



MARKET ANNOUNCEMENT

6 January 2010

ASX Group Monthly Activity Report – December 2009

ASX-listed stocks ended the year on a relatively strong note, rising 3.5% during December to gain 33.4% over the course of 2009.

All major global market indices also closed higher in December, with Japan up 12.8%, Singapore up 6.1%, Germany up 5.9% and the UK up 4.3%. In the US, the S&P500 rose a more modest 1.8% for the month following a strong rise in November. Some overseas markets saw very strong increases over the calendar year, particularly Singapore (up 64.5%) and Hong Kong (up 52.0%), while the increase in the US was also healthy (up 23.5%). These were the largest annual rises in Australia, Singapore and Hong Kong since 1993 and in the US since 2003.

Volatility declined in December in Australian equity markets (as measured by daily movements in the All Ordinaries Index) with average daily movements of 0.6%, as trading activity slowed down as the year drew to an end. Volatility in US markets (S&P 500 Index) also declined slightly to 0.5%, and expectations of future volatility (as measured by the CBOE Volatility Index (VIX)) eased over the month.

There was a continued boost of activity in Australia's primary capital raising market, with 21 initial public offerings (IPOs) during December of \$1.9 billion in value, including \$1.8 billion value of scheme/compliance listings for which no cash was raised. Secondary capital raisings remained robust, despite many large listed companies having already issued additional equity over the past few months. During December, there were two large "Jumbo" (accelerated non-renounceable) rights issues: ANZ (\$2.0 billion) and Woodside Petroleum (\$1.3 billion).

Secondary market activity in equity markets declined in the month compared to November, along normal seasonal lines, with a total of 9.4 million cash market trades transacted in December 2009, but this activity level was substantially higher than December 2008.

Listings and capital raisings

- In December 2009 there were 21 new listings, compared to 2 in the previous corresponding period (pcp). Total listed entities at the end of December 2009 were 2,181¹, down 2% on the 2,223 a year ago.
 - In calendar year 2009, 61 new entities listed, compared to 93 in calendar year 2008.
- Total capital raised in December 2009 amounted to \$10.4 billion, down 20% on the pcp. There was \$1.9 billion of initial capital raised and \$8.5 billion in secondary raisings. For the first half of financial year 2010, capital raised from IPOs (\$7.0 billion) and secondary raisings (\$52.0 billion) is up 402% and 25%, respectively, on pcp.
 - Total capital raised in calendar year 2009 was \$106.1 billion, 70% higher than in 2008. IPOs were 205% higher and secondary capital raisings were 64% up on the previous calendar year.
 - The total capital raised in 2009 was a record amount, 29% above the previous high in 2007, driven by record 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)

The All Ordinaries Index closed at 4,882.7 points, a rise of 3.5% over the course of the month. The index is 56.9% higher than its low in early March 2009.

- Total cash market trades for December 2009 were 9.4 million, up 21% on the pcp.
 - Total cash market trades in calendar year 2009 were 116.5 million, 9% higher than calendar year 2008.
- Average daily trades for December 2009 of 447,274 were 21% higher than the pcp.
 - Average daily trades for calendar year 2009 were 458,639, 9% higher than calendar year 2008.
- Total cash market traded value was \$88.5 billion in December 2009, up 20% on the pcp, with a daily average value of \$4.2 billion, also up 20% on the pcp.
 - Total cash market traded value in calendar year 2009 was \$1.2 trillion, 17% lower than calendar year 2008.
- In December 2009 the average value per trade was \$9,424, down 1% on the pcp of \$9,513 but comparable to November 2009. The percentage of traded value crossed was 25% (23% pcp).

Trading – Financial derivatives markets

Trading activity in most interest rate futures contracts declined on the previous roll month (September 2009), although there was a small rise in the 3 Year Treasury Bond futures contract. The December contract is typically the least active of all the quarterly roll months.

The Reserve Bank of Australia (RBA) announced a 25 basis point increase in the official cash rate on 1 December to 3.75%, the third consecutive rate increase.

The SFE Overnight Cash Rate futures contract yield curve was largely unchanged over the month, although this masked some intra-month shifts, as yields rose early in the month on the release of stronger economic data before reversing on public comments from RBA officials interpreted as signaling a continued gradual monetary policy tightening over the next 18 months.

Short and long-term yields moved higher during December with 90 Day Bank Bill rates rising by 26 basis points and 10 Year Commonwealth Bond yields up by around 46 basis points.

The spread between three-month Bank Bill Swap yield and the official cash rate fluctuated during the month before finishing the month higher.

Commonwealth Government bond issuance in December (\$1.9 billion) was well down on previous months as there were only three bond tenders as the end of year approached.

- Equity derivatives volume (excluding ASX SPI 200) for December 2009 was 1.7 million contracts, up 23% on the pcp, with a daily average of 78,694 contracts, also up 23% on pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for December 2009 was 6.4 million, up 34% on the pcp, with a notional value of \$2.2 trillion. Average daily contracts volume during December of 306,382 was up 34% on the pcp, with options traded up 250% on pcp and 69% on a year-to-date basis.
 - Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for calendar year 2009 was 64.6 million, down 15% on calendar year 2008, with a notional value of \$26.5 trillion, down 23% on calendar year 2008.
- ASX SPI 200 Index futures contract volume traded in December 2009 was 1.0 million, down 18% on the pcp.

- A total of 9,893 ASX CFD trades were transacted in December 2009, comprising a volume of 9.5 million contracts. The total notional value of all CFD trades for December was \$264.5 million, more than twice the \$114.2 million traded in the pcp, while the value of CFD open interest at the end of December was \$107.2 million, up 207% on pcp.

Trading – Commodity derivatives markets

Australian electricity futures and options volume of 9,811 contracts in December was an increase of 47% on the pcp. 2009 calendar year volume of 130,657 contracts was a 23% increase on calendar year 2008.

December was a record month for the ASX grain futures and options market. The new Western Australia Wheat contract, listed in September 2009, has traded 35,006 contracts (representing in excess of 700,000 tonnes of grain), with open interest as at the end of December 2009 of 27,230 contracts (more than 500,000 tonnes).

- A total of 47,944 contracts in the suite of listed commodities (wheat, barley, sorghum and canola) were traded during December 2009, up 113% on the pcp and up 22% on the previous record set in September 2007 when 39,340 contracts traded. For the financial year-to-date, traded volumes are up 92% on the pcp.
- Total market open interest as at the end of December was at 83,858 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 December 2009 (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 decreased in December (\$9.8 million called) in comparison to relatively higher levels in November.

Settlement

There were no delays with the completion of batch settlement in the equities market during December 2009 and fixed income settlement through Austraclear was conducted normally.

The levels of total debt holdings in Austraclear rose over the course of December 2009 by \$9.3 billion to \$1.11 trillion, with the largest rises being in Electronic Bank Accepted Bills (+\$7 billion), Floating Rate Notes (+\$6.8 billion) and Treasury Bills (+\$2.6 billion). Holdings of Electronic Certificates of Deposit (ECD) and Guaranteed Certificates of Deposit (GCD) decreased by \$9.3 billion and \$2.8 billion respectively. All other holdings increased by \$5.0 billion. The amount of GCD on issue represents approximately 3.2% of the total ECD on issue as at 31 December 2009 compared to 4.4% at the end of November 2009 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.

On 14 December 2009 ASX completed the final phase of an initiative to improve the transparency of securities lending activity in the Australian equities market. The disclosure regime consists of daily securities lending transaction reports depicting both 'gross transactional flow' and 'outstanding loan positions' in each ASX-listed security.

Complementing this disclosure is information about the volume of securities lending transactions as a proportion of total transactions, the composition of the daily settlement batch, and a report measuring daily settlement performance.

These new reports can be found on the ASX website: http://www.asx.com.au/professionals/securities_lending/index.htm

A detailed activity statement for ASX group markets for December 2009 is attached.

A separate **ASX Markets Supervision Quarterly Activity Report** (December 2009 quarter) is also being released today.

ASX will announce its half-year result for the six month period ending 31 December 2009 on 18 February 2010.

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	Dec 2009	Dec 2008	Dec 2009 Financial YTD	Dec 2008 Financial YTD
Cash Markets				
Total Trading Days	21	21	130	130
Cash Market Volume				
Total Trades	9,392,761	7,781,161	66,072,383	56,258,420
Change on PCP	21%		17%	
Average Daily Trades	447,274	370,531	508,249	432,757
Change on PCP	21%		17%	
Cash Market Value (including Value of Crossed Trades)				
Total Value (\$billion)	88.517	74.021	669.297	635.313
Change on PCP	20%		5%	
Average Daily Value (\$billion)	4.215	3.525	5.148	4.887
Change on PCP	20%		5%	
Cash Market Behaviour Statistics				
Percentage of Turnover Crosses (%)	25%	23%	29%	26%
Off-Market Crossings Represent 11% and On-Market 14% of Turnover				
Non Billable Value (Above Cap) (\$billion)				
Total Billable Value (\$billion)	85.376	69.979	644.415	612.905
Billable Value - Off-Market Crossings (%)	10%	10%	14%	11%
Billable Value - On-Market Crossings (%)	14%	12%	13%	13%
Note: Cash Market includes Equity, Warrant and Interest Rate Market Transactions				
Derivatives Markets				
Equity Derivatives Total Trading Days	21	21	130	130
Equity Derivatives Volume (excluding SPI 200)				
Total Contracts	1,652,584	1,346,956	10,207,224	9,813,235
Change on PCP	23%		4%	
Average Daily Contracts	78,694	64,141	78,517	75,486
Change on PCP	23%		4%	
Futures & Options Total Trading Days				
Futures Volume (including SPI 200)				
Total Contracts	6,298,784	4,763,753	33,090,329	33,160,552
Change on PCP	32%		-	
Average Daily Contracts	299,942	226,845	254,541	255,081
Change on PCP	32%		-	
Options on Futures Volume				
Total Contracts	135,244	38,598	1,438,500	850,037
Change on PCP	250%		69%	
Average Daily Contracts	6,440	1,838	11,065	6,539
Change on PCP	250%		69%	
Total Futures & Options (Derivatives) Volume				
Total Contracts	6,434,028	4,802,351	34,528,829	34,010,589
Change on PCP	34%		2%	
Average Daily Contracts	306,382	228,683	265,606	261,620
Change on PCP	34%		2%	
CFD Market				
Total Trades	9,893	4,994	63,303	43,178
Notional Value Traded (\$million)	264.5	114.2	1,931.0	960.6
Total Open Interest Value as at 31 December (\$million)	107.2	34.9	107.2	34.9
Total Contracts	9,513,924	3,154,558	79,734,813	27,165,816
Listings and Capital Raisings				
New Listed Entities Admitted	21	2	50	34
Change on PCP	950%		47%	
Total Listed Entities (at End of Month)	2,181	2,223		
Change on PCP	(2%)			
Initial Capital Raised (\$million)	1,928	0	7,024	1,400
Secondary Capital Raised (\$million)	8,509	13,084	52,025	41,475
Total Capital Raised (\$million)	10,437	13,084	59,049	42,875
Other Capital Raised including Scrip for Scrip (\$million)	838	19,747	2,862	30,894
Margin Balances - at End of Month				
Cash Margins Held on Balance Sheet (\$billion)	2.1	5.9		
Cash Equivalents Held on Balance Sheet (\$billion)	0.6	1.8		
Collateral Cash Cover Held (Equities and Guarantees) (\$billion)	4.2	2.9		