

EXCHANGE RATE DEVELOPMENTS JULY 2025

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	3.25%	no changes	July 9, 2025	crude oil (US\$/bbl)	\$72.21	-\$5.16	\$67.05
Reserve Bank of Australia	3.85%	no changes	July 8, 2025	whole milk (US\$/t)	\$3,928.00	-\$69.00	\$3,859.00
US Federal Reserve	4.25% - 4.50%	no changes	July 30, 2025				
European Central Bank	2.15%	no changes	July 24, 2025				
Bank of England	4.25%	no changes	June 19, 2025				

USD* per other currencies (month average)

	Jul-24	Jun-25	Jul-25	Jun-25 (%)	Jul-24 (%)
NZD/USD	0.6037	0.6028	0.6004	-0.39	-0.54
AUD/USD	0.6676	0.6501	0.6543	0.64	-2.00
EUR/USD	1.0838	1.1516	1.1689	1.50	7.85
USD/YEN	158.1200	144.5690	146.7817	-1.53	7.17
USD/CNH	7.2819	7.1825	7.1743	0.12	1.48
FJD/USD	0.4444	0.4433	0.4442	0.19	-0.05

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

Tala* per foreign currencies (month average)

	Jul-24	Jun-25	Jul-25	Jun-25 (%)	Jul-24 (%)
USD/TALA	2.7497	2.7600	2.7589	0.04	-0.34
NZD/TALA	1.6596	1.6636	1.6565	0.43	0.19
AUD/TALA	1.8354	1.7943	1.8051	-0.60	1.65
EUR/TALA	2.9798	3.1782	3.2248	-1.47	-8.22
Nom Index	99.7066	100.1896	100.1902	0.00	0.49
FJD/TALA	1.2218	1.2235	1.2254	-0.16	-0.30
TALA/YEN	57.5109	52.3804	53.2002	1.57	-8.10
TALA/CNH	2.6483	2.6024	2.6004	-0.08	-1.84

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



The US dollar showed stability:

- The USD remained stable in July, supported in the short-term by safe-haven demand and strong US economic indicators, including solid retail sales and a decline in jobless claims.
- Geopolitical tensions and ongoing US-EU trade negotiations are continuing to contribute to market uncertainty.
- The US Federal Reserve held interest rates steady, though markets anticipate rate cuts by September, particular in light of new tariffs scheduled to take effect on 1 August.



The EUR strengthened vs USD due to:

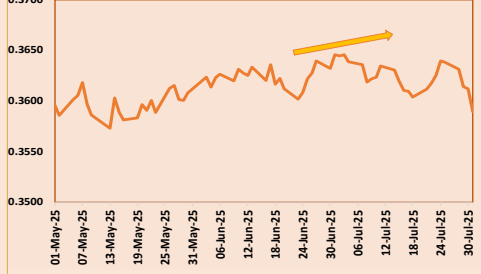
- A series of positive data releases from the Eurozone indicated stable growth, inflation near target, and resilient labour markets.
- Easing US-EU trade tensions following a fragile agreement in July, though persistent uncertainty continued to weigh on the euro.
- The ECB's decision to keep interest rates steady at around 2%, signalling a cautious stance with a low likelihood of further cuts this year.



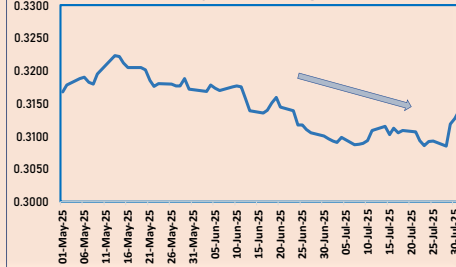
The AUD rose against the USD:

- Supported by improved risk appetite and stronger PMI data.
- However, it remained vulnerable to downside risks, including rising short positions, a hawkish US Fed, and ongoing global growth uncertainty.
- The RBA's decision to keep the cash rate at 3.85%, balancing steady inflation with concerns over trade tensions and subdued domestic growth, also contributed to the AUD's modest strength.

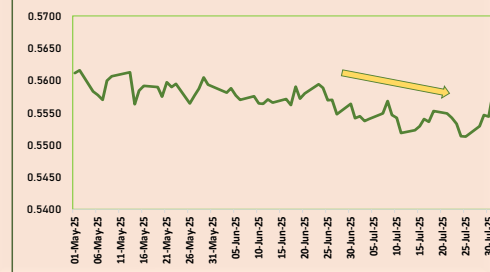
TALA strengthened against the USD



TALA stepped lower against the EUR



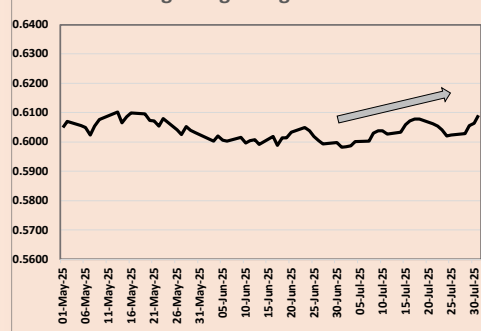
TALA weakened against the AUD



NZD slipped against the dollar following:

- A string of unfavourable economic data, marked by declining consumer confidence, weak growth, and ongoing US-China trade tensions, which continued to weigh on market sentiments.
- The RBNZ held the OCR at 3.25%, maintaining a cautious stance amid uncertainty, with future rate cuts remaining a possibility.

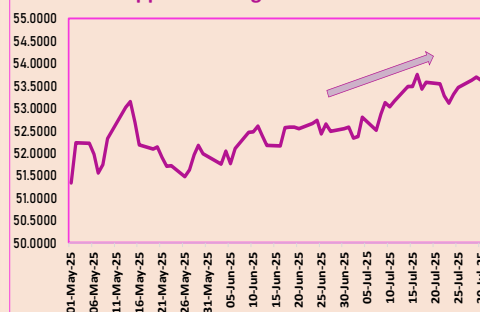
TALA edged higher against the NZD



JPY lost ground versus the USD due to

- The Bank of Japan's slower pace of policy normalisation, compared to the Fed's hawkish stance, persisted despite signs of economic resilience and an upgraded inflation outlook.
- The BOJ kept rates at 0.5%, with future hikes contingent on inflation trends and overall economic conditions.

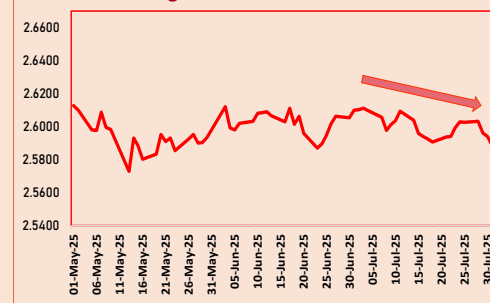
TALA appreciated against the JPY



CNH edged higher vs. the USD as:

- A sequence of positive economic releases from China indicated stronger-than-expected GDP growth, industrial output, retail sales, and high-tech investment.
- The PBOC maintained a cautious but accommodative stance, keeping the one-year Loan Prime Rate (LPR) at 3.10% and the five-year LPR at 3.60%, amid ongoing economic challenges.

TALA edged lower vs CNH



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (07ssss August 2025)	Sep 25	Dec 25	Mar 26	Jun 26	Sep 26
USA						
Fed Funds Rate	4.375	4.125	3.875	3.875	3.875	3.875
Australia						
RBA Cash Rate	3.85	3.60	3.35	3.10	2.85	2.85
New Zealand						
RBNZ Cash Rate	3.25	3.00	3.00	3.00	3.00	3.00
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	4.25	4.00	3.75	3.50	3.50	3.50

Exchange rate forecasts

	Actual (07 August 2025)	Sep 25	Dec 25	Mar 26	Jun 26	Sep 26	Dec 26
AUD/USD	0.6505	0.66	0.68	0.69	0.70	0.71	0.71
NZD/USD	0.5937	0.60	0.61	0.61	0.62	0.62	0.62
EUR/USD	1.1663	1.18	1.19	1.19	1.20	1.21	1.21
USD/JPY	147.0950	143	141	139	137	136	135
GBP/USD	1.3365	1.37	1.37	1.37	1.37	1.37	1.37
USD/CNH	7.1839	7.15	7.15	7.13	7.08	-	-

US economic indicators and outlook

	Mar25	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)	Jun26(f)	Sep26(f)
GDP % qtr.	-0.2	3.2	0.1	0.5	0.6	0.9	1.2
%yr. annual change	2.1	2.1	1.4	0.9	1.1	0.5	0.8
Unemployment rate %	4.1	4.2	4.3	4.5	4.7	4.8	4.9
CPI % YoY.	2.7	2.6	2.9	3.1	3.1	2.9	2.7

Australian economic indicators and outlook

	Mar25	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)	Jun26(f)	Sep26(f)
GDP % qtr.	0.2	0.6	0.4	0.5	0.5	0.5	0.6
% Year end	1.3	1.7	1.8	1.7	2.0	2.0	2.1
Unemployment rate %	4.1	4.2	4.3	4.4	4.4	4.5	4.5
CPI % qtr.	0.9	0.9	0.9	0.6	0.6	0.8	0.7
Annual Change (%)	2.4	2.3	3.0	3.4	3.1	2.9	2.7

New Zealand economic indicators and outlook

	Mar25	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)	Jun26(f)	Sep26(f)
GDP % qtr.	0.8	0.3	0.7	0.9	0.8	0.7	0.7
Annual avg change	-1.1	-0.8	0.2	1.3	2.1	2.7	2.9
Unemployment rate %	5.1	5.3	5.3	5.2	5.0	4.8	4.6
CPI % qtr.	0.9	0.5	0.9	0.5	0.5	0.4	0.9
Annual change (%)	2.5	2.7	3.0	3.0	2.5	2.3	2.3

Source: Westpac Economics Update (25 July 2025), Trading Economics
 Note: (a) – actual; (e) – estimate; (f) – forecast; (adv) – advance estimates