

Chart A: Domestic Interest Rates

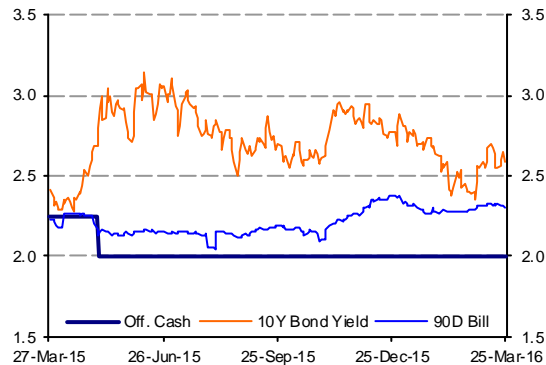


Chart B: Share Price Index

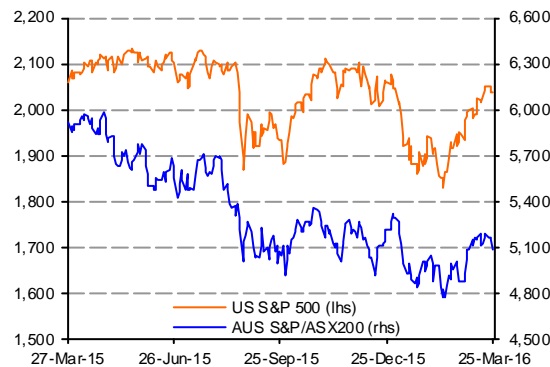


Chart C: Exchange rate

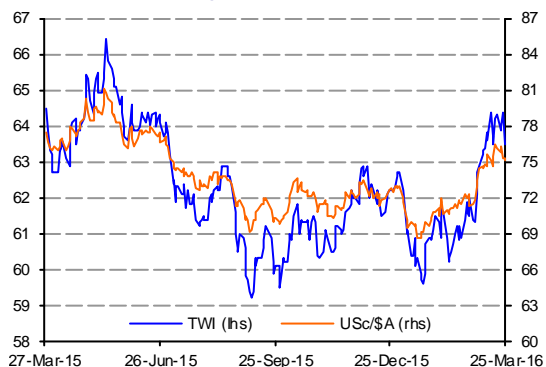
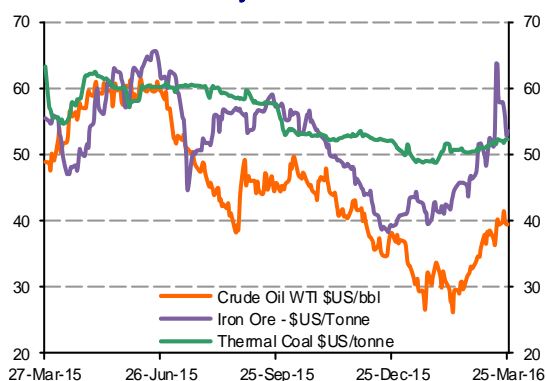


Chart D: Commodity Prices



Domestic Data Releases

ABS **Residential Property Price Indexes** showed that property prices in NSW fell 1.6% in the December quarter 2015 but increased 13.9% through the year. Nationally, property prices rose 0.2% in the December quarter and 8.7% through the year.

ABS **Demographic Statistics** indicated that Australia's population grew by 1.3% during the year ended 30 September 2015. NSW population growth over the same period was 1.4%.

ABS **Regional Labour Force** data showed that the regional unemployment rate, in 12-month moving average terms to February 2016, was 5.0% in Greater Sydney and 6.8% in the rest of NSW. Other regional unemployment rates were 5.9% in Western Sydney, 9.0% in the Hunter and 5.8% in the Greater Illawarra.

ABS quarterly **Industry Labour Force** data revealed that the Arts and Recreation Services sector in NSW experienced the largest rise in employment growth of any NSW industry, rising by 21.1% in 4-quarter moving average terms. Other significant rises were in the Professional, Scientific and Technical Services up 15.2%, Administrative and Support Services up 14.8% and Mining up 14.1%. The Agriculture, Forestry and Fishing sector in NSW experienced the largest fall in employment growth, decreasing 7.5% in 4-quarter moving average terms.

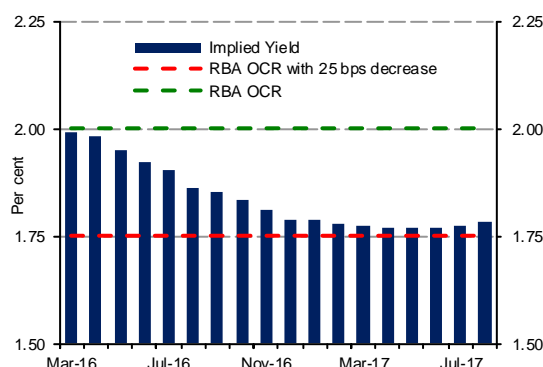
Markets

The ASX200 fell 1.9% compared to last Friday and the US S&P500 fell 0.7%.

	Value	Change on Year	Change on Week
US S&P 500	2,035.9	-1.2 %	-0.7 %
ASX200	5,084.2	-14.1 %	-1.9 %
Australian Dollar (USD)	0.7508	-3.1 %	-1.3 %
TWI	63.50	-1.6 %	-1.2 %
Oil (USD/bbl)	39.46	-19.3 %	0.1 %
Gold (USD/oz)	1,221.00	2.1 %	-2.5 %
Thermal Coal (USD/tonne)	52.30	-17.4 %	0.2 %
Australian 10-yr bond	2.58%	17.3 bps	3.0 bps
US 10-yr bond	1.90%	-6.2 bps	2.7 bps
Australian 90-day bill	2.30%	7.0 bps	-3.0 bps

Upcoming Domestic Data Releases (28/3 – 1/4)

- The **ABS** releases Engineering Construction Activity data for the December 2015 quarter. The **ABS** also releases Job Vacancies data for February.
- **HIA** releases New Home Sales data for February.
- The **RBA** releases Private Sector Credit data for February.

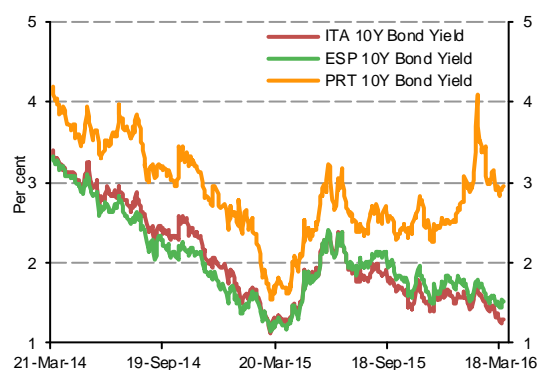
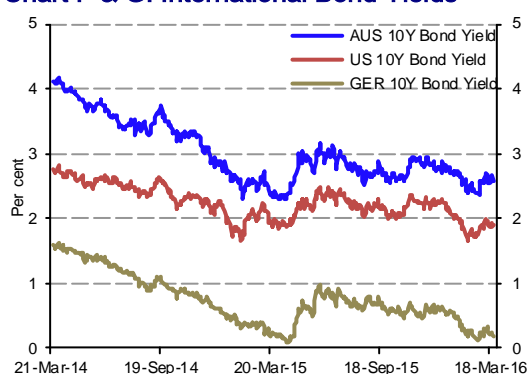
Chart E: Interest Rate Expectations**Market Interest Rate Expectations**

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 August 2016.

According to the ASX target rate tracker, as of 24 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.

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)	2.58%	17.3 bps	3.0 bps	68.0 bps	44.6 bps
United States (US)	1.90%	-6.2 bps	2.7 bps	-	-
Germany (GER)	0.18%	-2.7 bps	-3.2 bps	-172.0 bps	-175.5 bps
Italy (ITA)	1.30%	-5.1 bps	4.1 bps	-60.0 bps	-61.1 bps
Portugal (PRT)	2.95%	120.4 bps	4.1 bps	105.2 bps	-21.4 bps
Spain (ESP)	1.52%	20.1 bps	9.3 bps	-37.6 bps	-63.9 bps

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

UK: Consumer prices were up 0.3% through the year to February, the same as in January. Inflation has now been below the Bank of England's 2% target for 26 months. Year on year, the biggest downward impacts on prices came from transport, recreation and culture, and food and non-alcoholic beverages. Retail sales fell 0.4% in February, but are up 3.8% through the year. The fall was driven by weak clothing sales.

Japan: Inflation remained at 0% in February for the second straight month. Falling energy prices, coupled with a higher yen driving down the cost of imports, have continued to weigh on consumer prices.

NZ: The trade surplus increased to NZD 339 million in February. Through the year exports increased 9.3%, driven by higher sales of fish and wine. Imports grew by 2.8%.

Upcoming Key International Data Releases (28/3 – 1/4)

- **Japan:** Unemployment Rate and Retail Sales for February.
- **US:** Consumer Confidence, Manufacturing PMI, and Non-Farm Payrolls data for March.
- **Euro Area:** Unemployment Rate for February. Business Confidence and Inflation data for March.
- **China:** Caixin Manufacturing PMI release for March.