EXCHANGE RATE DEVELOPMENTS JUNE 2025

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated
Reserve Bank of NZ	**3.25%**	**no changes**	June 30, 2025
Reserve Bank of Australia	**3.85%**	**no changes**	June 30, 2025
US Federal Reserve	**4.25% - 4.50%**	**no changes**	June 18, 2025
European Central Bank	**2.15%**	**-0.25**	June 5, 2025
Bank of England	**4.25%**	**no changes**	June 19, 2025

Commodity Prices	Average Price (USD)	Change	Prev Month
crude oil (US$/bbl)	$67.05	-$1.64	$65.41
whole milk (US$/t)	$3,859.00	$314.00	$4,173.00

USD* per other currencies (month average)

	Jun-24	May-25	Jun-25	May-25 (%)	Jun-24 (%)
NZD/USD	0.6143	0.5934	**0.6028**	1.58	-1.87
AUD/USD	0.6644	0.6435	**0.6501**	1.03	-2.14
EUR/USD	1.0766	1.1278	**1.1516**	2.12	6.97
USD/YEN	157.7703	144.7138	**144.5690**	0.10	8.37
USD/CNH	7.2736	7.2110	**7.1825**	0.39	1.25
FJD/USD	0.4441	0.4406	**0.4433**	0.63	-0.17

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

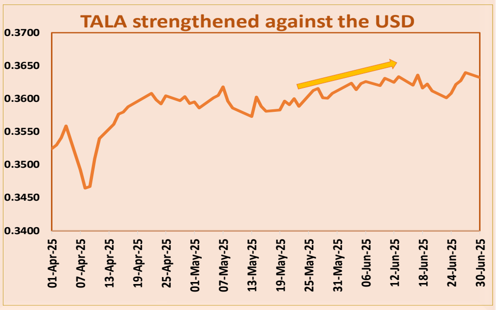
Tala* per foreign currencies (month average)

	Jun-24	May-25	Jun-25	May-25 (%)	Jun-24 (%)
USD/TALA	2.7394	2.7802	**2.7600**	0.73	-0.75
NZD/TALA	1.6826	1.6497	**1.6636**	-0.84	1.13
AUD/TALA	1.8198	1.7889	**1.7943**	-0.30	1.40
EUR/TALA	2.9491	3.1352	**3.1782**	-1.37	-7.77
Nom Index	**99.6782**	**100.2126**	**100.1896**	**-0.02**	**0.51**
FJD/TALA	*1.2164*	*1.2248*	***1.2235***	*0.11*	*-0.58*
TALA/YEN	*57.5921*	*52.0511*	***52.3804***	*0.63*	*-9.95*
TALA/CNH	*2.6552*	*2.5937*	***2.6024***	*0.34*	*-2.03*

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

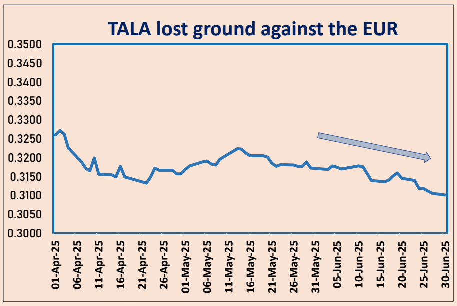
The US dollar weakened on:

- A series of weak economic reports, including a sharper-than-expected ISM Manufacturing PMI contraction for the third straight month, led to cautious market sentiment.
- Ceasefire progress and steady oil flow eased inflation fears, prompting traders to reduce risk-off positioning amid a more dovish Fed outlook.
- Market sentiments that US President Trump may name a new Fed Chair by fall, possibly steering policy more dovish.



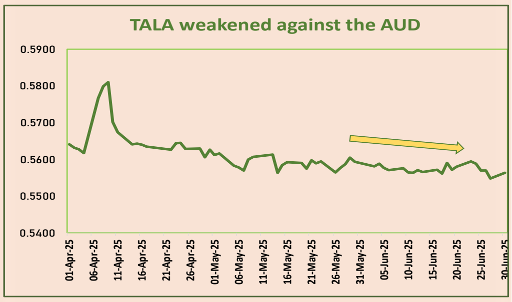
The EUR strengthened vs USD due to:

- Diverging ECB and Fed policies, combined with trade war concerns, boosted the Euro as investors moved away from US assets amid trade uncertainty.
- Easing Middle East geopolitical tensions, inflation risks, and monetary policy outlooks drove demand for the Euro.
- Policymakers indicated potential gradual rate hikes, balancing inflation concerns with economic growth risks.



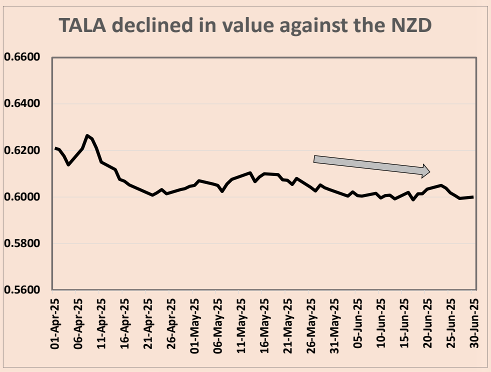
The AUD increased against the USD on:

- A series of positive economic reports from Australia, including strong private sector activity in June, with steady manufacturing and stronger services growth.
- Easing Middle East tensions and ceasefire progress boosted the Australian dollar as the US dollar weakened.



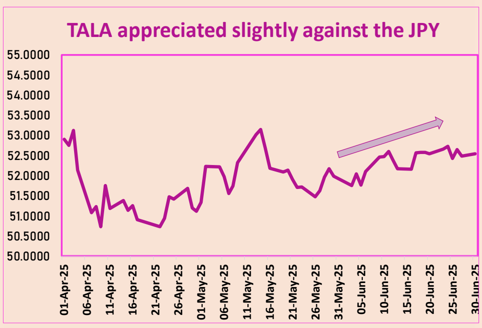
NZD gained against the USD due on

- A softer greenback amid ongoing trade tensions.
- US President Trump's Israel-Iran ceasefire announcement boosted the New Zealand dollar.
- Strong Q1 GDP growth in New Zealand raised hopes for just one more rate cut by November, boosting the currency.



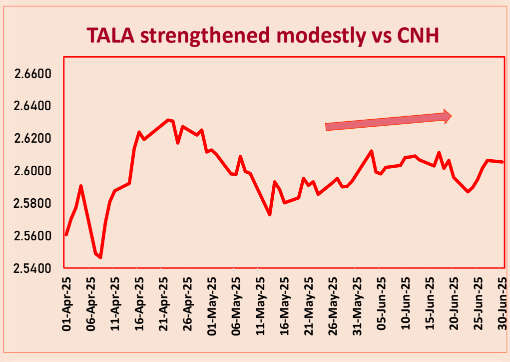
JPY appreciated vs the USD due to

- Revised data showed Japan's Q1 GDP was flat, improving from a previous contraction estimate.
- Improved market sentiment came from upcoming US-Iran talks and a holding ceasefire between Iran and Israel.
- US President Trump's tariff threats boosted safe-haven demand, lifting the yen.



CNH edged higher vs. the USD as:

- Mixed economic data, with robust retail sales offsetting weak industrial production.
- Broad US dollar weakness and easing tensions boosted the yuan.
- Improved risk sentiment following US President Trump's announcement of the Iran-Israel ceasefire also helped the yuan strengthen.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (10 July 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 (10 July 2025)	Sep 25	Dec 25	Mar 26	Jun 26	Sep 26	Dec 26
AUD/USD	0.6539	0.66	0.68	0.69	0.70	0.71	0.71
NZD/USD	0.6002	0.60	0.61	0.61	0.62	0.62	0.62
EUR/USD	1.1717	1.15	1.16	1.17	1.18	1.18	1.18
USD/JPY	146.3350	143	141	139	137	136	135
GBP/USD	1.3589	1.36	1.36	1.37	1.37	1.37	1.37
USD/CNH	7.1844	7.15	7.14	7.11	7.10	7.00	-

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	4.3	4.5	4.6	4.8	4.8	4.8
CPI % YoY.	2.7	2.7	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	2.0
Unemployment rate %	4.1	4.1	4.3	4.4	4.4	4.5	4.5
CPI % qtr.	0.9	1.0	0.9	0.6	0.6	0.8	0.7
Annual Change (%)	**2.4**	2.4	3.1	3.4	3.1	3.0	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	0.6	0.7	0.9	0.8	0.7	0.7
Annual avg change	-1.1	-0.7	0.4	1.5	2.4	3.0	3.0
Unemployment rate %	5.1	5.3	5.3	5.2	5.0	4.8	4.6
CPI % qtr.	0.9	0.6	0.8	0.5	0.5	0.4	0.9
Annual change (%)	**2.5**	2.8	3.0	2.9	2.5	2.2	2.3

Source: Westpac Economics Update (9 June 2025), Trading Economics

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

FINANCIAL MARKETS DEPARTMENT
10 July 2025