The Snapshot

April 2024

S&P Global
Market Intelligence

Unlocking liquidity and improving processes

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Welcome to the April edition of the Snapshot. For those of you who don't already know me, my name is **Sean O'Neill**, I am based in London, and I am a member of the Securities Finance product management team.

Over the last few months, the lendable supply within the securities lending market has been growing, reaching a recent high of **$36T** during March. Asset valuations have been soaring as volatility has remained low, a soft landing has been coming into view and corporate earnings have remained robust. Whilst the levels of supply have been increasing, the majority of this growth has been due to the improvement in asset valuations rather than new funds entering the market. **Onboarding bottle necks** remain an **issue** for the majority of market participants, but here at S&P Global Market Intelligence we are **determined to revolutionize** this unloved but critical process to consign these problems to the past.

The onboarding of new funds and asset supply in the securities lending markets has always been a critical task for both borrowers and lenders alike. Despite its importance, both revenues and competitive advantage continue to be lost through its numerous inefficiencies and the onboarding of new accounts remains both challenging and time-consuming. The protracted timeframes needed to complete the process are reflective of its current manual and clerical nature. Counterparts frequently spend time navigating various emails, spreadsheets and documents that are shared and requested multiple times. The onboarding process has suffered from a lack of innovation and consideration over the years which has culminated in an ongoing administrative challenge for onboarding teams and a delay in the introduction and monetization of new sources of liquidity in the market.

Onboarding assets quickly into a securities lending program is more than just an administrative task. **Competitive advantage** can be gained by simplifying the process, **automating the processing of documentation** and by **reducing the administrative costs involved**.   **The future of client onboarding** is ready for a **disruptive change**.

The introduction of a **new digital solution** capable of triggering a change of this magnitude can be found in the new **S&P Global Market Intelligence Onboarding Accelerator Tool**. It is already transforming the client onboarding process and making it fit for the twenty first century. **Digitizing the onboarding process** brings **efficiency** and **scale**, **consolidation** and **coordination** and much needed **transparency** and **analytics** to a process that has remained unchanged for many years. In addition to enabling individual onboarding teams to measure and optimize their own performance, the shift to digital workflows holds the potential to enhance the security finance industry's efficiency and performance. By digitizing the onboarding process, our solution is single handedly **unlocking multiple billions of dollars** of **additional liquidity** to the securities finance market in much shorter timescales to the benefit of both borrowers and lenders alike.

If you would like to know more about our **onboarding accelerator tool**, please feel free to reach out to either myself, your sales contact, or your product specialist.

With my very best wishes and kindest regards,

Sean O'Neill

S&P Global
Market Intelligence

Onboarding Accelerator for Securities Finance

Enhance the onboarding process with an automated and customizable end-to-end onboarding solution for the securities financing industry to achieve mutual approval between lenders and borrowers.

Designed to revolutionize

Integrating S&P Global Market Intelligence's Onboarding Accelerator tool into Market Intelligence's Securities Finance platform ensures a standardized and transparent process for managing documentation and communication, understanding credit scores and reviewing inventory analytics.

Introducing Onboarding Accelerator for Securities Finance

With Onboarding Accelerator you can:

- Transform the onboarding process with automation, digitization, analytics, and data extraction
- Improve transparency and streamline communication across counterparties with real time updates into accounts and markets opening status
- Replace legacy processes with an automated end-to-end workflow centralizing the capture of data and documentation
- Realize efficiency gains over manual processes to accelerate time to achieve onboarding approvals
- Enhance client experience by reducing delays and administrative burdens
- Remove human error through automation of data capture across the onboarding process

Designed by global custodians and their clients

KEY BENEFITS

Standardize and automate to accelerate time to lending

Minimize operational risk

Provide transparency and systematic controls and audit trails

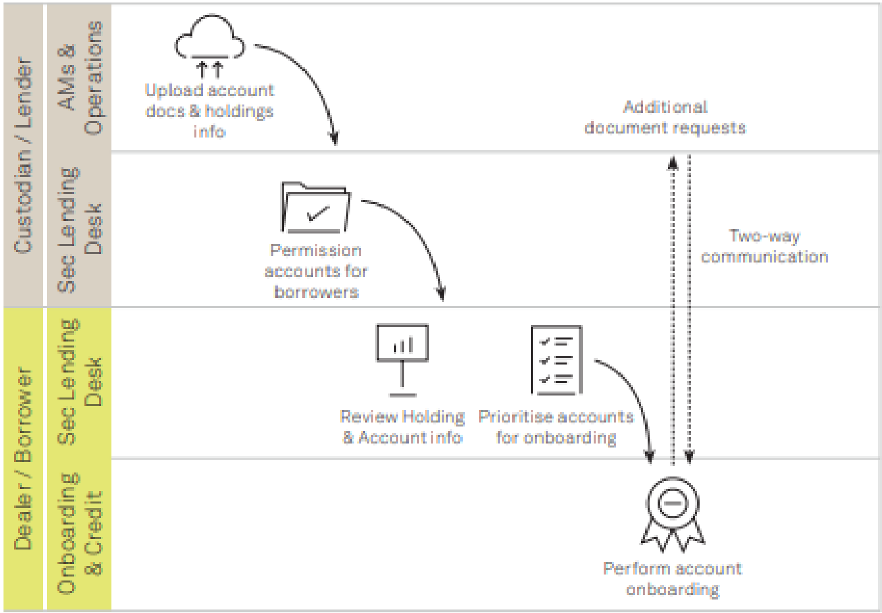
Guide clients through your firm's onboarding requirements, improving their experience

Analyse inventory to review the quality of assets in the lending programme and prioritise lender portfolios

Library of existing account documentation to enable rapid execution of new trading relationships and reviews

Onboarding Flow

End to end onboarding flow to achieve mutual approval for new accounts



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April revenues surpass $1B but remain 20% lower YoY

- Monthly revenues decline by 20% YoY to **$1.033B**
- Asia continues to support some very strong markets returns
- Fixed income assets continue to experience an increase in demand
- Specials activity across US equities declines 30% YoY

Global Securities Finance Snapshot - April 2024

Asset Class	Rev ($M)	Rev YoY % Change	YTD Rev ($M)	Avg Balance ($B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable ($B)	Lendable YoY % Change	Avg Utilization	Util YoY % Change
All Securities	$1,033	-20%	$3,781	$2,643	-2%	0.47%	-20%	$36,564	15%	5.6%	-13%
All Equity	$801	-22%	$2,821	$1,184	-10%	0.81%	-15%	$27,383	18%	3.1%	-22%
Americas Equity	$389	-26%	$1,459	$632	-6%	0.74%	-22%	$20,161	23%	2.4%	-21%
Asia Equity	$175	-4%	$666	$219	-5%	0.96%	0%	$2,715	7%	4.8%	-9%
EMEA Equity	$138	-36%	$363	$192	-29%	0.86%	-12%	$3,634	4%	4.2%	-31%
ADR	$24	-26%	$103	$28	-5%	1.02%	-23%	$242	0%	8.4%	-3%
ETP	$55	0%	$182	$101	3%	0.64%	-4%	$523	14%	10.2%	-2%
Government Bond	$151	-3%	$620	$1,142	5%	0.16%	-10%	$4,432	6%	20.7%	1%
Corporate Bond	$75	-25%	$314	$296	11%	0.30%	-33%	$4,397	12%	5.8%	-1%

Note: Includes only transactions with positive fees
Source: S&P Global Market Intelligence Securities Finance

Pivot of the pivot? Volatility returns as US inflation creeps up and markets pare back rate cut expectations.

During April volatility returned to equity markets as first quarter corporate earnings started to roll in and markets digested the fact that inflationary pressures have yet to completely recede. The central bank outlook, particularly in the US, was complicated by an increase in key inflation figures which have increased the likelihood of central bank policy divergence across the globe in the coming months.

The shift in interest rate expectations has led investors to reallocate from US Treasuries to European Government bonds, tempted by Europe's milder inflation rates and much anticipated earlier interest rate cuts. The move comes at a time of near record US Treasury issuance by the US government.

Following the largest quarterly Treasury issuance of $7.2T of debt in Q1 2024, there was lackluster demand for US Treasury auctions that took place during the month ($39B sale of 10-year Treasurys along with 3-year and 30-year Treasurys). Investor anticipation of US interest rates staying at multi-year highs for months to come also pushed 10-year US Treasury yields to their highest levels since October 2023 when they hit 5%. The US government is poised to sell an estimated $386B of bonds during May.

An increase in the level of uncertainty as equity markets cooled, and a renewed expectation of higher for longer in the US, has led to Money-market funds annualizing $1.2T of inflows, the second highest on record. Inflows into cash products continue to outstrip the money flowing into other asset classes, including US equities. The cash parked in these funds is only expected to be put to work in the broader markets approximately one year post the first Fed rate cut. Assets in Money-market funds totaled a record $6.11T during the month according to the Investment Company Institute.

Commodity prices continued to experience gains during April as on-going conflict around the globe, and an expectation of growing demand for gold and copper sent prices to record highs. An index of global commodity prices, the S&P GSCI, has increased by 12% this year, outpacing the S&P 500. Copper and Oil have gained more than 10% and 17% respectively and gold continues to post record high prices, rising 13%. The rally appears to be rooted in expectations of improvements in economic growth across both the US and China with improvements in manufacturing activity increasing demand for these resources.

In the equity markets the S&P500 dropped to its lowest level in two months during April as large declines from Microsoft, Apple and Nvidia sent the index below 5,100. With the NASDQ sliding by more than 1.5% on the same day the "fear index", the VIX, hit levels unseen this year. With both gauges breaching their 50 day moving averages, investors became bearish. Canada's main stock index also tumbled to its lowest point in over a month, dragged down by material shares. Investors remained nervous ahead of the Canadian federal budget which raised capital gains tax on high-net-worth individuals. Across Europe good news was seen in the IPO market with European activity reaching its highest proportion of global activity for over a decade. European companies reportedly made up over 35% of global listings by offering amount during the first quarter, more than ten times the 3% during the same period in 2020 according to S&P Global market Intelligence data. In Asia China reported faster-than-expected economic growth during the first quarter and the Stock Exchange of Thailand announced plans to restrict short selling by raising market capitalization criteria for eligible securities, and tripling fines for violations.

In the securities lending markets, revenues of **$1.033B** were generated. This represents a 20% decline YoY and a 2% reduction MoM. Revenues continued to show double digit YoY declines across all asset classes, except for Asian equities, with only exchange traded products showing revenues that were flat on April 2023. Average fees also continued their decline YoY. Asian equities and exchange traded products were the only asset classes that managed to restrain YoY declines to single digits (Asian equities 0% and exchange traded products -4%). Fixed income assets continued to experience growing balances during April with government bond balances climbing 5% and corporate bonds climbing an impressive 11% on those seen during April 2023.

Across the equity markets, despite "all equity" revenues declining by 22% YoY, revenues did increase MoM by 1%. Revenues across all equities during April 2023 were the highest of the year, topping $1B and coming in 7% higher than March revenues. During 2024, April revenues were very close to those seen during March (+1%), despite a similar increase being seen in MoM average fees across the two years (+9%). Balances remained significantly lower YoY (-10%) and also decreased MoM (-5%).

Across the different regions, In the Americas US equities continued trending (roughly) 30% lower YoY. This was a direct result of lower average fees and significantly lower on loan balances. Specials activity continues to trend significantly lower compared to 2023. To April 2023, over $1.4B in specials revenues had already been generated in the market by US equities. During 2024, YTD specials revenues are closer to $962M (-32% YoY). This is what is constituting the 30% monthly decline in revenues when compared with 2023. This can also be seen in the percentage of revenues that are made up by specials balances as YoY this has declined from 80% to 75% in April. Canadian securities lending revenues trended higher both MoM and YoY (one of the only markets to outperform on a YoY basis). Average fees skyrocketed to 90bps during the month rising 35% MoM and YoY. This was despite a decline in utilization MoM.

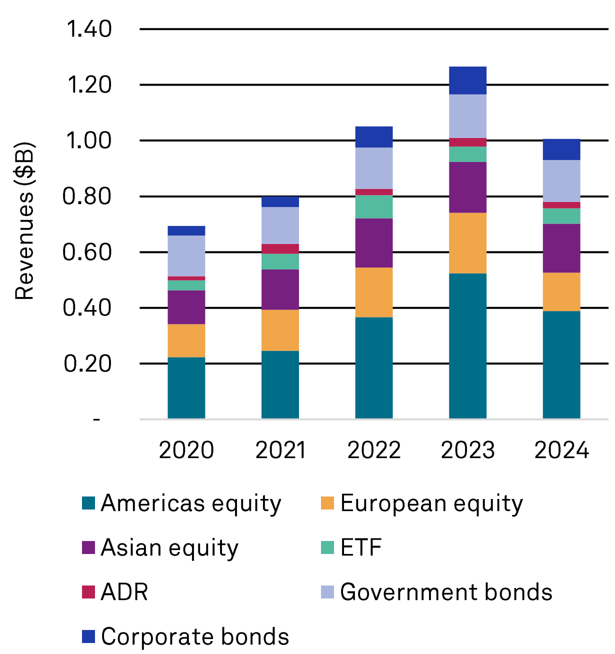
Asian equities continued to perform relatively well with lower YoY declines than seen across the other regions. Taiwan continued to produce exceptional returns after generating $63M in revenues (+45%) YoY, Japanese equities also outperformed YoY (+4%) as did Malaysian equities (+48%). Average fees remained lower YoY apart from across Japan (+15%) and Malaysia (0%).

Greece was the standout market across EMEA with a YoY increase in revenues of 20%. This was the result of a removal of stamp duty on share transactions which stoked demand. South African equities also fared well during April when compared on a YoY basis. Revenues increased 37% to $14M and average fees climbed 10% to 188bps. Across the other countries strong double-digit YoY declines in revenues persisted with monthly revenues in France declining 52% YoY, Germany declining by 41% YoY and the UK down by 44% YoY.

Fixed income markets, whilst also experiencing revenue declines, did see increases in on loan balances. This has been a common theme of 2024 so far. Americas government bonds noted an increase in YoY revenues despite a 2% decline in average fees as did Asian government bonds which experienced YoY revenue growth of 2% to $8M.

Despite the sizable YoY declines, revenues to April 2024 on a YTD basis still remain respectable when compared to any year other than 2023. At this point in time, revenues are trending more in-line with those seen during 2021. On an annual basis 2022 produced in excess of $10.7B in market revenues and was the second-best year since 2018.

April Securities Finance Revenues by Asset Class (USD)



Source: S&P Global Market Intelligence Securities Finance © 2024 S&P Global Market Intelligence

<u>SAVE THE DATE</u>

The S&P Global Market Intelligence Securities Finance Forum will once again be taking place in London on the 16th May at One Moorgate Place EC2R 6EA. The forum will consist of an afternoon of discussion and insights from market experts, guided by the Securities Finance team. The registration page is now live, and our agenda is available to view. We are looking forward to seeing you there!

If you would like to attend the forum, you can do so by registering HERE.

Americas Equities

Revenues **$389M ▼ -26%**

Average Value on Loan **$632B ▼ -6%**

Weighted Average Fee **0.74% ▼ -22%**

Average Utilization **2.4% ▼ -21%**

Canadian equities shine as one of the only asset classes to produce higher revenues YoY.

Corporate earnings continued to drive significant moves across US and Canadian equity markets during the month as mega tech stock prices reacted to investor sentiment. Nvidia (NVDA), Meta (META) and Tesla (TSLA) all experienced large daily moves with record one day declines being seen across market valuations. Nvidia's shares fell by 10% on April 19th marking a loss of $212B. The second-largest daily loss for a single stock in history. Many of the magnificent seven stocks that have been driving US equity markets higher over the last eighteen months fell during the period with Tesla's shares down circa 40% this year, Apple shares down 11% and Nvidia's shares down approximately 10%. On April 4th the Dow Jones Industrial average also fell 530 points, reflecting market jitters.

Towards the end of the month equity markets rebounded off of their monthly lows due to further solid corporate earnings news. Some analysts started suggesting that more than 80% of US companies beat expectations which helped both markets and investors to regain their confidence. Treasury yields curtailed some of the impact of the market rally however as the expectation of a prolonged period of elevated US interest rates sent the 10-year Treasury yield higher over the same period. The S&P 500 finished the month down 1% marking its worst performance of 2024 and worst monthly return since September 2023. The Nasdaq fell 1.3% over the month and the Dow Jones Industrial average declined 1.2%.

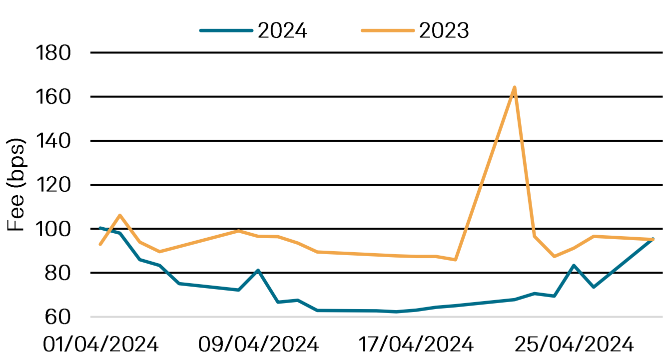
Across Canada, the main index ended the month flat after experiencing similar moves. Towards the end of the month mining stocks dragged the index lower as the prices of both gold and copper started to decline.

In the securities lending markets Americas equities generated **$389M** in revenues during April which represents a 26% decline YoY a 3% reduction MoM. US equities produced $344.8M in revenues as average fees, balances and utilization all declined YoY. April 2023 was the strongest month for revenues throughout the year ($481.9M) with the highest average fees seen (98bps) which has led to the sizable declines experienced during April 2024.

Canada proved to be a bright spot for securities lending activity during the month as it was one of the only countries to experience a YoY increase in revenues and average fees. Revenues increased by 1.3% YoY and 17% MoM (March 2024 $34M). Average fees also surged to a recent high of 90bps after climbing from an average of 67bps during March. This was against a backdrop of declining on loan balances and falling utilization. Lendable supply in the country continues to grow, with supply up by an average of 5% during 2024.

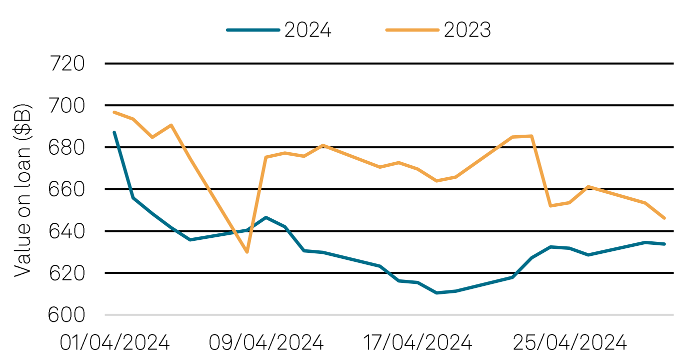
American depositary receipts generated $23.8M in revenues during April (-26% YoY). Balances declined to $28B from $32.6B during March. This pushed utilization down to 8.4% from 9.23% during March.

April Fee Trend



Source: S&P Global Market Intelligence Securities Finance

April Balance Trend



Source: S&P Global Market Intelligence Securities Finance

Canada outperforms as revenues and average fees increase YoY

US equity revenues decline by 28% YoY

Specials revenues decline 30% YTD across the Americas

Average lendable in Brazil increases 112% YoY

Country Details

Country	Revenue ($M)	Rev YoY % Change	YTD Rev ($M)	Avg Balances ($B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable ($B)	Lendable YoY % Change	Avg Util	Util YoY % Change
USA Equity	$345	-28%	$1,304	$577	-4%	0.72%	-27%	$19,389	23%	2.3%	-19%
Canada Equity	$40	1%	$143	$50	-28%	0.90%	36%	$722	6%	5.4%	-34%
Brazil Equity	$3	65%	$10	$4	48%	1.16%	12%	$3	112%	8.6%	-25%
Mexico Equity	$0.4	-49%	$2	$1	3%	0.59%	-51%	$47	7%	1.7%	-8%
ADR	$24	-26%	$103	$28	-5%	1.02%	-23%	$242	0%	8.4%	-3%

Note: Includes only transactions with positive fees
Source: S&P Global Market Intelligence Securities Finance

USA Specials Revenues and Balances

Year	Specials Revenue ($M)	Specials Balances ($B)	Total Revenues ($M)	Total Balance ($B)	% Revenues from Specials	% Balance from Specials
2024	$259.8	$13.1	$344.8	$576.9	75.3	2.3
2023	$393.2	$20.1	$488.6	$601.1	80.5	3.3
YoY % Change	-34%	-35%	-29%	-4%		

Source: S&P Global Market Intelligence Securities Finance

Canada Specials Revenues and Balances

Year	Specials Revenue ($M)	Specials Balances ($M)	Total Revenues ($M)	Total Balance ($B)	% Revenues from Specials	% Balance from Specials
2024	$12.8	$675.3	$39.9	$50.3	32.1	1.3
2023	$10.2	$1,026.4	$39.9	$69.9	25.5	1.5
YoY % Change	26%	-34%	0%	-28%		

Source: S&P Global Market Intelligence Securities Finance

Top 10 Revenue Generating Americas Equities

Top Earning Assets	Ticker	Sector	Country	Revenue Generated ($M)
Trump Media & Technology Group Corp	DJT	North America Media and Entertainment	US	$40.5
Lucid Group Inc	LCID	North America Automobiles & Components	US	$20.2
Canopy Growth Corp	CGC	North America Pharmaceuticals, Biotech & Life Sciences	US	$17.5
Immunitybio Inc	IBRX	North America Pharmaceuticals, Biotech & Life Sciences	US	$14.8
B Riley Financial Inc	RILY	North America Financial Services	US	$11.3
Beyond Meat Inc	BYND	North America Food, Beverage & Tobacco	US	$9.5
Visa Inc	V	North America Financial Services	US	$9.1
Sirius XM Holdings Inc	SIRI	North America Media and Entertainment	US	$8.4
Canoo Inc	GOEV	North America Automobiles & Components	US	$6.4
Nikola Corp	NKLA	North America Capital Goods	US	$5.8

Source: S&P Global Market Intelligence Securities Finance

APAC Equities

Revenues **$175M ▼ -4%**

Average Value on Loan **$219B ▼ -5%**

Weighted Average Fee **0.96% ▲ 0%**

Average Utilization **4.8%▼ -9%**

Momentum builds across Chinese equity markets as Taiwan continues generate strong securities lending returns.

Chinese stocks gained momentum during the month as supportive policies encouraged investors to buy the current market dip. A series of measures announced since mid-April to support both the mainland and Hong Kong stock markets have been positive for equity investors pushing valuations higher. This increase in momentum led to the connect system that links Hong Kong to the mainland bourses of Shenzhen and Shanghai to record its largest single-day net investment since the scheme opened in 2014, of 22.45B Yuan ($3.1B). The Heng Seng, the main index in Hong Kong, surpassed 18,000 during the month for the first time since November, and closed the month 7.39% higher. The CSI 300, which covers Chinese mainland stocks, finished the month by posting a gain of 1.89%.

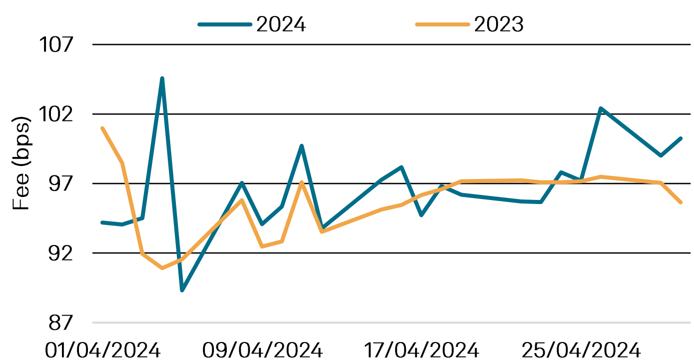
Thailand followed South Korea's lead during the month vowing to introduce tougher rules on short selling. The stock exchange announced plans to raise the market capitalization requirement for securities eligible for short selling and triple the fines for violators of the rules. The updated regulations will increase the market cap from 5 billion Bhat to 7.5 billion Bhat and require companies to have monthly trading volume of more than 2% of monthly turnover in those securities that they wish to short. According to the statement, additional criteria will also be implemented to minimize the impacts of short selling on the broader market.

Across the region equity performance remained mixed over the month with the ASX200 declining 2.95% over the month, the TOPIX squeezing out a small gain of 0.81% while the KOSPI fell by 1.99%.

In the securities lending markets APAC revenues decreased by 4% YoY to **$175M**. Average fees remained flat YoY standing at 96bps. The APAC region offered a mixed set of monthly results during April as markets such as Taiwan and Malaysia increased YoY revenues by 45% and 48% respectively whilst other regional markets such as Australia, Hong Kong and South Korea experienced strong declines of 25%, 31% and 60% respectively. The strong increases seen across Taiwan were a result of a marked increase in balances (+49%) and a strong increase in utilization (+29%) to 7.5%, making Taiwan one of the most utilized markets in the region. The recent growth in supply in the market has been leading to greater opportunities for borrowers as the stability and depth of asset pools has grown. This is positive for the region and shows the value on offer to those asset owners who can navigate the additional operational complexities required to transact in the market.

Activity remained subdued across Hong Kong despite an improvement seen in asset valuations during the month. Despite being home to some of the largest APAC specials of the year so far, revenues remain roughly 30% under those generated in the first four months of 2023 ($99m 2024 vs $143M 2023). Average fees have continued to fall during the year down from 131bps in January to 113bps average during April.

April Fee Trend



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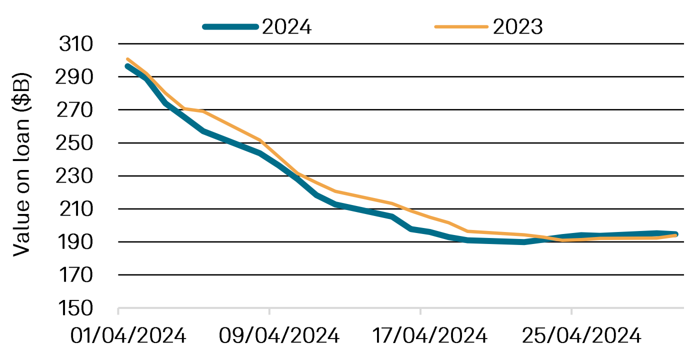
April Balance Trend



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Japan continues to dominate the revenue table, but Taiwan starts to catch up	APAC equity Volume Weighted Average Fees (VWAF) remained flat YoY	Hong Kong balances declined by 20% YoY	Revenues in Malaysia increased by 48% YoY

Country Details

Country	Revenue ($M)	Rev YoY % Change	YTD Rev ($M)	Avg Balances ($B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable ($B)	Lendable YoY % Change	Avg Util	Util YoY % Change
Japan Equity	$66	4%	$253	$128	-7%	0.61%	15%	$1,253	19%	5.9%	-15%
Taiwan Equity	$63	45%	$208	$30	49%	2.50%	-4%	$196	36%	7.5%	29%
Hong Kong Equity	$23	-31%	$99	$24	-20%	1.13%	-16%	$452	-20%	4.0%	-4%
South Korea Equity	$10	-60%	$51	$12	-34%	1.01%	-41%	$180	13%	2.6%	-60%
Australia Equity	$9	-25%	$37	$20	0%	0.53%	-26%	$509	6%	3.3%	-5%
Malaysia Equity	$2	48%	$9	$0.58	46%	4.37%	0%	$12	15%	3.9%	-100%
Singapore Equity	$1.1	-17%	$4	$3	16%	0.48%	-29%	$60	-7%	3.8%	35%
Thailand equity	$1	-27%	$4	$0.72	-3%	1.59%	-26%	$16	-16%	4.0%	21%
New Zealand Equity	$0.13	-57%	$0.54	$0.40	-4%	0.38%	-59%	$9	-11%	4.0%	18%

Note: Includes only transactions with positive fees
Source: S&P Global Market Intelligence Securities Finance

Specials Revenues and Balances

	Specials Revenue ($M)	Specials Balances ($B)	Total Revenues ($M)	Total Balance ($B)	% Revenues from Specials	% Balance from Specials
2024	$78.4	$12.5	$175.3	$218.8	44.7	5.7
2023	$80.7	$11.7	$185.5	$231.0	43.5	5.1
YoY % Change	-3%	6%	-6%	-5%		

Source: S&P Global Market Intelligence Securities Finance

Top 10 Revenue Generating APAC Equities

Top Earning Assets	Ticker	Sector	Country	Revenue Generated ($M)
Gigabyte Technology Co Ltd	2376	Asia Technology Hardware & Equipment	TW	$2.1
Globalwafers Co Ltd	6488	Asia Semiconductors & Semiconductor Equipment	6488	$2.1
Aozora Bank Ltd	8304	Japan Banks	JP	$1.9
East Buy Holding Ltd	1797	Asia Consumer Services	HK	$1.6
Sakura Internet Inc	3778	Japan Software & Services	JP	$1.6
Evergreen Marine Corp Taiwan Ltd	2603	Asia Transportation	TW	$1.5
Wt Microelectronics Co Ltd	3036	Asia Technology Hardware & Equipment	TW	$1.5
Itochu Corp	8001	Japan Capital Goods	JP	$1.3
King Slide Works Co Ltd	2059	Asia Technology Hardware & Equipment	TW	$1.2
Sumitomo Mitsui Financial Group Inc	8316	Japan Banks	JP	$1.1

Source: S&P Global Market Intelligence Securities Finance

EMEA Equities

Revenues
$138M ▼ -36%

Average Value on Loan
$192B ▼ -29%

Weighted Average Fee
0.86% ▼ -12%

Average Utilization
4.2% ▼ -31%

Despite a significant increase in MoM revenues, EMEA still lags behind the other regions.

European equity markets reflected the nervousness seen across the US during the month. Positive news was abundant however, with German inflation cooling for the third month in a row, boosting expectations for a June rate cut and strong European bank earnings helped to push the STOXX Europe 600 Banks index to is highest level seen for six years. The index has gained 34% during the past year.

In the UK, the FTSE100 finally jumped through the 8,000 level, surpassing its previous all-time high that was set fourteen months prior. As the tech stock sell off took place around the globe, the index, which remains dominated by resource and materials companies, benefited from investors who were looking to diversify their holdings.

A mining mega-deal was announced as BHP Group approached Anglo American, with an offer to buy the 107-year-old mining company. The tie up would create the worlds biggest copper miner and would most likely constitute one of the largest deals of 2024. Initial signs from Anglo American were negative, suggesting that it believed that the $38.8B price tag undervalued the company.

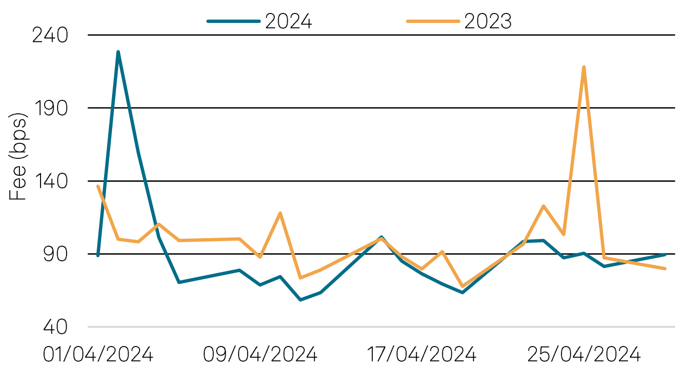
South African stocks also touched their highest levels seen since January during April. The Rand also surged as the publication of an opinion poll was seen boosting the likelihood of a market-friendly coalition emerging from national elections next month. The JSE Africa All Share Index closed the month 2.07% higher.

The quarterly corporate earnings season also fared well for a number of mega cap European stocks during the month. ASML and SAP rose sharply following positive results as did LVMH. Novo Nordisk also beat earnings forecast by a substantial margin thanks to robust sales of its diabetes and weight loss drugs Ozempic and Wegovy, making it Europe's most valuable company. Europe's EuroStoxx50 has outpaced the S&P 500 index over a number of months and is expected to continue to do so given the additional tailwind of lower interest rates in the not-too-distant future.

In the securities lending market, EMEA equities generated **$138M**. This represents a decline of 36% YoY but a significant increase of 17% MoM. Average fees continued to climb across the region as more seasonal activity took place, increasing from 78bps during March to an average of 86bps during April. Average fees remained 12% lower than those experienced during April 2023 and YTD are trending approximately 12bps lower than those seen during 2023.

Italy, South Africa, Belgium, and Greece were the only countries that experienced YoY increases in revenues during the month (+29%, +37% and +20% respectively). South Africa and Belgium also benefitted from increases in YoY average fees of +10% and +16% respectively.

April Fee Trend



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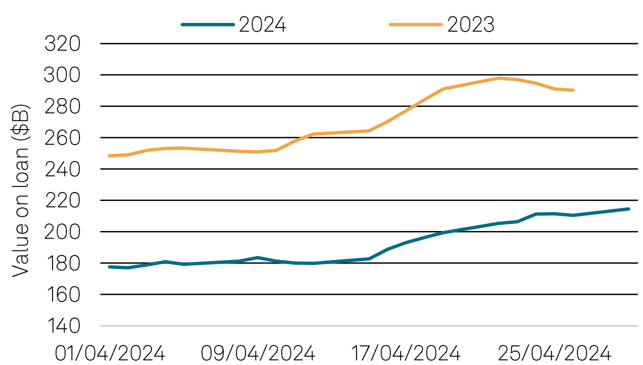
April Balance Trend



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Italian equity revenues increased 29% YoY

Swedish equity Volume Weighted Average Fees (VWAF) decreased 10% YoY

Balances increased across Italy and South Africa

Revenues in France fell 52% YoY

Country Details

Country	Revenue ($M)	Rev YoY % Change	YTD Revenues ($M)	Avg Balances ($B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable ($B)	Lendable YoY % Change	Avg Util	Util YoY % Change
Sweden Equity	$33	-25%	$84	$22	-19%	1.79%	-10%	$182	4%	9.7%	-20%
Switzerland Equity	$30	-41%	$70	$28	-31%	1.28%	-16%	$503	0%	4.2%	-34%
France Equity	$14	-52%	$42	$32	-51%	0.51%	0%	$652	3%	4.0%	-50%
Germany Equity	$12	-41%	$39	$23	-45%	0.60%	5%	$378	-1%	4.8%	-48%
UK Equity	$8	-44%	$28	$28	-3%	0.32%	-43%	$948	2%	2.4%	2%
Italy Equity	$14	29%	$23	$17	26%	0.94%	-1%	$157	23%	7.7%	-8%
South Africa Equity	$14	37%	$20	$9	25%	1.88%	10%	$41	-11%	11.7%	15%
Norway Equity	$6	-65%	$19	$6	-2%	1.30%	-60%	$37	-18%	11.8%	18%
Spain Equity	$6	-2%	$11	$10	-5%	0.72%	2%	$140	13%	5.8%	-16%
Finland Equity	$4	-20%	$11	$4	-9%	1.27%	-14%	$53	-4%	5.7%	5%

Note: Includes only transactions with positive fees
Source: S&P Global Market Intelligence Securities Finance

Specials Revenues and Balances

	Specials Revenue ($M)	Specials Balances ($B)	Total Revenues ($M)	Total Balance ($B)	% Revenues from Specials	% Balance from Specials
2024	$29.5	$2.3	$137.9	$192.3	21.4	1.2
2023	$47.1	$4.2	$219.2	$269.2	21.5	1.6
YoY % Change	-37%	-45%	-37%	-29%		

Source: S&P Global Market Intelligence Securities Finance

Top 10 Revenue Generating European Equities

Top Earning Assets	Ticker	Sector	Country	Revenue Generated ($M)
Volvo AB	VOLV B	EMEA Capital Goods	SE	$10.3
Unicredit Spa	UCG	EMEA Banks	IT	$7.7
SGS SA	SGSN	EMEA Commercial & Professional Services	CH	$6.5
Idorsia Ltd	IDIA	EMEA Pharmaceuticals, Biotechnology & Life Sciences	CH	$4.0
Nestle SA	NESN	EMEA Food, Beverage & Tobacco	CH	$3.7
Zurich Insurance Group AG	ZURN	EMEA Insurance	CH	$3.4
Swiss RE AG	SREN	EMEA Insurance	CH	$2.8
KBC Groep NV	KBC	EMEA Banks	BE	$2.3
Svenska Handelsbanken AB	SHB A	EMEA Banks	SE	$2.3
Banco Bilbao Vizcaya Argentaria SA	BBVA	EMEA Banks	ES	$2.0

Source: S&P Global Market Intelligence Securities Finance

Exchange Traded Products

Revenues **$55M ▲ 0%**

Average Value on Loan **$101B ▲ 3%**

Weighted Average Fee **0.64% ▼ -4%**

Average Utilization **10.2% ▼ -2%**

Commodities, defense, and EM equities dominate flows.

A number of different themes played out in the exchange traded funds market during the month as volatility crept back into markets and investors reacted to a change in the interest rate outlook. A renewed interest in actively managed emerging market ETFs took hold as investors believed that they remain undervalued when compared to US equities. The added attractiveness of lower fees and the avoidance of cross border trading has made the asset class one of the easiest ways to gain exposure to this segment of the market. Strong inflows were also seen into commodity-based ETFs as Gold continually set new price records over the month, copper reached its highest level since June 2022 and Zinc traded at its highest level for a year. The price of oil also increased over the month surpassing $90 a barrel. Commodities are being used as a hedge against persistent and sticky inflation and an improvement in economic growth and consumption is helping to grow investment in the sector. Commodity ETFs experienced their strongest inflows for two years as a result. The third theme that played out across Europe was an increase in allocations to defense ETFs. The rise in interest in defense stocks coincides with a rise in defense spending by European governments as conflict and geopolitical risk continues to grow.

Spot Bitcoin ETFs remained in the headlines over the month as Hong Kong announced that it would be following in the US's footsteps by approving the new products in an attempt to persuade Chinese investors to start allocating to the crypto coin. Australia's top exchange was also reported to be expected to approve Bitcoin ETFs later on during the year.

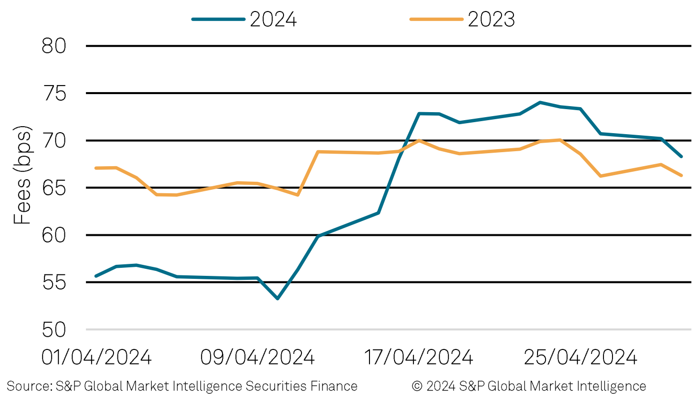
ETP securities lending revenues remained flat YoY at $55M during the month of April. Average fees declined (-4% YoY) but balances grew by 3% YoY and by 6% MoM. Utilization surpassed 10% during April for the first time since November. Average balances increased from April 11th and remained above 10% for the remainder of the month.

When looking across the regions, Americas ETFs produced their best revenue figures of the year so far, generating $46.9M. This represents an increase of 27% MoM. Average fees also hit their highest level since November 2023 at 59bps. Utilization hit a recent high of 14.5% on April 30th. Corporate bond ETFs were responsible for the growth seen in both average fees and balances.

Across Asian ETFs, revenues increased by 105% YoY to $1.41M, average fees increased 17% YoY to 112bps, and utilization grew by 80% YoY to 13%. Two Chinese equity trackers appeared in the top ten equity ETF revenue table for the first time this month as investors look to take advantage of the rebound in Chinese equity prices.

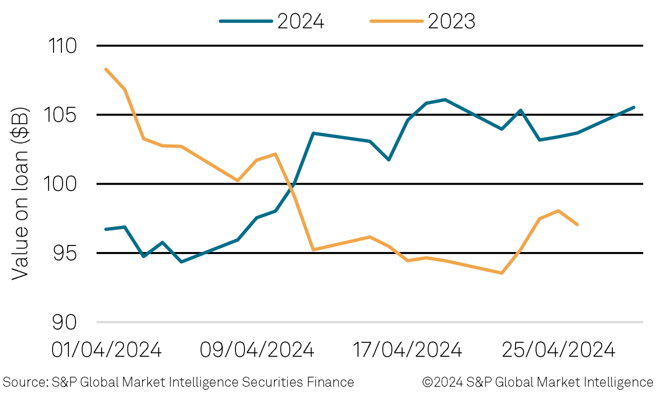
Across EMEA, ETF revenues remained subdued, declining by 6% YoY to $5M. Average fees did hit a year high however of 138bps.

April Fee Trend



Source: S&P Global Market Intelligence Securities Finance

April Balance Trend



Source: S&P Global Market Intelligence Securities Finance

Chinese A Share ETFs creep into the top revenue generator table

Asia ETF revenues increased by an impressive 105% YoY

Asia ETF balances increased by 71% YoY

Lendable ETF supply continued to grow across the Americas, Asia and Europe YoY

Regional Details

Regional	Revenue ($M)	Rev YoY % Change	Revenues YTD ($M)	Avg Balances ($B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable ($B)	Lendable YoY % Change	Avg Util	Util YoY % Change
Americas ETFs	$47	-1%	$154	$95	2%	0.59%	-5%	$363	16%	13.8%	-3%
European ETFs	$5	-6%	$20	$5	1%	1.38%	-9%	$97	18%	2.7%	-16%
Asia ETFs	$1	105%	$5	$1	71%	1.12%	17%	$4	10%	13.0%	80%

Note: Includes only transactions with positive fees
Source: S&P Global Market Intelligence Securities Finance

Top 10 Revenue Generating Equity ETFs

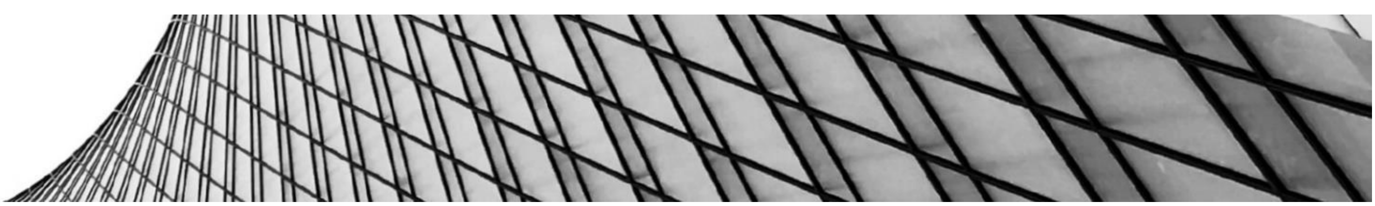
ETF Name	Ticker	Investment type	Country	Revenue Generated ($M)
iShares Russell 2000 ETF	IWM	Equity	US	$1.1
SPDR S&P Biotech ETF	XBI	Equity	US	$1.0
Ark Innovation ETF	ARKK	Equity	US	$0.7
Xtracker Harvest CSI300 China A	ASHR	Equity	US	$0.7
SPDR S&P Retail ETF	XRT	Equity	US	$0.7
iShares MSCI China A UCITS ETF	CNYA	Equity	IE	$0.7
Proshares Ultrapro QQQ ETF	TQQQ	Equity	US	$0.6
SPDR S&P 500 ETF	SPY	Equity	US	$0.5
Invesco QQQ Trust ETF	QQQ	Equity	US	$0.5
US Global Jets ETF	JETS	Equity	US	$0.4

Source: S&P Global Market Intelligence Securities Finance

Top 5 Revenue Generating Fixed Income ETFs

ETF Name	Ticker	Investment type	Country	Revenue Generated ($M)
iShares IBOXX Investment Grade ETF	LQD	Fixed Income	US	$6.0
iShares IBOXX High Yield Bond ETF	HYG	Fixed Income	US	$4.9
iShares National Muni Bond ETF	MUB	Fixed Income	US	$2.4
iShares JP Morgan USD Bond ETF	EMB	Fixed Income	US	$1.6
SPDR Bloomberg Barclays High Yield Bond ETF	JNK	Fixed Income	US	$1.1

Source: S&P Global Market Intelligence Securities Finance



Corporate Bonds

Revenues
$75M ▼ -25%

Average Value on Loan
$296B ▲ 11%

Weighted Average Fee
0.30% ▼ -33%

Average Utilization
5.8%▼ -1%

Issuance and balances continue to climb.

April started with spreads for US high yield bonds and financial high-grade bonds tightening as a result of an improvement in the global economic outlook. This improvement is expected to continue throughout the year as a decrease in recession risk is likely to be supportive of high yield bonds.

Across Asia, Korean borrowers were reportedly selling an unprecedented amount of dollar corporate bonds during the month, overtaking Chinese peers, and jumping to the top of the leaderboard for Asia's primary issuance market. South Korea remains one of the markets across the region to issue bonds in dollars as many issuers continue to borrow in their own currencies. Korean companies are reportedly issuing in dollars to fund oversees expansion.

To the end of March corporate borrowers had issued $606B in dollar bonds during 2024, a 40% increase compared with the same time in 2023 and the highest amount since 1990. Low spreads have been attracting borrowers to the market along with a desire to avoid any potential market volatility that may be sparked by the upcoming US election. The high level of issuance and the ongoing need for companies to refinance existing debt comes at a time when Sovereign borrowing is also increasing. This may bring volatility to the market in the coming months as opportunities in the government bonds crowd out companies' ability to raise further cash.

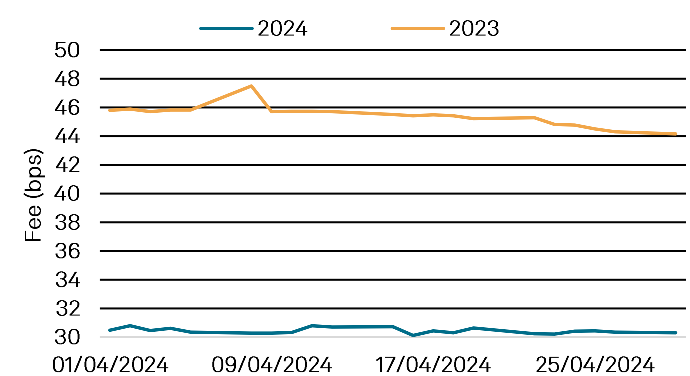
In the securities lending markets, corporate bonds generated **$75M** in revenues during April representing a 25% decline YoY. As seen during previous months, YoY balances increased again during April, growing to $296B (+11%). Average fees continued their steady decline over the month reaching an average of 30bps, their lowest level for a number of months. Average fees have declined by 4bps since January.

Conventional bonds continued to provide the largest share of revenues, generating $72.7M during the month, marking the lowest revenues of the year so far. On loan balances reached a recent high of $293.3B however, which has been supportive of revenues as average fees continue to decline. USD denominated conventional bonds continued to dominate the highest revenue generator table with a mix of private placements, non-investment grade and investment grade issues.

Revenues declined MoM across convertibles bonds during April as average fees dropped to 101bps. YoY comparisons across the asset class have been significant with most months experiencing declines greater than 50% across a number of metrics. On loan balances have continued to fall YoY but have steadily grown from $1.8B in January to $2.4B in April.

Asset Backed Securities continued to experience limited demand during the month with average fees declining MoM to 22bps.

April Fee Trend



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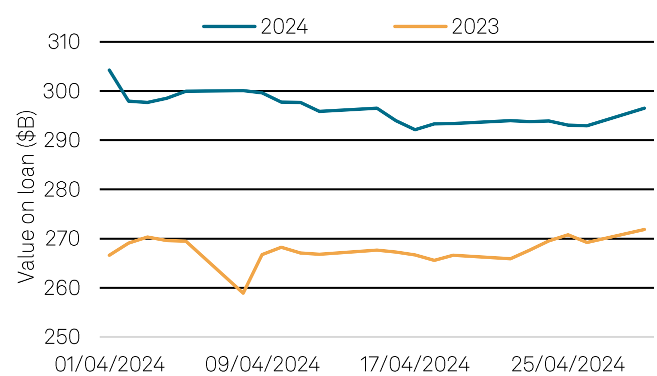
April Balance Trend



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Conventional Bonds post their lowest revenues YTD	Convertibles Bond continue to see a slide in revenues	Corporate Bond balances increase 11% YoY	Volume Weighted Average Fee (VWAF) increased 14% YoY for ABS

Asset Class Details

Asset Class	Revenue ($M)	Rev YoY % Change	Revenues YTD ($M)	Avg Balances ($B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable ($B)	Lendable YoY % Change	Avg Util	Util YoY % Change
Conventional Bonds	$73	-23%	$302	$293	11%	0.30%	-32%	$4,034	12%	6.2%	-1%
Convertible Bonds	$2	-61%	$8	$2	-20%	1.01%	-52%	$35	-9%	5.0%	-13%
Asset Backed Securities	$0.1	88%	$0.3	$0.4	62%	0.22%	14%	$325	10%	0.1%	64%

Note: Includes only transactions with positive fees
Source: S&P Global Market Intelligence Securities Finance

Top 5 Revenue Generating USD Denominated Corporate Bonds

Top Earning Assets	CUSIP	Denomination	Asset Class	Revenue Generated ($M)
Hanesbrands Inc (9% 15-Feb-2031)	410345AQ5	USD	USD Priv. Placement Corp Bond	$0.9
Biomarin Pharmaceutical Inc (1.25% 15-May-27)	09061GAK7	USD	N.I.G. Corp Bond (Fixed Rate)	$0.6
3M Co (4% 14-Sep-2048)	88579YBD2	USD	I.G. Corp Bond (Fixed Rate)	$0.6
Apple Inc (4.3% 10-May-2033)	037833EV8	USD	I.G. Conv Bond (Fixed Rate)	$0.5
MPT Operating Partnership LP (5.25% 01-Aug-26)	55342UAG9	USD	N.I.G. Corp Bond	$0.4

Source: S&P Global Market Intelligence Securities Finance

Top 5 Revenue Generating EUR Denominated Corporate Bonds

Top Earning Assets	CUSIP	Denomination	Asset Class	Revenue Generated ($M)
Ineos Quattro Finance 2 Plc (8.5% 15-Mar-2029)	G4772GAD7	EUR	N.I.G. Corp Bond (Fixed Rate)	$0.3
Eutelsat SA (2.25% 13-Jul-2027)	F3692FAG2	EUR	N.I.G. Corp Bond (Fixed Rate)	$0.2
Worldline SA (4.125% 12-Sep-2028)	F9867TJC8	EUR	N.I.G. Corp Bond (Fixed Rate)	$0.2
Nexi SPA (2.125% 30-Apr-2029)	T6S18JAD6	EUR	N.I.G. Corp Bond (Fixed Rate)	$0.2
Teleperformance SE (3.75% 24-Jun-2029)	F9120FHQ2	EUR	N.I.G. Corp Bond (Fixed Rate)	$0.2

Source: S&P Global Market Intelligence Securities Finance

Top 5 Revenue Generating GBP Denominated Corporate Bonds

Top Earning Assets	CUSIP	Denomination	Asset Class	Revenue Generated ($M)
United Utilities Water Finance Plc (1.875% 03-Jun-2042)	G929RZAU0	GBP	I.G. Corp Bond (Fixed Rate)	$0.2
Danske Bank A/S (4.625% 13-Apr-2027)	K2R317JJ2	GBP	I.G. Corp Bond (Fixed Rate)	$0.1
Iceland Bond Co Plc (10.875% 15-Dec-2027)	G4738RAD6	GBP	N.I.G. Corp Bond (Fixed Rate)	$0.07
Very Group Funding Plc (6.5% 01-Aug-2026)	G933KZAA3	GBP	I.G. Corp Bond (Fixed Rate)	$0.06
Thames Water Utilities Finance Plc (4% 19-Jun-2025)	G8787MAG1	GBP	GBP I.G. Corp Bond (Fixed Rate)	$0.05

Source: S&P Global Market Intelligence Securities Finance

Government Bonds

Revenues **$151M ▼ -3%**

Average Value on Loan **$1,142B ▲ 5%**

Weighted Average Fee **0.16% ▼ -10%**

Average Utilization **20.7% ▲ 1%**

Pivot of the pivot - The indefinite hold.

The month started with many analysts looking at the most recent US economic data and concluding that inflationary pressures may not have completely receded. Investors therefore had to face the new reality that they may have been too optimistic heading into the new year in regard to the future course of interest rate cuts. Bond traders started to price in fewer rate cuts for 2024 as a result with chances of a June cut moving to below 50%. Treasury yields increased as a result. Economic data remained strong across the US which also had a negative impact on Treasury prices. A gauge of US manufacturing activity that was released early in the month showed expansion for the first time since 2022 which pushed 10-year yields 10bps higher. Towards the end of the month, Jerome Powell, the chair of the Federal Reserve, decided to keep interest rates on hold, stating that the timing of any cut is now less certain. A sudden burst of inflation across US economic data has reduced policymakers' confidence that price pressures are ebbing. Shorter dated Treasury's fell with the 10-year yield reaching its lowest level since November.

The Bank of Canada held interest rates steady during the month as the country's official inflation rate remained under three percent for the past two months, a situation that hasn't been seen for more than two years. Consensus continues to grow that the era of the central bank standing on the side lines is coming to an end.

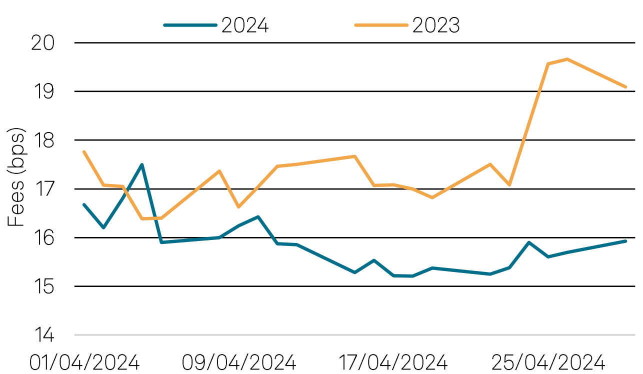
Across the Eurozone Germany's inflation rate dropped to a three year low in March, driven by a decline in energy prices. Many European central bankers therefore started to talk about divergence in policy from the Fed with expectations building of quarterly interest rate cuts taking place from June onwards. Reductions in the deposit rate are now projected to move from the current 4% rate to 2.25% by late 2025.

Across Asia, Japan's inflation expectations hit a record level amid a weakening yen and higher energy costs. The weakening yen is likely to increase pressure on US Treasury yields as the Bank of Japan is expected to start selling US government debt to support the currency. South Korea and Singapore kept interest rates on hold as did the People's Bank Of China. In New Zealand, the country's annual inflation eased to 4% from 4.7% during the first quarter of 2024.

In the securities lending markets government bonds generated **$151M** in revenues representing a 3% decline YoY. Balances continued to climb, growing by 5% YoY and average utilization increased to just under 21%.

Growth in revenues across Americas government bond revenues slowed over the month as revenues declined from $118.6M in March to $98.8M in April. Average fees also reverted back to 17bps. Across EMEA average fees remained at 14bps and MoM revenues declined by 5% (-19% YoY).

April Fee Trend



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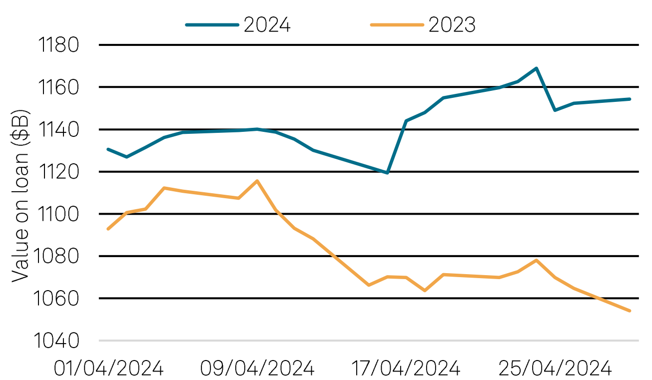
April Balance Trend



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Americas government bond revenues grow 5% YoY	Asian government bond balances increased by 10% YoY	EMEA government bond revenues decline both YoY and MoM	Volume Weighted Average Fee (VWAF) decreased YoY across all regions apart from Americas

Issuer Region Details

Region	Revenue ($M)	Rev YoY % Change	Revenues YTD ($M)	Avg Balances ($B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable ($B)	Lendable YoY % Change	Avg Util	Util YoY % Change
Americas	$99	5%	$413	$714	6%	0.17%	2%	$2,968	0%	20.7%	6%
Europe	$44	-19%	$174	$373	4%	0.14%	-23%	$1,337	28%	20.7%	-14%
Asia	$8	2%	$34	$55	10%	0.18%	-9%	$127	-11%	20.0%	35%
Emerging Market	$6	-34%	$26	$21	-18%	0.36%	-20%	$323	8%	5.4%	-25%

Note: Includes only transactions with positive fees
Source: S&P Global Market Intelligence Securities Finance

Top 5 Revenue Generating US Treasuries

Top Earning Assets	CUSIP	Denomination	Country	Revenue Generated ($M)
United States Treasury (4.25% 28-Feb-2029)	91282CKD2	USD	US	$1.7
United States Treasury (4.25% 31-Jan-2026)	91282CJV4	USD	US	$1.3
United States Treasury (3.5% 15-Feb-2033)	91282CGM7	USD	US	$1.2
United States Treasury (4% 15-Feb-2034)	91282CJZ5	USD	US	$1.0
United States Treasury (4.5% 31-Mar-2026)	91282CKH3	USD	US	$0.9

Source: S&P Global Market Intelligence Securities Finance

Top 5 Revenue Generating CAD Government Bonds

Top Earning Assets	CUSIP	Denomination	Country	Revenue Generated ($M)
Canada (Government) (0.5% 01-Sep-2025)	135087K94	CAD	CA	$0.3
Canada (Government) (1% 01-Sep-2026)	135087L93	CAD	CA	$0.3
Canada (Government) (4% 01-Mar-2029)	135087Q98	CAD	CA	$0.3
Canada (Government) (1.75% 01-Dec-2053)	135087M68	CAD	CA	$0.3
Canada (Government) (1.25% 01-Mar-2027)	135087M84	CAD	CA	$0.3

Source: S&P Global Market Intelligence Securities Finance

Top 5 Revenue Generating EMEA Government Bonds

Top Earning Assets	CUSIP	Denomination	Country	Revenue Generated ($M)
France, Republic Of (Government) (2.75% 25-Oct-2027)	F43750AD4	EUR	FR	$0.6
France, Republic Of (Government) (0.5% 25-May-2029)	F43750KE1	EUR	FR	$0.6
France, Republic Of (Government) (3.5% 25-Apr-2026)	F40411HN7	EUR	FR	$0.6
Italy, Republic Of (Government) (4% 01-Feb-2037)	T6031ZDM0	EUR	IT	$0.5
France, Republic Of (Government) (2.75% 25-Feb-2029)	F26348BS4	EUR	FR	$0.4

Source: S&P Global Market Intelligence Securities Finance

Author Biography

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Matt Chessum is a director within the securities finance team at S&P Global Market Intelligence and is responsible for all market commentary, thought leadership and media relations. Previously, Matt was an Investment Director at abrdn where his main responsibilities included overseeing the securities lending activity and the management of GBP denominated Money Market mandates.

Matt is a former member of the Bank of England's securities lending committee and a former board member of the International Securities Lending Association (ISLA).

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Q4 2023

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April 2023
May 2023
June 2023
July 2023
August 2023
September 2023
October 2023
November 2023
December 2023

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