

# Markets Research

## What to Watch



### Week of 19 August 2024

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

- Across the Ditch the RBNZ cut rates by 25bps as expected by our BNZ cousins, but who were in the minority of calling for a cut. Sharp moves were seen in the NZD and Kiwi rates
- Strong Australian jobs data this week confirms the notions of the labour market remaining tight, but gradually loosening given wages and unemployment. RBA's Bullock pushed back on near term pricing for cuts

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

- Australia has a quiet week with just the RBA Minutes (Tuesday). These are unlikely to contain much new insight given the plethora of RBA speak
- Two key US events are central bankers meeting in Jackson Hole (Thursday-Saturday), and the Democratic Convention
- US Fed Chair Powell's speech at Jackson (Friday) will be closely scrutinised and should firm up expectations of a September rate cut
- On the central bank radar, the Riksbank (Sweden) meets (Tuesday) and markets are pricing around a 30% chance of a supersized 50bp cut
- Canadian CPI (Tuesday) also under focus amid a switch in the BoC's assessment of risks. A softer than expected CPI print could raise the potential of a supersized 50bp cut as well
- Global PMIs (Thursday) are the pick of the European data flow with European markets much more sensitive to the PMIs
- Asia has a relatively quiet week with China loan prime rates expected to be unchanged. Japan though could be more exciting with CPI (Friday) along with BoJ Ueda in front of Parliament
- Little data of note in NZ apart from Q2 Retail Sales on Friday

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

### Contents

Week of 19 August 2024	1
Week in review	2
Week Ahead in Brief	2
Important Events Preview	3
Weekly Calendar of Economic Releases	6
August 2024 Economic Calendar	7
Forecasts Table	8

### 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	5.25	-25.0	0.0
<b>Rates</b>			
AU BBSY 3m	4.42	-1.2	1.0
AU 3y swap	3.63	-6.2	-14.8
AU 3yr yield	3.57	-8.7	-3.7
AU 10yr yield	3.94	-12.3	-2.0
US 10yr yield	3.90	-4.0	2.1
AU-US 10yr spread	3.5	-8.3	-4.1
<b>Commodities</b>		%	%
Iron ore	93	-8.2	-26.9
Coal (thermal)	150.0	3.1	2.5
Brent oil	80.8	1.4	6.9
Gold	2455.5	1.0	19.0
<b>FX</b>			
AUD/USD	0.6630	0.8	-2.7
USD (DXY)	102.91	-0.2	1.6
AUD/NZD	1.1015	-0.5	-2.1
<b>AUD crosses</b>			
AUD/JPY	98.77	-2.5	-2.7
AUD/CNY	4.7555	-0.9	1.8
AUD/EUR	0.6036	-0.2	2.3
AUD/GBP	0.5147	0.1	4.0
<b>Equities</b>			
ASX 200	7971.1	2.5	5.0
ASX Resources	5239.9	-1.1	-17.5
ASX Financials	8061.1	4.8	20.0
US S&P 500	5543.2	4.2	16.2

Source: Bloomberg

## Week in review

A week where there was a lot of anticipation on the US CPI, but where an on consensus read (Core CPI 0.2 m/m vs. 0.2 consensus) meant little sustained market reaction. Instead, lower than expected Jobless Claims and decent Retail Sales meant the US economy was still traveling at a solid pace, rebuffing last week's concerns. The Atlanta Fed Q3 GDP Now sits at 2.4% annualised, still above estimates of trend growth.

Across the Ditch the RBNZ cut rates by 25bps as expected by our BNZ cousins, but who were in the minority of calling for a cut. Sharp moves were seen in the NZD and Kiwi rates. Interestingly the RBNZ did discuss the case for a 50bp cut, but thought a 25bp cut was a safe starting point. Does that have parallels to the current US Fed debate of 25-50bps?

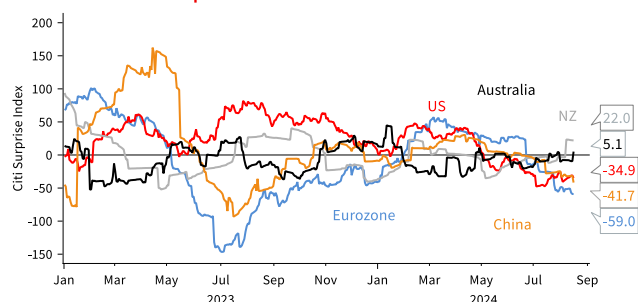
For the RBA we do not think there is any direct read through from the RBNZ's decision. The tightening phase was certainly in response to a global shock which central banks responded to, but the easing phase is down to country specific circumstances. Here the RBNZ discussed: *"possible reasons for the current economic weakness. Alongside restrictive monetary policy, an earlier or larger impact of tighter fiscal policy could be constraining domestic demand. Falling net migration may also be playing a role"*.

In contrast to the observations above, in Australia migration remains strong, while the government has recently loosened fiscal policy. Furthermore the RBA lifted rates less than the RBNZ (5.50% peak vs. RBA 4.35%). Employment data this week confirmed a still tight (but cooling) labour market with jobs growth triple the market consensus (58.2k vs. 20k exp.).

The unemployment rate did lift a tenth to 4.2%, but the participation rate rose to a record high ([AUS: Strong employment growth with part rate at record high; unemployment also lifts](#)). WPI wages were broadly as expected ([AUS: Wages growth past its peak and moderating gradually](#)). Note the data beat has pushed the Australian data surprise index slightly into positive territory, in contrast to the negative reads seen offshore.

RBA Governor Bullock today in Parliamentary Testimony remained hawkish, pushing back on pricing for cuts, while also saying the RBA Board was focused on upside risks to inflation given the slow return of inflation to target ([AUS: US: RBA remains on the hawkish side, pushing back again on pricing of cuts](#)). NAB continues to see the RBA on hold, and sees the first cut in H1 2025, having pencilled in May, but with risks skewed to earlier depending on the data flow.

### 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

## Week Ahead in Brief

A quiet week for **Australia** with just the RBA Minutes (Tuesday) scheduled. We are unlikely to learn much new from them given the plethora of RBA speak since then. Governor Bullock has pushed back on pricing for near-term cuts, while also saying the Board is attentive to upside risks to inflation given the forecast slow return of inflation to target. NAB continues to see the RBA waiting until H1 2025 to cut rates, having pencilled in May, with risks skewed earlier in 2025 depending on the data flow.

Offshore two key **US** events are central bankers meeting in **Jackson Hole** (Thursday-Saturday), and the **Democratic Convention**. Chair Powell's speech (Friday) will be closely scrutinised and should firm up expectations of a September rate cut, though markets will continue to toy with a 25 vs. 50bp cut depending on the data flow and here Jobless Claims (Thursday) will continue to be closely watched.

On the Democratic Convention, the focus will likely be on whether the convention gives momentum to Harris' campaign. Betting markets have Democrats in the lead into November, but key battleground states remain very close. Markets will be attentive to potential policies, given Harris remains an unknown entity for markets.

Also on the central bank radar, the **Riksbank (Sweden)** meets (Tuesday) and where markets are pricing around a 30% chance of a supersized 50bp cut. **Canadian** CPI (Tuesday) also under focus amid a switch in the BoC's assessment of risks to *"we need growth to pick up so inflation does not fall too much"*. A softer than expected CPI print could raise the potential of a supersized 50bp cut as well.

Global PMIs (Thursday) are the pick of the **European** data flow with European markets much more sensitive to the PMIs. To date the services side of Europe has held up remarkably well, so too the UK. Although the ISMs are more closely watched in the US, another strong US Services PMI would again push back on fears of a greater slowing.

In **New Zealand**, it is a quiet week with, NZ Services PMI (Monday), NZ Trade and a speech by the RBNZ's Hawkesby (Tuesday), and Q2 Retail Volumes (Friday). Retail volumes are expected to be very weak at -0.9% q/q.

In Asia it is a relatively quiet week with **China** loan prime rates expected to be unchanged. **Japan** though could be more exciting with CPI (Friday), but potentially even more exciting is BoJ Ueda in front of Parliament speaking on the aftermath of the recent decision to hike rates.

# Important Events Preview

Selection of key data. full calendar below.

## Monday 19

### NZ Performance of Services

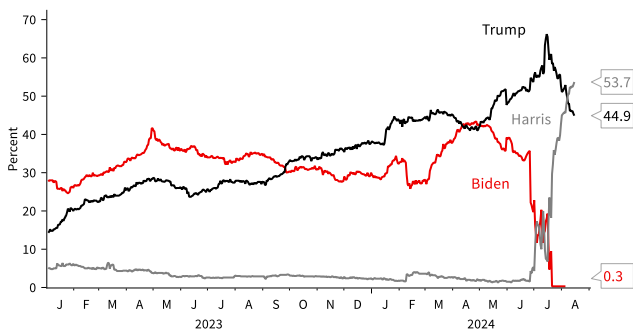
Performance of Services will give a view of the broader services sector in July. It was exceptionally weak in June.

### US Politics – Democratic convention thru to Thursday

Politics heats up with the Democratic convention being held from Monday thru Thursday. Given Harris has already been endorsed, focus will be on what momentum the convention gives to her campaign and whether it sustains the momentum we have seen to date.

Betting markets like [PredictIT](#) have Democrats in the lead at 58c vs. 45c for Republicans (how much you need to pay to win a \$1), but polls in battle ground states are much closer and much uncertainty remains ahead of the November election. Markets will be looking at the key policies a possible Harris Administration may have given the focus to date has been on Trump.

### US – RCP – General Election, Presidential Poll – Betting Odds



Source: National Australia Bank, RealClearPolitics (RCP), Macrobond

## Tuesday 20

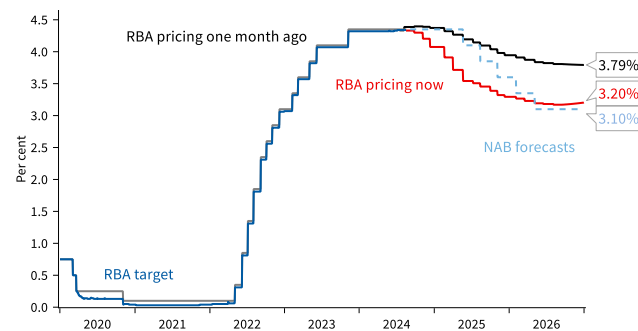
### NZ Trade Balance, RBNZ’s Hawkesby

### AU RBA Minutes from August

The RBA Minutes are unlikely to contain much new given the plethora of RBA speak recently, including extensive discussion in recent parliamentary testimony. We do know the Board did discuss the case to hike rates, and Governor Bullock in testimony on Friday re-stated it was still premature to think about rate cuts in the near term.

The Governor also said on Friday the Board was focused on upside risks to inflation given the long return of inflation to target: *“Ultimately, our full employment goal is not served by letting inflation stay above target indefinitely. So, the Board remains focused on the potential upside risks to inflation”* (see: [AUS: RBA remains on the hawkish side, pushing back again on pricing of cuts](#)).

### RBA Cash Pricing



Source: National Australia Bank, Macrobond

### CH Loan Prime Rate

No change expected to either the 1yr or 5yr rate.

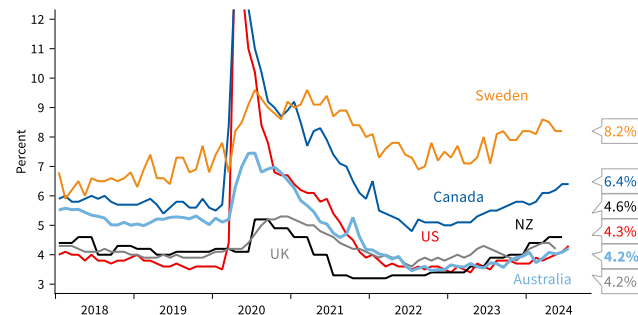
### SE Riksbank (cut; 33bps priced by markets)

The Riksbank is widely expected to cut rates with the biggest debate being a 25 or a 50bp cut. Markets are pricing in a chance of a larger move with 33bps priced, equivalent to a 30% chance of a 50bp cut.

In the Minutes of the prior June meeting where rates were held, the Governor noted:

*“If the prospects for inflation and economic activity stand the test of time, the policy rate could be cut two or three times during the second half of the year. The somewhat weaker development in the labour market is one reason why I believe that we should proceed somewhat faster with the rate cuts”*. [Riksbank Minutes](#)

### Unemployment Rates in Selected Countries



Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), Statistics New Zealand, U.K. Office for National Statistics (ONS), Statistics Canada, Statistics Sweden (SCB), Australian Bureau of Statistics, Macrobond

### EZ CPI-final version

### CA CPI

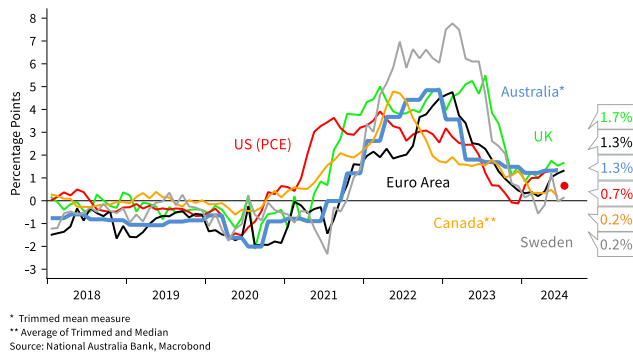
The consensus for core inflation is for trimmed mean at 2.5% y/y and weighted median at 2.8% (from 2.6 and 2.9 respectively). Such an outcome would keep the recent run of Canadian inflation data as being close to target.

With 6m annualised inflation at target, focus is on the negative output gap – the unemployment rate at 6.4% is well above its pre-pandemic rate of 5.5%. And in July the BoC flipped the risks to preventing below-target inflation:

*“With the target in sight and more excess supply in the economy, the 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 the 2% target.”* [Macklem, Opening Statement](#)

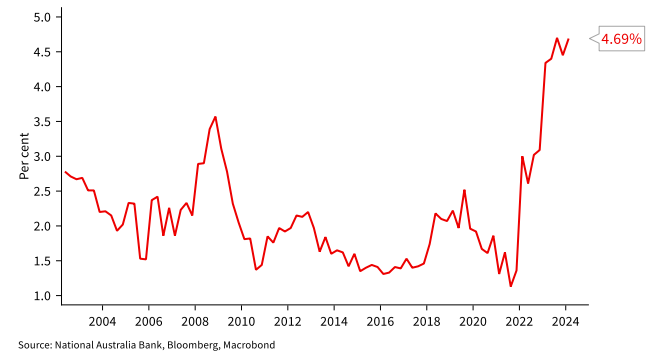
Although markets are well priced for BoC rate cuts with a cut at each of the next three meetings being almost fully priced, a soft CPI outcome could see pricing for a 50bp cut in September build (September currently has 27.9bps).

**6m Annualised Core Inflation Deviation from Target**



holding stubbornly higher than the ECB has expected and would like. In part this reflects the structural nature of the collective bargaining process. As inflation eases wage settlements are expected to follow with a lag, however a July Indeed report showed salaries rose to 4.2% in the year to June, after hovering around 3.5% since early 2024. The ECB will need to see some moderation to ease rates in early September.

**ECB EZ Negotiated Wage Rates**



**Wednesday 21**

**JN Trade Balance**

**US FOMC Minutes, BLS Payrolls Revisions**

We are unlikely to glean much from the FOMC Minutes given the plethora of Fed speakers. Consensus seems to be lining up to a 25bp cut at the September meeting and markets currently have 33.5bps priced (or a 34% chance of a larger 50bp cut).

**US Jobless Claims, Home Sales, 20yr Auction**

The recent tick back down in Jobless Claims has helped push back on fears the labour market was slowing more sharply than expected. Given ongoing uncertainties, expect Jobless Claims to remain under focus.

There is also a 20yr auction which is worth a look given soft auction results last week.

**Thursday 22**

**EZ/UK,US Global PMIs**

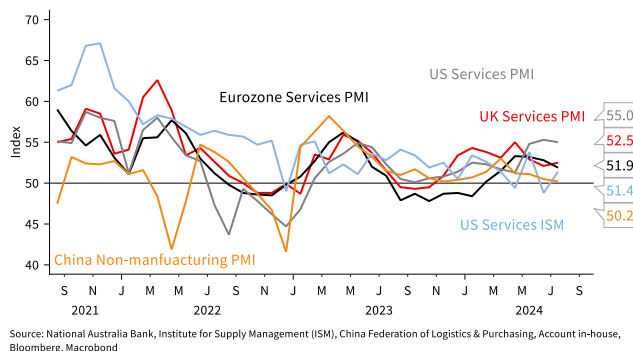
The preliminary PMIs for August are out. The picture recently has seen underperformance from Europe and the US in manufacturing, with both deep in contractionary territory (and US ISM painting the same picture), while services activity in Europe has also struggled.

In contrast, US services activity has been much more stellar according to the PMI barometer (at 55), but the broader ISM services survey (out early September) has been volatile, fluctuating between 49 and 54. The UK has been the surprising stand-out with readings above 52 for both.

**US Jackson Hole**

The central bank talk fest known as Jackson Hole kicks off on Thursday night. The title of this year's event is, "Reassessing the Effectiveness and Transmission of Monetary Policy," taking place 22-24 August. For markets the highlight will be a keynote address by Fed Chair Jerome Powell which is on Friday and pre-viewed below.

**Global Services PMIs**



**Friday 23**

**NZ Retail Sales Volumes**

Q2 Retail Sales figures are likely to see a resumption of sales volumes decline after a counter trend lift in Q1. That is what the spending indicators would suggest, although they are not the most reliable. Our BNZ colleagues have pencilled in a 1% decline in sales volumes in Q2. Another decline in quarterly sales volumes would mark the 9th fall over the past 10 quarters - consistent with very weak consumer confidence.

**EZ Q2 Negotiated Wages and ECB Minutes**

The ECB publishes Q2 negotiated wages data for Q2. This is a sensitive topic for the ECB with wage settlements

**JN CPI, BoJ's Ueda testifies on July hike at Parliament**

CPI of course will be important where consensus is for core at 1.9% y/y from 2.2%. But perhaps of greater importance will be BoJ's Ueda who is testifying before Parliament on the July rate hike and its aftermath.

Recall Deputy Uchida helped calm markets following his comments that the BoJ won't hike if markets remain unsettled: "Therefore, the bank will not raise its policy interest rate when financial and capital markets are unstable".

**US Jackson Hole – Powell speech; BoE's Bailey too**

Chair Powell gives his Jackson Hole address. BoE's Bailey also gives a speech later in the day. For Fed Chair Powell, there is an expectation he will further tee up markets for a September rate cut by the Fed, but stay away from the 25bps versus 50bps debate – the outcome of which will to some extent have to wait until the 6 September NFP.

As for the BoE's Bailey, he will likely nod to the UK's rate cutting cycle having started and may talk encouragingly about the latest earnings data and stronger UK economic growth, but he'll remain cautious on the pace of coming rate cuts. The ECB will similarly tread a cautious line and while we do expect two more cuts before year end (to 3.25%), much will depend on the trajectory of EZ wages, with this week's Q2 negotiated wages (if lagging) a consideration.

**CA Retail Sales**

# Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
	8:30 AM	NZ	Performance Services Index	Jul	--		40.2
<b>Monday, 19 August</b>	9:50 AM	JN	Core Machine Orders YoY	Jun	1.1%		10.8%
	10:00 PM	CA	Bloomberg Nanos Confidence	Aug 16	--		52.46
	11:15 PM	US	Fed's Waller Gives Welcoming Remarks	--	--		--
	12:00 AM	US	Leading Index	Jul	-0.3%		-0.2%
<b>Tuesday, 20 August</b>	7:00 AM	NZ	REINZ House Sales YoY	Jul	--		-25.6%
	7:30 AM	EC	ECB's Rehn Speaks	--	--		--
	8:45 AM	NZ	Trade Balance NZD	Jul	--		699.0
	8:45 AM	NZ	Exports NZD	Jul	--		6170.0
	8:45 AM	NZ	Imports NZD	Jul	--		5470.0
	9:00 AM	NZ	RBNZ Deputy Hawkesby Speaks	--	--		--
	11:00 AM	CH	5-Year Loan Prime Rate	Aug 20	3.85		3.9
	11:00 AM	CH	1-Year Loan Prime Rate	Aug 20	3.35		3.4
	11:30 AM	AU	RBA Minutes of Aug. Policy Meeting	--	--		--
	4:00 PM	GE	PPI YoY	Jul	--		-1.6%
	5:30 PM	SW	Riksbank Policy Rate	Aug 20	--		3.8
	7:00 PM	EC	Construction Output YoY	Jun	--		-2.4%
	7:00 PM	EC	CPI Core YoY	Jul F	2.9%		2.9%
	10:30 PM	US	Philadelphia Fed Non-Manufacturing Activity	Aug	--		-19.1
	10:30 PM	CA	CPI Core- Median YoY%	Jul	2.50		2.6
	10:30 PM	CA	CPI Core- Trim YoY%	Jul	2.75		2.9
<b>Wednesday, 21 August</b>	9:00 AM	AU	Judo Bank Australia PMI Composite	Aug P	--		49.9
	9:50 AM	JN	Trade Balance Adjusted	Jul	-753.50		-816.8
	4:00 PM	UK	Public Finances (PSNCR)	Jul	--		6.6
	9:00 PM	US	MBA Mortgage Applications	Aug 16	--		16.8%
	12:00 AM	US	BLS releases preliminary annual payrolls benchmark revision	--	--		--
	4:00 AM	US	FOMC Meeting Minutes	Jul 31	--		0.0
<b>Thursday, 22 August</b>	10:30 AM	JN	Jibun Bank Japan PMI Composite	Aug P	--		52.50
	4:00 PM	JN	Machine Tool Orders YoY	Jul F	--		8.4%
	5:30 PM	GE	HCOB Germany Manufacturing PMI	Aug P	--		43.2
	5:30 PM	GE	HCOB Germany Services PMI	Aug P	--		52.50
	6:00 PM	EC	HCOB Eurozone Manufacturing PMI	Aug P	45.60		45.8
	6:00 PM	EC	HCOB Eurozone Services PMI	Aug P	51.00		51.90
	6:30 PM	UK	S&P Global UK Manufacturing PMI	Aug P	--		52.1
	6:30 PM	UK	S&P Global UK Services PMI	Aug P	--		52.5
	7:00 PM	EC	ECB Publishes Euro Area Negotiated Wages Indicator for Q2 2024	--	--		--
	8:00 PM	UK	CBI Trends Total Orders	Aug	--		-32.00
	9:30 PM	EC	ECB Publishes Account of July Rate Decision	--	--		--
	10:30 PM	US	Initial Jobless Claims	Aug 17	235.00		227.0
	10:30 PM	US	Continuing Claims	Aug 10	1870.00		1864.0
	11:45 PM	US	S&P Global US Manufacturing PMI	Aug P	--		49.6
	11:45 PM	US	S&P Global US Services PMI	Aug P	--		55.0
	12:00 AM	US	Existing Home Sales	Jul	3.90		3.9
	1:00 AM	US	Kansas City Fed Manf. Activity	Aug	--		-13.00
<b>Friday, 23 August</b>	8:45 AM	NZ	Retail Sales Ex Inflation QoQ	2Q	-0.9%		0.5%
	9:01 AM	UK	GfK Consumer Confidence	Aug	--		-13.0
	9:30 AM	JN	Natl CPI Ex Fresh Food, Energy YoY	Jul	1.9%		2.2%
	6:00 PM	EC	ECB 1 Year CPI Expectations	Jul	--		2.8%
	6:00 PM	EC	ECB 3 Year CPI Expectations	Jul	--		2.3%
	10:30 PM	CA	Retail Sales Ex Auto MoM	Jun	-0.4%		-1.3%
	12:00 AM	US	Fed's Powell Speaks on Economic Outlook	--	--		--
	12:00 AM	US	New Home Sales	Jul	631.00		617.0
	5:00 AM	UK	BOE Governor Andrew Bailey speaks in Jackson Hole	--	--		--
<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	
	Oct 9	New Zealand, RBNZ			5.00	5.25	
	Sep 4	Canada, BoC			4.50	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	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
(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
Net Exports																
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	0.8	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	4.1	4.3	4.5	4.6	4.6	4.6	4.6	4.6	4.5	4.5	4.4
(%)																
WPI Wages	1.0	0.8	1.3	1.0	0.9	0.8	1.1	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
(% y/y)	3.7	3.6	4.0	4.2	4.1	4.1	3.8	3.7	3.7	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

	15-Aug	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>Majors</b>						
AUD/USD	0.663	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	149.0	146	143	140	137	134
EUR/USD	1.10	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	7.17	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

## Australian Cross Rates

AUD/NZD	1.10	1.10	1.11	1.11	1.11	1.12
AUD/JPY	98.8	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	4.76	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

	15-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	4.37	4.40	4.35	4.22	3.98	3.74
3 Year Swap Rate	3.63	3.95	3.80	3.70	3.60	3.45
10 Year Swap Rate	4.07	4.50	4.40	4.40	4.35	4.25
<b>Offshore Policy Rates</b>						
US Fed funds	5.50	5.00	4.50	4.00	3.50	3.00
RBNZ OCR	5.25	5.50	5.25	5.00	4.50	4.00
<b>10-year Bond Yields</b>						
Australia	3.94	4.25	4.20	4.20	4.15	4.05
United States	3.90	4.25	4.10	4.00	3.90	3.80
New Zealand	4.13	4.55	4.45	4.40	4.35	4.30

## 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



# 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

### Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances. NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please [click here](#) to view our disclaimer and terms of use.