# The Australian Economy and Financial Markets

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World Economy

GDP Growth – World
Year-ended

GDP Growth – China and India
Year-ended

GDP Growth – Advanced Economies
Year-ended

GDP Growth – East Asia
Year-ended

* Weighted using Australian export shares
** PPP-weighted; accounts for 85 per cent of world GDP
Sources: ABS; CEIC Data; IMF; RBA; Thomson Reuters

* Indonesia, Malaysia, Philippines and Thailand; PPP-weighted
** Hong Kong, Singapore, South Korea and Taiwan; PPP-weighted
Sources: CEIC Data; IMF; RBA
World Economy

**Core Inflation – Advanced Economies***
Year-ended

- US**
- Euro area
- Japan

* Excluding food and energy, and for the euro area also excluding alcohol and tobacco
** Core price index for personal consumption expenditures

Source: Bloomberg

**Unemployment Rate – Advanced Economies**

Source: Bloomberg

**Inflation – China and India**
Year-ended

- China
- India

Source: Bloomberg

**Core Inflation – Advanced Economies***
Year-ended

- US**
- Euro area
- Japan

* Excluding food and energy, and for the euro area also excluding alcohol and tobacco
** Core price index for personal consumption expenditures

Source: Bloomberg

**Unemployment Rate – Advanced Economies**

Source: Bloomberg

**Inflation – East Asia**
Year-ended

- Middle-income*
- High-income**

* Indonesia, Malaysia, Philippines and Thailand; PPP-weighted
** Hong Kong, Singapore, South Korea and Taiwan; PPP-weighted

Sources: CEIC Data; IMF, RBA; Thomson Reuters
China – Activity Indicators

Year-ended growth

Manufacturing PMI*

Industrial production

55

40

10

0

5

2017

2009

2013

2017

45

55

0

10

20

30

40

50

2017

2009

2013

2017

10

20

30

40

50

%

%

%

%

Sources: CEIC Data; Markit Economics; RBA

China – Residential Property Market*

Year-ended growth

Floor space sold

Prices

Real estate development investment**

2009

2011

2013

2015

2017

30

60

90

120

60

90

120

%

%

%

%

Sources: CEIC Data; RBA

China – Financing*

Share of GDP

Total social financing flows**

Fiscal balance

Expenditure

Revenue

Balance

2007

2012

2017

60

100

140

180

60

100

140

180

index

index

Sources: CEIC Data; RBA

China – Output Indicators

2007 average = 100

Crude steel

Electricity generation

Cement

Plate glass

2009

2013

2017

60

100

140

180

60

100

140

180

index

index

Sources: CEIC Data; RBA

* Diffusion index; average of the official and Caixin
** Investment by developers and other construction companies in the development of residential property; includes land purchases
Australian GDP Growth and Inflation

**GDP Growth**
- Year-ended
- Quarterly

Source: ABS

**Consumer Price Inflation***
- Year-ended
- Quarterly (seasonally adjusted)

* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999–2000
Sources: ABS; RBA

**Underlying Inflation***
- Weighted median
- Trimmed mean
- CPI excl volatile items

* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999–2000
Sources: ABS; RBA

** Tradable and Non-tradable Inflation***
- Tradables**
- Non-tradables***

** Tradables**
- Year-ended
- Quarterly (seasonally adjusted)

** Non-tradables***
- Adjusted for the tax changes of 1999–2000
- Excludes volatile items (fruit, vegetables & automotive fuel)
- Excludes interest charges prior to the September quarter 1998, and deposit & loan facilities prior to the September quarter 2011
Sources: ABS; RBA
Household Sector

Retail Sales Growth

- Volumes (year-ended)
- Values (year-ended)

Quarterly

* Percentage change over year to latest three months

Source: ABS

Household Income and Consumption*

Real, year-ended growth

Disposable income

Saving ratio

* Household sector includes unincorporated enterprises; disposable income is after tax and interest payments; income level smoothed with a two-quarter moving average between March quarter 2000 and March quarter 2002; saving ratio is net of depreciation

Sources: ABS; RBA

Private Residential Building Approvals

Monthly

- Total
- Detached houses
- Higher-density housing

Source: ABS

Consumer Sentiment*

Average since 1980 = 100

* Average of the ANZ-Roy Morgan and Westpac-Melbourne Institute consumer sentiment measure of respondents’ perceptions of their personal finances relative to the previous year; ANZ-Roy Morgan index rescaled to have the same average as the Westpac-Melbourne Institute index since 1996

Sources: ANZ-Roy Morgan; RBA; Westpac and Melbourne Institute
Household Sector

**Household Finances***

Per cent of household disposable income

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt</th>
<th>Interest paid**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>50%</td>
<td>-</td>
</tr>
<tr>
<td>2004</td>
<td>175%</td>
<td>14%</td>
</tr>
<tr>
<td>2017</td>
<td>150%</td>
<td>10%</td>
</tr>
</tbody>
</table>

* Disposable income is after tax and before the deduction of interest payments
** Excludes unincorporated enterprises

Sources: ABS; RBA

**Household Wealth and Liabilities***

Per cent of annual household disposable income

<table>
<thead>
<tr>
<th>Year</th>
<th>Dwellings</th>
<th>Liabilities</th>
<th>Financial assets</th>
<th>Net wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2017</td>
<td>600%</td>
<td>450%</td>
<td>300%</td>
<td>600%</td>
</tr>
</tbody>
</table>

* Disposable income is after tax and before the deduction of interest payments

Sources: ABS; RBA

**Housing Prices**

Year-ended growth, seasonally adjusted

<table>
<thead>
<tr>
<th>Year</th>
<th>ABS*</th>
<th>APM***</th>
<th>Residex*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-10%</td>
<td>10%</td>
<td>-5%</td>
</tr>
<tr>
<td>2011</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>2013</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2017</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

* ABS is a quarterly stratified median price index; Residex is a quarterly repeat sales price index
** Monthly hedonic price index; non-seasonally adjusted
*** Monthly stratified median price index

Sources: ABS; APM; CoreLogic; RBA; Residex

**Housing Loan Approvals**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Owner-occupiers*</th>
<th>Investors**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$0</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2011</td>
<td>$10b</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>2013</td>
<td>$15b</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>2017</td>
<td>$20b</td>
<td>15%</td>
<td>10%</td>
</tr>
</tbody>
</table>

* Excludes refinancing
** Includes refinancing

Sources: ABS; RBA
Business Sector

Private Non-financial Corporation Profits*

Share of nominal GDP

Non-mining

Mining

* Gross operating profits; inventory valuation adjusted
Sources: ABS; RBA

NAB Business Survey

Business conditions*

Business confidence*

Capacity utilisation

* Net balance; deviation from average since 1989
Sources: NAB; RBA

Business Finances

Business credit

Per cent of nominal GDP

Interest paid*

Per cent of profits**

* Interest on intermediated debt from Australian-domiciled financial institutions
** Profits are private non-financial gross operating surplus (adjusted for privatisations) and gross mixed income
Sources: ABS; APRA; RBA
Business Sector

**Business Investment***
Share of nominal GDP

- Adjusted for second-hand asset transfers between the private and other sectors

Source: ABS

**Capital Expenditure – Mining and Non-mining***
Nominal, log scale

- Dots are firms' expectations for 2017/18, adjusted for historical differences between expected and realised spending

Sources: ABS; RBA

**Business Investment Components***
Share of nominal GDP

- Adjusted for second-hand asset transfers between the private and other sectors

Source: ABS

**Private Non-residential Building Approvals**
Per cent of nominal GDP

Source: ABS
Factors of Production and Labour Market

Factors of Production

- **Net capital stock**
  - Annual growth: 3.3\% in 2017
  - *Excluding livestock & orchards, dwellings and ownership transfer costs
  - Sources: ABS; RBA

- **Working-age population**
  - 09/1002/0395/9688/8981/82 16/17
  - 1.0\%, 1.5\%, 2.0\%

Wage Price Index Growth

- **Private sector**
  - Year-ended: 2.0\% in 2017
  - Quarterly: 3.0\% in 2017

- **Public sector**
  - Year-ended: 2.0\% in 2017
  - Quarterly: 3.0\% in 2017

Sources: ABS

Capital Ratios*

- **1979/80 = 100**
  - Capital-output ratio
  - Capital-labour ratio
  - *Capital stock excludes livestock & orchards, dwellings and ownership transfer costs
  - Sources: ABS; RBA

Unit Labour Costs Growth

- **Non-farm, year-ended**
  - Unit labour costs
  - Labour productivity per hour
  - Average earnings per hour

Sources: ABS; RBA
Factors of Production and Labour Market

**Employment and Participation Rates**

- Participation rate
- Employment to working-age population

**Employment and Hours Worked**

- Employment
- Total hours worked
- Average hours worked

**Labour Market**

- Underemployment rate*
- Unemployment rate

**Job Vacancies and Advertisements**

- Vacancies* (ABS survey)
- Advertisements (ANZ survey)

* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours

* This survey was suspended between May 2008 and November 2009

Sources:
- ABS
- ANZ
- RBA

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* Smoothed lines are 13-period Henderson trends

Sources: ABS; RBA
Regions and Industry

State Share of Output*

<table>
<thead>
<tr>
<th>State</th>
<th>90/91</th>
<th>95/96</th>
<th>00/01</th>
<th>05/06</th>
<th>10/11</th>
<th>15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victoria</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Queensland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Australia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Australia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tasmania</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

* Nominal
Source: ABS

State Final Demand

Year-ended growth

<table>
<thead>
<tr>
<th>State</th>
<th>2012</th>
<th>2007</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victoria</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Australia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Queensland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Australia</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Adjusted for the purchase and sale of ferries in 2002
Source: ABS

State Unemployment Rates

Trend

<table>
<thead>
<tr>
<th>State</th>
<th>2007</th>
<th>2012</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasmania</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Australia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New South Wales</td>
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<td></td>
<td></td>
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<tr>
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<td></td>
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<tr>
<td>Queensland</td>
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<td></td>
</tr>
<tr>
<td>Western Australia</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ABS
Regions and Industry

**Industry Share of Output***

*Nominal gross value added
**Includes: information media and telecommunications; rental, hiring and real estate services; professional, scientific and technical services; administrative and support services

Source: ABS

**Industry Share of Business Investment***

*Nominal
**Includes: information media and telecommunications; rental, hiring and real estate services; professional, scientific and technical services; administrative and support services

Source: ABS

**Employment Growth by Industry**

Cumulative change since February 2012

*Includes agriculture, forestry & fishing; transport, postal & warehousing; and electricity, gas, water & waste services

Source: ABS
Government

**Australian Government Budget Balance***

* Underlying cash balance; 2017/18 Budget
Source: Australian Treasury

**State Budget Balances***

* Underlying cash balance
Source: ABS

**Public Construction Work Done**

Source: ABS

**Non-financial Public Sector Net Debt**

Source: Australian Treasury
Balance of Payments and External Position

**Export Volumes**
Quarterly, 2014/15 prices, log scale

- Resources
- Services
- Rural
- Manufacturing

**Bulk Commodity Exports**
Quarterly

- Iron ore
- Coal

**Import Volumes**
Quarterly, 2014/15 prices, log scale

- Consumption
- Intermediate
- Services
- Capital

**Exports by Destination**
Annual, share of total values

- Japan
- China
- US
- India
- South Korea
- EU-27

Sources: ABS; RBA
Balance of Payments and External Position

**Current Account Balance**
Per cent of nominal GDP

Source: ABS

**Net Capital Inflow***
Per cent of nominal GDP

Net Capital Inflow*

Source: ABS

**External Position**
Composition after hedging, quarterly*

Gross foreign liabilities
Gross foreign assets

* Hedge ratios inferred from ABS Foreign Currency Exposure surveys
Sources: ABS; RBA

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**Net Foreign Liabilities**
By type, per cent of nominal GDP

* Short-term includes debt with residual maturity of one year or less; long-term includes all other debt
Source: ABS

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**Current Account Balance**
Per cent of nominal GDP

Source: ABS

---

**Net Capital Inflow***
Per cent of nominal GDP

Source: ABS

---

**External Position**
Composition after hedging, quarterly*

Source: ABS; RBA
Interest Rates

**Australian Cash Rate**

- **Source:** RBA

**Policy Interest Rates**

- **Source:** Central banks

**Australian Cash Rate and 90-day Bill Yield**

- **Real cash rate:**
  
  - *Calculated using average of year-ended weighted median inflation and year-ended mean inflation*
  
  - **Sources:** ABF; ASX; RBA

**Policy Interest Rates – Selected Advanced Economies**

- **Policy rate is the midpoint of the 3-month LIBOR target band**
  
  - **Source:** Central banks

- **Main refinancing rate**
  
  - *Until the introduction of 3-year LTROs in December 2011; deposit facility rate thereafter*

  - **Source:** Central banks
Interest Rates

10-year Government Bond Yields

- Japan
- Germany
- US
Source: Thomson Reuters

Policy Interest Rates – Emerging Markets

- India
- Malaysia
- Thailand
- South Korea
- Indonesia*
- Brazil
- Russia*
- Mexico
Source: Central banks

* Breaks in series indicate changes in the official policy rates for Russia (September 2013) and Indonesia (August 2016)

10-year Australian Government Bond Yield

Source: RBA

Interest Rates – China

- 1-year benchmark lending
- 1-year benchmark deposit
- 7-day repo (month average)
Sources: CEIC Data; RBA

Sources: CEIC Data; RBA

1-year benchmark deposit

1-year benchmark lending

Sources: CEIC Data; RBA

Interest Rates – China

1-year benchmark deposit

1-year benchmark lending

7-day repo (month average)

Sources: CEIC Data; RBA

Sources: CEIC Data; RBA

Policy Interest Rates – Emerging Markets

- Indonesia*
- Brazil
- Russia*
- India
- Malaysia
- South Africa
- Mexico

* Breaks in series indicate changes in the official policy rates for Russia (September 2013) and Indonesia (August 2016)
Source: Central banks

10-year Government Bond Yields

- US
- Germany
- Japan
Source: Thomson Reuters

10-year Government Bond Yields

- US
- Germany
- Japan
Source: Thomson Reuters
Interest Rates

**Spread between Australian 10-year Bond Yield and the Cash Rate**

Source: RBA

**Australian Corporate Bond Yields**

Swap rates are for 3-year maturity; corporate bond yields are a weighted average of senior bonds with remaining maturities of 1 to 5 years, including financial and non-financial corporations.

Sources: Bloomberg; RBA; UBS AG, Australia Branch

**Differential between Australian and US 10-year Government Bond Yields**

Sources: Bloomberg; RBA

**Australian Corporate Bond Spreads**

Swap spreads are for 3-year maturity; corporate bond spreads are a weighted average of senior bonds with remaining maturities of 1 to 5 years, including financial and non-financial corporations.

Sources: Bloomberg; RBA; UBS AG, Australia Branch
**Interest Rates**

**US Corporate Bond Yields**

- BBB corporates*
- AA corporates*
- 5-year swap

* Includes financials and non-financials
Source: Bloomberg

**Emerging Market Bond Yields**

US dollar-denominated, blended yield

- Europe
- Latin America
- Asia

Sources: Bloomberg; RBA; Thomson Reuters

**US Corporate Bond Spreads**

To US government bonds

- BBB corporates*
- AA corporates*
- 5-year swap

* Includes financials and non-financials
Source: Bloomberg

**Emerging Market Bond Spreads**

To US government bonds, duration-matched

- Europe
- Latin America
- Asia

Sources: Bloomberg; RBA; Thomson Reuters
Share Markets

**Australian and World Share Price Indices**
(Log scale, end December 1994 = 100)

- S&P 500
- ASX 200
- MSCI World

Sources: Bloomberg; MSCI; RBA

**Advanced Economies’ Share Price Indices**
(Log scale, end December 1994 = 100)

- Euro area
- US
- UK
- Japan

Sources: Bloomberg; RBA

**Australian Share Price Indices***
(Log scale, end December 1994 = 100)

- Resources
- Financials
- All other sectors

*ASX 200 companies

Sources: Bloomberg; RBA

**Emerging Markets’ Share Price Indices**
(Log scale, end December 1994 = 100)

- Emerging Europe
- Latin America
- Emerging Asia
- China
- World

Sources: Bloomberg; MSCI; RBA
Share Markets

**Forward PE Ratios**

- MSCI World excluding Australia
- ASX 200

Sources: Bloomberg; MSCI; Thomson Reuters

**Forecast Earnings per Share**

- MSCI Australia

Source: Thomson Reuters

**Dividend Yields**

- ASX 200
- MSCI World excluding Australia

Sources: Bloomberg; MSCI; Thomson Reuters

**Australian Net Equity Raisings**

* All listed companies
** Includes banks and non-bank financials

Sources: ASX; RBA
Bond Issuance

**Bonds on Issue in Australia**

- **Non-government**:
  - Australian government
  - State governments

- **Financials**
- **Non-financial corporations**
- **Non-residents**
- **Asset-backed securities**

* Excludes bonds purchased by the Australian Government
** Excludes ADIs’ self-securitisations, includes government-guaranteed bonds

Sources: ABS; AOFM; RBA; State Treasury Corporations

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**Total Non-government Bonds on Issue**

- **Financials**
- **Non-financial corporations**
- **Non-residents**
- **Asset-backed securities**

* Australian dollar-denominated bonds only

Sources: ABS; RBA

---

**Non-government Bond Issuance**

- **Domestic issuers**
- **Non-resident issuers**

* Excludes ADIs’ self-securitisations
** Offshore non-resident issuance includes Australian dollar-denominated bonds only

Source: RBA

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**Non-government Bonds on Issue in Australia**

* Excludes ADIs’ self-securitisations

Sources: ABS; RBA
Bond Issuance

**US and Euro Area Corporate Bond Issuance***

Gross issuance

- **US**
  - Financials
  - Non-financials

- **Euro area**

* December quarter-to-date
Sources: Dealogic; RBA

**Emerging Market Corporate Bond Issuance***

Gross issuance

- **China**
  - Foreign currency-denominated
  - Local currency-denominated

- **Other**

* December quarter-to-date
Sources: Dealogic; RBA
**Exchange Rates**

**Australian Dollar Trade-weighted Index**

- Nominal
- Real

*May 1970 = 100 for nominal; real indexed to equate post-float averages; latest observations for real TWI are estimates

Sources: ABS; RBA; Thomson Reuters; WM/Reuters

**Official Reserve Assets**

- Gross
- Net*

*Excludes foreign exchange swaps

Includes market, government and other outright transactions, excludes swap deliveries

Data up to 30 June 2017; a positive value indicates a purchase of foreign exchange, while a negative value indicates a sale of foreign exchange

Source: RBA

**Australian Dollar**

- Yen per A$ (LHS)
- US$ per A$ (RHS)
- Euro per A$* (RHS)

*ECU per A$ until 31 December 1996

Source: Bloomberg

**Exchange Rates**

- Yen
- Euro
- US$ (LHS)
- US$ (RHS)
- Euro (RHS)

*ECU per A$ until 31 December 1998

Source: Bloomberg

**Australian Dollar Trade-weighted Index**

- Nominal
- Real

*May 1970 = 100 for nominal; real indexed to equate post-float averages; latest observations for real TWI are estimates

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- Net*

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Source: RBA

**Australian Dollar**

- Yen per A$ (LHS)
- US$ per A$ (RHS)
- Euro per A$* (RHS)

*ECU per A$ until 31 December 1996

Source: Bloomberg

**Exchange Rates**

- Yen
- Euro
- US$ (LHS)
- US$ (RHS)
- Euro (RHS)

*ECU per A$ until 31 December 1998

Source: Bloomberg
Selected Asian Currencies against the US Dollar
31 January 2000 = 100
India
Thailand
South Korea
Malaysia
Singapore
Indonesia
Source: Bloomberg

US Dollar

Selected Asian Currencies against the US Dollar
31 January 2000 = 100
India
Thailand
South Korea
Malaysia
Singapore
Indonesia
Source: Bloomberg

G3 Nominal Trade-weighted Indices
1999–2017 average = 100
US dollar
Euro
Japanese yen
Source: BIS; Bloomberg; Board of Governors of the Federal Reserve System

Chinese Renminbi
Nominal effective exchange rate
(LHS, 2010 average = 100)
Yuan per US$
(RHS, inverted scale)
Source: BIS; Bloomberg; RBA

Exchange Rates
Banking Indicators

**Australian Bank Profits**

<table>
<thead>
<tr>
<th>Year</th>
<th>Major banks</th>
<th>Other Australian-owned banks</th>
<th>Foreign-owned banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-1.5</td>
<td>0.0</td>
<td>1.5</td>
</tr>
<tr>
<td>2006</td>
<td>0.0</td>
<td>1.1</td>
<td>2.2</td>
</tr>
<tr>
<td>2001</td>
<td>0.0</td>
<td>1.1</td>
<td>2.2</td>
</tr>
<tr>
<td>1996</td>
<td>0.0</td>
<td>1.1</td>
<td>2.2</td>
</tr>
<tr>
<td>1991</td>
<td>0.0</td>
<td>1.1</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Sources: APRA; RBA

**Australian Bank Profitability**

<table>
<thead>
<tr>
<th>Year</th>
<th>Majors</th>
<th>Other Australian-owned banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>20.0</td>
<td>10.0</td>
</tr>
<tr>
<td>2013</td>
<td>15.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2009</td>
<td>10.0</td>
<td>2.0</td>
</tr>
<tr>
<td>2005</td>
<td>5.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2001</td>
<td>2.0</td>
<td>0.5</td>
</tr>
</tbody>
</table>

*Fiscal years from 2003 onwards; prior data are as reported in banks financial statements*

Sources: APRA; Banks’ annual reports; RBA

**Major Banks’ Net Interest Margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic, half-yearly</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.5</td>
</tr>
<tr>
<td>2013</td>
<td>2.0</td>
</tr>
<tr>
<td>2009</td>
<td>2.5</td>
</tr>
<tr>
<td>2005</td>
<td>3.0</td>
</tr>
<tr>
<td>2001</td>
<td>3.5</td>
</tr>
</tbody>
</table>

*From 2006 data are on an IFRS basis; prior years are on AGAAP basis; excludes St George Bank and Bankwest prior to the first half of 2009*

Sources: Banks’ Financial Reports; RBA
### Capital Ratios*

Consolidated global operations of locally incorporated ADIs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>Tier 1</strong></td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Common Equity Tier 1</strong></td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Tier 2</strong></td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

* Per cent of risk-weighted assets; break in March 2008 due to the introduction of Basel II for most ADIs; break in March 2013 due to the introduction of Basel III for all ADIs

Source: APRA

### Funding Composition of Banks in Australia*

Share of total funding

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2011</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic deposits</strong></td>
<td>60</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td><strong>Short-term debt</strong></td>
<td>40</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td><strong>Long-term debt</strong></td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

* Adjusted for movements in foreign exchange rates; tenor of debt is estimated on a residual maturity basis

** Includes deposits and intragroup funding from non-residents

Sources: APRA; RBA; Standard & Poor’s

### Banks’ Non-performing Assets

Consolidated global operations, share of on-balance sheet assets

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td><strong>Total</strong></td>
<td>6</td>
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<td>2</td>
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<td>1</td>
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<tr>
<td><strong>Impaired</strong></td>
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<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
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* Includes assets 90+ days past due that are well secured

Source: APRA

---

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