

ASX Grains Futures Market Review – 2025

Overview

The Australian Securities Exchange (ASX) recently commissioned Great Southern Cross Commodities (GSX) to conduct an independent review of its wheat and barley futures and options markets. This review was initiated in response to several years of declining volumes, liquidity, and open interest, and reflects ASX's commitment to ensuring its grain derivatives remain fit for purpose and continue to support the needs of Australia's agricultural sector.

Key Findings

The review, which included consultation with over 40 industry stakeholders across the supply chain, identified several strengths in the current ASX grains contracts, including their alignment with physical delivery needs and their value as risk management tools for certain users. However, the report also highlighted several areas where the contracts could be enhanced to better serve the market:

- **Liquidity and Participation:** Trading volumes and open interest have declined in recent years, with feedback indicating that wider bid–ask spreads and limited market depth are key barriers to broader participation.
- **Cost Competitiveness:** Compared to global peers, ASX grain futures are perceived as more expensive to trade, due to higher execution, clearing, and margin requirements.
- **Transparency:** Stakeholders expressed a desire for greater clarity in the Daily Settlement Price (DSP) methodology and more transparent pricing benchmarks.
- **Contract Design:** The current delivery structure, while effective for some, may not fully reflect the needs of all regions, particularly Western Australia, which represents a significant share of national production.
- **Education and Engagement:** There is an opportunity to further support market participants—especially producers and advisors—through targeted education and industry engagement.

Recommendations and Path Forward

The report outlines a series of practical recommendations, including:

- Reviewing contract size and fee structures to improve cost efficiency.
- Enhancing DSP transparency and exploring broader delivery options.
- Considering incentive programs to encourage new entrants and liquidity providers.
- Partnering with industry groups to deliver education and promote the benefits of domestic risk management tools

ASX is currently assessing prioritisation and feasibility of recommendations and is committed to working collaboratively with the industry as we progress this work. ASX would like to acknowledge the valuable input provided by stakeholders throughout this review. If you would like to share your views or discuss the report, please contact us at commodities@asx.com.au.

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