

## WEATHER PRODUCTS

# Australian Degree Days Monthly and Seasonal Strip Index Futures and Options

Financial tools that provide a means of transferring risk associated with adverse weather events.

### Overview

Our involvement in the weather derivatives market dates back to 1999 with the first Exchange traded Heating and Cooling Degree Day contracts traded on CME. These products are financial tools that provide a means of transferring risk associated with adverse weather events. They are index-based products geared to average seasonal and monthly weather in 46 cities around the world – 24 in the U.S., 10 in Europe, six in Canada, three in Australia and three in the Asia-Pacific region. CME Group also offers a select number of hurricane, frost and snowfall products.

### How Australian Weather is Traded on CME Group's Exchanges

The Heating Degree Day (HDD) and Cooling Degree Day (CDD) Indexes identify what are called degree days. A degree day is a measure of how much a day's average temperature deviates from 18 degrees Celsius. Average daily temperature is defined as the average of a day's maximum and minimum temperature.

The utility industry selected 18 degrees as a baseline indicator for energy usage. Days with a temperature under 18 were called Heating Degree Days, as those days when customers began turning on their furnaces. Days when temperatures exceeded 18 were called Cooling Degree Days, as those days when customers began turning on their air conditioners.

Index values are multiplied by a cash amount for settlement. All of our Weather contracts are settled in cash, determined by the final index value recorded by Speedwell Weather Derivatives Limited (Speedwell).

### Australian Weather Futures and Options

- Futures available on CME Globex around the clock or block trade
- Options available via open outcry on the CME trading floor or block trade
- Contracts are in degrees Celsius
- Denominated in Australian dollar
- Australia's location in the Southern Hemisphere switches the convention of summer and winter. The summer season is November through March and the winter season is May through September.

### Benefits

- Centralized clearing and counterparty credit guaranteed by CME Clearing
- Reduced risk
- Increased opportunity to focus on core businesses
- Stabilized cash flow and earnings
- Opportunity to profit from uncertainty of weather

### Market Participants

Participants in weather markets include companies in a wide range of industries:

- Utility companies
- Energy companies
- Insurance and reinsurance companies
- Hedge funds
- Pension funds
- State governments

For more information on Weather futures and options, visit [www.cmegroup.com/weather](http://www.cmegroup.com/weather).

For real-time prices on Weather futures, visit [www.cmegroup.com/tools-information/blocktrade-weather](http://www.cmegroup.com/tools-information/blocktrade-weather).

## AUSTRALIAN DEGREE DAYS MONTHLY INDEX FUTURES

Contract Size	\$20 (Australian dollars) times the respective Australian Degree Days Monthly Index
Quotation	Australian Degree Days Index Points
Minimum Price Increment	1 Australian Degree Days Index Point
Tick Value	1 Point = \$20 (Australian dollars)
Months Traded	HDD: May, Jun, Jul, Aug, Sep, plus Apr and Oct CDD: Nov, Dec, Jan, Feb, Mar, plus Oct and Apr  Australia's location in the Southern Hemisphere switches the convention of summer and winter. The summer season is November through March and the winter season is May through September.
Termination of Trading	Trading shall terminate at 9:00 a.m. CT on the first Exchange business day that is at least five calendar days after the futures contract month.
Settlement	All futures contracts remaining open at the termination of trading shall be settled using the respective Australian Degree Days Index reported by Speedwell Weather Derivatives Limited for that contract month, on the first Exchange business day that is at least five calendar days after the futures contract month.
Position Limits	10,000 contracts net long or net short in all contract months combined
Electronic Trading Hours	5:00 p.m. to 3:15 p.m. CT the following day (9:00 a.m. on LTD)

## OPTIONS ON AUSTRALIAN DEGREE DAYS MONTHLY INDEX FUTURES

Contract Size	1 Australian Degree Days Index futures contract
Quotation	Australian Degree Days Index Points
Minimum Price Increment	1 Australian Degree Days Index Point (cabinet = .5 CME Australian Degree Days Index Point)
Tick Value	1 Point = \$20 (Australian dollars)
Daily Price Limits	None
Months Traded	HDD: May, Jun, Jul, Aug, Sep, plus Apr and Oct CDD: Nov, Dec, Jan, Feb, Mar, plus Oct and Apr  Australia's location in the Southern Hemisphere switches the convention of summer and winter. The summer season is November through March and the winter season is May through September.
Termination of Trading	Same date and time as underlying futures
Strike Price Interval	1 Index Point (e.g. 10, 11, 12, etc.)
Exercise	European-style (Exercised on LTD)
Position Limits	10,000 contracts net long or net short in all contract months combined
Trading Hours	8:30 a.m. to 3:15 p.m. CT (9:00 a.m. on LTD)

## AUSTRALIAN SEASONAL STRIP DEGREE DAYS INDEX FUTURES

Contract Size	\$20 (Australian dollars) times the respective Australian Seasonal Strip Degree Days Index
Quotation	Australian Seasonal Strip Degree Days Index Points
Minimum Price Increment	1 Australian Seasonal Strip Degree Days Index Point
Tick Value	1 Point = \$20 (Australian dollars)
Months Traded	HDD: May, Jun, Jul, Aug, Sep, plus Apr and Oct CDD: Nov, Dec, Jan, Feb, Mar, plus Oct and Apr  Australia's location in the Southern Hemisphere switches the convention of summer and winter. The summer season is November through March and the winter season is May through September. Each particular Australian Seasonal Strip Degree Days Index is the accumulation of like Degree Days over a minimum of two and a maximum of seven consecutive months.
Termination of Trading	Trading shall terminate at 9:00 a.m. CT on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip.
Settlement	All futures contracts remaining open at the termination of trading shall be settled using the respective Australian Seasonal Strip Degree Days Index reported by Speedwell Weather Derivatives Limited for that contract period, on the first Exchange business day that is at least five calendar days after the last calendar day of the last month of the defined strip.
Position Limits	10,000 contracts net long or net short in all contract months combined
Electronic Trading Hours	5:00 p.m. to 3:15 p.m. CT the following day (9:00 a.m. on LTD)

## OPTIONS ON AUSTRALIAN SEASONAL STRIP DEGREE DAYS INDEX FUTURES

Contract Size	1 Australian Seasonal Strip Degree Days Index futures contract
Quotation	Australian Seasonal Strip Degree Days Index Points
Minimum Price Increment	1 Seasonal Strip Degree Days Index Point (cabinet = .5 CME Seasonal Strip Degree Days Index Point)
Tick Value	1 Point = \$20 (Australian dollars)
Daily Price Limits	None
Months Traded	HDD: May, Jun, Jul, Aug, Sep, plus Apr and Oct CDD: Nov, Dec, Jan, Feb, Mar, plus Oct and Apr  Australia's location in the Southern Hemisphere switches the convention of summer and winter. The summer season is November through March and the winter season is May through September. Each particular Australian Seasonal Strip Degree Days Index is the accumulation of like Degree Days over a minimum of two and a maximum of seven consecutive months.
Termination of Trading	Same date and time as underlying futures
Strike Price Interval	1 Index Point (e.g. 10, 11, 12, etc.)
Exercise	European-style (Exercised on LTD)
Position Limits	10,000 contracts net long or net short in all contract months combined
Trading Hours	8:30 a.m. to 3:15 p.m. Central Time (CT) (9:00 a.m. on LTD)



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