

U.S. EQUITIES COLOR: MUNDANE

FICC and Equities | 17 March 2025 | 8:42PM UTC

S&P +64bps closing @ 5,572 w/ a of MOC \$200m to SELL. NDX +55bps @ 19,812, R2K +106bps @ 2,082 and Dow +85bps @ 41,841. 13.8b shares traded across all US equity exchanges vs ytd daily avg of 15.3bn shares. VIX -5.8% @ 20.51, Crude +45bps @ 67.49, US 10Yr -2bps @ 4.29%, gold +28bps @ 3,009, dxy -31ps @ 103.39 and bitcoin +1.3% @ \$84,479.

Bit of an 'odd' one today with a defensive bid + some squeeze pockets, though it did feel like the first "normal" trading session we have had in over 2 weeks. Better-than-feared retail sales drove outperformance in more cyclically-levered corners of the mkt (S&P Equal Weight o/p by ~70bps). Constructive activity (albeit more muted with volumes tracking down >20%) as HFs have found their footing. Asset Manager supply slowed (instead of straight sales seeing some pair trades now which is a positive indicator).

Non-fundamental activity continues to slow. CTA supply now just \$1b this week (they will step in as buyers during squeezes). SPX only ~70 handles away from recapturing the 200dma (5742). Retail also back on the bid w/ meme stocks +750bps over the last two sessions. Tomorrow, watching Jensen keynote at Nvidia's GTC (1pm), GLW + ADBE investor days + Trump/Putin expected to talk re: Ukraine.

Mag 7 weakness was one of the BIG question marks today with nothing 'obvious' to point to – handful of one-offs (GTC positioning, TSLA -5%) juxtaposed against investors trying to feel their way around quarter-end dynamics (e.g. will the global macro support a (+) revision cycle for Mag 7 after flat-lining EPS revisions the last few months? Do lower prices = lowered expectations?). Into FOMC on Wed, GS L/S Stagflation pair (GSPUSTAG Index) is now +17% YTD. What works in stagflation? HC, Energy, Consumer Services (vs Goods), and Value factor. What doesn't work? Industrials, Info Tech, Materials, and Comm Svcs.

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Our floor was a 5 on a 1-10 scale in terms of overall activity levels. Our floor finished -195bps vs -78bps 30 day avg. LOs finished -\$2.7b net sellers, driven by broad supply across tech and to a lesser extent industrials and discretionary. HFs finished +\$1b net buyers driven by demand in tech, industrials, financials, and REITs.

Buybacks in day 1 of blackout period and this lasts until 4/25 (10b51s out there but discretion is limited and our desk's activity typically drops by 30%). Quarter End Pension rebal will be all over the place but still \$29b of equities to buy (vs \$29b of bonds for sale).

DERIVS: As a quick positioning update to start the week, CTA selling pressure is generally behind us as they are now modeled as small sellers in every scenario over the next week. Gamma remains very light as dealers are never long / short

more than 2bn of S&P within an 8% band. Flows today were slower as we saw sellers of vol and demand for VIX downside, specifically in the form of VIX puts and put spreads out to April. The desk likes these expressions as we think vol will continue to come in from here. Straddle for the rest of the week is 1.88% with includes FOMC on Wednesday. (h/t Braden Burke)

systematic tail” now exists to the upside - by Brian Garrett

