



**Through the Retail Lens** is a new [JPM Data Intelligence](#) product focusing on one of the most topical themes in the US equity market since the start of the pandemic - retail trading activity. The product combines proprietary and high frequency retail flow data from our QDS research colleague [Peng Cheng](#), with our NLP analysis on retail social media activity, both at a market & single stock level.

We are offering a free trial of our daily retail dataset, which provides insight into stocks potentially most vulnerable to a retail-induced ‘Squeeze’. For those subscribing to the data set, we can also offer a 6 month historical feed for back-testing purposes. Please [reach out](#) to discuss.

**What does the *Through the Retail Lens* dataset cover?**

- 1) Social media volume and sentiment data (*JPM Data Intelligence*)** - daily snapshot of stocks discussed on social media (including Reddit / Wallstreetbets), along with number of mentions and sentiment based on NLP analysis. Using this data we have also created two short-term long only strategies which have delivered a Sharpe of c.2x this year (see below for a quick summary, and Appendix for further details). Historical feed for number of mentions, sentiment and strategy also available (last 6 months).
- 2) Retail predicted trades data (*Peng Cheng, QDS Research*)** – daily feed of predicted retail trades for over 5000 single stocks + 2500 ETFs. Historical feed also available (since 2015).
- 3) Retail risk of a squeeze screen (*JPM Data Intelligence and Peng Cheng, QDS Research*)** - a combination of the data sets above in order to present a daily stock screen of long ideas based on positive weekly social sentiment and net retail inflows. Stocks are marked ‘Y’ if they also satisfy the criteria for our short-term long only strategies above.

**Backtest details for 2x short-term long only strategies based on US retail social media sentiment, flows & price momentum**

Strategy (backtest since 15 Feb '21)	Net Sharpe (annualized)	Total P&L	Max Drawdown	Hit rate	Avg profit per trade	Total # of trades
Large number of mentions on social media	1.8x	124.1%	-19.9%	39.5%	0.76%	286
Social media mentions plus price momentum	2.1x	86.1%	-34.4%	41.9%	1.01%	155

Note: All results are after transaction costs (20bps per trade)  
Source: JPMorgan Data Intelligence, JPMorgan Quantitative & Derivatives Strategy Research

**What are the datasets currently telling us?**

Below we discuss 6 key trends and observations from the US retail activity data:

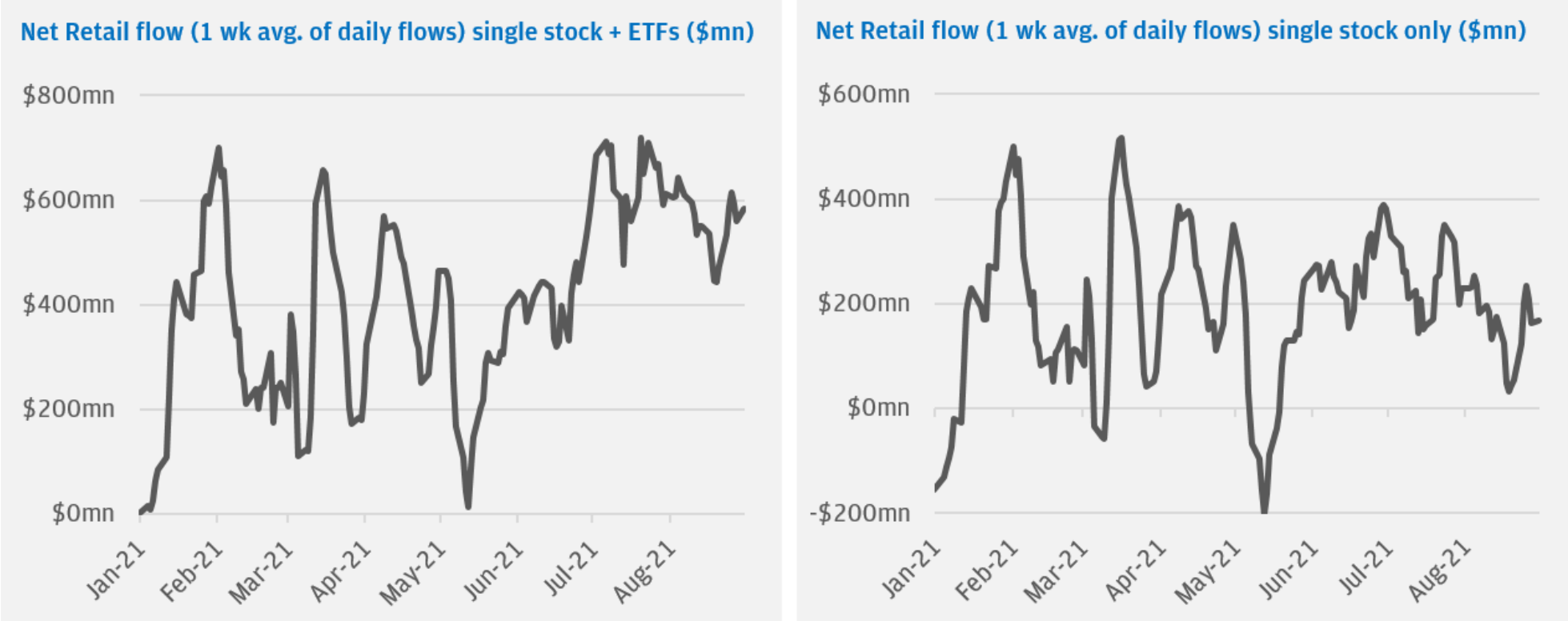
- 1) Retail investors turned incrementally less constructive on US equities through early August**

Retail investors bought incrementally less US equities through early August, with the tail-off driven by single stocks (rather than ETFs). As such, the rate of retail net buying fell back to c. Q2 2021 levels, having been elevated in June-July this year. Having said that, last week we saw a slight pick-up in activity.

Our high frequency retail sentiment data tracked by capturing # of posts on Reddit/wallstreetbets (WSB) reflects a similar message. **Reddit/wallstreetbets (WSB) post volumes were just 320 last week and 287 the week prior, down from 526 in early June.**

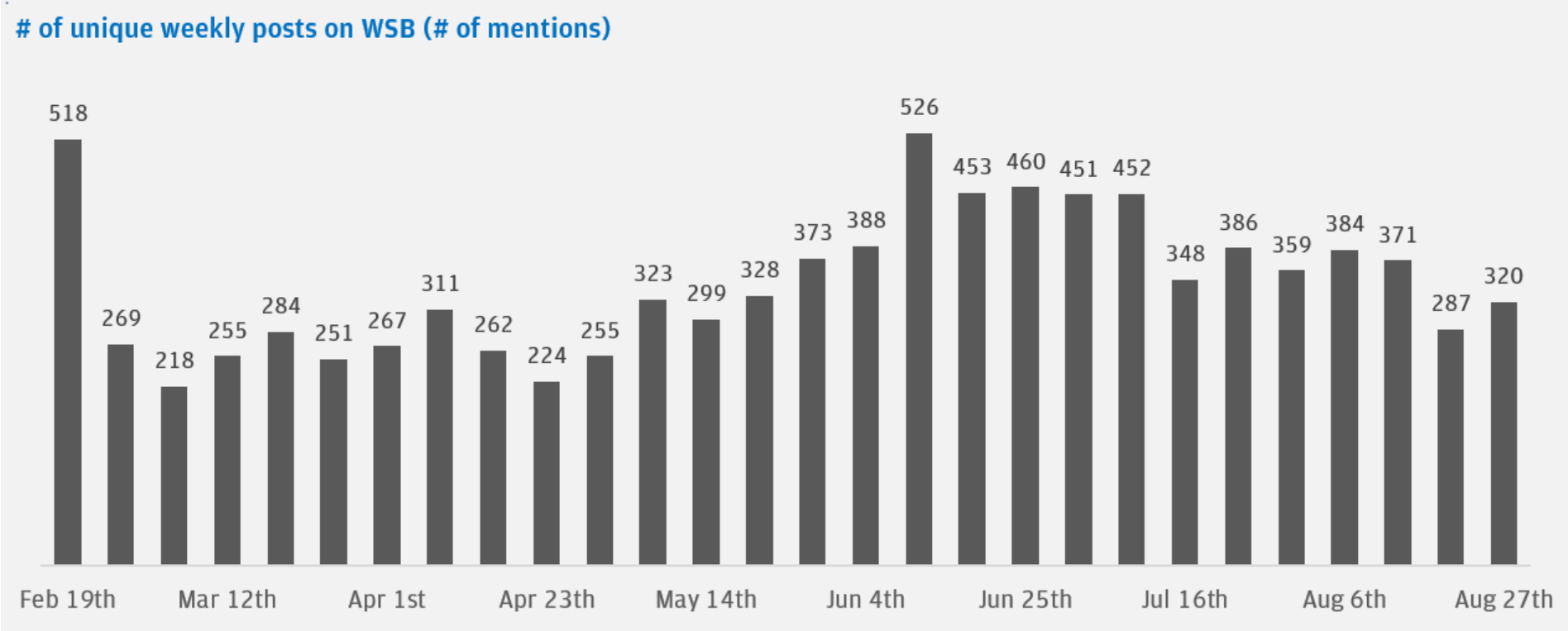
Given strength in crypto markets through August, investors **may have shifted out of single stock equities and into crypto assets.** Note retail investors have recently added to their bitcoin cash positions (*Source: Vanda Research*).

Exhibit 1: Net retail flows data suggests US retail trading activity lost momentum through August



Source: JPMorgan Quantitative & Derivatives Strategy Research, JPMorgan Market, Data & Positioning Intelligence

Exhibit 2: # of weekly posts on Reddit / Wall Street Bets suggests single stock retail social media activity is at 3 month lows

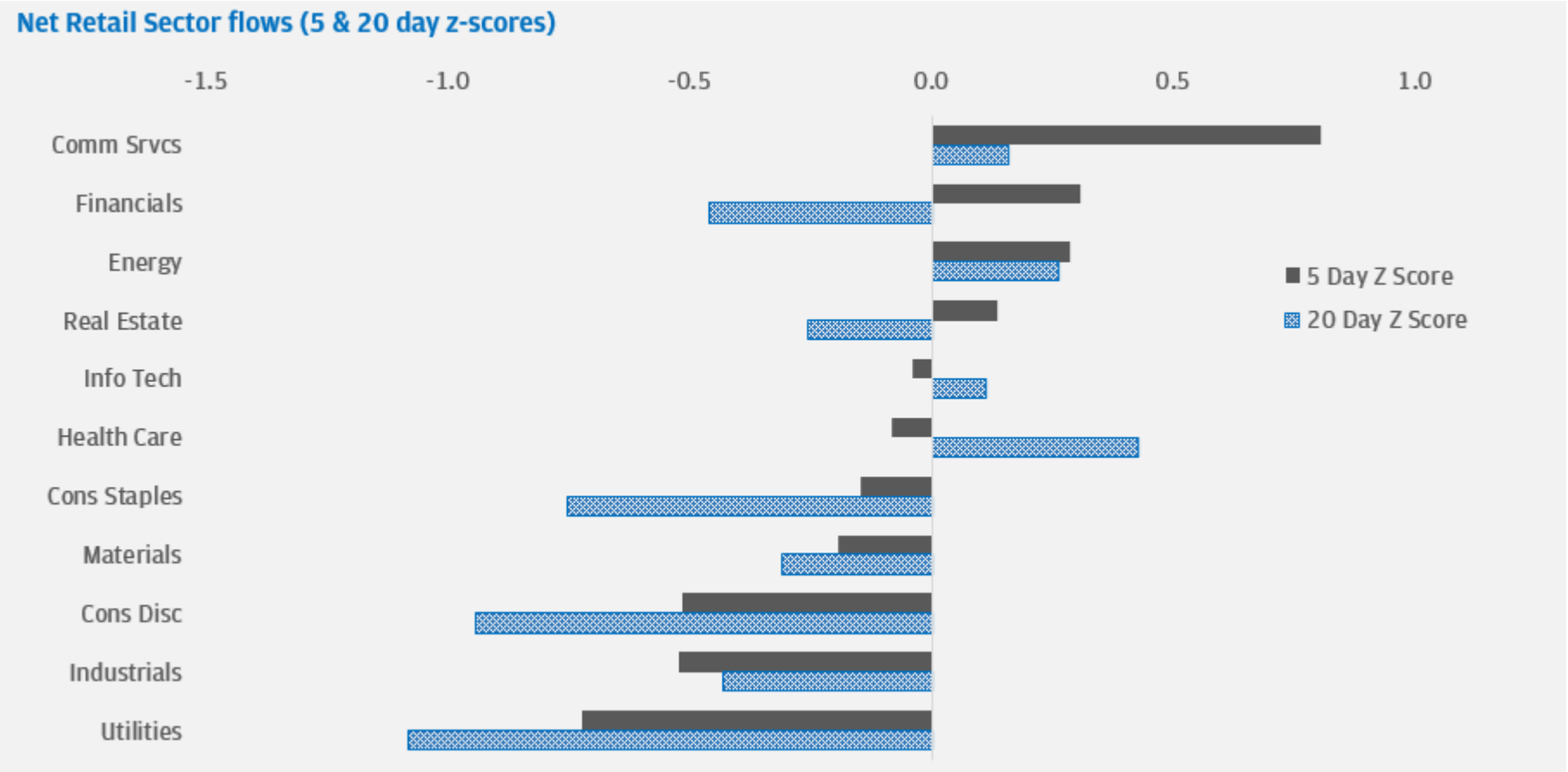


Source: JPMorgan Market, Data & Positioning Intelligence

2) At a sector level, Communication services, Financials and Energy were the most bought last week...

At a sector level the retail investor looks to have most bought **Communication Services, Financials and Energy** last week, vs most sold **Utilities, Industrials and Consumer Discretionary**.

Exhibit 3: Comm Services, Financials and Energy were among the most bought sectors by US retail investors last week.

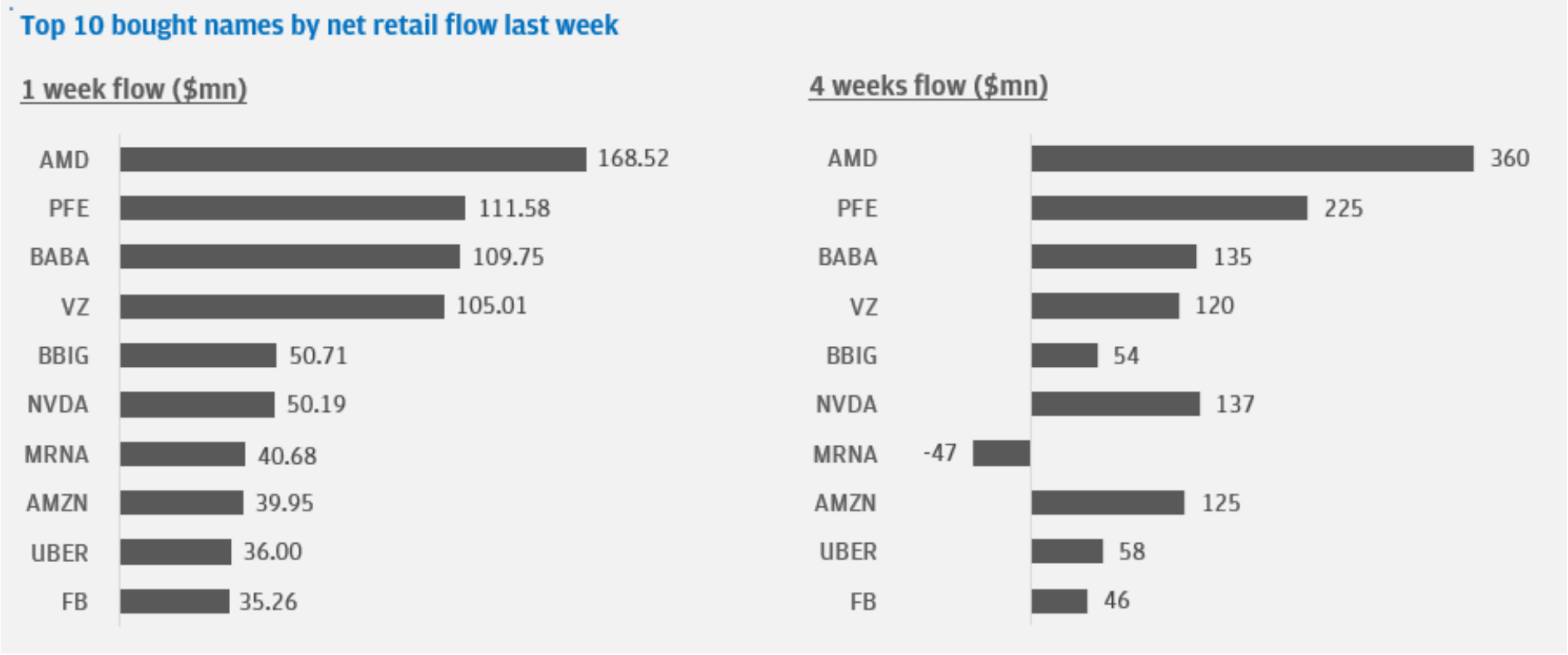


Source: Source: JPMorgan Quantitative & Derivatives Strategy Research, JPMorgan Positioning Intelligence

...while at a single stock level, AMD, Pfizer and Baba were the most bought

At a stock level the retail investor most bought AMD, PFE, BABA vs most sold AAPL, SAVA, BAC.

Exhibit 4: Stocks most bought by retail investors last week included AMD, PFE & BABA...



Source: JPMorgan Quantitative & Derivatives Strategy Research

Exhibit 5: ...while stocks most sold included **AAPL, SAVA & BAC**

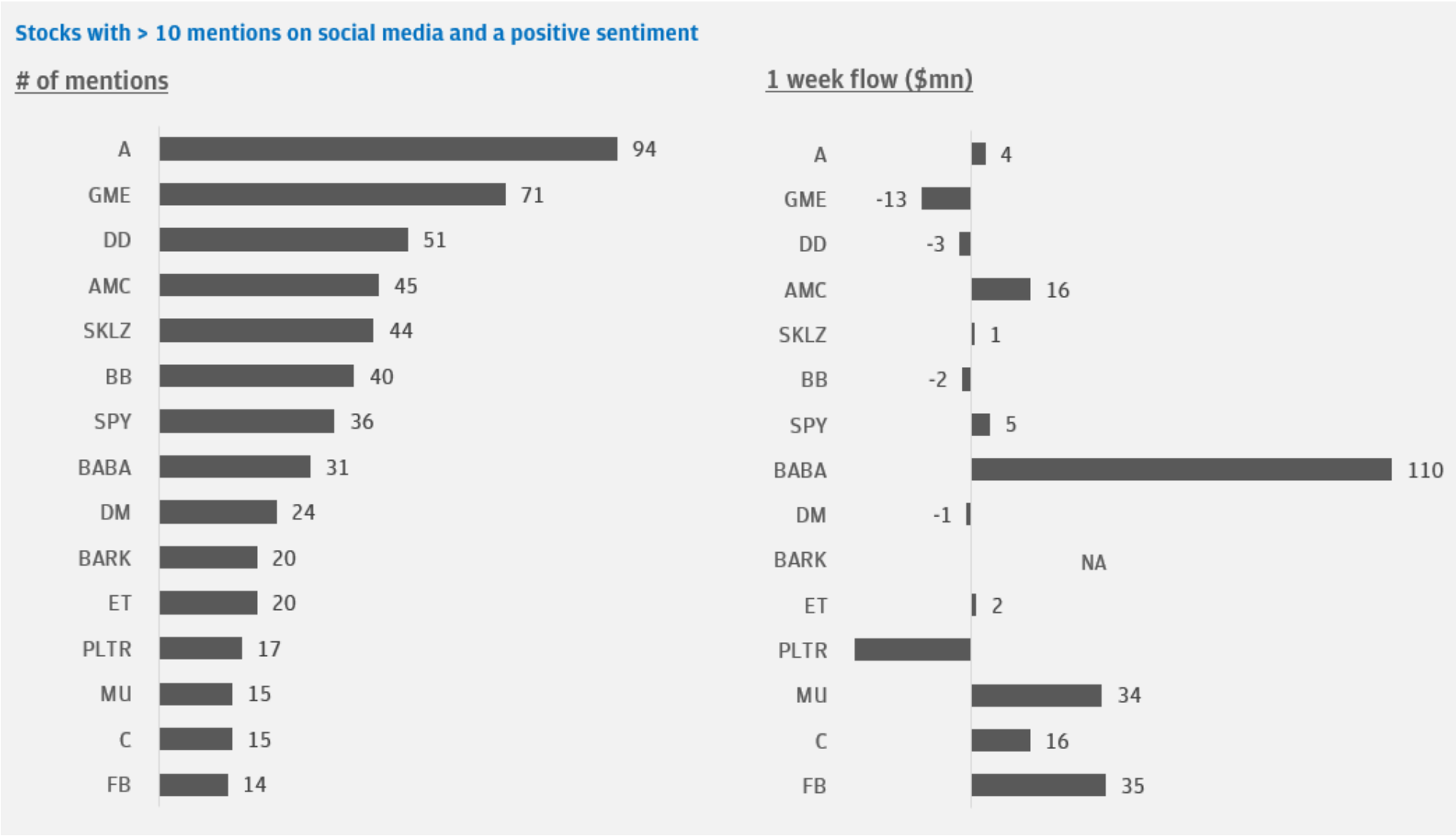


Source: JPMorgan Quantitative & Derivatives Strategy Research

3) Looking at social media sentiment, **Agilent, Gamestop and Dupont de Nemours** were among the most mentioned with positive sentiment last week.

**Agilent, Gamestop and Dupont de Nemours** were among the most mentioned with positive sentiment last week. **Alibaba, Micron Technology and Facebook** were mentioned with positive sentiment and witnessed outsized retail inflows.

Exhibit 6: Stocks most discussed on social media and with a positive sentiment last week include **A, GME, DD**.



Source: JPMorgan Quantitative & Derivatives Strategy Research, JPMorgan Data Intelligence

4) Popular retail trades saw strong outperformance vs the S&P500 last week

Our Popular retail baskets had a strong run last week and outperformed the S&P500. Our US Social Sentiment Leaders basket (BUZZ US) was the best performer on the week rallying by +3.8% vs S&P500 up +1% last week. The US Most Shorted stocks basket (JPTASHTE), which has rallied by > 30% YTD rose another +2.9% last week, and *Peng Cheng’s* Popular Retail Longs basket (JP1BRPOP) was up by +2.2%.

Exhibit 7: Performance of Retail baskets vs S&P 500

Basket/Index	Ticker	1 Week		1 Month		3 Months		YTD	
Most Shorted	JPTASHTE	<div></div>	+2.9%	<div></div>	+0.4%	<div></div>	+0.3%	<div></div>	+34.3%
Popular Retail Longs	JP1BRPOP	<div></div>	+2.2%	<div></div>	+3.6%	<div></div>	+8.9%	<div></div>	+23.3%
US Social Sentiment Leaders	BUZZ US	<div></div>	+3.8%	<div></div>	+3.7%	<div></div>	+6.6%		NA
S&P 500	SPX	<div></div>	+1.0%	<div></div>	+2.9%	<div></div>	+7.6%	<div></div>	+20.4%

Source: JPMorgan Market, Data & Positioning Intelligence

5) Within our daily Retail ‘Risk of a Squeeze’ screen **Applied Materials** and **Original BARK** stand out among others

Our daily retail risk of a squeeze screen shows stocks with potential to outperform as a result of retail buying. The screen reflects long ideas based on positive weekly social sentiment and net retail inflows. **Applied Materials** and **Original BARK** stand out this week, among others. Within this list, note **AMC** and **Skillz** also satisfy the criteria for one of our short-term long only strategies.

Below is a snapshot of the screen. *Please email us [here](#) if you would like to access the full screen or short-term strategies on a daily basis.*

Exhibit 8: Retail ‘Risk of a Squeeze’ screen

Ticker	Company Name	Sector	Market Cap (\$bn)	US retail social media sentiment			US retail flows		Long strategies		
				Weekly number of mentions	Last day number of mentions	Positive sentiment score (last week) pctile (100% = most positive)	Net Retail flow (\$mn, last week)	Retail flow most bought rank (last week)	Large number of social media mentions (last 1d)	Short-term price momentum	Short-term long strategy
AMAT	APPLIED MATERIAL	Technology	122.8	5		98%	6.9	140			
BARK	ORIGINAL BARK CO	Communications	1.4	20		95%					
AI	C3.AI INC-A	Technology	5.3	13	4	88%	1.5	566			
FIGS	FIGS INC-CLASS A	Communications	6.7	12		86%	2.8	361			
MU	MICRON TECH	Technology	82.4	15		79%	34.3	19			
BABA	ALIBABA GRP-ADR	Communications	441.1	31	8	77%	109.8	4			
AMZN	AMAZON.COM INC	Communications	1732.8	5		72%	39.9	15			
CRSR	CORSAIR GAMING I	Technology	2.7	11	9	70%	4.3	255			
AMC	AMC ENTERTAINMEN	Consumer, Cyclical	22.2	45	10	56%	15.7	51		Y	Y
A	AGILENT TECH INC	Industrial	53.5	94		53%	3.8	276			
X	US STEEL CORP	Basic Materials	7.3	7		51%	2.3	417			
C	CITIGROUP INC	Financial	145.3	15	7	49%	15.5	53			
ET	ENERGY TRANSFER	Energy	25.2	20	10	47%	1.5	558			
MA	MASTERCARD INC-A	Financial	348.4	7		42%	13.9	66			
PSFE	PAYSAFE LTD	Consumer, Non-cyclical	6	5	5	40%	2.1	447			
GM	GENERAL MOTORS C	Consumer, Cyclical	71.4	5		37%	21.1	31			
RH	RH	Consumer, Cyclical	15.1	5		28%	2.2	440			
SKLZ	SKILLZ INC	Technology	4.3	44	31	26%	1.1	701	Y		Y
SPY	SPDR S&P 500 ETF	Funds	399.7	36	2	21%	5.1	209			
FB	FACEBOOK INC-A	Communications	1073.2	14		19%	35.3	18			
PM	PHILIP MORRIS IN	Consumer, Non-cyclical	160.6	11	6	16%	0.1	2911			
MSFT	MICROSOFT CORP	Technology	2281.4	4	3	12%	5.7	181			
SOFI	SOFI TECHNOLOGIE	Financial	11.3	7		7%	13.6	67			
RIDE	LORDSTOWN MOTO-A	Consumer, Cyclical	1.1	5	3	5%	11.2	87			

Source: JPMorgan Market, Data & Positioning Intelligence



6) Key latest developments in the retail space over the last month – Robinhood, Paypal, Coinbase in focus

Finally, across the retail space more generally we note the following developments over the month:

- **Robinhood** (US retail brokerage; [HOOD US](#)) IPO’d on 29th July and its shares rallied >80% over the following week. However, the stock has since somewhat reverted, now +17% post IPO.
- **Paypal** ([PYPL US](#)) also launched a crypto service in the UK, allowing customers to buy, hold and sell bitcoin, bitcoin cash, ethereum and litecoin.
- **Coinbase** (US retail brokerage; [COIN US](#)) released Q2 earnings, reporting a +38% QoQ growth in transactions volumes, with notable strength in ETH and institutional.
- **Visa** bought **CryptoPunk** ‘7610, a non-fungible token (NFT), for \$150,000 on 19<sup>th</sup> August, in order to ‘have a firsthand understanding of the infrastructure requirements for a global brand to purchase, store, and leverage an NFT’.
- Monthly traded volumes in **bitcoin futures** were flat MoM but down c. 35% vs May highs. On the other hand, **Opensea** (the largest Ethereum-based NFT marketplace) reported a large increase in daily NFT transaction volumes from \$10.2mn to \$180mn over the last 30 days.

Appendix: Historic track-record of predicted Retail trades and/or Retail sentiment data

Retail predicted trades backtests

Peng Cheng has demonstrated predictive power and persistence in retail flows data, the results of which are summarized below. Peng also notes that a combination of retail sentiment and flow helps achieve a better overall performance - [here](#) & [here](#).

Exhibit 8: Retail flow backtest results

Strategy (backtest since Jan' 2020)	Net Sharpe (annualized)	Return (annualized)	Volatility (annualized)	Worst Drawdown	Skewness
Daily Long / Short Retail Flow	1.7x	15.7%	9.1%	-6.8%	-0.90
Weekly Long / Short Retail Flow	0.9x	6.5%	7.6%	-5.2%	-0.25

Source: JPMorgan Quantitative & Derivatives Strategy Research

Retail sentiment backtests (as highlighted above)

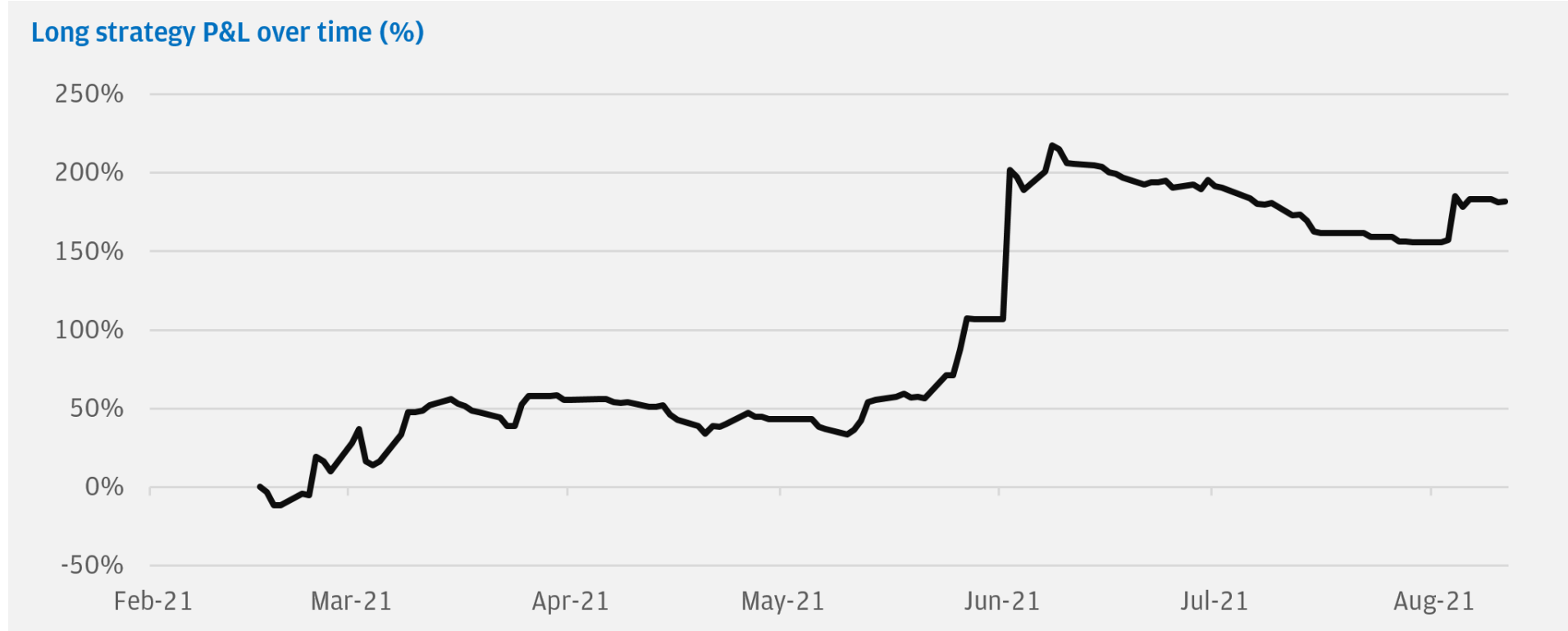
We have developed 2x long-only strategies based on a combination of US retail social media sentiment, flows & price momentum. These strategies have been profitable so far this year, each delivering a Sharpe over 1.8x. Note that the strategies rebalance daily and assume 20bp transaction costs each way. These strategies are available as a data feed, with history.

Exhibit 9: Backtest results since 15<sup>th</sup> Feb 2021

Strategy (backtest since 15 Feb '21)	Net Sharpe (annualized)	Total P&L	Max Drawdown	Hit rate	Avg profit per trade	Total # of trades
Large number of mentions on social media	1.8x	124.1%	-19.9%	39.5%	0.76%	286
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Note: All results are after transaction costs (20bps per trade)  
Source: JPMorgan Data Intelligence

Exhibit 10: Average combined P&L for long strategies



Source: JPMorgan Data Intelligence

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The broader JPM Retail investor library includes the following. Please reach out to the respective teams to subscribe or access the data trial.

#### Content – Research:

- **Retail Radar (weekly):** commentary on US Retail investor predicted trades – [Peng Cheng, QDS Research](#)
- **Flows and Liquidity (ad hoc):** summary of retail flows in the context of broader positioning – [Nikos Panigirtzoglou, QDS Research](#)
- Coverage of **HOOD US** and **COIN US**: regular coverage from analyst [Kenneth Worthington, Brokers, Asset Managers & Exchanges](#)

#### Content – Trading (*Global Market, Data & Positioning Intelligence*):

- **Through the Retail Lens (ad hoc):** summary of US Retail investor predicted trades, stocks discussed on social media and (backtested) stocks most likely to out/(under)perform as a result – [JPM Data Intelligence](#).
- **Prime Time:** retail sector flows in the context of JPM Prime and ETF flows – [JPM Positioning Intelligence](#).

#### Data:

- **1) Social media volume and sentiment data** - daily snapshot of stocks discussed on social media (including Reddit / Wallstreetbets), along with number of mentions and sentiment based on NLP analysis. Using this data we have also created two short-term long only strategies which have delivered a Sharpe of c.2x this year. Historical feed for number of mentions, sentiment and strategy also available (last 6 months). - [JPM Data Intelligence](#).
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- **3) Retail risk of a squeeze screen** – we have combined the data sets above in order to present a daily stock screen of long ideas based on positive weekly social sentiment and net retail inflows. This screen also reflects any stocks identified in our short-term long only strategies above. - [JPM Data Intelligence and Peng Cheng, QDS Research](#)

### [Access other JPM Data Intelligence products](#)

[Signal from the Noise: A new market timing tool for the S&P500 based on JPM Fundamental & Positioning signals](#) – May 18 2021

[Signal from the Noise: Responding to 8 FAQs](#) – June 10 2021

[Both Fundamental and Positioning signals now in ‘Neutral’ territory](#) – Aug 2 2021

## **J.P. Morgan Markets Data Intelligence team**

Part of the J.P Morgan [Global Market, Data and Positioning Intelligence team](#)



Eloise Goulder



Marius Vaiciulis



Krupa  
Patel



Sid  
Jain



Preet  
Malde

In collaboration with Peng Cheng & team, QDS Research



Peng Cheng



Kamal Tamboli



Dubravko Lakos-Bujas



Marko Kolanovic

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