

# Australia: Head Towards Opportunity

Explore the advantages of  
trading the Australian  
futures market



# Explore the unique opportunity that exists in Australia

Often the best opportunities emerge in unexpected places. And the window that currently exists in the Australian futures market presents unprecedented trading opportunities.

## High volatility

The official cash rate in Australia is at 2.85%<sup>1</sup>, with official movements and market speculation giving rise to volatility and shape in the yield curve. This volatility creates a prospect for significant trading opportunities in the market.

## A stable economy

With steady economic growth, strong consumer sentiment, a buoyant housing market and a low unemployment rate, Australia is in an enviable position.

Australian Government debt is just 45.10% of GDP<sup>2</sup> – much lower than many of its global counterparts, many of whom have Government debt levels over 100% of GDP. With a good percentage of Australian Government debt being held by offshore accounts, the Australian futures market can be used to access liquidity in Government debt markets and be used as a key source for price discovery.

In addition, superannuation (saving for retirement) is compulsory in Australia, creating one of the largest pools of investable funds in the world – \$3.3 trillion.<sup>3</sup> Part of this pool is directed at the Australian futures market for duration management.

## The relative value of contracts is high

The high relative dollar value of the minimum bid/offer spread of 0.5 basis points on one 10 Year Bond contract is valued at around AUD\$46.50.

## A diverse trading community

The level of proprietary trading in Australia is relatively low, compared to other global markets, meaning there are more 'end users' who regularly access the Australian futures market. This diversity in our trading community creates further opportunities.

## New Trader Incentive (NTI) program

ASX offers a New Trader Incentive (NTI) program, which aims to lower the barriers of entry into the Australian market. The NTI program is available to corporations and individuals trading their own funds.

The program allows eligible customers who have not traded the ASX24 market in the last two years to receive a 100% rebate on the exchange trade fee when trading ASX benchmark futures and options contracts.

<sup>1</sup> Reserve Bank of Australia: Cash Rate Target, 1 November 2022, [rba.gov.au/statistics/cash-rate](https://rba.gov.au/statistics/cash-rate)

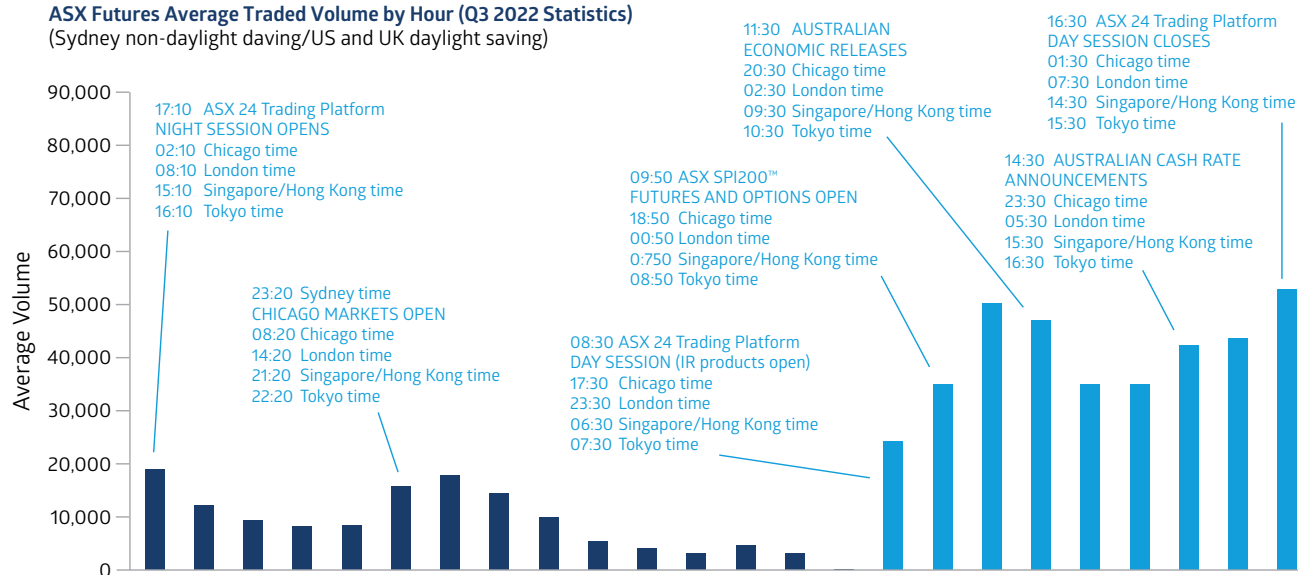
<sup>2</sup> [www.apf.gov.au/BudgetReview202122](https://www.apf.gov.au/BudgetReview202122)

<sup>3</sup> APRA, Quarterly Superannuation Performance, June 2022

<sup>4</sup> XT 96.40 August 2022



## ASX Futures Average Traded Volume by Hour (Q3 2022 Statistics) (Sydney non-daylight saving/US and UK daylight saving)



Chicago Time	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00	01:00
London Time	08:00	09:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00
Sign/HK Time	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	10:00	11:00	12:00	13:00	14:00
Tokyo Time	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	10:00	11:00	12:00	13:00	14:00	15:00
Sydney Time	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00

## ASX 24 Trading Platform – your platform for trading in Australia

ASX 24 Trading Platform is for trading futures and options provides significant benefits to customers including rich functionality, technical enhancements and pretrade risk management for:

- Interest Rate Futures and Options
- Agricultural Futures and Options
- Equity Futures and Options
- Energy Futures and Options

### One of the longest trading hours

The Australian market has one of the longest trading hours in the world. ASX 24 Trading Platform is open 21 hours and 50 minutes every trading day, offering debt, equity index and commodity products and a full suite of trading order management functionalities.

### Quality products

Many ASX24 products traded on ASX 24 Trading Platform are highly rated, globally traded interest rate products – such as our 3 and 10 Year Bonds – which means you have more access to quality products.

### Capital efficiency

ASX Clearing houses offer customers extensive margin and capital efficiency using the SPAN model and portfolio margining.

### Deep liquidity

With over A\$5bn average daily turnover the ASX S&P 200 Index Futures is one of the most liquid contracts in Asia Pacific, offering exposure to a regionally connected, solid and growing economy.

### Trade on yield not price

Trading is done on yield not price in Australia, with a relatively wide bid- offer spread. This results in a high dollar value of a basis point, offering superior trading opportunities

### Equal trading opportunities

The Australian market is a diverse market, one that is not dominated by the Australian banks nor by the domestic OTC market. It's a level playing field with equal opportunity for domestic and international traders.

The Australian Liquidity Centre (ALC), ASX's data centre and colocation facility, is purpose-built to provide equal benefit for every customer. ASX Net Global, our fully managed low latency network solution, connects international businesses to the heart of the ALC where every customer is connected to ASX's matching engines using the same length cable.



## Clearing solutions

We work with clearers to keep the lines of business open. So even if your clearers do not have access to the Australian market, ASX has relationships with clearers who can assist, including:

- ABN AMRO Clearing Sydney
- Interactive Brokers Australia
- Bell Potter Securities
- BNP Paribas Securities Services
- Citigroup Global Markets Australia
- Credit Suisse AG, Sydney Branch
- Deutsche Bank AG
- GH Financials
- Goldman Sachs Australia
- HSBC Bank Australia
- JP Morgan Markets Australia
- Macquarie Bank
- Merrill Lynch (Australia) Futures
- Morgan Stanley Australia Securities
- Societe Generale Securities Australia
- UBS AG, Australia Branch

## Contact us

**Maurice Farhart**  
Senior Manager  
International Business Development  
T +61 2 9227 0268  
M +61 410 453 494  
E [maurice.farhart@asx.com.au](mailto:maurice.farhart@asx.com.au)

**Patrick Walsh**  
Technical Pre Sales  
USA and Europe  
T +1 312 803 5852  
M +1 901 489 8504  
E [patrick.walsh@asx.com.au](mailto:patrick.walsh@asx.com.au)

**James Keeley**  
Business Development Manager  
Asia  
T +852 5597 4722  
M +61 415 141 942  
E [james.keeley@asx.com.au](mailto:james.keeley@asx.com.au)

**Brent Glendinning**  
Business Development Manager  
North America and EMEA  
T +1 312 803 5840  
M +1 312 451 2269  
E [brent.glendinning@asx.com.au](mailto:brent.glendinning@asx.com.au)

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