

Quant Daily Digest

■ Daily Overview

Macro & Sentiment: Bitcoin's Sharpe ratio has plunged to historical lows since its October 2025 peak near \$126K, signaling heightened volatility and deteriorating risk-adjusted returns. This sustained sell-off may be setting the stage for accumulation, as risk premia rise. Meanwhile, gold and silver faced their largest selloff in months, pressured by a stronger USD, CME margin hikes, and profit-taking—suggesting a technical correction rather than a fundamental shift. In India, the government's 4.3% fiscal deficit target is viewed positively by market participants, reflecting disciplined fiscal policy alongside capex-driven growth, supporting emerging market sentiment. **Equities / Rates:** US tech stocks showed signs of stabilization after a recent \$1 trillion sell-off driven by AI-related spending concerns. Oracle (+9%) and Microsoft (+3%) led the rebound, indicating selective investor appetite for quality tech names with strong AI exposure. Retailer Target is reallocating resources to improve customer experience, cutting ~500 corporate roles while boosting store staffing, signaling operational pivot amid margin pressures. Options market activity in names like AMZN, CHWY, and EXPE highlights growing use of spreads to manage uncertainty, reflecting cautious positioning. **FX & Commodities:** The USD's strength contributed to the bullion correction, while crypto volatility remains elevated. New crypto projects like BlockDAG are attracting attention despite broader market turbulence, highlighting bifurcation within digital assets. **What to Watch:** • Bitcoin's risk-adjusted return dynamics and potential accumulation signals • US tech sector earnings and AI investment updates post-selloff • Indian fiscal policy execution and impact on EM asset flows

■ Hot List

Bitcoin Sharpe Ratio Sinks To Historical Lows — Accumulation Next?

Bitcoin's Sharpe ratio has dropped to historical lows following its peak at \$126,000 in October last year, signaling increased volatility and diminished risk-adjusted returns. The cryptocurrency has experienced a sustained sell-off, reflecting growing bearish pressure and a steady price decline. This deterioration in performance metrics suggests heightened market uncertainty and potential capitulation among investors. The low Sharpe ratio may indicate an approaching accumulation phase as risk-tolerant participants seek to capitalize on depressed valuations. Market positioning appears cautious, with flows likely favoring defensive strategies amid the ongoing downtrend.

Read more:

<http://www.newsbtc.com/news/bitcoin/bitcoin-sharpe-ratio-sinks-to-historical-lows-accumulation-next/>
newsBTC

The Saturday Spread: Reducing Uncertainty in an Uncertain World (AMZN, CHWY, EXPE)

The article from Barchart.com discusses strategies to reduce uncertainty in trading, focusing on options spreads for stocks like Amazon (AMZN), Chewy (CHWY), and Expedia (EXPE). It emphasizes the importance of using options data to adjust posterior beliefs about price movements, enhancing decision-making under uncertainty. The analysis highlights how spreads can provide clearer signals on market sentiment and implied volatility, aiding quant traders in positioning. This approach helps

manage risk and improve trade outcomes by integrating market data and probabilistic assessments. The piece underscores the value of options flow and positioning in volatile environments.

Read more: <https://www.barchart.com/story/news/88953/the-saturday-spread-reducing-uncertainty-in-a-n-uncertain-world-amzn-chwy-expe>

Barchart.com

ETMarkets Smart Talk | Why the Budget's 4.3% fiscal deficit target is a positive for markets: Sunil Sanghai

NovaaOne Capital's Sunil Sanghai views the Indian government's 4.3% fiscal deficit target as a market-positive signal, despite challenges in revenue collection. He emphasizes that maintaining fiscal discipline alongside a capex-driven growth strategy supports sustainable economic expansion. The focus on capital expenditure is expected to boost infrastructure and long-term productivity, which can enhance market confidence. Sanghai also notes that the government's prudent fiscal management reduces risks of macroeconomic instability, reassuring investors. This approach is likely to influence market positioning favorably, encouraging flows into sectors benefiting from increased government spending.

Read more: <https://economictimes.indiatimes.com/markets/expert-view/etmarkets-smart-talk-why-the-budgets-4-3-fiscal-deficit-target-is-a-positive-for-markets-sunil-sanghai/articleshow/128021337.cms>

The Times of India

Bullion's biggest selloff: How macro shocks triggered a healthy correction in gold, silver

Gold and silver experienced their largest selloff in months, driven by macroeconomic shocks such as a stronger US dollar, CME margin increases, and profit-taking. The correction was technical, reflecting a healthy reset rather than a fundamental downturn in precious metals. The US dollar's appreciation pressured bullion prices, while margin hikes at CME prompted some traders to reduce exposure. Despite the sharp decline, experts view this as a normal market adjustment amid ongoing macro volatility rather than a signal of weakening demand or long-term bearish trends. This selloff may recalibrate positioning ahead of future market moves.

Read more: <https://economictimes.indiatimes.com/markets/stocks/news/bullions-biggest-selloff-how-macro-shocks-triggered-a-healthy-correction-in-gold-silver/articleshow/128021140.cms>

The Times of India

Forget SOL's \$130 Crash & TAO's Ambitious Targets: BlockDAG's \$0.00025 Private Sale Could Turn Into \$0.05!

In Q1 2026, the cryptocurrency market has seen significant volatility, with established tokens like SOL experiencing a sharp price drop from \$130. Meanwhile, new projects such as BlockDAG are attracting investor interest due to their promising private sale valuations. BlockDAG's private sale price was \$0.00025, with projections suggesting it could rise to \$0.05, indicating a potential 200x return. This highlights a shift in market flows and positioning towards emerging assets as traders seek high-growth opportunities amid broader market uncertainty. The trend underscores increased speculative activity and a focus on early-stage crypto investments.

Read more: <https://www.globenewswire.com/news-release/2026/02/07/3234170/0/en/Forget-SOL-s-130-Crash-TAO-s-Ambitious-Targets-BlockDAG-s-0-00025-Private-Sale-Could-Turn-Into-0-05.html>

GlobeNewswire

What caused the massive Bitcoin crash? Clues point to a blow-up at Hong Kong hedge funds

Bitcoin experienced a sharp crash recently, with clues pointing to a blow-up at Hong Kong-based hedge funds as a key trigger. Reports suggest a fund heavily invested in Bitcoin call options was wiped out, leading to forced liquidations and a cascade of selling pressure across the market. This deleveraging likely exacerbated price declines, highlighting the risks of concentrated option positions and leverage in crypto markets. The event underscores the sensitivity of Bitcoin's price to hedge fund flows and positioning, especially in derivatives markets. Market participants are now closely monitoring option open interest and hedge fund activity for signs of further volatility.

Read more: <https://fortune.com/2026/02/06/what-caused-the-massive-bitcoin-crash-clues-point-to-a-blown-up-at-hong-kong-hedge-funds/>

Fortune

Alphabet calls out new AI-related risks, as it taps debt market to fund build-out

Alphabet's annual report highlights new AI-related risks, particularly concerning potential disruptions to its advertising revenue, a core business segment. The company is proactively tapping the debt market to raise funds aimed at expanding its AI infrastructure and capabilities. This move signals Alphabet's strategic prioritization of AI development despite acknowledging associated uncertainties. Market participants should note the potential volatility in Alphabet's advertising income as AI evolves, which could impact equity valuations and sector positioning. The debt issuance may also influence credit spreads and investor appetite for tech sector bonds.

Read more:

<https://www.cnbc.com/2026/02/09/alphabet-highlights-new-ai-related-risks-in-tapping-debt-market.html>

US Top News and Analysis

Oracle gains 9%, Microsoft climbs 3% as tech tries to bounce back from \$1 trillion sell-off

Oracle shares surged 9% while Microsoft climbed 3%, leading a tech sector rebound following a \$1 trillion sell-off driven by investor concerns over massive AI-related spending. The recent sell-off reflected market jitters about the sustainability of high capital expenditures by AI hyperscalers. Despite the pullback, these gains suggest some bargain hunting and repositioning by investors seeking value in beaten-down tech stocks. The price action indicates a potential stabilization phase as market participants reassess growth prospects amid evolving AI investment narratives. Overall, the tech sector remains sensitive to expenditure outlooks and positioning shifts.

Read more: <https://www.cnbc.com/2026/02/09/big-tech-stocks-post-selloff-week.html>

US Top News and Analysis

Databricks completes \$5 billion funding round at \$134 billion valuation

Databricks has secured \$5 billion in a funding round, including \$2 billion in debt, valuing the company at \$134 billion. CEO Ali Ghodsi indicated the company is ready to go public when market conditions are

favorable. This significant capital raise underscores strong investor confidence in the data analytics and AI platform space. The large valuation and fresh capital could impact tech sector positioning and flow dynamics, especially among cloud and AI-focused equities. Market participants should watch for potential IPO timing and its influence on related tech stocks and venture capital activity.

Read more: <https://www.cnbc.com/2026/02/09/databricks-completes-5-billion-funding-round-with-2-billion-in-debt.html>

US Top News and Analysis

Wall Street advances as tech bounces further off of recent losses

U.S. equities closed mostly higher Monday, with the S&P; 500 up nearly 0.5% and the Nasdaq gaining 0.9%, while the Dow remained flat. Technology stocks rebounded for a second day following a sharp selloff driven by AI competition concerns. Nvidia CEO Jensen Huang's comments on stable AI infrastructure spending helped stabilize sentiment. Oracle shares surged over 9% after a D.A. Davidson upgrade, reflecting a market shift toward differentiating AI winners and losers in software. Conversely, Workday dropped 5% despite leadership changes aimed at boosting AI-driven demand. Hims & Hers Health fell 16% amid legal and regulatory challenges related to its weight-loss drug launch.

Read more:

<https://finance.yahoo.com/video/wall-street-advances-tech-bounces-231035449.html?tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

RingCentral Set to Join S&P; SmallCap 600

RingCentral Inc. (NYSE: RNG) is set to join the S&P; SmallCap 600 index, replacing Hillenbrand Inc. (NYSE: HI) before the market opens on February 12. This change follows Lone Star Funds' pending acquisition of Hillenbrand, which is awaiting final closing conditions. Inclusion in the S&P; SmallCap 600 typically leads to increased demand for RingCentral shares from index funds and ETFs tracking the benchmark. This rebalancing may impact short-term price action and trading volumes for both stocks. Market participants should monitor flows and positioning adjustments around the effective date.

Read more: <https://finance.yahoo.com/news/ringcentral-set-join-p-smallcap-230800912.html?tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

Stock Market Today, Feb. 9: Hims & Hers Health Drops 16% on Novo Nordisk Lawsuit

Hims & Hers Health shares plunged 16% on February 9, 2026, following the company's decision to halt its weight-loss pill amid FDA scrutiny and a lawsuit from Novo Nordisk, the maker of Wegovy. The legal action alleges that Hims & Hers' product infringes on Novo Nordisk's intellectual property, raising significant regulatory and litigation risks. This development triggered a sharp sell-off, reflecting heightened investor concerns about the company's growth prospects and potential liabilities. The broader market showed mixed reactions, with investors focusing on sector-specific risks and regulatory challenges in the weight-loss drug space. Positioning may shift away from smaller biotech firms facing similar legal and regulatory hurdles.

Read more: <https://www.fool.com/coverage/stock-market-today/2026/02/09/stock-market-today-feb-9-hims-hers-health-drops-on-wegovy-copycat-halt-and-legal-risks/?tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

Stock Market Today, Feb. 9: Kyndryl Share Price Halved After Earnings Miss and Delayed Filing

Kyndryl's shares plunged 50% following a significant earnings miss and a delayed financial filing, triggering investor concerns over its accounting practices and corporate governance. The IT services firm also announced a leadership shake-up amid ongoing legal scrutiny, exacerbating market uncertainty. This combination of negative news led to sharp selling pressure, impacting broader tech sector sentiment. The stock's steep decline reflects heightened risk aversion and potential repositioning by quant funds sensitive to earnings surprises and governance issues. Market participants are closely monitoring Kyndryl's next filings and management changes for signs of stabilization.

Read more: <https://www.fool.com/coverage/stock-market-today/2026/02/09/stock-market-today-feb-9-kyndryl-share-price-halved-after-earnings-miss-and-delayed-filing/?.tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

Stock Market Today, Feb. 9: Cleveland-Cliffs Shares Slide After Revenue Miss and Full-Year Net Loss

Cleveland-Cliffs shares declined sharply after the company reported a revenue miss and a full-year net loss, disappointing investors despite cost-cutting measures and asset optimization plans. The firm's cautious 2026 outlook suggests modest improvement but lacks strong catalysts for immediate recovery. Market reaction highlights sensitivity to earnings misses in the steel sector amid ongoing macroeconomic uncertainties. Volume spikes indicate increased selling pressure, reflecting negative sentiment and potential repositioning by quant funds. The broader market showed mixed responses, with investors balancing earnings risks against cost discipline and strategic initiatives.

Read more: <https://www.fool.com/coverage/stock-market-today/2026/02/09/stock-market-today-feb-9-cleveland-cliffs-shares-slide-after-revenue-miss-and-full-year-net-loss/?.tsrc=rss>

Yahoo! Finance: ^GSPC ^IXIC ^DJI News

Here comes the great American bitcoin-mining-to-AI pivot

US bitcoin miners are increasingly pivoting towards AI-focused data centers as cryptocurrency mining profitability declines. The shift is driven by rising energy costs and regulatory pressures, prompting firms to repurpose existing infrastructure for AI workloads. This transition aligns with surging demand for AI computing power, supported by large-scale investments in generative AI technologies. Market participants are watching capital flows from crypto mining to AI data centers, which may influence valuations in both sectors. The reallocation of resources highlights evolving tech sector dynamics, with potential impacts on energy consumption patterns and hardware supply chains.

Read more: <https://www.ft.com/content/8bfdb09a-fbef-47fb-9b2f-ebc8949846e6>

FT Alphaville

Japan LLC has been trading its way out of a fiscal hole

Japan LLC has been actively managing its fiscal challenges by adopting a strategy of going long on Japanese stocks while shorting the yen. This positioning reflects confidence in Japan's equity market recovery and a bearish outlook on the yen, likely influenced by the Bank of Japan's continued ultra-loose monetary policy. The trade capitalizes on the divergence between Japan's fiscal stimulus efforts and currency weakness. Market flows indicate increased foreign and domestic participation in equities, while yen short positions suggest expectations of sustained low yields and potential currency depreciation. This dynamic is crucial for quant strategies focusing on carry trades and cross-asset

correlations in Japan.

Read more: <https://www.ft.com/content/f7d3f20c-b303-4f6c-b4a0-8ee8906ae155>
FT Alphaville

■ Articles

Experts Have World Models. LLMs Have Word Models

The article discusses the distinction between expert decision-making and large language models (LLMs). Experts rely on "world models" to make strategic moves by considering other agents and hidden states, whereas LLMs primarily generate single-shot word-based artifacts without deeper situational awareness. For LLMs to advance in complex reasoning tasks, integrating world models that simulate adversarial reasoning and multi-agent interactions is necessary. This insight is relevant for quant strategies leveraging AI, highlighting the need for models that understand dynamic market environments rather than just producing isolated predictions. Enhanced world models could improve decision-making under uncertainty and competitive conditions.

Read more: <https://www.latent.space/p/adversarial-reasoning>
Latent.space

arxiv added to PyPI

The news announces the addition of "arxivy," a command-line interface (CLI) tool for the arXiv API, to the Python Package Index (PyPI). This tool facilitates easier access to arXiv's scientific paper repository for both human users and automated agents. While not directly related to financial markets, the availability of such a tool could enhance data retrieval and analysis capabilities for quantitative researchers who utilize academic papers and preprints in their models. No immediate impact on market prices, policy, or flows is indicated.

Read more: <https://pypi.org/project/arxivy/>
Pypi.org

Experimental study of multiple-shot unitary channels discrimination using the IBM Q computers

The article discusses an experimental study on discriminating multiple-shot unitary channels using IBM Q quantum computers. The research focuses on quantum information processing techniques relevant for improving quantum computing accuracy and efficiency. While not directly related to financial markets, advancements in quantum computing could impact quantitative finance by enhancing computational methods for pricing, risk management, and algorithmic trading. The study demonstrates practical implementations on IBM Q hardware, indicating progress in quantum technology readiness. No immediate market data or price action is involved.

Read more: <https://www.nature.com/articles/s41598-025-31665-z>
Nature.com

vimbench added to PyPI

The release of vimbench on PyPI introduces a streamlined, single-file CLI tool designed for benchmarking Vision-Language Models (VLMs). This tool facilitates standardized performance evaluation of AI agents, potentially aiding quantitative researchers and developers in optimizing model

efficiency and accuracy. While not directly tied to financial markets, improved VLM benchmarking can enhance AI-driven data analysis and decision-making tools used in trading strategies. The availability on PyPI ensures easy integration into existing Python-based quant workflows, promoting faster iteration and deployment of AI models. No immediate market impact or policy changes are indicated.

Read more: <https://pypi.org/project/vlmbench/>

Pypi.org

Quant Small Cap Fund exits ONGC and 3 others, adds Gillette India in its portfolio in January

In January 2026, Quant Small Cap Fund rebalanced its portfolio by exiting ONGC and three other stocks, while adding Gillette India to its holdings. The fund maintained positions across 83 stocks, indicating a broad diversification approach. It increased exposure to select small-cap names, suggesting a tactical shift towards higher growth potential within the segment. The reduction in stakes in certain holdings points to active risk management and profit-taking. Overall, the fund's moves reflect a strategic repositioning to capitalize on evolving market opportunities in the small-cap space.

Read more: <https://m.economicstimes.com/mf/analysis/quant-small-cap-fund-exits-ongc-and-3-others-adds-gillette-india-in-its-portfolio-in-january/articleshow/128021215.cms>

Economicstimes.com

Target steps up investment in store staffing, cuts about 500 other roles to help fix customer experience

Target is increasing investment in store staffing to improve customer experience amid complaints about messy stores, stock shortages, and long checkout lines. The retailer is reallocating resources by cutting approximately 500 corporate roles to fund these efforts. This strategic shift aims to enhance in-store operations and attract shoppers back, potentially impacting Target's operational costs and revenue growth. Market participants may watch for changes in Target's sales performance and labor expenses in upcoming earnings reports. The move reflects broader retail trends emphasizing frontline staff to boost customer satisfaction and competitive positioning.

Read more:

<https://www.cnbc.com/2026/02/09/target-store-investment-job-cuts-customer-experience.html>

US Top News and Analysis

Tulsi Gabbard to testify at Senate Intelligence Committee amid election probe concerns

Tulsi Gabbard, Director of National Intelligence, is set to testify before the Senate Intelligence Committee regarding concerns tied to the Georgia election probe. She revealed her presence at a Georgia election center during an FBI raid, which she claims was directed by former President Trump. This development adds political uncertainty amid ongoing investigations into election integrity. Market participants may monitor potential impacts on political risk sentiment and related sectors. No immediate direct market or policy shifts are evident, but heightened scrutiny could influence future regulatory or legislative actions.

Read more:

<https://www.cnbc.com/2026/02/09/tulsi-gabbard-testify-senate-intelligence-fulton-county-election.html>

US Top News and Analysis

And the FTAV Friday charts quiz winner isn't . . .

The FT Alphaville Friday charts quiz highlighted a notable absence of a clear "Greatest of All Time" (GOAT) in recent market data, suggesting no dominant trend or standout asset performance. The analysis pointed to mixed signals across various asset classes, with no single market or sector showing decisive momentum. This lack of a clear leader reflects ongoing market uncertainty and balanced positioning among investors. The piece underscores the challenges in identifying strong directional trades amid current volatility and policy ambiguity. Overall, the data suggests cautious investor behavior with no significant shifts in flows or positioning.

Read more: <https://www.ft.com/content/29505657-30be-4282-92b0-0e2ed49ca6f0>

FT Alphaville

FTAV's further reading

The FT Alphaville article titled "FTAV's further reading" compiles a diverse set of topics including Apple News, Excel functionalities, urban economics, inheritance trends, AI model Claude, and intersections of tech and finance. While not directly focused on market data or price action, the inclusion of tools like Excel and AI models like Claude suggests an emphasis on quantitative analysis and data-driven decision-making in finance. The mention of tech and finance highlights ongoing integration of technology in market strategies. No specific policy changes, flows, or positioning data are detailed in this summary.

Read more: <https://www.ft.com/content/2160a5da-2824-4845-a925-fe9cd5281604>

FT Alphaville

'Exactly what Africa needs'

The FT Alphaville article highlights a new financial initiative aimed at Africa, emphasizing its potential to address critical economic challenges on the continent. The piece suggests that the program could enhance capital flows and investment, supporting infrastructure and development projects. While specific data points or market reactions are not detailed, the initiative is positioned as a positive catalyst for African markets, potentially influencing regional asset prices and investor sentiment. The focus is on long-term structural benefits rather than immediate market movements, indicating a strategic shift in policy and investment flows toward Africa.

Read more: <https://www.ft.com/content/267bcba2-5185-473e-8d16-373aedbf4b8>

FT Alphaville

■ AI & Finance

CORT: Children of the Round Table #6 Preview: Mordred Gets Medieval

The provided article preview from Bleeding Cool focuses on the comic book "CORT: Children of the Round Table #6" and does not contain any financial market data, price action, policy updates, or relevant information for market or quantitative analysis. It is a cultural and entertainment piece without implications for trading flows, positioning, or economic indicators.

Read more:

<https://bleedingcool.com/comics/cort-children-of-the-round-table-6-preview-mordred-gets-medieval/>

Bleeding Cool News

02/07/2026

The report dated 02/07/2026 from Bay12games.com primarily focuses on updates related to the game "Dwarf Fortress" rather than financial markets. There are no relevant data points, price actions, policy changes, flows, or positioning information pertinent to market or quantitative analysis. The content is centered on game development progress and community engagement, lacking any financial or economic indicators that would impact trading or investment decisions.

Read more: <http://www.bay12games.com/dwarves/index.html#2026-02-07>

Bay12games.com

■ Quant Keywords & Mini-Glossary

Sharpe Ratio — [Measures risk-adjusted return by comparing excess return to volatility.]

Volatility — [Statistical measure of the dispersion of returns for a given asset.]

Risk-Adjusted Returns — [Returns that have been adjusted to account for the risk taken.]

Options Spread — [A trading strategy involving simultaneous buying and selling of options to manage risk or speculate.]

Implied Volatility — [Market's forecast of a likely movement in an asset's price derived from option prices.]

Options Flow — [The volume and direction of options trades indicating market sentiment and positioning.]

Fiscal Deficit — [The gap between government expenditures and revenues, impacting macroeconomic stability.]

Margin Requirements — [Collateral that traders must deposit to cover credit risk in derivatives trading.]

Deleveraging — [Reducing financial leverage by selling assets or paying down debt, often causing price pressure.]

Open Interest — [The total number of outstanding derivative contracts that have not been settled.]

Credit Spreads — [The difference in yield between different debt securities, reflecting credit risk.]

Capital Expenditure (Capex) — [Funds used by a company to acquire or upgrade physical assets.]

Positioning — [The aggregate holdings or exposure of market participants in various assets or strategies.]

Profit-Taking — [Selling assets to realize gains after price appreciation.]

Market Flows — [Movements of capital into or out of asset classes or securities.]

Risk Premia — [Extra return expected by investors for taking on additional risk.]

Realized Volatility — [Actual historical volatility calculated from past asset price movements.]

Term Premium — [Additional yield investors require for holding longer-term bonds versus short-term.]

Convexity — [Measure of the curvature in the relationship between bond prices and yields.]

Value at Risk (VaR) — [A statistical technique to quantify the potential loss in value of a portfolio.]

Cumulative Value at Risk (CVaR) — [Expected loss exceeding the VaR threshold, measuring tail risk.]

Order Flow Imbalance — [Difference between buy and sell orders indicating supply-demand pressure.]

Earnings Surprise — [When reported earnings differ significantly from analyst expectations, impacting prices.]

Index Rebalancing — [Adjusting the composition of an index, affecting demand for constituent stocks.]

Leverage — [Use of borrowed funds to increase exposure to an asset or portfolio.]