The Australian Economy and Financial Markets

Contents

Graphs
World Economy 1–3
Australian Growth 4
Australian Inflation 5
Household Sector 6–7
Business Sector 8–9
Credit and Money 10
Factors of Production and Labour Market 11–12
Regions and Industry 13
Government 14
Commodity Prices 15
Balance of Payments and External Position 16–17
Interest Rates 18–22
Share Markets 23
Bond Issuance 24–25
Exchange Rates 26–27
Banking Indicators 28–29
World Economy

GDP Growth – World
Year-ended

Major trading partners*
World**

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

GDP Growth – Advanced Economies
Year-ended

US
Euro area
Japan

Source: Refinitiv

GDP Growth – East Asia
Year-ended

Indonesia
South Korea
Malaysia

Sources: CEIC Data; RBA
World Economy

Inflation – Advanced Economies*

Year-ended

Inflation – China and India

Year-ended

Labour Markets – Advanced Economies

Unemployment rate

Wages growth*

Year-ended

Inflation – East Asia

Year-ended

* Personal consumption expenditure (PCE) inflation for the US; Japan data excludes the effects of the consumption tax increase in April 2014

Sources: RBA; Refinitiv

* Average hourly earnings for the US; compensation per employee for the euro area; smoothed full-time base wages for Japan

Sources: ECB; Eurostat; RBA; Refinitiv

Sources: CEIC Data; RBA

Sources: Bloomberg; CEIC Data
China – Activity Indicators

Year-ended growth

- Manufacturing PMI*: 45
- Industrial production: 10%
- Fixed asset investment: 15%
- Real retail sales: 20%

* Diffusion index; average of the official and Caixin
Sources: CEIC Data; Markit Economics; RBA

China – Residential Property Indicators

Year-ended growth

- New property prices: -50%
- Investment: 20%
- Floor space sold: -25%
- Inventory: 25%

Sources: CEIC Data; RBA

China – Total Social Financing

Contribution to six-month annualised growth

- Debt swap adjustment**:

* Sum of business loans, securities financing and off-balance sheet financing
** Upper bound estimate after including local government bond issuance to pay off debt previously included in TSF
Sources: CEIC Data; RBA

China – Gross Output of Selected Products*

- Electricity generation
- Plate glass
- Cement
- Steel products
- Crude steel

* Seasonally adjusted by RBA
Sources: CEIC Data; RBA
Australian Growth

GDP Growth

<table>
<thead>
<tr>
<th>Year-ended</th>
<th>Quarterly</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>1999</td>
</tr>
<tr>
<td>2004</td>
<td>2009</td>
</tr>
<tr>
<td>2014</td>
<td>2019</td>
</tr>
</tbody>
</table>

Source: ABS

Contributions to GDP Growth

<table>
<thead>
<tr>
<th>Year-ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2015</td>
</tr>
</tbody>
</table>

Sources: ABS; RBA

Mining and Non-mining Activity

Year-ended growth, RBA estimates

<table>
<thead>
<tr>
<th>Mining*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mining investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resource exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2015</td>
</tr>
</tbody>
</table>

Sources: ABS; RBA

State Final Demand

Year-ended growth

<table>
<thead>
<tr>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NSW and Vic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2019</td>
</tr>
</tbody>
</table>

Rest of Australia

Sources: ABS; RBA

* Net of mining-related imports; components are contributions to year-ended mining activity growth; contribution from changes in inventories not shown.
Australian Inflation

**Consumer Price Inflation***

*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***

*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

**Underlying Inflation***

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

Sources: ABS; RBA
Household Sector

Household Income and Consumption*

- Real, year-ended growth
- Consumption
- Disposable income
- Saving ratio

Private Dwelling Investment*

- Chain volume, quarterly

Private Residential Building Approvals

- Monthly

Consumer Sentiment*

- Average since 1980 = 100

Household Income and Consumption*

- Households sector includes unincorporated enterprises; disposable income is after tax and interest payments; saving ratio is net of depreciation

Sources: ABS; RBA

Private Dwelling Investment*

- Reference year is 2016/17

Source: ABS

Consumer Sentiment*

- Average of the ANZ-Roy Morgan and Westpac-Melbourne Institute consumer sentiment measures 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 includes unincorporated enterprises; disposable income is after tax and interest payments; saving ratio is net of depreciation.

Sources: ABS; RBA
Household Sector

**Housing Prices and Household Debt***
Ratio to household disposable income

<table>
<thead>
<tr>
<th>Year Ended Growth, Seasonally Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>------</td>
</tr>
<tr>
<td>15%</td>
</tr>
</tbody>
</table>

* Households disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises.

Sources: ABS; CoreLogic; RBA

**Reserve Bank of Australia**

**Household Wealth and Liabilities***
Per cent of annual household disposable income

<table>
<thead>
<tr>
<th>Year Ended Growth, Non-seasonally Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>------</td>
</tr>
<tr>
<td>300%</td>
</tr>
</tbody>
</table>

* Households disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises.

Sources: ABS; RBA

**Reserve Bank of Australia**

**Housing Prices**
Year-ended growth, seasonally adjusted

<table>
<thead>
<tr>
<th>Year Ended Growth, Non-seasonally Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>------</td>
</tr>
<tr>
<td>15%</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.
*** Quarterly stratified median price index.

Sources: ABS; APM; CoreLogic; RBA

**Reserve Bank of Australia**

**Housing Loan Approvals**
Excluding refinancing

<table>
<thead>
<tr>
<th>Year Ended Growth, Non-seasonally Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>------</td>
</tr>
<tr>
<td>15%</td>
</tr>
</tbody>
</table>

* Seasonally adjusted.

Sources: ABS; RBA

**Reserve Bank of Australia**
Business Sector

**Business Investment**
Share of nominal GDP

* Adjusted for second-hand asset transfers between the private and other sectors
Source: ABS

**Business Investment Components**
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 2019/20, adjusted for historical differences between expected and realised spending
Sources: ABS; RBA

**Industry Share of Business Investment**

* Nominal; includes second-hand asset transfers
** Includes: information media and telecommunications; rental, hiring and real estate services; professional, scientific and technical services; administrative and support services
Source: ABS
**Business Sector**

**Private Non-financial Corporation Profits**

Share of nominal GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-mining</th>
<th>Mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Gross operating profits; inventory valuation adjusted

**Business Lending by Banks**

Break-adjusted

<table>
<thead>
<tr>
<th>Year</th>
<th>Large business**</th>
<th>Small business**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Credit exposures on the balance sheets of banks allowed by APRA to use an internal ratings-based approach for credit risk management

**Large business** is the corporate category in APRA's capital framework; small business is the sum of the SME corporate and SME retail categories (the SME categories include businesses that have reported consolidated annual sales of less than $50 million)

**Business Lending by Banks**

Break-adjusted

<table>
<thead>
<tr>
<th>Year</th>
<th>Large business**</th>
<th>Small business**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Credit exposures on the balance sheets of banks allowed by APRA to use an internal ratings-based approach for credit risk management

**Large business** is the corporate category in APRA's capital framework; small business is the sum of the SME corporate and SME retail categories (the SME categories include businesses that have reported consolidated annual sales of less than $50 million)

**Sources:** APRA; RBA

**NAB Business Survey**

*Business conditions*

*Business confidence*

**Capacity utilisation**

Average since 1989

*Net balance; deviation from average since 1989

**Sources:** NAB; RBA
Credit and Money

Credit and Broad Money Growth
Year-ended

Monetary Aggregates Growth
Year-ended

Housing Credit Growth
Year-ended

Credit Growth by Sector
Year-ended

Sources: ABS; APRA; RBA
Factors of Production and Labour Market

Factors of Production

Annual growth

Net capital stock*

Working-age population

Capital Ratios*

1979/80 = 100

Capital-output ratio

Capital-labour ratio

Wage Price Index Growth*

Year-ended

Quarterly

Unit Labour Costs Growth

Non-farm, year-ended

Unit labour costs

Average earnings per hour

Labour productivity per hour

* Capital stock excludes livestock & orchards, dwellings and ownership transfer costs

Sources: ABS; RBA

* Excluding livestock & orchards, dwellings and ownership transfer costs

Sources: ABS; RBA

* Total pay excluding bonuses

Source: ABS
Factors of Production and Labour Market

**Employment and Participation Rates**

- **Participation rate**
- **Employment to working-age population**

Source: ABS

**Labour Market**

- **Underemployment rate**
- **Unemployment rate**

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

Source: ABS

**Job Vacancies and Advertisements**

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

*This survey was suspended between May 2008 and November 2009*

Sources: ABS; ANZ

---

**Employment and Hours Worked**

- **Employment**
- **Total hours worked**
- **Average hours worked**

*Smoothed lines are 13-period Henderson trends*

Sources: ABS; RBA
Regions and Industry

**State Share of Output**

*Nominal*

- New South Wales
- Victoria
- Queensland
- Western Australia
- South Australia
- Tasmania

Source: ABS

**State Unemployment Rates**

*Trend*

- South Australia
- Victoria
- Tasmania
- Western Australia
- Queensland

Source: ABS

**Industry Share of Output***

- Other business services**
- Manufacturing
- Retail and wholesale trade
- Financial and insurance services
- Construction
- Mining
- Agriculture

Source: ABS

**Employment Growth by Industry**

*Cumulative change since March 2013*

- Household services
- Public administration
- Business services
- Retail and wholesale trade
- Other*
- Construction
- Mining
- Manufacturing

Source: ABS

*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
Government

**Australian Government Budget Balance**
- Per cent of nominal GDP
- *Underlying cash balance: 2019/20 Budget
- Source: Australian Treasury

**State Budget Balances**
- Per cent of nominal GDP
- *Underlying cash balance
- Source: ABS

**Public Construction Work Done**
- Per cent of nominal GDP
- Source: ABS

**Non-financial Public Sector Net Debt**
- Per cent of nominal GDP
- Source: Australian Treasury

---

*CHART PACK* | OCTOBER 2019

---
Commodity Prices

RBA Index of Commodity Prices
SDR, 2018/19 average = 100, log scale

Terms of Trade*
2016/17 average = 100, log scale

Base Metals, Rural and Oil Prices
Monthly

Bulk Commodity Prices
Free on board basis

Iron ore
(LHS)
Thermal coal
(LHS)
Coking coal
(RHS)

Source: RBA

Iron ore 62% Fe Fines Index; Newcastle thermal coal and premium hard coking coal
Sources: ABS; Bloomberg; IHS Markit; RBA

Spot price*

Base metals*

Rural*

Brent oil

* RBA Index of Commodity Prices sub-indices; SDR terms; 2007 average = 100
Sources: Bloomberg; RBA

* Annual data are used prior to 1960
Sources: ABS; RBA

Terms of Trade*
Balance of Payments and External Position

Current Account Balance
Per cent of nominal GDP

Net Capital Inflow*
Per cent of nominal GDP

Net Foreign Liabilities
By type, per cent of nominal GDP

External Position*
Composition after hedging, quarterly

* 2019 values include the March and June quarters
Source: ABS

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

Australian Cash Rate Target

Policy Interest Rates

Australian Cash Rate and 90-day Bill Yield

Policy Interest Rates – Selected Advanced Economies

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

Sources: ABS; ASX; RBA

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

Source: Central banks
**Interest Rates**

**Interest Rates – China**

![Graph showing interest rates in China with three lines: One-year benchmark lending, Seven-day repo (month average), One-year benchmark deposit.](chart)

Sources: CEIC Data; RBA

**10-year Australian Government Bond Yield**

![Graph showing the 10-year Australian Government Bond Yield from 2003 to 2019.](chart)

Sources: RBA; Yieldbroker

**Policy Interest Rates – Emerging Markets**

![Graph showing policy interest rates for emerging markets including countries like Indonesia, Brazil, Russia, India, Malaysia, Thailand, South Africa, Mexico, South Korea.](chart)

* 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**

![Graph showing 10-year government bond yields for various countries like US, Germany, Japan from 2003 to 2019.](chart)

Source: Refinitiv
Interest Rates

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

**Australian Non-financial Corporate Bond Yields**
3-year target

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

**Australian Non-financial Corporate Bond Spreads**
Spread to government yields; 3-year target

Sources: Bloomberg; RBA; Yieldbroker

Source: RBA
Interest Rates

**US Corporate Bond Yields**

- BBB corporates*
- AA corporates*
- Five-year swap

Sources: Bloomberg; ICE Data is used with permission

**Emerging Market Bond Yields**

- Europe
- Latin America
- Asia

Sources: Bloomberg; RBA; Refinitiv

**US Corporate Bond Spreads**

To US government bonds

- BBB corporates*
- AA corporates*
- Five-year swap

* Includes financials and non-financials
Sources: Bloomberg; ICE Data is used with permission

**Emerging Market Bond Spreads**

To US government bonds, duration-matched

- Europe
- Latin America
- Asia

Sources: Bloomberg; RBA; Refinitiv
Interest Rates

Variable Housing Interest Rates
- **Standard variable reference rate***
- **Outstanding loans**
- **New loans***

* Average across major banks’ rates; data to September
** Data from the Securitisation Dataset, re-weighted using housing credit shares; data to August
*** Quarter-average data from APRA (to June quarter)
Sources: APRA; major banks’ websites; RBA; Securitisation System

Australian Fixed Interest Rates
- **3-year maturity**
  - **Small business**
  - **Swap rate**
  - **Housing***

* Available to owner-occupiers
Sources: Banks’ websites; Bloomberg; Canstar Cannex; RBA

Variable Housing Interest Rates*
- **Owner-occupier**
- **Investor**
- **Principal-and-interest**
- **Interest-only**

* Average of securitised loans, re-weighted using housing credit shares; data to August
Sources: RBA; Securitisation System

Australian Business Lending Rates*
- **Small business**
- **Large business**

* RBA estimates
Sources: APRA; RBA
Share Markets

**Share Price Accumulation Indices**

Log scale, end December 1994 = 100

Sources: MSCI; RBA; Refinitiv

---

**Advanced Economies’ Share Price Indices**

Log scale, end December 1994 = 100

Sources: Bloomberg; RBA

---

**Australian Share Price Indices***

Log scale, end December 1994 = 100

* ASX 200 companies

Sources: Bloomberg; RBA; Refinitiv

---

**Emerging Markets’ Share Price Indices**

Log scale, end December 1994 = 100

Sources: Bloomberg; MSCI; RBA
Bond Issuance

Bonds on Issue in Australia

- Non-government
- Australian government
- State governments

Sources: ABS; AOFM; Bloomberg; KangaNews; RBA; State Treasury Corporations

Non-government Bond Issuance

- Domestic issuers
- Non-resident issuers

Sources: Bloomberg; KangaNews; Private Placement Monitor; RBA

Total Non-government Bonds on Issue

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

Sources: ABS; Bloomberg; KangaNews; Private Placement Monitor; RBA

Non-government Bonds on Issue in Australia

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

Sources: ABS; Bloomberg; KangaNews; RBA

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

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

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

Sources: ABS; AOFM; Bloomberg; KangaNews; RBA; State Treasury Corporations
Bond Issuance

US and Euro Area Corporate Bond Issuance*

Gross issuance

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

Emerging Market Corporate Bond Issuance*

Gross issuance

* September quarter-to-date
Sources: Dealogic; RBA
**Official Reserve Assets**

- *The reporting methodology for official reserve asset data changes in 2015*
- **Excludes net forward foreign currency commitments***
- ***Data up to 30 June 2018; a positive value indicates a purchase of foreign exchange, while a negative value indicates a sale of foreign exchange***

Source: RBA

---

**Australian Dollar Trade-weighted Index**

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

Sources: ABS; RBA; Refinitiv; WM/Reuters

---

**Australian Dollar**

- *ECU per A$ until 31 December 1998*

Source: Bloomberg

---

**Exchange Rates**

- *Canadian Dollar*
- *Japanese Yen*
- *Swiss Franc*
- *Euro*
- *US Dollar*

Source: RBA
Exchange Rates

Selected Asian Currencies against the US Dollar
31 January 2000 = 100

Sources: Bloomberg

G3 Nominal Trade-weighted Indices
1999–2019 average = 100

Sources: 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)

Sources: BIS; Bloomberg; RBA
Banking Indicators

**Australian Bank Profits**
- Net profit after tax
- Bad and doubtful debts charge

<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>2006</td>
<td>$6b</td>
<td>$2.2b</td>
<td>$1.1b</td>
</tr>
<tr>
<td>2012</td>
<td>$12b</td>
<td>$2.2b</td>
<td>$1.1b</td>
</tr>
<tr>
<td>2018</td>
<td>$12b</td>
<td>$2.2b</td>
<td>$1.1b</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Major banks</th>
<th>Other Australian-owned banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$6b</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>$12b</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>$12b</td>
<td></td>
</tr>
</tbody>
</table>

**Australian Bank Profitability***
- Return on shareholders’ equity after tax and minority interests

<table>
<thead>
<tr>
<th>Year</th>
<th>Majors</th>
<th>Other Australian-owned banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>20%</td>
<td></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***
- Domestic, half-yearly

<table>
<thead>
<tr>
<th>Year</th>
<th>1.5%</th>
<th>2.0%</th>
<th>2.5%</th>
<th>3.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>3.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>2.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>2.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>1.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Data for a given period relate to banks’ public profit reports released in that half; IFRS basis from 2006, AGAAP prior; excludes St George Bank and Bankwest prior to the first half of 2009

Sources: Banks’ financial reports; RBA
Banking Indicators

Banks' Non-performing Assets

Consolidated global operations, share of on-balance sheet assets

- **Total**
- **Impaired**

* Includes assets 90+ days past due that are well secured
Source: APRA

Capital Ratios*

Consolidated global operations of locally incorporated ADIs

<table>
<thead>
<tr>
<th></th>
<th>1993</th>
<th>2006</th>
<th>2009</th>
<th>2013</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CET1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other ADIs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit unions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building societies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></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

- **Domestic deposits**
- **Short-term debt**
- **Long-term debt**
- **Securitisation**
- **Equity**

* 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: ABS; APRA; Bloomberg; RBA; Refinitiv; Standard & Poor's

Banks' Non-performing Assets

Domestic books

Share of all loans

** Total
** Housing
** Business**
** Personal**
** (35%)**
** (61%)**

* Each category’s share of total domestic lending at June 2019 is shown in parentheses; shares may not add up to 100 due to rounding
** Includes lending to financial businesses, bills, debt securities and other non-household loans
Sources: APRA; RBA

Capital Ratios*

Consolidated global operations of locally incorporated ADIs

** Banks
** Other ADIs

<table>
<thead>
<tr>
<th>2006</th>
<th>1993</th>
<th>2009</th>
<th>2013</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tier 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tier 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></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