

Markets Research

What to Watch



Week of 10 June 2024

Comment ([jump to section](#))

- We give a sneak peek at some preliminary findings on the return to office, which suggest office attendance appears to be stalling at 75% of pre-Covid
- Sydney train station data suggests that while usage improved at inner city stations through 2023, progress has stalled in the past six months

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

- A big week offshore with interest rate cuts by the BoC and ECB. However, inflation data will have to play ball for further cuts to be delivered
- Yields took their direction from softer US employment indicators (ahead of payrolls tonight) with the US 10yr yield falling 20bps to 4.30%
- Australian macro data was not overly market moving. Q1 GDP printed close to expectations at 0.1% q/q vs. 0.2% consensus, and was 1.1% y/y

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

- It's a holiday Monday for most of Australia (excl. WA & QLD), Followed by labour market data (Thursday) and the NAB Business Survey (Tuesday)
- NAB pencils in a fallback in the May unemployment rate to 4.0% from 4.1%.
- In the US, the FOMC (Wednesday) and US Core CPI (Wednesday) take centre stage. PPI (Thursday) fills out read-through to the Fed's preferred PCE.
- Out of the FOMC we expect the median 2024 dots to be pared to 2 cuts. Consensus for Core CPI is 0.3% m/m. Ahead of payrolls tonight, markets are more than 80% priced for a cut in September.
- The BoJ meets Friday, where a majority of analysts look for a reduction in bond purchases. The messaging will be watched for whether it tees up a July hike.
- A quiet week for data in Europe, though ECB speakers are in focus, along with the outcomes of European Parliamentary elections. Watch for an EU decision on tariffs on Chinese EVs.
- In the UK labour market data including weekly earnings is Tuesday
- Chinese aggregate financing data is due by 15 June and CPI is Wednesday.

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

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Key Markets

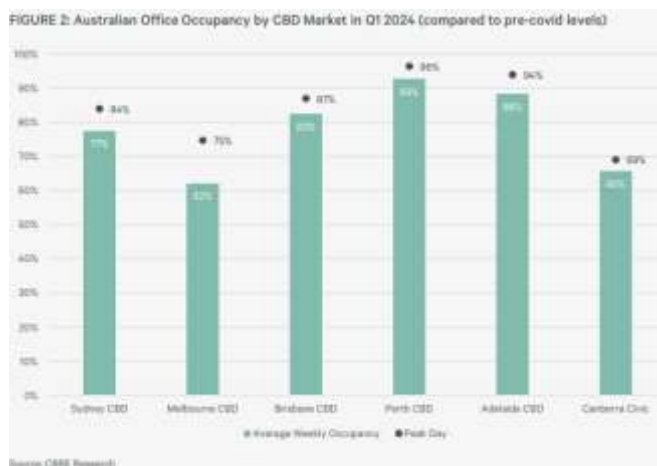
	Latest	% change	
		week	YTD
Cash rates		<i>bps</i>	<i>bps</i>
RBA Cash Rate	4.35	0.0	0.0
US Fed Funds	5.50	0.0	0.0
RBNZ Cash Rate	5.50	0.0	0.0
Rates			
AU BBSY 3m	4.40	0.4	-0.4
AU 3y swap	4.08	-12.8	29.8
AU 3yr yield	3.91	-13.7	30.2
AU 10yr yield	4.24	-17.2	28.2
US 10yr yield	4.30	-19.8	42.1
AU-US 10yr spread	-6.4	2.6	-14.0
Commodities		%	%
Iron ore	109	-5.5	-16.1
Coal (thermal)	134.4	-5.7	-8.2
Brent oil	80.0	-1.4	5.0
Gold	2376.7	2.1	15.2
FX			
AUD/USD	0.6672	0.3	-2.1
USD (DXY)	104.11	-0.5	2.7
AUD/NZD	1.0771	0.5	0.1
AUD crosses			
AUD/JPY	103.74	0.9	-7.4
AUD/CNY	4.8343	-0.5	0.2
AUD/EUR	0.6127	0.1	0.7
AUD/GBP	0.5220	0.0	2.5
Equities			
ASX 200	7859.8	2.1	3.5
ASX Resources	5866.8	-0.8	-7.6
ASX Financials	7564.3	3.8	12.6
US S&P 500	5353.0	2.2	12.2

Source: Bloomberg

Opinion – Return to office stalling

The return to office is an important theme that we are tracking, and we intend to write a larger thematic note on the issue. In this opinion piece we give a sneak peek at our preliminary findings, which suggests while office attendance has certainly improved over the past year, it appears to be stalling at around 75% of pre-Covid in Sydney.

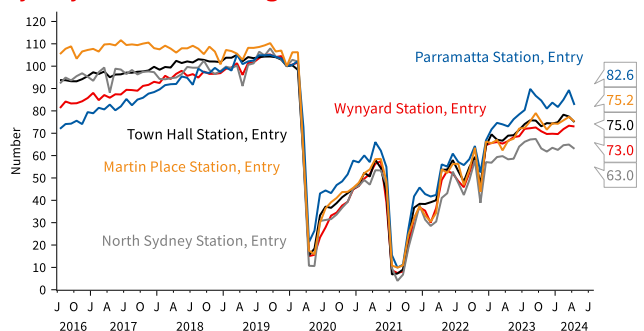
There are several ways to try and capture the return to office phenomena. Major commercial real estate players do surveys of landlords and the latest by CBRE suggests office occupancy has lifted across Australia relative to last year. There is an important divergence though with less of an improvement in Canberra and Melbourne, while there is a clear preference to work from home on Mondays and Fridays.



Source: [CBRE: Australian CBD Return to Office Indicator](#)

To obtain a more comprehensive view we can look at high frequency data. Here we use Sydney train station usage across the inner-city train stations most used by commuters, as well as some stations in other major commercial districts such as Parramatta and North Sydney. The data shows that train station usage certainly improved through 2023, but progress appears to have stalled in the past six months at around 75% of pre-pandemic levels.

Sydney Train Station Usage - Indexed Dec 2019 = 100



Source: National Australia Bank, Transport for NSW Open Data, Macrobond

A stalling in the return to work comes amidst a swathe of companies requiring their workers back into the office, with the consensus seemingly settling on three days a week. It is unclear to what extent three days in the office will lead to a greater change in the requirement for office space. We will be mulling over these issues in our forthcoming thematic.

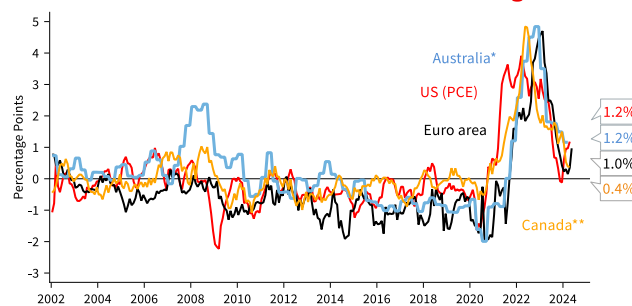
Tapas.Strickland@nab.com.au

Week in review

A big week offshore with interest rate cuts by the BoC and ECB. While the BoC certainly guided towards more cuts, they also noted that “risks to the inflation outlook remain. Governing Council is closely watching the evolution of core inflation...”. Markets price around a 47% chance of a follow up cut in July and there is a cumulative 52bps of cuts priced by end of 2024. It is clear that the BoC is responding to its own domestic developments, and for the RBA inflation remains too elevated to contemplate cuts in the near term.

The ECB was much less committal to future cuts, noting “domestic price pressures remain strong as wage growth is elevated” and that they will “follow a data-dependent and meeting-by-meeting approach”. Markets price little chance of a follow up cut in July, and instead ascribe a 91% chance of a cut at September meeting, but are less convinced of another after that with a cumulative 40bps priced by end 2024. (NAB note: [ECB eyes 'less high for longer' as recent data frustrate: Not so different to the Fed after all?](#)).

6m Annualised Core Inflation Deviation from Target



* Trimmed mean measure
 ** Average of Trimmed and Median
 Source: National Australia Bank, Macrobond

US data was very mixed, and Payrolls tonight take prominence. The most important print for your scribe was the US ISM Services, which rebounded sharply. Yields though took their direction from softer employment indicators (JOLTS and ADP) with the US 10yr yield falling -20bps to 4.30% over the week. The USD also followed suit with the DXY -0.5% over the past week. Australian yields lagged the fall in the US, with the Australian 10yr yield -17.6bps to 4.23%, helping to close the AU-US 10yr spread. The AUD rose +0.3% to 0.6668. Equities rallied: S&P500 +2.2% and ASX200 +2.5%.

Australian macro data was not overly market moving. Q1 GDP printed close to expectations at 0.1% q/q vs. 0.2% consensus, while the annual rate was 1.1% y/y (NAB note: [Australian GDP Q1 2024, Consumption up but growth still slow](#)). There was some large upward revisions to household consumption which suggests earlier consumer weakness had been overstated (NAB note: [Macro Thematic - Consumer weakness has been overstated](#)). Dwelling price data and housing finance also showed ongoing strength in housing.

Finally, RBA Governor Bullock fronted Senate Estimates with nothing new of substance. Should inflation surprise, the RBA is willing to hike, but if it doesn't the RBA seems content to be on hold (NAB note: [AUS: RBA's Bullock states the RBA would hike rates if inflation reaccelerates or proves stickier, leaving focus on Q2 CPI](#)). Deputy Hauser gave similar remarks today.

Tapas.Strickland@nab.com.au

Week Ahead in Brief

Employment data on Thursday is the highlight of a much quieter local week. Most of the country (not WA or QLD) are off for the King’s Birthday holiday Monday. The May NAB Business Survey is released on Tuesday.

We expect May unemployment to fall back to 4.0% after April saw a two-tenths rise to 4.1%. Half of April’s rise could be attributed to an unseasonably large number of people attached to but yet to start a job. We expect a +40k employment gain (consensus 4.0%/25k). Note the RBA’s SoMP had 4.0 on average over Q2.

In **NZ**, May’s selected prices on Friday will get some focus, while there are also a few monthly activity indicators to peruse in the week.

The **US** dominates the global calendar with the FOMC outcome, including new projections, mere hours after the May CPI on Wednesday.

Falling energy prices should contain the headline CPI increase, while forecasts for core look to be firming at 0.3% m/m, matching April’s outcome. Regardless, the earlier and unhelpful PCE prints should see 2024 PCE projections bumped higher in the FOMC SEP even as GDP gets marked down a little. The March median dot had 3 cuts in 2024. It would have taken only one to shift for that to have been 2. We would expect to see the 2024 median pared to 2 cuts, with every likelihood flows through to the 2025 median as well. The tone struck in the press conference will be key as investors assess what the Fed will need to see to kick of the cutting cycle in September, which is more than 80% priced for a cut ahead of Payrolls tonight.

Elsewhere, in **Europe**, in the wake of the ECB’s well telegraphed June cut, which came with a dissent from Holzmann, a cacophony of ECB officials litters the calendar in the week ahead. Heavy hitters Nagel, Holzmann, and Schnabel are off the mark early this evening (Sydney time), Lagarde speaks overnight tonight and again on Friday, while Chief Economist Lane appears Tuesday and Friday.

The results of the 6-9 June EU Parliament elections will also be in focus and where the winners are expected to be right-wing parties and the extent to which these results impact EU policymaking. Markets are also watching out for any post-EU election announcement from Europe on China tariffs.

The **UK** sees April average earnings data, but elsewhere with the UK election for 4 July drawing closer, markets would like to see the main parties and particularly the Opposition Labour Party release its election manifesto.

The Bank of **Japan** on Friday may well result in a paring of the pace of bond purchases, and while the policy rate is set to remain on hold the messaging will be in focus as markets look to the possibility of a July hike.

In **China**, the flowthrough of recent stimulus measures could support May aggregate financing data, due by Saturday 15 June, while price pressures are expected to remain subdued in Wednesday’s inflation prints.

Taylor Nugent, NAB

Important Events Preview

Selection of key data; full calendar below

Monday 10

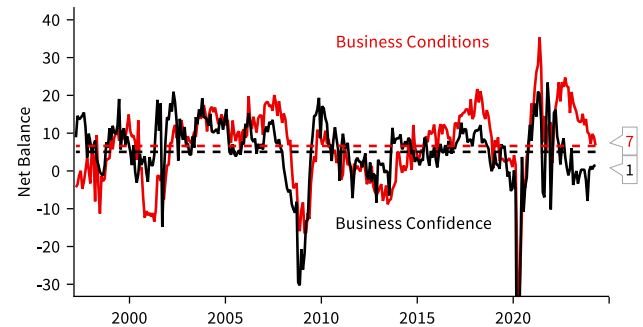
AU King’s Birthday Holiday (excl. WA or QLD).

Tuesday 11

AU NAB Business Survey

No preview as NAB publishes the survey.

NAB Business Survey

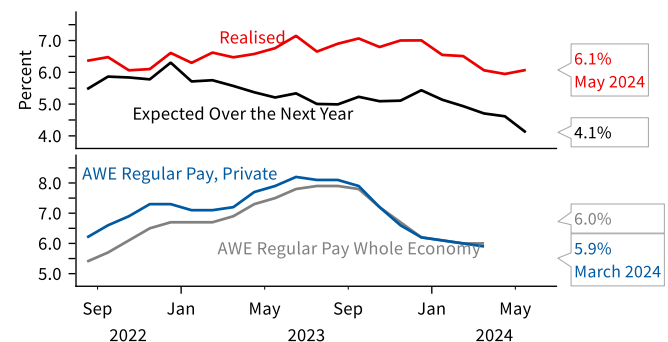


Source: National Australia Bank, National Australia Bank, Macrobond

UK April Average Weekly Earnings, May Labour Data

Recent UK wage data from this ONS series have shown pay settlements at elevated levels, with regular (non-bonus) pay for the whole economy running at 5.9% y/y in March and at 6% for the private sector. The BoE’s own DMP series is little different, even if expected pay over the year ahead is seen closer to 4%. The BoE will want to see pay settlements ease further to be more confident that second round effects are contained. At the same time broader labour market data for May is expected to show a loosening of the labour market.

UK: DMP Wages; ONS average earnings



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

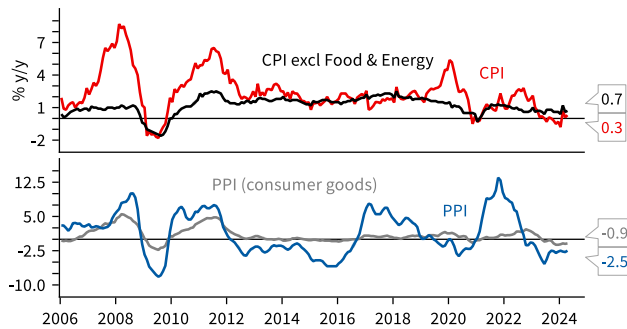
Wednesday 12

CH May PPI & CPI

May inflation data for China are not likely to shift the broader story that lacklustre domestic demand is generating scant inflation pressure. Consumer prices are seen little changed at 0.4% y/y from 0.3%, while upstream

PPI is seen remaining in negative territory but lifting to -1.5% y/y from -2.5%.

China, Measures of inflation



Source: National Australia Bank, China National Bureau of Statistics (NBS), Macrobond

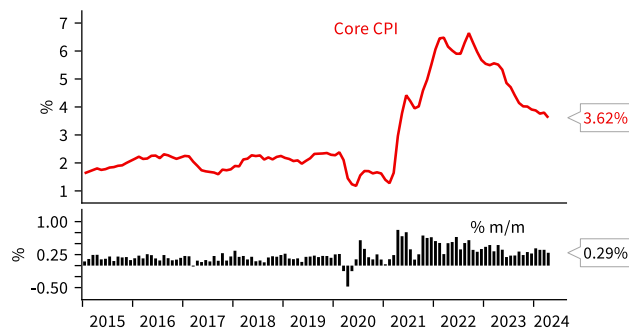
UK Monthly GDP & Industrial Production

Consensus sees flat growth of 0.0% m/m.

US May CPI

Falling energy prices will help contain headline inflation in the month, but the consensus for the core measure looks to be firming for a 0.3% m/m outcome, which would match the April outcome and see the y/y rate tick down to 3.5% from 3.6%. Further progress on year-ended core rates will be harder fought looking forward as the comparisons move to the more benign inflation prints of H2 2024. But if timely prints aren't overly concerning and the labour market and activity data help build confidence in the outlook that needn't be a barrier to Fed cuts beginning later this year. Note the PPI is out on Thursday which will enable a better mapping to the Fed's preferred PCE measure of inflation

US Consumer Price Index



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

US June FOMC meeting

The FOMC will hold rates at 5.25-5.5%. More interesting will be the updated dots and the tone in the post meeting press conference.

It would have only taken one more dot to shift higher for the March dot plot to show 2, rather than 3 cuts in 2024. We expect the June dots to see a median projection for 2 cuts in 2024, as well as more participants joining the 2 dots for on hold and 2 dots for a single cut. That may flow through to some slight upward drift to the pace of cuts implied by the 2025 and 2026 dots as well.

Elsewhere 2024 growth projections should be marked a little lower, but PCE projections will be marked higher in recognition of the unhelpful outturns through Q1.

CA BoC Governor Macklem

With the BoC having recently cut rates, remarks by Governor Macklem are likely to be closely watched to assess the timing and probability of future cuts. Markets are 47% priced for a follow up cut in July.

Thursday 13

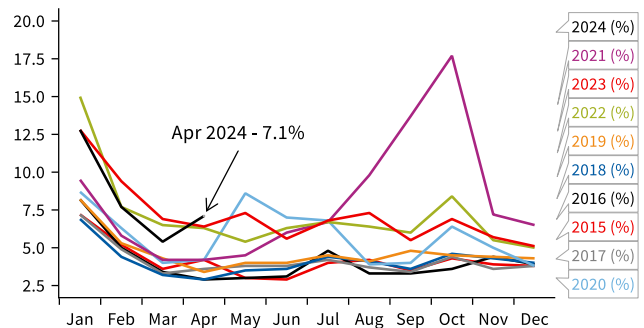
AU May Unemployment

Employment printed a robust +38k in April, and yet the unemployment rate rose two tenths to 4.1%. The lift in the unemployment rate was alongside a lift back in the participation rate to 66.7% and driven by an unseasonably large number of people who had a job they were yet to start counted as unemployed in April.

If those people were instead employed, the unemployment rate would have been a tenth lower, so expect some payback in May as that cohort shifts into employment. Though it is worth keeping in mind the magnitude of the effect could yet be swamped by ordinary month to month volatility.

We pencil in an unemployment rate falling back to 4.0% on an employment gain of +40k, with the risk skewed to a 3.9% print on unemployment rate.

Share of unemployed waiting to start a job



Source: National Australia Bank, ABS

EZ G7 in Italy, Eurozone Industrial Production

US PPI and Jobless Claims, Fed's Williams with Yellen

With the PPI and CPI (from Wednesday), analysts will be able to do a mapping to the Fed's preferred PCE inflation measure. Consensus for core PPI is 0.3% m/m. Also out is Jobless Claims, which is worth a look given their recent tick up to 229k, and where difficulty seasonally adjusting may have impact. As for Fed speak, the Fed's Williams is in moderated discussion with Treasury Secretary Yellen at the Economic Club of New York.

Friday 14

NZ Selected Price Indicators

Our BNZ colleagues don't forecast all the monthly components but have a 0.2% m/m gain pencilled in for food prices and a 0.4% m/m increase for rents. We expect a moderate fall in fuel prices and will monitor all components including the volatile parts like airfares for their (partial) guidance to Q2 CPI. BNZ's current forecast for Q2 CPI sits at 0.6% q/q and 3.6% y/y (the same as the RBNZ published in its May MPS).

JN BoJ Meeting

Press reporting has flagged a reduction in bond purchases will at least be discussed at the BoJ meeting on Friday. A Bloomberg survey of 50 analysts has 54% expecting a slower pace of bond buying out of the meeting, a firmer majority than it seems at first glance given it is against 26% no change and 20% noncommittal.

This is the first meeting since the yen's dip to a 34-year low prompted the Ministry of Finance to conduct the most aggressive yen-buying intervention ever. A reduction on bond purchases could help ease some downward pressure on the yen, while any guidance on prospects for near term increases in the policy rate will also be in focus. Analysts have been pulling forward expectations of the next hike, with a third now expecting a hike in July.

US Uni Michigan Consumer Confidence

Sentiment fell sharply to 69 from 77 in May. Clouding the interpretation is how much impact the implementation of gradual transition away from phone interview to web interviews that began in April had on the result. Nevertheless, the inflation expectations components of the report are likely to remain under focus, more so if CPI or PPI surprises.

Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
Sunday, 9 June	--	CH	(09 Jun - 15 Jun) New Yuan Loans CNY YTD	May	11360.00		10191.24
Monday, 10 June	9:50 AM	JN	GDP SA QoQ	1Q F	-0.5%		-0.5%
	9:50 AM	JN	BoP Current Account Balance	Apr	1737.60		3398.8
	9:00 PM	EC	ECB's Holzmann Speaks	--	--		--
Tuesday, 11 June	11:30 AM	AU	NAB Business Confidence	May	--		1.5
	11:30 AM	AU	NAB Business Conditions	May	--		6.8
	4:00 PM	UK	ILO Unemployment Rate 3Mths	Apr	4.3%		4.3%
	4:00 PM	UK	Jobless Claims Change	May	--		8.9
	5:10 PM	EC	ECB's Villeroy speaks in Paris	--	--		--
	6:00 PM	FI	ECB's Rehn Speaks	--	--		--
	8:00 PM	US	NFIB Small Business Optimism	May	89.70		89.7
	9:00 PM	EC	ECB's Holzmann, Villeroy speak in Vienna	--	--		--
	9:05 PM	EC	ECB's Lane Speaks	--	--		--
	12:00 AM	US	FOMC Begins Two-Day Meeting	--	--		--
Wednesday, 12 June	9:50 AM	JN	PPI YoY	May	2.0%		0.9%
	11:30 AM	CH	PPI YoY	May	-1.5%		-2.5%
	11:30 AM	CH	CPI YoY	May	0.4%		0.3%
	4:00 PM	GE	CPI YoY	May F	2.4%		2.4%
	4:00 PM	UK	Monthly GDP (MoM)	Apr	--		0.4%
	4:00 PM	UK	Industrial Production MoM	Apr	--		0.2%
	4:00 PM	UK	Manufacturing Production MoM	Apr	--		0.3%
	9:00 PM	US	MBA Mortgage Applications	Jun 7	--		-5.2%
	10:30 PM	US	CPI MoM	May	0.1%		0.3%
	10:30 PM	US	CPI Ex Food and Energy MoM	May	0.3%		0.3%
	11:00 PM	EC	ECB's Guindos Speaks	--	--		--
	4:00 AM	US	FOMC Rate Decision (Upper Bound)	Jun 12	5.50	5.5	5.5
	4:30 AM	US	Fed Chair Powell Holds Post-Meeting Press Conference	--	--		--
Thursday, 13 June	11:30 AM	AU	Employment Change	May	25.00	40	39
	11:30 AM	AU	Unemployment Rate	May	4.0%	4.0%	4.1%
	11:30 AM	AU	Participation Rate	May	66.7%		66.7%
	10:30 PM	US	Initial Jobless Claims	Jun 8	220.00		229.0
	10:30 PM	US	PPI Final Demand MoM	May	0.10		0.5
	10:30 PM	US	PPI Ex Food and Energy MoM	May	0.30		0.5
	2:00 AM	US	Fed's Williams Interviews Treasury Sec. Yellen	--	--		--
Friday, 14 June	7:00 AM	NZ	REINZ House Sales YoY	May	--		25.3%
	8:30 AM	NZ	BusinessNZ Manufacturing PMI	May	--		48.9
	8:45 AM	NZ	Food Prices MoM	May	--		0.6%
	2:30 PM	JN	Tertiary Industry Index MoM	Apr	0.4%		-2.4%
	2:30 PM	JN	Industrial Production MoM	Apr F	--		-0.1%
	4:45 PM	FR	CPI YoY	May F	--		2.2%
	5:35 PM	EC	ECB's Vasle Speaks	--	--		--
	7:00 PM	EC	ECB's Lane Speaks	--	--		--
	--	JN	BOJ Target Rate (Upper Bound)	Jun 14	--		0.1
	12:00 AM	US	U. of Mich. Sentiment	Jun P	73.00		69.1
	12:00 AM	US	U. of Mich. 5-10 Yr Inflation	Jun P	--		3.0%
	3:30 AM	EC	ECB's Lagarde Speaks	--	--		--
	4:00 AM	US	Fed's Goolsbee Speaks in Fireside Chat	--	--		--
Upcoming Central Bank Interest Rate Announcements						NAB	Current
		Jun 18	Australia, RBA			4.35	4.35
		Jun 20	UK, BOE			5.25	5.25
		Jun 12	US, Federal Reserve (Upper Bound)			5.50	5.50
		Jul 10	New Zealand, RBNZ			5.50	5.50
		Jul 24	Canada, BoC			4.75	4.75
		Jul 18	Europe, ECB			3.75	3.75
		Jun 14	Japan, BoJ (Upper Bound)			0.10	0.10

Sydney Time. Dates reflect 24 hours from 7am

June 2024 Economic Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
02	03	04	05	06	07	08
	CH Caixin China PMI Mfg May EC HCOB Eurozone Manufacturing PMI May F UK S&P Global UK Manufacturing PMI May F US S&P Global US Manufacturing PMI May F US ISM Manufacturing May	AU BoP Current Account Balance 1Q US JOLTS Job Openings Apr US Durable Goods Orders Apr F	JN Labor Cash Earnings YoY Apr AU GDP SA QoQ 1Q EC HCOB Eurozone Services PMI May F US MBA Mortgage Applications May 31 US ADP Employment Change May CA Bank of Canada Rate Decision Jun 5 US ISM Services Index May	AU Trade Balance Apr EC ECB Deposit Facility Rate Jun 6 US Trade Balance Apr US Initial Jobless Claims May 25	GE Industrial Production SA MoM Apr EC GDP SA QoQ 1Q F CA Unemployment Rate May US Change in Nonfarm Payrolls May US Unemployment Rate May CH Trade Balance May	
09	10	11	12	13	14	15
CH (09 Jun - 15 Jun) Money : May	JN GDP SA QoQ 1Q F	AU NAB Business Conditions May UK Jobless Claims Change May US NFIB Small Business Optimism May	JN PPI YoY May CH PPI YoY May CH CPI YoY May GE CPI YoY May F UK Monthly GDP (MoM) Apr US MBA Mortgage Applications May 31 US CPI MoM May US FOMC Rate Decision (Upper Bound) Jun 12	AU Unemployment Rate May US PPI Final Demand MoM May	NZ BusinessNZ Manufacturing PMI May NZ Food Prices MoM May JN Industrial Production MoM Apr P FR CPI YoY May P JN BOJ Target Rate (Upper Bound) Jun 14 US U. of Mich. Sentiment Jun P	
16	17	18	19	20	21	22
CH Industrial Production YoY May CH Retail Sales YoY May US Empire Manufacturing Jun	AU RBA Cash Rate Target Jun 18 GE ZEW Survey Expectations Jun EC CPI YoY May F US Retail Sales Advance MoM May US Industrial Production MoM May	UK CPI YoY May US MBA Mortgage Applications May 31 CA Bank of Canada Releases Summary of D --	NZ GDP SA QoQ 1Q CH 5-Year Loan Prime Rate Jun 20 SZ SNB Policy Rate Jun 20 NO Deposit Rates Jun 20 UK Bank of England Bank Rate Jun 20 US Housing Starts May	JN Natl CPI YoY May JN Jibun Bank Japan PMI Mfg May F UK Retail Sales Inc Auto Fuel MoM May EC HCOB Eurozone Manufacturing PMI May F UK S&P Global UK Manufacturing PMI May F US S&P Global US Manufacturing PMI May F US Existing Home Sales May		
23	24	25	26	27	28	29
NZ Trade Balance NZD May GE IFO Business Climate Jun	AU Westpac Consumer Conf SA MoM Jun CA CPI YoY May US Conf. Board Consumer Confidence Jun	US New Home Sales May	NZ ANZ Consumer Confidence Index Jun JN Retail Sales YoY Apr AU Job Vacancies QoQ May SW Riksbank Policy Rate Jun 27 US GDP Annualized QoQ 1Q S US Durable Goods Orders Apr F US Initial Jobless Claims May 25	JN Jobless Rate Apr JN Tokyo CPI Ex-Fresh Food YoY May JN Industrial Production MoM Apr P AU Private Sector Credit MoM Apr UK GDP QoQ 1Q F FR CPI YoY May P CA GDP MoM Mar US Personal Spending Apr US PCE Core Deflator MoM Apr US U. of Mich. Sentiment Jun P		

Source: National Australia Bank, Bloomberg

Forecasts Table

For NAB Economics Latest Forecast Update, see: [Inflation still too high despite slow demand growth](#)

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	0.2	0.5	0.0	0.3	0.4	0.3	0.5	0.5	0.4	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	-2.2	-1.1	0.0	1.6	1.4	1.6	1.6	1.3	1.2	0.9	0.7
Underlying Bus. Investment	4.5	2.2	0.9	1.4	-1.3	0.3	0.6	0.5	0.6	0.5	0.6	0.8	0.9	1.0	1.0	1.1
Public Final Demand	0.7	2.3	1.3	0.4	0.6	0.5	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Domestic Final Demand	0.7	1.1	0.6	0.3	0.2	0.3	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6
(% y/y)	2.7	2.8	3.0	2.8	2.3	1.5	1.4	1.6	1.9	2.1	2.2	2.2	2.3	2.3	2.3	2.3
Inventories	(contr) 0.1	-1.0	0.3	-0.3	0.7	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) -0.4	0.5	-0.7	0.4	-0.9	-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	0.6	0.4	0.2	0.3	0.1	0.3	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.5	0.6	0.5
(% y/y)	2.3	1.9	2.1	1.6	1.1	1.0	1.4	1.7	2.1	2.3	2.2	2.2	2.2	2.2	2.3	2.2
Labour Market																
Employment	0.7	0.9	0.6	0.7	0.5	0.7	0.3	0.3	0.5	0.5	0.6	0.6	0.4	0.4	0.4	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	4.3	4.3	4.3	4.3	4.3
WPI Wages	0.9	1.0	1.2	1.0	0.8	0.9	1.1	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
(% y/y)	3.6	3.7	4.0	4.2	4.1	4.0	3.9	3.8	3.8	3.8	3.5	3.4	3.4	3.3	3.3	3.2
Inflation																
CPI Trimmed Mean	1.2	0.9	1.2	0.8	1.0	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6
(% y/y)	6.5	5.8	5.1	4.2	4.0	3.8	3.4	3.4	3.1	2.9	2.8	2.8	2.7	2.6	2.5	2.5
CPI Headline	1.4	0.8	1.2	0.6	1.0	0.9	0.6	0.6	0.7	0.7	0.9	0.7	0.6	0.6	0.6	0.6
(% y/y)	7.0	6.0	5.4	4.1	3.6	3.7	3.0	3.0	2.7	2.6	2.9	3.0	2.9	2.8	2.5	2.5

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

Exchange Rate Forecasts						
	6-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Majors						
AUD/USD	0.667	0.67	0.69	0.71	0.72	0.74
NZD/USD	0.62	0.61	0.62	0.64	0.65	0.66
USD/JPY	155.5	146	143	140	137	134
EUR/USD	1.09	1.09	1.11	1.13	1.14	1.16
GBP/USD	1.28	1.28	1.30	1.31	1.32	1.34
USD/CNY	7.24	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	0.89	0.89	0.87	0.86	0.85	0.84

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

Australian Cross Rates						
	6-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
AUD/NZD	1.08	1.10	1.11	1.11	1.11	1.12
AUD/JPY	103.7	98	99	99	99	99
AUD/EUR	0.61	0.61	0.62	0.62	0.63	0.64
AUD/GBP	0.52	0.52	0.53	0.54	0.55	0.55
AUD/CNY	4.83	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	0.59	0.60	0.60	0.61	0.61	0.62

Interest Rate Forecasts						
	6-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Australian Rates						
RBA cash rate	4.35	4.35	4.10	3.85	3.60	3.35
3 month bill rate	4.35	4.08	3.88	3.69	3.44	3.19
3 Year Swap Rate	4.08	3.95	3.80	3.70	3.60	3.45
10 Year Swap Rate	4.42	4.50	4.40	4.40	4.35	4.25
Offshore Policy Rates						
US Fed funds	5.50	5.25	5.00	4.50	4.25	4.00
RBNZ OCR	5.50	5.50	5.25	5.00	4.50	4.00
10-year Bond Yields						
Australia	4.24	4.25	4.20	4.20	4.15	4.05
United States	4.30	4.25	4.10	4.00	3.90	3.80
New Zealand	4.63	4.75	4.60	4.60	4.50	4.40

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

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

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