

Chart A: Domestic Interest Rates

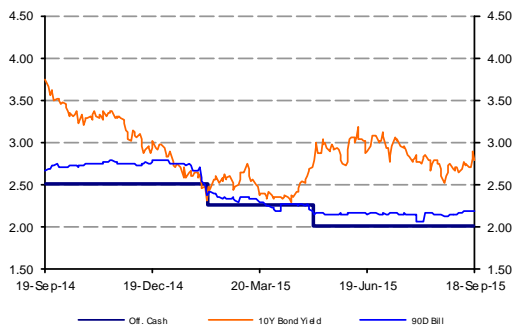


Chart B: Share Price Index

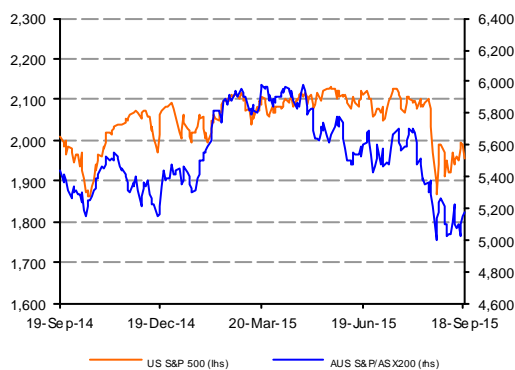


Chart C: Exchange rate

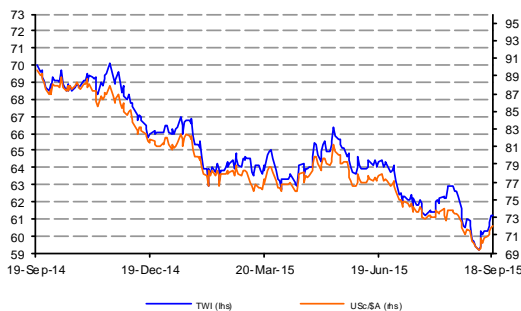
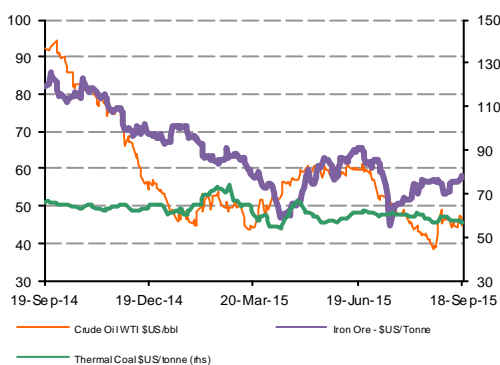


Chart D: Commodity Prices



Domestic Data Releases

New motor vehicle sales in August fell by 0.2% in NSW, but are up 6.7% through the year. Nationally, motor vehicle sales fell 1.6% in August while through the year they are up 2.1%.

In 4-quarter moving average terms NSW employment rose by 2.0% through the year to the August quarter 2015, compared with 1.6% nationally. For NSW, the industry that made the largest annual average contribution over this period was Professional, Scientific & Technical Services (0.9ppt). The industry that detracted the most from employment growth over this period was Other Services (-0.3ppt).

NSW youth unemployment rose in August to 12.8%. National youth unemployment was unchanged at 13.6%. Among the other states youth unemployment fell in VIC, QLD and TAS but picked up in SA and WA.

Markets

The ASX200 rose 2.0% compared to last Friday and the US S&P500 was down 0.2%.

	Value	Change on Year	Change on Week
US S&P 500	1,958.0	-2.6 %	-0.2 %
ASX200	5,170.5	-4.8 %	2.0 %
Australian Dollar (USD)	0.7209	-19.6 %	2.1 %
TWI	61.20	-12.6 %	1.5 %
Oil (USD/bbl)	44.68	-51.7 %	0.1 %
Gold (USD/oz)	1,141.50	-6.4 %	3.7 %
Thermal Coal (USD/tonne)	56.93	-13.9 %	-0.5 %
Australian 10-yr bond	2.78%	-95.6 bps	4.2 bps
US 10-yr bond	2.18%	-46.0 bps	-3.0 bps
Australian 90-day bill	2.18%	-47.0 bps	0.0 bps

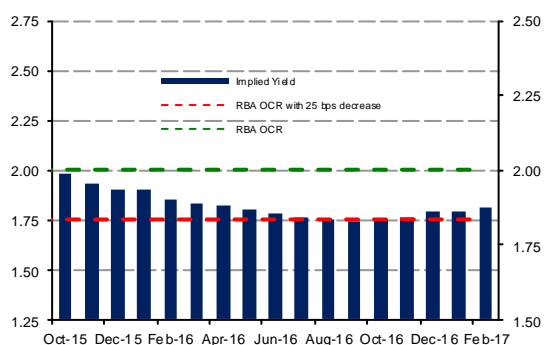
Upcoming Domestic Data Releases (21/9 – 25/9)

- The **ABS** will release the June quarter Residential Property Price Index and Demographic Statistics for the March quarter 2015
- The **Department of Employment** releases its Internet Vacancy Index for August.

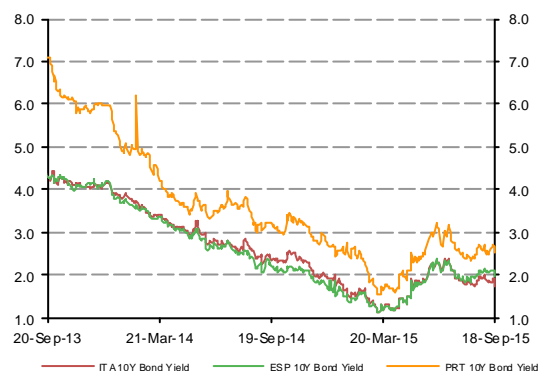
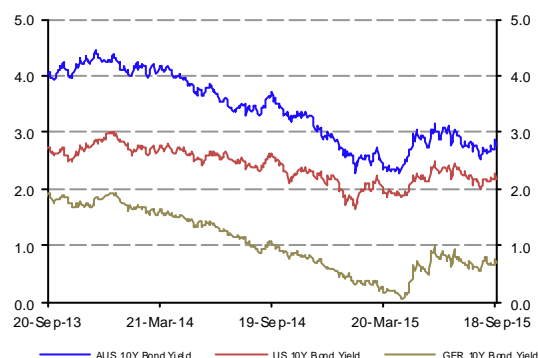
Market Interest Rate Expectations

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 18 September, there is a 7% expectation that the RBA will lower the cash rate to 1.75% at its policy meeting on 6 October 2015.

Chart E: Interest Rate Expectations**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)	2.78%	-95.6 bps	4.2 bps	59.9 bps	109.5 bps
United States (US)	2.18%	-46.0 bps	-3.0 bps	-	-
Germany (GER)	0.69%	-37.5 bps	0.9 bps	-149.1 bps	-157.6 bps
Italy (ITA)	1.76%	-60.2 bps	-7.4 bps	-41.9 bps	-27.7 bps
Portugal (PRT)	2.54%	-66.9 bps	-6.4 bps	36.2 bps	57.1 bps
Spain (ESP)	1.95%	-24.9 bps	-14.9 bps	-23.0 bps	-44.1 bps

Chart F & G: International Bond Yields**Key International Data Releases**

US: Industrial production fell 0.4% in August, following a 0.9% rise in July. Largely contributing to this was manufacturing production, which fell 0.5%, the largest decline since January 2014. The CPI declined by 0.1% in August, the first fall since January. In the 12 months to August, the CPI rose 0.2%. The Federal Reserve decided to keep its target interest rate unchanged at 0.25%.

New Zealand: GDP grew by 0.4% in the June quarter 2015. For the year ending June 2015, GDP grew by 3.0%

Japan: The Bank of Japan decided to maintain its quantitative easing policy at an annual rate of 80 trillion yen and left its target interest rate unchanged.

Upcoming Key International Data Releases (21/9 – 25/9)

- US: New home sales for August, third estimate of June quarter GDP, consumer confidence for October, preliminary manufacturing PMI for September.
- EU: Consumer confidence for September, preliminary manufacturing PMI
- China: Preliminary manufacturing PMI for September