

Markets Research

What to Watch



Week of 8 July 2024

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

- In this article we look at the latest consumer confidence data that suggests consumers overall are still very worried about too high inflation
- Looking at US consumer inflation expectations, while the median is not driving higher, the mean is, suggesting there is a substantial tail that is expecting inflation to remain elevated in this cycle

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

- Political fortunes have dominated market moves over the past week in what has been a quiet week for top-tier data (US data flow the exception)
- In the US, debate is raging whether President Biden will be the Democratic nominee following a woeful debate performance, and yields rose early in the week led by the long end, which reversed following a weak ISM
- US payrolls tonight of course will overshadow the past week's moves, as too will be the results of the French 2nd round election should it surprise

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

- Quiet in Australia. Consumer Confidence and NAB Business Survey Tuesday; prior to that second-tier Lending Finance on Monday
- The RBNZ (Wednesday) is on hold with no new forecasts, but will they say they discussed a hike, as in May?
- In the US, Fed Chair Powell testifies in front of the Senate Banking Committee Tuesday and the House on Wednesday. That's ahead of CPI (Thursday) and PPI & Uni Michigan Consumer Sentiment (Friday)
- The US earnings seasons starts again with the major banks of Citigroup, JP Morgan and Well Fargo reporting on Friday.
- French 2nd round elections (7 July) the highlight, set against a quiet week in Europe. Lots of sport to distract (Euros, Wimbledon, Tour de France)
- The UK gets Monthly GDP data on Monday. BoE's Haskel (Monday) and Chief Economist Pill (Wednesday)
- May Japan cash earnings on Monday could add to prospects of a July rate rise if they confirm Shunto wage outcomes are indeed filtering through
- China gets inflation data (Wednesday), trade data (Thursday) and credit data in the week from Tuesday. None likely to suggest robust economic momentum ahead of the Third Plenum from 15 July.

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

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Key Markets

	Latest	% change	
		week	YTD
Cash rates		<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
Rates			
AU BBSY 3m	4.51	1.6	10.4
AU 3y swap	4.28	0.8	50.0
AU 3yr yield	4.16	7.9	55.0
AU 10yr yield	4.40	9.4	44.9
US 10yr yield	4.36	-3.8	48.0
AU-US 10yr spread	4.5	13.1	-3.1
Commodities		%	%
Iron ore	110	3.7	-14.1
Coal (thermal)	136.5	2.8	-6.8
Brent oil	87.2	2.5	14.9
Gold	2363.9	1.6	14.6
FX			
AUD/USD	0.6731	0.9	-1.2
USD (DXY)	105.02	-0.8	3.6
AUD/NZD	1.1004	-0.5	-2.0
AUD crosses			
AUD/JPY	108.19	-0.8	-11.2
AUD/CNY	4.8918	-0.9	-1.0
AUD/EUR	0.6222	0.1	-0.8
AUD/GBP	0.5273	0.0	1.5
Equities			
ASX 200	7816.6	0.6	3.0
ASX Resources	5760.7	3.7	-9.3
ASX Financials	7614.4	-0.6	13.3
US S&P 500	5537.0	1.1	16.1

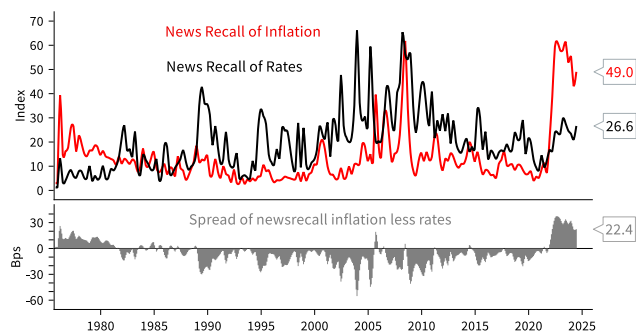
Source: Bloomberg

Comment – inflation worries

In this article we look at the latest consumer confidence data that suggests consumers overall are still very worried about too high inflation. We also make the observation that too high inflation is impacting more than the level of interest rates.

Ahead of Q2 CPI in Australia on 31 July, we thought it might be useful to look at consumer worries around inflation. The W-MI Survey asks a quarterly question on what you can recall in the news, and overwhelmingly respondents can recall news about inflation, but not as many recall news of rates.

AU Consumer Confidence - News Recall

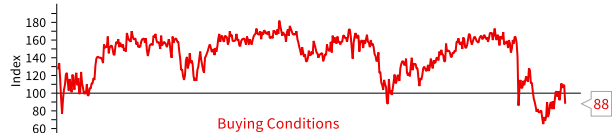


Source: National Australia Bank, W-MI, Macrobond

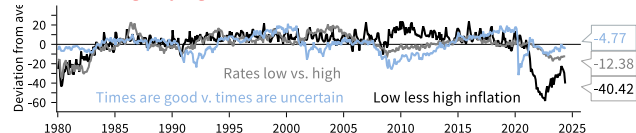
Unfortunately, Australia does not have a rich data set in terms of assessing the impact of inflation worries vs. the level of rates. Looking to the US, the University of Michigan Survey asks a question on what is driving buying conditions. The biggest impact in this cycle appears to be too high inflation, rather than economic uncertainty or the level of rates.

US Consumer Confidence

Buying Conditions Index

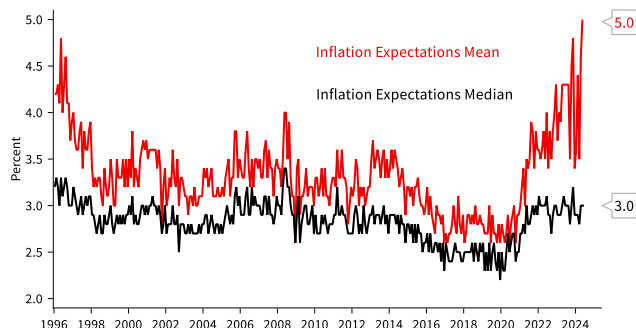


What is driving buying conditions



Source: National Australia Bank, University of Michigan, Macrobond

US Consumer Inflation Expectations (5-10yr; Uni Michigan)



Source: National Australia Bank, University of Michigan, Macrobond

One policy implication from this is inflation worries may be greater than what headline inflation expectations report. Looking at US inflation expectations, while the median is not driving higher, the mean is, suggesting there is a substantial tail that is expecting inflation to remain elevated in this cycle.

Tapas Strickland, NAB

Week in review

Political fortunes have dominated market moves over the past week in what has been a quiet week for top-tier data (US data flow the exception). The French first round elections and subsequent tactical jostling ahead of the second round this Sunday, has reduced the probability of RN gaining an outright majority, though uncertainties remain.

In the US, debate is raging whether President Biden will be the Democratic nominee following a woeful debate performance, and yields rose early in the week led by the long end. Many cited the rising likelihood of a Trump presidency as one factor. A weak ISM Services though saw some retracement of those moves. Across the pond the UK election saw the Labour Party win a landslide majority as expected.

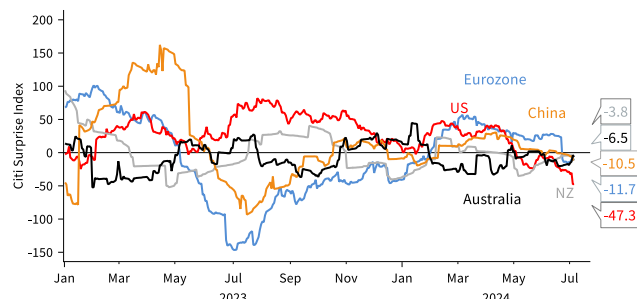
Domestically, the RBA Minutes contained little new, but did reinforce the August meeting is live. At the August meeting not only will Q2 CPI be available, but staff will incorporate “an assessment of the impact of the budgets on the outlook and inflation” which may inform whether demand is likely to hold up better than expected (see [AUS: RBA Minutes reinforce the RBA is very reluctant to hike further, but August still live](#)).

Looking to Q2 CPI on 31 July, NAB’s CPI preview sees trimmed mean at 1.0% q/q which will be a test of the RBA’s less aggressive approach. NAB’s view is that the RBA will remain on hold, but further tightening is a possibility (see [AUS: Q2 CPI Preview – Trimmed mean at 1.0% a test of RBA strategy](#)).

On the data front, retail sales for May beat expectations (0.6% m/m vs. 0.3% consensus), but we caution extrapolating given trend retail sales growth is just 0.0% m/m (see [AUS: Retail Sales beat; we caution reading too much into it with trend retail at 0.0% m/m](#)). While not market moving, building approvals continue to run well below what is needed relative to population growth (see [AUS: Dwelling approvals bounce, but large gap to population growth remains](#)).

Offshore, data flow has been surprising to the downside, especially in the US. The recent US ISMs were weaker than expected (Services ISM 48.4 vs. 52.7 consensus) and markets marginally increased Fed rate cut pricing. There is now a cumulative 47bps priced by end 2024, from 44bps last week.

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 has been worse than expected
Source: National Australia Bank, Macrobond

US payrolls tonight of course will overshadow the past week’s moves, as too will be the results of the French second round election should it surprise. Finally in FX, the AUD is sitting at the highest levels since early this year at 0.6725, while the Yen hit its weakest level in three decades, USD/JPY now 161.09.

Tapas Strickland, NAB

Week Ahead in Brief

The lull in the **Australian** calendar continues next week. June unemployment on 18 July and Q2 CPI on 31 July still loom as the key data points ahead of the RBA's August meeting. No Assistant Governor or above RBA appearances are currently scheduled ahead of the 6 August meeting. Even so, July consumer confidence and the NAB Business Survey on Tuesday will help size up momentum at the margin.

In **New Zealand**, our BNZ colleagues expect the OCR to be held at 5.50%, as do all participants in the initial Bloomberg poll. The RBNZ remains focussed on inflation despite softness in the economy and will likely stick to its knitting in July, acknowledging economic activity is faltering but continuing to warn that it is in no rush to respond. There is no forecast update or new interest rate track at this meeting. A focus in the MPR will be any repeated comment that the committee pondered raising interest rates at this meeting, as it did in May. June Selected price indicators on Thursday will firm up forecast for Q2 CPI the following week.

In the **US**, after Payrolls tonight attention turns to Fed Chair Powell, testifying to the Senate Banking Committee Tuesday and the House Wednesday. His characterisation of how progress on inflation is evolving and how the balance of risks is shifting face an early test with CPI data on Thursday and PPI data Friday. Early consensus for core CPI is a repeat of May's 0.2% m/m outcome. Depending on the detail in PPI on Friday, that would see June core PCE forecasts around 0.1/0.2. Outside the inflation data, preliminary UMich consumer sentiment is on Friday. Bank Earnings also kick off. Citigroup, JPMorgan, Wells Fargo and Bank of New York Mellon report Friday.

In **Europe**, politics is still front of the agenda. Results from the second round of French National Assembly elections should be coming in from 4am Monday morning Sydney time. ECB speak starts to wind down with the quiet period ahead of the 18 July meeting beginning Thursday. In contrast, there is plenty on the sporting calendar, including the Euros, Wimbledon and Tour de France.

In the **UK**, Bank of England speakers include Haskel (Tuesday) and Chief economist Pill (Thursday). On the data side, May Monthly GDP should improve from April's 0.0% given the weather factor shifted from 70% above average precipitation in April to the warmest May since records began.

In **Japan**, May Cash Earnings Monday are expected to pick up as Shunto wage outcomes flow through.

Chinese inflation data on Wednesday is expected to show falls in produce prices easing and still little evidence of domestic inflation pressures in CPI. Chinese trade data could show a small uptick in the pace of annual export growth, helped by base effects rather than more positive external demand. Credit data are also due in the week from Tuesday.

Taylor Nugent, NAB

Important Events Preview

Selection of key data. full calendar below.

Sunday 7

EU France Rd 2 National Assembly Election

Results from the second and final round of France's National Assembly elections will be coming in early on Monday morning (first results due Sunday 20.00 Paris time/0400 Sydney). Marine Le Pen's far-right National Rally party (RN) convincingly won the first round with 34% of the vote, ahead of the left-wing alliance New Popular Front (NFP) and President Emmanuel Macron's Ensemble coalition (ENS) on 22%.

Latest information including polls suggests our base case of a hung parliament with no overall majority is the most likely outcome. That is not to completely rule out the possibility of an RN majority or minority government.

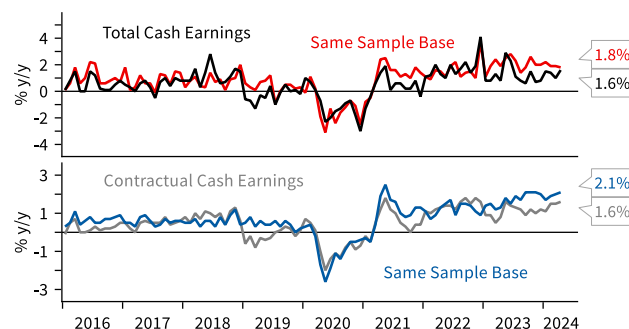
Monday 8

JN May Cash Earnings

The strong outcomes in the Shunto wage rounds are yet to show up in earnest in average wage data and is expected to support a lift in the May cash earnings data. Early consensus is for the headline series to lift to 2.1% from 1.6%. The same-sample basis series, which avoids sample volatility and is preferred by the BoJ, is seen at 2.3% from 1.8%.

Commentary from BoJ Governor Ueda allayed earlier doubts in the wake of the June meeting that the BoJ could both change the policy rate and reduce asset purchases at July meeting. Core Tokyo CPI and pricing indicators in the Q2 Tankan survey have done their part to support a further lift in BoJ policy rates. Earnings growth could help support a move, but money market pricing ascribes only about a 50% chance to a 0.1% lift to the policy rate (i.e. from 0-0.1% to 0.1-0.2%). June National and July Tokyo CPI are out ahead of the 31 July meeting.

Japan Cash Earnings



Source: National Australia Bank, Macrobond, Bloomberg

UK May GDP

UK monthly GDP is likely to show an improvement on April's 0% outturn given the weather factor shifted from 70% above average precipitation in April to the warmest May since records began. While that will see a decline in energy usage, it is expected to aid a surge in construction as projects attempted to make up for lost time and

footfall on the high street picked up. Car production is also thought to have been strong.

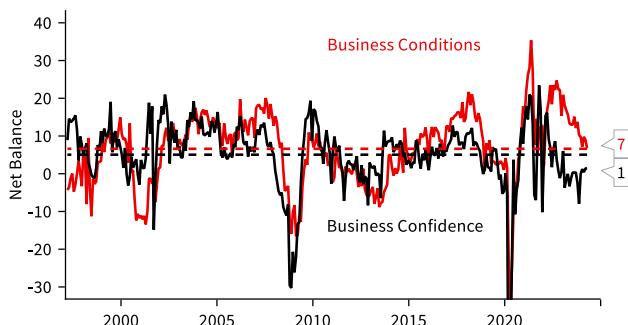
of the House Wednesday. Ahead of Payrolls, markets are currently almost 80% priced for a September cut.

Tuesday 9

AU NAB Business Survey

No Preview here as NAB publishes the Survey

NAB Business Survey



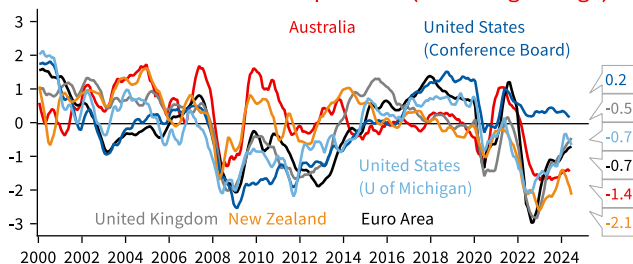
Source: National Australia Bank, National Australia Bank, Macrobond

AU Consumer Confidence

It's only been 2 weeks since the previous consumer confidence reading due to the decision to align dates the RBA meeting. That mid-June read showed a modest 1.7% m/m lift. Consumers remain deeply pessimistic. There will be some interest in whether the 10% lift in family finances vs a year ago sustains or extends in the context of 1 July tax cuts, but don't expect anything conclusive enough to remove the RBA's caution on the robustness of the anticipated pickup in discretionary consumption growth through H2.

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

US Fed's Powell testifies

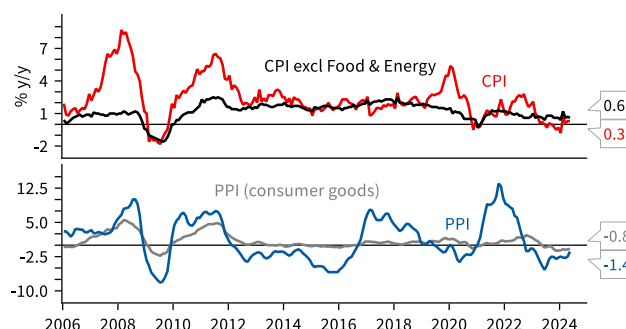
Powell at Sintra this week noted "significant progress" towards cooler inflation with stable growth, that "you can see the labour market is cooling off, appropriately so," and that "It's very much understood by us that we have two-sided risks." Fed officials are seeing the risks between stubborn inflation and unnecessary labour market deterioration as more balanced. Key will be how Powell communicates that balance with June Payroll's data tonight in hand. Any impression comfort is building on sustained progress on inflation, of course, will get an early test in the CPI print on Thursday. Powell testifies in front of the Senate Banking Committee Tuesday and is in front

Wednesday 10

CH CPI & PPI

PPI deflation likely narrowed further in June, but even still is expected to mark its 21st month of y/y decline. CPI is seen inching up to 0.4% y/y from 0.3%. Domestic demand has been enough to keep the 5% growth target alive, generating little urgency for new support measures, but is far from robust enough to generate price pressure. The soft June Caixin Services PMI adds to concerns momentum is fragile. The third plenum, held 15-18 July, could be a vehicle for new policy announcements, but expectations are low for a big shift.

China, Measures of inflation



Source: National Australia Bank, China National Bureau of Statistics (NBS), Macrobond

NZ RBNZ

Our BNZ colleagues expect the OCR to be held at 5.50%, as do all participants in the initial Bloomberg poll. BNZ believe rate cuts will eventually occur sooner than the Q4 2025 indicated in the May Monetary Policy Statement. But, while we understand that markets, focussed on the demise of the economy, want action now we, equally, stress that it remains inflation that is the focus of the central bank and it, rightly or wrongly, has been giving a clear message that there is much work to be done on this front. With this in mind, we think the RBNZ will stick to its knitting at the July Monetary Policy Review. It will likely acknowledge that economic activity is faltering but continue to warn that it is in no rush to respond to that. Importantly, this is a Monetary Policy Review, not a Monetary Policy Statement, so there will be no interest rate track to peruse. Rather the usual short release along with the words of the record of meeting will be used to inform markets. With this in mind, folk will be looking for any repeated comment that the committee pondered raising interest rates at this meeting as it did in May.

Thursday 11

NZ Select Pricing Indicators

These will finalise estimates for Q2 CPI, due out on the following Wednesday. BNZ don't forecast all the monthly components but have a 0.9% m/m gain (on seasonal grounds) pencilled in for food prices and a 0.3% m/m increase for rents. We expect a moderate fall in fuel prices and will monitor all components including the volatile

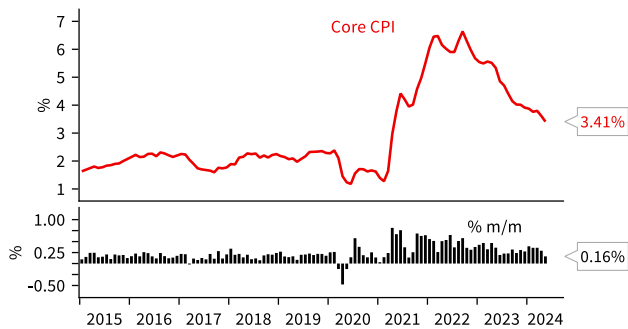
parts like airfares for their (partial) guidance to Q2 CPI. BNZ’s current forecast for Q2 CPI sits at 0.6% q/q and 3.5% y/y.

US June CPI & Jobless Claims

Early consensus is for a repeat of May’s 0.2% m/m outcome for core CPI in June, leaving the y/y rate steady at 3.4%. If realised, that would be further confirmation the unhelpful start to 2024 is not persisting and help build confidence in the inflation trajectory for a still-patient Fed. Lower gas prices should see headline estimates lower, with consensus for 0.1%/ 3.1%.

Jobless Claims will also remain a focus with the ongoing lift in continuing claims.

US Consumer Price Index



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

Friday 12

NZ BusinessNZ PMI & Card Spending

US June PPI

Consensus is for 0.1% m/m, but as always the focus will be on what the components mean for the Fed’s preferred PCE measure. CPI and PPI around expectations would leave June core PCE deflator mappings around 0.1/0.2%.

US UMich Consumer Sentiment

The University of Michigan measure is progressively transitioning to all online interviews which is clouding the interpretation somewhat. Last month’s preliminary read of 65.6 was revised up sharply to 68.2. Even so that was the lowest final read since November and compares to outcomes in the high 70s in the first 4 months of 2024.

Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
Monday, 8 July	9:30 AM	JN	Labor Cash Earnings YoY	May	2.1%		1.6%
	9:30 AM	JN	Cash Earnings - Same Sample Base YoY	May	2.0%		1.8%
	9:50 AM	JN	BoP Current Account Balance	May	2393.4		2050.5
	11:30 AM	AU	Home Loans Value MoM	May	1.8%		4.8%
Tuesday, 9 July	10:30 AM	AU	Westpac Consumer Conf SA MoM	Jul	--		1.7%
	11:30 AM	AU	NAB Business Confidence	Jun	--		-2.70
	11:30 AM	AU	NAB Business Conditions	Jun	--		6.10
	8:00 PM	US	NFIB Small Business Optimism	Jun	89.00		90.5
	--	CH	(09 Jul - 15 Jul) Money Supply M2 YoY	Jun	6.8%		7.0%
	12:00 AM	US	Fed's Powell Testifies to Senate Banking	--	--		--
Wednesday, 10 July	8:45 AM	NZ	Net Migration SA	May	--		7380.0
	9:50 AM	JN	PPI YoY	Jun	2.9%		2.4%
	11:30 AM	CH	PPI YoY	Jun	-0.8%		-1.4%
	11:30 AM	CH	CPI YoY	Jun	0.4%		0.3%
	12:00 PM	NZ	RBNZ Official Cash Rate	Jul 10	5.50	5.5	5.5
	9:00 PM	US	MBA Mortgage Applications	Jul 5	--		-2.6%
	11:30 PM	UK	BOE's Huw Pill speaks	--	--		--
	--	NZ	(10 Jul - 14 Jul) REINZ House Sales YoY	Jun	--		6.8%
	12:00 AM	US	Fed's Powell Testifies to House Financial Services	--	--		--
	12:00 AM	US	Wholesale Inventories MoM	May F	--		0.6%
4:30 AM	US	Fed's Goolsbee, Bowman Give Opening Remarks at Childcare Event	--	--		--	
Thursday, 11 July	8:45 AM	NZ	Food Prices MoM	Jun	--		-0.2%
	9:50 AM	JN	Core Machine Orders MoM	May	0.9%		-2.9%
	4:00 PM	GE	CPI YoY	Jun F	2.2%		2.2%
	4:00 PM	GE	CPI MoM	Jun F	0.1%		0.1%
	4:00 PM	GE	CPI EU Harmonized YoY	Jun F	2.5%		2.5%
	4:00 PM	UK	Monthly GDP (MoM)	May	--		0.0%
	10:30 PM	US	CPI MoM	Jun	0.1%		0.0%
	10:30 PM	US	CPI Ex Food and Energy MoM	Jun	0.2%		0.2%
	10:30 PM	US	CPI YoY	Jun	3.1%		3.3%
	10:30 PM	US	Initial Jobless Claims	Jul 6	235.00		238.0
	1:30 AM	US	Fed's Bostic Speaks in Moderated Q&A	--	--		--
	3:00 AM	US	Fed's Musalem Speaks in Q&A on Economy	--	--		--
	4:00 AM	US	Monthly Budget Statement	Jun	--		-347.1
Friday, 12 July	8:30 AM	NZ	BusinessNZ Manufacturing PMI	Jun	--		47.2
	8:45 AM	NZ	Card Spending Total MoM	Jun	--		-0.9%
	2:30 PM	JN	Industrial Production MoM	May F	--		2.8%
	4:45 PM	FR	CPI YoY	Jun F	--		2.1%
	10:30 PM	US	PPI Final Demand MoM	Jun	0.10		-0.2
	10:30 PM	US	PPI Ex Food and Energy MoM	Jun	0.10		0.0
	--	CH	Exports YoY	Jun	8.0%		7.6%
	--	CH	Trade Balance	Jun	84.70		82.6
12:00 AM	US	U. of Mich. Sentiment	Jul P	67.00		68.2	
Upcoming Central Bank Interest Rate Announcements						NAB	Current
	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)				0.20	0.10

Sydney Time. Dates reflect 24 hours from 7am

July 2024 Economic Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30 CH Manufacturing PMI Jul	01 JN Tankan Large Mfg Index 2Q JN Jibun Bank Japan PMI Mfg Jun F AU Melbourne Institute Inflation MoM Jun CH Caixin China PMI Mfg Jun EC HCOB Eurozone Manufacturing PMI Jun F UK S&P Global UK Manufacturing PMI Jun F GE CPI YoY Jun P US S&P Global US Manufacturing PMI Jun F US ISM Manufacturing Jun	02 NZ Building Permits MoM Jun EC CPI MoM Jun P CA S&P Global Canada Manufacturing PMI Jun US JOLTS Job Openings Jun	03 AU Retail Sales MoM May AU Building Approvals MoM May CH Caixin China PMI Services Jun EC HCOB Eurozone Services PMI Jun F US ADP Employment Change Jun US Trade Balance May US Initial Jobless Claims Jun 29 US Durable Goods Orders May F US ISM Services Index Jun	04 AU Trade Balance May GE Factory Orders MoM May	05 GE Industrial Production SA MoM May FR Industrial Production MoM May CA Unemployment Rate Jun US Change in Nonfarm Payrolls Jun US Unemployment Rate Jun	06
07	08 JN Labor Cash Earnings YoY May JN BoP Current Account Balance May	09 AU Westpac Consumer Conf SA MoM Jul AU NAB Business Conditions Jun	10 JN PPI YoY Jun CH PPI YoY Jun CH CPI YoY Jun NZ RBNZ Official Cash Rate Jul 10 US Wholesale Inventories MoM May F	11 NZ Food Prices MoM Jun JN Core Machine Orders MoM May GE CPI YoY Jun F UK Monthly GDP (MoM) May US CPI MoM Jun US Initial Jobless Claims Jun 29	12 NZ BusinessNZ Manufacturing PMI Jun JN Industrial Production MoM May F FR CPI YoY Jun F US PPI Final Demand MoM Jun CH Trade Balance Jun US U. of Mich. Sentiment Jul P	13
14	15 CH 1-Yr Medium-Term Lending Facility Rate Jul 15 CH GDP YoY 2Q CH Industrial Production YoY Jun CH Retail Sales YoY Jun US Empire Manufacturing Jul	16 JN Tertiary Industry Index MoM May GE ZEW Survey Expectations Jul US Retail Sales Advance MoM Jun CA CPI NSA MoM Jun CA CPI YoY Jun	17 NZ CPI QoQ 2Q UK CPI YoY Jun EC CPI YoY Jun F US Housing Starts Jun US Industrial Production MoM Jun	18 AU Employment Change Jun AU Unemployment Rate Jun UK ILO Unemployment Rate 3Mths May UK Jobless Claims Change Jun EC ECB Deposit Facility Rate Jul 18	19 JN Natl CPI YoY Jun UK Retail Sales Inc Auto Fuel MoM Jun CA Retail Sales MoM May	20
21	22 NZ Trade Balance NZD Jun CH 5-Year Loan Prime Rate Jul 22	23	24 JN Jibun Bank Japan PMI Mfg Jul P EC HCOB Eurozone Manufacturing PMI Jul P UK S&P Global UK Manufacturing PMI Jul P US MBA Mortgage Applications Jun 28 US Wholesale Inventories MoM May F CA Bank of Canada Rate Decision Jul 24 US S&P Global US Manufacturing PMI Jul P US New Home Sales Jun	25 GE IFO Business Climate Jul US GDP Annualized QoQ 2Q A US Durable Goods Orders May F US Initial Jobless Claims Jun 29	26 JN Tokyo CPI Ex-Fresh Food YoY Jul US Personal Income Jun US Personal Spending Jun US Core PCE Price Index MoM Jun US U. of Mich. Sentiment Jul P	27
28	29 UK Mortgage Approvals Jun	30 JN Jobless Rate Jun AU Retail Sales MoM Jun AU Building Approvals MoM Jun FR GDP QoQ 2Q P EC Consumer Confidence Jul P EC GDP SA QoQ 2Q A GE CPI YoY Jun F US JOLTS Job Openings Jun US Conf. Board Consumer Confidence Jul	31 NZ Building Permits MoM Jun JN Industrial Production MoM May F NZ ANZ Business Confidence Jul CH Manufacturing PMI Jul AU CPI YoY 2Q EC CPI MoM Jun F US ADP Employment Change Jun US Employment Cost Index 2Q JN BOJ Target Rate (Upper Bound) Jul 31 US FOMC Rate Decision (Upper Bound) Jul 31	01	02	03

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
GDP																
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
Labour Market																
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
Inflation																
CPI Trimmed Mean	1.2	0.9	1.2	0.8	1.0	1.0	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	4.0	3.7	3.6	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	1.0	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	3.8	3.0	3.1	2.8	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						
	4-Jul	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Majors						
AUD/USD	0.673	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	160.8	146	143	140	137	134
EUR/USD	1.08	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	7.27	7.20	7.15	7.10	7.00	6.90
USD/CAD	1.36	1.36	1.35	1.34	1.33	1.32
USD/CHF	0.90	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						
	4-Jul	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
AUD/NZD	1.10	1.10	1.11	1.11	1.11	1.12
AUD/JPY	108.2	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	4.89	4.82	4.93	5.01	5.04	5.11
AUD/CAD	0.92	0.91	0.93	0.94	0.96	0.98
AUD/CHF	0.60	0.60	0.60	0.61	0.61	0.62

Interest Rate Forecasts						
	4-Jul	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Australian Rates						
RBA cash rate	4.35	4.35	4.35	4.35	4.10	3.85
3 month bill rate	4.46	4.38	4.33	4.19	3.92	3.64
3 Year Swap Rate	4.28	3.95	3.80	3.70	3.60	3.45
10 Year Swap Rate	4.58	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	4.40	4.25	4.20	4.20	4.15	4.05
United States	4.36	4.25	4.10	4.00	3.90	3.80
New Zealand	4.71	4.75	4.60	4.60	4.50	4.40

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