Trading in UK covered warrants disappointing, finds research by Knowledge Technology Solutions

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Almost four months after the London Stock Exchange launched its covered warrants market to a fanfare of publicity, trading volumes in the new securities are still very thin.

According to new research by Knowledge Technology Solutions PLC (KTS), the live financial data technology company, turnover volume of covered warrants in January* was just 542 million and valued at only Â£9.3m. This is the equivalent to approximately 0.01% of the Â£77.5bn traded in equities in the same month.

Since the covered warrants market was launched in late October last year, it appears the appetite among UK retail investors for these new securities has not rivalled that in continental Europe. For example, in November* almost 352 million covered warrants with a value of only Â£3.4m were traded in London. In December*, turnover rose to 509 million covered warrants valued at Â£6.2m. In February** to date, volume turnover is up only slightly on January* to 556 million covered warrants with a value of Â£12m.