

# 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

While interest rates around the world remain at all time lows, the cash rate in Australia hovers around 1.5%,<sup>1</sup> with official movements and market speculation giving rise to volatility. This volatility creates a prospect for significant trading opportunities in the market. Elsewhere – in the US, Canada, Europe and the UK for example – rates are expected to remain at around 0.5%, with little movement forecast for the near term.

## 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 41.10% of GDP<sup>2</sup> – much lower than many of its global counterparts, many of whom have Government debt levels over 80%. With around 70% 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 – \$2.3 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\$51. Similar US contracts are valued at US\$15.625 each<sup>4</sup>.

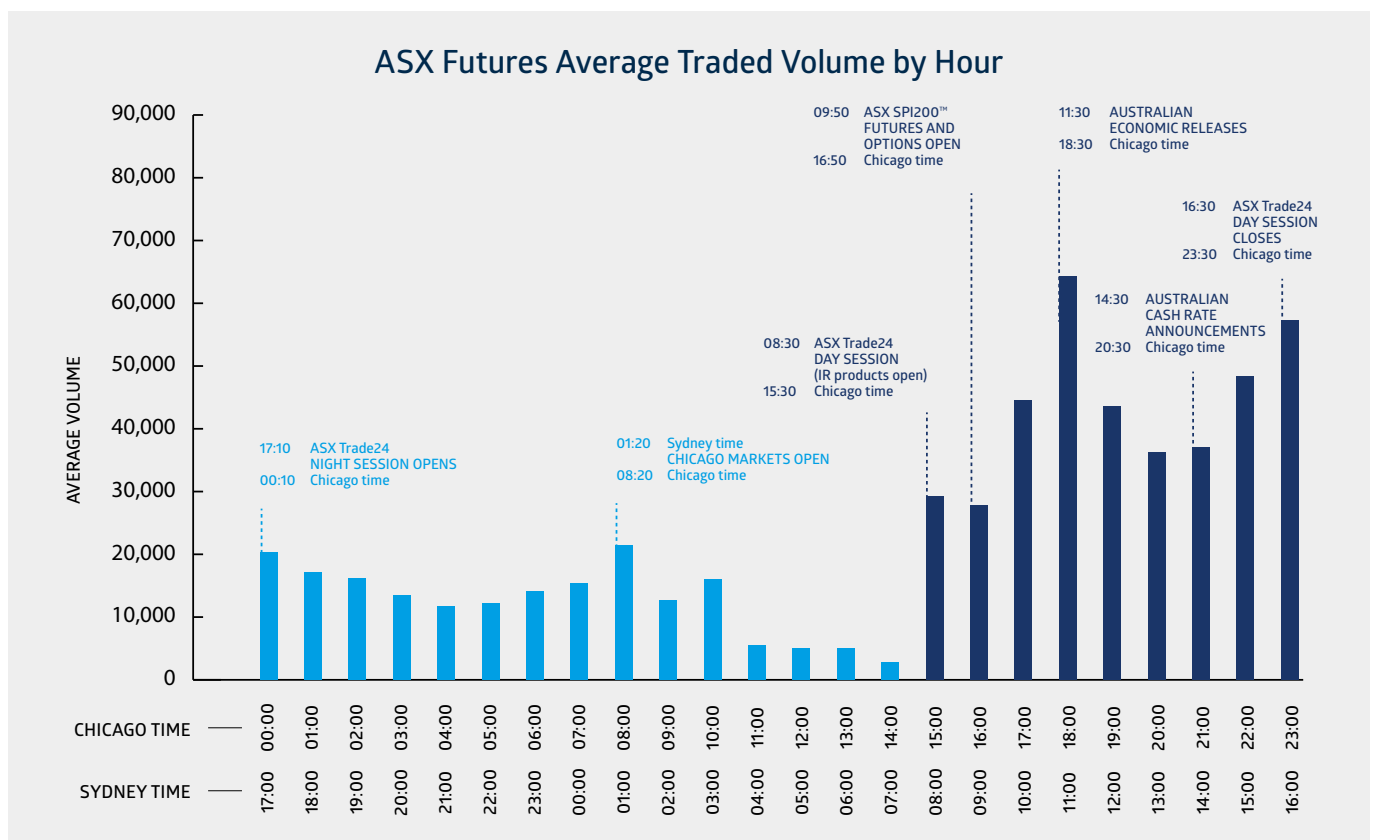
## A diverse trading community

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.



# New Trading Platform (NTP) – your platform for trading in Australia

In March 2017, ASX introduced a New Trading Platform (NTP) for trading futures and options, replacing a legacy proprietary platform. The new platform provides significant benefits to customers including richer functionality, technical enhancements, and improved latency and pre-trade 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. NTP 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 NTP 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 Pty Ltd
- Barclays Bank PLC
- Bell Potter Securities Ltd
- BNP Paribas Securities Services
- Citigroup Global Markets Australia Pty Ltd
- Credit Suisse AG, Sydney Branch
- Deutsche Bank AG
- GH Financials Limited
- Goldman Sachs Australia Pty Ltd
- HSBC Bank Australia Ltd
- JP Morgan Markets Australia Pty Ltd
- Macquarie Bank Ltd
- Merrill Lynch (Australia) Futures Ltd
- Morgan Stanley Australia Securities Ltd
- Newedge Australia Pty Ltd
- UBS AG, Australia Branch

1. Reserve Bank of Australia: Cash Rate Target, 02 August 2017, [rba.gov.au/statistics/cash-rate](http://rba.gov.au/statistics/cash-rate)

2. Trading Economics: Australia Government Debt to GDP 1989-2017, [tradingeconomics.com/australia/government-debt-to-gdp](http://tradingeconomics.com/australia/government-debt-to-gdp)

3. APRA, Quarterly Superannuation Performance, June 2017

4. XT at 97.36 September 2017

