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## News Release

8 August 2019

### SGX reports market statistics for July 2019

- Escalating trade war fuels demand for risk management in FX, commodities
- Funds raised from new REIT and bond listings rise 70% to \$62 billion as investors seek yield

Singapore Exchange (SGX) today released its market statistics for July 2019. The month was marked with periods of volatility across global markets as trade negotiations between the US and China sent mixed signals. Lingering concerns of slowing economic growth and anticipations of the Federal Reserve's next move added to the uncertainty.

With the trade war now entering its second year, investors continued to rebalance their portfolios and explore ways to manage Asian risk. Market participants turned to exchange-traded solutions to manage volatility across multiple asset classes, resulting in strong volume gains for selected products on SGX.

#### Managing risks across asset classes

As the US-China trade war persisted, risk-management activities in currency and commodity markets continued to rise in tandem. Total FX futures traded volume increased 23% year-on-year (y-o-y) to 2.1 million contracts, climbing for a third consecutive month. Notably, SGX's USD/CNH Futures traded volume surged 31% y-o-y to 803,839 contracts in July.

Iron ore continued to gain significance as a macro proxy for emerging Asia, with 181 million metric tonnes (MT) cleared on SGX in July, up 83% y-o-y. In July, both the 65% Fe and Lump Premium contracts on SGX notched monthly records of 2.12 million MT and 4.37 million MT, respectively. Aided by volatility in the ferrous market, forward freight derivatives traded volume jumped 60% month-on-month (m-o-m) to 95,000 contracts. SGX remains the largest clearing venue for freight forward agreements with 56% market share, up 6 percentage points from the previous month.

Hedging against iron ore's slide into bear market territory this week, volatility is likely to stay elevated amid a tug of war – on the one hand with supply disruptions and on the other with demand concerns amid the trade war. Earlier this week, the Chinese yuan fell to its lowest level in 11 years against the US dollar, prompting fears of a currency war which may lead to further volatility.

#### Balancing risk and return

As hedging activities increased, total SGX equity index futures volumes grew 4% y-o-y to 13.5 million contracts, a fifth straight month of annual gains. MSCI Singapore index futures hit a record volume in July with 31% y-o-y increase to 1.0 million contracts.

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In July, the market capitalisation weighted average total returns for the overall Singapore stock market was unchanged, compared with the Straits Times Index's (STI) -0.2% return. Consumer Staples (+3.6%), Materials (+3.1%) and Banks (+1.4%) were the top performing sectors for the month. REITs posted nine consecutive months of positive returns, with year-to-date total returns at +21.2%.

Total securities market turnover value climbed 11% m-o-m to \$24.3 billion, while securities daily average value (SDAV) dipped 8% to \$1.1 billion. Market turnover value of ETFs was \$189 million, down 8% m-o-m but up 1% y-o-y. Interest in daily leverage certificates (DLCs) remained healthy as the third batch of single-stock DLCs on six new underlying stocks was launched during the month.

July saw the listing of SGX's third pure-play US office REIT – Prime US REIT – which was the largest IPO in Singapore year-to-date, raising the highest amount of funds in ASEAN this year.

Funds raised from two new equity listings amounted to \$844.1 million, while the amount issued by 128 new bond listings totalled \$61.4 billion. This brought the overall funds raised by issuers to \$62 billion, a 70% increase y-o-y.

The Federal Reserve's lowering of interest rates for the first time in a decade could lead to further uncertainty and flight to safety in coming weeks. In a low-yield environment, activity in REITs may also rise as investors continue to search for yield.

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](http://www.sgx.com).

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