

# Markets Research

## What to Watch



### Week of 21 April 2025

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

- The Australia unemployment rate continues to track broadly sideways
- The RBA April Minutes added little, but pointed to May as an 'opportune time' to revisit the policy setting
- Upward revisions to US retail sales suggests the falloff of the US consumer into 2025 was a little less pronounced than initially suggested
- Waller entertains earlier Fed cuts if 'significant slowdown' but Powell wants to 'make certain' one time price increases do not become an ongoing problem

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

- A very short week in Australia with Easter Monday and ANZAC day (Friday) public holidays. There is nothing of note from the ABS or the RBA ahead of Q1 CPI the following week.
- Globally, beyond the now familiar focus on tariff developments, preliminary April PMIs are the main data of note with growth momentum in acute focus.
- The IMF/World Bank Spring meetings take place in Washington, which means an avalanche of central bank speakers including ECB's Lane and BoE's Bailey and Pill.
- Earnings season continues, with Tesla (Tuesday), and Microsoft and Alphabet (Friday) the highlights on the US calendar
- Beyond that, it is generally very quiet in terms of data flow outside of UK retail sales and Tokyo CPI, both Friday.

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

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### Key Markets

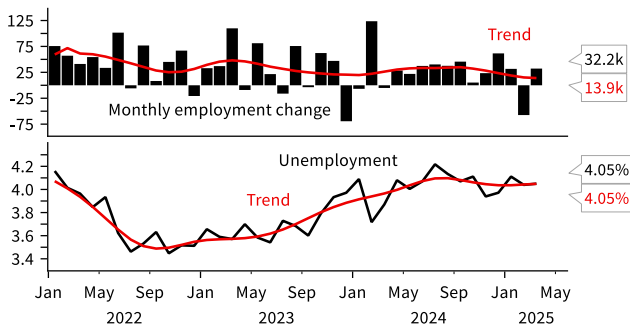
		% change	
	Latest	week	YTD
<b>Cash rates</b>			
RBA Cash Rate	4.10		
US Fed Funds	4.50		
RBNZ Cash Rate	3.50		
<b>Rates</b>			
		<i>bps</i>	<i>bps</i>
AU BBSY 3m	4.06	-11.1	-40.8
AU 3y swap	3.29	1.5	-49.4
AU 3yr yield	3.35	0.7	-47.0
AU 10yr yield	4.29	-4.0	-7.2
US 10yr yield	4.31	-11.7	-26.1
AU-US 10yr spread	-1.8	7.7	18.9
<b>Commodities</b>			
		%	%
Iron ore	99	2.1	-0.2
Coal (thermal)	94.3	-2.3	-24.8
Brent oil	66.4	4.8	-9.8
Gold	3338.8	5.1	27.2
<b>FX</b>			
AUD/USD	0.6347	2.0	2.6
USD (DXY)	99.57	-1.3	-8.2
AUD/NZD	1.0733	1.0	3.1
<b>AUD crosses</b>			
AUD/JPY	90.51	-0.7	7.5
AUD/CNY	4.6381	-1.7	-2.7
AUD/EUR	0.5584	-0.5	7.0
AUD/GBP	0.4804	-0.1	2.9
<b>Equities</b>			
ASX 200	7796.7	1.1	-4.4
ASX Resources	4956.0	2.9	-3.9
ASX Financials	8350.5	1.8	-3.1
US S&P 500	5275.7	-3.3	-10.3

Source: Bloomberg

## Week in Review

Australia March unemployment data showed the unemployment rate continued to track broadly sideways. The +32k employment gain is around what's required to keep pace with population growth, meaning there was no obvious payback from the surprise fall in employment in February and the participation rate remains off its recent highs. ([AUS: Unemployment continued to track sideways in March](#))

### Australian Employment



Source: National Australia Bank, ABS

The RBA's April Minutes predated the 2 April US reciprocal tariff announcement but noted May, with more data, new forecasts, and more clarity on trade policy, was an 'opportune time to revisit the monetary policy setting.' NAB's view is that higher barriers on US trade and elevated policy uncertainty put net downward pressure on both growth and inflation in Australia and the RBA can and will move policy quickly to neutral and ultimately take policy settings modestly accommodative. As of the April meeting though, the RBA remained inconclusive on the net impact on inflation. ([AUS: RBA April Minutes defer to May](#)). NAB Economics published updated [Australian](#) and [Global](#) forecasts.

A pair of notes from our FX strategists discussed the prospect for both cyclical and structural elements to continue to favour USD weakness in coming quarters ([Trust issues](#)), but for the AUD, crosses may be under more pressure ([crosses in the crosshairs](#)).

In the US, retail sales data for March came with sizeable upward revisions to January and February. Consumption growth has still slowed sharply from its breakneck pace at the end of last year, but fears discretionary spending was already collapsing even before the April escalation in tariffs and uncertainty look to have been overegged.

Fed Governor Waller was more open than his colleagues have been to publicly entertaining cuts. He said that under a large tariff scenario "if the slowdown is significant and even threatens a recession, then I would expect to favor cutting the FOMC's policy rate sooner, and to a greater extent than I had previously thought." Powell, however, said "we are well positioned to wait for greater clarity before considering any adjustments to our policy stance" and emphasised the 'obligation' to keep inflation expectations anchored and 'make certain' one time price increases do not become an ongoing problem.

Taylor Nugent, NAB

## Week Ahead

It is a quiet week in prospect globally. Some parts of the world (including Australia, NZ and the UK) are off Monday for the Easter Monday holiday, while in Australia and New Zealand the Anzac Day holiday Friday sets up a 3-day week.

As well as holiday-shortened, it is also a largely vacant calendar, with nothing of note from the ABS or the RBA. The RBA does release their quarterly Bulletin publications on Thursday, but other than that we have to wait until Q1 CPI the following week on 30 April.

In New Zealand, trade data is published Tuesday, and ANZ consumer confidence is worth a look Thursday after falling to a weak 93.2 in March.

Globally, flash PMIs are the main data of note, while the IMF spring meetings are taking place from Monday to Saturday. Tariff headlines and earnings season will remain a focus. Highlights on the earnings calendar are Tesla (Tuesday), and Microsoft and Alphabet (Friday).

There is no shortage of scheduled appearances from global central bankers from Washington alongside those meetings (and elsewhere). Policymakers around the world are grappling with similar questions on the implications and appropriate response to the ramp up in tariff barriers on US trade and exceptionally elevated policy uncertainty. We might get some insight into how the consensus assessment is evolving.

The challenge of course is that the policy environment remains a moving feast. Illustratively, the BoC this week took the unusual step of providing 2 alternate scenarios depending on how trade policy evolves, rather than a set of central forecasts. Sectoral tariffs from electronics to pharmaceuticals remain a near term focus, as do any headlines on the prospect of trade deals. Trump cited "big progress" in a meeting with Japanese officials today, and preparations are underway for the second round of talks to take place later this month.

With activity momentum in focus, the PMIs will be a timely indicator of how business conditions are evolving. Manufacturing PMIs continue to look depressed, though in March the EZ eked out a less bad outcome following fiscal spending news. The US Services PMI strengthened in March, contrasting a pullback in the ISM. The future activity index did paint a much bleaker picture, so focus will be on the extent that is bleeding more obviously into current activity and whether it stretches lower.

Elsewhere, UK Retail Sales for March is Friday, as is Tokyo March CPI.

Taylor Nugent, NAB

## Important Events Preview

Selection of key data. Full calendar below.

### Monday 21

#### Easter Monday

#### CH 1- and 5-yr LPR

More support will be forthcoming, but it will fall to fiscal policy to do the heavy lifting. Most analysts see no change to the LPR rates on Monday, though a RRR cut is expected at some point.

### Tuesday 22

#### NZ Trade Balance

BNZ expect the pace of export revenue growth to exceed that of imports, further helping the trade deficit narrowing trend. BNZ have +23% y/y and +15% y/y pencilled in for exports and imports respectively. Very strong commodity prices underpin those export expectations, while imports are bolstered by an assumption for more aircraft imports. This would see a monthly trade surplus and the annual trade deficit narrow to around \$5.9b from \$6.5b in the prior month.

#### US Fed's Jefferson and Harker

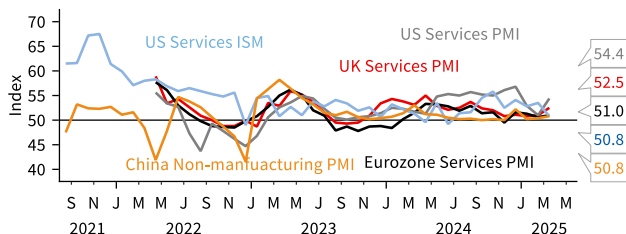
#### US Richmond Fed Manufacturing Index

### Wednesday 23

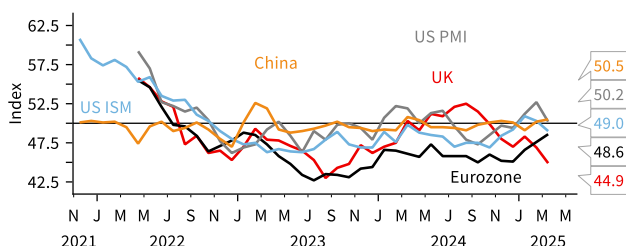
#### EZ/UK/US S&P Global PMIs

Manufacturing PMIs continue to look depressed, though in March the EZ eked out a less bad outcome following fiscal spending news. In services at least Europe and the UK are recording improved expansion, though how long this will last remains an open question. In the US PMI and ISM indexes have diverged.

#### Global Services PMIs



#### Global Manufacturing PMIs



Source: National Australia Bank, S&P Global, Institute for Supply Management (ISM), China Federation of Logistics & Purchasing, Macrobond

#### EZ ECB Wage Tracker

#### EZ ECB's Knot, Villeroy, Lane speak

#### UK BoE's Bailey, Pill, Breeden speak

#### US Beige Book

The previous Beige Book published 5 March summarised that overall expectations for economic activity over the coming months were slightly optimistic despite some concerns in manufacturing, ranging from petrochemical products to office equipment, expressed concerns over the potential impact of looming trade policy changes. Survey data from various sources has shown increase uncertainty and concern about the outlook, the Beige Book will provide one lens on the extent that is feeding through into activity, as well as hiring and investment decisions.

### Thursday 24

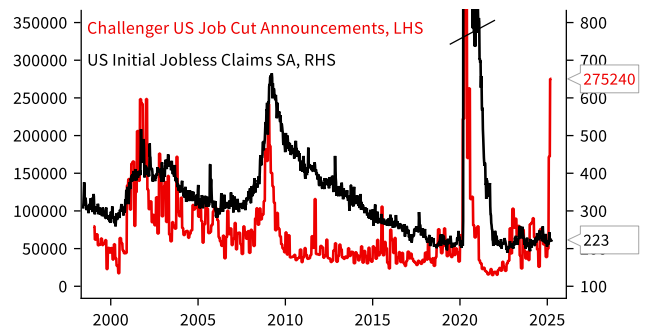
#### NZ ANZ Consumer Confidence

Confidence dropped to a weak 93.2 in March. Inflation expectations will be worth a glance too, as they ticked higher to 4.2% in March.

#### US Jobless claims, durable goods

Labour market data has so far stayed largely unperturbed in the face of elevated uncertainty and fears about the outlook evident in business and consumer surveys. Jobless claims are one timely source to watch, having so far not followed challenger job cuts higher (ahead of tonight's iteration of the weekly data that is).

#### US Jobless Claims and Job Cuts



Source: National Australia Bank, Bloomberg

#### EZ ECB's Lane, Nagel speak

#### UK BoE's Lombardelli speaks

### Friday 25

#### ANZAC Day Holiday

#### JN Tokyo CPI

#### UK Retail Sales

#### US Final UMich Consumer Confidence

## Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
Monday, 21 April	11:00 AM	CH	1-Year Loan Prime Rate	Apr 21	3.10		3.1
	12:00 AM	EC	ECB's Centeno, Krugman Speak at Conference in Lisbon	--	--		--
Tuesday, 22 April	8:45 AM	NZ	Trade Balance NZD	Mar	--		510.2
	11:00 PM	US	Fed's Jefferson Speaks at Economic Mobility Summit	--	--		--
	11:30 PM	US	Fed's Harker Speaks at Economic Mobility Summit	--	--		--
	12:00 AM	EC	Consumer Confidence	Apr P	-15.00		-14.50
	12:00 AM	US	Richmond Fed Manufact. Index	Apr	--		-4.0%
Wednesday, 23 April	9:00 AM	AU	S&P Global Australia PMI Composite	Apr P	--		51.6
	10:30 AM	JN	Jibun Bank Japan PMI Mfg	Apr P	--		48.40
	2:30 PM	JN	Tertiary Industry Index MoM	Feb	--		-0.3%
	5:15 PM	FR	HCOB France Manufacturing PMI	Apr P	--		48.5
	5:15 PM	FR	HCOB France Services PMI	Apr P	--		47.9
	5:15 PM	FR	HCOB France Composite PMI	Apr P	--		48.0
	5:30 PM	GE	HCOB Germany Manufacturing PMI	Apr P	49.00		48.3
	6:00 PM	EC	HCOB Eurozone Manufacturing PMI	Apr P	47.50		48.60
	6:30 PM	UK	S&P Global UK Manufacturing PMI	Apr P	--		44.9
	6:30 PM	UK	S&P Global UK Services PMI	Apr P	--		52.5
	8:00 PM	EC	ECB Wage Tracker (TBC)	--	--		--
	8:00 PM	EC	ECB's Knot Speaks at PIIE in Washington	--	--		--
	8:30 PM	UK	BOE's Pill Speaks	--	--		--
	9:00 PM	US	MBA Mortgage Applications	Apr 18	--		-8.5%
	11:00 PM	US	Fed's Goolsbee Gives Opening Remarks	--	--		--
	11:30 PM	US	Fed's Musalem, Waller Give Opening Remarks	--	--		--
	11:45 PM	US	S&P Global US Manufacturing PMI	Apr P	--		50.2
	12:00 AM	US	New Home Sales	Mar	682.50		676.0
	3:15 AM	UK	BOE's Bailey Speaks	--	--		--
	4:00 AM	US	Fed Releases Beige Book	--	--		--
	4:00 AM	UK	BOE's Breeden Speaks	--	--		--
	4:00 AM	EC	ECB's Villeroy Speaks at Atlantic Council in DC	--	--		--
	5:15 AM	EC	ECB's Lane Speaks at IIF in Washington	--	--		--
Thursday, 24 April	8:00 AM	NZ	ANZ Consumer Confidence MoM	Apr	--		-3.50
	8:30 AM	US	Fed's Hammack Speaks on Balance Sheet	--	--		--
	6:00 PM	GE	IFO Business Climate	Apr	85.20		86.7
	10:30 PM	US	Durable Goods Orders	Mar P	1.5%		1.0%
	10:30 PM	US	Initial Jobless Claims	Apr 12	225.00		223.0
	11:00 PM	EC	ECB's Lane, BOE's Lombardelli, Riksbank's Seim in DC	--	--		--
	11:25 PM	UK	BOE's Lombardelli Speaks	--	--		--
Friday, 25 April	12:00 AM	US	Existing Home Sales	Mar	4.13		4.3
	9:30 AM	JN	Tokyo CPI Ex-Fresh Food YoY	Apr	3.2%		2.4%
	4:00 PM	UK	Retail Sales Inc Auto Fuel MoM	Mar	--		1.0%
	10:30 PM	CA	Retail Sales MoM	Feb	--		-0.6%
	12:00 AM	US	U. of Mich. Sentiment	Apr F	--		50.80
Upcoming Central Bank Interest Rate Announcements							Current
	May 20	Australia, RBA					4.10
	May 8	UK, BOE					4.50
	May 7	US, Federal Reserve (Upper Bound)					4.50
	May 28	New Zealand, RBNZ					4.00
	Jun 4	Canada, BoC					2.75
	Apr 17	Europe, ECB					2.50
	May 1	Japan, BoJ					0.50

Sydney Time. Dates reflect 24 hours from 7am

## Forecasts Table

For NAB Economics Latest Forecast Update, see: [The Forward View – April 2025: Calm before the storm](#)

### Australian Economic Forecasts

		2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GDP</b>													
Household Consumption		0.5	-0.2	-0.1	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.4	0.4
Dwelling Investment		0.7	0.6	1.5	-0.4	-0.2	-0.1	-0.5	-1.0	-0.5	-0.5	-0.1	0.3
Underlying Bus. Investment		-1.1	-0.2	-0.8	0.0	0.0	-0.1	-0.7	-0.2	0.2	0.4	0.2	0.4
Public Final Demand		1.0	1.0	2.7	0.9	1.0	0.7	0.8	0.6	0.6	0.6	0.6	0.6
Domestic Final Demand		0.5	0.3	0.7	0.5	0.5	0.5	0.4	0.5	0.5	0.6	0.5	0.5
(% y/y)		2.3	1.5	1.7	2.1	2.1	2.3	2.0	1.9	2.0	2.0	2.1	2.2
Inventories	(contr)	0.7	-0.3	-0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Exports	(contr)	-1.2	0.1	0.1	0.2	-0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0
Gross Domestic Product		0.2	0.2	0.3	0.6	0.4	0.6	0.5	0.5	0.6	0.6	0.5	0.6
(% y/y)		1.1	1.0	0.8	1.3	1.5	1.9	2.0	2.0	2.1	2.2	2.2	2.3
<b>Labour Market</b>													
Employment		0.3	0.7	0.8	0.6	0.4	0.5	0.3	0.3	0.4	0.5	0.4	0.3
Unemployment Rate	(%)	3.9	4.1	4.1	4.0	4.1	4.2	4.3	4.4	4.4	4.3	4.3	4.3
WPI Wages		0.8	0.9	0.9	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
(% y/y)		4.0	4.1	3.6	3.2	3.3	3.3	3.2	3.4	3.4	3.3	3.3	3.2
<b>Inflation</b>													
CPI Trimmed Mean		1.0	0.9	0.8	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
(% y/y)		4.0	4.0	3.6	3.2	2.8	2.5	2.4	2.4	2.5	2.5	2.5	2.5
CPI Headline		1.0	1.0	0.2	0.2	0.8	0.6	0.6	0.6	1.0	0.6	0.6	0.6
(% y/y)		3.6	3.8	2.8	2.4	2.2	1.8	2.2	2.6	2.8	2.8	2.8	2.8

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

### Exchange Rate Forecasts

	16-Apr	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
<b>Majors</b>						
AUD/USD	0.635	0.65	0.66	0.67	0.69	0.71
NZD/USD	0.59	0.58	0.59	0.60	0.62	0.64
USD/JPY	142.6	145	142	138	134	130
EUR/USD	1.14	1.09	1.10	1.11	1.12	1.14
GBP/USD	1.32	1.27	1.31	1.35	1.34	1.35
USD/CNY	7.31	7.30	7.30	7.30	7.25	7.15
USD/CAD	1.39	1.43	1.41	1.39	1.37	1.35
USD/CHF	0.82	0.88	0.87	0.86	0.86	0.85

### Global GDP

	2024	2025	2026
Australia	1.0	1.8	2.3
United States	2.7	1.9	2.1
Eurozone	0.6	1.0	1.5
United Kingdom	0.9	0.9	1.2
Japan	-0.1	1.0	0.7
China	4.7	4.6	4.4
India	6.6	6.2	6.4
New Zealand	-0.2	1.7	3.1
World	3.1	3.1	3.2

### Australian Cross Rates

AUD/NZD	1.07	1.11	1.11	1.12	1.11	1.11
AUD/JPY	90.5	94	94	92	92	92
AUD/EUR	0.56	0.60	0.60	0.60	0.62	0.62
AUD/GBP	0.48	0.51	0.50	0.50	0.51	0.53
AUD/CNY	4.64	4.75	4.82	4.89	5.00	5.08
AUD/CAD	0.88	0.93	0.93	0.93	0.95	0.96
AUD/CHF	0.52	0.57	0.58	0.58	0.59	0.60

### Interest Rate Forecasts

	16-Apr	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
<b>Australian Rates</b>						
RBA cash rate	4.10	3.60	3.10	2.85	2.60	2.60
3 month bill rate	4.01	3.44	3.14	2.80	2.71	2.71
3 Year Swap Rate	3.29	3.25	3.05	2.95	2.85	2.95
10 Year Swap Rate	4.17	4.10	4.15	3.90	3.95	3.95
<b>Offshore Policy Rates</b>						
US Fed funds	4.50	4.50	4.00	3.75	3.50	3.25
RBNZ OCR	3.50	3.25	2.75	2.75	2.75	2.75
<b>10-year Bond Yields</b>						
Australia	4.29	4.20	4.25	4.00	4.05	4.05
United States	4.31	4.25	4.25	4.00	4.00	4.00
New Zealand	4.53	4.45	4.45	4.30	4.30	4.30

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