



EXCHANGE RATE DEVELOPMENTS SEPTEMBER 2022

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	3.50%	+50	October 5, 2022	crude oil (US\$/bbl)	\$90.10	-\$9.75	\$99.85
Reserve Bank of Australia	2.60%	+25	October 4, 2022	whole milk (US\$/t)	\$3,733.00	\$316.00	\$3,417.00
US Federal Reserve	3.0% - 3.25%	+75	September 21, 2022				
European Central Bank	1.25%	+75	September 8, 2022				
Bank of England	2.25%	+50	September 22, 2022				

	USD* per other currencies (month average)			Change (%)	
	Sep-21	Aug-22	Sep-22	Aug-22	Sep-21
NZD/USD	0.7062	0.6261	0.5947	-5.02	-15.80
AUD/USD	0.7324	0.6954	0.6696	-3.72	-8.58
USD/YEN	110.1150	135.2020	142.9043	-5.70	-29.78
USD/CNH	6.4558	6.8082	7.0134	-3.01	-8.64
EUR/USD	1.1783	1.0125	0.9913	-2.10	-15.87
FJD/USD	0.4796	0.4550	0.4430	-2.63	-7.63
Nom Index	99.7863	99.9086	100.1618	0.25	0.38

	Tala* per foreign currencies (month average)				
	Sep-21	Aug-22	Sep-22	Aug-22	Sep-21
USD/TALA	2.5693	2.7006	2.7640	-2.35	-7.58
NZD/TALA	1.8143	1.6906	1.6430	2.82	9.45
AUD/TALA	1.8815	1.8779	1.8503	1.47	1.66
EUR/TALA	3.0272	2.7340	2.7396	-0.21	9.50
FJD/TALA	1.2323	1.2286	1.2244	0.34	0.64
TALA/YEN	42.8581	50.0596	51.6974	3.27	17.10
TALA/CNH	2.5127	2.5209	2.5370	0.64	0.96

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

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Stronger USD on:

- Favorable economic data out of the US indicating a resilient economy;
- The global recession fears due to geopolitical tensions and surging inflation data bolstering investors demand for safety assets;
- The Federal Reserve flagging more rate hikes after raising interest rates by 75 basis points to 3.125%.



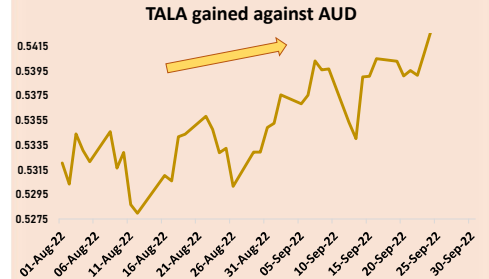
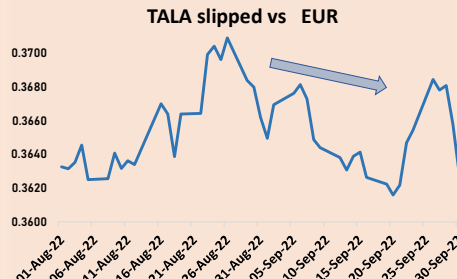
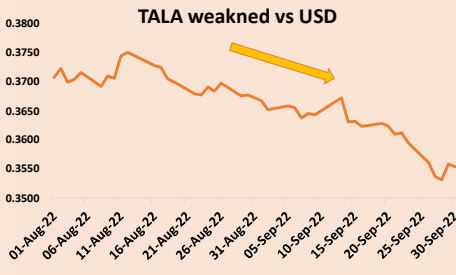
EUR traded below parity against USD on:

- Downbeat economic data release for the region;
- The lingering energy crisis in Europe sending the euroland into a recession;
- Russian President Putin's intentions to ramp up tensions with Ukraine further squeezing gas supplies to Europe;



AUD weakened vs USD on:

- The stronger US dollar and the weaker economic indicators out of the country;
- The risk off market mood on fears that the ongoing geopolitical tensions, China's prolonged economic slowdown and the red-hot global inflation reports from major economies may have a global spillover.



NZD slipped against USD on:

- The unfavorable economic releases;
- Commodity currencies becoming less attractive as recession risks continue to rise;
- Impacts of supply chain bottlenecks due to the suppressed demands from Europe and China;



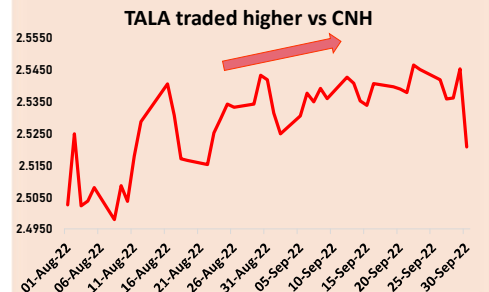
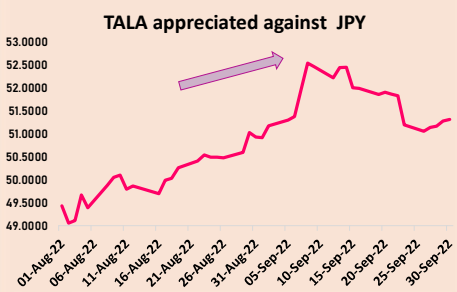
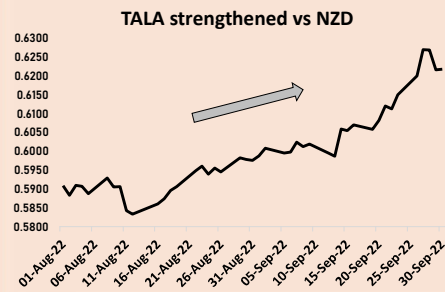
JPY depreciated vs USD due to:

- The downbeat economic data out of the region;
- Japan's economy pressured by the high level of inflation;
- the gap between the US aggressive monetary policy and the ultra-low levels maintained by the Bank of Japan;



CNH fell against USD reflecting:

- Disappointing economic releases out of China amid the continued economic disruptions in the country;
- Fresh lockdown measures in Chengdu showing signs of China's economy deteriorating for a notably long time;
- The US Biden administration continuing to slash tariffs on Chinese imports;



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (12 Oct 2022)	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24
USA							
Fed Funds Rate	3.125	4.375	4.625	4.625	4.625	4.625	4.375
Australia							
RBA Cash Rate	2.60	3.10	3.60	3.60	3.60	3.60	3.35
New Zealand							
RBNZ Cash Rate	3.50	4.00	4.50	4.50	4.50	4.50	4.50
China							
PBOC Loan Prime Rate	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Euro-Area							
ECB Refinance Rate	1.25	2.50	2.75	2.75	2.75	2.75	2.75
United Kingdom							
BOE Base Rate	2.25	3.50	4.50	5.00	5.00	5.00	4.50

Exchange rate forecasts

	Actual (12 Oct 2022)	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	Mar 24
AUD/USD	0.6278	0.65	0.66	0.67	0.69	0.72	0.73
NZD/USD	0.5599	0.58	0.59	0.60	0.62	0.65	0.66
EUR/USD	0.9713	0.99	0.99	1.02	1.04	1.07	1.09
USD/JPY	145.8050	143	141	139	137	134	132
GBP/USD	1.1010	1.14	1.14	1.14	1.17	1.20	1.22
USD/CNH	7.1710	7.10	7.12	7.00	6.85	6.88	-

US economic indicators and outlook

	Dec 21	Mar 22	Jun 22	Sep 22(f)	Dec 22(f)	Mar 23(f)	Jun 23(f)
GDP % qtr.	6.9	-1.6	-0.6	1.0	0.9	-0.3	0.4
%yr. annual change	5.5	3.5	1.7	1.4	-0.1	0.2	0.5
Unemployment rate %	4.2	3.8	3.6	3.6	3.8	4.2	4.6
CPI % YoY.	7.1	8.6	7.9	7.5	5.7	3.5	2.4

Australian economic indicators and outlook

	Dec 21	Mar 22	Jun 22	Sep 22(f)	Dec 22(f)	Mar 23(f)	Jun 23(f)
GDP % qtr.	3.9	0.7	0.9	1.1	0.6	0.3	0.2
% Year end	4.5	3.3	3.6	6.7	3.4	3.0	2.2
Unemployment rate %	4.7	4.1	3.8	3.4	3.1	3.1	3.5
CPI % qtr	1.3	2.1	1.8	0.7	2.7	1.2	0.8
Annual Change (%)	3.5	5.1	6.1	6.1	7.5	6.5	5.4

New Zealand economic indicators and outlook

	Dec 21	Mar 22	Jun 22	Sep 22(f)	Dec 22(f)	Mar 23(f)	Jun 23(f)
GDP % qtr.	3.0	-0.2	1.7	0.4	0.6	0.6	0.5
Annual avg change	5.5	4.9	1.0	2.4	2.2	2.8	3.2
Unemployment rate %	3.2	3.2	3.3	3.3	3.4	3.5	3.6
CPI % qtr.	1.4	1.8	1.7	1.6	0.3	1.0	0.8
Annual change (%)	5.9	6.9	7.3	6.6	5.3	4.6	3.6

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

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