



# About ASX

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The ASX Group of companies, includes the combined operations of ASX (formerly the Australian Stock Exchange) and ASX 24 (formerly SFE Corporation).

ASX Group activities span primary and secondary market services and include the:

- **Australian Securities Exchange**, which facilitates capital formation, hedging, trading and price discovery
- **ASX Clearing Corporation**, which manages central counterparty risk transfer
- **ASX Settlement Corporation**, which provides securities settlement for both the equities and fixed income markets, and
- **ASX Compliance**, which is a wholly owned subsidiary of ASX and performs the market oversight obligations necessary for a market, clearing and settlement facility operator. Effective 1 August 2010, the supervision of trading on ASX and the supervision of trading participants has been transferred from ASX to ASIC.

**ASX Grain Futures and Options trade on the ASX platform (ASX Trade) in accordance with the ASX Operating Rules and ASX Clear Operating Rules.**



# ASX Grain Futures and Options

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Contract	Physical Grade	Track Market
Western Australia Wheat	APW2 (10% protein)	Kwinana (WA)
Australian Milling Wheat	APW2 (10% protein)	Newcastle & Port Kembla (NSW)
Australian Feed Barley	F1	NSW, Geelong & Portland
Australian Sorghum	SOR	Brisbane / Newcastle
Australian Canola	CS01	NSW, Geelong, Portland & Port Adelaide



# Standardised Features

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## 1. Contract Size - 20 tonnes

- a) Market accessible to all participants
- b) Hedge / spread trades with North American contracts  
Chicago Wheat = 136 t, Chicago Corn = 127 t

## 2. Deliverable Contracts

- a) Delivery sites widespread and open to all
- b) Approved Bulk Handlers (elevators)
- c) Delivery locations and grades closely aligned with Grain Trade Australia (GTA) track contract

## 3. January / March / May / July / September / November

- a) January is the 'new crop' month for wheat, barley and canola and is listed out three years.
- b) May is the 'new crop' month for sorghum and is also listed out three years.



# Transition proposal



Australian Securities Exchange	ASX Current	ASX 24 Proposed
Market	ASX Grain Futures & Options	<b>Transition Project</b>
Rules	ASX Operating Rules ASX Clear Operating Rules	ASX 24 Operating Rules ASX Clear (Futures) Operating Rules
Trading Platform	ASX Trade ITS - modified CLICK (NOMX Technology)	ASX Trade24
Clearing House	ASX Clear	ASX Clear (Futures) Pty Ltd
Delivery System	Commodities Delivery System Module within Derivatives Clearing System	Being developed
Margin System	Derivatives Margining System	SPAN*
Regulator	Australian Securities and Investments Commission (ASIC)	

\* 'SPAN' and 'Standard Portfolio Analysis of Risk' are trademarks of CME Group.



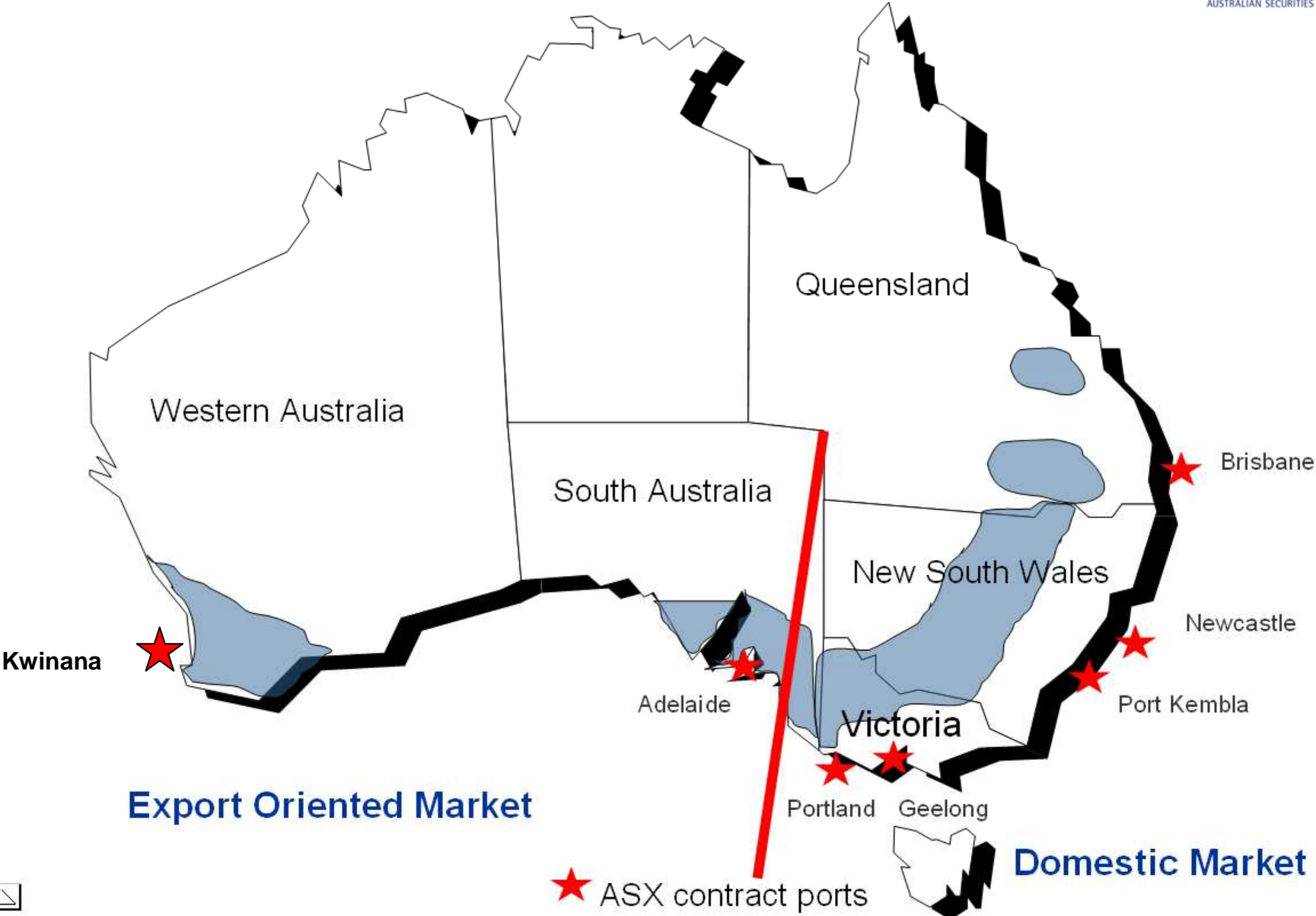
# Why make the transition?

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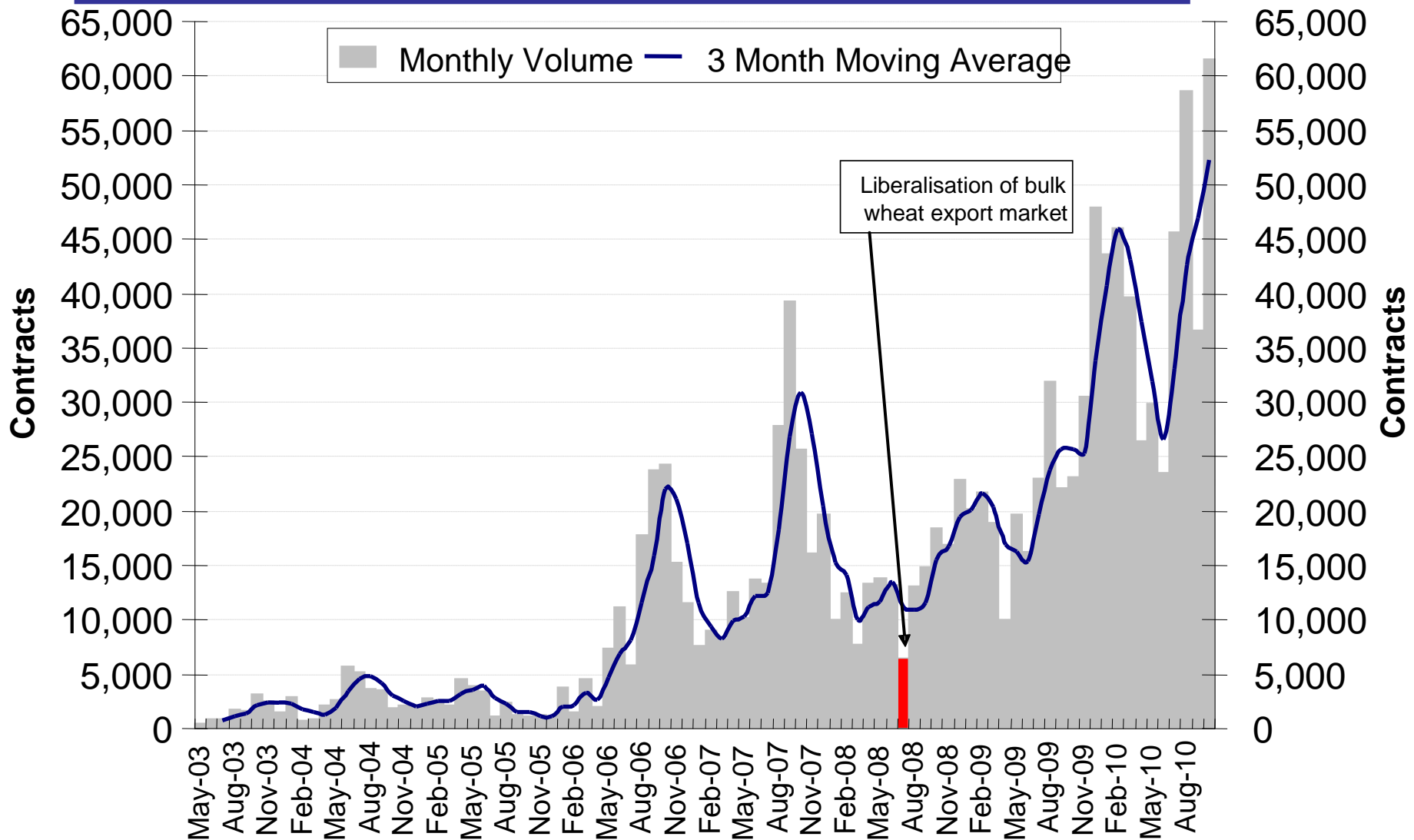
- Consolidation of ASX offering
- Purpose built trading platform
  - Enhanced spread functionality
  - 24 hour access
    - covering Asia, Europe and America
  - Established Independent Software Vendor connectivity
  - Established number of Clearing Participants
  - SPAN margining
- Supports further market growth and greater liquidity by improving functionality and accessibility.



# Australian Grain Belt



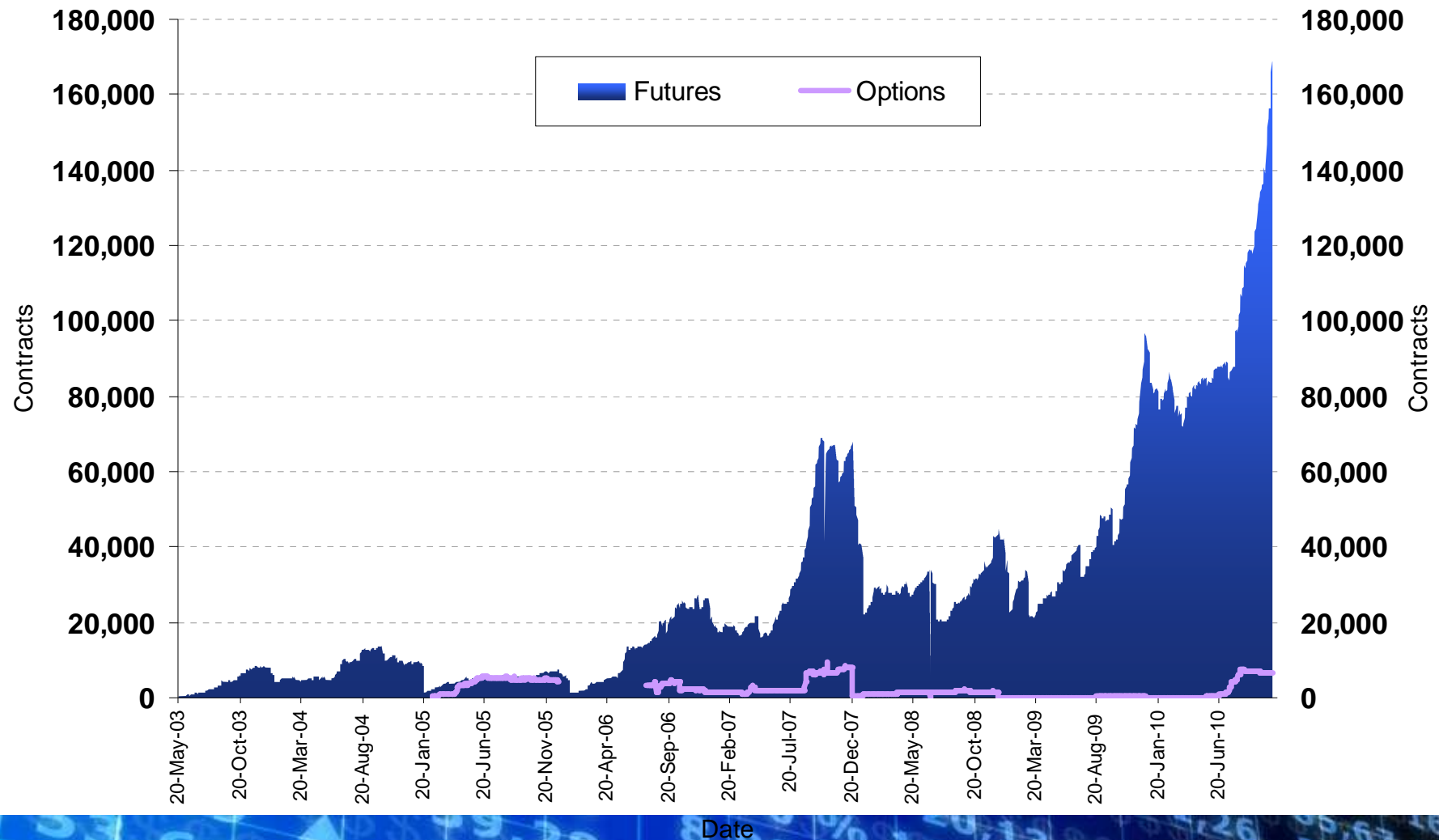
# ASX Grain Futures & Options Monthly Traded Volume Inception to end of October 2010



# ASX Grain Futures & Options

## Open Interest

Inception to end of October 2010



# ASX Wheat Futures

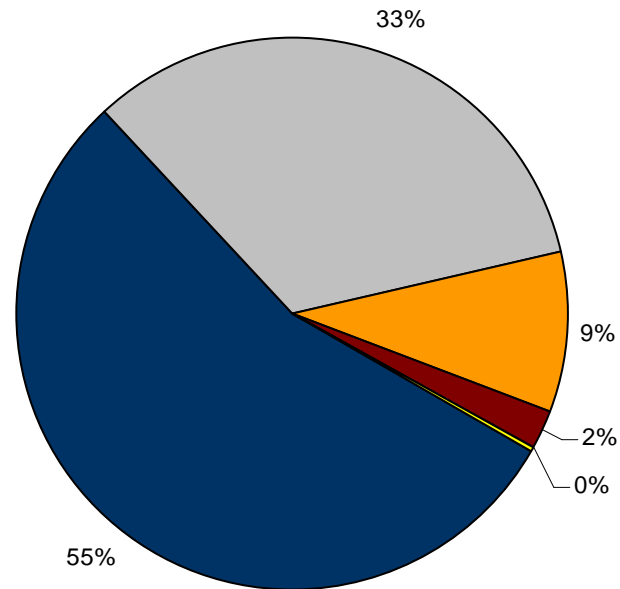
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- ASX has two wheat futures contracts.
- **Australian Milling Wheat (AWM)** is based in New South Wales on Australia's east coast and is influenced by domestic market activity, particularly during droughts. This influence was observed in 2005, 2006 and 2007.
- **Western Australia Wheat (WAW)** is based in the Western Australia port zone of Kwinana. WA consistently produces an exportable surplus of wheat and has a small domestic market relative to the east coast.
- While there is a correlation between Australian wheat prices and global wheat prices in seasons of good production, there have been, and will be, instances when the markets may perform quite differently. As a result, there is significant interest in trading the spread between WAW and AWM.



# ASX Grain Futures & Options Commodity Breakdown

Since WAW listed in Sept 09 to end Sept 10



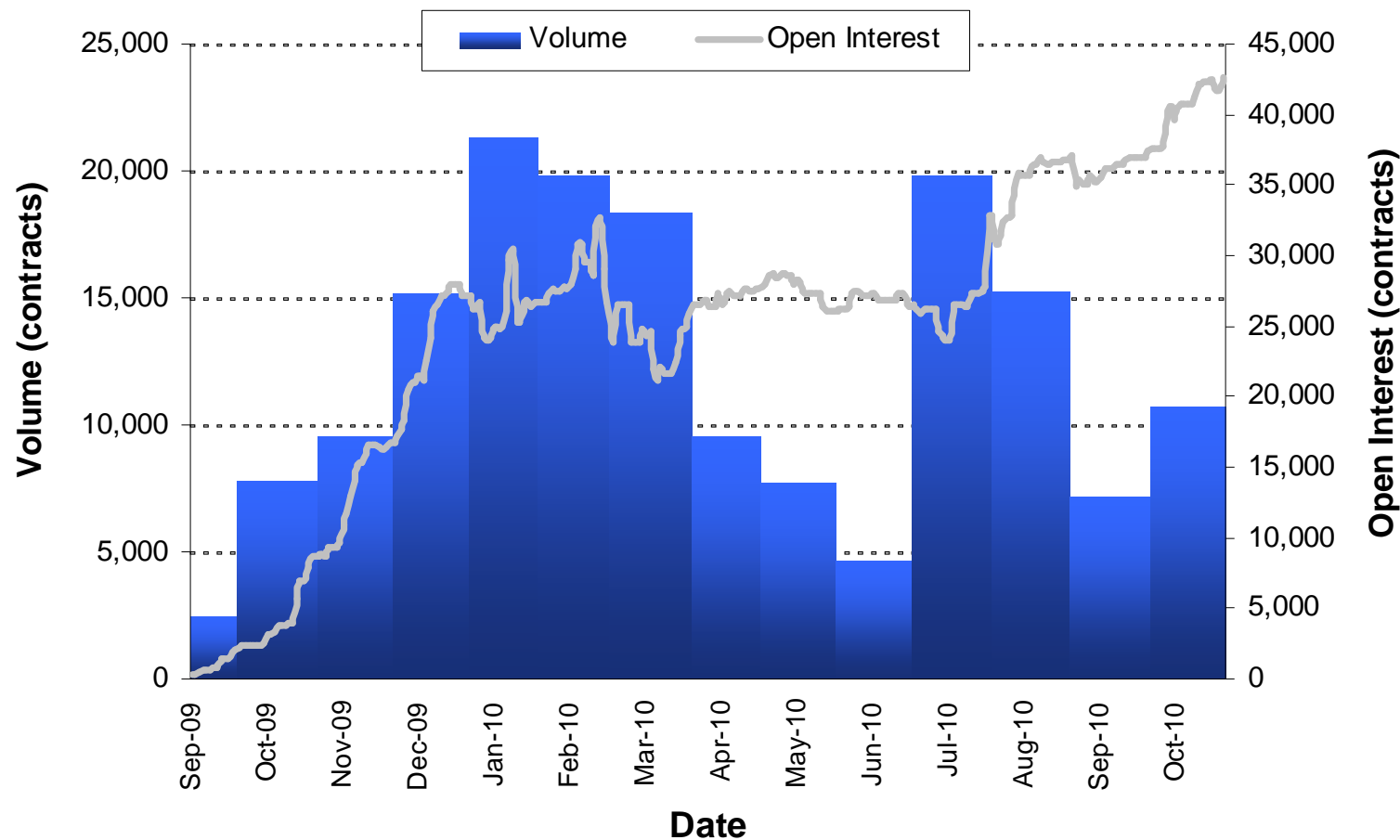
■ Milling Wheat (NSW) ■ Western Australia Wheat ■ Feed Barley ■ Sorghum ■ Canola



# ASX Western Australia Wheat (WAW) Futures

## Monthly Volume & Open Interest

Inception to end of October 2010



Since listing in September 2009, WAW has achieved the following statistics;

- Traded: 169,290 contracts ~ 3.38 million tonnes.
- Delivered: 18,348 contracts ~ 366,960 tonnes.





ASX  
AUSTRALIAN SECURITIES EXCHANGE

## East Coast - West Coast Fundamentals

Wheat	NSW	WA	Australia
5 Year Average to 2009/2010	5,021,000	7,313,000	18,523,000
Drought Year 2007/2008	1,750,000	5,800,000	12,660,000
<b>2010/2011 ABARE forecast (Sept 14)</b>	<b>9,875,000</b>	<b>6,063,000</b>	<b>25,099,000</b>
Domestic Demand	2 million tonnes*	< 500,000 tonnes	
Shipping to Jakarta	12 – 14 days	7 – 8 days	
ASX Contract	<b>AWM</b>	<b>WAW</b>	

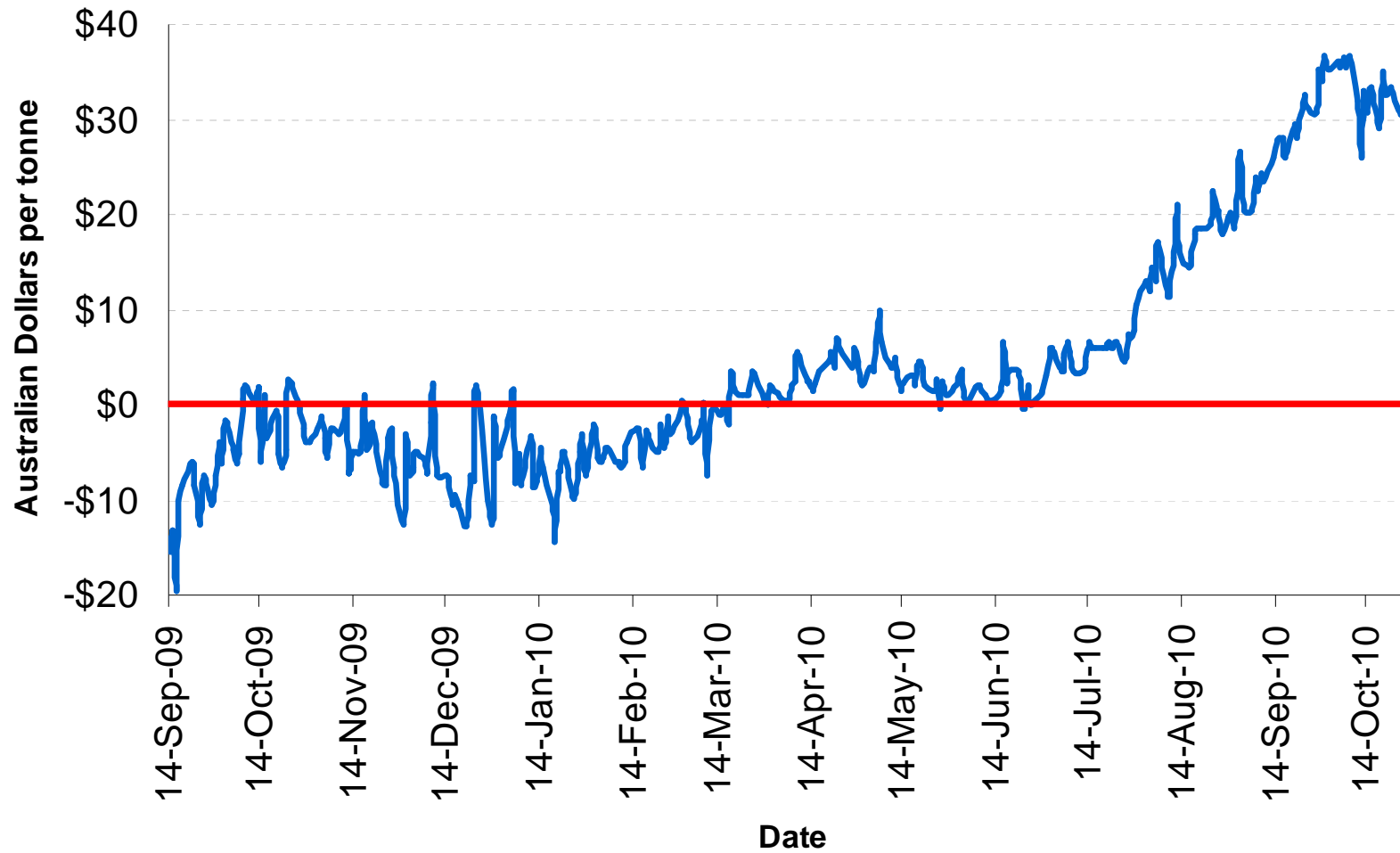
Source: ASX, ABARE and Harvest Gain (presentation Australian Grain Industry Conference 2009)

\* Milling use only, not factoring in stockfeed use.

Unit: Metric Tonnes



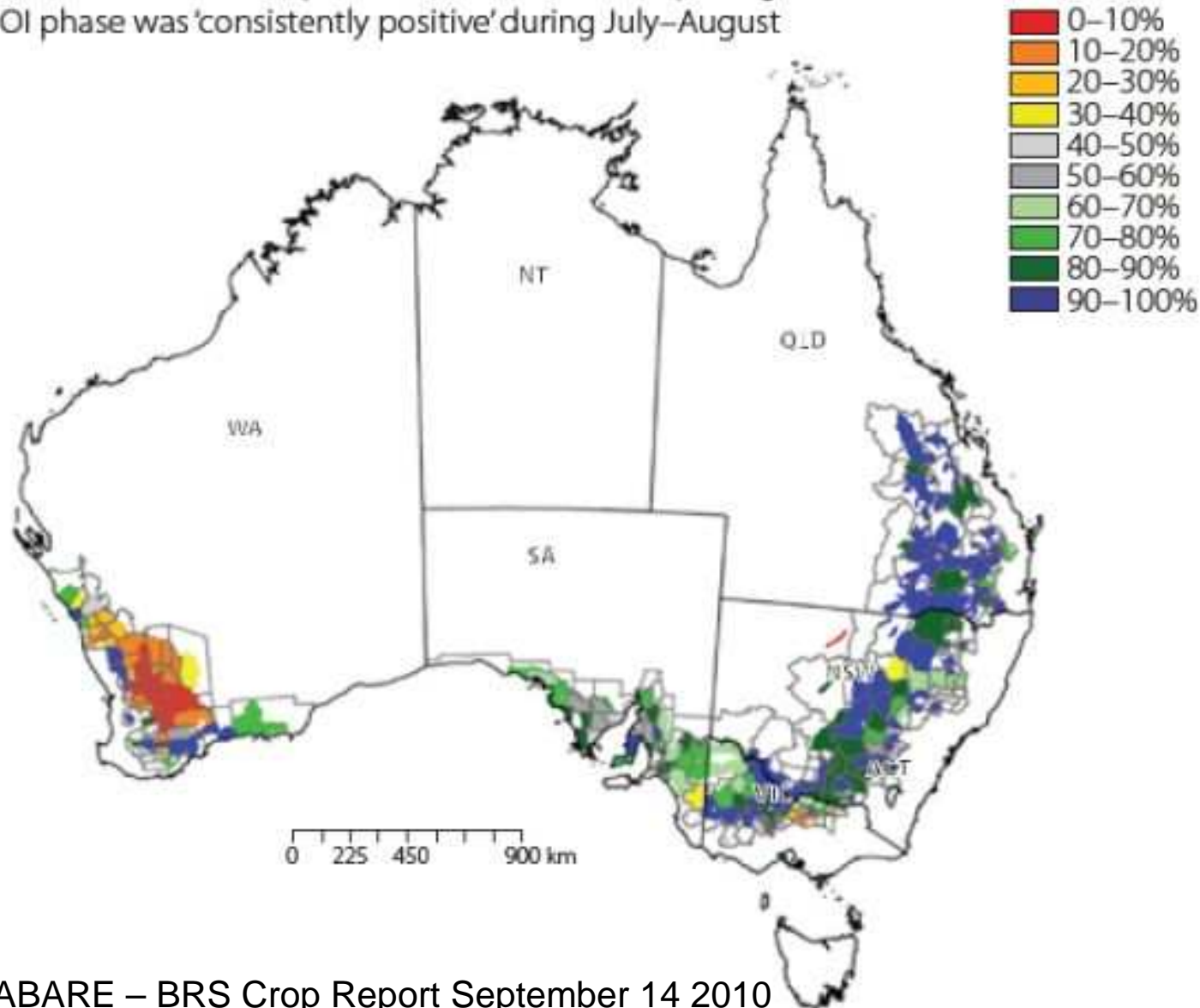
# ASX Grain Futures West Coast (WAW) versus East Coast (AWM) Wheat Spread Jan 2011 Contract



— WAMF1 (WAWF1 - AWMF1)



map 5 Forecast median shire yield ranked relative to all years given the SOI phase was 'consistently positive' during July–August

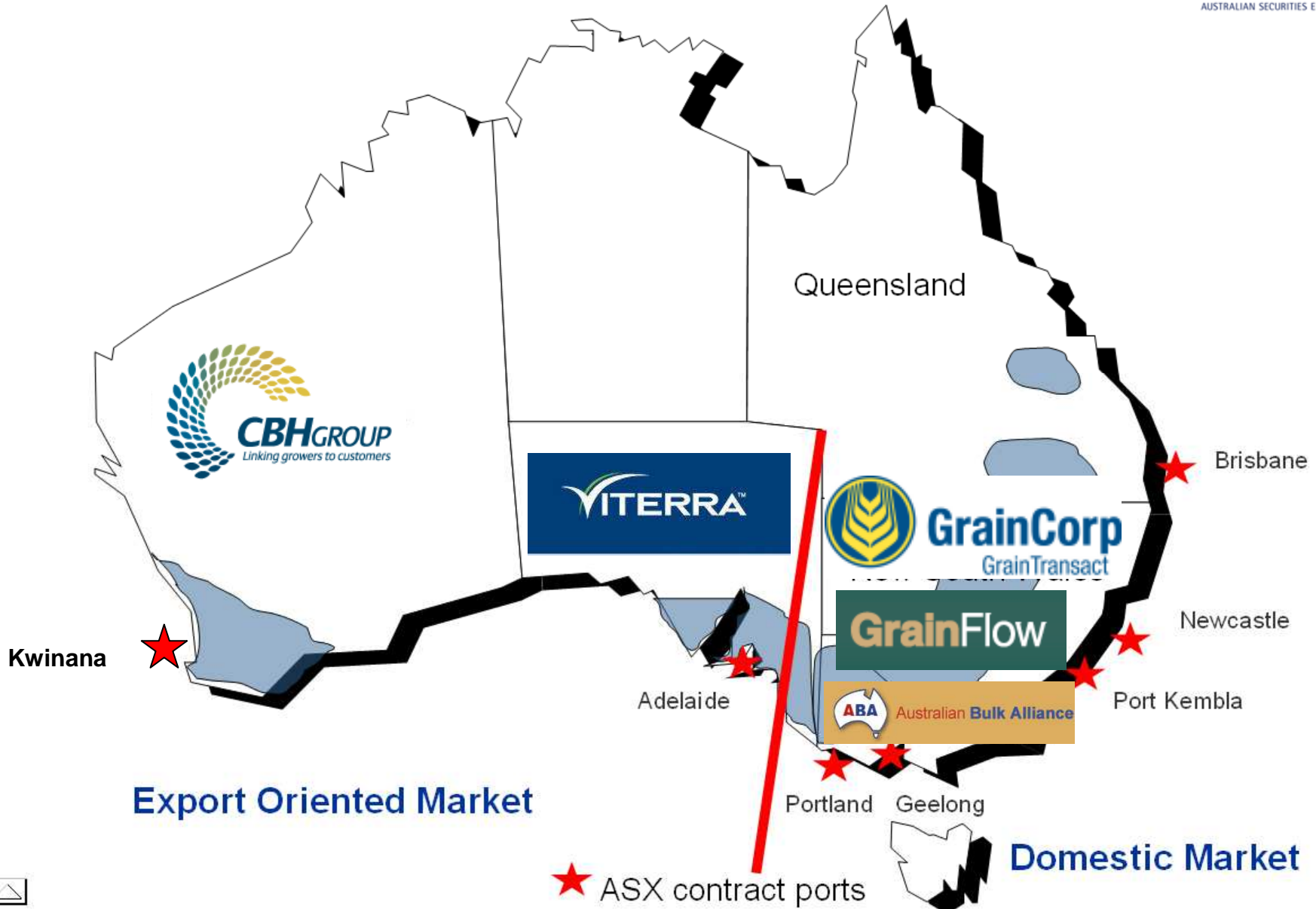


# Deliverable contracts

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# Approved Bulk Handlers



# The Delivery Period





## ASX Grain Futures and Options Maturity and Delivery Dates 2010



Managing risk, improving correlation

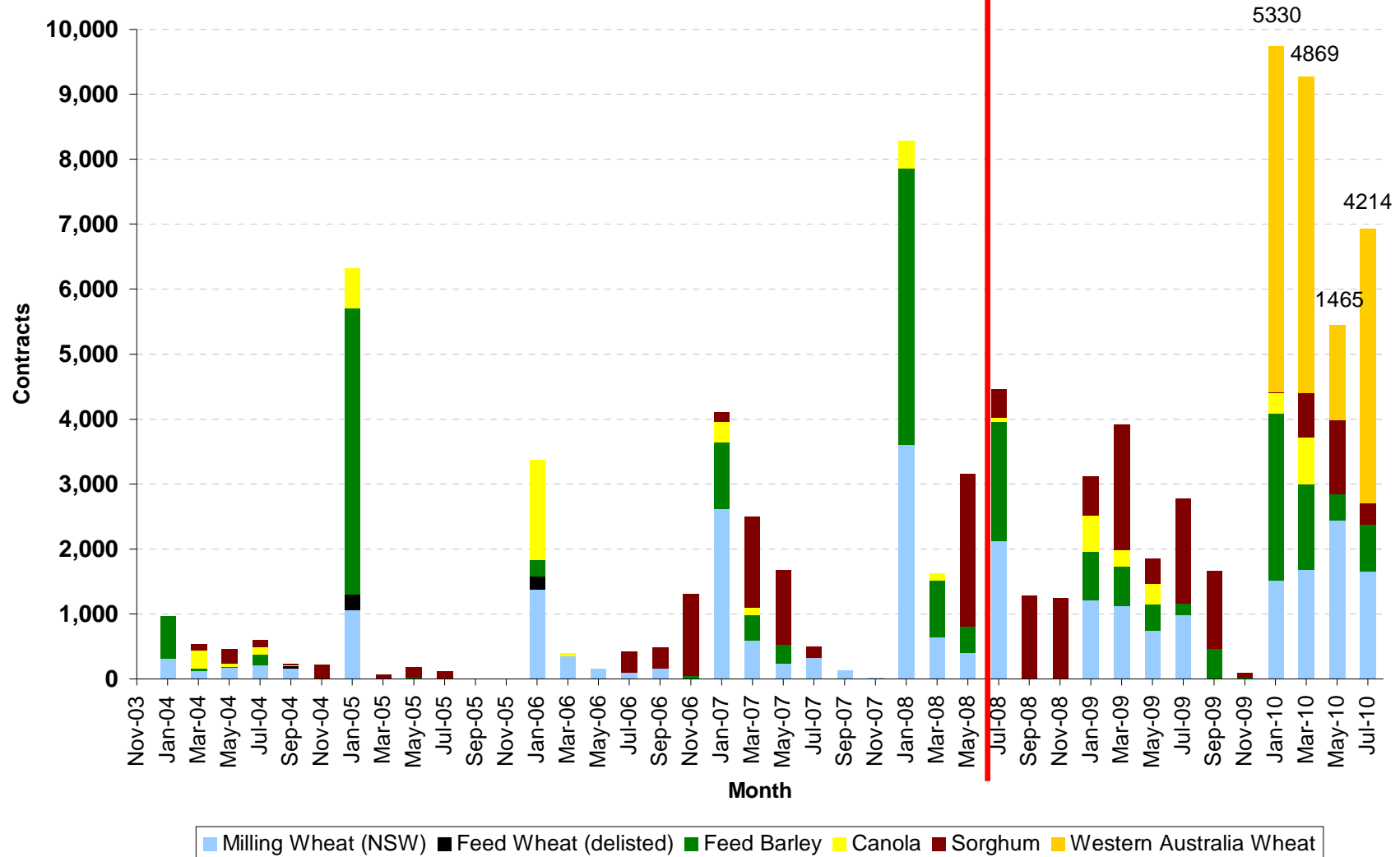
[www.asx.com.au/grainfutures](http://www.asx.com.au/grainfutures)

-  Commences: second business day of the contract month
-  Concludes: third Thursday of the contract month

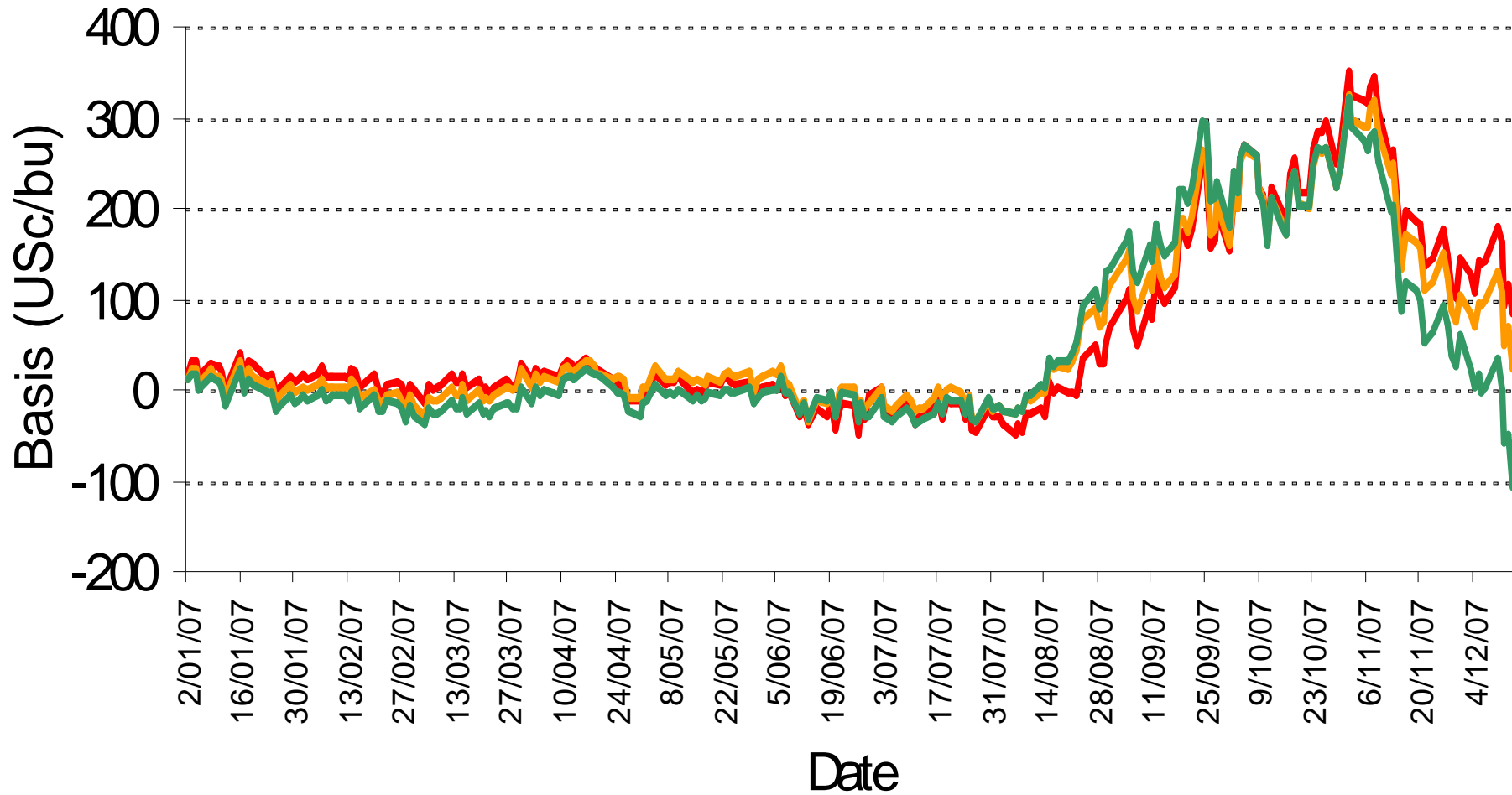


# ASX Grain Futures Deliveries

As at end of August 2010



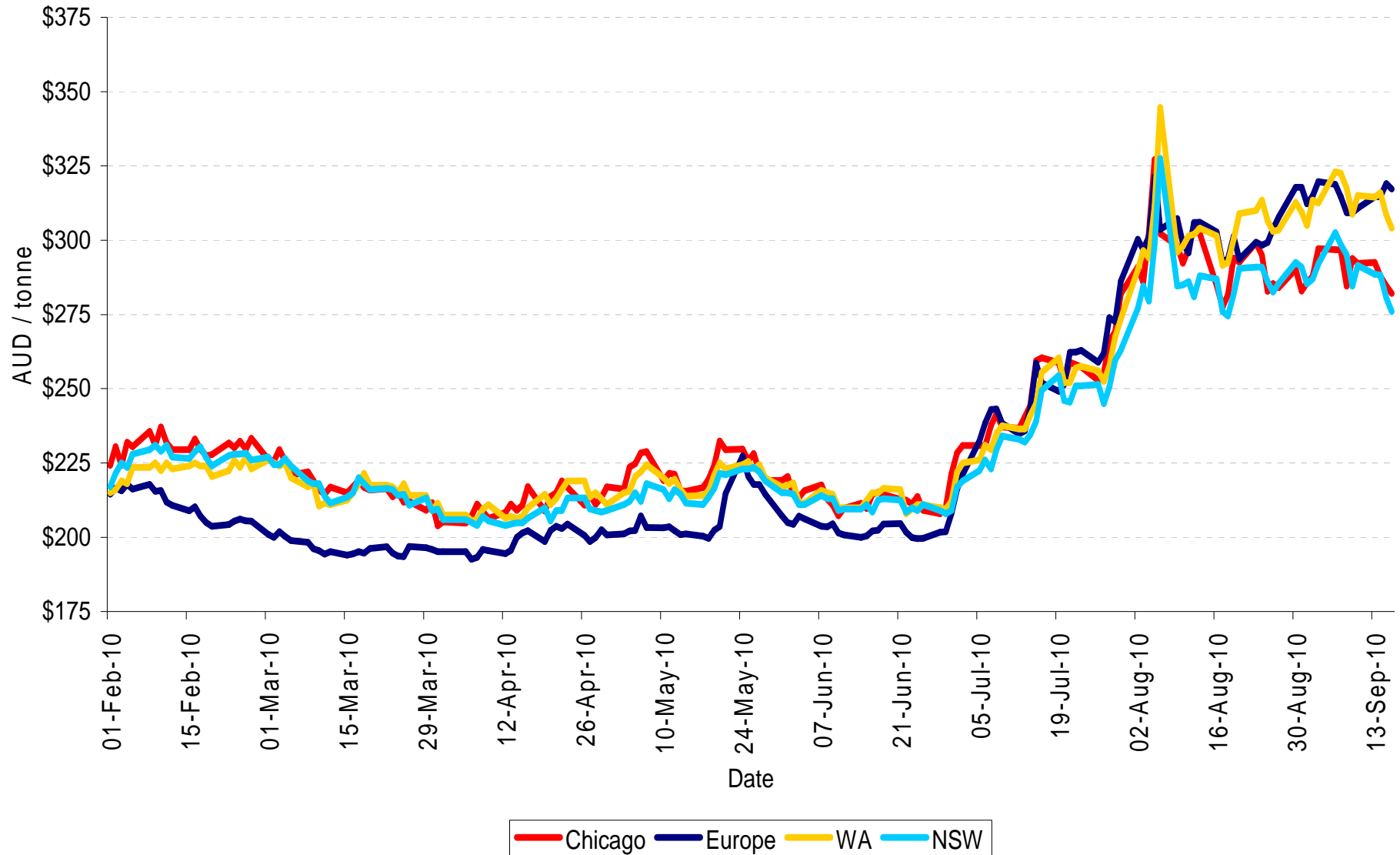
# Wheat Basis Jan 2008 Contract ASX (Jan 08) versus North American Markets (Dec 07)



— ASX - CBOT — ASX - KCBT — ASX - MGEX

# Wheat Prices 2010

## ASX (WAW & AWM) compared with Chicago and European Markets (Australian Dollars per tonne)



# Find a broker

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## ASX Grain Futures & Options

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### What are Grain Futures & Options?

ASX Grain Futures and Options facilitate price discovery in track markets for Australian wheat, feed barley, sorghum and canola. Futures contracts are exchange-traded forward contracts that are standardised, centrally cleared and deliverable.

### Why trade Grain Futures & Options?

ASX Grain Futures and Options can provide investors with a way to manage price risk, payment security, improved hedge correlation, reduced foreign exchange risk and reduced production risk.

[More about Grain Futures & Options >>](#)

### Events

Sep 2010 Webinar: Grain Deliveries  
Sep 2010 Grain Futures: Get Involved



[Upcoming >>](#) [Past events >>](#)

### What's new

01 Sep Market Update (PDF 125KB)  
04 Aug ASX Brand Changes



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### Market quotes

[Western Australia Wheat](#)

[Australian Milling Wheat \(NSW\)](#)

[Australian Feed Barley](#)

[Australian Sorghum](#)

[Australian Canola](#)



Trading strategies



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**ASX Grain Futures and Options**  
offer a real hedging alternative

# Next steps

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1. Email Update
2. Daily Activity Report
3. Webinars
4. Data History ~ basis analysis
5. Australian supply and demand information
6. Other



# Further information

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[www.asx.com.au/grainfutures](http://www.asx.com.au/grainfutures)

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