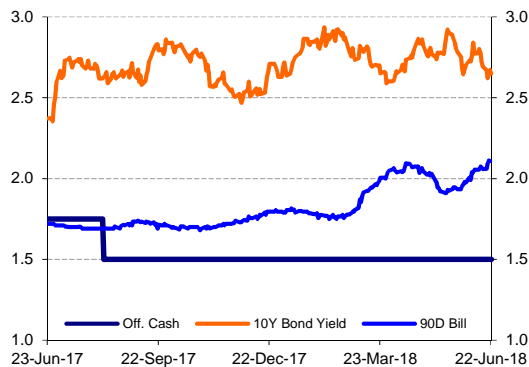
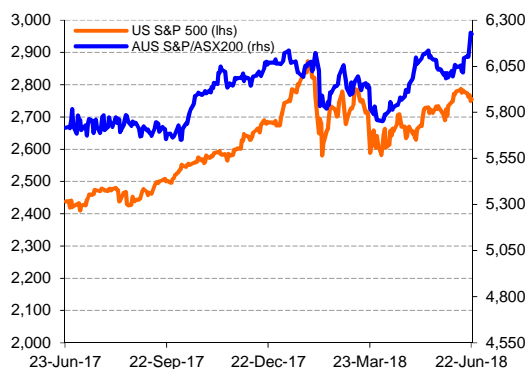


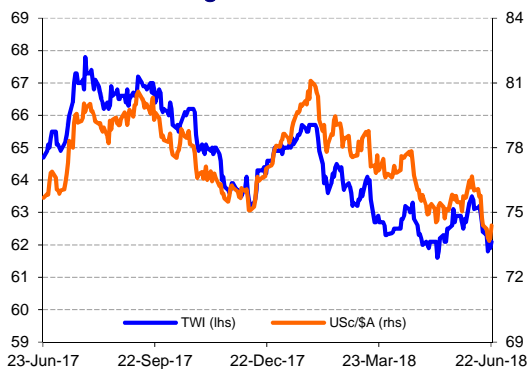
**Chart A: Domestic Interest Rates**



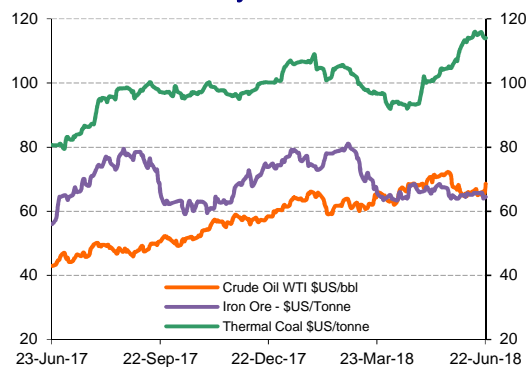
**Chart B: Share Price Index**



**Chart C: Exchange rate**



**Chart D: Commodity Prices**



## Domestic Data Releases

**ABS Overseas Arrivals and Departures** data showed that the number of overseas visitors to NSW in April was 254,000, down 7.9 per cent through the year. Nationally, the number of overseas visitors was 679,700 in the month, down 2.9 per cent through the year.

**ABS Residential Property Price Indexes** data showed that the Sydney RPPI fell 1.2 per cent in the March quarter, to be down 0.5 per cent through the year. In Australia (weighted average of capital cities) the RPPI fell 0.7 per cent in the quarter but remains up 2.0 per cent through the year.

**ABS Demographic Statistics** data showed that the population in NSW reached 7.915 million in the December quarter, which was up 1.5 per cent through the year. Natural increase contributed 0.6 percentage points, net interstate migration detracted 0.2 percentage points and net overseas migration contributed 1.2 percentage points. Nationally, the population reached 24.771 million in the quarter, which was up 1.6 per cent through the year.

**ABS Detailed Labour Force** data showed that Regional NSW employment was up 2.9 per cent through the year to May. The unemployment rate was 5.6 per cent and the participation rate was 59.7 per cent in May. In Greater Sydney, employment was up 3.3 per cent through the year, while the unemployment rate was 4.5 per cent and the participation rate was 66.8 per cent in the month.

**ABS Industry Labour Force** data showed that NSW employment rose by an annual average 3.2 per cent to May, slightly above the national rate of 3.0 per cent. The industries that made the largest contributions to NSW employment growth over this period were Retail Trade (0.8ppts), Health (0.8ppts) and Construction (0.7ppts). The industries that detracted the most were Public Administrations (-0.4 ppts), Administrative Services (-0.3ppts) and Professional & Technical Services (-0.2ppts).

## Markets

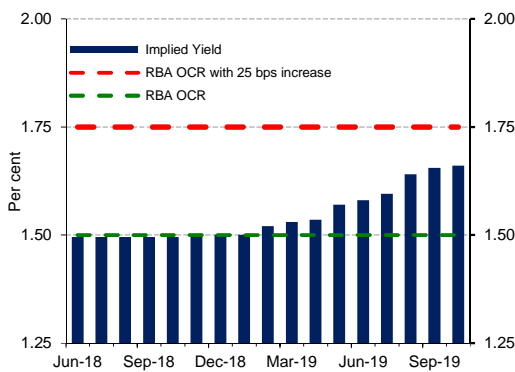
Over the week to Friday, the ASX200 rose by 2.2 per cent, the US S&P500 fell 0.9 per cent and thermal coal prices fell by 0.8 per cent.

	Value	Change on Year	Change on Week
<b>US S&amp;P 500</b>	2754.88	13.0 %	-0.9 %
<b>ASX200</b>	6225.23	8.9 %	2.2 %
<b>Australian Dollar (USD)</b>	0.74	-1.7 %	0.0 %
<b>TWI</b>	62.10	-4.0 %	-0.5 %
<b>Oil (USD/bbl)</b>	68.58	59.5 %	5.4 %
<b>Gold (USD/oz)</b>	1269.15	1.1 %	-1.3 %
<b>Thermal Coal (USD/tonnes)</b>	114.05	41.4 %	-0.8 %
<b>Australian 10-yr bond</b>	2.65%	27.8 bps	-4.4 bps
<b>US 10-yr bond</b>	2.89%	75.3 bps	-2.6 bps
<b>NSW 10-yr bond (bps) maturity 2026</b>	2.80%	-	bps

## Upcoming Domestic Data Releases (2/07 – 6/07)

- **ABS** will release Engineering Construction data for the March quarter and Job Vacancies data for May.
- **RBA** will release its Private Sector Credit data for May.

**Chart E: Interest Rate Expectations**



**Market Interest Rate Expectations**

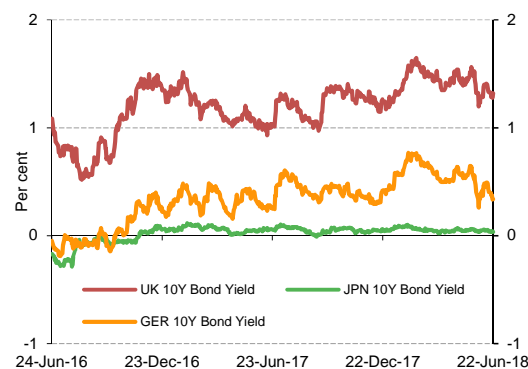
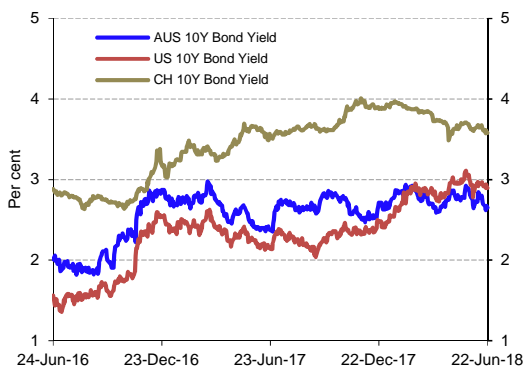
The current implied yield curve on ASX 30 day Interbank Cash Rate Futures (Chart E) indicates that the majority of the market expects the RBA to increase the cash rate in August 2019.

According to the ASX Target Rate Tracker, as at 22 June, 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 July 2018.

**International Bond Yield Spreads**

US bond yields fell by 2.6 basis points over the week to Friday. This means yields have declined on a weekly basis for two straight weeks as uncertainties over a trade conflict with China keeps investors cautious. Bond yields fell in all countries tracked.

**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)
<b>Australian (AUS)</b>	2.65	27.8	-4.4	-24.6	22.9
<b>United States (US)</b>	2.89	75.3	-2.6	-	-
<b>Germany (GER)</b>	0.34	8.2	-6.6	-255.8	-188.7
<b>United Kingdom (UK)</b>	1.32	28.8	-0.9	-157.6	-111.1
<b>Japan (JPN)</b>	0.04	-2.2	-0.3	-286.0	-208.5
<b>China (CH)</b>	3.58	3.5	-3.5	68.2	140.0

**Key International Data Releases**

**Japan:** A surge in imports, up 14.0 per cent through the year, pushed the trade balance to a deficit of ¥578.3b in May. The CPI increased 0.7 per cent through the year to May, up from 0.6 per cent in April.

**US:** The current account deficit increased to \$124.1b in the March quarter, from \$116.1b in the December quarter. The Markit Manufacturing PMI fell to 54.6 in June, from 56.4 in May.

**UK:** The Bank of England voted to keep interest rates on hold at the current level of 0.500 per cent.

**Germany:** The PPI increased 2.7 per cent through the year to May, up from 2.0 per cent in April. The Markit Manufacturing PMI fell to 55.9 in June, from 56.9 in May.

**Euro Area:** Consumer confidence fell to -0.5 in June, from 0.2 in May. The Markit Manufacturing PMI fell to 55.0 in June, from 55.5 in May.

**Canada:** Retail sales fell 1.2 per cent through the year to April, the biggest decline in more than two years. The CPI rose 2.2 per cent through the year to May, unchanged from April.

**Upcoming Key International Data Releases (2/07 – 6/07)**

- **China:** NBS Manufacturing PMI data for June.
- **Euro:** CPI data for June.
- **UK:** GfK Consumer Confidence data for June.
- **Japan:** Retail Sales, Unemployment Rate and Industrial Production data for May and CPI and Consumer Confidence data for June.
- **Germany:** Retail Sales data for May, CPI data for June and GfK Consumer Confidence data for July.
- **Canada:** GDP data for April.

### Six Weeks At A Glance

Monday	Tuesday	Wednesday	Thursday	Friday
25-Jun	26-Jun	27-Jun	28-Jun	29-Jun
		ABS Engineering Construction Activity, MarQ-18	ABS Job Vacancies, May-18	RBA Private Sector Credit, May-18
2-Jul	3-Jul	4-Jul	5-Jul	6-Jul
	RBA Interest Rate Decision, Jul-18 ABS Building Approvals, May-18	ABS International Trade in Goods & Services, May-18 ABS Retail Trade, May-18		APM Auction data, Jun-18
9-Jul	10-Jul	11-Jul	12-Jul	13-Jul
	NAB Monthly Business Survey, Jun-18 ABS Regional Building Approvals, May-18	W-MI Consumer Sentiment, Jul-18 ABS Housing Finance, May-18 ABS Building Activity, MarQ-18		ABS Lending Finance, May-18
16-Jul	17-Jul	18-Jul	19-Jul	20-Jul
ABS Overseas Arrivals and Departures, May-18	RBA Monetary Policy Minutes, Jul-18		NAB Quarterly Business Survey, JunQ-18 ABS Labour Force, Jun-18	
23-Jul	24-Jul	25-Jul	26-Jul	27-Jul
CommSec State of the States - JunQ-18		DoE Skilled Vacancies, Jun-18 ABS Consumer Price Index, JunQ-18	ABS Detailed Labour Force, Jun-18 ABS International Trade Price Indexes, JunQ-18	ABS Producer Price Indexes, JunQ-18
30-Jul	31-Jul	1-Aug	2-Aug	3-Aug
	RBA Private Sector Credit, Jun-18 ABS Building Approvals, Jun-18	ABS Selected Living Cost Indexes, JunQ-18	ABS International Trade in Goods & Services, JunQ-18	ABS Retail Trade, Jun-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	3.7%	3.2%	% through the year	March quarter 18 Next: 5 September 18
	0.7%	0.6%	% change on last qtr	
BUSINESS INVESTMENT				
NAB Business Confidence	+2	+6	NAB Index	May 18 (mthly) Next: 10 July 18
NAB Business Conditions	+15	+15		
HOUSING				
Dwelling Approvals	70.8k	227.9k	Number of app 12mms	April 18 (mthly) Next: 3 July 2018
	-5.1%	-5.5%	% annual average	
Residential Prices (capitals)	-0.5%	2.0%	% through the year	March quarter 18 Next: 18 September 18
LABOUR FORCE				
Employment	3.2%	2.5%	% through the year	May 18 (mthly) Next: 19 July 18
Unemployment Rate	4.9%	5.4%	Current rate	
Youth unemployment rate	10.6%	12.5%	12 monthly moving average rate	
CONSUMER				
Retail Sales	3.6%	2.6%	% through the year	April 18 (mthly) Next: 4 July 18
Westpac MI Consumer Confidence	101.2	102.1	Westpac MI Index	June 18 (mthly) Next: 11 July 18
CPI (Capital cities)	2.1%	1.9%	% through the year	March quarter 18 Next: 25 July 2018
Official cash rate	1.50%		Lowered 25 basis points Aug 16	Next: 3 July 18

ECONOMIC FORECASTS <sup>(a)</sup>	NSW Forecasts (as per 2018-19 Budget)			Australian Gov't Forecasts (as per 2018-19 Budget)		
	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2016-17 Actual	2017-18 Forecast	2018-19 Forecast
State/Domestic Final Demand (%)	3.9	3¾	3	2.3	n.a.	n.a.
Gross State /Domestic Product (%)	2.9	3	2¾	2.1	2¾	3
Employment (%)	1.0	3	1¾	1.9	2¾	1½
Unemployment rate (%) <sup>(b)</sup>	5.0	4¾	4¾	5.6	5½	5¼
CPI (%) <sup>(c)</sup>	2.0	2	2¼	1.9	2	2¼
Wage Price Index (%)	2.0	2	2½	1.9	2¼	2¾

(a) Per cent change, annual average unless otherwise indicated (b) Annual average, per cent (c) 2017-18 to 2020-21 include a ¼ percentage points contribution from tobacco excise increases