SGX reports market statistics for August 2019

- Concerns over global growth fuels demand for risk-management solutions
- Singapore equities market volume gains amid regional market volatility

Singapore Exchange (SGX) today released its market statistics for August 2019. Market participants continued to use SGX’s suite of risk-management tools to manage their positions across multiple asset classes as concerns over the outlook for both developed and emerging economies intensified. With ongoing US-China trade tensions, a yield-curve inversion in the US bond market – interpreted by some participants as a recession signal – as well as fresh uncertainties over Brexit, global growth concerns dominated the markets throughout August.

Managing Risk in Emerging Asia

SGX iron ore derivative trading volumes surged 111% year-on-year (y-o-y) in August to 2.48 million contracts – a record high – as the ferrous metal posted its biggest one-month price drop since 2011 on the back of a slowdown in steel demand. Financialisation in iron ore through the use of futures contracts is gaining pace as more international market participants adopt the commodity as a macro barometer for Asia’s growth. Total commodity derivative volumes on SGX, including freight, petrochemicals and the benchmark SICOM rubber contracts, increased 91% y-o-y to 2.74 million contracts.

In the foreign exchange (FX) markets, SGX INR/USD Futures trading volumes jumped 61% y-o-y in August to 1.6 million contracts, an all-time high, amid headwinds for the Indian rupee. The renminbi weakened with the lack of progress over trade talks between Washington and Beijing, falling below 7 against the dollar. SGX USD/CNH Futures volumes climbed 50% y-o-y to 965,241 contracts, setting two record trading days during the month. Total FX futures volumes on SGX – Asia’s biggest exchange for currency derivatives – rose 59% y-o-y to 2.62 million contracts.

Return of Volatility in Equities

Volatility returned to equity markets in August, following the US Federal Reserve’s decision in the previous month to cut interest rates, the first reduction since the 2008 global financial crisis.

SGX Nikkei 225 Index Futures trading volumes gained 39% y-o-y in August to 2.32 million contracts, the highest level so far this year. Institutional demand to access Emerging Asia markets remained strong, with SGX Nifty 50 Index Futures volumes advancing 37% y-o-y and MSCI Taiwan Index Futures volumes up 23% y-o-y. SGX’s offering of equity-index derivatives cover 99% of Asia by GDP and total volumes in August increased 14% y-o-y to 16.7 million contracts.
In cash equities, securities daily average value (SDAV) in the Singapore equities market rose 12% month-on-month (m-o-m) in August to S$1.2 billion against a 5.9% m-o-m decline in the benchmark Straits Times Index (STI).

Global REIT indices generated gains amid lower interest rates, with Singapore no exception. Two of the three best-performing constituents of the FTSE ST Mid Cap Index over the first eight months of 2019 have been rewarded with key index inclusion from 23 September: Mapletree Commercial Trust will join the STI, while Frasers Centrepoint Trust will be part of the FTSE EPRA/NAREIT Global Real Estate Index Series (Global Developed Index).

Market turnover value of Daily Leverage Certificates (DLC) rose 52% m-o-m in August to S$114 million as active investors looked to capture short-term opportunities. Market turnover value of exchange traded funds (ETF) rose 23% m-o-m in August to S$231 million, aligning with the growing preference among investors for passive investing strategies.

The green, social and sustainability bond market continued to gain momentum with Korean issuers playing an active role. In August, Shinhan Financial Group Co. Ltd. and Lotte Property & Development Co. Ltd. listed sustainability bonds on SGX, raising a combined US$800 million.

The full report can be found here.

-End-

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.

Media Contact
Yee Kai Pin
Marketing & Communications
+65 6713 6455
kaipin.yee@sgx.com