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Growth in U.S. Listed Options Volumes Hinges on Sustained Market Volatility in 2017, finds TABB Group Research

NEW YORK & LONDON, February 23, 2017 – Total volume in the U.S. options market reached 4.06 billion contracts in 2016, a 1.9% decline from 2015. As a lack of sustained volatility has resulted in little perceived volume growth, U.S. listed options volume for 2017 is expected to also remain fairly stagnant, according to TABB Group’s latest research, “[U.S. Options Market Outlook 2017: Emerging Catalysts on the Horizon](#).” The report examines factors that influence options trading activity, identifying key factors that the industry should monitor as catalysts to support trading in 2017. It also examines investor demand, the regulatory landscape and provides context on how volatility will support industry growth.

Report author [Andy Nybo](#) details how political and regulatory change in Washington has caused a decline in market correlation, creating an environment in which fundamental analysis will both drive strategy and support an ideal world for stock-pickers. At the same time, demand from both retail and institutional options customers remains strong and is expected to rise alongside necessary repositioning in this evolving regulatory environment. Assuming CBOE Volatility Index® (VIX® Index) levels similar to those in 2016, TABB expects total [U.S. listed options](#) volume to reach 4.12 billion contracts in 2017. However, a 5% increase in average VIX levels could push volume to 4.23 billion contracts and a 10% increase could propel volumes to 4.53 billion contracts.

“Our data shows that U.S. options markets are in a state of flux, which has been especially hard on strategies that specialize in trading volatility. Although periodic volatility spikes have become common, such as with the noted increase we saw in June with Brexit and again with the U.S. Presidential election in November, most strategies that leverage volatility have found little reason to trade,” says Nybo. “The events of 2016 have shown that the U.S. financial markets have entered a new cycle, with a strong break down in market correlations, that if provided with sustained volatility could see options volume return to a more robust growth profile.”

The report is now available for download by TABB Research Alliance clients at <https://research.tabbgroup.com/search/grid>. For more information or to purchase the report, contact info@tabbgroup.com.

About TABB Group

TABB Group is the international research and consulting firm focused exclusively on capital markets, founded on the interview-based research methodology developed by Larry Tabb. Since 2003, TABB Group has been helping business leaders gain a truer understanding of financial markets issues to develop actionable roadmaps and approaches to future growth. By accurately assessing their customer base, competition, and key market opportunities, TABB Group works with senior industry leaders to make critical decisions about their business. For more information, visit www.tabbgroup.com.

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