



EXCHANGE RATE DEVELOPMENTS AUGUST 2025

Highlights:

| Policy Interest Rates | Current | Change (basis point) | Last Updated | Commodity Prices | Average Price (USD) | Change | Prev Month |
|---------------------------|---------------|----------------------|-----------------|----------------------|---------------------|-----------|------------|
| Reserve Bank of NZ | 3.00% | -0.25 | August 20, 2025 | crude oil (US\$/bbl) | \$68.91 | \$3.30 | \$72.21 |
| Reserve Bank of Australia | 3.60% | -0.25 | August 12, 2025 | whole milk (US\$/t) | \$4,036.00 | -\$108.00 | \$3,928.00 |
| US Federal Reserve | 4.25% - 4.50% | no changes | August 27, 2025 | | | | |
| European Central Bank | 2.15% | no changes | August 27, 2025 | | | | |
| Bank of England | 4.00% | -0.25 | August 7, 2025 | | | | |

USD* per other currencies (month average)

| | Aug-24 | Jul-25 | Aug-25 | Jul-25 (%) | Aug-24 (%) |
|---------|----------|----------|-----------------|------------|------------|
| NZD/USD | 0.6077 | 0.6004 | 0.5899 | -1.75 | -2.93 |
| AUD/USD | 0.6650 | 0.6543 | 0.6482 | -0.92 | -2.52 |
| EUR/USD | 1.1019 | 1.1689 | 1.1628 | -0.52 | 5.52 |
| USD/YEN | 146.2950 | 146.7817 | 147.7231 | -0.64 | -0.98 |
| USD/CNH | 7.1533 | 7.1743 | 7.1836 | -0.13 | -0.42 |
| FJD/USD | 0.4468 | 0.4442 | 0.4425 | -0.37 | -0.95 |

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

Tala* per foreign currencies (month average)

| | Aug-24 | Jul-25 | Aug-25 | Jul-25 (%) | Aug-24 (%) |
|-----------|----------------|-----------------|-----------------|-------------|-------------|
| USD/TALA | 2.7463 | 2.7589 | 2.7796 | -0.75 | -1.21 |
| NZD/TALA | 1.6686 | 1.6565 | 1.6398 | 1.01 | 1.73 |
| AUD/TALA | 1.8260 | 1.8051 | 1.8018 | 0.18 | 1.32 |
| EUR/TALA | 3.0261 | 3.2248 | 3.2320 | -0.22 | -6.80 |
| Nom Index | 99.7018 | 100.1902 | 100.2177 | 0.03 | 0.52 |
| FJD/TALA | 1.2269 | 1.2254 | 1.2300 | -0.38 | -0.26 |
| TALA/YEN | 53.2664 | 53.2002 | 53.1443 | -0.11 | -0.23 |
| TALA/CNH | 2.6046 | 2.6004 | 2.5843 | -0.62 | -0.78 |

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



The US dollar strengthened due to:

- Persistent inflation and resilient economic data contributed to the greenback's sustained strengthening throughout August.
- Geopolitical tensions, including the ongoing Russia-Ukraine conflict and instability in Europe, increased demand for safe-haven assets, particularly the US dollar.
- Political developments, such as President Trump's attempted removal of a Federal Reserve governor introduced uncertainty; however, the US dollar remained broadly stable.



The EUR weakened vs USD on:

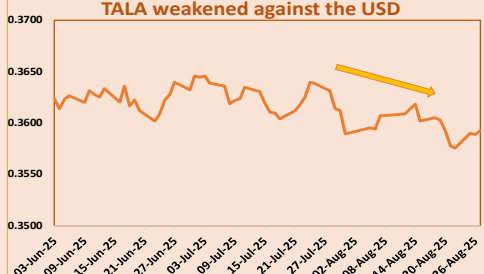
- A series of unfavourable economic releases from the Eurozone, including weak industrial production and employment data.
- Eurozone inflation rose to 2.1% in August, exceeding the European Central Bank's 2% target.
- Additionally, the European Central Bank's 'dovish' outlook contributed to the euro's depreciation.



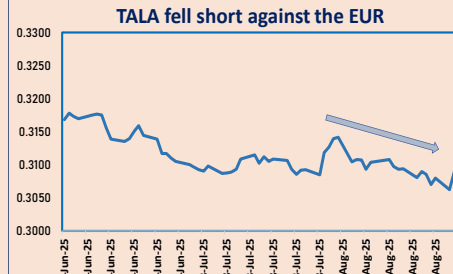
The AUD fell against the USD:

- A strengthening US dollar, coupled with disappointing domestic economic releases, including higher-than-expected inflation and weak manufacturing data.
- Investor sentiment was affected by geopolitical developments, notably US President Trump's attempts to influence the Federal Reserve leadership.
- The Reserve Bank of Australia reduced its cash rate to 3.60%, marking its third rate cut.

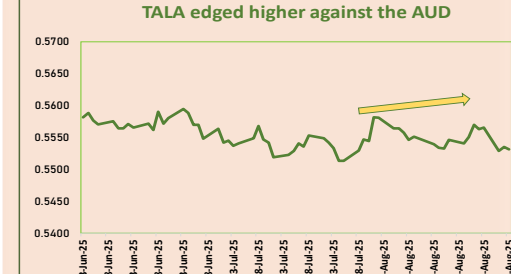
TALA weakened against the USD



TALA fell short against the EUR



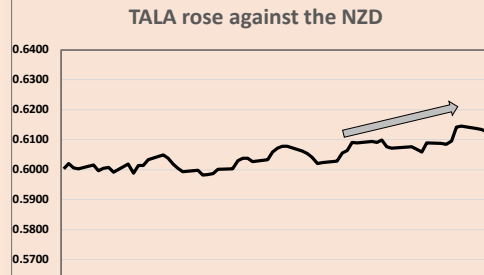
TALA edged higher against the AUD



NZD dropped against USD following:

- A series of weak economic releases, including subdued consumption and investment, a rising unemployment rate, and ongoing global trade tensions, which exerted downward pressure on the NZD throughout August.
- The Reserve Bank of New Zealand reduced its official cash rate by 25 basis points to 3.00%, the lowest level in three years.

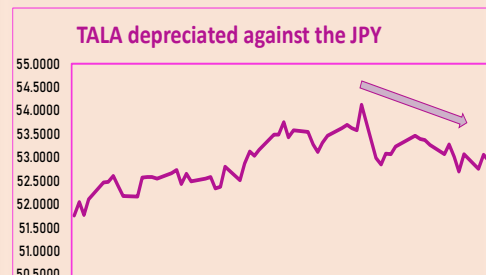
TALA rose against the NZD



JPY fell short versus the USD due to

- The U.S. imposed new tariffs on Japanese goods starting 1 August, raising concerns over exports and reducing demand for the yen.
- Uncertainty surrounding potential rate hikes by the Bank of Japan led investors to hesitate in supporting the yen. As global risk sentiment improved, the yen, traditionally a safe-haven currency, saw reduced demand.

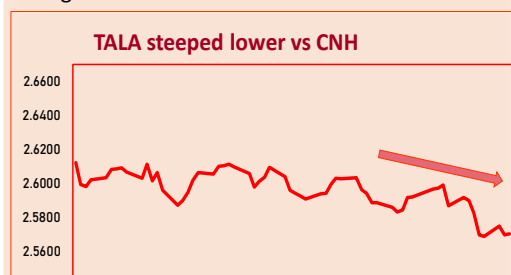
TALA depreciated against the JPY



CNH edged lower vs. the USD as:

- A series of disappointing economic releases, including consumer and producer inflation data falling short of expectations.
- Industrial output slowed to a seven-month low in July 2025, following a recent three-month high, and missed market forecasts.
- The People's Bank of China maintained its benchmark loan prime rates unchanged in August.

TALA steeped lower vs CNH



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

| | Actual (03 Sept 2025) | Sep 25 | Dec 25 | Mar 26 | Jun 26 | Sep 26 |
|-----------------------|--------------------------|--------|--------|--------|--------|--------|
| USA | | | | | | |
| Fed Funds Rate | 4.375 | 4.125 | 3.875 | 3.875 | 3.875 | 3.875 |
| Australia | | | | | | |
| RBA Cash Rate | 3.60 | 3.60 | 3.35 | 3.10 | 2.85 | 2.85 |
| New Zealand | | | | | | |
| RBNZ Cash Rate | 3.00 | 3.00 | 2.50 | 2.50 | 2.50 | 2.50 |
| China | | | | | | |
| PRC Loan Prime Rate | 3.00 | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 |
| Euro-Area | | | | | | |
| ECB Refinance Rate | 2.00 | 2.00 | 1.75 | 1.75 | 1.75 | 1.75 |
| United Kingdom | | | | | | |
| BOE Base Rate | 4.00 | 4.00 | 3.75 | 3.50 | 3.50 | 3.50 |

Exchange rate forecasts

| | Actual (03 Sept 2025) | Sep 25 | Dec 25 | Mar 26 | Jun 26 | Sep 26 | Dec 26 |
|---------|--------------------------|--------|--------|--------|--------|--------|--------|
| AUD/USD | 0.6514 | 0.66 | 0.68 | 0.69 | 0.70 | 0.71 | 0.71 |
| NZD/USD | 0.5858 | 0.60 | 0.61 | 0.61 | 0.62 | 0.62 | 0.62 |
| EUR/USD | 1.1632 | 1.17 | 1.18 | 1.19 | 1.19 | 1.20 | 1.20 |
| USD/JPY | 148.5150 | 143 | 141 | 139 | 137 | 136 | 135 |
| GBP/USD | 1.3377 | 1.35 | 1.36 | 1.36 | 1.37 | 1.37 | 1.37 |
| USD/CNH | 7.1405 | - | 7.15 | 7.15 | 7.11 | - | 7.04 |

US economic indicators and outlook

| | Mar25 | Jun25 | Sep25(f) | Dec25(f) | Mar26(f) | Jun26(f) | Sep26(f) |
|---------------------|-------|-------|----------|----------|----------|----------|----------|
| GDP % qtr. | -0.5 | 3.0 | 3.0 | 0.5 | 0.6 | 1.0 | 1.2 |
| %yr. annual change | 2.0 | 2.0 | 2.0 | 1.5 | 1.8 | 1.3 | 0.8 |
| Unemployment rate % | 4.1 | 4.2 | 4.3 | 4.5 | 4.7 | 4.8 | 4.9 |
| CPI % YoY. | 2.7 | 2.6 | 2.9 | 3.1 | 3.1 | 2.9 | 2.7 |

Australian economic indicators and outlook

| | Mar25 | Jun25 | Sep25(f) | Dec25(f) | Mar26(f) | Jun26(f) | Sep26(f) |
|---------------------|-------|-------|----------|----------|----------|----------|----------|
| GDP % qtr. | 0.2 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 |
| % Year end | 1.3 | 1.5 | 1.7 | 1.6 | 1.9 | 2.0 | 2.1 |
| Unemployment rate % | 4.1 | 4.2 | 4.3 | 4.4 | 4.4 | 4.5 | 4.5 |
| CPI % qtr. | 0.9 | 0.7 | 0.8 | 0.5 | 0.6 | 0.8 | 0.6 |
| Annual Change (%) | 2.4 | 2.1 | 2.7 | 2.9 | 2.6 | 2.7 | 2.5 |

New Zealand economic indicators and outlook

| | Mar25 | Jun25 | Sep25(f) | Dec25(f) | Mar26(f) | Jun26(f) | Sep26(f) |
|---------------------|-------|-------|----------|----------|----------|----------|----------|
| GDP % qtr. | 0.8 | 0.0 | 0.5 | 1.1 | 0.8 | 0.7 | 0.8 |
| Annual avg change | 1.1 | 0.9 | 0.0 | 1.0 | 1.7 | 2.4 | 2.8 |
| Unemployment rate % | 5.1 | 5.2 | 5.3 | 5.3 | 5.2 | 5.0 | 4.8 |
| CPI % qtr. | 0.9 | 0.5 | 1.1 | 0.5 | 0.5 | 0.2 | 0.8 |
| Annual change (%) | 2.5 | 2.7 | 3.1 | 3.1 | 2.6 | 2.3 | 2.0 |

Source: Westpac Economics Update (25 July 2025), Trading Economics

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