



MARKET ANNOUNCEMENT

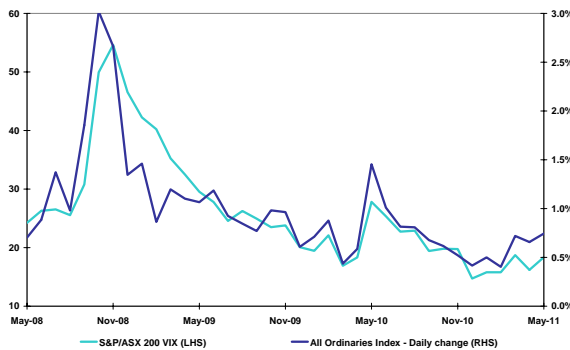
6 June 2011

ASX Group Monthly Activity Report – May 2011

The value of ASX-listed stocks, as measured by the All Ordinaries Index, fell 2.2% during May. Other major markets also fell during the month including Japan down 1.6%, the US down 1.4%, the UK down 1.3%, Singapore down 0.4% and Hong Kong down 0.2%.

May 2011 marked the one-year anniversary of the ‘flash crash’ in the United States. The ‘flash crash’ coincided with significant volatility in world markets as uncertainty about debt problems in Europe raised questions about the impact on global growth prospects. This volatility, combined with sharp falls in equity valuations, helped drive a significant spike in trading activity in May 2010. This needs to be considered when comparing growth in activity levels with the corresponding period last year.

Australian Equity Market Volatility
Monthly average

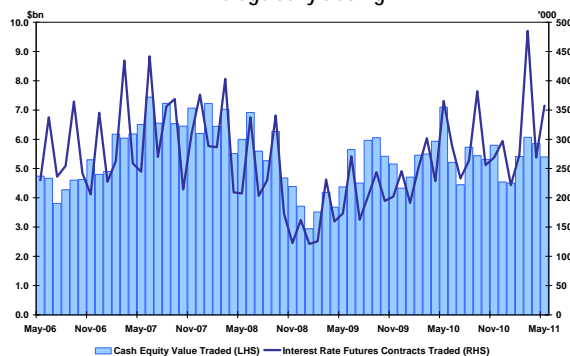


Measures of volatility in the Australian equity market were generally restrained during May:

- Current volatility (as measured by the average daily movement in the All Ordinaries Index) was 0.8% in May (April 0.7%).
- Expected future volatility (as measured by the S&P/ASX 200 VIX) rose on average in May to 18.4 (compared to 16.2 in April).

Volatility in US markets (S&P 500 Index) rose in May with average daily movements of 0.6% (0.4% in April). Expectations of future volatility in the US rose slightly during May.

ASX Cash Equity and Interest Rate Futures
Average daily trading



The value of daily cash market trading in May was down slightly on the previous month's performance, with an average traded value of \$5.3 billion a day.

Activity in interest rate futures contracts continued its upward trend, with trading during May in the four main contracts (3 and 10 year bonds, 90 day bank bills, and the 30 day cash rate) recording a daily average of 357,416 contracts traded.

AUSTRALIAN SECURITIES EXCHANGE

Listings and capital raisings

- In May 2011 there were 16 new listings, 129% higher than the 7 in the previous corresponding period (pcp).
- Total listed entities at the end of May 2011 were 2,244, up 3% on the 2,187 a year ago.
- There was \$2,563 million of initial capital raised in May 2011, compared to \$425 million in the pcp.
- Secondary capital raisings in May 2011 increased slightly, with \$2.3 billion raised, compared to \$2.1 billion in the pcp. There was also \$402 million of other capital raised including scrip-for-scrip in May 2011.
- Total capital raised in May 2011 amounted to \$4.9 billion, up 91% on the \$2.5 billion raised in the pcp.
- For the financial year-to-date, total capital raised is down 22%, with capital raised from IPOs \$26.0 billion and from secondary raisings \$32.2 billion.

Listings and Capital Raisings	May 2011 Month	May 2010 Month	May 2011 Financial YTD	May 2010 Financial YTD
New listed entities admitted	16	7	147	85
Change on pcp	129%		73%	
Total listed entities (at end of month)	2,244	2,187		
Change on pcp	3%			
Initial capital raised (\$million)	2,563	425	26,042	11,234
Secondary capital raised (\$million)	2,295	2,113	32,184	63,599
Total capital raised (\$million)	4,858	2,538	58,226	74,833
Change on pcp	91%		(22%)	
Other capital raised including scrip-for-scrip (\$million)	402	359	23,869	4,227

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

The All Ordinaries Index closed at the end of May at 4778.90 points, a fall of 2.2% over the course of the month. The index has fallen 1.2% in the calendar year-to-date.

- Total cash market trades for May 2011 were 13.7 million, down 1% on the pcp.
- Average daily trades for May 2011 of 621,073 were 6% lower than the pcp.
- Total cash market traded value was \$116.9 billion in May 2011, down 21% on the pcp. The average daily value traded was \$5.3 billion in May 2011, down 24% on the near record \$7.0 billion traded in the pcp.
- In May 2011 the average value per trade was \$8,554, down 20% on the pcp of \$10,628. The percentage of traded value crossed was 26% (27% pcp).

Cash Markets	May 2011 Month	May 2010 Month	May 2011 Financial YTD	May 2010 Financial YTD
Total trading days	22	21	232	232
Cash market volume				
Total trades	13,663,610	13,864,413	131,507,348	120,437,965
Change on pcp	(1%)		9%	
Average daily trades	621,073	660,210	566,842	519,129
Change on pcp	(6%)		9%	
Cash market value (including value of crossed trades)				
Total value (\$billion)	116.875	147.347	1,227.899	1,249.858
Change on pcp	(21%)		(2%)	
Average daily value (\$billion)	5.313	7.017	5.293	5.387
Change on pcp	(24%)		(2%)	
Cash market behaviour statistics				
Turnover crossed (%)	26%	27%	28%	29%
Off-market turnover crossed (%)	12%	13%	15%	15%
On-market turnover crossed (%)	14%	14%	13%	14%
Total value crossed (\$billion)	30.513	39.904	341.387	356.859
Non billable value (above cap) (\$billion)	2.941	8.513	36.243	49.512
Total billable value (\$billion)	113.934	138.834	1,191.656	1,200.346
Billable value – off-market crossings (%)	11%	11%	13%	13%
Billable value – on-market crossings (%)	14%	14%	13%	13%
Cash market includes equity, warrant and interest rate market transactions				

Trading – Financial derivatives markets

- There was a continuation of strong trading activity in the benchmark interest rate contracts in May, including record volume in the 30 day interbank cash rate futures contract.
- Market focus was primarily on the domestic economy and the comments from the Reserve Bank of Australia (RBA) Governor during the month on current and forecast growth. The RBA left the official cash rate unchanged at its May meeting and market expectation (as reflected in the cash rate futures contract) is for a single upwards movement in the official rate over the next 18 months.
- While there has been some further concern in Europe over sovereign debt issues, the effect has largely not been felt in the Australian market, particularly when measured against the experience of a year ago where international events drove a significant spike in derivatives trading.
- During May 2011 ASX moved from the prior standard contract size for single stock options of 1,000 shares per contract to 100 shares per contract. This change in contract size occurred gradually for different stocks over the month and is reflected in the derivatives volumes below.
- Equity derivatives volume (excluding the ASX SPI 200) for May 2011 was 12.7 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 May 2011 of 2.4 million contracts. This represents no change in total volumes compared to the pcp, with a daily average of 108,483 contracts, down 5% on pcp.
- For May 2011 financial YTD average daily equity derivatives volume (excluding the ASX SPI 200) of 89,045, represents on a comparable basis a 5% increase on the pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for May 2011 was 9.4 million, up 2% on the pcp, with a notional value of \$5.5 trillion. Average daily contracts volume during May 2011 of 425,044 was down 3% on the pcp.
- A total of 6,065 ASX CFD trades were transacted in May 2011, comprising a volume of 14.5 million contracts. The total notional value of all CFD trades for May was \$251.0 million a decrease of 37% on the pcp, while the value of CFD open interest at the end of May was \$84.0 million, a decrease of 18% on the pcp.
- ASX has reviewed the Large Volume Rebate scheme (LVR) for the futures market and reset hurdles applicable for FY12. In FY12 the LVR will begin to apply when eligible volumes increase 2.5% over FY11 volumes. It is estimated that this will result in a similar level of rebate in FY12 as in FY11 when eligible growth in volume reaches approximately 15%. All other conditions for the LVR remain unchanged, including the eligibility criterion for participants of a minimum one-million traded contracts.

Derivatives Markets	May 2011 Month	May 2010 Month	May 2011 Financial YTD	May 2010 Financial YTD
Derivatives total trading days (Derivatives includes exchange traded options, commodities, and index options and futures)	22	21	232	232
Derivatives volume				
Total contracts	12,741,919	2,392,026	31,013,701	19,672,176
Change on pcp*	N/A		N/A	
Average daily contracts	579,178	113,906	133,680	84,794
Change on pcp*	N/A		N/A	
Futures and options total trading days (Futures and options includes interest rate, ASX SPI 200 and energy contracts)	22	21	234	234
Futures volume	8,867,901	8,866,046	80,339,709	65,518,950
Change on pcp	-		23%	
Average daily contracts	403,086	422,193	343,332	279,996
Change on pcp	(5%)		23%	
Options on futures volume				
Total contracts	483,060	323,965	4,059,010	2,646,454
Change on pcp	49%		53%	
Average daily contracts	21,957	15,427	17,346	11,310
Change on pcp	42%		53%	
Total futures and options on futures volume				
Total contracts	9,350,961	9,190,011	84,398,719	68,165,404
Change on pcp	2%		24%	
Average daily contracts	425,044	437,620	360,678	291,305
Change on pcp	(3%)		24%	
Contracts for difference market				
Total trades	6,065	14,325	86,968	113,503
Total contracts traded	14,478,678	15,808,708	161,210,355	141,990,971
Notional value traded (\$million)	251.0	399.0	3,261.8	3,338.8
Total open interest value (at end of month) (\$million)	84.0	102.0		
* Percentage change not meaningful due to change in contract size from 1,000 shares to 100 shares on single stock options during May 2011.				

Trading – Energy and agricultural derivatives markets

- The ASX grain futures and options market traded 30,072 contracts (601,440 tonnes) during the month, up 1% on the pcp. Open interest at the end of May 2011 of 98,591 futures contracts represents 1.97 million tonnes of Australian grain and oilseed. The May delivery period processed 64,120 tonnes.
- The first trade in the new ASX Renewable Energy Certificate (REC) futures contract occurred on 31 May (the contract having been first quoted on 17 May). This first exchange-traded environmental derivative, along with other futures products in development, will provide forward price transparency and credit risk mitigation benefits for companies managing complex exposures arising from the transition to a low carbon economy.

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 \$2.8 billion during May 2011 (including excess cash collateral but excluding equity securities lodged in excess of the margin requirement), with cash margins lodged averaging \$2.3 billion.
- There were intraday margin calls made on two separate days in May 2011 totalling \$2.9 million compared to \$8.0 million of intra-day margin calls in April 2011.

ASX Clearing Corporation	May 2011 Month	May 2010 Month	May 2011 Financial YTD	May 2010 Financial YTD
Collateral Balances – At End of Month				
Cash margins held on-balance sheet:				
- ASX Clear (\$billion)	0.3	0.4		
- ASX Clear (Futures) (\$billion)	2.1	2.6		
Cash equivalents held on-balance sheet – ASX Clear (Futures) (\$billion)	0.0	0.2		
Collateral cash cover held off-balance sheet (equities and guarantees) – ASX Clear (\$billion)	4.3	4.0		
Total billable value cleared (\$billion)	93.894	118.690	953.882	997.433

ASX SETTLEMENT CORPORATION

ASX Settlement

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

- Total equity settlement delivery fail rates averaged 0.5% per day during May 2011, a reduction on the 0.7% rate from April 2011.

ASX Settlement Corporation	May 2011 Month	May 2010 Month	May 2011 Financial YTD	May 2010 Financial YTD
ASX Settlement				
Gross value of novated settlements (\$billion)	90.5	110.8	878.0	904.2
Net value of novated settlements (\$billion)	36.2	40.6	368.6	375.9
Gross value of non-novated settlements (\$billion)	155.4	181.2	1,502.6	1,584.8
Total value of settlements post netting (\$billion)	191.6	221.8	1,871.2	1,960.7
Value of Chess holdings – period end (\$billion)	1,226.1	1,114.8		

Austraclear Settlement

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

- The levels of total debt holdings in Austraclear increased over the course of May by \$27.0 billion to \$1.250 trillion. Floating rate notes increased by \$7.5 billion, treasury bonds by \$5.6 billion, electronic certificates of deposit by \$5.1 billion, semi-government by \$4.1 billion, corporate bonds by \$2.8 billion, and treasury notes by \$1.3 billion. All other holdings increased by a total of \$0.7 billion.

Austraclear Settlement and Depository	May 2011 Month	May 2010 Month
Austraclear securities holdings – period end (\$billion)	1,250.2	1,155.3

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

For further information:

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