

EXCHANGE RATE DEVELOPMENTS DECEMBER 2025

Highlights:

| Policy Interest Rates | Current | Change (basis point) | Last Updated | Commodity Prices | Average Price (USD) | Change | Prev Month |
|---------------------------|-------------|----------------------|-------------------|----------------------|---------------------|---------|------------|
| Reserve Bank of NZ | 2.25% | no changes | December 31, 2025 | crude oil (US\$/bbl) | \$63.23 | \$0.36 | \$63.59 |
| Reserve Bank of Australia | 3.60% | no changes | December 9, 2025 | whole milk (US\$/t) | \$3,407.00 | \$45.00 | \$3,452.00 |
| US Federal Reserve | 3.50%-3.75% | -0.25 | December 10, 2025 | | | | |
| European Central Bank | 2.15% | no changes | December 31, 2025 | | | | |
| Bank of England | 3.75% | -0.25 | December 18, 2025 | | | | |

| USD* per other currencies (month average) | | | | | |
|---|----------|----------|-----------------|--------|--------|
| | Dec-24 | Nov-25 | Dec-25 | Nov-25 | Dec-24 |
| NZD/USD | 0.5767 | 0.5656 | 0.5782 | 2.22 | 0.26 |
| AUD/USD | 0.6355 | 0.6505 | 0.6633 | 1.97 | 4.37 |
| EUR/USD | 1.0484 | 1.1560 | 1.1700 | 1.21 | 11.60 |
| USD/YEN | 153.2983 | 155.0620 | 155.7617 | -0.45 | -1.61 |
| USD/CNH | 7.2856 | 7.1089 | 7.0452 | 0.90 | 3.30 |
| FJD/USD | 0.4325 | 0.4374 | 0.4390 | 0.36 | 1.51 |

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

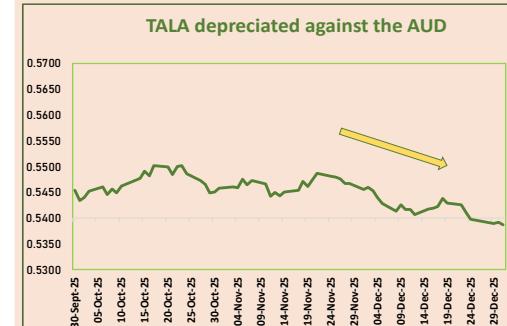
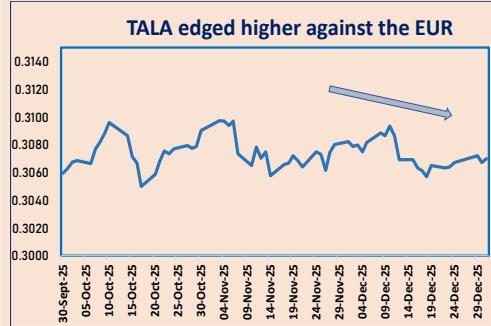
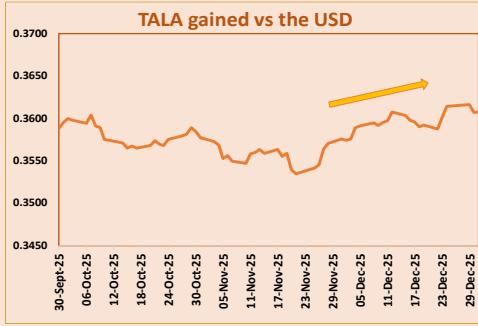
| Tala* per foreign currencies (month average) | | | | | |
|--|-----------------|-----------------|-----------------|--------------|-------------|
| | Dec-24 | Nov-25 | Dec-25 | Nov-25 | Dec-24 |
| USD/TALA | 2.8146 | 2.8130 | 2.7813 | 1.13 | 1.19 |
| NZD/TALA | 1.6230 | 1.5907 | 1.6079 | -1.08 | 0.93 |
| AUD/TALA | 1.7886 | 1.8298 | 1.8447 | -0.81 | -3.14 |
| EUR/TALA | 2.9509 | 3.2518 | 3.2539 | -0.06 | -10.27 |
| Nom Index | 100.0698 | 100.3961 | 100.3306 | -0.07 | 0.26 |
| FJD/TALA | 1.2172 | 1.2304 | 1.2209 | 0.77 | -0.31 |
| TALA/YEN | 54.4561 | 55.1228 | 56.0042 | 1.60 | 2.76 |
| TALA/CNH | 2.5884 | 2.5272 | 2.5331 | 0.23 | -2.19 |

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



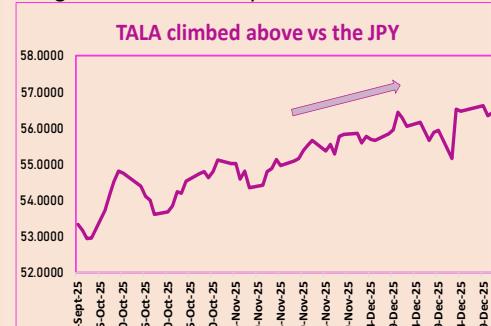
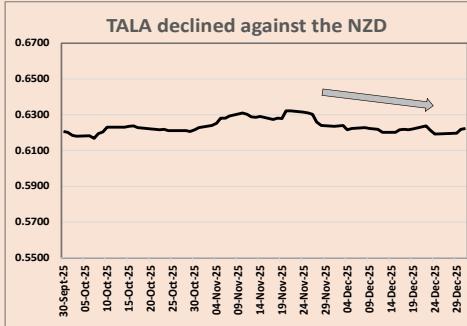
The US dollar weakened mainly:

- As investors increasingly priced in potential Federal Reserve interest-rate cuts following softer U.S. economic data, which reduced the dollar's yield advantage.
- On political developments that raised market concerns about the US Federal Reserve Bank's independence and future leadership, which unsettled markets and further weighed on the dollar.



NZD rose modestly against USD on:

- A softer US dollar and some positive domestic releases, including a sharp rise in business confidence that signalled economic optimism.
- Meanwhile, the RBNZ lowered its Official Cash Rate by 25 basis points to 2.25% at its most recent meeting, a move that was widely anticipated by markets.



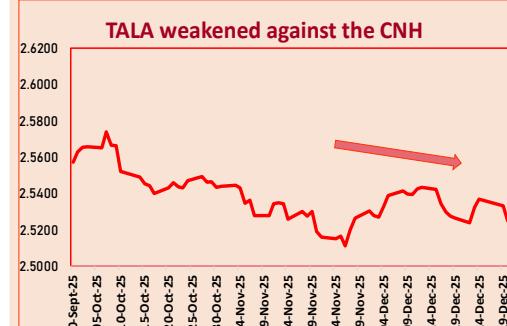
JPY traded lower vs the USD as:

- U.S. interest rates and bond yields remained significantly higher than those in Japan, making US dollar assets more attractive to investors.
- At the same time, the Bank of Japan maintained a cautious policy stance with limited tightening, while ongoing carry trade activity continued to favour the greenback over the yen.



CNH strengthened vs the USD on:

- A series of strong economic releases, including PMI data showing expansion in both manufacturing and services, which surprised markets and signalled continued economic resilience.
- Solid Chinese trade performance, increased year-end corporate demand for yuan, and supportive market sentiment contributed to strengthening the CNH.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

| | Actual (12 Jan 2026) | Dec 25 | Mar 26 | Jun 26 | Sep 26 | Dec 26 |
|-----------------------|-------------------------|--------|--------|--------|--------|--------|
| USA | | | | | | |
| Fed Funds Rate | 3.875 | 3.875 | 3.625 | 3.375 | 3.375 | 3.375 |
| Australia | | | | | | |
| RBA Cash Rate | 3.60 | 3.60 | 3.60 | 3.35 | 3.10 | 3.10 |
| New Zealand | | | | | | |
| RB NZ Cash Rate | 2.50 | 2.25 | 2.25 | 2.25 | 2.25 | 2.50 |
| China | | | | | | |
| PBOC Loan Prime Rate | 3.00 | 2.80 | 2.60 | 2.60 | 2.60 | 2.60 |
| Euro-Area | | | | | | |
| ECB Refinance Rate | 2.00 | 2.00 | 1.75 | 1.75 | 1.75 | 1.75 |
| United Kingdom | | | | | | |
| BOE Base Rate | 4.00 | 3.75 | 3.50 | 3.25 | 3.25 | 3.25 |

Exchange rate forecasts

| | Actual (12 Jan 2026) | Mar 26 | Jun 26 | Sep 26 | Dec 26 | Mar 27 | Jun 27 |
|---------|-------------------------|--------|--------|--------|--------|--------|--------|
| AUD/USD | 0.6682 | 0.67 | 0.69 | 0.70 | 0.71 | 0.72 | 0.72 |
| NZD/USD | 0.5730 | 0.57 | 0.58 | 0.59 | 0.60 | 0.62 | 0.63 |
| EUR/USD | 1.1636 | 1.17 | 1.18 | 1.19 | 1.19 | 1.20 | 1.20 |
| USD/JPY | 157.8900 | 151 | 149 | 147 | 145 | 144 | 142 |
| GBP/USD | 1.3404 | 1.33 | 1.34 | 1.35 | 1.36 | 1.37 | 1.38 |
| USD/CNH | 6.9758 | 7.00 | 7.00 | 6.95 | 6.90 | 6.88 | 7.01 |

US economic indicators and outlook

| | Sep25 | Dec25(f) | Mar26(f) | Jun26(f) | Sep26(f) | Dec26(f) | - |
|----------------------------|-------|----------|----------|----------|----------|----------|---|
| GDP % qtr. | 3.2 | 0.1 | 1.8 | 2.1 | 1.6 | 1.8 | - |
| % yr. annual change | 2.1 | 1.5 | 2.1 | 1.8 | 2.1 | 1.6 | - |
| Unemployment rate % | 4.4 | 4.6 | 4.7 | 4.8 | 4.8 | 4.7 | - |
| CPI % YoY. | 3.0 | 3.2 | 3.2 | 3.0 | 2.8 | 2.5 | - |
| Annual change (%) | 3.0 | 3.1 | 3.1 | 2.9 | 2.7 | 2.4 | - |

Australian economic indicators and outlook

| | Sep25 | Dec25(f) | Mar26(f) | Jun26(f) | Sep26(f) | Dec26(f) | Mar27(f) |
|----------------------------|-------|----------|----------|----------|----------|----------|----------|
| GDP % qtr. | 0.4 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| % Year end | 2.1 | 2.2 | 2.4 | 2.2 | 2.4 | 2.4 | 2.5 |
| Unemployment rate % | 4.3 | 4.3 | 4.4 | 4.5 | 4.6 | 4.6 | 4.6 |
| CPI % qtr. | 1.3 | 0.6 | 0.8 | 0.7 | 0.7 | 0.5 | 0.5 |
| Annual Change (%) | 3.2 | 3.6 | 3.4 | 3.4 | 2.7 | 2.7 | 2.7 |

New Zealand economic indicators and outlook

| | Sep25 | Dec25(f) | Mar26(f) | Jun26(f) | Sep26(f) | Dec26(f) | Mar27(f) |
|----------------------------|-------|----------|----------|----------|----------|----------|----------|
| GDP % qtr. | 1.1 | 0.5 | 0.9 | 0.4 | 0.8 | 0.9 | 1.1 |
| Annual avg change | -0.5 | 0.4 | 0.8 | 1.8 | 2.2 | 2.5 | 3.0 |
| Unemployment rate % | 5.3 | 5.3 | 5.3 | 5.2 | 5.1 | 4.9 | 4.7 |
| CPI % qtr. | 1.0 | 0.3 | 0.4 | 0.4 | 0.9 | 0.5 | 0.4 |
| Annual change (%) | 3.0 | 2.8 | 2.2 | 2.1 | 2.0 | 2.2 | 2.2 |

Source: Westpac Economics Update (22 December 2025), Trading Economics

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