



Australian Government

Australian Office of Financial Management

The Euromoney Australian Debt Capital Markets Forum

Australian Government Securities

September 2010

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Chief Executive Officer





Australia

Quick Facts



- World's 13th largest economy with a GDP of USD 1.1 trillion
- *Population*: 22.4 million
- *Unemployment rate*: 5.1%
- *Cash rate*: 4.5%
- *CPI inflation rate*: 3.1% (yoy headline), 2.7% (yoy underlying)
- The AUD is the 5th most traded currency and the AUD/USD is the 4th most traded currency pair
- *Exchange rate*: AUD/USD 0.9330 (14 September 2010)



Australian Government Credit

FitchRatings

AAA, stable, F1+

MOODY'S

Aaa, stable, P-1

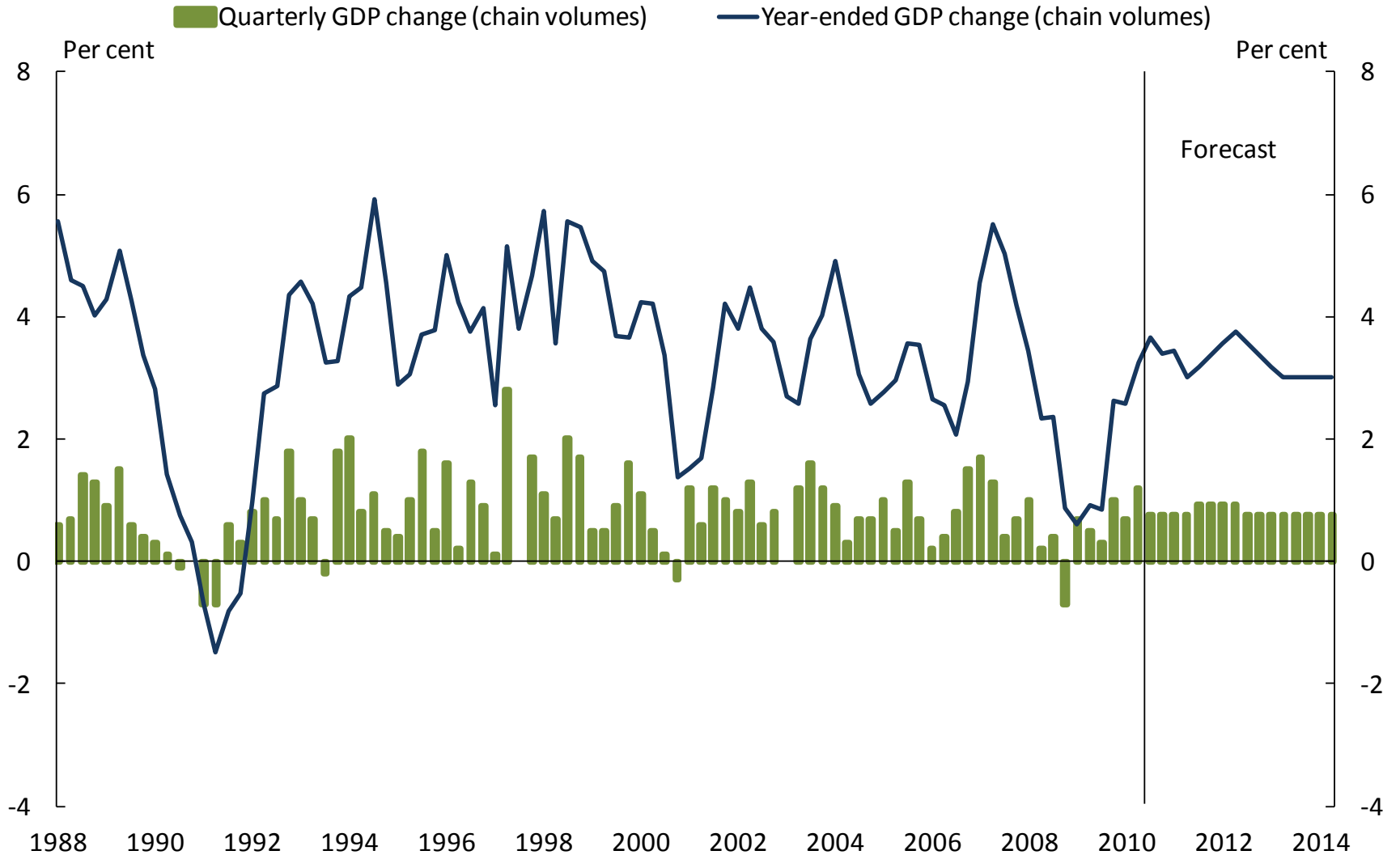
**STANDARD
& POOR'S**

AAA, stable, A-1+

- One of 18 S&P AAA (stable) rated countries in the world
- One of 14 S&P AAA (stable) rated countries issuing government bonds on a regular basis
- One of 8 S&P AAA (stable) rated countries with more than USD 100 billion bonds on issue

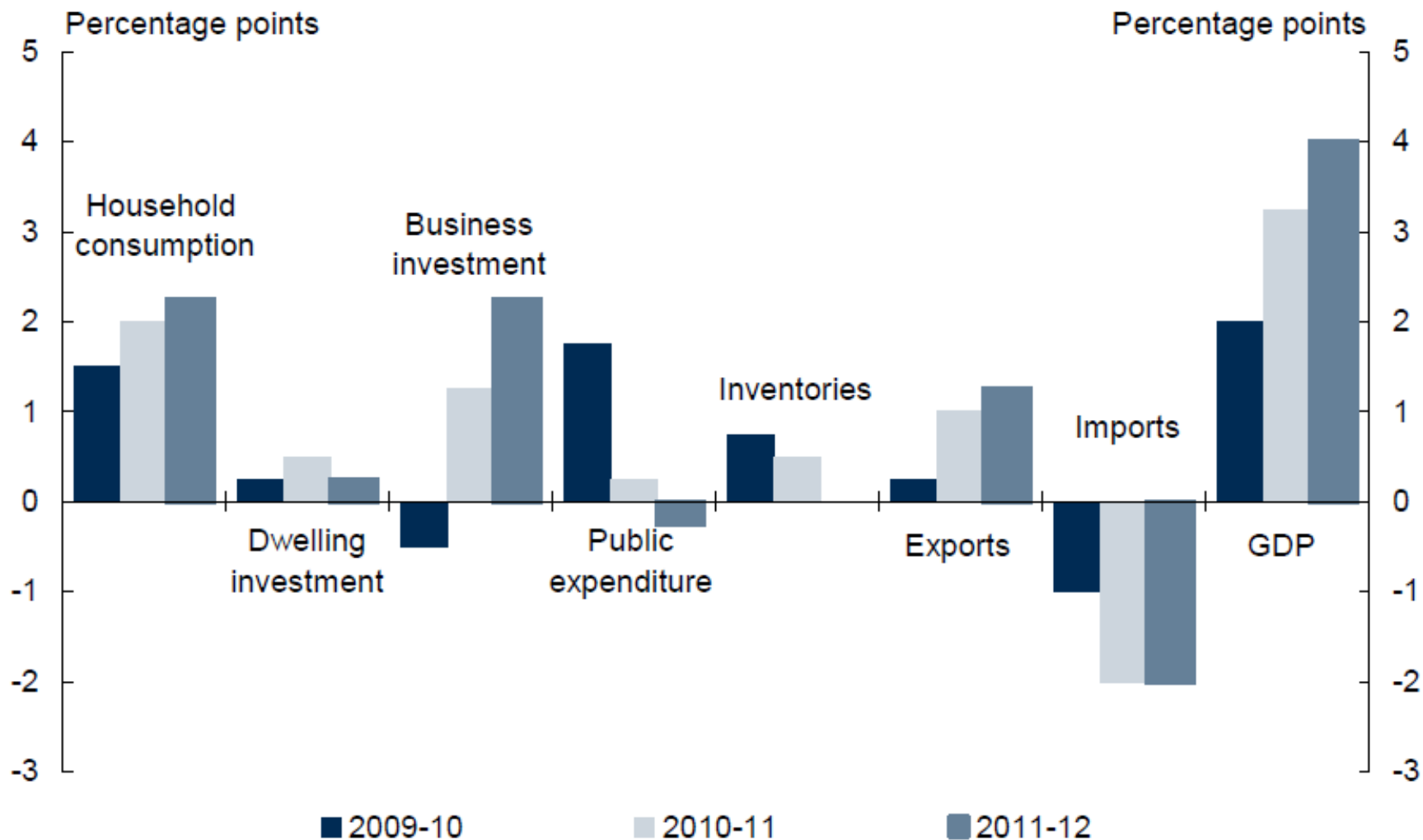


GDP growth



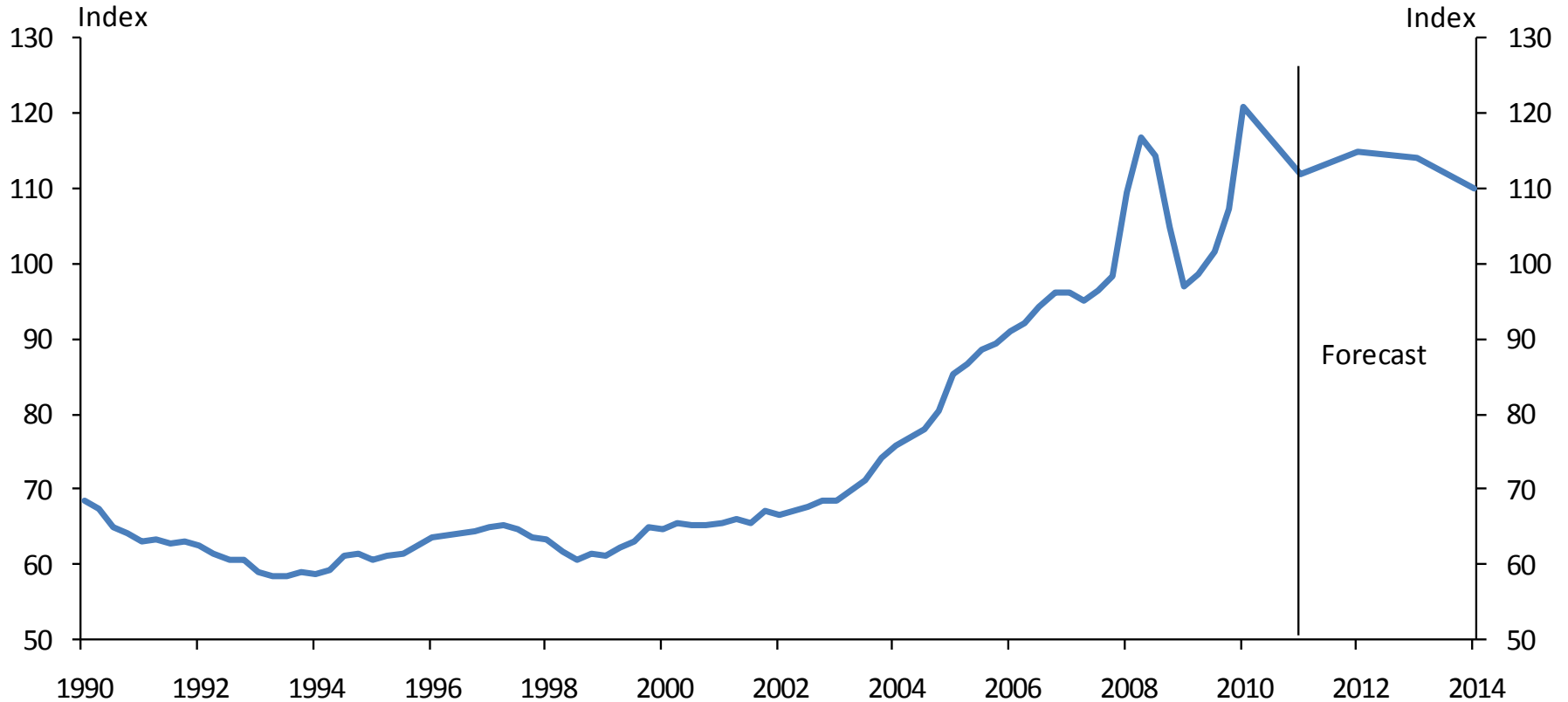


Contributions to GDP growth



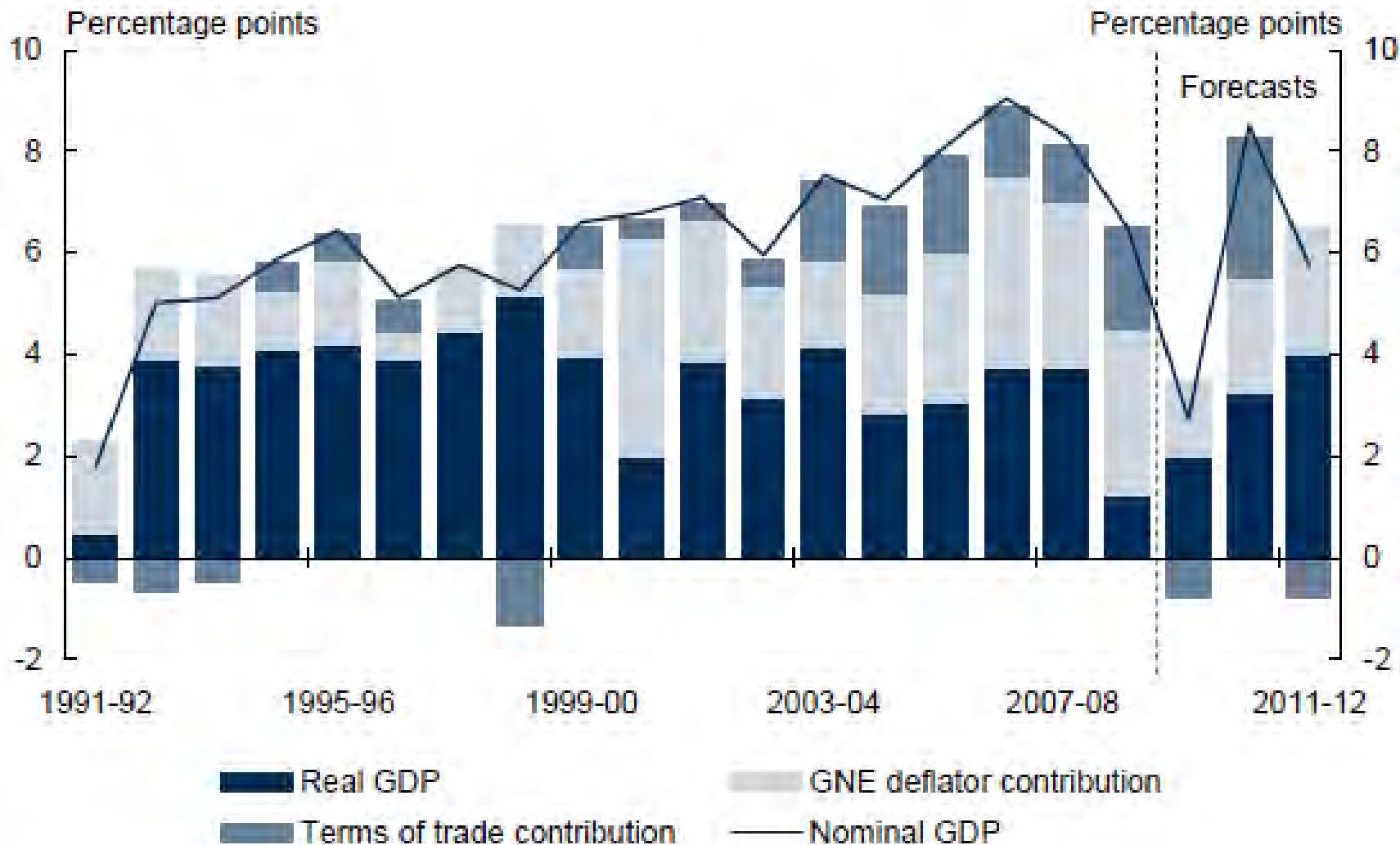


Australia's terms of trade





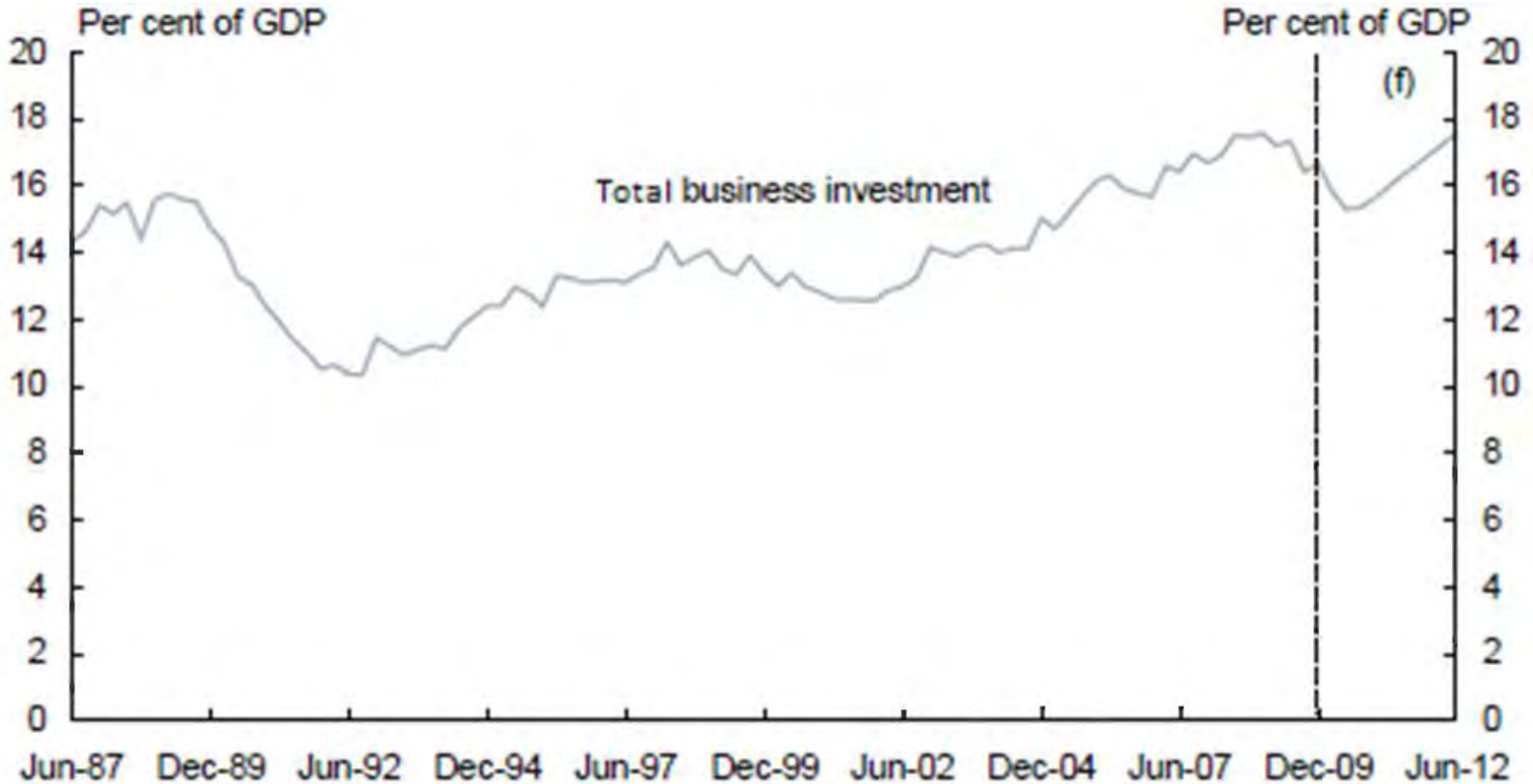
Contributions to nominal GDP growth





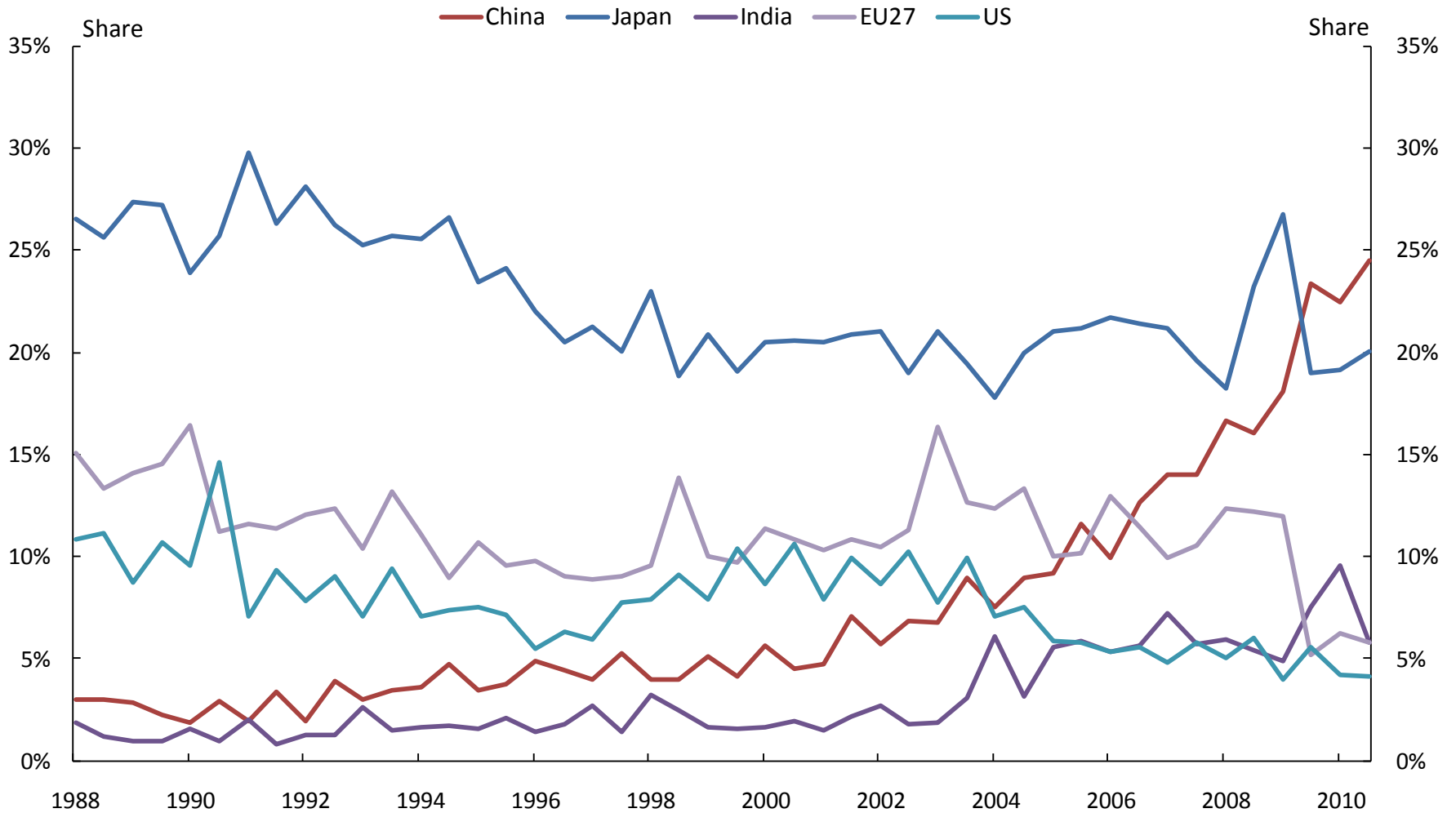
Business investment

Per cent of GDP





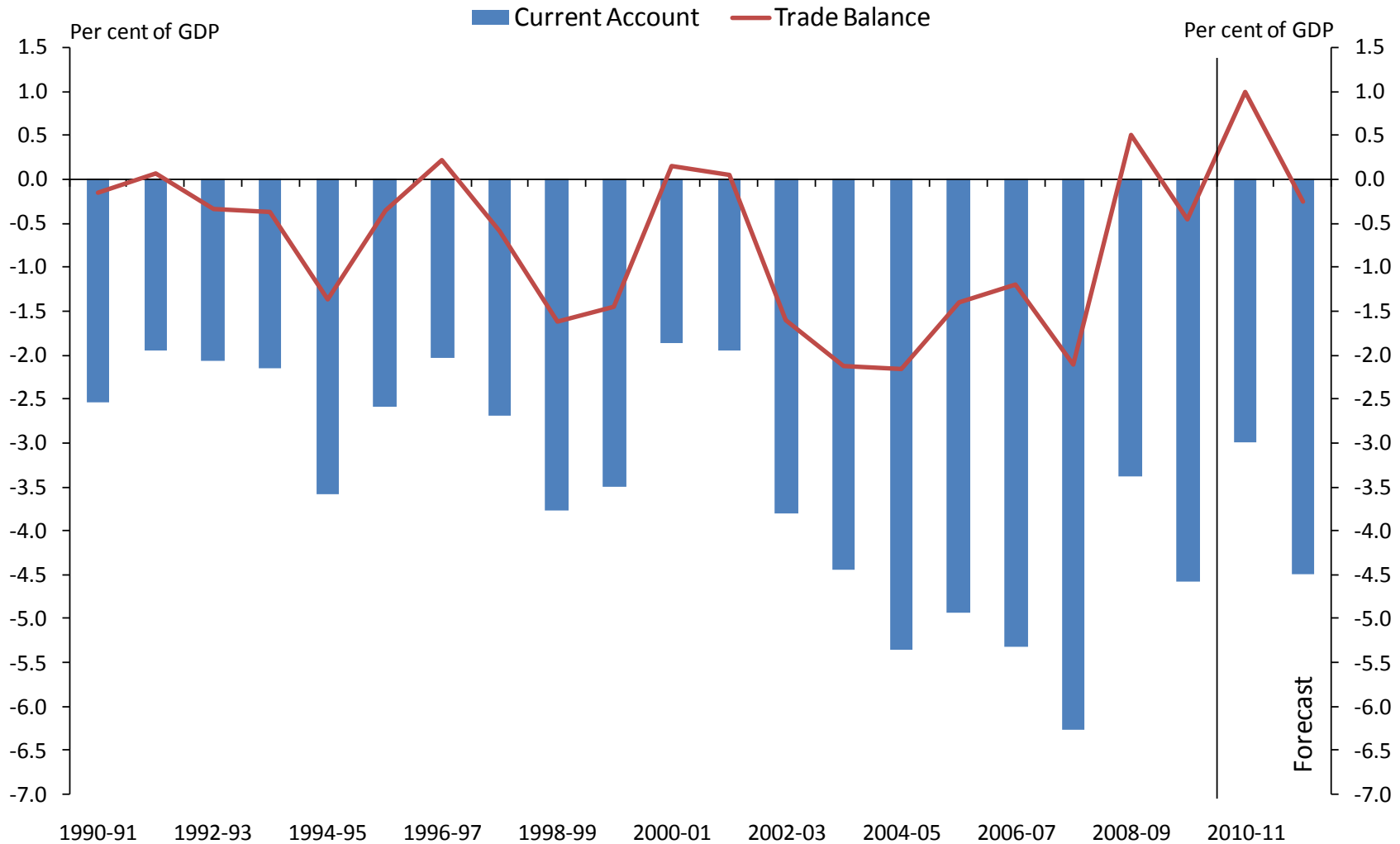
Exports by destination



Share of total merchandise exports

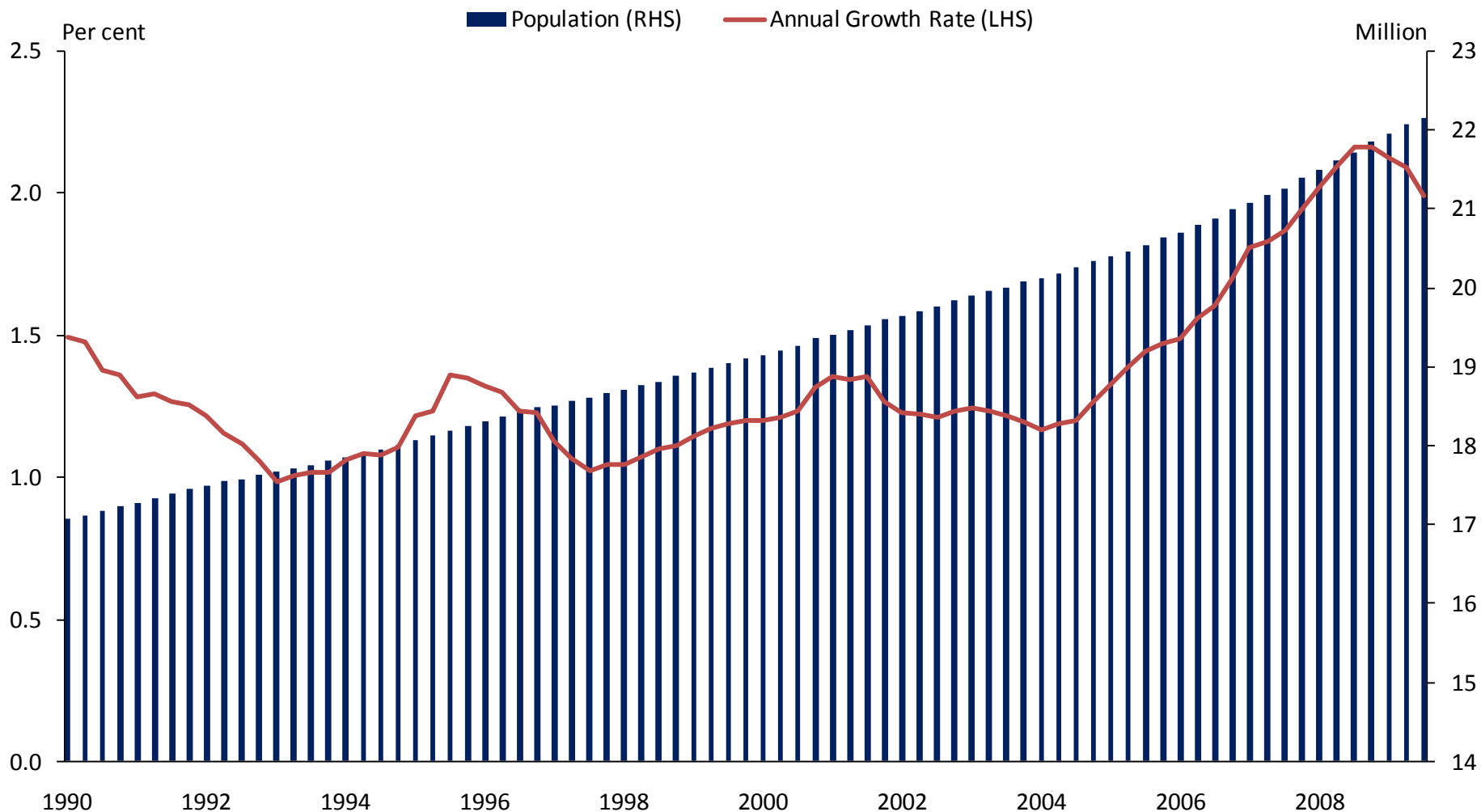


Current account and trade balances



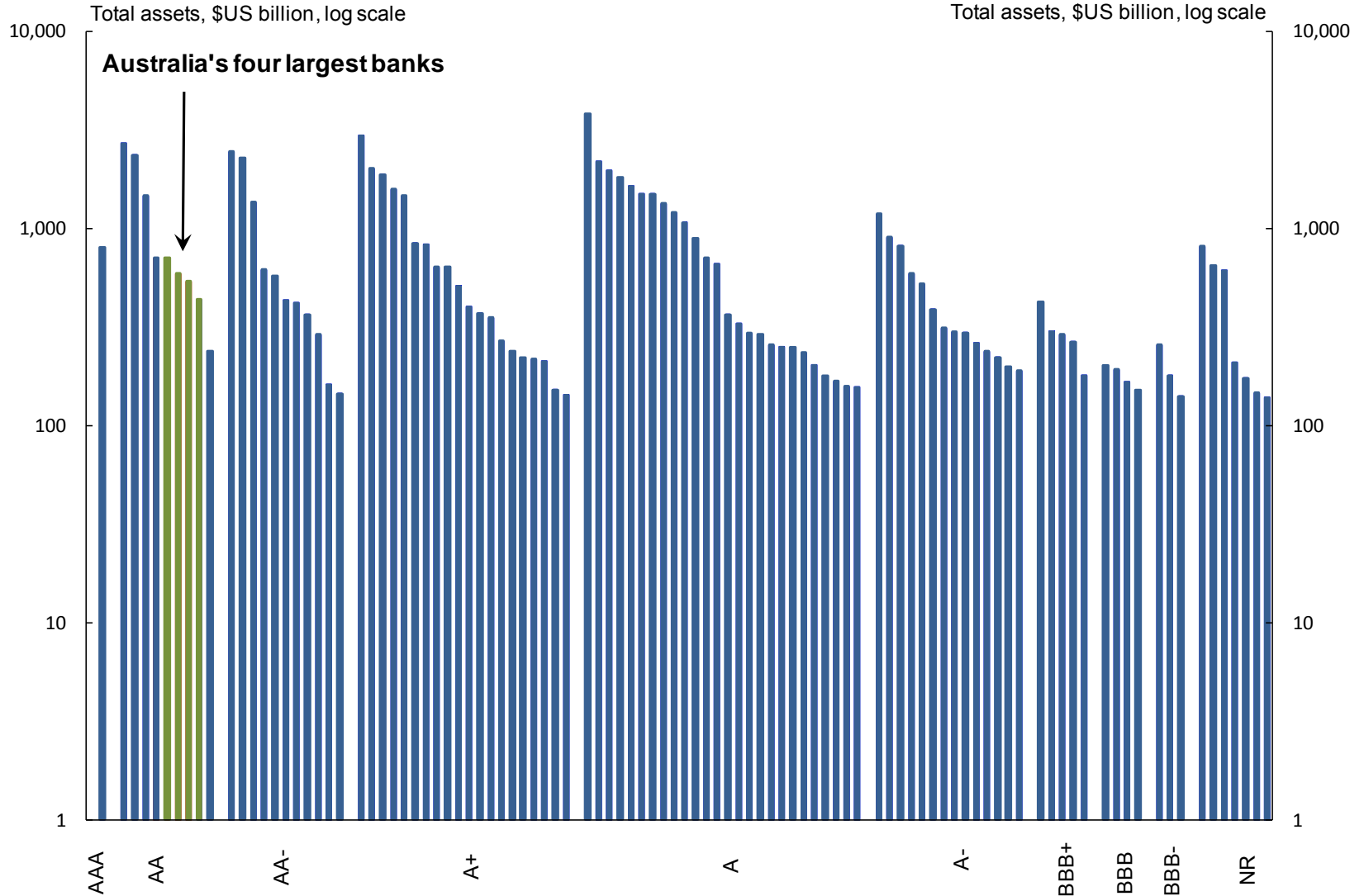


A growing population





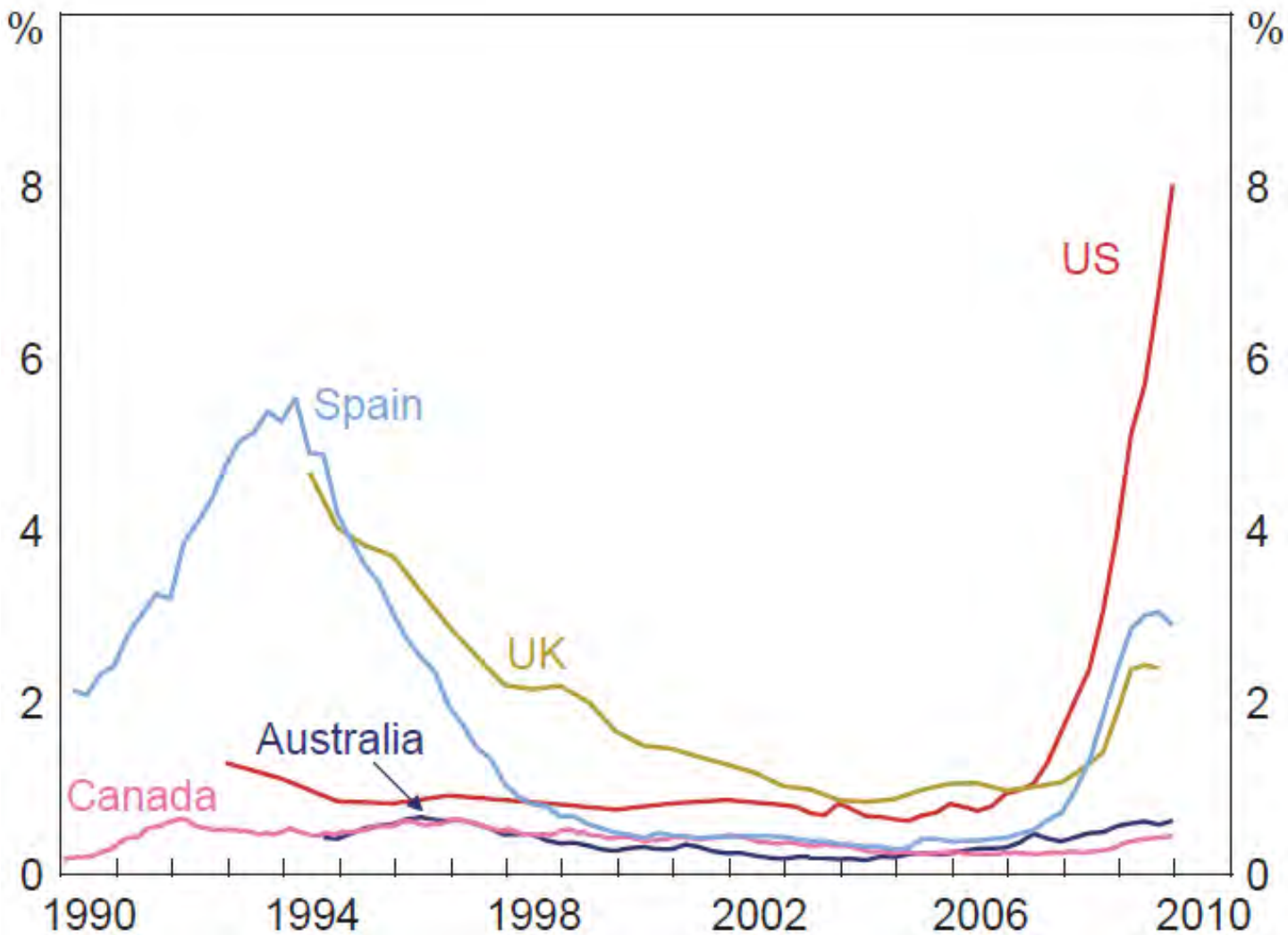
A healthy banking sector



100 largest global banks by assets



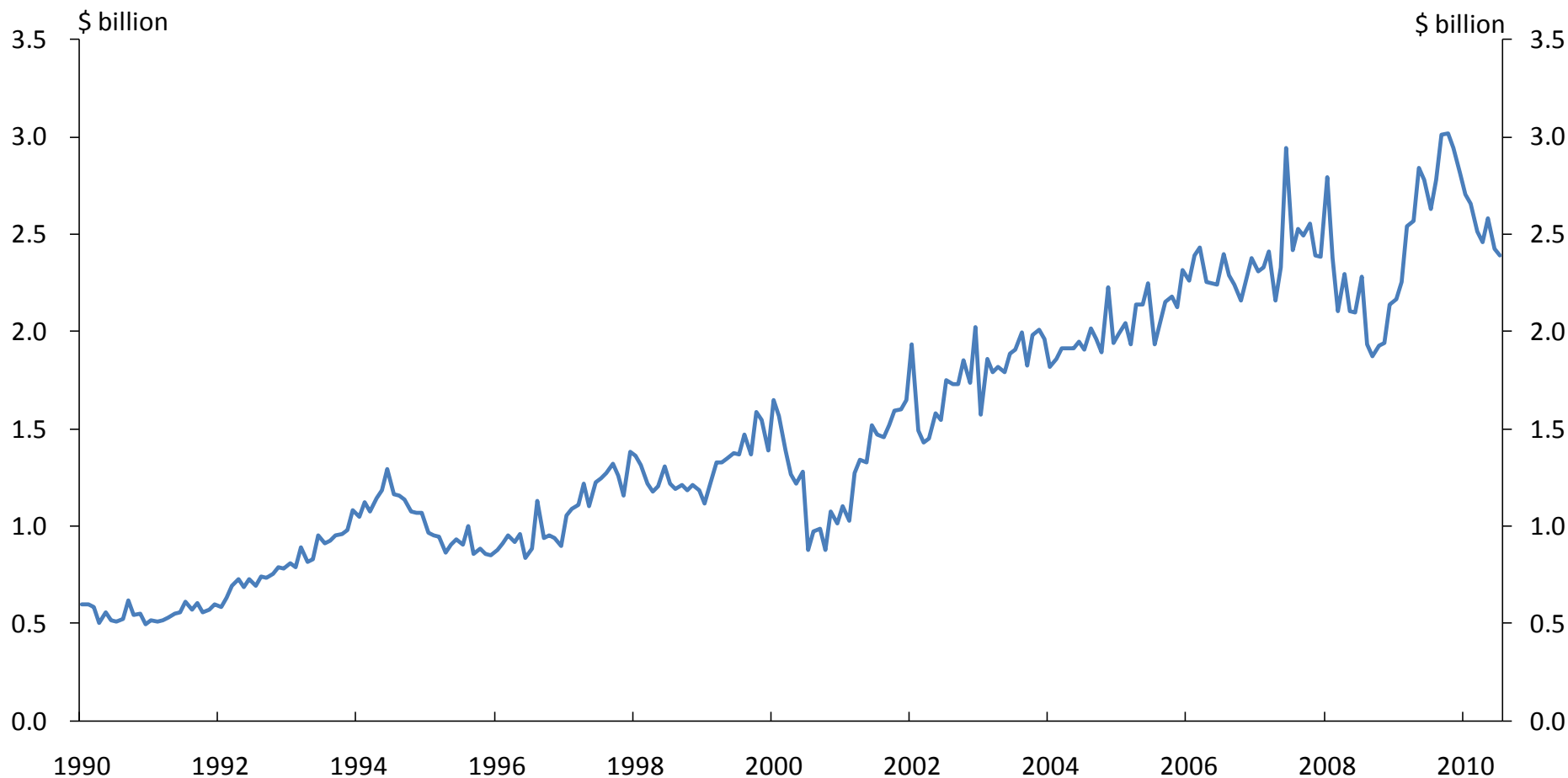
Low arrears on housing loans



Non-performing housing loans



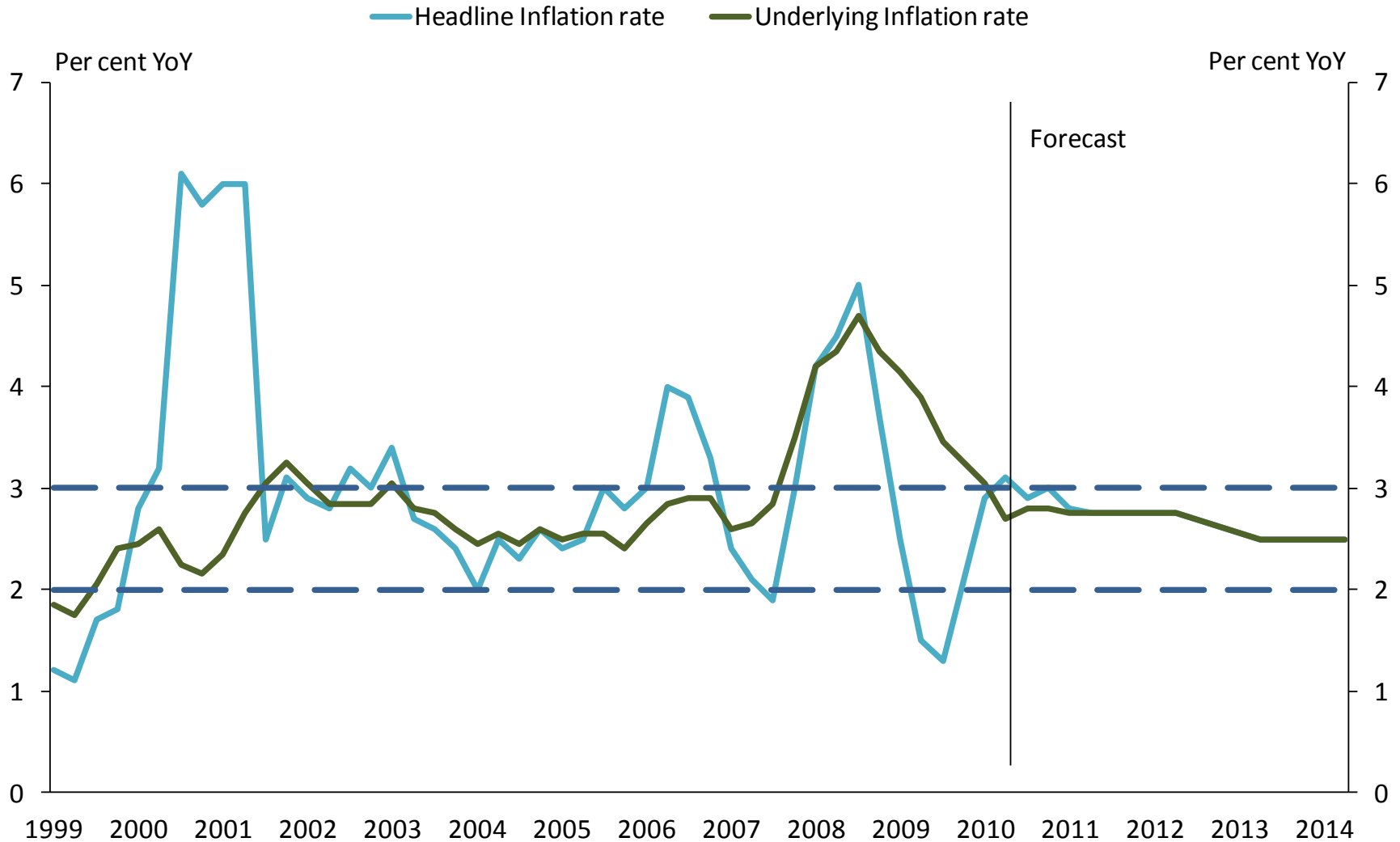
Housing loan approvals for new dwellings



Monthly approvals

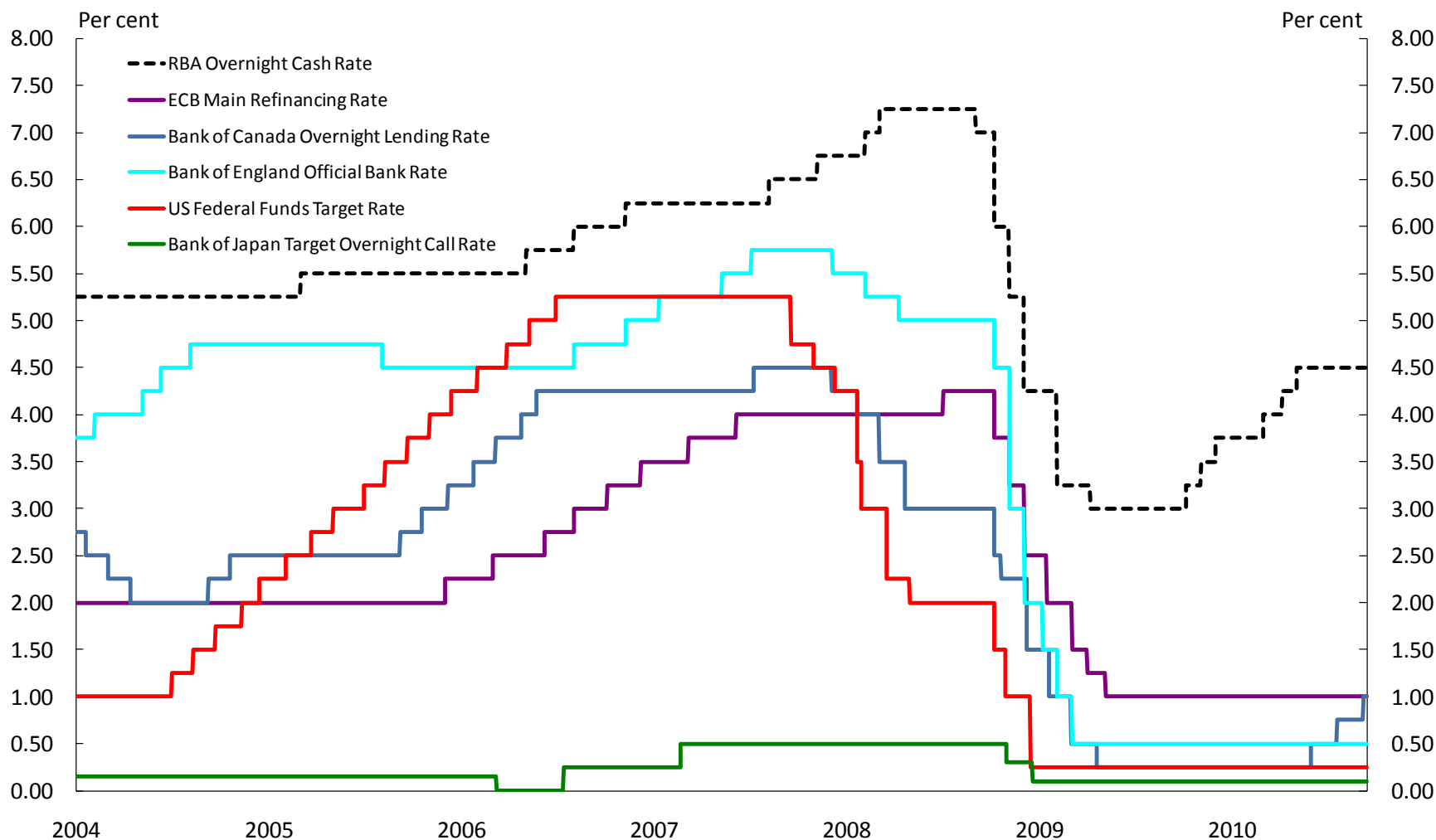


Headline and underlying inflation (CPI)



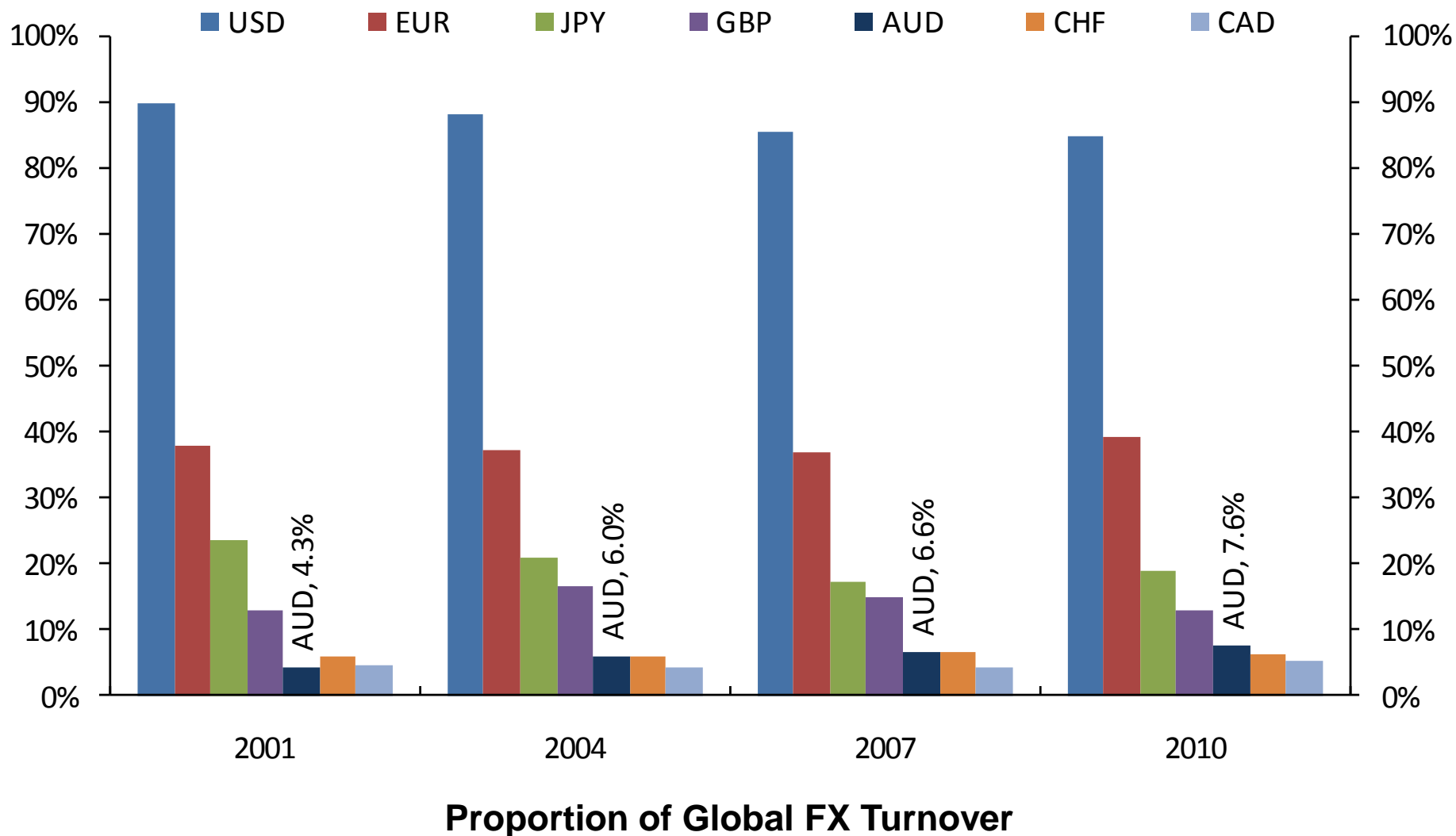


Overnight cash rates





Liquidity of the Australian dollar



Proportion of Global FX Turnover

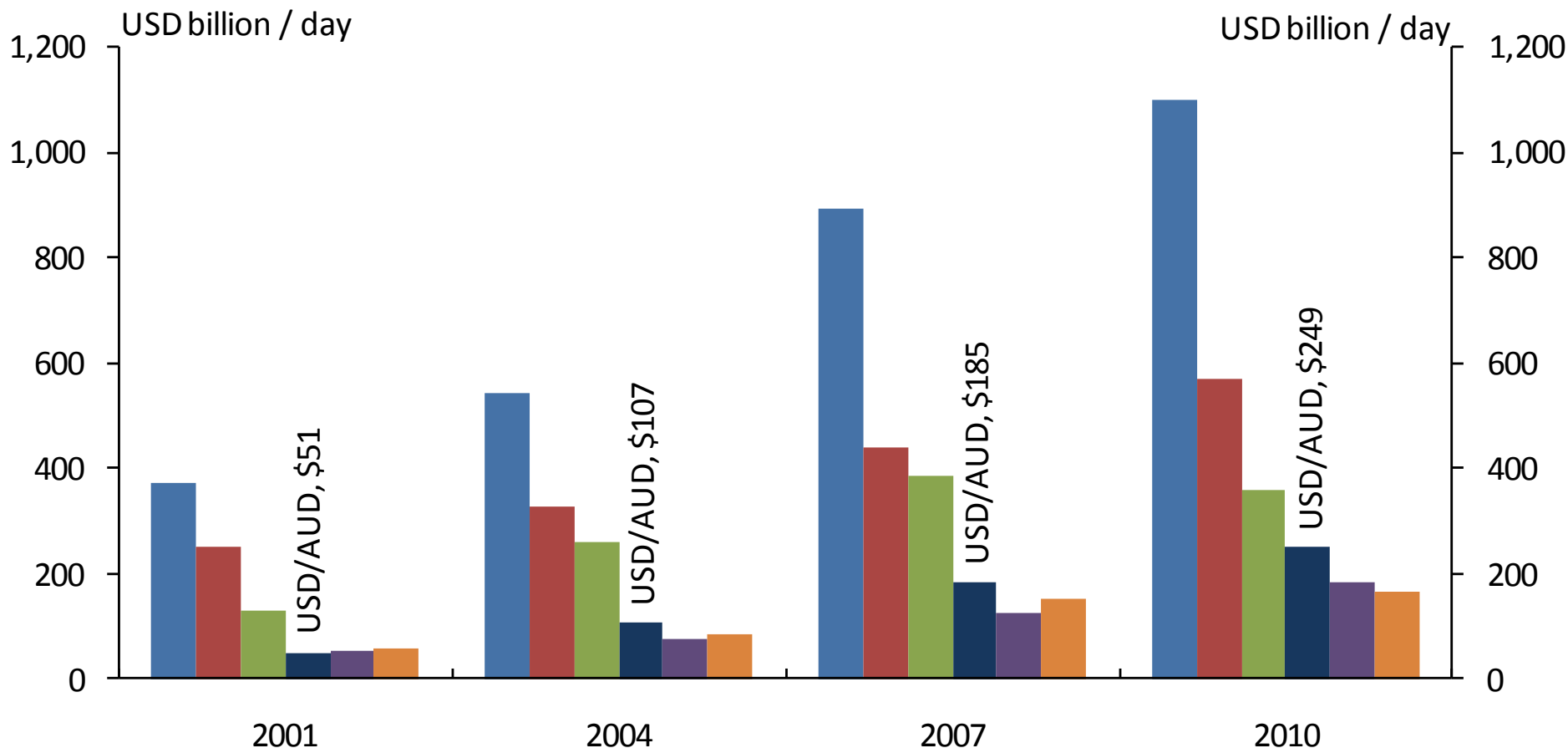
Note: Because two currencies are involved in each transaction, the shares sum to 200%.

Source: BIS (Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity in 2010)



The AUD/USD is the 4th most traded currency pair

■ USD/EUR ■ USD/JPY ■ USD/GBP ■ USD/AUD ■ USD/CAD ■ USD/CHF

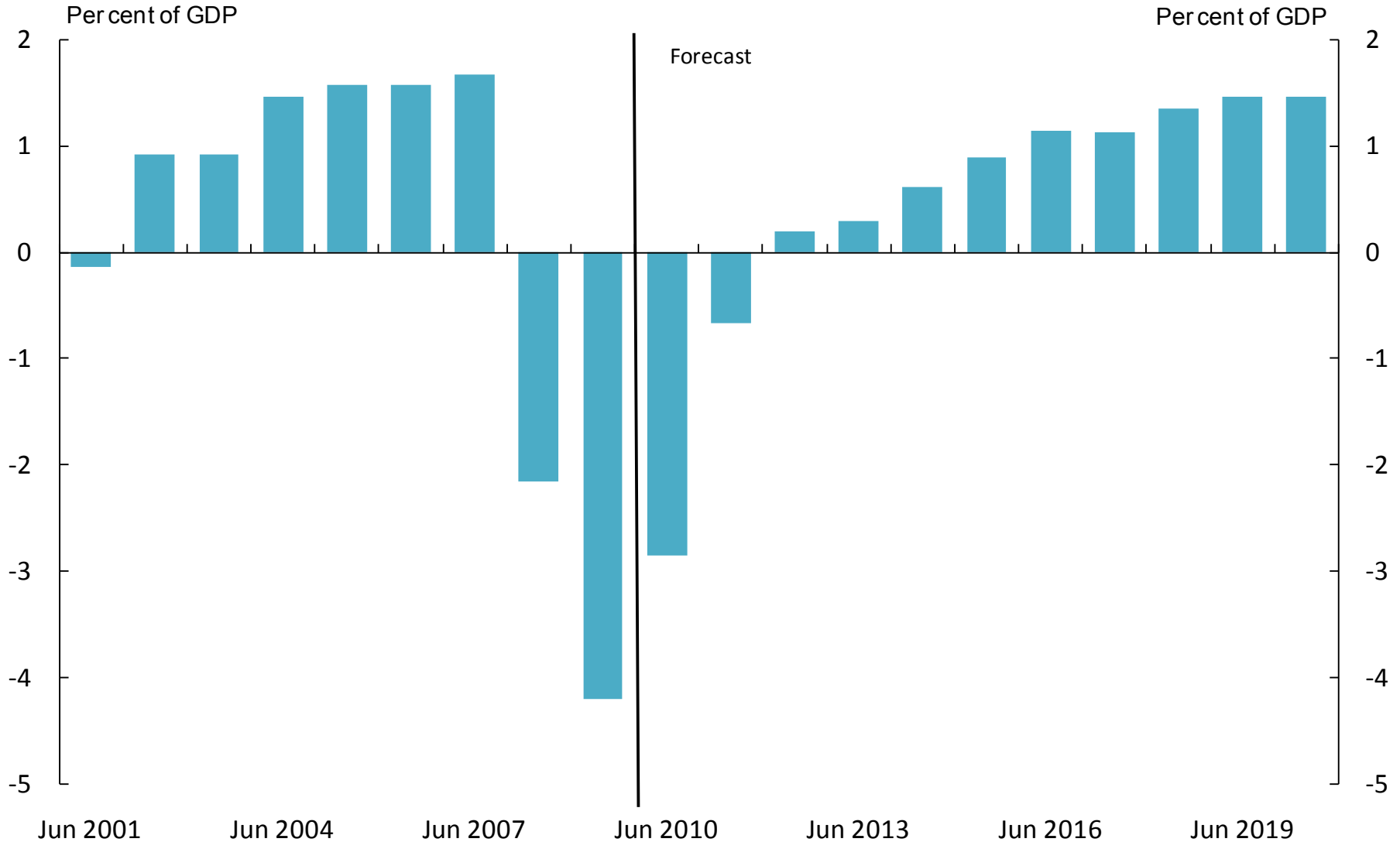


Global FX market turnover by currency pair

Source: BIS (Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity in 2010)

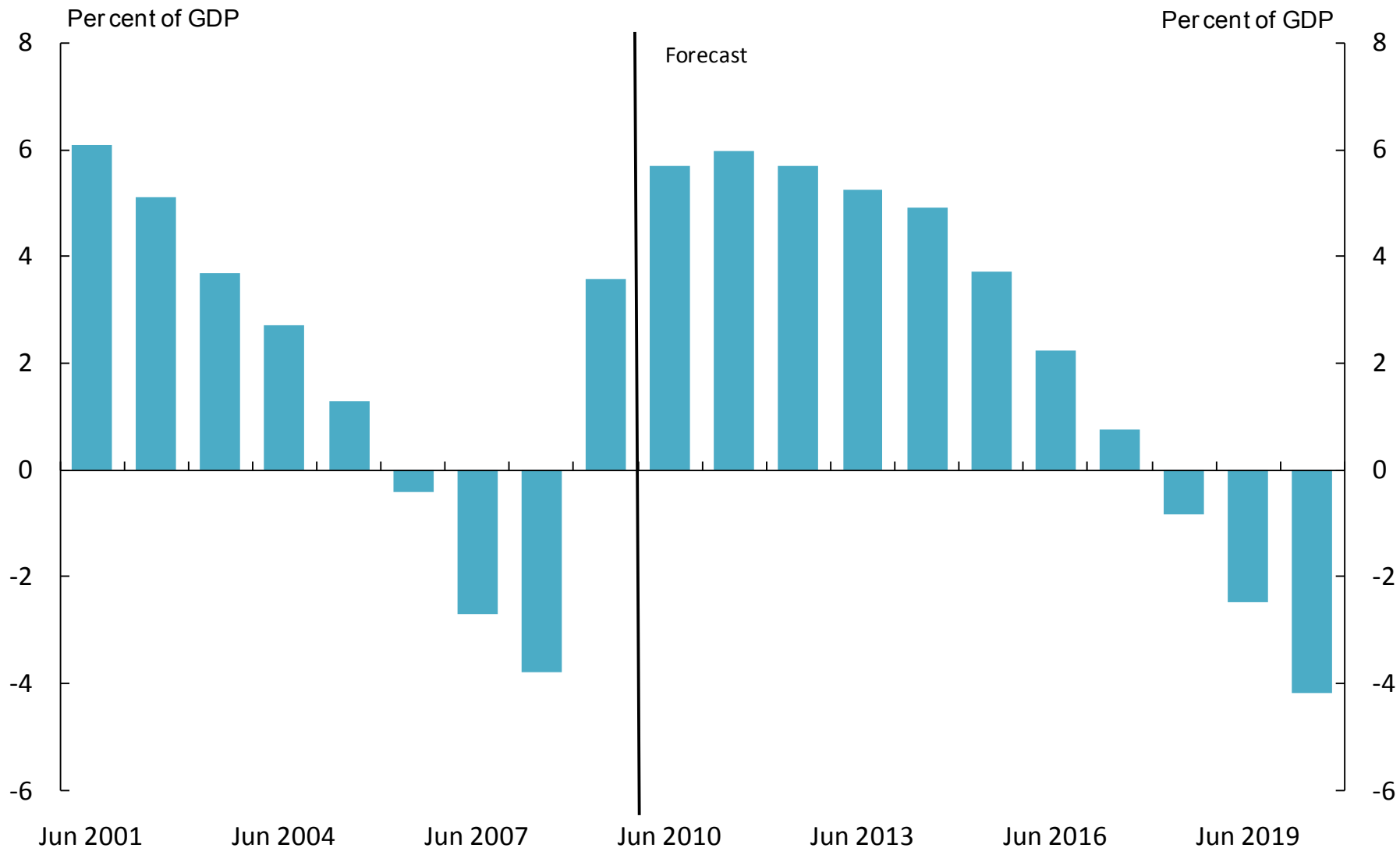


Australian Government budget balance



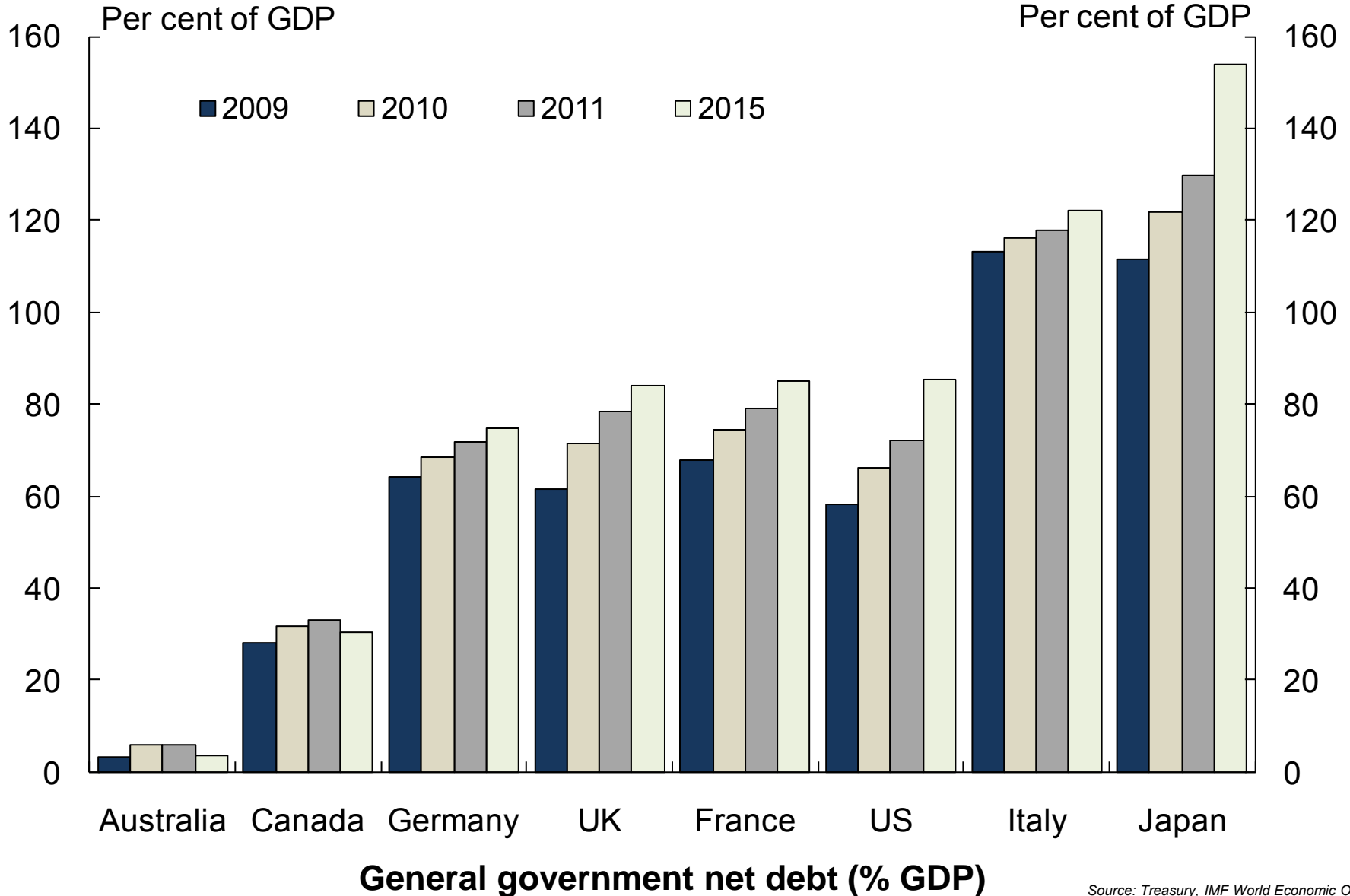


Australian Government net debt



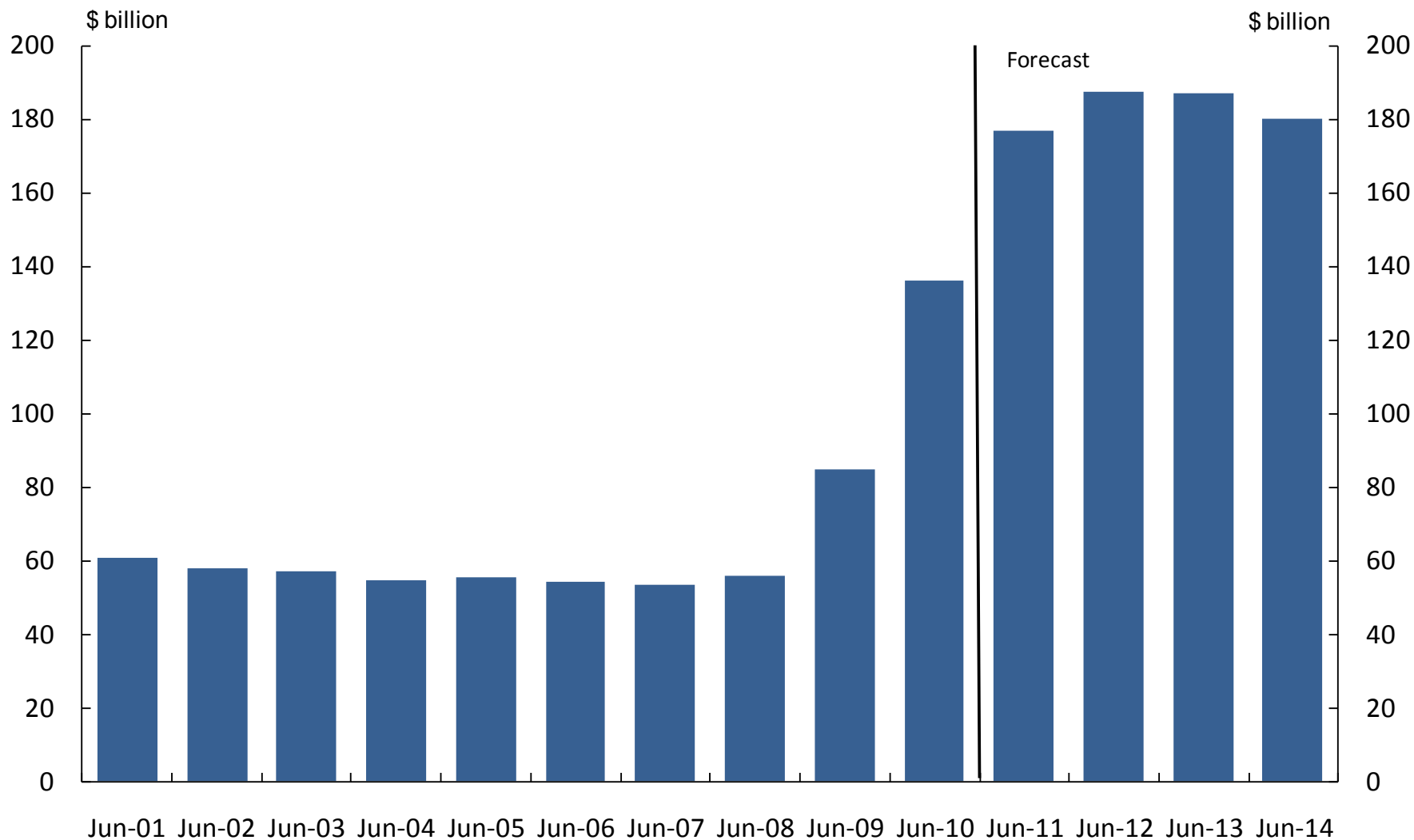


Government net debt





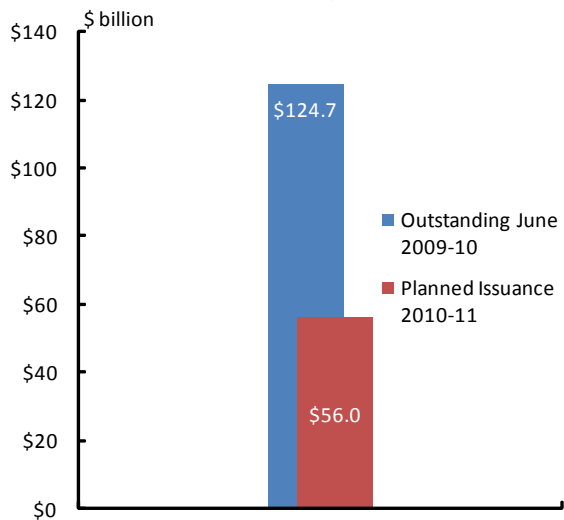
Australian Government bonds on issue



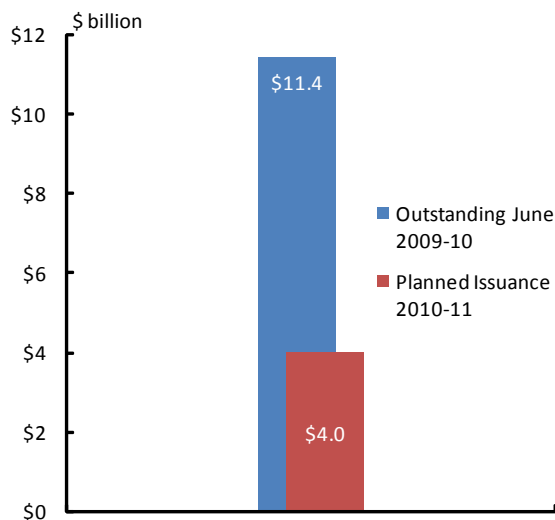


Australian Government Securities

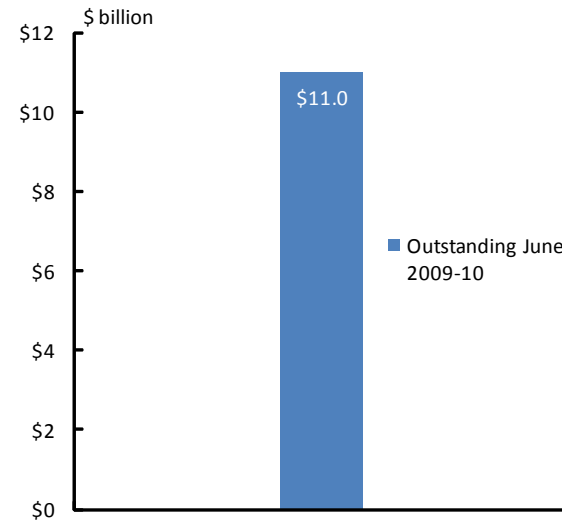
Treasury Bonds



Treasury Indexed Bonds



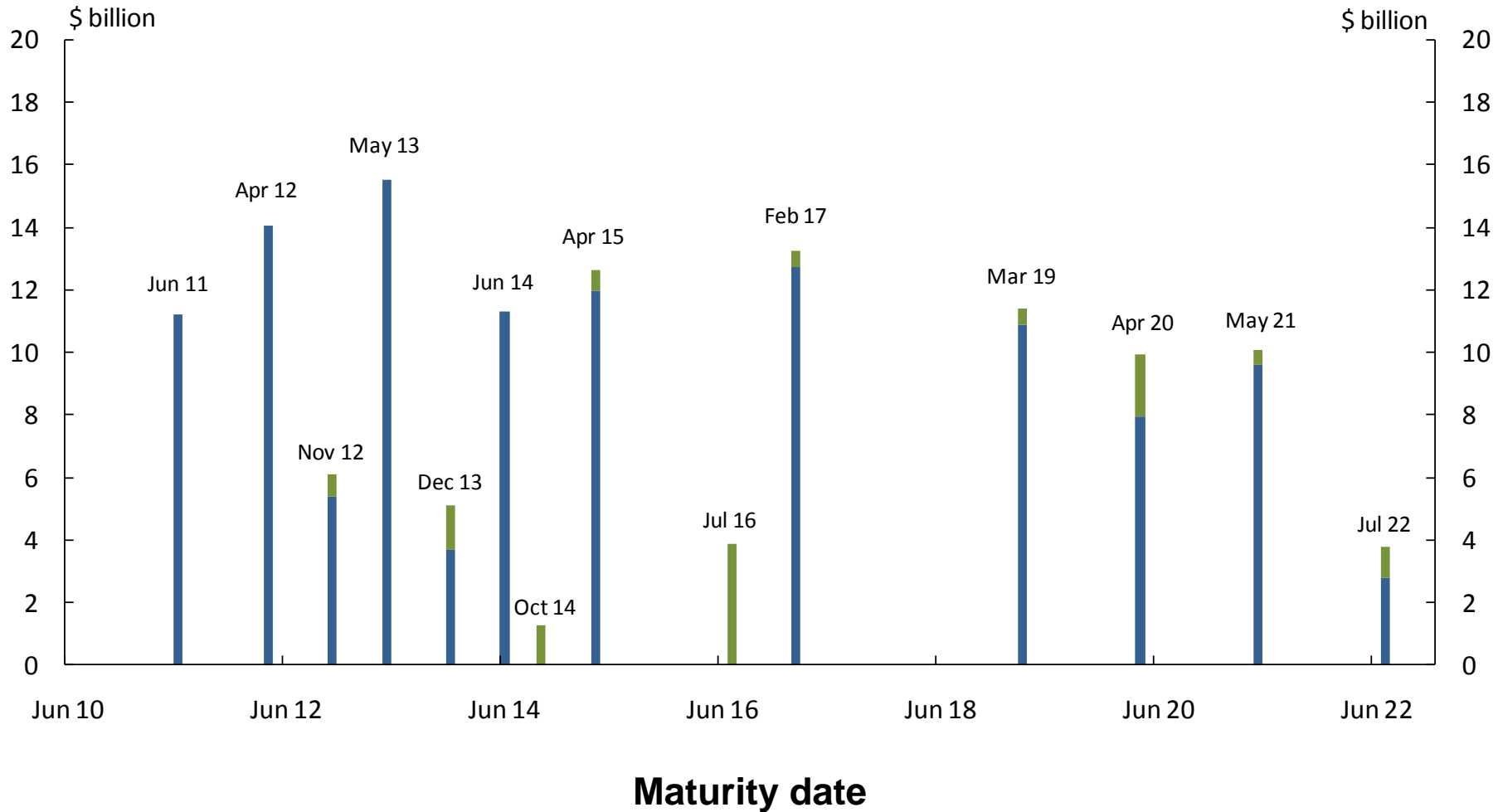
Treasury Notes





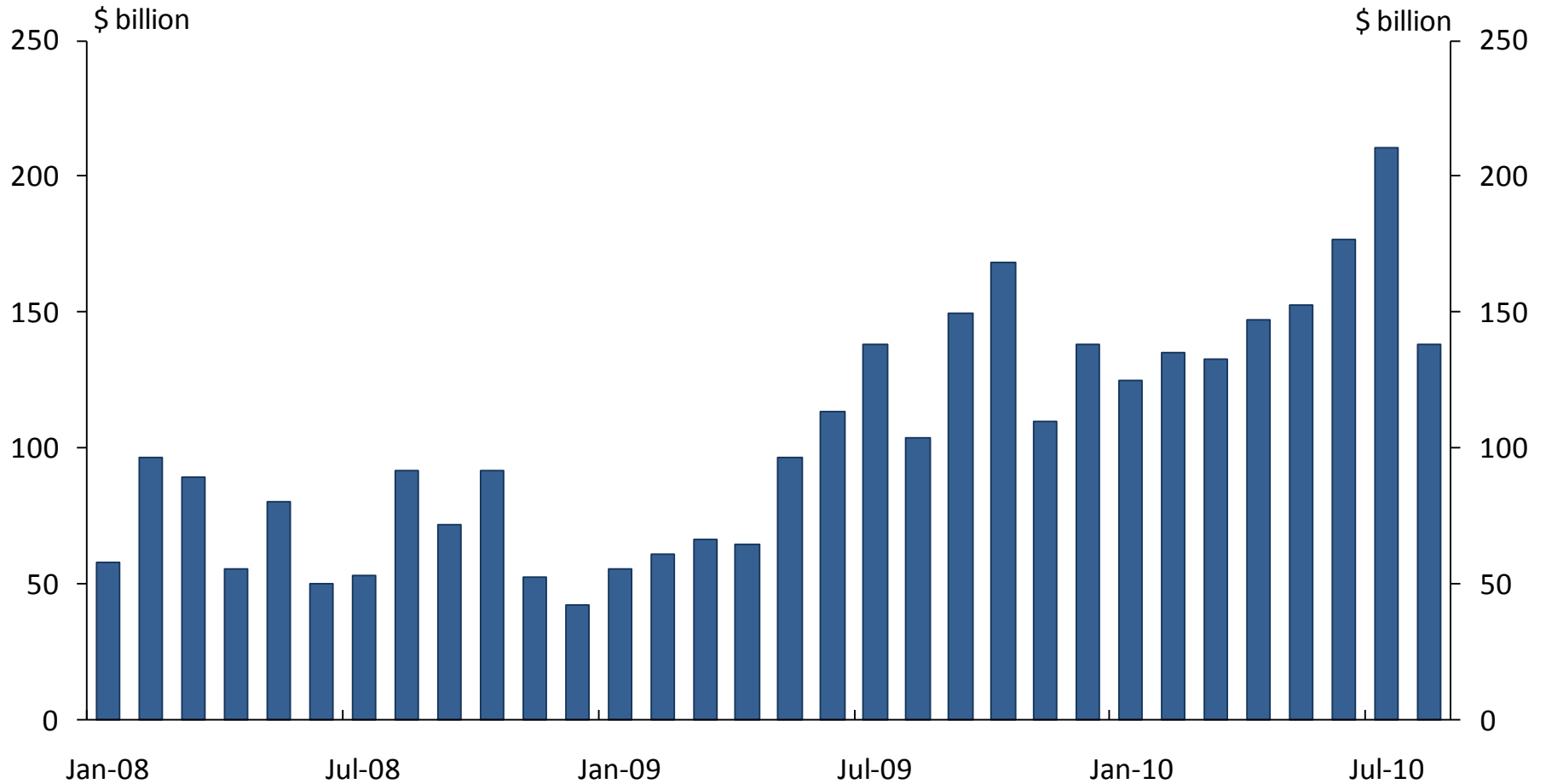
Treasury Bonds at September 2010

■ Treasury Bonds outstanding end June 2010 ■ Additional Treasury Bonds issued to September 2010





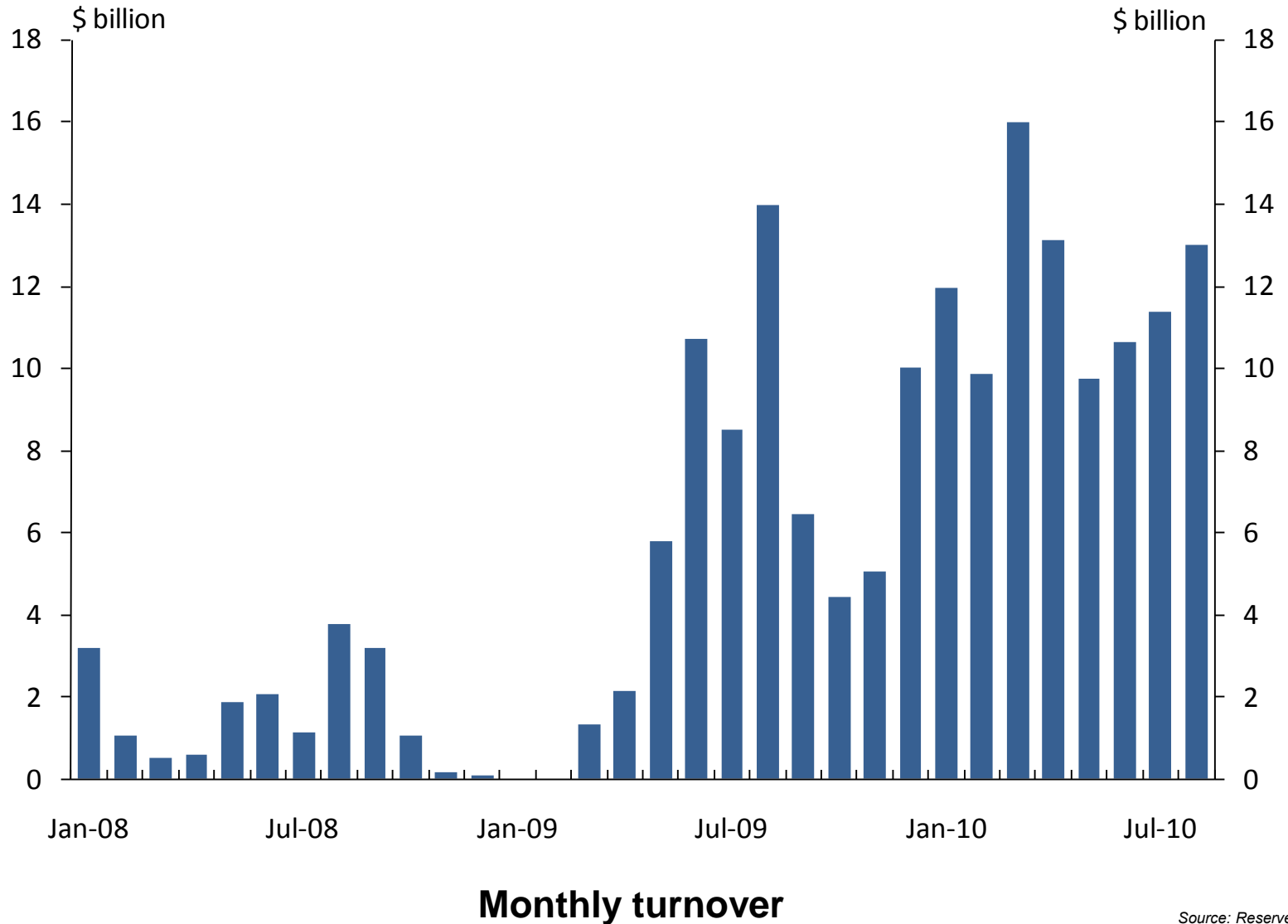
Treasury Bond turnover



Monthly turnover

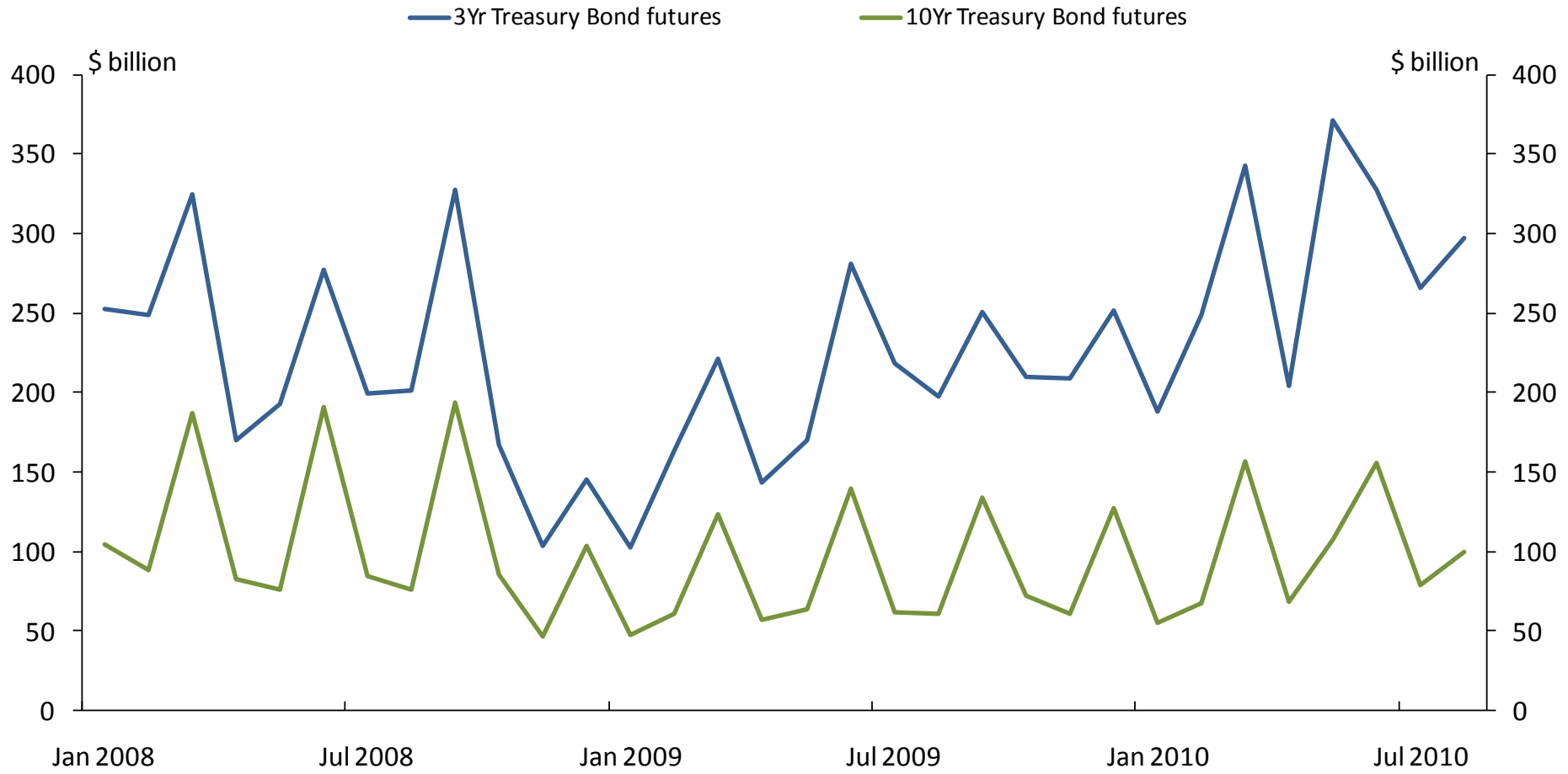


Treasury Bond repo activity





Treasury Bond futures market

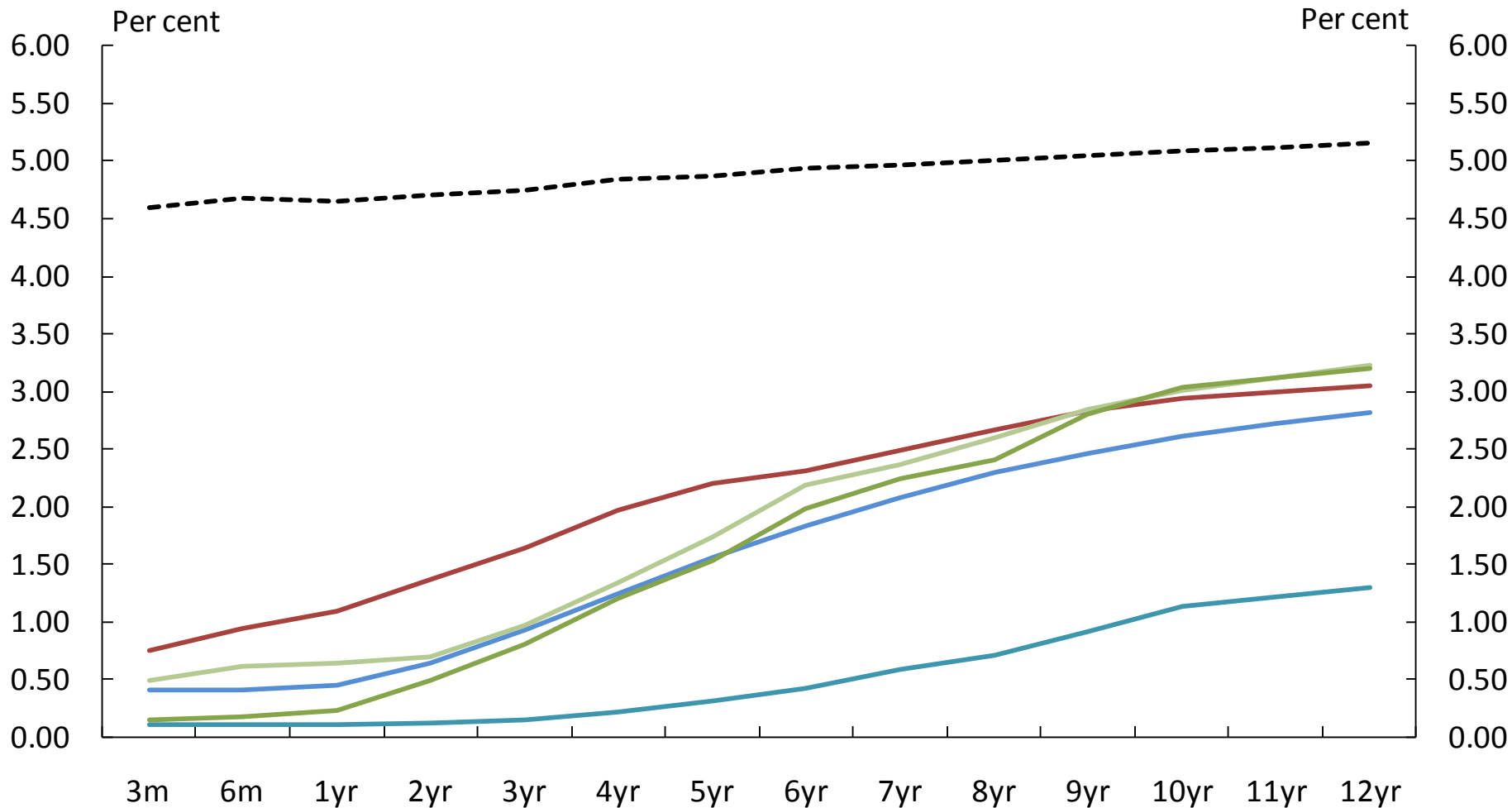


Monthly turnover



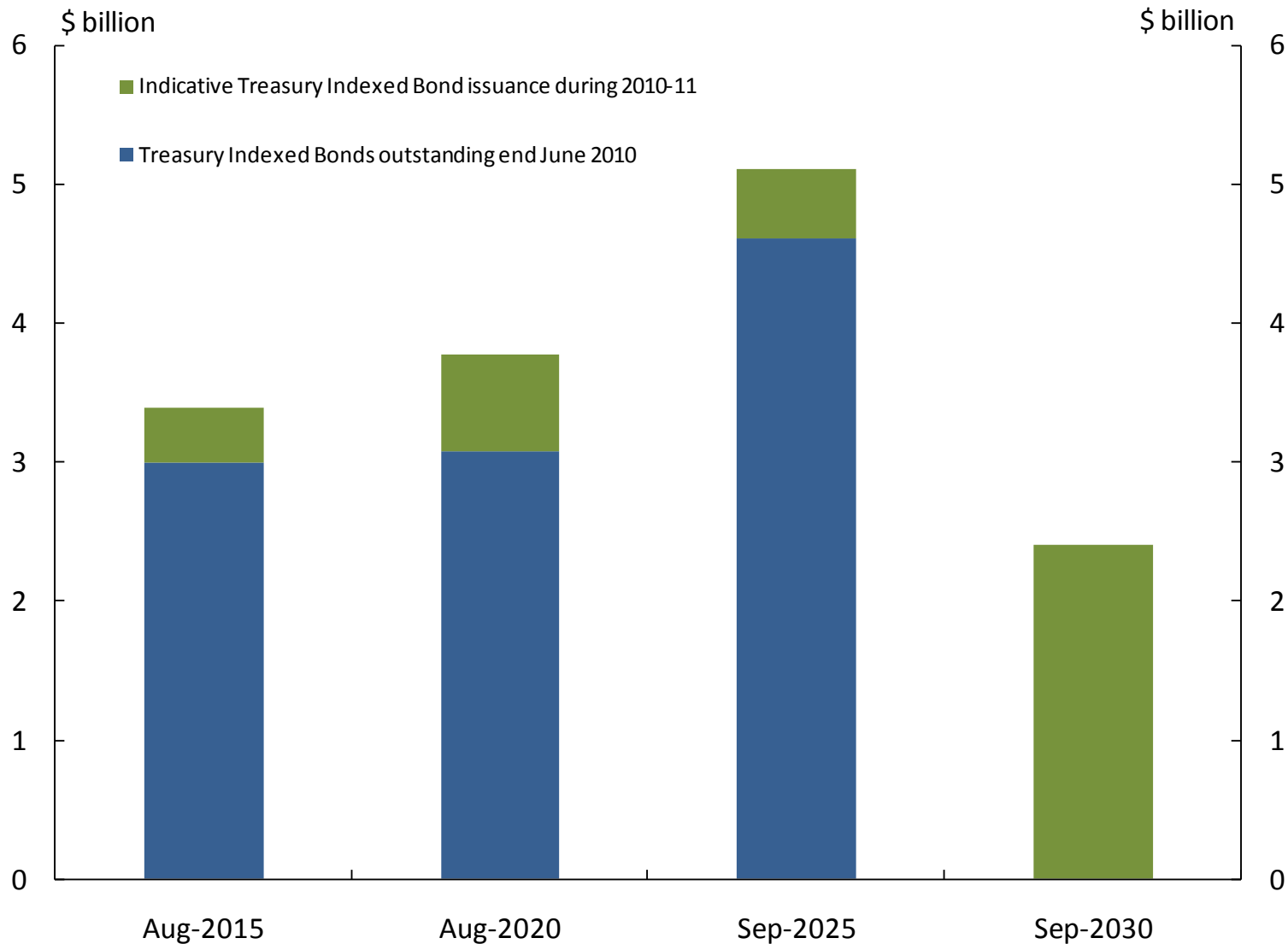
Sovereign yield curves

--- Australia — Canada — Eurozone — Japan — UK — US



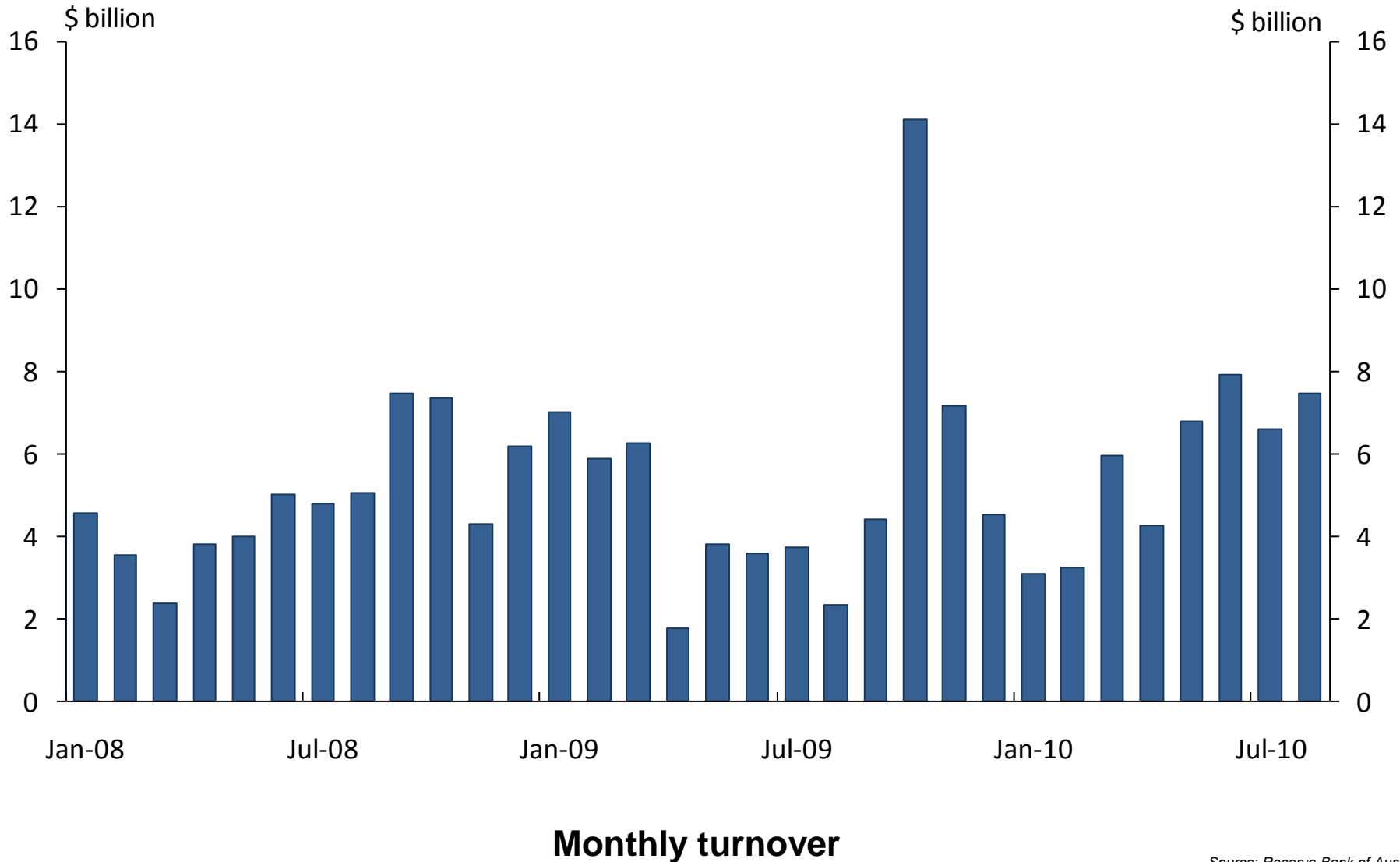


Treasury Indexed Bonds



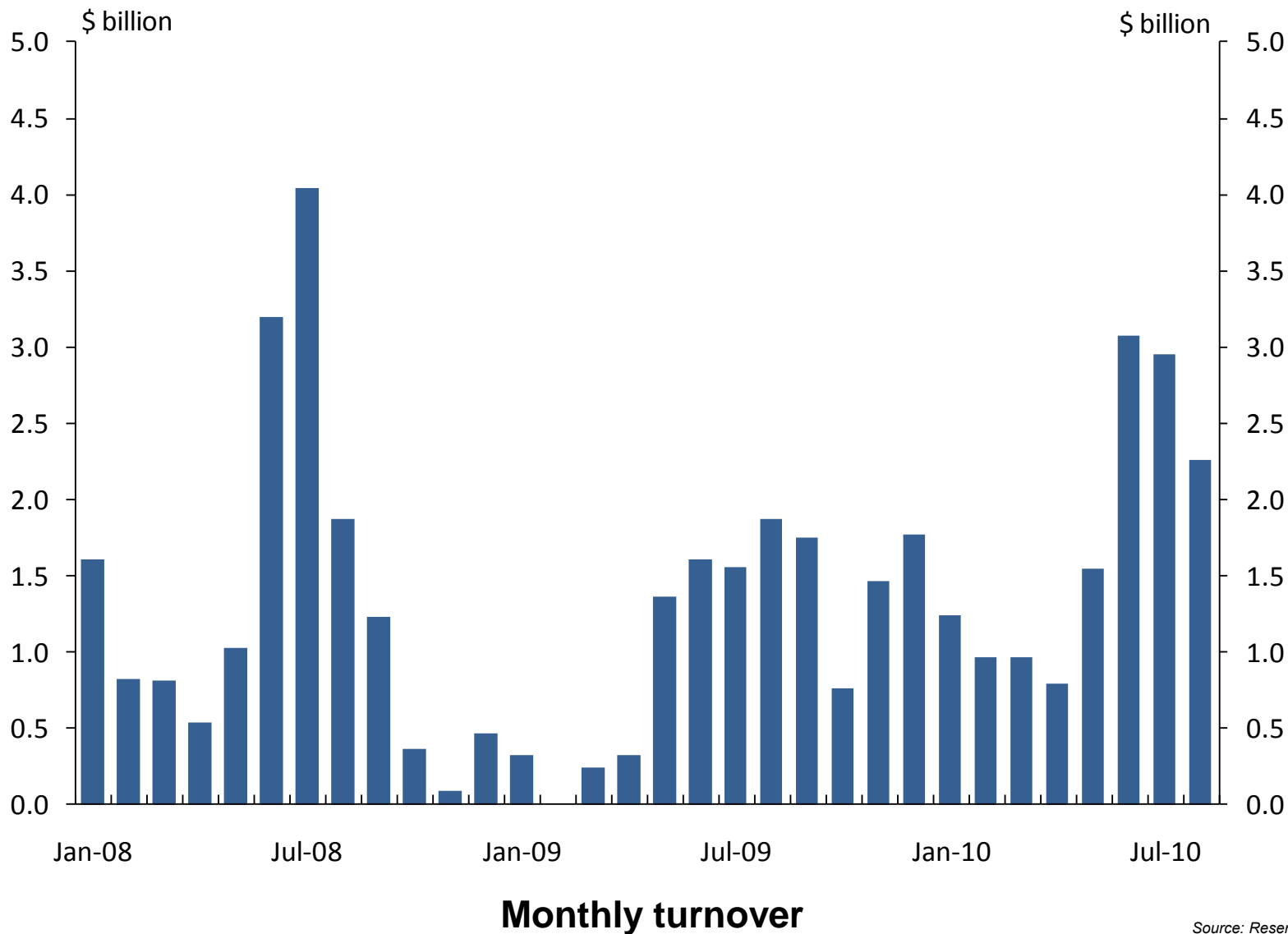


Turnover of Treasury Indexed Bonds



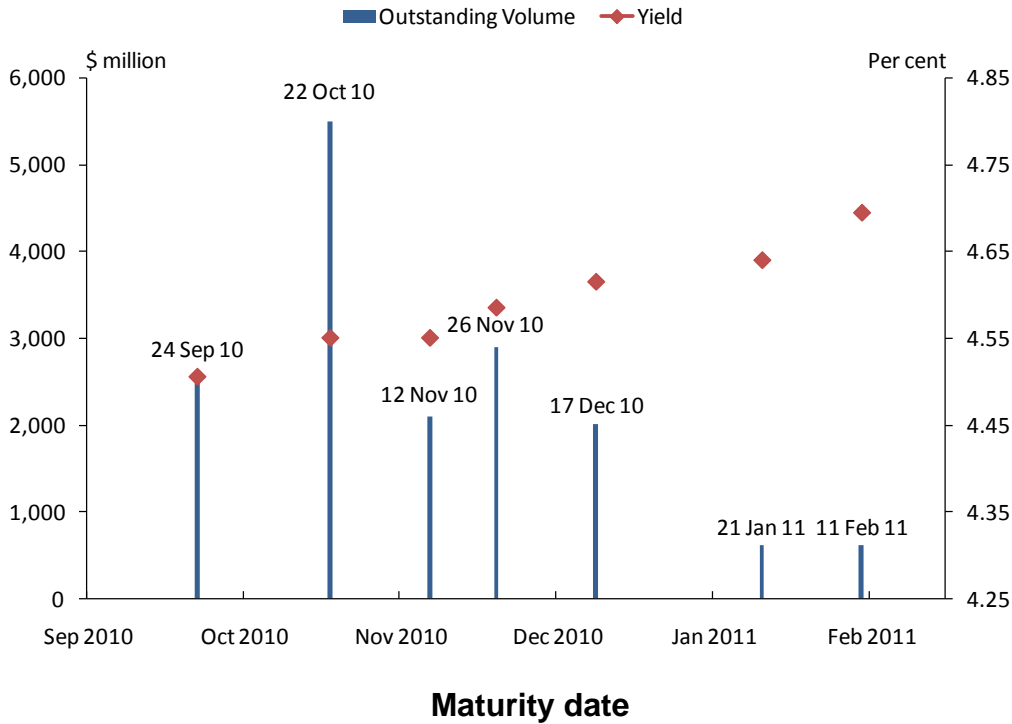


Treasury Indexed Bonds repo activity





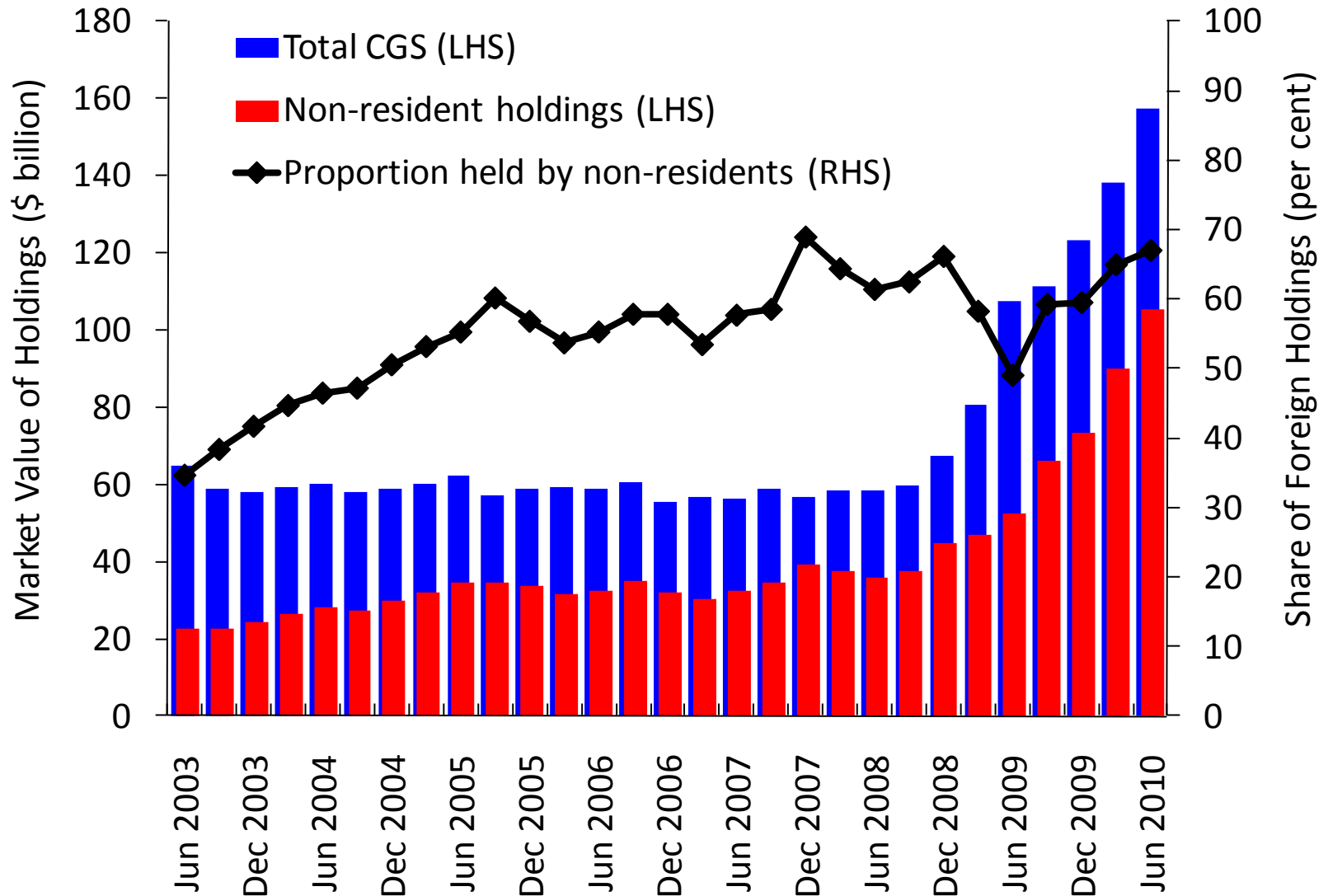
Treasury Notes



- Treasury Notes are short term instruments used to manage the Government's short term cash flows
- Terms mostly no longer than six months
- AUD 16.3 billion on issue at 14 September 2010



Strong international interest





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