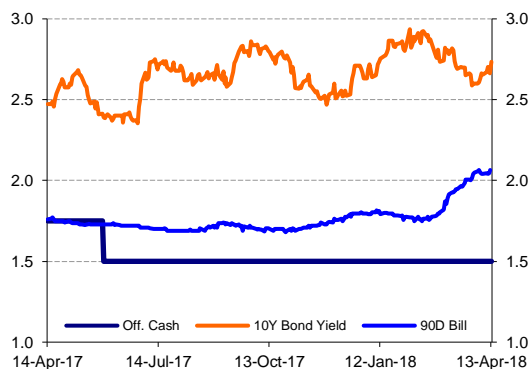
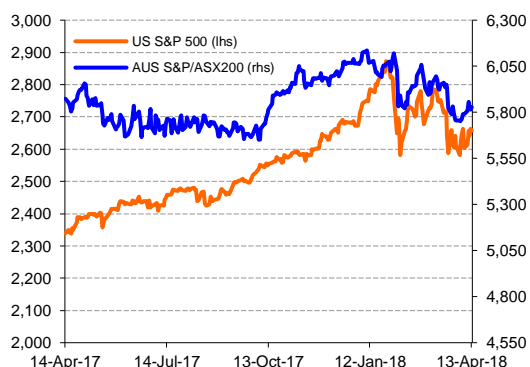


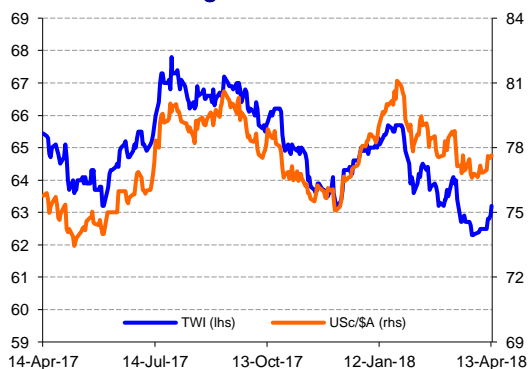
**Chart A: Domestic Interest Rates**



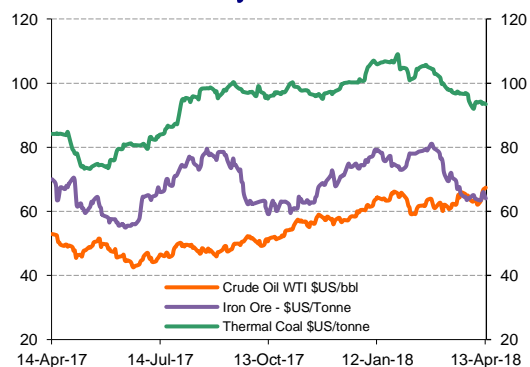
**Chart B: Share Price Index**



**Chart C: Exchange rate**



**Chart D: Commodity Prices**



## Domestic Data Releases

**NAB** released its **Monthly Business Survey**, which showed that NSW business conditions fell from +20 in February to +12 in March; NSW business confidence remained steady at +10 in March. Nationally, business conditions fell from +20 to +14, and business confidence fell from +9 to +7.

**W-MI** released its monthly **Consumer Sentiment Index**, showing that consumer sentiment fell by 7.8 per cent in April to 97.5 index points. Nationally, the index was down 0.6 per cent in the month to 102.4 index points.

**ABS Housing Finance** data showed that the number of housing finance commitments for owner-occupation (excluding refinancing) in NSW increased 10.0 per cent through the year to February, compared to 5.0 per cent in the rest of Australia. The proportion of first home buyers to total home buyers increased to 23.5 per cent in NSW from 21.7 per cent in the previous month.

**ABS Building activity** data showed that the 12 months sum to December 2017 of total dwelling completions were 61,623, up 16.8 per cent through the year. Total dwelling commencements were 68,033, down 0.04 per cent through the year. Total value of work approved but not yet commenced was down 3.1 per cent from a year earlier. Nationally, through the year completions were up 7.8 per cent, commencements were down 5.8 per cent and approved but not yet commenced was up 3.4 per cent.

## Markets

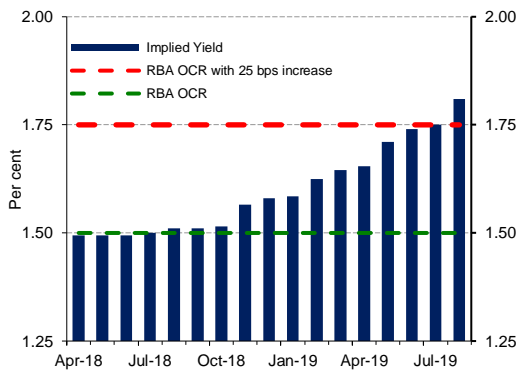
Over the week to Friday, the ASX200 rose by 0.7 per cent, the US S&P500 rose by 2.0 per cent and thermal coal prices fell by 0.5 per cent. Thermal coal prices are up 11.0 per cent through the year following growth in demand in key markets such as Japan and China. There are also supply concerns, with increasing competition for high-quality thermal coal to use in power stations, without increasing supply to meet this demand.

	Value	Change on Year	Change on Week
<b>US S&amp;P 500</b>	2656.30	13.6 %	2.0 %
<b>ASX200</b>	5829.08	-0.7 %	0.7 %
<b>Australian Dollar (USD)</b>	0.78	2.4 %	1.0 %
<b>TWI</b>	63.20	-3.4 %	1.1 %
<b>Oil (USD/bbl)</b>	67.39	27.4 %	8.6 %
<b>Gold (USD/oz)</b>	1343.70	4.8 %	0.9 %
<b>Thermal Coal (USD/tonnes)</b>	93.40	11.0 %	-0.5 %
<b>Australian 10-yr bond</b>	2.74%	26.2 bps	8.0 bps
<b>US 10-yr bond</b>	2.83%	58.9 bps	5.3 bps
<b>NSW 10-yr bond (bps) maturity 2026</b>	2.96%	- bps	6.8 bps

## Upcoming Domestic Data Releases (16/04 – 20/04)

- **ABS** will release Lending Finance and Overseas Arrivals and Departures data for February as well as the Labour Force data for March.
- **NAB** will release its Quarterly Business Survey for the March quarter.
- **RBA** will release its Monetary Policy Minutes for April.

**Chart E: Interest Rate Expectations**



**Market Interest Rate Expectations**

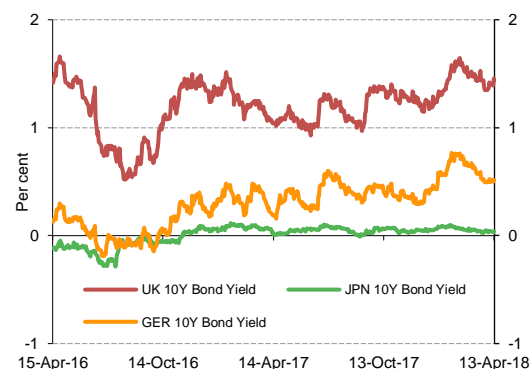
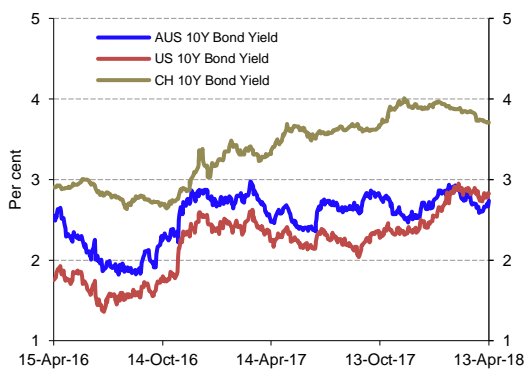
The current implied yield curve on ASX 30 day Interbank Cash Rate Futures (Chart E) indicates that the majority of the market expects the RBA to increase the cash rate in March 2019.

According to the ASX Target Rate Tracker, as at 13 April, 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 1 May 2018.

**International Bond Yield Spreads**

US bond yields rose by 5.3 basis points over the week to Friday. This reflected the increase in investors' risk-appetite and signs the US Federal Reserve is confident about reaching its inflation target following the rising trade tensions and concerns about potential regulation of technology companies. Bond yields also rose in Australia, Germany and the UK.

**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>	2.74	26.2	8.0	-9.1	23.7
<b>United States (US)</b>	2.83	58.9	5.3	-	-
<b>Germany (GER)</b>	0.51	32.4	1.4	-231.6	-205.0
<b>United Kingdom (UK)</b>	1.44	39.2	3.9	-139.2	-119.4
<b>Japan (JPN)</b>	0.04	2.8	-0.8	-278.9	-222.7
<b>China (CH)</b>	3.70	34.4	-2.1	87.7	112.3

**Key International Data Releases**

**China:** The Consumer Price Index (CPI) rose by 2.1 per cent through the year to March compared to 2.9 per cent in the previous month. The Producer Price Index (PPI) rose by 3.1 per cent through the year to March compared with 3.7 per cent in the previous month. The trade balance was in deficit of \$4.9 billion in March, which is a significant change from \$33.8 billion trade surplus in the previous month.

**Japan:** The current account surplus reported to be \$19 billion in February. Consumer confidence remained stable at 44.3 in March. The PPI rose by 2.1 per cent through the year to March compared to 2.6 per cent in the previous month.

**UK:** The trade deficit has widened by £0.4 billion to £6.4 billion in February.

**Euro Area:** The trade surplus rose to €21 billion in February from €20 billion in a year earlier.

**Upcoming Key International Data Releases (16/04 – 20/04)**

- **Japan:** CPI data for March.
- **US:** Retail Sales and Industrial Production data for March.
- **China:** Industrial Production and Retail Sales data for March as well as GDP data for the March quarter.
- **UK:** CPI and Retail Sales data for March as well as Unemployment Rate data for February.
- **Germany:** PPI data for March.
- **Canada:** CPI data for March.

## Six Weeks At A Glance

Monday	Tuesday	Wednesday	Thursday	Friday
16-Apr	17-Apr	18-Apr	19-Apr	20-Apr
ABS Lending Finance, Feb-18	RBA Monetary Policy Minutes, Apr-18	ABS Overseas Arrivals and Departures, Feb-18	NAB Quarterly Business Survey, MarQ-18 ABS Labour Force, Mar-18	
23-Apr	24-Apr	25-Apr	26-Apr	27-Apr
Commsec State of the States, MarQ-18	ABS Regional Population Growth, 2016-17 ABS Consumer Price Index, MarQ-18	DoE Skilled Vacancies, Mar-18	ABS Detailed Monthly Labour Force, Mar-18 ABS International Trade Price Indexes, MarQ-18	ABS Producer Price Indexes, MarQ-18
30-Apr	1-May	2-May	3-May	4-May
RBA Private Sector Credit, Mar-18	RBA Interest Rate Decision, May-18	ABS Selected Living Cost Indexes, MarchQ-18	ABS International Trade in Goods & Services, Mar-18 ABS Building Approvals, Mar-18	RBA Statement on Monetary Policy, May-18
7-May	8-May	9-May	10-May	11-May
NAB Monthly Business Survey, Apr-18 APM Auction data, Apr-18	Commonwealth Budget, 2018-19 ABS Retail Trade, Mar-18	W-MI Consumer Sentiment, May-18	ABS Regional Building Approvals, Mar-18	ABS Housing Finance, Mar-18
14-May	15-May	16-May	17-May	18-May
	RBA Monetary Policy Minutes, May-18 ABS Overseas Arrivals and Departures, Mar-18 ABS Lending Finance, Mar-18	ABS Wage Price Index, MarQ-18	ABS Labour Force, Apr-18	
21-May	22-May	23-May	24-May	25-May
		DoE Skilled Vacancies, Apr-18 ABS Construction Work Done (Prelim), MarQ-18 ANZ Stateometer, MarQ-18	ABS Detailed Labour Force, Apr-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	+10	+7	NAB Index	March 18 (mthly) Next: 7 May 18
NAB Business Conditions	+12	+14		
HOUSING				
Dwelling Approvals	70.5k	224.2k	Number of app 12mms	February 18 (mthly) Next: 3 May 2018
	-4.2%	-6.6%	% annual average	
Residential Prices (capitals)	3.8%	5.0%	% through the year	December quarter 17 Next: 19 June 18
LABOUR FORCE				
Employment	4.4%	3.5%	% through the year	February 18 (mthly) Next: 19 April 18
Unemployment Rate	4.8%	5.6%	Current rate	
Youth unemployment rate	10.7%	12.6%	12 monthly moving average rate	
CONSUMER				
Retail Sales	3.1%	3.0%	% through the year	February 18 (mthly) Next: 8 May 18
Westpac MI Consumer Confidence	97.5	102.4	Westpac MI Index	April 18 (mthly) Next: 9 May 18
CPI (Capital cities)	2.2%	1.9%	% through the year	December quarter 17 Next: 24 April 2018
Official cash rate	1.50%		Lowered 25 basis points Aug 16	Next: 1 May 18

ECONOMIC FORECASTS	NSW Forecasts (as per 2017-18 HYR)			Australian Gov't Forecasts (as per 2017-18 MYEFO)		
	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2016-17 Actual	2017-18 Forecast	2018-19 Forecast
State/Domestic Final Demand (%)	3.6	3½	2¾	2.0	n.a.	n.a.
Gross State /Domestic Product (%)	2.9	3	2¾	2.0	2½	3
Employment (%) <sup>(a)</sup>	0.9	2½	1¾	1.9	1¾	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