

September Spotlight: Order Book Volumes Surge, and the Libor Transition Looms Large

September Data Spotlight: U.S. Treasury Trading

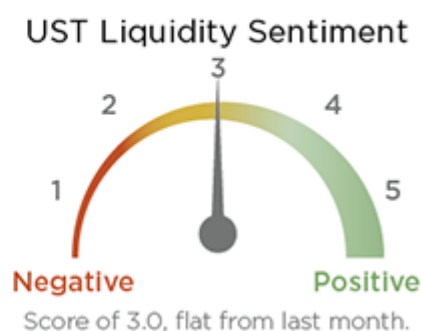
September 13, 2019



Key Takeaways for August 2019

- **The rate cut on July 31st elevated volumes** in what is traditionally a slow summer month, with the first two weeks providing a big bounce for trading platforms as market participants waited for the Federal Reserve's rate cut announcement.
- **Central limit order book markets saw their best month in at least a year**, with market volatility catalyzing electronic market-maker activity at those venues.
- **The busy month also generated e-trading records**, both for the market as a whole and for dealer-to-client trading, with the screen increasingly providing faster price discovery than the phone.
- **U.S. Treasury futures volume was 97% of bond market volume**, in the first week of August, a level usually only hit during roll periods.
- **SOFR futures open interest hit another record at the end of August** but remains just shy of 2.2% of Eurodollar future open interest.

UST MARKET-LIQUIDITY SENTIMENT



UNDERSTANDING THE GREENWICH UST SENTIMENT AND LIQUIDITY SCORES

Each month we poll a select group of top-tier U.S. Treasury market participants. The group includes primary dealers, broker-dealers, asset managers, hedge funds, and electronic market makers. The responses are aggregated and averaged to generate the monthly scores. Respondents are left to interpret “sentiment” and “liquidity” based on their unique vantage point.

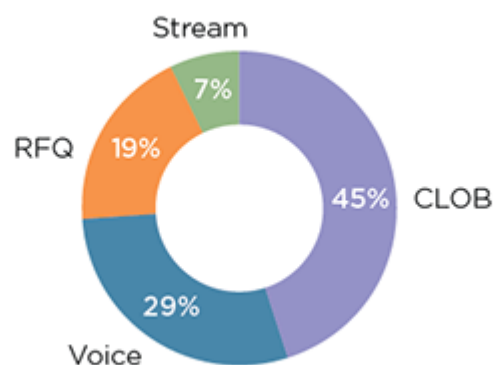
A Good Month for CLOBs

Volatility in the U.S. Treasury market continues to be volatile and largely driven by comments from Washington. August’s volatility, as measured by the TYVIX, [was up 27% from the previous month](#) and came on the back of the Fed’s July 31st interest-rate cut. The trading volume that accompanied the volatility made a traditionally quiet August a good month for trading venues and electronic market makers alike, [with a record 71% of volume traded electronically](#), up from 61% a year ago.

The average daily volume for all of August was [\\$610 billion](#). The first week of the month saw an average daily volume of \$737 billion, however, driving up the average for a month that would have otherwise stood more in line with past Augusts. Nevertheless, a considerable amount of that volume was directed at the order book markets— [CME Brokertec, Dealerweb, FENICS UST, and Nasdaq](#)—which all saw volumes rise between 30–40% from the previous month. Collectively, [order book trading accounted for 45% of electronic trading in August](#), the most since we began tracking this metric a year ago.

U.S. TREASURY ELECTRONIC TRADING BY EXECUTION METHOD

August 2019



Source: Greenwich MarketView 2019

It is also worth noting that LiquidityEdge also saw its volumes rise 35% from the previous month, helped not only by the market but also by its acquisition by MarketAxess—a move viewed favorably by most of the market. Direct streaming continues to account for 7–8% of electronic trading volume.

SOFR

[SOFR futures open interest](#) continued its steady climb upward, ending the month at another record high. It is

important to keep that growth in perspective, however, as SOFR futures open interest is just 2.2% of Eurodollar OI and 2.7% of U.S. Treasury futures OI. Nevertheless, the Libor transition is an absolutely gigantic task that puts past market structure changes, such as the move to clear swaps and uncleared margin requirements, to shame. It is an absolutely necessary change, as there is no reason why the market shouldn't utilize the mountains of observable data to determine key benchmark rates. But the legal, operational and technical challenges that still lie ahead are some of the most complex the industry has faced in what has already been a decade of serious change.

Note: The data underlying this analysis is available to subscribers of Greenwich MarketView. MarketView provides continuous access to these metrics, updated daily, weekly or monthly based on the frequency of the source data.



Managing Director
Kevin McPartland is
the Head of Research
for Market Structure
and Technology at
the Firm.

Methodology:

Greenwich Associates continuously gathers data and insights from U.S. Treasury market participants including asset managers, hedge funds, primary dealers, market makers, and trading platforms. The data, once aggregated, normalized and enhanced, is analyzed by our market structure research team who identify key areas of change and the likely direction of volume, holdings, market share and other trends in the coming months.



www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research

participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., an S&P Global company. ©2025 Crisil Ltd. All rights reserved.

[greenwich.com](https://www.greenwich.com)

ContactUs@greenwich.com

Ph +1203.625.5038