

New Zealand 30 Day Official Cash Rate Futures (ZO)

Launch Date: 26 September 2006

Key Features

- Notional face value of NZD3,000,000
- Fixed tick of NZD24.66 per basis point
- Price quoted to 0.005%
- Cash settled based on the monthly average of the RBNZ published Official Target Cash Rate
- Cash Settlement Price calculated to 0.001%
- Available for trade monthly, out to 12 contract months
- Pre-negotiation and Block Trade facilities available
- Initial Margin of NZD500 and Inter-month Spread Margin of NZD200
- 70% Margin Concession on spread trades with 90 Day New Zealand Bank Bill Futures.

Expiry Settlement Price Calculation

The Cash Settlement Price is equal to 100 minus the cash settlement rate.

The cash settlement rate is the monthly average of the Official Target Cash Rate, as determined by the RBNZ, divided by the number of days for the month.

On weekends and public holidays, the Cash rate from the previous business day will be used for the settlement price calculation.

The Cash Settlement Price will be announced to the market at 12pm on the Last Trading Day.

Date	RBNZ Official Cash Rate	Notes
1/12/2005	7.00	
2/12/2005	7.00	
3/12/2005	7.00	Weekend
4/12/2005	7.00	Weekend
5/12/2005	7.00	
6/12/2005	7.00	
7/12/2005	7.00	
8/12/2005	7.25	RBNZ announces change to OCR
9/12/2005	7.25	
10/12/2005	7.25	Weekend
11/12/2005	7.25	Weekend
12/12/2005	7.25	
13/12/2005	7.25	
14/12/2005	7.25	
15/12/2005	7.25	
16/12/2005	7.25	
17/12/2005	7.25	Weekend
18/12/2005	7.25	Weekend
19/12/2005	7.25	
20/12/2005	7.25	
21/12/2005	7.25	
22/12/2005	7.25	
23/12/2005	7.25	Weekend
24/12/2005	7.25	Weekend
25/12/2005	7.25	Christmas Day
26/12/2005	7.25	
27/12/2005	7.25	
28/12/2005	7.25	
29/12/2005	7.25	
30/12/2005	7.25	
31/12/2005	7.25	Weekend
Average	7.19354839	
Dec 2005 Settlement Yield	7.194	
Dec 2005 Settlement Price	92.806	

Trading Opportunities

- Allows users to hedge against fluctuations in the NZ cash rate and better manage their daily cash exposure
- Arbitrage opportunities against related OTC products such as Overnight Index Swaps
- Spread trading opportunities against SFE's existing interest rate products including the NZ 90 Day Bank Bill Futures contract
- Indicator of market expectations regarding Reserve Bank of NZ changes to the Official Cash Rate

Reserve Bank of New Zealand

- As shown in the table below, the average number of rate changes undertaken by the RBNZ since 1999 has been 3.7 per year, similar to the US and higher than that experienced in Australia. Of the comparative countries, New Zealand had the broadest variance in the Overnight Cash Rate at 6.7 percent.

Variations in Policy Interest Rates in Selected Countries
July 1996–June 2006

Country	Range Percentage points	Average Number of Changes per year
Australia	2.75	2.3
United States	5.50	4.0
Canada	3.75	5.1
United Kingdom	4.00	3.3
Euro area*	2.75	2.1
Sweden	4.60	3.7
New Zealand**	6.70	3.7

*German policy rate until end 1998

**Prior to March 1999, the Reserve Bank of New Zealand did not announce a policy interest rate so the average number of changes is calculated only from that date; however, the range of interest rates is calculated for the whole period, using monthly average rates for the overnight cash rate for the early period

Sources: Central banks; Bloomberg; RBA

Reserve Bank of New Zealand Announcement Schedule

- The RBNZ meet every 6 to 7 weeks, alternating between the 2nd Thursday and the Last Thursday of a meeting month. As such, not every calendar month will have a RBNZ meeting scheduled. The remaining OCR announcement dates for 2006 are:
 - 14 September 2006, 26 October 2006, and 7 December 2006.
 - The 2007 schedule is:

2007 RBNZ Meeting Dates	
Thursday, 25 January 2007	Thursday, 26 July 2007
Thursday, 8 March 2007	Thursday, 13 September 2007
Thursday, 26 April 2007	Thursday, 25 October 2007
Thursday, 7 June 2007	Thursday, 6 December 2007

- Target Cash Rate Announcements are published on the RBNZ website (www.rbnz.govt.nz) as well via data vendors such as Bloomberg (NZOCRS <INDEX>) and Reuters (RBNZ17).

Contract Specifications

Contract Unit:	Average monthly RBNZ Official Cash Rate payable on a notional sum of NZD 3,000,000
Contract Months:	Monthly up to 12 months ahead
Commodity Code:	ZO
Minimum Price Movement:	Quoted in yield percent per annum in multiples of 0.005%, for quotation purposes yield is deducted from 100. A one basis point move of 0.01% is equal to NZD24.66
Last Trading Day:	Trading shall cease at 4.30pm on the last business day of the expiry month
Settlement Day:	The second business day after the Last Trading Day
Trading Hours:	5.40pm - 7.00am and 8.30am - 4.30pm ¹
Settlement Price:	The Cash Settlement Price is equal to 100 minus the cash settlement rate, where the cash settlement rate is the monthly average of the Official Cash Rate for that contract month calculated by taking the sum of the daily Official Cash Rate, as published by the Reserve Bank of New Zealand, divided by the number of days for that month. On weekends and public holidays, when no Official Cash Rate is published the Cash Rate published on the previous business day will be used for settlement price calculation. The cash settlement rate is rounded to the nearest multiple of 0.001. The Cash Settlement price shall be announced to the market by 12.00pm on the first business day after the Last Trading Day. ¹
Settlement Method	All bought and sold contracts in existence as at the close of trading in the contract month shall be settled by SFE Clearing at the cash settlement price.
Position Limits	None
Daily Price Limit	None
CFTC Approval	Yes

¹ Unless otherwise indicated, all times are New Zealand times.

Data Vendor Codes

New Zealand 30 Day Official Cash Rate Futures

SFE CODE	ZO
Bloomberg	KXA <Comdty>
Bourse Data	ZOmyy
CQG	HZO
FutureSource/e-signal	ZO [month][year]-SFE
IRESS	ZOmy
Reuters	0#NZO:
Telekurs	ZOym,342
Thomson Financial	ZO/F.SY*