



SIFMA Insights

January Market Metrics and Trends

A Look at Monthly Volatility and Equity and Listed Options Volumes

February 2023

Monthly Metrics

- Volatility (VIX): Monthly average 20.20; -7.3% M/M, -12.8% Y/Y
- S&P 500 (Price): Monthly average 3,960.66; +1.2% M/M, -13.4% Y/Y
- Performance (month/year): best = cons disc +15.0%; worst = utilities and healthcare -2.0%
- Equity ADV: Monthly average 11.3 billion shares; +5.0% M/M, -8.4% Y/Y
- Options ADV: Monthly average 45.2 million contracts; +12.1% M/M, +3.2% Y/Y

Monthly Highlight

- Some traders believe that the S&P 500 performance in January can predict its performance for the year – as January goes, so does the year. Looking back in history, how often did the January barometer hold true?
- Since 1990, January market performance was positive 58.8% of the time, full year was positive 69.7% of the time
- Since 1990, when January posted positive market performance, the full year was positive 78.9% of the time – 15 years positive January/positive full year, 6 years negative January/negative full year, 12 years the correlation broke
- Since 2013, when January posted positive market performance, the full year was positive 80.0% of the time – 4 years positive January/positive full year, 2 years negative January/negative full year, 4 years the correlation broke
- January 2023 was positive – how will we end the year?

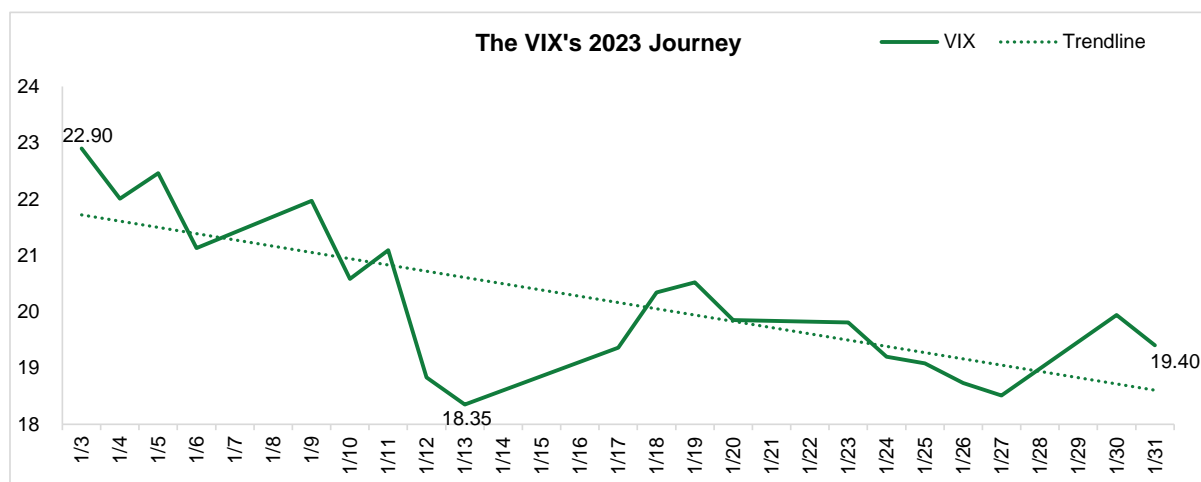
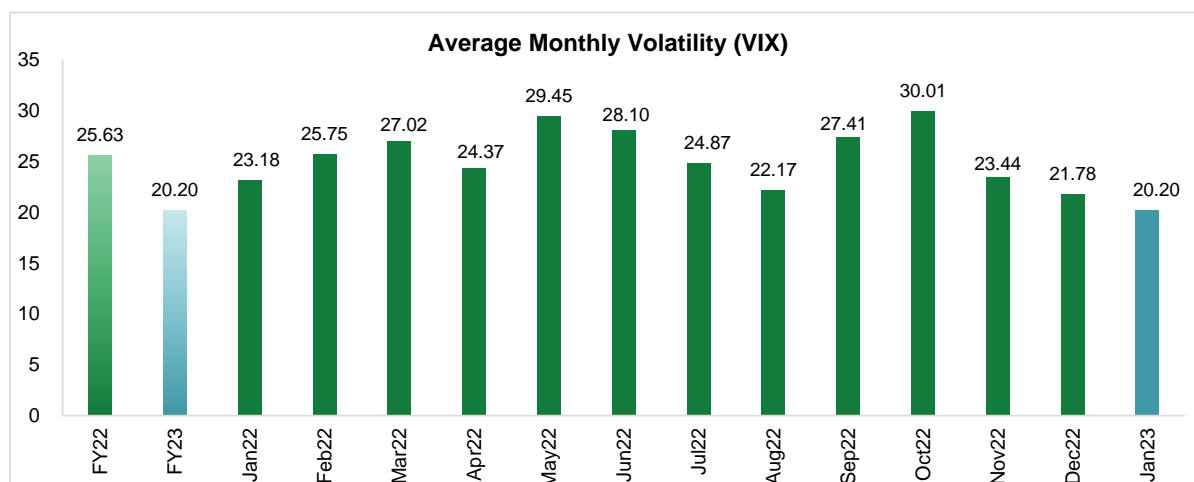


Monthly Market Metrics

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

Volatility (VIX)

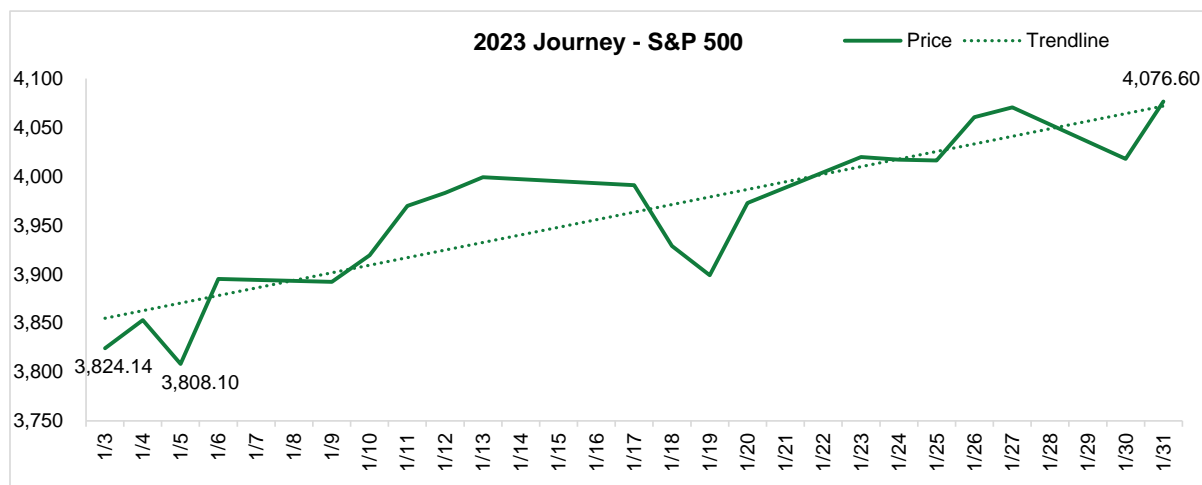
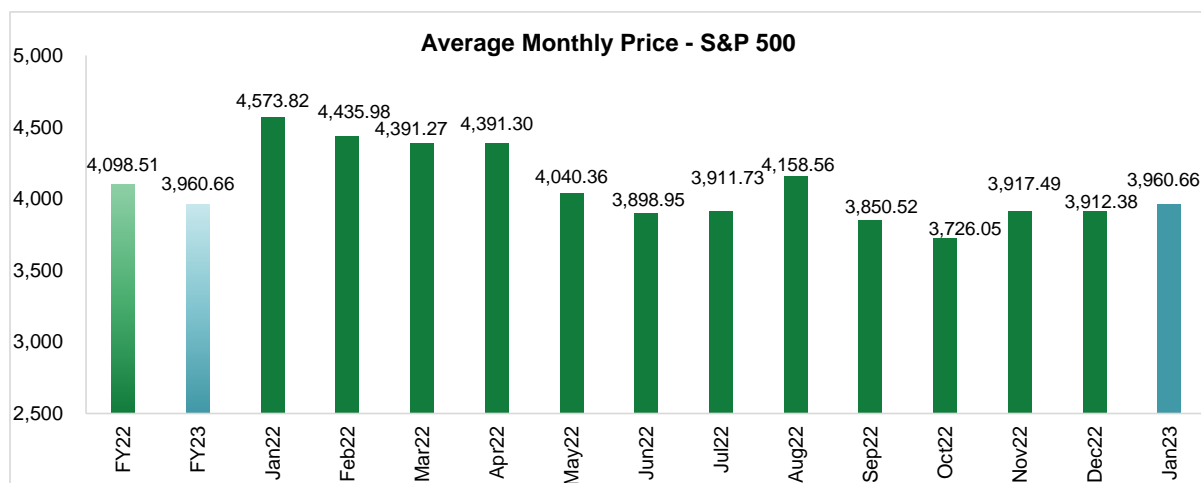
- Monthly average 20.20
 - -7.3% M/M
 - -12.8% Y/Y
 - -11.8% from the start of the year
- Monthly peak on the 3rd at 22.90, troughed on the 13th at 18.35



Source: Bloomberg, SIFMA estimates

S&P 500 Index: Price

- Monthly average 3,960.66
 - +1.2% M/M
 - 13.4% Y/Y
 - +3.6% from the start of the year
- Monthly peak on the 31st at 4,076.60, troughed on the 5th at 3,808.10

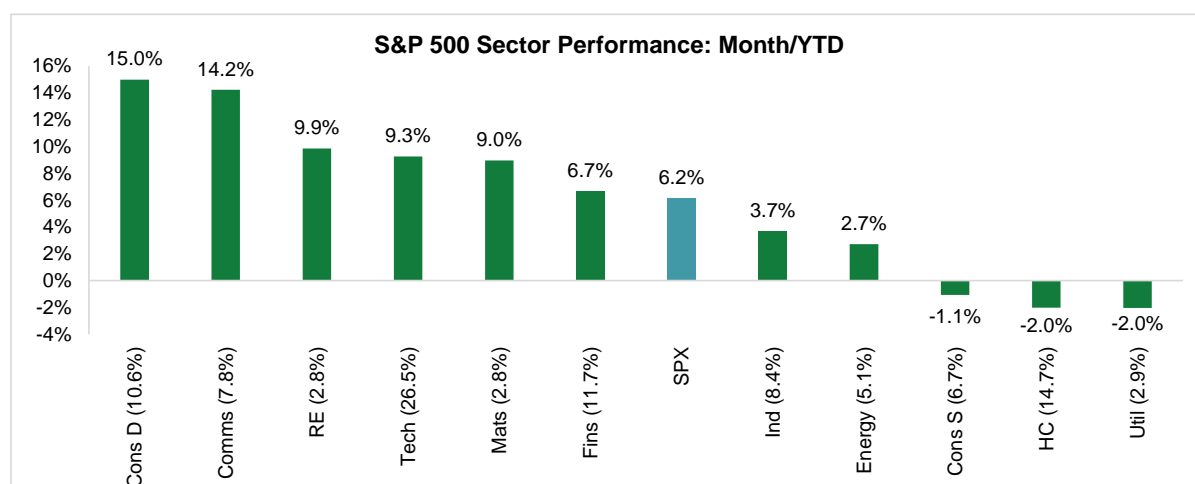


Source: Bloomberg, SIFMA estimates

S&P 500 Index: Sector Breakout

Looking at market performance by sector, we highlight the following:

- Best performing sectors
 - Month/YTD = consumer discretionary at +15.0% and communications at +14.2%
- Worst performing sectors
 - Month/YTD = utilities at -2.0% and healthcare at -2.0%

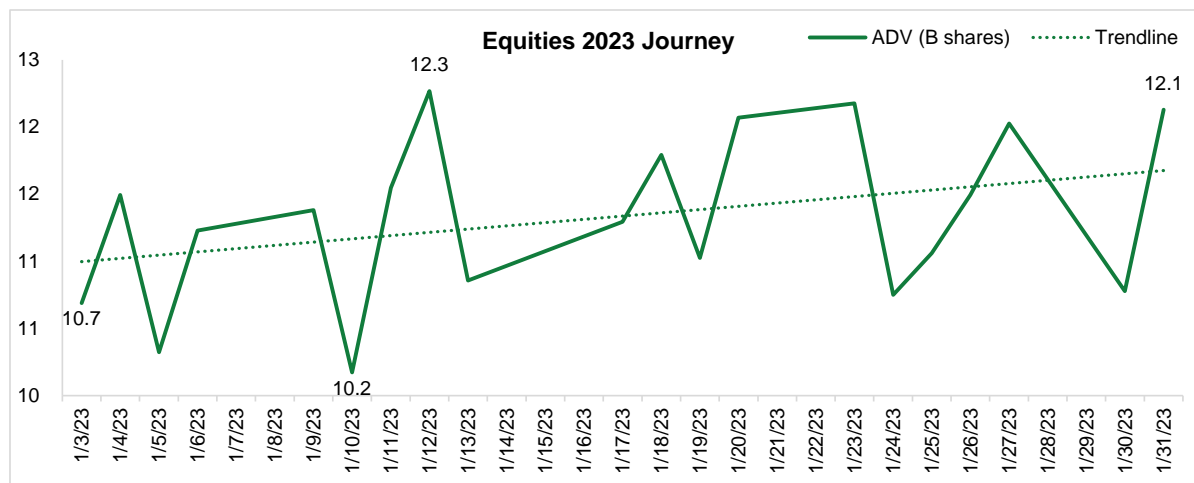
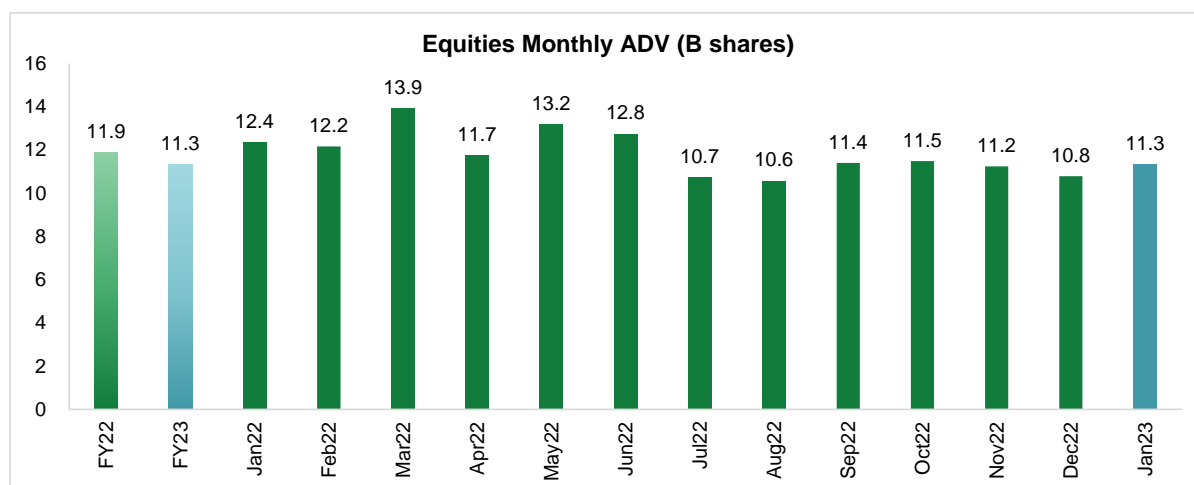


Source: Bloomberg, SIFMA estimates

Note: Parenthesis indicate sector weight in the index. Cons S = consumer staples, HC = healthcare, Mats = materials, RE = real estate, Ind = industrials, Fins = financials, Tech = technology, Cons D = consumer discretionary, Comms = telecommunications, Util = utilities

Equity Volumes (ADV)

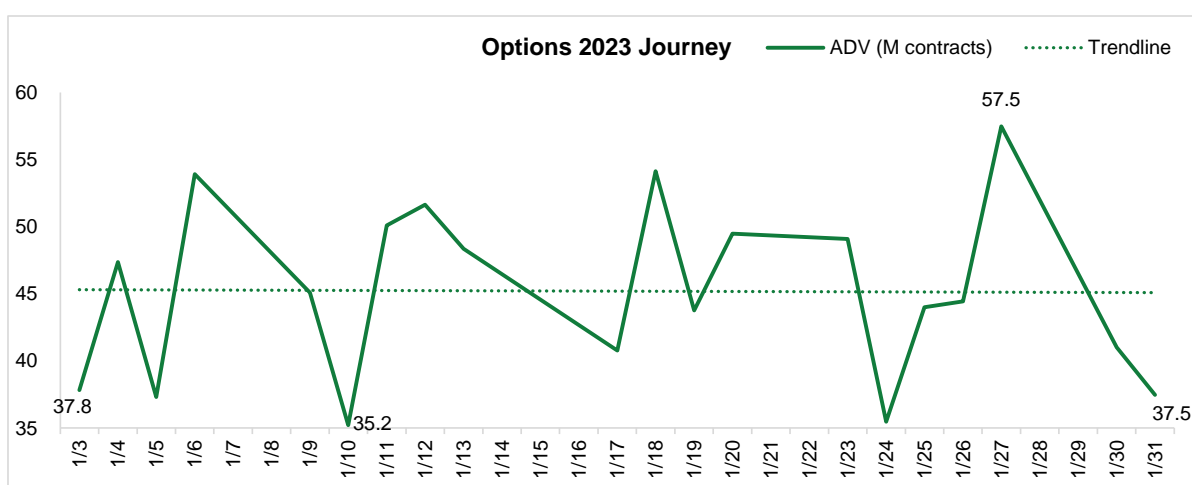
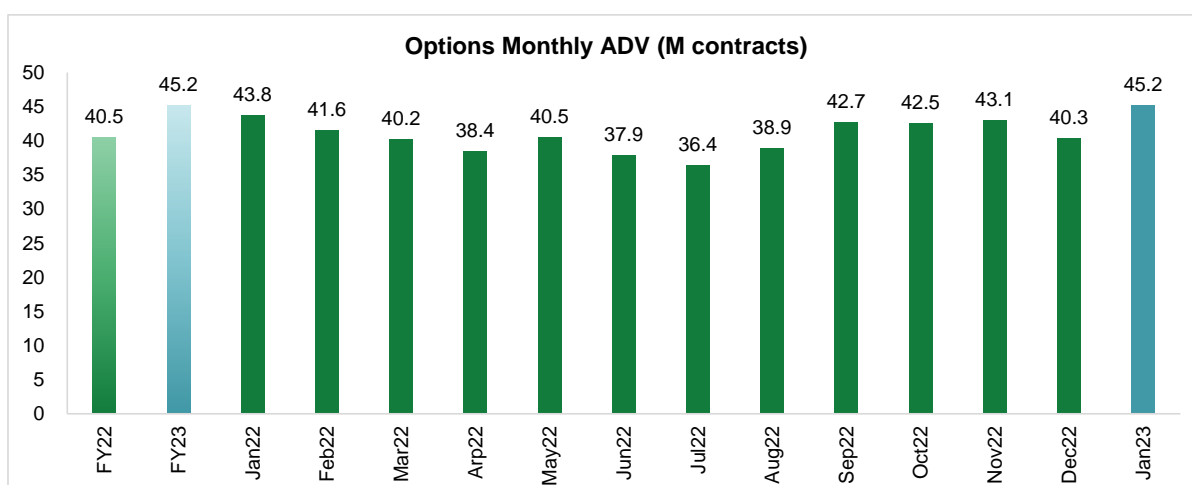
- Monthly average 11.3 billion shares
 - +5.0% M/M
 - 8.4% Y/Y
 - +6.0% from the start of the year
- Monthly peak on the 12th at 12.3 billion shares, troughed on the 10th at 10.2 billion shares
- Monthly average off exchange trading 46.5%; +2.5 pps M/M, +6.6 pps Y/Y



Source: Cboe Global Markets, SIFMA estimates

Multi-Listed Options Volumes (ADV)

- Monthly average 45.2 million contracts
 - +12.1% M/M
 - +3.2% Y/Y
 - +19.5% from the start of the year
- Monthly peak on the 27th at 57.5 million contracts, troughed on the 10th at 35.2 million contracts
- Monthly equity options 41.8 million contracts (+12.7% M/M, +1.4% Y/Y), index options 3.4 million contracts (+4.6% M/M, +31.2% 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.

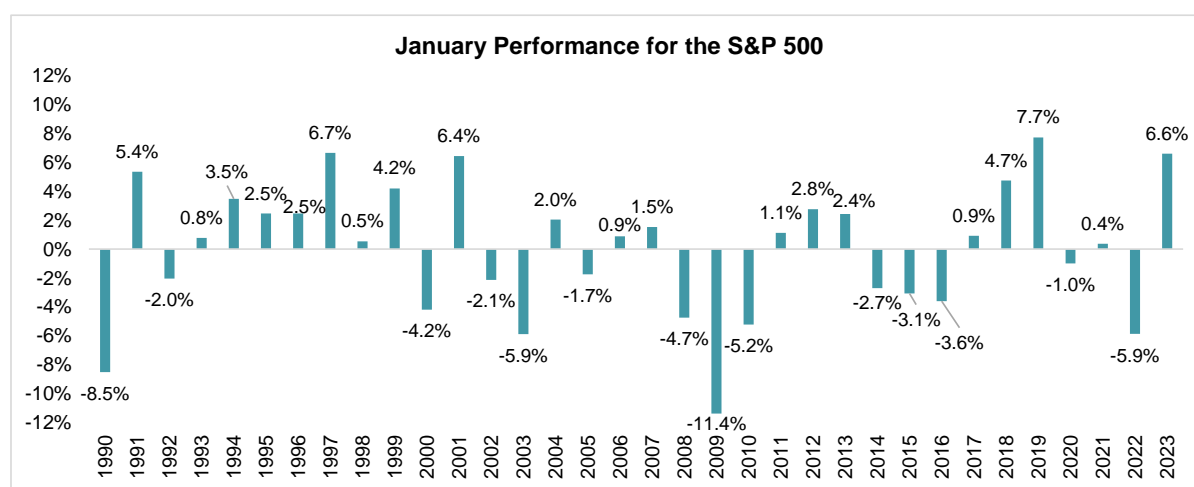
The January Barometer

Welcome to the year of the rabbit! While 2022's year of the tiger was about active energy, this cosmological year will be about relaxation, quietness, and contemplation in the Chinese calendar. Apparently, the rabbit's charm and speed attract qualities such as money, partnership, and success. Last year was a volatile and negative year for markets. Could the rabbit bring markets a smoother and hopefully upward sloping ride in 2023?

Some traders believe that the performance of the S&P 500 in January can predict its performance for the rest of the year – as January goes, so does the year. In light of this January barometer, we thought we would look back in history to see how often this theory held true.

Since 1990, January market performance was positive 58.8% of the time:

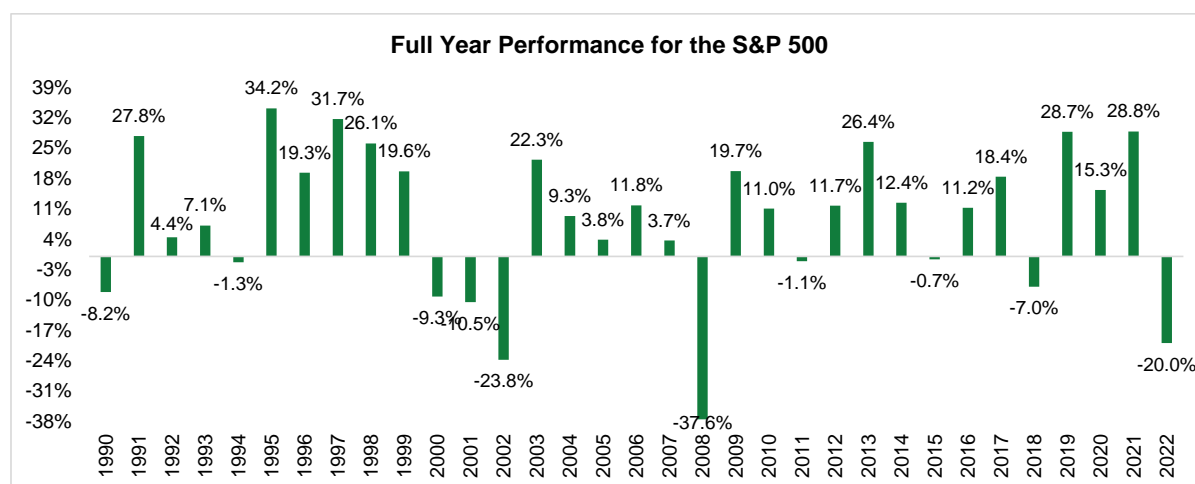
- 20 positive months
 - Ranged from +0.4% to +7.7%
 - 2019 was the best performance at +7.7%
 - 2023 was +6.6%, the third best performance
- 14 negative months
 - Ranged from -1.0% to -11.4%
 - 2009 was the worst performance at -11.4%
 - Last year was negative at -5.9%, the fourth worst performance



Source: Bloomberg, SIFMA estimates

Since 1990, full year market performance was positive 69.7% of the time:

- 23 positive months
 - Ranged from +3.7% to +34.2%
 - 1995 was the best performance at +34.2%
- 10 negative months
 - Ranged from -0.7% to -37.6%
 - 2008 was the worst performance at -37.6%
 - Last year was negative at -20.0%, the third worst performance



Source: Bloomberg, SIFMA estimates

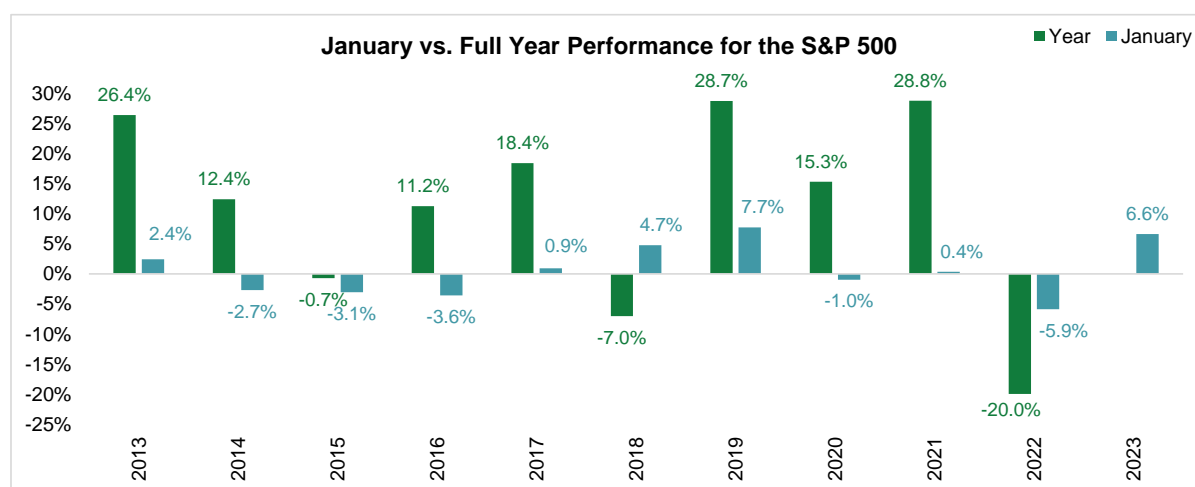
Since 1990, when January posted positive market performance, the full year performance was positive 78.9% of the time:

- 15 years with a positive January and a positive full year
- 6 years with a negative January and a negative full year
- 12 years where the correlation broke
 - 4 years where January was positive but the year ended negative
 - 8 years where January was negative but the year ended positive

Looking back over the last decade, since 2013, when January posted positive market performance, the full year performance was positive 80.0% of the time:

- 4 years with a positive January and a positive full year
- 2 years with a negative January and a negative full year
- 4 years where the correlation broke
 - 1 year where January was positive but the year ended negative
 - 3 years where January was negative but the year ended positive

2023 started off with a positive January market performance. Will we be going for the 16th positive/positive year? For the three years of the rabbit in this time series – which includes 2023 – all three posted positive January performance. However, the full years were split between positive and negative performance.



Source: Bloomberg, SIFMA estimates

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