

# Markets Research

## What to Watch



### Week of 13 January 2025

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

- Australian November CPI Indicator showed inflation was meaningfully more benign than the RBA had pencilled into its cautious November forecast.
- Meanwhile, Vacancies rose in Q4 and added to a range of indicators showing recent stabilisation in the labour market. Retail sales were consistent with an ongoing modest pickup in consumption growth

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

- **Australia** Employment Thursday is the final labour market print ahead of the RBA's February 18 decision. We pencil in an unemployment rate of 4.0% from 3.9% in November, in line with consensus. Seasonal quirks set up the risk of a soft employment number. Consumer confidence is released Tuesday.
- **NZ** see building permits, filled jobs, and selected price indicators and the Manufacturing PMI.
- In the **US**, PPI (Tuesday) and CPI (Wednesday) headline the data calendar, with FOMC participants fearful inflation progress has stalled. Retail sales is Thursday.
- Also of note in the US is earnings season, with a host of Banks reporting Wednesday, and Senate confirmation hearings taking place for a number of Trump appointees, including Treasury secretary nominee Scott Bressent.
- **Europe** is quiet. **UK** CPI on Wednesday will be scoured for further progress on services. Monthly GDP data is released Thursday.
- **China** GDP data on Friday is expected to show some improvement from the weak Q2 and Q3 outcomes.

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

### Contents

Week of 13 January 2025	1
Week in Review	2
Week Ahead	2
Important Events Preview	3
Weekly Calendar of Economic Releases	4
Forecasts Table	5

### Key Markets

	% change		
	Latest	week	YTD
<b>Cash rates</b>			
RBA Cash Rate	4.35		
US Fed Funds	4.50		
RBNZ Cash Rate	4.25		
<b>Rates</b>			
		<i>bps</i>	<i>bps</i>
AU BBSY 3m	4.44	-4.4	-2.9
AU 3y swap	3.79	-2.7	0.7
AU 3yr yield	3.84	-0.9	1.1
AU 10yr yield	4.39	0.6	2.4
US 10yr yield	4.56	-2.4	-1.0
AU-US 10yr spread	-17.3	3.0	3.4
<b>Commodities</b>			
		%	%
Iron ore	98	-2.0	-2.1
Coal (thermal)	124.6	-1.7	-0.5
Brent oil	76.2	4.6	2.0
Gold	2663.5	1.6	1.5
<b>FX</b>			
AUD/USD	0.6210	-0.1	0.4
USD (DXY)	109.16	1.0	0.6
AUD/NZD	1.1084	-0.5	-0.2
<b>AUD crosses</b>			
AUD/JPY	97.75	0.4	-0.5
AUD/CNY	4.5335	0.0	-0.5
AUD/EUR	0.6047	-1.4	-1.2
AUD/GBP	0.5011	-1.4	-1.3
<b>Equities</b>			
ASX 200	8261.0	0.5	1.2
ASX Resources	5235.3	1.6	1.6
ASX Financials	8716.7	0.3	1.2
US S&P 500	5868.6	-2.8	-0.2

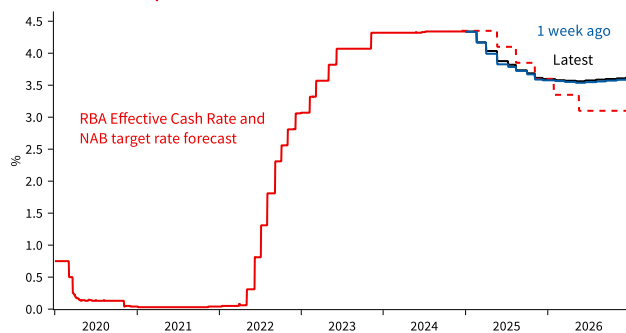
Source: Bloomberg

## Week in Review

A flurry of November data has done little to market pricing. The market-implied odds of a February cut rose on the back of November CPI indicator data on Wednesday, from 2 thirds to 3 quarters priced, but broader RBA pricing is little changed over the past week.

The November CPI Indicator showed a moderation in insurance inflation and a fall in New Dwellings costs that are very helpful for the near-term outlook. Inflation had been shaping up as more benign than the RBA's November outlook, and with the November detail in hand the Q4 print is likely to be better still than the 'modest downside risk' characterised in the RBA's December board meeting minutes. See: [AUS: CPI indicator detail is soft. Inflation is not a barrier to cuts](#)

### RBA Market Expectations



Source: National Australia Bank, Account in-house, Bloomberg, Macrobond

Elsewhere, **Vacancies** data recorded their first increase in 9 quarters, up 4.2% in the three months to November. [AUS: Job vacancies up 4.2% in Q4 as labour market stabilises.](#)

The third data point of note was **retail sales**, which reflected the usual Black Friday bounce but was a little below expectations at 0.8% m/m. The magnitude of December payback will be important for confirming the pulse of spending, but our read is that the modest downside surprise is due to seasonal factors better capturing Black Friday, not an underlying weaker reading. [AUS: Retail sales consistent with improving consumption growth.](#)

Overall, while inflation is constructive and the labour market is not particularly wage inflationary, conditions in the labour market are not creating much urgency while the RBA's forecasts for an acceleration in activity growth remain intact.

Across markets, ahead of Friday's payrolls data the AUD remained under pressure, down 0.4% week to date currently near 62c. GBP is down over 1% against the USD this week, remaining the least favoured G10 currency so far in 2025. AUD/GBP has risen from ~0.4950 to 0.5050 so far this year.

Longer end yields in the US had continued to push higher. The 10yr yield is 9bp higher near 4.70%, only a few bps below the recent 4.73% peak in April 2024.

## Week Ahead

**Australia** Employment data for December is published Thursday and is the final labour market reading ahead of the RBA's February 18 decision. The November data surprised lower, with the unemployment rate dipping to 3.9%, leaving is comfortably below the RBA's November forecast for 4.3% on average through Q4.

We pencil in an unemployment rate of 4.0% on an employment gain of 5k in December. There is a risk of a negative employment outcome in December, but we caution against taking the December employment gain at face value and would put more stick in the unemployment rate. A shift in the timing of employment growth saw low measured outcomes in December 2022 and December 2023.

Across the ditch, The **NZ** 2025 calendar starts to stir. Filled jobs and building permits are both released on Monday. December selected price indicators is out Thursday, and the BusinessNZ Manufacturing PMI is Friday.

In the **US**, inflation dominates the data calendar. PPI is on Tuesday, unusually a day ahead of the CPI print on Wednesday. Early forecasts for CPI are split between a 0.2% m/m and a fifth consecutive 0.3% outcome. Also on the data calendar is retail sales on Friday, expected to show still robust consumer spending through Q4. The Beige Book is on Wednesday.

As well as the data calendar, earnings season kicks off, with banks in focus. Citigroup, JPMorgan, Goldman Sachs, Bank of New York Mellon, Wells Fargo and BlackRock all report Wednesday, followed by Bank of America and Morgan Stanley on Thursday. On the political side, Senate confirmation hearings for Trump appointees will be in focus, with Bessent (Treasury) reportedly likely to take place Thursday

In **Europe**, the data calendar is quiet beyond final CPI on Friday. There are a few ECB speakers on the docket, including Chief Economist Lane on Monday in Hong Kong and Villeroy on Wednesday.

The **UK** December CPI data is on Wednesday, where focus will remain on the stubborn core and services inflation measures. Monthly GDP data follows on Thursday.

In **China**, trade numbers are published Monday ahead of Q4 GDP figures on Friday. The full year growth target of 5% is in sight, though the risk is it fall short. The early consensus is for year-average growth of 4.9% and Q4 gain that reflects some pickup from soft midyear outcomes at 1.7% q/q.

## Important Events Preview

Selection of key data. Full calendar below.

### Monday 13

#### CH Trade Balance

Chinese trade numbers may show some signs of front-loaded export demand given tariff fears. Expectations are for a pickup in the y/y growth rate from 6.7% in November.

### Tuesday 14

#### AU Consumer Confidence

#### US PPI

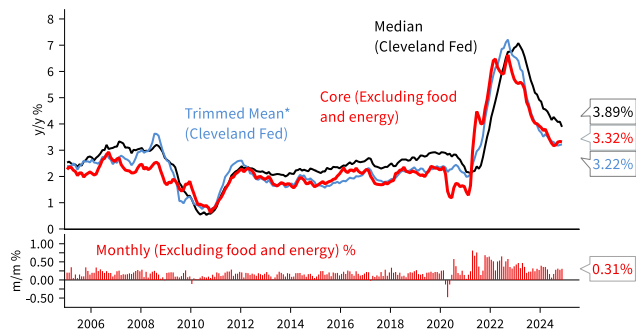
PPI is unusually released a day before CPI this month, meaning that additional detail useful for mapping through to PCE will be in hand when the CPI is released.

### Wednesday 15

#### US CPI

Early forecasts are split between a 0.2% m/m outcome and a 0.3%. Coming after 4 consecutive 0.3% prints, more of the same would do nothing to dissuade FOMC members from their concern progress in disinflation has stalled.

#### US Core CPI Measures



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

#### UK CPI

Base effects after a 5% m/m fall in fuel prices a year ago puts upward pressure the year-ended rate, risking a tick higher from 2.6%. The BoE in November forecast 2.5%. The services measure will also be in focus, the BoE in November saw it falling 3 tenths to 4.7% from 5.0%.

### Thursday 16

#### AU December Employment

Australian unemployment dipped to 3.9% in November. In trend terms, unemployment at 4.0% is where it was in March 2024 and labour demand indicators have generally stabilised near reasonably healthy levels. Slow growth has not translated into spare capacity in the

labour market, as we explained here: [Mining, not just Health, drives growth and employment disconnect.](#)

We pencil in an unemployment rate of 4.0% in December on an employment gain of just 5k. The December employment print should be interpreted with caution, given weak outcomes were measured in December in both 2022 and 2023 as the timing of employment growth shifted. The unemployment rate was not affected by these seasonality shifts but is liable to jump higher temporarily in next month's data, should the pattern of greater-than-usual numbers of people with jobs they are waiting to start, continue.

#### Employment and Unemployment



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

The RBA as recently as November assessed an unemployment rate around 4.5% was consistent with full employment, and unemployment has sharply undershot their November forecast for an average of 4.3% through Q4. Even so, their December update sharply moderated their assessment of how tight the labour market is. The current labour market is not particularly wage inflationary, churn has slowed sharply and job search is taking longer, meaning the labour market doesn't necessarily need to weaken for confidence on inflation to build.

#### US Retail Sales

Early forecasts see retail sales up another 0.5% m/m in December, which would keep Q4 consumption annualising a little above 3% and supportive of Q4 growth even as private investment weighs in the quarter.

#### UK Monthly GDP

### Friday 17

#### CH GDP

Chinese Q4 GDP data is expected to improve from the sluggish mid-year growth outcomes at 1.7% q/q, enough to lift the y/y rate to 5.0% and year-average growth up to 4.9% compared to the full year growth target of around 5%, though the risk is that it falls short of that number. Monthly retail sales and industrial production outcomes are released at the same time.

## Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
	--	CH	(10 Jan - 15 Jan) Money Supply M2 YoY	Dec	7.3%		7.1%
<b>Friday, 10 January</b>	--	CH	(10 Jan - 15 Jan) Aggregate Financing CNY YTD	Dec	31560.00		29402.50
<b>Monday, 13 January</b>	8:45 AM	NZ	Building Permits MoM	Nov	--		-5.2%
	8:45 AM	NZ	Filled Jobs SA MoM	Nov	--		-0.1%
	11:00 AM	AU	Melbourne Institute Inflation MoM	Dec	--		0.2%
	11:30 AM	AU	ANZ-Indeed Job Advertisements MoM	Dec	--		-1.3%
	2:15 PM	EC	ECB's Lane & Rehn Speak at AFF in Hong Kong	--	--		--
	--	CH	Exports YoY	Dec	7.4%		6.7%
	--	CH	Trade Balance	Dec	100.00		97.4
	6:00 AM	US	Federal Budget Balance	Dec	--		-366.76
<b>Tuesday, 14 January</b>	10:30 AM	AU	Westpac Consumer Conf SA MoM	Jan	--		-2.0%
	10:50 AM	JN	BoP Current Account Balance	Nov	2654.00		2456.9
	12:03 PM	JN	BOJ Deputy Governor Himino Speech in Kanagawa	--	--		--
	7:00 PM	EC	ECB's Holzmann Speaks	--	--		--
	7:30 PM	UK	BOE's Breeden Speaks	--	--		--
	10:00 PM	US	NFIB Small Business Optimism	Dec	100.50		101.7
	12:30 AM	US	PPI Final Demand MoM	Dec	0.30		0.4
	2:00 AM	US	Fed's Schmid Gives Remarks in Kansas City	--	--		--
<b>Wednesday, 15 January</b>	7:05 AM	US	Fed's Williams Gives Opening Remarks	--	--		--
	6:00 PM	UK	CPI MoM	Dec	--		0.1%
	6:00 PM	UK	CPI YoY	Dec	--		2.6%
	6:00 PM	UK	CPI Core YoY	Dec	--		3.5%
	6:45 PM	FR	CPI YoY	Dec F	1.5%		1.3%
	7:30 PM	EC	ECB's Villeroy speaks in Paris	--	--		--
	11:00 PM	US	MBA Mortgage Applications	Jan 10	--		-3.7%
	12:30 AM	US	Empire Manufacturing	Jan	-2.00		0.2
	12:30 AM	US	CPI MoM	Dec	0.3%		0.3%
	12:30 AM	US	CPI Ex Food and Energy MoM	Dec	0.2%		0.3%
	12:30 AM	US	CPI YoY	Dec	2.9%		2.7%
	1:20 AM	US	Fed's Barkin Speaks in Annapolis	--	--		--
	2:00 AM	US	Fed's Kashkari Participates in Q&A	--	--		--
	3:00 AM	US	Fed's Williams Gives Keynote Remarks	--	--		--
	3:30 AM	UK	BOE's Taylor Speaks	--	--		--
	4:00 AM	US	Fed's Goolsbee Speaks at Midwest Economic Forecast Forum	--	--		--
	6:00 AM	US	Federal Reserve Releases Beige Book	--	--		--
<b>Thursday, 16 January</b>	8:45 AM	NZ	Food Prices MoM	Dec	--		-0.1%
	10:50 AM	JN	PPI YoY	Dec	3.8%		3.7%
	11:30 AM	AU	Employment Change	Dec	15.0%		35.6%
	11:30 AM	AU	Unemployment Rate	Dec	4.0%		3.9%
	6:00 PM	GE	CPI YoY	Dec F	2.4%		2.6%
	6:00 PM	GE	CPI MoM	Dec F	0.3%		0.4%
	6:00 PM	GE	CPI EU Harmonized YoY	Dec F	2.6%		2.8%
	6:00 PM	UK	Industrial Production MoM	Nov	--		-0.6%
	6:00 PM	UK	Manufacturing Production MoM	Nov	--		-0.6%
	12:30 AM	US	Retail Sales Advance MoM	Dec	0.5%		0.7%
	12:30 AM	US	Retail Sales Control Group	Dec	0.3%		0.4%
	12:30 AM	US	Initial Jobless Claims	Jan 11	215.00		201.0
<b>Friday, 17 January</b>	8:30 AM	NZ	BusinessNZ Manufacturing PMI	Dec	--		45.5
	1:00 PM	CH	GDP YoY	4Q	5.0%		4.6%
	1:00 PM	CH	GDP SA QoQ	4Q	1.7%		0.9%
	1:00 PM	CH	Industrial Production YoY	Dec	5.4%		5.4%
	1:00 PM	CH	Retail Sales YoY	Dec	3.5%		3.0%
	6:00 PM	UK	Retail Sales Inc Auto Fuel MoM	Dec	--		0.2%
	9:00 PM	EC	CPI YoY	Dec F	2.4%		2.4%
	9:00 PM	EC	CPI MoM	Dec F	0.4%		0.4%
	12:30 AM	US	Housing Starts	Dec	1315.00		1289.0
	1:15 AM	US	Industrial Production MoM	Dec	0.3%		-0.2%
<b>Upcoming Central Bank Interest Rate Announcements</b>							<b>Current</b>
		Feb 18	Australia, RBA				4.35
		Feb 6	UK, BOE				4.75
		Jan 29	US, Federal Reserve (Upper Bound)				4.50
		Feb 19	New Zealand, RBNZ				4.00
		Jan 29	Canada, BoC				3.25
		Jan 30	Europe, ECB				3.00
		Jan 24	Japan, BoJ				0.40

Sydney Time. Dates reflect 24 hours from 7am

## Forecasts Table

For NAB Economics Latest Forecast Update, see: [Easing inflation fears despite low unemployment](#)

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	0.4	0.5	-0.1	0.2	0.6	-0.3	0.0	0.2	0.4	0.6	0.5	0.5	0.5	0.5	0.5	0.5
Dwelling Investment	0.2	0.6	-0.2	-3.2	1.0	0.7	1.2	-1.4	-0.7	-0.9	-1.0	-0.4	-0.1	0.3	0.6	0.8
Underlying Bus. Investment	4.5	2.3	1.1	1.3	-0.7	-0.4	-0.6	0.2	0.3	-0.2	0.0	0.6	0.2	0.4	0.0	0.3
Public Final Demand	0.7	1.6	1.7	0.1	0.8	0.9	2.4	1.0	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Domestic Final Demand	0.8	1.1	0.6	0.2	0.6	0.2	0.7	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
(% y/y)	2.9	2.9	3.0	2.7	2.4	1.6	1.7	1.9	1.8	2.1	1.9	2.0	2.0	2.1	2.2	2.3
Inventories	(contr) 0.1	-1.3	0.4	-0.1	0.7	-0.3	-0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Exports	(contr) -0.5	0.5	-0.3	0.1	-1.3	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Gross Domestic Product	0.5	0.3	0.5	0.2	0.2	0.2	0.3	0.3	0.6	0.5	0.5	0.6	0.5	0.6	0.6	0.6
(% y/y)	2.7	2.0	2.1	1.5	1.1	1.0	0.8	1.0	1.4	1.7	1.9	2.2	2.1	2.2	2.3	2.3
<b>Labour Market</b>																
Employment	0.8	0.9	0.5	0.7	0.4	0.6	0.9	0.6	0.5	0.5	0.5	0.4	0.4	0.5	0.6	0.5
Unemployment Rate	(%) 3.6	3.6	3.7	3.9	3.9	4.1	4.1	4.0	4.2	4.3	4.2	4.2	4.2	4.1	4.1	4.1
WPI Wages	1.0	0.8	1.3	1.1	0.8	0.8	0.8	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	4.3	4.1	4.1	3.5	3.3	3.4	3.4	3.5	3.4	3.4	3.3	3.3	3.2
<b>Inflation</b>																
CPI Trimmed Mean	1.2	0.9	1.2	0.8	1.0	0.9	0.8	0.5	0.7	0.7	0.6	0.6	0.7	0.6	0.5	0.6
(% y/y)	6.5	5.8	5.1	4.2	4.0	4.0	3.5	3.2	2.9	2.7	2.6	2.7	2.7	2.5	2.4	2.4
CPI Headline	1.4	0.8	1.2	0.6	1.0	1.0	0.2	0.3	0.7	0.8	0.9	0.6	0.7	0.6	0.5	0.6
(% y/y)	7.0	6.0	5.4	4.1	3.6	3.8	2.8	2.5	2.2	2.0	2.6	3.0	2.9	2.7	2.4	2.4

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

Exchange Rate Forecasts						
	9-Jan	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
<b>Majors</b>						
AUD/USD	0.620	0.65	0.64	0.66	0.67	0.69
NZD/USD	0.56	0.58	0.57	0.59	0.60	0.62
USD/JPY	158.4	155	155	153	150	144
EUR/USD	1.03	1.04	1.05	1.06	1.07	1.08
GBP/USD	1.23	1.27	1.27	1.28	1.28	1.29
USD/CNY	7.33	7.25	7.40	7.30	7.25	7.20
USD/CAD	1.44	1.43	1.44	1.41	1.39	1.37
USD/CHF	0.91	0.89	0.89	0.88	0.87	0.87

Global GDP				
	2023	2024	2025	2026
Australia	2.0	1.0	1.8	2.3
United States	2.9	2.7	1.9	2.1
Eurozone	0.5	0.6	1.0	1.5
United Kingdom	0.3	0.9	0.9	1.2
Japan	1.7	-0.1	1.0	0.7
China	5.2	4.7	4.6	4.4
India	7.7	6.6	6.2	6.4
New Zealand	0.7	-0.2	1.7	3.1
World	3.3	3.1	3.1	3.2

Australian Cross Rates						
	9-Jan	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
AUD/NZD	1.11	1.12	1.12	1.13	1.13	1.12
AUD/JPY	98.2	101	99	101	101	99
AUD/EUR	0.60	0.63	0.61	0.62	0.63	0.64
AUD/GBP	0.50	0.51	0.50	0.52	0.52	0.53
AUD/CNY	4.55	4.71	4.74	4.82	4.86	4.97
AUD/CAD	0.89	0.93	0.92	0.93	0.93	0.95
AUD/CHF	0.57	0.58	0.57	0.58	0.59	0.60

Interest Rate Forecasts						
	9-Jan	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
<b>Australian Rates</b>						
RBA cash rate	4.35	4.35	4.10	3.85	3.60	3.35
3 month bill rate	4.35	4.26	4.01	3.76	3.54	3.32
3 Year Swap Rate	3.89	3.75	3.65	3.55	3.45	3.35
10 Year Swap Rate	4.52	4.38	4.28	4.25	4.00	4.00
<b>Offshore Policy Rates</b>						
US Fed funds	4.50	4.25	4.00	3.75	3.50	3.50
RBNZ OCR	4.25	4.00	3.50	3.00	2.75	2.75
<b>10-year Bond Yields</b>						
Australia	4.54	4.40	4.30	4.30	4.05	4.05
United States	4.69	4.30	4.25	4.25	4.00	4.00
New Zealand	4.55	4.50	4.45	4.45	4.30	4.30

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