



RESEARCH

Insights

Monthly Market Metrics and Trends: April

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

May 2024

Monthly Highlight

- In April, the price of the S&P 500 held a strong negative correlation to the yield on the U.S. Treasury 10-year note, at -0.81. While the S&P 500 fell 4.0% in April, the 10-year rose 8.3%.
- How does this compare to the full year? While the S&P 500 rose 6.2% from January through April, the 10-year rose 18.7%. Earlier in the year, the S&P 500 fought the lowered expectations for rate cuts and continued to climb. As the upward path of the 10-year accelerated in April, stocks fell (stabilizing at the end of the month).
- You can see markets digesting higher for longer. September is ~50%/50% pause/cut; > 60% probability for cuts in November and December. This is a substantial shift from how we ended 2023: >50% probability for a March cut, ~90% for a May cut, and ~100% for June and July cuts. Now, June stands at less than 10% and July around 25%.

Monthly Metrics

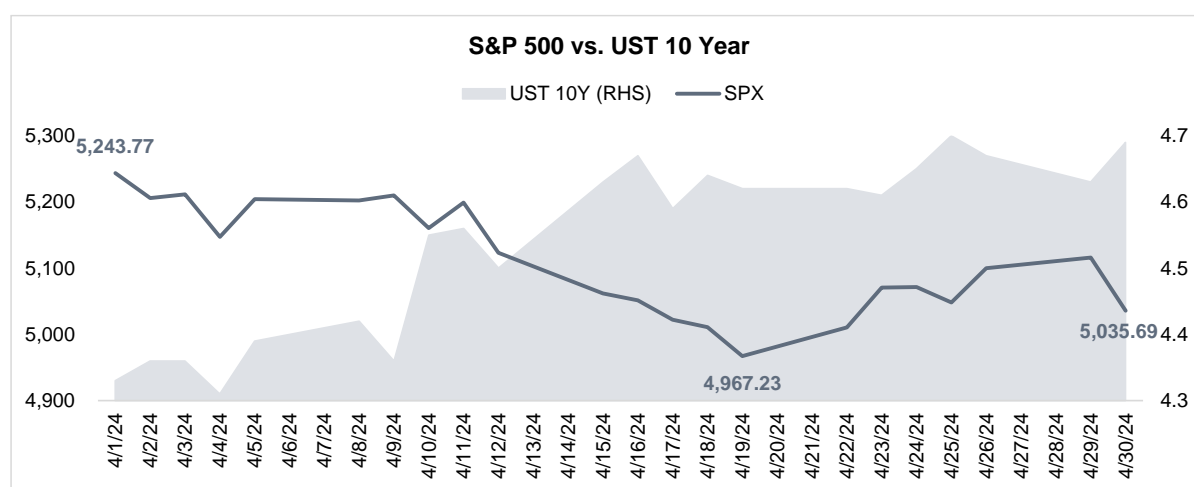
- Volatility (VIX): Monthly average 16.13; +17.0% M/M, -9.5% Y/Y
- S&P 500 (Price): Monthly average 5,112.49; -1.1% M/M, +24.0% Y/Y
- Performance (month/year): best = utilities/comms +2.3%/+14.0%; worst = real estate/real estate -7.0%/-10.7%
- Equity ADV: Monthly average 11.0 billion shares; -8.8% M/M, +6.2% Y/Y
- Options ADV: Monthly average 45.5 million contracts; -1.4% M/M, +15.5% Y/Y

Monthly Highlight

Negative Correlation to the 10 Year

In April, the price of the S&P 500 held a negative correlation to the yield on the U.S. Treasury 10-year note. We should say, at -0.81, it held a strong negative correlation. As the 10-year began to rise – from 4.33 to 4.69 from start to end in April – the S&P 500 began to fall, from 5,243.77 to 5,035.69. While the S&P 500 fell 4.0% in April, the 10-year rose 8.3%.

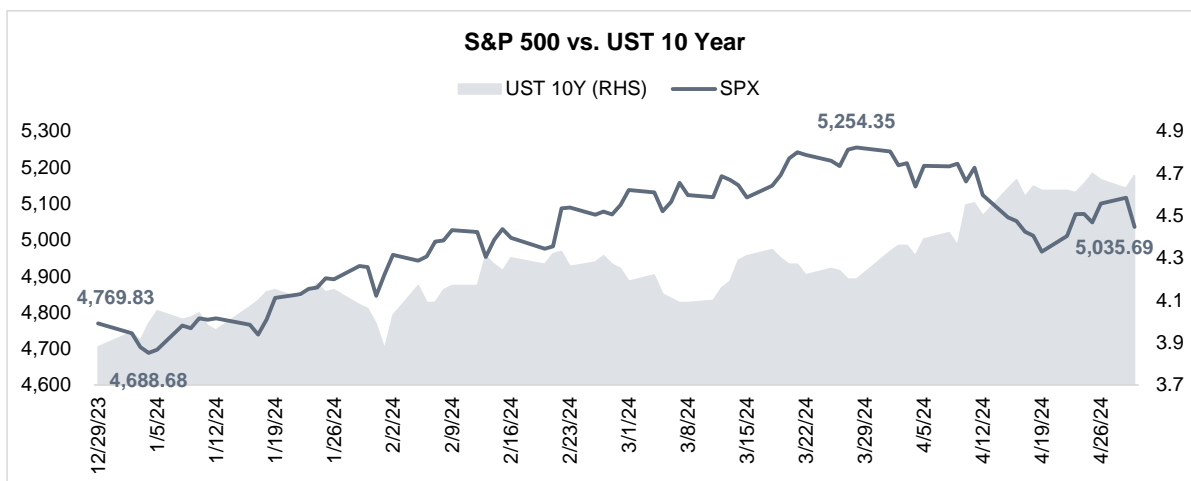
- S&P 500 (price): 4,967.23 minimum; 5,243.77 maximum; and 5,112.49 average
- UST 10-year (yield): 4.31 minimum; 4.70 maximum; and 4.54 average



Source: Bloomberg, SIFMA estimates

How does this compare to the full year? While the S&P 500 rose 6.2% from January through April, the 10-year rose 18.7%. For the S&P 500 April saw a higher minimum and lower maximum, while the index price was higher on average. As to the 10-year, April was the peak rate, with a higher minimum and higher average in April. Essentially, earlier in the year, the S&P 500 fought the lowered expectations for rate cuts and continued to climb. Then came April. As the upward path of the 10-year accelerated, stocks fell, stabilizing at the end of the month as investors began to digest higher for longer.

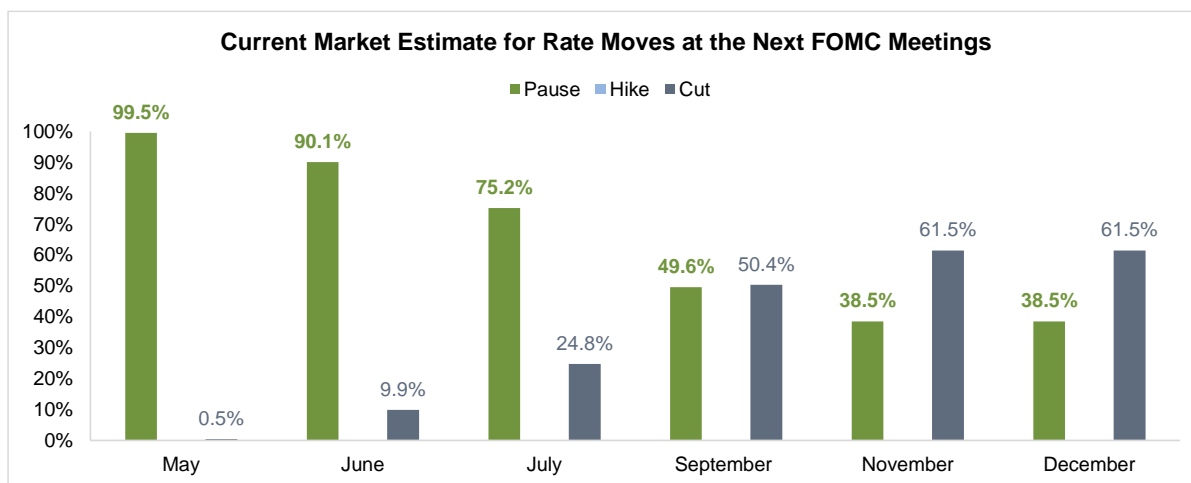
- S&P 500 (price): 4,688.68 minimum; 5,254.35 maximum; and 5,021.31 average
 - April vs. YTD: minimum +278.55; maximum -10.58; and average +91.187
- UST 10-year (yield): 3.87 minimum, 4.70 maximum, 4.253 average
 - April vs. YTD: minimum +0.44; maximum n/a (the maximum was in April); and average +0.29



Source: Bloomberg, SIFMA estimates

Looking to the CME FedWatch tool¹, you can see markets digesting higher for longer. Rate cut expectations have been pushed to the fall. While September is balanced essentially 50%/50% between pause and cut, there is an over 60% probability for a cut in both November and December.

This is a substantial shift from how we ended 2023. Then, markets had an over 50% probability for a March cut, followed by an almost 90% for a May cut and then almost a 100% probability for a rate cut in June and July. Now, June stands at less than 10% and July around 25%.



Source: CME FedWatch Tool, SIFMA estimates

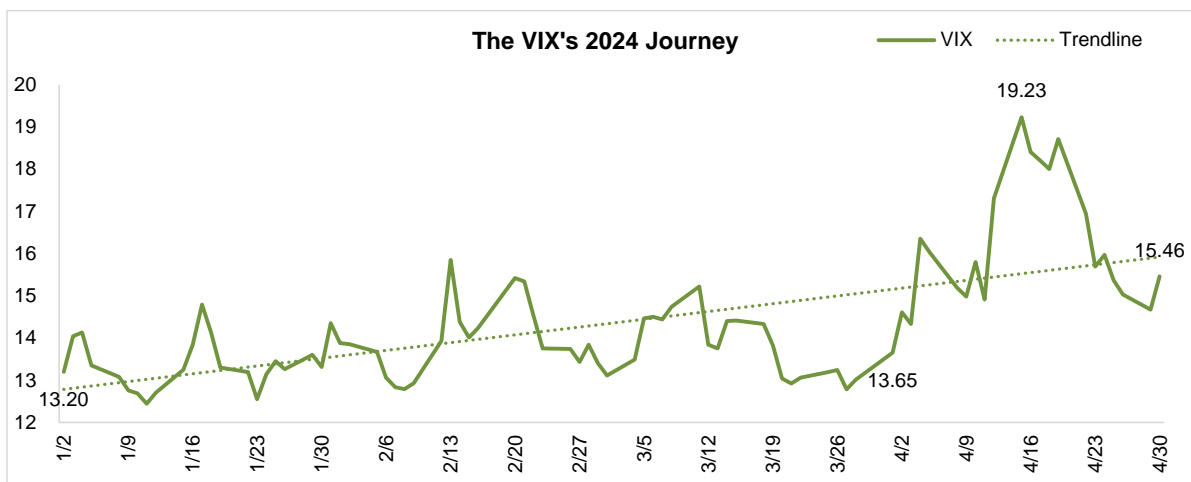
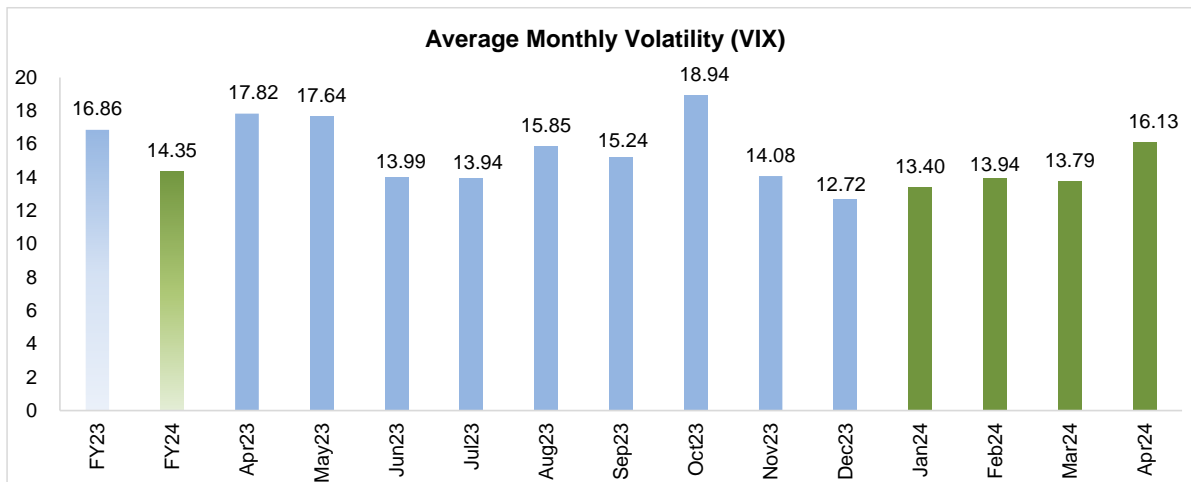
¹ Analyzes the probabilities of changes to the Fed Funds rate, as implied by 30-Day Fed Funds futures pricing data.

Monthly Market Metrics

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

Volatility (VIX)

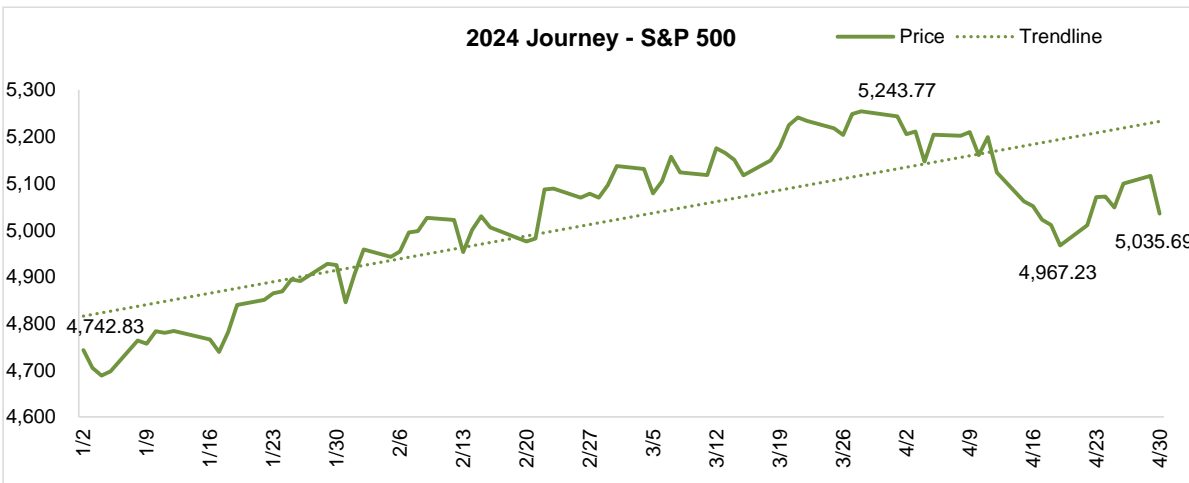
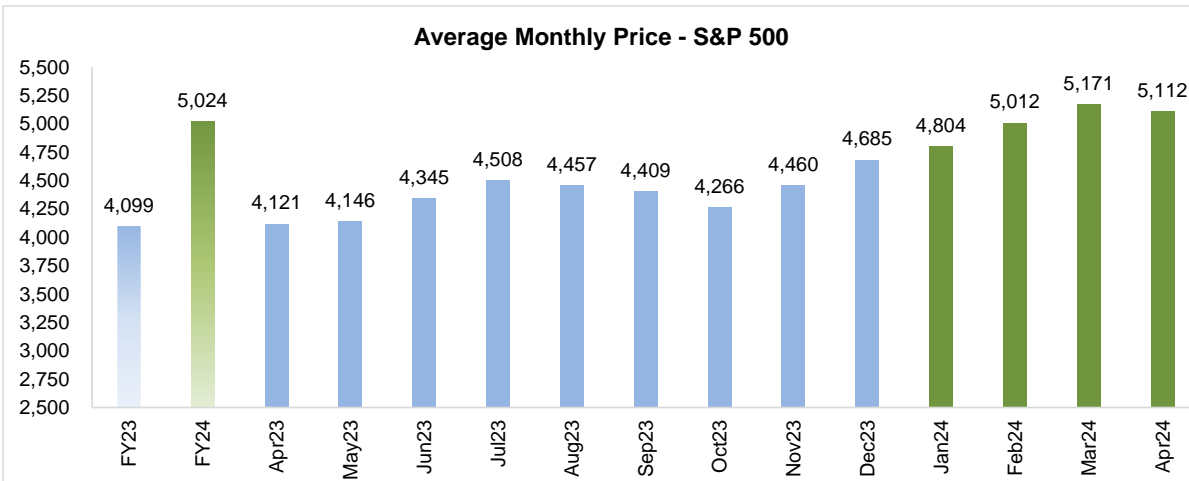
- Monthly average 16.13
 - +17.0% M/M
 - -9.5% Y/Y
 - 22.2% from the start of the year
- Monthly peak on the 15th at 19.23, troughed on the 1st at 13.65



Source: Bloomberg, SIFMA estimates

S&P 500 Index: Price

- Monthly average 5,112.49
 - -1.1% M/M
 - +24.0% Y/Y
 - +7.8% from the start of the year
- Monthly peak on the 1st at 5,243.77, troughed on the 19th at 4,967.23

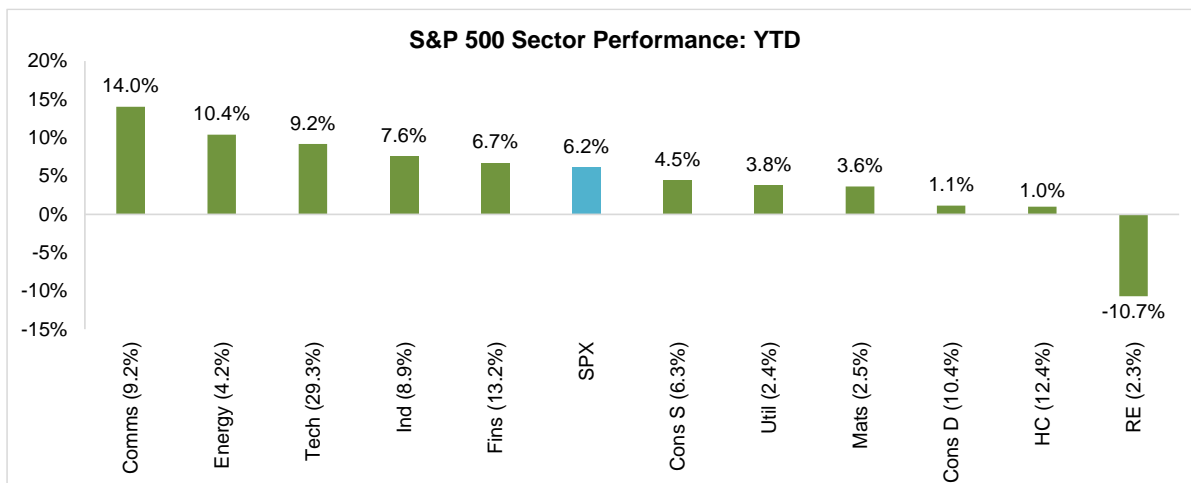
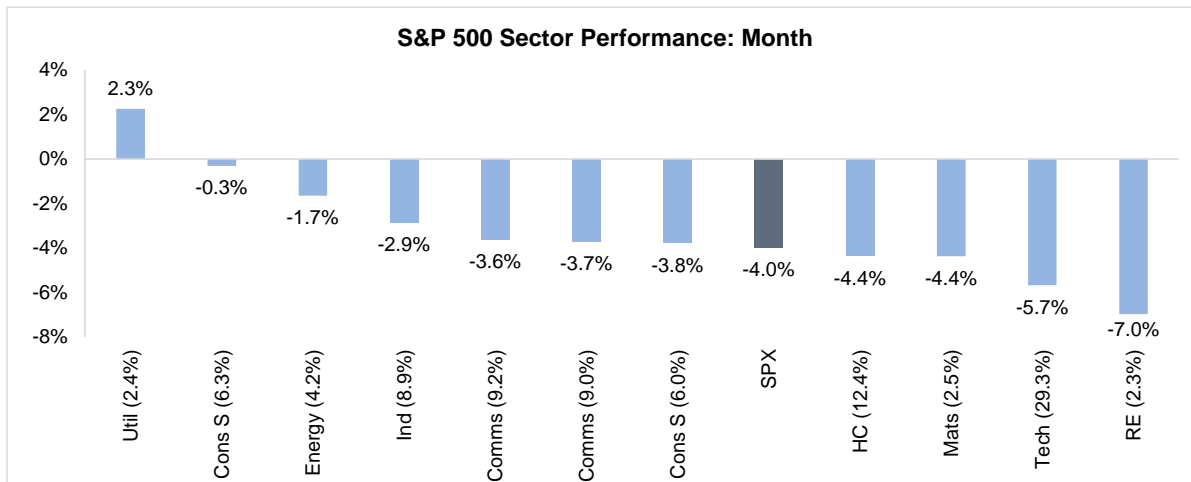


Source: Bloomberg, SIFMA estimates

S&P 500 Index: Sector Breakout

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

- Best performing sectors
 - Month = utilities at +2.3% and consumer staples at -0.3%
 - YTD = communications at +14.0% and energy at +10.4%
- Worst performing sectors
 - Month = real estate at -7.0% and technology at -5.7%
 - YTD = real estate at -10.7% and healthcare at +1.0%

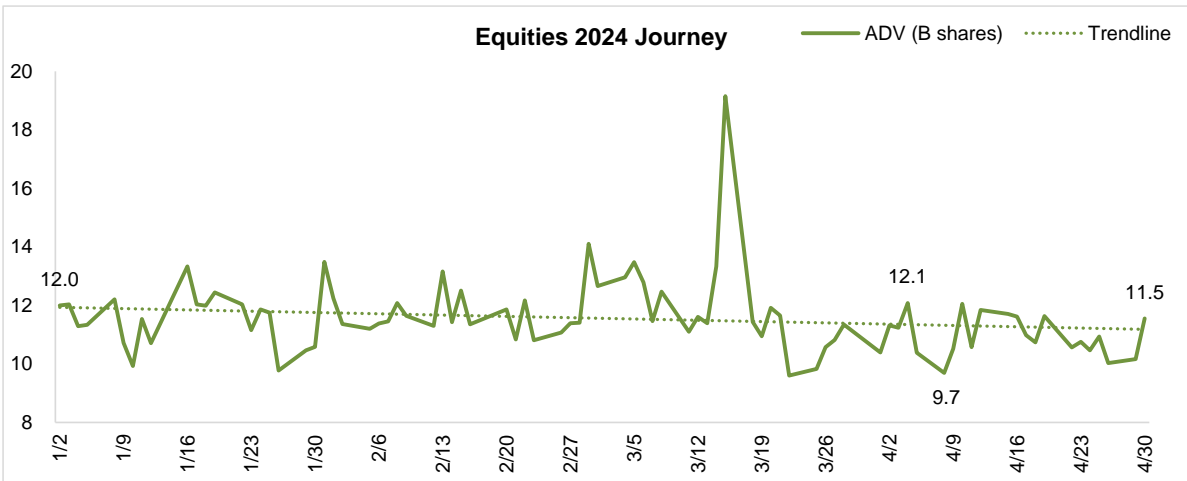
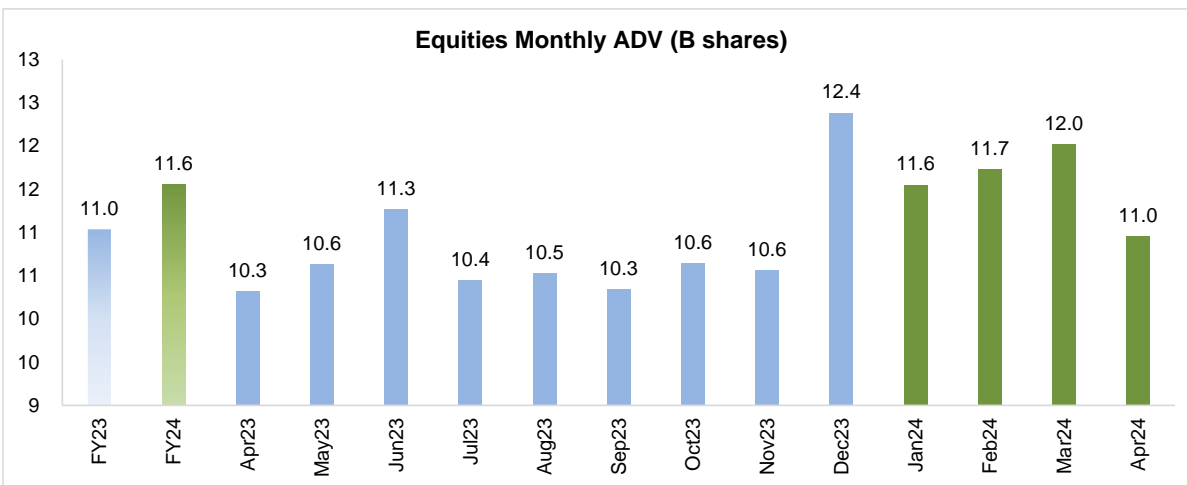


Source: Bloomberg, SIFMA estimates

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)

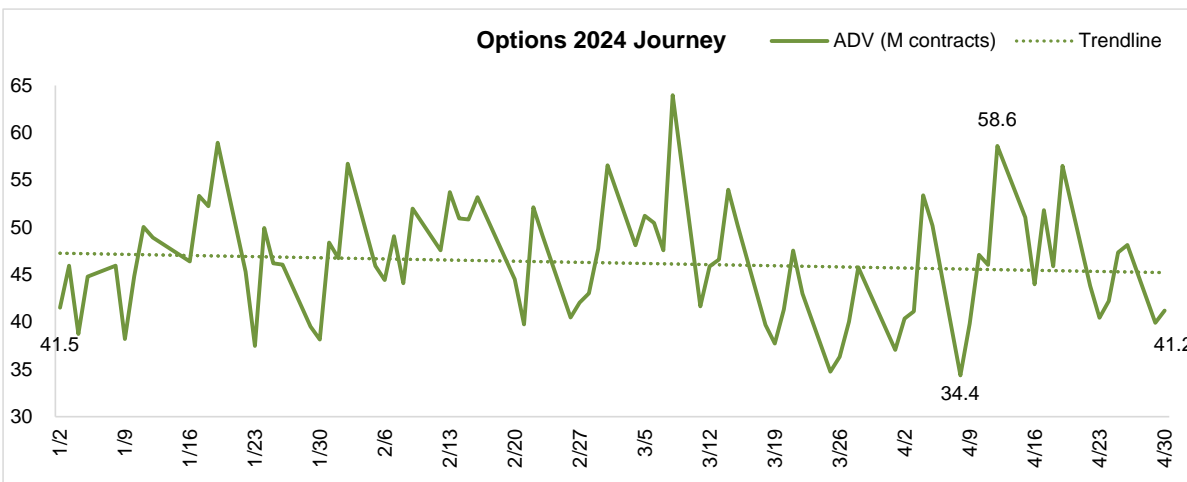
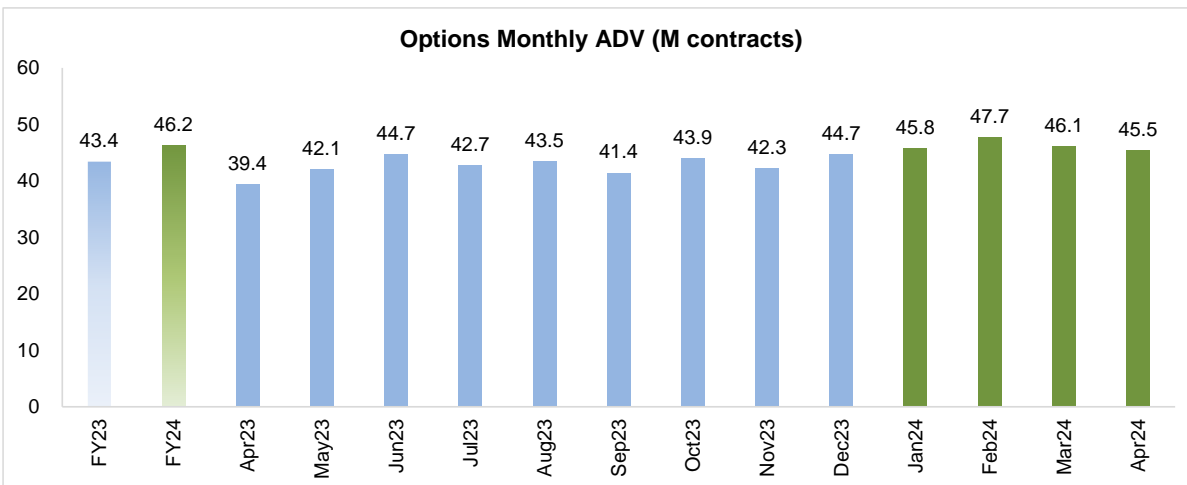
- Monthly average 11.0 billion shares
 - -8.8% M/M
 - +6.2% Y/Y
 - -8.6% from the start of the year
- Monthly peak on the 4th at 12.1 billion shares, troughed on the 8th at 9.7 billion
- Monthly average off exchange trading 44.4%; +0.7 pps M/M, -0.4 pps Y/Y



Source: Cboe Global Markets, SIFMA estimates

Options Volumes (ADV)

- Monthly average 45.5 million contracts
 - -1.4% M/M
 - +15.5% Y/Y
 - +9.5% from the start of the year
- Monthly peak on the 12th at 58.6 million contracts, troughed on the 8th at 34.4 million contracts
- Monthly equity options 41.1 million contracts (-2.3% M/M, +14.7% Y/Y), index options 4.4 million contracts (+7.4% M/M, +24.1% Y/Y)



Source: Cboe Global Markets, SIFMA estimates

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