

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

**Supplementary Budget Estimates**

20 – 21 October 2010

**Question: SBT 239**

**Topic: Graph showing market yields data**

**Senator Bushby asked:**

**Senator BUSHBY**—I anticipate that you may expect the question, but have you updated the graphs for each line offered through the AOFM and the rates achieved as we have in past estimates?

**Mr Bath**—Yes, I have.

**Senator BUSHBY**—Do you have copies of those with you?

**Mr Bath**—I have a copy. Do you want me to table it?

**Senator BUSHBY**—I imagine they are all in different colours?

**Mr Bath**—Yes, they are.

**Senator BUSHBY**—So we will probably have difficulties photocopying them and distributing them.

**Mr Bath**—There are several lines.

**Senator BUSHBY**—I know—exactly. I think I may have asked at the last estimates whether it was possible to break it up into a number of graphs.

**Mr Hyden**—I am unaware of that.

**Senator BUSHBY**—I apologise if I did not ask, but I certainly was thinking about it. In future I will continue to ask for this graph. How many lines are on that page? How many lines do you currently offer?

**Mr Bath**—The yule curve is quite flat at the moment, Senator, so you will just have to bear with me while I try to separate them.

**Senator Wong**—Is it possible to take this on notice?

**Senator BUSHBY**—Yes. Essentially, without—

**Senator Wong**—I think you are asking for disaggregated—

**Senator BUSHBY**—I am asking for disaggregated graphs—something that is a bit easier to read.

**Mr Bath**—There are 14 lines, and I have got more lines there.

**Senator BUSHBY**—Maybe if you could put it into two graphs so there are seven in each, and if you introduce new lines—

**Mr Bath**—I am happy to give you the data and perhaps you could use excel to draw the graphs that you care to. You lose a lot of the detail in the colour if you break it up. I fear that if I give you what you ask for we will be here again in another three months and you will say, ‘Can I have it a different way?’

**Senator BUSHBY**—Okay.

**Mr Bath**—I am happy to give you the data, and perhaps you could slice it and dice it however you like.

**Senator BUSHBY**—I get your emails advising of the results of every tender that you put out, and I have always intended to get my staff to actually start mapping it as it comes in, but—

**Mr Bath**—This is a different chart. This is not a chart of our individual tender results; this is a chart of market yields each day. We do not issue every bond every day—

**Senator BUSHBY**—No, I know that.

**Mr Bath**—We issue one or two bonds a week.

**Senator BUSHBY**—Okay, it is probably worth exploring that.

**Mr Hyden**—I might say that this data is published on the RBA’s website.

**Senator BUSHBY**—Yes, I have had a look at that data on the RBA website as well. When you put your tender out and you get a result, you do not know what the yield is going to be when you go to tender, do you? It depends on the bids that people put in as to how it ends up? That is correct, is it not?

**Mr Hyden**—It is correct, yes.

**Senator BUSHBY**—So how do the yields that end up on those tenders that are accepted relate to the yields that you have got mapped in that graph?

**Mr Bath**—The graphs that we provide are I believe end of day revaluation yields, so they are the secondary

market yields at probably 4.30 pm of each closing day, whereas we tend to run our bond tenders at 11 am. So the market is a 24-hour market from about 8.30 am on a Monday morning until very early Saturday morning I believe now. You have to take certain snapshots in order to get daily revaluation rates and it is those rates that we give you but we do not run our bond tenders at 4.30 in the afternoon because all the bond traders would be packing up and heading home. We tend to want them to be at their desk and ready to buy our bonds so we tend to run the bond tenders when they are going to be there.

**Senator BUSHBY**—That makes sense. If you could provide that data to the committee on notice, I will see what we can do with that. I would be interested in a copy of the graph that you have brought along, even if it is in black and white for the moment.

**Answer:**

Attached to the electronic copy of this response is a spreadsheet containing the requested data.