

Chart A: Domestic Interest Rates

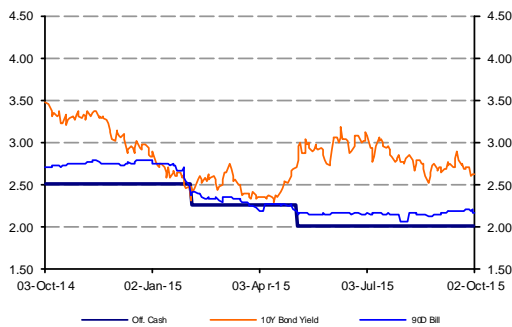


Chart B: Share Price Index

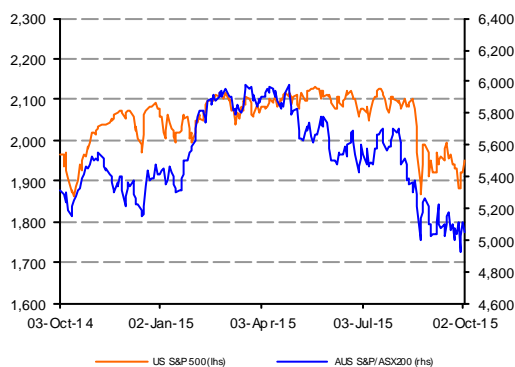


Chart C: Exchange rate

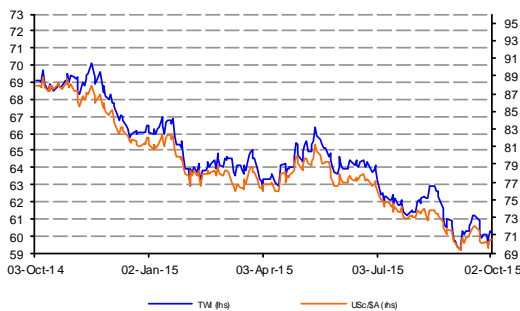
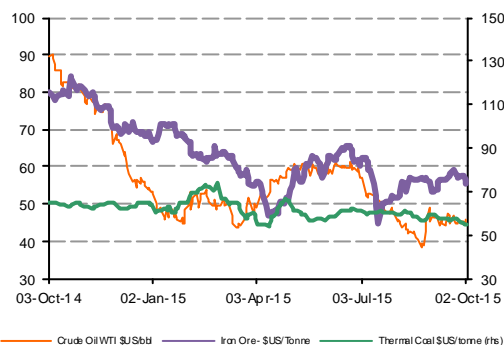


Chart D: Commodity Prices



Domestic Data Releases

NSW residential building approvals fell 28.5% in August but are up 24.6% through the year. Nationally, residential building approvals fell 6.9% in August and are up 5.1% through the year. The value of NSW non-residential building approvals has risen 27.2% through the year to August, while nationally they have risen 6.6%.

In the June quarter, the value of engineering work done was \$4,177 million in NSW, an increase of 1.5% on the previous quarter. Nationally, \$26,674 million of engineering work was done, an increase of 5.7% on the previous quarter.

According to the ABS, in New South Wales total job vacancies were up 6.2% in the August quarter and 22.3% through the year. Nationally, total job vacancies were up 7.6% in the August quarter and up 10.2% through the year.

The value of NSW retail sales grew by 0.5% in August 2015 and, in through the year terms, retail sales grew by 5.8%. Nationally, the value of retail sales grew 0.4% in August to be up 4.5% through the year.

In New South Wales, new house sales were up 3.2% compared with the previous month, and were down 5.0% compared with a year ago. Nationally, new house sales were up 1.7% compared with the previous month, and were up 2.4% compared with a year ago.

Markets

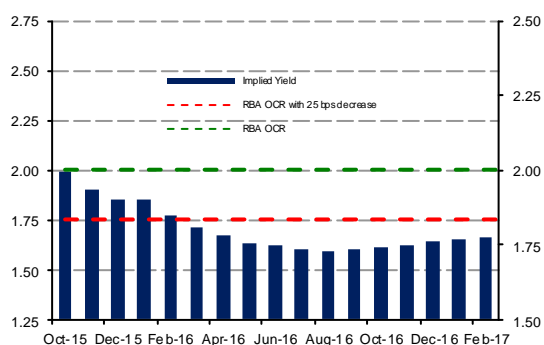
The ASX200 fell 2.5% compared to last Friday and the US S&P500 was down 1.4%.

	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 Overseas Arrivals and Departures for August, International Trade in Goods and Services for August, and Housing Finance for August
- The **RBA** holds their monthly Board Meeting
- **ANZ** releases their Stateometer for October and their Job Advertisements series for September
- **TD-MI** releases their Inflation Gauge for September

Chart E: Interest Rate Expectations



Market Interest Rate Expectations

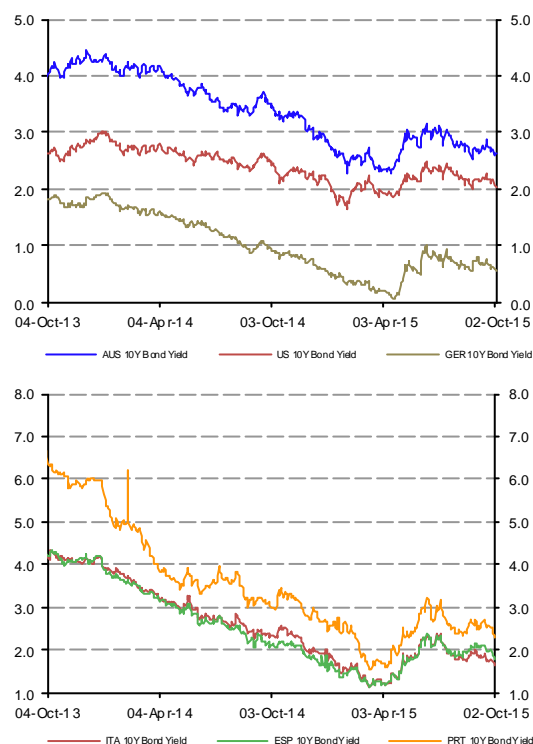
Current market expectations, as shown by the implied yield curve on ASX 30 day interbank cash rate futures (Chart E) indicate an expectation that the RBA will lower rates to 1.75% in late 2015.

According to the ASX target rate tracker, as of 5 October, 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

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

Chart F & G: International Bond Yields



Key International Data Releases

US: Non-farm payrolls data showed that employment increased by 142,000 in September. The unemployment rate remained unchanged at 5.1%. The participation rate declined to 62.4% compared to 62.6% in the previous month. Average hourly earnings were largely unchanged in September at US\$25.09.

EU: Economic sentiment, as measured by the Economic Sentiment Indicator, rose by 0.6 points to 107.6. Inflation in the Eurozone fell 0.1% in September compared to a year earlier. The euro area unemployment rate remained unchanged at 11% in August.

China: The final manufacturing purchasing managers index (PMI), an indicator of activity levels among small to medium-sized Chinese firms, fell to 47.2 in September, below the 47.3 level of August, but above the preliminary September reading of 47.0.

UK: The 3rd estimate of June quarter GDP showed the economy grew by 0.7% in the second quarter of 2015 and grew by 2.6% through the year.

Japan: Retail sales rose by an annual rate of 0.8% in August, following a 1.8% rise in July. Industrial production fell by 0.5% in August but is up 0.2% through the year to August.

Upcoming Key International Data Releases (5/10 – 9/10)

- US: US Federal Reserve Meeting Minutes
- EU: European Central Bank Minutes
- UK: Bank of England Board Meeting
- Japan: Bank of Japan Board Meeting