



## RESEARCH

### Insights

# Monthly Market Metrics and Trends: June

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

July 2024

#### Monthly Highlight

- As we close out the first half of the year, we thought it would be interesting to look at the performance of the S&P 500 across different characteristics. Putting this altogether, you can see the tech – more specifically the AI – trade in action.
- Market cap (SPX) weighted leads equal weighted (SPW) – the top 10 stocks represent around 35% of the index, and these are all part of the tech trade. YTD, SPX is up 14.5%, outperforming SPW by 10.4 pps (SPW +4.1%).
- Growth (SGX) leads value (SVX) in YTD performance – these tech companies are growth stocks. YTD, the SGX is up 23.1%, outperforming the SVX by 18.6 pps (SVX +4.6%).
- Large cap leads the way – tech companies are large caps, 6/10 stocks with market cap >\$1T. YTD, SPX outperformed MID by 9.1 pps & SML by 16.1 pps (MID +5.3%, SML -1.6%). MID outperformed SML by 7.0 pps

#### Monthly Metrics

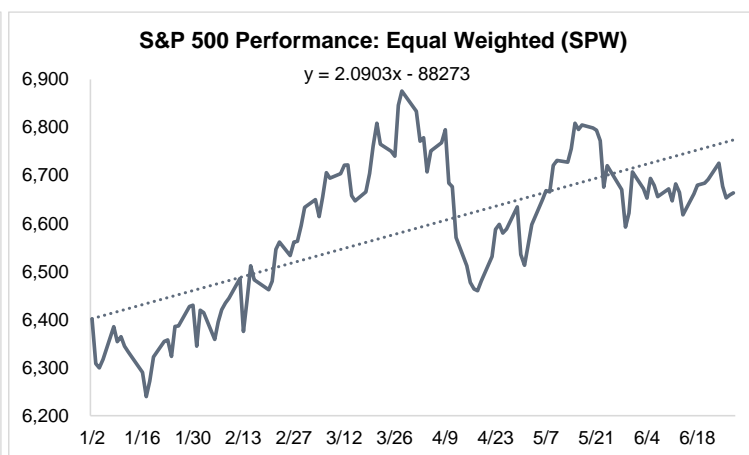
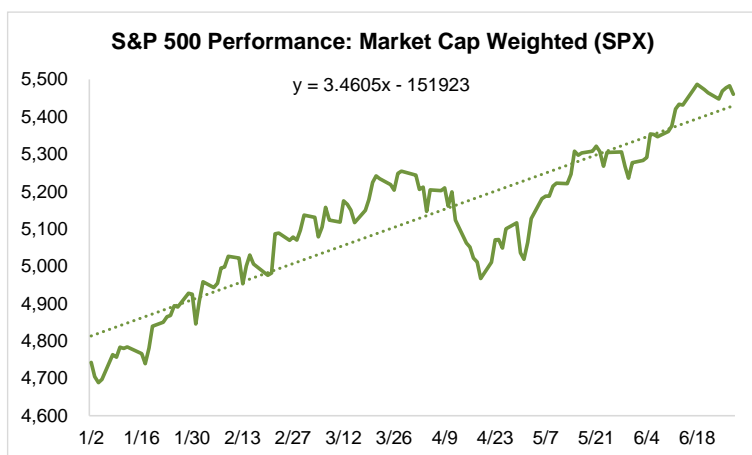
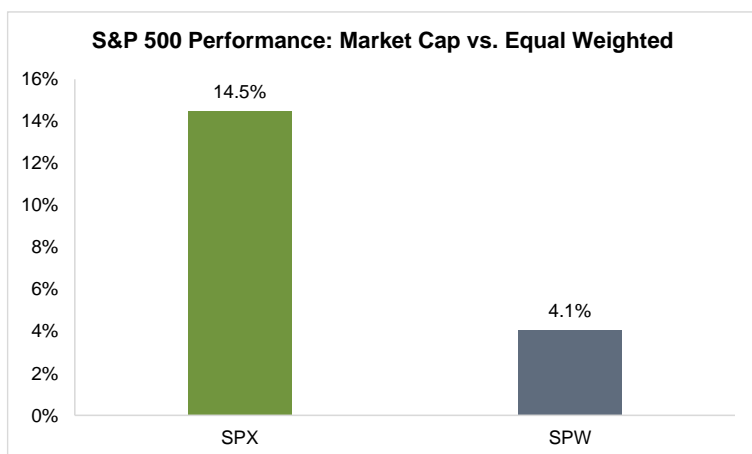
- Volatility (VIX): Monthly average 12.68; -2.9% M/M, -9.4% Y/Y
- S&P 500 (Price): Monthly average 5,415.14; +3.4% M/M, +24.6% Y/Y
- Performance (month/year): best = tech/ tech +9.3%/+27.8%; worst = utilities/real estate -5.8%/-4.1%
- Equity ADV: Monthly average 11.9 billion shares; -4.6% M/M, +5.4% Y/Y
- Options ADV: Monthly average 46.6 million contracts; +7.8% M/M, +4.3% Y/Y

## Monthly Highlight

### Performance Driven by the Top

As we close out the first half of the year, we thought it would be interesting to look at the performance of the S&P 500 across different characteristics. We begin by looking at the traditional view, the SPX which is a market cap weighted index, versus the equal weighted view, the SPW. In a market cap weighted index, each constituent is weighted based on market capitalization. In an equal weighted index, each constituent security is given the same weight. As such, in a market cap weighted index, the largest companies are overweighted in calculating overall index performance.

YTD, the SPX is up 14.5%, outperforming the SPW by 10.4 pps (SPW +4.1%). While both indexes have risen in aggregate this year, the SPX has increased at a sharper pace, with a slope 1.7x greater.

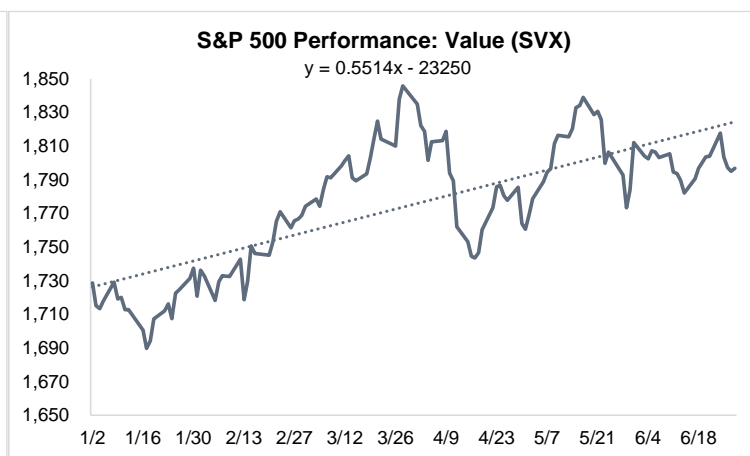
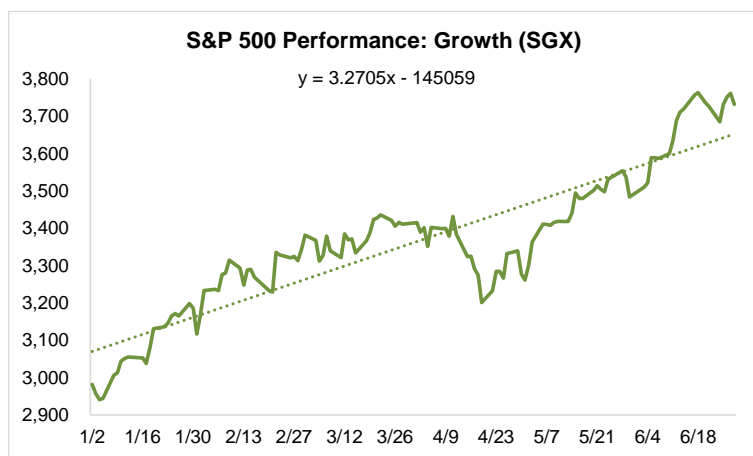
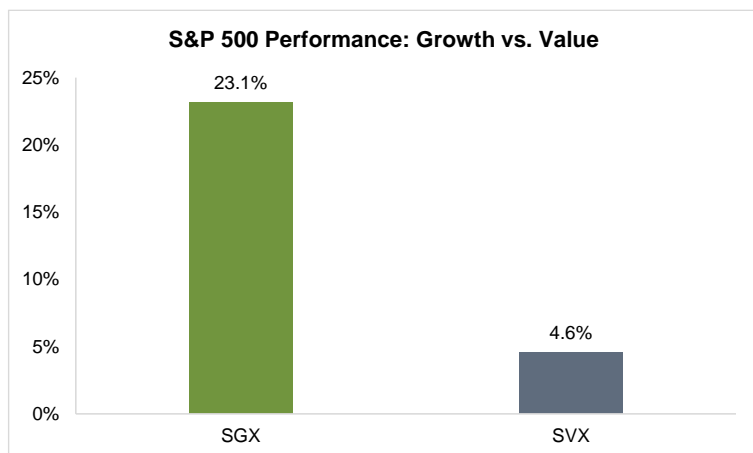


Source: Cboe Global Markets, SIFMA estimates

Note: A line equation is  $y = mx + b$ , where  $m$  is the slope (measure of the steepness and the direction of the line) and  $b$  is the y-intercept (point where the line crosses the y-axis, or the value of  $y$  when  $x$  is equal to zero). Ex: With a slope of 3 and y-intercept of -5, the equation of the line is  $y = 3x - 5$ .

The next view is growth, SGX, versus value, SVX. Growth investing is about finding companies that are expected to grow faster, either by earnings, revenues, or cash flows. Value investing is about finding companies which are undervalued, or whose stock prices do not necessarily reflect their fundamental value. Historically, value stocks tend to outperform during bear markets or economic recessions, while growth stocks tend to outperform during bull markets or times of economic expansion.

YTD, the SGX is up 23.1%, outperforming the SVX by 18.6 pps (SVX +4.6%). While both indexes have risen in aggregate this year, the SPX has increased at a sharper pace, with a slope 5.9x greater.

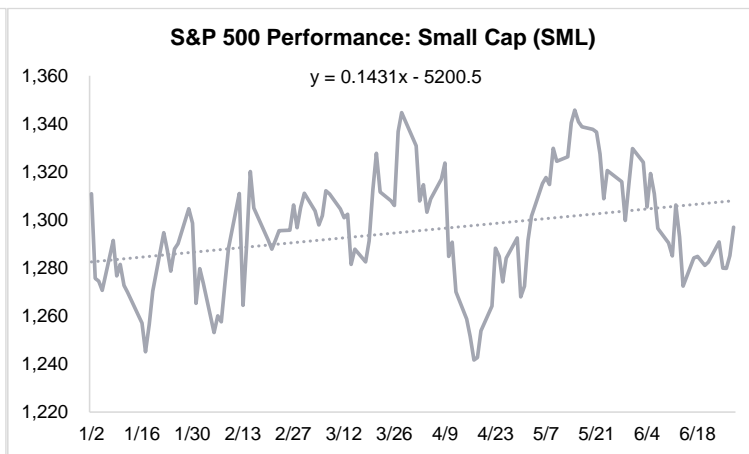
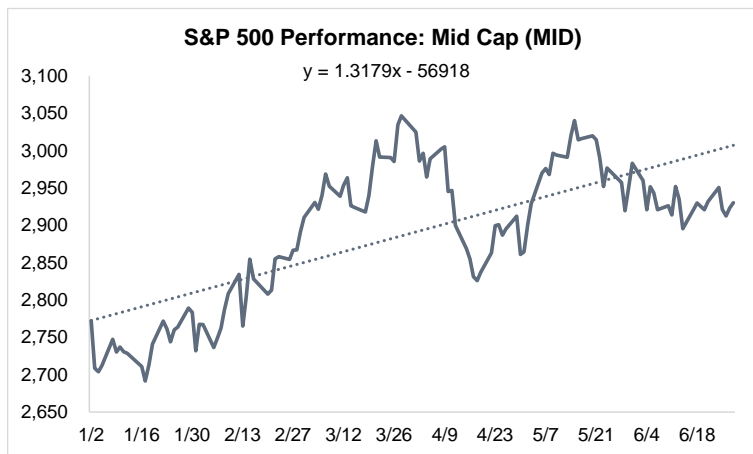
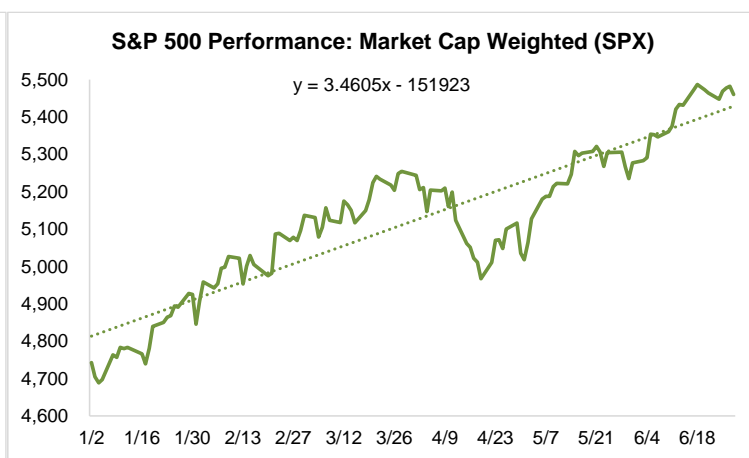
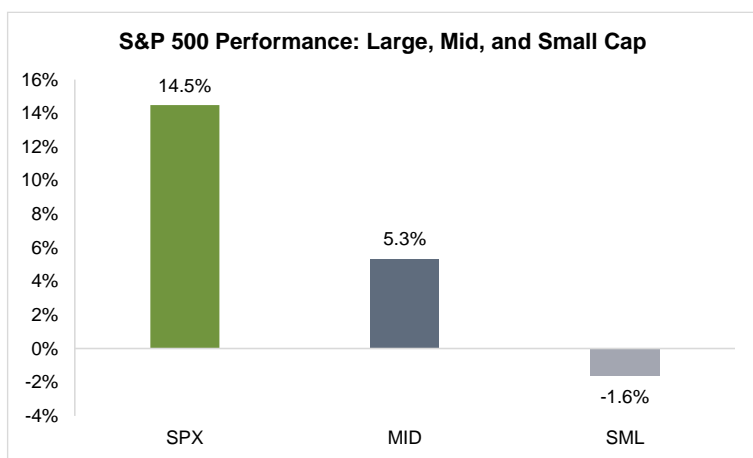


Source: Cboe Global Markets, SIFMA estimates

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The final view is across market caps: large cap (market cap >\$10 billion), the SPX; mid cap (market cap \$2-10 billion), MID; and small cap (market cap <\$2 billion), SML. Historically, mid and small stocks tend to have lower stock prices, i.e. they are cheaper to buy, but can also be more volatile. Large caps tended to be more mature companies, making them less volatile during times of market turmoil.

YTD, the SPX has outperformed the MID by 9.1 pps and the SML by 16.1 pps (MID +5.3% and SML -1.6% YTD). The MID has outperformed the SML by 7.0 pps. Both the SPX and MID indexes have risen in aggregate this year, with the slope of the SPX greater by 2.6x. Overall, the SML performance is down for the year, -1.6%, but the slope is still slightly upward sloping. The slope of the SPX is 24.2x the SML, while the slope of the MID is 9.2x the SML.



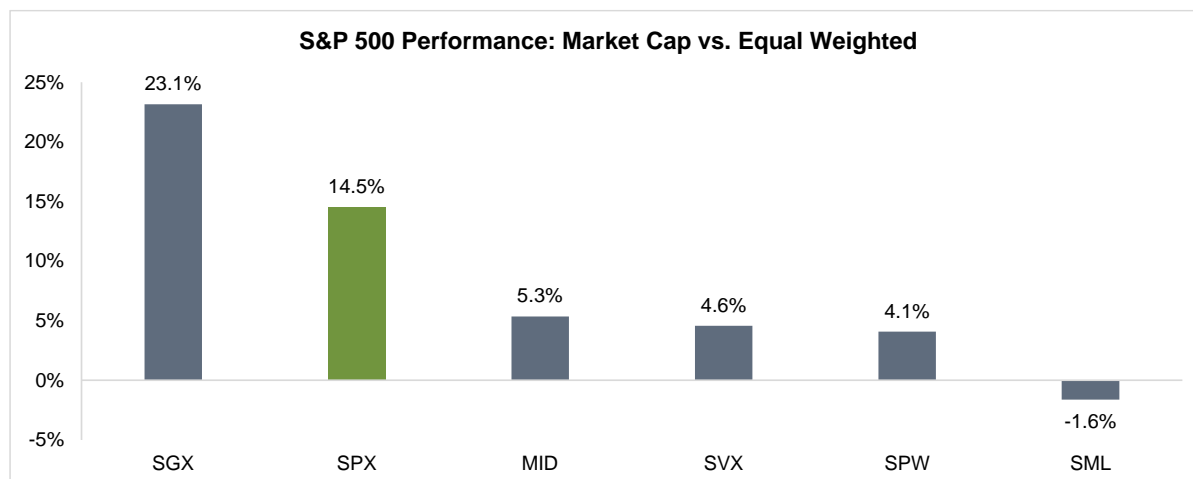
Source: Cboe Global Markets, SIFMA estimates

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Putting this altogether, you can see the tech – more specifically the AI – trade in action. Growth leads value in YTD performance – these tech companies are growth stocks. Large cap leads the way – these tech companies are large cap stocks, with six stocks in the top ten having a market cap over \$1 trillion. Market cap weighted leads equal weighted – the top 10 stocks represent around 35% of the index, and these are all part of the tech trade.

**S&P 500 Performance**

Ticker	SPX	SPW	SGX	SVX	SPX	MID	SML
Style	Market Cap Weighted	Equal Weighted	Growth	Value	Large Cap	Mid Cap	Small Cap
YTD Change	14.5%	4.1%	23.1%	4.6%	14.5%	5.3%	-1.6%
Maximum	5,487.03	6,875.88	3,763.39	1,845.71	5,487.03	3,046.36	1,345.71
Minimum	4,688.68	6,239.42	2,941.16	1,689.63	4,688.68	2,691.79	1,241.62
Range	798.35	636.46	822.23	156.08	798.35	354.57	104.09
Slope	3.4605	2.0903	3.2705	0.5514	3.4605	1.3179	0.1431
vs. SPX	na	1.66x	1.06x	6.28x	na	2.63x	24.18x



Source: Cboe Global Markets, SIFMA estimates

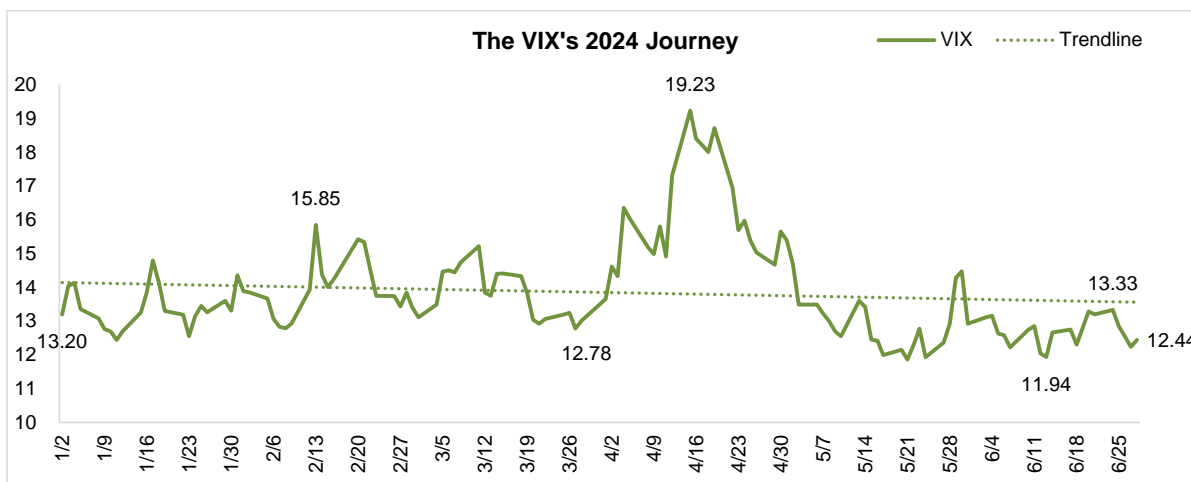
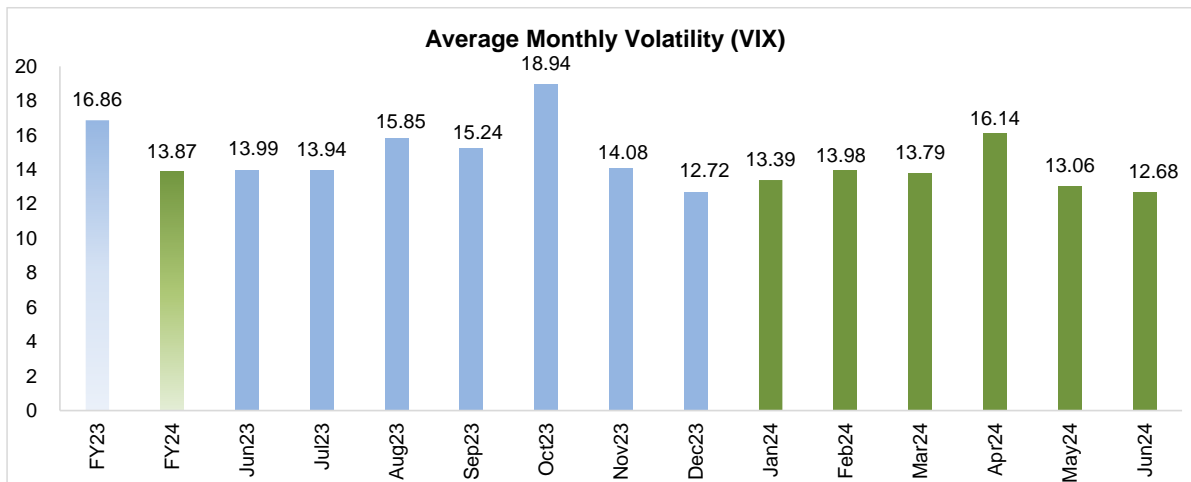
Note: The slope of a line measures the steepness and the direction of the line.

## Monthly Market Metrics

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

### Volatility (VIX)

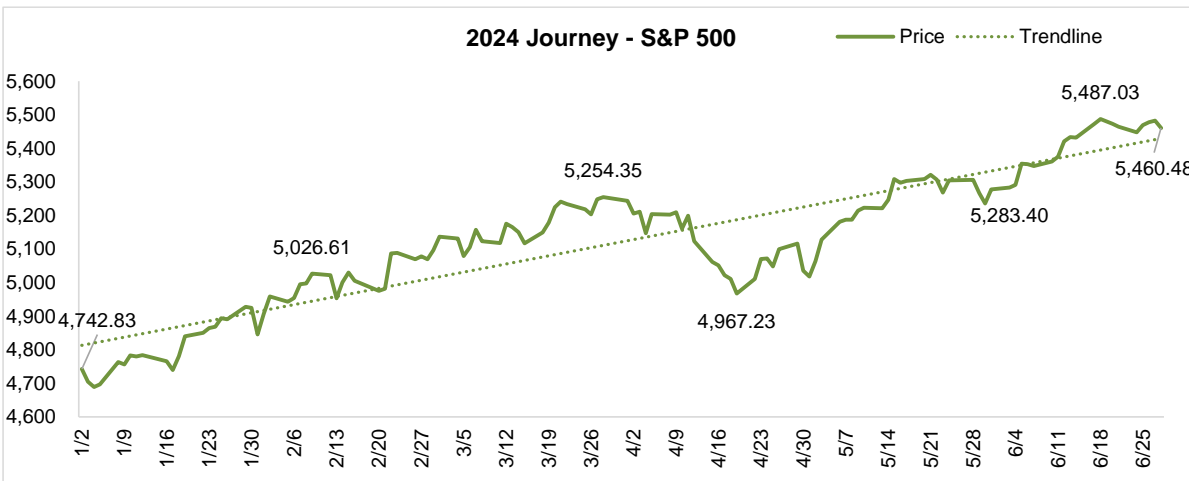
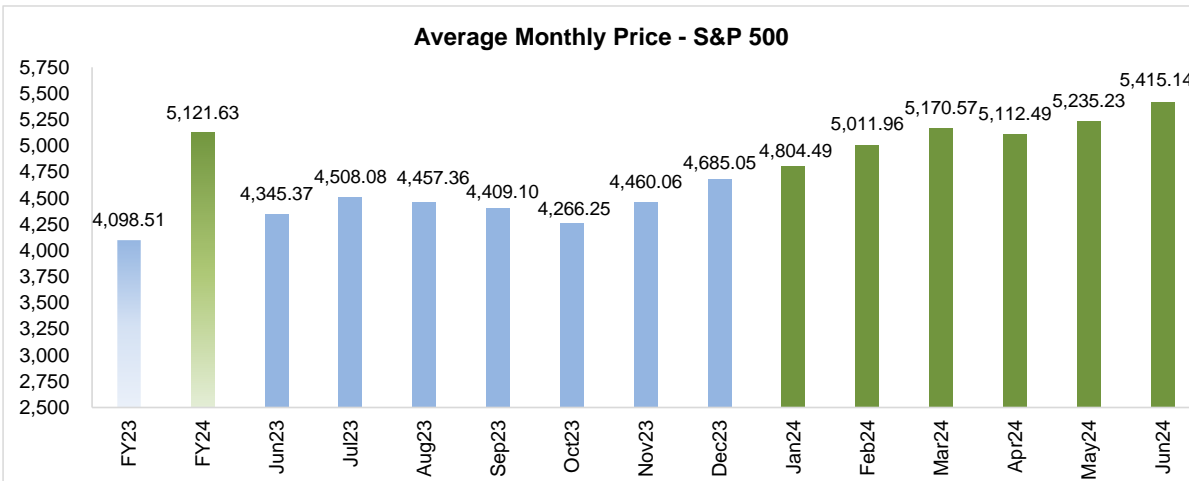
- Monthly average 12.68
  - -2.9% M/M
  - -9.4% Y/Y
  - -4.0% from the start of the year
- Monthly peak on the 24<sup>th</sup> at 13.33, troughed on the 13<sup>th</sup> at 11.94



Source: Bloomberg, SIFMA estimates

**S&P 500 Index: Price**

- Monthly average 5,415.14
  - +3.4% M/M
  - +24.6% Y/Y
  - +14.2% from the start of the year
- Monthly peak on the 18<sup>th</sup> at 5,487.03, troughed on the 3<sup>rd</sup> at 5,283.40

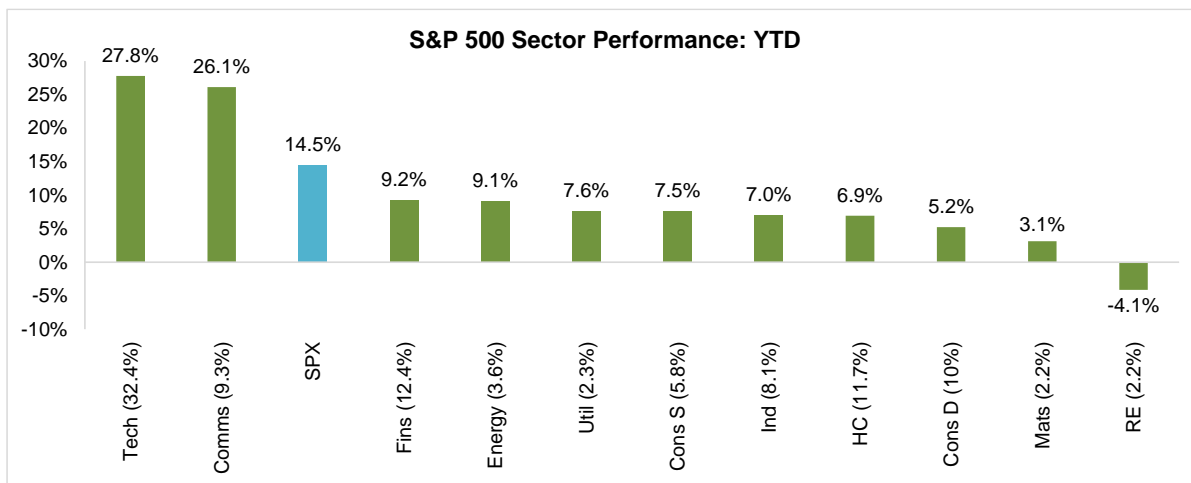
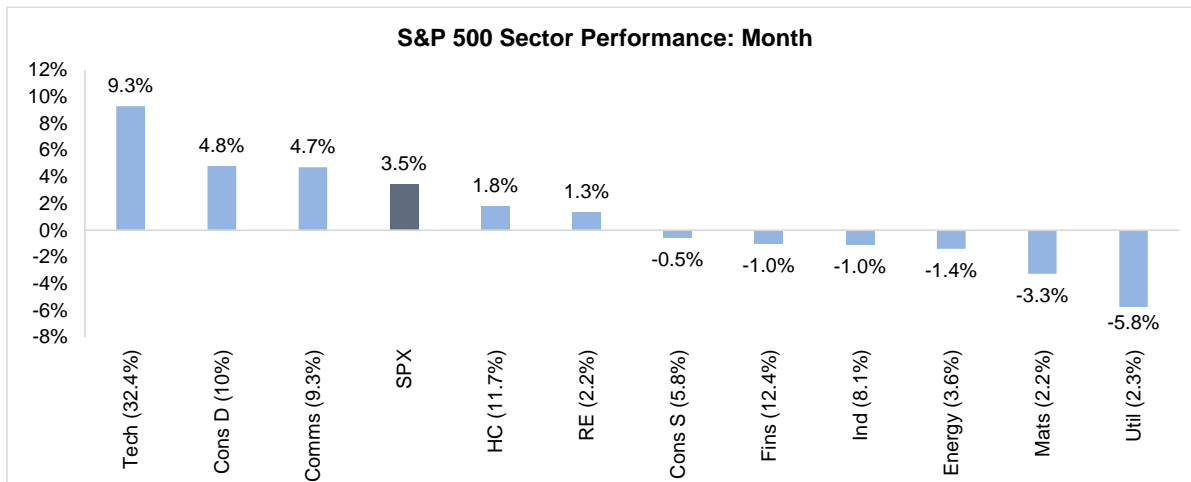


Source: Bloomberg, SIFMA estimates

**S&P 500 Index: Sector Breakout**

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

- Best performing sectors
  - Month = technology at +9.3% and consumer discretionary at +4.8%
  - YTD = technology at +27.8% and communications at +26.1%
- Worst performing sectors
  - Month = utilities at -5.8% and materials at -3.3%
  - YTD = real estate at -4.1% and materials at +3.1%



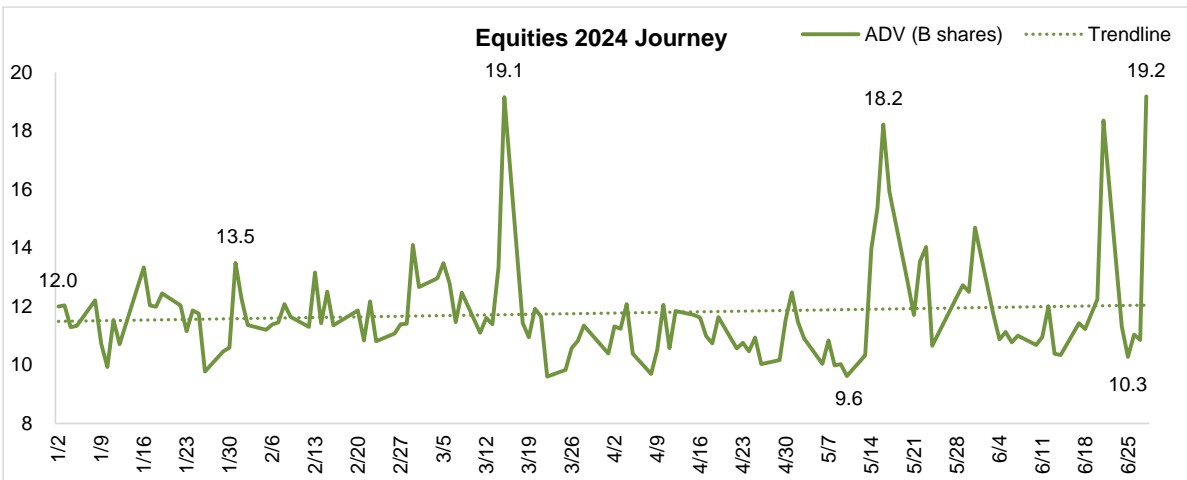
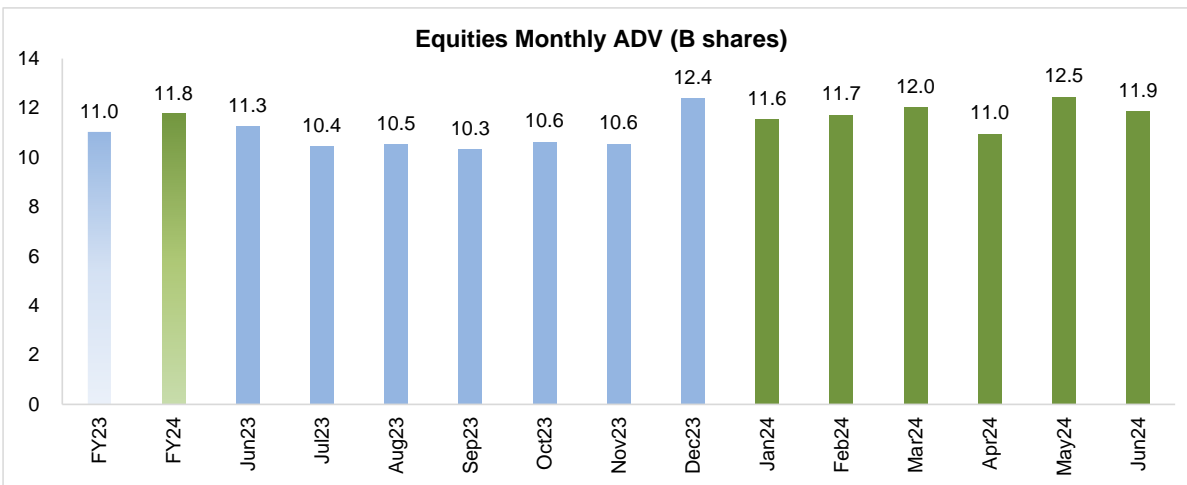
Source: Bloomberg, SIFMA estimates

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)

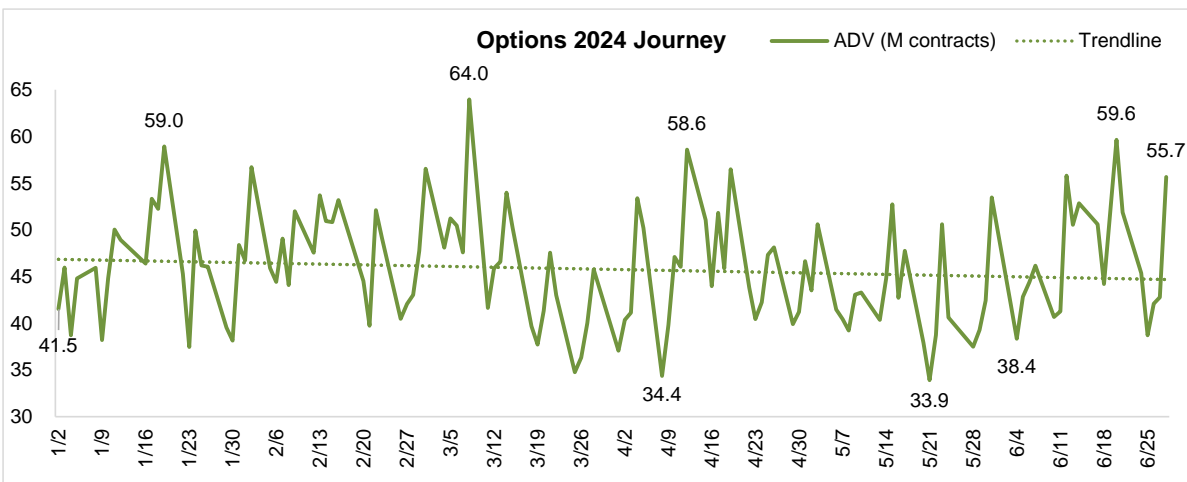
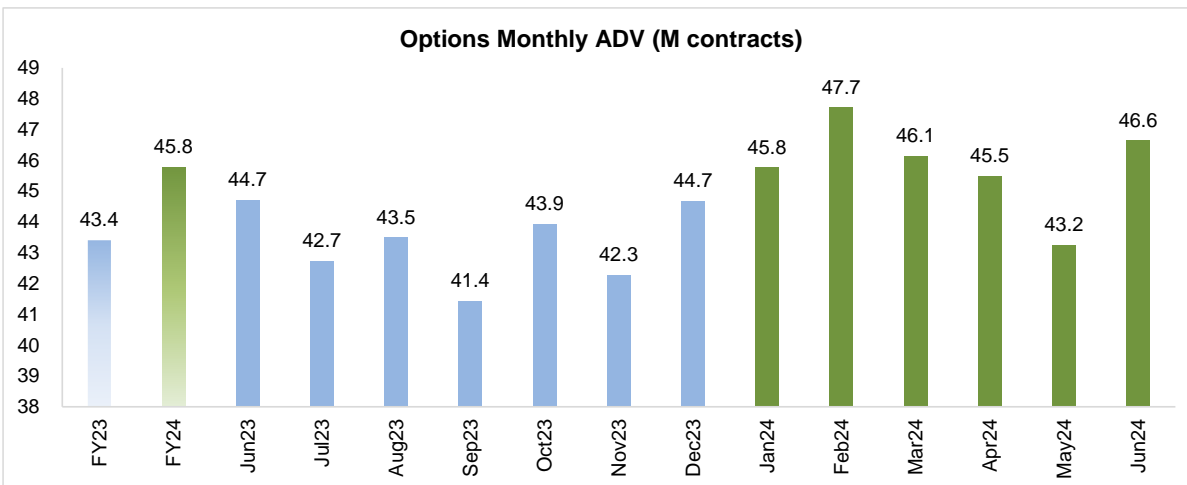
- Monthly average 11.9 billion shares
  - -4.6% M/M
  - +5.4% Y/Y
  - -1.0% from the start of the year
- Monthly peak on the 28<sup>th</sup> at 19.2 billion shares (we note that this day included triple witching and the Russell index rebalancing), troughed on the 25<sup>th</sup> at 10.3 billion
- Monthly average off exchange trading 46.1%; -0.8 pps M/M, +3.0 pps Y/Y



Source: Cboe Global Markets, SIFMA estimates

Options Volumes (ADV)

- Monthly average 46.6 million contracts
  - +7.8% M/M
  - +4.3% Y/Y
  - +12.3% from the start of the year
- Monthly peak on the 20<sup>th</sup> at 59.6 million contracts, troughed on the 4<sup>th</sup> at 38.4 million contracts
- Monthly equity options 42.7 million contracts (+8.2% M/M, +4.7% Y/Y), index options 3.9 million contracts (+3.7% M/M, +0.1% Y/Y)



Source: Cboe Global Markets, SIFMA estimates

## Author

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