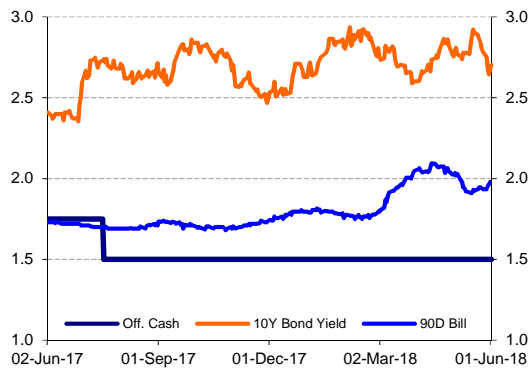
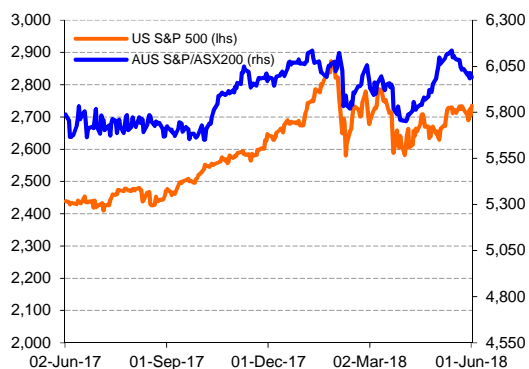


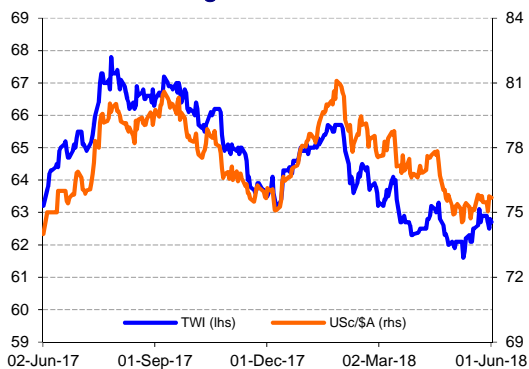
**Chart A: Domestic Interest Rates**



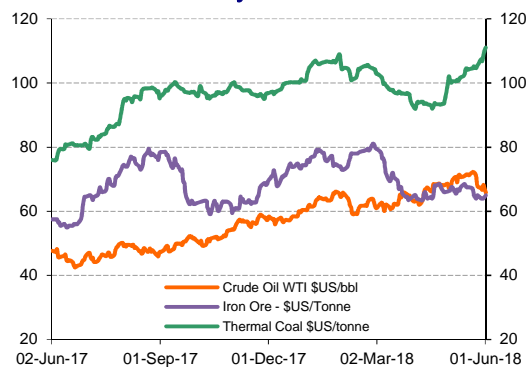
**Chart B: Share Price Index**



**Chart C: Exchange rate**



**Chart D: Commodity Prices**



## Domestic Data Releases

**ABS Building Approvals** data showed that NSW total residential building approvals were at an annual sum of 70,838 in April, down from 70,982 in March. In NSW, detached houses were at a sum of 29,411, up from 28,979 and 4+ story apartments were at a sum of 28,737, down from 29,229. Nationally, total approvals were at an annual sum of 227,900 in April, up from 227,183 in March.

**ABS Private New Capital Expenditure** data for March showed that NSW total capital expenditure rose 2.3 per cent in the quarter, following a rise of 3.7 per cent in the previous quarter. Buildings & structures rose 3.1 per cent and equipment and machinery rose 2.0 per cent. Nationally, total capital expenditure rose 0.4 per cent in the quarter, following a rise of 0.2 per cent in the previous quarter, to be up 3.7 per cent through the year. This is the first time that Australia has recorded three consecutive quarters of positive through the year growth since 2012. Buildings and structures fell 1.3 per cent and equipment and machinery rose 2.5 per cent. Nationally, realisation adjusted capital expenditure intentions for 2018-19 are 11.8 per cent below the estimates for 2017-18 capital expenditure.

**RBA Private Sector Credit** data for April showed that total housing credit rose 0.4 per cent in the month, to be up 6.0 per cent through the year. Owner occupier housing credit rose 0.6 per cent in the month, to be up 8.0 per cent through the year. Investor housing credit rose 0.1 per cent, to be up 2.3 per cent through the year.

## Markets

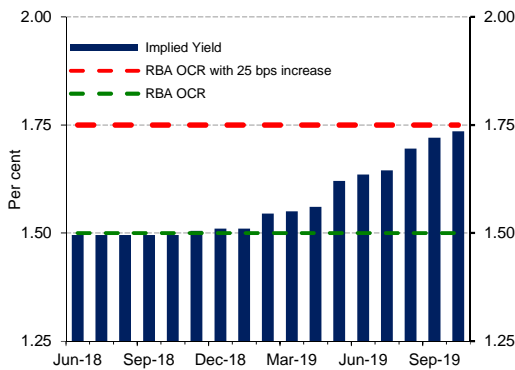
Over the week to Friday, the ASX200 fell by 0.7 per cent, the US S&P500 rose by 0.5 per cent and thermal coal prices rose by 5.3 per cent.

	Value	Change on Year	Change on Week
<b>US S&amp;P 500</b>	2734.62	12.1 %	0.5 %
<b>ASX200</b>	5990.39	3.5 %	-0.7 %
<b>Australian Dollar (USD)</b>	0.76	2.3 %	0.3 %
<b>TWI</b>	62.70	-0.8 %	-0.3 %
<b>Oil (USD/bbl)</b>	65.81	38.1 %	-3.0 %
<b>Gold (USD/oz)</b>	1294.60	1.5 %	-0.7 %
<b>Thermal Coal (USD/tonnes)</b>	111.05	46.1 %	5.3 %
<b>Australian 10-yr bond</b>	2.70%	29.2 bps	-8.4 bps
<b>US 10-yr bond</b>	2.90%	74.2 bps	-2.9 bps
<b>NSW 10-yr bond (bps) maturity 2026</b>	2.88% -	bps	-6.5 bps

## Upcoming Domestic Data Releases (4/06 – 8/06)

- **ABS** will release Business Indicators, Balance of Payments & National Accounts for the March quarter and Regional Building Approvals & International Trade in G&S data for April.
- **APM** will release Auction Data for May.
- **RBA** will release the Interest Rate Decision for June.

**Chart E: Interest Rate Expectations**



**Market Interest Rate Expectations**

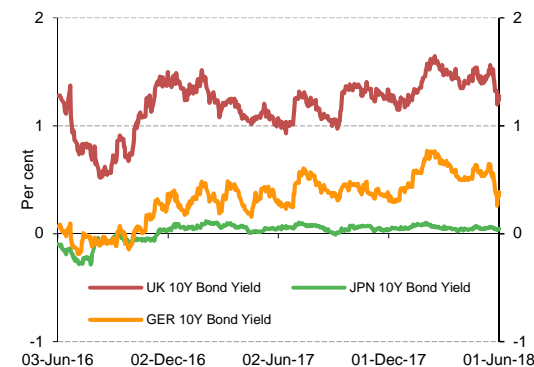
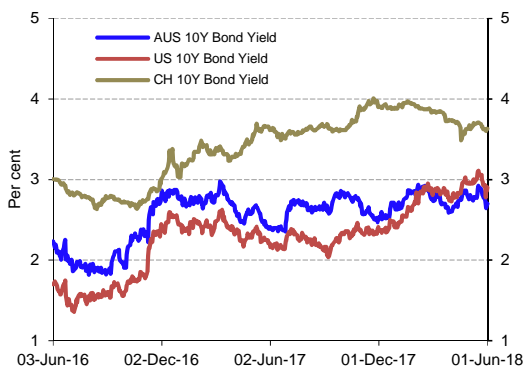
The current implied yield curve on ASX 30 day Interbank Cash Rate Futures (Chart E) indicates that the majority of the market expects the RBA to increase the cash rate in June 2019.

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

**International Bond Yield Spreads**

US bond yields fell by 2.9 basis points over the week to Friday. The yield fell earlier in the week as investors sought the low-risk debt of US bonds amidst continued trade concerns and unrest in the eurozone, although this somewhat abated later in the week. The solid jobs data, which exceeded forecasts, saw a slight rebound in bond yields towards the end of the week. Bond yields fell in all countries tracked over the week.

**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>	2.70	29.2	-8.4	-20.0	25.0
<b>United States (US)</b>	2.90	74.2	-2.9	-	-
<b>Germany (GER)</b>	0.39	11.6	-2.0	-251.6	-189.0
<b>United Kingdom (UK)</b>	1.28	23.8	-4.4	-162.4	-112.0
<b>Japan (JPN)</b>	0.05	-1.2	0.7	-285.4	-210.0
<b>China (CH)</b>	3.63	-0.1	0.5	72.9	147.2

**Key International Data Releases**

**US:** Private Payrolls increased by 223,000 in May, following an increase of 159,000 in April. The Unemployment Rate fell to an eighteen year low of 3.8 per cent in May, following a rate of 3.9 per cent in April. The Manufacturing PMI rose to 58.7 in May, up from 57.3 in April.

**Euro:** The Consumer Price Index rose 1.9 per cent through the year to May, up from 1.2 per cent in April. The Unemployment Rate fell to 8.5 per cent in April, the lowest rate since 2008, following a rate of 8.6 per cent in March.

**Japan:** The Unemployment Rate held steady at 2.5 per cent in April. Retail Sales rose 1.6 per cent through the year to April, up from 1.0 per cent in March. The Consumer Confidence Index rose to 43.8 in May, up from 43.6 in April. Industrial Production increased by 2.5 per cent through the year to April, down from 2.4 per cent in the previous month. This result was well below forecasts for a rise of 3.6 per cent through the year.

**China:** The Manufacturing PMI came in at 51.1 for May, unchanged from April.

**Canada:** Gross Domestic Product expanded at an annualised 1.3 per cent in the March quarter, the slowest growth in almost two years. This follows annualised growth of 1.7 per cent in the December quarter. The Bank of Canada kept interest rates on hold.

**Upcoming Key International Data Releases (4/06 – 8/06)**

- **US:** Trade Balance data for April.
- **Euro:** PPI and Retail Sales data for April.
- **Germany:** Trade Balance data for April.
- **China:** Trade Balance, CPI and PPI data for May.
- **Canada:** International Merchandise Trade data for April and Unemployment Rate data for May.

## Six Weeks At A Glance

Monday	Tuesday	Wednesday	Thursday	Friday
4-Jun	5-Jun	6-Jun	7-Jun	8-Jun
ABS Business Indicators, MarQ-18 ABS Retail Trade, Apr-18	RBA Interest Rate Decision, Jun-18 ABS Balance of Payments, MarQ-18	APM Auction data, May-18 ABS National Accounts, MarQ-18 ABS Regional Building Approvals, Apr-18 Austrade International Visitor Survey, MarQ-17	ABS International Trade in Goods & Services, Apr-18	
11-Jun	12-Jun	13-Jun	14-Jun	15-Jun
	NAB Monthly Business Survey, May-18 ABS Housing Finance, Apr-18 ABS Lending Finance, Apr-18	ABARES Crop Report, Jun-18 W-MI Consumer Sentiment, Jun-18		
18-Jun	19-Jun	20-Jun	21-Jun	22-Jun
ABS Overseas Arrivals and Departures, Apr-18	RBA Monetary Policy Minutes, Jun-18 ABS Residential Property Price Indexes, MarQ-18	DoE Skilled Vacancies, May-18	ABS Detailed Monthly Labour Force, May-18 ABS Detailed Quarterly Labour Force, MayQ-18 RBA Bulletin, Jun-18	
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

## 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	+8	+10	NAB Index	April 18 (mthly) Next: 12 June 18
NAB Business Conditions	+21	+21		
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)	3.8%	5.0%	% through the year	December quarter 17 Next: 19 June 18
LABOUR FORCE				
Employment	4.1%	2.7%	% through the year	April 18 (mthly) Next: 14 June 18
Unemployment Rate	5.0%	5.6%	Current rate	
Youth unemployment rate	10.7%	12.6%	12 monthly moving average rate	
CONSUMER				
Retail Sales	2.8%	3.1%	% through the year	March 18 (mthly) Next: 4 June 18
Westpac MI Consumer Confidence	101.7	101.8	Westpac MI Index	May 18 (mthly) Next: 13 June 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: 5 June 18

ECONOMIC FORECASTS	NSW Forecasts (as per 2017-18 HYR)			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 (%)	3.8	3½	2¾	2.3	n.a.	n.a.
Gross State /Domestic Product (%)	2.9	3	2¾	2.1	2¾	3
Employment (%) (a)	0.9	2½	1¾	1.9	2¾	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