



Exchange Rate Movements 2008

This Research Snapshot looks at exchange rate movements[#] between the Australian dollar and the currencies of Australia's traditional competitors, and between the Australian dollar and the currencies of Australia's top-10 source countries during 2008. This year was one of substantial global volatility, with rapid increases and decreases in exchange rates, coupled with widespread turmoil in financial markets around the world. Against this background of volatility, the number of international students electing to invest in an international education in Australia continued to grow rapidly, with the number of enrolments with Australian providers exceeding 500,000 for the first time.

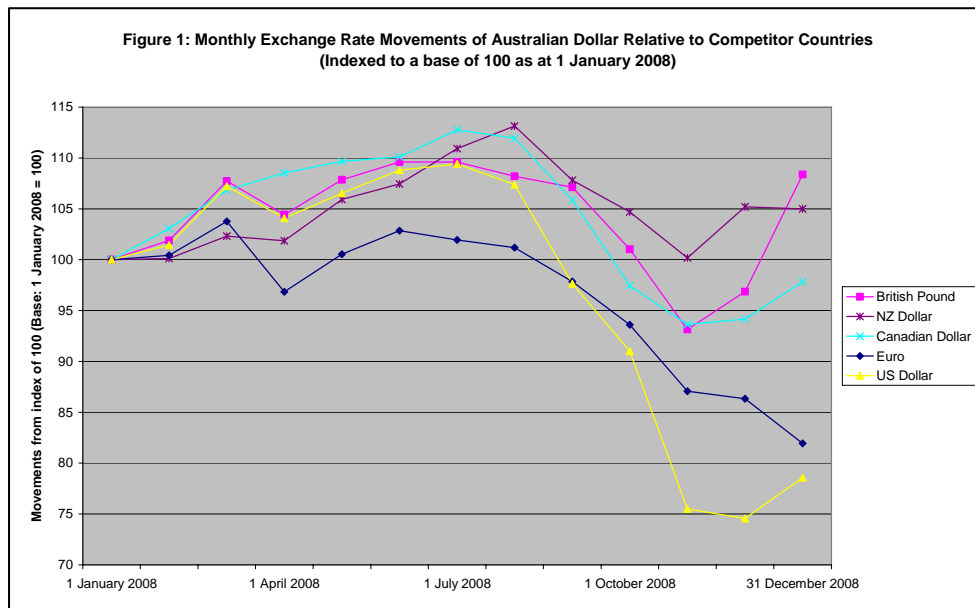


Figure 1 shows the changes in the value of the Australian dollar from January 2008 relative to competitor currencies. The Australian dollar grew rapidly in value up to the middle of the year, before falling sharply. By year end, the Australian dollar had fallen 21% relative to the US Dollar, 18% relative to the Euro and 2% relative to the Canadian Dollar; but had appreciated 8% relative to the British Pound and 5% relative to the New Zealand Dollar.

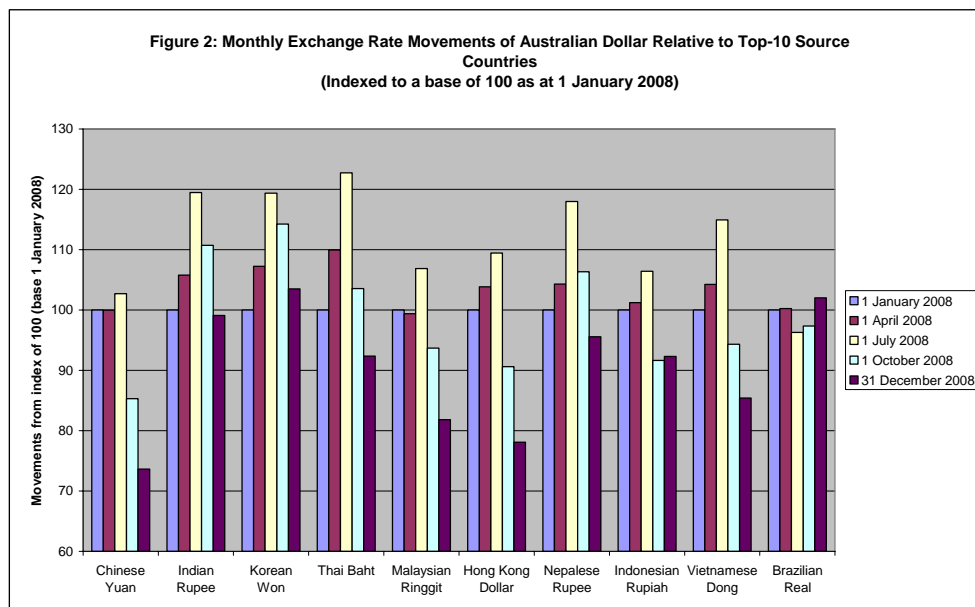


Figure 2 shows the movements of the Australian dollar against the currencies of each of the top ten source countries for international students. By the end of 2008, the Australian dollar had fallen 26% against the Chinese Yuan, 22% against the Hong Kong Dollar, 18% against the Malaysian Ringgit, 15% against the Vietnamese Dong and 8% against both the Thai Baht and the Indonesian Rupiah. Only two of the top ten source countries – Brazil and Korea – faced a slightly more expensive Australian dollar.

While global stock markets saw major declines in 2008* (China -65%, India -53%, Korea -32%, Malaysia -39%, Hong Kong -47% and Brazil -37%), the decline in the value of the Australian dollar against many of these countries, and against the US and Canadian dollars, will go some way to maintaining Australia's price competitiveness in a deteriorating global economic environment.

[#] Exchange rate data have been obtained from Oanda, the Currency Site (<http://www.oanda.com/convert/classic>)

* Performance of global stock markets from New York Times – reflecting 12 month performance to close of markets, 14 January 2008. (<http://markets.nytimes.com/research/markets/overview/overview.asp>)