

# Markets Research

# What to Watch



## Week of 3 February 2025

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

- Q4 CPI comfortably shot the RBA's dated November forecasts driven by cooler housing components.
- Markets are now 92% priced for a cut on 18 February
- Globally, the roster of central banks provided no surprises and a small downside surprise to US Q4 GDP masked very strong consumption
- Tariff headlines continue to occupy the attention of currency markets, while the Deepseek news and Big Tech earnings swung equities.

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

- Australian data flow is heavy, but not top tier with nothing to really shape views ahead of the RBA's 17-18 February meeting where markets are 94% priced for a rate cut. This week includes retail sales and building approvals.
- Offshore focus on possible Tariffs. US President Trump declared 1 February as a deadline to decide whether to impose a 25% tariff on Canada and Mexico to force action on migration/ fentanyl and a 10% tariff on China
- In the US, Payrolls (Friday) the other focal point. Before then ISM Manufacturing (Monday), JOLTS (Tuesday), ISM Services (Wednesday). Plenty of Fed speak too.
- In Europe, the BoE meets and is set to cut by 25bp on Thursday. Also out is EZ CPI (Monday). Canada has labour market data, but will be overshadowed should the US decide to levy tariffs.
- NZ has key labour market data (Wednesday), before the Waitangi public holiday on Thursday which will likely make NZ markets quiet on Friday as well.
- Elsewhere, China is back from its Lunar New Year holidays on Wednesday with the Caixin PMIs out in the week. Finally, the earnings season continues, with Amazon (Thursday).

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

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## 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	4.30	-6.5	-16.7
AU 3y swap	3.78	-8.0	-0.7
AU 3yr yield	3.81	-9.9	-0.9
AU 10yr yield	4.41	-6.6	4.8
US 10yr yield	4.53	-8.7	-3.5
AU-US 10yr spread	-12.5	2.1	8.2
<b>Commodities</b>			
		%	%
Iron ore	106	1.5	5.9
Coal (thermal)	114.9	-1.4	-8.3
Brent oil	77.5	-1.3	3.8
Gold	2795.2	0.9	6.5
<b>FX</b>			
AUD/USD	0.6220	-1.5	0.5
USD (DXY)	108.21	0.7	-0.3
AUD/NZD	1.1028	0.3	0.3
<b>AUD crosses</b>			
AUD/JPY	96.00	2.6	1.3
AUD/CNY	4.5065	1.5	0.1
AUD/EUR	0.5990	0.4	-0.2
AUD/GBP	0.5009	1.0	-1.3
<b>Equities</b>			
ASX 200	8535.1	1.9	4.6
ASX Resources	5334.8	0.6	3.5
ASX Financials	9143.7	1.9	6.1
US S&P 500	6071.2	-0.8	3.2

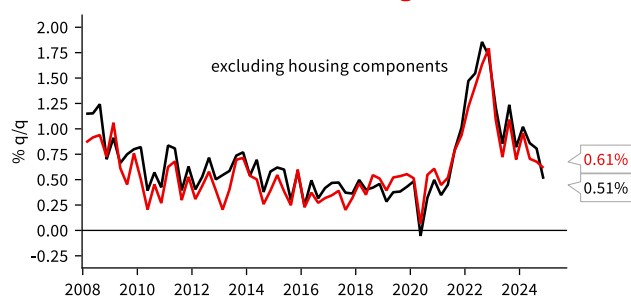
Source: Bloomberg

## Week in Review

Locally, Q4 CPI was the key data point. Both the trimmed mean and headline measures printed in line with our forecasts and a tenth below expectations. Weighing on headline again this quarter was a measured fall in electricity prices which fell 9.9% q/q, without the rebates they would have risen 0.2% q/q. Volatile fuel prices fell 2.0% q/q after a 6.7% fall last quarter. ([AUS: Q4 CPI undershoots RBA forecasts on lower housing inflation](#))

Housing accounted for almost all of the improvement in trimmed mean inflation in the quarter. To illustrate, while the trimmed mean was 30bp lower in Q4 than in Q3, a trimmed mean calculated on a CPI basket excluding housing components was 6bp lower. Some of the slowdown in Q4 is temporary and we expect Q1 CPI to be stronger than Q4, but the plateauing in house construction costs are an important and helpful shift in the CPI backdrop that support downward revisions to the RBA's near term outlook.

### Trimmed Mean Inflation and Housing



\* Calculated by NAB from based on EC level data according to a reweighted basket that excludes housing components  
Source: National Australia Bank, ABS

Further out, given unemployment has noticeably undershot their forecasts, the extent to which the RBA remains comfortable inflation will stay near target depends on the extent to which they re-assess the degree of spare capacity in the labour market. While there is value in waiting to get a better sense of the labour market trajectory and the growth outlook, that option value is unlikely to be compelling enough to shock market pricing. NAB now expects the RBA will begin a gradual easing cycle in February (See [note](#))

Globally, the FOMC was comfortably on hold as expected. Q4 GDP data at 2.3% q/q annualised was weaker than forecast, but the downside was driven by inventories and trade, with the underlying signal from domestic final demand at 3.2% q/q annualised still consistent with a strong pulse of growth. Though a surge in motor vehicle purchases may be a pull forward driven by tariff concerns

Further north, the Bank of Canada cut 25bp to bring the cumulative rate reduction so far to 200bp, though elevated uncertainty, including from tariffs, meant the BoC stepped back from guidance on the path forward. The ECB also cut 25bp

In terms of market movements globally central banks and economic data took a back seat. While tariff headlines continued to drive volatility in currency markets, it was big tech that was in focus elsewhere. Deepseek catalysed an AI led selloff on Monday, which has only partially reversed.

## Week Ahead

**Australian** data flow is heavy, but not top tier with nothing to really shape views ahead of the RBA's 17-18 February meeting where markets are 92% priced for a rate cut. Retail Sales (Monday) are for December and should show some reversal after early Black Friday sales boosted October and November. Also Monday is Dwelling Prices and Building Approvals. The Goods Trade Balance (Thursday) rounds out the week.

Offshore focus on **possible Tariffs** (Saturday) with **Canada, Mexico and China** in frame. US President Trump declared Saturday 1 February as a deadline to decide whether to impose a 25% tariff on Canada and Mexico, as a threat to force action on migration and fentanyl coming across the US border. A 10% tariff on China was also threatened. If tariffs are imposed, a key question will be if oil is exempt.

Datewise it is a big week in the **US** with Payrolls (Friday), and before then ISM Manufacturing (Monday), JOLTS (Tuesday), ISM Services (Wednesday) and Uni Michigan Consumer Sentiment (Friday). For Payrolls consensus sees 150k jobs and the unemployment rate unchanged at 4.1%.

With the US labour market not being seen as a source of inflationary pressure, the Fed (and thus markets) will be more sensitive to a soft print. There is also plenty of Fed speak with the most interesting likely to be Barkin in a fireside chat, Bowman who is giving an economic update and speaking on bank regulation, and Jefferson (all Wednesday).

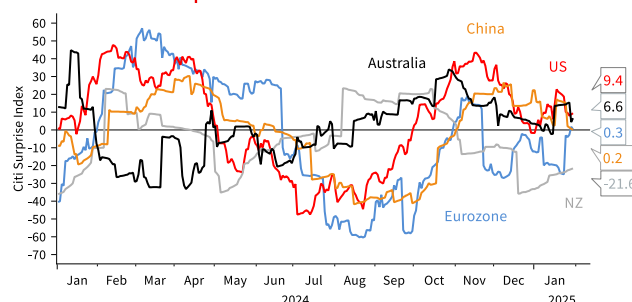
In **Europe**, the **BoE** meets (Thursday) and is expected to cut by 25bps. Also on the radar is the **EZ** CPI (Monday) with consensus seeing the core measure ticking down a tenth to 2.6% y/y from 2.7%. Also out in Europe is the final-versions of the PMIs as well as the usual gaggle of ECB speakers with Chief Economist Lane (Wednesday) the most notable.

**Canada** has labour market data on Friday, which may prove instructive for markets which are around 50% priced for a 25bp cut in March. However, the data will be overshadowed should the US decide to levy tariffs.

**NZ** has key labour market data (Wednesday), before the Waitangi public holiday on Thursday which will likely make NZ markets quiet on Friday as well. One interesting observation globally is that data is now broadly meeting expectations in most places except for NZ (see chart).

Elsewhere, **China** is back from its Lunar New Year holidays on Wednesday with the Caixin PMIs out in the week. Finally, the **earnings season** continues, with Amazon (Thursday).

### 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

# Important Events Preview

Selection of key data. Full calendar below.

## Saturday 1

### US/CA/MX Potential 25% tariff?

Saturday is the deadline that US President Trump set to decide whether to impose a 25% tariff on Canada and Mexico. The threat was to force action on migration and fentanyl coming across the US border.

### US/CH Potential 10% tariff?

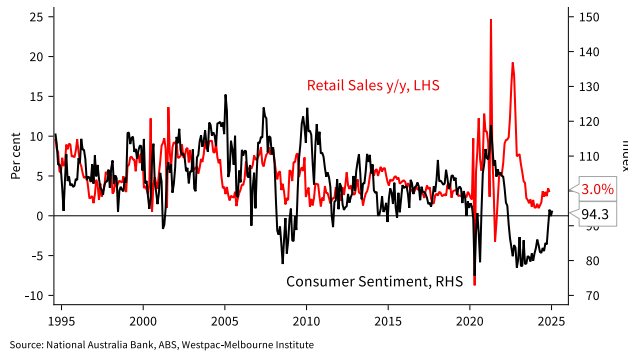
US President Trump is also set to decide whether to impose a 10% tariff on China. The threat was to force action on fentanyl coming across the US border.

## Monday 3

### AU Retail Sales, Building Approvals, Dwelling Prices

Retail Sales values for December and we expect them to fall by -0.7% m/m (consensus -0.8%) with some reversal following the strength seen over sales-boosted October and November. This month also contains the volumes estimate with the volume of retail sales likely up 0.8% q/q (also consensus). Note that from July 2025 the ABS will stop publishing Retail Trade, and instead direct users to the Monthly Household Spending Indicator.

#### Australian Retail Sales Growth and Consumer Sentiment



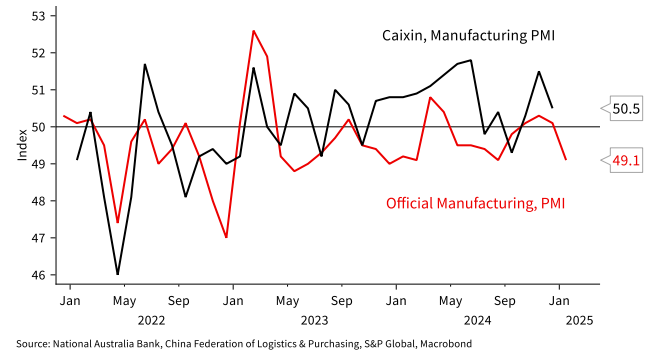
For Building Approvals, we expect a 1.0% m/m rise, following November's -3.6% m/m. Also of interest will be dwelling prices given the slight fall in dwelling prices being seen in Sydney and Melbourne.

### JN BoJ Minutes from January

### CH Caixin Manufacturing PMI

China's official manufacturing PMI fell into contraction territory in January. The Caixin version has been more resilient to date and is expected to be little changed at 50.6 from 50.5.

### China, Manufacturing PMI



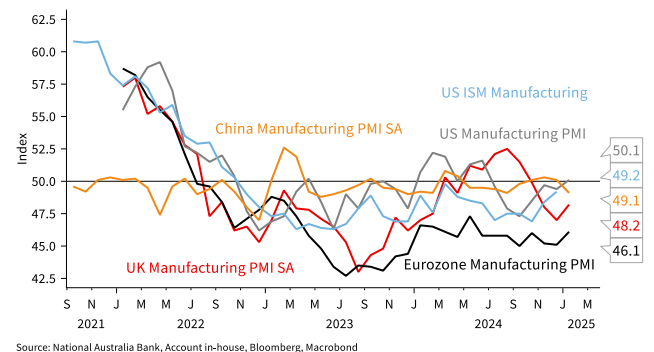
### EZ CPI and final-Manufacturing PMI

As far as headline inflation is concerned within Europe, we are entering a period of uncertainty and volatility for the coming months, thanks to tax and regulatory changes for energy (particularly in Germany and Spain) as well as near-term rising energy prices. Complicating the forecasting is an anticipated sharp drop in French electricity tariffs. All-up the preliminary headline rate for January is expected to rise to 2.5% y/y from 2.4%, before easing back through spring, only to rise again towards 3% later in the year. Core prices, however, are expected to ease to 2.6% y/y from 2.7%, while services inflation can ease to 3.9% y/y from 4%. The latter looks to be headed more materially lower over the coming few months and towards 2.5%, which – if seen – will be instrumental for both the ECB and markets.

### US ISM Manufacturing, Fed's Bostic

The ISM Manufacturing is expected to be little changed at 49.3, though the rival US Manufacturing PMI did nudge itself into positive territory in January at 50.1. The Fed's Bostic is also speaking on the economic outlook.

### Global Manufacturing PMIs



## Tuesday 4

### NZ Building Permits

### US JOLTS, final-Durable Goods

No consensus at the time of publication.

## Wednesday 5

### NZ Labour Market data for Q4

Our BNZ cousins forecast Q4 HLFS employment to fall by 0.2%. This would see the unemployment rate rise to 5.1%

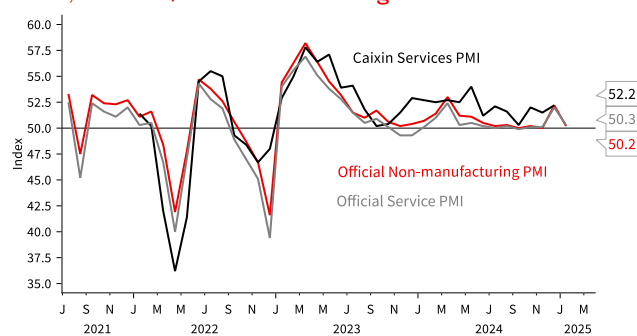
from 4.8% in Q3, assuming the participation rate nudges a touch lower to 71.1%. All this is much in line with what the RBNZ projected in its November MPS and early market polls. The Bank forecast an unemployment rate of 5.1%, a 0.3% quarterly decline in employment, and a 71.1% participation rate.

Regards wages, we look for annual inflation to continue trending lower. A 0.7% q/q increase in private sector LCI would see annual inflation ease to 3.0% in Q4, from 3.3% in Q3. This is a touch higher than the 2.8% forecast by the RBNZ, albeit in the context of our, and the Bank's, expectation that annual wage inflation will continue to trend lower ahead.

**CH Caixin Services PMI, End of New Year Holidays**

The Caixin Services PMI has been more resilient than the official PMI to date. Consensus sees this continuing with an expected rise to 52.5 from 52.2. Also worth noting China comes back from the new year holiday period.

China, Services/Non-manufacturing PMIs



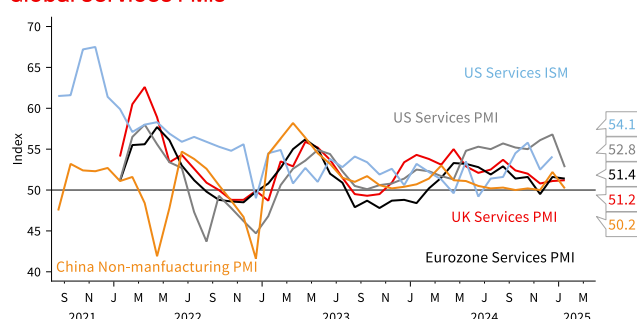
Source: National Australia Bank, China Federation of Logistics & Purchasing, S&P Global, Macrobond

**EZ ECB Wage Tracker, ECB's Lane, final-Services PMI**

**US ISM Services, ADP Employment, Trade, Fed's Bowman & Barkin, Treasury Refunding Announcement**

The ISM Services the pick given the rival Services PMI fell back to 52.8 from 56.8 in January. Consensus looks for a small lift in the ISM Services to 54.5 from 54.1. Also garnering attention will be ADP Employment, with the usual caveat that it provides a poor guide to Payrolls on Friday.

Global Services PMIs



Source: National Australia Bank, Institute for Supply Management (ISM), China Federation of Logistics & Purchasing, Account in-house, Bloomberg, Macrobond

There are a few Fed speakers with the most interesting likely being Bowman who is giving an update on the economy and on bank regulation, as well as Barkin who is speaking in a fireside chat. Also on the roster are Goolsbee and Jefferson.

Worth noting too the US Treasury quarterly refunding announcement which gives planned issuance sizes.

**Thursday 6**

**NZ Public Holiday (Waitangi Day)**

**AU Goods trade balance**

The monthly trade balance is only for goods and is expected to be in surplus at around \$6.5bn

**EC Retail Sales**

**UK BoE Meets (cut)**

The BoE has lagged most of its peers in this rate cutting cycle with just two 25 bp rate cuts so far to 4.75%. Stubborn services inflation driven by higher wage settlements and other services costs, plus a move higher in both headline and core inflation as previously lower energy prices drop out of annual comparisons have all combined to keep the BoE from cutting more aggressively. Those price pressures look set to build further over the coming months as Budget measures are passed through, but we think they will be time limited given economic weakness. The BoE acknowledges that policy is restrictive, and it surprised in December with three of nine voting members voting for a cut. We have long argued for a 25bps cut to 4.5% this week and markets now agree. While the BoE will continue to remove policy restriction gradually, we continue to see markets under-pricing UK rate cuts in 2025. We look for an 8:1 vote this week, though 7:2 is possible.

**US Jobless Claims**

**US Amazon earnings**

**Friday 6**

**UK BoE's Pill**

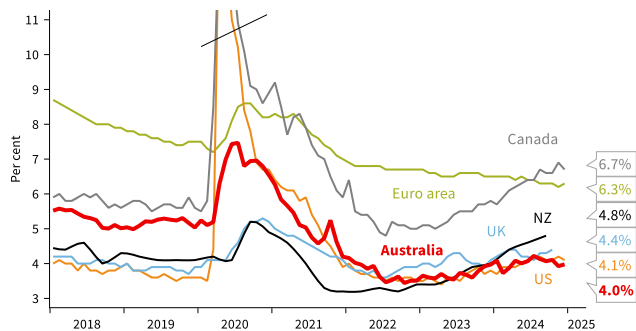
**CA Unemployment**

The unemployment rate in Canada has tentatively stabilised at 6.7% with employment growth having strengthened. There was no consensus at the time of publication.

The latest BoC statement said the risks to the inflation outlook were roughly balanced absent the threat of tariffs. Following the latest rate cut, the policy rate at 3.0% is now within the BoC's neutral range (2¼-3¼%).

A lift in the unemployment rate would challenge the confidence on inflation and bolster the probability the BoC seeks to take policy into stimulatory territory. Markets price a 54% chance of a March rate cut.

Global unemployment rate comparisons



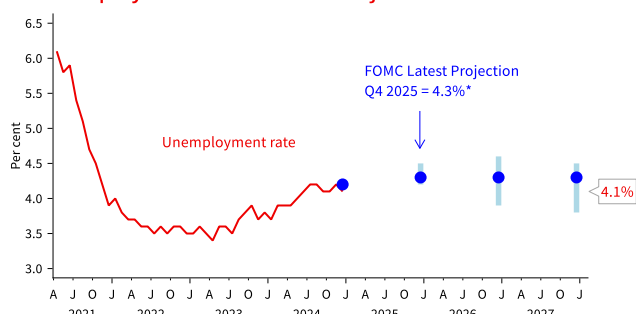
Source: National Australia Bank, Macrobond

US Payrolls, Uni Mich. Consumer Sentiment

Consensus sees 150k jobs and the unemployment rate remaining steady at 4.1%. Average hourly earnings are expected to continue at around 0.3% m/m. Chair Powell in the January press conference noted that at 4.1% the unemployment rate “remains low” and that “indicators suggests that conditions in the labor market are broadly in balance” (see [Powell January Transcript](#)).

The above highlights markets should be more sensitive to a soft print than a strong print. Powell said “the labor market is not a source of significant inflationary pressures”, while also caveating that “if the labor market were to weaken unexpectedly or inflation were to fall more quickly than anticipated, we can ease policy accordingly”.

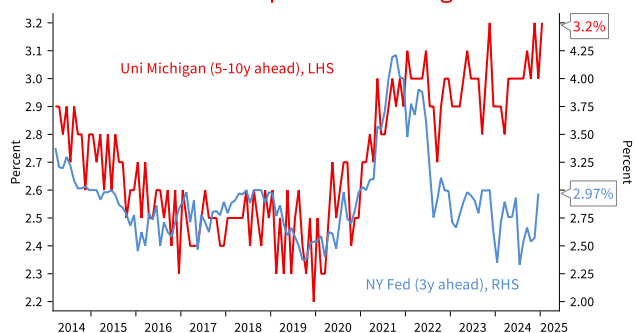
US Unemployment Rate vs. Fed Projections



\* Shaded region is the range of FOMC projections  
Source: National Australia Bank, Federal Reserve, U.S. Bureau of Labor Statistics (BLS), Macrobond

Also worth a look is the University of Michigan Consumer Sentiment Survey, particularly the inflation expectations components amid the talk of tariffs. The 5-10yr inflation expectation does remain elevated relative to its pre-pandemic levels, though this is not reflected in the NY Fed 3yr ahead measure.

US Consumer Inflation Expectations- Longer-run



Source: National Australia Bank, University of Michigan, Federal Reserve Bank of New York, Macrobond, Bloomberg



## Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
<b>Monday, 3 February</b>	11:00 AM	AU	Melbourne Institute Inflation MoM	Jan	--		0.6%
	11:30 AM	JN	Jibun Bank Japan PMI Mfg	Jan F	--		48.80
	11:30 AM	AU	Retail Sales MoM	Dec	-0.8%		0.8%
	11:30 AM	AU	Retail Sales Ex Inflation QoQ	4Q	0.8%		0.5%
	11:30 AM	AU	Building Approvals MoM	Dec	1.0%		-3.6%
	12:45 PM	CH	Caixin China PMI Mfg	Jan	50.60		50.5
	7:50 PM	FR	HCOB France Manufacturing PMI	Jan F	--		45.3
	7:55 PM	GE	HCOB Germany Manufacturing PMI	Jan F	44.10		44.1
	8:00 PM	EC	HCOB Eurozone Manufacturing PMI	Jan F	46.10		46.1
	8:30 PM	UK	S&P Global UK Manufacturing PMI	Jan F	--		48.2
	9:00 PM	EC	CPI Estimate YoY	Jan P	2.5%		2.4%
	9:00 PM	EC	CPI MoM	Jan P	-0.3%		0.4%
	9:00 PM	EC	CPI Core YoY	Jan P	2.6%		2.7%
	1:30 AM	CA	S&P Global Canada Manufacturing PMI	Jan	--		52.2
	1:45 AM	US	S&P Global US Manufacturing PMI	Jan F	50.10		50.1
	2:00 AM	US	ISM Manufacturing	Jan	49.25		49.2
4:30 AM	US	Fed's Bostic Speaks on Economic Outlook	--	--		--	
<b>Tuesday, 4 February</b>	8:45 AM	NZ	Building Permits MoM	Dec	--		5.3%
	10:30 AM	US	Fed's Musalem Gives Welcoming Remarks	--	--		--
	11:30 AM	AU	Household Spending MoM	Dec	0.3%		0.4%
	12:30 AM	EC	ECB's Villeroy speaks in Paris	--	--		--
	2:00 AM	US	JOLTS Job Openings	Dec	--		8098.0%
	2:00 AM	US	JOLTS Quits Rate	Dec	--		1.9%
	2:00 AM	US	Factory Orders	Dec	0.5%		-0.4%
	2:00 AM	US	Durable Goods Orders	Dec F	0.6%		-2.2%
	3:00 AM	US	Fed's Bostic Speaks in Moderated Conversation on Housing	--	--		--
	6:00 AM	US	Fed's Daly Speaks in Moderated Panel	--	--		--
<b>Wednesday, 5 February</b>	8:45 AM	NZ	Unemployment Rate	4Q	5.1%		4.8%
	8:45 AM	NZ	Employment Change QoQ	4Q	-0.2%		-0.5%
	8:45 AM	NZ	Pvt Wages Ex Overtime QoQ	4Q	0.6%		0.6%
	10:30 AM	JN	Labor Cash Earnings YoY	Dec	3.7%		3.9%
	10:30 AM	JN	Cash Earnings - Same Sample Base YoY	Dec	3.4%		3.7%
	11:30 AM	US	Fed's Jefferson Speaks on Economic Outlook, Policy	--	--		--
	12:45 PM	CH	Caixin China PMI Services	Jan	52.45		52.2
	6:45 PM	FR	Industrial Production MoM	Dec	--		0.2%
	7:50 PM	FR	HCOB France Services PMI	Jan F	--		48.90
	7:50 PM	FR	HCOB France Composite PMI	Jan F	--		48.3
	8:30 PM	UK	S&P Global UK Services PMI	Jan F	51.20		51.20
	11:00 PM	US	MBA Mortgage Applications	Jan 31	--		-2.0%
	12:15 AM	US	ADP Employment Change	Jan	152.50		122.0
	12:30 AM	US	Trade Balance	Dec	-80.40		-78.2
	1:00 AM	EC	ECB's Lane Speaks at Peterson Institute	--	--		--
1:00 AM	US	Fed's Barkin Speaks in a Fireside Chat	--	--		--	
2:00 AM	US	ISM Services Index	Jan	54.50		54.0	
5:00 AM	US	Fed's Goolsbee Gives Remarks at Auto Conference	--	--		--	
<b>Thursday, 6 February</b>	7:00 AM	US	Fed's Bowman Gives Update on Economy, Bank Regulation	--	--		--
	11:30 AM	US	Fed's Jefferson Gives Lecture	--	--		--
	11:30 AM	AU	Trade Balance	Dec	6800.0		7079.0
	6:00 PM	GE	Factory Orders MoM	Dec	1.8%		-5.4%
	11:00 PM	UK	Bank of England Bank Rate	Feb 6	4.5%		4.75%
	12:30 AM	US	Nonfarm Productivity	4Q P	1.9%		2.2%
	12:30 AM	US	Initial Jobless Claims	Jan 25	225.00		207.00
	3:15 AM	EC	ECB's Nagel Speaks in Mexico City	--	--		--
	6:30 AM	US	Fed's Waller Speaks on Future of Payments	--	--		--
<b>Friday, 7 February</b>	6:00 PM	GE	Industrial Production SA MoM	Dec	-1.0%		1.5%
	7:00 PM	SZ	Foreign Currency Reserves	Jan	--		730959.3
	7:45 PM	EC	ECB's Guindos Speaks in Madrid	--	--		--
	11:15 PM	UK	BOE's Pill Speaks	--	--		--
	12:30 AM	CA	Net Change in Employment	Jan	--		91.0
	12:30 AM	CA	Unemployment Rate	Jan	--		6.7%
	12:30 AM	US	Change in Nonfarm Payrolls	Jan	150.00		256.0
	12:30 AM	US	Unemployment Rate	Jan	4.1%		4.1%
	12:30 AM	US	Average Hourly Earnings MoM	Jan	0.3%		0.3%
	1:25 AM	US	Fed's Bowman Gives Update on Economy, Bank Regulation	--	--		--
	2:00 AM	US	U. of Mich. Sentiment	Feb P	--		71.1
	2:00 AM	US	Wholesale Inventories MoM	Dec F	0.2%		-0.5%
	4:00 AM	US	Fed's Kugler Speaks on Entrepreneurship, Productivity	--	--		--
<b>Upcoming Central Bank Interest Rate Announcements</b>							<b>Current</b>
	Feb 18	Australia, RBA					4.35
	Feb 6	UK, BOE					4.75
	Mar 19	US, Federal Reserve (Upper Bound)					4.50
	Feb 19	New Zealand, RBNZ					4.00
	Mar 12	Canada, BoC					3.00
	Mar 6	Europe, ECB					2.75
	Mar 19	Japan, BoJ					0.50

Sydney Time. Dates reflect 24 hours from 7am

## Forecasts Table

For NAB Economics Latest Forecast Update, see: [RBA revisions, rates and risks ahead](#)

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	0.3	0.4	0.6	0.6	0.5	0.5	0.5	0.5	0.4
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	-0.2	0.3	0.6	0.8
Underlying Bus. Investment	4.5	2.3	1.1	1.3	-0.7	-0.4	-0.6	0.1	0.2	-0.4	0.2	0.6	0.2	0.5	0.2	0.5
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	2.2	2.2	2.2
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	0.0	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	0.7	0.6	0.6	0.3	0.4	0.4	0.4	0.4	0.4
Unemployment Rate	(%) 3.6	3.6	3.7	3.9	3.9	4.1	4.1	4.0	4.1	4.2	4.3	4.2	4.2	4.2	4.2	4.2
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	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6
(% y/y)	6.5	5.8	5.1	4.2	4.0	4.0	3.6	3.2	2.8	2.6	2.4	2.5	2.6	2.5	2.4	2.4
CPI Headline	1.4	0.8	1.2	0.6	1.0	1.0	0.2	0.3	0.6	0.7	1.0	0.6	0.6	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	1.8	2.6	3.0	3.0	2.9	2.4	2.4

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

Exchange Rate Forecasts						
	30-Jan	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
<b>Majors</b>						
AUD/USD	0.622	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	154.3	155	155	153	150	144
EUR/USD	1.04	1.04	1.05	1.06	1.07	1.08
GBP/USD	1.24	1.27	1.27	1.28	1.28	1.29
USD/CNY	7.24	7.25	7.40	7.30	7.25	7.20
USD/CAD	1.45	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						
AUD/NZD	1.10	1.12	1.12	1.13	1.13	1.12
AUD/JPY	96.0	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	4.51	4.71	4.74	4.82	4.86	4.97
AUD/CAD	0.90	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						
	30-Jan	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
<b>Australian Rates</b>						
RBA cash rate	4.35	4.10	3.85	3.60	3.35	3.10
3 month bill rate	4.25	4.01	3.76	3.51	3.29	3.23
3 Year Swap Rate	3.78	3.75	3.55	3.55	3.45	3.35
10 Year Swap Rate	4.39	4.38	4.28	4.25	4.00	4.00
<b>Offshore Policy Rates</b>						
US Fed funds	4.50	4.50	4.50	4.25	4.00	3.75
RBNZ OCR	4.25	3.75	3.25	2.75	2.75	2.75
<b>10-year Bond Yields</b>						
Australia	4.41	4.40	4.30	4.30	4.05	4.05
United States	4.53	4.30	4.25	4.25	4.00	4.00
New Zealand	4.50	4.50	4.45	4.45	4.30	4.30

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