



RESEARCH

Insights

Monthly Market Metrics and Trends: January

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

February 2024

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 60.0% of the time, full year was positive 70.6% of the time
- Since 1990, when January posted positive market performance, the full year was positive 47.1% of the time – 16 years positive January/positive full year, 6 years negative January/negative full year, 12 years the correlation broke
- Over the last 10 years, a positive January was followed by a positive full year 40.0% of the time – 4 years positive January/positive full year, 2 years negative January/negative full year, 4 years the correlation broke
- January 2024 was positive – how will we end the year?

Monthly Metrics

- Volatility (VIX): Monthly average 13.39; +5.3% M/M, -33.7% Y/Y
- S&P 500 (Price): Monthly average 4,804.49; +2.5% M/M, +21.3% Y/Y
- Performance (month/year): best = communications +4.8%; worst = real estate -4.8%
- Equity ADV: Monthly average 11.6 billion shares; -6.7% M/M, +2.0% Y/Y
- Options ADV: Monthly average 45.8 million contracts; +2.4% M/M, +1.2% Y/Y

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

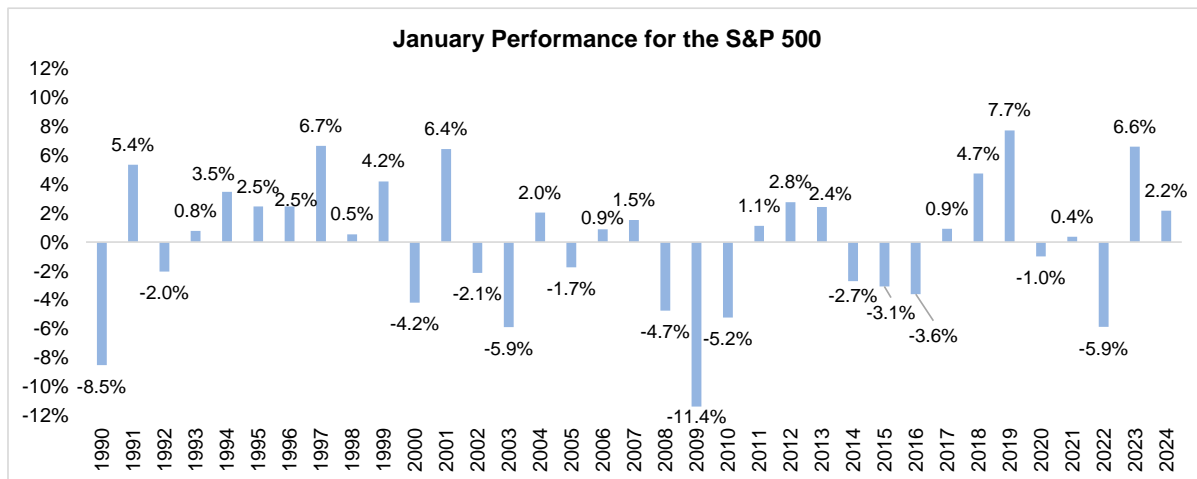
The January Barometer

Welcome to the Year of the Dragon! Last January, we asked if the Year of the Rabbit would bring markets a smooth and upward sloping ride in 2023. The Rabbit delivered. What is in store for 2024? The Dragon is thought to be an auspicious and extraordinary creature, symbolizing power, luck, and success. It is indicated that 2024 could bring about opportunities, but also changes and challenges. Challenges, hmmm. Could that be something with the Fed? Or the economy (soft landing)? We will see what the year brings.

We revisit our January barometer, as some traders view the January performance of the S&P 500 as a predictor for the full year performance – as January goes, so does the year. Last year, January finished up 6.6% Y/Y and then the full year ended up 24.7%. This year, we closed out January at +2.2%.

Since 1990, January market performance was positive 60.0% of the time:

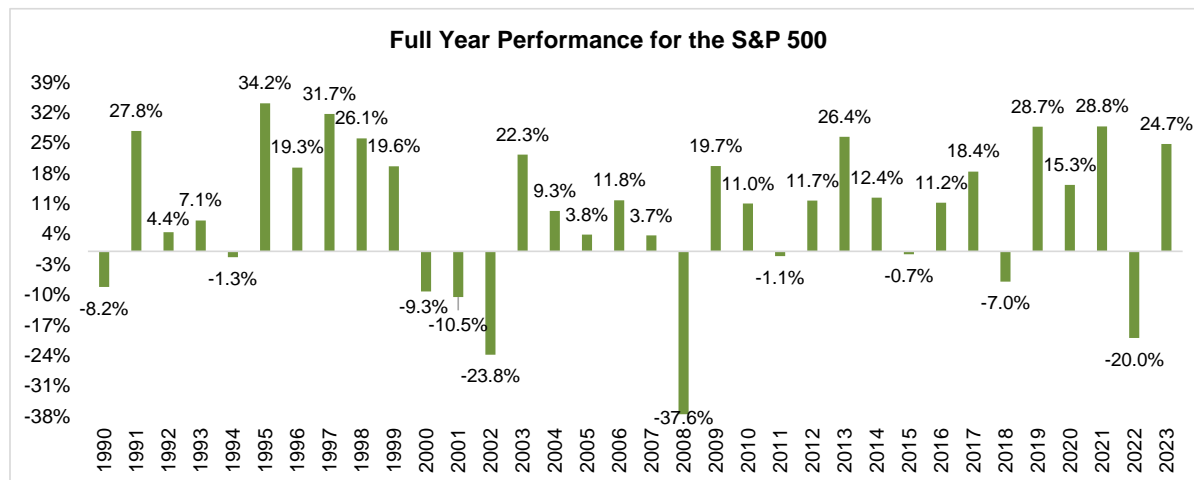
- 21 positive months
 - Ranged from +0.4% to +7.7%
 - 2019 was the best performance
 - 2024 was +2.2%, ranking thirteenth
- 14 negative months
 - Ranged from -1.0% to -11.4%
 - 2009 was the worst performance



Source: Bloomberg, SIFMA estimates

Since 1990, full year market performance was positive 70.6% of the time:

- 24 positive months
 - Ranged from +3.7% to +34.2%
 - 1995 was the best performance
- 10 negative months
 - Ranged from -0.7% to -37.6%
 - 2008 was the worst performance



Source: Bloomberg, SIFMA estimates

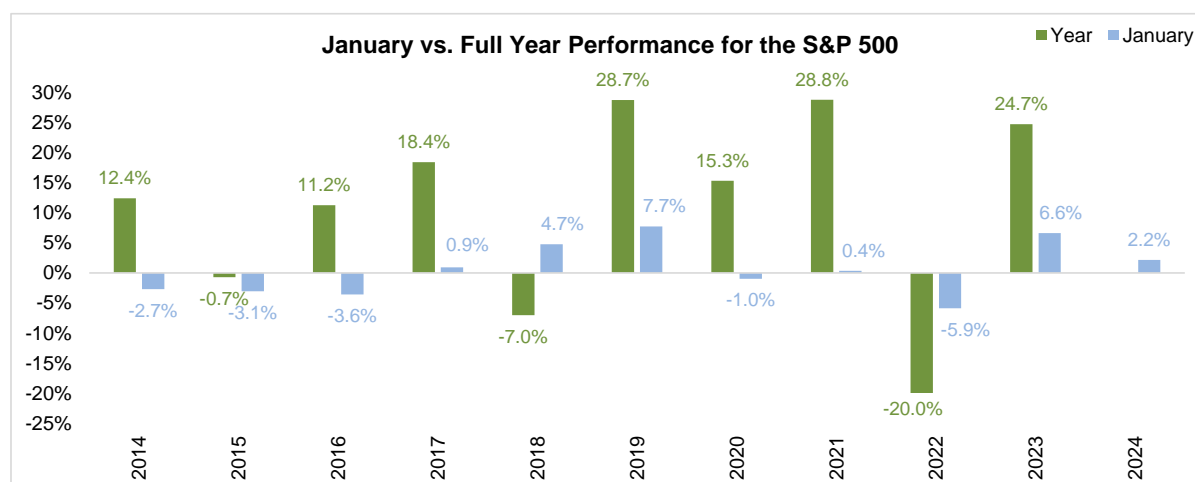
Since 1990, when January posted positive market performance, the full year performance was positive 47.1% of the time. The following shows the correlations between January and full year S&P 500 performance:

- 16 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 ten years, when January posted positive market performance, the full year performance was positive 40.0% 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

2024 started off with a positive January market performance, +2.2%. Will we be going for the 17th positive/positive year? For the three years of the Dragon in the full time series (including this year), two of the three years posted positive January performance. However, the full years were split between positive and negative performance. The last Year of the Dragon in the past ten years was 2012, which saw a positive/positive performance.



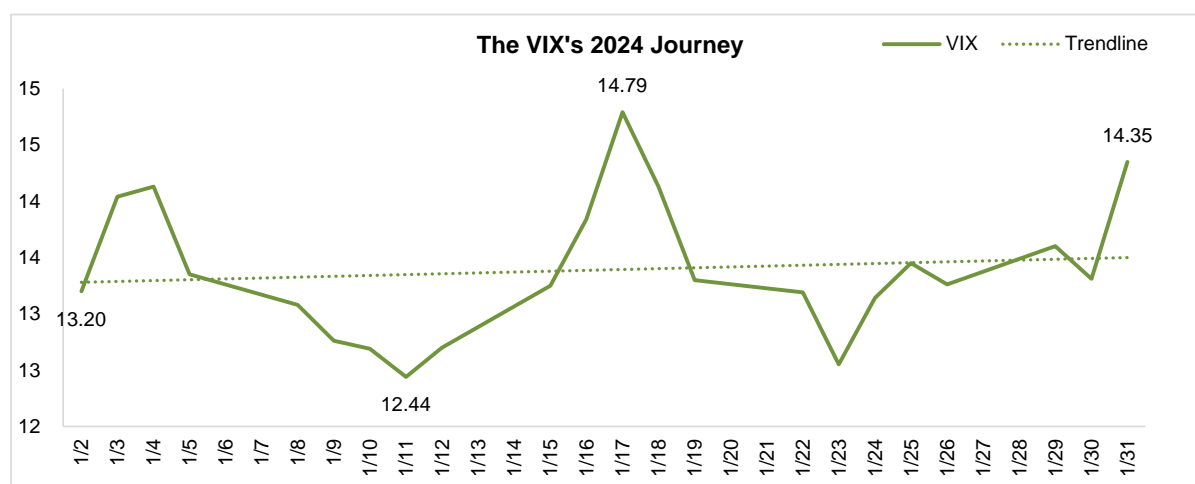
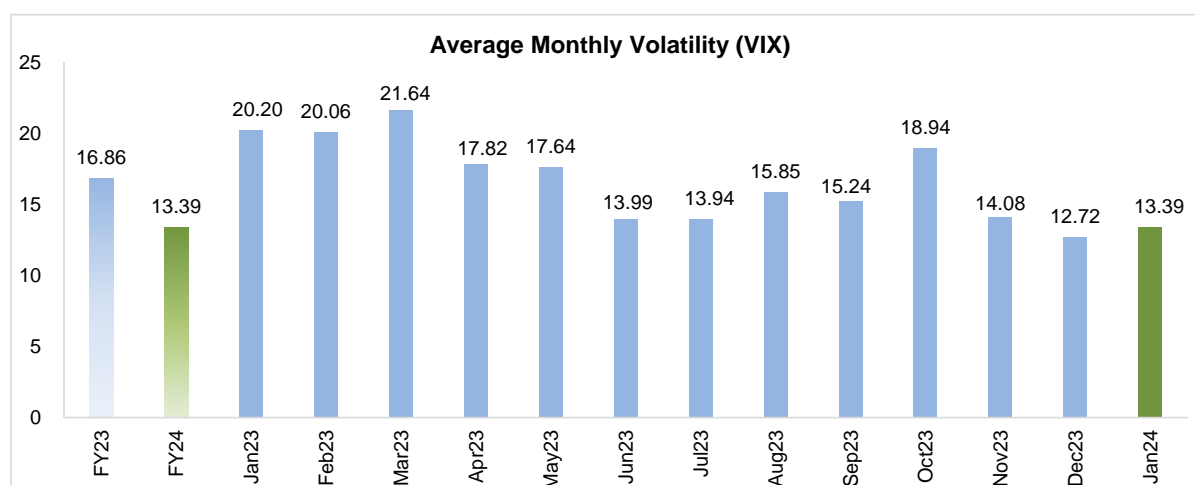
Source: Bloomberg, SIFMA estimate

Monthly Market Metrics

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

Volatility (VIX)

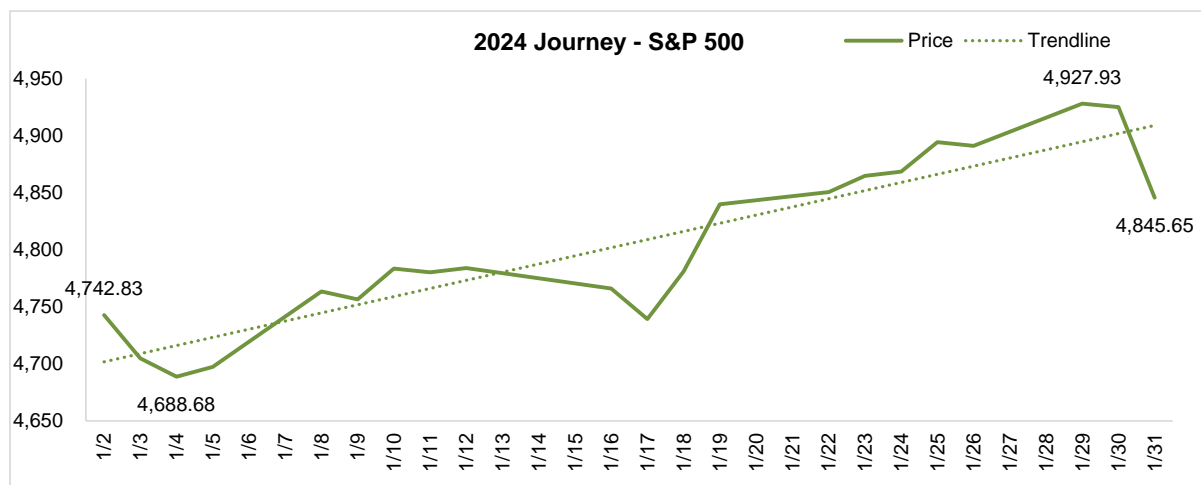
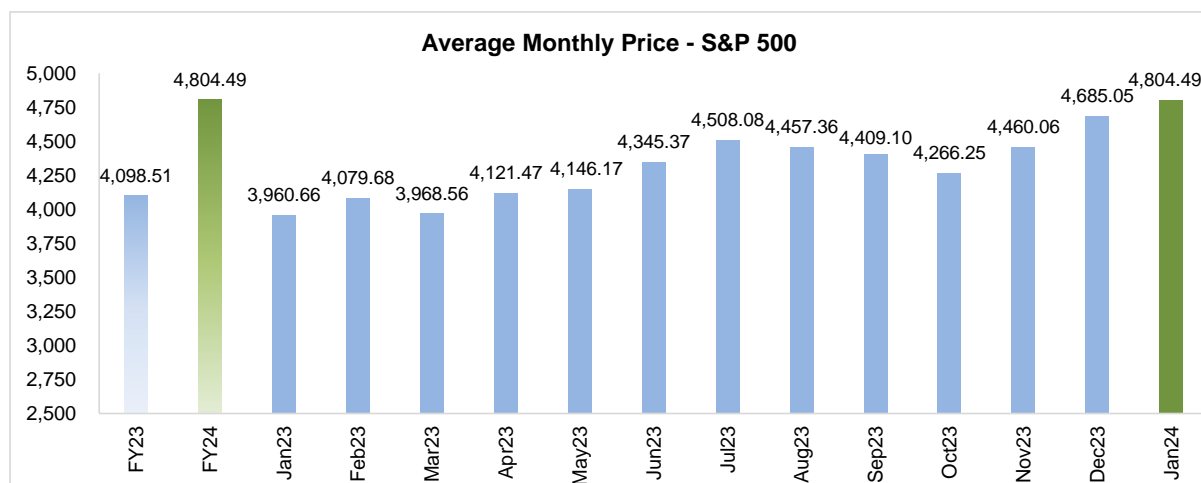
- Monthly average 13.39
 - +5.3% M/M
 - 33.7% Y/Y
 - +1.4% from the start of the year
- Monthly peak on the 17th at 14.79, troughed on the 11th at 12.44



Source: Bloomberg, SIFMA estimates

S&P 500 Index: Price

- Monthly average 4,804.49
 - +2.5% M/M
 - +21.3% Y/Y
 - +1.3% from the start of the year
- Monthly peak on the 29th at 4,927.93, troughed on the 4th at 4,688.68

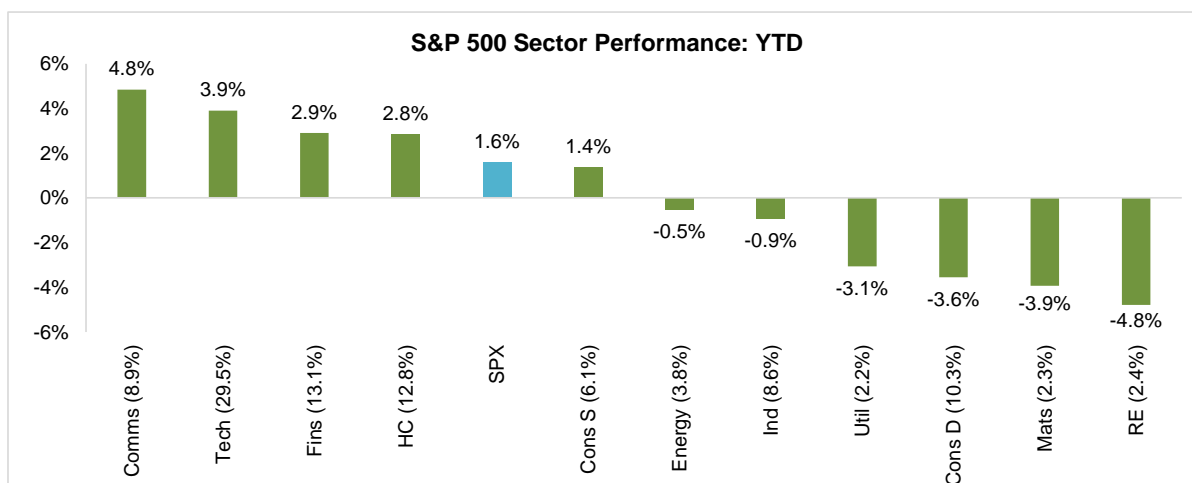


Source: Bloomberg, SIFMA estimates

S&P 500 Index: Sector Breakout

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

- Best performing sectors
 - YTD = communications at +4.8% and technology at +3.9%
- Worst performing sectors
 - YTD = materials at -3.9% and real estate at -4.8%

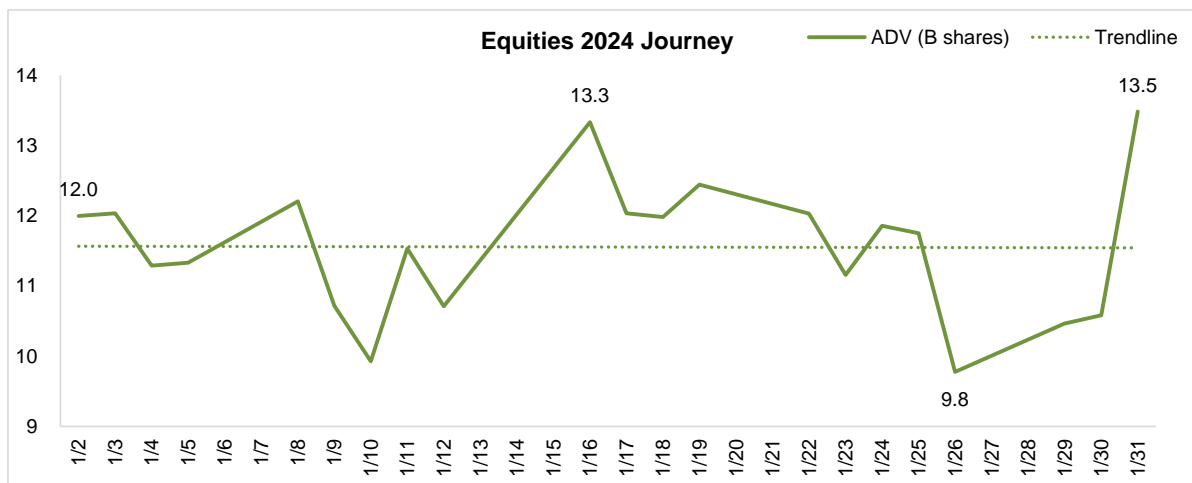
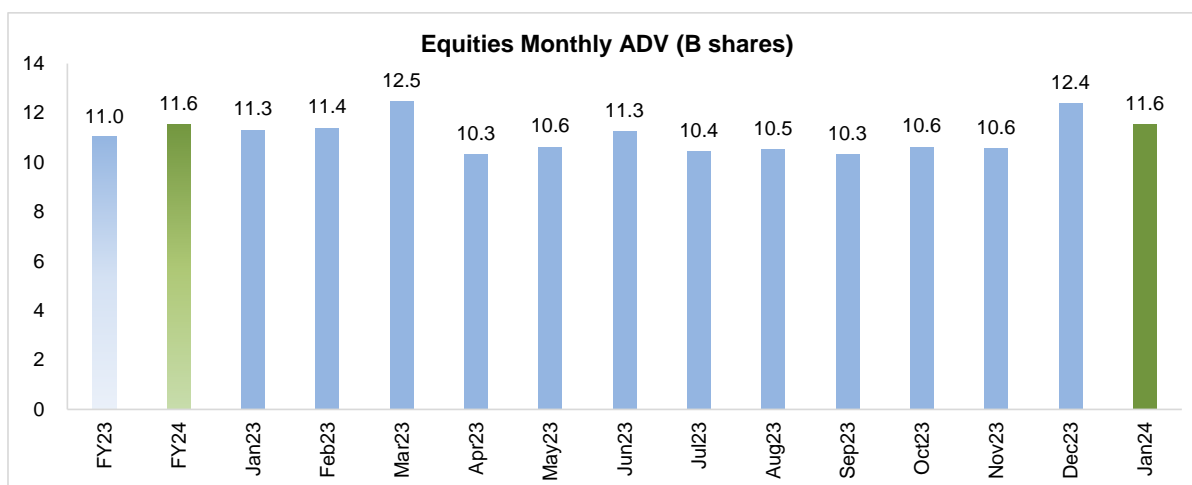


Source: Bloomberg, SIFMA estimates

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)

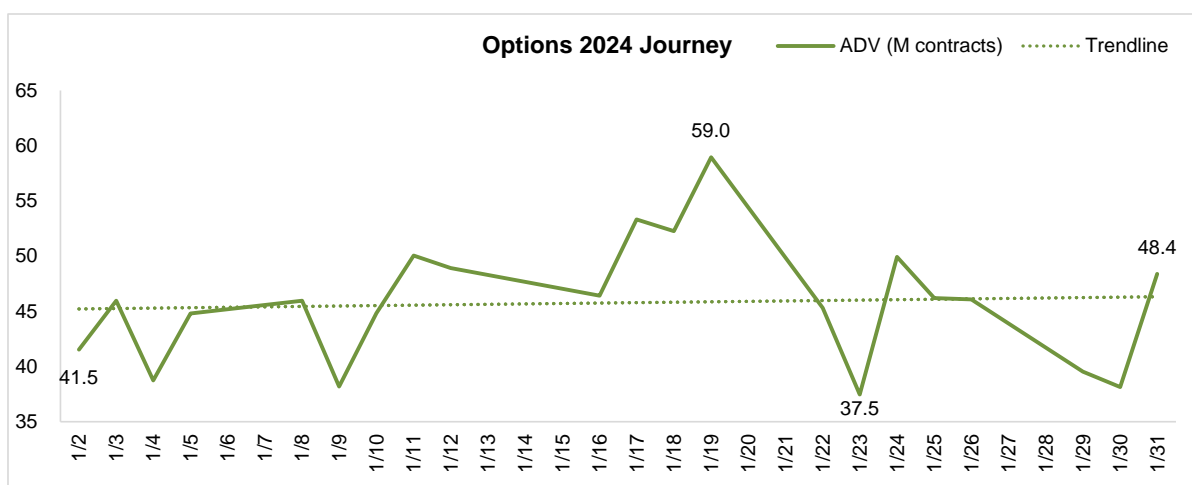
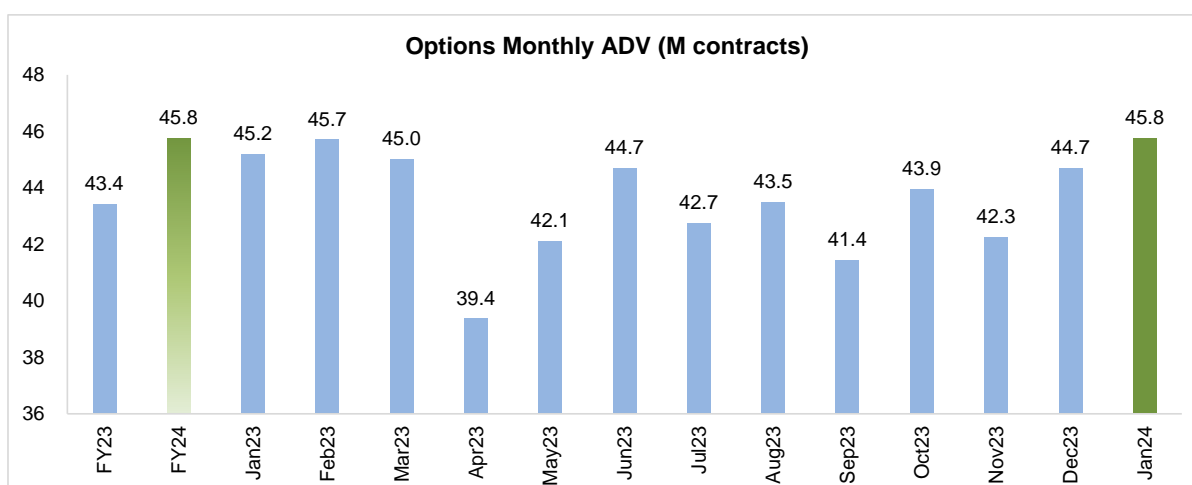
- Monthly average 11.6 billion shares
 - 6.7% M/M
 - +2.0% Y/Y
 - 3.7% from the start of the year
- Monthly peak on the 31st at 13.5 billion shares, troughed on the 26th at 9.8 billion
- Monthly average off exchange trading 44.0%; +0.4 pps M/M, -2.5 pps Y/Y



Source: Cboe Global Markets, SIFMA estimates

Multi-Listed Options Volumes (ADV)

- Monthly average 45.8 million contracts
 - +2.4% M/M
 - +1.2% Y/Y
 - +10.2% from the start of the year
- Monthly peak on the 19th at 59.0 million contracts, troughed on the 23rd at 37.5 million contracts
- Monthly equity options 41.6 million contracts (+2.3% M/M, -0.5% Y/Y), index options 4.1 million contracts (+3.5% M/M, +22.9% Y/Y)



Source: Cboe Global Markets, SIFMA estimates

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