

January 21, 2026

# Past to Future: Decades of NDX Dominance & Potential 2026 Market Catalysts

---

**Kevin Davitt**

Product Research & Strategy  
Nasdaq

[www.ibkr.com/campus/webinars](http://www.ibkr.com/campus/webinars)

[www.ibkr.eu/campus/webinars](http://www.ibkr.eu/campus/webinars)

Exchange and Industry Sponsored Webinars are presented by unaffiliated third parties. IBKR is not responsible for the content of these presentations. You should review the contents of each presentation and make your own judgment as to whether the content is appropriate for you. IBKR does not provide recommendations or advice. This presentation is not an advertisement or solicitation for new customers. It is intended only as an educational presentation.

## Disclosure:

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled [Characteristics and Risks of Standardized Options](#) or by calling (312) 542-6901.

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the [CFTC Risk Disclosure](#). For a copy visit your local Interactive Brokers Website.

Security futures involve a high degree of risk and are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading security futures, please read the [Security Futures Risk Disclosure Statement](#). For a visit copy your local Interactive Brokers Website.

There is a substantial risk of loss in foreign exchange trading. The settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds must be considered when computing the cost of trades across multiple markets.

The Order types available through Interactive Brokers Trader Workstation are designed to help you limit your loss and/or lock in a profit. Market conditions and other factors may affect execution. In general, orders guarantee a fill or guarantee a price, but not both. In extreme market conditions, an order may either be executed at a different price than anticipated or may not be filled in the marketplace.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

IRS Circular 230 Notice: These statements are provided for information purposes only, are not intended to constitute tax advice which may be relied upon to avoid penalties under any federal, state, local or other tax statutes or regulations, and do not resolve any tax issues in your favor.

Interactive Brokers LLC is a member of NYSE FINRA SIPC

Interactive Brokers Canada Inc - Is a member of the Canadian Investment Regulatory Organization (CIRO) and Member - Canadian Investor Protection Fund

Interactive Brokers (U.K.) Limited is authorised and regulated by the Financial Conduct Authority. FCA Register Entry Number 208159

Interactive Brokers Ireland Limited is regulated by the Central Bank of Ireland. CBI, reference number C423427

Interactive Brokers Australia Pty. Ltd. - ABN 98 166 929 568 is licensed and regulated by the Australian Securities and Investments Commission AFSL: 453554

Interactive Brokers Singapore Pte. Ltd. - Is licensed and regulated by the Monetary Authority of Singapore. MAS, Licence No. CMS100917

Interactive Brokers Hong Kong Limited is regulated by the Hong Kong Securities and Futures Commission, and is a member of the SEHK and the HKFE

Interactive Brokers India Pvt. Ltd. member: NSE, BSE, SEBI. Regn. No. SEBI Registration No. INZ000217730; NSDL: IN-DP-NSDL-301-2008

As with all investments, your capital is at risk



Past to Future:

# Decades of NDX Dominance & Potential 2026 Market Catalysts

Kevin Davitt

Product Research & Strategy, Nasdaq

**Interactive Brokers  
Webinar**

**1/21/2026**

# Disclaimer: Risk in Every Market and Tool

## Index

Nasdaq® is a registered trademark of Nasdaq, Inc. The information contained above is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. Neither Nasdaq, Inc. nor any of its affiliates makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Statements regarding Nasdaq-listed companies or Nasdaq proprietary indexes are not guarantees of future performance. Actual results may differ materially from those expressed or implied. Past performance is not indicative of future results. Investors should undertake their own due diligence and carefully evaluate companies before investing. **ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.**

## Options

For the sake of simplicity, the examples included do not take into consideration commissions and other transaction fees, tax considerations, or margin requirements, which are factors that may significantly affect the economic consequences of a given strategy. An investor should review transaction costs, margin requirements and tax considerations with a broker and tax advisor before entering into any options strategy.

**Options involve risk and are not suitable for everyone.** Prior to buying or selling an option, a person must receive a copy of *Characteristics and Risks of Standardized Options*. Copies may be obtained from your broker, one of the exchanges or The Options Clearing Corporation, One North Wacker Drive, Suite 500, Chicago, IL 60606 or call 1-888-OPTIONS or visit [www.888options.com](http://www.888options.com).

Any strategies discussed, including examples using actual securities and price data, are strictly for illustrative and education purposes and are not to be construed as an endorsement, recommendation or solicitation to buy or sell securities.

© 2025. Nasdaq, Inc. All Rights Reserved.

# The Rise of Retail Continues

“We estimate that retail traders now account for 60% of all OCC customer volume.

At this level of participation, *retail is no longer marginal to market outcomes – they are a driver.*

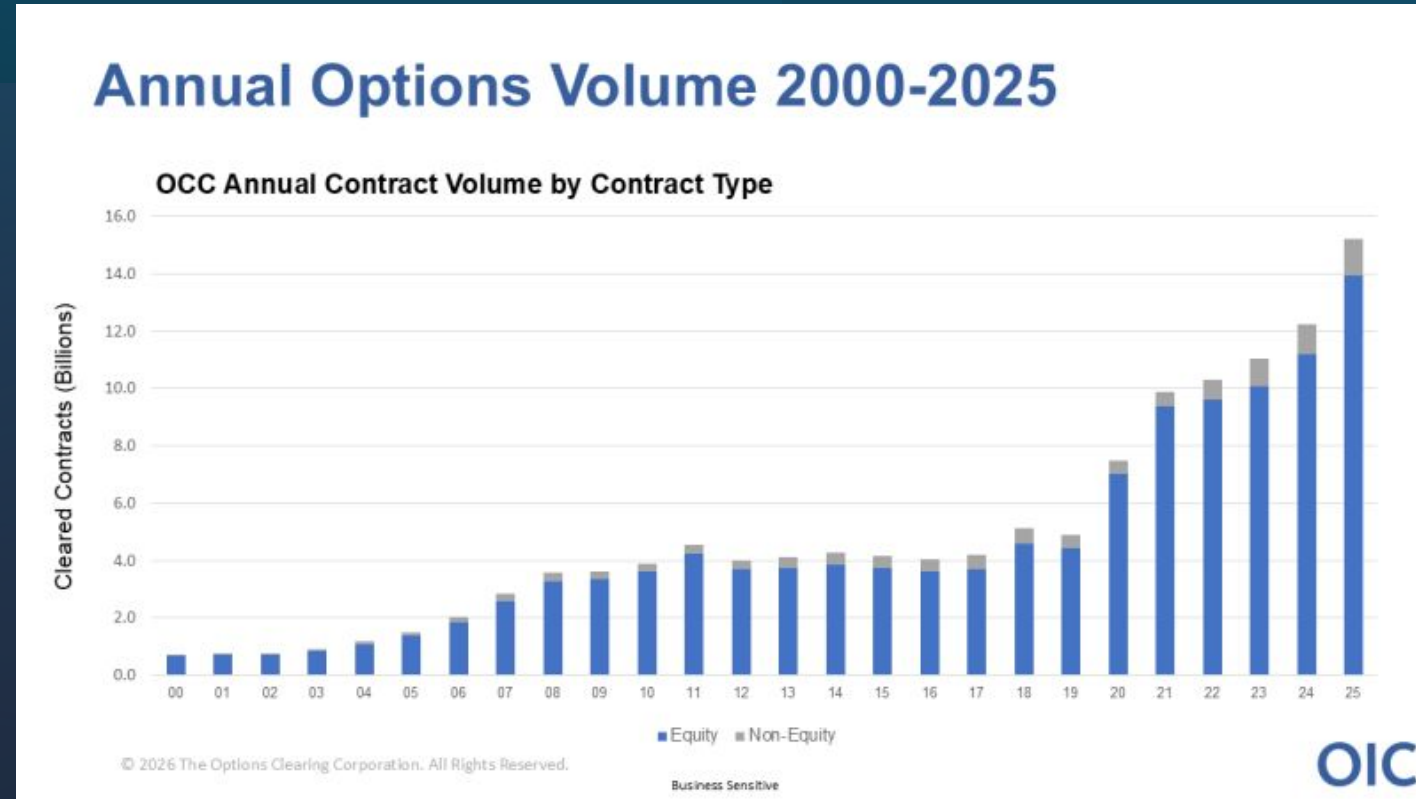
The defining feature of retail activity in 2025 was persistent, directional bullishness, expressed through options with notable scale and consistency.”

*Source: Citadel Research (January 2026)*

# Overall Growth

## Record-breaking Volumes

- Holding periods/tenors continue to shrink.
- Overall: +24.3% (Y/Y)
- Equity: +26.8%
- Index: +20.3%
- ETF: +21.9%
- NDX: +49.9%



Source: Options Clearing Corporation (OCC)

# Back to the Future

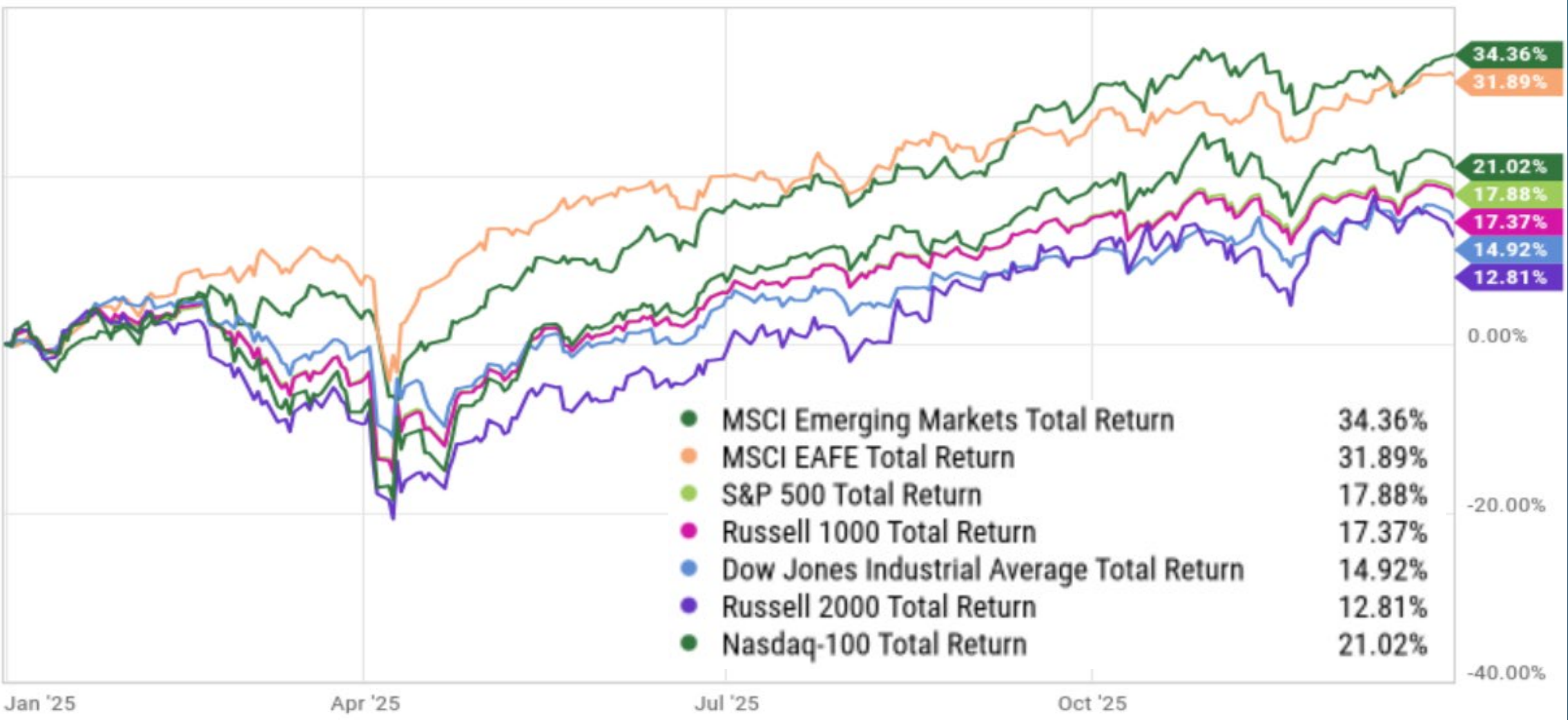
## Stacking Returns

- 3<sup>rd</sup> consecutive year of 20%+ growth for NDX.
- Small cap continue to lag (despite 6M TR).
- Meaningful intra-year decline (normal).
- What's it mean for 2026?

YTD Total Return	1 month Total Return	3 month Total Return	6 month Total Return	1 year Total Return	3 year Total Return	5 year Total Return	10 year Total Return
Emerging Markets 34.4%	Emerging Markets 3.0%	World exUSA 5.3%	Emerging Markets 16.3%	Emerging Markets 34.4%	US Growth 31.2%	US Growth 15.3%	US Growth 18.1%
World exUSA 32.5%	World exUSA 3.0%	Emerging Markets 4.8%	US Small 14.9%	World exUSA 32.5%	S&P 500 23.0%	Commodities 14.7%	S&P 500 14.8%
US Growth 18.6%	US Value 0.7%	US Value 3.8%	US Growth 11.8%	US Growth 18.6%	World exUSA 18.3%	S&P 500 14.4%	US Value 10.5%
S&P 500 17.9%	Muni Bonds 0.1%	S&P 500 2.7%	S&P 500 11.0%	S&P 500 17.9%	Emerging Markets 17.0%	US Value 11.3%	US Small 9.6%
US Value 15.9%	S&P 500 0.1%	US Small 2.2%	World exUSA 11.0%	US Value 15.9%	US Value 13.9%	World exUSA 10.0%	World exUSA 9.1%
US Small 12.8%	Aggregate Bonds -0.1%	Muni Bonds 1.6%	US Value 9.3%	US Small 12.8%	US Small 13.7%	US Small 6.1%	Emerging Markets 8.9%
Aggregate Bonds 7.3%	Commodities -0.3%	US Growth 1.1%	Commodities 5.1%	Aggregate Bonds 7.3%	US Real Estate 6.9%	US Real Estate 4.9%	Commodities 6.1%
Commodities 7.1%	US Treasuries -0.3%	Aggregate Bonds 1.1%	Muni Bonds 4.6%	Commodities 7.1%	Aggregate Bonds 4.7%	Emerging Markets 4.7%	US Real Estate 5.8%
US Treasuries 6.3%	US Small -0.6%	Commodities 1.0%	Aggregate Bonds 3.2%	US Treasuries 6.3%	Muni Bonds 3.9%	Muni Bonds 0.8%	Muni Bonds 2.3%
Muni Bonds 4.2%	US Growth -0.6%	US Treasuries 0.9%	US Treasuries 2.4%	Muni Bonds 4.2%	Commodities 3.9%	Aggregate Bonds -0.4%	Aggregate Bonds 2.0%
US Real Estate 3.8%	US Real Estate -2.1%	US Real Estate -2.3%	US Real Estate 0.7%	US Real Estate 3.8%	US Treasuries 3.6%	US Treasuries -1.0%	US Treasuries 1.4%

Source: YCharts

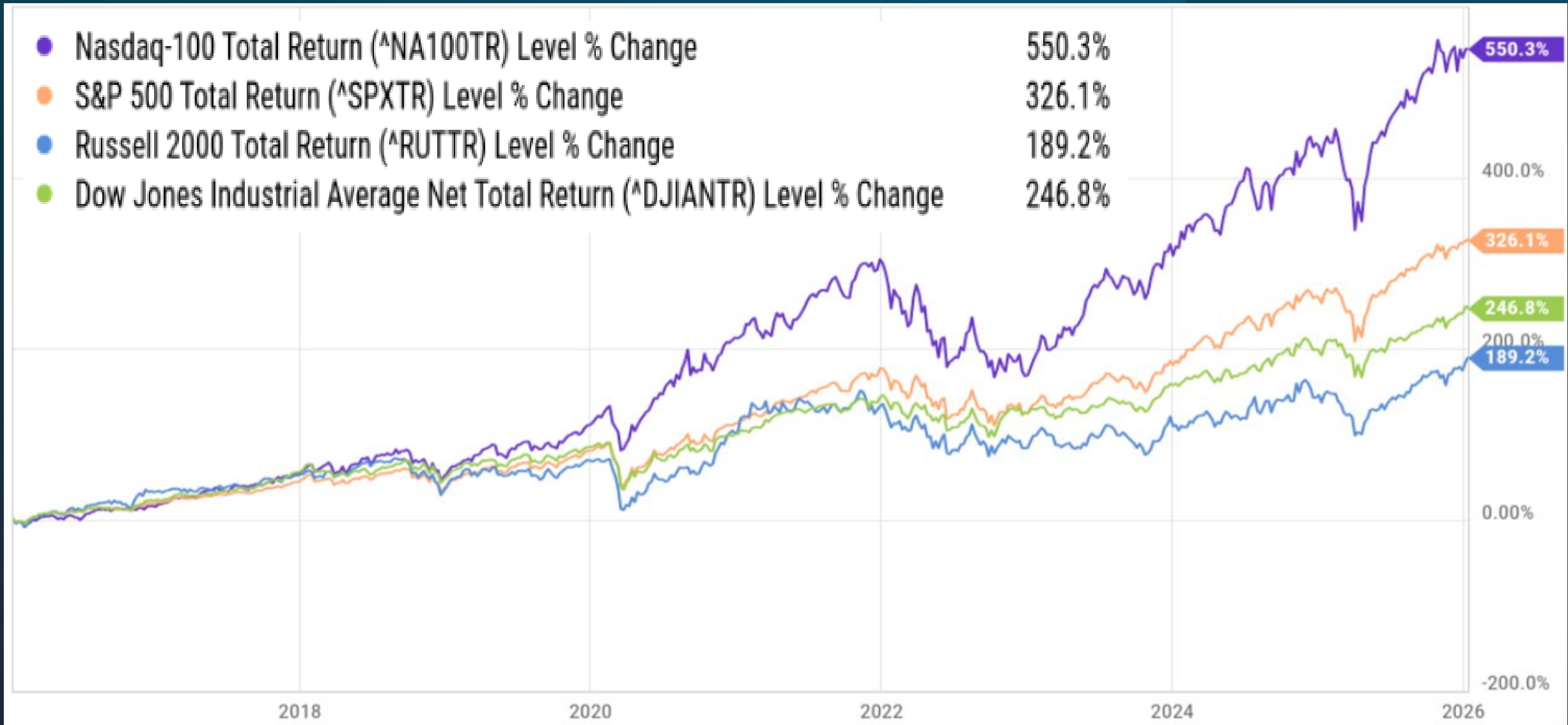
# Rising Tides Lifted All Equity Boats (FY 2025)



Source: YCharts

Past performance is not indicative of future results. Any trading symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

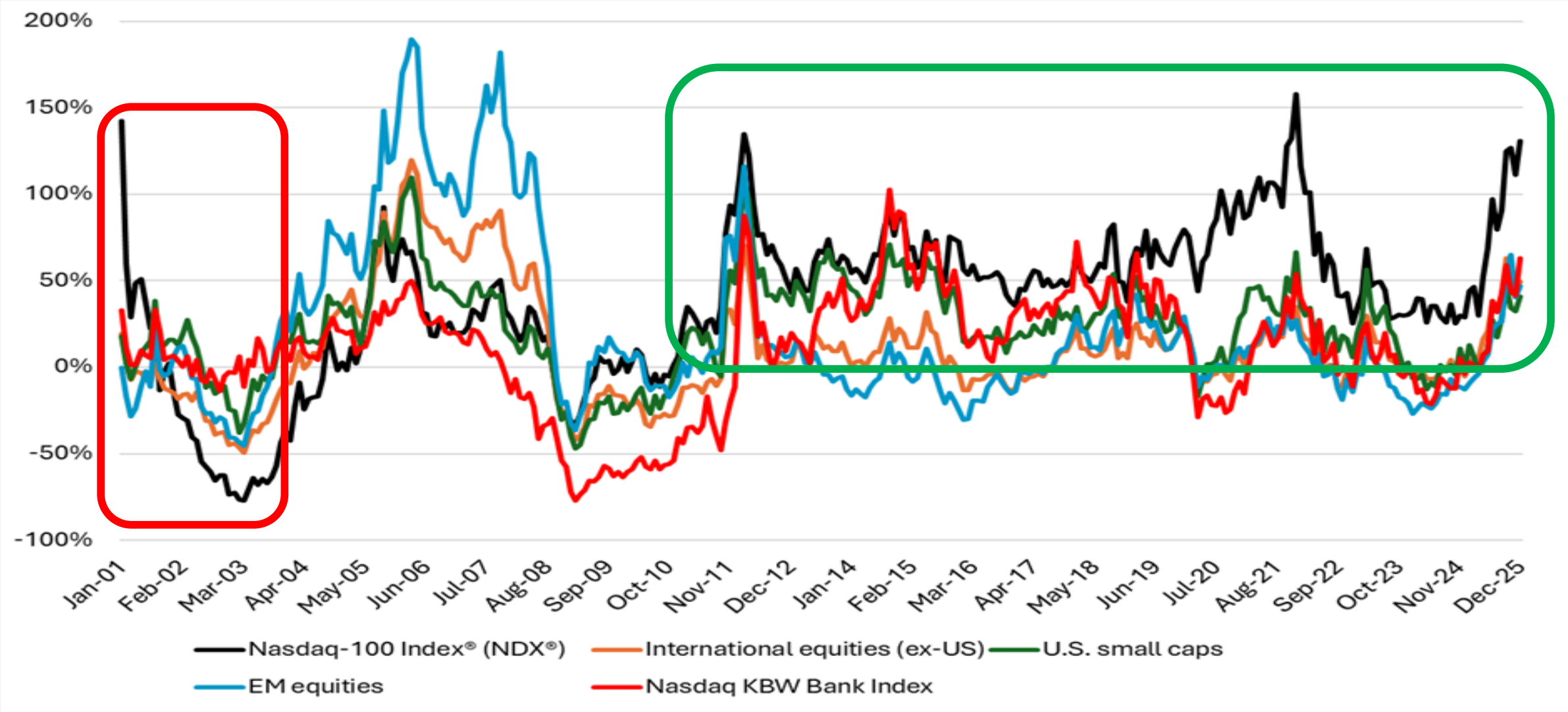
# Longer Term: Tailwinds for NDX Relative to Comps



Source: YCharts

Past performance is not indicative of future results. Any trading symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

# Decades of Dominance on Display



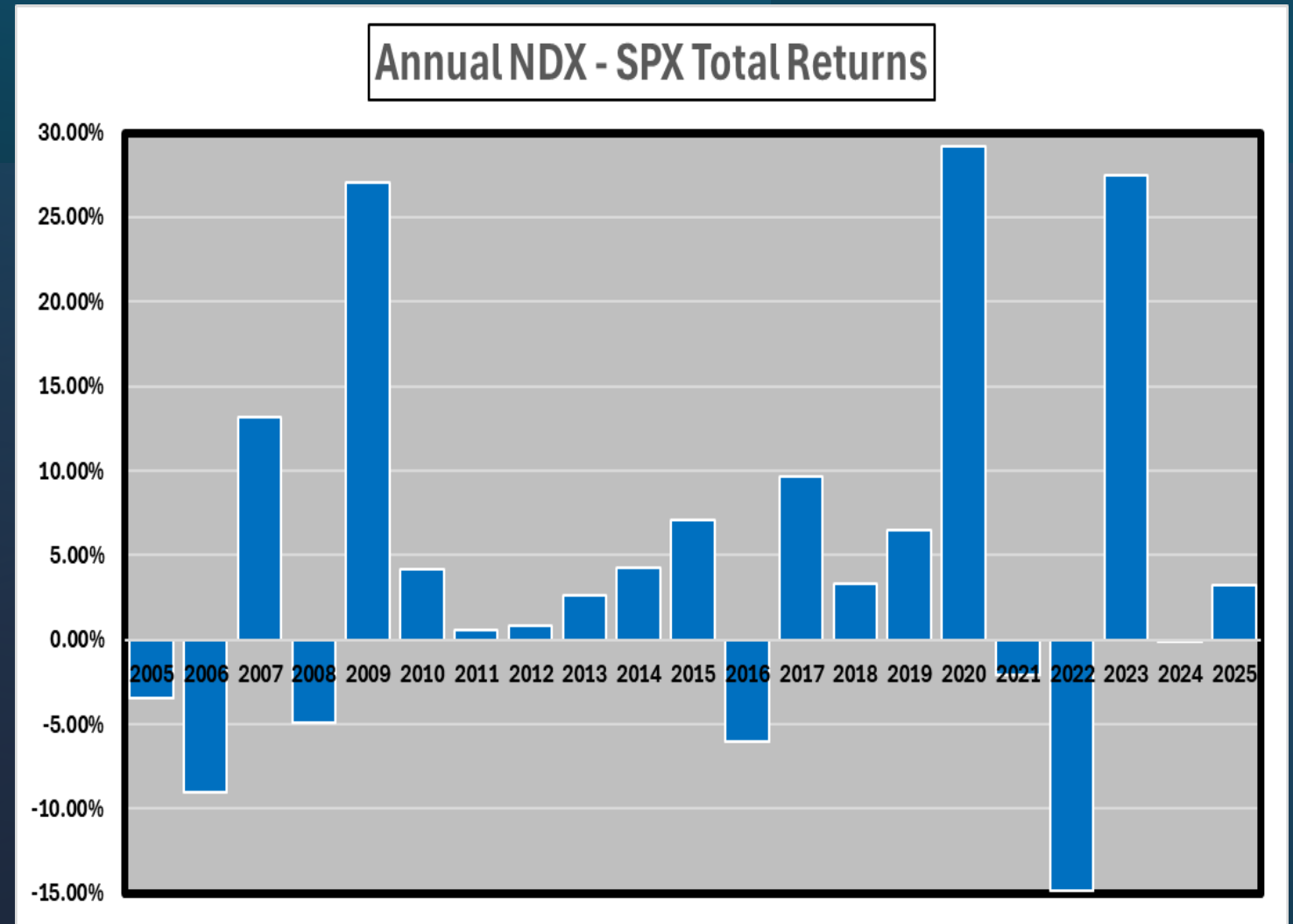
Source: Nasdaq Global Indexes

Past performance is not indicative of future results. Any trading symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

# Decades of Dominance on Display

## Statically Speaking:

- NDX > SPX in 14 of past 20 years.
- Avg. +4.70%; Median +3.22%
- When outperforming avg = +9.94%
- When underperforming avg = (5.78%)

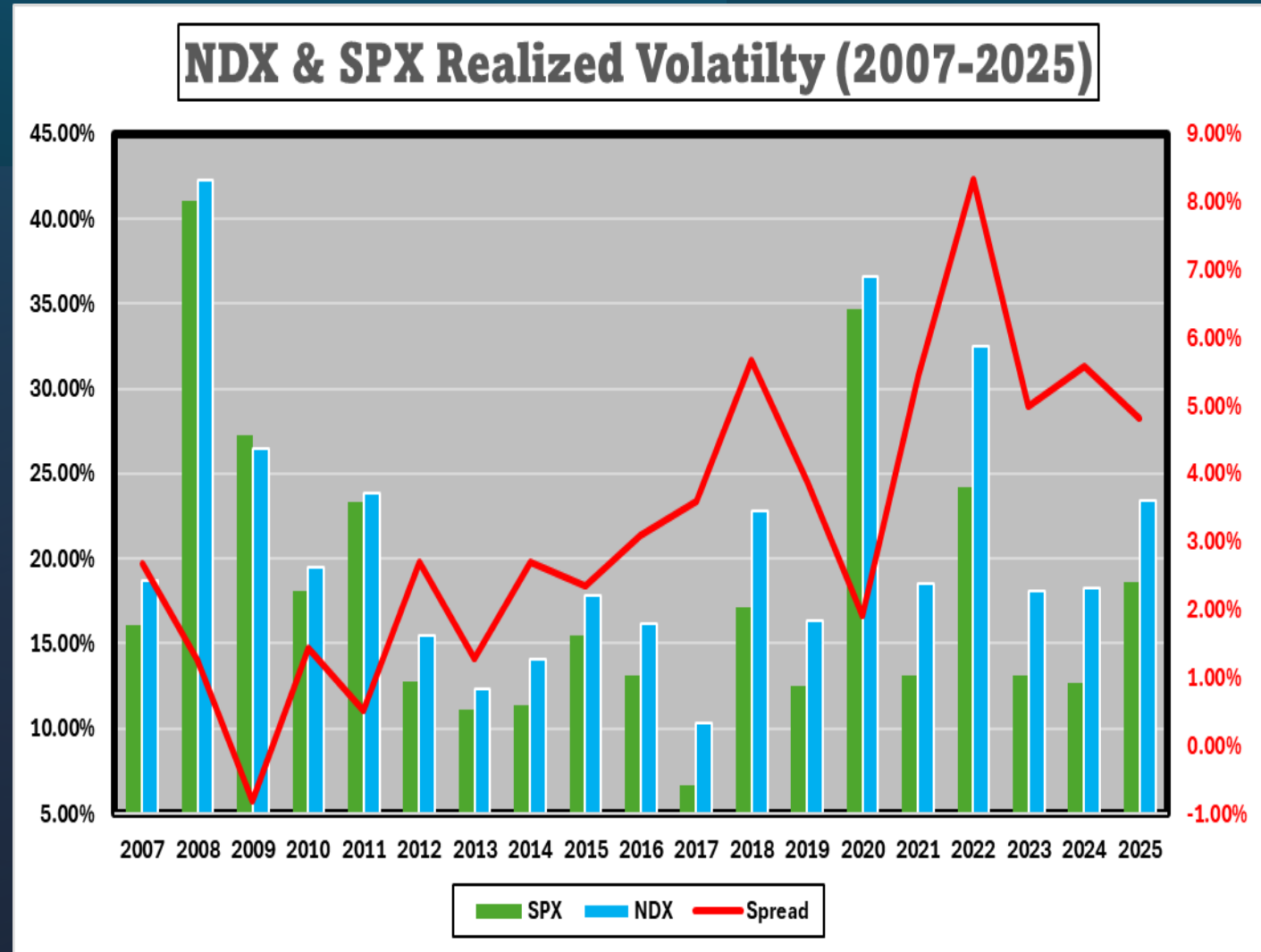


Source: Nasdaq

# Realized Volatility Spread Narrows

Statically Speaking:

- NDX realized vol averages ~21.3%.
- SPX realized vol averages ~18.0%.
- Widened notably during 2022 bear market.
- Normalized over the past 3 years.



Source: Nasdaq

# (Always) Cause for Concern...

## The Wall of Worry

- What if the “AI Trade” falters?
- What about mid-term elections?
- What about Iran, the Fed, valuations, unknown unknowns?

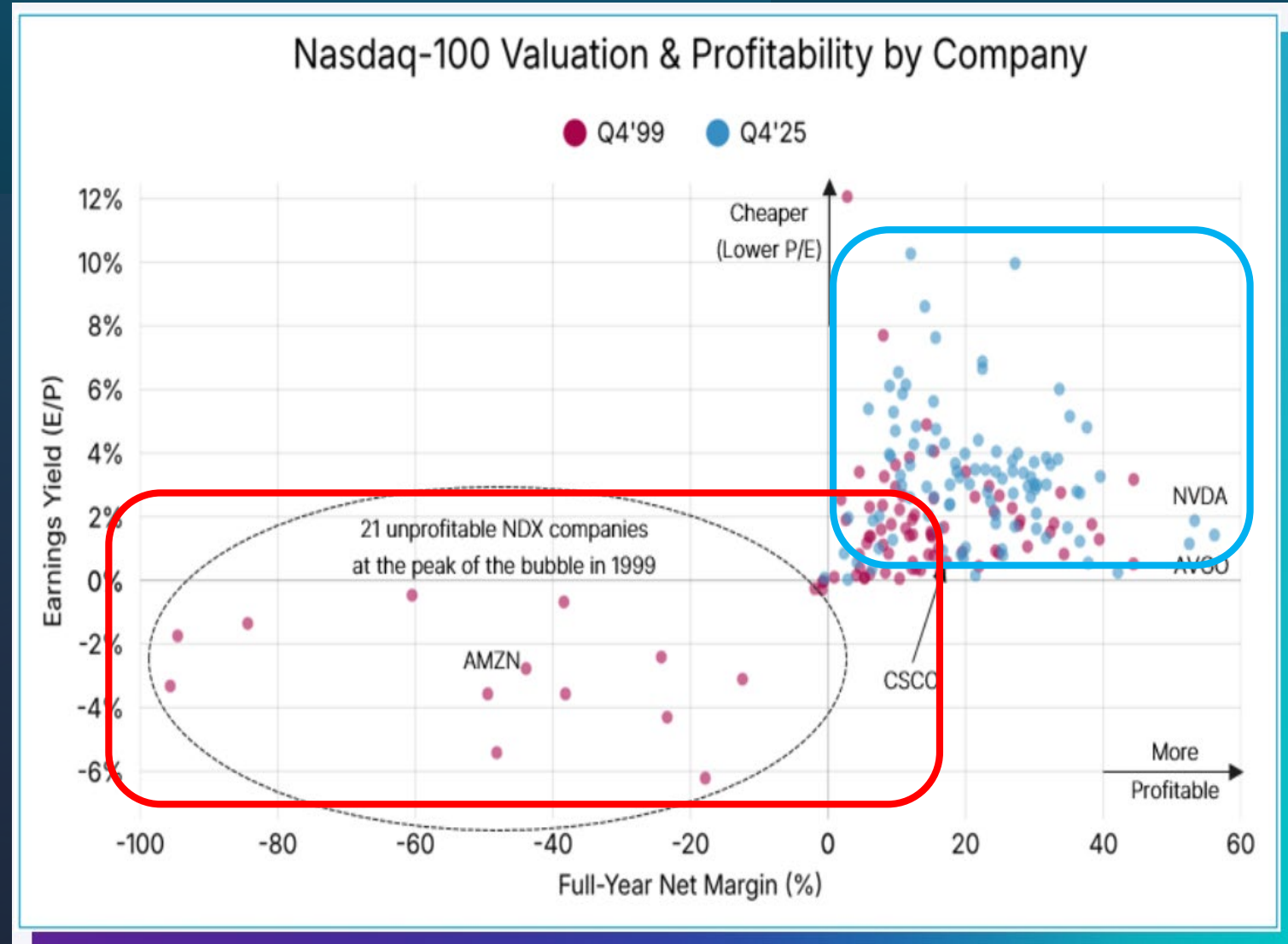


Source: Gemini AI

# 99 Problems...But Profitability Ain't One

## Quadrants

- NE quad exhibits higher profitability and lower PE.
- SW quad exhibits negative earnings.
- Red dots = NDX in 1999
- Blue dots = NDX in 2025



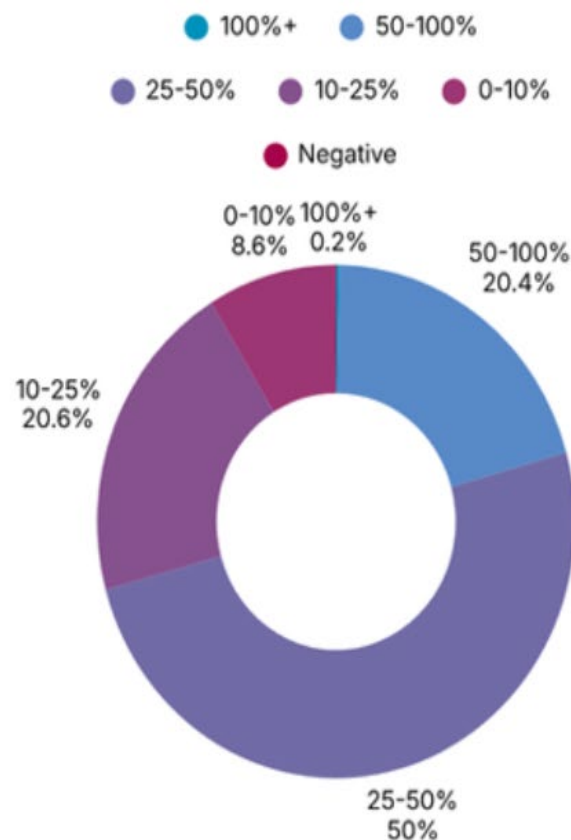
Source: Nasdaq Global Indexes

# 99 Problems...But Profitability Ain't One

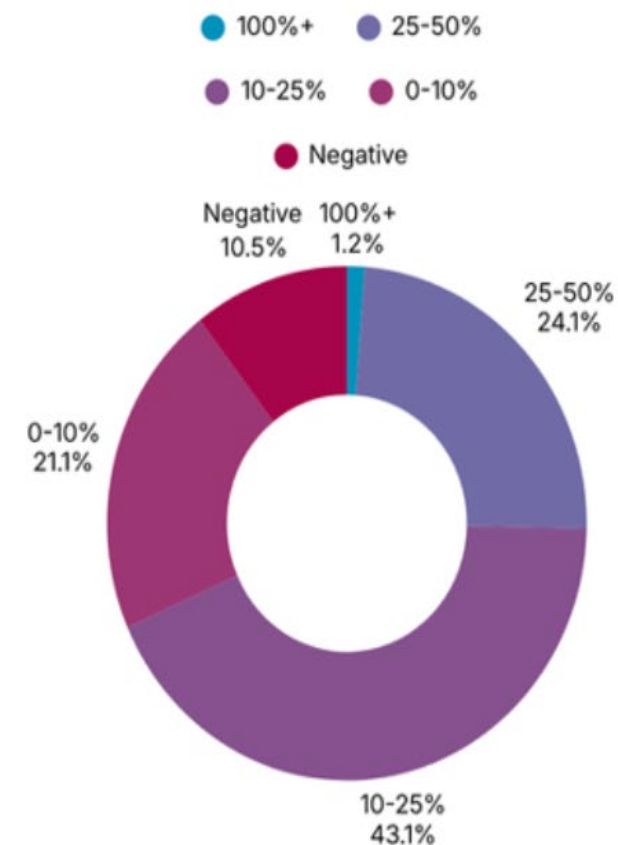
## Margins Growth Comp:

- 1/2 NDX names have 25-50% margins.
- Zero negative margin members (2025).
- The maturation of the index is on full display

NDX Market Cap by Net Margin Bucket - Q4'25

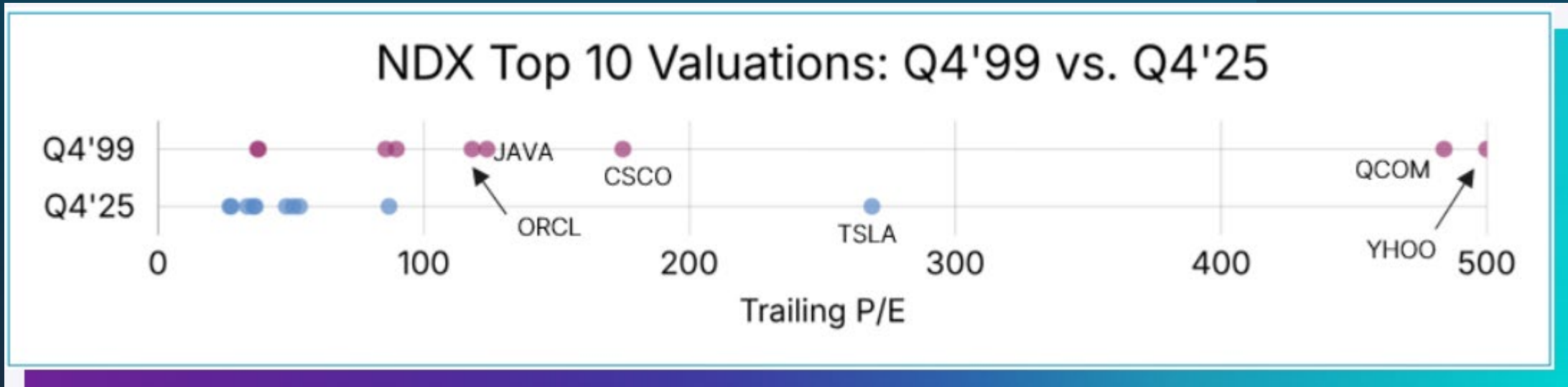


NDX Market Cap by Net Margin Bucket - Q4'99



Source: Nasdaq Global Indexes

# 99 Problems...But Valuations Ain't One



Source: Nasdaq Global Indexes

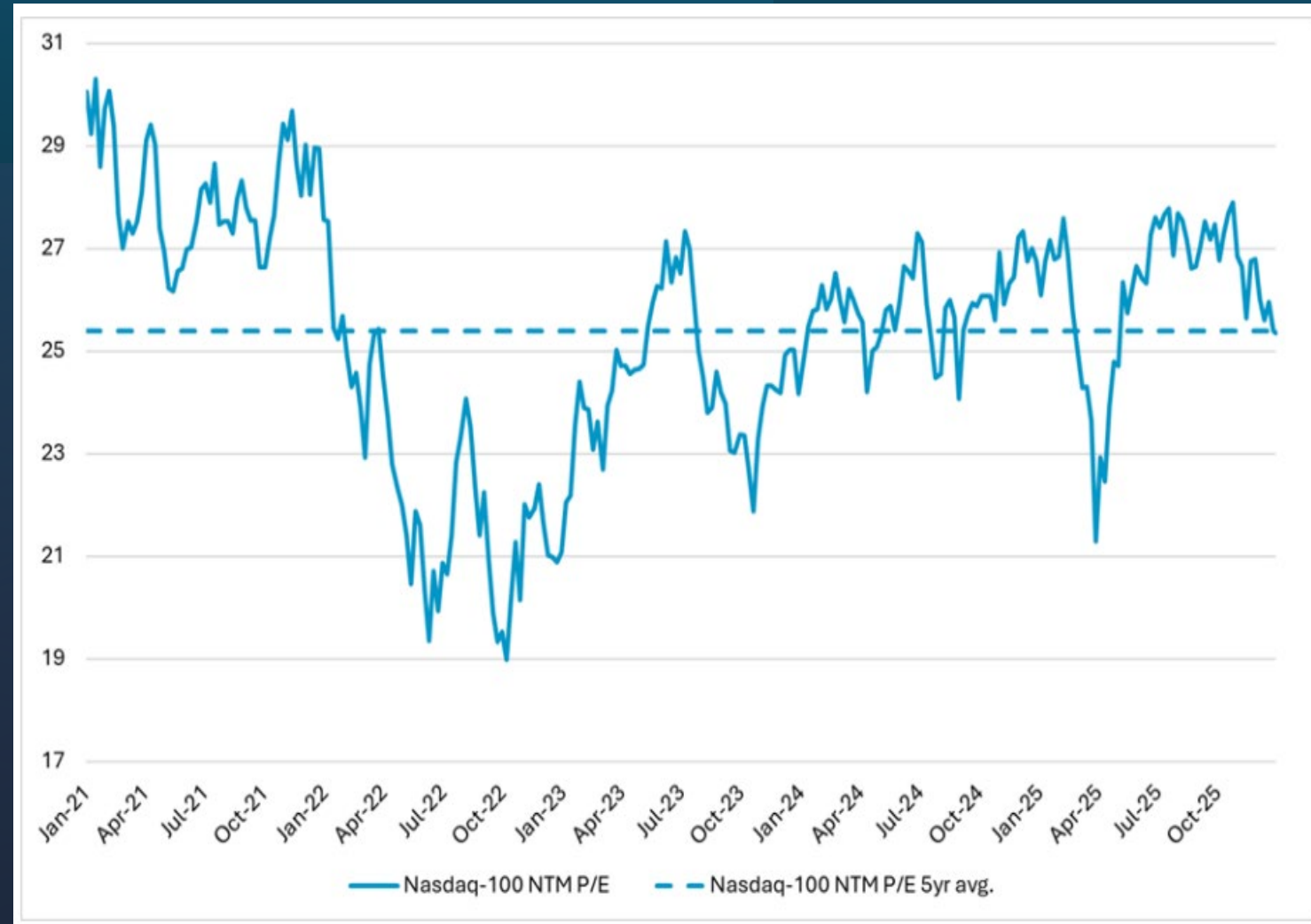
## Earnings Underpin Price Appreciation

- Almost no P/E expansion despite 21% index return in 2025.
- Median (trailing) P/E ratio ~33 for NDX constituents.
- Compares to ~27 P/E ratio for S&P 500 constituents

# NDX 12 Month Forward P/E Ratio = “Average”

## Rangebound NDX Fwd PE

- Earning expectations keep expanding.
- 5Y lookback range:
  - 30 (high end)
  - 19 (low end)
- Jan 2026 = 25.3
- Market have rewarded EPS growth.

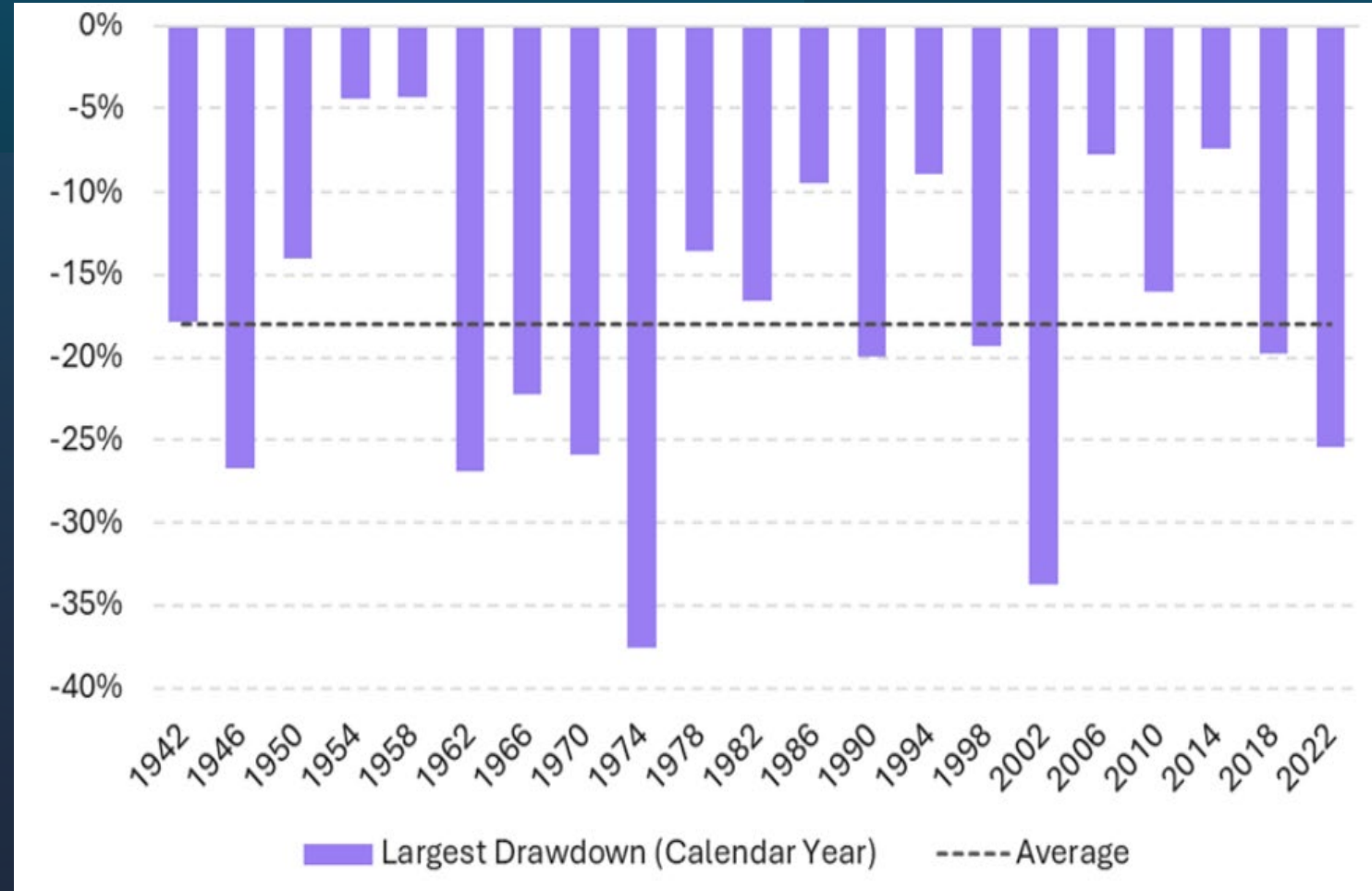


Source: FactSet, Nasdaq Global Indexes

# Midterm Election Years

## Avg. S&P 500 Drawdowns

- Slightly more pronounced than non-mid-term election years.
- Opportunistic volatility outlook?
- Hedge monetization
- Corrections are **NORMAL!**



Source: FactSet