

Securities Finance April Snapshot 2023



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- US equity specials show no sign of declining
- Scandinavian equities in EMEA produce strong returns
- Fixed income assets continue to thrive
- Exchange Traded Products see declines in revenues and average fees

Global Securities Finance Snapshot - Apr 2023

Asset Class	April Revenue (\$M)	Rev YoY %Chg	Rev YTD	Avg Balances (\$B)	Bal YoY %Chg	Avg Fee	Fee YoY %Chg	Avg Utilization	Util YoY %Chg
All Securities	\$1,291	22%	\$4,706	\$2,688	-10%	0.58%	36%	6.4%	-7%
All Equity	\$1,026	23%	\$3,622	\$1,311	-3%	0.95%	27%	4.0%	3%
Americas Equity	\$524	45%	\$1,941	\$674	0%	0.95%	46%	3.1%	7%
Asia Equity	\$183	5%	\$696	\$231	5%	0.96%	0%	5.3%	4%
EMEA Equity	\$216	23%	\$592	\$269	-9%	0.98%	35%	6.1%	-7%
ADR	\$32	40%	\$134	\$29	1%	1.32%	38%	8.7%	4%
ETP	\$55	-33%	\$216	\$99	-17%	0.67%	-20%	10.4%	-12%
Government Bond	\$156	7%	\$638	\$1,084	-18%	0.17%	30%	20.5%	-22%
Corporate Bond	\$100	34%	\$398	\$267	-8%	0.45%	45%	5.8%	3%

Note: Includes only transactions with positive fees

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Financial markets experienced another action-packed month with the after-effects of the liquidation of Silicon Valley Bank and Signature Bank in the US and UBS's purchase of Credit Suisse still being digested by market participants. Despite the ongoing uncertainty created by further interest rate ambiguity and continued concerns regarding the financial sector, securities finance revenue experienced another impressive month. During April, **\$1.291B** in securities finance revenues were generated. This is an increase of 22% YoY and 4% MoM. Average fees increased across all securities to reach 58bps (+36% YoY). This is due to lending rates moving higher across EMEA and the US. Revenues increased across all asset classes over the month (YoY) apart from ETPs which experienced a decline of 33% YoY and 19% MoM. Momentum across fixed

income markets was maintained as corporate bond revenues hit \$100m for the third time this year whilst government bond revenues increased 7% YoY to \$156M.

Americas equities

Americas equities experienced another strong month producing securities finance revenues of \$524M (+45% YoY, +13% MoM) making April the highest revenue generating month of the year to date. Average fees increased over the month to an astonishing 95bps which is an increase on the 86bps on offer during March. Average fees across Americas equities year to date are 88bps. This is notably higher than the equivalent rate for the last few years (60bps 2022, 67bps 2021, 73bps 2020) and is testament to the current specials environment that exists in this market. Over the month utilization increased 7% to 3.06%. Balances declined YoY (-8%) despite increasing MoM (+3.7%).

In Canada, revenues for April were \$39.4M which equates to an impressive 63.5% increase YoY (-3% MoM). Average fees were 67bps over the month (+20% YoY, -8% MoM). Average fees YTD remain 10bps higher than at the same point during 2022 at 68bps. Utilization continues to track higher in Canada reaching 8.21% during April (+53% YoY). This is the highest level seen for at least the last four years. Average utilization only exceeded 7% during three months of 2022 and remained below 6% throughout the entirety of 2021.

Specials activity within the US equity market didn't slow down over the month generating \$367M in revenues, accounting for just over 74% of all US equity revenues. This means that 74% of all revenues in this market were generated from approximately 3% of all balances. April was the second highest month of the year so far for specials revenues. February was the best performing month so far with \$371M being generated. Over 2023 YTD \$1.383B in specials revenues have been generated which is a 67% increase on 2022.

April US equity specials defined as VWAF ALL > 500bps

	Special Revenue (\$M)	Special Balances (\$B)	Total Rev (\$M)	Total Balance (\$B)	from Specials	% Balance from Specials
2023	367.88	20.12	496.19	675.19	74.1%	3.0%
2022	220.29	15.73	367.09	677.33	60.0%	2.3%
YoY %	67.00%	27.90%	35.15%	-0.31%		

Source : SPGMI Securities Finance

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AMC continued to generate interest from borrowers over the month, with exceptionally strong revenues of \$132M. Average fees have started to decline slightly in this name however and the percentage of shares outstanding on loan has also started to fall. This is in tandem with an increase in the stock price during the closing weeks of March.

Upstart holdings Inc (UPST) came under further pressure during the month as a result of the increased focus on financial stocks. [First Republic Bank \(FRC\) shares](#) also entered into the table as US regional banks continued to deal with the fallout from the demise of Silicon Valley Bank and Signature Bank.

Evgo Inc (EVGO), the electric vehicle charging stations company, remained a favourite amongst borrowers during the month despite a circa 25% increase in its share price after Q4 revenues beat forecast. Zim Integrated Shipping Services Ltd (ZIM) was a new addition to the table over the month as market participants believe that the company remains over valued considering the decline seen in profits between Q3 and Q4. Transportation companies often come under stress as recessionary fears build, as freight tends to decline during periods of lower economic activity.

Revenues from the top ten stocks generated \$245M over the month which was an increase of 20% MoM.

Top 10 Revenue generators - Americas equities April 2023

Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
AMC	Amc Entertainment Holdings Inc	132.30	US Equity (Others)	North America Media and Entertainment	BH4HLL3
UPST	Upstart Holdings Inc	22.11	US Equity (Others)	North America Financial Services	BL53QN5
LCID	Lucid Group Inc	15.82	US Equity (Others)	North America Automobiles & Components	BP0TR77
FRC	First Republic Bank	12.96	US Equity (S&P500)	North America Banks	B4WHY15
EVGO	Evgo Inc	11.21	US Equity (RUSSELL 2000)	North America Consumer Discretionary Distribution & Retail	BP2Q7L0
GME	Gamestop Corp	11.14	US Equity (Others)	North America Consumer Discretionary Distribution & Retail	BOLLFT5
ZIM	Zim Integrated Shipping Services Ltd	10.38	US Equity (Others)	North America Transportation	BLC90J0
NVAX	Novavax Inc	10.36	US Equity (Others)	North America Pharmaceuticals, Biotechnology & Life Sciences	BJDQXG4
BYND	Beyond Meat Inc	9.82	US Equity (RUSSELL 2000)	North America Food, Beverage & Tobacco	BJ1FDK7
NKLA	Nikola Corp	9.44	US Equity (RUSSELL 2000)	North America Capital Goods	BMBM6H7

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APAC equities

APAC Equity Finance Snapshot - Apr 2023

Asset Class	April Revenue (\$M)	Rev YoY %Chg	Rev YTD	Avg Balances (\$B)	Bal YoY %Chg	Avg Fee	Fee YoY %Chg	Avg Utilization	Util YoY %Chg
Asia Equity	\$183	5%	\$696	\$231	5%	0.96%	0%	5.3%	4%
Japan Equity	\$64	35%	\$237	\$138	11%	0.53%	23%	6.9%	10%
Taiwan Equity	\$43	-6%	\$158	\$20	-11%	2.61%	5%	5.8%	-43%
Hong Kong Equity	\$33	9%	\$143	\$30	-10%	1.34%	21%	4.2%	-7%
South Korea Equity	\$27	-12%	\$90	\$19	6%	1.71%	-17%	6.5%	16%
Australia Equity	\$12	-21%	\$50	\$20	11%	0.72%	-28%	3.5%	16%
Malaysia Equity	\$1	-22%	\$6	\$0	-16%	4.35%	-8%	3.3%	3%
Singapore Equity	\$1	-7%	\$7	\$2	51%	0.68%	-38%	2.8%	54%
Thailand Equity	\$1	-13%	\$5	\$1	-10%	2.15%	-2%	3.3%	-23%
New Zealand Equity	\$0	-48%	\$1	\$0	-33%	0.92%	-23%	3.4%	-23%

Note: Includes only transactions with positive fees

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Source : S&P Global Market Intelligence Securities Finance

APAC equity revenues increased 5% YoY to \$183M. Despite declining 13% when compared with March, April was the second highest revenue generating month of the year so far for the region. Revenues increased in Japan and Hong Kong over the period but declined YoY across all other markets. Average fees matched those of April 2022 at 96bps but significant increases YoY were seen of 23% and 21% in Japan and Hong Kong. Revenues in Japan have shown real strength during 2023. Revenues to date in the country are equal to those of the first six months of 2022. Average fees, when compared YoY, have remained consistently higher every month which has helped to generate these strong returns.

In Taiwan, despite revenues falling YoY, April was the highest revenue generating month year to date. Average fees of 261bps also hit a year high. The last time average fees surpassed 260bps was during October 2022. Utilization in this market declined both MoM (-24%) and YoY (-42.5%) to its lowest level since January 2021. Lendable assets increased 37% YoY and balances declined 11% YoY.

Activity across the rest of the APAC region remained subdued. Revenues across the other territories were down along with the majority of average fees. Utilization did increase across the region but when focusing in on individual countries, the majority of this growth was down to an increase in balances in Japan which remains by far the largest country in terms of balances. Revenues reached a year high in both South Korea and Thailand.

Specials activity revenues across the APAC region reached \$75.2M over the month, approximately 43% of all revenues. This is a 2.7% decline when compared with April 2022. YTD \$295.7M of specials revenues have been generated, which is a 3% decrease on 2022.

When looking at the highest revenue generating stocks across the region, Japan, South Korea, and Hong Kong are all well represented. Japanese equities remained in demand over the period as dividend season continued in full swing. Sensetime Group Inc (20) was the top borrow of the month generating just over \$2.5M. This investment holding company which is involved in developing and selling artificial intelligence software platforms within the China was originally blocked from trading in the US by the Trump administration and this has not been lifted. The company is also facing strict rules from the Chinese regulator in regards to the usage of AI Chatbots which has sent the company's share price lower.

Ecopro Bm Co Ltd (247540) also appears as a top borrow this month. Ecopro produces components for electric vehicle batteries. The company has been very successful for many years but recently received its first ever sell rating, sounding a note of caution to investors. This led the company's share price to fall 17% in one day. This is a small drop compared to the stock's 647% increase YoY but it has led short sellers to question whether the stock is overvalued.

Revenues in Pop Mart International Group Ltd (9992) fell to their lowest level since December. The company that is seeing some positive news flow following the end of COVID-19 restrictions across China but is still clouded by uncertainties over consumers' spending power and the impact that this may have on the company's ongoing operations. YTD this stock has generated \$7.7M in securities finance revenues.

Top 10 Revenue Generators - APAC equities April 2023

Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
20	Sensetime Group Inc	2.51	HK Equity (Others)	Asia Software & Services	BPK3C96
247540	Ecopro Bm Co Ltd	1.97	KR Equity (Others)	Asia Capital Goods	BJ321P7
6969	Smooore International Holdings Ltd	1.83	HK Equity (Others)	Asia Food, Beverage & Tobacco	BKWGSQ7
086520	Ecopro Co Ltd	1.72	KR Equity (Others)	Asia Consumer Services	B235ZT9
7816	Snow Peak Inc	1.71	JP Equity (Others)	Japan Consumer Durables & Apparel	BSLVC23
9992	Pop Mart International Group Ltd	1.53	HK Equity (Others)	Asia Consumer Discretionary Distribution & Retail	BN6PP37
8316	Sumitomo Mitsui Financial Group Inc	1.19	JP Equity (Nikkei 225)	Japan Banks	6563024
819	Tianneng Power International Ltd	1.12	HK Equity (Others)	Asia Automobiles & Components	B1XDJC7
9433	Kddi Corp	1.03	JP Equity (Nikkei 225)	Japan Telecommunication Services	6248990
9101	Nippon Yusen Kk	1.03	JP Equity (Nikkei 225)	Japan Transportation	6643960

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EMEA equities

EMEA Equity Finance Snapshot - Apr 2023

Asset Class	April Revenue (\$M)	Rev YoY %Chg	Rev YTD	Avg Balances (\$B)	Bal YoY %Chg	Avg Fee	Fee YoY %Chg	Avg Utilization	Util YoY %Chg
EMEA Equity	\$216	23%	\$592	\$269	-9%	0.98%	35%	6.1%	-7%
Switzerland Equity	\$50	61%	\$131	\$40	-9%	1.53%	81%	6.3%	-2%
Sweden Equity	\$44	23%	\$102	\$27	1%	1.99%	22%	12.2%	17%
France Equity	\$29	11%	\$76	\$65	-8%	0.51%	19%	7.9%	-23%
Germany Equity	\$20	-8%	\$75	\$42	-12%	0.57%	6%	9.2%	-15%
Norway Equity	\$17	20%	\$39	\$6	-22%	3.27%	46%	10.0%	0%
UK Equity	\$13	14%	\$57	\$29	-18%	0.57%	39%	2.3%	-6%
Italy Equity	\$11	-17%	\$23	\$14	-5%	0.94%	-15%	8.4%	-2%
Netherlands Equity	\$8	29%	\$17	\$19	-5%	0.49%	42%	5.5%	-3%
Spain Equity	\$6	19%	\$11	\$10	6%	0.70%	14%	6.9%	8%
Finland Equity	\$5	50%	\$14	\$4	-6%	1.48%	65%	5.4%	1%
Belgium Equity	\$3	23%	\$7	\$4	-22%	0.97%	59%	6.7%	-16%
Denmark Equity	\$2	64%	\$8	\$5	5%	0.55%	59%	3.6%	13%

Note: Includes only transactions with positive fees

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Source: S&P Global Market Intelligence Securities Finance

Across EMEA securities finance revenues increased 23% YoY and 26% MoM to \$216M. Unsurprisingly with the increase in seasonal activity taking place across the region April is the highest revenue generating month of the year so far. This is also reflected in the average fee across the region which climbed to 98bps over the month. This represents a 35% increase on the average fee of 72bps seen during April 2022. Utilization across the region topped 6% for the first time since November last year.

All markets experienced increased revenues during the month when compared YoY except for Italy and Germany. Switzerland maintained the strong momentum seen during March with a 61% increase in revenues YoY. The Nordics remained popular countries amongst borrowers with stronger revenues when compared with April 2022. Denmark and Finland witnessed increases of +50% and Sweden and Norway saw impressive but more restrained increases of +20% on last year. Average fees remained very healthy and increases on 2022 were also seen across the board apart from Italy where fees decreased 15% YoY to 94bps. Average fees in Norway topped 300bps over the month, representing the highest level since May 2022 (348bps). Utilization also topped 10% in two Scandinavian countries during the month with utilization in Norway reaching 10% and 12% in Sweden.

Across EMEA revenues tend to be the strongest during the month of May. With revenues already 23% higher YoY during April, lenders of European assets are likely to see very strong returns over the course of 2023.

Specials activity also increased across the region over the month. Specials revenues were \$43.9M over the month (21% of revenues), generated from approximately 1.6% of

on all loan balances. Year to date specials revenues are \$192M across the region which is 36% greater YoY and the highest cumulative value since 2008.

Top borrows across the month remain representative of the overall revenue table. DNB Bank ASA (DNB), a Norwegian bank, was the highest revenue generator over the month producing \$11M of revenues. The vast majority of other stocks were linked to ongoing seasonal activity across the region.

Top 10 Revenue Generators - European Equity April 2023

Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
DNB	Dnb Bank Asa	11.10	NO Equity (OBX)	EMEA Banks	BNG7113
VOLV B	Volvo Ab	10.03	SE Equity (OMX)	EMEA Capital Goods	B1QH830
ZURN	Zurich Insurance Group Ag	8.33	CH Equity (SMI)	EMEA Insurance	5983816
NESN	Nestle Sa	5.70	CH Equity (SMI)	EMEA Food, Beverage & Tobacco	7123870
SEB A	Skandinaviska Enskilda Banken Ab	4.85	SE Equity (OMX)	EMEA Banks	4813345
SREN	Swiss Re Ag	4.22	CH Equity (SMI)	EMEA Insurance	B545MG5
ENGI	Engie Sa	3.52	FR Equity (CAC)	EMEA Utilities	B0C2CQ3
IDIA	Idorsia Ltd	3.37	CH Equity (Others)	EMEA Pharmaceuticals, Biotechnology & Life Sciences	BFOYK62
DG	Vinci Sa	3.17	FR Equity (CAC)	EMEA Capital Goods	B1XH026
SWED A	Swedbank Ab	3.02	SE Equity (OMX)	EMEA Banks	4846523

Source : S&P Global Market Intelligence Securities Finance

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Depository Receipts

American Depository Receipts continued to generate stronger revenues over the course of the month when compared on a YoY basis. The asset class generated \$32M over the month which was an increase of 40%. Both revenues and average fees did decline MoM (revenues -13% and fees -5%) but activity in the asset class is recovering from the lower levels of activity that were seen throughout 2022. Average fees increased to 132bps (+38% YoY).

As during previous months, the top revenue generators continue to be dominated by the electric vehicles sector. During the month of April, Banco Santander Ads Rep (BSAC) and Banco Santander Brazil (BSBR) collectively generated just over \$2M. This stock paid a dividend on April 20th.

Top 5 Revenue Generators - ADRs April 2023

Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
XPEV	Xpeng Adr Rep 2 Ord	8.46	CN ADR	North America Automobiles & Components	BMXR2T4
LI	Li Auto Adr 2 Ord	1.71	CN ADR	North America Automobiles & Components	BMXHCD8
BSAC	Banco Santander Ads Rep 400 Ord	1.36	ADR (Others)	North America Banks	2136646
NAAS	Naas Technology Adr	1.30	CN ADR	North America Consumer Discretionary Distribution & Retail	BQ7X627
BSBR	Banco Santander Brasil Adr Rep 1 Unt	0.78	BR ADR	North America Banks	B4Q2DV9

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Exchange Traded Products

ETF Finance Snapshot - Apr 2022

Asset Class	April Revenue (\$M)	Rev YoY %Chg	Rev YTD	Avg Balances (\$B)	Bal YoY %Chg	Avg Fee	Fee YoY %Chg	Avg Utilization	Util YoY %Chg
ETP	\$55	-33%	\$216	\$99	-17%	0.67%	-20%	10.4%	-12%
Americas ETFs	\$47	-32%	\$183	\$93	-16%	0.62%	-20%	14.2%	-9%
European ETFs	\$6	-35%	\$25	\$4	-37%	1.51%	4%	3.2%	-38%
Asia ETFs	\$1	-66%	\$3	\$1	-32%	0.96%	-49%	7.2%	-36%

Note: Includes only transactions with positive fees

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Source : S&P Global Market Intelligence Securities Finance

During the month, Equity exchange-traded funds saw more than \$12.6 billion of inflows during April, the largest seen since January and more than twice as much as in February and March. After the fallout seen across the financial sector during the month of March, investors grew in confidence and started to move money out of cash and short duration products back into stocks. ETFs were one of the big winners of this transfer of risk given their ability to offer diversified exposure through a single asset.

Securities finance revenues across all exchange traded products continued to decline over the month. This is an ongoing trend across the asset class and is unsurprising given the strong revenues that were generated throughout 2022. During the month ETPs generated \$55M in securities lending revenue. 85% of these revenues were generated by US ETFs, with European ETFs generating just \$6M. Despite the 35% decline in revenues YoY, average fees across European ETFs increased 4% to 151bps. Average fees across the asset class maintained the Q1 average of 67bps.

The top revenue generating ETFs all remained familiar names over the month. Revenues from HYG continued to decline and the Invesco Senior Loan ETF (BKLN) took the top spot generating over \$3.4M during the month. This ETF aims to index the leverage loan market and remains a favourite amongst short sellers given the uncertainty regarding any future moves in interest rates. The SPDR S&P Biotech ETF (XBI) is a newcomer to the most borrowed list. Short interest across the Biotech sector has been increasing recently as uncertainty regarding profitability is becoming an issue for the sector. Increased interest rates often make it difficult for companies to raise funds and it also diminishes the value of future profits. The majority of biotech companies are expected to generate the bulk of their revenues in the future which puts them under the spotlight.

Across the European highest revenue generating ETFs High yield and corporate bond trackers dominate the table.

Top 10 revenue generators - American ETPs April 2023

Ticker	Name	SL Revenue (\$M)	Market	Sedol
BKLN	Invsc Senior Loan Etf	3.48	US ETF	BZ03L33
XBI	Spdr S&P Biotech Etf	2.97	US ETF	B0Y90K2
HYG	Ishares Iboxx High Yield Bond Etf	2.95	US ETF	B1VZ486
IWM	Ishares Russell 2000 Etf	2.24	US ETF	2622059
ARKK	Ark Innovation Etf	1.90	US ETF	BSBNFV9

Source : S&P Global Market Intelligence Securities Finance

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Top 10 revenue generators - European ETPs April 2023

Ticker	Name	SL Revenue (\$M)	Market	Sedol
IHYG	Is Eur H.Yld C.B Ucits Eur Dist Etf	0.67	IE ETF	B66F475
IEAC	Ishrs Core Eur Corp Eur Dist Etf	0.25	IE ETF	B3F81R3
EIMI	Is Core Em Imi Ucits Usd (Acc) Etf	0.18	IE ETF	BKM4GZ6
MIDD	Is Ftse 250 Ucits Gbp (Dist) Etf	0.14	IE ETF	B00FV12
IHYG	Is Eur H.Yld C.B Ucits Eur Dist Etf	0.12	IE ETF	B5SMC73

Source : S&P Global Market Intelligence Securities Finance

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Government Bonds

Investors witnessed more interest rate volatility throughout the month as further issues in the banking sector and the anticipation of further interest rate increases translated into a very choppy trading environment. Despite US job vacancies falling below 10M for the first time since May 2021, inflation easing and an increase in unemployment rates, investors remain uncertain as to what the Fed needs to see before assuming a more dovish tone.

In the UK and Eurozone, a similar situation existed. The Fed does seem to be closer to being able to pause any further rate rises where the Bank of England and the Eurozone do still seem to be playing catch up. In the UK inflation increased over the month and in the Eurozone the composite PMI increased to 54.4 which was above expectations. In all three territories inflation remains well above the 2% target and a soft landing is still the firm objective. This is easier said than done however as economic data remains historic in nature and any overtightening is unlikely to be seen until it's too late. In Canada, the central bank increased interest rates by 25bps over the month and declared a resting period to enable a full review of economic data.

The volatility in the government bond markets continues to generate opportunities for securities lenders. Over the month \$156M in revenues were generated representing a 7% increase YoY and a decrease of 8% MoM. Average fees fell by 1bps over the month

to 17bps and utilization declined back below 21% (20.4%). Utilization now stands at its lowest level for many months.

Across the highest revenue generating government bonds, as we have seen previously, short dated issues are commanding the highest fees and generating the strongest revenues. The only exception to this is Canada where the 1.75% 1st Dec 2053 (135087M68) generated the strongest returns for lenders. The pause in any future rate increases may be impacting those bonds with higher duration risk hence the exception to the general trend.

As we head into May, conversations regarding the upcoming debt ceiling will no doubt continue to impact this sector of the securities finance markets. [Please read our recent piece on how this is already having an impact upon US T Bills.](#)

Top revenue generators - Canadian government bonds April 2023

Cusip	Name	SL Revenue (\$M)	Market
135087M68	Canada (Government) (1.75% 01-Dec-2053)	0.28	CA Govt Bond (Dom) (Fixed Rate)
135087F82	Canada (Government) (1% 01-Jun-2027)	0.25	CA Govt Bond (Dom) (Fixed Rate)
135087M27	Canada (Government) (1.5% 01-Jun-2031)	0.19	CA Govt Bond (Dom) (Fixed Rate)
135087L51	Canada (Government) (0.25% 01-Mar-2026)	0.19	CA Govt Bond (Dom) (Fixed Rate)
135087K94	Canada (Government) (0.5% 01-Sep-2025)	0.19	CA Govt Bond (Dom) (Fixed Rate)

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Top revenue generators - European government bonds April 2023

Cusip	Name	SL Revenue (\$M)	Market
G4527HGD7	United Kingdom Of Great Britain And Northern Ireland (Government) (0.625% 07-Jun-2025)	0.75	UK Non I/L Dom Govt Bond (Fixed Rate)
G92445FB9	United Kingdom Of Great Britain And Northern Ireland (Government) (1.25% 22-Jul-2027)	0.73	UK Non I/L Dom Govt Bond (Fixed Rate)
G4527HDX6	United Kingdom Of Great Britain And Northern Ireland (Government) (1% 22-Apr-2024)	0.70	UK Non I/L Dom Govt Bond (Fixed Rate)
G92450P44	United Kingdom Of Great Britain And Northern Ireland (Government) (4.75% 07-Dec-2030)	0.65	UK Non I/L Dom Govt Bond (Fixed Rate)
G4527HRV5	United Kingdom Of Great Britain And Northern Ireland (Government) (0.125% 30-Jan-2026)	0.63	UK Non I/L Dom Govt Bond (Fixed Rate)

Source : S&P Global Market Intelligence Securities Finance

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Top revenue generators - US government bonds April 2023

Cusip	Name	SL Revenue (\$M)	Market
91282CGT2	United States Treasury (3.625% 31-Mar-2028)	2.31	US Govt Bond (Notes) (Fixed Rate)
912828ZH6	United States Treasury (0.25% 15-Apr-2023)	1.49	US Govt Bond (Notes) (Fixed Rate)
912796ZN2	United States Treasury (0% 28-Dec-2023)	1.47	US Govt Bond (Bills) (Fixed Rate)
912796YT0	United States Treasury (0% 02-Nov-2023)	1.31	US Govt Bond (Bills) (Fixed Rate)
912796ZD4	United States Treasury (0% 30-Nov-2023)	0.96	US Govt Bond (Bills) (Fixed Rate)

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Corporate Bonds

It was reported during the month that corporate bonds are now being cut to junk at their fastest rate since 2020 and that during Q1 of 2023, \$11.4B of bonds were downgraded to high yield. This may be whetting the appetite of short sellers as corporate bonds continue to generate impressive returns for lenders.

Over the month of April \$100M of revenues were generated by the asset class and average fees maintained a very respectable 45bps. Despite the impressive returns generated during 2022, the asset class continues to improve when compared YoY. Uncertainty regarding future interest rate moves, along with the impact of one of the quickest and steepest tightening cycles in history continue to produce opportunities for investors.

Across the western hemisphere, the impact of a sharp increase in interest rates has placed commercial real estate companies in the spotlight along with retail and finance company bonds. Non-investment grade and private placement bonds continue to generate the strongest revenues.

Top 5 revenue generators - USD Corporate bonds April 2023

Cusip	Name	SL Revenue (\$K)	Market
88579YBD2	3M Co (4% 14-Sep-2048)	1,055.31	USD I.G.
553283AC6	Mph Acquisition Holdings Llc (5.75% 01-Nov-2028)	825.70	USD Priv.
83001AAC6	Six Flags Entertainment Corp (5.5% 15-Apr-2027)	803.04	USD Priv.
053773BF3	Avis Budget Car Rental Llc (5.375% 01-Mar-2029)	553.44	USD Priv.
343412AF9	Fluor Corp (4.25% 15-Sep-2028)	492.05	USD N.I.G.

Source : S&P Global Market Intelligence Securities Finance

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Top 5 revenue generators - GBP Corporate bonds April 2023

Cusip	Name	SL Revenue (\$K)	Market
G1R51SAE8	Boparan Finance Plc (7.625% 30-Nov-2025)	123.10	GBP N.I.G.
G933KZAA3	Very Group Funding Plc (6.5% 01-Aug-2026)	59.90	GBP N.I.G.
G65016AK6	Next Group Plc (3.625% 18-May-2028)	59.44	GBP I.G.
532457CD8	Eli Lilly And Co (1.625% 14-Sep-2043)	43.33	GBP I.G.
H3698DDT8	Credit Suisse Group Ag (7.375% 07-Sep-2033)	35.01	GBP I.G.

Source : S&P Global Market Intelligence Securities Finance

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Top 5 revenue generators - EUR Corporate bonds April 2023

Cusip	Name	SL Revenue (\$K)	Market
L9673UAA5	Vivion Investments Sarl (3% 08-Aug-2024)	166.28	EUR N.I.G.
G47718AJ3	Ineos Finance Plc (6.625% 15-May-2028)	156.45	EUR N.I.G.
F3808NAA9	Fnac Darty Sa (2.625% 30-May-2026)	152.24	EUR N.I.G.
T9T11UAD1	Webuild Spa (5.875% 15-Dec-2025)	136.61	EUR N.I.G.
G5002FAW6	Jaguar Land Rover Automotive Plc (4.5% 15-Jul-2028)	128.76	EUR N.I.G.

Source : S&P Global Market Intelligence Securities Finance

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Conclusion

April proved to be another strong month for securities finance markets. Ongoing seasonal activity in Europe and a strong specials market in the US continued to push

revenues for lenders ever higher. In the fixed income markets, continued volatility produced opportunities for borrowers. A slowdown in the interest rate hiking cycle, further pressures in the financial sector in the US and additional risks posed by the fast-approaching US debt ceiling will continue to produce volatile markets going forward. As seen previously, these conditions are very likely to produce an advantageous market environment for securities lenders. All market participants will therefore be looking towards May with cautious optimism.

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