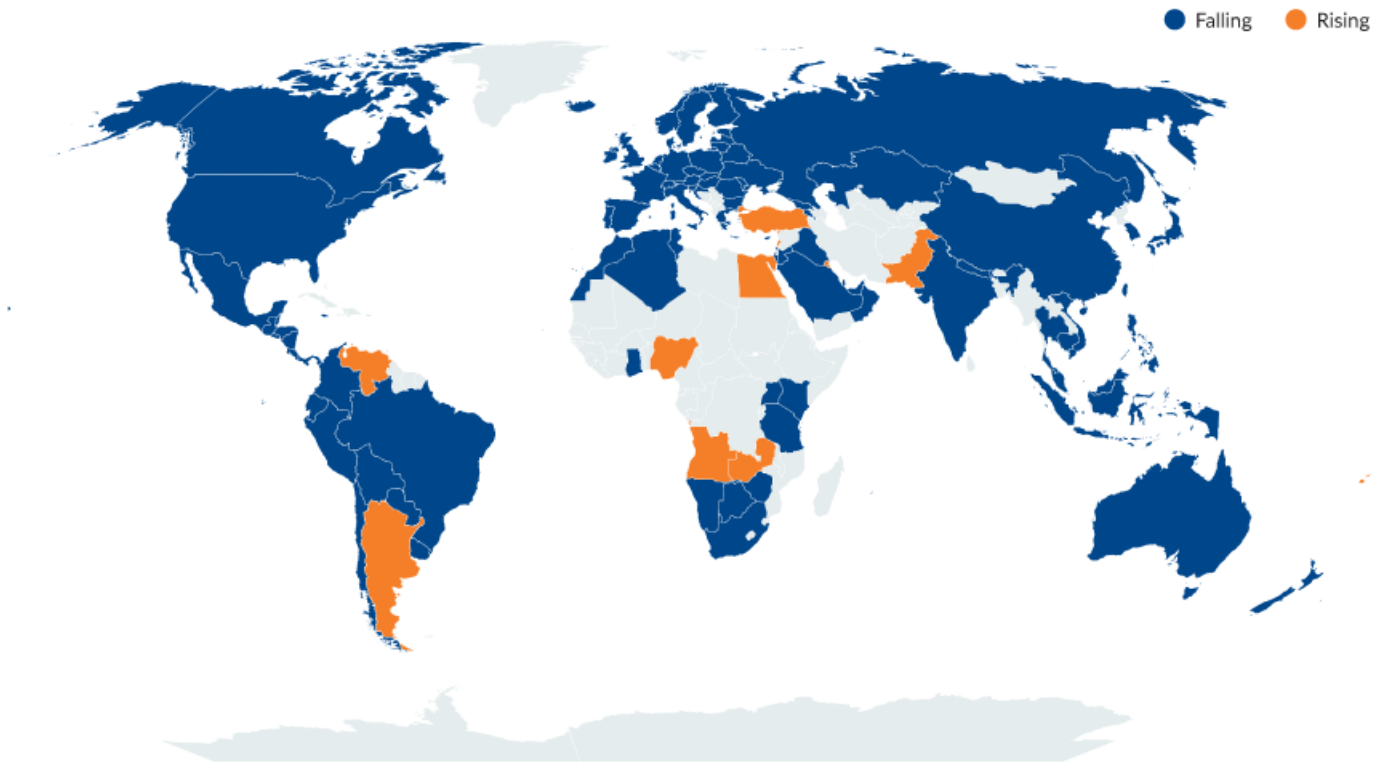
2024 Currency outlook

Although peaking in 2022, global inflation remained a dominant factor in FX markets in 2023 as central banks grappled with high levels remaining above targets. Following a strong move up on the back of hawkish Fed policy, the US Dollar Index dropped in 2023, marking only its fourth downward year since 2009. As the Russia-Ukraine crisis remains unresolved and the Israel-Hamas conflict raises concerns globally, the uncertainty surrounding these events as well as the outcome of the US election and the risk of recession brings the potential for more market volatility into 2024.

Inflation – Declining while maintaining high levels

With high inflation spanning the globe over the past few years, consumers welcomed falling levels in 2023 as CPI levels dropped globally, with only a few emerging and frontier countries experiencing a higher inflation rate now vs. a year prior (Chart 1).

Chart 1: CPI YoY BY COUNTRY, JANUARY 2023 VS. JANUARY 2024



Source: Bloomberg, Mesirow. Past performance is not necessarily indicative of future results. Actual results may materially differ.

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2024 Currency outlook

Although inflation in 2023, global inflation remained a dominant factor in FX markets, in 2023 as central banks grappled with high levels remaining above targets, following a strong move up on the back of European Fed policy. The US Dollar index dropped in 2023, moving only to fourth downmost point since 2009. As the Russia-Ukraine crisis remains unresolved and the Israel-Hamas conflict makes optimistic globally, the uncertainty surrounding these events as well as the outcome of the US election and the risk of recession brings the potential for more market volatility into 2024.

Inflation - Deciding while maintaining high levels

With high inflation keeping the green eye on the red for many countries, and central bank action in 2023 as US rates stayed positive, with only a few emerging and frontier countries experiencing higher inflation, we move to a more open chart.

Chart 1: CPI FOR 85 COUNTRIES, JANUARY 2023 VS. JANUARY 2024

Source: Trading Economics. For all data series, see [Trading Economics](#) website. Data last updated: September 2023.

FX Outlook - Deciding while maintaining high levels

With high inflation keeping the green eye on the red for many countries, and central bank action in 2023 as US rates stayed positive, with only a few emerging and frontier countries experiencing higher inflation, we move to a more open chart.

Chart 2: FX Outlook - Deciding while maintaining high levels

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