



Australian Government
Australian Office of Financial Management

AOFM

AGS Investor Chart Pack – MYEFO 2024-25

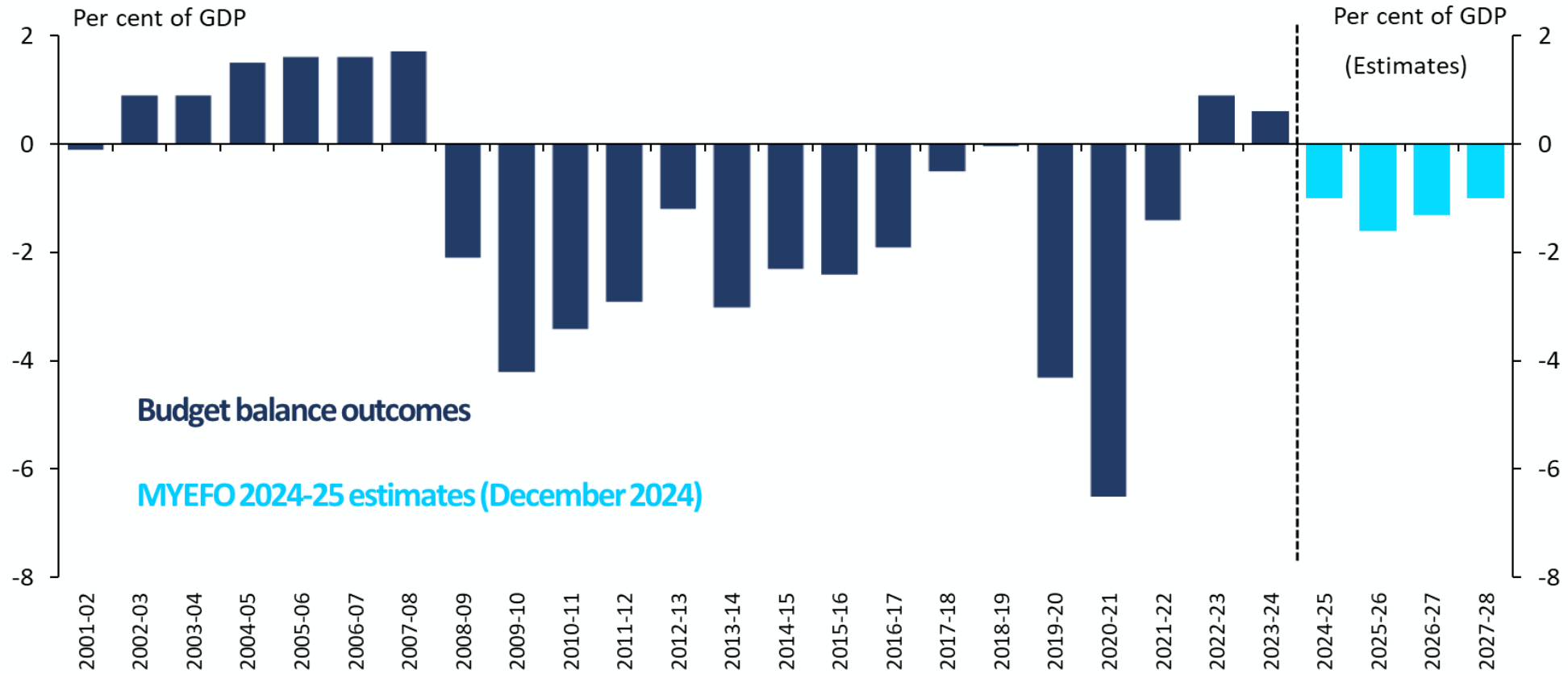
Australian Office of Financial Management

January 2025

Australia's budget balance

Underlying cash balance per cent of GDP

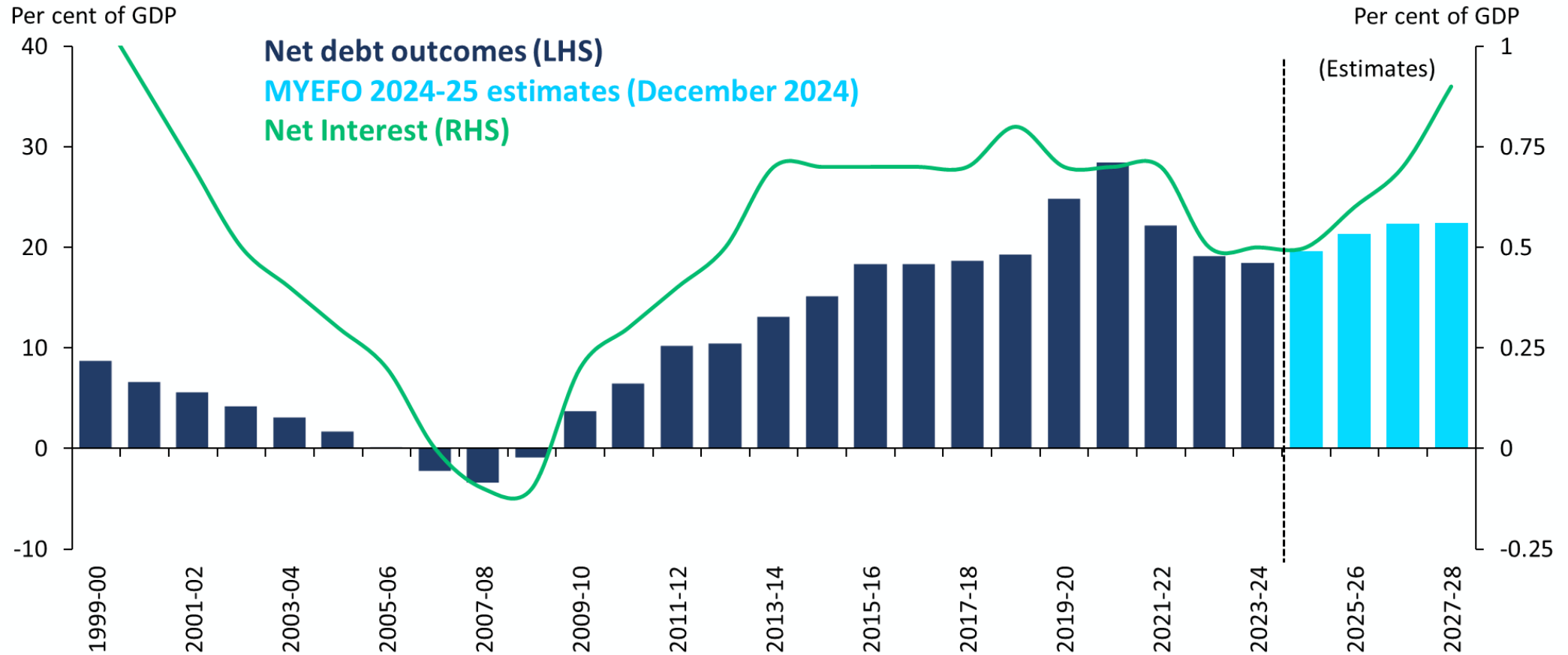
An underlying cash deficit of \$26.9 billion is forecast for 2024–25 (1 per cent of GDP), an improvement of \$1.4 billion compared to a deficit of \$28.3 billion forecast in the 2024–25 Budget. The deficit is expected to peak in 2025-26 at 1.6 per cent of GDP before falling to 1 per cent of GDP in 2027-28.



Source: Treasury – MYEFO 2024-25.

Australia's net debt position

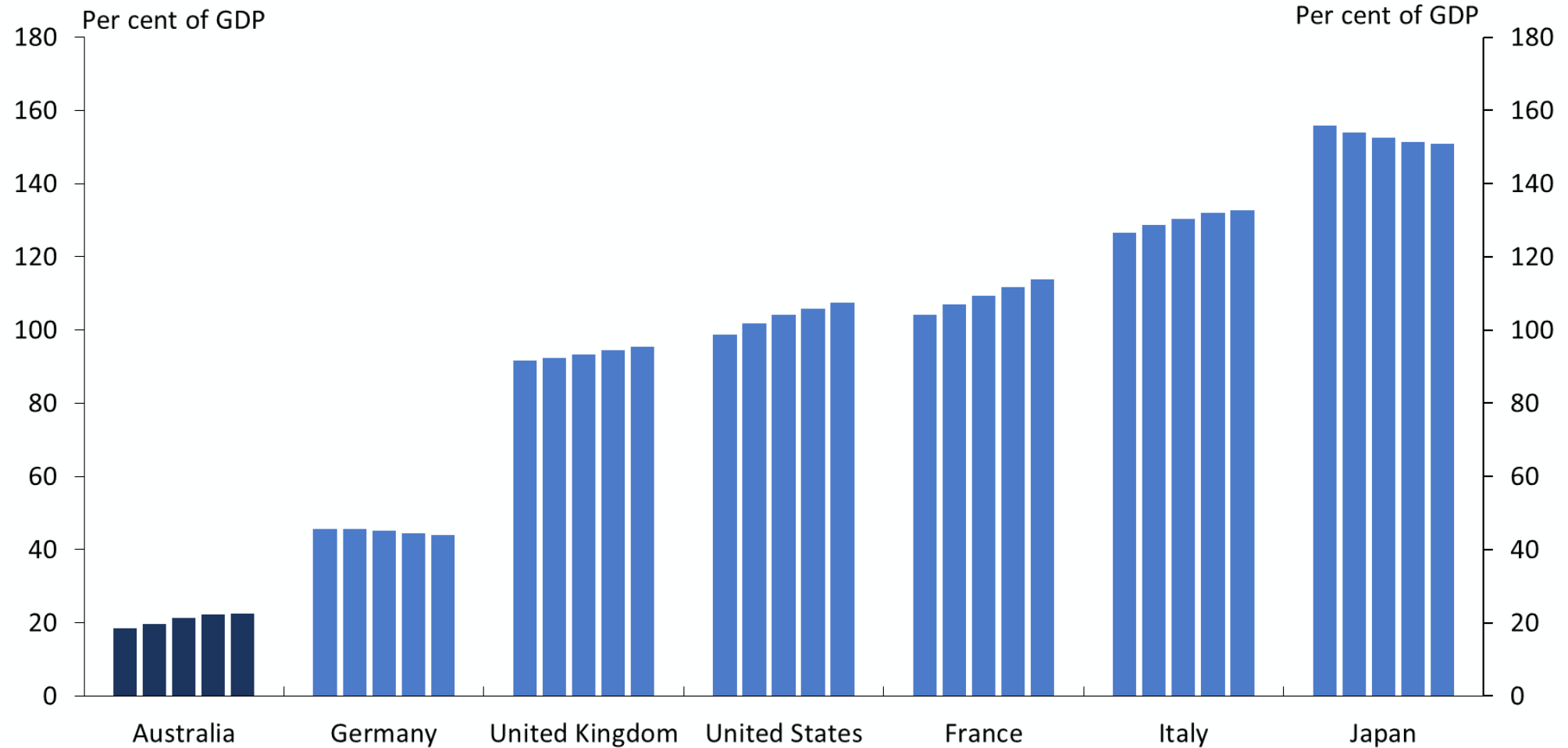
Net debt is estimated to be 19.6 per cent of GDP (\$540 billion) in 2024–25, lower than the estimate of 20 per cent of GDP (\$552.5 billion) in the 2024–25 Budget. The improvement since the 2024–25 Budget reflects a fall in the market value of existing debt due to higher yields. Net interest payments are estimated to remain unchanged in 2024–25 at 0.5 per cent of GDP and are expected to remain below 1 per cent across the forward estimates.



Source: Treasury – MYEFO 2024-25.

Comparison of government net debt

2024 to 2028 (forecast)



Note: Australian data are for the Australian Government general government sector for financial years commencing 2023-24. Data for all other countries are for total government and refer to calendar years commencing 2024.

Source: Treasury – MYEFO 2024-25, IMF Fiscal Monitor October 2024.

Australian Government Securities

Three instruments available

Treasury Bonds

Amount Outstanding

\$843.7 billion

29 lines on issue

Gross Issuance 2024-25 (F)

Around \$95 billion

Treasury Indexed Bonds

Amount Outstanding

\$40.7 billion

7 lines on issue

Gross Issuance 2024-25 (F)

Around \$3 billion

Treasury Notes

Amount Outstanding

\$30 billion

7 lines on issue

Further information

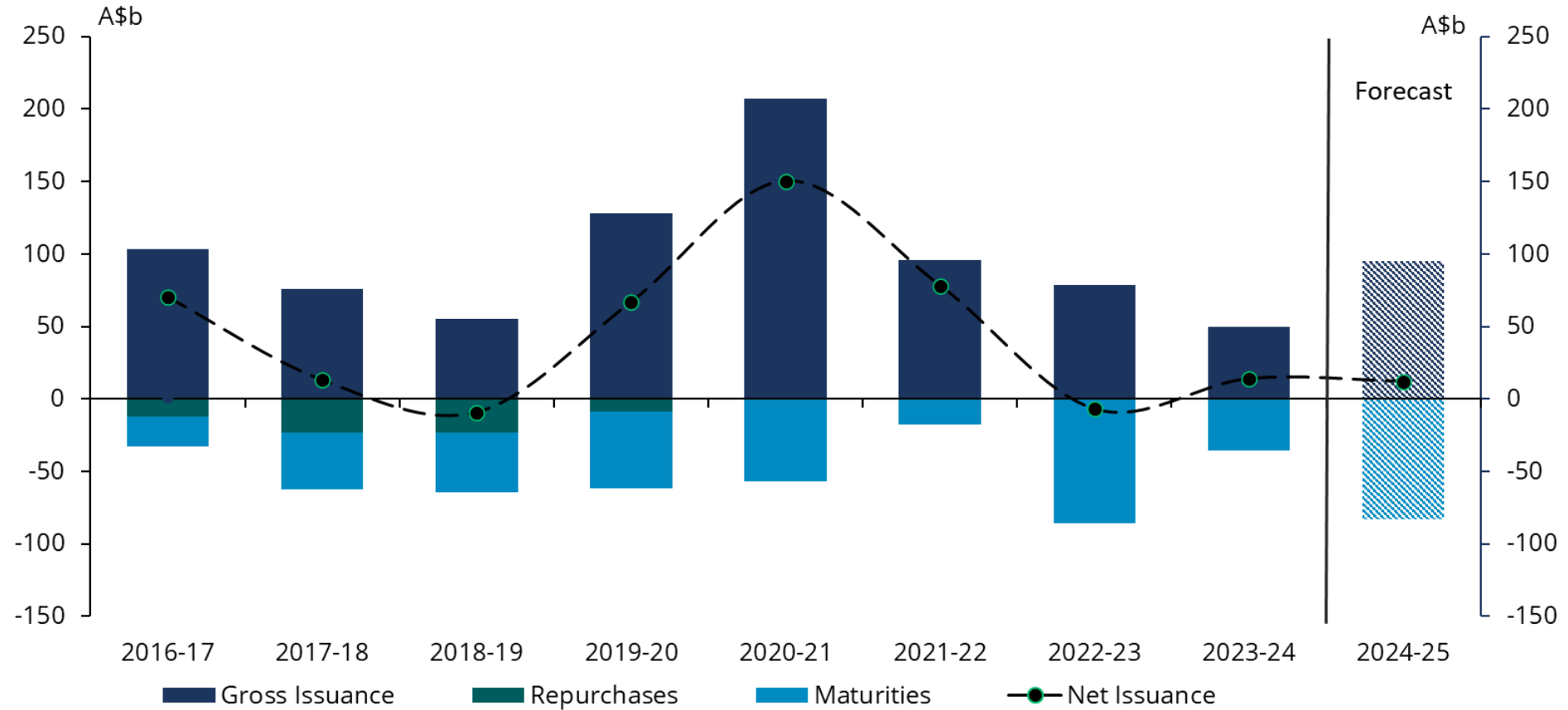
- Based on MYEFO forecasts, issuance of Treasury Bonds (including Green Treasury Bonds) in 2024-25 has been revised to around \$95 billion (of which \$47.1 billion has been completed as of 10 January 2025).
- Issuance of Treasury Indexed Bonds in 2024-25 is planned to be around \$3 billion (of which \$1.7 billion has been completed).
- The AOFM will remain active in the Treasury Note market with regular issuance for cash management purposes.

Note: Figures are as at 8 January 2025.

Amount shown for Treasury Indexed Bonds is based upon the face value of the bonds outstanding unadjusted for changes in the CPI.

Composition of Treasury Bond Issuance

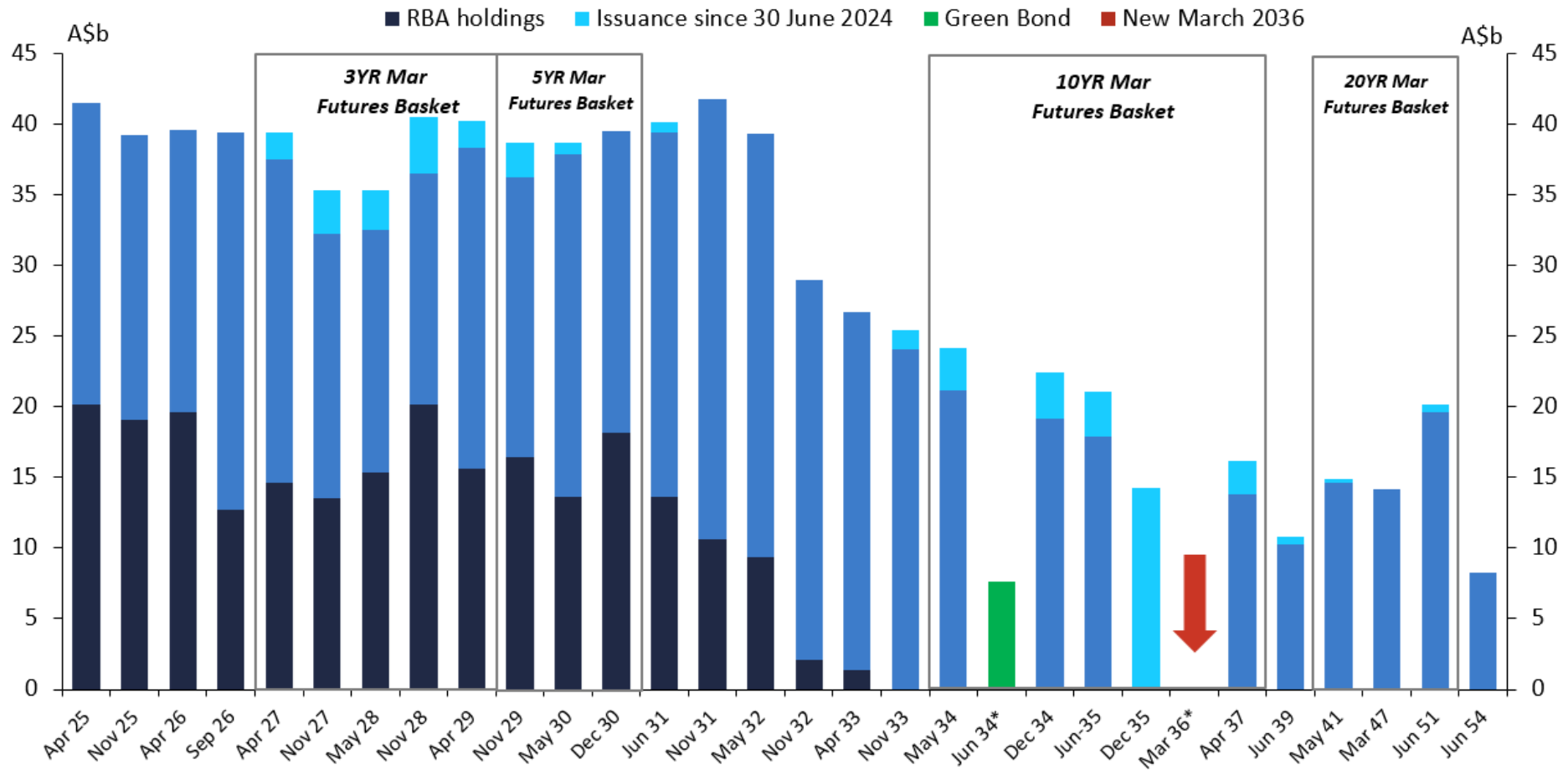
Face Value



Source: AOFM.

Treasury Bonds on issue

The AOFM will continue to use the most liquid (high-demand) parts of the yield curve to support the bulk of planned issuance, while supporting other parts of the market by responding to demand and issuing in appropriate volumes. A new March 2036 Treasury Bond is planned to be issued before 31 March 2025.

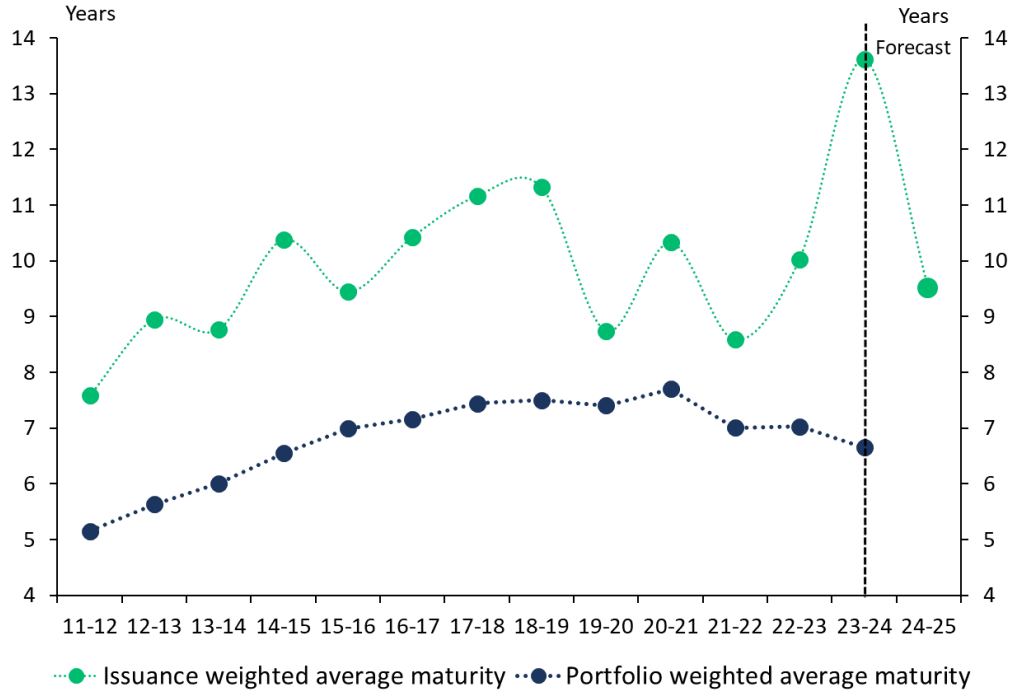


Source: AOFM. As at 8 January 2025. * The June 2034 and March 2036 bonds are not included in the 10-year March 2025 Futures Basket.

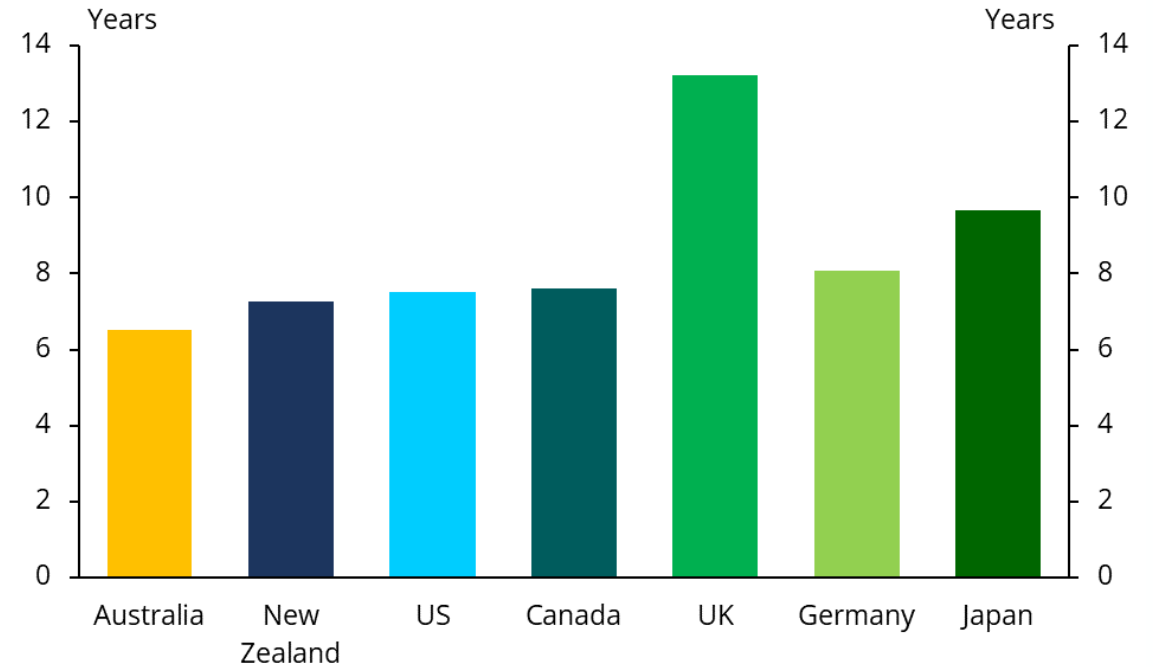
Treasury Bond curve

The AOFM has gradually lengthened the Treasury Bond yield curve to 30 years and increased the average term to maturity of the portfolio. The AOFM currently has no plans to further extend the yield curve and will focus on maintaining the 30-year benchmark and continuing to support ultra-long maturities through issuance into existing lines.

Weighted average maturity



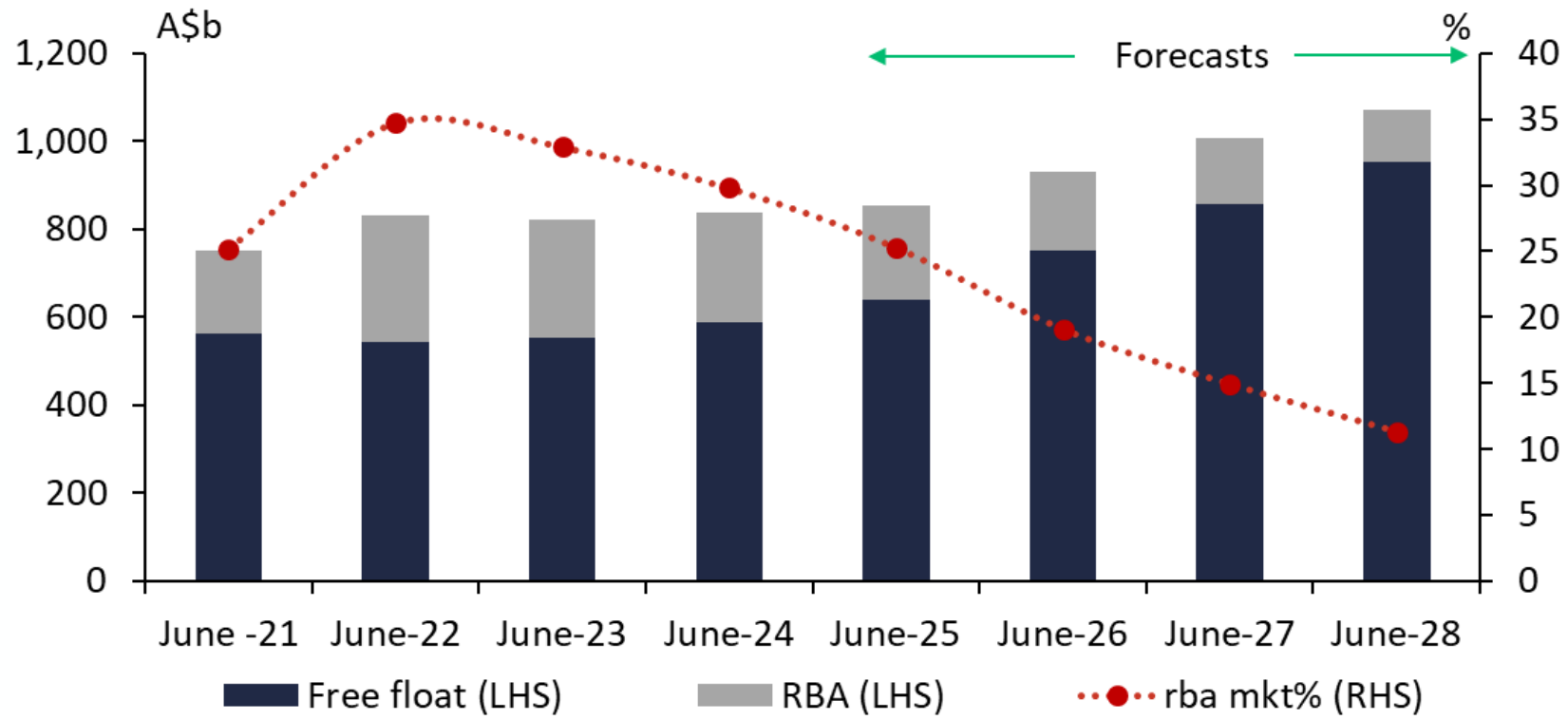
Country comparison of portfolio weighted average maturity



Source: AOFM. 2024-25 is the financial year to date to 8 January 2025.

Forecast Treasury Bonds outstanding and RBA holdings

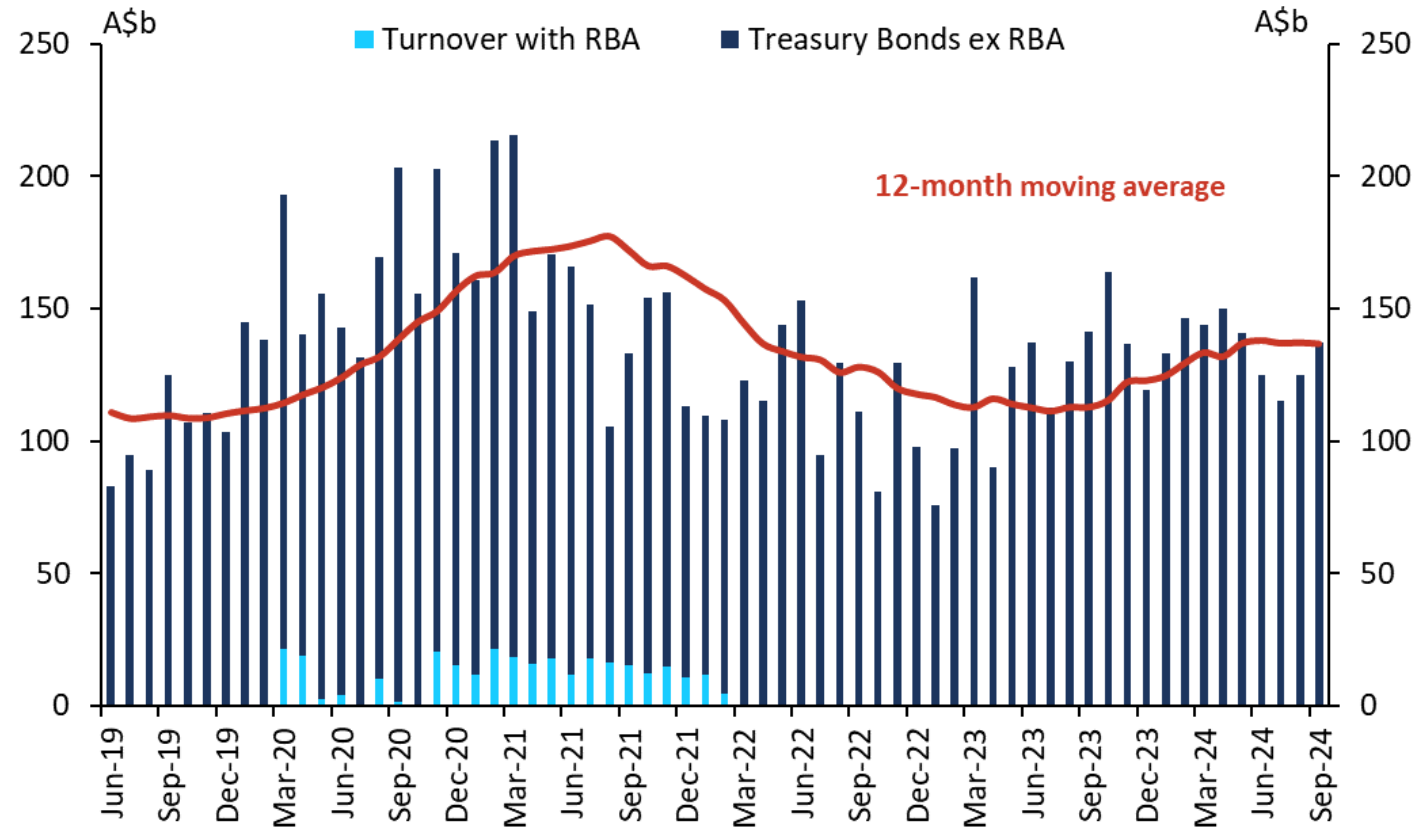
- The RBA's bond purchase program concluded in February 2022. The RBA currently holds around 28 per cent of Treasury Bonds on issue.
- RBA holdings as a proportion of total Treasury Bonds outstanding are expected to decline gradually as the bonds they hold mature.



Source: Treasury – Budget 2024-25, RBA, AOFM.

Treasury Bond secondary market turnover

Liquidity in the AGS market remains supportive – particularly around the 3-year and 10-year futures baskets. Secondary market turnover was higher in 2023-24 than in 2022-23 and is above pre-pandemic levels (albeit in a now larger AGB market).



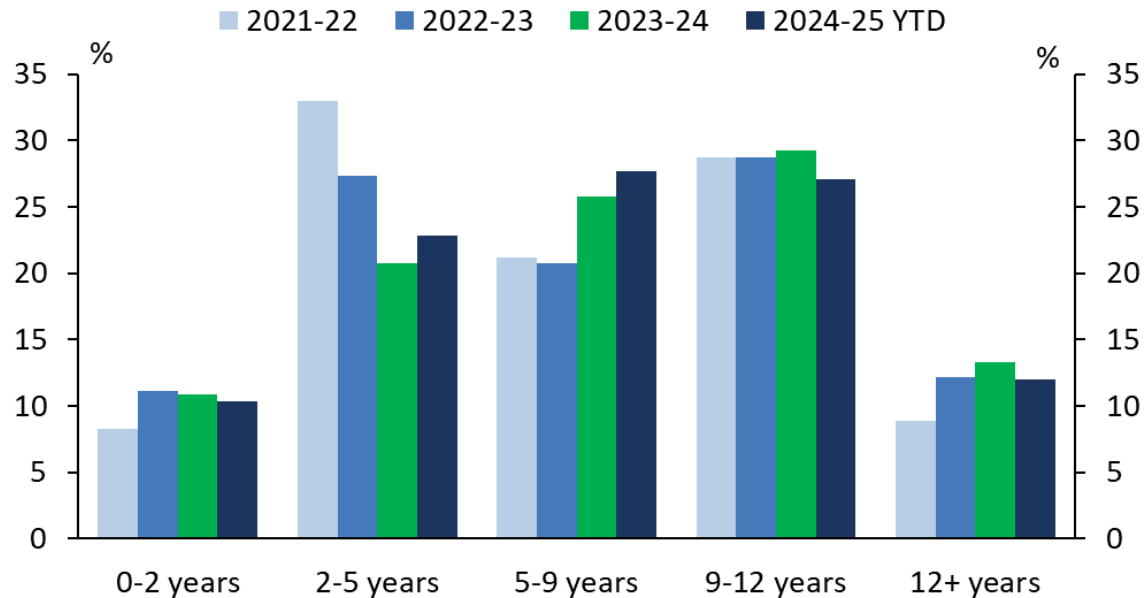
Source: AOFM. The AOFM relies on data provided by survey respondents and cannot guarantee the accuracy of this data.

Turnover – Treasury Bonds

Total turnover A\$1.63 trillion (2023-24)

A\$1.33 trillion (2022-23)

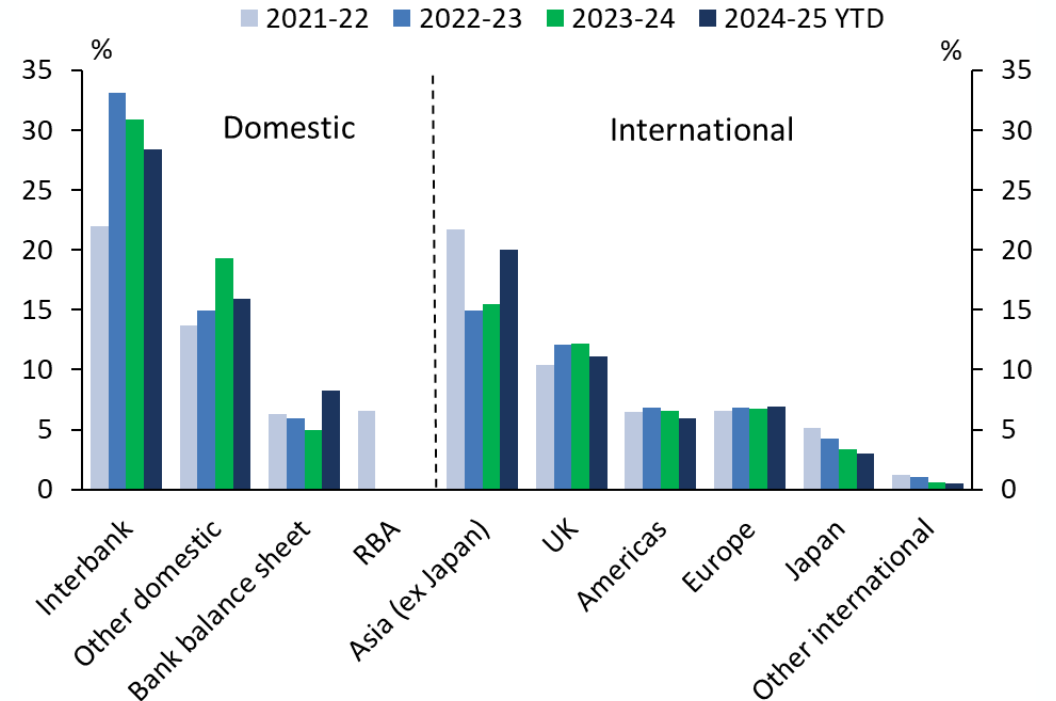
Turnover by tenor



Monthly average A\$136 billion (2023-24)

A\$111 billion (2022-23)

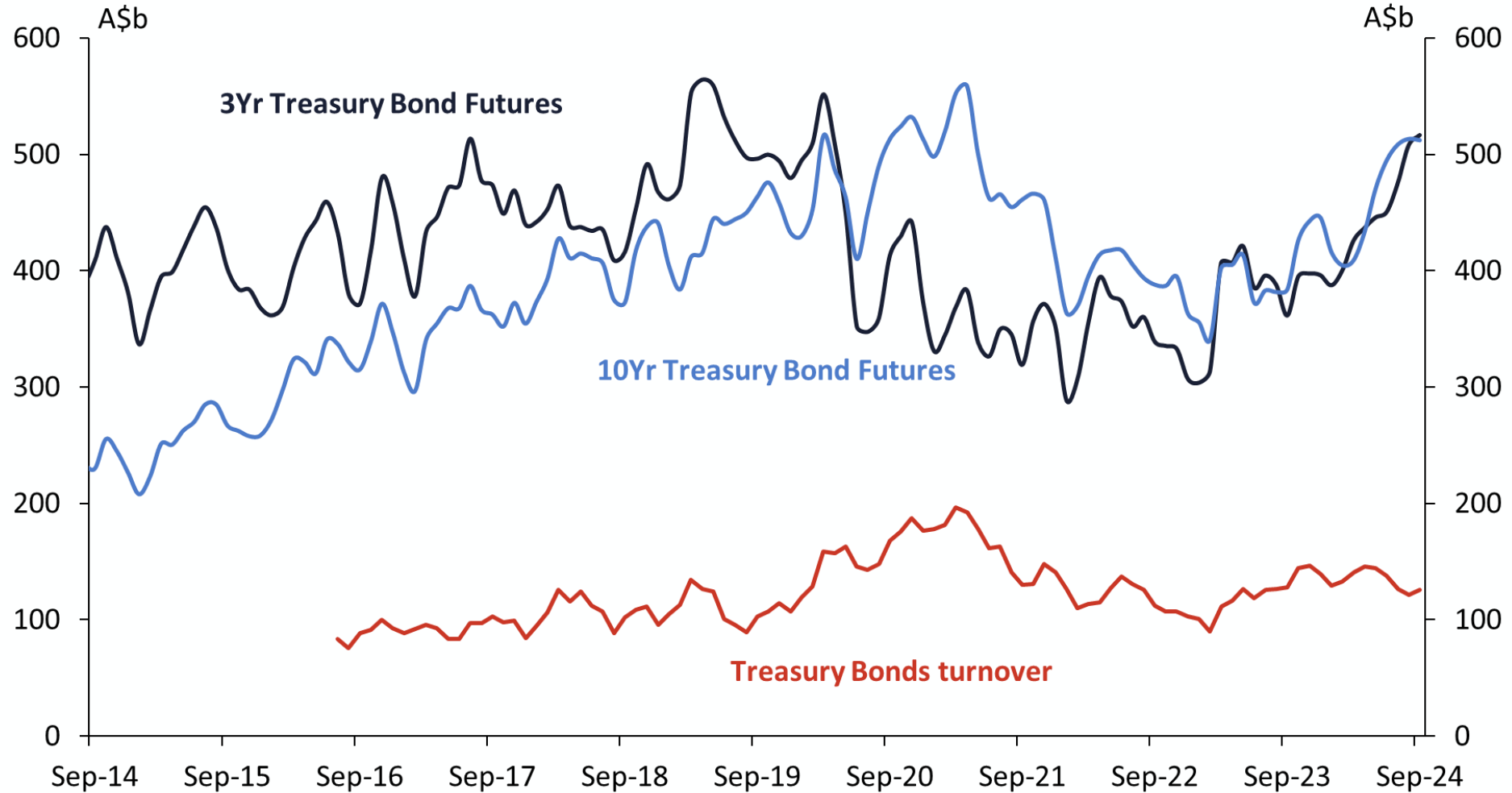
Turnover by category



Source: AOFM. The AOFM relies on data provided by survey respondents and cannot guarantee the accuracy of this data. 2024-25 YTD ranges from 1 July 2024 to 30 September 2024.

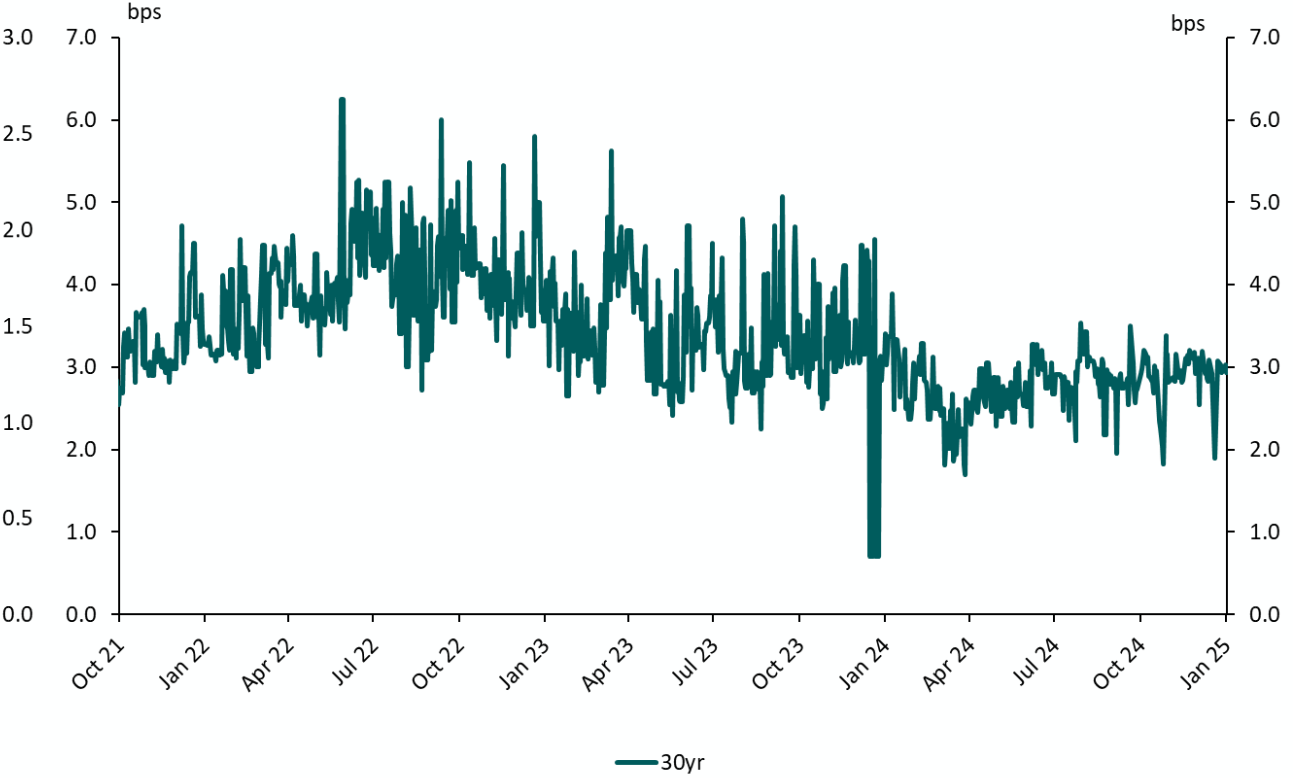
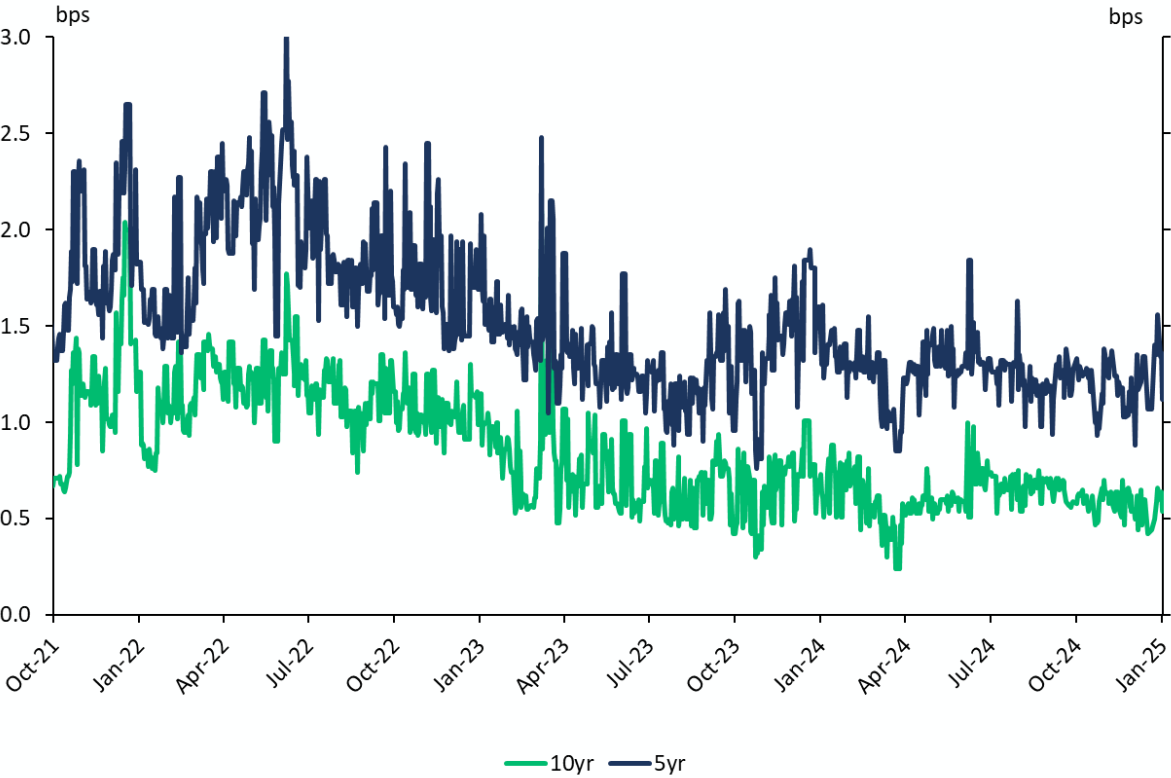
Treasury Bond futures market activity

Monthly turnover (3m M.A.)



Source: ASX, Refinitiv, AOFM

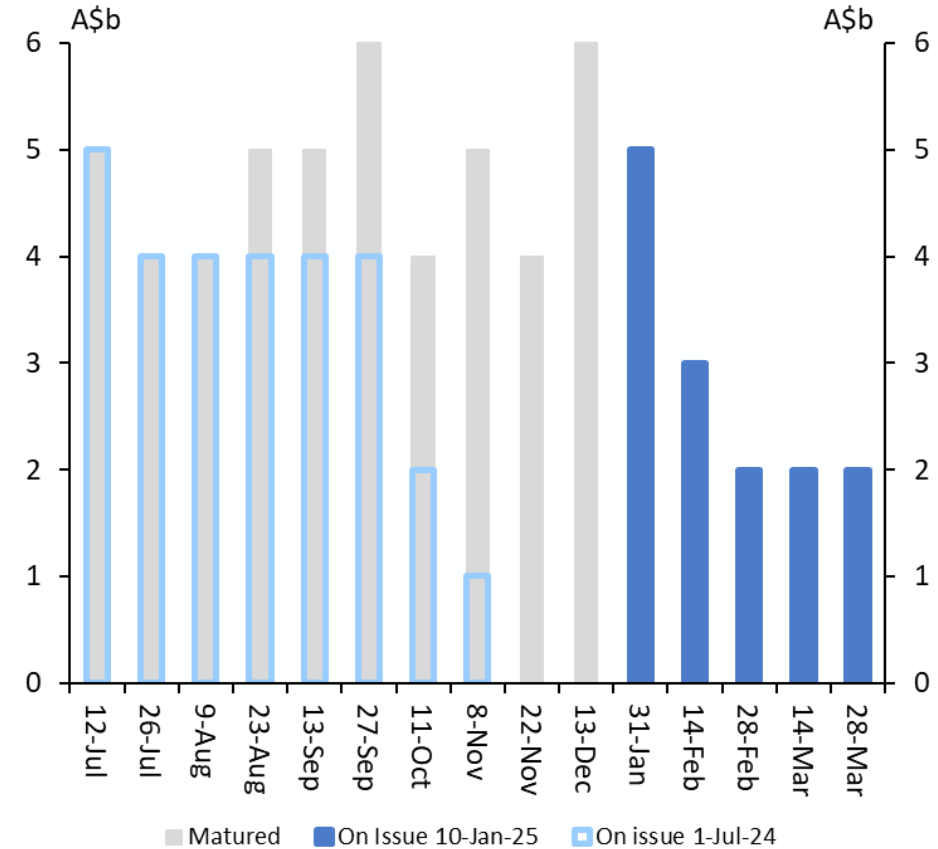
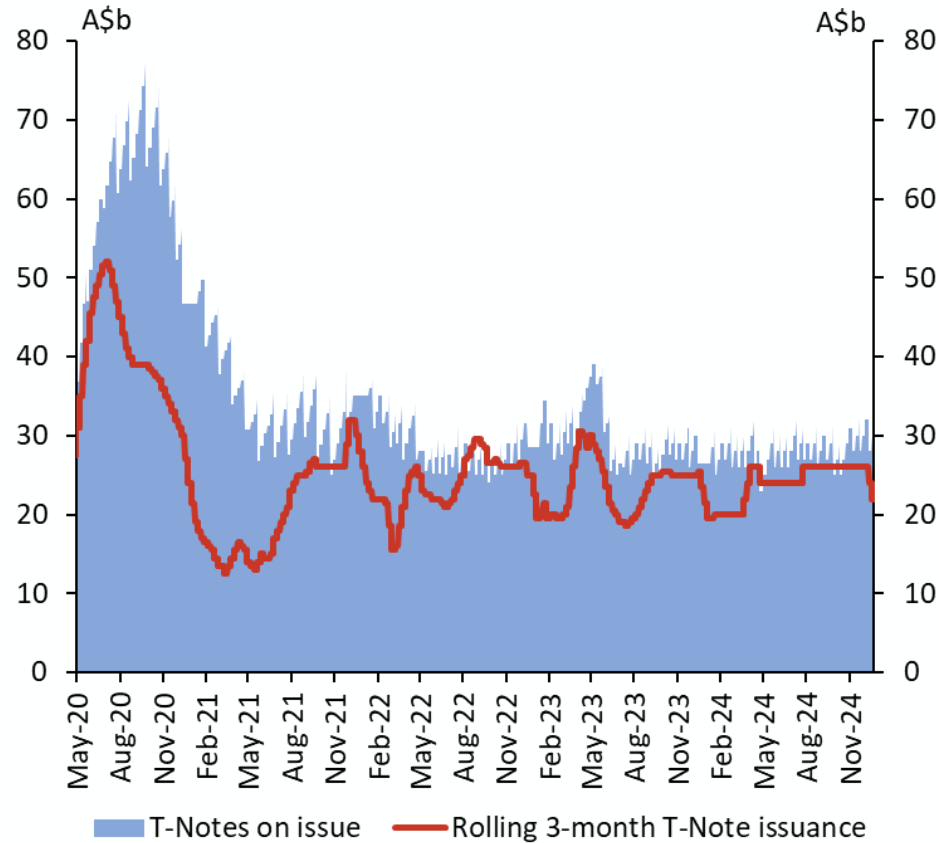
Bid-Ask Spreads



Source: AOFM, Tradeweb. As at 7 January 2025.

Issuance of Treasury Notes

Regular issuance of Treasury Notes will continue. Weekly issuance volumes will depend on the timing and size of government receipts and outlays and the AOFM's assessment of its cash portfolio requirements. There will be at least \$25 billion of Treasury Notes on issue to maintain investor engagement.

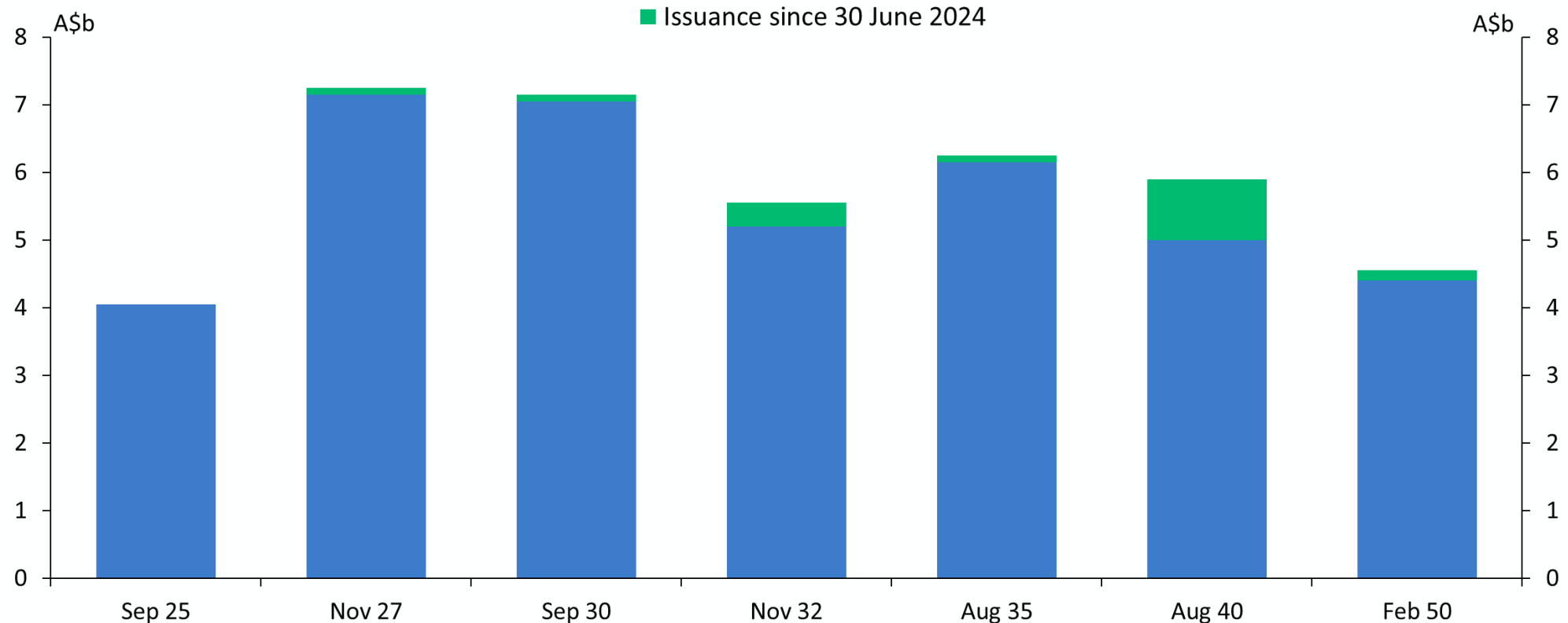


Source: AOFM.

Treasury Indexed Bonds on issue

Amount shown is the face value unadjusted for changes in the CPI

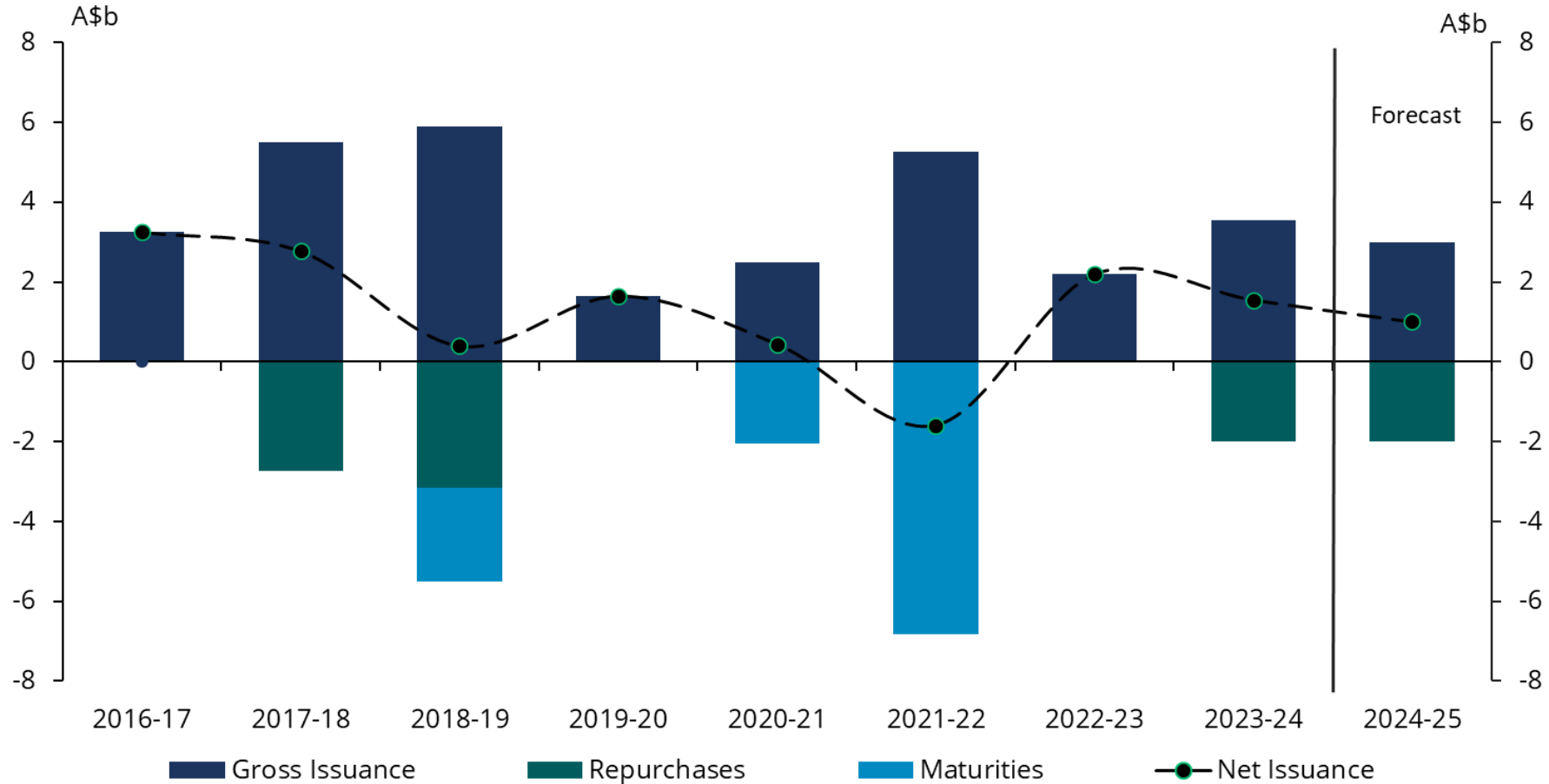
The AOFM will continue to support the Treasury Indexed Bond market with regular supply. Prevailing market conditions and investor feedback will remain important determinants of issuance decisions.



Source: AOFM. As at 8 January 2025.

Treasury Indexed Bonds issuance

Amount shown is the face value unadjusted for changes in the CPI

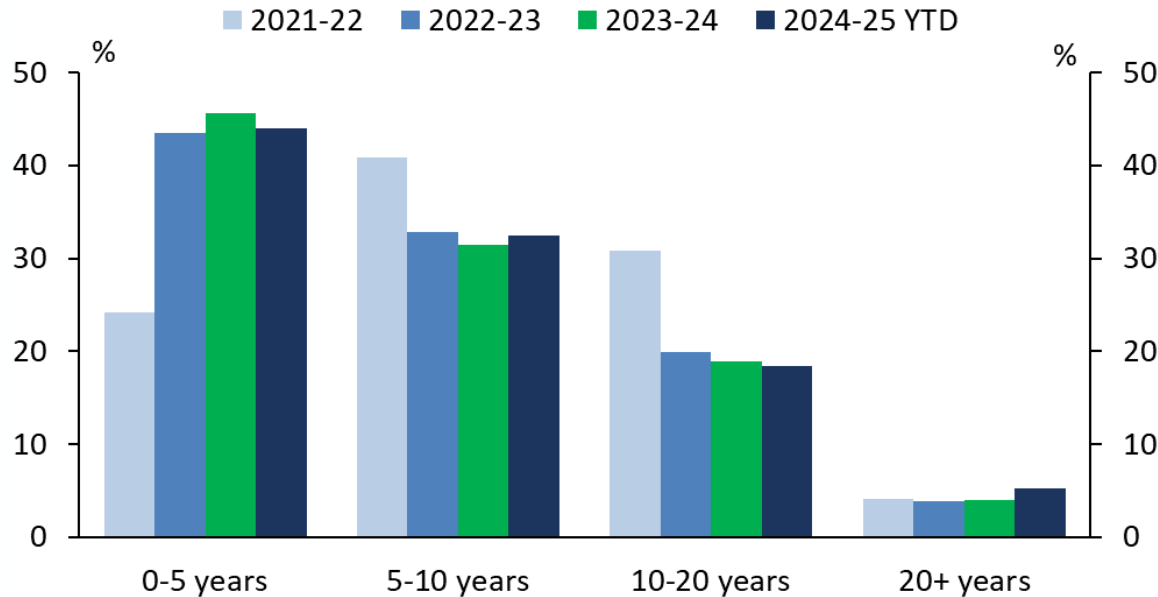


Source: AOFM.

Turnover – Treasury Indexed Bonds

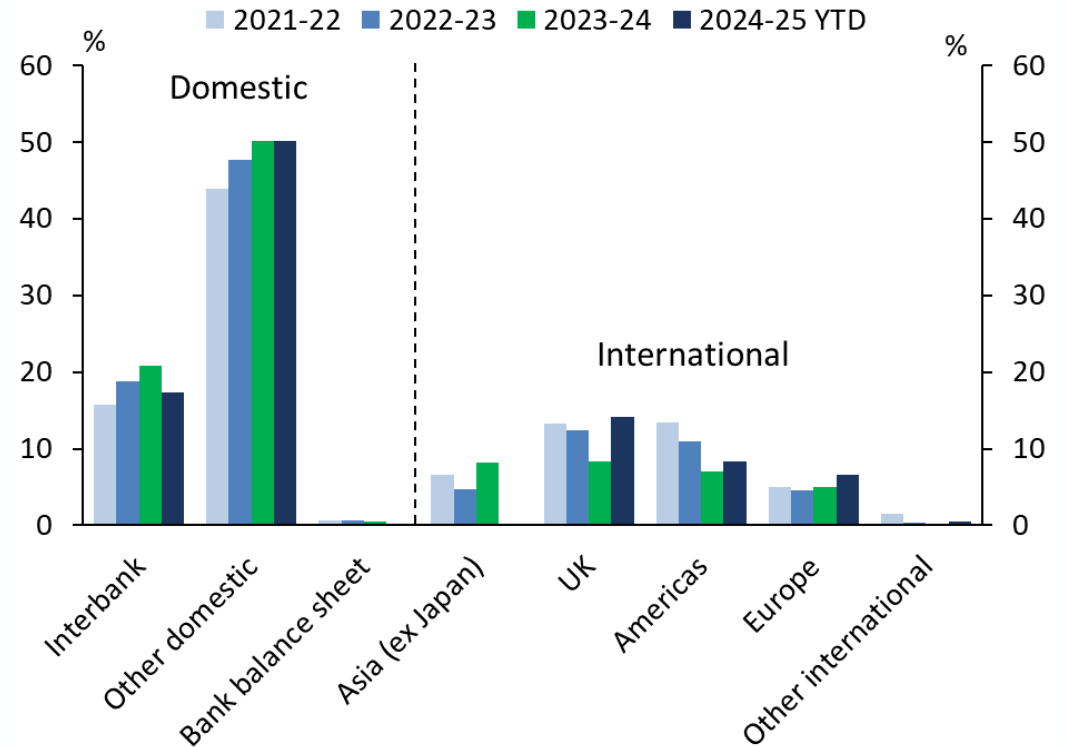
Total turnover A\$38 billion (2023-24)
 A\$43 billion (2022-23)

Turnover by tenor



Monthly average A\$3.2 billion (2023-24)
 A\$3.6 billion (2022-23)

Turnover by category

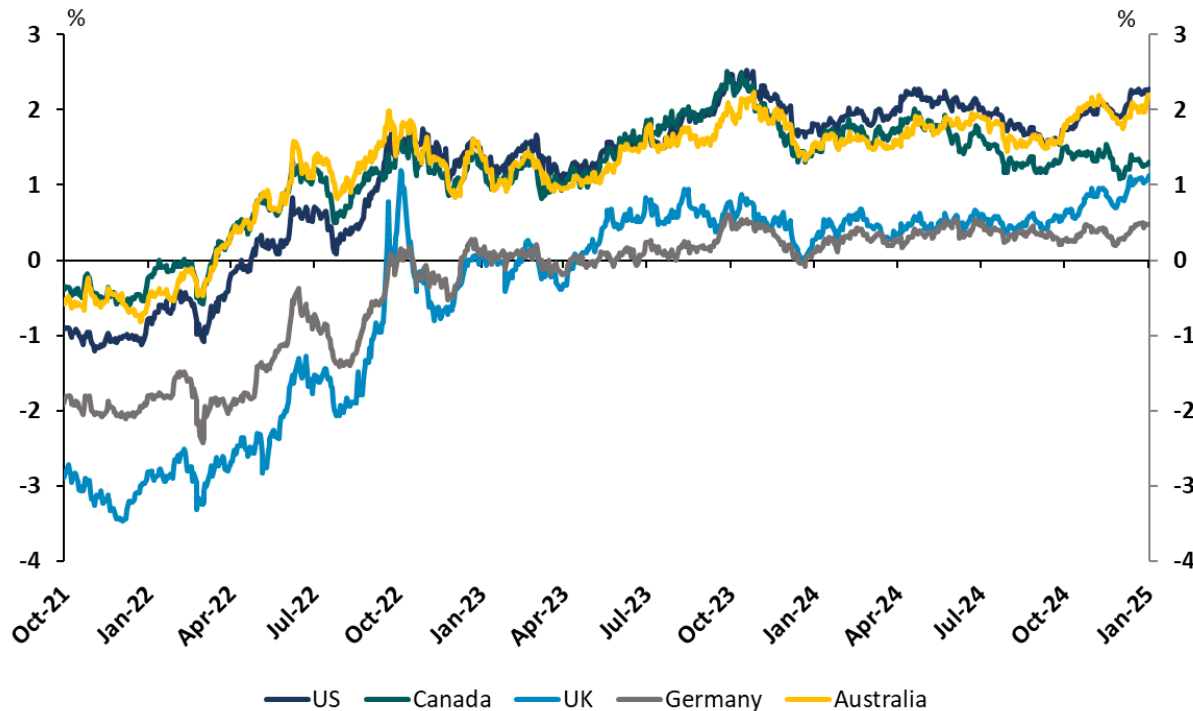


Source: AOFM. The AOFM relies on data provided by survey respondents and cannot guarantee the accuracy of this data. 2024-25 YTD ranges from 1 July 2024 to 30 September 2024.

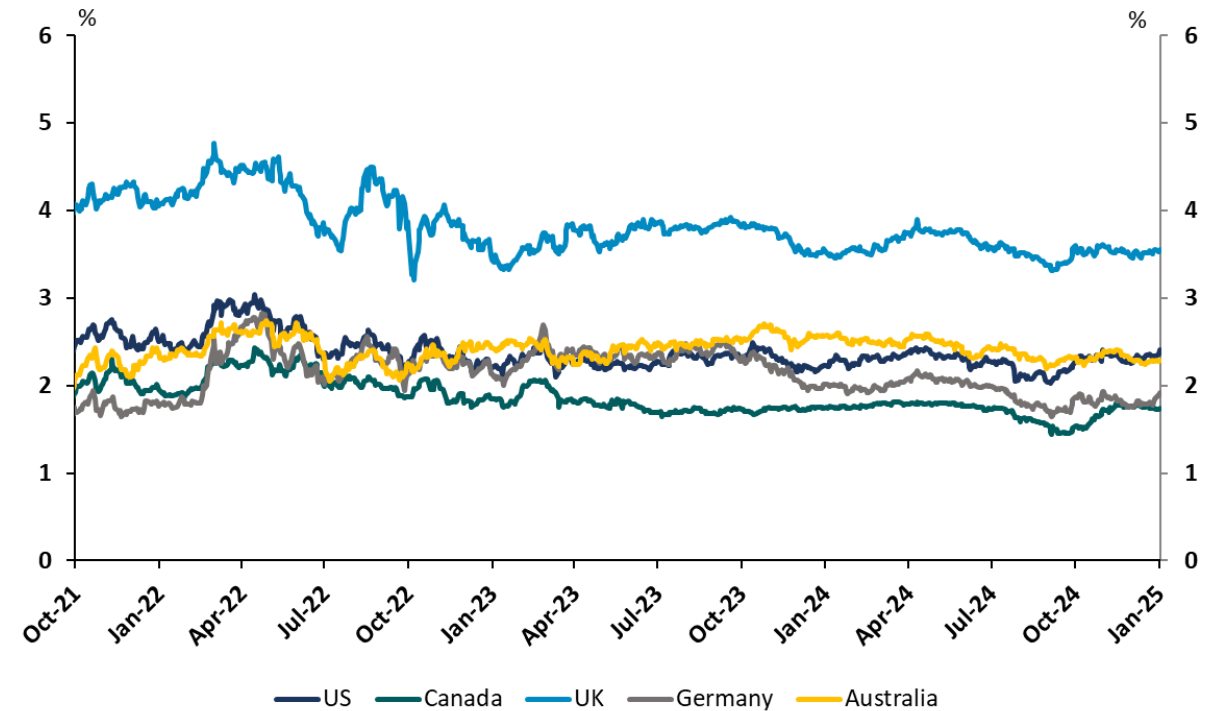
A comparison of sovereign inflation linked bonds

10-year Bonds

Yields

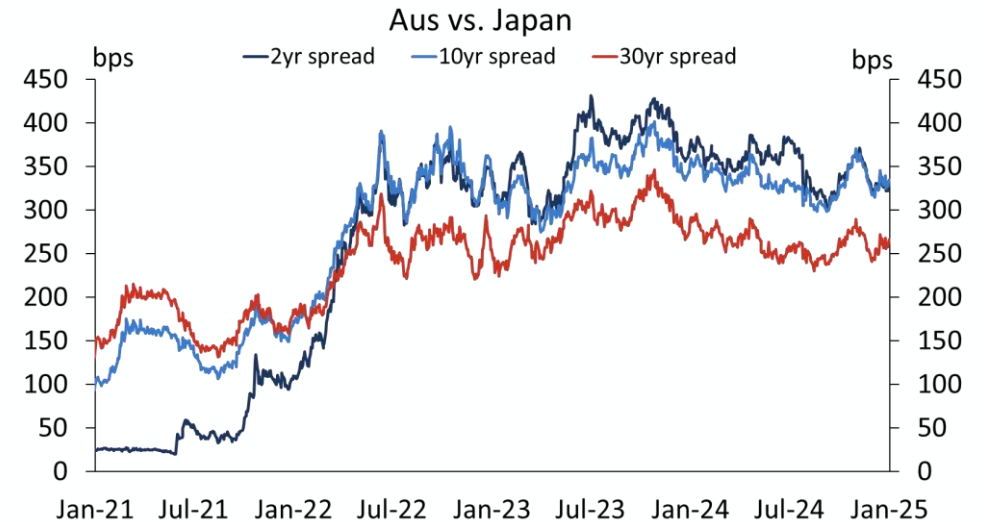
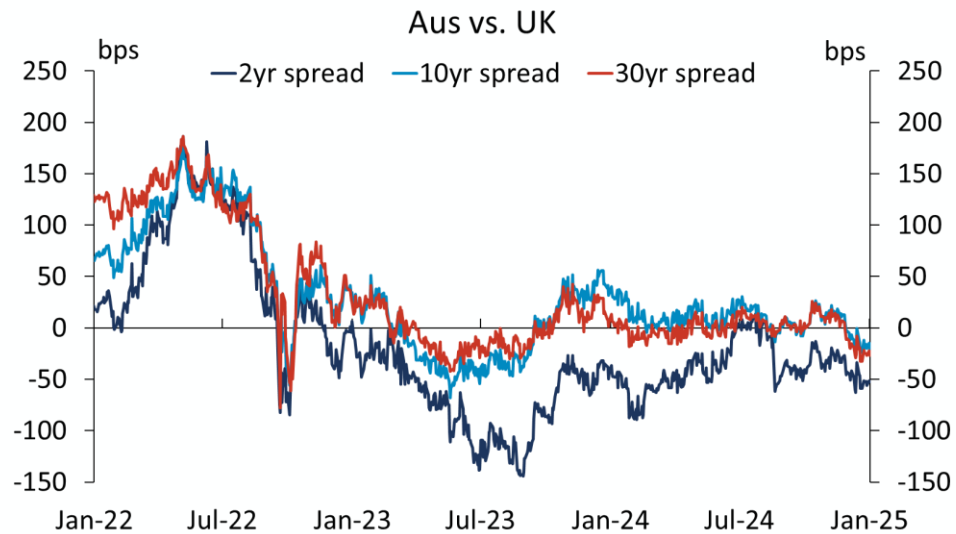
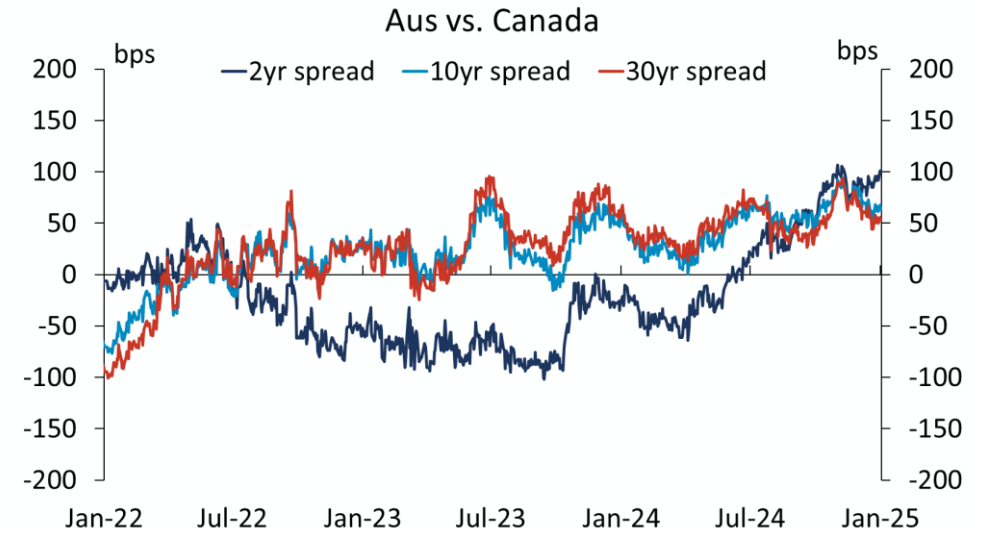
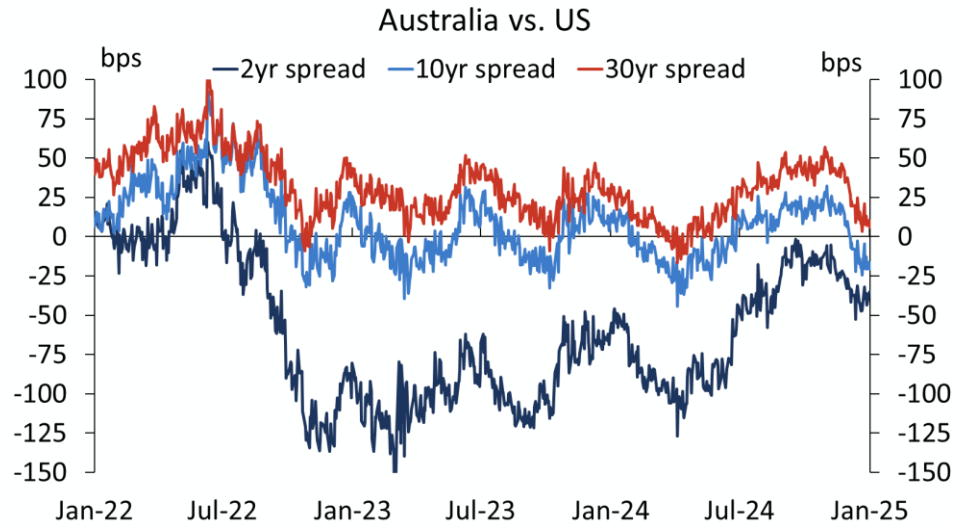


Breakeven inflation



Source: Refinitiv. Updated as at 7 January 2025.

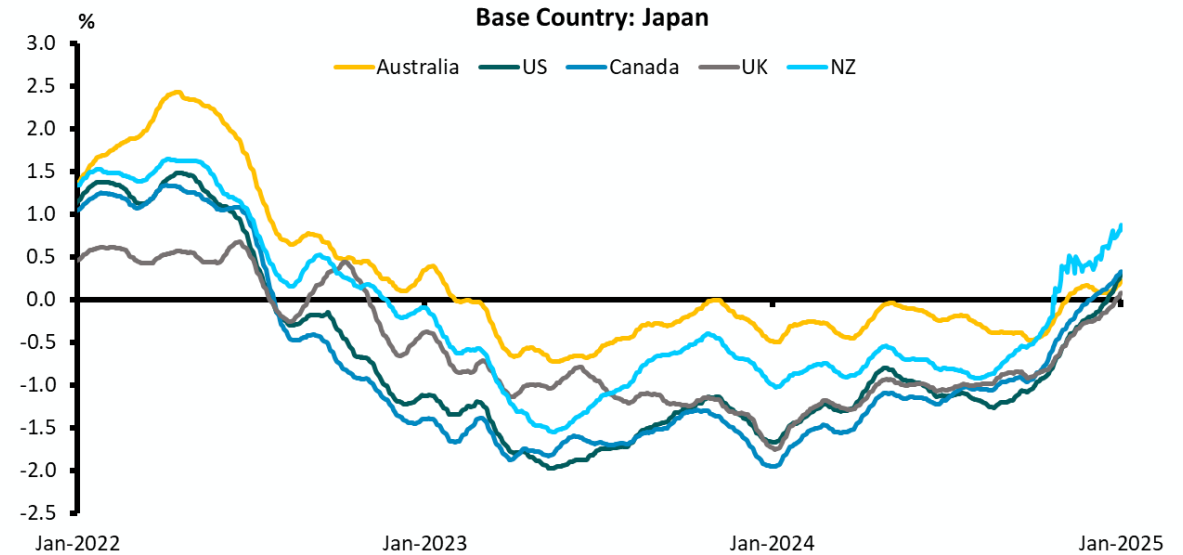
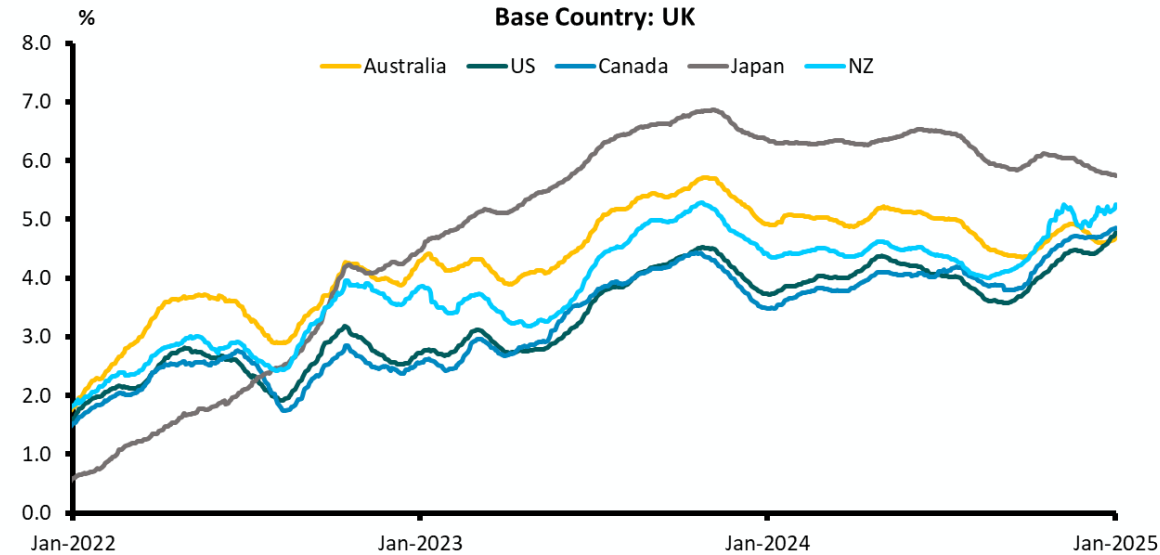
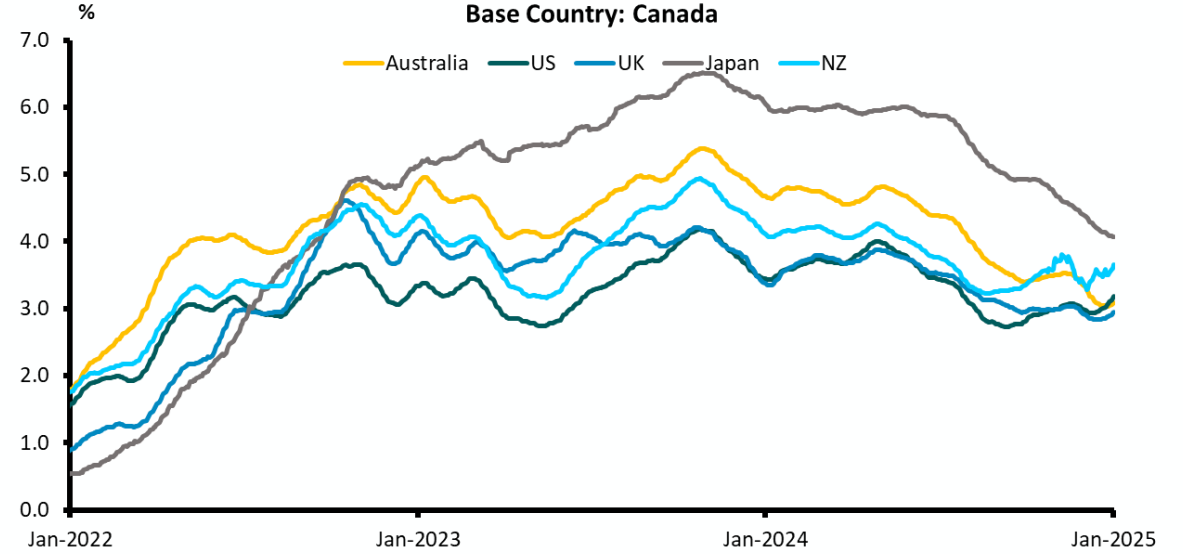
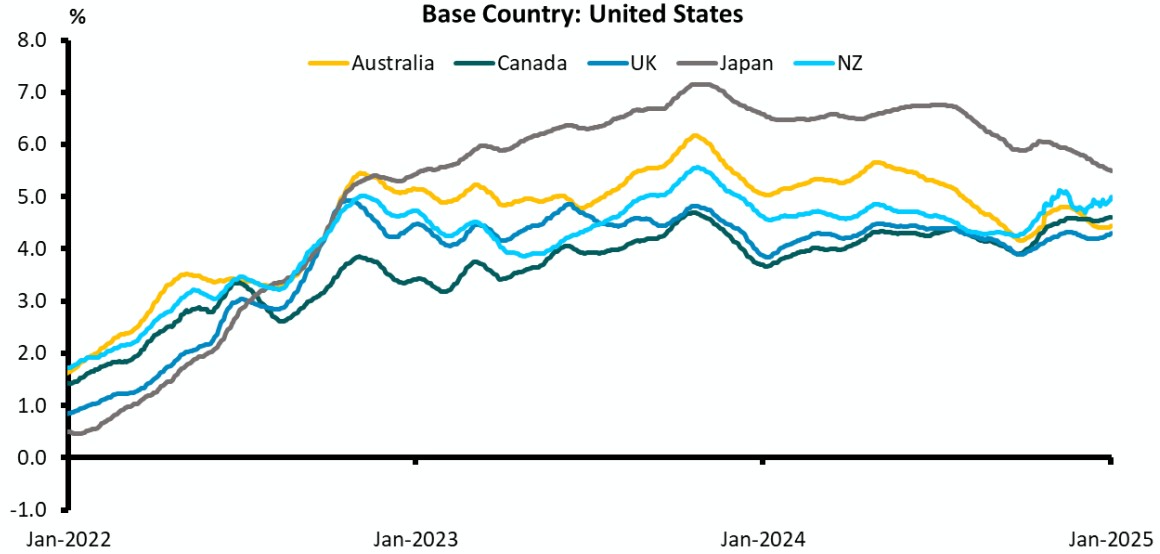
Australian sovereign bond spreads



Source: Refinitiv, as at 7 January 2025.

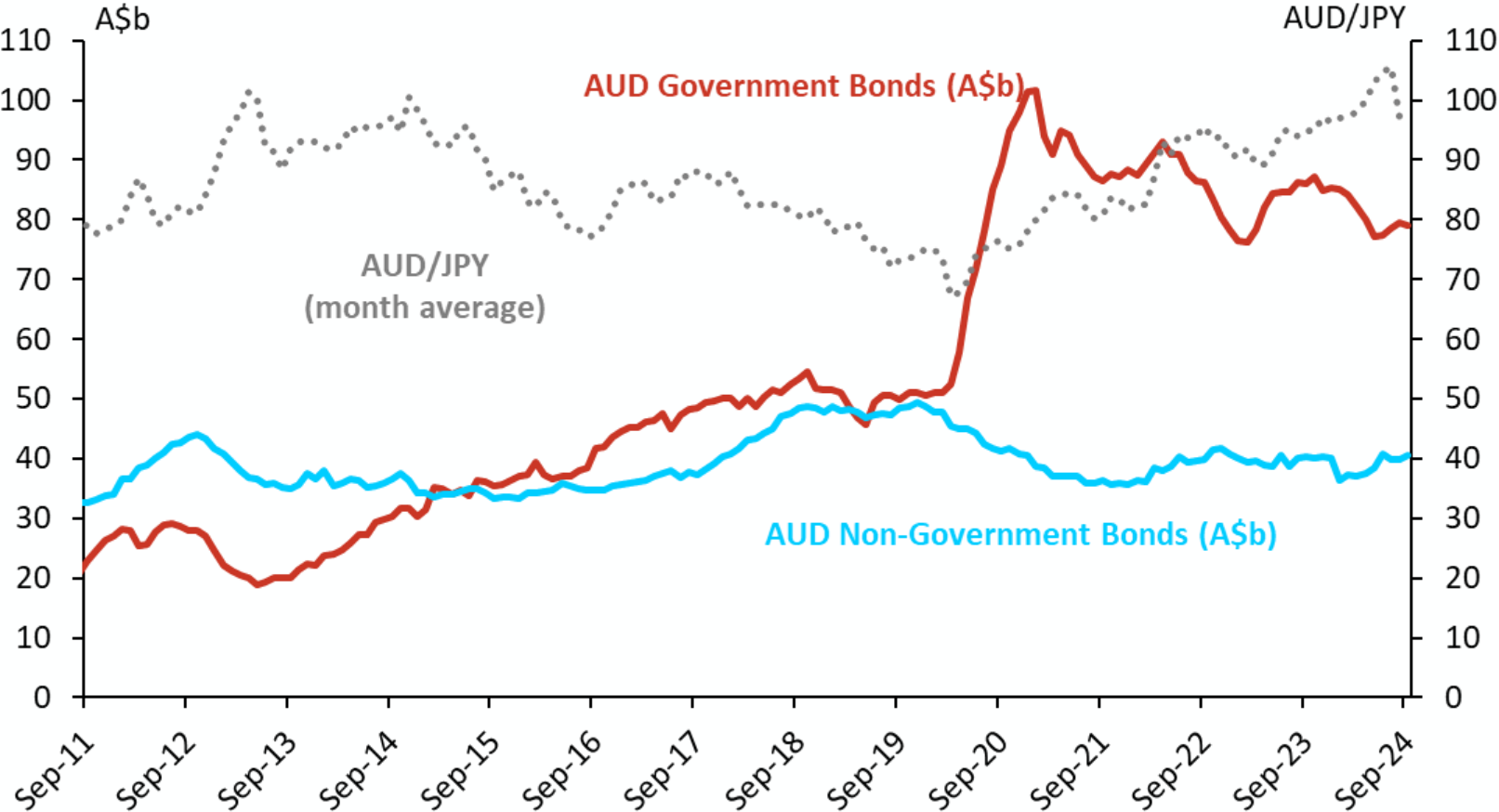
Currency Hedged 10Yr Yields

Hedged via rolling 3m fx forwards outright (20-day m.a)



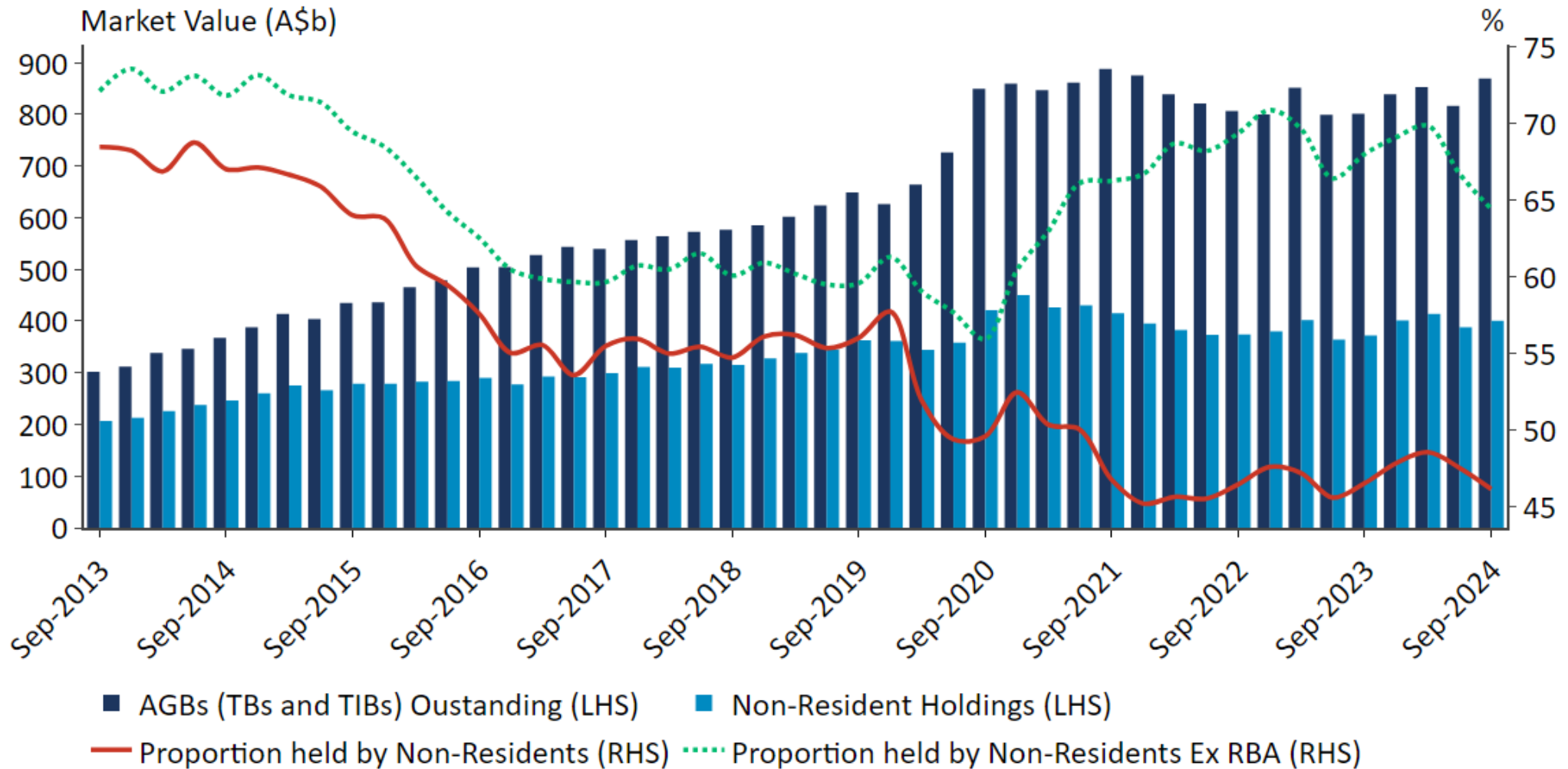
Source: Bloomberg, AOFM. Updated to 7 January 2025.

Net capital flow into Australian government bonds by Japanese investors (AUD billion)



Source: Japan Ministry of Finance, Bloomberg. AUD government bonds includes both AGS and semi government bonds.

Non-resident holdings of AGBs

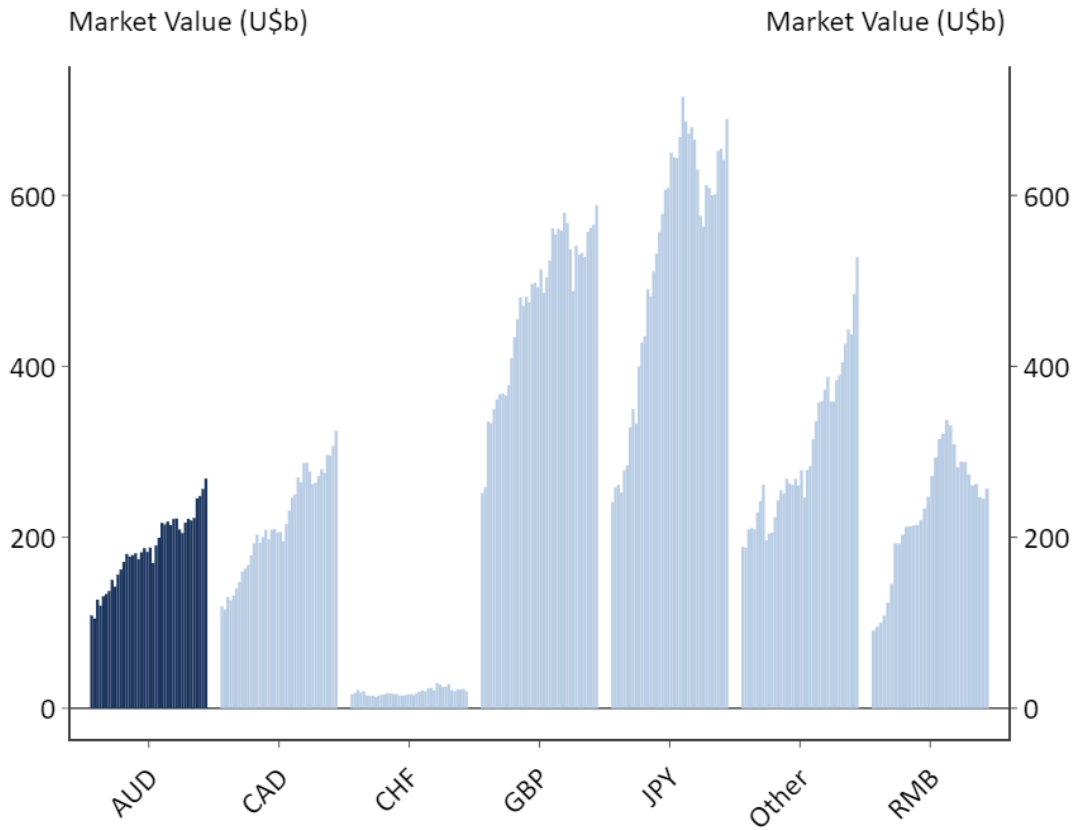


Source: Australian Bureau of Statistics (ABS), RBA, AOFM. AGBs are Treasury Bonds and Treasury Indexed Bonds. Updated to 30 September 2024

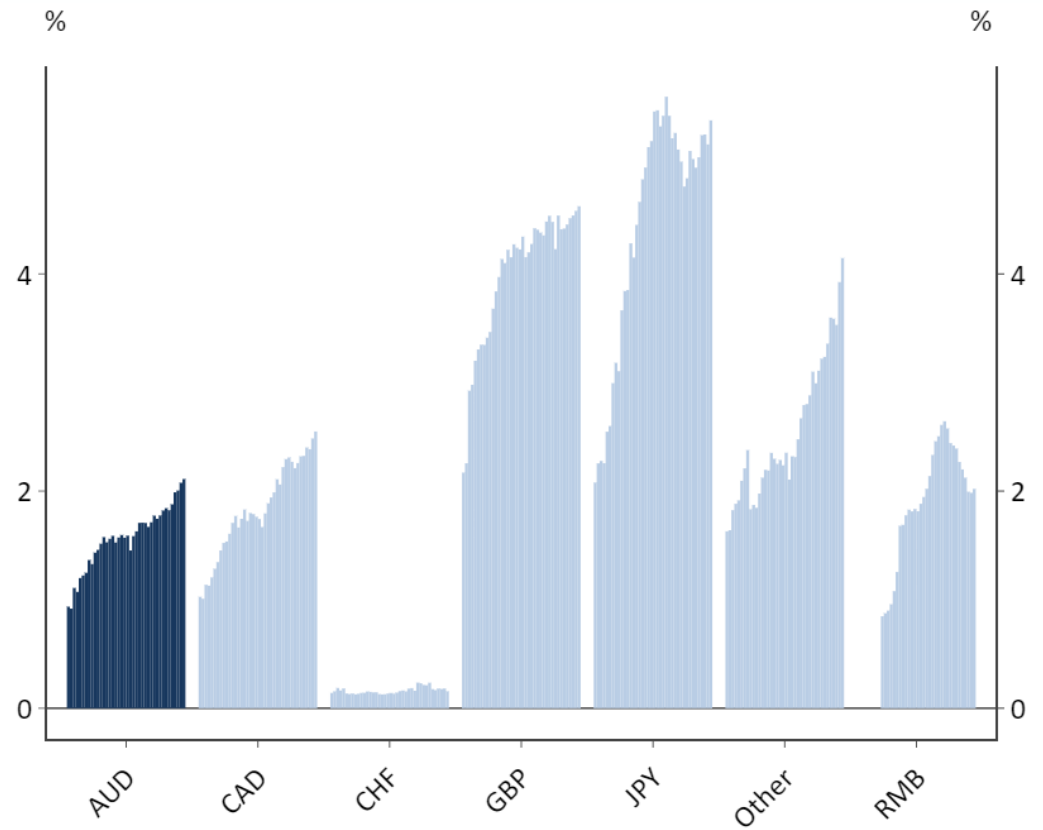
Central Bank FX reserve allocation outside of USD & EUR

2014 to 2024

Value of allocation (USD billions)

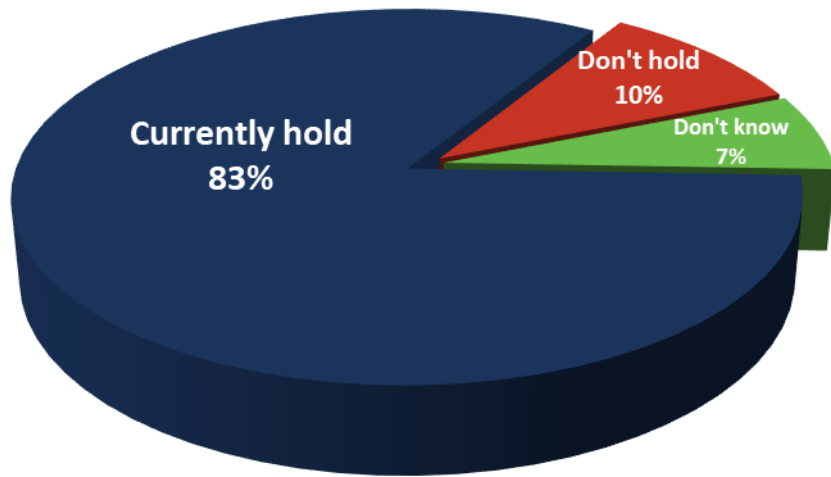


Proportion of allocated reserves

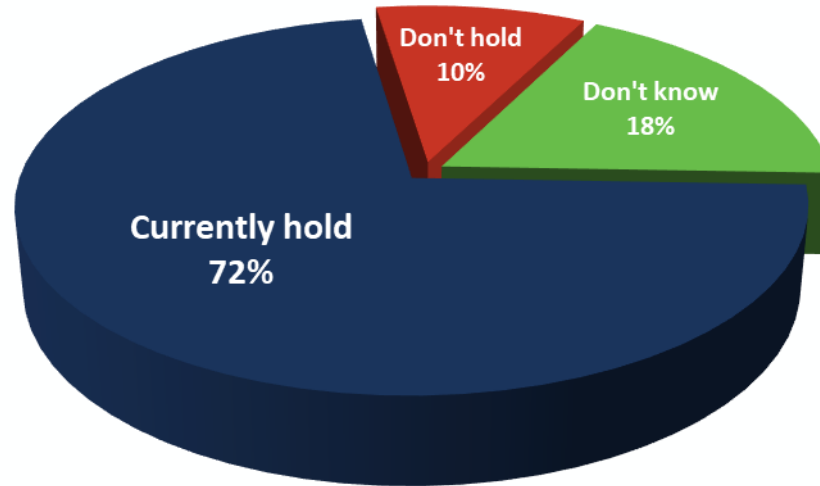


Source: IMF

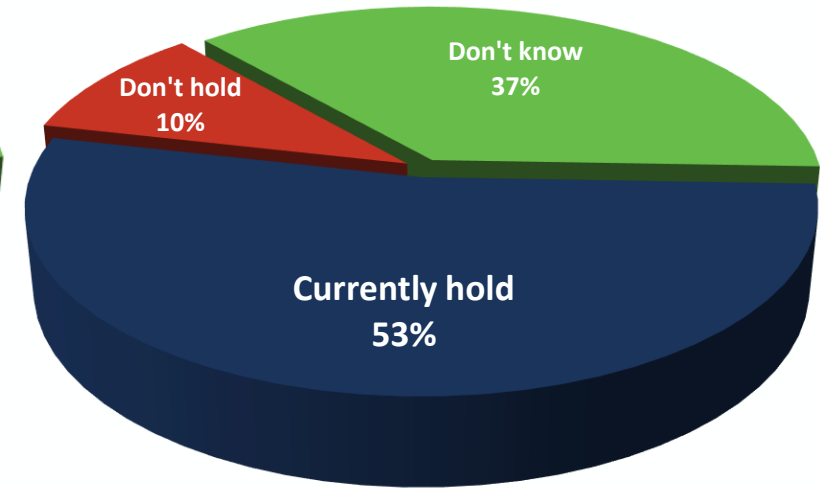
Holdings of AGS amongst Reserve Managers



**World's 30 Largest Foreign
Currency Reserve Managers**



**World's 50 Largest Foreign
Currency Reserve Managers**

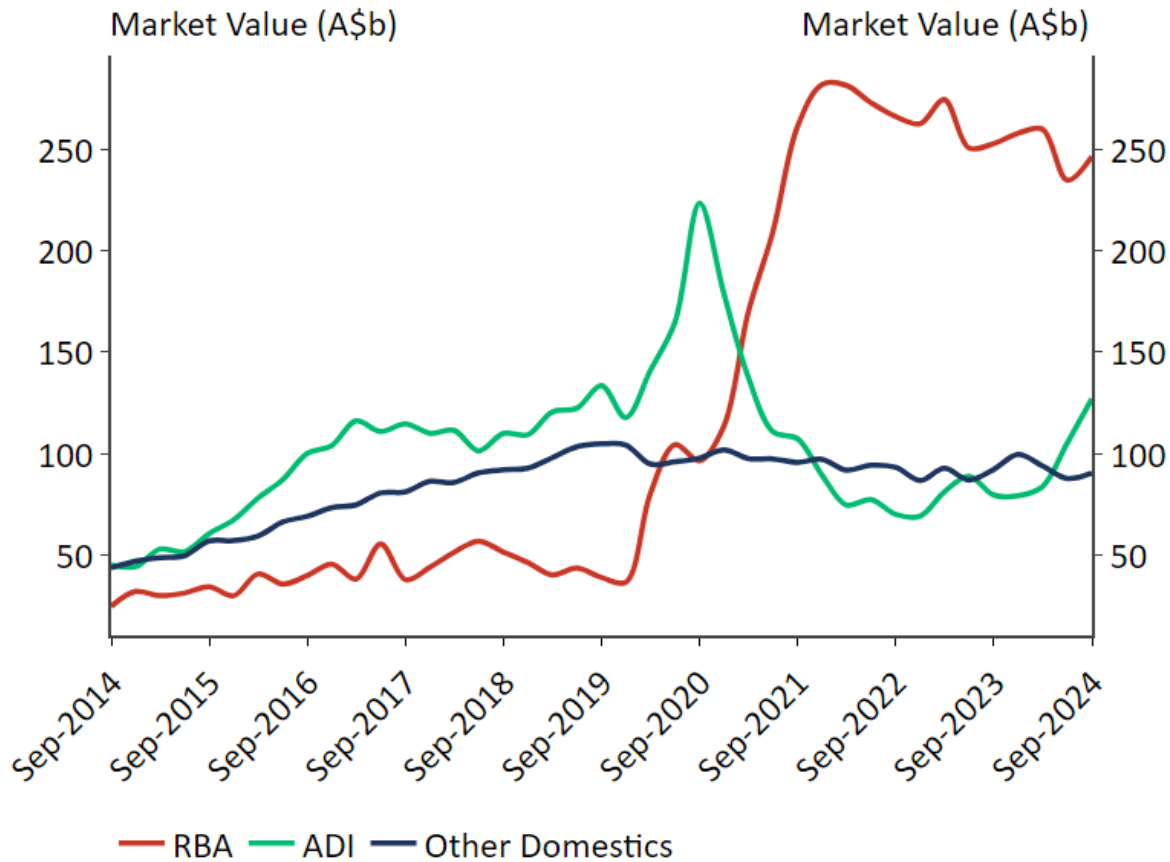


**World's 100 Largest Foreign
Currency Reserve Managers**

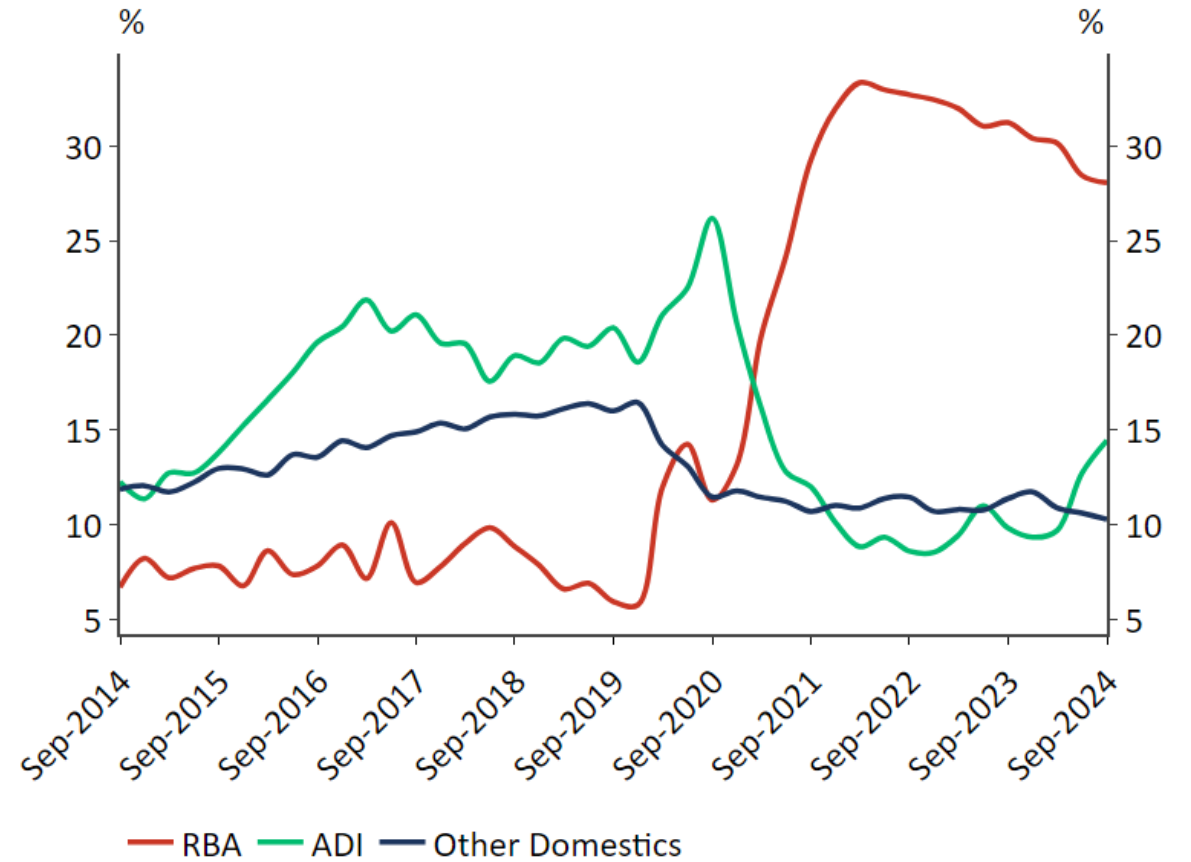
Source: AOFM, IMF

Domestic bank and non-bank holdings of AGBs

Value of Holdings (market value)



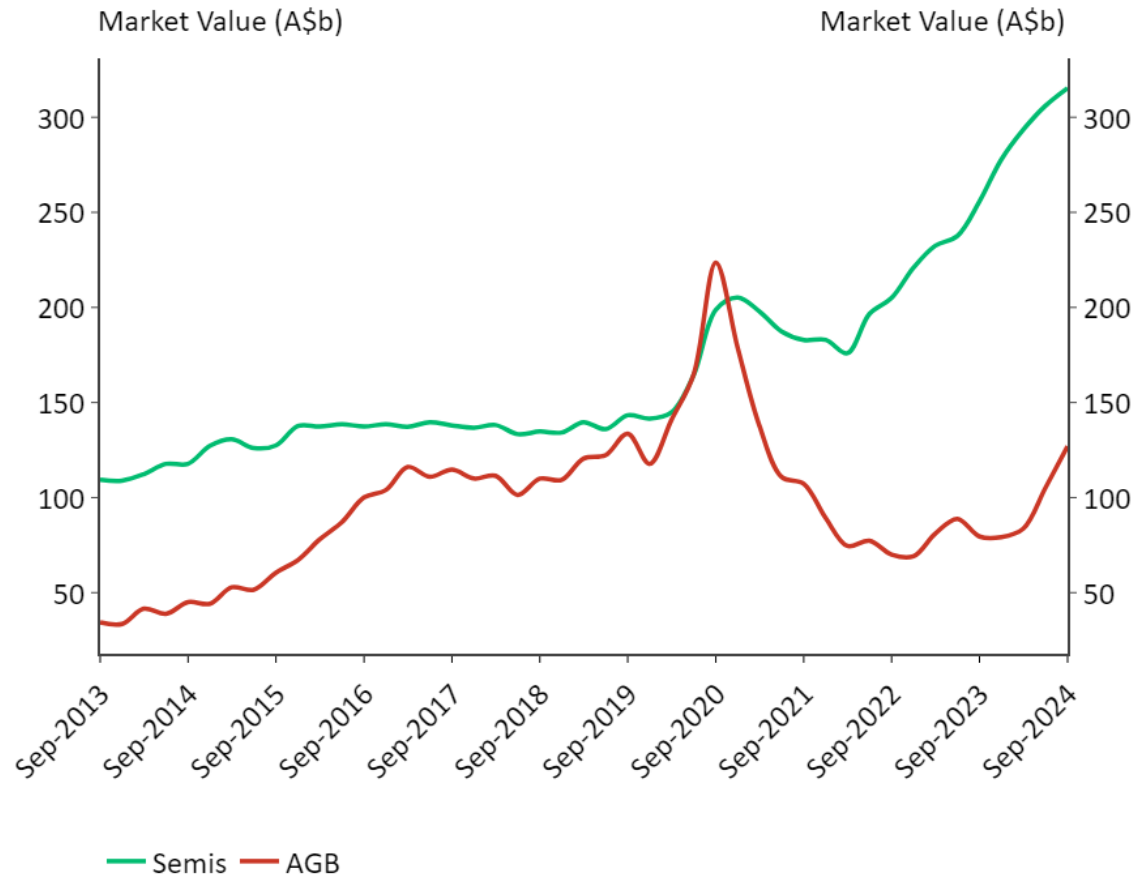
Proportion of AGB Market



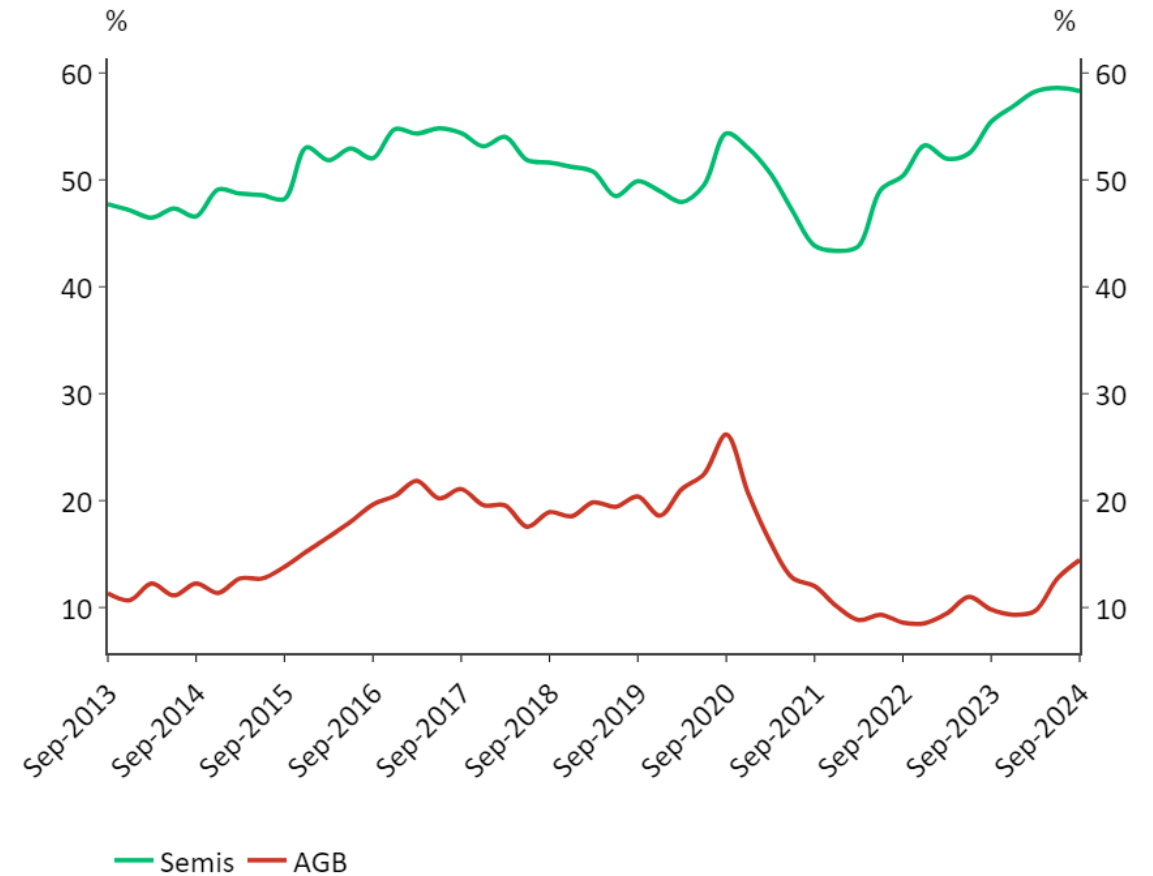
Source: ABS. Holdings are not adjusted for repurchase transactions. AGBs are Treasury Bonds and Treasury Indexed Bonds. Updated to 30 September 2024.

Domestic bank holdings of AGBs and semi-government bonds

Value of Holdings

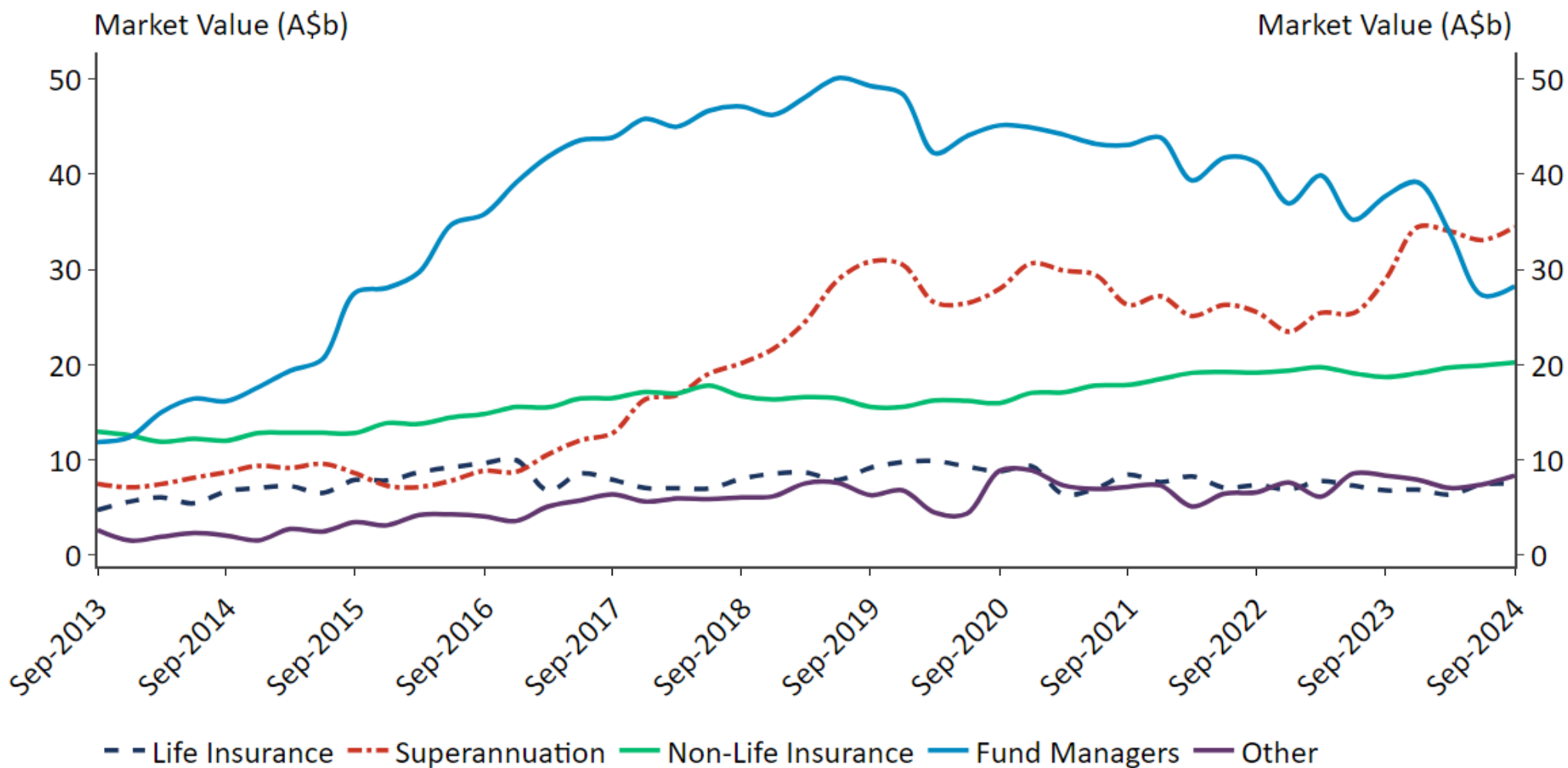


Proportion of Respective Market



Source: ABS. AGBs are Treasury Bonds and Treasury Indexed Bonds. Updated to 30 September 2024.

Holdings of AGBs by Non-bank Domestic Funds



Source: ABS. AGBs are Treasury Bonds and Treasury Indexed Bonds. Updated to 30 September 2024.

Australian government bonds

Treasury Bonds:	Volume Outstanding (AUD)	Yield (%)	Modified Duration
3.25% 21 April 2025	41,500,000,000	4.31	0.28
0.25% 21 November 2025	39,200,000,000	4.08	0.85
4.25% 21 April 2026	39,600,000,000	3.99	1.23
0.50% 21 September 2026	39,400,000,000	3.93	1.66
4.75% 21 April 2027	39,399,566,000	3.91	2.13
2.75% 21 November 2027	35,300,000,000	3.92	2.71
2.25% 21 May 2028	34,600,000,000	3.93	3.19
2.75% 21 November 2028	40,500,000,000	3.95	3.61
3.25% 21 April 2029	40,199,786,000	3.98	3.92
2.75% 21 November 2029	38,700,000,000	4.02	4.47
2.50% 21 May 2030	38,700,000,000	4.08	4.92
1.00% 21 December 2030	39,500,000,000	4.15	5.65
1.50% 21 June 2031	40,100,000,000	4.21	6.01
1.00% 21 November 2031	41,800,000,000	4.26	6.47
1.25% 21 May 2032	39,300,000,000	4.31	6.86
1.75% 21 November 2032	29,000,000,000	4.36	7.15
3.00% 21 November 2033	26,700,000,000	4.37	6.80
4.50% 21 April 2033	25,400,000,000	4.42	7.58
3.75% 21 May 2034	24,200,000,000	4.44	7.73
4.25% 21 June 2034	7,600,000,000	4.45	7.68
3.50% 21 December 2034	22,400,000,000	4.47	8.22
2.75% 21 June 2035	20,250,000,000	4.50	8.81
4.25% 21 December 2035	14,300,000,000	4.51	8.63
3.75% 21 April 2037	16,200,000,000	4.58	9.54
3.25% 21 June 2039	10,800,000,000	4.67	11.08
2.75% 21 May 2041	14,900,000,000	4.77	12.41
3.00% 21 March 2047	14,200,000,000	4.92	14.71
1.75% 21 June 2051	20,200,000,000	4.97	18.32
4.75% 21 June 2054	8,300,000,000	4.95	15.49
Total:	842,249,352,000		5.2
Treasury Indexed Bonds:	Volume Outstanding (AUD)	Yield (%)	Modified Duration
3.00% 20 September 2025	4,042,498,000	2.52	0.69
0.75% 21 November 2027	7,250,000,000	1.73	2.83
2.50% 20 September 2030	7,142,347,000	1.86	5.31
0.25% 21 November 2032	5,550,000,000	2.02	7.75
2.00% 21 August 2035	6,250,000,000	2.15	9.51
1.25% 21 August 2040	5,900,000,000	2.34	13.97
1.00% 21 February 2050	4,550,000,000	2.47	21.43
Total:	40,684,845,000	Portfolio:	7.7

Source: AOFM, Refinitiv. As at 7 January 2025.

Australian Government Securities are exempt from non-resident Interest Withholding Tax.

Market Makers – Treasury Bonds

These institutions (listed alphabetically) have indicated that they make markets in Treasury Bonds.
The level of activity can vary between institutions.



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Commonwealth Bank
of Australia



Deutsche Bank



HSBC

J.P.Morgan

MIZUHO



National
Australia
Bank

NOMURA

Connecting Markets East & West



Capital
Markets



UBS



The Green Treasury Bond Program

- The First 4.25% June 2034 Green Treasury Bond was launched in June 2024. The volume of issuance was AUD \$7 billion.
- The [Australian Government Green Bond Framework](#) and accompanying [Second Party Opinion \(SPO\)](#) report are on the [AOFM's website](#).
- The Framework has been developed with and is compliant with International Capital Market Association (ICMA) *Green Bond Principles* and is informed by the Climate Bonds Initiative's taxonomy.
- The Framework sets out the Government's key climate change and environmental policies and outlines how green bonds will be used to finance Eligible Green Expenditures. This includes:
 - the types of projects that can be financed or refinanced with green bonds
 - processes for project evaluation and selection
 - how proceeds will be managed
 - ongoing reporting on the allocation of proceeds and the impact of the projects.

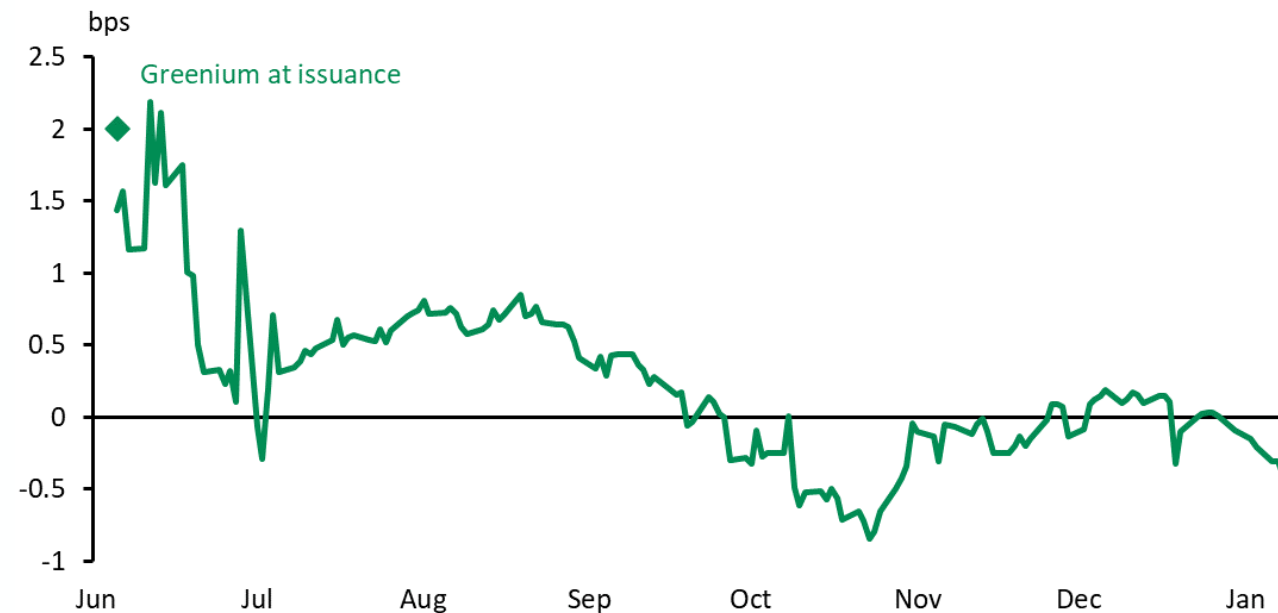
The Green Treasury Bond Program

- There will be an ongoing program of issuance to support liquidity. The AOFM will aim to introduce new lines every 2 to 3 years.
- Issuance via tender of Green Treasury Bonds in 2024-25 is expected to be around \$2 billion. Two green bond tenders of \$600 million in total have already been held in the first half of 2024-25.
- Green Treasury Bonds will remain a small portion of the AOFM's overall issuance.
- Retail green bonds will be available in 2025.
- The first Allocation and Impact Report will be published in 2025.

Secondary market

- There are market-makers for the Green Treasury Bond (same as other Treasury Bonds).
- The securities are eligible for RBA operations.
- The yield of the Green Bond trades near to the May-34 bond line.

Greenium



Source: Bloomberg and AOFM, as at 8 January

Further information

Website: www.aofm.gov.au

Address: Australian Office of Financial Management
Treasury Building, Level 3, Newlands Street
Parkes ACT 2600 Australia

Enquiries: InvestorRelations@aofm.gov.au

Access to benchmark yields

<https://www.rba.gov.au/statistics/tables/>

Market data and live yields

Bloomberg:

"AOFM Go" (Homepage)

"ACGB Govt Go" (TBs and TIBs)

"ACTB Govt Go" (TNs)

Refinitiv:

"AOFMINDEX" (Homepage)

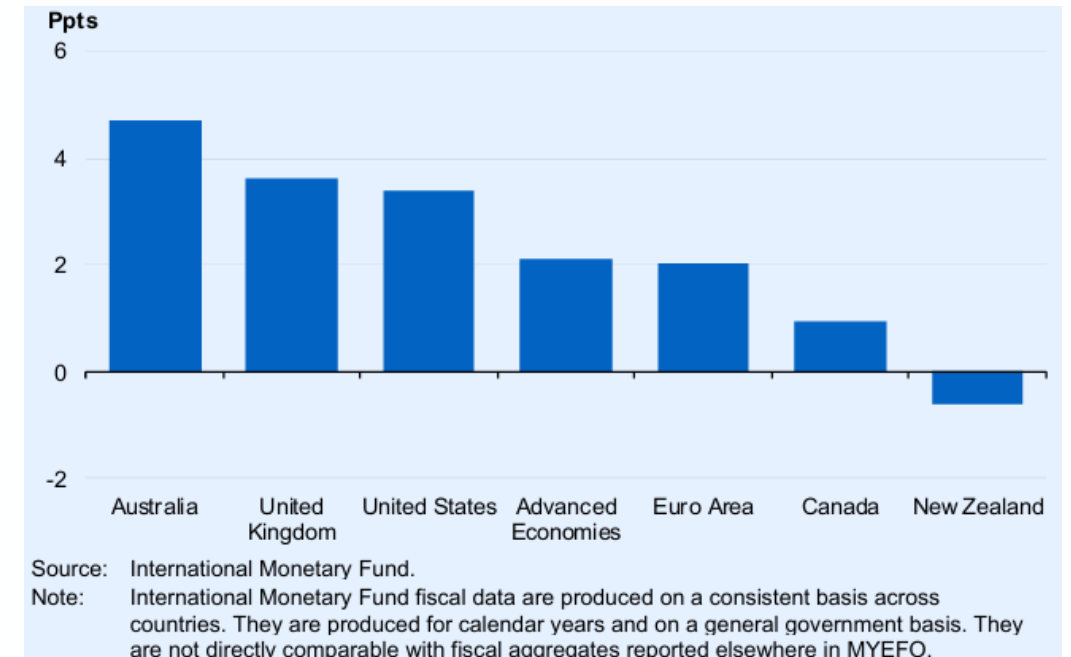
"Yieldbroker" (AGS yields)

Economic outlook

Economic parameter forecasts

	Outcome	Forecasts			
	2023-24	2024-25	2025-26	2026-27	2027-28
Real GDP (% change)	1.4	1.75	2.25	2.5	2.75
Employment (% change)	2.2	1.75	1	1.5	1.75
Unemployment rate (%)	4.1	4.5	4.5	4.5	4.25
Consumer price index (% change)	3.8	2.75	2.75	2.5	2.5
Wage price index (% change)	4.1	3	3	3.25	3.5
Nominal GDP (% change)	4.1	3.25	3.5	5	5.5
Gross debt (% of GDP)	34.0	34.0	36.0	36.7	36.7
Net Debt (% of GDP)	18.4	19.6	21.3	22.3	22.4

Improvement in fiscal balance to GDP (2021 to 2024)

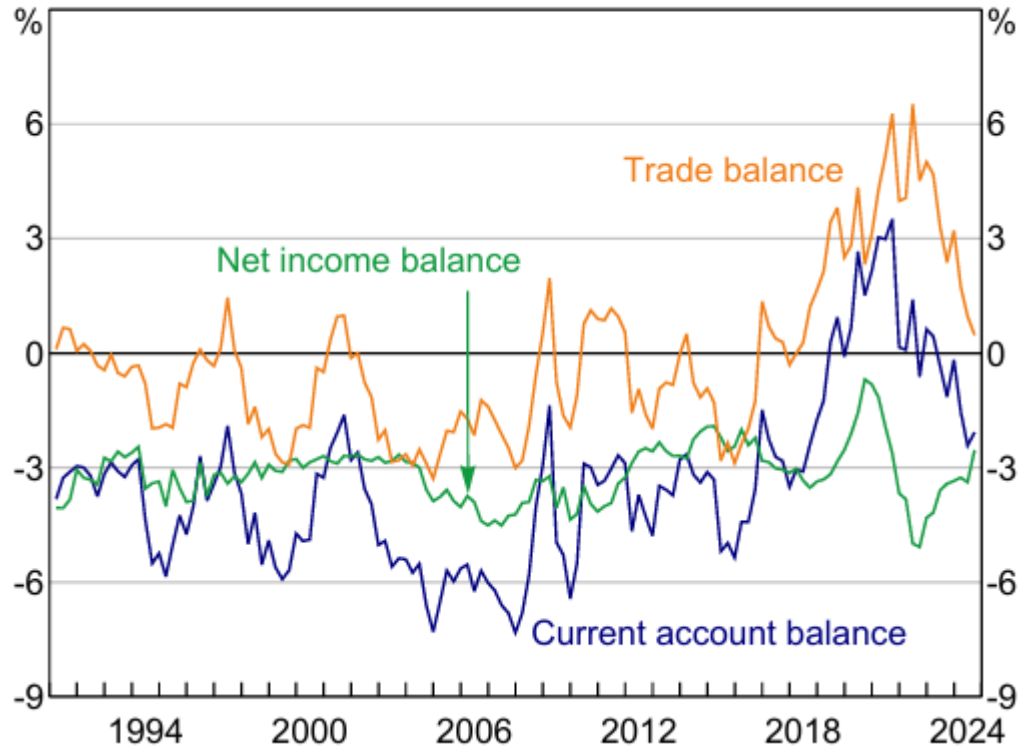


Source: Australian Bureau of Statistics, Treasury MYEFO 2024-25

Economic outlook

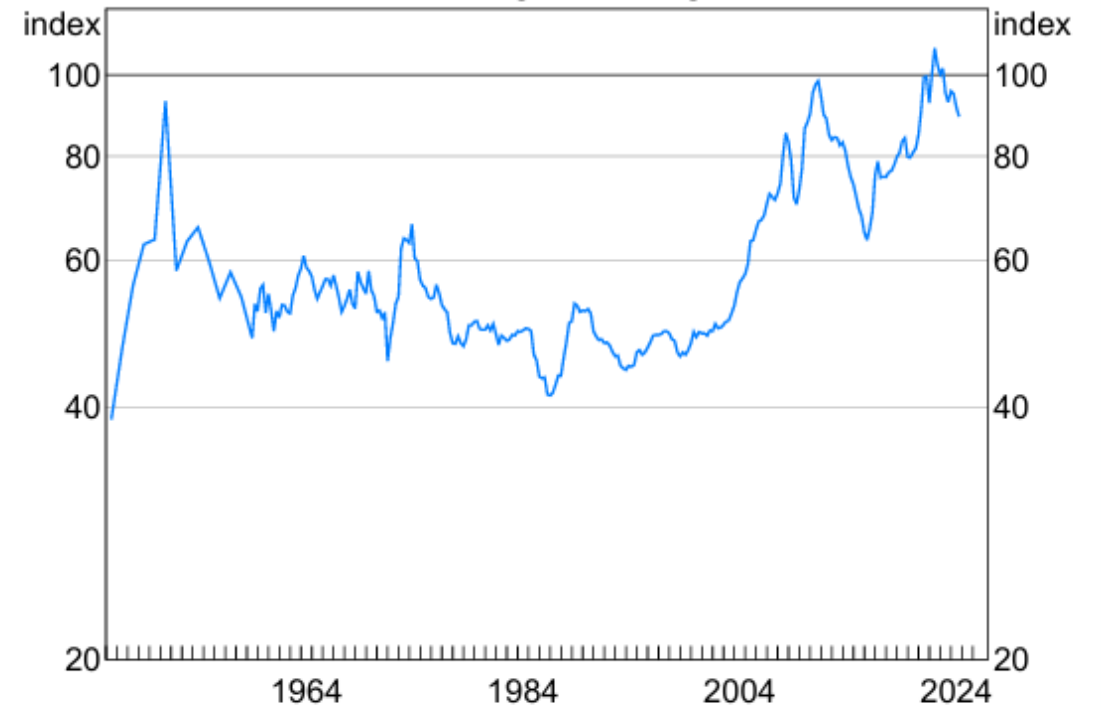
Current Account Balance

Per cent of nominal GDP



Terms of Trade*

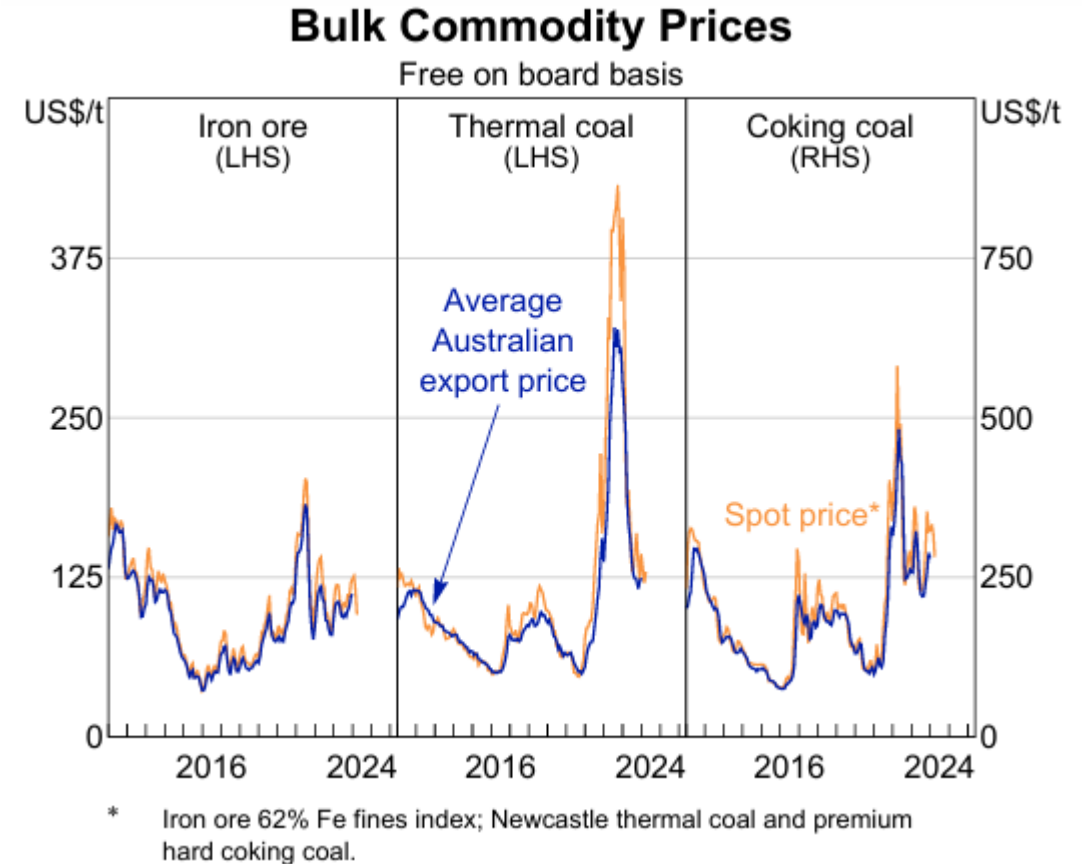
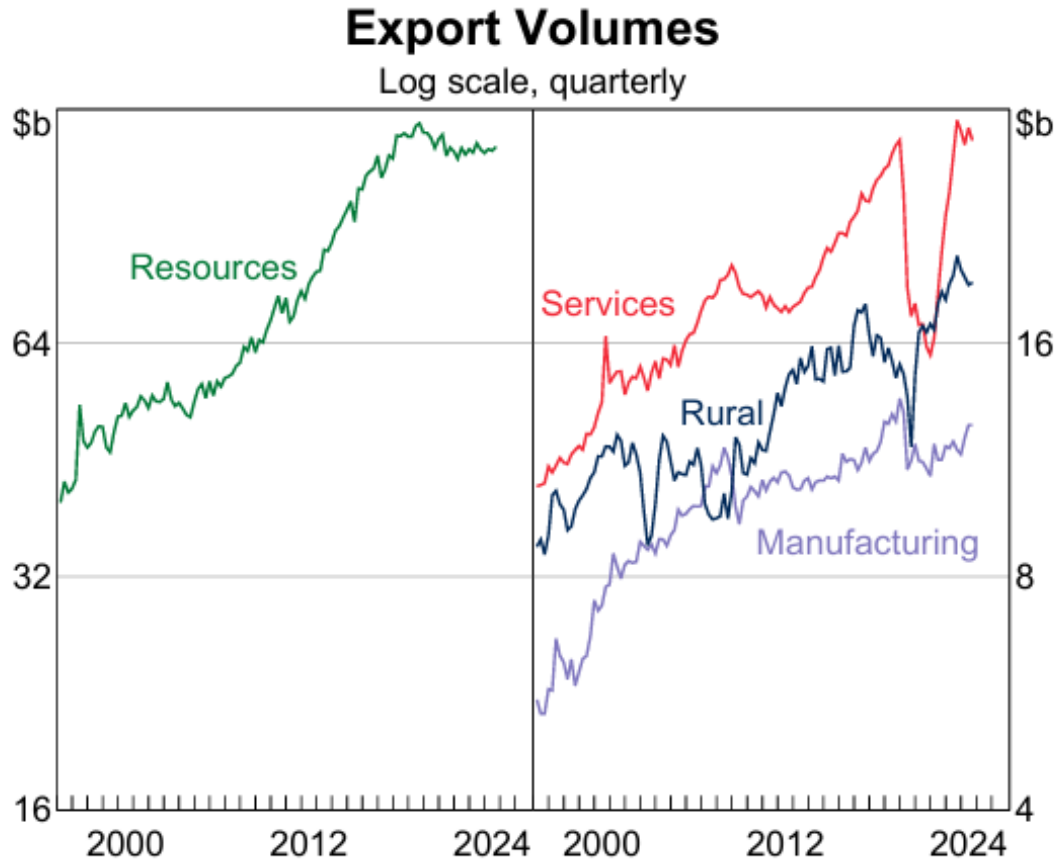
2022/23 average = 100, log scale



* Annual data are used prior to 1960.

Source: RBA, ABS

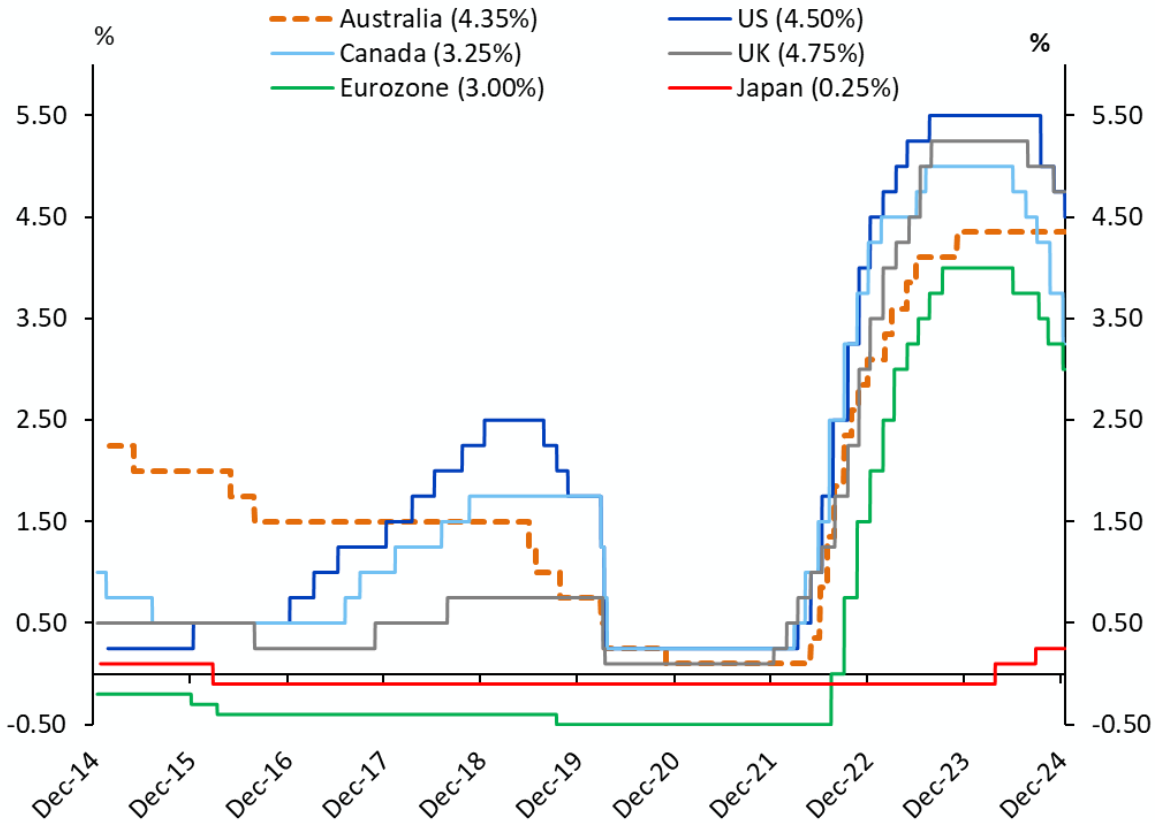
Economic outlook



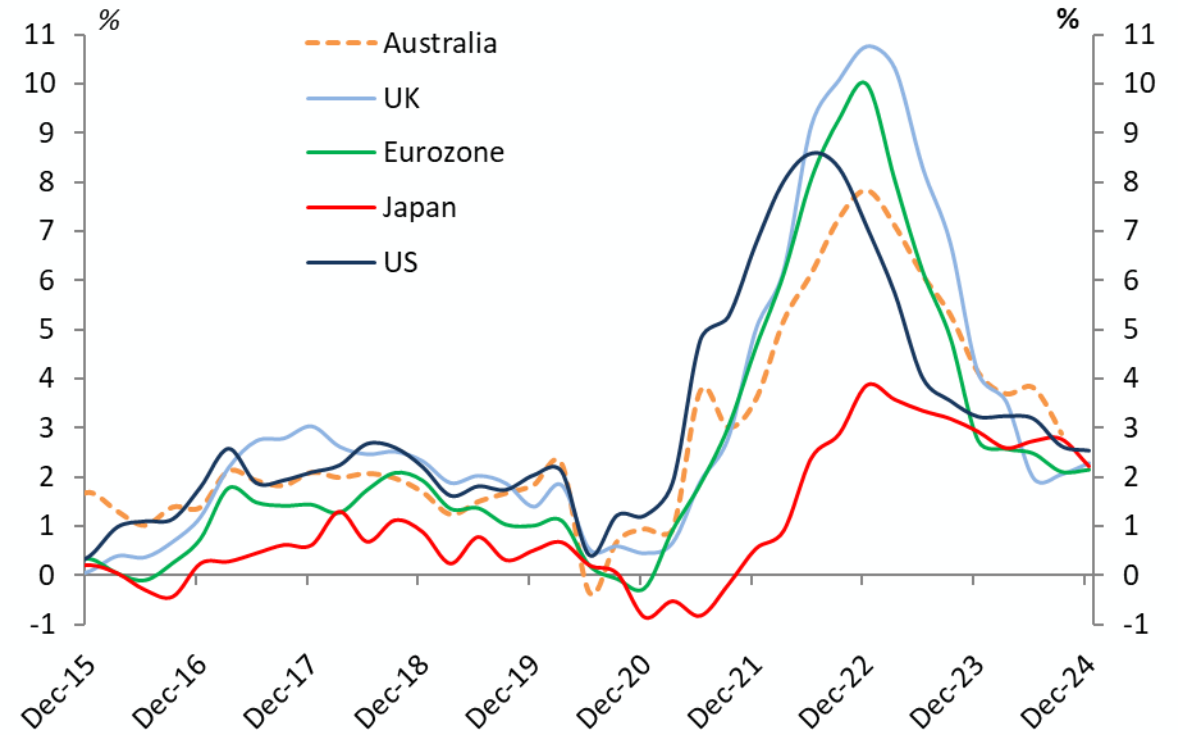
Source: RBA. Key commodities are assumed to decline from elevated levels over four quarters to the end of the September quarter 2025: the iron ore spot price is assumed to decline to **US\$60/tonne**; the metallurgical coal spot price declines to **US\$140/tonne**; the thermal coal spot price declines to **US\$70/tonne**. All bulk prices are in free-on-board (FOB) terms.

Economic outlook

Central bank policy rates



CPI global comparisons



Source: Refinitiv

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