Crisil Coalition Greenwich

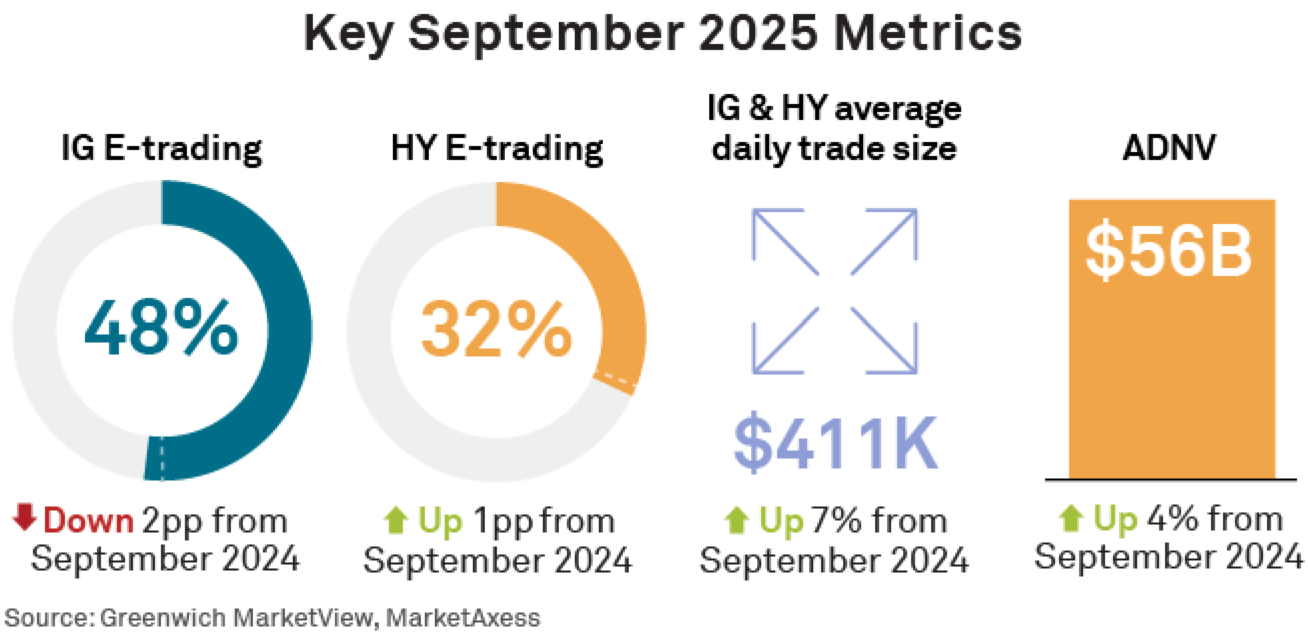
# Portfolio e-trading grows, while dealer net positions go short

October Data Spotlight: U.S. Credit Trading

October 20, 2025
Executive Summary:

The credit market's road to year-end started off with a bang. New issuance hit its highest level since May 2020, which supported an average daily notional volume (ADNV) in the secondary market of $56 billion per day, up 4% year over year. September 30 was the busiest U.S. corporate bond trading day ever, with $89 billion traded—surpassing the previous record set on April 30.

October 2025

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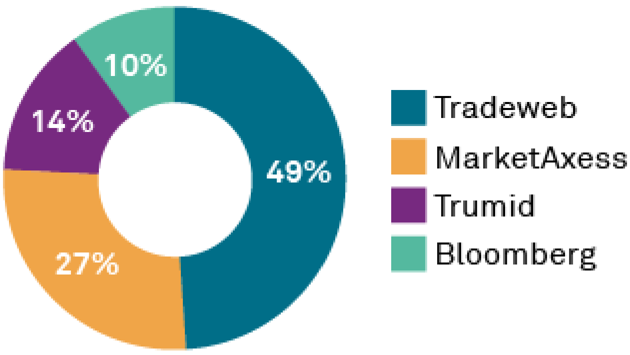
## Portfolio trading

Yet again, portfolio trading played a big part in the month's and month end's volume, with 9.8% of investment-grade and11.6% of high-yield volume traded via PT over the month, jumping to 18% and 16%, respectively, on month end. Our data suggests that nearly all of that volume was traded or processed via a trading venue, a notable achievement for the market. More specifically, the roughly $6 billion of PT reported by the trading venues nearly matches the $6 billion ADNV of PT in TRACE.

While we do treat all platform-reported PT as electronically traded, bilateral communication via IB and phone is still occuring for some of that activity. The complexity and risk that comes with billion dollar transactions often makes a conversation a smart pre-execution step. Nevertheless, despite these caveats and known noise in the data, the industry's full adoption of the available electronic tools in the span of only five years is impressive.

## Portfolio trading — market share
### Notional volume




Source: Greenwich MarketView

While Tradeweb remains the market share leader, handling over half of the PT notional traded, Bloomberg, MarketAxess and Trumid all gained share in September. Usability and analytics that support the trading process will be the primary driver of client retention or defection over time, something all involved are heavily investing in. Clients tend to center most if not all of their PT on a favorite platform, while dealers generally go wherever their clients are. The only true deterrent for market participants using a platform is fees, but clearly, the benefits of a non-Excel transaction are, in most cases, outweighing those costs.

## Dealers going short

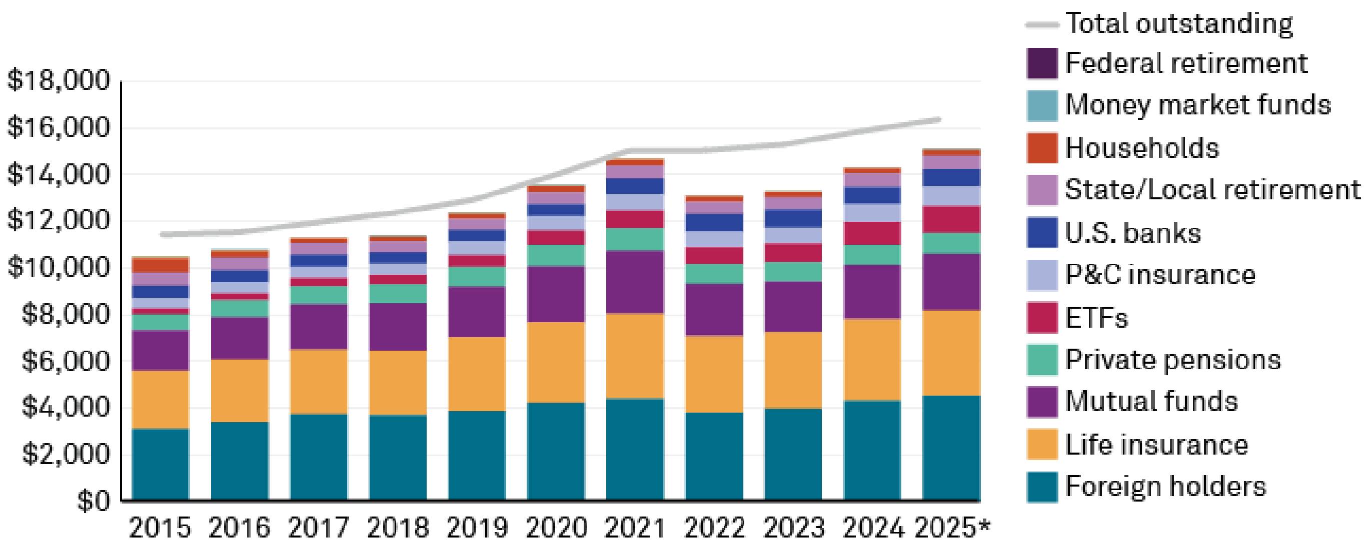
Amid the heavy overall volume and PT, corporate bonds on primary dealers' balance sheets have continued moving more short. Their average $9.5 billion net short positions in bonds with greater than 5 years duration in September overtakes their $7.4 billion net long positions in bonds 5 years or less. There are many factors that encourage dealer holdings in general and explain why dealers are currently net short longer-duration bonds. The focus on longer dated bonds suggests a reduction in DV01. Longer dated bonds have a higher cost of carry. Some banks might see credit spreads today as too tight, and so are positioning for an expected widening.

That all said, an expectation of declining rates has seen investors and insurance companies looking to lock in today's rates for longer. This can leave dealers short who are working to fullfil client demand. While rate-cut expectations have come and gone many times over the past year, and dealers have been partially short the whole time, the growth of the short position since June has been notable, suggesting an inflection point is upon us.

## Who is holding the bonds

A different data set from the Fed that captures holders of corporate bonds more broadly shows that U.S. bank (not just primary dealers) corporate bond holdings have declined each year since 2022. More interestingly, as of Q2 2025, the total value of corporate bonds held by the bond holders tracked by the Fed has finally grown above its pre-ratecut peek of 2021. The biggest buyer? Exchange-traded funds (ETFs). Following the sharp decline in value at the hand of higher rates in 2022, ETFs have seen their holdings in notional terms grow by 58% between 2022 and 2025 via an additional $425 billion of corporate bonds, compared to 9% growth across all holders. So, while still fifth on the list of biggest corporate bond holders, the importance of ETFs in the bond market continues its ascent.

## Corporate bond holdings by sector — annual notional values

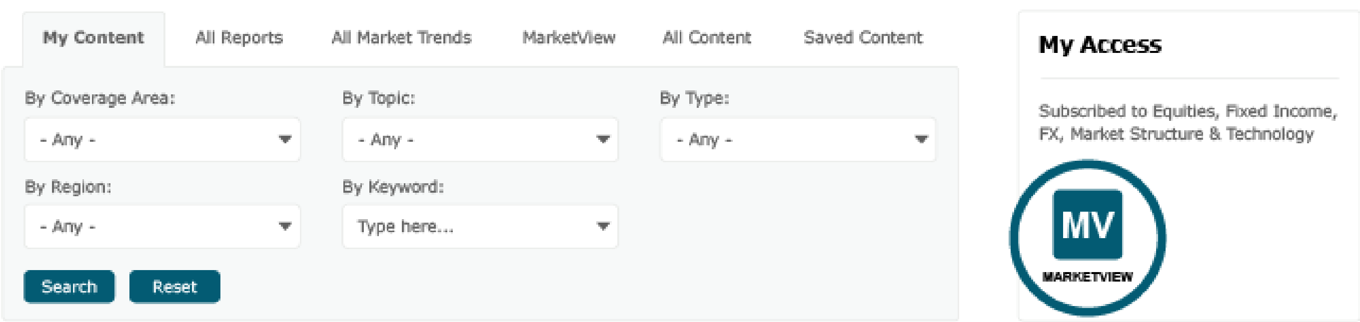



Note: *2025 represents average of Q1 and Q2 only.
Source: Federal Reserve, Crisil Coalition Greenwich

*Market Structure & Technology Head of Research [Kevin McPartland] and Neha Jain are co-authors of this report.*

*The data underlying this analysis, which includes but is not limited to e-trading levels, platform market share and total market volumes, is available to subscribers of Greenwich MarketView. MarketView provides continuous access to these metrics, updated at least monthly, based on the frequency of the source data.*

## Where to Access MarketView



Methodology:

Crisil Coalition Greenwich continuously gathers data and insights from credit market participants, including market makers, primary dealers and trading platforms. The data, once aggregated, normalized and enhanced, is analyzed by our market structure research team who identify the key trends of trading in the credit markets, with a focus on corporate bond electronic trading and trading platform market share.

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