EXCHANGE RATE DEVELOPMENTS APRIL 2025

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated
Reserve Bank of NZ	**3.50%**	**-0.25**	April 9, 2025
Reserve Bank of Australia	**4.10%**	**no changes**	April 1, 2025
US Federal Reserve	**4.25% - 4.50%**	**no changes**	March 19, 2025
European Central Bank	**2.40%**	**-0.25**	April 17, 2025
Bank of England	**4.50%**	**no changes**	March 20, 2025

Commodity Prices	Average Price (USD)	Change	Prev Month
crude oil (US$/bbl)	$60.43	$12.45	$72.88
whole milk (US$/t)	$4,171.00	-$109.00	$4,062.00

USD* per other currencies (month average)

	Apr-24	Mar-25	Apr-25	Mar-25 (%)	Apr-24 (%)
NZD/USD	0.5959	0.5725	**0.5818**	1.63	-2.36
AUD/USD	0.6507	0.6300	**0.6283**	-0.26	-3.44
EUR/USD	1.0727	1.0793	**1.1184**	3.63	4.26
USD/YEN	153.6929	149.1067	**144.8398**	2.86	5.76
USD/CNH	7.2181	7.2550	**7.3026**	-0.66	-1.17
FJD/USD	0.4401	0.4335	**0.4333**	-0.05	-1.54

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

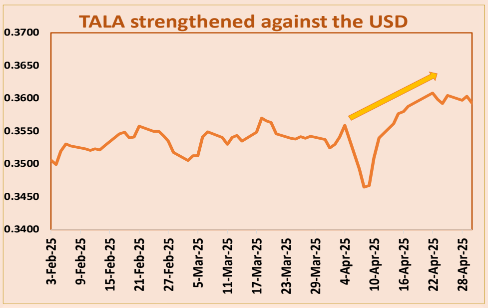
Tala* per foreign currencies (month average)

	Apr-24	Mar-25	Apr-25	Mar-25 (%)	Apr-24 (%)
USD/TALA	2.7746	2.8248	**2.8117**	0.46	-1.34
NZD/TALA	1.6531	1.6171	**1.6352**	-1.12	1.08
AUD/TALA	1.8052	1.7796	**1.7663**	0.75	2.16
EUR/TALA	2.9760	3.0483	**3.1439**	-3.14	-5.64
Nom Index	**99.7572**	**100.2994**	**100.2906**	**-0.01**	**0.53**
FJD/TALA	*1.2210*	*1.2247*	***1.2184***	*0.51*	*0.21*
TALA/YEN	*55.3924*	*52.7847*	***51.5029***	*-2.43*	*-7.55*
TALA/CNH	*2.6147*	*2.5683*	***2.5971***	*1.12*	*-0.68*

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

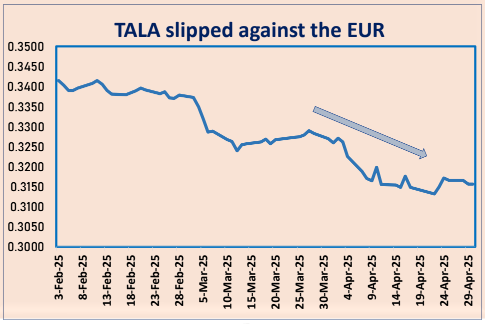
The US dollar weakened on:

- A string of unfavourable economic releases from the United States, such as a lower-than-anticipated job growth and subdued consumer sentiment.
- Ongoing changes to President Trump's aggressive tariff policies led both domestic and international investors to sell off their dollar-denominated assets.
- Rising trade tensions and fears of broader U.S. economic impact have significantly weakened market sentiment.



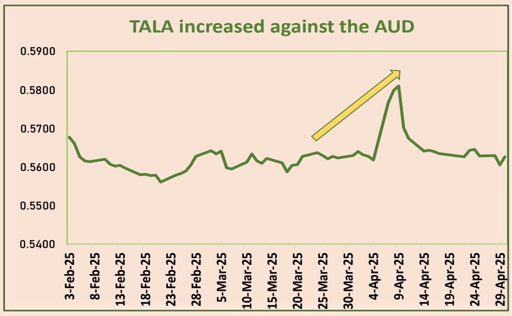
The EUR traded higher vs USD due to:

- The broad weakness of the greenback along with favourable economic releases out of Euro such as inflation remaining steady at 2.4%, with core inflation rising to 2.7%.
- Despite this uptick, traders anticipate the ECB will proceed with a rate cut in June due to heightened uncertainty from a global trade war.
- President Trump's aggressive tariffs raised investor fears about economic stability, triggering selloffs of dollar-based assets.



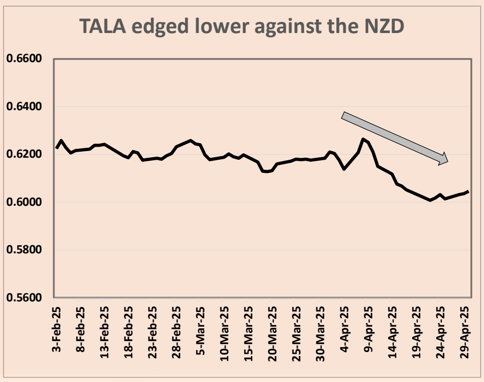
The AUD edged lower against the USD on:

- A sequence of downbeat economic reports out of Australia including lower employment numbers and weaker-than-expected inflation figures.
- China and Canada announced retaliatory tariffs on U.S. goods, escalating trade tensions and adding pressure on the Australian dollar.
- The RBA cash rate futures curve fully priced in 25 basis point cuts in April, June, and November, potentially lowering the cash rate from 4.35% to 3.60%.



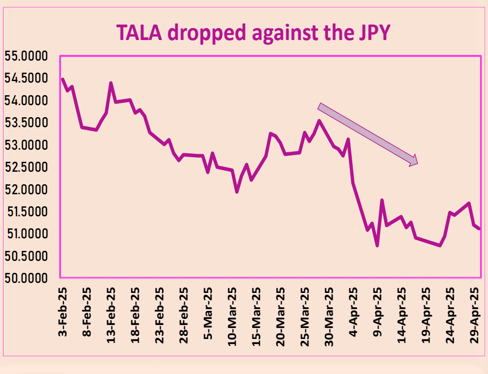
NZD increased against the USD due on

- A weaker USD and strong New Zealand data, including steady inflation and solid employment, supported the NZD.
- RBNZ cut OCR by 25bps to 3.50%, as expected.
- Rising U.S.-China trade tensions and retaliatory tariffs increased global market volatility, weakening risk-sensitive currencies like the NZD.



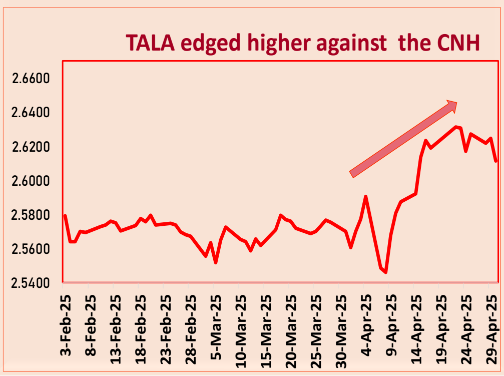
JPY appreciated vs the USD due to

- A string of encouraging economic indicators from Japan, including strong PMI figures, stable inflation, and 0.5% GDP growth in Q1.
- Further on that intensified trade tensions boosted demand for safe-haven assets like the Japanese Yen.
- The Bank of Japan's decision to raise interest rates to 0.5% in early 2025 bolstered the yen's appeal.



CNH edged lower vs. the USD on:

- Escalating trade tensions between China and the U.S., coupled with a 0.1% year-on-year decline in the Consumer Price Index (CPI) for the first quarter.
- Trump's tariff hike to 104% on Chinese goods sparked a 125% retaliation from China, causing the yuan to drop past ¥7.40 and triggering regional currency concerns.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (09 May 2025)	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26
USA						
Fed Funds Rate	4.50	4.375	4.125	3.875	3.875	3.875
Australia						
RBA Cash Rate	4.10	3.85	3.60	3.35	3.35	3.35
New Zealand						
RBNZ Cash Rate	3.50	3.25	3.25	3.25	3.25	3.50
China						
PBOC Loan Prime Rate	3.10	2.90	2.80	2.80	2.80	2.80
Euro-Area						
ECB Refinance Rate	2.50	2.00	1.75	1.75	1.75	1.75
United Kingdom						
BOE Base Rate	4.50	4.25	4.00	3.75	3.50	3.50

Exchange rate forecasts

	Actual (09 May 2025)	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26	Sep 26
AUD/USD	0.6397	0.62	0.63	0.65	0.66	0.67	0.68
NZD/USD	0.5902	0.56	0.56	0.57	0.57	0.58	0.59
EUR/USD	1.1225	1.10	1.10	1.11	1.12	1.13	1.14
USD/JPY	145.8800	145	143	141	139	137	136
GBP/USD	1.3251	1.28	1.29	1.30	1.31	1.32	1.33
USD/CNH	7.2457	7.36	7.40	7.35	7.28	-	-

US economic indicators and outlook

	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)
GDP % qtr.	3.1	2.3	0.5	1.1	2.2	2.1	1.5
%yr. annual change	2.7	2.5	2.2	1.7	1.5	1.5	1.7
Unemployment rate %	4.2	4.1	4.1	4.2	4.3	4.3	4.4
CPI % YoY.	**2.5**	**2.5**	2.4	2.3	2.3	2.2	2.4

Australian economic indicators and outlook

	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)
GDP % qtr.	0.3	0.6	0.4	0.4	0.6	0.5	0.5
% Year end	0.8	1.3	1.5	1.7	2.0	1.9	2.1
Unemployment rate %	4.1	4.0	4.1	4.2	4.4	4.5	4.5
CPI % qtr.	0.2	0.2	0.7	0.7	0.9	0.7	0.8
Annual Change (%)	2.8	2.4	2.2	2.0	2.7	3.2	3.1

New Zealand economic indicators and outlook

	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)
GDP % qtr.	-1.1	0.7	0.4	0.4	0.8	1.0	0.8
Annual avg change	0.1	-0.5	-1.1	-0.9	0.1	1.0	2.1
Unemployment rate %	4.8	5.1	5.3	5.4	5.4	5.3	5.2
CPI % qtr.	0.6	0.5	0.9	0.2	0.9	0.7	0.5
Annual change (%)	2.2	2.2	2.5	2.4	2.7	2.8	2.3

Source: Westpac Economics Update (March 2025), Trading Economics

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

FINANCIAL MARKETS DEPARTMENT
9 May 2025