

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

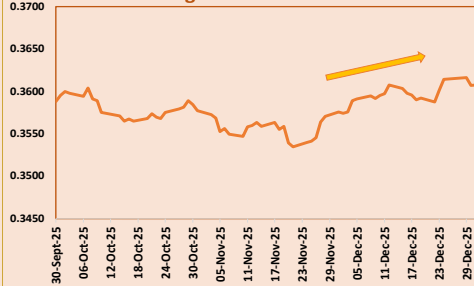
*with the exception of YEN and CNY which is YEN and CNY per TALA



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.

TALA gained vs the USD



The EUR appreciated vs USD as:

- The euro was supported in December by signs of economic resilience, including expanding Eurozone PMIs, inflation easing back toward the ECB's 2 percent target, and improving consumer and business confidence.
- These developments reduced expectations of near-term ECB rate cuts, making the euro more attractive relative to a weakening US dollar.

TALA edged higher against the EUR



The AUD gained against the USD due to:

- A series of favourable developments, including positive and strong domestic economic data, rising commodity prices and improved global risk sentiment.
- The weakening US dollar as markets increasingly priced in future Federal Reserve rate cuts, while Australia's policy outlook appeared more stable and less dovish.

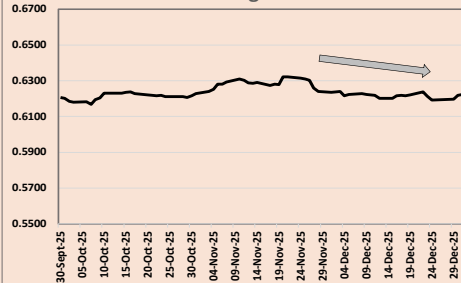
TALA depreciated against the AUD



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.

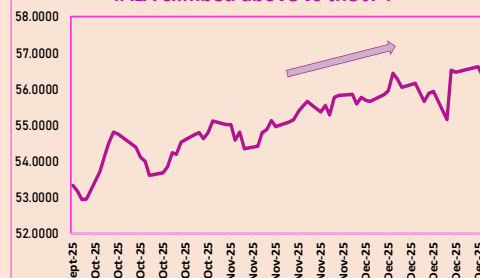
TALA declined against the NZD



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.

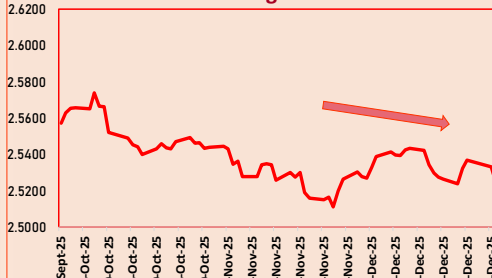
TALA climbed above vs the JPY



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.

TALA weakened against 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						
RBNZ Cash Rate	2.50	2.25	2.25	2.25	2.25	2.50
China						
PRC 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