



MEDIA RELEASE

AFMA releases 2017 Australian Financial Markets Report

Thursday, 23 November 2017

The Australian Financial Markets Association (AFMA) today released the *2017 Australian Financial Markets Report*, its annual review of Australia's over-the-counter and exchange-traded financial markets.

"The financial services and insurance sector outperformed the broader economy with growth of 4.5%," said AFMA economist, Dr Stephen Kirchner. "In a year of below trend economic growth, Australian financial markets have remained very important as the largest industry in the market sector of the Australian economy."

AFMA CEO David Lynch said the market had performed well in a year that was marked by uncertainty. "Australian financial markets have remained healthy against an uncertain international political backdrop, as well as significant domestic changes," he said. "AFMA continues to provide the forum through which market participants can work together, and with Government and regulators, to ensure that developments in our markets take place within clear strategy and policy frameworks."

Secondary market turnover in Australian equity markets rose 13.8% with a daily average value of \$6.8 billion. The daily average number of trades rose 22.3% to 1.6 million, while average trade size continued its downward trend to \$4,134. Despite a decline in cash equity raisings, overall market capitalisation rose 9.8% to \$1,747 billion.

Commonwealth Government Securities on issue rose from 25.4% of GDP in 2015-16 to 28.6% of GDP this year at \$501 billion. The strongest demand for Government debt securities came from Australian residents, with non-residents' share falling to 53.6%.

The Australian dollar maintained a narrow range against major currency pairs through the year, reducing demand and turnover. Foreign exchange turnover fell 9% to \$37 trillion, remaining below its pre-GFC peak, with only non-AUD swap and forward markets seeing an increase in turnover.

Activity in interest rate derivatives declined, both in turnover and amounts outstanding, due to the decline in the AUS-USD exchange rate. According to DTCC, the gross notional amount of derivatives outstanding at the end of the 2016-17 year was \$47.2 trillion, a decrease of 3.4%.

For copies of the report, comment and interviews with Stephen Kirchner and David Lynch:

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About AFMA:

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers. A [list of AFMA members](#) is available on the AFMA website.