

November FX Markets Monthly Review

Month in review

Key developments

- A decline in US bond yields on expectations that the US Federal Reserve (the Fed) may have reached the end of its policy tightening cycle led to a broad-based depreciation of the US dollar against all of the G10 currencies (with the Australian dollar one of the best performers).

Australian Dollar (AUD)

The AUD/USD exchange rate appreciated 4.65 per cent in November, rising above 0.66 cents for the first time since early August. The RBA lifted the cash rate by 25-basis points to 4.35 per cent at its November meeting, after having kept it steady over the prior four meetings. Domestic data released over the month was mostly firmer, with the annual pace of wages growth picking up at its fastest quarterly pace (+1.3 per cent) in the 26-year history of the series and the fastest annual in 14-years (+4.0 per cent), while employment jumped in October following a slightly weaker outcome in September. However, despite all of this, the biggest factor driving the direction of the currency was the weaker US dollar (more on that below).

US Dollar (USD)

The US Dollar weaker against all major currencies during the month. US ten-year government bond yields fell around 40 basis-points over the month to 4.3 per cent; this after having risen above 5.0 per cent for the first time since 2007 in October. The broad decline in US rates is being driven by a growing expectation the Fed may be finished with lifting rates. Markets are currently pricing no more rate hikes from here and even a first interest rate cut by the Fed in around May or June, which in turn, triggered a weaker USD.

Euro (EUR)

The EUR/USD exchange rate appreciated 3.2 per cent in November. Despite continued softer economic data which could point to a possible looming euro area recession, the euro still strengthened on the back of the weaker USD.

Great British Pound (GBP)

The GBP/USD exchange rate appreciated 4.3 per cent over the month, as while UK inflation eased further in October, numerous Bank of England officials publicly pushed on recent market pricing of rate cuts over the second half of 2024.

Japanese Yen (JPY)

While the USD/JPY exchange rate rose to just below 152 for the first time since October 2022 mid-way through the month, the aforementioned broad-based weakness in the US dollar saw the Yen strengthen to below 148 by the end of the month¹.

Market data

	SPOT RATE	ONE MONTH % CHANGE	ONE YEAR % CHANGE
AUSTRALIAN DOLLAR			
AUD/USD	0.6625	4.65%	3.61%
AUD/EUR	0.6070	1.39%	-6.16%
AUD/JPY	97.96	2.24%	3.08%
AUD/GBP	0.5234	0.36%	-5.74%
AUD/NZD	1.0731	-1.43%	-2.50%
AUD/CAD	0.8988	2.25%	3.06%
AUD/CHF	0.5769	0.14%	-9.82%
AUD/SEK	6.9361	-1.97%	-1.80%
AUD/HKD	5.1738	4.46%	3.09%
AUD/SGD	0.8846	2.00%	-2.23%
AUD/INR	55.24	4.79%	4.38%
AUD/KRW	860.50	0.44%	-5.75%
AUD/TWD	20.76	1.00%	0.68%
AUD/IDR	10301	2.13%	3.16%
AUD/CNY	4.6976	1.42%	0.62%
MAJOR CURRENCIES			
EUR/USD	1.0913	3.22%	10.41%
GBP/USD	1.2657	4.28%	9.92%
USD/JPY	147.87	-2.30%	-0.51%
USD/CHF	0.8709	-4.31%	-12.96%
USD/CNY	7.0910	-3.09%	-2.89%

Central bank policy rates

	CURRENT RATE	ONE MONTH CHANGE	ONE YEAR CHANGE
Reserve Bank of Australia	4.35%	25 bps	150 bps
US Federal Reserve	5.50%	0 bps	225 bps
European Central Bank	4.00%	0 bps	250 bps
Bank of England	5.25%	0 bps	300 bps
Bank of Japan	-0.10%	0 bps	0 bps
Reserve Bank of New Zealand	5.50%	0 bps	200 bps

Market Data Source: *Macrobond*

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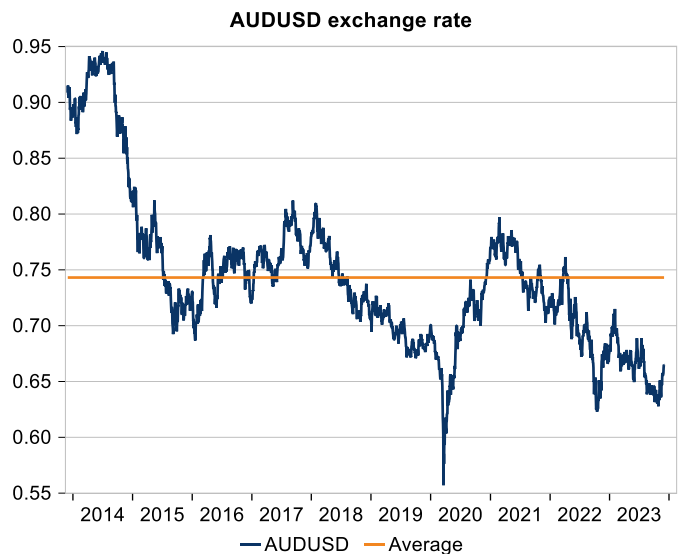
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¹ Given the exchange rate is US dollars into Japanese yen, a lower the USD/JPY value represents a strengthening in the yen.



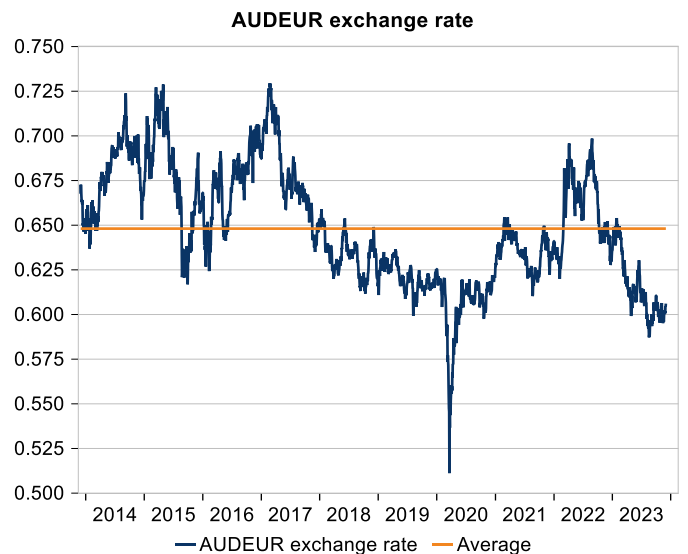
Foreign Exchange Market Charts

AUD/USD



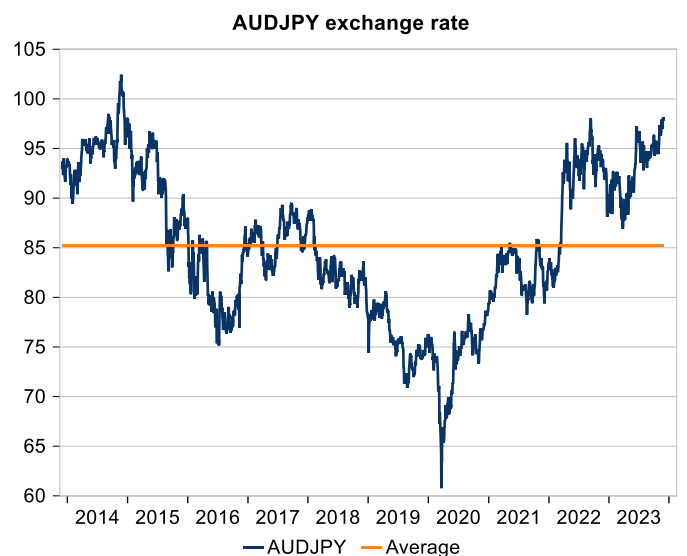
Source: Reserve Bank of Australia, QTC, Macrobond

AUD/EUR



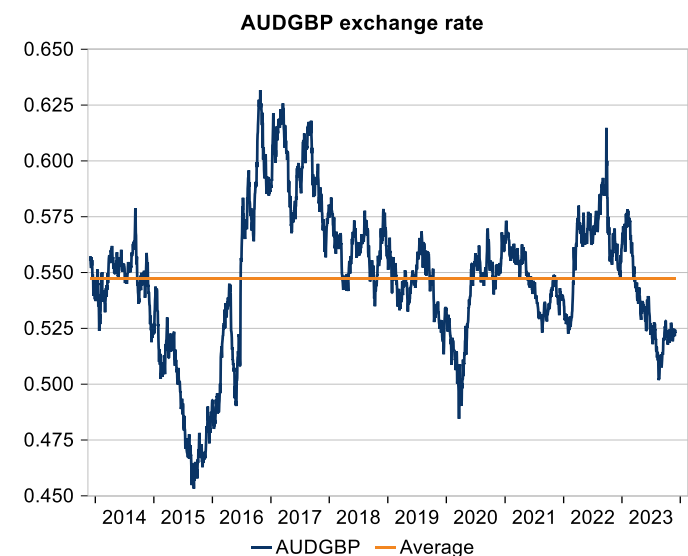
Source: Reserve Bank of Australia, QTC, Macrobond

AUD/JPY



Source: Reserve Bank of Australia, QTC, Macrobond

AUD/GBP



Source: Reserve Bank of Australia, QTC, Macrobond

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