

Chart A: Domestic Interest Rates

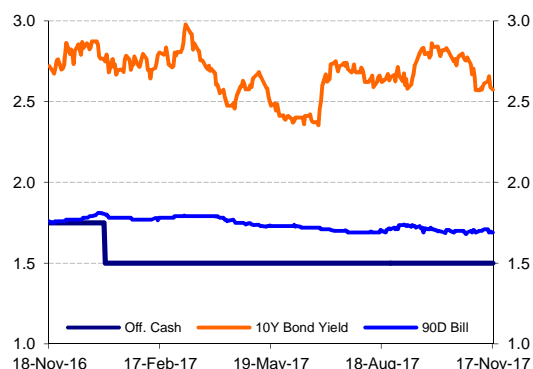


Chart B: Share Price Index

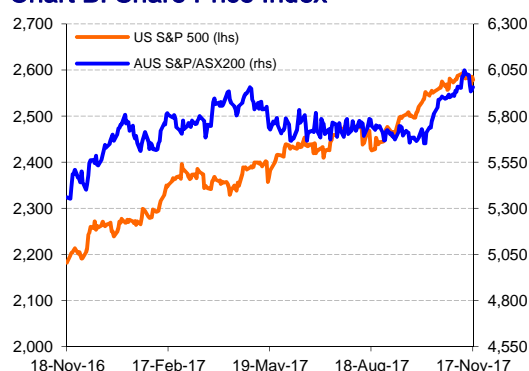


Chart C: Exchange rate

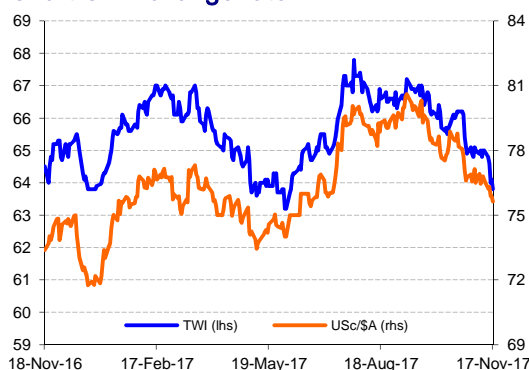
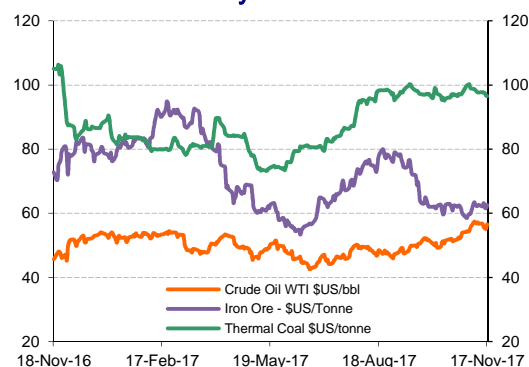


Chart D: Commodity Prices



Domestic Data Releases

ABS Lending Finance data showed that investor housing finance commitments fell by 12.4 per cent through the year in NSW. In the rest of Australia, commitments fell by 8.5 per cent through the year to September.

NAB released its **Monthly Business Survey**, which showed that NSW business conditions rose to a record high of +31 index points; NSW business confidence rose to +9. Nationally, business conditions rose to +21, and business confidence was steady at +8.

W-MI released its monthly **Consumer Sentiment Index**, showing that consumer sentiment declined by 4.9 per cent in the month to 98.6 index points. Nationally, the index was down 1.7 per cent in November to 99.7 index points.

ABS Wage Price Index (WPI) data showed that WPI rose by 2.1 per cent through the year to the September quarter in NSW. Nationally, WPI rose by 2.0 per cent through the year to the September quarter.

ABS Labour Force data showed that the NSW unemployment rate in October fell slightly to 4.6 per cent, while nationally the unemployment rate fell slightly to 5.4 per cent. Total employment in NSW fell slightly in the month to be up 2.4 per cent through the year – the slight fall in total employment was due to a decline in part time work. Nationally, total employment increased by 3,700 in the month to be up 3.0 per cent through the year.

ABS Overseas Arrivals and Departures data showed that overseas visitors rose by 5.9 per cent through the year to September in NSW, and 2.6 per cent through the year in Australia.

ABS State Accounts data showed that NSW GSP growth was 2.9 per cent in 2016-17, the second highest of the states and well above the rest of Australia result of 1.5 per cent. State final demand grew by 3.4 per cent in 2016-17, well above the 1.3 per cent result for the rest of Australia.

Markets

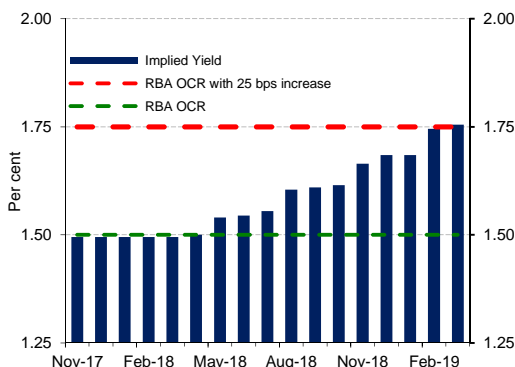
The ASX200 fell by 1.2 per cent and the US S&P500 fell by 0.1 per cent over the week to Friday.

	Value	Change on Year	Change on Week
US S&P 500	2578.85	18.2 %	-0.1 %
ASX200	5957.25	11.2 %	-1.2 %
Australian Dollar (USD)	0.76	3.1 %	-1.3 %
TWI	63.80	-1.1 %	-1.8 %
Oil (USD/bbl)	56.55	23.8 %	-0.3 %
Gold (USD/oz)	1284.35	6.1 %	0.0 %
Thermal Coal (USD/tonnes)	96.55	-8.1 %	-1.1 %
Australian 10-yr bond	2.57%	-14.6 bps	-3.9 bps
US 10-yr bond	2.34%	-1.1 bps	-5.5 bps
NSW 10-yr bond (bps) maturity 2026	2.75%	-	bps -3.7 bps

Upcoming Domestic Data Releases (20/11 – 24/11)

- The **ABS** will release data on Construction Work Done for the September quarter, Detailed Labour Force Data for October, and Estimates of Industry Multifactor Productivity for 2016-17.
- The **Commonwealth Department of Employment** will release Skilled Vacancies data for October.
- **ANZ** will release its Stateometer index for the September quarter.

Chart E: Interest Rate Expectations



Market Interest Rate Expectations

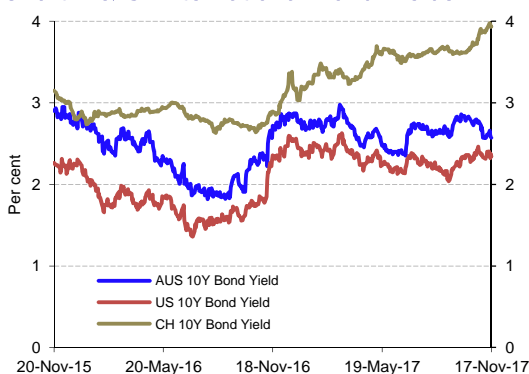
The current implied yield curve on ASX 30 day Interbank Cash Rate Futures (Chart E) indicates that the majority of the market expects the RBA to increase the cash rate in November 2018.

According to the ASX Target Rate Tracker, as of 17 November, there is a 0 per cent expectation that the RBA will increase the cash rate to 1.75 per cent at its policy meeting on 5 December 2017.

International Bond Yield Spreads

US bond yields fell by 3.9 basis points over the week to Friday as the market priced in the increasing likelihood of a Fed rate rise in December. The expectation of a rate increase has solidified expectations of low medium-term inflation, leading to a decline in longer bond yields. The spread between US and Australian bond yields was 23.0 basis points last 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)
Australian (AUS)	2.57	-14.6	-3.9	23.0	36.4
United States (US)	2.34	-1.1	-5.5	-	-
Germany (GER)	0.36	8.9	-4.9	-198.3	-208.3
United Kingdom (UK)	1.29	-16.1	-4.8	-105.0	-90.0
Japan (JPN)	0.04	-0.4	-0.7	-230.8	-231.5
China (CH)	3.94	104.1	2.0	159.3	54.0

Key International Data Releases

US: October CPI cooled to 2.0 per cent annualised, following a 2.2 per cent increase in September. The CPI result was roughly in line with expectations. Inflation remains at low levels, as in much of the rest of the world, but markets still expect the Fed to raise rates at its December policy meeting.

China: Industrial production, fixed asset investment (FAI) and retail sales all came in below expectations. Analysts suggested that the results were driven by authorities' efforts to limit investor lending and control pollution, and that the cooling property market was beginning to weigh on other sectors.

Germany: GDP growth beat expectations, coming in at an annualised rate of 2.8 per cent, the best in six years. The strong result was driven by rising exports and business investment in equipment.

Japan: Growth in the third quarter slightly beat expectations, rising by 1.4 per cent in annualised terms. Japan has now had seven consecutive quarters of growth, the most in a decade, and domestic demand is expected to continue picking up to support strong export growth.

UK: CPI was steady in October, at 3.0 per cent through the year, suggesting that the post-Brexit jump in inflation – caused by the weakened pound – may have hit its peak. The result was slightly lower than market expectations of 3.1 per cent through the year. Unemployment remained steady at its historic low of 4.3 per cent, but wage growth is still weak at 2.2 per cent through the year. Retail sales fell through the year for the first time 2013, signalling ongoing caution about the UK economic outlook.

Upcoming Key International Data Releases (20/11 – 24/11)

- **US:** FOMC minutes for November.
- **Euro:** Consumer Confidence data for November.
- **Germany:** PPI data for October, IFO Business Climate index for November.
- **Japan:** Balance of Trade data for October.
- **UK:** GDP Growth data for Q3.