

Markets Research

What to Watch



Week of 9 June 2025

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

- Australian GDP was a soggy 0.2% q/q, weighed by a fall in public demand.
- The data confirmed consumer momentum into 2025 has also been weaker than the RBA earlier expected
- Offshore, the ECB cut as expected but President Lagarde said they were 'getting to the end of a policy cycle'
- US data flow has been a little softer, but will be overshadowed by Payrolls
- The AUD outperformed against a weaker US dollar, up 1.3% to 0.6501

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

- Australia has a quiet start with a Monday Public Holiday across all states except for QLD and WA. The NAB Business Survey and the WBC Consumer Sentiment (Tuesday) highlights in what is also a quiet week for data
- Across the globe it is a relatively quiet week as well with most focus still on tariff/trade developments given the US' self-imposed 9 July deadline is nearing. Note US and Australian data has disappointed over the past week
- In the US the CPI (Wednesday) and PPI (Thursday) will be closely watched for tariff impacts. Jobless Claims (Thursday) also worth a look after last week's rise. Auctions too: \$39bn of 10yr and \$22yrbn of 30yr
- Across the pond in the Eurozone, it is quiet with no top-tier data apart from the ECB Wage Tracker (Wednesday)
- The UK has some important data flow, including Earnings/Unemployment (Tuesday), Monthly GDP (Thursday) and the Chancellor's Spending Review (Wednesday)
- In China, the Trade Balance, CPI and PPI (all Monday) will be watched closely for trade impacts
- Japan has little in the way of top-tier data
- There is also little of note on the NZ calendar apart from the pre-GDP partial of Manufacturing Activity (Monday) and the BNZ PMI (Friday)

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

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Key Markets

	% change		
	Latest	week	YTD
Cash rates			
RBA Cash Rate	3.85		
US Fed Funds	4.50		
RBNZ Cash Rate	3.25		
Rates			
		<i>bps</i>	<i>bps</i>
AU BBSY 3m	3.76	-1.8	-70.9
AU 3y swap	3.30	4.8	-48.8
AU 3yr yield	3.36	3.0	-46.8
AU 10yr yield	4.26	0.2	-10.2
US 10yr yield	4.39	-1.4	-18.2
AU-US 10yr spread	-12.7	1.5	8.0
Commodities			
		%	%
Iron ore	96	0.0	-2.9
Coal (thermal)	105.0	4.1	-16.2
Brent oil	65.2	3.8	-10.7
Gold	3370.2	2.5	28.4
FX			
AUD/USD	0.6500	1.1	5.0
USD (DXY)	98.78	-0.6	-9.0
AUD/NZD	1.0759	-0.2	-2.7
AUD crosses			
AUD/JPY	93.46	0.9	-3.9
AUD/CNY	4.6684	0.7	3.4
AUD/EUR	0.5681	0.2	-5.0
AUD/GBP	0.4789	0.2	-3.2
Equities			
ASX 200	8520.5	1.0	4.4
ASX Resources	5229.1	0.2	1.4
ASX Financials	9323.2	2.0	8.2
US S&P 500	5939.3	0.5	1.0

Source: Bloomberg

Week in Review

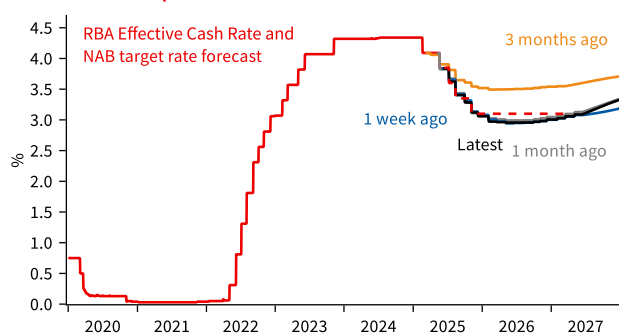
Ahead of the key US payrolls release tonight, the US dollar is broadly weaker over the week, local and US 10yr yields are little changed, and equities are generally only modestly higher.

The ECB cut 25bp as widely expected, but the accompanying commentary leant hawkish and European bonds underperformed. Lagarde makes a point of saying the ECB is 'getting to the end of a policy cycle'. NAB sees one further cut to 1.75% in Sep after a Jul pause. Markets price 10bp for the July meeting and 21bp of cuts by September, down from an additional 28bp a week ago.

Closer to home, Australian GDP data came in softer than the RBA pencilled in as public demand turned to a headwind in the quarter. GDP rose 0.2% qoq and 1.3% yoy (NAB 0.2%, Consensus 0.4%, RBA 0.4%) supported by private demand. The numbers are impacted by a raft of temporary factors, but our assessment remains that growth has not picked up as quickly as expected 6 months ago. Importantly, underlying consumption rose by just 0.2% qoq and will need to strengthen further for overall growth to return to trend. (Our reaction to the GDP data is in [GDP Q1 2025 – A soggy start to 2025](#) and a deep dive into consumption dynamics that strips out the volatility added by electricity subsidies is in [Adjusting for electricity shows consumer rebound has disappointed](#)).

April spending data out yesterday confirmed the soft retail sales print from the prior week. Warmer weather and Easter/ANZAC day timing are factors, but we think the risk skews to the downside of the RBA's Q2 real consumption forecast of 0.5% qoq. The data flow support NAB's view that monetary policy needs to move back to neutral settings of around 3.1% reasonably expeditiously to support what is an only fragile consumer recovery and sustain healthy labour market outcomes. We expect cuts in July, August and November. Market pricing changed little over the week.

RBA Market Expectations



With US-China trade tensions elevated, we also published a thematic that found India is unlikely to be a short term alternative destination for material volumes of iron ore exports, even though the medium-term potential is large ([China, India and ASEAN – potential opportunities](#)).

Our FX strategy team also published their latest [FX strategist](#).

Week Ahead

In **Australia** a quiet start with a Monday Public Holiday (King's Birthday) across all states except for QLD and WA. The NAB Business Survey and the WBC Consumer Sentiment Survey (both Tuesday) are the highlights in what is also a quiet week for data. No preview is given on the NAB Business Survey given we publish the data, while the health of the consumer will be under focus given subdued retail data for April. On the RBA front the head of domestic markets speaks in Japan on "*Australia's Bond Market in a Volatile World*".

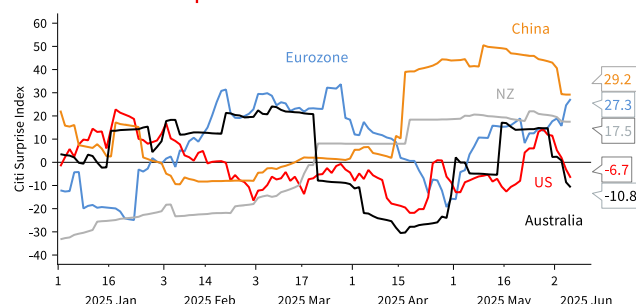
Across the **globe** it is a relatively quiet week as well with most focus still on tariff/trade developments with the US' self-imposed 9 July deadline nearing. Note the US Fed is in blackout, leaving data and headlines to drive. It is also worth noting that over the past few weeks the data flow has picked up relative to expectations in Europe, China and NZ. But, has turned lower in the US and Australia (see Chart).

In the **US** the CPI (Wednesday) and PPI (Thursday) will be closely watched for tariff impacts. Retailer anecdotes suggested price increases from mid-May. Whether that is too early to be captured by May data is unclear, and it could be we have to wait until June to see a greater tariff impact. This will be the last CPI report before the Fed's June FOMC Meeting (19 June). Elsewhere Jobless Claims (Thursday) will garner scrutiny following their greater than expected rise last week. On the bond auction front the US has \$39bn of 10yr (Wednesday) and \$22yrbn of 30yr (Thursday).

Across the pond in the **Eurozone**, it is quiet with no top-tier data apart from the ECB Wage Tracker (Wednesday). A smattering of ECB speakers too, but unlikely to shift thoughts given President Lagarde's recent press conference. Markets price a 42% chance of a July rate cut and fully price the next rate cut by October. The **UK** though has some important data flow, including Earnings/Unemployment (Tuesday), Monthly GDP (Thursday) and the Chancellor's Spending Review (Wednesday).

In **China**, the Trade Balance, CPI and PPI (all Monday) will be watched closely for trade impacts and to confirm the disinflationary impulse coming from China due to trade tensions. Aggregate Financing figures are also out anytime in the week. **Japan** has little in the way of top-tier data. There is also little of note on the **NZ** calendar apart from the pre-GDP partial of Manufacturing Activity (Monday) and PMI (Friday).

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 have been worse than expected

Selected Economic Events Preview

Full calendar below

Monday 9

NZ Manufacturing Activity (Q1)

Business Financial data brings the last of the major Q1 GDP partial indicators. Our BNZ cousins expect these to infer a modest gain in wholesale trade and moderate gains in manufacturing production and service sector activity (as a whole, at least). They will then look to finalise their Q1 GDP pick which currently sits at +0.4%, albeit with a touch of upside risk. For reference, the RBNZ, in its May MPS, estimated a gain of +0.4%.

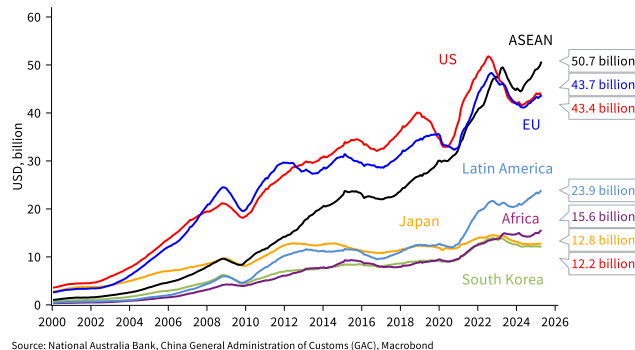
AU Public Holiday in NSW, VIC

JN Final-Q1 GDP, Trade (Apr), Eco Watchers Survey

CH Trade Balance (May), CPI (May), PPI (May)

China's Trade Balance is under focus to see the extent of the impact of US-China trade tensions. Last month saw China's exports to the US fall -21% y/y in April, though overall export growth rose 8.1% y/y. Exports to ASEAN rose strongly and as per the below chart China has been exporting more in a trend sense to not only ASEAN, but also Latin America and Africa. Consensus looks for export growth of 6.0% y/y and for imports -0.9% y/y.

China - Export Destination (Monthly Trend, USD)



Also important will be the CPI and PPI, with the PMIs to date suggesting tariff dynamics are on net disinflationary; the PMIs show discounting of final prices. Consensus for PPI is for greater deflation of -3.0% y/y from -2.7%.

China Producer Prices v. Export Prices



US NY Fed Inflation Expectations (May)

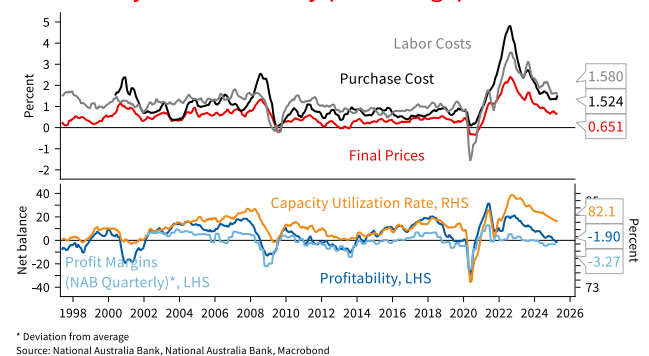
Tuesday 10

AU NAB Business Survey, WBC Consumer Confidence

No hints here on the NAB Business Survey (May) given we publish it. It is worth noting though that the RBA has been referencing the capacity utilisation measure in commentary regarding estimates of the output gap.

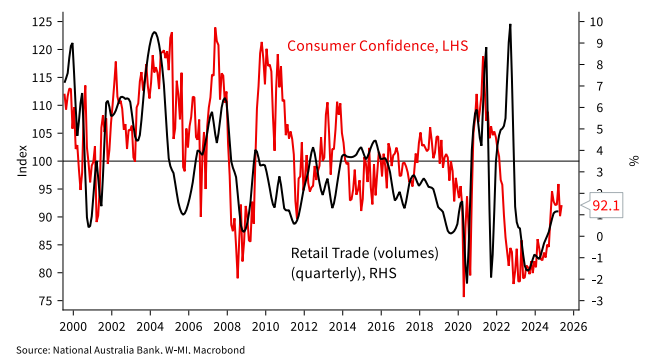
Trends in the survey have pointed to some easing in capacity utilisation, while profitability and margins have been challenged amid elevated cost growth.

NAB Monthly Business Survey (3m average)



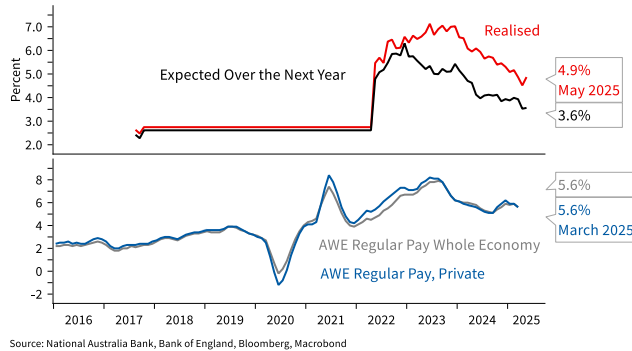
WBC-MI Consumer Confidence (June) will be under focus given the recent softness seen in April data for Retail Trade (-0.1% m/m) and the Household Spending Indicator (+0.1% m/m). No consensus, last month saw a 2.2% rise.

Australian Consumer Confidence vs Retail Sales Volumes



UK Jobless Claims, Unemployment, Earnings

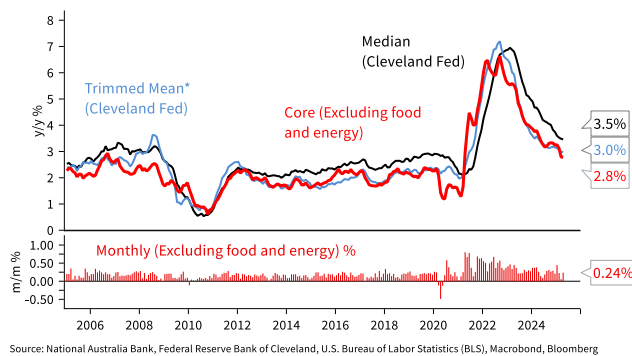
ONS headline regular (non-bonus) wages for the private sector eased to 5.6% 3m y/y in March and are likely to ease by a further 0.1 or 0.2ppts in April. But that rate remains too high for some BoE MPC members given rising inflation risks. Markets will also be watching for any tick higher in the 4.5% unemployment rate with the BoE forecasting 4.75% for 2025.

UK: DMP Wages, actual, expected; ONS average earnings**US NFIB Survey (May)****Wednesday 11****EZ ECB Wage Tracker****UK Govt. Spending Review**

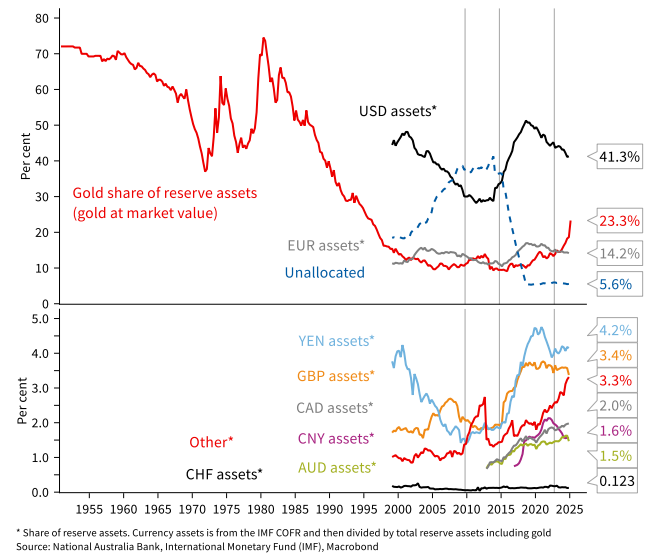
UK Chancellor Rachel Reeves will outline how much key government departments such as Defence, Housing, the NHS will get as well as major project spending.

US CPI (May), 10yr Auction (\$39bn)

All eyes on tariff pass through to consumer prices amid retailer anecdotes of price changes from the middle of May. Whether that is too early for CPI for May to reflect or whether we will have to wait for June is uncertain. Consensus looks for Core CPI at 0.3% m/m from 0.2%, bringing the y/y rate to 2.9% from 2.8%. Of course, we will have to wait for the PPI on Thursday for a better read on the Fed's preferred Core PCE version.

US Core CPI Measures**Thursday 12****AU RBA speech (Jacobs)**

RBA's head of domestic markets gives a speech titled: "Australia's Bond Market in a Volatile World" at the Australian Government Fixed Income Forum in Tokyo. Worth noting the AUD share of reserve assets stands at around 1.5% with a sharp rise being seen in gold.

Share of official reserves assets**NZ Card Spending (May)**

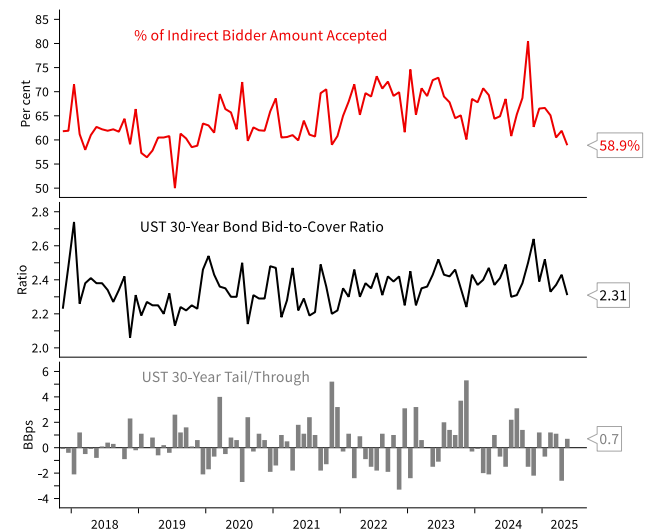
May's electronic card transactions data on Thursday will be difficult to interpret as it follows a holiday-distorted April. Transaction indicators look more positive than negative for May. A lack of increase following four consecutive monthly declines in total transaction values would suggest downside risk to Q2 retail sales.

UK Monthly GDP (Apr), Industrial Production**US PPI (May), Jobless Claims, 30yr Auction (\$22bn)**

The PPI will be watched closely for tariff impacts, as well as for the relevant categories that are used as an input into the Fed's preferred Core PCE measure. Consensus is for Core PPI to rise 0.4% m/m.

Meanwhile Jobless Claims will be closely watched given the greater than expected rise to 247k, though seasonal adjustment for Memorial Day could have been a factor. No consensus available at the time of publication.

The 30yr bond auction will also be under focus given uncertainty around demand for such lengthy tenors globally.

US 30yr Auction Metrics

Friday 13

NZ BNZ PMI (May)

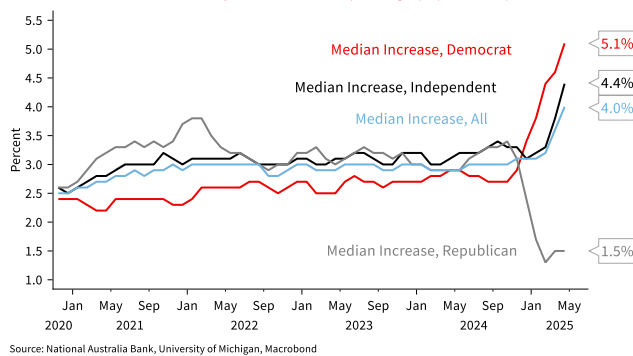
The PMI for May will provide the latest pulse on the manufacturing sector into the heart of Q2. The PMI has been perky so far this year and remained so in April, at 53.9. Something similar in May would support the notion of manufacturing making a positive contribution to.

JN Industrial Production

US Uni. Michigan Consumer Confidence

Caution remains in how much signal should be taken from the University of Michigan Survey given the political polarisation seen in both the confidence and inflation expectation figures. The early consensus sees sentiment little changed at 52.0 from 52.2.

Uni Mich. Inflation Expectations (5-10yr) (3mma)



Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
Monday, 9 June	8:45 AM	NZ	Mfg Activity SA QoQ	1Q	--		2.6%
	9:50 AM	JN	GDP SA QoQ	1Q F	-0.2%		-0.2%
	9:50 AM	JN	BoP Current Account Balance	Apr	2573.30		3678.1
	11:30 AM	CH	PPI YoY	May	-3.0%		-2.7%
	11:30 AM	CH	CPI YoY	May	-0.2%		-0.1%
	--	CH	Exports YoY	May	6.0%		8.1%
	--	CH	Trade Balance	May	100.60		96.2
	--	CH	(09 Jun - 15 Jun) Money Supply M2 YoY	May	8.1%		8.0%
	12:00 AM	US	Wholesale Inventories MoM	Apr F	--		0.0%
Tuesday, 10 June	10:30 AM	AU	Westpac Consumer Conf SA MoM	Jun	--		2.2%
	4:00 PM	UK	Average Weekly Earnings 3M/YoY	Apr	--		5.5%
	4:00 PM	UK	ILO Unemployment Rate 3Mths	Apr	--		4.5%
	4:00 PM	UK	Claimant Count Rate	May	--		4.5%
	4:00 PM	UK	Jobless Claims Change	May	--		5.20
	5:10 PM	EC	ECB's Villeroy Speaks in Paris	--	--		--
	6:00 PM	EC	ECB's Holzmann Speaks in Vienna	--	--		--
	6:00 PM	FI	ECB's Rehn Speaks at Bank of Finland News Conference	--	--		--
Wednesday, 11 June	9:50 AM	JN	PPI YoY	May	3.5%		4.0%
	9:00 PM	US	MBA Mortgage Applications	Jun 6	--		-3.9%
	10:30 PM	US	CPI MoM	May	0.2%		0.2%
	10:30 PM	US	CPI Ex Food and Energy MoM	May	0.3%		0.2%
	10:30 PM	US	CPI YoY	May	2.5%		2.3%
	10:30 PM	US	CPI Ex Food and Energy YoY	May	2.9%		2.8%
	4:00 AM	US	Federal Budget Balance	May	--		258.4
Thursday, 12 June	4:00 PM	UK	Industrial Production MoM	Apr	--		-0.7%
	4:00 PM	UK	Manufacturing Production MoM	Apr	--		-0.8%
	5:00 PM	EC	ECB's Muller Speaks in Estonian Parliament	--	--		--
	5:20 PM	AU	RBA's Jacobs-Speech	--	--		--
	10:00 PM	EC	ECB's Guindos Speaks in Brussels	--	--		--
	10:20 PM	EC	ECB's Schnabel Moderates Panel in Brussels	--	--		--
	10:30 PM	US	PPI Final Demand MoM	May	0.20		-0.5
	10:30 PM	US	PPI Ex Food and Energy MoM	May	0.30		-0.40
	10:30 PM	US	Initial Jobless Claims	May 31	235.0		247.0
	10:30 PM	US	Continuing Claims	May 24	1910.0		1904.0
Friday, 13 June	8:30 AM	NZ	BusinessNZ Manufacturing PMI	May	--		53.9
	2:30 PM	JN	Industrial Production MoM	Apr F	--		-0.9%
	2:30 PM	JN	Tertiary Industry Index MoM	Apr	0.1%		-0.3%
	4:00 PM	GE	CPI MoM	May F	0.1%		0.1%
	4:00 PM	GE	CPI YoY	May F	2.1%		2.1%
	4:00 PM	GE	CPI EU Harmonized YoY	May F	2.1%		2.1%
	4:45 PM	FR	CPI YoY	May F	--		0.7%
	12:00 AM	US	U. of Mich. Sentiment	Jun P	52.00		52.2
Upcoming Central Bank Interest Rate Announcements							Current
	Jul 8	Australia, RBA					3.85
	Jun 19	UK, BOE					4.25
	Jun 18	US, Federal Reserve (Upper Bound)					4.50
	Jul 9	New Zealand, RBNZ					4.00
	Jul 30	Canada, BoC					2.75
	Jul 24	Europe, ECB					2.00
	Jun 17	Japan, BoJ					0.50

Sydney Time. Dates reflect 24 hours from 7am

Forecasts Table

For NAB Economics Latest Forecast Update, see: [The Forward View – May 2025: A tariff reprieve, but a weaker starting point:](#)

Australian Economic Forecasts

		2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP													
Household Consumption		0.5	-0.2	-0.1	0.7	0.4	0.3	0.4	0.4	0.5	0.5	0.4	0.4
Dwelling Investment		0.4	0.7	1.6	0.7	2.6	-0.1	-0.4	-1.0	-0.5	-0.4	-0.1	0.3
Underlying Bus. Investment		-1.8	0.5	-1.0	0.2	0.3	-0.9	-1.0	-0.4	0.4	0.2	0.1	0.3
Public Final Demand		1.0	0.8	2.7	0.6	-0.4	0.7	0.7	0.6	0.6	0.6	0.6	0.6
Domestic Final Demand		0.4	0.3	0.7	0.7	0.2	0.4	0.4	0.4	0.6	0.6	0.5	0.5
(% y/y)		2.3	1.5	1.7	2.2	1.9	2.0	1.7	1.4	1.8	2.0	2.1	2.2
Inventories	(contr)	0.6	-0.2	-0.3	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Net Exports	(contr)	-1.0	0.0	0.1	-0.1	-0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1
Gross Domestic Product		0.1	0.2	0.3	0.6	0.2	0.5	0.5	0.5	0.6	0.6	0.5	0.6
(% y/y)		1.2	0.9	0.8	1.3	1.3	1.6	1.7	1.7	2.1	2.3	2.3	2.4
Labour Market													
Employment		0.3	0.6	0.8	0.6	0.4	0.5	0.3	0.3	0.3	0.5	0.5	0.4
Unemployment Rate	(%)	3.9	4.1	4.1	4.0	4.1	4.2	4.3	4.4	4.4	4.4	4.3	4.3
WPI Wages		0.7	0.9	0.9	0.7	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
(% y/y)		4.0	4.1	3.6	3.2	3.4	3.4	3.4	3.5	3.4	3.3	3.3	3.2
Inflation													
CPI Trimmed Mean		1.0	0.9	0.8	0.5	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6
(% y/y)		4.0	4.0	3.6	3.3	2.9	2.7	2.5	2.5	2.5	2.5	2.5	2.5
CPI Headline		1.0	1.0	0.2	0.2	0.9	0.6	0.6	0.6	1.0	0.6	0.6	0.6
(% y/y)		3.6	3.8	2.8	2.4	2.4	2.0	2.4	2.8	2.8	2.8	2.8	2.8

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

Exchange Rate Forecasts

	5-Jun	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Majors						
AUD/USD	0.650	0.68	0.70	0.72	0.73	0.73
NZD/USD	0.60	0.63	0.65	0.67	0.68	0.68
USD/JPY	143.8	130	125	120	119	118
EUR/USD	1.14	1.24	1.23	1.25	1.26	1.27
GBP/USD	1.36	1.43	1.41	1.44	1.45	1.46
USD/CNY	7.18	7.15	7.00	6.90	6.80	6.80
USD/CAD	1.37	1.33	1.30	1.28	1.28	1.28
USD/CHF	0.82	0.74	0.75	0.74	0.73	0.72

Australian Cross Rates

AUD/NZD	1.08	1.08	1.08	1.07	1.07	1.07
AUD/JPY	93.4	88	88	86	87	86
AUD/EUR	0.57	0.55	0.57	0.58	0.58	0.57
AUD/GBP	0.48	0.48	0.50	0.50	0.50	0.50
AUD/CNY	4.67	4.86	4.90	4.97	4.96	4.96
AUD/CAD	0.89	0.90	0.91	0.92	0.93	0.93
AUD/CHF	0.53	0.50	0.52	0.54	0.53	0.52

Interest Rate Forecasts

	5-Jun	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Australian Rates						
RBA cash rate	3.85	3.35	3.10	3.10	3.10	3.10
3 month bill rate	3.71	3.35	3.30	3.31	3.31	3.31
3 Year Swap Rate	3.29	3.15	3.10	3.15	3.25	3.25
10 Year Swap Rate	4.16	4.15	4.15	4.00	3.95	3.95
Offshore Policy Rates						
US Fed funds	4.50	4.50	4.00	3.75	3.75	3.50
RBNZ OCR	3.25	2.75	2.75	2.75	2.75	2.75
10-year Bond Yields						
Australia	4.25	4.25	4.25	4.10	4.05	4.05
United States	4.38	4.30	4.25	4.10	4.00	4.00
New Zealand	4.58	4.50	4.45	4.35	4.30	4.30

Global GDP

	2024	2025	2026
Australia	1.0	1.8	2.2
United States	2.8	1.3	1.5
Eurozone	0.8	0.9	1.3
United Kingdom	1.1	0.9	0.9
Japan	0.1	1.0	0.5
China	5.0	4.1	3.9
India	6.3	6.0	6.2
New Zealand	-0.5	0.8	2.7
World	3.3	2.7	2.8

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