EXCHANGE RATE DEVELOPMENTS SEPTEMBER 2026

Highlights:

Policy Interest Rates	Current	Change (basis point)	Last Updated	Commodity Prices	Average Price (USD)	Change	Prev Month
Reserve Bank of NZ	2.75%	+0.25	September 2, 2026	ICE Brent ($/BBL)	$109.28	$12.01	$97.27
Reserve Bank of Australia	4.60%	+0.25	September 29, 2026	whole milk (US$/t)	$3,605.00	$20.00	$3,585.00
US Federal Reserve	3.75%-4.00%	+0.25	September 16, 2026				
European Central Bank	2.65%	+0.25	September 10, 2026				
Bank of England	3.75%	no changes	September 17, 2026				

USD* per other currencies (month average)

	Sept-25	Aug-26	Sept-26	Aug-26 (%)	Sept-25 (%)
NZD/USD	0.5889	0.5907	**0.5776**	-2.22	-1.92
AUD/USD	0.6591	0.7096	**0.7127**	0.43	8.12
EUR/USD	1.1734	1.1588	**1.1520**	-0.59	-1.82
USD/YEN	147.8207	158.8838	**156.4830**	1.51	-5.86
USD/CNH	7.1243	6.7382	**6.7104**	0.41	5.81
FJD/USD	0.4426	0.4506	**0.4501**	-0.12	1.68

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

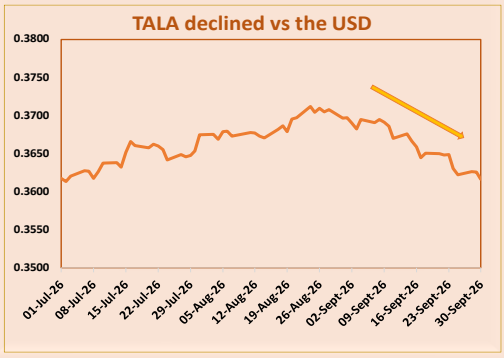
Tala* per foreign currencies (month average)

	Sep-25	Aug-26	Sept-26	Aug-26 (%)	Sept-25 (%)
USD/TALA	2.7707	2.7119	**2.7308**	-0.70	1.44
NZD/TALA	1.6313	1.6017	**1.5769**	1.55	3.34
AUD/TALA	1.8261	1.9242	**1.9460**	-1.13	-6.57
EUR/TALA	3.2509	3.1425	**3.1457**	-0.10	3.24
Nom Index	**100.2142**	**101.0589**	**101.1194**	**0.06**	**0.90**
FJD/TALA	*1.2263*	*1.2220*	***1.2289***	*-0.57*	*-0.22*
TALA/YEN	*53.3494*	*58.5887*	***57.3016***	*-2.20*	*6.90*
TALA/CNH	*2.5572*	*2.4847*	***2.4573***	*-1.10*	*-4.07*

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

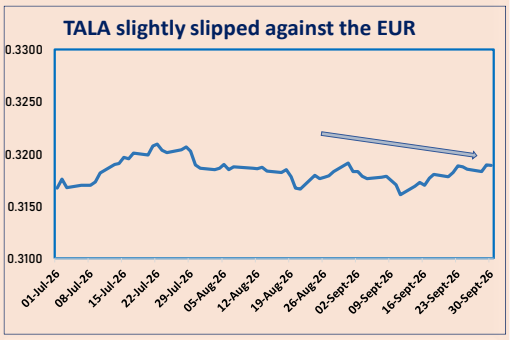
The US dollar steadied as:

- Rising Treasury yields encouraged capital flows into U.S financial markets, helping to sustain demand for the US dollar.
- The Federal Reserve maintained a cautious approach at its 15-16 September 2026 FOMC meeting, keeping policy settings unchanged while continuing to monitor inflation and economic developments before considering further policy adjustments.



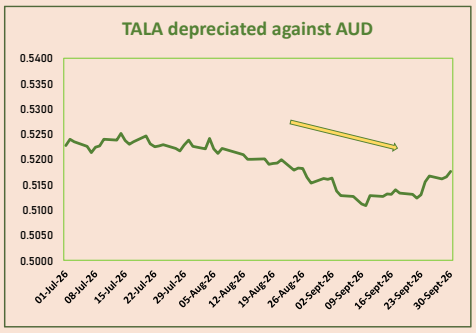
The EUR depreciated against USD as:

- Softer economic data and moderating inflation increased expectations that monetary policy would remain accommodative, lowering demand for the Euro.
- The European Central Bank (ECB) adopted a more cautious stance, keeping interest rates unchanged while highlighting growing downside risks to economic growth across the Eurozone.



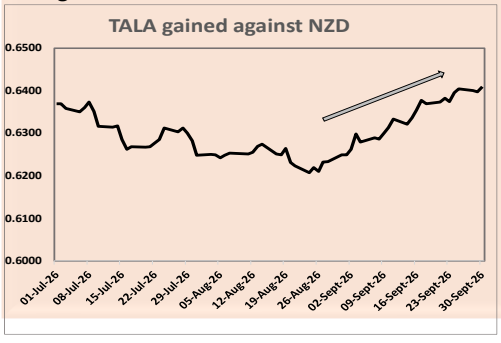
The AUD appreciated against the USD as:

- Continued strength in economic activity and inflation increased market expectations that Australian interest rates would stay higher for longer, supporting demand for the Australian dollar.
- The Reserve Bank of Australia (RBA) raised its policy interest rate by 25 basis points, from 4.35 percent to 4.60 percent, and signalled that further policy tightening may be required if inflationary pressures persist.



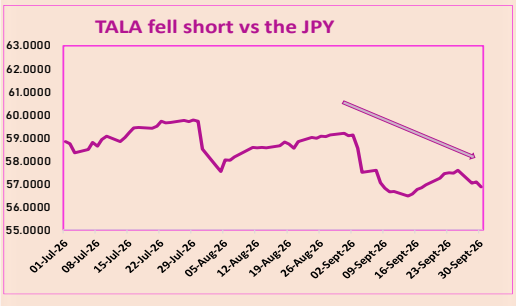
NZD declined against the greenback as:

- Market expectations of future Reserve Bank of New Zealand (RBNZ) interest rate cuts, together with slower economic growth and weaker consumer demand, reduced support for the New Zealand dollar.
- Although the RBNZ raised the Official Cash Rate by 25 basis points to 2.75 percent, the Bank signalled a gradual withdrawal of monetary stimulus and a cautious policy path aimed at maintaining inflation within its target range.



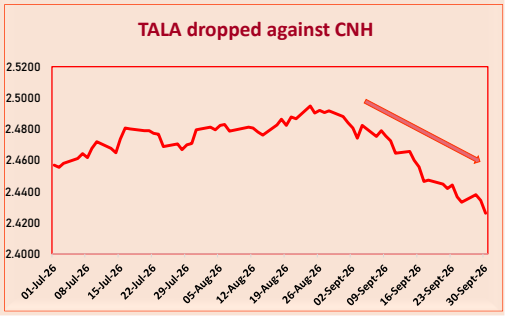
JPY inched higher vs the USD as:

- Market expectations that the BOJ would continue to gradually normalise monetary policy increased investor confidence in the Japanese currency.
- The Bank of Japan maintained a hawkish stance during September 2026, signalling its readiness to continue policy normalisation as inflation remained sustainably above its target level.



CNH traded higher vs the USD as:

- Stronger economic indicators, including improvements in domestic activity and market sentiment, supported demand for the renminbi.
- The PBOC maintained an accommodative monetary policy stance during September 2026, supporting economic growth through targeted policy measures and liquidity support while promoting exchange rate stability.



ECONOMIC & FINANCIAL FORECASTS

Policy Interest rate forecasts

	Actual (October 2026)	Dec 26	Mar 27	Jun 27	Sep 27	Dec 27
USA						
Fed Funds Rate	3.875	4.125	4.125	4.125	4.125	4.125
Australia						
RBA Cash Rate	4.60	4.85	4.85	4.85	4.60	4.35
New Zealand						
RBNZ Cash Rate	2.75	3.00	3.50	3.75	4.00	4.00
China						
PBOC Loan Prime Rate	3.00	2.80	2.80	2.80	2.80	2.80
Euro-Area						
ECB Refinance Rate	2.50	2.75	2.75	2.75	2.75	2.75
United Kingdom						
BOE Base Rate	3.75	4.00	4.00	4.00	4.00	3.75

Exchange rate forecasts

	Actual (October 2026)	Dec 26	Mar 27	Jun 27	Sep 27	Dec 27	Mar 28
AUD/USD	0.7003	0.72	0.72	0.73	0.73	0.73	0.72
NZD/USD	0.5683	0.56	0.58	0.61	0.63	0.64	0.64
EUR/USD	1.1237	1.14	1.16	1.18	1.20	1.21	1.22
USD/JPY	158.2050	156.00	154.00	153.00	152.00	151.00	150.00
GBP/USD	1.3382	1.34	1.35	1.36	1.38	1.39	1.40
USD/CNH	6.6748	6.68	6.68	6.68	6.64	6.50	-

US economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	2.1	1.5	2.8	1.9	1.6	1.7	1.8
%yr. annual change	2.7	2.1	1.7	2.0	1.9	2.0	1.7
Unemployment rate %	4.3	4.3	4.4	4.4	4.5	4.5	4.6
CPI % YoY	2.7	3.9	3.5	3.2	2.9	2.3	2.3
Annual change (%)	3.1	3.3	3.1	3.0	2.7	2.4	2.3

Australian economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	0.3	0.4	0.5	0.2	0.4	0.3	0.4
% Year end	2.5	2.1	2.2	1.5	1.6	1.5	1.4
Unemployment rate %	4.2	4.4	4.6	4.7	4.7	4.8	4.8
CPI % qtr.	1.4	0.6	1.3	1.3	0.4	0.5	1.0
Annual Change (%)	4.1	3.9	3.9	4.6	3.6	3.4	3.2

New Zealand economic indicators and outlook

	Mar26	Jun26	Sep26(f)	Dec26(f)	Mar27(f)	Jun27(f)	Sep27(f)
GDP % qtr.	0.9	0.2	0.6	0.7	0.9	0.5	0.6
Annual avg change	0.9	1.7	2.1	2.4	2.4	2.5	2.6
Unemployment rate %	5.4	5.6	5.5	5.5	5.4	5.3	5.2
CPI % qtr.	0.9	1.5	0.7	1.2	0.5	0.4	0.5
Annual change (%)	3.1	4.1	3.7	4.3	3.9	2.7	2.6

Source: Westpac Economics Update (19 October 2026), Trading Economics

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

FINANCIAL MARKETS DEPARTMENT
22 October 2026