

# EXCHANGE RATE DEVELOPMENTS NOVEMBER 2024

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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%	-0.50	November 27, 2024	crude oil (US\$/bbl)	\$71.97	-\$1.46	\$73.43
Reserve Bank of Australia	4.35%	0.00	November 5, 2024	whole milk (US\$/t)	\$3,826.00	\$273.00	\$3,553.00
US Federal Reserve	4.50% - 4.75%	-0.25	November 7, 2024				
European Central Bank	3.40%	-0.25	October 17, 2024				
Bank of England	4.75%	-0.25	November 7, 2024				

	USD* per other currencies (month average)				
	Nov-23	Oct-24	Nov-24	Oct-24 (%)	Nov-23 (%)
NZD/USD	0.5986	0.6088	<b>0.5913</b>	-2.87	-1.22
AUD/USD	0.6490	0.6714	<b>0.6538</b>	-2.61	0.74
EUR/USD	1.0803	1.0904	<b>1.0642</b>	-2.40	-1.49
USD/YEN	149.9418	149.6334	<b>153.6017</b>	-2.65	-2.44
USD/CNH	7.2390	7.1024	<b>7.2109</b>	-1.53	0.39
FJD/USD	0.4401	0.4477	<b>0.4403</b>	-1.66	0.05

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

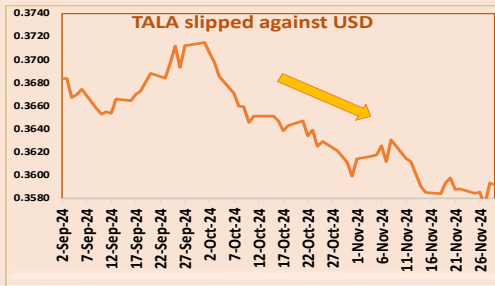
	Tala* per foreign currencies (month average)				
	Nov-23	Oct-24	Nov-24	Oct-24 (%)	Nov-23 (%)
USD/TALA	2.7723	2.7399	<b>2.7778</b>	-1.38	-0.20
NZD/TALA	1.6593	1.6676	<b>1.6425</b>	1.51	1.02
AUD/TALA	1.7990	1.8392	<b>1.8160</b>	1.26	-0.95
EUR/TALA	2.9946	2.9873	<b>2.9557</b>	1.06	1.30
<b>Nom Index</b>	<b>99.7550</b>	<b>99.6902</b>	<b>99.7694</b>	<b>0.08</b>	<b>0.01</b>
FJD/TALA	1.2200	1.2266	<b>1.2229</b>	0.31	-0.23
TALA/YEN	54.0830	54.6057	<b>55.2959</b>	1.26	2.19
TALA/CNH	2.6110	2.5922	<b>2.5959</b>	0.14	-0.58

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



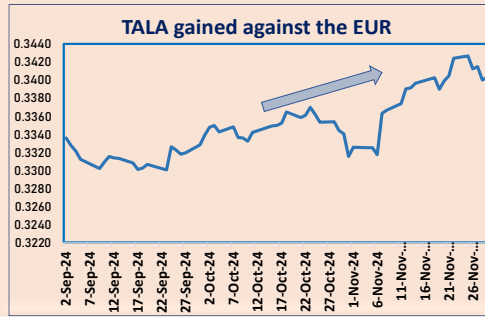
### The US dollar strengthened on:

- A string of overwhelming economic releases out of the United States during November (upbeat inflation data and positive labour market data) as well as geopolitical escalation tensions that bolstered safe-haven demand for the greenback.
- The US presidential election significantly impacted the greenback's strength, with the President Elect's "Trump Trade Policies" introducing tax reduction, increased trade tariffs, and stricter immigration policies.
- Fed Chair Jerome Powell's statement indicating the central bank has no immediate plans to lower interest rates due to the economy's resilience and ongoing inflationary pressure.



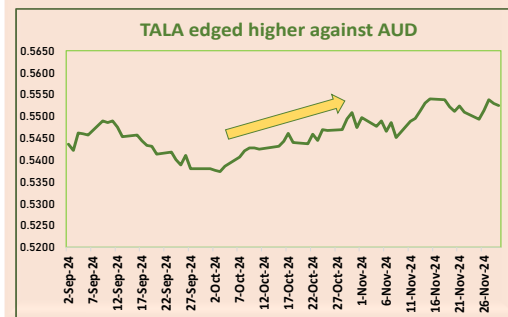
### The EUR fell against the USD due to:

- Eurozone economic releases showing weakness in business activities, escalating tension between Russia and Ukraine, political uncertainty in Germany, and growing concerns about downside risks to Eurozone economies.
- The Euro also faced pressure from the US President Elect's trade policies, which could significantly impact the Eurozone's trading capabilities, particularly its exports.
- The European Central Bank is still expected to deliver its fourth 25 bps rate cut in December.



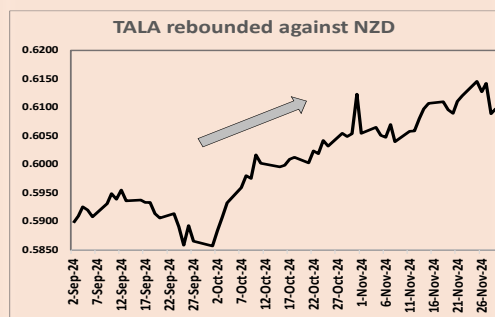
### The AUD slipped against the USD on

- A sequence of unfavourable economic data out of Australia, (weaker-than-expected retail sales, disappointing China's stimulus results, and declines in iron ore, copper, gold, and oil prices, given Australia's status as a net exporter of commodities).
- Furthermore, as the US President Elect's trade policies will affect the Chinese economy, which is Australia's largest trading partner, it also significantly impacted the Aussie unit.
- Reserve Bank of Australia decided to keep their official cash rate unchanged in its eighth consecutive meeting.



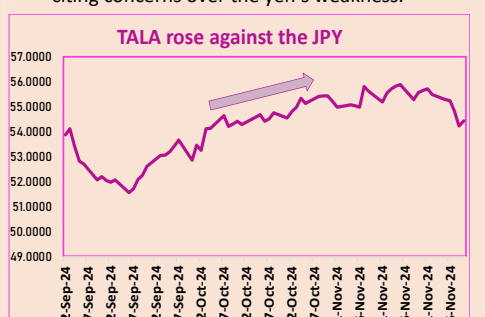
### NZD weakened against the USD due to

- The disappointing releases out of New Zealand (slowing inflation, weakening economy, jobless rate increased to 4.8% in the third quarter from 4.6% in the previous quarter) along with strong economic releases out of the United States.
- The Reserve Bank of New Zealand has reduced its official cash rate by 50 bps to 4.25%, aiming to balance growth and employment with inflation control and ensuring market stability.



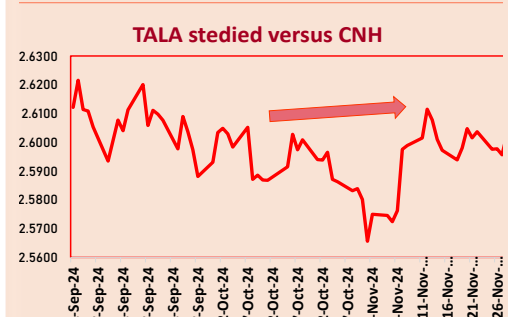
### JPY depreciated vs the USD due to

- The underwhelming sequence of economic releases out of Japan (GDP growth slower than expected, inflation lowered than expected, political uncertainties, and government interventions), along with robust US economic growth and aggressive trade policies by US President Elect Trump.
- The Bank of Japan kept its policy rate steady at 0.25% BOJ Governor Kazuo Ueda recently indicated the possibility of a rate hike in December, citing concerns over the yen's weakness.



### CNH edged lower vs. the USD on

- A string of downbeat economic releases out of China (industrial production slowed, manufacturing activity fell short of expectations, a disappointing stimulus package rolled out results, weak PMI data, weak inflation releases)
- Traders expect the yuan's weakness to extend into next year, with the possibility of higher tariffs under US President Elect Donald Trump's second time in office, threatening to further strain China's fragile economic recovery.



# ECONOMIC & FINANCIAL FORECASTS

## Policy Interest rate forecasts

	Actual (04 Dec 2024)	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25
<b>USA</b>						
Fed Funds Rate	4.625	4.375	3.875	3.625	3.375	3.375
<b>Australia</b>						
RBA Cash Rate	4.35	4.35	4.35	4.10	3.60	3.35
<b>New Zealand</b>						
RBNZ Cash Rate	4.25	4.25	3.75	3.50	3.50	3.50
<b>China</b>						
PBOC Loan Prime Rate	3.10	3.25	3.25	3.25	3.25	3.25
<b>Euro-Area</b>						
ECB Refinance Rate	3.25	3.00	2.75	2.50	2.50	2.50
<b>United Kingdom</b>						
BOE Base Rate	5.00	4.50	4.25	4.00	3.75	3.50

## Exchange rate forecasts

	Actual (04 Dec 2024)	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25	Mar 26
AUD/USD	0.6485	0.67	0.67	0.68	0.69	0.70	0.71
NZD/USD	0.5885	0.59	0.59	0.59	0.59	0.59	0.60
EUR/USD	1.0518	1.08	1.09	1.09	1.10	1.10	1.11
USD/JPY	149.1250	152	151	150	149	148	136
GBP/USD	1.2684	1.30	1.31	1.31	1.32	1.32	1.33
USD/CNH	7.2961	7.15	7.20	7.20	7.25	7.25	7.14

## US economic indicators and outlook

	Mar24	Jun 24	Sep24	Dec 24(f)	Mar25(f)	Jun25(f)	Sep25(f)
GDP % qtr.	1.6	3.0	2.8	2.2	2.2	2.3	2.3
%yr. annual change	2.9	3.0	2.7	2.4	2.5	2.4	2.2
Unemployment rate %	3.8	4.0	4.2	4.3	4.4	4.4	4.5
CPI % YoY.	2.5	2.5	2.5	2.3	2.2	2.1	2.0

## Australian economic indicators and outlook

	Mar24	Jun 24	Sep24(f)	Dec 24(f)	Mar25(f)	Jun25(f)	Sep25(f)
GDP % qtr.	0.2	0.2	0.5	0.5	0.5	0.5	0.6
% Year end	1.3	1.0	1.1	1.4	1.8	2.1	2.2
Unemployment rate %	3.9	4.1	4.1	4.2	4.3	4.4	4.5
CPI % qtr.	1.0	1.0	0.2	0.3	0.6	0.9	1.1
Annual Change (%)	3.6	3.8	2.8	2.5	2.1	2.0	2.9

## New Zealand economic indicators and outlook

	Mar24	Jun 24	Sep24(f)	Dec 24(f)	Mar25(f)	Jun25(f)	Sep25(f)
GDP % qtr.	0.1	-0.2	-0.2	0.3	0.4	0.6	0.6
Annual avg change	0.3	-0.2	-0.1	0.0	-0.1	0.3	0.9
Unemployment rate %	4.4	4.6	4.8	5.1	5.3	5.4	5.4
CPI % qtr.	0.6	0.4	0.6	0.4	0.5	0.3	0.9
Annual change (%)	4.0	3.3	2.2	2.1	1.9	1.7	2.1

Source: Westpac Economics Update (November 2024), Trading Economics

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