



Australian Government  
Australian Office of Financial Management

AOFM

# AGS Investor Chart Pack – Budget 2025-26

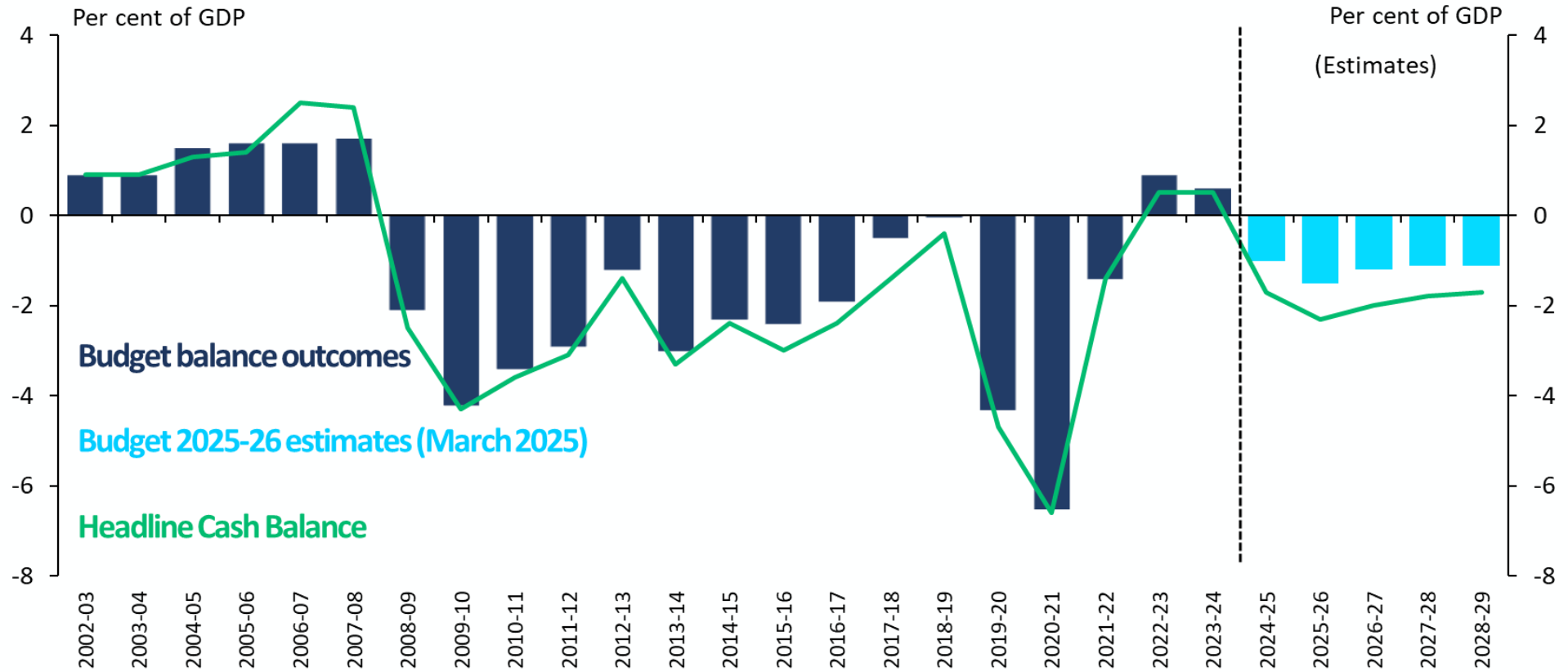
Australian Office of Financial Management

March 2025

# Australia's budget balance

## Underlying cash balance per cent of GDP

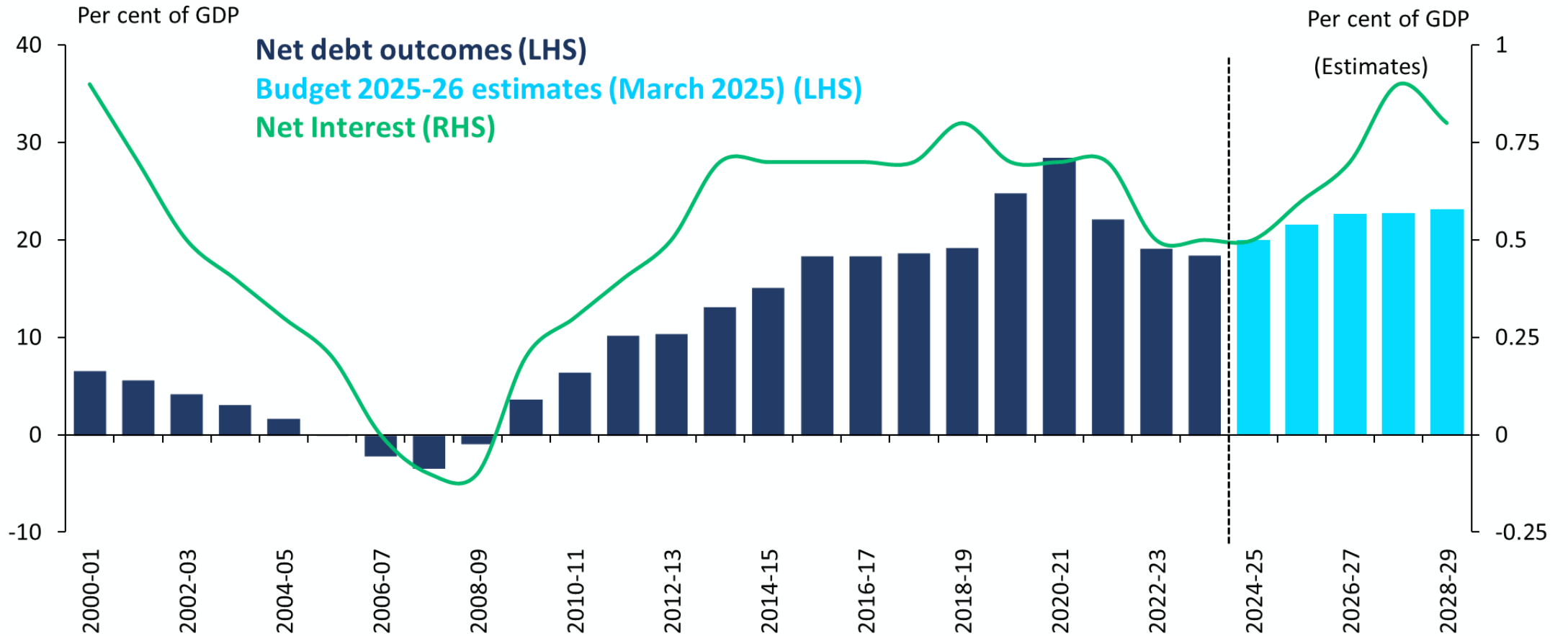
An underlying cash deficit of \$27.6 billion is forecast for 2024–25 (1 per cent of GDP), which is \$0.7 billion higher than forecast at the 2024-25 MYEFO, but unchanged as a per cent of GDP. The deficit is expected to peak in 2025-26 at 1.5 per cent of GDP before falling to 1.1 per cent of GDP in 2028-29.



Source: Treasury – Budget 2025-26.

# Australia's net debt position

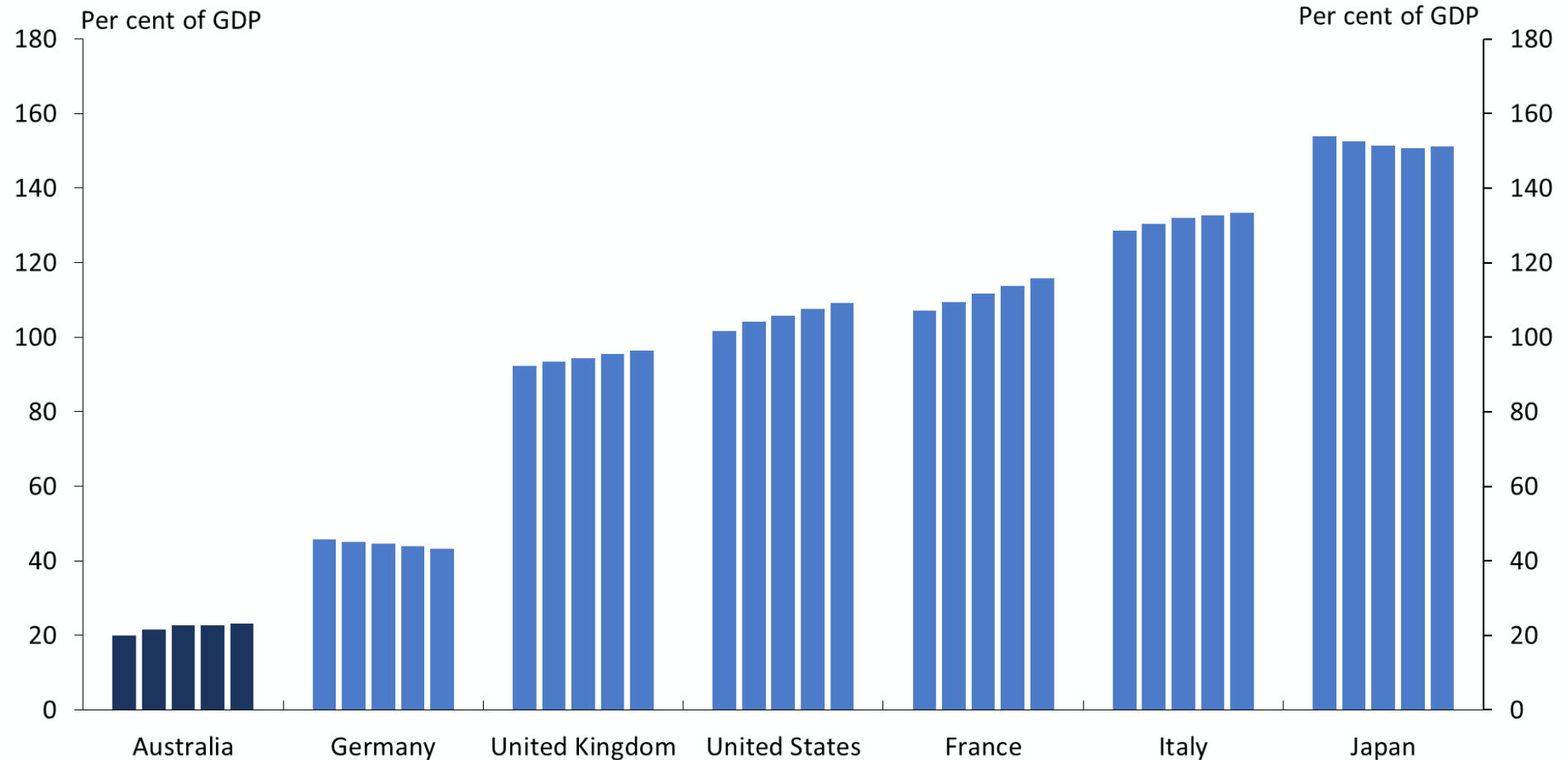
Net debt is estimated to be 19.9 per cent of GDP (\$556 billion) in 2024–25, slightly higher than the estimate of 19.6 per cent of GDP (\$540 billion) in the 2024–25 MYEFO. Net debt is expected to be marginally higher in each year of the forward estimates compared to the 2024–25 MYEFO. Net interest payments 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 – Budget 2025-26.

# Comparison of government net debt

2025 to 2029 (forecast)

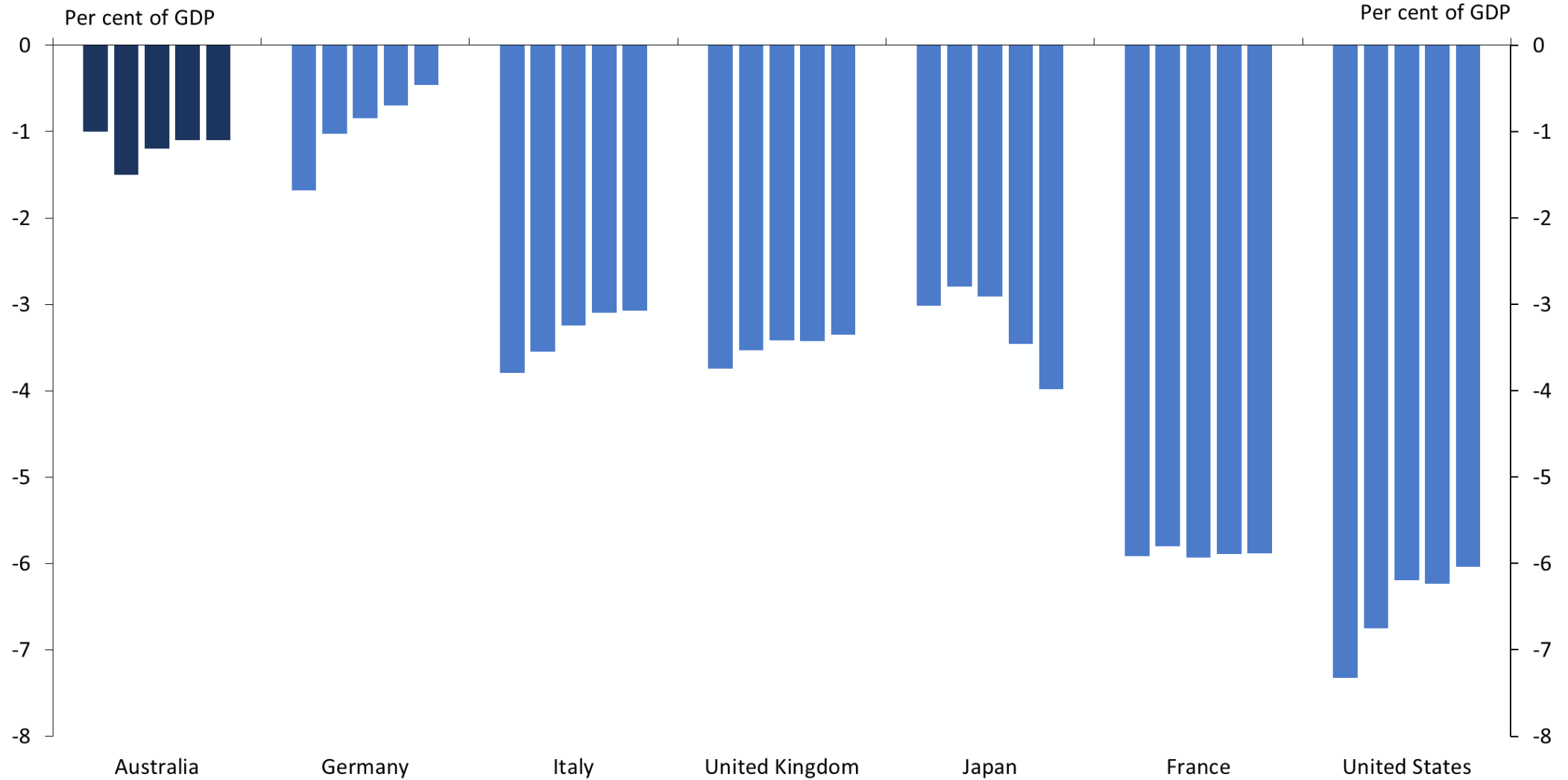


Note: Australian data are for the Australian Government general government sector for financial years commencing 2024-25. Data for all other countries are for total government and refer to calendar years commencing 2025.

Source: Treasury – Budget 2025-26, IMF Fiscal Monitor October 2024.

# Comparison of government budget balances

2025 to 2029 (forecast)



Source: Treasury – Budget 2024-25, IMF Fiscal Monitor October 2024. The forecasts for the comparison countries are as of October 2024 and do not take into account recent spending updates.

# Australian Government Securities

Three instruments available

## Treasury Bonds

*Amount Outstanding*

**\$872 billion**

**30 lines on issue**

*Gross Issuance 2025-26 (F)*

**Around \$150 billion**

## Treasury Indexed Bonds

*Amount Outstanding*

**\$41 billion**

**7 lines on issue**

*Gross Issuance 2025-26 (F)*

**Around \$2 - \$3 billion**

## Treasury Notes

*Amount Outstanding*

**\$43.5 billion**

**9 lines on issue**

### Further information

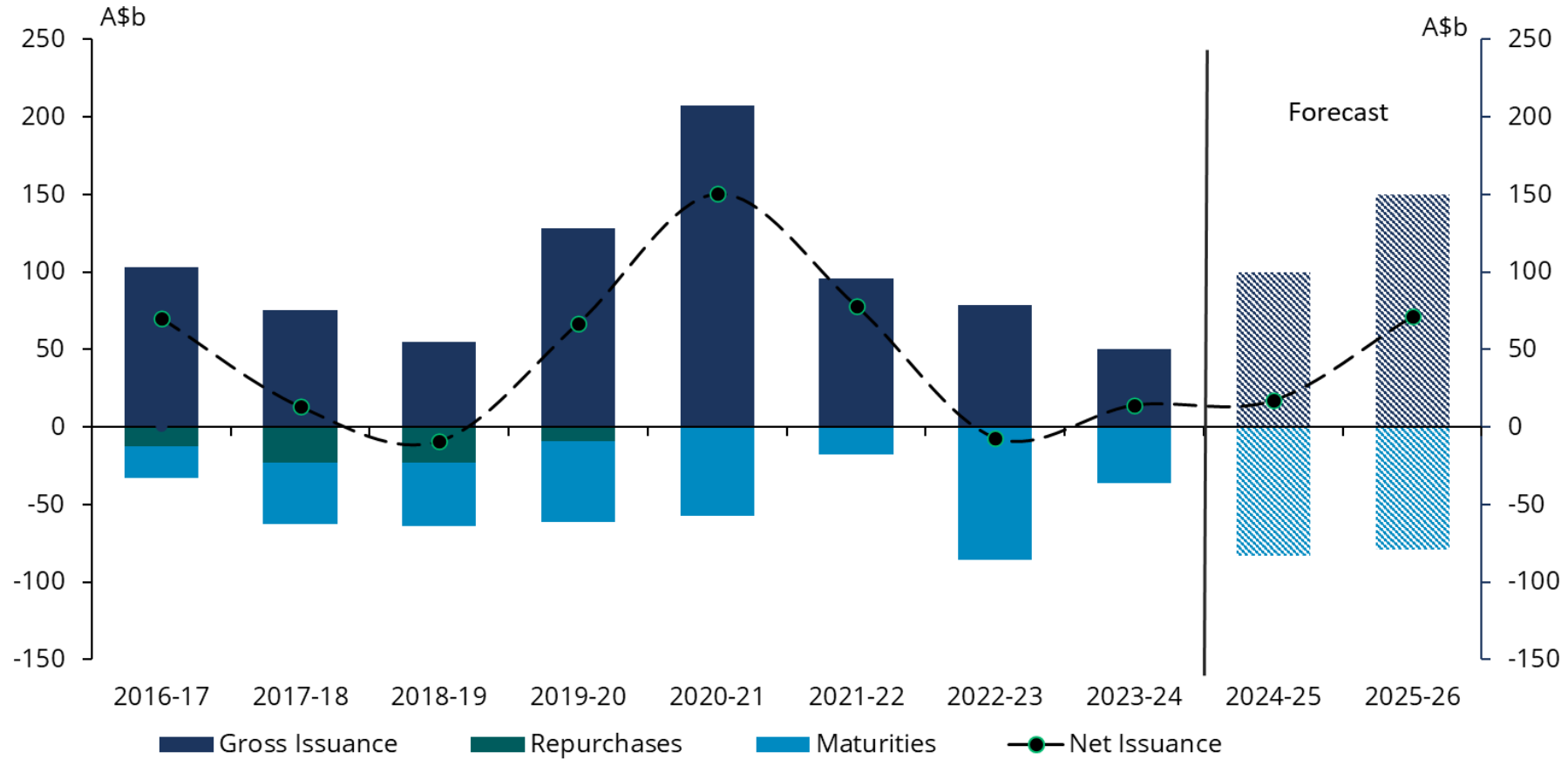
- Based on Budget forecasts, issuance of Treasury Bonds (including Green Treasury Bonds) in 2024-25 has been revised to around \$100 billion (of which \$75.3 billion has been completed as of 25 March 2025).
- Issuance of Treasury Bonds (including Green Treasury Bonds) in 2025-26 is expected to be around \$150 billion.
- Issuance of Treasury Indexed Bonds in 2024-25 is planned to be around \$3 billion (of which \$2.3 billion has been completed as of 25 March 2025).
- Issuance of Treasury Indexed Bonds by tender in 2025-26 is expected to be between \$2 billion and \$3 billion (additional issuance by syndication may be considered).
- The AOFM will remain active in the Treasury Note market with regular issuance for cash management purposes.

Note: Figures are as of 25 March 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

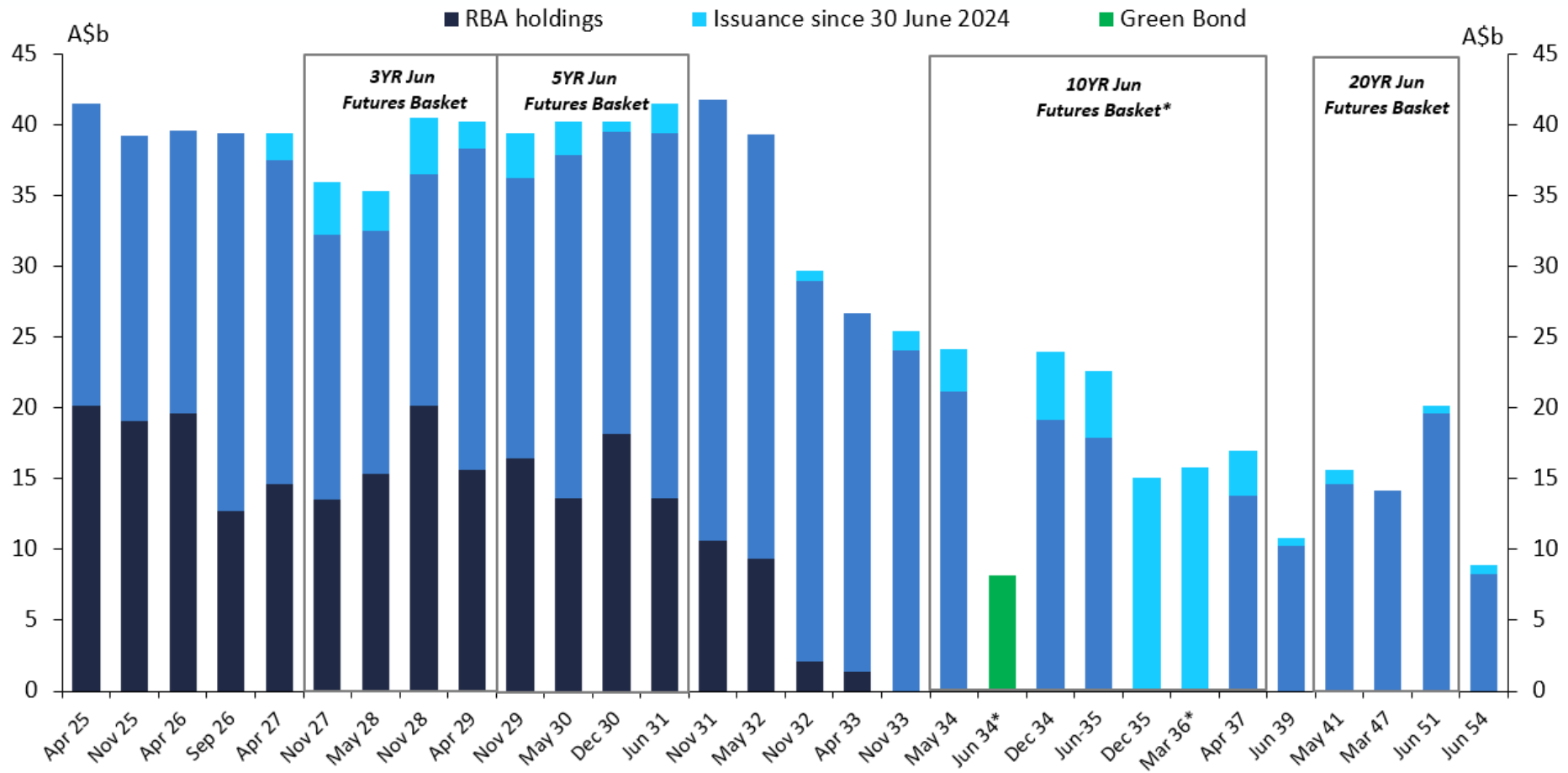
## Face Value



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.



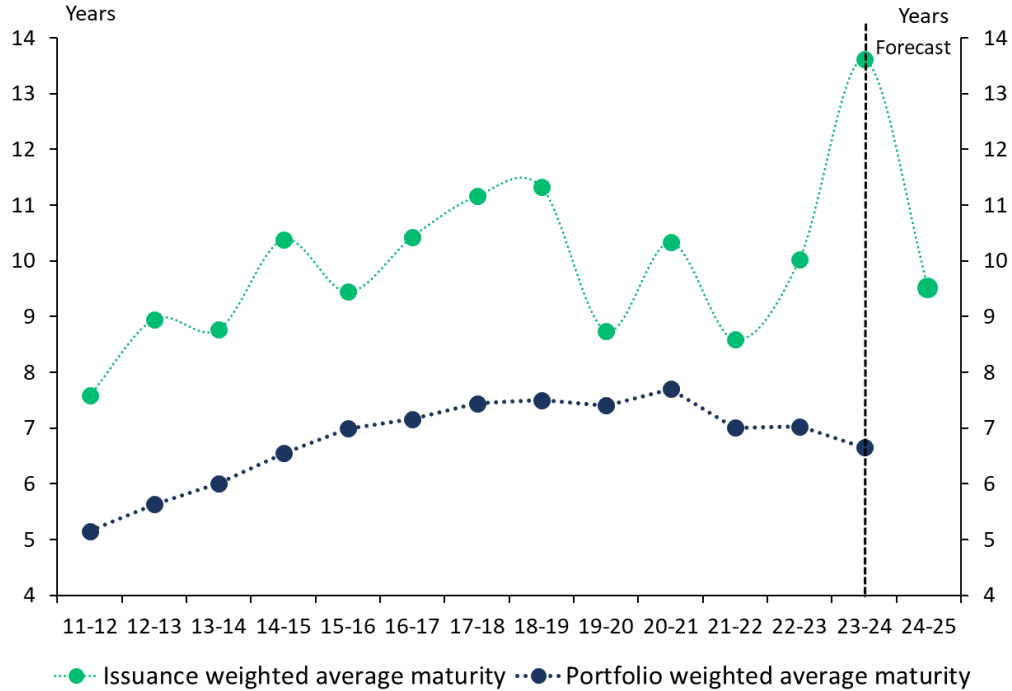
Source: AOFM. As of 25 March 2025. \* The June 2034 green bond is not included in 10-year futures contract. The March 2036 bond will be included in the 10-year September 2025 futures contract.



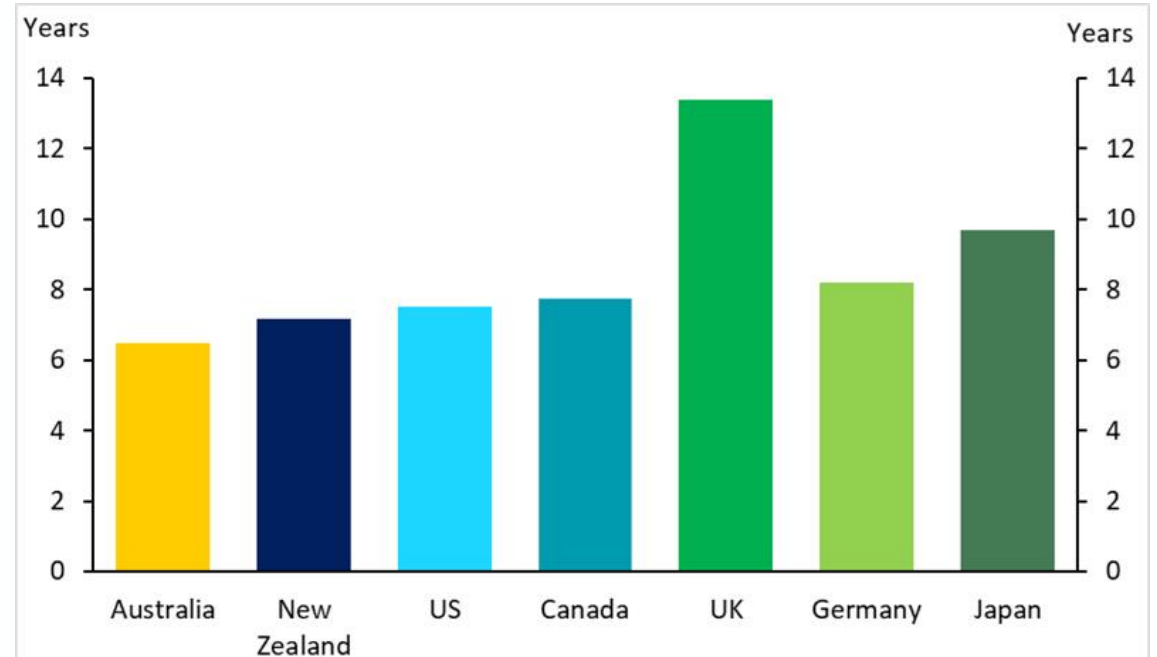
# Treasury Bond curve

The Treasury Bond curve is liquid and mature and extends to 30 years. The AOFM 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. The AOFM will look to establish a new 30-year benchmark when the tenor of the longest bond is around 28 years.

### Weighted average maturity



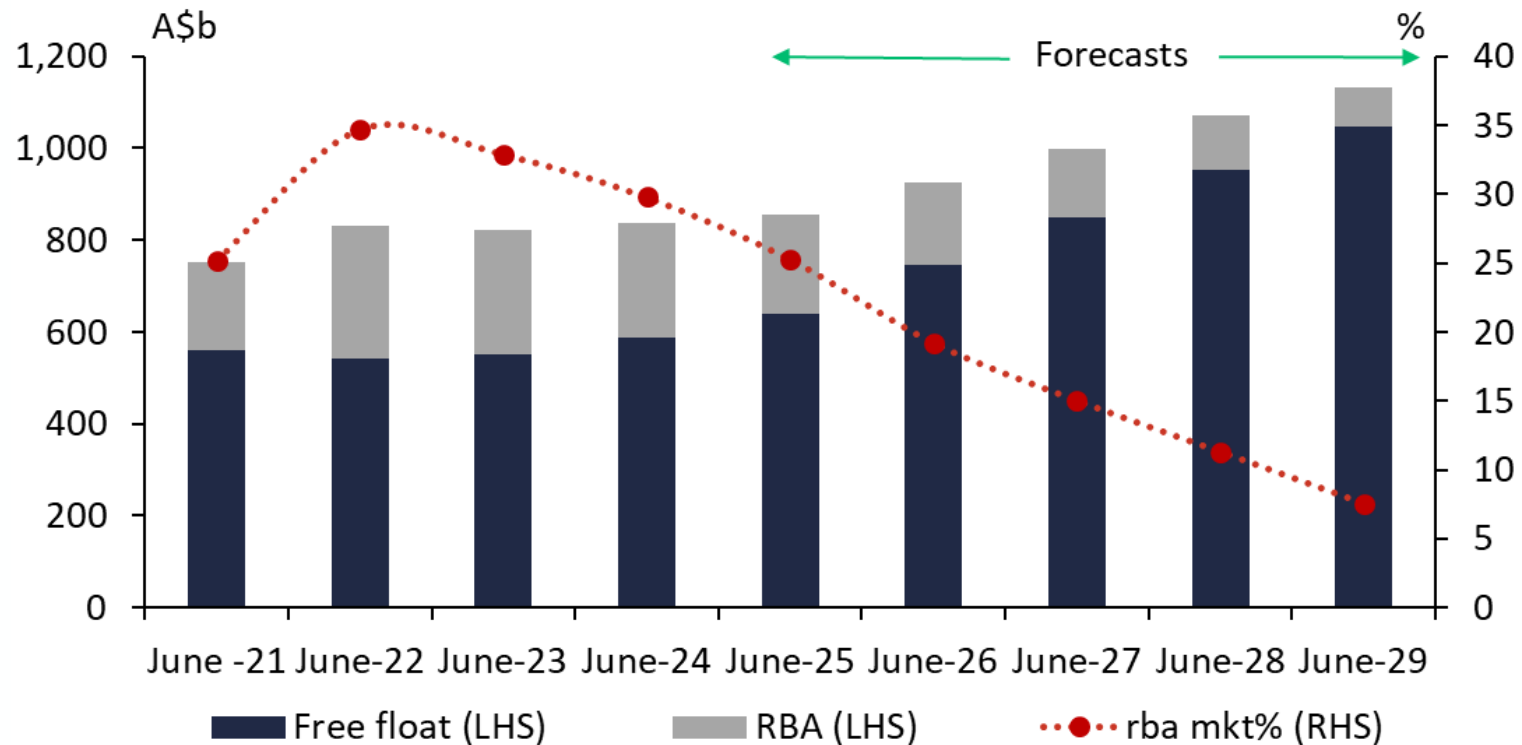
### Country comparison of portfolio weighted average maturity



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

# Forecast Treasury Bonds outstanding and RBA holdings

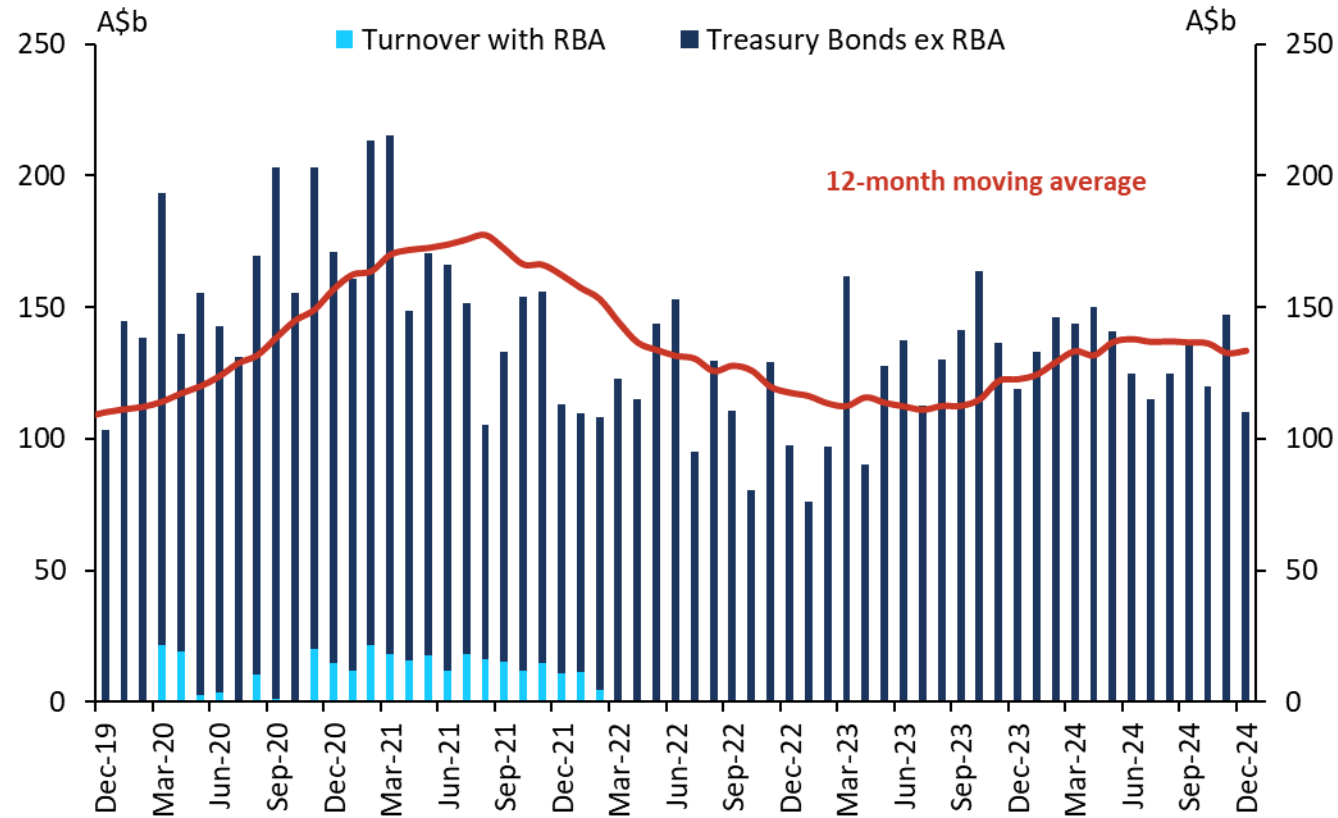
- The RBA's bond purchase program concluded in February 2022. The RBA currently holds around 27 per cent of Treasury Bonds on issue.
- RBA holdings as a proportion of total Treasury Bonds outstanding are expected to decline gradually as the bonds they hold mature.



Source: Treasury – Budget 2025-26, 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 around pre-pandemic levels (albeit in a now larger AGB market).



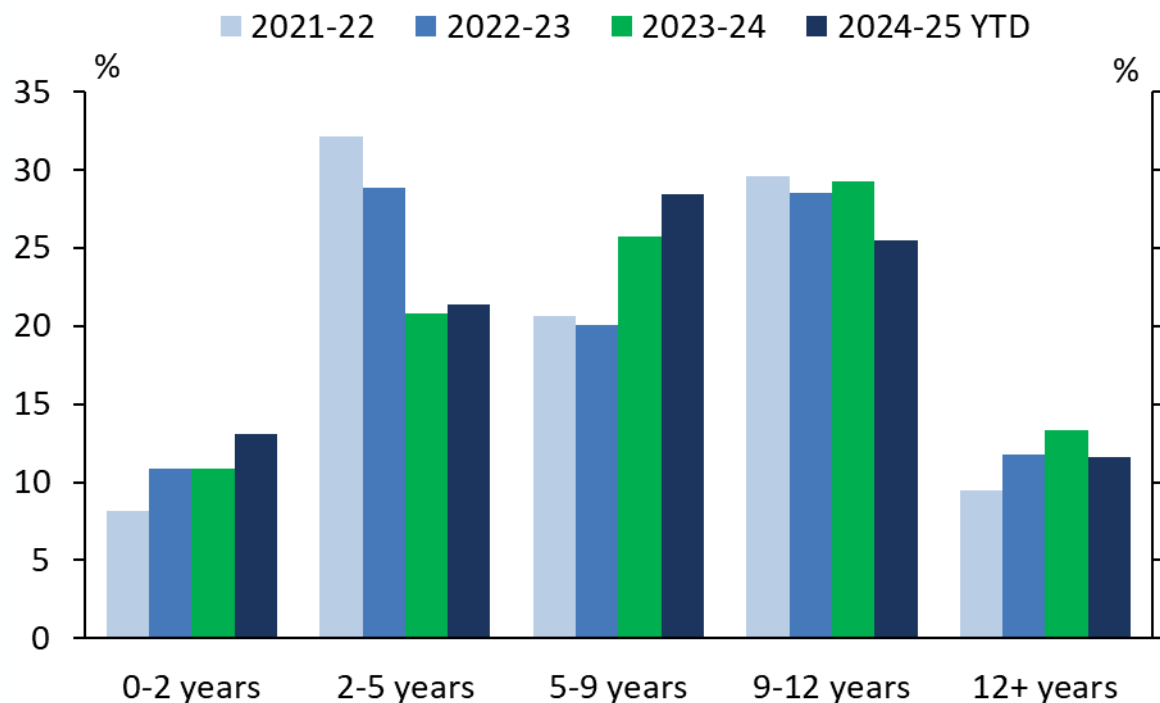
Source: AOFM. The AOFM relies on data provided by survey respondents and cannot guarantee the accuracy of this data.

# Turnover – Treasury Bonds

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

A\$1.33 trillion (2022-23)

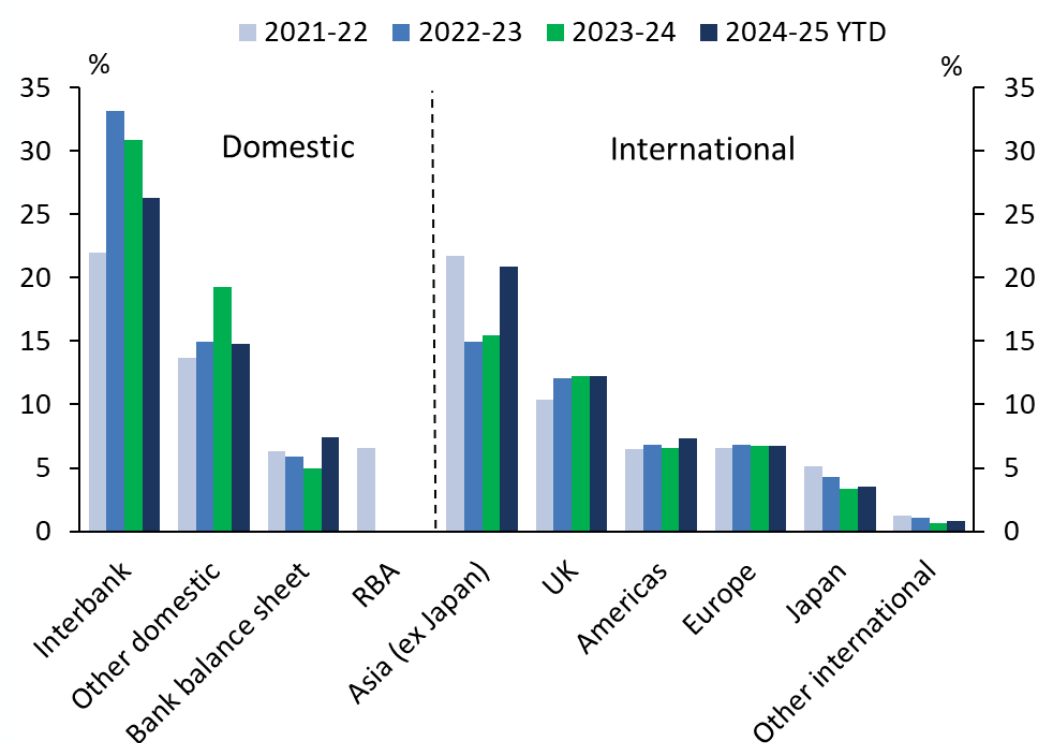
*Turnover by tenor*



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

A\$111 billion (2022-23)

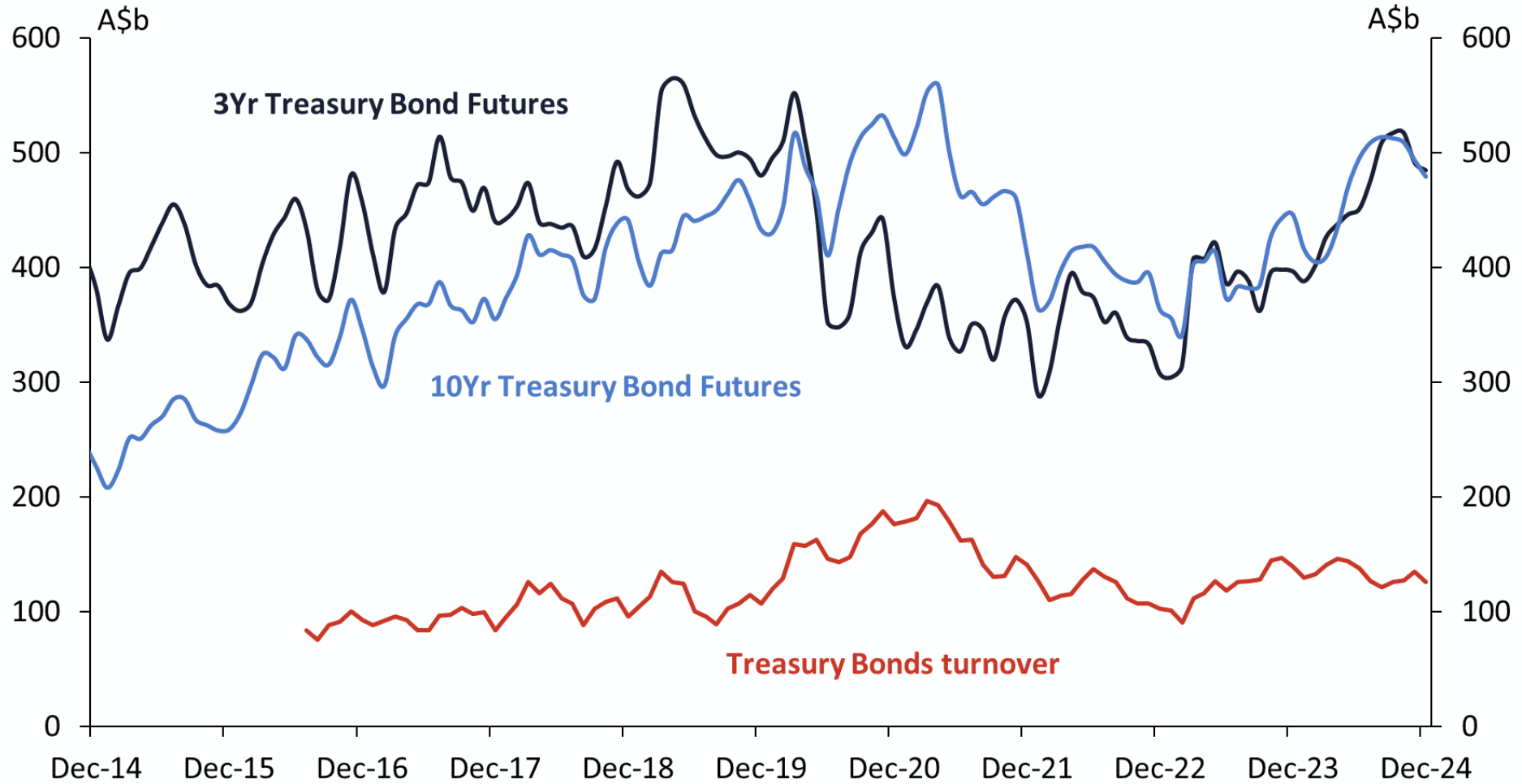
*Turnover by category*



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 31 December 2024.

# Treasury Bond futures market activity

Monthly turnover (3m M.A.)

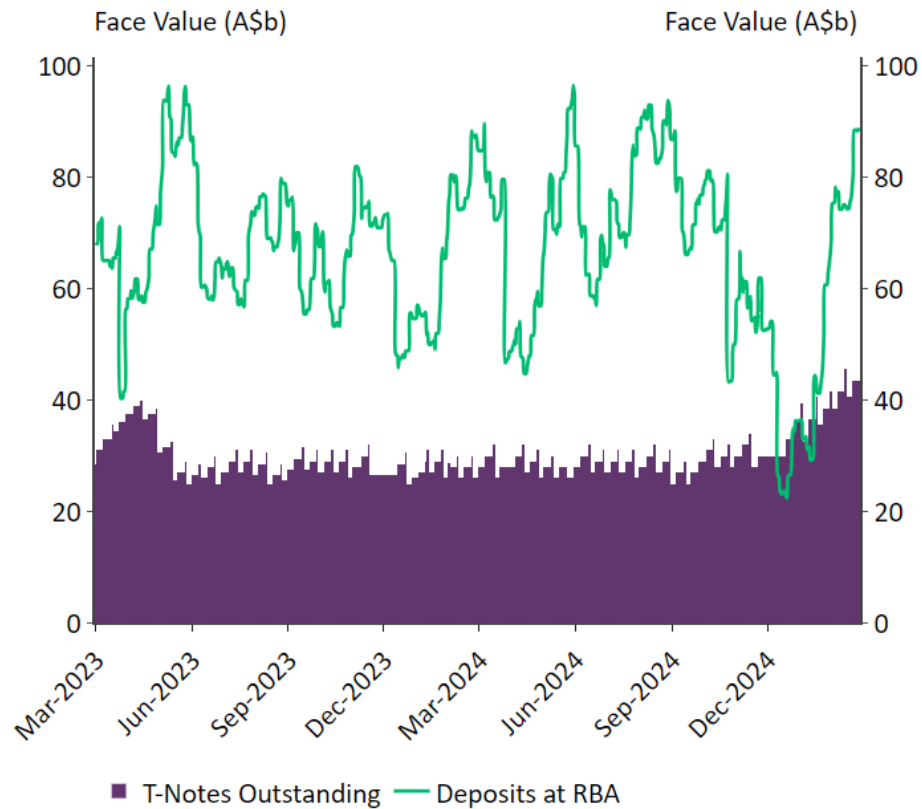


Source: ASX, Refinitiv, AOFM

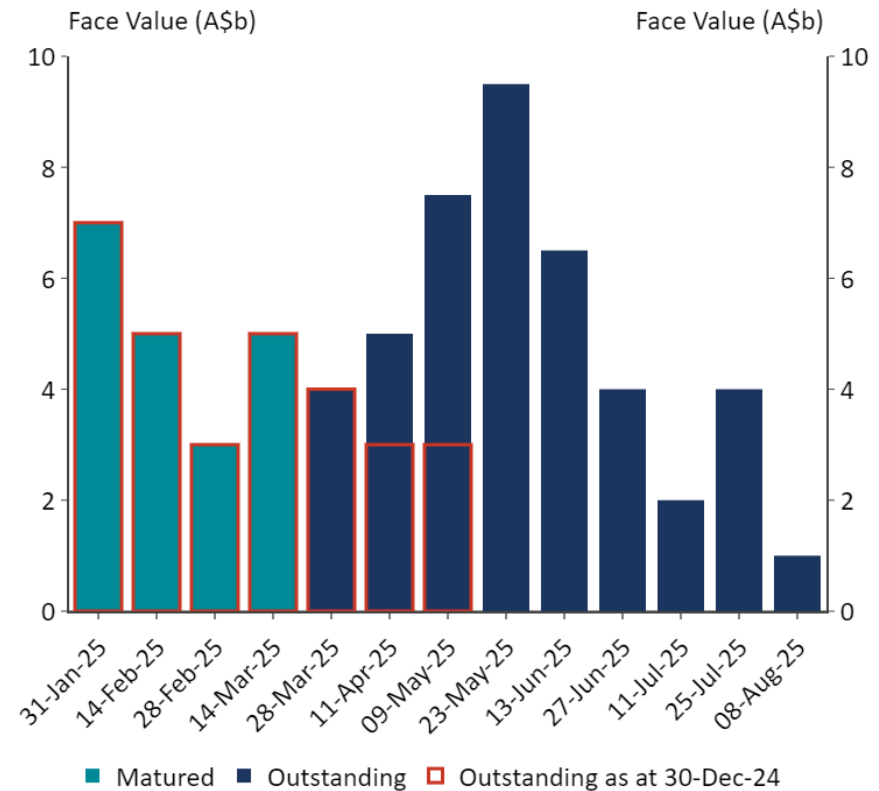
# Issuance of Treasury Notes

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.

T-Notes outstanding and deposits with the RBA



T-Note lines on issue

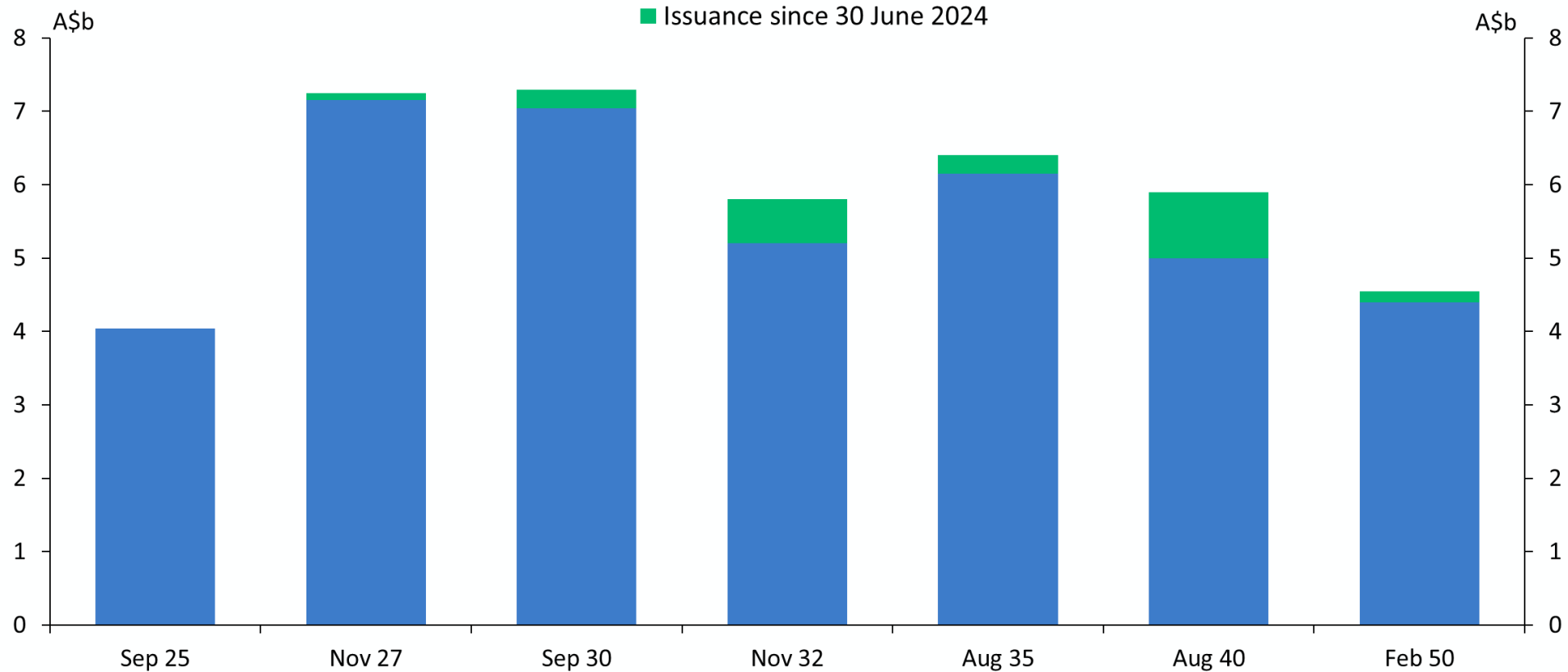


Source: AOFM.

# Treasury Indexed Bonds on issue

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

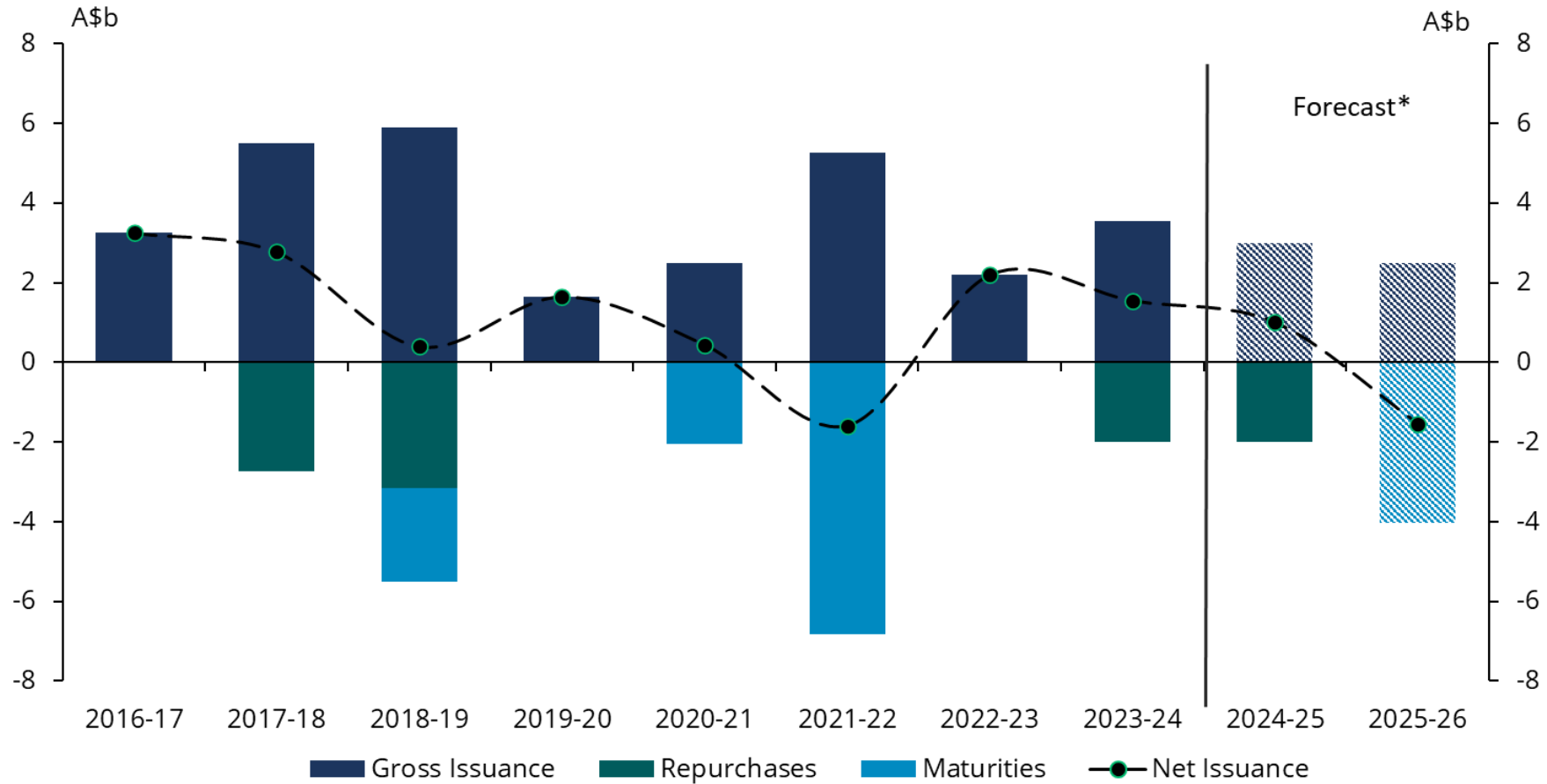
The AOFM will continue to support the Treasury Indexed Bond market with regular supply. Prevailing market conditions and investor feedback will remain important determinants of issuance decisions. The ABS is moving from a quarterly to monthly CPI publication schedule in late calendar 2025. The AOFM is engaging with market participants on the implications for the Treasury Indexed Bond program.



Source: AOFM. As at 25 March 2025.

# Treasury Indexed Bonds issuance

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



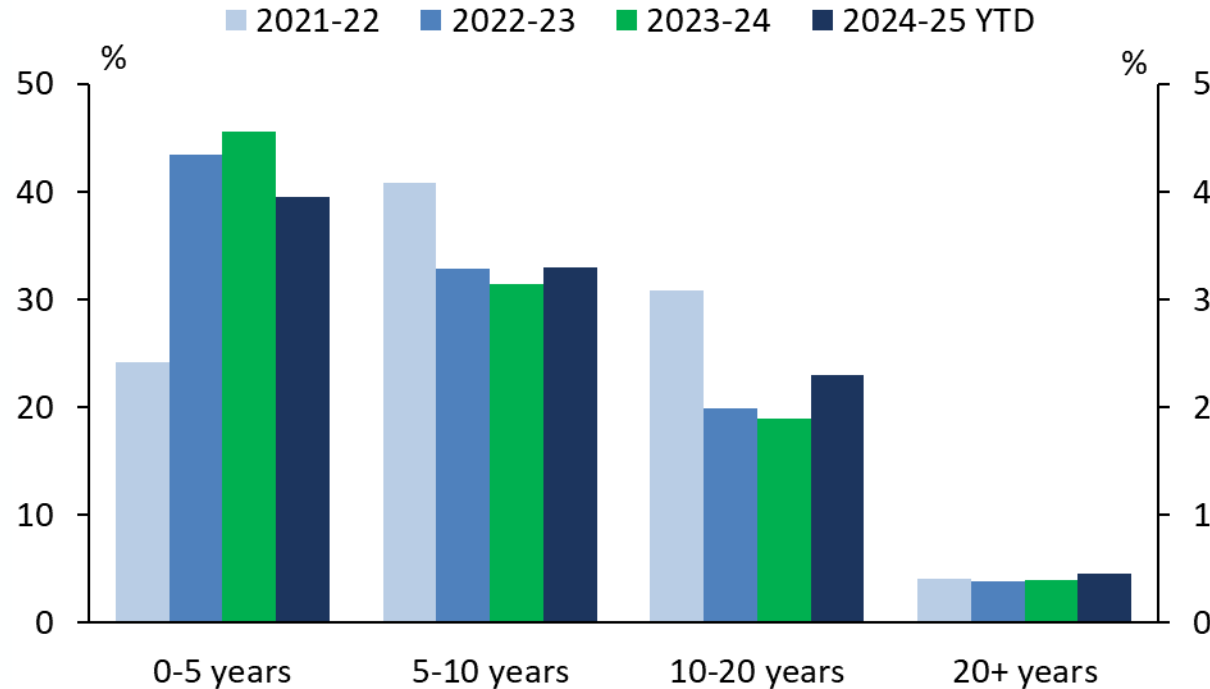
Source: AOFM. \*Issuance of Treasury Indexed Bonds by tender in 2025-26 is expected to be between \$2 billion and \$3 billion (excludes possible syndicated issuance).



# Turnover – Treasury Indexed Bonds

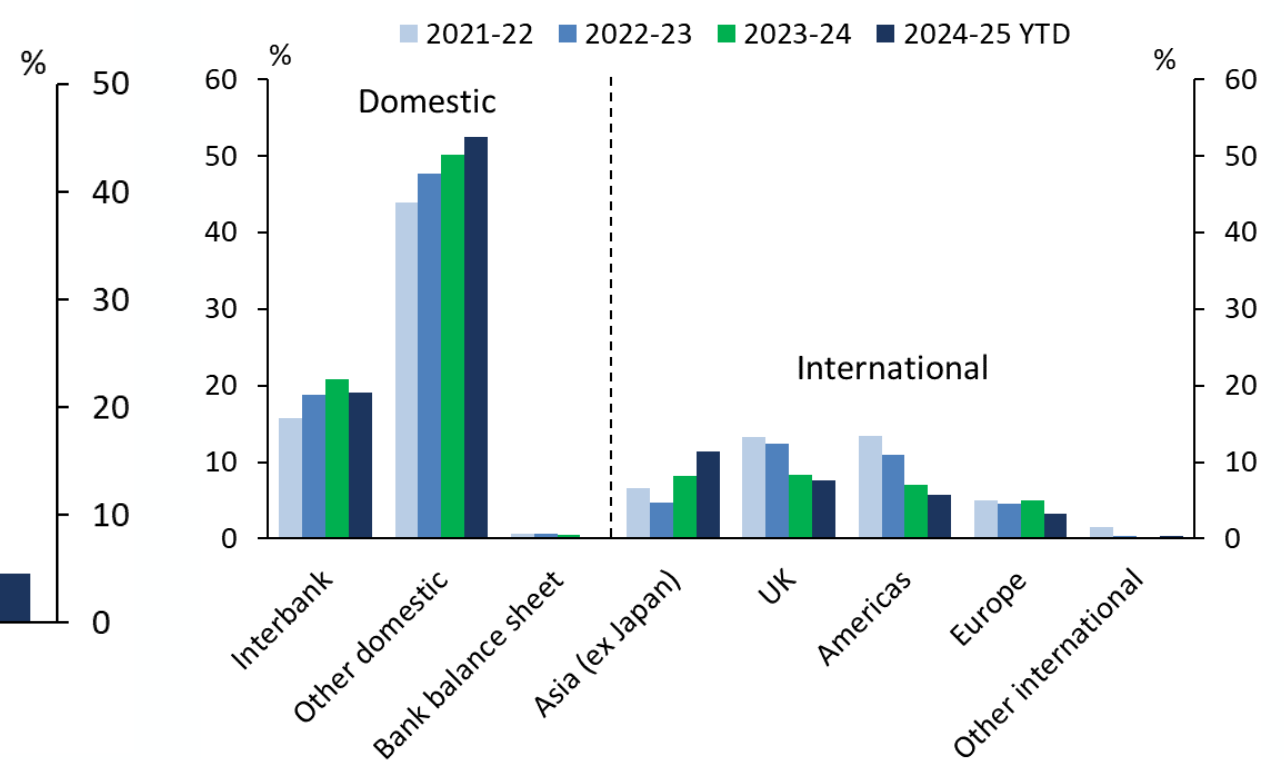
**Total turnover A\$38 billion (2023-24)**  
A\$43 billion (2022-23)

*Turnover by tenor*



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

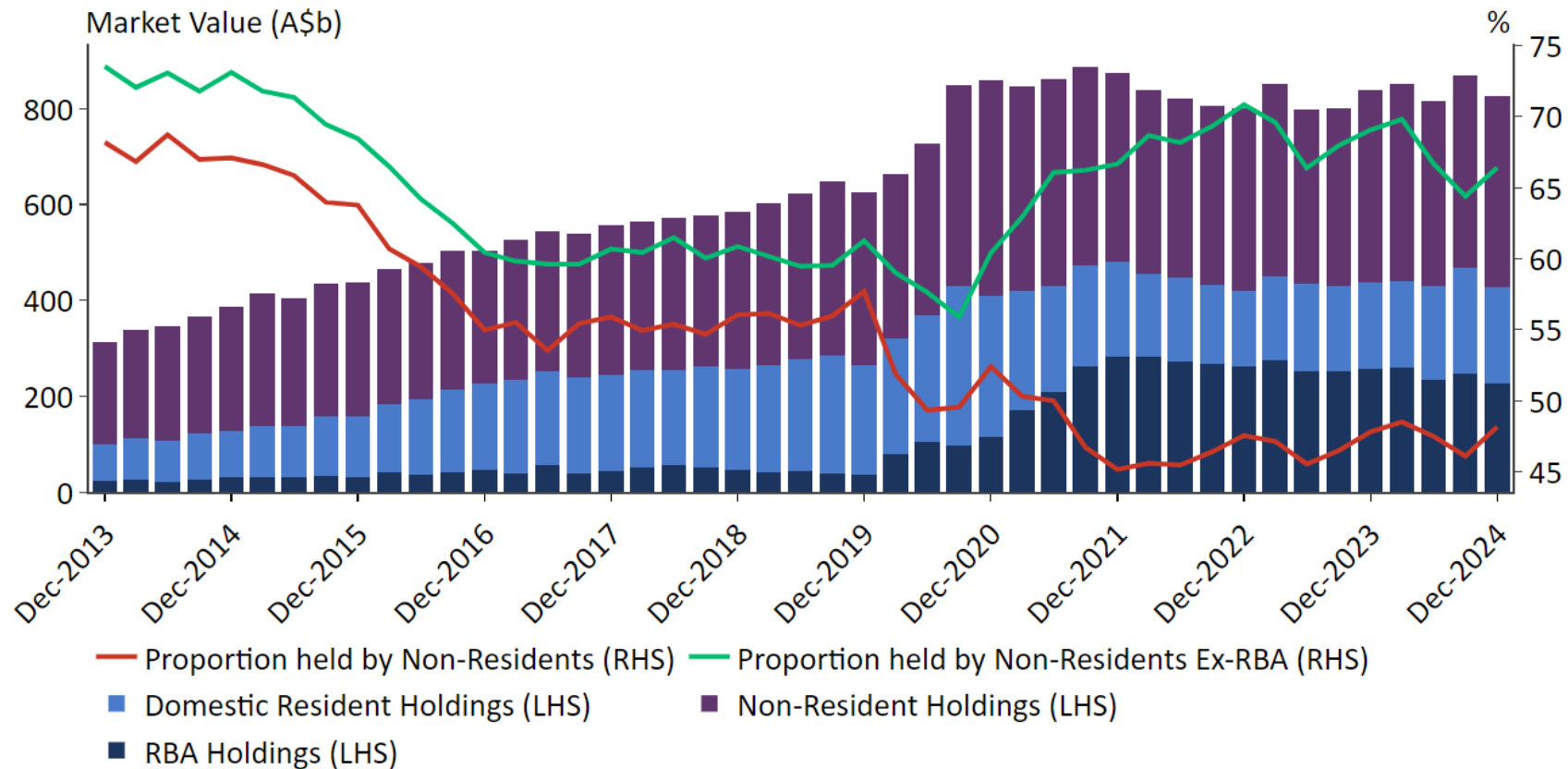
*Turnover by category*



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 31 December 2024.

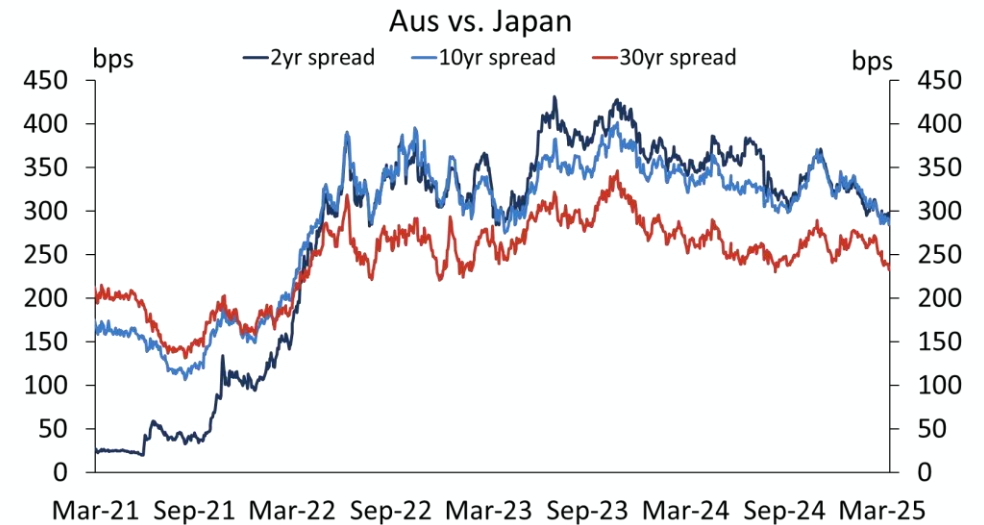
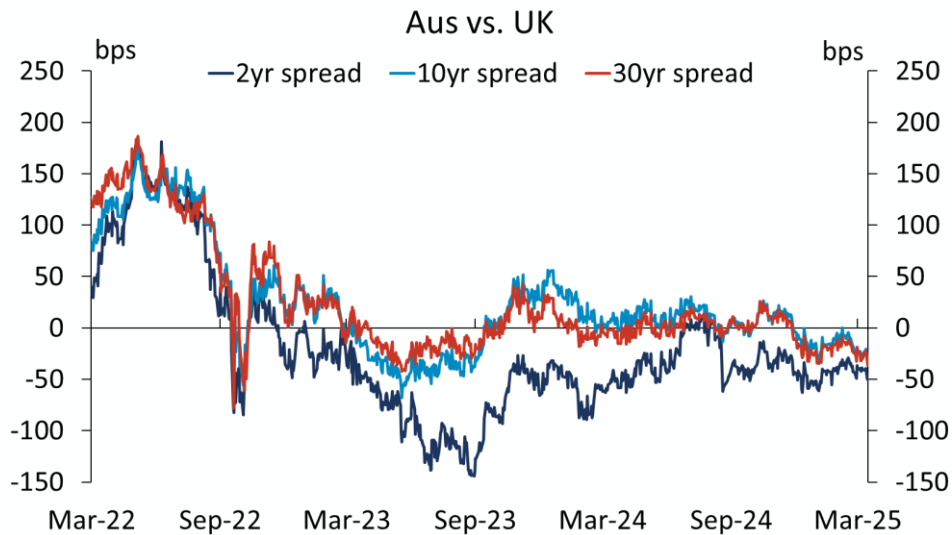
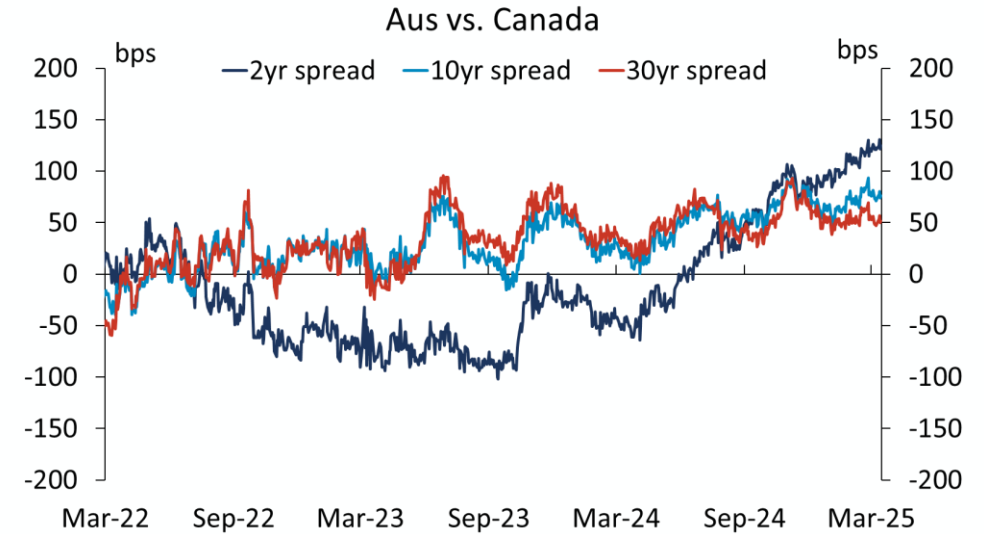
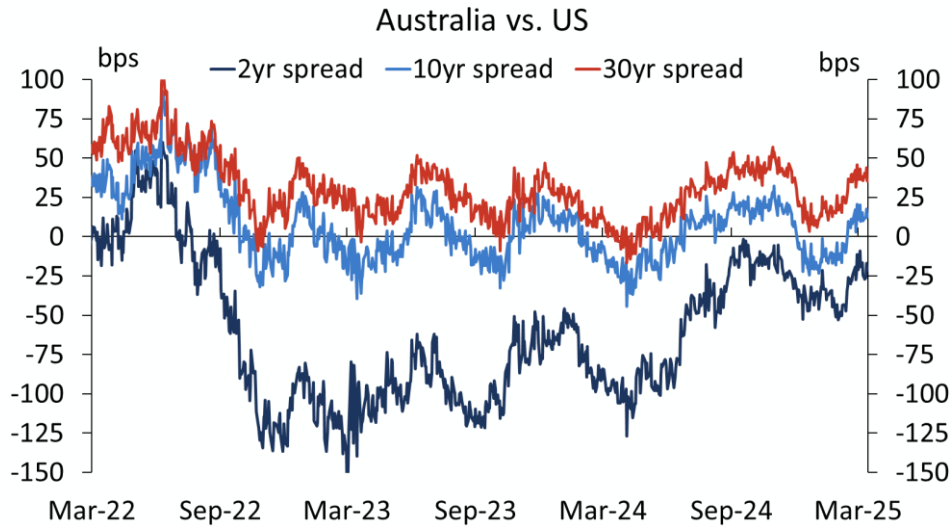
# Non-resident holdings of AGBs

- The AGS market continues to look attractive compared to other core sovereign markets from an offshore investor perspective. The offshore investor base comprises official institutions, asset managers, insurers, pension funds and hedge funds.
- The AGS domestic investor base primarily comprises bank balance sheets and fund manager allocations, with the RBA also a significant holder of AGS.
- Over the last three years there has been little structural change in the overall AGS investor base. Non-resident holdings of AGS have remained relatively stable as a proportion of the total market.



Source: Australian Bureau of Statistics (ABS), RBA, AOFM. AGBs are Treasury Bonds and Treasury Indexed Bonds. Updated to 31 December 2024

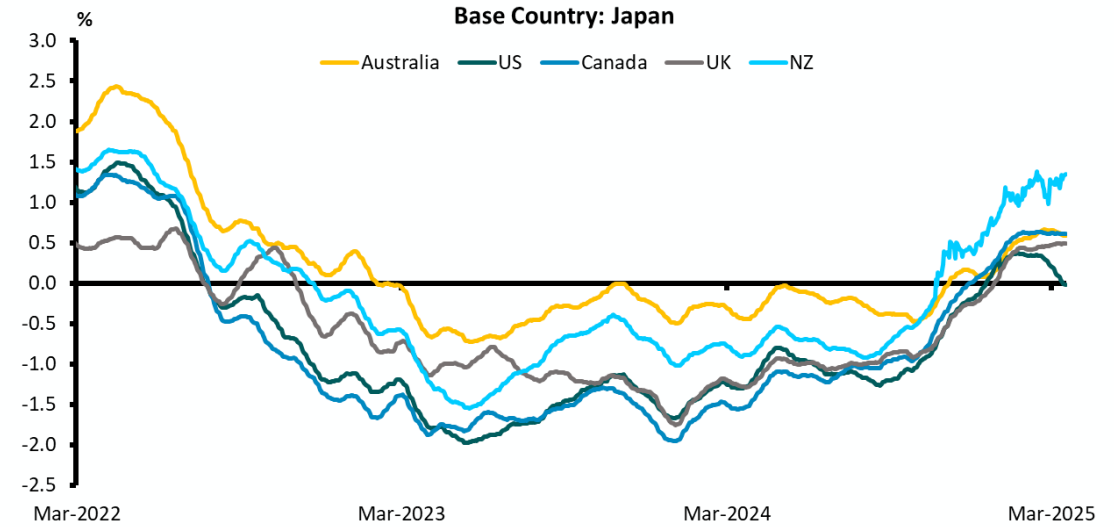
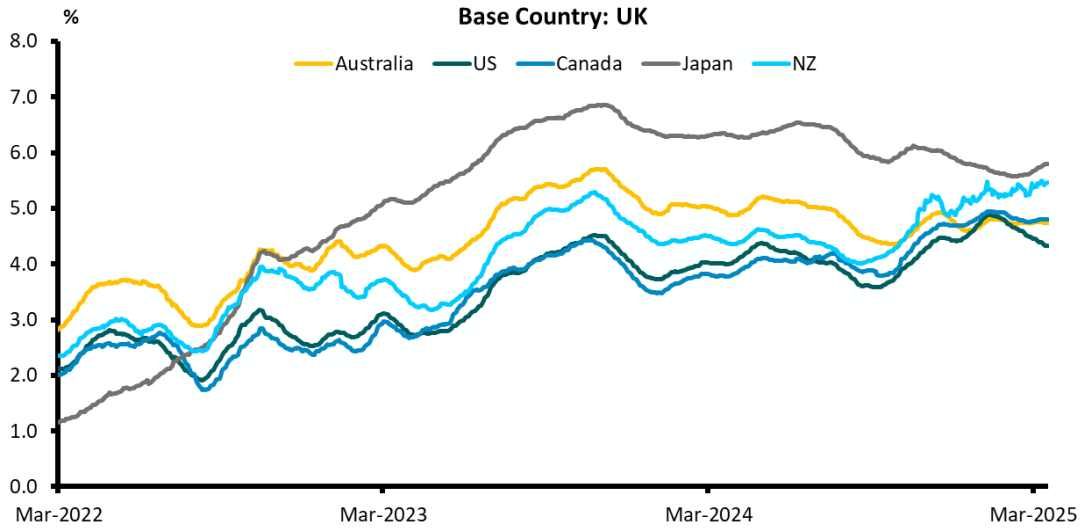
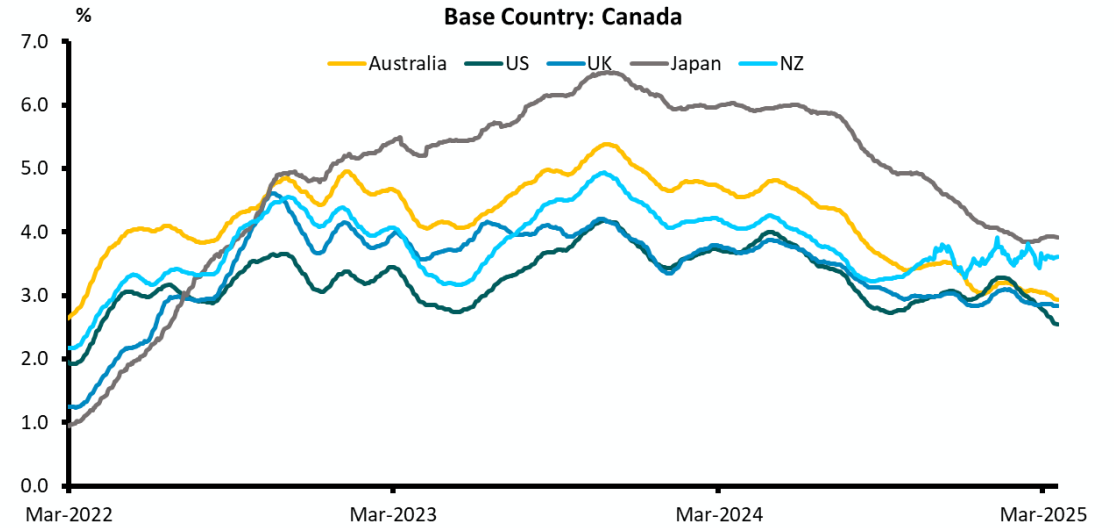
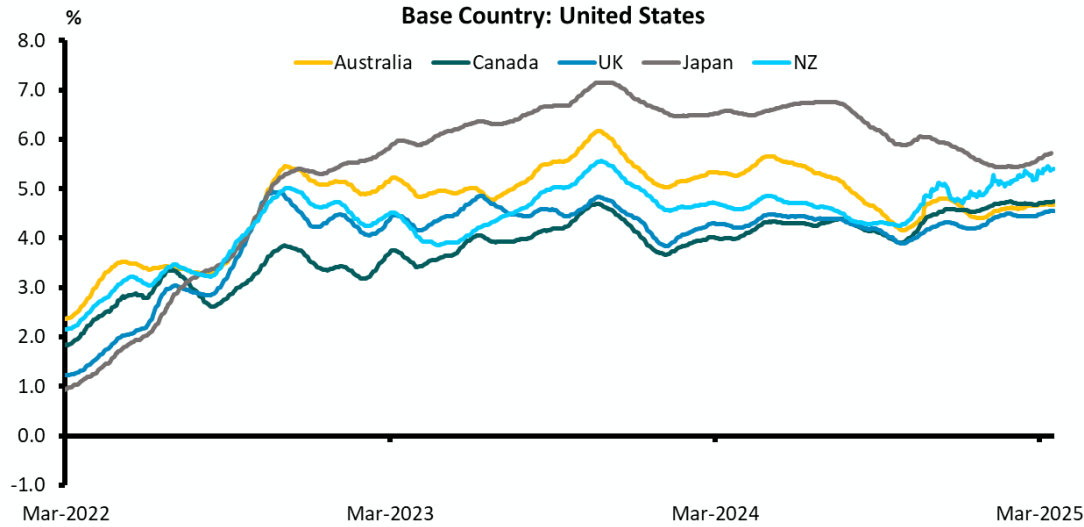
# Australian sovereign bond spreads



Source: Refinitiv, as at 21 March 2025.

# Currency hedged 10Yr yields

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

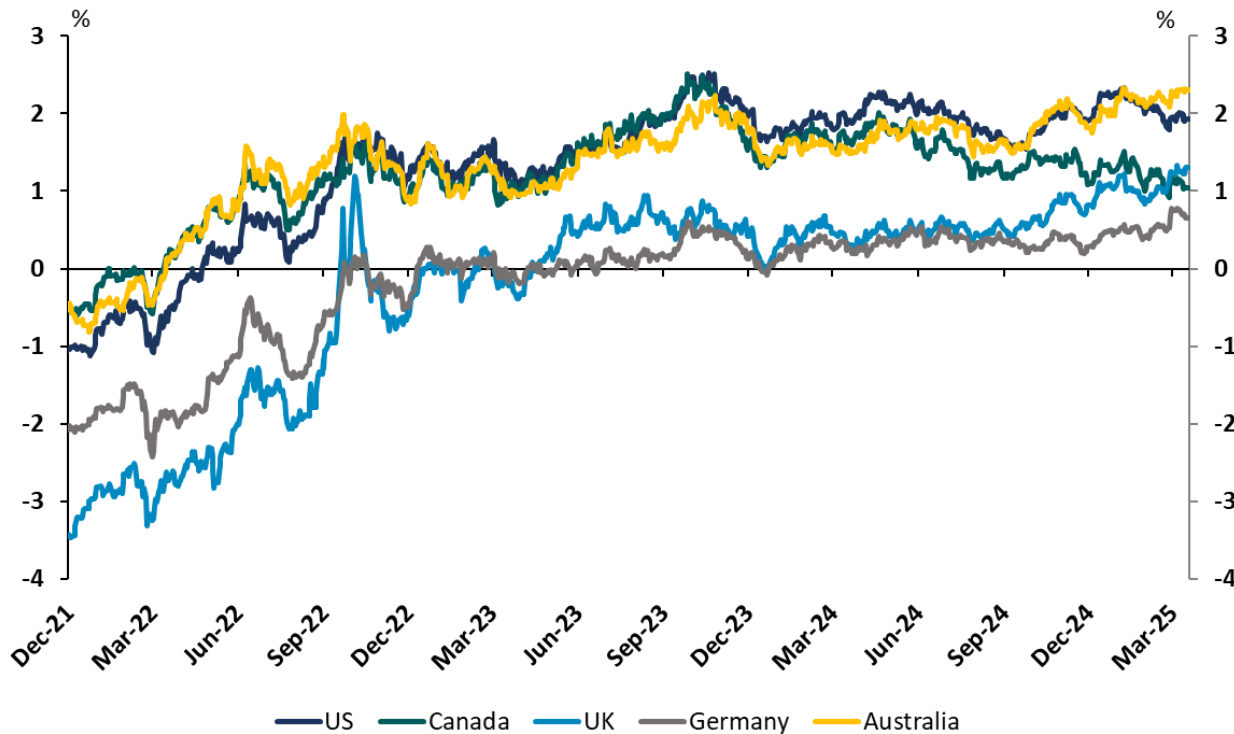


Source: Bloomberg, AOFM. Updated to 24 March 2025

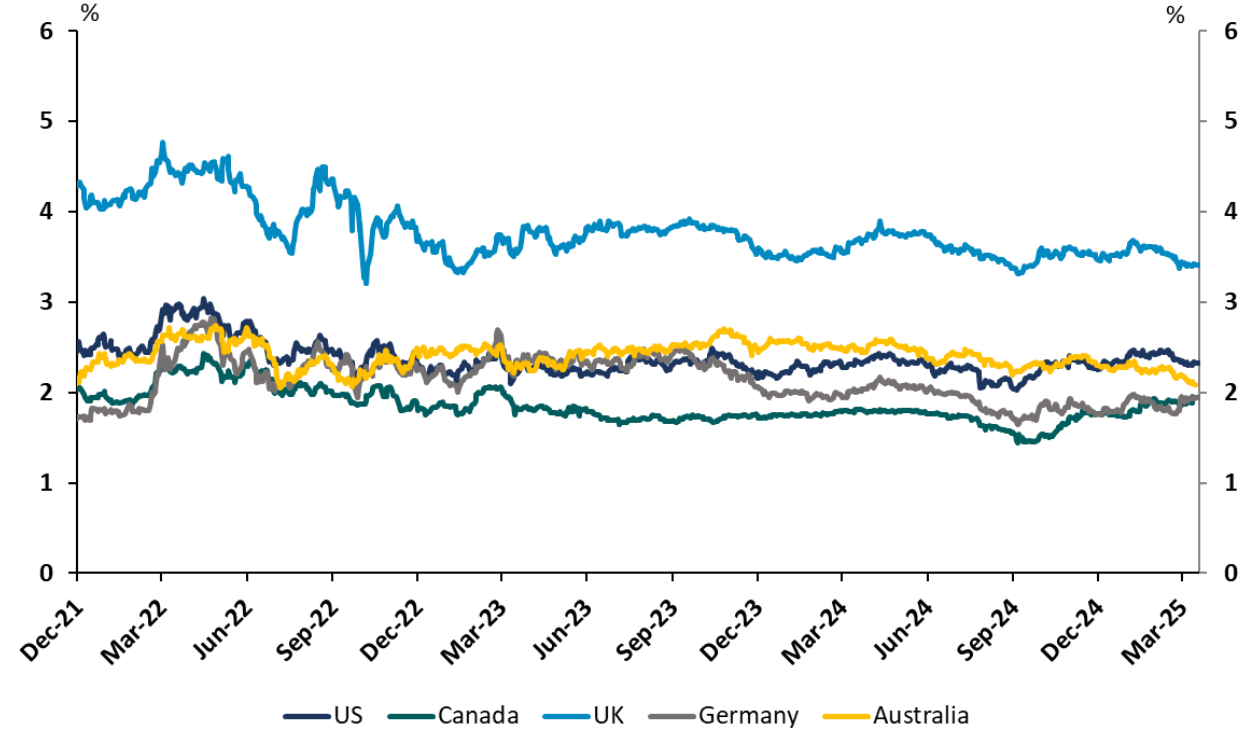
# A comparison of sovereign inflation linked bonds

10-year Bonds

## Yields

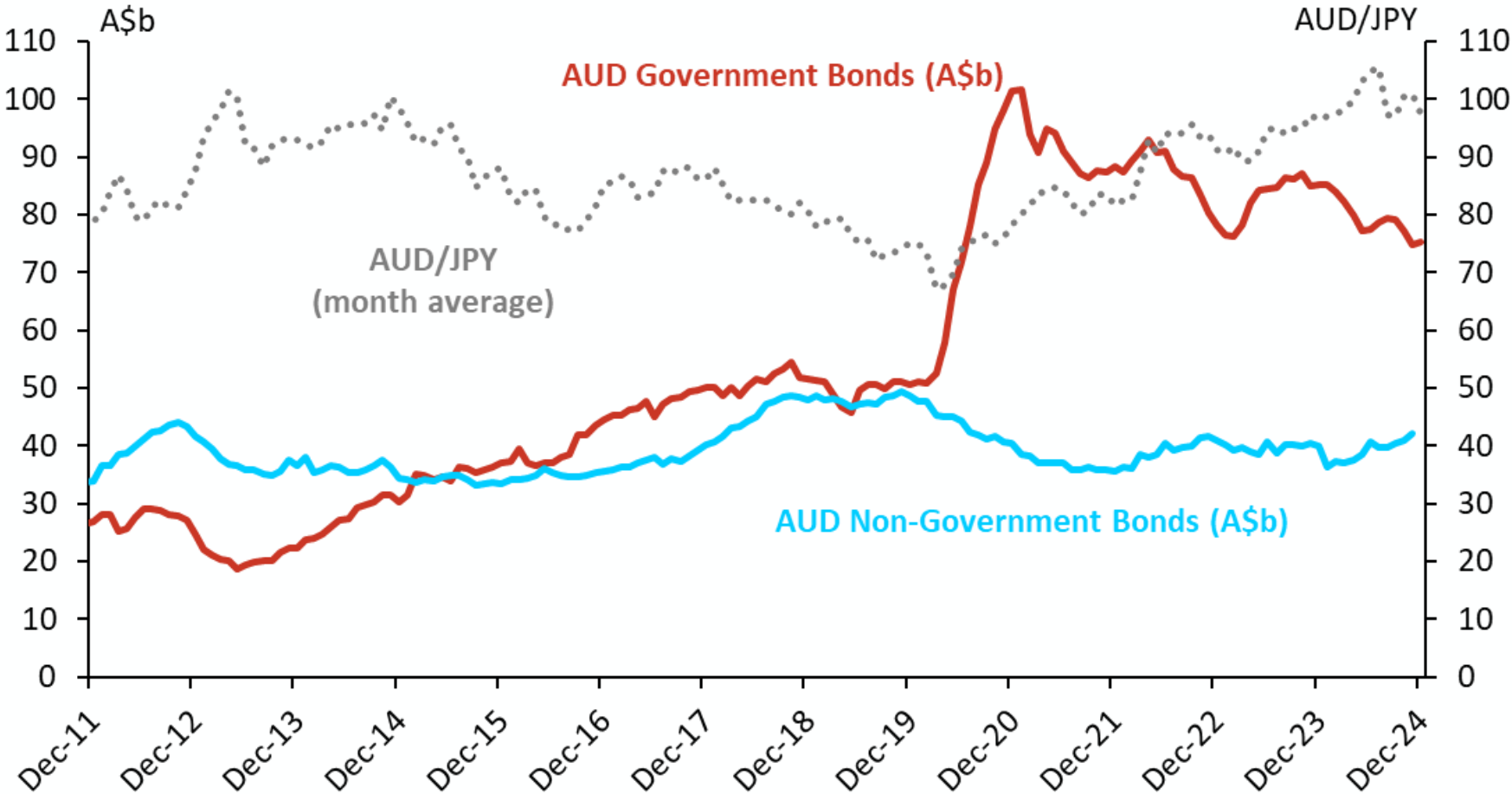


## Breakeven inflation



Source: Refinitiv. Updated as at 24 March 2025.

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

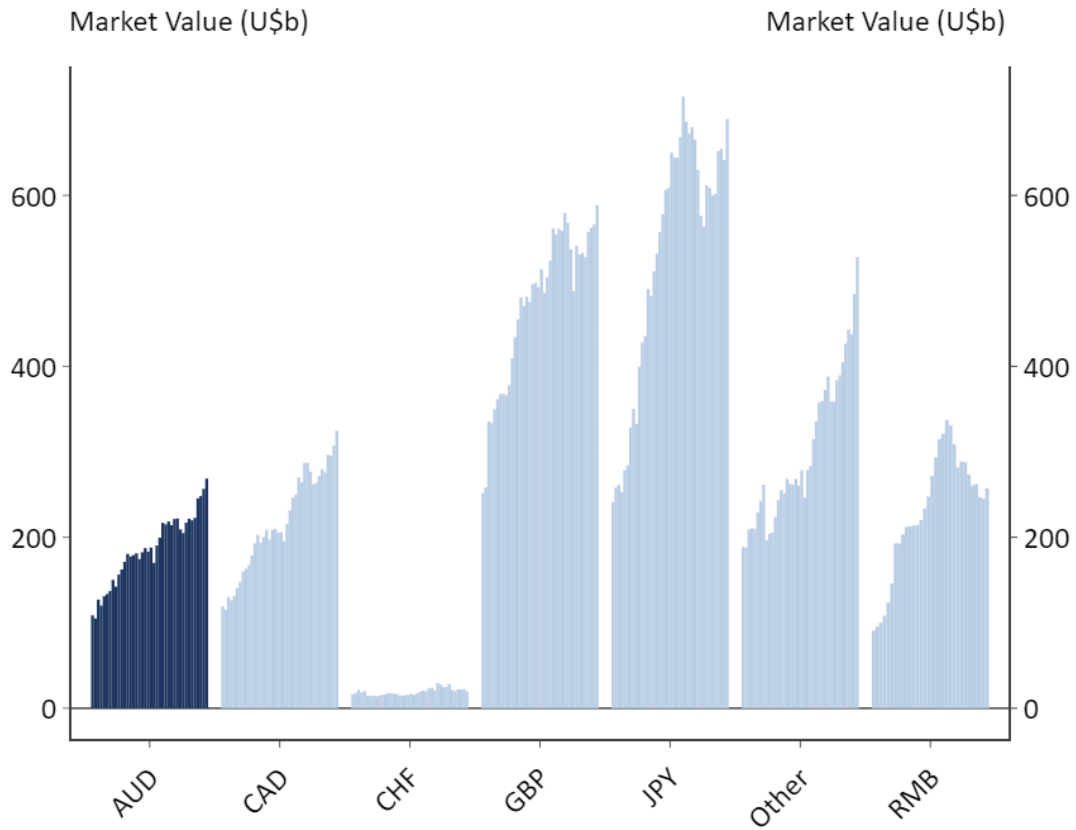


Source: Japan Ministry of Finance, Bloomberg. AUD government bonds includes both AGS and semi government bonds.

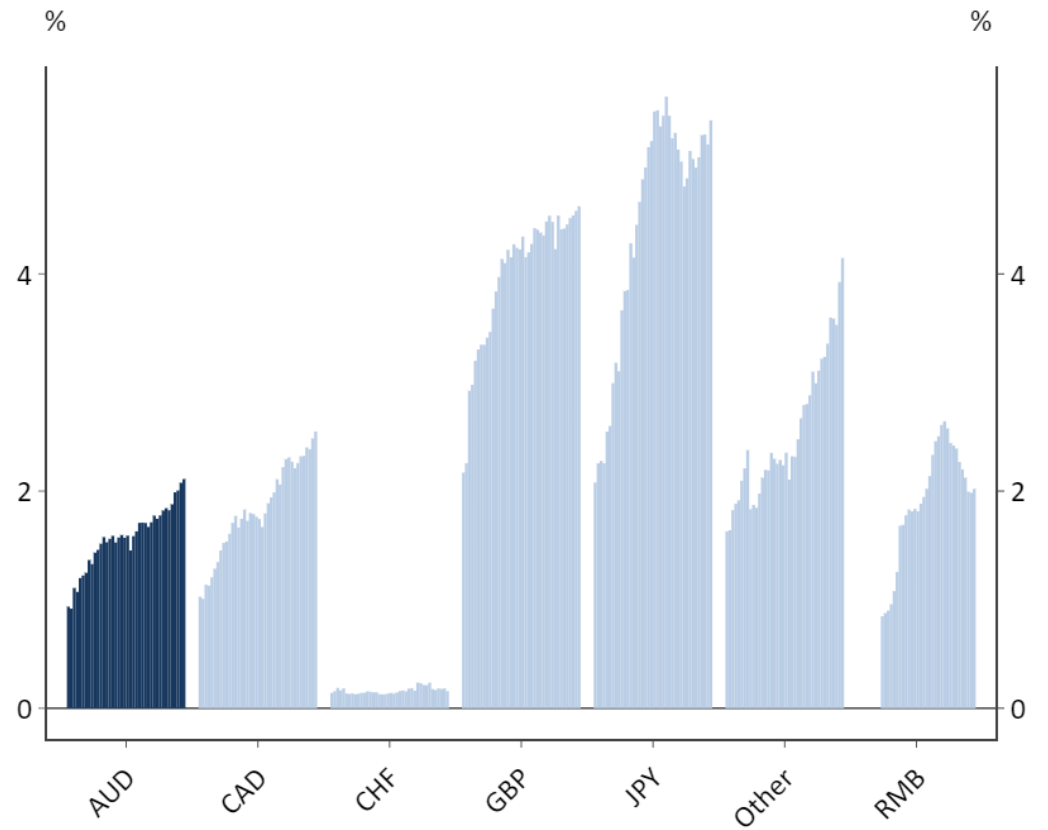
# Central Bank FX reserve allocation outside of USD & EUR

2014 to 2024

Value of allocation (USD billions)

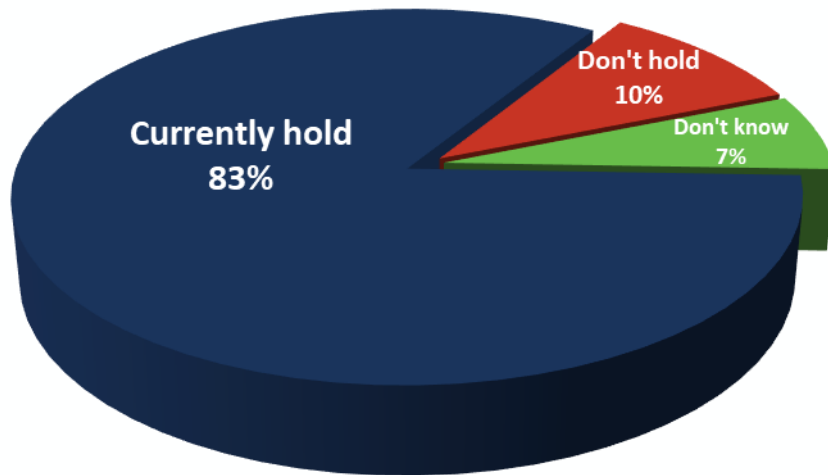


Proportion of allocated reserves

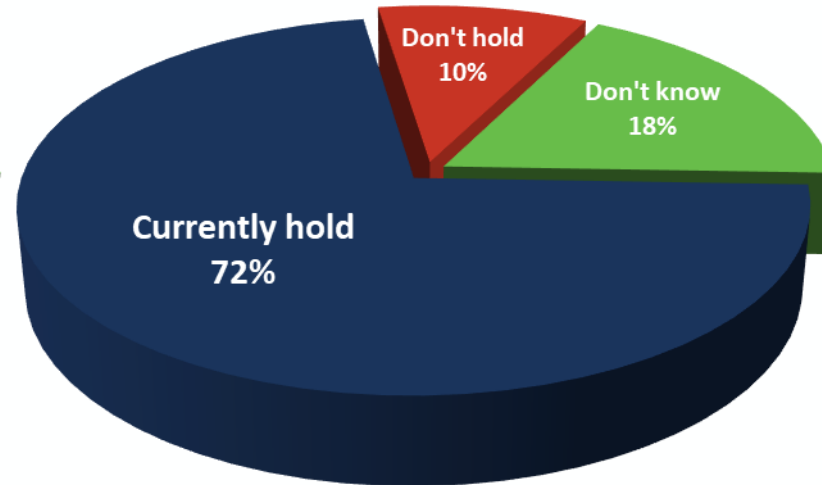


Source: IMF

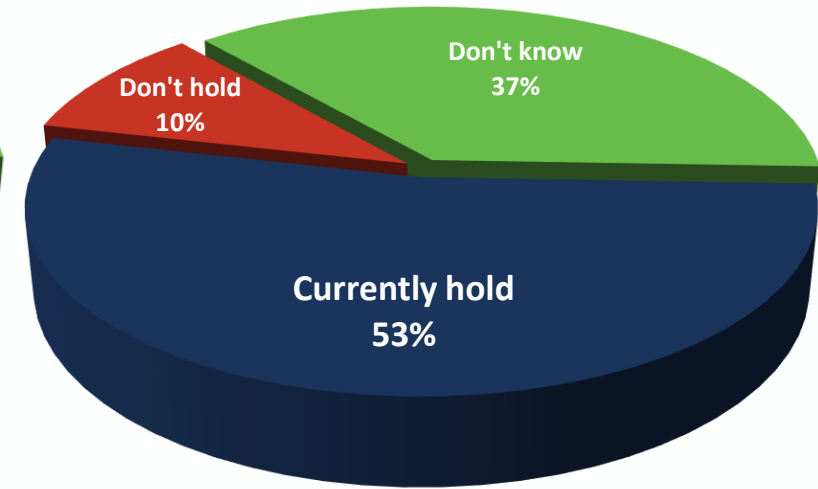
# Holdings of AGS amongst reserve managers



World's 30 largest foreign currency reserve managers



World's 50 largest foreign currency reserve managers



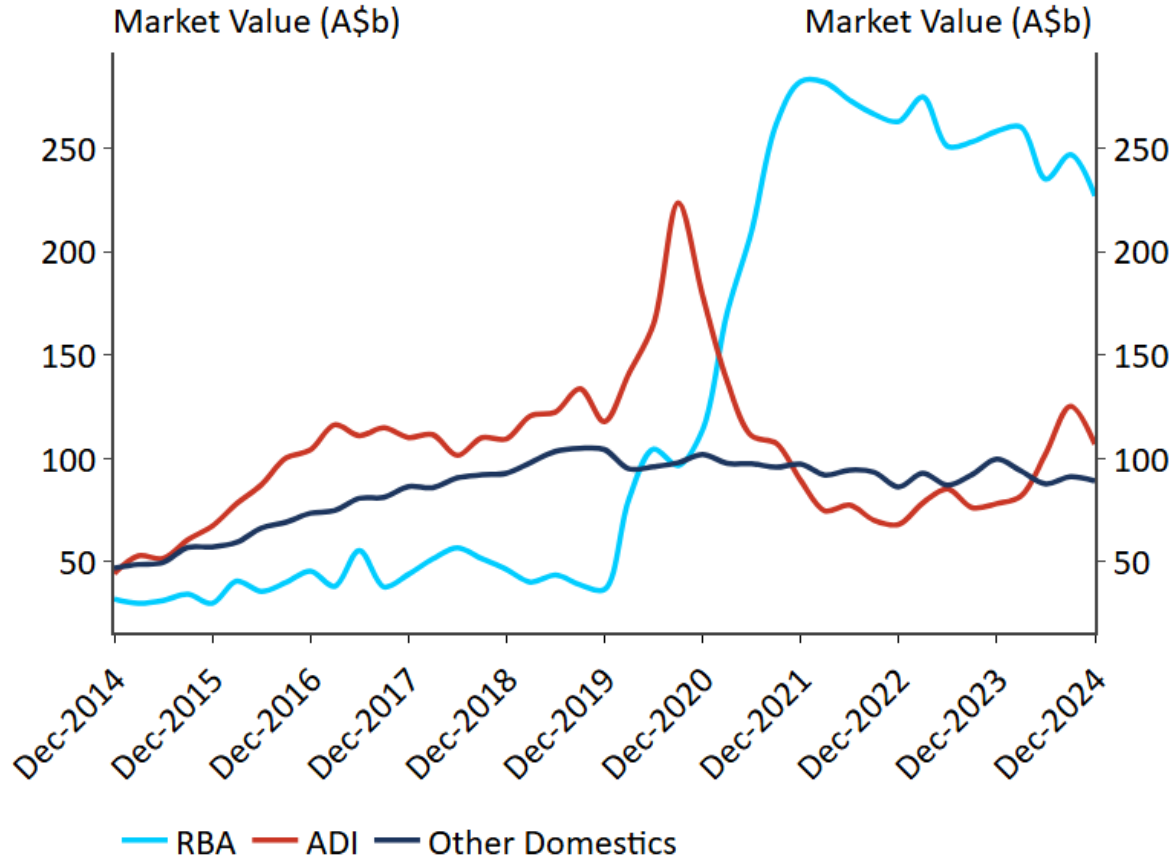
World's 100 largest foreign currency reserve managers

Source: AOFM, IMF

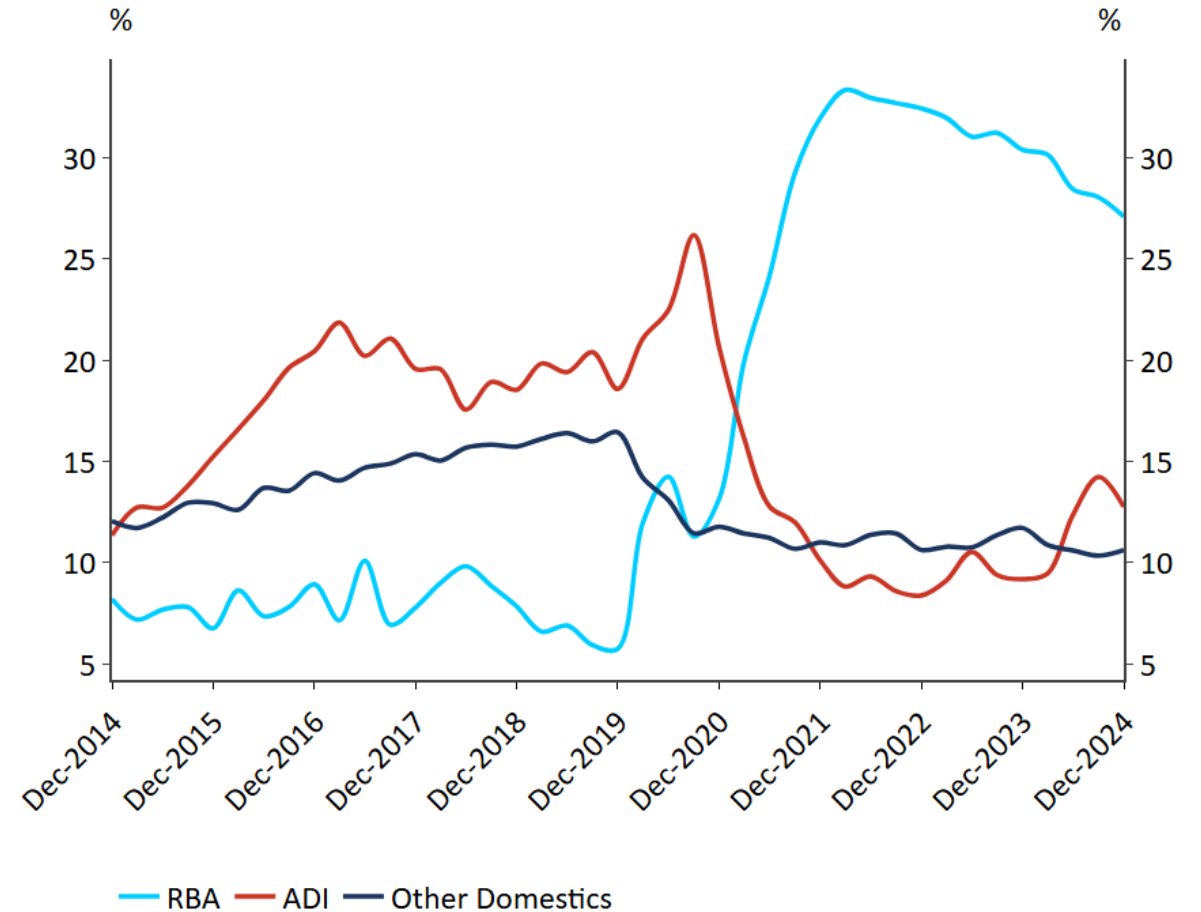


# Domestic bank and non-bank holdings of AGBs

## Value of holdings



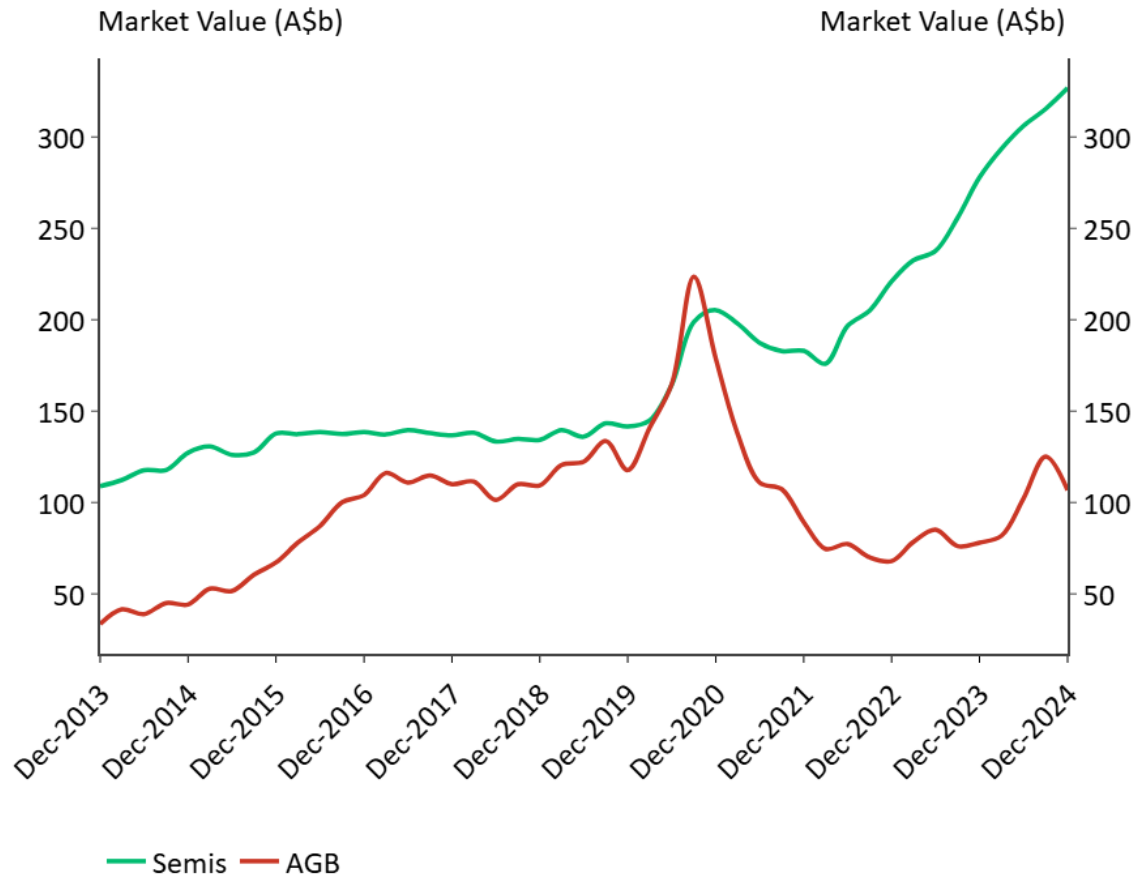
## Proportion of AGB market



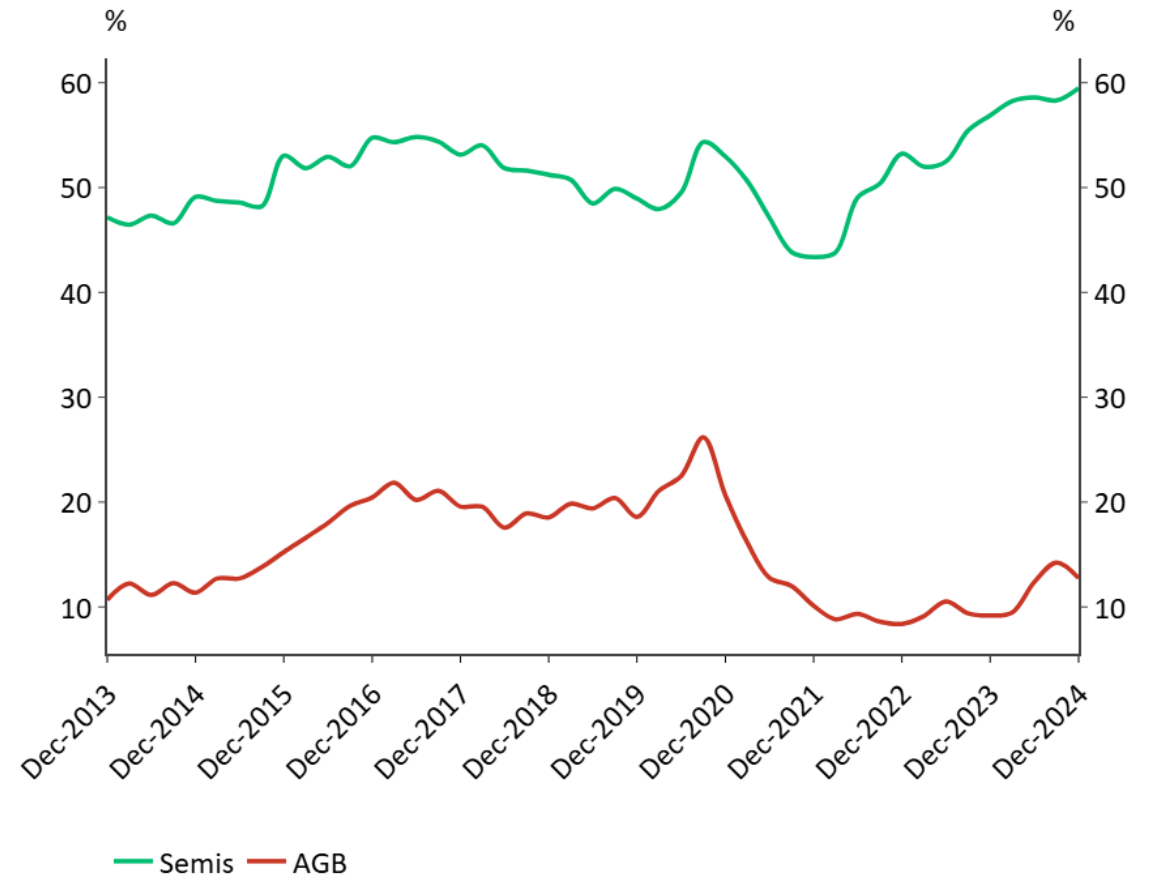
Source: ABS. Holdings are not adjusted for repurchase transactions. AGBs are Treasury Bonds and Treasury Indexed Bonds. Updated to 31 December 2024.

# Domestic bank holdings of AGBs and semi-government bonds

## Value of holdings

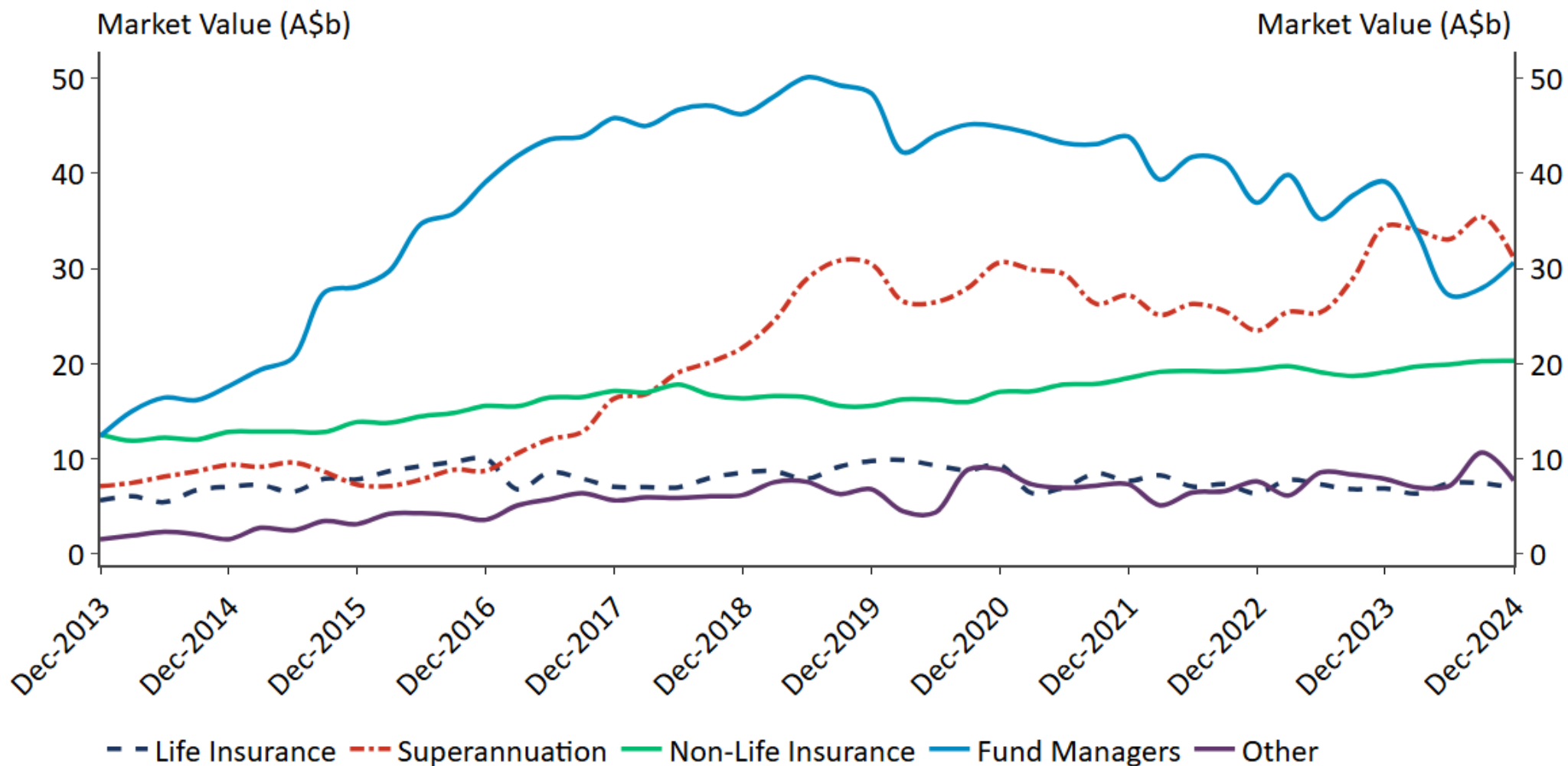


## Proportion of respective market



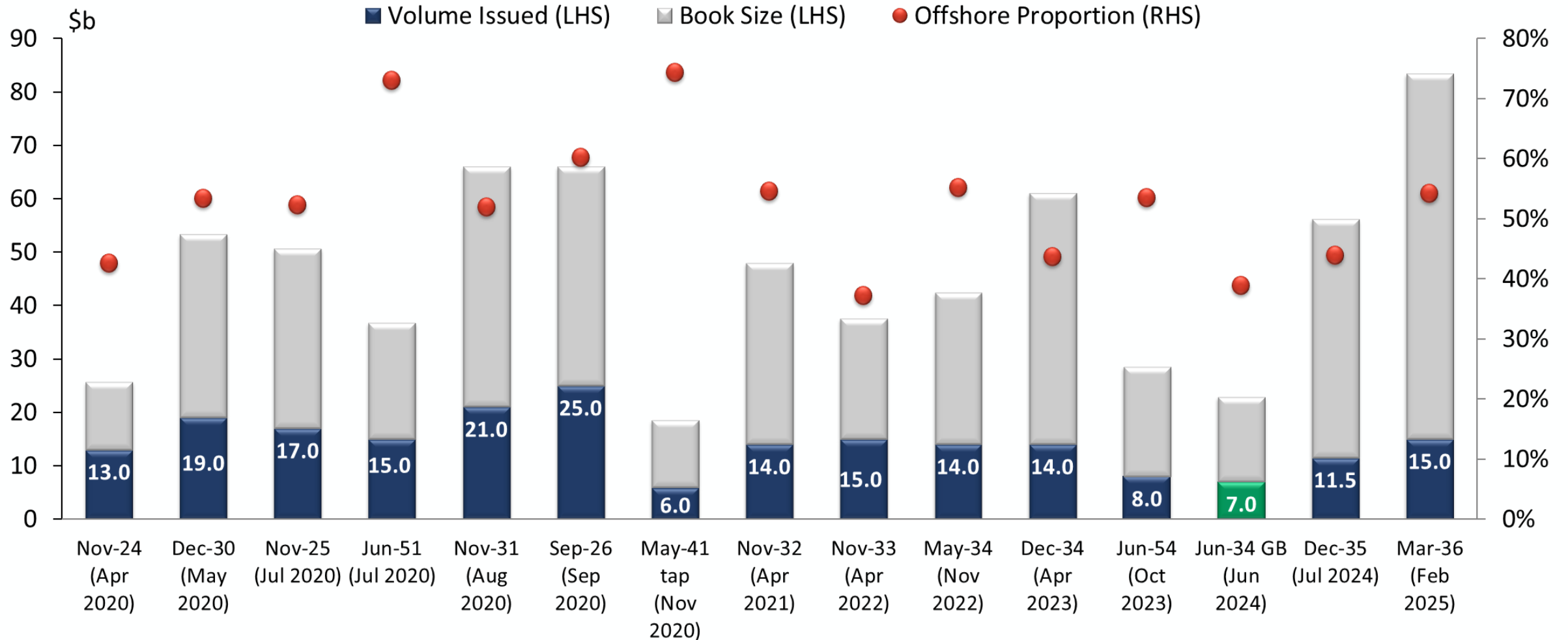
Source: ABS. AGBs are Treasury Bonds and Treasury Indexed Bonds. Updated to 31 December 2024.

# Holdings of AGBs by non-bank domestic funds



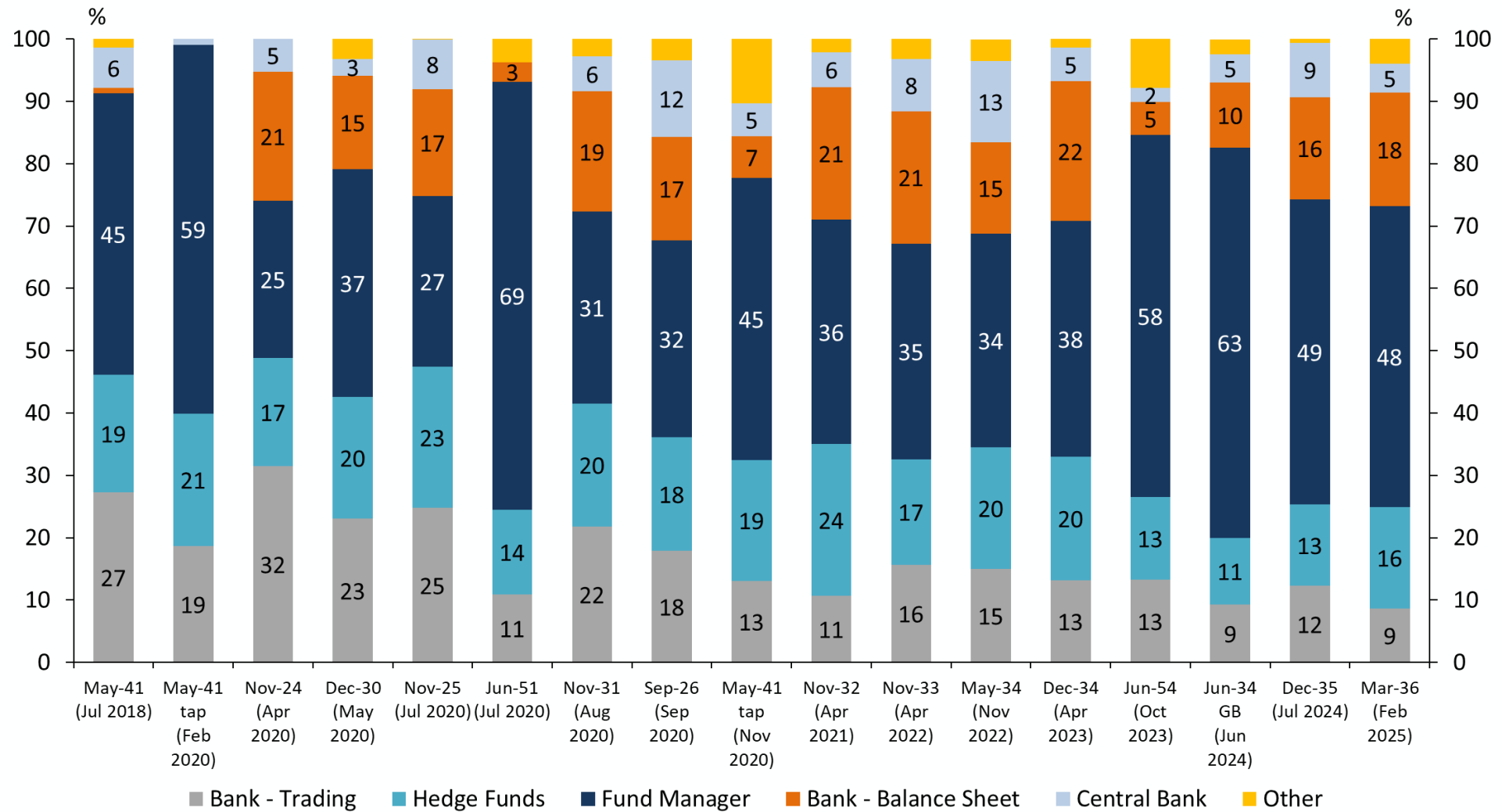
Source: ABS. AGBs are Treasury Bonds and Treasury Indexed Bonds. Updated to 31 December 2024.

# Treasury Bond syndications



Source: AOFM.

# Investor categories by deal



Source: AOFM.

# Australian government bonds

<i>Treasury Bonds:</i>	<i>Volume Outstanding (AUD)</i>	<i>Yield (%)</i>	<i>Modified Duration</i>
3.25% 21 April 2025	41,500,000,000	4.13	0.08
0.25% 21 November 2025	39,200,000,000	3.92	0.65
4.25% 21 April 2026	39,600,000,000	3.80	1.03
0.50% 21 September 2026	39,400,000,000	3.75	1.47
4.75% 21 April 2027	39,399,566,000	3.72	1.93
2.75% 21 November 2027	36,000,000,000	3.73	2.52
2.25% 21 May 2028	35,300,000,000	3.74	2.99
2.75% 21 November 2028	40,500,000,000	3.76	3.41
3.25% 21 April 2029	40,199,786,000	3.79	3.73
2.75% 21 November 2029	39,400,000,000	3.85	4.36
2.50% 21 May 2030	40,200,000,000	3.90	4.73
1.00% 21 December 2030	40,200,000,000	3.98	5.46
1.50% 21 June 2031	41,500,000,000	4.05	5.82
1.00% 21 November 2031	41,800,000,000	4.12	6.28
1.25% 21 May 2032	39,300,000,000	4.18	6.66
1.75% 21 November 2032	29,700,000,000	4.24	6.96
3.00% 21 November 2033	26,700,000,000	4.26	6.61
4.50% 21 April 2033	25,400,000,000	4.32	7.39
3.75% 21 May 2034	24,200,000,000	4.36	7.54
4.25% 21 June 2034	8,200,000,000	4.36	7.49
3.50% 21 December 2034	24,000,000,000	4.40	8.03
2.75% 21 June 2035	22,650,000,000	4.43	8.62
4.25% 21 December 2035	15,100,000,000	4.44	8.44
4.25% 21 March 2036	15,800,000,000	4.45	8.68
3.75% 21 April 2037	17,000,000,000	4.51	9.35
3.25% 21 June 2039	10,800,000,000	4.62	10.90
2.75% 21 May 2041	15,600,000,000	4.74	12.23
3.00% 21 March 2047	14,200,000,000	4.91	14.82
1.75% 21 June 2051	20,200,000,000	4.99	18.14
4.75% 21 June 2054	8,900,000,000	4.97	15.33
<i>Total:</i>	<b>871,949,352,000</b>		<b>5.1</b>
<i>Treasury Indexed Bonds:</i>	<i>Volume Outstanding (AUD)</i>	<i>Yield (%)</i>	<i>Modified Duration</i>
3.00% 20 September 2025	4,042,498,000	2.68	0.49
0.75% 21 November 2027	7,250,000,000	1.61	2.63
2.50% 20 September 2030	7,292,347,000	1.83	5.14
0.25% 21 November 2032	5,800,000,000	2.07	7.55
2.00% 21 August 2035	6,400,000,000	2.26	9.35
1.25% 21 August 2040	5,900,000,000	2.52	13.79
1.00% 21 February 2050	4,550,000,000	2.69	21.20
<i>Total:</i>	<b>41,234,845,000</b>	<i>Portfolio:</i>	<b>7.5</b>

Source: AOFM, Refinitiv. As at 25 March 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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Deutsche Bank



HSBC

J.P.Morgan

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Markets



UBS



# Green Treasury Bonds – Framework

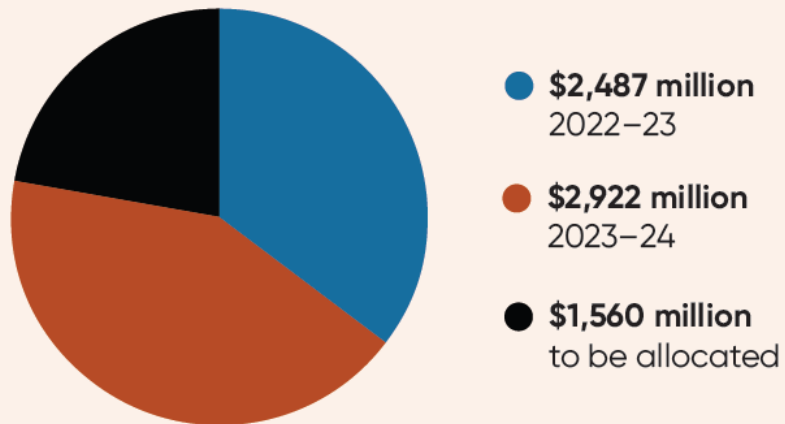
- The [Australian Government Green Bond Framework](#) and accompanying [Second Party Opinion \(SPO\)](#) are on the [AOFM's website](#).
- The Framework aligns with the International Capital Market Association (ICMA) *Green Bond Principles* and is informed by the Climate Bonds Initiative's taxonomy.
- Green Treasury Bonds finance expenditures that align strongly with one or more of the Australian Government's three key Green Goals:
  - Climate change mitigation
  - Climate change adaptation
  - Improved environmental outcomes



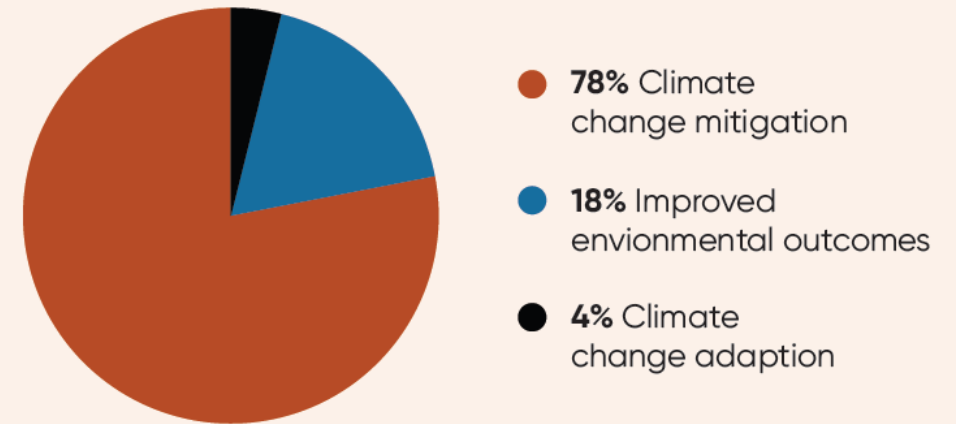
# Green Treasury Bonds – Reporting

- The first [Allocation and Impact Report](#) is available on the AOFM website.
- Reports will be published annually.
- Reporting is subject to external audit and verification.

\$5.4 billion of \$7 billion raised has been allocated to expenditures in 2022–23 and 2023–24



Most proceeds supported Australia's climate change mitigation efforts over 2022–23 and 2023–24



# Green Treasury Bonds – Issuance

- An ongoing program of issuance supports liquidity.
- Issuance via tender in 2024-25 is expected to be around \$2 billion. Four green bond tenders of \$1.2 billion in total have been held.
- The AOFM plans to introduce new lines every 2 to 3 years.
- Green Treasury Bonds will remain a small portion of the AOFM's overall issuance.
- Retail green bonds will be available later in 2025.

# Green Treasury Bonds - Secondary Market

- Active secondary market for the Green Treasury Bond
- Strong interest and demand in tenders.
- We continue to see demand from new investors regularly entering the market.
- The yield of the June-34 Green Treasury Bond trades near to the May-34 bond line.

Greenium



Source: Bloomberg and AOFM, as at 24 March 2025

# Further information

**Website:** [www.aofm.gov.au](http://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](mailto: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)

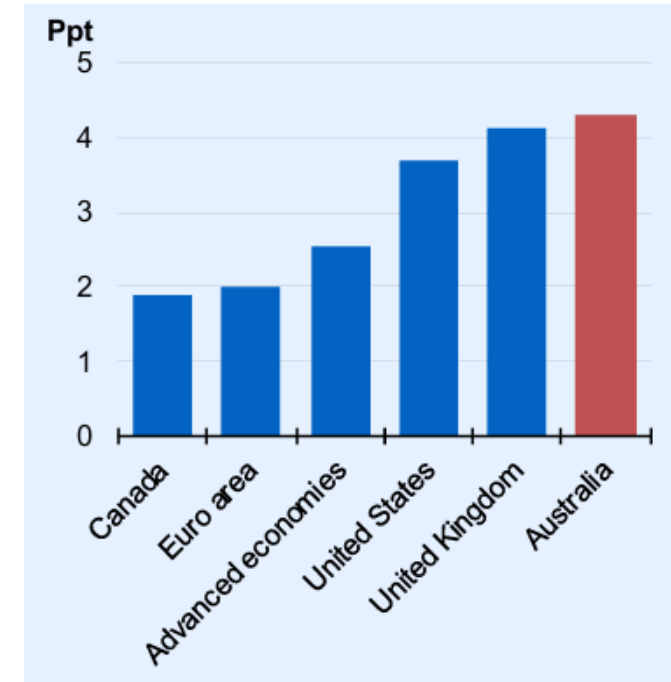
# Economic outlook

## Economic parameter forecasts

	Outcome	Forecasts				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Real GDP (% change)	1.4	1.5	2.25	2.5	2.75	2.75
Employment (% change)	2.2	2.75	1	1.25	1.5	1.5
Unemployment rate (%)	4	4.25	4.25	4.25	4.25	4.25
Consumer price index (% change)	3.8	2.5	3	2.5	2.5	2.5
Wage price index (% change)	4.1	3	3.25	3.25	3.5	3.75
Nominal GDP (% change)	4.1	4.25	3.25	4	5.25	5.5
Gross debt (% of GDP)	33.9	33.7	35.5	36.5	36.9	36.8
Net Debt (% of GDP)	18.4	19.9	21.5	22.6	22.7	23.1

Source: Australian Bureau of Statistics, Treasury Budget 2025-26

## Changes in fiscal balance to GDP (2021 to 2025)

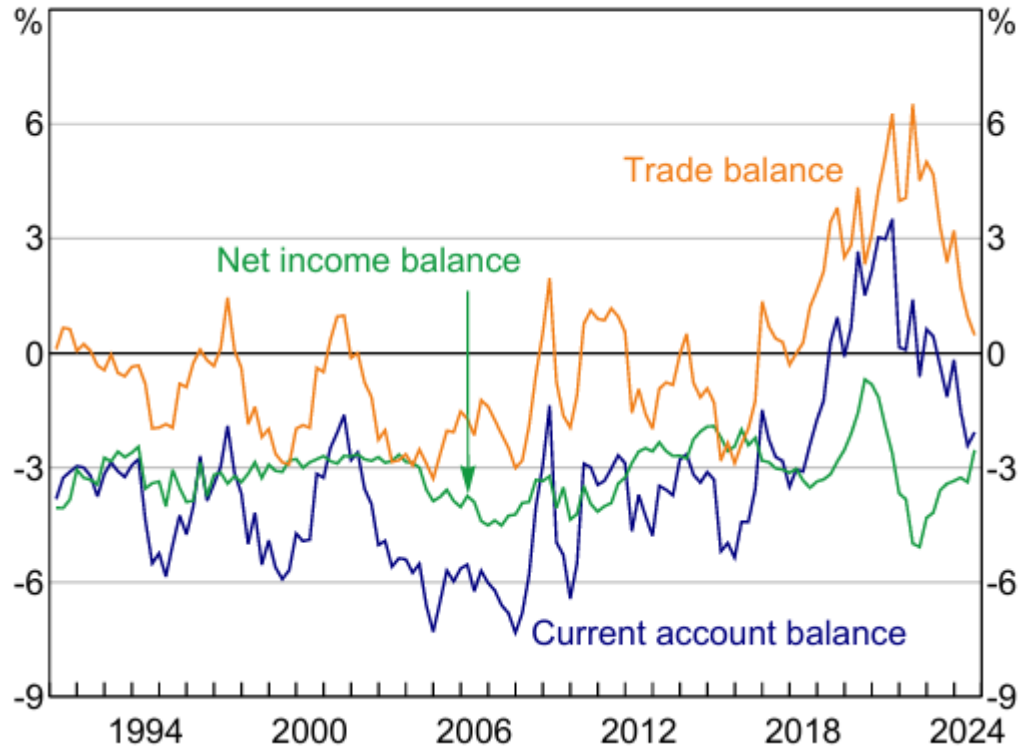


Source: Treasury, International Monetary Fund.

# Economic outlook

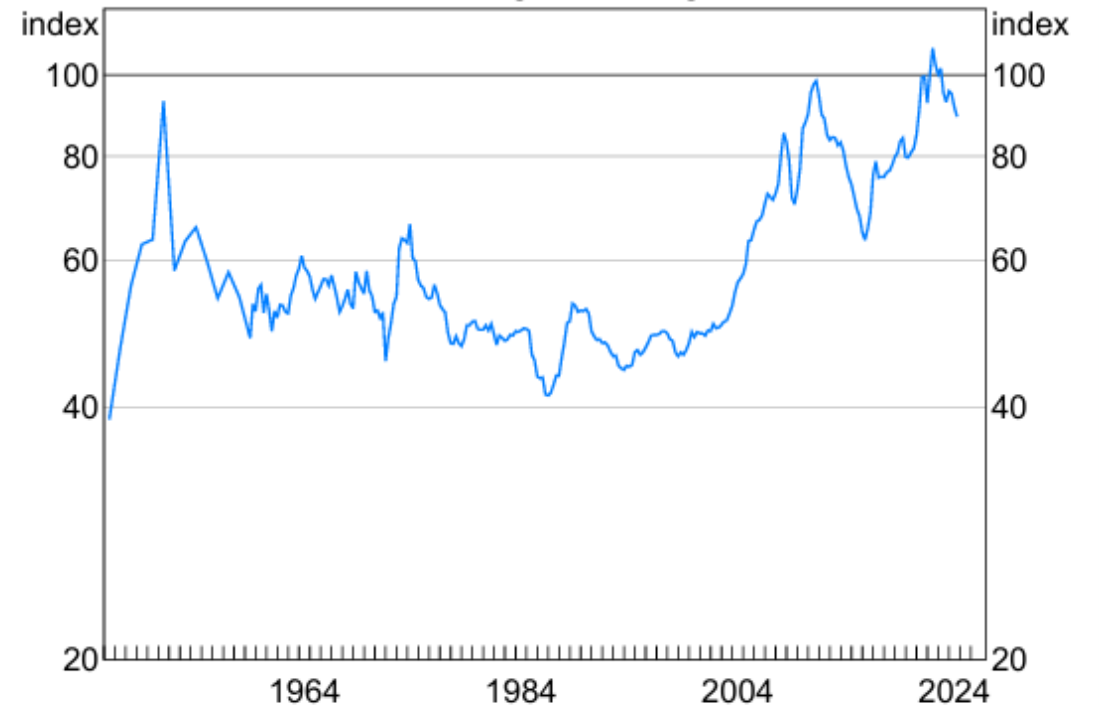
## Current Account Balance

Per cent of nominal GDP



## Terms of Trade\*

2022/23 average = 100, log scale



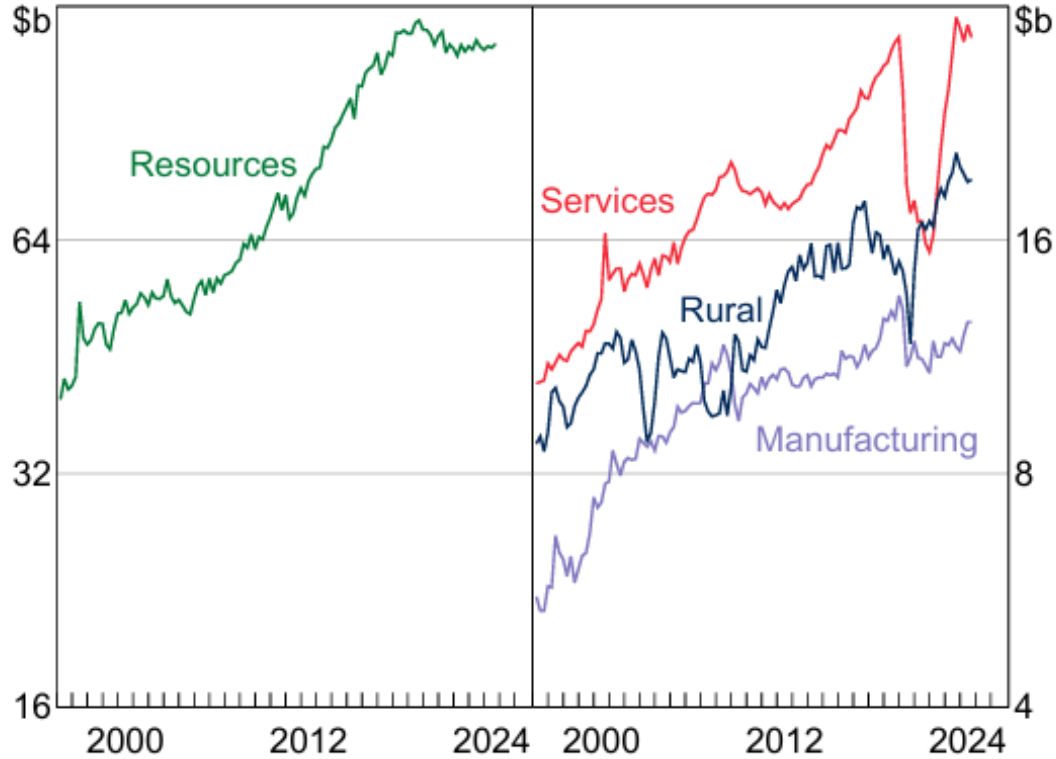
\* Annual data are used prior to 1960.

Source: RBA, ABS

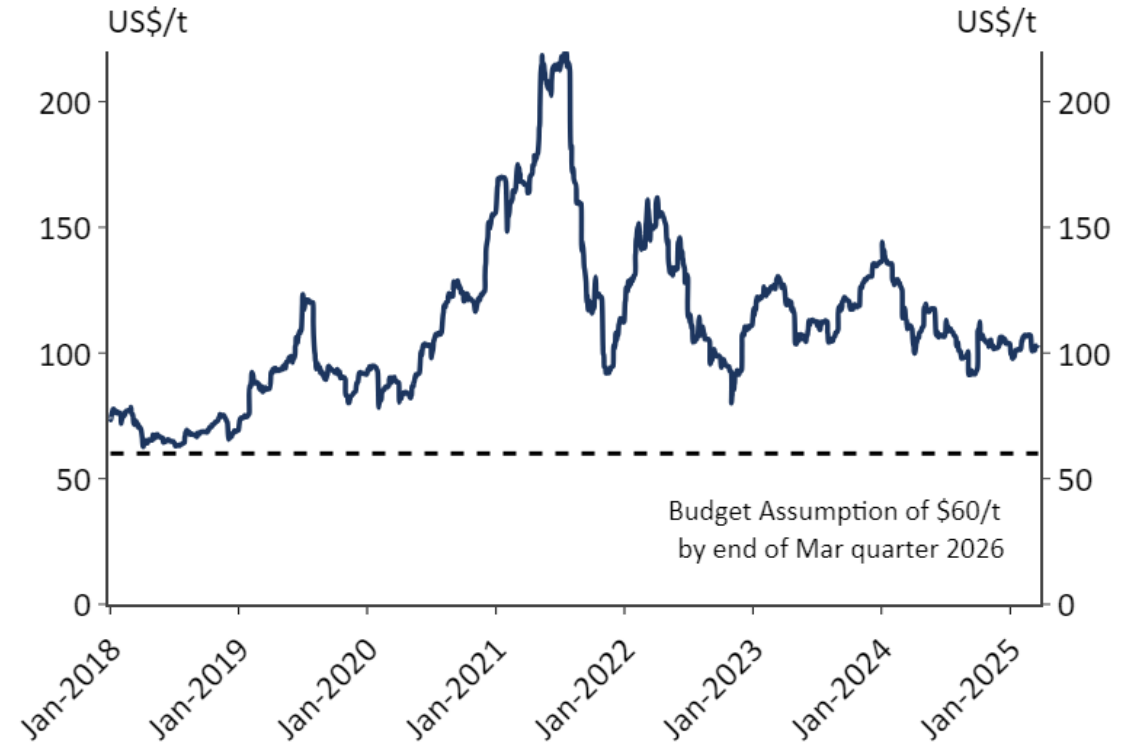
# Economic outlook

## Export Volumes

Log scale, quarterly



## 62% Iron ore futures price

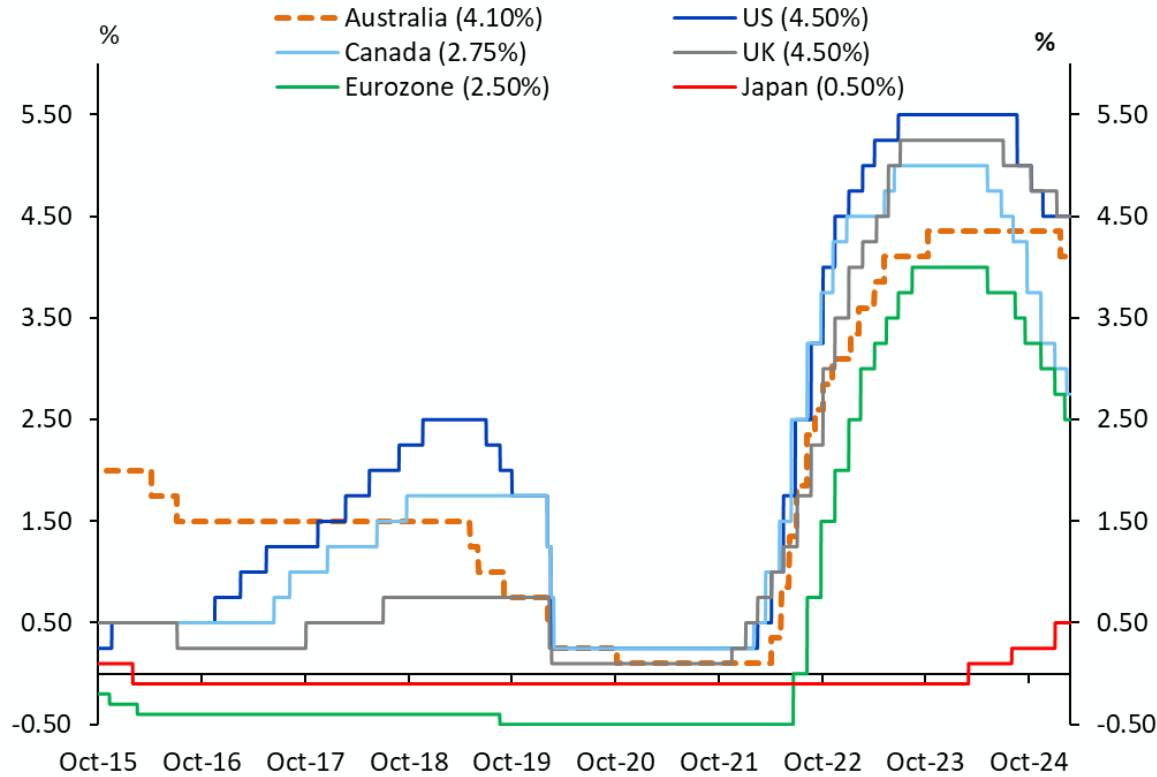


Source: Bloomberg. As at 21 March 2025

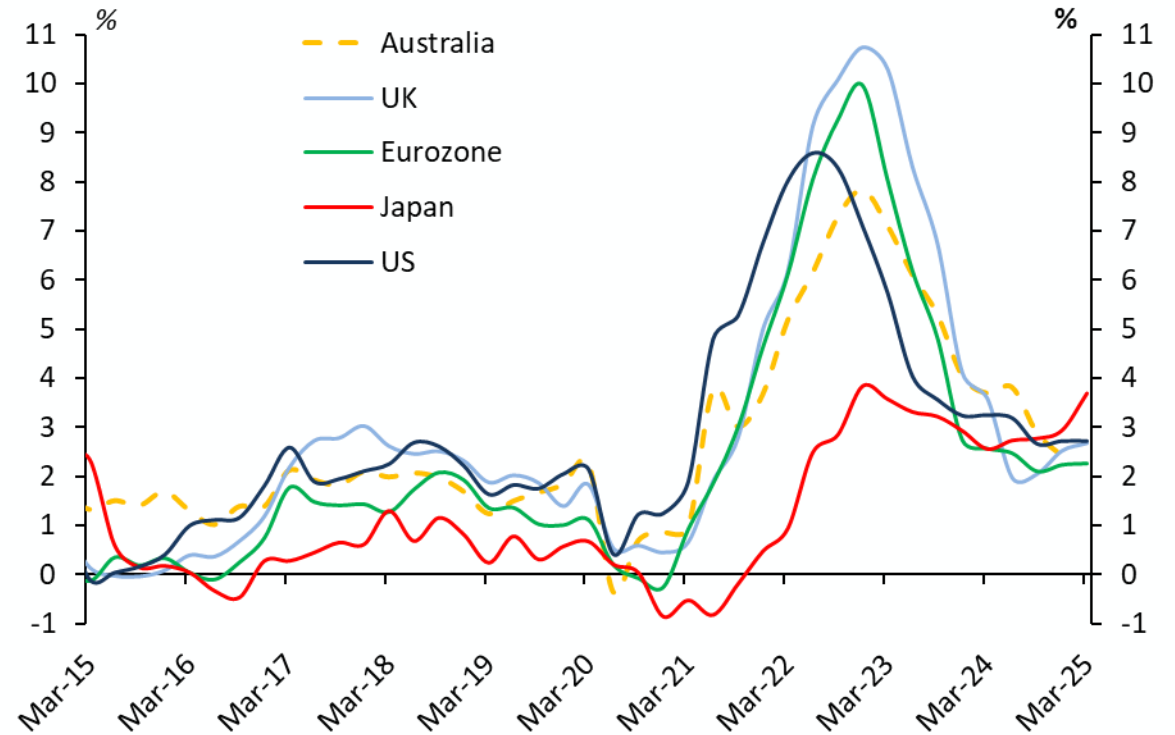
Source: RBA. Key commodities are assumed to decline from elevated levels over four quarters to the end of the March quarter 2026: the iron ore spot price is assumed to decline to **US\$60/tonne**; the metallurgical coal spot price declines to **US\$140/tonne**; the thermal coal spot price declines to **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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