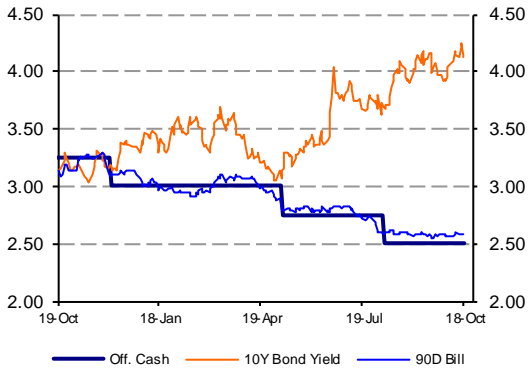


# Weekly Market and Economics Roundup

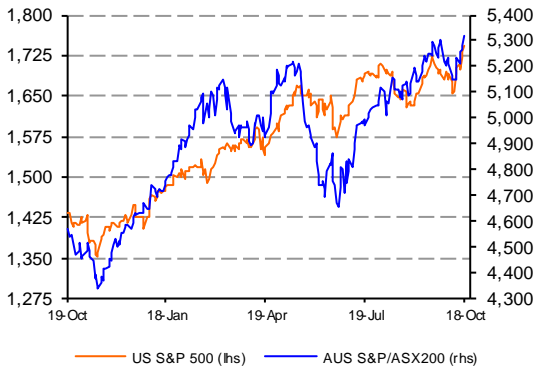
For the week ended 18 October 2013

This Roundup covers critical economic data and publications used by NSW Treasury for monitoring and analysis.

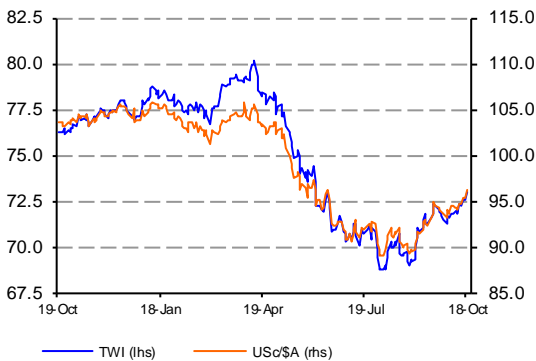
## Chart A: Domestic Interest Rates



## Chart B: Share Price Index



## Chart C: Exchange Rate



## Chart D: Commodities

## Domestic Data Releases

**Housing Finance** (number, excl. re-fi., nsa, y%ch,) for August rose 5.8% for NSW and was up 5.9% for Australia. First home buyers fell 44.8% in NSW and were down 21.8% nationally.

**Lending Finance** (value, nsa, y%ch,) for investor housing rose 34.9% for NSW and was up 20.8% for Australia in August. **Total Commercial Finance** (value, nsa, y%ch) for NSW rose 12.3% and nationally rose 21.0%.

In September **Merchandise Imports** (value, nsa, y%ch) rose 10.2% for NSW and rose 10.2% for Australia.

Sales of **New motor vehicles** (number, sa, y%ch) in September were 2.1% lower in NSW and down 3.5% nationally.

The **NAB Quarterly Business Survey** showed expected business conditions in NSW rose 1 point in the September quarter to be +2, nationally expected conditions increased 3 points to +4. Actual business conditions were 1 point higher at -6 in NSW and were up 1 point nationally to -7.

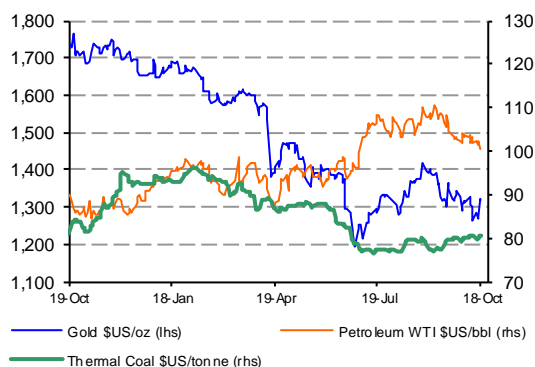
## Markets

The **Australian stock market** was up 1.7% on the previous Friday, while the **New York stock exchange** rose 2.4%.

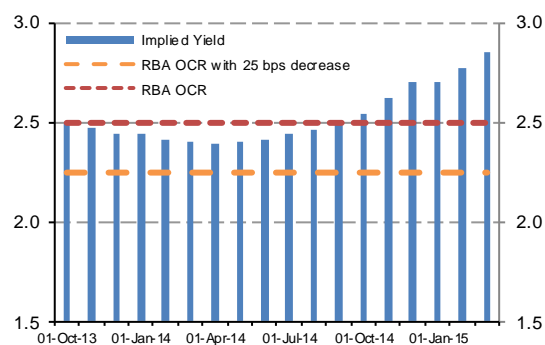
	Value	Change on Year	Change on Week
<b>S&amp;P 500</b>	1,744.5	21.7 %	2.4 %
<b>ASX200</b>	5,321.5	16.4 %	1.7 %
<b>Australian Dollar (USD)</b>	0.9617	-7.2 %	1.6 %
<b>TWI</b>	73.00	-4.3 %	1.0 %
<b>Oil (USD/bbl)</b>	100.67	11.8 %	-1.3 %
<b>Gold (USD/oz)</b>	1,316.50	-24.2 %	4.0 %
<b>Thermal Coal (USD/tonne)</b>	80.47	-0.4 %	-0.1 %
<b>Australian 10-yr bond</b>	4.12%	99.4 bps	-2.0 bps
<b>US 10-yr bond</b>	2.60%	78.0 bps	-8.0 bps
<b>Australian 90-day bill</b>	2.58%	-55.0 bps	-2.0 bps

## Upcoming Domestic Data Releases (21/10 – 25/10)

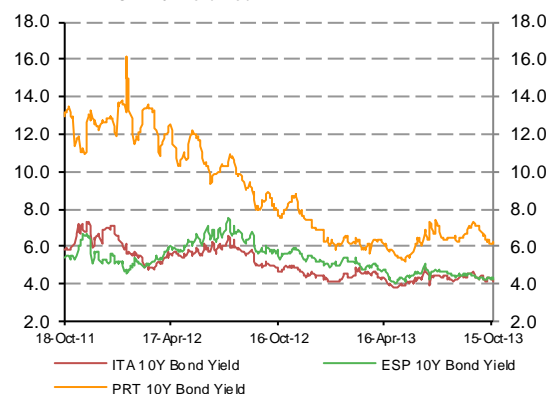
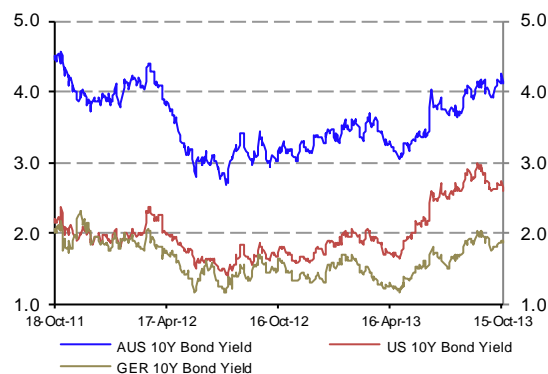
- The ABS will release data on the consumer price index.
- Deloitte-Access Economics will release their Business Outlook.
- CommSec will release their State of the States report.



**Chart E: Interest Rate Expectations**



**Charts F & G: International Bond Yields**



**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.

According to the **ASX target rate tracker**, as of 18 October, there is an 88% expectation that the RBA will keep the cash rate at 2.50% at its 5 November 2013 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
<b>Australian (AUS)</b>	4.12%	99.4 bps	-2.0 bps	152.4 bps	131.0 bps
<b>United States (US)</b>	2.60%	78.0 bps	-8.0 bps	- -	- -
<b>Germany (GER)</b>	1.88%	24.8 bps	2.0 bps	-72.5 bps	-19.3 bps
<b>Italy (ITA)</b>	4.16%	-49.3 bps	-12.9 bps	155.9 bps	283.2 bps
<b>Portugal (PRT)</b>	6.22%	-126.8 bps	3.3 bps	362.1 bps	566.9 bps
<b>Spain (ESP)</b>	4.27%	-101.7 bps	-2.9 bps	166.8 bps	346.5 bps

**International Data Releases**

The **unemployment rate** in the **UK** in the August quarter was 7.7 per cent, down 0.1 percentage points compared to the previous quarter.

Headline inflation, measured by the **consumer price index**, in the **UK** was 2.7% through the year to September 2013, unchanged from August.

**UK real retail sales** in September 2013 rose 2.2% on a year ago, sales in **value terms** were also up, by 3.2% compared to a year ago.

Through the year to September the **consumer price index** for **China** rose 3.1%.

**Upcoming International Data Releases (21/10 – 25/10)**

- US: unemployment, new home sales, durable goods orders.
- JAP: inflation, trade balance.