



# MARKET ANNOUNCEMENT

7 January 2011

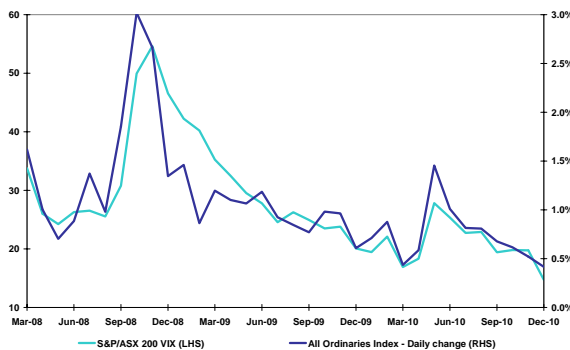
## ASX Group Monthly Activity Report – December 2010

ASX-listed stocks ended the year on a relatively strong note, with the All Ordinaries Index rising 3.6% during December to be down 0.7% overall in calendar year 2010, following a strong 33.4% rise in 2009.

All other major global markets also rose during December including: the US up 6.5%; Canada up 3.8%; Germany up 3.4%; Japan up 2.9%; UK up 6.7%; Singapore up 1.4%; and Hong Kong up 0.1%.

Calendar year 2010 saw somewhat mixed performance across major markets. Some countries experienced a second year of strong growth to build on the excellent 2009 rebound. These included Germany up 16.1% in calendar year 2010 (up 23.8% in 2009); Canada up 14.4% (up 30.7%); Singapore up 10.1% (up 64.5%); the US up 12.8% (up 23.5%); the UK up 9.0% (up 22.1%); and Hong Kong up 5.3% (up 52.0%). Among major markets, in addition to Australia which was down marginally in 2010 following a strong rise in 2009, Japan fell 3.0% (up 19.0% in 2009).

**Australian Equity Market Volatility**  
Monthly average

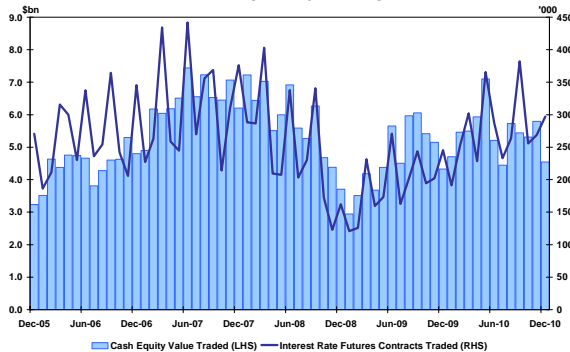


Volatility in the Australian market eased in December:

- Current volatility (as measured by average daily movements in the All Ordinaries Index) was 0.4% in December (0.5% in November).
- Expected future volatility (as measured by the S&P/ASX 200 VIX) fell on average in December and was down to the lowest level seen since the series commenced in January 2008.

Volatility in US markets (S&P 500 Index) also fell slightly in December with average daily movements of 0.4% (0.7% in November). Expectations of future volatility (CBOE VIX) in the US declined to its lowest level since July 2008, prior to the emergence of the global financial crisis.

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



The value of daily cash market trading in December 2010 was up on December 2009, with average daily traded value of \$4.4 billion, compared to \$4.2 billion a year earlier.

Activity in interest rate futures contracts continued to trend higher, with trading in the four main contracts (3 and 10 year bonds, 90 day bank bills, and the 30 day cash rate) reaching a daily average of 297,174 contracts traded, down 20% on the last quarterly expiry month (September 2010) but up 20% on December 2009.

## AUSTRALIAN SECURITIES EXCHANGE

### Listings and capital raisings

- In December 2010 there were 35 new listings, compared to 21 in the previous corresponding period (pcp).
- In calendar year 2010, 126 new entities listed, compared to 59 in calendar year 2009.
- Total listed entities at the end of December 2010 were 2,216, up 2% on the 2,181 a year ago.
- There was \$10.6 billion of initial capital raised in December compared to \$2.0 billion in the pcp. There was also \$2.2 billion of other capital raised including scrip-for-scrip in December.
- Initial capital raised in calendar year 2010 was \$25 billion, 233% higher than the \$7.5 billion in 2009.
- Secondary capital raisings remained robust, notwithstanding the decline in secondary raisings compared to the very high levels of a year ago. There was \$5.8 billion in secondary capital raised in December.
- Total secondary capital raised in calendar year 2010 was \$31.4 billion, 68% lower than the record \$98.6 billion in 2009.
- Total capital raised in December amounted to \$16.4 billion, up 57% on the \$10.4 billion raised in the pcp.
- Total capital raised in calendar year 2010 was \$56.5 billion, 47% lower than the record \$106.1 billion in 2009.

Listings and Capital Raisings	Dec 2010 Month	Dec 2009 Month	Dec 2010 Financial YTD	Dec 2009 Financial YTD
New listed entities admitted	35	21	84	50
Change on pcp	67%		68%	
Total listed entities (at end of month)	2,216	2,181		
Change on pcp	2%			
Initial capital raised (\$million)	10,587	1,928	20,613	7,024
Secondary capital raised (\$million)	5,790	8,509	18,369	52,025
Total capital raised (\$million)	16,377	10,437	38,982	59,049
Change on pcp	57%		(34%)	
Other capital raised including scrip-for-scrip (\$million)	2,165	838	13,685	2,862

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

The All Ordinaries Index closed at 4,846.9 points, a rise of 3.6% over the course of the month. The index has risen 12.1% in the financial year-to-date and fallen 0.7% over the course of calendar year 2010.

- Total cash market trades for December 2010 were 11.0 million, up 17% on the pcp. Average daily trades for December 2010 of 523,026 were also 17% higher than the pcp.
- Total cash market trades in calendar year 2010 were 136.4 million, 19% higher than calendar year 2009. Average daily trades for calendar year 2010 were 538,963, also 19% higher than calendar year 2009.
- Total cash market traded value was \$92.9 billion in December 2010, up 5% on the pcp, with a daily average value of \$4.4 billion, also up 5% on the pcp.

- Total cash market traded value in calendar year 2010 was \$1.4 trillion, 21% higher than calendar year 2009, with a daily average value of \$5.4 billion, 21% higher than calendar year 2009.
- In December 2010 the average value per trade decreased to \$8,458, down 10% on the pcp of \$9,424. The percentage of traded value crossed rose slightly to 27% (25% pcp).

Cash Markets	Dec 2010 Month	Dec 2009 Month	Dec 2010 Financial YTD	Dec 2009 Financial YTD
Total trading days	21	21	130	130
Cash market volume				
Total trades	10,983,547	9,392,761	70,180,467	66,072,383
Change on pcp	17%		6%	
Average daily trades	523,026	447,274	539,850	508,249
Change on pcp	17%		6%	
Cash market value (including value of crossed trades)				
Total value (\$billion)	92.895	88.517	675.387	669.297
Change on pcp	5%		1%	
Average daily value (\$billion)	4.424	4.215	5.195	5.148
Change on pcp	5%		1%	
Cash market behaviour statistics				
Turnover crossed (%)	27%	25%	29%	29%
Off-market crossings represent 14% and on-market 13% of turnover				
Total value crossed (\$billion)	25.792	22.410	193.540	194.892
Non billable value (above cap) (\$billion)	2.614	3.141	21.240	24.882
Total billable value (\$billion)	90.281	85.376	654.147	644.415
Billable value – off-market crossings (%)	13%	10%	14%	14%
Billable value – on-market crossings (%)	13%	14%	13%	13%
Cash market includes equity, warrant and interest rate market transactions				

## Trading – Financial derivatives markets

December continued to see strong activity across the benchmark interest rate futures contracts, despite the December expiry month traditionally being the quietest of the quarterly expiry months as most trading entities reduce their risk profile for the holiday period straight after the expiries have finished.

Trading in December, despite its firm overall tone was somewhat mixed at the individual contract level:

- Trading in short-term interest rate futures declined in December compared to the rest of 2010 as market sentiment saw little prospect of a rate increase until the second half of 2011. The overnight cash rate yield curve was little changed throughout December.
- In contrast, activity in the 10 year bond futures contract was the strongest of the 2010 quarterly expiry months, driven by speculative trading around the roll, a rally in long-term yields, and a widening in 10 year swap spreads driven by improving domestic and global economic outlooks. The expiry month trading volume of the 10 year bond futures contract is returning to levels last seen back in mid-2008 before the worst of the global financial crisis emerged.

Calendar year 2010 was a strong year for interest rate derivatives with record annual contracts traded in the inter-bank futures, 3 year bond futures, 3 year overnight cash options and 3 year bond intra-day options products.

- Equity derivatives volume (excluding ASX SPI 200) for December 2010 was 1.6 million contracts, down 2% on the pcp, with a daily average of 76,919 contracts, also down 2% on pcp. Financial year-to-date equity derivatives volume is 5% up on pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for December 2010 was 7.5 million, up 17% on the pcp, with a notional value traded of \$2.5 trillion. Average daily contracts volume during December of 358,863 was also up 17% on the pcp. Financial year-to-date futures and options on futures contracts volume was up 29% on the pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for calendar year 2010 was 86.2 million, up 33% on calendar year 2009.
- A total of 5,023 ASX CFD trades were transacted in December 2010, comprising a volume of 10.1 million contracts. The total notional value of all CFD trades for December was \$202.8 million down 23% on the pcp, while the value of CFD open interest at the end of December was \$139.5 million an increase of 30% on the pcp.

Derivatives Markets	Dec 2010 Month	Dec 2009 Month	Dec 2010 Financial YTD	Dec 2009 Financial YTD
Derivatives total trading days (Derivatives includes exchange traded options, commodities, and index options and futures)	21	21	130	130
Derivatives volume				
Total contracts	1,615,300	1,652,584	10,736,392	10,207,224
Change on pcp	(2%)		5%	
Average daily contracts	76,919	78,694	82,588	78,517
Change on pcp	(2%)		5%	
Futures and options total trading days (Futures and options includes interest rate, ASX SPI 200 and energy contracts)	21	21	130	130
Futures volume	7,320,688	6,298,784	42,615,064	33,089,998
Change on pcp	16%		29%	
Average daily contracts	348,604	299,942	327,808	254,538
Change on pcp	16%		29%	
Options on futures volume				
Total contracts	215,441	135,244	2,014,247	1,438,500
Change on pcp	59%		40%	
Average daily contracts	10,259	6,440	15,494	11,065
Change on pcp	59%		40%	
Total futures and options on futures volume				
Total contracts	7,536,129	6,434,028	44,629,311	34,528,498
Change on pcp	17%		29%	
Average daily contracts	358,863	306,382	343,302	265,604
Change on pcp	17%		29%	

Derivatives Markets (continued)	Dec 2010 Month	Dec 2009 Month	Dec 2010 Financial YTD	Dec 2009 Financial YTD
Contracts for difference market				
Total trades	5,023	9,893	51,388	63,303
Total contracts traded	10,142,367	9,513,924	84,879,753	79,734,813
Notional value traded (\$million)	202.8	264.5	1,823.7	1,931.0
Total open interest value as at month end (\$million)	139.5	107.2		

### Trading – Energy and agricultural derivatives markets

- A total of 12,421 Australian electricity futures and options contracts were traded in December 2010, an increase of 27% on the pcp. Calendar year 2010 volume of 197,186 contracts is a 55% increase on 2009. Total open interest was 52,296 contracts at the end of December.
- The ASX grain futures and options market traded a record 71,402 contracts (1.4 million tonnes) during the month, which represents 49% growth on the pcp. Open interest, at the end of December, of 181,374 futures contracts represents over 3.6 million tonnes.

### 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 \$3.0 billion during December 2010 (including excess cash collateral but excluding equity securities lodged in excess of the margin requirement), with cash margins lodged averaging \$2.4 billion.
- There was one intra-day margin call in December of \$0.4 million compared to no intra-day calls in November.

ASX Clearing Corporation	Dec 2010 Month	Dec 2009 Month	Dec 2010 Financial YTD	Dec 2009 Financial YTD
<b>Collateral Balances – At End of Month</b>				
Cash margins held on-balance sheet:				
- ASX Clear (\$billion)	0.3	0.3		
- ASX Clear (Futures) (\$billion)	1.9	1.8		
Cash equivalents held on-balance sheet – ASX Clear (Futures) (\$billion)	0.3	0.6		
Collateral cash cover held off-balance sheet (equities and guarantees) – ASX Clear (\$billion)	4.2	4.2		
Total billable value cleared – Cash Markets (\$billion)	73.271	73.167	521.221	530.394

## ASX SETTLEMENT CORPORATION

### ASX Settlement

There were no material delays to the completion of batch settlement in the equities market during December 2010.

- Total equity settlement delivery fail rates averaged 0.5% per day during December 2010.

ASX Settlement Corporation	Dec 2010 Month	Dec 2009 Month	Dec 2010 Financial YTD	Dec 2009 Financial YTD
ASX Settlement				
Gross value of novated settlements (\$billion)	75.6	76.5	489.4	487.3
Net value of novated settlements (\$billion)	34.4	33.4	199.7	207.5
Gross value of non-novated settlements (\$billion)	142.7	131.0	815.2	888.8
Total value of settlements post netting (\$billion)	177.1	164.4	1,014.9	1,096.3
Value of Chess holdings – period end (\$billion)	1,220.8	1,187.5		

### Austraclear Settlement

There were no disruptions to the Austraclear settlement sessions during December 2010.

- The levels of total debt holdings in Austraclear decreased over the course of December by \$7.8 billion to \$1.187 trillion, with the largest decreases being in Electronic Certificates of Deposit \$4.7 billion, Semi-Government \$4.2 billion, Floating Notes \$911 million, Corporate Bonds \$721 million, Guaranteed Certificates of Deposit \$685 million, and Treasury Notes \$500 million. The largest increases were Treasury Bonds \$2.6 billion and Electronic Promissory Notes \$1.1 billion. All other holdings increased by \$214 million.

Austraclear Settlement and Depository	Dec 2010 Month	Dec 2009 Month
Austraclear securities holdings – period end (\$billion)	1,187.5	1,114.4

A separate **ASX Compliance** activity report for December 2010 has also been released today.

ASX will announce its half-year result for the six month period ending 31 December 2010 on 17 February 2011.

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