

# September FX Markets Monthly Review

## Month in review

### Key developments

- The Australian Dollar fell to a year-to-date low of 0.6331 during September, before ending the month trading around 0.6430.
- The US Federal Reserve signalled that it may need to keep interest rates “higher-for-longer” at its latest monetary policy meeting.
- Japanese policymakers have stepped up their verbal intervention over recent weeks with the USD/JPY exchange rate moving towards the key 150 level.

### Australian Dollar (AUD)

The AUD/USD exchange rate depreciated 0.7 per cent in September. We saw some signs of improvement in Chinese economic data over the month, but that did little in the way of support for the AUD. Domestically, the Reserve Bank of Australia (RBA) appears to have paused its rate hiking cycle, although markets have priced in an approximate 55 per cent probability of an additional 25-basis point hike by the end of the year.

### US Dollar (USD)

The US Dollar recorded another month of gains against the major currencies. The US economy continues to show signs of resiliency, particularly in the labour market with the unemployment rate remaining below four per cent over the past 12 months. This is despite the Federal Reserve (the Fed) tightening monetary policy by 300-basis points over the same period. Indeed, this resiliency has prompted the Fed to suggest a “higher-for-longer” interest rate stance during its latest monetary policy meeting and press conference.

### Euro (EUR)

The EUR/USD exchange rate depreciated 2.40 per cent over the month. At its September meeting, the European Central Bank (ECB) hiked its main policy rate by 25-basis point to 4.0 per cent. The ECB also outlined in its post meeting press conference that it may be done raising interest rates, although this was subject to incoming data.

### Great British Pound (GBP)

The GBP/USD exchange rate depreciated 3.70 per cent in September. The Bank of England (BoE) unexpectedly kept interest rates unchanged at its September meeting. Economists were forecasting a 25-basis point hike to 5.5 per cent given on-going inflationary pressures in the UK and a tight labour market. The GBP/USD exchange rate has been under pressure since the dovish unchanged decision by the BoE. With GBP underperforming against the USD, the AUD/GBP exchange rate recorded strong gains over the month.

### Japanese Yen (JPY)

The JPY recorded another monthly decline against the USD. Markets continue to speculate that the Bank of Japan may need to intervene in FX markets to stem JPY weakness, with the Yen crossing the 150 mark the potential trigger.

## Market data

	SPOT RATE	ONE MONTH % CHANGE	ONE YEAR % CHANGE
<b>AUSTRALIAN DOLLAR</b>			
AUD/USD	0.6428	-0.69%	-6.25%
AUD/EUR	0.6072	1.76%	-10.97%
AUD/JPY	96.02	1.87%	1.03%
AUD/GBP	0.5270	3.14%	-10.55%
AUD/NZD	1.0723	-1.45%	-4.12%
AUD/CAD	0.8736	-0.24%	-2.71%
AUD/CHF	0.5885	2.90%	-12.04%
AUD/SEK	7.0192	-0.96%	-3.73%
AUD/HKD	5.0330	-0.85%	-6.47%
AUD/SGD	0.8781	0.41%	-8.20%
AUD/INR	53.37	-0.27%	-2.03%
AUD/KRW	869.66	1.39%	-5.43%
AUD/TWD	20.73	0.49%	-0.55%
AUD/IDR	9959	1.08%	-2.14%
AUD/CNY	4.6991	-0.03%	-0.60%
<b>MAJOR CURRENCIES</b>			
EUR/USD	1.0586	-2.40%	5.30%
GBP/USD	1.2197	-3.71%	4.81%
USD/JPY	149.38	2.57%	7.77%
USD/CHF	0.9156	3.61%	-6.18%
USD/CNY	7.2980	0.54%	5.92%

## Central bank policy rates

	CURRENT RATE	ONE MONTH CHANGE	ONE YEAR CHANGE
Reserve Bank of Australia	4.10%	0 bps	225 bps
US Federal Reserve	5.50%	0 bps	300 bps
European Central Bank	4.00%	25 bps	375 bps
Bank of England	5.25%	0 bps	350 bps
Bank of Japan	-0.10%	0 bps	0 bps
Reserve Bank of New Zealand	5.50%	0 bps	250 bps

Market Data Source: *Macrobond*

## Savings and cost-certainty on transactions for Queensland government clients with QTC FX

### Procurement

- Dual currency quote comparisons
- Hedging guidance for overseas procurement

### Dealing Desk

- Exclusive wholesale FX rates
- FX hedging solutions

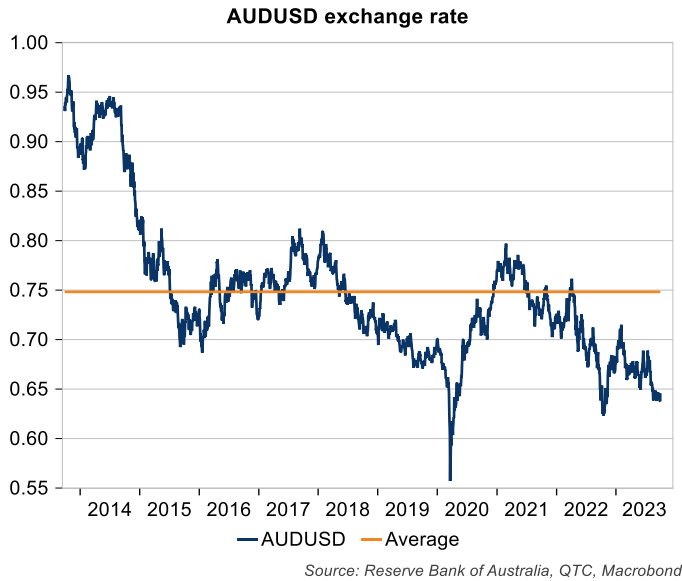
### Online Exchange

- Dedicated payment platform
- Payment tracking technology

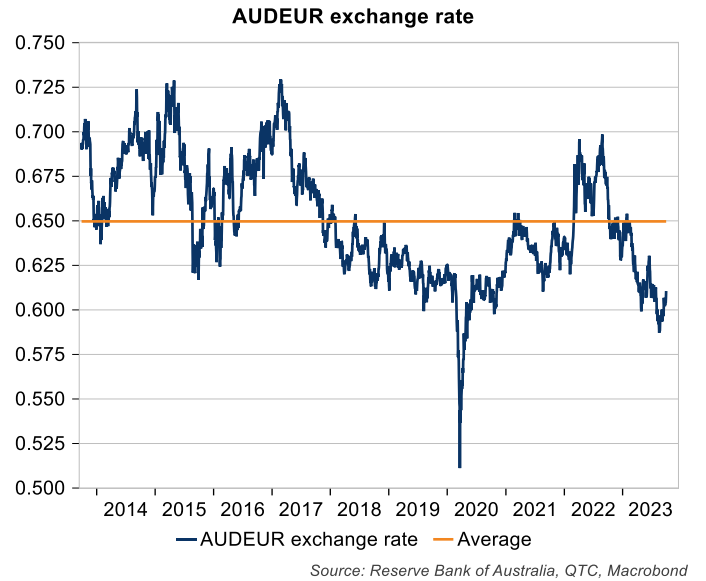
Email [fxdesk@qtc.com.au](mailto:fxdesk@qtc.com.au) or phone 07 3842 4764 | [Click to find out more](#)

## Foreign Exchange Market Charts

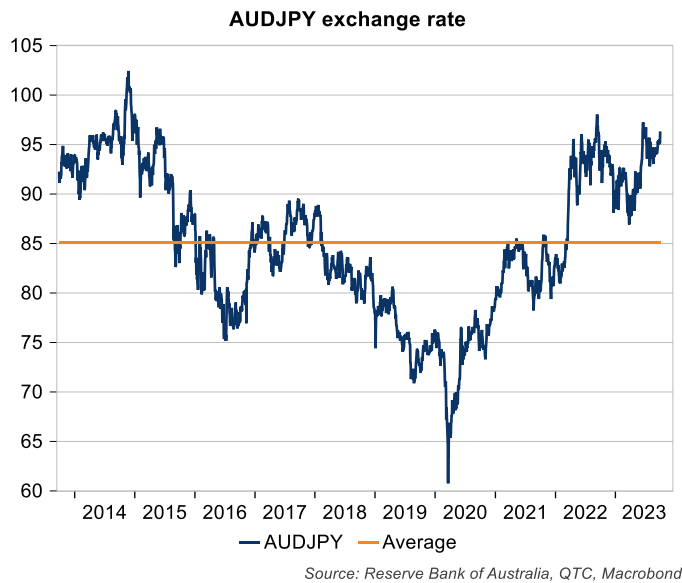
AUD/USD



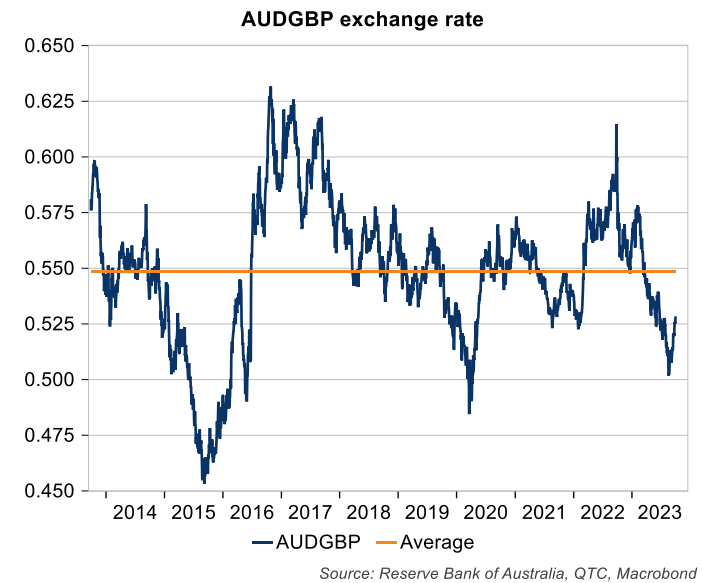
AUD/EUR



AUD/JPY



AUD/GBP



The information within this document is intended for general information purposes only and does not constitute financial or other advice. Specific professional advice should be obtained before acting on the basis of any matter covered in this document. This information has been prepared in part by data sourced from third parties which has not been independently verified. The opinions, forecasts and data contained in this document is based on research as at the date of publication and is subject to change without notice. Queensland Treasury Corporation (QTC) issues no invitation to anyone to rely on the information and expressly excludes any warranties or representations as to its accuracy, adequacy, currency or completeness. All opinions expressed are the views of the QTC Economic Research Team and may differ from the views of QTC or other QTC servants or agents. To the extent permitted by law, QTC, its servants and agents (QTC Parties) disclaim all responsibility and liability for any loss or damage of any nature whatsoever which may be suffered by any person directly or indirectly through relying on the information contained in this document, whether that loss for damage is caused by any fault or negligence of the QTC Parties or otherwise. No part of this document may be reproduced, copied or published in any form or by any means without QTC's prior written consent. This document may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the document.