

**S&P Global**  
Market Intelligence

# Securities Finance

Market Activity Review Q3 2024

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ETF Data

October 24th, 2024



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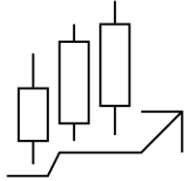
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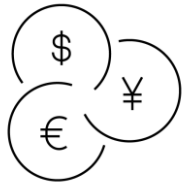
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# Q3 2024

Volatility makes a comeback as the Fed cuts rates for the first time since 2020



**Global stock and bond prices continued to rally BUT volatility did return**



**Central banks across the globe make long awaited interest rate adjustments**



**Treasury yield curve dis-inverts then reinverts**



**China announces unexpected stimulus measures**



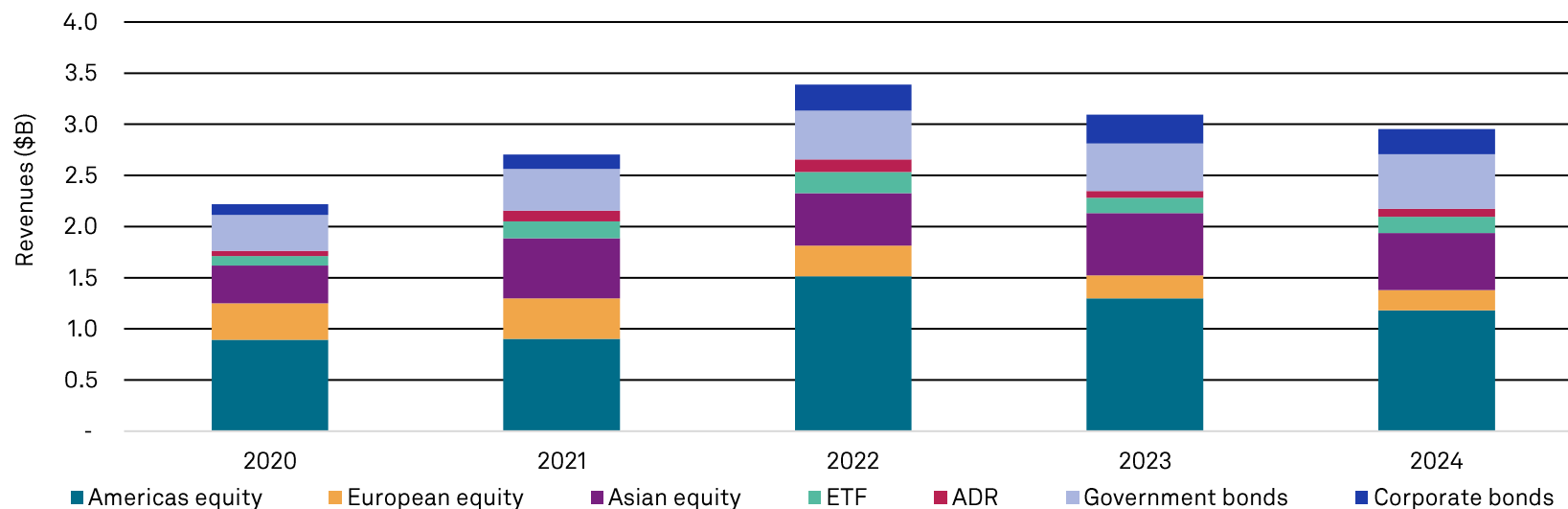
**Securities lending revenues remain lower than 2024 but make a YoY come back**

# Market revenues – Q3 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	\$3,000	-4%	\$8,816	\$2,696	7%	0.44%	-11%	\$39,276	19%	5.3%	-8%
All Equity	\$2,202	-7%	\$1,129	\$1,129	-4%	0.77%	-4%	\$29,469	20%	2.8%	-17%
Americas Equity	\$1,182	-9%	\$598	\$598	-7%	0.77%	-2%	\$21,815	23%	2.2%	-21%
Asia Equity	\$557	-8%	\$229	\$229	1%	0.96%	-10%	\$2,835	10%	5.1%	-1%
EMEA Equity	\$197	-12%	\$167	\$167	-5%	0.46%	-8%	\$3,900	12%	3.3%	-16%
ADR	\$71	21%	\$29	\$29	4%	0.98%	15%	\$256	9%	8.5%	-3%
ETP	\$159	6%	\$100	\$100	7%	0.63%	-2%	\$551	16%	9.3%	-11%
Government Bond	\$535	15%	\$1,224	\$1,122	15%	0.17%	-1%	\$4,806	14%	20.4%	2%
Corporate Bond	\$245	-12%	\$320	\$320	22%	0.30%	-29%	\$4,622	15%	5.8%	3%

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

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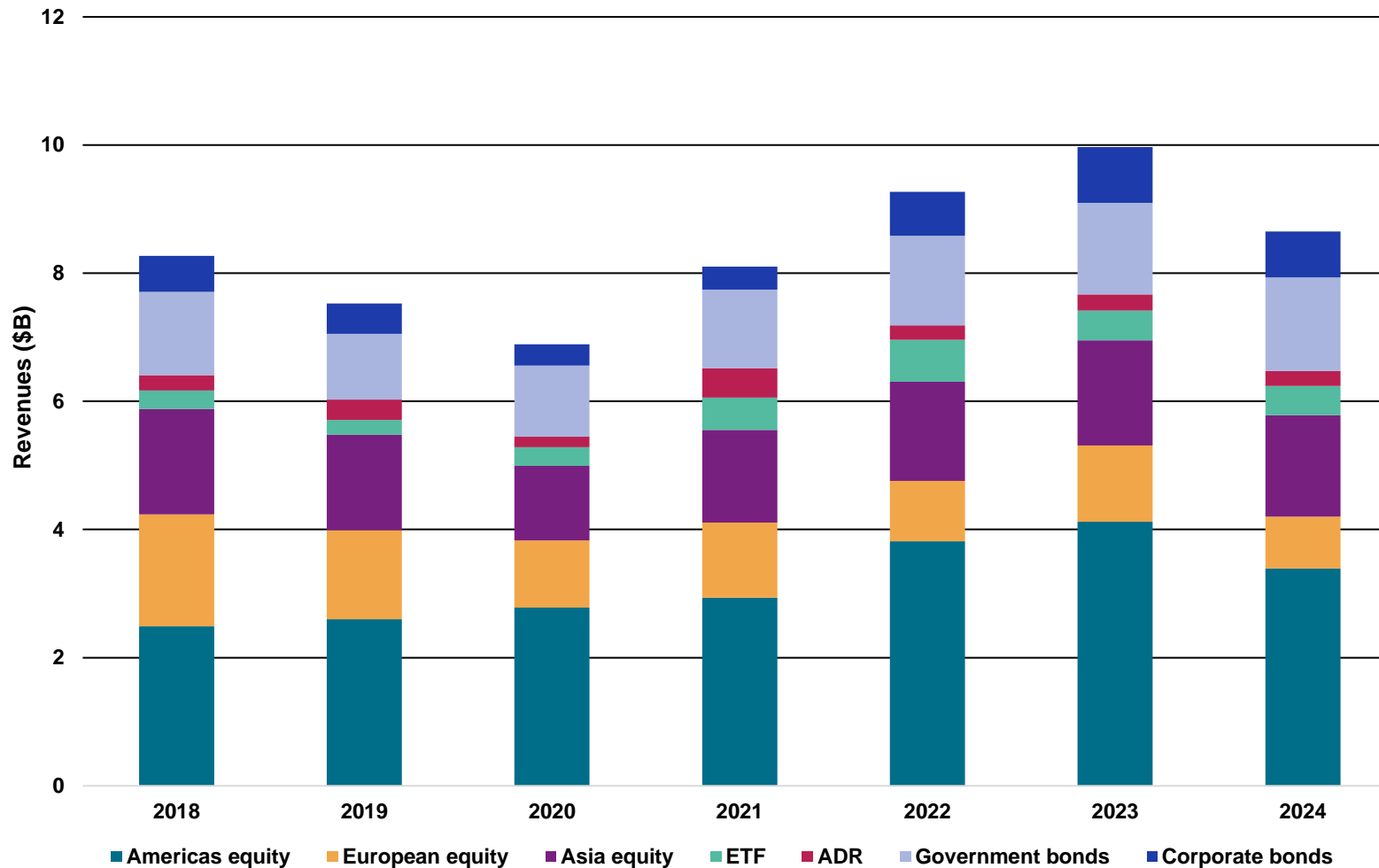


Q3 revenues of \$3B

Revenues decline 4% YoY

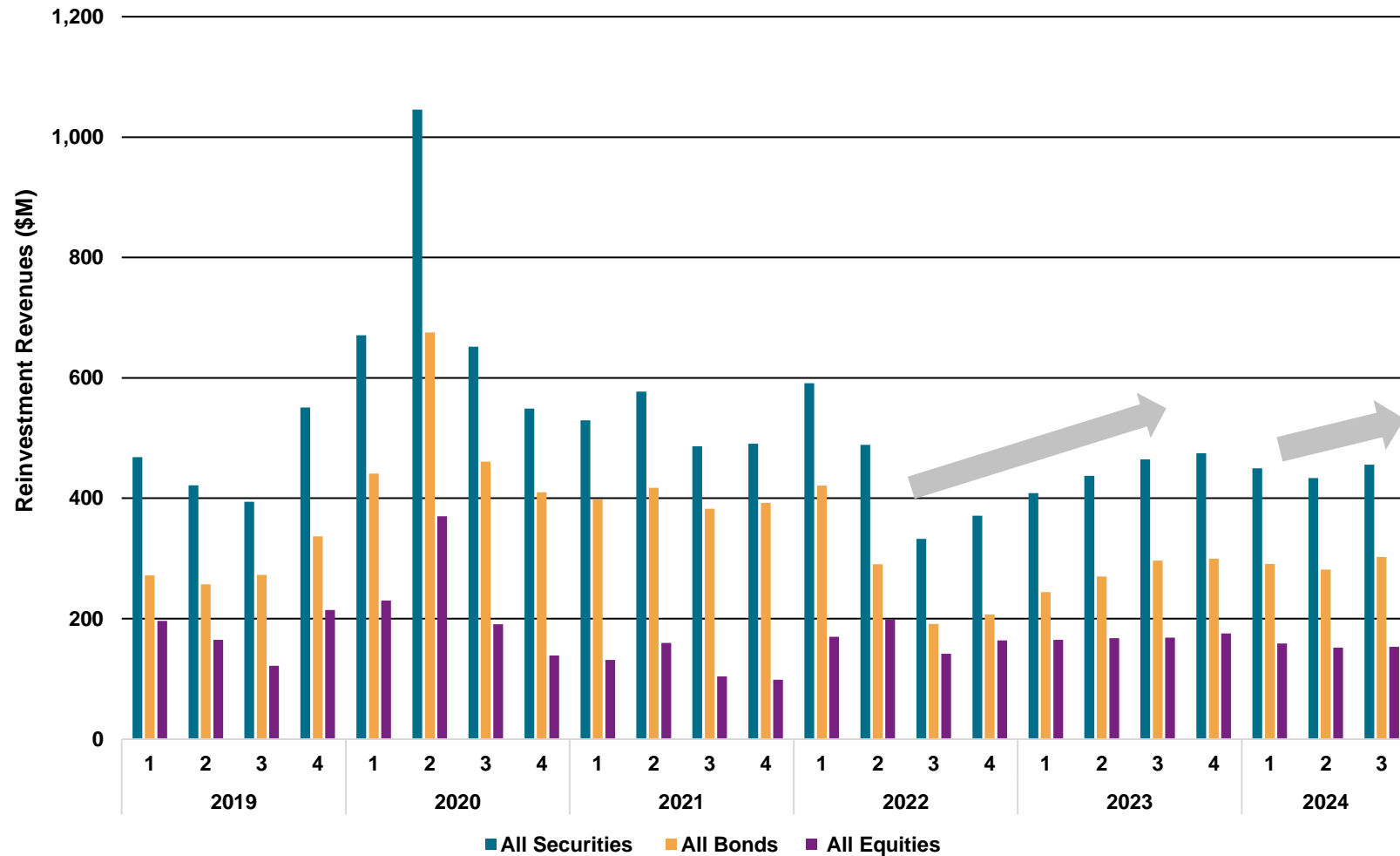
Average balances grow 7% YoY

# Market revenues – YTD



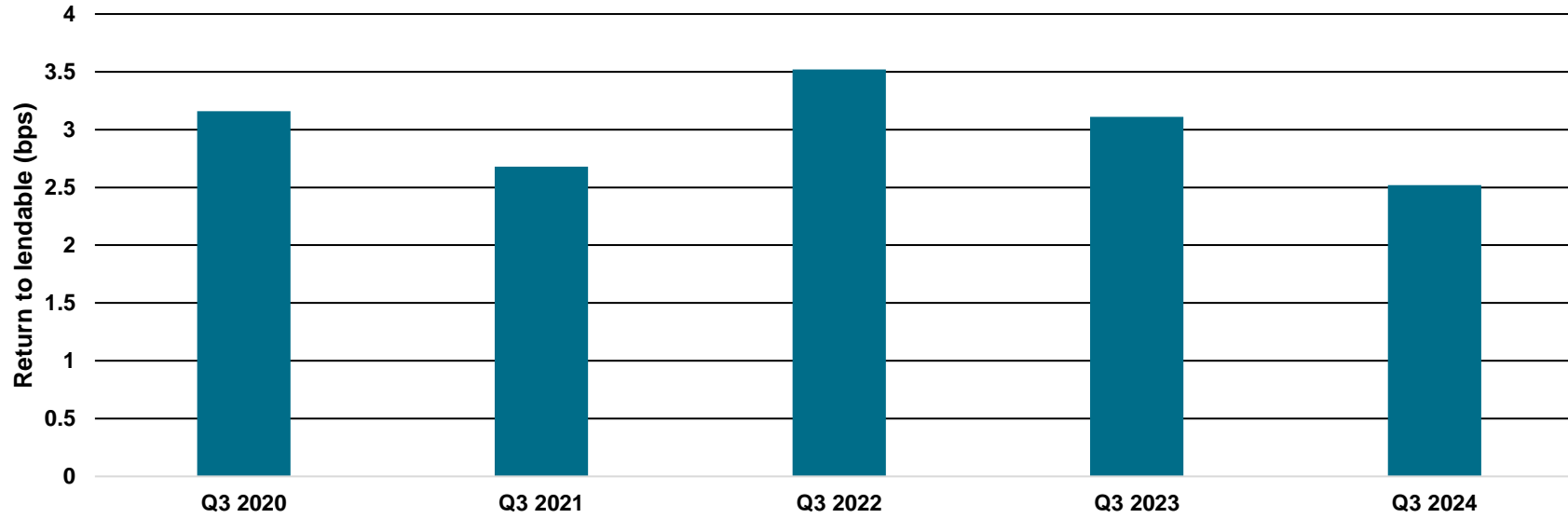
2024 revenues are currently the 4<sup>th</sup> highest since data collection began

# Market revenues – Reinvestment returns



Quarterly cash reinvestment returns get a boost after Fed rate cut

# Market revenues – Lenders return to lendable

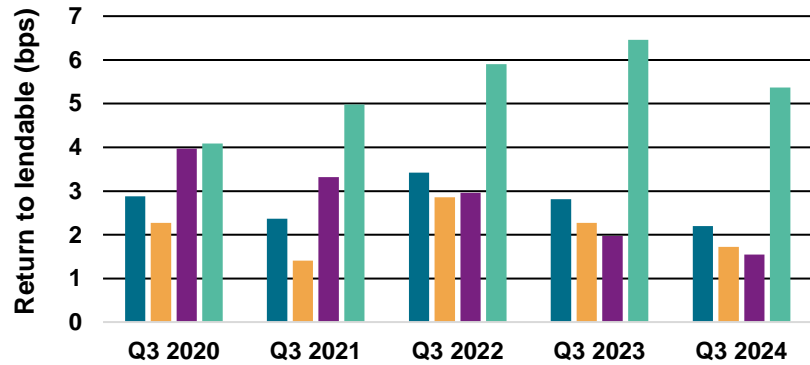


All securities  
2.52bps

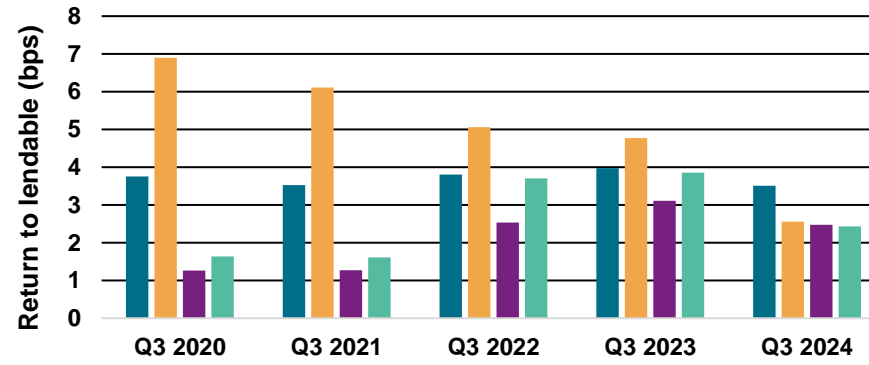
All equity  
2.2bps

Fixed income  
3.51bps

All equities (Bps)



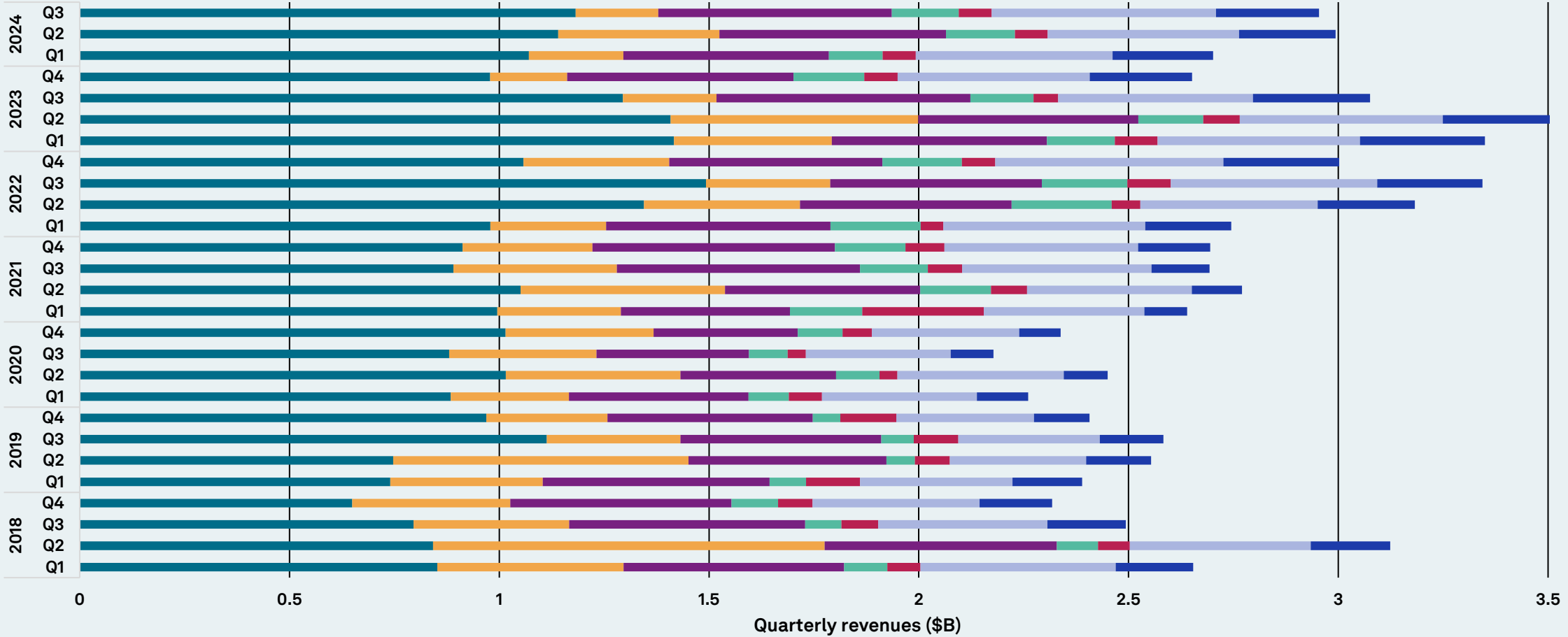
All Bonds (bps)



■ All equities ■ Americas equities ■ European equities ■ Asian equities

■ All Bonds ■ Government Bonds ■ Corporate Bonds ■ Emerging Bonds

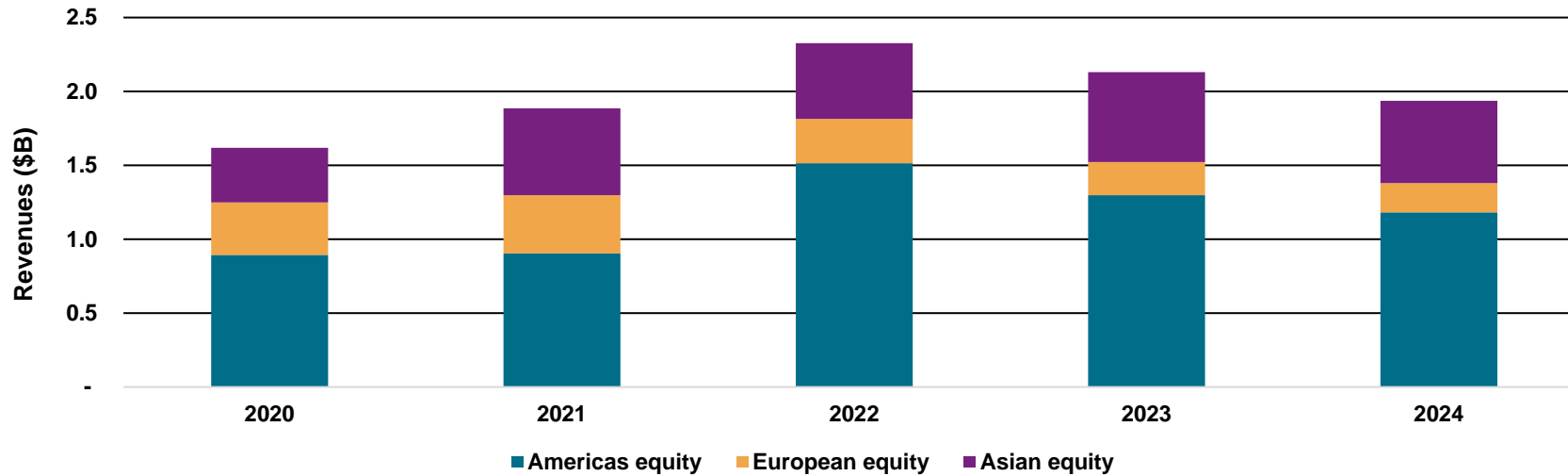
# Quarterly revenues by asset class



■ Americas equity 
 ■ European equity 
 ■ Asia equity 
 ■ ETF 
 ■ ADR 
 ■ Government bonds 
 ■ Corporate bonds

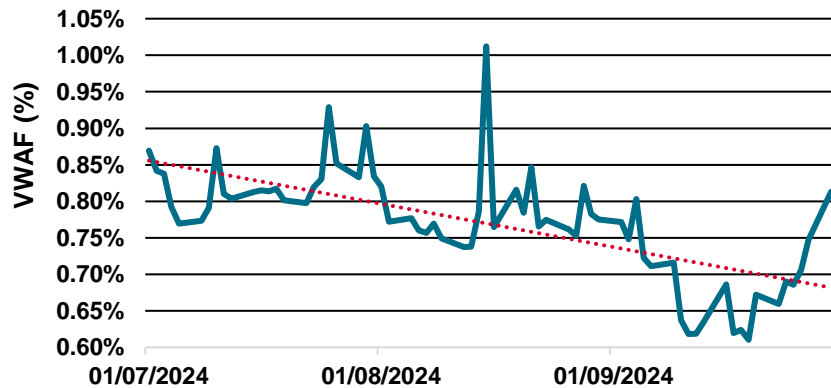


# Equities – Revenues, VWAF and Balances

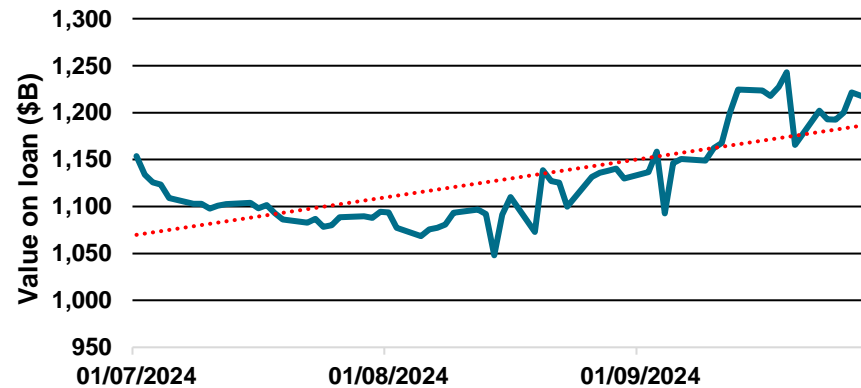


Q3 equity revenues declined YoY as VWAF dipped and value on loan continued to rise

VWAF All equities ex-financing

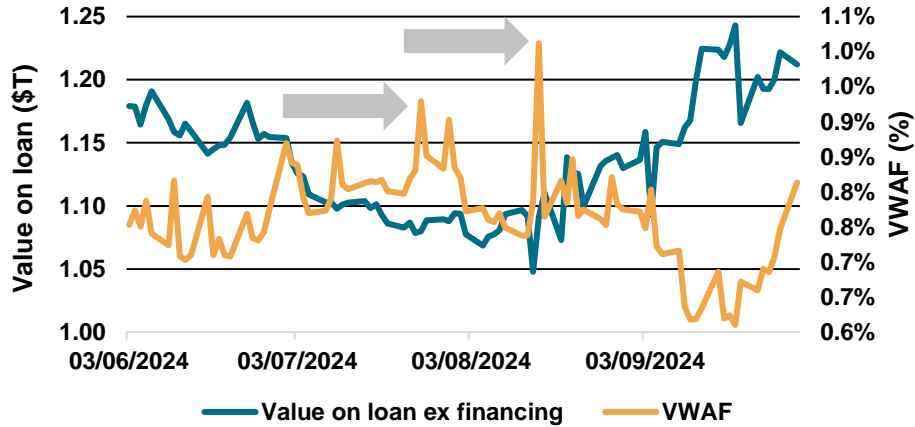


Value on loan ex-financing

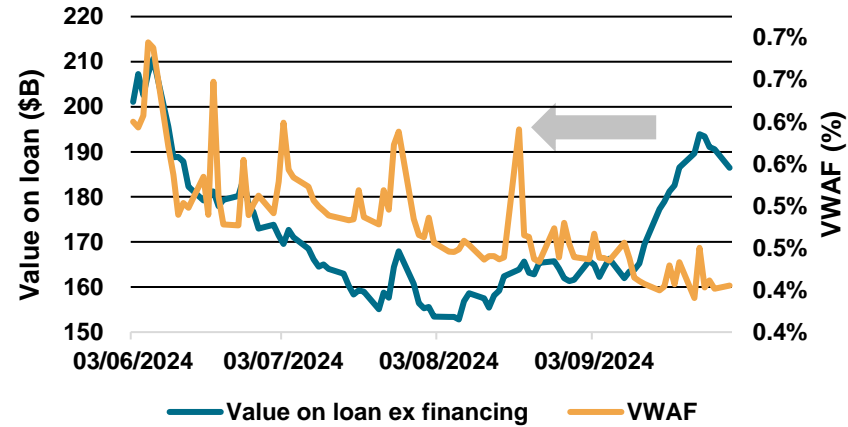


# Equities - Average fees and balances

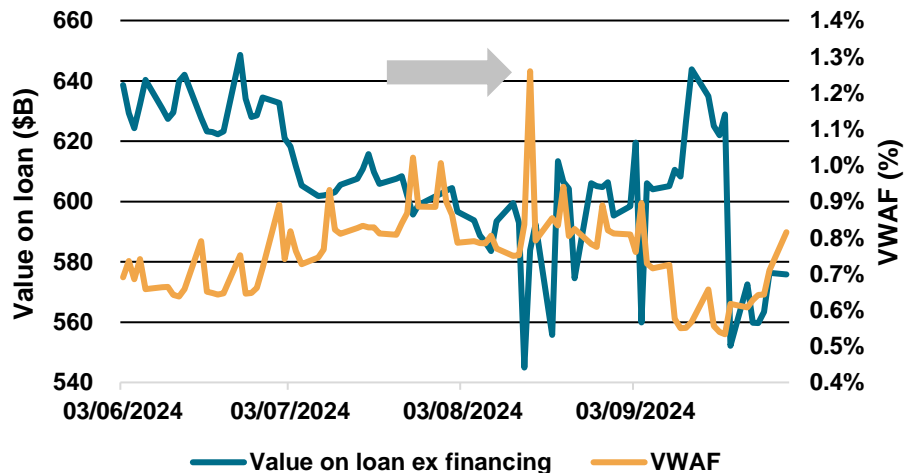
## All Equities



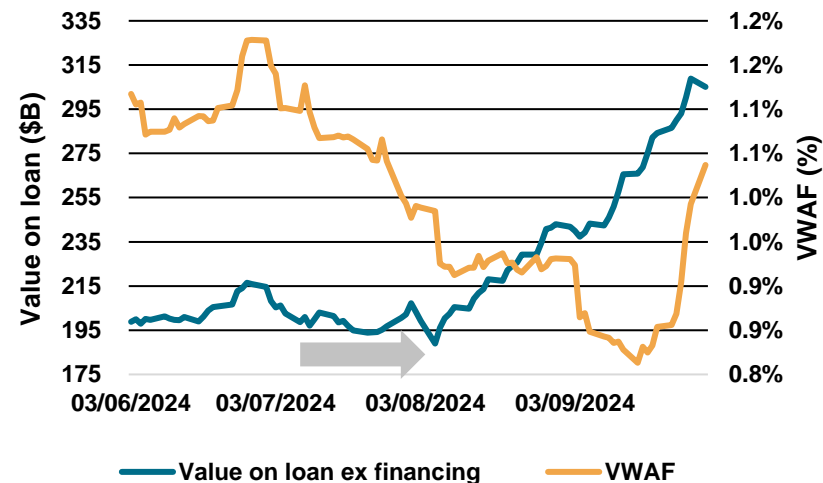
## European Equities



## Americas Equities



## Asian Equities



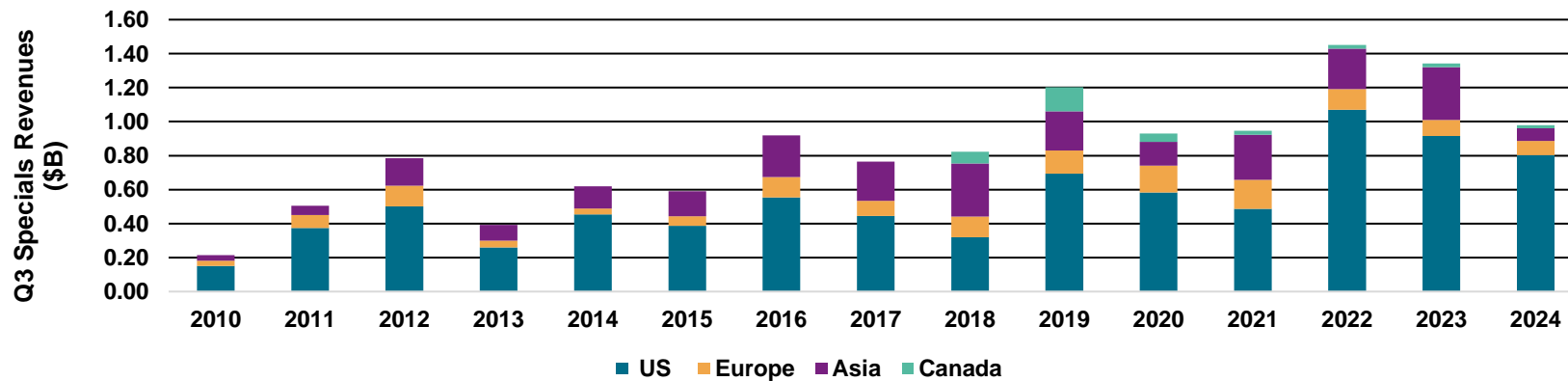
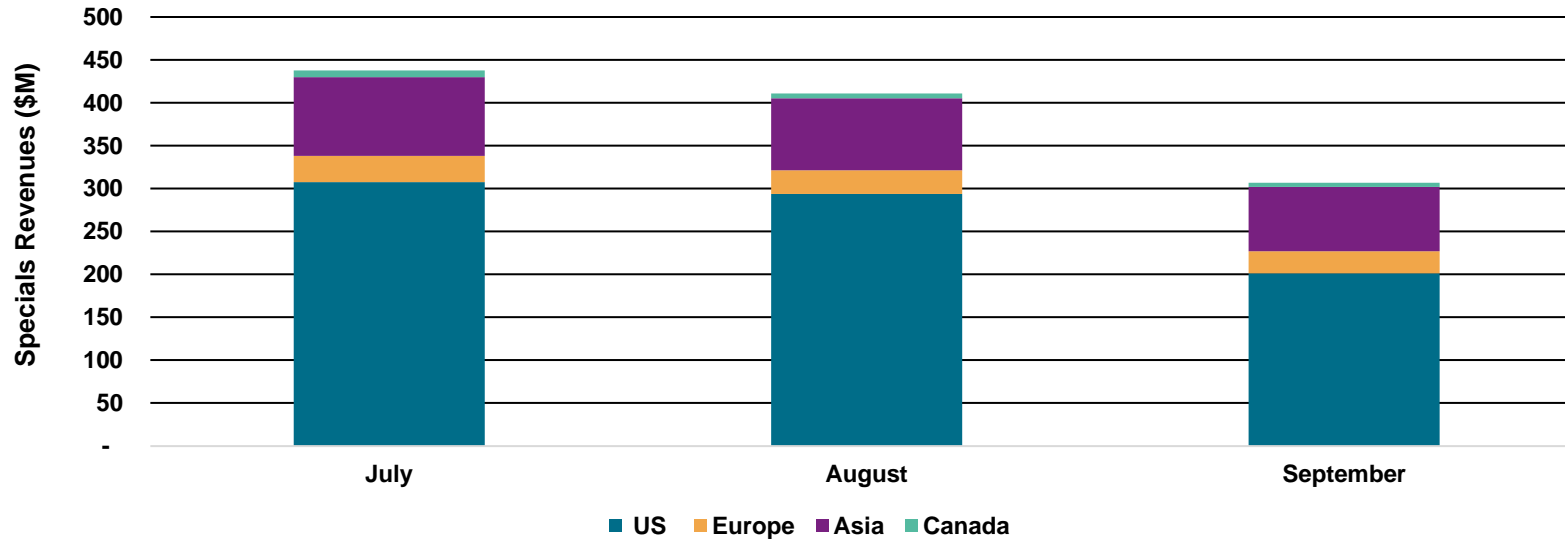
All equities 77bps

Americas equities  
77bps

EMEA equities  
46bps

APAC equities  
96bps

# Q3 equity specials revenues by region



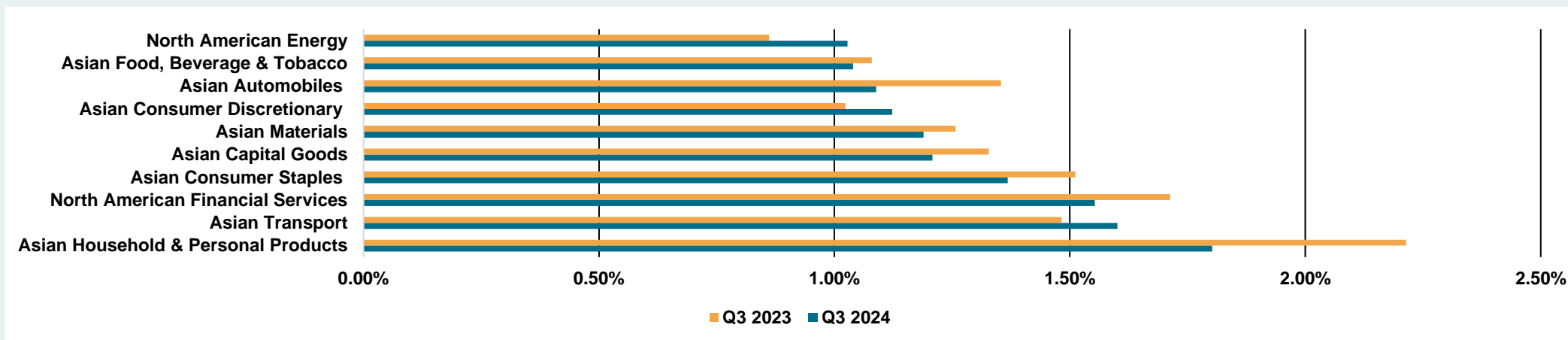
Specials > 500bps fee

Jan – Sep 2024 specials revenues are approximately \$800M lower than during the same period in 2023

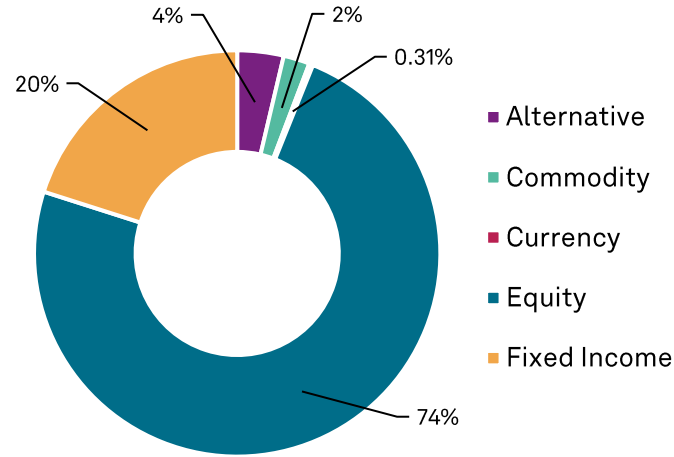
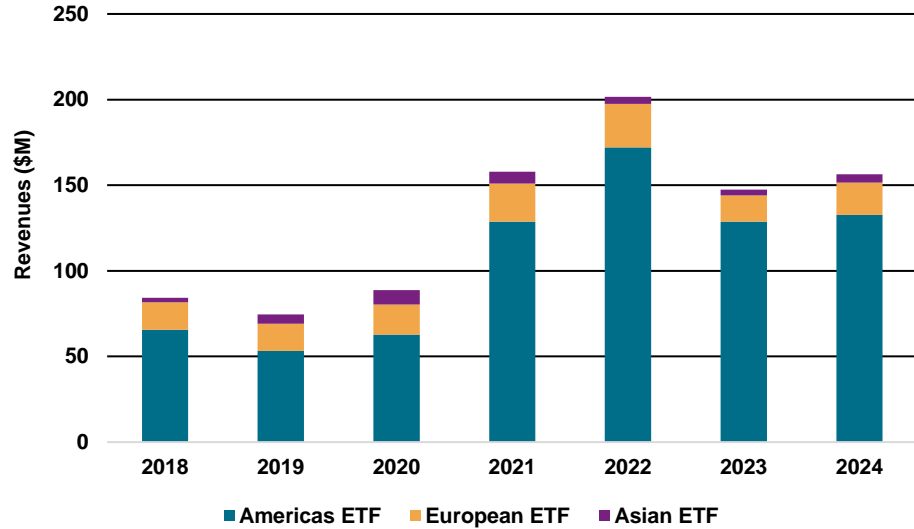
# Equities – Top revenue generators and most shorted sectors of Q3 2024

Top Earning Assets	Ticker	Sector	Country	Revenue Generated (\$M)
Sirius XM Holdings Inc	SIRI	North America Media and Entertainment	US	\$189.7
Beyond Meat Inc	BYND	North America Food, Beverage & Tobacco	US	\$37.9
Cassava Science Inc	SAVA	North America Pharmaceuticals, Biotech & Life Sciences	US	\$35.0
Tempus AI Inc	TEM	North America Pharmaceuticals, Biotech & Life Sciences	US	\$34.7
Lucid Group Inc	LCID	North America Automobiles & Components	US	\$31.5
Nikola Corp	NKLA	North America Capital Goods	US	\$19.0
Choice Hotels International Inc	CHH	North America Consumer Services	US	\$17.5
Enbridge Inc	ENB	North America Energy	CA	\$15.6
Canoo Inc	GOEV	North America Automobiles & Components	US	\$15.0
Nuscale Power Corp	SMR	North America Capital Goods	US	\$13.6

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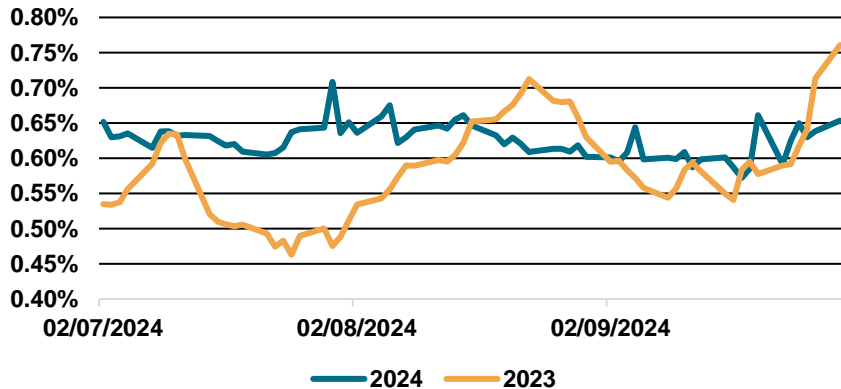


# ETF's Q3 2024

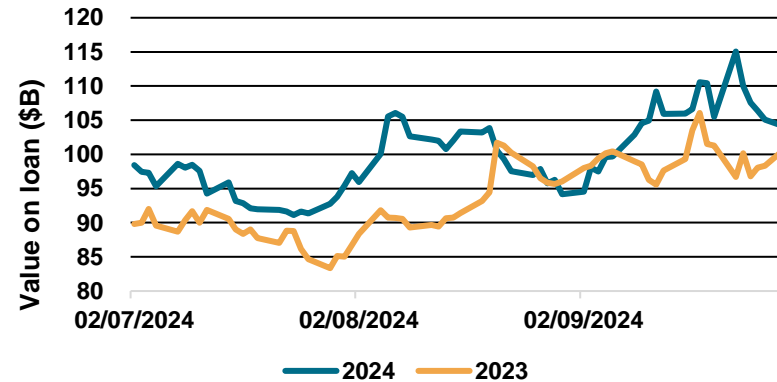


ETF revenues experienced a good quarter with revenues growing by 6% YoY

VWAF - ex-financing



Value on Loan ex-financing



# ETF's – Top revenue generators

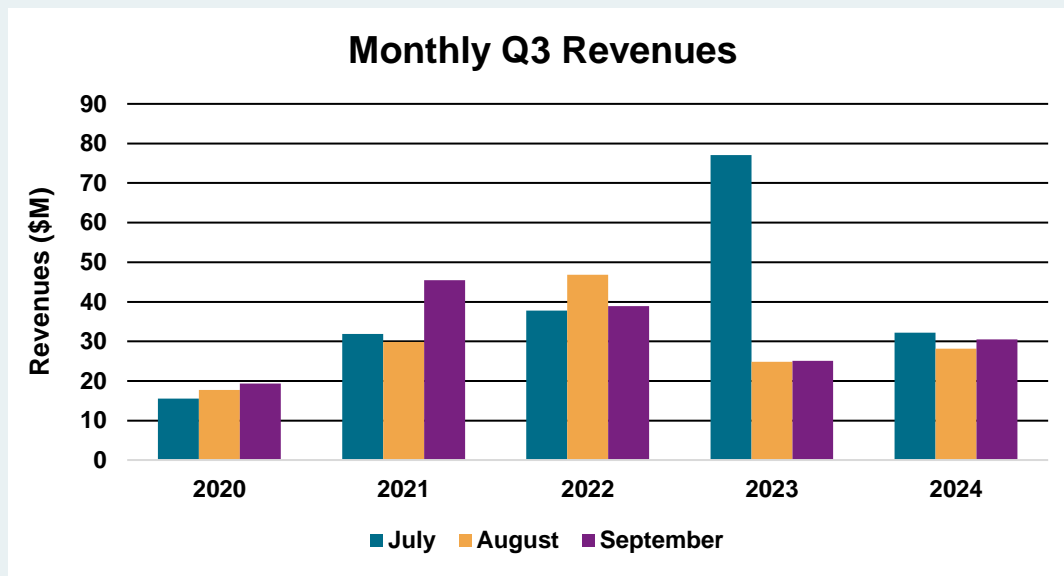
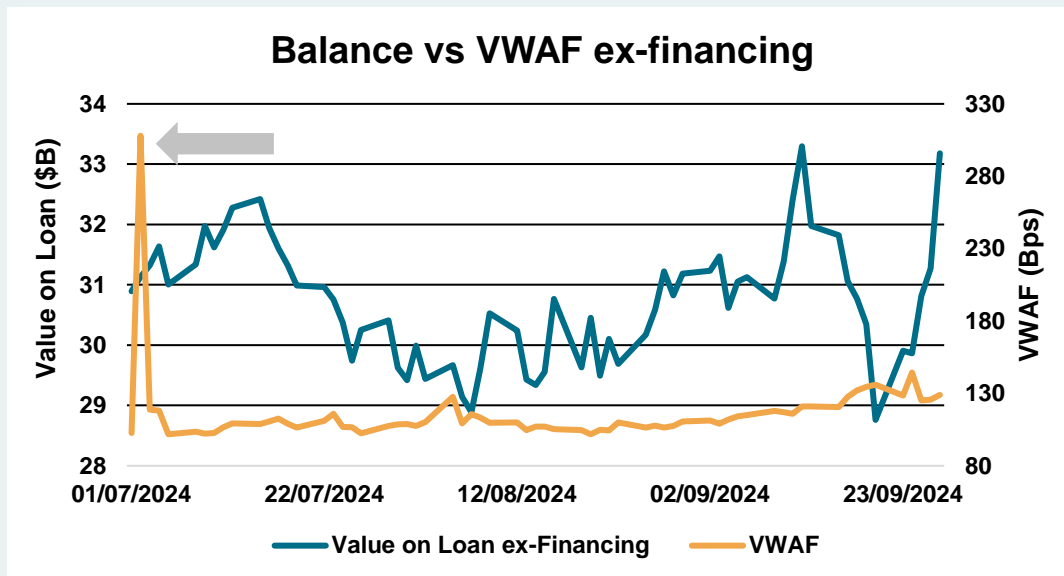
ETF Name	Ticker	Investment type	Country	Revenue Generated (\$M)
Granite Shares Nvidia Long Daily	NVDL	Equity	US	\$3.2
iShares Russell 2000 ETF	IWM	Equity	US	\$1.0
ARK Innovation ETF	ARKK	Equity	US	\$0.8
US Global Jets ETF	JETS	Equity	US	\$0.8
Proshares Ultrapro QQQ ETF	TQQQ	Equity	US	\$0.8

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ETF Name	Ticker	Investment type	Country	Revenue Generated (\$M)
iShares IBOXX Investment Grade ETF	LQD	Fixed Income	US	\$2.2
iShares IBOXX High Yield Bond ETF	HYG	Fixed Income	US	\$1.1
Barclays I path Seniors B S&P Short Term ETN	VXX	Fixed Income	US	\$0.6
SPDR Bloomberg Barclays High Yield Bond ETF	JNK	Fixed Income	US	\$0.4
iShares JP Morgan USD MTS Bond ETF	EMB	Fixed Income	US	\$0.4

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# Depository Receipts

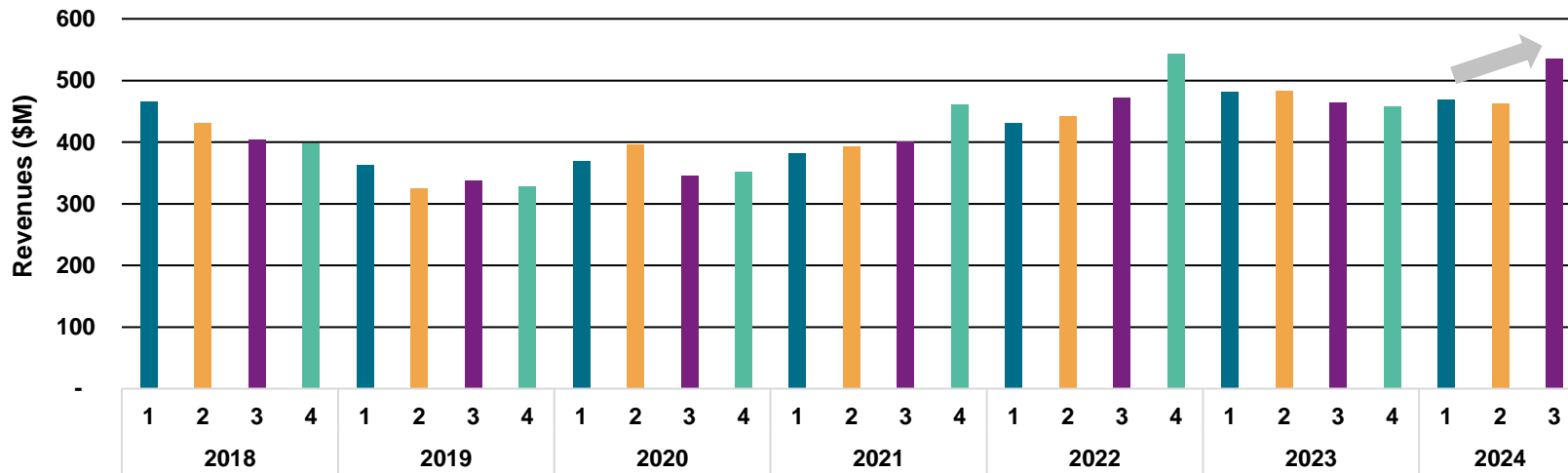


ETF Name	Ticker	Sector	Country	Revenue Generated (\$M)
Polestar Automotive Holding	PSNY	Automobiles & Components	SE	\$3.7
Nio Ads Rep 1 Cl A Ord	NIO	Automobiles & Components	CN	\$2.3
Belite Bio	BLTE	Pharmaceuticals, Biotech & Life Sciences	US	\$1.4
Sociedad Quimica Rep 1 Series B Ord	SQM	Capital Goods	ES	\$1.3
Azul Rep 3 Prf	AZUL	Transport	BR	\$1.0

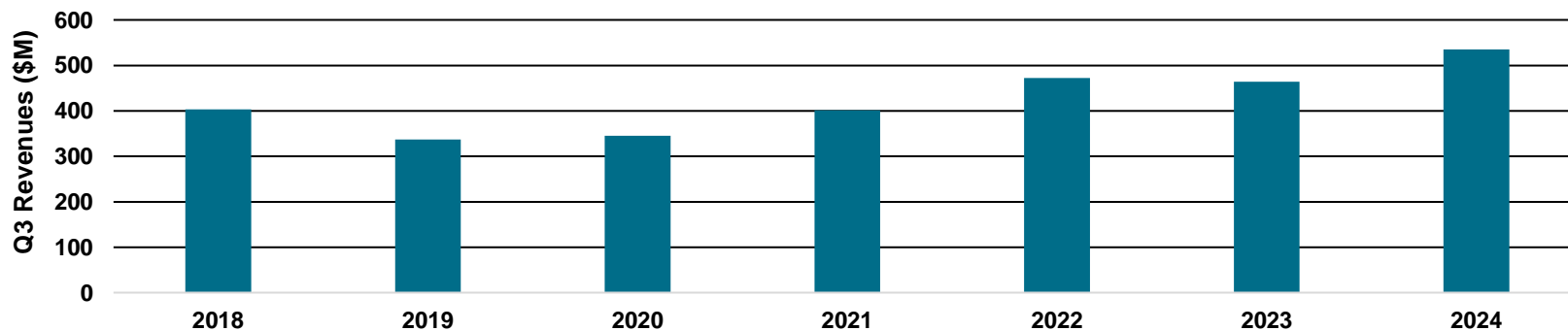
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# Government bond revenues spike during Q3

Total Revenue By Quarter



Q3 Revenue



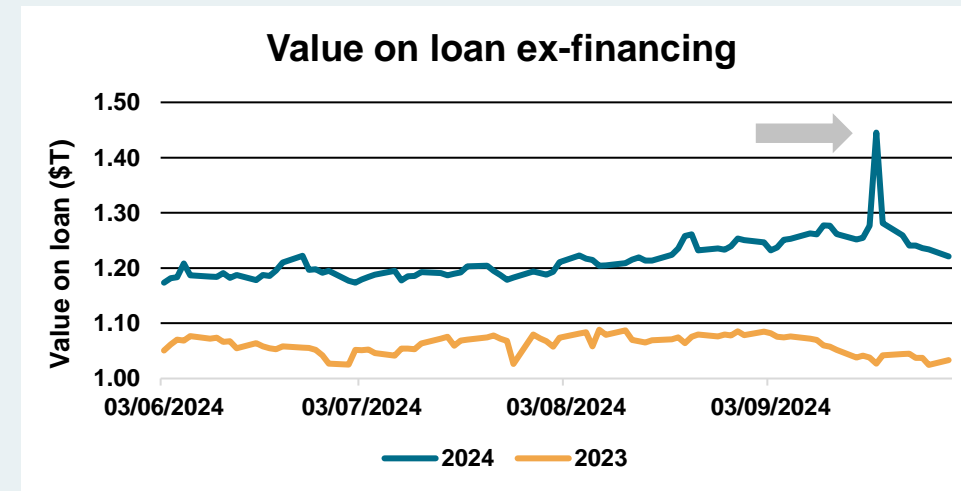
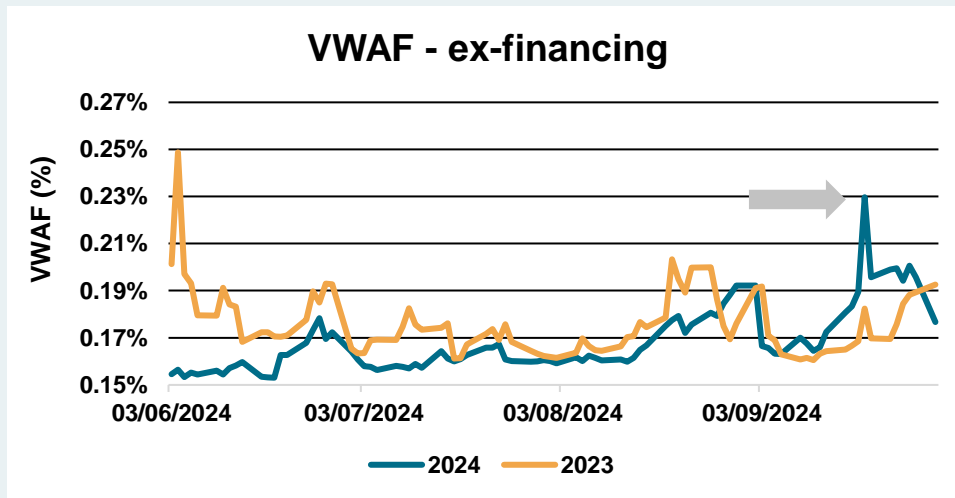
Interest rate uncertainty boosted returns during Q3.



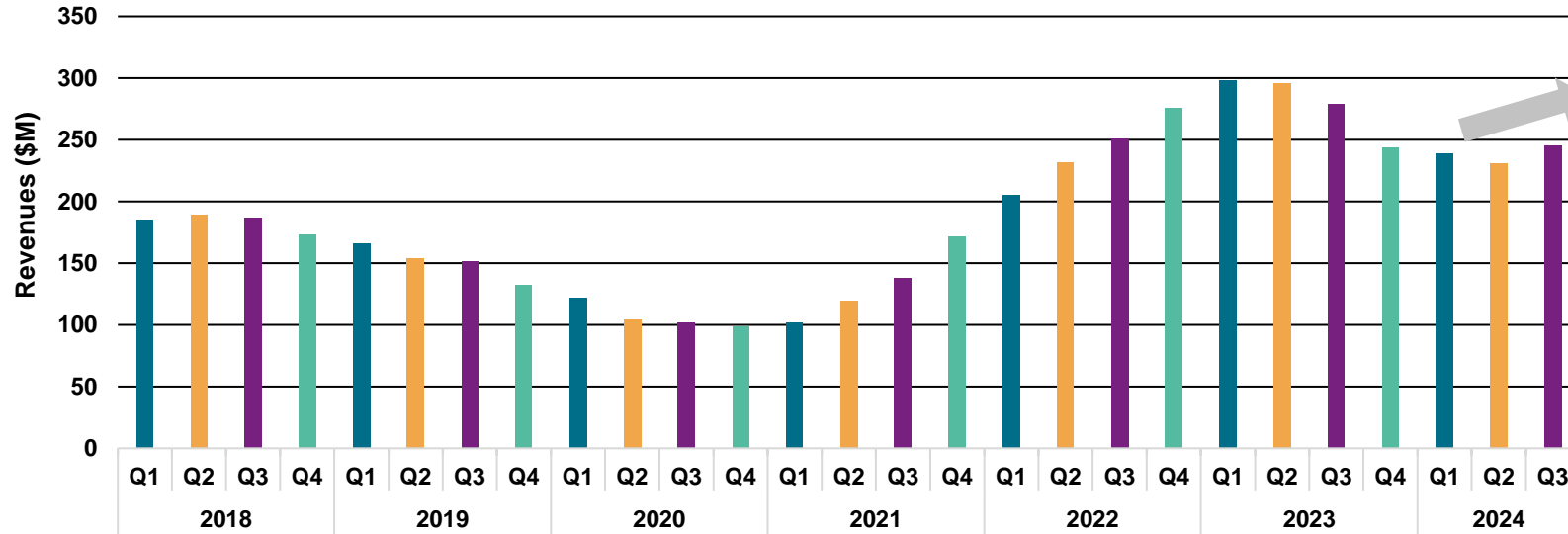
# Government bonds – Top borrows

Top Earning Assets	CUSIP	Denomination	Country	Revenue Generated (\$M)
United States Treasury (4.125% 15-Aug-2044)	91210UD8	USD	US	\$14.7
United States Treasury (1.875% 31-Aug-2024)	9128282U3	USD	US	\$6.8
United States Treasury (3.25% 31-Aug-2024)	91282CFG1	USD	US	\$4.5
United Kingdom Of Great Britain And Northern Ireland (Government) (0.25% 31-Jan-2025)	G4527HVF5	GBP	UK	\$4.4
United States Treasury (3.5% 15-Feb-2033)	91282CGM7	USD	US	\$3.7
United States Treasury (3.375% 15-May-2033)	91282CHC8	USD	US	\$3.5
United States Treasury (4.5% 15-Nov-2033)	91282CJJ1	USD	US	\$3.2
United Kingdom Of Great Britain And Northern Ireland (Government) (0.125% 30-Jan-2026)	G4527HRV5	GBP	UK	\$3.2
United States Treasury (4% 15-Feb-2034)	91282CJZ5	USD	US	\$3.1
United States Treasury (0% 20-Mar-2025)	912797KJ5	USD	US	\$3.0

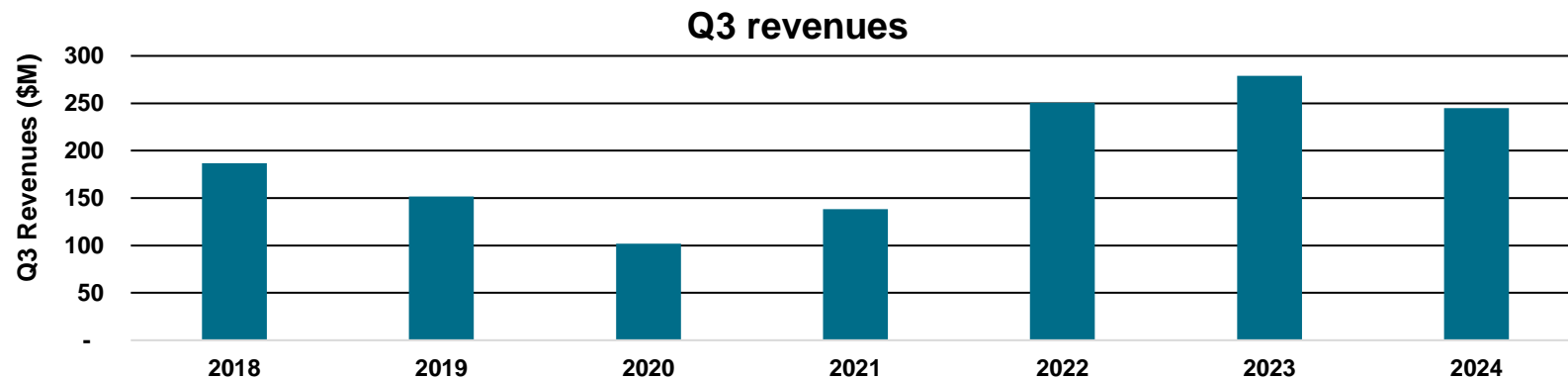
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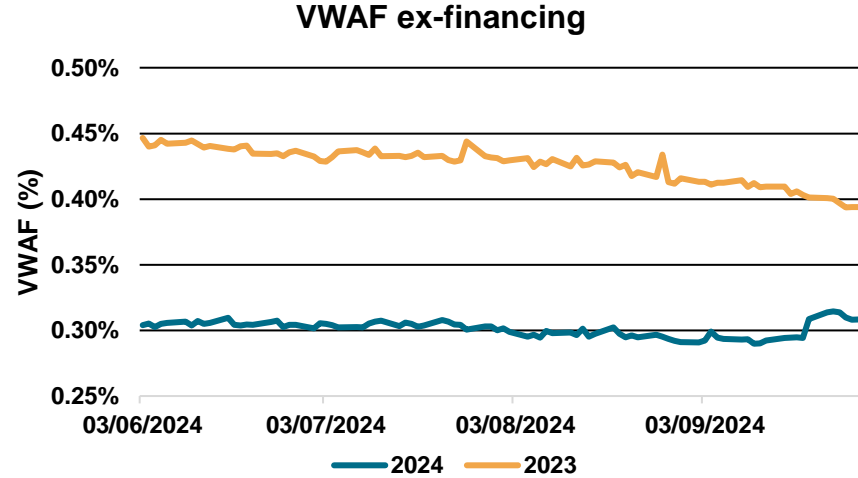
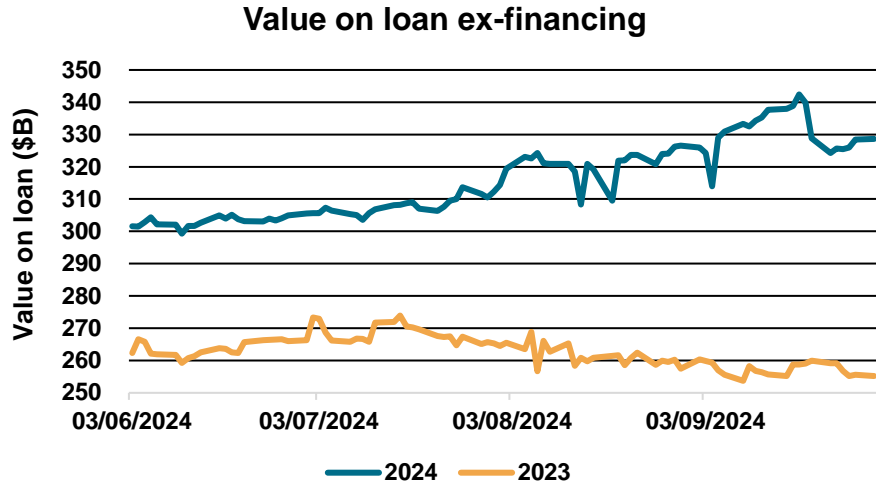
# Corporate bond revenues increase QoQ



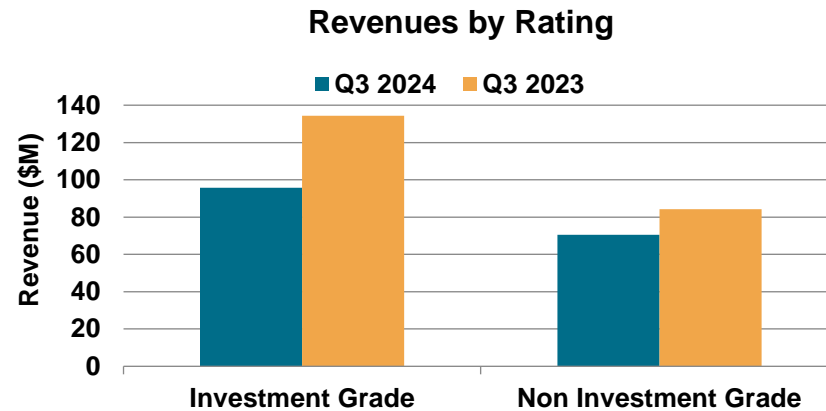
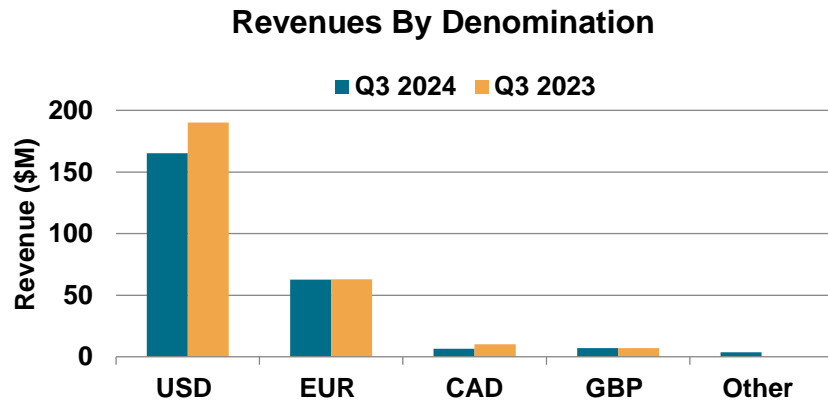
Q3 revenues climb QoQ despite falling 12% YoY



# Fees remain stable as balances continue to grow



Average balances increased by 13% YoY during Q3.



## Corporate Bonds – Top revenue generators

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	\$2.9
Hanesbrands Inc (9% 15-Feb-2031)	410345AQ5	USD	Priv. Placement Corp Bond	\$2.0
Hertz Corp (5% 01-Dec-2029)	428040DB2	USD	Priv. Placement Corp Bond	\$1.8
Biomarin Pharmaceutical Inc (1.25% 15-May-27)	09061GAK7	USD	N.I.G. Corp Bond (Fixed Rate)	\$1.4
Avis Budget Car Rental LLC (8% 15-Feb-2031)	053773BH9	USD	Priv. Placement Corp Bond	\$1.4
MPT Operating Partnership LP (5.25% 01-Aug-26)	55342UAG9	USD	N.I.G. Corp Bond (Fixed Rate)	\$1.3
Grifols Sa (4.75% 15-Oct-2028)	39843UAA0	USD	Priv. Placement Corp Bond	\$1.1
B&G Foods Inc (5.25% 15-Sep-2027)	05508WAB1	USD	N.I.G. Corp Bond (Fixed Rate)	\$1.1
Walgreens Boots Alliance Inc (4.8% 18-Nov-2044)	931427AC2	USD	N.I.G. Corp Bond (Fixed Rate)	\$1.0
Rand Parent LLC (8.5% 15-Feb-2030)	753272AA1	USD	Priv. Placement Corp Bond	\$0.9

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# Volatility is back as uncertainty grows

Securities lending revenues will benefit if year-end doesn't pose a problem.

- VIX index is now trending above the psychologically important 20 following a placid 2024
- Geopolitical risk is intensifying
- Interest rate uncertainty prevails, will there be a soft landing, hard landing or no landing? Does anyone know?
- Securities lending revenues will benefit from uncertainty if.....
  - Hedge funds and end users execute into year end
  - Uncertainty continues into reporting dates
  - Markets continue to climb with periods of declines
- Heading into year end, fixed income, ADRs and ETFs are expected to see further YoY gains



# Securities finance Q3 2024 market activity review webinar

## Paul Wilson

### **Managing Director, Securities Finance and EBS**

Paul Wilson is the global head of the Securities Finance business at S&P Global Market Intelligence, a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide.

The Securities Finance business provides benchmarking analytics, risk management, consultancy, investment insight and regulatory reporting solutions to all segments of the securities lending and finance industry worldwide. Leveraging the largest and deepest inventory and loan data set in the industry including twelve years of historical data, Securities Finance provides solutions that helps improve transparency and drives performance. Paul joined IHS Markit (now part of S&P Global) in June 2018, after spending 33 years at JPMorgan, latterly leading the Agent Lending Global Product and Portfolio Advisory team. Paul is recognized industry leader and a frequent speaker and industry commentator who in 2017 co-chaired a Bank of England industry group to develop the UK Money Markets code.

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Please send all questions to.....

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Thank you for your participation

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