

Chart A: Domestic Interest Rates

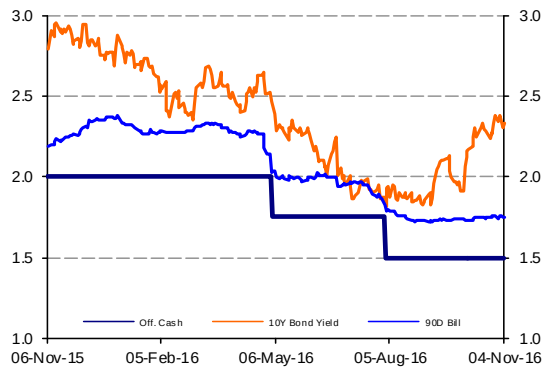


Chart B: Share Price Index

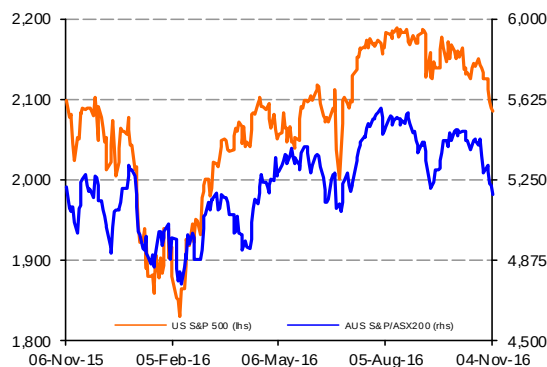


Chart C: Exchange rate

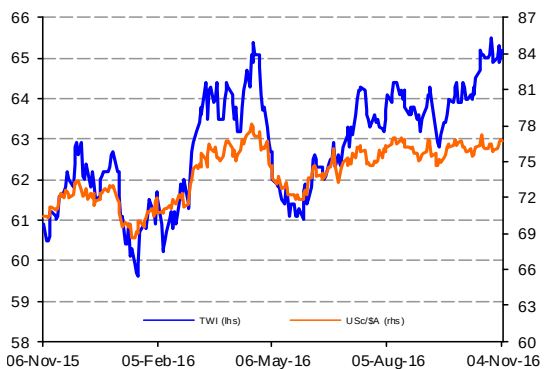
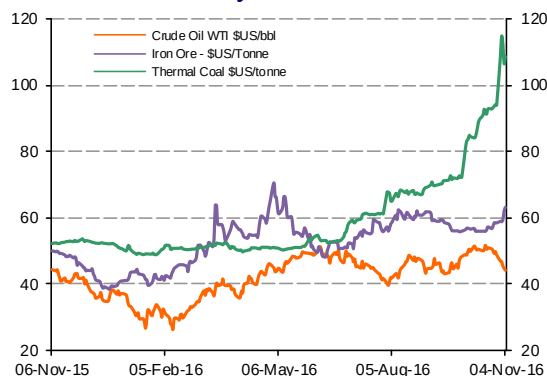


Chart D: Commodity Prices



Domestic Data Releases

The **RBA Board** decided to leave the Official Cash Rate unchanged at 1.50% following its monthly monetary policy meeting.

The RBA released national financial aggregates data for September indicating that **Private Sector Credit** rose 0.4% in the month to be up 5.4% through the year. More specifically, housing credit rose 0.5% in the month for a through the year increase of 6.4%.

Deloitte Access Economics released the September quarter **Investment Monitor** which showed that New South Wales now accounts for more than one-fifth of all definite projects in Australia, up from approximately one tenth in September 2014.

NSW Residential Building Approvals fell 13.3% in September but was up 26.2% through the year. National residential building approvals fell 8.7% in the month to be down 6.4% through the year. Despite the monthly decline in NSW residential approvals, in the 12 months to September 2016 building approvals hit a record high of 75,484.

International Trade data for September showed that NSW merchandise exports were up 8.8% while merchandise imports were down 3.2% through the year. For Australia, merchandise exports were down 1.5% and merchandise imports were down 8.9% through the year.

ABS nominal **Retail Sales** data showed that NSW retail sales were up 0.8% in September and up 3.9% through the year. National retail sales were up 0.6% in the month and up 3.3% through the year. In volume terms, NSW retail sales were down 0.3% in the September quarter and up 1.7% through the year. National retail sales volumes were down 0.1% and up 1.2% through the year.

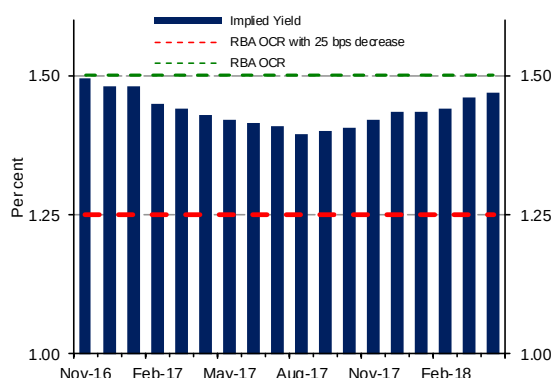
Markets

The ASX200 fell 1.9% compared to last Friday while the US S&P500 was also down 1.9%.

	Value	Change on Year	Change on Week
US S&P 500	2,085.2	-0.7 %	-1.9 %
ASX200	5,180.8	-0.7 %	-1.9 %
Australian Dollar (USD)	0.7673	8.9 %	1.0 %
TWI	65.2	7.1 %	0.5 %
Oil (USD/bbl)	44.1	-0.5 %	-9.5 %
Gold (USD/oz)	1,302.80	19.6 %	2.3 %
Thermal Coal (USD/tonne)	108.7	108.3 %	15.6 %
Australian 10-yr bond	2.33%	-45.9 bps	-4.8 bps
US 10-yr bond	1.78%	-54.9 bps	-7.1 bps
Australian 90-day bill	1.75%	-44.0 bps	-1.0 bps

Upcoming Domestic Data Releases (7/11 – 11/11)

- **ANZ** releases Job Advertisement data for October
- **NAB** publishes its Monthly Business Survey for October
- **APM** releases Sydney Auction Clearance data for October
- **W-MI** publishes Consumer Sentiment data for November
- **ABS** releases Overseas Arrivals and Departures data and Housing Finance data for September

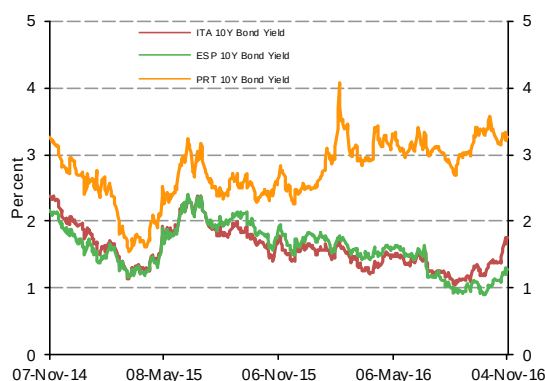
Chart E: Interest Rate Expectations**Market Interest Rate Expectations**

The current implied yield curve on ASX 30 day interbank cash rate futures (Chart E) indicates that market expectations are almost evenly split on whether the RBA will lower the cash rate to 1.25% in 2017, with a slight majority now expecting RBA will leave the rates unchanged throughout 2017.

According to the ASX target rate tracker, as of 4 November, there was a 10% expectation that the RBA will lower the cash rate to 1.25% at its policy meeting on 6 December 2016.

International Bond Yield Spreads

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)	2.33	-45.9	-4.8	55.3	46.3
United States (US)	1.78	-54.9	-7.1	-	-
Germany (GER)	0.14	-55.8	-3.2	-164.1	-163.2
Italy (ITA)	1.75	-3.5	16.8	-2.4	-53.8
Portugal (PRT)	3.28	60.7	-4.6	149.9	34.3
Spain (ESP)	1.27	-65.0	3.7	-50.8	-40.7

Chart F & G: International Bond Yields**Key International Data Releases**

US: The Federal Reserve left interest rates unchanged at between 0.25-0.50% at its last meeting before the US Presidential Election. The central bank in a statement said, "The Committee judges that the case for an increase in the federal funds rate has continued to strengthen but decided, for the time being, to wait for some further evidence of continued progress toward its objectives."

Non-farm payroll employment increased by 161k in October, less than market expectations of 175k. Employment continued to trend up in health care, professional and business services, and financial activities. The unemployment rate fell slightly to 4.9% down from 5.0% in September, while the participation rate decreased 0.1ppts to 62.8%.

Average hourly earnings for employees on non-farm payrolls rose by \$0.10 in October to \$25.92 representing a through the year increase of 2.8%. This is the largest through the year increase since June 2009.

Japan: The Bank of Japan left interest rates unchanged at -0.1% and decided to maintain its 10-year bond yield target of 0%. The central bank also indicated that it now expects the annual inflation rate to reach 2% in the 2018 fiscal year, instead of the 2017 fiscal year.

Upcoming Key International Data Releases (7/11 – 11/11)

- **Euro Area:** Retail Sales for September
- **US:** Consumer Sentiment data for November
- **China:** Trade Balance, CPI and PPI data for October
- **Germany:** Industrial Production data for September
- **UK:** Trade Balance data for September
- **NZ:** Interest Rate Decision
- **Japan:** Machinery Orders for September and PPI data for October