



# Elections and Financial Markets



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# The Election



- **A Federal Election will be held on 24 November 2007.**
- **A half Senate Election will also occur.**
- **The Rudd led Labor Opposition would need to win 16 seats with a uniform swing of a little under 5% to win a workable majority in the lower house (i.e. 76 seats in the 150 seat House of Representatives).**
- **The Coalition currently holds 39 of the 76 seats in the Senate.**



# Current Australian Parliament



## ■ House Of Representatives - 150 Members

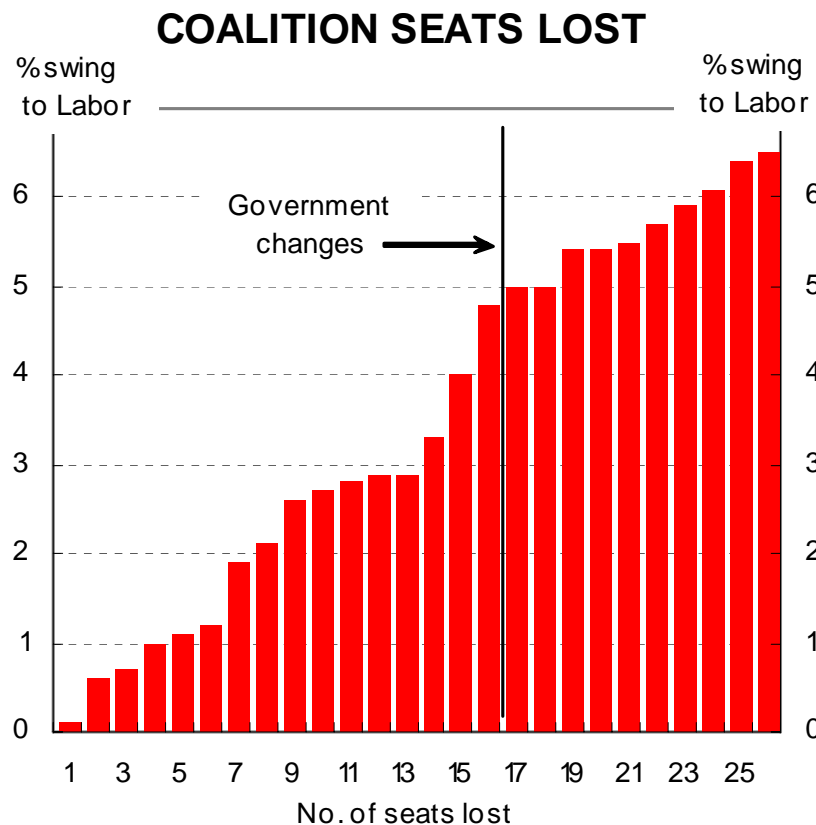
- Coalition: 87
- ALP: 60
- Independents: 3
- Coalition has a 27 seat majority (ie majority goes with the loss of 12 seats & a 16 seat loss gives an absolute majority for Labor).
- A Coalition loss of 13-15 seats would see a minority Government formed and a recipe for instability.

## ■ Senate - 76 Members.

- Coalition: 39
- ALP: 28
- Democrats: 4
- Greens: 4
- Others (Family First Party): 1



# The Mathematics

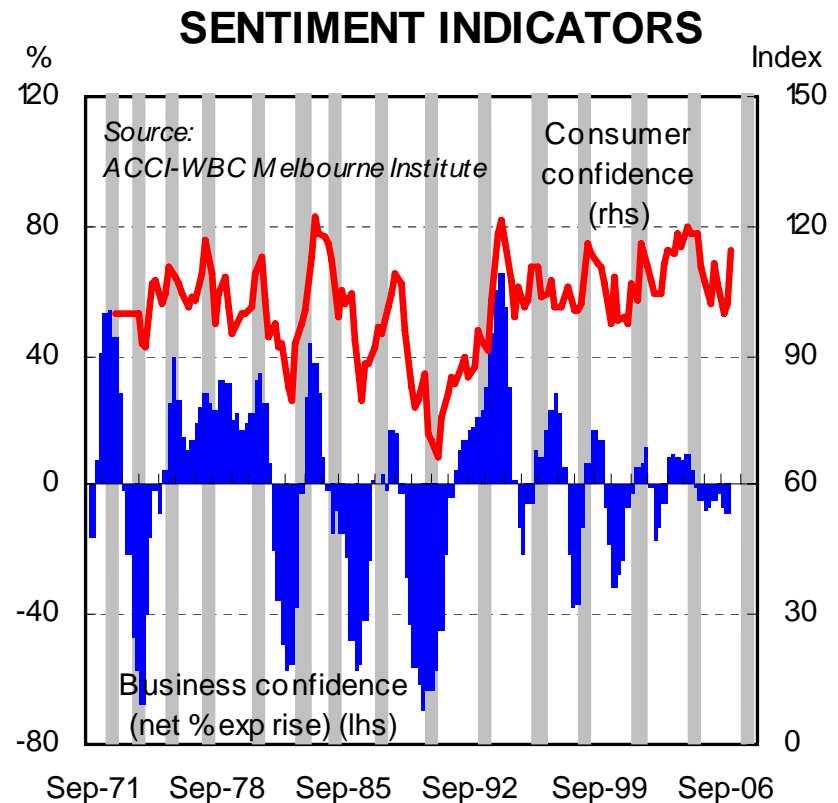
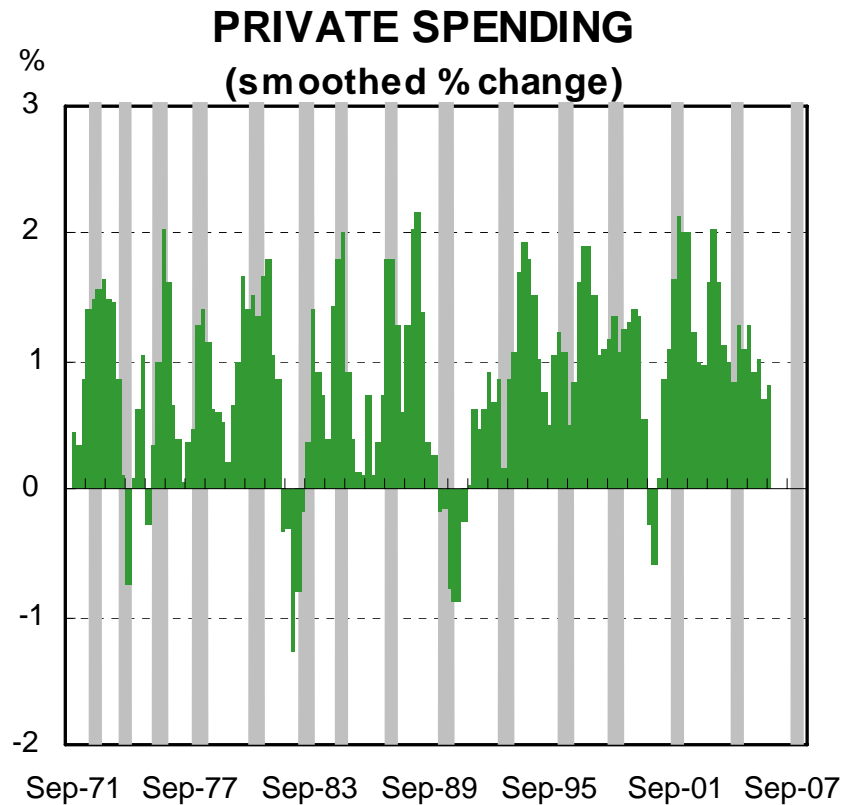


- The Coalition won 52.7% of two party preferred vote at 2004 poll.
- In 2004 the Coalition more than held the line in key marginal seats and actually picked up 4 seats from Labor Opposition.
- In 2007 a 4% swing against the Coalition would see 14 seats fall to the ALP with a 4.8% swing delivering Labor the 16 seats needed to form a majority Government.



# The Election

What will it mean for the economy?

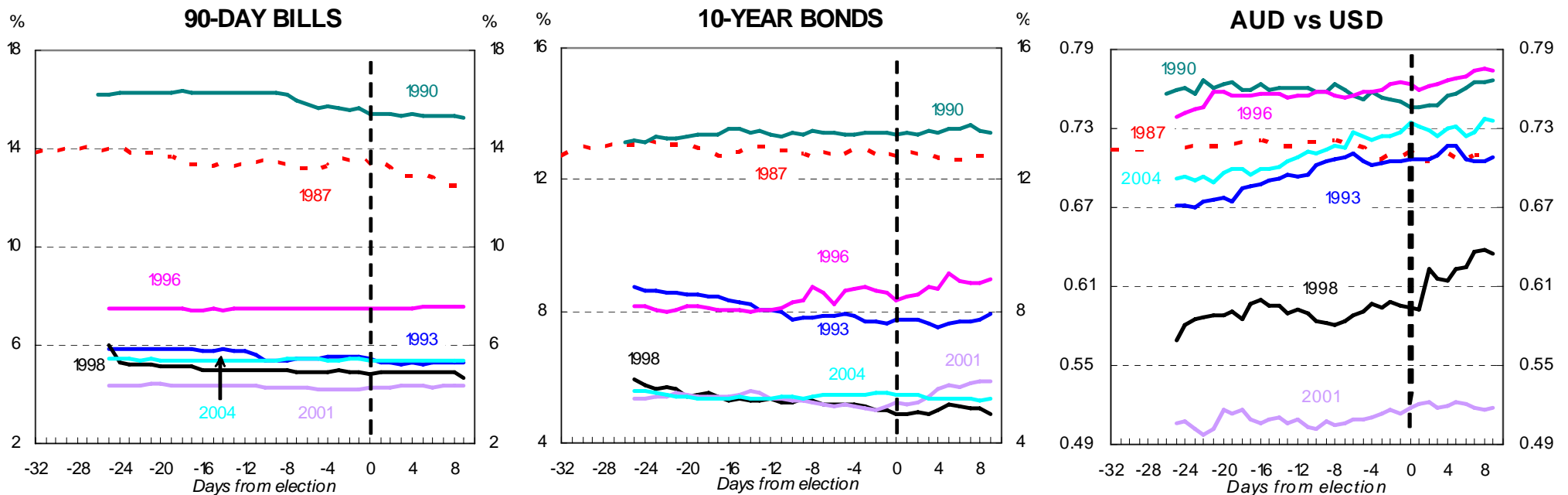


- Elections have little obvious effect at the aggregate level.
- Underlying trends are the key.



# The Election

What will it mean for financial markets?



- Some tendency for rates to drift a little lower and AUD to move a little higher.
- Again, underlying trends are the key.



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