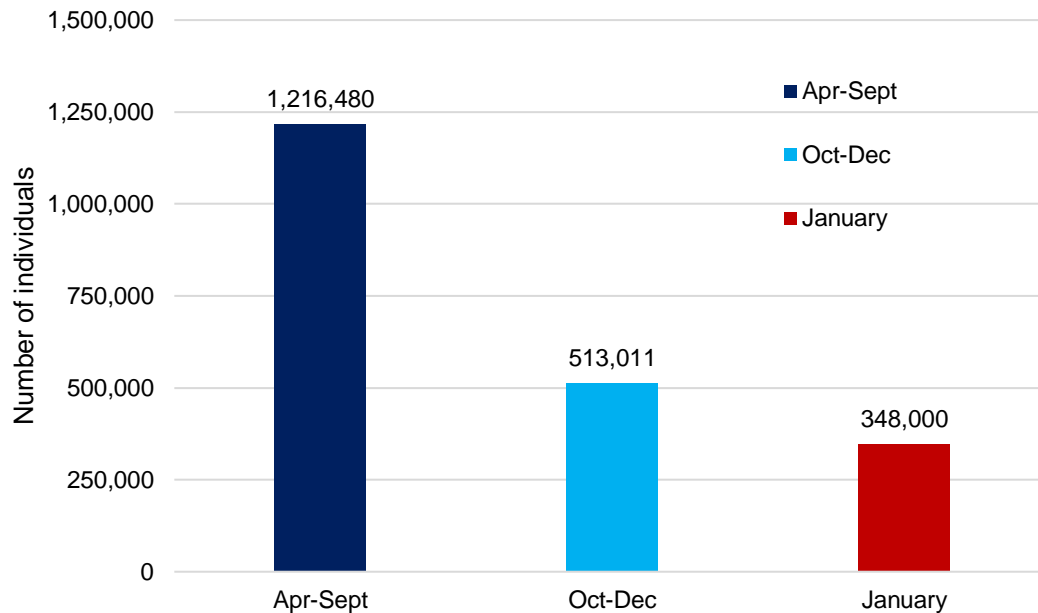


Chart of the Week: Number of people receiving JobKeeper in NSW



Source: Commonwealth Government
Please note: JobKeeper data for February and March 2021 is yet to be released.

From the Chief Economist:

The clear highlight last week was a stunningly good official employment report for February. Unusually, every state recorded both higher employment and a lower jobless rate last month. The national economy added nearly 90,000 jobs in net terms - all of them were full time positions and employment now is above the pre-COVID level. Moreover, hours worked across the workforce increased, reversing the large fall seen in January. Finally, with participation steady, the jobless rate plunged from 6.3% in January to 5.8%. Almost half the jobs nationally were created in NSW, where the jobless rate dived to 5.6%. NSW and Victoria now share the lowest jobless rate in the country. In aggregate, NSW has recovered 94% of the jobs lost during the pandemic. This message of labour market repair was reinforced by the fortnightly payrolls data last Tuesday, which showed a seventh weekly gain out of the last eight. The other main news last week was on retail spending, which was dragged down by localised shutdowns. The preliminary report for February showed that spending dipped 1.1% nationally, triggered by COVID-lockdowns in Victoria and WA - these caused retail spending in those states to dive.

Beyond a detailed breakdown of the labour force data for February, there is very limited mainstream economic data released this week. This means that attention will focus on offshore developments and the looming end of the JobKeeper wage subsidy scheme here at home. The Federal Government has stuck to its commitment that the scheme will end on Sunday, after a year and at a cost of nearly \$100 billion. The government has announced a range of post-JobKeeper policies that officials hope will sustain the economic recovery. As of January, 348,000 employees in NSW remained on JobKeeper. Many of them were in sectors directly affected by closed international borders, including hospitality, food, accommodation and tourism. The largest cohort of recipients, however, is in construction.

Chart A: Domestic Interest Rates

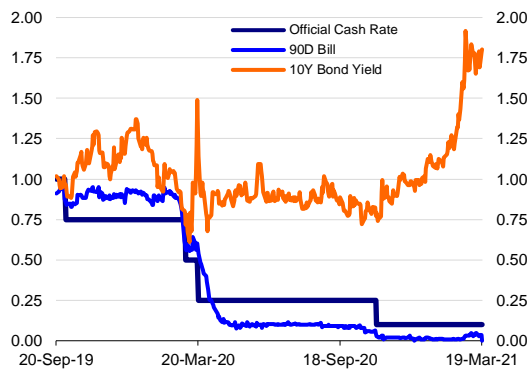


Chart B: Share Price Index

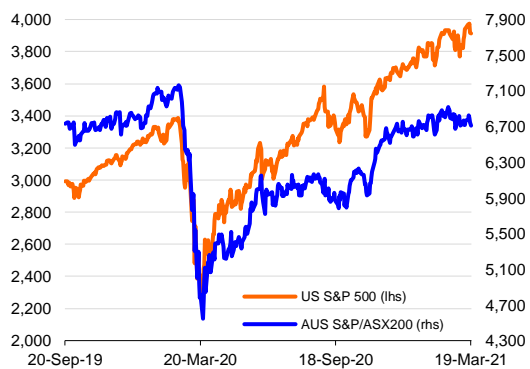


Chart C: Exchange rate

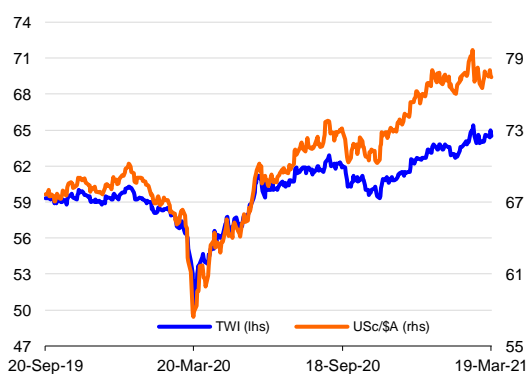
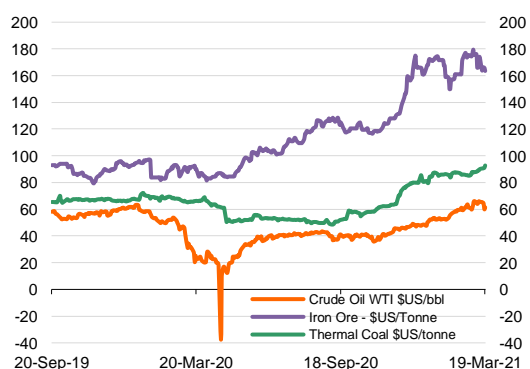


Chart D: Commodity Prices



Domestic Data Releases

ABS Overseas Arrivals and Departures revealed that in January, there were 2,910 short-term visitor arrivals to NSW, compared to 4,720 in December 2020. This is still a significant decline of 99 per cent compared to January 2020.

ABS Weekly Payroll Jobs and Wages showed NSW employee jobs rose 0.4 per cent in the fortnight ending 27 February 2021. NSW employment is now 0.4 per cent below pre-pandemic employment levels.

ABS Overseas Travel Statistics revealed that provisional estimates for NSW indicate 10,590 arrivals in February 2021. Arrivals still sit above the record low of 8,020 in April 2020 but remain much lower than the average month in 2019, which saw around 710,000 arrivals per month.

ABS Household Impacts of COVID-19 Survey showed that, in February, 73 per cent of people agreed or strongly agreed that they would try to get a COVID-19 vaccine when it is available and recommended for them.

ABS Labour Force revealed the NSW unemployment rate declined by 0.4 percentage points to 5.6 per cent in February and is the equal lowest of the states, alongside Victoria. The unemployment rate is around 1.0 percentage point higher than it was pre-COVID (February 2020).

ABS Demographic Statistics NSW showed population growth eased further in the September quarter 2020. This was driven by a large fall in net overseas migration as a result of the closure of Australia's international border since 20 March 2020.

CoreLogic Weekly Auction clearance rate for Sydney was 84.3 per cent in the week ending 14 March, up from 82.9 per cent in the week prior. Nationally, the clearance rate was stable at 80.0 per cent.

Market

Over the week, the ASX200 fell 0.9 per cent, the S&P500 fell 0.8 per cent and oil prices fell 6.4 per cent.

	Value	Change on Year	Change on Week
US S&P 500	3913.10	69.8 %	-0.8 %
ASX200	6708.22	39.3 %	-0.9 %
Australian Dollar (USD)	0.77	33.8 %	-0.3 %
TWI	64.50	23.1 %	-0.2 %
Oil (USD/bbl)	61.42	173.8 %	-6.4 %
Gold (USD/oz)	1735.20	16.1 %	1.8 %
Thermal Coal (USD/tonnes)	92.75	39.9 %	3.1 %

Upcoming Domestic Data Releases (22/03-26/03)

- **ABS:** Preliminary International Trade and Detailed Labour Force for February. Business Conditions and Sentiments for March.
- **DoE:** Job Vacancy Report for February.
- **CoreLogic:** Weekly Auction Clearance Rate for week ending 21 March 2021.

Chart E: Australian government yields

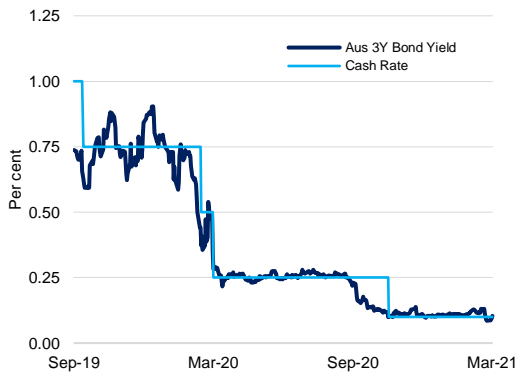
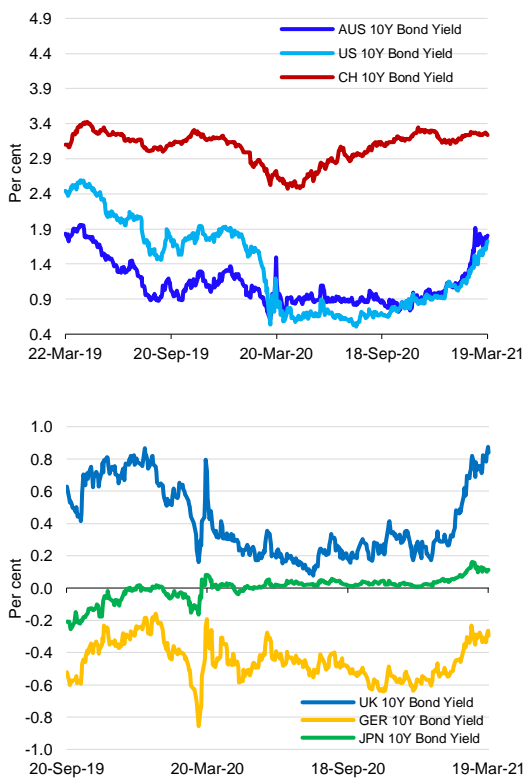


Chart F & G: International Bond Yields



Market Interest Rate Expectations

On 3 November, the RBA announced it will be targeting a cash rate and 3-year Australian Government bond yield of 0.1 per cent.

Futures market pricing at the time of writing indicates a 87% expectation of an interest rate decrease to 0.00% at the next RBA Board meeting.

International Bond Yield Spreads

The US Treasury 10-year bond yield rose 9.6 basis points last week. The Australian equivalent rose 10.0 basis points.

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)	1.80	66.2	10.0	8.3	29.7
NSW T-Corp	2.00	8.0	5.1	27.7	107.3
United States (US)	1.72	87.6	9.6	-	-
Germany (GER)	-0.29	2.7	1.2	-201.5	-116.6
United Kingdom (UK)	0.84	27.6	1.6	-88.3	-28.3
Japan (JPN)	0.11	3.0	-1.0	-160.8	-76.2
China (CH)	3.23	56.0	-2.2	151.3	182.9

Key International Data Releases

US: Retail Sales fell 3.0 per cent in February. Similarly, Industrial Production fell 2.2 per cent in February. Consumer Sentiment rose to 83.0 per cent in March, up from 76.8 per cent in February. The Federal Reserve decided to keep the target range for the federal funds rate at 0.00 to 0.25 per cent.

Japan: The Trade Balance for February came in at ¥217.4 billion. The Bank of Japan decided to keep its interest rate unchanged at -0.1 per cent.

Euro Area: The Trade Balance for January was €24.2 billion.

UK: The Bank of England kept its interest rate steady at 0.1 per cent.

NZ: GDP declined by 0.9 per cent in the December quarter. This was worse than what most economists expected which was a rise of 0.5 per cent and followed very high growth of 14.0 per cent in the September quarter.

Upcoming Key International Data Releases (22/03-26/03)

US: Current Account Balance for the December quarter.

Japan: CPI and Manufacturing PMI for March.

Euro Area: Manufacturing PMI, Services PMI and Consumer Confidence for March.

UK: Unemployment Rate for January. CPI and Retail Sales for February. Manufacturing PMI for March.

NZ: Trade Balance for February.

Germany: Retail Sales for February. Manufacturing PMI and Business Climate for March. Consumer Confidence for April.

Six Weeks At A Glance

Monday	Tuesday	Wednesday	Thursday	Friday
22-Mar	23-Mar	24-Mar	25-Mar	26-Mar
		ABS International Trade, Preliminary, Feb-21 DoE Job Vacancy Report, Feb-21	ABS Labour Force (Detailed), Feb-21 ABS Business Conditions and Sentiments, Mar-21 CoreLogic Weekly Auction Data, 21-Mar-21	
29-Mar	30-Mar	31-Mar	1-Apr	2-Apr
	ABS Weekly Payroll Jobs and Wages, 13-Mar-21	ABS Building Approvals, Feb-21 ABS Engineering Construction Activity, DecQ-20 RBA Private Sector Credit, Feb-21	ABS International Trade, Feb-21 ABS Retail Trade, Feb-21 ABS Lending Indicators, Feb-21 CoreLogic Weekly Auction Data, 28-Mar-21 CoreLogic Monthly House Price Data, Mar-21	
5-Apr	6-Apr	7-Apr	8-Apr	9-Apr
	RBA Interest Rate Decision, Apr-21		CoreLogic Weekly Auction Data, 4-Apr-21	RBA Financial Stability Review, Apr-21
12-Apr	13-Apr	14-Apr	15-Apr	16-Apr
	NAB Monthly Business Survey, Mar-21 ABS Weekly Payroll Jobs and Wages, 27-Mar-21	W-MI Consumer Sentiment, Apr-21 ABS Building Activity, Dec-20 ABS Overseas Arrivals and Departures, Feb-21 ABS Household Impacts of COVID-19 Survey, Mar-21	ABS Labour Force, Mar-21 CoreLogic Weekly Auction Data, 11-Apr-21	
19-Apr	20-Apr	21-Apr	22-Apr	23-Apr
	RBA Monetary Policy Minutes, Apr-21 ABS Overseas Travel Statistics, Provisional, Mar-21	ABS Retail Trade, Preliminary, Mar-21	CoreLogic Weekly Auction Data, 18-Apr-21 NAB Quarterly Business Survey, MarQ-21 ABS Labour Force (Detailed), Mar-21	
26-Apr	27-Apr	28-Apr	29-Apr	30-Apr
Commsec State of the States, AprQ-21		ABS International Trade, Preliminary, Mar-21 ABS Consumer Price Index, MarQ-21 ABS Weekly Payroll Jobs and Wages, 10-Apr-21	ABS International Trade Price Indexes, MarQ-21 CoreLogic Weekly Auction Data, 25-Apr-21	ABS Business Conditions and Sentiments, Apr-21 ABS Producer Price Indexes, MarQ-21 RBA Private Sector Credit, Mar-21

ECONOMIC FACTS**ECONOMIC GROWTH**

ECONOMIC INDICATOR	NSW	Australia	Measure	Latest Period
Gross State/ Domestic Product	-0.7%	-0.2%	% annual average (real)	2019-20 Next: November 21
State/Domestic Final Demand	-0.7%	-0.3%	% through the year (real)	December quarter 20
	2.9%	3.3%	% change on last qtr	Next: 2 June 21

BUSINESSES

NAB Business Confidence	+19	+16	NAB Monthly Index	February 21 (mthly) Next: 13 April 21
NAB Business Conditions	+18	+15		

HOUSING

Dwelling Approvals	50.1k	186.4k	Number of app 12mms	January 21 (mthly)
	-1.1%	6.7%	% annual average	Next: 2 April 21
Residential Prices (capitals)	5.4%	4.5%	% through the year	September quarter 20 Next: 16 March 21

LABOUR FORCE

Employment	-0.4%	0.0%	% through the year	February 21 (mthly) Next: 15 April 21
Unemployment Rate	5.6%	5.8%	Current rate	
Youth unemployment rate	13.2%	14.4%	12 month moving average rate	

CONSUMER

Retail Sales	9.2%	10.6%	% through the year (nominal)	January 21 (mthly) Next: 4 March 21
Westpac MI Consumer Confidence	114.4	111.8	Westpac MI Index	March 21 (mthly) Next: 14 April 21
CPI (Capital cities)	0.8%	0.9%	% through the year	December quarter 20 Next: 28 March 21
Official cash rate	0.10%		Lowered 15 basis points in November 2020	March 21 (mthly) Next: 6 April 21

ECONOMIC FORECASTS ^(a)	NSW Forecasts (as per 2020-21 HYR)			Australian Gov't Forecasts (as per 2020-21 MYEFO)		
	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2019-20 Actual	2020-21 Forecast	2021-22 Forecast
State/Domestic Final Demand (%)	-2	½	2	n.a.	n.a.	n.a.
Gross State/Domestic Product (%)	-0.7	-½	2¾	-0.2	¾	3½
Employment (%)	-0.1	-¼	¾	-4.3	4	1¾
Unemployment rate (%) ^(b)	6½	6½	6	7.0	7¼	6¼
CPI (%)	1	1¼	1½	-0.3	2¼	1½
Wage Price Index (%)	2	1¾	1½	1.8	1¼	1¼

(a) Per cent change, annual average, unless otherwise indicated. (b) June quarter, per cent.