

Chart A: Domestic Interest Rates

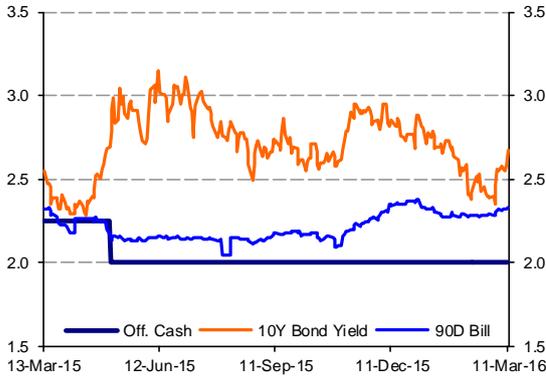


Chart B: Share Price Index

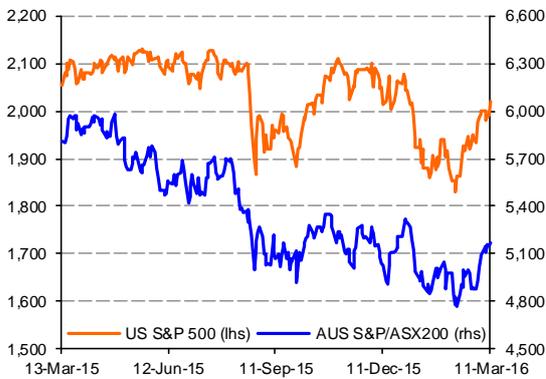


Chart C: Exchange rate

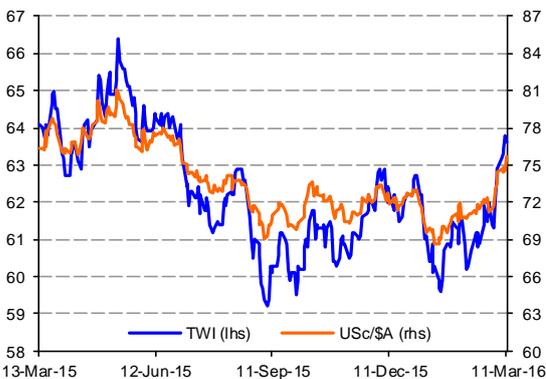
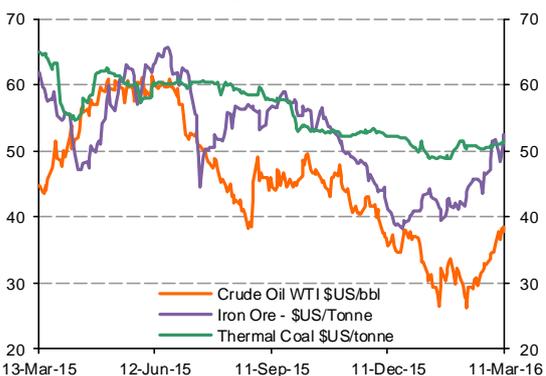


Chart D: Commodity Prices



Domestic Data Releases

ANZ **job advertisements** for NSW showed a 1.2% increase in February in the number of newspaper jobs compared to January and a 9.3% increase through the year. Nationally, internet jobs ads fell 0.1% compared to the previous month and were up 10.4% through the year

The ABS released **overseas arrivals and departures** data for January which showed that visitors to NSW increased by 9.0% through the year to reach 339k. Nationally, visitors to Australia increased by 11.3% through the year to reach 840k.

NSW **business conditions**, as measured by NAB, improved three points to +15 between January and February. National business conditions improved three points to +8 over the same period. NSW **business confidence** stayed stable at +4 points and national business confidence was steady at +3. An index number greater than zero represents positive business conditions/confidence.

NSW **consumer sentiment**, as measured by W-MI, rose 1.6% to 108.9 in March and is up 2.7% compared to a year ago. This index is above the neutral level of 100 and is above its decade average. Nationally, consumer sentiment fell 2.2% in March to 99.1 and is down 0.4% compared to a year ago.

The number of **housing finance commitments** for owner-occupation in NSW fell 4.9% in January to be 12.3% higher through the year. Nationally, housing commitments fell 3.9% in January and are up 7.3% through the year. Over the three months to January 2016, the proportion of first home buyers to total home buyers (excluding refinancing) was 19.3% for NSW and 23.3% nationally.

January lending finance data indicated that NSW **investor housing finance approvals** were down 20.2% compared to a year ago. Nationally, approvals were down 17.0% compared to a year ago.

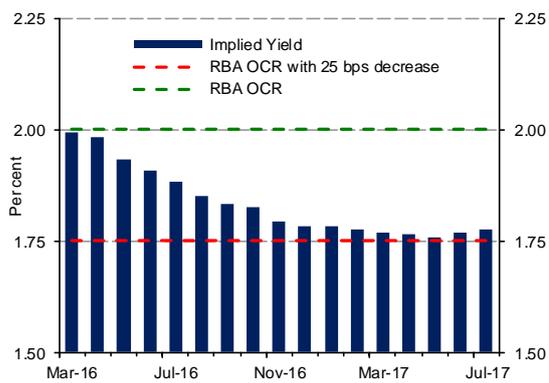
In the December quarter 2015 NSW lost 0.4 working days per thousand employees to **industrial disputes**, below both the decade average of 3.4 days and national average of 1.8 days

Markets

The ASX200 rose 1.5% compared to last Friday and the US S&P500 rose 1.1%.

	Value	Change on Year	Change on Week
US S&P 500	2,022.2	-1.5 %	1.1 %
ASX200	5,166.4	-11.1 %	1.5 %
Australian Dollar (USD)	0.7565	-0.9 %	1.7 %
TWI	63.60	-0.8 %	1.1 %
Oil (USD/bbl)	38.50	-14.1 %	7.2 %
Gold (USD/oz)	1,264.75	9.8 %	-1.0 %
Thermal Coal (USD/tonne)	51.50	-20.7 %	1.0 %
Australian 10-yr bond	2.68%	12.8 bps	12.6 bps
US 10-yr bond	1.98%	-13.0 bps	11.0 bps
Australian 90-day bill	2.33%	1.0 bps	1.2 bps

Chart E: Interest Rate Expectations



Upcoming Domestic Data Releases (14/3 – 18/3)

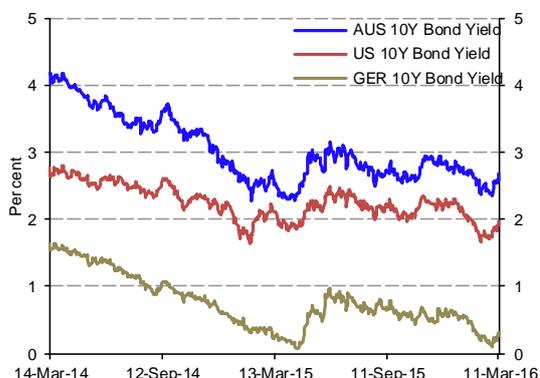
- The **ABS** releases New Motor Vehicle Sales and Labour Force data for February.
- **ANZ** releases the Stateometer for February.

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 August 2016.

According to the ASX target rate tracker, as of 11 March, there is a 7% expectation that the RBA will lower the cash rate to 1.75% at its policy meeting on 5 April 2016.

Chart F & G: International Bond Yields



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)	2.68%	12.8 bps	12.6 bps	69.4 bps	43.6 bps
United States (US)	1.98%	-13.0 bps	11.0 bps	-	-
Germany (GER)	0.27%	1.4 bps	3.3 bps	-171.3 bps	-185.7 bps
Italy (ITA)	1.33%	17.9 bps	-13.4 bps	-65.8 bps	-96.7 bps
Portugal (PRT)	2.92%	136.9 bps	-16.0 bps	93.1 bps	-56.8 bps
Spain (ESP)	1.49%	33.5 bps	-7.5 bps	-49.9 bps	-96.4 bps

Key International Data Releases

US: The labour market conditions index for February fell to -2.4. A reading below zero indicates deteriorating labour market activity.

China: Year on year inflation rose 2.3% in February following a 1.8% rise in January. This is the highest rate in 20 months. Food prices increased 7.3% over the new year holiday while non-food costs rose by a slower 1%. The trade surplus fell to US\$32.6 billion in February. This is the smallest trade surplus since March 2013 as exports fell 25.4% to US\$126.2 billion and imports fell 13.8% to US\$93.6 billion.

Japan: GDP contracted 0.3% in the December quarter leading to an annualised contraction of 1.1%. Business investment grew by 1.5%, adding 0.2 percent to quarterly growth, while private consumption fell by 0.9%, detracting 0.5 percent from quarterly growth.

EU: The European Central Bank lowered its benchmark interest rate to a record low 0.0% and increased the asset purchase to €80 billion a month.

NZ: The central bank cut its interest rate by 25bps to 2.25% citing risks to outlook and uncertainties over global growth particularly around China.

Upcoming Key International Data Releases (14/3 – 18/3)

- **US:** Retail sales and inflation rate for February and the March interest rate decision.
- **UK:** Unemployment rate for January and the March interest rate decision
- **Japan:** March interest rate decision
- **NZ:** GDP growth for Q4 2016
- **EU:** Inflation rate for February