



# MARKET ANNOUNCEMENT

6 September 2011

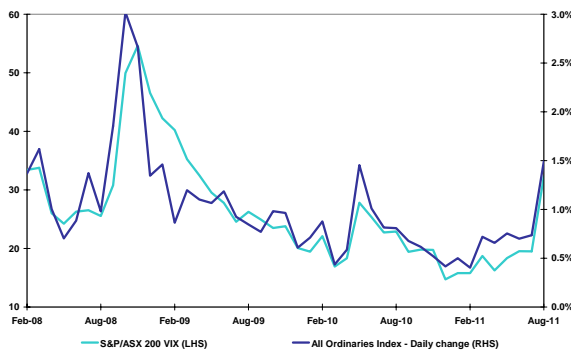
## ASX Group Monthly Activity Report – August 2011

The value of ASX-listed stocks, as measured by the All Ordinaries Index, fell 2.9% during August 2011. All other major markets fell more sharply during the month including Singapore down 9.5%, Japan down 8.9%, Hong Kong down 8.5%, the UK down 7.2%, and the US down 5.7%.

Rapid declines in global markets were combined with a sharp spike in volatility, back to levels last seen around the time of the May 2010 ‘flash crash’ in the US. The market movements were driven by concerns about the outlook for the world economy, the fiscal and debt positions of major governments, and the downgrade of US Government debt by Standard and Poors.

The wild swings in markets were accompanied by vigorous trading activity. ASX equity markets saw trading break through a million trades in a day on four occasions during the month, peaking at 1.4 million trades on 9 August and averaging 854,542 trades a day throughout August. Through-put capacity built into trading, clearing and settlement systems managed the sharp spike in activity with no operational disruptions to ASX systems.

**Australian Equity Market Volatility**  
Monthly average

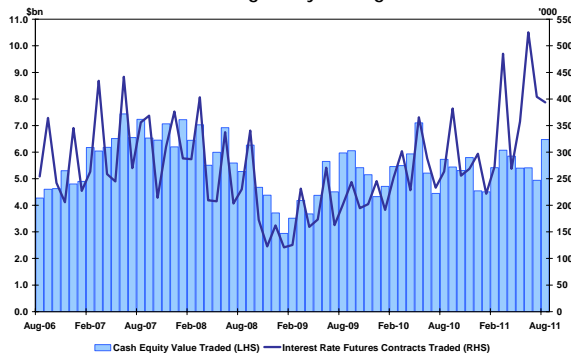


Measures of volatility in the Australian equity market were sharply higher during August compared to the past year:

- Current volatility (as measured by the average daily movement in the All Ordinaries Index) was 1.5% in August, more than double the previous month (0.7%).
- Expected future volatility (as measured by the S&P/ASX 200 VIX) rose on average in August to 32.3 (compared to 19.5 in July).

Volatility in US markets (S&P 500 Index) rose even more sharply in August, with average daily movements of 2.2% (0.8% in July). Expectations of future volatility in the US also rose during August.

**ASX Cash Equity and Interest Rate Futures**  
Average daily trading



The value of daily cash market trading in August rose compared to the previous month's performance, with an average traded value of \$6.4 billion a day (\$4.8 billion in July).

Activity in interest rate futures contracts continued its upward trend, with trading during August in the four main contracts (3 and 10 year bonds, 90 day bank bills, and the 30 day cash rate) of 393,483 contracts traded on average each day.

## AUSTRALIAN SECURITIES EXCHANGE

### Listings and capital raisings

- In August 2011 there were 12 new listings, more than double the number of five in the previous corresponding period (pcp).
- Total listed entities at the end of August 2011 were 2,225, up 2% on the 2,186 of a year ago.
- There was \$1.5 billion of initial capital raised in August 2011, compared to \$2.0 billion in the pcp.
- Secondary capital raisings in August 2011 decreased, with \$1.1 billion raised, compared to \$2.3 billion in the pcp. There was also \$339 million of other capital raised, including scrip-for-scrip, in August 2011.
- Total capital raised in August 2011 amounted to \$2.6 billion, down 38% on the \$4.3 billion raised in the pcp.

Listings and Capital Raisings	Aug 2011 Month	Aug 2010 Month	Aug 2011 Financial YTD	Aug 2010 Financial YTD
New listed entities admitted	12	5	22	18
Change on pcp	140%		22%	
Total listed entities (at end of month)	2,225	2,186		
Change on pcp	2%			
Initial capital raised (\$million)	1,513	2,014	1,601	3,289
Secondary capital raised (\$million)	1,130	2,272	4,166	4,798
Total capital raised (\$million)	2,643	4,286	5,767	8,086
Change on pcp	-38%		-29%	
Other capital raised including scrip-for-scrip (\$million)	339	931	1,114	1,139

## Trading – Cash markets (including equities, interest rates and warrants trades)

The All Ordinaries Index closed at the end of August at 4,369.9 points, a fall of 2.9 % over the course of the month. The index has fallen 9.8% since 1 January 2011 and was 1.6% lower than a year ago.

- Total cash market trades for August 2011 were 19.7 million, up 75% on the pcp.
- Average daily trades for August 2011 of 854,542 were 68% higher than the pcp.
- Total cash market traded value was \$147.5 billion in August 2011, up 17% on the pcp. The average daily value traded was \$6.4 billion in August 2011, up 12% on the pcp.
- In August 2011 the average value per trade was \$7,505, down 33% on the pcp of \$11,248. The percentage of traded value crossed was 24% (32% pcp).

Cash Markets	Aug 2011 Month	Aug 2010 Month	Aug 2011 Financial YTD	Aug 2010 Financial YTD
Total trading days	23	22	44	44
Cash market volume				
Total trades	19,654,456	11,200,491	31,462,161	21,958,445
Change on pcp	75%		43%	
Average daily trades	854,542	509,113	715,049	499,056
Change on pcp	68%		43%	
Cash market value (including value of crossed trades)				
Total value (\$billion)	147.507	125.987	248.911	223.763
Change on pcp	17%		11%	
Average daily value (\$billion)	6.413	5.727	5.657	5.086
Change on pcp	12%		11%	
Cash market behaviour statistics				
Turnover crossed (%)	24%	32%	24%	29%
Off-market turnover crossed (%)	12%	19%	12%	16%
On-market turnover crossed (%)	12%	13%	12%	13%
Total value crossed (\$billion)	35.040	39.691	59.838	65.131
Non billable value (above cap) (\$billion)	2.472	2.929	4.685	4.954
Total billable value (\$billion)	145.035	123.058	244.226	218.809
Billable value – off-market crossings (%)	11%	13%	10%	15%
Billable value – on-market crossings (%)	12%	18%	12%	13%
Cash market includes equity, warrant and interest rate market transactions				

## Trading – Financial derivatives markets

- There was a continuation of very robust trading activity of recent months in the benchmark ASX 24 interest rate contracts in August.
- The first half of August saw extreme volatility in both short-term and long-term global interest rate markets. Volatility was being driven by deepening concerns over the state of the European debt market, as well as US political events which eventually led to a downgrading of US Government debt by Standard and Poors. Those events, combined with lacklustre economic data, drove US equity market volatility, which in turn impacted on domestic equity market indices, interest rate movements, and generated sharp swings in the value of the Australian dollar.
- Volatile US and European markets led to an increase in the night session trading activity on ASX 24 products, including monthly record night session volumes in the interbank cash rate contract (151,704 contracts), 3 year bond futures (1,060,250 contracts) and ASX SPI 200 futures (240,065 contracts).
- There were significant swings in Australian yields during the month driven by global events and signs of a weaker domestic economy. During the first week of August, ASX interest rate futures yields decreased between 50 and 100 basis points (bps), before rebounding slightly in the second half, albeit not back to levels seen a month earlier.
- At the end of August the 30 day interbank cash rate futures contract was pricing in a 100% probability of a 25bps rate cut at the RBA's September meeting. Earlier in the month market pricing in the contract reflected a 100% probability at a 50bps cut. Trading in the futures contract continues to price the chance of additional rate cuts in late 2011 through to mid 2012, to take the official cash rate to 3.5% (currently 4.75%). This contrasts with the view of many market economists who expect the RBA to keep rates at the current level for some time.
- Equity derivatives volume (excluding the ASX SPI 200) for August 2011 was 21.2 million contracts. Measuring volumes on the prior contract size, in order to allow for a meaningful comparison, results in equity derivatives volume (excluding the ASX SPI 200) for August 2011 of 3.5 million contracts. This represents an 80% increase in total volumes compared to the pcp, with a daily average of 153,632 contracts, up 72% on the pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for August 2011 was 10.9 million, up 52% on the pcp, with a notional value of \$5.5 trillion. Average daily contracts volume during August 2011 of 474,178 was up 46% on the pcp.
- A total of 12,625 ASX CFD trades were transacted in August 2011, comprising a volume of 25.4 million contracts. The total notional value of all CFD trades for August was \$432.4 million, an increase of 16% on the pcp, while the value of CFD open interest at the end of August was \$73.6 million, a decrease of 57% on the pcp.

Derivatives Markets	Aug 2011 Month	Aug 2010 Month	Aug 2011 Financial YTD	Aug 2010 Financial YTD
<b>Derivatives total trading days</b> (Derivatives includes exchange-traded options, commodities, and index options and futures)	23	22	44	44
<b>Derivatives volume</b>				
Total contracts	21,171,100	1,966,290	34,716,360	3,548,783
Total contracts – converted to previous contract size	3,533,541	1,966,290	5,845,752	3,548,783
Change on pcp	80%		65%	
Average daily contracts	920,483	89,377	789,008	80,654
Average daily contracts – converted to previous contract size	153,632	89,377	132,858	80,654
Change on pcp	72%		65%	
<b>Futures and options total trading days</b> (Futures and options includes interest rate, ASX SPI 200 and energy contracts)	23	22	44	44
<b>Futures volume</b>	10,729,348	6,734,660	20,252,736	12,636,057
Change on pcp	59%		60%	
Average daily contracts	466,493	306,121	460,289	287,183
Change on pcp	52%		60%	
<b>Options on futures volume</b>				
Total contracts	176,736	435,034	609,956	713,663
Change on pcp	-59%		-15%	
Average daily contracts	7,684	19,774	13,863	16,220
Change on pcp	-61%		-15%	
<b>Total futures and options on futures volume</b>				
Total contracts	10,906,084	7,169,694	20,862,692	13,349,720
Change on pcp	52%		56%	
Average daily contracts	474,178	325,895	474,152	303,403
Change on pcp	46%		56%	
<b>Contracts for difference market</b>				
Total trades	12,625	10,468	18,321	21,294
Total contracts traded	25,376,443	16,304,219	39,886,460	28,317,913
Notional value traded (\$million)	432.4	371.6	633.9	751.0
Total open interest value (at end of month) (\$million)	73.6	169.5		

## Trading – Energy and agricultural derivatives markets

- A total of 12,150 Australian electricity futures and options contracts were traded in August 2011, down 38% on the pcp. Total open interest was 46,653 contracts at the end of August 2011 compared to 42,077 at the end of July 2011.
- The ASX grain futures and options market traded 41,431 contracts (828,620 tonnes) during the month, down 29% on the pcp. Open interest at the end of August 2011 of 157,351 futures contracts represents 3.1 million tonnes of Australian grain and oilseed.

## ASX CLEARING CORPORATION

### Clearing

All on-market trades (equities and derivatives markets) are novated by ASX's two central counterparty clearing subsidiaries, ASX Clear and ASX Clear (Futures), 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 \$3.5 billion during August 2011 (including excess cash collateral but excluding equity securities lodged in excess of the margin requirement), with cash margins lodged averaging \$2.8 billion.
- There were 25 intra-day margin calls made on 13 separate days in August 2011 totalling \$1.4 billion compared to \$217.3 million of intra-day margin calls in July 2011.

ASX Clearing Corporation	Aug 2011 Month	Aug 2010 Month	Aug 2011 Financial YTD	Aug 2010 Financial YTD
<b>Collateral Balances – At End of Month</b>				
Cash margins held on-balance sheet:				
- ASX Clear (\$billion)	0.5	0.4		
- ASX Clear (Futures) (\$billion)	2.6	2.4		
Cash equivalents held on-balance sheet – ASX Clear (Futures) (\$billion)	0.0	0.1		
Collateral cash cover held off-balance sheet (equities and guarantees) – ASX Clear (\$billion)	4.0	4.0		
<b>Total billable value cleared (\$billion)</b>	<b>122.297</b>	<b>97.377</b>	<b>205.127</b>	<b>176.615</b>

## ASX SETTLEMENT CORPORATION

### ASX Settlement

There were no disruptions to the completion of batch settlement in the equities market during August 2011.

- Total equity settlement delivery fail rate averaged 0.39 % per day during August 2011, a small increase on the 0.32% rate for July 2011.

ASX Settlement Corporation	Aug 2011 Month	Aug 2010 Month	Aug 2011 Financial YTD	Aug 2010 Financial YTD
ASX Settlement				
Gross value of novated settlements (\$billion)	113.9	87.2	188.6	157.6
Net value of novated settlements (\$billion)	39.6	32.7	68.8	61.1
Gross value of non-novated settlements (\$billion)	186.0	134.9	304.2	246.4
Total value of settlements post netting (\$billion)	225.6	167.6	373.0	307.5
Value of Chess holdings – period end (\$billion)	1,145.7	1,114.7		

### Austraclear Settlement

There were no disruptions to the Austraclear settlement sessions during August 2011.

- The levels of total debt holdings in Austraclear increased over the course of August by \$13.0 billion to \$1.262 trillion. During August electronic certificates of deposit increased by \$5.8 billion, treasury bonds increased by \$6.6 billion and semi-government bonds increased by \$3.6 billion. Corporate bonds decreased by \$2.7 billion and all other holdings decreased by \$335 million in total in August.

Austraclear Settlement and Depository	Aug 2011 Month	Aug 2010 Month
Austraclear securities holdings – period end (\$billion)	1,262.0	1,149.9

A separate **ASX Compliance** activity report for August 2011 has also been released today.

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