

Chart A: Domestic Interest Rates

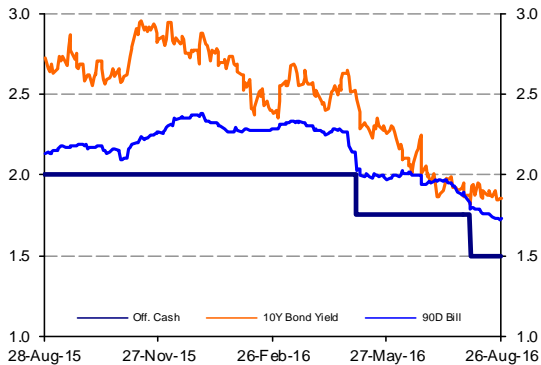


Chart B: Share Price Index

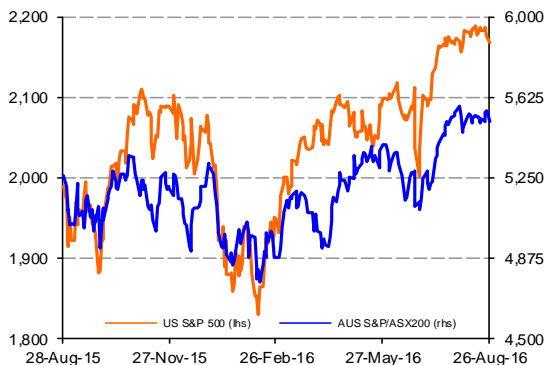


Chart C: Exchange rate

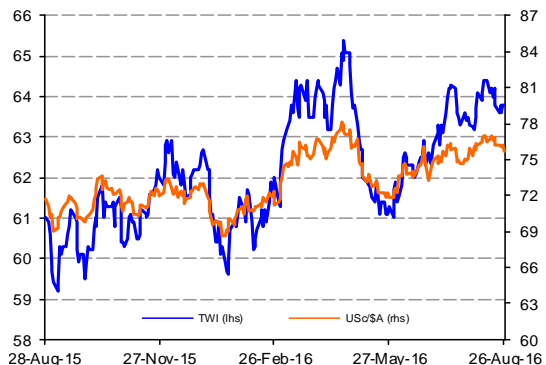
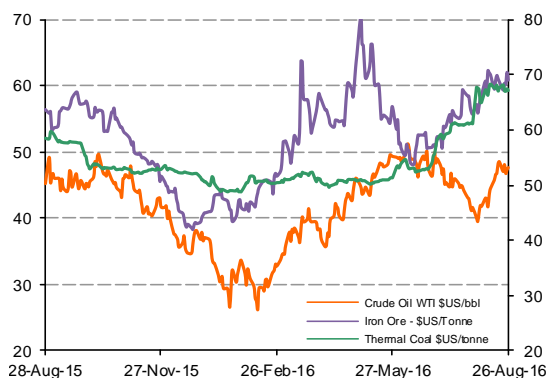


Chart D: Commodity Prices



Domestic Data Releases

Construction Work Done for the June quarter showed Building Work Done in NSW was up 4.0% in the quarter and up 7.4% through the year. Nationally, Building Work Done was up 1.2% in the quarter and up 6.0% through the year. Total Construction Work Done (Building and Engineering) in NSW was down 1.3% in the quarter and up 9.1% through the year. Nationally, Total Construction Work Done was down 3.7% in the quarter and down 10.6% through the year.

Regional Labour Force data showed that the regional unemployment rate, in 12-month moving average terms to July fell 0.2 ppts to 5.2% in Greater Sydney and fell 1.2 ppts to 6.1% in the rest of NSW. Regional unemployment rates were 5.6% in Western Sydney, 6.3% in the Greater Hunter and 6.5% in the Greater Illawarra. Over the same period, the NSW youth unemployment rate was steady at 11.7% while the national youth unemployment rate declined to 12.5%.

Markets

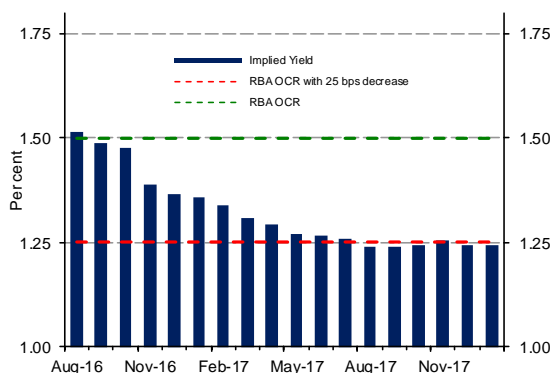
The ASX200 fell 0.2% compared to last Friday and the US S&P500 fell 0.7%.

	Value	Change on Year	Change on Week
US S&P 500	2,169.0	9.1 %	-0.7 %
ASX200	5,515.5	4.8 %	-0.2 %
Australian Dollar (USD)	0.7564	5.5 %	-0.8 %
TWI	63.80	4.6 %	0.0 %
Oil (USD/bbl)	47.64	5.4 %	-1.8 %
Gold (USD/oz)	1,318.75	16.2 %	-2.1 %
Thermal Coal (USD/tonne)	67.15	14.8 %	-0.6 %
Australian 10-yr bond	1.85%	-87.5 bps	-0.6 bps
US 10-yr bond	1.63%	-55.1 bps	5.1 bps
Australian 90-day bill	1.73%	-40.0 bps	-1.0 bps

Upcoming Domestic Data Releases (29/8 – 2/9)

- **HIA** releases New Home Sales data for July
- **RBA** releases Private Sector Credit data for July
- **Austrade** releases the June quarter International Visitor Survey
- **ABS** releases Building Approvals and Retail Trade data for July; it also releases Private New Capital Expenditure and Industrial Disputes data for the June quarter.

Chart E: Interest Rate Expectations



Market Interest Rate Expectations

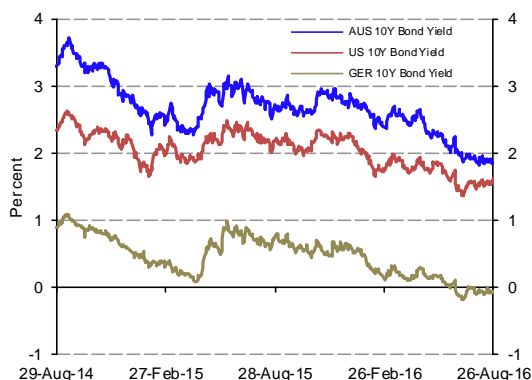
Current market expectations, as shown by the implied yield curve on ASX 30 day interbank cash rate futures (Chart E), indicate an expectation that the RBA will lower rates to 1.25% in December 2016.

According to the ASX target rate tracker, as of 26 August, there was a 5% expectation that the RBA will lower the cash rate to 1.25% at its policy meeting on 6 September 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)	1.85%	-87.5 bps	-0.6 bps	22.4 bps	54.8 bps
United States (US)	1.63%	-55.1 bps	5.1 bps	- -	- -
Germany (GER)	-0.07%	-81.4 bps	-4.0 bps	-170.2 bps	-143.9 bps
Italy (ITA)	1.13%	-78.5 bps	0.0 bps	-49.8 bps	-26.4 bps
Portugal (PRT)	3.03%	43.2 bps	3.3 bps	139.7 bps	41.4 bps
Spain (ESP)	0.94%	-112.0 bps	-1.1 bps	-68.6 bps	-11.7 bps

Chart F & G: International Bond Yields



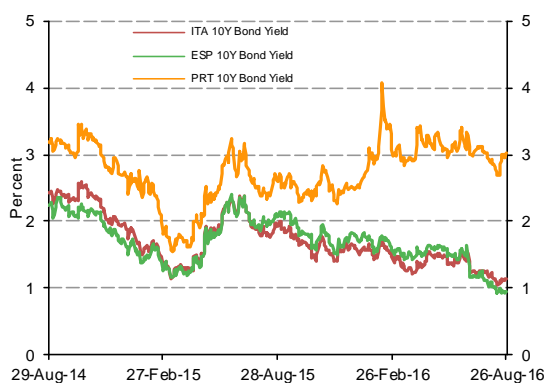
Key International Data Releases

Japan: Consumer prices fell 0.4% through the year to July, the same rate as in the previous two months. This was the fifth consecutive month of declining consumer prices and was driven by falling transportation and housing costs.

US: Federal Reserve Chair, Janet Yellen, in a speech at the Jackson Hole Symposium said that, "the FOMC expects moderate growth in real gross domestic product (GDP), additional strengthening in the labor market, and inflation rising to 2 percent over the next few years." Yellen followed this assessment of the economic outlook by arguing that, "the case for an increase in the federal funds rate has strengthened in recent months" but cautioned that all decisions would be data driven.

Upcoming Key International Data Releases (29/8 – 2/9)

- **Japan:** Unemployment Rate and Retail Sales data for July as well as Industrial Production and Consumer Confidence data for August
- **Euro Area:** CPI data for August and the Unemployment Rate for July
- **US:** ISM Manufacturing PMI, Non-Farm Payrolls data and the Unemployment Rate for August. Also, Trade Balance data for July.
- **China:** NBS Manufacturing and Non-Manufacturing PMI data for August
- **Germany:** CPI data for August
- **Canada:** GDP Growth data for the June quarter



Six Weeks At A Glance

Monday 29-Aug	Tuesday 30-Aug	Wednesday 31-Aug	Thursday 1-Sep	Friday 2-Sep
HIA New Home Sales Report, Jul-16	Building Approvals, Jul-16	RBA Private Sector Credit, Jul-16 Austrade International Visitor Survey, JunQ-16 Speech by Assistant Governor, G Debelle	Private New Capex, Jun-16 Industrial Disputes, Jun-16 Retail Trade, Jul-16	
5-Sep	6-Sep	7-Sep	8-Sep	9-Sep
ANZ Jobs Ads, Aug-16 MI Inflation Gauge, Aug-16 Business Indicators, Jun-16	RBA Cash Rate, Sep-16 Balance of Payments, Jun-16 Government Finance Statistics, JunQ-16	National Accounts, JunQ-2016	APM Auction data, Aug-16 International Trade in Goods and Services, Jul-16 Rebenchmark Labour Force, Jul-16 Speech by Deputy Governor, P Lowe	Overseas Arrivals and Departures, Jul-16 Housing Finance, Jul-16
12-Sep	13-Sep	14-Sep	15-Sep	16-Sep
Lending Finance, Jul-16	NAB Monthly Business Survey, Aug-16 Crop Report, Sep-16 Speech by Assistant Governor, C Kent	W-MI Consumer Sentiment, Sep-16 ANZ Stateometer, Jul-16 Speech by Assistant Governor, G Debelle	RBA Bulletin, Sep-16 Labour Force, Aug-16 Sales of New Motor Vehicles, Aug-16	
19-Sep	20-Sep	21-Sep	22-Sep	23-Sep
	RBA Board Meeting Minutes, Sep-16 Agricultural Commodities, Sep-16 Residential Property Price Indexes, JunQ-16	DoE Vacancy Report, Aug-16	Demographic Statistics, MarQ-16 Detailed Labour Force, Aug-16 Quarterly Labour Force, Aug-16	
26-Sep	27-Sep	28-Sep	29-Sep	30-Sep
		Engineering Construction Activity, Jun-16	Job Vacancies, Aug-16	RBA Private Sector Credit, Aug-16 HIA New Home Sales Report, Aug-16
3-Oct	4-Oct	5-Oct	6-Oct	7-Oct
MI Inflation Gauge, Sep-16	ANZ Jobs Ads, Sep-16 RBA Cash Rate, Oct-16 Building Approvals, Aug-16	Retail Trade, Aug-16	International Trade in Goods and Services, Aug-16	

***Bolded items indicate an Economic Data Note will be associated with release.**

ECONOMIC FACTS**ECONOMIC GROWTH**

ECONOMIC INDICATOR	NSW	Australia	Measure	Latest Period
Gross State/Domestic Product	2.4%	2.3%	% change year-on-year	2014-15 Next: Nov 16
State/Domestic Final Demand	3.9%	0.9%	% change on same qtr last yr	Mar qtr 15 Next: 7 Sep 16
	1.0%	0.1%	% change on last qtr	

BUSINESS INVESTMENT

Business Confidence	+7	+4	Index	Jul 16 (mthly) Next: 13 Sep 16
Business Conditions	+12	+8		

HOUSING

Dwelling Approvals	70.1k	233.2k	Number of app 12mms	Jun 16 (mthly) Next: 3 Sep 16
	-11.2%	-5.9%	% change year ago	
Residential Prices	9.7%	6.8%	% change year ago	Mar qtr 16 Next: 20 Sep 16

LABOUR FORCE

Employment	2.4%	1.9%	% change year ago	Jul 16 (mthly) Next: 15 Sep 16
Unemployment Rate	5.2%	5.7%	Current rate	
Youth unemployment rate	11.7%	12.5%	12 mma rate	Jul 16 (mthly) Next: 22 Sep 16

CONSUMER

Retail Sales	3.3%	2.8%	% change year ago	Jun 16 (mthly) Next: 1 Sep 15
Consumer Confidence	99.5	101.0	Index	Aug 16 (mthly) Next: 14 Sep 16
CPI (Capital cities)	0.9%	1.0%	% change year ago	Jun qtr 16 Next: 26 Oct 16
Official cash rate	1.50%		Lowered 25 basis points Aug 16	Next: 6 Sep 16

ECONOMIC FORECASTS	NSW Forecasts (as per 2016-17 Budget)			Australian Gov't Forecasts (as per 2016-17 Budget)		
	2014-15 Actual	2015-16 Forecast	2016-17 Forecast	2014-15 Actual	2015-16 Forecast	2016-17 Forecast
State/Domestic Final Demand (%)	3.3	3¼	3½	0.8	n.a.	n.a.
Gross State /Domestic Product (%)	2.4	2¾	3	2.2	2½	2½
Employment (%) ^(a)	1.2	3½	1¾	1.6	2	1¾
Unemployment rate (%) ^(b)	5.9	5½	5¼	6.1	5¾	5½
CPI (%) ^(c)	2.2	1	2	1.5	1¼	2
Wage Price Index (%)	2.3	2¼	2½	2.3	2¼	2½

(a) Australia- per cent change through the Year to June quarter (b) Australia- per cent in the June quarter (c) Per cent change, through the year to the June Quarter