EXCHANGE RATE DEVELOPMENTS AUGUST 2026

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated
Reserve Bank of NZ	**2.50%**	**no changes**	July 8, 2026
Reserve Bank of Australia	**4.35%**	**no changes**	August 11, 2026
US Federal Reserve	**3.50%-3.75%**	**no changes**	July 29, 2026
European Central Bank	**2.40%**	**no changes**	July 23, 2026
Bank of England	**3.75%**	**no changes**	July 30, 2026

Commodity Prices	Average Price (USD)	Change	Prev Month
ICE Brent ($/BBL)	$97.27	$8.97	$88.30
whole milk (US$/t)	$3,585.00	-$6.00	$3,591.00

USD* per other currencies (month average)	Aug-25	Jul-26	Aug-26	Jul-26 (%)	Aug-25 (%)
NZD/USD	0.5899	0.5773	**0.5907**	2.32	0.14
AUD/USD	0.6482	0.6965	**0.7096**	1.88	9.47
EUR/USD	1.1628	1.1421	**1.1588**	1.46	-0.34
USD/YEN	147.7231	162.4441	**158.8838**	2.19	-7.56
USD/CNH	7.1836	6.7794	**6.7382**	0.61	6.20
FJD/USD	0.4425	0.4482	**0.4506**	0.54	1.83

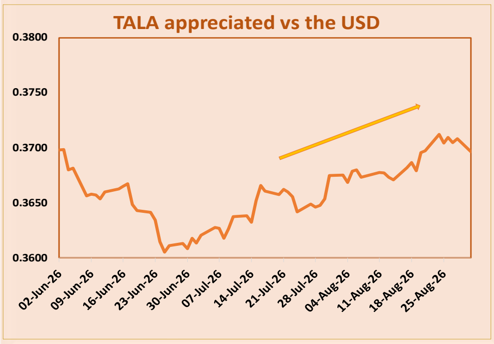
*with the exception of YEN and CNY which is YEN and CNY per USD

Tala* per foreign currencies (month average)	Aug-25	Jul-26	Aug-26	Jul-26 (%)	Aug-25 (%)
USD/TALA	2.7797	2.7451	**2.7119**	1.21	2.44
NZD/TALA	1.6398	1.5845	**1.6017**	-1.09	2.32
AUD/TALA	1.8018	1.9117	**1.9242**	-0.65	-6.79
EUR/TALA	3.2320	3.1352	**3.1425**	-0.23	2.77
Nom Index	**100.2177**	**101.0973**	**101.0589**	**-0.04**	**0.84**
FJD/TALA	*1.2300*	*1.2302*	***1.2220***	*0.67*	*0.66*
TALA/YEN	*53.1443*	*59.1765*	***58.5887***	*-0.99*	*9.29*
TALA/CNH	*2.5844*	*2.4696*	***2.4847***	*0.61*	*-4.01*

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

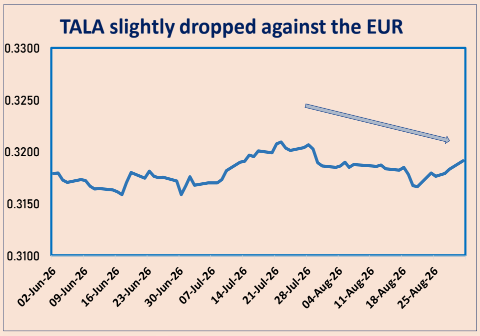
The US dollar weakened:

- As investors scaled back expectations for further US interest rate increases, reducing the attractiveness of US dollar-denominated assets. At the same time, easing global risks lowered demand for the US dollar as a safe-haven currency.
- The Federal Reserve maintained a cautious stance, keeping interest rates unchanged while noting that inflation risks had not fully subsided.



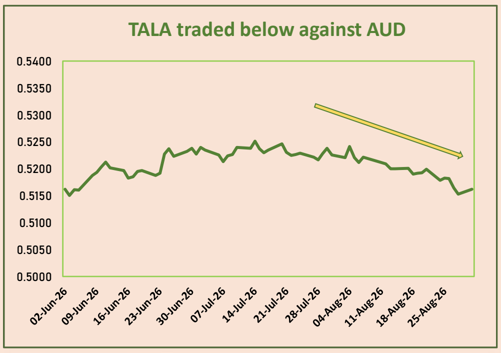
The EUR appreciated against USD:

- As investors increased expectations of further European Central Bank interest rate hikes, supported by resilient economic activity in the Eurozone, stronger inflation data, particularly from Germany, and persistent price pressures.
- The ECB maintained a hawkish stance, with markets anticipating a further rate increase following earlier policy tightening aimed at containing inflationary pressures, including those linked to higher energy prices.



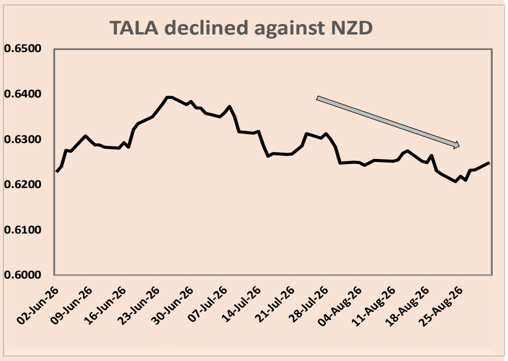
The AUD edged higher against the USD as:

- Australia's economy remained relatively resilient, inflation pressures persisted, and market expectations pointed to Australian interest rates remaining elevated for longer.
- The Reserve Bank of Australia (RBA) maintained its policy rate but retained a hawkish stance, signalling that further policy tightening could be considered if inflation remained above target.



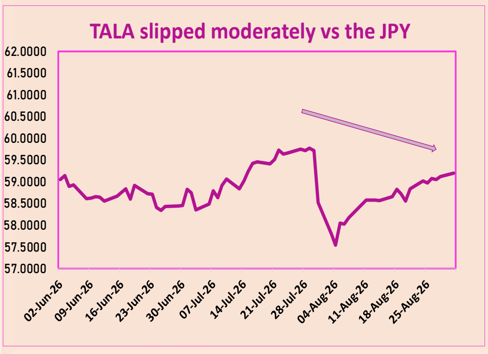
NZD gained against the greenback:

- As strong performance in the manufacturing sector and inflation remaining close to the Reserve Bank of New Zealand's (RBNZ) target supported demand for the NZD.
- The NZD was also supported by the RBNZ's hawkish monetary policy stance, as the central bank signalled that further policy tightening could be required to address ongoing inflationary pressures.



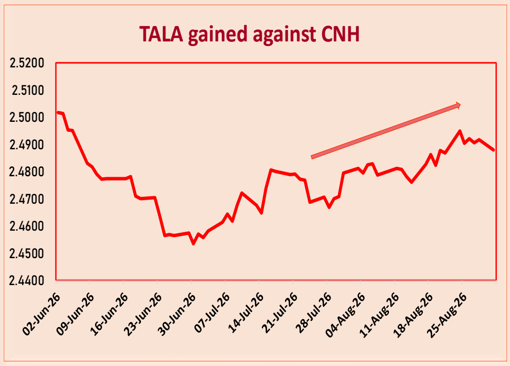
JPY strengthened vs the USD:

- As expectations grew that the Bank of Japan (BOJ) would continue moving towards higher interest rates, while Japanese authorities took measures to support the currency.
- The Bank of Japan adopted a more hawkish stance in August 2026 as inflation concerns increased, leading markets to anticipate further monetary policy normalisation and potential interest rate increases.



CNH surged vs the USD:

- As strong growth in money supply, continued credit expansion, resilient export performance, and ongoing growth in the technology sector supported demand for the renminbi.
- The People's Bank of China (PBOC) also supported the currency by promoting exchange rate stability and refraining from significant interest rate cuts or large-scale stimulus measures, helping to maintain investor



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (Aug 2026)	Sep 26	Dec 26	Mar 27	Jun 27	Sep 27
USA						
Fed Funds Rate	3.625	3.625	3.625	3.625	3.625	3.625
Australia						
RBA Cash Rate	4.35	4.35	4.35	4.35	4.35	4.10
New Zealand						
RBNZ Cash Rate	2.50	2.75	3.00	3.50	3.75	4.00
China						
PBOC Loan Prime Rate	3.00	2.80	2.80	2.80	2.80	2.80
Euro-Area						
ECB Refinance Rate	2.25	2.50	2.50	2.50	2.50	2.25
United Kingdom						
BOE Base Rate	3.75	3.75	3.75	3.75	3.75	3.75

Exchange rate forecasts

	Actual (Sep 2026)	Sep 26	Dec 26	Mar 27	Jun 27	Sep 27	Dec 27
AUD/USD	0.7145	0.71	0.72	0.72	0.73	0.73	0.73
NZD/USD	0.5786	0.59	0.60	0.62	0.64	0.65	0.66
EUR/USD	1.1556	1.16	1.17	1.18	1.19	1.20	1.21
USD/JPY	154.2250	162.00	160.00	160.00	158.00	156.00	154.00
GBP/USD	1.3511	1.35	1.35	1.36	1.37	1.38	1.39
USD/CNH	6.7088	6.70	6.70	6.70	6.64	6.60	6.59

US economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	2.1	1.7	1.6	1.5	1.9	1.9	1.8
%yr. annual change	2.6	2.3	1.6	1.8	1.9	1.6	1.8
Unemployment rate %	4.3	4.3	4.4	4.4	4.5	4.5	4.5
CPI % YoY	2.7	4.0	3.5	3.2	2.9	2.3	2.3
Annual change (%)	3.1	**3.3**	3.1	3.0	2.7	2.4	2.3

Australian economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	0.3	0.4	0.2	0.3	0.4	0.4	0.4
% Year end	2.5	2.1	1.8	1.2	1.3	1.3	1.5
Unemployment rate %	4.2	4.4	4.6	4.8	4.9	4.9	4.8
CPI % qtr.	1.4	0.6	1.1	0.8	0.6	0.6	0.8
Annual Change (%)	3.5	**3.6**	3.5	3.3	3.2	3.1	2.9

New Zealand economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	0.8	-0.1	0.6	0.7	1.0	0.5	0.6
Annual avg change	0.8	1.6	1.8	1.9	2.0	2.1	2.4
Unemployment rate %	5.4	5.6	5.5	5.4	5.3	5.2	5.1
CPI % qtr.	0.9	1.5	0.7	0.4	0.5	0.2	0.7
Annual change (%)	3.1	**4.1**	3.7	3.5	3.1	1.8	1.9

Source: Westpac Economics Update (07 September 2026), Trading Economics

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

FINANCIAL MARKETS DEPARTMENT
16 September 2026