

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates 22-23 October 2008

Question: aet 28

Topic: Foreign Exchange

**Hansard Page: Foreign Affairs, Defence & Trade Committee
25 February 2009, Page 34**

Senator JOHNSTON asked:

1. What assumptions are used to determine the fluctuations in foreign exchange?
2. What is the base rate that you have determined for 2008-09?

Answer:

1. The domestic economy forecasts and parameters are based on a technical assumption for exchange rates. The exchange rate is assumed to remain around its recent average level over the forecast horizon.
2. The exchange rate assumption in the latest published forecasts, the Updated Economic and Fiscal Outlook February 2009, was for a US dollar exchange rate of around 68 US cents and a trade weighted index of 55.