acuiti management intelligence

# The SGX Global Market Sentiment Index Report

## A barometer for the global derivatives industry

Q2 2025

In Association with

SGX Group

PRODUCED BY ACUITI

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# Introduction

**Welcome to the Q2 2025 SGX Global Market Sentiment Index Report, a quarterly benchmark of business sentiment across the global derivatives market.**

**Each quarter, Acuiti polls members of its network of senior executives on their outlook for the next three months, to compile the benchmark and this report.**

**After a quarter of record optimism in Q1 2025, this quarter we find that confidence has fallen back slightly but remains elevated. We explore why in this report.**

**In addition, we look at how firms are approaching the adoption of digital assets and the impact that the launch of perpetual futures on a regulated exchange will have on the market.**

Methodology: Data within this report is based on surveys of Acuiti's Expert Networks, comprising 588 senior executives from across the global market. Acuiti's Expert Networks consist of company type-focused networks covering proprietary trading, clearing, asset management, hedge funds and sell-side execution. Each quarter, Acuiti surveys the networks on a range of topics including their outlook for the coming three months. The sentiment index is calculated as the percentage of respondents that are optimistic for the three months ahead. The overall score represents the average across all company types. Data for this quarter's report was collected between 6 January and 21 February. Respondents in this quarter's report were from APAC (16%), Europe (55%), US and Canada (24%), ROW (5%). Respondents were from asset managers (13%), hedge funds (14%), proprietary trading firms (29%), FCMs (23%) and sell-side execution desks (21%).

# Key themes this quarter

## Sentiment Stays Near Historical High

Sentiment across global derivatives markets remained historically high despite a slight decline this quarter. Business confidence among senior executives at hedge funds, proprietary trading firms, asset managers, and the sell-side soared last quarter following proposed deregulation in the US and expectations of increased market volatility due to the radical approaches taken by the new US administration. However, concerns are growing in some areas of the market—particularly in Europe, and among asset managers and hedge funds—regarding the extent and unpredictability of US government policy.

## Sell-Side Continues to Perform Well

Volatility generally benefits firms involved in derivatives markets, as it leads to higher volumes and more opportunities to trade around market movements. The extreme market swings following the April "Liberation Day" tariff announcement by the new US administration triggered record volume days across most derivatives markets. This volatility has particularly benefited the sell-side, especially clearing desks. Record volumes and the prospect of prolonged higher interest rates have resulted in exceptionally high optimism regarding short-term business performance.

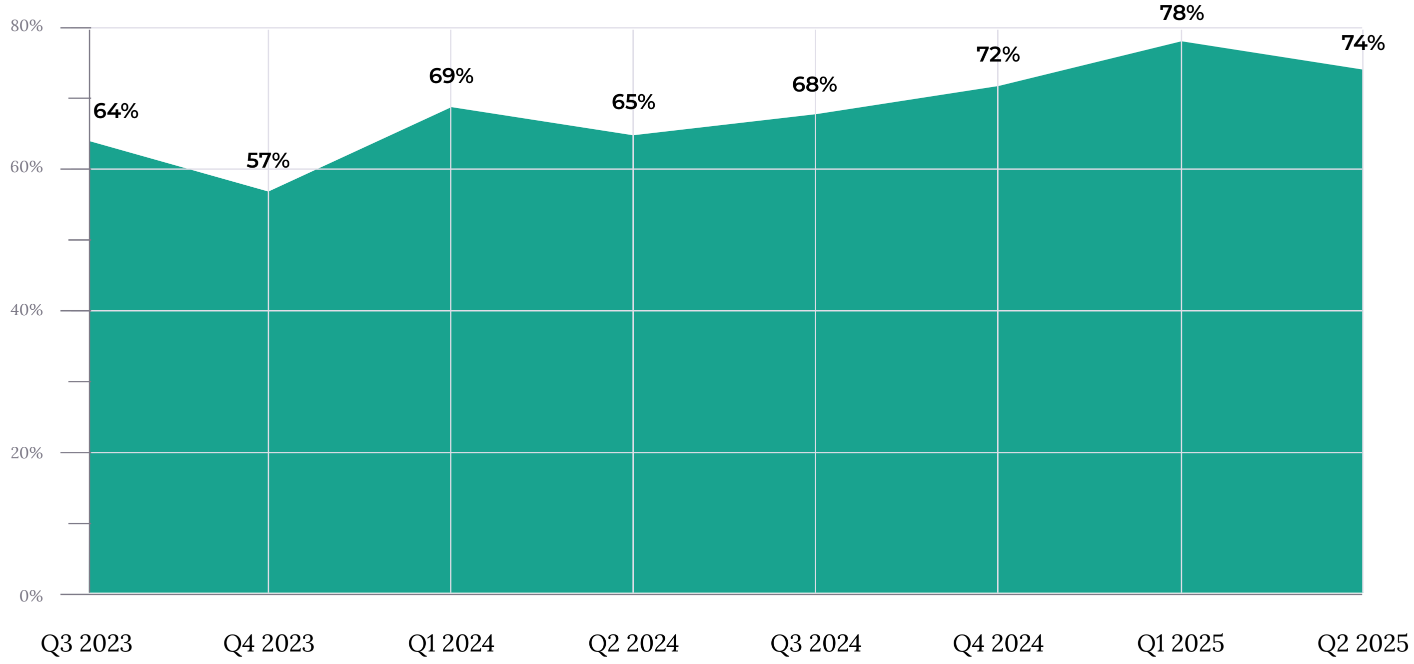
## European Firms See Fall in Sentiment

Firms operating in European derivatives markets experienced a sharp decline in business confidence this quarter, despite record trading volumes. Overall confidence in Europe dropped from a record high of 81 last quarter to 73 in Q2. In contrast, confidence in the US rose sharply from 82 to 89. The decline in European sentiment reflects growing concern among executives over the implications of an "America First" trade policy and the possibility that US deregulation could create an uneven playing field for European firms.

## Crypto Adoption Likely to Increase

Institutional participation in cryptocurrency derivatives trading is expected to rise as more traditional, regulated exchanges launch digital asset products. For the sell-side, regulatory uncertainty remains the biggest barrier to adoption, while hedge funds cite the lack of trusted, regulated venues as a major challenge. Traditional derivatives markets address many of the critical hurdles faced by firms considering crypto trading in Asia, including alignment with local regulatory frameworks and improved operational efficiency. However, only about 12% of institutional firms are currently engaging with digital assets, suggesting that the next wave of institutional adoption may take longer than previously anticipated.

# The SGX Global Market Sentiment Index

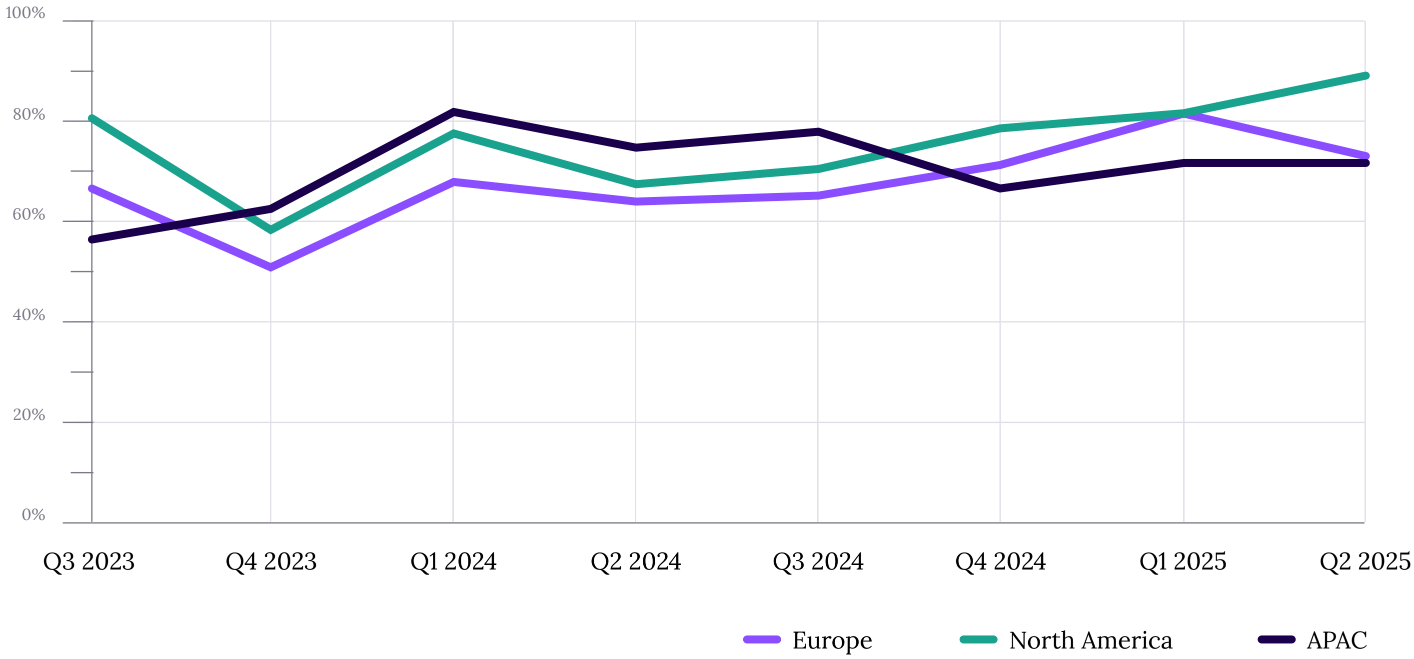



Sentiment across the global derivatives market remained elevated this quarter despite a drop from recent highs. This move came against the backdrop of a volatile April after the US administration's imposition of "retaliatory tariffs" sent global markets into tailspins – only for them to recover their losses by May.

The overall reading of the SGX Global Market Sentiment Index, a barometer of sentiment across the global derivatives industry, fell to 74 this quarter. While this is down from its record high of 78 in Q1 2025, it remains above average.

For the second quarter, sentiment was highest among sell-side clearing providers, many of whom experienced record daily volumes during the early April volatility. Proprietary trading firms, whose revenues are also more closely correlated to volumes, also reported elevated levels of optimism. Asset managers and hedge funds, however, saw confidence fall.

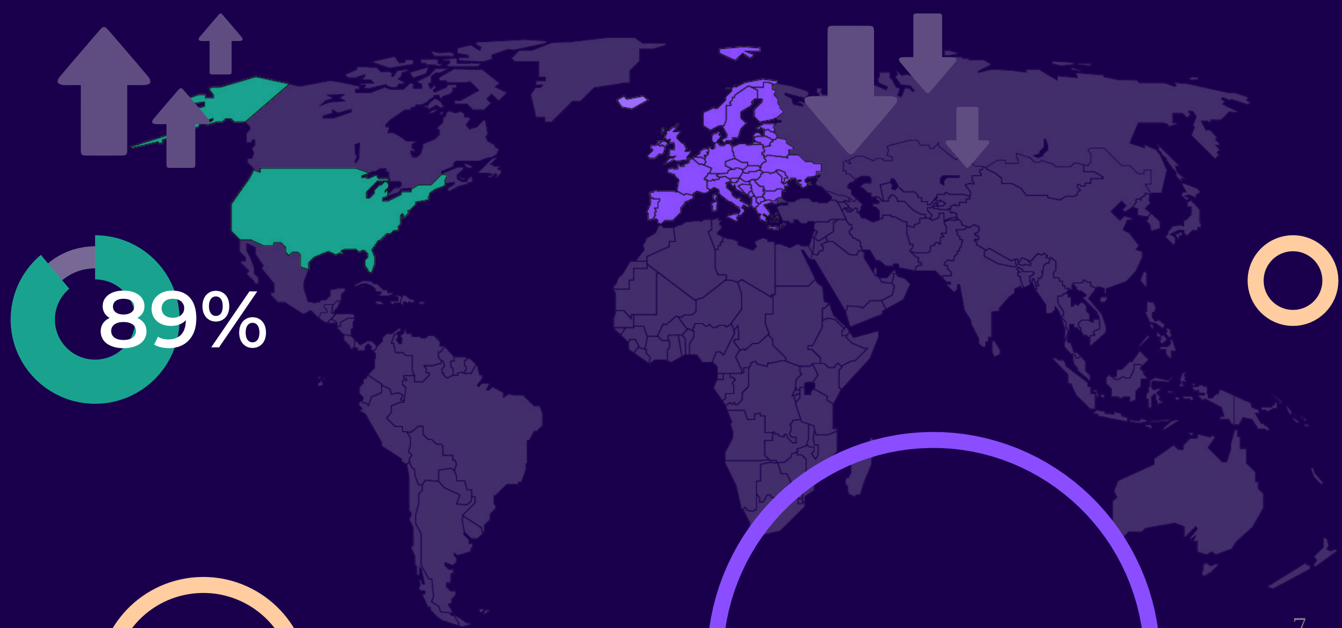
## Regional optimism




Regionally, confidence continued to rise in North America to a record reading of 89. Confidence in Europe, however dropped sharply from 81 to 73 while it remained flat in APAC at a relatively low reading of 72.

The volatility seen during early April was the key event that informed views this quarter. In the days following US “retaliatory tariffs” on April 2, US markets lurched up and down with intra-day moves in US markets reaching record highs.

## Optimism among US derivatives executives leapt to a record high of 89 last month while confidence in Europe dropped



The five trading days between the 4th and 10th April were the top five largest intra-day point swings in the S&P 500 since it was formed in 1957. This boosted volumes in equity futures and options trading, particularly the latter with record volume days being posted across multiple exchanges.

The April volatility came off the back of a strong Q1 for derivatives volumes. According the FIA's ETD Tracker, volumes on European and North American markets were up 25% and 32% year-on-year in Q1 2024. While overall ETD volumes were down globally, this is a result of restrictions on retail trading in India, which saw volumes fall from 16bn contracts in October 2024 to 4bn in March on the country's derivatives markets.

However, the intense period of volatility in early April resulted in unprecedented volumes in certain contracts and asset classes. Trading in currencies on global exchanges hit at 177m in April, while energy and metals also hit highs.

### ETD volumes to date by asset class

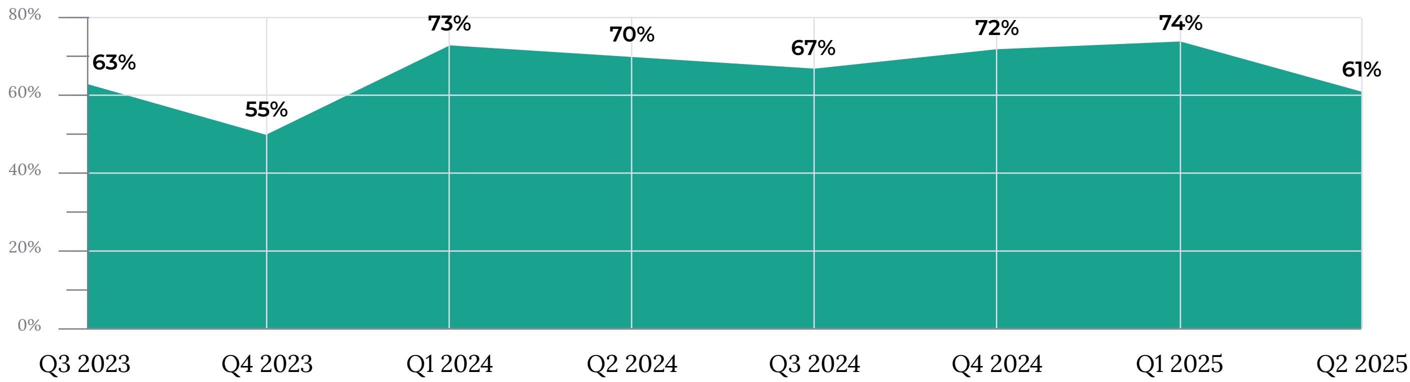
| | Jan-25 | Feb-25 | Mar-25 | Apr-25 |
|---|---|---|---|---|
| Agriculture | 232,022,395 | 251,237,101 | 311,942,373 | 308,211,651 |
| Currencies | 158,952,079 | 144,179,649 | 163,756,825 | 177,736,388 |
| Energy | 312,549,263 | 264,908,233 | 278,543,872 | 331,946,433 |
| Equity | 8,538,832,305 | 6,336,865,555 | 7,343,824,719 | 7,328,831,114 |
| Interest rates | 529,952,258 | 650,074,264 | 649,161,517 | 714,305,826 |
| Metals | 203,219,092 | 203,219,092 | 252,642,244 | 316,753,086 |

Source: FIA

# Segment analysis

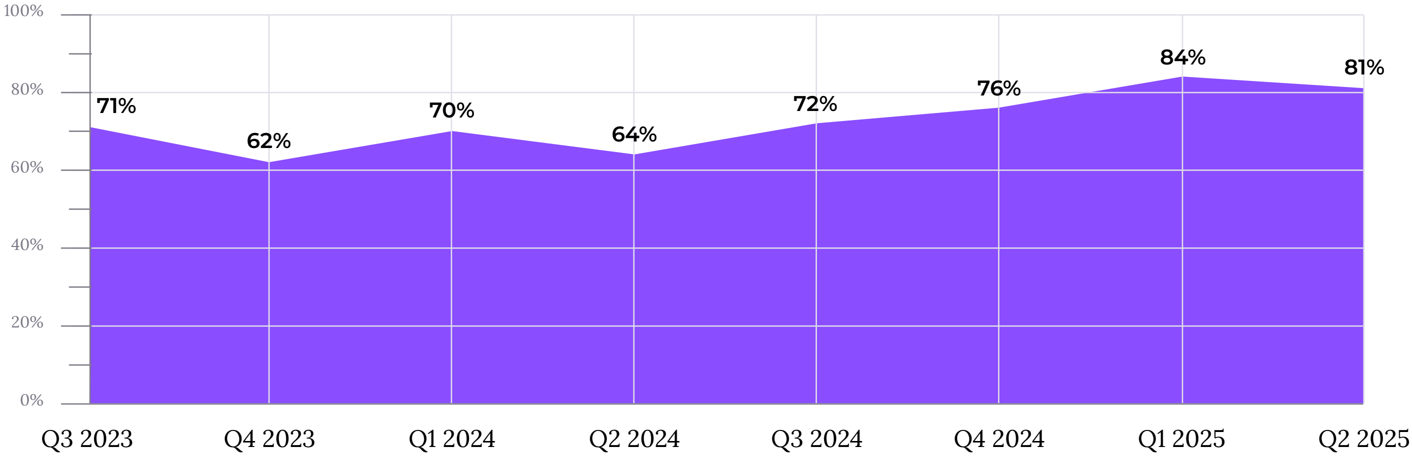
## HEDGE FUNDS

### Hedge funds



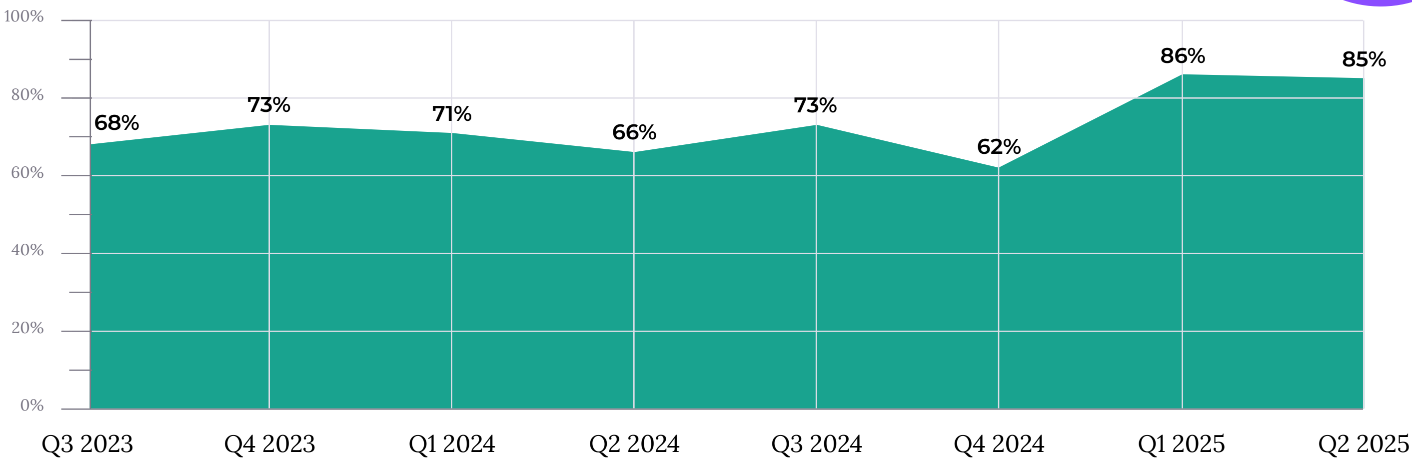

Sentiment among hedge funds fell sharply this quarter after three quarters of positive growth. Much of the decline was driven by declining sentiment among firms that focus on managed futures strategies, many of whom experienced losses during the volatility in April. Multi-strat and equity long/short as well as market neutral funds were the most likely to be optimistic. Regionally, firms in North America were the most optimistic and those in Europe were the least with just half of hedge fund executives in the survey in Europe optimistic about the performance of their derivatives trading over the next three months.

# SELL-SIDE EXECUTION



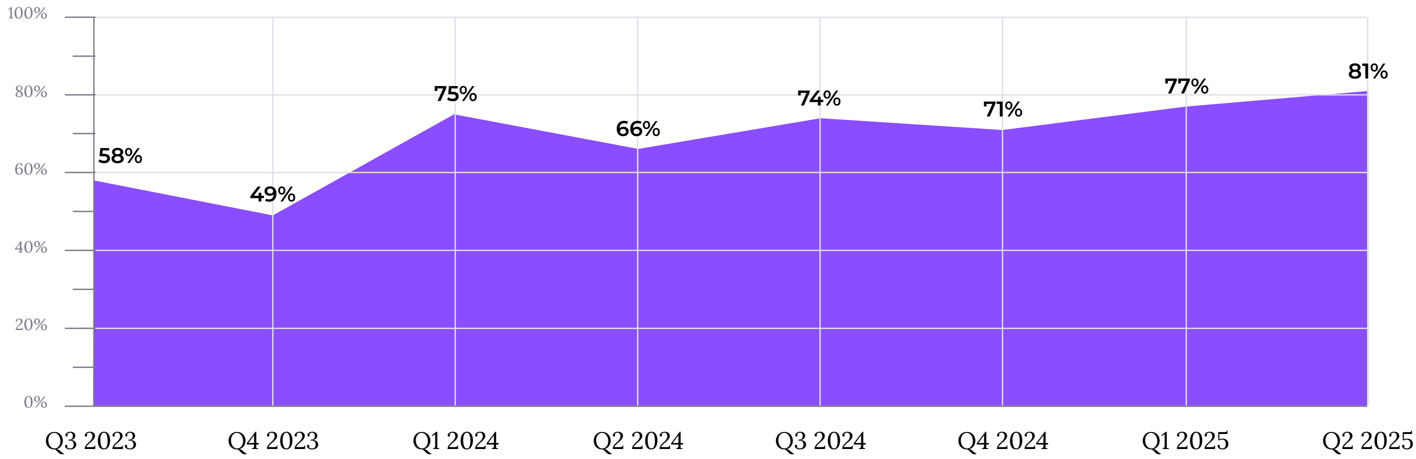

Optimism among sell-side execution desks fell back slightly last quarter but remained high compared with other company types. Overall, 81% of sell-side execution executives in this quarter's survey were optimistic about the next three months, compared with 84% last quarter. Brokers and inter-dealer brokers were the most optimistic with 95% of respondents from these firms confident about the coming three months driven by rising client demand in the wake of continued geo-political tensions. Regional banks were the least optimistic. As elsewhere, respondents in North America were the most optimistic, however, unlike hedge funds and asset managers, European respondents were also confident about the outlook for their business.

# SELL-SIDE CLEARING



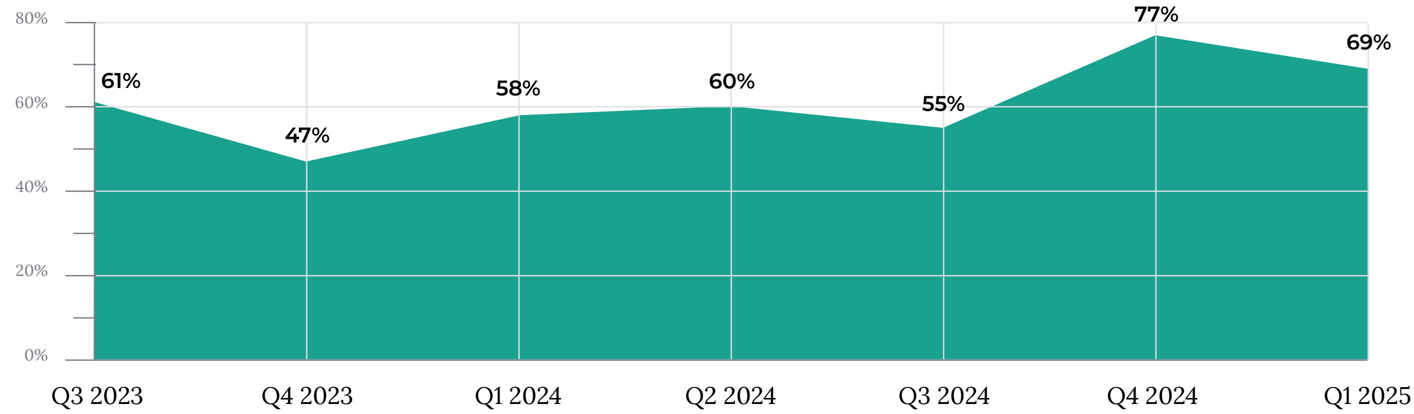

Sentiment among sell-side clearing executives remained broadly level last quarter at near record highs. The volatility of April resulted in significantly above average volumes and, while there were processing issues in some corners of the market during the volatility, clearing infrastructure held up well. This demonstrates how far the industry has come since the March 2020 covid volatility, which saw significant settlement delays across the market. Optimism was broadly similar across bank and non-bank clearing providers while respondents in Europe were less optimistic than their peers in North America and APAC.

# PROPRIETARY TRADING FIRMS




Proprietary trading firms thrive on volatility and it is no surprise that optimism rose this quarter in the wake of the market disruption in April. While a small number of firms reported losses during the April volatility, for most it was an exceptional few days for business performance and with expectations of elevated volatility to continue, 81% of prop executives are optimistic about the coming three months. While volatility was the main reason cited for the optimism, several firms also pointed to investments in technology and expertise that have positioned them well for the current market conditions. Ultra-low latency firms were the most optimistic with 91% of respondents from these firms confident about business performance over the coming quarter.

# ASSET MANAGERS



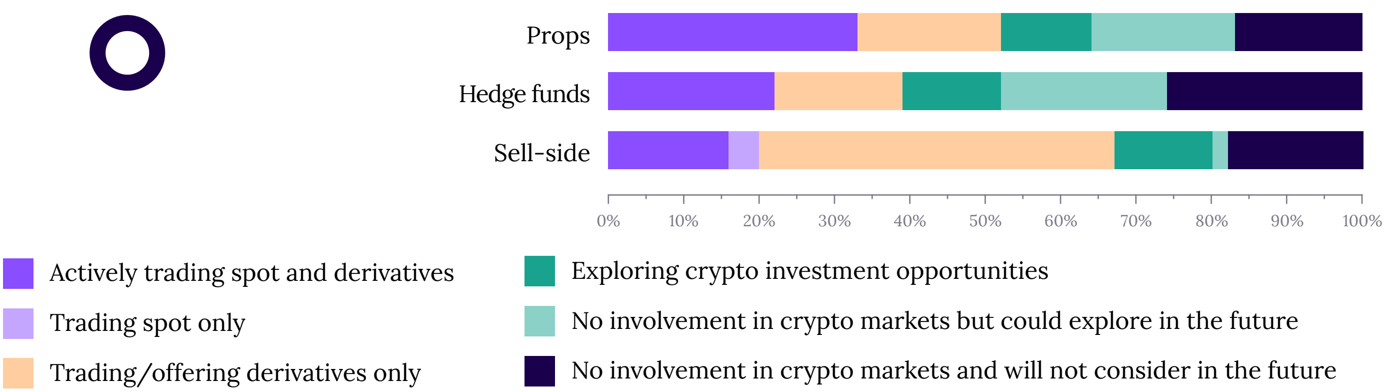

Asset managers remained the most pessimistic of all the company types in this report posting a drop this quarter to 69. As analysed in the Q4 2024 Sentiment Report, of the company types featured in this report, asset managers tend to be hit the hardest by volatility. However, the fact that this quarter, firms in Europe were significantly more pessimistic than their peers in the US and APAC suggests that something wider is at play. Many European asset managers are facing intense competition and fee compression at a time when ESG, in which many have invested significantly, is falling out of favour in the face of regulatory and political push-back in certain countries.

# Crypto trading and perpetual futures

**This quarter, we take a look at how firms across the global derivatives market are approaching the trading of digital assets and attitudes to perpetual futures.**

Trading in digital assets among institutional investment firms and the sell-side continues to grow. Adoption among sell-side firms has grown significantly following the launch of bitcoin futures and options on traditional exchanges. In addition to the sell-side offering clearing on traditional venues, many brokers have built digital assets desks and offer execution across a wide range of native and traditional venues as well as OTC markets. The sell-side has joined many proprietary trading firms and hedge funds in trading digital assets or offering them to clients. Proprietary trading firms have tended to be the first movers with many larger firms building out dedicated companies to trade in the volatile asset class.

### How would you describe your institution's current engagement in crypto trading?




Across the industry, the overall level of acceptance that cryptocurrencies are here to stay has grown. This is indicated in the relatively low percentages of firms that would not consider offering digital assets. However, low percentages are also currently considering getting involved, suggesting that current levels of institutional adoption are not set to increase significantly in the near future.

Despite the opportunities in the market, many firms face challenges when engaging with crypto trading. For firms that just want exposure to directional movements, regulated on-shore, traditional exchanges can suffice.

However, for many firms, the appeal of trading the asset class lies in trading against retail flow and arbitraging across different venues. In a highly fragmented and capital inefficient market, this can pose challenges.

**What are the top barriers your institution currently faces when engaging with crypto assets or crypto derivatives?**

**Sell-side**

1. Regulatory uncertainty
2. Volatility and insufficient institutional-grade risk management tools
3. Operational challenges

**Prop firms**

1. Operational challenges
2. Lack of trusted, regulated venues
3. Regulatory uncertainty

**Hedge funds**

1. Lack of trusted, regulated venues
2. Fragmented liquidity across key venues
3. Operational challenges (e.g., trading hours, settlement delays)

Operational challenges were highlighted by firms across the board, featuring in the top three challenges that firms faced across sell-side, proprietary trading and hedge funds, and representing the biggest challenge for proprietary trading firms.

For the sell-side, regulatory uncertainty was the biggest challenge while hedge funds faced complexity from the lack of trusted, regulated venues in the market.

# TRADING PERPETUALS

Perpetual futures are similar to standard futures in that they allow firms to go long or short on an underlying. However, unlike standard futures, they have no expiry date. Perpetual futures use a funding rate mechanism to keep the contract price aligned with the underlying asset.

Different factors influenced different company types in terms of their drivers of adoption of perpetual futures. However, some key themes were common with regulatory clarity and trusted, institution-grade infrastructure key factors across all company types.

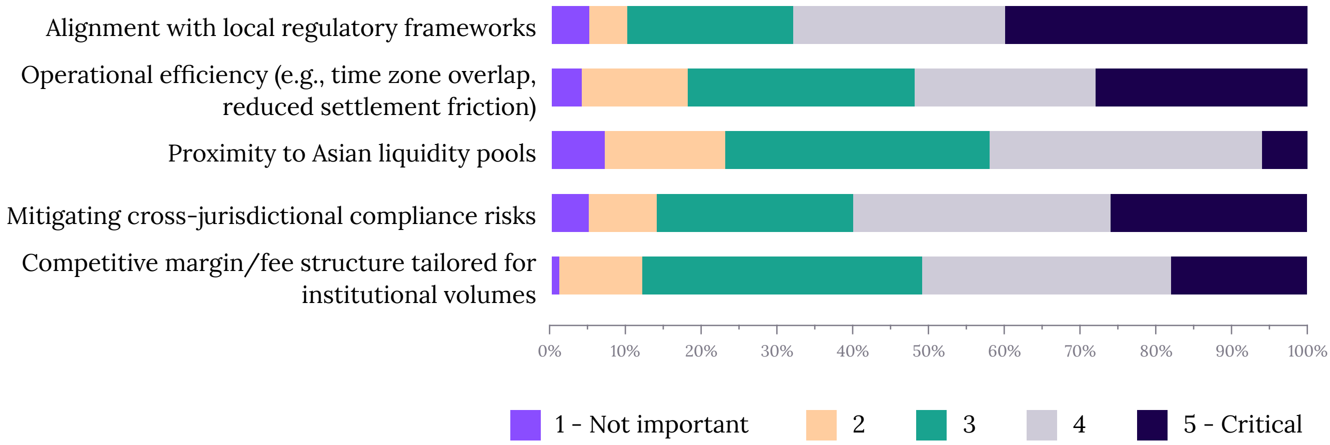
**What factors would influence your institution's participation in crypto perpetual futures?**

| | Firms active in crypto trading | | |
|---|---|---|---|
| | Props | Hedge funds | Sell-side |
| 1 | Trusted, institution-grade infrastructure and reliability | Trusted, institution-grade infrastructure and reliability | Regulatory clarity |
| 2 | Regulatory clarity | Competitive margin and low clearing fees | Trusted, institution-grade infrastructure and reliability |
| 3 | Arbitrage opportunities | Arbitrage opportunities | Deep liquidity pools |
| 4 | Competitive margin and low clearing fees | Regulatory clarity | Daily settlement mechanisms |
| 5 | Deep liquidity pools | Deep liquidity pools | Peer adoption pressure |

# TRADING CRYPTO IN ASIA

Asia has long been a pioneer of digital assets trading with some of the early venues being based in the continent. Now with the launch of perpetual futures on SGX, a mainstream, regulated, institutional market is strengthening the offering for firms looking to trade crypto in Asia.

**How important are the following factors in motivating your institution to consider crypto trading venues based in Asia?**




Trading derivatives on regulated, on-shore traditional derivatives markets solves many of the critical challenges that firms face when considering trading in crypto in Asia, such as alignment with local regulatory frameworks and increased operational efficiency.

Trading in digital assets is growing among institutional investment firms and the more launches from traditional, regulated exchanges will increase adoption and overall volumes in the market further.

The launch of perpetual futures on a traditional exchange represents a significant innovation in market structure and one that is likely to replicated, both among other traditional exchanges, and also in asset classes outside digital assets.

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