

Investor Handout

MYEFO 2018-19 Update

Dec 2018



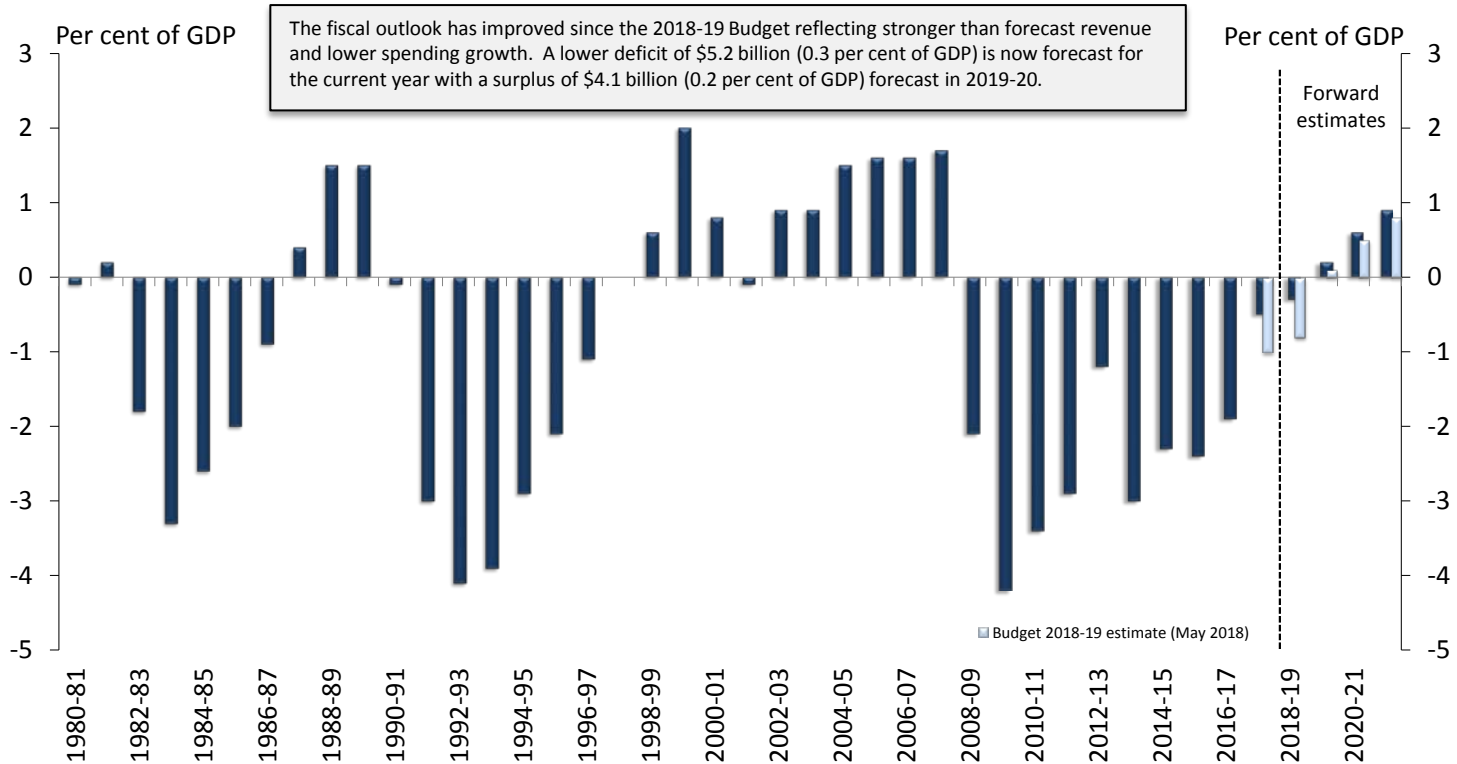
Australian Government

**Australian Office of
Financial Management**

**Australian
Government
Securities**

Australia's budget balance

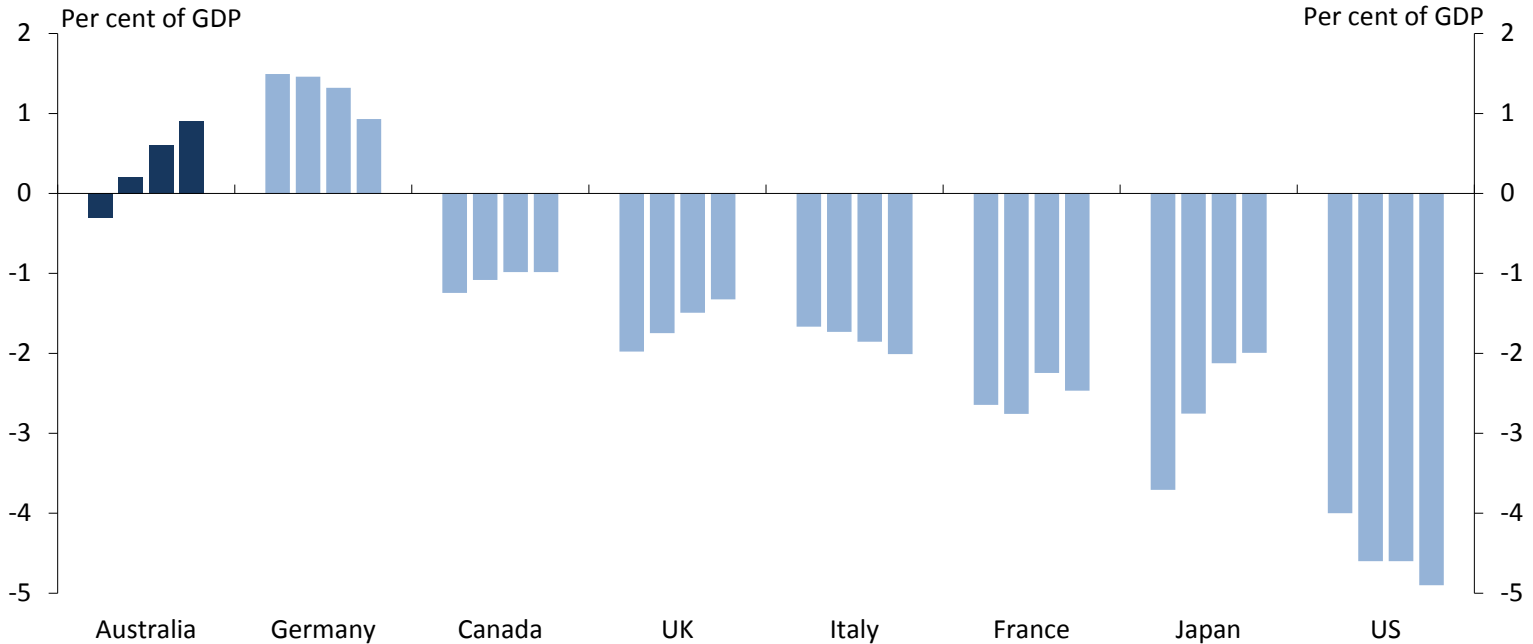
Underlying cash balance



Source: Treasury – MYEFO 2018-19

Comparison of Government Budget Balances

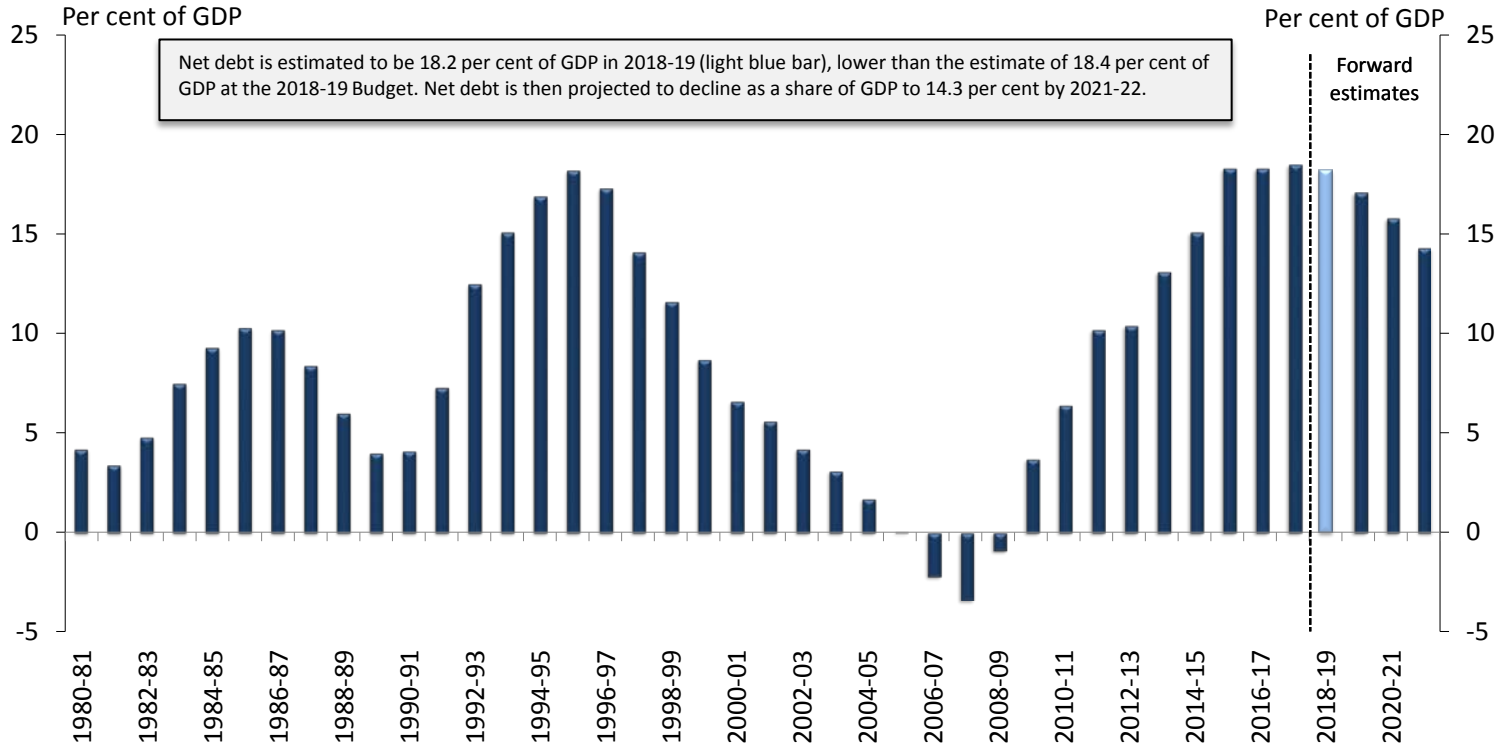
2018 to 2021 (forecast) for G7 and Australia



Note: Australian data are for the Australian Government general government sector for financial years commencing 2018-19. Data for the US represents the US fiscal year for the general government sector. Data for all other countries are for total government and refer to calendar years commencing 2018.

Source: Treasury – MYEFO 2018-19, IMF Fiscal Monitor October 2018, US CBO Baseline Budget Projections April 2018

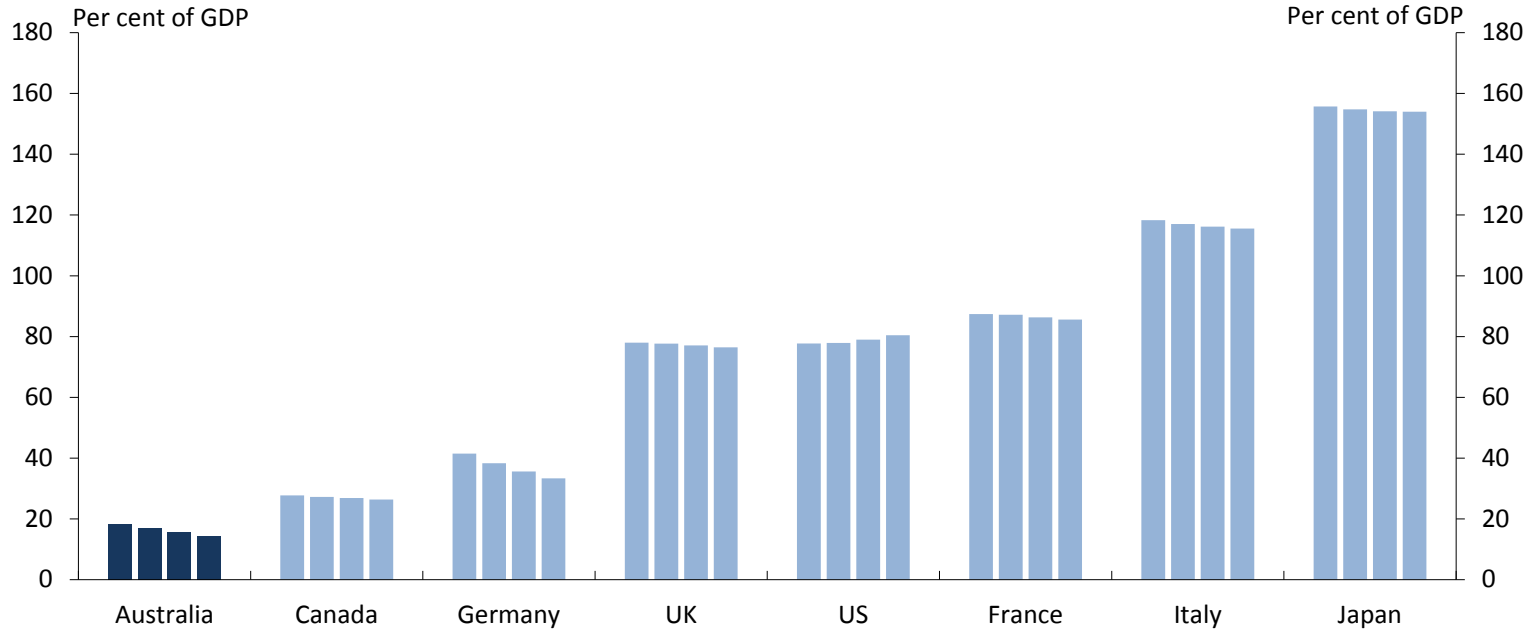
Australia's net debt position



Source: Treasury – MYEFO 2018-19

Comparison of Government Net Debt

2018 to 2021 (forecast) for G7 and Australia

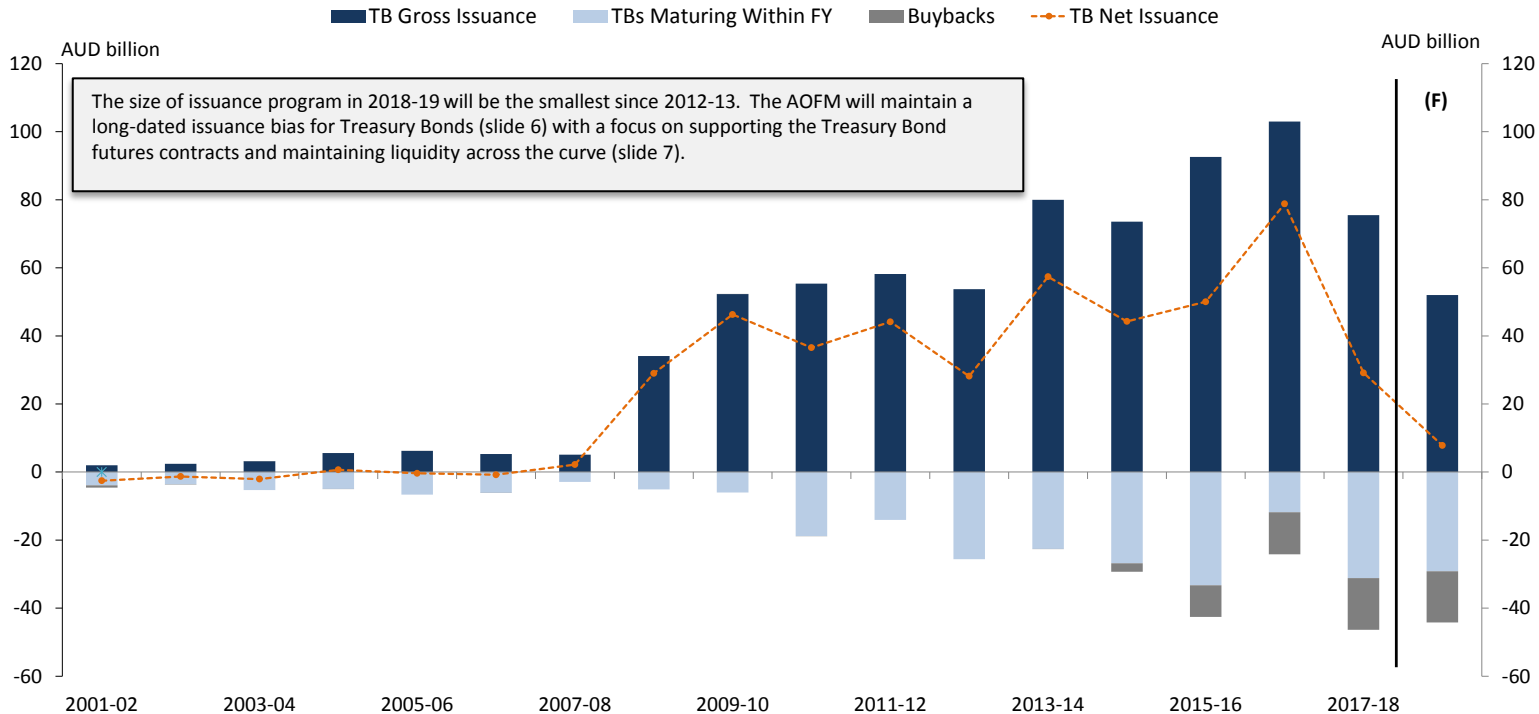


Note: Australian data are for the Australian Government general government sector for financial years commencing 2018-19. Data for all other countries are for total government and refer to calendar years commencing 2018.

Source: Treasury – MYEFO 2018-19, IMF Fiscal Monitor

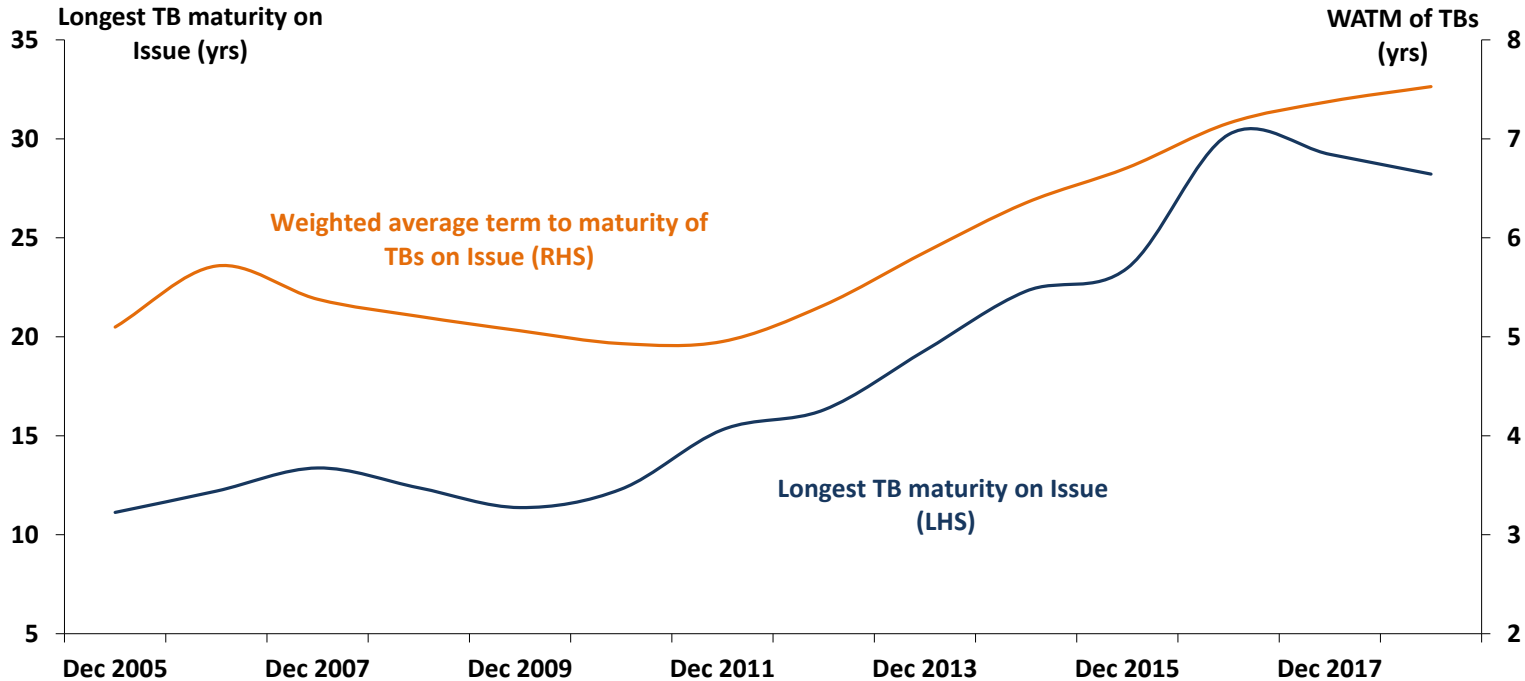
Composition of Treasury Bond (TB) Issuance

Face value



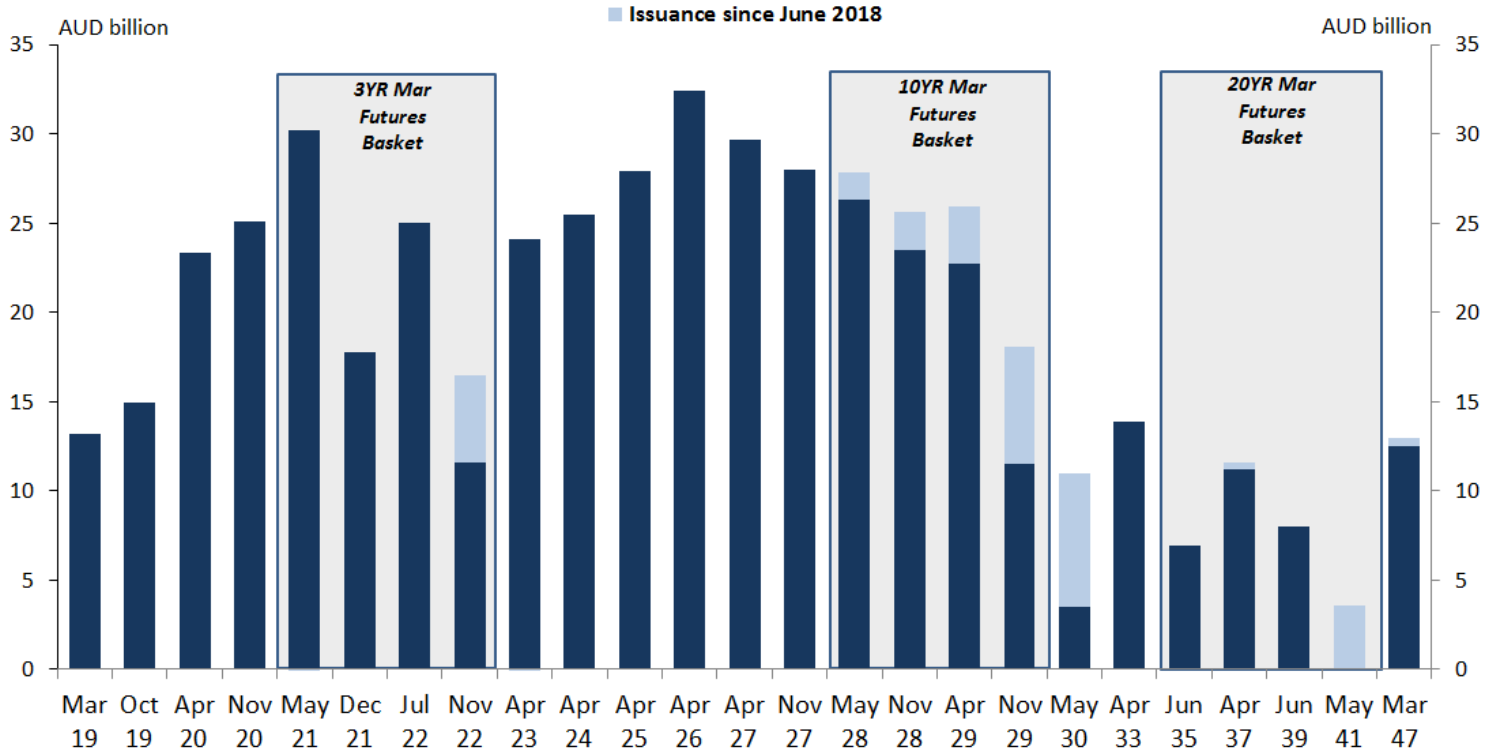
Source: AOFM, Treasury – MYEFO 2018-19

Treasury Bond curve extension and long issuance bias



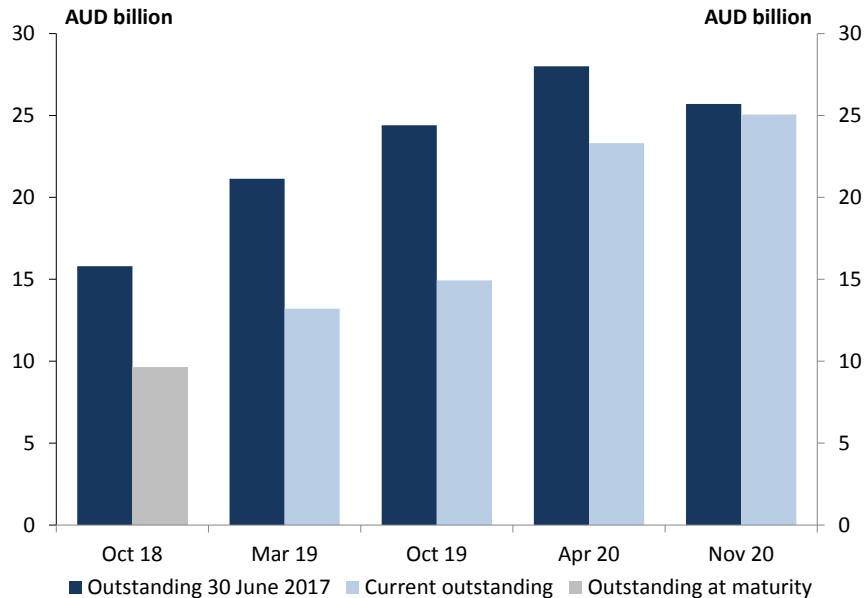
Source: AOFM

Treasury Bonds on Issue



Source: AOFM

Buybacks of short-dated Treasury Bonds since June 2017



Buybacks of short-dated Treasury Bonds reduces the amount outstanding at maturity.

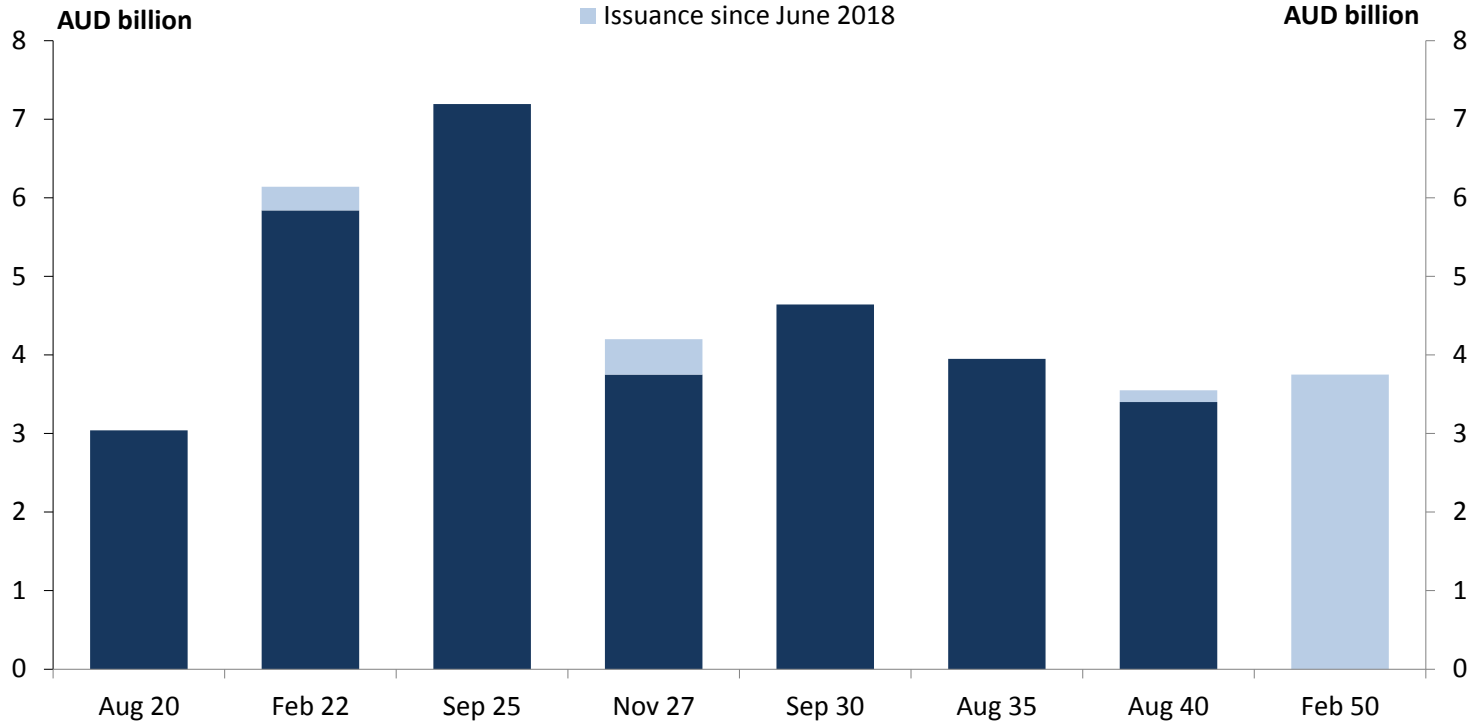
Buybacks:

- assist the AOFM in its cash management task around the time of bond maturities
- assist the RBA in its liquidity management operations
- contribute to an orderly and efficient Treasury Bond market.

Source: AOFM

Treasury Indexed Bonds on Issue

Amount shown is the face value unadjusted for changes in the CPI adjusted capital value of the bond



Source: AOFM

Australian Government Securities

Three instruments available

Treasury Bonds

Amount Outstanding

AUD 499.1 billion

25 lines on issue

Maturities range from 2019 to 2047

Gross Issuance 2018-19 (F)

Around AUD 52 billion

Treasury Indexed Bonds

Amount Outstanding

AUD 36.5 billion

8 lines on issue

Maturities range from 2020 to 2050

Gross Issuance 2018-19 (F)

Around AUD 6 billion

Treasury Notes

Amount Outstanding

AUD 2.5 billion

Further information

- *At the time of the 2018-19 Budget, the AOFM planned to establish new bond lines maturing in September 2023 and December 2030. These lines are no longer planned to be issued.*
- *A syndication of an existing ultra-long bond line may still be considered.*
- *Buybacks of around AUD 15 billion for bonds maturing in future financial years are expected in 2018-19.*
- *Treasury Indexed Bonds will continue to be issued to support the market.*

Note:
Amount shown for Treasury Indexed Bonds is based upon the face value of the bonds outstanding unadjusted for changes in the CPI adjusted capital value.

Turnover – Treasury Bonds

Year ending 30 June 2018

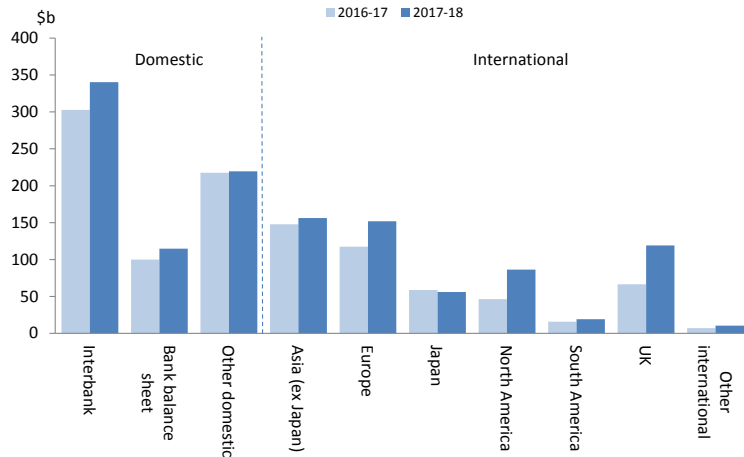
Total turnover A\$1.3 trillion (2017-18)

A\$1.1 trillion (2016-17)

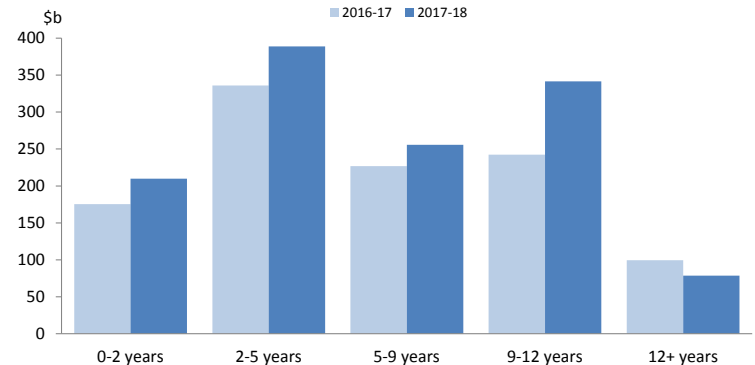
Monthly average A\$108 billion (2017-18)

A\$90 billion (2016-17)

Turnover by category



Turnover by tenor



The AOFM relies on the data provided by survey respondents and cannot guarantee the accuracy of this data.

Turnover – Treasury Indexed Bonds

Year ending 30 June 2018

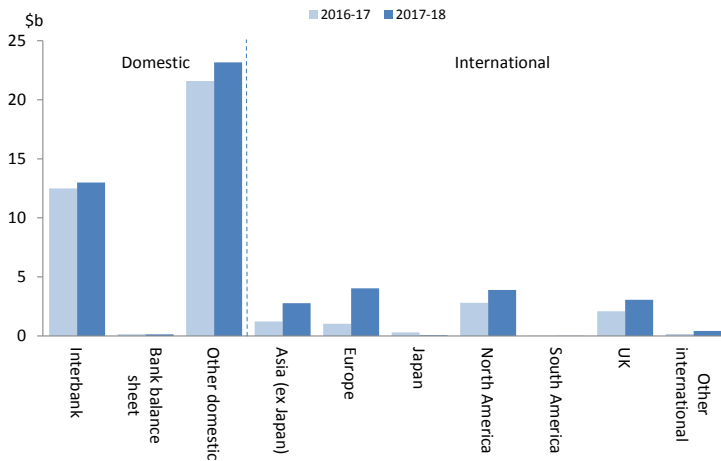
Total turnover A\$51 billion (2017-18)

A\$42 billion (2016-17)

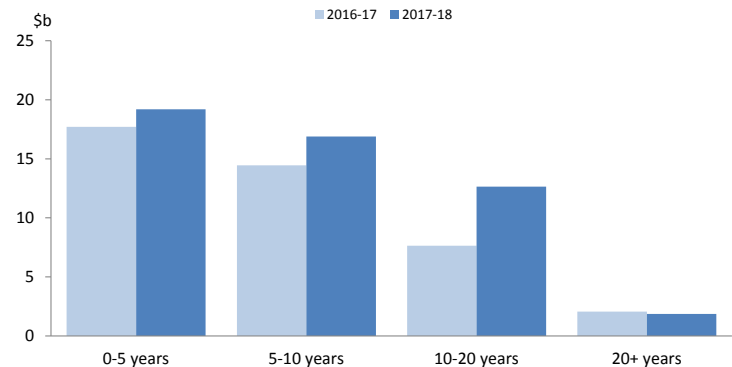
Monthly average A\$4.2 billion (2017-18)

A\$3.5 billion (2016-17)

Turnover by category



Turnover by tenor



The AOFM relies on the data provided by survey respondents and cannot guarantee the accuracy of this data.

Australian Government Bonds

<i>Treasury Bonds:</i>	<i>Volume Outstanding (AUD)</i>	<i>Yield (%)</i>	<i>Modified Duration</i>
5.25% 15 March 2019	13,210,237,000	1.77	0.23
2.75% 21 October 2019	14,932,318,000	1.95	0.82
4.50% 15 April 2020	23,313,716,000	1.98	1.27
1.75% 21 November 2020	25,056,000,000	1.97	1.86
5.75% 15 May 2021	30,198,489,000	1.96	2.23
2.00% 21 December 2021	17,800,000,000	1.96	2.88
5.75% 15 July 2022	24,999,820,000	1.96	3.17
2.25% 21 November 2022	16,500,000,000	2.00	3.70
5.50% 21 April 2023	24,099,820,000	2.04	3.84
2.75% 21 April 2024	25,500,000,000	2.15	4.88
3.25% 21 April 2025	27,900,000,000	2.25	5.64
4.25% 21 April 2026	32,400,000,000	2.32	6.27
4.75% 21 April 2027	29,699,566,000	2.37	6.90
2.75% 21 November 2027	28,000,000,000	2.42	7.78
2.25% 21 May 2028	27,800,000,000	2.44	8.32
2.75% 21 November 2028	25,600,000,000	2.44	8.54
3.25% 21 April 2029	25,899,803,000	2.44	8.67
2.75% 21 November 2029	18,100,000,000	2.46	9.29
2.50% 21 May 2030	11,000,000,000	2.48	9.75
4.50% 21 April 2033	13,900,000,000	2.59	10.78
2.75% 21 June 2035	6,950,000,000	2.70	13.04
3.75% 21 April 2037	11,600,000,000	2.75	13.35
3.25% 21 June 2039	8,000,000,000	2.82	14.90
2.75% 21 May 2041	3,600,000,000	2.88	16.31
3.00% 21 March 2047	13,000,000,000	2.94	18.61
<i>Total:</i>	499,059,769,000		<i>Portfolio:</i> 6.2
<i>Treasury Indexed Bonds:</i>	<i>Volume Outstanding (AUD)</i>	<i>Yield (%)</i>	<i>Modified Duration</i>
4.00% 20 August 2020	3,040,282,000	0.51	1.61
1.25% 21 February 2022	6,140,106,000	0.50	3.10
3.00% 20 September 2025	7,193,073,000	0.67	6.15
0.75% 21 November 2027	4,200,000,000	0.72	8.57
2.50% 20 September 2030	4,642,720,000	0.77	10.30
2.00% 21 August 2035	3,950,000,000	0.89	14.30
1.25% 21 August 2040	3,550,000,000	0.96	18.91
1.00% 21 February 2050	3,750,000,000	1.02	26.52
<i>Total:</i>	36,466,181,000		<i>Portfolio:</i> 9.6

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

Market Makers – Treasury Bonds

18 major international and domestic institutions willing to make markets in Treasury Bonds



Further information



Website: www.aofm.gov.au

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Parkes ACT 2600 Australia

General enquiries: enquiries@aofm.gov.au

Easy access to quoted yields

Web:

www.rba.gov.au

Bloomberg:

“AOFM Go” (*Homepage*)

“ACGB Govt Go” (*TBs and TIBs*)

“ACTB Govt Go” (*TNs*)

Thomson Reuters:

“AOFMINDEX” (*Homepage*)

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“0#AUILB=YBAU” or “0#AUTSYIL=” (*TIBs*)

“0#AUTNOTES=YBAU” (*TNs*)

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