

INDUSTRY REPORT

Stock & Commodity Exchanges in the US

Feb 2024



About IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions.

Table Of Contents

2. At a Glance.....	5	Key External Drivers.....	8
Key Takeaways.....	5	Industry Structure.....	8
Products and Services.....	6	SWOT.....	9
Major Players.....	7	Executive Summary.....	9



At A Glance

Evaluate key industry data and trends and get an overview of important report sections to use in meetings and presentations.

2. At a Glance

<https://my.ibisworld.com/us/en/industry/52321/at-a-glance>

Revenue

\$21.3bn

'19-'24 ↑ 4.2 %

'24-'29 ↑ 2.5 %

Employees

7,500

'19-'24 ↑ 1.4 %

'24-'29 ↑ 1.9 %

Businesses

1,006

'19-'24 ↓ 1.6 %

'24-'29 ↓ 1.1 %

Profit

\$11.0bn

'19-'24 ↑ 8.1 %

Profit Margin

51.5%

'19-'24 ↑ 8.7 pp

Wages

\$1.8bn

'19-'24 ↑ 0.3 %

'24-'29 ↑ 2.0 %

Key Takeaways

Performance

- Revenue for stock and commodity exchanges has been performing well over the past five years, but conditions have been volatile. High corporate profit and savings boosted revenue before the COVID-19 pandemic, and high incomes from government aid increased revenue during the pandemic.
- Despite current economic challenges, the industry is anticipated to perform well during the outlook period. Steady economic growth will reduce investor uncertainty and raise corporate profit, increasing trading volume and revenue for stock and commodity exchanges.

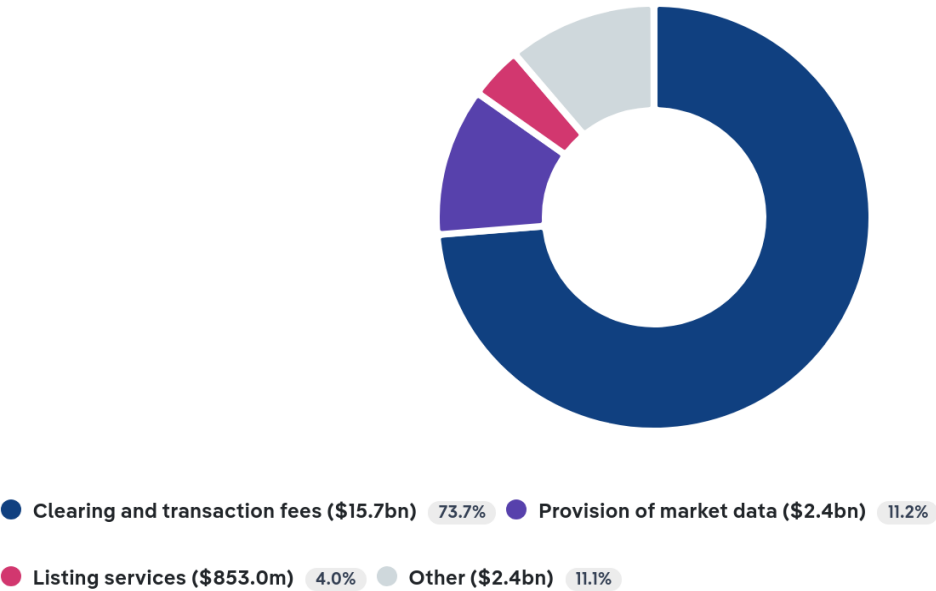
External Environment

- The financial industry is subject to significant fraud and economic uncertainty, so regulation is heavy to maintain transparency. Laws in place regulate commodities, securities, information exchange levels that must be released to the public, company ethics and compliance costs.
- Stocks and commodity exchanges receive little assistance but are helped directly and indirectly by private organizations and the government. The Securities Industry and Financial Markets Association (SIFMA) lobbies for buyers of stock and commodity exchanges.

Products and Services

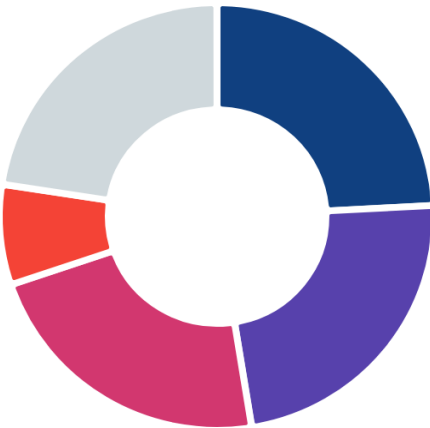
Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



Major Players

Major Players



- Nasdaq, Inc. (\$5.2bn) 24.2%
- Cme Group Inc. (\$5.0bn) 23.3%
- Intercontinentalexchange Inc. (\$4.8bn) 22.4%
- CBOE Holdings Inc. (\$1.6bn) 7.6%
- Other Companies (\$4.8bn) 22.6%

Key External Drivers

Key External Drivers	Impact
Corporate profit	Positive
Investor uncertainty	Positive
Personal savings rate	Positive
Yield on 10-year Treasury note	Negative

Industry Structure

Characteristic	Level	Trend
Concentration	High	
Barriers To Entry	Moderate	Decreasing
Regulation and Policy	High	Increasing
Life Cycle	Mature	
Revenue Volatility	Moderate	
Assistance	Low	Steady
Competition	High	Increasing
Innovation	Low	

SWOT

<p>S</p> <p>Strengths</p> <ul style="list-style-type: none"> Low Imports High Profit vs. Sector Average High Revenue per Employee 	<p>W</p> <p>Weaknesses</p> <ul style="list-style-type: none"> Medium & Decreasing Barriers to Entry Low & Steady Level of Assistance High Competition High Customer Class Concentration High Product/Service Concentration High Capital Requirements 	<p>O</p> <p>Opportunities</p> <ul style="list-style-type: none"> High Revenue Growth (2005-2024) High Revenue Growth (2019-2024) High Revenue Growth (2024-2029) Corporate profit 	<p>T</p> <p>Threats</p> <ul style="list-style-type: none"> Low Outlier Growth Low Performance Drivers Yield on 10-year Treasury note
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Executive Summary

Stock and commodity exchanges have remained vital to the Finance and Insurance sector (IBISWorld report 52). Exchanges act as intermediaries and provide physical trading floors or electronic marketplaces where buyers and sellers arrange trades in securities, commodities and related contracts. Exchanges facilitate the transfer of assets between market participants in different locations and with various timeframes.

The industry has performed well over the past five years. Wage growth was high, and unemployment was low in the years preceding the COVID-19 pandemic, increasing corporate profit and the savings rate. Higher corporate profit encouraged companies to invest in the stock market, while a higher savings rate increased investment in assets, raising trading volume and revenue for stock and commodity exchanges. In recent years, high inflation, the war in Ukraine, and recessionary fears have increased investor uncertainty, halting trading and reducing revenue. Since the Federal Reserve has raised interest rates to combat inflation, bonds have become more attractive, pushing markets away from stocks and their exchanges. Overall, revenue for stock and commodity exchanges has been increasing at a CAGR of 4.2% over the past five years, reaching an estimated \$21.3 billion in 2024. Revenue is anticipated to grow 11.7% in 2024 alone.

Despite current economic conditions, the industry is expected to do well during the outlook period. Strong economic conditions will reduce investor uncertainty and increase corporate profit, uplifting investment into the stock market and boosting revenue. Greater levels of research and development will expand the scope of stocks offered because new companies will spring up, benefiting exchanges. The industry will face more threats from substitutes as better technology will enable investors to start trading independently, but effective use of electronic platforms can help stem this decline. Overall, revenue for stock and commodity exchanges is projected to increase at a CAGR of 2.5% over the next five years, reaching \$24.1 billion in 2029. Profit is anticipated to make up 52.6% of revenue.

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