

U.S. EQUITIES COLOR: MAG7 MELTDOWN
FICC and Equities | 18 March 2025 | 9:01PM UTC

S&P -107bps closing @ 5,614 w/ a of MOC \$500m to BUY. NDX -166bps @ 19,483, R2K -83bps @ 2,068 and Dow -62bps @ 41,581. 13.5b shares traded across all US equity exchanges vs ytd daily avg of 15.3bn shares. VIX +5.8% @ 21.70, Crude -123bps @ 66.75, US 10YR -1bp @ 4.28%, gold +118bps @ 3,041, dxy -12bps @ 103.25 and bitcoin -2.3% @ \$81,992.

No smoking gun on the move lower which felt mostly macro driven with a handful of cross currents still; Tariffs still on for April 2nd, awaiting feedback from Trump/Russia conversation on Ukraine, Middle East tensions ratcheting with Israel/Gaza + Houthis in Yemen, Jensen's Keynote, etc. Second day in a row of intense Mag 7 underperformance (TSLA now down ~11% in 2-days) – for context, this is the first time that the Mag 7 has lagged the NDX by >1% on back-to-back days in ~30 months. Anecdotally, feels telling of the times & sentiments that the China Tech space rallies on seemingly the 'same' AI model progress headlines over and over (vs Tech/AI names lagging on the 'same' AI competition / complexity headlines). TBD what 'breaks' this.

FOMC main event tomorrow, will likely reiterate that it is not in a hurry to deliver further interest rate cuts and intends to remain on the sidelines until policy changes under the new administration become less volatile and uncertain and the outlook becomes clearer.

We expect the FOMC's median economic projections to show a 0.3pp upward revision to 2025 core PCE inflation to 2.8% and a 0.3pp downgrade to 2025 GDP growth to 1.8%, mainly reflecting the tariff news. We have revised our own forecasts by more than this (0.5pp in both cases), but FOMC participants are likely to adjust a bit more cautiously until tariff policy becomes clearer.

Our floor was a 5 on a 1-10 scale in terms of overall activity levels. Our floor finished -325bps vs -104bps 30 day avg. LOs finished -\$2b net sellers driven by supply in supercap tech, industrials, and macro products. HFs finished were balanced, finished slight (-\$300m) net sellers driven by supply in macro products and discretionary.

DERIVS: Slow session as the intraday band from 9:45 to the close was just 30 handles and vol and skew came in. Following the VIX expiry this morning (21.63 Settlement) we saw clients monetize short dated downside protection on the sharp move lower. Flows were quiet besides that although we did see some interest in upside for MU & NKE ahead of their earnings prints later this week. With the focus on the Fed tomorrow, the SPX straddle for FOMC went out at ~1.1%. (h/t Pat Grahling)

SPX straddle for FOMC goes out ~1.1%... Here is how this stacks up vs history – [@t Cullen Morgan](#)

