

Analytics Strategy

The size of global markets 2024 **in charts**

Market dynamics | Asset class shifts | Insights

by Leonid Sopotnitskiy
2024



LSEG DATA & ANALYTICS

Content

Global markets

Notional size	3
Size dynamics	4
Volatility	5

Fixed income

Rates	6
Credit	7
Corporate bonds	8
Asset-linked notes	9
Credit derivatives	10
Loans	11
Structured finance	12

FX/MM

Foreign exchange	13
Money market	14

Equity capital markets

Cash equities	15
ETFs	16
Equity derivatives	17
Hybrids	18

Commodities

Alternatives

Digital assets

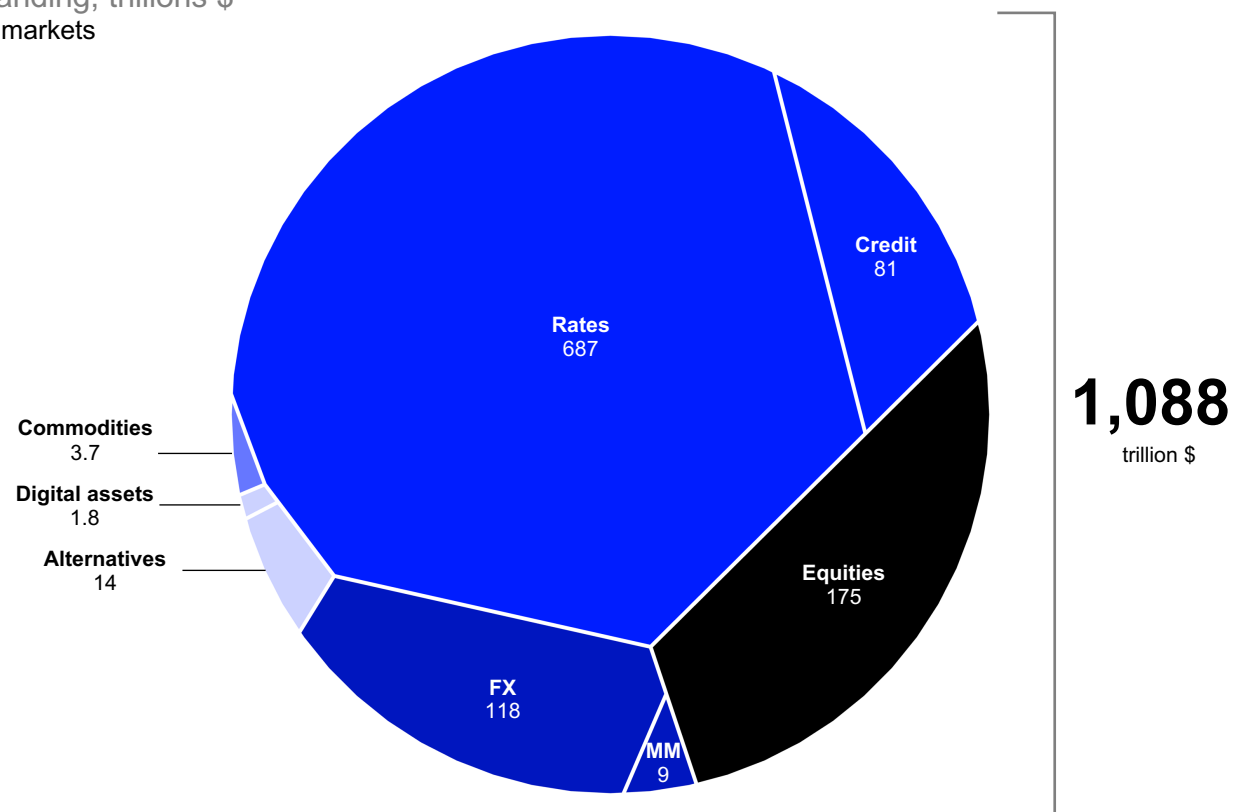
Global markets exceeded \$1 quadrillion in 2023.

The overall market size demonstrated +10% growth YoY by end of 2023, driven by larger outstanding notional in IR derivatives and appreciation in cash equities.

Global market size 2023 EOY

notional outstanding, trillions \$

- Equity capital markets
- FX/MM
- Fixed income
- Commodities
- Other



Source: LSEG

Money markets contracted while equities grew.

Shrinking CP issuance led to a decline in money markets notional due to high borrowing costs, whereas equities had one of the biggest years supported by investor optimism in 2023.

Asset class notional dynamics¹

% change, YoY

	2019	2020	2021	2022	2023
Rates	2.7	0.3	4.1	1.6	7.7
Credit	31.5	33.2	31.8	22.3	5.7
FX	1.7	5.9	6.8	3.2	9.7
MM	-2.7	3.9	0.6	21.3	-23.3
Equities	14.2	20.1	28.5	-12.4	27.6
C&E	10.1	5.3	-0.5	0.9	-3.5
Alternatives	19.9	22.3	2.2	12.7	11.2

In 2023, equities have recovered after taking a hit amid the macro turmoil a year earlier. Both investor appetite for higher returns amid CP issuance shortage and optimism regarding tech stocks flipped the performance chart sending money markets into a decline.

Source: LSEG

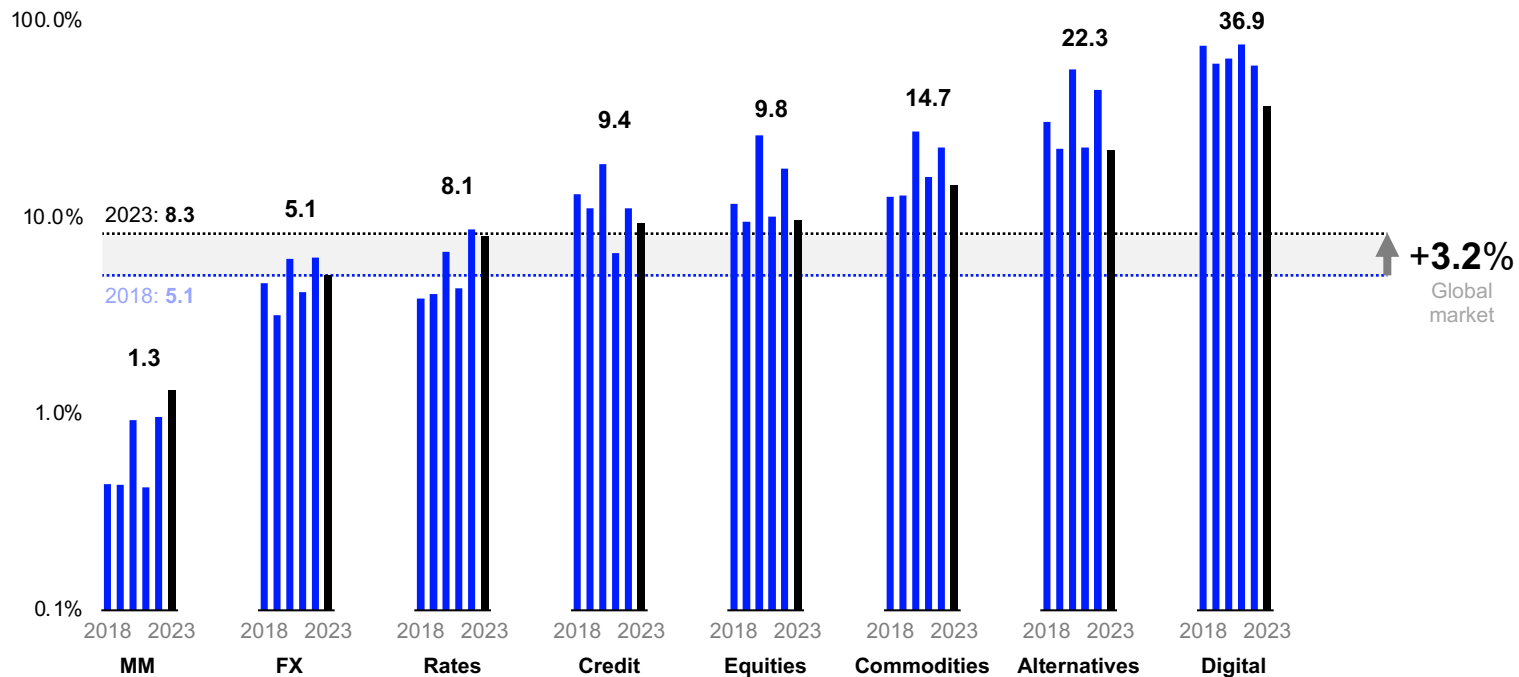
¹ Digital assets are excluded from the diagram due to significant volatility.

Global markets have become more volatile.

The consolidated market volatility in 2023 has increased by ~3% since 2018 reaching 8.3%. This uptick has been driven primarily by rates and FX segments.

Volatility dynamics

logarithmic scale, %



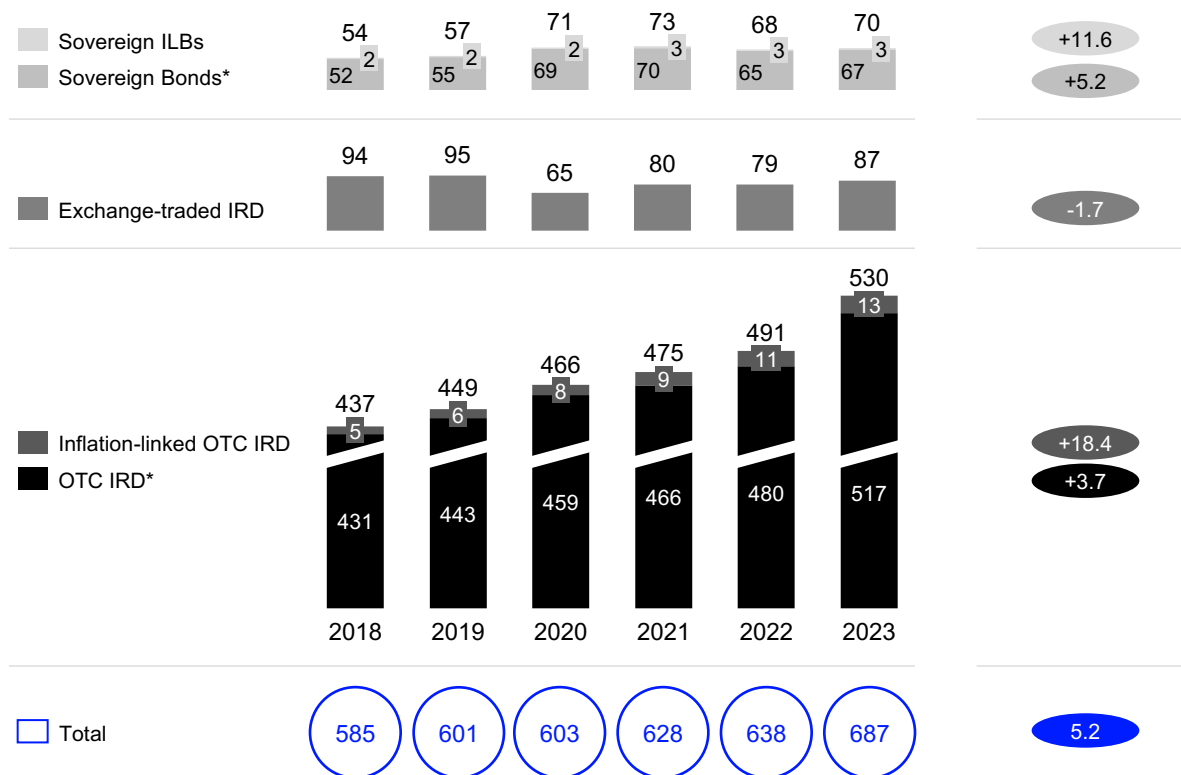
Source: LSEG

Global rates market grew 7.7% YoY reaching 687 \$tn.

As sovereign bonds started recovery after a decline in 2022, the increase in notional of inflation-linked bonds and derivatives outpaced the growth in other products reaching a 5Y CAGR of +11.6% and +18.4% respectively.

Rates market dynamics

notional outstanding, trillions \$



Source: LSEG, BIS, IMF, Euroclear, Dealogic, SwapClear

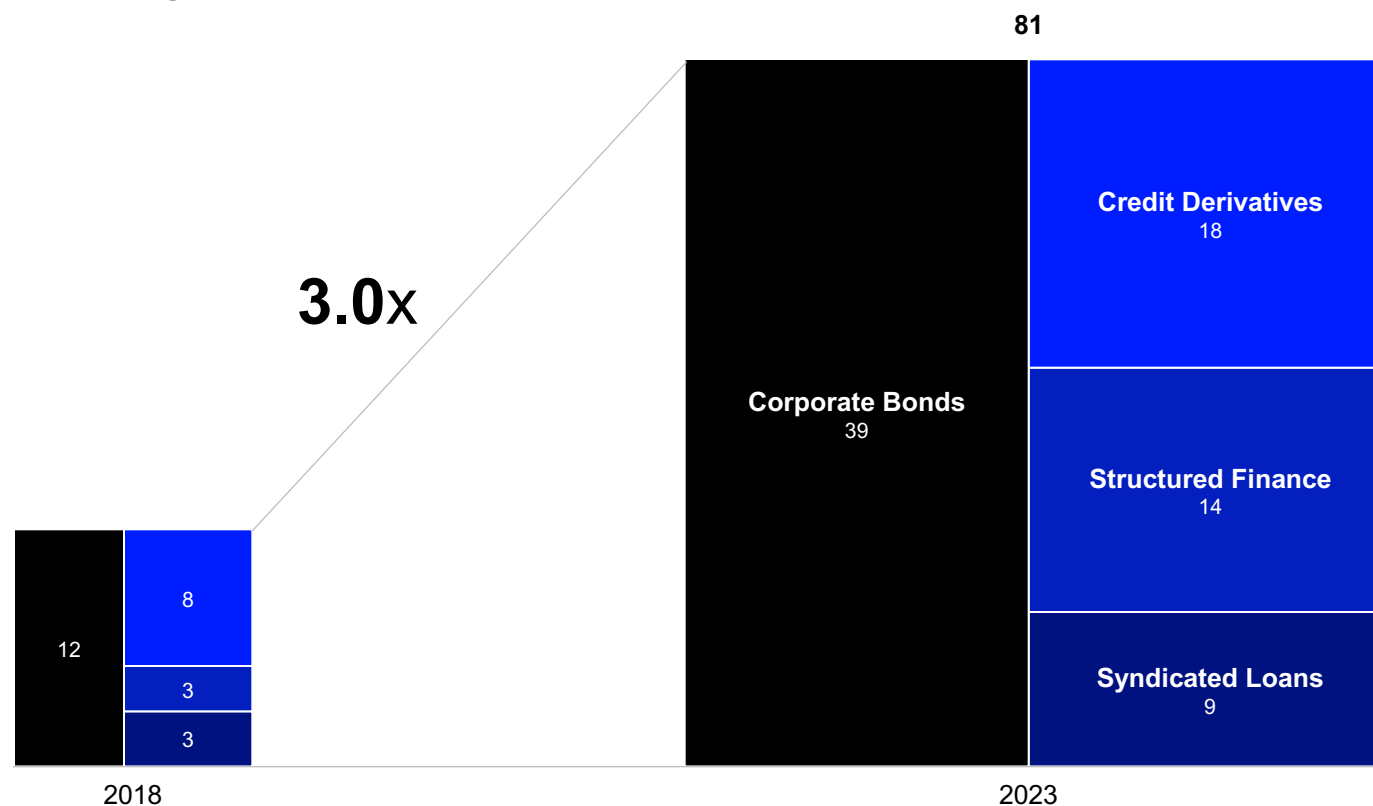
* Instruments not linked to inflation.

Credit markets have tripled in size since 2018.

Despite the issuance slowdown in securitization issuance, the growth in credit markets was +5.7% YoY in 2023 driven by corporate bonds and syndicated loan segments.

Credit market dynamics

notional outstanding, trillions \$



Source: LSEG, BIS, Dealogic, Euroclear

~50% of credit markets are corporate bonds.

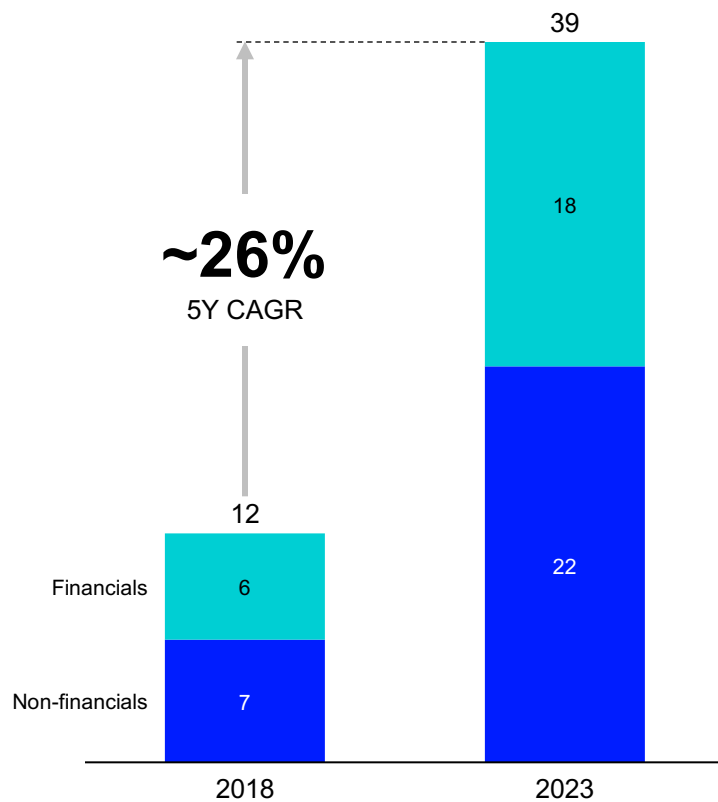
The corporate bond market has demonstrated a +25.8% 5Y CAGR making it one of the top growing market segments.

Corporate bonds market structure

notional outstanding, trillions \$

■ Non-financials

■ Financials



Source: LSEG

Equity-linked notes demonstrating hypergrowth.

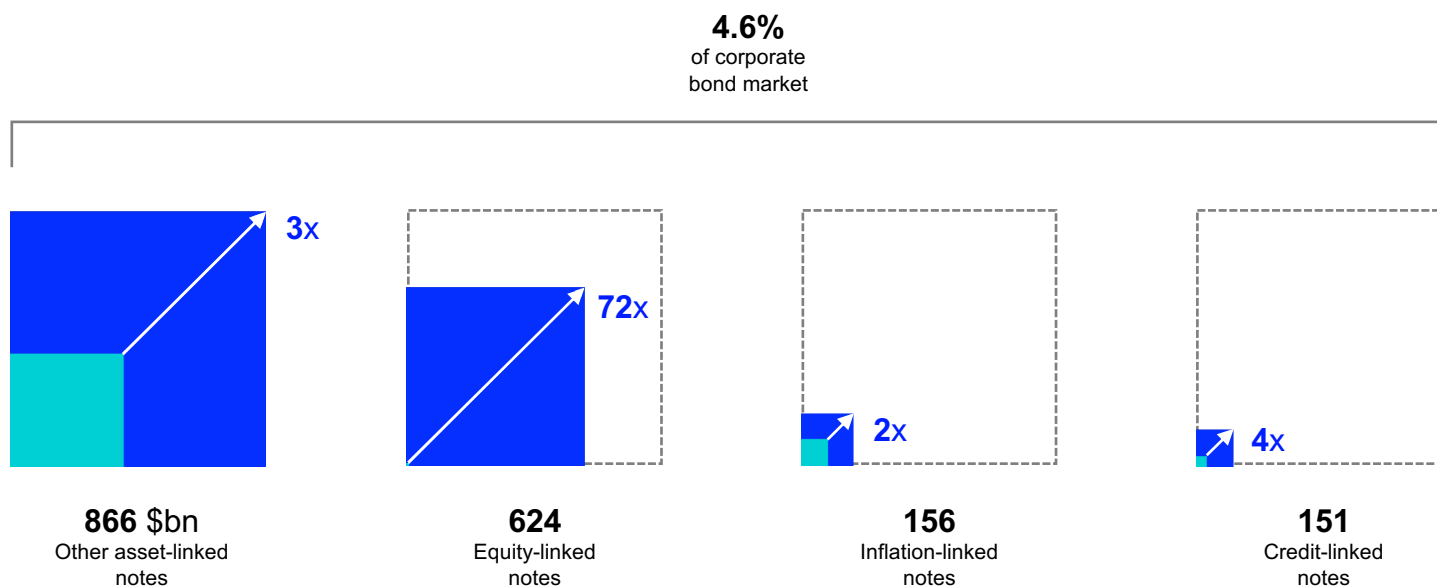
~5% of the total notional in corporate bonds account for asset-linked securities. The most notable development is the 72x growth in equity-linked notes market since 2018.

Asset-linked corporate bonds

notional outstanding, 5Y growth factor

■ 2023

■ 2018



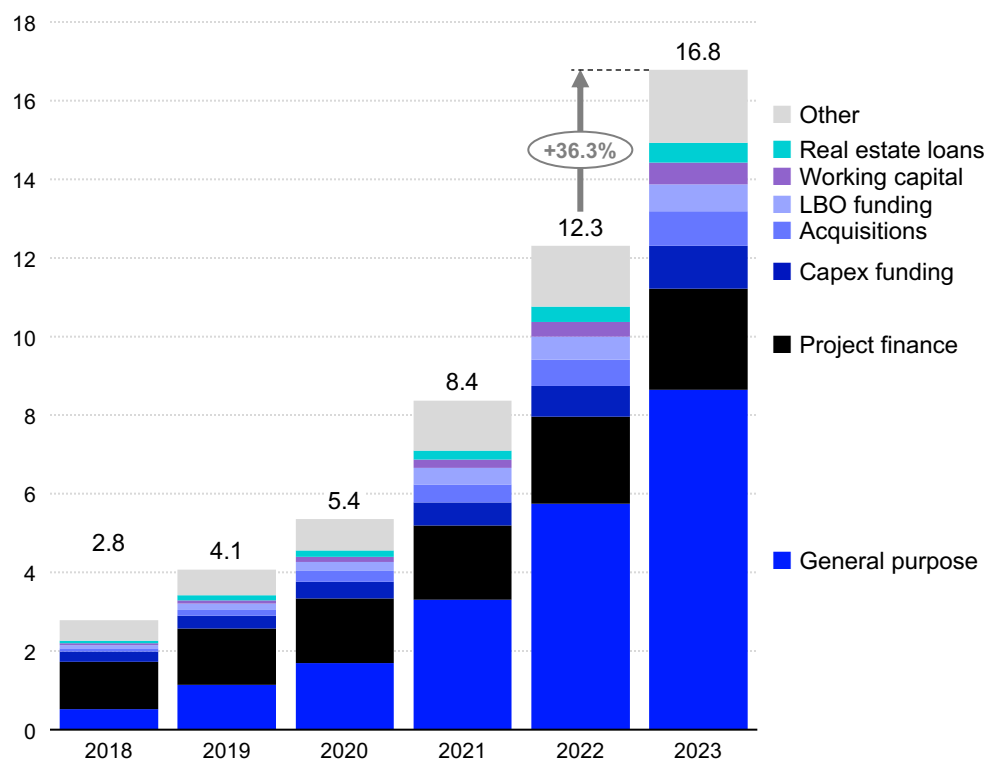
Source: LSEG

Loan funding grew by 36% in 2023.

General purpose loans account for 51% of the market, while the share of project finance declined to 15% (in 2018, PFI loans accounted for over 40% of the market).

Loan market structure by funding purpose

notional outstanding, trillions \$



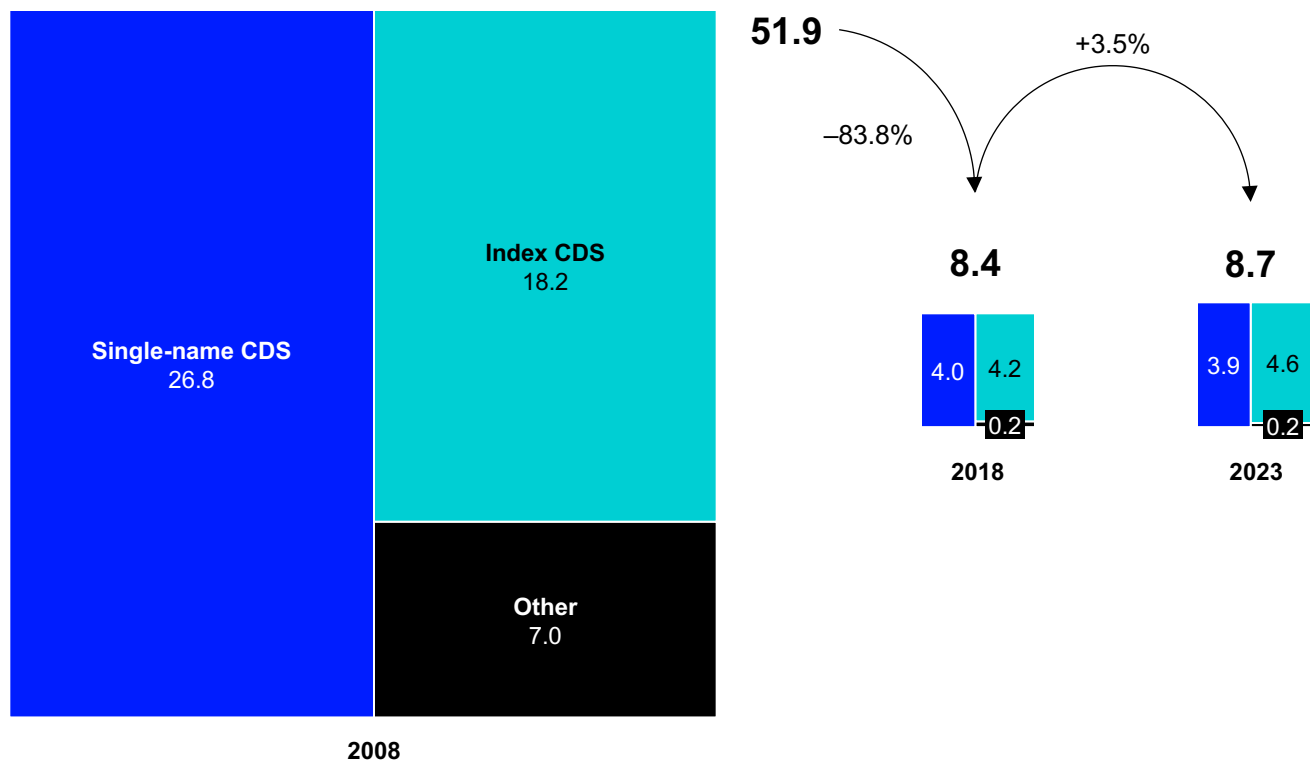
Source: LSEG

No major changes in credit derivatives markets.

The global credit derivatives market size has stayed without any major structural changes since 2018, with single-name and index CDS being the dominant instruments. Since the global financial crisis, the share of exotic credit derivatives has diminished from ~13% to 1.8% in 2023.

Credit derivatives market

notional outstanding, trillions \$



Source: LSEG, BIS

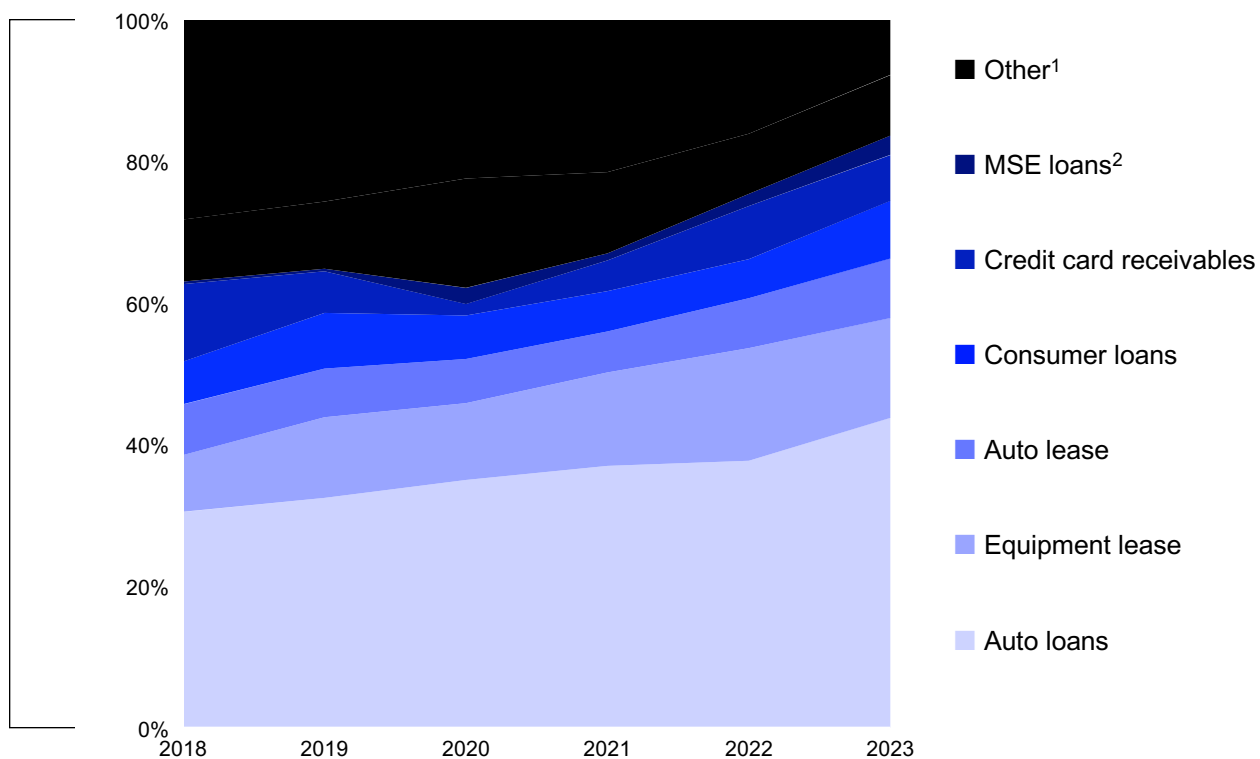
Structured finance issuance down by 18% in 2023.

The outstanding notional amount in securitized markets shrunk by 1.3% after issuance volumes were cut by 18% last year. The slowdown in residential and commercial mortgage securitization was the primary driver of this decline, while ABS issuance suffered a moderate 2% dive.

85% of ABS securitization accounts for only 6 asset types by end of 2023.

ABS market structure by collateral type

383 \$bn
(2023 issuance)



Source: LSEG, S&P, Crisil, VKS

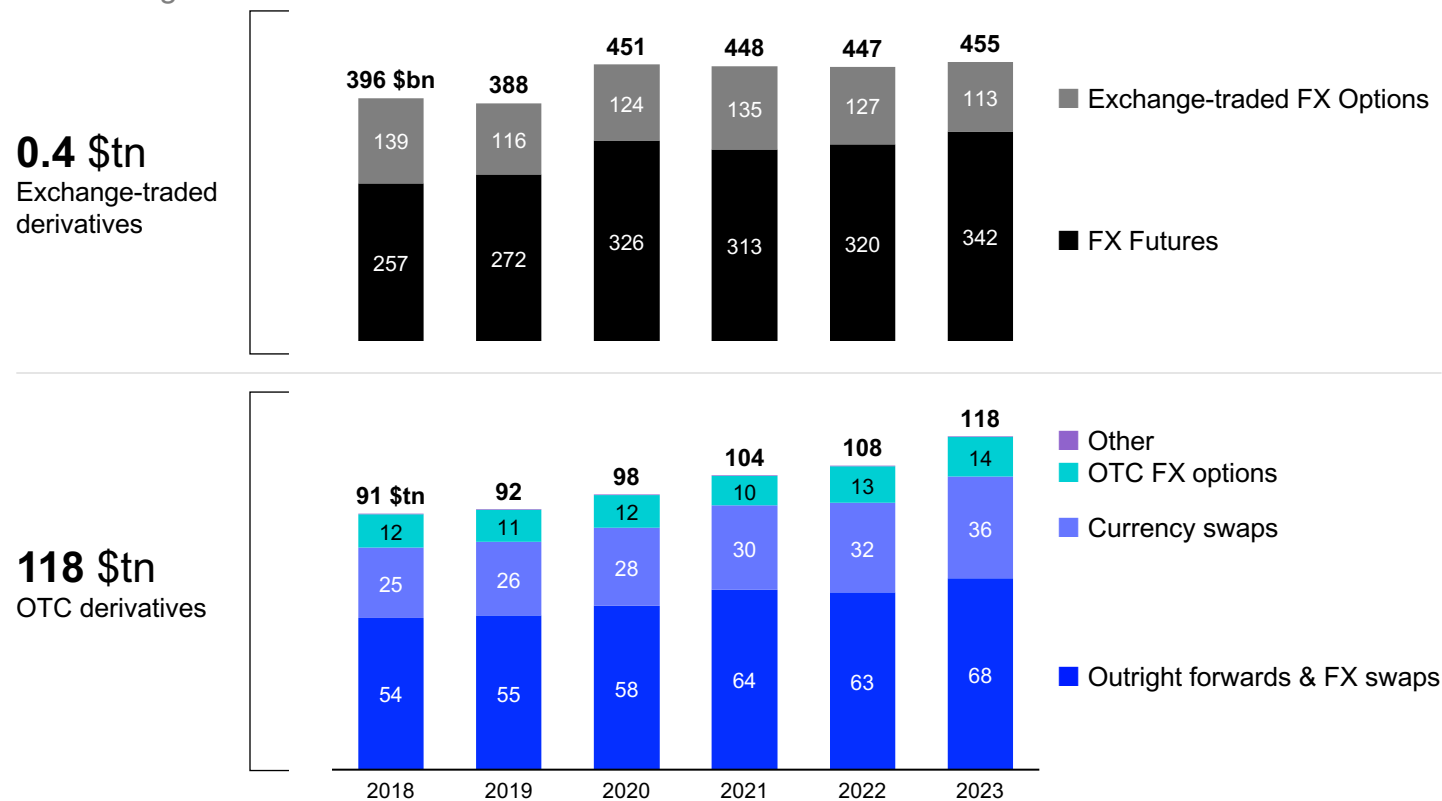
¹ Include business loans, device payment plans, personal loans, student loans, HELs, railroad ABS, advance receivables and other ABS collateral and tranches types.

² MSE loans – micro & small enterprise loans (usually capped at 10m CNY) asset-backed securities are a growing market segment in China.

Foreign exchange markets have gained 9.7% YoY.

While exchange-traded FX remained relatively flat, notionals in OTC derivatives grew during 2023 hitting the 118 \$tn mark.

Foreign exchange markets notional outstanding



Source: LSEG, BIS, IMF

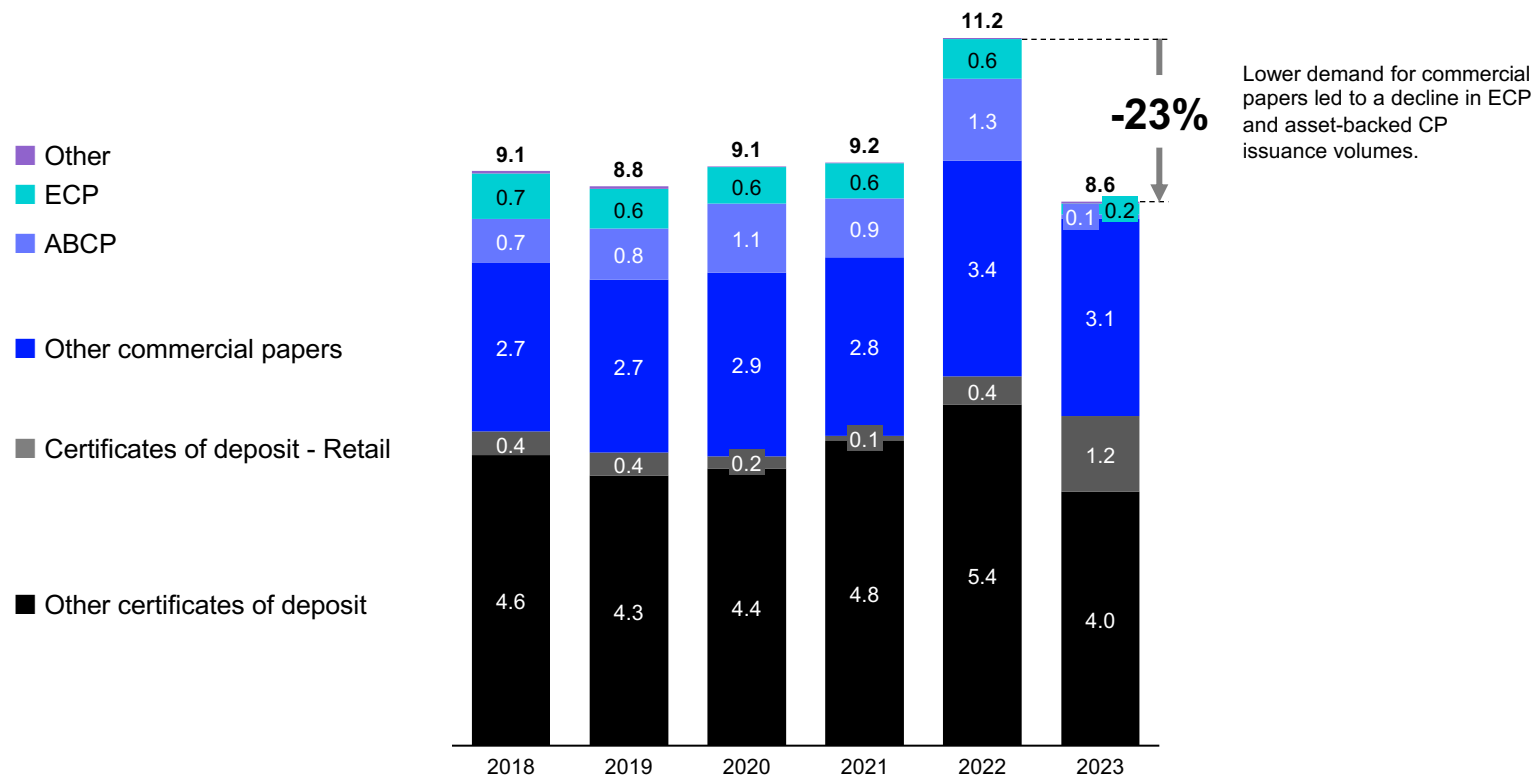


Money markets shrunk by 23% in 2023.

Demand for higher returns and investors' focus on equity markets has led to a slow down in commercial paper issuance.

Money market structure

notional outstanding, trillions \$



Source: LSEG, BIS, IMF



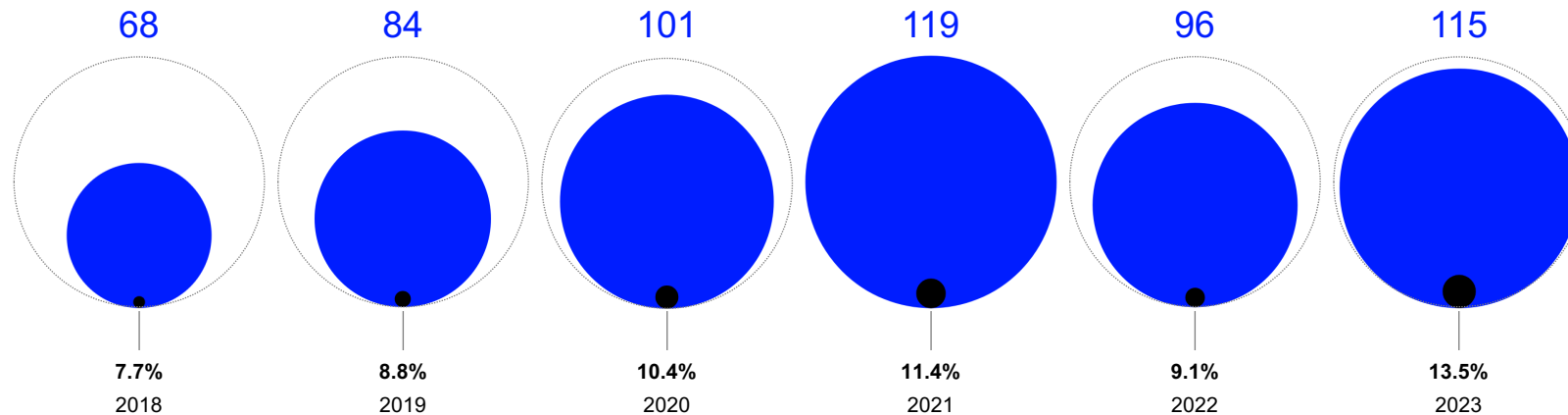
Equities recover to 114.5 \$tn after a year of decline.

Tech sector stocks have been supporting the global equity market growth with the “magnificent seven” doing most of the work. Even though the market capitalization stayed below the 2021 all-time high, top 10 companies grew to account for ~13.5% of the world’s stock market.

Cash equity market

market capitalization, trillions \$

- Total
- Top 10 companies



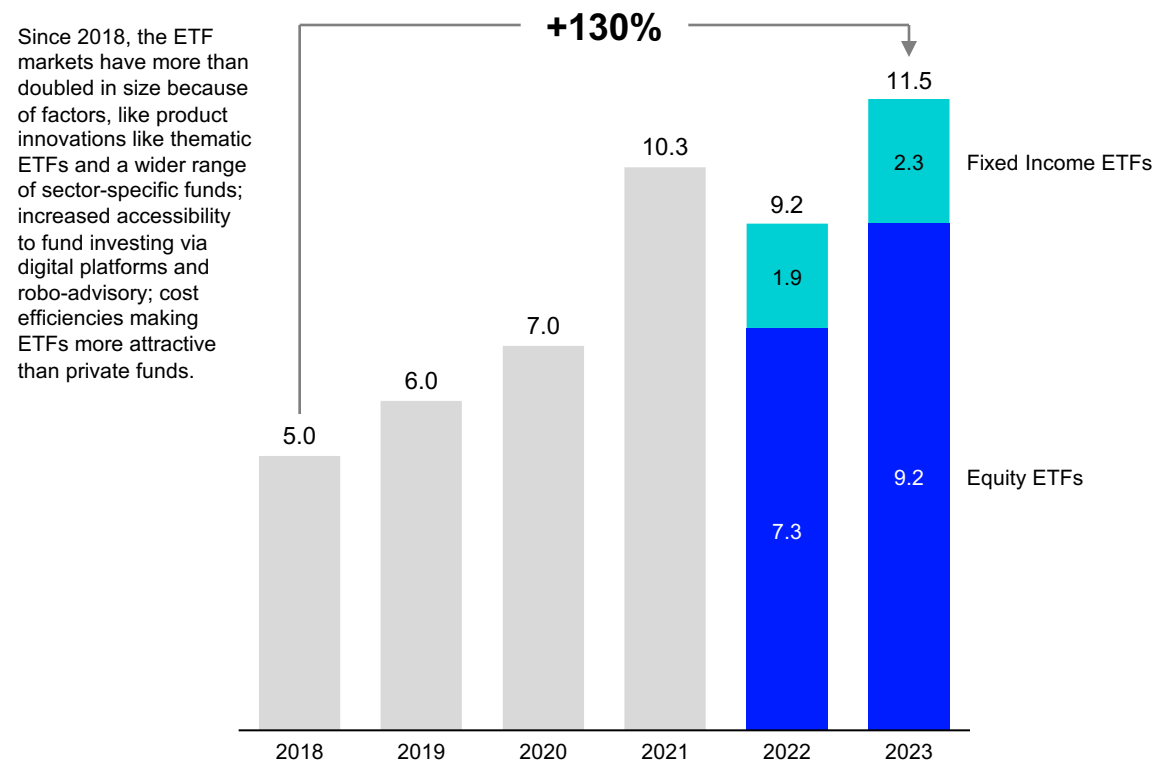
Source: LSEG

The ETF market grew by ~25% in 2023.

In the aftermath of the appreciation of tech sector stocks, the AUM in exchange-traded funds has also recovered after a decline in the previous year, reaching 11.5 \$tn in 2023. The share of equity ETFs has gained +1% against fixed income funds.

ETF market size

AUM, trillions \$



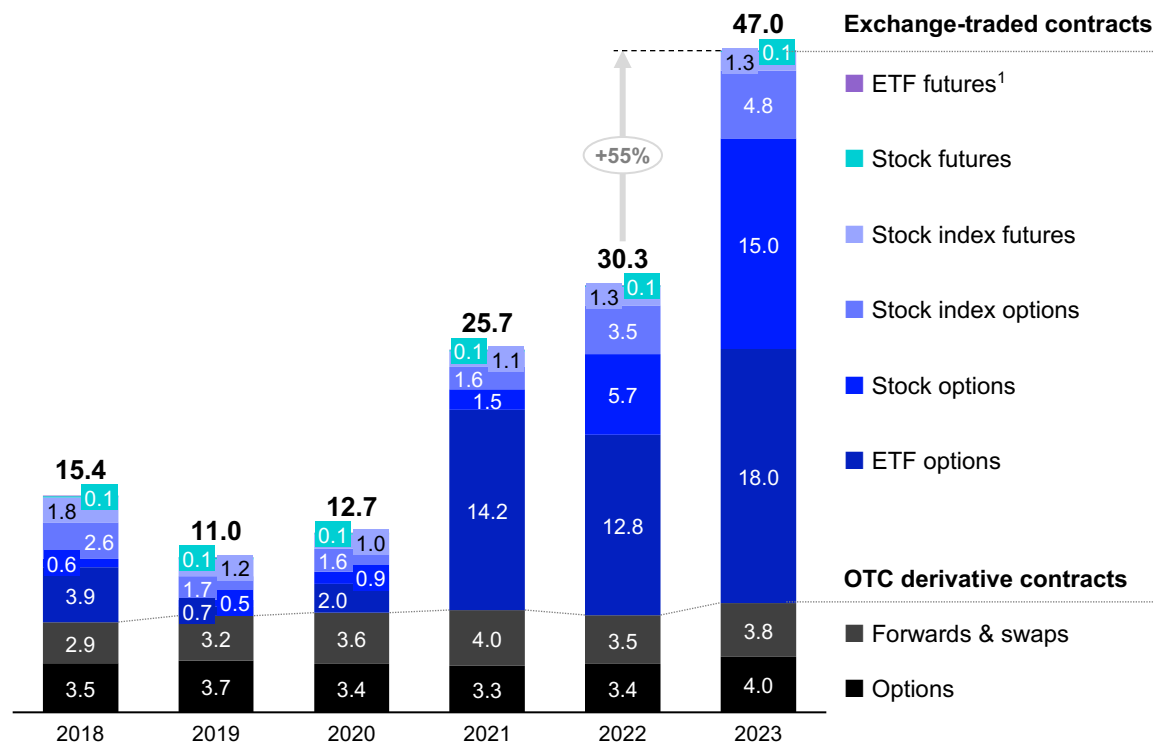
Source: LSEG, BlackRock, PwC, EPFR

Equity derivatives saw 55% growth in 2023.

Exchange-traded instruments were the main contributors to this market expansion, with ETF and stock options accounting for over 85% of the growth. Consequently, exchange-traded instruments now represent 83% of the market, making them 5x larger than OTC equity derivatives.

OTC & exchange-traded derivatives

notional outstanding, trillions \$



Source: LSEG, BIS, WFE

¹ The outstanding notional amount of ETF futures was below 1 \$b, which is why it is not visible on this chart.

Hybrids issuance in recovery after 2022 drop.

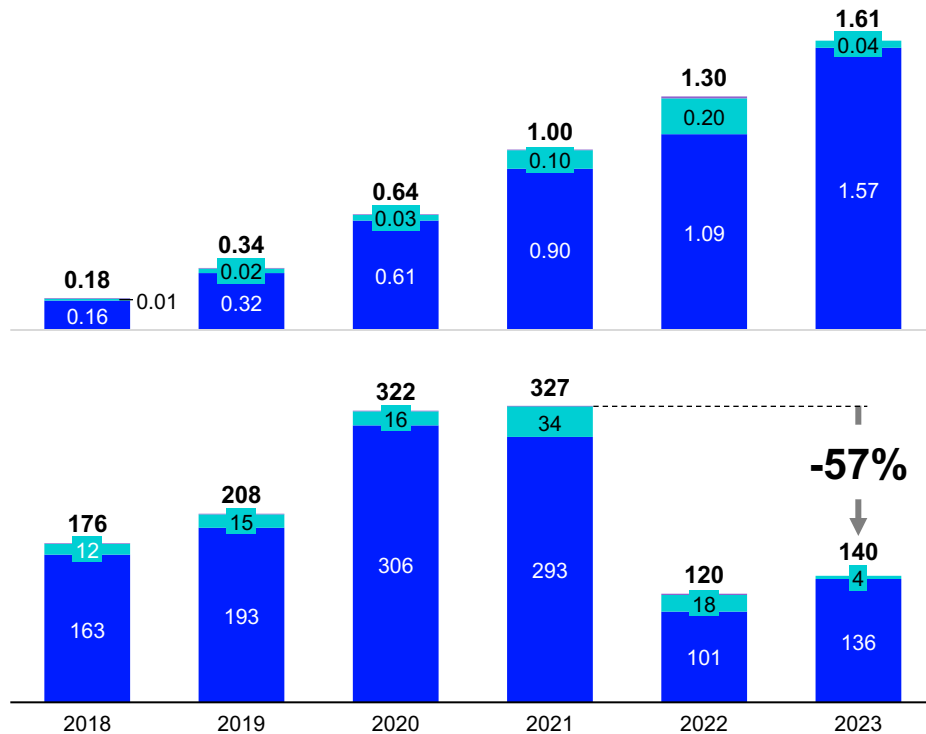
Despite the hybrids market reaching a new high of 1.6 \$tn in notional outstanding, the issuance activities have not been able to recover to the 2021 figure and are still down 57% from the recent maximum.

Hybrid securities

(upper chart) notional amounts outstanding, trillions \$

(lower chart) issuance volumes, billions \$

- Convertible to securities
- Reverse convertibles
- Other



Source: LSEG

¹ Includes synthetic exchangeables, convertible to fixed value of shares and CoCos. The issuance volumes and amounts outstanding of these security types is too low to be not visible on the charts.

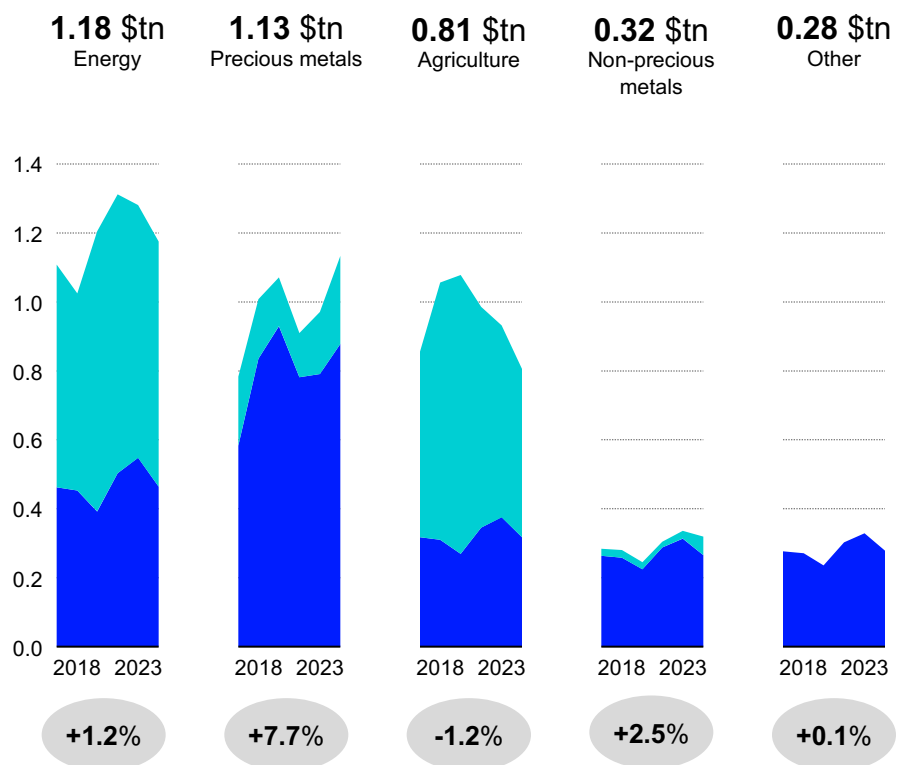
The size of commodities market shrunk by 4%.

Precious metals were the only segment to exit the year with a positive YoY change in 2023, whereas other markets were in a downturn. One of the macro factors causing this decline was the lower imports by China – the world's biggest commodity consumers.

Market size segmentation by commodity type

notional outstanding, trillions \$

- Exchange-traded derivatives
- OTC contracts
- 5Y CAGR



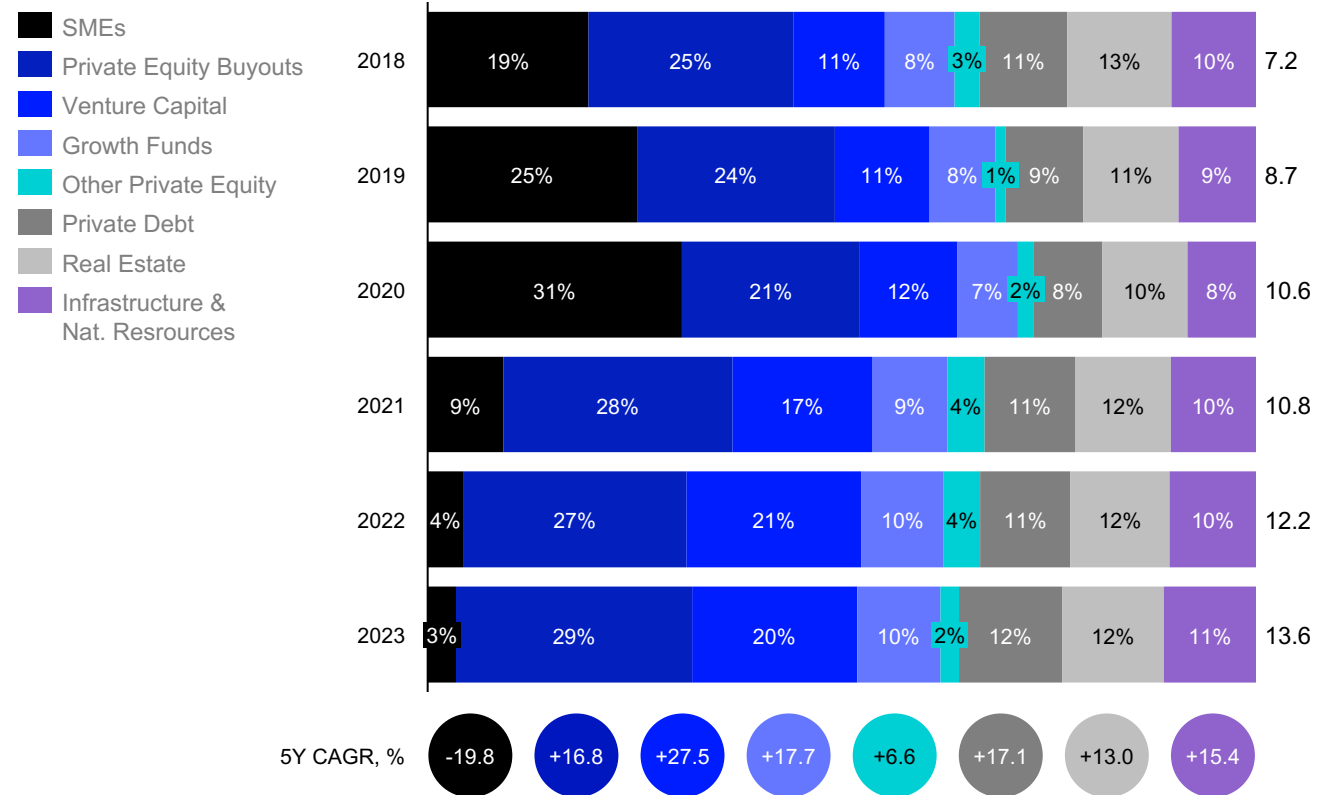
Source: LSEG, BIS, WFE

Investors keep supporting private market growth.

AUM in private markets has increased by +11.2% supported by activity in buyouts. YoY growth rate in venture capital was much lower in 2023 at +4.9% – which is in stark contrast to +41% in 2022.

SMEs & private markets dynamics

segment composition and notional size, trillions \$



Source: LSEG, WFE, Preqin



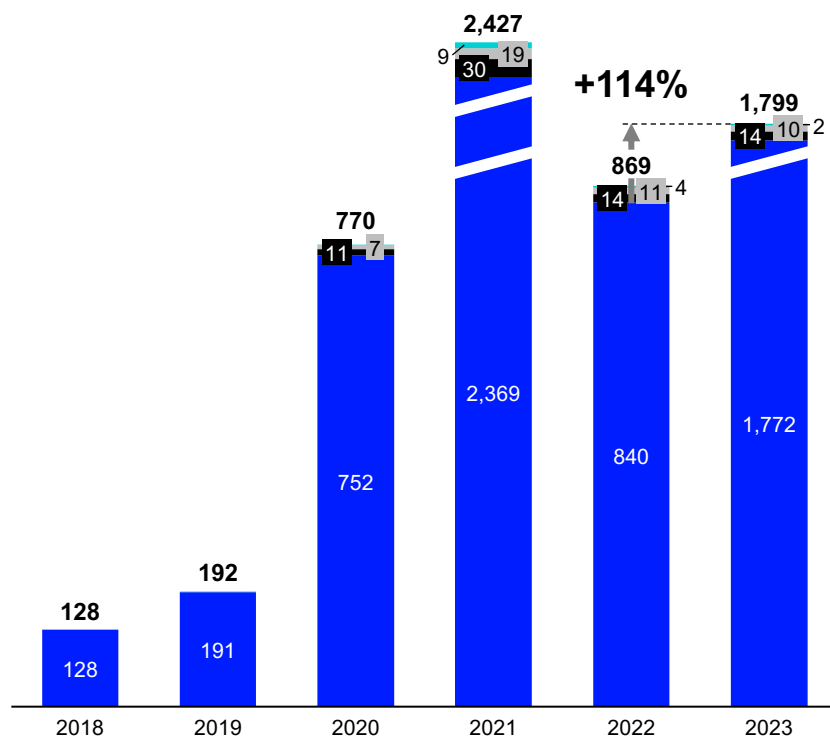
Digital assets regain momentum after 2022 fiasco.

Although cryptocurrencies have regained more than half of the losses incurred in 2022 growing at +114% YoY, the crypto derivatives remained mostly flat with the market shrinking by a modest 1.6% in 2023, while the global NFT market size took another 34% cut.

Digital assets market statistics

notional outstanding, billions \$

- Cryptocurrencies
- Crypto Options
- Crypto Futures
- NFTs



Source: LSEG, Statista, The Block, DappRadar



Contact us at AnalyticsSales@lseg.com

© LSEG 2024. All rights reserved.
London Stock Exchange Group plc and its Group companies ("LSEG") do not guarantee that any information contained in this document is and will remain accurate or that use of the information will ensure correct and faultless operation of the relevant service or equipment. LSEG, its agents and employees, accepts no liability for any loss or damage resulting from reliance on the information contained in this document. This document contains information proprietary to LSEG and may not be reproduced, disclosed, or used in whole or part without the express written permission of LSEG. Any software, including but not limited to, the code, screen, structure, sequence, and organization thereof, and documentation are protected by national copyright laws and international treaty provisions. This document is subject to U.S. and other national export regulations. Nothing in this document is intended, nor does it, alter the legal obligations, responsibilities or relationship between yourself and LSEG as set out in the contract existing between us.



LSEG DATA &
ANALYTICS