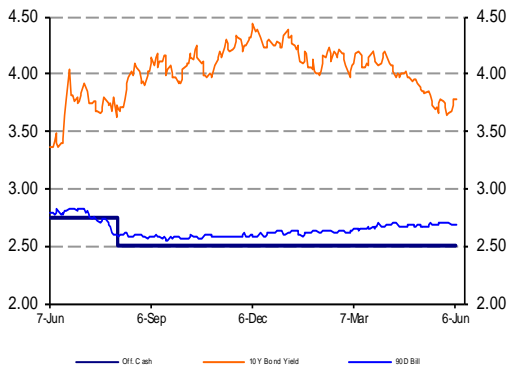


Chart A: Domestic Interest Rates



Domestic Data Releases

ABS Australian National Accounts data showed that In the March quarter 2014, state final demand (s.a.) rose to be 4.7 per cent higher through the year.

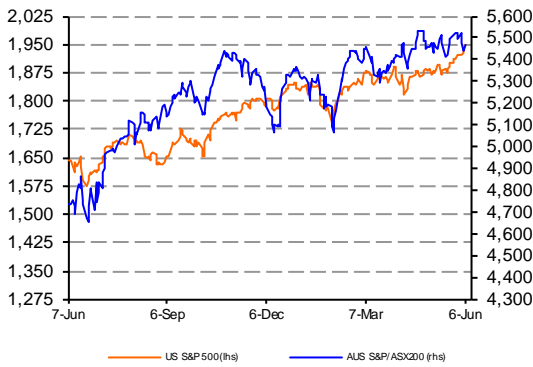
Nationally, domestic final demand (DFD) rose to be 1.6 per cent higher though the year.

ABS Building Approvals saw the total number of building approvals (public and private sectors, seasonally adjusted) fall 15.5 per cent through the year to April 2014.

ABS Retail Sales data saw NSW nominal retail sales, seasonally adjusted, rose to be up 8.1 per cent through the year. Nominal sales across Australia were up 5.7 per cent through the year.

The RBA Board decided to leave the cash rate unchanged at 2.5 per cent at its June meeting.

Chart B: Share Price Index

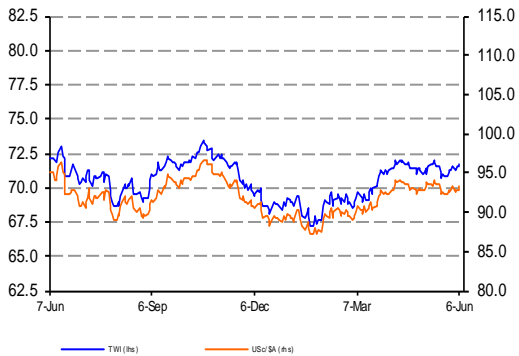


Markets

The **Australian stock market** fell 0.5 per cent on the previous Friday, while the **New York Stock Exchange** rose 1.3 per cent.

	Value	Change on Year	Change on Week
S&P 500	1,949.4	18.6 %	1.3 %
ASX200	5,464.0	15.3 %	-0.5 %
Australian Dollar (USD)	0.9332	-1.8 %	0.1 %
TWI	71.70	-0.7 %	0.3 %
Oil (USD/bbl)	102.66	6.9 %	0.0 %
Gold (USD/oz)	1,247.50	-10.0 %	-0.2 %
Thermal Coal (USD/tonne)	72.62	-16.2 %	-1.7 %
Australian 10-yr bond	3.78%	42.6 bps	11.8 bps
US 10-yr bond	2.58%	41.0 bps	11.0 bps
Australian 90-day bill	2.50%	-25.0 bps	0.0 bps

Chart C: Exchange Rate



Upcoming Domestic Data Releases (10/6 – 13/6)

- The ABS will release data on housing finance, the labour force and lending finance.
- NAB will release their monthly business survey
- ANZ will release their Job Advertisements data
- Westpac will release the W-MI Consumer Sentiment Index
- ABARES will release their crop report

Chart D: Commodities

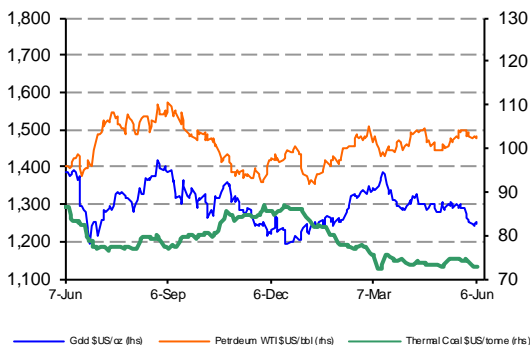
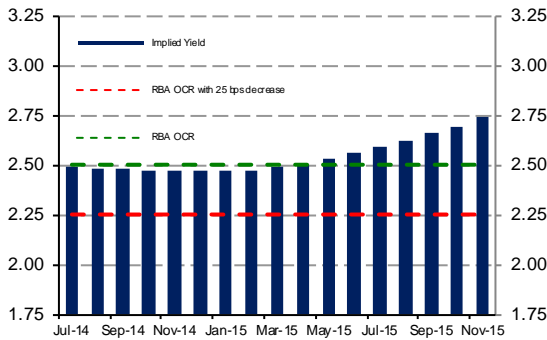


Chart E: Interest Rate Expectations



Market Interest Rate Expectations

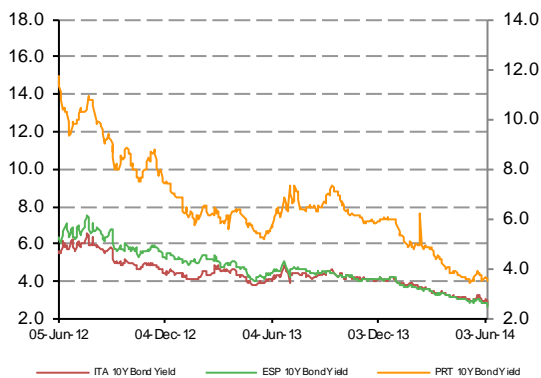
Current **market expectations**, as shown by the **implied yield** curve on ASX 30 day interbank cash rate futures, **favour no change** by the RBA at its next meeting. The market expects the next increase in cash rate in **September 2015**.

According to the **ASX target rate tracker**, as of 6 June, there is a 96% expectation that the RBA will keep the cash rate at 2.50% at its 1 July 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)	3.78%	42.6 bps	11.8 bps	120.1 bps	118.5 bps
United States (US)	2.58%	41.0 bps	11.0 bps	-	-
Germany (GER)	1.39%	-15.8 bps	1.4 bps	-119.3 bps	-62.5 bps
Italy (ITA)	2.74%	-140.4 bps	-22.6 bps	16.3 bps	197.7 bps
Portugal (PRT)	3.50%	-259.5 bps	-9.9 bps	92.2 bps	392.7 bps
Spain (ESP)	2.64%	-191.1 bps	-20.8 bps	6.2 bps	238.3 bps

Charts F & G: International Bond Yields



International Data Releases

- US: Non-farm payrolls (000) (May) (Consensus: 215) (Actual: 217) stronger
- US: ISM manufacturing (index) (May) (Consensus: 55.5) (Actual: 55.4) weaker
- EMU: GDP (quarter) (Q1, 2nd rel.) (Consensus: 0.2%) (Actual: 0.2%) in-line
- UK: BoE rate announcement (Consensus: 0.5%) (Actual: 0.5%) in-line

Upcoming International Data Releases (10/6 – 13/6)

- **Japan:** GDP (Q1 revised)
- **China:** CPI (May), PPI (May), Industrial production (May) & retail sales (May)
- **US:** Job openings and labour turnover (Apr) & Retail sales (May)
- **UK:** Unemployment rate (Apr)