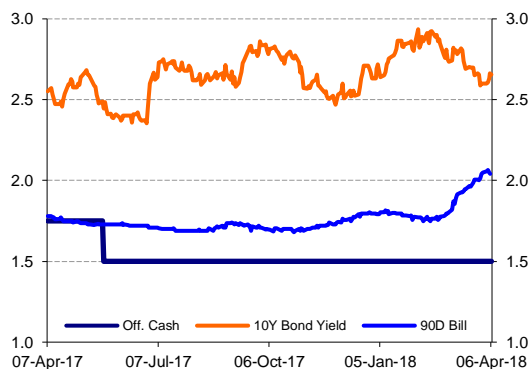
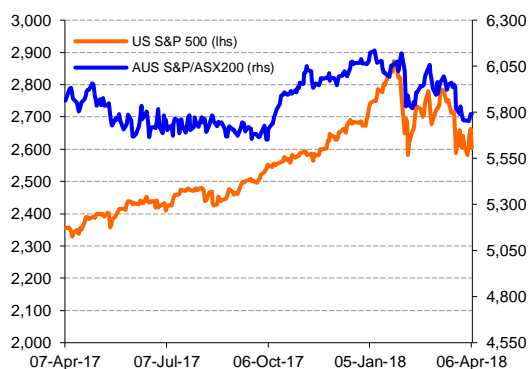


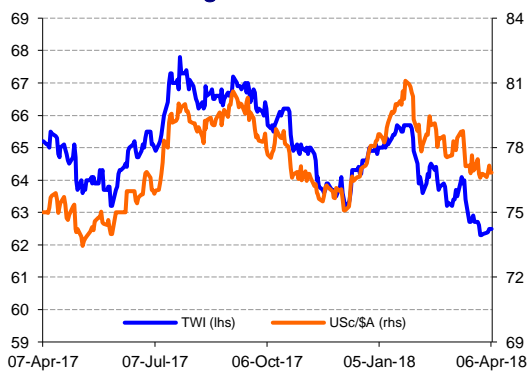
**Chart A: Domestic Interest Rates**



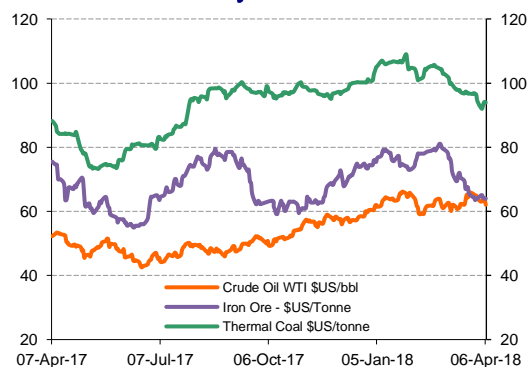
**Chart B: Share Price Index**



**Chart C: Exchange rate**



**Chart D: Commodity Prices**



## Domestic Data Releases

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 increased 1.1 per cent in the month of February for a 3.1 per cent increase through the year. In Australia, nominal sales increased 0.6 per cent in the month for a 3.0 per cent increase through the year.

**ABS Building Approvals** data showed that there were 6,196 (sa) approvals in NSW in February, contributing to a 12-month sum of 70,549 (nsa) approvals. Nationally, there are 18,671 (sa) approvals in the month, contributing to a 12-month sum of 224,203 (nsa) approvals.

**ABS International Trade** data showed that the total value of NSW exports decreased 1.9 per cent through the year to February, while imports increased 10.7 per cent through the year. Nationally, exports decreased 1.2 per cent, and imports increased 13.7 per cent.

**APM Auction** data showed that the auction clearance rate fell to 55.8 per cent in Sydney in March, compared to 74.2 per cent in December 2016. The median house price in Sydney fell by 1.6 per cent through the year, and the median unit price fell by 2.7 per cent through the year – both below long run average growth.

## Markets

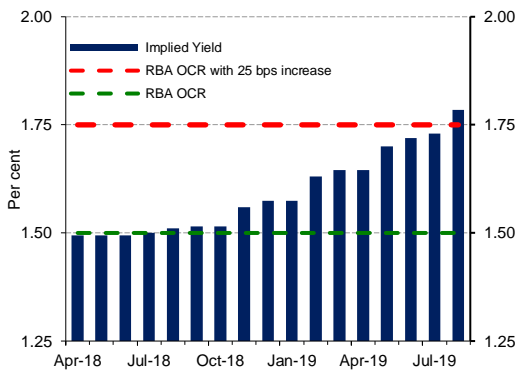
Over the week to Friday, the ASX200 rose by 0.6 per cent, the US S&P500 fell by 0.3 per cent and thermal coal prices fell by 0.5 per cent. Thermal coal prices are up 6.5 per cent through the year following growth in demand in key markets such as Japan and China. There are also supply concerns, with increasing competition for high-quality thermal coal to use in power stations, without increasing supply to meet this demand.

	Value	Change on Year	Change on Week
<b>US S&amp;P 500</b>	2604.47	10.6 %	-0.3 %
<b>ASX200</b>	5788.74	-1.3 %	0.6 %
<b>Australian Dollar (USD)</b>	0.77	2.5 %	0.1 %
<b>TWI</b>	62.50	-4.1 %	0.3 %
<b>Oil (USD/bbl)</b>	62.06	18.8 %	-3.0 %
<b>Gold (USD/oz)</b>	1331.20	5.1 %	0.3 %
<b>Thermal Coal (USD/tonnes)</b>	93.90	6.5 %	-0.5 %
<b>Australian 10-yr bond</b>	2.66%	10.5 bps	5.5 bps
<b>US 10-yr bond</b>	2.77%	39.1 bps	3.5 bps
<b>NSW 10-yr bond (bps) maturity 2026</b>	2.89% -	bps	4.7 bps

## Upcoming Domestic Data Releases (9/04 – 13/04)

- **ABS** will release Building Activity data for the December quarter and Housing Finance data for February.
- **NAB** will release its Monthly Business Survey for March.
- **W-MI** will release Consumer Sentiment data for April.
- Speech by Philip Lowe, **RBA** Governor, at the Australian-Israel Chamber of Commerce.

**Chart E: Interest Rate Expectations**



**Market Interest Rate Expectations**

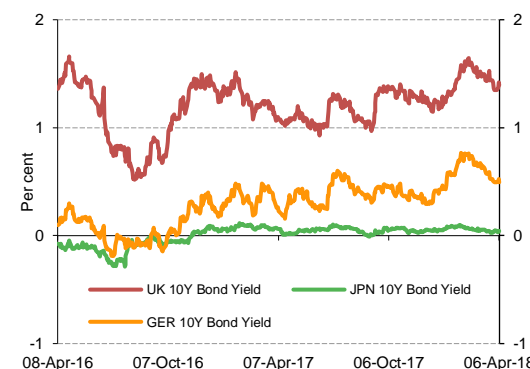
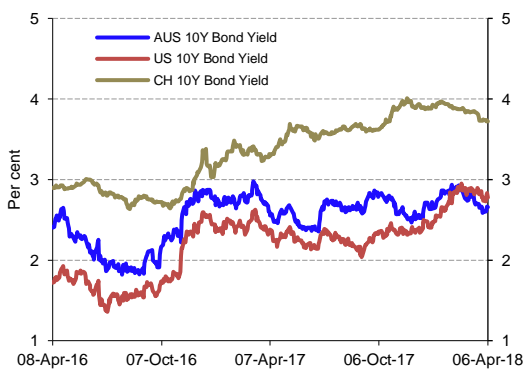
The current implied yield curve on ASX 30 day Interbank Cash Rate Futures (Chart E) indicates that the majority of the market expects the RBA to increase the cash rate in February 2019.

According to the ASX Target Rate Tracker, as at 5 April, 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 1 May 2018.

**International Bond Yield Spreads**

US bond yields rose by 3.5 basis points over the week to Friday. US bond yields increased earlier in the week as fears over a growing trade war between the US and China appeared to ease. However, on Friday Trump announced that he was considering tariffs on another \$100 billion in Chinese goods. This uncertainty and disappointing jobs data released on Friday lowered the bond yields at the end of the week. 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)	2.66	10.5	5.5	-11.8	16.9
United States (US)	2.77	39.1	3.5	-	-
Germany (GER)	0.50	26.9	0.0	-227.7	-215.4
United Kingdom (UK)	1.40	32.1	4.6	-137.8	-130.7
Japan (JPN)	0.05	-1.5	-0.3	-272.8	-232.1
China (CH)	3.73	43.3	-1.4	95.2	91.0

**Key International Data Releases**

**Euro Area:** Unemployment rate was 8.5 per cent in February, down from 8.6 Per cent in the previous month and from 9.5 per cent in the same month last year. Annual CPI is expected to be 1.4 per cent in March, up from 1.1 per cent in February, according to a flash estimate. Retail sales increased by 0.1 per cent in February to be up 1.8 per cent through the year. This is due to rises in automotive fuel and “Food, drinks and tobacco”.

**Germany:** Retail sales unexpectedly fell by 0.7 per cent in February to be up 1.3 per cent through the year.

**US:** Trade deficit widened in February to \$57.6 billion from \$56.7 billion in the previous month. Unemployment rate remained at 4.1 per cent in March as the economy added 103,000 jobs in the month. Manufacturing PMI decreased from 60.8 to 59.3 in March.

**Canada:** Trade deficit widened more than expected to C\$2.69 billion in February from C\$1.94 in the previous month, due to record drop in food exports. Unemployment remained steady at 5.8 per cent in March.

**Upcoming Key International Data Releases (9/04 – 13/04)**

- **Japan:** Consumer Confidence and PPI data for March and Current Account data for February.
- **Euro:** Industrial Production and Trade Balance data for February.
- **US:** PPI and CPI data for March and FOMC Meeting Minutes for April.
- **China:** CPI, PPI and Trade Balance data for March.
- **UK:** Trade Balance and Industrial Production for February.
- **India:** CPI data for March.

## Six Weeks At A Glance

Monday	Tuesday	Wednesday	Thursday	Friday
9-Apr	10-Apr	11-Apr	12-Apr	13-Apr
	NAB Monthly Business Survey, Mar-18	ABS Regional Building Approvals, Feb-18 ABS Building Activity, DecQ-17 ABS Construction Activity, DecQ-17 W-MI Consumer Sentiment, Apr-18 Speech by Philip Lowe, Governor, at the Australia-Israel Chamber of Commerce (WA), Perth	ABS Housing Finance, Feb-18	
16-Apr	17-Apr	18-Apr	19-Apr	20-Apr
ABS Lending Finance, Feb-18	RBA Monetary Policy Minutes, Apr-18	ABS Overseas Arrivals and Departures, Feb-18	NAB Quarterly Business Survey, MarQ-18 ABS Labour Force, Mar-18	
23-Apr	24-Apr	25-Apr	26-Apr	27-Apr
Commsec State of the States, MarQ-18	ABS Regional Population Growth, 2016-17 ABS Consumer Price Index, MarQ-18	DoE Skilled Vacancies, Mar-18	ABS Detailed Monthly Labour Force, Mar-18 ABS International Trade Price Indexes, MarQ-18	ABS Producer Price Indexes, MarQ-18
30-Apr	1-May	2-May	3-May	4-May
RBA Private Sector Credit, Mar-18	RBA Interest Rate Decision, May-18	ABS Selected Living Cost Indexes, MarchQ-18	ABS International Trade in Goods & Services, Mar-18 ABS Building Approvals, Mar-18	RBA Statement on Monetary Policy, May-18
7-May	8-May	9-May	10-May	11-May
NAB Monthly Business Survey, Apr-18 APM Auction data, Apr-18	Commonwealth Budget, 2018-19 ABS Retail Trade, Mar-18	W-MI Consumer Sentiment, May-18	ABS Regional Building Approvals, Mar-18	ABS Housing Finance, Mar-18
14-May	15-May	16-May	17-May	18-May
	RBA Monetary Policy Minutes, May-18 ABS Overseas Arrivals and Departures, Mar-18 ABS Lending Finance, Mar-18	ABS Wage Price Index, MarQ-18	ABS Labour Force, Apr-18	

## ECONOMIC FACTS

ECONOMIC GROWTH				
ECONOMIC INDICATOR	NSW	Australia	Measure	Latest Period
Gross State/ Domestic Product	2.9%	2.0%	% annual average	2016-17 Next: November 18
State/Domestic Final Demand	3.0%	2.4%	% through the year	December quarter 17 Next: 6 June 18
	1.0%	0.4%	% change on last qtr	
BUSINESS INVESTMENT				
NAB Business Confidence	+10	+9	NAB Index	February 18 (mthly) Next: 10 April 18
NAB Business Conditions	+22	+21		
HOUSING				
Dwelling Approvals	70.5k	224.2k	Number of app 12mms	February 18 (mthly) Next: 3 May 2018
	-4.2%	-6.6%	% annual average	
Residential Prices (capitals)	3.8%	5.0%	% through the year	December quarter 17 Next: 19 June 18
LABOUR FORCE				
Employment	4.4%	3.5%	% through the year	February 18 (mthly) Next: 19 April 18
Unemployment Rate	4.8%	5.6%	Current rate	
Youth unemployment rate	10.7%	12.6%	12 monthly moving average rate	
CONSUMER				
Retail Sales	3.1%	3.0%	% through the year	February 18 (mthly) Next: 8 May 18
Westpac MI Consumer Confidence	105.8	103.0	Westpac MI Index	March 18 (mthly) Next: 11 April 18
CPI (Capital cities)	2.2%	1.9%	% through the year	December quarter 17 Next: 24 April 2018
Official cash rate	1.50%		Lowered 25 basis points Aug 16	Next: 1 May 18

ECONOMIC FORECASTS	NSW Forecasts (as per 2017-18 HYR)			Australian Gov't Forecasts (as per 2017-18 MYEFO)		
	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2016-17 Actual	2017-18 Forecast	2018-19 Forecast
State/Domestic Final Demand (%)	3.6	3½	2¾	2.0	n.a.	n.a.
Gross State /Domestic Product (%)	2.9	3	2¾	2.0	2½	3
Employment (%) <sup>(a)</sup>	0.9	2½	1¾	1.9	1¾	1½
Unemployment rate (%) <sup>(b)</sup>	5.0	4¾	4¾	5.6	5½	5¼
CPI (%) <sup>(c)</sup>	2.0	2¼	2¼	1.9	2	2¼
Wage Price Index (%)	2.1	2	2½	1.9	2¼	2¾

(a) Australia: per cent change through the year to June quarter, NSW: year average per cent growth (b) Australia: per cent in the June quarter, NSW: year average per cent (c) Australia and NSW: per cent change through the year to June quarter