

Weekly Market and Economics Roundup

For the week ended 21 February 2014

Chart A: Domestic Interest Rates

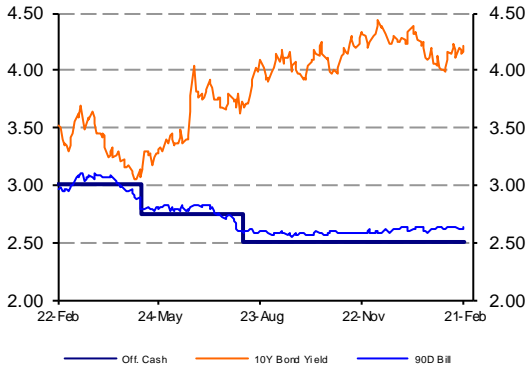


Chart B: Share Price Index

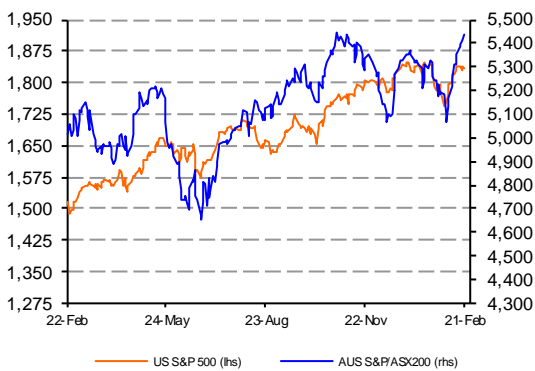


Chart C: Exchange Rate

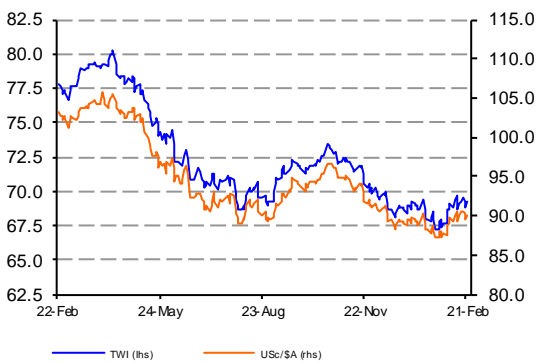
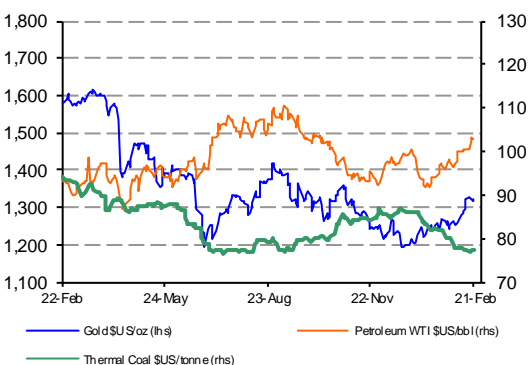


Chart D: Commodities



Domestic Data Releases

New Car Sales (Number, sa, y%ch) for January was 4.9% higher through the year for Sydney but fell 3% for Australia.

Merchandise Imports (Value, nsa, Y%ch) in January rose 11.6% for NSW and 14.2% nationally through the year.

In the December quarter, the **Wage Price Index**. (ex-bonus,ns, Q%ch) rose 0.6% in NSW and 0.5% nationally. In through the year terms, NSW rose 2.5% and national average recorded 2.5% growth.

Average weekly earnings (full-time, trend, 6m%ch) showed NSW Full time average weekly ordinary time pay rose 1.9% in 6 month to November 2013 compared to November 2012, while national average was up 3.2%.

Markets

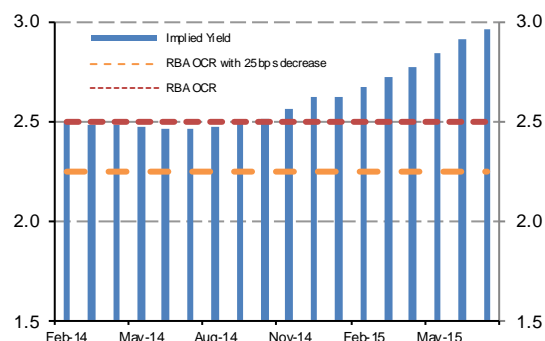
The **Australian stock market** rose by 1.5% on the previous Friday, while the **New York stock exchange** fell by 0.1%.

	Value	Change on Year	Change on Week
S&P 500	1,836.3	21.2 %	-0.1 %
ASX200	5,438.7	8.4 %	1.5 %
Australian Dollar (USD)	0.8992	-12.8 %	0.0 %
TWI	69.20	-11.1 %	0.1 %
Oil (USD/bbl)	102.92	10.5 %	2.6 %
Gold (USD/oz)	1,323.25	-16.1 %	0.2 %
Thermal Coal (USD/tonne)	77.30	-17.8 %	0.2 %
Australian 10-yr bond	4.21%	69.1 bps	9.6 bps
US 10-yr bond	2.76%	80.0 bps	4.0 bps
Australian 90-day bill	2.50%	-50.0 bps	0.0 bps

Upcoming Domestic Data Releases (24/2 – 28/2)

- The **ABS** will release data on Construction work done and Private new capital expenditure.
- The **RBA** will release financial aggregates.

Chart E: Interest Rate Expectations



Market Interest Rate Expectations

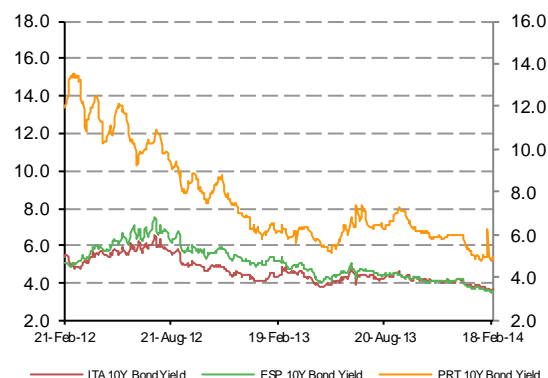
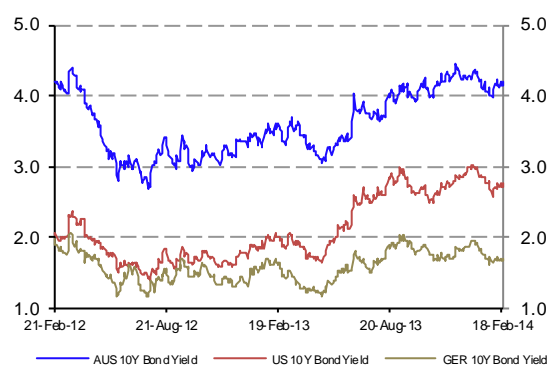
Current **market expectations**, as shown by the implied yield curve on ASX 30 day interbank cash rate futures, **favour a no change** by the RBA at its next meeting.

According to the **ASX target rate tracker**, as of 21 February, there is a 95% expectation that the RBA will keep the cash rate at 2.50% at its 4 March 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)	4.21%	69.1 bps	9.6 bps	145.1 bps	156.0 bps
United States (US)	2.76%	80.0 bps	4.0 bps	- -	- -
Germany (GER)	1.69%	12.0 bps	2.1 bps	-106.9 bps	-38.9 bps
Italy (ITA)	3.60%	-79.9 bps	-8.1 bps	83.8 bps	243.7 bps
Portugal (PRT)	4.90%	-132.3 bps	-2.0 bps	214.4 bps	426.7 bps
Spain (ESP)	3.55%	-159.2 bps	-2.9 bps	78.7 bps	317.9 bps

Charts F & G: International Bond Yields



International Data Releases

Japan GDP rose 0.3% or an annual rate of 1% in December quarter 2013,

US housing tumbled 16.0% to an annual rate of 880,000 unit, seasonally adjusted in January. Existing home sales dropped 5.1% in January to an annual rate of 4.62 million units. Both headline and core CPI rise 0.1% in the last month or 1.6% in an annual rate.

Germany ZEW survey result dropped to 55.7 from 61.7 in January. PMI survey was 56.4 in January.

Europe monetary union PMI survey dropped to 52.7 from 52.9 in January.

UK inflation was 1.9% while unemployment rate fell to 7.2% in January.

Upcoming International Data Releases (24/2 – 28/2)

- **US:** Durable goods orders.
- **Germany:** GDP, unemployment rate and CPI.
- **Europe:** unemployment rate
- **Japan:** unemployment rate and CPI.