

# March FX Markets Monthly Review

## Month in review

### Key developments

- The AUDUSD exchange rate rose to high of 0.6651 during March but could not hold onto these gains and fell back towards 0.6500 by the end of the month.
- The US Dollar strengthened against the major currencies. Meanwhile, the Japanese Yen depreciated despite the Bank of Japan abandoning its negative interest rate policy with its first interest rate hike in 17 years and removing its yield curve control target.

### Australian Dollar (AUD)

The AUD/USD exchange rate appreciated by 0.2 per cent in March. The AUD reached a high of 0.6651 during the month before a stronger US Dollar and a steep fall in iron ore prices helped push the exchange rate back down towards the 0.6500 level. Communications from the Reserve Bank of Australia (RBA) also weighed on the AUD during the month, as it abandoned its mildly hawkish stance after keeping interest rates at a 12-year high of 4.35 per cent for a third straight meeting. In addition, markets also interpreted the RBA's forward statement as slightly dovish.

### US Dollar (USD)

The US Dollar strengthened against the major currencies during the month. This is despite signs that the economy continues to slow, albeit inflationary pressures remain fairly resilient. For example, monthly US inflation data printed at the high side of consensus expectations. Markets are still pricing in three 25 bps rate cuts by the US Federal Reserve (the Fed) this year. However, if US inflation pressures fail to dissipate then the Fed is likely to take a more cautious approach to easing monetary policy, and this would in turn help provide a floor for the US Dollar.

### Euro (EUR)

The EUR/USD exchange rate depreciated 0.3 per cent in March. The EUR continues to trade in a sideways pattern that has been in place since the start of the year. It appears that the European Central Bank is on track to deliver its first rate cut by June of this year with several Governing Council members acknowledging that with the inflation target in sight, rate cuts should be considered at its upcoming meetings.

### Great British Pound (GBP)

The GBP/USD exchange rate was largely unchanged over the month. The annual rate of UK headline inflation rate fell to 3.4 per cent in March. This is the lowest in 2½ years, although the annual rate of services inflation remained elevated at 6.1 per cent. Much like the EUR, the GBP has traded in a tight range since the start of the year.

### Japanese Yen (JPY)

The Japanese Yen depreciated 1.0 per cent in March despite the Bank of Japan (BoJ) abandoning its negative interest rate policy and yield curve control target. With the JPY trading just shy of 152 against the USD post the BoJ move, policymakers started another round of verbal intervention to deter FX markets from one-way depreciation.

## Market data

	SPOT RATE	ONE MONTH % CHANGE	ONE YEAR % CHANGE
<b>AUSTRALIAN DOLLAR</b>			
AUD/USD	0.6520	0.16%	-3.32%
AUD/EUR	0.6043	0.45%	-4.96%
AUD/JPY	98.61	1.15%	7.35%
AUD/GBP	0.5161	0.26%	-7.35%
AUD/NZD	1.0897	1.94%	0.11%
AUD/CAD	0.8831	-0.01%	-3.80%
AUD/CHF	0.5881	2.51%	-6.97%
AUD/SEK	6.9696	3.46%	-0.96%
AUD/HKD	5.1027	0.13%	-3.61%
AUD/SGD	0.8789	0.41%	-3.18%
AUD/INR	54.37	0.74%	-2.38%
AUD/KRW	877.20	0.95%	-1.40%
AUD/TWD	20.83	1.20%	0.69%
AUD/IDR	10347	1.17%	0.68%
AUD/CNY	4.7084	0.61%	0.71%
<b>MAJOR CURRENCIES</b>			
EUR/USD	1.0790	-0.29%	1.73%
GBP/USD	1.2634	-0.10%	4.35%
USD/JPY	151.24	1.00%	11.04%
USD/CHF	0.9019	2.35%	-3.78%
USD/CNY	7.2212	0.46%	4.17%

## Central bank policy rates

	CURRENT RATE	ONE MONTH CHANGE	ONE YEAR CHANGE
Reserve Bank of Australia	4.35%	0 bps	100 bps
US Federal Reserve	5.50%	0 bps	75 bps
European Central Bank	4.00%	0 bps	150 bps
Bank of England	5.25%	0 bps	125 bps
Bank of Japan	0.10%	20 bps	20 bps
Reserve Bank of New Zealand	5.50%	0 bps	75 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

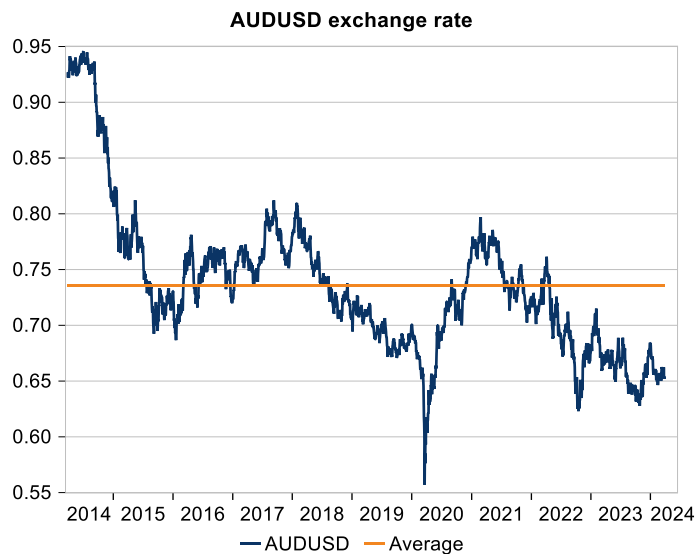
### Online Exchange

- 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](#)

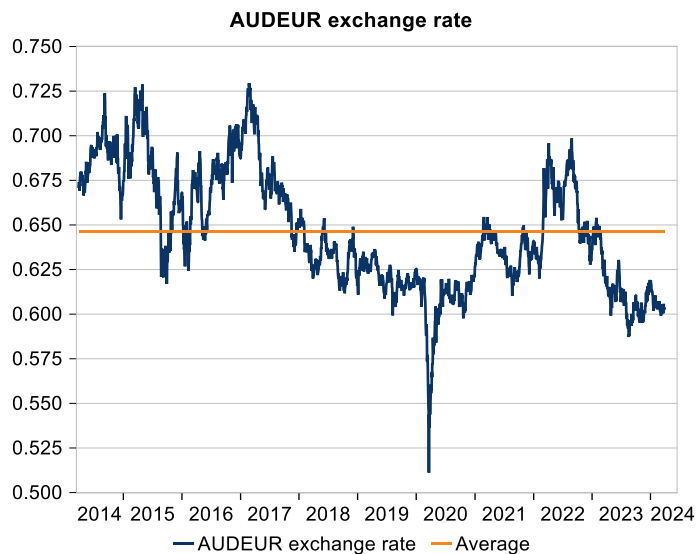
## Foreign Exchange Market Charts

### AUD/USD



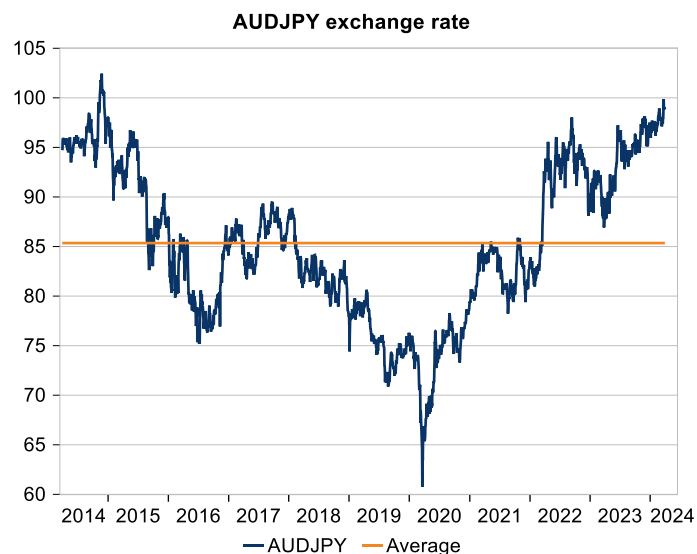
Source: Reserve Bank of Australia, QTC, Macrobond

### AUD/EUR



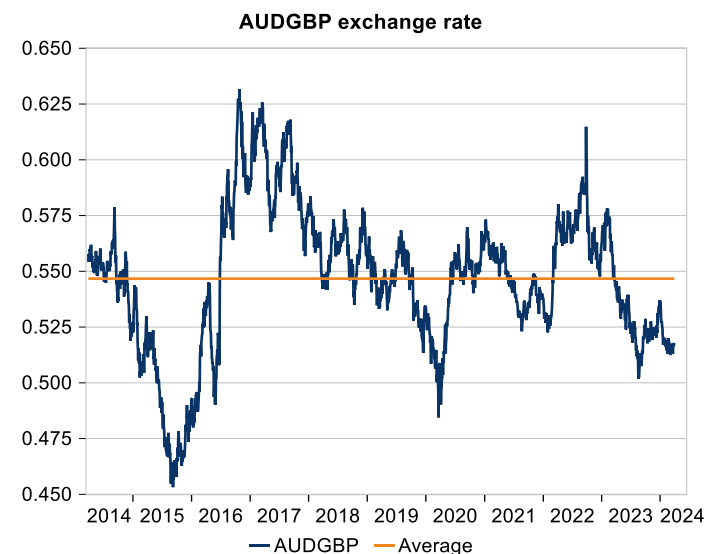
Source: Reserve Bank of Australia, QTC, Macrobond

### AUD/JPY



Source: Reserve Bank of Australia, QTC, Macrobond

### AUD/GBP



Source: Reserve Bank of Australia, QTC, Macrobond

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