



BOARD MEETING DATE:

23/03/2017

No 7 Matters for Decision

Item: c

Title: Interest Rate Review Lending 01/04/17 – 30/06/17

No of Pages. 5 incl Header

AFGD Business Reference Rate (ABRR) Variable – as at 01/04/2017

Based on the first business day of each quarter based on the higher of:

I. That day's BBSW plus 400bp; or

Provided that the result in the net interest margin is not less than **250bp** above AFGD marginal cost of capital.

	As at 21/03/17
	Rate
* BBSW - 90 day rate	1.790 %
	<u>4.000 %</u>
	5.790%
Proposed ABRR Variable	6.05%
Floor:	
Marginal Cost of Capital as at 28/02/2017	2.55 %
Margin	<u>2.50 %</u>
	5.05%
ABRR Variable	6.05%

AFGD Business Reference Rate (ABRR) Fixed 1 year – From 1/4/2017 to 30/06/2017

Set on the first business day of each quarter:

Business Lending rate Westpac Fixed 1 year (23/08/2016)	5.07 %
Plus Margin	<u>1.20 %</u>
	6.27%
ABRR Fixed 1 Year	6.27%

AFGD Parish Reference Rate (APRR) Variable – as at 01/4/2017

Based on the first business day of each quarter based on the higher of:

I. That day's BBSW plus 300bp; or

Provided that the result in the net interest margin is not less than **150bp** above AFGD marginal cost of capital.

	As at 21/03/17
	Rate
BBSW – 90 day rate	1.790%
	<u>3.000%</u>
	4.790%
Proposed APRR Variable	5.05%
Floor:	
Marginal Cost of Capital as at 28/02/17	2.55%
Margin	<u>1.50%</u>
	4.05%
APRR Variable	5.05%

AFGD Parish Reference Rate (APRR) Fixed 1 year – from 1/4/2017 to 30/06/2017

Set on the first business day of each quarter:

Business Lending rate Westpac Fixed 1 year (23/08/2016)	5.07 %
Plus Margin	<u>0.20 %</u>
	5.27%
APRR Fixed 1 Year	5.27%

Equities	Level	Change (%)
Dow Jones	20,915	-0.1
S&P 500	2,378	-0.1
Nasdaq	5,901	0.0
Euro Stoxx 50	3,448	0.2
DAX	12,095	0.1
FTSE	7,425	0.1
Nikkei	19,522	-0.3
Shanghai A	3,237	-1.0
Aus SPI	5,770	-0.3
ASX 200	5,800	0.2
NZX 50	7,158	0.1
VIX	11.3	0.6
Commodities	Level	Change (%)
PRECIOUS AND BASE METALS		
Gold (USD/oz)	1,229	0.2
Gold (AUD/oz)	1,598	-0.1
Silver (USD/oz)	17.40	0.5
Palladium (USD/oz)	777	1.2
Platinum (USD/oz)	965	0.7
Aluminium (USD/t)	1,914	0.5
Copper (USD/t)	5,935	0.4
Nickel (USD/t)	10,260	0.5
Zinc (USD/t)	2,882	1.8
ENERGY		
WTI futures (USD/bbl)	48.78	-0.2
Brent futures (USD/bbl)	51.76	-0.1
Tapis (USD/bbl)	52.70	-1.5
Henry Hub (USD/MMBtu)	2.83	-0.6
AGRICULTURE		
Corn (US\$/bu)	368	0.4
Wheat (US\$/bu)	436	0.1
Soybeans (US\$/bu)	1,000	-0.1
Cotton (US\$/lb)	78.36	0.2
Sugar (US\$/lb)	18.17	-0.4
Live Cattle (US\$/lb)	110	0.2
Palm Oil (MYR/mt)	2,803	0.3
Cocoa (USD/mt)	2,013	-0.7
OTHER		
China Rebar (RMB/t)	4,000	-0.1
Thermal Coal (USD/t) ¹	81.30	0.2
Coking Coal (USD/t) ²	158.60	-2.8
Iron Ore Spot (USD/t) ³	92.34	-0.3
CRB Index	184.48	0.2

Global Interest Rates	Level	Change (bps)
Fed Funds Rate	1.00	0.0
3m Libor	1.1518	0.0
2yr bond	1.315	-1.8
10yr bond	2.501	-3.2
30yr bond	3.110	-3.4
10yr bund	0.435	-1.3
10yr gilts	1.244	-0.5

AU Rates	Level	Change (bps)
Cash Rate	1.50	0.0
3m bills	98.20	1.0
3yr bond future	97.93	2.0
10yr bond future	97.12	3.0
1yr swap	1.82	-0.3
2yr swap	1.98	-0.7
3yr swap	2.15	-1.4
4yr swap	2.51	-1.8
5yr swap	2.64	-2.5
7yr swap	2.86	-2.2
10yr swap	3.09	-2.6

Note: The overnight currency ranges are between 4pm AEDT the previous trading day to 6:45am AEDT today. Due to liquidity constraints, these are not necessarily tradable levels. Money market rates are indicative levels only. Please speak to your ANZ representative if you require the latest market pricing.

1 Newcastle futures contract

2 Australian coking coal free on board price (weekly)

3 Iron ore spot (62% fines) price including freight, Qingdao Port, China

COMMODITIES

Commodities were broadly positive across the board as the impact of a more hawkish Fed lingered across the market.

Crude oil prices inched higher as another strong increase in drilling activity in the US was negated by signals that OPEC may be willing to extend production cuts. Baker Hughes data showed that the number of oil rigs operating in the US rose 14 to 631 last week, the highest level since September last year. Saudi Arabian Energy Minister Khalid Al-Falih said they are ready to extend the current level of cuts if supplies stay above the five year average. Russian Energy Minister Alexander Novak said OPEC and its partners should decide by May whether to continue curbs on output. OPEC also reported that producers who signed up to the production agreement had implemented 94% of the pledged 1.8mb/d in output cuts.

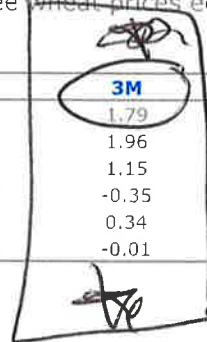
Base metals were higher as the weaker USD helped improve investor sentiment. Zinc prices led the gains after LME stockpiles recorded another strong drawdown. They are now down 12% since the start of the year, and are touching 8-year lows. Copper threatened to push back above USD6000/t as supply disruptions showed no signs of easing. Escondida increased its offer to striking workers in Chile. In Indonesia, Freeport started letting staff go as the impact of the halt to exports lingered.

Iron ore spot prices rose further again as optimism on the outlook continued to improve following the recent release of better than expected economic data in China. There are also signs that the level of price gains is worrying authorities in China. The NDRC released a statement on Friday saying the recent increases in coal and steel prices are temporary and short term.

Gold pushed higher as the relief rally post the Fed meeting continued. With concerns of a more hawkish Fed now easing, the outlook for gold looks a little bit more positive.

Agriculture markets were mixed, with moves relatively muted. A lack of concern over weather has kept the pressure on corn and soybean markets. However, a dry outlook in the US Plains did see wheat prices edge higher.

Floating Rate	Cash	1M	2M	3M	6M
AU (BBSW)	1.50	1.63	1.73	1.79	2.00
NZ (BKBM)	1.75	1.83	1.90	1.96	2.02
USD (Libor)	1.00	0.98	1.02	1.15	1.43
EUR (Libor)	0.00	-0.39	-0.37	-0.35	-0.25
GBP (Libor)	0.25	0.26	0.31	0.34	0.50
JPY (Libor)	0.10	-0.05	-0.03	-0.01	0.03



Variable rates

Variable rates current on and from 23rd August 2016

Rate name	Variable rate (Base rate only, a margin may apply)
Small Business Loan Rate	5.24% p.a.
Small Business Overdraft Rate	6.44% p.a.
Business Development Rate	6.35% p.a.
Overdraft Business Rate	7.17% p.a.
Business Equity Access Rate	5.47% p.a.

- A margin may apply depending on the type of security provided, the purpose for which the finance is required or the term of the facility
- Interest is calculated daily on the balance used, and charged monthly.

Fixed rates

Fixed rates current on and from 23rd August 2016

Term	Fixed rate for business loans (Base rate only, a margin may apply)
1 year	5.07%
2 year	5.10%
3 year	5.10%
4 year	5.27%
5 year	5.40%