

Chart A: Domestic Interest Rates

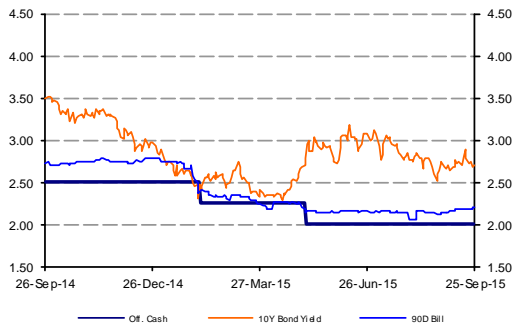


Chart B: Share Price Index

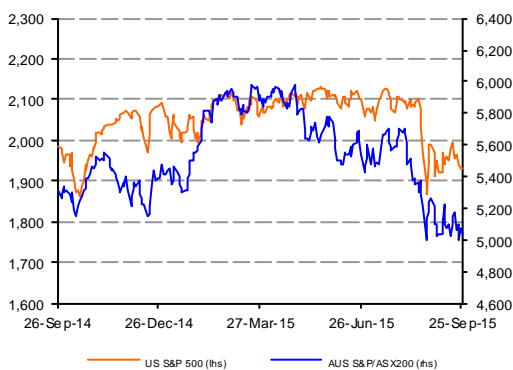


Chart C: Exchange rate

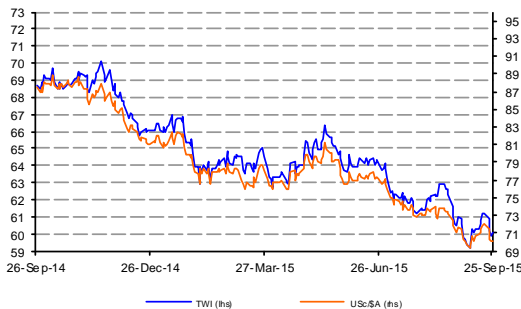
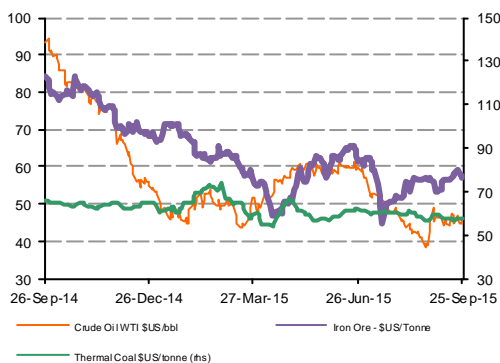


Chart D: Commodity Prices



Domestic Data Releases

The residential property price index for Sydney rose 8.9% in the June quarter and 18.9% through the year. For the weighted average of the eight capital cities, the index rose 4.7% compared to last quarter, and rose 9.8% through the year.

NSW population growth was 1.4% in the year to the March quarter 2015. Net interstate migration detracted 0.1ppts from total population growth, natural population growth contributed 0.5ppts, and net overseas migration contributed 0.9ppts. The national population also grew at 1.4% in the year to the March quarter 2015.

Markets

The ASX200 fell 2.5% compared to last Friday and the US S&P500 was down 1.4%.

	Value	Change on Year	Change on Week
US S&P 500	1,931.3	-2.6 %	-1.4 %
ASX200	5,042.1	-5.1 %	-2.5 %
Australian Dollar (USD)	0.7013	-19.9 %	-2.7 %
TWI	60.10	-12.5 %	-1.8 %
Oil (USD/bbl)	45.70	-51.1 %	2.3 %
Gold (USD/oz)	1,146.65	-5.5 %	0.5 %
Thermal Coal (USD/tonne)	57.14	-13.2 %	0.3 %
Australian 10-yr bond	2.70%	-79.3 bps	-7.5 bps
US 10-yr bond	2.15%	-35.0 bps	-3.0 bps
Australian 90-day bill	2.19%	-53.7 bps	0.8 bps

Upcoming Domestic Data Releases (28/9 – 2/10)

- The **ABS** will release Building Approvals for August, Engineering Construction for the June quarter 2015, Job Vacancies for August and Retail Trade for August
- The **RBA** will release Private Sector Credit for August.

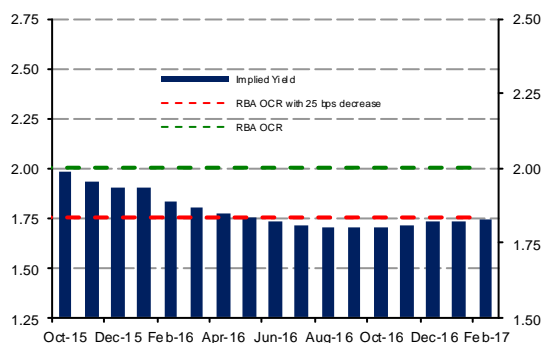
Market Interest Rate Expectations

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 early 2016.

According to the ASX target rate tracker, as of 25 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.

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
Australian (AUS)	2.70%	-79.3 bps	-7.5 bps	55.4 bps	99.7 bps
United States (US)	2.15%	-35.0 bps	-3.0 bps	-	-
Germany (GER)	0.64%	-32.3 bps	-5.4 bps	-151.5 bps	-154.2 bps
Italy (ITA)	1.80%	-58.5 bps	3.5 bps	-35.4 bps	-11.9 bps
Portugal (PRT)	2.55%	-54.5 bps	0.4 bps	39.6 bps	59.1 bps
Spain (ESP)	2.03%	-14.6 bps	7.8 bps	-12.2 bps	-32.6 bps

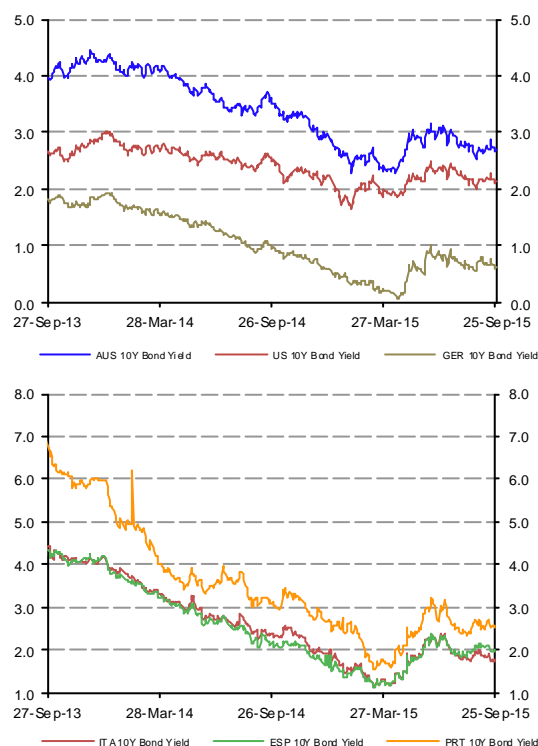
Key International Data Releases

US: New home sales rose 5.7% in August to a seasonally adjusted annual rate of 552,000. GDP grew at an annual rate of 3.9% in the June quarter. This indicates an upward revision from the previously reported annual rate of 3.7%. Consumer confidence fell from 91.9 in August to 87.2 in September, to be at its lowest since October 2014. The preliminary manufacturing PMI was 53 in September, indicating expansion.

EU: Consumer confidence decreased by 0.2 points to -7.1 in September.

China: The preliminary manufacturing purchasing managers index (PMI), an indicator of activity levels among small to medium-sized Chinese firms, fell to 47.0 in September, below the 47.3 level of August.

Chart F & G: International Bond Yields



Upcoming Key International Data Releases (28/9 – 2/10)

- US: Non-farm payrolls and unemployment for September
- EU: Consumer confidence for September, Inflation for September, Unemployment for August
- China: Final manufacturing PMI for September
- UK: GDP (3rd estimate)
- Japan: Retail trade and industrial production for August