# WESTPAC WEEKLY ECONOMIC COMMENTARY

## Labour market pressures easing, but only gradually.

31 July 2023

Southern rātā

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**A projected loosening of the labour market forms the lynchpin of the RBNZ's forecast that inflation will return to the target range next year. However, we expect this week's key labour market data will point to very little easing in the June quarter, with wage growth likely to have remained at elevated levels. In our view, the risk of further OCR hikes will remain until more concrete signs of easing labour market pressures emerge.**

The RBNZ's current forecast that inflation will return to the target range next year is heavily conditioned on a projected loosening of the labour market. Therefore, the most important entry in this week's local economic diary is Wednesday's release of key labour market data for the June quarter. With the most recent CPI report pointing to stronger than expected inflation pressures in the non-tradables sector, the RBNZ will surely be keener than ever to see clear signs of a major turning point in the jobs market. However, we expect the data to reveal only a modest lift in the unemployment rate, which will remain at an historically low level.

Despite a slowdown in general economic activity, employment growth is likely to have remained robust. The monthly employment indicator – which despite conceptual differences broadly tracks the household measure of employment – pointed to a 1.0% lift in filled jobs in the June quarter. Allowing for the possibility that some people might have taken second jobs in response to increasing pressures on household finances, we estimate a 0.8% lift in household employment. We think the current strength owes in large part to the substantial inflow of migrant arrivals since late last year, which has allowed some employers to fill longstanding vacancies. Employers in the hospitality and transport sectors are likely to have added to their workforces, irrespective of weakening demand conditions in the economy.

Importantly, the surge in migrant arrivals has also lifted the pool of potential labour. Indeed, the working age population increased by a strong 0.7% in the June quarter. With growth in the previous quarter recently revised up to 0.8% – double that estimated previously – annual growth seems set to rise to a new high of 2.2%. The labour force participation rate increased by 0.3% to a new record high of 72.0% in the March quarter (perhaps also due to migrants' labour force participation exceeding that of the general population). After such a large increase last quarter, we are hesitant to assume a further increase in the June quarter. As a result, we estimate that the unemployment rate will edge up by 0.1ppts to 3.5%, continuing the very slight uptrend evident since early last year.

Turning to wages, we expect that the overall Labour Cost Index (LCI) will increase 1.3% in the June quarter, stepping up from 0.9% in the March quarter, and lifting annual growth to a new cyclical high of 4.5%. Contributing to this lift in growth is the Government's decision to lift the minimum wage by 7% from 1 April, with official estimates indicating that this increase will have lifted the wages of about 7.5% of the workforce as pay rates are brought up to the new floor. However, for the most part the solid lift in the LCI will reflect the lagged impact of past tightness in the labour market. Significant declines in wage growth are more likely to be a story for 2024, rather than this year. It is worth noting that the unadjusted Labour Cost Index – which more closely represents workers' take-home pay – is likely to have grown by around 6% in the year to June.

If the labour market data pan out as we expect they will likely have little impact on the RBNZ's policy outlook. We expect employment growth to be slightly stronger than forecast by the RBNZ back in May – reflecting migrant inflows – but our estimate of the unemployment rate is in line with the RBNZ's forecast. Our forecast for the increase in the private sector LCI is a notch above the RBNZ's May forecast, which might attract some focus should the unemployment rate surprise on the downside. Looking ahead, in order to remain comfortable with the present OCR setting, we think the Bank will need to see much greater progress in reducing labour market tightness in the second half of this year.

Turning to the rest of the diary, today brings an update on business confidence. Last month, the ANZ Business Outlook Survey reported a further lift in firms' expectations of activity – indeed the first net positive reading in 14 months – and a modest decline in firms' expectations of inflation, which nonetheless remained very elevated. The June building consents report is released tomorrow. As far as dwelling consents are concerned, despite a strong lift in population growth, we think that the bottom of the cycle is yet to be seen and so the June report may reveal a third consecutive monthly decline. Finally, we will also be interested in the results of Wednesday's GDT dairy auction. Indeed, in light of the declines seen in recent auctions – which we attribute to soft demand from China – last week we revised down our forecast of the 2023/24 season return for dairy farmers to $7.80kg from $8.90kg. For many farmers, this would put the milk price below their break-even point. That said, farm balance sheets are generally strong and given previous experiences of downturns, we expect that farmers are well-placed to manage through this milk price cycle.

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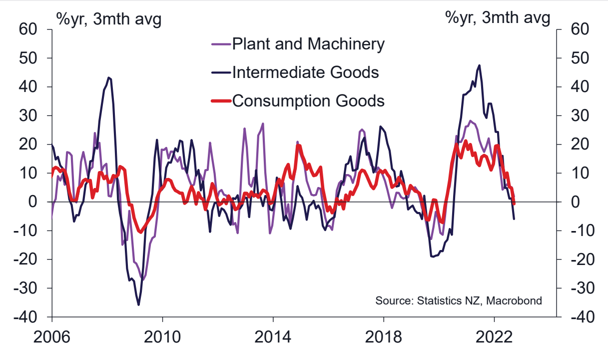
# Chart of the week

Last week's merchandise trade data for June revealed much weaker than expected imports. For the first time this year, imports of both consumer goods and plant and machinery were lower than a year earlier. Imports of intermediate goods were down more than 20%. At first glance the weakness in imports is consistent with a slowing economy as monetary policy continues to gain traction. That said, lower commodity prices and reductions in freight costs are also likely to be depressing import values, especially for intermediate goods.

Imports are slowing

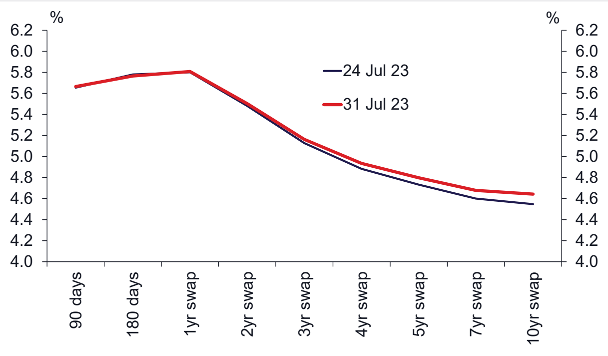



# Fixed vs floating for mortgages

The RBNZ has signalled that it expects to hold the cash rate at its current level of 5.50% for an extended period. In contrast, financial markets are pricing in an earlier start to interest rate cuts, from early next year. We see a risk that the OCR could go higher in the coming months, and that interest rate cuts could be some time away.

We see value in fixing for terms as long as two years. Rates for terms beyond two years are still relatively expensive, but would provide more certainty around the size of repayments.

NZ interest rates



# The week ahead

## Jul ANZBO business confidence

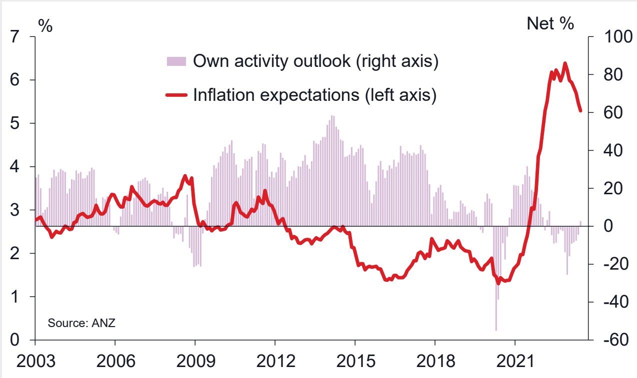
**Jul 31, Last: -18.0**

While businesses remain downbeat about the economic landscape, the June confidence survey showed that some of that nervousness has been dissipating.

We expect that the July confidence survey will again highlight that, although business sentiment remains weak, some of the malaise is dissipating. On the downside, many businesses are struggling with challenging trading conditions as they and their clients grapple with higher borrowing costs and other headwinds. But at the same time, recent months have seen cost pressures moderating, while the recovery in net migration is helping to alleviate labour shortages and is adding to demand.

The survey's cost and pricing gauges will be closely watched. While those continue to point to strong inflation pressures, they have been trending down for several months now. We expect that trend will continue in this month's survey.

Business confidence




## NZ July building consents

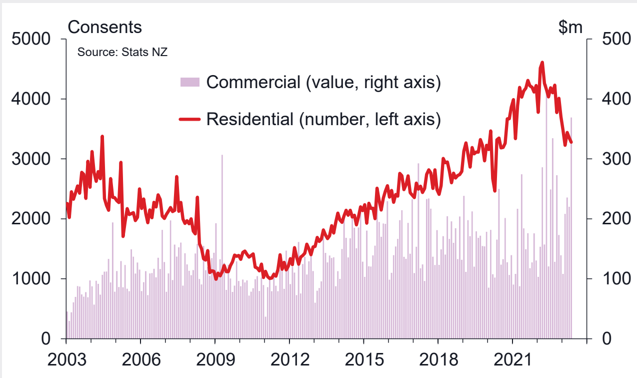
**Aug 1, Last: -2.2%, Westpac f/c: -5.0%**

The number of new dwelling consents fell 2.6% in May, with annual consent issuance dropping back to 45,200. While that is still high compared to history, it's down 11% from the peak we saw in 2022.

We expect consents issuance will fall by a further 5% in June with tighter financial conditions (including higher interest rates) continuing to dampen new housing development.

The housing market is now finding a base, with house sales and prices starting to turn upwards. Even so, we still expect consent issuance and building activity to continue softening for some time yet.

NZ building consents



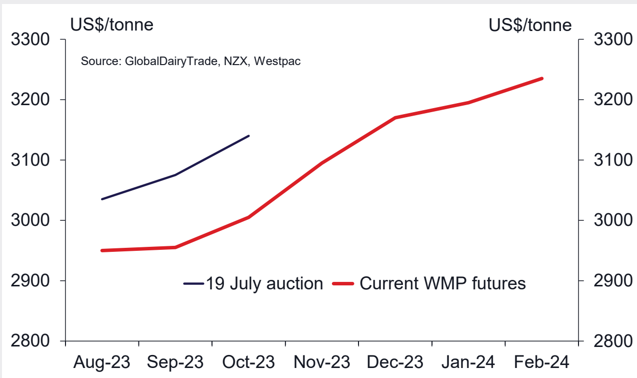

## NZ GlobalDairyTrade auction, whole milk powder prices

**Aug 2, Last: -1.5%, Westpac: -2.0%**

We expect whole milk powder prices (WMP) to fall 2% at the upcoming auction. If prices fall as expected, then this would continue the downward trend seen over the past year. Our pick is between the circa 1% fall at last week's mini (GDT pulse) auction and the fall of about 3% that the futures market is pointing to. We note that Fonterra has announced a reduction in auction volumes on offer and this has swayed us towards a slightly smaller price decrease.

In the short term, we expect that underwhelming Chinese dairy demand and recent New Zealand production strength will continue to put downward pressure on prices. By late 2023 and early 2024, we expect that soft underlying global dairy production and improving Chinese dairy demand will lift dairy prices.

Whole milk powder prices



# The week ahead

## NZ Q2 labour market surveys

**Aug 2, Unemployment rate Last: 3.4%, Westpac f/c: 3.5%**
**Labour Cost Index Last: 0.9%, Westpac f/c: 1.3%**

Indicators suggest a solid 0.8% lift in employment in the June quarter with surging migrant arrivals allowing employers to fill longstanding vacancies. However, with those arrivals also boosting the labour force, we expect the unemployment rate to edge up to 3.5%, continuing a very gradual uptrend from last year's historic low.

Wage growth typically lags the broader economic cycle. And with a 7% increase in the minimum wage on 1 April also in the mix, we expect the Labour Cost Index to increase a strong 1.3%. This will lift annual growth to a new high of 4.5% - likely the peak for this cycle.

Our forecasts are not materially different to the RBNZ's. So if the data meet our expectations, they are unlikely to have much impact on the Bank's outlook for the economy and monetary policy.

NZ labour market indicators


## Aus Jun private sector credit

**Jul 31, Last: 0.4%, WBC f/c: 0.4%**
**Mkt f/c: 0.4%, Range: 0.3% to 0.6%**

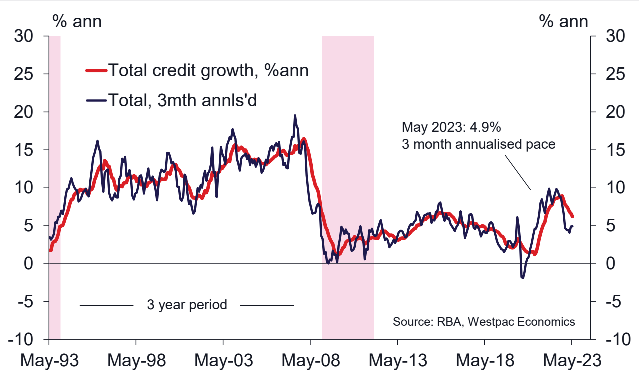
Over the first half of 2023, the monthly pace of credit growth broadly stabilised at a subdued average of 0.4% – against the backdrop of an emerging stabilisation in the housing market and late cycle resilience in business investment.

Prior to that, the appetite for credit diminished significantly as sharply higher interest rates impacted, reducing borrowing capacity. Monthly credit growth was running at an average pace of 0.7% over the second half of 2021 and through January to September 2022.

The May 2023 credit figure printed a rise of 0.4%, 6.2%yr, including: housing 0.3%, 5.0%yr and business 0.5%, 9.7%yr. In three month annualised terms, credit growth is 4.9%, including housing 4.2%, business 7.5% and personal 0.1%.

For June, we anticipate a reading of 0.4%, which would see annual credit growth moderate to 5.8%.

Aus credit growth




## Aus RBA policy decision

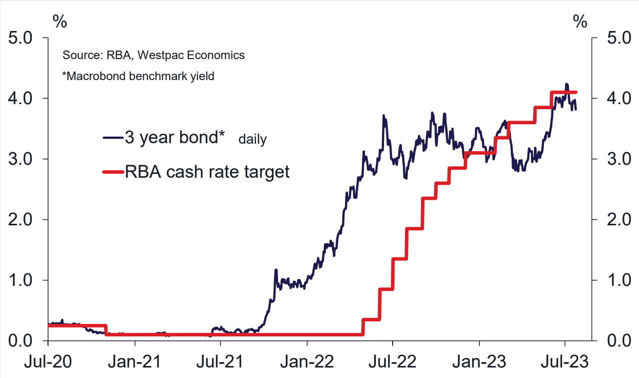
**Aug 1, Last: 4.10%, WBC f/c: 4.35%**
**Mkt f/c: 4.35%, Range: 4.10% to 4.35%**

At the August Board meeting, Westpac anticipates that the RBA will raise the cash rate by 25bps to 4.35%.

The Q2 CPI provided a constructive update on headline inflation in Australia, down from 7.0%yr to 6.0%yr. However, the detail around services was not as promising. Not only did the overall services index lift from 6.1%yr to 6.3%yr, but the services index that excludes volatile items and government administered prices – which get knocked around by rebates/subsidies in health and childcare – rose by 1.2% in June (up from 0.9% in March), holding at 6.8%yr.

Given the lasting stickiness in services inflation, the RBA should take out more 'insurance' with a 25bp increase in August, reaching a terminal rate of 4.35%. Thereafter, the Board can retain a tightening bias while assessing inflation's downtrend and the evolution of risks.

RBA cash rate and 3 year bonds



# The week ahead

## Aus Q2 real retail sales

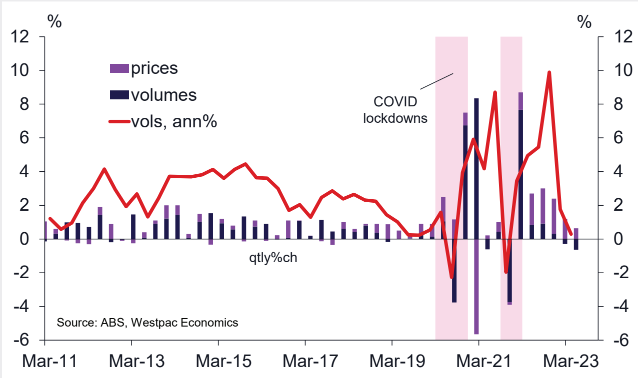
**Aug 3, Last: -0.6%, WBC f/c: -0.6%**
**Mkt f/c: -0.5%, Range: -0.7% to +0.5%**

Real retail sales fell 0.6% in Q1 following on from a 0.3% decline in Q4. The back-to-back falls marked the biggest six-month contraction in retail sales volumes since 1986 (excluding the COVID and GST introduction periods).

Preliminary estimates show nominal sales rose 0.4% in Q2 after having stalled flat in Q1. However the Q2 CPI detail suggests retail prices posted an even stronger gain, food prices alone up 1.5%qtr and total retail prices likely to be up around 1%qtr.

That in turn implies 0.6%qtr contraction in real retail sales – a third successive quarterly decline in volumes that has only been seen one other time historically: when interest rates peaked just prior to the GFC.

Aus retail sales




## Aus Jun trade balance, $bn

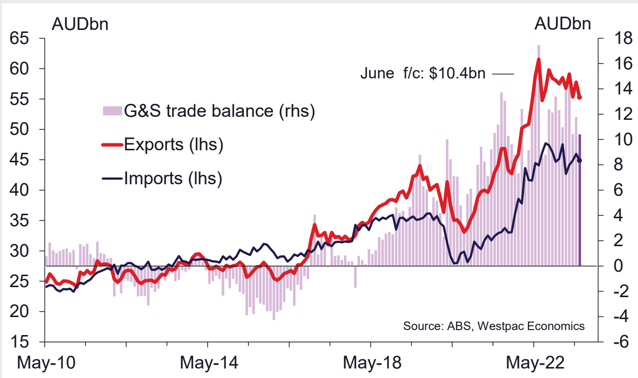
**Aug 3, Last: 11.8, WBC f/c: 10.4**
**Mkt f/c: 10.8, Range: 10.0 to 13.0**

Australia's trade surplus hit $14.97bn in March, the second highest on record. Since then, with commodity prices pulling back by almost 12% in two months, the surplus moderated to be at a still elevated $11.8bn in May. For June, we anticipated a surplus of $10.4bn, lower by $1.4bn.

Export earnings are expected to decline by 4.3%, -$2.5bn. The pullback in commodity prices continued, down 1.3% in June. Goods volumes, after a strong one-off showing in May, likely corrected lower, with potential falls across LNG and gold, as well as manufactured goods. Services recovery continues.

On the import side, we have limited partials. On this occasion, we are going out on a limb and factoring in a sizeable decline of 2.4%, -$1.1bn. Global fuel prices fell again, -5.9%, and auto imports spiked in May, +$0.9bn, with the potential for a June correction. The AUD rose 0.9% against the USD in June, thereby dampening prices.

Aus trade balance




## US Jul employment report

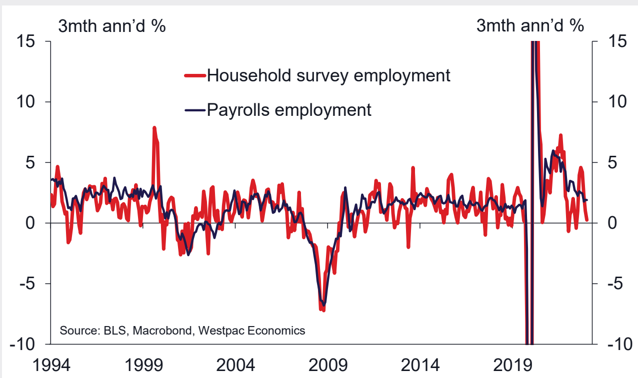
**Aug 4: nonfarm payrolls Last: 209k, Mkt f/c: 190k, WBC: 210k**
**Aug 4: u/e rate Last: 3.6%, Mkt f/c: 3.6%, WBC: 3.6%**

The US labour market continues to show resilience, employment growth having slowed from a well above-trend pace to a rate consistent with a broadly stable unemployment rate given rising participation. This is despite a decline in manufacturing activity, persistent weakness in construction and sub-par consumption growth.

Employment growth is likely to slow further, though the upside surprise to activity through Q2 suggests the next leg down will appear towards the end of Q3. Even at that point, we only anticipate a sub-par pace of employment not meaningful declines.

With the supply of labour sufficient to meet demand, wages growth is due to ease further, albeit only slowly.

US job growth

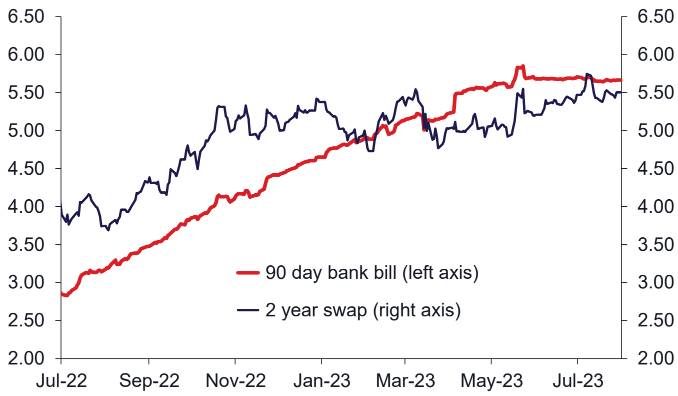


# New Zealand forecasts

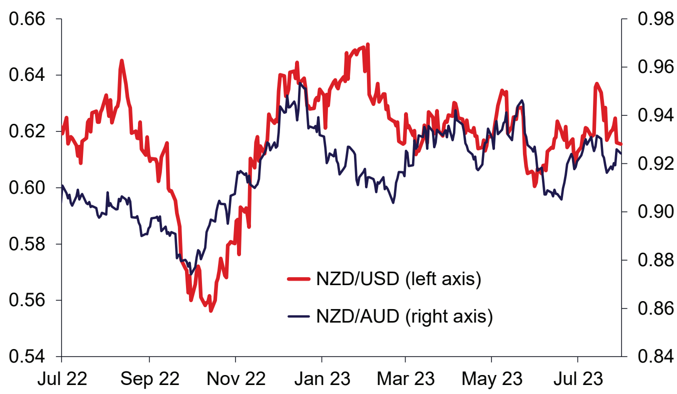
| Economic forecasts | Quarterly | | | | Annual | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | | | | | | |
| % change | Dec | Mar | Jun | Sep | 2021 | 2022 | 2023f | 2024f |
| GDP (Production) | -0.7 | -0.1 | 0.5 | 0.5 | 6.0 | 2.7 | 1.2 | 0.5 |
| Employment | 0.5 | 0.8 | 0.4 | 0.0 | 3.3 | 1.6 | 1.2 | -0.4 |
| Unemployment Rate % s.a. | 3.4 | 3.4 | 3.5 | 3.7 | 3.2 | 3.4 | 3.9 | 4.9 |
| CPI | 1.4 | 1.2 | 1.1 | 2.0 | 5.9 | 7.2 | 4.9 | 2.9 |
| Current Account Balance % of GDP | -9.0 | -8.5 | -8.2 | -7.9 | -6.0 | -9.0 | -6.8 | -4.0 |

| Financial forecasts | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 |
|---|---|---|---|---|---|---|---|
| Cash | 5.75 | 5.75 | 5.75 | 5.75 | 5.25 | 4.75 | 4.50 |
| 90 Day bill | 5.85 | 5.85 | 5.85 | 5.55 | 5.05 | 4.75 | 4.30 |
| 2 Year Swap | 5.30 | 5.00 | 4.70 | 4.40 | 4.20 | 4.00 | 3.90 |
| 5 Year Swap | 4.80 | 4.60 | 4.45 | 4.30 | 4.15 | 4.05 | 3.95 |
| 10 Year Bond | 4.60 | 4.40 | 4.20 | 4.00 | 3.90 | 3.80 | 3.70 |
| NZD/USD | 0.62 | 0.62 | 0.63 | 0.64 | 0.65 | 0.66 | 0.66 |
| NZD/AUD | 0.90 | 0.90 | 0.89 | 0.89 | 0.89 | 0.89 | 0.89 |
| NZD/JPY | 86.8 | 85.6 | 85.7 | 85.1 | 84.5 | 84.5 | 83.5 |
| NZD/EUR | 0.56 | 0.56 | 0.56 | 0.57 | 0.57 | 0.57 | 0.57 |
| NZD/GBP | 0.49 | 0.49 | 0.49 | 0.50 | 0.50 | 0.51 | 0.51 |
| TWI | 70.9 | 70.3 | 70.1 | 70.4 | 70.7 | 71.0 | 70.8 |

2 year swap and 90 day bank bills




NZD/USD and NZD/AUD




NZ interest rates as at market open on 31 July 2023

| Interest rates | Current | Two weeks ago | One month ago |
|---|---|---|---|
| Cash | 5.50% | 5.50% | 5.50% |
| 30 Days | 5.62% | 5.60% | 5.61% |
| 60 Days | 5.64% | 5.63% | 5.66% |
| 90 Days | 5.67% | 5.65% | 5.70% |
| 2 Year Swap | 5.50% | 5.39% | 5.47% |
| 5 Year Swap | 4.80% | 4.66% | 4.66% |

NZ foreign currency mid-rates as at 31 July 2023

| Exchange rates | Current | Two weeks ago | One month ago |
|---|---|---|---|
| NZD/USD | 0.6155 | 0.6338 | 0.6145 |
| NZD/EUR | 0.5579 | 0.5643 | 0.5642 |
| NZD/GBP | 0.4792 | 0.4846 | 0.4849 |
| NZD/JPY | 86.68 | 87.56 | 88.94 |
| NZD/AUD | 0.9242 | 0.9303 | 0.9234 |
| TWI | 70.95 | 72.47 | 71.42 |

# Data calendar

| | | Last | Market median | Westpac forecast | Risk/Comment |
|---|---|---|---|---|---|
| **Mon 31** | | | | | |
| NZ | Jul ANZ business confidence | -18 | – | – | Still weak, but has been rising. |
| Aus | Jun private sector credit | 0.4% | 0.4% | 0.4% | Growth stabilised at a modest pace, as housing market stirs. |
| | Jul MI inflation gauge %yr | 5.7% | – | – | Provides a general view of risks. |
| Chn | Jul NBS manufacturing PMI | 49.0 | 48.9 | – | Greater resilience relative to developed nations... |
| | Jul NBS non-manufacturing PMI | 53.2 | 53.0 | – | ... only marginally below pre-pandemic averages currently. |
| Eur | Q2 GDP | 0.0% | – | – | Consumers feeling pressure from cost-of-living and rates. |
| | Jul CPI %yr | 5.5% | – | – | Attention remains firmly centred on core/services trend. |
| UK | Jun net mortgage lending £bn | -0.1 | – | – | High rates dissuade new borrowing for housing. |
| US | Jul Chicago PMI | 41.5 | 43.5 | – | Business conditions are exceedingly fragile... |
| | Jul Dallas Fed index | -23.2 | -22.5 | – | ... particularly in the manufacturing sector. |
| **Tue 01** | | | | | |
| NZ | Jun building permits | -2.2% | – | -5.0% | Tighter financial conditions still a drag. |
| Aus | Jul CoreLogic home value index | 1.2% | – | 0.9% | Another solid gain, albeit with momentum slowing a touch. |
| | Jun dwelling approvals | 20.6% | -8.0% | -7.0% | High rise spike unwinding, non-high rise firming slowly. |
| | Jun housing finance | 4.8% | 1.8% | 1.5% | Upturn consolidating – established market seeing price-led... |
| | Jun owner occupier finance | 4.0% | – | 1.3% | ... gains with volumes flat, new building firming gradually... |
| | Jun investor finance | 6.2% | – | 1.5% | ... investor activity to outperform slightly. |
| | RBA policy decision | 4.10% | 4.35% | 4.35% | Final 25bp hike to provide insurance against services inflation. |
| Chn | Jul Caixin manufacturing PMI | 50.5 | 49.8 | – | Robust investment detail offers medium-term support. |
| Eur | Jun unemployment rate | 6.5% | – | – | Holding firm at a historically low level. |
| UK | Jul Nationwide house prices | 0.1% | 0.4% | – | High rates dissuade new borrowing for housing. |
| US | Jul ISM manufacturing | 46.0 | 46.9 | – | Demand risks a lasting slump below pre-pandemic levels. |
| | Jun JOLTS job openings | 9824k | – | – | Only tracking a gradual softening. |
| | Jun construction spending | 0.9% | 0.6% | – | New capacity needed, but uncertainty a material headwind. |
| **Wed 02** | | | | | |
| NZ | GlobalDairyTrade auction (WMP) | -1.5% | – | -2.0% | Weaker prices to reflect still sluggish Chinese demand. |
| | Q2 unemployment rate | 3.4% | 3.5% | 3.5% | Very gradual uptrend continues, but still very low |
| | Q2 LCI wage inflation (pvte, ord. time) | 0.9% | 1.2% | 1.3% | Wages lag the cycle, so another solid lift is likely |
| | Q2 employment | 0.8% | – | 0.8% | Filled jobs indicator points to another robust quarter |
| US | Jul ADP employment change | 497k | 185k | – | Often at odds with BLS. |
| **Thu 03** | | | | | |
| NZ | Jul ANZ commodity prices | -2.3% | – | – | All main commodity prices remain under downward pressure. |
| Aus | Q2 real retail sales | -0.6% | -0.5% | -0.6% | Nominal sales +0.4%qtr, but prices +1%qtr → vols –0.6%qtr. |
| | Jun trade balance $bn | 11.8 | 10.8 | 10.4 | Export decline (price & vol) to outpace that of imports. |
| Chn | Jul Caixin services PMI | 53.9 | 52.4 | – | Cooling but still benefitting from post-reopening dynamics. |
| UK | BoE policy decision | 5.00% | – | – | 25/50bps a 50/50 proposition. |
| US | Jul ISM non-manufacturing | 53.9 | 53.0 | – | Near-term strength likely but outlook uncertain. |
| | Jun factory orders | 0.3% | 0.1% | – | Downside risks to demand present in core orders' weakness. |
| | Initial jobless claims | 221k | – | – | Likely to remain at historic lows. |
| | Q2 productivity | -2.1% | 1.2% | – | Wages growth robust at a time of weak productivity. |
| **Fri 04** | | | | | |
| Aus | RBA Statement on Monetary Policy | – | – | – | Forecast update – end-point extended from Jun-25 to Dec-25. |
| Chn | Q2 current account balance US$bn | 81.5 | – | – | Developed world demand to weigh on surplus in time. |
| Eur | Jun retail sales | 0.0% | – | – | Discretionary spending capacity clearly under pressure. |
| US | Jul nonfarm payrolls | 209k | 190k | 210k | The rise in participation and willingness of labour.... |
| | Jul unemployment rate | 3.6% | 3.6% | 3.6% | ... to work 2+ jobs increasingly is providing adequate... |
| | Jul average hourly earnings %mth | 0.4% | 0.3% | 0.3% | ... supply, limiting wage gains and inflation pressures. |

# International forecasts

| Economic Forecasts (Calendar Years) | 2019 | 2020 | 2021 | 2022 | 2023f | 2024f |
|---|---|---|---|---|---|---|
| **Australia** | | | | | | |
| Real GDP %yr | 1.9 | -1.8 | 5.2 | 3.7 | 1.4 | 0.5 |
| CPI inflation %yr | 1.8 | 0.9 | 3.5 | 7.8 | 4.0 | 3.2 |
| Unemployment rate % | 5.2 | 6.8 | 4.7 | 3.5 | 4.0 | 5.3 |
| Current account % of GDP | 0.7 | 2.4 | 3.1 | 1.2 | 0.8 | 0.4 |
| **United States** | | | | | | |
| Real GDP %yr | 2.3 | -2.8 | 5.9 | 2.1 | 1.6 | 0.3 |
| CPI inflation %yr | 1.9 | 1.2 | 7.2 | 6.4 | 2.5 | 2.0 |
| Unemployment rate % | 3.7 | 8.1 | 5.4 | 3.6 | 3.6 | 4.5 |
| Current account % of GDP | -2.6 | -2.5 | -2.4 | -2.4 | -2.4 | -2.4 |
| **Japan** | | | | | | |
| Real GDP %yr | -0.4 | -4.3 | 2.1 | 1.1 | 1.2 | 1.0 |
| **Euro zone** | | | | | | |
| Real GDP %yr | 1.6 | -6.1 | 5.4 | 3.5 | 0.6 | 1.2 |
| **United Kingdom** | | | | | | |
| Real GDP %yr | 1.6 | -11.0 | 7.6 | 4.0 | 0.3 | 0.8 |
| **China** | | | | | | |
| Real GDP %yr | 6.0 | 2.2 | 8.4 | 3.0 | 5.7 | 5.5 |
| **East Asia ex China** | | | | | | |
| Real GDP %yr | 3.8 | -2.3 | 4.3 | 4.5 | 3.7 | 4.3 |
| **World** | | | | | | |
| Real GDP %yr | 2.8 | -2.8 | 6.3 | 3.4 | 3.0 | 3.0 |

Forecasts finalised 31 July 2023

| Interest rate forecasts | Latest | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 |
|---|---|---|---|---|---|---|---|
| **Australia** | | | | | | | |
| Cash | 4.10 | 4.35 | 4.35 | 4.35 | 4.10 | 3.85 | 3.60 |
| 90 Day BBSW | 4.28 | 4.55 | 4.55 | 4.47 | 4.22 | 3.97 | 3.72 |
| 10 Year Bond | 4.06 | 3.80 | 3.70 | 3.50 | 3.30 | 3.20 | 3.10 |
| **International** | | | | | | | |
| Fed Funds | 5.375 | 5.375 | 5.375 | 5.125 | 4.625 | 4.125 | 3.625 |
| US 10 Year Bond | 4.00 | 3.70 | 3.50 | 3.30 | 3.10 | 3.00 | 2.90 |

| Exchange rate forecasts | Latest | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 |
|---|---|---|---|---|---|---|---|
| AUD/USD | 0.6665 | 0.69 | 0.69 | 0.71 | 0.72 | 0.73 | 0.74 |
| USD/JPY | 138.57 | 138 | 136 | 134 | 132 | 130 | 128 |
| EUR/USD | 1.0974 | 1.11 | 1.12 | 1.12 | 1.13 | 1.14 | 1.15 |
| GBP/USD | 1.2786 | 1.28 | 1.28 | 1.29 | 1.29 | 1.30 | 1.30 |
| USD/CNY | 7.1563 | 7.10 | 7.00 | 6.80 | 6.70 | 6.60 | 6.50 |
| AUD/NZD | 1.0815 | 1.11 | 1.11 | 1.13 | 1.13 | 1.12 | 1.12 |

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