



RESEARCH

Insights

Markets and Elections

Market Performance, Volatility, and Volumes around US Presidential Elections

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Key Takeaways

As we head into the 2024 U.S. presidential election, we thought it would be interesting to analyze equity market performance (index price), volatility (VIX), and volumes (ADV) around U.S. Presidential elections back to 1992. When we sat down to write this note, the premise was that the immediate window around U.S. Presidential elections represents a time of uncertainty. As such, it was expected that volatility should tick up into election day and then settle after. The opposite effect was expected for market performance, as people pull back immediately ahead of election day and then markets recover after.

Life is never that simple - we did not see a consistent pattern across election periods for all metrics analyzed. For market performance and volumes, the results were mixed: 50%/50% overall upward/downward trend. Volatility established a consistent pattern, a downward path: 87.5%/12.5% overall downward/upward trend.

This is because in real life, *ceteris paribus* (all other things being equal) does not apply. In other words, it is hard to separate out all of the factors in play around elections, including: the economy; geopolitical tensions or wars; and financial market conditions.

As we head into November, the economy remains strong. Financial conditions are solid. Geopolitical concerns remain heightened. Looking to markets, volumes are flat overall for the year, while markets have continued an upward slope. Volatility is elevated, yet at a manageable level.

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Executive Summary

As we head into the 2024 U.S. presidential election, we thought it would be interesting to analyze equity market performance (index price), volatility (VIX), and volumes (ADV) around select U.S. Presidential elections: 1992, 1996, 2000, 2004, 2008, 2012, 2016, and 2020. When we sat down to write this note, the premise was that the immediate window around U.S. Presidential elections represents a time of uncertainty. As such, we expected the data to show volatility tick up into election day and then settle after. We then expected the opposite effect for market performance, as people pull back immediately ahead of election day and then markets recover after.

Life is never that simple – we did not see a consistent pattern across election periods for all metrics. For market performance and volumes, the results were mixed. Volatility established a consistent pattern, a downward trend.

- Market performance: 50%/50% overall upward/downward trend
- Volatility: 87.5%/12.5% overall downward/upward trend
- Volumes: 50%/50% overall upward/downward trend

This is because in real life, *ceteris paribus* (all other things being equal) does not apply. In other words, it is hard to separate out all the factors in play around elections, including: the economy; geopolitical tensions or wars; and financial market conditions. We look at these factors in more detail on the following pages, and then summarize the current landscape heading into the 2024 election.

Economy

We begin with the economy. After all, as Clinton campaign strategist James Carville famously said in 1992, "It's the economy, stupid". In general, we rank economic conditions during election periods as the following:

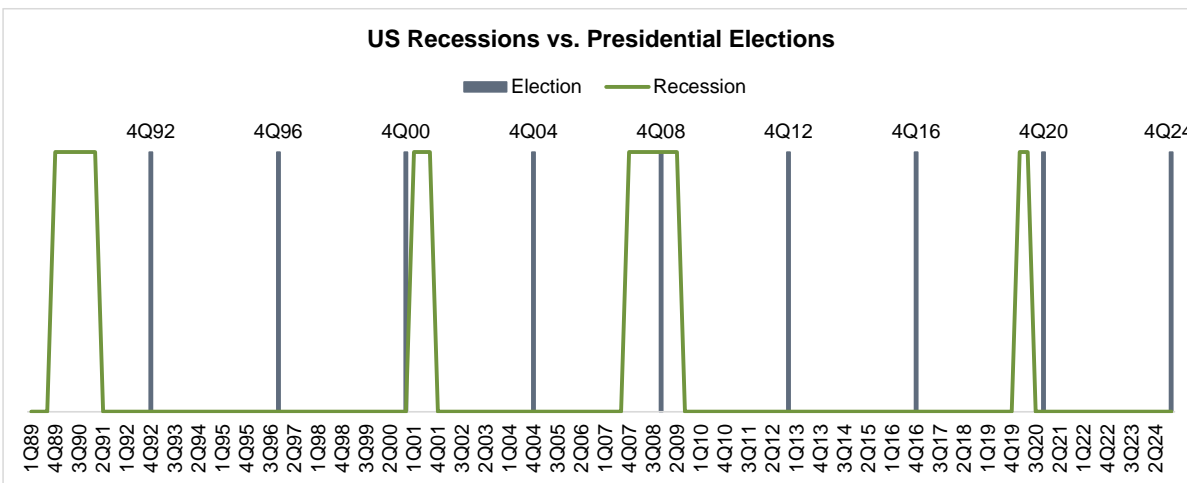
Factors Impacting US Presidential Election Periods: Economy

| | | |
|------|-------|--|
| 1992 | - | Emerging from recession; high unemployment, slow growth |
| 1996 | + | Low unemployment, steady growth |
| 2000 | + | Low unemployment, growth, budget surplus |
| 2004 | + | Recovering from recession; growth with concerns |
| 2008 | - | The Great Recession |
| 2012 | - / + | Recovering from recession slowly and deleveraging; but GDP did not turn negative |
| 2016 | + | Low unemployment, steady growth |
| 2020 | - | COVID |
| 2024 | + | Continued growth, normal unemployment |

Source: SIFMA estimates

There were four recessions during the selected time periods analyzed, which according to FRED¹ lasted from:

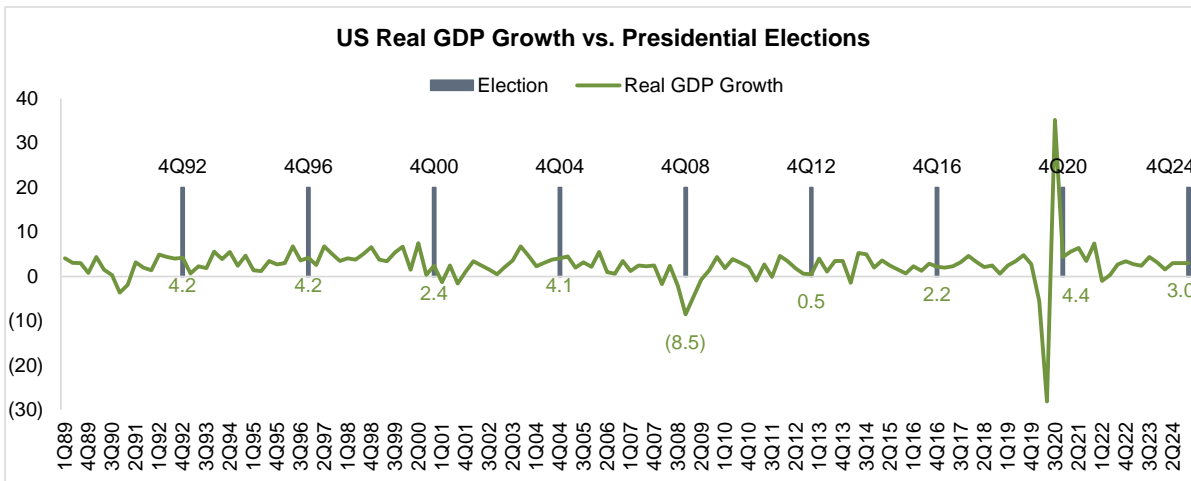
- 4Q89 to 1Q91 – prior to the 1992 election
- 1Q01 to 3Q01 – after the 2000 election
- 4Q01 to 2Q09 – during the 2008 election
- 1Q20 to 2Q20 – prior to the 2020 election (prior according to the data, but remained on voters' minds)



Source: FRED, SIFMA estimates

¹ Federal reserve Bank of St. Louis economic data

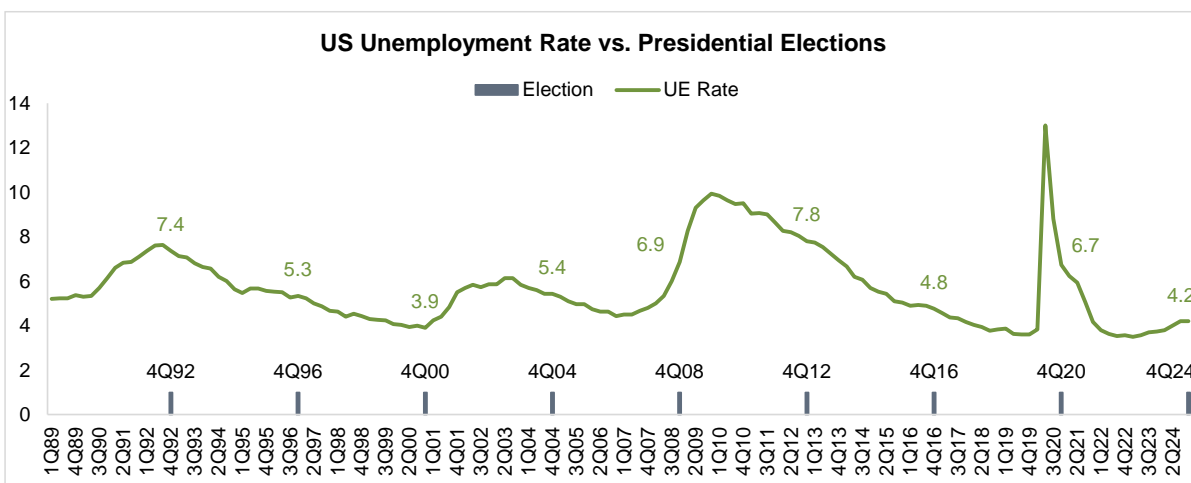
Looking at the data, real GDP growth was positive during the fourth quarter of the presidential year in all but one of the analyzed years: 2008, during the Global Financial Crisis. This is our first look at where economic data separates from the psyche of the voter. In 4Q92, GDP growth was +4.2%. This seems strong on a spreadsheet, but (1) it was growth off a low base, i.e. coming out of recession, and (2) it was slow growth with high unemployment. 2020 is another odd year to measure. The COVID led recession was one of the deepest but also the shortest recession in U.S. history, lasting only two months. By election day, the economy may have appeared strong on paper under this measure, but people were still locked down and unemployment was high.



Source: FRED, SIFMA estimates

Note: Real GDP percent change from preceding quarter, annual rate. For charting purposes, 3Q24 data was carried over to 4Q24.

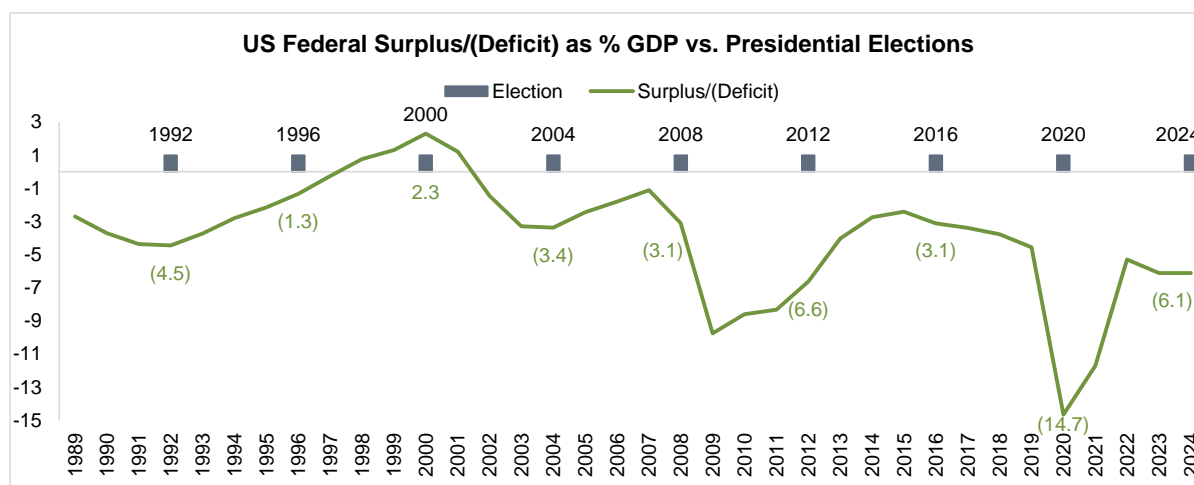
As to the unemployment rate, we had high unemployment rates in 1992, 2008 – the Global Financial Crisis, 2012 – post Global Financial Crisis, and 2020 – COVID. Other years may seem high based on what we have experienced in more recent times, however, these figures were considered low or normal at the time.



Source: FRED, SIFMA estimates

Note: For charting purposes, 3Q24 data was carried over to 4Q24.

Heading into this year’s election, budget deficits are on the minds of many market participants. As shown in the data, the U.S. regularly runs in budget deficit territory. Only 1999 to 2001 posted an annual federal surplus as a percent of GDP, which includes the 2000 election. Budget deficits were heightened in the crisis periods in 2008 and 2020. At a 6.1% deficit, 2024 is the third worst period, after COVID and the post the Global Financial Crisis periods. The concern this time around is that we have deficits at this level in a non-crisis period, with economists and market participants questioning if the path of fiscal spending and corresponding budget deficits is sustainable.



Source: FRED, SIFMA estimates

Note: For charting purposes, 3Q24 data was carried over to 4Q24.

Summing up the economic environment for 2024, we are not in a recession. In fact, there is a debate whether we will have a soft or no landing in 2025, rather than a hard landing². GDP growth continues, and unemployment is at a normal level. The consumer continues to spend. On the flip side, budget deficits continue to concern many.

² Soft landing: a moderate slowdown in economic growth with controlled reduction in inflation, without causing a recession. Hard landing: the economy contracts sharply (significant economic downturn and high unemployment) due to the central bank’s efforts to control inflation, triggering a recession. No landing: the economy continues to grow despite a series of contractionary monetary policies.

Geopolitical

Moving on to the next factor impacting elections, we measure geopolitical tensions and wars. We note that this would again be from the perspective of the voter. As such, we consider a war as direct U.S. military engagement in the conflict. For example, the U.S. was directly engaged militarily in the Iraq war but not the current Russia/Ukraine war. We also look at geopolitical tensions.

In general, we rank geopolitical conditions during election periods as the following:

Factors Impacting US Presidential Election Periods: Geopolitical Tensions

| | | |
|------|-------|---|
| 1992 | - / + | Gulf War ended, tensions remained |
| 1996 | - / + | Peacekeeping missions in Bosnia and Herzegovina |
| 2000 | + | None |
| 2004 | - | Wars in Iraq and Afghanistan |
| 2008 | - | Wars in Iraq and Afghanistan |
| 2012 | - / + | Iraq war ended but Afghanistan war ongoing |
| 2016 | - / + | Fight against ISIL and Syrian Civil War |
| 2020 | - / + | Fight against ISIL and Syrian Civil War |
| 2024 | - / + | Tensions in Middle East and Russia/Ukraine; concerns of future China/Taiwan |

Source: SIFMA estimates

Note: This list is not meant to be exhaustive. For this list, we wanted to identify where the US has avoided direct engagement in military conflict while acknowledging that it is indirectly engaged in the events.

- 1992: By election period, the Gulf War had ended (but potentially remained on people’s minds).
- 1996: The U.S. was involved in peacekeeping missions in Bosnia and Herzegovina following the Dayton Agreement in 1995.
- 2000: The U.S. was not engaged in any major wars, though there were ongoing peacekeeping efforts in the Balkans.
- 2004: The U.S. was deeply involved in both the Iraq War and the War in Afghanistan.
- 2008: The U.S. was still engaged in the Iraq War and the War in Afghanistan.
- 2012: The U.S. had ended combat operations in Iraq but was still involved in the War in Afghanistan.
- 2016: The U.S. was engaged in the War on ISIL (Islamic State of Iraq and the Levant) and the Syrian Civil War.
- 2020: The U.S. continued its involvement in the War on ISIL and the Syrian Civil War (though there was a ceasefire since March 2020).
- 2024: While the U.S. is not engaged directly in military conflict – though we acknowledge that it is indirectly engaged in some events – geopolitical concerns remain heightened. The Russia/Ukraine war continues. Concerns exists over any potential conflict between China and Taiwan. The conflict in the Middle East has escalated, increasing concerns that the U.S. might have to enter the conflict directly to combat Iran.

Financial

Finally, on financial market conditions, we assess only periods of financial crisis. That said, we acknowledge the election years could have experienced short-term situations impacting markets throughout the year. In general, we note only two areas of concern during election periods:

- 1999-2000, Dotcom Bubble – Following a rush into technology and Internet stocks, despite the fact that many of them made essentially no money, a slowing economy and rising interest rates forced the dotcoms to go bankrupt.
- 2007-2008, Global Financial Crisis – The housing (price) bubble burst when mortgage delinquency rates began rising in August 2006. This led to a rapid devaluation of financial instruments (MBS, CDS, etc.). As values continued to quickly decline, buyers disappeared and the financial institutions holding these securities faced a liquidity crisis. It became difficult to borrow money, resulting in a decrease in home buyers and a corresponding plunging of home prices. What began with a crisis in the U.S. subprime mortgage market developed into a full-blown international financial services crisis.

Putting It All Together

How did these factors weigh on markets? Over the election window – five days before and after election day – both market performance, in terms of the price of the S&P 500, and volumes were mixed, with a 50%/50% overall upward/downward trend. Volatility did show a downward sloping trend for 87.5% of the time.

Factors Impacting US Presidential Election Periods

| | Equity Markets | | | Other Factors | | |
|------|----------------|-------------------|-------------------|---------------|--------------|-----------|
| | Performance | Volatility | Volumes | Economy | Geopolitical | Financial |
| 1992 | Downward | Downward | n/a | - | - / + | + |
| 1996 | Upward | Downward | n/a | + | - / + | + |
| 2000 | Downward | Slightly Upward | n/a | + | + | - |
| 2004 | Upward | Downward | n/a | + | - | + |
| 2008 | Downward | Slightly Downward | Downward | - | - | - |
| 2012 | Downward | Slightly Downward | Slightly Downward | - / + | - / + | + |
| 2016 | Upward | Downward | Upward | + | - / + | + |
| 2020 | Upward | Downward | Upward | - | - / + | + |
| 2024 | Upward | Upward | Flat | + | - / + | + |

Source: SIFMA estimates

Note: Markets measured around election day window, five days before and after election day. Geopolitical list is not meant to be exhaustive; we wanted to identify where the US has avoided direct engagement in military conflict while acknowledging that it is indirectly engaged in the events.

As we head into November, we assess the current landscape. The economy remains strong. However, getting into the mind of the consumer rather than in the data set, there is a tale of two consumers happening – the lower end consumer is feeling more pressure than higher quintile consumers. Financial conditions are solid. Geopolitical concerns remain heightened, with wars in Europe and the Middle East, as well as a continued eye to what could happen with China and Taiwan. Another factor on the minds of voters is immigration. While many voters look at this from a social viewpoint, we note that it is an economic consideration as well. The job market is now considered balanced in terms of supply and demand, as an increase in immigration alleviated pressures in the labor market.

Looking at markets, volumes are flat overall for the year, while markets have continued on an upward slope. Volatility is elevated, yet at a manageable level.

Election Impact: Equity Market Performance

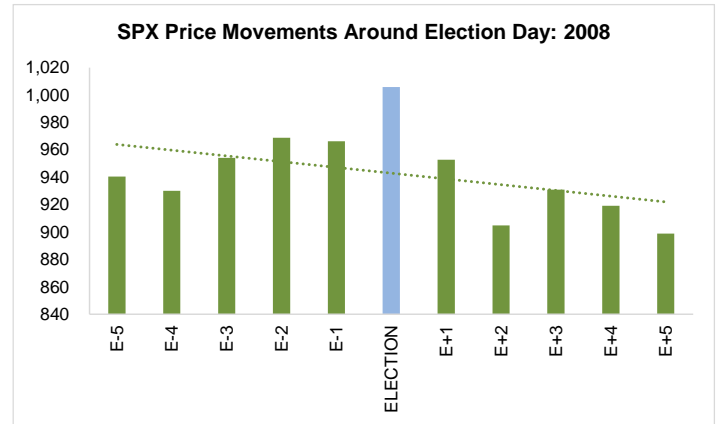
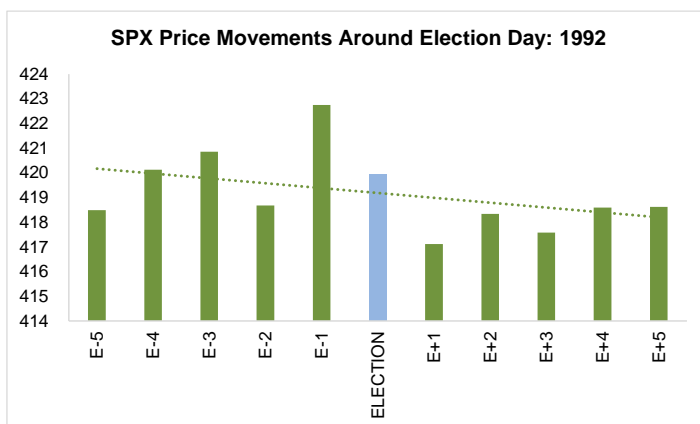
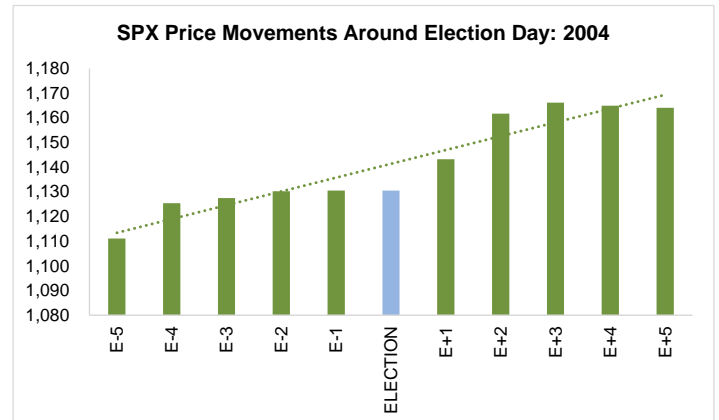
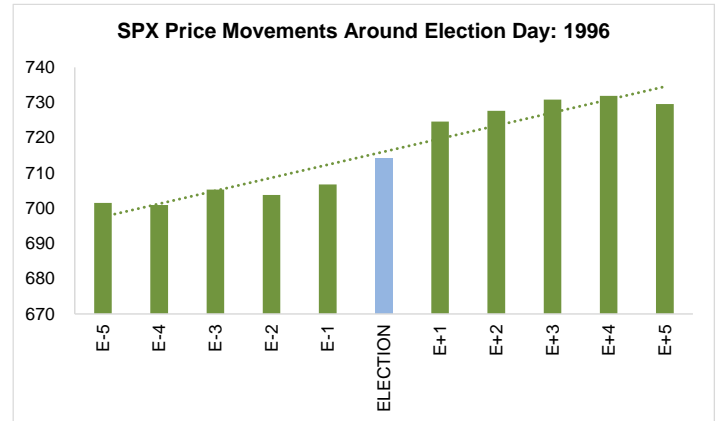
The Window Around Election Day: Markets

For the selected election periods, we analyzed the window around election day, as defined as five days prior and five days after election day. We note that we separate out the 2000 election, since the result was not finalized until mid December.

Four of the election periods analyzed showed an overall upward trend in this window.

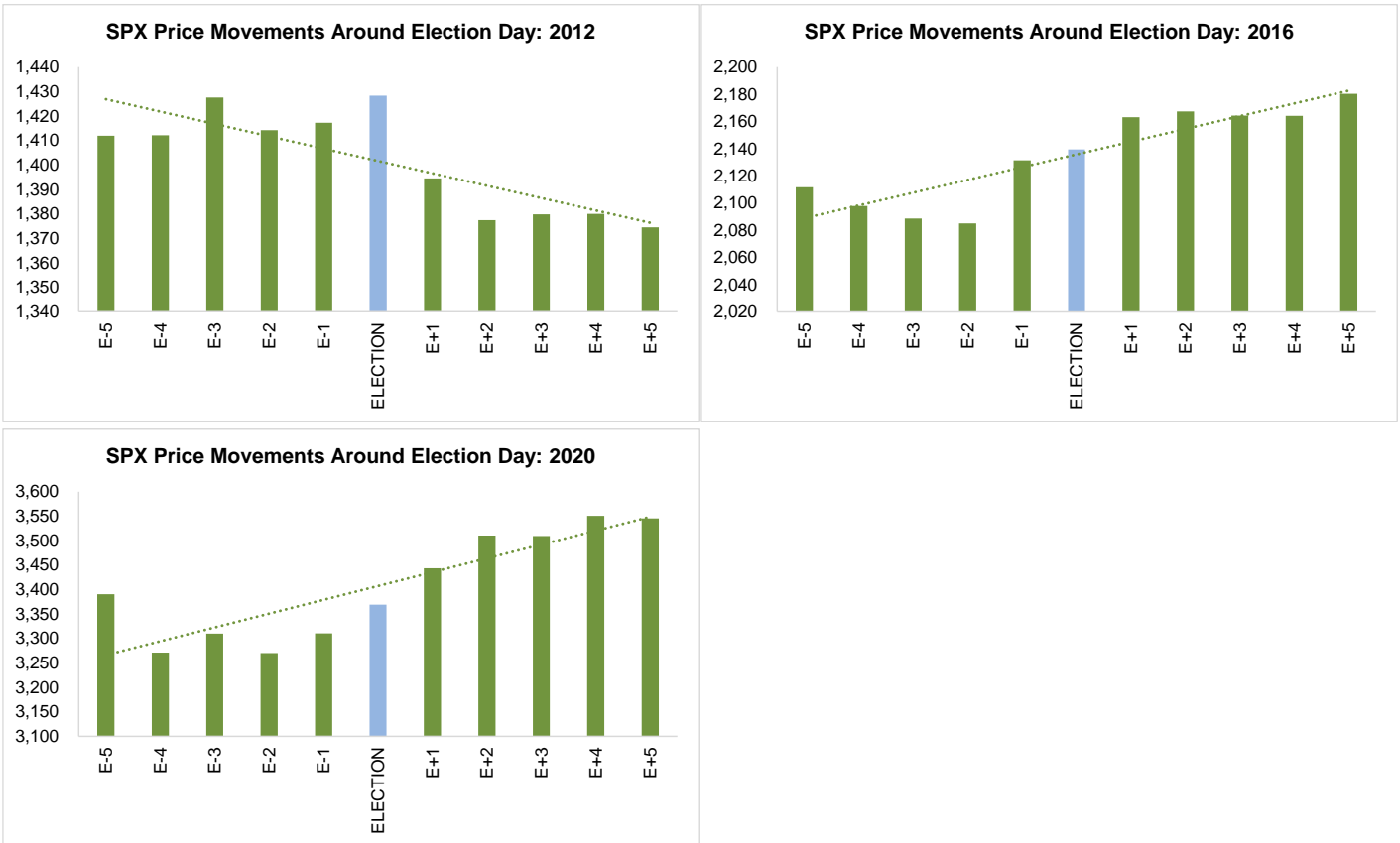
On a straight numbers basis, market performance on day five after election day had increased – the price of the S&P 500 rose – versus election day itself for four of the seven election periods excluding 2000, and one year was essentially flat:

- 1992 = -0.3%
- 1996 = +2.2%
- 2004 = +3.0%
- 2008 = -10.6% (Global Financial Crisis)
- 2012 = -3.8%
- 2016 = +1.9%
- 2020 = +5.2%



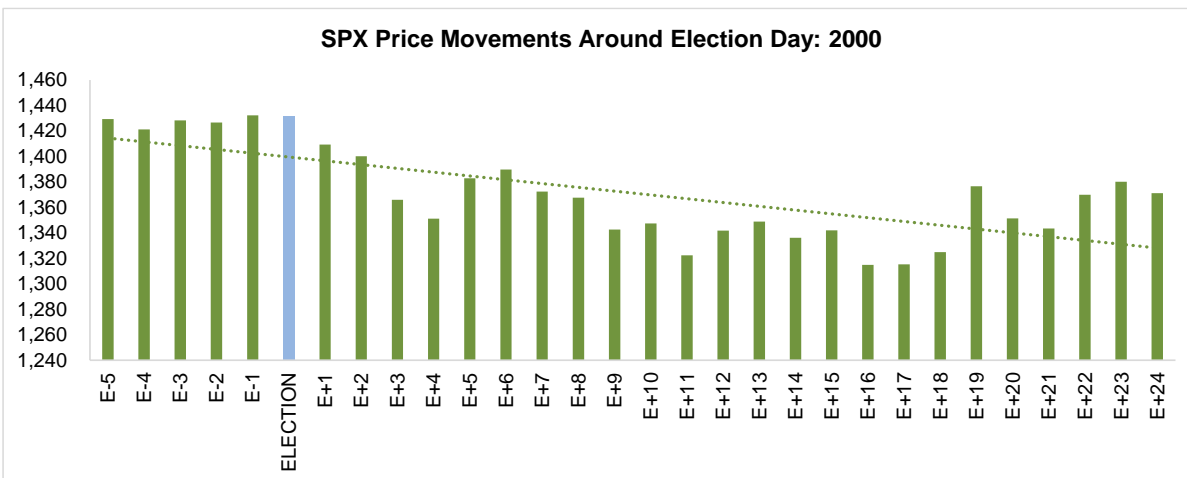
Source: Bloomberg, SIFMA estimates

Election Impact: Equity Market Performance



Source: Bloomberg, SIFMA estimates

We separate out our analysis of the 2000 election. Given the extended period of uncertainty, markets declined as time dragged on. By the time an election result was finalized, the price of the S&P 500 was 4.2% below the price on election day.



Source: Bloomberg, SIFMA estimates

Monthly Trends: Markets

Of the eight election periods analyzed, October equity market performance was down to the full year average four times, or 50%. With the exception of 2000 – the dotcom bubble burst – and 2008 – the Global Financial Crisis – markets recovered in November versus the full year average.

Through mid October 2024, markets continued to climb, at 5,764.47: +2.5% M/M, +8.9% to the full year average. On a monthly basis, markets dipped slightly in April – when Middle East tensions escalated after Iran launched 300 missiles at Israel – and August, with the temporary unwind of the carry trade³. Markets have continued to increase since then.

Election Impact: SPX Index

| Date | 1992 | 1996 | 2000 | 2004 | 2008 | 2012 | 2016 | 2020 | YTD | M/M |
|------------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| Full Year | 415.75 | 670.50 | 1,427.22 | 1,130.65 | 1,220.04 | 1,379.35 | 2,094.65 | 3,217.86 | 5,292.83 | |
| Jan | 416.08 | 614.42 | 1,425.59 | 1,132.52 | 1,378.76 | 1,300.58 | 1,918.60 | 3,278.20 | 4,804.49 | |
| Feb | 412.56 | 649.54 | 1,388.87 | 1,143.36 | 1,354.87 | 1,352.49 | 1,904.42 | 3,277.31 | 5,011.96 | 4.3% |
| Mar | 407.36 | 647.07 | 1,442.21 | 1,123.98 | 1,316.94 | 1,389.24 | 2,021.95 | 2,652.39 | 5,170.57 | 3.2% |
| Apr | 407.41 | 647.17 | 1,461.36 | 1,133.08 | 1,370.47 | 1,386.43 | 2,075.54 | 2,761.98 | 5,112.49 | -1.1% |
| May | 414.81 | 661.23 | 1,418.48 | 1,102.78 | 1,403.22 | 1,341.27 | 2,065.55 | 2,919.62 | 5,235.23 | 2.4% |
| Jun | 408.27 | 668.50 | 1,461.96 | 1,132.76 | 1,341.25 | 1,323.48 | 2,083.89 | 3,104.66 | 5,415.14 | 3.4% |
| Jul | 415.05 | 644.07 | 1,473.00 | 1,105.85 | 1,257.33 | 1,359.78 | 2,148.90 | 3,207.62 | 5,538.00 | 2.3% |
| Aug | 417.93 | 662.68 | 1,485.46 | 1,088.94 | 1,281.47 | 1,403.44 | 2,177.48 | 3,391.71 | 5,478.21 | -1.1% |
| Sep | 418.48 | 674.88 | 1,468.05 | 1,117.66 | 1,217.01 | 1,443.42 | 2,157.69 | 3,365.52 | 5,621.26 | 2.6% |
| Oct | 412.50 | 701.46 | 1,390.14 | 1,118.07 | 968.80 | 1,437.82 | 2,143.02 | 3,418.70 | 5,764.47 | 2.5% |
| Nov | 422.84 | 735.67 | 1,375.04 | 1,168.94 | 883.04 | 1,394.51 | 2,164.99 | 3,548.99 | | |
| Dec | 435.64 | 743.25 | 1,330.93 | 1,199.21 | 877.56 | 1,422.29 | 2,246.63 | 3,695.31 | | |
| Oct vs. FY | -0.8% | 4.6% | -2.6% | -1.1% | -20.6% | 4.2% | 2.3% | 6.2% | 8.9% | |
| Nov vs. FY | 1.7% | 9.7% | -3.7% | 3.4% | -27.6% | 1.1% | 3.4% | 10.3% | | |
| Dec vs. FY | 4.8% | 10.9% | -6.7% | 6.1% | -28.1% | 3.1% | 7.3% | 14.8% | | |
| Nov/Oct | 2.5% | 4.9% | -1.1% | 4.5% | -8.9% | -3.0% | 1.0% | 3.8% | | |
| Dec/Nov | 3.0% | 1.0% | -3.2% | 2.6% | -0.6% | 2.0% | 3.8% | 4.1% | | |
| Dec/Oct | 5.6% | 6.0% | -4.3% | 7.3% | -9.4% | -1.1% | 4.8% | 8.1% | | |

Source: Bloomberg, SIFMA estimates

Note: October is through mid month.

³ Carry trade: A currency trading strategy where an investor borrows money in a currency with the low interest rate – Japanese yen (JPY) – and invests in another currency with a higher interest rate – U.S. dollar (USD) – profiting from the interest rate differential between the two currencies. On July 31, the Bank of Japan unexpectedly raised its central bank rate by 25 bps, ending its longstanding zero/(negative) rate policy and signaling further rate hikes. The JPY appreciated, and the less favorable interest rate differential triggered the unwinding of the carry trade.

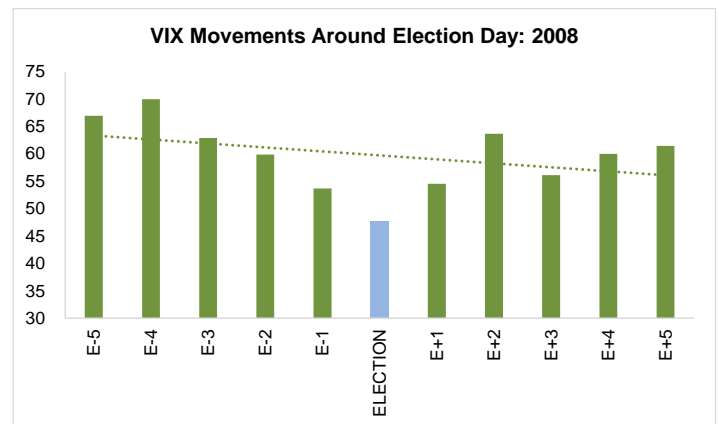
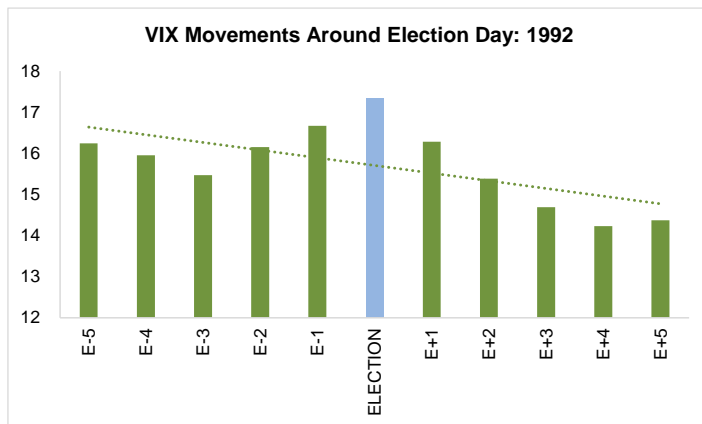
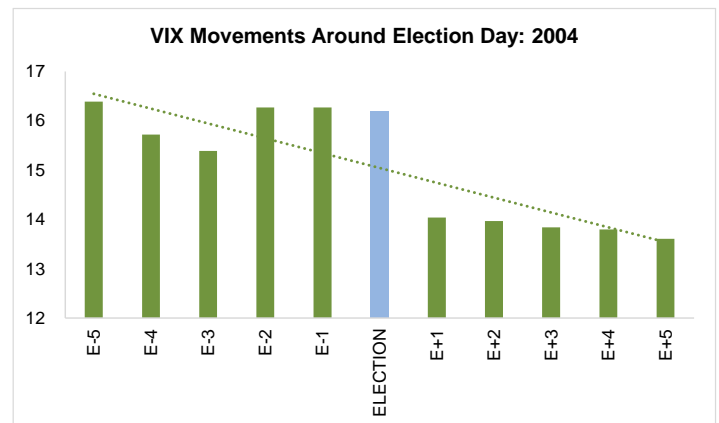
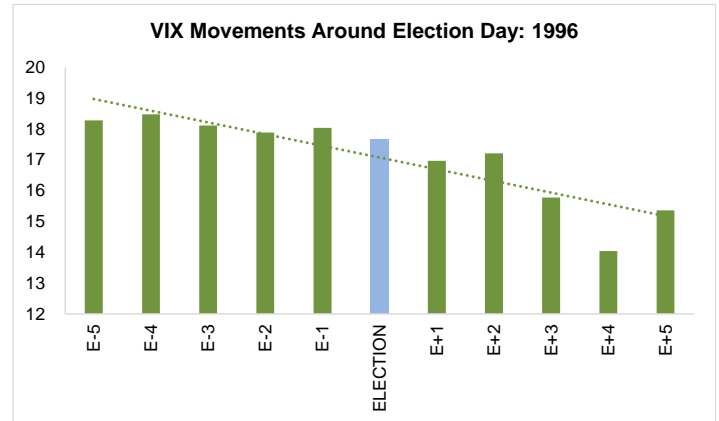
Election Impact: Equity Volatility

The Window Around Election Day: Volatility

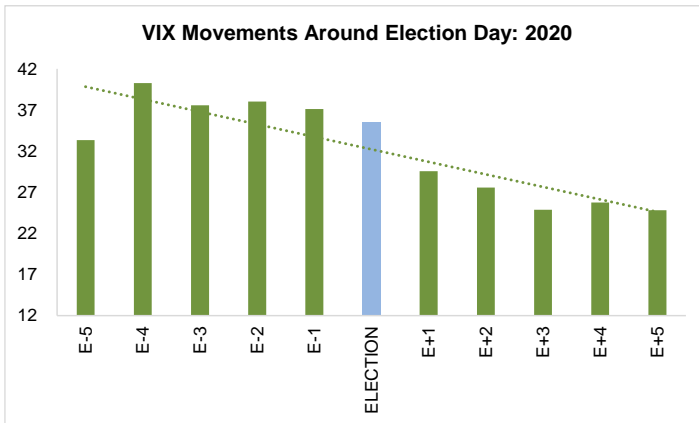
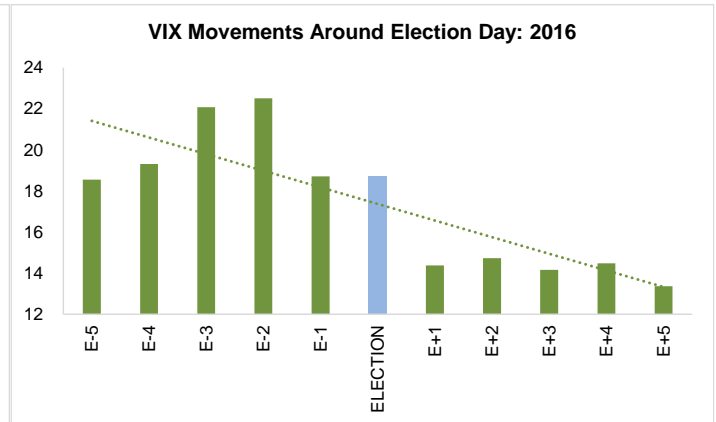
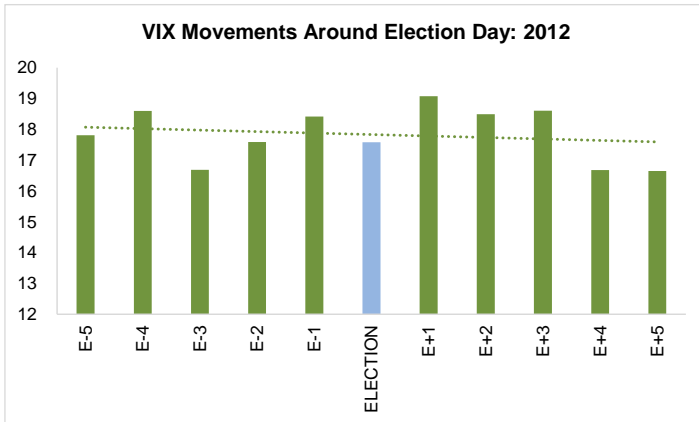
Seven of the election periods analyzed showed an overall downward trend in this window, albeit two years were only slightly downward sloping.

On a straight numbers basis, volatility on day five after election day had settled back down after election day itself for six of the seven election periods excluding 2000. The only year where the VIX remained elevated was in 2008, during the Global Financial Crisis:

- 1992 = -17.1%
- 1996 = -13.0%
- 2004 = -15.9%
- 2008 = +28.7% (Global Financial Crisis)
- 2012 = -5.3%
- 2016 = -28.7%
- 2020 = -30.2%

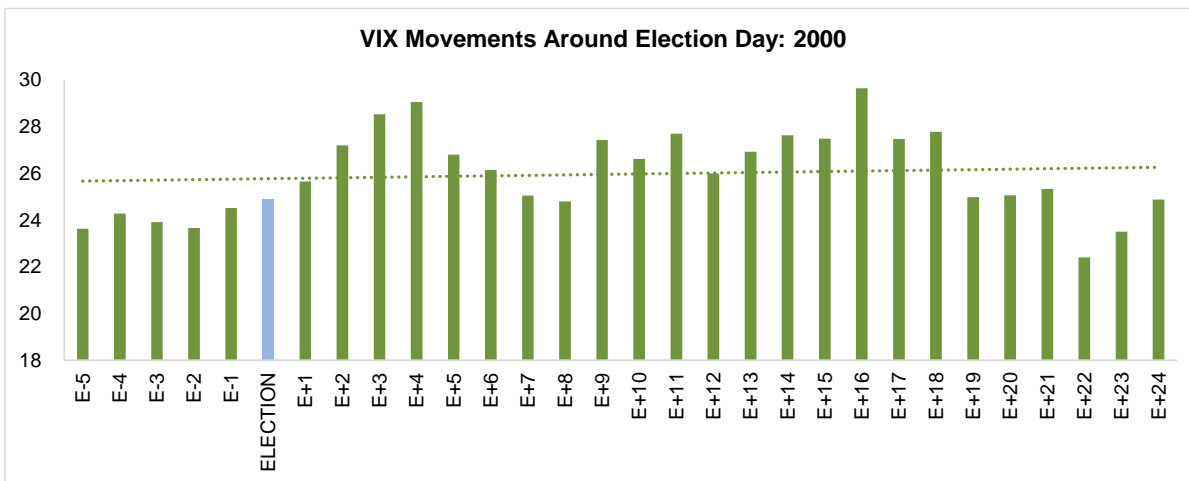


Source: Bloomberg, SIFMA estimates



Source: Bloomberg, SIFMA estimates

Looking separately at the 2000 election, the VIX spiked after election day, once markets realized there was not going to be a final result, +7.6%. Volatility then ebbed and flowed throughout November and December. By the end of the election period window, the VIX was essentially flat to election day, -0.1%.



Source: Bloomberg, SIFMA estimates

Monthly Trends: Volatility

Of the eight election periods analyzed, October equity market volatility was elevated to the full year average four times, or 50%. With the exception of 2000 and 2008 – where financial markets were dealing with the dotcom bubble burst and the Global Financial Crisis – the VIX settled in November and December (except for 1996, where the VIX increased again in December).

October 2024 (through mid month) is already elevated, at 20.35: +14.5% M/M, +33.1% to the full year average. This is the fourth highest average volatility of the time periods analyzed. Until the summer, volatility had been muted in 2024, with the VIX averaging 13.84 through June. The exception was in April, when Iran launched 300 missiles at Israel, causing volatility to increase (the VIX averaged 13.38 for the first half of the year excluding April). Volatility then spiked in August with the temporary unwind of the carry trade⁴. The VIX settled somewhat in September, although volatility remained elevated to the first half of the year, +28.4%.

October volatility has ranged between 18.90 to 22.64 on a daily basis. However, it is hard to determine if this is due to the election, other factors, or a combination thereof. As we moved into the fall, tensions continued to escalate in the Middle East, with concerns growing over potential U.S. involvement in a direct Israel-Iran war.

Election Impact: VIX Index

| Date | 1992 | 1996 | 2000 | 2004 | 2008 | 2012 | 2016 | 2020 | YTD | M/M |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------|
| Full Year | 15.45 | 16.44 | 23.32 | 15.48 | 32.69 | 17.80 | 15.83 | 29.25 | 15.29 | |
| Jan | 17.68 | 13.47 | 23.20 | 16.10 | 25.82 | 20.23 | 23.72 | 13.94 | 13.40 | |
| Feb | 17.48 | 15.03 | 23.60 | 16.00 | 25.46 | 18.42 | 22.52 | 19.63 | 13.94 | 4.10% |
| Mar | 17.52 | 17.76 | 22.72 | 17.69 | 27.10 | 16.17 | 15.85 | 57.74 | 13.79 | -1.1% |
| Apr | 16.56 | 16.58 | 27.16 | 15.70 | 21.56 | 17.82 | 14.30 | 41.45 | 16.14 | 17.0% |
| May | 15.08 | 16.15 | 26.37 | 17.71 | 18.30 | 21.00 | 14.85 | 30.90 | 13.09 | -18.9% |
| Jun | 15.20 | 16.40 | 21.54 | 15.36 | 22.11 | 21.13 | 17.77 | 31.12 | 12.68 | -3.2% |
| Jul | 13.60 | 17.98 | 19.89 | 15.50 | 24.32 | 17.57 | 13.16 | 26.84 | 14.47 | 14.1% |
| Aug | 14.42 | 15.76 | 18.09 | 16.68 | 20.70 | 15.69 | 12.40 | 22.89 | 19.31 | 33.5% |
| Sep | 13.70 | 16.58 | 19.69 | 14.08 | 30.24 | 15.28 | 14.22 | 27.65 | 17.77 | -8.0% |
| Oct | 17.64 | 16.38 | 25.20 | 14.97 | 61.18 | 16.28 | 14.59 | 29.44 | 20.35 | 14.5% |
| Nov | 14.42 | 16.00 | 26.38 | 13.58 | 62.67 | 16.70 | 15.24 | 25.00 | | |
| Dec | 12.19 | 19.26 | 26.53 | 12.46 | 52.41 | 17.31 | 12.47 | 22.37 | | |
| Oct vs. FY | 14.1% | -0.4% | 8.1% | -3.3% | 87.1% | -8.6% | -7.8% | 0.6% | 33.1% | |
| Nov vs. FY | -6.6% | -2.7% | 13.2% | -12.3% | 91.7% | -6.2% | -3.7% | -14.5% | | |
| Dec vs. FY | -21.1% | 17.1% | 13.8% | -19.5% | 60.3% | -2.8% | -21.2% | -23.5% | | |
| Nov/Oct | -18.2% | -2.3% | 4.7% | -9.3% | 2.4% | 2.6% | 4.5% | -15.1% | | |
| Dec/Nov | -15.5% | 20.4% | 0.6% | -8.2% | -16.4% | 3.6% | -18.1% | -10.5% | | |
| Dec/Oct | -30.9% | 17.6% | 5.3% | -16.8% | -14.3% | 6.3% | -14.5% | -24.0% | | |

Source: Bloomberg, SIFMA estimates

Note: October is through mid month.

⁴ Carry trade: A currency trading strategy where an investor borrows money in a currency with the low interest rate – Japanese yen (JPY) – and invests in another currency with a higher interest rate – U.S. dollar (USD) – profiting from the interest rate differential between the two currencies. On July 31, the Bank of Japan unexpectedly raised its central bank rate by 25 bps, ending its longstanding zero/(negative) rate policy and signaling further rate hikes. The JPY appreciated, and the less favorable interest rate differential triggered the unwinding of the carry trade.

Election Impact: Equity Volumes (ADV)

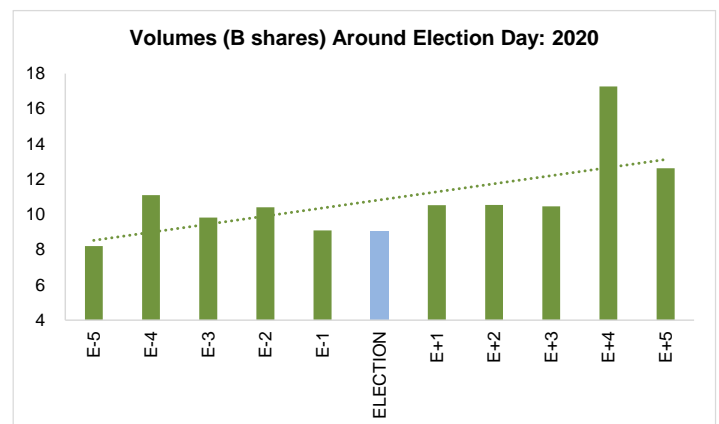
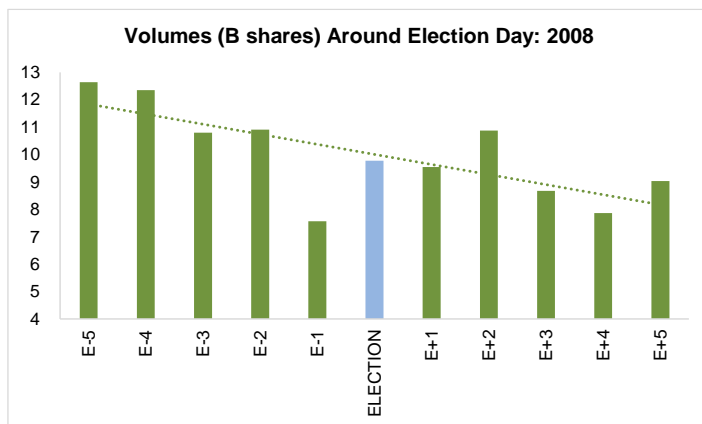
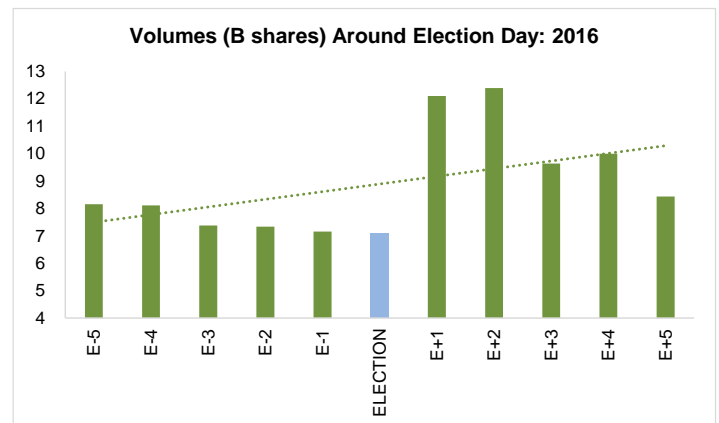
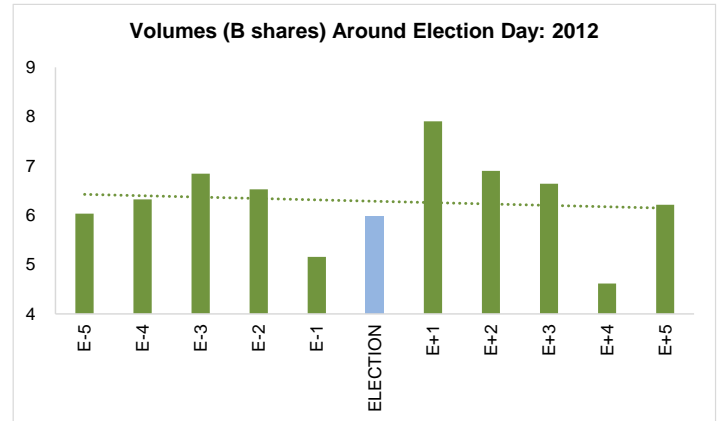
The Window Around Election Day: Volumes

Two of the four election periods analyzed showed an overall upward trend around the full election day window: 2016 and 2020. Volumes were stable heading into election day and then increased after.

The other two election periods were downward (2008) or slightly downward sloping (2012). Volumes took a dip ahead of election day and then increased only to stabilize shortly after.

On a straight numbers basis, volumes on day five after election day were up versus election day itself for three of the election periods:

- 2008 = -7.6% (Global Financial Crisis)
- 2012 = +4.1%
- 2016 = +19.0%
- 2020 = +39.6%



Source: Bloomberg, SIFMA estimates
 Note: The data set does not go back prior to 2008.

Monthly Trends: Volumes

Of the four election periods analyzed (the volume data set only goes back this far), October equity volumes were only elevated to the full year average heading into election day one time, or 25%. For this one year, 2008, volumes came down in each consecutive month after that. For the three years when October volumes were down versus the full year average, volumes then increased in November.

October 2024 (through mid month) volumes were 11.5 billion shares: -3.0% M/M, -8.6% to the full year average. This year represents the second highest ADV of the time periods analyzed. Except for March and May, when ADV crossed into the 12 billion share level, ADV has remained in essentially the mid 11 billion share range.

Election Impact: Equity ADV (billion shares)

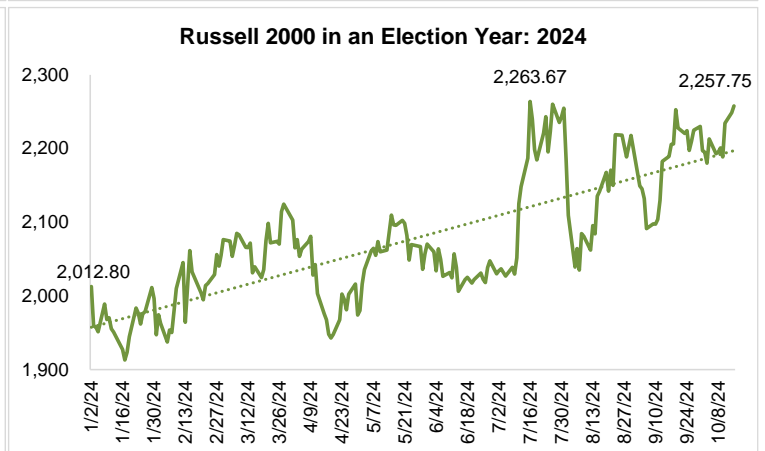
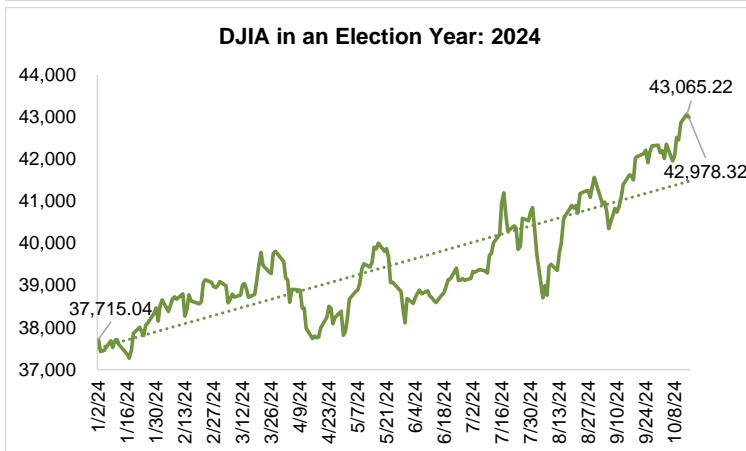
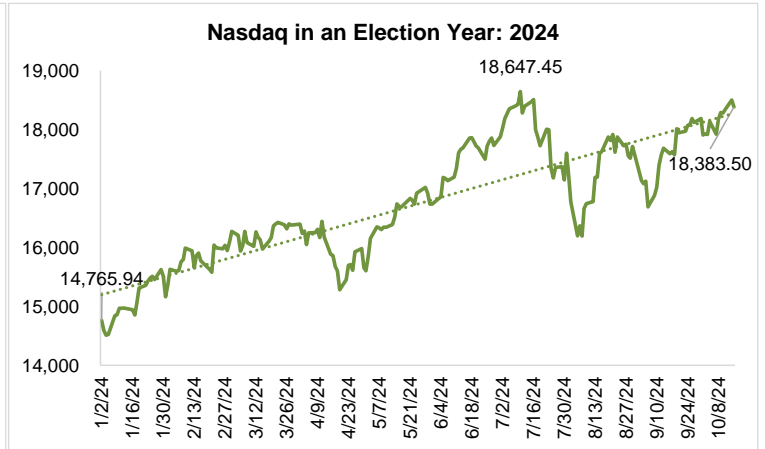
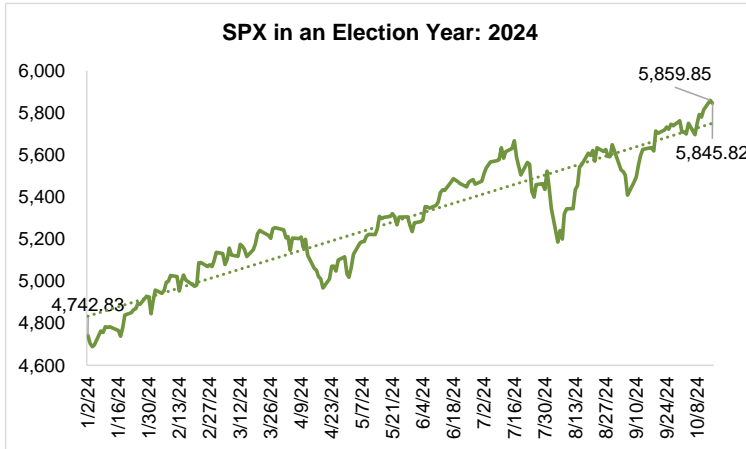
| Date | 2008 | 2012 | 2016 | 2020 | YTD | M/M |
|------------------|-------------|------------|------------|-------------|-------------|-------|
| Full Year | 8.8 | 6.4 | 7.3 | 10.9 | 12.6 | |
| Jan | 8.9 | 6.9 | 9.3 | 7.6 | 11.6 | |
| Feb | 7.3 | 6.9 | 8.8 | 9.3 | 11.7 | 1.6% |
| Mar | 8.3 | 6.6 | 7.7 | 15.6 | 12.0 | 2.5% |
| Apr | 6.8 | 6.5 | 7.1 | 12.3 | 11.0 | -8.8% |
| May | 6.8 | 7.1 | 7.0 | 11.3 | 12.5 | 13.7% |
| Jun | 8.1 | 6.9 | 7.6 | 13.3 | 11.9 | -4.6% |
| Jul | 9.6 | 6.1 | 6.6 | 10.5 | 11.2 | -5.6% |
| Aug | 7.4 | 5.4 | 6.1 | 9.2 | 11.5 | 2.3% |
| Sep | 11.3 | 6.5 | 7.1 | 10.0 | 11.9 | 3.4% |
| Oct | 12.2 | 6.1 | 6.4 | 9.1 | 11.5 | -3.0% |
| Nov | 10.6 | 6.2 | 7.9 | 11.3 | | |
| Dec | 8.6 | 6.0 | 6.9 | 11.0 | | |
| Oct vs. FY | 38.2% | -5.2% | -13.3% | -16.5% | -8.6% | |
| Nov vs. FY | 19.9% | -3.9% | 7.8% | 3.6% | | |
| Dec vs. FY | -2.4% | -7.2% | -6.2% | 0.8% | | |
| Nov/Oct | -13.2% | 1.4% | 24.3% | 24.1% | | |
| Dec/Nov | -18.7% | -3.4% | -13.0% | -2.7% | | |
| Dec/Oct | -29.4% | -2.1% | 8.2% | 20.7% | | |

Source: Cboe Global Markets, SIFMA estimates

Note: October is through mid month.

Appendix: 2024 Data

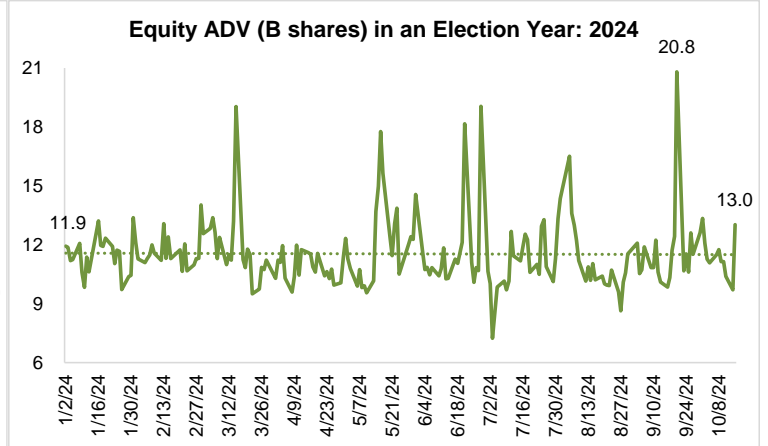
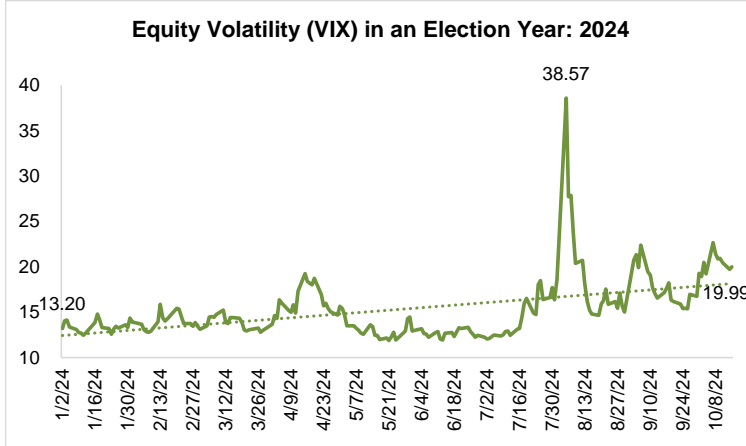
Equity Markets



Source: Bloomberg, SIFMA estimates

Note: Data labels = start date, peak level, and end date.

Equity Volatility & Volumes

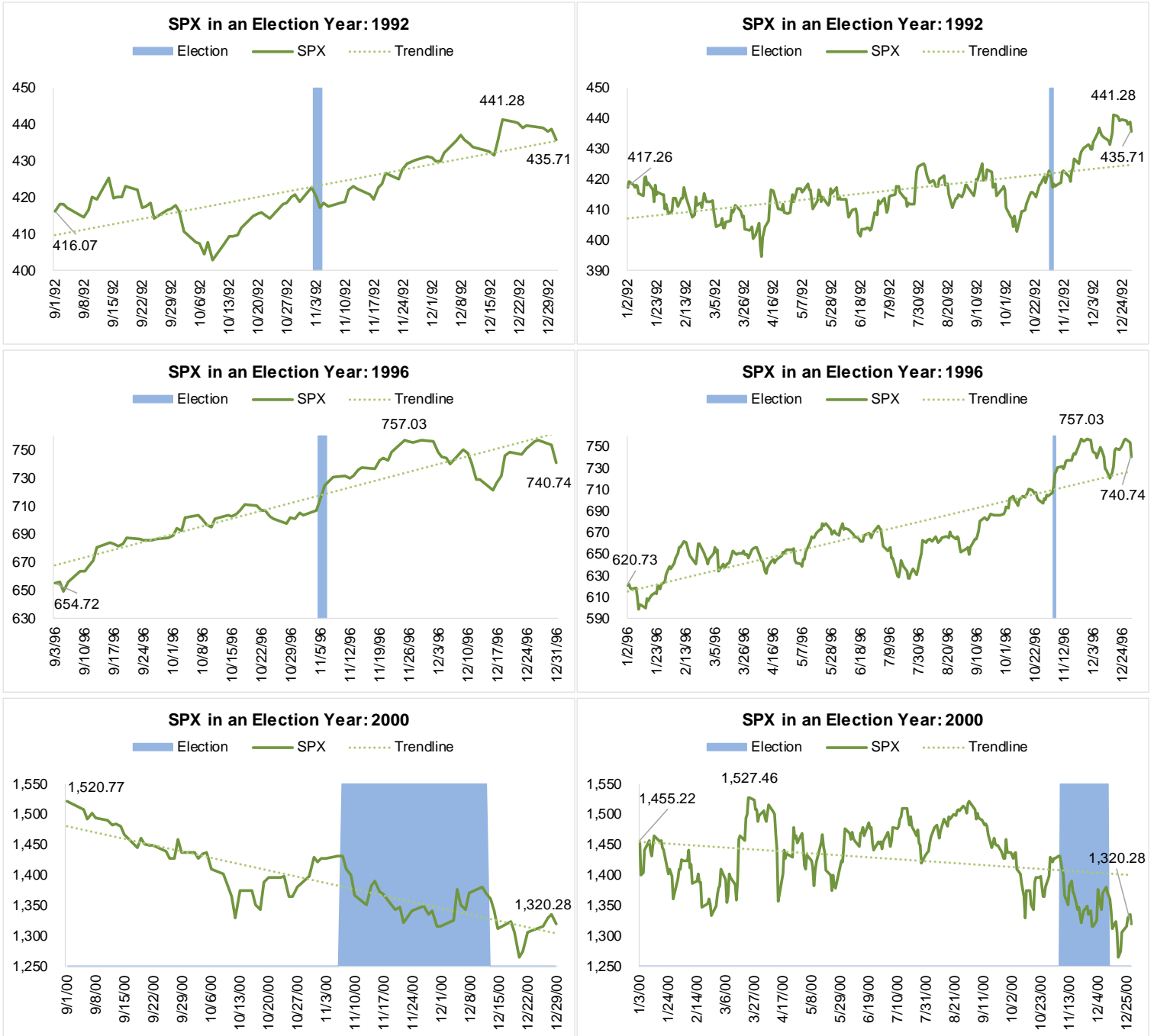


Source: Bloomberg, SIFMA estimates

Note: Data labels = start date, peak level, and end date

Appendix: Historical Election Data

Equity Markets: SPX



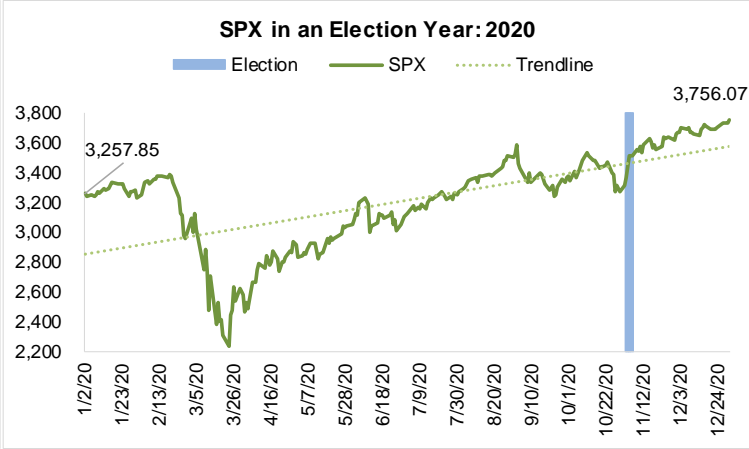
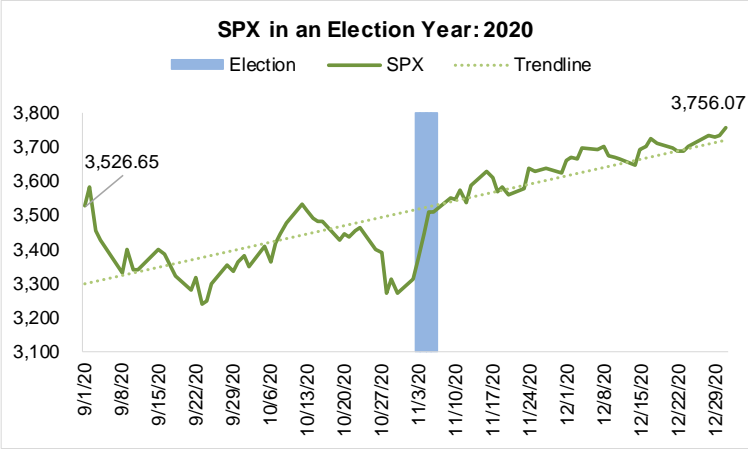
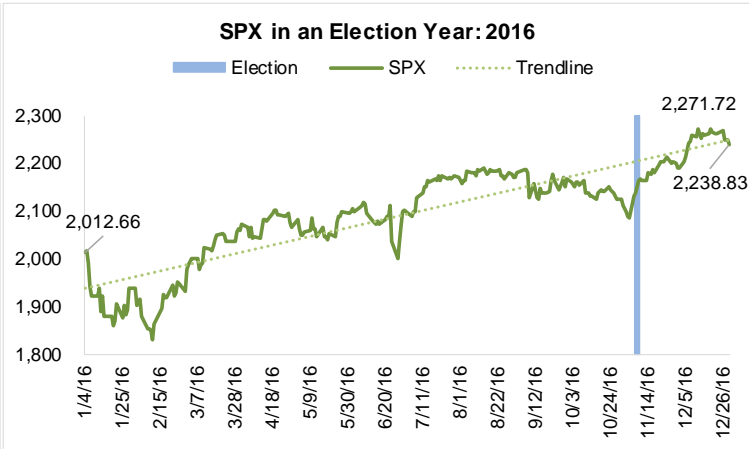
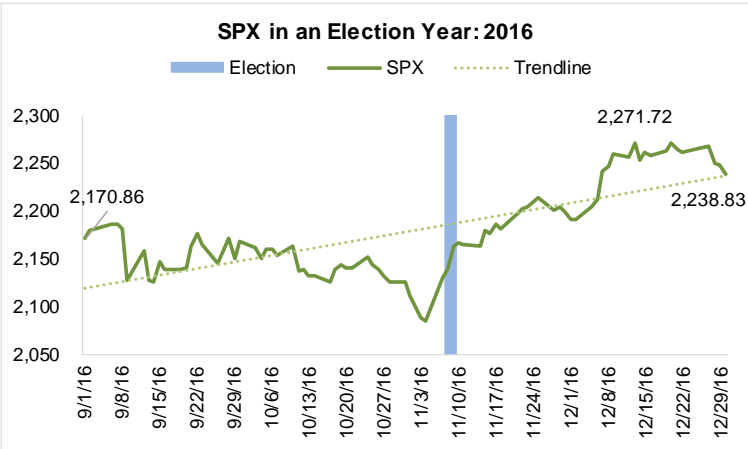
Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates
 Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.

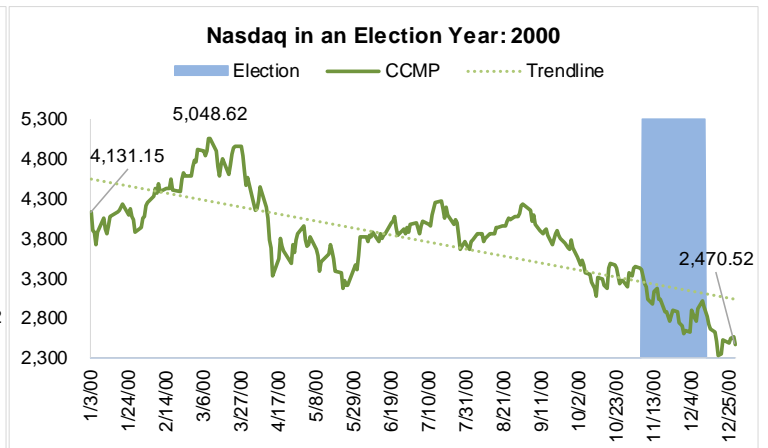
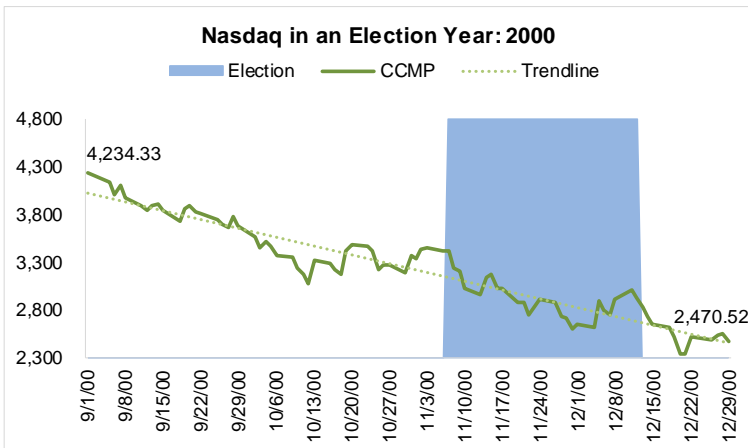
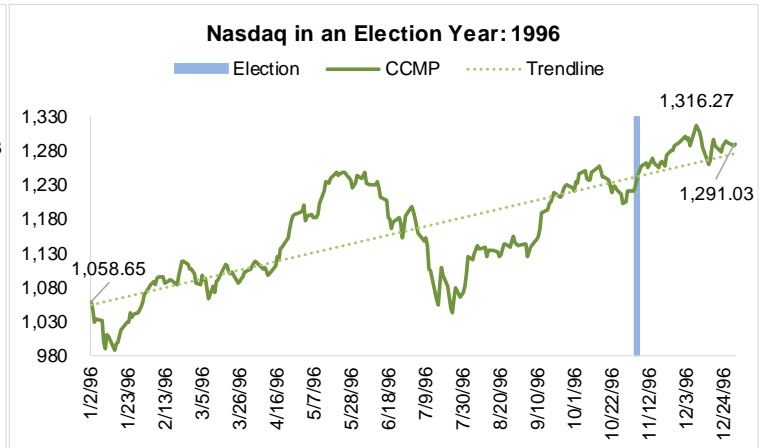
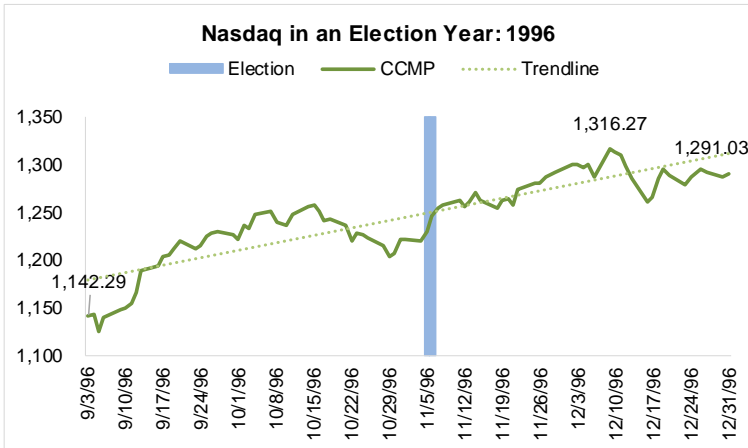
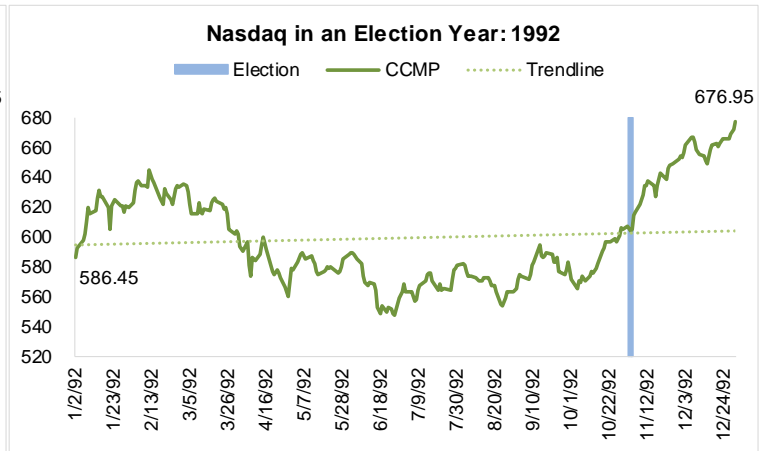
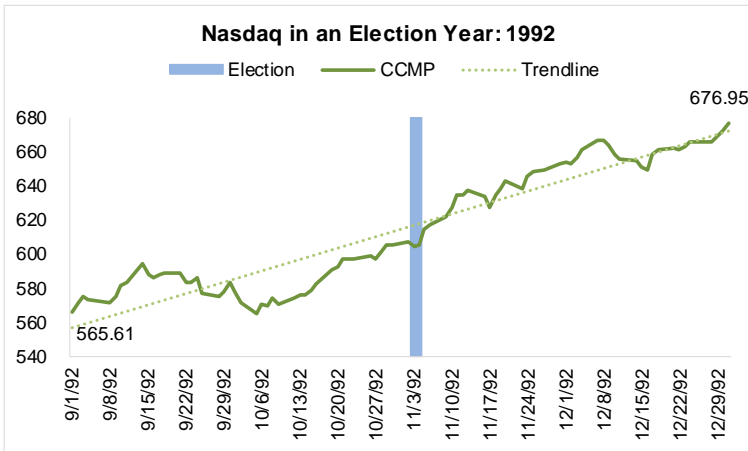
Equity Markets: Nasdaq

Election Impact: Nasdaq Index

| Date | 1992 | 1996 | 2000 | 2004 | 2008 | 2012 | 2016 | 2020 | YTD | M/M |
|------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-------|
| Full Year | 599.26 | 1,164.95 | 3,783.67 | 1,986.53 | 2,161.68 | 2,965.56 | 4,987.79 | 10,201.51 | 16,739.87 | |
| Jan | 615.73 | 1,024.95 | 4,013.49 | 2,098.00 | 2,418.09 | 2,743.80 | 4,610.71 | 9,233.36 | 15,081.39 | |
| Feb | 632.05 | 1,094.02 | 4,410.87 | 2,048.36 | 2,325.83 | 2,928.98 | 4,463.21 | 9,418.85 | 15,808.94 | 4.8% |
| Mar | 619.60 | 1,092.65 | 4,802.98 | 1,979.48 | 2,254.82 | 3,035.92 | 4,754.48 | 7,772.21 | 16,216.30 | 2.6% |
| Apr | 582.79 | 1,135.63 | 3,863.64 | 2,021.32 | 2,368.10 | 3,035.10 | 4,892.17 | 8,292.41 | 15,950.86 | -1.6% |
| May | 581.47 | 1,220.53 | 3,528.42 | 1,930.09 | 2,483.24 | 2,900.41 | 4,788.24 | 9,105.66 | 16,536.32 | 3.7% |
| Jun | 566.66 | 1,205.07 | 3,865.48 | 2,000.98 | 2,427.45 | 2,850.35 | 4,856.23 | 9,839.97 | 17,495.89 | 5.8% |
| Jul | 568.72 | 1,105.62 | 4,017.69 | 1,912.42 | 2,278.14 | 2,920.11 | 5,023.99 | 10,499.86 | 17,963.29 | 2.7% |
| Aug | 569.00 | 1,134.24 | 3,909.60 | 1,821.54 | 2,389.27 | 3,032.67 | 5,217.04 | 11,212.29 | 17,268.27 | -3.9% |
| Sep | 580.68 | 1,186.44 | 3,875.82 | 1,884.73 | 2,205.66 | 3,136.80 | 5,254.15 | 11,088.68 | 17,599.23 | 1.9% |
| Oct | 585.01 | 1,234.04 | 3,333.82 | 1,938.25 | 1,730.32 | 3,060.26 | 5,255.99 | 11,435.23 | 18,163.77 | 3.2% |
| Nov | 630.85 | 1,259.83 | 3,055.42 | 2,062.87 | 1,542.70 | 2,941.02 | 5,260.56 | 11,794.46 | | |
| Dec | 661.27 | 1,292.15 | 2,657.81 | 2,149.53 | 1,525.89 | 3,003.79 | 5,413.12 | 12,619.05 | | |
| Oct vs. FY | -2.4% | 5.9% | -11.9% | -2.4% | -20.0% | 3.2% | 5.4% | 12.1% | 8.5% | |
| Nov vs. FY | 5.3% | 8.1% | -19.2% | 3.8% | -28.6% | -0.8% | 5.5% | 15.6% | | |
| Dec vs. FY | 10.3% | 10.9% | -29.8% | 8.2% | -29.4% | 1.3% | 8.5% | 23.7% | | |
| Nov/Oct | 7.8% | 2.1% | -8.4% | 6.4% | -10.8% | -3.9% | 0.1% | 3.1% | | |
| Dec/Nov | 4.8% | 2.6% | -13.0% | 4.2% | -1.1% | 2.1% | 2.9% | 7.0% | | |
| Dec/Oct | 13.0% | 4.7% | -20.3% | 10.9% | -11.8% | -1.8% | 3.0% | 10.4% | | |

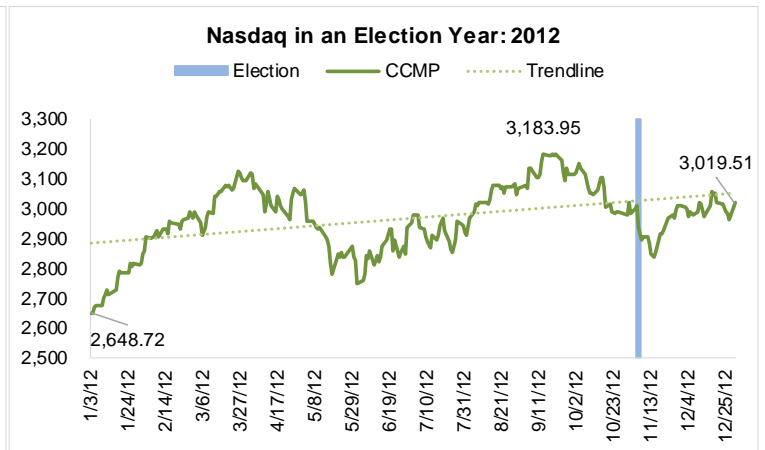
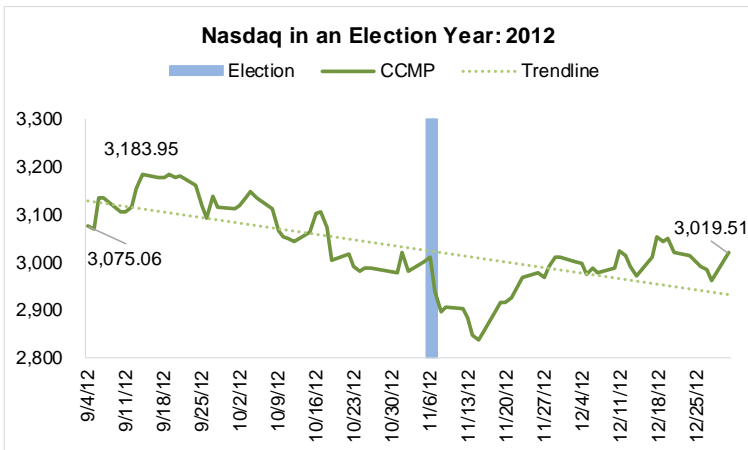
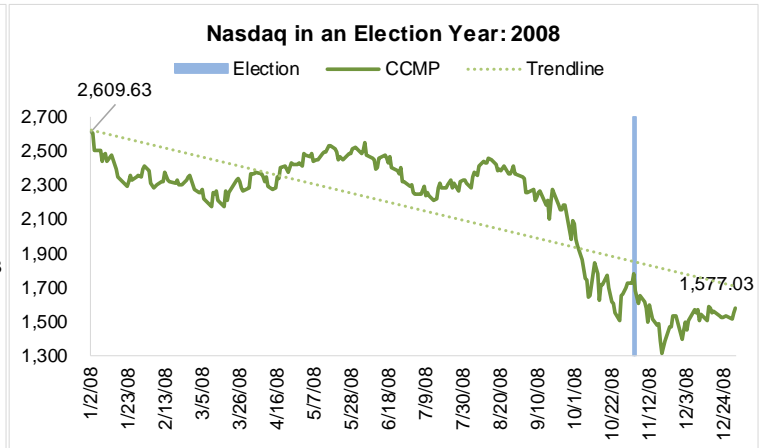
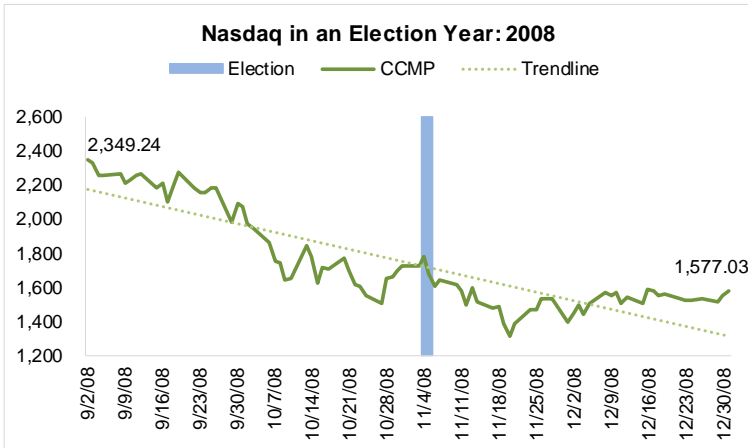
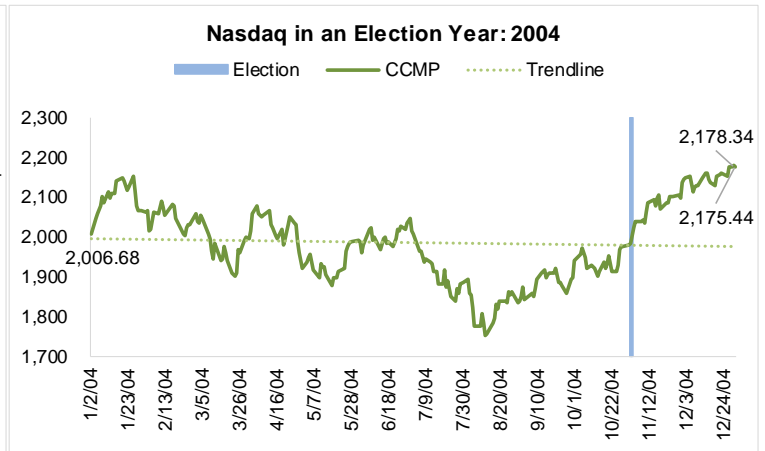
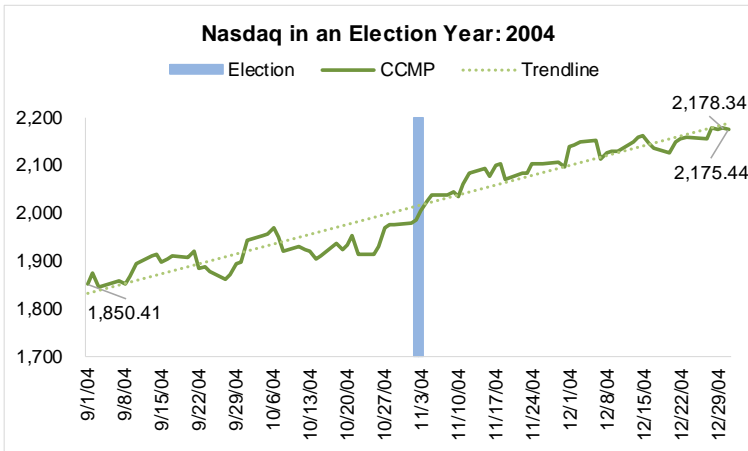
Source: Bloomberg, SIFMA estimates

Note: October is through mid month.



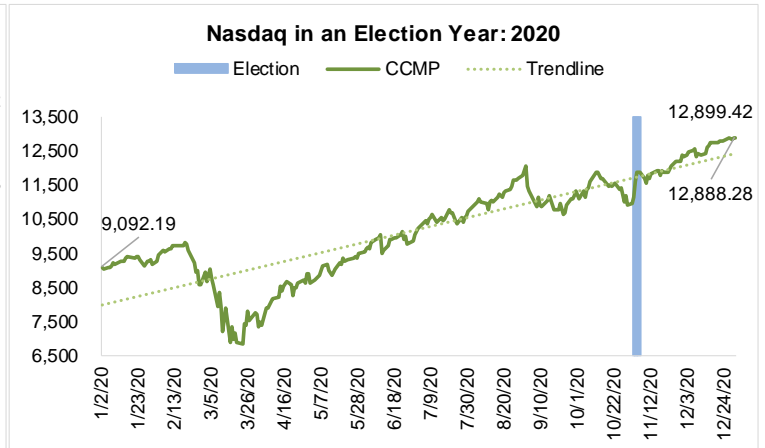
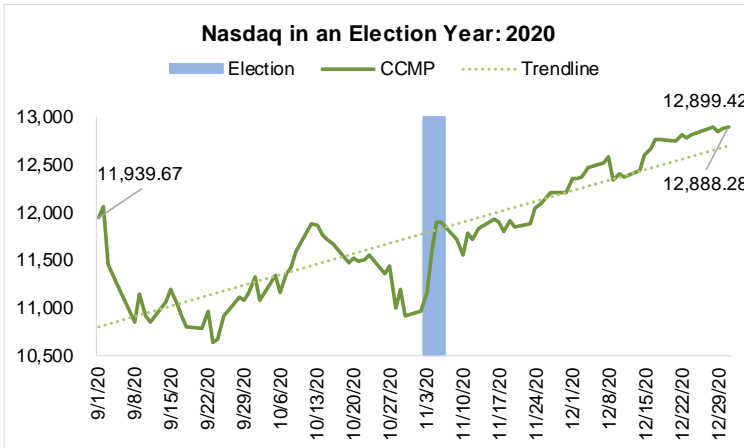
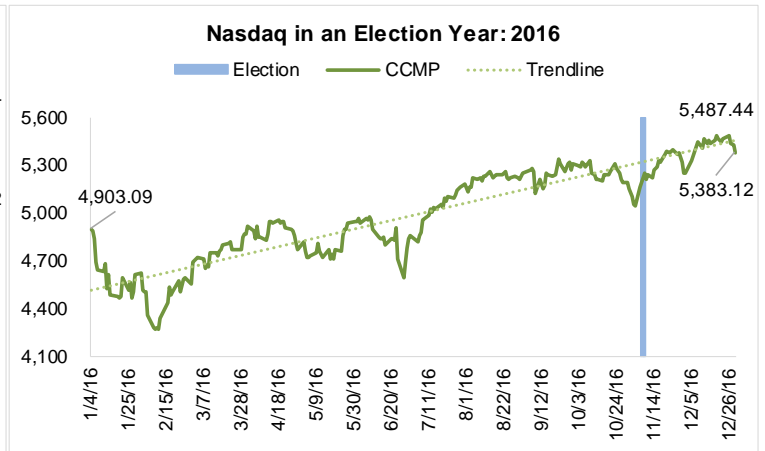
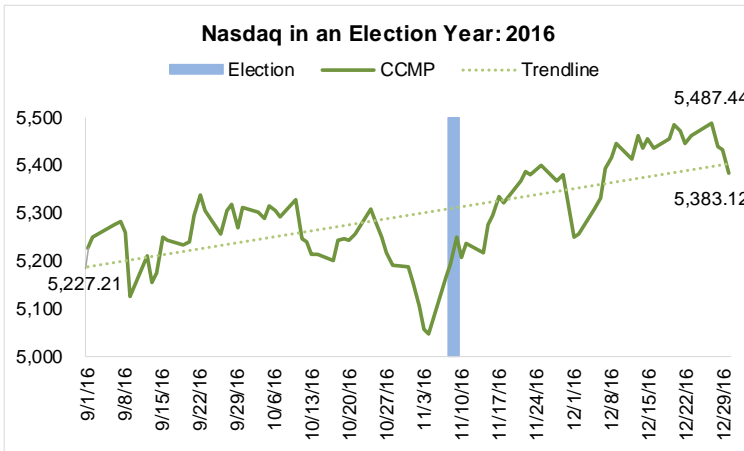
Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



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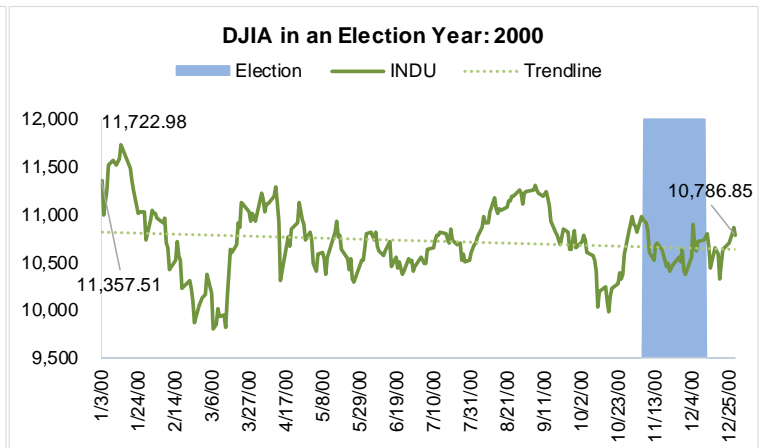
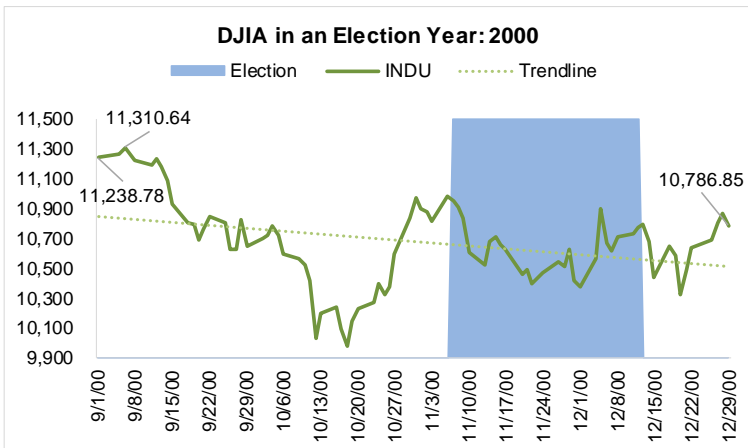
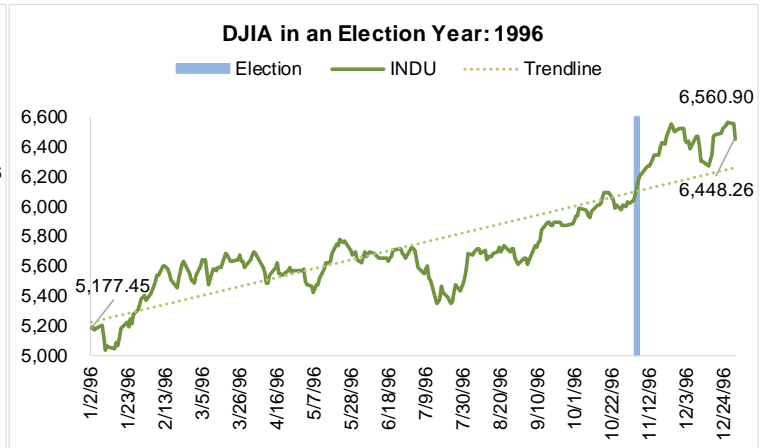
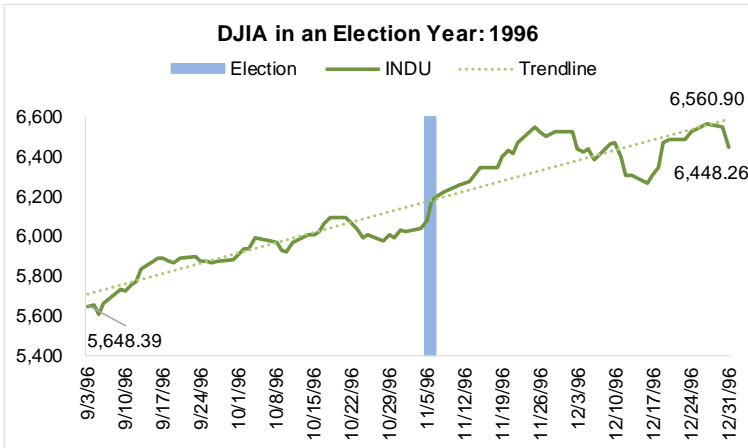
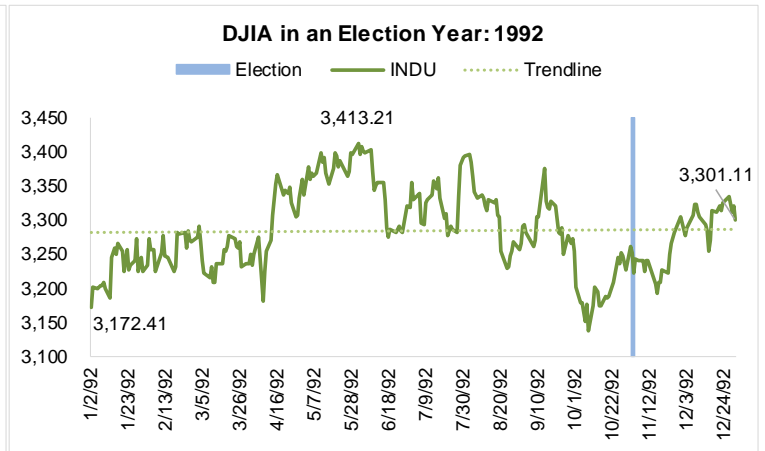
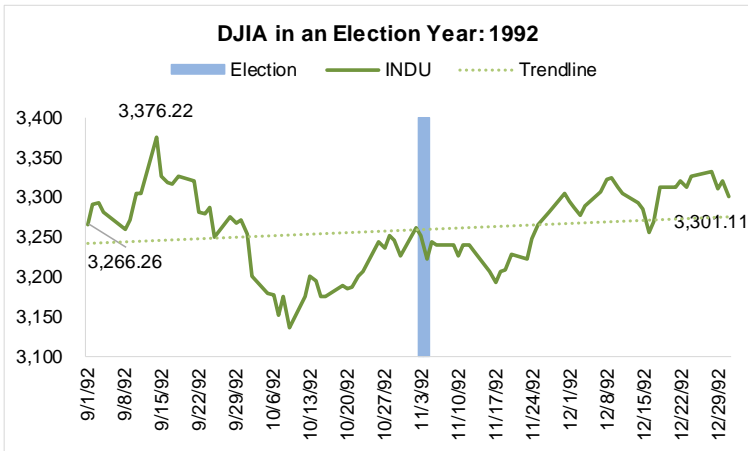
Equity Markets: DJIA

Election Impact: DJIA Index

| Date | 1992 | 1996 | 2000 | 2004 | 2008 | 2012 | 2016 | 2020 | YTD | M/M |
|------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------|
| Full Year | 3,284.08 | 5,739.62 | 10,729.37 | 10,315.51 | 11,244.05 | 12,965.29 | 17,927.11 | 26,890.67 | 39,495.39 | |
| Jan | 3,227.06 | 5,179.37 | 11,281.27 | 10,540.05 | 12,538.12 | 12,550.89 | 16,305.25 | 28,879.99 | 37,763.95 | |
| Feb | 3,257.27 | 5,518.73 | 10,541.94 | 10,601.50 | 12,419.57 | 12,889.05 | 16,299.90 | 28,519.73 | 38,720.52 | 2.5% |
| Mar | 3,247.42 | 5,612.24 | 10,483.40 | 10,323.73 | 12,193.88 | 13,079.47 | 17,302.14 | 22,637.42 | 39,105.52 | 1.0% |
| Apr | 3,294.08 | 5,579.86 | 10,944.32 | 10,418.40 | 12,656.63 | 13,030.75 | 17,844.37 | 23,293.90 | 38,401.22 | -1.8% |
| May | 3,376.79 | 5,616.70 | 10,580.27 | 10,083.81 | 12,812.48 | 12,721.08 | 17,692.32 | 24,271.02 | 39,129.39 | 1.9% |
| Jun | 3,337.79 | 5,671.50 | 10,582.93 | 10,364.90 | 12,056.67 | 12,544.90 | 17,754.87 | 26,062.27 | 38,903.73 | -0.6% |
| Jul | 3,329.41 | 5,496.26 | 10,662.95 | 10,152.09 | 11,322.38 | 12,814.10 | 18,341.18 | 26,385.83 | 40,086.03 | 3.0% |
| Aug | 3,307.45 | 5,685.49 | 11,014.51 | 10,032.80 | 11,530.75 | 13,134.90 | 18,495.19 | 27,821.37 | 40,310.81 | 0.6% |
| Sep | 3,293.92 | 5,804.00 | 10,967.87 | 10,204.67 | 11,114.08 | 13,418.50 | 18,267.40 | 27,733.40 | 41,490.88 | 2.9% |
| Oct | 3,198.70 | 5,996.21 | 10,440.96 | 10,001.60 | 9,176.71 | 13,380.65 | 18,184.55 | 28,005.11 | 42,420.54 | 2.2% |
| Nov | 3,238.49 | 6,318.36 | 10,666.06 | 10,411.76 | 8,614.55 | 12,896.44 | 18,697.33 | 29,124.04 | | |
| Dec | 3,303.15 | 6,435.86 | 10,652.41 | 10,673.38 | 8,595.56 | 13,144.18 | 19,712.42 | 30,148.58 | | |
| Oct vs. FY | -2.6% | 4.5% | -2.7% | -3.0% | -18.4% | 3.2% | 1.4% | 4.1% | 7.4% | |
| Nov vs. FY | -1.4% | 10.1% | -0.6% | 0.9% | -23.4% | -0.5% | 4.3% | 8.3% | | |
| Dec vs. FY | 0.6% | 12.1% | -0.7% | 3.5% | -23.6% | 1.4% | 10.0% | 12.1% | | |
| Nov/Oct | 1.2% | 5.4% | 2.2% | 4.1% | -6.1% | -3.6% | 2.8% | 4.0% | | |
| Dec/Nov | 2.0% | 1.9% | -0.1% | 2.5% | -0.2% | 1.9% | 5.4% | 3.5% | | |
| Dec/Oct | 3.3% | 7.3% | 2.0% | 6.7% | -6.3% | -1.8% | 8.4% | 7.7% | | |

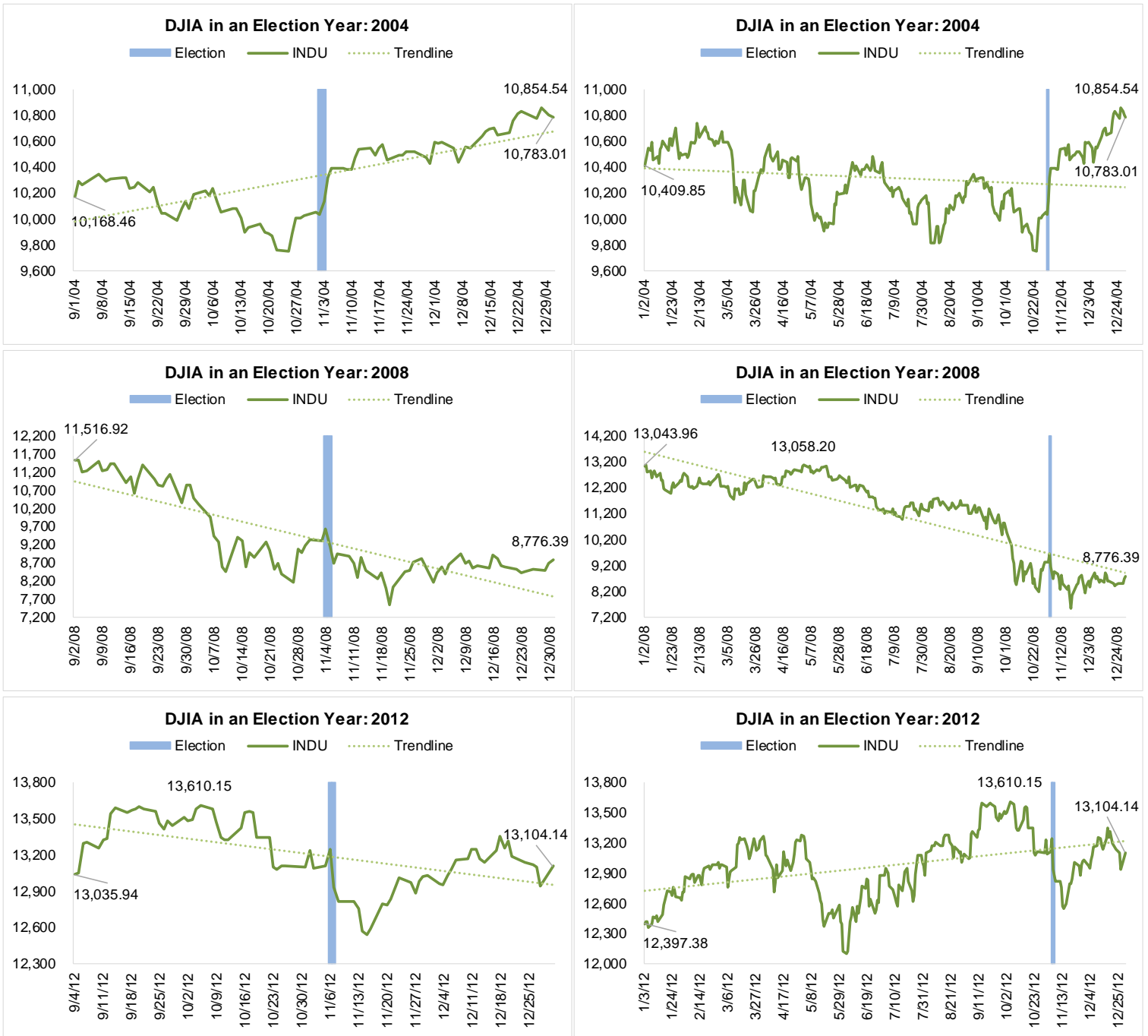
Source: Bloomberg, SIFMA estimates

Note: October is through mid month.



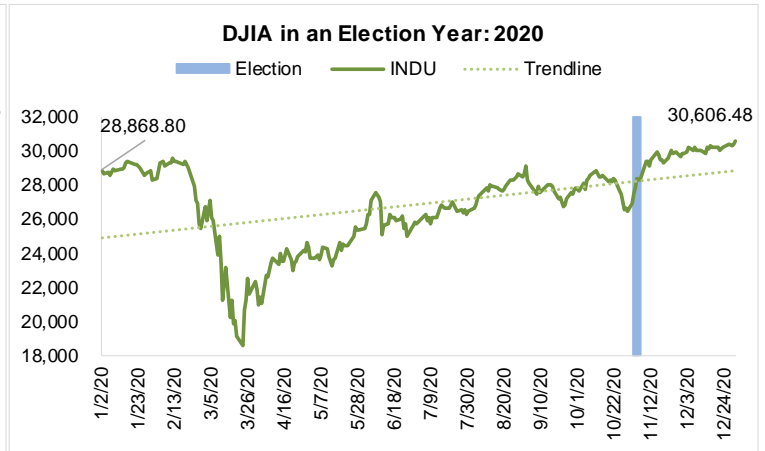
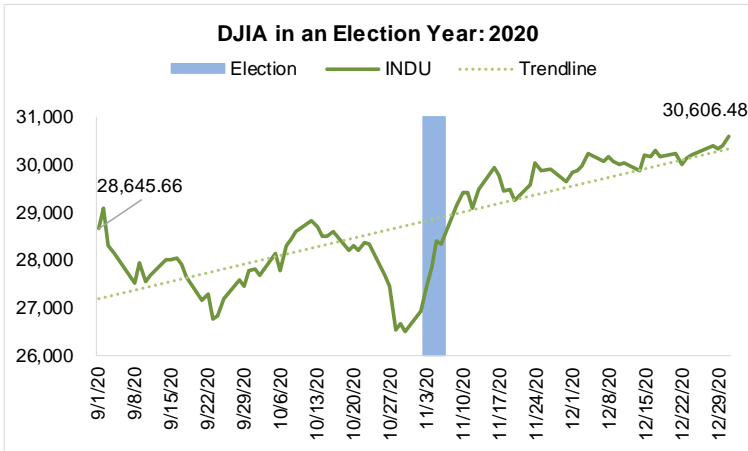
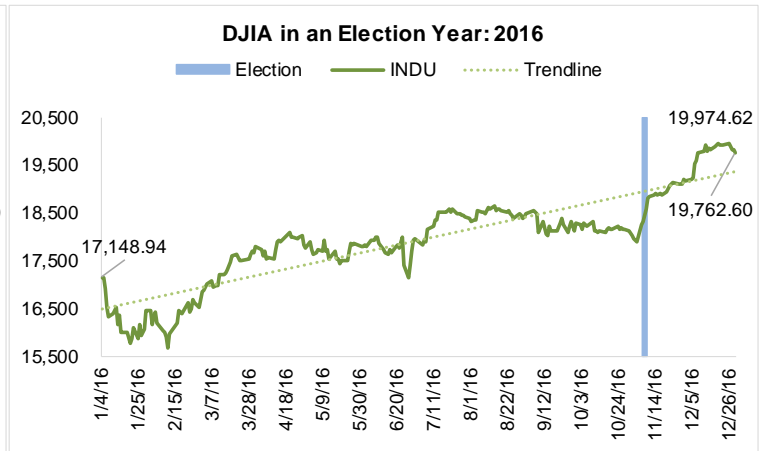
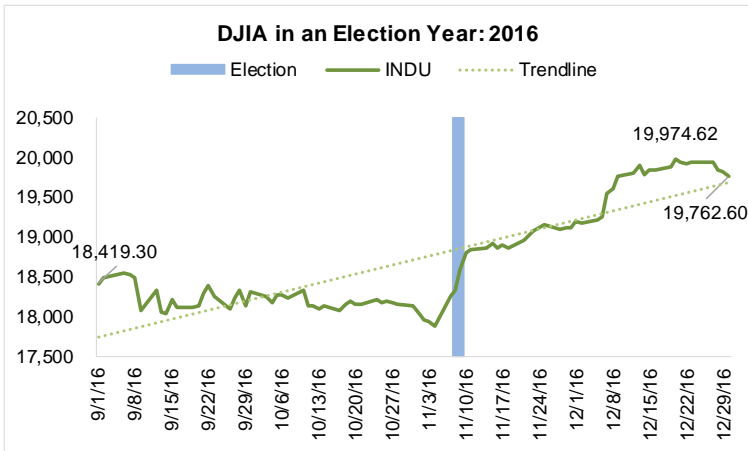
Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



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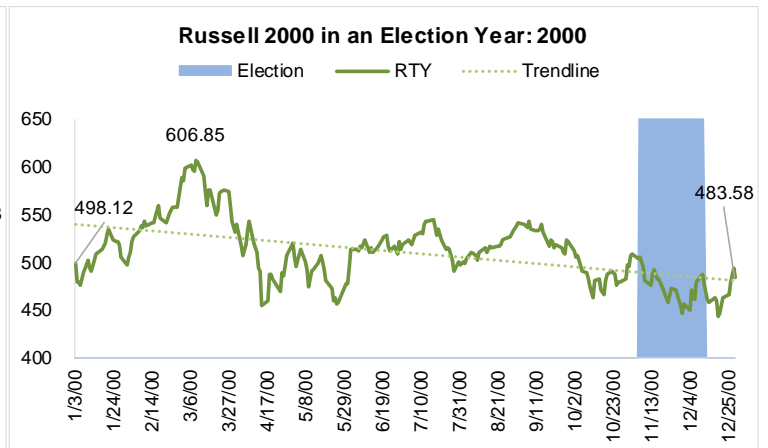
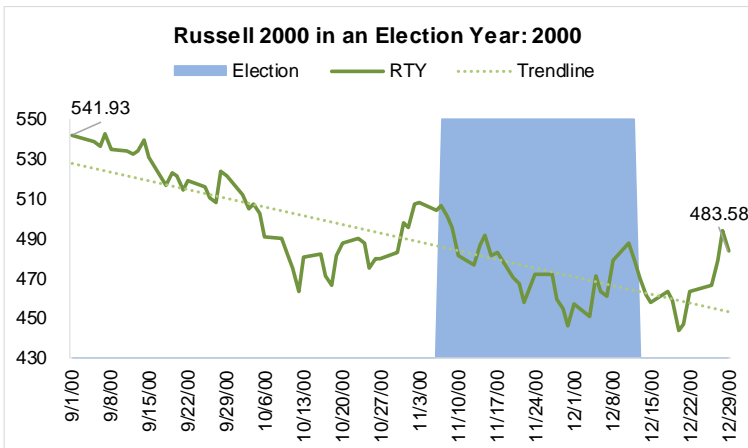
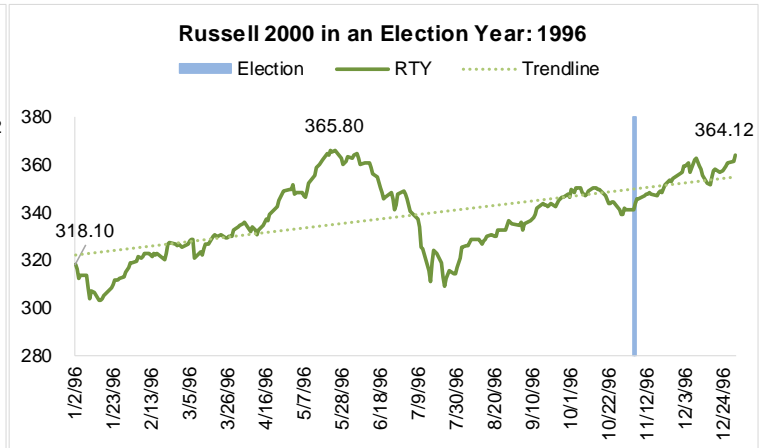
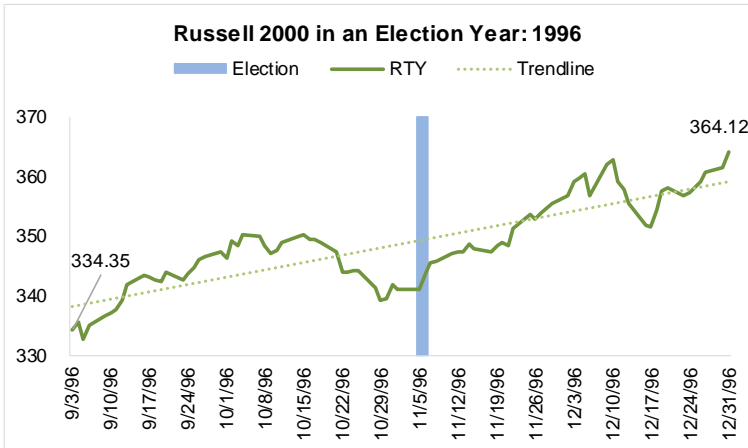
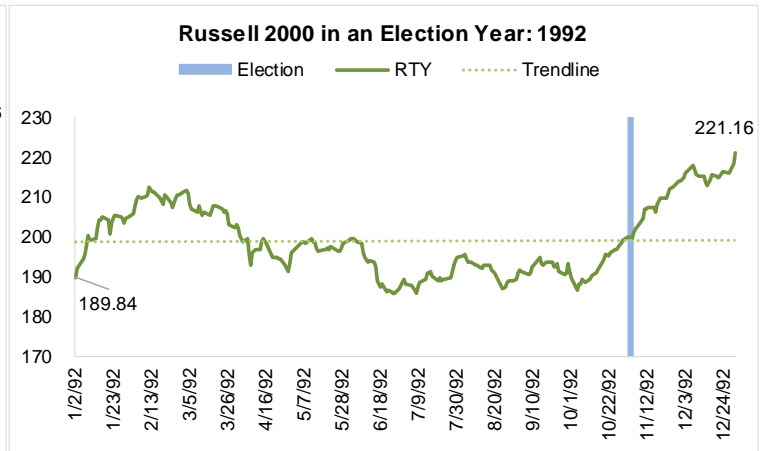
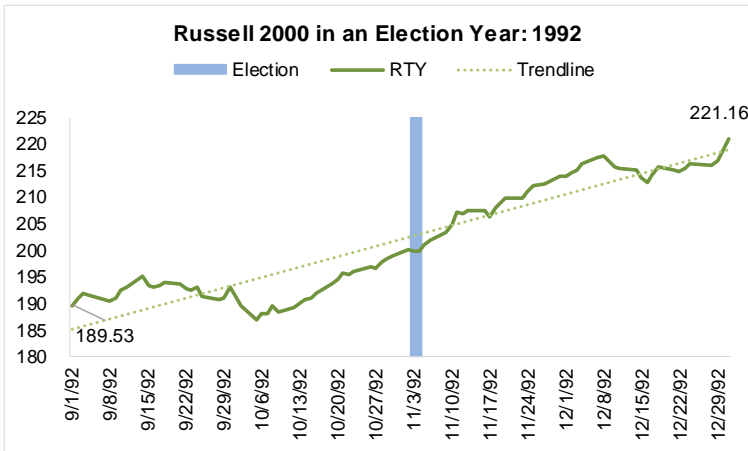
Equity Markets: Russell 2000

Election Impact: Russell 2000 Index

| Date | 1992 | 1996 | 2000 | 2004 | 2008 | 2012 | 2016 | 2020 | YTD | M/M |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-------|
| Full Year | 199.32 | 338.16 | 510.59 | 579.97 | 655.38 | 806.40 | 1,171.70 | 1,523.90 | 2,077.42 | |
| Jan | 201.21 | 310.00 | 505.17 | 584.05 | 705.35 | 773.87 | 1,032.81 | 1,666.65 | 1,964.47 | |
| Feb | 209.71 | 322.87 | 541.46 | 582.62 | 706.20 | 822.57 | 1,002.73 | 1,642.04 | 2,004.67 | 2.0% |
| Mar | 206.90 | 327.79 | 575.09 | 579.26 | 677.49 | 822.26 | 1,083.99 | 1,216.62 | 2,070.13 | 3.3% |
| Apr | 196.31 | 338.94 | 497.37 | 588.08 | 709.94 | 809.04 | 1,125.19 | 1,203.10 | 2,014.11 | -2.7% |
| May | 197.65 | 357.27 | 487.60 | 553.53 | 732.44 | 779.27 | 1,120.38 | 1,315.68 | 2,064.80 | 2.5% |
| Jun | 192.32 | 354.12 | 515.33 | 574.18 | 727.07 | 765.46 | 1,153.19 | 1,434.16 | 2,033.45 | -1.5% |
| Jul | 189.82 | 324.94 | 524.05 | 557.63 | 689.71 | 795.06 | 1,194.65 | 1,456.91 | 2,157.67 | 6.1% |
| Aug | 191.60 | 329.79 | 514.54 | 537.04 | 733.20 | 803.69 | 1,231.84 | 1,563.50 | 2,136.25 | -1.0% |
| Sep | 192.24 | 340.85 | 526.94 | 566.63 | 711.61 | 845.03 | 1,240.55 | 1,517.95 | 2,175.84 | 1.9% |
| Oct | 192.70 | 346.52 | 485.84 | 577.61 | 537.26 | 829.36 | 1,221.65 | 1,601.46 | 2,209.35 | 1.5% |
| Nov | 206.63 | 347.84 | 481.68 | 614.58 | 468.51 | 802.40 | 1,269.94 | 1,742.08 | | |
| Dec | 215.90 | 358.26 | 466.86 | 642.70 | 467.42 | 833.98 | 1,362.60 | 1,937.13 | | |
| Oct vs. FY | -3.3% | 2.5% | -4.8% | -0.4% | -18.0% | 2.8% | 4.3% | 5.1% | 6.4% | |
| Nov vs. FY | 3.7% | 2.9% | -5.7% | 6.0% | -28.5% | -0.5% | 8.4% | 14.3% | | |
| Dec vs. FY | 8.3% | 5.9% | -8.6% | 10.8% | -28.7% | 3.4% | 16.3% | 27.1% | | |
| Nov/Oct | 7.2% | 0.4% | -0.9% | 6.4% | -12.8% | -3.3% | 4.0% | 8.8% | | |
| Dec/Nov | 4.5% | 3.0% | -3.1% | 4.6% | -0.2% | 3.9% | 7.3% | 11.2% | | |
| Dec/Oct | 12.0% | 3.4% | -3.9% | 11.3% | -13.0% | 0.6% | 11.5% | 21.0% | | |

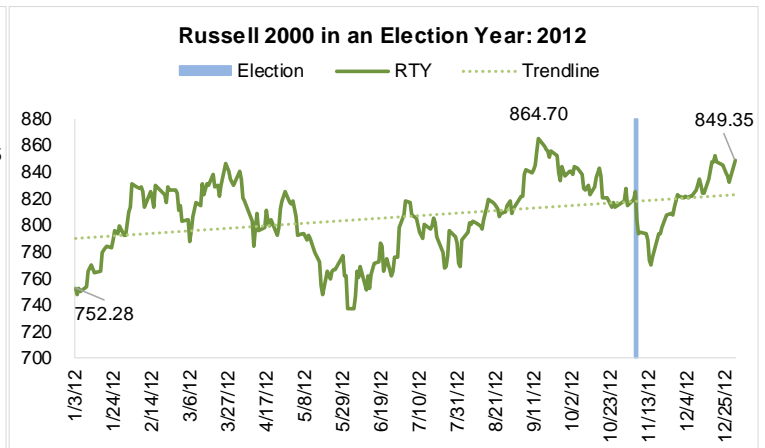
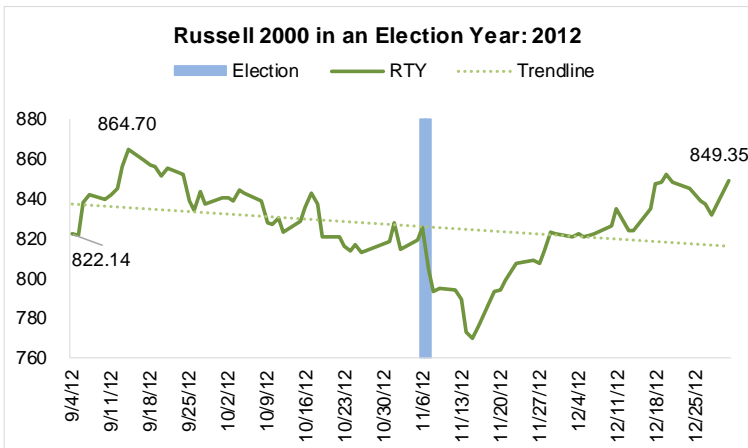
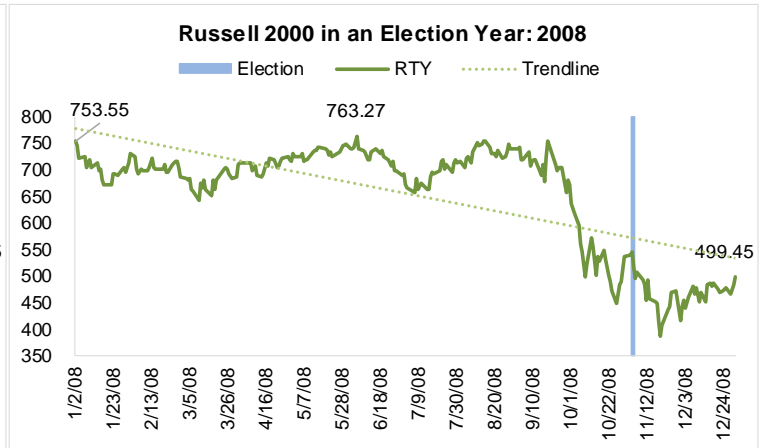
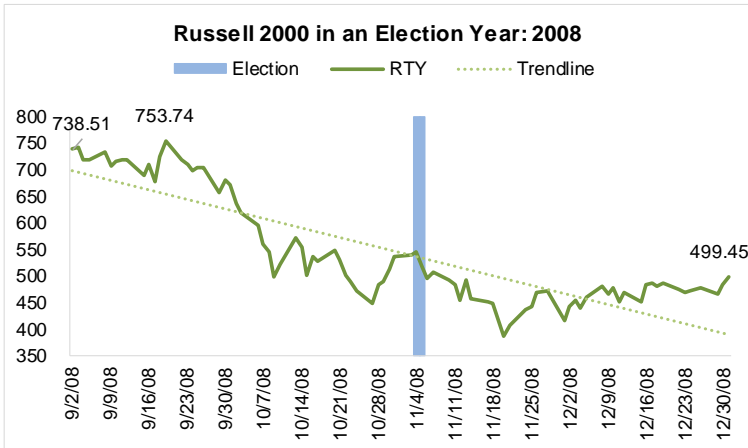
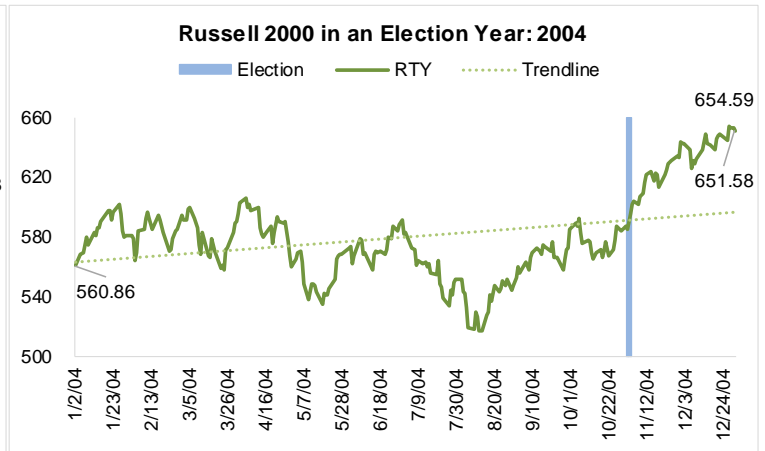
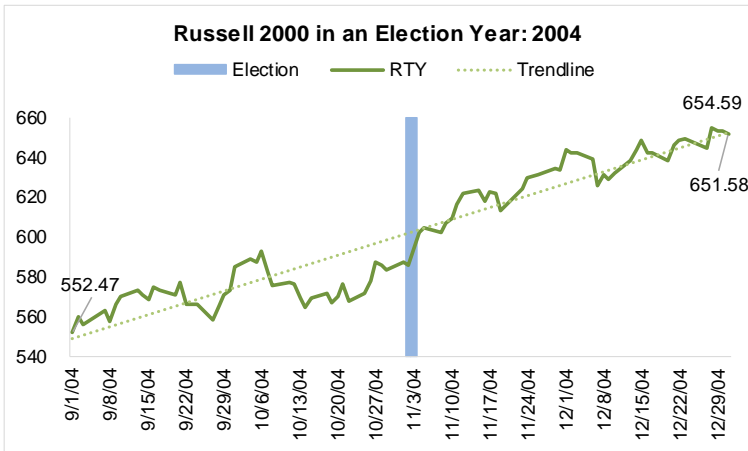
Source: Bloomberg, SIFMA estimates

Note: October is through mid month.



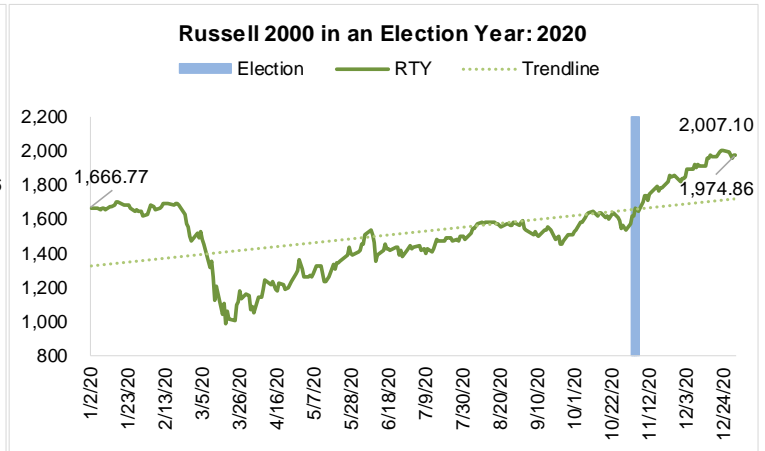
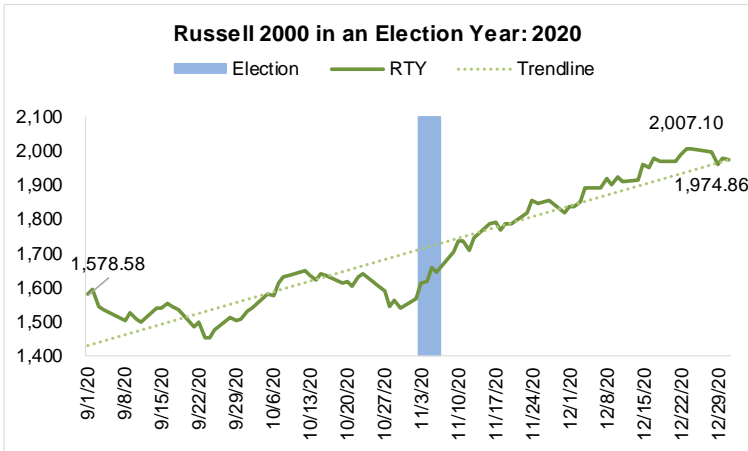
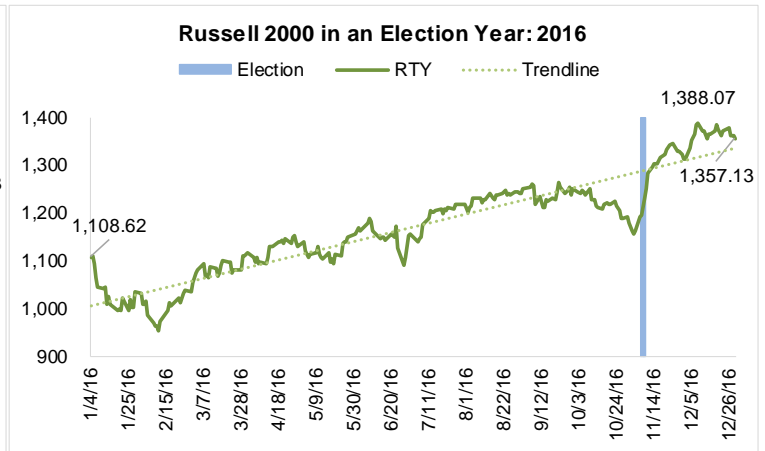
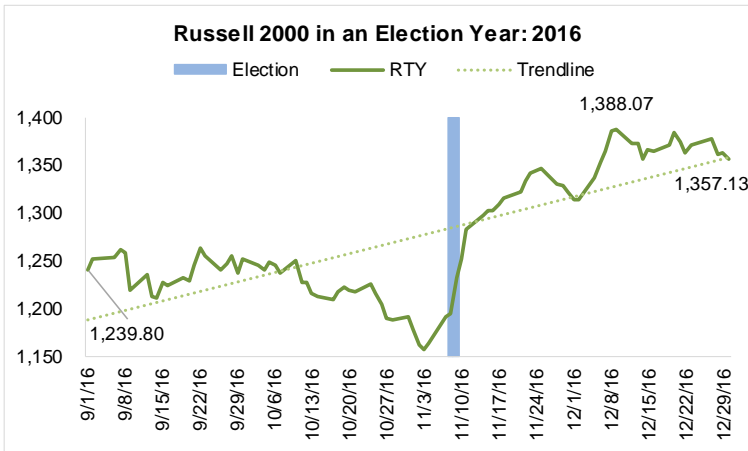
Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates

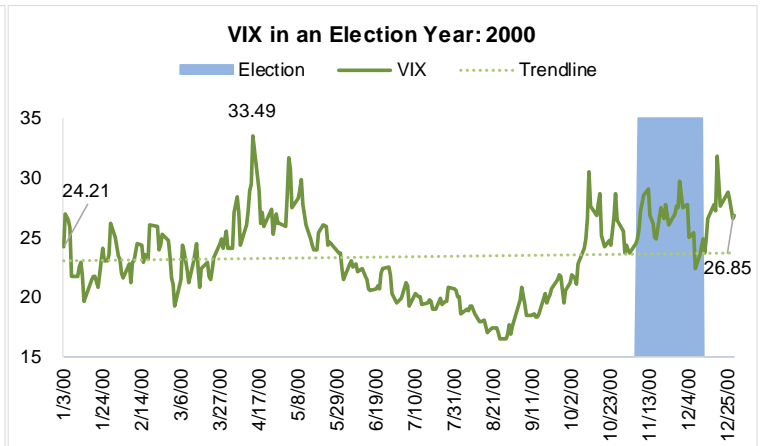
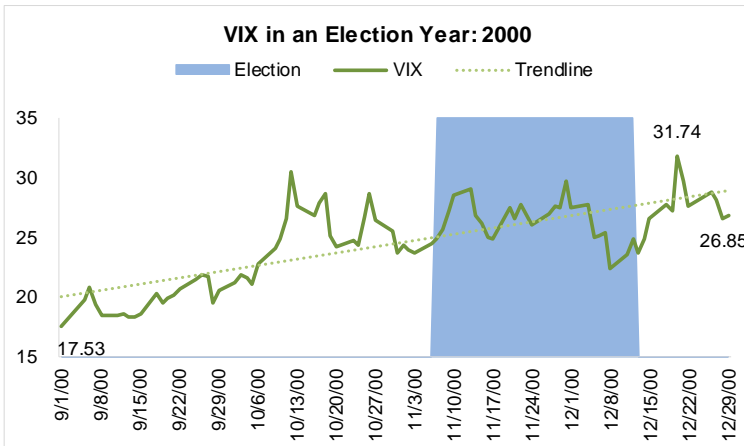
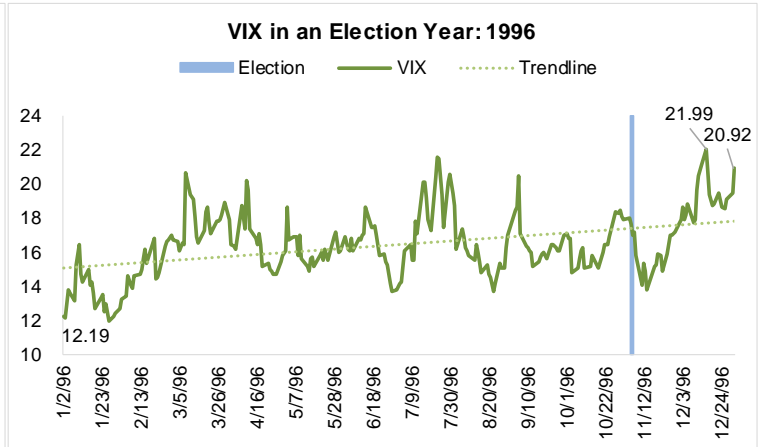
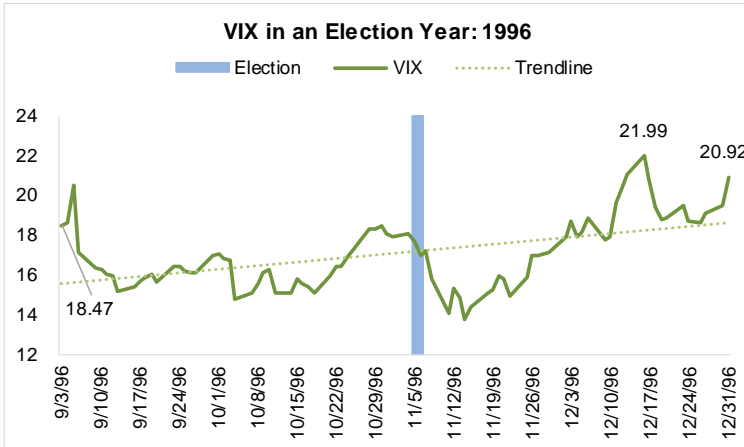
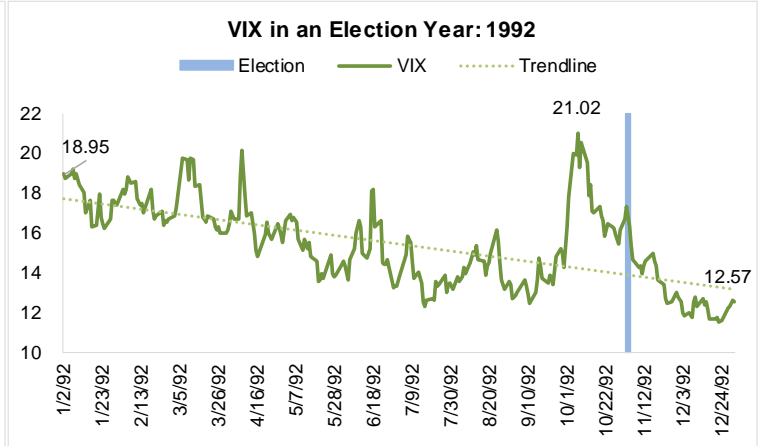
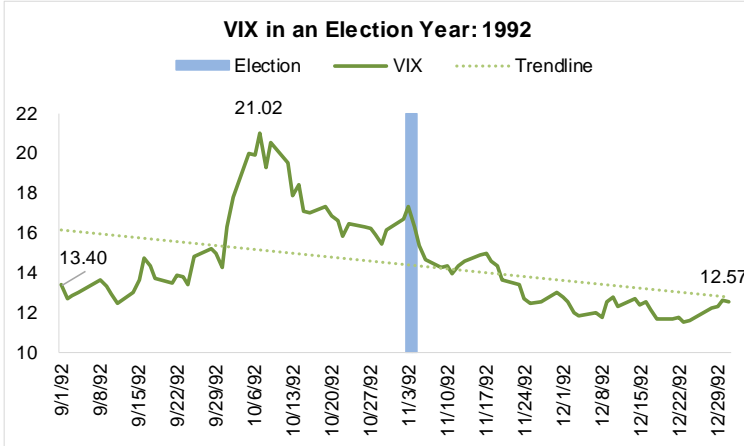
Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates

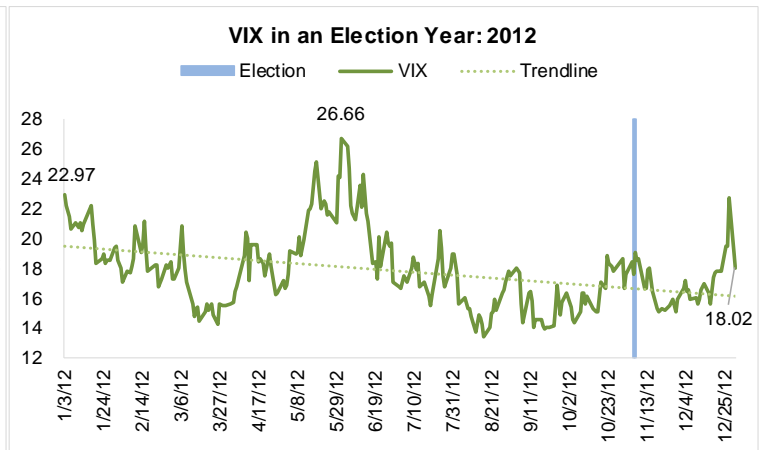
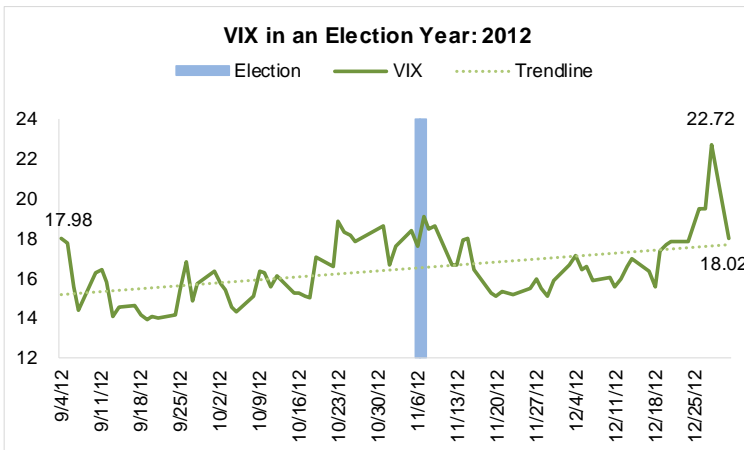
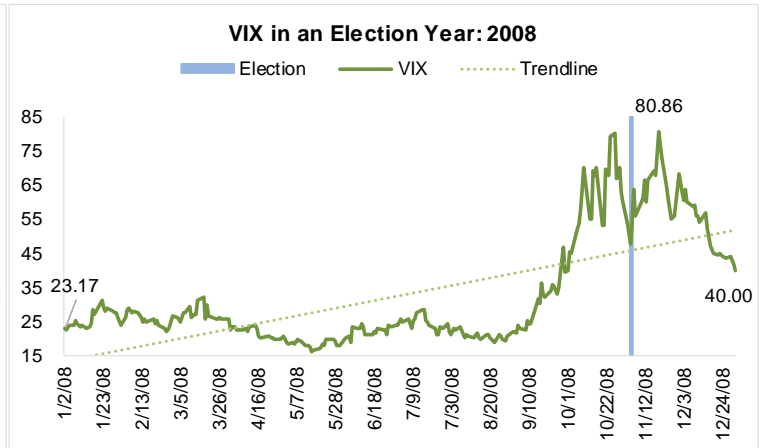
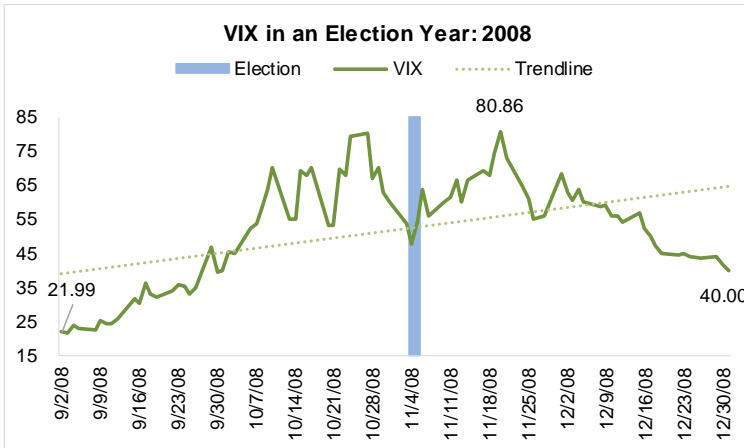
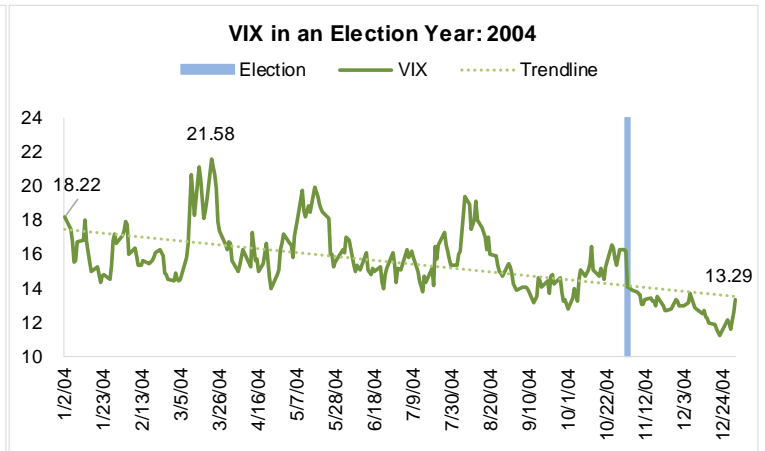
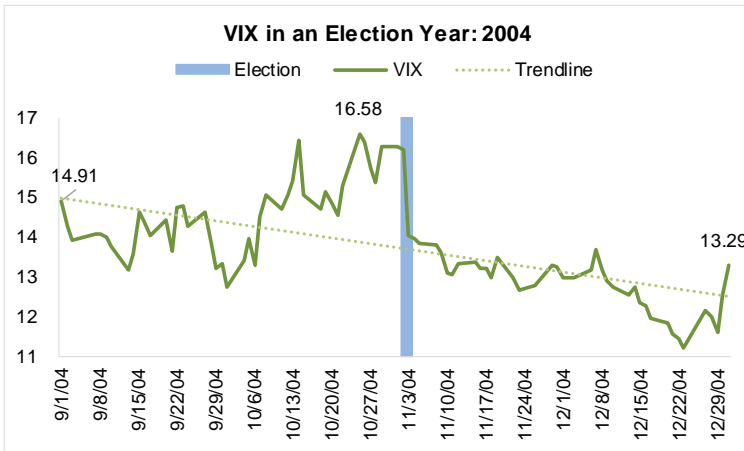
Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.

Equity Volatility: VIX



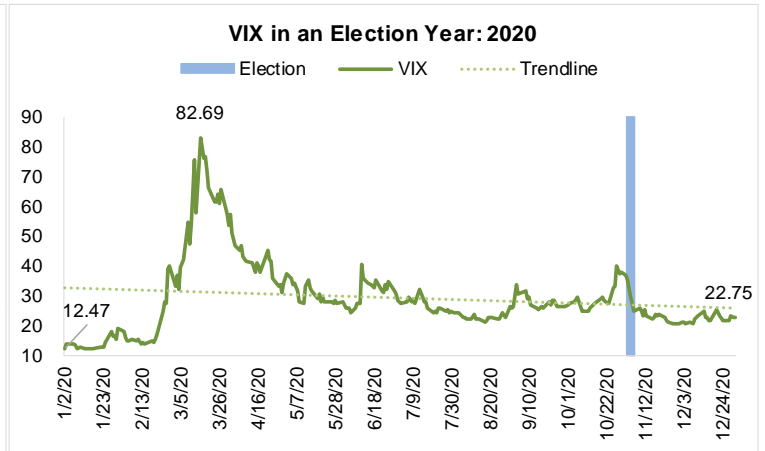
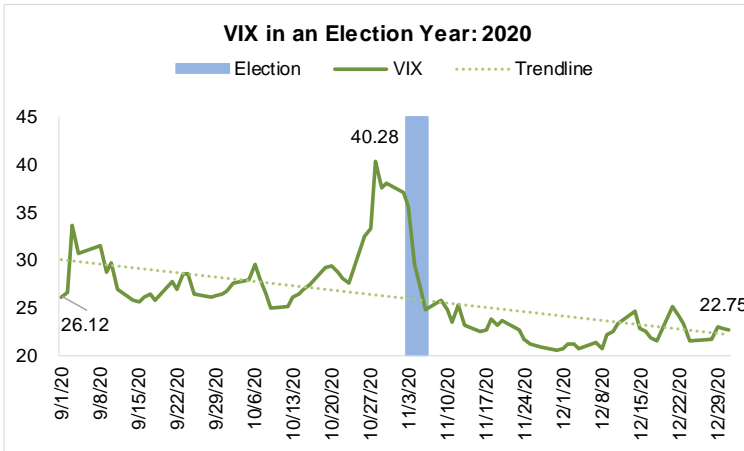
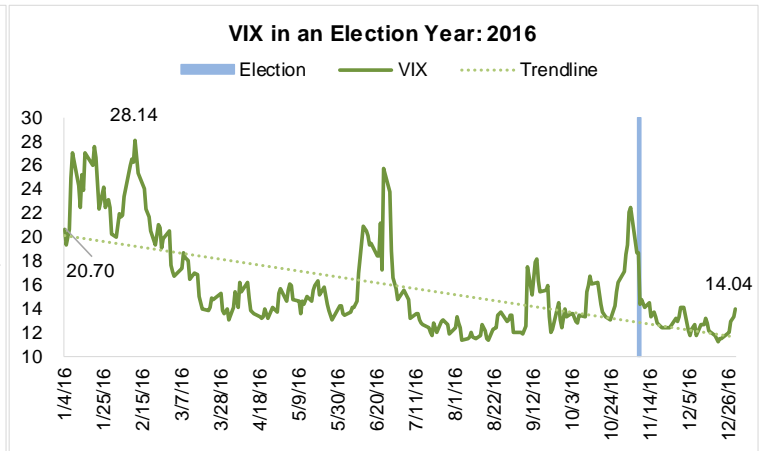
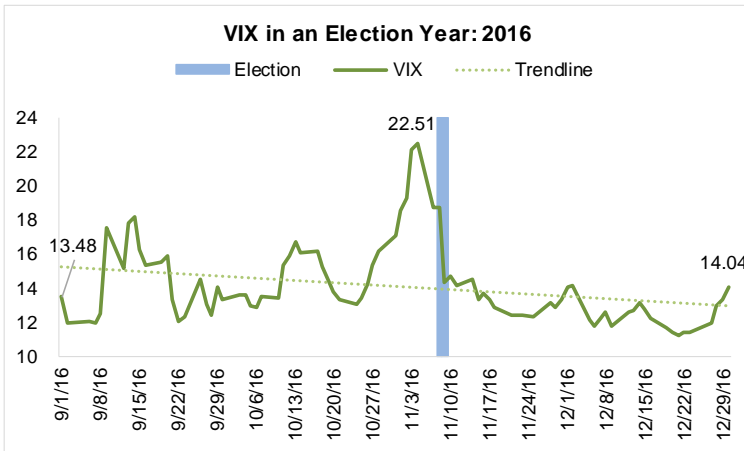
Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates

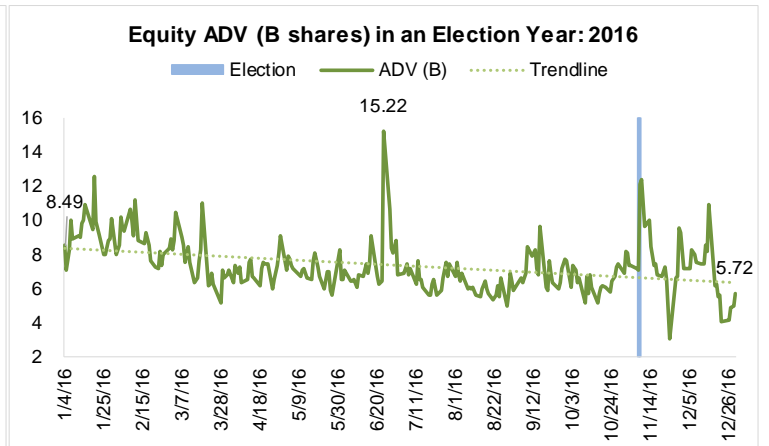
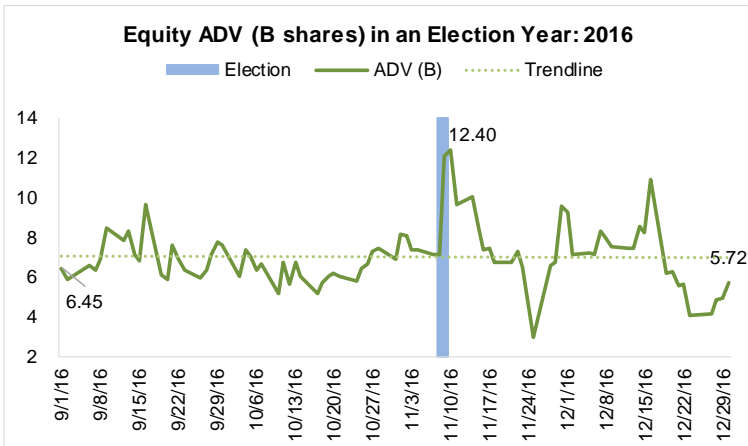
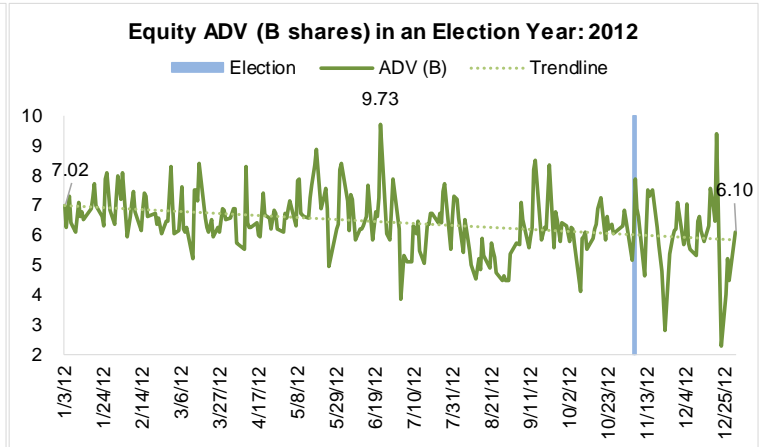
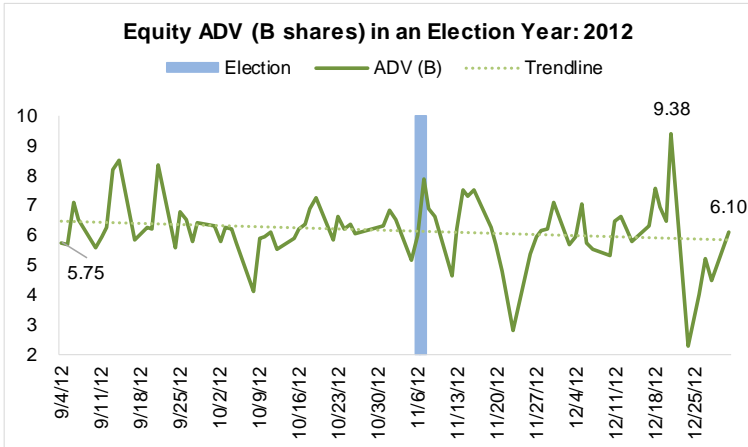
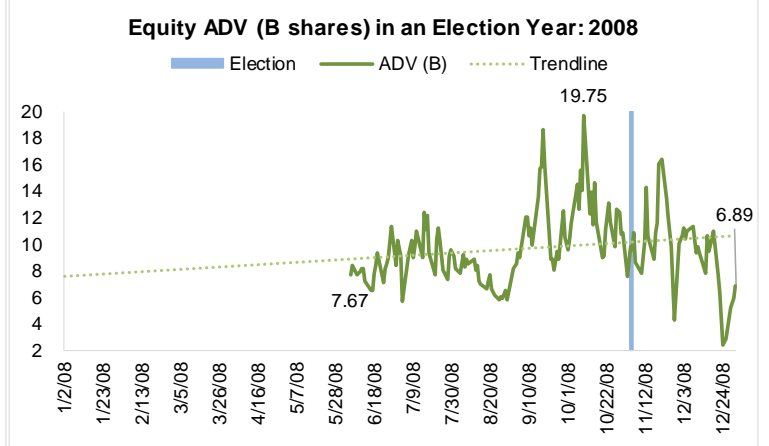
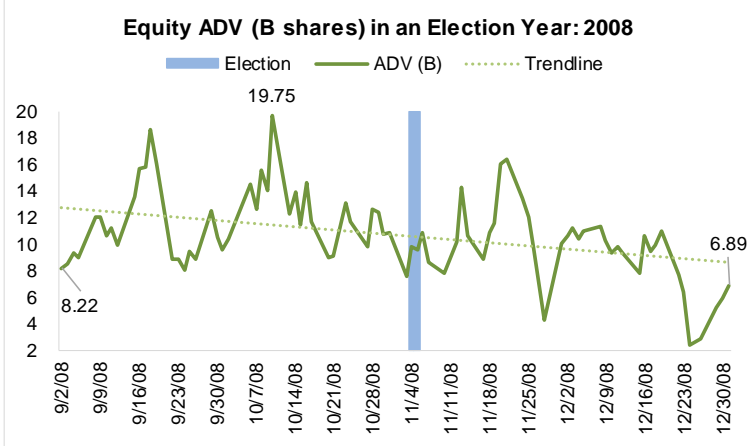
Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates

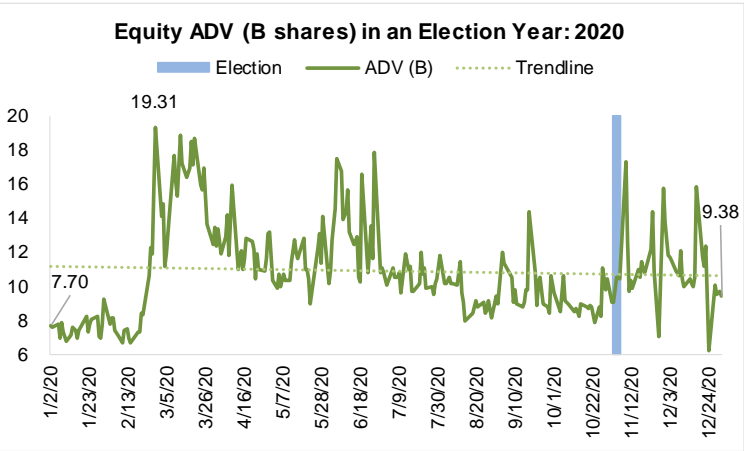
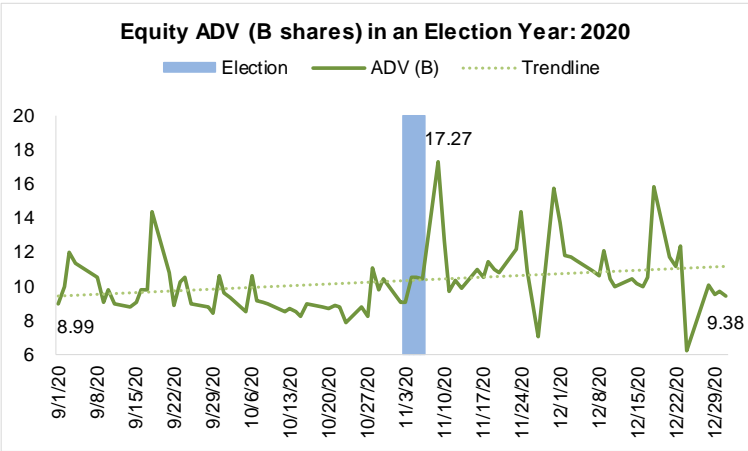
Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.

Equity Volumes: ADV



Source: Bloomberg, SIFMA estimates

Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.



Source: Bloomberg, SIFMA estimates
 Note: Left chart = September to December; right chart = full year. Data labels = start date, peak level, and end date.

Appendix: Election Dates & Candidates⁵

- Election Date: November 3, 1992
 - Candidates: Bill Clinton (Democratic), George H. W. Bush (Republican)
 - Winner: Bill Clinton (Democratic)
 - Final Results: November 4, 1992 = E+1
- Election Date: November 5, 1996
 - Candidates: Bill Clinton (Democratic), Bob Dole (Republican)
 - Winner: Bill Clinton (Democratic)
 - Final Results: November 6, 1996 = E+1
- Election Date: November 7, 2000
 - Candidates: George W. Bush (Republican), Al Gore (Democratic)
 - Winner: George W. Bush (Republican)
 - Final Results: December 12, 2000 (after a Supreme Court decision) = E+35
- Election Date: November 2, 2004
 - Candidates: George W. Bush (Republican), John Kerry (Democratic)
 - Winner: George W. Bush (Republican)
 - Final Results: November 3, 2004 = E+1
- Election Date: November 4, 2008
 - Candidates: Barack Obama (Democratic), John McCain (Republican)
 - Winner: Barack Obama (Democratic)
 - Final Results: November 5, 2008 = E+1
- Election Date: November 6, 2012
 - Candidates: Barack Obama (Democratic), Mitt Romney (Republican)
 - Winner: Barack Obama (Democratic)
 - Final Results: November 7, 2012 = E+1
- Election Date: November 8, 2016
 - Candidates: Donald Trump (Republican), Hillary Clinton (Democratic)
 - Winner: Donald Trump (Republican)
 - Final Results: November 9, 2016 = E+1
- Election Date: November 3, 2020
 - Candidates: Joe Biden (Democratic), Donald Trump (Republican)
 - Winner: Joe Biden (Democratic)
 - Final Results: November 7, 2020 (date called by the Associated Press) = E+4
- Election Date: November 5, 2024
 - Candidates: Kamala Harris (Democratic), Donald Trump (Republican)
 - Winner: ?
 - Final Results: ?

⁵ Independent candidates not listed.

Appendix: Definitions & Purpose

- **Markets**

- Dow Jones Industrial Average (DJIA): A price weighted index that tracks 30 large, publicly owned companies trading on U.S. exchanges. It had historically been a widely watched benchmark index for U.S. blue-chip stocks.
- S&P 500: A market capitalization weighted index of the 500+ largest U.S. publicly traded companies. The index is regarded as the best gauge of large-cap U.S. equities.
- Nasdaq Composite (Nasdaq): A market capitalization weighted index made up of over 3,000 equities listed on the Nasdaq stock exchange. Its composition remains over 50% technology stocks (this percentage has come down over the years).
- Russell 2000: A market capitalization weighted index representing 10% (the bottom two-thirds aggregate market cap) of the Russell 3000 index, a larger index of 3,000 publicly traded companies that represents 97% of the investable U.S. stock market. The index is regarded as a gauge of small cap, U.S. centric companies.

- **Volatility**

- Equity: CBOE Volatility Index (VIX) is a real-time market index that represents the market's expectation of 30-day forward looking volatility, as derived from the price inputs of S&P 500 index options. It measures market risk and investor sentiment (fear, stress) and is often called the fear index.
- Fixed income: ICE BofA MOVE Index (MOVE) measures U.S. bond market volatility by tracking a basket of over-the-counter options on U.S. interest rate swaps. The index tracks implied normal yield volatility of a yield curve weighted basket of at-the-money one month options on the two-year, five-year, ten-year, and thirty-year, constant maturity interest rate swaps.

- **Volumes**

- $ADV = \text{average daily volume} = \frac{\text{sum of volumes over the time period}}{\text{number of days in the time period}}$

Appendix: Capital Markets Terms to Know

| Statistics | |
|-------------------|--|
| Y/Y | Year over Year |
| Q/Q | Quarter over Quarter |
| M/M | Month over Month |
| W/W | Week over Week |
| D/D | Day over day |
| YTD | Year to Date |
| QTD | Quarter to Date |
| MTD | Month to Date |
| WTD | Week to Date |
| BPS | Basis Points |
| PPS | Percentage Points |
| CAGR | Compound Annual Growth Rate |
| RHS | Right hand side (for charts) |
| Other | |
| AUM | Assets Under Management |
| DCM | Debt Capital Markets |
| ECM | Equity Capital Markets |
| Regulators | |
| North America | |
| FINRA | Financial Industry Regulatory Authority (United States) |
| SEC | Securities and Exchange Commission (United States) |
| CSC | Canadian Securities Administrators |
| European Union | |
| ESMA | European Securities and Markets Authority |
| AMF | Autorité des marchés financiers (France) |
| BaFin | Federal Financial Supervisory Authority (Germany) |
| FINMA | Swiss Financial Market Supervisory Authority (Switzerland) |
| United Kingdom | |
| FCA | Financial Conduct Authority |
| AsiaPac | |
| ASIC | Australian Securities and Investments Commission |
| CSRC | China Securities Regulatory Commission |
| SFC | Securities and Futures Commission (Hong Kong) |
| SEBI | Securities and Exchange Board of India |
| FSA | Financial Services Agency (Japan) |
| MAS | Monetary Authority of Singapore |

| Trading | |
|----------------|---|
| ADV | Average Daily Trading Volume |
| Algo | Algorithm (algorithmic trading) |
| ATS | Alternative Trading System |
| Best Ex | Best Execution |
| BPS | Basis Points |
| CLOB | Central Limit Order Book |
| D2C | Dealer-to-Client |
| D2D | Dealer-to-Dealer |
| ECN | Electronic Communication Network |
| ETP | Electronic Trading Platforms |
| HFT | High-Frequency Trading |
| IDB | Inter-Dealer Broker |
| IOI | Indication of Interest |
| MM | Market Maker |
| OTC | Over-the-Counter |
| SDP | Single-dealer platform |
| Bid | An offer made to buy a security |
| Ask, Offer | The price a seller is willing to accept for a security |
| Spread | The difference between the bid and ask price prices for a security, an indicator of supply (ask) and demand (bid) |
| NBBO | National Best Bid and Offer |
| Locked Market | A market is locked if the bid price equals the ask price |
| Crossed Market | A bid is entered higher than the offer or an offer is entered lower than the bid |
| Opening Cross | To determine the opening price of a stock, accumulating all buy and sell interest prior to the market open |
| Closing Cross | To determine the closing price of a stock, accumulating all buy and sell interest prior the market close |

| Order Types | |
|--------------------|---|
| AON | All or none; an order to buy or sell a stock that must be executed in its entirety, or not executed at all |
| Block | Trades with at least 10,000 shares in the order |
| Day | Order is good only for that trading day, else cancelled |
| FOK | Fill or kill; must be filled immediately and in its entirety or not at all |
| Limit | An order to buy or sell a security at a specific price or better |
| Market | An order to buy or sell a security immediately; guarantees execution but not the execution price |
| Stop | (or stop-loss) An order to buy or sell a stock once the price of the stock reaches the specified price, known as the stop price |

| Post Trade | |
|-------------------|---|
| DTCC | The Depository Trust and Clearing Corporation |
| CSD | Central Securities Depository |
| CCP | Central Counterparty Clearing House |
| CP | Counterparty |
| IM | Initial Margin |
| VM | Variation Margin |
| MPR | Margin Period at Risk |
| T | Trade Date |
| T+1 | Settlement Date |

| Investors | |
|------------------|---|
| Institutional | Asset managers, endowments, pension plans, foundations, mutual funds, hedge funds, family offices, insurance companies, banks, etc.; fewer protective regulations as assumed to be more knowledgeable and better able to protect themselves |
| Individual | Self-directed or advised investing |

| Equities | |
|-----------------|---|
| EMS | Equity Market Structure |
| NMS | National Market System |
| Reg NMS | Regulation National Market System |
| SIP | Security Information Processor; aggregates all exchange's best quotes, sent back out to the market in one data stream |
| PFOF | Payment For Order Flow |
| Tick Size | Minimum quote increment of a trading instrument |
| CAT | Consolidated Audit Trail |
| SRO | Self Regulatory Organization |

| ETFs/Funds | |
|-------------------|----------------------------|
| AP | Authorized Participant |
| PCF | Portfolio Composition File |
| NAV | Net Asset Value |
| IIV | Intraday Indicative Value |
| ETF | Exchange-Traded Fund |
| ETP | Exchange-Traded Product |
| MF | Mutual Fund |
| OEF | Open-End Fund |
| CEF | Closed-End Fund |
| UIT | Unit Investment Trust |

| Options | |
|------------------|---|
| Call | The right to buy the underlying security, on or before expiration |
| Put | The right to sell the underlying security, on or before expiration |
| Holder | The buyer of the contract |
| Writer | The seller of the contract |
| American | Option may be exercised on any trading day on or before expiration |
| European | Option may only be exercised on expiration |
| Exercise | To put into effect the right specified in a contract |
| Underlying | The instrument on which the options contract is based; the asset/security being bought or sold upon exercise notification |
| Expiration | The set date at which the options contract ends, or ceases to exist, or the last day it can be traded |
| Stock Price | The price at which the underlying stock is trading, fluctuates continuously |
| Strike Price | The set price at which the options contract is exercised, or acted upon |
| Premium | The price the option contract trades at, or the purchase price, which fluctuates constantly |
| Time Decay | The time value portion of an option's premium decreases as time passes; the longer the option's life, the greater the probability the option will move in the money |
| Intrinsic Value | The in-the-money portion of an option's premium |
| Time Value | (Extrinsic value) The option premium (price) of the option minus intrinsic value; assigned by external factors (passage of time, volatility, interest rates, dividends, etc.) |
| In-the-Money | For a call option, when the stock price is greater than the strike price; reversed for put options |
| At-the Money | Stock price is identical to the strike price; the option has no intrinsic value |
| Out-of-the-Money | For a call option, when the stock price is less than the strike price; reversed for put options |

Appendix: Capital Markets Terms to Know

| Equity Capital Formation | |
|---------------------------------|---|
| IPO | Initial Public Offering; private company raises capital by offering its common stock to the public for the first time in the primary markets |
| SPAC | Special Purpose Acquisition Company; blank check shell corporation designed to take companies public without going through the traditional IPO process |
| Bought Deal | Underwriter purchases a company's entire IPO issue and resells it to the investing public; underwriter bears the entire risk of selling the stock issue |
| Best Effort Deal | Underwriter only guarantees the issuer it will make a best effort attempt to sell the shares to investors at the best price possible; issuer can be stuck with unsold shares |
| Secondary | (Follow-on) Issuance of shares to investors by a public company already listed on an exchange |
| Direct Listing | (Direct placement, direct public offering) Existing private company shareholders sell their shares directly to the public without underwriters. Often used by startups or smaller companies as a lower cost alternative to a traditional IPO. Risks include, among others, no support for the share sale and no stock price stabilization from the underwriter after the share listing. |

| Underwriting | |
|----------------------|---|
| Underwriting | Guarantee payment in case of damage or financial loss and accept the financial risk for liability arising from such guarantee in a financial transaction or deal |
| Underwriter | Investment bank administering the public issuance of securities; determines the initial offering price of the security, buys them from the issuer and sells them to investors. |
| Bookrunner | The main underwriter or lead manager in the deal, responsible for tracking interest in purchasing the IPO in order to help determine demand and price (can have a joint bookrunner) |
| Lead Left Bookrunner | Investment bank chosen by the issuer to lead the deal (identified on the offering document cover as the upper left hand bank listed) |
| Syndicate | Investment banks underwriting and selling all or part of an IPO |
| Arranger | The lead bank in the syndicate for a debt issuance deal |
| Greenshoe | Allows underwriters to sell more shares than originally planned by the company and then buy them back at the original IPO price if the demand for the deal is higher than expected, i.e. an over-allotment option |

| Documentation | |
|------------------------|---|
| Pitch | Sales presentation by an investment bank to the issuer, marketing the firm's services and products to win the mandate |
| Mandate | The issuing company selects the investment banks to underwrite its offering |
| Engagement Letter | Agreement between issuer & underwriters clarifying: terms, fees, responsibilities, expense reimbursement, confidentiality, indemnity, etc. |
| Letter of Intent | Investment banks' commitment to the issuer to underwrite the IPO |
| Underwriting Agreement | Issued after the securities are priced, underwriters become contractually bound to purchase the issue from the issuer at a specific price |
| Registration Statement | Split into the prospectus and private filings, or information for the SEC to review but not distributed to the public, it provides investors adequate information to perform their own due diligence prior to investing |
| The Prospectus | Public document issued to all investors listing: financial statements, management backgrounds, insider holdings, ongoing legal issues, IPO information and the ticker to be used once listed |
| Red Herring Document | An initial prospectus with company details, but not inclusive of the effective date of offering price, filed with the SEC |
| Tombstone | An announcement that securities are available for sale. (Also a plaque awarded to celebrate the completion of a transaction or deal) |

| Process | |
|-------------------|--|
| Roadshow | Investment bankers take issuing companies to meet institutional investors to interest them in buying the security they are bringing to market |
| Non-Deal Roadshow | Research analysts and sales personnel take public companies to meet institutional investors to interest them in buying a stock or update existing investors on the status of the business and current trends |
| Pricing | Underwriters and the issuer will determine the offer price, the price the shares will be sold to the public and the number of shares to be sold, based on demand gauged during the road show and market factors |
| Stabilization | Occurs for a short period of time after the IPO if order imbalances exist, i.e. the buy and sell orders do not match; underwriters will purchase shares at the offering price or below to move the stock price and rectify the imbalance |
| Quiet Period | (Cooling off period) The SEC mandates a quiet period on research recommendations, lasting 10 days (formerly 25 days) after the IPO |

| SEC Filings | |
|--------------------|--|
| Reg S-K | Regulation which prescribes reporting requirements for SEC filings for public companies |
| Reg S-X | Regulation which lays out the specific form and content of financial reports, specifically the financial statements of public companies |
| Form S-1 | Registration statement for U.S. companies (described above) |
| Form F-1 | Registration statement for foreign issuers of certain securities, for which no other specialized form exists or is authorized |
| Form 10-Q | Quarterly report on the financial condition and state of the business (discussion of risks, legal proceedings, etc.), mandated by the SEC |
| Form 10-K | More detailed annual version of the 10Q, mandated by the SEC |
| Form 8-K | Current report to announce major events shareholders should know about (changes to business & operations, financial statements, etc.), mandated by the SEC |
| EGC | Emerging Growth Company; qualified companies may choose to follow disclosure requirements that are scaled for newly public |

Fixed Income

| | |
|-------|---|
| CUSIP | Committee on Uniform Securities Identification Procedures; a nine character security identifier |
| FICC | Fixed Income, Currencies and Commodities |
| FI | Fixed Income |
| TRS | Total Return Swap |

Rates Markets

| | |
|--------|--|
| UST | U.S. Treasury Securities |
| FRN | Floating Rate Note |
| T-Bill | U.S. Treasury Bill |
| T-Note | U.S. Treasury Note |
| T-Bond | U.S. Treasury Bond |
| TIPS | Treasury Inflation Protected Securities |
| Repo | Repurchase Agreement; also have reverse repos |
| Agency | Federal Agency Securities |
| FAMC | Farmer Mac/Federal Agricultural Mortgage Corporation |
| FCS | Farm Credit System |
| FHLB | Federal Home Loan Banks |
| FHLMC | Freddie Mac/Federal Home Loan Mortgage Corporation |
| FNMA | Fannie Mae/Federal National Mortgage Association |
| GNMA | Ginnie Mae/Government National Mortgage Association |
| TVA | Tennessee Valley Authority |

Credit Markets

| | |
|------------|-------------------------|
| Corporates | Corporate Bonds |
| HY | High Yield Bond |
| IG | Investment Grade Bond |
| Munis | Municipal Securities |
| GO | General Obligation Bond |
| Revenue | Revenue Bond |

Securitized Products

| | |
|------|---|
| MBS | Mortgage-Backed Security |
| CMO | Collateralized Mortgage Obligation |
| CMBS | Commercial MBS |
| RMBS | Residential MBS |
| ABS | Asset-Backed Securities (auto, credit card, home equity, student loans, etc.) |
| CDO | Collateralized Debt Obligation |

Money Markets (MM)

| | |
|------|-------------------------------|
| CP | Commercial Paper |
| ABCP | Asset-Backed Commercial Paper |
| MMF | Money Market Funds |

SIFMA Insights Research Reports

SIFMA Insights: www.sifma.org/insights

- Ad hoc reports on timely market themes
- Annual Market Structure Compendiums: Equity and Fixed Income
- COVID Related Market Turmoil Recaps: Equities; Fixed Income and Structured Products

Monthly Market Metrics and Trends: www.sifma.org/insights-market-metrics-and-trends

- Statistics on volatility and equity and listed options volumes
- Highlights an interesting market trend

Market Structure Primers: www.sifma.org/primers

- Capital Markets: An Overview of Capital Markets and the Role of Financial Institutions
- Global Equity Market Comparison
- Capital Formation & Listings Exchanges
- Equities
- Options
- ETFs
- Fixed Income & Electronic Trading

Conference Debriefs

- Insights from market participants into top-of-mind topics
- Conference Survey Comparison, compares survey results across various conferences

Equity Market Structure Analysis

- The ABCs of Equity Market Structure: How US Equity Markets Work and Why
- Analyzing the Meaning Behind the Level of Off-Exchange Trading, Part II
- Analyzing the Meaning Behind the Level of Off-Exchange Trading
- Why Market Structure and Liquidity Matter

Top of Mind with SIFMA Insights

- Podcasts with market participants on key market and economic themes, including reference guides defining terms and providing charts on the topics discussed on the podcast

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