

## Exchange Rate Developments April 2016

### A. Currency watch

The United States dollar (USD) started off the month weak against most of its major peers after the release of downbeat US employment data. It continued to slip on expectations the Federal Reserve will not raise interest rates in the upcoming months following mixed US data. Concerns over the outlook for the global economy together with reports that showed US consumer confidence fell in April and US home sales declined in March, weighed heavily on the safe haven currency. It continued to weaken towards the end of the month after the Federal Reserve left interest rates unchanged at 0.25 to 0.50 percent. Overall, the USD weakened from the previous month's level, which saw the Tala strengthen from US\$0.3860 in March, to US\$0.3904 in April. (See Chart 1)

The Euro opened the month at US\$1.1391 on strong employment data out of the Euro-region. It continued to strengthen to US\$1.1406 on better than expected economic data out of Germany. However, it later weakened to US\$1.1290 on expectations the European Central Bank will increase its monetary stimulus program. The Euro then continued to trade around the USD\$1.13 region until it closed the month firm at US\$1.1356. Overall, the Tala depreciated by 0.70 percent against the Euro in April. (See Table 2 and Graph 1)

The Australian dollar (AUD) opened the month down at US\$0.7666 as oil prices dropped. It then strengthened to US\$0.7672 as investors risk appetite improved amid strong Chinese economic data and upbeat Australian data on confidence and employment. A rebound in oil prices also lent support to the higher-yielding currency. The Australian dollar closed off the month at US\$0.7629. Overall, the Tala depreciated by 1.02 percent against the AUD in the month under review. (See Table 2 and Graph 1)

The New Zealand dollar (NZD) also opened the month weak at US\$0.6917 as data indicated that NZ business confidence dropped in February. However, it later rose to US\$0.6924 as oil prices rebounded and after the release of upbeat economic data out of China. Reports which showed the NZ consumer price index rose more than expected in the first quarter also underpinned the currency's strength. The New Zealand dollar then continued to strengthen until it closed the month firm at US\$0.6969, supported by rising dairy prices and after the Reserve Bank of New Zealand left its

cash rate unchanged at 2.25 percent. On average, the Tala fell 0.92 percent against the NZD over the reviewed month. (See Table 2, Graph 1)

The Japanese Yen was generally strong over the month on safe-haven demand following mixed economic data out of the US and uncertainty over interest rate hikes by the Federal Reserve. Strong manufacturing data in Japan also lent support to the safe-haven currency. The Japanese Yen continued to strengthen towards the end of the month after the Bank of Japan held back from further monetary stimulus. The Chinese Yuan also strengthened throughout the month as Chinese stock prices rallied. Report which showed China's foreign reserves increased in March and its economy grew 6.7 percent in the first quarter also helped support the Chinese currency. In the month under review, the YEN strengthened but the YUAN weakened against the Tala. (See Graph 2)

Overall, the US dollar weakened against the NZD, the AUD and the EURO in April 2016 when compared to March 2016. For currencies outside the Tala currency basket, the US dollar weakened against the FJD, the YEN and the YUAN. (See Table 1)

By comparison, the Tala strengthened against the USD but weakened against the NZD, the AUD, and the EURO over the month under review. Against currencies outside the basket, the Tala strengthened against the YUAN but weakened against the FJD and the YEN. (See Table 2)

As shown by the Nominal Effective Exchange Rate (NEER) Index, the overall nominal value of the Tala depreciated by 0.64 percent against the currency basket in April 2016 from March 2016. (See Table 2 and Chart 2)

### B. Tables and charts

Table 1 shows the movements of the currencies in our currency basket together with the FJD, the Yuan and the Yen against the US dollar in April 2016, compared to the previous month and in April 2015.

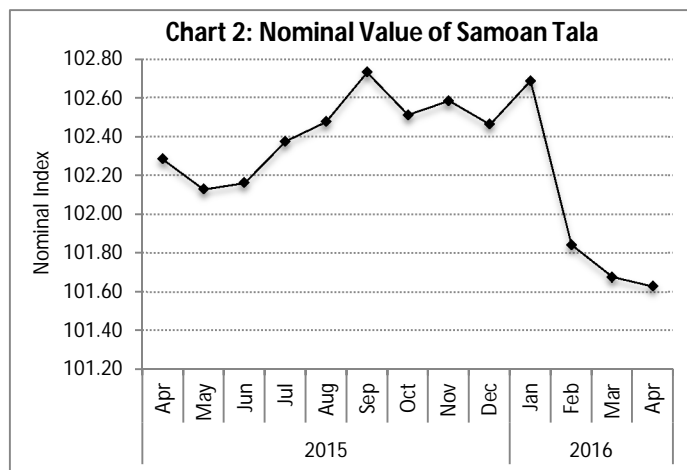
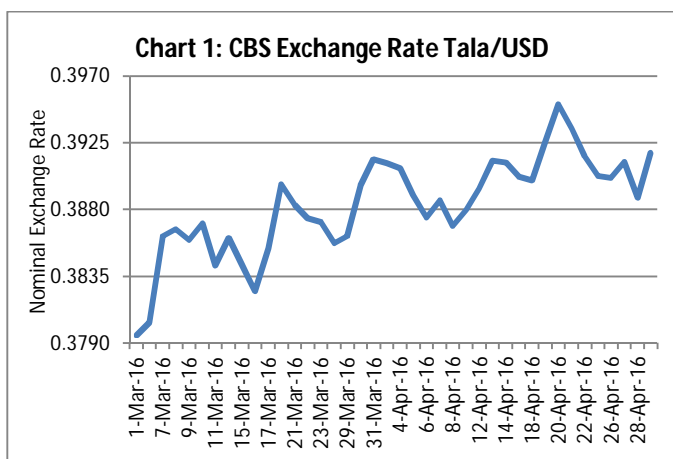
Table 1					
USD per other currencies (month average)					
			Movement of other currencies against the USD over the previous month and the previous year		
			(+ ) appreciation / (- ) depreciation		
	Apr-15	Mar-16	Apr-16	Mar-16	Apr-15
				(%)	(%)
NZD/USD	0.7589	0.6742	0.6884	2.11	-9.29
AUD/USD	0.7738	0.7499	0.7661	2.16	-1.00
USD/YEN	119.5334	112.8816	109.8012	2.73	8.14
USD/CNY	6.2026	6.5053	6.4765	0.44	-4.42
EUR/USD	1.0784	1.1134	1.1339	1.84	5.15
FJD/USD	0.4871	0.4790	0.4848	1.21	-0.47

Source: Central Bank of Samoa

Table 2 shows the movement of the Tala against the currencies in the basket as well as against the FJD, the Yuan and the Yen in April 2016, compared to the previous month and April 2015.

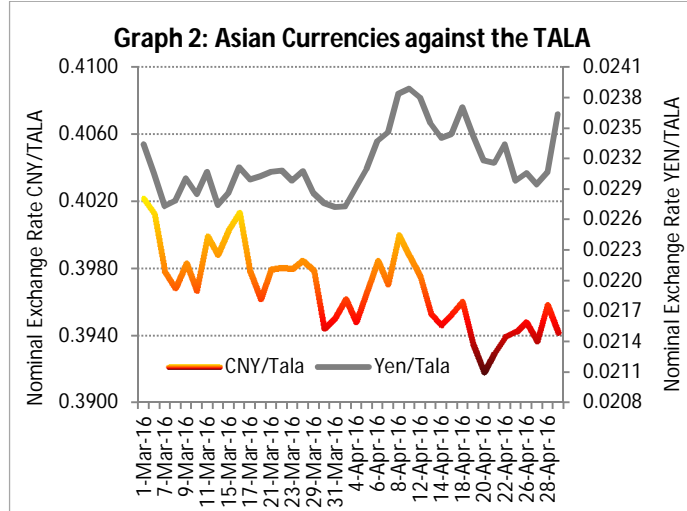
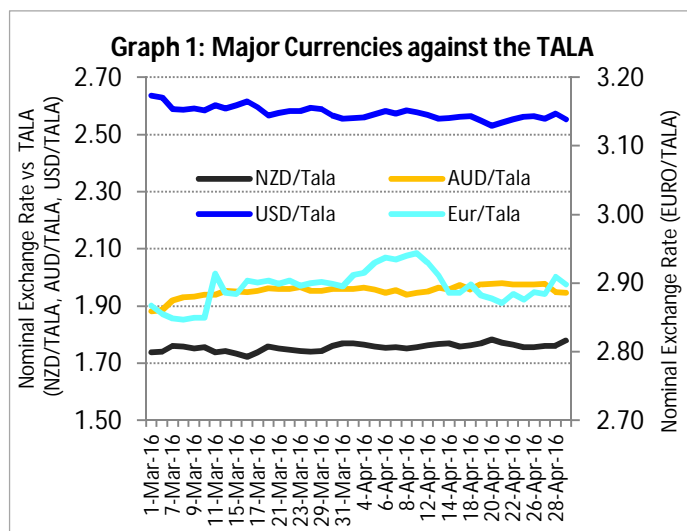
Table 2					
Tala per foreign currencies (month average)					
			Movement of the Tala over the previous month and the previous year		
			(+ ) appreciation / (- ) depreciation		
	Apr-15	Mar-16	Apr-16	Mar-16	Apr-15
				(%)	(%)
USD/TALA	2.4799	2.5909	2.5614	1.14	-3.29
NZD/TALA	1.8832	1.7465	1.7631	-0.95	6.38
AUD/TALA	1.9172	1.9423	1.9621	-1.02	-2.34
EUR/TALA	2.6743	2.8842	2.9044	-0.70	-8.60
FJD/TALA	1.2078	1.2410	1.2417	-0.06	-2.81
TALA/YEN	48.2067	43.5698	42.8678	-1.61	-11.08
TALA/CNY	2.5011	2.5109	2.5285	0.70	1.10
Nominal Index	102.29	101.68	101.63	-0.05	-0.64

Source: Central Bank of Samoa



Source: Central Bank of Samoa

### C. Graphs: Major currencies against the Tala



Source: Central Bank of Samoa

Financial Markets Department  
Central Bank of Samoa  
10<sup>th</sup> May 2016