



## RESEARCH

### Insights

# Monthly Market Metrics and Trends: November

Analyzing Volatility, Market Performance, and Equity and Listed Options Volumes  
Plus a Look at a Key Equity Markets Theme for the Month

December 2023

#### Monthly Highlight

- S&P 500 performance can be summed up by the Fed and then the 10-year Treasury rate. Despite inflation, rising rates, recession, regional bank turmoil, debt ceiling debate, and a U.S. sovereign debt downgrade by a ratings agency, markets remain in positive territory, +19.4% from January to November.
- Then the 10-year came into play. In August, it moved above 4% and stayed there, reaching almost 5% in October. The S&P 500 went the opposite direction, troughing in October to 4,117.37. Then the 10-year settled back down – now around 4.3%, which is -12.2% to the peak – and the S&P 500 reversed course.
- For the full year through November, the correlation of the 10-year and the S&P 500 was 0.5165, a moderate positive correlation. This shifted for the September to November time period to -0.8315, a very high negative correlation. The 10-year was the main driver of market performance.

#### Monthly Metrics

- Volatility (VIX): Monthly average 14.08; -25.7% M/M, -39.9% Y/Y
- S&P 500 (Price): Monthly average 4,460.06; +4.5% M/M, +13.9% Y/Y
- Performance (month/year): best = real estate/tech +11.7%/+50.7%; worst = energy/utilities -1.3%/-11.7%
- Equity ADV: Monthly average 10.6 billion shares; -0.7% M/M, -6.1% Y/Y
- Options ADV: Monthly average 42.3 million contracts; -3.8% M/M, -1.9% Y/Y

## Monthly Highlight

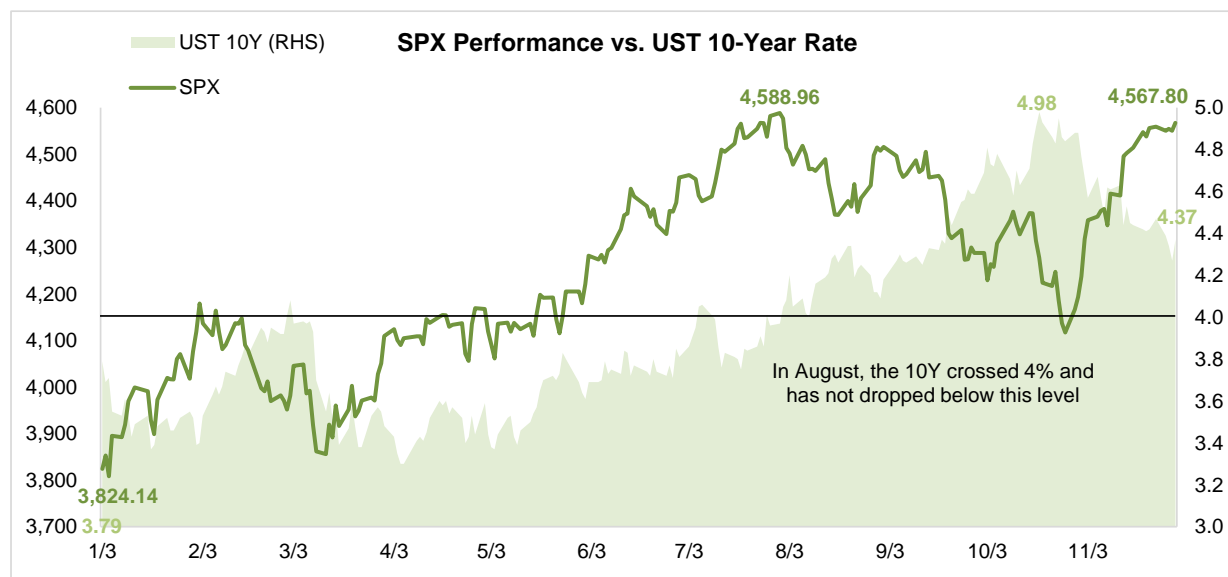
In this section we drill down into an interesting trend that market participants are following.

### Pushing through Hurdles

S&P 500 performance can be summed up by the Fed and then the 10-year Treasury rate. Inflation, rising rates, recession, regional bank turmoil, debt ceiling debate, and a U.S. sovereign debt downgrade by a ratings agency. Markets started the year wondering when the Fed would be finished raising rates, celebrating the first pause back at the June FOMC meeting. Yet, markets remain in positive territory, +19.4% from January to November.

While that increase sounds impressive, seven stocks have been driving the performance of the S&P 500. These stocks – Apple, Microsoft, Nvidia, Amazon, Tesla, Alphabet, and Meta – represent almost 30% of the index and have traded as technology plays, despite being classified differently. Technology stocks in general have benefitted from the artificial intelligence (AI) enthusiasm, and many technology companies have undergone cost cutting and other efforts to drive efficiencies. If you look at the equal-weighted version of the index, the SPW, markets were flat for most of the year, even turning negative with the peaking 10-year Treasury rate.

Later in the summer and fall, the 10-year Treasury rate came into play. In early August, the 10-year moved above 4% and stayed there. By October, the 10-year reached almost 5% (it actually surpassed 5% in intraday trading at one point). With this climb and eventual peak, the S&P 500 saw it's trough, dropping to 4,117.37. Then the 10-year settled back down – now around 4.3%, which is -12.2% to the peak. The S&P 500 turned around and climbed back up, ending November up around 10.9% from the trough.



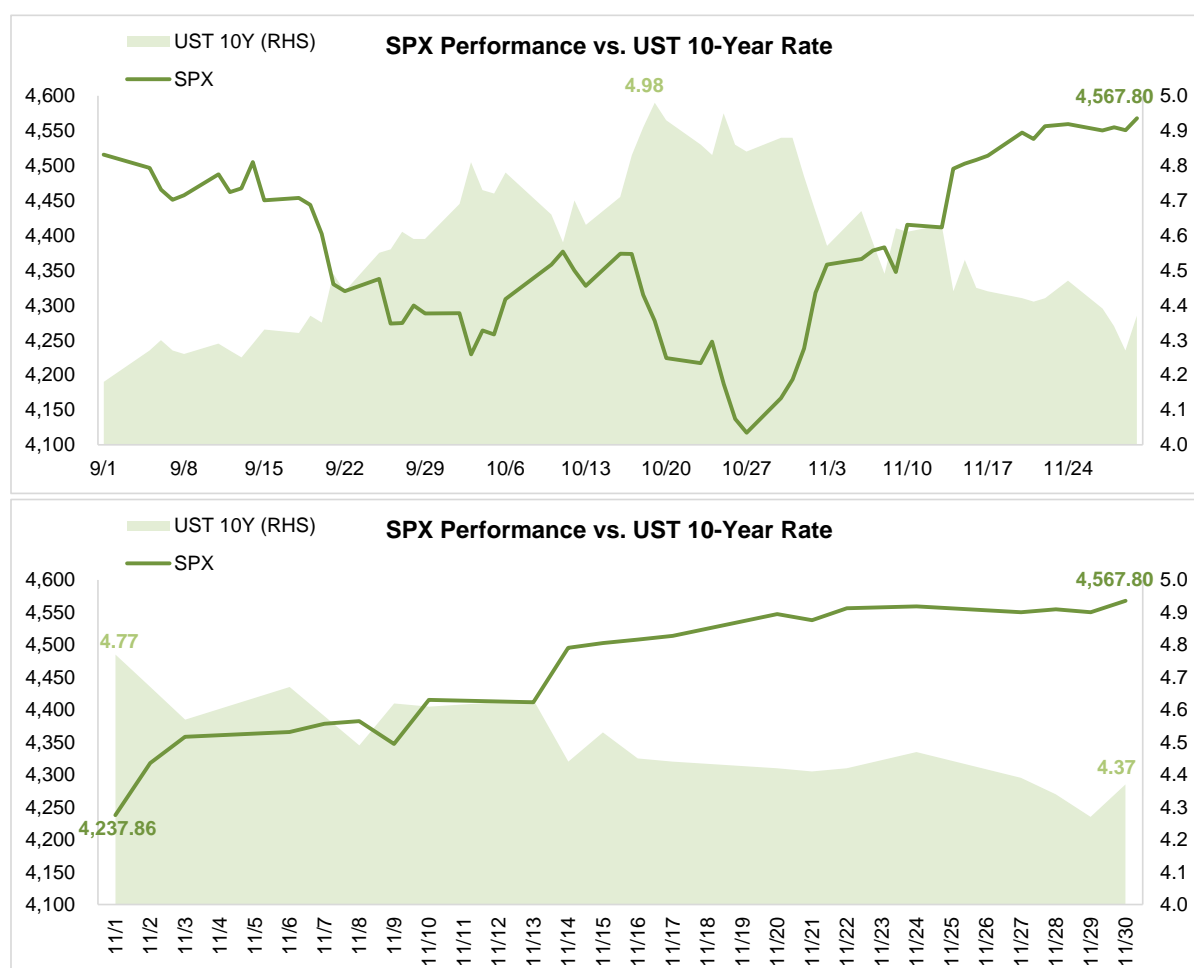
Source: Bloomberg, SIFMA estimate

## It's All About the 10-Year

We have written about the September shift – as the 10-year climbed higher, the S&P 500 reversed course and trended down. The S&P 500 has been on an upward trajectory since the end of October trough, peaking at the end of November.

As mentioned above, markets have pushed through multiple macroeconomic factors. Performance has instead – at least for the most part – inversely followed the path of the 10-year. Let's look at correlations. For the full year through November, the correlation of the UST 10-year rate and the price for the S&P 500 index was 0.5165. This represents a moderate positive correlation between the two factors. The correlation shifted for the September to November time period. At -0.8315, the two factors experienced a very high negative correlation. The 10-year was the main driver of market performance.

The 10-year started November -4.2% to the peak and has continued on a downward path. With one more month to go in the year – which includes a FOMC meeting where markets widely expect the fed to pause rate hikes once again – we shall see if correlations shift again.



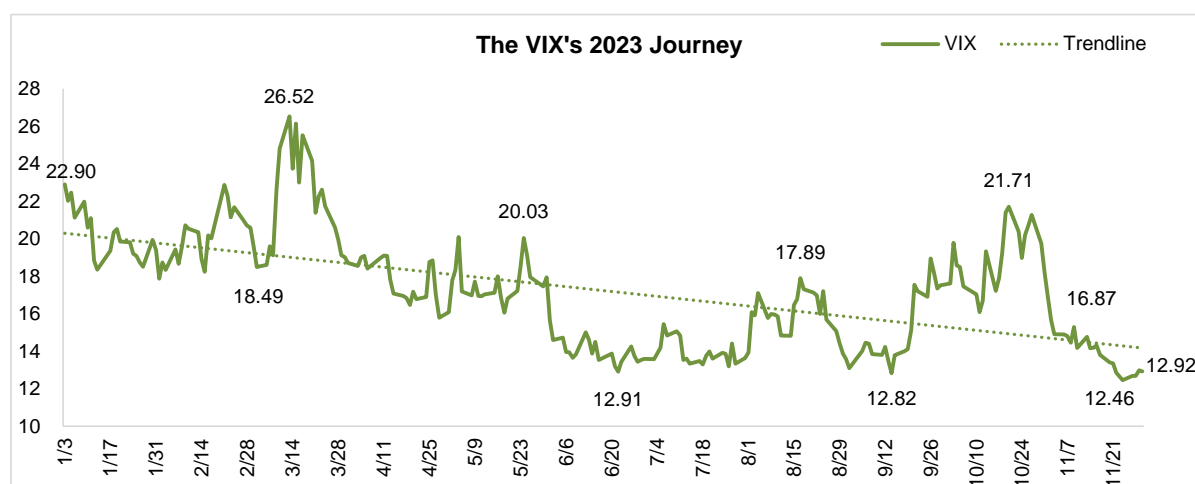
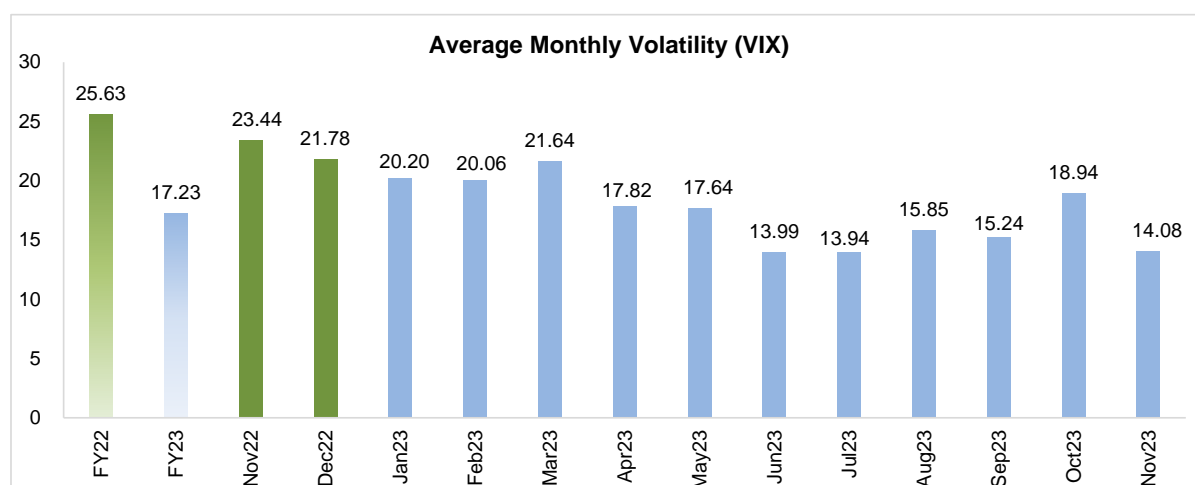
Source: Bloomberg, SIFMA estimate

## Monthly Market Metrics

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

### Volatility (VIX)

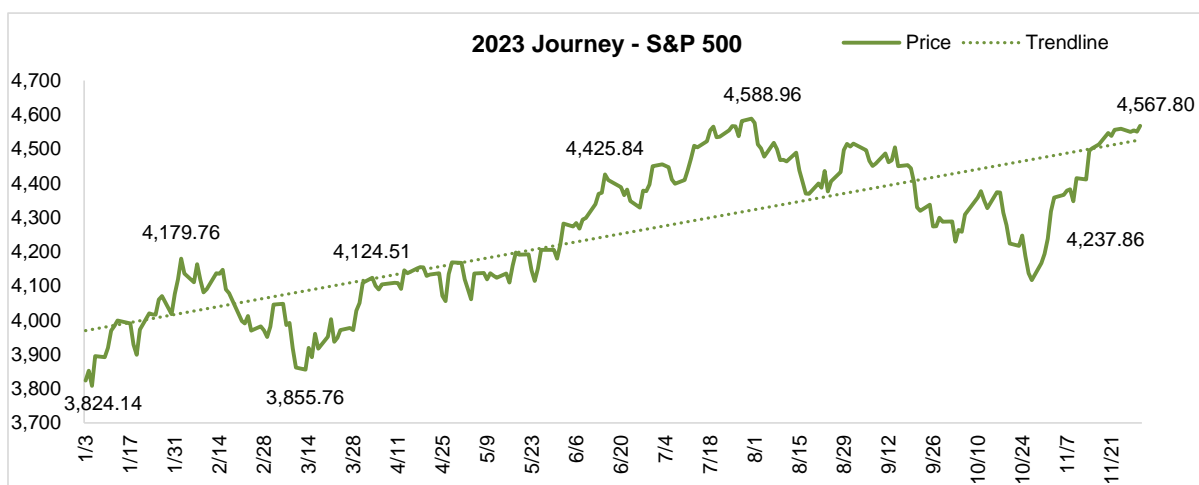
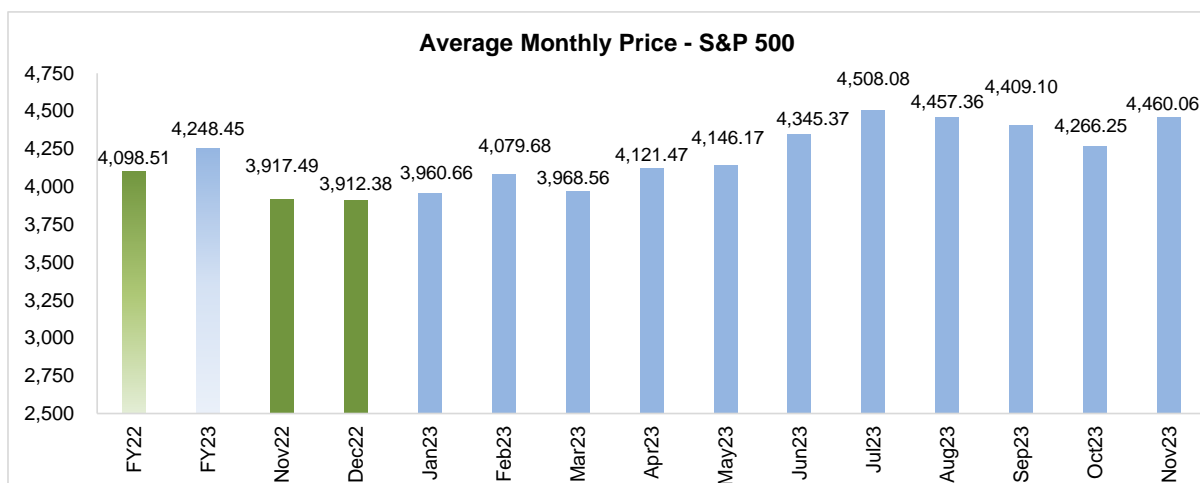
- Monthly average 14.08
  - 25.7% M/M
  - 39.9% Y/Y
  - 38.5% from the start of the year
- Monthly peak on the 1<sup>st</sup> at 16.87, troughed on the 24<sup>th</sup> at 12.46



Source: Bloomberg, SIFMA estimates

## S&P 500 Index: Price

- Monthly average 4,460.06
  - +4.5% M/M
  - +13.9% Y/Y
  - +16.6% from the start of the year
- Monthly peak on the 30<sup>th</sup> at 4,567.80, troughed on the 1<sup>st</sup> at 4,237.86

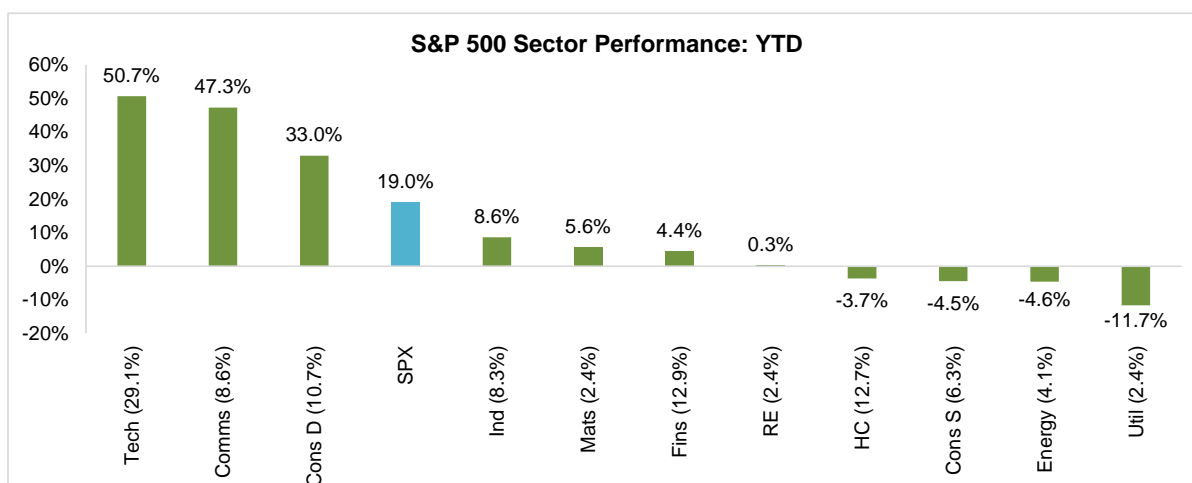
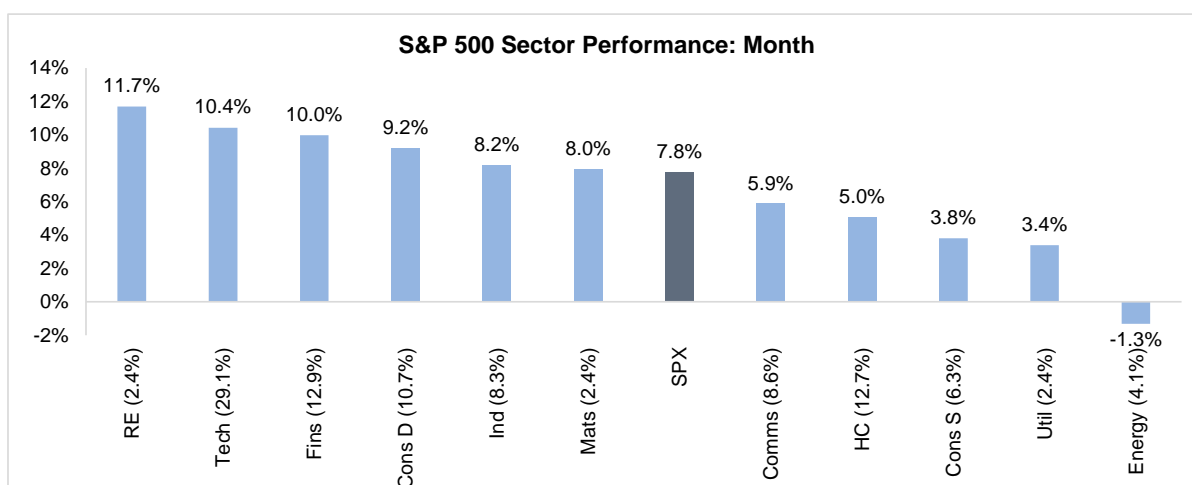


Source: Bloomberg, SIFMA estimates

## S&P 500 Index: Sector Breakout

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

- Best performing sectors
  - Month = real estate at +11.7% and technology at 10.4%
  - YTD = technology at +50.7% and communications at +47.3%
- Worst performing sectors
  - Month = energy at -1.3% and utilities at +3.4%
  - YTD = utilities at -11.7% and energy at -4.6%

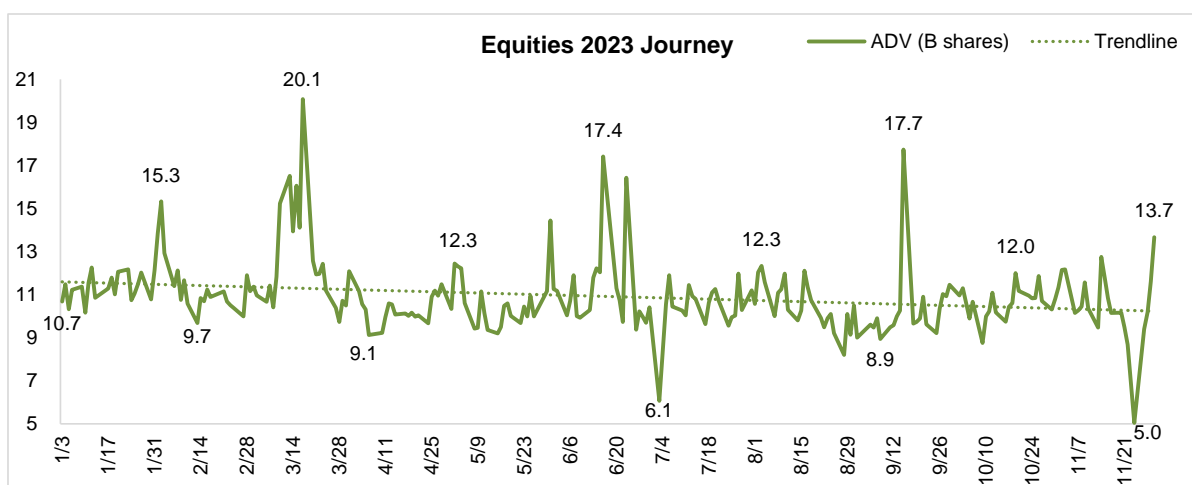
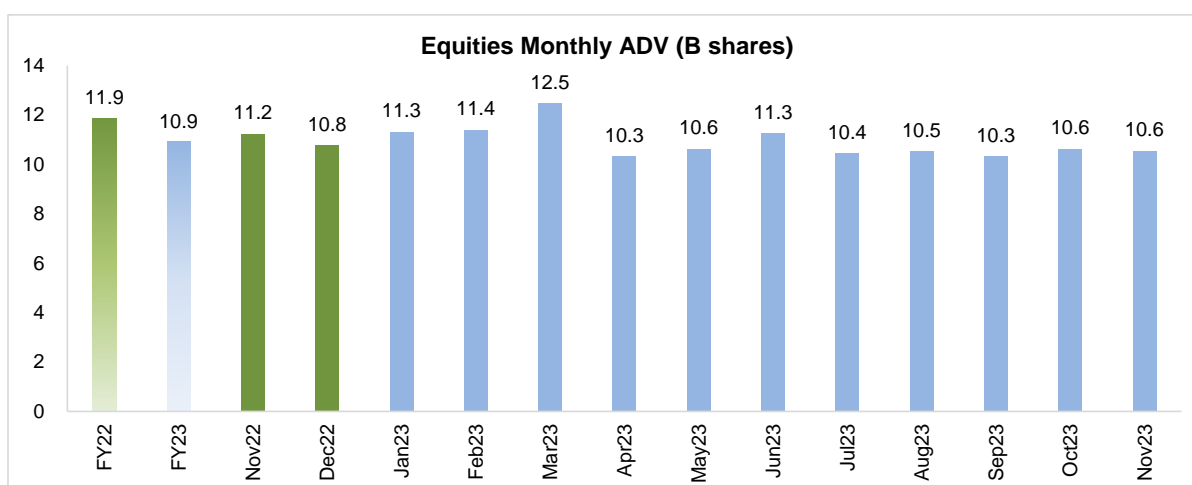


Source: Bloomberg, SIFMA estimates

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)

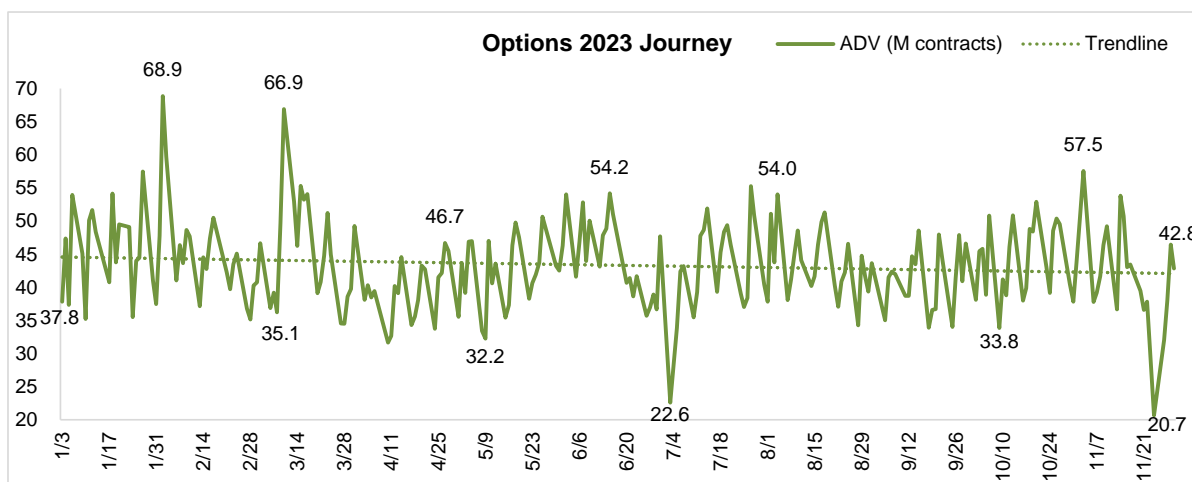
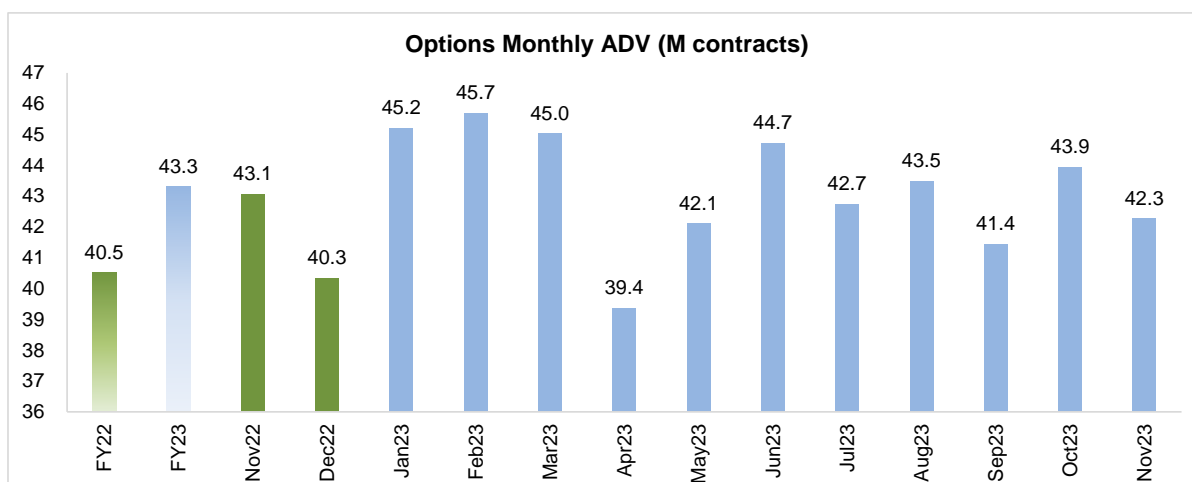
- Monthly average 10.6 billion shares
  - 0.7% M/M
  - 6.1% Y/Y
  - 1.2% from the start of the year
- Monthly peak on the 30<sup>th</sup> at 13.7 billion shares, troughed on the 24<sup>th</sup> at 5.0 billion shares (we note that this was a shortened trading day after Thanksgiving)
- Monthly average off exchange trading 43.6%; +0.6 pps M/M, +0.4 pps Y/Y



Source: Cboe Global Markets, SIFMA estimates

## Multi-Listed Options Volumes (ADV)

- Monthly average 42.3 million contracts
  - 3.8% M/M
  - 1.9% Y/Y
  - +11.7% from the start of the year
- Monthly peak on the 3<sup>rd</sup> at 57.5 million contracts, troughed on the 24<sup>th</sup> at 20.7 million contracts (we note that this was a shortened trading day after Thanksgiving)
- Monthly equity options 38.3 million contracts (-2.8% M/M, -3.8% Y/Y), index options 4.0 million contracts (-12.4% M/M, +21.7% Y/Y)



Source: Cboe Global Markets, SIFMA estimates



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