

EXCHANGE RATE DEVELOPMENTS MAY 2025

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	3.25%	-0.25	April 30, 2025	crude oil (US\$/bbl)	\$65.41	-\$4.98	\$60.43
Reserve Bank of Australia	3.85%	-0.25	May 20, 2025	whole milk (US\$/t)	\$4,173.00	-\$2.00	\$4,171.00
US Federal Reserve	4.25% - 4.50%	no changes	May 7, 2025				
European Central Bank	2.40%	no changes	May 31, 2025				
Bank of England	4.25%	-0.25	May 8, 2025				

USD* per other currencies (month average)

	May-24	Apr-25	May-25	Apr-25 (%)	May-24 (%)
NZD/USD	0.6059	0.5818	0.5934	2.00	-2.07
AUD/USD	0.6620	0.6283	0.6435	2.41	-2.79
EUR/USD	1.0804	1.1184	1.1278	0.84	4.38
USD/YEN	155.9611	144.8398	144.7138	0.09	7.21
USD/CNH	7.2389	7.3026	7.2110	1.25	0.39
FJD/USD	0.4423	0.4333	0.4406	1.66	-0.39

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

TALA* per foreign currencies (month average)

	May-24	Apr-25	May-25	Apr-25 (%)	May-24 (%)
USD/TALA	2.7517	2.8117	2.7802	1.12	-1.03
NZD/TALA	1.6671	1.6352	1.6497	-0.88	1.05
AUD/TALA	1.8215	1.7663	1.7889	-1.28	1.79
EUR/TALA	2.9730	3.1439	3.1352	0.28	-5.46
Nom Index	99.7048	100.2906	100.2126	-0.08	0.51
FJD/TALA	1.2210	1.2184	1.2248	-0.52	-0.31
TALA/YEN	56.6775	51.5029	52.0511	1.06	-8.89
TALA/CNH	2.6307	2.5971	2.5937	-0.13	-1.43

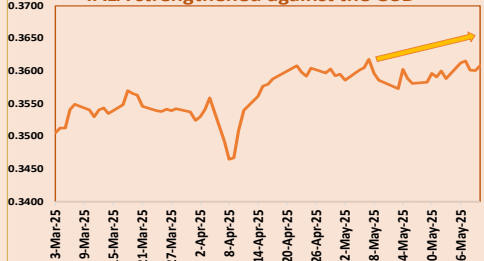
*with the exception of YEN and CNY which is YEN and CNY per TALA



The US dollar weakened on:

- The USD experienced a general decline against the major currencies during the month, driven by concerns over the latest USA fiscal position and trade policies;
- Subsequent shifts in investor sentiments away from US assets towards emerging market assets;
- Strong positive economic releases in other major economies;
- Anticipated Federal Reserve interest rate cuts in view of the US economic outlook over the near term.

TALA strengthened against the USD



The EUR strengthened vs USD due to:

- A string of favourable economic releases out of the Eurozone such as growth in exports, technology and manufacturing sector;
- Shift in market sentiments away from US assets;
- The European Central Bank (ECB) maintained a supportive monetary policy but with less aggressive action compared to the USA Federal Reserve Bank's anticipated rate cuts.

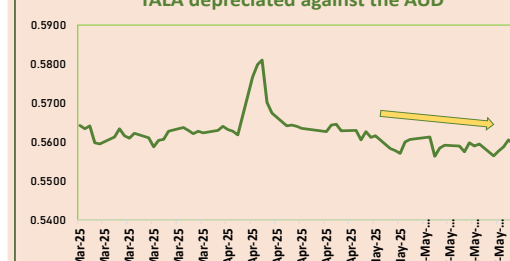
TALA slipped against the EUR



The AUD increased against the USD on:

- A broad weakness of the US dollar along with upbeat economic releases out of Australia such as low unemployment rate and stable inflation.
- The expectations of the risks affecting the Aussie currency around the global backdrop have eased with a de-escalation of tensions between US and China.
- The Reserve Bank of Australia (RBA) cuts its key interest rates by 25bps as widely expected and signalled downside risks to the economy.

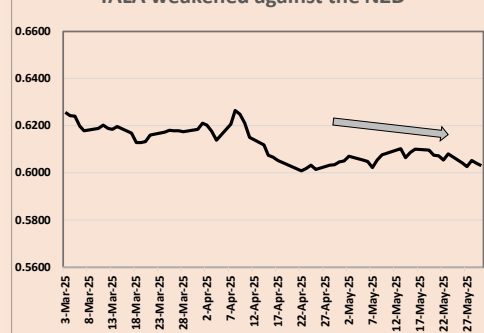
TALA depreciated against the AUD



NZD gained against the USD due on

- Stronger economic releases out of New Zealand such as increased Retail Sales and positive terms of trade data.
- The Reserve Bank of New Zealand (RBNZ) lowered its cash rate (OCR) by 25bps to 3.25% at its May policy meeting in line with market expectations.

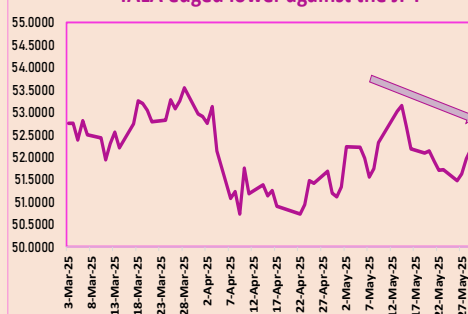
TALA weakened against the NZD



JPY appreciated vs the USD due to

- Positive economic data from Japan, combined with broad US dollar weakness, supported the Yen. Heightened trade uncertainty also drove demand for safe-haven assets.
- Bank of Japan Governor Kazuo Ueda reaffirmed the central bank's readiness to raise interest rates, reinforcing expectations of a slow and gradual tightening cycle.

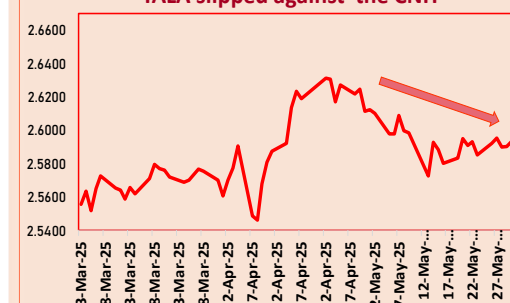
TALA edged lower against the JPY



CNH edged higher vs. the USD as:

- China saw a series of positive economic data, including growth in industrial production, a rise in real fixed asset investment, and a sustained high trade surplus.
- After May trade talks, the U.S. and China agreed to a 90-day pause on the harsh tariffs imposed in April.
- PBoC announced additional easing monetary policy in early May.

TALA slipped against the CNH



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (6 June 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	3.85	3.85	3.60	3.35	3.35	3.35
New Zealand						
RBNZ Cash Rate	3.25	3.25	3.00	3.00	3.00	3.00
China						
PRC Loan Prime Rate	3.10	2.90	2.80	2.80	2.80	2.80
Euro-Area						
ECB Refinance Rate	2.40	2.00	1.75	1.75	1.75	1.75
United Kingdom						
BOE Base Rate	4.25	4.25	4.00	3.75	3.50	3.50

Exchange rate forecasts

	Actual (06 June 2025)	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26	Sep 26
AUD/USD	0.6511	0.64	0.65	0.67	0.68	0.69	0.70
NZD/USD	0.6041	0.59	0.59	0.59	0.60	0.61	0.61
EUR/USD	1.1442	1.12	1.13	1.14	1.15	1.15	1.15
USD/JPY	143.6550	144	143	141	139	137	136
GBP/USD	1.1442	1.32	1.33	1.33	1.34	1.34	1.35
USD/CNH	7.1752	7.22	7.20	7.19	7.22	7.11	7.00

US economic indicators and outlook

	Dec 24	Mar25	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)	Jun26(f)
GDP % qtr.	2.4	-0.3	-0.8	0.1	1.2	1.0	1.3
%yr. annual change	2.5	2.1	1.1	0.4	0.1	0.4	0.9
Unemployment rate %	4.1	4.1	4.3	4.5	4.7	4.9	5.0
CPI % YoY.	2.5	2.5	2.5	2.4	2.3	2.3	2.2

Australian economic indicators and outlook

	Sep24	Dec 24	Mar25(f)	Jun25(f)	Sep25(f)	Dec25(f)	Mar26(f)
GDP % qtr.	0.3	0.6	0.4	0.4	0.6	0.5	0.5
% Year end	0.8	1.3	1.5	1.7	2.0	1.9	2.1
Unemployment rate %	4.1	4.0	4.1	4.2	4.4	4.5	4.5
CPI % qtr.	0.2	0.2	0.9	0.8	0.8	0.8	0.8
Annual Change (%)	2.8	2.4	2.4	2.2	2.8	3.4	3.3

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	0.6	0.7	0.9	0.8
Annual avg change	0.1	-0.5	-1.1	-0.8	0.2	1.1	2.2
Unemployment rate %	4.8	5.1	5.1	5.3	5.3	5.2	5.0
CPI % qtr.	0.6	0.5	0.9	0.4	0.8	0.7	0.6
Annual change (%)	2.2	2.2	2.5	2.5	2.7	2.8	2.5

Source: Westpac Economics Update (9 June 2025), Trading Economics
 Note: (a) – actual; (e) – estimate; (f) – forecast; (adv) – advance estimates