

Flow Traders Q1 2024 Pre-Close Call Script

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Welcome to the Flow Traders Q1 2024 pre-close call, which is being conducted post the European market close on 27 March. During this call I will highlight relevant publicly available data and industry trends in our markets as well as previously published data by Flow Traders and relate these data points to their impact on our business for the quarter. The silent period for Q1 will start on 31 March and we will publish our Q1 results on 25 April at 07:30 CEST.

Market Environment

Overall, trading volumes and volatility improved slightly in Q1 2024 compared to Q4 2023. Trading volumes also improved slightly in the quarter compared to the same period a year ago but volatility remained subdued.

Diving deeper into each of the asset classes and regions:

Equities

In equities, European exchange operators saw mixed trading as Euronext, Deutsche Börse and the London Stock Exchange reported either low-single-digit volume increases or declines quarter-on-quarter and year-over-year, depending on the exchange. In the Americas, volumes across the Nasdaq and New York Stock Exchange improved both quarter-on-quarter and year-over-year by low-to-mid single-digits. APAC also saw mixed trading in the quarter as volumes across the Hong Kong Stock Exchange, Tokyo Stock Exchange and Shanghai Stock Exchange were flat to down double-digits year-over-year but either up or down by double-digits quarter-on-quarter, depending on the exchange.

Volatility, as exemplified by the VSTOXX in Europe, VIX in the Americas, and JNIV in APAC, improved slightly from the lows of last November and December but remained below the average of Q4 2023 and is still down by about a third compared to the same period a year ago in both Europe and the Americas, while APAC saw double-digit increases year-over-year but was flat quarter-on-quarter.

Fixed Income

In the fixed income market, trading volumes in the quarter were mixed as trading of U.S. High-Grade and European credit increased by double-digits year-over-year but U.S. High-Yield declined by double-digits, according to data published by Tradeweb and MarketAxess. Fixed income volatility, as indicated by the MOVE index, declined by low single-digits both year-over-year and quarter-on-quarter.

Digital Assets

Within digital assets, trading volumes in Bitcoin, the barometer of the industry, increased by double-digits year-over-year in the quarter and high single-digits quarter-on-quarter on the back of the spot Bitcoin ETF approval in the U.S. Volatility in digital assets, as indicated by the BitVol index, was roughly flat year-over-year but declined by low single-digits quarter-on-quarter.

ETP Market Volumes

As per Flow Traders' previously published monthly ETP Market Statistics for January and February, On and Off Exchange Value Traded were up 12% year-over-year in EMEA, up 21% in the Americas, and up 23% in APAC. Average volatility, as indicated by the VIX, was down 32% year-over-year over the same period.

Impact on Flow Traders

Coming to Flow Traders' performance, we saw a slight improvement in market trading volumes compared to the last quarter. Additionally, this quarter provides further evidence that our diversification strategy is yielding positive results as, for instance, the long-awaited spot Bitcoin ETF launches in the U.S. in January resulted in higher volumes and inflows than expected.

On the cost front, Normalized Fixed Operating Expenses in the quarter are in-line with our previous guidance of being in the same range as 2023. As highlighted before, we will continue to structurally pursue additional efficiency gains across our global businesses and our underlying operating model as a matter of course while remaining focused on accelerating the implementation of our growth and diversification strategy at the same time.

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About Flow Traders

Flow Traders (Euronext: FLOW) is a global trading firm providing liquidity in multiple asset classes, covering all major exchanges and trading venues. Founded in 2004, Flow Traders is one of the leading ETP market makers and has leveraged its expertise to expand into fixed income, commodities, FX and digital assets. Flow Traders' role in financial markets is to ensure the continuous availability of liquidity and enabling investors to continue to buy or sell financial instruments under all market circumstances, thereby ensuring markets remain resilient and continue to function in an orderly manner. In addition to its core trading and market making activities, Flow Traders has established a strategic investment unit focused on fostering innovation in global financial markets, aligned with the firm's mission to bring greater transparency and efficiency to the financial ecosystem. With nearly two decades of experience, Flow Traders built a dedicated team of over 600 talented professionals, located globally in all major financial hubs, contributing to the firm's entrepreneurial culture, and delivering the company's mission for financial markets.