



Mr Rob Nicholl
Chief Executive Officer
Australian Office of Financial Management
Australian Government Sovereign Debt
Sydney, Tuesday 26 May 2015

AUSTRALIAN GOVERNMENT SECURITIES



***Australian Business
Economists Luncheon***

**Australian Government Sovereign Debt: Are
we there yet? What more can be expected
in terms of developing the market?**

Rob Nicholl
Chief Executive Officer
AOFM



Considerations used by Reserve Managers in determining currency composition



Choice	Total	AC	MIC	LIC
Currency composition of central bank's overall foreign currency liabilities	48.5%	39.1%	54.2%	52.6%
Currency composition of central government's short-term foreign currency liabilities	39.4%	17.4%	41.7%	63.2%
Currency composition of central government's overall external liabilities	40.9%	17.4%	54.2%	52.6%
Currency composition of the maturity mismatch in banks' FX book	4.5%	13.0%	0.0%	0.0%
Currency composition of the economy's (short term) external liabilities	28.8%	17.4%	20.8%	52.6%
Trade composition (e.g., the composition of imports)	40.9%	17.4%	50.0%	57.9%
The currency/currencies to which your currency is pegged or closely related	30.3%	8.7%	37.5%	47.4%
Depth and liquidity of the underlying asset markets (e.g., government bond markets)	50.0%	82.6%	45.8%	15.8%
Depth and liquidity of the FX markets (e.g., ability to run a swap book)	31.8%	47.8%	25.0%	21.1%
The nominal interest rate	21.2%	17.4%	16.7%	31.6%
Access to a Federal Reserve System or ECB swap line	0.0%	0.0%	0.0%	0.0%
Other	13.6%	26.1%	12.5%	0.0%
Number of respondents	66	23	24	19

AC: Advanced Country

MIC: Middle and other (i.e. not advanced) high income countries (those with a per capita income of over \$3,975)

LIC: Low Income Country (World Bank classification of countries with a per capita income of less than \$3,975)

Source: IMF WP 13/99 – Survey of Reserve Managers: Lessons from the Crisis

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Sovereign bond market liquidity

Nominal bonds issued in domestic currency

Triple AAA (Stable)

Country	Outstanding (USD bil)	No of lines	Average line size as a % of outstanding	Length of curve (yrs)	Proportion 10yrs+
Luxembourg	6.9	5	20.0%	28	17%
Norway	43.1	6	16.7%	10	0%
Singapore	71.5	18	5.6%	27	21%
Sweden	76.6	11	9.1%	24	9%
Switzerland	92.5	23	4.3%	49	37%
Denmark	98.1	9	11.1%	24	26%
Australia	267.0	21	4.8%	22	19%
Canada	369.5	47	2.1%	50	19%
Germany	1,205.8	64	1.6%	31	17%
France	1,382.4	48	2.1%	45	23%
Italy	1,417.9	66	1.5%	31	23%
UK	1,701.2	41	2.4%	53	41%
Japan*	6,915.7	348	0.3%	40	26%
US	10,119.8	307	0.3%	30	13%

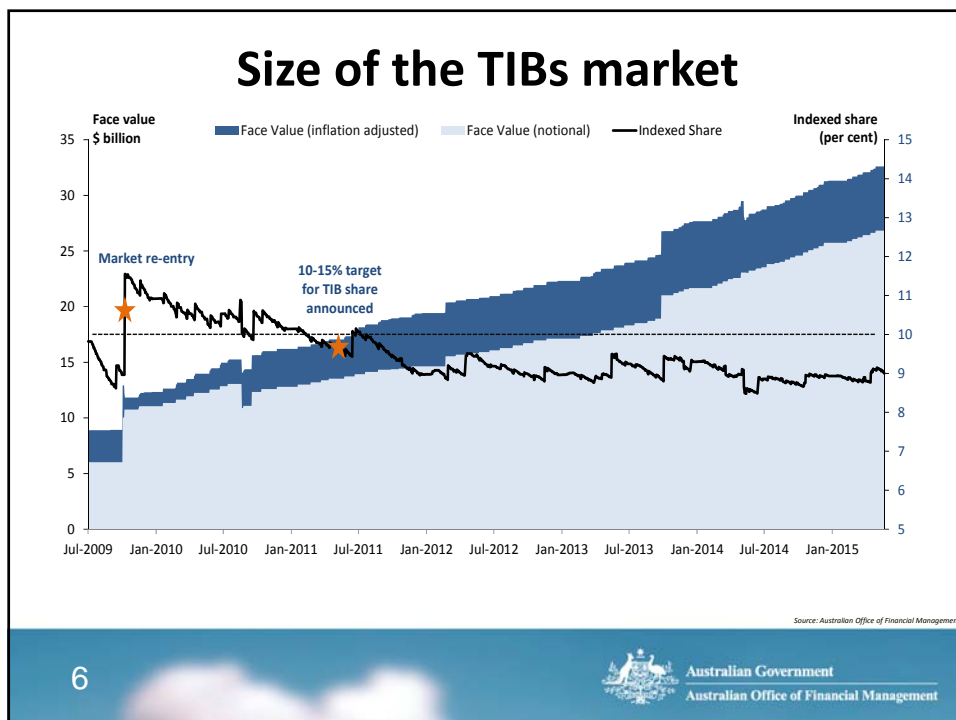
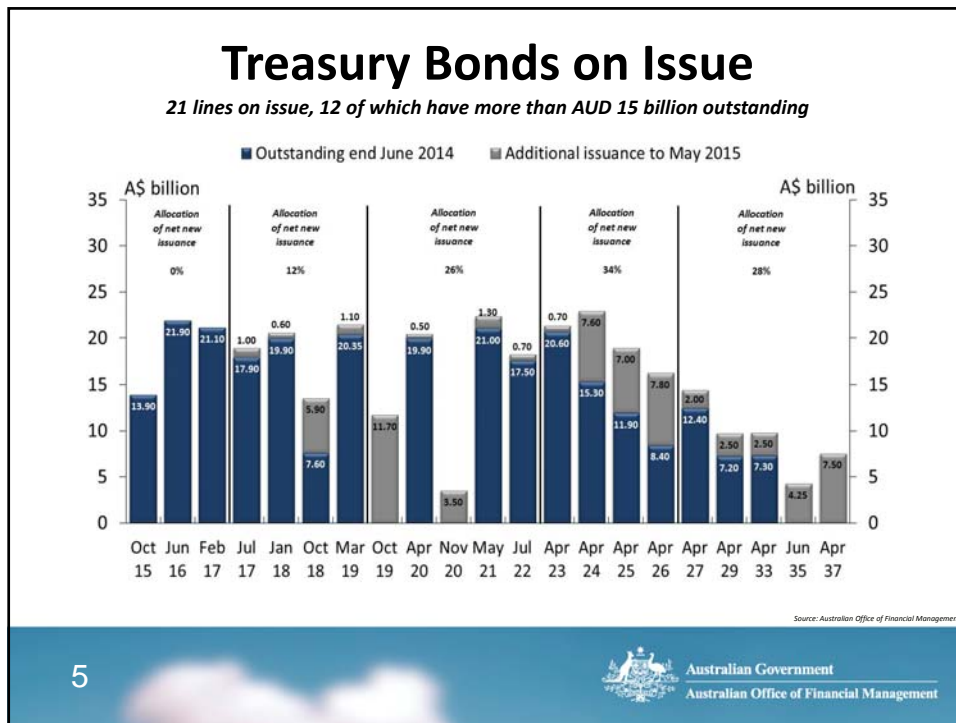
*IGBs exclude those lines issued to retail investors

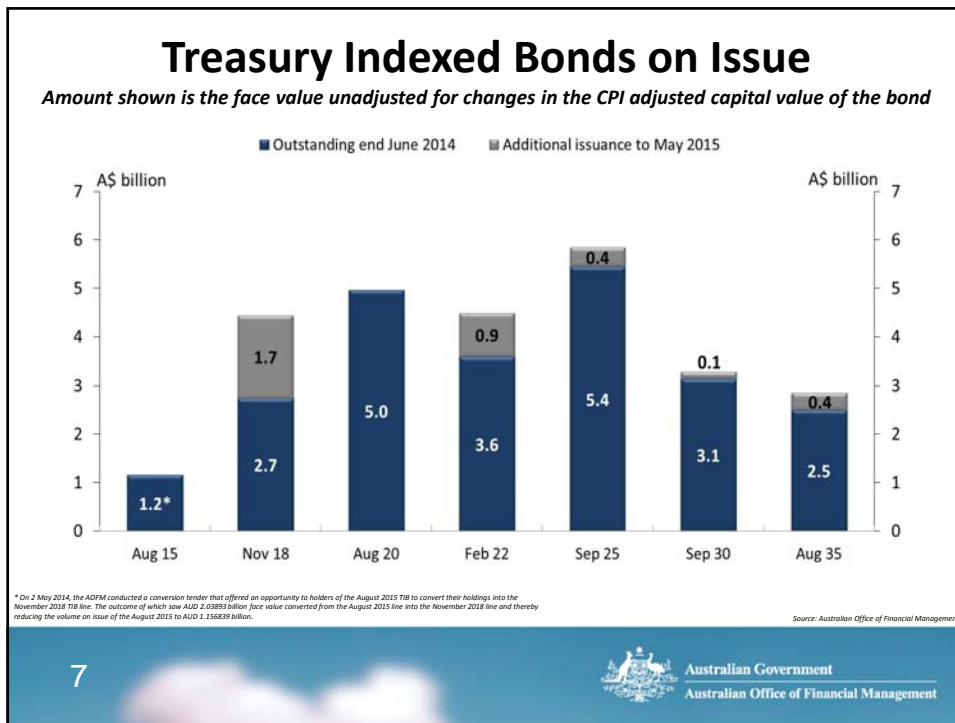
Source: Australian Office of Financial Management, Bloomberg

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New South Wales Budget 2015

The Hon Gladys Berejiklian MP
Treasurer

Mr Steve Knight
Chief Executive, NSW TCorp

Wednesday 24 June, Four Seasons Sydney

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