

# Markets Research

## What to Watch



### Week of 12 August 2024

#### Comment – services inflation key ([jump to section](#))

- In this comment we highlight the RBA’s insights from their business liaison program where anecdotes continue to suggest services inflation remains too strong, while firms more orientated to the goods side of the economy have seen a significant easing in cost pressures
- One aspect for inflation is the degree of restriction posed by financial conditions. The RBA noted “*financial conditions for households remain restrictive but may be a little less restrictive than previously assessed*”

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

- A very volatile week for markets with last Friday’s two-tenth rise in the US unemployment rate stoking recession fears (4.3% vs. 4.1% consensus). A solid US ISM Services (51.4 vs. 51.0 consensus) and a fallback in Jobless Claims (233k from 250k) saw markets calm a little
- The BoJ also came out to calm markets. The RBA meanwhile was slightly more hawkish in its hold decision, pushing back on market pricing for near-term cuts

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

- Australian Employment (Thursday) and Wages (Tuesday) headline, with Consumer confidence and the NAB Business survey also out Tuesday.
- From the RBA, Deputy governor Hauser speaks Monday, and Governor Bullock appears with colleagues in front of the House Economics Committee on Friday.
- BNZ expect the RBNZ to cut rates on Wednesday, but the risk is they will hold fire and need to play catch up later. Analysts are split, 8 for a cut, 10 for a hold, while markets are 74% priced for a cut.
- The US gets key inflation data in PPI (Tuesday) and CPI (Wednesday). Retail Sales (Thursday) will give an update on the consumer, while jobless claims (Thursday) will remain in heightened focus.
- The European data calendar is quiet, while the UK gets employment & earnings (Tuesday), CPI (Wednesday) and GDP (Thursday).
- Chinese activity data (Thursday) should show a subdued start to Q3. Japan has a holiday Monday.

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

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### Key Markets

	% change		
	Latest	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	4.43	-3.1	2.2
AU 3y swap	3.72	10.0	-5.9
AU 3yr yield	3.67	-1.1	6.2
AU 10yr yield	4.07	1.4	11.0
US 10yr yield	3.97	17.2	8.4
AU-US 10yr spread	10.6	-15.9	2.7
<b>Commodities</b>		%	%
Iron ore	102	-1.8	-19.8
Coal (thermal)	145.5	2.1	-0.6
Brent oil	79.2	3.1	4.8
Gold	2422.6	-0.8	17.4
<b>FX</b>			
AUD/USD	0.6591	1.2	-3.2
USD (DXY)	103.16	0.0	1.8
AUD/NZD	1.0937	-0.1	-1.4
<b>AUD crosses</b>			
AUD/JPY	96.81	-1.5	-0.8
AUD/CNY	4.7239	-1.1	2.5
AUD/EUR	0.6035	-1.1	2.3
AUD/GBP	0.5168	-1.6	3.5
<b>Equities</b>			
ASX 200	7766.6	-2.2	2.3
ASX Resources	5291.6	-3.1	-16.7
ASX Financials	7691.0	-2.6	14.5
US S&P 500	5319.3	-2.3	11.5

Source: Bloomberg

## Comment – services inflation key

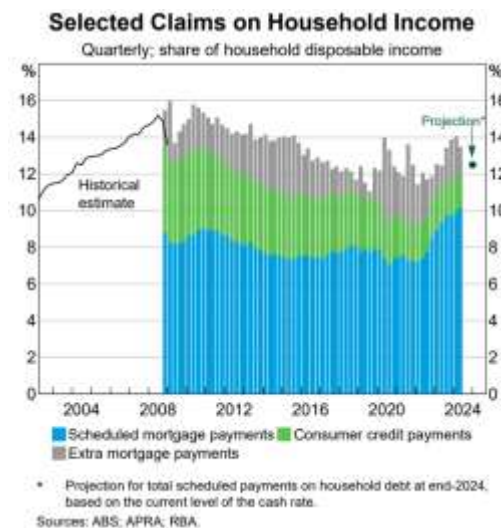
In this comment we highlight the RBA’s insights from their business liaison program. This normally does not get much coverage, though the anecdotes within their liaison program continue to suggest services inflation remains too strong, while firms more orientated to the goods side of the economy has seen a significant easing in cost pressures.

Liaison contacts suggested wages growth over the coming year is expected to remain above its long-run average, so too non-labour costs – particularly due to logistics, energy and insurance. Household and business services firms also expect their selling price growth to be little changed over the year ahead. Most firms are looking to cost management and looking to improve productivity and/or rebuild margins.



One interesting aspect for inflation is the degree of restriction posed by financial conditions. The RBA SoMP noted “financial conditions for households remain restrictive but may be a little less restrictive than previously assessed”. Housing credit growth has gradually increased, and higher house prices have supported net wealth. Business credit growth has also remained above its average.

The rise in share of household income going to required debt payments is slowing down. Note the last cash rate increase was in November 2023, and the roll off of pandemic-era fixed rate loans is nearing its completion.



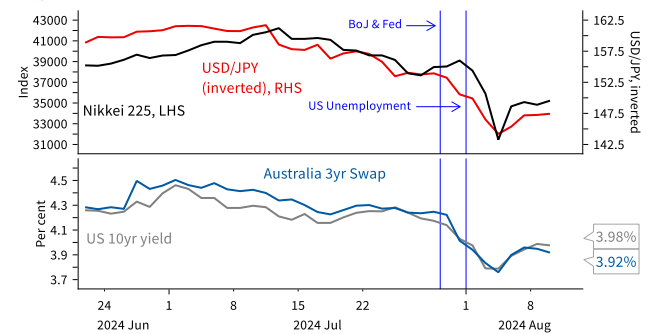
## Week in review

A very volatile week for markets with last Friday’s two-tenth rise in the US unemployment rate stoking recession fears (4.3% vs. 4.1% consensus). The strong reaction was likely due to Fed Chair Powell a few days prior saying “I would not like to see material further cooling in the labor market”. And for recession watchers the lift in the unemployment rate triggering the Sahm rule (see last week’s WTW).

However, and as we noted in our [US Economic update](#), we should be cautious in extrapolating the Sahm rule to the current experience. In June a full 15bp of the 20bp rise in the unemployment rate was due to a rise in temporary layoffs which may reverse next month, and much of the rise in the unemployment rate to date has been due to labour force growth rather than permanent layoffs.

A solid US ISM Services (51.4 vs. 51.0 consensus) and a fallback in Jobless Claims (233k from 250k) saw markets calm a little. The other driver of the volatility has been the BoJ and the unwind of yen carry trades and short volatility trades given the sharp pickup in volatility. The BoJ came out to calm markets with Deputy Governor Uchida stating “the bank will not raise its policy interest rate when financial and capital markets are unstable”.

### Key markets in the past week



The end result of these developments is that the US 10yr yield is now higher than where it was prior to the US payrolls data (3.98% vs. 3.94% prior to payrolls) and so too is the AUD (0.6585 vs. 0.6515 prior to payrolls). Equity markets though have not fully recovered from their losses with the ASX200 still -2.0% over the week, so too the S&P500 at -2.3%.

The AUD also got some support from post-RBA commentary. Although the RBA held rates as widely expected, commentary was slightly more hawkish. Governor Bullock noted that the “Board remains vigilant with respect to upside risks on inflation and will not hesitate to raise rates if it needs to. I know this is not what people want to hear. But the alternative of persistently high inflation is worse. It hurts everyone.”.

Ms Bullock also pushed back on pricing for cuts: “a near-term reduction in the cash rate doesn’t align with the board’s current thinking” and markets “are a bit ahead of themselves” (see: [AUS: RBA speech – Bullock remains hawkish suggesting little tolerance for inflation exceeding forecasts](#) and [AUS: RBA on hold as expected, Governor pushes back on market pricing for cuts this year \(post press conference update\)](#)).

## Week Ahead in Brief

A reasonably busy week ahead for **Australia**. From the ABS, July unemployment data (Thursday) and Q2 WPI (Tuesday) take centre stage. Also released Tuesday are the NAB Business Survey and W-MI Consumer Confidence. CBA reports Wednesday

From the RBA in the wake of their August forecast update and still heightened concern about inflation risks, Deputy Governor Hauser speaks in Brisbane on Tuesday, and Governor Bullock appears alongside a cast of other senior leadership at before the House of Representatives Standing Committee on Economics on Friday.

For unemployment, NAB expects a stable unemployment rate of 4.1% on a 30k employment gain, June's unrounded outcome of 4.051% helping to avoid a tick higher in the unemployment rate. The RBA forecast a Q4 unemployment rate of 4.3% at their August Statement.

For Wages, NAB expects a 0.9% q/q outcome for 4.0% y/y, in line with the RBA's August forecast and consensus, though the risk sits with a repeat of Q1's 0.8% outcome.

In **New Zealand**, opinions are mixed on whether the RBNZ will lower the OCR at on Wednesday – markets are 74% priced for a 25bp cut. Our BNZ colleagues expect a cut, and strongly believe a 25bp cut is appropriate. But they feel more confident with the view that the cash rate will be 100 basis points lower by February of next year than with the expectation that the bank will pull the trigger in August. Data include card transactions (Wednesday), July Price indicators (Thursday) and the PMI (Friday)

In the US, PPI (Tuesday) comes ahead of the more interesting CPI (Wednesday) this month. Core CPI is expected at 0.2% m/m, enough to keep the focus firmly on the labour market, but not enough by itself to cage the remaining hawks on the FOMC. An update on the consumer comes with Retail Sales on Thursday, but will have to share the spotlight with heightened sensitivity to Jobless Claims.

It's a quieter calendar in **Europe**. Germany gets the ZEW Survey (Tuesday) and preliminary GDP (Wednesday) is expected unchanged from the advanced estimate. The Market pricing expects the Norges Bank to hold rates on Thursday.

Across the channel, the **UK** has a fuller data calendar. June earnings will be in focus in the suite of labour market data on Tuesday. Base effects should see the headline rate higher in CPI on Wednesday, the BoE pencils in a lift to 2.4%. And Q2 GDP should show a healthy pace of growth in Q2 in Thursday.

In Asia, **Chinese** activity data (Thursday) is expected to show a soft start to Q3. **Japan** has a holiday Monday.

Taylor Nugent, NAB

## Important Events Preview

Selection of key data. full calendar below.

### Monday 12

#### AU RBA's Hauser

RBA Deputy Governor Hauser speaks at an ESA business lunch in Brisbane. He is likely to remain on message with governor Bullock's more hawkish tone this week given market pricing sits at odds with their assessment of what is necessary to see inflation back at target in 2026. No topic was available at the time of publication.

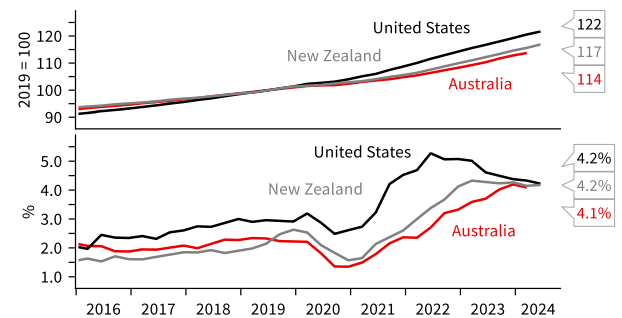
### Tuesday 13

#### AU WPI

We expect WPI growth of 0.9% q/q or 4.0%, in line with the consensus and the RBA's August SoMP pick.

The Q1 data showed WPI up 0.8% q/q and 4.1% y/y. It also came with an upward revision to Q4, which continued the pattern of revisions as seasonal factors adjust to a shift in the timing of pay increases post pandemic. In Q1, just 12% of jobs saw a pay increase in the private sector, compared to 15-17% in the years prior to the pre-pandemic. The average size of pay changes was stable at an elevated 4.4%. The Q1 outcome was also weighed by a low public sector outcome, with jobs that usually see a pay change in Q1 instead seeing increases in Q3 or Q4.

#### Wages Cost Indices

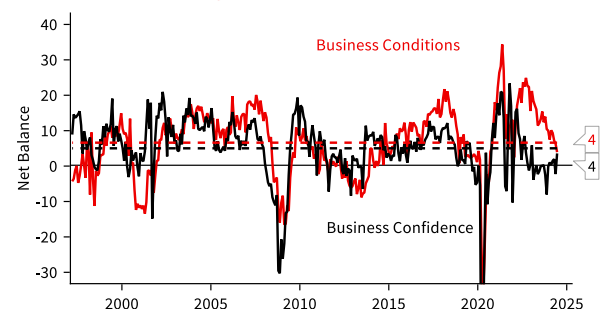


Source: National Australia Bank, ABS, BLS, StatsNZ

#### AU NAB Business Survey; W-MI Consumer Confidence

No comment on the NAB survey given we publish it.

#### NAB Business Survey

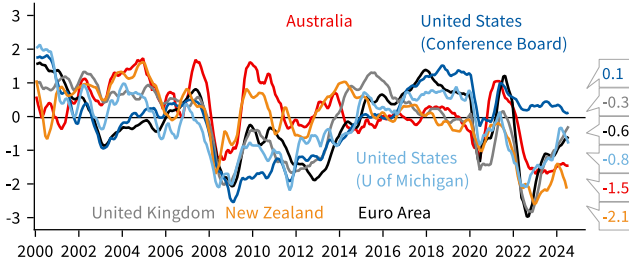


Source: National Australia Bank, National Australia Bank, Macrobond

As for the W-MI consumer confidence, it has so far failed to meaningfully move off its lows despite the most acute pressures on household incomes fading. Last month confidence fell 1.1% m/m, mostly unwinding the 1.6% increase in June.

**Consumer Confidence by Country**

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



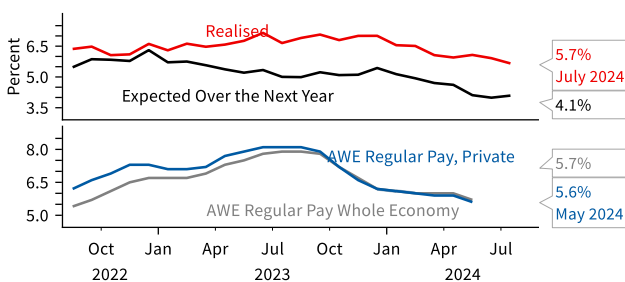
Source: National Australia Bank, Melbourne Institute of Applied Economic & Social Research, European Commission (DG ECFIN), GfK UK, Conference Board, Westpac New Zealand, University of Michigan, Macrobond

**GE ZEW Survey**

**UK Employment & Earnings**

UK average hourly earnings for June should show a modest decline from stubbornly high readings of 5.7% y/y for total earnings (inc bonuses) and also 5.7% for regular pay. The deceleration has been glacial and the prominent factor behind the minority four BoE members (of nine) who voted to keep rates unchanged earlier in August but were outvoted. Going forward we expect wages settlements to track down behind headline inflation, which is currently at the 2% target. Broader UK labour market data is expected to see the unemployment rate in the 3M to June tick up a tenth to 4.5% and where the single month number may reach 4.7%.

**UK: DMP Wages, actual, expected; ONS average earnings**



Source: National Australia Bank, BoE Decision Makers' Panel, Macrobond

**US PPI; Fed's Bostic speaks**

PPI is released ahead of CPI, meaning expectations for the PCE deflator released 30 August will firm up quickly after Wednesday's CPI. Expectations for PPI are for a 0.2% m/m increase in the headline and core measures.

**Wednesday 14**

**NZ RBNZ (25bp cut)**

Opinions are mixed on whether the RBNZ will lower the OCR at this meeting. Our BNZ colleagues strongly believe a 25bp cut is appropriate, given the current parlous state of the economy, the outlook for inflation, and the lags

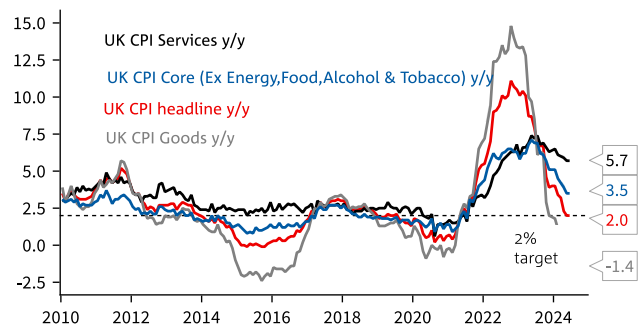
between rate moves and their full economic impact. The RBNZ has two choices: cut now and build in progressive rate cuts thereafter or wait and, ultimately, risk being forced into larger moves later.

On balance, BNZ think the RBNZ will deliver a 25bp cut at this meeting, which would help minimise volatility in the likes of interest rates and output compared to the alternative. In its July MPR the RBNZ said, in reference to the state of monetary conditions, that the "extent of this restraint will be tempered over time consistent with the expected decline in inflation pressures". "Tempered" to us implies steady and guarded rather than knee-jerk hence, our expectation of an earlier and more regular move than a panicked late response.

One way or another, BNZ feel more confident with the view that the cash rate will be 100 basis points lower by February of next year than we do with the expectation that the bank will pull the trigger in August. The market currently has not far shy of 100 basis points of cuts by November and more than 125 by February.

**UK July CPI**

After holding at the 2% target for two consecutive months, UK headline inflation is expected to nudge a little higher in July (consensus 2.3% y/y) as favourable base effects, mainly related to energy turn higher. The BoE forecasts headline CPI to move up to around 2.7% in Q4 and remain in a 1.9%-2.7% range for 12-15 months, before dropping back to below 2% and towards 1.5% late in 2025 and 2026. Core CPI and services inflation at 3.5% and 5.7% respectively should continue their gradual decline.



Source: National Australia Bank, Macrobond

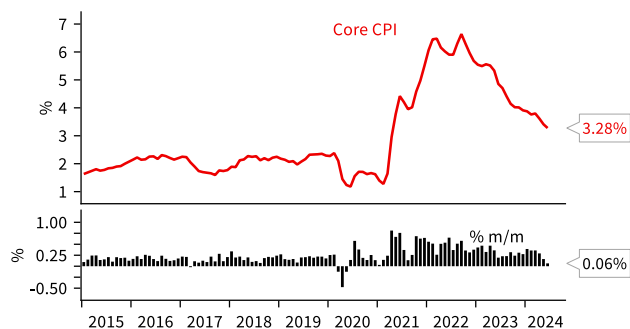
**EZ Preliminary Q2 GDP (2nd estimate)**

**US July CPI**

Consensus is for core CPI is 0.2% m/m, another relatively benign outcome that would see the y/y rate slow to 3.2%. That wouldn't completely allay some of the more hawkish FOMC members concerns about persistence risks, with PCE likely to remain above 2.5% in y/y terms through to the end of the year, but would leave room for the Fed to respond to a softening labour market.



**US Consumer Price Index**



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

Sales are expected up 2.6% y/y (from 2.0%) and industrial production is seen at 5.4% from 5.3%.

**UK Preliminary Q2 GDP (Second Estimate)**

**NO Norges Bank (hold)**

Markets price the Norges bank as being on hold (just 2bps of cuts priced for August) with a full rate cut not priced until December 2024.

**US Retail Sales & Jobless Claims; Fed speak too**

A pickup in car sales should support the headline read, expected up 0.3% m/m, while the core control group is expected to come back down to earth at 0.1% m/m after a strong 0.9% outcome in June.

While it's only a partial view of consumption, a weak print could reignite fears of a sharper turning point in the US economy. On that front, a pullback in initial jobless claims after saw an outsized relief rally in markets, and will likely be under more intense scrutiny again in the absence of any other major labour market indicators.

The Fed's Muslem and Harker also speak.

**Thursday 15**

**NZ Selected Price Indicators**

July's selected prices will give initial guidance to their respective CPI components for Q3. Q3's household inflation expectations is also out Wednesday

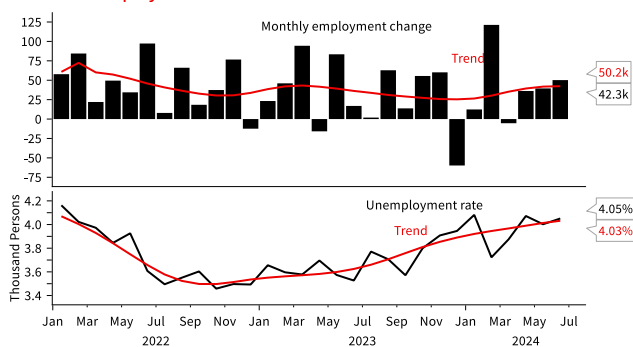
**JN Q2 GDP**

GDP is expected up 0.6% q/q, rebounding from -0.5% q/q outcome in Q1 on the back of a consumption pick up, helped by stronger pay increases and tax cuts, and a rebound in exports after earlier car production delays.

**AU July Employment**

NAB's forecasts see an ongoing gradual cooling in the labour market that keeps the trend unemployment rate inching higher. The July unemployment rate was 4.051% unrounded, so we pencil in an unchanged unemployment rate at 4.1% in August on the back of a 30k employment gain. The RBA's August forecasts look for an unemployment rate that averages 4.3% in Q4.

**Australian Employment**



Source: National Australia Bank, ABS

**Friday 16**

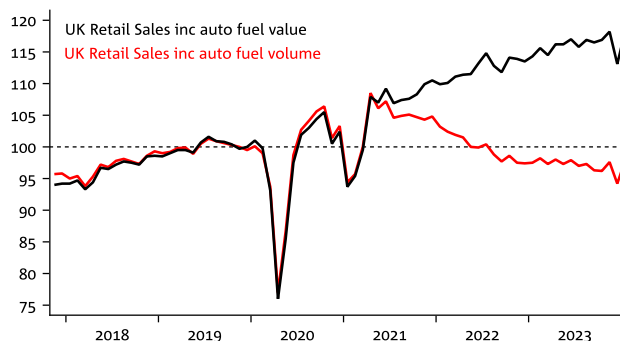
**NZ Manufacturing PMI**

**AU RBA Governor Bullock in front of House of Reps**

Governor Bullock appears alongside a cast of other senior leadership at before the House of Representatives Standing Committee on Economics on Friday.

**UK Retail Sales**

July UK retail sales should improve on their weak June outturn that was negatively affected by unseasonable weather.



Source: National Australia Bank, Macrobond

**CH 1-yr MLF rate**

Expectations are for the PBoC to stand pat, though it is unclear whether or not the rate set and MLF operation. The unscheduled 20bp cut two weeks ago may have been another more permanent step to shift focus towards the reverse repo rate, which would mean reduced prominence of the MFL rate as a policy tool and a delay to the usual timing of later in the month.

**CH July Retail, Industrial Production**

The July round of PMIs were generally soft, and activity likely remained subdued into the third quarter. Retail

**US UMich Consumer Sentiment**

## Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
<b>Friday, 9 August</b>	--	CH	(09 Aug - 15 Aug) New Yuan Loans CNY YTD	Jul	13700.00		13262.11
<b>Saturday, 10 August</b>	--	NZ	(10 Aug - 14 Aug) REINZ House Sales YoY	Jul	--		-25.6%
<b>Monday, 12 August</b>	12:00 PM	AU	Speech by Andrew Hauser, Deputy Governor	--	--		--
	4:00 AM	US	Monthly Budget Statement	Jul	--		-66.0
<b>Tuesday, 13 August</b>	8:45 AM	NZ	Net Migration SA	Jun	--		1410.0
	9:50 AM	JN	PPI YoY	Jul	3.0%		2.9%
	10:30 AM	AU	Westpac Consumer Conf SA MoM	Aug	--		-1.1%
	11:30 AM	AU	Wage Price Index YoY	2Q	4.0%	<b>4.0%</b>	4.1%
	11:30 AM	AU	Wage Price Index QoQ	2Q	0.9%	<b>0.9%</b>	0.8%
	11:30 AM	AU	NAB Business Confidence	Jul	--		3.6
	11:30 AM	AU	NAB Business Conditions	Jul	--		3.9
	4:00 PM	UK	ILO Unemployment Rate 3Mths	Jun	4.5%		4.4%
	4:00 PM	UK	Claimant Count Rate	Jul	--		4.4%
	4:00 PM	UK	Jobless Claims Change	Jul	--		32.3
	7:00 PM	GE	ZEW Survey Expectations	Aug	39.00		41.8
	10:30 PM	US	PPI Final Demand MoM	Jul	0.20		0.20
	3:15 AM	US	Fed's Bostic Speaks on Economy in Moderated Conversation	--	--		--
<b>Wednesday, 14 August</b>	12:00 PM	NZ	RBNZ Official Cash Rate	Aug 14	5.50	<b>5.25</b>	5.5
	12:00 PM	NZ	RBNZ Monetary Policy Statement	--	--		--
	1:00 PM	NZ	RBNZ Governor News Conference	--	--		--
	4:00 PM	UK	CPI YoY	Jul	2.3%		2.0%
	4:45 PM	FR	CPI YoY	Jul F	2.3%		2.3%
	7:00 PM	EC	GDP SA QoQ	2Q P	0.3%		0.3%
	9:00 PM	US	MBA Mortgage Applications	Aug 9	--		6.9%
	10:30 PM	US	CPI MoM	Jul	0.2%		-0.1%
	10:30 PM	US	CPI Ex Food and Energy MoM	Jul	0.2%		0.1%
	10:30 PM	US	CPI YoY	Jul	3.0%		3.0%
	10:30 PM	US	CPI Ex Food and Energy YoY	Jul	3.2%		3.3%
<b>Thursday, 15 August</b>	8:45 AM	NZ	Food Prices MoM	Jul	--		1.0%
	9:50 AM	JN	GDP Annualized SA QoQ	2Q P	2.3%		-2.9%
	9:50 AM	JN	GDP SA QoQ	2Q P	0.6%		-0.7%
	9:50 AM	JN	GDP Deflator YoY	2Q P	2.6%		3.4%
	11:20 AM	CH	1-Yr Medium-Term Lending Facility Rate	Aug 15	2.3%		2.3%
	11:30 AM	AU	Employment Change	Jul	17.50	<b>30</b>	50.2
	11:30 AM	AU	Unemployment Rate	Jul	4.1%	<b>4.1%</b>	4.1%
	11:30 AM	AU	Participation Rate	Jul	67		66.9
	12:00 PM	CH	Industrial Production YoY	Jul	5.4%		5.3%
	12:00 PM	CH	Retail Sales YoY	Jul	2.6%		2.0%
	2:30 PM	JN	Industrial Production MoM	Jun F	--		-3.6%
	4:00 PM	UK	GDP QoQ	2Q P	--		0.7%
	4:00 PM	UK	GDP YoY	2Q P	--		0.3%
	4:00 PM	UK	Industrial Production MoM	Jun	--		0.2%
	4:00 PM	UK	Manufacturing Production MoM	Jun	--		0.4%
	6:00 PM	NO	Deposit Rates	Aug 15	--		4.5
	10:30 PM	US	Empire Manufacturing	Aug	-6.00		-6.6
	10:30 PM	US	Retail Sales Advance MoM	Jul	0.3%		0.0%
	10:30 PM	US	Initial Jobless Claims	Aug 3	240.00		233.0
	11:10 PM	US	Fed's Musalem Speaks on Economy, Policy	--	--		--
	11:15 PM	US	Industrial Production MoM	Jul	--		0.6%
	3:10 AM	US	Fed's Harker Gives Speech on Center at Philadelphia Fed	--	--		--
<b>Friday, 16 August</b>	8:30 AM	NZ	BusinessNZ Manufacturing PMI	Jul	--		41.1
	8:45 AM	NZ	PPI Output QoQ	2Q	--		0.9%
	9:30 AM	AU	RBA appears before House Economics Committee	--	--		--
	10:30 AM	NZ	RBNZ Governor speaks	--	--		--
	2:30 PM	JN	Tertiary Industry Index MoM	Jun	0.3%		-0.4%
	4:00 PM	UK	Retail Sales Inc Auto Fuel MoM	Jul	--		-1.2%
	4:00 PM	UK	Retail Sales Inc Auto Fuel YoY	Jul	--		-0.2%
	10:30 PM	US	Housing Starts	Jul	1341.50		1353.0
	12:00 AM	US	U. of Mich. Sentiment	Aug P	67.20		66.4
	3:25 AM	US	Fed's Goolsbee Speaks in Fireside Chat	--	--		--
<b>Upcoming Central Bank Interest Rate Announcements</b>						<b>NAB</b>	<b>Current</b>
	Sep 24	Australia, RBA			4.35	4.35	
	Sep 19	UK, BOE			5.00	5.00	
	Sep 18	US, Federal Reserve (Upper Bound)			5.00	5.50	
	Aug 14	New Zealand, RBNZ			5.25	5.50	
	Sep 4	Canada, BoC			4.25	4.50	
	Sep 12	Europe, ECB			3.75	3.75	
	Sep 20	Japan, BoJ			0.25	0.25	

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
<b>GDP</b>																
Household Consumption	0.2	0.5	0.0	0.3	0.4	0.5	0.4	0.6	0.6	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	0.1	-0.8	0.6	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.7
Underlying Bus. Investment	4.5	2.2	0.9	1.4	-1.3	0.2	-0.2	0.1	0.5	0.6	0.5	0.6	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	0.5	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	1.7	1.4	1.7	2.1	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	-0.2	0.0	0.1	0.1	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	-0.1	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	0.2	0.3	0.6	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.5
(% y/y)	2.3	1.9	2.1	1.6	1.1	0.9	0.9	1.2	1.7	2.1	2.3	2.3	2.2	2.1	2.1	2.1
<b>Labour Market</b>																
Employment	0.7	0.9	0.6	0.8	0.5	0.8	0.4	0.3	0.3	0.4	0.5	0.4	0.4	0.4	0.5	0.4
Unemployment Rate	(%) 3.6	3.6	3.7	3.9	3.9	4.0	4.3	4.5	4.6	4.6	4.6	4.6	4.6	4.5	4.5	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
<b>Inflation</b>																
CPI Trimmed Mean	1.2	0.9	1.2	0.8	1.0	0.8	0.8	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	4.1	4.0	3.9	3.5	3.5	3.1	2.9	2.8	2.7	2.6	2.6	2.5	2.4
CPI Headline	1.4	0.8	1.2	0.6	1.0	1.0	0.3	0.6	0.7	0.7	0.9	0.6	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	2.7	2.4	3.0	3.0	2.9	2.8	2.5	2.4

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

Exchange Rate Forecasts						
	8-Aug	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>Majors</b>						
AUD/USD	0.660	0.67	0.69	0.71	0.72	0.74
NZD/USD	0.60	0.61	0.62	0.64	0.65	0.66
USD/JPY	147.1	146	143	140	137	134
EUR/USD	1.09	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	7.17	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	0.87	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						
	8-Aug	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	97.1	98	99	99	99	99
AUD/EUR	0.60	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	4.73	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	0.57	0.60	0.60	0.61	0.61	0.62

Interest Rate Forecasts						
	8-Aug	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>Australian Rates</b>						
RBA cash rate	4.35	4.35	4.35	4.35	4.10	3.85
3 month bill rate	4.38	4.39	4.33	4.19	3.92	3.65
3 Year Swap Rate	3.72	3.95	3.80	3.70	3.60	3.45
10 Year Swap Rate	4.19	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	4.07	4.25	4.20	4.20	4.15	4.05
United States	3.97	4.25	4.10	4.00	3.90	3.80
New Zealand	4.26	4.55	4.45	4.40	4.35	4.30



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