



EXCHANGE RATE DEVELOPMENTS NOVEMBER 2023

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	November 29, 2023	crude oil (US\$/bbl)	\$78.78	-\$7.88	\$86.66
Reserve Bank of Australia	4.35%	0.00	December 5, 2023	whole milk (US\$/t)	\$3,027.00	-\$32.00	\$3,059.00
US Federal Reserve	5.25% - 5.50%	0.00	November 1, 2023				
European Central Bank	4.50%	0.00	October 26, 2023				
Bank of England	5.25%	0.00	November 2, 2023				

USD* per other currencies (month average)					
	Nov-22	Oct-23	Nov-23	Oct-23 (%)	Nov-22 (%)
NZD/USD	0.6049	0.5905	0.5986	1.38	-1.04
AUD/USD	0.6588	0.6353	0.6490	2.16	-1.48
EUR/USD	1.0186	1.0564	1.0803	2.26	6.05
USD/YEN	142.5589	149.4540	149.9418	-0.33	-5.18
USD/CNH	7.1899	7.3154	7.2390	1.04	-0.68
FJD/USD	0.4431	0.4368	0.4401	0.75	-0.67

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

Tala* per foreign currencies (month average)					
	Nov-22	Oct-23	Nov-23	Oct-23 (%)	Nov-22 (%)
USD/TALA	2.7594	2.7955	2.7723	0.83	-0.47
NZD/TALA	1.6686	1.6506	1.6593	-0.53	0.56
AUD/TALA	1.8173	1.7758	1.7990	-1.31	1.01
EUR/TALA	2.8101	2.9532	2.9946	-1.40	-6.56
Nom Index	100.1005	99.8189	99.7550	-0.06	-0.35
FJD/TALA	1.2224	1.2210	1.2200	0.08	0.20
TALA/YEN	51.6476	53.4617	54.0830	1.16	4.50
TALA/CNH	2.6053	2.6168	2.6110	-0.22	0.22

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



The USD became weaker on:

- A string of downbeat economic data out of the US (e.g disappointing labor data and low consumer sentiment);
- Statements from Federal Reserve officials pointing to a likely peak in US interest rates and potential monetary policy shifts;
- Moody's decision to downgrade the US credit rating triggering political and governance concerns;
- US treasury yields unexpectedly declined after US CPI data moderated in October.

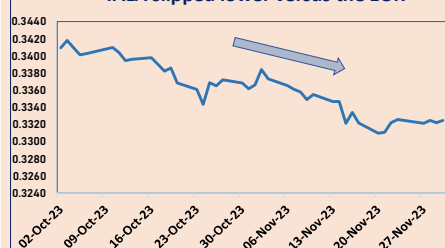
TALA strengthened vs USD



EUR appreciated vs the USD on:

- The positive economic data out of the Eurozone (better than expected retail sales, current account exceeding expectations in September);
- The greenback's broad weakness on market bets the US Federal Reserve has completed its interest rate hiking series;
- Speeches from the ECB President, Christine Lagarde indicating Europe's monetary policy stance;

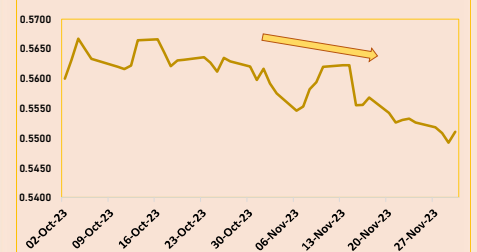
TALA slipped lower versus the EUR



The AUD inched higher against USD on:

- The wavering US dollar and upbeat economic releases out of Australia (e.g., a strong rebound on employment and the increased construction works);
- Accelerated risk appetite on speculations the US Federal Reserve Bank is done raising their policy interest rate;
- Favorable news about China's economic recovery and the appreciating Chinese currency.

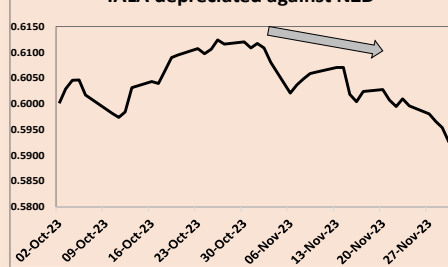
TALA weakened vs AUD



NZD strengthened vs USD due to:

- The greenback's broad weakness and the improved NZ economic data (e.g. increased business confidence and retail sales).
- Investors seeking riskier assets on expectations the US Fed has reached the end of its policy tightening plan;
- Favourable economic news out of China supporting the NZ dollar given the intricate relationship between NZ's economy and China's financial health.

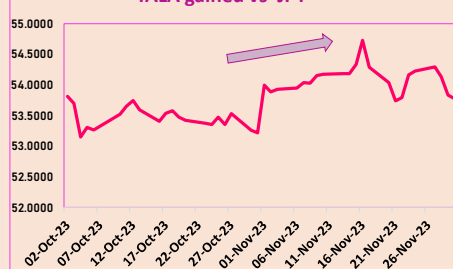
TALA depreciated against NZD



JPY slipped vs USD due to:

- The unfavorable economic data out of Japan (including the negative machinery order and producer prices in October, economic growth contracting in Q3);
- Investors edging out of safe haven currencies;
- The Bank of Japan maintaining a dovish policy stance and held rates unchanged at -0.1%.

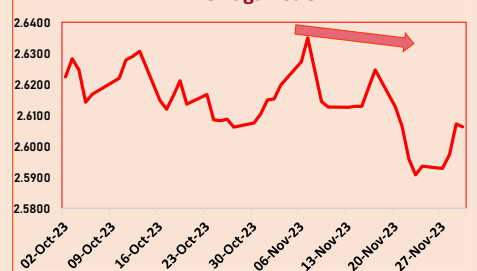
TALA gained vs JPY



CNH gained versus USD on:

- The upbeat economic releases (such as the strong retail sales and industrial production);
- Growing optimism about China's successful recovery;
- Signs of resilience after efforts from the PBoC to enhance the Chinese currency and injected 600-billion-yuan liquidity in China's economy.

TALA fell against CNH



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (11 Dec 2023)	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25
USA							
Fed Funds Rate	5.375	5.375	5.125	4.875	4.625	4.375	4.125
Australia							
RBA Cash Rate	4.35	4.35	4.35	4.35	4.10	3.85	3.60
New Zealand							
RBNZ Cash Rate	5.50	5.50	5.75	5.75	5.75	5.75	5.50
China							
PBOC Loan Prime Rate	3.45	3.40	2.90	2.90	2.90	2.90	2.90
Euro-Area							
ECB Refinance Rate	4.50	4.50	4.50	4.25	4.00	4.00	4.00
United Kingdom							
BOE Base Rate	5.25	5.25	5.25	5.25	5.25	5.00	4.75

Exchange rate forecasts

	Actual (11 Dec 2023)	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25
AUD/USD	0.6576	0.66	0.67	0.68	0.69	0.70	0.71
NZD/USD	0.6124	0.60	0.61	0.62	0.62	0.62	0.63
EUR/USD	1.0763	1.08	1.09	1.11	1.13	1.14	1.15
USD/JPY	144.9450	149	147	144	141	138	135
GBP/USD	1.2549	1.23	1.24	1.25	1.26	1.27	1.28
USD/CNH	7.1872	7.25	7.15	7.10	7.05	6.95	6.70

US economic indicators and outlook

	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23(f)	Mar24(f)	Jun 24(f)
GDP % qtr.	2.6	2.2	2.1	5.2 (2nd est)	1.5	0.5	0.5
%yr. annual change	0.9	1.7	2.4	2.9 (2nd est)	2.7	2.2	1.8
Unemployment rate %	3.6	3.5	3.6	3.7	3.8	3.9	4.3
CPI % YoY.	6.4	5.2	3.0	2.9	2.8	2.1	2.1

Australian economic indicators and outlook

	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23(f)	Mar 24(f)	Jun 24(f)
GDP % qtr.	0.9	0.5	0.4	0.2	0.2	0.3	0.3
% Year end	2.3	2.4	2.0	2.1	1.4	1.2	1.0
Unemployment rate %	3.5	3.6	3.6	3.7	3.8	4.1	4.5
CPI % qtr	1.9	1.4	0.8	1.2	0.8	0.7	0.8
Annual Change (%)	7.8	7.0	6.0	5.4	4.3	3.5	3.5

New Zealand economic indicators and outlook

	Dec 22	Mar 23	Jun 23	Sep 23(f)	Dec 23(f)	Mar24(f)	Jun 24(f)
GDP % qtr.	-0.5	0.0	0.9	-0.1	0.1	0.2	0.2
Annual avg change	2.7	2.9	3.2	1.6	1.2	1.0	0.6
Unemployment rate %	3.4	3.4	3.6	3.9	4.3	4.5	4.8
CPI % qtr.	1.4	1.2	1.1	1.8	0.6	0.9	0.7
Annual change (%)	7.2	6.7	6.0	5.6	4.8	4.4	4.1

Source: Bloomberg, Westpac Economics Update (November 2023), Trading Economics

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

FINANCIAL MARKETS DEPARTMENT

13 December 2023