EXCHANGE RATE: WINNERS AND LOOSERS IN 2016
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The year 2016 is over. We can make an analysis of the changes in the exchange rates, not only for the year, but also for the last years and for the recent months. Some surprising changes can be seen.

On Table I we have the exchange rates vs the USD (the US Dollar) for 10 different currencies: CAD (Canadian Dollar), MXN (Mexican Peso), BRL (Brazilian Real), CPL (Chilean Peso), EUR (Euro), GBP (British Pound), JPY (Japanese Yen), CNY (Chinese Yuan), AUD (Australian Dollar) and ZAR (South African Rand). For each one, the average exchange rate for the years 2013, 2014, 2015 and 2016 are presented, as well as the exchange rates for December 2015, October 2016, November 2016 and December 2016.

Table I - AVERAGE EXCHANGE RATE

	2013 year average	2014 year average	2015 year average	2016 year average	Dec 2015	Oct 2016	Nov 2016	Dec 2016
USD/CAD	1.030	1.105	1.279	1.325	1.370	1.325	1.344	1.334
USD/MXN	12.77	13.29	15.85	18.66	17.00	18.95	19.94	20.51
USD/BRL	2.182	2.364	3.398	3.450	3.960	3.184	3.389	3.255
USD/CPL	499.5	573.3	659.3	673.5	709.2	649.4	675.7	671.1
USD/EUR	0.752	0.757	0.906	0.906	0.920	0.914	0.943	0.948
USD/GBP	0.638	0.608	0.656	0.743	0.678	0.822	0.801	0.809
USD/JPY	97.97	106.60	120.99	109.14	120.19	105.04	113.90	116.55
USD/CNY	6.142	6.171	6.290	6.657	6.488	6.769	6.897	6.940
USD/AUD	1.047	1.115	1.342	1.346	1.372	1.317	1.353	1.381
USD/ZAR	9.766	10.873	12.939	14.575	15.482	13.495	14.108	13.740

USD: US Dollar, CAD: Canadian Dollar, MXN: Mexican Peso, BRL: Brazilian Real, CPL: Chilean Peso, EUR: Euro, GBP: British Sterling Pound, JPY: Japanese Yen, CNY: Chinese Yuan, AUD: Australian Dollar, ZAR: South African Rand

Definitively, depending on how we present the numbers it is always easier or harder to get a good picture at first glance. Therefore, on Table II we have make all these numbers uniform by considering the exchange rate average for the year 2013 as a base index of 100. Using the exchange rates for each column we calculated the respective indices for the rest of the columns.

What can we see here? Go to the column at the far right (December 2016). The index here is the accumulated change vs the USD for each currency from the average of 2013 to December 2016 (approximately 3 and a half years). In all the cases, each and all currencies have lost their value vs the USD. Worst case, the MXN that has an index of 160.6, which means that this currency has lost in this period of time 60.6% of its value vs the USD. Second worst case the BRL, followed by ZAR, CPL, AUD, CAD, GBP, EUR, JPY and CNY. The CNY (Chinese Yuan) has only lost 13 % in this period of time.

Usually some of this loss of value has to do from a larger inflation rate in one country than in the US. Nevertheless, the difference of accumulated inflation rate between the US and Mexico is by far not even close to 60%. Also, the inflation rates between US and Canada are similar and by far it is not the 29.5% here presented. Therefore, it is more likely a recovery of the USD in general and some specific domestic issues with the countries with the largest loss (Mexico, Brazil, etc.).

Table II - INDEX EXCHANGE RATE: AVERAGE 2013 = 100

	2013 year average	2014 year average	2015 year average	2016 year average	Dec 2015	Oct 2016	Nov 2016	Dec 2016
USD/CAD	100.0	107.3	124.2	128.6	133.0	128.6	130.5	129.5
USD/MXN	100.0	104.1	124.1	146.1	133.1	148.4	156.1	160.6
USD/BRL	100.0	108.4	155.7	158.1	181.5	145.9	155.3	149.2
USD/CPL	100.0	114.8	132.0	134.8	142.0	130.0	135.3	134.4
USD/EUR	100.0	100.7	120.5	120.5	122.4	121.6	125.4	126.1
USD/GBP	100.0	95.2	102.8	116.4	106.2	128.9	125.6	126.8
USD/JPY	100.0	108.8	123.5	111.4	122.7	107.2	116.3	119.0
USD/CNY	100.0	100.5	102.4	108.4	105.6	110.2	112.3	113.0
USD/AUD	100.0	106.5	128.1	128.6	131.1	125.8	129.2	131.9
USD/ZAR	100.0	111.3	132.5	149.2	158.5	138.2	144.5	140.7

USD: US Dollar, CAD: Canadian Dollar, MXN: Mexican Peso, BRL: Brazilian Real, CPL: Chilean Peso, EUR: Euro, GBP: British Sterling Pound, JPY: Japanese Yen, CNY: Chinese Yuan, AUD: Australian Dollar, ZAR: South African Rand

On Table III we have the specific changes for some shorter periods of time. For example, just for 2016 (comparing December 2016 vs December 2015), which is the third column, once again the big looser is MXN with 20.6%, followed by GBP 19.3%, CNY 7.0% and EUR 3.0%. But in this last 12 month period there are currencies that have recovered against the USD. Best case is the BRL -17.8%, ZAR -11.3%, CPL -5.4%, JPY -3.0% and CAD -2.6%. The AUD has a change close to null. Calls our attention that just in the last two months (October 2016 to December 2016) the JPY lost 11.0% and the MXN lost 8.2%.

Table III - PERCENTAGE CHANGE: LOSS (GAIN) VS THE USD

	2013 to 2016	2015 to 2016	Dec 2015 to Dec 2016	Oct 2016 to Dec 2016	Nov 2016 to Dec 2016
USD/CAD	28.6%	3.6%	-2.6%	0.7%	-0.7%
USD/MXN	46.1%	17.7%	20.6%	8.2%	2.9%
USD/BRL	58.1%	1.5%	-17.8%	2.2%	-3.9%
USD/CPL	34.8%	2.2%	-5.4%	3.4%	-0.7%
USD/EUR	20.5%	0.0%	3.0%	3.7%	0.6%
USD/GBP	16.4%	13.3%	19.3%	-1.6%	1.0%
USD/JPY	11.4%	-9.8%	-3.0%	11.0%	2.3%
USD/CNY	8.4%	5.8%	7.0%	2.5%	0.6%
USD/AUD	28.6%	0.3%	0.6%	4.9%	2.1%
USD/ZAR	49.2%	12.6%	-11.3%	1.8%	-2.6%

USD: US Dollar, CAD: Canadian Dollar, MXN: Mexican Peso, BRL: Brazilian Real, CPL: Chilean Peso, EUR: Euro, GBP: British Sterling Pound, JPY: Japanese Yen, CNY: Chinese Yuan, AUD: Australian Dollar, ZAR: South African Rand

Can we forecast something from this numbers and trends? Definitively the answer is "no". But we can have a good idea of how each currency has behave in the last months and years. With this we can ask ourselves the specific reasons for this. Some international effects affect all of them; some domestic variables affect each currency in particular. This last part, the domestic variables, is the most difficult to explain.

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