

Chart A: Domestic Interest Rates

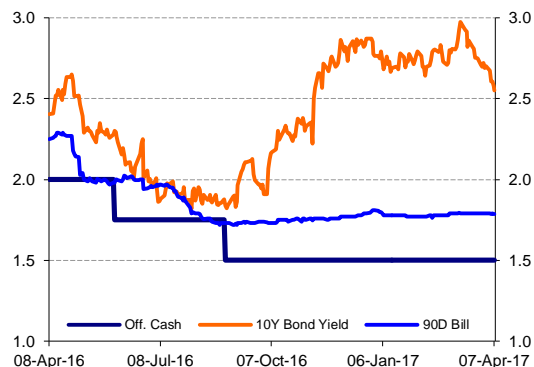


Chart B: Share Price Index

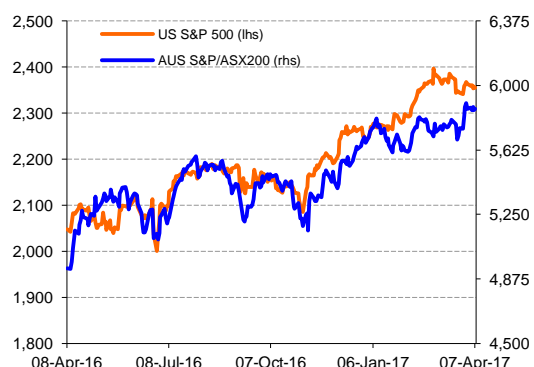


Chart C: Exchange rate

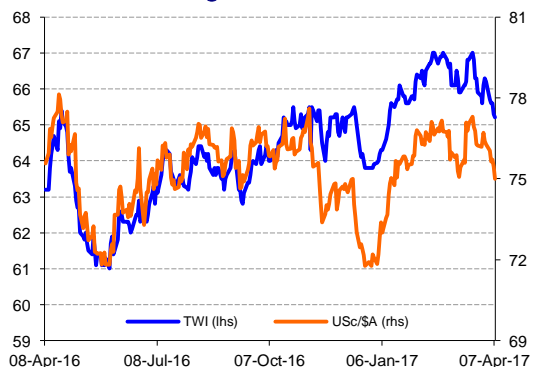
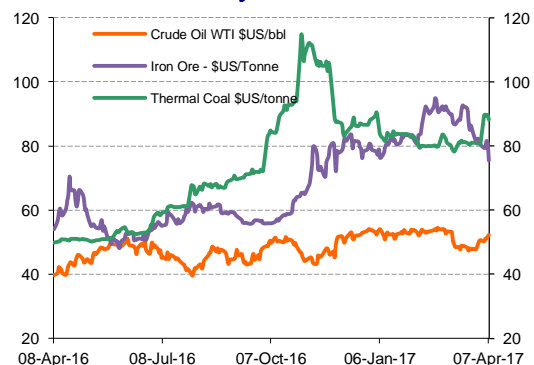


Chart D: Commodity Prices



Domestic Data Releases

ABS nominal Retail Sales data showed that NSW retail sales were up 0.4 per cent in February and up 3.3 per cent through the year. National retail sales were down 0.1 per cent in the month and up 2.7 per cent through the year.

The **RBA Board** decided to leave the Official Cash Rate unchanged at 1.5 per cent following its monthly monetary policy meeting.

ABS Building Approvals data showed that NSW **Residential Building Approvals** in the 12 months to February 2017 totalled 75,074, below the record high of 77,058 reached in September 2016. National residential building approvals in the 12 months to February 2017 totalled 229,091.

ABS International Trade data for February showed that NSW merchandise exports were up 25.3 per cent, while merchandise imports fell by 6.6 per cent through the year. For Australia, merchandise exports were up 29.3 per cent and merchandise imports were down 5.9 per cent through the year.

ANZ Job Advertisements for Australia showed a 0.3 per cent rise in the number of total jobs ads (i.e. newspaper and internet ads) in March and a 7.0 per cent increase through the year.

Markets

The ASX200 was flat and the US S&P500 decreased by 0.3 per cent over the week to Friday.

	Value	Change on Year	Change on Week
US S&P 500	2,355.5	15.0 %	-0.3 %
ASX200	5,862.5	18.7 %	0.0 %
Australian Dollar (USD)	0.75	-0.7 %	-1.7 %
TWI	65.2	3.2 %	-1.5 %
Oil (USD/bbl)	52.2	31.5 %	3.2 %
Gold (USD/oz)	1,266.5	2.2 %	1.7 %
Thermal Coal (USD/tonnes)	88.2	76.9 %	9.2 %
Australian 10-yr bond	2.55%	14.7 bps	-15.0 bps
US 10-yr bond	2.38%	66.6 bps	-0.5 bps
NSW 10-yr bond (bps) maturity 2026	2.75%	- bps	-13.5 bps

Upcoming Domestic Data Releases (10/04 – 14/04)

- The **ABS** will release Housing Finance, Overseas Arrivals/Departures and Lending Finance data for February, Labour force data for March and Building Activity data for the December quarter.
- **NAB** will release their Monthly Business Survey data for March.
- **Westpac-MI** will release Consumer Sentiment data for April.
- **AMP** will release Sydney Auction data for March.

Market Interest Rate Expectations

The current implied yield curve on ASX 30 day interbank cash rate futures (Chart E) indicates that the majority of the market expects the RBA to leave the cash rate unchanged past the projection period which extends to September 2018.

According to the ASX Target Rate Tracker, as of 7 April, there is a 6 per cent expectation that the RBA will lower the cash rate to 1.25 per cent at its policy meeting on 2 May 2017.

Chart E: Interest Rate Expectations

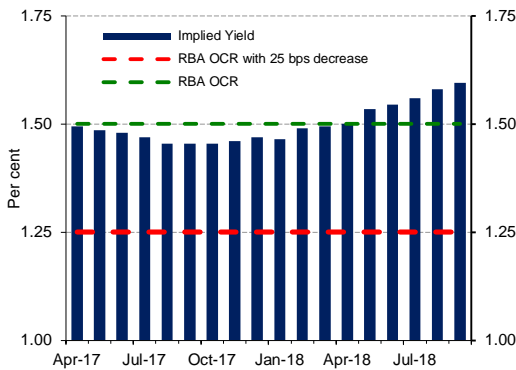
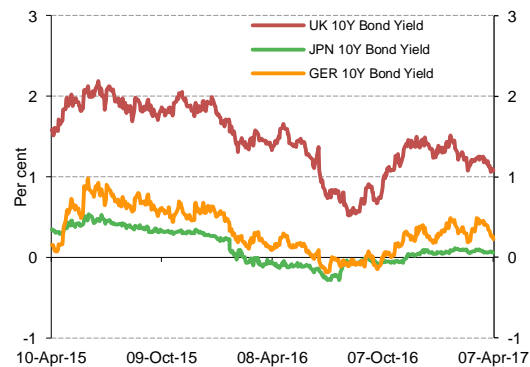
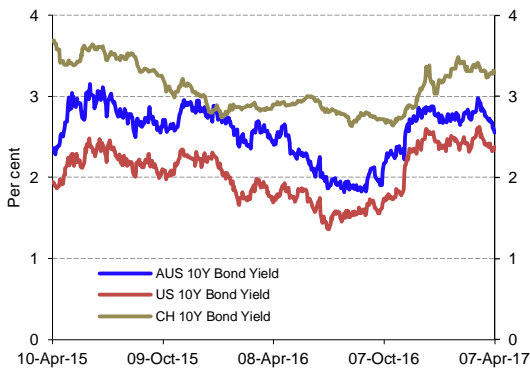


Chart F & G: International Bond Yields



International Bond Yield Spreads

US bond yields initially rose following the news that the US launched cruise missiles on Syria. This was offset by lower than expected job gains in the month and after New York Federal Reserve Bank President William Dudley said the US should limit adjustments to multiple financial reforms put in place after the GFC. The spread between US and Germany bond yields remains above two percentage points. Bond yields fell in all countries tracked except China over the past week.

10-yr bond yield	Yield (%)	Change on Year (bps)	Change on Week (bps)	Spread on 10 yr US bond week end (bps)	Spread on 10-yr US bond year ago (bps)
Australian (AUS)	2.55	14.7	-15.0	16.9	68.7
United States (US)	2.38	66.6	-0.5	-	-
Germany (GER)	0.23	13.3	-10.0	-215.4	-162.2
United Kingdom (UK)	1.08	-28.8	-6.4	-130.7	-35.4
Japan (JPN)	0.06	13.6	-0.9	-232.1	-179.2
China (CH)	3.29	39.4	1.3	91.0	118.1

Key International Data Releases

EU: The Euro Area (EA19) unemployment rate was down 0.1 percentage points to 9.5 per cent in February, this compares to 10.3 per cent a year ago. Retail sales rose by 0.7 percentage points in February, marking two consecutive months of gains, this result is 2.2 per cent higher through the year.

US: The unemployment rate fell by 0.2 percentage points to a 10-year low of 4.5 per cent in March. Employment increased by 98,000 in the month – far fewer than the expected 180,000 – in line with the growth in working age population of 75,000 to 100,000 per month. The US Trade deficit fell to \$43.6 billion in February, down from \$48.2 billion in January, beating expectations by more than a \$1 billion.

UK: Industrial production fell by 0.7 per cent in the month, slowing to 2.8 per cent through the year, down from 3.3 per cent in January. Manufacturing production also fell by 0.1 per cent in the month; however, through the year growth was up 3.3 per cent compared to 2.6 per cent last month.

Japan: Consumer Confidence rose by 0.7 index points to 43.9 in March, beating market expectations of 43.4 and reaching its highest level in three and a half years, this is amid gains in all sub-indexes.

Germany: Industrial production rose by 2.2 per cent in February following January's 2.2 per cent increase, marking a strong start to the year for Europe's largest economy. Germany's trade surplus surged in the month to €19.9 billion, up from €14.9 billion last month and beating market expectations of €17.7 billion.

Canada: Employment increased by 19,400 – beating market expectations of 5,900 new jobs – while the unemployment rate rose slightly to 6.7 per cent in March, up from 6.6 per cent in the previous month, as more people looked for work.

Upcoming Key International Data Releases (10/04 – 14/04)

- **US:** CPI, Retail Sales, PPI data for March and U. of Mich. Sentiment data for April
- **China:** CPI, PPI, Trade Balance data for March
- **UK:** ILO Unemployment rate data for February and CPI data for March
- **Euro Area:** Industrial Production data for February
- **Canada:** BoC Interest Rate Decision for April