EXCHANGE RATE DEVELOPMENTS MARCH 2025

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated
Reserve Bank of NZ	**3.75%**	**-0.50**	March 31, 2025
Reserve Bank of Australia	**4.10%**	-	April 1, 2025
US Federal Reserve	**4.25% - 4.50%**	-	March 19, 2025
European Central Bank	**2.65%**	**-0.25**	March 6, 2025
Bank of England	**4.50%**	-	March 20, 2025

Commodity Prices	Average Price (USD)	Change	Prev Month
crude oil (US$/bbl)	$72.88	$3.85	$76.73
whole milk (US$/t)	$4,062.00	$91.00	$4,153.00

USD* per other currencies (month average)

	Mar-24	Feb-25	Mar-25	Feb-25 (%)	Mar-24 (%)
NZD/USD	0.6091	0.5684	**0.5725**	0.72	-6.01
AUD/USD	0.6561	0.6302	**0.6300**	-0.03	-3.97
EUR/USD	1.0877	1.0413	**1.0793**	3.65	-0.78
USD/YEN	149.6643	151.7668	**149.1067**	1.75	0.37
USD/CNH	7.2149	7.2847	**7.2550**	0.41	-0.56
FJD/USD	0.4437	0.4311	**0.4335**	0.57	-2.28

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

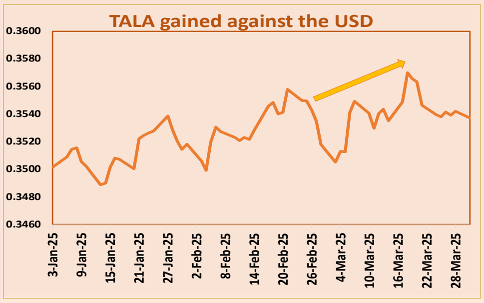
Tala* per foreign currencies (month average)

	Mar-24	Feb-25	Mar-25	Feb-25 (%)	Mar-24 (%)
USD/TALA	2.7528	2.8317	**2.8248**	0.24	-2.62
NZD/TALA	1.6765	1.6094	**1.6171**	-0.47	3.55
AUD/TALA	1.8058	1.7844	**1.7796**	0.27	1.45
EUR/TALA	2.9941	2.9486	**3.0483**	-3.38	-1.81
Nom Index	**99.7064**	**100.3148**	**100.2994**	**-0.02**	**0.59**
FJD/TALA	*1.2212*	*1.2207*	***1.2247***	*-0.32*	*-0.28*
TALA/YEN	*54.3670*	*53.5931*	***52.7847***	*-1.51*	*-3.00*
TALA/CNH	*2.6210*	*2.5725*	***2.5683***	*-0.16*	*-2.05*

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

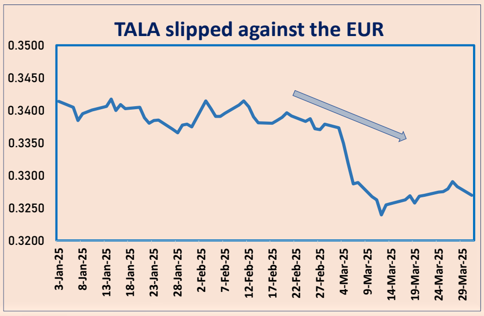
The US dollar weakened on:

- A string of disappointing economic reports from the United States, including weaker-than-expected inflation data, and unfavourable US manufacturing data.
- Uncertainties from the US trade policies is impacting consumer sentiment.
- Mounting market concerns as President Trump's trade policies and government shake-ups could push the US economy into recession.



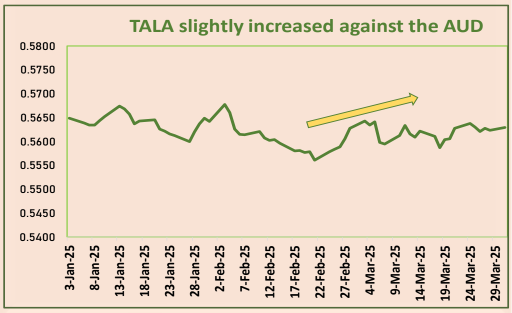
The EUR traded higher vs USD due to:

- A weakened USD, coupled with favourable reports from the Euro Area, including strong employment data, a shift in Germany's fiscal policy, and PMI results that met expectations.
- The EUR was also supported by expectations of higher defence spending from European governments.
- The ECB implemented a widely anticipated 25bps rate cut and recognised that monetary policy is becoming less restrictive, hinting at a possible pause in further rate cuts.



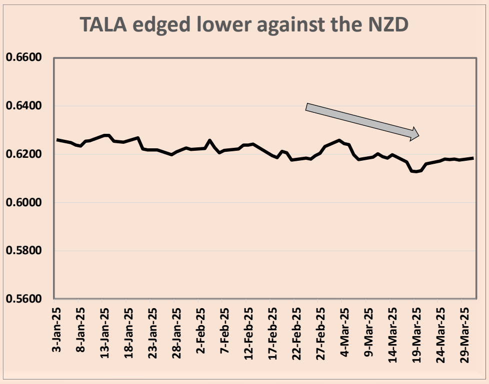
The AUD edged lower against the USD on:

- A sequence of downbeat economic reports from Australia, including weaker-than-expected job data, and lower-than-expected inflation figures.
- US President Donald Trump's increasing tariffs sparked worries about a global trade war, putting pressure on export-dependent economies such as Australia and their currency.
- Policymakers were focused on the downside risks to the economy, indicating a more dovish approach.



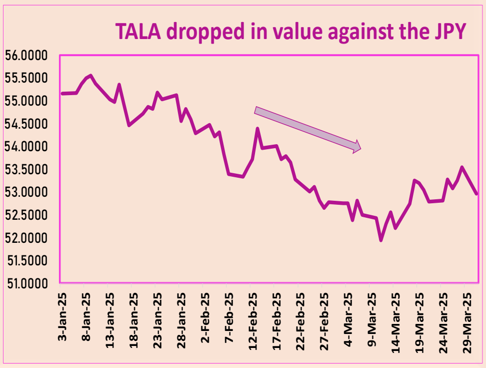
NZD increased against the USD due on

- A general weakness of the USD, combined with a string of positive reports from New Zealand, including a strong manufacturing PMI and favourable labour data.
- Despite improvements to domestic economic performances, economic challenges and downside risks persist alongside external pressures, especially rising trade tensions.



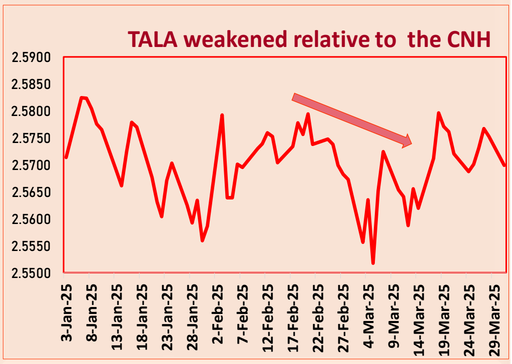
JPY appreciated vs the USD due to

- A series of upbeat economic reports from Japan, including strong inflation data, coincided with a surge in demand for safe-haven assets due to increasing concerns over tariff risks.
- The Bank of Japan (BoJ) held its policy rate steady at 0.5% as widely expected.
- Nonetheless, Trump's escalating tariffs increased fears of retaliation and economic effects, boosting currency market volatility.



CNH edged higher vs. the USD on:

- A series of strong economic reports from China, such as robust manufacturing PMI in both private and official surveys and upbeat retail sales data.
- Amid rising global trade war tensions, the government supported the Yuan through liquidity injections and foreign exchange market intervention.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (09 Apr 2025)	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26
USA						
Fed Funds Rate	4.375	4.375	4.125	3.875	3.875	3.875
Australia						
RBA Cash Rate	4.10	3.85	3.60	3.35	3.35	3.35
New Zealand						
RBNZ Cash Rate	3.75	3.25	3.25	3.25	3.25	3.50
China						
PBOC Loan Prime Rate	3.10	2.90	2.80	2.80	2.80	2.80
Euro-Area						
ECB Refinance Rate	2.50	2.00	1.75	1.75	1.75	1.75
United Kingdom						
BOE Base Rate	4.50	4.25	4.00	3.75	3.50	3.50

Exchange rate forecasts

	Actual (09 Apr 2025)	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26	Sep 26
AUD/USD	0.5967	0.62	0.64	0.65	0.66	0.67	0.68
NZD/USD	0.5548	0.56	0.56	0.57	0.57	0.58	0.59
EUR/USD	1.0958	1.06	1.08	1.09	1.10	1.11	1.12
USD/JPY	146.3300	147	143	140	138	137	136
GBP/USD	1.2795	1.27	1.29	1.30	1.31	1.32	1.33
USD/CNH	7.4066	7.35	7.40	7.35	7.34	7.24	-

US economic indicators and outlook

	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)
GDP % qtr.	3.1	2.3	0.5	1.1	2.2	2.1	1.5
%yr. annual change	2.7	2.5	2.2	1.7	1.5	1.5	1.7
Unemployment rate %	4.2	4.1	4.1	4.2	4.3	4.3	4.4
CPI % YoY.	**2.5**	**2.5**	2.4	2.3	2.3	2.2	2.4

Australian economic indicators and outlook

	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)
GDP % qtr.	0.3	0.6	0.5	0.6	0.6	0.5	0.5
% Year end	0.8	1.3	1.6	2.0	2.3	2.2	2.2
Unemployment rate %	4.1	4.0	4.1	4.2	4.4	4.5	4.5
CPI % qtr.	0.2	0.2	0.7	0.7	0.9	0.7	0.8
Annual Change (%)	2.8	2.4	2.2	2.0	2.7	3.2	3.1

New Zealand economic indicators and outlook

	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)
GDP % qtr.	-1.1	0.7	0.4	0.4	0.8	1.0	0.8
Annual avg change	0.1	-0.5	-1.1	-0.9	0.1	1.0	2.1
Unemployment rate %	4.8	5.1	5.3	5.4	5.4	5.3	5.2
CPI % qtr.	0.6	0.5	0.8	0.2	0.8	0.7	0.5
Annual change (%)	2.2	2.2	2.4	2.2	2.4	2.6	2.2

Source: Westpac Economics Update (March 2025), Trading Economics

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

FINANCIAL MARKETS DEPARTMENT
9 April 2025