



# EXCHANGE RATE DEVELOPMENTS NOVEMBER 2022

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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	4.25%	+75	November 23, 2022	crude oil (US\$/bbl)	\$80.21	-\$9.83	\$90.04
Reserve Bank of Australia	3.10%	+25	December 6, 2022	whole milk (US\$/t)	\$3,397.00	-\$24.00	\$3,421.00
US Federal Reserve	4.25% - 4.5%	+50	December 14, 2022				
European Central Bank	2.50%	+50	December 15, 2022				
Bank of England	3.50%	+50	December 15, 2022				

USD* per other currencies (month average)					
	Nov-21	Oct-22	Nov-22	Oct-22	Nov-21
	(%)				
NZD/USD	0.7027	0.5688	0.6049	6.34	-13.91
AUD/USD	0.7318	0.6363	0.6588	3.53	-9.98
EUR/USD	1.1418	0.9843	1.0186	3.49	-10.79
USD/YEN	114.1025	146.9913	142.5589	3.02	-24.94
USD/CNH	6.3914	7.1938	7.1899	0.05	-12.49
FJD/USD	0.4782	0.4313	0.4431	2.72	-7.34

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

Tala* per foreign currencies (month average)					
	Nov-21	Oct-22	Nov-22	Oct-22	Nov-21
	(%)				
USD/TALA	2.5653	2.8293	2.7594	2.47	-7.57
NZD/TALA	1.8086	1.6091	1.6686	-3.70	7.74
AUD/TALA	1.8979	1.8000	1.8173	-0.96	4.25
EUR/TALA	2.9762	2.7846	2.8101	-0.92	5.58
<b>Nom Index</b>	<b>99.7827</b>	<b>100.4496</b>	<b>100.1005</b>	<b>-0.35</b>	<b>0.32</b>
FJD/TALA	1.2291	1.2202	1.2224	-0.18	0.54
TALA/YEN	44.0845	51.9512	51.6476	-0.58	14.64
TALA/CNH	2.5030	2.5426	2.6053	2.47	3.93

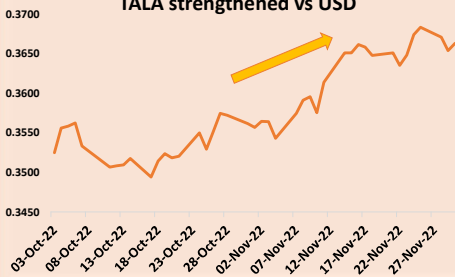
\*with the exception of YEN and CNH which is YEN and CNH per TALA



### The weaker USD on:

- Unfavorable domestic economic data, with signs of a slowdown in the US economy as the inflation rate appeared to peak;
- Uncertainties around the US midterm elections amid the heated US political climate;
- The Federal Reserve Bank signalling the possibility of a less aggressive tightening path in the future after raising interest rates by 75 basis points for the fourth time;

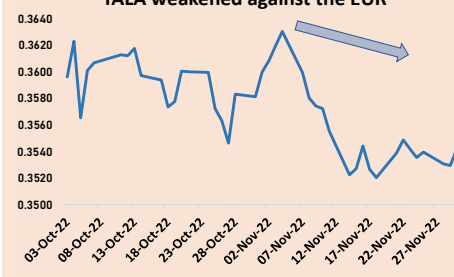
### TALA strengthened vs USD



### EUR edged above parity against USD on:

- The weaker US Dollar and the upbeat economic data releases out of Europe;
- Investors morale regained momentum as a result of the reduced energy prices;
- Efforts from the ECB policymakers to curtail inflation and reiterating that further hikes were necessary;
- Some positive news on the Russian-Ukraine war front during the month;

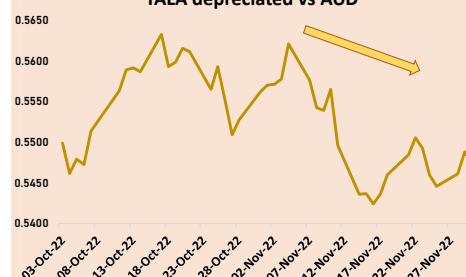
### TALA weakened against the EUR



### The AUD soared vs USD due to:

- The release of improving economic indicators out of Australia;
- The RBA's decision to hike by another 25 basis points to 2.85 per cent in the month;
- Negative reports out of the US signaling a slowdown on the Fed's aggressive tightening;

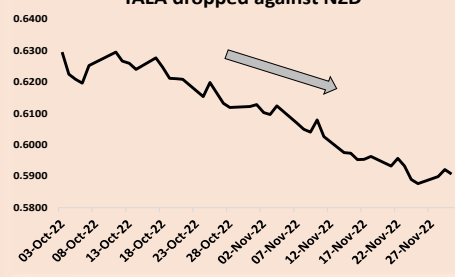
### TALA depreciated vs AUD



### NZD rebounded strongly against USD on:

- The weaker greenback alongside NZ's upbeat economic releases;
- The RBNZ's decision to increase interest rates by a record 75 points to 4.25 per cent to cool down inflation;
- The accelerated risk appetite after Chinese authorities eased some strict Covid-19 measures.

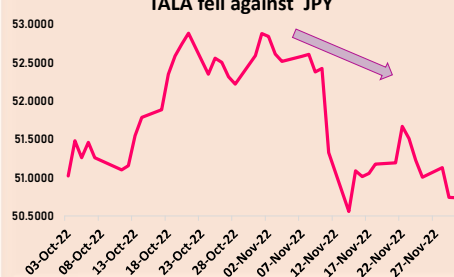
### TALA dropped against NZD



### JPY appreciated vs USD due to:

- The better-than-expected economic data out of the country;
- The Japanese government spending a record \$43 billion to prop up the weak Yen;
- Several interventions in the FX market by the Bank of Japan to support the yen;

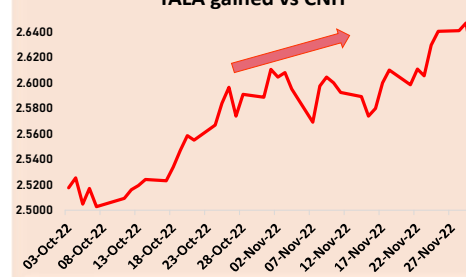
### TALA fell against JPY



### CNH gained modestly against USD on:

- Positive economic headlines showing signs of China's economy returning back to normal trends;
- A broad lift on China's market sentiment following announcements from health authorities to ease tight Covid 19 restrictions;

### TALA gained vs CNH



# ECONOMIC & FINANCIAL FORECASTS

## Policy Interest rate forecasts

	Actual (22 Dec 2022)	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24
<b>USA</b>							
Fed Funds Rate	4.375	4.875	4.875	4.875	4.875	4.375	3.875
<b>Australia</b>							
RBA Cash Rate	3.10	3.60	3.85	3.85	3.85	3.60	3.35
<b>New Zealand</b>							
RBNZ Cash Rate	4.25	5.00	5.50	5.50	5.50	5.25	4.75
<b>China</b>							
PBOC Loan Prime Rate	3.65	3.65	3.65	3.65	3.65	3.65	3.65
<b>Euro-Area</b>							
ECB Refinance Rate	2.00	2.75	2.75	2.75	2.75	2.75	2.50
<b>United Kingdom</b>							
BOE Base Rate	3.00	4.00	4.00	4.00	4.00	3.75	3.50

## Exchange rate forecasts

	Actual (22 Dec 2022)	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24
AUD/USD	0.6702	0.69	0.70	0.72	0.74	0.75	0.76
NZD/USD	0.6292	0.64	0.65	0.66	0.67	0.68	0.68
EUR/USD	1.0609	1.06	1.07	1.09	1.11	1.12	1.13
USD/JPY	132.2550	136	135	134	132	130	128
GBP/USD	1.2079	1.22	1.22	1.23	1.24	1.25	1.26
USD/CNH	6.9896	7.04	6.99	6.90	6.80	6.45	-

## US economic indicators and outlook

	Jun 22	Sep 22	Dec 22(f)	Mar 23(f)	Jun 23(f)	Sep 23(f)	Dec 23(f)
GDP % qtr.	-0.6	2.6	2.3	-0.3	-0.7	-0.2	-
%yr. annual change	1.8	1.8	0.7	1.0	1.0	0.3	-
Unemployment rate %	3.6	3.6	3.8	4.2	4.6	5.0	-
CPI % YoY.	7.9	7.5	5.7	3.5	2.4	2.2	-

## Australian economic indicators and outlook

	Jun 22	Sep 22	Dec 22(f)	Mar 23(f)	Jun 23(f)	Sep 23(f)	Dec 23(f)
GDP % qtr.	0.9	0.6	0.6	0.6	0.2	0.0	0.2
% Year end	3.2	5.9	2.6	2.7	2.0	1.4	1.0
Unemployment rate %	3.8	3.5	3.3	3.3	3.9	4.5	4.6
CPI % qtr	1.8	1.8	1.6	1.3	0.8	1.0	0.7
Annual Change (%)	6.1	7.3	7.5	6.6	5.6	4.8	3.9

## New Zealand economic indicators and outlook

	Jun 22	Sep 22	Dec 22(f)	Mar 23(f)	Jun 23(f)	Sep 23(f)	Dec 23(f)
GDP % qtr.	1.9	2.0	0.5	0.4	0.0	-0.1	-0.2
Annual avg change	1.1	2.7	2.9	3.9	4.5	3.2	2.2
Unemployment rate %	3.3	3.3	3.3	3.4	3.5	3.7	3.9
CPI % qtr.	1.7	2.2	1.1	1.6	1.0	1.2	0.6
Annual change (%)	7.3	7.2	6.9	6.7	5.9	5.0	4.4

Source: Bloomberg, Westpac Economics Update (December 2022), Trading Economics

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