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Ten years of fixed-income market structure evolution

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Originally presented by Kevin McPartland as opening remarks at the 2025 Fixed Income Leaders Summit in Washington, DC on June 10.

In 2015, the year of the first Fixed Income Leaders Summit, we asked investment-grade bond traders what their preferred method was for accessing liquidity in the corporate bond market. Ninety-four percent said the phone.

The level of change we've experienced in the past decade is nothing short of amazing. While we still talk about some of the same topics, the session titles from that event 10 years ago are a great reminder of how far we've come:

- **Then:** "Is the bond bubble about to burst? Which solutions can you adopt to combat the withdrawal of quantitative easing?"
- **Now:** The bond bubble didn't burst for seven more years—until 2022, and the Fed Funds rate was 0 in June 2015 compared to 4.25% today.

- **Then:** "Can innovative 'all to all' models prosper in the new fixed-income landscape?" and "Buy-side to buy-side trading—Is this the best alternative means to source liquidity?"
- **Now:** Eleven percent of the total market volume and 38% of MarketAxess volume in April traded all-to-all, and all-to-all trading solutions are still top on the buy side's trading venue wish list, per our recent research.

- **Then:** "From challenge to opportunity—New liquidity providers in a shifting regulatory landscape"
- **Now:** Crisil Coalition Greenwich research shows that nonbank liquidity providers account for 13% of market-making revenue in credit globally.

Fixed-income electronic trading adoption from then to now does an even better job of showing the change. First, here are the changes from 2015 to 2025:

- U.S. investment grade: 20% to 48%
- U.S. high yield: 6% to 32%
- EU investment grade: 46% to 63%
- EU high yield: 22% to 44%
- Municipal bonds: 6% to 18%
- U.S. Treasuries: 42% to 56%

The market volatility in April created a new list of records that further demonstrate the market's growth:

- $2.4 trillion of U.S. Treasuries traded on April 9. The $721b traded electronically that day was more than the total ADNV in 2022.
- $32.5 billion of munis also traded on April 9, which more than doubled the Q1 ADNV.
- $92 billion of U.S. corporate bonds traded on April 30, quadrupling the ADNV in 2015.

The next question, of course, is how electronic these markets can become. To put that in perspective, our research shows that 56% of U.S. and European equity trading is executed electronically from the buy side's perspective, meaning the balance is phoned into a broker. That would suggest that markets such as investment-grade corporate bonds and U.S. Treasuries are getting close.

However, that assumes electronic trading will continue to be defined as it is today, which the past decade has taught us is unlikely. It's also important to remember that equities markets have very stringent rules about how people trade, which can limit innovation, a roadblock the bond market does not have.

And while I will likely continue to be obsessed with electronic trading percentages for the rest of my career, those metrics will likely matter less and less for the most liquid markets. Going forward, the market's evolution will be more about automation and the makeup of electronic trading—aggregating liquidity, aggregating data, analyzing data, and automating not only dealer selection but decisions on how and where to trade.

Five years ago, portfolio trading wasn't even really a thing. Now, it can account for 20% or more of market volume. Looking back at what we talked about 10 years ago continues to remind me to never say never when thinking innovation and what's next. I can't wait to see what's next.

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