



AUD Forecast - Update

- The latest global poll of currencies released today by Reuters show the median among survey participants is for the AUD/USD to end this year at 0.9180 and be at 0.8850 in one year's time. The range of forecasts is wide.
- We have recently upgraded our AUD forecast profile. The surprise decision last month by the US Federal Reserve not to taper its quantitative easing program means the USD is likely to stay depressed for longer. Add to the mix, the ongoing political impasse between the Republicans and Democrats over the budget, which is hurting the US economy and the USD by association.
- The complication for AUD forecasting is that this impasse is also lifting risk aversion and risk aversion typically holds a close negative correlation with the AUD. Further, weaker US economic growth hurts global growth and the AUD is affected by global growth expectations. A pick up in Chinese economic activity with a string of more upbeat Chinese data is providing some offset.
- Other fundamental reasons behind our expectations for a softer AUD over the next 12-18 months remain unchanged and are detailed in our AUD Outlook published on August 16.
- We now expect the AUD/USD to end this year at 0.9000 and be at 0.8500 in one year's time. We remain below consensus estimates. Below are our complete table of fx forecasts.

	End Quarter Forecasts				
	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
USD Exchange Rates					
AUD-USD	0.9000	0.8800	0.8600	0.8500	0.8400
USD-JPY	100.00	102.00	104.00	105.00	106.00
EUR-USD	1.3300	1.3000	1.2900	1.2800	1.2700
GBP-USD	1.5800	1.5600	1.5400	1.5300	1.5200
USD-CHF	0.9200	0.9600	0.9900	1.0100	1.0300
USD-CAD	1.0500	1.0600	1.0700	1.0700	1.0700
NZD-USD	0.8200	0.8000	0.7900	0.7800	0.7700
USD-CNY	6.1000	6.0800	6.0700	6.0600	6.0500
USD-SGD	1.2700	1.2600	1.2600	1.2600	1.2600
AUD Exchange Rates					
AUD-USD	0.9000	0.8800	0.8600	0.8500	0.8400
AUD-EUR	0.6770	0.6770	0.6670	0.6640	0.6610
AUD-JPY	91.56	90.00	89.76	89.44	89.25
AUD-GBP	0.5760	0.5700	0.5640	0.5580	0.5560
AUD-CHF	0.8430	0.8280	0.8450	0.8510	0.8590
AUD-CAD	0.9600	0.9450	0.9330	0.9200	0.9100
AUD-NZD	1.1230	1.0980	1.1000	1.0890	1.0900
AUD-CNY	5.7020	5.4900	5.3500	5.2200	5.1510
AUD-SGD	1.1700	1.1430	1.1090	1.0840	1.0710

* Note that the AUD cross exchange rates have been rounded.

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