Open Market Operations and Domestic Securities

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Australian Securitisation Forum

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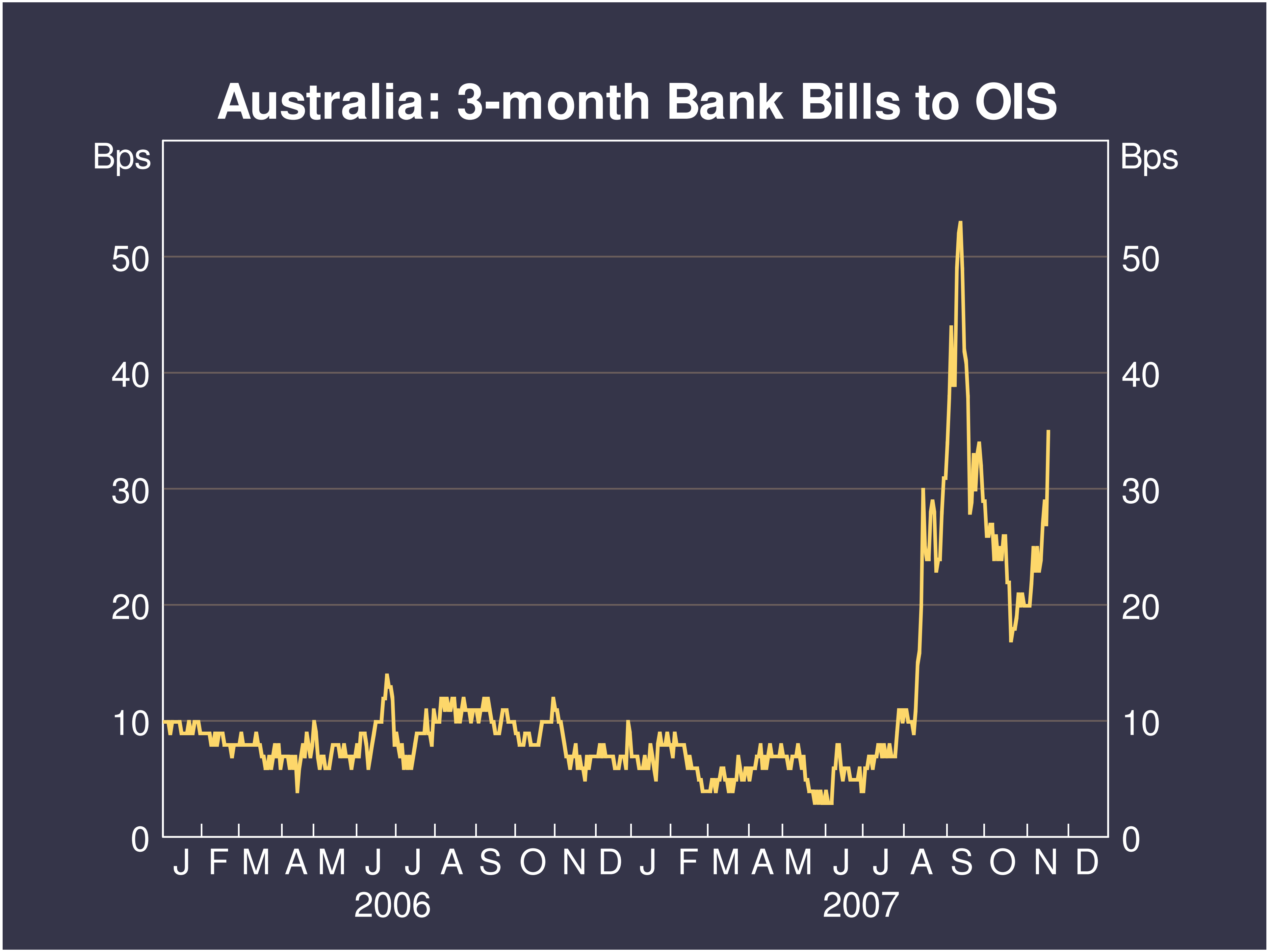
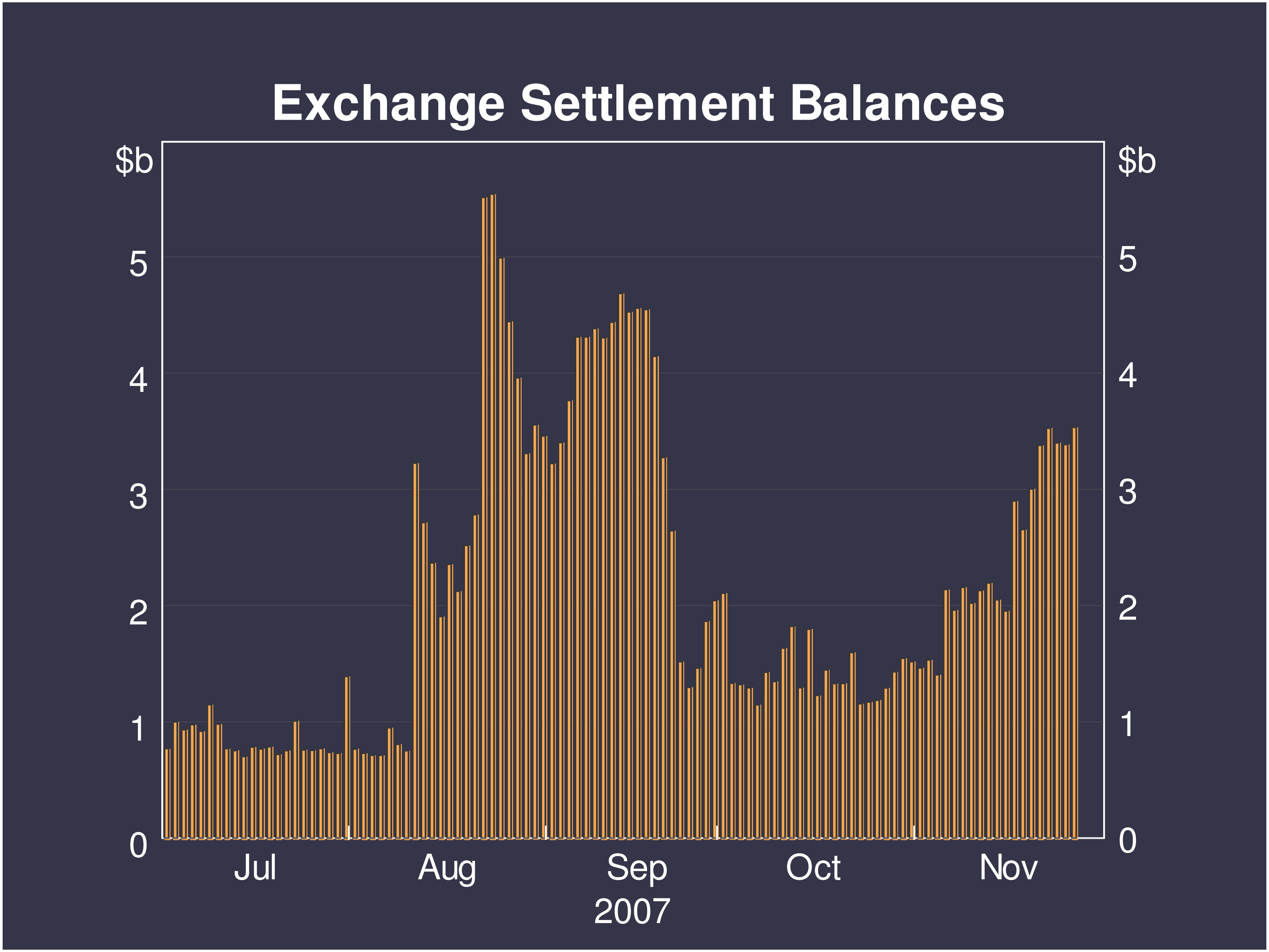
Open Market Operations
$b
$b
FX Swaps
Outright transactions
Repos - other securities
Repos - bank securities
Repos - general collateral
700
600
500
400
300
200
100
0
97/98
99/00
01/02
03/04
05/06
07/08

Deviations from Cash Rate Target

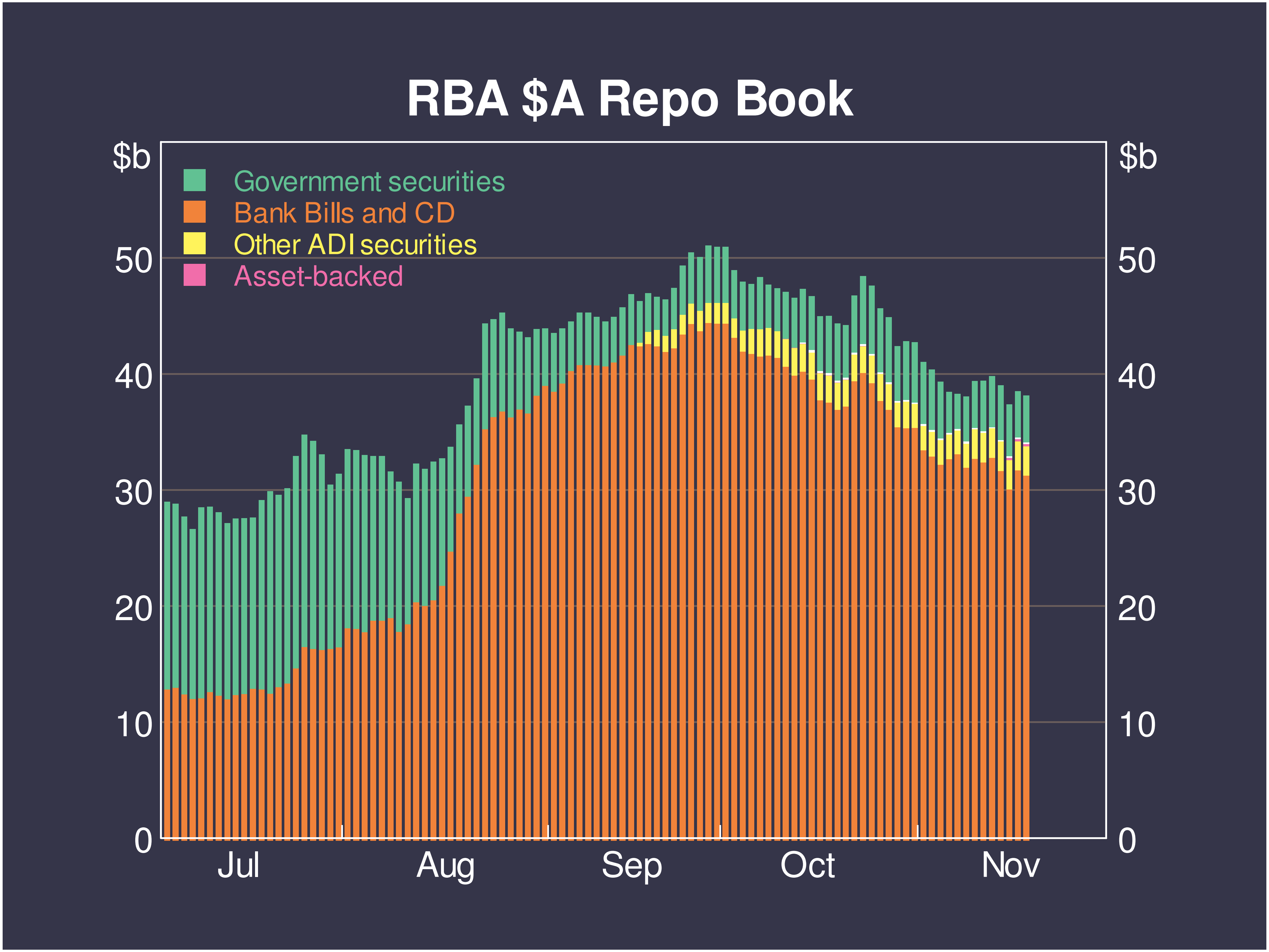
Number of days

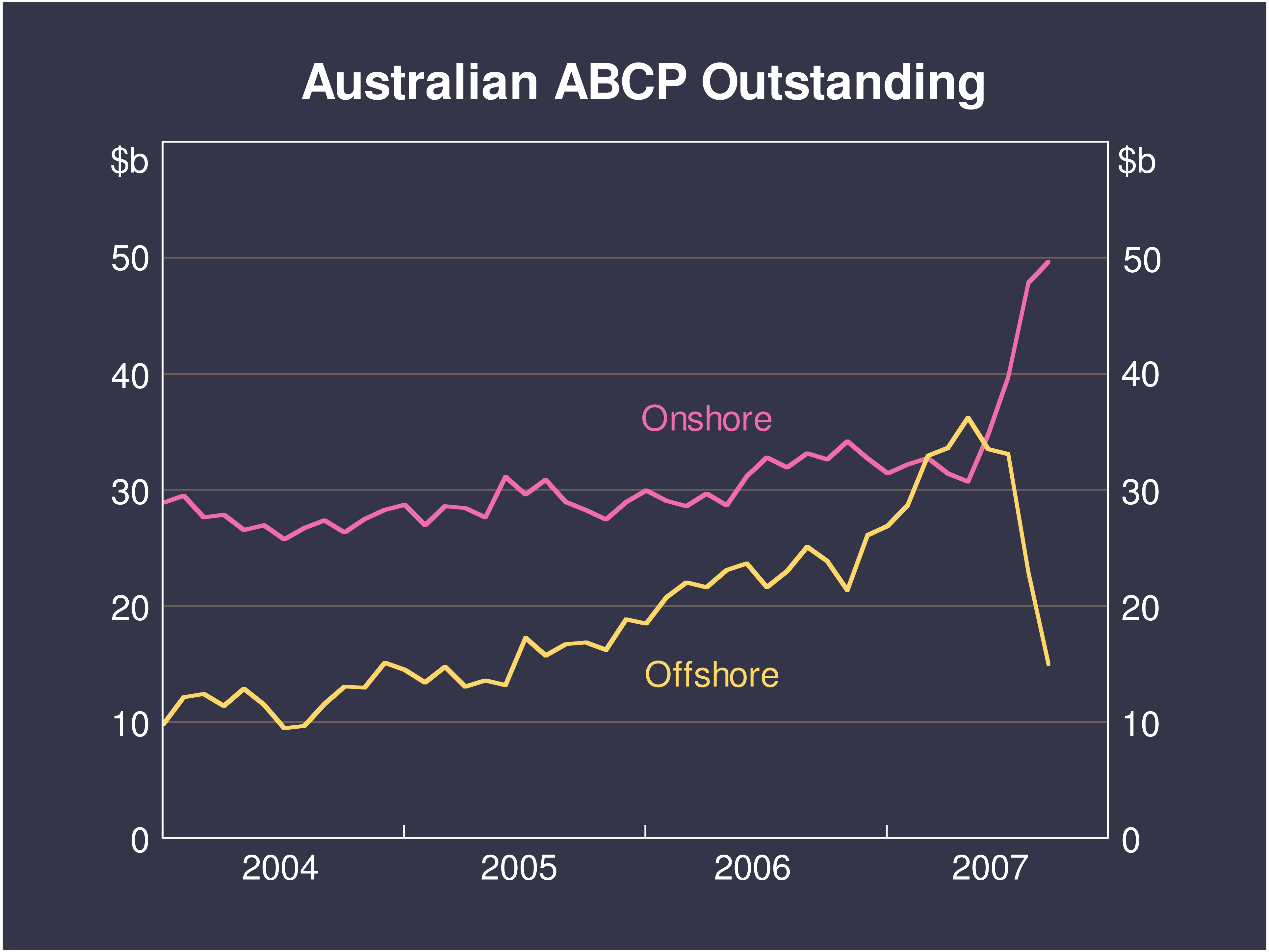
	Basis point deviations					
	-2	**-1**	**0**	**1**	**2**	**3**
2002/03	0	27	223	3	0	0
2003/04	0	0	250	5	0	0
2004/05	0	0	253	0	0	0
2005/06	0	0	253	0	0	0
2006/07	0	2	248	0	0	1
2007/08	1	6	99	0	0	0


Australia: 3-month Bank Bills to OIS
Bps
Bps
50
40
30
20
10
0
J F M A M J J A S O N D J F M A M J J A S O N D
2006
2007

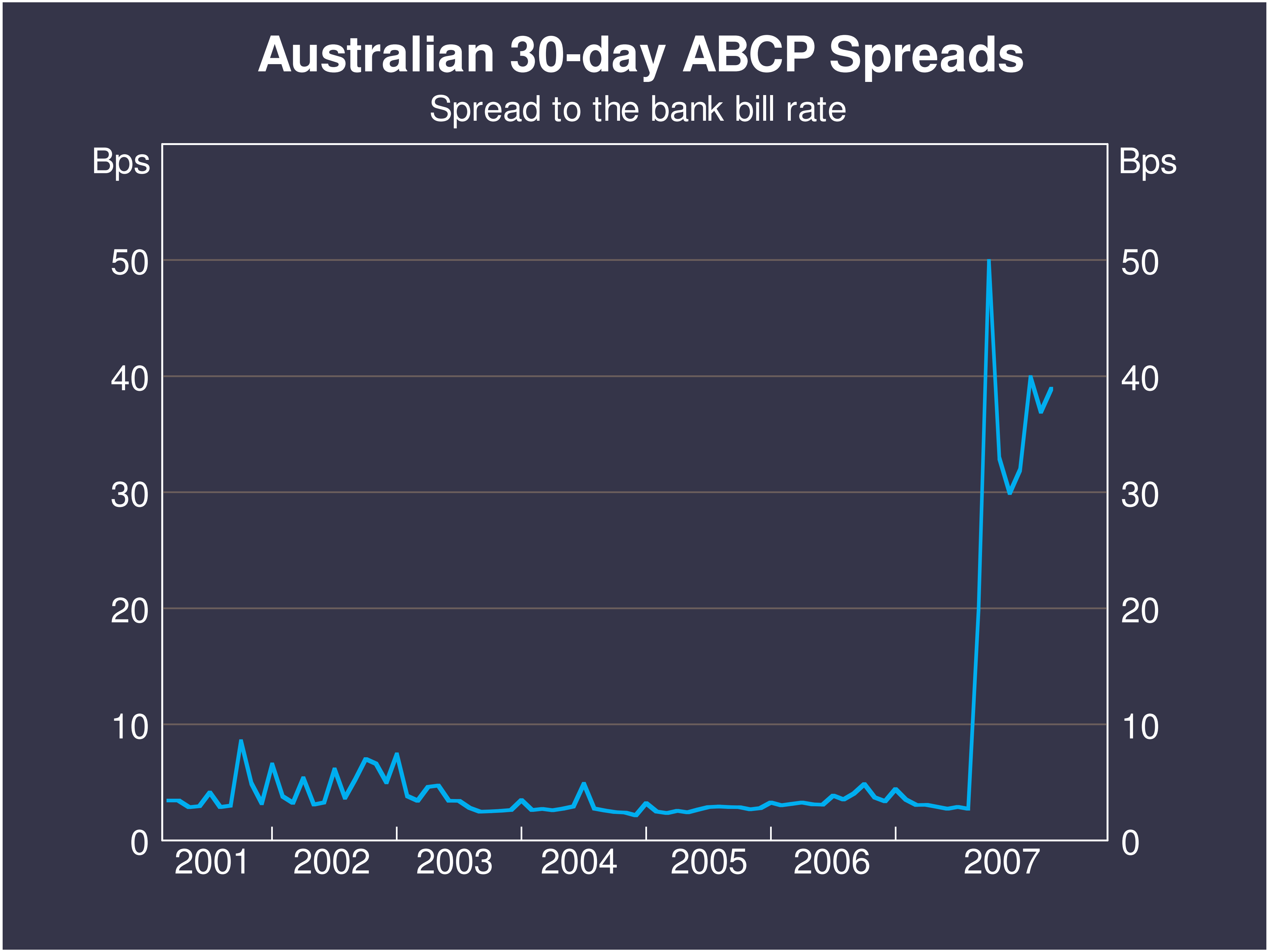


Exchange Settlement Balances
$b
$b
5
4
3
2
1
0
Jul
Aug
Sep
Oct
Nov
2007


RBA $A Repo Book
$b
Government securities
Bank Bills and CD
Other ADI securities
Asset-backed
0
10
20
30
40
50
Jul
Aug
Sep
Oct
Nov

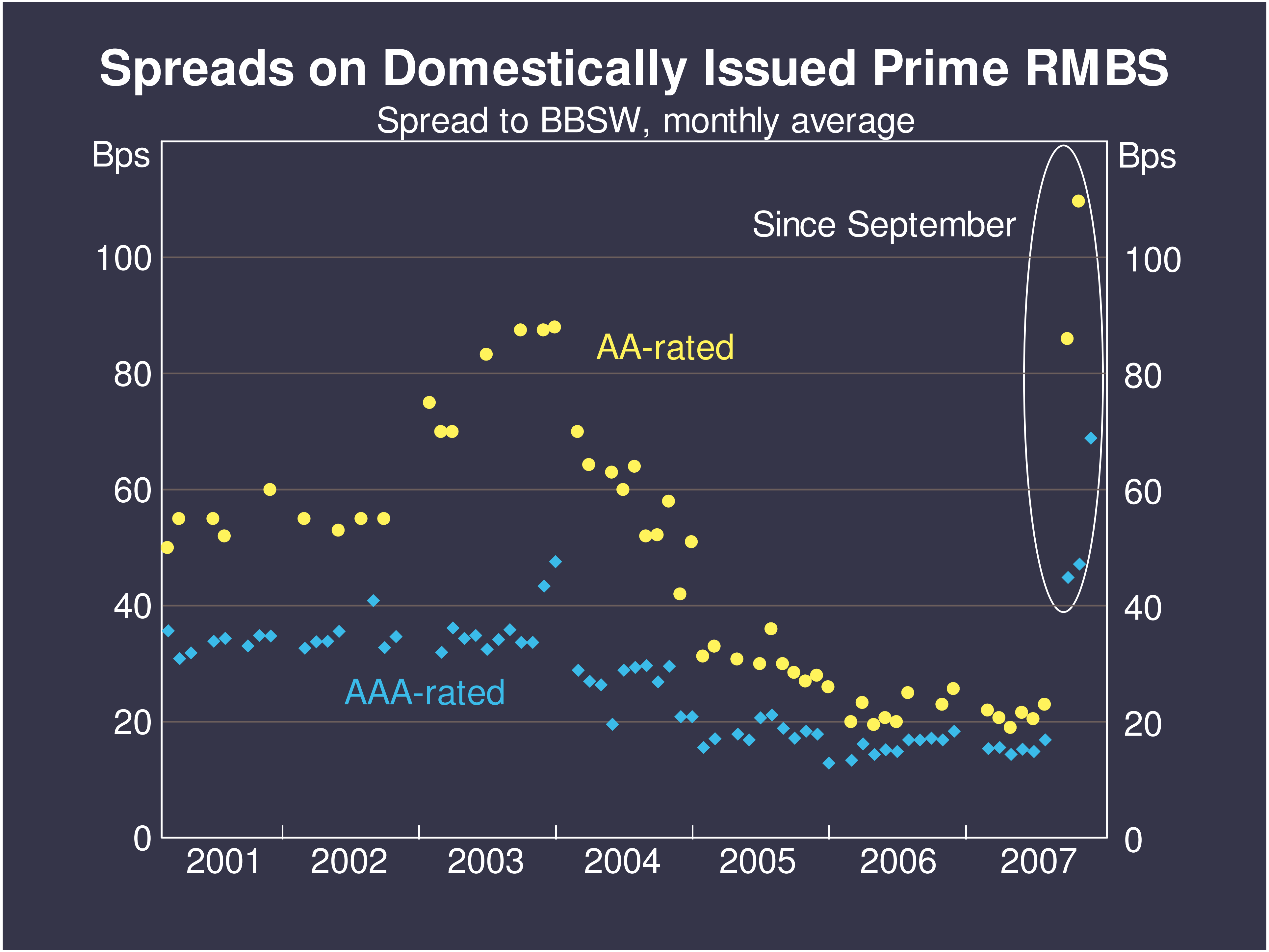


Australian ABCP Outstanding
$b
$b
50
40
30
20
10
0
50
40
30
20
10
0
Onshore
Offshore
2004
2005
2006
2007


Australian 30-day ABCP Spreads
Spread to the bank bill rate
Bps
Bps
50
40
30
20
10
0
2001
2002
2003
2004
2005
2006
2007

Recent RMBS Issues

	Average LVR (Per cent)	Share low-doc (Per cent)	Size ($m)
September			
Macquarie Bank	67	0	500
RAMS	66	18	300
October			
Challenger	70	38	298
Calibre	72	0	200
First Mac	76	0	250
Adelaide Bank	65	0	506
Macquarie Bank	59	100	350
Bank of Qld	62	0	350
November			
Columbus	77	88	255
Pepper	73	68	200
Average 2005 - July 2007	**69**	**19**	**1617**


Spreads on Domestically Issued Prime RMBS
Spread to BBSW, monthly average
Bps
Bps
Since September
AA-rated
AAA-rated
100
80
60
40
20
0
2001
2002
2003
2004
2005
2006
2007

Domestic market operations during credit market turbulence

- Increased number of bidders
- Bids for larger amounts
- Bids for longer term
- Willingness to pay more

Challenges for securitisation

- Lemons problem
- Information about underlying asset pools
- Pricing transparency
- Insurance
- Credit monitoring

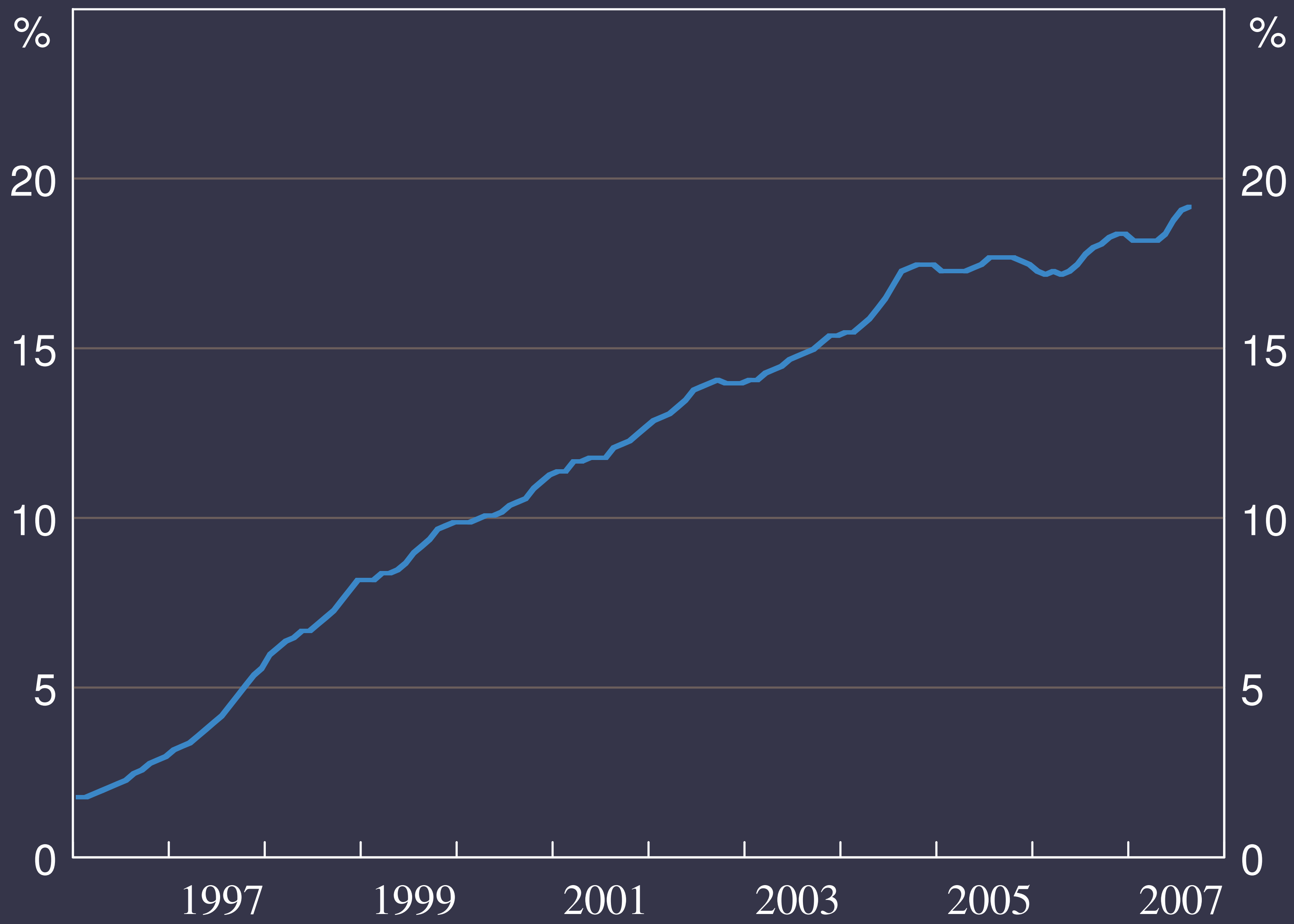
Australian Non-government Debt Securities Outstanding

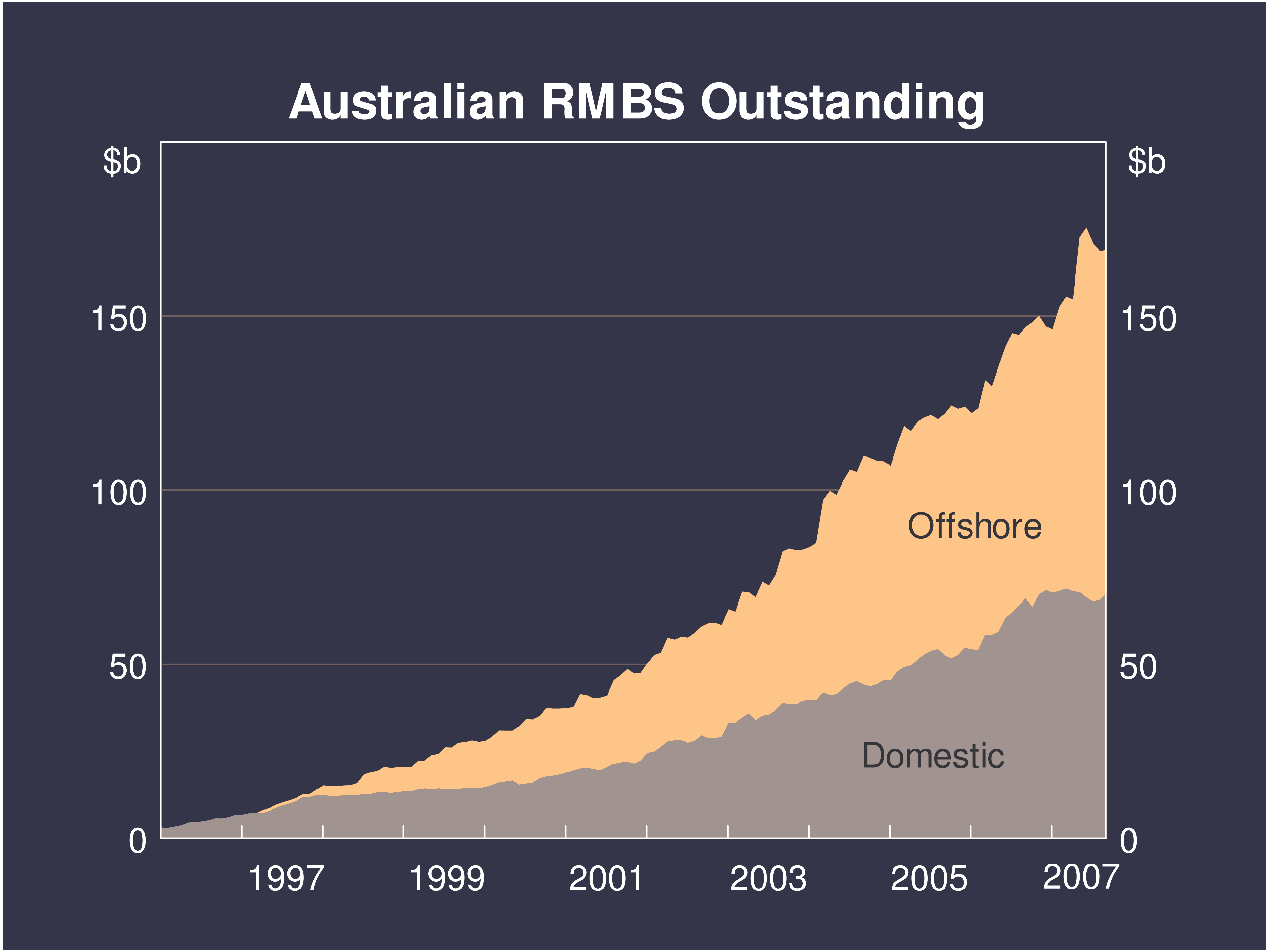
As at 30 September 2007

	$ billion
Financials	858
Non-financial corporates	141
Asset-backed securities	276
Of which:	
Residential mortgage-backed securities	170
Commercial mortgage-backed securities	12
CDOs	15
Asset backed commercial paper	64
Of which:	
Residential mortgages	45
Other	14

RMBS Outstanding

Per cent of housing credit outstanding




Australian RMBS Outstanding
$b
$b
150
100
50
0
Offshore
Domestic
1997
1999
2001
2003
2005
2007

Underlying Collateral of Outstanding ABCP

September 2007

	$ billion	Per cent
Residential mortgages	37.5	53
Of which: Prime	37.4	53
Non-conforming	0.1	0
Residential mortgage-backed securities	12.0	17
Of which: Prime	11.4	16
Non-conforming	0.6	1
Auto/equipment loans & leases	4.1	6
Equities	3.5	5
Margin loans	3.6	5
Infrastructure bonds	3.9	6
Small business loans	0.7	1
Trade receivables	1.2	2
Commercial mortgage-backed securities	0.1	0
Collateralised debt obligations	1.4	2
Corporate bonds & loans	0.4	1
Credit card receivables	0.5	1
Other	1.9	0
Total	**70.8**	**100**