EXCHANGE RATE DEVELOPMENTS JANUARY 2026

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated
Reserve Bank of NZ	**2.25%**	**no changes**	January 30, 2026
Reserve Bank of Australia	**3.60%**	**no changes**	January 30, 2026
US Federal Reserve	**3.50%-3.75%**	**no changes**	January 28, 2026
European Central Bank	**2.15%**	**no changes**	January 30, 2026
Bank of England	**3.75%**	**no changes**	January 30, 2026

Commodity Prices	Average Price (USD)	Change	Prev Month
crude oil (US$/bbl)	$65.38	-$2.15	$63.23
whole milk (US$/t)	$3,449.00	-$42.00	$3,407.00

USD* per other currencies (month average)

	Jan-25	Dec-25	Jan-26	Dec-25 (%)	Jan-25 (%)
NZD/USD	0.5631	0.5782	**0.5839**	0.99	3.69
AUD/USD	0.6230	0.6633	**0.6780**	2.22	8.83
EUR/USD	1.0354	1.1700	**1.1733**	0.28	13.32
USD/YEN	156.5502	155.7617	**156.7363**	-0.63	-0.12
USD/CNH	7.3155	7.0452	**6.9652**	1.14	4.79
FJD/USD	0.4299	0.4390	**0.4425**	0.80	2.93

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

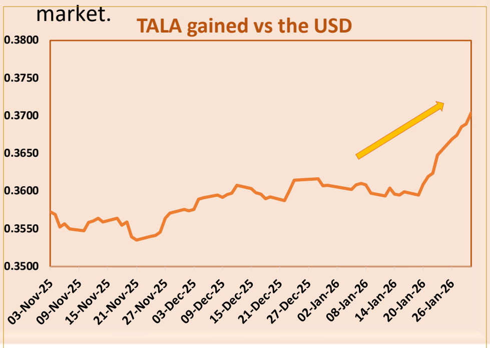
Tala* per foreign currencies (month average)

	Jan-25	Dec-25	Jan-26	Dec-25 (%)	Jan-25 (%)
USD/TALA	2.8469	2.7813	**2.7575**	0.85	3.14
NZD/TALA	1.6029	1.6079	**1.6097**	-0.11	-0.42
AUD/TALA	1.7737	1.8447	**1.8693**	-1.34	-5.39
EUR/TALA	2.9477	3.2539	**3.2355**	0.57	-9.76
Nom Index	**100.3566**	**100.3306**	**100.3160**	**-0.01**	**-0.04**
FJD/TALA	*1.2237*	*1.2209*	***1.2201***	*0.06*	*0.30*
TALA/YEN	*54.9894*	*56.0042*	***56.8335***	*1.48*	*3.24*
TALA/CNH	*2.5696*	*2.5331*	***2.5258***	*-0.29*	*-1.73*

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

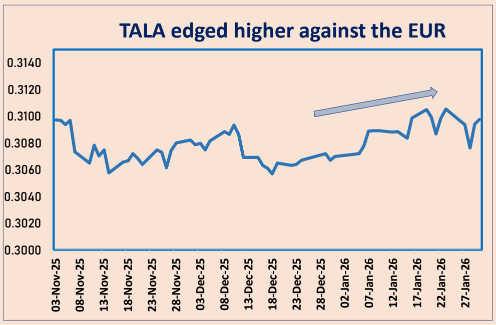
The US dollar weakened due to:

- A string of unfavourable economic releases, including the Federal Reserve's decision to pause its interest rate cuts, mixed inflation data, and PMI readings, alongside political uncertainty.
- The pause in Fed Fund Rate cuts, following three cuts in late 2025, signalled to markets that the US Federal Reserve was adopting a data-dependent approach amid still-elevated inflation and a stabilising labour market.



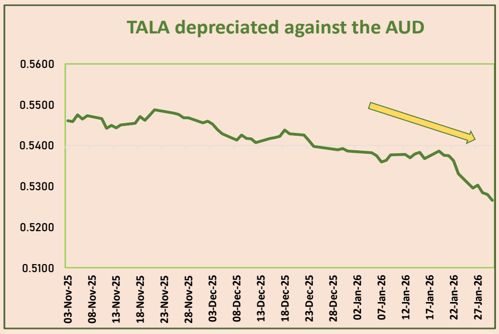
The EUR appreciated vs USD as:

- A sequence of positive economic releases from the eurozone, including data showing the economy expanded by 0.3% in Q4 2025, slightly above expectations, and a surge in overall economic sentiment to its highest level.
- The euro's strength was also driven by a US Fed rate pause and softer USD sentiment, while relatively firmer eurozone data supported the euro.



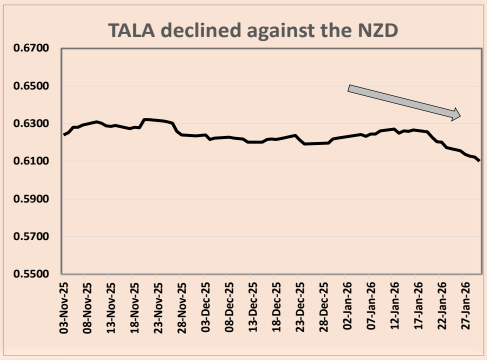
The AUD gained against the USD due to:

- Broad USD weakness stemming from the US Fed's rate pauses, alongside support from firm commodity prices and steady Australian economic data, which improved risk sentiment toward the Australian dollar.
- Stronger inflation data boosted expectations that the RBA might tighten policy sooner, supporting the Aussie unit. This hawkish stance lifted the AUD further against major currencies.



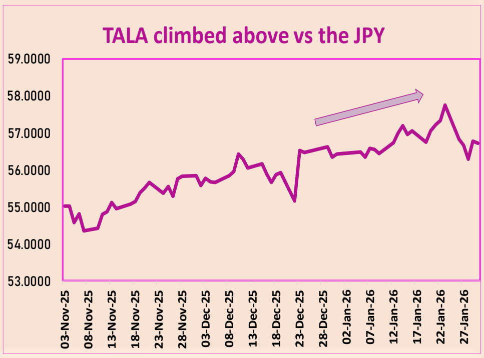
NZD rose modestly against USD on:

- A chain of positive domestic economic releases, including stronger-than-expected inflation and employment data, which reinforced expectations of central bank support and lifted investor confidence.
- Additionally, broader US dollar weakness helped the NZD rise toward multi-month highs as markets anticipated Fed rate cuts.



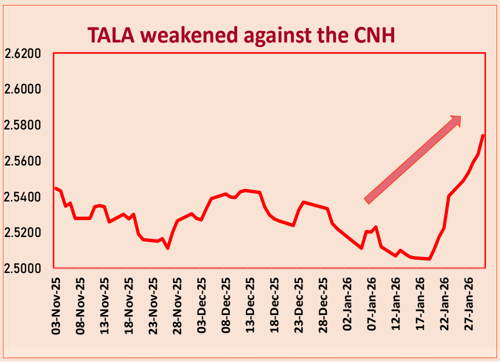
JPY traded lower vs the USD as:

- The greenback strengthened primarily due to ongoing yield differentials kept demand for the dollar high against the yen.
- Traders also priced in continued divergence between US monetary policy and the Bank of Japan's slower tightening pace, which structurally supported the US dollar's strength.



CNH strengthened vs the USD on:

- Broad US dollar weakness and seasonal export-related yuan demand helped lift the offshore yuan toward multi-month highs ahead of the Lunar New Year.
- Additionally, market confidence in China's economic outlook and expectations of domestic policy support, along with relatively attractive yield dynamics, further supported the yuan.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (Feb 2026)	Mar 26	Jun 26	Sep 26	Dec 26	Mar 27
USA						
Fed Funds Rate	3.625	3.375	3.375	3.375	3.375	3.375
Australia						
RBA Cash Rate	3.60	3.85	3.85	3.85	3.85	3.85
New Zealand						
RBNZ Cash Rate	2.50	2.25	2.25	2.25	2.50	2.75
China						
PBOC Loan Prime Rate	3.00	2.80	2.80	2.80	2.80	2.80
Euro-Area						
ECB Refinance Rate	2.00	1.75	1.75	1.75	1.75	1.75
United Kingdom						
BOE Base Rate	4.00	3.50	3.25	3.25	3.25	3.25

Exchange rate forecasts

	Actual (4 Feb 2026)	Mar 26	Jun 26	Sep 26	Dec 26	Mar 27	Jun 27
AUD/USD	0.7005	0.70	0.71	0.72	0.72	0.73	0.73
NZD/USD	0.6043	0.60	0.61	0.63	0.63	0.64	0.65
EUR/USD	1.1811	1.19	1.20	1.20	1.21	1.21	1.22
USD/JPY	155.6750	151	149	147	145	144	143
GBP/USD	1.3681	1.37	1.38	1.38	1.39	1.39	1.40
USD/CNH	6.9357	6.95	6.93	6.93	6.86	6.80	-

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	1.4	1.8	-
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	0.9	0.7	0.6	0.6	0.6	0.6
% Year end	2.1	2.4	2.8	2.6	2.9	2.6	2.5
Unemployment rate %	4.3	4.2	4.3	4.3	4.4	4.5	4.5
CPI % qtr.	1.3	0.6	0.8	0.6	0.8	0.4	0.6
Annual Change (%)	3.2	3.6	3.5	3.3	2.8	2.6	2.4

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	0.6	0.4	0.4	0.8	0.5	0.4
Annual change (%)	3.0	**3.1**	2.5	2.4	2.2	**2.1**	2.1

Source: Westpac Economics Update (02 February 2025), Trading Economics

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

FINANCIAL MARKETS DEPARTMENT
5 February 2026