# The Australian Economy and Financial Markets

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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
- Japan
- Euro area

Source: Refinitiv

China – Contributions to GDP Growth

- Consumption
- Investment
- Net exports

GDP growth (per cent)

Sources: CEIC Data; RBA

GDP Growth – East Asia
Year-ended

- Indonesia
- South Korea
- Malaysia

Sources: CEIC Data; RBA
World Economy

Inflation – Advanced Economies*

Year-ended

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2011</th>
<th>2007</th>
<th>2019</th>
</tr>
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<tbody>
<tr>
<td>US</td>
<td>-4</td>
<td>-2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Euro area</td>
<td>-4</td>
<td>-2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Japan</td>
<td>-4</td>
<td>-2</td>
<td>0</td>
<td>2</td>
</tr>
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* Personal consumption expenditure (PCE) inflation for the US, Japan data excludes the effects of the consumption tax increase in April 2014

Sources: RBA; Refinitiv

Labour Markets – Advanced Economies

Unemployment rate

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<th>2013</th>
<th>2016</th>
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<td>8</td>
<td>12</td>
<td>8</td>
<td>4</td>
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<tr>
<td>Euro area</td>
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Wages growth*

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<th>2013</th>
<th>2016</th>
<th>2019</th>
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<td>4</td>
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* 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

Inflation – China and India

Year-ended

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<th></th>
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</tr>
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<tr>
<td>India</td>
<td>15</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>China</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>0</td>
<td>5</td>
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</table>

Sources: Bloomberg

Inflation – East Asia

Year-ended

<table>
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<td>15</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>South Korea</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>0</td>
<td>5</td>
</tr>
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Sources: CEIC Data; RBA
World Economy

**China – Activity Indicators**

- **Year-ended growth**
  - Manufacturing PMI*
  - Industrial production
  - Fixed asset investment
  - Real retail sales

*Diffusion index; average of the official and Caixin*

Sources: CEIC Data; Markit Economics; RBA

**China – Residential Property Indicators**

- **Year-ended growth**
  - New property prices
  - Investment
  - Floor space sold
  - Inventory

Sources: CEIC Data; RBA

**China – Total Social Financing**

- **Contribution to six-month annualised growth**
  - Business financing*
  - Household loans

*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***

- **2006 average = 100**
  - Electricity generation
  - Plate glass
  - Cement
  - Steel products
  - Crude steel

*Seasonally adjusted by RBA*

Sources: CEIC Data; RBA
**Australian Growth**

### GDP Growth

- **Year-ended**
- **Quarterly**

Source: ABS

### Mining and Non-mining Activity

Year-ended growth, RBA estimates

- **Mining**
- **Mining investment**
- **Resource exports**
- **Non-mining**

Sources: ABS; RBA

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

### State Final Demand

Year-ended growth

- WA
- NSW and Vic
- Rest of Australia

Sources: ABS; RBA
**Australian Inflation**

*Consumer Price Inflation*

- Year-ended
- Quarterly (seasonally adjusted)

*Underlying Inflation*

- Weighted median
- Trimmed mean
- CPI excl volatile items

*Tradable and Non-tradable Inflation*

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

- Non-tradables***

---

* Excluding interest charges prior to the September quarter 1998 and 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 Income and Consumption*

Real, year-ended growth

Consumption

Disposable income

Saving ratio

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

Sources: ABS; RBA

Private Dwelling Investment*

Chain volume, quarterly

Private Residential Building Approvals

Monthly

Higher-density housing

Total

Detached houses

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

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

#### Housing Prices and Household Debt*

**Ratio to annual household disposable income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>2.0</td>
<td>2005</td>
<td>5.0</td>
</tr>
<tr>
<td>2006</td>
<td>4.5</td>
<td>2007</td>
<td>4.0</td>
</tr>
<tr>
<td>2008</td>
<td>3.5</td>
<td>2009</td>
<td>3.0</td>
</tr>
</tbody>
</table>

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

**Sources:** ABS; CoreLogic; RBA

#### Housing Prices

**Year-ended growth, seasonally adjusted**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10.0</td>
<td>2011</td>
<td>15.0</td>
</tr>
<tr>
<td>2012</td>
<td>12.0</td>
<td>2013</td>
<td>10.0</td>
</tr>
<tr>
<td>2014</td>
<td>5.0</td>
<td>2015</td>
<td>0.0</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

#### Household Wealth and Liabilities*

**Per cent of annual household disposable income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net wealth</th>
<th>Dwellings</th>
<th>Financial assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>600</td>
<td>400</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>500</td>
<td>300</td>
<td>150</td>
<td>250</td>
</tr>
<tr>
<td>2015</td>
<td>450</td>
<td>250</td>
<td>200</td>
<td>300</td>
</tr>
</tbody>
</table>

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

**Sources:** ABS; RBA

#### Housing Loan Approvals

**Excluding refinancing**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Owner-occupiers</th>
<th>Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>20</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>2007</td>
<td>25</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>2011</td>
<td>30</td>
<td>25</td>
<td>5</td>
</tr>
</tbody>
</table>

**Sources:** ABS; RBA
**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 2018/19 and 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>1998</th>
<th>2002</th>
<th>2006</th>
<th>2010</th>
<th>2014</th>
<th>2018</th>
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<tr>
<td>Non-mining</td>
<td>12</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Mining</td>
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<td>8</td>
<td>4</td>
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<td>12</td>
<td>12</td>
</tr>
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* Gross operating profits; inventory valuation adjusted

Sources: ABS; RBA

**Business Lending by Banks***

Break-adjusted

$b  

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Large business**</td>
<td>150</td>
<td>200</td>
<td>250</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Small business**</td>
<td>150</td>
<td>200</td>
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* 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*

ppt

<table>
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<tr>
<th>Year</th>
<th>1994</th>
<th>1999</th>
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* Net balance; deviation from average since 1989

Sources: NAB; RBA

**Capacity utilisation**

%  

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<tbody>
<tr>
<td>Average since 1989</td>
<td>72</td>
<td>75</td>
<td>78</td>
<td>81</td>
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Share of nominal GDP

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Sources: NAB; RBA
Credit and Money

Credit and Broad Money Growth

Year-ended

Monetary Aggregates Growth

Year-ended

Credit Growth by Sector

Year-ended

Housing Credit Growth*

Six-month annualised

Monthly

* Seasonally adjusted and break-adjusted

Sources: APRA; RBA

Credit and Money Growth

Year-ended

Credit and Broad Money Growth

Year-ended

Monetary Aggregates Growth

Year-ended

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Year-ended

Housing Credit Growth*

Six-month annualised

Monthly

* Seasonally adjusted and break-adjusted

Sources: APRA; RBA
Factors of Production and Labour Market

Factors of Production

Annual growth

- **Net capital stock**:
  - Excluding livestock & orchards, dwellings and ownership transfer costs
  - Sources: ABS; RBA

- **Working-age population**

Capital Ratios*

1979/80 = 100

- **Capital-output ratio**
- **Capital-labour ratio**

* Excluding livestock & orchards, dwellings and ownership transfer costs

Sources: ABS; RBA

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**

* Total pay excluding bonuses

Sources: ABS; RBA

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

**Employment and Participation Rates**

- Participation rate
- Employment to working-age population

**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

**Job Vacancies and Advertisements**

- Vacancies*
- Advertisements (ANZ survey)

* This survey was suspended between May 2008 and November 2009

Sources: ABS; ANZ

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Footnote:

*Source: ABS*
Regions and Industry

**State Share of Output**

Nominal

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

Source: ABS

**Industry Share of Output**

* Nominal gross value added

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

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

Source: ABS

**State Unemployment Rates**

Trend

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

Source: ABS

**Employment Growth by Industry**

Cumulative change since March 2013

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

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

Source: ABS
Government

**Australian Government Budget Balance***
Per cent of nominal GDP

**State Budget Balances***
Per cent of nominal GDP

**Public Construction Work Done**
Per cent of nominal GDP

**Non-financial Public Sector Net Debt**
Per cent of nominal GDP

* Underlying cash balance; 2018/19 Mid-year economic and fiscal outlook
Source: Australian Treasury

* Underlying cash balance
Source: ABS

Source: ABS
Commodity Prices

**RBA Index of Commodity Prices**
SDR, 2016/17 average = 100, log scale

**Base Metals, Rural and Oil Prices**
Weekly

**Bulk Commodity Prices**
Free on board basis

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

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**Iron ore**
(LHS)

**Thermal coal**
(LHS)

**Coking coal**
(RHS)

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

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* Iron ore fines; Newcastle thermal coal and premium hard coking coal
Sources: ABS; Bloomberg; IHS; RBA

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

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

---

* RBA Index of Commodity Prices
SDR, 2016/17 average = 100, log scale

---

Source: RBA
Balance of Payments and External Position

**Export Volumes**
Quarterly, 2016/17 prices, log scale

**Import Volumes**
Quarterly, 2016/17 prices, log scale

**Bulk Commodity Exports**
Quarterly

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

Sources: ABS; RBA
Interest Rates

**Interest Rates – China**

![Graph showing interest rates for China with labeled benchmarks](image1)

Sources: CEIC Data; RBA

**10-year Australian Government Bond Yield**

![Graph showing 10-year bond yields for Australia](image2)

Source: RBA

**Policy Interest Rates – Emerging Markets**

![Graph showing interest rates for various emerging markets with labeled countries](image3)

* 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 bond yields for various countries](image4)

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

Sources: Bloomberg; RBA

Australian Non-financial Corporate Bond Spreads

Spread to government yields; 3-year target

Sources: Bloomberg; 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

US dollar-denominated, blended yield

- Europe
- Latin America
- Asia

Sources: Bloomberg; RBA; Refinitiv

US Corporate Bond Spreads

To US government bonds

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

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

* Includes financials and non-financials

Includes financials and non-financials

Sources: Bloomberg; ICE Data is used with permission
Interest Rates

Variable Housing Interest Rates

- Standard variable reference rate*
- Outstanding loans**
- New loans***

* Average across major banks' rates; data to March
** Data to February
*** Average new variable lending rate based on APRA quarterly data

Sources: APRA; 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

Outstanding loans

- Owner-occupier
- Investor
- Interest-only
- Principal-and-interest

Sources: RBA; Securitisation System

Australian Business Lending Rates*

- Average interest rate on outstanding lending
- Small business
- Large business

* RBA estimates

Sources: APRA; RBA
Share Markets

**Share Price Accumulation Indices**
Log scale, end December 1994 = 100

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

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

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

* ASX 200 companies
Sources: Bloomberg; RBA
Share Markets

**Forward PE Ratios**

- Sources: Bloomberg; MSCI; Refinitiv

**Forecast Earnings per Share**

- MSCI Australia
- Sources: MSCI; Refinitiv

**Dividend Yields**

- ASX 200
- MSCI World excluding Australia
- Sources: Bloomberg; MSCI; Refinitiv

**Australian Net Equity Raisings***

- Non-financial corporations
- Financials**
- * All listed companies
- ** Includes banks and non-bank financials
- Sources: ASX; RBA
**Bond Issuance**

**Bonds on Issue in Australia**

- Non-government
- State governments
- Australian government

**Total Non-government Bonds on Issue**

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

**Non-government Bond Issuance**

- Domestic issuers
- Non-resident issuers

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

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

* Excludes ADIs’ self-securitisations
** Excludes ADIs’ self-securitisations, includes government-guaranteed bonds

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

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

Sources: Bloomberg; KangaNews; Private Placement Monitor; RBA
Bond Issuance

US and Euro Area Corporate Bond Issuance*

Emerging Market Corporate Bond Issuance*

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

### Australian Dollar Trade-weighted Index*

- **Nominal**
- **Real**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nominal</th>
<th>Real</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>1990</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>2001</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>2010</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

*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

### Official Reserve Assets*

<table>
<thead>
<tr>
<th>Year</th>
<th>Official Reserve Assets</th>
<th>Net Foreign Reserves**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>2001</td>
<td>30</td>
<td>-10</td>
</tr>
<tr>
<td>2002</td>
<td>40</td>
<td>-20</td>
</tr>
<tr>
<td>2003</td>
<td>50</td>
<td>-30</td>
</tr>
</tbody>
</table>

*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

### Yen per Australian Dollar

<table>
<thead>
<tr>
<th>Year</th>
<th>Yen per A$ (LHS)</th>
<th>US$ per A$ (RHS)</th>
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<tr>
<td>1990</td>
<td>100</td>
<td>0.80</td>
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<td>200</td>
<td>1.20</td>
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<td>300</td>
<td>1.60</td>
</tr>
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</table>

*ECU per A$ until 31 December 1998

Source: Bloomberg

### Australian Dollar Trade-weighted Index*

- **Nominal**
- **Real**

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*ECU per A$ until 31 December 1998

Source: Bloomberg

### Australian Dollar

<table>
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<th>Year</th>
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<th>US$ per A$ (RHS)</th>
<th>Euro per A$*</th>
</tr>
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<td>1.80</td>
</tr>
</tbody>
</table>

*ECU per A$ until 31 December 1998

Source: Bloomberg

### Exchange Rates

- **Yen per A$**
  - LHS: 200
  - RHS: 0.60

- **US$ per A$**
  - LHS: 1.40
  - RHS: 1.80

- **Euro per A$**
  - LHS: 1.80
  - RHS: 2.00

*Sources: ABS; RBA; Refinitiv; WM/Reuters*

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**Official Reserve Assets**

- Official Reserve Assets
- Net Foreign Reserves**
- RBA Foreign Exchange Market Intervention Transactions***

*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
Exchange Rates

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

India
Thailand
South Korea
Malaysia
Singapore
Indonesia
Source: Bloomberg

Selected Asian Currencies against the US Dollar

US Dollar

Yen per US$ (LHS)

US$ per euro* (RHS, inverted scale)

Sources: Bloomberg; Eurostat

Chinese Renminbi

Nominal effective exchange rate
(LHS, 2010 average = 100)

Yuan per US$ (RHS, inverted scale)

Sources: BIS; Bloomberg; RBA

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

US dollar

Japanese yen

Euro

Sources: BIS; Bloomberg; Board of Governors of the Federal Reserve System

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

Major banks
6
12
$b

Other Australian-owned banks
1.1
2.2
$b

Foreign-owned banks
-1.5
0.0
1.5
$b

Sources: APRA; RBA

Australian Bank Profitability*

Return on shareholders’ equity after tax and minority interests

Majors

Other Australian-owned banks

Sources: APRA; Banks’ annual reports; RBA

Major Banks’ Net Interest Margin*

Domestic, half-yearly

Sources: Banks’ financial reports; RBA

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

* 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