



Australian Government

Australian Office of Financial Management

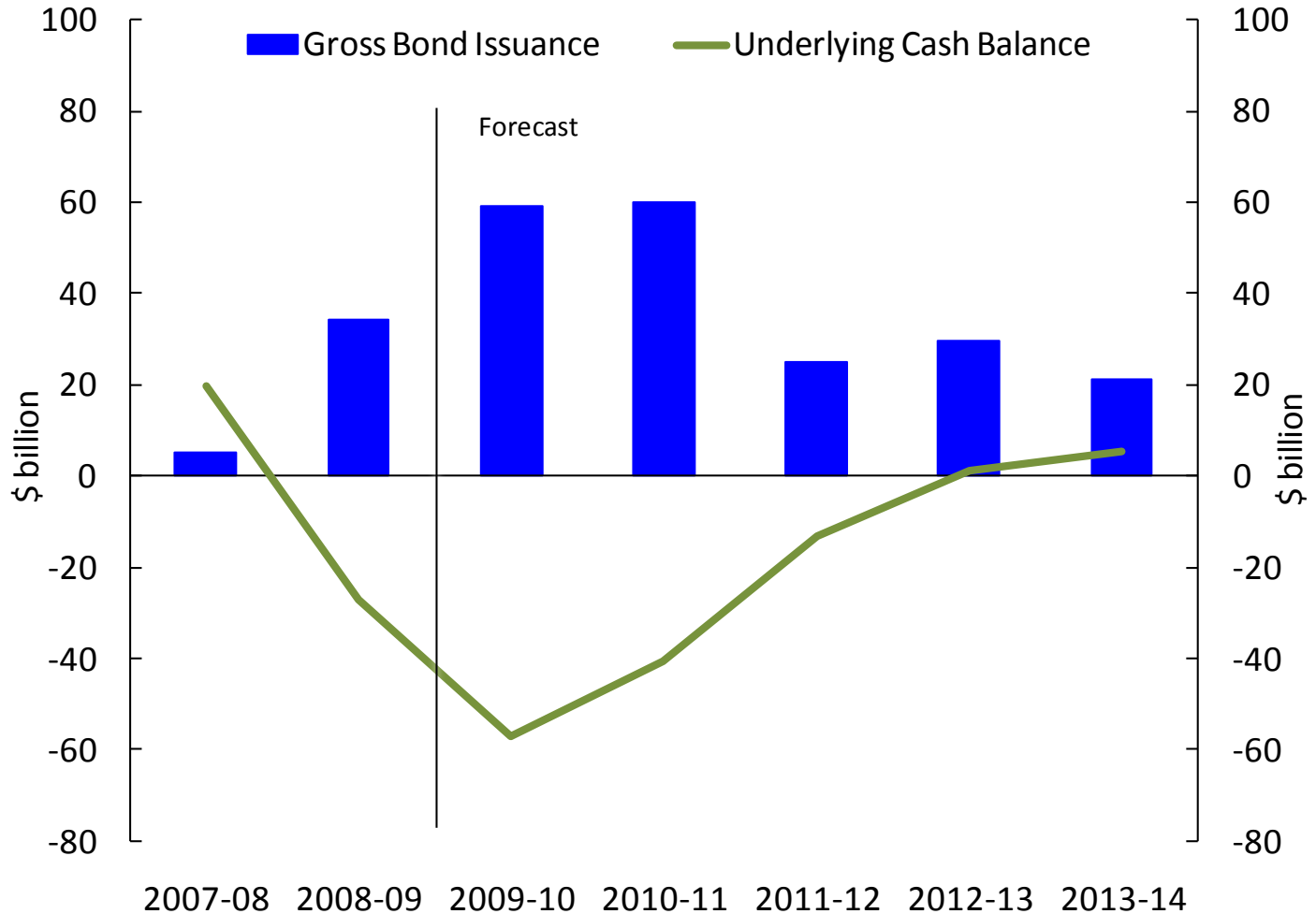
# Australian Government Securities

June 2010



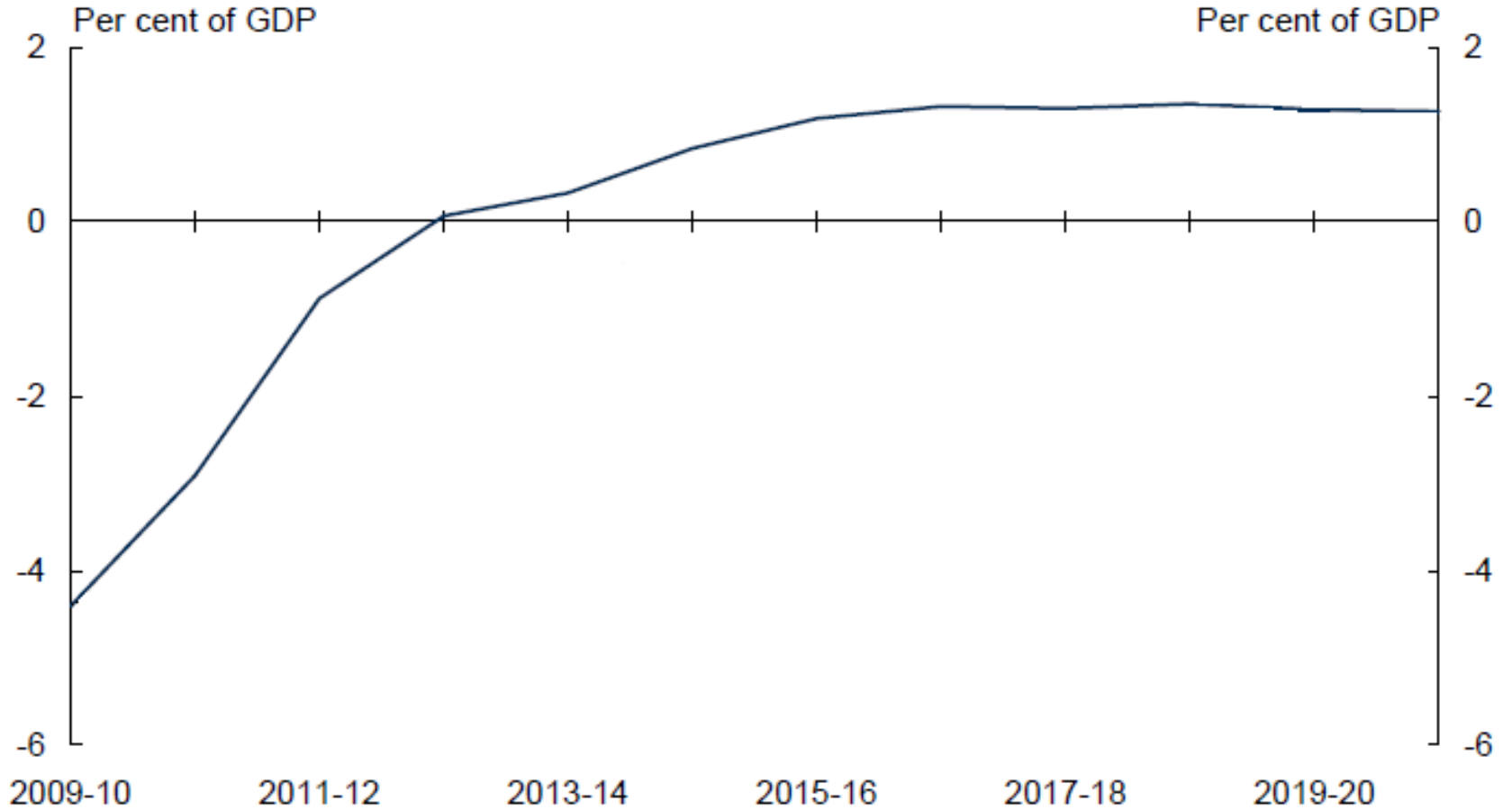


# Gross issuance of Australian Government Bonds





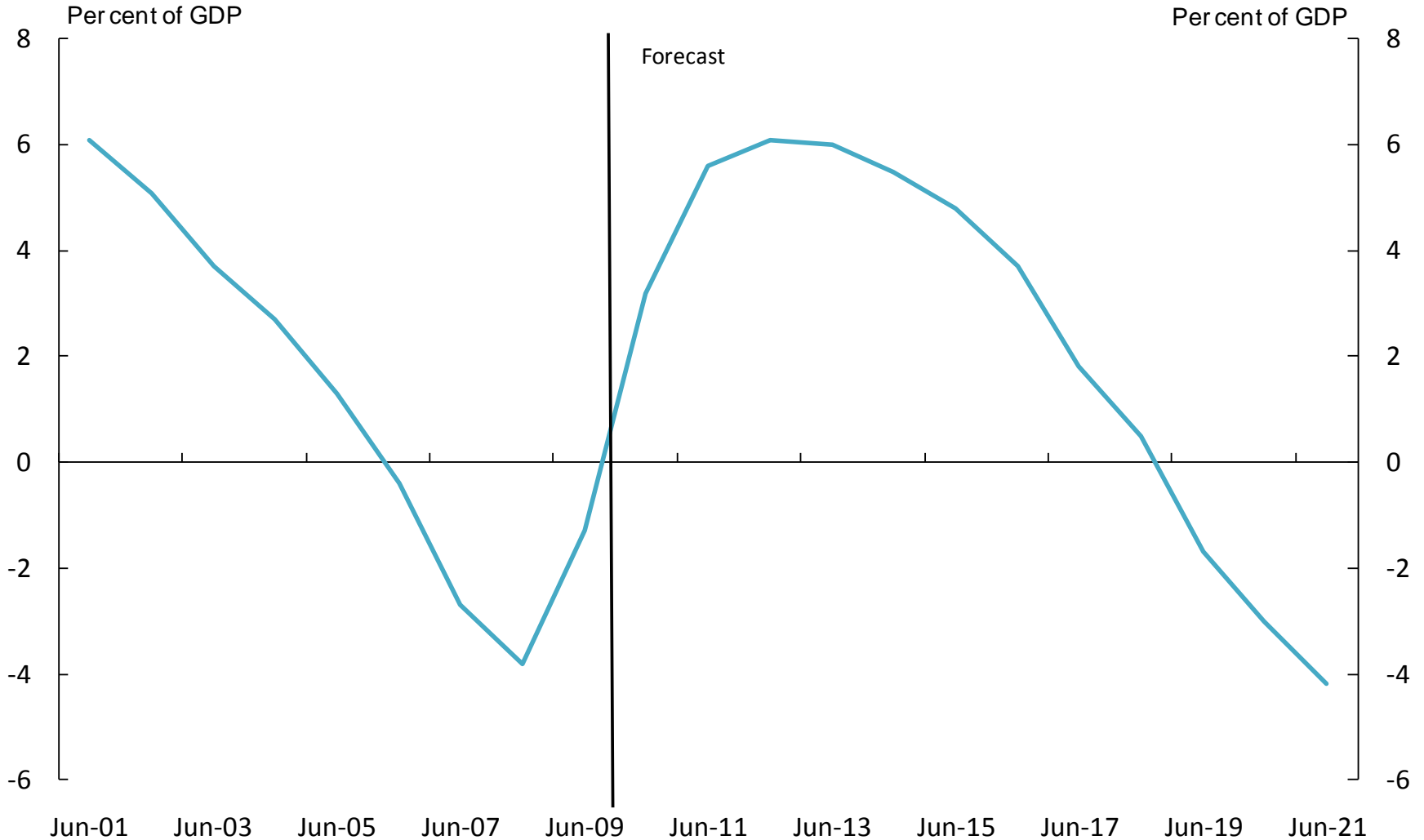
# Australian Government Budget Balance



**Underlying cash balance projected to 2020-21**



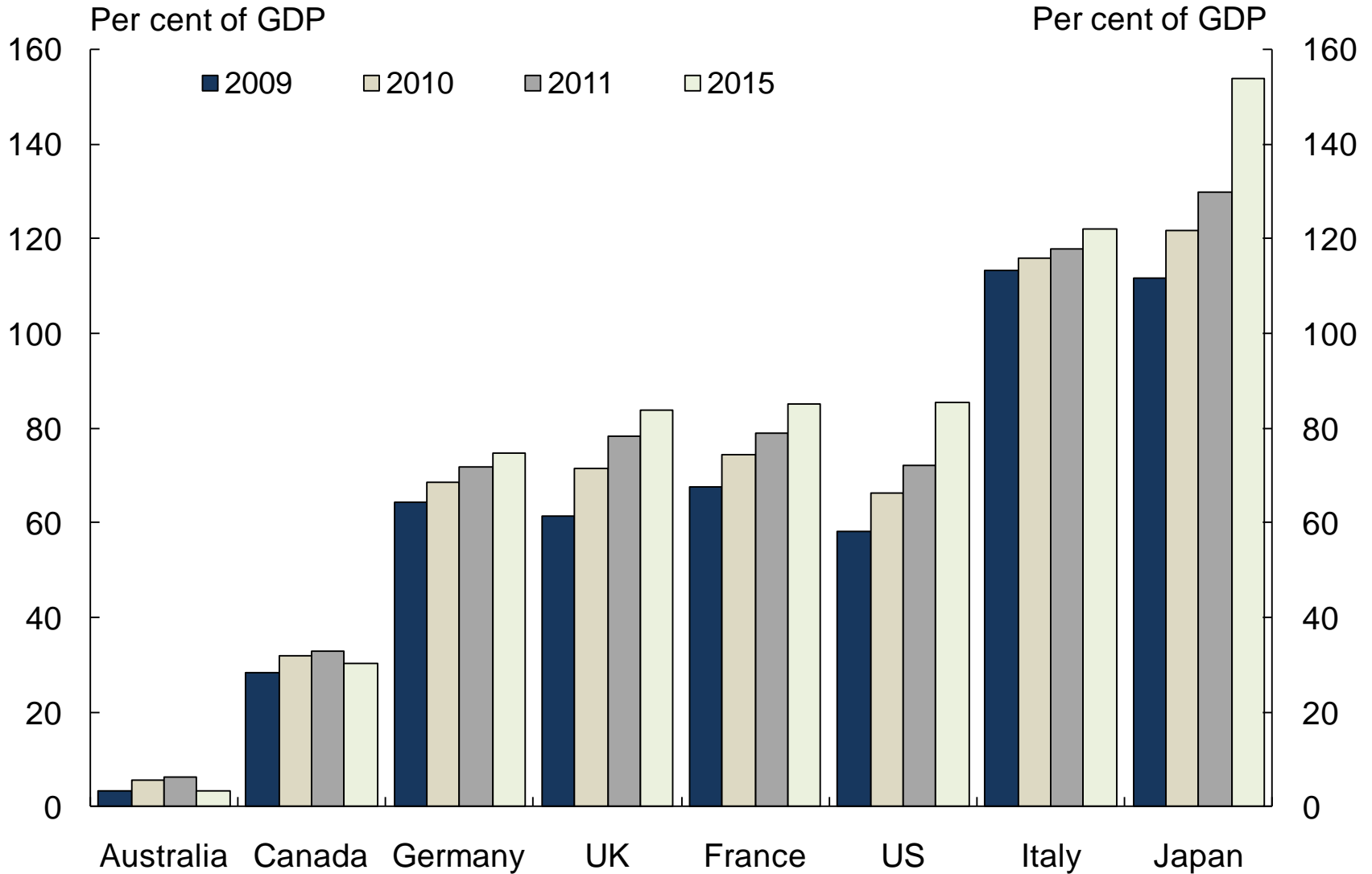
# Australian Government net debt



**Government net debt projected to 2020-21**

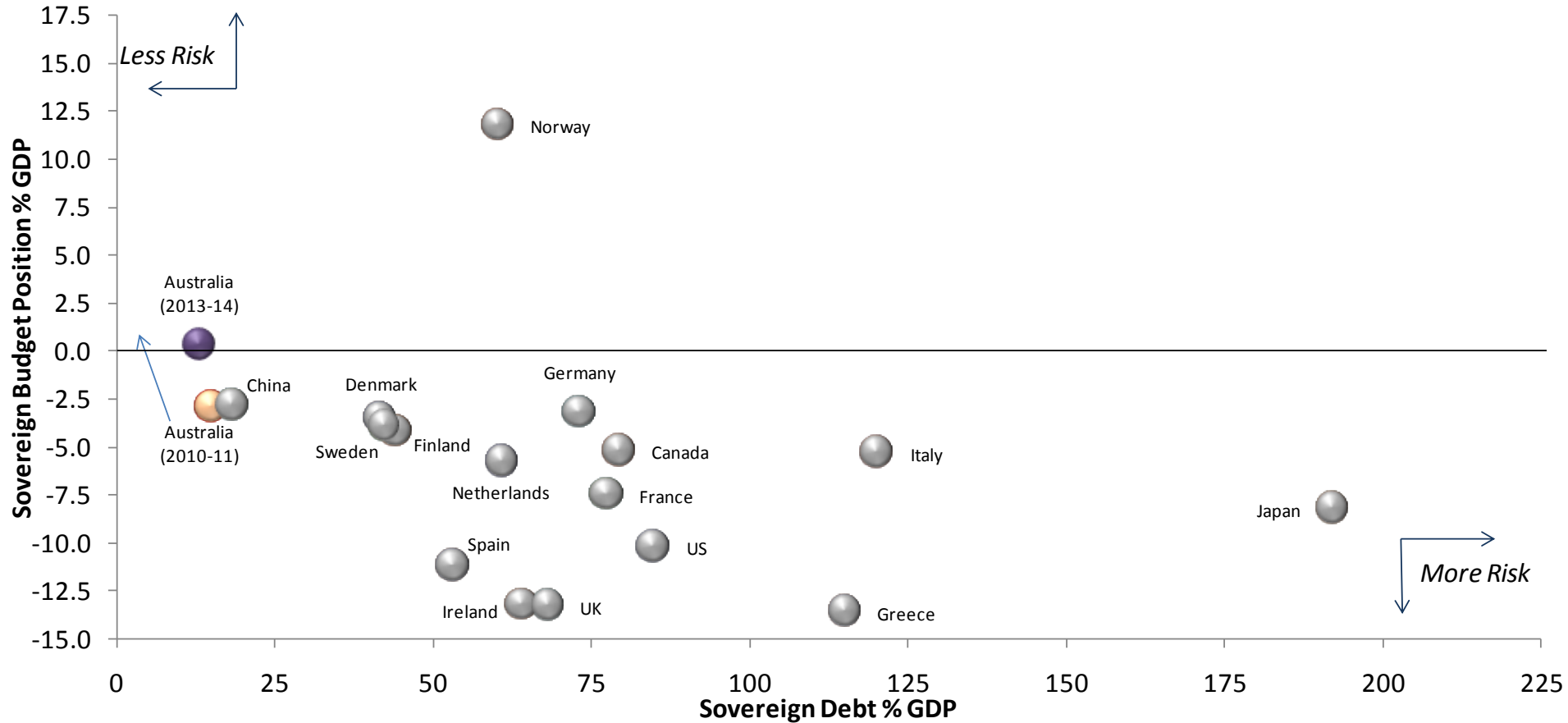


# Net Government Debt



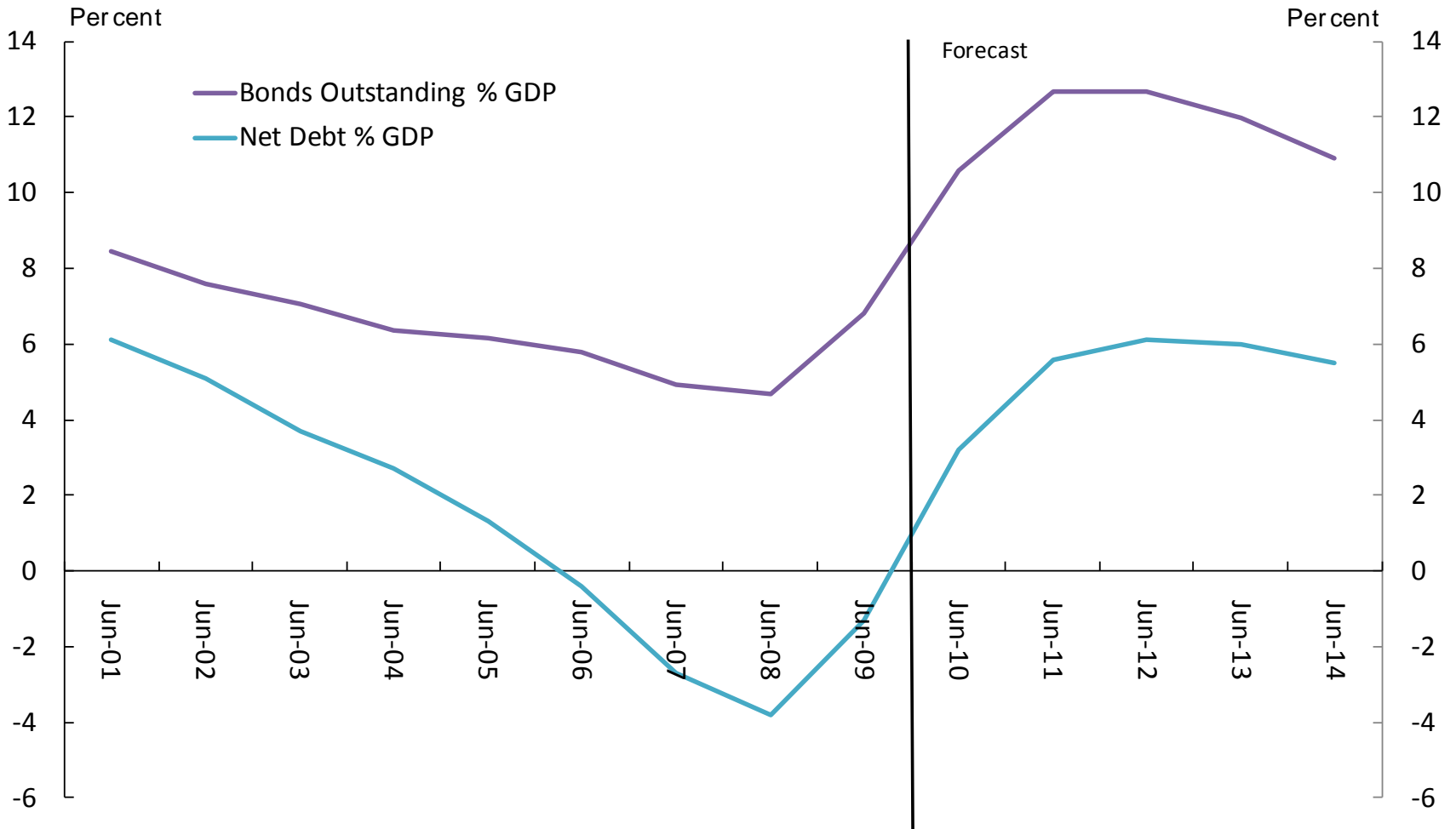


# Sovereign Debt and Budget Position



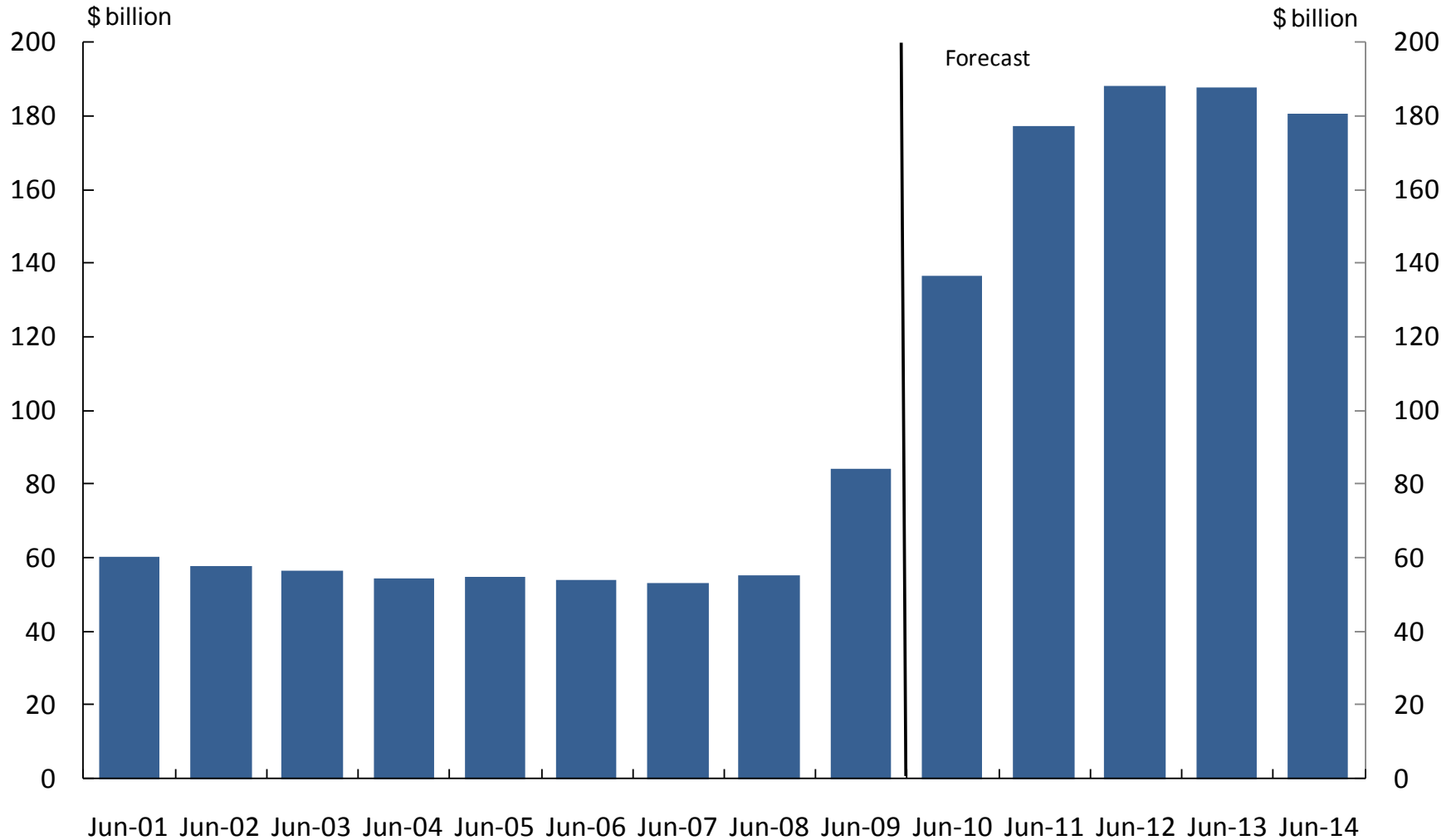


# Net debt and Bonds outstanding Per cent of GDP





# Australian Government Bonds on Issue







# Australian Government Securities

14 May 2010

## **Treasury Bonds**

AUD 119.3 billion on issue

## **Treasury Indexed Bonds**

AUD 10.8 billion on issue

## **Treasury Notes**

AUD 11.1 billion on issue



# Projected issuance and Budget funding

## Projected Bond Issuance and Net Funding (\$ billion)

	2009-10	2010-11	2011-12	2012-13	2013-14
Gross issuance of bonds	59.1	60.0	25.0	29.5	21.0
Net increase in Treasury Notes	-5.9	14.2			
	53.2	74.2	25.0	29.5	21.0
less					
Bond maturities	6.7	19.5	14.1	29.9	27.9
Net increase in RMBS	2.6	4.5	-2.7	-2.8	-2.7
Other	-15.3	2.2	-1.0	0.2	-0.1
Financing of headline cash balance	59.2	48.0	14.6	2.2	-4.1



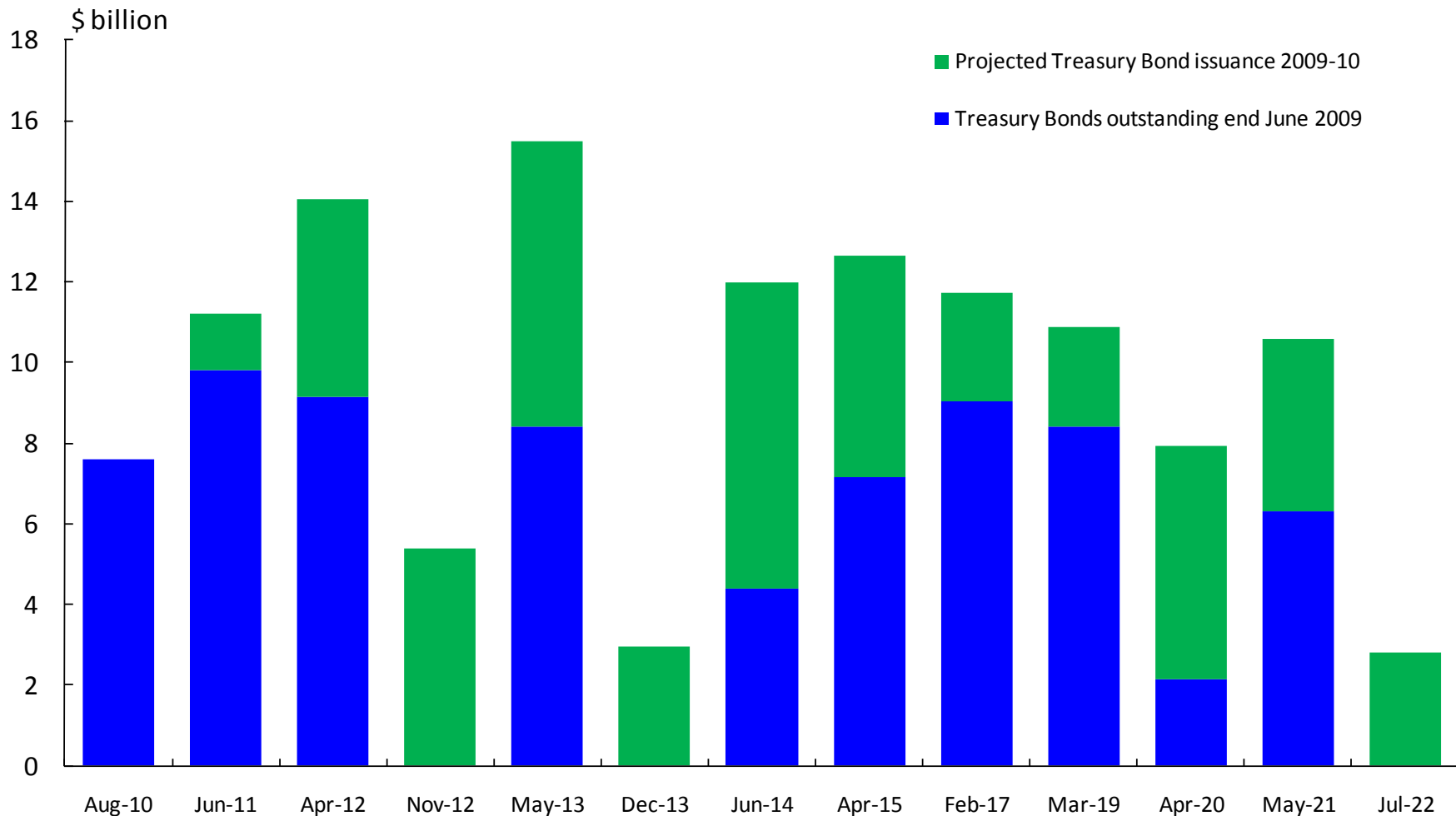
# Planned Bond Issuance

## Planned gross issuance of bonds (\$ billion)

	2009-10	2010-11
Treasury Bonds	53.0	56.0
Treasury Indexed Bonds	6.1	4.0
	<hr/> 59.1	<hr/> 60.0



# Treasury Bonds at June 2010



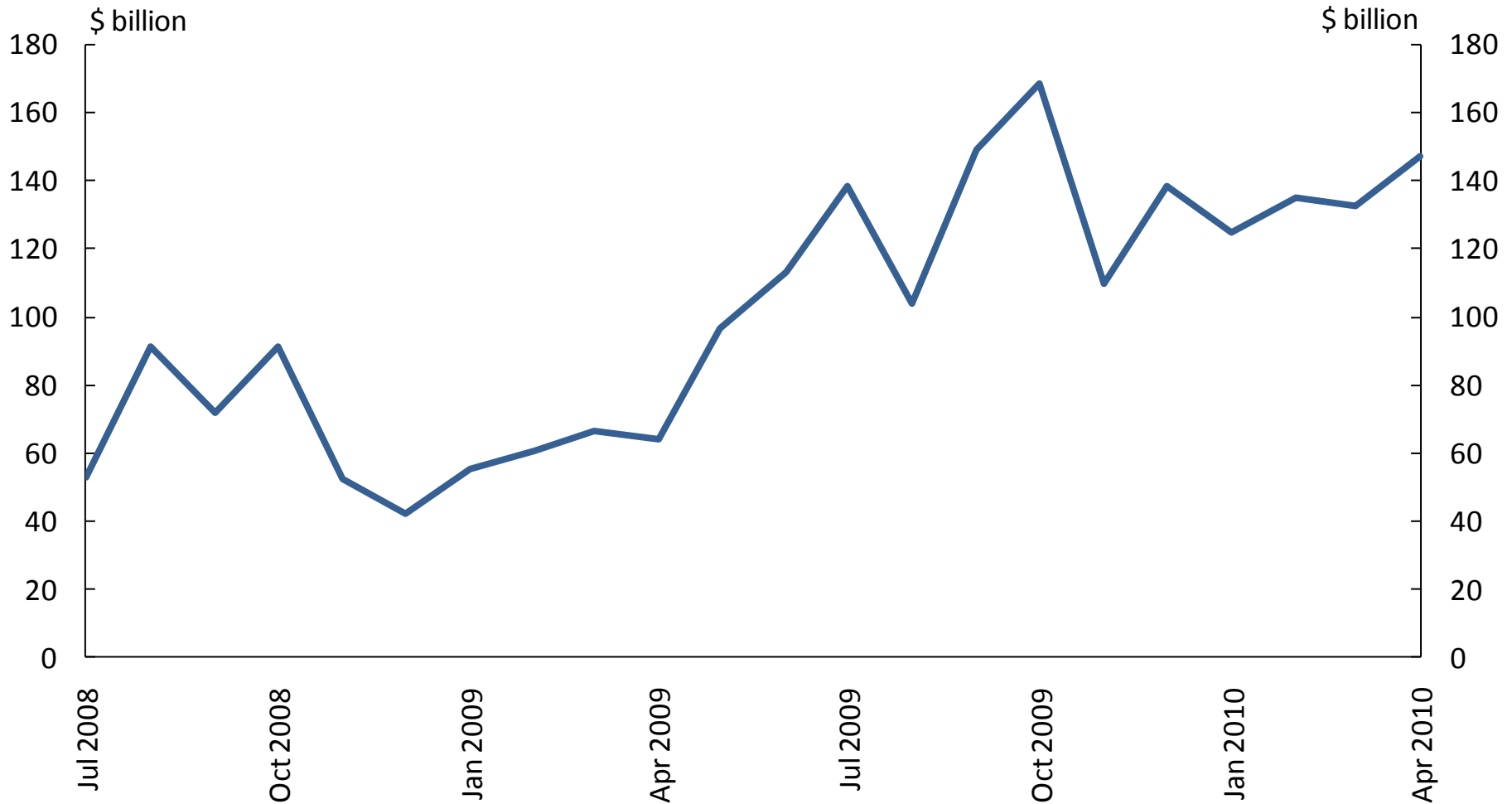


# Treasury Bonds

- Issuance for the upcoming year will be approximately \$56 billion in face value terms
- Four new Treasury Bonds are planned to be issued in 2010-11
- They are expected to have the following maturities: Nov 2014, Jun 2016, Feb 2023 and Mar 2025
- The AOFM will continue to build up the liquidity of its outstanding lines
- It is expected that by June 2011 there will be eleven bond lines with over \$10 billion or more on issue



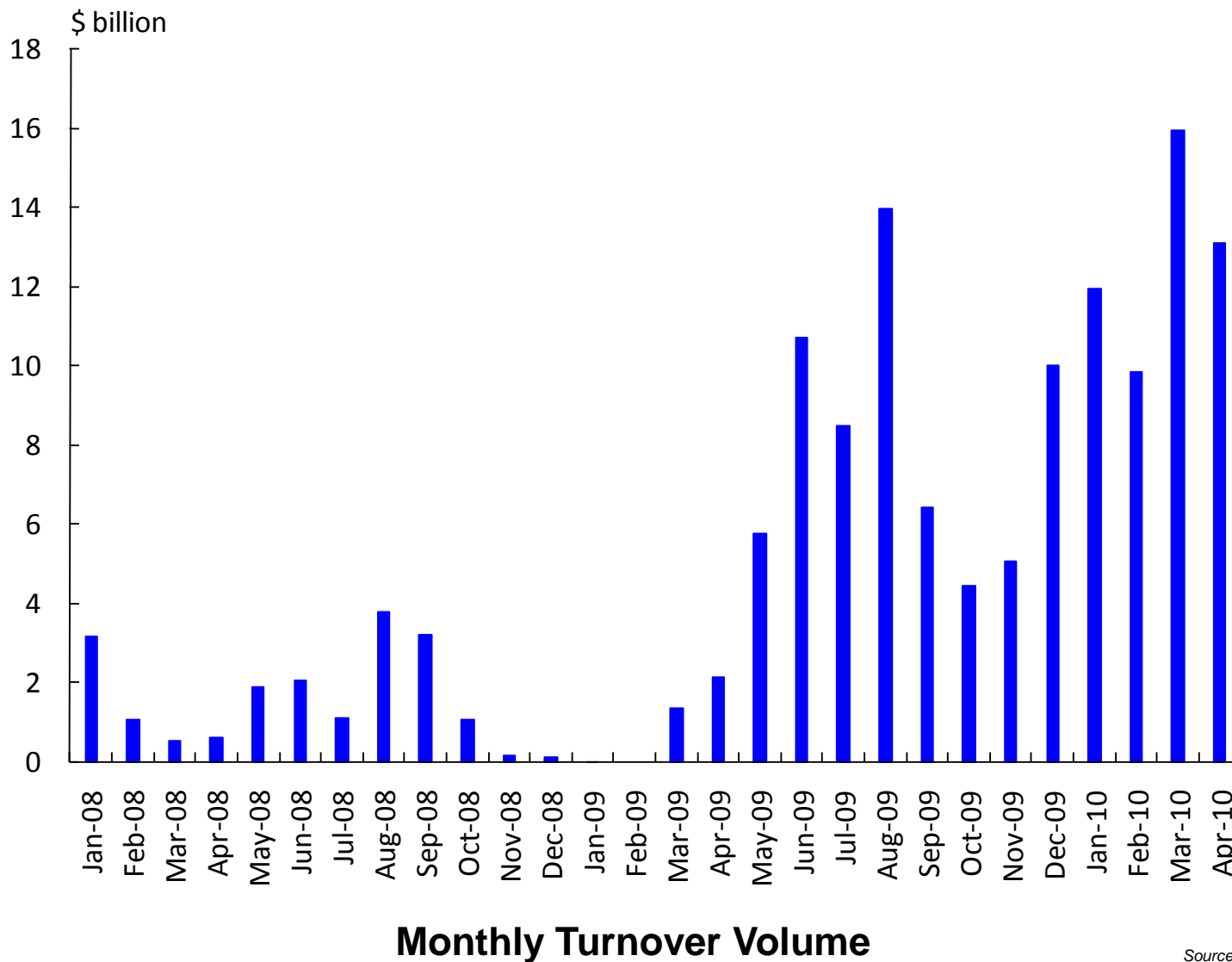
# Treasury Bond turnover



Monthly Turnover Volume

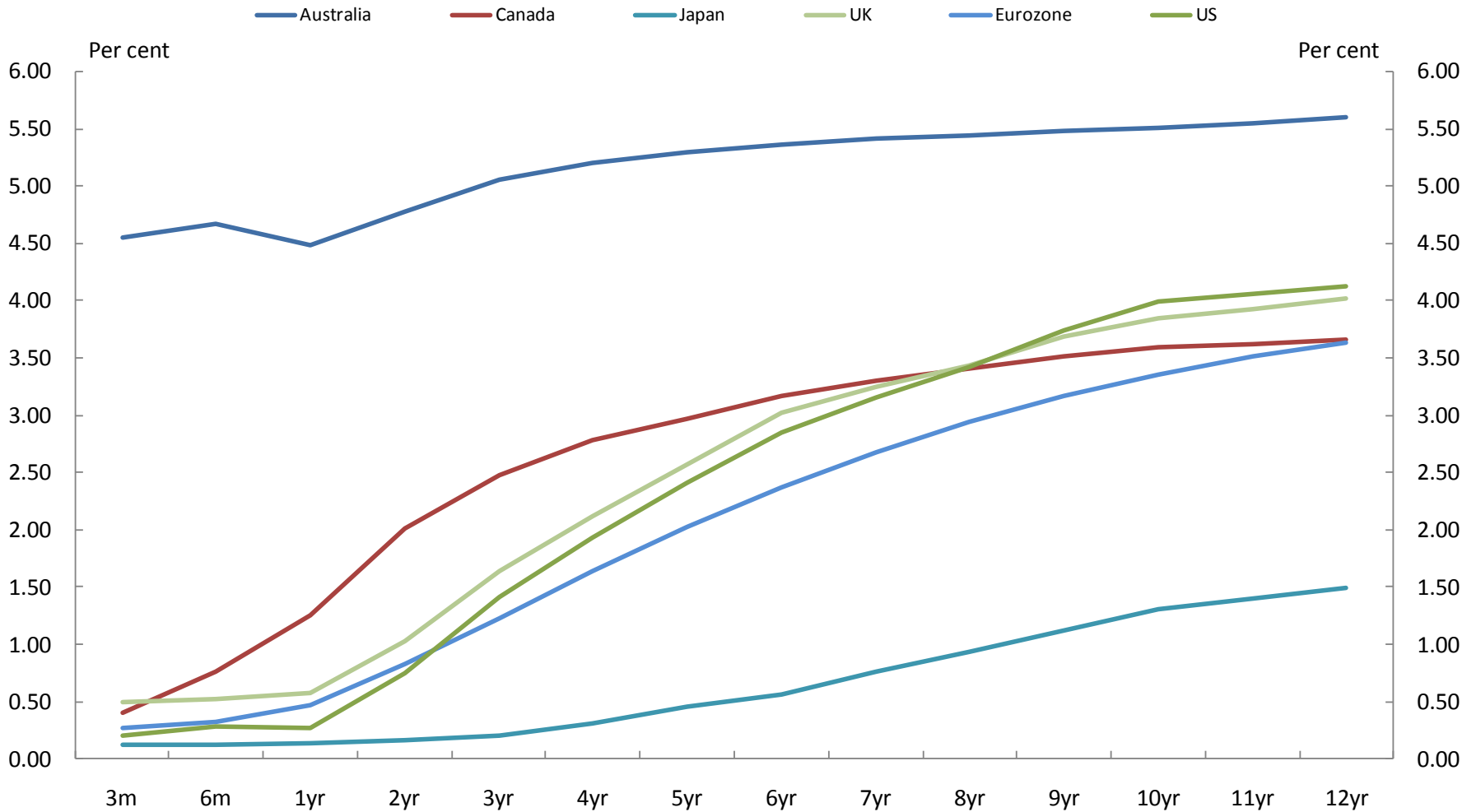


# Treasury Bond repo activity





# Sovereign yield curves

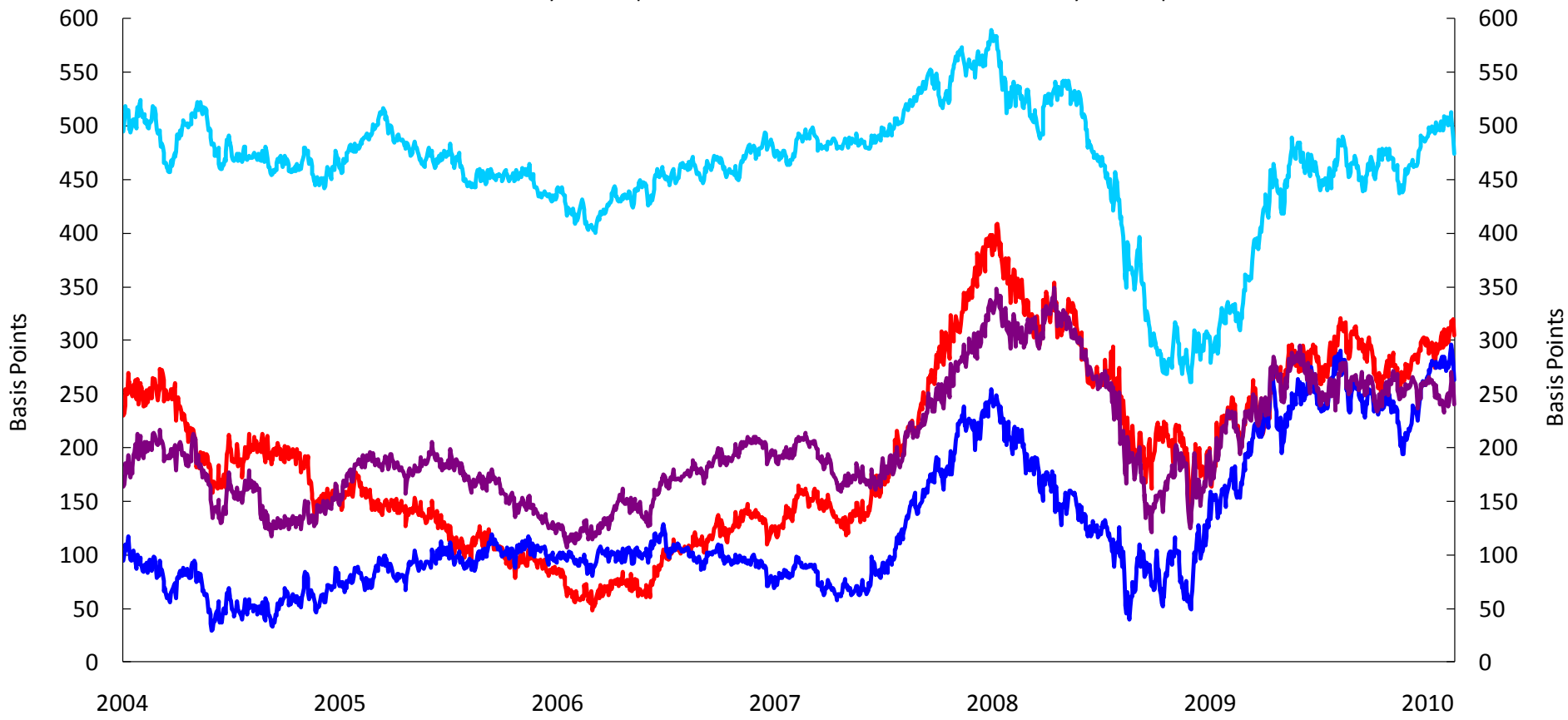






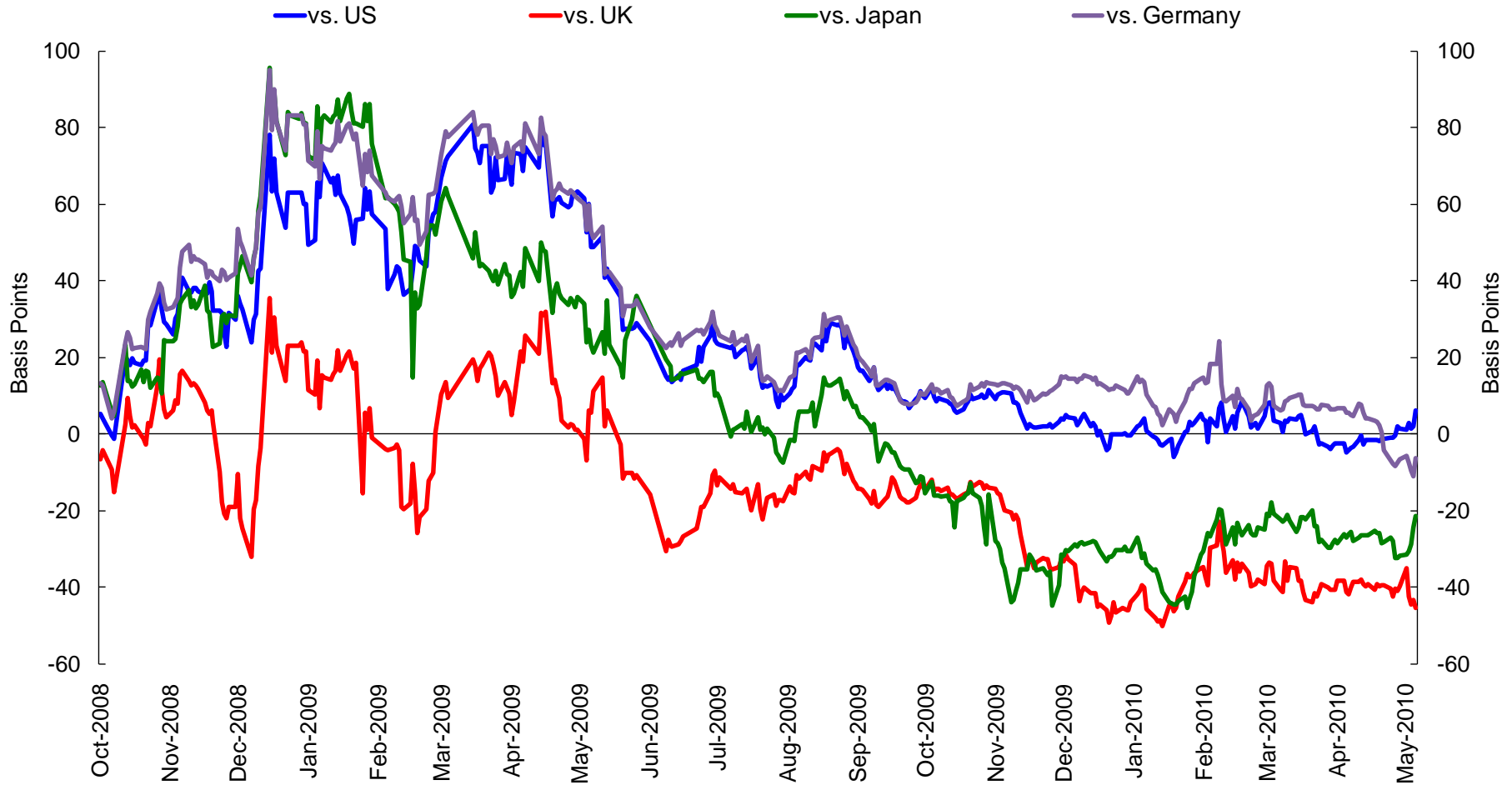
# 5yr sovereign bond spreads

AUS vs US 5 yr Bond Spread      AUS vs UK 5 yr Bond Spread  
AUS vs CANADA 5 yr Bond Spread      AUS vs JGB 5 yr Bond Spread





# Spreads for 5yr Australian CDS



Spread between 5yr Australian CDS and other sovereigns

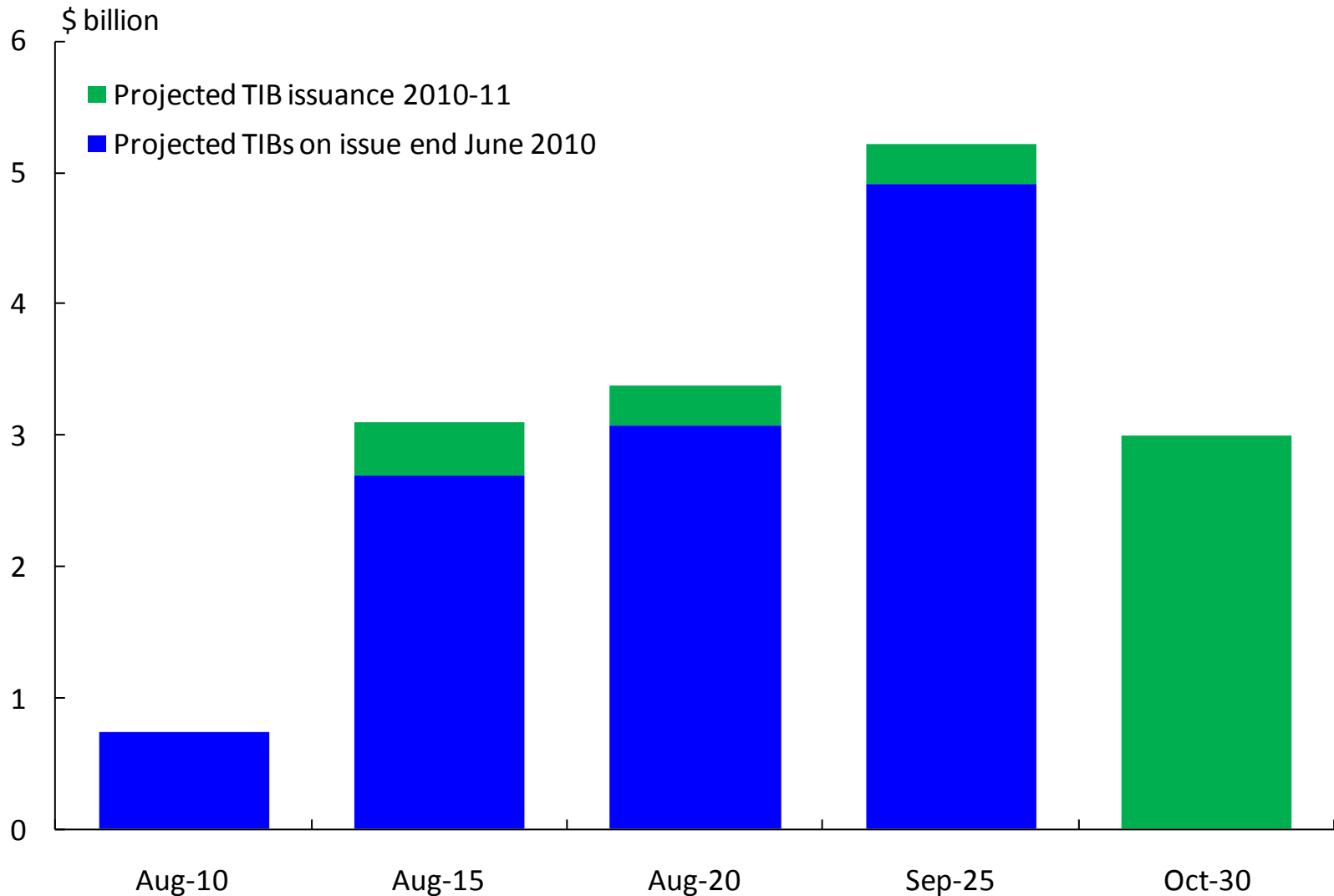


# Treasury Indexed Bonds

- TIBs are inflation-indexed bonds whose capital value is linked to quarterly movements in the CPI (with a floor to preserve value)
- Currently there are four bond lines with 2010, 2015, 2020 and 2025 maturities
- In 2010-11 a new 2030 line will be introduced extending the TIBs curve out to 20 years
  - The initial issue is likely to be conducted via a syndicated offering
- Issuance in 2010-11 is expected to total around \$4 billion (nominal face value), with regular planned auctions in most months

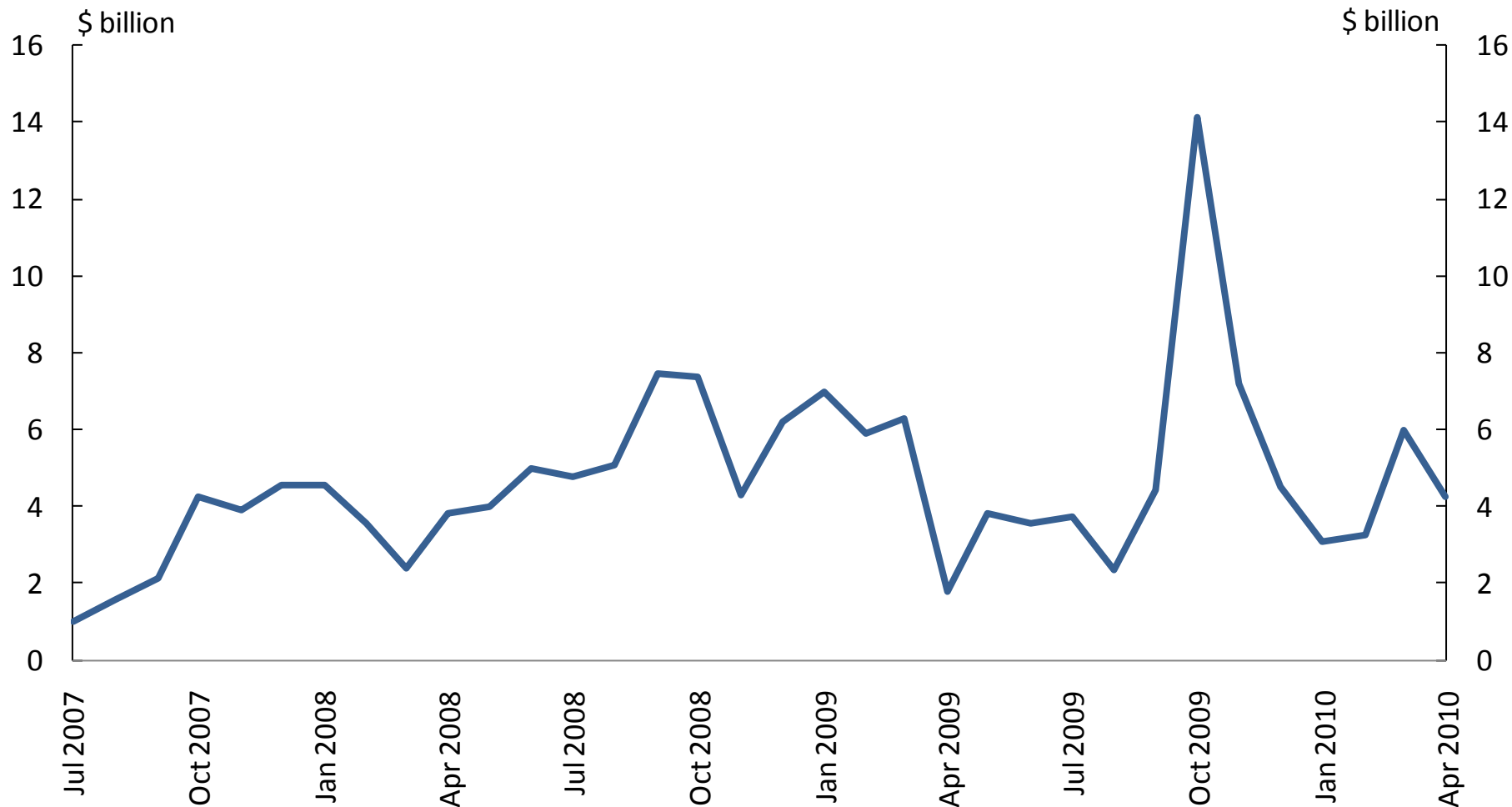


# Treasury Indexed Bonds planned issuance





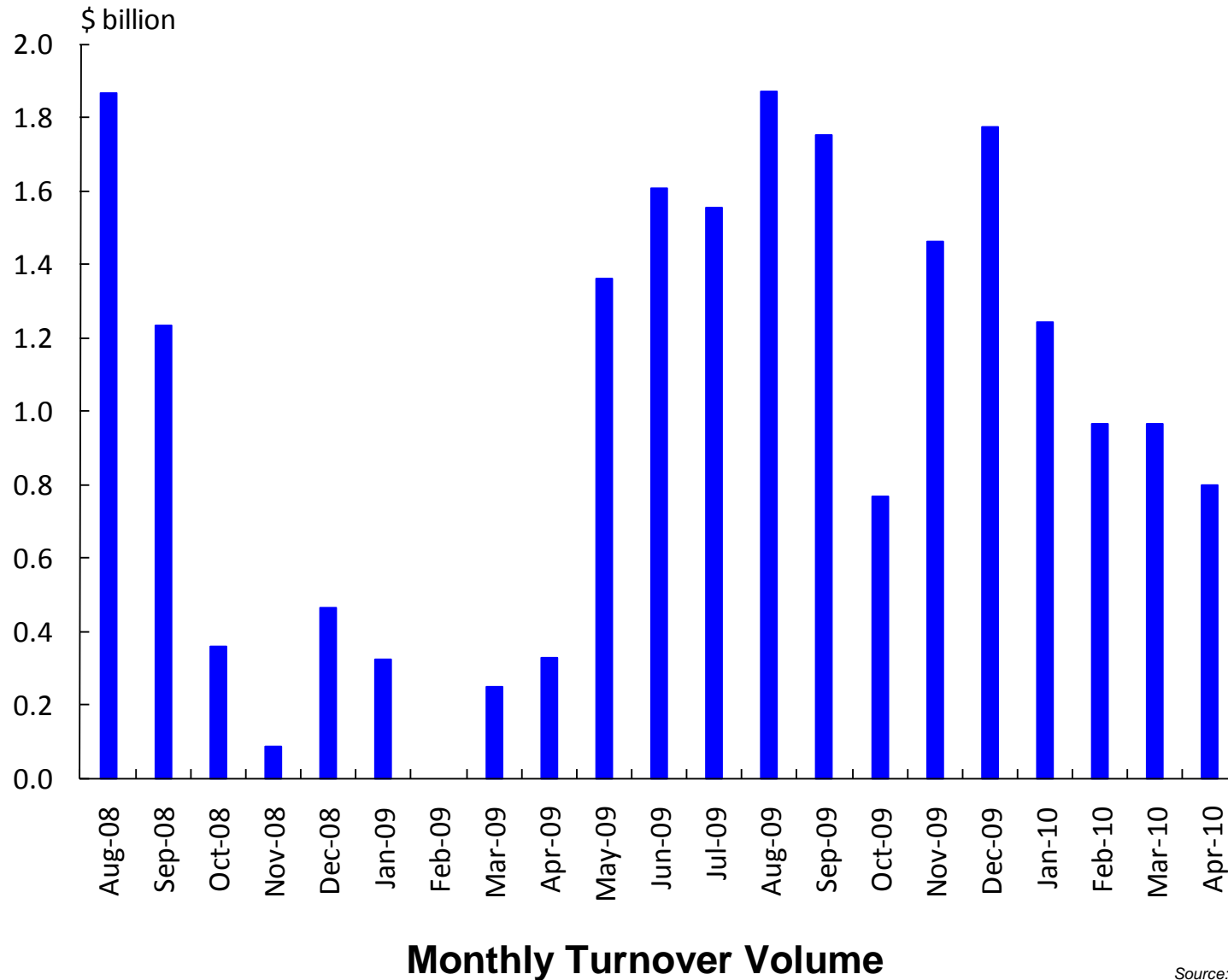
# Turnover of Treasury Indexed Bonds



Monthly Turnover Volume



# Treasury Indexed Bonds repo activity





# Treasury Notes

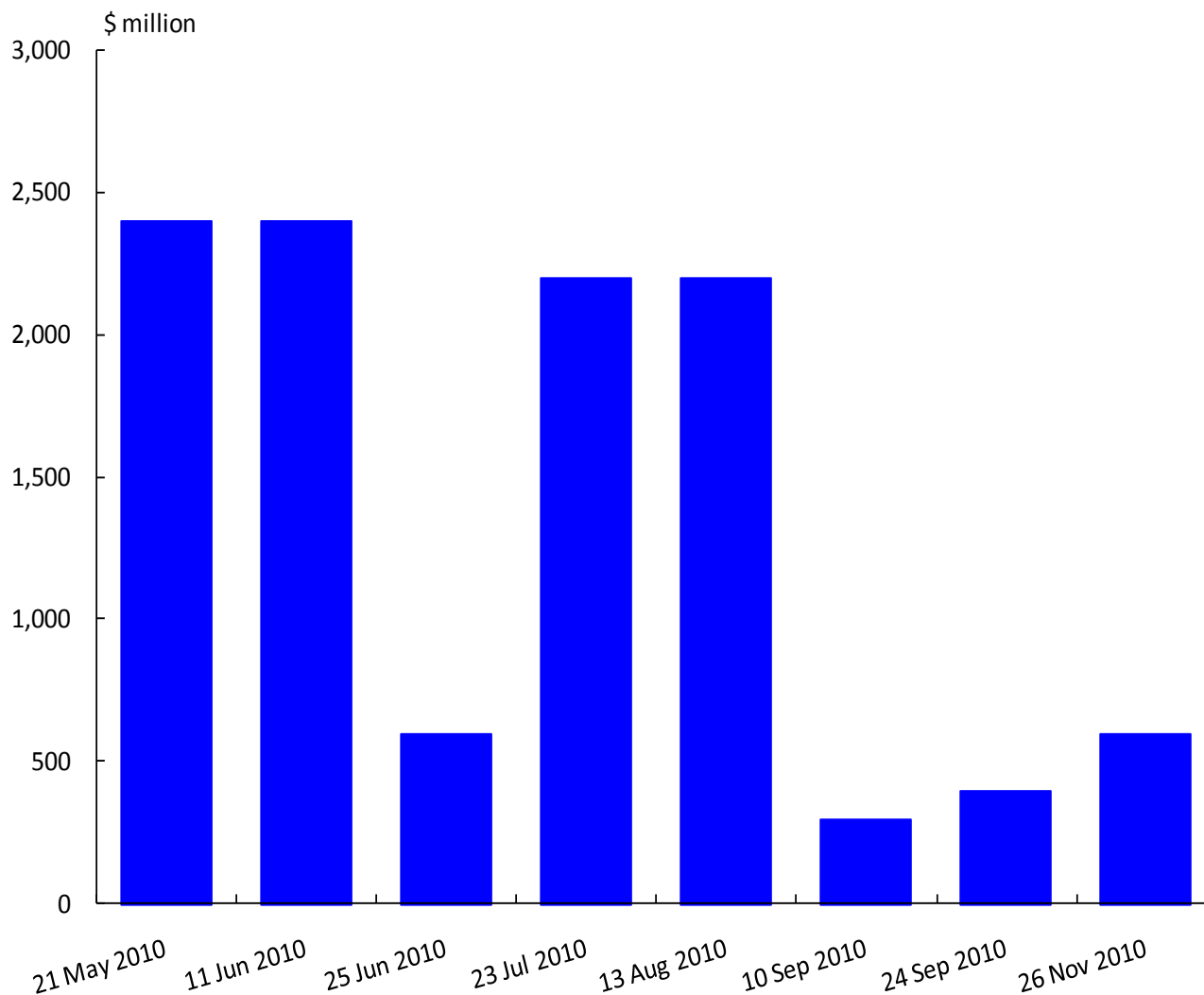
- Treasury Notes are short term instruments used to manage the Government's short term cash flows
- Terms mostly no longer than six months
- Currently AUD 11.1 billion on issue\*

\* As at 14 May 2010



# Treasury Notes on Issue

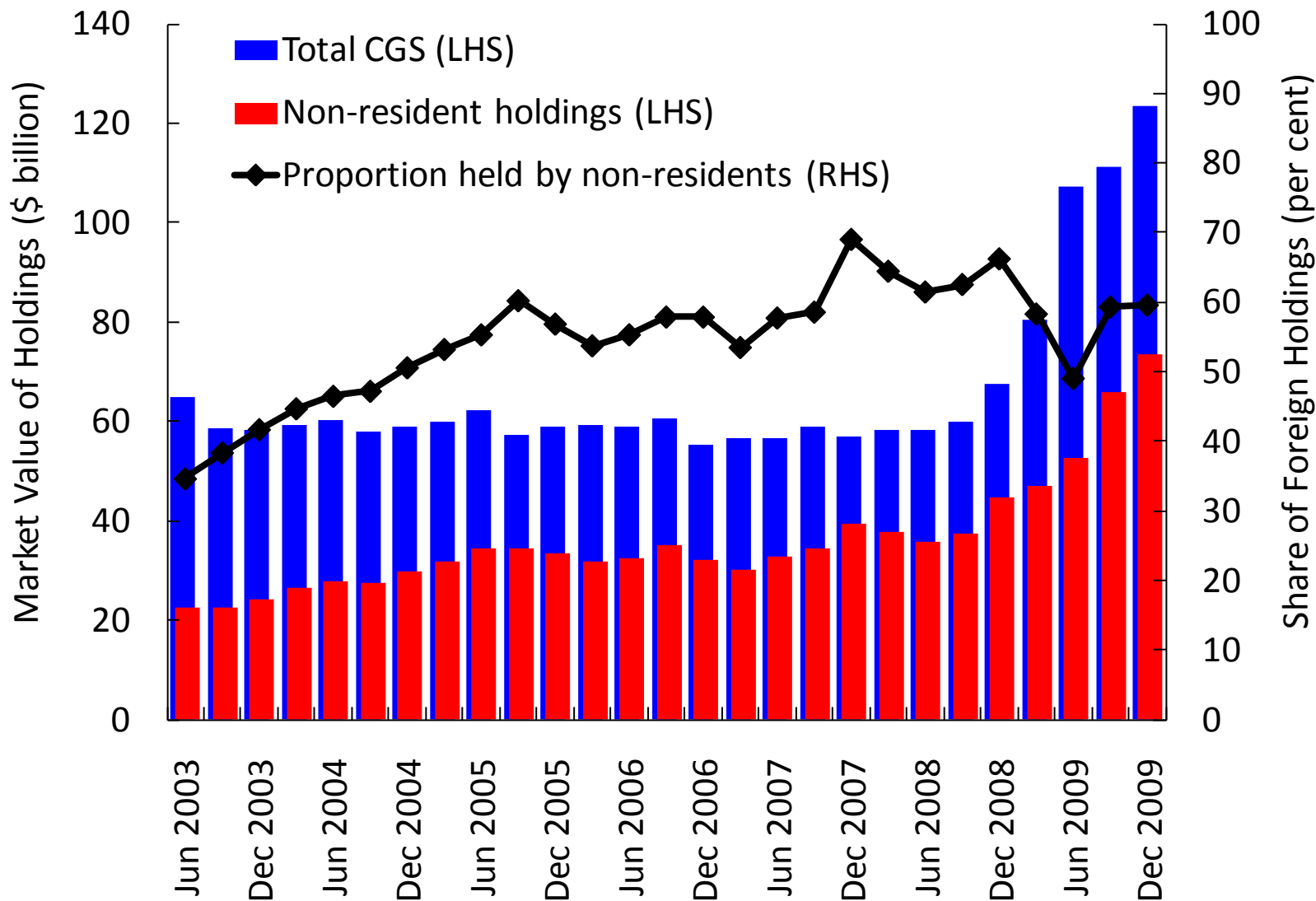
14 May 2010







# Non-resident holdings of Australian Government securities





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**Australian Government**

**Australian Office of Financial Management**

# Appendix



## Australian Government Bonds on issue at 14 May 2010

<b>Treasury Bonds:</b>			
	<b>Volume Outstanding (AUD)</b>	<b>Yield (%)</b>	<b>Duration (yrs)</b>
5.25% 15 August 2010	7,603,500,000	4.46	0.22
5.75% 15 June 2011	11,198,687,000	4.37	1.01
5.75% 15 April 2012	14,055,000,000	4.65	1.78
4.75% 15 November 2012	4,700,000,000	4.92	2.32
6.50% 15 May 2013	15,498,400,000	4.95	2.70
5.50% 15 December 2013	2,250,000,000	5.10	3.14
6.25% 15 June 2014	11,299,000,000	5.12	3.49
6.25% 15 April 2015	11,248,000,000	5.20	4.18
6.00% 15 February 2017	11,748,000,000	5.36	5.44
5.25% 15 March 2019	10,397,500,000	5.41	6.91
4.50% 15 April 2020	7,447,000,000	5.45	7.77
5.75% 15 May 2021	9,600,000,000	5.48	8.10
5.75% 15 July 2022	2,300,000,000	5.54	8.46
<b>Treasury Indexed Bonds:</b>			
	<b>Volume Outstanding (AUD)</b>	<b>Yield (%)</b>	<b>Duration (yrs)</b>
4.00% 20 August 2010	736,265,000	1.48	0.26
4.00% 20 August 2015	2,695,800,000	2.37	4.77
4.00% 20 August 2020	2,773,200,000	2.59	8.55
3.00% 20 September 2025	4,610,000,000	2.65	12.30

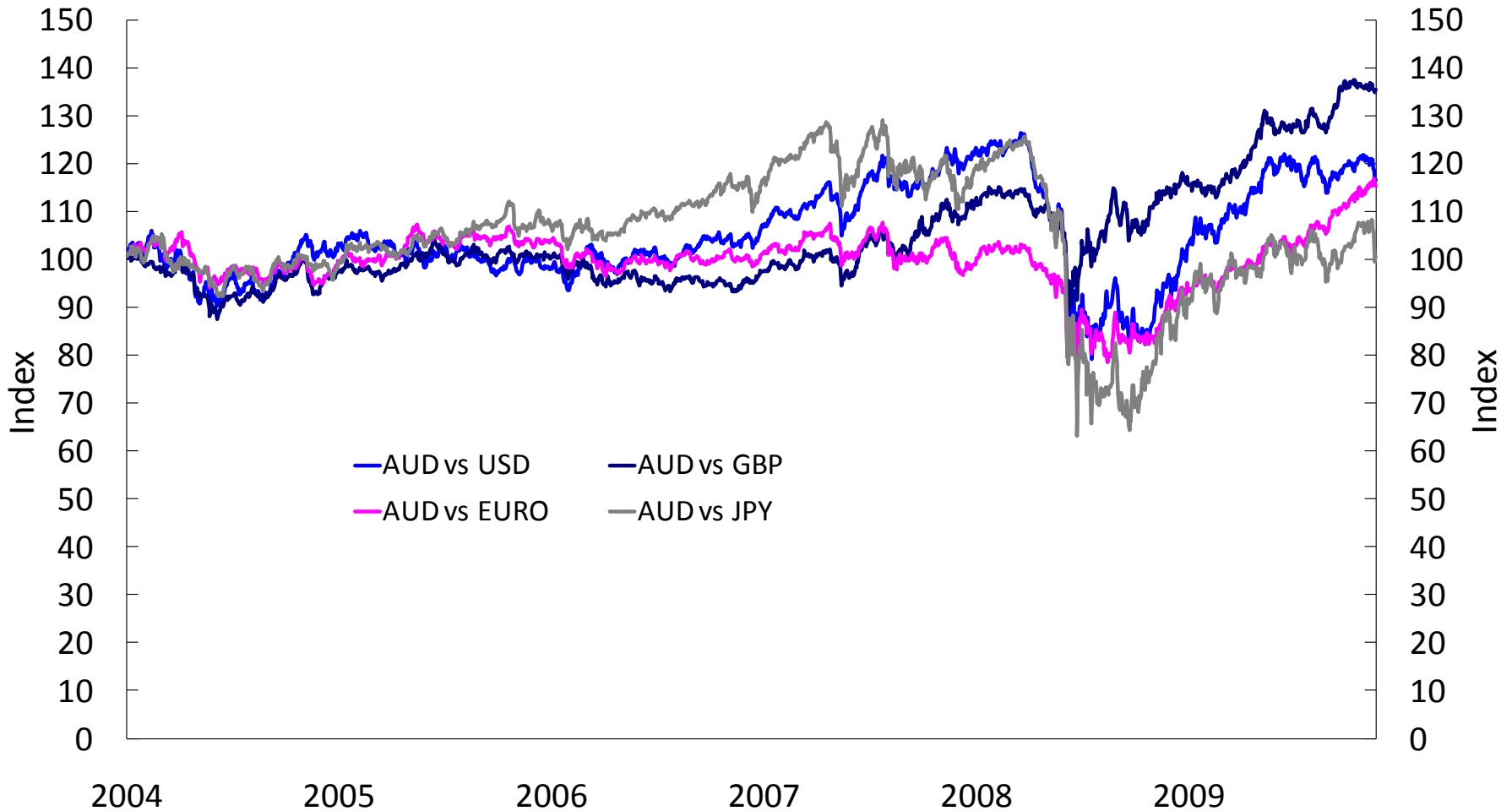
### Interest Withholding Tax

Commonwealth Government Securities are exempt from non-resident Interest Withholding Tax.

More information is available from: [http://www.aofm.gov.au/content/notices/27\\_2009.asp](http://www.aofm.gov.au/content/notices/27_2009.asp)



# Australian dollar exchange rates





## Further Information

Website: [www.aofm.gov.au](http://www.aofm.gov.au)

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*Easy access to quoted yields:*

Web

[www.rba.gov.au](http://www.rba.gov.au)

Bloomberg

ACGB Govt

Thomson Reuters

0#AUTSY= *(for nominal bonds)*

RBA29 or AU/ILB1 *(for index bonds)*