

Table 6: Australian equity beta estimates at benchmark leverage

Estimator	Assets					Portfolios			Average of Assets and Portfolios
	APA	AST	DUE	SKI	Average of Assets	Equal Weighted	Value Weighted	Average of Portfolios	
OLS	0.759	0.286	0.466	0.383	0.474	0.473	0.425	0.449	0.461
LAD	0.896	0.532	0.430	0.505	0.591	0.735	0.542	0.639	0.615
Mean All Methods	0.828	0.409	0.448	0.444	0.532	0.604	0.484	0.544	0.538

Source: ERA analysis.

Confidence interval for Australian mean beta	LAD	OLS
APA	0.896	0.759
AST	0.532	0.286
DUE	0.430	0.466
SKI	0.505	0.383
Mean	0.591	0.474
σ (sample standard deviation)	0.208	0.204
N (number of observations)	4	4
Standard error of the mean ((σ/\sqrt{N}))	0.104	0.102
Degrees of freedom	3	3
T score for 95% Confidence Interval	3.182	3.182
Confidence interval for Australian mean equity beta upper bound	0.92	0.80
Confidence interval adjusted from 52% gearing to ERA 55% gearing	0.98	0.85

Table 7: Domestic and International equity beta estimates a benchmark leverage

Estimator	AUS	US	Canada	UK	NZ	Mean of all countries
Gearing	0.521	0.404	0.505	0.430	0.414	0.455
Panel A: Equity beta at target leverage						
OLS	0.461	1.133	0.900	0.919	0.648	0.812
LAD	0.615	0.813	0.782	0.763	0.565	0.707
Mean All Methods	0.538	0.973	0.841	0.841	0.606	0.760
Panel B: Asset beta						
OLS	0.208	0.510	0.405	0.414	0.291	0.366
LAD	0.277	0.366	0.352	0.343	0.254	0.318
Mean All Methods	0.242	0.438	0.378	0.379	0.273	0.342

Source: ERA analysis.