



SIFMA Insights

March Market Metrics and Trends

A Look at Monthly Volatility and Equity and Listed Options Volumes

April 2022

Monthly Metrics

- Volatility (VIX): Monthly average 27.02; +4.9% M/M, +23.7% Y/Y
- S&P 500 (Price): Monthly average 4,391.27; -1.0% M/M, +12.3% Y/Y
- Equity ADV (billion shares): Monthly average 13.9; +14.4% M/M, +4.2% Y/Y
- Options ADV (million contracts): Monthly average 40.2; -3.5% M/M, +4.2% Y/Y

Monthly Highlight

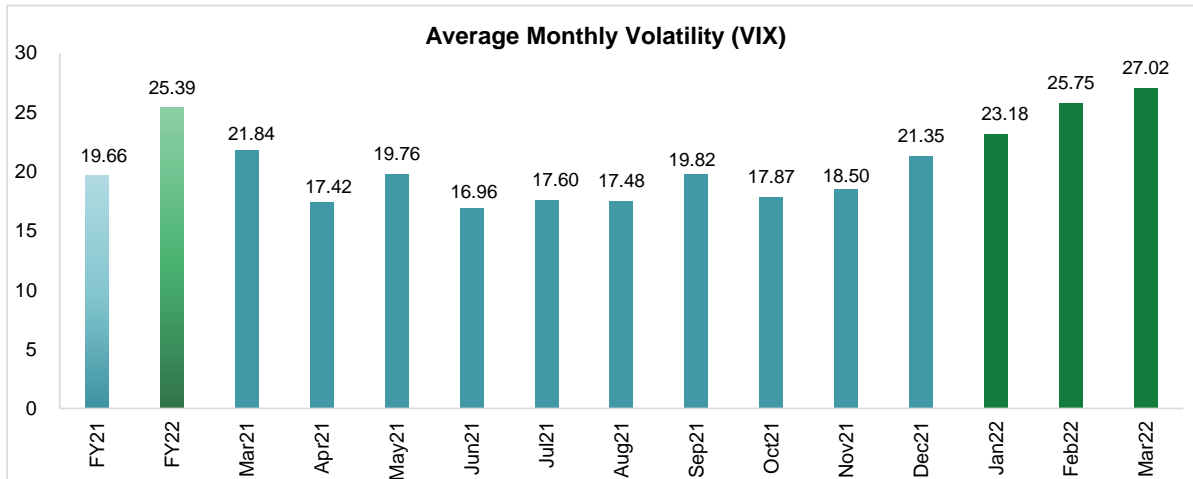
- Wall of worry – worsening inflation (February +7.9% Y/Y), new supply chain challenges given Russia/Ukraine (potential shortage of merchant sailors) – drives down markets, S&P 500 -3.0% in March
- 1Q22 marked the first negative quarter for the S&P 500 we have seen since the start of the pandemic, -3.0% Q/Q (1Q20 was -0.9%, 2Q20 was -4.1%)
- Energy #1 sector for the year (+37.7%) and #2 for March (+8.8%); utilities #1 in March (+10.1%) and +4.0% for the year
- Average equity strategists' price target estimates end March at +0.3% potential upside, from the January 20 peak of +1.1%

Monthly Market Metrics

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

Volatility (VIX)

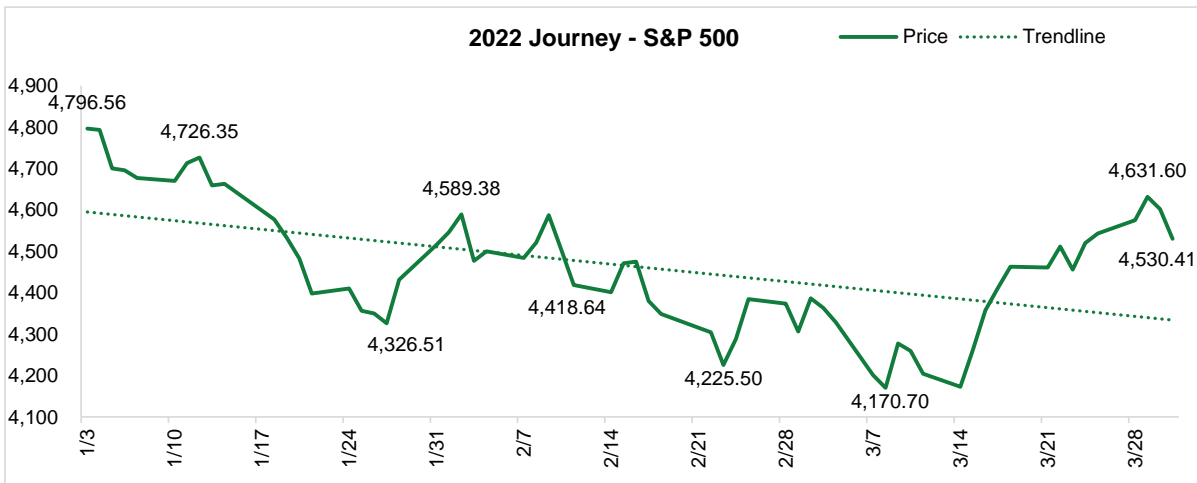
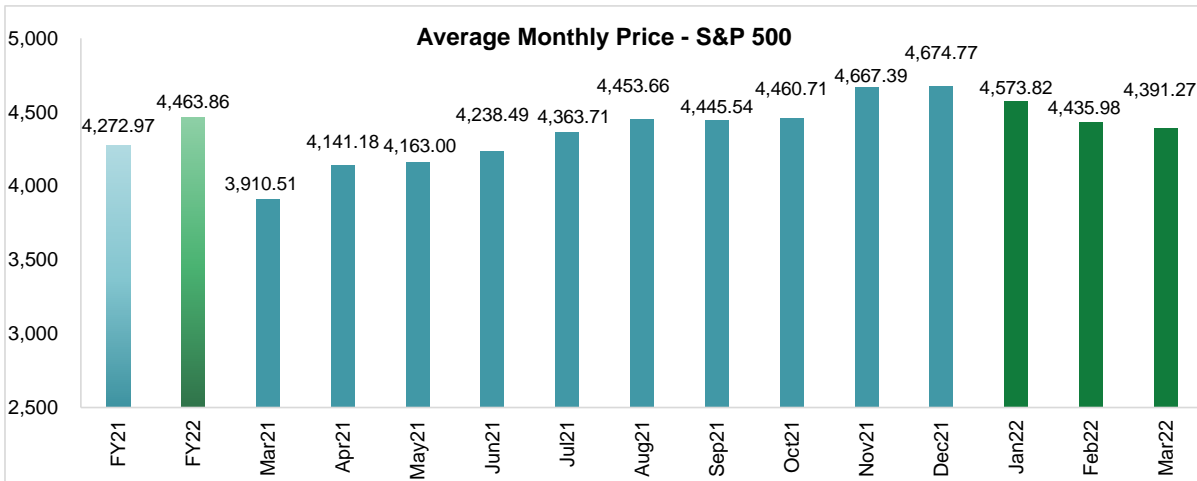
- Monthly average 27.02
 - +4.9% M/M
 - +23.7% Y/Y
 - +62.8% from the start of the year
- Monthly peak on the 7th at 36.45, troughed on the 29th at 18.90



Source: Bloomberg, SIFMA estimates

Index Price (S&P 500)

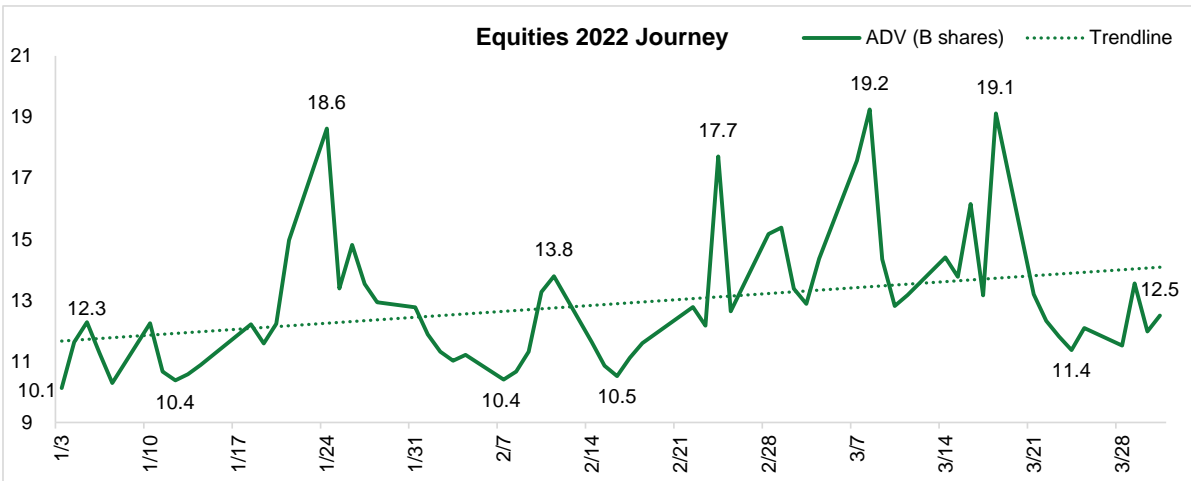
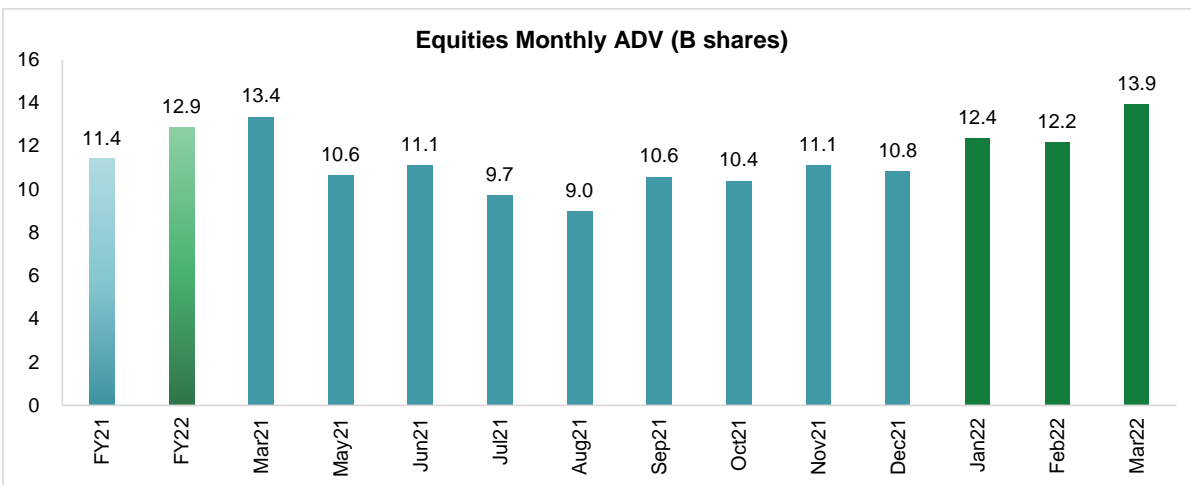
- Monthly average 4,391.27
 - -1.0% M/M
 - +12.3% Y/Y
 - -8.4% from the start of the year
- Monthly peak on the 29th at 4,631.60, troughed on the 8th at 4,170.70



Source: Bloomberg, SIFMA estimates

Equity Volumes (ADV)

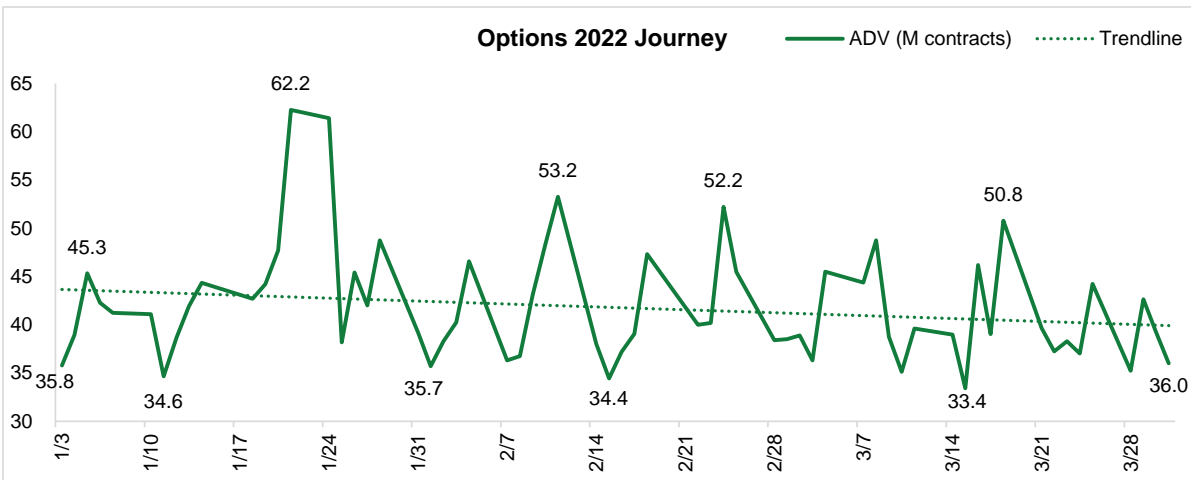
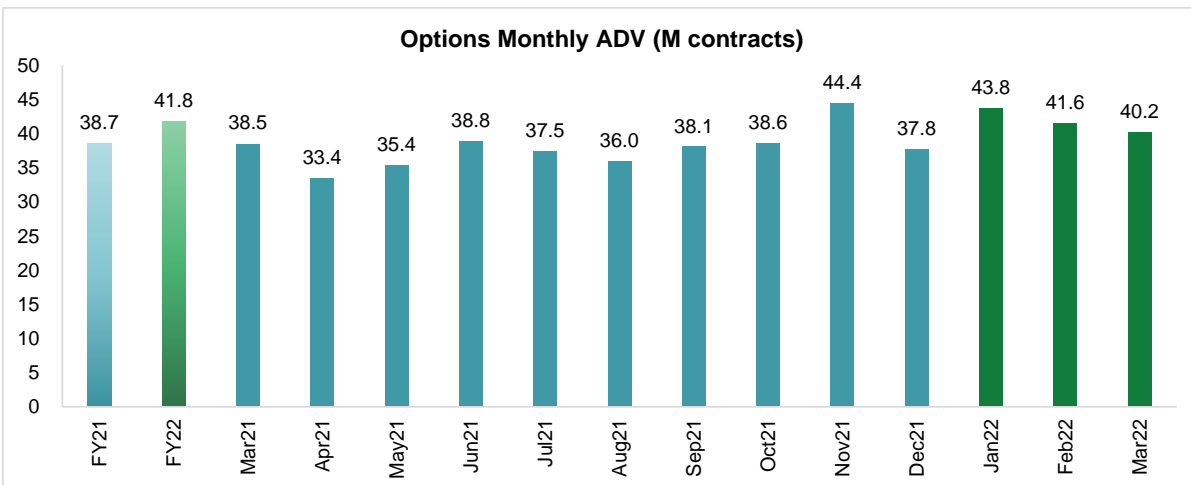
- Monthly average 13.9 billion shares
 - +14.4% M/M
 - +4.2% Y/Y
 - +37.5% from the start of the year
- Monthly peak on the 8th at 19.2 billion shares, troughed on the 24th at 11.4 billion shares
- Monthly average off exchange trading 41.0%; +1.3 pps M/M, -0.9 pps Y/Y



Source: Cboe Global Markets, SIFMA estimates

Multi-Listed Options Volumes (ADV)

- Monthly average 40.2 million contracts
 - -3.5% M/M
 - +4.2% Y/Y
 - +12.2% from the start of the year
- Monthly peak on the 18th at 50.8 million contracts, troughed on the 15th at 33.4 million contracts
- Monthly equity options 37.8 million contracts (-3.5% M/M, +3.0% Y/Y), index options 2.3 million contracts (-4.1% M/M, +27.7% Y/Y)



Source: Cboe Global Markets, SIFMA estimates

Monthly Highlight

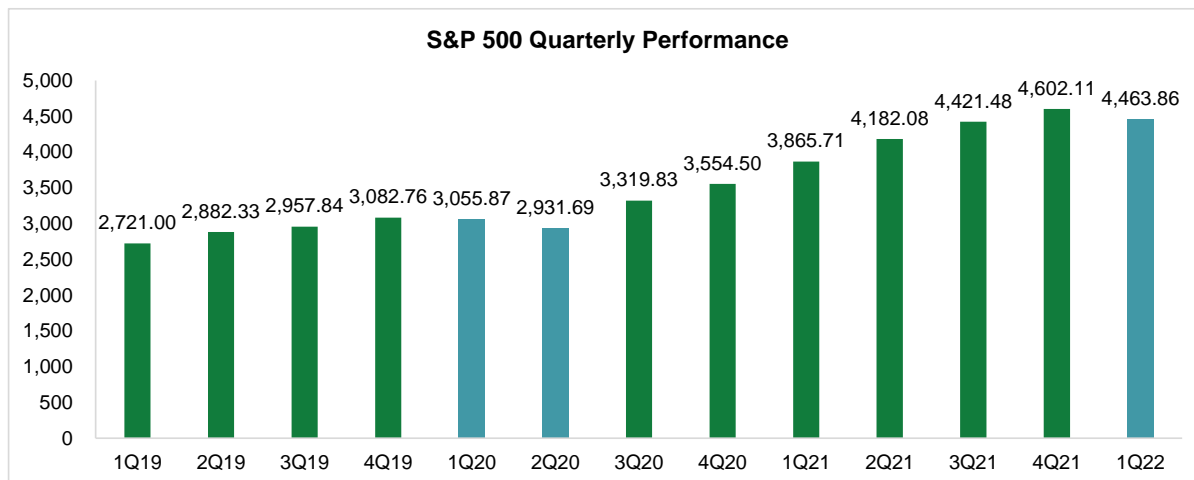
In this section we drill down into an interesting trend that market participants are following.

Market Performance

As we wrote back in January, the year of the tiger came in with a roar but in the wrong direction for markets. Some ongoing concerns impacting markets have worsened. For example, inflation continues to increase (Y/Y changes): February +7.9%, January +7.5% versus December 2021 +7.1%. Then, on February 24, Russia invaded Ukraine, adding additional market (and inflation) pressures. This could reverse other negative trends which had seen improvements, such as the queue of ships lined up at the Ports of Los Angeles and Long Beach. The number of ships in queue plus dock/in queue has dropped to 56/41 as of last week (-3.4%/-6.8% W/W). This number was closer to 100 to end 2021. Now supply chain issues may be facing new challenges, as the International Chamber of Shipping estimates 14.5% of all global seafarers serving on international merchant ships are from Russia and the Ukraine (10.5% and 4.0% respectively). With shipping moving ~90% of global trade, the ICS is concerned about a shortage of merchant sailors.¹

As such, monthly trends have worsened as we move through 2022: February performance -1.0%, March performance -3.0%. The monthly average for the S&P 500 dropped to 4,391.27 in March from 4,573.82 in January, -4.0%. Therefore, on a quarterly basis, 1Q22 marked the first negative quarter for the S&P 500 we have seen since the start of the pandemic (Q/Q changes):

- 1Q20 = -0.9%
- 2Q20 = -4.1%
- 1Q22 = -3.0%



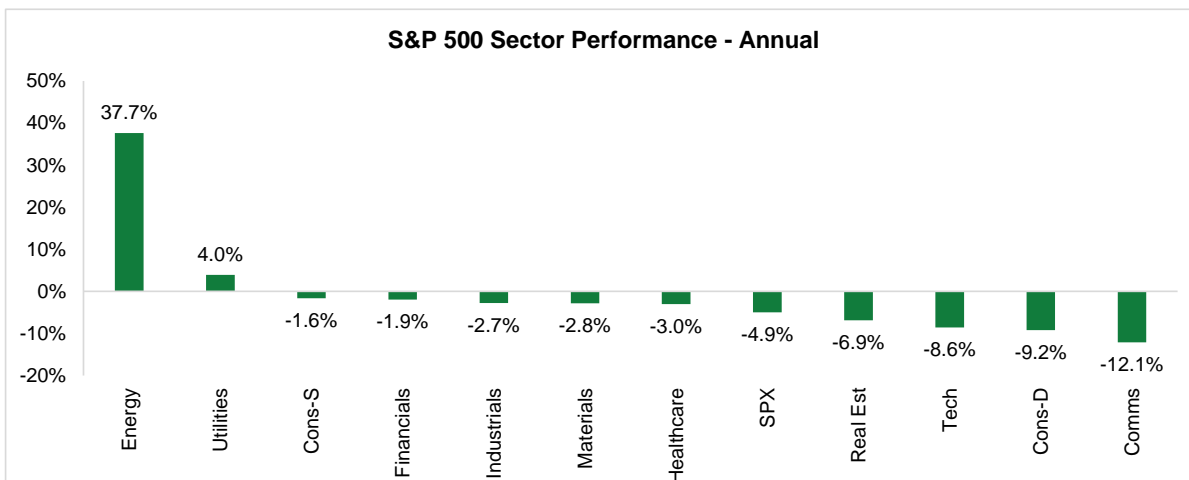
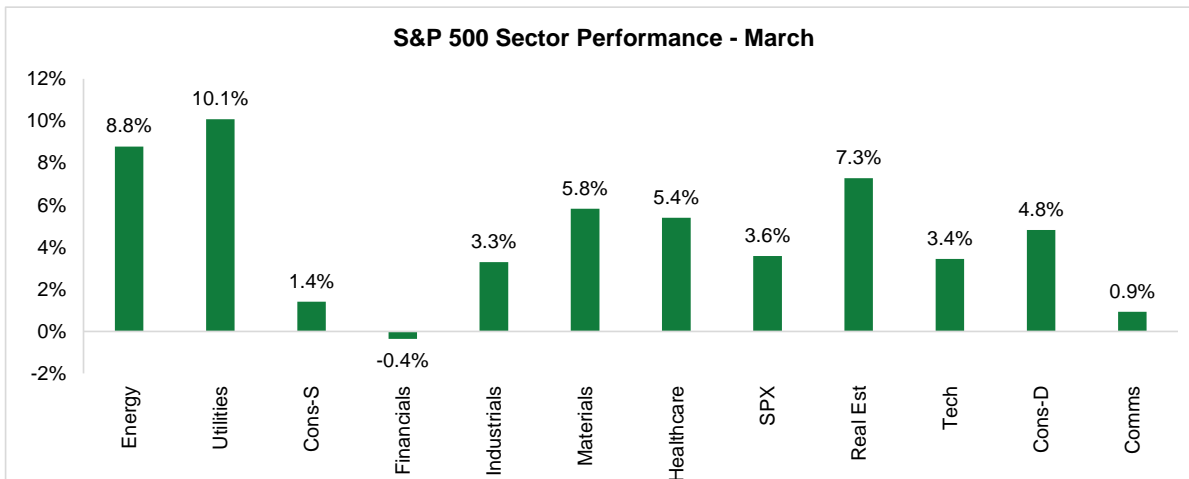
Source: Bloomberg, SIFMA estimates

¹ Bank of America Global Research, Ken Hoexter's Transport Tracker

Sector Performance

Looking at individual sector performance, we highlight the following trends:

- Top sectors: Utilities beat out energy for the month, +10.1% and +8.8% respectively; energy remains at the top for the year, +37.7%, with utilities positive for the year as well, +4.0%
- Worst sectors: Financials was the only down sector for the month, -0.4%, with telecommunications the next worst sector at +0.9%; yet, telecommunications is the worst performing sector for the year at -12.1%, followed by consumer discretionary at -9.2%



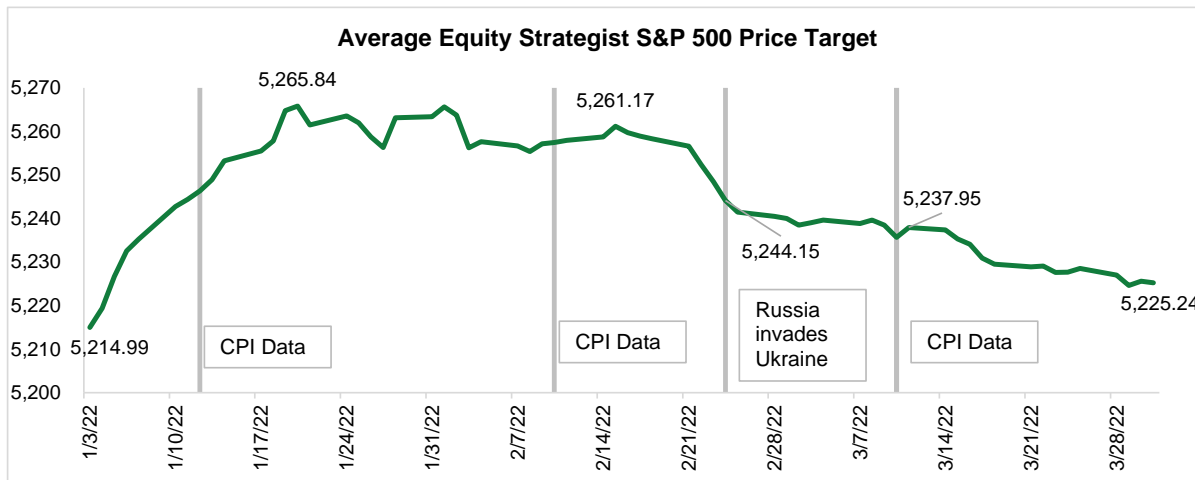
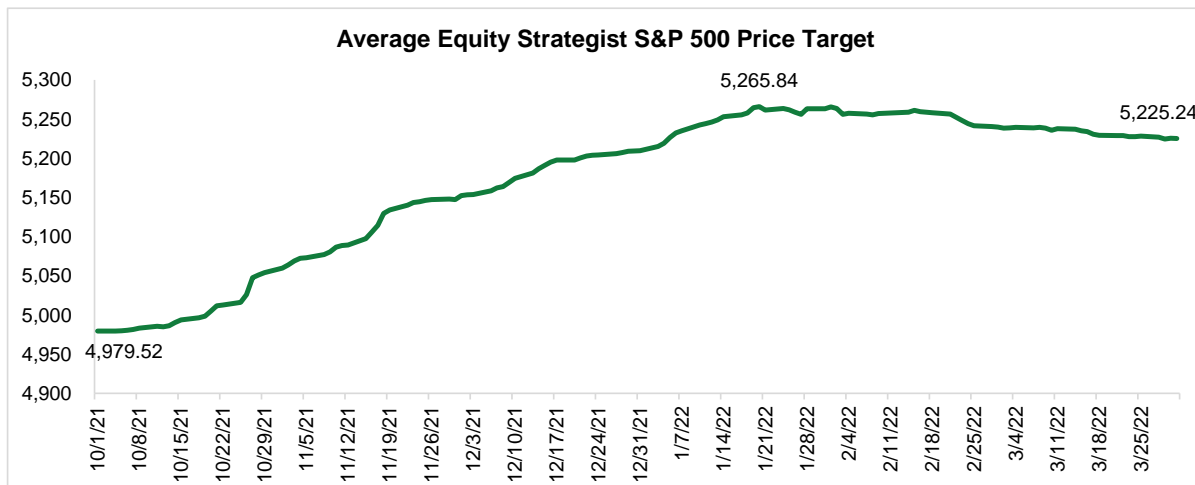
Source: Bloomberg, SIFMA estimates

Note: Cons-S = consumer staples; SPX = total market; Comms = telecommunications; Tech = Technology; Real Est = Real Estate; Cons D = consumer discretionary

Analyst Estimates

Looking forward, we revisit average equity strategists' price target estimates. In the last quarter of 2021, the chart line was sharply upward sloping. Come January of this year, the line levelled off. Estimates peaked on January 20 at 5,265.84 but have come down since then to end March at 5,225.24.

Next, we analyze the potential upside to the market, as calculated by dividing the average price target for 2022 by the actual closing price on December 31, 2021. The upside potential for the market (the SPX index) began the year essentially flat, +0.1%. The January 20 peak represented a 1.1% potential upside but declined to +0.7% after Russia invaded Ukraine. The estimated potential upside for the price of the S&P 500 ended March at +0.3%.



Source: Bloomberg, SIFMA estimates

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