



News Release

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SGX reports market statistics for February 2020

- Supply-chain uncertainties drive heightened demand for risk-management solutions
- Investors continue to seek access to Emerging Asia, in particular China

Singapore Exchange (SGX) today released its market statistics for February 2020. Rising concern over the impact of the COVID-19 outbreak on the global economy and on supply chains drove heightened demand for risk management solutions across financial and commodity markets, lifting derivatives trading volume to a record.

As economists warned that potential market disruptions could knock as much as US\$1 trillion¹ off the world's GDP, institutional investors have increasingly turned to equity, foreign exchange (FX) and commodity derivatives to manage their portfolio risks. In Asia, where economies are in different stages of development and risks are specific to geography and asset class, derivatives have grown in importance not only to defend against the downside, but as a hedge amid uncertainty.

SGX derivatives daily average volume (DDAV) in February, including equities, FX and commodities, rose to 1.24 million contracts – the highest on record. Total volume for the month was up 32% year-on-year (y-o-y) at 24 million contracts, close to a high set in May 2019 during a period of elevated international trade tensions. Equity index futures volume climbed 26% y-o-y to 17.8 million contracts, FX futures volume gained 52% y-o-y to 2.4 million, and commodity derivative volume jumped 64% y-o-y to 2.4 million.

Significantly, a surge in participation outside of Asian time zones underscored growing demand from Europe and the U.S. for Asia-access tools. In February, a daily average of 223,990 derivative contracts changed hands, the second-highest volume for the exchange's T+1 overnight session. SGX INR/USD FX Futures and SGX Nikkei 225 Index Futures were the most actively traded.

China remains a linchpin

Even as stock markets around the world have reacted negatively to the spread of the coronavirus, international investors continue to seek access to Emerging Asia, in particular China. China accounts for one-third of global trade, about 10 times more than during the SARS crisis in 2003, according to industry estimates. While some manufacturers have sought to shift their production elsewhere in recent years citing trade tensions and rising labour costs, the country remains pivotal to supply chains.

¹ [Global economic prospects: Oxford Economics](#)

SGX's suite of China-centric products enables proxy exposure to key Chinese metrics: benchmark iron ore futures for steel production, SICOM rubber contracts for automobile sales and forward freight agreements (FFAs) for shipping. In February, total iron ore derivatives traded volume increased to 206 million metric tonnes (MT), up 76% y-o-y – the biggest gain since September 2019. Heightened market uncertainty drove hedging demand despite a slowdown in industrial activity since the start of the Lunar New Year. Month-end open interest in SGX USD/CNH Futures, the world's most widely traded international RMB futures contract, climbed 53% y-o-y to US\$6.3 billion.

Securities turnover rises

In Singapore, total securities market turnover value increased 44% y-o-y to S\$27.5 billion in February, while securities daily average value (SDAV) gained 30% y-o-y to S\$1.4 billion. The bellwether Straits Times Index (STI) posted -4.4% total returns, or -6.5% in U.S. dollar terms.

Market turnover value of exchange-traded funds (ETF) on SGX surged 245% y-o-y in February to S\$356 million, the highest since August 2018. Diversification across multiple asset classes boosted the ETF market amid the volatility. Combined trading turnover for “safe haven” assets such as gold and bond ETFs was at S\$169 million, up six times y-o-y.

SGX's leveraged products segment, comprising structured warrants and daily leverage certificates (DLC), continued to draw strong market participation. The number of monthly active participants climbed 55% y-o-y, while the outstanding value of leveraged products held jumped three-fold.

Indian bond issuers were active in February, with first-time issuers such as Adani Electricity Mumbai and IIFL Finance successfully tapping the dollar bond market. Singapore-based Vena Energy listed its inaugural green bonds while Impact Investment Exchange (IIX) listed its second Women's Livelihood Bonds, as interest in environmental, social and governance (ESG) bonds continues to grow.

Total equity and debt fundraising reached S\$75.6 billion in February – up 75% y-o-y. During the month, SGX welcomed Elite Commercial REIT, the first UK-focused Singapore real-estate investment trust (REIT), to its Mainboard as well as Don Agro International Limited, one of the largest agricultural companies in the Rostov region of Russia, to Catalist. Both opened above their respective initial public offering (IPO) prices and have continued to trade higher.

The full report can be found [here](#).

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About Singapore Exchange

Singapore Exchange is Asia's leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore.

SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit www.sgx.com.

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