

# Markets Research

## What to Watch



### Week of 24 June 2024

#### Comment ([jump to section](#))

- Freight rates have exploded over the past year alongside the Israel-Hamas conflict and low dam levels that supply water to the Panama Canal
- For inflation, this could hamper the global goods disinflation we have seen, which had helped drive global inflation lower
- Freight costs can represent a substantial share of the imported cost of an item. E.g: freight was worth 6.2% of the cost of imported furniture in 2019, it rose to as high as 19% during the pandemic

#### Past Week ([jump to section](#))

- The RBA set the cat amongst the pigeons on Tuesday, with speculation on what the RBA would do should Q2 CPI on 31 July print on the high side
- Offshore, three other G10 central banks met. The SNB cut rates again, the BoE while holding once more signalled the prospect of an August cut, and in contrast the Norgesbank pushed out easing expectations to 2025
- In terms of global data flow, US second-tier data is printing to the soft side, though it is unclear how this is translating to activity with the Atlanta Fed's GDP Now estimate still sitting at 3.0% annualised (as of 20 June).

#### Week ahead ([jump to section](#))

- In Australia, the May CPI Indicator (Wednesday) should be viewed for its implications for Q2 CPI on 31 July, rather than in isolation. We pencil in 3.6% y/y, unchanged from April, and a small moderation in the ex volatile and travel number from 4.1%. See [preview](#).
- From the RBA, Deputy Governor Hauser speaks Thursday evening, a chance perhaps to see how comfortable the RBA is with what was in the inflation indicator. Also May Vacancies (Thursday) and RBA's Kent (Wednesday).
- It is a quiet week globally. US PCE (Friday) is expected to confirm the good news out of May CPI and PPI. The consumption numbers will also be watched closely given softness in retail sales.
- In Europe, preliminary country level CPIs are released from Thursday ahead of the eurozone estimate the following week. Riksbank also meets Thursday and markets price a 20% chance of a cut.
- Politics will be in focus with the first round of the French elections on Sunday (30 June). In the US, Biden-Trump have their first election debate (Thursday).
- It is a quiet data calendar in China. Japan sees Tokyo CPI Friday. And Canada has its CPI numbers on Tuesday – important for the BoC with markets 66% priced for a follow up cut in July.

#### Important Events Preview ([jump to section](#))

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### Key Markets

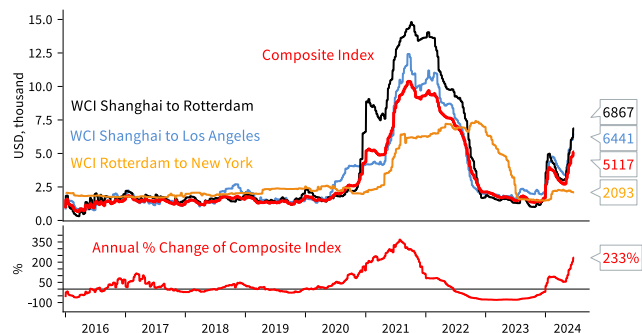
	Latest	% change	
		week	YTD
<b>Cash rates</b>		<i>bps</i>	<i>bps</i>
RBA Cash Rate	4.35	0.0	0.0
US Fed Funds	5.50	0.0	0.0
RBNZ Cash Rate	5.50	0.0	0.0
<b>Rates</b>			
AU BBSY 3m	4.46	3.8	4.8
AU 3y swap	4.09	11.8	31.1
AU 3yr yield	3.93	12.4	32.6
AU 10yr yield	4.23	10.4	27.3
US 10yr yield	4.26	3.8	38.0
AU-US 10yr spread	-3.2	6.5	-10.8
<b>Commodities</b>		%	%
Iron ore	107	-0.6	-17.8
Coal (thermal)	133.9	-0.6	-8.5
Brent oil	85.7	3.7	12.5
Gold	2363.2	1.3	14.6
<b>FX</b>			
AUD/USD	0.6668	0.8	-2.1
USD (DXY)	105.54	0.3	4.2
AUD/NZD	1.0884	-1.0	-0.9
<b>AUD crosses</b>			
AUD/JPY	105.95	-1.7	-9.3
AUD/CNY	4.8409	-0.9	0.0
AUD/EUR	0.6220	-0.6	-0.8
AUD/GBP	0.5265	-0.9	1.6
<b>Equities</b>			
ASX 200	7787.0	0.8	2.6
ASX Resources	5582.1	-0.8	-12.1
ASX Financials	7631.7	1.9	13.6
US S&P 500	5473.2	1.0	14.7

Source: Bloomberg

## Comment – Watch out for freight

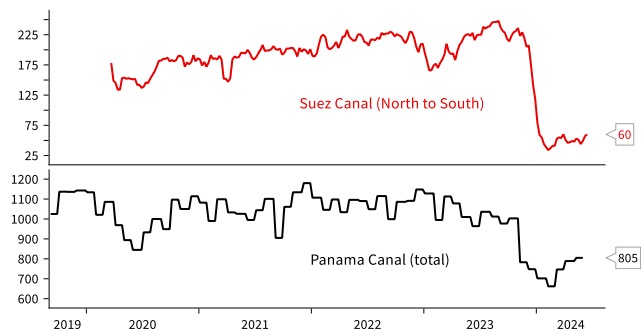
Freight rates have exploded over the past year alongside the Israel-Hamas conflict. Houthi rebels have targeted shipping transiting through the Red Sea, with shippers re-routing traffic. At the same time traffic flows through the Panama Canal have been impacted by drought. Traffic has begun to pick up after some recent rains, though dam levels remain low and disruption to normal traffic volumes continue.

### Container Freight Cost per 40 foot container



Source: National Australia Bank, Macrobond

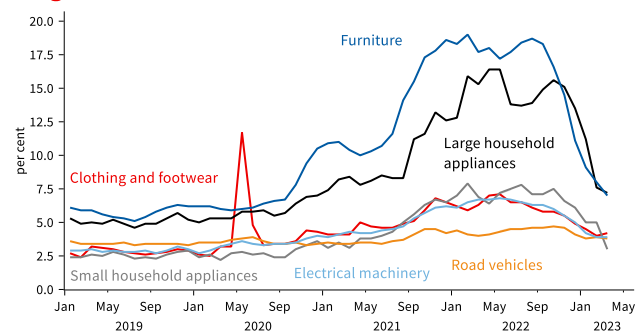
### Key Container Route Crossings



Source: National Australia Bank, Bloomberg

At a recent conference that your scribe was at, attendees were noting the substantial rise in freight costs, debating the extent to which they could pass this on to final prices. For inflation, this could hamper the global goods disinflation we have seen, which had helped drive inflation lower.

### Freight costs as a share of total costs for durables



Source: National Australia Bank, ABS

Source: [ABS Spotlight on recent trends in Freight costs \(2013\)](#)

Freight costs can represent a substantial share of import costs. E.g: freight was worth 6.2% of the cost of imported furniture in 2019, it rose to as high as 19% during the pandemic. Freight costs are around mid-2021 levels when freight for furniture was 10% of the cost.

Tapas Strickland, NAB

## Week in review

The RBA set the cat amongst the pigeons, with lots of speculation on what the RBA would do should Q2 CPI on 31 July print on the high side. Governor Bullock in the post-RBA presser said the Board did discuss the case for a rate hike at this meeting (as it did in May).

Ms Bullock also said hawkish tweaks to the post-Meeting Statement were made to make the point that the Board is alert to the potential upside risks to inflation which stemmed from the monthly CPI indicator being higher than expected and consumption being revised higher.

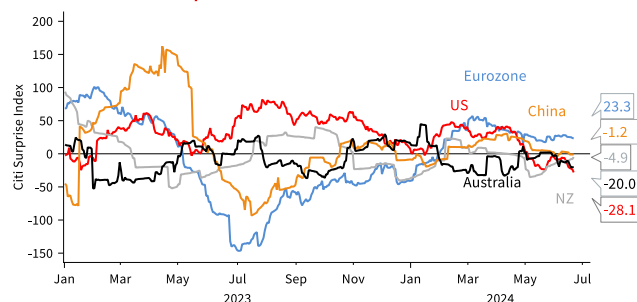
Q2 CPI is clearly going to be important for the RBA in assessing the risks around their inflation outlook. And should inflation print higher and suggest persistence within services, the RBA is clearly willing to contemplate hiking again, though the bar is still very high. (see [AUS: RBA on hold, RBA is clearly waiting for Q2 CPI on 31 July – post press conference note](#)).

Offshore, three other G10 central banks met. The SNB cut rates again by 25bps to 1.25%. The BoE while holding, once more signalled the prospect of an August cut by noting that it was a “finely balanced” decision for some members – markets are 62% priced for August (see [Central Bank Watch – BoE: It’s not baked in the cake, but BoE nods to August](#)). In contrast, Norgesbank pushed out easing expectations to 2025.

Markets overall were little moved with the US Juneteenth public holiday on Wednesday. With the RBA incrementally more hawkish than its peers, the AUD found some support +0.8% to 0.6666, even with USD strength (DXY +0.4%). Australian 10yr yields rose 12bps to 4.24% with the AU-US spread narrowing to just -2bps. Commodities were mixed with Brent oil up (+3.6%) and iron ore flat (-0.6%).

In terms of global data flow, US second-tier data is printing to the soft side, though it is unclear how this is translating to activity with the Atlanta Fed’s Q2 GDP Now estimate still sitting at 3.0% annualised (as of 20 June). Interestingly, European data flow has continued to surprise to the upside.

### Citi Economic Surprise Indexes\*



\* The surprise indices measure data surprises relative to market expectations. A positive reading means that data releases have been stronger than expected and a negative reading means that data releases have been worse than expected  
Source: National Australia Bank, Macrobond

Across the Ditch, NZ GDP surprised with growth of 0.2% q/q, though our BNZ colleagues continue to note weakness remains. They continue to stick to the view that the first rate cut occurs in February, but see the balance of risks tilted to earlier rather than later. Elsewhere, Chinese activity data failed to inspire, though retail sales did beat the consensus.

Tapas Strickland, NAB

## Week Ahead in Brief

It is a much quieter global calendar in the week ahead.

In **Australia**, the May Monthly CPI Indicator on Wednesday is the main data of note, while the RBA's Deputy Governor Hauser speaks on Thursday evening. The May CPI Indicator is not the full CPI and should be looked at with a view to implications for the Q2 CPI on 31 July, ahead of the RBA's August meeting and forecast update. This month, being the second month of the quarter, contains better coverage of a range of services categories that will help guide the RBA assessment of domestic inflation pressure and firm up Q2 forecasts.

We pencil in 3.6% y/y, vs consensus for 3.8, from 3.6% in April. The below consensus pick looks to be due to a large expected fall in volatile travel prices in the month. Prices fall seasonally in May, but the magnitude of the measured decline is highly uncertain. For the ex-volatiles and travel number, we pencil in 3.9% from 4.1%, though the risk sits with a 4.0%. Our full preview and the implications for Q2 CPI is here: [May and Q2 CPI Preview – Q2 CPI likely unhelpful but not quite derailing](#).

Elsewhere during the week, May vacancies (Thursday) should continue to normalise from very elevated levels, RBA Assistant Governor (Financial Markets) Kent speaks at an ABA conference on Wednesday morning, and RBA Deputy Governor Hauser (Thursday evening) will be watched for any clues to just how high the bar is for the RBA to be pushed to hike if the inflation data goes against them.

In the **US**, it is quiet for most of the week ahead of PCE on Friday. The Fed's preferred core PCE deflator measure is expected to confirm the good news out of May CPI and PPI, with consensus at 0.1% m/m, though the risk on unhelpful rounding skews to a 0.2%. Before then, conference board consumer confidence is on Tuesday, the third estimate of GDP is Wednesday (watch for revisions back towards the initial estimate) and there is plenty of Fed speak as well.

Further north, **Canadian** CPI on Tuesday will be watched for whether it leaves the door open for a follow up cut from the BoC in July, where markets are currently 60% priced.

A light data calendar for **Europe** and the UK, with the main data focus there likely to be preliminary June inflation readings from some EU member states, but the EZ not until 2 July. The Riksbank meets Thursday, expected to be on hold.

**Politics** remains a focal point with elections in France on 30 June and 7 July, with the UK sandwiched in between on 4 July. As such French opinion polls and policy details have the capacity to move asset prices. US Biden-Trump have their first election debate (Thursday), which could be a defining moment for both campaigns.

In **Asia**, China's data calendar is reasonably light, with only Industrial Profits on Thursday. The currency will be of more interest, with USDCNY having pushed above 7.25 for the first time since November 2023. Japan gets Tokyo CPI on Friday. Not incidentally, USDJPY is knocking on the door of 159, something to watch given yen depreciation since April has been somewhat disconnect from 10yr spreads.

Taylor Nugent, NAB

## Important Events Preview

Selection of key data. full calendar below.

### Monday 24

#### JN BoJ Minutes (summary of opinion)

#### EU German Ifo Business Climate Index

Given the global PMIs will have already been published, the German Ifo is unlikely to be overly market moving. Consensus looks for little change from last month at 89.3.

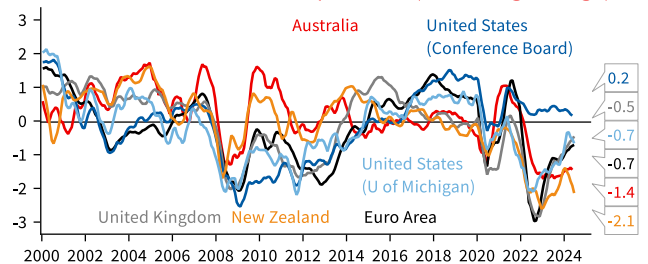
### Tuesday 25

#### AU Consumer Confidence

Westpac-Melbourne Institute consumer confidence edged slightly lower in the post budget may outcome. While off its trough in late 2022 it remains at notably depressed levels. With the real income backdrop improving and 1 July tax cuts in sight, some lift seems likely over the remainder of this year. It remains the case that consumer confidence is signalling much more negativity that has been evident in spending behaviour, and the only modest climb off the lows is in contrast to the US and Europe, where the turnaround in consumer confidence alongside easing inflation has been more pronounced.

#### Consumer Confidence by Country

Standard deviations from mean post 1985 (5m moving average)

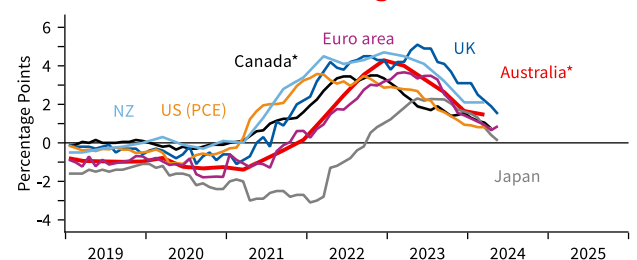


Source: National Australia Bank, Melbourne Institute of Applied Economic & Social Research, European Commission (DG ECFIN), GfK UK, Conference Board, Westpac New Zealand, University of Michigan, Macrobond

#### CA May CPI

Early forecasts point to a fall in the headline CPI to 2.6% y/y from 2.7%. Core measures are expected to keep the BoC comfortable the disinflation process remains intact. Markets price a 60% chance of a follow up cut at the 24 July meeting.

#### Core Inflation Deviation from Target



\* trimmed mean for Australia, average of trimmed mean and weighted median for Canada others are excluding food and energy.  
Source: National Australia Bank, Australian Bureau of Statistics, Statistics Canada, Japanese Statistics Bureau, Ministry of Internal Affairs & Communications, U.K. Office for National Statistics (ONS), U.S. Bureau of Economic Analysis (BEA), Statistics New Zealand, Eurostat, Macrobond

#### US Conference Board Consumer Confidence

## Wednesday 26

### AU RBA's Kent

Assistant Governor (Financial Markets) Chris Kent is speaking at the ABA Banking Conference in Melbourne. No topic is available. At his last speech, Kent outlined that the Board had endorsed a plan to move to an ample reserves framework with full allotment OMO repo as the RBA's future monetary policy implementation system.

### AU May CPI indicator

We pencil in 3.6% y/y, unchanged from April, and for the ex-volatiles and travel measure to slow to 3.9% from 4.1%. Slower food and takeaway inflation help the underlying measure, while smaller falls in fuel prices than a year ago supports headline and travel adds volatility.

The RBA's comfort tolerating the upside risk inherent in their chosen policy approach is frayed and our preliminary Q2 trimmed mean forecast of 0.9% q/q is a tenth above the RBA's May SoMP forecast. The RBA does not meet until after the full Q2 CPI on 31 July, so the May outcome should be viewed for its implications for the more comprehensive quarterly print. The May outcome has better coverage of a range of services components. That will be the focus for an RBA concerned about persistence in domestic prices pressure despite slower recent growth outcomes.

For our full preview and the read through to the quarterly measure, see [May and Q2 CPI Preview – Q2 CPI likely unhelpful but not quite derailing](#)

### EZ Bank of Finland's Conference on Monetary Policy on Low & High Inflation Environment (expect ECB speak)

history for the current level of the unemployment rate. That contrasts with the US, where openings have fully normalised.

### AU RBA's Hauser

No topic has been published but the speech is to the A50 Australian Economic Forum, in Sydney. Coming a day after the May Indicator, there will be interest in any initial reaction to the data. In focus as markets size up just how reluctant the RBA is to hike will be Hauser framing of the RBA's level of comfort that rates will prove sufficiently restrictive as the headwinds that have been weighing on growth abate through H2 this year.

### SW Swedish Riksbank Policy Meeting

The Swedish Riksbank is expected to hold rates steady at its late June policy meeting after delivering a first rate cut in this cycle on 8 May. After that 25bps cut to 3.75%, the Riksbank said it expected to cut twice more in H2, 2024 and markets see it waiting until later this year, with just 8bps priced for this week. No economists expect an easing then either. Markets price around an 80% probability of a cut at the late August meeting and some 61bps by and December.

### EU Belgium June Preliminary HICP Inflation

### US Q1 GDP (third read); Jobless Claims; Durables

### US Biden-Trump election debate

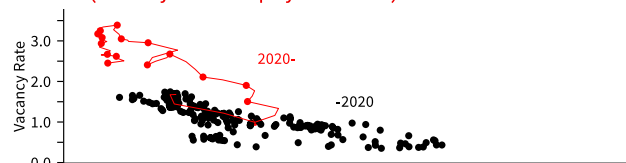
President Biden and Trump have their first election debate, which could be defining moments for both campaigns. There is no in-person audience and microphones will be muted except for the candidate whose turn it is to speak (see [CNN](#) who is hosting the debate for details).

## Thursday 27

### AU Vacancies

#### Australia and United States Beveridge Curves

##### Australia (Vacancy and unemployment rates)



##### US (Openings and unemployment rates)



Source: National Australia Bank, ABS, BLS

Vacancies fell 6.1% in the three months to February. Other more timely indicators of labour demand including employment intentions from the NAB Business Survey and Job Ads point to further cooling in labour demand even as the labour market remains tight. While vacancies are off their peaks, they remain elevated relative to

## Friday 28

### JN Tokyo CPI

The Nationwide measure for May showed CPI excluding fresh food and energy edging back further to 2.1% y/y from 2.4% in May and headline reaccelerating to 2.8% from 2.5%, both a tenth below consensus. Even so, they don't necessarily stand in the way of an upgrade to the BoJ's CPI forecasts at the 31 July meeting.

The Tokyo figures give an early steer on developments into June on Friday as markets size up the risk of the July BoJ hike. Consensus is for the headline rate to rise to 2.4% from 2.2% and the core-core rate to be steady at 1.7%. Note the Tokyo reads are below the national reads due to the introduction of free education measures in the city.

### EU France, Italy, Spain June Preliminary HICP Inflation

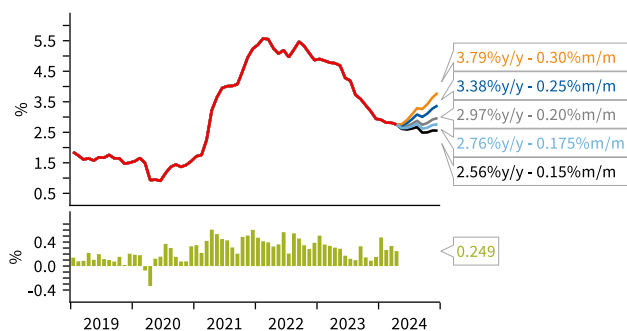
Preliminary June inflation for France, Spain and Italy is released ahead of EZ prices on 2 July. In May headline, core and services prices all surprised to the upside. July EZ inflation should benefit from a reversal of early Easter effects and lower German inflation, but there are risks from higher insurance, social care and hospitality costs.

### US PCE

The core PCE deflator is expected to confirm the good news out of the earlier May CPI and PPI reports. Consensus looks to be firming up on the high side of a 0.1% m/m, leaving the risk on unhelpful rounding to a 0.2%. A couple more prints like that would go along way to reverse the shock of bad Q1 outcomes for FOMC participants. Elsewhere in the release, personal spending is expected up 0.3% m/m in nominal terms, after 0.2%. Consistent with slower but still growing real consumption.

Note that low PCE deflator outcomes are needed to keep the y/y rate from rising through the course of this year given the string of low prints in the second half of 2023. The Fed is well aware of this. The median dot for end 2024 was 2.8% for PCE, unchanged from its current level and implying average monthly outcomes of 0.18%. Powell called that “a fairly conservative forecast month by month” and said “If you're at 2.6, 2.7 ... that's a really good place to be.” ([Transcript of Chair Powell's Press Conference June 12, 2024 \(federalreserve.gov\)](#))

**Core PCE scenarios**



Source: National Australia Bank, U.S. Bureau of Economic Analysis (BEA), Macrobond

## Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
<b>Monday, 24 June</b>	8:45 AM	NZ	Trade Balance NZD	May	--		91.3
	6:00 PM	GE	IFO Business Climate	Jun	89.30		89.3
	10:30 PM	EC	ECB's Villeroy Speaks	--	--		--
	12:30 AM	US	Dallas Fed Manf. Activity	Jun	--		-19.4%
	1:30 AM	EC	ECB's Schnabel Speaks	--	--		--
	3:30 AM	CA	Bank of Canada Governor Tiff Macklem Speaks in Winnipeg	--	--		--
	4:00 AM	US	Fed's Daly Gives Remarks on Economy, Policy	--	--		--
<b>Tuesday, 25 June</b>	10:30 AM	AU	Westpac Consumer Conf SA MoM	Jun	--		-0.3%
	10:30 PM	CA	CPI NSA MoM	May	0.30		0.5
	10:30 PM	CA	CPI YoY	May	2.6%		2.7%
	12:00 AM	US	Conf. Board Consumer Confidence	Jun	100.00		102.0
	12:00 AM	US	Richmond Fed Manufact. Index	Jun	--		0.0%
	2:00 AM	US	Fed's Cook Speaks at Economic Club of New York	--	--		--
	4:15 AM	US	Fed's Bowman Gives Keynote Remarks, Q&A	--	--		--
<b>Wednesday, 26 June</b>	9:35 AM	AU	RBA's Kent-Speech	--	--		--
	11:30 AM	AU	CPI YoY	May	3.8%	<b>3.6%</b>	3.6%
	8:00 PM	EC	ECB's Panetta Speaks	--	--		--
	8:40 PM	EC	ECB's Lane Speaks	--	--		--
	9:00 PM	US	MBA Mortgage Applications	Jun 21	--		0.9%
	9:45 PM	EC	ECB's Kazaks, Denmark's Krogstrup on Panel in Helsinki	--	--		--
	12:00 AM	US	New Home Sales	May	650.00		634.0
<b>Thursday, 27 June</b>	11:00 AM	NZ	ANZ Business Confidence	Jun	--		11.2%
	11:30 AM	AU	Job Vacancies QoQ	May	--		-6.1%
	5:30 PM	SW	Riksbank Policy Rate	Jun 27	3.75		3.8
	6:00 PM	EC	M3 Money Supply YoY	May	1.6%		1.3%
	7:00 PM	EC	Consumer Confidence	Jun F	-13.80		-14.0
	7:00 PM	UK	BOE financial stability report	--	--		--
	8:00 PM	AU	RBA's Hauser-Speech	--	--		--
	10:30 PM	US	GDP Annualized QoQ	1Q T	1.45		1.30
	10:30 PM	US	Initial Jobless Claims	Jun 22	235.00		238.0
	10:30 PM	US	Durable Goods Orders	May P	--		0.6%
<b>Friday, 28 June</b>	9:30 AM	JN	Jobless Rate	May	2.6%		2.6%
	9:30 AM	JN	Job-To-Applicant Ratio	May	1.3%		1.3%
	9:30 AM	JN	Tokyo CPI Ex-Fresh Food YoY	Jun	2.0%		1.9%
	9:50 AM	JN	Industrial Production MoM	May P	2.0%		-0.9%
	11:30 AM	AU	Private Sector Credit MoM	May	0.4%		0.5%
	4:00 PM	UK	GDP QoQ	1Q F	0.6%		0.6%
	4:00 PM	UK	GDP YoY	1Q F	--		0.2%
	4:45 PM	FR	CPI YoY	Jun P	--		2.3%
	5:55 PM	GE	Unemployment Change (000's)	Jun	10.00		25.0
	8:00 PM	US	Fed's Barkin Gives Keynote Speech	--	--		--
	8:00 PM	EC	ECB's Villeroy speaks in Paris	--	--		--
	10:30 PM	CA	GDP MoM	Apr	0.3%		0.0%
	10:30 PM	US	Personal Income	May	0.4%		0.3%
	10:30 PM	US	Personal Spending	May	0.3%		0.2%
	10:30 PM	US	PCE Core Deflator MoM	May	0.1%		0.3%
11:45 PM	US	MNI Chicago PMI	Jun	--		35.4	
12:00 AM	US	U. of Mich. Sentiment	Jun F	--		65.6	
<b>Upcoming Central Bank Interest Rate Announcements</b>						<b>NAB</b>	<b>Current</b>
	Aug 6	Australia, RBA			4.35	4.35	
	Aug 1	UK, BOE			5.00	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	
	Jul 31	Japan, BoJ (Upper Bound)			0.10	0.10	

Sydney Time. Dates reflect 24 hours from 7am

# June 2024 Economic Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
02	03	04	05	06	07	08
	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	AU BoP Current Account Balance 1Q US JOLTS Job Openings Apr US Durable Goods Orders Apr F	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	AU Trade Balance Apr EC ECB Deposit Facility Rate Jun 6 US Trade Balance Apr US Initial Jobless Claims May 25	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	
09	10	11	12	13	14	15
CH (09 Jun - 15 Jun) Money : May	JN GDP SA QoQ 1Q F	AU NAB Business Conditions May UK Jobless Claims Change May US NFIB Small Business Optimism May	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	AU Unemployment Rate May US PPI Final Demand MoM May	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	
16	17	18	19	20	21	22
CH Industrial Production YoY May CH Retail Sales YoY May US Empire Manufacturing Jun	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	UK CPI YoY May US MBA Mortgage Applications May 31 CA Bank of Canada Releases Summary of D --	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	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		
23	24	25	26	27	28	29
NZ Trade Balance NZD May GE IFO Business Climate Jun	AU Westpac Consumer Conf SA MoM Jun CA CPI YoY May US Conf. Board Consumer Confidence Jun	US New Home Sales May	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	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		

Source: National Australia Bank, Bloomberg

# Forecasts Table

For NAB Economics Latest Forecast Update, see: [Subdued growth but signs consumers holding up](#)

Australian Economic Forecasts																
	2023				2024				2025				2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GDP</b>																
Household Consumption	0.2	0.5	0.0	0.3	0.4	0.2	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5
Dwelling Investment	-0.2	0.6	0.2	-3.6	-0.5	-1.0	-0.5	0.5	0.4	0.8	0.6	0.7	0.8	0.7	0.7	0.7
Underlying Bus. Investment	4.5	2.2	0.9	1.4	-1.3	0.2	0.1	1.1	0.9	0.7	0.8	0.7	1.0	1.0	1.0	1.2
Public Final Demand	0.7	2.3	1.3	0.4	0.6	0.7	0.7	0.7	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	0.7	0.6	0.6	0.6	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	1.8	2.2	2.4	2.5	2.4	2.3	2.4	2.4	2.5
Inventories	(contr) 0.1	-1.0	0.3	-0.3	0.7	-0.3	-0.1	0.1	0.1	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	0.0	-0.1	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	0.1	0.4	0.6	0.7	0.5	0.6	0.5	0.6	0.6	0.6	0.6
(% y/y)	2.3	1.9	2.1	1.6	1.1	0.8	1.0	1.3	1.9	2.3	2.5	2.4	2.2	2.3	2.3	2.4
<b>Labour Market</b>																
Employment	0.7	0.9	0.6	0.7	0.5	0.7	0.2	0.3	0.5	0.5	0.5	0.7	0.5	0.4	0.5	0.4
Unemployment Rate	(%) 3.6	3.6	3.7	3.9	3.9	4.1	4.4	4.5	4.5	4.5	4.5	4.4	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
<b>Inflation</b>																
CPI Trimmed Mean	1.2	0.9	1.2	0.8	1.0	0.9	0.8	0.7	0.7	0.6	0.6	0.7	0.6	0.6	0.6	0.6
(% y/y)	6.5	5.8	5.1	4.2	4.0	3.9	3.6	3.5	3.3	3.0	2.8	2.7	2.6	2.6	2.5	2.5
CPI Headline	1.4	0.8	1.2	0.6	1.0	0.8	0.4	0.7	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	3.6	2.8	2.9	2.6	2.5	3.0	3.0	2.9	2.8	2.5	2.5

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

Exchange Rate Forecasts						
	20-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>Majors</b>						
AUD/USD	0.667	0.67	0.69	0.71	0.72	0.74
NZD/USD	0.61	0.61	0.62	0.64	0.65	0.66
USD/JPY	158.9	146	143	140	137	134
EUR/USD	1.07	1.09	1.11	1.13	1.14	1.16
GBP/USD	1.27	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

Global GDP				
	2023	2024	2025	2026
Australia	2.0	1.0	2.2	2.3
United States	2.5	2.3	1.4	1.8
Eurozone	0.6	0.8	1.2	1.4
United Kingdom	0.1	0.8	0.8	1.2
Japan	1.8	-0.2	0.7	0.7
China	5.2	4.5	4.8	4.5
India	7.7	6.6	6.2	6.4
New Zealand	0.6	0.2	2.5	3.1
World	3.2	3.0	3.0	3.1

Australian Cross Rates						
	20-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
AUD/NZD	1.09	1.10	1.11	1.11	1.11	1.12
AUD/JPY	105.9	98	99	99	99	99
AUD/EUR	0.62	0.61	0.62	0.62	0.63	0.64
AUD/GBP	0.53	0.52	0.53	0.54	0.55	0.55
AUD/CNY	4.84	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

Interest Rate Forecasts						
	20-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>Australian Rates</b>						
RBA cash rate	4.35	4.35	4.10	3.85	3.60	3.35
3 month bill rate	4.41	4.08	3.88	3.69	3.44	3.19
3 Year Swap Rate	4.09	3.95	3.80	3.70	3.60	3.45
10 Year Swap Rate	4.39	4.50	4.40	4.40	4.35	4.25
<b>Offshore Policy Rates</b>						
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
<b>10-year Bond Yields</b>						
Australia	4.23	4.25	4.20	4.20	4.15	4.05
United States	4.26	4.25	4.10	4.00	3.90	3.80
New Zealand	4.62	4.75	4.60	4.60	4.50	4.40



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