

Markets Research

What to Watch



Week of 21 July 2025

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

- Unemployment rose to 4.3% in June. That should see the RBA worry a little less about retightening and a little more about unnecessary cooling
- US inflation data showed passthrough of tariffs to goods prices, but some offsets in easing pressures elsewhere
- NAB Economics published the latest [Australia Forward View](#), [Global Forward View](#), and [Q2 CPI Preview](#).

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

- **Australia** is quiet for data flow, with the RBA Minutes (Tuesday) and RBA Governor Bullock's annual Anika Foundation address (Thursday) the focus.
- **In NZ**, Q2 CPI (Monday) is expected to show stronger inflation than the RBNZ expected in May but not stand in the way of an August cut. BNZ expect 0.8% qoq and 2.9% yoy. Trade data is Tuesday and RBNZ's Conway speaks Thursday.
- It is second tier data in the **US**, with a number of housing indicators, and the FOMC is in communication blackout. It is a busy week for earnings, with the highlights including Alphabet, Tesla, Coca Cola and IBM.
- On **geopolitics and trade**, Bessent visits Japan Saturday. Japan's Upper House elections are Sunday. An EU-China summit takes place in Beijing on Thursday. Trump visits Scotland from Friday.
- In **Europe**, the ECB meets Wednesday, with a hold widely expected and fully priced. The Q2 bank lending survey is Tuesday. On the data side, **global PMIs** are in focus (Thursday).
- Elsewhere, **UK** retail sales and **Tokyo** CPI are both Friday.

Selected 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	3.74	-3.8	-72.9
AU 3y swap	3.31	-7.2	-47.1
AU 3yr yield	3.41	-5.2	-41.7
AU 10yr yield	4.34	1.1	-2.4
US 10yr yield	4.43	2.4	-13.6
AU-US 10yr spread	-9.6	-1.4	11.1
Commodities			
		%	%
Iron ore	101	2.1	3.3
Coal (thermal)	110.5	-0.5	-11.8
Brent oil	69.7	-1.0	-4.1
Gold	3335.0	-0.6	27.1
FX			
AUD/USD	0.6502	-1.2	5.1
USD (DXY)	98.51	0.7	-9.2
AUD/NZD	1.0919	-0.3	-1.3
AUD crosses			
AUD/JPY	96.67	-0.3	-0.6
AUD/CNY	4.6694	-1.0	3.5
AUD/EUR	0.5596	-0.6	-6.4
AUD/GBP	0.4843	-0.7	-2.1
Equities			
ASX 200	8770.7	2.2	7.5
ASX Resources	5413.0	1.9	5.0
ASX Financials	9598.4	1.9	11.4
US S&P 500	6297.4	0.3	7.1

Source: Bloomberg

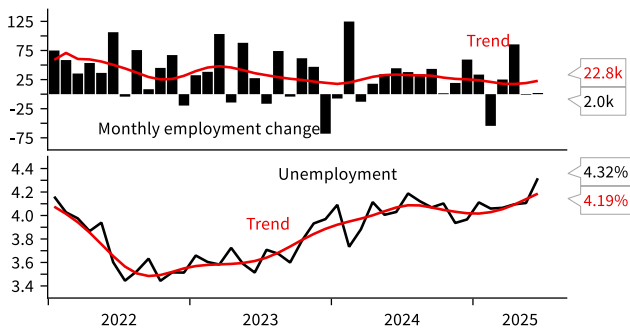
Week in Review

The unemployment rate rose 2 tenths to 4.3% in June, the highest since November 2021. This comes after months of remarkably little change in the unemployment rate. The June outcome supports the assessment, based on a range of broader indicators, that the labour market had shown some gradual cooling over the past several months that had not fully reflected in the steady unemployment rate. [AUS: Unemployment rises to 4.3%](#).

We and consensus forecast unemployment steady at 4.1%, but the risk we flagged of an upside surprise to unemployment in last week's What to Watch based on sample rotations was realised surprisingly emphatically. That affects the interpretation of the June result. We shouldn't take much signal from the month-to-month change but shouldn't dismiss the representativeness of the level of the unemployment rate in June.

The RBA forecast the unemployment rate to plateau at 4.3% from Q4 in the May SoMP. NAB forecast 4.4% at the end of the year. See NAB Economics latest [Australia Forward View](#), [Global Forward View](#), and [Q2 CPI Preview](#) for more on the outlook.

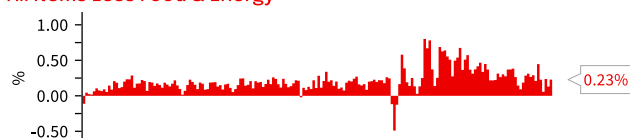
Australian Employment



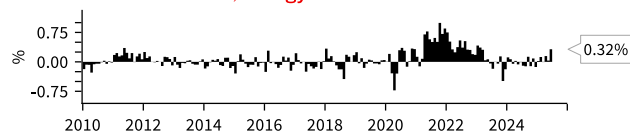
Internationally, it was US June prices data in focus for signs of tariff impacts. The clear takeaway is the tariff impacts are real and they are beginning to flow through to US consumers. Some signs of margin pressure in the PPI and goods import prices that didn't rise much despite the weaker US dollar leave open the likelihood some of the incidence will ultimately be shared. Despite the clear signs of tariff passthrough, both core CPI and PPI were modestly below expectations, with offsets elsewhere suggesting easing inflation pressures outside of tariff impacts.

US CPI

All Items Less Food & Energy



Commodities Less Food, Energy & Used Cars & Trucks



Source: National Australia Bank, BLS

Taylor Nugent



Week Ahead

In **Australia**, there is a lull in the data calendar ahead of Q2 CPI on 31 July. Instead, the spotlight turns back to the RBA. While Bullock likely spoiled the key takeaways in the post meeting press conference, discussion of the disagreement about timing if not direction could still prove interesting. The RBA's Bullock gives the annual speech to the Anika Foundation on Thursday. Any shift in assessment given June employment data will be in focus.

In **NZ**, Q2 CPI (Monday) is expected to show stronger inflation than the RBNZ expected in May but not stand in the way of an August cut. BNZ expect 0.8% qoq and 2.9% yoy. Trade data is Tuesday and RBNZ's Conway speaks Thursday.

The **US** also has a quiet week in prospect, at least as far as the data and Fed calendar is concerned. Data flow is second tier and includes housing market data, preliminary PMIs and durable goods. The FOMC is in communications blackout ahead of the July meeting the following week, meaning Chair Powell's scheduled welcome remarks Tuesday should prove free of anything policy relevant.

Earnings season continues, with the highlights of a long list dues this week including Alphabet, Tesla and IBM.

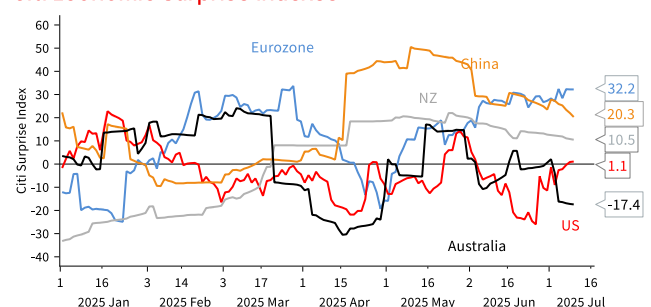
On **geopolitics and trade**, Treasury Secretary Bessent is visiting Japan (Saturday 19 July), with meetings with Japanese leaders on tariffs likely. Discussions are complicated by domestic politics. Japan's ruling Liberal Democratic Party and its junior coalition partner are at risk of losing their majority in Upper House elections on Sunday (20 July).

US President Trump visits Scotland, and the EU-China summit takes place in Beijing on Thursday. European Commission President Ursula von der Leyen and European Council President Antonio Costa are scheduled to meet President Xi Jinping and Premier Li Qiang. On tariff watch, Trump has said he will send letters to more than 150 countries notifying them their tariff rates could be 10% or 15%, but the 1 August date remains the next substantive line in the sand.

The **ECB meets Wednesday**. With 200bp of cuts already delivered and policy characterised as in a 'good position' at the lower end of neutral estimates, a hold is the wide expectation and fully priced. Also from the ECB is the Q2 bank lending survey (Tuesday). On the data side, global PMIs are in focus (Thursday).

Elsewhere, **UK** retail sales and **Tokyo** CPI are both 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 21

NZ Q2 CPI

Our Q2 CPI forecast is +0.8% q/q and 2.9% y/y. This is stronger than the RBNZ's May MPS forecast of 0.5% q/q and 2.6% y/y. In theory, that should make the RBNZ very nervous but in its July Monetary Policy Review, in which it appeared to give a green light to an August rate cut, the Bank openly acknowledged that it was already aware annual inflation might head to around 3.0% but it was not too worried because it thinks the price pressures leading to the jump will moderate in 2026. This is a view we share.

As for the June quarter itself, the cost of household energy (predominantly electricity prices) and food will account for around 60% of the total lift in prices. The belated inclusion of higher vehicle registration fees will also add to inflation, although lower fuel prices and domestic airfares are expected to see transport group prices marginally lower.

The forecast increase in annual inflation to 2.9% in Q2 from 2.5% in Q1 is driven by the tradeable component with annual non-tradeable inflation seen marginally lower in Q2.

Tuesday 22

NZ Trade Balance (June)

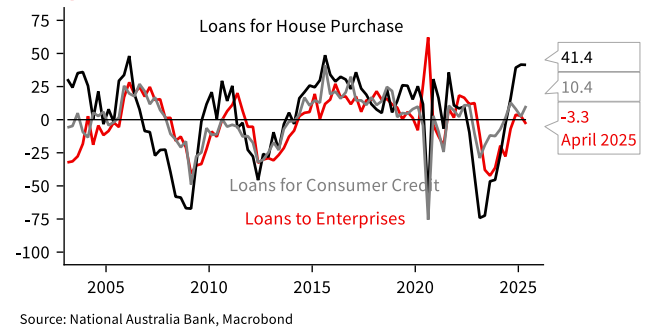
AU RBA July Minutes

The Minutes have rarely added much new in the era of post-meeting press conferences, and the July meeting Minutes are likely to prove similar. The discussion is likely to reflect the 'disagreement about timing rather than direction' framing Bullock presented. There is some possibility that decision to publish unattributed votes has flow on implications for how competing assessments are framed. The RBA has tended to use 'members noted' or similar language, whereas Central Banks that provide votes are more likely to qualify with how widely assessments were shared.

EZ ECB Q2 Bank Lending Survey

The decline in ECB rates to a 2% Deposit Rate should continue to support demand for house purchase loans. However, current global economic uncertainty likely means no discernible improvement in business loan demand, offset perhaps at the margin by the prospect of the German-led pickup in defence spending.

Change in loan demand, last 3m; net balance



US Fed Chair Powell

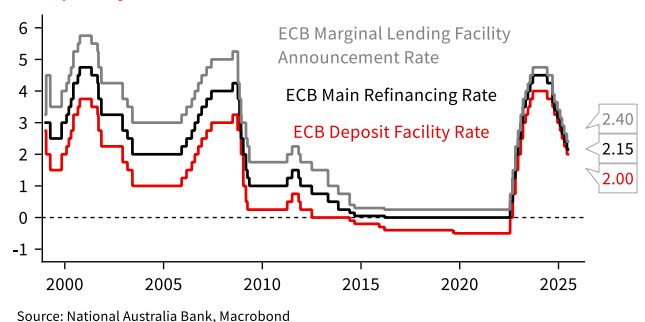
Scheduled to give welcome remarks at regulatory conference but the FOMC is in black out period so expect no policy remarks.

Wednesday 23

EZ ECB Jul Meeting (hold)

NAB and financial markets universally expect the ECB to hold rates steady at this meeting, not least as rates have been cut eight times and by 200bps to a 2% Deposit Rate and the ECB has now brought headline inflation successfully down to target. Policy is also now at the lower end of what the ECB considers neutral (range seen 1.75%-2.75%) and where officials have variously stated that policy is in a 'good position.' Still, we believe exchange rate gains will allow the ECB to ease again in September to 1.75%.

ECB policy rates



Thursday 24

AU RBA's Bullock

Governor Bullock gives the annual Anika Foundation Speech. This has tended to be a comparatively substantive speech, but no topic is yet available. Interest will be in how much comfort about the near-term trajectory for policy the RBA gained from June employment data. Bullock did seem to imply an oddly strong interpretation of how constrained she should be in sharing her and the RBA staff's assessments publicly without prior discussion with the Monetary Policy Board. This speech will be the first test of that.

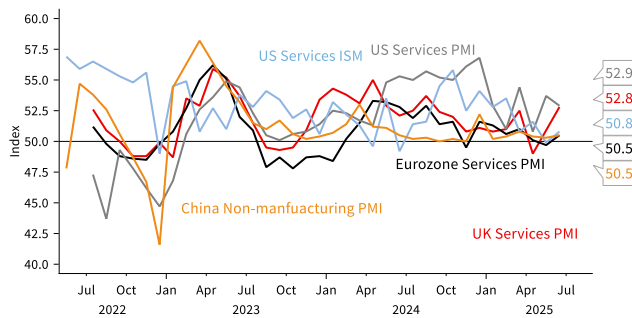
NZ RBNZ's Conway

RBNZ Chief Economist Conway to speak at a Business NZ event on the various ways global tariffs will impact New Zealand. The speech will be published on the RBNZ website

EZ, UK, JN, US PMIs (preliminary July)

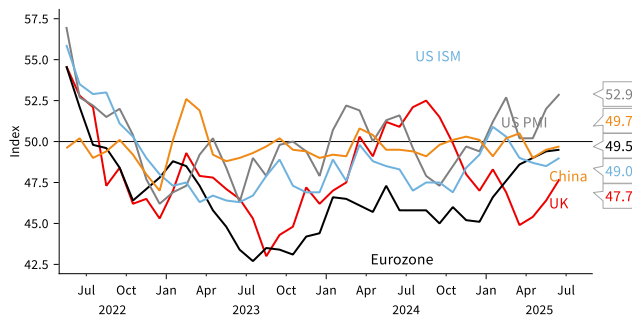
In Europe manufacturing activity has been improving in recent months and may be above the move back up above the 50 boom/bust level. The UK lags its peers by some margin but is performing better in services.

Global Services PMIs



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

Global Manufacturing PMIs



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

US Weekly Jobless Claims, Regional Fed Surveys

Friday 25

JN Tokyo CPI (June)

UK Retail Sales (June)

US Durable Goods (June)

Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	Previous
Monday, 21 July	8:45 AM	NZ	CPI QoQ	2Q	0.7%	0.9%
	8:45 AM	NZ	CPI YoY	2Q	2.8%	2.5%
Tuesday, 22 July	8:45 AM	NZ	Trade Balance NZD	Jun	--	1234.6
	11:30 AM	AU	RBA Minutes of July Policy Meeting	--	--	--
	6:00 PM	EC	ECB Bank Lending Survey	--	--	--
	10:30 PM	US	Fed's Powell Gives Welcome Remarks at Regulatory Conference	--	--	--
Wednesday, 23 July	11:30 AM	JN	BOJ Deputy Governor Uchida Speech in Kochi	--	--	--
	9:00 PM	US	MBA Mortgage Applications	Jul 18	--	-10.0%
	12:00 AM	US	Existing Home Sales	Jun	4.00	4.0
Thursday, 24 July	10:30 AM	JN	S&P Global Japan PMI Mfg	Jul P	--	50.10
	11:30 AM	NZ	RBNZ's Conway to Speak on Tariffs, Economy	--	--	--
	1:05 PM	AU	RBA's Bullock-Speech	--	--	--
	5:15 PM	FR	HCOB France Manufacturing PMI	Jul P	--	48.1
	5:15 PM	FR	HCOB France Services PMI	Jul P	--	49.6
	5:15 PM	FR	HCOB France Composite PMI	Jul P	--	49
	5:30 PM	GE	HCOB Germany Manufacturing PMI	Jul P	--	49.00
	6:00 PM	EC	HCOB Eurozone Manufacturing PMI	Jul P	--	49.5
	6:30 PM	UK	S&P Global UK Manufacturing PMI	Jul P	--	47.7
	6:30 PM	UK	S&P Global UK Services PMI	Jul P	--	52.8
	10:15 PM	EC	ECB Deposit Facility Rate	Jul 24	--	2.00
	10:30 PM	CA	Retail Sales MoM	May	-0.9%	0.3%
	10:30 PM	US	Initial Jobless Claims	Jul 12	233.00	221.00
	10:45 PM	EC	ECB President Christine Lagarde Holds Press Conference	--	--	--
	11:45 PM	US	S&P Global US Manufacturing PMI	Jul P	--	52.9
	12:00 AM	US	New Home Sales	Jun	650.00	623.0
Friday, 25 July	9:30 AM	JN	Tokyo CPI Ex-Fresh Food YoY	Jul	3.0%	3.1%
	4:00 PM	UK	Retail Sales Inc Auto Fuel MoM	Jun	--	-2.7%
	6:00 PM	GE	IFO Business Climate	Jul	--	88.4
	10:30 PM	US	Durable Goods Orders	Jun P	-10.0%	16.4%
Upcoming Central Bank Interest Rate Announcements						Current
	Aug 12	Australia, RBA				3.85
	Aug 7	UK, BOE				4.25
	Jul 30	US, Federal Reserve (Upper Bound)				4.50
	Aug 20	New Zealand, RBNZ				4.00
	Jul 30	Canada, BoC				2.75
	Jul 24	Europe, ECB				2.00
	Jul 31	Japan, BoJ				0.50

Sydney Time. Dates reflect 24 hours from 7am

Forecasts Tables

For NAB Economics Latest Forecast Update, see: [The Forward View – July 2025: Coming in for landing in a heavy cross wind](#)

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	0.5	0.5	0.6	0.6	0.6	0.6
Dwelling Investment		0.4	0.7	1.6	0.7	2.6	0.9	0.7	0.7	0.5	0.5	0.4	0.4
Underlying Bus. Investment		-1.8	0.5	-1.0	0.2	0.3	1.1	0.5	0.8	0.5	0.6	0.7	1.0
Public Final Demand		1.0	0.8	2.7	0.6	-0.4	1.0	0.5	0.4	0.4	0.4	0.4	0.4
Domestic Final Demand		0.4	0.3	0.7	0.7	0.2	0.4	0.6	0.6	0.6	0.6	0.6	0.6
(% y/y)		2.3	1.5	1.7	2.2	1.9	2.0	1.8	1.7	2.1	2.2	2.3	2.3
Inventories	(contr)	0.6	-0.2	-0.3	0.1	0.1	-0.1	0.1	0.1	0.0	0.0	0.0	0.0
Net Exports	(contr)	-1.0	0.0	0.1	-0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Gross Domestic Product		0.1	0.2	0.3	0.6	0.2	0.3	0.5	0.6	0.5	0.5	0.6	0.6
(% y/y)		1.2	0.9	0.8	1.3	1.3	1.4	1.6	1.7	2.0	2.2	2.2	2.2
Labour Market													
Employment		0.3	0.6	0.8	0.5	0.4	0.6	0.3	0.3	0.4	0.5	0.6	0.4
Unemployment Rate	(%)	3.9	4.1	4.1	4.0	4.1	4.2	4.3	4.4	4.4	4.3	4.3	4.2
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	0.7	0.6	0.6	0.6	0.6	0.6	0.6
(% y/y)		4.0	4.0	3.6	3.3	2.9	2.8	2.6	2.6	2.6	2.5	2.5	2.5
CPI Headline		1.0	1.0	0.2	0.2	0.9	0.8	0.6	0.6	1.0	0.6	0.6	0.6
(% y/y)		3.6	3.8	2.8	2.4	2.4	2.2	2.6	3.0	3.0	2.8	2.8	2.8

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

See: [Global FX Strategist](#)

See: [Global Forward View](#)

Exchange Rate Forecasts

	17-Jul	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Majors						
AUD/USD	0.651	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	148.5	130	125	120	119	118
EUR/USD	1.16	1.24	1.23	1.25	1.26	1.27
GBP/USD	1.34	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	0.80	0.74	0.75	0.74	0.73	0.72
Australian Cross Rates						
AUD/NZD	1.09	1.08	1.08	1.07	1.07	1.07
AUD/JPY	96.6	88	88	86	87	86
AUD/EUR	0.56	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	0.52	0.50	0.52	0.54	0.53	0.52

Global GDP

	2024	2025	2026	2027
US	2.8	1.6	1.6	1.9
Euro-zone	0.8	1.2	1.2	1.3
Japan	0.2	1.0	0.7	0.6
UK	1.1	1.1	0.9	1.5
Canada	1.6	1.2	0.8	2.1
China	5.0	4.8	4.0	3.9
India	6.7	6.7	6.2	6.4
Latin America	2.4	2.2	1.7	1.9
Other East Asia	4.0	3.3	3.2	3.4
NZ	-0.6	0.7	2.7	2.4
Global	3.3	3.1	2.9	3.0
Major trading partners	3.5	3.4	3.0	3.1

Interest Rate Forecasts

	17-Jul	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Australian Rates						
RBA cash rate	3.85	3.60	3.35	3.10	3.10	3.10
3 month bill rate	3.69	3.55	3.31	3.25	3.25	3.25
3 Year Swap Rate	3.33	3.15	3.10	3.15	3.25	3.25
10 Year Swap Rate	4.24	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	4.35	4.25	4.25	4.10	4.05	4.05
United States	4.44	4.30	4.25	4.10	4.00	4.00
New Zealand	4.59	4.50	4.50	4.40	4.40	4.40

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