

# EXCHANGES IN 2021: THE YEAR IN STATISTICS

A summary of FESE members' trading figures



## GLOBAL OVERVIEW

The data for the year 2021 confirms the growth trend observed by the end of 2020, with many indicators on stock markets around the world reaching record levels.[1] In the US, for example, the S&P 500 reached 70 all-time highs in the year, a figure second only to the record set in 1995.[2] The Stoxx 600 in Europe also recorded a significant jump last year, the second-best yearly performance in the last decade.[3] In the second half of 2021, new post-summer highs were also recorded for a variety of European indices, including the CAC 40, Italy 40, and Dax 40.[4]

In line with the general positive trend experienced in global financial markets, 2021 marked a very successful year across most asset classes. It is worth highlighting the high number of IPOs, new listings, market capitalisation, ETFs trading and bonds. Other asset classes have gone more under the radar than in previous years, such as stock/index options and futures, while Forex observed a decline in (notional) turnover and UCITS a fall in market capitalisation.

Here is the summary of the 2021 results of trading figures provided by FESE members.

## EQUITY MARKETS



### STRONG MARKET CAPITALISATION GROWTH

The market capitalisation of listed companies has shown a continuous growth pattern since 2018, reaching a high in 2021.[5]

Figures from FESE members showed that the total market capitalisation at the end of the year 2021 was 42% larger than the previous year.

This coincided with an increase of about 13% in the total number of listed companies at the end of 2021 compared to at the same stage in 2020.



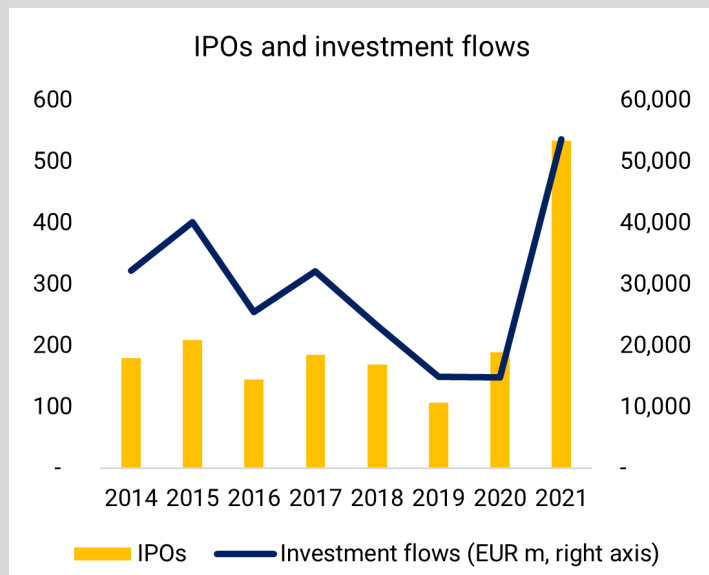
Source: FESE

Similar results were seen worldwide, with an increase of 34% of domestic market capitalisation in the first half of 2021 compared to the same stage in 2020.[6]

# A SUCCESSFUL YEAR FOR IPOS

Capital markets offer an important source of financing for companies; an alternative to banking finance that offers, among other benefits, access to larger volumes of funding. It may also act as a means to diversify a company's funding sources, especially in times of uncertainty.[7] Global markets experienced increases in IPO volumes and proceeds, the largest growth seen in 2021 by EMEIA countries, even though Europe still lags far behind the US when it comes to companies going public.[8]

In 2021, FESE members registered a total of 534 IPOs.[9] This represents an increase of over 180% compared to the previous year and an overall high since the FESE IPO Database[10] started to collect figures. Investment flows followed the trend, with an increase of over 250% compared to the previous year. This unprecedented event was clearly in line with the shift towards equity in an extraordinarily volatile and uncertain economic situation coupled with the rebound in GDP of the major economies. This made companies look at capital markets for financing. However, barriers for listing remain, which hopefully will be addressed in the Capital Markets Union Action Plan set of outcomes.

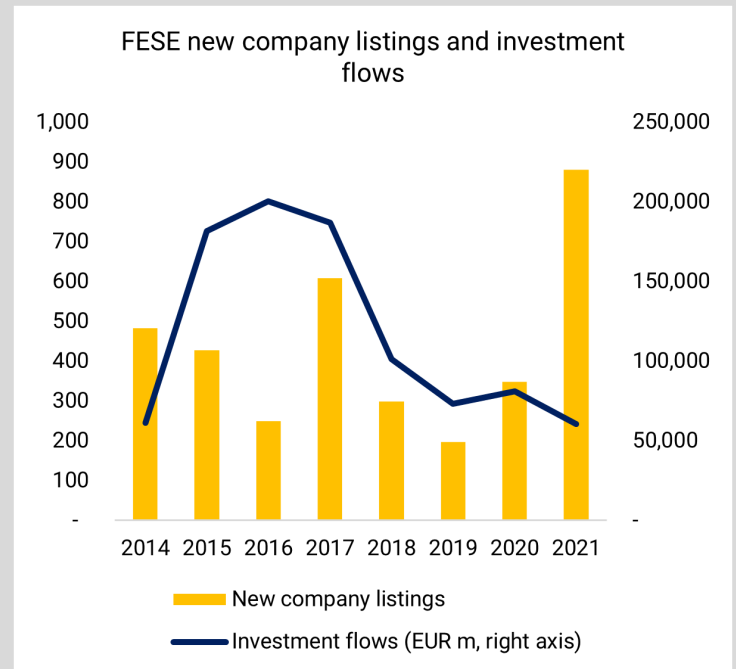


Source: FESE

## MORE LISTED COMPANIES

A large number of companies went public, not only via IPOs, but also direct listings, and the increasing number of SPAC deals.[11]

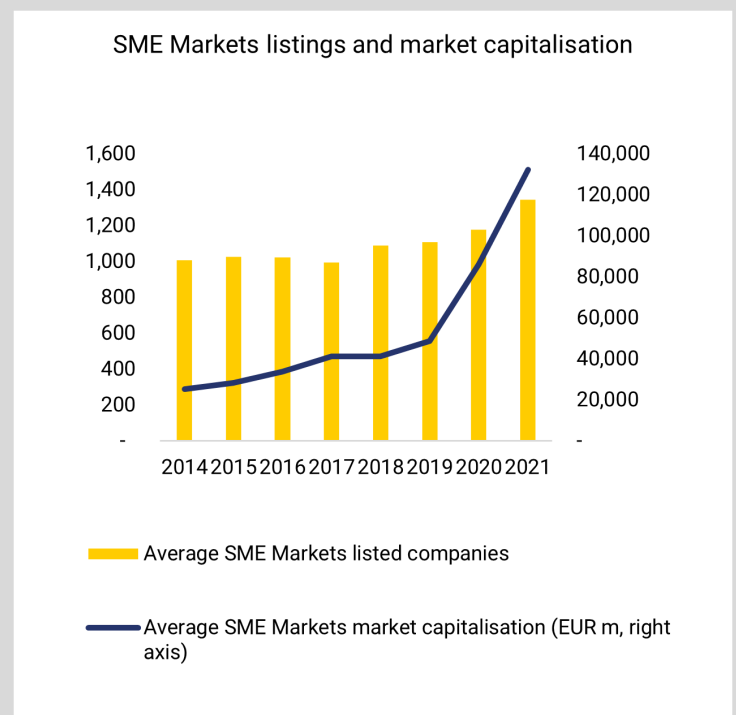
Considering the positive trend of IPOs, the total number of new company listings (including IPOs) recorded by FESE members reached an all-time high. Investment flows, however, decreased.



Source: FESE

## SME MARKETS ARE GROWING

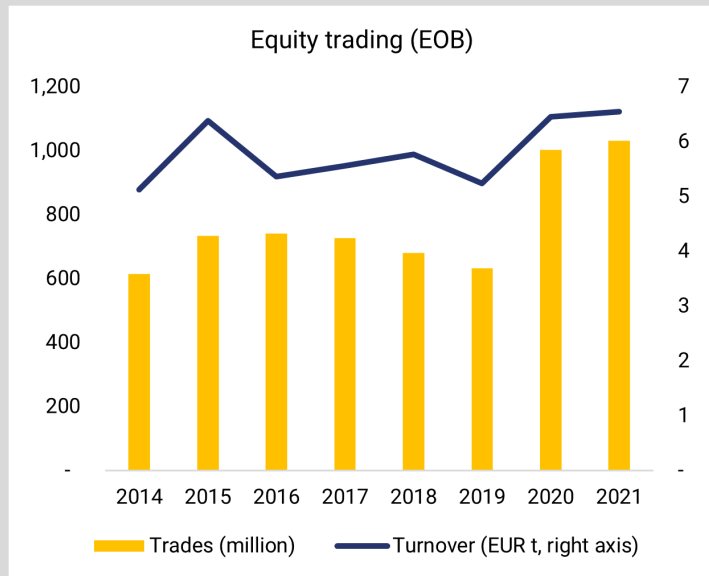
The total number of listed companies in SME Markets has been on the rise for several years, as has their market capitalisation. In 2021, new listings of SMEs more than doubled compared to 2020.



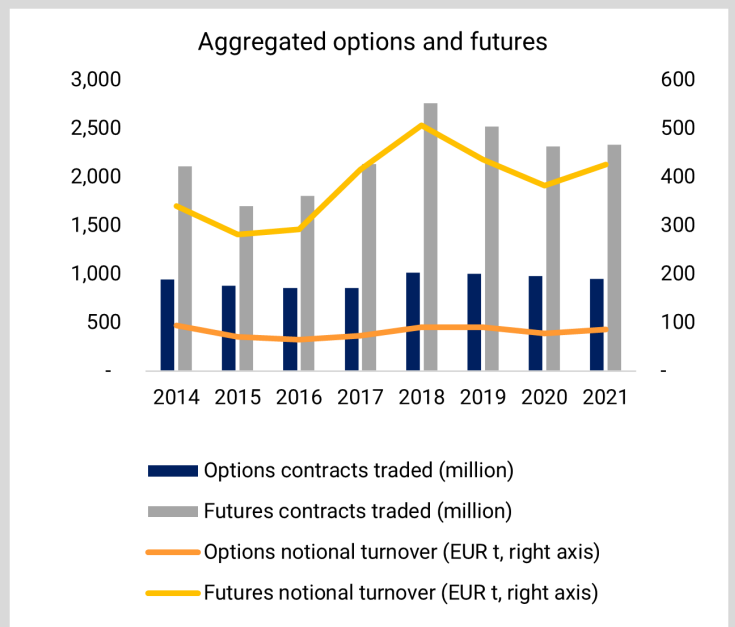
Source: FESE

# EQUITY TRADING REMAINS STEADY

As in 2020, on-exchange equity trading levels remained steady, both in terms of trades and turnover.



Source: FESE



Source: FESE

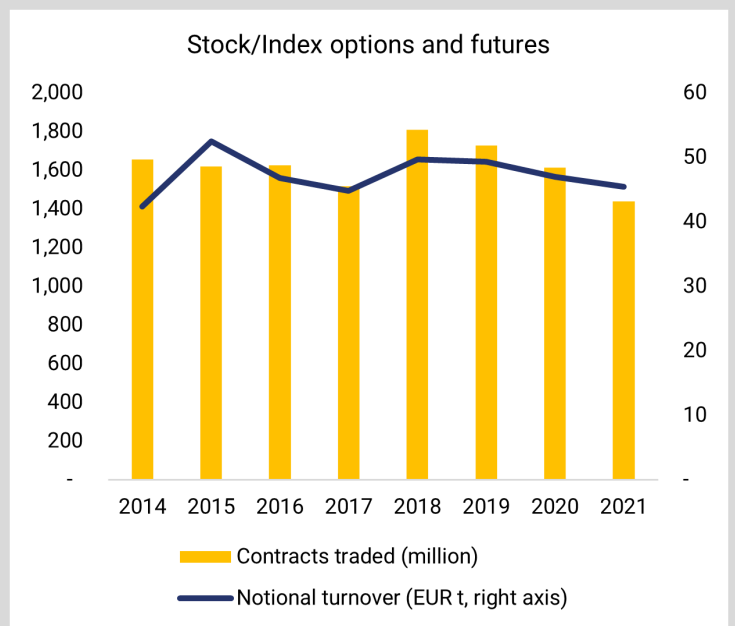
When disentangling the figures to understand the development per instrument type, stock and index options and futures reveal a decrease in terms of contracts traded and the notional turnover. This decline continues the trend observed since 2019.

# DERIVATIVES

## DERIVATIVES SHOW MIXED RESULTS

Global futures and options contracts trading in the first half of 2021 showed an increase of about 32%, compared to the previous year. In particular, growth was strong in certain sectors of the ETDs market within Brazil, China and India, while markets in North America and Europe showed a mixed picture.[12] ETDs' global daily average turnover fell about 7% (for options and futures) from 2020 to 2021.[13]

Looking at FESE trading figures, options and futures contracts traded have seen a slight decrease since 2019, with some degree of stabilisation experienced by futures contracts trades in 2021. Notional turnover has remained stable for options, while it increased for futures in 2021.



Source: FESE

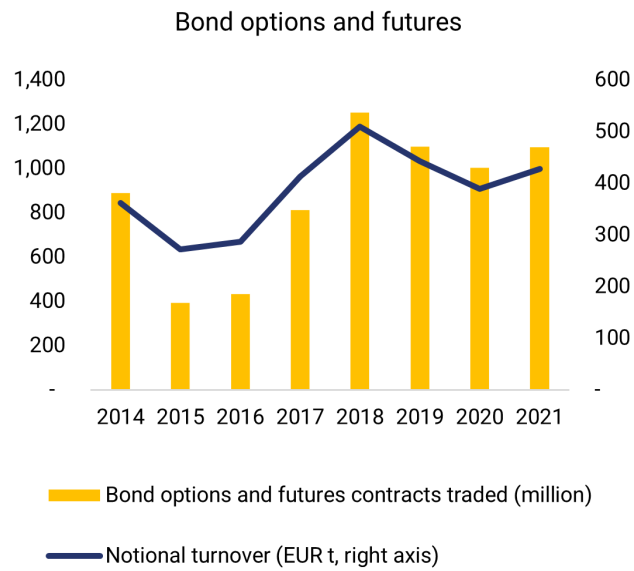
In comparison, both bond options and futures, and commodities derivatives have shown an increase in terms of contracts traded and notional turnover.

# OTHER

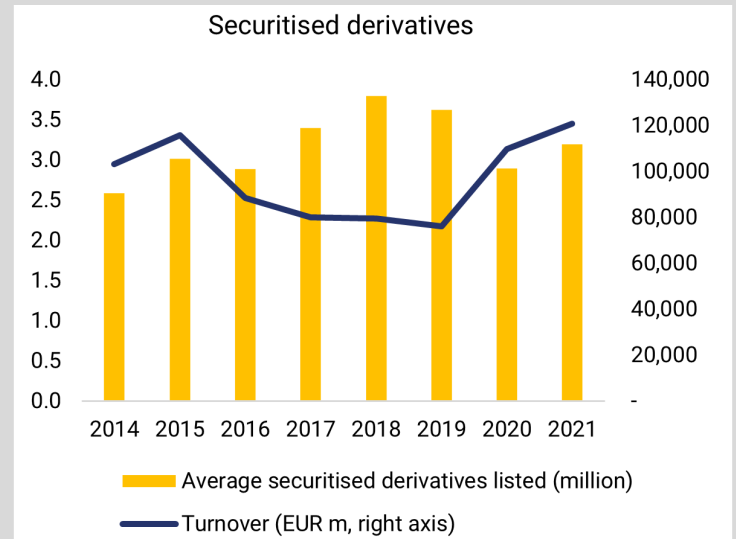


## SECURITISED DERIVATIVES RECOVER

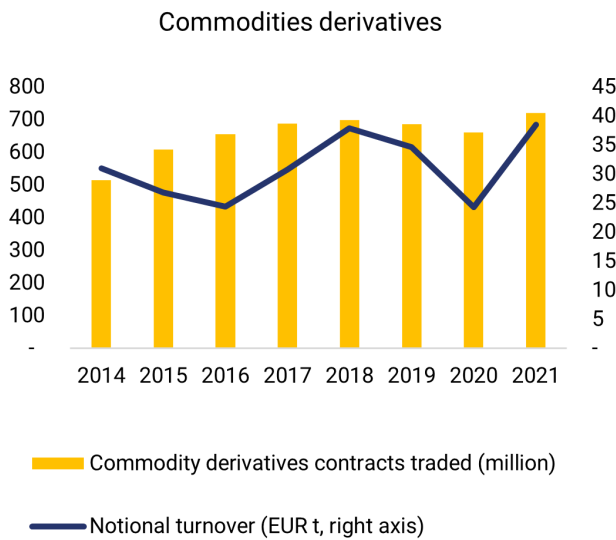
2021 marks the first year since 2018 in which the average total number of listed securitised derivatives increased. Turnover meanwhile has continued its growth from the previous two years.



Source: FESE



Source: FESE

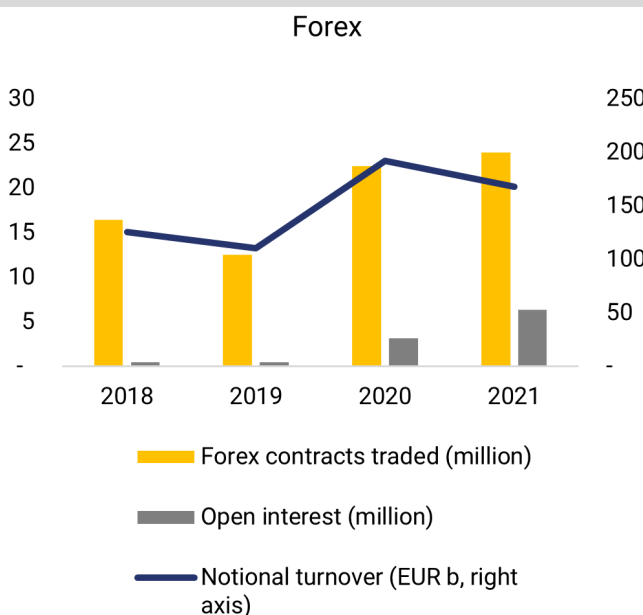


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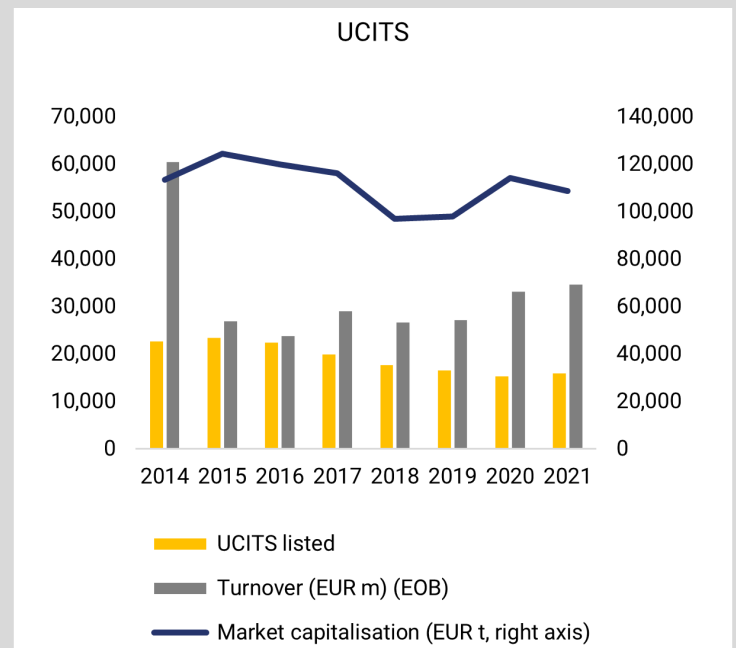
In 2021, both the number of foreign exchange (Forex) contracts traded increased from 2020, but notional turnover saw a moderate decline. Figures for foreign exchange derivatives have only been collected since 2018.

## UCITS EXPERIENCE MIXED PICTURE

While the number of total listed UCITS grew for the first time since 2014, the market capitalisation declined in 2021 compared to the previous year.



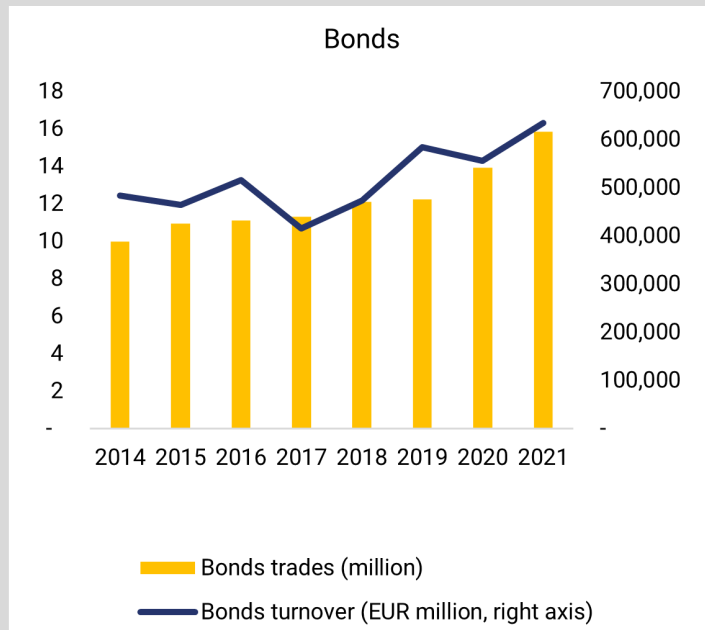
Source: FESE



Source: FESE

## BONDS AT ALL-TIME HIGH

Bonds have also seen an exceptional year. FESE figures show that, in 2021, bonds and money market instruments recorded an all-time high in terms of trades and turnover, with an increase of about 14% for both on the previous year. However bonds traded on exchanges represent only a small sub-part of the overall fixed income market.

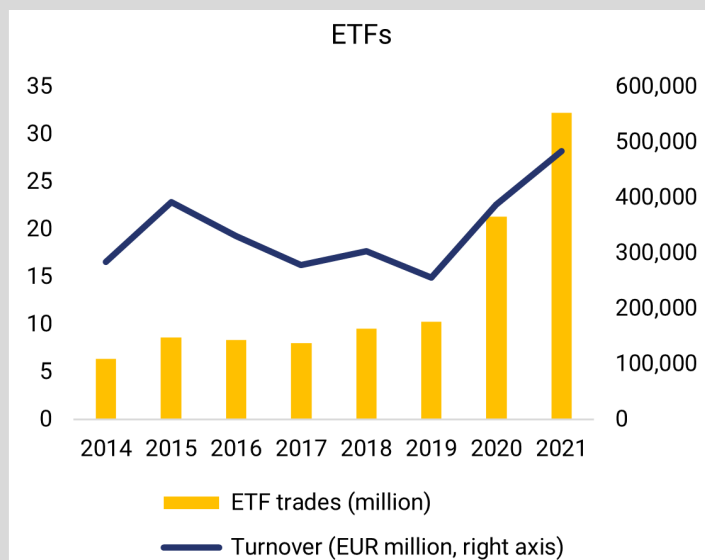


Source: FESE

## HIGHEST ETFs TRADING SINCE 2014

ETFs trading has accelerated in the past year, not only in Europe but also in other regions, particularly the US.[14]

Similar to bonds, FESE data confirms that ETFs produced the largest figures in terms of trades and turnover.



Source: FESE

## REFERENCES

- [1] FESE. (2021). *Statistics: Capital Market Fact Sheet*. <https://www.fese.eu/statistics/#cmf>;
- [2] WFE. (2021). *H1 2021 market highlights*. [https://www.world-exchanges.org/storage/app/media/H1\\_2021\\_Market\\_Highlights\\_Final.pdf](https://www.world-exchanges.org/storage/app/media/H1_2021_Market_Highlights_Final.pdf)
- [3] Jackson, A. (2022, January 3). *2021 Stock Market Year In Review*. Forbes Advisor. <https://www.forbes.com/advisor/investing/stock-market-year-in-review-2021/>
- [4] Reuters. (2022). *European stocks kick off 2022 at record highs*. <https://www.reuters.com/markets/europe/european-stocks-kick-off-2022-record-highs-2022-01-03/>
- [5] Ibid.
- [6] World Bank. (2021). *Market capitalization of listed domestic companies (current USD)*. <https://data.worldbank.org/indicator/CM.MKT.LCAP.CD>
- [7] WFE. (2021). *H1 2021 market highlights*. [https://www.world-exchanges.org/storage/app/media/H1\\_2021\\_Market\\_Highlights\\_Final.pdf](https://www.world-exchanges.org/storage/app/media/H1_2021_Market_Highlights_Final.pdf)
- [8] World Bank Group. (2020). *Capital markets development: A primer for policymakers*. <https://openknowledge.worldbank.org/handle/10986/36058>
- [9] EY (2021). *Global IPO has record-breaking 2021, prepare for headwinds in 2022*. [https://www.ey.com/en\\_gl/ipo/trends](https://www.ey.com/en_gl/ipo/trends)
- [10] In comparison to 2020, Tel Aviv Stock Exchange and Euronext's incorporation of Borsa Italiana to its group has a slight additional positive effect on the figures. Excluding these from the analysis, the number of IPOs reaches about 399.
- [11] Available on the FESE website. <https://www.fese.eu/statistics/#ipo>
- [12] Jackson, A. (2022, January 3). *2021 Stock Market Year In Review*. Forbes Advisor. <https://www.forbes.com/advisor/investing/stock-market-year-in-review-2021/>
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- [14] BIS. (2021). *Exchange-traded derivatives statistics*. <https://www.bis.org/statistics/extderiv.htm>
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