

COMMONWEALTH OF AUSTRALIA



Australian Government

Australian Office of Financial Management

SECTOR	SOVEREIGN		
CREDIT RATINGS (S&P/M/F) LONG-TERM AUD	AAA/Aaa/AAA (all stable)		
CREDIT RATINGS (S&P/M/F) LONG-TERM FOREIGN CURRENCY	N/A		
RISK WEIGHTING (APRA)	0%		
TERM FUNDING REQUIREMENT (A\$BN)	FY20 57-57.5	FY19 61	FY18 81
RBA REPO ELIGIBLE	YES		
RBNZ REPO ELIGIBLE	NO		

About Commonwealth of Australia

The Commonwealth of Australia is a federation of six states and two territories.

It is a stable, culturally diverse and democratic society with a skilled workforce. Australia's economy continues to show resilience in the face of weak momentum in the global economy and domestic challenges such as the devastating effects of drought and bushfires. Real GDP is forecast to grow by 2.25% in 2019/20 and 2.75% in 2020/21.

Fiscal position

The Australian government had a balanced budget in 2018/19 with an underlying cash deficit of A\$690 million.

Debt position

At the end of 2018/19, net debt was A\$374 billion (19.2% of GDP). It is forecast to be A\$392 billion at the end of 2019/20.

Funding strategy

The Australian government issues debt securities denominated only in Australian dollars. Treasury Bonds (TBs) are medium- to long-term securities that carry a fixed annual rate of interest, payable semi-annually. Treasury Indexed Bonds (TIBs) are medium- to long-term securities for which the capital value is adjusted in reference to movements in the consumer price index. Treasury Notes (T-Notes) are short-term discount debt securities issued to assist with financing needs within each year.

The Australian Office of Financial Management (AOFM) is the agency responsible for the issuance and management of Australian government debt. It conducts the issuance programme mostly via regular tenders. It also occasionally undertakes larger tenders of newly established bond lines.

AOFM will consider syndicated taps of existing long-dated bond lines. It will also consider syndicated launches for the establishment of new ultra-long-dated bonds.

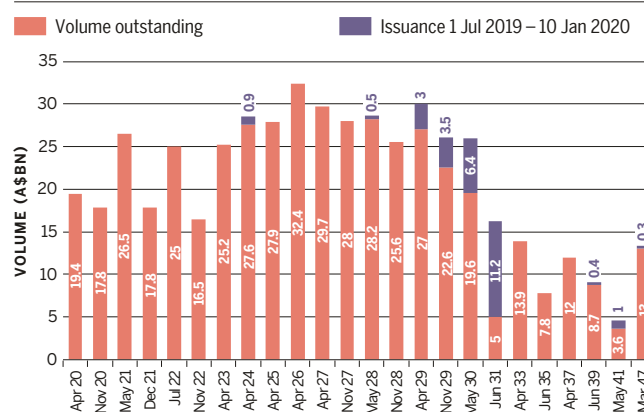
At 10 January 2020, there were 24 lines of TBs on issue with aggregate face value of A\$507.9 billion. Nominal bond issuance

in 2019/20 is expected to be about A\$55 billion, of which A\$27.2 billion has already been undertaken.

AOFM has announced it will establish a new bond line maturing in May 2032 before 30 June 2020. The agency conducts buyback operations via separate tenders and focuses on TBs shorter than the primary three-year TB futures contract basket. Buybacks of about A\$15 billion of short-dated bonds maturing after 30 June 2020 are expected in 2019/20, including A\$6.6 billion to date.

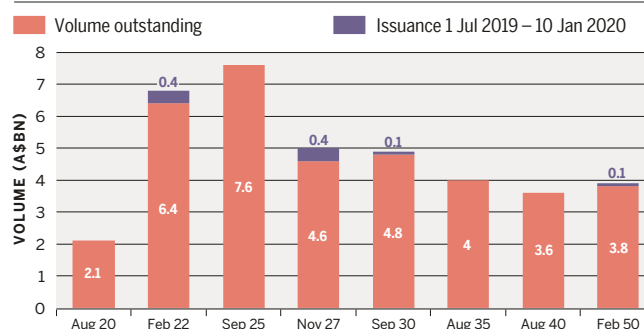
At 10 January 2020, there were eight lines of TIBs on issue with an aggregate face value of A\$37.7 billion. TIB issuance in 2019/20 is expected to be A\$2-2.5 billion. T-Note issuance usually involves weekly tenders and maturities of three and six months. The total volume of T-Notes on issue at 10 January 2020 was A\$16 billion across five maturities.

AUSTRALIAN GOVERNMENT TBs OUTSTANDING



SOURCE: AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT JANUARY 2020

AUSTRALIAN GOVERNMENT TIBs OUTSTANDING



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FOR FURTHER INFORMATION PLEASE CONTACT

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