



EXCHANGE RATE DEVELOPMENTS OCTOBER 2022

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change
Reserve Bank of NZ	3.50%	+50	October 5, 2022	crude oil (US\$/bbl)	\$90.04	-\$0.06
Reserve Bank of Australia	2.85%	+25	November 1, 2022	whole milk (US\$/t)	\$3,421.00	-\$312.00
US Federal Reserve	3.75% - 4.00%	+75	November 2, 2022			
European Central Bank	2.00%	+25	October 27, 2022			
Bank of England	3.00%	+75	November 3, 2022			

	USD* per other currencies (month average)				
	Oct-21	Sep-22	Oct-22	Sep-22	Oct-21
NZD/USD	0.7052	0.5947	0.5688	-4.35	-19.33
AUD/USD	0.7399	0.6696	0.6363	-4.97	-14.01
USD/YEN	113.0818	142.9043	146.9913	-2.86	-29.99
USD/CNH	6.4212	7.0134	7.1938	-2.57	-12.03
EUR/USD	1.1602	0.9913	0.9843	-0.71	-15.16
FJD/USD	0.4791	0.4430	0.4313	-2.65	-9.98
Nom Index	99.7813	100.1618	100.4496	0.29	0.67

	Tala* per foreign currencies (month average)				
	Oct-21	Sep-22	Oct-22	Sep-22	Oct-21
USD/TALA	2.5653	2.7640	2.8293	-2.36	-10.29
NZD/TALA	1.8086	1.6430	1.6091	2.06	11.03
AUD/TALA	1.8979	1.8503	1.8000	2.72	5.16
EUR/TALA	2.9762	2.7396	2.7846	-1.64	6.44
FJD/TALA	1.2291	1.2244	1.2202	0.34	0.72
TALA/YEN	44.0845	51.6974	51.9512	0.49	15.14
TALA/CNH	2.5030	2.5370	2.5426	0.22	1.55

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

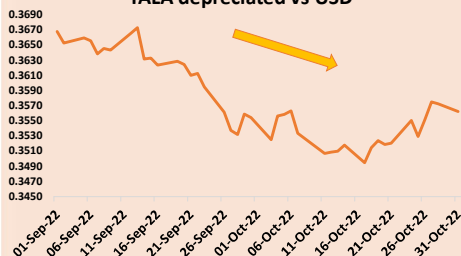
*with the exception of YEN and CNY which is YEN and CNY per TALA



Stronger USD on:

- Favorable economic data indicating resilience and a strong rebound in the US economy;
- The Fed's aggressive monetary tightening cycle, and hiking interest rates by 75 basis points for the fourth time to a maximum of 4%;
- An uptick in safe haven demands as Russia launched more missile attacks on Ukraine;

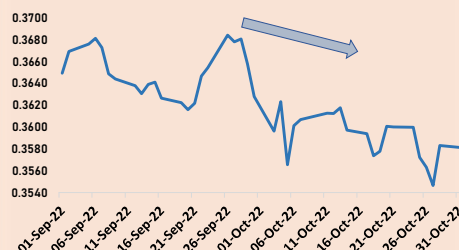
TALA depreciated vs USD



EUR remained below par against USD on:

- Unfavorable economic data releases out of Europe;
- The region facing headwinds from the escalating energy crisis;
- Contractions in the manufacturing sector continuing to weigh on business activities;
- Fears that the persistently high inflation may force the Eurozone into a recession;

TALA fell against the EUR



Sharp weakness in AUD vs USD due to:

- The robust US dollar and the release of disappointing economic indicators;
- Disappointing sentiments by investors as the RBA decision to raise interest rates by 25 points was less than expected;
- Recession risks continuing to make commodity currencies less attractive;

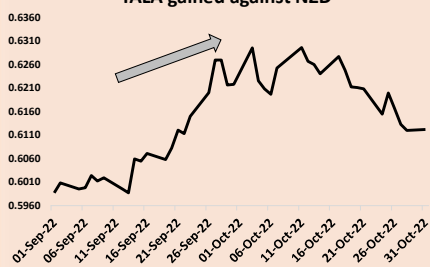
TALA strengthened vs AUD



Huge drop in NZD against USD on:

- The stronger greenback alongside NZ's unfavorable economic releases;
- Risk sentiments declining due to the ominous developments of the Russian Ukraine war.
- Disrupted trading as China's economy continued to be adversely impacted by their zero-COVID policy.

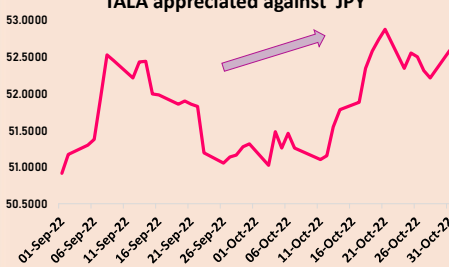
TALA gained against NZD



JPY depreciated vs USD due to:

- The downbeat economic data out of the country;
- Ongoing global economic uncertainties weighing down on Japan's economy;
- The BOJ's decision to keep interest rates pinned down while maintaining their ultra-accommodative policy stance;

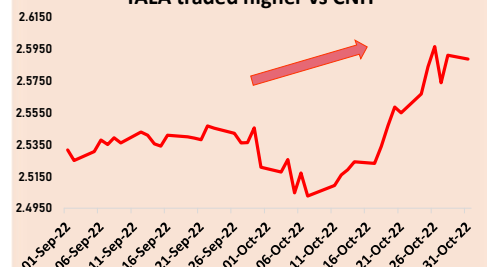
TALA appreciated against JPY



CNH fell against USD reflecting:

- Disappointing economic releases amid the continued pressures from China's COVID-19 restrictions;
- Resurgence in COVID-19 cases dimming the Chinese economy's outlook;

TALA traded higher vs CNH



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (15 Nov 2022)	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24
USA							
Fed Funds Rate	3.875	4.375	4.625	4.625	4.625	4.625	4.375
Australia							
RBA Cash Rate	2.85	3.10	3.60	3.85	3.85	3.85	3.60
New Zealand							
RBNZ Cash Rate	3.50	4.25	4.75	5.00	5.00	5.00	5.00
China							
PBOC Loan Prime Rate	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Euro-Area							
ECB Refinance Rate	2.00	2.5	2.75	2.75	2.75	2.75	2.75
United Kingdom							
BOE Base Rate	3.00	3.50	4.00	4.00	4.00	4.00	3.75

Exchange rate forecasts

	Actual (15 Nov 2022)	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24
AUD/USD	0.6716	0.65	0.66	0.67	0.69	0.72	0.73
NZD/USD	0.6113	0.58	0.59	0.60	0.62	0.65	0.66
EUR/USD	1.0352	1.00	1.01	1.02	1.04	1.07	1.09
USD/JPY	139.9250	147.00	145.00	143.00	140.00	136.00	133.00
GBP/USD	1.1787	1.13	1.14	1.16	1.18	1.20	1.22
USD/CNH	7.0493	7.30	7.20	7.15	7.00	-	-

US economic indicators and outlook

	Mar 22	Jun 22	Sep 22	Dec 22(f)	Mar 23(f)	Jun 23(f)	Sep 23(f)
GDP % qtr.	-1.6	-0.6	2.6	1.0	-0.3	-0.3	0.3
%yr. annual change	3.7	1.8	1.8	0.3	0.7	0.7	0.2
Unemployment rate %	3.8	3.6	3.6	3.8	4.2	4.6	5.0
CPI % YoY.	8.6	7.9	7.5	5.7	3.5	2.4	2.2

Australian economic indicators and outlook

	Mar 22	Jun 22	Sep 22	Dec 22(f)	Mar 23(f)	Jun 23(f)	Sep 23(f)
GDP % qtr.	0.7	0.9	1.1	0.6	0.3	0.2	-
% Year end	3.3	3.6	6.7	3.4	3.0	2.2	-
Unemployment rate %	4.0	3.8	3.5	3.3	3.4	3.8	-
CPI % qtr	2.1	1.8	1.8	1.9	1.2	0.9	-
Annual Change (%)	5.1	6.1	7.3	7.9	6.9	6.0	-

New Zealand economic indicators and outlook

	Mar 22	Jun 22	Sep 22	Dec 22(f)	Mar 23(f)	Jun 23(f)	Sep 23(f)
GDP % qtr.	-0.2	1.7	0.4	0.6	0.6	0.5	-
Annual avg change	4.9	1.0	2.4	2.2	2.8	3.2	-
Unemployment rate %	3.2	3.3	3.3	3.3	3.5	3.6	-
CPI % qtr.	1.8	1.7	2.2	0.5	1.3	0.9	-
Annual change (%)	6.9	7.3	7.2	6.2	5.7	4.9	-

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

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