



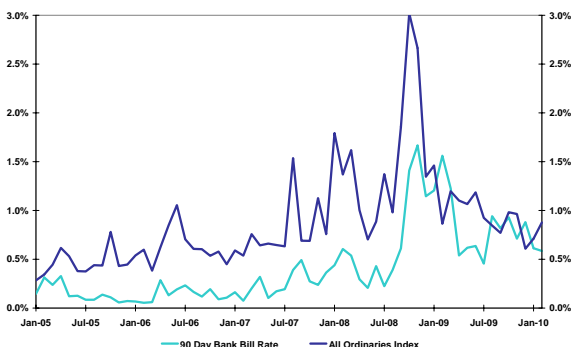
# MARKET ANNOUNCEMENT

3 March 2010

## ASX Group Monthly Activity Report – February 2010

The value of ASX-listed stocks, as measured by the All Ordinaries Index, rose 1.2% in February to recover some of the decline experienced in January (-5.9%). Most other major global market indices also advanced in February: the UK was up 3.2%; the US 2.9%; Hong Kong 2.4%; and Singapore 0.2%. There were small declines in Japan (-0.7%) and Germany (-0.2%).

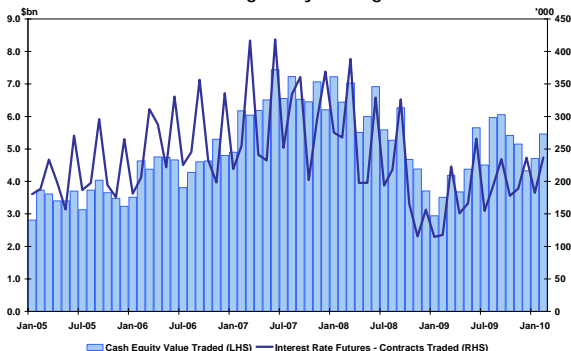
**Australian Equity and Interest Rate Market Volatility**  
Average absolute daily percentage change in the month



Volatility rose modestly in February in Australian equity markets (as measured by daily movements in the All Ordinaries Index) with average daily movements of 0.9% (0.7% in January), reflecting concerns surrounding sovereign debt levels of a group of mid-sized European countries and the impact it could have on global economic growth.

Volatility in US markets (S&P 500 Index) was steady in February with average daily movements of 0.8% in the S&P 500 index. Despite moving higher early in the month, expectations of future volatility (as measured by the CBOE Volatility Index (VIX)) eased over the course of February.

**ASX Cash Equity and Interest Rate Futures**  
Average daily trading



Secondary market trading activity was healthy across ASX markets in February.

The value of cash market trading rose following the normal seasonal declines in December and January, with the average traded value rising to \$5.4 billion a day in February.

Similarly, activity in interest rate futures contracts also rose, with trading in the three main contracts (3 and 10 year bonds and 90 day bank bills) recording the highest daily average trading volume in a non-expiry month since February 2008.

There was a continued boost of activity in Australia's primary capital raising market, with 11 initial public offerings (IPOs) during February totalling \$191 million in value, including \$26 million value equivalence of scheme/compliance listings for which no cash was raised. Secondary capital raisings remained robust, notwithstanding the decline in secondary raisings compared to the very high February 2009 levels and despite many large listed companies having already issued additional equity over the past few months. During February, there was one large jumbo (retail offering) issue by Woodside Petroleum (\$1.2 billion).

## Listings and capital raisings

- In February 2010 there were 11 new listings, compared to 3 in the previous corresponding period (pcp). Total listed entities at the end of February 2010 were 2,178<sup>1</sup>, down 2% on the 2,218 a year ago.
- Total capital raised in February 2010 amounted to \$3.0 billion, down 71% on the pcp (which was dominated by several very large raisings in response to the global financial crisis). There was \$0.2 billion of initial capital raised and \$2.8 billion in secondary raisings. For the financial year-to-date, total capital raised is up 14%, with capital raised from IPOs (\$7.8 billion) and secondary raisings (\$55.4 billion) increasing 396% and 3% respectively on pcp.

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

The All Ordinaries Index closed at 4,651.1 points, a rise of 1.2% over the course of the month. The index is 49.5% higher than its low in early March 2009.

- Total cash market trades for February 2010 were 10.5 million, up 44% on the pcp.
- Average daily trades for February 2010 of 526,814 were also 44% higher than the pcp.
- Total cash market traded value was \$107.4 billion in February 2010, up 57% on the pcp, with a daily average value of \$5.4 billion, also up 57% on the pcp.
- In February 2010 the average value per trade was \$10,197, up 9% on the pcp of \$9,319. The percentage of traded value crossed was 27% (23% pcp).

## Trading – Financial derivatives markets

Trading activity in the major interest rate futures contracts rose strongly in February from the prior month and from the levels of a year ago. Activity was supported by increased debt issuance, and driven by shifting views on domestic monetary policy with the release of key economic data and the impact of offshore geopolitical events (particularly sovereign debt concerns in Europe).

The Reserve Bank of Australia (RBA) surprised the market early in February by keeping the official cash rate unchanged, following earlier consecutive rate increases. However, the RBA increased the official cash rate in early March to 4%.

Short and long-term yields were largely unchanged over the month, with 90 day bank bill rates falling by 9 basis points and 10 year Commonwealth bond yields up by around 5 basis points.

There was strong domestic debt issuance during February across all debt market sectors (Commonwealth and State government and corporate bonds). A total of \$17.4 billion was issued, including \$8.6 billion of corporate securities, \$3.0 billion of semi-government debt and \$5.5 billion of Commonwealth government securities, with \$2.3 billion issued into the new November 2012 bond.

- Equity derivatives volume (excluding ASX SPI 200) for February 2010 was 1.7 million contracts, up 9% on the pcp, with a daily average of 86,313 contracts, also up 9% on pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for February 2010 was 6.1 million, up 42% on the pcp, with a notional value of \$2.9 trillion. Average daily contracts volume during December of 302,880 was also up 42% on the pcp, with options traded up 86% on pcp and 73% on a year-to-date basis.
- ASX SPI 200 index futures contract volume traded in February 2010 was 0.7 million, up 18% on the pcp.

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

- A total of 10,711 ASX CFD trades were transacted in February 2010, comprising a volume of 13,857,901 contracts. The total notional value of all CFD trades for February was \$271.1 million, up 39% on the pcp, while the value of CFD open interest at the end of February was \$83.5 million, more than double the value of a year ago.

### **Trading – Commodity derivatives markets**

Australian electricity futures and options volume of 11,755 contracts in February was an increase of 69% on the pcp.

The ASX grain futures and options market set a new February record for monthly volume with 46,040 contracts traded (920,800 tonnes). The new Western Australia wheat contract has traded 76,162 contracts since listing in September 2009 (representing in excess of 1.5 million tonnes of wheat), with open interest as at the end of February 2010 of 26,609 contracts (more than 530,000 tonnes).

- A total of 46,040 contracts in the suite of listed commodities (wheat, barley, sorghum and canola) were traded during February 2010, up 112% on the pcp. For the financial year-to-date, average daily traded volumes are up 100% on the pcp.
- Total market open interest as at the end of February was 81,923 contracts, which represents more than 1.6 million tonnes of Australian grain and oilseed.

### **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 February 2010 (including excess cash collateral but excluding equity securities lodged in excess of the margin requirement), with cash margins lodged averaging \$2.6 billion.
- Intra-day margin call activity increased slightly in February 2010 (\$51.4 million called) in comparison to relatively lower levels in January 2010.

### **Settlement**

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

The levels of total debt holdings in Austraclear rose over the course of February 2010 by \$4.2 billion to \$1.13 trillion, with the largest rises being in Treasury Bills (up \$5.3 billion), Electronic Bank Accepted Bills (up \$2.2 billion), Commonwealth Bonds (up \$2.2 billion) and Semi-Government Bonds (up \$1.8 billion). Holdings of Electronic Certificates of Deposit (ECD) and Guaranteed Certificates of Deposit (GCD) decreased by \$6.2 billion and \$1.3 billion respectively. All other holdings increased by \$0.2 billion. The amount of GCD on issue represents approximately 2.6% of the total ECD on issue as at 28 February 2010, compared to 3.2% at the end of January 2010 and a peak of approximately 6.3% as at the end of February 2009.

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

### **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 February.

- In February 2010, there were:
  - 9,353 company announcements processed, in line with pcp;
  - 37 price queries issued to listed entities, down 46% on pcp; and
  - 101 trading halts granted, up 13% on pcp.

A detailed activity statement for ASX group markets for February 2010 is attached.

**For further information:**

Media  
Roula Rodopoulos  
Corporate Relations Adviser  
(BH) +61 2 9227 0410  
[roula.rodopoulos@asx.com.au](mailto:roula.rodopoulos@asx.com.au)  
[www.asx.com.au/media](http://www.asx.com.au/media)

Investor Relations  
Rachel Cooper  
Investor Relations Adviser  
(BH) +61 2 9227 0835  
[rachel.cooper@asx.com.au](mailto:rachel.cooper@asx.com.au)  
[www.asx.com.au/shareholder](http://www.asx.com.au/shareholder)

	Feb 2010	Feb 2009	Feb 2010 Financial YTD	Feb 2009 Financial YTD
<b>Cash Markets</b>				
Total Trading Days	20	20	169	170
<b>Cash Market Volume</b>				
Total Trades	10,536,281	7,327,653	85,547,829	70,300,340
Change on PCP	44%		22%	
Average Daily Trades	526,814	366,383	506,200	413,531
Change on PCP	44%		22%	
<b>Cash Market Value (including Value of Crossed Trades)</b>				
Total Value (\$billion)	107.438	68.288	864.834	761.059
Change on PCP	57%		14%	
Average Daily Value (\$billion)	5.372	3.414	5.117	4.477
Change on PCP	57%		14%	
<b>Cash Market Behaviour Statistics</b>				
Turnover Crossed (%)	27%	23%	29%	25%
Off-Market Crossings Represent 13% and On-Market 14% of Turnover				
<b>Non Billable Value (Above Cap) (\$billion)</b>				
Total Billable Value (\$billion)	2.670	0.805	29.064	24.008
Billable Value - Off-Market Crossings (%)	104.768	67.483	835.770	737.051
Billable Value - On-Market Crossings (%)	12%	10%	13%	11%
Billable Value - On-Market Crossings (%)	14%	13%	13%	13%
Note: Cash Market includes Equity, Warrant and Interest Rate Market Transactions				
<b>Derivatives Markets</b>				
Equity Derivatives Total Trading Days	20	20	169	170
<b>Equity Derivatives Volume (excluding SPI 200)</b>				
Total Contracts	1,726,262	1,588,539	13,421,539	12,709,568
Change on PCP	9%		6%	
Average Daily Contracts	86,313	79,427	79,417	74,762
Change on PCP	9%		6%	
<b>Futures &amp; Options Total Trading Days</b>				
	20	20	170	171
<b>Futures Volume (including SPI 200)</b>				
Total Contracts	5,840,061	4,139,590	43,242,279	40,331,133
Change on PCP	41%		7%	
Average Daily Contracts	292,003	206,980	254,366	235,855
Change on PCP	41%		8%	
<b>Options on Futures Volume</b>				
Total Contracts	217,538	116,791	1,794,760	1,041,249
Change on PCP	86%		72%	
Average Daily Contracts	10,877	5,840	10,557	6,089
Change on PCP	86%		73%	
<b>Total Futures &amp; Options (Derivatives) Volume</b>				
Total Contracts	6,057,599	4,256,381	45,037,039	41,372,382
Change on PCP	42%		9%	
Average Daily Contracts	302,880	212,819	264,924	241,944
Change on PCP	42%		9%	
<b>CFD Market</b>				
Total Trades	10,711	8,286	83,182	56,334
Notional Value Traded (\$million)	271.1	194.7	2,449.8	1,256.6
Total Open Interest Value as at 28 February (\$million)	83.5	40.4	83.5	40.4
Total Contracts	13,857,901	12,821,020	103,992,811	45,083,353
<b>Listings and Capital Raisings</b>				
New Listed Entities Admitted	11	3	66	40
Change on PCP	267%		65%	
Total Listed Entities (at End of Month)	2,178	2,218		
Change on PCP	(2%)			
Initial Capital Raised (\$million)	191	54	7,775	1,568
Secondary Capital Raised (\$million)	2,835	10,228	55,381	53,770
Total Capital Raised (\$million)	3,026	10,282	63,156	55,338
Other Capital Raised including Scrip for Scrip (\$million)	219	239	3,421	31,415
<b>Margin Balances - at End of Month</b>				
Cash Margins Held on Balance Sheet (\$billion)	2.6	5.2		
Cash Equivalents Held on Balance Sheet (\$billion)	0.0	0.0		
Collateral Cash Cover Held (Equities and Guarantees) (\$billion)	4.1	2.8		