



SIFMA Insights

June Market Metrics and Trends

A Look at Monthly Volatility and Equity and Listed Options Volumes

July 2021

Monthly Metrics

- Volatility (VIX): Monthly average 16.96; -14.2% M/M, -45.5% Y/Y
- S&P 500 (Price): Monthly average 4,238.49; +1.8% M/M, +36.5% Y/Y
- Equity ADV (billion shares): Monthly average 11.1; +4.5% M/M, -16.4% Y/Y
- Options ADV (million contracts): Monthly average 38.8; +9.6% M/M, +25.7% Y/Y

Monthly Highlight

Midyear review (1H averages, Y/Y change):

- VIX 20.56 (-36.7%); equities ADV 12.6B shares (+7.7%); options ADV 38.6M contracts (+39.6%)
- DJIA 32,856.76 (+28.3%); Nasdaq 13,603.95 (+52.1%); Russell 2000 2,231.90 (+57.9%); S&P 500 4,026.45 (+34.3%), its best 1H in years compared to prior trends of mid- to high-teen increases
- Also included are highlights from our market structure survey on the search for the new normal

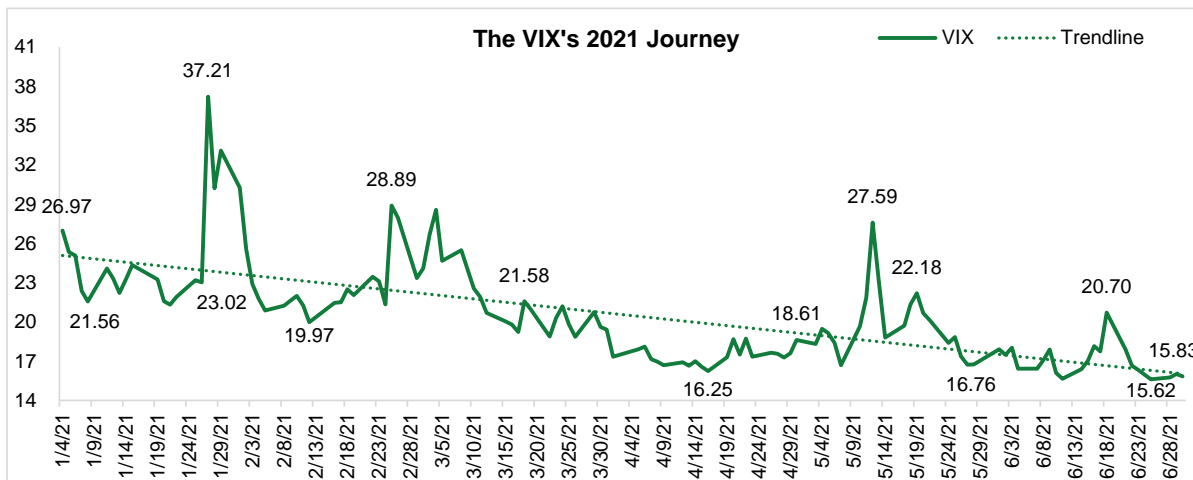
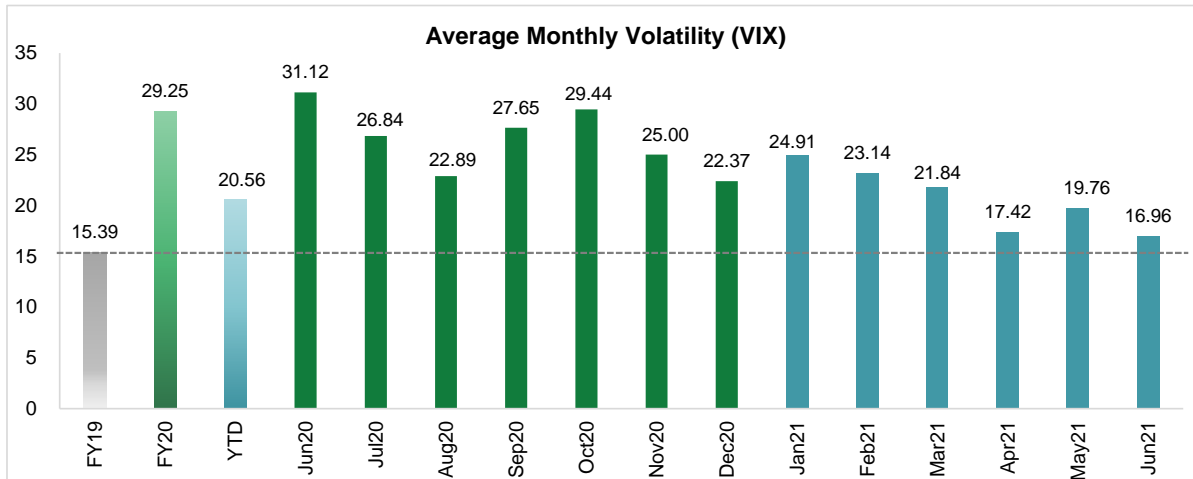


Monthly Market Metrics

In this section, we highlight the monthly market trends for volatility, price, and volumes.¹

Volatility (VIX)

- Monthly average 16.96
 - -14.2% M/M
 - -45.5% Y/Y
 - -31.9% from the start of the year (January monthly average)
- Monthly peak on the 18th at 20.7, troughed on the 25th at 15.62

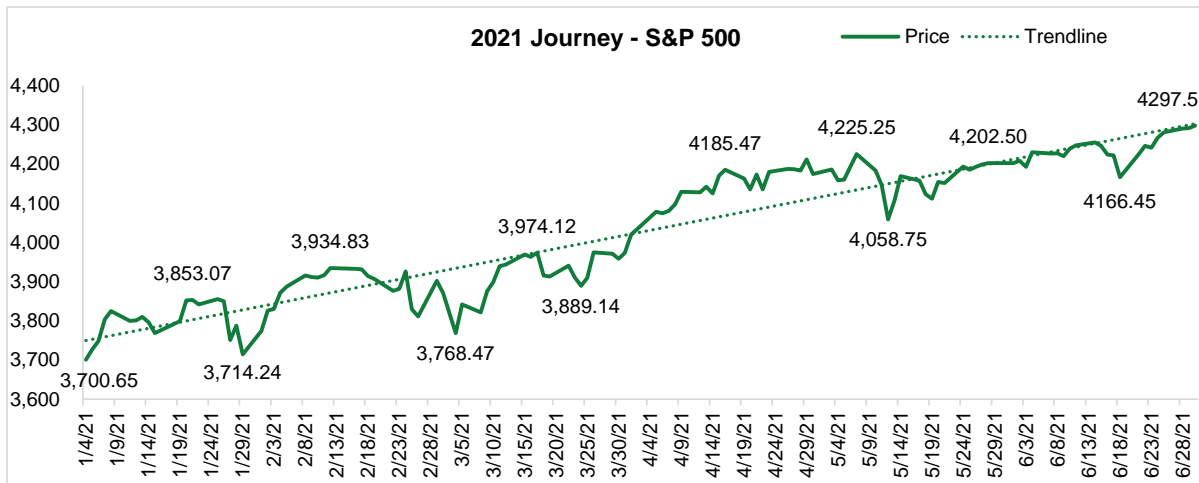
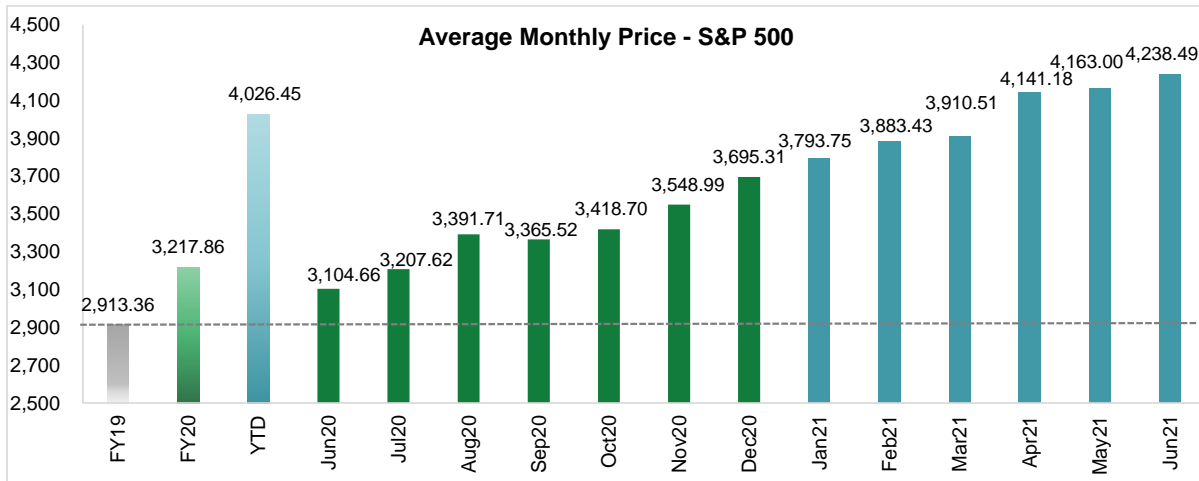


Source: Bloomberg, SIFMA estimates

¹ Please see SIFMA [Insights: A Look Back at 2020 Market Structure Themes](#) for a deep dive on last year's market metrics

Index Price (S&P 500)

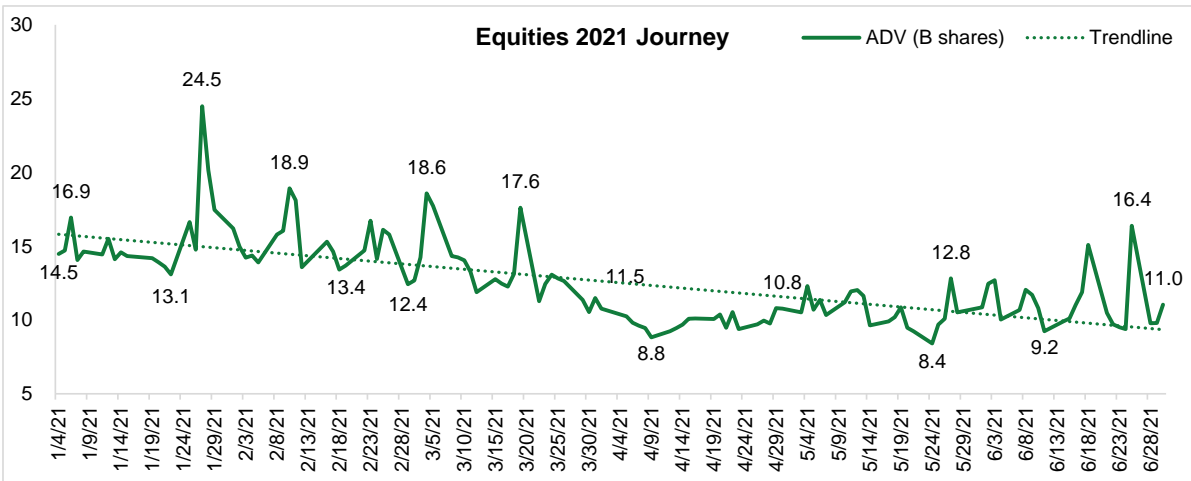
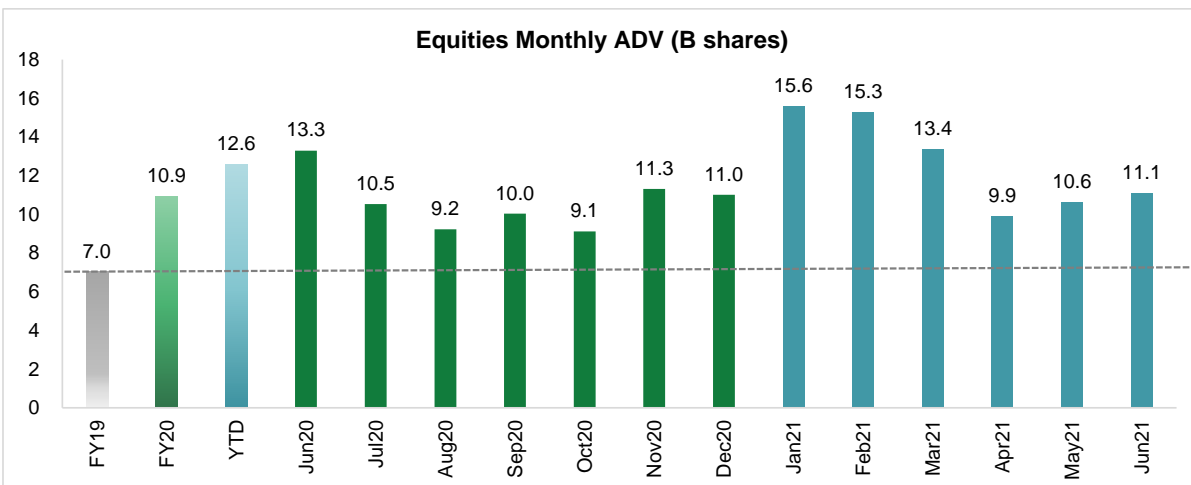
- Monthly average 4,238.49
 - +1.8% M/M
 - +36.5% Y/Y
 - +11.7% from the start of the year (January monthly average)
- Monthly peak on the 30th at 4,297.50, troughed on the 18th at 4,166.45



Source: Bloomberg, SIFMA estimates

Equity Volumes (ADV)

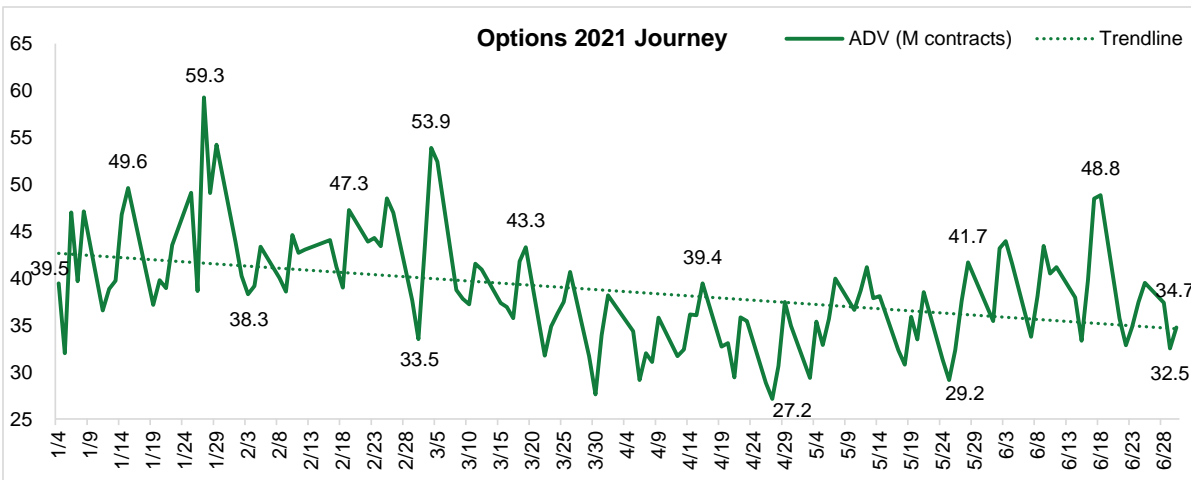
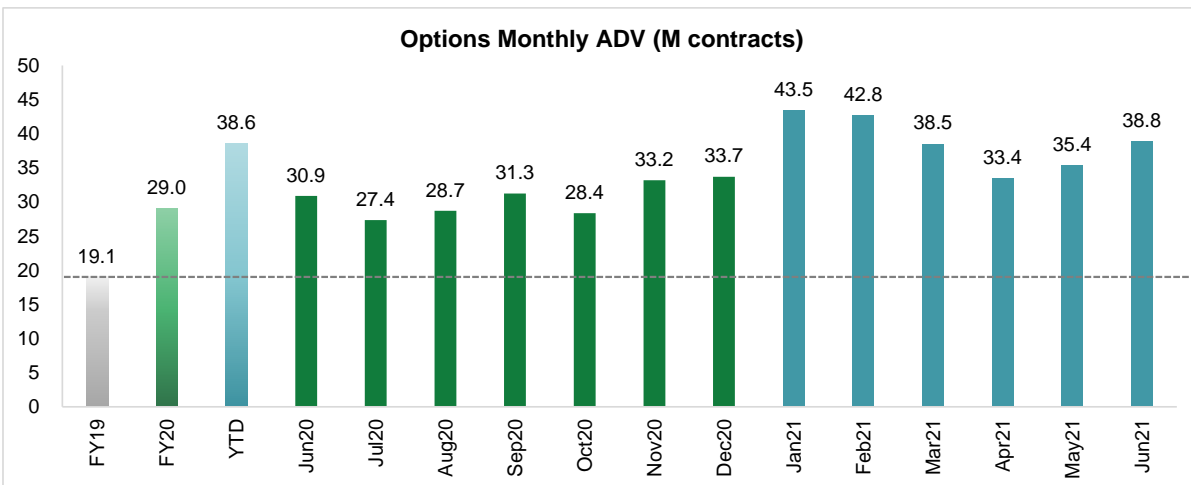
- Monthly average 11.1 billion shares
 - +4.5% M/M
 - -16.4% Y/Y
 - -28.7% from the start of the year (January monthly average)
- Monthly peak on the 25th at 16.4 billion shares, troughed on the 11th at 9.2 billion shares
- Monthly average off exchange trading 43.8%; +1.4 pps M/M, +1.9 pps Y/Y, -3.4 pps from January



Source: Cboe Global Markets, SIFMA estimates

Multi-Listed Options Volumes (ADV)

- Monthly average 38.8 million contracts
 - +9.6% M/M
 - +25.7% Y/Y
 - -10.7% from the start of the year (January monthly average)
- Monthly peak on the 18th at 48.8 million contracts, troughed on the 29th at 32.5 million contracts
- Monthly equity options 37.0 million contracts (+10.8% M/M, +26.9% Y/Y, -10.7% to January), index options 1.8 million contracts (-11.3% M/M, +6.1% Y/Y, -10.7% to January)



Source: Cboe Global Markets, SIFMA estimates

Monthly Highlight

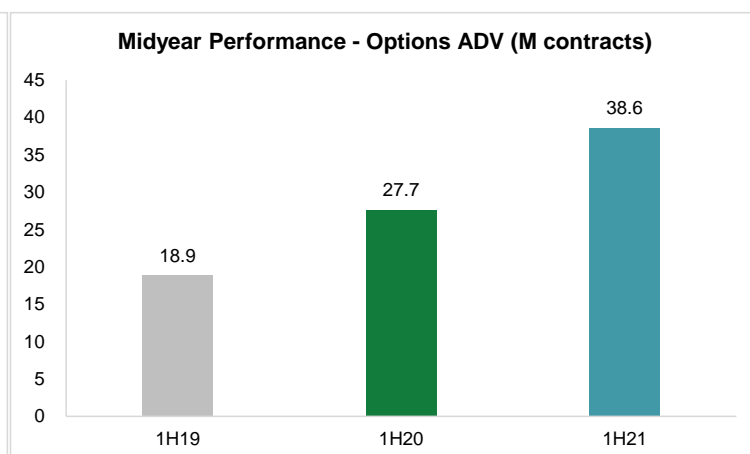
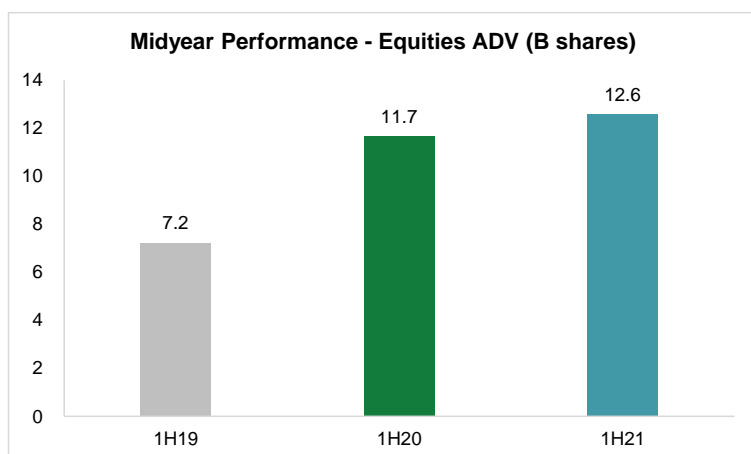
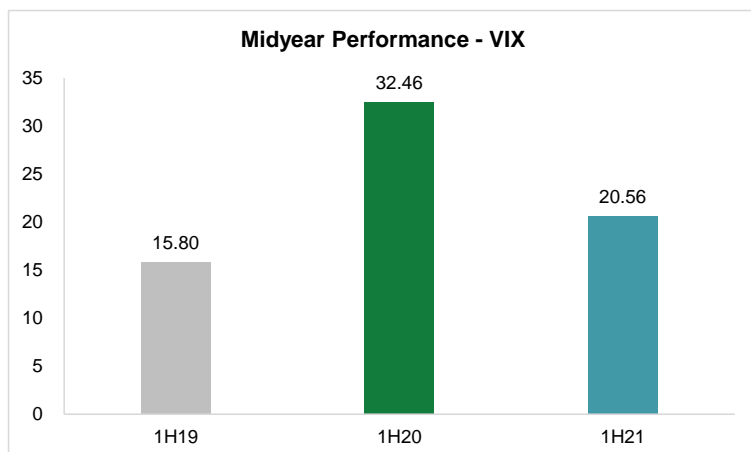
In this section we drill down into an interesting trend that market participants are following.

Midyear Update – VIX and Volumes

With half of this year now in the books – and having anniversaried the peak of the COVID market turmoil – market participants are getting a better sense of the new normal for volatility and volumes. What we are seeing is a VIX continuing to come down from last year’s highs while volumes continue to grow, particularly in listed options.

We highlight the following:

- **VIX:** 1H21 average 20.56; -36.7% to 1H20, +30.1% to 1H19
- **Equities ADV:** 1H21 average 12.6 billion shares; +7.7% to 1H20, +74.0% to 1H19
- **Options ADV:** 1H21 average 38.6 million contracts; +39.6% to 1H20, +104.9% to 1H19



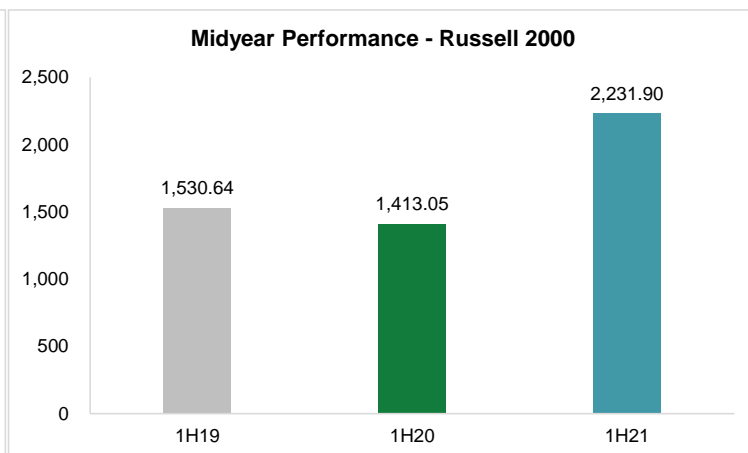
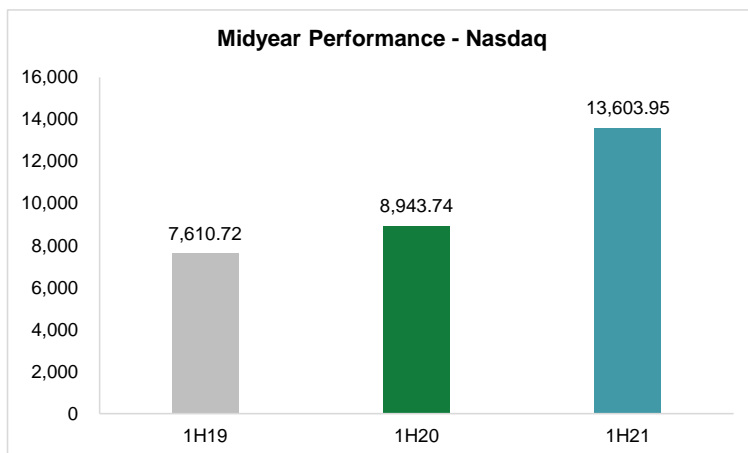
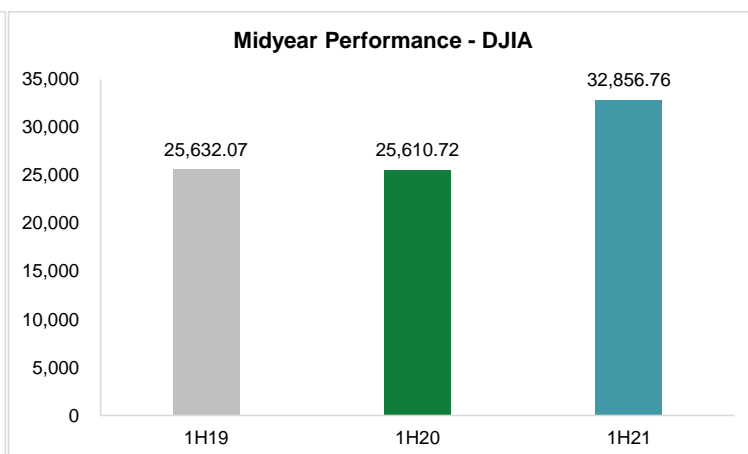
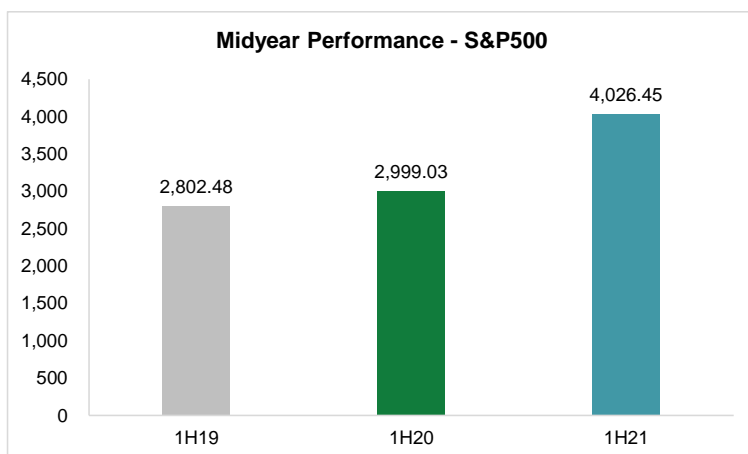
Source: Bloomberg, Cboe Global Markets, SIFMA estimates

Midyear Update – Markets

Markets also continue to climb higher, across all segments – S&P 500 and Dow market proxies both up around 30% versus last year; despite headwinds (inflation concerns and corresponding bond yield increases), the more tech-heavy Nasdaq is up over 50%; the smaller cap and U.S.-centric Russell 2000 posted the highest gain at almost 60%.

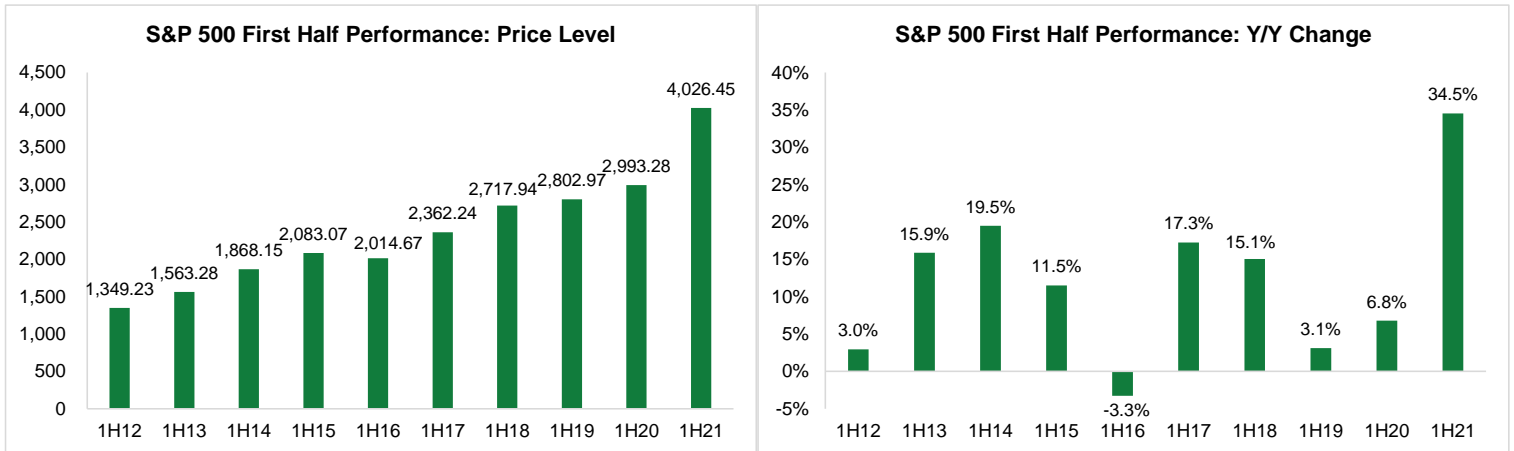
We highlight the following:

- **S&P 500:** 1H21 average 4,026.45; +34.3% to 1H20, +43.7% to 1H19
- **Dow Jones Industrial Average (DJIA):** 1H21 average 32,856.76; +28.3% to 1H20, +28.2% to 1H19
- **Nasdaq Composite:** 1H21 average 13,603.95; +52.1% to 1H20, +78.7% to 1H19
- **Russell 2000:** 1H21 average 2,231.90; +57.9% to 1H20, +45.8% to 1H19



Source: Bloomberg, SIFMA estimates

Looking further at the S&P 500, it posted the best first half in years in terms of price performance. As the index shot up over 4,000, this resulted in an almost 35% year-over-year change for the half-year average. This far surpasses prior first half trends, where year-over-year changes were in the mid- to high-teens.



Source: Bloomberg, SIFMA estimates

Searching for the New Normal

As shown in the data above, market participants are gaining a better view of the new normal. In May, we surveyed our equity markets and listed options trading committees, as well as representatives of U.S. equity and multi-listed options exchanges, on where they saw full-year 2021 market metrics heading. We highlight responses on volatility, volumes, and market performance here.²

- **Volatility (VIX):** Last year, volatility hit a historical peak in March. The VIX continues to come down as we move through this year, now below the 2020 average but still above historical levels. The majority of respondents, 62.5%, expected the VIX to remain in the high teen/low 20s range. Very few respondents (6.3%) expected a return to historical levels.
- **Volumes (ADV):** Last year, volumes in equities and listed options skyrocketed. While having come down from the peaks, ADV remains at levels elevated to historical trends.
 - Equities – Equities ADV is still above the 2020 average and well above historical levels. Respondents overwhelmingly expected equities ADV to remain in the 10 billion shares level (83.9% of respondents). Very few respondents expected a return to historical levels (6.5%).
 - Options – Listed options ADV remains elevated to last year's and historical levels but has come down from the January average. Over three-fourths of respondents expected listed options ADV to be in the high 20s/low 30s range (77.4%). No respondents expected a return to historical levels.
 - Differences – Respondents had greater conviction in their estimate of the new normal for equities ADV as compared to that for listed options; the top response for equities was chosen by 83.9% of those surveyed versus 77.4% for listed options (+6.5 pps). Additionally, as to returning to historical levels, zero responses were recorded for options versus 6.5% of responses for equities.
- **Market Performance:** Markets continue to perform well, despite some ebbs and flows around inflation data releases and the corresponding concerns around timing of rate increases. Asking respondents about markets as a whole, not by specific index, almost two-thirds expected markets to keep climbing (65.6% total), with most expecting growth at a slower pace (56.3%). Of those in the decline camp (25.0% total), 18.8% responded they expect markets to decline only somewhat.
 - Upside risks? Controlling COVID, accommodating monetary policy (asset purchases, low rates) and stimulus, etc.
 - Downside risks? Runaway COVID, reversing monetary policy (inflation leads to higher rates) and higher taxes (on corporations, changes to capital gains), etc.

² Please see SIFMA Insights Market Structure [Survey](#): Gauging the New Normal for Volatility, Volumes, Market Levels & Retail Investor Participation.

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