



Australian Government

**Australian Office of
Financial Management**

Investor Handout

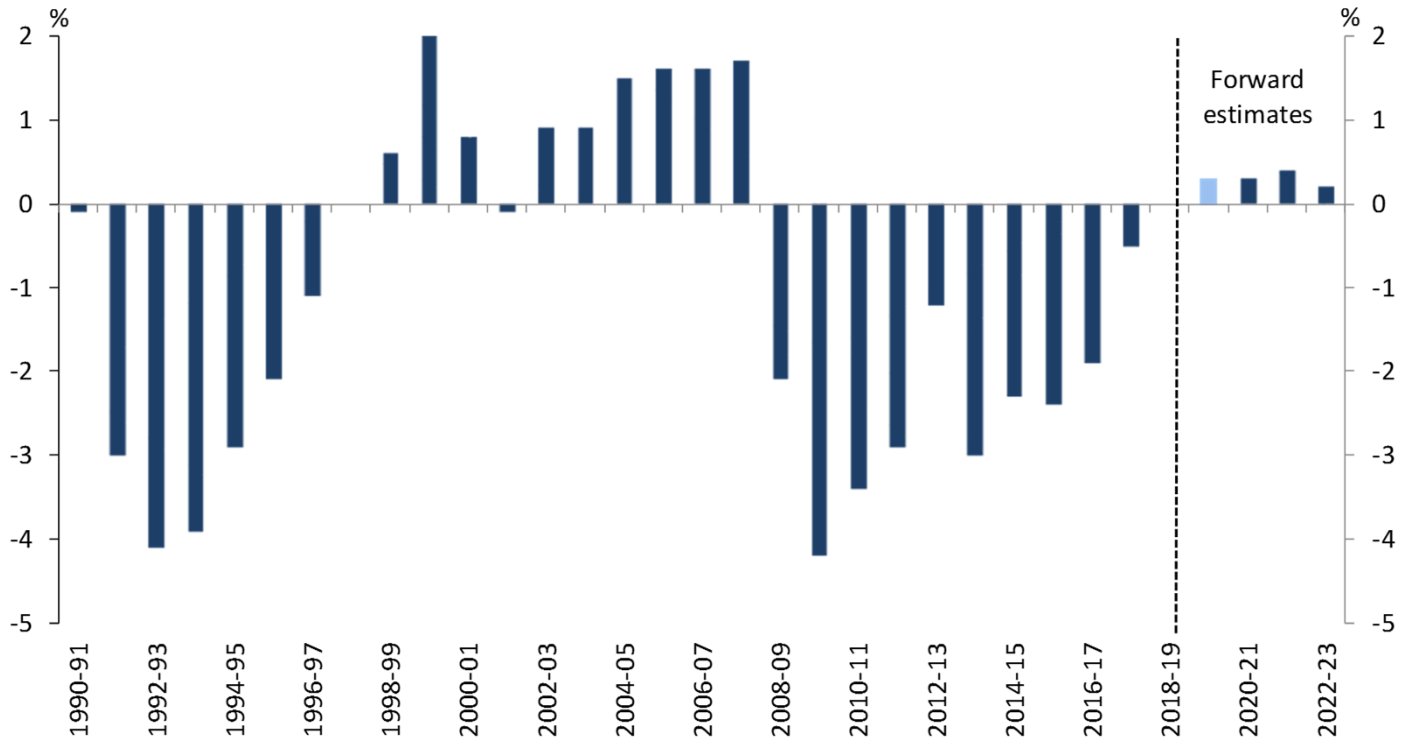
MYEFO 2019-20 Update

December 2019

**Australian
Government
Securities**

Australia's budget balance

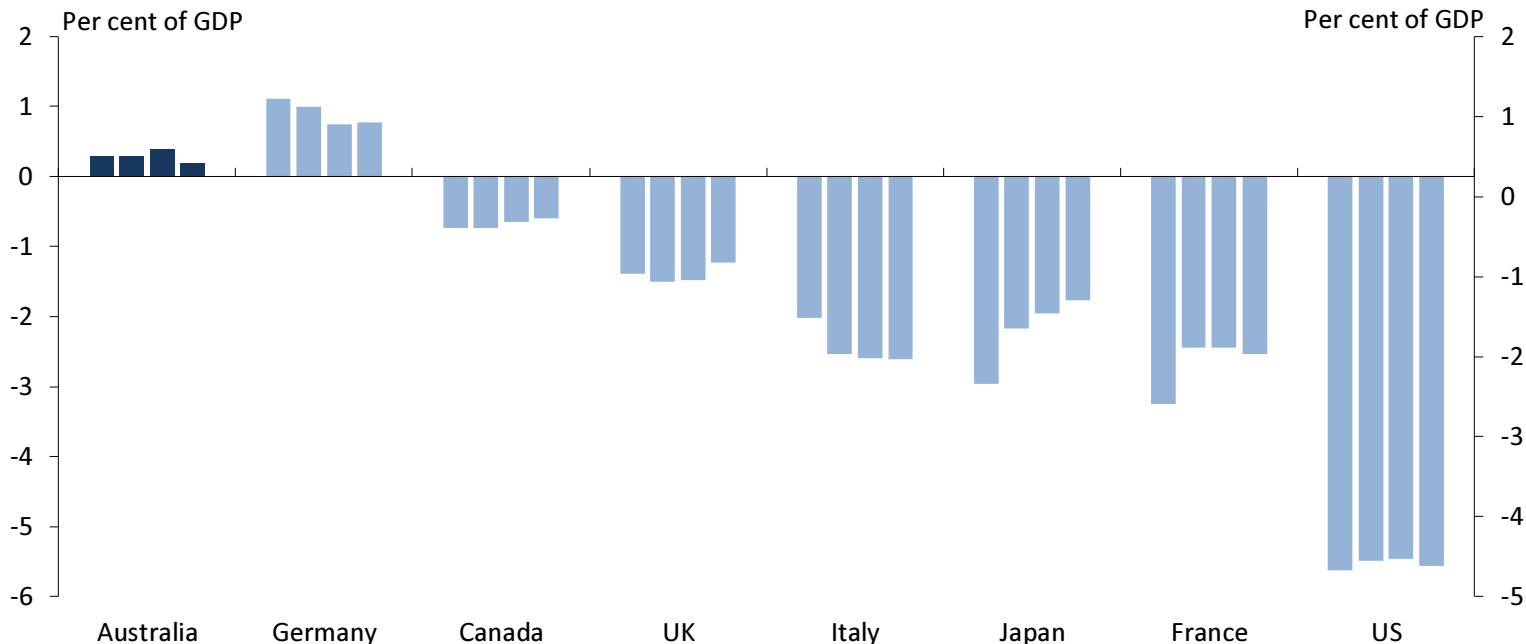
Underlying cash balance per cent of GDP



Source: Treasury – MYEFO 2019-20

Comparison of Government Budget Balances

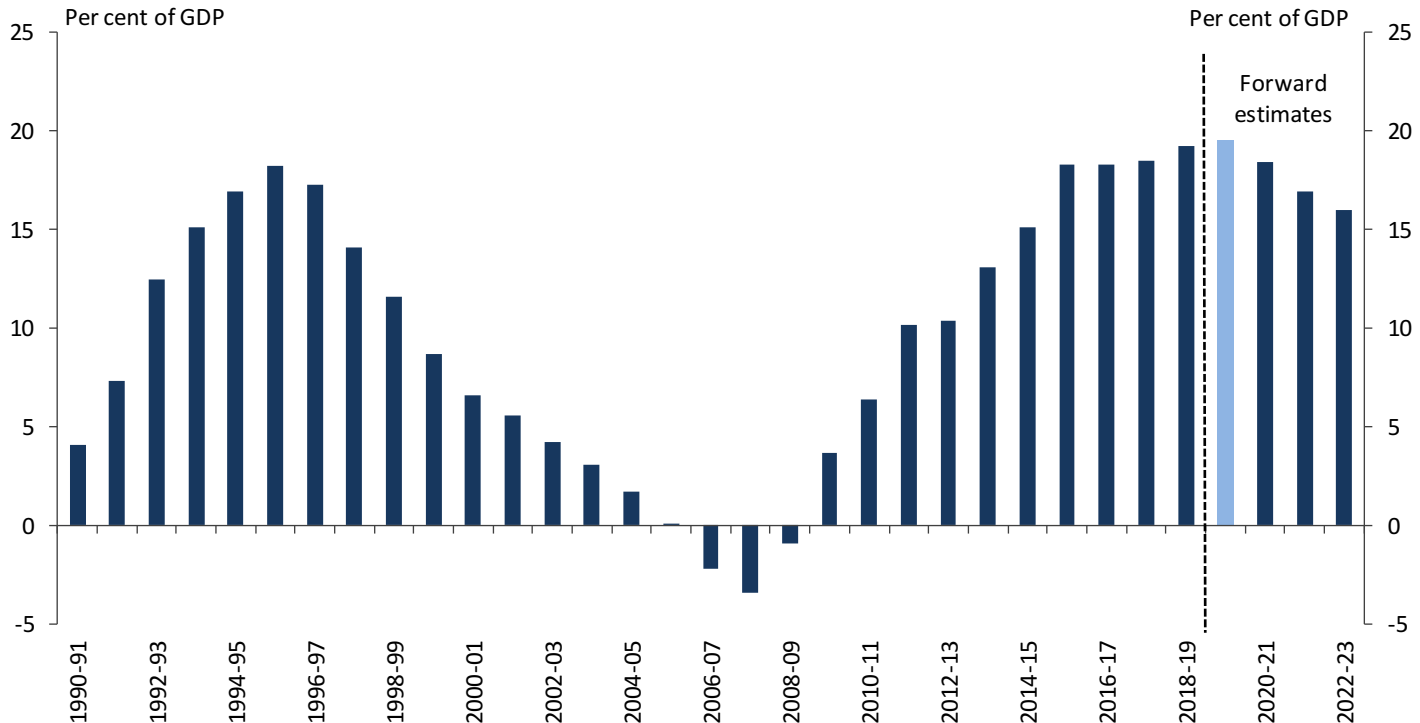
2019 to 2022 (forecast) for G7 and Australia



Note: Australian data are for the Australian Government general government sector for financial years commencing 2019-20. Data for all other countries are for total government and refer to calendar years commencing 2019.

Source: Treasury – MYEFO 2019-20, IMF Fiscal Monitor October 2019

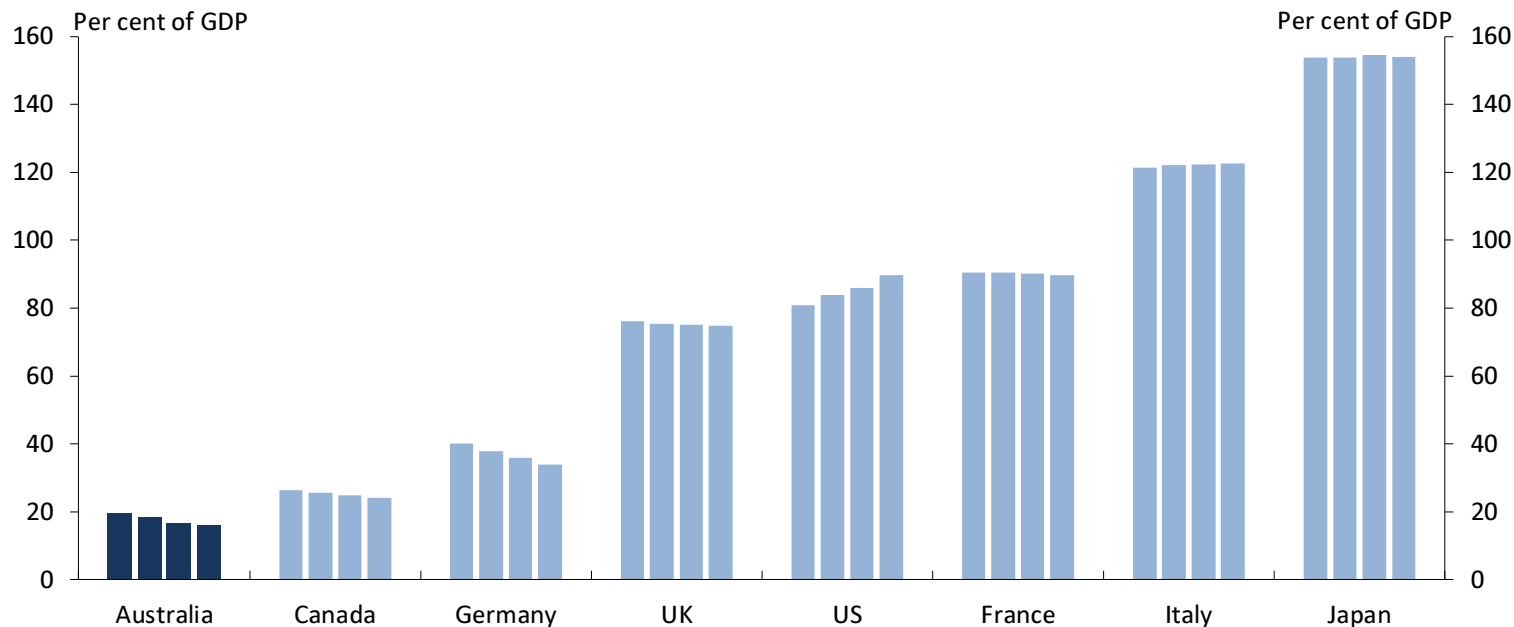
Australia's net debt position



Source: Treasury – MYEFO 2019-20

Comparison of Government Net Debt

2019 to 2022 (forecast) for G7 and Australia



Note: Australian data are for the Australian Government general government sector for financial years commencing 2019-20. Data for all other countries are for total government and refer to calendar years commencing 2019.

Source: Treasury – MYEFO 2019-20, IMF Fiscal Monitor October 2019

Australian Government Securities

Three instruments available

Treasury Bonds

Amount Outstanding

\$507.9 billion

24 lines on issue

Maturities range from 2020 to 2047

Gross Issuance 2019-20 (F)

Around \$55 billion

Treasury Indexed Bonds

Amount Outstanding

\$37.7 billion

8 lines on issue

Maturities range from 2020 to 2050

Gross Issuance 2019-20 (F)

\$2.0 billion to \$2.5 billion

Treasury Notes

Amount Outstanding

\$15.2 billion

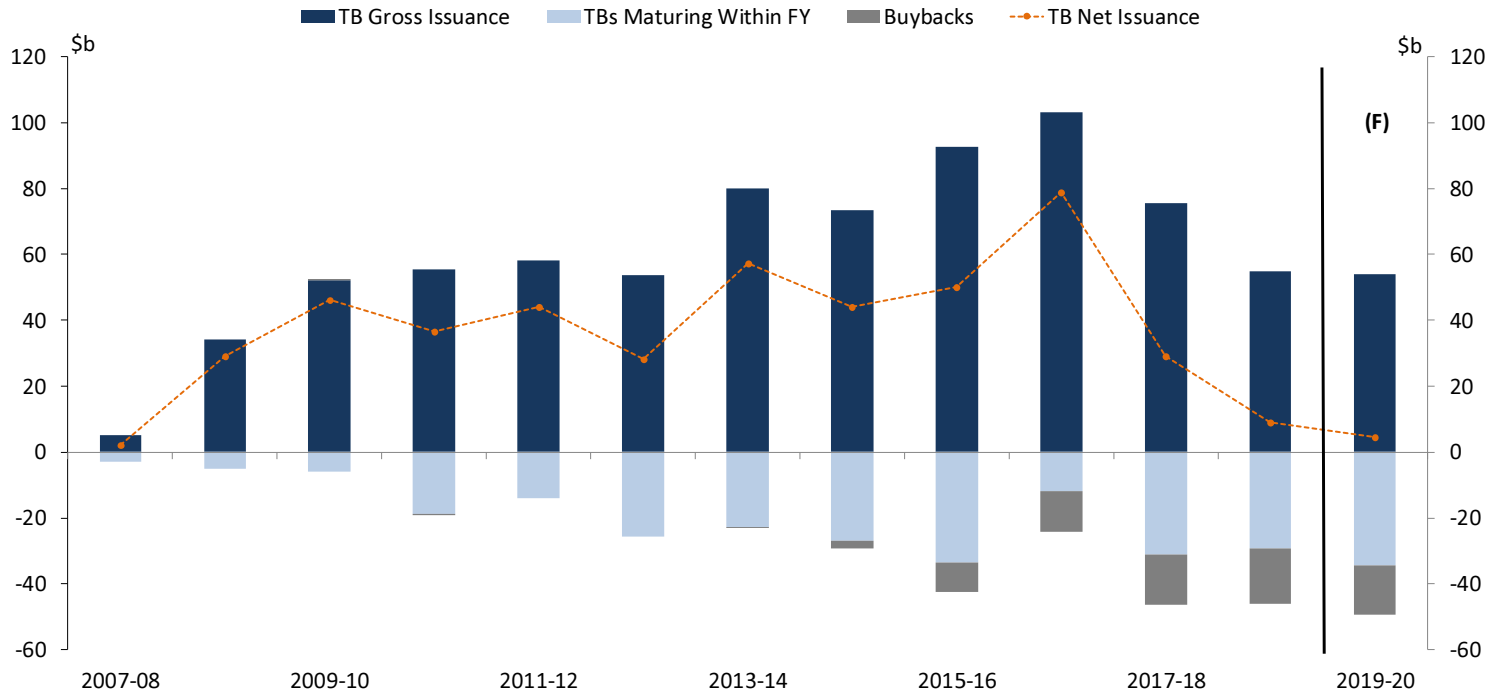
Further information

- It is planned to establish a new Treasury Bond line maturing in May 2032.
- A new 30-year benchmark Treasury Bond is planned to be issued in the 2020-21 financial year.
- Buybacks of around \$15 billion for short-dated bonds maturing after 30 June 2020 are expected in 2019-20.
- Tenders of Treasury Indexed Bonds will be conducted in most months.

Note: Figures are as at 16 December 2019. Amount shown for Treasury Indexed Bonds is based upon the face value of the bonds outstanding unadjusted for changes in the CPI.

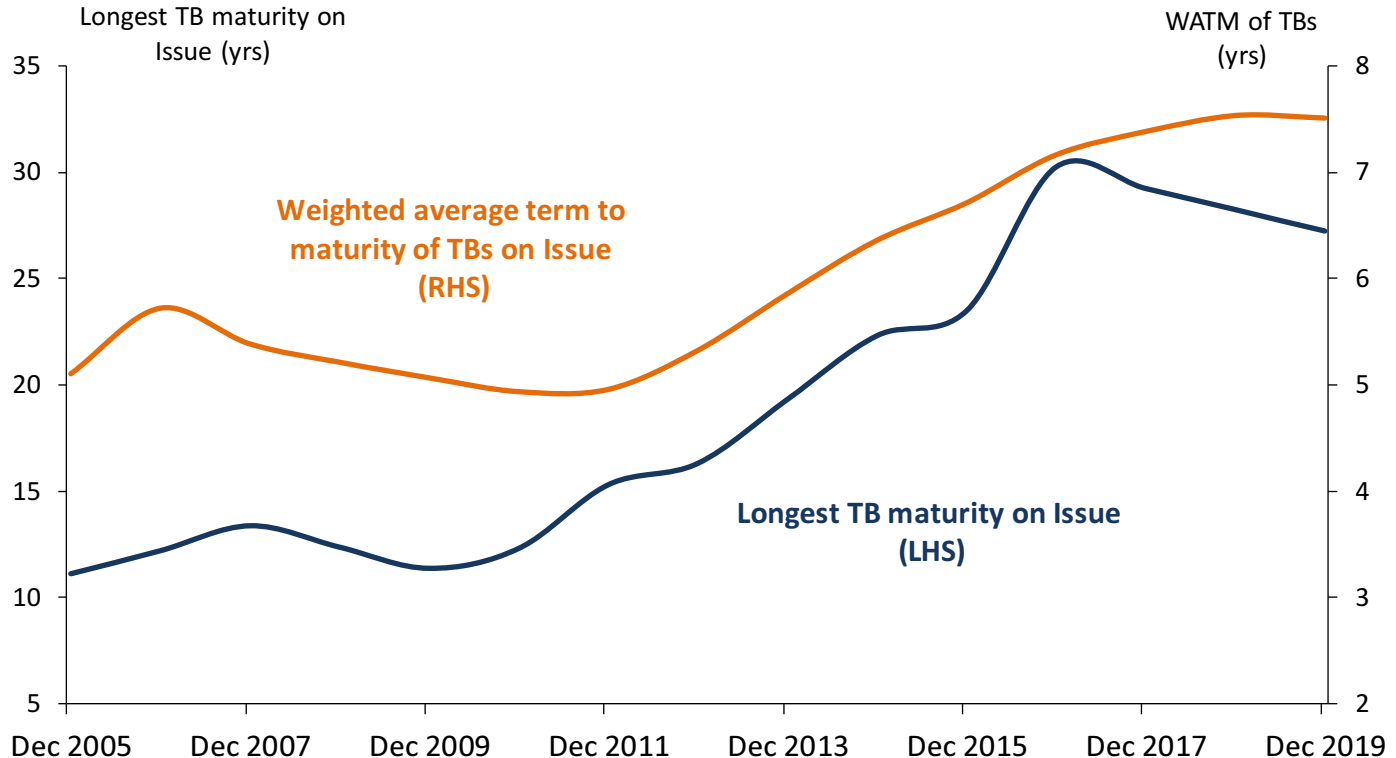
Issuance of Australian Government Securities

Gross issuance



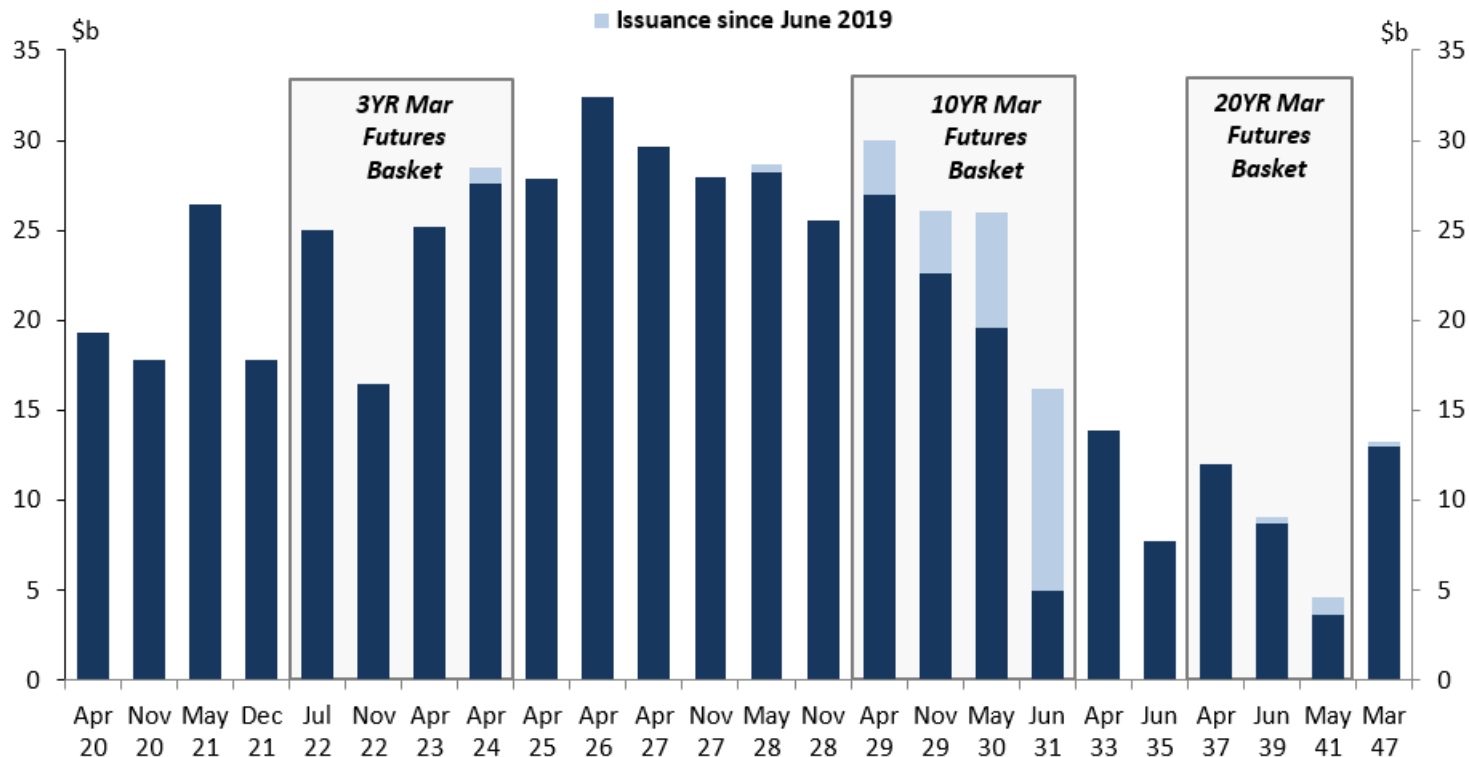
Source: AOFM

Treasury Bond curve extension and long issuance bias



Source: AOFM

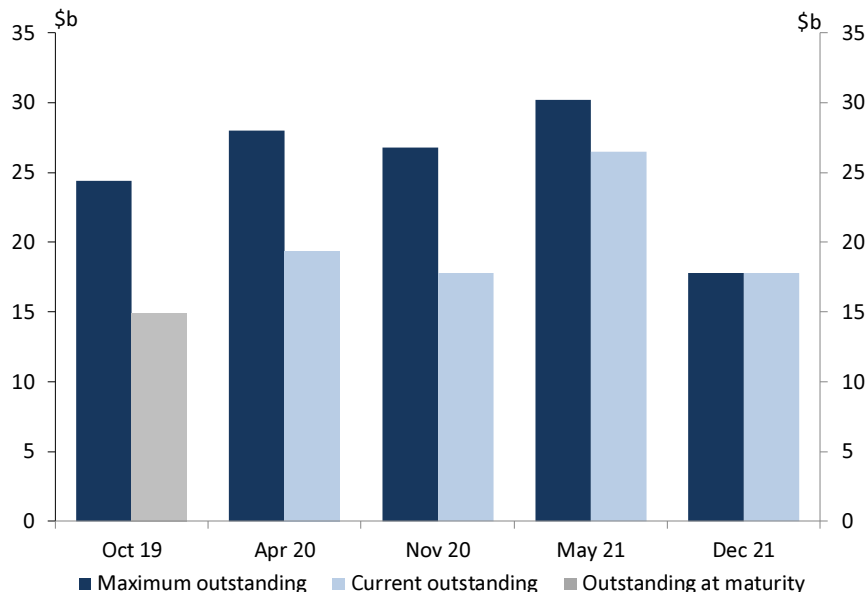
Treasury Bonds on Issue



Source: AOFM. As at 16 December 2019.

Buybacks of short-dated Treasury Bonds

outstanding before buybacks



Buybacks of short-dated Treasury Bonds reduce 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. As at 16 December 2019.

Turnover – Treasury Bonds

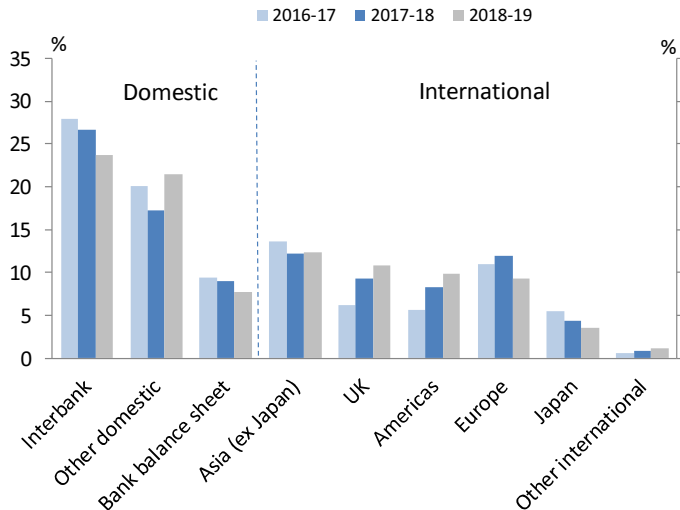
Total turnover A\$1.3 trillion (2018-19)

A\$1.3 trillion (2017-18)

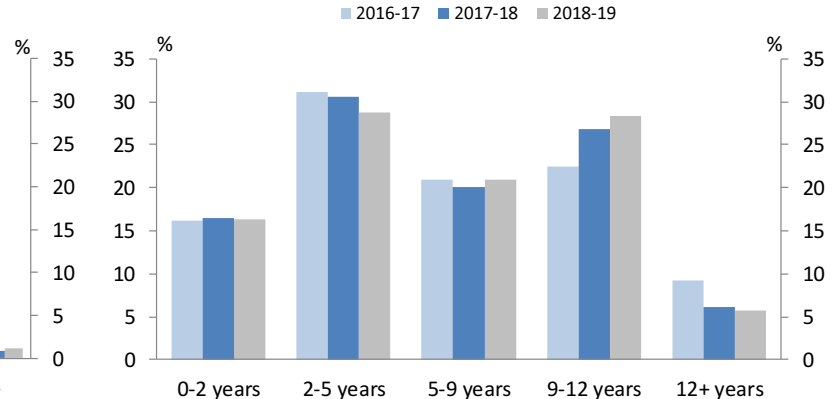
Monthly average A\$108 billion (2018-19)

A\$106 billion (2017-18)

Turnover by category (per cent)



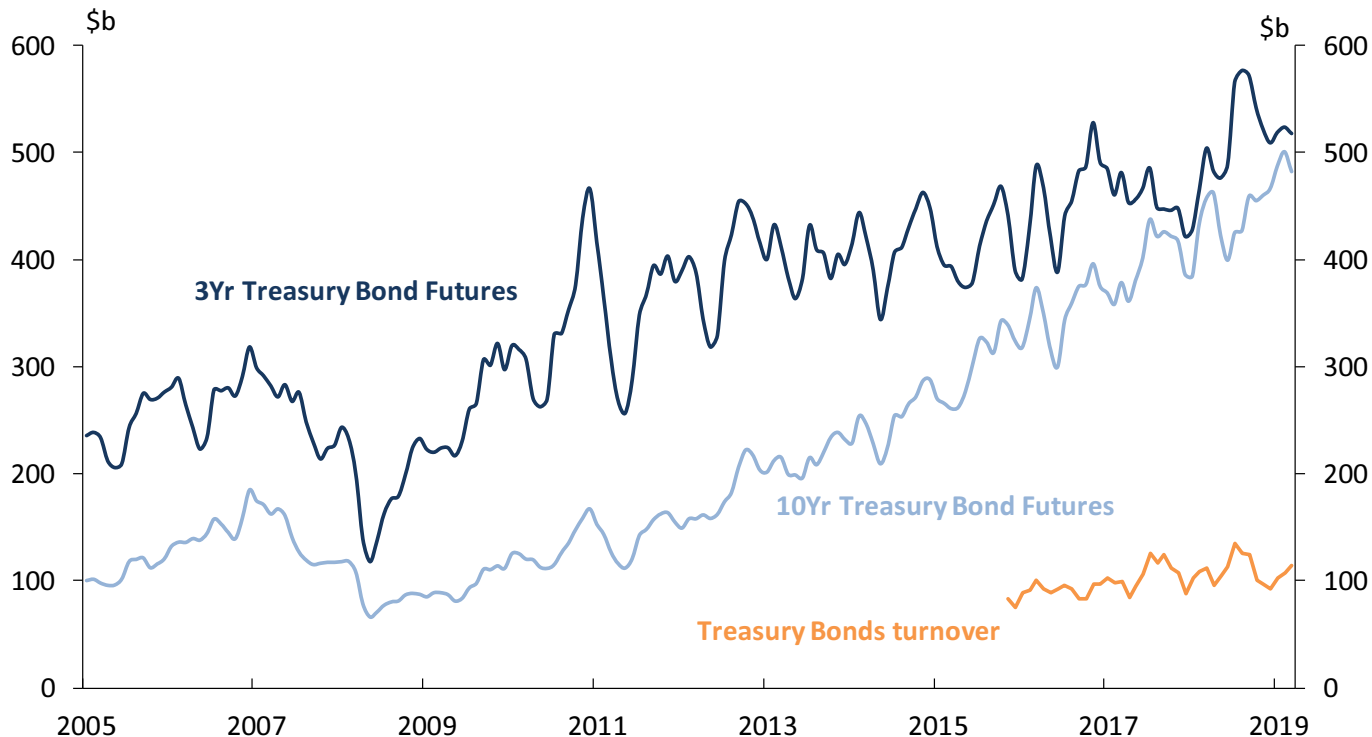
Turnover by tenor (per cent)



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

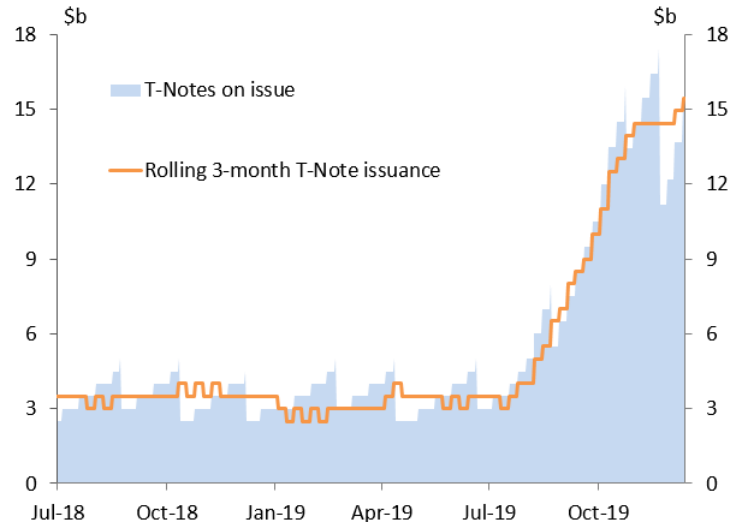
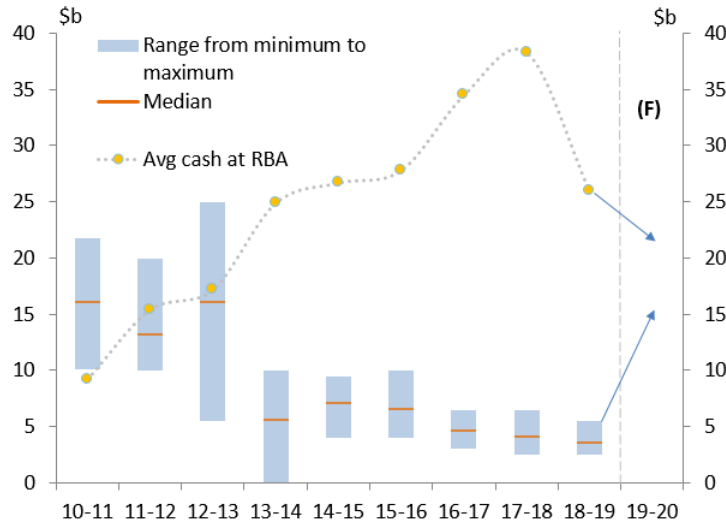
Treasury Bond futures market activity

Monthly turnover (3m M.A.)



Source: ASX, AOFM

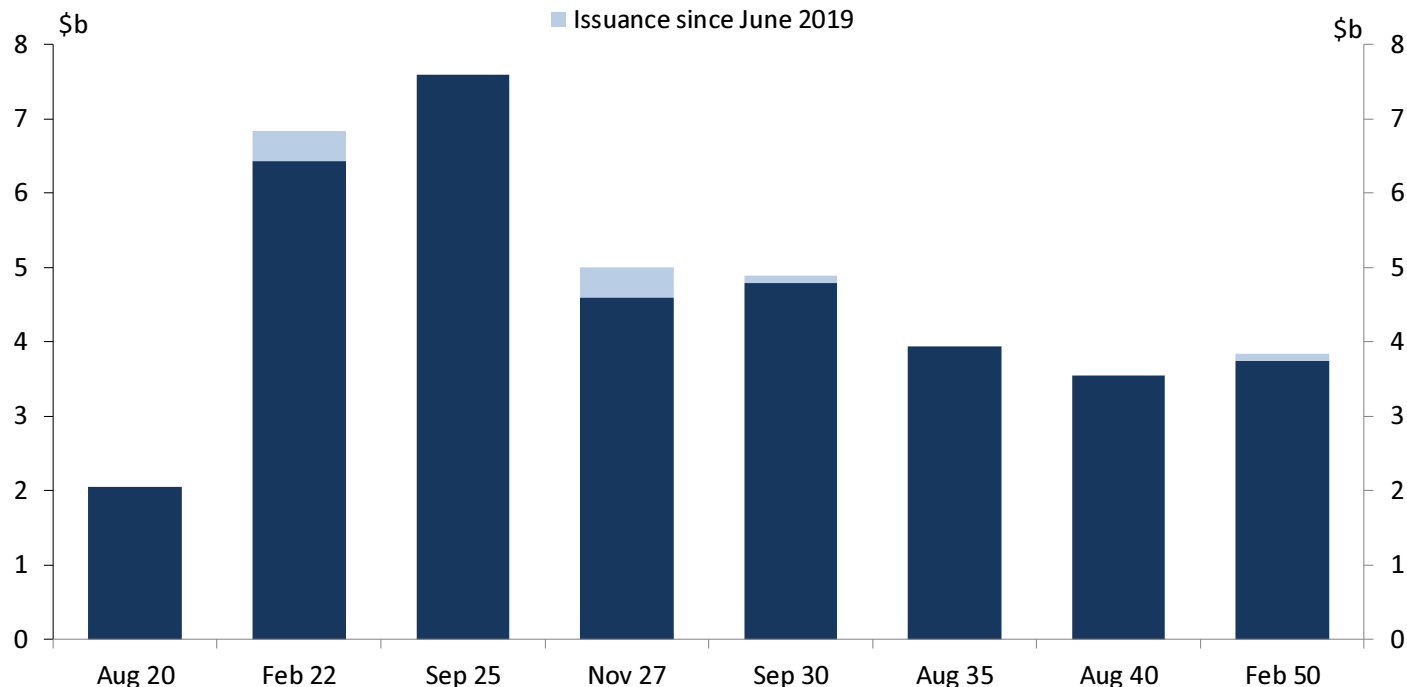
AOFM use of Treasury Notes



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. As at 16 December 2019

Turnover – Treasury Indexed Bonds

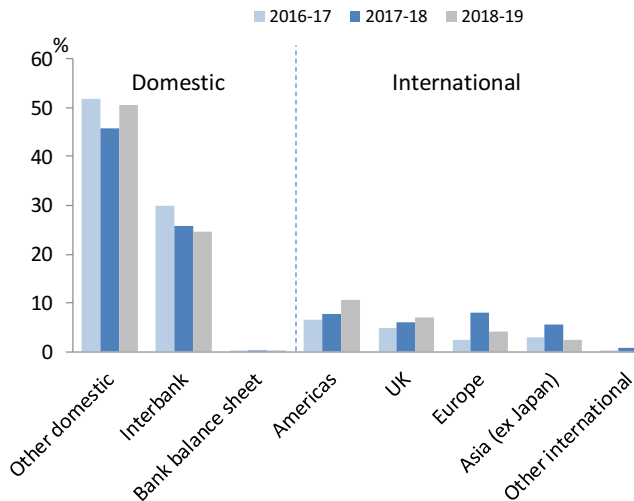
Total turnover A\$52 billion (2018-19)

A\$51 billion (2017-18)

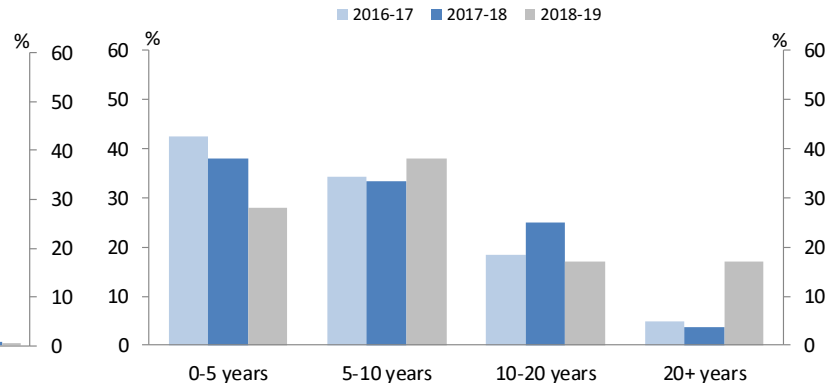
Monthly average A\$4.4 billion (2018-19)

A\$4.2 billion (2017-18)

Turnover by category (per cent)



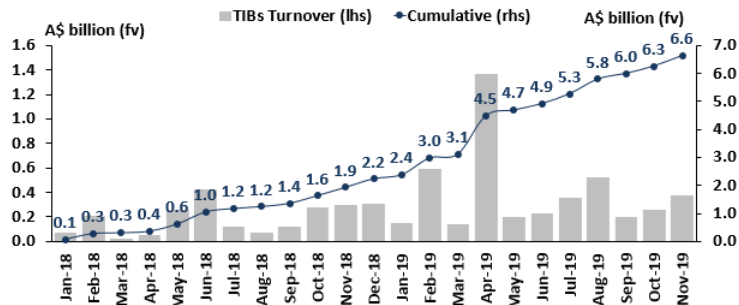
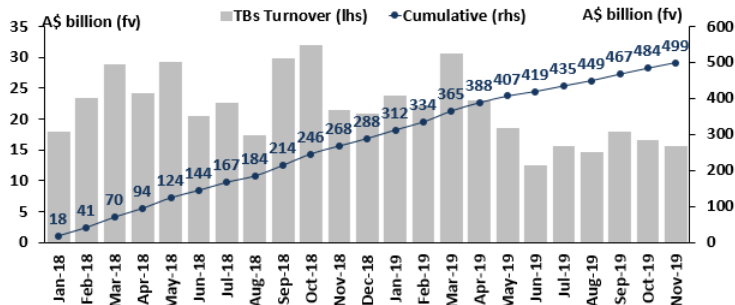
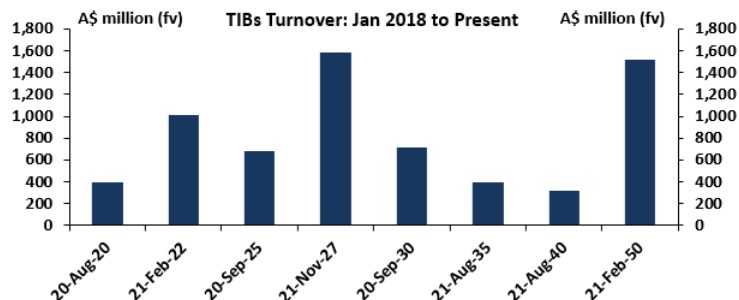
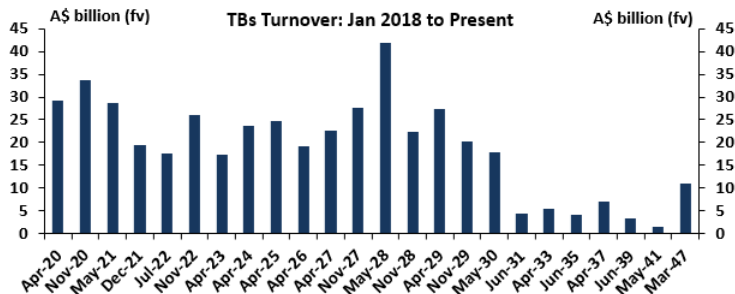
Turnover by tenor (per cent)



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

European Turnover in Australian Government Bonds

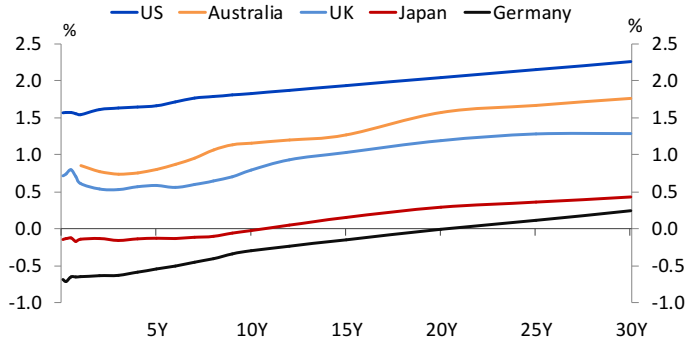
As sourced via MiFID II reporting requirements



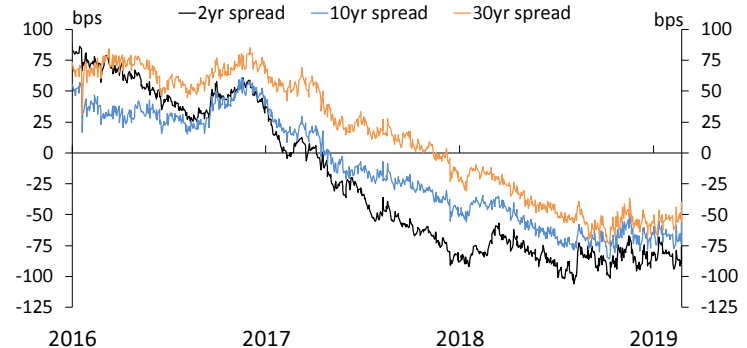
Source: Bloomberg

Australian Sovereign bond spreads

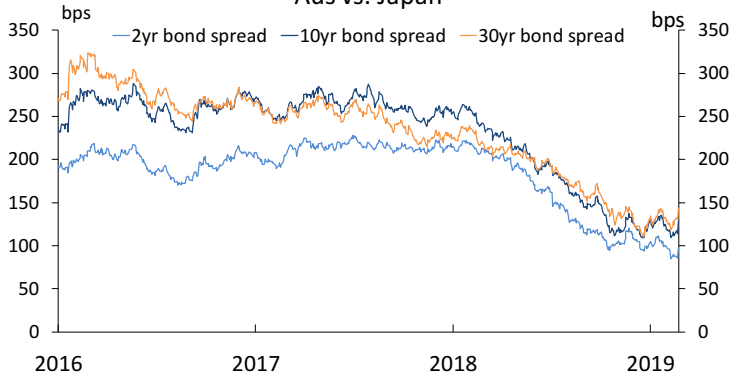
Sovereign bond yield curves



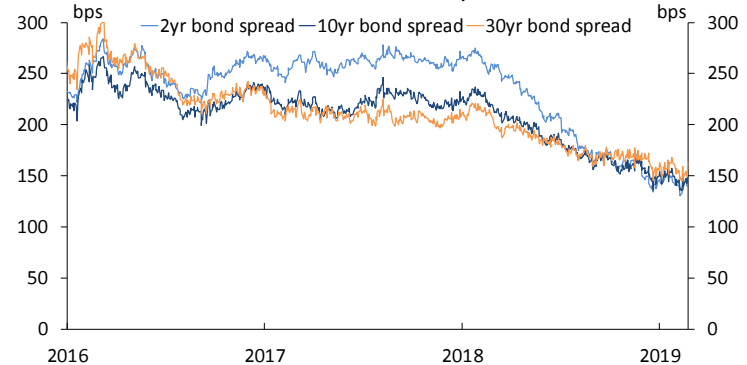
Aus vs. US



Aus vs. Japan



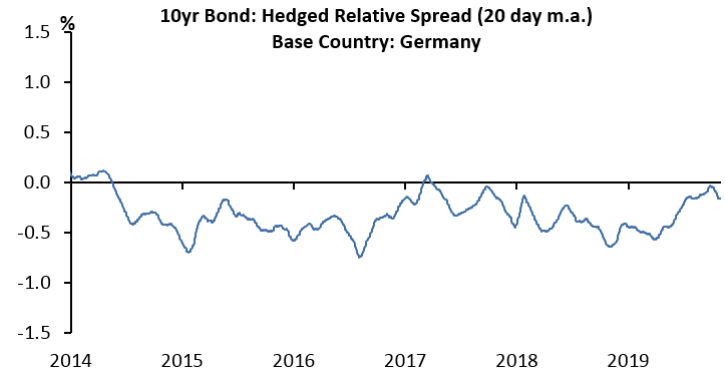
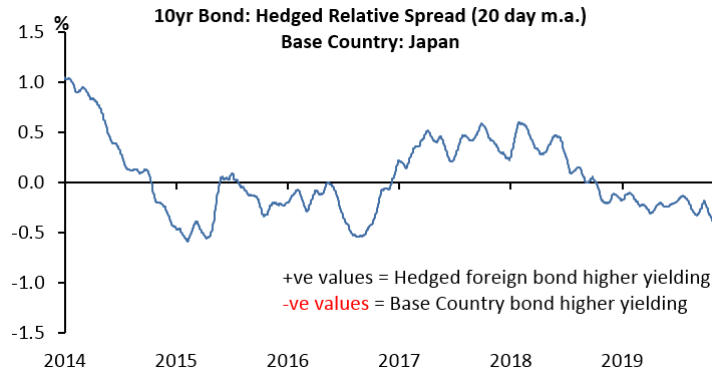
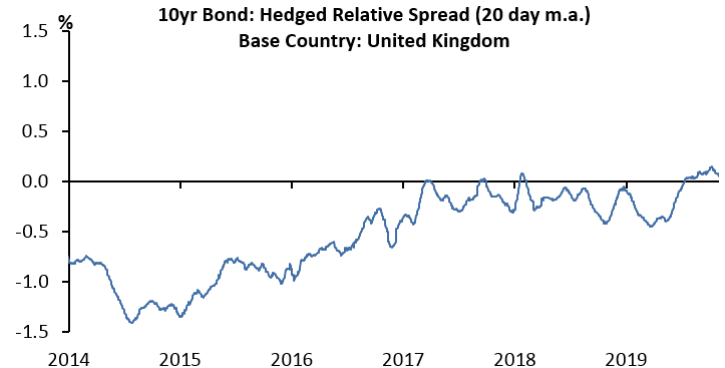
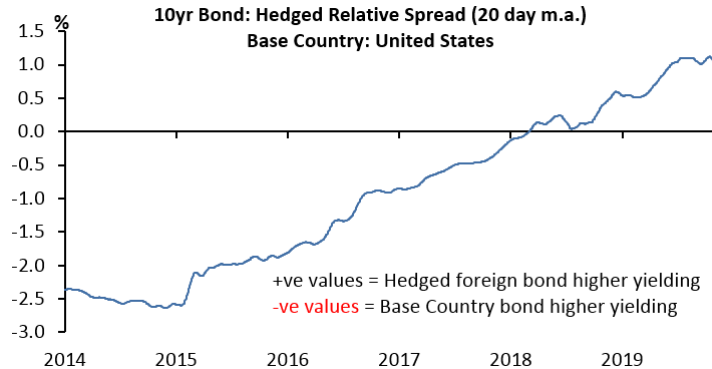
Aus vs. Germany



Source: Refinitiv

Australian Sovereign bond spreads

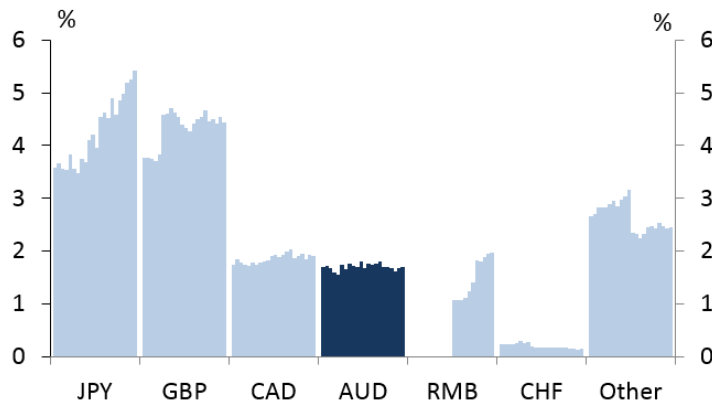
(as at November 2019)



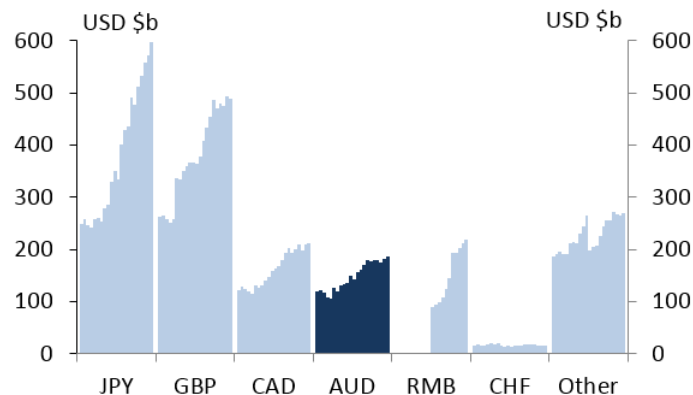
Source: Bloomberg, AOFM

Central Bank FX reserve allocation outside of USD & EUR

Q1 2014 to Q2 2019



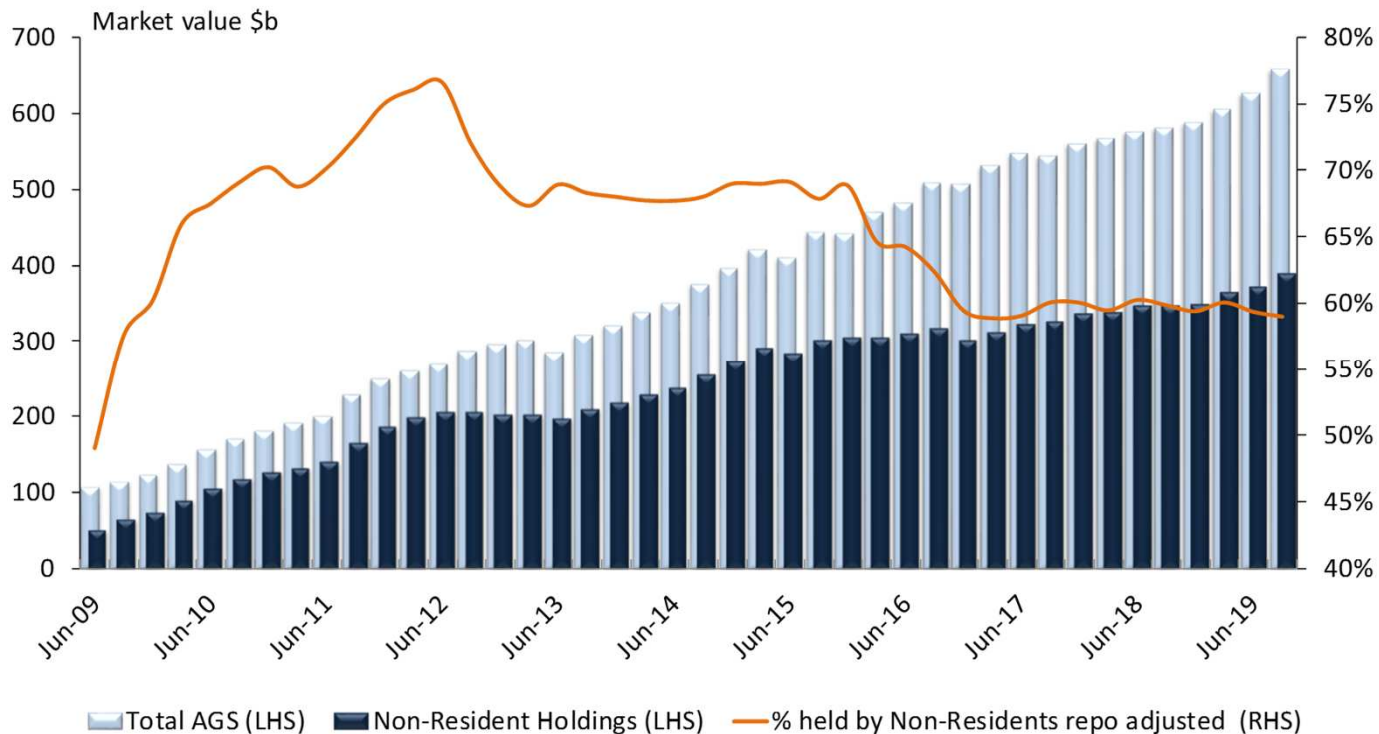
Proportion of allocated reserves



Value of allocation (USD billions)

Source: IMF COFER database

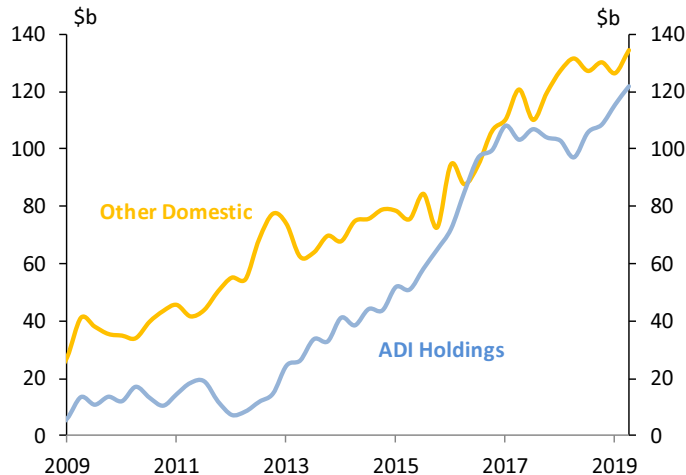
Resident and Non-resident holdings



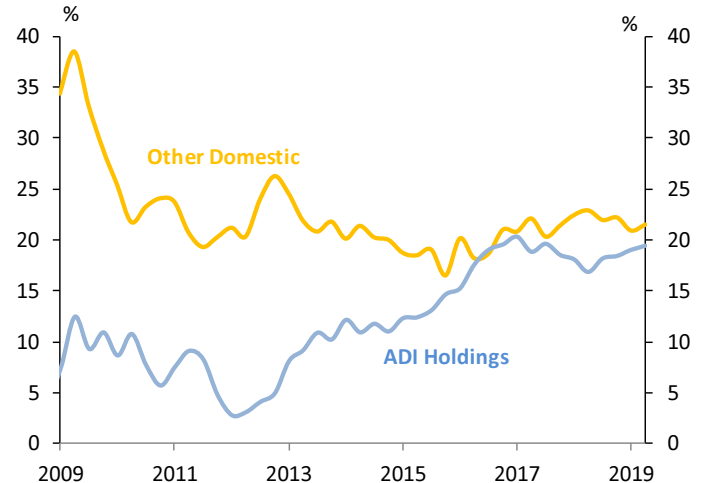
Source: Australian Bureau of Statistics, AOFM

Domestic bank and non-bank holdings of AGS

Value of Holdings



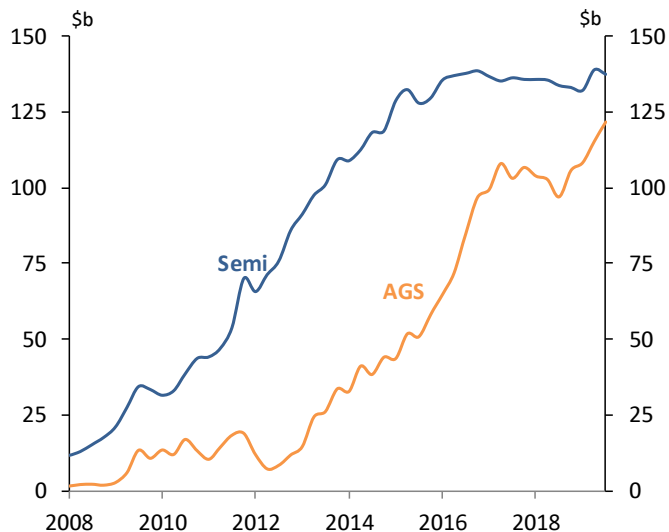
Proportion of AGS Market



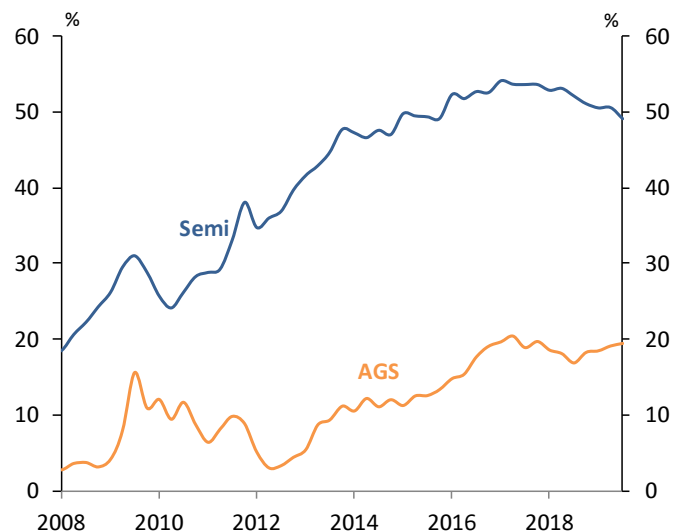
Source: Australian Bureau of Statistics, AOFM, Reserve Bank of Australia

Domestic bank holdings of AGS and semi-government bonds

Value of Holdings



Proportion of Respective Market



Source: Australian Bureau of Statistics

Australian Government Bonds

Treasury Bonds:	Volume Outstanding (AUD)	Yield (%)	Modified Duration
4.50% 15 April 2020	19,361,716,000	0.84	0.32
1.75% 21 November 2020	17,821,000,000	0.83	0.91
5.75% 15 May 2021	26,485,324,000	0.78	1.36
2.00% 21 December 2021	17,800,000,000	0.77	1.96
5.75% 15 July 2022	24,999,709,000	0.73	2.37
2.25% 21 November 2022	16,500,000,000	0.73	2.83
5.50% 21 April 2023	25,199,709,000	0.75	3.07
2.75% 21 April 2024	28,500,000,000	0.79	4.08
3.25% 21 April 2025	27,900,000,000	0.86	4.91
4.25% 21 April 2026	32,400,000,000	0.94	5.62
4.75% 21 April 2027	29,699,566,000	1.01	6.32
2.75% 21 November 2027	28,000,000,000	1.06	7.14
2.25% 21 May 2028	28,700,000,000	1.10	7.66
2.75% 21 November 2028	25,600,000,000	1.13	7.94
3.25% 21 April 2029	29,999,803,000	1.15	8.12
2.75% 21 November 2029	26,100,000,000	1.15	8.73
2.50% 21 May 2030	26,000,000,000	1.16	9.20
1.50% 21 June 2031	16,200,000,000	1.19	10.51
4.50% 21 April 2033	13,900,000,000	1.26	10.55
2.75% 21 June 2035	7,750,000,000	1.39	12.83
3.75% 21 April 2037	12,000,000,000	1.47	13.35
3.25% 21 June 2039	9,100,000,000	1.56	15.03
2.75% 21 May 2041	4,600,000,000	1.65	16.54
3.00% 21 March 2047	13,300,000,000	1.75	19.42
Total:	507,916,827,000	Portfolio:	6.2
Treasury Indexed Bonds:	Volume Outstanding (AUD)	Yield (%)	Modified Duration
4.00% 20 August 2020	2,061,242,000	-0.74	0.78
1.25% 21 February 2022	6,840,106,000	-0.50	2.27
3.00% 20 September 2025	7,592,722,000	-0.33	5.45
0.75% 21 November 2027	5,000,000,000	-0.23	7.83
2.50% 20 September 2030	4,892,720,000	-0.18	9.74
2.00% 21 August 2035	3,950,000,000	0.02	13.87
1.25% 21 August 2040	3,550,000,000	0.16	18.56
1.00% 21 February 2050	3,850,000,000	0.29	26.50
Total:	37,736,790,000	Portfolio:	9.6

Source: AOFM, Refinitiv. As at 16 December 2019.

Market Makers – Treasury Bonds

*These institutions (listed alphabetically) have indicated that they make markets in Treasury Bonds.
The level of activity can vary between institutions.*



Morgan Stanley



Further information



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Parkes ACT 2600 Australia

Enquiries: InvestorRelations@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*)

“0#AUTSY=YBAU” (*TBs*)

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

“0#AUTNOTES=YBAU” (*TNs*)

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