



Country Report for Australia

18th Asia Securities Forum
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Report Overview

Economy

- The output of the Australian economy has been stable and continues to show resilience despite uncertainties in the global economy.
- Australia's economic outlook remains positive, with the economy forecast to return to trend growth in 2015, supported by strong balance sheets in the business and household sectors.

Financial markets

- Financial markets in aggregate grew by 5.3 per cent in 2012-13
- Equity and debt capital markets continued to provide a stable source of funding to Australian businesses, notwithstanding demanding business conditions within the industry

Industry Prospects

- OTC derivatives reform and bank capital rules
- Exchange market rule reforms
- Financial advice reforms
- Financial System Inquiry

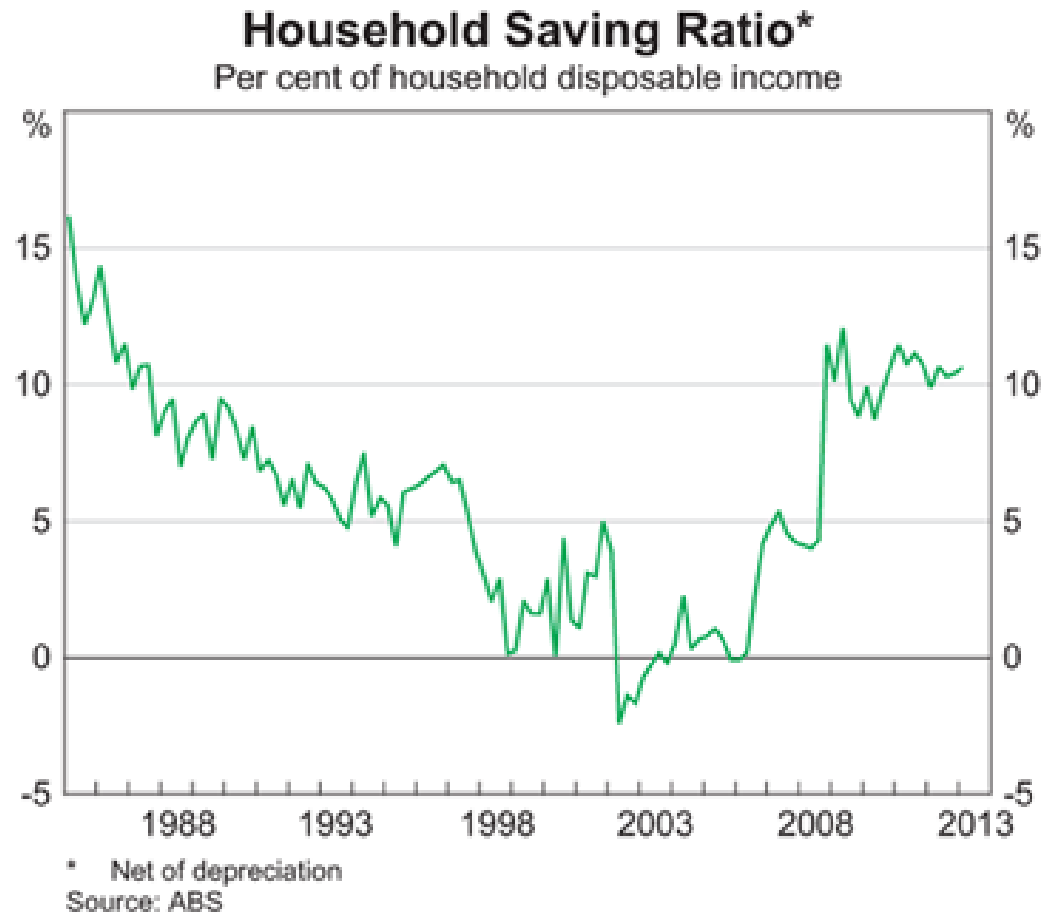
Economy

- The Australian economy continues to perform strongly within an uncertain global environment
- Economic growth was underpinned by strong export growth, counterbalancing the more subdued growth in domestic consumption and investment.
- The Australian Government has projected a continuing budget deficit, currently at \$18.8 billion or 1.2 per cent of GDP, throughout 2013-14 and 2014-15.

	2012-13	2013-14 Est
GDP %	2.57	2.5
Household consumption growth %	2.5	2.5
Business investment growth %	6.5	1.5
Inflation underlying CPI %	2.6	2.25
Unemployment rate %	5.6	6.25

Household Savings Behaviour

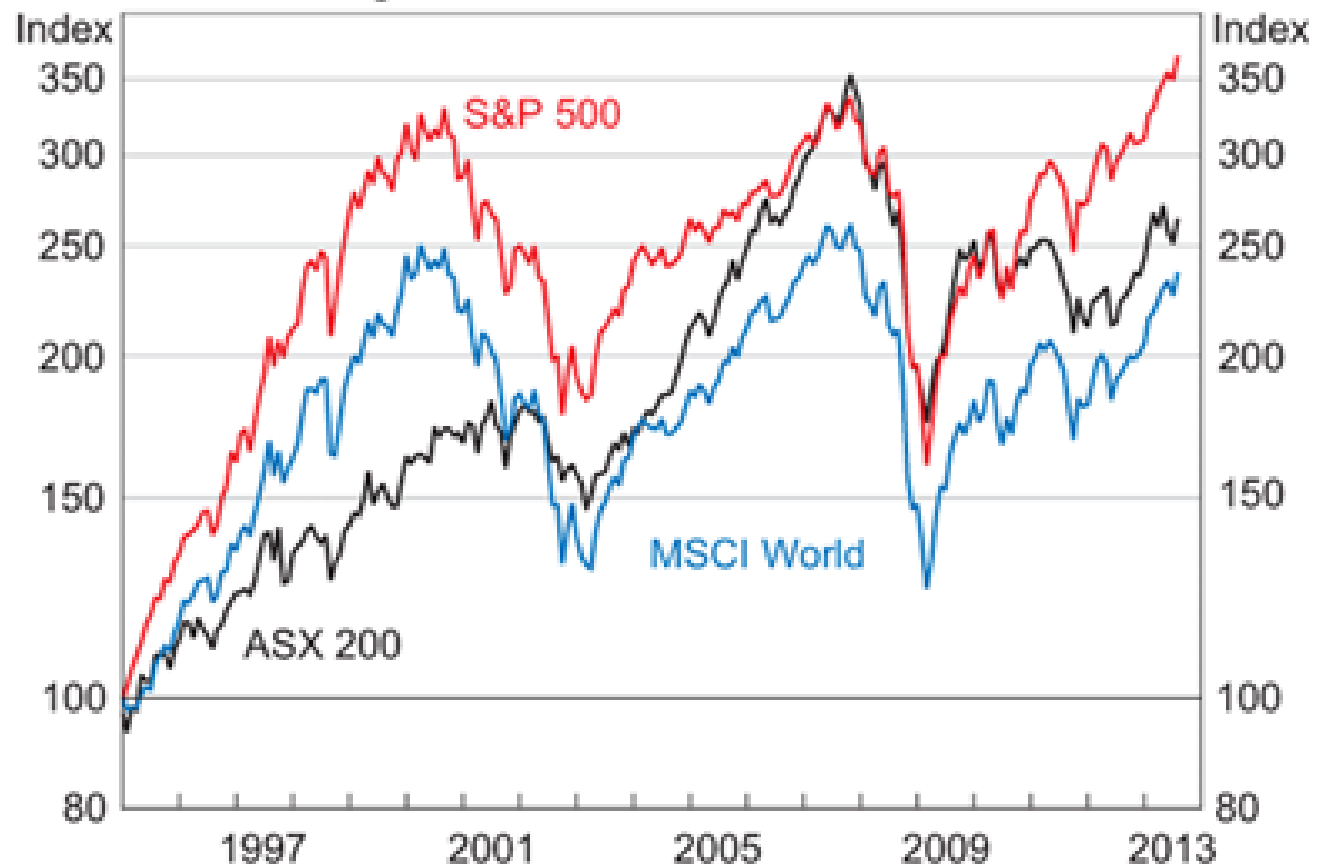
The household saving ratio, at 10 per cent of income, is well above the levels seen in 1990s and 2000s



Equity Market

Australian and World Share Price Indices

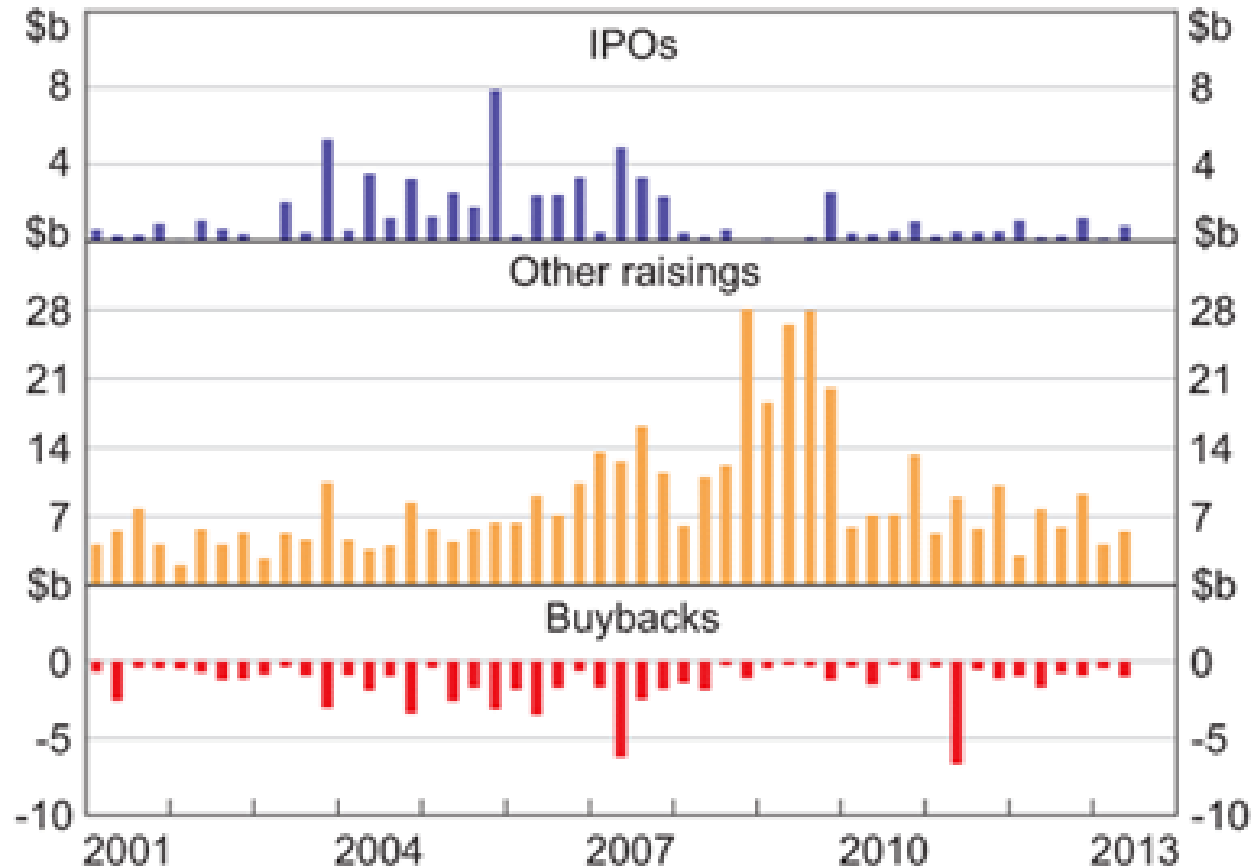
Log scale, end December 1994 = 100



Sources: Bloomberg; MSCI; RBA; Thomson Reuters

Equity Capital Raising

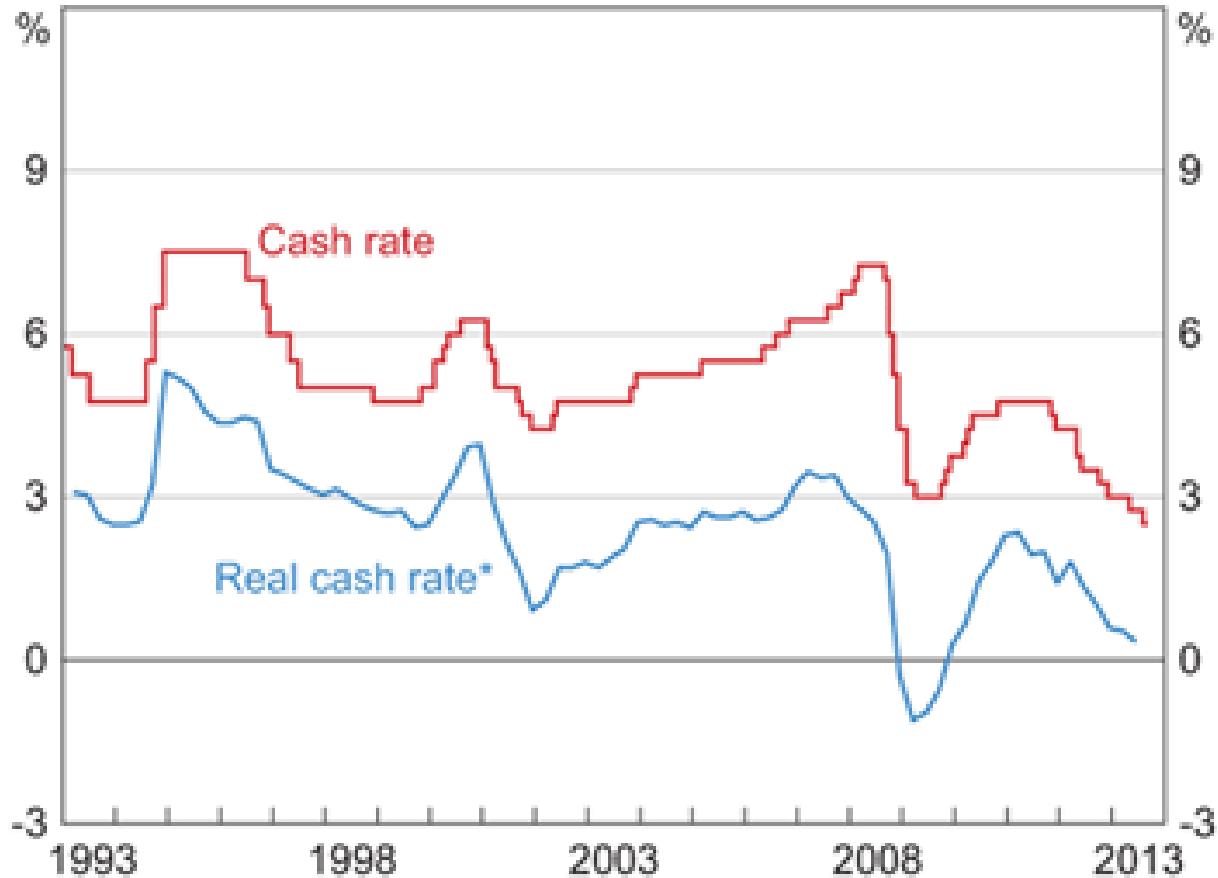
Australian Equity Raisings*



* All listed companies
Sources: ASX; RBA

Interest Rates

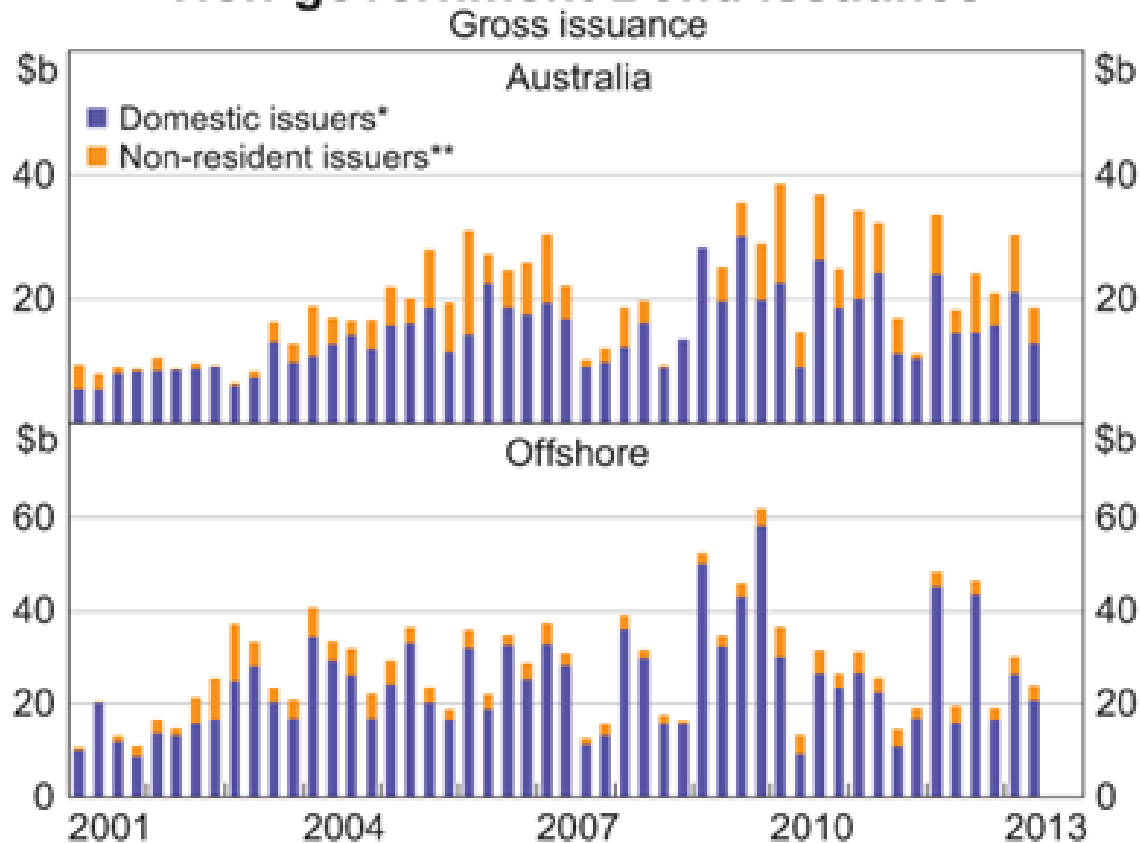
Australian Cash Rate



* Calculated using average of weighted median and trimmed mean inflation

Sources: ABS; RBA

Non-government Bond Issuance



* Excludes ADIs' self-securitisations

** Offshore non-resident issuance includes Australian dollar-denominated bonds only

Source: RBA



Prospects for the Industry

- OTC Derivatives market reform
- BBSW Initiatives and Benchmark Rate Regulation
- Implementation of Prudential Reforms
- Cross-border Rules and International Standards
- Regulation of Retail Financial Markets
- Change of Government
 - Financial System Inquiry
 - Regulatory burden
 - Tax Review