

EAST COLES TREASURY MARKETS REPORT 2000

INTRODUCTION

The East Coles Treasury Markets Report 2000 was one of three conducted on the financial markets in 2000 by East Coles. The others were the East Coles Equities Research and Dealing Report and the East Coles Corporate Advisory Report.

These products have now been restructured, and it is planned to have four financial markets products in 2001 and beyond. They will be;

- The East Coles Equity Markets Report
- The East Coles Debt Markets Report
- The East Coles Treasury Markets Report
- The East Coles Corporate Advisory Report

East Coles plans to take these Reports into the Asian Markets at some stage in the foreseeable future.

Both the Equity & Debt Reports will cover the primary & secondary markets, evaluating both firm and individual performances across major product categories and key performance criteria.

Respondents will be predominantly institutional on the secondary side, and corporate on the primary side. Targeting of respondents will generally be according to involvement in the relevant markets, status by market capitalisation and size of equities or debt under management.

East Coles Financial Research Products follow similar structures, with each containing an Introduction, Methodology, Executive Summary & Results Section, as well as a main body of data broken down by sector / product at the individual / bank levels.

The East Coles Treasury Markets Report 2000 examined the performance of banks providing treasury markets services to corporate and institutional clients. This was conducted across 5 main product lines; Foreign Exchange, Derivatives, Fixed Interest, Money Market and Research.

Within these product lines bank performance across the following categories was examined; Foreign Exchange - Spots, Forwards (up to 2 yrs), Medium-Term Forwards (more than 2 yrs) & Options; Derivatives - Cross-Currency Swaps, Interest-Rate Swaps, Interest-Rate Options, Futures; Fixed Interest – Government Bonds, Semi-Government Bonds, Corporate Bonds & Credit Research; Money Market – Forward Rate Agreements, Call Money Market; Research - Economic & Technical Research.

Performance was examined at the bank and individual level, utilising key performance criteria. These criteria included pricing accuracy & speed, settlement ability & internet capacity at the bank level, and responsiveness, relationship management and professionalism at the individual level.

Respondents were targeted according to the Top 150 companies by market capitalisation, and then the Top 150 companies by annual revenue. The Top 50 institutions by debt under management were also targeted. We achieved our target of 240 completed questionnaires from this group.

Respondents were asked to nominate their three main banks used by volume of business in each of the 5 product lines, except fixed interest, where five were requested. Respondents were also asked to nominate to whom they spoke at each bank, and could nominate up to two dealers at each bank.

Weighting factors were considered, but on balance it was decided not to apply them to the data. At the dealer level it was felt it would be fairer for every dealer's client / account to be treated equally, rather than emphasis to be placed on the size of the client / account. This is especially so as although more than one hundred dealers were rated, a sample taken of the client population can never include each individual's full target market.

At the bank level, no appropriate weighting factor was able to be identified which was relevant across each respondent. For example, not every respondent was ASX listed, so market capitalisation was unavailable. Also, not every respondent opted to nominate the dollar value volume of business transacted in each product line. Finally, annual revenue (the only available data relevant across each respondent) was not perceived by the market place at large to be sufficiently significant as a proxy for business transacted for use as a weighting factor.

Having said this, subscribers are able on request to have the data re-cut to suit their specific needs, including the application of weighting factors across various applicable respondent groups. For example, should it be relevant to a subscriber to review the Foreign Exchange section by evaluating performance with only the Top 50 respondents by Market Cap, this is readily achieved.

Whilst it is not the aim of East Coles to attract media attention and create high profiles for individual achievers, this is in some ways a natural consequence of our endeavours. Bloomberg and The Australian Financial Review regularly carry summary articles on our results (see Appendix A), and this reflects our credibility in the local markets.

The main purpose of East Coles Financial Research is to improve market efficiency by providing subscribers with management tools and performance indicators, enabling corporate and institutional respondents to influence the level, quality and style of service they receive. The Executive Summary for the East Coles Treasury Markets Report 2000 enshrines this important feedback. The Results section conveys the impact of its sentiment numerically.

APPENDIX A

BLOOMBERG ARTICLE - 7 DEC 2000

ANZ Rated Best for Money Market, Forex and Derivatives: Survey
12/7/0 17:35 (New York)

Sydney, Dec. 8 (Bloomberg) -- Australia & New Zealand Banking Group Ltd., the country's No. 4 lender, was rated best in providing foreign exchange, derivatives and money market services in a survey of 240 of the nation's biggest companies.

The East Coles Pty. treasury markets survey of banks ranked Westpac Banking Corp., the country's third-biggest lender, best in treasury research and fixed income.

"We're not surprised by the findings," said Paul Edwards, spokesman for ANZ Bank. "Foreign exchange, the Australian dollar -- they are our traditional strengths."

Foreign banks rated in the top five in various categories included UBS Warburg Australia, the investment banking arm of Switzerland's UBS AG, and Deutsche Bank Australia, which ranked second and third respectively in fixed income. Citibank Ltd., the domestic arm of Citigroup, was fifth for providing foreign exchange services to companies.

The survey polled executives from Australian companies, who rated the banks' best dealers.

Westpac's Fiona De Vere was rated best foreign exchange dealer, ABN Amro's Gerard Minack was No. 1 for treasury research, Salomon Smith Barney's Meredith Davidson was first in fixed income, Deutsche Bank's Matthew Lemke topped derivatives, and National Australia Bank Ltd.'s Barry Atkinson was ranked best in money market.

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Story Illustration: See {ANZ AU <Equity> GP <GO>} for the stock performance of ANZ Bank.