



EXCHANGE RATE DEVELOPMENTS MARCH 2024

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change
Reserve Bank of NZ	5.50%	0.00	February 28, 2024	crude oil (US\$/bbl)		-\$80.53
Reserve Bank of Australia	4.35%	0.00	March 19, 2024	whole milk (US\$/t)	\$3,143.00	-\$245.00
US Federal Reserve	5.25% - 5.50%	0.00	March 20, 2024			
European Central Bank	4.50%	0.00	March 7, 2024			
Bank of England	5.25%	0.00	March 21, 2024			

USD* per other currencies (month average)					
	Mar-23	Feb-24	Mar-24	Feb-24 (%)	Mar-23 (%)
NZD/USD	0.6206	0.6126	0.6091	-0.58	-1.85
AUD/USD	0.6678	0.6527	0.6561	0.51	-1.76
EUR/USD	1.0704	1.0793	1.0877	0.77	1.61
USD/YEN	133.7670	149.4600	149.6643	-0.14	-11.88
USD/CNH	6.9010	7.2105	7.2149	-0.06	-4.55
FJD/USD	0.4508	0.4440	0.4437	-0.07	-1.58

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

Tala* per foreign currencies (month average)					
	Mar-23	Feb-24	Mar-24	Feb-24 (%)	Mar-23 (%)
USD/TALA	2.7288	2.7514	2.7528	-0.05	-0.88
NZD/TALA	1.6933	1.6855	1.6765	0.54	1.00
AUD/TALA	1.8222	1.7957	1.8058	-0.56	0.90
EUR/TALA	2.9206	2.9696	2.9941	-0.82	-2.51
Nom Index	99.7020	99.7052	99.7064	0.00	0.00
FJD/TALA	1.2302	1.2216	1.2212	0.03	0.73
TALA/YEN	49.0194	54.3209	54.3670	0.08	9.84
TALA/CNH	2.5289	2.6206	2.6210	0.01	3.51

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



On average, the US dollar stabilized on:

- A string of positive economic data out of the US in the month (e.g., positive housing and GDP growth data, cooling inflation data, declined new jobless claims, and higher durable goods orders).
- Soft US inflation data is easing concerns about a renewed uptick in price pressures in the US.
- Reports indicate that Federal Reserve officials remain hesitant to ease monetary policy immediately and risk an inflation rebound.



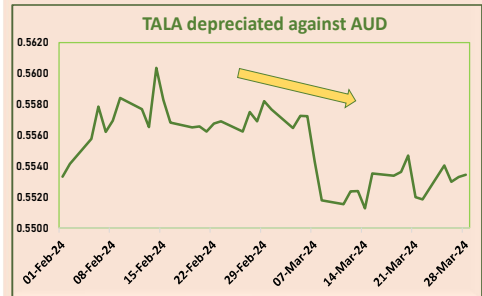
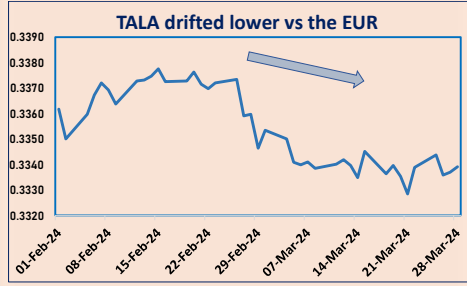
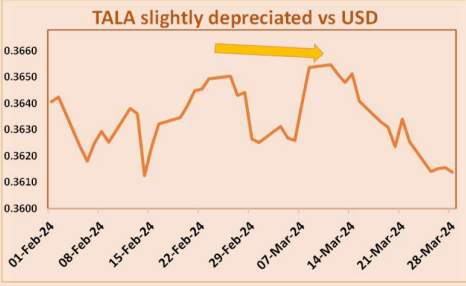
EUR strengthened against the USD on:

- The strong economic releases out of the Eurozone (e.g., higher services PMI data, improved industrial and economic sentiment in March, with both headline and core inflation recording above forecast in February, Germany's increased retail sales and trade surplus widening in January).
- The European Central Bank Council is beginning to discuss potential interest rate cuts as prospects of global inflation begin to fall.



The AUD edged higher vs the USD on:

- The positive data out of Australia (e.g., the increased construction works done in Q4, higher retail sales, improved services PMI data, and GDP growth rate with the unemployment rate falling lower than expected in February).
- Improved economic release out of Australia supports bets that the RBA will hold interest rates higher for longer.
- Investors are continuing to eye riskier investment opportunities.



NZD depreciated versus the USD due to:

- The stronger US dollar and the disappointing economic data out of NZ (e.g., weak business confidence and the decreasing dairy trade price index, the weaker than expected GDP growth rate, and a large decline on NZ's exports and manufacturing sales in Q4 2023).
- The lack of market-moving economic reports out of the country to support the New Zealand dollar.



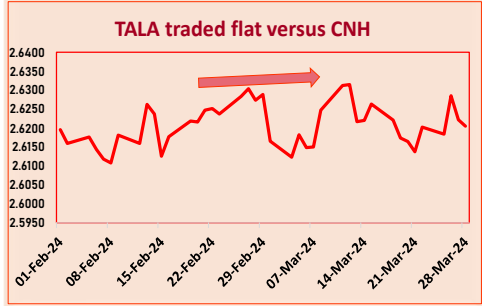
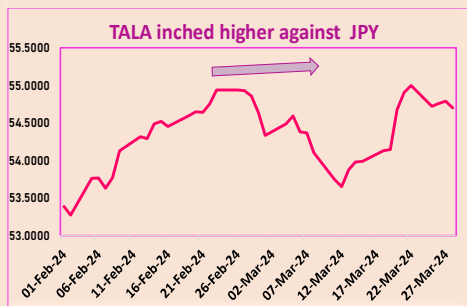
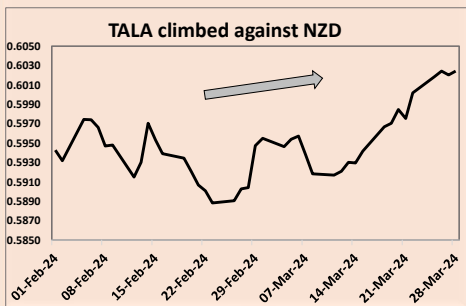
JPY dropped against USD given:

- The US dollar made broad gains along with the unfavorable economic releases out of Japan (including the weak manufacturing data and persistent declines in industrial production, and the lower-than-expected Q4 GDP growth rate).
- The Bank of Japan ending its eight years of negative interest rate policy by increasing interest rates from -0.1 to 0 was not enough to aid the Yen's steep losses.



CNH also weakened against the USD on:

- The dominant US greenback and the downbeat economic releases out of China (e.g., weak manufacturing growth and the lower services PMI data, along with the accelerated unemployment rate).
- An absence of impactful news and a quiet Chinese financial market with no major releases to support the Chinese Yuan.
- Doubts over China's economic recovery persist.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (08 Apr 2024)	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25
USA							
Fed Funds Rate	5.375	5.125	4.625	4.375	4.125	3.875	3.625
Australia							
RBA Cash Rate	4.35	4.35	4.10	3.85	3.60	3.35	3.10
New Zealand							
RBNZ Cash Rate	5.50	5.50	5.50	5.50	5.25	5.00	4.75
China							
PBOC Loan Prime Rate	3.45	3.45	3.45	3.45	3.45	3.45	3.45
Euro-Area							
ECB Refinance Rate	4.50	4.25	4.00	4.00	4.00	4.00	4.00
United Kingdom							
BOE Base Rate	5.25	5.00	4.75	4.50	4.25	4.00	4.00

Exchange rate forecasts

	Actual (08 Apr 2024)	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25
AUD/USD	0.6581	0.68	0.69	0.70	0.71	0.72	0.72
NZD/USD	0.6013	0.63	0.64	0.64	0.64	0.65	0.65
EUR/USD	1.0843	1.11	1.13	1.14	1.15	1.16	1.17
USD/JPY	151.5800	148	145	141	137	133	130
GBP/USD	1.2619	1.27	1.28	1.29	1.30	1.30	1.31
USD/CNH	7.2483	7.20	7.26	7.15	7.10	-	-

US economic indicators and outlook

	Jun 23	Sep 23	Dec 23	Mar24(f)	Jun 24(f)	Sep24(f)	Dec 24(f)
GDP % qtr.	2.1	4.9	3.3	2.4	1.7	1.5	1.6
%yr. annual change	2.4	2.9	3.1	3.2	3.1	2.2	1.8
Unemployment rate %	3.6	3.7	3.7	3.8	3.9	4.1	4.3
CPI % YoY.	3.0	2.9	2.5	2.3	2.2	2.1	2.0

Australian economic indicators and outlook

	Jun 23	Sep 23	Dec 23	Mar 24(f)	Jun 24(f)	Sep 24(f)	Dec 24(f)
GDP % qtr.	0.5	0.3	0.2	0.3	0.3	0.4	0.5
% Year end	2.1	2.1	1.5	1.3	1.1	1.3	1.6
Unemployment rate %	3.6	3.7	3.9	3.9	4.2	4.4	4.5
CPI % qtr	0.8	1.2	0.6	0.7	0.6	0.9	0.8
Annual Change (%)	6.0	5.4	4.1	3.4	3.1	2.8	3.0

New Zealand economic indicators and outlook

	Jun 23	Sep 23	Dec 23	Mar24(f)	Jun 24(f)	Sep24(f)	Dec 24(f)
GDP % qtr.	0.5	-0.3	-0.1	0.2	0.2	0.2	0.2
Annual avg change	3.0	1.3	0.6	0.2	-0.2	0.1	0.4
Unemployment rate %	3.6	3.9	4.0	4.3	4.6	4.9	5.1
CPI % qtr.	1.1	1.8	0.5	0.8	0.6	1.0	0.4
Annual change (%)	6.0	5.6	4.7	4.2	3.7	2.9	2.8

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

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