



Country Report for Australia

21st Asia Securities Forum
Manila, 20-22 November 2016

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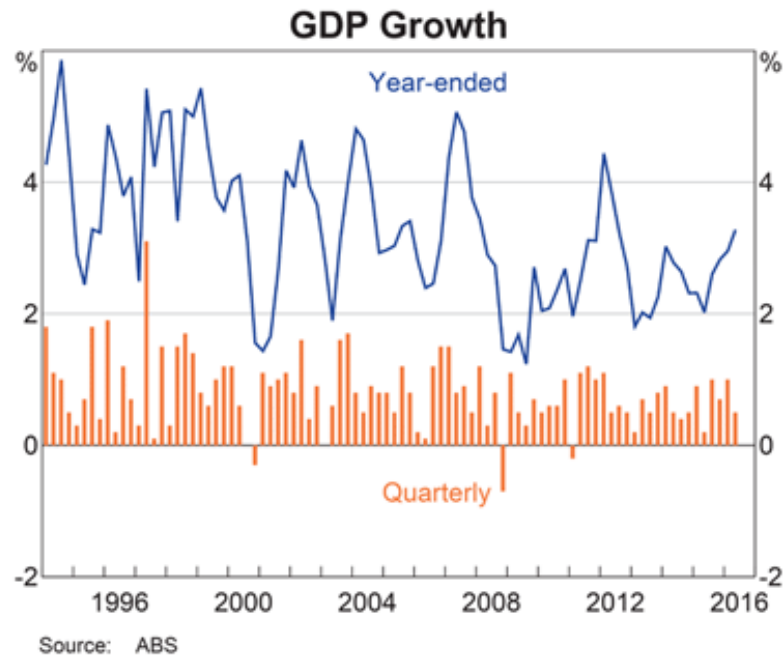
Report Overview

- Economy
- Financial Developments
- Industry Reforms and Prospects



Economic Growth

- Economic growth 3.3% to 30 June 2016
- 25th year of continued growth
- Transition from mining investment (-26.7%) to non-mining investment, consumption, exports (especially services) and new dwellings



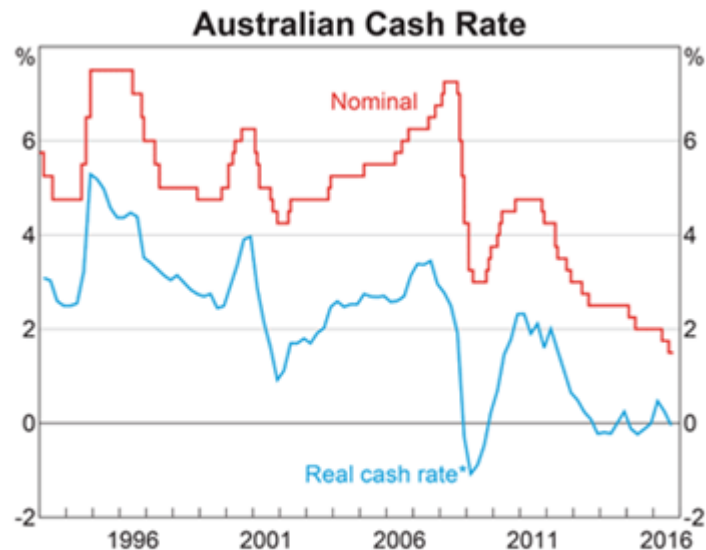
Political Developments

- Federal Election in July 2016
- Government returned, with a significantly lessened majority
- Government has no control over Senate, with control held by a number of minority parties and independents
- Election platform included a reduction in corporate tax rate from 30% to 25% over ten year horizon
 - Unlikely to pass Senate in current form



Monetary Policy

- Nominal official interest rate fell twice in past year
 - 25bps in May 2016 – 2.00% to 1.75%
 - 25bps in August 2016 – 1.75% to 1.50%
- Real cash rate approximately zero



* Calculated using average of year-ended weighted median inflation and year-ended trimmed mean inflation

Sources: ABS; RBA

Exchange Rate

- AUD underperformed against most major currencies, apart from GBP post Brexit
- Underperformance driven by reduction in cash rate and reduction in commodity prices



Inflation

- Inflation remains low at 1.3%, below the RBA target of 2-3%

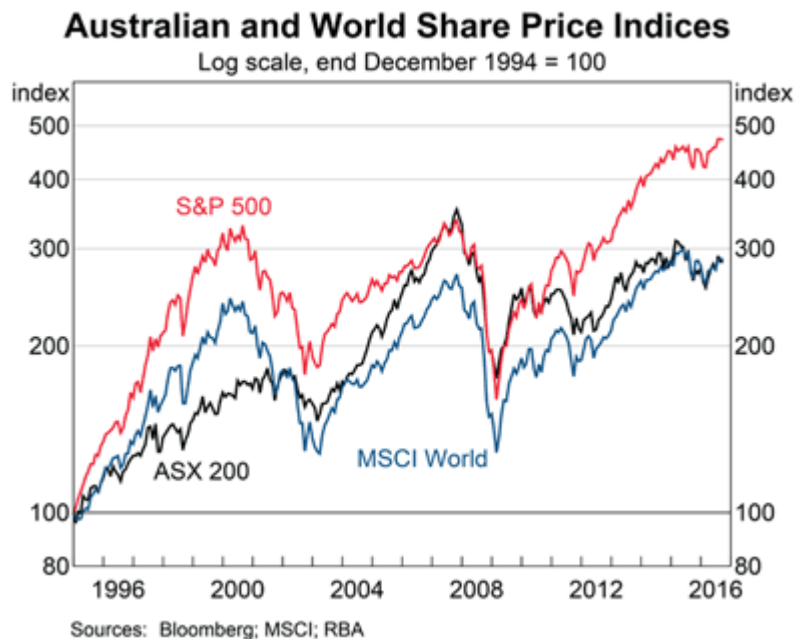


* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999–2000

Sources: ABS; RBA

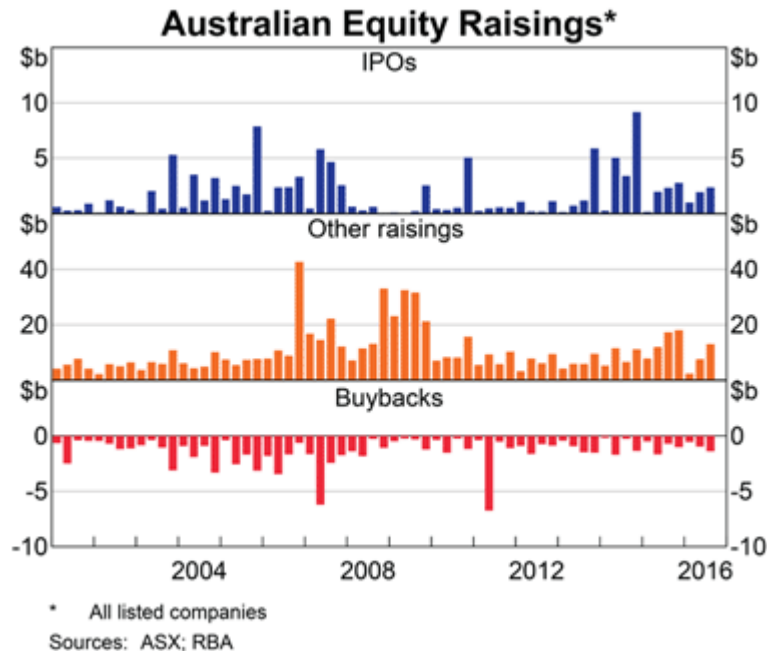
Equity Market Performance

- Market generally flat for the financial year on accumulation basis
- Weakness in resources driven by reduced investment and fall in commodity prices



Equity Capital Raising

- Primary and secondary raising strong, although down off a bumper 2014-15
- 124 new entities listed on the ASX



Industry Developments

- BBSW Reform
 - Change of methodology agreed and being implemented
 - VWAP calculation by mid-2017
 - AFMA announced externalisation of administration
 - Benchmark administration to be regulated
- T+2 Settlement
 - Both for fixed income and equities
 - AFMA led fixed income implementation
- Exchange market reform
 - CHES replacement – potential blockchain
 - Competition in clearing and settlement

