Economics and Markets Research

Global Forward View

In this issue

Global outlook back on a war footing

- **Global growth eased in Q1 and another modest outcome looks likely in Q2.**
- **We expect a pick-up in H2. This depends on the latest US-Iran hostilities being temporary, but there is a high degree of uncertainty as to how this will play out. Growth continues to be supported by AI and the broader tech sector; particularly in China, other Asian economies (e.g. Korea, Taiwan, Japan) and the US.**
- **Recent comments by Fed speakers confirm that there is little tolerance for upside core inflation surprises (against the expectation that inflation will ease in H2).**

A renewal of hostilities between the US and Iran has seen energy prices move higher, reversing the fall that occurred after the June ceasefire. Oil prices had been tracking below our assumed path which was for prices to ease over H2 to around $80/bl, before stabilising around this level over 2027, due to damage to energy infrastructure and the need to re-build inventories. From looking like there may be downside risks to this profile last month, risks are now tilted to the upside.

The issue remains that without a re-opening of the Strait of Hormuz to shipping, more of the adjustment to the loss in global energy flows will need to be borne by a reduction in activity – raising recession risks – if inventory drawdowns approach their limit.

China GDP growth slowed in Q2 to its lowest level in several years. The underlying story is unchanged – domestic demand is weak, but growth is being supported by hi-tech and industrial sectors and exports. Investment in AI is supporting growth elsewhere, particularly Other East Asia and the US. The UK has a new PM – but it may not be until late September that we have a fuller understanding of how policy settings will change.

We have nudged down our forecast for 2026 global GDP growth to 3.0% (due to the softer than expected China Q2 GDP, and a fall in Q1 Russia GDP). Global growth in 2027 is revised a bit higher (to 3.3%, from 3.2%) on expectations of some China policy support, even as a further deterioration in US-Canada trade relations sees Canada GDP marked down.

We still expect some further tightening by the European Central Bank (ECB) and Bank of Japan (BoJ), and, potentially from H2 next year, the Bank of Canada (BoC). We expect the Fed to remain on hold, but this view rests on core inflation starting to ease, which June data delivered. However, this month's lift in energy prices – which will flow to core inflation if sustained - adds to the risk the Fed will raise rates.

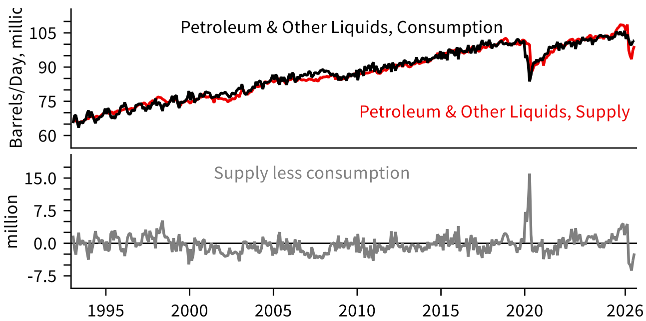
Key Economic Forecasts (year average % change)

	2025		2026		2027	
US	2.1		2.1		2.0	
Euro-zone	1.5		0.5		1.2	
Japan	1.1		0.8	(0.2)	0.9	(0.1)
UK	1.3	(-0.1)	1.0	(0.1)	0.8	
Canada	1.9		0.6	(0.1)	1.2	(-0.4)
China	5.0		4.6	(-0.1)	4.4	(0.1)
India	7.6		6.7		6.5	
Latin America	2.4		1.9		2.2	
Other East Asia	4.3		4.8		3.8	
NZ	0.3	(0.1)	1.6		2.2	
Global	**3.5**	(0.1)	**3.0**	(-0.1)	**3.3**	(0.1)
Major trading partners	3.8		3.7		3.4	

Note: Other East Asia includes Indonesia, Taiwan, Thailand, Singapore, Hong Kong, Philippines, South Korea and, Malaysia

Risk remains that energy demand needs to adjust more

Global petroleum supply and consumption



Source: National Australia Bank, Energy Information Administration (EIA), Macrobond. Estimates to July 2026 shown.

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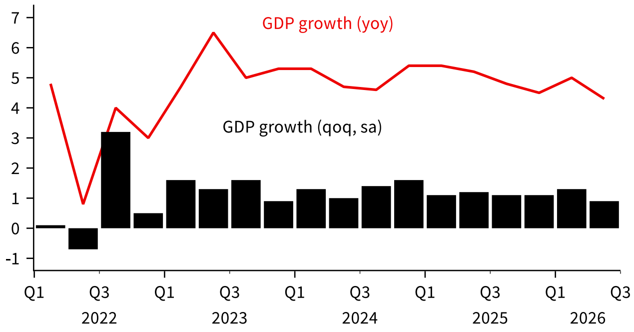
Expect H2 improvement, war permitting

Early indicators suggest that quarterly global growth again slowed in Q2, but we expect an improvement in H2.

China GDP slowed appreciably in Q2. GDP grew by 4.3% yoy (after 5.0% in Q1) – below the Government's target for 2026 of 4.5-5.0%. Quarterly growth was 0.9%, down from 1.3% in Q1. While China's diverse energy base and large oil reserves helped insulate it from the fallout of the Iran-US war, some industrial sectors – oil refinery and chemical production – have been impacted. Outside of this, the broad parameters of China's growth remain in place – exports and industrial production are the main growth drivers, with domestic demand (consumption and fixed investment) soft.

Chinese economic growth (%)

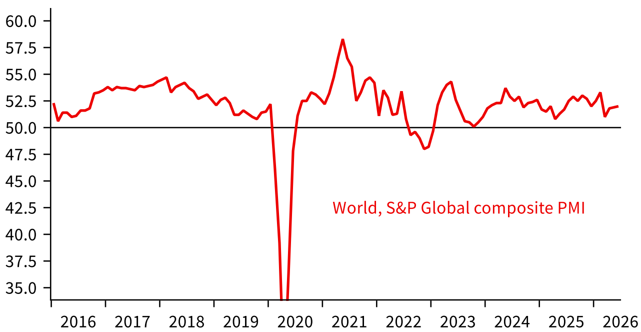


Source: National Australia Bank, Macrobond

For the US, we expect growth to be similar in Q2 to that in Q1 (~2.2% qoq annualised) although the Atlanta Fed's nowcast currently sits below this (1.7%) suggesting there is some downside risk. Across other geographies our expectations for Q2 growth are more mixed – growth should resume in Canada and the Euro-zone, soften in the UK and Japan and hold broadly steady in Other East Asia, and a step down in India growth is likely.

We expect that Q2 will be the low watermark for global growth this year, with a gradual recovery expected to start from Q3. This assumes a moderation in energy prices over the rest of the year, as well as government policy support, while still healthy corporate profits in the major advanced economies (particularly in the US and Japan) should underpin business investment and support labour markets.

S&P Global PMIs - world (net balance)



Source: National Australia Bank, Account in-house

The S&P Global PMI improved through Q2 (with the recent low occurring in March); indicating a gradual recovery was underway, at least ahead of the recent upturn in energy prices.

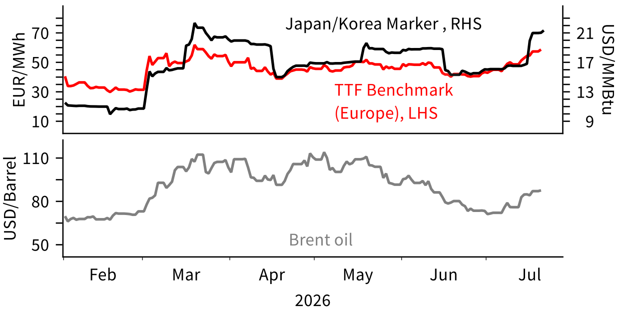
In the case of China, policy assistance will likely help support growth in H2 – Premier Li Qiang last week indicated China should step-up counter-cyclical adjustment. This could be through new measures or through faster implementation of existing ones such as the RMB800b policy financing tools (for investment projects) and accelerating local government bond issuance. The Politburo meets at the end of this month and may provide more clarity on the policy direction.

China growth is in part being driven by strong growth in hi-tech production (up 14.1% yoy in June).

The large investment in AI and related infrastructure underway is also supporting economies such as the US, as well as other Asian economies (e.g. Japan, South Korea and Taiwan) which are involved in providing the intermediate inputs (such as memory and logic chips) or related capital equipment. These countries are expected to be relative outperformers this year. This is in contrast to the UK and the Euro-zone, where hi-tech industrial production growth is less dynamic and who, as net energy importers are also exposed to the jump in energy prices this year. Canada, in contrast, while seeing a terms of trade boost from higher energy prices, is being held back by the need to adjust to the changing trade relationship with the US – as demonstrated by Trump's latest tariff announcements this week.

We expect global growth of 3.0% in 2026 (down 0.1 ppts) and 3.3% (previously 3.2%) in 2027. The downwards revision to 2026 in part reflects an unexpected large fall in Russia Q1 GDP and the weaker than expected Q2 GDP growth for China.

Oil and gas price benchmarks (2019 = 100)



Source: National Australia Bank, Intercontinental Exchange (ICE), CME Group, Macrobond Financial AB, Macrobond

The forecasts assume that the current renewal of conflict in the Middle East does not persist. Separately, attacks on refining and shipping by Ukraine/Russia area adding to fuel (and food) price pressure. Since April, our forecasts have assumed that the Brent benchmark would average around $US100 per barrel in Q2 before easing to around $US80 by year end. Even with the recent renewal in the conflict, and the Brent oil price back to around $90/bl (at the time of writing), outcomes have tracked below this assumption. In contrast, non-US natural gas prices saw less of a decline following the June cease-fire and are now nearing previous peaks.

A continuation of the conflict, and further damage to gulf energy infrastructure, is the main immediate downside risk to the growth outlook. The shortfall in oil production caused by the war has been partly absorbed through inventory drawdowns (see Chart on page 1) – this cannot occur indefinitely and if production remains well below pre-war levels then eventually lower consumption will be needed.

US trade policy remains a risk. US Section 122 tariffs are due to expire on 24 July, but the admin is moving to institute new measures. In June the USTR proposed tariffs of 10-12.5% on 60 countries ('forced labour tariffs') and 25% on Brazil – the 25% Brazil tariff takes effect this week and action on the forced labour tariffs will likely follow. **This week the US also imposed a 50% tariff on certain Canadian imports**, but put in place a mechanism for lower aluminium tariffs for businesses that set up aluminium production facilities in the US. The USTR is running other trade investigations and further tariffs are likely.

The key upside risk is that the boost to global activity from the tech cycle may be greater, and run for longer, than we are factoring in.

Manufacturing's great divergence

Last month, we took a brief look at how AI capex is flowing through Asia. This month, **we introduce our new Global Manufacturing Activity Indicator** which can be used as a proxy to better understand structural shifts in global manufacturing more broadly. It provides a monthly snapshot on around 70% of global manufacturing output.

This indicator classifies manufacturing industries across national Industrial Production (IP) releases into technology tiers using the OECD R&D intensity framework. It then aggregates them globally using manufacturing output share adjusted PPP weights. Although broader than measuring just the AI capex cycle ("Tech" manufacturing also captures things like televisions and pharmaceutical manufacturing), these classifications serve as a useful proxy for understanding the ongoing technological transformation within manufacturing.

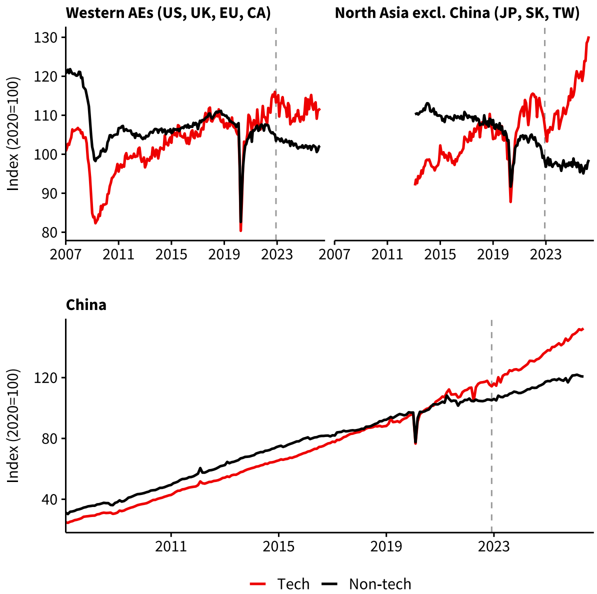
The first notable insight from this indicator **is the profound structural shift underway in technology-intensive manufacturing globally**. More specifically, since COVID, a clear bifurcation between tech and non-tech manufacturing has occurred within Western AEs, China and parts of Asia. Notably, this bifurcation is particularly intense in Asia, where **global semiconductor production supply chain is concentrated in Taiwan and South Korea**. This persistent gap suggests a structural rather than cyclical reorientation, reflecting the increasing economic importance of innovation and advanced technologies in global production.

The dashed lines in the charts below indicate ChatGPT's public launch in December 2022, which marks the start of a significant uptick in tech manufacturing activity for North Asia excluding China. This suggests **AI manufacturing has become a large driver of activity in these countries**, consistent with broader measures.

Amongst Western AE's the persistent lift in tech manufacturing since COVID is being largely driven by the US and to a lesser extent in the EU. Beyond tech, Western AEs share a clear secular decline in non-tech manufacturing.

China's meteoric rise in manufacturing production since the late 2000s is another key takeaway and unique in the panel of countries this indicator tracks. In China, non-tech manufacturing is still growing, and faster growth in tech than non-tech has been a longer term theme. This trend should continue as it aligns with the objectives of the Chinese government, particularly its 15th Five-Year Plan (2026-2030) to prioritise high-tech manufacturing as the backbone for industrial modernisation and technological self-reliance.

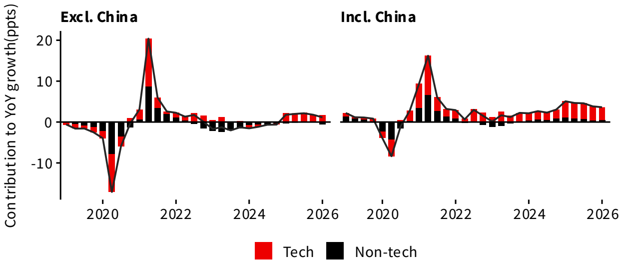
Manufacturing Production by Region



Source: National Australia Bank, Macrobond, Federal Reserve, ONS, Statistics Canada, Statistics Korea, DGBAS, Eurostat.
Note: Industry technology classifications are consistent with OECD's Medium-High Tech (MHT) framework. Indexes have been combined across countries using manufacturing output share adjusted PPP GDP weights. China indexes have been constructed by NAB Economics using NBS growth data. North Asia excl. China indexes start from February 2013, when South Korean data begins. Dashed line indicates ChatGPT's public launch (December 2022).

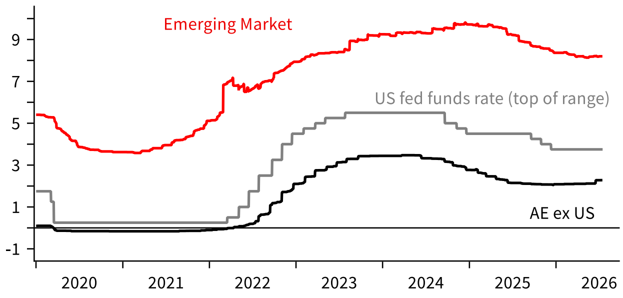
Whilst the charts above tell us that tech manufacturing has grown strongly relative to non-tech, they provide no indication of whether they really matter for global manufacturing. The chart below indicates **tech manufacturing has been the predominant driver of growth in manufacturing output globally since the pandemic**. **China is the main driver**, highlighting its dominance in both manufacturing broadly and in tech specifically since the pandemic.

Global Manufacturing Growth Contributions



Source: National Australia Bank, Federal Reserve, METI, ONS, Statistics Canada, Statistics Korea, DGBAS, Eurostat, IMF WEO, World Bank WDI, UNCTAD.
Note: Industry technology classifications are consistent with OECD's Medium-High Tech (MHT) framework. Quarterly YoY contributions are presented.

Advanced & Emerging Market economy policy rates (%)*



Source: National Australia Bank, Federal Reserve, Macrobond. *AE; US, EZ, Jpn, Can, UK, Swi,Nor, Swe, SK, Taiwan, Aus, NZ. Based on 18 EMs - does not include China or Turkey. Weighted using IMF 2026 PP weights.

Rate rises and a split Fed

Recent commentary by US Federal Reserve (Fed) members reinforces our view that there is little or no tolerance for further upside inflation surprises.

Governor Waller, while assessing that the view inflation would track back to 2% was 'credible' saw the risk that inflation would remain high as just as plausible. He indicated another 'hot reading' on core inflation [for June] would warrant the Fed considering a rate rise. Similarly, Governor Cook, said it was "prudent to give a bit more time to observe how inflation unfolds…" but saw risks strongly weighted towards higher inflation, while Deputy Chair Jefferson noted "…in a scenario where actual inflation does not start to cool down soon, …it could be appropriate to reconsider our current policy stance". To round it out Fed Chair Warsh, in his testimony to Congress, stated "The members of our Committee have no tolerance for persistently elevated inflation." What Warsh's statement means for the fed funds rate is unclear. He avoids forward guidance, and it is too early into his tenure to understand his reaction function.

In the event, Waller's bar for June CPI was not exceeded with the data lower than expected. The headline declined 0.4% mom and core was flat. Together with PPI data, core PCE is expected to be around 0.2% mom.

We have maintained our view that the Fed would remain on hold because our forecasts saw inflation easing from here - in line with the 'credible' view noted by Waller. This is based on muted wage growth and housing rent growth indicators, as well as fading tariff impacts. But clearly there is a degree of uncertainty with upstream and survey measures still suggesting inflationary pressures remain, in part due to the AI capex build-out, with the renewed lift in oil prices an added concern.

Since end February a mix of advanced economy (ECB, BoJ, RBA, BNZ, Norges Bank) and emerging market central banks have lifted rates, although some EM banks have eased (including Brazil, Mexico and Russia). The Fed remaining on hold may have alleviated pressure on some EM central banks to tighten policy.

To-date, overall actual **policy rate increases across the central banks have been small**; the chart below shows aggregate measures of policy rates weighted by PPP World GDP shares.

A focus just on announced central bank changes understates the effective tightening of policy that has occurred, as for some central banks (including the Fed and Bank of England) rate cuts had been expected at the start of the year. This has now been replaced by markets pricing in some hikes, tightening financial conditions and contributing to the rise in bond yields.

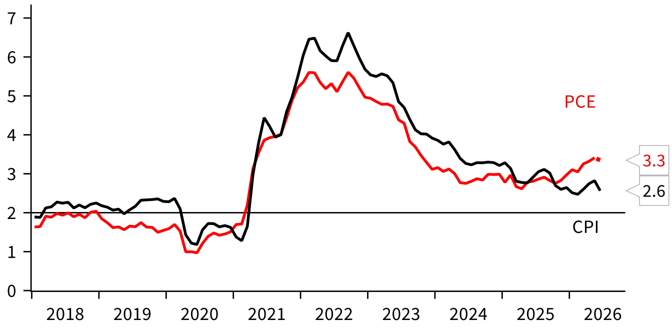
We still expect further rate rises by the **ECB** (September) and the **BOJ** (December). We have delayed our expected timing for when the **BoC** will start to normalise rates (i.e. moving towards the middle of the estimated neutral range) till H2 2027 on this week's US tariff increase. We still see the **BoE** as remaining on hold this year with cuts the next most likely move (in 2027).

Country quick take

United States

- Q2 GDP growth is likely to be similar to Q1 (a bit above 2% qoq annualised) with a rebound in consumption and continued strong equipment investment.
- The AI rollout continues to support business investment. Capex surveys suggest some broadening out may be underway. Consumption is expected to moderate in H2, as tax cuts fade and given a low savings rate.
- Congress is moving to pass another reconciliation bill but it is limited; with a 10yr cost of $95b (0.3% GDP).
- The labour market has shown improvement – jobs growth has picked up, and the unemployment rate edged down and is in line with the Fed's view of its long-run level.
- Inflation remains high but should fall on moderate wage growth, weak housing rents and fading tariff impacts.
- The Fed will likely remain on hold if inflation declines as projected. Tolerance for any misses is exhausted, and any upwards inflation surprise will trigger policy rate increases.

Monthly core inflation (y/y%)

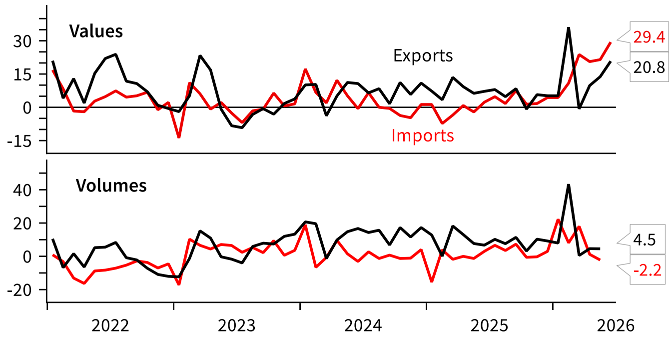


Source: National Australia Bank, U.S. Bureau of Economic Analysis (BEA), U.S. Bureau of Labor Statistics (BLS), Macrobond

China

- GDP grew 4.3% yoy in Q2 (weakest outcome since 2022). We now expect 2026 growth of 4.6% (was 4.7%). Growth should lift in H2 – activity improved in June and policy will likely be more supportive, but we assume Iran war impacts fade.
- Export growth and, relatedly, industrial production remains a key growth support. The headline yoy growth rates for exports and imports (20% plus) are exaggerated by large price moves (for tech and energy). IP Growth (5.3% yoy in June) is narrowly concentrated (tech, EVs and equipment).
- Domestic demand remains weak – retail sales growth is soft (negative wealth impacts from falling property prices and a soft labour market) and fixed asset investment continues to decline, particularly real estate.
- PPI inflation again rose in June to 4.1% yoy (from 3.9%), but core CPI (ex-food & energy) eased to a still soft 1.0%yoy; consumer goods prices continue to fall on ongoing domestic deflationary pressures.

China imports (RMB, yoy%)

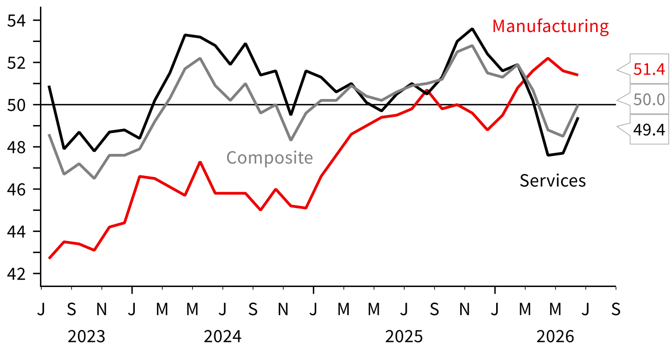


Source: National Australia Bank, Macrobond. Value data to June, volume data to May.

Euro-zone

- After the downgrade to Q1 GDP to -0.2% qoq on weaker Irish pharma exports, Q2 is on course for 0.2% to 0.3% qoq.
- Manufacturing activity has continued to pick up (June PMI 51.4) though could be Iran-related front-running. While industrial production felt a further drag from Irish pharma in May, defence spending and Germany's infrastructure push continues, aided by a recent reform package that commits to speeded up project delivery and as NATO warns on Russia. Euro big-four capital goods production rose.
- Trade once again looks to have been a drag on growth, but less so than in Q1. Inventories rose and construction output defied weak PMI data with a rise. Consumption is resilient, with auto purchases up, but not helped by higher energy prices and lower real incomes.
- June Inflation surprised at 2.8% yoy from 3.2%, with lower core too, but will likely rise anew on energy costs. We still expect a 25bps hike to 2.5% for the ECB in September.

Euro-zone - S&P Global PMIs

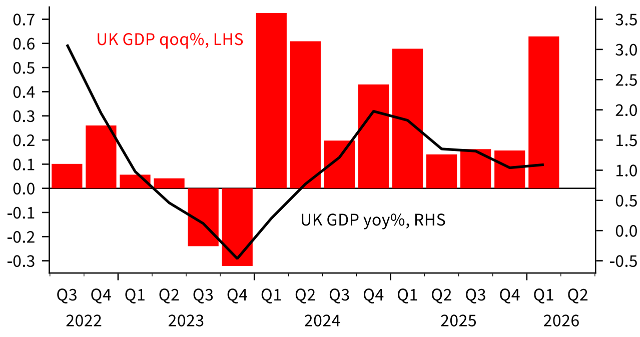


Source: National Australia Bank, Account in-house

UK

- The recent pattern of stronger UK GDP early in the year looks to be repeating itself with a 0.6% Q1. The question is whether growth then fades as it has in recent years?
- May monthly GDP rose 0.1%, above consensus, with a near 0.2% cumulative upward revision to the three prior months. Q2 is on track for the BoE's 0.2% qoq at least.
- While June services PMI collapsed to 48.8 from 52.7 in April, certain service sectors like professional services have been driving growth and the manufacturing PMI has surged. Uncertainty though remains high, not least with a new PM who is signalling significant policy change and likely higher taxes given spending aspirations. Lower real incomes and rising energy costs are a concern.
- Bond yields are sensitive to policy changes and already high debt costs. Inflation will rise a little above 3% in July and will take months to ease to target. We continue to see the BoE on hold at 3.75% amid a soft labour market.

UK GDP Growth

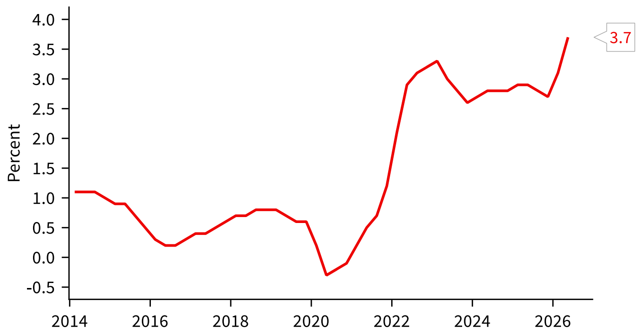


Source: National Australia Bank, Macrobond, 80% weight on services, 20% on manufacturing surveys

Japan

- Japan's economy increasingly appears to be running hot. Strong consumption, a generationally tight labour market and positive output gap estimates from both the BoJ and Cabinet Office all point to persistent excess demand.
- The TANKAN also speaks to the persistence of a higher-inflation environment, with one-year output price expectations reaching a record high, reflecting both the global energy shock and domestic pressures. Combined with an unemployment rate at multi-decade lows, this points to further upward pressure on wages and prices.
- Despite this, policy settings remain supportive. Fiscal stimulus and the BoJ's gradual tightening path underpin our upgraded growth forecasts of 0.8% in 2026 and 0.9% in 2027, while we continue to expect a rate hike in December 2026 and two further increases in 2027.

1-Year Outlook for Output Prices, All Enterprises

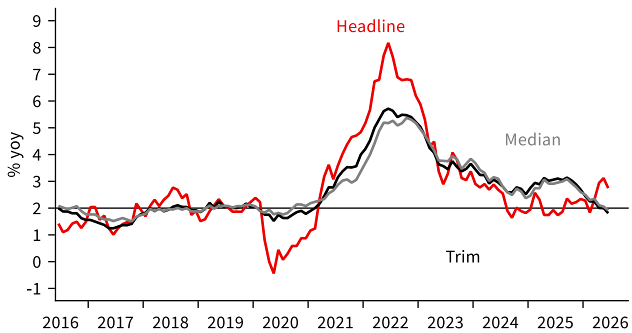


Source: National Australia Bank, Bank of Japan (BOJ), Macrobond

Canada

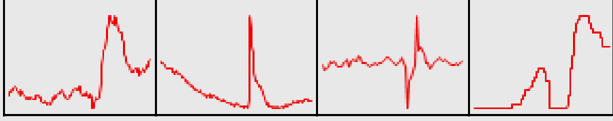
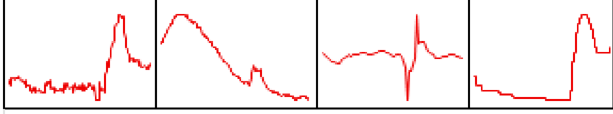
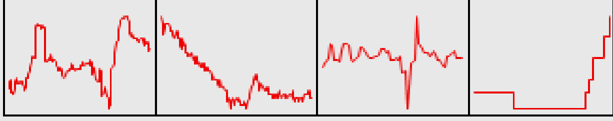
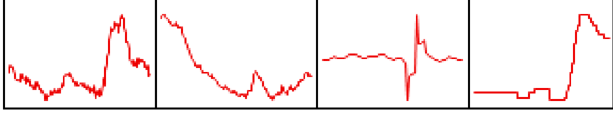
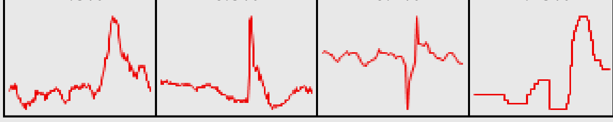
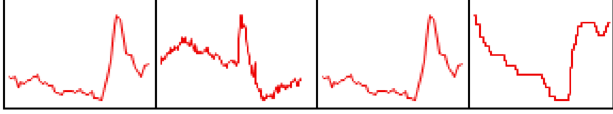
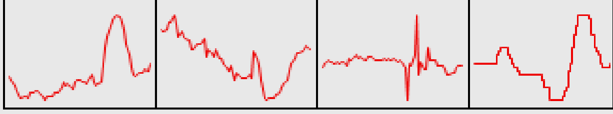
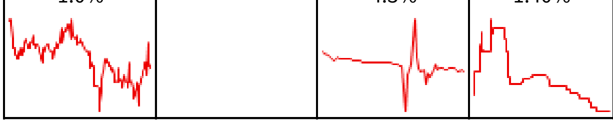
- Trump's latest tariff announcements targeting Canada will provide another setback to growth prospects from Q3 onwards. These tariffs, 50% on $20bn worth of goods, represent roughly 0.8% of Canada's GDP.
- This comes as Canada's spare capacity has widened. Underlying inflation continuing to ease despite the Iran-driven oil price spike, with trim and median measures now below the BoC's 2% target for the first time since COVID.
- We now expect growth of just 0.6% in 2026 and 1.2% in 2027 (down from 0.7% and 1.6%). With the slower recovery and persistently easing underlying inflation over several months pushing the BoC's tightening cycle to a single rate hike in H2 2027 (from H1 2027).

Canada inflation



Source: National Australia Bank, Statistics Canada, Macrobond

Central Bank Monitor

	Inflation and output gap indicators			Central bank rates	NAB forecasts		
	Core inflation*	Unemployment	GDP	Policy rate**	bias	next meetings***	year-end forecast
US Federal Reserve	3.4%	4.2%	2.7%	3.75%	hold	29 Jul 3.75 16 Sep 3.75	end 2026 3.75 end 2027 3.75
							
	We expect the Fed to remain on hold if inflation soon in line with expectations - however, any further upwards inflation surprises will likely trigger rate hikes.						
European Central Bank	2.4%	6.2%	0.5%	2.25%	tightening	23 Jul 2.25 10 Sep 2.50	end 2026 2.50 end 2027 2.50
							
	With EZ monetary policy settings at the lower end of neutral and inflation set to rise to a little over 3% in coming months, we see the ECB following up its June hike with a further 25bps rise in September.						
Bank of Japan	1.1%	2.5%	0.3%	1.00%	tightening	31 Jul 1.00 18 Sep 1.00	end 2026 1.25 end 2027 1.75
							
	Further tightening expected by the BoJ as it moves the policy rate towards neutral, given postive output gap, strong wages growth & flow through of higher energy costs. Will be a gradual process.						
Bank of England	2.6%	4.9%	0.9%	3.75%	hold	30 Jul 3.75 17 Sep 3.75	end 2026 3.75 end 2027 3.25
							
	With inflation set to hold above target for an extended period, concerns over inflation scarring and 2nd round effects, the BoE is now on 'active hold.' We are skeptical on rate hikes. We continue to see rate cuts in 2027.						
Bank of Canada	1.8%	6.5%	-0.1%	2.25%	hold	2 Sep 2.25 28 Oct 2.25	end 2026 2.25 end 2027 2.50
							
	Trump's latest tariffs against Canada represents another growth setback, compounding record low population growth amidst falling underlying inflation. This should keep the BoC on hold until H2 2027.						
Reserve Bank of Australia	3.5%	4.4%	2.5%	4.35%	hold	11 Aug 4.35 29 Sep 4.35	end 2026 4.35 end 2027 3.60
							
	We expect the RBA's tightening cycle is over - the economy has lost momentum and financial conditions have tightened. We expect the next move will be down but don't see this starting until Q2 2027.						
Reserve Bank of New Zealand	3.1%	5.3%	1.5%	2.50%	tightening	2 Sep 2.75 28 Oct 3.00	end 2026 3.25 end 2027 4.00
							
	In order to get inflation under control we expect the RBNZ to hike rates at each meeting until the OCR reaches an above netural 4.00%.						
People's Bank of China	1.0%		4.3%	1.40%	easing	na	end 2026 1.30 end 2027
							
	The end to disinflation, on rising energy costs, reduces immediate pressure for PBoC action but weak domestic demand pushing the other way; we expect one rate cut later in the year but risk is they do none.						

* Core based headline ex food and energy, except Japan (also excludes alcoholic beverages), UK (also excludes alcoholic beverages & tobacco), NZ(RBNZ's factoral model), Canada, Aust. (qtly TRIM measure). US PCE measure used, CPI for all others

For federal funds rate the top of the target range is shown * For meetings spanning two days, the final day is shown

Note: number at top of each chart is latest obvservation (yoy change for GDP and inflation, level for unemploy. rate and policy rate). 15yrs of data shown.

Economic Forecast Detail - Advanced Economies

	2025				2026				2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
United States												
GDP												
qoq%	-0.2	0.9	1.1	0.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
qoq, annualised %	-0.6	3.8	4.4	0.5	2.1	2.2	1.9	1.9	2.1	2.1	1.9	1.8
yoy%	2.0	2.1	2.3	2.0	2.7	2.3	1.7	2.0	2.0	2.0	2.0	2.0
year-average				2.1				2.1				2.0
PCE deflator												
Headline - yoy%	2.6	2.4	2.7	2.8	3.1	3.8	3.8	3.5	2.8	2.1	2.0	2.1
Core												
qoq%	0.8	0.6	0.7	0.7	1.1	0.9	0.7	0.6	0.6	0.6	0.5	0.5
yoy%	2.8	2.7	2.9	2.9	3.1	3.4	3.3	3.2	2.7	2.4	2.3	2.3
Unemployment rate												
qtly average %	4.1	4.2	4.3	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.2
Fed funds rate												
Top of target band (%)	4.50	4.50	4.25	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Euro-zone												
GDP												
qoq%	0.7	0.1	0.3	0.2	-0.2	0.3	0.3	0.2	0.3	0.4	0.4	0.4
yoy%	1.7	1.6	1.4	1.2	0.3	0.5	0.5	0.6	1.1	1.2	1.3	1.4
year-average				1.5				0.5				1.2
Policy rate (%)	2.50	2.00	2.00	2.00	2.00	2.25	2.50	2.50	2.50	2.50	2.50	2.50
United Kingdom												
GDP												
qoq%	0.6	0.2	0.1	0.1	0.6	0.3	0.0	0.1	0.3	0.2	0.2	0.2
yoy%	1.8	1.3	1.2	0.9	0.9	1.0	1.0	1.1	0.7	0.7	0.8	0.9
year-average				1.3				1.0				0.8
Policy rate (%)	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.50	3.25	3.25	3.25
Japan												
GDP												
qoq%	0.5	0.3	-0.6	0.2	0.5	0.4	0.2	0.3	0.3	0.2	0.2	0.2
yoy%	1.5	1.8	0.5	0.4	0.3	0.4	1.3	1.3	1.1	0.9	0.9	0.8
year-average				1.1				0.8				0.9
Policy rate (%)	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75
Canada												
GDP												
qoq%	0.7	-0.2	0.5	-0.2	0.0	0.6	0.3	0.2	0.3	0.2	0.3	0.5
yoy%	3.1	2.0	1.7	0.7	-0.1	0.8	0.6	1.0	1.4	1.0	1.1	1.4
year-average				1.9				0.6				1.2
Policy rate (%)	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.50	2.50

Source: NAB Economics and Markets Research

FX Forecasts

	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
AUD/USD	0.69	0.70	0.70	0.69	0.68	0.67	0.68	0.69	0.70	0.70
NZD/USD	0.57	0.59	0.60	0.61	0.61	0.61	0.61	0.62	0.63	0.63
USD/JPY	162.5	160.5	157.5	155.0	152.5	151.0	150.0	148.0	146.0	145.0
EUR/USD	1.14	1.15	1.16	1.15	1.15	1.15	1.14	1.14	1.14	1.14
GBP/USD	1.32	1.32	1.33	1.32	1.31	1.32	1.30	1.31	1.31	1.31
USD/CHF	0.81	0.80	0.80	0.80	0.80	0.80	0.81	0.81	0.81	0.81
USD/CAD	1.40	1.39	1.38	1.36	1.35	1.34	1.34	1.34	1.34	1.34
USD/CNY	6.70	6.60	6.50	6.40	6.40	6.40	6.43	6.45	6.45	6.45

Australian Cross Rates										
AUD/NZD	1.21	1.19	1.17	1.13	1.11	1.11	1.11	1.11	1.11	1.11
AUD/JPY	112	112	110	107	104	101	102	102	102	102
AUD/EUR	0.61	0.61	0.60	0.60	0.59	0.58	0.60	0.61	0.61	0.61
AUD/GBP	0.52	0.53	0.53	0.52	0.52	0.51	0.52	0.53	0.53	0.53
AUD/CHF	0.56	0.56	0.56	0.56	0.55	0.54	0.55	0.56	0.57	0.57
AUD/CAD	0.97	0.97	0.97	0.94	0.92	0.90	0.91	0.92	0.94	0.94
AUD/CNY	4.62	4.62	4.55	4.42	4.35	4.29	4.37	4.45	4.52	4.52

Global FX Forecast Updates provides details on our FX views

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