

CNY INDUSTRIAL PRODUCTION Y/Y

Source	National Bureau of Statistics of China (latest release)
Measures	Change in the total inflation-adjusted value of output produced by manufacturers, mines, and utilities;
Usual Effect	'Actual' greater than 'Forecast' is good for currency;
Frequency	Released monthly, excluding Feb, about 15 days after the month ends;
Next Release	
FF Notes	Chinese data can have a broad impact on the currency markets due to China's influence on the global economy and investor sentiment;
Why Traders Care	It's a leading indicator of economic health - production is the dominant driver of the economy and reacts quickly to ups and downs in the business cycle;
Also Called	Industrial Output;

History	Actual	Forecast	Previous
Oct 17, 2023	4.5%	4.4%	4.5%
Sep 14, 2023	4.5%	3.9%	3.7%
Aug 14, 2023	3.7%	4.3%	4.4%
Jul 16, 2023	4.4%	2.5%	3.5%
Jun 14, 2023	3.5%	3.5%	5.6%
May 15, 2023	5.6%	10.9%	3.9%
Apr 17, 2023	3.9%	4.7%	2.4%
Mar 14, 2023	2.4%	2.6%	1.3%
Jan 16, 2023	1.3%	0.2%	2.2%

<https://www.fxstreet.com/news/australian-dollar-recovers-from-the-intraday-losses-on-upbeat-chinese-data-202310180107>

AUSTRALIAN DOLLAR FAQs

What key factors drive the Australian Dollar?

One of the most significant factors for the Australian Dollar (AUD) is the level of interest rates set by the Reserve Bank of Australia (RBA). Because Australia is a resource-rich country another key driver is the price of its biggest export, Iron Ore. The health of the Chinese economy, its largest trading partner, is a factor, as well as inflation in Australia, its growth rate and Trade Balance. Market sentiment – whether investors are taking on more risky assets (risk-on) or seeking safe-havens (risk-off) – is also a factor, with risk-on positive for AUD.

How do the decisions of the Reserve Bank of Australia impact the Australian Dollar?

The Reserve Bank of Australia (RBA) influences the Australian Dollar (AUD) by setting the level of interest rates that Australian banks can lend to each other. This influences the level of interest rates in the economy as a whole. The main goal of the RBA is to maintain a stable inflation rate of 2-3% by adjusting interest rates up or down. Relatively high interest rates compared to other major central banks support the AUD, and the opposite for relatively low. The RBA can also use quantitative easing and tightening to influence credit conditions, with the former AUD-negative and the latter AUD-positive.

How does the health of the Chinese Economy impact the Australian Dollar?

China is Australia's largest trading partner so the health of the Chinese economy is a major influence on the value of the Australian Dollar (AUD). When the Chinese economy is doing well it purchases more raw materials, goods and services from Australia, lifting demand for the AUD, and pushing up its value. The opposite is the case when the Chinese economy is not growing as fast as expected. Positive or negative surprises in Chinese growth data, therefore, often have a direct impact on the Australian Dollar and its pairs.

How does the price of Iron Ore impact the Australian Dollar?

Iron Ore is Australia's largest export, accounting for \$118 billion a year according to data from 2021, with China as its primary destination. The price of Iron Ore, therefore, can be a driver of the Australian Dollar. Generally, if the price of Iron Ore rises, AUD also goes up, as aggregate demand for the currency increases. The opposite is the case if the price of Iron Ore falls. Higher Iron Ore prices also tend to result in a greater likelihood of a positive Trade Balance for Australia, which is also positive of the AUD.

How does the Trade Balance impact the Australian Dollar?

The Trade Balance, which is the difference between what a country earns from its exports versus what it pays for its imports, is another factor that can influence the value of the Australian Dollar. If Australia produces highly sought after exports, then its currency will gain in value purely from the surplus demand created from foreign buyers seeking to purchase its exports versus what it spends to purchase imports. Therefore, a positive net Trade Balance strengthens the AUD, with the opposite effect if the Trade Balance is negative.



January 16, 2023

Actual: **1.3%**

Forecast: 0.2%

Previous: 2.2%



March 14, 2023

Actual: **2.4%**

Forecast: 2.6%

Previous: 1.3%

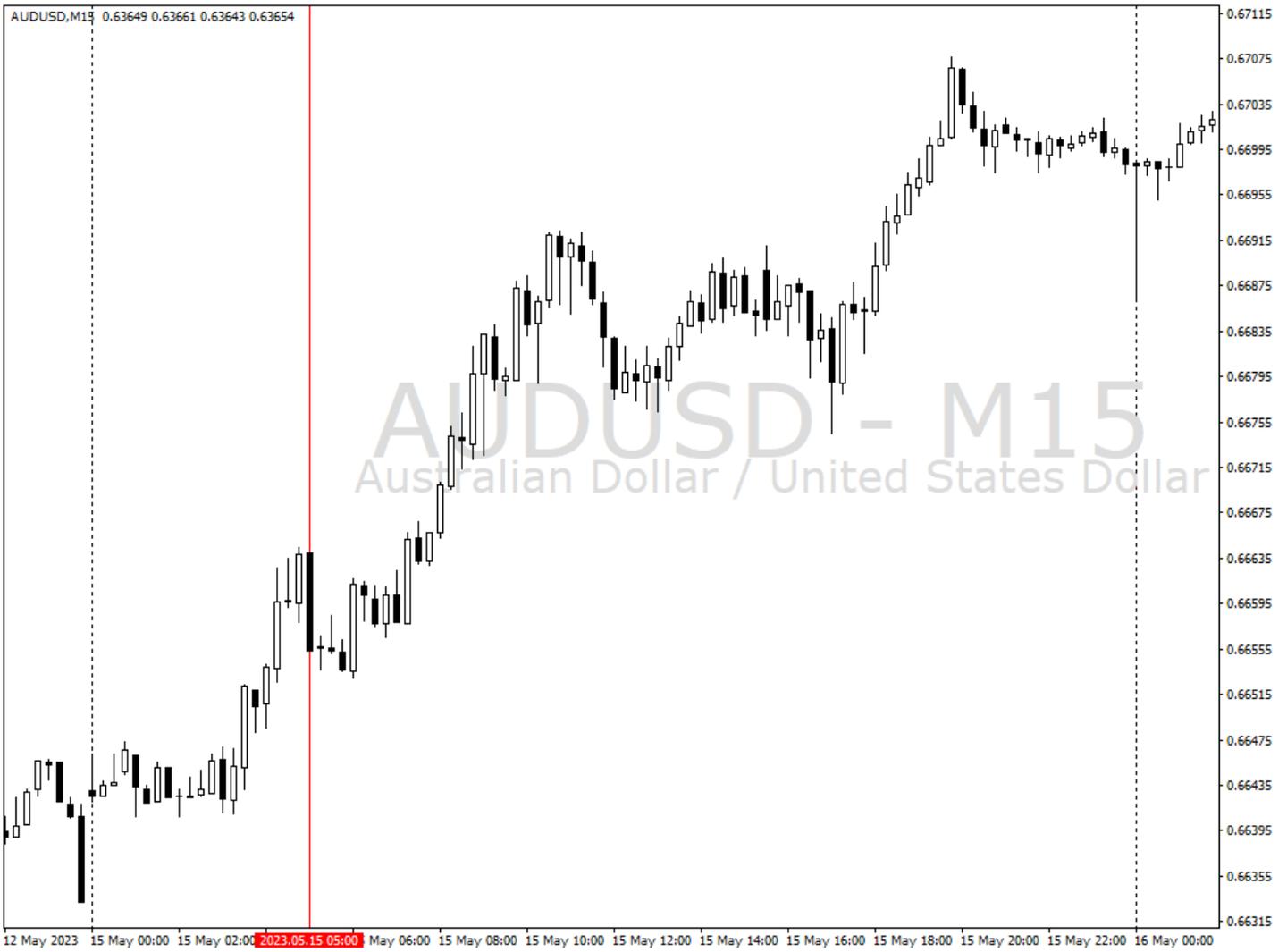


April 17, 2023

Actual: **3.9%**

Forecast: 4.7%

Previous: 2.4%

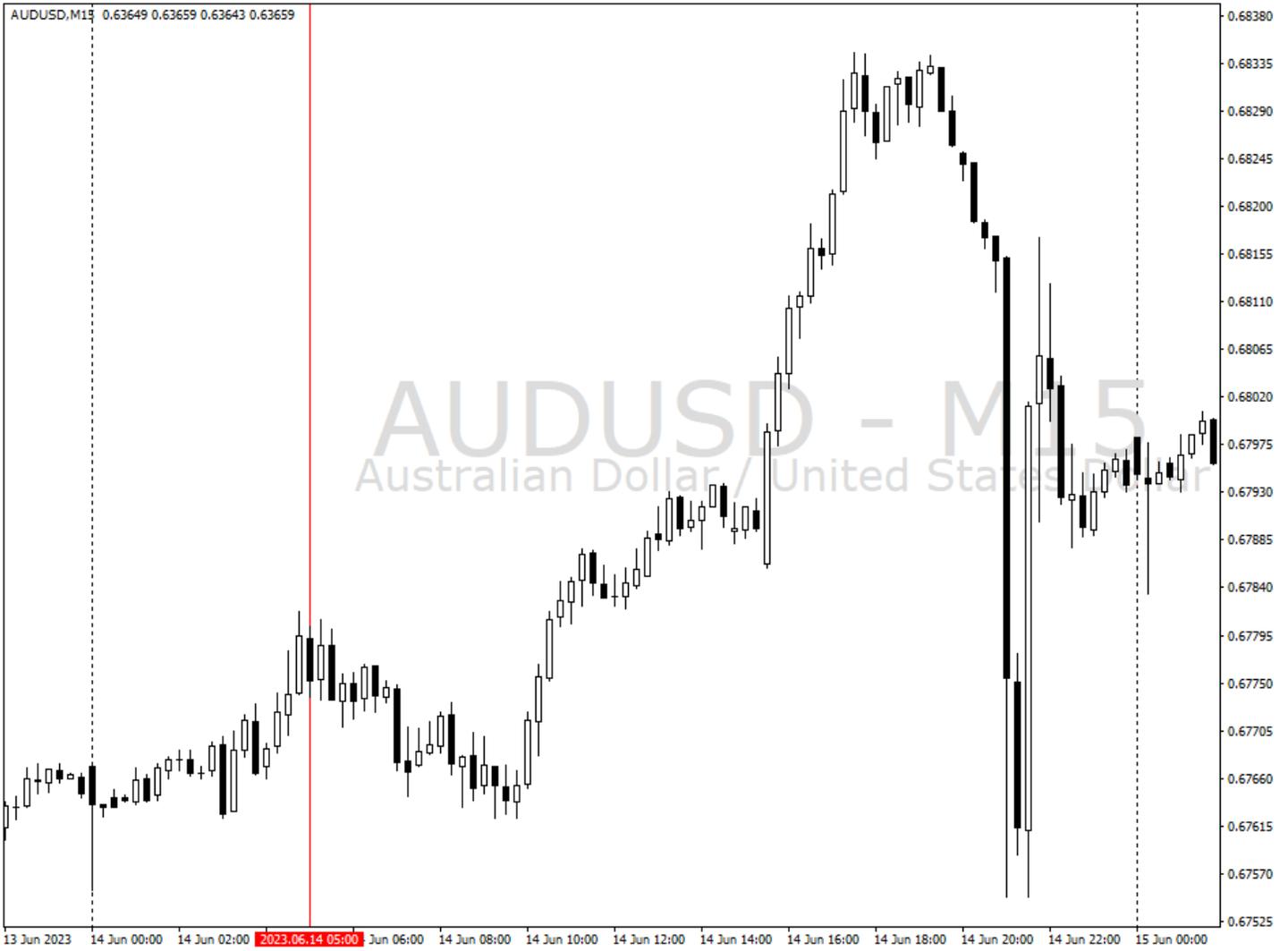


May 15, 2023

Actual: **5.6%**

Forecast: 10.9%

Previous: 3.9%

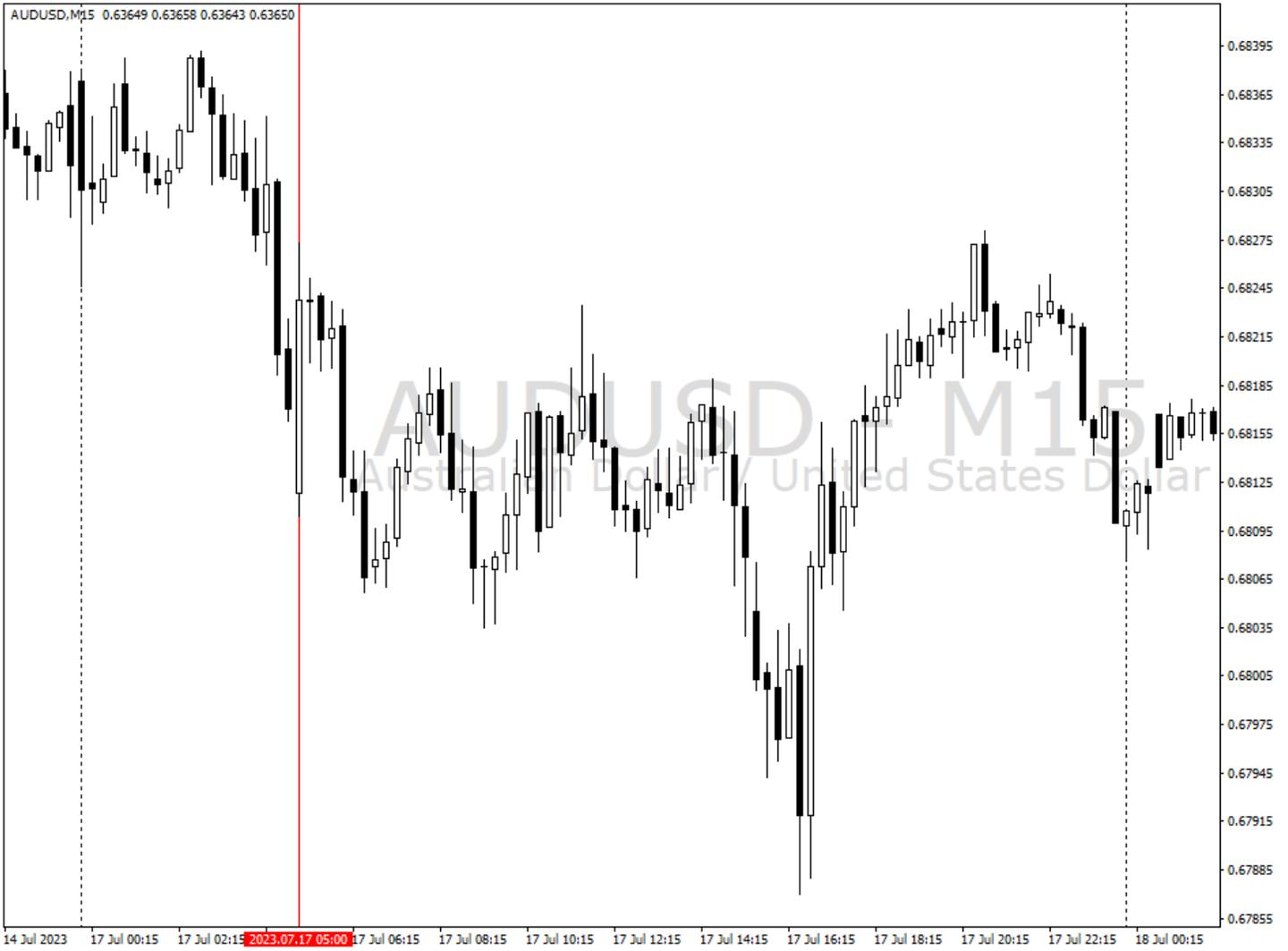


June 14, 2023

Actual: **3.5%**

Forecast: 3.5%

Previous: 5.6%



July 16, 2023

Actual: **4.4%**

Forecast: 2.5%

Previous: 3.5%

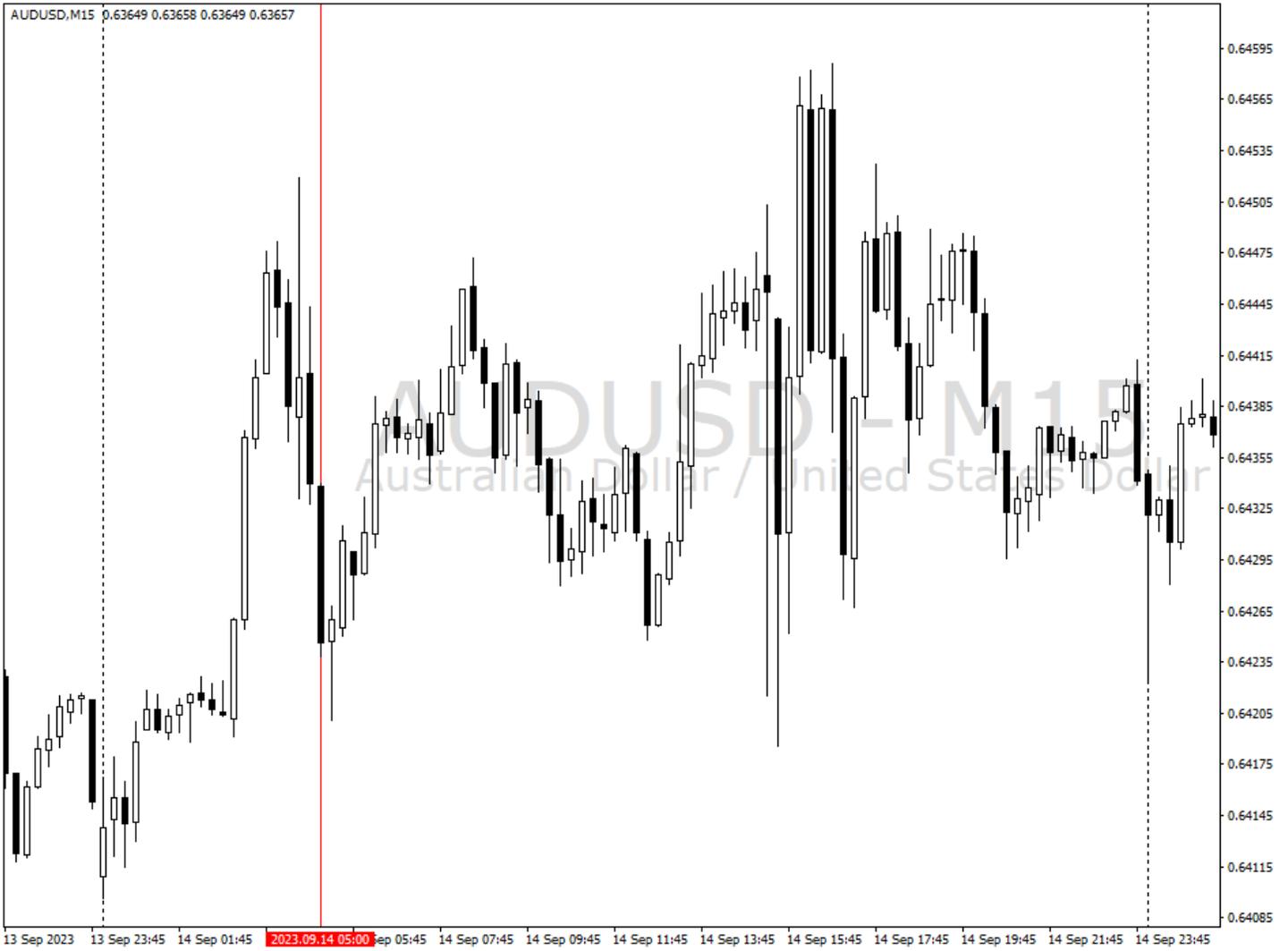


August 14, 2023

Actual: **3.7%**

Forecast: 4.3%

Previous: 4.4%



September 14, 2023

Actual: **4.5%**

Forecast: 3.9%

Previous: 3.7%



October 17, 2023

Actual: **4.5%**

Forecast: 4.4%

Previous: 4.5%

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- Australian Dollar recovers from the intraday losses on upbeat China's economic data.
- The Australian Dollar receives pressure as the Aussie's per capita consumption decelerates.
- Governor Bullock mentioned taking responsive policy measures if inflation persists.

The Australian Dollar (AUD) recovers from the intraday losses as China has reported unexpectedly positive data across various indicators. However, the AUD/USD pair halted its two-day winning streak earlier in the day. This shift followed a speech by Reserve Bank of Australia (RBA) Governor Michele Bullock on Wednesday, coupled with upbeat **economic data** from the United States (US).

Australia's central bank expresses heightened concern about the inflation impact stemming from supply shocks. Governor Bullock stated that if inflation persists above projections, the **RBA** will take responsive policy measures. There is an observable deceleration in demand, and per capita consumption is on the decline.

Bullock mentioned that the full impact of previous rate increases on consumption has not materialized yet. In the face of persistent higher-than-anticipated inflation, the RBA acknowledges the necessity to act and emphasizes a cautious approach, remaining vigilant to potential upside inflation risks.