Coalition Index for Investment Banking - 1H23

October 13, 2023

Executive Summary:

During the first half of 2023, bank performance varied across business lines. For the fixed income, currencies and commodities business, lower volatility and a slowdown in institutional client activity resulted in a year-over-year revenue decline in macro products. Notably, this decline had the most significant impact on commodities, G10 FX, and emerging markets macro.

In the equities division, there was a noticeable shift towards normalization following a robust performance in the first half of 2022. This was observed in both flow and structured equity derivatives, with a particular standout in the relative outperformance of prime services and futures.

The investment banking division (IBD) faced specific challenges during this period, primarily stemming from underperformance in mergers and acquisitions (M&A) and loan syndication. These challenges were exacerbated by client reactions to the prevailing high-interest rate environment. The bank's performance in the first half of 2023 thus reflects a complex interplay of factors across these key business segments.

1H23 Coalition Index Investment Banking revenues fell (10)% YoY.

- **FICC:** Lower volatility and the moderation of institutional client activity led to a YoY revenue decline in Macro products, with Commodities, G10 FX and EM Macro most impacted
- **Equities:** Sharp normalization following a strong 1H22 in both Flow and Structured Equity Derivatives, with relative outperformance from Prime and Futures
- **IBD:** Underperformance in M&A and loan syndication as clients reacted to the highest interest rate environment

Methodology:

The Coalition Index tracks the performance of the 12 largest Investment Banks globally. It comprises:

- 2018 to 2020: BofA, BARC, BNPP, CITI, CS, DB, GS, HSBC, JPM, MS, SG, UBS
- 2021 to 2023: BofA, BARC, BNPP, CITI, DB, GS, HSBC, JPM, MS, SG, UBS, WFC
- The Coalition Index is refreshed for 1Q, 1H, 3QYTD and FY

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