Chart of the Week

27 July 2026

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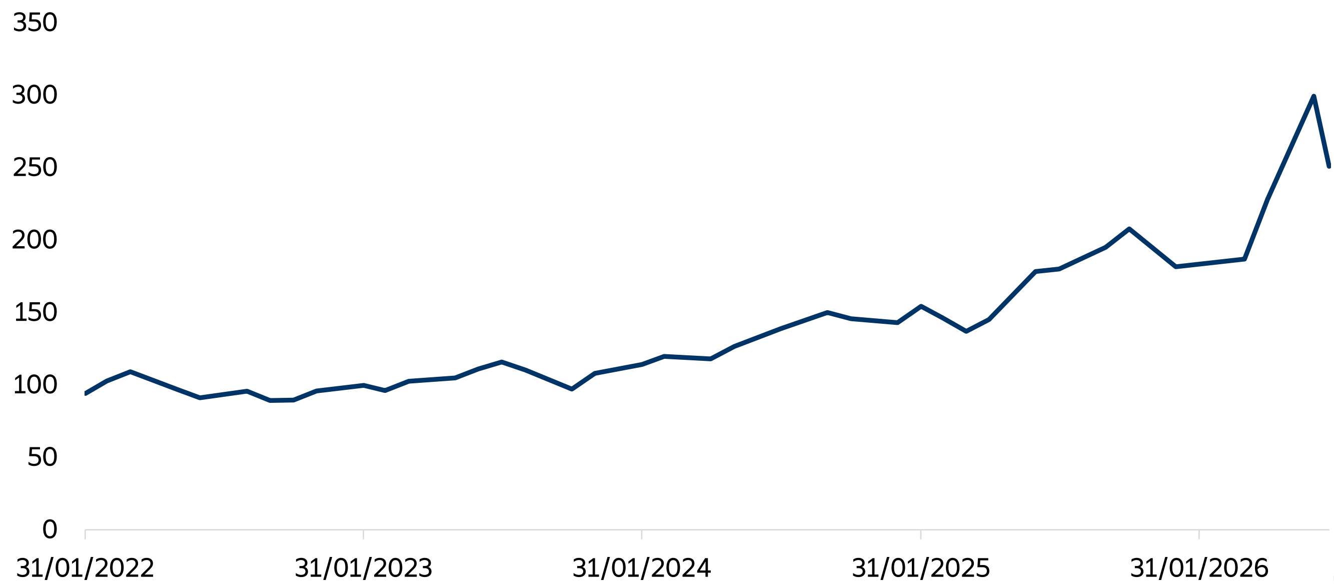
Levereged ETF AUM (USD bn)



Source: Bloomberg Finance L.P. Data to 20 July 2026.

Leveraged ETFs

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What does the chart show?

The graph highlights the remarkable growth in leveraged ETF assets over recent years. What was once a niche corner of the ETF market has become one of its fastest-growing segments, driven by investors seeking amplified exposure to major equity indices, technology stocks and high-profile companies such as Nvidia and Tesla. The trend reflects a growing appetite for tactical investing, with leveraged products increasingly being used not only by professional traders but also by retail investors. The acceleration in assets under management suggests that investors are becoming more comfortable accessing leverage through the ETF wrapper rather than through traditional margin accounts or derivative instruments.

Why is it important?

The growth of leveraged ETFs matters because their impact extends beyond the investors who hold them. To maintain target leverage ratios, these products rebalance daily, creating additional trading activity in underlying securities and derivatives. As assets grow, these flows can amplify market moves, particularly during periods of heightened volatility.

South Korea illustrates these risks. Leveraged ETFs, alongside Samsung Electronics and SK Hynix, accounted for more than 70% of trading value in the country's US$4.3 trillion equity market in June 2026. The two companies' combined weight in the KOSPI reached 52%, while some semiconductor-linked products recorded daily swings of up to 131%.

While leveraged ETFs can boost returns in strongly trending markets, they can also magnify losses and generate outcomes that diverge significantly from investor expectations over longer holding periods. In response to these risks, South Korea's Financial Services Commission suspended new single-stock leveraged ETF listings on 16 July 2026, increased minimum deposit requirements, and banned the marketing of such products by securities firms and asset managers.

The growing popularity of leveraged ETFs therefore has important implications for market volatility, liquidity and investor risk, making it essential for regulators and market participants to understand their market impact as part of their decision- making process.

Weekly market update

Week ending 24 July 2026

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Surging oil prices and renewed US tariffs revived global inflation concerns, pushing bond yields higher and reducing expectations for easier monetary policy.

US

- **New tariffs intensified trade tensions:** President Trump imposed duties of 10%–12.5% on imports from 60 trading partners, including China and the EU, citing concerns over forced-labour enforcement.
- **Brazil faced additional trade pressure:** A separate 25% tariff was applied to billions of dollars of Brazilian exports, including machinery, ethanol, clothing and wood products.
- **Oil revived inflation and interest-rate concerns:** Rising energy prices and Treasury yields led markets to increase expectations that the Federal Reserve could tighten policy later in the year.
- **The Iran conflict became a domestic political issue:** US military casualties, rising economic costs and pressure on defence resources increased scrutiny of the administration's Middle East strategy.

UK

- **Andy Burnham began his premiership:** The new Prime Minister replaced Keir Starmer and prioritised the cost of living, regional devolution and economic regeneration.
- **A new economic leadership structure emerged:** Burnham established "No10 North" in Manchester and revived the National Economic Council to shift more decision-making away from Westminster.
- **Financial-services policy remained broadly unchanged:** The government indicated it would retain the previous administration's City-friendly competitiveness and regulatory reform programme.
- **Markets gave the new government a cautious welcome:** Investors saw some room for targeted spending, but remained sensitive to fiscal discipline, gilt yields and the credibility of the new Treasury team.

Europe

- **The ECB held interest rates unchanged:** Policymakers paused after June's increase but left open the possibility of further tightening as higher energy costs threatened inflation.
- **Banks tightened lending conditions:** Eurozone lenders reported stricter credit standards and expected further tightening because of geopolitical, economic and energy-related risks.
- **US tariffs tested transatlantic relations:** EU officials questioned Washington's forced-labour justification, although exemptions for selected products limited some of the immediate economic impact.
- **The EU expanded sanctions against Russia:** A 21st sanctions package targeted Russian banks and cryptocurrency networks, while retaining a limited exemption for transfers of Russian LNG.
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Rest of the World/Asia

- **New US tariffs on China increased external pressure:** Chinese goods were included in Washington's latest tariff measures, adding to uncertainty surrounding exports and global supply chains.
- **Japan's yen fell to a 40-year low:** Higher US yields, rising oil prices and doubts over Japan's fiscal and monetary policy direction pushed the currency beyond ¥163 per dollar.
- **Sanae Takaichi unveiled her economic strategy:** Japan's Prime Minister proposed large-scale public and private investment in growth industries, while reaffirming the Bank of Japan's formal independence.
- **Middle East tensions spread to additional shipping routes:** Houthi attacks and threats against Saudi ports created a second potential disruption point alongside the Strait of Hormuz.

Weekly market data

Week ending 24 July 2026

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Asset Class / Region	Currency	Cumulative returns			
		Week ending 24 July 2026	Month to date	YTD 2026	12 months
Developed Markets Equities					
United States	USD	-0.6%	-1.1%	8.8%	17.5%
United Kingdom	GBP	1.4%	2.6%	10.4%	21.9%
Continental Europe	EUR	0.3%	-0.6%	10.5%	18.8%
Japan	JPY	2.3%	0.4%	19.1%	37.8%
Asia Pacific (ex Japan)	USD	0.4%	-4.7%	18.1%	28.6%
Australia	AUD	-0.3%	-0.1%	2.3%	4.0%
Global	USD	-0.4%	-0.7%	8.9%	17.6%
Emerging Markets Equities					
Emerging Europe	USD	2.0%	3.3%	18.1%	27.8%
Emerging Asia	USD	0.4%	-6.6%	19.8%	32.9%
Emerging Latin America	USD	1.4%	2.8%	13.6%	39.4%
BRICs	USD	0.1%	2.5%	-8.9%	-5.9%
China	USD	0.9%	4.9%	-10.8%	-8.1%
MENA countries	USD	0.3%	-0.5%	-0.3%	-3.0%
South Africa	USD	-1.6%	-3.3%	-8.3%	20.4%
India	USD	-2.2%	-2.1%	-14.5%	-14.0%
Global emerging markets	USD	0.5%	-5.3%	17.3%	30.8%
Bonds					
US Treasuries	USD	-0.7%	-1.1%	-0.6%	2.4%
US Treasuries (inflation protected)	USD	-0.7%	-0.9%	0.3%	2.4%
US Corporate (investment grade)	USD	-0.9%	-1.5%	-0.5%	3.2%
US High Yield	USD	-0.6%	-0.4%	1.5%	4.8%
UK Gilts	GBP	-0.5%	-1.6%	-1.5%	1.9%
UK Corporate (investment grade)	GBP	-0.5%	-1.4%	-0.5%	3.2%
Euro Government Bonds	EUR	-0.2%	-1.7%	-0.5%	-0.1%
Euro Corporate (investment grade)	EUR	-0.3%	-1.1%	0.3%	1.1%
Euro High Yield	EUR	-0.2%	-0.4%	1.5%	3.0%
Global Government Bonds	USD	-0.7%	-1.2%	-1.8%	-1.4%
Global Bonds	USD	-0.7%	-1.3%	-1.4%	0.4%
Global Convertible Bonds	USD	0.3%	-4.9%	12.3%	20.6%
Emerging Market Bonds	USD	-1.0%	-1.6%	0.4%	7.3%
Property					
US Property Securities	USD	1.6%	5.4%	23.3%	23.9%
Australian Property Securities	AUD	-1.7%	-3.2%	-9.8%	-10.1%
Global Property Securities	USD	0.5%	3.4%	11.8%	14.5%
Currencies					
Euro	USD	-0.5%	-0.3%	-3.1%	-3.3%
UK Pound Sterling	USD	-0.9%	0.6%	-0.9%	-1.3%
Japanese Yen	USD	-0.8%	-0.7%	-4.2%	-10.3%
Australian Dollar	USD	0.1%	1.1%	4.8%	6.0%
South African Rand	USD	-1.7%	-2.5%	-1.5%	5.0%
Swiss Franc	USD	-1.2%	-1.1%	-2.9%	-2.8%
Chinese Yuan	USD	0.1%	0.2%	3.2%	5.6%
Commodities & Alternatives					
Commodities	USD	3.4%	11.8%	35.5%	39.5%
Agricultural Commodities	USD	1.1%	7.5%	14.5%	10.1%
Oil	USD	9.9%	32.7%	59.0%	39.9%
Gold	USD	1.3%	1.0%	-5.9%	20.8%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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