

Markets Research

What to Watch



Week of 26 April 2024

Comment: Activity and Incomes by country ([jump to section](#))

- US Q1 GDP disappointed but it is still robust compared to other economies.
- Australia's recent activity outcomes compare favourably almost everywhere except the US.
- Real disposable incomes have been squeezed comparatively hard in Australia, but the outlook is for improvement.

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

- Unhelpfully strong Australian CPI sees RBA cut pricing erased and the AUD/USD stronger.
- Just one cut now priced out to the end of 2025, and market pricing allows some small risk of a hike to the end of this year.
- USDJPY slides through 156 to new 34-year low.
- PMIs were robust in Europe, but softer in the US.

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

- AU Retail Sales headlines a mostly second tier local data calendar.
- NZ Q1 employment data is expected to see unemployment rise three tenths to 4.3% on 0.3% q/q employment growth.
- The FOMC on Wednesday is on hold with no new projections.
- US Payrolls on Friday is expected to show another healthy payrolls gain (consensus 250k) while the unemployment rate holds at 3.8%.
- Earnings season continues, with Apple and Amazon in focus this week.
- In Europe, Preliminary April CPI is on Tuesday, ahead of the advanced Q1 GDP print on Wednesday.
- Elsewhere, Chinese PMIs and Japanese Jobless rate, Retail Sales, and Industrial Production are all out Tuesday.

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

Australia Retail Sales | **US** FOMC, Payrolls | **UK** Quiet | **EZ** Preliminary CPI, GDP | **China** PMIs

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Key Markets

	% change		
	Latest	week	YTD
Cash rates		<i>bps</i>	<i>bps</i>
RBA Cash Rate	4.35	0.0	0.0
US Fed Funds	5.50	0.0	0.0
RBNZ Cash Rate	5.50	0.0	0.0
Rates			
AU BBSY 3m	4.46	5.0	5.5
AU 3y swap	4.34	26.0	56.0
AU 3yr yield	4.14	31.1	53.0
AU 10yr yield	4.52	26.4	56.5
US 10yr yield	4.67	5.1	79.2
AU-US 10yr spread	-15.3	21.4	-22.7
Commodities		%	%
Iron ore	118	1.4	-11.6
Coal (thermal)	129.3	-0.3	-11.7
Brent oil	89.4	2.4	16.7
Gold	2342.6	-2.1	13.6
FX			
AUD/USD	0.6550	2.1	-3.8
USD (DXY)	105.59	-0.5	4.2
AUD/NZD	1.0974	-0.7	-1.7
AUD crosses			
AUD/JPY	102.33	-3.0	-6.1
AUD/CNY	4.7458	-2.1	2.0
AUD/EUR	0.6100	-1.3	1.2
AUD/GBP	0.5234	-0.9	2.2
Equities			
ASX 200	7575.9	-0.9	-0.2
ASX Resources	5849.1	-2.3	-7.9
ASX Financials	7121.1	-0.3	6.0
US S&P 500	5048.4	0.7	5.8

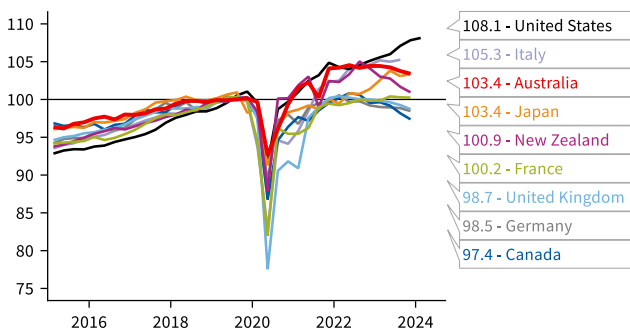
Source: Bloomberg

Comment: Activity and Incomes

Q1 US GDP data surprised lower at 1.6% q/q annualised. While well below consensus for 2.5%, the detail wasn't as bad as the headline with solid domestic demand even as consumption slowed a little from its H2 2023 pace. In this week's column we put the US exceptionalism in context. Some leading indicators including this week's PMIs point to the potential for the growth gap to narrow as the US slows and others pick up, but US growth remains the envy of the developed world.

The US preliminary Q1 estimate would mean the slowest pace of growth since Q2 2022, yet it is still a faster pace than Australia saw over the second half of 2023. Slower growth in Australia is an important point of difference and one thing suggesting to the RBA they are making progress rebalancing the economy even as unemployment and inflation data won't be helping their confidence in the outlook. Importantly though, it is the US, not Australia, that is the outlier. On both recent trends and performance relative to prepandemic, Australia compares favourably to everyone except the US.

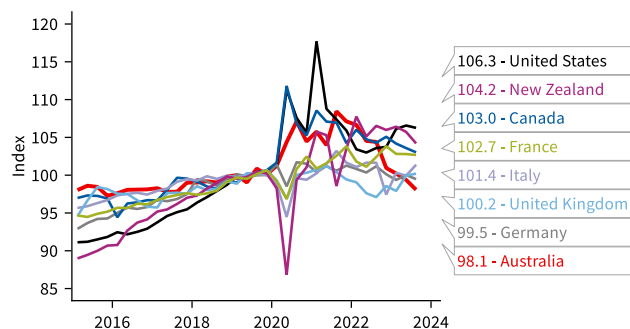
GDP per Capita by Country



Source: National Australia Bank, National Sources

Much has also been made about the materially worse real disposable income backdrop for households in Australia. There were 3 main drivers: slower and later acceleration in wages growth; faster passthrough of interest rates; and a rapid increase in the tax take (income tax as a share of income increase 1.7ppt in 2023, the second highest among [OECD countries](#)). Australia compares less favourably on this comparison, but the US remains the clear outlier. Looking forward, with inflation slower if still too high, rates having only increased 25bp since June 2023, and tax cuts coming in July, real disposable income in Australia looks better in the outlook than it did over the past 2 years.

Real disposable income per person



Source: National Australia Bank, OECD (Organisation for Economic Co-operation & Development)

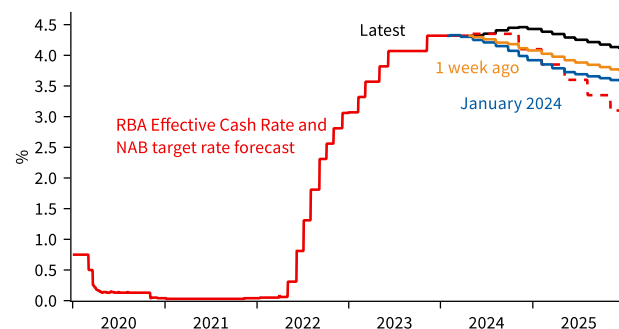
Taylor Nugent, NAB

Week in review

Australian Q1 CPI on Wednesday came in on the high side of expectations, at 1.0% q/q on both the headline and trimmed mean measure. That is stronger than the 0.8% q/q the RBA had pencilled in the February SoMP. Relative to last quarter, consumer durable goods prices rose sharply (they fell in Q4 2023) and strong rents inflation resumed after the one off from higher rent assistance last quarter. Market services inflation also remained unhelpfully stubborn. Those themes were expected, the surprise for us was even stronger price rises in health categories than we had pencilled in, and a rise in new car prices. [AUS: Hot Q1 CPI to test RBA's confidence, but doesn't force them to rewrite the outlook](#)

Recent data means the RBA will need to revise higher their near-term inflation outlook and lower their near-term unemployment outlook at the May meeting, yet another test for the RBA's approach of seeking to do the bare minimum on policy. Market pricing sharply pared cuts, with only one cut now priced to the end of 2025. Australian 10yr yields are the underperformers across countries, with the AU 10-year bond yield up 20bps since last Friday compared to 7bps for US 10yr yields.

RBA Market Expectations



Source: National Australia Bank, Bloomberg

The AUD is the best performing G10 currency of the week, up 1.9% against the USD to 0.6542.

In NAB's view, below trend growth and the paring of market pricing for cuts means the RBA can still forecast inflation getting back to target by mid-2026, though policy will need to remain modestly restrictive for a good while yet. Our long held view is the RBA will cut rates in November.

The yen has continued to slide, USDJPY rose through 155 ahead of the BoJ meeting today, when the decision to stand pat on the benchmark rate and signal it would buy bonds in line with its March decision saw the USDJPY move higher still through 156 to a new 34-year low.

PMIs were robust in Europe, but softer in the US. PMIs have a somewhat patchy predictive record, but they add to the list of indicators suggesting the stubborn exceptionalism in US growth performance should not sustain indefinitely.

Taylor Nugent, NAB

Week Ahead in Brief

Ahead of the RBA May meeting and forecast updated on 7 May, there is a flurry of monthly activity reports through the week. March Retail Sales is the pick of the bunch, but coming alongside the goods trade balance, building approvals and private sector credit it is mostly second tier data flow.

For **retail sales, we pencil in a modest 0.1% m/m outcome**, marginally below the 0.2% consensus. Quarterly volumes data isn't published until the following week, but our forecast would be consistent with a narrow fall in volume terms in Q1 as the theme of resilient levels of consumption, but very sluggish growth continues.

In NZ, the **RBNZ's semi-annual Financial Stability Review** is out Wednesday, but will take a back seat to **Q1 labour market data the same day**. Our BNZ Colleagues pencil in a 0.3% q/q employment gain and a 3 tenth rise in the unemployment rate to 4.3%, in line with consensus. (The RBNZ had +0.1% q/q but 4.2%). Wages on the LCI measure should slow to 3.7% from 3.9% and suitably lower than a recent peak of 4.5% in Q1 2023.

It's also a big week globally. The US has Payrolls and the May FOMC. Europe has preliminary April CPI and Q1 GDP. And Earnings season continues with Apple and Amazon the headliners in the week ahead.

The US labour market has been giving the Fed very little fodder to balance the inflation risks evident in recent prices data. The early consensus is for **Payrolls on Friday** to continue that trend, with 250k jobs and an unemployment rate remaining at 3.8%. Ahead of April's Payrolls, March JOLTs and April ADP data are out Wednesday.

The FOMC meeting also ends Wednesday. The FOMC is on hold with no new projections, but with the March dots already feeling dated, Powell's confidence (ore otherwise) that recent unhelpful data is a bump in the road rather than something more serious will be key. Markets now have just 41bp of cuts priced for this year.

In Europe, **preliminary EZ April CPI is Tuesday** where the early consensus is firming up around 2.4% y/y for the headline number and for the core to slow to 2.7% y/y from 2.9%. Country level number ahead of Tuesday will help firm up the risks, including Germany and Spain on Monday. **A small positive quarterly growth outcome is expected in Eurozone Q1 GDP**, which would see the EZ exit its short-lived technical recession.

Elsewhere, **Chinese PMIs** and **Japanese Jobless rate, Retail Sales, and Industrial Production** are all out Tuesday.

Taylor Nugent, NAB

Important Events Preview

Australian events and a selection of key offshore data; full calendar below

Monday 29

EZ Germany/Spain CPI

EZ Consumer/Economic Confidence

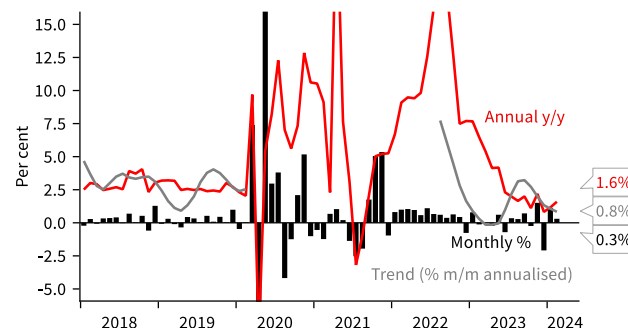
Tuesday 30

AU Private Sector Credit

AU Retail Sales

We pencil in a modest 0.1% m/m gain for March retail sales (consensus 0.2%). Volatility around tricky seasonal adjustment around year-end and black Friday is behind us, but an early Easter and some evidence of a Taylor Swift boost to clothing spending in February do complicate the March numbers a little. Our internal data continues to suggest still sluggish broader consumption growth, and we expect that to be reflected in muted trend growth in the goods heavy retail sales basket. March rounds out the quarter, and while quarterly volumes estimates are not published until the following week, our forecast would be consistent with a 0.1% q/q decline in retail volumes.

Australian Retail Sales Growth (Monthly Value)

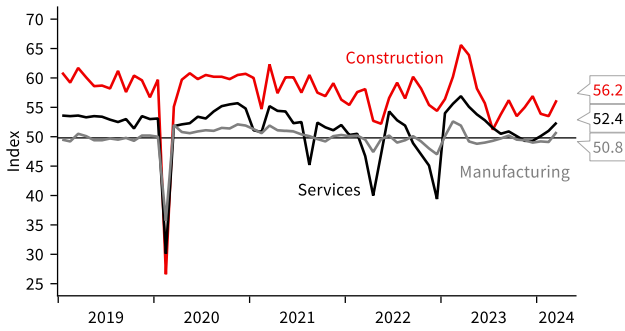


Source: National Australia Bank, ABS

CH PMIs

Official Chinese PMIs and the Caixin manufacturing PMI are all out Tuesday. Recent outcomes have been encouraging, but expectations are for some of the March pick up to fall away in April, leaving the recovery in activity intact, but far from firm footing.

China Official PMIs

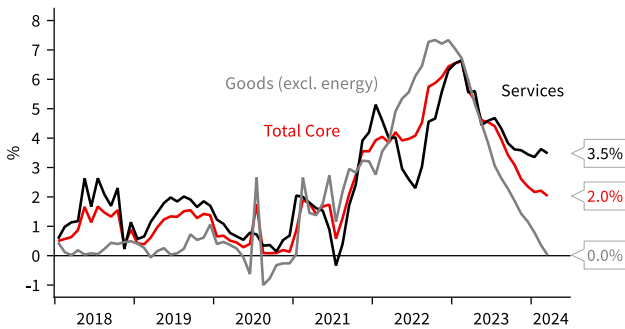


Source: National Australia Bank, China Federation of Logistics & Purchasing, Macrobond

EZ Prelim April inflation

Preliminary HICP inflation for April is expected to rise 0.6% m/m, after a 0.8% rise in March, leaving the annual rate unchanged at 2.4% on early forecasts. We see very modest downside risk relative to consensus, but it is the case that having fallen to 2.4% back in November and since then buffeted between that cycle low and 2.9%, inflation is proving harder to depress to target. Over the coming few months we expect headline HICP to drop below 2% with the new June ECB staff forecasts revealing more confidence here. Core inflation is expected to decline 2/10 to 2.7%.

Eurozone Core CPI - 6m annualised



Source: National Australia Bank, Eurostat, Macrobond

EZ Advance Q1 GDP

EZ advance Q1 GDP is expected to improve to 0.2% q/q from Q4's 0% outturn, taking the annual rate to 0.2% from 0.1%. A positive reading will see the EZ exit its short-lived technical recession. Recent improved services data, which has continued into Q2 with April readings, with better figures from Germany and France suggests the risks are skewed to a 0.3% q/q outturn for Q1.

US Consumer confidence (Conference Board)

Wednesday 1

NZ Q1 Employment and Wages

The reports will likely generally confirm softening in the labour market as labour supply expands faster than labour demand such that the unemployment rate lifts. Monday's March employment indicators may help fine tune estimates, but our BNZ colleagues currently have +0.3% q/q pencilled in for Q3 employment growth, which, given a steady participation rate and rising working age

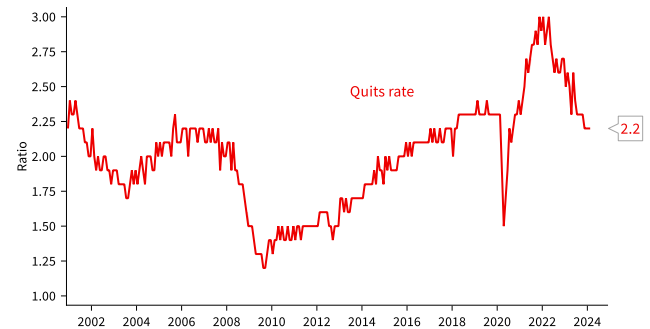
population, would see the unemployment rate push up to 4.3% (from Q4's 4.0%). In its February MPS, the RBNZ projected 0.1% quarterly employment growth overall and an unemployment rate of 4.2%.

In regards to wages, BNZ sees annual inflation in the LCI private sector all salary and wage rates at 3.7% in Q1. The RBNZ projected 3.8%. Either outcome would be lower than Q4's 3.9% and lower than a recent peak of 4.5% in Q1 2023.

US JOLTS & ADP employment

March JOLTs data on Wednesday will be watched for further progress towards labour market balance even as the unemployment rate tracks sideways. The Quits rate is no longer elevated, and job openings are expected to continue to trend lower.

US JOLTS - Quits Rate



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

US FOMC May meeting

The FOMC is on hold and there are no new projections. The March dots, where the median held on (just) to 3 cuts this year already looks dated. Powell's presser should acknowledge the intervening data flow has failed to build confidence, but focus will be on whether he continues to characterise recent inflation outcomes a blip on an uneven journey back towards target, or something more concerning. Also expect more details on quantitative tightening plans.

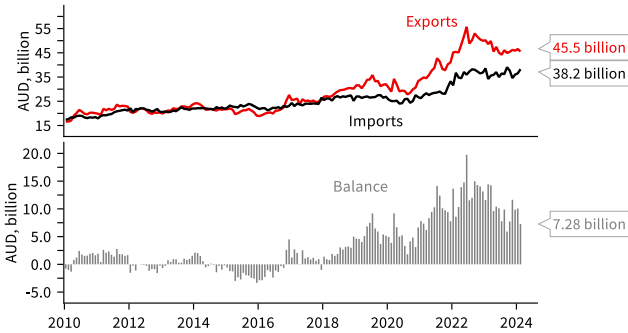
Thursday 2

AU Goods Trade Balance

The February trade balance narrowed to \$7.3bn, its lowest since August. Falling iron ore export values were only partially offset by higher coal and LNG, while import values surged, up some 4.8% and led by other processed industrial supplies. Iron ore port volumes looked healthier in March, and some pullback in import values is possible, though vehicle imports have been a large source of month-to-month volatility recently. We pencil in a \$8bn

surplus for March (consensus \$7.4bn).

Monthly Trade in Goods and Services

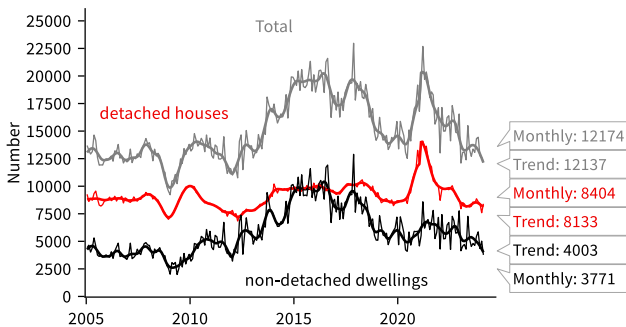


Source: National Australia Bank, ABS

AU Building Approvals

We pencil in a 3% m/m increase in building approvals in March, in line with consensus. We expect some payback from the volatile apartment approvals series, which declined 25% in February, even as the trend remains mired at low levels. Softness in building approvals contrasts declining but still elevated pipelines of work but produce price detail suggests slower demand for new starts does suggest there is light at the end of the tunnel for still elevated house construction inflation. Input cost pressures are now concentrated in finishing products (ceramic tiles, windows and doors etc) while those earlier in the construction process (structural timber etc) are partially offsetting those cost pressures.

Private Dwelling Approvals



Source: National Australia Bank, ABS

EZ/US/UK Final Apr S&P Manufacturing PMI

Preliminary April manufacturing activity disappointed (while services expanded at increased pace). EZ manufacturing activity slowed further to 45.6 from 46.1, while in the UK manufacturing slipped back into recession from 50.3 to 48.7. In the US this measure of manufacturing activity also slipped marginally from expansion (51.9) to contraction (49.9).

Friday 3

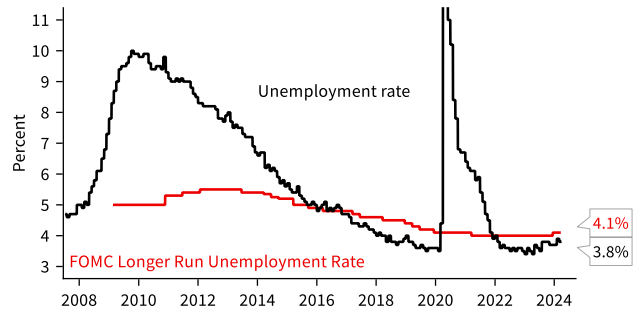
UK Final Apr S&P Services PMI

The UK leads the way in services activity, with the preliminary measure recording a jump to 54.9 from 53.1, consistent with improved GDP over the course of 2024 and sufficient to see the UK exit its H2, 2023 technical recession.

US Payrolls

Early forecasts are for a 250k gain in Friday's non-farm payrolls number. That's still strong but would be down from last month's 303k outturn. The unemployment rate is seen steady at 3.8%. Hourly earnings growth are seen steady at 0.3% m/m in early forecasts though the 20% increase in the minimum wage for Californian fast food workers skew the risks higher.

US Unemployment Rate and FOMC Longer-run Dot



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

Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
Monday, 29 April	6:00 PM	GE	CPI North Rhine Westphalia MoM	Apr	--		0.3%
	7:00 PM	EC	Consumer Confidence	Apr F	-14.50		-14.7
	10:00 PM	GE	CPI YoY	Apr P	2.3%		2.2%
	10:00 PM	GE	CPI MoM	Apr P	0.6%		0.4%
	10:00 PM	GE	CPI EU Harmonized YoY	Apr P	2.4%		2.3%
Tuesday, 30 April	9:30 AM	JN	Job-To-Applicant Ratio	Mar	1.3%		1.3%
	9:30 AM	JN	Jobless Rate	Mar	2.5%		2.6%
	9:50 AM	JN	Industrial Production MoM	Mar P	3.5%		-0.6%
	11:30 AM	AU	Private Sector Credit MoM	Mar	0.4%	0.5%	0.5%
	11:30 AM	CH	Manufacturing PMI	Apr	50.3%		50.8%
	11:30 AM	AU	Retail Sales MoM	Mar	0.2%	0.1%	0.3%
	11:45 AM	CH	Caixin China PMI Mfg	Apr	51.00		51.10
	3:30 PM	FR	GDP QoQ	1Q P	--		0.1%
	4:45 PM	FR	CPI YoY	Apr P	--		2.3%
	5:55 PM	GE	Unemployment Change (000's)	Apr	--		4.0
	6:30 PM	UK	Mortgage Approvals	Mar	--		60.4
	7:00 PM	EC	CPI Estimate YoY	Apr	2.4%		2.4%
	7:00 PM	EC	CPI MoM	Apr P	0.6%		0.8%
	7:00 PM	EC	CPI Core YoY	Apr P	2.7%		2.9%
	7:00 PM	EC	GDP SA QoQ	1Q A	0.2%		-0.1%
	7:00 PM	EC	GDP SA YoY	1Q A	0.2%		0.1%
	10:30 PM	CA	GDP MoM	Feb	0.3%		0.6%
	11:45 PM	US	MNI Chicago PMI	Apr	45.00		41.4
	--	UK	(30 Apr - 07 May) Nationwide House PX MoM	Apr	--		-0.2%
	--	UK	(30 Apr - 07 May) Nationwide House Px NSA YoY	Apr	--		1.6%
12:00 AM	US	Conf. Board Consumer Confidence	Apr	104.10		104.70	
Wednesday, 1 May	7:00 AM	NZ	RBNZ Publishes Financial Stability Report	--	--		--
	8:45 AM	NZ	Unemployment Rate	1Q	4.3%		4.0%
	8:45 AM	NZ	Employment Change QoQ	1Q	0.3%		0.4%
	8:45 AM	NZ	Pvt Wages Ex Overtime QoQ	1Q	0.8%		1.0%
	10:30 AM	JN	Jibun Bank Japan PMI Mfg	Apr F	--		49.9
	6:30 PM	UK	S&P Global UK Manufacturing PMI	Apr F	50.40		48.7
	9:00 PM	US	MBA Mortgage Applications	Apr 26	--		-2.7%
	10:15 PM	US	ADP Employment Change	Apr	185.00		184.0
	11:30 PM	CA	S&P Global Canada Manufacturing PMI	Apr	--		49.8
	11:45 PM	US	S&P Global US Manufacturing PMI	Apr F	49.90		49.9
	12:00 AM	US	JOLTS Job Openings	Mar	8725.0%		8756.0%
	12:00 AM	US	ISM Manufacturing	Apr	50.10		50.3
	4:00 AM	US	FOMC Rate Decision (Upper Bound)	May 1	5.50	5.5	5.5
	4:30 AM	US	Fed Chair Powell Holds Post-Meeting Press Conference	--	--		--
	Thursday, 2 May	8:45 AM	NZ	Building Permits MoM	Mar	--	
9:50 AM		JN	BOJ Minutes of March Meeting	--	--		--
11:30 AM		AU	Trade Balance	Mar	7400.00	8000	7280.0
11:30 AM		AU	Building Approvals MoM	Mar	3.0%	3.0%	-1.9%
5:50 PM		FR	HCOB France Manufacturing PMI	Apr F	46.75		44.9
5:55 PM		GE	HCOB Germany Manufacturing PMI	Apr F	42.70		42.2
6:00 PM		EC	HCOB Eurozone Manufacturing PMI	Apr F	46.50		45.6
10:30 PM		US	Trade Balance	Mar	-69.00		-68.9
10:30 PM		US	Initial Jobless Claims	Apr 27	215.00		207.0
12:00 AM		US	Factory Orders	Mar	1.6%		1.4%
12:00 AM		US	Durable Goods Orders	Mar F	2.5%		2.6%
Friday, 3 May		11:30 AM	AU	Home Loans Value MoM	Mar	1.0%	
	4:45 PM	FR	Industrial Production MoM	Mar	--		0.2%
	6:00 PM	NO	Deposit Rates	May 3	--		4.5
	10:30 PM	US	Change in Nonfarm Payrolls	Apr	250.00		303.0
	10:30 PM	US	Unemployment Rate	Apr	3.8%		3.8%
	10:30 PM	US	Average Hourly Earnings MoM	Apr	0.3%		0.3%
12:00 AM	US	ISM Services Index	Apr	52.00		51.4	
Upcoming Central Bank Interest Rate Announcements						NAB	Current
	May 7	Australia, RBA			4.35	4.35	
	May 9	UK, BOE			5.25	5.25	
	May 1	US, Federal Reserve (Upper Bound)			5.50	5.50	
	May 22	New Zealand, RBNZ			5.50	5.50	
	Jun 5	Canada, BoC			5.00	5.00	
	Jun 6	Europe, ECB			3.75	4.00	
	Apr 26	Japan, BoJ (Upper Bound)			0.10	0.10	

Sydney Time. Dates reflect 24 hours from 7am

May 2024 Economic Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	01	02	03	04
			NZ Unemployment Rate 1Q JN Jibun Bank Japan PMI Mfg Apr P UK S&P Global UK Manufacturing PMI Apr P US ADP Employment Change Apr US S&P Global US Manufacturing PMI Apr P US JOLTS Job Openings Mar US ISM Manufacturing Apr US FOMC Rate Decision (Upper Bound) May 1	NZ Building Permits MoM Mar JN BOJ Minutes of March Meeting -- AU Trade Balance Mar AU Building Approvals MoM Mar EC HCOB Eurozone Manufacturing PMI Apr P US Trade Balance Mar US Initial Jobless Claims Apr 20 US Factory Orders Mar US Durable Goods Orders Mar P	NO Deposit Rates May 3 US Change in Nonfarm Payrolls Apr US Unemployment Rate Apr US ISM Services Index Apr	
05	06	07	08	09	10	11
	AU Melbourne Institute Inflation MoM Apr CH Caixin China PMI Services Apr FR HCOB France Services PMI Apr P	AU Retail Sales Ex Inflation QoQ 1Q AU RBA Cash Rate Target May 7 AU RBA-Statement on Monetary Policy --	GE Industrial Production SA MoM Mar SW Riksbank Policy Rate May 8 US MBA Mortgage Applications Apr 19	JN Labor Cash Earnings YoY Mar UK Bank of England Bank Rate May 9 US Initial Jobless Claims Apr 20 CH Exports YoY Apr CH Trade Balance Apr	NZ BusinessNZ Manufacturing PMI Apr JN BoP Current Account Balance Mar UK GDP QoQ 1Q P CA Unemployment Rate Apr US U. of Mich. Sentiment Apr F	CH PPI YoY Apr CH CPI YoY Apr
12	13	14	15	16	17	18
	NZ Performance Services Index Apr NZ Food Prices MoM Apr AU NAB Business Conditions Apr	JN PPI YoY Apr GE CPI YoY Apr P GE CPI EU Harmonized YoY Apr P UK ILO Unemployment Rate 3Mths Mar GE ZEW Survey Expectations May US PPI Final Demand MoM Apr	CH 1-Yr Medium-Term Lending Facility Rate May 15 AU Wage Price Index YoY 1Q FR CPI EU Harmonized YoY Apr P FR CPI YoY Apr P EC GDP SA QoQ 1Q A US MBA Mortgage Applications Apr 19 US CPI MoM Apr US Empire Manufacturing May US Retail Sales Advance MoM Apr	AU RBA's Hunter-Speech -- JN GDP SA QoQ 1Q P AU Unemployment Rate Apr JN Industrial Production MoM Mar P US Housing Starts Apr US Initial Jobless Claims Apr 20 US Industrial Production MoM Apr	CH Industrial Production YoY Apr CH Retail Sales YoY Apr EC CPI YoY Apr F	
19	20	21	22	23	24	25
	JN Tertiary Industry Index MoM Mar	AU Westpac Consumer Conf SA MoM May AU RBA Minutes of May Policy Meeting -- CA CPI YoY Apr	JN Core Machine Orders MoM Mar NZ RBNZ Official Cash Rate May 22 UK CPI YoY Apr US MBA Mortgage Applications Apr 19 US Existing Home Sales Apr	JN Jibun Bank Japan PMI Mfg Apr P FR HCOB France Manufacturing PMI Apr P FR HCOB France Services PMI Apr P GE HCOB Germany Manufacturing PMI Apr P EC HCOB Eurozone Manufacturing PMI Apr P UK S&P Global UK Manufacturing PMI Apr P US Initial Jobless Claims Apr 20 US S&P Global US Manufacturing PMI Apr P US New Home Sales Mar	NZ Trade Balance NZD Mar JN Natl CPI YoY Mar UK Retail Sales Inc Auto Fuel MoM Mar US Durable Goods Orders Mar P US U. of Mich. Sentiment Apr F	
26	27	28	29	30	31	01
	GE IFO Business Climate Apr	AU Retail Sales MoM Mar US Conf. Board Consumer Confidence Apr	US MBA Mortgage Applications Apr 19 GE CPI YoY Apr P US Federal Reserve Releases Beige Book --	NZ Building Permits MoM Mar AU Building Approvals MoM Mar US GDP Annualized QoQ 1Q S US Initial Jobless Claims Apr 20	JN Jobless Rate Mar JN Tokyo CPI Ex-Fresh Food YoY Apr JN Industrial Production MoM Mar P AU Private Sector Credit MoM Mar CH Manufacturing PMI Apr FR CPI YoY Apr P FR GDP QoQ 1Q P EC CPI MoM Apr P CA Quarterly GDP Annualized 1Q US PCE Core Deflator MoM Mar	

Forecasts Table

For NAB Economics Latest Forecast Update, see: [Labour market strong, housing supply falling behind](#)

Australian Economic Forecasts																
	2023				2024				2025				2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP																
Household Consumption	0.1	0.1	-0.2	0.1	0.1	0.3	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Dwelling Investment	-0.5	0.7	0.6	-3.8	-2.4	-2.2	-1.1	0.0	1.6	1.4	1.5	1.6	1.3	1.1	0.9	0.7
Underlying Bus. Investment	4.3	2.5	0.7	0.7	-0.7	-0.3	0.1	0.5	0.5	0.6	0.6	0.9	0.8	0.8	0.9	1.1
Public Final Demand	0.8	2.0	1.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Domestic Final Demand	0.6	0.9	0.6	0.1	0.1	0.2	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
(% y/y)	2.3	2.3	2.3	2.3	1.7	1.0	0.8	1.2	1.7	2.1	2.2	2.3	2.3	2.4	2.4	2.4
Inventories	(contr) 0.3	-1.2	0.3	-0.3	0.2	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Exports	(contr) -0.5	0.8	-0.6	0.6	-0.3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Domestic Product	0.6	0.5	0.3	0.2	0.2	0.3	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6
(% y/y)	2.5	2.1	2.1	1.5	1.2	1.1	1.4	1.7	2.1	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Labour Market																
Employment	0.7	0.9	0.6	0.7	0.5	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4
Unemployment Rate	(%) 3.6	3.6	3.7	3.9	3.9	4.1	4.3	4.5	4.5	4.5	4.4	4.4	4.4	4.3	4.3	4.3
WPI Wages	(% y/y) 0.9	1.0	1.3	0.9	0.9	0.9	1.1	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
	3.6	3.7	4.1	4.2	4.2	4.1	3.9	3.9	3.9	3.9	3.6	3.6	3.6	3.6	3.6	3.6
Inflation																
CPI Trimmed Mean	(% y/y) 1.2	0.9	1.2	0.8	1.0	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6
	6.5	5.8	5.1	4.2	4.0	3.8	3.3	3.3	2.9	2.8	2.7	2.6	2.6	2.5	2.5	2.5
CPI Headline	(% y/y) 1.4	0.8	1.2	0.6	1.0	0.8	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6
	7.0	6.0	5.4	4.1	3.6	3.6	3.1	3.3	3.1	3.0	2.8	2.8	2.6	2.5	2.5	2.5

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

Exchange Rate Forecasts

	25-Apr	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Majors						
AUD/USD	0.655	0.65	0.67	0.69	0.71	0.72
NZD/USD	0.60	0.60	0.61	0.62	0.64	0.65
USD/JPY	156.2	150	146	143	140	137
EUR/USD	1.07	1.07	1.09	1.11	1.13	1.14
GBP/USD	1.25	1.25	1.28	1.30	1.31	1.32
USD/CNY	7.24	7.24	7.20	7.15	7.10	7.00
USD/CAD	1.36	1.37	1.36	1.35	1.34	1.33
USD/CHF	0.91	0.91	0.89	0.87	0.86	0.85

Australian Cross Rates

	25-Apr	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
AUD/NZD	1.10	1.08	1.10	1.11	1.11	1.11
AUD/JPY	102.3	98	98	99	99	99
AUD/EUR	0.61	0.61	0.61	0.62	0.62	0.63
AUD/GBP	0.52	0.52	0.52	0.53	0.54	0.55
AUD/CNY	4.75	4.71	4.82	4.93	5.01	5.04
AUD/CAD	0.89	0.89	0.91	0.93	0.94	0.96
AUD/CHF	0.60	0.59	0.60	0.60	0.61	0.61

Interest Rate Forecasts

	25-Apr	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Australian Rates						
RBA cash rate	4.35	4.35	4.35	4.10	3.85	3.60
3 month bill rate	4.41	4.25	4.08	3.88	3.69	3.44
3 Year Swap Rate	4.34	4.10	3.95	3.80	3.70	3.60
10 Year Swap Rate	4.75	4.55	4.50	4.40	4.40	4.35
Offshore Policy Rates						
US Fed funds	5.50	5.50	5.25	5.00	4.50	4.25
RBNZ OCR	5.50	5.50	5.50	5.25	5.00	4.50
10-year Bond Yields						
Australia	4.52	4.30	4.25	4.20	4.20	4.15
United States	4.67	4.50	4.25	4.10	4.00	3.90
New Zealand	5.00	4.90	4.75	4.60	4.60	4.50

Global GDP

	2023	2024	2025	2026
Australia	2.1	1.3	2.2	2.3
United States	2.5	2.4	1.3	1.8
Eurozone	0.5	0.3	1.0	1.5
United Kingdom	0.1	0.3	0.8	1.2
Japan	1.9	0.3	0.6	0.6
China	5.2	4.5	4.8	4.5
India	7.7	6.6	6.2	6.4
New Zealand	0.6	0.3	2.7	3.0
World	3.3	2.9	3.0	3.1

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