



MARKET ANNOUNCEMENT

3 June 2010

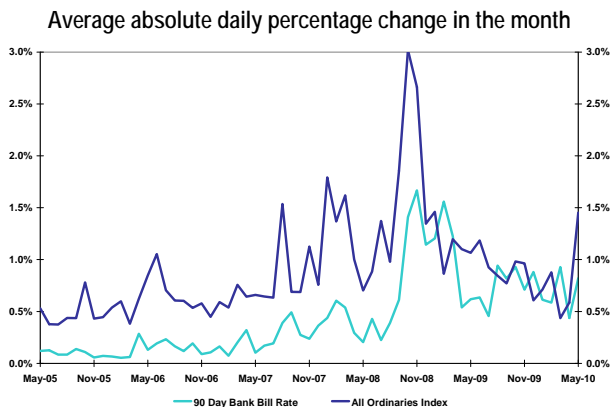
ASX Group Monthly Activity Report – May 2010

The value of ASX-listed stocks, as measured by the All Ordinaries Index, fell 7.9% in May in line with significant falls in major global markets including: Japan down 11.7%, the US down 8.2%, Singapore down 7.5%, the UK down 6.6%, Hong Kong down 6.4%, and Germany down 2.8%.

The fall in May was the largest monthly decline in the All Ordinaries Index since October 2008, and was largely driven by a range of external events emanating from Europe and concerns about how these events may impact on future global economic growth.

The major slide in equity prices, combined with heightened volatility and uncertainty across a wide range of financial products and markets, underpinned healthy secondary trading activity on ASX markets during May.

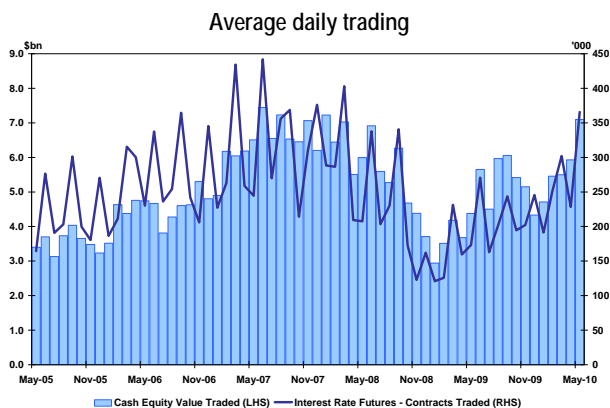
Australian Equity and Interest Rate Market Volatility



Volatility spiked in Australian equity markets in May (as measured by daily movements in the All Ordinaries Index) with average daily movements of 1.5% (0.6% in April). This level of volatility was last experienced in January 2009.

Volatility in US markets (S&P 500 Index) was also higher in May with average daily movements of 1.6% in the S&P 500 Index. Expectations of future volatility (as measured by the CBOE Volatility Index) also rose sharply over the course of May, although down from its intra-month highs.

ASX Cash Equity and Interest Rate Futures



The value of daily cash market trading rose sharply in May, with the average traded value rising to \$7.0 billion a day, well above the levels experienced a year ago and only marginally below the record (\$7.2 billion) experienced in June 2007.

Similarly, activity in interest rate futures contracts also responded to the volatility in global markets, with trading in the four main contracts (3 and 10 year bonds, 90 day bank bills, and the 30 day cash rate) reaching a daily average record for a non-roll month (365,615 contracts) eclipsing the previous record set in August 2007 (356,087 contracts).

Trading activity in Australia was not adversely impacted by the market events of 6 May 2010 in the US (overnight Australian time), which saw extreme price declines (and in more limited cases extreme price rises) in individual securities, driving down the main US equity indices over a 20-minute time period. This was followed by an equally extreme and rapid rebound in valuations.

The value of the SPI equity futures contract (which trades overnight) did broadly move in line with the sharp movements in US equity prices but, in contrast to the US experience in the cash markets, there were no errors claimed during the trading session which might have required trades to be cancelled.

The precise causes of the severe trading dislocation are still being analysed and US regulators and market operators are jointly examining what changes may be needed to minimise the risk of future recurrences. However, it was a timely reminder for stakeholders in Australia of the importance of ensuring that regulatory frameworks keep pace with the dynamic growth, innovation, and changes in the microstructure of, and trading strategies employed in, financial markets.

There was a continued boost in activity in Australia's primary capital raising market, with 7 initial public offerings (IPOs) during May totalling \$425 million in value. Secondary capital raisings remained robust, notwithstanding the decline in secondary raisings compared to the very high levels of a year ago.

Listings and capital raisings

- In May 2010 there were 7 new listings, compared to 1 in the previous corresponding period (pcp). Total listed entities at the end of May 2010 were 2,187, down 1% on the 2,205 a year ago.
- Total capital raised in May 2010 amounted to \$2.5 billion, down 78% on the pcp which was dominated by several jumbo raisings. There was \$0.4 billion of initial capital raised and \$2.1 billion in secondary raisings. For the financial year-to-date, total capital raised is down 6%, with capital raised from IPOs \$11.2 billion (up 521%) and secondary raisings \$63.6 billion (down 18%).

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

The All Ordinaries Index closed at 4,453.6 points, a fall of 7.9% over the course of the month. The index has fallen 8.8% in the calendar year-to-date.

- Total cash market trades for May 2010 were 13.9 million, up 51% on the pcp.
- Average daily trades for May 2010 of 660,210 were also 51% higher than the pcp.
- Total cash market traded value was \$147.3 billion in May 2010, up 63% on the pcp, with a daily average value of \$7.0 billion, also up 63% on the pcp.
- In May 2010 the average value per trade was \$10,628, up 8% on the pcp of \$9,845. The percentage of traded value crossed was 27% (27% pcp).

Trading – Financial derivatives markets

Trading activity in the major ASX listed interest rate futures contracts was very strong during May. Deepening concerns over the outlook for global (particularly European) debt markets, regulatory changes in Germany restricting particular forms of trading activity, and significant movements in foreign exchange markets contributed to heightened volatility in global debt markets.

The price of credit default swaps (CDS) on European bank debt widened and this trend, albeit more moderate, was also experienced in Australian bank CDS spreads. The iTraxx Australian five-year CDS index rose from 88 basis points (bps) to 116 bps during May.

Other measures of credit market pressure also rose during May, although still remaining well below the peaks seen during the height of the global financial crisis. The spread between the 30 day Libor and the overnight index swap rates in both the US and Europe widened as a result of growing credit concerns rather than tight cash conditions. In Australia, the spread between the 30 day bank bill and overnight cash swap rates also rose.

The Reserve Bank of Australia (RBA) announced a further 25 basis point increase in the cash rate, to 4.50%, in early May, the sixth rate rise in seven meetings. Market expectations for tightening in the short-term declined following public comment by the RBA that was interpreted as suggesting rates were approaching 'normal' levels.

The 30 day cash rate futures contract yield curve flattened during the month, pricing in no further policy changes for the remainder of calendar year 2010 and lowering expectations of the overall trajectory of the monetary policy tightening cycle to an additional 50 bps over the next 18 months (compared to an expected 100 bps at the end of April).

The 30 day cash rate futures saw a daily record of 132,209 contracts traded on 4 May (the day of the RBA meeting) and also a monthly record of 740,655 contracts in May, with activity across the whole cash rate futures curve.

Currency markets were also volatile during May driven by the same factors affecting values in debt and equity markets. The Australian dollar fell 8.7% against the US dollar over the month in volatile trading, with daily movements averaging 1.1% (compared to average daily movements of 0.5% in April). The euro also experienced broadly similar declines and a spike in volatility against the US dollar.

The Commonwealth Government announced, in conjunction with the Budget, that it expects to issue around \$56 billion worth of bonds in 2010-11, representing a net increase (after scheduled maturities) of around \$37 billion to \$163 billion in the stock outstanding by June 2011. This borrowing program includes new bond lines maturing in 2014, 2016, 2023 and 2025. The Government also indicated it would raise an additional \$4 billion through Treasury index bonds next financial year to take the outstanding stock at the end of the period to just under \$15 billion.

- Equity derivatives volume (excluding ASX SPI 200) for May 2010 was 2.4 million contracts, up 62% on the pcp, with a daily average of 113,906 contracts, up 62% on the pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for May 2010 was 9.2 million, up 101% on the pcp, with a notional value of \$3.0 trillion. Average daily contracts volume during May of 437,620 was also up 101% on the pcp, with options traded up 42% on the pcp and 64% on a year-to-date basis. Year-to-date futures and options contract volume is up 20% on the pcp.
- ASX SPI 200 Index futures contract volume traded in May 2010 was 1.0 million, up 68% on the pcp.
- A total of 14,325 ASX CFD trades were transacted in May 2010, comprising a volume of 15,808,708 contracts. The total notional value of all CFD trades for May was \$399 million, up 137% on the pcp, while the value of CFD open interest at the end of May was \$102 million, an increase of 73% on the pcp.

Trading – Energy and agricultural derivatives markets

- A total of 16,628 electricity futures and options contracts were traded in May 2010, which equates to approximately 222% of underlying National Electricity Market (NEM) system demand and a nominal value of \$1.3 billion. Total open interest grew 10% during May to 179.7 million MWh (an 11% increase), with a nominal value of approximately \$6.98 billion dollars.
- The ASX grain futures and options market continued to experience strong activity levels with 29,834 contracts traded during the month, a record for May representing 51% growth on the pcp.
- Grain deliveries in May 2010 contracts totalled 4,079 contracts (81,580 tonnes). This is a record for deliveries in May and follows record deliveries in January and March this year.
- The new Western Australia Wheat contract traded a total of 7,691 contracts (153,820 tonnes) in May and has traded 111,768 contracts (2,235,360 tonnes) since inception in September 2009.

Clearing

All on-market trades (equities and derivatives markets) are novated by ASX's two central counterparty clearing house subsidiaries, 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 \$3.2 billion over May 2010 (including excess cash collateral but excluding equity securities lodged in excess of the margin requirement), with cash margins lodged averaging \$2.5 billion.
- Intra-day margin call activity increased slightly in May (\$208.2 million and NZ\$20.5 million) compared to \$12.2 million in April due to the European sovereign debt crisis increasing market volatility.

Settlement

There were no delays to the completion of batch settlement in the equities market during May 2010 and fixed income settlement through Austraclear was conducted normally.

The levels of total debt holdings in Austraclear rose over the course of May by \$4.5 billion to \$1.151 trillion. The largest increases were in Treasury bonds (+ \$5.8 billion) and electronic certificates of deposit (ECD) (+ \$2.8 billion). Holdings of corporate bonds decreased by \$1.6 billion, floating rate notes by \$1.5 billion, and Government guaranteed certificates of deposit (GCD) by \$600 million. All other holdings decreased by \$0.4 billion. The amount of GCD on issue continues to decline and represents, at the end of May 2010, approximately 0.8% of the total ECD on issue compared with 1.1% at the end of April 2010 and a peak of approximately 6.3% at the end of February 2009. The longest dated GCD holding in Austraclear matures in February 2011.

Equity settlement delivery fail rates again averaged less than 1% per day during May 2010, notwithstanding the sharp increase in trading activity during the month.

Supervisory monitoring and enforcement activity

The primary focus of ASX's surveillance activity remained on insider trading and manipulative price support, particularly in less liquid stocks. ASX's futures surveillance observed that trading activity in all contracts remained orderly and efficient during May.

- In May 2010, there were:
 - 8,345 company announcements processed, in line with pcp;
 - 11 price queries issued to listed entities, down 87% on pcp; and
 - 91 trading halts granted, down 29% on pcp.

A detailed activity statement for ASX Group markets for May 2010 is attached.

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	May 2010	May 2009	May 2010 Financial YTD	May 2009 Financial YTD
Cash Markets				
Total Trading Days	21	21	232	233
Cash Market Volume				
Total Trades	13,864,413	9,173,074	120,437,965	96,389,449
Change on PCP	51%		25%	
Average Daily Trades	660,210	436,813	519,129	413,689
Change on PCP	51%		25%	
Cash Market Value (including Value of Crossed Trades)				
Total Value (\$billion)	147.347	90.305	1,249.858	1,013.142
Change on PCP	63%		23%	
Average Daily Value (\$billion)	7.017	4.300	5.387	4.348
	63%		24%	
Cash Market Behaviour Statistics				
Turnover Crossed (%)	27%	27%	29%	26%
Off-Market Crossings Represent 13% and On-Market 14% of Turnover				
Non Billable Value (Above Cap) (\$billion)	8.513	2.637	49.512	31.906
Total Billable Value (\$billion)	138.834	87.668	1,200.346	981.237
Billable Value - Off-Market Crossings (%)	11%	12%	13%	11%
Billable Value - On-Market Crossings (%)	14%	14%	13%	13%
Note: Cash Market includes Equity, Warrant and Interest Rate Market Transactions				
Derivatives Markets				
Equity Derivatives Total Trading Days	21	21	232	233
Equity Derivatives Volume (excluding SPI 200)				
Total Contracts	2,392,026	1,475,676	19,672,176	17,355,937
Change on PCP	62%		13%	
Average Daily Contracts	113,906	70,270	84,794	74,489
Change on PCP	62%		14%	
Futures & Options Total Trading Days	21	21	234	234
Futures Volume (including SPI 200)				
Total Contracts	8,866,046	4,343,665	65,519,281	55,155,617
Change on PCP	104%		19%	
Average Daily Contracts	422,193	206,841	279,997	235,708
Change on PCP	104%		19%	
Options on Futures Volume				
Total Contracts	323,965	227,753	2,646,454	1,611,562
Change on PCP	42%		64%	
Average Daily Contracts	15,427	10,845	11,310	6,887
Change on PCP	42%		64%	
Total Futures & Options (Derivatives) Volume				
Total Contracts	9,190,011	4,571,418	68,165,735	56,767,179
Change on PCP	101%		20%	
Average Daily Contracts	437,620	217,687	291,307	242,595
Change on PCP	101%		20%	
CFD Market				
Total Trades	14,325	8,054	113,503	79,153
Notional Value Traded (\$million)	399.0	168.3	3,338.8	1,754.1
Total Open Interest Value as at 31 May (\$million)	102.0	58.8	102.0	58.8
Total Contracts	15,808,708	13,429,817	141,990,971	77,708,281
Listings and Capital Raisings				
New Listed Entities Admitted	7	1	85	44
Change on PCP	600%		93%	
Total Listed Entities (at End of Month)	2,187	2,205		
Change on PCP	(1%)			
Initial Capital Raised (\$million)	425	-	11,234	1,808
Secondary Capital Raised (\$million)	2,113	11,340	63,599	77,983
Total Capital Raised (\$million)	2,538	11,340	74,833	79,791
Other Capital Raised including Scrip for Scrip (\$million)	359	737	4,227	32,464
Margin Balances - at End of Month				
Cash Margins Held on Balance Sheet (\$billion)	3.0	4.7		
Cash Equivalents Held on Balance Sheet (\$billion)	0.2	0.6		
Collateral Cash Cover Held (Equities and Guarantees) (\$billion)	4.0	3.5		