

Derivatives trading surges in August

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Derivatives trading on the local bourse jumped by at least 9 per cent in August, but share trading volumes are still lacklustre compared to a year ago.

The Australian Securities Exchange Group (ASX) confirmed what industry researcher Investment Trends said in August - contracts-for-difference (CFD) trading has taken off in Australia.

ASX, which will lose its two-decade monopoly on securities trading later this year, reported a 9 per cent rise in the total notional value of all CFD trades to \$371.6 million in August, during which 16.3 million contracts were traded.

CFDs comprise a leveraged bet on future changes in the market price of a particular asset and are considered a niche online trading market that attracts self-directed investors.

ASX operates the only listed CFD market in Australia.

Its August results mirror Investment Trends' online survey in May of 9,644 local investors using a growing number of CFD issuers to trade the high-risk, leveraged derivatives over-the-counter.

Trader numbers in Australia grew 22 per cent to 39,000 over the year to June, but were still only six per cent of the online trading market comprising 650,000 people, the researcher said in August.

More broadly, the ASX on Monday said equity derivatives trading volume was two million contracts in August, up 11 per cent on the August 2009 level.

Trading volumes of agricultural derivatives surged 84 per cent to a monthly record of 58,631 contracts, and energy derivatives leapt 141 per cent to 51,189 contracts on the August 2009 level.

But trading volumes of shares in August declined on the same month last year, amid a 1.5 per cent fall in the All Ordinaries index, bringing the index's total drop since January to 9.1 per cent.

ASX said the average number of daily trades in August was down five per cent to 509,113, and the average daily value of all shares traded slid two per cent to \$5.7 billion.

The total value traded across the cash market in August was \$126 billion, up three per cent on the previous corresponding month.

New company listings numbered five - relatively flat on last year - and there were 19 de-listings, ASX said.

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