

U.S. EQUITIES COLOR: UNINSPIRING

FICC and Equities | 10 October 2024 | 8:47PM UTC

S&P -21bps closing @ 5780. NDX -13bps @ 20241, R2K -64bps @ 2184 and Dow -14bps @ 42454. 10.9b shares traded across all US equity exchanges vs ytd daily avg of 11.5b shares. VIX +29bps @ 20.87, Crude +369bps @ 75.94, US 10 yr -0.4bp @ 4.06, gold +85bps @ 2629, dxy -4ps @ 102.89 and bitcoin -96bps @ 59819.

Wishful thinking CPI would spark a fresh wave of trading activity. Total US equity market volumes were down 16% vs 20dma. S&P 500 (futures) top of book liquidity ran in the 19th percentile over 1 year look back (liquidity is low) while bid ask spread in the 72nd percentile (spreads are wide). It was firmly a macro > micro trading session with ETFs representing ~36% of tape vs ytd avg of 30%. CPI was hot and weekly claims spiked...typically fewer jobs + inflation leads to stagflation speculation. Adding to choppiness: Fed's Bostic Keeps Door Open to Skipping Rate Cut in November (WSJ).

Tons of questions on strength in pockets of Payments + Software which seemed to be a function of LOW MOMENTUM (i.e. 12 month loser universe) squeezing higher. We've seen green shoots of demand across SW in recent weeks (specifically in Large Cap) and emerging interest in buying several of the laggards within the group. Our Expensive Software basket (GSCBSF8X) is quietly up 6 of 7 sessions (+8% over that period). Elsewhere, Asia ADR flow is starting to die down on our desk after busiest 2 week stretch in ~5 years. Airlines also weaker on DAL's miss and guide below.

Notable EPS Trends as JPM kicks off bank earnings tomorrow morning: WFC saw its largest downside move in 13 quarters post it's 2Q report and has traded lower on 5 of the last 6 prints on a T+1 basis; BK has traded up > 4% in 5 of the last 9 quarters; BAC has traded higher in 10 of the last 12 quarters; The avg day 1 price move in BLK over the last 10 quarters is 0.59%, with 9 of 10 reactions within ~3% of the previous session's close.

AFTER HOURS: HUM -5% on STAR score update.

Our floor was a 4 on a 1-10 scale in terms of overall activity levels. Overall executed flow on our desk finished -489bps sell skew vs +59bps 30d avg. Volumes were muted and both HFs and LOs finished small net sellers. We saw HF covering across Tech (internet/software) & continued selling across ADRs. Both HFs and LOs sold macro products (largest sell skew across both groups). In Fins, LOs were net buyers (+\$200mm) into EPS tomorrow.

DERIVS: Vol came in this morning post CPI, however the VIX complex kept a bid throughout the day even with the small intraday trading band (52bps). Flows were quieter across the board but we continue to see interest in China primarily

in ASHR upside. With inflation ticking hotter we also saw some interest in the reflation theme with a few clients dipping into XLE calls out to Nov. Bank earnings kick off tomorrow morning and XLF is implying a 1.23% move for the day while the SPX straddle is pricing in just 0.57%. (h/t Pat Grahling)

MOST CROWDED LONGS & SHORTS: Our desk specialists and traders put together a list of crowded longs/shorts for each sector to help monitor positioning into earnings (desk view not GIR). Ty Ryan Sharkey, [full note](#) worth the read.

***TMT - Peter Callahan / Peter Bartlett/ Leyla Kamshad**

<i>Crowded Longs</i>	EPS Date	Implied Move
TSM	10/17/2024	4.67%
META	10/30/2024	8.13%
AVGO	12/6/2024	5.04%
NOW	10/23/2024	6.31%
SPOT	11/12/2024	9.34%
<i>Crowded Shorts</i>		
INTC	10/31/2024	9.54%
ETSY	11/1/2024	5.84%
MCHP	11/1/2024	5.04%
CMCSA	10/31/2024	4.77%
IPG	10/22/2024	3.44%

***Consumer - Scott Feiler/ Eric Mihelc**

<i>Crowded Longs</i>	EPS Date	Implied Move
WMT	11/19/2024	4.26%
BURL	11/21/2024	3.85%
SN	11/8/2024	6.44%
DKS	11/21/2024	0.00%
BIRK	1/7/2025	1.71%
<i>Crowded Shorts</i>		
HSY	10/25/2024	1.63%
ORLY	10/23/2024	4.37%
ULTA	12/5/2024	4.59%
LULU	12/6/2024	8.32%
PEP	2/10/2025	2.52%

***Healthcare- Jon Chan / PJ Gallo**

<i>Crowded Longs</i>	EPS Date	Implied Move
LLY	10/30/2024	5.56%
BSX	10/23/2024	2.64%
INSM	10/25/2024	5.14%
THC	10/29/2024	9.06%
ISRG	10/17/2024	5.47%
<i>Crowded Shorts</i>		
MRNA	11/1/2024	2.26%
AVTR	10/25/2024	5.92%
AMGN	10/30/2024	4.82%
EW	10/24/2024	8.97%
WBA	10/15/2024	14.31%

***Industrials - Ryan Novak/ Amanda Ross:**

<i>Crowded Longs</i>	EPS Date	Implied Move
FTAI	10/30/2024	7.70%
GE	10/22/2024	4.74%
TDG	11/8/2024	5.17%
PH	11/1/2024	5.24%
UAL	10/15/2024	7.54%
<i>Crowded Shorts</i>		
CAT	10/31/2024	3.97%
MOS	11/7/2024	5.72%
ITW	10/30/2024	3.30%
FMC	10/29/2024	7.28%
BERY	11/15/2024	3.14%

***Energy - Ryan Novak/ Amanda Ross:**

<i>Crowded Longs</i>	EPS Date	Implied Move
XOM	11/1/2024	2.11%
FTI	10/24/2024	7.12%
FANG	11/4/2024	4.37%
WMB	11/1/2024	2.43%
EXE	10/29/2024	5.01%
<i>Crowded Shorts</i>		
ALB	11/6/2024	7.81%
PBF	10/31/2024	5.11%
DK	11/6/2024	4.21%
NXT	10/30/2024	13.09%
HAL	11/7/2024	5.19%

***Fins -Christian DeGrasse/ Alex Mitola**

<i>Crowded Longs</i>	EPS Date	Implied Move
TPG	11/4/2024	8.47%
PGR	10/15/2024	4.41%
BK	10/11/2024	3.10%
ICE	10/31/2024	3.30%
BLK	10/11/2024	2.38%
<i>Crowded Shorts</i>		
BEN	11/4/2024	4.07%
SCHW	10/15/2024	5.98%
BFH	10/24/2024	9.36%
AIG	11/4/2024	7.19%
WFC	10/11/2024	3.70%

***Utes - Ryan Novak/ Amand Ross**

<i>Crowded Longs</i>	EPS Date	Implied Move
TLN	11/12/2024	6.93%
CEG	11/6/2024	6.70%
VST	11/7/2024	3.94%
NRG		6.05%
<i>Crowded Shorts</i>		
AES	11/1/2024	9.83%
POR	10/25/2024	0.00%
PCG	11/7/2024	4.63%

***REITs - Christian DeGrasse/ Alex Mitola**

<i>Crowded Longs</i>	EPS Date	Implied Move
DLR	10/24/2024	3.61%
CBRE	10/24/2024	5.86%
VNO	11/4/2024	8.49%
SKT	11/6/2024	4.65%
LAMR	11/8/2024	5.29%
<i>Crowded Shorts</i>		
HPP	11/12/2024	4.03%
MPW	10/25/2024	2.48%
EXR	10/29/2024	4.71%
PEB	11/7/2024	3.30%
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