



EXCHANGE RATE DEVELOPMENTS APRIL 2023

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	5.25%	+50	April 5, 2023	crude oil (US\$/bbl)	\$76.84	\$0.41	\$76.43
Reserve Bank of Australia	3.85%	+25	May 2, 2023	whole milk (US\$/t)	\$3,089.00	-\$139.00	\$3,228.00
US Federal Reserve	4.75% - 5.00%	+25	March 23, 2023				
European Central Bank	3.50%	+50	March 16, 2023				
Bank of England	4.25%	+25	March 24, 2023				

USD* per other currencies (month average)					
	Apr-22	Mar-23	Apr-23	Mar-23	Apr-22
NZD/USD	0.6776	0.6206	0.6210	0.06	-8.35
AUD/USD	0.7379	0.6678	0.6698	0.30	-9.23
EUR/USD	1.0832	1.0704	1.0961	2.40	1.19
USD/YEN	126.0018	133.7670	133.4556	0.23	-5.92
USD/CNH	6.4413	6.9010	6.8934	0.11	-7.02
FJD/USD	0.4739	0.4508	0.4517	0.20	-4.68

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

Tala* per foreign currencies (month average)					
	Apr-22	Mar-23	Apr-23	Mar-23	Apr-22
USD/TALA	2.6010	2.7288	2.7259	0.11	-4.80
NZD/TALA	1.7621	1.6933	1.6927	0.04	3.94
AUD/TALA	1.9189	1.8222	1.8256	-0.19	4.86
EUR/TALA	2.8173	2.9206	2.9876	-2.29	-6.05
Nom Index	99.7712	99.7020	99.6610	-0.04	-0.11
FJD/TALA	1.2327	1.2302	1.2311	-0.08	0.13
TALA/YEN	48.4336	49.0194	48.9576	-0.13	1.07
TALA/CNH	2.4760	2.5289	2.5288	0.00	2.09

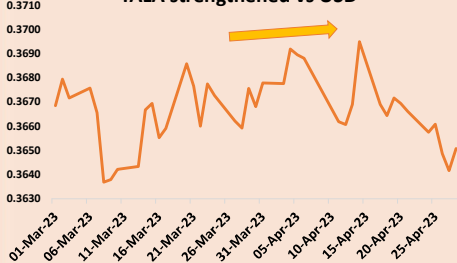
*with the exception of YEN and CNH which is YEN and CNH per TALA



The USD weakened on:

- A string of weak economic headlines showing signs of a possible recession for the world's largest economy, (including dramatic declines in manufacturing activities and the slower consumer spending);
- The mixed US inflation data reinforcing bets that the US Federal Reserve is very near to the end of its rate-hiking cycle.
- The improved economic indicators out of the US' major rivals.

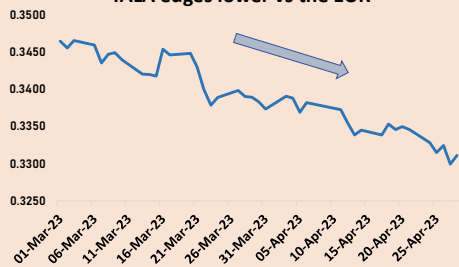
TALA strengthened vs USD



EUR traded higher vs the USD on:

- The single currency benefitting from the weaker US dollar;
- Favorable economic data such as the upbeat trade figures, the improved investor confidence and the increased factory activities;
- Germany releasing improved economic indicators, showing signs that Europe's powerhouse is gaining momentum.

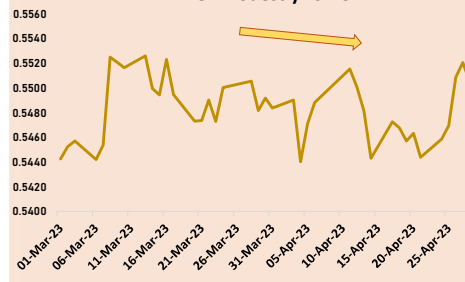
TALA edges lower vs the EUR



The AUD gained against the USD due to:

- The declined US greenback alongside the release of positive economic reports out of Australia;
- The elevated risk-on sentiment amid the mixed US inflation reports and the strong Chinese growth data;
- The RBA in its April policy meeting pausing their rate hiking cycle breaking a run of 10 rate hikes in a row.

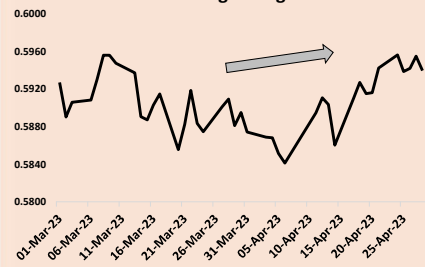
TALA fell modestly vs AUD



NZD also rose against USD amid:

- The weaker US greenback and the upbeat NZ economic releases;
- The soaring risk appetite amid positive reports out of NZ's major trading partner countries including China;
- An unexpected 50 basis point hike of NZ's Official Cash Rate (OCR) from the RBNZ to a more than 14-year high of 5.25%.

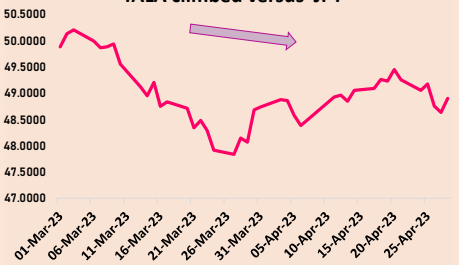
TALA extended gains against NZD



JPY inched higher vs USD due to:

- The weaker US dollar and the upbeat economic releases namely the accelerated manufacturing PMI with the services sector growing faster in March;
- The new BOJ Governor, Kazuo Ueda confident about maintaining its current ultra-easy yield curve control (YCC) policy.

TALA climbed versus JPY



CNH also appreciated against USD on:

- The positive economic releases out of China and the weaker US greenback.
- Chinese exports rose strongly as markets resumed activities after dropping the strict COVID-19 measures;
- A strong rebound on Chinese growth after the end of restrictions lifted the world's second-largest economy.

TALA traded flat against CNH



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (03 May 2023)	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24
USA							
Fed Funds Rate	4.875	5.125	5.125	4.875	4.375	3.875	3.375
Australia							
RBA Cash Rate	3.85	3.85	3.85	3.85	3.6	3.35	3.10
New Zealand							
RBNZ Cash Rate	5.25	5.50	5.50	5.50	5.50	5.25	4.75
China							
PBOC Loan Prime Rate	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Euro-Area							
ECB Refinance Rate	3.50	3.50	4.00	4.00	4.00	3.50	3.00
United Kingdom							
BOE Base Rate	4.25	4.25	4.25	4.25	4.00	3.75	3.50

Exchange rate forecasts

	Actual (03 May 2023)	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24	Sep 24
AUD/USD	0.6667	0.69	0.72	0.74	0.75	0.76	0.76
NZD/USD	0.6209	0.64	0.66	0.67	0.68	0.68	0.68
EUR/USD	1.1005	1.10	1.11	1.12	1.13	1.14	1.15
USD/JPY	136.5300	130	129	128	127	126	125
GBP/USD	1.2477	1.23	1.24	1.25	1.26	1.27	1.28
USD/CNH	6.9324	6.85	6.78	6.74	6.65	6.55	6.55

US economic indicators and outlook

	Jun 22	Sep 22	Dec 22	Mar 23(f)	Jun 23(f)	Sep 23(f)	Dec 23(f)
GDP % qtr.	-0.6	3.2	2.7	1.6	-1.1	-0.9	-0.6
%yr. annual change	1.8	1.9	0.9	1.7	1.6	0.6	-0.2
Unemployment rate %	3.6	3.6	3.6	3.5	3.6	4.0	4.3
CPI % YoY.	8.9	8.2	6.4	5.2	3.0	2.9	2.5

Australian economic indicators and outlook

	Jun 22	Sep 22	Dec 22	Mar 23(f)	Jun 23(f)	Sep 23(f)	Dec 23(f)
GDP % qtr.	0.9	0.7	0.5	0.4	0.2	0.1	0.2
% Year end	3.1	5.9	2.7	2.5	1.8	1.2	1.0
Unemployment rate %	3.8	3.5	3.5	3.6	3.5	3.9	4.5
CPI % qtr	1.8	1.8	1.9	1.4	1.1	0.7	0.7
Annual Change (%)	5.0	6.1	6.9	6.7	6.1	4.7	3.7

New Zealand economic indicators and outlook

	Jun 22	Sep 22	Dec 22	Mar 23(f)	Jun 23(f)	Sep 23(f)	Dec 23(f)
GDP % qtr.	1.6	1.7	-0.6	0.2	0.2	0.2	-0.2
Annual avg change	1.1	2.7	2.4	2.9	3.2	1.6	1.1
Unemployment rate %	3.3	3.3	3.4	3.4	3.6	3.8	4.0
CPI % qtr.	1.7	2.2	1.4	1.2	1.0	1.7	0.5
Annual change (%)	7.3	7.2	7.2	6.7	5.9	5.5	4.5

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

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