



# SIFMA Insights

## January Market Metrics and Trends

*A Look at Monthly Volatility and Equity and Listed Options Volumes*

February 2022

### Monthly Metrics

- Volatility (VIX): Monthly average 23.18; +8.6% M/M, -6.9% Y/Y
- S&P 500 (Price): Monthly average 4,573.82; -2.2% M/M, +20.6% Y/Y
- Equity ADV (billion shares): Monthly average 12.4; +14.1% M/M, -20.6% Y/Y
- Options ADV (million contracts): Monthly average 43.8; +15.9% M/M, +0.7% Y/Y

### Monthly Highlight

- S&P 500 finished down 5.3% for the month, marking the fourth worst January performance since 1990; we have not seen a decline of this level since 2016 (-5.1%)
- Higher weighted sectors (tech and healthcare both -6.9%, consumer discretionary -9.7%) posted some of the worse declines, pulling down the total market
- Top sector = energy, +19.0% – only positive returning sector – worst sector = consumer discretionary, -9.7%

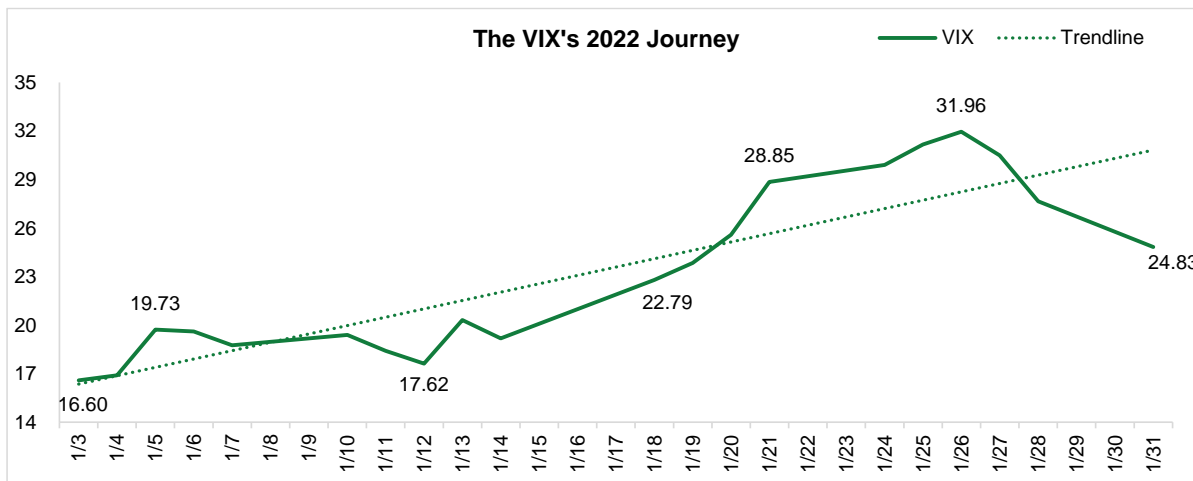
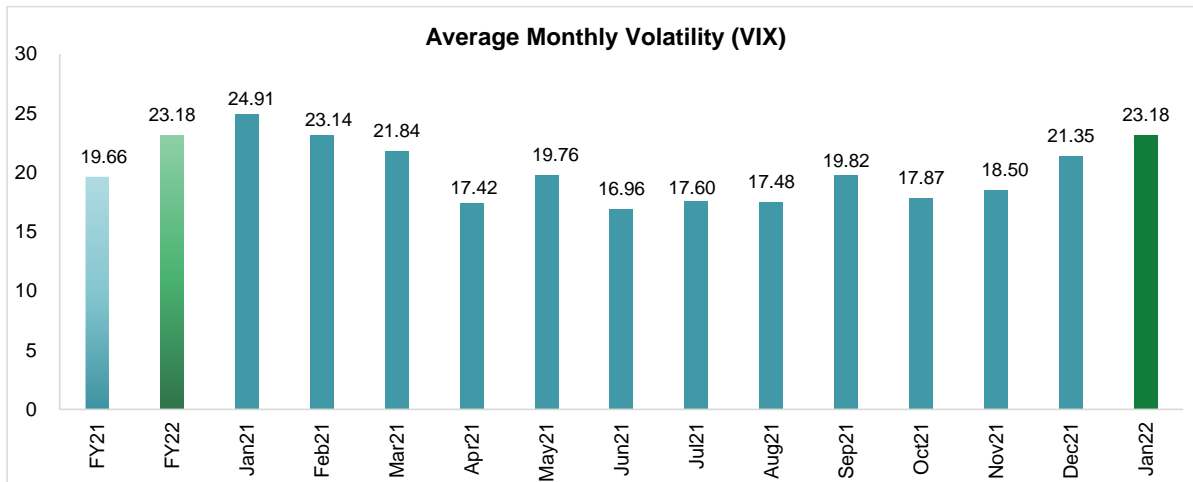


## Monthly Market Metrics

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

### Volatility (VIX)

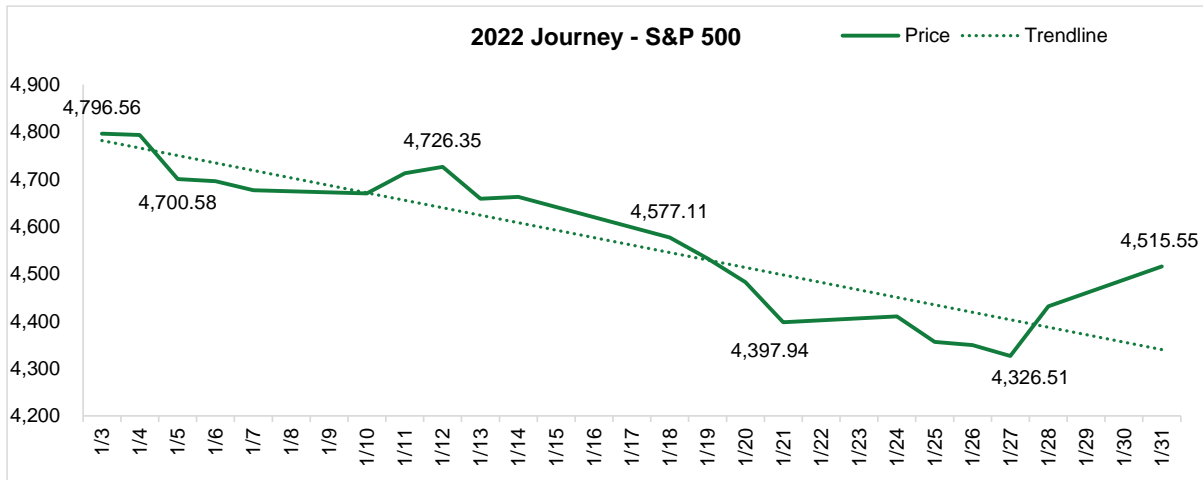
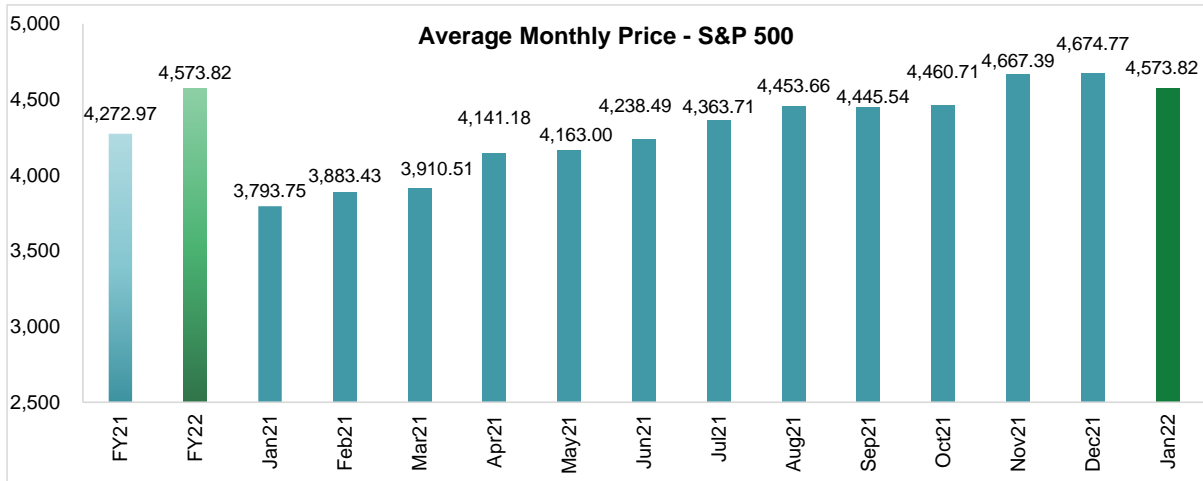
- Monthly average 23.18
  - +8.6% M/M
  - -6.9% Y/Y
- Monthly peak on the 26<sup>th</sup> at 31.96, troughed on the 3<sup>rd</sup> at 16.60



Source: Bloomberg, SIFMA estimates

Index Price (S&P 500)

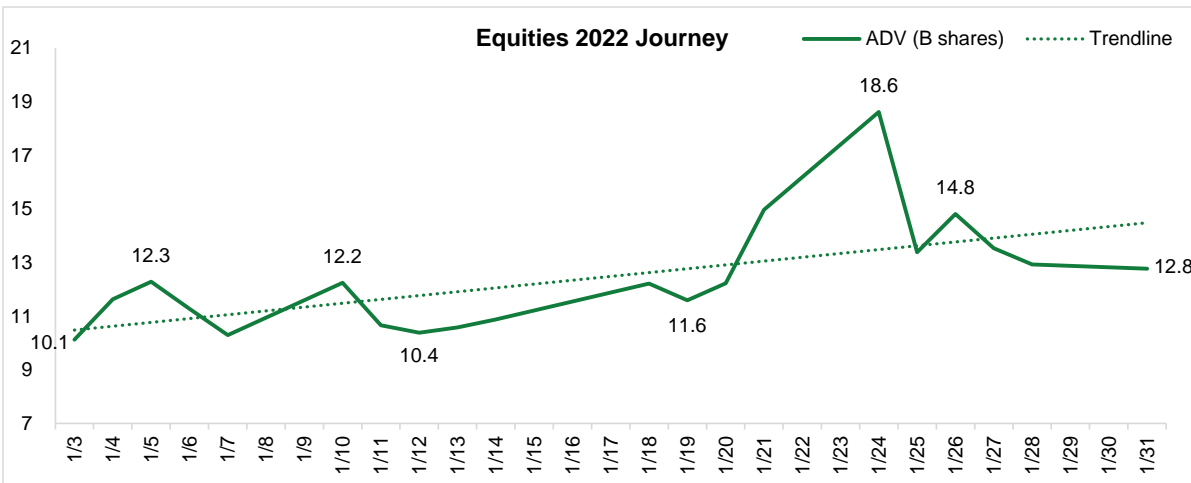
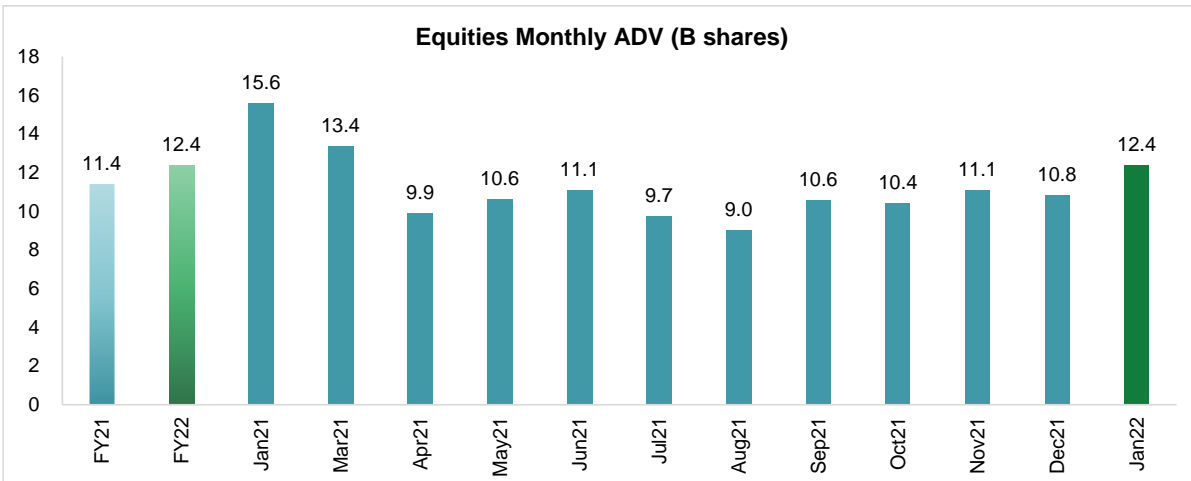
- Monthly average 4,573.82
  - -2.2% M/M
  - +20.6% Y/Y
- Monthly peak on the 3<sup>rd</sup> at 4,796.56, troughed on the 27<sup>th</sup> at 4,326.51



Source: Bloomberg, SIFMA estimates

Equity Volumes (ADV)

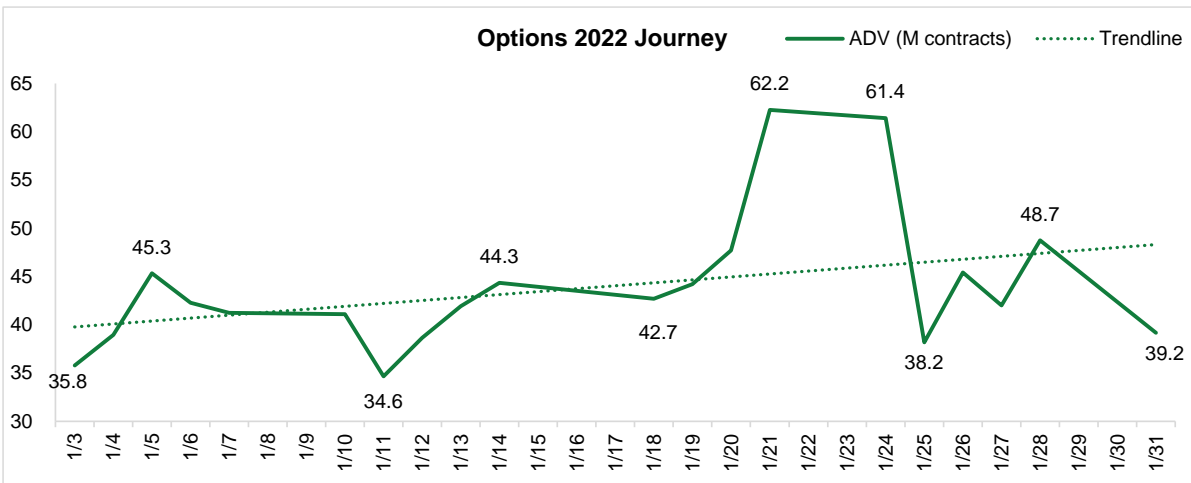
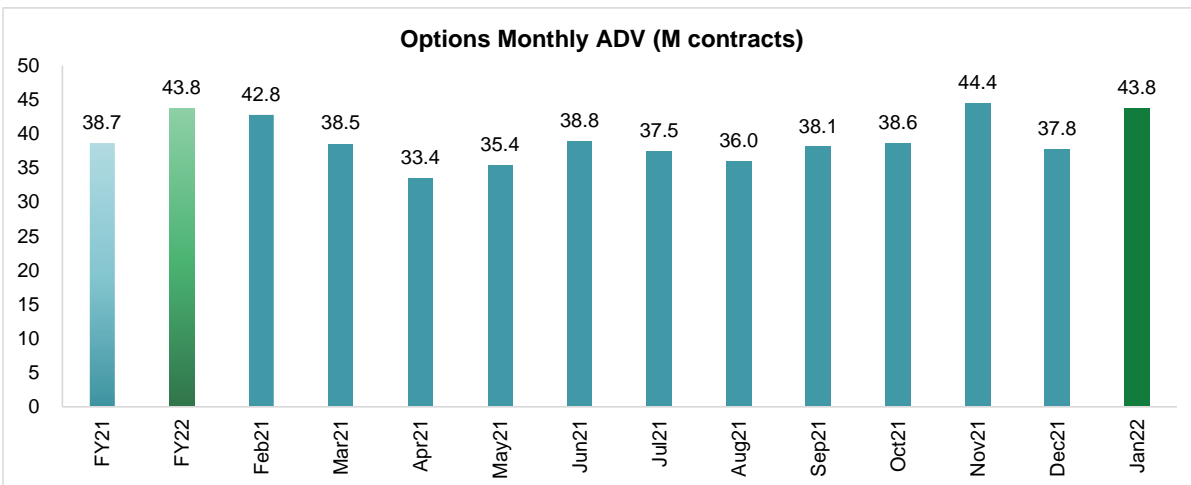
- Monthly average 12.4 billion shares
  - +14.1% M/M
  - -20.6% Y/Y
- Monthly peak on the 24<sup>th</sup> at 18.6 billion shares, troughed on the 3<sup>rd</sup> at 10.1 billion shares
- Monthly average off exchange trading 39.9%; -1.2 pps M/M, -7.3 pps Y/Y



Source: Cboe Global Markets, SIFMA estimates

Multi-Listed Options Volumes (ADV)

- Monthly average 43.8 million contracts
  - +15.9% M/M
  - +0.7% Y/Y
- Monthly peak on the 21<sup>st</sup> at 62.2 million contracts (occurred on expiration), troughed on the 11<sup>th</sup> at 34.6 million contracts
- Monthly equity options 41.2 million contracts (+16.2% M/M, -0.7% Y/Y), index options 2.6 million contracts (+11.9% M/M, +29.0% Y/Y)



Source: Cboe Global Markets, SIFMA estimates

## Monthly Highlight

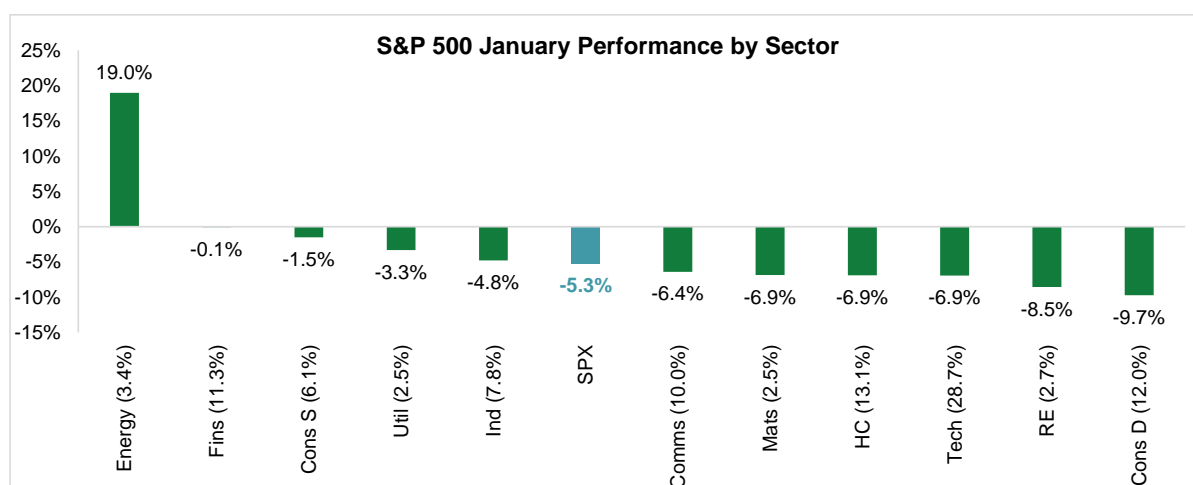
In this section we drill down into an interesting trend that market participants are following.

### Worst January since 2016

The year of the tiger definitely came in with a roar, but in the wrong direction for markets. Concerns remain around inflation and the impending start of Fed rate hikes, as well as lingering uncertainty over COVID and a full return to (the new) normal. As such, the S&P 500 finished down 5.3% for the month, marking the fourth worst performance since 1990.

Looking at how the market overall and individual sectors performed, we highlight the following trends:

- The higher weighted sectors – the top three sectors being tech 28.7%, healthcare 13.1%, consumer discretionary 12.0% – posted some of the worse declines, pulling down the total market
- Tech turned negative (-6.9%), after maintaining its positive momentum last year (finished 2021 +33.4%) despite concerns over raising rates weighing heavily on valuations for this sector
- Top sector: Energy remains at the top (finished 2021 +47.7%), +19.0% for the month and the only positive returning sector
- Worst sector: Consumer discretionary finished the month down 9.7%, moving to the bottom of the group (finished 2021 fifth from the bottom). We note that Tesla (ticker: TSLA) and Amazon (ticker: AMZN) represent 19.3% and 31.6% of this sector respectively (2.3% and 3.8% of the total market); these stocks declined 11.4% and 10.3% for the month respectively

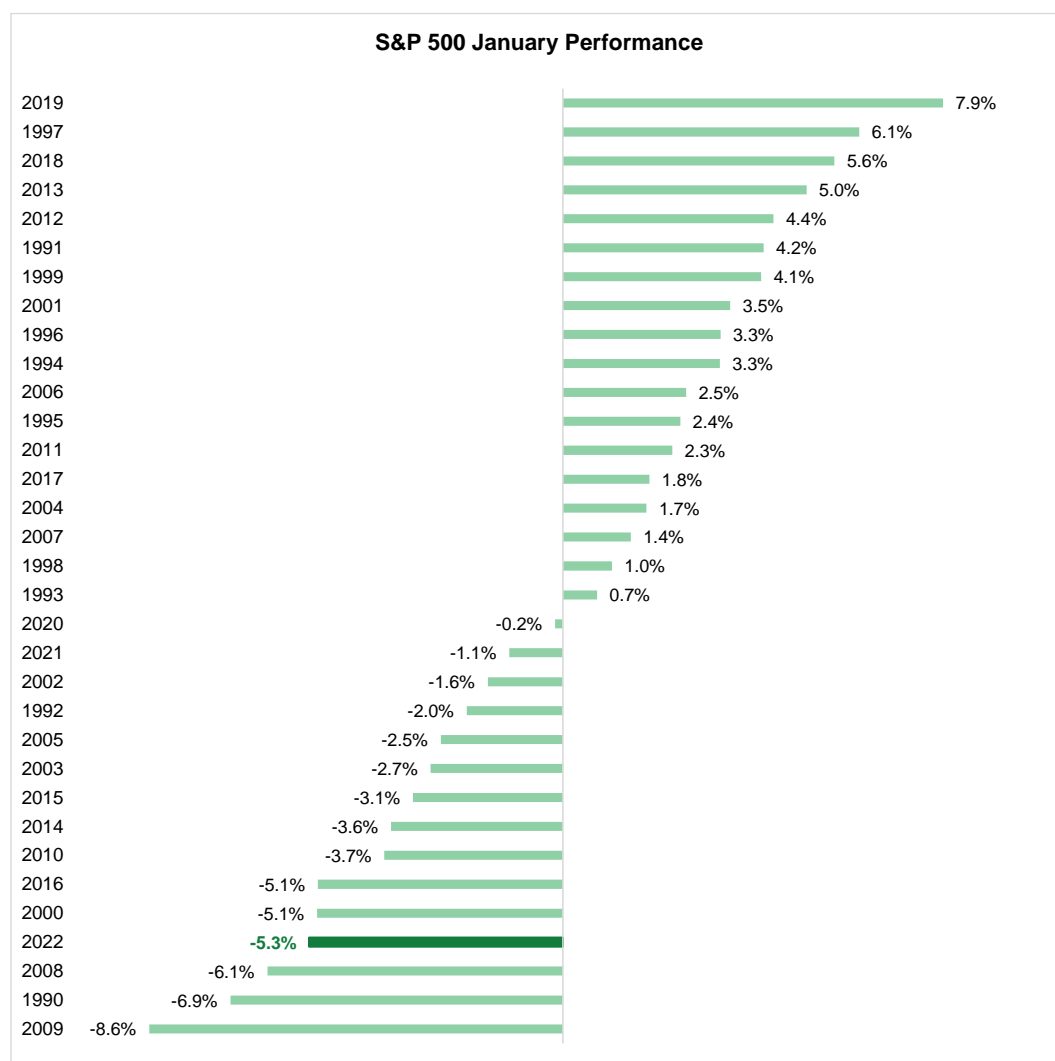


Source: Bloomberg, SIFMA estimates

Note: The parenthesis show the sector's weight in the index. Fins = Financials; Cons S = consumer staples; Util = Utilities; Ind = Industrials; SPX = total market; Comms = telecommunications; Mats = Materials; HC = Healthcare; Tech = Technology; RE = Real Estate; Cons D = consumer discretionary

How did January 2022 fare versus historical performances back to 1990?

- Going back to 1990, the January performance for the S&P 500 was negative 15 times, or 45.5% of the time
- January 2022 was the fourth worst performance out of these 33 time periods
- Only the global financial crisis years of 2008 and 2009 (-6.1% and -8.6%) and 1990 (-6.9%, a recession year) saw worse performances
- We have not seen a decline of this level since 2016 (-5.1%)



Source: Bloomberg, SIFMA estimates

## Author

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### SIFMA Insights

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