

January Spotlight: U.S. Treasury Market Trading in 2022 by the Numbers

2022 Data Spotlight: U.S. Rates Trading

January 23, 2023

Executive Summary:

2022 was a year of unprecedented daily price moves, historically low liquidity and a yield curve more inverted than most in the market had ever seen. The best measurement to sum up the year is volatility. The MOVE Index was up an astounding 94%, averaging just over 120 for the year. To put that in perspective, the index's post-pandemic low point on September 29, 2020: 36.62. Amid that backdrop, volume remained largely in line with 2021, according to data from the NY Federal Reserve, only down 1%.

Using the growth of other electronic OTC markets as a guide, U.S. Treasury e-trading still has room for growth. Nearly 80% of the FX market trades electronically as does over 90% of credit-default swap (CDS) index notional volume. The former evolved organically via market demand and the latter through regulatory mandate. U.S. Treasuries sit somewhere in the middle.

Methodology:

Coalition Greenwich 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.

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