

Securities finance

Short interest trends 2022

Matt Chessum, Director

Jillian Hurley, Executive Director

14th / 15th December 2022



Key economic themes for 2022.....so far

Geopolitical risk, volatility, and monetary policy



Geopolitical risk

- Russia's invasion of Ukraine
- European energy concerns
- COVID – supply chain dislocation, China zero COVID policy
- Climate change and COP27



Unprecedented volatility

- Bond prices down and yields up
- Equity market valuation declines
- Volatility in commodity markets



Hawkish central banks

- Fastest monetary tightening in history
- Highest inflation for a generation
- Multiple interest rate rises in succession by ECB, BOE and FED
- Yield curve inversion

Most expensive shorts and revenue recap to Q3 2022

Global Securities Finance Snapshot - 2022 to end of Q3

Asset Class	Revenue (\$M)	Rev YoY %Chg	Avg Balances (\$B)	Bal YoY %Chg	Avg Fee	Fee YoY %Chg	Avg Utilization	Util YoY %Chg
All Securities	9,487	16%	2,867	7%	0.44%	8%	6.9%	4%
All Equity	7,390	11%	1,304	9%	0.76%	2%	3.9%	11%
Americas Equity	3,717	27%	682	12%	0.72%	15%	3.1%	7%
Asia Equity	1,544	7%	217	1%	0.96%	8%	5.2%	19%
EMEA Equity	944	-19%	256	15%	0.57%	-17%	5.9%	33%
ADR	225	-51%	30	-40%	1.03%	24%	8.6%	-1%
ETP	657	31%	114	23%	0.78%	14%	12.4%	-1%
Government Bond	1,347	14%	1,257	3%	0.14%	12%	25.4%	-6%
Corporate Bond	687	91%	279	22%	0.33%	57%	5.7%	29%

Note: Includes only transactions with positive fees

© 2022 S&P Market Intelligence

Source : S&P Global Securities Finance

2022 revenue
recap

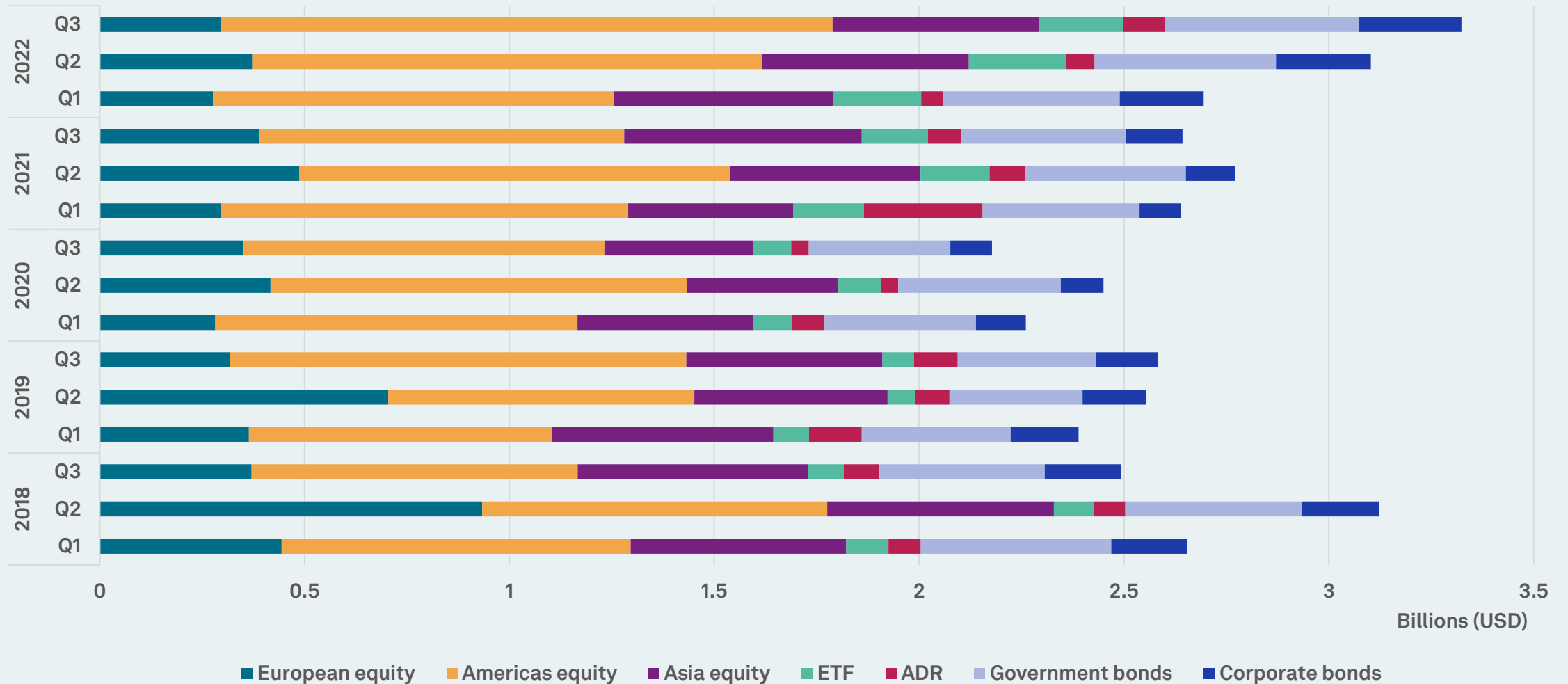
Top 10 revenue generators to end of Q3 2022

Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
LCID	Lucid Group Inc	228.45	US Equity (Others)	North America Automobiles & Components	BP0TR77
GME	Gamestop Corp	199.26	US Equity (Others)	North America Retailing	B0LLFT5
BYND	Beyond Meat Inc	152.44	US Equity (RUSSELL 2000)	North America Food, Beverage & Tobacco	BJ1FDK7
BROS	Dutch Bros Inc	91.99	US Equity (Others)	North America Consumer Services	BMWP7H2
HYG	Ishares Iboxx High Yield Bond Etf	90.02	US ETF	North America Fixed Income ETF	B1VZ486
SAVA	Cassava Sciences Inc	82.64	US Equity (RUSSELL 2000)	North America Pharmaceuticals, Biotechnology & Life Sciences	BJVLKZ9
UPST	Upstart Holdings Inc	75.39	US Equity (Others)	North America Diversified Financials	BL53QN5
SIRI	Sirius Xm Holdings Inc	68.82	US Equity (Others)	North America Media and Entertainment	BGLDK10
AMC	Amc Entertainment Holdings Inc	58.55	US Equity (Others)	North America Media and Entertainment	BH4HLL3
V	Visa Inc	55.23	US Equity (S&P500)	North America Software & Services	B2PZN04

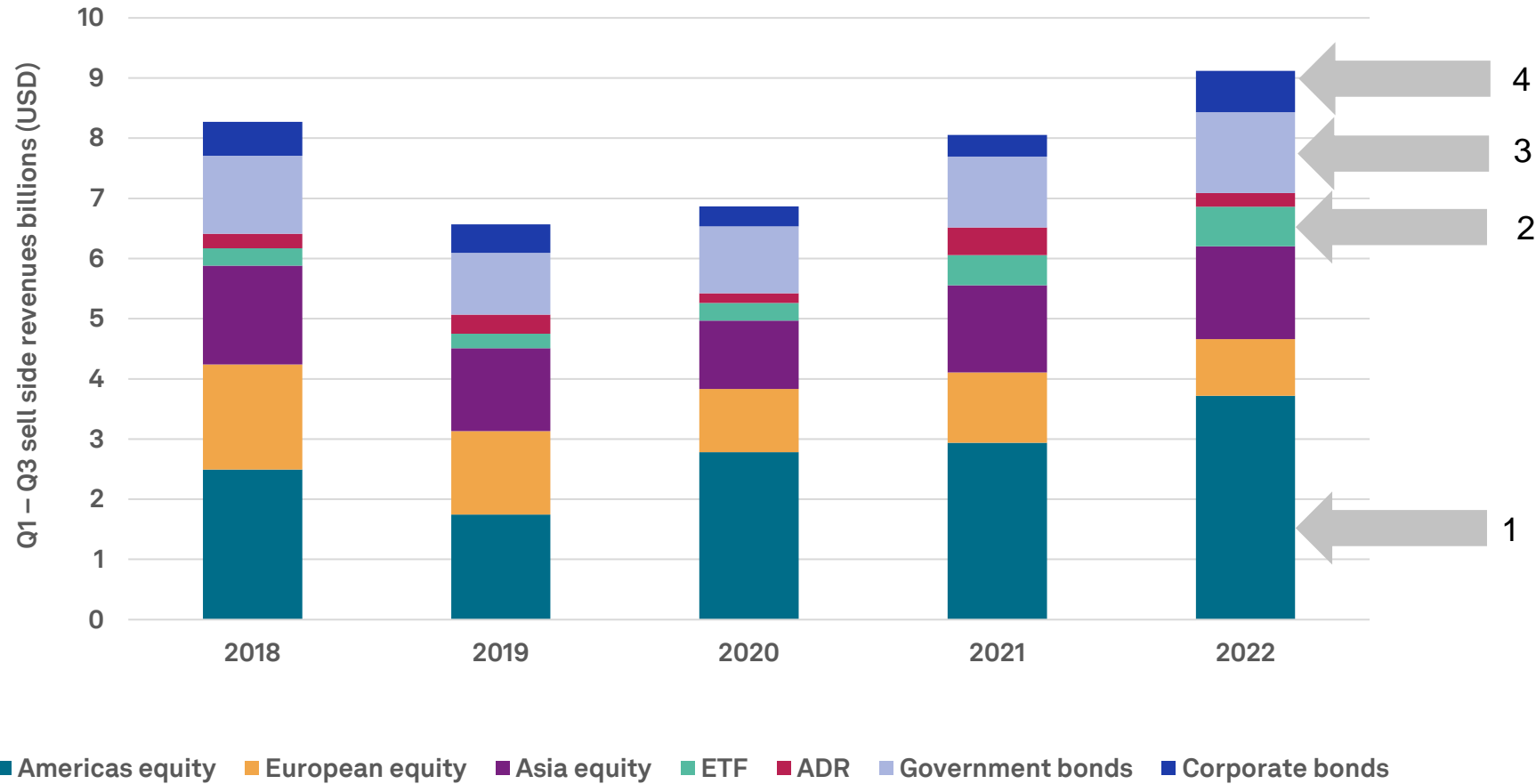
Source : S&P Global Securities Finance

© 2022 S&P Market Intelligence

Shorting costs / sell side revenue by asset class

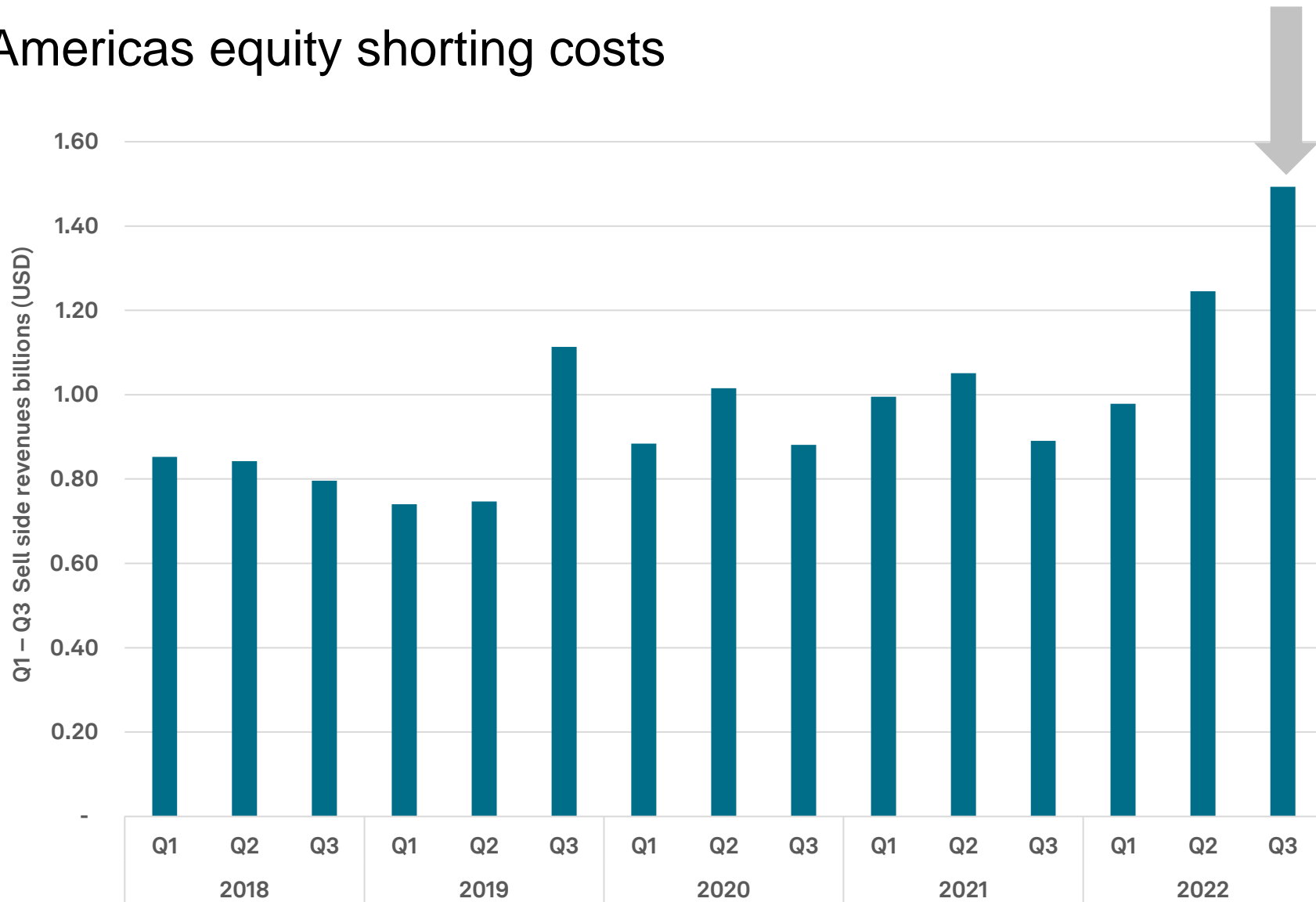


Most expensive asset classes



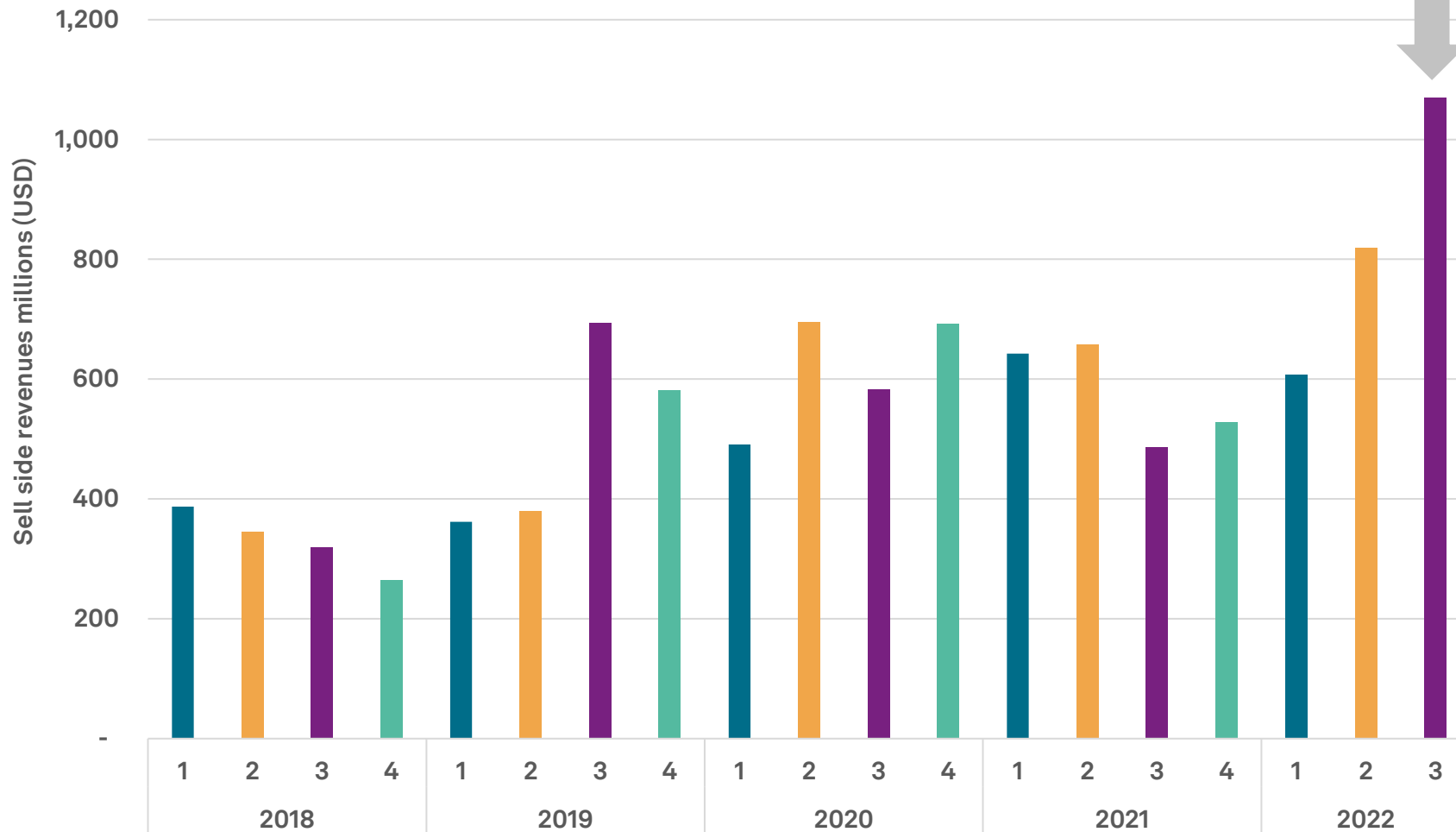
Stand out
asset classes
for 2022

Americas equity shorting costs



Stand out
asset classes
for 2022

Americas equity specials shorting costs



Specials > 500bps fee

Stand out
asset classes
for 2022

Americas equity – Most expensive shorts

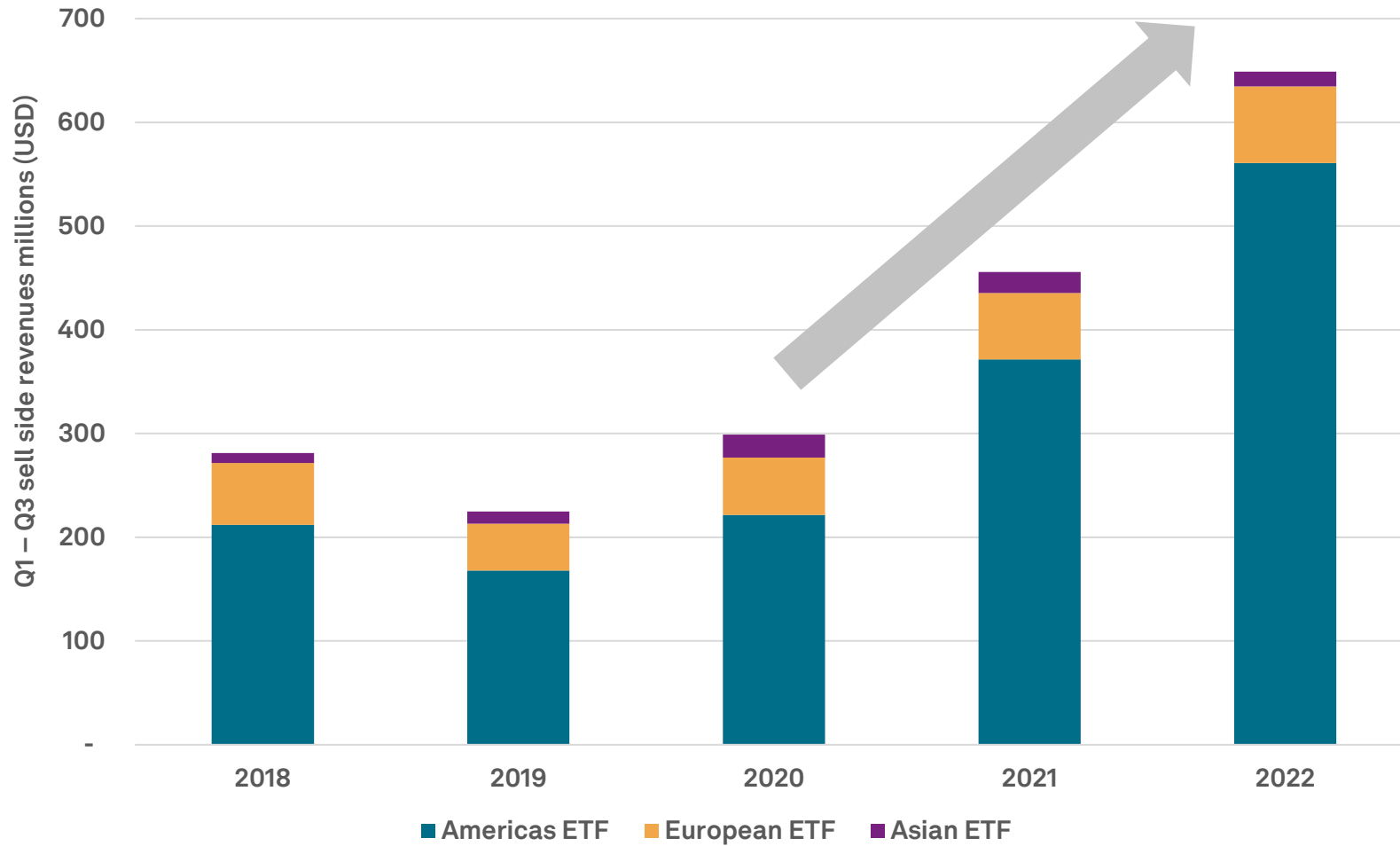
Top 10 revenue generators to end of Q3 2022

Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
LCID	Lucid Group Inc	228.45	US Equity (Others)	North America Automobiles & Components	BP0TR77
GME	Gamestop Corp	199.26	US Equity (Others)	North America Retailing	BOLLFT5
BYND	Beyond Meat Inc	152.44	US Equity (RUSSELL 2000)	North America Food, Beverage & Tobacco	BJ1FDK7
BROS	Dutch Bros Inc	91.99	US Equity (Others)	North America Consumer Services	BMWP7H2
SAVA	Cassava Sciences Inc	82.64	US Equity (RUSSELL 2000)	North America Fixed Income ETF	BJVLKZ9
UPST	Upstart Holdings Inc	75.39	US Equity (Others)	North America Diversified Financials	BL53QN5
SIRI	Sirius Xm Holdings Inc	68.82	US Equity (Others)	North America Media and Entertainment	BGLDK10
AMC	Amc Entertainment Holdings Inc	58.55	US Equity (Others)	North America Media and Entertainment	BH4HLL3
V	Visa Inc	55.23	US Equity (S&P500)	North America Software & Services	B2PZN04
BLNK	Blink Charging Co	54.49	US Equity (RUSSELL 2000)	North America Retailing	BYWLZL4

Source : S&P Global Securities Finance

© 2022 S&P Market Intelligence

Americas ETFs were the most costly



Stand out
asset classes
for 2022

ETFs – Most expensive shorts

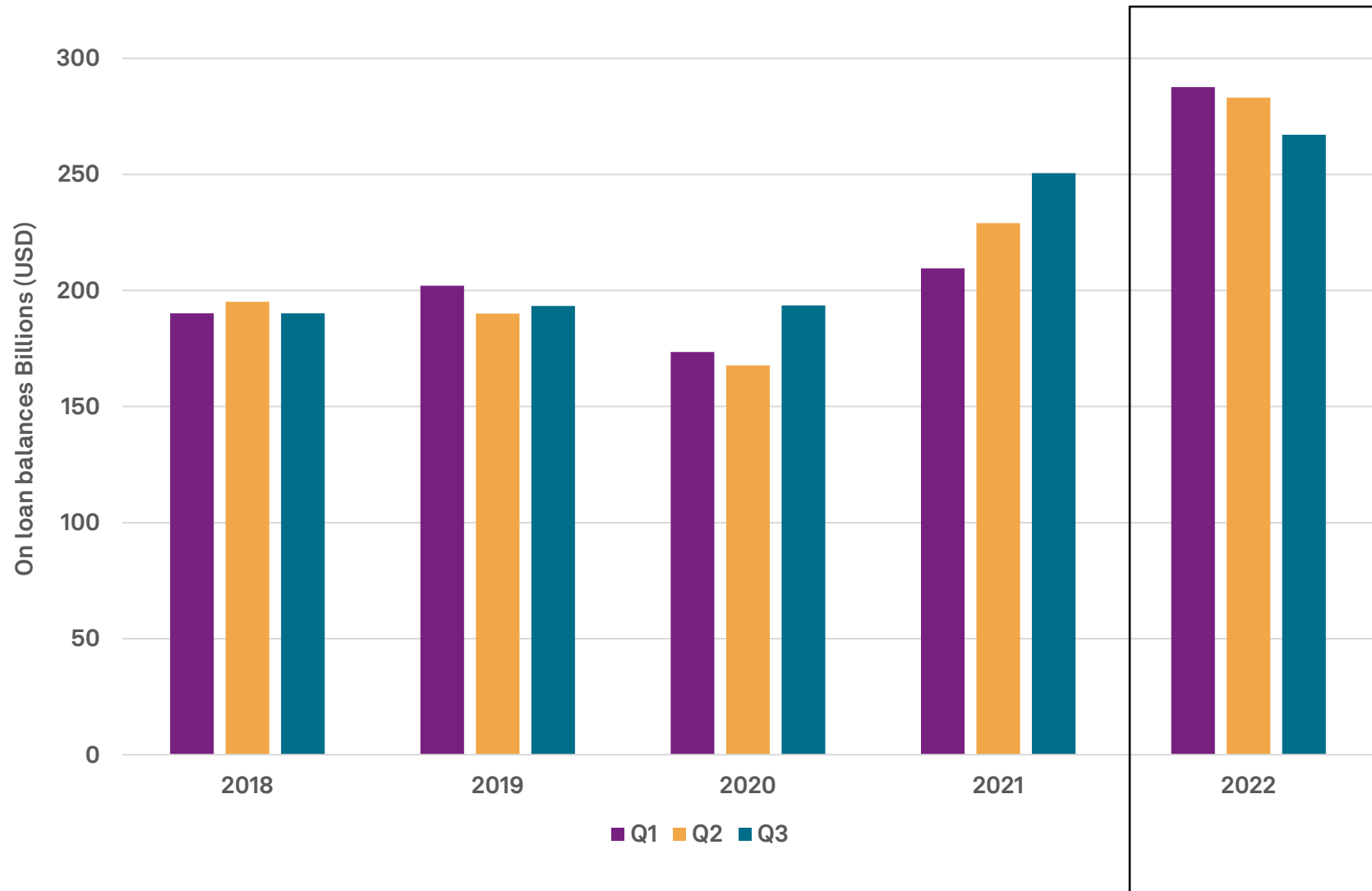
Top 10 ETF revenue generators to Q3 2022

Ticker	Name	SL Revenue (\$M)	Market	Sedol
HYG	Ishares Iboxx High Yield Bond Etf	90.02	US ETF	B1VZ486
LQD	Ishares Iboxx Invt Grade Bond Etf	28.31	US ETF	2971502
BKLN	Invsc Senior Loan Etf	23.01	US ETF	BZ03L33
SPY	Spdr S&P 500 Etf	22.53	US ETF	2840215
ARKK	Ark Innovation Etf	22.36	US ETF	BSBNFV9
IWM	Ishares Russell 2000 Etf	22.18	US ETF	2622059
JNK	Spdr Bloomberg Hgh Yild Bnd Etf	19.56	US ETF	BJLV5H6
CNYA	Is Msci China A Ucits Usd (Acc) Etf	11.26	IE ETF	BQT3WFO
MUB	Ishares National Muni Bond Etf	8.00	US ETF	B24DX21
EWZ	Ishares Msci Brazil Etf	7.22	US ETF	2726014

Source : S&P Global Securities Finance

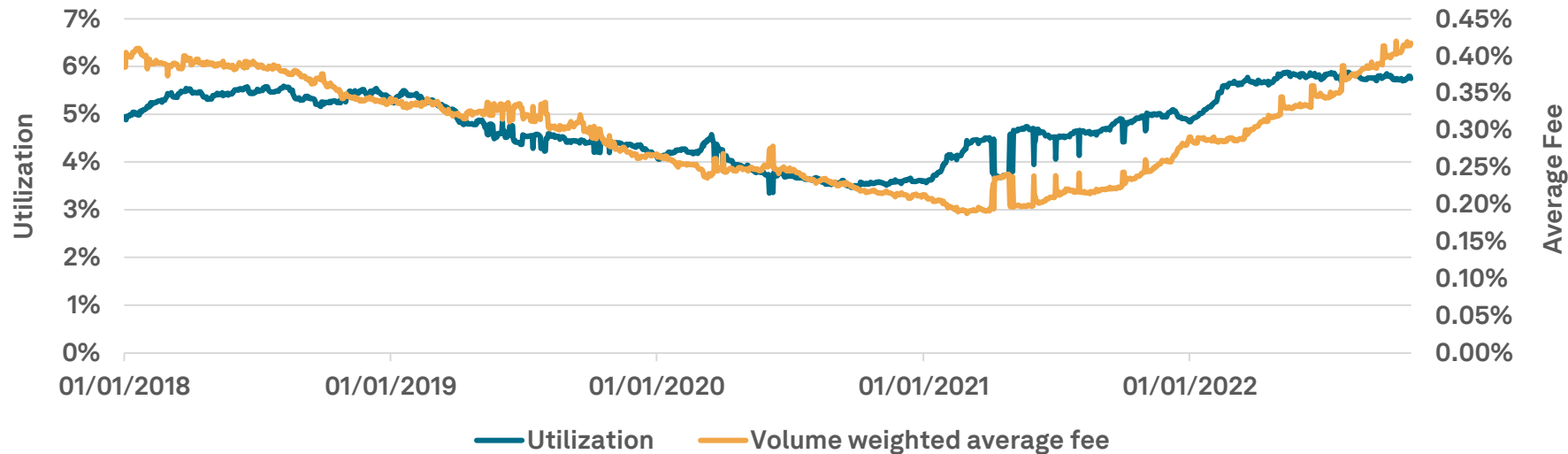
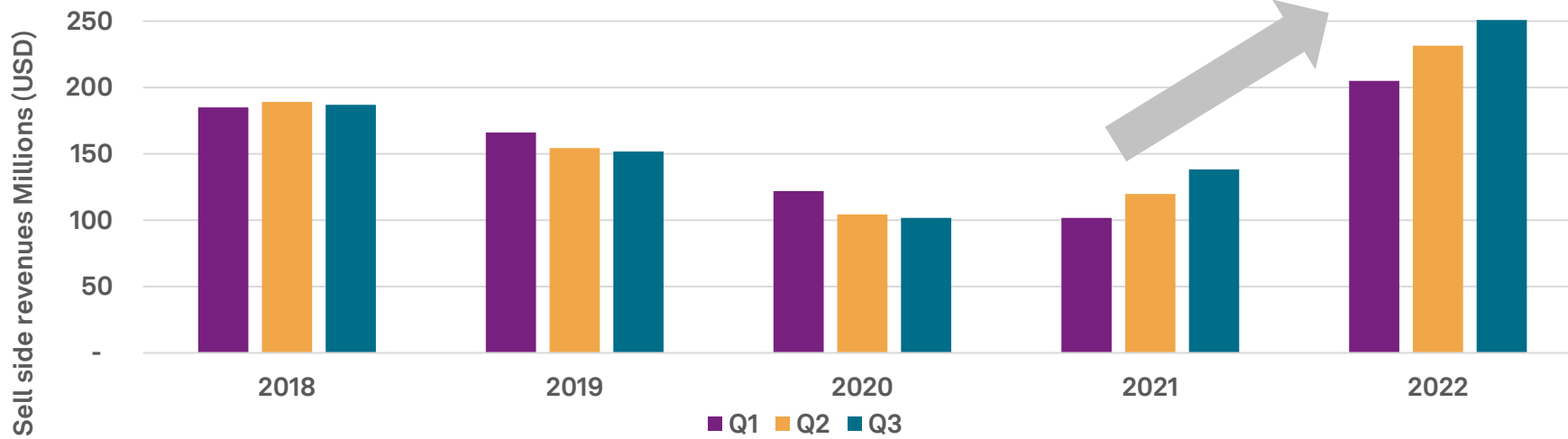
© 2022 S&P Market Intelligence

Corporate bond balances have grown significantly since 2020



Stand out
asset classes
for 2022

Corporate bond shorting costs have risen significantly



Stand out asset classes for 2022

Corporate bonds – Most expensive shorts

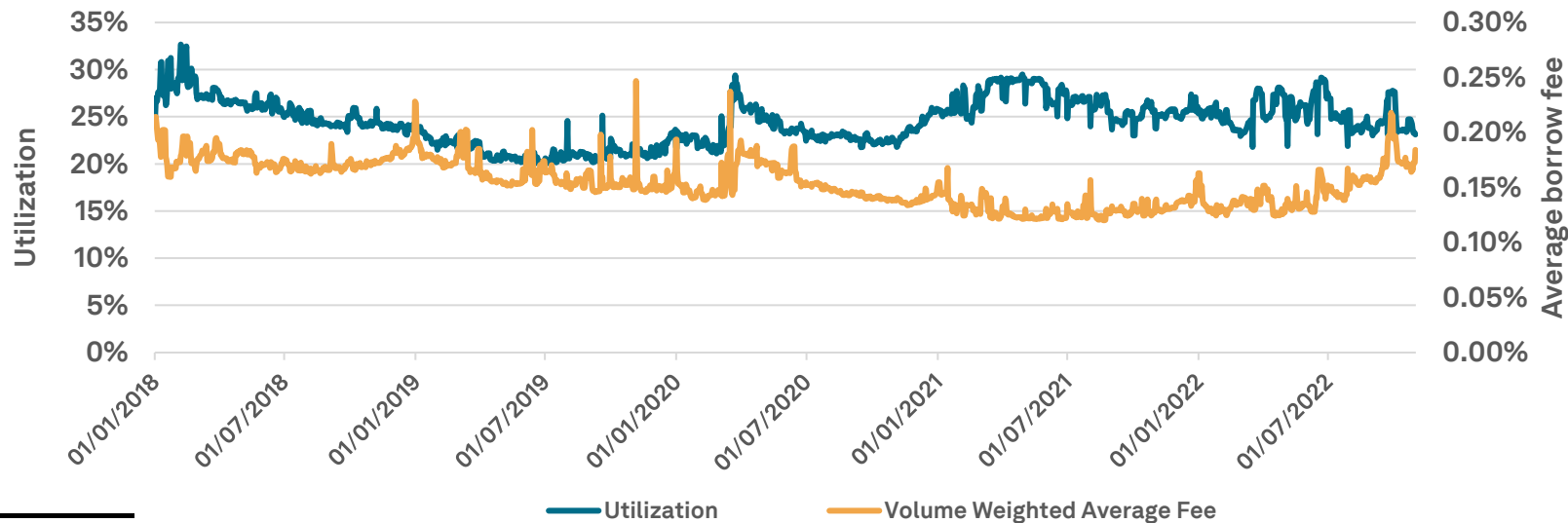
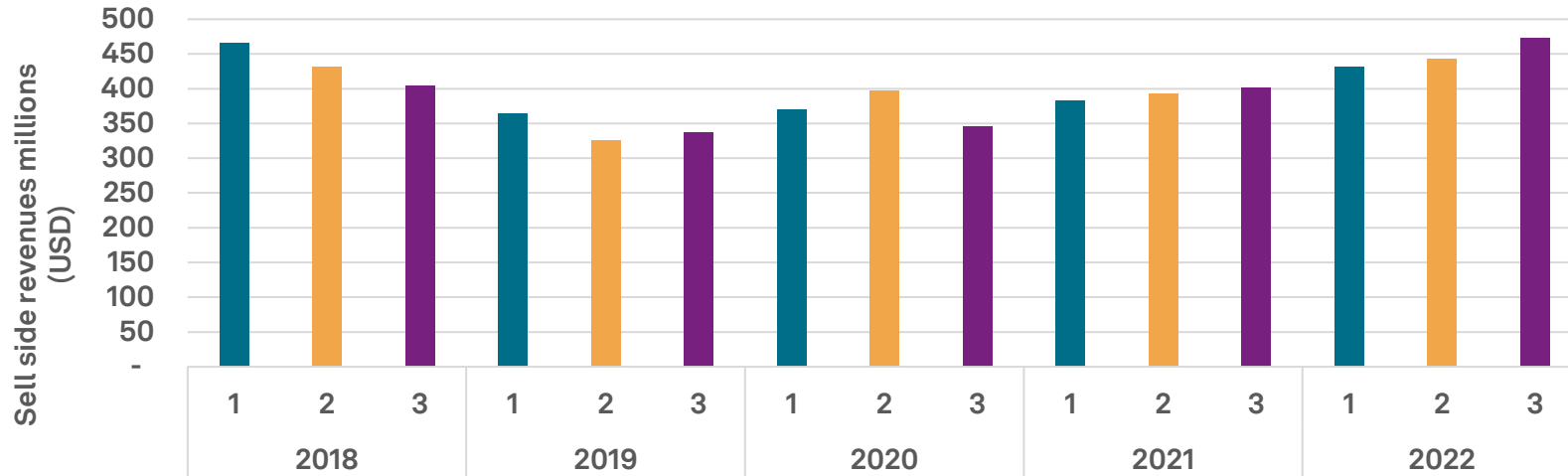
Top 10 revenue generating Corporate Bonds to Q3 2022

Cusip	Name	SL Revenue (\$M)	Market	Bond Type
97789LAB2	Wolverine Escrow Llc (9% 15-Nov-2026)	4.83	USD Priv.	USD Priv. Placemt Corp Bond (Fixed Rate)
J7596PAJ8	Softbank Group Corp (6.875% Undated)	4.64	USD N.I.G.	USD N.I.G. Corp Bond (Floating Rate)
02376RAE2	American Airlines Group Inc (3.75% 01-Mar-2025)	4.53	USD Priv.	USD Priv. Placemt Corp Bond (Fixed Rate)
30212PBE4	Expedia Group Inc (0% 15-Feb-2026)	3.63	USD I.G.	USD I.G. Conv Bond (Fixed Rate)
78433BAB4	Scih Salt Holdings Inc (6.625% 01-May-2029)	3.61	USD Priv.	USD Priv. Placemt Corp Bond (Fixed Rate)
13123XBD3	Callon Petroleum Co (8% 01-Aug-2028)	3.45	USD Priv.	USD Priv. Placemt Corp Bond (Fixed Rate)
553283AC6	Mph Acquisition Holdings Llc (5.75% 01-Nov-2028)	3.28	USD Priv.	USD Priv. Placemt Corp Bond (Fixed Rate)
02406PBB5	American Axle & Manufacturing Inc (5% 01-Oct-2029)	3.19	USD N.I.G.	USD N.I.G. Corp Bond (Fixed Rate)
595017AU8	Microchip Technology Inc (0.125% 15-Nov-2024)	3.17	USD N.I.G.	USD N.I.G. Conv Bond (Fixed Rate)
09857LAN8	Booking Holdings Inc (0.75% 01-May-2025)	3.05	USD I.G.	USD I.G. Conv Bond (Fixed Rate)

Source : S&P Global Securities Finance

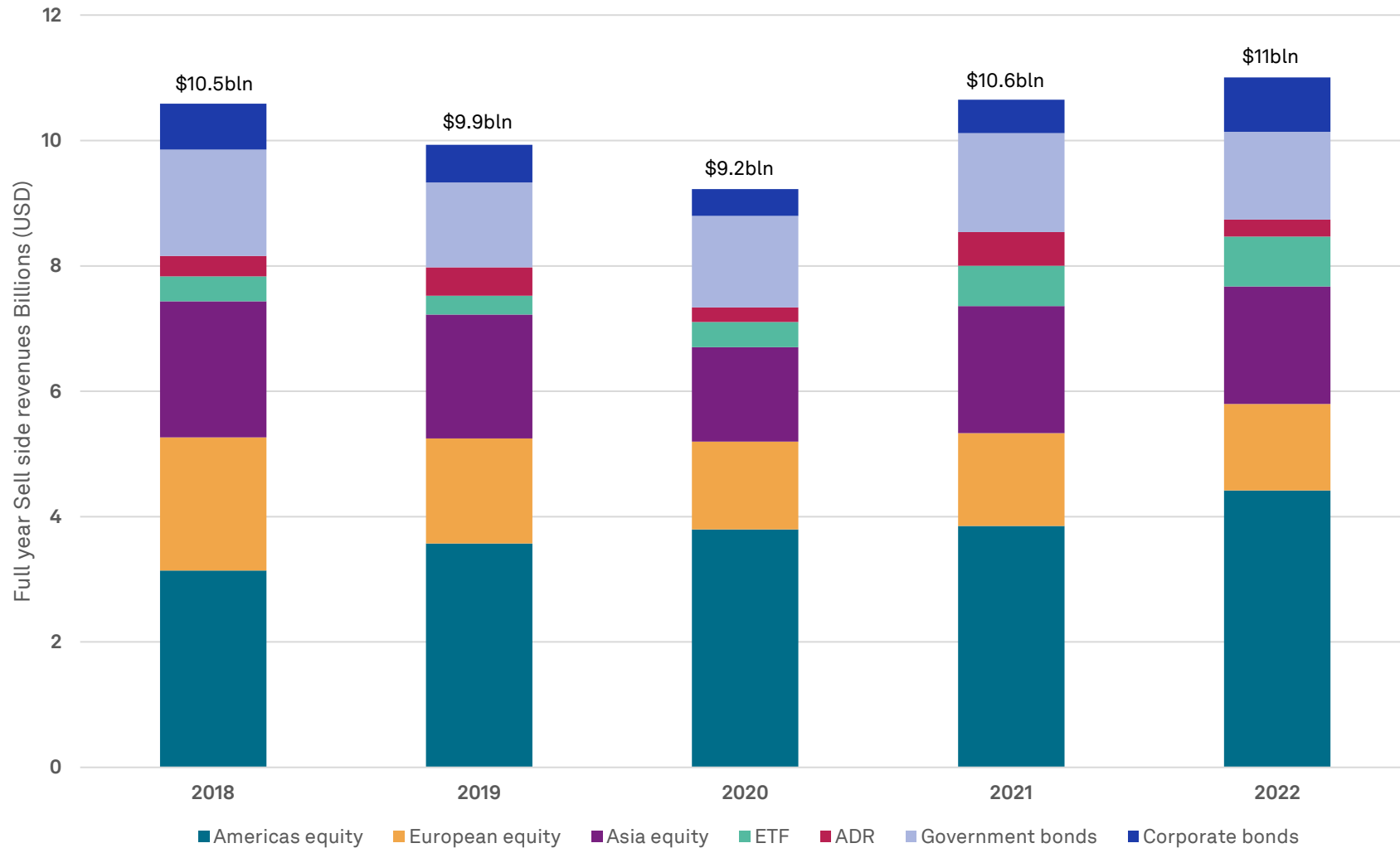
© 2022 S&P Market Intelligence

Cost to borrow Government bonds climbs throughout 2022



Stand out asset classes for 2022

2022 has been a very good year for lenders



Comparison of full year shorting costs

What about Q4 and 2022 as a whole?

Likely to be the best year for lenders since 2008

- Borrowing activity has been robust throughout the year
- Not every lender will have benefitted from the impressive sell side revenues generated this year
- As interest rate rises slow and economies move into recession in 2023, the specials market is likely to grow
- Government bond demand is expected to remain strong into year end and during H1 2023
- Corporate bonds will continue to offer significant borrowing opportunities in 2023 as interest rates continue rise
- Inflation is going to be a key influencer in how the market looks in 2023



Securities finance short interest webinar December 2022

Please send all questions to.....

Matt.Chessum@spglobal.com

We wish all our friends, colleagues
and clients a happy and
prosperous 2023

Americas- Sales

P. +1 877 863 1306

E. market.intelligence@spglobal.com

APAC- Sales

P. +852 2533 3565

E. market.intelligence@spglobal.com

EMEA- Sales

P. +44 20 7176 1234

E. market.intelligence@spglobal.com

Disclaimer

The information contained in this presentation is confidential. Any unauthorized use, disclosure, reproduction, or dissemination, in full or in part, in any media or by any means, without the prior written permission of S&P Global or any of its affiliates ("S&P Global") is strictly prohibited. S&P Global owns all S&P Global logos and trade names contained in this presentation that are subject to license. Opinions, statements, estimates, and projections in this presentation (including other media) are solely those of the individual author(s) at the time of writing and do not necessarily reflect the opinions of S&P Global. Neither S&P Global nor the author(s) has any obligation to update this presentation in the event that any content, opinion, statement, estimate, or projection (collectively, "information") changes or subsequently becomes inaccurate. S&P Global makes no warranty, expressed or implied, as to the accuracy, completeness, or timeliness of any information in this presentation, and shall not in any way be liable to any recipient for any inaccuracies or omissions. Without limiting the foregoing, S&P Global shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with any information provided, or any course of action determined, by it or any third party, whether or not based on any information provided. The inclusion of a link to an external website by S&P Global should not be understood to be an endorsement of that website or the site's owners (or their products/services). S&P Global is not responsible for either the content or output of external websites. Copyright © 2021, S&P Global®. All rights reserved and all intellectual property rights are retained by S&P Global.