



MARKET ANNOUNCEMENT

3 December 2009

ASX Group Monthly Activity Report – November 2009

Values of ASX-listed stocks rose slightly (1.5%) during November 2009, partially reversing the decline experienced in October. Most major global markets also rebounded during November, particularly in North America, with the US S&P 500 Index (up 5.7%) and Canadian TSX Composite Index (up 4.9%) experiencing strong rises.

Volatility remained relatively subdued in Australian equity markets (as measured by daily movements in the All Ordinaries Index) with average daily movements of 1.0%, despite an increase in uncertainty towards the end of November as a result of the financial difficulties of Dubai World. Volatility in US markets (S&P 500 Index) declined slightly to 0.8%, and expectations of future volatility (as measured by the CBOE Volatility Index (VIX)) also fell over the month.

Activity in Australia's primary capital raising market continued its recent resurgence with 13 initial public offerings (IPOs) during November, including Myer Holdings Ltd (\$2.4 billion) and Kathmandu (\$0.3 billion). Secondary capital raisings remained robust. During November secondary capital raisings were dominated by raisings under \$1 billion, with a notable exception being Babcock & Brown Infrastructure which made a \$1.5 billion placement.

Secondary market activity in equity markets remained strong, with a total of 11.4 million cash market trades transacted in November 2009, 1% ahead of October on a daily average basis.

Listings and capital raisings

- In November 2009 there were 13 new listings, compared to four in the previous corresponding period (pcp). Total listed entities at the end of November 2009 were 2,181¹, down 2% on the 2,227 a year ago.
- Total capital raised in November 2009 amounted to \$9.7 billion, up 16% on the pcp. There was \$2.9 billion of initial capital raised and \$6.7 billion in secondary raisings. For the first five months of financial year 2010, capital raised from IPOs (\$5.1 billion) and secondary raisings (\$43.5 billion) is up 264% and 53% respectively on pcp.

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

The All Ordinaries Index closed at 4,715.5 points, a rise of 1.5% over the course of the month. The index is 28.4% higher than its level of a year ago, and is up 51.5% from the low in early March 2009, but is 31.2% lower than its peak in November 2007.

- Total cash market trades for November 2009 were 11.4 million, up 37% on the pcp.
- Average daily trades for November 2009 of 540,955 were 31% higher than the pcp.
- Total cash market traded value was \$106.7 billion in November 2009, up 25% on the pcp, with a daily average value of \$5.1 billion, up 19% on the pcp.

¹ Entities include companies and trusts with quoted equities (including individual entities that trade as stapled securities) and also other entities with debt securities only.

- In November 2009 the average value per trade was \$9,394, down 9% on the pcp of \$10,314, and the percentage of traded value crossed was 29% (26% pcp).

Trading – Financial derivatives markets

Trading in interest rate futures contracts continued to be healthy in November 2009 with changing expectations of the future path of cash rates driving trading activity.

The SFE Overnight Cash Rate futures contract yield curve flattened during November as the market reassessed the extent of monetary policy tightening expected over the next 18 months.

The Reserve Bank of Australia (RBA) announced a further 25 basis point increase in the official cash rate on 1 December to 3.75%. This was the third consecutive rate increase, following similar rises in both October and November.

Short-term yields nudged higher during November with 90 Day Bank Bill rates rising by 14 basis points while longer-term rates declined with 10 Year Commonwealth Bond yields down by around 30 basis points.

The three-month Bank Bill Swap yield declined from 70 basis points over the official cash rate at the beginning of November to 50 basis points by the end of the month.

Trading activity in 3 Year Treasury Bond futures was particularly strong during November, as the contract has become a focal point of liquidity across the yield curve from a trading and portfolio management perspective.

Commonwealth Government bond issuance in November (\$4.8 billion) was well up on the previous two months and the Government's Mid-Year Economic and Fiscal Outlook indicated that a further \$32-\$34 billion would be raised over the remainder of the financial year, less than the overall borrowing task expected at the time of the 2009-10 Budget. The Government also indicated that it would be issuing a new 2022 Treasury bond maturity in the last quarter of this financial year.

- Equity derivatives volume (excluding ASX SPI 200) for November 2009 was 1.7 million contracts, up 9% on the pcp, with a daily average of 83,281 contracts, up 4% on pcp.
- Total futures and options on futures contracts volume (excluding equity derivatives and CFDs) for November 2009 was 5.3 million, up 54% on the pcp, with a notional value of \$2.5 trillion. Average daily contracts volume during November of 252,272 was up 47% on the pcp, with options traded up 150% on pcp and 61% on a year-to-date basis.
- ASX SPI 200 Index futures contract volume traded in November 2009 was 0.6 million, down 16% on the pcp. The difference to November 2008 activity is not surprising given the greater usage of that contract during the short selling prohibition on single stocks that was introduced in September 2008.
- A total of 12,642 ASX CFD trades were transacted in November 2009, up 140% on the pcp, comprising a volume of 12.0 million contracts. The total notional value of all CFD trades for November was \$318.3 million, more than triple the \$96.6 million in the pcp, while the value of CFD open interest at the end of November was \$113.1 million, up 190% on pcp.

Trading – Commodity derivatives markets

November was a record month for the Australian electricity futures and options market. Prices and trading activity were driven by the unexpectedly hot weather across South-Eastern Australia in conjunction with the expiry of 2010 calendar year options.

- Monthly electricity futures and options volume of 22,094 contracts was an increase of 138% on November 2008, and a 27% increase on the previous record of 17,359 contracts set in March 2007.
- Calendar year-to-date volume of 120,846 contracts is a 22% increase on the same period last year.

Against the uncertainty for the prospects of passage of the Carbon Pollution Reduction Scheme legislation, trading and open interest in electricity derivatives (53,689 contracts at end of November, a 12% increase on the pcp) continue to occur almost exclusively in contracts maturing in the period prior to the Scheme's proposed mid-2011 start date.

ASX's grain futures and options products continue to attract demand as an important hedging tool for growers, traders, and other market participants. The new Western Australia Wheat contract, listed in September 2009, has already traded 19,796 contracts (representing in excess of 395,000 tonnes of grain), with open interest as at the end of November 2009 of 16,661 contracts (more than 330,000 tonnes).

- A total of 30,479 contracts in the suite of listed commodities (wheat, barley, sorghum and canola) were traded during November 2009, up 79% on the pcp. For the financial year-to-date, traded volumes are up 87% on the pcp.
- Total market open interest as at the end of November was at a record 75,369 contracts, which represents more than 1.5 million tonnes of Australian grain and oilseed.

Clearing

All on-market trades (equities and derivatives markets) are novated by ASX's two central counterparty clearing house subsidiaries, 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 over November 2009 (including excess cash collateral but excluding equity securities lodged in excess of the margin requirement), with cash margins lodged averaging \$2.9 billion.
- Intra-day margin call activity increased in November (\$51.5 million called) in comparison to relatively low levels in recent months.

Settlement

There were no delays with the completion of batch settlement in the equities market during November 2009 and fixed income settlement through Austraclear was conducted normally.

The levels of total debt holdings in Austraclear rose over the course of November by \$10.4 billion to \$1.1 trillion, with the largest rises being in corporate bonds (+\$5.8 billion), Treasury Bills (+\$5.3 billion) and Floating Rate Notes (+\$4.4 billion). Holdings of Guaranteed Certificates of Deposit (GCD) decreased by \$1.1 billion, Electronic Certificates of Deposit (ECD) decreased by \$1.7 billion and Electronic Bank Accepted Bills decreased by \$1.4 billion. The amount of GCD on issue represents approximately 4.4% of the total ECD on issue as at 30 November 2009 compared to a peak of approximately 6.3% as at the end of February 2009.

Equity settlement delivery fail rates continue to average well below 1% daily, which is low by global standards for developed equity settlement systems.

On 2 November 2009 ASX began the first phase of an initiative to improve the transparency of securities lending activity in the Australian equities market, by publishing a daily securities lending transaction report depicting gross transactional flow. Complementing this disclosure is information about the volume of securities lending transactions as a proportion of total transactions, the composition of the daily settlement batch, and a report measuring daily settlement performance.

From 14 December 2009 the final phase of this initiative will be implemented allowing net stock loan and borrowed figures to be published.

These new reports can be found on the ASX website: http://www.asx.com.au/professionals/securities_lending/index.htm

Supervisory monitoring and enforcement activity

The primary focus of ASX's surveillance activity remained on insider trading and manipulative price support, particularly in less liquid stocks. ASX's futures surveillance observed that trading activity in all contracts remained orderly and efficient during November.

- In November 2009, there were:
 - 11,993 company announcements processed, up 10% on pcp;
 - 83 price queries issued to listed entities, down 13% on previous month (pcp not available); and
 - 161 trading halts granted, up 124% on pcp.

A detailed activity statement for ASX group markets for November 2009 is attached.

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	Nov 2009	Nov 2008	Nov 2009 Financial YTD	Nov 2008 Financial YTD
Cash Markets				
Total Trading Days	21	20	109	109
Cash Market Volume				
Total Trades	11,360,063	8,263,941	56,679,622	48,477,259
Change on PCP	37%		17%	
Average Daily Trades	540,955	413,197	519,997	444,745
Change on PCP	31%		17%	
Cash Market Value (including Value of Crossed Trades)				
Total Value (\$billion)	106.717	85.238	580.779	561.292
Change on PCP	25%		3%	
Average Daily Value (\$billion)	5.082	4.262	5.328	5.149
Change on PCP	19%		3%	
Cash Market Behaviour Statistics				
Percentage of Turnover Crosses (%)	29%	26%	30%	26%
Off-Market Crossings Represent 16% and On-Market 13% of Turnover				
Non Billable Value (Above Cap) (\$billion)				
Total Billable Value (\$billion)	3.327	3.841	21.741	18.366
Total Billable Value (\$billion)	103.390	81.397	559.038	542.926
Billable Value - Off-Market Crossings (%)	13%	10%	14%	11%
Billable Value - On-Market Crossings (%)	13%	13%	13%	13%
Note: Cash Market includes Equity, Warrant and Interest Rate Market Transactions				
Derivatives Markets				
Equity Derivatives Total Trading Days				
	21	20	109	109
Equity Derivatives Volume (excluding SPI 200)				
Total Contracts	1,748,895	1,608,565	8,554,640	8,466,279
Change on PCP	9%		1%	
Average Daily Contracts	83,281	80,428	78,483	77,672
Change on PCP	4%		1%	
Futures & Options Total Trading Days				
	21	20	109	109
Futures Volume (including SPI 200)				
Total Contracts	5,031,841	3,340,394	26,791,545	28,396,799
Change on PCP	51%		(6%)	
Average Daily Contracts	239,611	167,020	245,794	260,521
Change on PCP	43%		(6%)	
Options on Futures Volume				
Total Contracts	265,861	101,132	1,303,256	811,439
Change on PCP	163%		61%	
Average Daily Contracts	12,660	5,057	11,956	7,444
Change on PCP	150%		61%	
Total Futures & Options (Derivatives) Volume				
Total Contracts	5,297,702	3,441,526	28,094,801	29,208,238
Change on PCP	54%		(4%)	
Average Daily Contracts	252,272	172,076	257,750	267,965
Change on PCP	47%		(4%)	
CFD Market				
Total Trades	12,642	5,258	53,410	38,184
Notional Value Traded (\$million)	318.3	96.6	1,666.5	846.4
Total Open Interest Value as at 30 November (\$million)	113.1	39.0	113.1	39.0
Total Contracts	12,016,682	2,814,389	70,220,889	24,011,258
Listings and Capital Raisings				
New Listed Entities Admitted				
	13	4	29	32
Change on PCP	225%		(9%)	
Total Listed Entities (at End of Month)				
	2,181	2,227		
Change on PCP	(2%)			
Initial Capital Raised (\$million)				
	2,935	0	5,096	1,400
Secondary Capital Raised (\$million)				
	6,719	8,344	43,516	28,391
Total Capital Raised (\$million)				
	9,654	8,344	48,612	29,791
Other Capital Raised including Scrip for Scrip (\$million)				
	997	495	2,024	11,147
Margin Balances - at End of Month				
Cash Margins Held on Balance Sheet (\$billion)	2.7	7.6		
Cash Equivalents Held on Balance Sheet (\$billion)	0.0	0.0		
Collateral Cash Cover Held (Equities and Guarantees) (\$billion)	4.1	2.6		