



Australian Securitisation Conference News

Friday, 28 November 2008
Hilton Sydney

Highlights from the first day of proceedings at ABS 2008: The way forward

ASF addresses “challenging year”

CEO of the ASF, Greg Medcraft, explained in yesterday morning’s opening address that 2008 had been a challenging year largely due to the “massive overhang remaining in Australian paper as a result of the disappearance of a large part of the investor base, and trust and confidence lacking in terms of liquidity in those investors that remain”.

“It’s important to emphasise the view that it is a liquidity issue, not a credit issue,” Medcraft said.

“The ASF in consultation with our members and other industry groups, both here and overseas, have developed a policy platform to advocate the way forward.”

That platform is set around three main points:

- *Short-term liquidity*: A push to liberalise the RBA repo arrangements;
- *Long-term liquidity*: The ASF advocated the AOFM to purchase RMBS and other government supported initiatives; and
- *Transparency*: ASF is working with its Market Standards and Practices Committee.

Inquiry calls for banking watchdog

Stronger powers to investigate competition in the banking and non-banking sectors, as well as the inclusion of credit cards in account switching packages, are among the key recommendations by a House of Representatives Standing Committee on Economics inquiry into competition into the banking and non-banking sectors. The Committee chair, Member for Dobell Craig Thomson, said a review of the Trade Practices Act 1974 has been recommended, to provide the ACCC with the powers to investigate and address issues of concern in markets and regulated sectors.

The Committee’s report also makes recommendations about:

- Regulating unsolicited credit card limit increases;
- Inclusion of credit cards in the account switching package; and
- Transparency of Australia’s credit reporting system.

Spotlight on global bailout packages

Ganesh Rajendra, head of securitisation research at Deutsche Bank, said the global bank bailout packages that have been announced in the past couple of months will have fundamental and far-reaching effects on the financial system, which includes securitisation.

He argued for direct US-style government intervention in credit economies, like Australia and the UK, in order to revive securitisation markets.

End of banking crisis in sight

ANZ’s head of Australian economics and interest rate research, Warren Hogan, said the end of the banking crisis could be near.

“The key issue for the whole system is to stabilise the US economy,” he said. Only then could there be a sense of the ultimate losses, he said, especially in the US mortgage markets.

The next step is for investors to deploy capital again into assets riskier than government guaranteed deposits.

“Equities represent value, clearly. . . we must be getting close to the bottom,” Hogan said.

Furthermore, “for what it’s worth” Hogan predicted that the Reserve Bank would reduce interest rates by another 75 basis points next month.

Australian Securitisation Conference

– *ABS 2008: The way forward* will conclude with networking drinks from 3.30 pm on Friday, 28 November. Join your industry colleagues for a drink or two to cap off another successful conference.

“quote unquote”

“There appears to be a recognition on both the issuer and investor side that require both parties to work together for not only their mutual benefit but for the market broadly.”

Tony Togher, head of short term investments, Colonial First State Global Asset Management

“We want to see the ACCC on the job, looking at competition all the time, not just during mergers and acquisitions.”

Craig Thomson, Chair, House of Representatives Standing Committee on economics

“It’s more important than ever, our education programs – they’ve continued to receive strong participation and praise for their quality.”

ASF chief executive officer, Greg Medcraft

“An active engagement by investors is much more evident this year. There seems to be a sense of ‘let’s get this going’.”

Tessa Hoser, Freehills

“Pain is just bad things leaving the body.”

Tessa Hoser, Freehills

“Securitisation got too sexy.”

Steve Adamek, credit analyst, Alliance Bernstein

