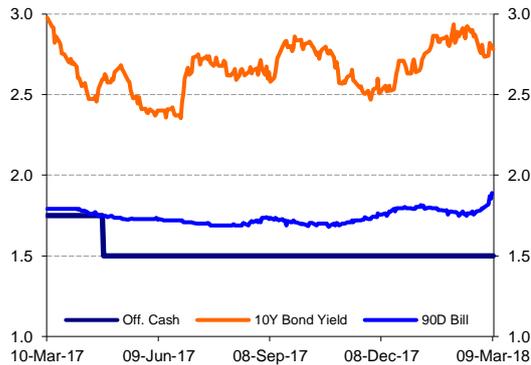
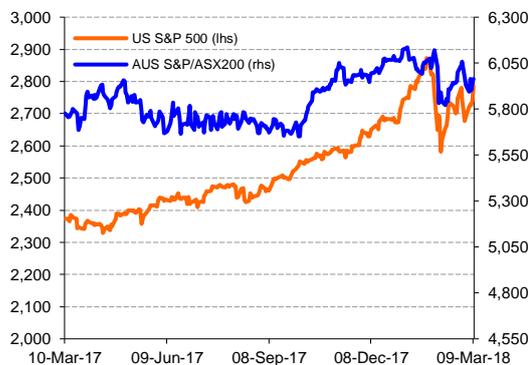


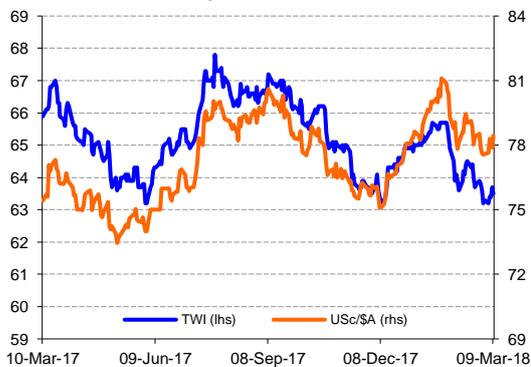
**Chart A: Domestic Interest Rates**



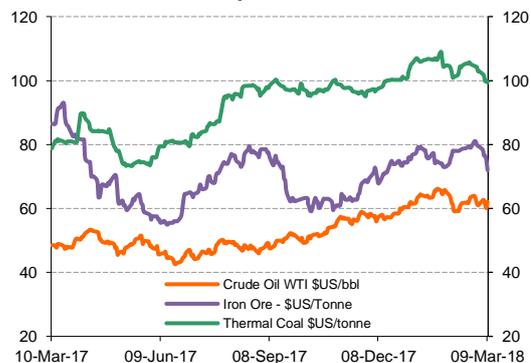
**Chart B: Share Price Index**



**Chart C: Exchange rate**



**Chart D: Commodity Prices**



## Domestic Data Releases

**ABS National Accounts** data showed that NSW state final demand increased 1.0 per cent in the December quarter for a 3.0 per cent through the year increase. Australian gross domestic product increased 0.4 per cent in the quarter, and 2.4 per cent through the year.

**ABS Building Approvals** data showed that there were 5,989 (sa) approvals in NSW in January, contributing to a 12-month sum of 71,064 (nsa) approvals. Nationally, there are 19,851 (sa) approvals in January, contributing to a 12-month sum of 224,335 (nsa) approvals.

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

**ABS Retail Trade** data indicated that NSW nominal sales decreased 0.2 per cent in the month of January for a 1.8 per cent increase through the year. In Australia, nominal sales increased 0.1 per cent in the month for a 2.1 per cent increase through the year.

**ABS International Trade** data showed that the total value of NSW exports decreased 2.7 per cent through the year to January, while imports increased 6.3 per cent through the year. Nationally, exports increased 2.4 per cent, and imports increased 13.0 per cent.

**ABS Balance of Payments** data showed that NSW export volumes increased 4.6 per cent through the year to the December quarter, while imports increased 10.7 per cent through the year. Nationally, exports increased 0.8 per cent through the year, and imports increased 6.6 per cent through the year. NSW's terms of trade increased 1.5 per cent through the year, while Australia's terms of trade decreased 1.0 per cent through the year.

## Markets

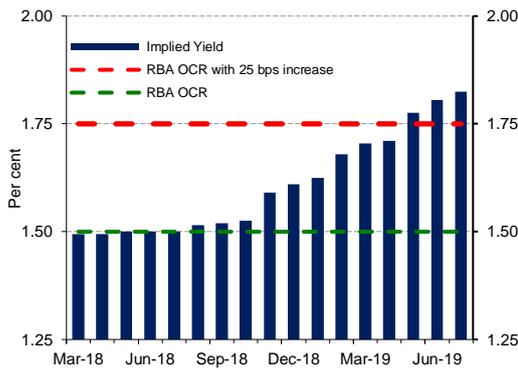
Over the week to Friday, the ASX200 rose by 0.6 per cent, the US S&P500 rose by 3.5 per cent and thermal coal prices fell by 3.4 per cent.

	Value	Change on Year	Change on Week	
<b>US S&amp;P 500</b>	2786.57	17.4 %	3.5 %	
<b>ASX200</b>	5963.23	3.2 %	0.6 %	
<b>Australian Dollar (USD)</b>	0.78	4.0 %	1.1 %	
<b>TWI</b>	63.50	-3.6 %	0.3 %	
<b>Oil (USD/bbl)</b>	62.04	27.9 %	1.3 %	
<b>Gold (USD/oz)</b>	1320.60	9.8 %	-0.1 %	
<b>Thermal Coal (USD/tonnes)</b>	99.40	26.2 %	-3.4 %	
<b>Australian 10-yr bond</b>	2.78%	-19.4 bps	4.9 bps	
<b>US 10-yr bond</b>	2.89%	31.9 bps	3.0 bps	
<b>NSW 10-yr bond (bps) maturity 2026</b>	2.94%	-	bps	2.0 bps

## Upcoming Domestic Data Releases (12/03 – 15/03)

- **ABS** will release the Housing Finance and Lending Finance data for January.
- **NAB** will release its Monthly Business Survey data for February.
- **W-MI** will release Consumer Sentiment data for March.

**Chart E: Interest Rate Expectations**



**Market Interest Rate Expectations**

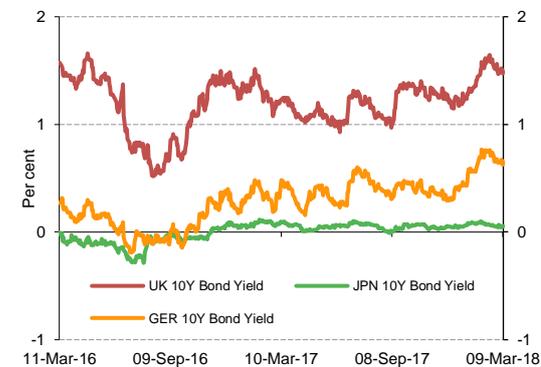
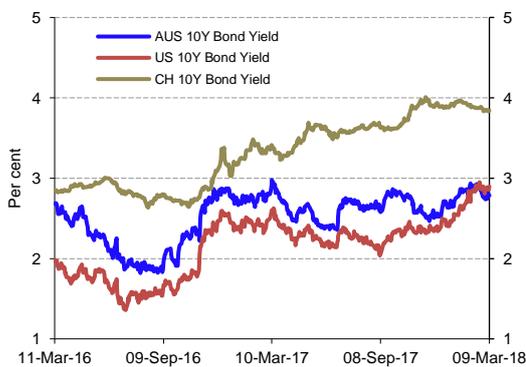
The current implied yield curve on ASX 30 day Interbank Cash Rate Futures (Chart E) indicates that the majority of the market expects the RBA to increase the cash rate in February 2019.

According to the ASX Target Rate Tracker, as at 8 March, there is a 0 per cent expectation that the RBA will increase the cash rate to 1.75 per cent at its next policy meeting on 3 April 2018.

**International Bond Yield Spreads**

US bond yields rose by 3.0 basis points over the week to Friday. Bond yields fell early in the week after Chief Economic Advisor Gary Cohn resigned. Later in the week yields recovered, following higher than expected jobs numbers, while wages growth came in less than expected. The 10-year bond yield ended the week at around 2.89 per cent. Bond yields also rose in Australia and the UK.

**Chart F & G: International Bond Yields**



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)	2.78	-19.4	4.9	-11.1	40.2
United States (US)	2.89	31.9	3.0	-	-
Germany (GER)	0.65	16.3	-0.3	-224.6	-209.0
United Kingdom (UK)	1.49	26.1	1.8	-140.2	-134.4
Japan (JPN)	0.05	-3.6	-1.5	-284.1	-248.6
China (CH)	3.84	42.6	-0.8	94.6	83.9

**Key International Data Releases**

**Euro area:** Retail Sales decreased by 0.1 per cent in January to be down 1.0 per cent through the year. This is due to the falls of 0.3 per cent for non-food products and of 0.2 per cent for “Food, drinks and tobacco”, while automotive fuel rose by 0.1 per cent. The European Central Bank decided that the interest rate on the main refinancing operations will remain unchanged at 0.00 per cent.

**China:** The Consumer Price Index rose by 2.9 per cent through the year to February, up from 1.5 per cent increase in the previous month. This was mainly due to food prices increases. The Producer Price Index rose by 3.7 per cent through the year to February, easing from a rise of 4.3 per cent in the previous month. Trade surplus of USD 33.74 million was reported in January.

**US:** The Unemployment Rate remained steady at 4.1 per cent in February. Total non-farm payroll employment rose by higher than expected at 313,000 in the month. Employment rose in construction, retail trade, professional and business services, manufacturing, financial activities, and mining.

**UK:** Manufacturing production rose by 0.1 per cent January and up 2.7 per cent through the year. Industrial production rose by 1.3 per cent in the month to be 1.6 per cent higher through the year. Trade deficit widened by £0.6 billion to £3.1 billion in January.

**Upcoming Key International Data Releases (12/03 – 16/03)**

- **US:** CPI and Industrial Production data for February.
- **Japan:** PPI data for February.
- **Euro:** Industrial Production data for January and Employment data for the December quarter.
- **India:** CPI data for February.