

# Weekly Market and Economics Roundup

For the week ended 29 November 2013

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

Chart A: Domestic Interest Rates

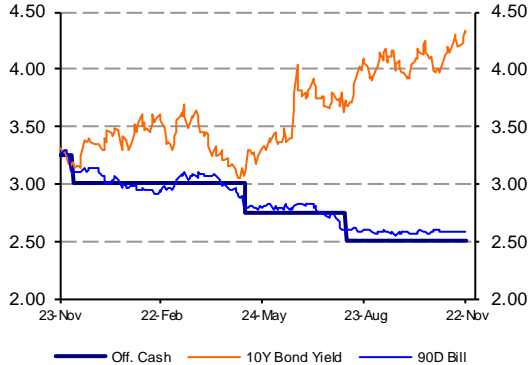


Chart B: Share Price Index

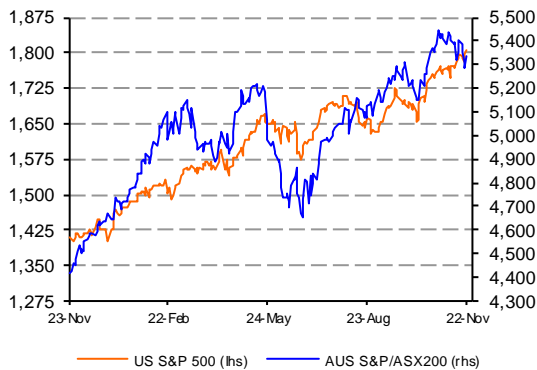


Chart C: Exchange Rate

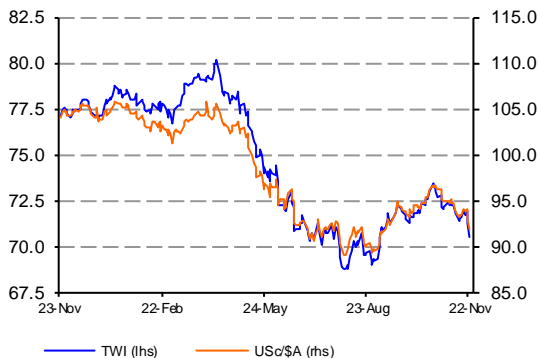


Chart D: Commodities

## Domestic Data Releases

NSW **Gross State Product (GSP)** (cvm, nsa, y%ch) grew by 1.8% in 2012-13. The contributions underlying GSP growth for NSW were (y%ch, ppts):

- Household Consumption (up 2.1%, adding 1.2ppts)
- Dwelling Investment (up 7.2%, adding 0.3 ppts)
- Business Investment (up 8.7%, adding 1.0 ppts)
- Public sector spending (down 4.4%, detracting 1.3 ppts)

Data on **private new capital expenditure** for the September quarter (cvm, sa, y%ch) showed that capital expenditure on:

- Buildings and structures rose 18.0% in NSW and rose 3.9% nationally.
- Equipment, plant and machinery fell 7.5% in NSW and fell 8.8% nationally
- Total new capital expenditure rose 12.0% for NSW and fell 0.7% nationally.

**Total construction work done** in the September quarter (cvm, sa, y%ch) fell 10.1% in NSW, and rose 1.3% across Australia. Components of construction work showed:

- Total residential building work was up 4.1% in NSW and up 2.7% nationally.
- Total non-residential work was up 14.7% in NSW and up 7.3% nationally.
- Engineering work was down 24.3% in NSW and down 0.7% across Australia.

**New home sales** (number, sa, y%ch) in October increased 54.3% for NSW and increased 33.6% for Australia.

**Housing affordability**, according to HIA's affordability index (index, y%ch), improved in Sydney by 10.7% and improved for the rest of the state by 15.7% in the September quarter. Nationally housing affordability improved by 12.8%.

The RBA released **total private sector credit** data (value, sa, y%ch) for October. Credit for housing rose 5.0%, business credit increased 1.4% and other personal credit rose by 0.6%. There was an overall increase of 3.5%.

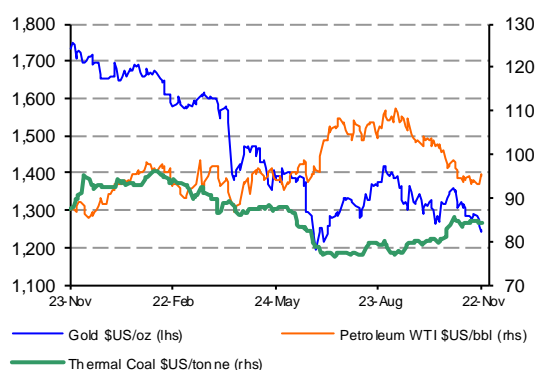
## Markets

The **Australian stock market** was 0.3% down on previous Friday, while the **New York stock exchange** rose 0.1%.

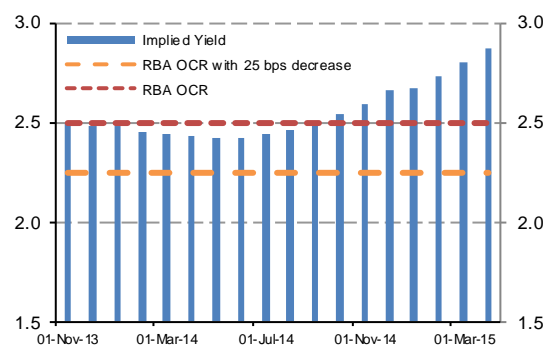
	Value	Change on Year	Change on Week
<b>S&amp;P 500</b>	1,805.8	27.5 %	0.1 %
<b>ASX200</b>	5,320.1	18.1 %	-0.3 %
<b>Australian Dollar (USD)</b>	0.9101	-12.8 %	-0.8 %
<b>TWI</b>	69.80	-9.6 %	-1.0 %
<b>Oil (USD/bbl)</b>	92.72	4.3 %	-2.2 %
<b>Gold (USD/oz)</b>	1,251.99	-27.5 %	0.5 %
<b>Thermal Coal (USD/tonne)</b>	86.90	-4.1 %	3.2 %
<b>Australian 10-yr bond</b>	4.25%	108.6 bps	-6.6 bps
<b>US 10-yr bond</b>	2.75%	112.7 bps	-3.3 bps
<b>Australian 90-day bill</b>	2.63%	-60.8 bps	5.0 bps

## Upcoming Domestic Data Releases (2/12 – 6/12)

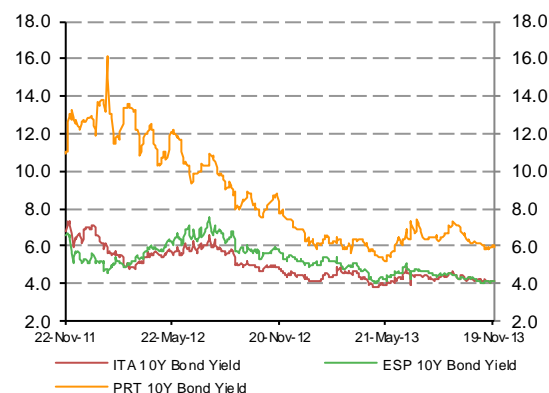
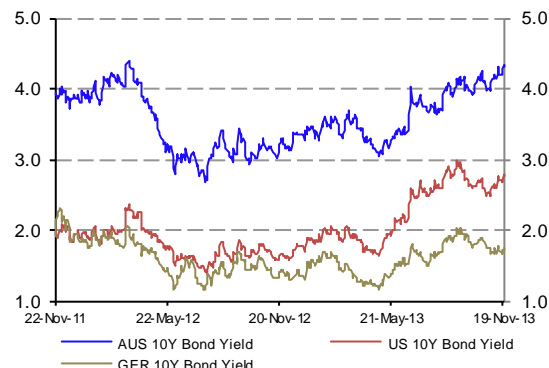
- The **ABS** will release data on the national accounts, business indicators, building approvals, balance of payment, retail sales, government finance, overseas visitors, international trade and estimates of industry multifactor productivity.
- The **RBA** will release its interest rate decision
- **REIA** will release its housing affordability report
- **ABARES** will release its crop report



**Chart E: Interest Rate Expectations**



**Charts F & G: International Bond Yields**



- **AiG** will release its PMI, PSI and PCI surveys

## 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 29<sup>th</sup> of November, there is a 93% expectation that the RBA will leave the cash rate unchanged at 2.50% at its December 3<sup>rd</sup> 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
<b>Australian (AUS)</b>	4.25%	108.6 bps	-6.6 bps	150.7 bps	154.8 bps
<b>United States (US)</b>	2.75%	112.7 bps	-3.3 bps	-	-
<b>Germany (GER)</b>	1.69%	31.7 bps	-5.6 bps	-105.6 bps	-24.6 bps
<b>Italy (ITA)</b>	4.04%	-42.6 bps	-3.4 bps	129.6 bps	284.9 bps
<b>Portugal (PRT)</b>	5.81%	-172.4 bps	-10.7 bps	306.5 bps	591.6 bps
<b>Spain (ESP)</b>	4.12%	-118.5 bps	1.2 bps	137.3 bps	368.5 bps

## International Data Releases

**US S&P/Case Schiller home prices** increased 1.0% in September, following a 0.9% rise in August

US Consumer confidence index was 70.4 in November, following a reading of 72.4 in October.

In the **UK**, **real GDP** grew by 0.8% in the September quarter, compared to the 0.7% growth in the June quarter.

The **Japanese consumer price index** for October was 0.1% higher than September and 1.1% higher than a year ago.

**Germany unemployment rate** was 6.9% in November, unchanged from October.

In November, **Germany consumer price index** was 1.3% higher than a year ago.

Preliminary data shows that **industrial production** in **Japan** for October rose 0.5% on the previous month, 4.7% higher than a year ago.

## Upcoming International Data Releases (2/12-6/12)

- UK: Bank of England monetary policy decision
- Japan: Bank of Japan monetary policy
- US: Labour situation report (Non-farm payrolls), GDP, new home sales, trade
- EU: GDP, retail, PMI manufacturing and services