December Spotlight: Is the Corporate Bond E-Trading Drought Over?

December Data Spotlight: U.S. Credit Trading

December 18, 2023

Executive Summary:

November proved bullish for U.S. corporate bond prices, overall trading volume and electronic trading's growth. Several economic reports viewed as positive by the market drove bond yields down and prices up. In the corporate bond market, this resulted in the average daily notional volume (ADNV) traded growing 13% year over year and the average daily trade count hitting another record at 129,800, with investment-grade activity leading the way. Those moves combined drove the average daily trade size for investment-grade bonds down 9% from November 2022 to roughly $287,000 per trade.

All of this activity was further supported by a drop in market volatility (or vice versa). Measured by Cboe's VIX Index for investment-grade bonds, volatility was down 39% from the start of November to the end, taking us back to levels not seen since late 2021, when residential mortgages were still available in the 2's. European credit markets also saw an active month, with an estimated ADNV of $14 billion. The last time European corporate bond markets saw volumes this high was back in March 2021—a lifetime ago in fixed-income years.

Methodology:

Coalition Greenwich continuously gathers data and insights from credit market participants, including market makers, primary dealers and trading platforms. The data, once aggregated, normalized and enhanced, is analyzed by our market structure research team who identify the key trends of trading in the credit markets, with a focus on corporate bond electronic trading and trading platform market share.

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