# Global Matters Weekly

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## Leveraged ETFs

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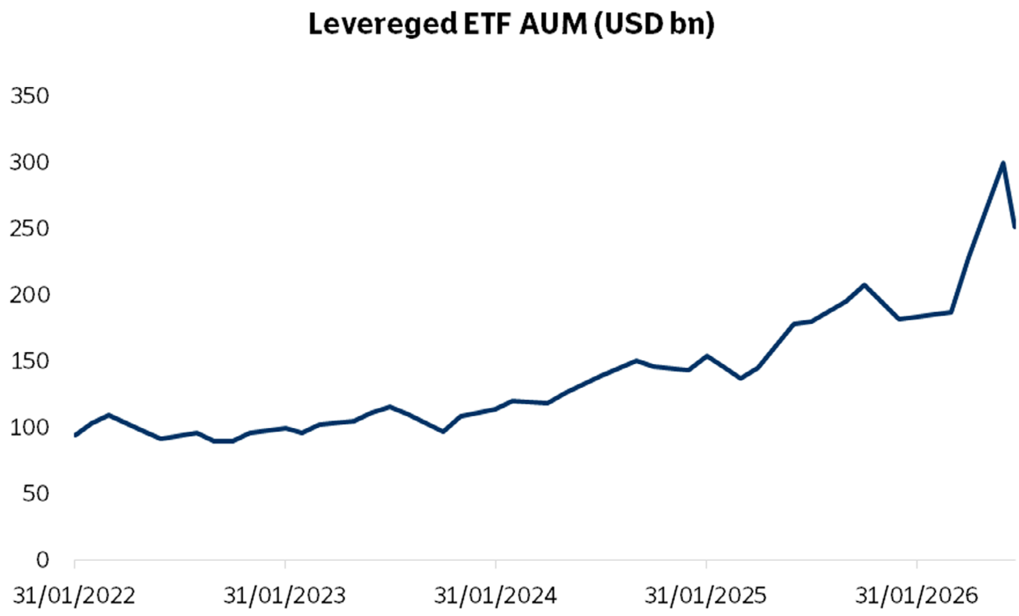


*Source:Bloomberg Finance L.P. Data to 20 July 2026.*

### What does the chart show?

The chart 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 this is 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.


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