Economics and Markets Research

Global Forward View

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Keep calm and muddle-on

- **Global growth has stabilised in Q2 pointing to a contained Iran-war fallout.**
- **Q2 GDP results have generally been stronger than expected; we now see global growth of 3.1% in 2026 (previously 3.0%). 2027 growth unchanged at 3.3%. The continued Iran conflict means risks to the outlook remain tilted to the downside.**
- **The Japan-US yen intervention highlights the fundamental need for the BoJ to raise rates more quickly than it has been doing.**

Oil and gas prices remain high as the conflict in the Middle-East remains unresolved, but the impact on growth has been limited and channels through which the economic impact of an energy shock can be amplified remain contained or are recovering.

Global growth (outside the Middle-East) has eased since mid-last year, but looks to have remained solid and is little changed from Q1. While it is normal for households to smooth the impact of a sudden real income squeeze, the recovery in confidence after the initial post-war is a positive sign. Similarly, business surveys have been improving since March. Financial market stress has been contained although the post-war rise in yields, and higher expectations for central bank policy rates (compared to pre-war), remain in place and represent a headwind to growth.

Although markets seem resolved to move on from this conflict, thanks in part to the impact of the ongoing AI roll-out, risks ultimately remain to the downside. Oil inventory drawdowns cannot continue indefinitely.

Labour markets in major advanced economies are generally not a source of inflationary pressure. Wage growth across the US, Euro-zone, UK and Canada has been moderating. Japan is the exception; it has a tight labour market and rising wage growth.

Japan's currency has come under pressure owing to the perception that the Bank of Japan (BoJ) being behind the curve on policy normalisation. This culminated in joint Japan-US intervention to support the yen; but fundamentally monetary policy needs to adjust. As a result, we have brought forward our expected timing for BoJ rate increases and now see a September move as likely (or, failing that, October). We also expect the European Central Bank to increase its policy rate in September, but for the US, UK and Canada central banks to remain on hold next month.

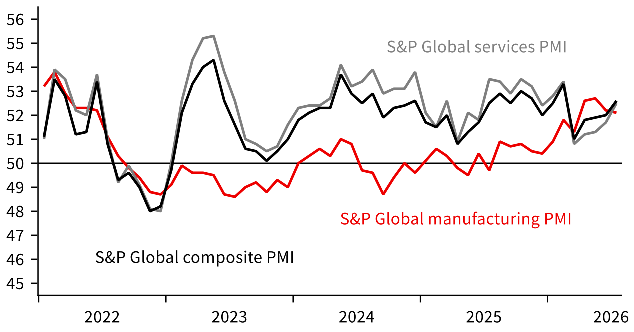
Key Economic Forecasts (year average % change)

	2025		2026		2027	
US	2.1		2.1		2.0	
Euro-zone	1.3	(-0.2)	0.8	(0.3)	1.3	(0.1)
Japan	1.2	(0.1)	0.8		1.0	(0.1)
UK	1.3		1.1	(0.1)	0.8	
Canada	1.9		0.6		1.2	
China	5.0		4.6		4.4	
India	7.6		6.8	(0.1)	6.5	
Latin America	2.4		2.0	(0.1)	2.2	
Other East Asia	4.3		5.1	(0.3)	3.9	(0.1)
NZ	0.3		1.6		2.2	
Global	**3.5**		**3.1**	(0.1)	**3.3**	
Major trading partners	3.9	(0.1)	3.8	(0.1)	3.5	(0.1)

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

Recovery from immediate Iran war impact underway

S&P Global PMIs - world (net balance)



Source: National Australia Bank, Account in-house

Authors: Antony Kelly, Head of International Economics | Gavin Friend, Senior Markets Strategist | Josh Copeland, Economist

Moving on from the war

While the conflict in the Middle-East is unresolved, and oil prices are oscillating around a level well above pre-war prices, the impact on growth appears modest.

We noted last month that Q2 China GDP slowed, but since then **Q2 GDP data has generally been better than expected**. Q2 results are available for most of the major advanced and Asian (excluding India) economies.

Growth slowed but remained broadly resilient across major economies. US (0.4% qoq), Japanese (0.3% qoq) and UK (0.4% qoq) growth moderated in Q2, whilst Other East Asia stayed robust. The Euro-zone rebounded (0.4% qoq), whilst indicators point to an even stronger bounce back for Canada.

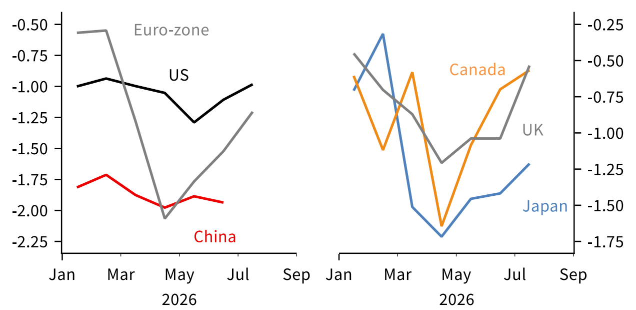
Overall, our Q2 global growth proxy is tracking around its Q1 pace; while growth has moderated since mid-2025, this is a solid outcome in the face of a major energy supply shock. Note, however, that our proxy does not include the heavily impacted Gulf countries so likely overstates global growth.

Moreover, **surveys suggest that conditions improved through Q2 and into early Q3**, although China activity data remain a weak spot (outside of the tech sector). The S&P Global PMI took a step down immediately after the start of the Iran-US war but has improved in each month since March, driven by a recovery in the services sector. The manufacturing PMI, which had improved ahead of the conflict, initially tracked higher and is now starting to come-off perhaps influenced by a pull forward of activity in anticipation of supply disruptions.

The main risk to global growth remains continued disruptions to energy and other production around the Strait of Hormuz. The Ukraine-Russia conflict is also adding to energy sector disruption. According to the IEA, after some respite in June, global oil inventories again declined in July and are 'rapidly depleting'. While oil prices have come down from their post war highs, European and Asia natural gas benchmarks have not. European gas storage levels are relatively low ahead of their winter, a risk to watch.

Disruptions to downstream production (including chemicals and plastics) are still evident in some countries. That said, a broad measure of supply disruptions, based on business surveys and freight rates, indicates supply chain pressures have started to ease.

Consumer confidence



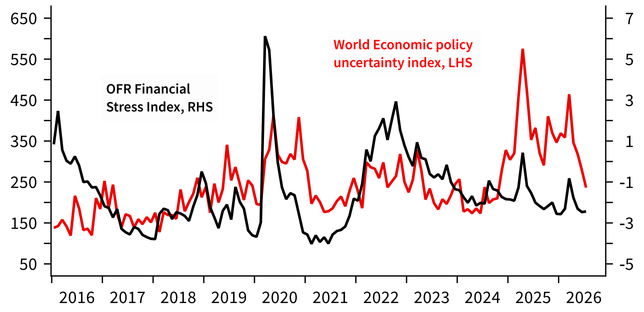
Source: National Australia Bank, China Economic Monitoring & Analysis Center (CEMAC), European Commission (DG ECFIN), Macrobond. US average of Michigan Uni and Conference Board.

Source: National Australia Bank, Japanese Cabinet Office (CAO), GfK UK, Macrobond. Measures standardised over their full sample.

Confidence, another channel through which the conflict threatened activity, has substantially recovered. Consumer and business confidence has rebounded across most major economies. China is the main exception, as consumer confidence has been entrenched at a low level for several years likely reflecting the ongoing property market downturn and a weak labour market.

Financial markets also show little ongoing stress. Equity prices are now generally higher than pre-war while measures of financial stress only saw a brief, and relatively modest, rise. Separately, policy uncertainty – which has been impacted by changing US trade policies has moved down to its lowest level (as measured by the Economic Policy Uncertainty Index) since 2024, although it still remains elevated in the US.

Policy uncertainty and financial stress



Source: National Australia Bank, Economic Policy Uncertainty, The Office of Financial Research (OFR), Macrobond

That said, the post-war rise in bond yields remains intact, in part reflecting higher expected policy rates. This should act as a headwind to activity.

While **monetary policy has effectively tightened since the start of the year, fiscal policy has likely moved in the other direction** as many governments put in place measures to buffer the economy against rising energy prices.

The removal of the IEEPA tariffs (thanks to the Supreme Court) has effectively eased fiscal conditions in the US, although likely only temporarily. A June reconciliation act was small (<0.1% of GDP in FY 26 and FY 27) and while another bill is being progressed its 10yr cost is also only small (0.3-0.4% of annual GDP).

Japan is also active on the fiscal front – apart from fuel price subsidies, the Government has decided to reduce the VAT on food at a cost of ~0.7% to 0.8% of GDP per year. The Government has also launched a new growth strategy which targets over ¥370 trillion in cumulative public and private investment across 17 strategic fields through FY2040. The timing and the public sector's contribution is unclear as is how it will be financed. Financing is also unclear for the VAT cut.

With investment in AI continuing to underpin activity, global growth will remain solid even in the face of ongoing headwinds from higher energy prices and the shift up in interest rates. Uncertainty around global energy supply remains the key immediate risk to the outlook. **We expect global growth of 3.1% in 2026 (up 0.1 ppts) and 3.3% in 2027** (unchanged). The upwards revision to 2026 mainly reflects stronger than expected Q2 growth.

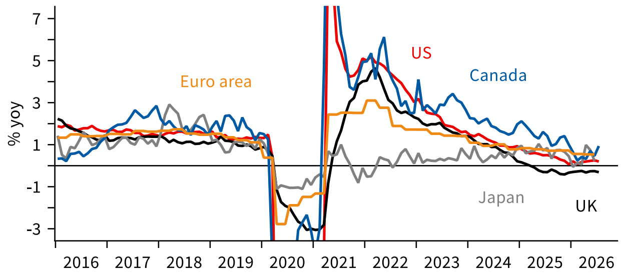
Labour markets back in balance?

As the war in the Middle East shifts from the most pressing issue in the global economy to a more moderate yet persistent source of uncertainty, it is timely to reassess the health and trajectory of labour markets.

Despite structural differences amongst countries causing persistent unemployment rate differentials (i.e. demographics, labour market flexibility and migration levels), **advanced economy labour markets seem to be roughly balanced or loose, outside of Japan**, and not currently a source of inflationary pressure.

Employment growth has generally eased over recent years, now tracking broadly below pre-COVID levels. Most countries have shown some stabilisation in growth rates since the beginning of the year. Growth remains positive at least outside the UK. For the US and Canada, migration policies have driven population growth lower so employment in isolation is not a clear indicator of the degree of labour market tightness.

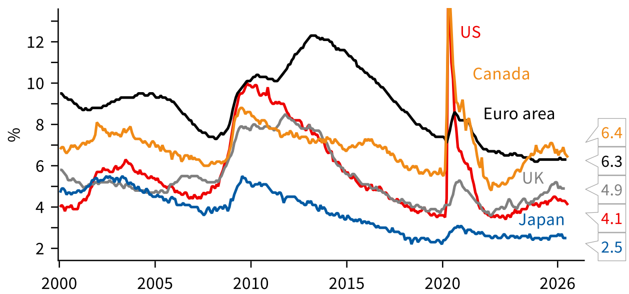
Employment growth



Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), U.K. Office for National Statistics (ONS), Japanese Statistics Bureau, Ministry of Internal Affairs & Communications, Statistics Canada, Eurostat, Macrobond
Note: The Euro area measure is quarterly.

Following the lows in 2022, unemployment rates broadly rose to be above pre-COVID levels but have more recently shown signs of stabilising if not edging down. Although Europe, post COVID, recorded a persistent decline in the unemployment rate to record lows, it has stabilised more recently and broader metrics indicate the labour market has been cooling over recent years. **A notable outlier is Japan, whose labour market is clearly tight.** Besides a generationally low unemployment rate, business surveys indicate a major labour shortage.

Unemployment rates

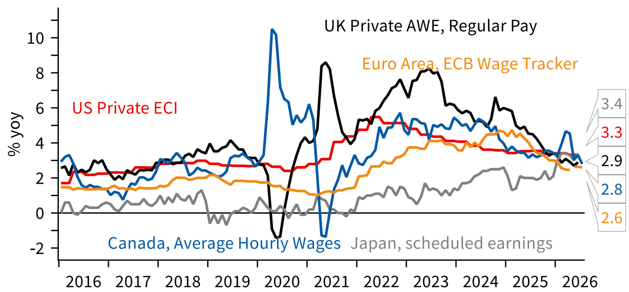


Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), Eurostat, U.K. Office for National Statistics (ONS), Japanese Statistics Bureau, Ministry of Internal Affairs & Communications, Statistics Canada, Macrobond

Benign outcomes for wages across most advanced economies reinforce this conclusion of labour markets not being a source of inflationary pressures. This is particularly the case for the US (thanks to strong productivity growth), the UK and Canada but is less clear cut for the Euro-zone. The ECB wage tracker remains elevated, but data for this indicator is only available since the mid-2010s, a period of below target inflation. While it is showing signs of edging up, Christine Lagarde was clear about the lack of any evidence of second-round impacts from higher energy prices on wages at the ECB's July meeting press conference.

Again, Japan is the exception here. Wage growth has been trending up since the pandemic, and there is clear evidence of a wage-price cycle finally taking place. This should give policymakers the confidence the long period of deflationary pressures has ended and supports the need to tighten monetary policy.

Wage growth indicators



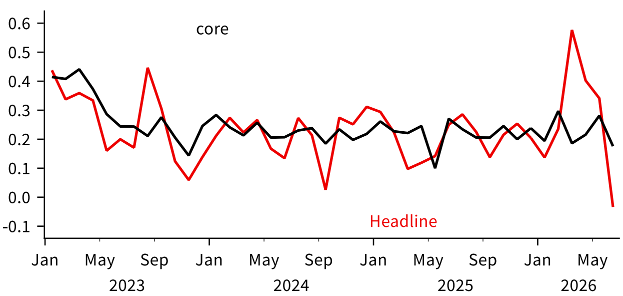
Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), U.K. Office for National Statistics (ONS), Japanese Ministry of Health, Labour & Welfare, Statistics Canada, ECB (European Central Bank), Macrobond

Central banks – BoJ in spotlight

Against this backdrop, inflation remains the main focus for most of the major central banks for now. While there has been a clear rise in headline inflation on higher energy prices, monthly overall advanced economy core inflation readings are little changed.

Nevertheless, inflation remains above target on a core basis in the US (particularly on its favoured PCE measure), the Euro-zone and UK.

Advanced economy consumer inflation (% mom)



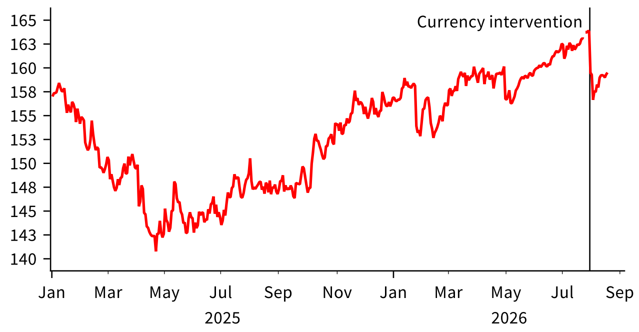
Source: National Australia Bank, Macrobond. PPP weighted inflation of 13 countries/regions, including US, EU, Japan, Canada and UK. CPI meausure used except US which is PCE measure.COVID extremes removed. Index constructred from sa and nsa data and then s.a. by X11

For the Euro-zone, with growth holding up, headline inflation expected to rise above 3%, and a current policy rate at the low end of the neutral range, the **European Central Bank** is likely to raise rates again at its September meeting before going on hold. **The Bank of England** is likely to remain on hold as the policy rate is above neutral, growth will remain under pressure from a large fiscal policy drag and higher energy costs, and the unemployment rate is expected to rise from here.

For the **US Federal Reserve**, no change is expected at its September meeting, as recent inflation data have supported the case that inflation would moderate in H2. We see the Fed remaining on hold as we expect inflation will continue to moderate from its H1 pace, but any upwards inflation surprise from here will likely trigger a series of hikes. As noted above, the unemployment rate has edged down this year; it is only a little below the Fed's view of its long-run level but if this trend were to continue (not our base case) it would reinforce the case for tightening policy and bears watching.

The recent coordinated US-Japan yen intervention has implications for the timing of the **Bank of Japan's** (BoJ's) next move. We now expect a hike in September or, failing that, October (previously December). With the policy rate below neutral, and the economy facing capacity constraints, the case for tighter policy settings is clear. The issue has been how quickly the BoJ would move.

Japanese Yen per USD



Source: National Australia Bank, Macrobond Financial AB, Macrobond

This intervention not only indicates Japan's threshold for tolerating currency depreciation (around ¥165/USD) but also implies there is now significant pressure on the BoJ to undertake more rapid policy normalisation. Whilst involving the US in any currency market intervention adds authority, its impact will be temporary until the fundamental sources of yen weakness are addressed: a very low policy rate and a BoJ that is still supressing JGBs yields in an environment of heightened uncertainty over the fiscal outlook.

The retracement of the yen's value back towards ¥160/USD since August 1 shows this. Press reports also indicate a growing institutional acceptance of the need to normalise policy more quickly.

Ultimately, the BoJ is a cautious tightener, and its decision to hike in September or October could depend on currency market conditions ahead of the meeting. It could well delay hiking in September if doing so without incurring a severe depreciation seems feasible.

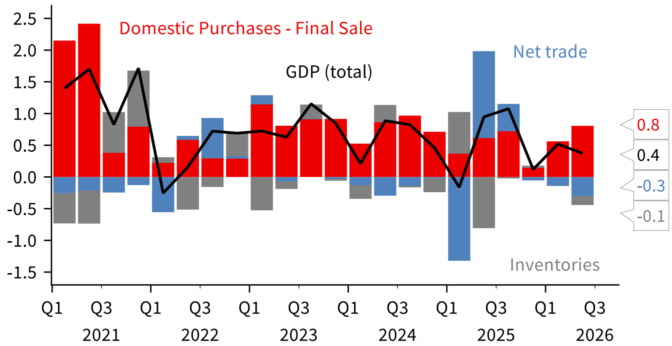
Beyond the near-term, we have also brought forward our expected timing of two further 25bp hikes in 2027 to Q1 and Q2 (previously Q2 and Q4), which would put policy at the mid-point of the BoJ's neutral estimate (1.0%-2.5%). The progression of Takaichi's food tax and other fiscal plans through parliament presents an upside risk to this profile, but we await further details on how this will be financed before centralising this.

Country quick take

United States

- Q2 GDP growth was slightly down on Q1; stronger domestic final demand was offset by a net trade and inventory drag.
- AI related investment remains strong but there are signs investment is broadening out. Strong corporate profits are a supportive factor. Household consumption grew strongly as households absorbed higher energy prices through a lower savings rate. The July fall in retail sales suggests more moderate consumption growth is likely from here.
- Jobs growth turned negative in July, but with labour supply weak, the unemployment rate again edged down. For now, wage growth remains moderate but it's an added watch for the Fed as it waits to see if inflation eases over the rest of the year. Recent data have been positive on this front but if this is not sustained, and there is little or no easing in inflation in H2, then this could trigger rate increases.
- Congress is moving to pass another reconciliation bill but it is limited; with a 10yr cost of 0.3 to 0.4% of GDP.

Contribution to qtly GDP growth (ppts)

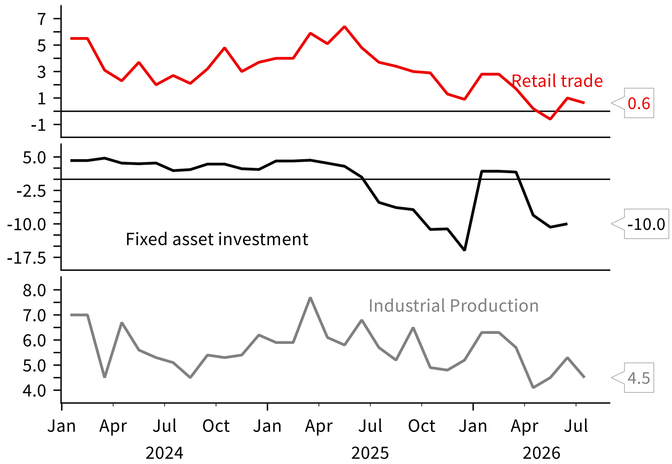


Source: NAB , U.S. Bureau of Economic Analysis (BEA), Macrobond. Residual not shown

China

- Domestic demand remains weak. Retail sales growth is very low and the decline in fixed asset investment looks entrenched, in part due to the ongoing housing correction. Industrial production growth also eased.
- Growth drivers remain unchanged – export growth is strong (at least in value terms), and hi-tech manufacturing industrial production grew 16.9% yoy, its highest level since 2021. EV production has benefited from higher oil prices but the flipside is weak petroleum and chemical production.
- Severe weather conditions (which have continued into August) may have weighed on activity. We still expect growth to lift but the policy response has so far been muted, raising downside risks.
- The end July politburo pointed to accelerating fiscal expenditure of existing programmes, but also referenced stepping up countercyclical measures, suggesting that authorities are ready to respond if growth remains weak.

China monthly activity indicators (yoy%)

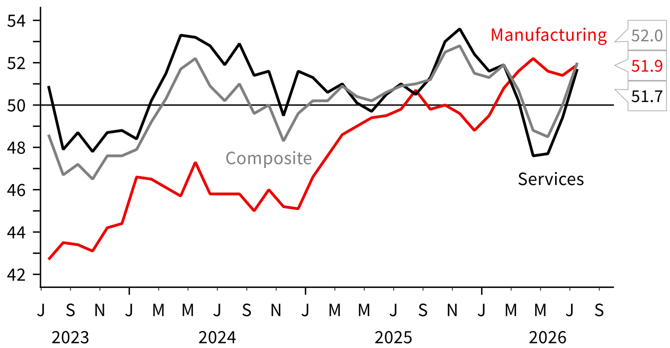


Source: National Australia Bank, China National Bureau of Statistics (NBS), Macrobond, Account in-house. Scale truncated for COVID extremes

Euro-zone

- The EZ is proving resilient, posting Q2 GDP of 0.4% qoq against the 0.2% forecast by the ECB. Q1 was revised up to 0% from -0.2%. Ireland was again a factor, recovering from its pharma trade hit more quickly than thought and adding 0.1ppt to the EZ total. EZ annual GDP was 1% yoy.
- Spain outperformed at 0.7% qoq, led by domestic demand and net exports. Germany, France and Italy all grew by 0.2% qoq. Germany's growth slowed from 0.4% in Q1, with net trade the driver amid weak consumption and investment but is likely to be revised up. France's output was aided by domestic demand and auto sales, while investment declined. In Italy inventories led. In Portugal, Netherlands and Finland growth was strong.
- July inflation rose to 2.9% yoy and while core is lower at 2.5%, we expect energy costs to push prices above 3%. The ongoing Iran conflict means we continue to expect the as signalled 25bps ECB rate hike to 2.5% on 9 September.

Euro-zone - S&P Global PMIs

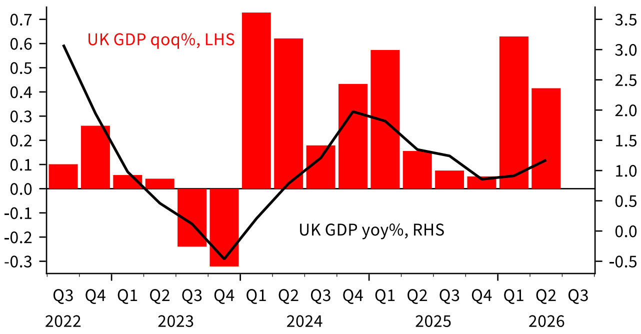


Source: National Australia Bank, Account in-house

UK

- UK GDP in Q2 was 0.4% qoq, for 1.2% yoy, confirming the pattern of recent years where growth slows as the year unfolds, though more notably in H2.
- The 0.4% Q2 rise in output included a surprise 0.3% mom first estimate rise in June monthly GDP, well above the -0.1% consensus and a reason why growth beat the BoE's and NAB's 0.3% forecast, leading to suggestions the economy is more resilient than thought.
- Services growth of 0.5% qoq and 0.4% mom was the driver, aided by the FIFA World Cup, with construction growth of 0.3% qoq, -0.1% mom. We should expect some payback from both. Construction industry warnings amid a sub 40 PMI reading point to downward revisions. The extended heat wave will likely hit energy production.
- Bigger picture; higher energy bills from July, coming higher food inflation and anticipated tax rises in H2, will crimp sentiment and incomes. BoE on hold at 3.75%.

UK GDP Growth

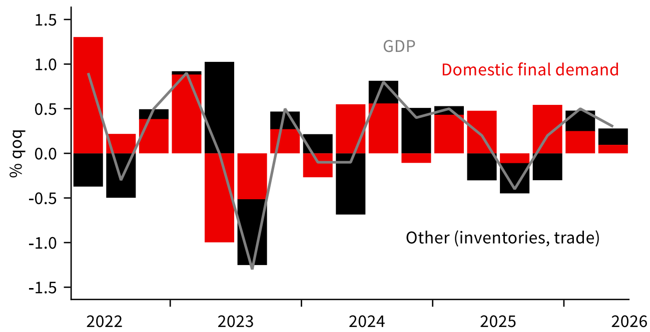


Source: National Australia Bank, Macrobond, 80% weight on services, 20% on manufacturing surveys

Japan

- Japan's Q2 GDP came in weaker than expected (0.3% qoq result relative to 0.5% expectation), driven primarily by weaker household demand and business investment. The war in Iran and its impact on input costs may be impacting the latter.
- The recent joint US-Japan yen intervention raises the stakes for the BoJ to raise interest rates more quickly than what's been done to date. If this doesn't happen, it risks wasting the resources and credibility used to support the yen given its fundamental weakness.
- We now expect a rate hike in September (and failing that, October), and two further by Q2 2027 to take the BoJ to the midpoint of its neutral estimate (1.75%). Q2's GDP undershoot may worry some officials, but we don't consider this sufficient to dissuade it from near-term tightening as growth remained above trend.

GDP contributions to growth

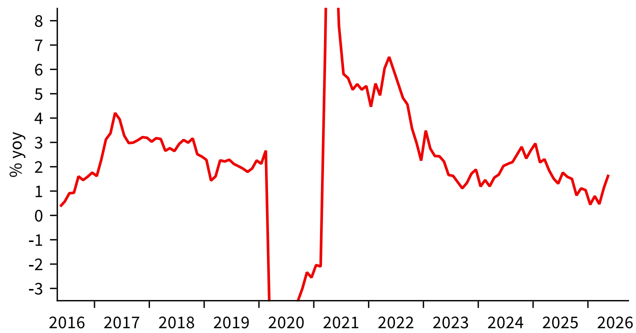


Source: National Australia Bank, Japanese Cabinet Office (CAO), Macrobond

Canada

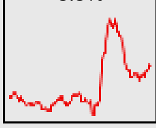
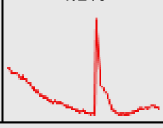
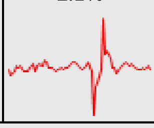
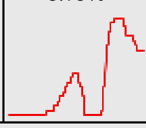
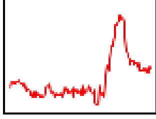
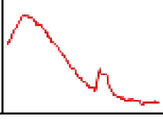
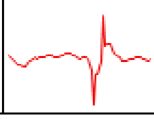
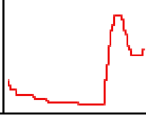
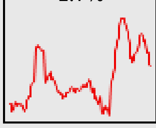
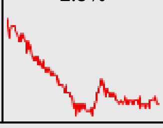
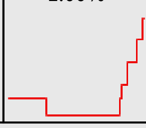
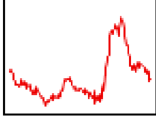
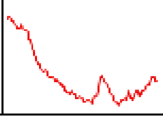
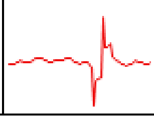
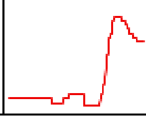
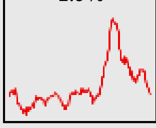
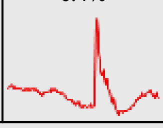
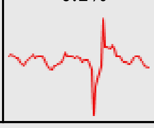
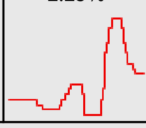
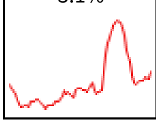
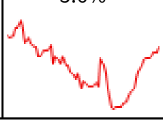
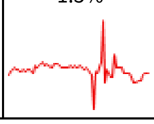
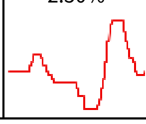
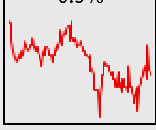
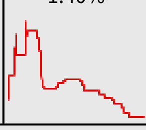
- Canada's monthly GDP indicator implies a strong quarterly growth bounce back in Q2 after two quarters of negative growth. However, this is unlikely to be sustained beyond the short-term given population growth and tariff woes.
- Canadian policymakers are currently in the enviable position of observing the unemployment rate moving down and underlying inflation tracking sideways.
- This will keep the BoC in a holding pattern until either side of its dual mandate becomes more pressing. We expect the BoC to remain on hold until a hike in H2 2027 due to the impact of Trump's latest tariffs on its growth outlook (scheduled to begin today). Under current conditions (well behaved inflation and a recovering labour market), policy is in roughly the right place until this low growth period is worked through.

Canada monthly GDP



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	3.3% 	4.1% 	2.1% 	3.75% 	hold	16 Sep 3.75 28 Oct 3.75	end 2026 3.75 end 2027 3.75
	We expect the Fed to remain on hold if inflation eases in line with expectations; June and July data have been supportive but any upwards inflation surprises will likely trigger rate hikes.						
European Central Bank	2.5% 	6.3% 	0.9% 	2.25% 	tightening	10 Sep 2.50 29 Oct 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	1.7% 	2.5% 	0.5% 	1.00% 	tightening	18 Sep 1.25 30 Oct 1.25	end 2026 1.25 end 2027 1.75
	The BoJ is gradually moving the policy rate towards neutral, given postive output gap and inflation around target. The BoJ's desire to stabilise the currency means the next move is likely in September or October.						
Bank of England	2.6% 	4.9% 	1.2% 	3.75% 	hold	17 Sep 3.75 5 Nov 3.75	end 2026 3.75 end 2027 3.25
	Inflation is set to hold above target for an extended period, likely peaking in the low 3's, Iran conflict permitting. The BoE 6:3 'on hold' vote may persist for a period. We continue to see no rate hikes in 2026 and cuts in 2027.						
Bank of Canada	1.9% 	6.4% 	-0.1% 	2.25% 	hold	2 Sep 2.25 28 Oct 2.25	end 2026 2.25 end 2027 2.50
	A near-term growth rebound is unlikely to offset headwinds from weak population growth and escalating US tariffs, leaving the BoC on hold until H2 2027.						
Reserve Bank of New Zealand	3.1% 	5.6% 	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	0.9% 		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 is excl. food and energy, except Japan (ex fresh food, energy & alcoholic beverages), UK (also ex 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	0.4	0.6	0.5	0.5	0.5	0.5	0.5
qoq, annualised %	-0.6	3.8	4.4	0.5	2.1	1.5	2.4	1.9	2.1	2.1	1.9	1.8
yoy%	2.0	2.1	2.3	2.0	2.7	2.1	1.6	2.0	2.0	2.1	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	3.6	2.9	2.1	2.0	2.1
Core												
qoq%	0.8	0.6	0.7	0.7	1.1	0.8	0.7	0.6	0.6	0.6	0.6	0.5
yoy%	2.8	2.7	2.9	2.9	3.1	3.3	3.3	3.2	2.7	2.4	2.4	2.3
Unemployment rate												
qtly average %	4.1	4.2	4.3	4.5	4.3	4.3	4.2	4.2	4.2	4.2	4.2	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%	0.6	0.0	0.3	0.2	0.0	0.4	0.3	0.2	0.3	0.4	0.4	0.4
yoy%	1.6	1.4	1.2	1.1	0.5	0.9	0.9	1.0	1.3	1.2	1.3	1.4
year-average				1.3				0.8				1.3
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	0.4	0.0	0.1	0.3	0.2	0.2	0.2
yoy%	1.8	1.3	1.2	0.9	0.9	1.2	1.1	1.2	0.9	0.7	0.8	0.9
year-average				1.3				1.1				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	0.2	-0.4	0.2	0.5	0.3	0.2	0.2	0.3	0.2	0.2	0.2
yoy%	1.6	1.9	0.7	0.5	0.4	0.5	1.2	1.2	1.0	1.0	1.0	0.9
year-average				1.2				0.8				1.0
Policy rate (%)	0.50	0.50	0.50	0.75	0.75	1.00	1.25	1.25	1.50	1.75	1.75	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
AUD/USD	0.69	0.70	0.70	0.69	0.68	0.67	0.68	0.69
NZD/USD	0.57	0.59	0.60	0.61	0.61	0.61	0.61	0.62
USD/JPY	162.5	160.5	157.5	155.0	152.5	151.0	150.0	148.0
EUR/USD	1.14	1.15	1.16	1.15	1.15	1.15	1.14	1.14
GBP/USD	1.32	1.32	1.33	1.32	1.31	1.32	1.30	1.31
USD/CHF	0.81	0.80	0.80	0.80	0.80	0.80	0.81	0.81
USD/CAD	1.40	1.39	1.38	1.36	1.35	1.34	1.34	1.34
USD/CNY	6.70	6.60	6.50	6.40	6.40	6.40	6.43	6.45

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

Global FX Strategist provides details on our FX views

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