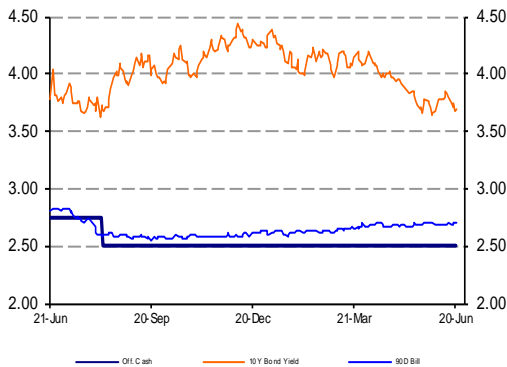


Chart A: Domestic Interest Rates



Domestic Data Releases

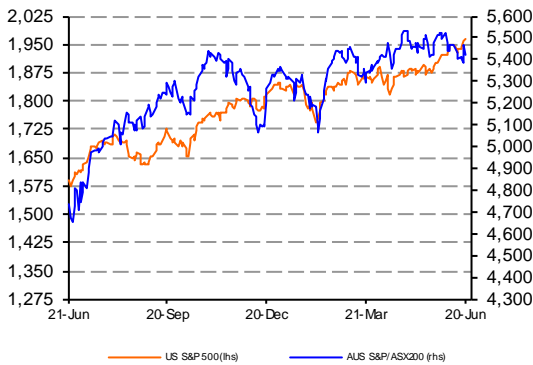
NSW Treasury and South Australia has release the 2014-15 budget.

ABS new vehicle sales (number, Y%ch, sa) data showed new vehicle sales was up 0.9% in NSW for the month of May and down 2.0% nationally. **ABS merchandise imports** (number, Y%ch, nsa) data saw merchandise imports was up 4.9% in NSW for May and up 5.5% nationally. **ABS demographic statistics** (number, Y%ch, nsa) showed NSW population grew 1.5% in the December quarter 2013 while nationally population grew 1.7%.

Markets

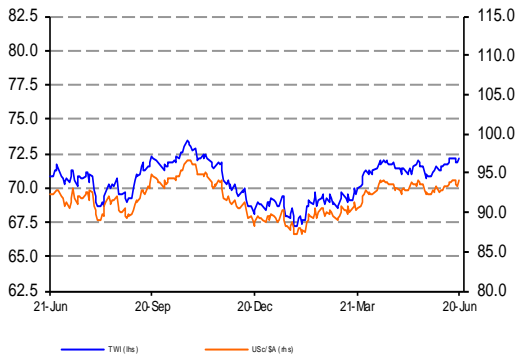
The **Australian stock market** rose 0.3 per cent on the previous Friday, while the **New York Stock Exchange** rose 1.4 per cent.

Chart B: Share Price Index



	Value	Change on Year	Change on Week
S&P 500	1,962.9	23.3 %	1.4 %
ASX200	5,419.5	14.4 %	0.3 %
Australian Dollar (USD)	0.9405	1.9 %	-0.1 %
TWI	72.10	1.7 %	0.0 %
Oil (USD/bbl)	106.43	13.6 %	-0.4 %
Gold (USD/oz)	1,312.50	1.3 %	3.1 %
Thermal Coal (USD/tonne)	72.07	-12.5 %	-0.4 %
Australian 10-yr bond	3.69%	-8.2 bps	-9.9 bps
US 10-yr bond	2.63%	20.0 bps	2.0 bps
Australian 90-day bill	2.50%	-25.0 bps	0.0 bps

Chart C: Exchange Rate



Upcoming Domestic Data Releases (23/6 – 27/6)

- The **ABS** will release data on national financial account and job vacancies.

Chart D: Commodities

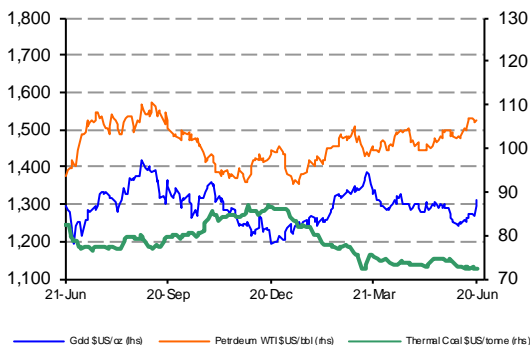
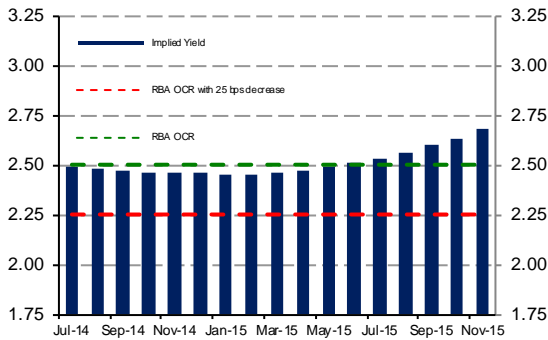


Chart E: Interest Rate Expectations



Market Interest Rate Expectations

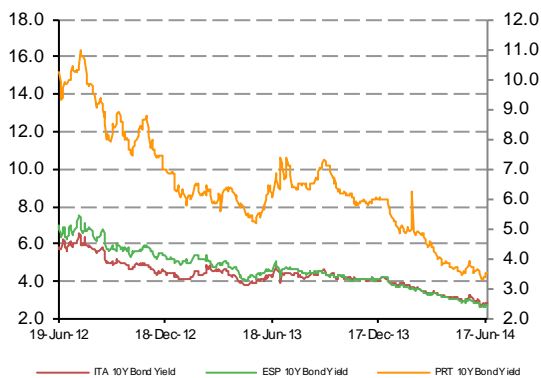
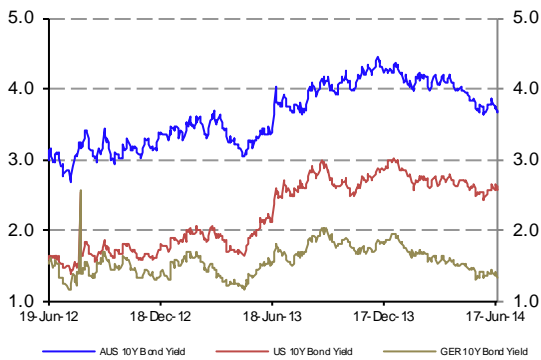
Current **market expectations**, as shown by the **implied yield** curve on ASX 30 day interbank cash rate futures, **favour no change** by the RBA at its next meeting. The market expects the **next increase in cash rate in October 2015**.

According to the **ASX target rate tracker**, as of 20 June, there is a 98% 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)	3.69%	-8.2 bps	-9.9 bps	106.3 bps	134.5 bps
United States (US)	2.63%	20.0 bps	2.0 bps	- -	- -
Germany (GER)	1.33%	-36.5 bps	-6.7 bps	-129.8 bps	-73.3 bps
Italy (ITA)	2.83%	-175.8 bps	5.0 bps	20.4 bps	216.2 bps
Portugal (PRT)	3.51%	-288.2 bps	14.6 bps	88.3 bps	396.5 bps
Spain (ESP)	2.74%	-213.0 bps	8.4 bps	10.8 bps	243.8 bps

Charts F & G: International Bond Yields



International Data Releases

- **US:** Industrial production (M%ch, May) was up 0.6%. CPI (% , May) was 2.1%. FOMC kept rate unchanged between 0 to 0.25% and the federal pace of treasury purchases was reduce to 20 USDbn for June.
- **UK:** CPI (% , May) was 1.5%.
- **EMU:** HICP (Y%ch, May) grew 0.5%.

Upcoming International Data Releases (23/6 – 27/6)

- **China:** HSBC PMI.
- **US:** consumer confidence
- **Japan:** CPI
- **EMU:** HSBC PMI.