The Snapshot

August 2024

S&P Global
Market Intelligence

Uncovering opportunities for additional alpha.

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Welcome to the August edition of the Snapshot. For those of you who don't already know me, my name is **Aveek Dey**, I am based in **Noida**, India, and I am a senior member of **quantitative research team**.

The securities finance quantitative research team within S&P Global Market Intelligence analyzes large datasets using advanced statistical models to uncover market trends, **optimize lending strategies**, **manage risks**, and identify **new revenue opportunities** for our clients.

Quantitative research is crucial in identifying **revenue opportunities** within securities finance data for several reasons:

1. **Data-Driven Insights**: Quant research leverages large datasets to uncover patterns and trends that might not be visible through traditional analysis. This allows for more informed decision-making and identification of new revenue streams.
2. **Risk Management**: By using sophisticated models and statistical techniques, quant research helps in accurately assessing and managing risks, ensuring that potential revenue opportunities are balanced with appropriate risk controls.
3. **Efficiency and Precision**: Quantitative methods enable more precise and efficient analysis of securities finance data, leading to quicker identification of profitable opportunities and optimization of lending strategies.
4. **Innovation and Competitive Edge**: Employing advanced quantitative techniques can drive innovation, helping firms stay ahead of competitors by continuously improving their strategies and discovering untapped market potentials.
5. **Predictive Analytics**: Quant research utilizes predictive analytics to forecast market movements and demand for securities lending, providing a proactive approach to capturing revenue opportunities.

In essence, quantitative research is instrumental in transforming vast amounts of securities finance data into actionable insights, driving revenue growth, and maintaining a competitive advantage for our clients.

Some of our most recent research has focused on bond-linked equity factors and their ability to enhance signals in equity short interest, signal enhancements from combining stock borrow and short sell volume datasets and the benefit of using securities lending data in comparison to public short interest (focussing on Hong Kong equities as an example). If you would like to access any of our research papers then please do not hesitate to contact either myself or your product specialist. We are also very happy to discuss potential ideas for new research papers with our clients so please feel free to approach us with any thoughts or requirements.

The quantitative research team is looking forward to sharing a number of new research papers with our clients in the coming months. We continue to work collaboratively with a number of alternative datasets available in S&P Global Market intelligence to generate bespoke analysis and tailored insights for our customers.

With my very best wishes and kindest regards,

Aveek Dey

Volatility has little impact as inventory hits $40T

- Monthly revenues decline by 9% YoY to **$1.007B**
- Revenues decline across all equity regions
- Government and corporate bond revenues hit 2024 high
- Inventory surpasses $40T (August 27th) for the first time ever

Global Securities Finance Snapshot - August 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	$1,007	-9%	$7,851	$2,668	6%	0.44%	-15%	$38,992	18%	5.3%	-8%
All Equity	$741	-12%	$5,893	$1,101	-5%	0.78%	-9%	$29,179	19%	2.8%	-17%
Americas Equity	$418	-17%	$3,071	$592	-8%	0.82%	-10%	$21,603	22%	2.2%	-22%
Asia Equity	$174	-8%	$1,391	$216	1%	0.93%	-10%	$2,784	8%	4.9%	1%
EMEA Equity	$62	-11%	$745	$160	-7%	0.45%	-6%	$3,876	11%	3.2%	-16%
ADR	$22	16%	$198	$28	3%	0.91%	11%	$254	8%	8.4%	-2%
ETP	$55	0%	$398	$100	8%	0.63%	-8%	$551	15%	9.4%	-10%
Government Bond	$179	11%	$1,276	$1,224	14%	0.17%	-4%	$4,826	14%	20.4%	1%
Corporate Bond	$82	-13%	$633	$321	23%	0.30%	-30%	$4,606	15%	5.8%	4%

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

<u>Turbulence across financial markets calmed throughout the month as a potentially short-lived divergence in interest rate policy started to play out.</u>

On August 1, the Toronto Stock Exchange (TSX) in Canada surpassed the 23,000 mark for the first time, as investors continued to shift toward value, commodity, and low-volatility stocks. Although this represented the TSX's 14th record high of the year, growth in the Canadian market has been more diversified compared to the U.S. markets, which have largely benefited from advances in technology and artificial intelligence sectors.

Conversely, the month began with Japan negatively impacting Asian stocks, as the TOPIX experienced a significant decline of 5.81%, marking its largest single-day drop since 1987 and its second largest in history. The downturn was influenced by dovish comments from the Federal Reserve and hawkish signals from the Bank of Japan, which affected currency markets. The yen experienced its strongest performance in over 18 months as a result, prompting some strategists to forecast a potential increase to approximately 140 against the dollar. South Korea's KOSPI fell by 3%, the Hang Seng Index decreased by more than 2% and the MSCI Asia Pacific Index declined by 3.5%, its most significant drop since February 2021.

The sell-off intensified around the globe as both the Nasdaq and the Euro Stoxx 600 began to report losses on the same day. Concerns about a US hard landing resurfaced, particularly following a lower-than-expected jobs report. Worries regarding the technology sector were exacerbated by disappointing earnings from Amazon and Intel, while Apple reported sluggish performance in China, leading investors to question whether the returns from artificial intelligence justified the high initial investment costs that have been reported.

After a two-day downturn, equity markets began to stabilize and rally once again. The unwinding of the yen carry trade was criticized for contributing to the sell-off. A robust rebound was observed across global markets, spurred by a larger-than-anticipated decline in U.S. jobless claims, which alleviated investor fears of a more severe market slowdown. The S&P 500 surged by 2.3%, its largest rally since November 2022, while the Nasdaq increased by 2.9% in a single day. Asian stocks also started to recover.

Global equity markets concluded the month having regained all losses and resuming an upward trajectory. The month ended with heightened attention on Nvidia and its latest quarterly earnings, with some market analysts suggesting this event had become more significant than U.S. non-farm payroll data. Despite the company maintaining margins above 50%, earnings fell short of expectations, resulting in an 8% decline in after-hours trading, following a forecast that was only "slightly" more optimistic than anticipated.

Throughout the month, the Bank of Japan, the Bank of England, and the Federal Reserve adjusted interest rates in different directions, highlighting a potentially short-lived divergence in policy. The Federal Reserve maintained its interest rates as expected, but indications of an imminent rate cut began to emerge as the month progressed. Chair Jerome Powell emphasized that policymakers would continue to monitor the data, stating that if conditions continued to improve, "a reduction in our policy rate could be on the table as soon as the next meeting in September." This potential September move was further confirmed by Chair Powell's remarks at Jackson Hole, where he asserted that "the time has come for policy to adjust; the direction of travel is clear." Following these comments, stocks experienced a broad rally, and bond yields fell sharply. Market expectations for future US rate cuts remained elevated, with investors anticipating multiple reductions throughout the remainder of the year.

While the U.S. Federal Reserve maintained a cautious stance, the Bank of England reduced interest rates from a 16-year high of 5.25% during the month. The bank's decision to lower rates by a quarter of a percentage point marked its first cut in over four years, although it provided minimal guidance regarding future policy directions. Across Asia, the PBOC maintained its benchmark lending rate and the Reserve Bank of Australia indicated that a near term interest rate cut was unlikely and that restrictive policy may need to remain in place for longer to cool inflation.

In the securities lending markets, revenues of **$1.007B** were generated. This represents a 9% decline YoY. Average balances noted a 6% YoY increase across all securities as lendable continued to surge 18% YoY and surpassing $40T for the first time ever on August 27th.

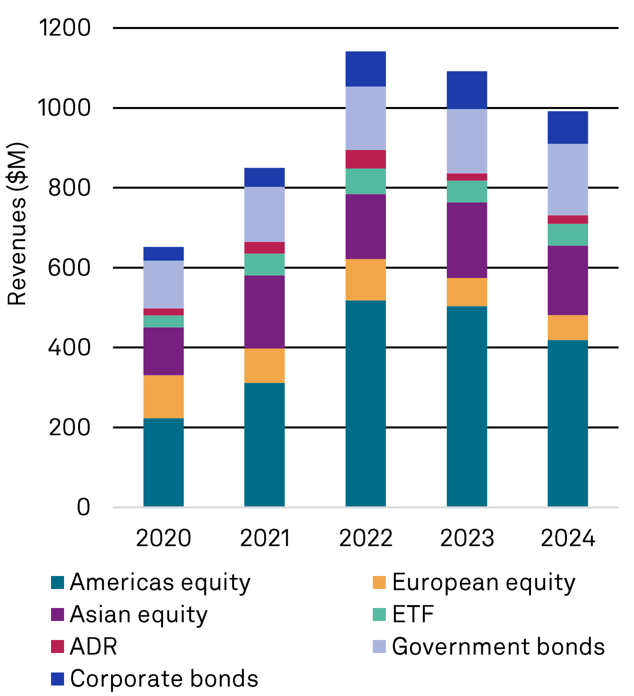
Equity revenues experienced a decline across all regions during the month, decreasing by 12% year-over-year (YoY) across all equities. The most significant YoY decline was observed in Americas equities, which fell by 17%, marking the first instance this year where another region surpassed the YoY decline recorded by EMEA equities, which decreased by 11% YoY. Although a decline was also evident across APAC equity revenues, it was the least severe of all regions, with a reduction of 8% YoY. Average fees were lower YoY across all regions, with fees in the Americas and APAC decreasing by 10%, while EMEA fees fell by 6%. The standout markets across EMEA that helped to raise revenues across the region were France, the UK, and South Africa. Despite an 8% YoY decline, utilization rates increased across all equities during the month, rising to 5.33% from 5.23% in July. Additionally, balances increased by 2% month-over-month (MoM) and by 6% YoY.

In the fixed income markets, government bonds witnessed strong demand during the month which helped to push revenues 11% higher YoY to $179M. This was the highest monthly revenue generated for over two years and was due to a significant increase in balances over the month (+14% YoY and 3% MoM). Average fees also increase during August to 17bps which is the highest level seen since March (18bps).

Corporate bonds also posted their highest revenues of the year so far and their highest monthly revenues since October 2023. Average fees remained constant at 30bps and balances continued to increase, reaching an average of $320.9B. utilization increased as a result to 5.82%, a 2024 high.

August is typically a slower month for global financial markets, but the volatility seen at the beginning of the month showed how quickly investors now react to news flow. A sudden bout of volatility can often lead to increased demand for borrowed securities as investors seek to hedge or capitalize on price movements, resulting in higher borrowing costs. Due to the brief duration of volatility during the month, it appears that utilization increased while fees were slower to respond. Historically, September tends to be a challenging month for stock market performance. Considering the consistent increases observed throughout the year thus far, the securities lending market may have the opportunity to benefit from a shift in this trend.

August Securities Finance Revenues by Asset Class (USD)



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

Save the date

LIVE Webinar: ETF H1 Flow Review: Navigating trends and market movements in a growing industry

This webinar take place on **September 12th at 3pm BST and 10AM EDT**. Please register HERE

LIVE Webinar: Capitalizing on Growth: Exploring Securities Lending Potential in the Middle East

This webinar take place on **September 19th 12PM BST / 3PM GST**. Please register HERE

Americas Equities

Revenues
$418M ▼ -17%

Average Value on Loan
$592B ▼ -8%

Weighted Average Fee
0.82% ▼ -10%

Average Utilization
2.2% ▼ -22%

A volatile start followed by a robust recovery.

The month commenced with a significant decline in U.S. stocks and a rally in bonds, prompted by new economic data that led traders to reassess whether the Federal Reserve had delayed interest rate cuts for too long. Unemployment claims reached a one-year peak, while manufacturing activity exhibited signs of contraction. The volatility observed in late July persisted, characterized by rapid shifts in asset classes. Weaker economic indicators resulted in a downturn across equity markets, causing the TSX to retreat from an all-time high and pushing the S&P 500, Nasdaq, and Russell 2000 into negative territory. This decline was exacerbated as major technology firms struggled to reassure investors regarding the returns on their AI investments, amid growing concerns about a potential hard landing for the U.S. economy.

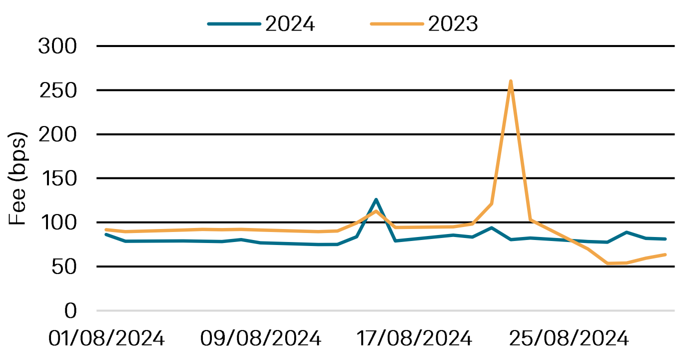
Following the initial dip, North American markets began to recover robustly as investor anxiety regarding a pronounced economic slowdown diminished. The S&P 500 led this resurgence, achieving its largest single-day gain since November 2022. As equity markets rebounded, the CBOE Volatility Index (VIX) decreased from a four-year high, with analysts suggesting that forthcoming economic data and political instability could further impact market sentiment.

As the month advanced, the VIX returned to mid-July levels, and all major indices managed to recover their earlier losses, with the S&P 500 recording its longest winning streak of the year. The month concluded amidst escalating geopolitical tensions following the Canadian government's imposition of a 100% tariff on Chinese-made electric vehicles and the U.S. Securities and Exchange Commission's decision to postpone its anticipated approval of FINRA's 10c-1a SLATE.

In the securities lending market, US equities generated **$371M** during August, representing a 21% decline in revenues YoY. Utilization peaked during the first week of the month when stock markets were in decline, but the increased demand did not translate into higher fees. Average fees declined 14% YoY and dropped from 83bps during July to 81bps during August. Lendable reached an all time high during the month surpassing $20.8T. Balances declined to their lowest level in 2024, falling from an average of $553B in July to $536B in August.

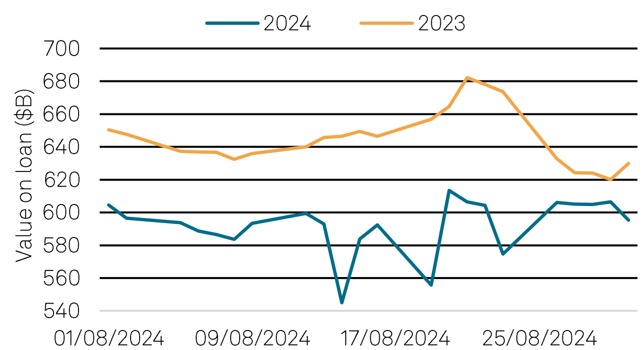
In Canada, revenues increased over the month, hitting **$38.3M**. This figure represents a 32% increase YoY. Average fees also increased rising from an average of 84bps during July to 85bps during August. Average fees peaked on August 21st reaching 211bps. Unlike the US, balances increased during August from $49.6B to $51.5B. Lendable grew by 2% MoM which made utilization slip a little lower to 5.19% (from 5.25% in July).

August Fee Trend



Source: S&P Global Market Intelligence Securities Finance

August Balance Trend



Source: S&P Global Market Intelligence Securities Finance

Average fees across Brazil increase by 160% YoY	ADR equity balances increase by 3% YoY	Brazilian equity revenues grow 205% YoY.	Average fees in Canada increase 35% 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	$372	-21%	$2,742	$537	-9%	0.81%	-14%	$20,800	23%	2.1%	-22%
Canada Equity	$38	32%	$296	$51	-4%	0.85%	35%	$761	13%	5.2%	-19%
Brazil Equity	$8	205%	$29	$3	14%	3.10%	160%	$5	110%	5.2%	-57%
Mexico Equity	$0.6	-10%	$4	$1	-10%	0.81%	-5%	$37	-18%	1.9%	5%
ADR	$22	16%	$198	$28	3%	0.91%	11%	$254	8%	8.4%	-2%

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

USA Specials Revenues and Balances (2024 numbers to August 27th)

Year	Specials Revenue ($M)	Specials Balances ($B)	Total Revenues ($M)	Total Balance ($B)	% Revenues from Specials	% Balance from Specials
2024	$254.4	$12.9	$322.4	$536.7	78.9	2.4
2023	$376.7	$18.7	$478.4	$587.0	78.7	3.2
YoY % Change	-33%	-31%	-33%	-8.6%		

Source: S&P Global Market Intelligence Securities Finance

Canada Specials Revenues and Balances (2024 numbers to August 27th)

Year	Specials Revenue ($M)	Specials Balances ($M)	Total Revenues ($M)	Total Balance ($B)	% Revenues from Specials	% Balance from Specials
2024	$4.9	$441.4	$32.9	$50.0	14.9	0.9
2023	$6.8	$789.9	$29.4	$53.8	23.3	1.5
YoY % Change	-28%	-44%	12%	-7.2%		

Source: S&P Global Market Intelligence Securities Finance

Top 10 Revenue Generating Americas Equities

Top Earning Assets	Ticker	Sector	Country	Revenue Generated ($M)
Sirius XM Holdings	SIRI	North America Media and Entertainment	US	$88.2
Cassava Science Inc	SAVA	North America Pharmaceuticals, Biotech & Life Sciences	US	$18.8
Beyond Meat Inc	BYND	North America Food, Beverage & Tobacco	US	$14.1
Tempus AI Inc	TEM	North America Pharmaceuticals, Biotech & Life Sciences	US	$13.4
Enbridge Inc	ENB	North America Energy	CA	$12.9
Lucid Group Inc	LCID	North America Automobiles & Components	US	$8.1
Serve Robotics Inc	SBOT	North America Consumer Services	US	$8.3
Choice Hotels International Inc	CHH	North America Consumer Services	US	$7.0
Nikola Corp	NKLA	North America Capital Goods	US	$5.9
Spirit Airlines Inc	SAVE	North America Transportation	US	$5.3

Source: S&P Global Market Intelligence Securities Finance

APAC Equities

Revenues **$174M ▼ -8%**

Average Value on Loan **$216B ▲ 1%**

Weighted Average Fee **0.93% ▼ -10%**

Average Utilization **4.9% ▲ 1%**

The Nikkei Stock Average posted one of the largest single-day gains in its history following one of its swiftest declines.

The month commenced with considerable attention focusing on Japan, where stocks experienced a significant decline, marking their steepest drop since Black Friday in October 1987. Both the Nikkei and TOPIX indices fell by approximately 20% from their July peaks. This downward trend was soon mirrored by other regional markets, including the Hang Seng and Kospi. The dramatic decline was triggered by the Bank of Japan's earlier-than-expected interest rate increase, coupled with hawkish remarks from Kazuo Ueda, the central bank's governor. The unexpected interest rate hike led to the unwinding of the Yen carry trade, prompting investors to liquidate their positions. However, the market turmoil lasted only two days before stabilization occurred, with the Nikkei Stock Average subsequently posting one of the largest single-day gains in its history, following one of its swiftest declines.

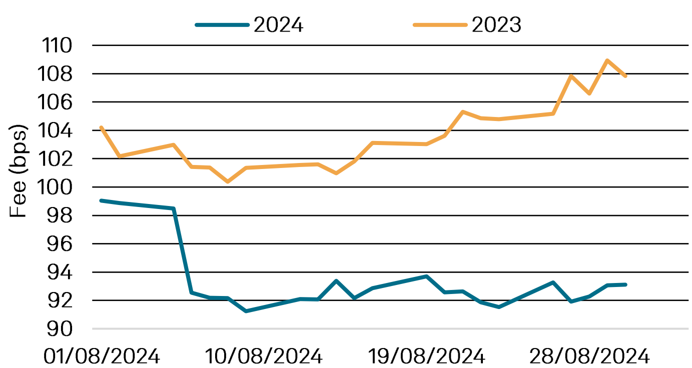
It was reported that a series of short-selling regulations implemented by the China Regulatory Commission in July had reduced short positions across mainland China to their lowest level since May 2020. These measures were introduced to foster positive sentiment and enhance market performance. Additionally, the Chinese government ceased the daily release of data on overseas fund flows, thereby depriving investors of a crucial sentiment indicator aimed at improving market conditions.

In Australia, mining stocks were bolstered by record-high gold prices, leading investors to anticipate an increase in corporate deal-making opportunities. Throughout the month, Australia's central bank remained under scrutiny as persistent inflation made any future easing of interest rates unlikely. Asian currencies rallied to their highest in seven months against the USD. Potential changes in interest rates across the region continued to affect equity markets, particularly influencing assets in Singapore and Malaysia.

In the securities lending markets APAC revenues decreased by 8% YoY to $174M. As with most other asset classes, balances increased over the month growing 1% YoY and 8.1% MoM. Average fees declined to under 1% for the first time since April, falling to an average of 93bps. Despite an increase in asset prices throughout the month, utilization reached its highest point since April, at 4.87%

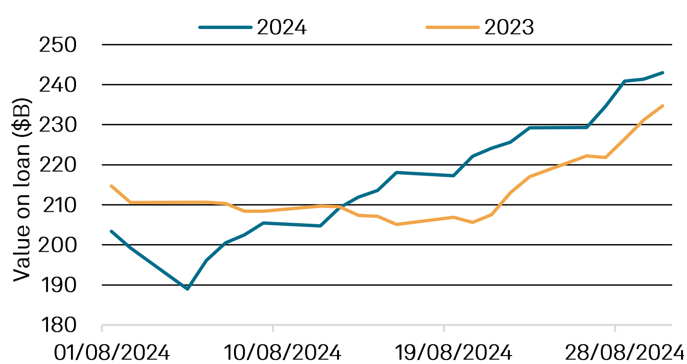
Taiwan and Malaysia continued to stand out as revenues increased 45% and 64% YoY respectively. Taiwan also experienced an impressive 8% increase YoY in average fees, the second highest of all markets, following Hong Kong (+11%). South Korea and Singapore continued to see a slump in demand as revenues fell 85% and 20% YoY respectively. Balances were 53% lower in South Korea as a result of the on-going short sale ban and average fees were 69% lower YoY. Lendable was higher YoY across all markets apart from Hong Kong (-16%) and Thailand (-17%) with supply in Taiwan increasing by 48% YoY.

August Fee Trend



Source: S&P Global Market Intelligence Securities Finance

August Balance Trend



Source: S&P Global Market Intelligence Securities Finance

Taiwan revenues increase 45% YoY but decline 16% MoM	Average fees in South Korea decline 69% YoY	Lendable in Australia climbs 17% YoY	Revenues in Japan increase by 9% 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
Taiwan Equity	$69	45%	$510	$29	32%	2.72%	8%	$225	48%	6.6%	-6%
Japan Equity	$50	9%	$454	$129	5%	0.44%	3%	$1,260	13%	6.2%	8%
Hong Kong Equity	$33	-6%	$229	$21	-17%	1.83%	11%	$446	-16%	3.6%	1%
Australia Equity	$9	11%	$74	$21	29%	0.50%	-15%	$547	17%	3.3%	15%
South Korea Equity	$7	-85%	$84	$11	-53%	0.77%	-69%	$178	6%	2.0%	-74%
Malaysia Equity	$3	64%	$20	$0.87	67%	4.47%	-3%	$14	25%	5.0%	-100%
Singapore Equity	$1.5	-20%	$11	$3	21%	0.61%	-34%	$65	3%	3.9%	27%
Thailand equity	$1.2	0%	$9	$0.7	-1%	1.93%	-1%	$16	-17%	3.8%	20%
New Zealand Equity	$0.12	-16%	$1.1	$0.4	21%	0.36%	-32%	$10	2%	3.8%	26%

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

Specials Revenues and Balances (2024 numbers to August 27th)

	Specials Revenue ($M)	Specials Balances ($B)	Total Revenues ($M)	Total Balance ($B)	% Revenues from Specials	% Balance from Specials
2024	$72.5	$11.3	$148.9	$212.6	48.7	5.3
2023	$101.1	$14.1	$191.4	$213.9	52.8	6.6
YoY % Change	-28%	-19%	-22%	-1%		

Source: S&P Global Market Intelligence Securities Finance

Top 10 Revenue Generating APAC Equities

Top Earning Assets	Ticker	Sector	Country	Revenue Generated ($M)
Vanguard International Semiconductor Corp	5347	Asia Semiconductors & Semiconductor Equipment	TW	$3.6
Ganfeng Lithium Group Co Ltd	1772	Asia Materials	HK	$3.5
Novatek Microelectronics Corp	3034	Asia Semiconductors & Semiconductor Equipment	TW	$2.7
China Tourism Group Duty Free Corp Ltd	1880	Asia Consumer Discretionary Distribution & Retail	HK	$2.7
Gigabyte Technology Co Ltd	2376	Asia Technology Hardware & Equipment	TW	$2.5
East Buy Holding Ltd	1797	Asia Consumer Services	HK	$1.9
Jinan Acetate Chemical Co Ltd	4763	Asia Materials	TW	$1.9
Fortune Electric Co Ltd	1519	Asia Capital Goods	TW	$1.2
Flat Glass Group Co Ltd	6865	Asia Semiconductors & Semiconductor Equipment	JP	$1.2
Formosa Petrochemical Corp	6505	Asia Energy	TW	$1.16

Source: S&P Global Market Intelligence Securities Finance

EMEA Equities

Revenues **$62M ▼ -11%**

Average Value on Loan **$160B ▼ -7%**

Weighted Average Fee **0.45% ▼ -6%**

Average Utilization **3.2% ▼ -16%**

Strong economic data and relative market resilience set the tone across the region.

Economic data across Europe remained favorable throughout the month, with the United Kingdom's GDP figures for the second quarter aligning with expectations of 0.6% growth, while Switzerland's GDP exceeded forecasts with a 0.5% increase.

Inflation expectations in Europe fell to their lowest level since 2022, indicating that investors anticipate central bankers may be able to reduce interest rates without adversely affecting inflation. Additionally, the slowdown in wage growth across the Eurozone supported market optimism, as this decline was perceived as potentially facilitating further interest rate cuts in the forthcoming months.

Despite the global sell-off, European stocks exhibited relative resilience compared to their international counterparts, although notable fluctuations in share prices were observed among specific companies throughout the month. Bayer's shares surged following a significant legal victory in the United States regarding its long-standing cancer litigation, while Revolut announced a secondary share sale that valued the company at $45 billion, an increase from the previous valuation of $33 billion. Consequently, the Euro Stoxx 600 recorded one of its best weeks since May.

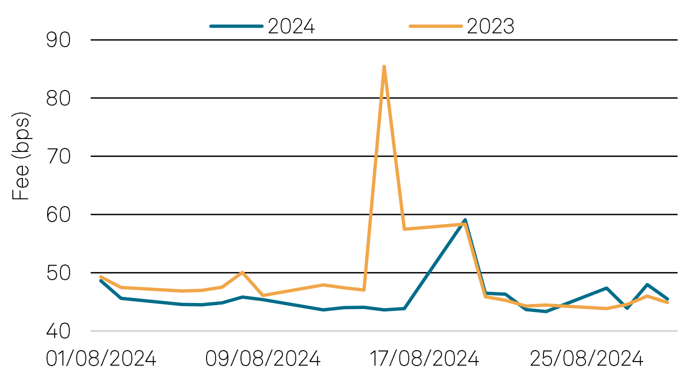
Additionally, the Dubai Financial Market and the Shenzhen Stock Exchange signed a memorandum of understanding aimed at promoting cross-border investment between China and the United Arab Emirates. This agreement facilitates dual listings, shared index displays, and fixed-income offerings, enabling investors to access the secondary markets of both nations. This initiative follows a prior accord with Hong Kong officials to enhance cooperation in advancing local investments within both jurisdictions.

Towards the end of the month, geopolitical tensions escalated as reports indicated that ASML Holding NV, a Netherlands-based semiconductor manufacturer, opted not to renew certain licenses for servicing spare parts in China upon their expiration at the end of the year. This decision aligns with recent export controls imposed on China by the United States and Japan.

In the securities lending market, EMEA equities generated $62M during August. This represents a decline of 11% YoY - the lowest YoY decline so far during 2024. The YoY revenue comparisons have fallen consistently since January, but revenues remain subdued. Average fees fell to 45bps during the month, their lowest level since February. Balances also declined MoM (-3%) and YoY (-7%) despite valuations climbing close to all time highs towards month end.

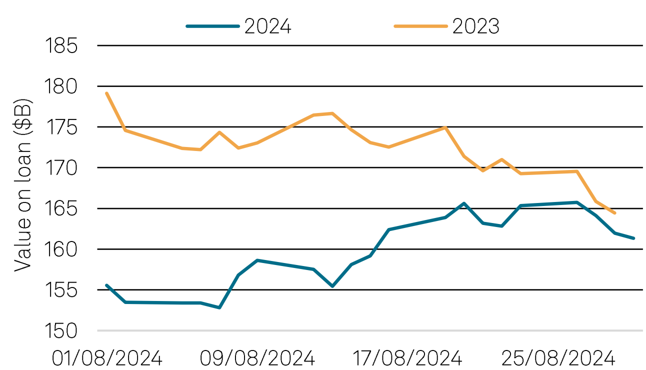
Revenues increased across a number of countries during the month with the UK (+39% YoY), France (+43% YoY), South Africa (+48% YoY) and Italy (+37% YoY) experiencing some of the largest increases. These increases were a result of average fees moving higher across all of these countries.

August Fee Trend



Source: S&P Global Market Intelligence Securities Finance

August Balance Trend



Source: S&P Global Market Intelligence Securities Finance

Polish revenues increase by 161% YoY

Turkish equity Volume Weighted Average Fees (VWAF) decreased 77% YoY

Balances increase by 17% in the UK

Revenues in Germany decline 39% 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
France Equity	$12	43%	$123	$23	-17%	0.58%	69%	$638	0%	2.9%	-17%
UK Equity	$9	39%	$71	$32	17%	0.34%	18%	$1,030	11%	2.5%	7%
Germany Equity	$8	-39%	$92	$24	-17%	0.38%	-27%	$436	11%	4.0%	-32%
Switzerland Equity	$7	8%	$109	$18	-22%	0.49%	38%	$569	13%	2.4%	-29%
Sweden Equity	$7	-40%	$124	$15	1%	0.52%	-41%	$195	20%	6.2%	-13%
Norway Equity	$5	-26%	$44	$5	4%	1.16%	-25%	$37	-8%	11.0%	9%
Italy Equity	$3	37%	$50	$12	31%	0.31%	3%	$160	18%	5.6%	9%
Netherlands Equity	$2	-50%	$25	$8	-48%	0.36%	-4%	$310	16%	2.0%	-55%
South Africa Equity	$2	48%	$31	$3	26%	0.81%	21%	$47	7%	3.2%	14%
Spain Equity	$2	38%	$25	$7	37%	0.27%	0%	$150	22%	4.0%	17%

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

Specials Revenues and Balances (2024 numbers to August 27th)

	Specials Revenue ($M)	Specials Balances ($B)	Total Revenues ($M)	Total Balance ($B)	% Revenues from Specials	% Balance from Specials
2024	$24.0	$2.0	$54.3	$159.5	44.2	1.2
2023	$31.0	$2.6	$71.4	$171.8	43.4	1.5
YoY % Change	-23%	-25%	-24%	-7%		

Source: S&P Global Market Intelligence Securities Finance

Top 10 Revenue Generating European Equities

Top Earning Assets	Ticker	Sector	Country	Revenue Generated ($M)
Idorsia Ltd	IDIA	EMEA Pharmaceuticals, Biotechnology & Life Sciences	CH	$3.8
Petrofac Ltd	PFC	EMEA Energy	UK	$2.5
Eutelsat Communications Sa	ETL	EMEA Media and Entertainment	FR	$2.3
Atos SE	ATO	EMEA Software & Services	FR	$2.0
Equinor Asa	EQNR	EMEA Energy	NO	$1.9
Intrum AB	INTRUM	EMEA Commercial & Professional Services	SE	$1.3
Northern Data AG	NB2	EMEA Software & Services	DE	$1.0
BT Group Plc	BT.A	EMEA Telecommunication Services	UK	$0.7
Nel Asa	NEL	EMEA Capital Goods	NO	$0.7
Vusiongroup Sa	VU	EMEA Technology Hardware & Equipment	FR	$0.6

Source: S&P Global Market Intelligence Securities Finance

Exchange Traded Products

Revenues **$55M ▲ 0%**

Average Value on Loan **$100B ▲ 8%**

Weighted Average Fee **0.63% ▼ -8%**

Average Utilization **9.4% ▼ -10%**

ETF popularity intensifies as flows, trading and new launches continue to smash records.

In July, exchange-traded fund (ETF) inflows reached a record-breaking $195 billion, with U.S.-listed ETFs accounting for $125 billion, marking the second-highest inflow on record. Fixed income ETFs attracted $60 billion, while equity funds garnered $127 billion. Additionally, active ETFs in the U.S. achieved a new investment record. The increase in investment flows has been attributed to strong optimism regarding potential Federal Reserve rate cuts and the expansion of the market rally.

Asset managers across EMEA are increasingly entering the active ETF market. A recent Financial Times report indicated that 35 active ETFs were launched in Europe over the past year, more than double the previous year's total. As of July 2024, active ETFs globally held approximately $975 billion in assets under management, reflecting a year-on-year increase of around 32%. Furthermore, net inflows into globally listed crypto ETFs also reached a new record in July, affirming the role of crypto assets within diverse investment mandates.

European ETF trading has also gained market share over traditional equity trading in the first half of the year, with volumes reaching €1.4 trillion, and is projected to grow by 12-15% by year-end. ETF issuers introduced 1,063 new ETFs in the first seven months of 2024, surpassing the previous record of 988 set in the same period in 2021.

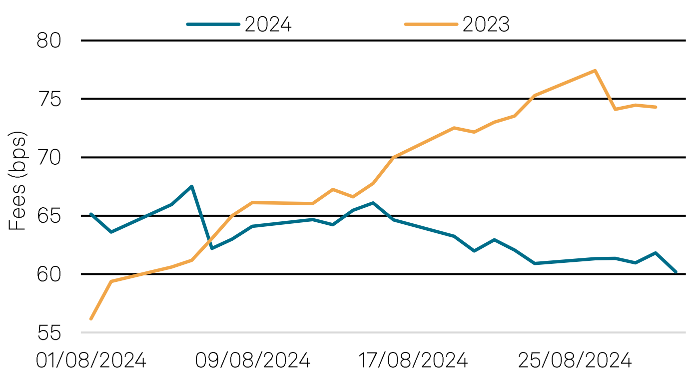
Bond ETFs performed well during the month, as volatility in the equity market prompted investors to seek the safety of fixed income assets. Anticipation of an imminent Federal Reserve rate cut further encouraged investors to capitalize on the higher yields currently on offer, with investment flows remaining broad-based across various durations and fixed income asset types.

ETP securities lending revenues remained flat when compared YoY but increased 6% MoM during August. Average fees also remained flat when compared with July at 63bps but balances increased significantly both YoY (+8%) and MoM (+6%). Utilization peaked during the first week of the month, in line with market volatility, surpassing 10% for the first time since June. This lowered into month end however with the monthly average settling at 9.43% (-9.6% YoY but +4.5% MoM).

European ETFs experienced their strongest monthly revenues of the year so far, generating $6.8M. Average fees also hit their highest level since May (140bps), after climbing 3bps to an average of 137bps during the month. Balances increased both YoY (+30%) and MoM (+25%) as MoM, lendable declined (-2.5%).

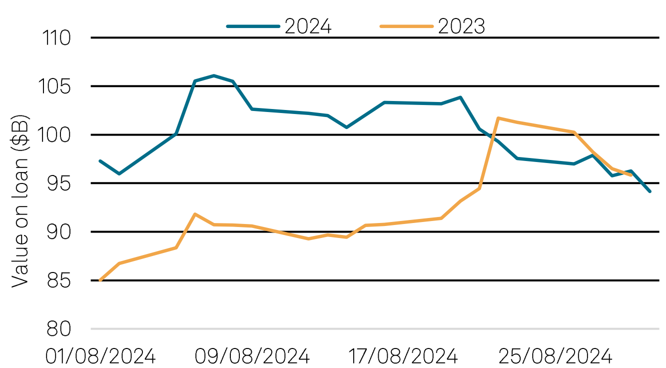
Asian ETFs witnessed a decline in average fees MoM, falling to their lowest level of the year so far (135bps July vs 97bps August). Revenues fell as a result, declining 28% MoM.

August Fee Trend



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

August Balance Trend



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Asian ETFs revenues increase by 68% YoY

European ETF revenues increase by 29% YoY

Average fees across US ETFs decline 11% YoY

Year-to-date revenues across all ETPs of $398M

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	$45	-4%	$335	$92	6%	0.57%	-11%	$401	25%	11.9%	-17%
European ETFs	$7	29%	$43	$6	30%	1.37%	-3%	$94	4%	3.4%	11%
Asia ETFs	$2	68%	$11	$2	21%	0.97%	37%	$4	5%	10.8%	-4%

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

Top 10 Revenue Generating Equity ETFs

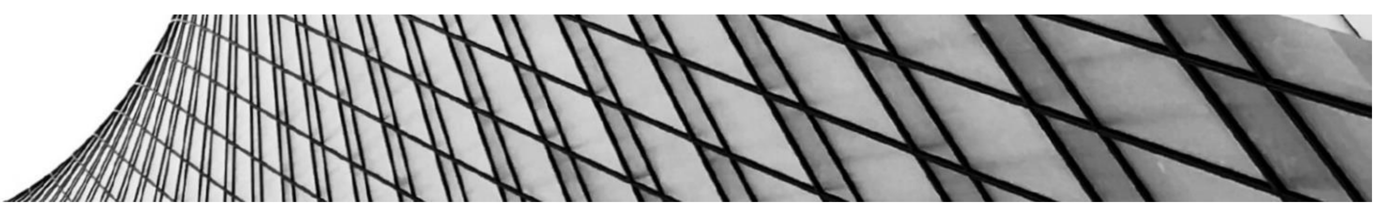
ETF Name	Ticker	Investment type	Country	Revenue Generated ($M)
Granite Shares Nividia Long Daily	NVDL	Equity	US	$1.9
SPDR S&P Biotech ETF	XBI	Equity	US	$1.2
iShares Russell 2000 ETF	IWM	Equity	US	$1.0
Proshares Ultra VIX Short Term ETF	UVXY	Equity	US	$0.8
SPDR S&P Retail ETF	XRT	Equity	US	$0.8
Proshares Ultrapro QQQ ETF	TQQQ	Equity	US	$0.8
iShares MSCI China A UCITS ETF	CNYA	Equity	IE	$0.7
ARK Innovation ETF	ARKK	Equity	US	$0.7
iShares MSCI Saudi Arabia ETF	KSA	Equity	US	$0.7
US Global Jets ETF	JETS	Equity	US	$0.7

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 High Yield Bond ETF	HYG	Fixed Income	US	$2.3
iShares IBOXX Investment Grade ETF	LQD	Fixed Income	US	$2.1
Barclays Ipath Seniors B S&P Short Term ETN	VXX	Fixed Income	US	$1.0
SPDR Bloomberg Barclays High Yield Bond ETF	JNK	Fixed Income	US	$0.5
iShares JP Morgan USD Bond ETF	EMB	Fixed Income	US	$0.4

Source: S&P Global Market Intelligence Securities Finance



Corporate Bonds

Revenues **$82M ▼ -13%**

Average Value on Loan **$321B ▲ 23%**

Weighted Average Fee **0.30% ▼ -30%**

Average Utilization **5.8% ▲ 4%**

A potential US interest rate cut increases interest in corporate bonds.

During the month, it was reported that the corporate bond market has experienced a surge in trading activity as the Federal Reserve approaches interest rate cuts. Investors are actively seeking to lock in higher yields before any rate adjustments in rates impact asset prices. Trading in blue-chip bonds reportedly rose by approximately 20% in the first half of the year, while high-yield securities saw a 13% increase. A similar trend was observed in corporate bond ETFs. With recent demand surpassing the pace of new issuances, activity in the secondary market remains elevated compared to previous years.

As interest in this asset class has grown, so too has liquidity, facilitating greater utilization of program trading, which allows investors to buy and sell large quantities of various bonds simultaneously. This increase in trading volume has been associated to the narrowing of bid/ask spreads across the asset class.

Despite volatility in global equity markets during the month, corporate debt markets remained stable. The shift in sentiment towards a soft landing in the U.S. and the subsequent rally in equity prices created favorable conditions for debt sales, with tightening spreads reflecting decreased concerns about financial conditions. This positive sentiment is anticipated to extend into September, with companies expected to issue approximately $125 billion in U.S. high-grade bonds, a significant portion of which is projected for the first week following the Labor Day bank holiday.

Initial concerns regarding the high-yield maturity wall are gradually diminishing, as various refinancing activities and strong investor demand have alleviated prior apprehensions. Corporate borrowers are effectively managing their high-yield bond obligations, leading to a reduction in fears of a potential wave of defaults.

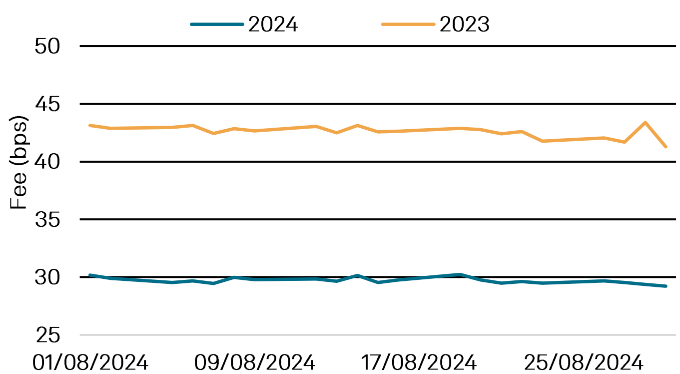
In the securities lending markets, corporate bonds generated **$82M** in revenues which represents a decline of 13% YoY and 2% MoM. Average fees remained steady at 30bps - the same level seen since April. Balances hit a multi-year high at $320.9B. This is a 23% YoY and 4% MoM increase. Balances have continued to grow throughout the year, pushing utilization in the same direction.

Across conventional bonds, revenues hit a 2024 high of $79.5M. Average fees did dip to 29bps across this asset class but the increase in balances offset the decline. Average utilization reached 6.3% during the month, its highest level since April 2023.

Convertible bonds also experienced a strong month with revenues of $2.3M, the second highest monthly revenues of the year so far. Average fees increased by 2bps during the month to 75bps and average balances hit a multi-year high of $3.4B (+18% YoY and +20% MoM).

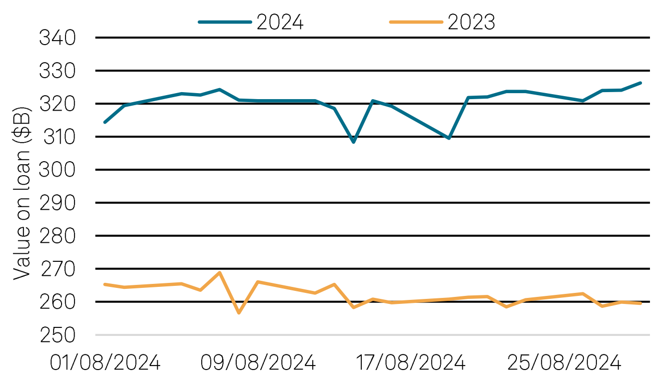
Revenues for Asset Backed securities reached $88K during the month, another 2024 high.

August Fee Trend



Source: S&P Global Market Intelligence Securities Finance

August Balance Trend



Source: S&P Global Market Intelligence Securities Finance

Average fees across conventional bonds fall for the first time since March	Convertible bond revenues fall 44% YoY	Corporate Bond balances increase 23% YoY	Asset Back Securities revenues increase 58% YoY

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	$80	-12%	$611	$317	23%	0.29%	-29%	$4,223	15%	6.3%	4%
Convertible Bonds	$2	-44%	$16	$3	18%	0.75%	-53%	$33	-10%	5.2%	-2%
Asset Backed Securities	$0.09	58%	$0.6	$0.5	108%	0.21%	-25%	$348	12%	0.1%	92%

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)
New Fortress Energy Inc (8.75% 15-Mar-2029)	644393AC4	USD	Priv. Placement Corp Bond	$1.1
Hanesbrands Inc (9% 15-Feb-2031)	410345AQ5	USD	Priv. Placement Corp Bond	$1.0
Hertz Corp (5% 01-Dec-2029)	428040DB2	USD	Priv. Placement Corp Bond	$0.7
Biomarin Pharmaceutical Inc (1.25% 15-May-27)	09061GAK7	USD	N.I.G. Corp Bond (Fixed Rate)	$0.3
Avis Budget Car Rental LLC (8% 15-Feb-2031)	053773BH9	USD	Priv. Placement Corp Bond	$0.5

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)
Safran Sa (0% 01-Apr-2028)	F4035ARK0	EUR	N.I.G. Conv Bond (Fixed Rate)	$0.4
Teleperformance Se (5.75% 22-Nov-2031)	F9120FMC7	EUR	N.I.G. Corp Bond (Fixed Rate)	$0.3
Nexi SPA (2.125% 30-Apr-2029)	T6S18JAD6	EUR	N.I.G. Corp Bond (Fixed Rate)	$0.3
Engineering Ingegneria Informatica Spa (5.875% 30-Sep-2026)	T2R7AQAA0	EUR	N.I.G. Corp Bond (Fixed Rate)	$0.2
Eurofins Scientific Se (6.75% Undated)	L31839CL2	EUR	N.I.G. Corp Bond (Floating 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 ($K)
Thames Water Utilities Finance Plc (4% 19-Jun-2025)	G8787MAG1	GBP	I.G. Corp Bond (Fixed Rate)	$112.5
Very Group Funding Plc (6.5% 01-Aug-2026)	G933KZAA3	GBP	I.G. Corp Bond (Fixed Rate)	$43.9
Galaxy Fin Co Ltd (9.25% 31-Jul-2027)	G3R232AC0	GBP	N.I.G. Corp Bond (Fixed Rate)	$47.2
Thames Water Utilities Finance Plc (2.875% 03-May-2027)	G8787MAQ9	GBP	N.I.G. Corp Bond (Fixed Rate)	$42.3
Iceland Bondco Plc (4.375% 15-May-2028)	G4738RAB0	GBP	N.I.G. Corp Bond (Fixed Rate)	$32.0

Source: S&P Global Market Intelligence Securities Finance

Government Bonds

Revenues	Average Value on Loan	Weighted Average Fee	Average Utilization
$179M ▲ 11%	**$1,224B ▲ 14%**	**0.17% ▼ -4%**	**20.4% ▲ 1%**

Interest rate policy divergence may appear to be short lived.

The month commenced with the Federal Reserve maintaining interest rates at their current levels, as anticipated, while signaling that rate cuts may be forthcoming. Chair Jerome Powell indicated that policymakers would closely monitor economic data, suggesting that a reduction in the policy rate could occur as early as September if current trends persist. In response, Treasury yields declined as market expectations for a September rate cut solidified. Fears that the Federal reserve had left interest rates on hold for too long sparked a broad sell-off in the equity markets during the month, but further data releases calmed those fears. The market reaction highlighted the fragile line that central bankers must walk in terms of balancing market stability and adjusting monetary policy.

Conversely, the Bank of England implemented its first interest rate cut since the pandemic, amid political changes and multiple economic data releases. Inflation pressures continued to ease, and the economy exhibited renewed strength, resulting in a rally in Gilts. Investors are now preparing for an additional two rate cuts this year. The pound depreciated against a broad spectrum of currencies as a result.

In Asia, investors began reassessing the Bank of Japan's interest rate trajectory following hawkish signals from Governor Kazuo Ueda and an earlier-than-expected rate hike. Both events have shifted expectations toward a potential increase in interest rates to 0.5% by year-end.

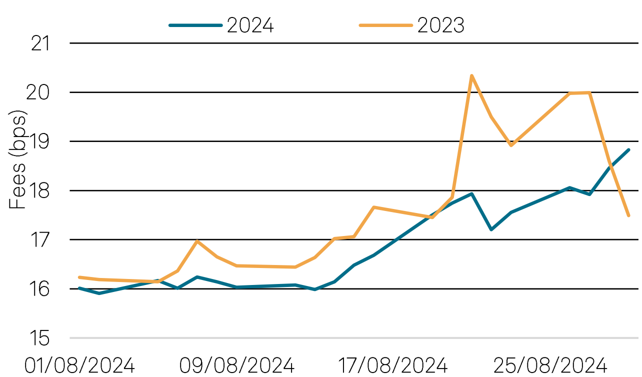
The divergent policy approaches of the Federal Reserve, the Bank of England, and the Bank of Japan kept investors busy throughout the month, with asset prices moving in opposing directions. Domestic factors are now predominant, indicating that rate adjustments will continue to vary across developed countries. Growing confidence in the Fed's capacity to implement rate cuts in September, however, suggests that major central banks may soon align their policies, potentially ending the current and possibly short-lived policy divergence.

In the securities lending markets government bonds generated their highest revenues of 2024 so far, $179M. Average fees increased by 1bps over the month, reaching an average of 17bps. Balances continued to increase, reaching their highest level of the year so far at $1.22T.

Americas government bonds generated $115M, an increase of 20%. The YoY increase was driven by a sharp rise in the borrowing of US treasuries. Average fees climbed to 18bps, their highest level since March. Utilization fell slightly MoM as the growth in lendable outpaced the increases seen in on-loan balances, reaching a multi-year high of $3.2T.

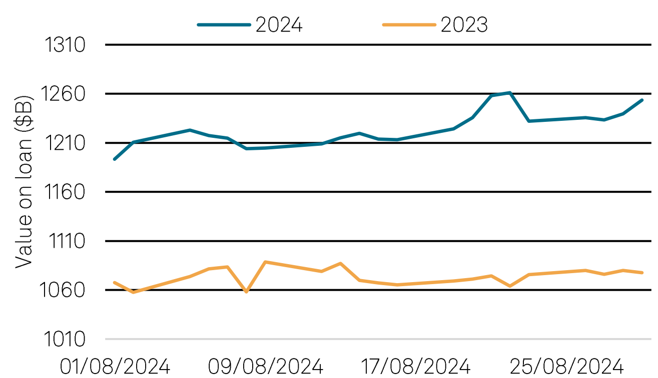
Both Asian and European government bond revenues reached year highs of $9.7M and $54M respectively. Average fees across both asset classes maintained the same level seen during July as balances continued to grow.

August Fee Trend



Source: S&P Global Market Intelligence Securities Finance

August Balance Trend



Source: S&P Global Market Intelligence Securities Finance

Americas government bond revenues increased by 20% YoY	Asian government bond balances increased by 21% YoY	EMEA government bond revenues reach 2024 high (again)	Volume Weighted Average Fee (VWAF) increased YoY across the 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	$115	20%	$832	$752	13%	0.18%	4%	$3,217	7%	20.2%	5%
Europe	$54	-4%	$375	$410	14%	0.15%	-17%	$1,464	34%	20.7%	-10%
Asia	$10	15%	$70	$62	21%	0.18%	-7%	$146	7%	21.2%	26%
Emerging Market	$6	-31%	$49	$22	-7%	0.30%	-27%	$335	14%	5.7%	-20%

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 (1.875% 31-Aug-2024)	9128282U3	USD	US	$5.2
United States Treasury (3.25% 31-Aug-2024)	91282CFG1	USD	US	$3.2
United States Treasury (3.5% 15-Feb-2033)	91282CGM7	USD	US	$1.3
United States Treasury (3.375% 15-May-2033)	91282CHC8	USD	US	$1.2
United States Treasury (1.25% 31-Aug-2024)	912828YE4	USD	US	$1.2

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) (1.25% 01-Mar-2027)	135087M84	CAD	CA	$0.4
Canada (Government) (4% 01-Mar-2029)	135087Q98	CAD	CA	$0.3
Canada (Government) (1% 01-Sep-2026)	135087L93	CAD	CA	$0.3
Canada (Government) (0.5% 01-Sep-2025)	135087K94	CAD	CA	$0.3
Canada (Government) (4% 01-Aug-2026)	135087R97	CAD	CA	$0.2

Source: S&P Global Market Intelligence Securities Finance

Top 5 Revenue Generating EMEA Government Bonds

Top Earning Assets	CUSIP	Denomination	Country	Revenue Generated ($M)
United Kingdom Of Great Britain And Northern Ireland (Government) (0.25% 31-Jan-2025)	G4527HVF5	GBP	UK	$1.5
United Kingdom Of Great Britain And Northern Ireland (Government) (0.125% 30-Jan-2026)	G4527HRV5	GBP	UK	$1.1
France, Republic Of (Government) (2.75% 25-Oct-2027)	F43750AD4	EUR	FR	$0.7
United Kingdom Of Great Britain And Northern Ireland (Government) (4.5% 07-Jun-2028)	G4527HA76	GBP	UK	$0.6
Italy, Republic Of (Government) (4% 01-Feb-2037)	T6031ZDM0	EUR	IT	$0.6

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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Q2 2023
Q3 2023
Q4 2023

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February 2024
March & Q1 2024
April 2024
May 2024
June & Q2, H1 2024
July 2024
August 2023
September 2023
October 2023
November 2023
December 2023

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