

Weekly Market and Economics Roundup

For the week ended 14 March 2014

Chart A: Domestic Interest Rates

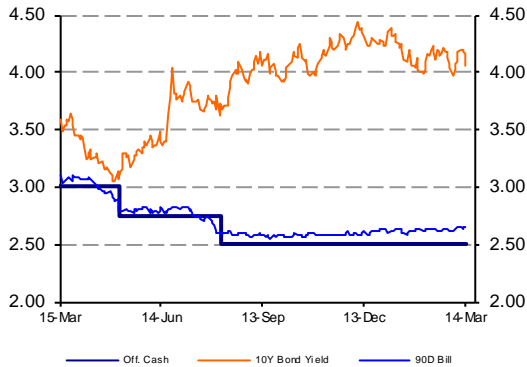


Chart B: Share Price Index

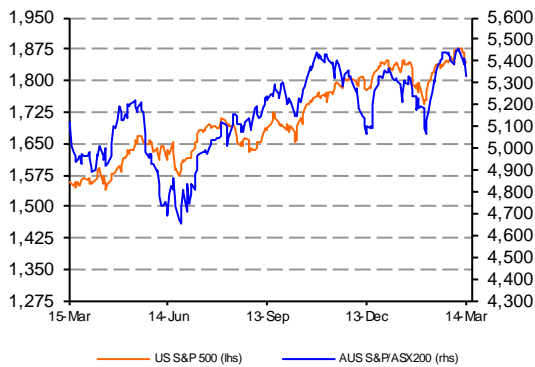


Chart C: Exchange Rate

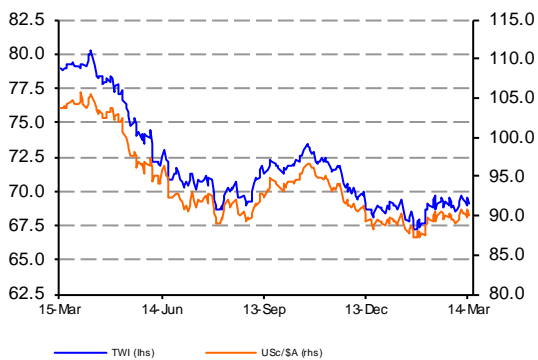
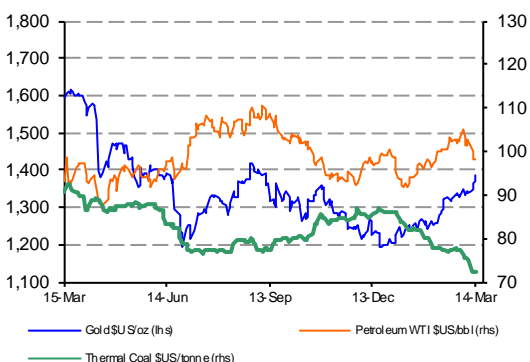


Chart D: Commodities



Domestic Data Releases

NAB monthly business Survey showed NSW business confidence fell from +9 to +6 index points in February, while nationally it declined to +7. NSW business conditions fell from +6 to -1 index points in February, while nationally it fell 5 points to 0.

NSW **short term visitors** (number, sa, y%ch) rose 11.8% in the January 2013. Nationally **short term visitors** rose 12.0% compared to January 2013.

Housing finance (no, sa, y%ch) the number of approvals for owner-occupation in NSW fell 1.8% in January 2014 compared with previous month. Nationally, housing finance remained steady.

Consumer Sentiment from **Westpac-MI** (index, sa, M%ch) showed NSW consumer confidence increase 2.5% to 103.4 index point in March compare to last month, nationally, consumer confidence dropped 0.7% to 99.5 index point.

Labour Force (sa, M%ch) showed employment rose by 13,900; the unemployment rate remained at 5.8%. Nationally, employment rose by 47,300, unemployment rate remained at 6.0%

Lending Finance (nsa, Y%ch) showed total commercial finance was up 68.7% compared to a year ago for NSW, while it was up 44.2% through the year nationally. Investor housing finance approvals were up 48.5% for NSW than a year ago, while nationally approvals were up 29.8% through the year.

Asia Pacific Consensus Forecast saw the consensus inflation forecast for Australia remained at 2.8% while GDP growth forecasted rose to 2.8% from 2.7% in February.

Markets

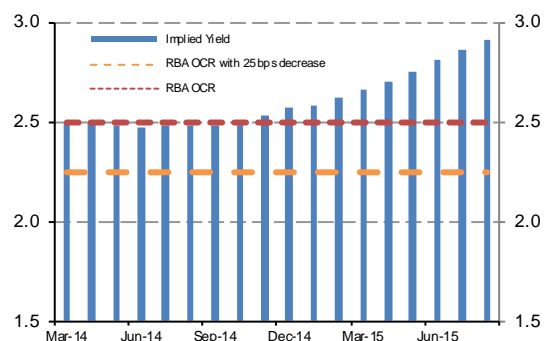
The **Australian stock market** fell by 2.4% on the previous Friday, while the **New York stock exchange** fell by 2.0%.

	Value	Change on Year	Change on Week
S&P 500	1,841.1	18.0 %	-2.0 %
ASX200	5,329.4	4.1 %	-2.4 %
Australian Dollar (USD)	0.9010	-13.2 %	-0.9 %
TWI	69.10	-12.4 %	-0.9 %
Oil (USD/bbl)	98.20	5.6 %	-4.3 %
Gold (USD/oz)	1,385.00	-13.2 %	3.7 %
Thermal Coal (USD/tonne)	72.33	-20.3 %	-3.8 %
Australian 10-yr bond	4.05%	46.1 bps	-12.2 bps
US 10-yr bond	2.64%	65.0 bps	-10.0 bps
Australian 90-day bill	2.50%	-50.0 bps	0.0 bps

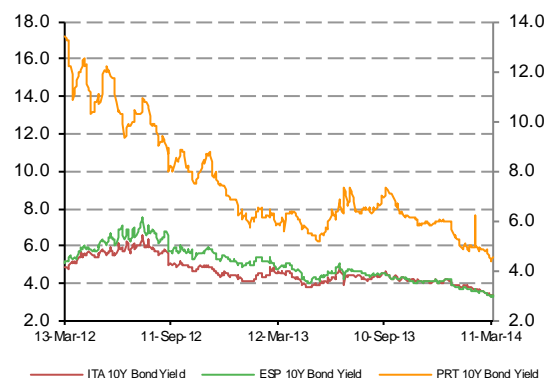
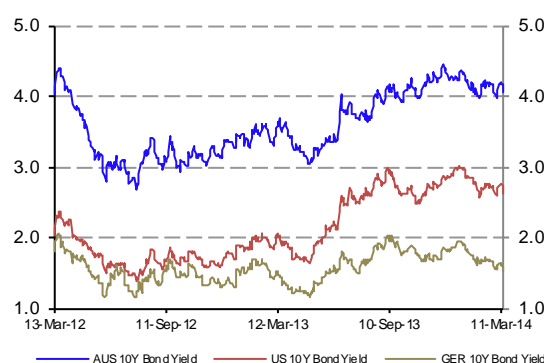
Upcoming Domestic Data Releases (17/3 – 21/3)

- The **ABS** will release data on new car sales, merchandise imports, labour force by region and labour force by industry.
- **RBA** will release minutes of monetary policy meeting in March and its March quarterly *bulletin*.
- **ACCI-Westpac** will release survey of industrial trends.

Chart E: Interest Rate Expectations



Charts F & G: International Bond Yields



Market Interest Rate Expectations

Current **market expectations**, as shown by the implied yield curve on ASX 30 day interbank cash rate futures, **favour a no change** by the RBA at its next meeting.

According to the **ASX target rate tracker**, as of 14 March, there is a 96% expectation that the RBA will keep the cash rate at 2.50% at its 1 April policy meeting.

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)	4.05%	46.1 bps	-12.2 bps	141.1 bps	160.0 bps
United States (US)	2.64%	65.0 bps	-10.0 bps	-	-
Germany (GER)	1.54%	8.9 bps	-10.5 bps	-109.7 bps	-53.6 bps
Italy (ITA)	3.40%	-113.8 bps	-1.6 bps	76.4 bps	255.2 bps
Portugal (PRT)	4.57%	-131.0 bps	2.9 bps	193.2 bps	389.2 bps
Spain (ESP)	3.34%	-155.6 bps	-0.4 bps	70.4 bps	291.0 bps

International Data Releases

China retail sales were 11.8% higher through the year, while its **fixed assets investment ex.rural** grew 17.9% through the year. Its **industrial production** was 8.6% higher through the year.

The **Reserve bank of New Zealand** in its **monetary policy meeting** decided to **increase** their official bank rate unchanged to 2.50%.

Industrial production in **Europe Monetary Union** was 0.2% lower than previous month.

Upcoming International Data Releases (17/3 – 21/3)

- **US:** Industrial production, CPI, FOMC rate announcement, Fed QE3 pace and existing home sales.
- **UK:** employment.
- **EMU:** consumer confidence.