



EXCHANGE RATE DEVELOPMENTS APRIL 2024

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	5.50%	0.00	April 10, 2024	crude oil (US\$/bbl)	\$87.59	\$0.84	\$86.75
Reserve Bank of Australia	4.35%	0.00	May 7, 2024	whole milk (US\$/t)	\$3,269.00	\$126.00	\$3,143.00
US Federal Reserve	5.25% - 5.50%	0.00	May 1, 2024				
European Central Bank	4.50%	0.00	April 11, 2024				
Bank of England	5.25%	0.00	March 21, 2024				

USD* per other currencies (month average)					
	Apr-23	Mar-24	Apr-24	Mar-24 (%)	Apr-23 (%)
NZD/USD	0.6210	0.6091	0.5959	-2.17	-4.05
AUD/USD	0.6698	0.6561	0.6507	-0.81	-2.85
EUR/USD	1.0961	1.0877	1.0727	-1.38	-2.14
USD/YEN	133.4556	149.6643	153.6929	-2.69	-15.16
USD/CNH	6.8934	7.2149	7.2546	-0.55	-5.24
FJD/USD	0.4517	0.4437	0.4401	-0.80	-2.55

*with the exception of YEN and CNY which is YEN and CNY per USD

Tala* per foreign currencies (month average)					
	Apr-23	Mar-24	Apr-24	Mar-24 (%)	Apr-23 (%)
USD/TALA	2.7259	2.7528	2.7746	-0.79	-1.79
NZD/TALA	1.6927	1.6765	1.6531	1.40	2.34
AUD/TALA	1.8256	1.8058	1.8052	0.03	1.12
EUR/TALA	2.9876	2.9941	2.9760	0.60	0.39
Nom Index	99.6610	99.7064	99.7572	0.05	0.10
FJD/TALA	1.2311	1.2212	1.2210	0.02	0.82
TALA/YEN	48.9576	54.3670	55.3924	1.89	11.62
TALA/CNH	2.5288	2.6210	2.6147	-0.24	3.28

*with the exception of YEN and CNY which is YEN and CNY per TALA



Stronger US dollar on:

- A string of favorable economic data out of the US in the month (e.g., GDP growth beating expectations, lower jobless claims indicating strong hiring numbers, better-than-expected non-farm payroll, higher retail sales data, an increase in factory orders in February, and warmer than expected inflation data in March).
- Robust demands for safe haven assets amid the heightened Iran-Israel geopolitical tensions.
- US yields are trending upward as the odds of a rate cut from the Fed in June remain high.



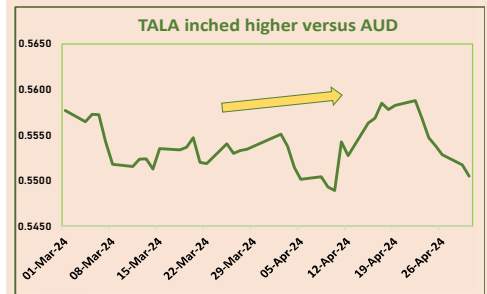
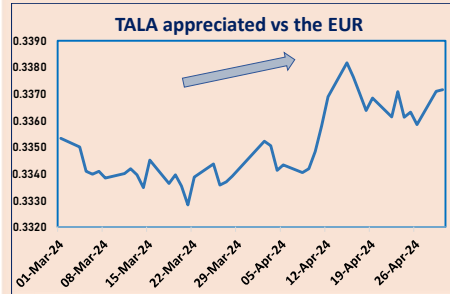
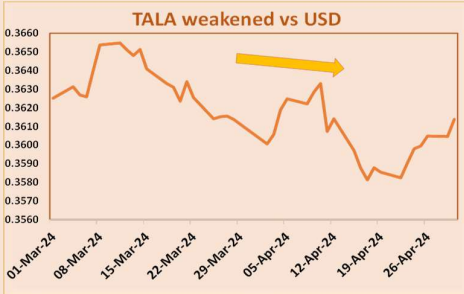
The EUR slipped against the USD due to:

- The stronger US dollar impacted the Euro and negative economic data out of the Eurozone (e.g., deteriorated consumer confidence, contracted exports receipts, with core inflation, unemployment rate, services and manufacturing figures deviating from market predictions).
- Persistent concerns about the broadened US-Eurozone interest rate gap and the significant divergence in monetary policy.
- The thin trading in the bloc during the Good Friday and Easter holidays.



The AUD fell modestly vs. the USD on:

- The weak economic data out of Australia (e.g., declined trade data, downbeat market sentiment with a surprised drop in Australia's employment figures in March).
- Fading views of further RBA interest rate hikes as Australia's job market weakens while inflation also declines.
- The intense buying pressure for the US greenback is drying up demands for risky currencies.
- Risk aversion amid escalating geopolitical tensions in the Middle East.



The NZD dropped notably vs. the USD on:

- The greenback's robust gains and the downbeat economic data out of New Zealand (e.g., declined inflation, frail market sentiment, and the lower-than-expected services PSI in March).
- The risk-averse atmosphere is weighing heavily on the NZ dollar while lifting demands for the safe haven US dollar.
- The RBNZ is leaving the interest rate unchanged while the economy is entering a recession.



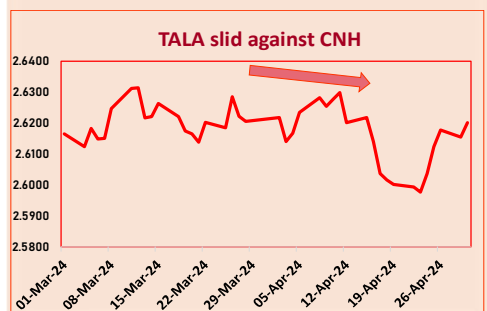
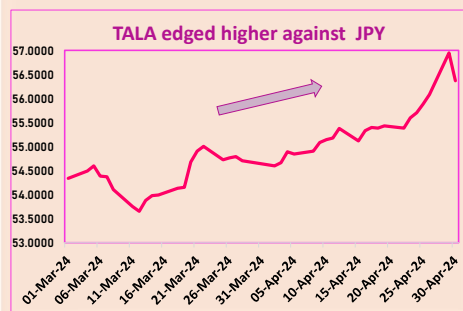
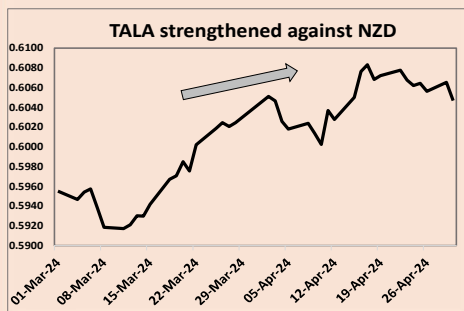
JPY fell to a multi-decade low vs. USD on:

- The stronger US dollar along with the unfavorable economic releases out of Japan (including the reduced real wages for workers in February and low consumer confidence in March).
- Markets remain alert for a possible intervention to prop up demand for the yen.
- The BOJ's uncertain outlook and historic pivot away from negative interest rates failed to support the Yen.



CNH inched lower vs. USD, reflecting:

- The downbeat economic releases out of China (e.g., the low market sentiment, declined home sales, and fewer machinery orders).
- The dominant US dollar is offsetting domestic developments in China's economy.
- The lack of market-moving data out of China to support the Yuan.
- Lingering uncertainties towards China's economic recovery.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (06 May 2024)	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25
USA							
Fed Funds Rate	5.375	5.125	4.625	4.375	4.125	3.875	3.625
Australia							
RBA Cash Rate	4.35	4.35	4.35	4.10	3.85	3.60	3.35
New Zealand							
RBNZ Cash Rate	5.50	5.50	5.50	5.50	5.25	5.00	4.75
China							
PBOC Loan Prime Rate	3.45	3.45	3.45	3.45	3.45	3.45	3.45
Euro-Area							
ECB Refinance Rate	4.50	4.25	4.00	4.00	4.00	4.00	4.00
United Kingdom							
BOE Base Rate	5.25	5.00	4.75	4.50	4.25	4.00	3.75

Exchange rate forecasts

	Actual (06 May 2024)	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25
AUD/USD	0.6618	0.68	0.69	0.70	0.71	0.72	0.72
NZD/USD	0.6013	0.63	0.64	0.64	0.64	0.65	0.65
EUR/USD	1.0762	1.11	1.13	1.14	1.15	1.16	1.17
USD/JPY	152.9950	148	145	141	137	133	130
GBP/USD	1.2539	1.27	1.28	1.29	1.30	1.30	1.31
USD/CNH	7.1968	7.27	7.25	7.20	7.16	7.09	7.03

US economic indicators and outlook

	Jun 23	Sep 23	Dec 23	Mar24(f)	Jun 24(f)	Sep24(f)	Dec 24(f)
GDP % qtr.	2.1	4.9	3.2	2.5	1.9	1.5	1.5
%yr. annual change	2.4	2.9	3.1	3.1	3.1	2.3	1.8
Unemployment rate %	3.5	3.6	3.7	3.7	3.8	3.9	4.1
CPI % YoY.	5.1	2.8	2.9	2.5	2.3	2.2	2.1

Australian economic indicators and outlook

	Jun 23	Sep 23	Dec 23	Mar 24(f)	Jun 24(f)	Sep 24(f)	Dec 24(f)
GDP % qtr.	0.5	0.3	0.2	0.3	0.3	0.4	0.5
% Year end	2.1	2.1	1.5	1.3	1.1	1.3	1.6
Unemployment rate %	3.6	3.7	3.9	3.9	4.2	4.4	4.5
CPI % qtr	0.8	1.2	0.6	1.0	0.6	0.9	0.8
Annual Change (%)	6.0	5.4	4.1	3.6	3.1	2.8	3.0

New Zealand economic indicators and outlook

	Jun 23	Sep 23	Dec 23	Mar24(f)	Jun 24(f)	Sep24(f)	Dec 24(f)
GDP % qtr.	0.5	-0.3	-0.1	0.2	0.2	0.2	0.2
Annual avg change	3.0	1.3	0.6	0.2	-0.2	0.1	0.4
Unemployment rate %	3.6	3.9	4.0	4.2	4.6	4.9	5.1
CPI % qtr.	1.1	1.8	0.5	0.6	0.6	1.0	0.4
Annual change (%)	6.0	5.6	4.7	4.0	3.6	2.8	2.7

Source: Bloomberg, Westpac Economics Update (April 2024), Trading Economics

Note: (a) – actual; (e) – estimate; (f) – forecast; (adv) – advance estimates