



MARKET ANNOUNCEMENT

6 April 2009

ASX Group Monthly Activity Report - March 2009

March 2009 saw monthly rebounds in equity valuations for the first time since the financial crisis accelerated in September 2008, although the rises were accompanied by greater daily volatility, particularly in the US markets. Credit markets remain tight, but there has been increasing corporate bond issuance, even in Australia where the market has traditionally been quite underdeveloped. Government bond issuance, both in Australia and in other developed economies, has been strong in response to the combination of recessionary conditions and fiscal stimulus packages.

Volatility in Australian equity markets (as measured by daily movements in the All Ordinaries Index) rose marginally from recent lows in February, with average daily movements of 1.2%. This volatility was considerably more muted than in the US where movements in the S&P500 Index averaged 2.4% a day. Over the course of the month, the All Ordinaries rose 7.1% compared to an 8.5% increase in the S&P500.

Volatility in the US was driven, in part, by uncertainty around the design and effectiveness of proposals by the Obama administration to recapitalise US banks, which impacted on trading in financial stocks. This uncertainty in the US also appeared to affect trading in financial stocks in Australia where average daily movements in the S&P200 Financials Index were 2.0% during March.

Daily average trading volumes in cash equities rose strongly for the second consecutive month but activity still remains below the average trading levels experienced prior to the Lehman/AIG difficulties last September.

Activity in the primary capital raising market remained subdued in March with two initial public offerings (IPOs) during the month. However, secondary capital raisings remained robust, despite many large listed companies having already issued additional equity over the past few months. During March, there were several large individual capital raisings including Wesfarmers (\$1.7 billion), CBA (\$0.9 billion) under a share purchase plan, Lihir Gold Limited (\$0.5 billion) and Fairfax Media Group (\$0.5 billion).

Increased activity in primary issuance of fixed interest securities by both the public and private sectors helped to promote a boost in trading activity in fixed income derivative products.

ASX's trading, clearing and settlement systems provided market users with reliable uptime availability throughout the month.

Listings and capital raisings

- In March 2009 there were 2 entities admitted for listing, compared to 5 in the previous corresponding period (pcp). Total listed entities at the end of March 2009 were 2,215¹, down on the 2,222 a year ago.
- Total capital raised in March 2009 amounted to \$6 billion, up 113% on the pcp. There was \$37 million of new capital raised through IPOs and \$5.9 billion in secondary raisings.

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.

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

Equity values rose over the month for the first time since August 2008. The All Ordinaries Index closed the month at 3532.3, 35% below its level of a year ago, after hitting a closing low of 3111.7 on 6 March, which was the lowest closing level since the end of July 2003.

- Total cash market trades for March 2009 were 8.9 million, up 12% on the pcp.
- Average daily trades for March 2009 of 402,892 were 3% lower than the pcp.
- Total cash market traded value was \$89.4 billion in March 2009, down 31% on the pcp, with a daily average value of \$4.1 billion, down 40% on the pcp. The All Ordinaries Index rose 7.1% during the month of March.
- In March 2009 the average value per trade was \$10,084, down 38% on the pcp (\$16,325 pcp), and the percentage of traded value crossed was 28% (27% pcp).

Trading - Derivatives markets

The ASX SPI 200 index futures contract volumes were a record 1,363,499 contracts in March 2009, up 21% on March 2008. Trading in fixed interest futures continued to trend upwards with the average daily volume of all contracts exceeding that recorded for the last expiry month.

Australian market interest rates at the short and long end of the yield curve were largely unchanged over the course March. The Reserve Bank kept the official cash rate unchanged at 3.25% at its meeting on 3 March. The SFE overnight cash rate futures contract yield curve at the end of March continues to indicate that further monetary policy easing is expected over coming months, although the curve has edged up since the end of February.

Trading in Australian interest rate futures contracts continues to pick-up, partly in response to strong (public and private) debt issuance and partly in response to reduced interest rate volatility.

The Commonwealth Government issued \$5.4 billion worth of bonds and a further \$3.4 billion of Treasury Notes during March. The Treasury Note tender was the first issue of these securities since November 2003. During March, the Commonwealth Government also announced that it had reached agreement with the States and Territories to provide a time-limited, voluntary guarantee for their bond issues to assist them in meeting their funding needs.

Australian companies, particularly financial institutions, continue to tap the corporate bond market with Austraclear holdings of corporate bonds rising by \$3.6 billion during March. Two prominent companies also announced plans in March to issue ASX listed debt securities: AMP (\$300 million) and Tabcorp (\$200 million).

- Equity derivatives volume (excluding ASX SPI 200) for March 2009 was 1.9 million contracts, up 3% on the pcp, with a daily average of 84,224 contracts, down 11% on pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for March 2009 was 6.8 million, down 25% on the pcp, with a notional value of \$2.5 trillion. Average daily contracts volume during March 2009 of 308,936 was down 35% on the pcp.
- A total of 7,175 ASX CFD trades were transacted in March 2009 comprising a volume of 8.1 million contracts. The total notional value of all CFD trades for March was \$164.3 million, and the value of CFD open interest at the end of March was \$37.0 million.

Clearing

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

- Total margins (including additional margins held against stress testing exposures and concentrated large positions) averaged \$5.4 billion over March (excluding equity securities lodged in excess of the margin requirement), with margins lodged in cash averaging \$4.6 billion.
- Continued lower market volatility during the month kept intra-day margin call activity at relatively low levels.
- There were no material initial margin rate adjustments during the month.

Settlement

There were no delays with the completion of batch settlement in the equities market during March 2009 and fixed income settlement through Austraclear was conducted normally. In response to the Government's deposit and wholesale funding guarantee arrangements, eligible institutions had issued approximately \$12.9 billion in Guaranteed Electronic Negotiable Certificates of Deposit as at 31 March 2009. This amount represents approximately 5.3% of the total Electronic Certificates of Deposit on issue as at this date.

Equity settlement delivery fail rates continue to average well below the 1% daily historical benchmark, which itself is low by global standards for developed equity settlement systems.

ASX's equity settlement depository (ASTC) introduced a settlement close-out obligation on 30 March 2009. The obligation applies to those settlement participants that enter the Batch Settlement process with a net short position where a resulting settlement shortfall remains after the completion of settlement two (2) business days later (i.e. generally T+5). The close-out requirement complements current economic disincentives by providing a means to guarantee that settlement delays have an end date.

A detailed activity statement for ASX Group markets for March 2009 is attached.

A separate **ASX Markets Supervision Quarterly Activity Report** (March 2009 quarter) has also been released today.

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	Mar 2009	Mar 2008	March 2009 Financial YTD	March 2008 Financial YTD
Cash Markets				
Total Trading Days	22	19	192	190
Cash Market Volume				
Total Trades	8,863,632	7,901,830	79,163,972	64,519,745
Change on PCP	12%		23%	
Average Daily Trades	402,892	415,886	412,312	339,578
Change on PCP	(3%)		21%	
Cash Market Value (including Value of Crossed Trades)				
Total Value (\$billion)	89.381	128.998	850.440	1,238.292
Change on PCP	(31%)		(31%)	
Average Daily Value (\$billion)	4.063	6.789	4.429	6.517
Change on PCP	(40%)		(32%)	
Cash Market Behaviour Statistics				
Percentage of Turnover Crosses (%)	28%	27%	26%	26%
Off-Market Crossings Represent 16% and On-Market 12% of Turnover				
Non Billable Value (Above Cap) (\$billion)	4.009	7.878	28.017	44.919
Total Billable Value (\$billion)	85.372	121.120	822.423	1,193.373
Billable Value - Off-Market Crossings (%)	15%	12%	11%	10%
Billable Value - On-Market Crossings (%)	12%	13%	13%	14%
Note - Cash Market includes Equity, Warrant and Interest Rate Market Transactions				
Derivatives Markets				
Equity Derivatives Total Trading Days	22	19	192	190
Equity Derivatives Volume (excluding SPI 200)				
Total Contracts	1,852,932	1,798,328	14,562,500	18,133,257
Change on PCP	3%		(20%)	
Average Daily Contracts	84,224	94,649	75,846	95,438
Change on PCP	(11%)		(21%)	
Futures & Options Total Trading Days	22	19	193	191
Futures Volume (including SPI 200)				
Total Contracts	6,622,301	8,919,273	46,953,434	68,205,673
Change on PCP	(26%)		(31%)	
Average Daily Contracts	301,014	469,435	243,282	357,098
Change on PCP	(36%)		(32%)	
Options on Futures Volume				
Total Contracts	174,296	165,521	1,215,545	2,050,041
Change on PCP	5%		(41%)	
Average Daily Contracts	7,923	8,712	6,298	10,733
Change on PCP	(9%)		(41%)	
Total Future & Options (Derivatives) Volume				
Total Contracts	6,796,597	9,084,794	48,168,979	70,255,714
Change on PCP	(25%)		(31%)	
Average Daily Contracts	308,936	478,147	249,580	367,831
Change on PCP	(35%)		(32%)	
CFD Market (commenced 5 Nov 2007)				
Total Trades	7,175	5,562	63,509	30,651
Notional Value Traded (\$million)	164.3	163.6	1,420.9	1,017.8
Total Open Interest Value as at 31 March (\$million)	37.0	41.4	37.0	41.4
Total Contracts	8,114,047	6,186,441	53,197,400	35,964,255
Listings and Capital Raisings				
New Listed Entities Admitted	2	5	43	213
Change on PCP	(60%)		(80%)	
Total Listed Entities (at End of Month)	2,215	2,222		
Change on PCP	-			
Initial Capital Raised (\$million)	37	88	1,605	10,784
Secondary Capital Raised (\$million)	5,945	2,724	59,715	38,736
Total Capital Raised (\$million)	5,982	2,812	61,320	49,521
Margin Balances - at End of Month				
Cash Margins Held (\$billion)	4.0	3.2		
Cash Equivalents Held (\$billion)	1.2	0.8		
Collateral Cash Cover Held (Equities and Guarantees)	3.0	3.5		