

EXCHANGE RATE DEVELOPMENTS FEBRUARY 2025

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	3.75%	-0.50	February 19, 2025	crude oil (US\$/bbl)	\$72.88	\$2.03	\$74.91
Reserve Bank of Australia	4.10%	-0.25	February 18, 2025	whole milk (US\$/t)	\$4,153.00	\$16.00	\$4,169.00
US Federal Reserve	4.25% - 4.50%	-0.25	January 29, 2025				
European Central Bank	2.90%	-0.25	January 30, 2025				
Bank of England	4.50%	-0.25	February 6, 2025				

USD* per other currencies (month average)

	Feb-24	Jan-25	Feb-25	Jan-25 (%)	Feb-24 (%)
NZD/USD	0.6126	0.5631	0.5684	0.94	-7.23
AUD/USD	0.6527	0.6230	0.6302	1.15	-3.45
EUR/USD	1.0793	1.0354	1.0413	0.57	-3.53
USD/YEN	149.4600	156.5502	151.7668	3.06	-1.54
USD/CNH	7.2105	7.3155	7.2847	0.42	-1.03
FJD/USD	0.4440	0.4299	0.4311	0.27	-2.91

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

Tala* per foreign currencies (month average)

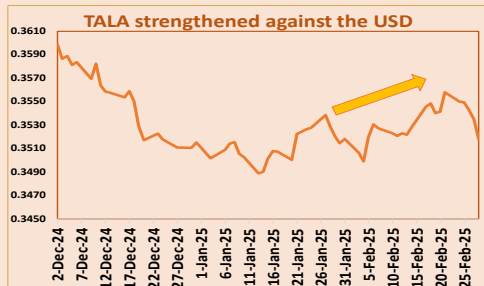
	Feb-24	Jan-25	Feb-25	Jan-25 (%)	Feb-24 (%)
USD/TALA	2.7514	2.8469	2.8317	0.53	-2.92
NZD/TALA	1.6855	1.6029	1.6094	-0.41	4.51
AUD/TALA	1.7957	1.7737	1.7844	-0.60	0.63
EUR/TALA	2.9696	2.9477	2.9486	-0.03	0.71
Nom Index	99.7052	100.3566	100.3148	-0.04	0.61
FJD/TALA	1.2216	1.2237	1.2207	0.25	0.07
TALA/YEN	54.3209	54.9894	53.5931	-2.54	-1.36
TALA/CNH	2.6206	2.5631	2.5725	0.37	-1.87

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



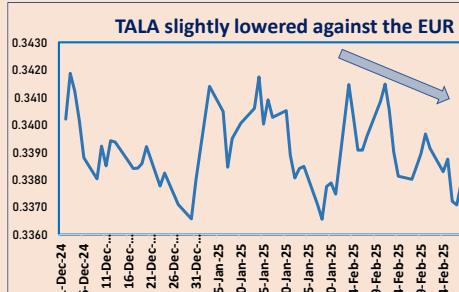
The US dollar weakened on:

- A string of unfavourable economic releases out of the United States, such as weaker-than-expected retail sales figures, an unexpected rise in headline inflation to 3%, and a core inflation increase to 3.3%.
- Moreover, new tariff threats from US President Donald Trump fuelled concerns about inflation, potentially limiting the scope for rate cuts.
- The FRBNY continued to focus on controlling inflation, stating there is no rush to cut rates since the economy remains strong.



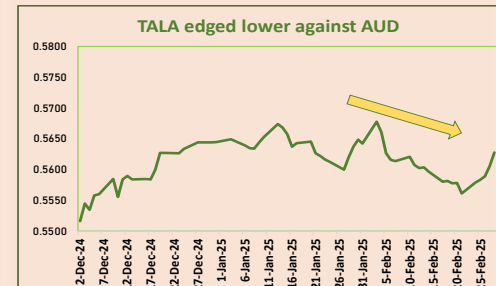
The EUR traded higher vs USD due to:

- A sequence of positive releases out of the Euro Area (steady inflation, favourable PMI, and retail sales data).
- Traders weighed in on President Trump's trade policies and the potential end of the war in Ukraine.
- Market sentiments after the EU vowed to retaliate against US tariffs on European steel and aluminium, deemed unjustified by European Commission Ursula von der Leyen, with firm countermeasures to be considered.



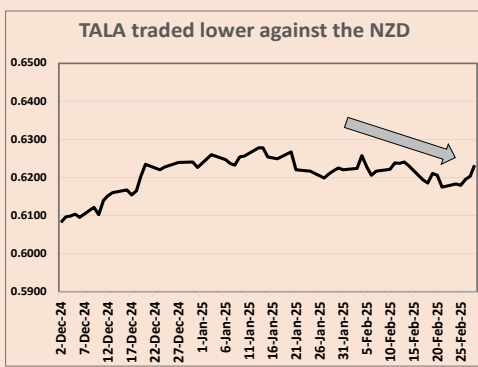
The AUD gained against the USD on:

- A chain of favourable economic releases out of Australia, such as stronger commodity prices, an increase in consumer confidence, and solid employment reports.
- The Reserve Bank of Australia lowered its cash rate by 25 basis points to 4.1%, as widely expected.
- However, the central bank signalled a more cautious approach to further policy easing in case the disinflation process stalls.



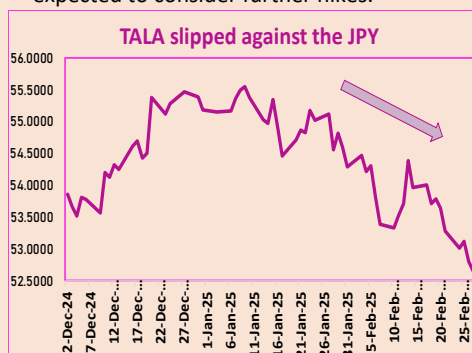
NZD strengthened against the USD due:

- A softened US greenback along with a string of upbeat releases out of New Zealand (improved employment data, an increase in retail spending and positive job reports).
- The RBNZ cut the official cash rate by 50bps to 3.75%, as widely expected, bringing the total easing over the past six months to 175bps.



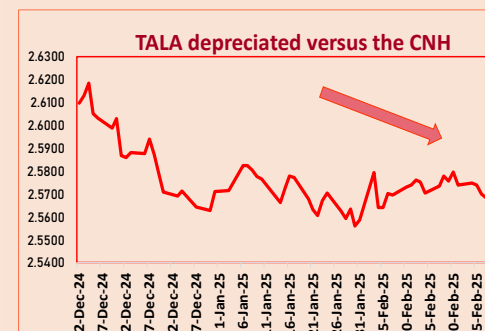
JPY appreciated vs the USD due to

- Positive economic reports out of Japan, namely the economy expanding by 0.7% (quarter on quarter) in the three months to December, accelerating from 0.4% growth in Q3 and surpassing the forecast of 0.3%.
- The Bank of Japan (BoJ) recently raised its short-term interest rate to 0.5% and is expected to consider further hikes.



CNH edged higher vs. the USD on:

- A string of positive economic releases out of China (positive PMI data, favourable consumer, and producer inflation figures).
- Market traders' easing concerns over the renewed U.S.-China trade tensions.
- The People's Bank of China decided to keep its base rate unchanged at 3.10% for the fourth consecutive month in February 2025.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (06 Mar 2025)	Mar 25	Jun 25	Sep 25	Dec 25	Mar 26
USA						
Fed Funds Rate	4.375	4.375	4.375	4.375	4.375	4.125
Australia						
RBA Cash Rate	4.10	4.10	3.85	3.60	3.35	3.35
New Zealand						
RBNZ Cash Rate	3.75	3.75	3.25	3.25	3.25	3.25
China						
PBOC Loan Prime Rate	3.10	2.90	2.80	2.80	2.80	2.80
Euro-Area						
ECB Refinance Rate	2.75	2.50	2.00	1.75	1.75	1.75
United Kingdom						
BOE Base Rate	4.50	4.50	4.25	4.00	3.75	3.50

Exchange rate forecasts

	Actual (06 Mar 2025)	Mar 25	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26
AUD/USD	0.6326	0.60	0.60	0.61	0.62	0.63	0.64
NZD/USD	0.5714	0.54	0.54	0.54	0.55	0.56	0.57
EUR/USD	1.0774	1.01	1.00	1.00	1.01	1.02	1.06
USD/JPY	149.1250	155	154	153	152	150	148
GBP/USD	1.2373	1.23	1.23	1.23	1.24	1.25	1.26
USD/CNH	7.2440	7.30	7.39	7.40	7.43	7.30	7.31

US economic indicators and outlook

	Jun 24	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)	Dec25(f)
GDP % qtr.	3.0	3.1	2.3	3.0	2.3	2.4	2.4
%yr. annual change	3.0	2.4	2.9	2.8	2.9	3.0	2.9
Unemployment rate %	4.0	4.2	4.1	4.2	4.2	4.3	4.3
CPI % YoY.	3.0	2.4	2.9	2.8	2.9	3.0	2.9

Australian economic indicators and outlook

	Mar24	Jun 24	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)
GDP % qtr.	0.2	0.2	0.3	0.4	0.6	0.5	0.5
% Year end	1.1	1.0	0.8	1.1	1.5	1.8	2.1
Unemployment rate %	3.9	4.1	4.1	4.1	4.2	4.4	4.5
CPI % qtr.	1.0	1.0	0.2	0.2	0.5	0.7	0.9
Annual Change (%)	3.6	3.8	2.8	2.4	2.0	1.7	2.4

New Zealand economic indicators and outlook

	Mar24	Jun 24	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)
GDP % qtr.	0.3	-1.1	-1.0	0.3 (f)	0.4	0.8	0.5
Annual avg change	1.4	0.6	0.1	-0.5 (f)	-1.2	-1.0	-0.1
Unemployment rate %	4.4	4.6	4.8	5.1	5.3	5.4	5.4
CPI % qtr.	0.6	0.4	0.6	0.5	0.6	0.5	1.0
Annual change (%)	4.0	3.3	2.2	2.2	2.3	2.7	2.6

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

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