US EQUITIES COLOR: 'WRONG WAY'

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S&P +21bps closing @ 7,428 w/ a MOC of $200mm to SELL. NDX -98bps @ 27,763, R2K +20bps 2,953, and Dow +103bps @ 52,747. 17.323bn shares traded across all US equity exchanges vs ytd daily avg of 19.340bn shares. VIX -246bps @ 18.21, WTI Crude -435bps @ $79.02, US 10YR -0.047bps @ 4.6022%, gold -122bps @ 4,026, dxy -12bps @ 101.41 and Bitcoin -155bps @ $63,897

Painful out there with persistent “sell the news” EPS action, factor vol, and calendar effects have all created what feels a bit like a buyers strike (for now) as investors look for signs of “stability” after a very dynamic few weeks of trading and performance. GS TMT Mo’ Pair (GSTMTMOM) traded down ~10% driven by ‘wrong way’ price action on both Long and Short legs. Feels like the squeeze higher in out-of-favor Software & Internet is almost equally frustrating as the sell-off in AI / Semis. On our desk, we have seen very little real sponsorship of Software…which leads us to believe most of this move is being driven by 1) explicit trading of Momentum baskets, and 2) HF gross downs, which is driving covering of Software shorts. Another expression of pain very apparent today in Staples +2% (post strong KO eps), with the group being the funding supply/short for many of the TMT/Momentum purchases, and now pair now seems to be reversing.

As of noon EST today, we were tracking Fundamental L/S down 1.3%, Systematic L/S down 1.0% and Multi-Strats down 1.7%. We have to look back to March 2020 (COVID sell-off) for the last time all three strategies were down more than 1% on the same day. *(Prime Strats **link**).* Our floor was a 5 on a 1-10 scale (inbounds 8/10) in terms of overall activity levels, finishing +85bps to buy vs a 30-day avg of -27bps. Asset Mgr flows were balanced while HFs net bought macro products. **POST BELL:** This should help tech / mo' backdrop: **STX +9%** on big Rev, EPS, GM beat & big EPS guide // **BE +8%** on big Q1 Rev/EBTIDA beat. All eyes will be on Hynix p overnight

Tomorrow, we expect the FOMC to leave the fed funds rate unchanged at its July m statement might acknowledge the upside risks to inflation posed by renewed geop



conflict, and there will likely be at least one dissent in favor of a hike. (link)

DERIVS: The desk has been flagging that despite all of the volatility in single stocks, SPX 20d realized vol hit a new 6-month low today. To put in context, over the last 30 sessions, SPX has traded within a 3% range (using closing levels) which is in the bottom decile going back to 1928. As protection was monetized today, NDX traded spot down vol down and skew relaxed across the curve. SPX and RUT vol and skew followed suit with more moderate moves. Flows wise, we saw a chase for upside in AI/memory short dated gamma tenors on the view that we have seen capitulation. Interesting flow went through into the close especially in the memory space -- DRAM 31Jul 48 calls gs cust bought 10,000 for 2.55. The desk generally likes structures that get long delta and short vol in tech. The implied move through Friday is 1.40%. (TY Gail Hafif)

As factor volatility in momentum remains extremely high and concerns on circular financing across the AI infrastructure complex have resurfaced, global Info Tech stocks were significantly net sold on both Friday (7/24) and Monday (7/27), driven mainly by long sales.

In cumulative % terms over the past two sessions, global Info Tech stocks saw the largest long selling on the Prime book since January 2021 and the second largest long selling in the past decade. (TY Vincent Lin & Team, link)

