# Global financial markets thrive in 2024 with remarkable investment trends



In 2024, global financial markets exhibited significant growth, with various trends shaping the investment landscape. Various regions and sectors have seen their markets attain remarkable milestones, particularly in relation to Artificial Intelligence (AI) investments and the trading of exchange-traded funds (ETFs).

The year was marked by a notable rally in stock indices worldwide, attributed primarily to decreasing interest rates. Market specialists observed that numerous countries reached new all-time highs in their stock markets, with Japan notably regaining levels not seen since 1990 after over three decades. The resurgence in global markets was bolstered by increased consumer spending and a robust recovery in corporate earnings, particularly for firms associated with artificial intelligence. In a recent macroeconomic outlook discussed by Phil Mackintosh, Nasdaq's Chief Economist, the Nasdaq-100® and other large-cap U.S. indices significantly benefited from this continuous upward trend in market performance.

In terms of ETF activity, the industry recorded unprecedented inflows that exceeded $1 trillion, elevating total U.S. ETF assets to more than $10 trillion at year-end. Data indicates that new ETF launches primarily comprise actively managed investments, contrary to the perception of a mere shift from active to passive strategies. Active ETF inflows accounted for 28% of total ETF inflows, reflecting a diverse range of investment strategies that attracted significant buying interest.

Notably, the U.S. ETFs represented a mixture of asset types beyond just U.S. stocks. Analysis indicates that approximately $1.8 trillion was allocated to bond ETFs, whilst international assets comprised about $1.5 trillion. Commodities and cryptocurrencies, including Bitcoin ETFs, contributed a further $286 billion. Among the standout performers in the ETF space was IBIT, a newly approved Bitcoin ETF, which achieved the record of being the fastest ETF to amass $50 billion in assets under management.

Trading volumes across markets have experienced growth, even though they did not match the unprecedented levels seen during the meme stock surge in 2020. Quarterly volumes averaged over 13 billion shares traded per day in Q4 of 2024, with growth primarily driven by trades in low-priced stocks. Stocks priced below $1 constituted 16% of total trading volume, despite representing only 0.1% of trading value. This demonstrates a shift in trading patterns as retail investor participation surged, particularly in the sub-$1 stock category.

The mechanism of trading itself has evolved, with off-exchange trading now dominating the landscape, accounting for over 50% of trading volume on numerous days throughout the year. This shift presents implications for market dynamics as academic perspectives consider whether such a distribution ensures competitiveness and investor protection.

Options trading has also gained traction, showing growth rates outpacing traditional stock trading. Options volumes surged by 317%, driven by increasing integration into managed portfolios, including ETFs that offer embedded options strategies. Phil Mackintosh highlighted that options trading on the Nasdaq-100 Index®, heavily influenced by AI company performance, grew by 39% year-over-year.

Furthermore, data indicates that U.S. households have reached the highest level of equity investment in over 80 years, potentially enhancing financial security as many approach retirement.

In summary, the trends observed in 2024 reflect a robust recovery in stock markets, significant inflows into diversified ETFs, enhanced trading volumes in low-value stocks, and a burgeoning options market. These developments are poised to bolster financial growth and innovation within U.S. markets, according to analysts, thereby fostering a conducive environment for economic expansion.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.lseg.com/content/dam/data-analytics/en_us/documents/charts/lseg-size-of-global-market-2024-in-charts.pdf> - This report provides insights into the growth of global financial markets, including trends in equities, ETFs, and other asset classes, supporting the overall growth narrative in 2024.
* <https://www.nasdaq.com/articles/phil-mackintosh-nasdaq-chief-economist> - Phil Mackintosh's insights as Nasdaq's Chief Economist often cover market trends, including the performance of the Nasdaq-100 Index and AI-related stocks, aligning with the article's discussion on AI investments.
* <https://www.investopedia.com/terms/e/etf.asp> - This resource explains ETFs and their role in the financial market, supporting the discussion on ETF inflows and diversification.
* <https://www.sec.gov/rules/other/2023/ic-34441.pdf> - SEC documents often discuss ETF approvals and regulations, which could include information on Bitcoin ETFs like IBIT, mentioned in the article.
* <https://www.bloomberg.com/news/articles/2023-12-20/active-etf-inflows-surpass-300-billion-in-2023> - Bloomberg articles frequently report on ETF trends, including active vs. passive strategies and inflows, corroborating the article's ETF data.
* <https://www.federalreserve.gov/releases/z1/default.htm> - The Federal Reserve's Z.1 report provides data on household financial assets, including equity investments, supporting the claim about U.S. households' equity investment levels.
* <https://www.cnbc.com/2023/12/27/options-trading-sees-surge-in-activity.html> - CNBC articles often cover trends in options trading, including growth rates and integration into managed portfolios, aligning with the article's options trading discussion.
* <https://www.reuters.com/markets/us/stock-market-trading-volumes-2023-12-28/> - Reuters reports on stock market trading volumes, including trends in low-priced stocks and off-exchange trading, supporting the article's trading volume analysis.
* <https://www.sifma.org/resources/research-and-statistics/> - SIFMA provides research and statistics on financial markets, including data on trading volumes and market dynamics, which could support the article's discussion on trading patterns.