acuiti management intelligence

The SGX Global Market Sentiment Index Report

A barometer for the global derivatives industry

Q3 2025

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Introduction

Welcome to the Q3 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.

This quarter we find that business confidence has continued to fall back from the record highs seen in Q1 2025.

In addition, in this quarter's hot topic, we take a look at FX markets with a particular focus on emerging market currencies and ask how the evolution of market structure is impacting how firms source information on liquidity.

Methodology: Data within this report is based on surveys of Acuiti's Expert Networks, comprising 604 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 9 June and 25 July. Respondents in this quarter's report were from APAC (19%), Europe (54%), US and Canada (22%), ROW (5%). Respondents were from asset managers (14%), hedge funds (16%), proprietary trading firms (27%), FCMs (24%) and sell-side execution desks (20%).

Key themes this quarter

Declining Market Confidence

Market sentiment for most segments declined for the second consecutive quarter, with the SGX Global Market Sentiment Index falling to 68. The drop was driven by lower trading volumes and volatility, particularly impacting proprietary trading firms, whose optimism fell sharply. Hedge funds were the exception, with improved sentiment thanks to late Q2 recoveries and increased confidence among Commodity Trading Advisors (CTAs), although concerns remain around unpredictable market moves and broader macroeconomic risks.

Confidence Drops Sharply Among Props

Sentiment varied widely by segments. Sell-side execution desks remained relatively optimistic, especially in Europe, driven more by client growth than market trends. Sell-side clearing saw a sharp decline but found support from North American revenues and interest income. Proprietary trading firms were hit hardest due to shrinking volatility, especially in the US. Asset managers were increasingly concerned about global growth and US fiscal risks, though systematic strategies and smaller firms remained somewhat more upbeat.

Regional Optimism Shifts

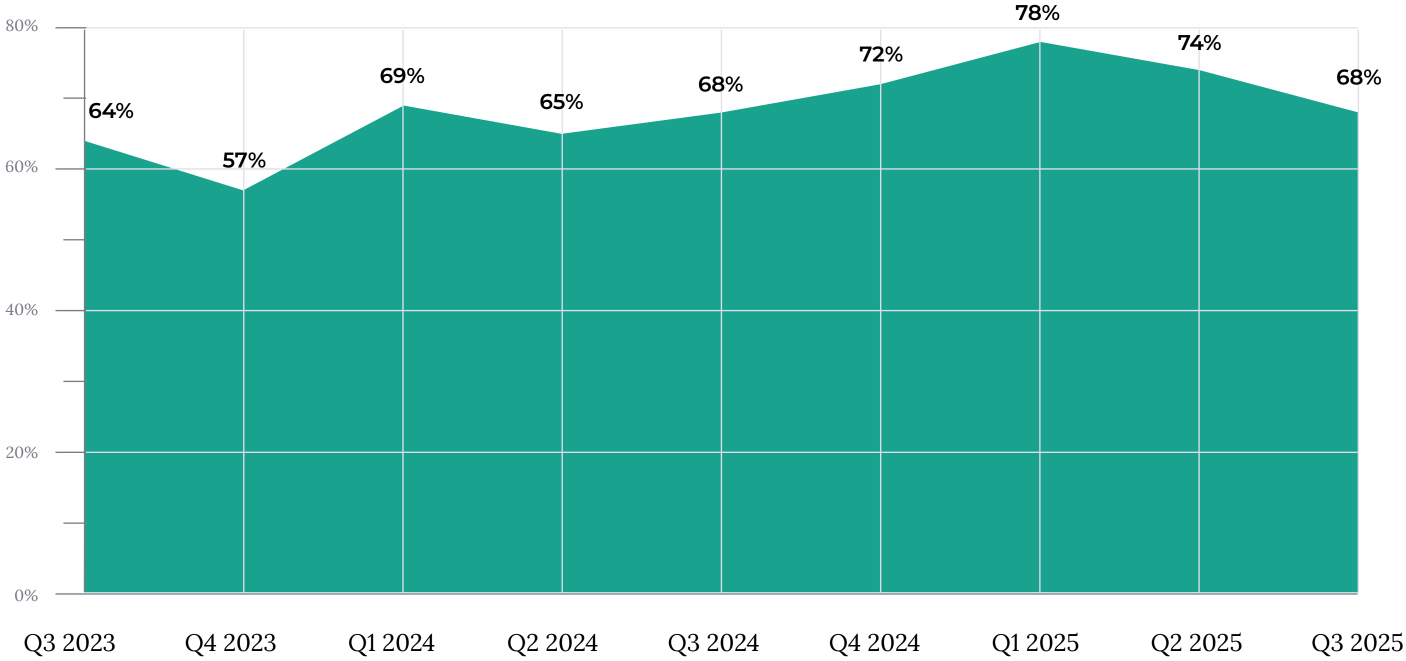
Confidence declined across all regions, most notably in the US, where sentiment dropped steeply from a record high in Q2. European and APAC markets also saw reduced optimism amid weakening activity. Lower volumes and subdued reactions to market events contributed to this fall. Despite some resilience in sectors like energy derivatives, the overall outlook reflects growing caution among market participants amid a slowdown following an eventful first half of the year.

FX Markets & Emerging Market Currencies

The report highlights growing complexity in FX markets as OTC and listed derivatives increasingly converge. Fragmented liquidity remains a key challenge, especially in emerging market Non-deliverable forward (NDF) currencies. Exchange platforms were seen as the most reliable sources of liquidity data. Firms identified limited data availability and real-time insights as obstacles. Looking ahead, the Indian rupee, Brazilian real, and Chinese renminbi were seen as offering the greatest profit potential in emerging market derivatives trading.

The Global Market Sentiment Index

Overall



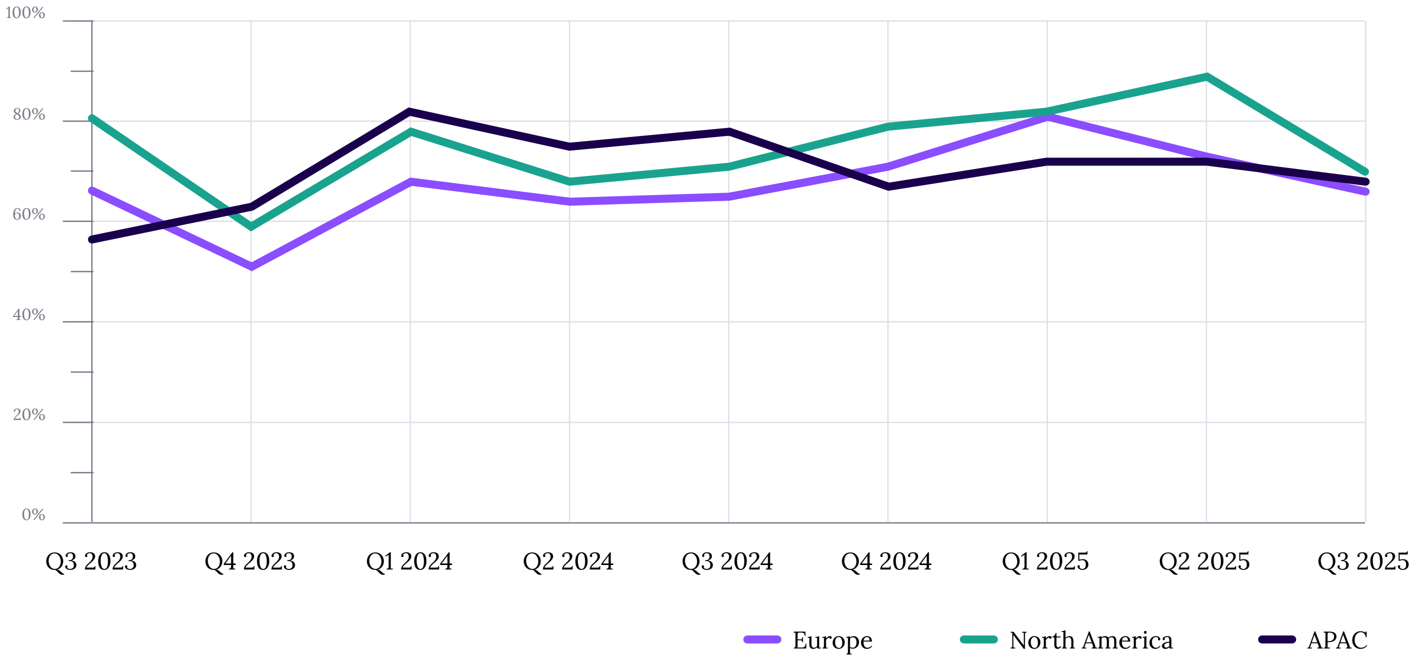
Optimism across global derivatives markets continued to fall this quarter as volumes and volatility dropped back from the highs seen earlier in the year.

Overall, the Q3 reading of the SGX Global Market Sentiment Index, a barometer of sentiment across the global derivatives industry, fell to 68 this quarter, down from 74 in Q2 2025 and marking the third consecutive quarterly fall.

The drop in sentiment was driven by sharp falls in optimism among the sell-side and proprietary trading firms – the latter seeing sentiment drop from a record high of 81 last quarter to just 63 this quarter. However, optimism among hedge funds rose this quarter.

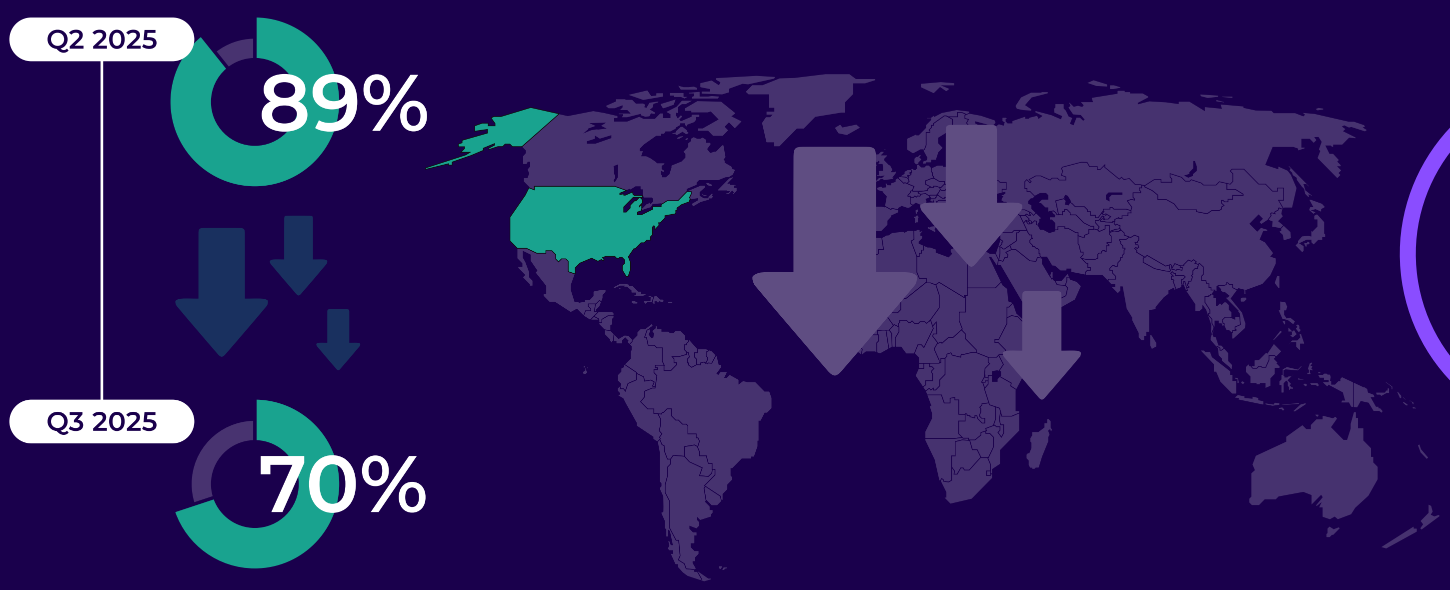
Regionally, confidence fell across Europe, North America and APAC with the sharpest falls in US – albeit from an elevated high during Q1 and Q2.

Regional optimism



Revenues at proprietary trading firms and sell-side desks, particularly those involved in clearing, tend to track more closely to volumes than other company types. The data collection period for this quarter came during June and July where volumes and volatility fell across most asset classes.

Optimism fell across all regions in Q3 2025 with the sharpest falls in the US, where the SGX Sentiment Index fell to a reading of 70, down from the record high of 89 in Q2 2025



There were exceptions. Energy markets surged during June following heightened geopolitical tensions in the Middle East, before easing back after tensions subsided. This led to higher volumes in energy derivatives in June, compared with volatility following “Liberation Day” in April.

Global Derivatives Volumes

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Agriculture	232,022,395	251,237,101	311,942,373	308,211,651	197,732,555	223,888,448
Currencies	158,952,079	144,179,649	163,756,825	177,736,388	161,596,920	154,072,236
Energy	312,549,263	264,908,233	278,543,872	331,946,433	280,682,758	344,885,016
Equity	8,538,832,305	6,336,865,555	7,343,824,719	7,328,831,114	7,364,030,913	6,892,822,574
Interest rates	529,952,258	650,074,264	649,161,517	714,305,826	623,052,651	538,471,820
Metals	203,219,092	217,767,831	252,642,244	316,753,086	286,727,468	272,537,473

Source: FIA

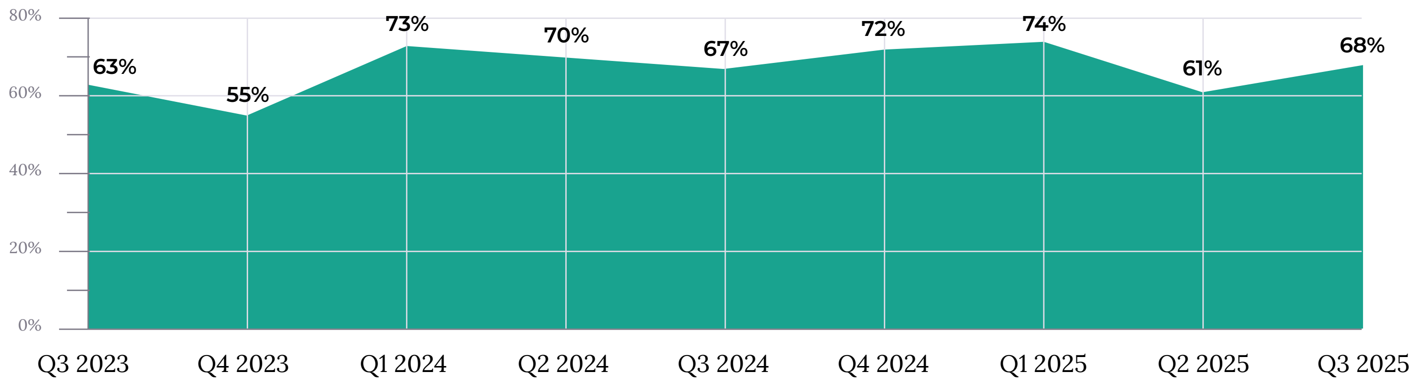
Elsewhere though, volumes across other asset classes typically continued to fall back from their strong showing in April, according to data from the Futures Industry Association (FIA). Interest rates experienced their slowest month since January while currencies saw the lowest volumes so far this year.

Acuiti research elsewhere has found that the first half of 2025 has been a profitable one for many firms in the derivatives market. However, as firms reduce exposures in the wake of the volatility seen over the last six months and markets also adjust to news, with subdued moves following events that would have roiled markets earlier in the year, many executives are predicting lower volumes and volatility over the next three months.

Whether these predictions will prove correct remains to be seen. One thing that 2025 has taught the derivatives market so far is to be prepared for the unexpected.

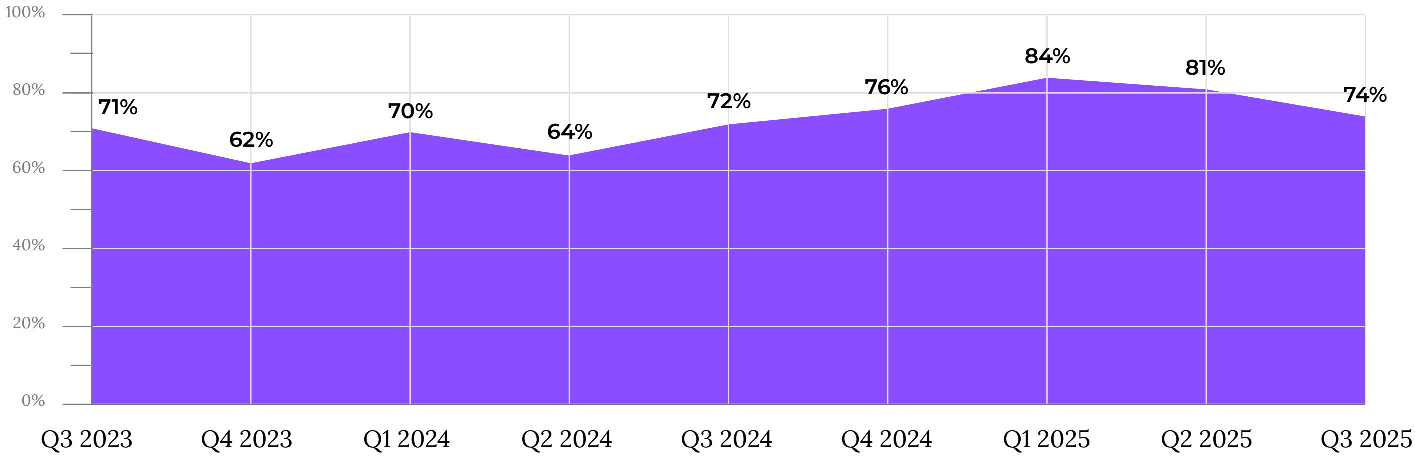
Segment analysis

HEDGE FUNDS



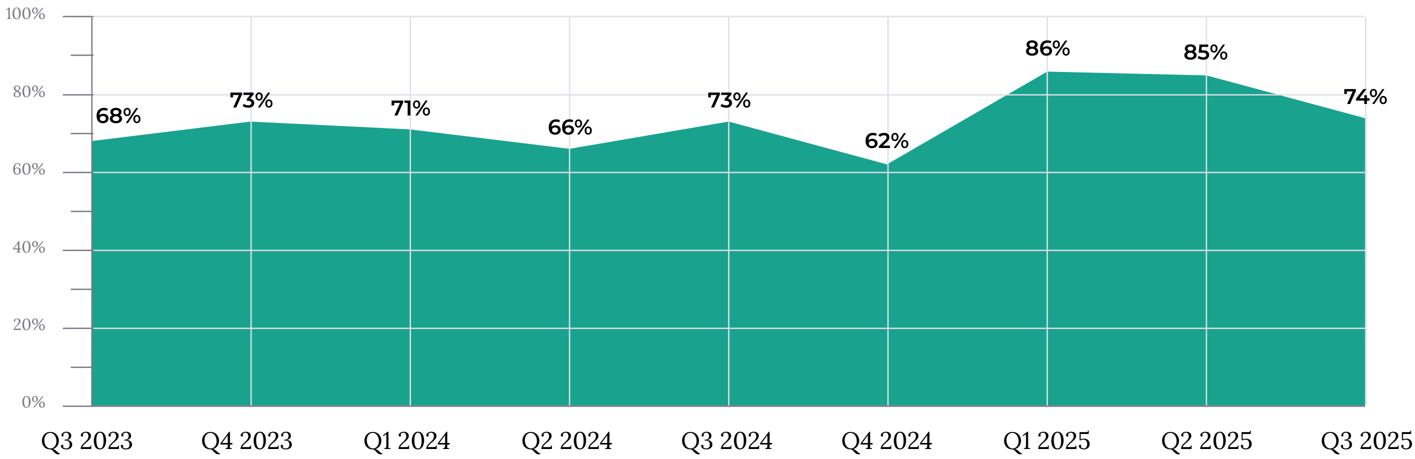
Hedge funds were an outlier in this quarter's sentiment index in that sentiment improved during the quarter from the low levels seen in Q2. The increase in sentiment was driven by a better performance towards the end of the quarter as funds recovered from losses experienced during the sharp volatility of April. CTAs in particular saw increased confidence during the quarter. In addition, expectations of lower interest rates are boosting optimism. However, the reading of 68 remains relatively muted and some executives pointed to continued concerns over unpredictable market moves in the coming quarter and heightened risk as causes for concern.

SELL-SIDE EXECUTION



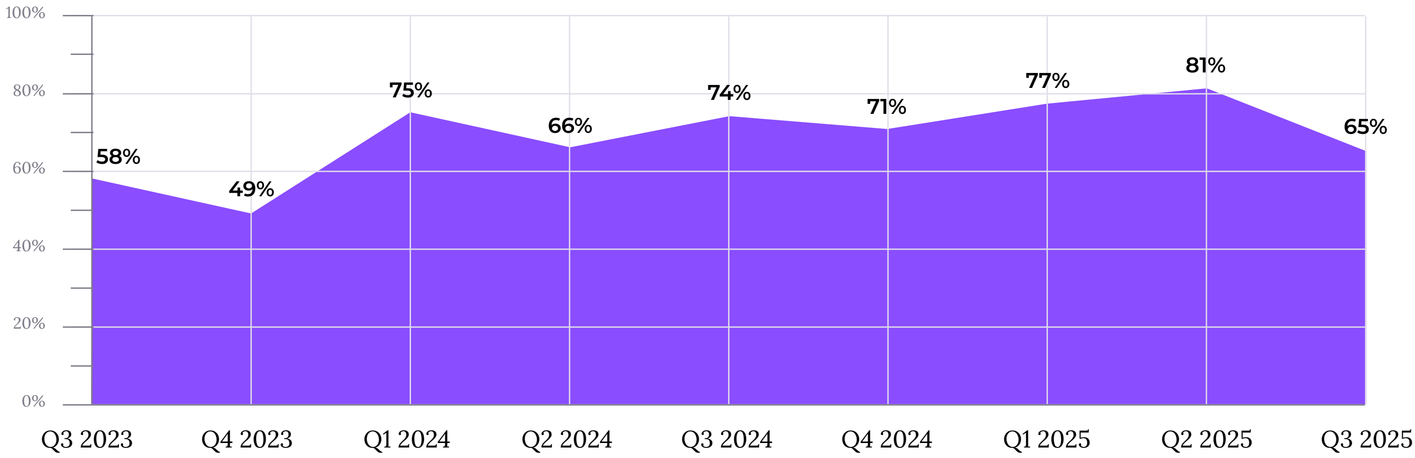
In line with others across the market, sentiment among senior sell-side execution executives dropped this quarter but remained high compared with other market segments. Sentiment among firms in Europe was highest with 82% of respondents from the continent optimistic about the performance of their business over the coming quarter. Sentiment was lowest in Asia and the Middle East. Significantly, executives with a positive outlook tended to cite internal factors such as client growth and the additions of new markets that were driving revenues rather than market conditions.

SELL-SIDE CLEARING



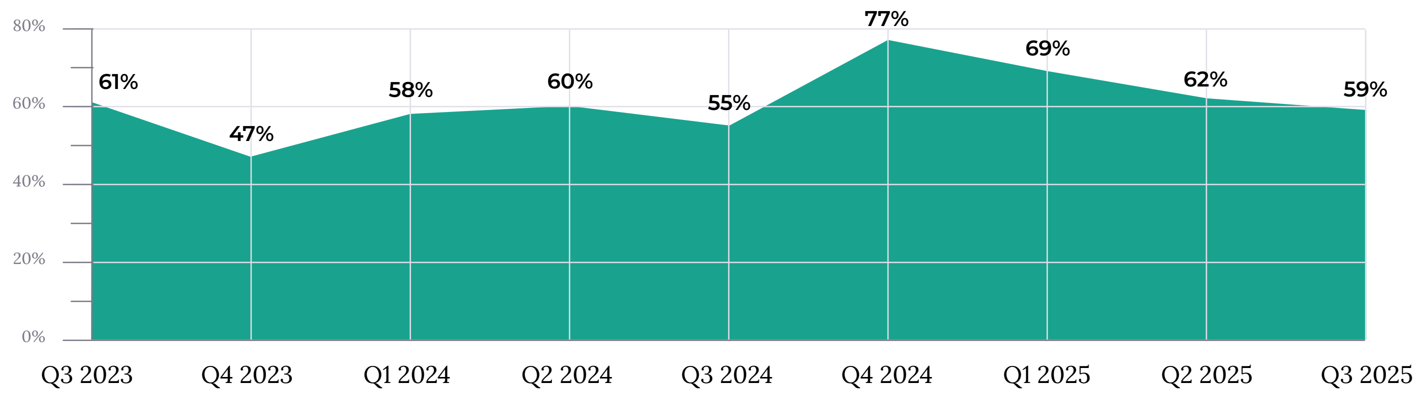
Sentiment among sell-side clearing executives dropped sharply from recent record highs this quarter and came in in line with sell-side execution desks. Unlike execution desks, however, sentiment in North America was stronger than elsewhere. Executives that were optimistic reported specific areas of strong revenues such as oil markets. One executive also said that continued consolidation in the market was creating positive revenue growth despite lower volatility and volumes. In addition, the expected pace of interest rate cuts in the US has slowed providing a boost to the medium term for clearing firms, who derive a significant proportion of their revenues from interest on client funds.

PROPRIETARY TRADING



Sentiment among proprietary trading firms slumped this quarter as volatility dried up and volumes fell across most asset classes and regions. After a stellar first four months of the year, many proprietary firms have seen significant falls in revenues since May. Proprietary trading firms reported that market news that would have led to wild market swings earlier in the year have been met with a muted response, reducing the opportunity for them to profit. Proprietary trading firms in the US saw the sharpest falls in sentiment with just 45% optimistic about the coming three months compared with 92% last quarter.

ASSET MANAGERS



Sentiment among asset managers continued to fall this quarter despite a respite in volatility as executives expressed concern about the outlook for global growth. Several executives also pointed to growing concerns over US debt and the weakening dollar. Firms with more systematic trading strategies expressed greater optimism about the outlook for their business, however. European firms were the least optimistic while firms with larger AUMs were less positive than smaller firms – a reversal on previous trends.

Emerging market FX trading

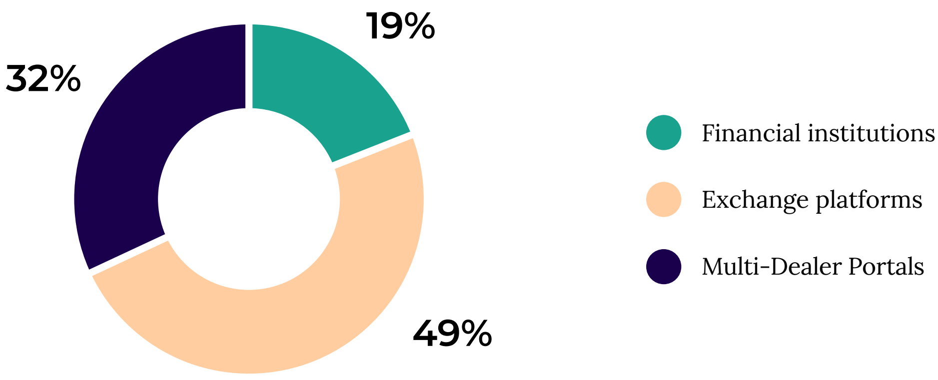
This quarter we take a look at FX markets, attitudes to emerging market currencies and how firms are accessing information on liquidity.

The structure of FX markets is undergoing significant shifts as the traditionally distinct worlds of OTC and listed derivatives trading converge. This trend is being driven both by the electronification of the market and innovation at exchanges across the globe.

Over the past decade, several exchanges have made investments in OTC and spot FX platforms to add trading in these markets to their offerings. This has led to the creation of hybrid trading models in which investors can connect seamlessly to both listed and OTC markets.

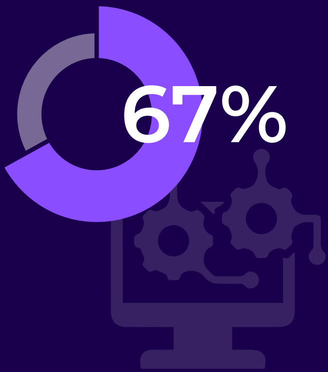
Despite this, the market remains relatively fragmented compared with other asset classes. As a result, finding reliable and accurate information on liquidity can be challenging.

Which of the following sources do you think provides the most reliable information on FX liquidity?



The top sources for reliable FX liquidity information were found in this study to be exchange platforms, which were particularly favoured by asset managers, hedge funds and proprietary trading firms. This in part reflects the fact that the Acuiti network is focused on listed derivatives markets.

Multi-dealer platforms were preferred sources of information on FX liquidity for brokers and some tier 1 banks while financial institutions were preferred by most sell-side execution desks and some hedge funds.

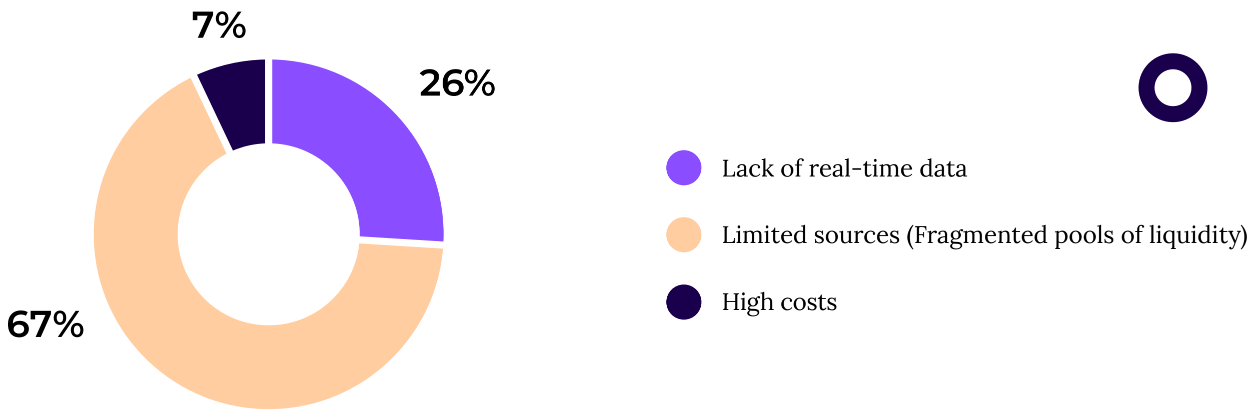


Limited sources of information across fragmented liquidity pools is the biggest challenge firms face when accessing information on emerging market NDF currencies, cited by 67% of respondents

This suggests a preference for centralised, transparent platforms among buy-side participants, while sell-side firms rely more on proprietary or multi-dealer portals.

For firms trading in emerging markets NDF currencies, however, access to information on liquidity can be harder to aggregate than in more established currencies.

When accessing information on FX liquidity for NDF currencies in emerging markets, what is the biggest challenge you face in obtaining timely and accurate FX liquidity information?



In these markets, respondents reported challenges in obtaining timely and accurate liquidity owing to limited sources of data across fragmented liquidity pools. This was most frequently cited by sell-side execution desks and hedge funds.

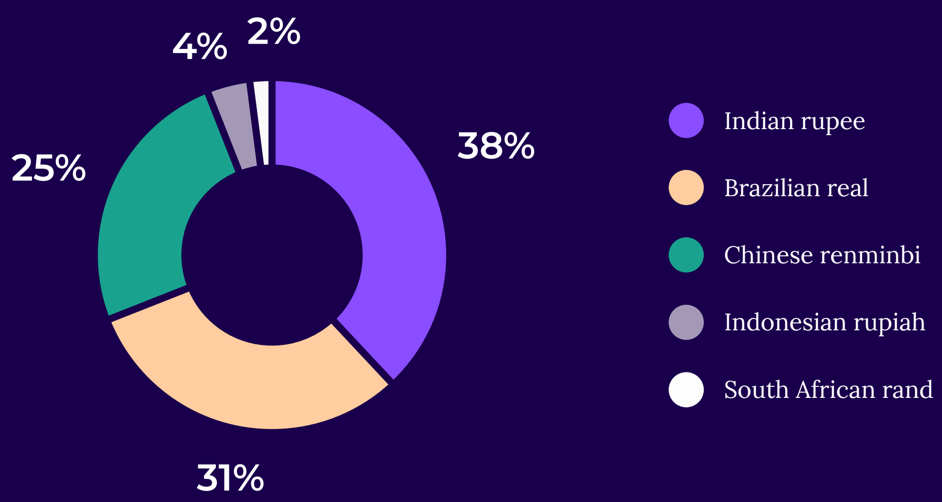
Tier 1 banks were most likely to report that a lack of real time data was a challenge for them while the high cost of sourcing data was a challenge for brokers and proprietary trading firms.

Emerging market currency expectations

We asked firms trading in emerging markets in which of a selection of currencies they saw the most potential for profit during 2025.

Opinion was split but top of the list was the Indian rupee, which reflects India's fast-growing economy and the fact that India looks set to benefit from US trade tensions with China. Also featuring highly was the Brazilian real, which has potential for appreciation following falls in 2024.

In which of the following emerging market currencies do you see the most potential for profit for derivatives trading in 2025?

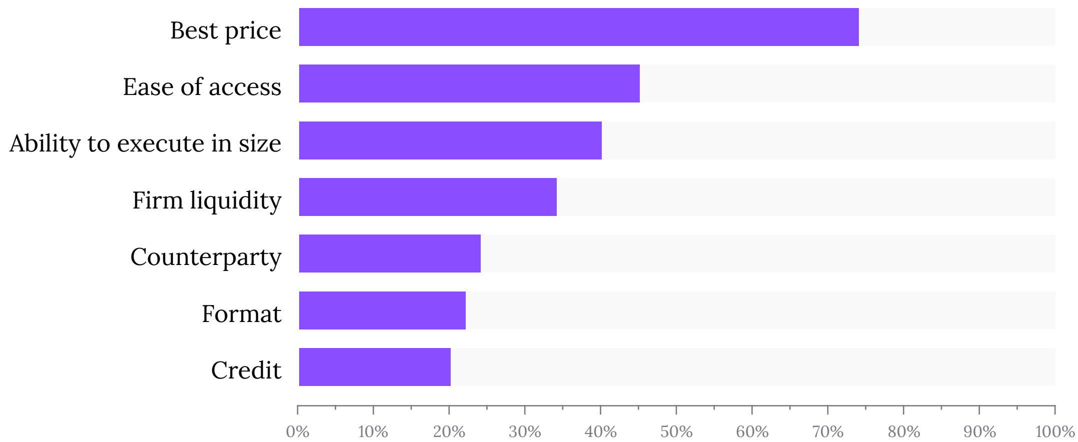


Considerations when trading FX

Considering the fragmented landscape for FX trading, firms have several considerations in their choice of venues and counterparties.

Unsurprisingly, the best price was a top consideration for the majority of respondents, but the importance of other areas reflects the complexities of trading in FX markets today.

What are your top 3 considerations when trading FX?



Ease of access was a key consideration for smaller hedge funds and proprietary trading firms while the ability to execute in size was particularly important for asset managers and hedge funds.

Overall, the findings of this survey reflect the depth and vibrancy of FX markets today with different company types taking different approaches to the market. For the sell-side the top focuses are on counterparty risk and access to real time data.

Asset managers, meanwhile, prioritise execution size and liquidity while proprietary trading firms look for markets that are easy to access to reflect their trading strategies of high volumes and seeking to profit for small differences and changes in price.

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