



# EXCHANGE RATE DEVELOPMENTS JUNE 2024

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## Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	5.50%	0.00	May 22, 2024	crude oil (US\$/bbl)	\$84.90	\$2.25	\$82.65
Reserve Bank of Australia	4.35%	0.00	June 18, 2024	whole milk (US\$/t)	\$3,394.00	-\$14.00	\$3,408.00
US Federal Reserve	5.25% - 5.50%	0.00	June 12, 2024				
European Central Bank	4.25%	-0.25	June 6, 2024				
Bank of England	5.25%	0.00	June 20, 2024				

USD* per other currencies (month average)					
	Jun-23	May-24	Jun-24	May-24	Jun-23
				(%)	(%)
NZD/USD	0.6136	0.6059	<b>0.6143</b>	1.38	0.10
AUD/USD	0.6721	0.6620	<b>0.6644</b>	0.36	-1.15
EUR/USD	1.0844	1.0804	<b>1.0766</b>	-0.35	-0.72
USD/YEN	141.2769	155.9611	<b>157.7703</b>	-1.16	-11.67
USD/CNH	7.1682	7.2389	<b>7.2736</b>	-0.48	-1.47
FJD/USD	0.4495	0.4423	<b>0.4441</b>	0.40	-1.20

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

Tala* per foreign currencies (month average)					
	Jun-23	May-24	Jun-24	May-24	Jun-23
				(%)	(%)
USD/TALA	2.7333	2.7517	<b>2.7394</b>	0.45	-0.22
NZD/TALA	1.6771	1.6671	<b>1.6826</b>	-0.93	-0.33
AUD/TALA	1.8368	1.8215	<b>1.8198</b>	0.09	0.93
EUR/TALA	2.9639	2.9730	<b>2.9491</b>	0.80	0.50
<b>Nom Index</b>	<b>99.6729</b>	<b>99.7048</b>	<b>99.6782</b>	<b>-0.03</b>	<b>0.01</b>
FJD/TALA	1.2285	1.2170	<b>1.2164</b>	0.05	0.98
TALA/YEN	51.6876	56.6775	<b>57.5921</b>	1.61	10.25
TALA/CNH	2.6225	2.6307	<b>2.6552</b>	0.93	1.23

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



### The US dollar extended losses on:

- A string of unfavorable economic releases out of the US in the month (e.g., weaker than expected manufacturing data and construction spending, higher jobless claims, core inflation, and retail sales missing expectations).
- US Treasury bond yields dropped significantly on hopes the Fed will soon end the cycle of policy tightening.
- US economic activities remained lackluster after the Juneteenth National Holiday muted trading in the US.



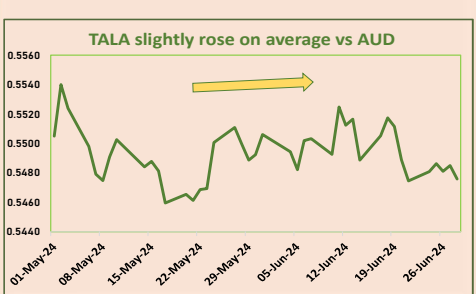
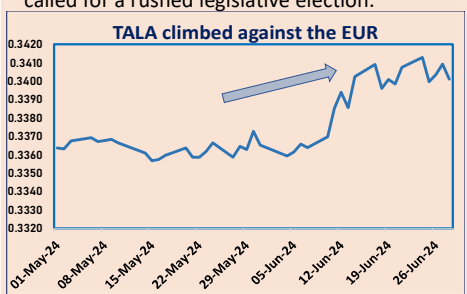
### The EUR moderated against the USD on:

- The downbeat economic releases out of the Eurozone (e.g., negative consumer confidence and industrial production, weak employment data, and slowed business activities in Germany).
- ECB interest rate cut for the first time since 2019 and subsequently raised inflation forecasts, triggering speculation for more cuts in September and December.
- Political jitters aroused by a decision by the French President to dissolve the parliament called for a rushed legislative election.



### The AUD inched higher vs. the USD on:

- The weaker US dollar and upbeat economic releases out of Australia (e.g., increased GDP growth and the widened trade surplus in April, along with the higher-than-expected CPI data).
- The RBA maintained interest rates as widely expected and is closely monitoring the country's inflation for its interest rate trajectory.
- Positive Chinese data is boosting sentiment in Australia's trading sector.
- Hawkish stance from the RBA Governor, Michele Bullock, during their monetary policy meeting in June.



### The NZD soared versus the USD aided by:

- The greenback's broad weakness alongside positive economic figures out of New Zealand (e.g., a strong rebound on GDP growth data in the March quarter and increased visitor arrivals).
- Elevated economic sentiment after Q1 growth data showed New Zealand's economy crawling out of recession this year.
- China, as one of New Zealand's close trading partners, expressed confidence in achieving its full-year growth target.



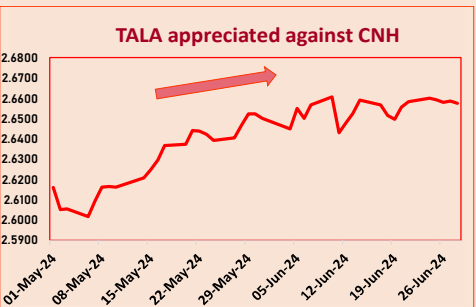
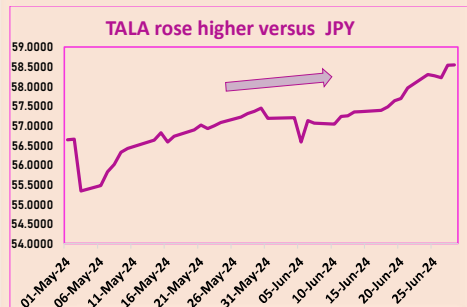
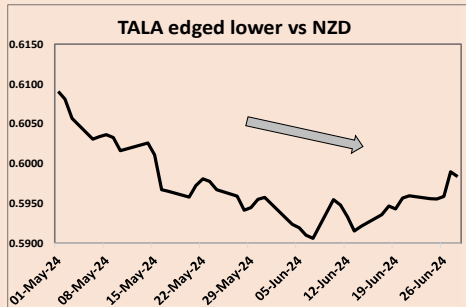
### JPY sharpened losses vs. USD due to:

- The unfavorable economic releases out of Japan (e.g., manufacturing PMI and capital spending missing expectations, the contracted GDP growth in March quarter, and the declined services index).
- The widened US-Japan interest rate differentials continued to pummel the yen.
- The Japanese government remains relatively obscure about its plans to begin reducing its bond purchases.



### CNH edged lower against the USD on:

- The downbeat economic releases that imply China's economy remained cloudy in June (e.g., weaker than expected industrial production in May, declining housing data, and hot inflation data).
- Beijing signaled a possible trade war over import tariffs on Chinese electric vehicles by the US and the European Union.
- Lack of fresh release to support the Chinese Yuan.



# ECONOMIC & FINANCIAL FORECASTS

## Policy Interest rate forecasts

	Actual (8 July 2024)	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25
<b>USA</b>							
Fed Funds Rate	5.375	5.375	5.125	4.875	4.625	4.375	4.125
<b>Australia</b>							
RBA Cash Rate	4.35	4.35	4.10	3.85	3.60	3.35	3.10
<b>New Zealand</b>							
RBNZ Cash Rate	5.50	5.50	5.50	5.25	5.00	4.75	4.50
<b>China</b>							
PBOC Loan Prime Rate	3.45	3.45	3.45	3.45	3.45	3.45	3.45
<b>Euro-Area</b>							
ECB Refinance Rate	4.25	4.00	3.75	3.50	3.25	3.25	3.25
<b>United Kingdom</b>							
BOE Base Rate	5.25	5.00	4.50	4.25	4.00	3.75	3.50

## Exchange rate forecasts

	Actual (8 July 2024)	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25
AUD/USD	0.6735	0.66	0.67	0.68	0.69	0.70	0.71
NZD/USD	0.6139	0.60	0.61	0.62	0.63	0.64	0.65
EUR/USD	1.0807	1.09	1.10	1.11	1.12	1.13	1.14
USD/JPY	160.7250	155	154	150	146	143	140
GBP/USD	1.2815	1.27	1.28	1.29	1.30	1.31	1.31
USD/CNH	7.2903	7.27	7.22	7.21	7.20	7.11	7.02

## US economic indicators and outlook

	Dec 23	Mar24	Jun 24(f)	Sep24(f)	Dec 24(f)	Mar25(f)	Jun25(f)
<b>GDP % qtr.</b>	3.4	1.2	2.6	1.8	1.6	1.6	-
%yr. annual change	3.1	2.9	3.0	2.2	1.8	1.8	-
<b>Unemployment rate %</b>	3.7	3.7	3.8	4.0	4.3	4.5	-
<b>CPI % YoY.</b>	2.5	2.5	2.3	2.2	2.1	2.0	-

## Australian economic indicators and outlook

	Dec 23	Mar24	Jun 24(f)	Sep24(f)	Dec 24(f)	Mar25(f)	Jun25(f)
<b>GDP % qtr.</b>	0.3	0.1	0.3	0.6	0.5	0.5	0.6
% Year end	1.6	1.1	1.0	1.4	1.6	2.0	2.2
<b>Unemployment rate %</b>	3.9	3.9	4.0	4.2	4.3	4.4	4.5
<b>CPI % qtr</b>	0.6	1.0	1.0	0.1	0.8	0.7	0.8
Annual Change (%)	4.1	3.6	3.8	2.7	2.9	2.7	2.4

## New Zealand economic indicators and outlook

	Dec 23	Mar24	Jun 24(f)	Sep24(f)	Dec 24(f)	Mar25(f)	Jun25(f)
<b>GDP % qtr.</b>	-0.1	0.2	-0.1	0.3	0.3	0.5	0.5
Annual avg change	0.6	0.2	-0.2	0.0	0.3	0.5	1.0
<b>Unemployment rate %</b>	4.0	4.3	4.6	4.9	5.2	5.3	5.4
<b>CPI % qtr.</b>	0.5	0.6	0.6	1.1	0.4	0.5	0.4
<b>Annual change (%)</b>	4.7	4.0	3.6	2.9	2.8	2.7	2.4

Source: Bloomberg, Westpac Economics Update (June 2024), Trading Economics

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