

Markets Research

What to Watch



Week of 29 July 2024

Comment – Australia is not Canada ([jump to section](#))

- Australia and Canada have seen a surge in population growth with the civilian 15 years plus population increasing by 2.9% in Australia and by 3.4% in Canada over the past year
- However, what is different is the rise in population has been fully absorbed by the Australian labour market with little change in the employment to population ratio. This may be a nod to the amount of excess/unmet demand in the economy
- In contrast in Canada, the rise in population growth has not been as well absorbed with the employment to population ratio declining and unemployment rising sharply

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

- There has been little Australian data flow with markets firmly focused on Q2 CPI on 31 July
- Offshore it has been a big week for markets with three very important themes: (1) the Yen has appreciated sharply; (2) concerns around the US surfaced, but against that Q2 GDP printed strongly; and (3) the first big tech earning and outlooks disappointed

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

- Australia has a big week with Q2 CPI (Wednesday). Could it be strong enough to force the RBA to hike rates this late in the cycle? NAB forecasts trimmed mean inflation at 1.0% q/q and expects the RBA to remain on hold
- Offshore, it is all about central banks and tech earnings. The US FOMC (Wednesday) is expected to be on hold. However, it is likely to be a closer decision for the BoJ (Wednesday) where markets are around 50% priced for a hike, and for the BoE (Thursday) where markets are around 50% for a cut
- In the US the key pieces are the Manufacturing ISM (Thursday) and Payrolls (Friday) where focus will be on the unemployment rate given the rise in the unemployment rate to 4.1% over the past four months from 3.8% in March. The ECI (Wednesday) also worth a look given last's quarter lift to 1.2% q/q
- In Europe, Q2 GDP (Tuesday) and Prelim CPIs (Wednesday) will help frame the narrative ahead of the ECB's September meeting. In Asia, China has the Official PMIs (Wednesday) as well as the Caixin Manufacturing PMI.
- Across the Ditch in NZ, Employment indicators (Monday), the ANZ Business Survey (Wednesday) and Building Consents are the main pieces.

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

Taylor Nugent, Senior Economist, Markets

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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	4.54	2.0	12.8
AU 3y swap	4.04	-6.2	25.7
AU 3yr yield	3.98	-2.7	36.8
AU 10yr yield	4.29	0.5	33.5
US 10yr yield	4.24	0.4	36.4
AU-US 10yr spread	4.7	0.2	-2.9
Commodities		%	%
Iron ore	102	-2.2	-20.4
Coal (thermal)	134.8	-0.2	-8.0
Brent oil	82.5	-0.1	8.8
Gold	2372.0	-1.2	15.0
FX			
AUD/USD	0.6553	-2.0	-3.8
USD (DXY)	104.28	-0.1	2.9
AUD/NZD	1.1127	0.0	-3.1
AUD crosses			
AUD/JPY	100.79	4.5	-4.7
AUD/CNY	4.7488	2.3	2.0
AUD/EUR	0.6035	1.8	2.3
AUD/GBP	0.5094	1.6	5.0
Equities			
ASX 200	7931.8	-0.5	4.5
ASX Resources	5476.9	-1.8	-13.8
ASX Financials	7916.4	0.4	17.8
US S&P 500	5399.2	-2.6	13.2

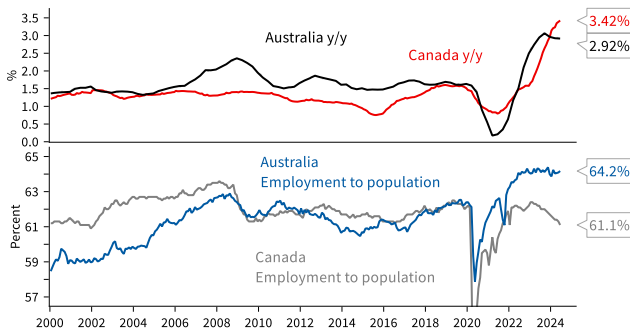
Source: Bloomberg

Comment – Australia is not Canada

The BoC cut rates for the second consecutive meeting with the BoC noting that “downside risks are taking on increased weight in our monetary policy deliberations. We need growth to pick up so inflation does not fall too much, even as we work to get inflation down to 2% target”. Australia and Canada are usually paired together as having similar economies, but so far in this cycle Australia is not like Canada, despite rapid population growth in both.

Australia and Canada have seen a surge in population growth with the civilian 15 years plus population increasing by 2.9% in Australia and by 3.4% in Canada over the past year.

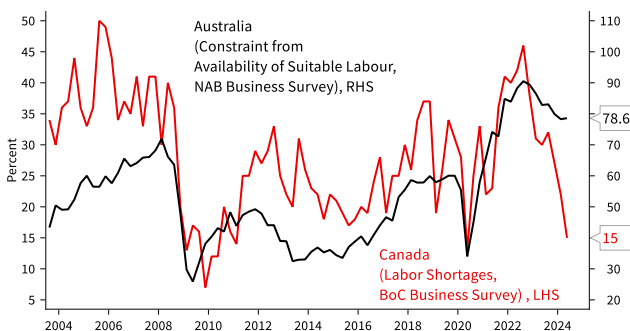
Population (15 years plus): Australia vs. Canada



Source: National Australia Bank, Statistics Canada, Australian Bureau of Statistics, Macrobond

However, what is different is the rise in population has been broadly absorbed by the Australian labour market with little change in the employment to population ratio. This may be a nod to the amount of excess/unmet demand in the economy. In contrast in Canada, the rise in population growth has not been as well absorbed with the employment to population ratio declining and unemployment rising sharply.

Labour Constraint – Canada vs. Australia



Source: National Australia Bank, Bank of Canada, National Australia Bank, Macrobond

Indeed, the BoC refers to population growth as a factor for why potential growth is growing faster than GDP and why excess supply is increasing.

While it is hard to delineate the impact of population growth on capacity constraints, business surveys do ask questions on whether labour is acting as a constraint on output. In Canada the availability of labour is not a constraint, while in Australia it is still a large constraint according to the NAB Quarterly Business Survey. While the Australian labour market has loosened, it is still relatively tight, unlike Canada.

Tapas Strickland, NAB

Week in review

There has been little Australian data flow with markets firmly focused on Q2 CPI on 31 July. RBA Governor Bullock made some comments on a panel that was reported by the AFR, but gave little away:

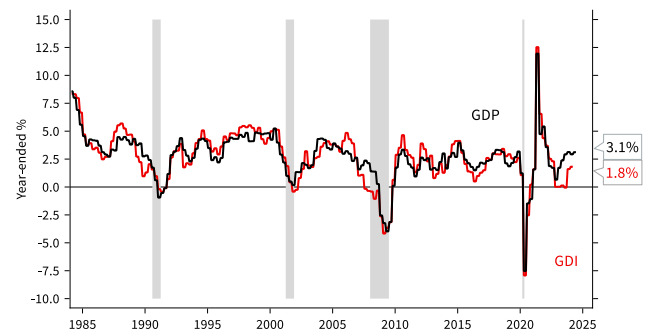
“we’re not seeing the same progress [on inflation] as overseas” and “But having said that, we know from overseas that progress is bumpy. It’s up and down, so the challenge is understanding where the risks might lie” (AFR: Building costs creating ‘difficult’ choice on rates for RBA: Bullock).

Offshore it has been a big week for markets with three very important themes. The first has been the Japanese Yen which has appreciated sharply ahead of the BoJ. AUD/JPY has moved by a large 4.4% to be 100.82, after having hit a high of 109 earlier in the month.

The second is increased concern the Fed may be late to ease policy. Former NY Fed President Dudley wrote an opinion piece, arguing “the Fed should cut, preferably at next week’s policy-making meeting”. However, Dudley also didn’t expect the Fed to cut as soon as July.

The notion that the US is close to a recession because the unemployment rate has ticked up a few tenths has been dominating headlines, but now seems to be bit dated when Q2 GDP printed at 2.8% quarter annualised (vs. the 2.0% consensus. And Jobless Claims also ticked lower.

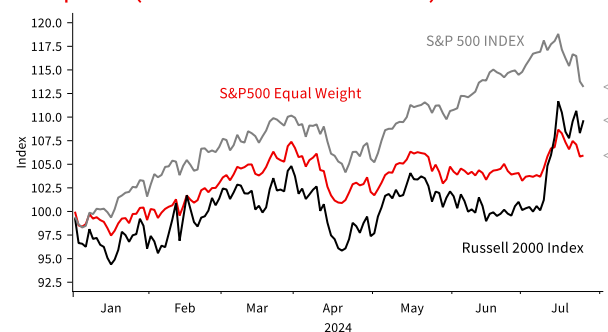
US GDP and Business Cycles



Source: National Australia Bank, Macrobond

US 10yr yields are broadly steady on the week at 4.24% as is the AU-US 10yr spread. Markets fully price for the US Fed a September cut and have a cumulative 66bps worth of cuts by year’s end. The third theme has been tech earnings with Tesla and Alphabet seeing sharp selloffs. Sector rotation is still very evident with small caps outperforming. Finally, in Canada the BoC cut rates and is guiding to further cuts.

US Equities (re-indexed 1 Jan 2024 = 100)



Source: National Australia Bank, Bloomberg

Tapas Strickland, NAB

Week Ahead in Brief

Australia has a big week with Q2 CPI (Wednesday). With inflation surprising the RBA on the high side recently, the framing is whether it is strong enough to push the RBA to hike rates this late in the cycle. NAB's forecast is of trimmed mean inflation at 1.0% q/q. We expect the RBA will hold on to their strategy and remain on hold, but the risks sit with a hike. However, should trimmed mean inflation print >1.1%, the RBA would have little choice but to hike rates again. Other data out in the week include Retail Sales (Wednesday), Building Approvals (Tuesday), Trade Balance and Dwelling Prices (Thursday).

Offshore, it is all about **central banks and tech earnings**. The US **FOMC** (Wednesday) is expected to be on hold. However, it is likely to be a closer decision for the **BoJ** (Wednesday) where markets are around 50% priced for a hike, and for the **BoE** (Thursday) where markets are around 50% priced for a cut. Given the sell-off in large tech over the past few days, earnings by **Microsoft** (Tuesday), and **Amazon** and **Apple** (Thursday) will garner a lot of attention.

Turning back to the data flow, In the **US** the key pieces are the Manufacturing ISM (Thursday) and Payrolls (Friday) where focus will be on the unemployment rate given the rise in the unemployment rate to 4.1% over the past four months from 3.8% in March. Jobless Claims though are not accelerating. Consensus is for the unemployment rate to remain steady at 4.1% and for solid payrolls of 175k. The ECI (Wednesday) also worth a look given last's quarter lift to 1.2% q/q.

In **Europe**, Q2 GDP (Tuesday) and Prelim CPIs (Wednesday) will help frame the narrative ahead of the ECB's September meeting. Consensus for Q2 GDP is 0.2% q/q which contrasts sharply to the US' 0.7% q/q and highlights the outperformance of the US economy to Europe. Note German/Spanish/Belgium CPIs are published a day earlier on Tuesday. The final version of the manufacturing PMI is also out.

In Asia, **China** has the Official PMIs as well as the Caixin Manufacturing PMI. Expectations are for ongoing subduedness with the consensus for the Manufacturing PMI at 49.3 from 49.5 previously.

Across the Ditch in **NZ**, Employment indicators (Monday) and the ANZ Business Survey (Wednesday) and Building Consents are the main pieces. The ANZ Business Survey is the pick given recent demand indicators have been very weak.

Tapas Strickland, NAB

Important Events Preview

Selection of key data. full calendar below.

Monday 29

NZ Employment Indicators

Employment indicators on Monday will reveal the number of filled jobs in June and, including any revisions to recent months, for Q2. An extension of a recent flat to negative tone would not surprise. That would be consistent with BNZ's flat pick for official Q2 HLFS employment data, due the following week.

Tuesday 30

AU Building Approvals

Building approvals continue to run at a subdued annual pace. We expect a pull-back of -3.0% m/m after last month's 5.5% increase. The key implication remains that the annual run rate of building approvals at 164k, is running well short of population growth of around 630k. Given cost pressures in the industry, there is a very high risk of falling short of the government's ambitious target of 240k dwellings a year (see NAB's prior dwelling approvals coverage – [AUS: Dwelling approvals bounce, but large gulf to population growth remains](#)).

EZ Q2 GDP, Prelim CPIs for Germany/Spain/Belgium

Q2 GDP is expected to print at 0.2% q/q and 0.5% y/y. But perhaps the more market moving piece ahead of the ECB's September meeting may be the preliminary CPIs for Germany/Spain/Belgium, ahead of the wider Euro area measure on Wednesday. ECB officials have signalled appetite for considering a September rate cut with markets 87% priced. Should inflation surprise, then that could complicate the discussion even if PMIs have been on the softer side recently.

US Confidence, JOLTS, Microsoft earnings

While consumer confidence is unlikely to be market moving ahead of the FOMC on Wednesday, what will be for equities is tech earnings. Microsoft's results will be keenly watched after the negative reaction to Tesla and Alphabet. All eyes will be on AI and cloud revenue.

Wednesday 31

NZ ANZ Business Survey, Building Consents

Recent demand indicators have been very weak, and margins look pressured, but will the RBNZ change in tone and material drop in wholesale interest rates lift confidence and provide a modicum of support to businesses' outlook for their own activity? It would seem too soon for such things to be fully captured in this survey, but the central bank's changing rhetoric surely can't hurt. Attention will also be heavily on the inflation indicators. Other survey indicators will be worth a look too, including employment and investment intentions

and profit expectations. Building consents for June are also due on Wednesday.

AU Q2 CPI, Retail Sales

We expect Q2 trimmed mean inflation of 1.0% q/q and 4.0% y/y. The market consensus is also 1.0% q/q, which is two tenths above the RBA’s May SoMP forecast of 0.8%, though analysts are reasonably evenly split between a 0.9 and a 1.0. We also pencil in a headline outcome of 1.0% q/q (consensus 1.0% q/q). The key framing for the data is whether inflation will be strong enough for their RBA to lose confidence in the outlook for inflation to return to target in 2026. The recent RBA Minutes gave a clear nod to the CPI and the Board had debated the case for hiking at the two prior meetings.

Despite having two months of the monthly inflation indicator, uncertainty where Q2 CPI may print remains and we see risks as being broadly balanced around our 1.0% q/q forecast for trimmed mean. Key areas of uncertainty are new cars, much of health and financial services. Over the past two years, trimmed mean has printed on average a tenth away from our forecast and two tenths away from the consensus, but with little directional bias (see NAB note: [AUS: Q2 CPI – How likely is a surprise](#)).

Table 1: Consumer Price Index Forecasts

	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Actual									
Forecast									
Headline CPI									
CPI - NSA									
%q/q	0.8	1.2	0.6	1.0	1.0	0.4	0.7	0.7	0.7
%y/y	6.0	5.4	4.1	3.6	3.8	3.0	3.1	2.8	
						RBA May SoMP:	3.8	3.8	
Core Measures									
Trimmed Mean									
%q/q	0.9	1.2	0.8	1.0	1.0	0.85	0.75	0.70	0.70
%y/y	5.8	5.1	4.2	4.0	4.0	3.7	3.6	3.3	3.3
						RBA May SoMP:	3.8	3.4	

Source: National Australia Bank, ABS

NAB’s central view is that the RBA will remain on hold with a 1.0% q/q trimmed mean print – some cooling in market services inflation, wages growth having likely passed its peak, and soft activity growth should be enough to keep the low bar of a return to target in 2026 in sight. The consequence though is they won’t be able to cut for a long time – we have pencilled in May 2025.

Still, further tightening as soon as August is a real possibility should the RBA reassess and conclude rates are insufficiently restrictive. A print of >1.1% q/q for trimmed mean would be hard for the RBA to ignore. For NAB’s full CPI preview, please see [AUS: CPI Preview – Trimmed mean at 1.0 a test of RBA strategy](#).

As for **Retail Sales** for June, we have pencilled in 0.4% m/m, one tenth above the 0.3% consensus, and coming after last month’s 0.6%. Our transactions data suggested retail spending was relatively robust in June (see [NAB Economics Monthly Data Insights - June 2024](#)).

JN BoJ, Retail Sales, Industrial Production

The BoJ meeting takes centre stage with markets pretty even stevens on whether the BoJ hikes or not (pricing has 5.7bps, so around 50% priced for a 10bp hike). NAB’s view is the BoJ should hike given the data flow, but messaging

through the media has been very mixed, and Yen appreciation at the margin has probably lessened the perceived urgency. What is more certain and well flagged is the BoJ’s plan to announce details of reducing QE, and it will also publish forecasts for inflation and growth.

CH Official PMIs

The PMIs are likely to remain on the weak side with the consensus for Manufacturing at 49.3 from 49.5; and non-manufacturing at 50.2 from 50.5.

EZ CPI (prelim)

The prior day’s German/Spain/Belgium CPIs should give an updated guide to where CPI may print. The consensus as of publication is for Core at 2.8% y/y.

US FOMC and Presser, ADP Employment, ECI

The Fed is widely expected to be on hold with most focus on Chair Powell’s presser to see whether he continues to guide markets to a September rate cut, following the stronger than expected Q2 GDP figures and Q2 PCE figures. Markets are more than fully pricing a rate cut at the September FOMC meeting.

On the data the ECI is the one to watch with consensus for a tick back to 1.0% q/q from 1.2% last quarter. ADP Employment may give some indication to payrolls with consensus at 168k.

Thursday 01

AU Trade Balance, Dwelling Prices

The trade balance is only for goods with consensus around \$5bn.

CH Caixin Manufacturing PMI

UK/EZ/US Final Manufacturing PMI

UK BoE Decision

Likely to be a close call. NAB’s view has been that the BoE would cut in August, but the recent data flow has been less helpful. The prior BoE Minutes for the June meeting seemed to lay the foundations for an August cut. While 7 vs 2 voted to hold in June, amongst some of the 7 who voted to hold “the policy decision at this meeting was finely balanced” – see [BoE MPC June Minutes](#)).

Chief Economist Pill since then has thrown a spanner in the works (“on the basis of recent outturns, at the margin recent developments in these indicators have hinted towards some upside risk to my assessment of inflation persistence”). Markets going into the meeting are pricing a 52% chance of a cut, with a full rate cut not fully priced until November.

US ISM, Jobless Claims, Amazon & Apple

The manufacturing ISM takes the pick with consensus at 49.0 from 49.5 previously. Keen interest will be on the headline manufacturing number, as well as the prices paid component given the lift in global container freight rates recently. Two big tech names also report post close – Amazon and Apple. Jobless Claims also worth a look

given the dip back down to 235k, which may allay fears over the recent rise in the unemployment rate.

Friday 02

US Payrolls

Focus is on the unemployment rate and whether it holds at 4.1% after having trended up over the past few months. Headline payrolls are expected to remain robust at 175k from 206k previously, while average hourly earnings are expected to be 0.3% m/m, a similar pace to the prior month.

Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
Monday, 29 July	8:45 AM	NZ	Filled Jobs SA MoM	Jun	--		0.0
	6:30 PM	UK	Mortgage Approvals	Jun	--		60.0
	12:30 AM	US	Dallas Fed Manf. Activity	Jul	-14.2%		-15.1%
Tuesday, 30 July	9:30 AM	JN	Jobless Rate	Jun	2.6%		2.6%
	9:30 AM	JN	Job-To-Applicant Ratio	Jun	1.2%		1.2%
	11:30 AM	AU	Building Approvals MoM	Jun	-2.8%		5.5%
	3:30 PM	FR	GDP QoQ	2Q P	--		0.2%
	6:00 PM	GE	GDP SA QoQ	2Q P	0.1%		0.2%
	7:00 PM	EC	GDP SA QoQ	2Q A	0.2%		0.3%
	7:00 PM	EC	GDP SA YoY	2Q A	0.5%		0.5%
	10:00 PM	GE	CPI YoY	Jul P	2.2%		2.2%
	10:00 PM	GE	CPI EU Harmonized YoY	Jul P	2.6%		2.5%
	12:00 AM	US	JOLTS Job Openings	Jun	--		8140.0%
	12:00 AM	US	Conf. Board Consumer Confidence	Jul	99.70		100.4
Wednesday, 31 July	8:45 AM	NZ	Building Permits MoM	Jun	--		-1.7%
	9:50 AM	JN	Retail Sales YoY	Jun	3.2%		2.8%
	9:50 AM	JN	Industrial Production MoM	Jun P	-4.5%		3.6%
	11:30 AM	CH	Manufacturing PMI	Jul	49.4%		49.5%
	11:30 AM	CH	Non-manufacturing PMI	Jul	50.20		50.5
	11:30 AM	AU	Retail Sales MoM	Jun	0.2%	0.4%	0.6%
	11:30 AM	AU	Private Sector Credit MoM	Jun	0.4%	0.4%	0.4%
	11:30 AM	AU	CPI YoY	Jun	3.8%	3.7%	4.0%
	11:30 AM	AU	CPI QoQ	2Q	1.0%	1.0%	1.0%
	11:30 AM	AU	CPI YoY	2Q	3.8%	3.8%	3.6%
	11:30 AM	AU	CPI Trimmed Mean QoQ	2Q	1.0%	1.0%	1.0%
	11:30 AM	AU	CPI Trimmed Mean YoY	2Q	4.0%	4.0%	4.0%
	4:45 PM	FR	CPI YoY	Jul P	--		2.2%
	5:55 PM	GE	Unemployment Change (000's)	Jul	15.00		19.0
	7:00 PM	EC	CPI MoM	Jul P	-0.2%		0.2%
	9:00 PM	US	MBA Mortgage Applications	Jul 26	--		-2.2%
	10:15 PM	US	ADP Employment Change	Jul	167.50		150.0
	10:30 PM	CA	GDP MoM	May	0.2%		0.3%
	11:45 PM	US	MNI Chicago PMI	Jul	44.00		47.4
	--	JN	BOJ Target Rate (Upper Bound)	Jul 31	0.10		0.1
	4:00 AM	US	FOMC Rate Decision (Upper Bound)	Jul 31	5.50	5.5	5.5
Thursday, 1 August	10:30 AM	JN	Jibun Bank Japan PMI Mfg	Jul F	--		49.2
	11:30 AM	AU	Trade Balance	Jun	5000.00		5773.0
	11:45 AM	CH	Caixin China PMI Mfg	Jul	51.40		51.8
	4:00 PM	UK	Nationwide House Px NSA YoY	Jul	--		1.5%
	5:50 PM	FR	HCOB France Manufacturing PMI	Jul F	45.90		44.1
	5:55 PM	GE	HCOB Germany Manufacturing PMI	Jul F	42.60		42.6
	6:00 PM	EC	HCOB Eurozone Manufacturing PMI	Jul F	46.10		45.6
	6:30 PM	UK	S&P Global UK Manufacturing PMI	Jul F	51.00		51.8
	9:00 PM	UK	Bank of England Bank Rate	Aug 1	5.0%		5.25%
	9:30 PM	UK	BOE Governor Andrew Bailey press conference	--	--		--
	10:30 PM	US	Initial Jobless Claims	Jul 20	238.00		235.0
	11:00 PM	UK	BOE decision maker panel survey	--	--		--
	11:30 PM	CA	S&P Global Canada Manufacturing PMI	Jul	--		49.3
	11:45 PM	US	S&P Global US Manufacturing PMI	Jul F	51.60		49.5
	12:00 AM	US	ISM Manufacturing	Jul	49.00		48.5
Friday, 2 August	4:45 PM	FR	Industrial Production MoM	Jun	--		-2.1%
	9:15 PM	UK	BOE Chief Economist Huw Pill speaks	--	--		--
	10:30 PM	US	Change in Nonfarm Payrolls	Jul	175.00		206.0
	10:30 PM	US	Unemployment Rate	Jul	4.1%		4.1%
	10:30 PM	US	Average Hourly Earnings YoY	Jul	3.7%		3.9%
	12:00 AM	US	Factory Orders	Jun	0.5%		-0.5%
	12:00 AM	US	Durable Goods Orders	Jun P	0.3%		-6.6%
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	
	Aug 14	New Zealand, RBNZ			5.50	5.50	
	Sep 4	Canada, BoC			4.50	4.50	
	Sep 12	Europe, ECB			3.75	3.75	
	Jul 31	Japan, BoJ (Upper Bound)			0.20	0.10	

Sydney Time. Dates reflect 24 hours from 7am

August 2024 Economic Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29 US Conf. Board Consumer Confidence Jul	30	31	01 AU Trade Balance Jun CH Caixin China PMI Mfg Jul EC HCOB Eurozone Manufacturing PMI Jul F UK Bank of England Bank Rate Aug 1 US Initial Jobless Claims Jul 20 US S&P Global US Manufacturing PMI Jul F US ISM Manufacturing Jul	02 AU Home Loans Value MoM Jun US Change in Nonfarm Payrolls Jul US Unemployment Rate Jul US Durable Goods Orders Jun P	03
04	05 CH Caixin China PMI Services Jul EC HCOB Eurozone Services PMI Jul F US ISM Services Index Jul	06 AU RBA Cash Rate Target Aug 6 AU RBA-Statement on Monetary Policy --	07 NZ Unemployment Rate 2Q CH Trade Balance Jul	08 JN BoP Current Account Balance Jun US Initial Jobless Claims Jul 20	09 CH PPI YoY Jul CH CPI YoY Jul GE CPI YoY Jul P CA Unemployment Rate Jul	10
11	12	13 JN PPI YoY Jul AU Westpac Consumer Conf SA MoM Aug AU Wage Price Index YoY 2Q UK ILO Unemployment Rate 3Mths Jun GE ZEW Survey Expectations Aug US PPI Final Demand MoM Jul	14 NZ RBNZ Official Cash Rate Aug 14 UK CPI YoY Jul FR CPI YoY Jul P EC GDP SA QoQ 2Q A EC GDP SA YoY 2Q A US CPI YoY Jul	15 NZ Food Prices MoM Jul JN GDP SA QoQ 2Q P AU Employment Change Jul AU Unemployment Rate Jul CH Retail Sales YoY Jul JN Industrial Production MoM Jun P UK GDP QoQ 2Q P UK Industrial Production MoM Jun NO Deposit Rates Aug 15 US Empire Manufacturing Aug	16 NZ BusinessNZ Manufacturing PMI Jul UK Retail Sales Inc Auto Fuel MoM Jul US U. of Mich. Sentiment Jul F	17
18	19 JN Core Machine Orders MoM Jun	20 NZ Trade Balance NZD Jul CH 5-Year Loan Prime Rate Aug 20 SW Riksbank Policy Rate Aug 20 EC CPI YoY Jul F CA CPI YoY Jul	21 US FOMC Meeting Minutes Jul 31	22 JN Jibun Bank Japan PMI Mfg Jul F FR HCOB France Composite PMI Jul F GE HCOB Germany Manufacturing PMI Jul F EC HCOB Eurozone Manufacturing PMI Jul F UK S&P Global UK Manufacturing PMI Jul F US Initial Jobless Claims Jul 20 US S&P Global US Manufacturing PMI Jul F	23 JN Natl CPI YoY Jul	24
25	26 GE IFO Business Climate Aug US Durable Goods Orders Jun P	27 US Conf. Board Consumer Confidence Jul	28 AU CPI YoY Jun	29 GE CPI YoY Jul P US GDP Annualized QoQ 2Q A US Initial Jobless Claims Jul 20	30 NZ Building Permits MoM Jun JN Jobless Rate Jun JN Tokyo CPI Ex-Fresh Food YoY Jul JN Industrial Production MoM Jun P AU Retail Sales MoM Jun FR CPI YoY Jul P FR GDP QoQ 2Q P GE Unemployment Change (000's) Jul EC CPI MoM Jul P CA Quarterly GDP Annualized 2Q	31 CH Manufacturing Jul CH Non-manufact. Jul

Source: National Australia Bank, Bloomberg

Forecasts Table

For NAB Economics Latest Forecast Update, see: [Rates on hold but still hopes of a soft landing](#)

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	0.4	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Dwelling Investment	-0.2	0.6	0.2	-3.6	-0.5	0.1	-0.8	0.6	0.3	0.4	0.4	0.5	0.6	0.6	0.7	0.7
Underlying Bus. Investment	4.5	2.2	0.9	1.4	-1.3	0.4	-0.1	0.2	0.6	0.4	0.5	0.5	0.5	0.4	0.4	0.4
Public Final Demand	0.7	2.3	1.3	0.4	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Domestic Final Demand	0.7	1.1	0.6	0.3	0.2	0.4	0.4	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
(% y/y)	2.7	2.8	3.0	2.8	2.3	1.6	1.3	1.6	1.9	2.1	2.2	2.1	2.0	2.0	2.0	2.0
Inventories	(contr) 0.1	-1.0	0.3	-0.3	0.7	-0.3	-0.1	0.1	0.2	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Gross Domestic Product	0.6	0.4	0.2	0.3	0.1	0.1	0.3	0.6	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5
(% y/y)	2.3	1.9	2.1	1.6	1.1	0.8	0.9	1.1	1.7	2.1	2.3	2.3	2.1	2.1	2.1	2.2
Labour Market																
Employment	0.7	0.9	0.6	0.8	0.5	0.8	0.4	0.2	0.4	0.5	0.5	0.5	0.4	0.4	0.5	0.4
Unemployment Rate	(%) 3.6	3.6	3.7	3.9	3.9	4.0	4.3	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.4	4.4
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	0.9	0.7	0.7	0.7	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	3.7	3.4	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	2.9	3.0	2.8	2.5	3.0	3.0	2.9	2.8	2.5	2.4

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

Exchange Rate Forecasts

	25-Jul	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Majors						
AUD/USD	0.655	0.67	0.69	0.71	0.72	0.74
NZD/USD	0.59	0.61	0.62	0.64	0.65	0.66
USD/JPY	153.8	146	143	140	137	134
EUR/USD	1.09	1.09	1.11	1.13	1.14	1.16
GBP/USD	1.29	1.28	1.30	1.31	1.32	1.34
USD/CNY	7.25	7.20	7.15	7.10	7.00	6.90
USD/CAD	1.38	1.36	1.35	1.34	1.33	1.32
USD/CHF	0.88	0.89	0.87	0.86	0.85	0.84

Global GDP

	2023	2024	2025	2026
Australia	2.0	1.0	2.1	2.1
United States	2.5	2.2	1.4	1.8
Eurozone	0.6	0.8	1.2	1.4
United Kingdom	0.1	1.1	0.9	1.2
Japan	1.8	-0.2	0.7	0.7
China	5.2	4.7	4.6	4.4
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

	25-Jul	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
AUD/NZD	1.11	1.10	1.11	1.11	1.11	1.12
AUD/JPY	100.8	98	99	99	99	99
AUD/EUR	0.60	0.61	0.62	0.62	0.63	0.64
AUD/GBP	0.51	0.52	0.53	0.54	0.55	0.55
AUD/CNY	4.75	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	0.58	0.60	0.60	0.61	0.61	0.62

Interest Rate Forecasts

	25-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	4.49	4.38	4.33	4.19	3.92	3.64
3 Year Swap Rate	4.04	3.95	3.80	3.70	3.60	3.45
10 Year Swap Rate	4.40	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	4.29	4.25	4.20	4.20	4.15	4.05
United States	4.24	4.25	4.10	4.00	3.90	3.80
New Zealand	4.37	4.55	4.45	4.40	4.35	4.30

Contacts

Markets Research

Skye Masters

Head of Research, Markets
+61 2 9295 1196
skye.masters@nab.com.au

Markets Economics

Tapas Strickland

Head of Market Economics
+61 2 9237 1986
tapas.strickland@nab.com.au

Taylor Nugent

Senior Economist
+61 3 8619 1008
taylor.nugent@nab.com.au

Foreign Exchange

Ray Attrill

Head of FX Strategy
+61 2 9293 7170
ray.attrill@nab.com.au

Rodrigo Catril

Senior FX Strategist
+61 2 9293 7109
rodrigo.h.catril@nab.com.au

Fixed Income

Kenneth Crompton

Senior Interest Rate Strategist
+61 2 9293 7132
Kenneth.crompton@nab.com.au

Gregorius Steven

Senior Associate, Interest Rate Strategy

Michael Bush

Head of Credit Research
+61 3 8641 0575
michael.d.bush@nab.com.au

Evy Noble

Analyst, Credit Research
+61 2 7226 7336
evy.noble@nab.com.au

London/Europe

Gavin Friend

Senior Markets Strategist
+44 207 710 1588
gavin.friend@eu.nabgroup.com

Group Economics

Alan Oster

Group Chief Economist
+61 414 444 652
alan.oster@nab.com.au

Gareth Spence

Head of Australian Economics
+61 436 606 175
gareth.spence@nab.com.au

Tony Kelly

Senior International Economist
+61 477 746 237
antony.kelly@nab.com.au

Brody Viney

Senior Economist
+ 61 452 673 400
brody.viney@nab.com.au

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