



## RESEARCH

### Insights

# Monthly Market Metrics and Trends: February

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

March 2024

#### Monthly Highlight

- So far in 2024, markets have continued to push through macroeconomic factors and hotter than anticipated inflation data to climb past the 5,000 level. Over the last six months, the S&P 500 has increased 12.9%.
- This upward path is despite decreased expectations for the number and timing of Fed rate cuts. Shifting from an 88% probability of a cut in May to a waiting game until June, with a 63.6% probability of a cut.
- The market climb is due in part to positive earnings results – 64.0% of total S&P 500 companies reporting had positive earnings surprises. 75.1% of S&P 500 technology companies reported positive earnings surprises.
- Where do we go from here? Equity strategists' SPX target price remains upward sloping, but the gap between target and actual prices declined. Over the last six months: actual price +12.9%, target price +8.4%, upside -24.7%.

#### Monthly Metrics

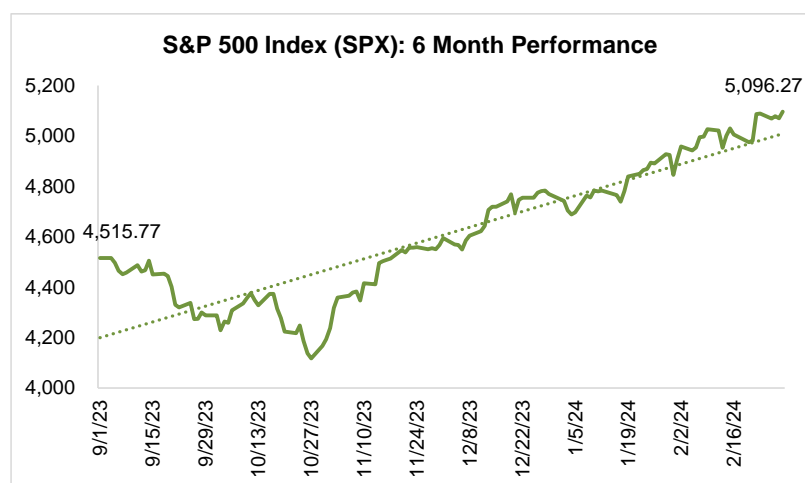
- Volatility (VIX): Monthly average 13.94; +4.1% M/M, -30.5% Y/Y
- S&P 500 (Price): Monthly average 5,011.96; +4.3% M/M, +22.9% Y/Y
- Performance (month/year): best = cons discretionary/comms +6.5%/+10.8%; worst = utilities/utilities -1.3%/-2.6%
- Equity ADV: Monthly average 11.7 billion shares; +1.6% M/M, +2.9% Y/Y
- Options ADV: Monthly average 47.7 million contracts; +4.3% M/M, +4.4% Y/Y

## Monthly Highlight

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

### Through 5,000 and Beyond

So far in 2024, markets have continued to push through macroeconomic factors and hotter than anticipated inflation data to climb past the 5,000 level. Over the last six months, the S&P 500 has increased 12.9%.



Source: Bloomberg, SIFMA estimates

This upward path is despite decreased expectations for the number and timing of Fed rate cuts. A few months ago, quite a few market participants saw rate cuts as soon as May. Looking to the CME FedWatch tool, in December of last year, Fed Funds futures pointed to an 88% probability of a cut in May, with almost 100% probabilities for cuts in June and July. There was even a 62% probability of a March cut.

Turn the page to today, and the futures paint a different picture. There is a 97.5% probability of a hold in March and an 80.7% for a hold in May. June looks to be the deciding FOMC meeting, with a 63.6% probability of a cut. This increases to 84.6% in July and then 96.1% to 99.3% probabilities for June, November, and December.

#### Fed Funds Target Rate Probabilities by FOMC Meeting Date

Change	Range (%)	March	May	June	July	September	November	December
<b>Total Probability for Cuts</b>		<b>2.5%</b>	<b>19.3%</b>	<b>63.6%</b>	<b>84.6%</b>	<b>96.1%</b>	<b>98.2%</b>	<b>99.3%</b>
Hold	5.25 -- 5.50	<b>97.5%</b>	<b>80.7%</b>	36.4%	15.3%	4.0%	1.9%	0.6%
-25 bps	5.00 -- 5.25	2.5%	18.9%	<b>52.8%</b>	<b>43.3%</b>	22.6%	12.7%	5.3%
-50 bps	4.75 -- 5.00		0.4%	10.6%	35.0%	<b>41.1%</b>	31.3%	18.6%
-75 bps	4.50 -- 4.75			0.2%	6.2%	27.6%	<b>34.8%</b>	<b>32.3%</b>
-100 bps	4.25 -- 4.50				0.1%	4.7%	16.8%	29.1%
-125 bps	4.00 -- 4.25					0.1%	2.5%	12.3%
-150 bps	3.75 -- 4.00						0.1%	1.7%

Source: CME FedWatch Tool

Note: Probabilities of changes to the Fed Funds rate as implied by 30-Day Fed Funds futures pricing data.

The market climb is due in part to positive earnings results. At the writing of this report, 64.0% of S&P 500 companies reporting had positive earnings surprises. Three out of eleven sectors in the S&P 500 had earnings surprises over 70%, with another four sectors over 60%. All sectors had over a 50% tilt to positive surprises.

As to the technology sector – which has been driving total market performance – 75.1% of companies reported positive earnings surprises.

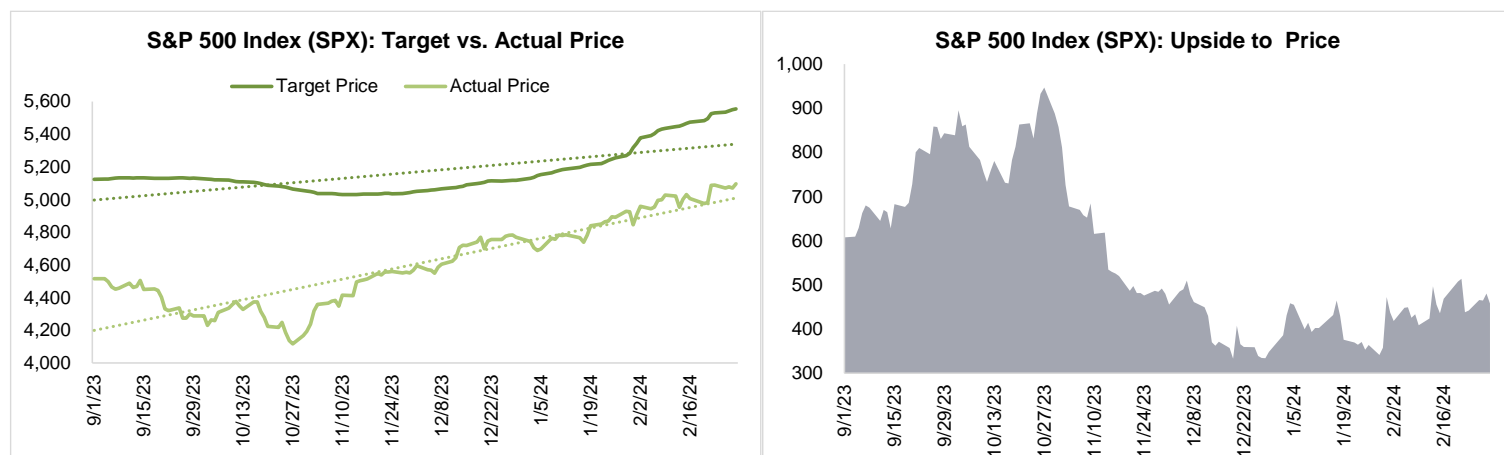
### S&P 500 Companies Reporting

Sector	Top Line (Sales/Revenue)			Bottom Line (Earnings)		
	Positive	Inline	Negative	Positive	Inline	Negative
Technology	63.4%	17.8%	18.8%	75.1%	6.8%	18.1%
Industrials	51.7%	16.1%	32.2%	71.0%	4.5%	24.5%
Consumer Staples	48.1%	20.8%	31.2%	70.1%	5.2%	24.7%
SPX	54.3%	13.1%	32.6%	64.0%	5.9%	30.1%
Health Care	64.5%	6.1%	29.4%	62.7%	5.2%	32.1%
Utilities	31.0%	0.0%	69.0%	61.7%	11.7%	26.7%
Consumer Discretionary	50.0%	14.6%	35.4%	60.9%	4.1%	35.0%
Communications	57.0%	19.8%	23.3%	60.7%	6.0%	33.3%
Materials	53.1%	11.5%	35.4%	59.8%	3.6%	36.6%
Financials	49.8%	10.5%	39.7%	59.8%	2.9%	37.2%
Energy	55.3%	7.0%	37.7%	59.6%	2.6%	37.7%
Real Estate	55.6%	19.3%	25.2%	53.4%	24.4%	22.1%

Source: Bloomberg, SIFMA estimates

Where do we go from here? Equity strategists' target price for the S&P 500 continues on an upward sloping trajectory. However, these targets did dip in line with the market dip last fall. Both target and actual prices have increased since that dip, but the slope of actual prices has been 2.4x that of target prices.

Further, even with a sharper increase in target prices over the last month, +5.4%, the gap between target and actual prices has declined. Over the last six months, actual prices for the S&P 500 increased 12.9%, while target prices increased 8.4% and the upside to price target gap declined 24.7%.



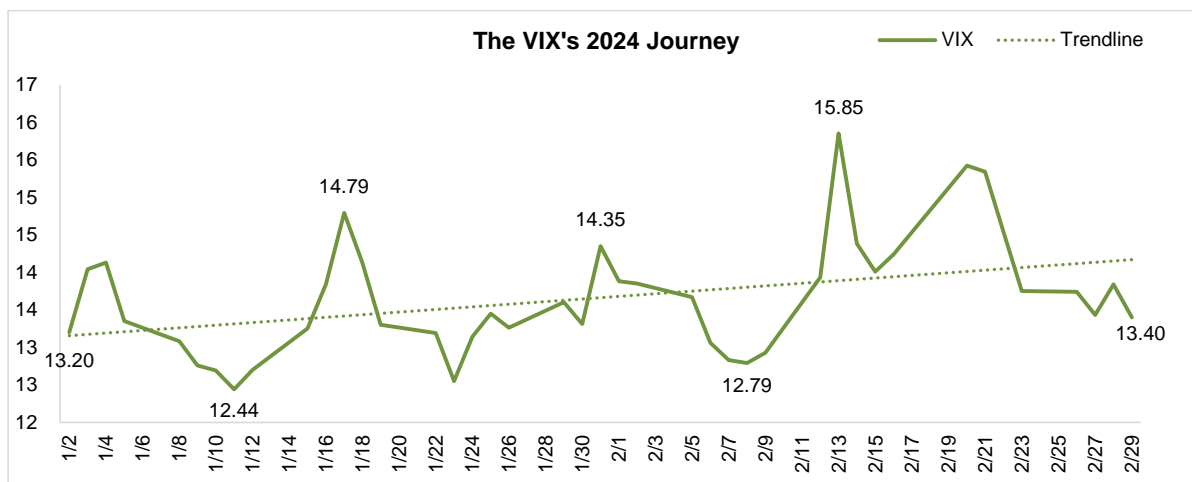
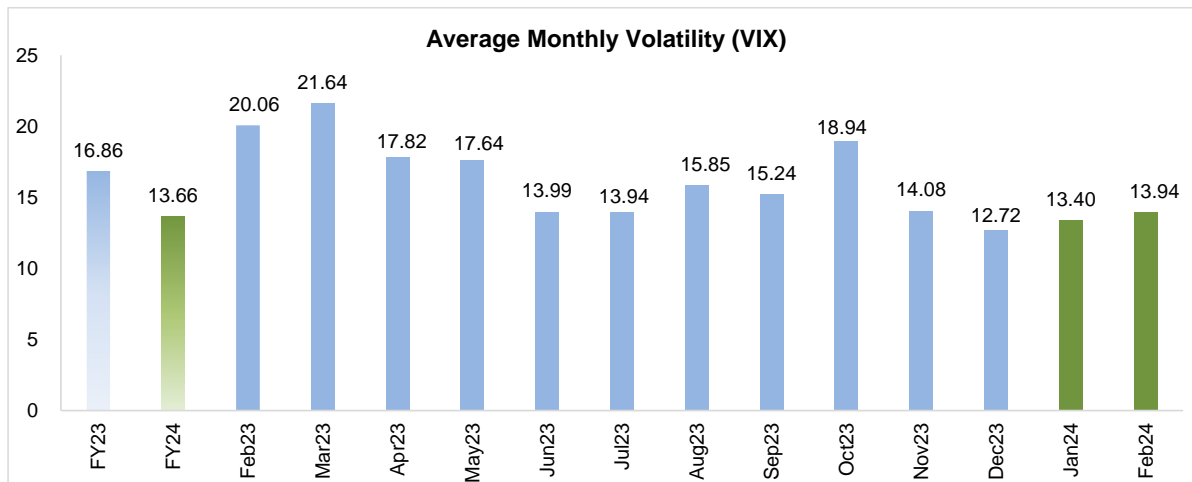
Source: Bloomberg, SIFMA estimates

## Monthly Market Metrics

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

### Volatility (VIX)

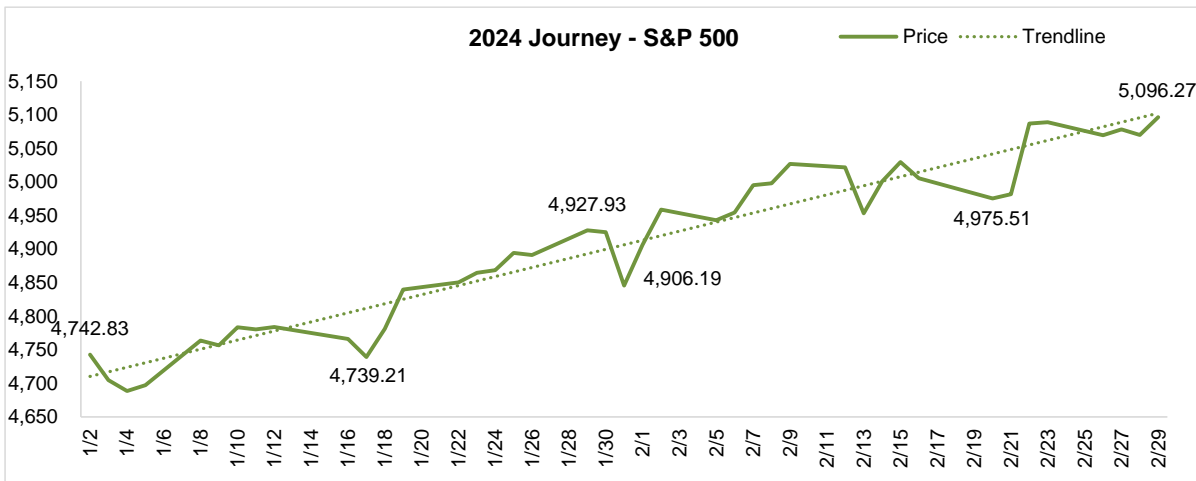
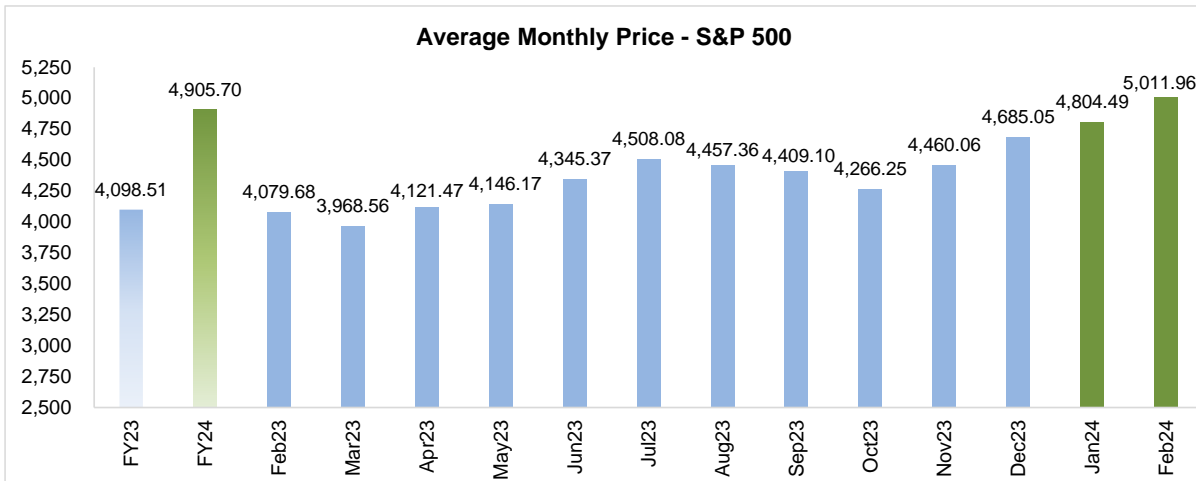
- Monthly average 13.94
  - +4.1% M/M
  - 30.5% Y/Y
  - 5.6% from the start of the year
- Monthly peak on the 13<sup>th</sup> at 15.85, troughed on the 8<sup>th</sup> at 12.79



Source: Bloomberg, SIFMA estimates

## S&P 500 Index: Price

- Monthly average 5,011.96
  - +4.3% M/M
  - +22.9% Y/Y
  - +5.7% from the start of the year
- Monthly peak on the 29<sup>th</sup> at 5,096.27, troughed on the 1<sup>st</sup> at 4,906.19

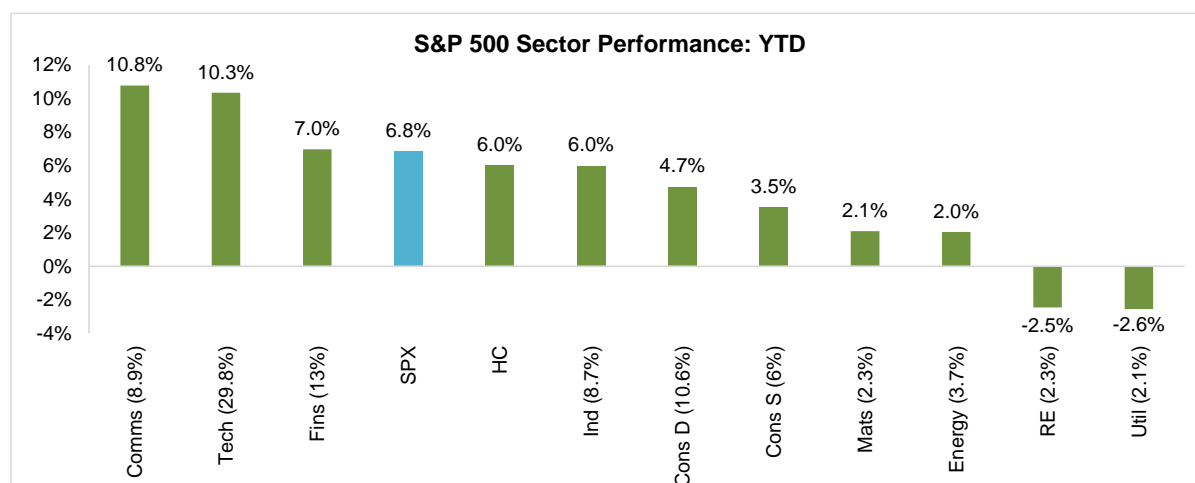
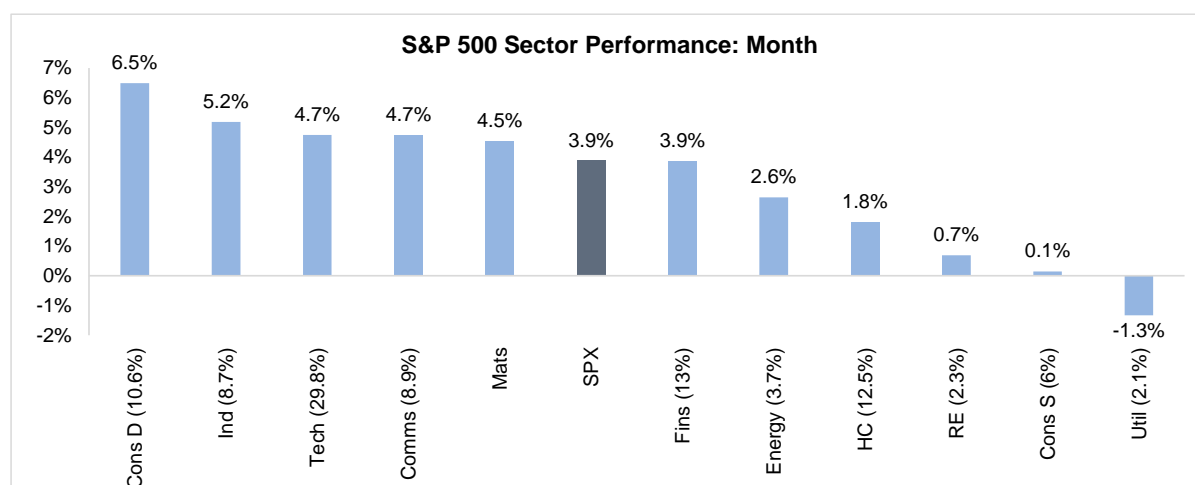


Source: Bloomberg, SIFMA estimates

## S&P 500 Index: Sector Breakout

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

- Best performing sectors
  - Month = consumer discretionary at +6.5% and industrials at 5.2%
  - YTD = communications at +10.8% and technology at +10.3%
- Worst performing sectors
  - Month = utilities at -1.3% and consumer staples at +0.1%
  - YTD = utilities at -2.6% and real estate at -2.5%

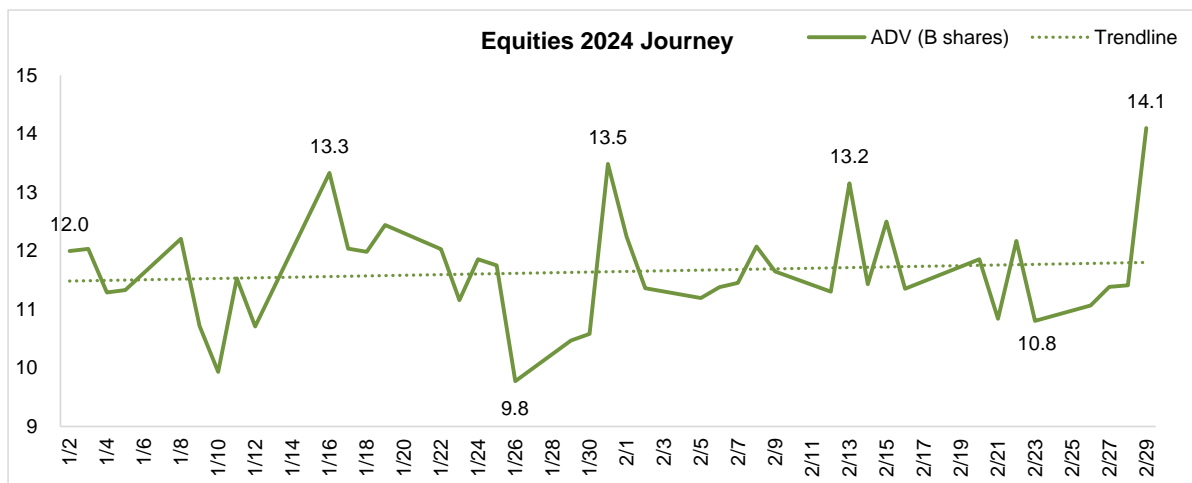
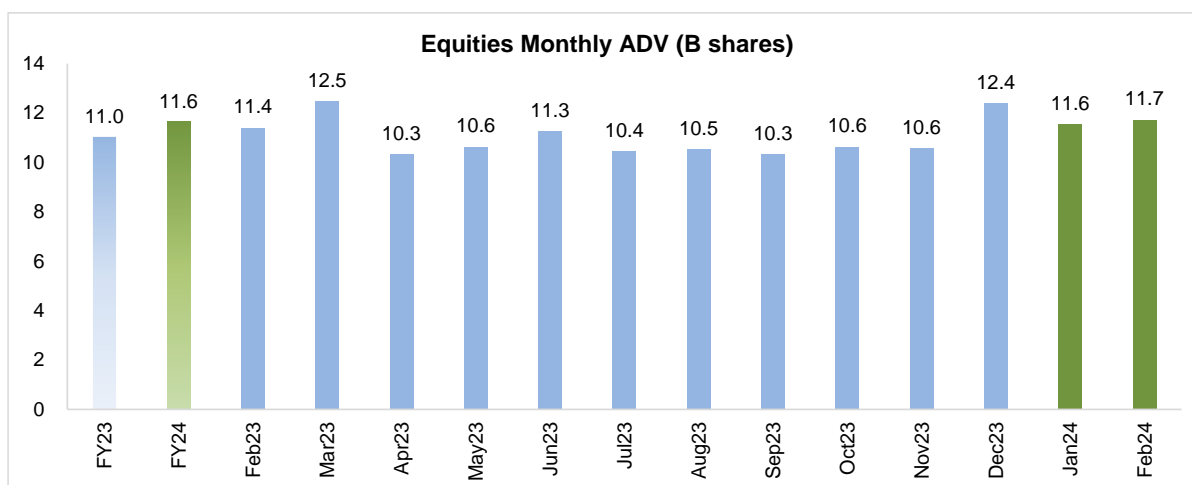


Source: Bloomberg, SIFMA estimates

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 11.7 billion shares
  - +1.6% M/M
  - +2.9% Y/Y
  - 2.2% from the start of the year
- Monthly peak on the 29<sup>th</sup> at 14.1 billion shares, troughed on the 23<sup>rd</sup> at 10.8 billion
- Monthly average off exchange trading 44.0%; flat M/M, -0.8 pps Y/Y

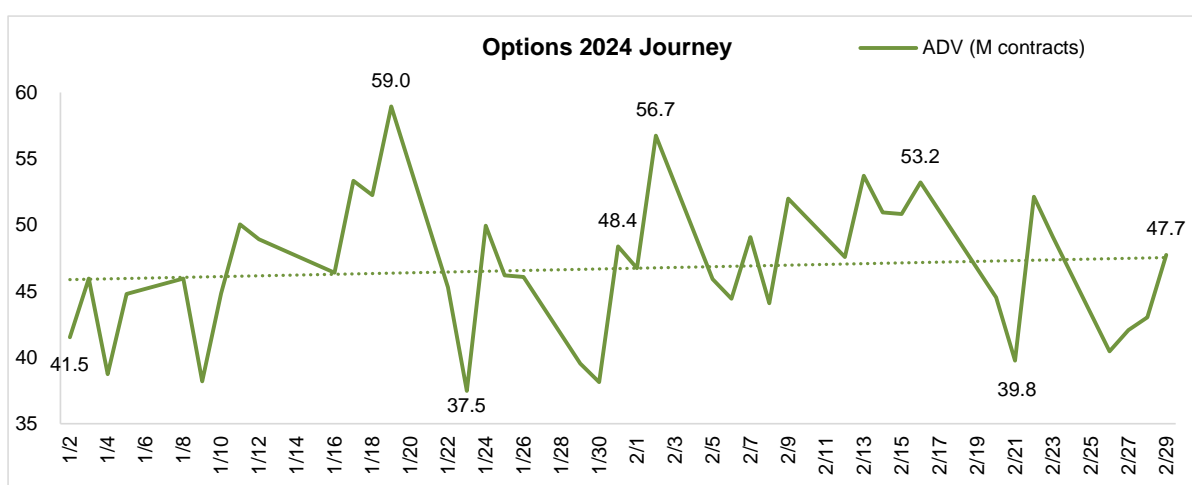
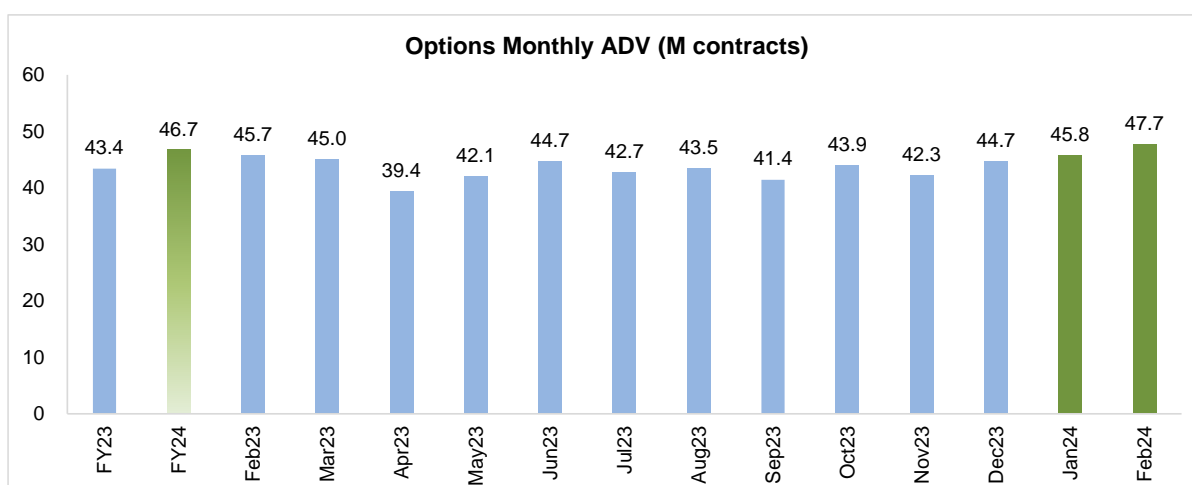


Source: Cboe Global Markets, SIFMA estimates



## Multi-Listed Options Volumes (ADV)

- Monthly average 47.7 million contracts
  - +4.3% M/M
  - +4.4% Y/Y
  - +14.9% from the start of the year
- Monthly peak on the 2<sup>nd</sup> at 56.7 million contracts, troughed on the 21<sup>st</sup> at 39.8 million contracts
- Monthly equity options 43.6 million contracts (+4.7% M/M, +3.3% Y/Y), index options 4.1 million contracts (-0.7% M/M, +17.0% Y/Y)



Source: Cboe Global Markets, SIFMA estimates

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