

Chart A: Domestic Interest Rates

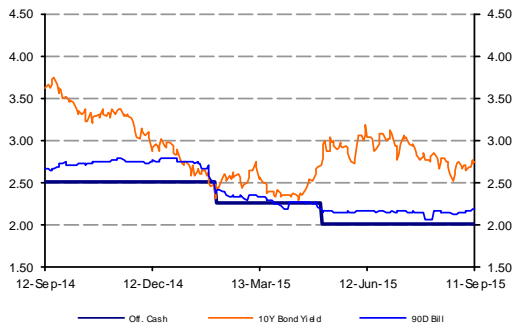


Chart B: Share Price Index

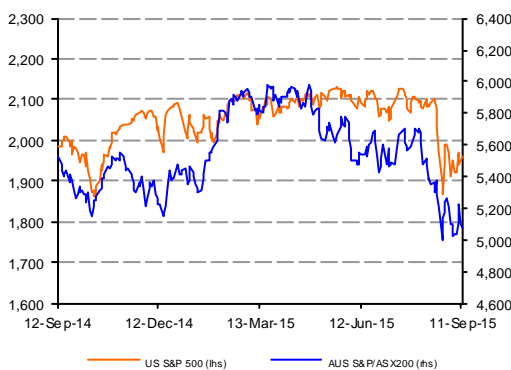


Chart C: Exchange rate

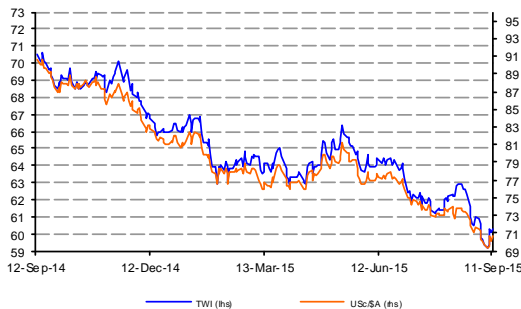
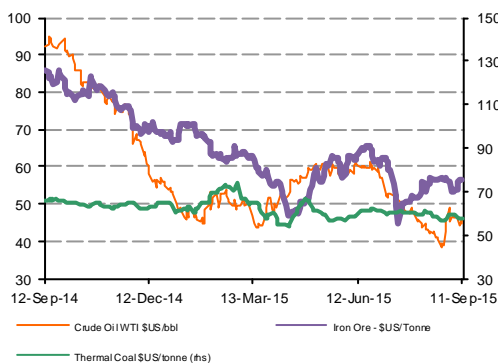


Chart D: Commodity Prices



## Domestic Data Releases

The number of NSW of newspaper job ads rose 1.4% in August on the previous month (nationally down 0.7%) and was down 2.8% through the year (nationally down 19.7%).

NSW business conditions rose by 13 index points to +22 in August, while business confidence was unchanged at +4 in August. Nationally, business conditions rose 5 points to +11 in August, while business confidence fell 3 points to +1.

NSW consumer sentiment decreased by 1.9% to 99.4 in September (an index of less than 100 indicates pessimists outnumber optimists). Nationally, consumer sentiment fell 5.6% to 93.9 in September.

Over the year to July, housing finance approvals for owner occupiers, (excluding re-financing) rose 5.6% in NSW and 1.3% nationally. Headline housing finance approvals for owner occupiers (which includes refinancing) were up 11.0% in NSW and 3.9% nationally, through the year to July 2015.

For NSW, total employment rose by 9,200 in August, and the unemployment rate was unchanged at 6.0%. Nationally, total employment rose by 17,400 and the unemployment rate fell to 6.2% in August from 6.3% in July.

## Markets

The ASX200 rose 0.6% compared to last Friday and the US S&P500 was up 2.1%.

	Value	Change on Year	Change on Week
US S&P 500	1,961.1	-1.2 %	2.1 %
ASX200	5,071.1	-8.3 %	0.6 %
Australian Dollar (USD)	0.7063	-22.0 %	1.3 %
TWI	60.30	-14.5 %	1.5 %
Oil (USD/bbl)	44.63	-51.6 %	-3.1 %
Gold (USD/oz)	1,101.25	-10.6 %	-1.5 %
Thermal Coal (USD/tonne)	57.33	-13.2 %	-3.6 %
Australian 10-yr bond	2.74%	-87.8 bps	10.2 bps
US 10-yr bond	2.21%	-35.0 bps	7.0 bps
Australian 90-day bill	2.18%	-47.0 bps	3.0 bps

## Upcoming Domestic Data Releases (14/9 – 18/9)

- The **ABS** will release August data for detailed and quarterly labour force, and new car sales
- The **RBA** will release the minutes of their September board meeting. Assistant Governor Guy Debelle presents a speech in Sydney

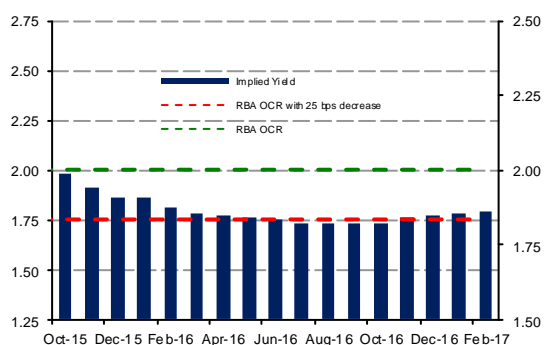
## Market Interest Rate Expectations

Current market expectations, as shown by the implied yield curve on ASX 30 day interbank cash rate futures (Chart E) indicate an expectation that the RBA will lower rates to 1.75% in late 2015.

According to the ASX target rate tracker, as of 11 September, there is a 10% expectation that the RBA will lower the cash rate to 1.75% at its policy meeting on 6 October 2015.

## International Bond Yield Spreads

Chart E: Interest Rate Expectations



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>	2.74%	-87.8 bps	10.2 bps	52.7 bps	105.5 bps
<b>United States (US)</b>	2.21%	-35.0 bps	7.0 bps	- -	- -
<b>Germany (GER)</b>	0.68%	-38.4 bps	-2.9 bps	-153.0 bps	-149.6 bps
<b>Italy (ITA)</b>	1.84%	-63.2 bps	-4.2 bps	-37.5 bps	-9.3 bps
<b>Portugal (PRT)</b>	2.61%	-61.7 bps	10.4 bps	39.6 bps	66.3 bps
<b>Spain (ESP)</b>	2.10%	-31.0 bps	2.3 bps	-11.1 bps	-15.1 bps

## Key International Data Releases

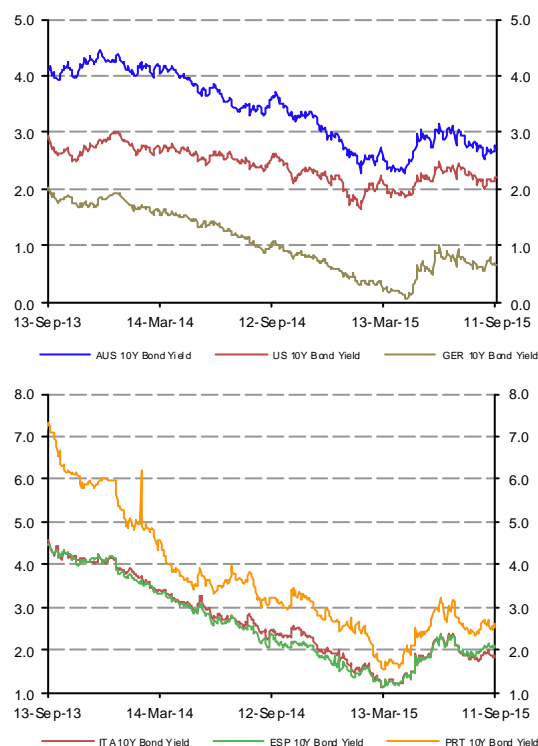
**UK:** At its monetary policy meeting of 9 September, the Bank of England maintained its main interest rate at 0.5% and decided to continue its quantitative easing program at current levels.

**China:** The trade surplus increased to USD60.24b in August from USD49.83b reported a year earlier. Retail sales rose 10.8% in August compared to August 2014. China's industrial production grew 6.1% year-over-year in August. Fixed-asset investment rose 10.9% in the January-August period compared with the same period a year earlier.

**New Zealand:** The Reserve Bank of New Zealand reduced the official cash rate by 25 basis points to 2.75% at its monetary policy meeting of 10 September.

**Japan:** GDP fell 0.3% quarter-on-quarter in June, upwardly revised from an initial estimate of a 0.4% contraction.

Chart F &amp; G: International Bond Yields



## Upcoming Key International Data Releases (14/9 – 18/9)

- US: Industrial production and CPI for August, Federal Reserve monetary policy meeting
- New Zealand: June quarter GDP
- Japan: Bank of Japan Board Meeting