



# Media Release

31 May 2022

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## S&P/ASX Agribusiness Index Launched

ASX, in partnership with S&P Dow Jones Indices (S&PDJI), this week launched the S&P/ASX Agribusiness Index (ASX: XAG). The new broad-based index includes companies whose principal business activity is in the primary production of agricultural products or in the production of commodities used as inputs into primary production of agricultural products. The index fills a gap in the family of indices representing the diverse sectors on ASX.

**Ken Chapman, Head of Strategic Delivery, Capital Markets at ASX**, said that the Agribusiness (AgBiz) Index sets a new benchmark for monitoring the performance of primary production companies and the primary industry sector as a whole.

“The profile of the agribusiness sector is hampered by the absence of an index benchmark akin to mining, energy, banking, property, healthcare or technology,” Mr Chapman said.

“The combination of accelerating climate risks, booming consumer demand, increasing complexity in geopolitical relations and supply chains, and exponential advances in technology<sup>1</sup> is driving demand for capital in all stages in the value chain.

“By raising the profile of the sector, the AgBiz Index will increase investor understanding and interest, and be a critical ingredient in priming the market for the next phase of agricultural innovation.”

**Reid Steadman, Head of ESG and Innovation, S&P Dow Jones Indices**, said: “We are honoured to collaborate with ASX and jointly bring this timely S&P/ASX Agribusiness Index to life, which aligns with the goal of the Australian Government to expand the agribusiness industry.

“This innovative index reflects the market’s heightened awareness of the need for sustainable agriculture. It will also serve as a valuable tool for investors seeking to gain exposure to this vital driver of Australia’s economy.”

The AgBiz Index follows the S&P/ASX Australian Indices Methodology. At launch, it will have 25 constituents with a combined market capitalisation of close to \$30 billion. It will include household names such as Treasury Wine Estates, A2 Milk, Nufarm, Elders and Bega Cheese.

The index selects companies from the largest 1,000 ASX-listed securities and will look beyond the Global Industry Classification Standard (GICS®) agricultural products sub-industry to include a total of 11 sub-industries

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<sup>1</sup>Hatfield-Dodds, S, Hajkowicz, S, and Eady, S 2021, *Stocktake of megatrends shaping Australian agriculture: 2021 update*, Australian Bureau of Agricultural and Resources Economics and Sciences (ABARES), Canberra. CC BY 4.0.

such as brewers, packaged foods and meats, paper products, fertilisers and agricultural chemicals, distillers and vintners. The index then uses a list of keywords such as beverage, dairy and farm to identify eligible companies.

Eligibility for the index includes minimum float-adjusted market cap, daily traded value and liquidity thresholds. The index does not have a set number of constituents; its constituents and their respective weights can change at each semi-annual rebalance.

From 31 May 2022, the index will initially be calculated on an end-of-day basis only. It will commence quotation as a real-time index on 1 July 2022.

Mr Chapman continued: “ASX facilitates access to the fifth largest pool of pension funds globally and has a long history as an efficient capital raising venue. By creating the AgBiz Index, ASX is supporting agribusinesses to grow and meet the Delivering Ag2030<sup>2</sup> goal of becoming a \$100 billion industry by 2030.

“For many investors, the recent market volatility has highlighted the benefits of a diversified investment portfolio and of quality counter-cyclical stocks, such as those in the agribusiness sector.”

For more information please visit: <https://www2.asx.com.au/agribusinessindex>

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<sup>2</sup> DAWE 2021, *Delivering Ag2030*, Department of Agriculture, Water and the Environment, Canberra, May. CC BY 4.0.