Foresight Analytics FX Expectations

G5 (DM) + G2 (EM) against the Australian Dollar

Data source: Foresight Analytics, Refinitiv

30 April 2026



Foresight Analytics
Illuminating Investment Decisions

AUD Return Expectations from current levels as of 30 April 2026

AUD vs	MSCI ACWI Weight	Current Spot Rate	+6 months*	+12 months*	Valuation (AUD)
USD	63.9%	0.7201	**+0.94%**	**+1.93%**	Fairly Valued
EUR	7.9%	0.6138	**-0.64%**	**-3.01%**	Fairly Valued
GBP	3.2%	0.5293	**-4.71%**	**-3.60%**	Overvalued
JPY	5.0%	112.77	**-2.45%**	**-5.40%**	Overvalued
CHF	1.8%	0.5628	**-3.57%**	**-5.30%**	Overvalued
CNY	0.4%	4.9169	**-0.71%**	**-0.16%**	Fairly Valued
INR	1.5%	68.345	**-6.01%**	**-6.76%**	Overvalued
MSCI Index Weighted Return			**+0.14%**	**+0.49%**	Fairly Valued

*Average returns across all models

Executive Overview

The April 2026 Foresight FX Analytics Report presents a materially more constructive outlook for the Australian dollar compared to March 2026. The most consequential development is AUD/USD surging from 0.6901 to 0.7201, a 4.3% gain, with the PPP model now the best-fit framework projecting a further 1.93% appreciation by April 2027. This reflects compounding USD weakness driven by softening US labour market conditions, rising fiscal pressures, and the Federal Reserve's pivot toward easing, alongside the Reserve Bank of Australia holding the cash rate at 4.10%. The weighted-average AUD basket return has turned positive at the near-term horizon, with the overall basket forecast showing a positive 0.19% return in one month, recovering to approximately positive 0.96% by April 2027. The AUD Trade-Weighted Index, charted monthly from April 1971, shows the currency pushing back toward the upper end of its one-year moving average band, consistent with the improving fundamental backdrop. AUD/CNY is the only other pair projecting positive AUD returns across all horizons, while AUD/INR presents the sharpest long-run headwind among all seven pairs.

1. AUD/USD — United States Dollar

The AUD/USD spot rate stood at 0.7201 at 30 April 2026, up from 0.6901 at end-March. The PPP model is now the best-fit framework, with a near-term RE of 0.7233 (+0.44%) rising to 0.7394 (+1.93%) by April 2027. The USD REER, while still elevated near 105, continues retreating from its late-2024 peak above 110, reflecting the Federal Reserve's increasingly credible pivot toward easing. The log CPI differential shows cumulative US price levels substantially above Australia's, a persistent PPP headwind for USD, while the PPI differential has swung sharply against the USD since 2022. US gross government debt-to-GDP remains near 130%, approximately 75 percentage points above Australia's, an escalating structural drag. The AUD Trade-Weighted Index shows the currency recovering within its 12-month moving average band. The one-month lagged commodity change has turned constructive, providing a support floor for AUD. Australia's net foreign asset position, while deeply negative at approximately negative AUD 1.25 trillion, is stable and well-understood by markets, limiting its marginal FX impact. The VIX has not produced the sustained risk-aversion spike that would typically inflict the most severe damage on the AUD's high-beta profile.

2. AUD/EUR — Euro

The AUD/EUR spot rate was 0.6138 at 30 April 2026, up from 0.5973 in March, a 2.8% AUD gain. The BEERE model is now the best-fit framework, with the near-term RE at 0.6175 (+0.61%), though the path turns mildly negative toward 0.6120 (-0.30%) by April 2027 as the error-correction component unwinds. The Euro REER remains elevated near 108 on a CPI-adjusted basis, near the upper standard deviation band, underpinned by ECB fiscal dynamics including Germany's post-NATO defence spending surge. The log CPI differential shows Eurozone inflation consistently below Australia's, which should favour AUD long-run through PPP mechanics, yet the near-term BEER premium from fiscal expansion continues to dominate. The Eurozone gross government debt-to-GDP differential relative to Australia has narrowed from over 60 percentage points to approximately 30, though the ECB's expansionary pivot through 2025-26 has arrested the improving

trend. The Euro carries a 7.95% basket weight, making it the most influential non-USD cross, and its continued real strength represents a persistent headwind to sustained AUD basket appreciation over the medium term.

3. AUD/GBP — British Pound

The AUD/GBP rate was 0.5293 at 30 April 2026, up from 0.5218 in March. The PPP model remains the best-fit framework, with the near-term RE at 0.5300 (+0.13%), staying essentially flat through to April 2027 at 0.5330, indicating AUD/GBP is trading at structural PPP equilibrium. The GBP REER has strengthened toward approximately 115, pressing the upper two-standard-deviation band and representing multi-year highs from the post-Brexit recovery, while the AUD has simultaneously firmed on the RBA's hawkish stance. The log CPI differential is anchored near negative 0.05 log points. UK real two-year interest rates remain elevated, though the differential has compressed as the RBA's rate increases improve Australia's relative yield. UK gross government debt-to-GDP sits near 90% versus Australia's 55%, a structural fiscal disadvantage for sterling. The average return across all models is the most consistently negative among G5 pairs at approximately negative 1.32% in May 2026. The 3.29% basket weight limits the pair's contribution to the overall AUD TWI.

4. AUD/JPY — Japanese Yen

The AUD/JPY spot rate was 112.8 at 30 April 2026, up sharply from 109.5 in March. The BEER model has replaced PPP as the best-fit framework, with the near-term RE at 111.3558 (-1.25%), deteriorating to 106.6097 (-5.46%) by April 2027, reflecting BEER's view that AUD is trading above the level consistent with underlying economic drivers. The JPY REER has declined to approximately 70 on a CPI-adjusted basis, the most severely undervalued level in the post-Bretton Woods era, pressing the lower edge of the two-standard-deviation band. This implies significant and growing mean-reversion risk if the Bank of Japan accelerates monetary policy normalisation. The log CPI differential between Japan and Australia has swung decisively negative, while the log PPI differential has fallen from positive 0.40 to negative 0.25 by April 2026. Japan's gross government debt-to-GDP exceeds 220%, the highest among all seven pairs, creating an exceptionally constrained policy environment. The 4.99% basket weight makes JPY the third most important cross for the AUD TWI.

5. AUD/CHF — Swiss Franc

The AUD/CHF rate was 0.5628 at 30 April 2026, up from 0.5517 in March, a 2.0% gain. The PPP model remains the best-fit framework, with the near-term RE at 0.5620 (-0.15%), declining to 0.5545 (-1.47%) by April 2027. The CHF REER has recovered to approximately 104, at the upper end of its recent range and above the one-year moving average. The daily AUD/CHF spot chart confirms the structural downtrend from the 2012 mining-boom peak near 1.05. The log CPI differential strongly favours CHF, with Swiss price levels running substantially below Australia's, a gap widening further since 2022. The log PPI differential has fallen to approximately negative 0.50 by April 2026. Switzerland's gross government debt-to-GDP has declined to approximately 27%, the lowest among all paired economies and well below Australia's 55%, reflecting exceptional fiscal discipline. The interest rate differential between Switzerland and Australia has converged as the RBA's rate hikes improve Australia's relative yield. At 2.11% of the AUD basket weight, CHF exerts a limited but consistently negative influence on the TWI.

6. AUD/CNY — Chinese Yuan

The AUD/CNY rate was 4.917 at 30 April 2026, up from 4.761 in March. The IRD model remains the best-fit framework, with the near-term RE at 4.9690 (+1.06%), rising to 5.0249 (+2.20%) by April 2027, making AUD/CNY one of only two pairs where the best model projects consistently positive AUD returns across all horizons. The CNY REER has continued declining from its 2021 peak near 112, now approaching approximately 88, driven by persistent domestic deflationary pressures. The log CPI differential shows China's price level substantially below Australia's and widening, while the log PPI differential has fallen to approximately negative 0.45 by April 2026 as factory-gate deflation continued. China's gross government debt-to-GDP has risen toward 70%, narrowing its historical fiscal advantage over Australia. The real two-year interest rate differential has moved decisively in Australia's favour following the RBA's tightening cycle, underpinning the IRD model's constructive signal. China remains Australia's largest bilateral trading partner, amplifying the macroeconomic significance of this exchange rate beyond its technical basket contribution.

7. AUD/INR — Indian Rupee

The AUD/INR rate was 68.35 at 30 April 2026, up sharply from 64.51 in March, a 5.9% monthly gain reflecting both broad AUD appreciation and ongoing structural INR depreciation. The IRD model remains the best-fit framework but presents a sharply bearish return profile: negative 5.42% in May 2026, deteriorating to negative 6.18% by April 2027, the most negative long-run return forecast among all seven pairs. This reflects the Reserve Bank of India's active management being

increasingly overwhelmed by persistent current account deficits, higher domestic inflation, and capital flow volatility. The INR REER has declined sharply from its peak near 103 in 2023, approaching the lower standard deviation band. The log CPI differential shows Indian cumulative inflation running approximately 0.35 log points above Australia's and continuing to widen, a structural PPP headwind sustaining long-run INR depreciation. India's gross government debt-to-GDP remains near 82%, well above Australia's 55%. The real two-year rate differential provides near-term IRD support, but structural depreciation dynamics dominate over the horizon.

AUD Pairs Snapshot in Detail — 30 April 2026

Pair	Spot (30 Apr 26)	Best Model and Return	REER / Valuation	Index Level	Basket Note
AUD/USD	0.7201	PPP; +0.44% (May) to +1.93% (Apr27)	USD REER near 105; easing from 2024 peak above 110	AUD TWI recovering within 1yr MA band	63.90% basket wt
AUD/EUR	0.6138	BEERE; +0.61% (May) to -0.30% (Apr27)	EUR REER near 108; at upper band from ECB fiscal expansion	EUR REER near 2yr high ~108	7.95% basket wt
AUD/GBP	0.5293	PPP; +0.13% (May), near flat to Apr27	GBP REER near 115; multi-year high. AUD at PPP equilibrium	GBP REER ~115, strong uptrend	3.29% basket wt
AUD/JPY	112.80	BEER; -1.25% (May) to -5.46% (Apr27)	JPY REER near 70; extreme historic low. BoJ normalisation key risk	JPY REER ~70, lowest since 1970s	4.99% basket wt
AUD/CHF	0.5628	PPP; -0.15% (May) to -1.47% (Apr27)	CHF REER near 104; modestly above average. AUD/CHF in structural decline	CHF REER ~104, near upper band	2.11% basket wt
AUD/CNY	4.917	IRD; +1.06% (May) to +2.20% (Apr27)	CNY REER near 88; continued decline from 2021 peak. IRD constructive	CNY REER ~88, declining trend	Largest trade partner
AUD/INR	68.35	IRD; -5.42% (May) to -6.18% (Apr27)	INR REER declining; structural depreciation dynamics dominate	INR REER falling, near lower band	Growing trade weight

Conclusion

The April 2026 Foresight report presents the most constructive picture for the Australian dollar seen in this series over the preceding six months. The AUD has strengthened materially across all seven pairs, with the weighted-average basket return turning positive at the near-term horizon. The dominant driver is AUD/USD, where PPP projects a further positive return of up to 1.93% by April 2027, anchored by compounding USD weakness and the RBA's hawkish stance. AUD/CNY is the only other pair where the best model projects consistently positive AUD returns, driven by China's deflationary environment and Australia's improved real yield advantage. AUD/GBP sits at structural PPP equilibrium. AUD/JPY and AUD/CHF present the clearest medium-term headwinds, with the BEER and PPP models projecting AUD depreciation of between 1.5% and 5.5% by April 2027. The key downside risk is a sharp deterioration in global risk sentiment given the AUD's high-beta commodity-currency profile. An accelerated Bank of Japan normalisation triggering carry trade unwinding would be the most potent reversal channel. INR presents the starkest long-run headwind, with the IRD model projecting AUD/INR declining approximately 6% over 12 months.

Appendix: Foresight FX Models

Foresight Models	Key Drivers	Core Mechanism	Time Horizon
Interest Rate Parity (IRP)	Nominal interest rate differential between two countries; forward vs. spot rate spread	FX rate adjusts until returns on comparable assets in both countries are equal. CIP is arbitrage-enforced; UIP relies on rational expectations.	Short to medium
Purchasing Power Parity (PPP)	Relative inflation / price-level differential between two countries	A basket of goods should cost the same across countries in a common currency. Currency depreciates when domestic prices rise faster than abroad.	Long run
Behavioural Equilibrium Exchange Rate (BEER)	Relative productivity (GDP per capita), net foreign assets, terms of trade	Regresses the real FX rate on macro fundamentals to derive a time-varying fair value. The gap between observed and modelled rate signals misalignment; mean reversion drives forecasts.	Medium to long
BEER + Short-run Dynamic (BEERE)	BEER fundamentals (long run) + short-run changes in fundamentals + lagged error-correction term	Adds a Vector Error Correction Model on top of BEER. The ECM term captures how quickly the rate snaps back to its long-run equilibrium after a shock, embedding short-run dynamics.	Short to medium

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Foresight Analytics provides specialist asset allocation services designed to deliver robust, risk-aware portfolio outcomes for wealth firms, family offices and institutional investors. The firm's approach is grounded in the belief that Strategic Asset Allocation (SAA) is the primary driver of long-term returns, complemented by dynamic positioning to capture market inefficiencies.

Foresight combines capital market assumptions, quantitative optimisation techniques and qualitative insights to construct diversified, multi-asset portfolios aligned to client objectives. Its framework incorporates risk budgeting, liquidity management and scenario-based stress testing to enhance resilience across market cycles. Supported by proprietary analytics and market intelligence, Foresight delivers tailored asset allocation solutions that balance growth, income and capital preservation in increasingly complex investment environments.

For more information on our capabilities, please visit our website on www.foresight-analytics.com and social media platforms via LinkedIn, Facebook or Twitter and streaming channels YouTube and Podcast. You can also email us on customersuccess@foresight-analytics.com.

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