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A NOTE ON RECENT EXCHANGE RATE MOVEMENTS

Overall, the drop in the value of the Australian dollar against the US dollar is good news for Cairns. However the fall is not across all currencies.

While the Australian dollar is about 11% down since the yearly high in July of about 94 cents to 84 cents, the Australian Trade Weighted Index is down only about 6%.

The Chinese yuan has appreciated slightly against the US dollar and Australian dollar has depreciated by over 11% against the Chinese yuan.

However there have been only modest falls against the Korean Won (-3.0%), British pound (-2.2%) and Euro (-1.5%).

Against the Japanese yen, the Australian dollar has actually risen by +5.1%.

Changes in Value of Australian Dollar against Major Currencies – July to December, 2014

Chinese yuan	(-11.3%)
US dollar	(-10.6%)
TRADE WEIGHTED INDEX	(-5.6%)
Korean won	(-3.0%)
British pound	(-2.2%)
Euro	(-1.5%)
Japanese yen	+5.1%

Source: Cummings Economics from ABS Regional Statistics.

The changes can be interpreted as good for encouraging visitors from China and the USA but only mildly encouraging for visitors from Korea, UK and Europe.

While the appreciation against the Japanese yen is a negative, this will be offset in part by the rise in the US dollar against the yen that has been even stronger, reducing the competitiveness of Hawaii and Guam.