Markets Research
What to Watch

Week of 17 June 2024

Comment (jump to section)

- Employment growth in May was strong, including on a trend basis, in both Australia and the US
- But raw employment gains are a poor indicator of labour market tightening or loosening. Unemployment rates still suggest gradual cooling.
- In the US, there is an extra disconnect between the household and establishment surveys.

Past Week (jump to section)

- The US event whipsawed markets
- Payrolls were strong, CPI and PPI were much more benign than we have seen for a while, but the FOMC median projection had only 1 cut in 2024.
- All said and done we are back to where we were pre-payrolls, with 49bp of cuts priced for 2024 and a US 2yr yields around 4.72%
- Elsewhere, the Euro underperformed and French spreads to Germany widened to the highest in 7 years as markets digested political risk

Week ahead (jump to section)

- RBA the focal point domestically in what is a quiet week for data. We expect the RBA to be on hold with little change to "*not ruling anything in or out*"
- Offshore, three other G10 central banks meet. BoE, SNB and Norges all meet Thursday. BoE to be on hold as is Norges, but for the SNB markets are 56% priced for a cut
- China has monthly activity data (Monday) and some speculation of a cut to the 1yr lending rate – though consensus is for no change
- US is very quiet with the Juneteenth Public Holiday (Wednesday) which will see equity, bonds, and most US commodity markets closed
- US retail sales (Tuesday) main data point to see whether it rebounds after a soft April. Jobless claims (Thursday) also worth a look. Fed speak too
- Global PMIs (Friday) round out the week. These are more market-sensitive in Europe, though are starting to garner more attention in the US
- European politics also will be closely watched ahead of upcoming elections: UK 4 July; French parliamentary 30 June and July

Important Events Preview (jump to section)

Contents

Key Markets

		% change	
	Latest	week	YTD
Cash rates		*bps*	*bps*
RBA Cash Rate	4.35	0.0	0.0
US Fed Funds	5.50	0.0	0.0
RBNZ Cash Rate	5.50	0.0	0.0
Rates			
AU BBSY 3m	4.42	1.4	1.0
AU 3y swap	3.99	-13.4	21.0
AU 3yr yield	3.83	-6.7	22.0
AU 10yr yield	4.15	-6.9	19.7
US 10yr yield	4.27	-16.6	38.8
AU-US 10yr spread	-11.6	9.7	-19.2
Commodities		%	%
Iron ore	108	-0.9	-17.2
Coal (thermal)	134.7	0.3	-8.0
Brent oil	82.4	3.4	8.1
Gold	2306.8	0.6	11.8
FX			
AUD/USD	0.6630	0.7	-2.7
USD (DXY)	105.34	0.4	4.0
AUD/NZD	1.0777	0.0	0.0
AUD crosses			
AUD/JPY	104.73	-1.5	-8.3
AUD/CNY	4.8104	-0.7	0.7
AUD/EUR	0.6175	-1.4	0.0
AUD/GBP	0.5200	-0.5	2.9
Equities			
ASX 200	7724.4	-1.2	1.8
ASX Resources	5622.6	-3.2	-11.5
ASX Financials	7492.3	0.4	11.5
US S&P 500	5433.7	1.5	13.9

Source: Bloomberg

Taylor Nugent, Senior Economist, Markets | Tapas Strickland, Head of Market Economics | Gavin Friend, Senior Markets Strategist

Comment – Strong employment but slowly easing labour markets

Employment data in the past week from the US (last Friday) and Australia (yesterday) showed unequivocally strong employment growth. But strong employment growth does not mean tightening labour markets.

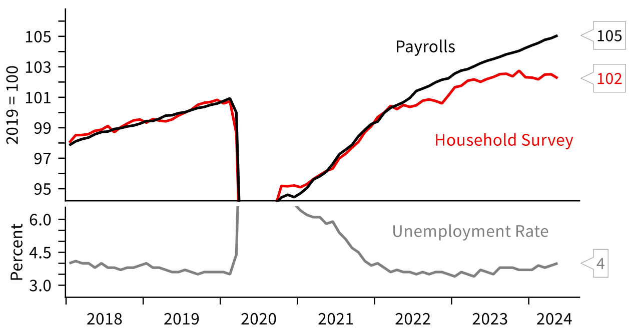
In the US, Payrolls rose 272k in May, above all estimates and leaving 3m average at an elevated 249k. There was nothing there to make the FOMC particularly concerned about downside risks coming from the labour market. Payrolls estimates come from the establishment survey. The separate household survey, where the unemployment is derived from, showed a decline in employment.

Which to trust depends on your aim. If you want a timely indicator of employment gains, Payrolls is generally the better pick. Even so, Chair Powell on Wednesday noted there's "*an argument that [payrolls] may be a bit overstated.*" Quarterly Census of Employment and Wages data point to downward revision in eventual annual benchmarking. Payrolls estimates might be overstating growth because they imperfectly model new business formation and closure.

But if you want to know whether payrolls gains average 250k mean the labour market is getting tighter, you need to revert to measures of underutilisation. The Household survey is designed to measure ratios, like the unemployment rate, even as uncertainty about the level of population growth makes it challenging to take the levels too seriously.

Payrolls is telling you the US continues to add jobs at a rapid pace (though with some question marks over the strength of the numbers) but the unemployment rate is telling you that is occurring alongside gradual cooling, not tightening, in the labour market. In Powell's words on Wednesday ("*Strong job creation over the past couple of years has been accompanied by an increase in the supply of workers, reflecting increases in participation among individuals aged 25 to 54 years and a continued strong pace of immigration*")

US Employment and Unemployment



Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), Macrobond

In Australia, population growth has surged as the population catches up rapidly from the period of closed borders. Despite that, data yesterday showed employment as a share of the population at 64.1%, having moved sideways since mid-2022. Even still, in trend terms the unemployment rate at 4.0% has lifted half a percentage point over the same period. AUS: Unemployment dips back to 4.0% as expected

Taylor Nugent, NAB

Week in review

Since last Friday, the US has seen surprisingly rapid payrolls gains, a cautious FOMC, and the most benign CPI & PPI reports in many months. The net is 48bps of cuts priced by the end of the year, essentially unchanged since before last Friday's payrolls and 2yr yields that are 1bp lower than they were Thursday last week.

Markets took their cue from the headline payrolls beat (and a slight upside on hour earnings), 2yr yields were up 16bp to 4.89% on Friday. 2yr yields were back sharply lower, to 4.67% with a core CPI at just 0.16% m/m, the lowest monthly read in almost 3 years. A message of patience to build confidence on the inflation outlook and just one cut in the median 2024 dot later on Wednesday offered some partial retracement, before a low PPI print left things little changed to pre-payrolls.

The FOMC June projections see a median dot for just 1 cut this year, although 8 of the 19 Fed members expect two cuts. CPI came out the morning of the announcement. Asked if participants change their projections in that situation, Powell said 'some people do … most people don't.' With the PPI confirming the May PCE picture looks materially better, the dots may have already been overtaken by events.

NAB continues to pencil in a first cut in September on the expectation the data flow will be enough to give the Fed the requisite comfort to begin to inch back the level of restriction by then, though note the risk skews later. There are three more payrolls and CPIs before the September meeting. See US Economic Update 14 June 2024. The median 2024 dots for activity, unemployment and PCE all leave room for the Fed to be surprised from the dovish side.

While US yields were little changed, some political risk premium being built into European markets have seen the euro underperform and sovereign spreads widen. EU Parliamentary elections that took place between the 6-9 June and showed a strong rise of nationalist support in France and Germany, while far right parties in the EU's other 25 nations made fewer inroads.

While the shift to the right was expected, for markets France was at the epicentre given Macron's call for a snap parliamentary election following European parliament results. A two-stage National Assembly vote process takes place on 30 June and 7 July.

German 10yr bund yields are 8bp lower than Thursday last week at 2.47%, while French 10yrs are 16bp higher, with spreads out to 7-year highs. The euro is 1.4% lower since last Thursday at 1.0742, while the AUD is just 0.5% lower at 0.6636. In Asia, the yen added to losses on Friday to slump to a 6 week low after the BoJ said it would reduce debt purchases but delayed providing details until its next policy meeting.

Australian data flow largely met expectations with the unemployment rate in May falling back to 4.0%, alongside 39.7k jobs (see AUS: Unemployment dips back to 4.0% as expected). The NAB Business Survey saw conditions near average and price indicators lift (see NAB Business Survey May 2024 - Business confidence down but costs, prices rise).
Taylor Nugent, NAB

Week Ahead in Brief

The **RBA (Tuesday) is the focal point domestically** in what is a quiet week for data. We expect the RBA to be on hold with little change to the "*not ruling anything in or out*" guidance. Governor Bullock made clear the RBA is waiting for the Q2 CPI on 31 July to update their forecasts and assessment of risks.

While Governor Bullock is conscious of two-sided risk on the RBA's inflation forecasts, there is an obvious high bar to hiking given policy is assessed to be restrictive, activity is soft and there are signs of easing in the labour market.

Across the Ditch, **NZ** has Q1 GDP (Thursday) where our BNZ colleagues pencil in -0.1% q/q. Before then, the pre-GDP partial of the BoP is Wednesday. The RBNZ's Chief Economist Paul Conway is also speaking on Inflation (Wednesday).

Offshore, three other G10 central banks meet, with the **BoE, SNB and Norges** (all Thursday). The BoE is expected to be on hold as is Norges, but markets are toying with the possibility of the SNB cutting rates again with markets 56% priced.

A big week for **China** with the monthly activity data (Monday) and some speculation of a cut to the 1yr lending rate – but consensus is for no change. The recent PMIs were mixed with the unofficial Caixin versions seeing a rebound in services.

The **US** is very quiet with the Juneteenth Public Holiday (Wednesday) which will see equity, bonds, and most US commodity markets closed. Expect thin trading either side of the public holiday.

As for US data flow, Retail Sales (Tuesday) is the main focal point to see whether it rebounds after a soft April. Jobless Claims (Thursday) are also worth a look for whether difficulty in seasonally adjusting is one factor behind the recent rise. There is also plenty of Fed speak, incl. Mester, Cook Goolsbee, Harker, Barkin, Collins, Logan, Kugler, Musalem.

In **Europe** global PMIs (Friday) take centre stage. The services sector has picked up strongly and will be closely watched to see this continuing especially following the ECB's recent rate cut. The US PMI also worth a look after last month's bounce in the Services index, even if the ISMs are generally more closely followed. The UK also has retail sales on Friday.

Politics in the UK and Europe also worth watching given the UK election for 4 July is drawing closer, but so too is the snap French parliamentary election (30 June, 7 July). French 10-year yields have risen to the same as Portugal's, while the EUR has shown some idiosyncratic weakness.

Tapas Strickland, NAB

Important Events Preview

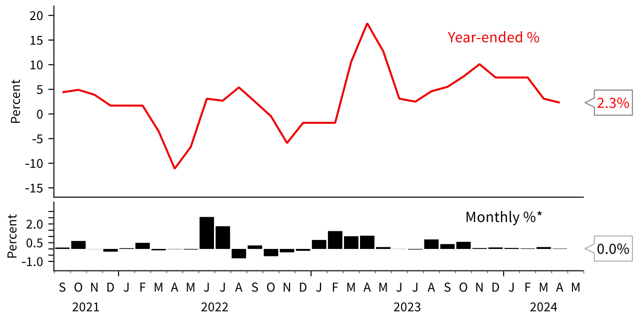
Selection of key data; full calendar below. Note the US' Juneteenth public holiday on Wednesday could mean thin trading amid what is a quiet week for data.

Monday 17

CH Monthly Activity & 1yr Lending Rate

China's monthly activity indicators for May will be closely watched amid mixed PMI data on the services side. Consensus sees retail sales at 3.0% y/y from 2.3%, industrial production 6.0% y/y from 6.3%, and fixed asset investment steady at 4.2%. As for the 1yr medium term lending rate, there is some speculation that China may cut, though the consensus is for unchanged at 2.50%.

China Retail Sales



* Seasonally adjusted by NAB
Source: National Australia Bank, China National Bureau of Statistics (NBS), Macrobond

US Empire Manufacturing

A quiet week for the US means second tier data is likely to catch some attention. The NY Empire Manufacturing Index is expected to remain in the negative at -13.0 from -15.6. Note the Philly Fed version is on Thursday.

Tuesday 18

AU RBA & Presser (hold, no change to guidance)

The RBA is expected to remain on hold with guidance little changed from last meeting. In short "*not ruling anything in or out*". Last month the case for a hike was debated following the hotter then expected Q1 CPI figures. But with an unchanged interest rate track to mid-2025 and not fully taking signal from Q1 CPI, the RBA was able to forecast inflation at the 2-3% mid-point by mid-2026.

The RBA will wait to the full Q2 CPI (late July) before reassessing the inflation outlook and growth prospects with a full forecast round undertaken for the August Board.

While Governor Bullock is conscious of two-sided risk on the RBA's inflation forecasts, there is an obvious high bar to hiking again given policy is assessed to be restrictive and activity is soft and there are signs of easing in the labour market:

> "*If we think we're on the narrow path, we can stay basically pretty much where we are, not ruling anything in or out. But if it turns out, for example, that inflation starts to go up again or it's much stickier than we think and we're not getting it down, then we won't hesitate*

to move and raise interest rates again. In contrast, if it turns out that the economy is much weaker than expected and that puts more downward pressure on inflation, then we'll be looking to ease" (Hansard Transcript of RBA Senate Estimates, p.4).

Data since the last RBA meeting has largely met expectations. The unemployment rate fell back to 4.0% (from 4.1%) and Q1 GDP was relatively soft at 0.1% q/q and 1.1% y/y. Against that the monthly inflation indicator was hotter than expected, with goods showing less disinflation progress. On our forecasts that suggests the risks for Q2 Trimmed Mean CPI sit around 0.9% q/q, one tenth above the RBA's forecasts. Housing market data has also come in on the stronger side.

Governor Bullock is reluctant to draw a firm signal from the monthly CPIs, meaning we will have to wait until the Q2 CPI on 31 July. As Ms Bullock noted:

"*The trouble with the monthly figures is that they are not comprehensive. They tend to focus, so the first one of the quarter, the first month of the quarter, tends to be more goods weighted. The second one tends to be more services weighted. Really, what we are looking for is the comprehensive quarterly CPI. The challenge for us there is that we only get four of them a year, obviously; therefore, it is quite difficult to read momentum into quarterly figures because you only get one obviously every three months*". (Hansard Transcript of RBA Senate Estimates, p.13).

For now, the RBA's preferred strategy for getting inflation back to target given soft activity is to hold for longer, unless inflation reaccelerates or proves stickier than they think. That was highlighted in the recent RBA May Minutes where the Board discussed the current post-pandemic strategy for monetary policy which has been balancing the timeframe of returning inflation to target, with minimising the rise in the unemployment rate. The Board changed the language around this to say they "*expressed limited tolerance for inflation returning to target later than 2026*", whereas the prior assessment in November 2023 was "*it has a low tolerance for inflation returning to target after 2025*" – in effect extending out the horizon to get inflation to target.

(see NAB notes: (1) AUS: RBA Minutes sees holding for longer the preferred way to manage risks and (2) AUS: RBA's Bullock states the RBA would hike rates if inflation reaccelerates or proves stickier, leaving focus on Q2 CPI).

EZ Final-CPI & German ZEW

Neither likely to be particularly market moving.

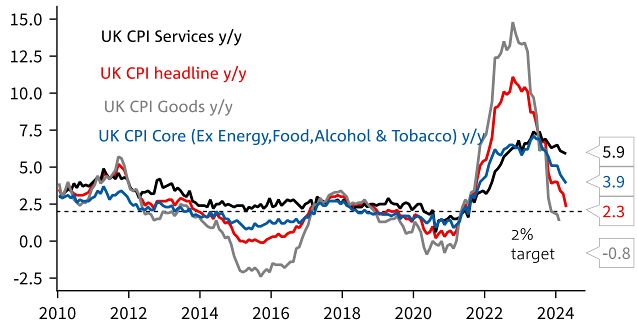
US Retail Sales & Industrial Production

Core retail sales are expected to rebound to 0.3% m/m in May, after -0.3% in April. Given the public holiday on Wednesday, expect light trade.

Wednesday 19

UK CPI

After a disappointing set of inflation data for April where declines in the rate of inflation missed estimates, May CPI is expected to see the disinflation process continue. Crucially this could be the month that headline inflation drops back to the 2% target; even if it is unlikely to stay there for long. At the time of writing no consensus forecasts were available, but we expect headline CPI to drop to 2%, perhaps 2.1% y/y, in part thanks to base effects. The BoE will be interested to see what happens to services prices, which at 5.9% are proving sticky, no thanks to lagging and stubbornly high wage settlements.



Source: National Australia Bank, Macrobond

US Public Holiday (Juneteenth)

US equity, bond and for CME Group's markets for US commodities will be closed for observance of the Juneteenth holiday. For trivia buffs, 19 June 1865 was when Major General Gordon Granger ordered the enforcement of the Emancipation Proclamation in Galveston Texas at the end of the American Civil War. Juneteenth became a federal holiday in 2021.

Thursday 20

NZ Q1 GDP

BNZ's pick for Q1 GDP is -0.1% q/q (consensus +0.1%) although it is not far to rounding up to flat. The main message remains of the economy struggling to grow. A quarterly outcome as BNZ sees it would result in annual growth steadying to flat, from -0.3% in Q4 last year. Anything near zero annual growth overall implies clear contraction on a per person basis.

A flat to negative outcome would be a touch lower than the RBNZ's 0.2% published in its May MPS. We wouldn't judge that has a major difference given the noise in the data, but it is a nod to the soft side.

CH Loan Prime Rate

No change expected, but that would change should the 1yr rate see a surprise cut.

NO Norges Bank Decision (hold)

The Norges Bank is expected to be on hold at 4.50%. A recent Norges Bank Survey showed rising activity and still strong wage growth projections, cooling rate cut bets.

SZ SNB Rate Decision (close decision)

The SNB decision is expected to be close. Markets are pricing in a 56% chance of a rate cut, with a rate cut fully priced by the following September meeting.

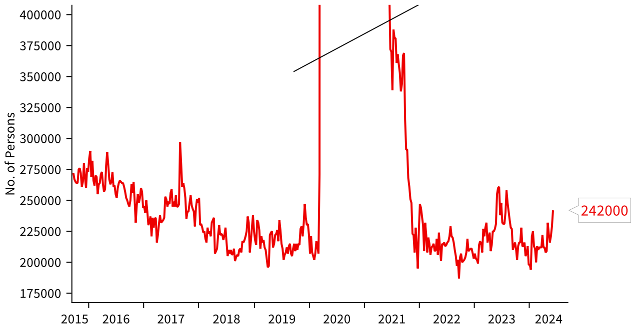
UK BoE Rate Decision (hold)

This BoE meeting is not one that is accompanied by new quarterly economic forecasts and markets price in almost zero chance of a rate cut at this meeting. Indeed, we remain of the view the BoE won't be sufficiently confident to push through a first rate cut in this cycle until the 1 August meeting, when new forecasts will be presented. Markets currently price an August easing at just over a 50% probability. The June meeting will be Deputy Governor Ben Broadbent's last. Might he go out by joining two of his colleagues with a vote for a cut? We think there is a chance the vote to keep rates on hold shifts to 6:3 from 7:2.

US Housing Starts, Initial Jobless Claims

Jobless Claims worth a look given the recent tick up. Difficulty in seasonally adjusting at this time of year (as it was in 2023) though clouds interpretation. There is no consensus at the time of writing; last week it had ticked up to 242k.

US Jobless Claims



Source: National Australia Bank, U.S. Department of Labor, Macrobond

Friday 21

EZ/UK/US Global PMIs

It will be interesting to see what impact the first ECB rate cut has on the PMIs, but a reticence to pre-announce further cuts may limit any reaction. No consensus was available prior to publication, but the prior month had the services PMI at 53.2. In the UK a pullback last month in the services PMI to 52.9 from 55 might suggest a modest rebound for June release.

In the US services activity last month expanded with a surge to 54.8 from 51.3. That increase was pretty well matched by a similar move in the larger sample ISM series. Still, the extent of the jump forewarns of the potential for a pullback of sorts. Manufacturing activity meanwhile continues to expand moderately in the US and UK, while it remains in contraction in the EZ, but at least there the pace has slowed.

UK Retail Sales

UK retail sales data have been volatile of late, with patchy strength as consumers become more confident as inflation and energy costs ease, interspersed with soft readings that have not been helped by pretty continuous rain. The last reading for April saw sales fall at their fastest pace this year. That reading and a modest improvement in the weather suggests a pick-up for the May report commensurate with gradually improving confidence and stronger GDP data.

Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
Sunday, 16 June	2:15 AM	EC	ECB's Schnabel Speaks	--	--		--
Monday, 17 June	7:00 AM	NZ	REINZ House Sales YoY	May	--		25.3%
	8:30 AM	NZ	Performance Services Index	May	--		47.10
	9:50 AM	JN	Core Machine Orders MoM	Apr	-3.1%		2.9%
	11:20 AM	CH	1-Yr Medium-Term Lending Facility Rate	Jun 17	2.5%		2.5%
	11:30 AM	CH	New Home Prices MoM	May	--		-0.6%
	12:00 PM	CH	Industrial Production YoY	May	6.2%		6.7%
	12:00 PM	CH	Retail Sales YoY	May	3.0%		2.3%
	6:00 PM	EC	ECB's Lane Speaks	--	--		--
	10:30 PM	US	Empire Manufacturing	Jun	-13.00		-15.60
	3:00 AM	US	Fed's Harker Speaks on Economic Outlook	--	--		--
Tuesday, 18 June	7:00 AM	NZ	Westpac Consumer Confidence	2Q	--		93.2
	11:00 AM	US	Fed's Cook Gives Acceptance Remarks	--	--		--
	2:30 PM	AU	RBA Cash Rate Target	Jun 18	4.35	**4.35**	4.35
	7:00 PM	GE	ZEW Survey Expectations	Jun	--		47.1
	7:00 PM	EC	CPI YoY	May F	--		2.6%
	7:00 PM	EC	CPI MoM	May F	--		0.2%
	7:00 PM	EC	ECB's Knot Speaks in Dutch Parliament	--	--		--
	10:00 PM	EC	ECB's Cipollone Speaks	--	--		--
	10:30 PM	US	Retail Sales Advance MoM	May	0.3%		0.0%
	11:15 PM	US	Industrial Production MoM	May	0.4%		0.0%
	11:30 PM	EC	ECB's Guindos Speaks	--	--		--
	12:00 AM	US	Fed's Barkin Discusses US Economy, Fed	--	--		--
	1:40 AM	US	Fed's Collins Gives Keynote Address	--	--		--
	2:00 AM	EC	Villeroy speaks in Paris	--	--		--
	3:00 AM	US	Fed's Logan Speaks in Q&A	--	--		--
	3:00 AM	US	Fed's Kugler Speaks on Economy, Monetary Policy	--	--		--
	3:20 AM	US	Fed's Musalem Gives Speech on Economy, Monetary Policy	--	--		--
	4:00 AM	US	Fed's Goolsbee Speaks in Panel Discussion	--	--		--
Wednesday, 19 June	7:00 AM	NZ	RBNZ Chief Economist Paul Conway Speaks on Inflation	--	--		--
	9:50 AM	JN	BOJ Minutes of April Meeting	--	--		--
	4:00 PM	UK	CPI MoM	May	--		0.3%
	4:00 PM	UK	CPI YoY	May	--		2.3%
	4:00 PM	UK	CPI Core YoY	May	--		3.9%
	6:30 PM	EC	ECB's Centeno Speaks	--	--		--
	9:00 PM	US	MBA Mortgage Applications	Jun 14	--		15.6%
	3:30 AM	CA	Bank of Canada Releases Summary of Deliberations	--	--		--
Thursday, 20 June	8:45 AM	NZ	GDP YoY	1Q	0.2%		-0.3%
	8:45 AM	NZ	GDP SA QoQ	1Q	0.1%		-0.1%
	5:30 PM	SZ	SNB Policy Rate	Jun 20	1.5%		1.5%
	6:00 PM	NO	Deposit Rates	Jun 20	--		4.5
	9:00 PM	UK	Bank of England Bank Rate	Jun 20	5.25%	**5.25%**	5.25%
	10:30 PM	US	Initial Jobless Claims	Jun 8	225.00		242.0
	10:30 PM	US	Housing Starts	May	1375.00		1360.0
	12:00 AM	EC	Consumer Confidence	Jun P	--		-14.30
	6:00 AM	US	Fed's Barkin Speaks on Economic Outlook	--	--		--
Friday, 21 June	9:30 AM	JN	Natl CPI YoY	May	2.9%		2.5%
	9:30 AM	JN	Natl CPI Ex Fresh Food, Energy YoY	May	2.2%		2.4%
	10:30 AM	JN	Jibun Bank Japan PMI Mfg	Jun P	--		50.4
	4:00 PM	UK	Retail Sales Inc Auto Fuel MoM	May	--		-2.3%
	4:00 PM	UK	Retail Sales Inc Auto Fuel YoY	May	--		-2.7%
	5:00 PM	EC	ECB's Nagel Speaks	--	--		--
	5:15 PM	FR	HCOB France Manufacturing PMI	Jun P	--		46.4
	5:15 PM	FR	HCOB France Services PMI	Jun P	--		49.3
	5:15 PM	FR	HCOB France Composite PMI	Jun P	--		48.9
	5:30 PM	GE	HCOB Germany Manufacturing PMI	Jun P	--		45.4
	6:00 PM	EC	HCOB Eurozone Manufacturing PMI	Jun P	--		47.3
	6:30 PM	UK	S&P Global UK Manufacturing PMI	Jun P	--		51.2
	11:45 PM	US	S&P Global US Manufacturing PMI	Jun P	51.00		51.3
	11:45 PM	US	S&P Global US Services PMI	Jun P	53.40		54.8
	12:00 AM	US	Leading Index	May	-0.3%		-0.6%
	12:00 AM	US	Existing Home Sales	May	4.10		4.1

Upcoming Central Bank Interest Rate Announcements		NAB	Current
Jun 18	Australia, RBA	4.35	4.35
Jun 20	UK, BOE	5.25	5.25
Jul 31	US, Federal Reserve (Upper Bound)	5.50	5.50
Jul 10	New Zealand, RBNZ	5.50	5.50
Jul 24	Canada, BoC	4.75	4.75
Jul 18	Europe, ECB	3.75	3.75
Jun 14	Japan, BoJ (Upper Bound)	0.10	0.10

Sydney Time. Dates reflect 24 hours from 7am

June 2024 Economic Calendar

Sunday	02			
Monday	03	CH	Caixin China PMI Mfg	May
		EC	HCOB Eurozone Manufacturing PMI	May F
		UK	S&P Global UK Manufacturing PMI	May F
		US	S&P Global US Manufacturing PMI	May F
		US	ISM Manufacturing	May
Tuesday	04	AU	BoP Current Account Balance	1Q
		US	JOLTS Job Openings	Apr
		US	Durable Goods Orders	Apr F
Wednesday	05	JN	Labor Cash Earnings YoY	Apr
		AU	GDP SA QoQ	1Q
		EC	HCOB Eurozone Services PMI	May F
		US	MBA Mortgage Applications	May 31
		US	ADP Employment Change	May
		CA	Bank of Canada Rate Decision	Jun 5
		US	ISM Services Index	May
Thursday	06	AU	Trade Balance	Apr
		EC	ECB Deposit Facility Rate	Jun 6
		US	Trade Balance	Apr
		US	Initial Jobless Claims	May 25
Friday	07	GE	Industrial Production SA MoM	Apr
		EC	GDP SA QoQ	1Q F
		CA	Unemployment Rate	May
		US	Change in Nonfarm Payrolls	May
		US	Unemployment Rate	May
		CH	Trade Balance	May
Saturday	08			
Sunday	09	CH	(09 Jun - 15 Jun) Money S	May
Monday	10	JN	GDP SA QoQ	1Q F
Tuesday	11	AU	NAB Business Conditions	May
		UK	Jobless Claims Change	May
		US	NFIB Small Business Optimism	May
Wednesday	12	JN	PPI YoY	May
		CH	PPI YoY	May
		CH	CPI YoY	May
		GE	CPI YoY	May F
		UK	Monthly GDP (MoM)	Apr
		US	MBA Mortgage Applications	May 31
		US	CPI MoM	May
		US	FOMC Rate Decision (Upper Bound)	Jun 12
Thursday	13	AU	Unemployment Rate	May
		US	PPI Final Demand MoM	May
Friday	14	NZ	BusinessNZ Manufacturing PMI	May
		NZ	Food Prices MoM	May
		JN	Industrial Production MoM	Apr P
		FR	CPI YoY	May P
		JN	BOJ Target Rate (Upper Bound)	Jun 14
		US	U. of Mich. Sentiment	Jun P
Saturday	15			
Sunday	16			
Monday	17	CH	Industrial Production YoY	May
		CH	Retail Sales YoY	May
		US	Empire Manufacturing	Jun
Tuesday	18	AU	RBA Cash Rate Target	Jun 18
		GE	ZEW Survey Expectations	Jun
		EC	CPI YoY	May F
		US	Retail Sales Advance MoM	May
		US	Industrial Production MoM	May
Wednesday	19	UK	CPI YoY	May
		US	MBA Mortgage Applications	May 31
		CA	Bank of Canada Releases Summary of D	--
Thursday	20	NZ	GDP SA QoQ	1Q
		CH	5-Year Loan Prime Rate	Jun 20
		SZ	SNB Policy Rate	Jun 20
		NO	Deposit Rates	Jun 20
		UK	Bank of England Bank Rate	Jun 20
		US	Housing Starts	May
Friday	21	JN	Natl CPI YoY	May
		JN	Jibun Bank Japan PMI Mfg	May F
		UK	Retail Sales Inc Auto Fuel MoM	May
		EC	HCOB Eurozone Manufacturing PMI	May F
		UK	S&P Global UK Manufacturing PMI	May F
		US	S&P Global US Manufacturing PMI	May F
		US	Existing Home Sales	May
Saturday	22			
Sunday	23			
Monday	24	NZ	Trade Balance NZD	May
		GE	IFO Business Climate	Jun
Tuesday	25	AU	Westpac Consumer Conf SA MoM	Jun
		CA	CPI YoY	May
		US	Conf. Board Consumer Confidence	Jun
Wednesday	26	US	New Home Sales	May
Thursday	27	NZ	ANZ Consumer Confidence Index	Jun
		JN	Retail Sales YoY	Apr
		AU	Job Vacancies QoQ	May
		SW	Riksbank Policy Rate	Jun 27
		US	GDP Annualized QoQ	1Q S
		US	Durable Goods Orders	Apr F
		US	Initial Jobless Claims	May 25
Friday	28	JN	Jobless Rate	Apr
		JN	Tokyo CPI Ex-Fresh Food YoY	May
		JN	Industrial Production MoM	Apr P
		AU	Private Sector Credit MoM	Apr
		UK	GDP QoQ	1Q F
		FR	CPI YoY	May P
		CA	GDP MoM	Mar
		US	Personal Spending	Apr
		US	PCE Core Deflator MoM	Apr
		US	U. of Mich. Sentiment	Jun P
Saturday	29			

Source: National Australia Bank, Bloomberg

Forecasts Table

For NAB Economics Latest Forecast Update, see: Inflation still too high despite slow demand growth

Australian Economic Forecasts

		2023				2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP																	
Household Consumption		0.2	0.5	0.0	0.3	0.4	*0.3*	*0.5*	*0.5*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*
Dwelling Investment		-0.2	0.6	0.2	-3.6	-0.5	*-2.2*	*-1.1*	*0.0*	*1.6*	*1.4*	*1.6*	*1.6*	*1.3*	*1.2*	*0.9*	*0.7*
Underlying Bus. Investment		4.5	2.2	0.9	1.4	-1.3	*0.3*	*0.6*	*0.5*	*0.6*	*0.5*	*0.6*	*0.8*	*0.9*	*1.0*	*1.0*	*1.1*
Public Final Demand		0.7	2.3	1.3	0.4	0.6	*0.5*	*0.7*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*
Domestic Final Demand		0.7	1.1	0.6	0.3	0.2	*0.3*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.6*	*0.6*	*0.6*	*0.6*	*0.6*
	(% y/y)	2.7	2.8	3.0	2.8	2.3	*1.5*	*1.4*	*1.6*	*1.9*	*2.1*	*2.2*	*2.2*	*2.3*	*2.3*	*2.3*	*2.3*
Inventories	(contr)	0.1	-1.0	0.3	-0.3	0.7	*0.1*	*0.2*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Net Exports	(contr)	-0.4	0.5	-0.7	0.4	-0.9	*-0.1*	*-0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Gross Domestic Product		0.6	0.4	0.2	0.3	0.1	*0.3*	*0.6*	*0.6*	*0.5*	*0.5*	*0.5*	*0.6*	*0.6*	*0.5*	*0.6*	*0.5*
	(% y/y)	2.3	1.9	2.1	1.6	1.1	*1.0*	*1.4*	*1.7*	*2.1*	*2.3*	*2.2*	*2.2*	*2.2*	*2.2*	*2.3*	*2.2*
Labour Market																	
Employment		0.7	0.9	0.6	0.7	0.5	*0.7*	*0.3*	*0.3*	*0.5*	*0.5*	*0.6*	*0.6*	*0.4*	*0.4*	*0.4*	*0.4*
Unemployment Rate	(%)	3.6	3.6	3.7	3.9	3.9	*4.1*	*4.3*	*4.5*	*4.5*	*4.5*	*4.4*	*4.3*	*4.3*	*4.3*	*4.3*	*4.3*
WPI Wages		0.9	1.0	1.2	1.0	0.8	*0.9*	*1.1*	*0.9*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*
	(% y/y)	3.6	3.7	4.0	4.2	4.1	*4.0*	*3.9*	*3.8*	*3.8*	*3.8*	*3.5*	*3.4*	*3.4*	*3.3*	*3.3*	*3.2*
Inflation																	
CPI Trimmed Mean		1.2	0.9	1.2	0.8	1.0	*0.8*	*0.7*	*0.7*	*0.7*	*0.7*	*0.7*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*
	(% y/y)	6.5	5.8	5.1	4.2	4.0	*3.8*	*3.4*	*3.4*	*3.1*	*2.9*	*2.8*	*2.8*	*2.7*	*2.6*	*2.5*	*2.5*
CPI Headline		1.4	0.8	1.2	0.6	1.0	*0.9*	*0.6*	*0.6*	*0.7*	*0.7*	*0.9*	*0.7*	*0.6*	*0.6*	*0.6*	*0.6*
	(% y/y)	7.0	6.0	5.4	4.1	3.6	*3.7*	*3.0*	*3.0*	*2.7*	*2.6*	*2.9*	*3.0*	*2.9*	*2.8*	*2.5*	*2.5*

Source: ABS, NAB Economics. Quarterly percent change unless specified

Exchange Rate Forecasts

	13-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Majors						
AUD/USD	0.663	*0.67*	*0.69*	*0.71*	*0.72*	*0.74*
NZD/USD	0.62	*0.61*	*0.62*	*0.64*	*0.65*	*0.66*
USD/JPY	157.9	*146*	*143*	*140*	*137*	*134*
EUR/USD	1.07	*1.09*	*1.11*	*1.13*	*1.14*	*1.16*
GBP/USD	1.28	*1.28*	*1.30*	*1.31*	*1.32*	*1.34*
USD/CNY	7.26	*7.20*	*7.15*	*7.10*	*7.00*	*6.90*
USD/CAD	1.37	*1.36*	*1.35*	*1.34*	*1.33*	*1.32*
USD/CHF	0.89	*0.89*	*0.87*	*0.86*	*0.85*	*0.84*
Australian Cross Rates						
AUD/NZD	1.08	*1.10*	*1.11*	*1.11*	*1.11*	*1.12*
AUD/JPY	104.7	*98*	*99*	*99*	*99*	*99*
AUD/EUR	0.62	*0.61*	*0.62*	*0.62*	*0.63*	*0.64*
AUD/GBP	0.52	*0.52*	*0.53*	*0.54*	*0.55*	*0.55*
AUD/CNY	4.81	*4.82*	*4.93*	*5.01*	*5.04*	*5.11*
AUD/CAD	0.91	*0.91*	*0.93*	*0.94*	*0.96*	*0.98*
AUD/CHF	0.59	*0.60*	*0.60*	*0.61*	*0.61*	*0.62*

Global GDP

	2023	2024	2025	2026
Australia	*2.1*	*1.3*	*2.2*	*2.3*
United States	*2.5*	*2.4*	*1.3*	*1.8*
Eurozone	*0.5*	*0.3*	*1.0*	*1.5*
United Kingdom	*0.1*	*0.3*	*0.8*	*1.2*
Japan	*1.9*	*0.3*	*0.6*	*0.6*
China	*5.2*	*4.5*	*4.8*	*4.5*
India	*7.7*	*6.6*	*6.2*	*6.4*
New Zealand	*0.6*	*0.3*	*2.7*	*3.0*
World	*3.3*	*2.9*	*3.0*	*3.1*

Interest Rate Forecasts

	13-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Australian Rates						
RBA cash rate	4.35	*4.35*	*4.10*	*3.85*	*3.60*	*3.35*
3 month bill rate	4.37	*4.08*	*3.88*	*3.69*	*3.44*	*3.19*
3 Year Swap Rate	3.99	*3.95*	*3.80*	*3.70*	*3.60*	*3.45*
10 Year Swap Rate	4.34	*4.50*	*4.40*	*4.40*	*4.35*	*4.25*
Offshore Policy Rates						
US Fed funds	5.50	*5.25*	*5.00*	*4.50*	*4.25*	*4.00*
RBNZ OCR	5.50	*5.50*	*5.25*	*5.00*	*4.50*	*4.00*
10-year Bond Yields						
Australia	4.15	*4.25*	*4.20*	*4.20*	*4.15*	*4.05*
United States	4.27	*4.25*	*4.10*	*4.00*	*3.90*	*3.80*
New Zealand	4.61	*4.75*	*4.60*	*4.60*	*4.50*	*4.40*

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