



MARKET ANNOUNCEMENT

6 January 2009

ASX Monthly Activity Report - December 2008

Volatility in equity and debt markets around the world moderated somewhat in December relative to the levels observed in October and November 2008, but still remains well above levels before the onset of the global credit crisis. Australian equity values were marginally lower in December, with a rally late in the month helping to offset falls early in the month.

Trading volumes in cash equities declined along normal seasonal lines in December but were significantly above levels in December 2007. Trading in a number of large listed entities helped underpin activity, with bank shares actively traded around large capital raisings, and Telstra and Qantas shares around significant corporate announcements.

While there was no new capital raised through initial public offerings (IPOs) for the second month in a row, companies (particularly from the financial sector) made large secondary capital raisings during the month. In December, there were several large institutional placements including Westpac Bank (\$2.5 billion), QBE Insurance (\$2.0 billion), and Commonwealth Bank (\$ 2.0 billion). In addition, there were two large dividend reinvestment plans completed during the month, by ANZ Bank (\$1.5 billion) and Westpac Bank (\$1.4 billion).

ASX's trading, clearing and settlement systems provided market users with 100% uptime availability throughout the month, with the exception of an interruption on the futures market platform during the overnight trading session on 12 December 2008.

Listings and capital raisings

- In December 2008 there were 2 new listings admitted (wholesale debt issues), compared to 58 in the previous corresponding period (pcp). Total listed entities at end December 2008 were 2,223¹, up 1% on the 2,209 at the end of December 2007.
 - In calendar year 2008, 93 new entities listed, compared to 314 in calendar year 2007.
- Total capital raised in December 2008 amounted to \$13.1 billion, up 51% on the pcp. There was no new capital raised through IPOs and \$13.1 billion in secondary raisings, up 156% on pcp.
 - Total capital raised in calendar year 2008 was \$62.5 billion, 24% lower than in 2007. IPO's were 88% lower and secondary capital raisings were 4% down on the previous calendar year.

Trading – Cash markets (including equities, interest rates and warrants trades)

Equity values fell in the first half of December by over 3.5% before recovering most of those losses towards the end of the month on low, Christmas affected, trading volumes. Market volatility also declined during December, with the average daily movement in the All Ordinaries Index declining to 1.3% from 2.7% in November and 3% in October.

- Total cash market trades for December 2008 were 7.8 million, up 26% on the pcp.

¹ Entities include companies and trusts with quoted equities (including individual entities that trade as stapled securities) and also other entities with debt securities only.

- Total cash market trades in calendar year 2008 were 107.1 million, 55% higher than calendar year 2007.
- Average daily trades for December 2008 of 370,531 were 14% up on the pcp.
 - Average daily trades for calendar year 2008 were 421,796, 54% higher than calendar year 2007.
- Total cash market traded value was \$74.0 billion in December 2008, down 34% on the pcp, with a daily average value of \$3.5 billion, down 40% on the pcp. The All Ordinaries Index was 43% lower than at the end of December 2007.
 - Total cash market traded value in calendar year 2008 was \$1.4 trillion, 12% lower than calendar year 2007.
- In December 2008 the average value per trade was \$9,513, down 48% compared to \$18,191 in the pcp and the percentage of traded value crossed was 23% (26% pcp).

Trading - Derivatives markets

SPI 200 index futures contract volumes continued to be healthy, supported this month by the expiry of December contracts. Contracts traded in December 2008 were 26% higher than in the corresponding month of 2007.

Australian market interest rates continued to move down during the month following the larger than expected 100 basis point cut in official interest rates on the 2nd of December. Credit market conditions in other major markets also eased with short term interest rates falling in the US and Europe, with short-dated Treasury Bill interest rates falling to close to zero as the outlook for the global economy worsened.

Trading in Australian interest rate futures contracts spiked around the RBA's interest rate decision and was supported by Australian banks tapping domestic and international debt markets for the first time since the bank wholesale borrowing guarantee arrangements were put in place.

- Equity derivatives volume (excluding SPI 200) for December 2008 was 1.3 million contracts, down 21% on the pcp, with a daily average of 64,141 contracts, down 28% on pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for December 2008 was 4.8 million, down 43% on the pcp, with a notional value of \$1.5 trillion. Average daily contracts volume during December 2008 of 228,683 was down 48% on the pcp. Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for calendar year 2008 was 76.1 million, down 18% on calendar year 2007, with a notional value of \$34.5 trillion, down 17% on calendar year 2007.
- A total of 4,994 ASX CFD trades were transacted in December 2008 comprising a volume of 3.2 million contracts. The total notional value of all CFD trades for December was \$114.2 million, and the value of CFD open interest at the end of December was \$34.9 million.

Clearing

All on-market trades are novated by ASX's two (equities and derivatives market) central counterparty clearing house subsidiaries (CCPs), which act as counterparties to those trades and replace bilateral counterparty exposures.

Despite lower market volatility during December 2008 a range of actions and changes to risk parameters by ASX's CCPs were undertaken. The steps taken by the CCPs to deal with this environment included:

- Intra-day margin calls on the CCPs' clearing participants across all ASX and SFE-traded markets, totalling \$166.8 million over 5 days during the month. Initial margin rates on debt, equity and commodity derivatives positions were unadjusted during December.

Initial margins have been set at levels that reflect recent market volatility and conditions. They are designed to ensure the CCPs are adequately collateralised, given current market volatility and conditions, to appropriately risk-manage clearing participant exposures.

- Ongoing review of, and adjustments where necessary to, limits and risk model parameters to ensure the CCPs' variable capital protection levels remained appropriate.

Settlement

Equity settlement performance measures continued to improve in December 2008. The average initial settlement failure rate was 0.16% of all settlements scheduled compared to a rate of 0.19% in November 2008.

Post the lifting of the ban on short-selling of non-financial securities from the opening of trading on 19 November 2008, there has been no noted adverse impact on settlement efficiency.

There were no delays with the completion of batch settlement in the equities market during December and fixed income settlement through Austraclear was conducted normally.

To support the initiatives already undertaken by ASX to further enhance settlement risk management in response to market events in early 2008 ASX published a consultation paper, Enhancing Australia's Equity Settlement System, on 9 December. The paper aims to solicit market feedback on the need for, and impact and preferences of, several potential options to further improve the Australian equity settlement system.

Eligible institutions who are participants in Austraclear and who have received approval to issue securities eligible for the Australian Government Guarantee Scheme issued approximately \$12.35 billion in Guaranteed Electronic Negotiable Certificates of Deposit (ECD) in December 2008. This amount represents approximately 5.9% of the total ECD on issue as at 31 December 2008. There has been no issuance of Guaranteed Electronic Bank Accepted Bills.

Supervisory monitoring and enforcement activity

In early December ASX included additional information in the daily gross short sale activity report to assist users in interpreting the data. The additions include the total amount of sales (not just short sales) of each stock, gross short sales as a percentage of turnover, and the percentage change in each stock's price.

Additionally, the daily gross short sale report is now published at around 11.00 am to allow ASX to follow-up with participants where inaccuracies are identified in the reported figures and to provide time for participants to rectify their submissions prior to publication to the market.

The primary focus of ASX's surveillance activity remained on insider trading and price support, particularly towards the end of December.

December also saw the expiries of the major interest rate and equity index futures contracts. Although volatility remained relatively high, liquidity and turnover in underlying physical markets was low and the expiry process on all futures contracts was orderly and efficient.

- In December 2008, there were:
 - 8,464 company announcements processed, down 15.5% on pcp;
 - 42 price queries issued to listed entities, up 13.5% on pcp; and
 - 65 trading halts granted, down 23% on pcp.
- During the quarter ending 31 December 2008, the ASX Disciplinary Tribunal and Appeal Tribunal finalised 7 matters, imposing \$162,500 in fines against 6 participants.

- During the quarter ending 31 December 2008, ASX referred the following to ASIC:
 - 4 potential contraventions for insider trading;
 - 1 potential contravention for short selling;
 - 5 potential contraventions of continuous disclosure; and
 - 4 potential contraventions for market manipulation.

A detailed activity statement for ASX group markets for December 2008 is attached.

ASX will announce its half-year result for financial year 2009 on 17 February 2009.

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	Dec 2008	Dec 2007	December 2008 Financial YTD	December 2007 Financial YTD
Cash Markets				
Total Trading Days	21	19	130	129
Cash Market Volume				
Total Trades	7,781,161	6,185,634	56,258,420	40,452,300
Change on PCP	26%		39%	
Average Daily Trades	370,531	325,560	432,757	313,584
Change on PCP	14%		38%	
Cash Market Value (including Value of Crossed Trades)				
Total Value (\$billion)	74.021	112.525	635.313	843.860
Change on PCP	(34%)		(25%)	
Average Daily Value (\$billion)	3.525	5.922	4.887	6.542
Change on PCP	(40%)		(25%)	
Cash Market Behaviour Statistics				
Percentage of Turnover Crosses (%)	23%	26%	26%	27%
Off-Market Crossings Represent 12% and On-Market 11% of Turnover				
Non Billable Value (Above Cap) (\$billion)	4.042	5.048	22.408	32.165
Total Billable Value (\$billion)	69.979	107.477	612.905	811.696
Billable Value - Off-Market Crossings (%)	10%	12%	11%	11%
Billable Value - On-Market Crossings (%)	12%	12%	13%	14%
Note - Cash Market includes Equity, Warrant and Interest Rate Market Transactions				
Derivatives Markets				
Equity Derivatives Total Trading Days	21	19	130	129
Equity Derivatives Volume (excluding SPI 200)				
Total Contracts	1,346,956	1,701,565	9,813,235	12,727,150
Change on PCP	(21%)		(23%)	
Average Daily Contracts	64,141	89,556	75,486	98,660
Change on PCP	(28%)		(23%)	
Futures & Options Total Trading Days	21	19	130	129
Futures Volume (including SPI 200)				
Total Contracts	4,763,753	8,228,391	33,160,552	45,649,131
Change on PCP	(42%)		(27%)	
Average Daily Contracts	226,845	433,073	255,081	353,869
Change on PCP	(48%)		(28%)	
Options on Futures Volume				
Total Contracts	38,598	177,431	850,037	1,388,025
Change on PCP	(78%)		(39%)	
Average Daily Contracts	1,838	9,338	6,539	10,760
Change on PCP	(80%)		(39%)	
Total Future & Options (Derivatives) Volume				
Total Contracts	4,802,351	8,405,822	34,010,589	47,037,156
Change on PCP	(43%)		(28%)	
Average Daily Contracts	228,683	442,412	261,620	364,629
Change on PCP	(48%)		(28%)	
CFD Market (commenced 5 Nov 2007)				
Total Trades	4,994	7,289	43,178	11,949
Notional Value Traded (\$million)	114.2	254.9	960.6	408.7
Total Open Interest Value as at 31 December (\$million)	34.9	92.9	34.9	92.9
Total Contracts	3,154,558	8,575,734	27,165,816	13,336,171
Listings and Capital Raisings				
New Listed Entities Admitted	2	58	34	177
Change on PCP	(97%)		(81%)	
Total Listed Entities (at End of Month)	2,223	2,209	2,223	2,209
Change on PCP	1%		1%	
Initial Capital Raised (\$million)	0	3,561	1,400	10,148
Secondary Capital Raised (\$million)	13,084	5,120	41,475	32,099
Total Capital Raised (\$million)	13,084	8,681	42,875	42,247
Margin Balances - at End of Month				
Cash Margins Held (\$billion)	5.9	3.4	5.9	3.4
Cash Equivalents Held (\$billion)	1.8	0.7	1.8	0.7
Collateral Cash Cover Held (Equities and Guarantees)	2.1	3.0	2.1	3.0