

# EXCHANGE RATE DEVELOPMENTS SEPTEMBER 2024

## Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	5.25%	-0.25	August 14, 2024	crude oil (US\$/bbl)	\$72.53	-\$4.59	\$77.12
Reserve Bank of Australia	4.35%	0.00	September 24, 2024	whole milk (US\$/t)	\$3,448.00	-\$34.00	\$3,482.00
US Federal Reserve	5%	-0.50	September 19, 2024				
European Central Bank	3.65%	-0.60	September 13, 2024				
Bank of England	5.00%	-0.25	August 2, 2024				

	USD* per other currencies (month average)				
	Sep-23	Aug-24	Sep-24	Aug-24 (%)	Sep-23 (%)
NZD/USD	0.5923	0.6077	<b>0.6222</b>	2.38	5.04
AUD/USD	0.6423	0.6650	<b>0.6766</b>	1.75	5.35
EUR/USD	1.0684	1.1019	<b>1.1101</b>	0.74	3.91
USD/YEN	147.6293	146.2950	<b>143.2395</b>	2.09	2.97
USD/CNH	7.3027	7.1533	<b>7.0836</b>	0.97	3.00
FJD/USD	0.4393	0.4468	<b>0.4518</b>	1.14	2.86

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

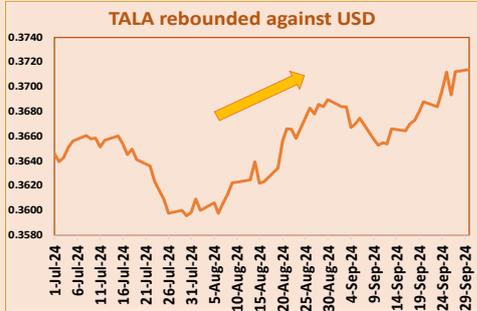
	Tala* per foreign currencies (month average)				
	Sep-23	Aug-24	Sep-24	Aug-24 (%)	Sep-23 (%)
USD/TALA	2.7866	2.7463	<b>2.7183</b>	1.02	2.45
NZD/TALA	1.6505	1.6686	<b>1.6911</b>	-1.35	-2.46
AUD/TALA	1.7898	1.8260	<b>1.8391</b>	-0.72	-2.76
EUR/TALA	2.9769	3.0261	<b>3.0175</b>	0.28	-1.36
<b>Nom Index</b>	<b>99.7891</b>	<b>99.7018</b>	<b>99.6527</b>	<b>-0.05</b>	<b>-0.14</b>
FJD/TALA	1.2241	1.2269	<b>1.2282</b>	-0.11	-0.33
TALA/YEN	52.9787	53.2664	<b>52.6950</b>	-1.07	-0.54
TALA/CNH	2.6207	2.6046	<b>2.6061</b>	0.06	-0.56

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



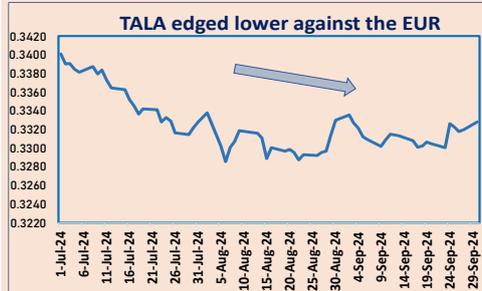
## The US dollar weakened on

- A string of unfavorable economic releases out of the US (e.g., higher initial jobless claims, weaker than expected manufacturing PMI, and retail sales missing expectations).
- Treasury yields ticked higher as investors considered inflation and the interest rate outlook.
- Key economic data signaled a cooling economy and reinforced expectations of further Federal Reserve rate cuts.



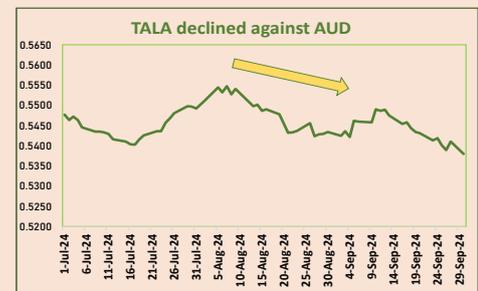
## The EUR gained against the USD due to

- The broad weakness of the US dollar alongside favorable economic releases out of the Eurozone during September (e.g., eased inflation rate, and consumer confidence improved beyond expectations).
- Market trader sentiments as they continued to digest key economic data and the monetary policy outlook.
- Market expectations of more interest rate cuts by the ECB to stimulate the economy given the lower inflation outlook.



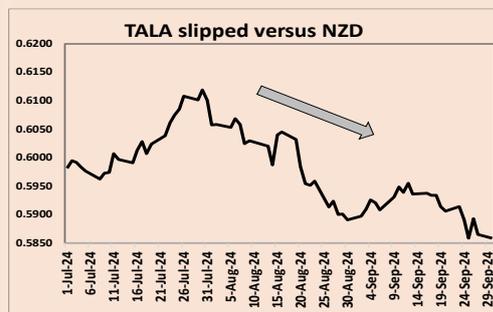
## The AUD strengthened against the USD on

- The positive economic releases out of Australia (e.g., services PMI rises above expectations, upbeat jobs data, manufacturing, and housing data; consumer inflation expectations in Australia fell to 4.4% in September from 4.5%).
- Australia's major trading partner (China) also implementing various economic support measures, boosting demand for Australian exports.
- The Reserve Bank of Australia (RBA) kept its interest rates unchanged at 4.35%.



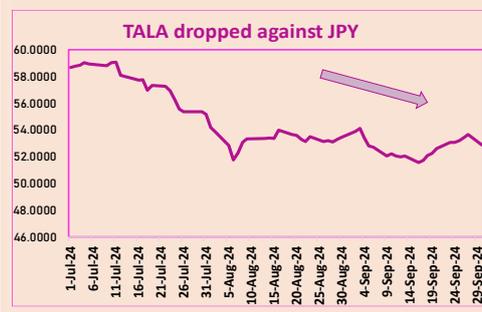
## The NZD surged versus the USD due to

- The general weakness of the US greenback along with positive economic data out of New Zealand (e.g., improvement of business activities, positive manufacturing, and services PMI).
- The increase in demand for the Kiwi dollar was also supported by a monetary stimulus package by China, New Zealand's largest export partner.



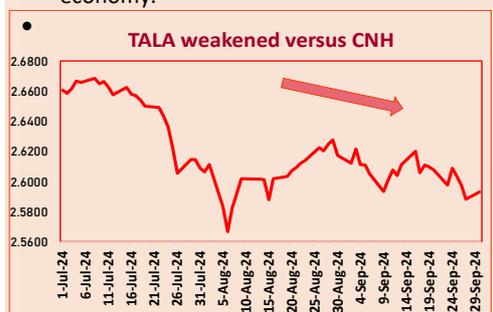
## JPY appreciated against USD due to

- The weak US dollar and upbeat economic releases out of Japan (e.g., better than expected PMI services, positive wage data records).
- Moreover, data showed that Tokyo's core inflation rate slowed to 2% in September, supporting the case for the Bank of Japan to take a cautious approach to rate hikes.



## CNH edged higher vs. the USD on

- The weak US greenback and favorable economic releases out of China (favorable investor sentiment, positive services PMI).
- CNH in September was driven by significant economic stimulus measures, marking one of PBoC's most extensive packages of economic stimulus measures.
- PBoC lowered the reserve requirement ratio (RRR) for banks by 50bps, the second reduction this year aimed at bolstering the economy.



# ECONOMIC & FINANCIAL FORECASTS

## Policy Interest rate forecasts

	Actual (02 Oct 2024)	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25
<b>USA</b>						
Fed Funds Rate	4.875	4.375	3.875	3.625	3.375	3.375
<b>Australia</b>						
RBA Cash Rate	4.35	4.35	4.10	3.85	3.60	3.35
<b>New Zealand</b>						
RBNZ Cash Rate	5.25	4.75	4.50	4.25	4.00	3.75
<b>China</b>						
PBOC Loan Prime Rate	3.35	3.25	3.25	3.25	3.25	3.25
<b>Euro-Area</b>						
ECB Refinance Rate	3.75	3.25	3.00	2.75	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 (02 Oct 2024)	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25	Mar 26
AUD/USD	0.6869	0.68	0.69	0.70	0.71	0.72	0.72
NZD/USD	0.6298	0.62	0.63	0.63	0.63	0.64	0.64
EUR/USD	1.1162	1.11	1.11	1.12	1.13	1.14	1.14
USD/JPY	146.3400	142	141	140	139	138	137
GBP/USD	1.3379	1.31	1.32	1.32	1.33	1.33	1.34
USD/CNH	7.0286	7.08	7.03	7.03	7.01	7.00	6.85

## US economic indicators and outlook

	Mar24	Jun 24	Sep24(f)	Dec 24(f)	Mar25(f)	Jun25(f)	Sep25(f)
GDP % qtr.	-2.7	-2.7	-2.6	-2.6	-2.5	-2.5	-
%yr. annual change	2.5	2.5	2.4	2.3	2.3	2.2	-
Unemployment rate %	3.8	4.0	4.1	4.3	4.5	4.7	-
CPI % YoY.	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	0.6	0.5	0.5	0.6	0.6
% Year end	1.3	1.0	1.2	1.5	1.9	2.2	2.2
Unemployment rate %	3.9	4.1	4.2	4.3	4.4	4.5	4.6
CPI % qtr.	1.0	1.0	0.3	0.4	0.6	0.9	1.2
Annual Change (%)	3.6	3.8	2.9	2.6	2.3	2.2	3.2

## 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	0.4	0.5	0.5	0.5
Annual avg change	0.3	-0.2	-0.1	0.0	0.0	0.4	0.9
Unemployment rate %	4.4	4.6	5.0	5.3	5.5	5.6	5.6
CPI % qtr.	0.6	0.4	0.9	0.3	0.5	0.4	0.8
Annual change (%)	4.0	3.3	2.4	2.2	2.1	2.0	2.0

Source: Westpac Economics Update (August 2024), Trading Economics  
 Note: (a) – actual; (e) – estimate; (f) – forecast; (adv) – advance estimates