EXCHANGE RATE DEVELOPMENTS JULY 2026

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated
Reserve Bank of NZ	**2.50%**	**0.25**	July 8, 2026
Reserve Bank of Australia	**4.35%**	**no changes**	July 16, 2026
US Federal Reserve	**3.50%-3.75%**	**no changes**	July 29, 2026
European Central Bank	**2.40%**	**no changes**	July 23, 2026
Bank of England	**3.75%**	**no changes**	July 30, 2026

Commodity Prices	Average Price (USD)	Change	Prev Month
ICE Brent ($/BBL)	$88.30	$16.26	$72.04
whole milk (US$/t)	$3,591.00	$2.00	$3,589.00

USD* per other currencies (month average)

	Jul-25	Jun-26	Jul-26	Jun-26 (%)	Jul-25 (%)
NZD/USD	0.6004	0.5781	**0.5773**	-0.13	-3.85
AUD/USD	0.6543	0.7025	**0.6965**	-0.86	6.45
EUR/USD	1.1689	1.1512	**1.1421**	-0.79	-2.29
USD/YEN	146.7817	160.7531	**162.4441**	-1.05	-10.67
USD/CNH	7.1743	6.7807	**6.7794**	0.02	5.50
FJD/USD	0.4442	0.4521	**0.4482**	-0.86	0.90

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

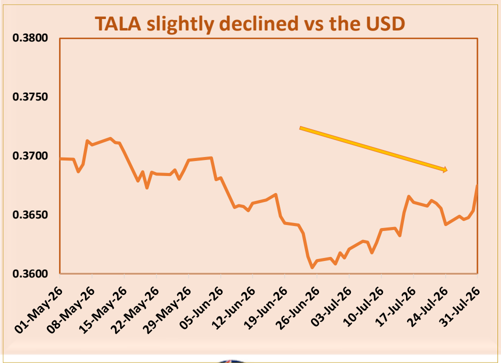
Tala* per foreign currencies (month average)

	Jul-25	Jun-26	Jul-26	Jun-26 (%)	Jul-25 (%)
USD/TALA	2.7589	2.7394	**2.7451**	-0.21	0.50
NZD/TALA	1.6565	1.5833	**1.5845**	-0.08	4.35
AUD/TALA	1.8051	1.9243	**1.9117**	0.65	-5.91
EUR/TALA	3.2248	3.1536	**3.1352**	0.58	2.78
Nom Index	**100.1902**	**100.3754**	**101.0973**	**0.72**	**0.91**
FJD/TALA	*1.2254*	*1.2385*	***1.2302***	*0.67*	*-0.39*
TALA/YEN	*53.2002*	*58.6792*	***59.1765***	*0.85*	*10.10*
TALA/CNH	*2.6004*	*2.3799*	***2.4696***	*3.77*	*-5.29*

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

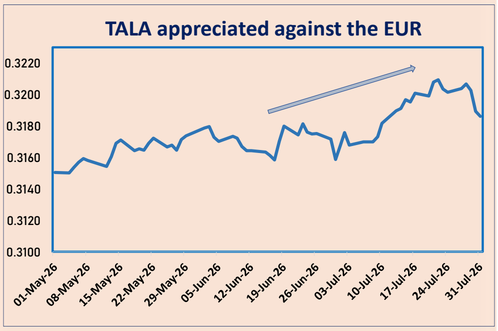
The US dollar strengthened:

- On strong economic data out of the United States and expectations that the Federal Reserve would keep interest rates higher for longer.
- In July 2026, the Federal Reserve maintained interest rates at 3.50 to 3.75 percent, reflecting ongoing concerns that inflation remained above target.



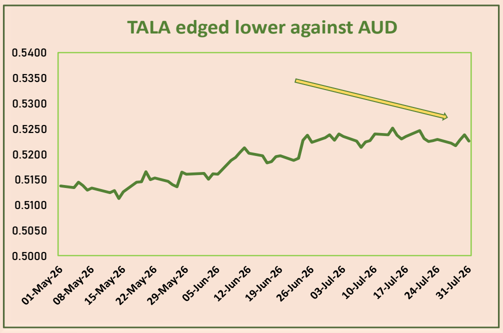
The EUR depreciated against USD:

- On weak economic growth, lower industrial production, and easing inflation in the Eurozone, which increased expectations of interest rate cuts by the European Central Bank.
- A more accommodative European Central Bank contrasted with stronger US economic conditions and expectations that US interest rates would remain higher for longer.



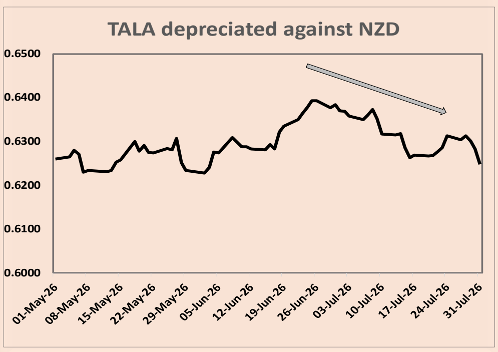
The AUD declined against the USD as:

- As inflation eased, labour market conditions softened, and expectations grew that the Reserve Bank of Australia would keep interest rates unchanged.
- The RBA maintained its policy interest rate at 4.35 percent in July 2026, signalling that interest rates may remain elevated for longer to ensure inflation remains under control.



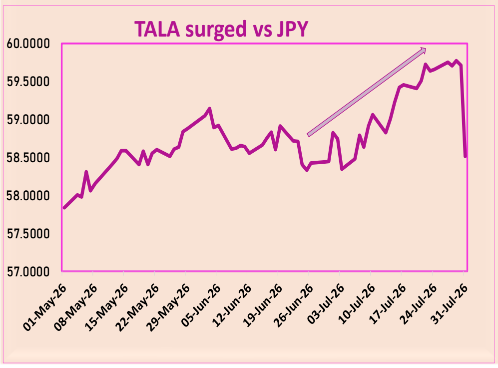
NZD fell short against the greenback:

- As stronger US economic conditions and expectations of higher US interest rates supported the US dollar, outweighing positive domestic economic data.
- The Reserve Bank of New Zealand (RBNZ) raised its Official Cash Rate (OCR) to 2.50 percent to help contain inflationary pressures.



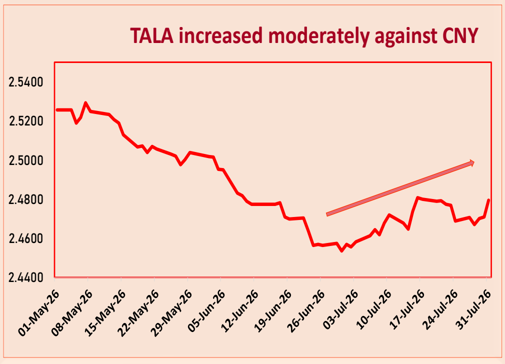
JPY weakened vs the USD:

- As soft domestic demand, low inflation pressures, and expectations that the Bank of Japan would maintain lower interest rates reduced demand for the currency.
- The Bank of Japan (BOJ) maintained an accommodative monetary policy stance in July 2026, keeping interest rates low while gradually normalising its policy settings.



CNH inched up vs the USD:

- As improving economic sentiment in China, government support measures, and signs of stabilisation in key sectors strengthened confidence in the currency despite the continued strength of the US dollar.
- The People's Bank of China (PBOC) maintained an accommodative monetary policy stance in July 2026, supporting economic growth while promoting exchange rate stability and confidence in the Chinese renminbi (CNH).



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (Aug 2026)	Sep 26	Dec 26	Mar 27	Jun 27	Sep 27
USA						
Fed Funds Rate	3.625	3.625	3.625	3.625	3.625	3.625
Australia						
RBA Cash Rate	4.35	4.35	4.35	4.35	4.35	4.10
New Zealand						
RBNZ Cash Rate	2.50	2.75	3.00	3.50	3.75	4.00
China						
PBOC Loan Prime Rate	3.00	2.80	2.80	2.80	2.80	2.80
Euro-Area						
ECB Refinance Rate	2.25	2.50	2.50	2.50	2.50	2.25
United Kingdom						
BOE Base Rate	3.75	3.75	3.75	3.75	3.75	3.75

Exchange rate forecasts

	Actual (Aug 2026)	Sep 26	Dec 26	Mar 27	Jun 27	Sep 27	Dec 27
AUD/USD	0.7086	0.71	0.72	0.72	0.73	0.73	0.73
NZD/USD	0.5873	0.59	0.60	0.62	0.64	0.65	0.66
EUR/USD	1.1576	1.16	1.17	1.18	1.19	1.20	1.21
USD/JPY	159.6050	162.00	160.00	159.00	158.00	156.00	154.00
GBP/USD	1.3534	1.35	1.35	1.36	1.37	1.38	1.39
USD/CNH	6.7470	6.76	6.73	6.70	6.70	6.55	6.56

US economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	2.1	1.7	1.6	1.5	1.9	1.9	1.8
%yr. annual change	2.6	2.3	1.6	1.8	1.9	1.6	1.8
Unemployment rate %	4.3	4.3	4.4	4.4	4.5	4.5	4.5
CPI % YoY	2.7	4.0	3.5	3.2	2.9	2.3	2.3
Annual change (%)	3.1	**3.3**	3.1	3.0	2.7	2.4	2.3

Australian economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	0.3	0.0	0.1	0.3	0.4	0.4	0.4
% Year end	2.5	1.6	1.3	0.7	0.9	1.2	1.4
Unemployment rate %	4.2	4.4	4.6	4.9	5.0	4.9	4.9
CPI % qtr.	1.4	0.6	1.3	1.0	0.7	0.6	0.9
Annual Change (%)	3.5	**3.6**	3.6	3.5	3.4	3.3	3.0

New Zealand economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	0.8	-0.1	0.6	0.7	1.0	0.5	0.6
Annual avg change	0.8	1.6	1.8	1.9	2.0	2.1	2.4
Unemployment rate %	5.3	5.6	5.5	5.4	5.3	5.2	5.1
CPI % qtr.	0.9	1.5	0.7	0.4	0.5	0.2	0.7
Annual change (%)	3.1	**4.1**	3.7	3.5	3.1	1.8	1.9

Source: Westpac Economics Update (10 August 2026), Trading Economics

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

FINANCIAL MARKETS DEPARTMENT
19 August 2026