Economics and Markets Research

What to Watch

Week of 31 August 2026

- Domestically, Q2 GDP (Wednesday) is the key release. We expect growth of 0.2% qoq.
- Globally, the RBNZ and Bank of Canada both meet.
- In the US, August payrolls headlines Friday after July's surprise fall.

Domestically, we expect Q2 GDP growth of **0.2% qoq** (Wednesday) and 1.8% yoy, modestly below consensus and the RBA's SoMP forecast of 1.9%. Partial data on trade, public demand, and inventories will firm up forecasts on Monday and Tuesday. July updates for building approvals**,** goods trade and private credit are also released, while **RBA Assistant Governor Jones** speaks on Thursday.

In NZ, BNZ expect the RBNZ to lift its cash rate by 25bps, to 2.75%. A 25bp hike is widely expected and all but fully priced by the market. Attention will also be on the Bank's language and projections for what comes next. BNZ think the Bank will signal the likelihood of further rate increases. Q2 GDP partial indicators come in the form of **International Trade** (Thursday) and **Building Work Put in Place** (Friday). Other data also due include **ANZ Business Confidence** (Monday) and Building Permits (Wednesday).

In Asia, Japan's Q2 **capital spending** (Tuesday), **industrial production** and **retail sales** for July (both Monday) are the key reads. **BoJ's Takata** speaks Wednesday. **In China**, official and RatingDog PMIs arrive Monday and Tuesday respectively.

In the US, August **non-farm payrolls** (Friday) anchors the week, with **JOLTS** (Tuesday) and **ADP** (Wednesday). Early forecasts are split between unemployment holding at 4.1% or ticking back up to 4.2%. **ISM Manufacturing** (Tuesday)**, durable goods** and **factory orders** (both Wednesday) and the **Fed's Beige Book** (Wednesday) provide updates on activity. **Fed Governor Waller**, in a moderated conversation Thursday will be keenly watched in lieu of guidance from the Chair. **In Canada**, the **BoC** is expected to hold rates (Wednesday), with August **labour market** data following (Friday).

In Europe, preliminary August **inflation** (Tuesday) will likely rise reflecting the jump in energy prices. Headline is expected to rise to 3.2% yoy, whereas core prices are expected unchanged at 2.5% - both have upside risks. EZ's July **unemployment rate** (Tuesday) is expected unchanged at 6.3%, and **retail trade** (Friday) arrives. The ECB will be in its pre-rate decision week quiet period. **In the UK**, **BoE Governor Bailey** speaks on Friday and August's **inflation expectation survey** releases the same day. UK Parliament resumes after its summer recess on Tuesday.

Contents

Key Data

	Latest	Next
GDP	2.5% yoy	2Q on 2 Sep
Unemployment	4.5%	Aug on 24 Sep
Trimmed Mean	3.6% yoy	3Q on 28 Oct
RBA	4.35%	29 Sep

Key Markets

		% change	
	Latest	Week	YTD
Rates		*bps*	*bps*
AU BBSY 3m	4.59	3.5	80.0
AU 3y swap	4.66	10.2	55.5
AU 3yr yield	4.68	11.0	54.2
AU 10yr yield	5.11	5.5	37.2
US 10yr yield	4.68	-2.8	50.9
AU-US 10yr spread	43.7	8.3	-13.7
Commodities		%	%
Iron ore	98	2.7	-3.7
Coal (thermal)	131.3	0.6	22.1
Brent oil	89.7	-4.4	49.1
Gold	4610.7	0.2	6.7
FX			
AUD/USD	0.7195	0.3	7.8
USD (DXY)	99.16	0.3	0.9
AUD/NZD	1.2	0.8	4.2
AUD crosses			
AUD/JPY	114.66	0.6	9.7
AUD/CNY	4.8353	1.1	3.7
AUD/EUR	0.6174	0.5	8.7
AUD/GBP	0.5	0.7	6.8

Source: Bloomberg

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Week Ahead Calendar

Highlighted events are previewed below.

			Event	Period	NAB	Previous
Monday, 31 August	09:50	JN	Industrial Production MoM	Jul P		1.9%
	09:50	JN	Retail Sales YoY	Jul		0.5%
	11:00	AU	Melbourne Institute Inflation MoM	Aug		1.0%
	11:00	NZ	ANZ Business Confidence	Aug		56.10
	11:30	AU	Private Sector Credit MoM	Jul	**0.7%**	0.8%
	11:30	AU	Company Operating Profit QoQ	2Q		-1.3%
	11:30	AU	Inventories SA QoQ	2Q	**0.2%**	0.5%
	11:30	CH	Manufacturing PMI	Aug		49.20
	11:30	CH	Non-manufacturing PMI	Aug		49
Tuesday, 1 September	09:50	JN	Capital Spending YoY	2Q		0
	11:30	AU	BoP Current Account Balance	2Q	**-A$30.0b**	-A$27.1b
	11:30	AU	Building Approvals MoM	Jul	**-3.0%**	7.2%
	11:30	AU	Net Exports of GDP	2Q	**-0.2pp**	-0.8pp
	19:00	EC	CPI Core YoY	Aug P		2.5%
	19:00	EC	CPI YoY	Aug P		2.9%
	19:00	EC	Unemployment Rate	Jul		6.3%
	00:00	US	ISM Manufacturing	Aug		55.60
	00:00	US	JOLTS Job Openings	Jul		7359k
Wednesday, 2 Septem...	—	JN	BOJ Board Member Takata Speech in Sapporo			
	08:45	NZ	Building Permits MoM	Jul		-3.6%
	11:30	AU	GDP SA QoQ	2Q	**0.2%**	0.3%
	11:30	AU	GDP YoY	2Q	**1.8%**	2.5%
	12:00	NZ	RBNZ Official Cash Rate	02 Sep		2.5%
	22:15	US	ADP Employment Change	Aug		44k
	23:45	CA	Bank of Canada Rate Decision	02 Sep	**2.25%**	2.25%
	00:00	US	Durable Goods Orders	Jul F		1.1%
	00:00	US	Factory Orders	Jul		-0.3%
	04:00	US	Fed Releases Beige Book			
Thursday, 3 September	08:45	NZ	Terms of Trade Index QoQ	2Q		-2.0%
	10:30	JN	S&P Global Japan PMI Composite	Aug F		53.40
	11:00	AU	RBA's Jones-Panel			
	11:30	AU	Trade Balance	Jul	**A$1000m**	A$1929m
	18:00	EC	S&P Global Eurozone Composite PMI	Aug F		52.10
	18:30	UK	S&P Global UK Composite PMI	Aug F		52.50
	22:30	US	Fed's Waller in Moderated Conversation			
	22:30	CA	Int'l Merchandise Trade	Jul		3.86b
Friday, 4 September	08:45	NZ	Volume of All Buildings SA QoQ	2Q		-3.5%
	18:30	UK	DMP 1 Year CPI Expectations	Aug		3.0%
	18:50	UK	BOE Governor Speaks in London			
	19:00	EC	ECB's Lane Speaks in Dublin			
	19:00	EC	Retail Sales MoM	Jul		-0.3%
	22:30	US	Change in Nonfarm Payrolls	Aug		-23k
	22:30	US	Unemployment Rate	Aug		4.1%
	22:30	CA	Net Change in Employment	Aug		75.1k
	22:30	CA	Unemployment Rate	Aug		6.4%

Upcoming Central Bank Interest Rate Announcements				Current
	CA	BoC	2 Sep	2.25
	NZ	RBNZ	2 Sep	2.50
	EZ	ECB	10 Sep	2.25
	US	Federal Reserve	16 Sep	3.75
	UK	BoE	17 Sep	3.75
	JN	BoJ	18 Sep	1.00
	AU	RBA	29 Sep	4.35

Sydney Time. Dates reflect 24 hours from 7am.

Key Event Previews

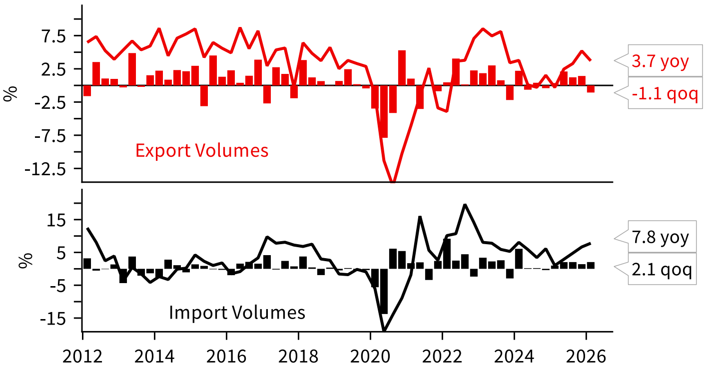
Tuesday

AU Balance of Payments (Q2)

The BoP will provide the trade components of Q2 GDP. We pencil in a 0.2ppts subtraction from quarterly GDP growth, driven by higher imports even as exports should rebound from disruptions to mining exports in Q1. A rise in imports is despite a decline in data centre equipment after a surge in Q1, with the build of domestic fuel reserves following the conflict in the Middle East likely to support both inventories and imports. Services trade outcomes will also be of interest, with the RBA anticipating a drag from lower outbound tourism.

The current account deficit is likely to widen as import values outpaced export growth, supported by higher fuel prices.

Trade Volumes



Source: National Australia Bank, Australian Bureau of Statistics, Macrobond

Wednesday

AU GDP (Q2)

NAB expects Q2 GDP growth of 0.2% qoq (1.8% yoy), modestly below the RBA and consensus for 1.9%.

A drag from business investment after the Q1 surge is driven by lumpy data centre activity, but domestic final demand will be supported by resilient consumption growth, higher residential building work, and ongoing growth in public demand.

Swings in inventories, investment and trade add uncertainty to the quarterly the outcome. Confirmation of the recent pulse in consumption growth will be important as the RBA assesses whether growth is slowing sufficiently to be comfortable on the inflation outlook.

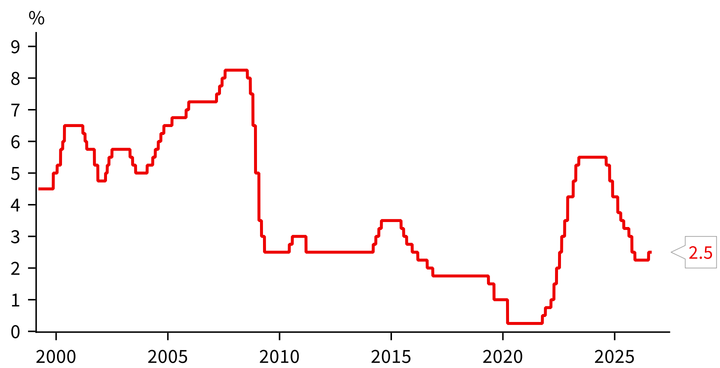
Quarterly GDP forecasts	**qoq**		**yoy**	**contribution to qoq**
	Mar-26	**Jun-26**	**Jun-26**	**Jun-26**
Household Consumption	0.5	0.4	1.9	0.2
Dwelling Investment	0.7	2.0	5.1	0.1
Underlying Business Investment	6.9	-2.7	8.6	-0.3
Underlying Public Final Demand	0.1	0.6	2.6	0.2
Domestic Final Demand	**1.0**	**0.2**	**3.1**	**0.2**
Stocks (b)	0.0	0.1		
GNE	**0.9**	**0.3**	**2.9**	**0.2**
Exports	-1.1	0.7	2.3	0.2
Imports	2.1	1.6	7.3	-0.4
Net exports (b)	**-0.8**	**-0.2**		**-0.2**
GDP	**0.3**	**0.2**	**1.8**	

(b) Contribution to growth

NZ RBNZ Official Cash Rate

The RBNZ meets Wednesday in a full Monetary Policy Statement, bringing updated economic projections. BNZ expect a 25bp hike to 2.75%, with inflation proving stickier than the RBNZ anticipated and the tightening cycle on track toward BNZ's end-2026 terminal rate expectation. As a projection meeting, the new forecasts will signal how far and fast the RBNZ sees the OCR moving. The key question is whether the RBNZ signals a pause after today's expected hike or commits to further moves at its November and February meetings.

RBNZ Official Cash Rate



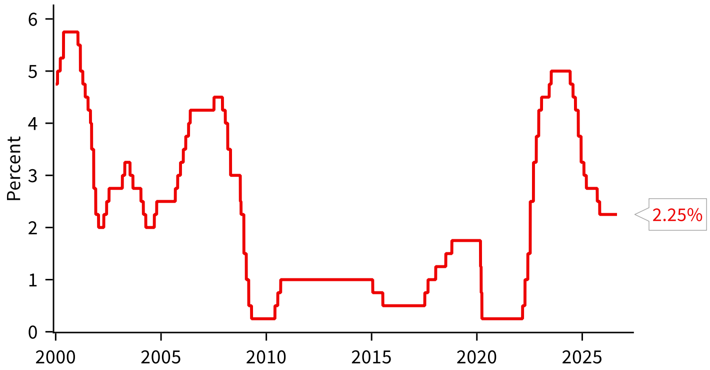
Source: National Australia Bank, Reserve Bank of New Zealand, Macrobond

CA Bank of Canada Rate Decision

We expect the BoC to hold at 2.25% on Wednesday, as policymakers are currently in the enviable position of observing both a declining unemployment rate and underlying inflation ticking along at 2%. We expect ongoing shocks to the growth outlook owing to the escalating tariff war between the US and Canada will keep the BoC on hold until 2027 as it rides out a period of cyclical weakness.

The key watch point will be a formal update from officials regarding their take on the new batch of tariffs on Canada's growth prospects. A particularly grave reading could have implications for how accommodative policy needs to be as they begin to bite at the end of 2026. No updated projections will be provided as part of this update.

Bank of Canada Target Overnight Rate



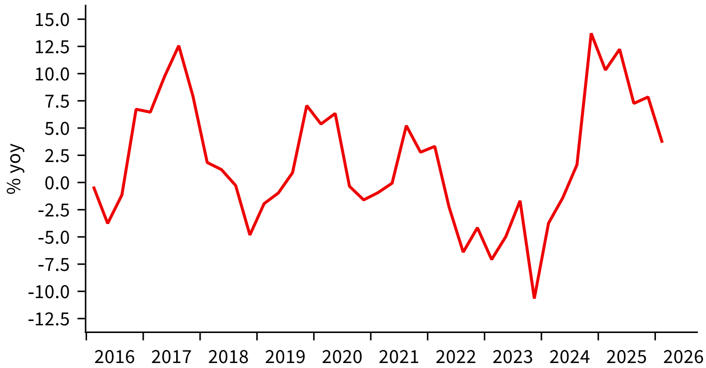
Source: National Australia Bank, Bank of Canada, Macrobond

Thursday

NZ International Trade

The merchandise **terms of trade** is forecast to dip 0.7% below year earlier levels, as the initial impact of the oil shock lifts goods import prices by more than primary-sector-driven strength in goods export prices. Total import and export volumes are both expected to post strong growth in the quarter, with imports seen marginally stronger than exports generating a mild drag on GDP growth in Q2.

New Zealand Merchandise Terms of Trade



Source: National Australia Bank, Statistics New Zealand, Macrobond

Friday

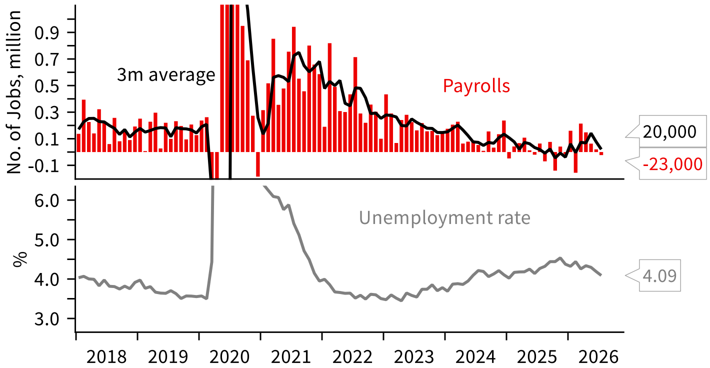
US Non-Farm Payrolls

July's Payrolls report was unusual as it saw both a decline in both employment growth (-23k) and the unemployment rate (-0.1ppts to 4.1%). Therefore, the key takeaway for markets will be to what extent do these conflicting signals resolve in August. A clearer labour market signal will give a clearer indication of where the Fed is headed next.

For now, recent data continues to point towards policy being in the right place, with inflation readings of late coming broadly in line with expectations, some initial signs of easing labour demand and relatively benign recent wage outcomes.

The Payrolls release, and August CPI the following week, are the key data ahead of the Fed's 16 September meeting.

US Payrolls & Unemployment

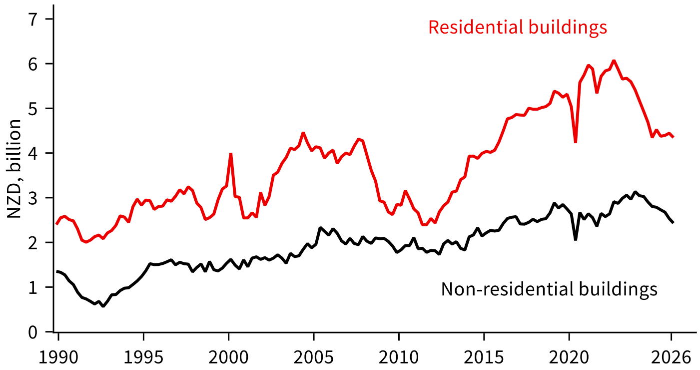


Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), Macrobond

NZ Building Work Put in Place

Building Work Put in Place data will give its usual partial guidance for construction GDP. A moderate quarterly increase of around 1.5% in real building work would be most consistent with what BNZ have pencilled in for the construction sector regards Q2 GDP.

New Zealand construction indicators (volumes)



Source: National Australia Bank, Statistics New Zealand, Macrobond

Forecasts Tables

See: Forward View Australia

Australian Economic Forecasts

		2025				2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP	(% yoy)												
Household Consumption		0.9	2.3	2.7	2.5	2.5	1.9	1.6	1.5	1.3	1.2	1.3	1.3
Dwelling Investment		6.5	5.6	6.3	5.1	3.5	5.1	3.6	3.3	2.8	1.1	1.2	1.5
Underlying Bus. Investment		-0.8	-1.6	3.6	4.1	11.3	8.6	5.4	5.2	-1.1	1.9	1.1	1.4
Public Final Demand		3.9	3.0	1.6	2.4	2.5	2.9	1.9	1.5	1.8	1.6	1.6	1.6
Domestic Final Demand	(% qoq)	0.4	0.7	1.2	0.6	1.0	0.2	0.4	0.3	0.4	0.4	0.4	0.4
	(% yoy)	2.0	2.3	2.8	2.9	3.5	3.1	2.3	2.0	1.4	1.6	1.5	1.6
Gross Domestic Product	(% qoq)	0.3	1.0	0.4	0.9	0.3	0.2	0.4	0.4	0.5	0.4	0.4	0.4
	(% yoy)	1.3	2.0	2.1	2.5	2.5	1.8	1.8	1.3	1.6	1.8	1.7	1.8
Labour Market													
Employment	(% qoq)	0.2	0.6	0.1	0.2	0.6	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Unemployment Rate	(%)	4.1	4.2	4.3	4.3	4.2	4.4	4.5	4.6	4.7	4.8	4.8	4.8
WPI Wages	(% qoq)	1.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
	(% yoy)	3.5	3.4	3.3	3.4	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Inflation													
CPI Trimmed Mean	(% qoq)	0.7	0.6	1.0	0.9	0.8	0.8	1.0	0.9	0.7	0.8	0.7	0.7
	(% yoy)	2.9	2.7	2.9	3.3	3.5	3.6	3.7	3.6	3.5	3.5	3.2	2.9
CPI Headline	(% qoq)	0.9	0.7	1.3	0.6	1.4	1.1	1.4	0.6	0.8	0.3	0.8	0.6
	(% yoy)	2.4	2.1	3.2	3.6	4.1	4.5	4.5	4.6	3.9	3.1	2.5	2.5

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

See: Global FX Strategist

Exchange Rate Forecasts

	27-Aug	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Majors						
AUD/USD	0.7200	0.69	0.70	0.70	0.69	0.68
NZD/USD	0.5963	0.57	0.59	0.60	0.61	0.61
USD/JPY	159.5	163	161	158	155	153
EUR/USD	1.1645	1.14	1.15	1.16	1.15	1.15
GBP/USD	1.3589	1.32	1.32	1.33	1.32	1.31
USD/CNY	6.72	6.70	6.60	6.50	6.40	6.40
USD/CAD	1.3853	1.40	1.39	1.38	1.36	1.35
USD/CHF	0.8049	0.81	0.80	0.80	0.80	0.80
Australian Cross Rates						
AUD/NZD	1.21	1.21	1.19	1.17	1.13	1.11
AUD/JPY	115	112	113	111	107	104
AUD/EUR	0.62	0.61	0.61	0.60	0.60	0.59
AUD/GBP	0.53	0.52	0.53	0.53	0.52	0.52
AUD/CNY	4.84	4.62	4.62	4.55	4.42	4.35
AUD/CAD	1.00	0.97	0.97	0.97	0.94	0.92
AUD/CHF	0.58	0.56	0.56	0.56	0.55	0.54

Source: Bloomberg

Interest Rate Forecasts

	27-Aug	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Australian Rates						
RBA cash rate	4.35	4.60	4.60	4.60	4.60	4.35
3 month bill rate	4.55	4.69	4.68	4.68	4.54	4.29
3 Year Swap Rate	4.66	4.65	4.45	4.25	4.15	4.05
10 Year Swap Rate	5.18	5.10	5.00	4.95	4.95	4.85
Offshore Policy Rates						
US Fed funds	3.75	3.75	3.75	3.75	3.75	3.75
RBNZ OCR	2.50	2.75	3.25	3.75	4.00	4.00
10-year Bond Yields						
Australia	5.12	5.10	5.00	4.90	4.90	4.80
United States	4.68	4.50	4.50	4.50	4.50	4.50
New Zealand	4.74	4.90	4.90	4.90	4.90	4.90

Source: Bloomberg

See: Global Forward View

Global GDP (year average % change)

	2024	2025	2026	2027
US	2.8	2.1	2.1	2.0
Euro-zone	1.0	1.3	0.8	1.3
Japan	0.1	1.2	0.8	1.0
UK	1.0	1.3	1.1	0.8
Canada	2.0	1.9	0.6	1.2
China	5.0	5.0	4.6	4.4
India	7.3	7.6	6.8	6.5
Australia	1.0	2.0	1.3	1.8
NZ	-0.3	0.3	1.6	2.2
Global	3.5	3.5	3.1	3.3

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