

FOREIGN CURRENCY EXPOSURE

AUSTRALIA

EMBARGO: 11.30AM (CANBERRA TIME) THURS 31 OCT 2013

CONTENTS

	<i>page</i>
Notes	2
Changes in this Issue	3
Analysis and Comments	4

TABLES

1 Foreign currency exposure, at end of period	9
2 Foreign currency exposure, by sector	10
3 Foreign currency exposure of assets and liabilities, by currency	11
4 Foreign currency exposure of derivative contracts, by currency	12
5 Foreign currency debt assets and liabilities, by maturity, by sector	13
6 Foreign currency assets and liabilities, by counterparty and currency	14
7 Foreign currency assets and liabilities, all sectors, by currency	15
8 Foreign currency denominated debt security liabilities, all sectors, by maturity and currency	16
9 Expected future foreign currency receipts and payments from trade	17
10 Foreign currency assets and liabilities, all sectors, by level of hedging and currency	18
11 Hedging of foreign currency denominated debt security liabilities, all sectors, by maturity and currency	19
12 Maturity matched hedging of foreign currency denominated debt security liabilities, all sectors, by maturity and currency	20
13 Type of derivative contracts, by sector	21
14 Type of derivative contracts, by currency	22
15 Value of derivative contracts, by maturity and sector	23
16 Value of derivative contracts, all sectors, by counterparty and currency	22
17 Hedging policy – foreign equity assets	25
18 Hedging policy – foreign currency denominated debt assets (excluding intra–group counterparties)	26
19 Hedging policy – foreign currency denominated debt assets (intra–group counterparties)	27
20 Hedging policy – expected future foreign currency denominated receipts from trade	28
21 Hedging policy – foreign currency denominated debt liabilities (excluding intra–group counterparties)	29
22 Hedging policy – foreign currency denominated debt liabilities (intra–group counterparties)	30
23 Hedging policy – expected future foreign currency denominated payments from trade	31

INQUIRIES

For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Wolfgang Hertel on Canberra (02) 6252 7883.

ADDITIONAL INFORMATION

Explanatory Notes	32
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INTRODUCTION

This publication presents results in respect of 31 March 2013, from an Australian Bureau of Statistics (ABS) survey of Australian resident enterprises with exposure to foreign currency. The survey covers all enterprises with significant foreign currency denominated balance sheet items and/or significant expected foreign currency denominated receipts or payments from trade. The information collected included foreign equity assets, foreign currency denominated debt assets and liabilities, expected future foreign currency receipts and payments from trade, the principal value of outstanding currency derivative contracts and policies on hedging foreign currency exposure.

The survey was conducted by the ABS at the request of, and with the financial support of, the Reserve Bank of Australia (RBA). The survey provides additional information to that available in the International Investment Position, on the mitigating impact of hedging activities on foreign currency exposures.

This survey was first conducted in respect of 30 June 2001, with results released in a special article in the December quarter 2001 issue of *Balance of Payments and International Investment Position* (cat. no. 5302.0). Subsequent releases of the publication have been conducted in respect of 31 March 2005 and 31 March 2009 with results published in the 2005 and 2009 issues of *Foreign Currency Exposure, Australia* (cat. no. 5308.0).

ROUNDING

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.



ABBREVIATIONS

- \$b billion (thousand million) dollars
- ABS Australian Bureau of Statistics
- CBAs Central Borrowing Authorities
- RBA Reserve Bank of Australia
- SESCA Standard Economic Sector Classification of Australia

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Australian Statistician

CHANGES IN THIS ISSUE

DETECTION OF FRAME UNDERCOVERAGE	<p>The ABS has identified and amended an undercoverage issue in its survey frame from the 2005 and 2009 surveys. This was amended for the 2013 survey, but the ABS was unable to source comparable data to revise historical estimates. As a result, estimates for expected future payments from trade with respect to the 2013 survey are not comparable with results from previous surveys.</p>
NEW DATA ITEMS	<p>The 2013 survey collected a number of new data items as an improvement on the previous collection. The new data includes expanded detail for existing data items and new dimensions, particularly for debt liability instruments. Additional data items, and references to publication tables where these have been included are as follows:</p> <ul style="list-style-type: none">■ Assets and liabilities, held with intra-group counterparties: Tables 6 and 7■ Assets and liabilities, by type of instrument: Table 7■ Hedging of foreign currency assets and liabilities: Table 10■ Hedging of short- and long-term debt security liabilities; Total value, value hedged and maturity matched value hedged: Tables 8, 11 and 12 respectively
CHANGES TO INSTRUMENT CLASSIFICATIONS	<p>In this publication, for hedging policy and strategy information foreign equity assets combines both direct equity and portfolio equity assets. The previous survey collected the components separately.</p>
CHANGES TO CURRENCY CLASSIFICATIONS	<p>In this publication, the Swiss franc is not collected separately, and is now included in the Other currency class.</p>
CHANGES TO MATURITY CLASSIFICATIONS	<p>In this publication, two maturity classes have been introduced to replace the 'greater than 5 year' class published in previous issues. Maturity classes for 'greater than 5 years but less than or equal to 10 years' and 'greater than 10 years' are now available where applicable.</p> <p>Results for 31 March 2013 exclude expected future foreign currency receipts and payments from trade in the 'greater than 10 years' time horizon. It was identified that these data would distort the analysis because of the greater uncertainty regarding individual unit's capacity to forecast estimates, in addition to the bias introduced by smaller businesses having greater difficulty reporting this information.</p>
REORDERING OF TABLES	<p>Tables presented in this publication and through the ABS web site have been reordered since the 2009 issue of <i>Foreign Currency Exposure, Australia</i> (cat. no. 5308.0). As a reference for users, a concordance to enable analyses across the current and previous issue of the publication has been provided in paragraph 21 of the Explanatory Notes.</p>

ANALYSIS AND COMMENTS

FOREIGN CURRENCY EXPOSURE

Table 1

At 31 March 2013, Australian resident enterprises had a net long foreign currency exposure of \$686.4b after taking account of hedging through the use of derivative contracts. This is an increase of \$298.3b (77%) on the 31 March 2009 exposure of \$388.1b.

The foreign currency balance sheet exposure at 31 March 2013 was a net long position of \$338.3b, an increase of \$294.6b on 31 March 2009. Foreign equity assets increased \$212.6b, while foreign currency denominated debt assets decreased \$28.5b and foreign currency denominated debt liabilities decreased \$110.5b.

The foreign currency exposure including expected future foreign currency denominated receipts and payments from trade in goods and services, but before derivative holdings, at 31 March 2013 was a net long position of \$533.1b. This is an increase of \$432.5b on the 31 March 2009 exposure, driven by an increase of \$137.8b in net foreign currency denominated receipts from trade.

FOREIGN CURRENCY EXPOSURE BY SECTOR

Table 2

Banks had a net short foreign currency exposure before derivative holdings of \$194.2b, a decrease of \$122.4b on the net short position of \$316.6b at 31 March 2009. This is primarily due to a decrease in foreign currency denominated debt liabilities of \$89.6b. After derivative holdings, banks had a net long foreign currency exposure of \$66.1b, an increase of \$28.2b on the net long position of \$37.9b at 31 March 2009.

The RBA had a net long foreign currency exposure before derivative holdings of \$38.6b, a decrease of \$5.3b on the net long position of \$43.9b at 31 March 2009. After derivative holdings, the RBA had a net long foreign currency exposure of \$44.4b, an increase of \$1.1b on the net long position of \$43.3b at 31 March 2009.

Other financial corporations had a net long foreign currency exposure before derivative holdings of \$337.0b, an increase of \$115.7b on the net long position of \$221.3b at 31 March 2009. This was primarily driven by a \$68.3b increase in foreign equity assets and a \$59.8b decrease in foreign currency denominated debt liabilities. After derivative holdings, other financial corporations had a net long foreign currency exposure of \$200.3b, an increase of \$46.3b on the net long position of \$154.0b at 31 March 2009.

Central borrowing authorities and general government had a net short foreign currency exposure before derivative holdings of \$7.1b, a turnaround of \$13.7b on the net long position of \$6.6b at 31 March 2009. After derivative holdings, central borrowing authorities and general government had a net short foreign currency position of \$30.9b at 31 March 2013, a turnaround of \$34.0b on the net long position of \$3.1b at 31 March 2009.

Other resident sectors had a net long foreign currency exposure before derivative holdings of \$358.8b, an increase of \$213.4b on the net long position of \$145.4b at 31 March 2009. The rise is primarily due to a decrease in expected foreign currency payments from trade of \$105.3b and an increase in expected foreign currency receipts of \$93.4b. After derivative holdings, Other resident sectors had a net long foreign currency exposure of \$406.5b, an increase of \$256.7b on the net long position of \$149.8b at 31 March 2009.

ANALYSIS AND COMMENTS *continued*

FOREIGN CURRENCY EXPOSURE OF ASSETS AND LIABILITIES BY CURRENCY

Table 3

The United States dollar accounted for \$281.8b of the total foreign equity assets of \$669.3b. This represents 42% of the total compared with 51% at 31 March 2009. This was followed by the Other currency group¹, accounting for \$181.7b, or 27% of the total.

The United States dollar accounted for \$227.8b of the total foreign currency denominated debt assets of \$387.2b. This represents 59% of the total compared with 63% at 31 March 2009. The Other currency group accounted for \$46.4b, or 12% of the total.

The United States dollar accounted for \$481.9b of the total foreign currency denominated debt liabilities of \$718.2b, representing 67% of the total compared with 59% at 31 March 2009. The Euro accounted for \$92.4b, or 13% of the total.

FOREIGN CURRENCY ASSETS AND LIABILITIES BY INSTRUMENT

Table 7²

Loans accounted for \$188.7b of the total foreign currency denominated debt assets of \$387.2b, representing 49% of the total. Long-term debt securities accounted for \$114.3b, or 30% of the total.

Of the \$387.2b total foreign currency denominated assets held by Australian resident entities, \$124.6b (32%) were claims on intra-group counterparties.

Long-term debt securities accounted for \$392.3b of the total foreign currency denominated debt liabilities of \$718.2b, representing 55% of the total. Short-term debt securities accounted for \$109.8b, or 15% of the total.

Of the \$718.2b total foreign currency denominated liabilities owed by Australian resident entities, \$135.9b (19%) were obligations owed to intra-group counterparties.

VALUE HEDGED AND MATURITY MATCHING FOR SHORT AND LONG-TERM DEBT SECURITY LIABILITIES

Tables 8, 11 and 12²

Total foreign currency denominated short-term debt security liabilities currently owed by Australian entities were \$109.9b at 31 March 2013. Of this total, \$89.1b, or 81% was hedged, of which \$88.1b was maturity matched.

This position is predominantly made up of securities with a residual maturity of 'less than or equal to 90 days', accounting for \$73.5b, or 67% of total foreign currency denominated short-term debt security liabilities. Of these securities, \$58.3b (79%) was hedged, with \$58.1b maturity matched.

Total foreign currency denominated long-term debt security liabilities currently owed by Australian entities were \$392.4b at 31 March 2013. Of this total, \$309.5b, or 79% was hedged, of which \$291.9b was maturity matched.

This position is predominantly made up of securities with a maturity of 'greater than 1 year but less than or equal to 5 years', accounting for \$204.1b, or 52% of the total long-term debt securities. Of these securities, \$161.8b (79%) was hedged, with \$154.9b maturity matched.

¹ In this publication, the Swiss franc is not collected separately, and is now included in the Other currency class.

² For analysis at the sectoral level, please see paragraphs 18, 19 and 20 of the Explanatory Notes.

ANALYSIS AND COMMENTS *continued*

EXPECTED FUTURE FOREIGN CURRENCY DENOMINATED RECEIPTS AND PAYMENTS FROM TRADE

Table 9

Expected future foreign currency denominated receipts from exports were \$360.1b, while expected future foreign currency denominated payments for imports were \$165.3b. The net foreign currency exposure represented by the difference between receipts and payments was \$194.7b, an increase of \$137.8b on the difference of \$56.9b at 31 March 2009.

The increase in the net foreign currency exposure is partly due to the increased coverage of exporters and importers in the 2013 survey compared with the 2009 survey. For more details please refer to paragraphs 2 and 4 of the Explanatory Notes.

DERIVATIVES HEDGING

Tables 13 and 14

Cross currency interest rate swaps accounted for \$933.8b of the total \$1,430.1b of derivative contracts involving the purchase of foreign currencies and the sale of Australian dollars. This was an increase of \$312.8b on the 31 March 2009 result of \$621.0b. The current result represents 65% of the total compared to 40% at 31 March 2009.

Forward foreign exchange contracts accounted for \$387.8b of the total \$1,430.1b of derivative contracts involving the purchase of foreign currencies and the sale of Australian dollars. This was a decrease of \$342.1b on the 31 March 2009 result of \$729.9b. The current result represents 27% of the total compared to 47% at 31 March 2009.

This indicates a significant move away from the use of forward foreign exchange contracts in favour of cross currency interest rate swaps, which was primarily driven by banks. At March 31 2013, of the total \$1,430.1b, banks accounted for \$1,217.4b (85%) of active contracts. This represents a decrease of \$56.2b on the principal value of \$1,273.6b reported by banks at 31 March 2009.

Cross currency interest rate swaps accounted for \$618.9b of the total \$1,276.7b of derivative contracts involving the sale of foreign currencies and the purchase of Australian dollars. This was an increase of \$270.1b on the 31 March 2009 result of \$348.8b. The current result represents 48% of the total compared to 28% at 31 March 2009.

Forward foreign exchange contracts accounted for \$556.9b of the total \$1,276.7b of derivative contracts involving the sale of foreign currencies and the purchase of Australian dollars. This was a decrease of \$192.1b on the 31 March 2009 result of \$749.0b. The current result represents 44% of the total compared to 60% at 31 March 2009.

Again, this indicates a significant move away from the use of forward foreign exchange contracts in favour of cross currency interest rate swaps, also driven by banks. At March 31 2013, of the total \$1,276.7b, banks accounted for \$957.0b (75%). This represents an increase of \$37.9b on the principal value of \$919.1b reported by banks at 31 March 2009.

Notional principal values for derivative contracts not involving the Australian dollar have increased from the 31 March 2009 reported total of \$1,138.1b to \$1,492.1b for the current survey, an increase of \$354.0b. Banks continue to hold the dominant share of activity in the market, accounting for 94%, consistent with the reported 95% at 31 March 2009.

ANALYSIS AND COMMENTS *continued*

Tables 13 and 14
continued

While the United States dollar continues to be the dominant traded currency, having increased from \$539.1b to \$689.4b, the Other currency group increased from \$93.8b³ to \$322.4b between 31 March 2009 and the current survey.

HEDGING POLICY AND
PRACTICE

Survey respondents were asked to provide quantitative and qualitative information on their approach to hedging foreign currency assets and liabilities with derivatives. These responses, together with discussions undertaken during the editing phase of the survey, indicate that the approach to hedging varies significantly across different financial instruments.

Though not formally tabulated in this survey, hedging by foreign-owned entities can be managed centrally by the parent company. Such cases are unlikely to involve hedging back into the Australian dollar. Changes in the level of business activities of Australian branches and subsidiaries of non-resident parents may have an effect on the measured foreign currency exposure of Australian resident entities. The same may also be true for Australian resident parent companies that hedge the foreign currency exposure of branches and subsidiaries centrally.

Table 10⁴

At the aggregate level, foreign currency debt liabilities tend to be more conservatively hedged than debt assets. Of the total \$718.2b reported for debt liabilities, \$434.4b (60%) was fully hedged compared to \$264.2b (37%) reported under the residual component, All other, indicating either a strategy of no hedging, hedging conducted by non-resident parent entities or natural hedging against other holdings in the portfolio.

In contrast to debt liabilities, levels of exposure reported for debt assets under the All other component are significantly greater than the levels of exposure reported as fully hedged. Reported equity and debt assets totalled \$1,056.5b. Of this, the all other component accounted for \$724.8b (69%), compared to full hedging at \$225.8b (21%).

Tables 17 to 23

The following qualitative data refers to only those units that reported employing an active hedging strategy as at 31 March 2013. Consequently, aggregate data in dollar terms may not align with comparative data items reported elsewhere in the publication.

Equity

As advised in Changes in this Issue, direct and portfolio equity have been combined for the current survey. Of the units employing an actively managed hedging strategy, levels of hedging for foreign equity assets vary considerably depending on sector. Banks remain risk adverse, with 89% of foreign equity assets under a full hedge policy. Central borrowing authorities and general government only apply partial hedge policies, with a weighted average hedging level of 70%. Other financial corporations prefer to apply partial hedge policies, with 86% of foreign equity assets under a partial hedge policy with a weighted average hedging level of 42.6%.

Debt Assets

Of the units employing an actively managed hedge strategy, 66% of foreign currency denominated debt assets not held with intra-group counterparties are under a full hedge policy. In comparison, only 22% of debt assets held with intra-group counterparties are under a full hedge policy.

³ In this publication, the Swiss franc is not collected separately, and is now included in the Other currency class.

⁴ For analysis at the sectoral level, please see paragraphs 18, 19 and 20 of the explanatory notes.

ANALYSIS AND COMMENTS *continued*

Debt Liabilities

Of the units employing an actively managed hedge strategy, 59% of foreign currency debt liabilities not held with intra-group counterparties are under a full hedge strategy. In comparison, only 38% of debt liabilities held with intra-group counterparties are under a full hedge policy.

Trade Receipts and Payments

Discussions with respondents during the editing phase of the survey suggest that near term receipts and payments are more likely to be hedged, with the level of hedging falling as the time horizon increases. In line with the results from the previous survey, a number of the other resident sector units continue to rely on parent entities to perform hedging on behalf of the group.

SUMMARY

Overall, the reported net exposure of \$686.4 after derivative holdings is largely due to foreign equity assets and expected net foreign currency receipts that are generally left exposed.

Different hedging policies across different financial instruments also explains why the net exposure after derivative holdings is greater than the net exposure before derivative holdings. The net exposure at an aggregate level reflects a natural hedge between foreign currency assets and liabilities that does not appear to be a prime consideration in hedging decisions at the level of the individual enterprise.

1

FOREIGN CURRENCY EXPOSURE, at end of period(a)(b)(c)

<i>Instrument</i>	30	31	31	31
	<i>June</i>	<i>March</i>	<i>March</i>	<i>March</i>
	2001	2005	2009	2013
	\$b	\$b	\$b	\$b
Foreign equity assets	228.5	343.7	456.7	669.3
Foreign currency denominated debt assets	156.5	213.7	415.7	387.2
Foreign currency denominated debt liabilities	321.0	465.5	828.7	718.2
Net foreign currency balance sheet exposure	64.0	91.9	43.7	338.3
Expected future foreign currency denominated receipts from trade(d)	na	92.7	269.2	360.1
Expected future foreign currency denominated payments from trade(d)	na	88.8	212.3	165.3
Net foreign currency denominated receipts from trade(d)	na	3.9	56.9	194.7
Net foreign currency exposure (before derivative holdings)	64.0	95.8	100.6	533.1
Principal value of foreign currency derivative contracts bought in exchange for Australian dollars	548.4	1 234.8	1 544.6	1 430.1
Principal value of foreign currency derivative contracts sold in exchange for Australian dollars	463.4	1 113.0	1 257.1	1 276.7
Net foreign currency derivatives exposure	85.0	121.8	287.5	153.4
Net foreign currency exposure (after derivative holdings)	149.0	217.6	388.1	686.4

na not available

(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) For sign conventions, see paragraph 14 of the Explanatory Notes.

(c) Data between periods are not directly comparable due to changes in coverage and classifications. See paragraphs 2 and 4 of the Explanatory Notes.

(d) Data not available for 30 June 2001, see paragraph 2 of the Explanatory Notes.

FOREIGN CURRENCY EXPOSURE—by sector—as at 31 March 2013(a)(b)

<i>Instrument</i>	<i>Banks</i>	<i>RBA</i>	<i>Other financial corporations</i>	<i>Central borrowing authorities & general government</i>	<i>Other resident sectors</i>	<i>Total all sectors</i>
	\$b	\$b	\$b	\$b	\$b	\$b
Foreign equity assets	94.5	0.3	299.7	47.1	227.6	669.3
Foreign currency denominated debt assets	170.0	38.2	95.1	17.7	66.2	387.2
Foreign currency denominated debt liabilities	458.6	—	57.6	12.5	189.4	718.2
Net foreign currency balance sheet exposure	-194.1	38.6	337.2	52.3	104.4	338.3
Expected future foreign currency denominated receipts from trade	—	—	0.1	0.1	359.8	360.1
Expected future foreign currency denominated payments from trade	0.1	—	0.3	59.5	105.4	165.3
Net foreign currency denominated receipts from trade	-0.1	—	-0.2	-59.4	254.4	194.7
Net foreign currency exposure (before derivative holdings)	-194.2	38.6	337.0	-7.1	358.8	533.1
Principal value of foreign currency derivative contracts bought in exchange for Australian dollars	1 217.4	5.9	97.0	21.9	87.9	1 430.1
Principal value of foreign currency derivative contracts sold in exchange for Australian dollars	957.0	0.1	233.8	45.7	40.2	1 276.7
Net foreign currency derivatives exposure	260.3	5.9	-136.8	-23.8	47.8	153.4
Net foreign currency exposure (after derivative holdings)	66.1	44.4	200.3	-30.9	406.5	686.4

— nil or rounded to zero (including null cells)

(b) For sign conventions, see paragraph 14 of the Explanatory Notes.

(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

3

FOREIGN CURRENCY EXPOSURE OF ASSETS AND LIABILITIES—by currency—as at 31 March 2013(a)(b)

<i>Instrument</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Foreign equity assets	281.8	89.3	17.1	55.7	43.6	181.7	669.3
Foreign currency denominated debt assets	227.8	28.3	20.0	41.6	23.1	46.4	387.2
Foreign currency denominated debt liabilities	481.9	40.3	47.5	92.4	11.8	44.3	718.2
Net foreign currency balance sheet exposure	27.7	77.4	-10.4	4.9	55.0	183.8	338.3

- (a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.
- (b) For sign conventions, see paragraph 14 of the Explanatory Notes.

4

FOREIGN CURRENCY EXPOSURE OF DERIVATIVE CONTRACTS—by currency—as at 31 March 2013(a)

<i>Product type</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Principal value of foreign currency derivative contracts bought in exchange for Australian dollars	1 228.5	28.2	41.0	85.1	21.6	25.7	1 430.1
Principal value of foreign currency derivative contracts sold in exchange for Australian dollars	1 110.6	27.0	28.9	60.9	16.0	33.3	1 276.7
Net foreign currency derivatives exposure	117.9	1.2	12.1	24.2	5.6	-7.6	153.4

(a) For sign conventions, see paragraph 14 of the Explanatory Notes.

FOREIGN CURRENCY DEBT ASSETS AND LIABILITIES, by maturity—by sector—as at 31
March 2013(a)(b)

<i>Product type</i>	<i>Banks</i>	<i>RBA</i>	<i>Other financial corporations</i>	<i>Central borrowing authorities & general government</i>	<i>Other resident sectors</i>	<i>Total all sectors</i>
<i>\$b</i>	<i>\$b</i>	<i>\$b</i>	<i>\$b</i>	<i>\$b</i>	<i>\$b</i>	<i>\$b</i>
Foreign currency denominated debt assets	170.0	38.2	95.1	17.7	66.1	387.1
With a residual maturity of:						
Less than or equal to 90 days	128.3	20.8	27.6	3.1	12.2	191.9
Greater than 90 days but less than or equal to 6 months	5.3	3.2	np	np	0.4	10.5
Greater than 6 months but less than or equal to 1 year	5.1	5.7	np	np	12.7	27.7
Greater than 1 year but less than or equal to 5 years	21.9	7.1	np	np	10.0	71.5
Greater than 5 years but less than or equal to 10 years	5.7	0.8	26.4	8.9	19.1	60.9
Greater than 10 years	3.6	0.7	8.5	—	11.7	24.5
Foreign currency denominated debt liabilities	458.6	—	57.6	12.5	189.4	718.2
With a residual maturity of:						
Less than or equal to 90 days	175.8	—	23.6	6.0	23.8	229.3
Greater than 90 days but less than or equal to 6 months	30.2	—	np	np	3.6	39.2
Greater than 6 months but less than or equal to 1 year	50.7	—	np	np	13.8	70.0
Greater than 1 year but less than or equal to 5 years	145.0	—	np	np	62.5	228.6
Greater than 5 years but less than or equal to 10 years	45.4	—	4.1	—	68.2	117.7
Greater than 10 years	11.5	—	3.5	0.7	17.6	33.3
Net exposure from foreign currency denominated debt assets and liabilities	-288.7	38.2	37.5	5.2	-123.3	-331.1
With a residual maturity of:						
Less than or equal to 90 days	-47.5	20.8	3.9	-2.9	-11.7	-37.3
Greater than 90 days but less than or equal to 6 months	-24.9	3.2	-1.0	-2.9	-3.1	-28.7
Greater than 6 months but less than or equal to 1 year	-45.6	5.7	-0.7	-0.7	-1.1	-42.3
Greater than 1 year but less than or equal to 5 years	-123.2	7.1	8.0	3.5	-52.4	-157.1
Greater than 5 years but less than or equal to 10 years	-39.7	0.8	22.3	8.9	-49.1	-56.8
Greater than 10 years	-7.9	0.7	5.0	-0.7	-5.9	-8.8

— nil or rounded to zero (including null cells)

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) For sign conventions, see paragraph 14 of the Explanatory Notes.

FOREIGN CURRENCY ASSETS AND LIABILITIES, by counterparty—by currency—as at 31
March 2013(a)(b)

<i>Instrument and Counterparty</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Foreign equity assets	281.8	89.3	17.1	55.7	43.6	181.7	669.3
Foreign currency denominated debt assets							
Non-Residents	160.5	25.3	14.8	34.3	20.2	42.3	297.4
Residents	67.3	3.0	5.2	7.3	3.0	4.0	89.8
Banks	37.4	1.7	3.1	2.4	1.9	1.9	48.5
RBA	—	—	—	—	—	—	—
Other financial corporations	13.5	0.7	0.1	3.2	0.2	1.1	18.8
Central borrowing authorities & general government	—	np	—	np	—	—	np
Other resident sectors	16.4	np	2.0	np	0.8	1.0	np
Total	227.8	28.3	20.0	41.6	23.1	46.4	387.2
<i>of which: held with intra-group counterparties</i>	<i>79.4</i>	<i>17.5</i>	<i>3.6</i>	<i>7.0</i>	<i>7.5</i>	<i>9.7</i>	<i>124.6</i>
Foreign currency denominated debt liabilities							
Non-Residents	414.6	37.2	42.4	85.1	8.9	40.3	628.4
Residents	67.3	3.1	5.2	7.3	2.9	4.0	89.8
Total	481.9	40.3	47.5	92.4	11.8	44.3	718.2
<i>of which: held with intra-group counterparties</i>	<i>109.5</i>	<i>6.3</i>	<i>4.4</i>	<i>5.0</i>	<i>4.4</i>	<i>6.2</i>	<i>135.9</i>
Net foreign currency balance sheet position	27.7	77.4	-10.4	4.9	55.0	183.8	338.3

— nil or rounded to zero (including null cells)

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) For sign conventions, see paragraph 14 of the Explanatory Notes.

FOREIGN CURRENCY ASSETS AND LIABILITIES, all sectors—by currency —as at 31 March 2013(a)

<i>Instrument</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Foreign equity assets	281.8	89.3	17.1	55.7	43.6	181.7	669.3
Foreign currency denominated debt assets							
Short-term debt securities	14.3	0.3	6.9	6.5	0.4	3.0	31.4
Long-term debt securities	59.7	5.9	5.9	21.7	2.8	18.4	114.3
Loans	121.0	20.6	4.3	10.9	14.8	17.1	188.7
Deposits	11.8	0.5	1.5	1.1	0.2	5.5	20.6
Other	21.1	1.0	1.4	1.5	4.9	2.4	32.2
Total	227.8	28.3	20.0	41.6	23.1	46.4	387.2
<i>of which: held with intra-group counterparties</i>	<i>79.4</i>	<i>17.5</i>	<i>3.6</i>	<i>7.0</i>	<i>7.5</i>	<i>9.7</i>	<i>124.6</i>
Foreign currency denominated debt liabilities							
Short-term debt securities	91.5	6.3	np	4.8	0.6	np	109.8
Long-term debt securities	223.3	24.9	40.3	75.4	4.1	24.3	392.3
Loans	57.5	3.5	1.7	6.1	3.5	5.1	77.5
Deposits	85.1	4.8	3.0	4.4	2.7	7.1	107.1
Other	24.5	0.7	np	1.6	0.8	np	31.5
Total	481.9	40.3	47.5	92.4	11.8	44.3	718.2
<i>of which: held with intra-group counterparties</i>	<i>109.5</i>	<i>6.3</i>	<i>4.4</i>	<i>5.0</i>	<i>4.4</i>	<i>6.2</i>	<i>135.9</i>

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

FOREIGN CURRENCY DENOMINATED DEBT SECURITY LIABILITIES, by maturity—all sectors:
by currency—as at 31 March 2013(a)

<i>Product type</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Foreign currency denominated short-term debt security liabilities	91.5	6.3	np	4.8	0.6	np	109.9
With a residual maturity of:							
Less than or equal to 90 days	59.4	5.2	np	3.6	np	4.7	73.5
Greater than 90 days but less than or equal to 6 months	16.5	np	—	1.2	np	np	18.7
Greater than 6 months but less than or equal to 1 year	15.6	np	np	0.1	np	np	17.7
Foreign currency denominated long-term debt security liabilities	223.3	24.9	40.3	75.4	4.1	24.4	392.4
With a residual maturity of:							
Less than or equal to 90 days	7.8	1.2	np	np	np	1.7	17.2
Greater than 90 days but less than or equal to 6 months	7.8	—	1.1	np	np	0.8	10.5
Greater than 6 months but less than or equal to 1 year	22.4	5.8	6.3	np	np	1.3	39.4
Greater than 1 year but less than or equal to 5 years	125.6	8.7	25.0	29.2	3.1	12.5	204.1
Greater than 5 years but less than or equal to 10 years	53.4	7.5	4.7	33.9	0.3	7.5	107.4
Greater than 10 years	6.3	1.6	np	np	np	0.6	13.7

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

FOREIGN CURRENCY DENOMINATED EXPECTED RECEIPTS AND PAYMENTS FROM TRADE (a)(b)

<i>Time horizon</i>	<i>Receipts</i>	<i>Payments</i>	<i>Net receipts</i>
	\$b	\$b	\$b
Expected future foreign currency receipts and payments from trade			
	360.1	165.3	194.7
With a time horizon of:			
Less than or equal to 90 days	21.2	13.6	7.6
Greater than 90 days but less than or equal to 6 months	16.9	11.8	5.1
Greater than 6 months but less than or equal to 1 year	33.1	17.8	15.3
Greater than 1 year but less than or equal to 5 years	148.5	68.6	79.9
Greater than 5 years but less than or equal to 10 years	140.3	53.4	86.9

(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) For sign conventions, see paragraph 14 of the Explanatory Notes.

FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES, by level of hedging—all sectors: **by currency**—as at 31 March 2013(a)

<i>Level of hedging</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Hedging of foreign currency assets(b)	509.6	117.6	37.1	97.3	66.8	228.1	1 056.5
Fully hedged	99.6	30.5	9.3	20.1	29.4	37.0	225.8
Partially hedged - of which: amount hedged	62.2	8.4	3.4	9.6	3.6	18.7	105.9
All other(c)	347.9	78.7	24.5	67.6	33.7	172.4	724.8
Hedging of foreign currency liabilities	481.9	40.3	47.5	92.4	11.8	44.3	718.2
Fully hedged	260.0	26.6	40.0	72.0	4.6	31.2	434.4
Partially hedged - of which: amount hedged	18.3	0.1	np	0.3	np	0.2	19.6
All other(c)	203.5	13.6	np	20.1	np	12.9	264.2

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) Includes foreign equity assets and foreign currency denominated debt assets.

(c) Includes unhedged activity and activity hedged without derivative contracts (natural hedges etc.)

HEDGING OF FOREIGN CURRENCY DENOMINATED DEBT SECURITY LIABILITIES, all sectors—by currency—as at 31 March 2013(a)

<i>Instrument type</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Hedged value of foreign currency denominated short-term debt security liabilities	79.5	3.9	np	2.5	np	2.7	89.1
With a residual maturity of:							
Less than or equal to 90 days	50.1	np	np	2.2	np	2.5	58.3
Greater than 90 days but less than or equal to 6 months	15.2	np	—	np	—	np	15.6
Greater than 6 months but less than or equal to 1 year	14.2	np	—	np	np	np	15.2
Hedged value of foreign currency denominated long-term debt security liabilities	157.4	21.7	38.3	65.9	3.3	22.9	309.5
With a residual maturity of:							
Less than or equal to 90 days	7.6	1.1	np	4.3	np	1.7	16.6
Greater than 90 days but less than or equal to 6 months	6.0	—	np	np	np	0.7	8.4
Greater than 6 months but less than or equal to 1 year	17.7	5.7	6.1	np	np	1.3	33.8
Greater than 1 year but less than or equal to 5 years	87.7	8.4	23.6	27.7	2.4	11.9	161.8
Greater than 5 years but less than or equal to 10 years	33.2	5.0	4.6	27.9	0.3	6.9	77.8
Greater than 10 years	5.3	1.5	np	2.5	np	0.4	11.1

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

<i>Instrument type</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Maturity matched hedged value of foreign currency denominated short-term debt security liabilities	78.6	3.9	np	2.5	np	2.7	88.1
With a residual maturity of							
Less than or equal to 90 days	49.9	np	np	2.2	np	2.5	58.1
Greater than 90 days but less than or equal to 6 months	14.4	np	—	np	—	np	14.9
Greater than 6 months but less than or equal to 1 year	14.2	np	—	np	np	np	15.2
Maturity matched hedged value of foreign currency denominated long-term debt security liabilities	146.4	18.9	36.7	64.3	3.1	22.6	291.9
With a residual maturity of							
Less than or equal to 90 days	7.4	np	np	4.3	np	1.7	15.8
Greater than 90 days but less than or equal to 6 months	5.8	—	np	np	np	0.7	8.1
Greater than 6 months but less than or equal to 1 year	16.9	5.4	5.8	np	np	1.3	32.1
Greater than 1 year but less than or equal to 5 years	83.5	7.4	23.1	26.6	2.4	11.9	154.9
Greater than 5 years but less than or equal to 10 years	28.8	4.6	4.2	27.7	0.3	6.6	72.1
Greater than 10 years	3.9	np	np	2.5	np	0.4	8.8

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

<i>Product type</i>	<i>Banks</i>	<i>RBA</i>	<i>Other financial corporations</i>	<i>Central borrowing authorities & general government</i>	<i>Other resident sectors</i>	<i>Total all sectors</i>
	\$b	\$b	\$b	\$b	\$b	\$b
Principal value of foreign currency derivative contracts bought in exchange for Australian dollars	1 217.4	5.9	97.0	21.9	87.9	1 430.1
Forward foreign exchange	279.6	—	68.9	14.6	24.7	387.8
Cross currency interest rate swaps	838.2	5.9	26.1	2.5	61.0	933.8
Futures	np	—	np	0.1	np	np
Currency options	np	—	np	4.2	np	57.6
Other	np	—	1.5	0.5	np	np
Principal value of foreign currency derivative contracts sold in exchange for Australian dollars	957.0	0.1	233.8	45.7	40.2	1 276.7
Forward foreign exchange	268.0	—	220.8	39.2	28.9	556.9
Cross currency interest rate swaps	596.9	0.1	9.0	6.5	6.3	618.9
Futures	np	—	3.3	—	np	np
Currency options	np	—	0.4	—	np	39.7
Other	np	—	0.2	—	np	np
Principal value of foreign currency derivative contracts not involving Australian dollars	1 407.2	3.8	45.8	20.6	14.7	1 492.1

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

TYPE OF DERIVATIVE CONTRACT, by currency—as at 31 March 2013(a)

<i>Product type</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Principal value of foreign currency derivative contracts bought in exchange for Australian dollars	1 228.5	28.2	41.0	85.1	21.6	25.7	1 430.1
Forward foreign exchange	306.2	16.0	18.5	29.3	6.0	11.8	387.8
Cross currency interest rate swaps	827.1	10.6	20.3	51.9	13.3	10.5	933.8
Futures	np	0.4	—	np	np	np	np
Currency options	47.5	0.6	2.2	np	np	2.9	57.6
Other	np	0.4	—	0.6	—	np	np
Principal value of foreign currency derivative contracts sold in exchange for Australian dollars	1 110.6	27.0	28.9	60.9	16.0	33.3	1 276.7
Forward foreign exchange	445.0	19.5	19.6	44.0	7.2	21.6	556.9
Cross currency interest rate swaps	582.5	5.0	np	8.8	np	9.6	618.9
Futures	np	np	np	np	np	np	np
Currency options	31.5	np	np	2.8	1.5	1.0	39.7
Other	np	—	—	np	—	np	np
Principal value of foreign currency derivative contracts not involving Australian dollars	689.4	84.6	115.1	168.2	112.4	322.4	1 492.1

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

Product type	Banks	RBA	Other financial corporations	Central borrowing authorities & general government	Other resident sectors	Total all sectors
	\$b	\$b	\$b	\$b	\$b	\$b
Principal value of foreign currency derivative contracts bought in exchange for Australian dollars	1 217.4	5.9	97.0	21.9	87.9	1 430.1
With a residual maturity of:						
Less than or equal to 90 days	384.4	5.9	69.0	12.3	17.3	488.9
Greater than 90 days but less than or equal to 6 months	121.5	—	4.6	6.3	5.5	137.9
Greater than 6 months but less than or equal to 1 year	165.0	—	4.4	1.2	6.1	176.7
Greater than 1 year but less than or equal to 5 years	403.7	—	15.9	0.8	22.8	443.2
Greater than 5 years but less than or equal to 10 years	127.1	—	1.8	—	30.1	159.0
Greater than 10 years	15.7	—	1.3	1.3	6.1	24.3
Principal value of foreign currency derivative contracts sold in exchange for Australian dollars	957.0	0.1	233.8	45.7	40.2	1 276.7
With a residual maturity of:						
Less than or equal to 90 days	318.3	0.1	185.6	21.8	15.5	541.3
Greater than 90 days but less than or equal to 6 months	70.8	—	16.8	17.4	8.1	113.0
Greater than 6 months but less than or equal to 1 year	116.0	—	np	0.1	np	133.3
Greater than 1 year but less than or equal to 5 years	322.3	—	16.3	6.4	6.6	351.6
Greater than 5 years but less than or equal to 10 years	113.7	—	np	—	np	120.8
Greater than 10 years	15.9	—	np	—	np	16.6
Principal value of foreign currency derivative contracts not involving Australian dollars	1 407.2	3.8	45.8	20.6	14.7	1 492.1
With a residual maturity of:						
Less than or equal to 90 days	783.8	3.8	35.9	15.9	0.6	839.9
Greater than 90 days but less than or equal to 6 months	164.9	—	np	4.3	np	175.6
Greater than 6 months but less than or equal to 1 year	172.5	—	np	0.5	np	174.8
Greater than 1 year but less than or equal to 5 years	225.4	—	np	—	np	228.1
Greater than 5 years but less than or equal to 10 years	np	—	np	—	np	63.4
Greater than 10 years	np	—	np	—	np	10.3

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

<i>Instrument and Counterparty</i>	<i>United States dollar</i>	<i>United Kingdom pound</i>	<i>Japanese yen</i>	<i>Euro</i>	<i>New Zealand dollar</i>	<i>Other</i>	<i>Total all currencies</i>
	\$b	\$b	\$b	\$b	\$b	\$b	\$b
Principal value of foreign currency derivative contracts bought in exchange for Australian dollars	1 228.5	28.2	41.0	85.1	21.6	25.7	1 430.1
Non-Residents	812.8	16.6	26.9	60.4	15.1	11.3	943.2
Residents	415.7	11.5	14.1	24.7	6.5	14.4	487.0
Principal value of foreign currency derivative contracts sold in exchange for Australian dollars	1 110.6	27.0	28.9	60.9	16.0	33.3	1 276.7
Non-Residents	694.9	15.5	14.8	36.2	9.5	18.9	789.8
Residents	415.7	11.5	14.1	24.7	6.5	14.4	486.9
Principal value of foreign currency derivative contracts not involving Australian dollars	689.4	84.6	115.1	168.2	112.4	322.4	1 492.1
Non-Residents	584.0	78.4	104.2	np	88.2	np	1 250.2
Residents	105.4	6.2	10.9	np	24.3	np	241.8

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

	Banks	RBA	Other financial corporations	Central borrowing authorities & general government	Other resident sectors	Total all sectors
	\$b	\$b	\$b	\$b	\$b	\$b
.....						
Usual or benchmark level of hedging(b)						
No hedging	—	—	np	—	np	13.6
Full hedge	65.5	—	np	—	np	77.8
Partial hedge	np	—	131.4	46.6	np	193.8
No set benchmark	np	—	np	—	np	16.6
Total	74.0	—	152.8	46.6	28.5	301.8
Average level of hedging if partial is used (%)(c)	np	—	42.6	70.0	np	52.0
Aggregate exposure managed by varying the level of exposure around the benchmark	np	—	100.1	46.6	np	158.1

— nil or rounded to zero (including null cells)

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) Weighted mean across all entities who reported employing a hedging strategy, applied to the value of holdings in the underlying instrument.

(c) Weighted mean of percentages hedged across all entities who reported employing a hedging strategy of "partial hedge", applied to value of underlying instrument.

	Banks	RBA	Other financial corporations	Central borrowing authorities & general government	Other resident sectors	Total all sectors
	\$b	\$b	\$b	\$b	\$b	\$b
.....						
Usual or benchmark level of hedging(b)						
No hedging	—	—	np	—	np	2.0
Full hedge	np	—	37.8	4.6	np	85.1
Partial hedge	np	—	6.2	13.1	np	38.4
No set benchmark	3.2	—	np	—	np	3.6
Total	64.3	—	44.6	17.7	2.5	129.2
Average level of hedging if partial is used (%)(c)	np	—	51.1	70.0	np	76.9
Aggregate exposure managed by varying the level of exposure around the benchmark	10.4	—	14.3	np	np	37.8
.....						

— nil or rounded to zero (including null cells)

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) Weighted mean across all entities who reported employing a hedging strategy, applied to the value of holdings in the underlying instrument.

(c) Weighted mean of percentages hedged across all entities who reported employing a hedging strategy of "partial hedge", applied to value of underlying instrument.

	Banks	RBA	Other financial corporations	Central borrowing authorities & general government	Other resident sectors	Total all sectors
	\$b	\$b	\$b	\$b	\$b	\$b
.....						
Usual or benchmark level of hedging(b)						
No hedging	—	—	—	—	np	np
Full hedge	7.0	—	np	—	np	10.7
Partial hedge	np	—	—	—	np	np
No set benchmark	np	—	np	—	np	7.6
Total	40.3	—	np	—	np	48.2
Average level of hedging if partial is used (%)(c)	np	—	np	—	48.3	90.3
Aggregate exposure managed by varying the level of exposure around the benchmark	np	—	np	—	np	np
.....						

— nil or rounded to zero (including null cells)

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) Weighted mean across all entities who reported employing a hedging strategy, applied to the value of holdings in the underlying instrument.

(c) Weighted mean of percentages hedged across all entities who reported employing a hedging strategy of "partial hedge", applied to value of underlying instrument.

	<i>Banks</i>	<i>RBA</i>	<i>Other financial corporations</i>	<i>Central borrowing authorities & general government</i>	<i>Other resident sectors</i>	<i>Total all sectors</i>
	\$b	\$b	\$b	\$b	\$b	\$b
.....						
Usual or benchmark level of hedging(b)						
No hedging	—	—	np	—	np	np
Full hedge	—	—	np	—	np	np
Partial hedge	np	—	—	—	np	4.9
No set benchmark	—	—	—	—	2.2	2.2
Total	np	—	np	—	44.9	45.0
Average level of hedging if partial is used (%)(c)	np	—	—	—	np	60.9
Aggregate exposure managed by varying the level of exposure around the benchmark	np	—	np	—	np	5.9

— nil or rounded to zero (including null cells)

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) Weighted mean across all entities who reported employing a hedging strategy, applied to the value of holdings in the underlying instrument.

(c) Weighted mean of percentages hedged across all entities who reported employing a hedging strategy of "partial hedge", applied to value of underlying instrument.

	Banks	RBA	Other financial corporations	Central borrowing authorities & general government	Other resident sectors	Total all sectors
	\$b	\$b	\$b	\$b	\$b	\$b
.....						
Usual or benchmark level of hedging(b)						
No hedging	—	—	—	—	np	np
Full hedge	np	—	20.2	np	66.7	286.0
Partial hedge	np	—	np	0.6	16.3	183.6
No set benchmark	np	—	np	np	np	np
Total	342.9	—	36.4	12.4	92.0	483.7
Average level of hedging if partial is used (%)(c)						
	np	—	np	70.0	70.9	81.6
Aggregate exposure managed by varying the level of exposure around the benchmark						
	np	—	np	0.6	13.4	112.4
.....						

— nil or rounded to zero (including null cells)

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(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) Weighted mean across all entities who reported employing a hedging strategy, applied to the value of holdings in the underlying instrument.

(c) Weighted mean of percentages hedged across all entities who reported employing a hedging strategy of "partial hedge", applied to value of underlying instrument.

	Banks	RBA	Other financial corporations	Central borrowing authorities & general government	Other resident sectors	Total all sectors
	\$b	\$b	\$b	\$b	\$b	\$b
.....						
Usual or benchmark level of hedging(b)						
No hedging	np	—	np	—	np	np
Full hedge	18.2	—	13.5	—	2.7	34.4
Partial hedge	np	—	—	—	np	np
No set benchmark	5.5	—	np	—	np	8.5
Total	63.0	—	16.2	—	12.6	91.8
Average level of hedging if partial is used (%) (c)						
	np	—	—	—	np	83.5
Aggregate exposure managed by varying the level of exposure around the benchmark						
	np	—	np	—	np	33.5
.....						

— nil or rounded to zero (including null cells)

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) Weighted mean across all entities who reported employing a hedging strategy, applied to the value of holdings in the underlying instrument.

(c) Weighted mean of percentages hedged across all entities who reported employing a hedging strategy of "partial hedge", applied to value of underlying instrument.

	<i>Banks</i>	<i>RBA</i>	<i>Other financial corporations</i>	<i>Central borrowing authorities & general government</i>	<i>Other resident sectors</i>	<i>Total all sectors</i>
	\$b	\$b	\$b	\$b	\$b	\$b
.....						
Usual or benchmark level of hedging(b)						
No hedging	np	—	np	—	np	np
Full hedge	—	—	np	—	np	np
Partial hedge	—	—	—	—	11.2	11.2
No set benchmark	—	—	—	—	0.7	0.7
Total	np	—	np	—	38.3	38.6
Average level of hedging if partial is used (%)(c)	—	—	—	—	64.6	64.6
Aggregate exposure managed by varying the level of exposure around the benchmark	np	—	np	np	7.1	7.3
.....						

— nil or rounded to zero (including null cells)

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Sum of components may not round to total for specific items. For rounding conventions, see paragraph 13 of the Explanatory Notes.

(b) Weighted mean across all entities who reported employing a hedging strategy, applied to the value of holdings in the underlying instrument.

(c) Weighted mean of percentages hedged across all entities who reported employing a hedging strategy of "partial hedge", applied to value of underlying instrument.

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results in respect of 31 March 2013, from an ABS survey of Australian resident enterprises with exposure to foreign currency. This is the fourth occasion this survey has been conducted; the first was conducted in respect of 30 June 2001 as a supplementary survey to the Survey of International Investment, with results published in the December quarter 2001 issue of *Balance of Payments and International Investment Position* (cat. no. 5302.0). Subsequent surveys were conducted in respect of 31 March 2005 and 31 March 2009, with results published in the 2005 and 2009 issues of *Foreign Currency Exposure, Australia* (cat. no. 5308.0).

SCOPE

2 The scope of the survey was all Australian resident enterprises with significant foreign currency exposure through foreign currency denominated balance sheet positions and/or expected future foreign currency receipts and payments from trade of goods and services. This included government and private institutions, primarily financial corporations, importers and exporters. Expected future foreign currency receipts and payments from trade are not available for 30 June 2001, but are included in the results for 31 March 2005, 2009, and 2013.

COVERAGE

3 The survey population was designed to include those enterprises that cover in excess of approximately 90 per cent of foreign currency exposure for assets and liabilities, and was supplemented with a sample of importers and exporters with significant foreign currency denominated trade in goods and/or services.

4 Through continuing processes to refine the quality of the survey population, the ABS identified an undercoverage issue in the frame for the 2005 and 2009 surveys. The ABS amended the coverage for the 2013 survey, but was unable to source comparable data to revise historical estimates. As a result, estimates for expected future payments from trade with respect to the 31 March 2013 survey are not comparable with results from previous surveys.

INSTITUTIONAL SECTORS AND SUBSECTORS

5 The sectors used in this publication reference the *Standard Economic Sector Classifications of Australia 2008 (SESCA)* (cat. no. 1218.0). Classification of individual enterprises to subsectors used four-digit classes specified in the Standard Institutional Sector Classification of Australia (SISCA), grouping units according to similar economic functions and structural characteristics. For this publication, the SISCA classes were classified into sectors as follows:

- BANKS
 - 2121 *Banks*
- RESERVE BANK OF AUSTRALIA
 - 2110 *Reserve Bank of Australia*
- OTHER FINANCIAL CORPORATIONS
 - 2129 *Other Depository Corporations*
 - 2131 *Superannuation Funds*
 - 2132 *Life Insurance Corporations*
 - 2133 *Non-Life Insurance Corporations*
 - 2141 *Money Market Funds*
 - 2142 *Non-Money Market Financial investment Funds*
 - 2191 *Securitisers*
 - 2199 *Other Financial Intermediaries*
 - 2200 *Financial Auxiliaries*
 - 2309 *Money Lenders and Other Captive Financial Institutions*
- CENTRAL BORROWING AUTHORITIES & GENERAL GOVERNMENT
 - 2301 *Central Borrowing Authorities*
 - 3000 *General Government*
- OTHER RESIDENT SECTORS
 - 1001 *Non-Financial Investment Funds*

EXPLANATORY NOTES *continued*

INSTITUTIONAL SECTORS AND SUBSECTORS *continued*

- 1009 *Other Non-Financial Corporations*
- 4000 *Households*
- 5000 *Not-for-profit Institutions Serving Households*

6 The basic unit that is classified by sector is the institutional unit, which is defined as an economic entity that is capable, in its own right, of incurring liabilities and engaging in economic activities and transactions with other entities.

STATISTICAL UNIT:

7 The unit for which statistics were reported in the survey was the Australian enterprise unit. This consists of all the entities within an Australian enterprise group that are in the same SESCO subsector.

REFERENCE PERIOD:

8 Data contained in this publication relate to foreign currency denominated financial positions (balance sheet) and expected future foreign currency receipts and payments from trade collected from selected enterprises as at 31 March 2013. Summary data from the previous surveys are also included.

ACCURACY AND RELIABILITY:

9 Care should be exercised in the use and interpretation of data in this publication. While every effort is made to ensure the accuracy and reliability of data it is still possible that the variability within data can be significant.

10 Responses were received from 90% of the surveyed enterprises.

11 Results for 31 March 2013 exclude expected future foreign currency receipts and payments from trade in the 'greater than 10 years' time horizon. These data would distort the analysis because of the greater uncertainty surrounding their capacity to forecast estimates and bias introduced by smaller businesses having greater difficulty reporting this information.

12 For 31 March 2013, the ABS has discontinued an estimation technique employed in previous survey periods. This estimation was designed to enhance comparability of expected future receipts (from export of goods and services) with expected future payments (for import of goods and services) via benchmarking data to historical data for foreign currency receipts and payments sourced from *Export and Invoice Currencies* (cat. no. 5368.0). The ABS is cautious in applying this technique given currency value volatility and an improved coverage in 2013. For comparability purposes, current invoice currency data is available for the year-to-30 June 2012. Applying the estimation technique to this data results in foreign currency payments increasing by a factor of 1.359.

ROUNDING:

13 Where figures have been rounded, a discrepancy may occur between the sum of the component items and the total. Published percentages are calculated prior to rounding of figures and therefore a discrepancy may occur between the published percentages and percentages which could be calculated using the published estimates.

SIGN CONVENTION:

14 Contrary to the balance of payments conventions, this publication uses the natural sign convention in the presentation of data, analysis and associated commentary.

CURRENCY CONVERSION:

15 Data are expressed in Australian dollars. Amounts denominated in a foreign currency are converted to Australian currency at the market exchange rate at the reference date.

VALUATION BASIS:

16 In these statistics all asset and liability positions are valued at market prices.

17 The principal value is reported for all financial derivative currency contracts. The principal of a derivative contract is the underlying notional amount upon which the transaction is based.

EXPLANATORY NOTES *continued*

FURTHER INFORMATION

18 Tables 1 to 23 of this publication are available free on the ABS website <<http://www.abs.gov.au>> from the 'Downloads' tab of this issue. A number of these tables present more detailed breakdowns than included in the publication and a number of additional tables are also available free on the ABS website.

19 Tables with more detailed breakdowns:

- 7. Foreign currency assets and liabilities – by currency – as at 31 March 2013, by sector
- 8. Foreign currency denominated debt security liabilities, by maturity – by currency – as at 31 March 2013, by sector
- 10. Foreign currency denominated assets and liabilities, by level of hedging – by currency – as at 31 March 2013, by sector
- 11. Hedging of foreign currency denominated debt security liabilities – by currency – as at 31 March 2013, by sector
- 12. Maturity matched hedging of foreign currency denominated debt security liabilities – by currency – as at 31 March 2013, by sector
- 16. Value of derivative contracts – by counterparty and currency – as at 31 March 2013, by sector

20 Additional tables:

- Determinants of hedging strategy – by sector – by financial instrument.

21 Tables presented in this publication and online have been reordered since the 2009 issue of this publication to accommodate new tables and other changes. As a reference for users, the following table presents a concordance between the tables for the current publication and those published in 2009.

CONCORDANCE GUIDE: 2013 TO 2009 PUBLISHED TABLES

<i>2013 Publication Table Number</i>	<i>2009 Publication Table Number</i>
1. Foreign Currency Exposure, at end of period	1
2. Foreign Currency Exposure - by sector - as at 31 March 2013	2
3. Foreign Currency Exposure of assets and liabilities - by currency - as at 31 March 2013	3
4. Foreign Currency Exposure of derivative contracts - by currency - as at 31 March 2013	4
5. Foreign currency debt assets and liabilities, by maturity - by sector - as at 31 March 2013	5
6. Foreign currency assets and liabilities, by counterparty - by currency - as at 31 March 2013	-
7. Foreign currency assets and liabilities - by currency - as at 31 March 2013	-
8. Foreign currency denominated debt security liabilities, by maturity - by currency - as at 31 March 2013	-
9. Foreign currency denominated expected receipts and payments from trade	6
10. Foreign currency denominated assets and liabilities, by level of hedging, All sectors - by currency - as at 31 March 2013	-
11. Hedging of foreign currency denominated debt security liabilities, All sectors - by currency - as at 31 March 2013	-
12. Maturity matched hedging of foreign currency denominated debt security liabilities, All sectors - by currency at 31 Mar 2013	-
13. Type of derivative contract, by sector - as at 31 March 2013	7
14. Type of derivative contract, by currency - as at 31 March 2013	8
15. Value of derivative contracts, by maturity - by sector - as at 31 March 2013	9
16. Value of derivative contracts, by counterparty, All sectors - by currency - as at 31 March 2013	-
17. Hedging policy - Foreign equity assets	-
18. Hedging policy - Foreign currency denominated debt assets (excluding intra-group counterparties)	-
19. Hedging policy - Foreign currency denominated debt assets (intra-group counterparties)	-
20. Hedging policy - Expected future receipts from trade	13
21. Hedging policy - Foreign currency denominated debt liabilities (excluding intra-group counterparties)	-
22. Hedging policy - Foreign currency denominated debt liabilities (intra-group counterparties)	-
23. Hedging policy - Expected future payments from trade	15

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