IHS Markit™

Pricing Data – Fair Value

IHS Markit provides an independent fair value service that calculates the best estimate of stock and bond prices outside of active trading hours.

When market quotations are not readily available, such as when a foreign security's primary market is closed, many funds switch to fair value pricing. This ensures that long-term investors in the fund benefit from the most accurate share price possible. Our Fair Value service helps clients meet their regulatory and compliance requirements by providing daily fair value adjustment factors and prices for over 150,000 equity and fixed income securities. We provide security-level as well as aggregate-level fair value adjustment factors across global hourly snaps with the ability to add custom snap times tailored to client requests.

Our cutting-edge methodology uses the correlation between individual security prices and over 70 market, regional, sector and entity-specific factors to calculate the best estimate of a security's price outside of active trading hours. Daily model calibration optimizes the accuracy of the fair value estimation. Results of back testing and detailed methodology documents are available for potential clients to review.

Transparency

The Price Viewer for Fair Value allows clients to view details of how the adjustment factor is calculated and all the observable market factors that are used to fair value each security.

Independence

We are a leading provider of independent pricing data servicing thousands of clients globally across fixed income and equity.

Accuracy

Ensures that long-term investors benefit from a share price that is as accurate and timely as possible.

Scalability

Fair Value prices are returned on portfolio holdings within 30 minutes of snap time. Our experienced global analyst team is available to provide support and resolve price challenges 24 hours per day, 5 days per week.

Distribution

Data is available in feed format via SFTP, XML or API and via our online Price Viewer interface.

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Fair Value Case Study: BREXIT

On June 24th, 2016, the British government's announcement that voters chose to leave the European Union resulted in unusual market volatility across the globe. Markets globally, however, had been betting on 'remain' up until the day of the actual polls, thus the unexpected results led the equity markets to plunge. The announcement was made before the US markets opened, leaving US securities prices stale and effectively overpriced during that 4.5 hour period, prompting the need to fair value US securities through APAC and early EMEA market hours to capture the impact of the unexpected BREXIT outcome.

Top 25% Market Cap of S&P 500 in Aggregate

Shortly before the June 24th US market open, IHS Markit estimated a $2.217 billion decrease in total market cap of the top 25% of S&P 500, capturing 89.75% of the total movement. Chart 1 shows the market capital of the top 25% of S&P 500 calculated using hourly Fair Value snaps as the Brexit results unfolded.

Chart 1: Top 25% S&P 500 Market Capitalization change through the night
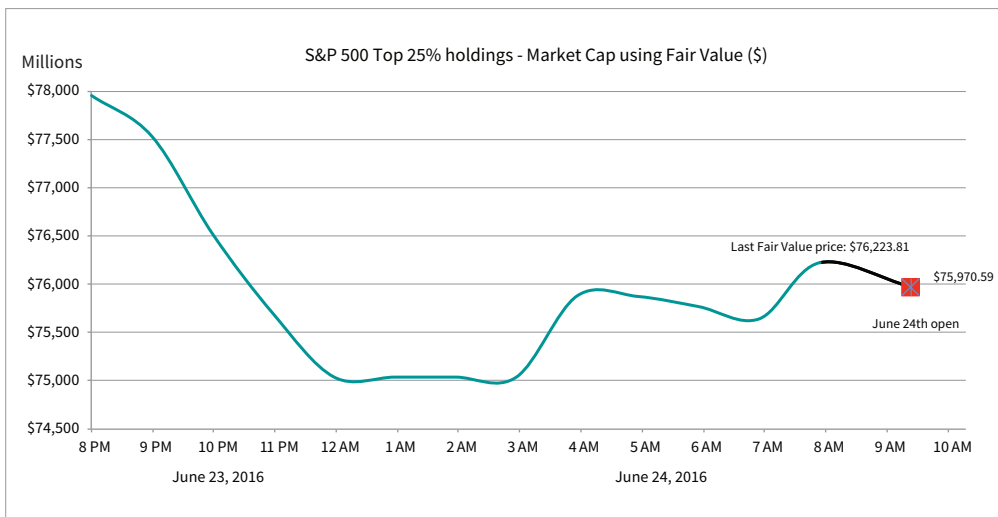
Price Viewer for Fair Value

The Fair Value instrument page in our Price Viewer interface allows users to see the security-specific accuracy statistics, reference data, fair value prices, and the factors that were used to calculate the fair value adjustment factor.