

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 340

Topic: China's Economy

Hansard Page: Written

Senator EGGLESTON asked:

1. Does the Chinese purchase of US bonds concern Treasury?
2. How do you feel that the Chinese yuan will move over the next 12 months? How is that likely to impact on the Australian economy?

Answer:

No. US Treasury securities (known as US Treasuries) are considered 'safe haven' financial assets. US Treasuries are therefore held by investors from many countries, including China.

How do you feel that the Chinese yuan will move over the next 12 months?

Answer:

Treasury does not comment on future movements in exchange rates.

What will be the impact on Australia of yuan appreciation?

Answer:

Australia will benefit from a prosperous Chinese economy and Treasury sees yuan appreciation as in China's interests.