



WAW FUTURES

AAAC OUTLOOK
Nov 2009

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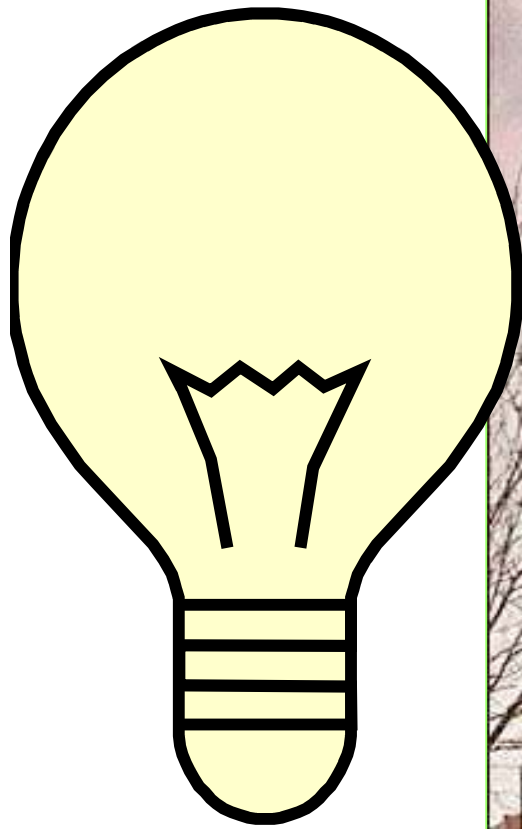
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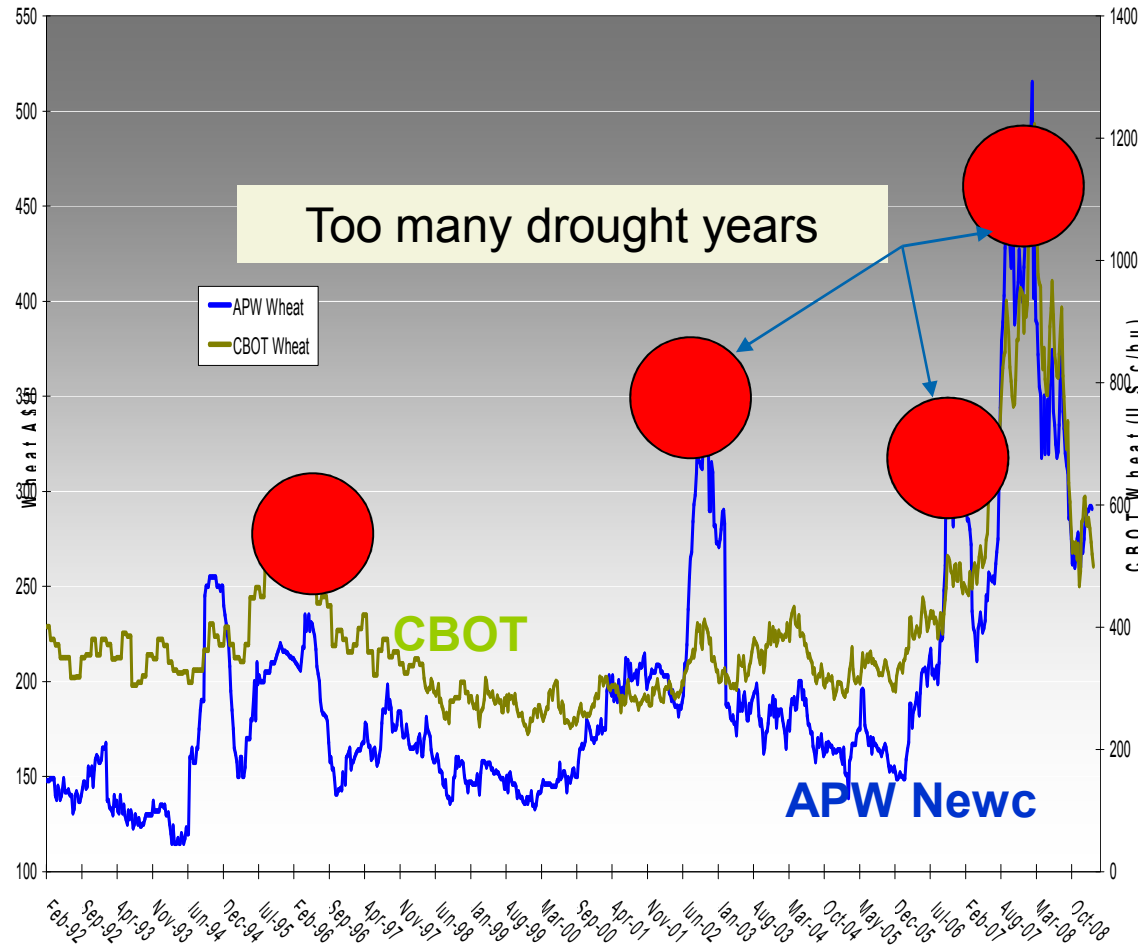
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NSW ASX Wheat Contract



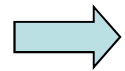
- Drought 3 from 5 yrs
- CBOT explosion
- Many but fragmented end users
- Lack of brokers
- Lack of application

It's all About WA Wheat

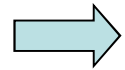
**WA – World's 8th largest
wheat exporterWOW**

Who said don't mention the WAW?!

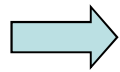
WAW – WA ASX Wheat Contract



Contract Details



Contract Pricing



Contract Users

WAW Futures Contract Specs

CONTRACT SPECIFICATIONS: FUTURES

Underlying Commodity	Western Australia Wheat
ASX Code	WAW
Physical Grade	Grain Trade Australia (GTA) Wheat Standard CSG 104 (APW2) 10% protein
Pricing Point	Kwinana Track
Settlement Amount	The final Settlement Amount is calculated from the settlement price on the Notice Day. This price is adjusted for shrink, protein premiums, receival fees and GST
Deliverable Grade	Australian Milling Wheat as per GTA Wheat Standard CSG 104 (APW2) or better, new crop year, transferred on a quality average* basis. Milling wheat must be new crop stock
Approved Warehouses and delivery locations	<ul style="list-style-type: none">• CBH sites within Kwinana Zone• Kwinana Terminal is the pricing point for entitlement transfers• Delivery in other port zones, priced back to Kwinana Terminal, is possible
Premiums and Discounts	Protein premium paid at 60 cents per 0.1% of protein. Protein range payable from 10% to 11.4%. Premiums paid on average data as per Approved Bulk Handler's stock report*

* When grain is initially received at a bulk handler depot, it is tested and the results are recorded. At the completion of harvest, each Destination Site has an average of the grain characteristics for each grain type nominated to that site. When a futures contract is tendered and the grain is transferred from one party to another, the transfer and any associated premium and discount price adjustments are based on the quality average characteristics. Under the CBH Grain Express system, the quality average applied is based on the tonnage nominated to Kwinana Terminal.

WAW Option Contract Specs

CONTRACT SPECIFICATIONS: OPTIONS

Name	Option over ASX Western Australia Wheat Future
Underlying Financial Product	ASX Western Australia Wheat Future
Underlying Physical Grade	GTA Wheat Standard CSG 104 (APW2)
Contract Size	One ASX Western Australia Wheat Future contract (20 tonnes per contract)
Exercise Price Intervals	Set at intervals of AUD \$5 per tonne. Exercise prices listed automatically as the price of the underlying moves. Additional exercise prices can be listed on demand
Listing Schedule	Options listed for the nearest three delivery months at anytime and the next New Crop month. New Crop defined as January
Settlement on Exercise	Creation of the underlying position in Western Australia Wheat Futures

ASX Specs ie Trading Hours

Trading Hours

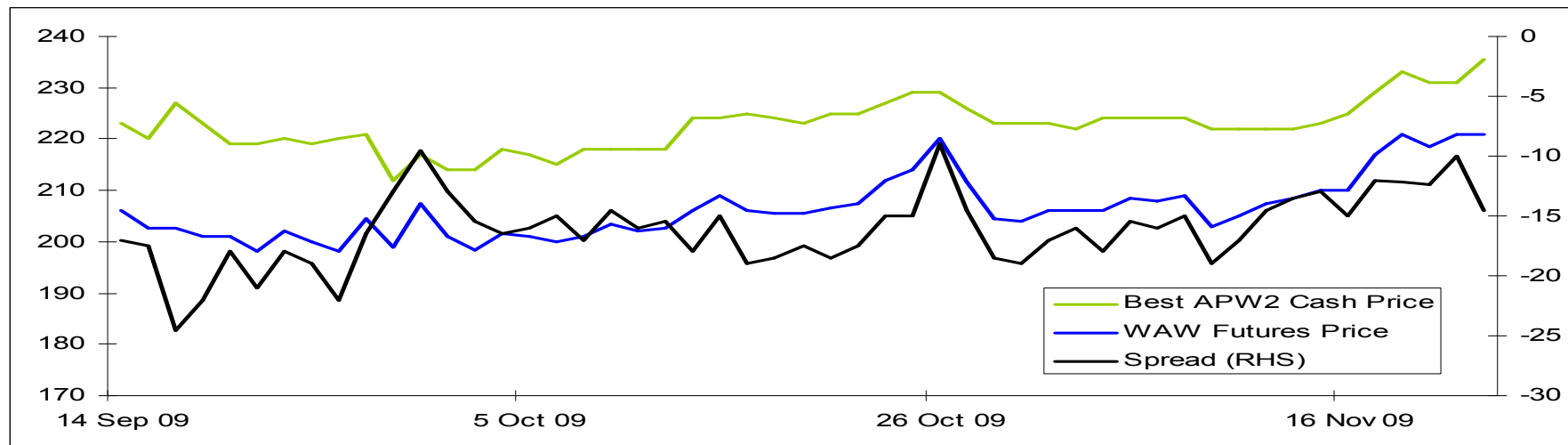
ASX's trading hours align its Grain Futures and Options market to the Asian time zone. The settlement price for the day session is established at the close of the day session. Market activity that is reported during the night session is cleared following the close of the next day session.

TIME ZONE	SESSION	TRADING HOURS	TRADING HOURS	DAYS
		APRIL – SEPTEMBER	OCTOBER – MARCH*	
Sydney	Day Session	11.00am to 4.30pm	11.00am to 4.30pm	Monday to Friday
	Night Session	5.30pm to 6.30pm	5.30pm to 6.30pm	
Perth/Singapore	Day Session	9.00am to 2.30pm	8.00am to 1.30pm	Monday to Friday
	Night Session	3.30pm to 4.30pm	2.30pm to 3.30pm	

* These hours may be revised by ASX in the near future. Thought is being given to removing the gap between sessions and bringing the close forward by half an hour.

WAW Track Price v FIS Cash Price

Details	Value	Explanation
Futures Track Price	\$200	As traded and quoted on ASX (is the settlement price on the day of delivery)
+ Protein Adjustment	\$3	Assuming average quality of 10.5% \$0.60 premium or discount for every 0.1 above 10% (based on average quality data per Destination Site)
+ Receival Fee	\$10	As per the CBH receival fee
- Location Differential		If nominating MGC as the destination site.
Free In Store Price	\$213.00	= ASX + protein premium + receival fee – location differential (if required)
Gross Shrunken Price	\$214.07	= FIS / 0.995 (As per CBH shrinkage)



Who Uses WAW

Market stakeholders/participants

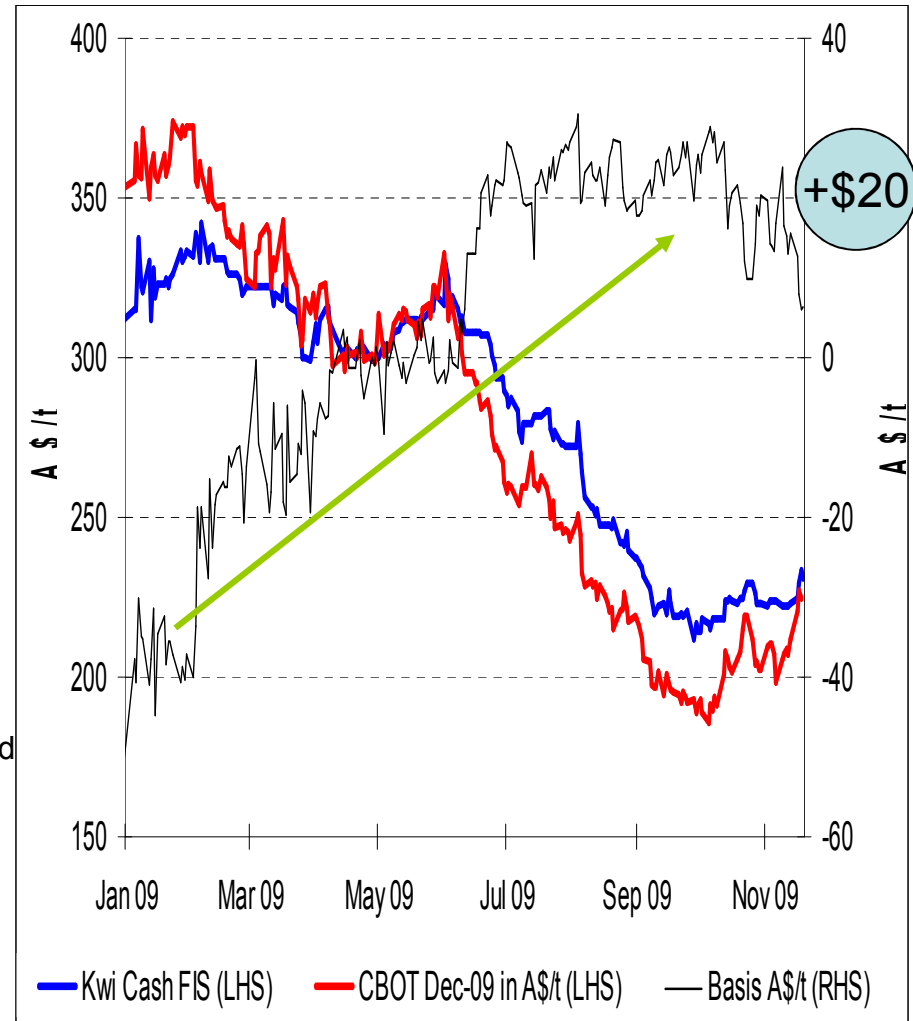
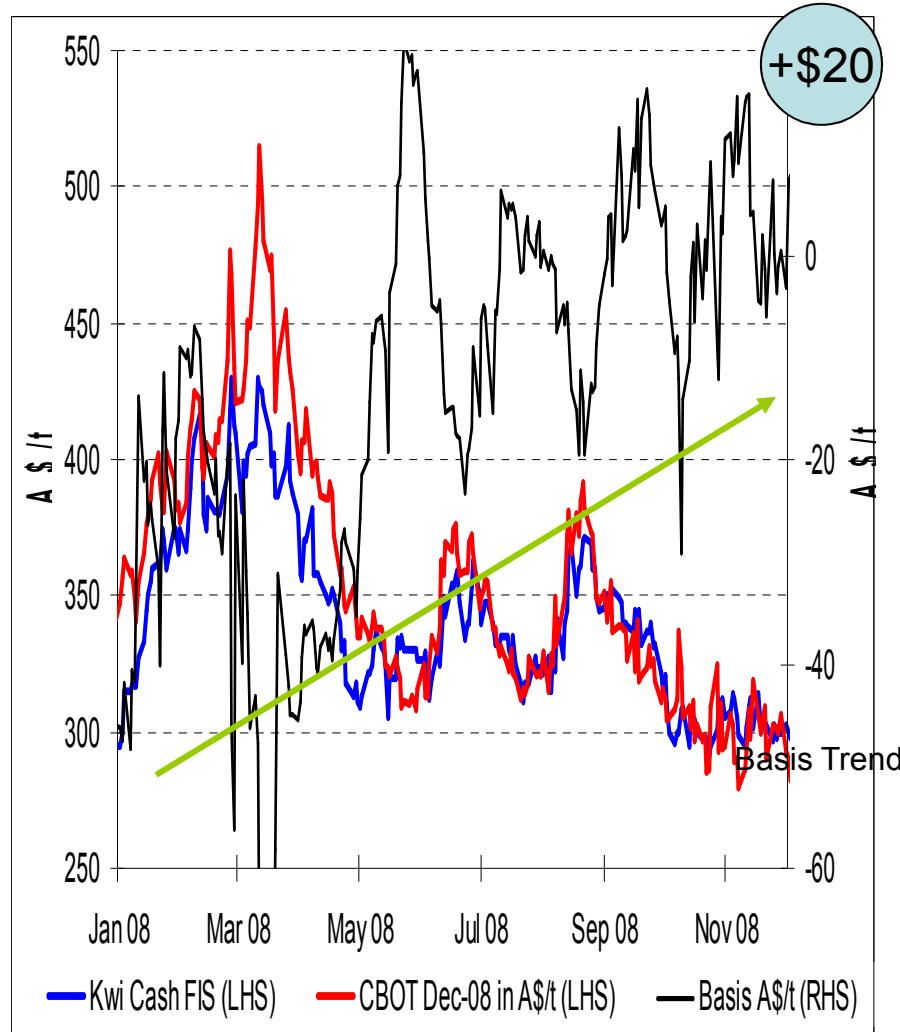


Grain Growers
International Grain Traders
Domestic Grain Traders
International End-users
Domestic End-users
Exporters
Banks
Speculators
Funds
Arbitrage Traders
Market Makers

WA Wheat Basis – Now Manageable

2008

2009

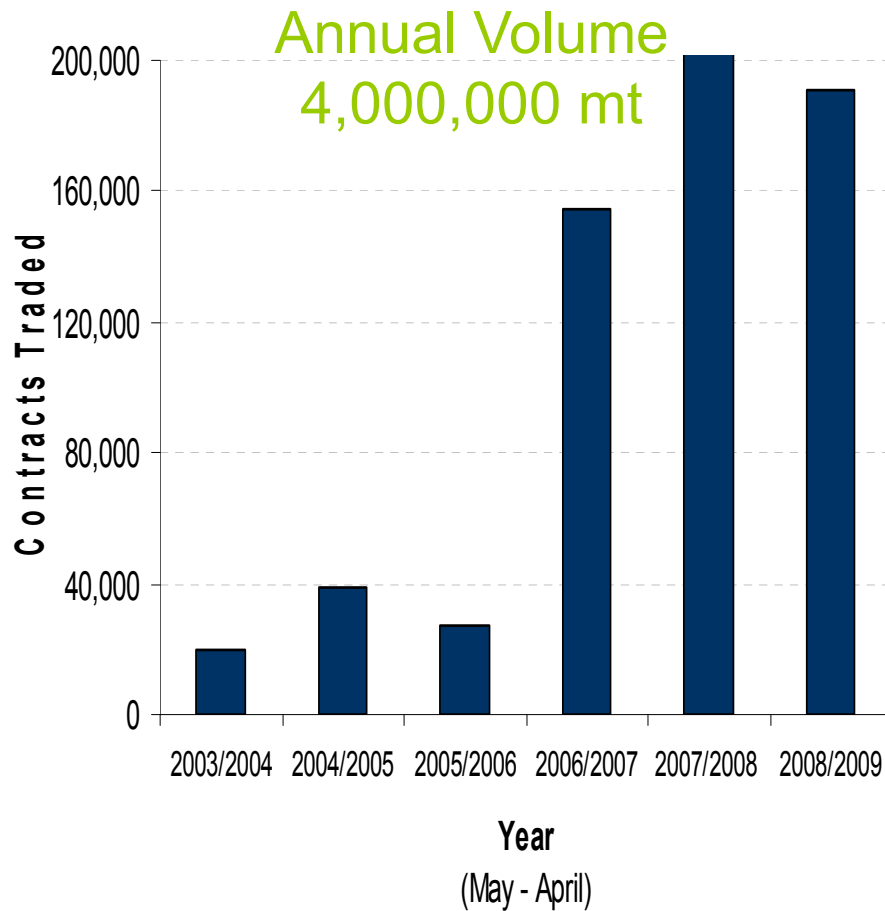


“What will it Take?”

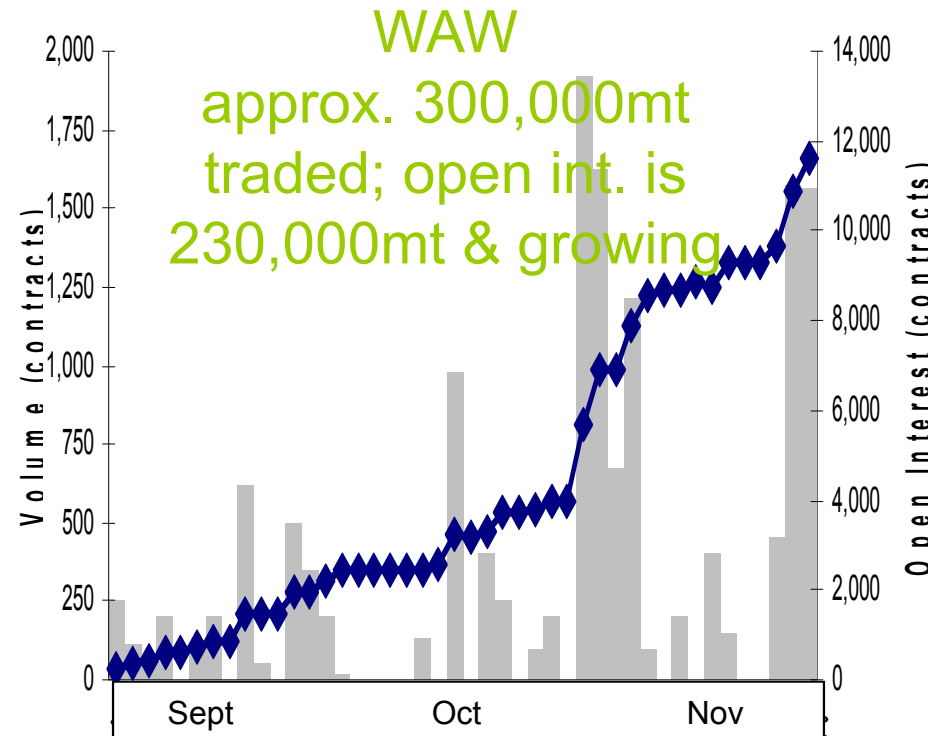
- Variable Application
- Increased Volume
 - Wheat Growers
 - More Brokers
 - Market Makers
 - Traders
 - Exporters (they are end user)
 - Investment Funds
 - Specs

ASX Futures – a Growing Market

ASX Grain Futures and Options
Annual Volume



ASX
Western Australia Wheat (WAW) Futures
Volume & Open Interest

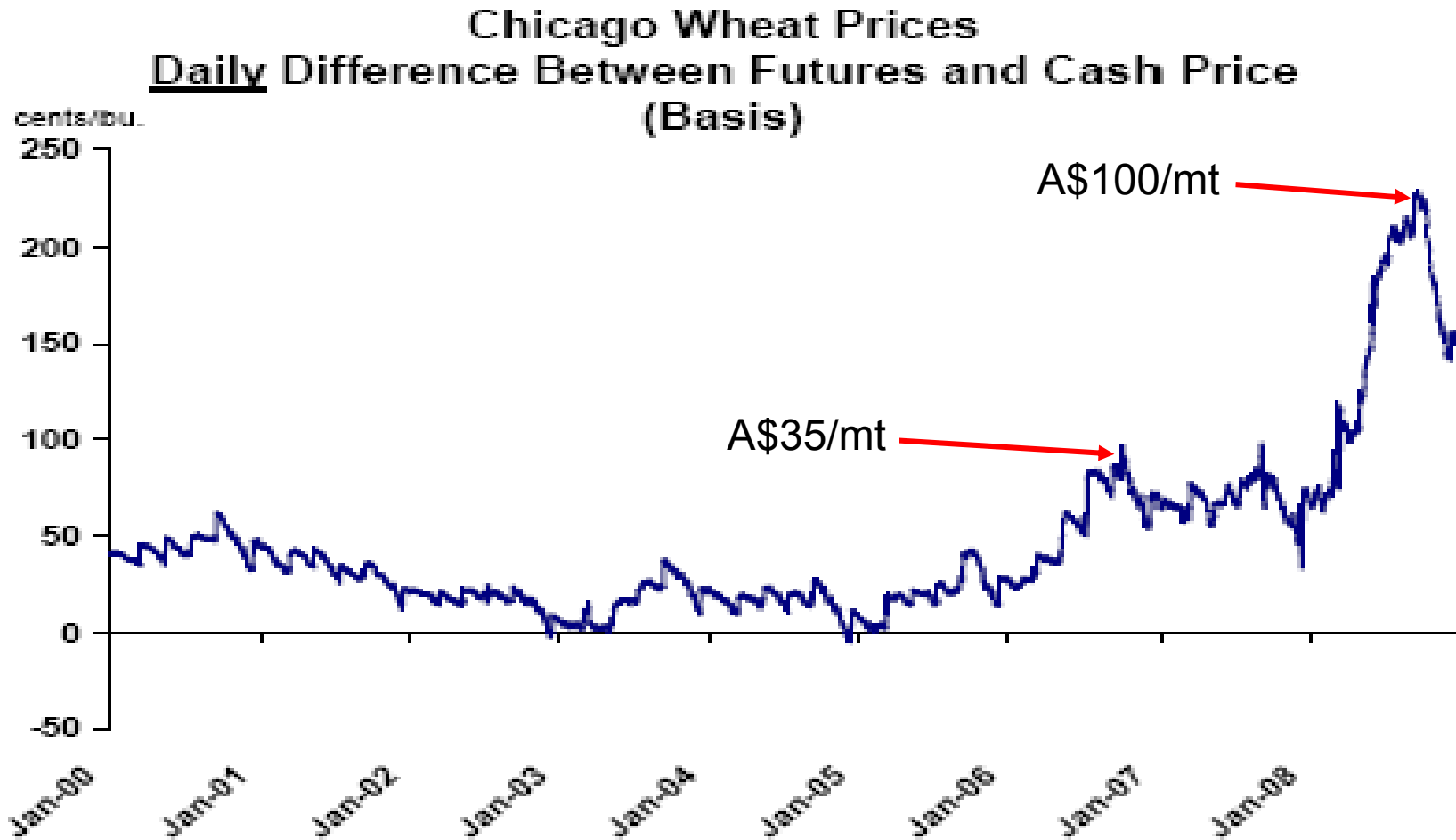


WAW trading activity is up 40% on this time last year & is averaging 21,000mt/day

Why Will it Occur?

- ➔ Investment Funds
- ➔ Specs
- ➔ Growers
- ➔ Traders
- ➔ Exporters
- ➔ Brokers

CBOT Wheat Futures Loosing Their Relevance?

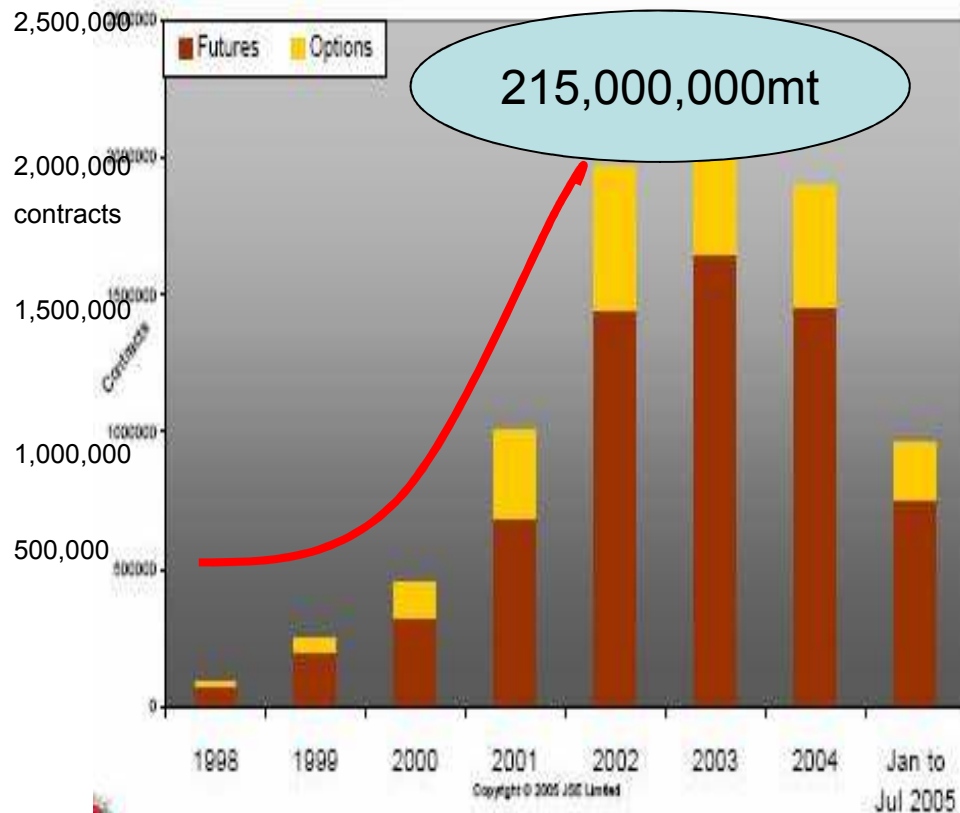


It's Happened Elsewhere - JSE

Number of contracts traded



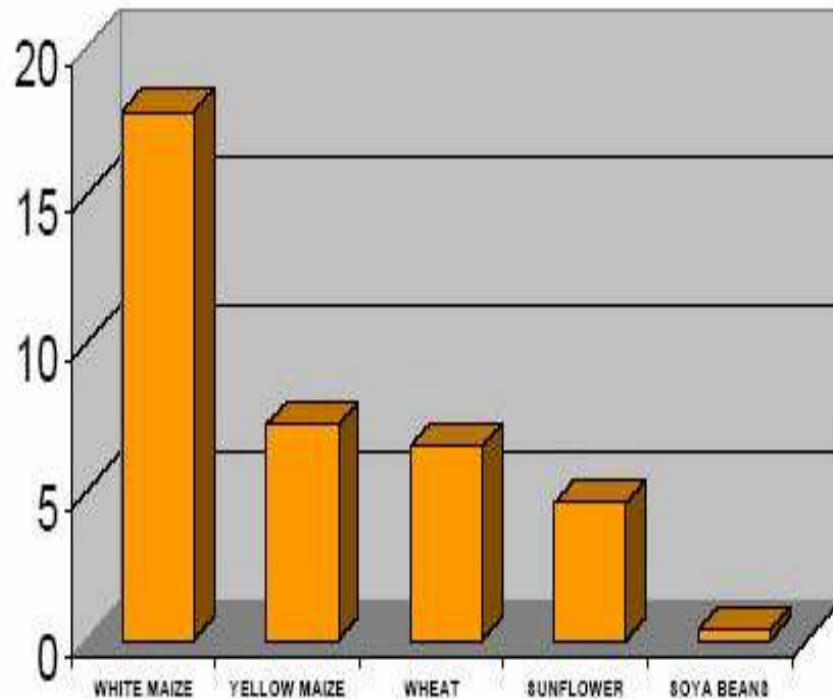
Ten years later



- In March 2001, traded the first million contracts
- Since then traded a further 7.8 million contracts
- Current record for total contracts traded on any day is 1,800,000 tons
- Currently have 58 members servicing approximately 6,000 clients
- Similar in size when comparing contracts traded to Minneapolis Grain Exchange

Yes ...Mention the WAW

Futures volume traded versus size of the underlying physical crop.



**JSE – wheat futures vol
5 times physical crop**

WA wheat = 8,000,000mt

What if WAW traded 5X

WAW = 40,000,000mt

if so

WAW = WOW!!!!