

Weekly Market and Economics Roundup

For the week ended 27 September 2013

This Roundup covers critical economic data and publications used by NSW Treasury for monitoring and analysis.

Chart A: Domestic Interest Rates

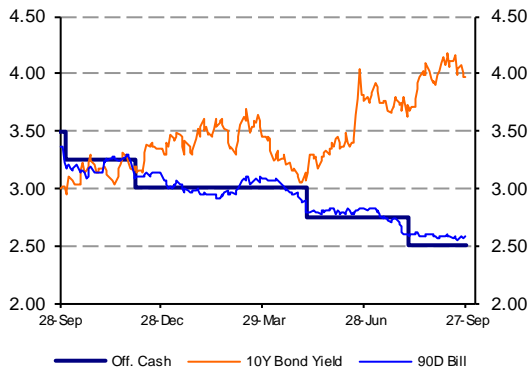


Chart B: Share Price Index

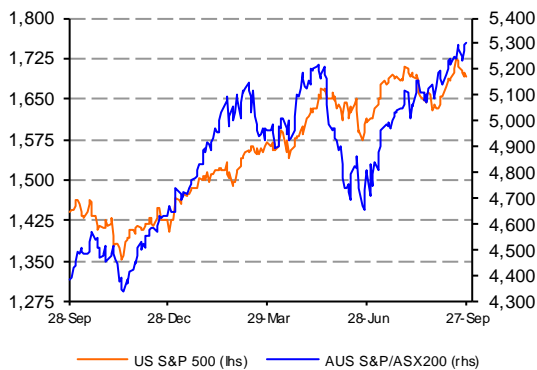


Chart C: Exchange Rate

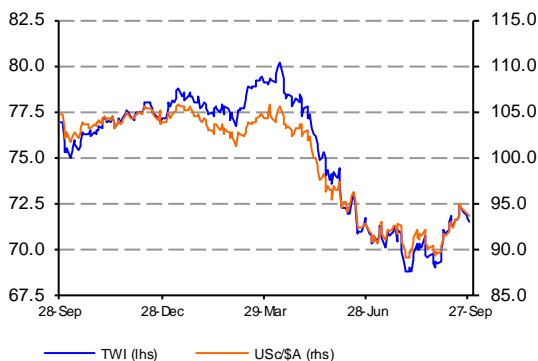
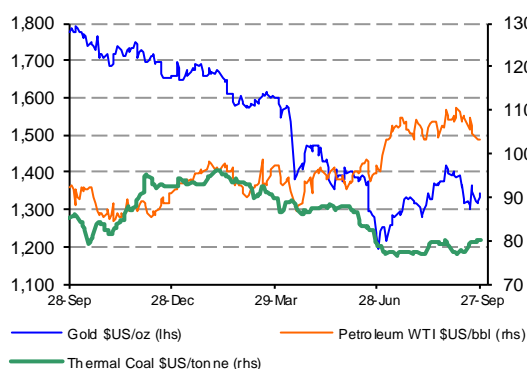


Chart D: Commodities



Domestic Data Releases

Demographic statistics (number, nsa, y%ch) for the March quarter 2013 showed that:

- The **Estimated Resident Population (ERP) of Australia** was approximately 23,032,700 persons, 1.8% higher than a year ago.
- The **ERP of NSW** was 7,381,100 persons, a rise of 1.3% on a year ago.

ABS **job vacancies** data (number, nsa, y%ch) showed that in the August quarter NSW job vacancies fell 5.2% and nationally vacancies declined 20.0%.

Markets

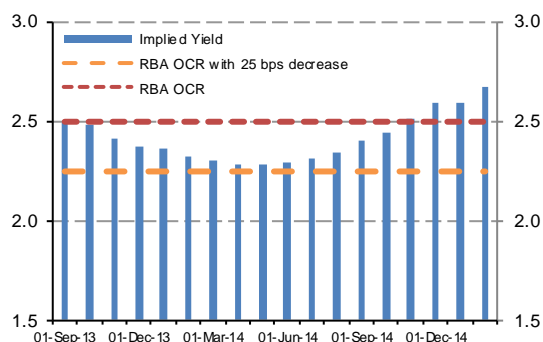
The **Australian stock market** was up 0.6% on the previous Friday, while the **New York stock exchange** fell 1.1%.

| | Value | Change on Year | Change on Week |
|---------------------------------|----------|----------------|----------------|
| S&P 500 | 1,691.8 | 17.4 % | -1.1 % |
| ASX200 | 5,307.1 | 21.0 % | 0.6 % |
| Australian Dollar (USD) | 0.9359 | -10.6 % | -1.0 % |
| TWI | 71.50 | -7.0 % | -1.0 % |
| Oil (USD/bbl) | 103.13 | 11.9 % | -1.5 % |
| Gold (USD/oz) | 1,341.00 | -24.5 % | -0.6 % |
| Thermal Coal (USD/tonne) | 80.09 | -5.8 % | 0.7 % |
| Australian 10-yr bond | 3.96% | 97.1 bps | -8.0 bps |
| US 10-yr bond | 2.66% | 103.0 bps | -7.0 bps |
| Australian 90-day bill | 2.58% | -78.0 bps | 3.0 bps |

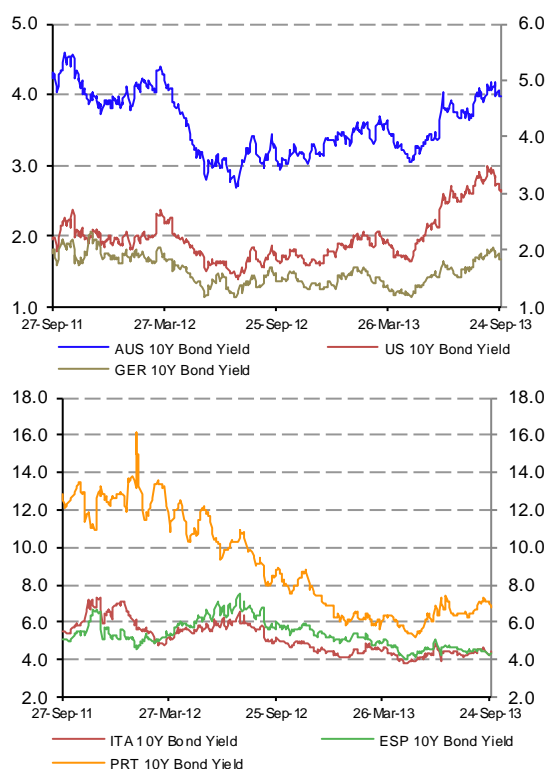
Upcoming Domestic Data Releases (30/9 – 4/10)

- The ABS will release data on retail sales, building approvals, international merchandise trade and engineering construction.
- The RBA will announce their monthly monetary policy decision and release data on financial aggregates and their commodity price index.
- TD-Mi will release their inflation gauge.
- HIA will release data on new home sales.
- AiG will release their performance of manufacturing and performance of services surveys.

Chart E: Interest Rate Expectations



Charts F & G: International Bond Yields



Market Interest Rate Expectations

Current **market expectations**, as shown by the implied yield curve on ASX 30 day interbank cash rate futures, **favour no change** by the RBA at its next meeting.

According to the **ASX target rate tracker**, as of the 27 September, there is a 94% expectation that the RBA will keep the cash rate at 2.50% at its 1 October 2013 policy meeting.

International Bond Yield Spreads

| 10-yr bond yield | Yield | Change on Year | Change on Week | Spread on 10-yr US bond week end | Spread on 10-yr US bond year ago |
|---------------------------|-------|----------------|----------------|----------------------------------|----------------------------------|
| Australian (AUS) | 3.96% | 97.1 bps | -8.0 bps | 130.4 bps | 136.3 bps |
| United States (US) | 2.66% | 103.0 bps | -7.0 bps | - - | - - |
| Germany (GER) | 1.84% | 39.4 bps | -8.0 bps | -82.4 bps | -18.8 bps |
| Italy (ITA) | 4.42% | -60.8 bps | 13.1 bps | 176.0 bps | 339.8 bps |
| Portugal (PRT) | 6.77% | -211.9 bps | -31.3 bps | 411.0 bps | 725.9 bps |
| Spain (ESP) | 4.35% | -162.4 bps | 6.5 bps | 169.1 bps | 434.5 bps |

International Data Releases

New orders for manufactured durable goods in the **US** increased 0.1% in August, following an 8.1% fall in July.

The annualised number of **new house sales** in the **US** rose 7.6% in August compared to July, to be 12.6% above a year ago.

The **consumer price index** for **Japan** rose 0.3% in August to be 0.9% higher than the year before.

German consumer price index in September was 1.4% higher than a year ago.

Upcoming International Data Releases (30/9 – 4/10)

- US: unemployment.
- Japan: Bank of Japan monetary policy decision, unemployment.
- Europe: European Central Bank monetary policy decision, unemployment, retail sales.
- Germany: unemployment.