

Daily Packet: 2026-05-19 to 2026-05-19

Trading_and_investment_papers plus Daily Shot when available.

WINDOW PDFS

15

CHART EXTRACTS

44

TOP CHARTS

6

DAILY SHOT

skipped

Bottom line: This packet is the one-stop morning read: curated chart evidence first, Daily Shot context second, and source links at the end.

Top Charts

1. JPM US Equity Derivatives Strategy Tactical Upside Trades in AMZN: Options are shaping the path of the underlying

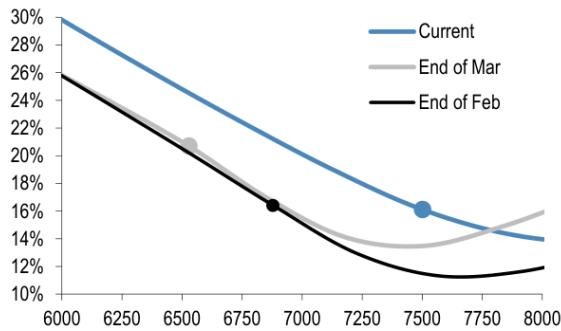
Page 4 | JPM US Equity Derivatives Strategy Tactical Upside Trades in AMZN

What it says: JPM US Equity Derivatives Strategy Tactical Upside Trades in AMZN: Figure 5: S&P 500 fixed strike skew SPX 3M implied volatility by strike 10% 12% 14% 16% 18% 20% 22% 24% 26% 28% 30% 6000 6250 6500 6750 7000 7250 7500 7750 8000 Current End of Mar End of Feb Source: J.P. Morgan Equity Derivatives Strategy. Figure 6: Nasdaq...

Worldview update: The rally has become more flow-mechanical. Fundamentals still matter, but call demand, vol compression, and dealer positioning are first-order timing variables.

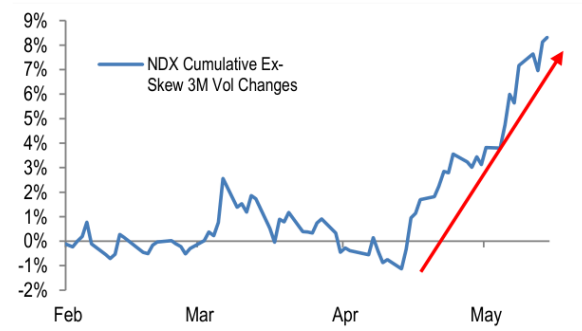
Portfolio/use: Favor defined-risk upside and start adding downside while hedges are ignored.

Figure 5: S&P 500 fixed strike skew
SPX 3M implied volatility by strike



Source: J.P. Morgan Equity Derivatives Strategy.

Figure 6: Nasdaq vol has strongly outperformed what was priced into its skew over the past month



Source: J.P. Morgan Equity Derivatives Strategy.

Figure 7: S&P 500 implied volatility, skew and term structure heat-map (5Y percentiles by tenor and moneyness)

Tenor	Strike										Skew			Term Structure				
	70	75	80	85	90	95	100	105	110	115	120	125	130		90-100	100-110	90-110	
1M				0.41	0.37	0.40	0.52	0.63	0.71					0.33	0.35	0.28	2M-1M	0.72
2M				0.51	0.46	0.46	0.55	0.66	0.72	0.74				0.42	0.22	0.27	3M-2M	0.55
3M				0.52	0.49	0.45	0.47	0.56	0.66	0.72	0.75	0.77		0.42	0.13	0.22	6M-3M	0.58
6M			0.54	0.53	0.52	0.51	0.52	0.56	0.64	0.72	0.76	0.78	0.76	0.48	0.08	0.21	1Y-6M	0.63
9M			0.55	0.55	0.54	0.53	0.55	0.59	0.63	0.70	0.75	0.78	0.78	0.49	0.09	0.24	2Y-1Y	0.65
1Y		0.58	0.57	0.55	0.55	0.55	0.57	0.60	0.63	0.68	0.73	0.77	0.78	0.48	0.12	0.28	3M-1M	0.67
2Y	0.64	0.64	0.63	0.63	0.63	0.64	0.64	0.65	0.66	0.68	0.70	0.71	0.71	0.59	0.35	0.47	9M-3M	0.58

2. Eq Positioning and Key Levels: Breadth is narrowing beneath the index

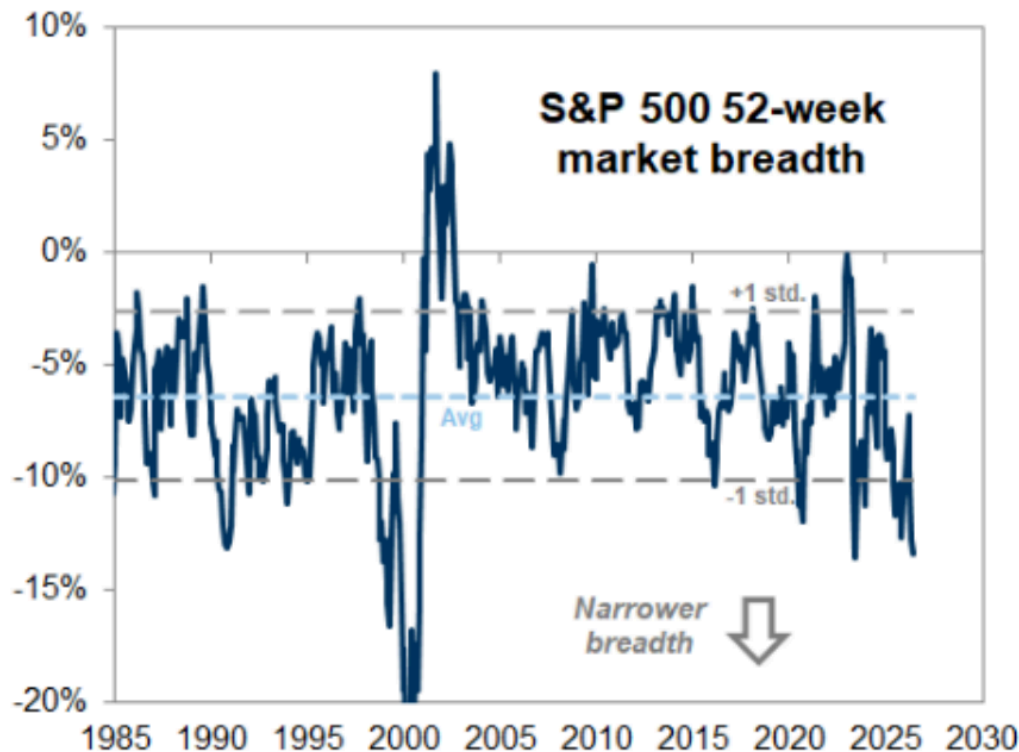
Page 12 | Eq Positioning and Key Levels

What it says: Eq Positioning and Key Levels: The S&P 500 has registered 14 new highs during the past month alongside declining market breadth.

Worldview update: SPX strength is increasingly an index-concentration signal. The macro read from headline index levels is polluted by a few large leaders.

Portfolio/use: Separate SPX direction from equal-weight health; prefer relative-value hedges over blunt index shorts.

Market breadth calculated as the distance of the S&P 500 from its 52-week high less the distance of the median S&P 500 constituent from its 52-week high



Source: Goldman Sachs Global Investment Research

The S&P 500 has registered 14 new highs during the past month alongside declini

3. crowded leveraged fragile: Oil stress is feeding rates, while equities are looking through it

Page 4 | crowded leveraged fragile

What it says: crowded leveraged fragile: Dead cross Europe's pride, SXPARO (defense), continues trading well offered. Note the dead cross (50/200 day) we got a few sessions ago. The big trend comes in lower still. LSEG Workspace Vol knows European equity volatility started the gap vs. VIX just as...

Worldview update: The cleaner market signal is the cross-asset divergence: oil stress has mattered for rates, but equities are already looking through it. That calm is fragile if energy pressure starts feeding inflation or growth expectations again.

Portfolio/use: Track Brent, rates, and equity correlation together; use oil/rates stress as the warning light rather than treating headlines in isolation.

Dead cross

Europe's pride, SXPARG (defense), continues trading well offered. Note the dead cross (50/200 day) we got a few sessions ago. The big trend comes in lower still.



Vol knows

European equity volatility started the gap vs. VIX just as oil exploded higher. Europe is the sensitive relative sucker.



4. semis finally blink: AI is becoming a capex, power, and politics story

Page 1 | semis finally blink

What it says: semis finally blink: Semis Finally Blink SOX is finally showing signs of real stress after one of the most aggressive AI melt-ups ever seen. Momentum, positioning and rates are all starting to turn at the same time, just as semis remain priced for near perfection. SOX cracks SO...

Worldview update: The AI trade is no longer only about demand and model progress. The constraint is shifting toward cash-flow intensity, grid capacity, permitting, and public tolerance.

Portfolio/use: Map AI exposure through power, grid, utilities, gas, and capex beneficiaries; be careful where capex consumes free cash flow.

Semis Finally Blink

SOX is finally showing signs of real stress after one of the most aggressive AI melt-ups ever seen. Momentum, positioning and rates are all starting to turn at the same time. Just so semis remain priced for near perfection.

SOX cracks

SOX is printing its biggest downside candle since the melt-up began. The index is now breaking below the steep trend line while slipping under the 8 day moving average. The 21 day sits lower (next meaningful support), while the 50 day remains far below current levels.



SOX superlatives

Don't forget Hartnett's Friday poetry: "SOX semiconductor index remarkably trading 62% above 200dma, comparable only to French market at peak Mississippi bubble, Nasdaq at peak dotcom bubble..."

Bubble	Index	Start	Peak	Deviation vs 200dma at peak
Mississippi Co.	CAC All-Tradable	7/31/1718	1/31/1720	73%
Roaring 20s	Dow Jones	3/30/1926	9/3/1929	21%
Black Monday	Dow Jones	9/20/1985	8/25/1987	21%
Japan	Nikkei 225	10/23/1986	12/29/1989	12%
Dotcom	Nasdaq	9/23/1998	3/10/2000	55%
Saudi Arabia	Tadawul	5/27/2004	2/26/2006	28%
China	Shanghai	6/6/2005	10/16/2007	37%
Average				35%
AI	Semiconductors (SOX)			62%

Shorts

Semis short interest remains relatively low, a huge contrast versus the record software short. As we outlined last week, hedging semis downside via puts still makes sense, while the semis vs. software setup could also trigger a sharp IGV short-covering move if momentum continues rotating away from semis.

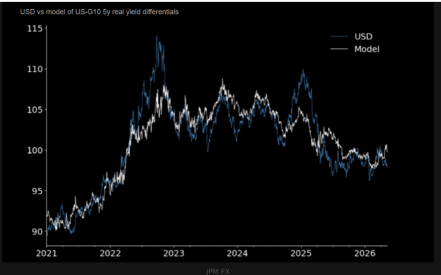
5. Jamie Dimon s Favorite FX Brain Is Buying Dollars Again: Europe has opportunity, but oil and FX can spoil it

Page 2 | Jamie Dimon s Favorite FX Brain Is Buying Dollars Again

What it says: Jamie Dimon s Favorite FX Brain Is Buying Dollars Again: JPM FX Follow the MoMo EUR/USD has generally followed relative momentum of late, which favors USD. JPM FX US equity outperformance helps US equity outperformance has delivered a nascent boost to USD, after acting as a draft around the turn of the year. Char...

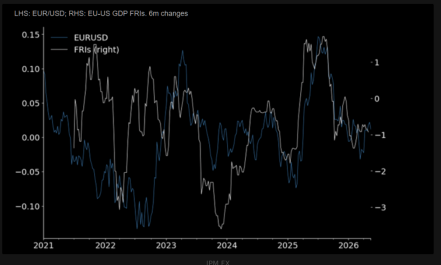
Worldview update: Europe has an earnings and under-positioning setup, but it is also more exposed to energy disappointment and currency pressure.

Portfolio/use: Prefer European longs with earnings momentum and lower energy sensitivity; hedge EUR risk when oil stress rises.



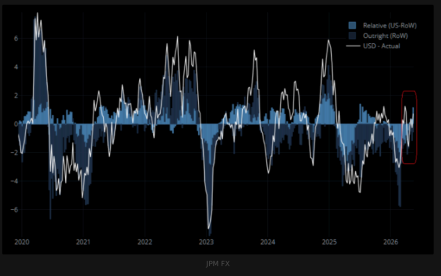
Follow the MoMo

EUR/USD has generally followed relative momentum of late, which favors USD.



US equity outperformance helps

US equity outperformance has delivered a nascent boost to USD, after acting as a drag around the turn of the year. Chart shows contributions to USD TWI vs. two factor equity model (outright global equities and relative US-GL equity differential). 3m% chg.



Sentiment

BofA: "Negative USD sentiment approaching post-Liberation Day and peak-Greenland levels, based on cross-asset performance."

6. we were ready to increase our short then these charts showed up: Retail attention is a crowding signal again

Page 1 | we were ready to increase our short then these charts showed up

What it says: we were ready to increase our short then these charts showed up: The selloff thesis meets an inconvenient set of charts We have written extensively over the past few days about stretched positioning, euphoric sentiment, and why equities increasingly look vulnerable to a pullback. So we almost spit out our coffee this mor...

Worldview update: Retail flow is no longer just background noise. It is reinforcing single-name momentum and can stretch valuations past fundamentals.

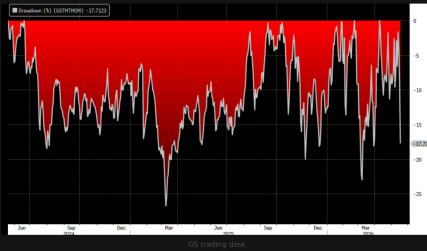
Portfolio/use: Treat retail favorites as path-dependent momentum trades; use options or tight risk rather than valuation-only shorts.

The selloff thesis meets an inconvenient set of charts

We have written extensively over the past few days about stretched positioning, euphoric sentiment, and why equities increasingly look vulnerable to a pullback. So we almost spit out our coffee this morning when these updated positioning charts landed on the desk. Positioning analysis is messy by nature — there are always conflicting signals. But these six charts all point in the same uncomfortable direction for bears: perhaps positioning is not nearly as extreme as many feared. Does it change our short-term pull-back thesis? No. But it for sure reduces conviction.

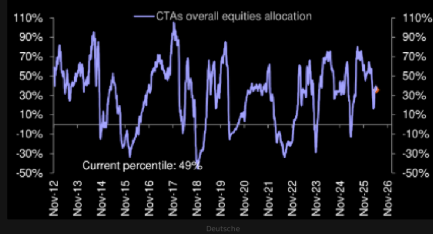
Momentum: That was quick

"The GS TMT Mo pair has now pulled back -17% from its 52wk high / peak, a drawdown that measures favorably against those other non-"event"-driven Momentum drawdowns over the last 2+ years. The more "normal" TMT Mo pair pullbacks have been in the 15-20% range." (Peter Callahan)



CTAs

Deutsche has CTA equity exposure at a non-extreme 49th percentile.



CTAs: Buyers in every scenario

GS: "We have CTAs long \$95bn of global equities (64th %tile) and long \$44bn of US equities (79th %tile). We estimate that CTAs are small buyers of US equities in every scenario over the next week."

Daily Shot

Daily Shot skipped: Daily Shot credentials are not configured.

Additional Chart Selection

semis finally blink

2 additional extracted charts

Chart 1

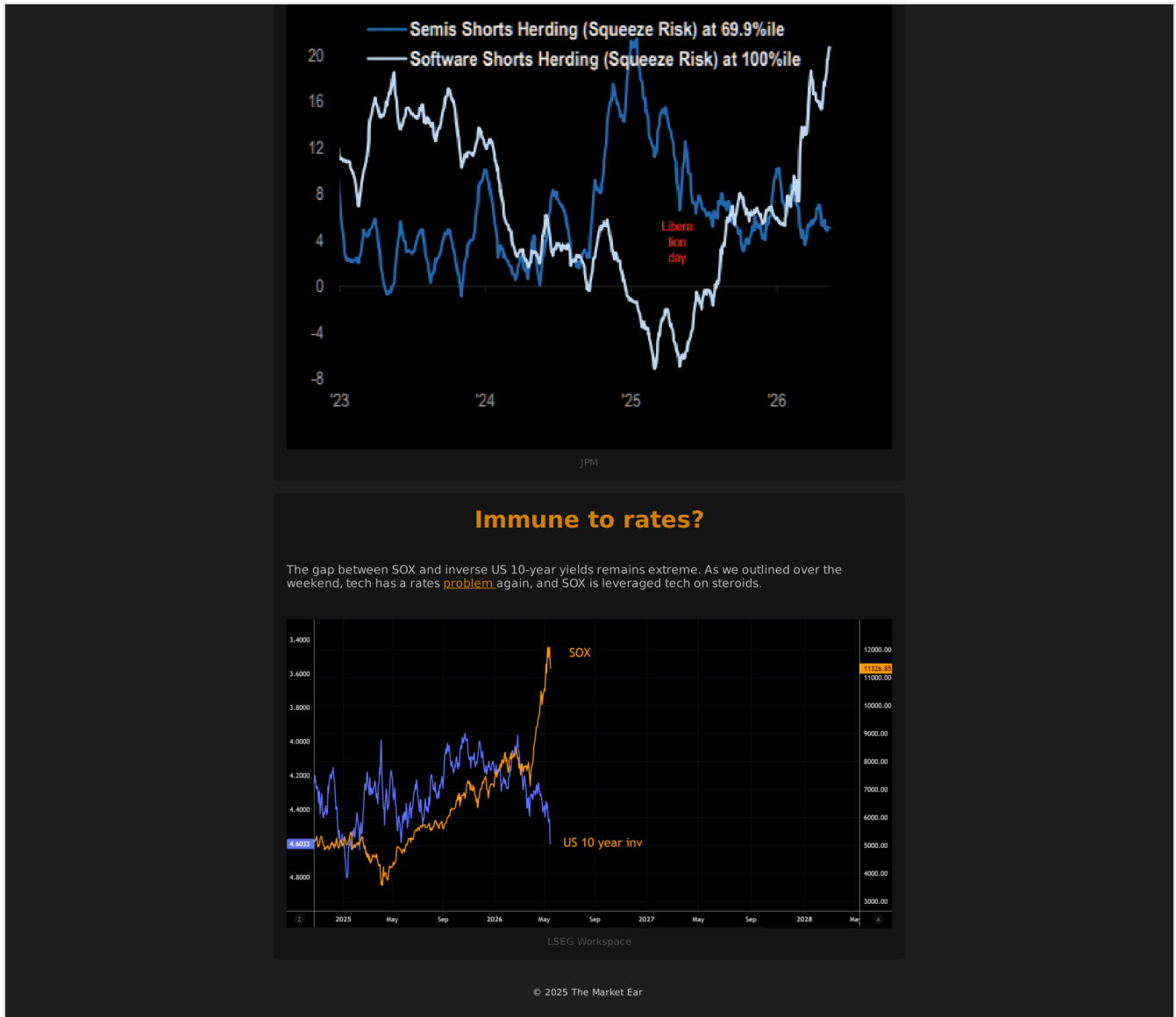
Page 1 | image-block | score 0.438

Bubble	Index	Start	Peak	Deviation vs 200dma at peak
Mississippi Co.	CAC All-Tradable	7/31/1718	1/31/1720	73%
Roaring 20s	Dow Jones	3/30/1926	9/3/1929	21%
Black Monday	Dow Jones	9/20/1985	8/25/1987	21%
Japan	Nikkei 225	10/23/1986	12/29/1989	12%
Dotcom	Nasdaq	9/23/1998	3/10/2000	55%
Saudi Arabia	Tadawul	5/27/2004	2/26/2006	28%
China	Shanghai	6/6/2005	10/16/2007	37%
Average				35%
AI	Semiconductors (SOX)			62%

BofA

Chart 2

Page 2 | vector-cluster | score 0.772



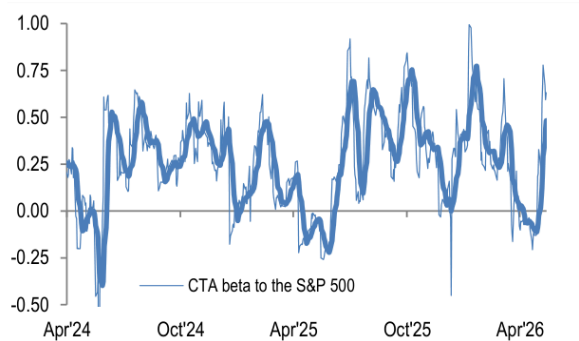
JPM US Equity Derivatives Strategy Tactical Upside Trades in AMZN

2 additional extracted charts

Chart 1

Page 3 | vector-cluster | score 0.820

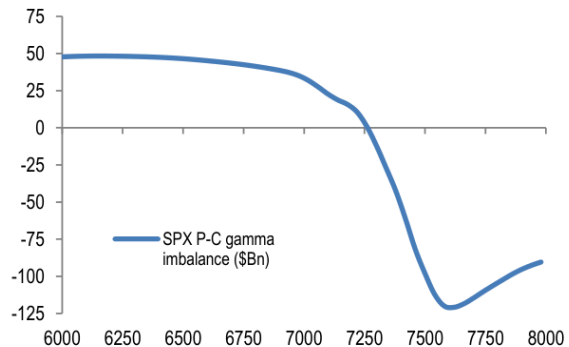
Figure 3: CTAs' equity beta



Source: J.P. Morgan Equity Derivatives Strategy.

Figure 4: S&P 500 gamma imbalance profile

Put minus call gamma by spot level, \$Bn



Source: J.P. Morgan Equity Derivatives Strategy.

S&P 500 Gamma Positioning

Chart 2

Bram Kaplan, CFA ^{AC}
(1-212) 272-1215
bram.kaplan@jpmorgan.com

Global Markets Strategy
18 May 2026

J.P.Morgan

Q1 Earnings Update

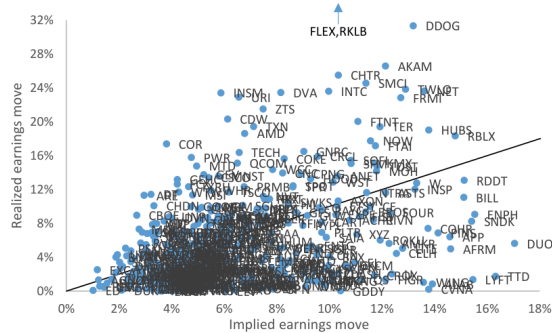
Corporates have delivered exceptionally strong earnings this quarter, and stocks are seeing smaller-than-expected earnings day moves on average.

With nearly 90% of S&P 500 members having reported Q1 earnings, **79% are beating earnings estimates by an average of ~17%** (well above the 76% beating, by an average of ~5.7%, over the last 4 quarters), and 80% are beating revenue estimates by an average of ~2.1% (vs. 70% beating by an average of +1.8% over the past 4Q). A large share of the earnings growth is being driven by sectors associated with AI plays - Tech, Communication Services and Discretionary, as well as by Financials. Mag-7 EPS growth is the strongest since Q1 '24 (see [here](#)).

At the start of this quarter's earnings season, options priced above-average earnings volatility. Implied moves appeared elevated (~80th %ile) and screened moderately rich vs. realized, reflecting both earnings uncertainty and a residual geopolitical risk premium embedded in front-end implied vols (see [here](#)).

Realized earnings day volatility has underperformed the elevated option market expectations entering the reporting season. Across Russell 1000 names with liquid options that have reported so far, the **realized earnings move has averaged 5.6%, vs. 6.3% implied**. However, names that reported over the past two weeks saw moves nearly in-line with expectations, with an average realized move of 6.9% vs. 7.0% implied. Figure 13 plots the realized 1-day post-earnings moves against the option implied moves at the start of the earnings season, by name, for stocks that have reported to date.

Figure 12: Realized Q1 earnings moves vs. option implied moves at the start of the earnings season
Black line=diagonal



Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Around 13% of Russell 1000 companies (representing ~20% of market cap) have yet to report earnings (Figure 13); these are mostly consumer and tech names, and include



GS CHART OF THE DAY - Record Two-Day Unwind in Momentum

3 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.712

GS CHART OF THE DAY - Record Two-Day Unwind in Momentum

18 May 2026



Guillaume Soria
Goldman Sachs & Co. LLC
Global Banking & Markets



Faris Mourad
Goldman Sachs & Co. LLC
Global Banking & Markets



Julia Masch
Goldman Sachs & Co. LLC
Global Banking & Markets



Shreya Ghaie
Goldman Sachs & Co. LLC
Global Banking & Markets



Louis Miller
Goldman Sachs & Co. LLC
Global Banking & Markets

Following Friday's selloff, **Momentum (GSPRHIMO) is having its worst two-day selloff since 2022**, posting back-to-back 5%+ unwinds (also first time since 2022) as Past Losers (**GSXULMOM**) are outperforming while Winners (**GSXUHMOM**) are selling off. This momentum drawdown is causing collateral damage to the AI trade with our AI Pair (**GSPUARTI**) posting its worst day since Deepseek Monday and approaching similar magnitude on a 2-day basis.

Unlike prior episodes, the AI fundamental narrative remains intact with near-term catalysts (GOOGL I/O, NVDA earnings). However, stretched positioning and the **strong run in AI** have heightened sensitivity to an unwind. While the long leg could see a near-term bounce on dip buying, elevated positioning (81st percentile 1yr / 96th percentile 5yr), high factor volatility, and weak breadth leave room for further downside. We **noted on Thursday** that **during all previous momentum drawdowns of more than 5%, the short leg outperforms the market** and we continue to like buying the losers as a way to manage momentum unwind risk.

As a result, we like the following structures in the short term:

- Broad AI **GSTMTAIP** Index 1m 93% put indicatively costs 1.70%, 22d (max loss is premium spent)
- Put spread on momentum winners to protect gains: **GSXUHMOM** 1m 95 75 put spread at 4.08% (max loss is premium spent)
- Call spreads on momentum losers funded by selling a put: **GSXULMOM** 1m 92.5 105 112.5 call spread collar at .77% (unlimited loss)

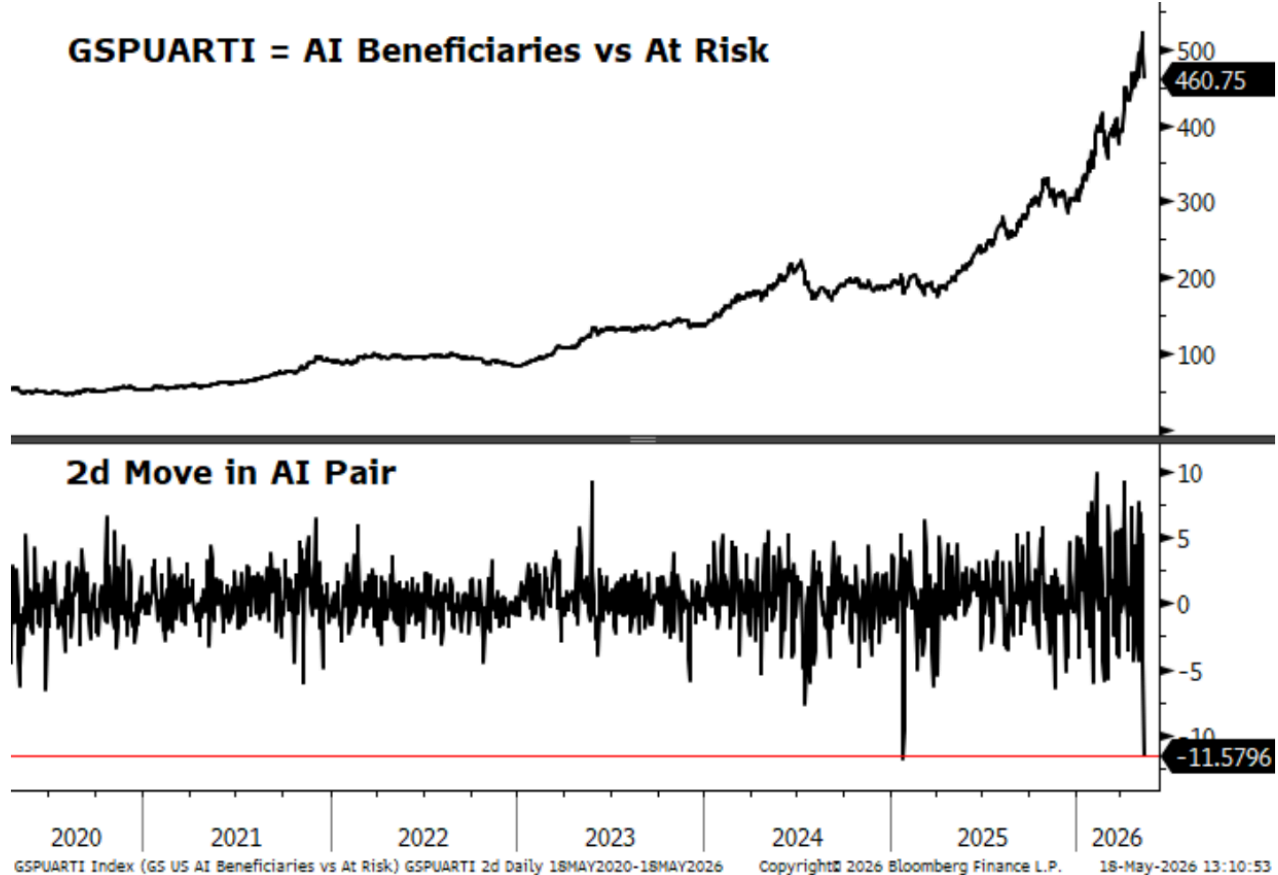
Performance of High Beta Momentum (GSPRHIMO) and 2d Drawdown

Chart 2

Page 2 | image-block | score 0.709

Performance of AI Pair & 2d Drawdown

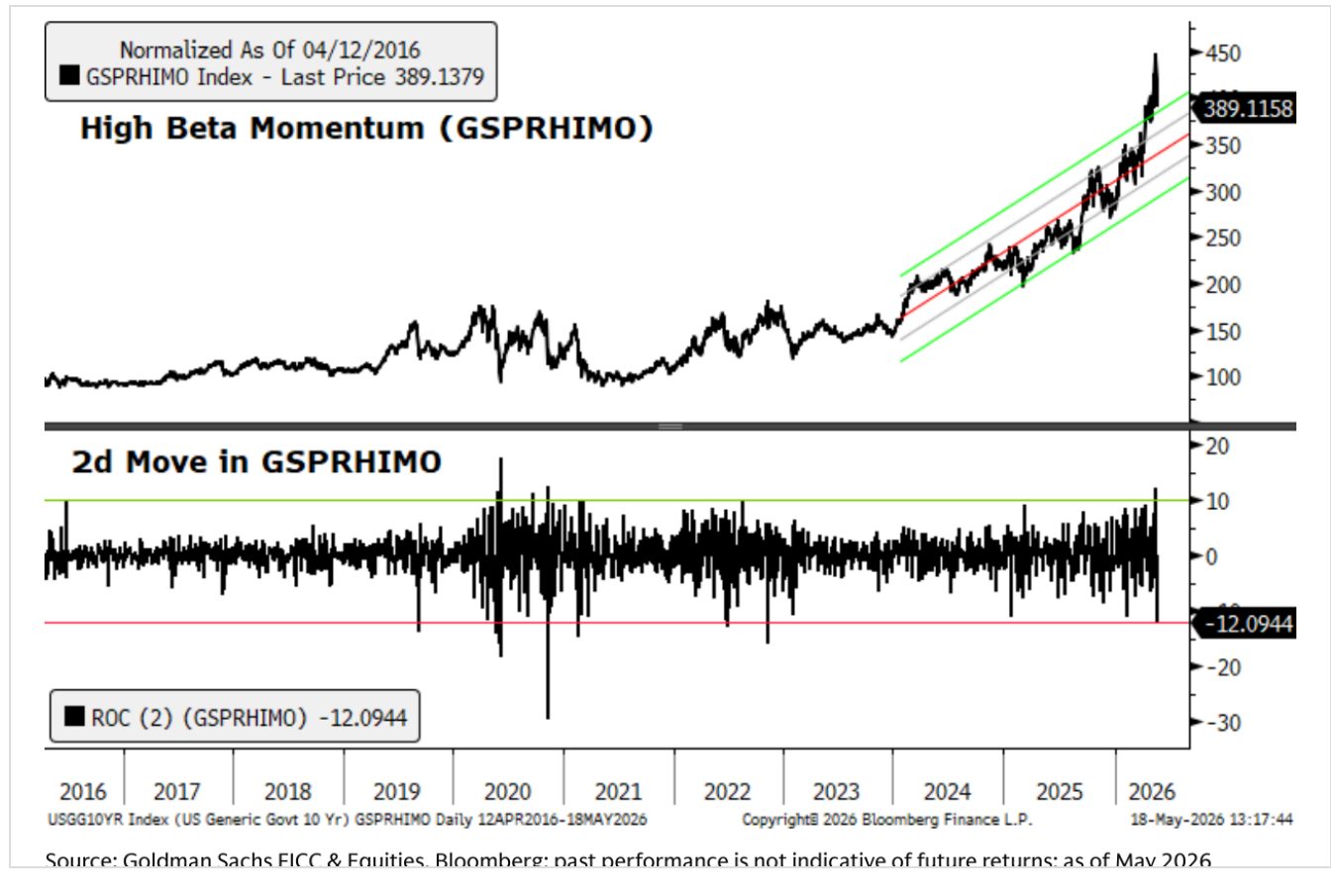
GSPUARTI = AI Beneficiaries vs At Risk



GSPUARTI Index (GS US AI Beneficiaries vs At Risk) GSPUARTI 2d Daily 18MAY2020-18MAY2026 Copyright© 2026 Bloomberg Finance L.P. 18-May-2026 13:10:53

Chart 3

Page 2 | image-block | score 0.661



JPM Delta One Flows Positioning Rates futures selling pressures

3 additional extracted charts

Chart 1

Bram Kaplan, CFA ^{AC} (1-212) 272-1215
 bram.kaplan@jpmorgan.com
 J.P. Morgan Securities LLC

Arda Sebuktekin (1-212) 270-4397
 arda.sebuktekin@jpmchase.com

Daniel Motoc, CFA ^{AC} (1-212) 622-0105
 daniel.motoc@jpmchase.com

Tony SK Lee (852) 2800-8857
 tony.sk.lee@jpmorgan.com

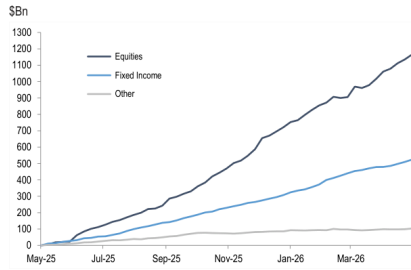
Global Markets Strategy

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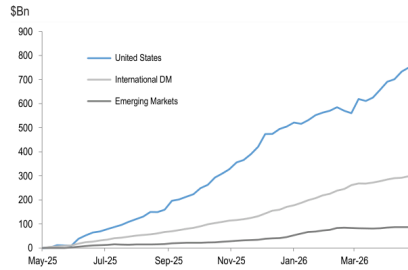
ETF Flows

Figure 1: Asset Class Flows



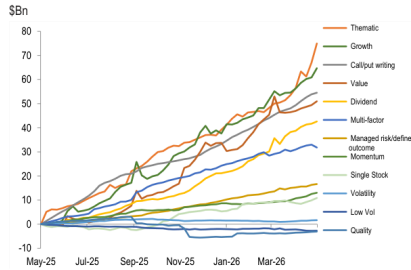
Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Figure 2: Equity Regional Flows



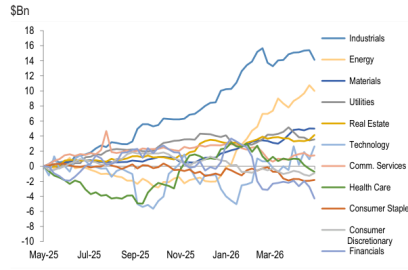
Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Figure 3: Equity Style Flows



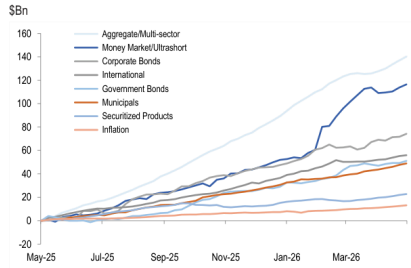
Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Figure 4: Equity Sector Flows



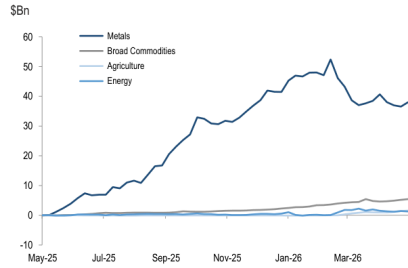
Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Figure 5: Fixed Income Flows



Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Figure 6: Commodity Flows



Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Chart 2

Table 14: Equity ETF Flows by Region

Region	Net Flow - 1y History	Net 1w Flow (\$Mn)	Net 4w Flow (\$Mn)	Net 1w Flow (z)	Net 4w Flow (z)
United States		19,943	74,497	0.4	0.5
International DM		9,139	26,826	0.9	0.3
Europe (Developed)		-297	-1,745	-0.8	-1.6
Asia Pac (Developed)		182	767	0.0	0.1
Japan		179	583	0.1	0.0
Canada		-106	214	-0.8	0.3
Emerging Markets		937	2,415	-0.4	-0.7
Latam		-146	-126	-1.0	-0.9
Mexico		-4	-83	0.0	-0.5
Brazil		-44	108	-0.8	-0.7
EM Asia		867	765	1.2	-0.1
China		1,047	1,489	3.7	1.9
Korea		-487	-2,013	-1.5	-2.2
India		-10	456	0.1	0.9
CEEMEA		-25	-13	-0.7	0.3
MENA		-25	-26	-1.4	-1.1

Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

Chart 3

Page 14 | vector-cluster | score 0.855

Table 17: Fixed Income ETF Flows by Segment

Segment	Net Flow - 1y History	Net 1w Flow (SBn)	Net 4w Flow (SBn)	Net 1w Flow (z)	Net 4w Flow (z)
Aggregate/Multi-sector		3.7	13.7	0.8	0.7
Government Bonds		1.8	4.1	0.6	0.1
Short-term		0.1	-0.2	-0.1	-0.7
Medium-term		0.6	1.0	0.0	-0.8
Long-term		0.8	2.6	1.0	1.8
Corporate Bonds		2.5	5.1	0.6	-0.2
IG		1.0	1.0	0.0	-0.9
HY		0.7	3.1	0.3	0.6
Money Market/Ultrashort		2.7	7.5	0.1	-0.2
Municipals		1.2	5.2	0.5	1.1
Mortgage		0.2	0.6	0.1	-0.1
Inflation		0.5	2.0	0.9	2.0
International		0.8	3.1	-0.2	-0.3
Loans		0.6	2.5	0.6	1.0

Source: J.P. Morgan Equity Derivatives Strategy, Bloomberg Finance L.P.

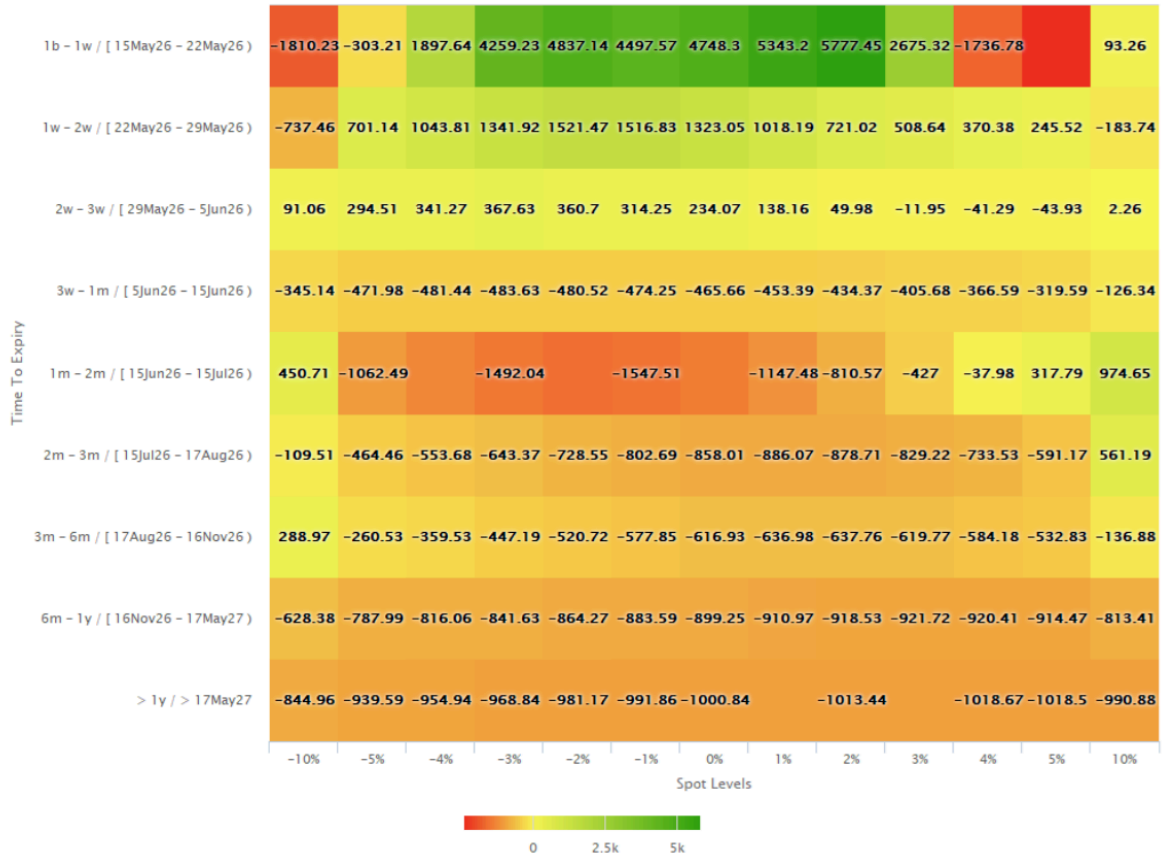
Eq Positioning and Key Levels

2 additional extracted charts

Chart 1

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Gamma per Spot Level by Expiry (\$mm)



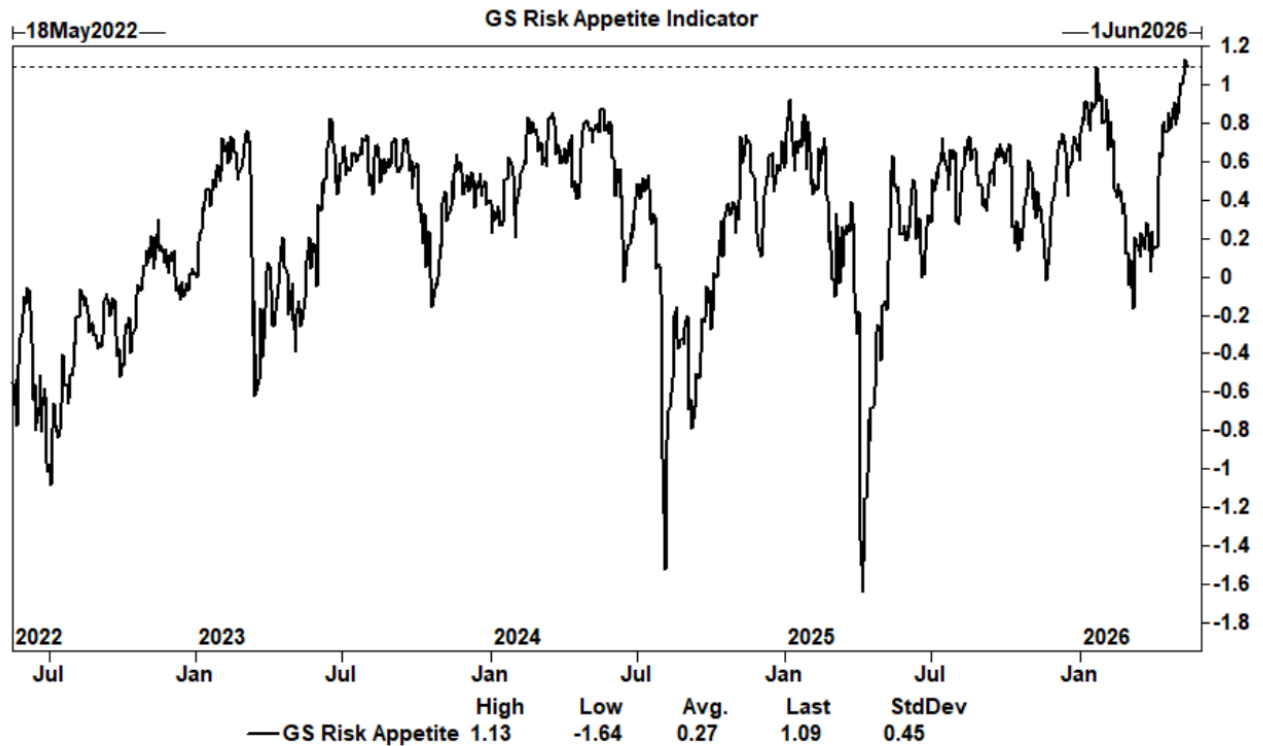
GS Prime Brokerage

Akita Highcharts

Chart 2

Page 13 | image-block | score 0.721

macro backdrop should support equity returns as bullish sentiment lingers ([link](#)).



GS ETF Color Flows Don t Always Require Volumes

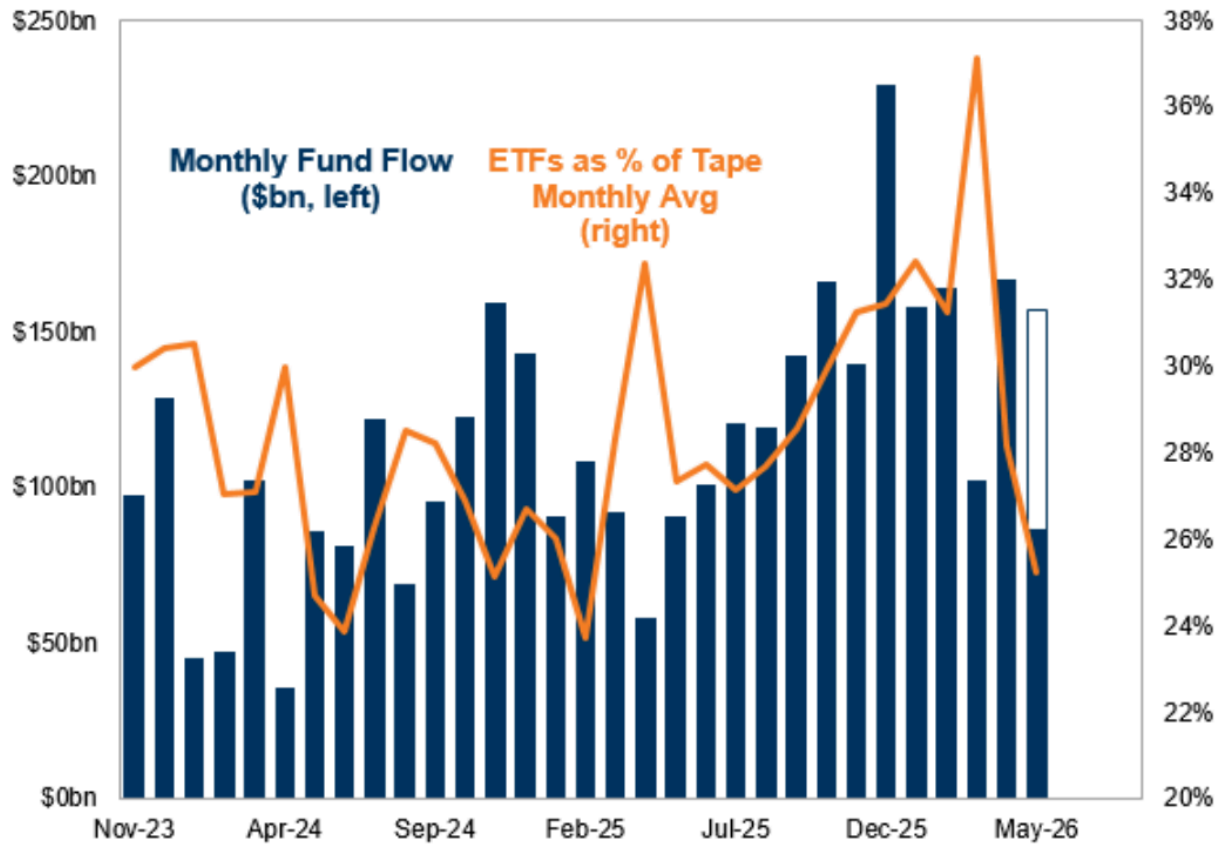
3 additional extracted charts

Chart 1

Page 1 | image-block | score 0.743

ETF Monthly Fund Flow vs. ETFs as % of Tape

(as of May, 15 2026)



Source: Bloomberg, Goldman Sachs Global FICC & Equities as of May 15, 2026. Past performance is not indicative of future results.

Chart 2

GS ETF Color: Flows Don't Always Require Volumes

18 May 2026



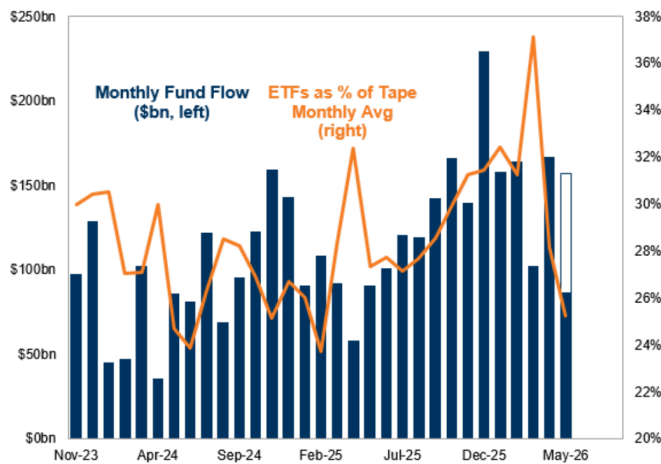
Chris Lucas
Goldman Sachs & Co. LLC
Global Banking & Markets

1) ETF volumes have taken a breather over the past two weeks as liquidity conditions have strengthened in the ecosystem. March was the highest volume month ever for the ETF complex, tracking 37% of the tape, but mean reversion has been in full effect since April. Month-to-date, we've seen this value hovering around 25%, which is below nearly all annual averages in our dataset.

ETF volumes strengthened today given the choppiness of the tape, settling at 28%. It's been 28 sessions since we've seen ETFs account for more than 29% of the tape.... **HOWEVER, the curtailment of volumes has not resulted in a curtailment of inflows.** Last month was the second-largest month of net inflows for ETFs in our dataset (roughly +\$170bn) while volumes sank -40% month-over-month. May is slated to be in a similar ballpark (+\$90bn MTD... on track to be \$150bn+, which would be a top 10 month), with volumes also trending below the YTD average...

ETF Monthly Fund Flow vs. ETFs as % of Tape

(as of May, 15 2026)



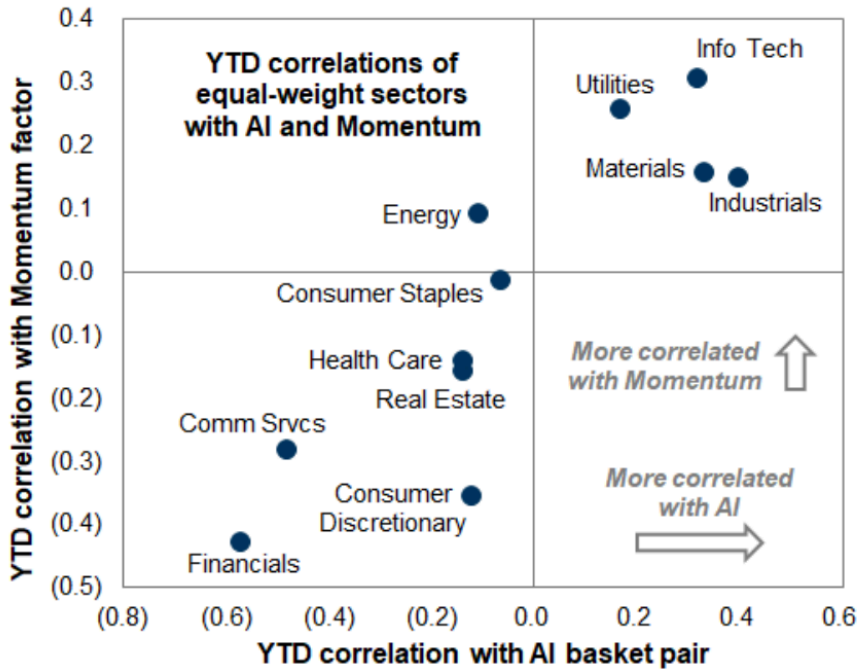
Source: Bloomberg, Goldman Sachs Global FICC & Equities as of May 15, 2026. Past performance is not indicative of future results.

2) A few streaky bullets worth noting:

a) Nice flag from portfolio strategy research team flagged on Friday that consumer staples screens as the group with the least recent exposure to AI or momentum (link, 2nd chart below). The uncorrelated nature versus AI has led the sector to drip higher for the last 8 weeks, with today's index move setting the stage for an extension to 9 (XLP has the longest weekly streak of

Chart 3

Exhibit 9: Correlation of recent equal-weight sector excess returns with AI and Momentum
Momentum (GSMEFMOM) and AI basket pair (GSTMTAIP vs. GSTMTAIR)



Source: Goldman Sachs Global Investment Research

Nomura Cross-Asset THE SONG REMAINS THE SAME

3 additional extracted charts

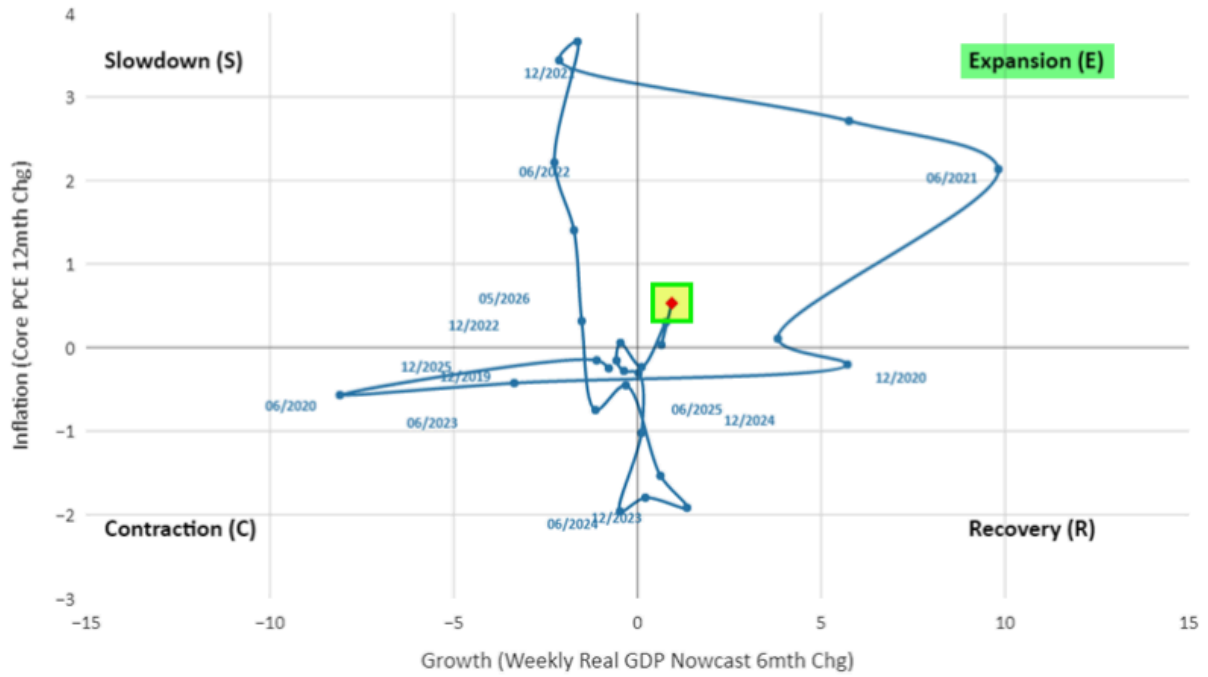
Chart 1

Page 1 | image-block | score 0.488

Current Quadrant: Expansion

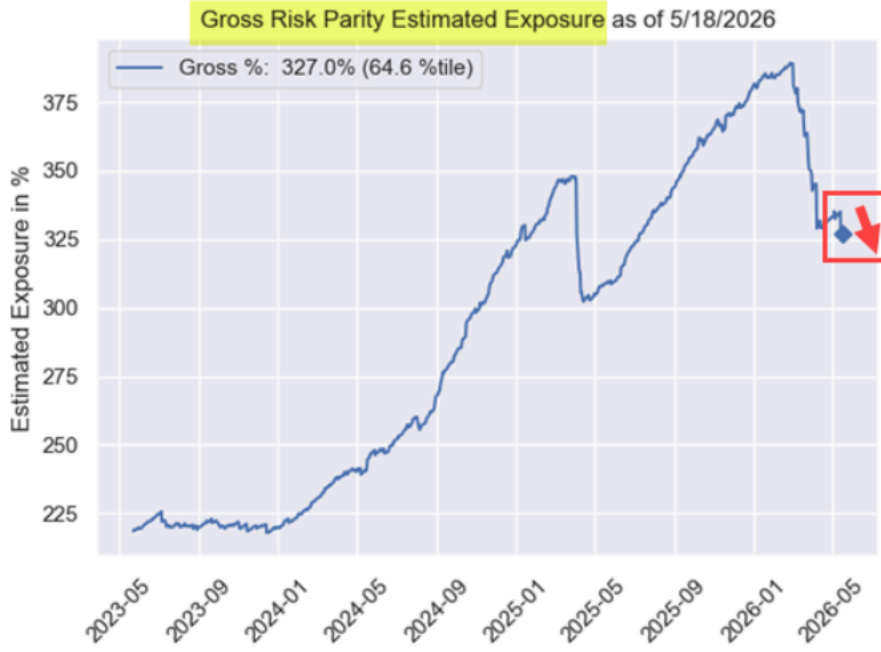
Economic Quadrants

Inflation (Core PCE 12mth Chg) vs. Growth (Weekly Real GDP Nowcast 6mth Chg)



Source: Nomura Vol, Nomura Econ Research

Chart 2



Estimated Notionals (Global Cross Asset)

	Est. Weight %	Est. Implied \$	\$bn vs 1d ago	\$bn vs 1w ago	\$bn vs 2w ago	\$bn vs 1m ago
Bonds - All	138.6	277.2	0.1	-7	-6.4	-3.2
Credit - All	118.7	237.3	0.2	-3.9	-2.8	1.5
Equities - All	40.3	80.5	-0	-1.7	-2.1	-1.3
Commodities - All	29.5	58.9	-0.3	-1.9	-1.9	-1.3

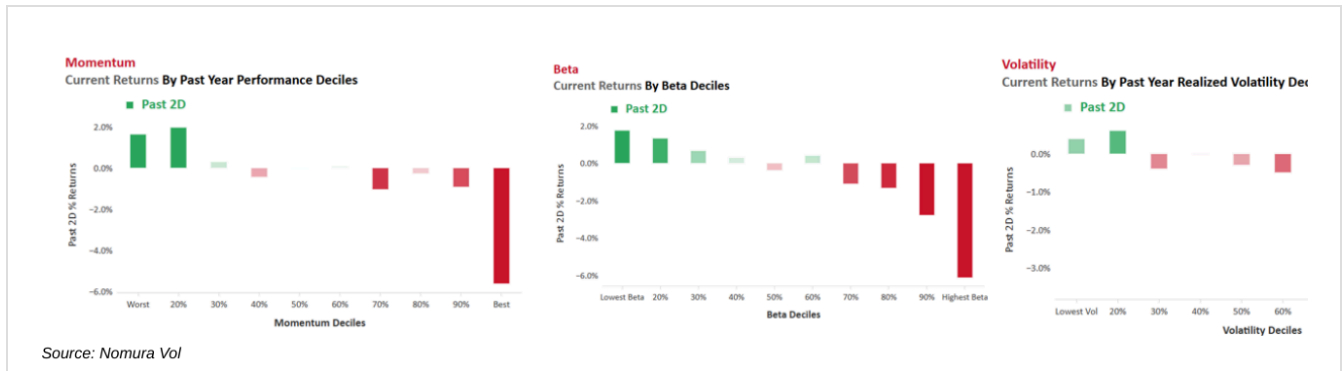
Estimated Notionals Within Bonds

	Est. Weight %	Est. Implied \$	\$bn vs 1d ago	\$bn vs 1w ago	\$bn vs 2w ago	\$bn vs 1m ago
Japan 10Y	33.9	67.9	-0	-1.4	-1.2	-0.9
US 10Y	24.4	48.8	0	-1.3	-1	-0.1
Bund 10Y	23.3	46.5	0.1	-1.3	-1.3	-0.5
Gilt 10Y	16.6	33.2	-0	-0.7	-0.6	-0.5
Canada 10Y	10.7	21.4	0	-0.7	-0.7	-0.3
OAT 10Y	10.5	20.9	0	-0.7	-0.7	-0.4
BTP 10Y	9.7	19.3	0	-0.5	-0.7	-0.5
Australia 10Y	9.6	19.1	0	-0.3	-0.2	0.1

Source: Nomura QIS, Nomura Vol

Chart 3

Page 3 | image-block | score 0.475



BofA Hartnett Global Fund Manager Survey In It to Win It 20260519

3 additional extracted charts

Chart 1

[Accessible version](#)

BofA GLOBAL RESEARCH

BofA SECURITIES 

Global Fund Manager Survey

In It to Win It

BofA May Global Fund Manager Survey

Bottom Line: record rise in FMS equity allocation (Chart 1) and big cut in cash levels (4.3% to 3.9%) driven by surge in EPS optimism and forecast of Fed rate cuts; BofA Bull & Bear Indicator now at 7.8 (chip shot from "sell-signal"); bull capitulation almost complete, early June ripe for profit-taking, bond yields to determine degree of pullback.

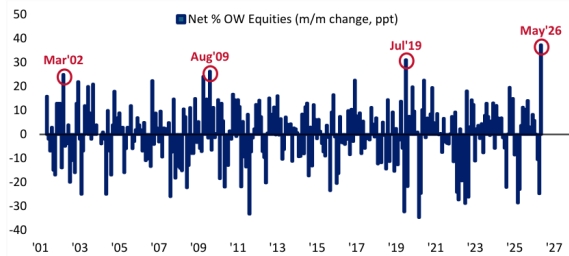
On Macro & Rates: pessimism on global growth melts, just 4% predict "hard landing"; record jump in FMS investors expecting double-digit EPS growth; Iran concerns subdued, 66% expect Hormuz bottleneck ends in the next few months; bull vulnerability is "behind-the-curve" Fed (just 16% expect Fed hikes in '26) driving long-end higher (62% of FMS investors targeting 6% on 30-year Treasury yield vs just 20% targeting 4%).

On Risk & Allocation: 73% say "long global semiconductors" = #1 crowded trade, 40% say "inflation" = #1 tail risk, most likely sources of credit event = shadow banking (42%) & AI hyperscalers (34%); AA = all-in on risk-on...most OW cyclicals vs defensives since Jan'18, most OW tech since Feb'24, 4th highest commodity OW ever, most UW bonds since Jun'22, Eurozone UW 1st since Dec'24, and consumer most out of favor.

FMS Contrarian Trades: based on FMS positions relative to history, contrarians would be covering shorts in bonds, US dollar, UK assets & consumer stocks, and paring length in commodities, stocks, EM assets & tech/semis.

Chart 1: In It to Win It... record monthly jump in FMS equity allocation

Net % overweight equities (m/m change, ppt)



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 25 to 27.

19 May 2026

Investment Strategy
Global

BofA
Data
Analytics 

Michael Hartnett
Investment Strategist
BofA
+1 646 855 1508
michael.hartnett@bofa.com

Anya Shelekhin
Investment Strategist
BofA
+1 646 855 3753
anya.shelekhin@bofa.com

Myung-Jee Jung
Investment Strategist
BofA
+1 646 855 0389
myung-je.jung@bofa.com

Jessica Guo
Investment Strategist
BofA
+1 646 855 0033
jessica.guo@bofa.com

Notes to Readers

Source for all tables and charts:
BofA Fund Manager Survey,
DataStream

Survey period May 8th to 14th, 2026

200 panellists with \$517bn AUM participated in the May survey. 170 participants with \$461bn AUM responded to the Global FMS questions and 92 participants with \$209bn AUM responded to the Regional FMS questions.

How to join the FMS panel

Investors/clients are encouraged to sign up to participate in the Survey. This can be done by contacting [Michael Hartnett](#) or your BofA sales representative.

Participants in the survey will continue to receive the full set of monthly results but only for the relevant month in which they participate.

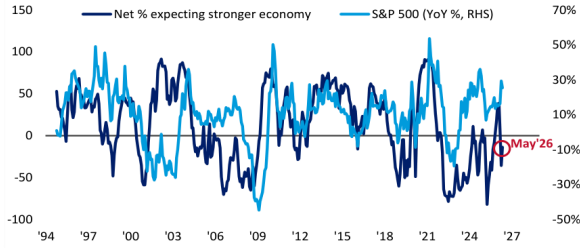
OW: overweight; UW: underweight

AA: asset allocation

Chart 2

BofA GLOBAL RESEARCH

Chart 5: Global growth expectations recover, but remain negative
 Net % FMS expect stronger global economy and S&P 500 (YoY %)



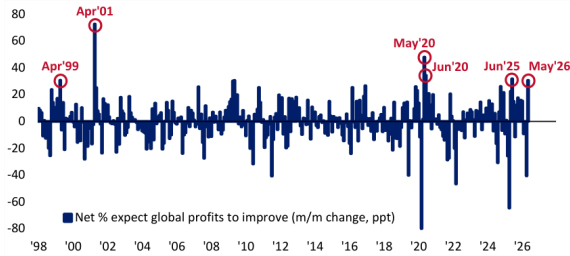
Source: BofA Global Fund Manager Survey, Bloomberg

BofA GLOBAL RESEARCH

Global growth outlook recovered in May from net -36% to net -14%, but expectations remain negative.

Stock prices continue to outpace investor macro expectations.

Chart 6: May FMS sees 6th largest jump in profit expectations
 Net % expect global profits to improve (monthly change, ppt)



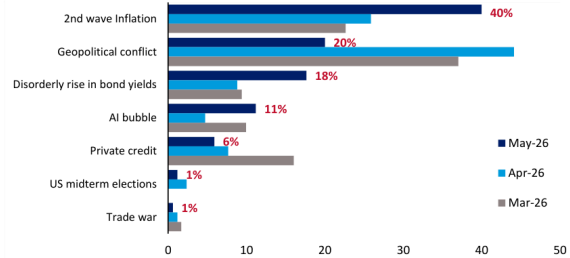
Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

On profits...May FMS saw the 6th largest monthly surge in profit expectations.

Net 17% of investors now expect global profits to improve (flips from net 14% last month expecting profits to deteriorate).

Chart 7: 40% see a 2nd wave of inflation as the biggest tail risk
 What do you consider the biggest "tail risk"?



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Asked what the biggest tail risk is...40% of FMS investors said "2nd wave inflation," up sharply from 26% last month.

20% said "geopolitical conflict," down from 44% in April (was the #1 tail risk last month).



Chart 3

BofA GLOBAL RESEARCH

Investors on Macro

Chart 25: Net % of FMS investors who see a stronger global economy in next 12 months
Net % of FMS investors expecting stronger economy



Source: BofA Global Fund Manager Survey

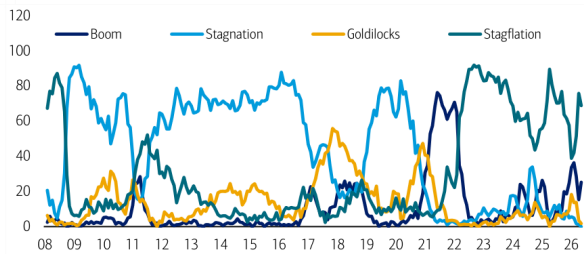
BofA GLOBAL RESEARCH

On the macro...

May FMS showed net 14% of investors expecting a weaker economy in the next 12 months (from net 36% last month)

Global expectations on the economy turned positive in Nov'25.

Chart 26: How FMS investors would describe the global economy over the next 12 months
FMS expectations for the global economy over the next 12 months?



Source: BofA Global Fund Manager Survey.

BofA GLOBAL RESEARCH

69% of FMS investors say they expect "stagflation" (below-trend growth & above-trend inflation), vs 76% a month ago.

25% say "boom" (above-trend growth & above-trend inflation), from 15%.

2% say "goldilocks" (above-trend growth & below-trend inflation), vs 4% a month ago.

0% say "stagnation" (below-trend growth & below-trend inflation), from 1%.

Chart 27: Net % of FMS investors that think global CPI (in YoY terms) will be higher
Net % of FMS investors expecting higher inflation



Source: BofA Global Fund Manager Survey.

BofA GLOBAL RESEARCH

Net 66% of FMS investors expect global CPI to be higher in 12 months' time...vs net 69% last month.



we were ready to increase our short then these charts showed up

2 additional extracted charts

Chart 1

Page 2 | vector-cluster | score 0.773

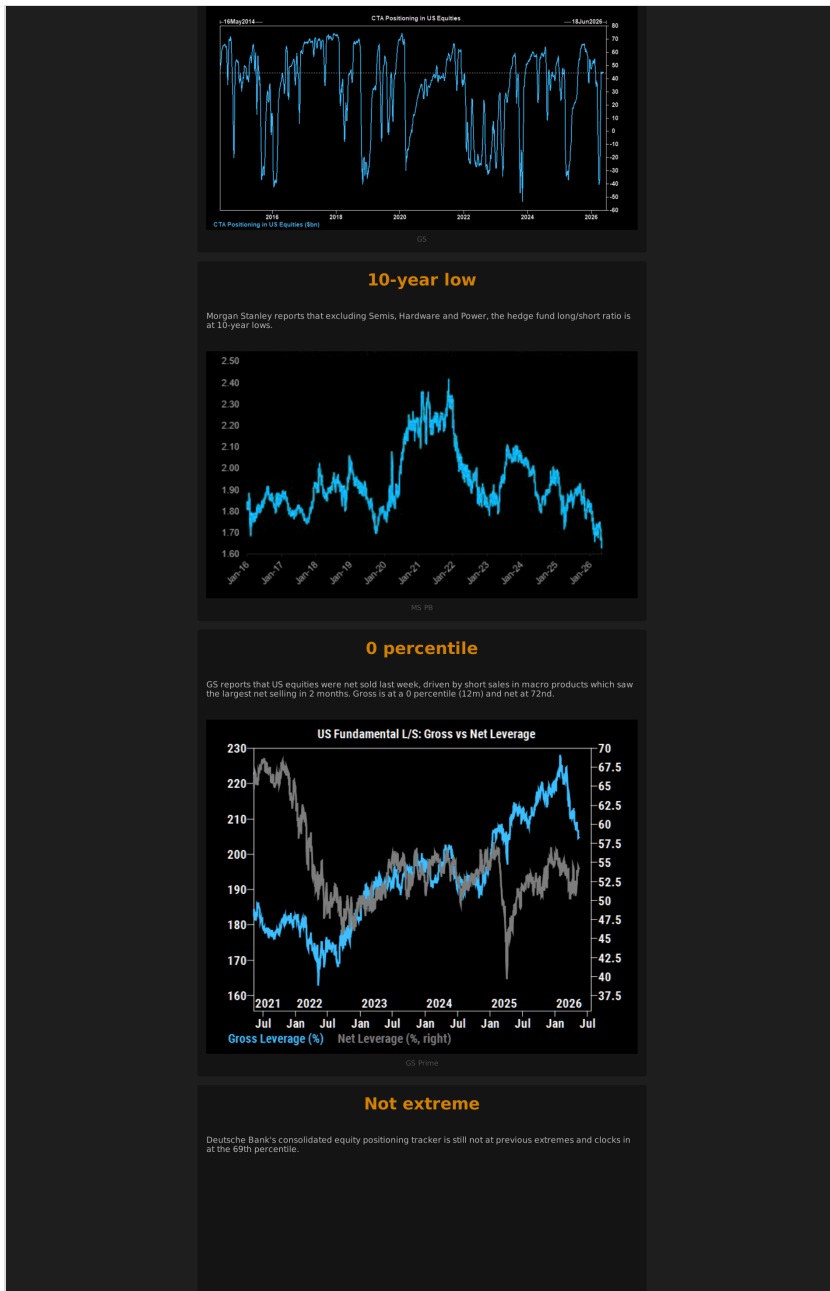
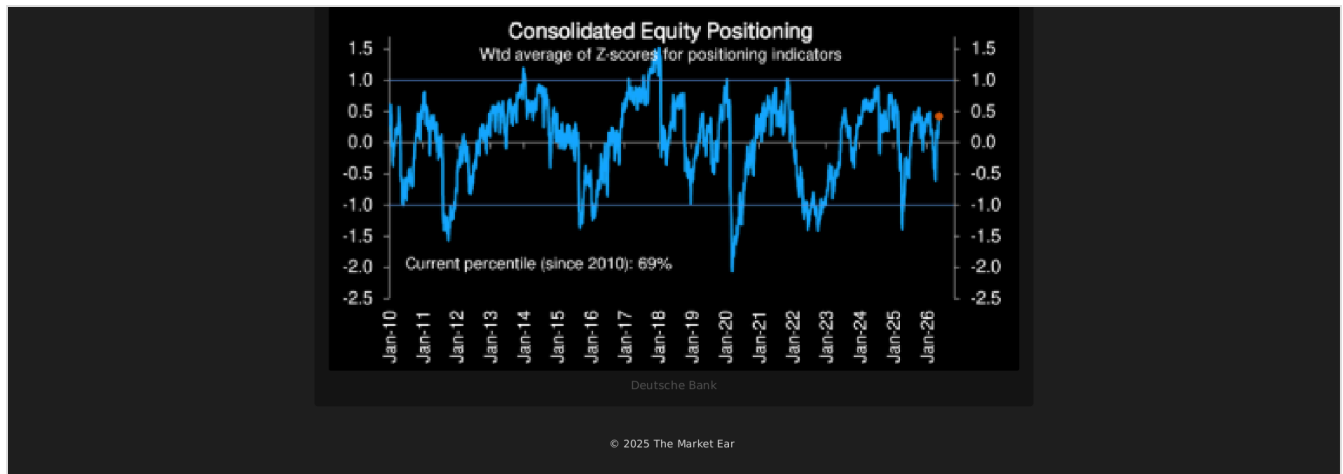


Chart 2

Page 3 | vector-cluster | score 0.664



the most crowded trade on earth is cracking

3 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.712

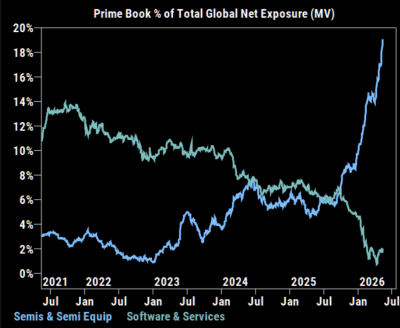
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Fragile Semis

The problem with melt-ups fueled by leverage, short gamma and retail chasing is that the same flows that powered the vertical squeeze higher can quickly accelerate downside once momentum finally cracks.

Crowded semis

Many have loaded up on semis.



Works both ways

Leveraged ETFs are estimated to hold roughly \$100bn of long semiconductor exposure, translating into around \$2bn of daily short gamma. That means a 2% move in semis can mechanically trigger roughly \$4bn of buying into the close on up days, and equally aggressive selling on down days. The same flows that fueled the melt-up can also accelerate downside moves.

Semis Levered ETF AUM (Long vs Short)

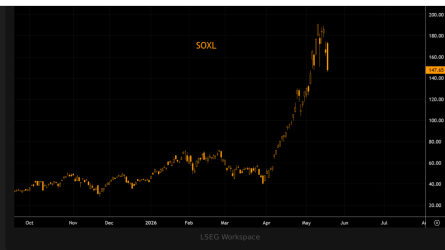


Hope

SOXL has attracted a wave of novice traders with little understanding of how leveraged ETFs work, especially 3x products. SOXL is printing a brutal downside candle as of writing, and we suspect many "traders" may soon shift from chasing upside to simply hoping to get back to breakeven.

Chart 2

Page 2 | vector-cluster | score 0.807



100%tile

Coming into the latest semis wobble, SMH 3m ATM sat in the 100th percentile, yet the crowd didn't chase downside protection via puts. They were all still focused on chasing the upside.



Not too late

Late last week we wrote: *JPM likes buying SMH downside protection here. Chart 1 shows the SMH June 550/500 put spread, chart 2 McEligott's favorite play in SMH, the June 1x3 ratio put spread.*

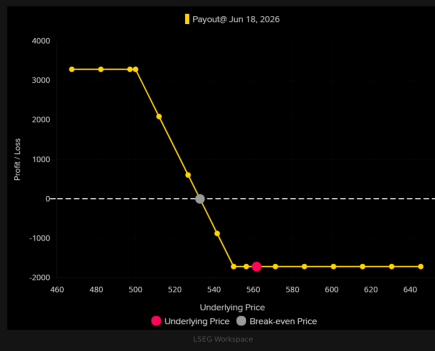
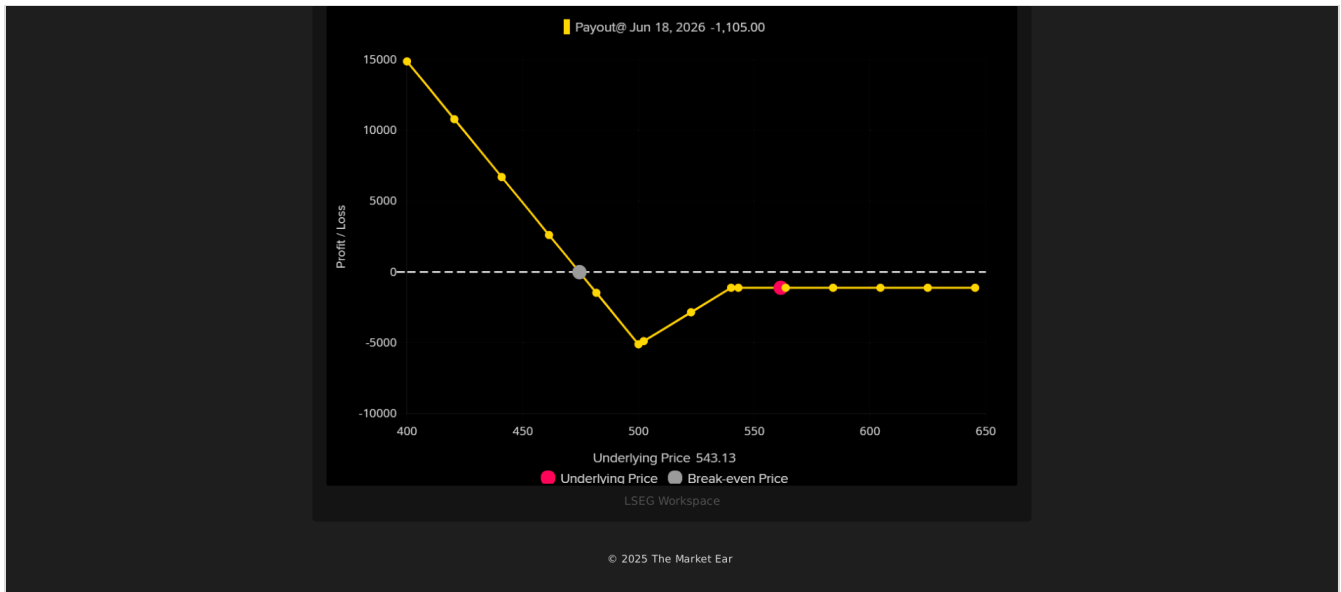


Chart 3

Page 3 | vector-cluster | score 0.713



The Bond Market Is Starting To Break The AI Melt-Up

2 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.734

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Exploding

Rates are no longer quietly drifting higher. The latest breakout in long-end yields is now accelerating rapidly just as bond volatility explodes and one of the most crowded AI/momentum regimes in years starts wobbling.

The problem for bulls is that rates volatility still matters enormously for equities, especially at a time when positioning, leverage, and AI capex expectations remain stretched.

Breakout

The US 10-year continues its massive breakout move. As we have been pointing out, the huge triangle formation developed increasingly complex psychology over time, and that setup now appears to have been fully unleashed.



Uncharted

US 30-year yields are entering increasingly uncharted territory. The breakout keeps accelerating, yet much of the market still appears stuck in denial about the latest surge in rates.

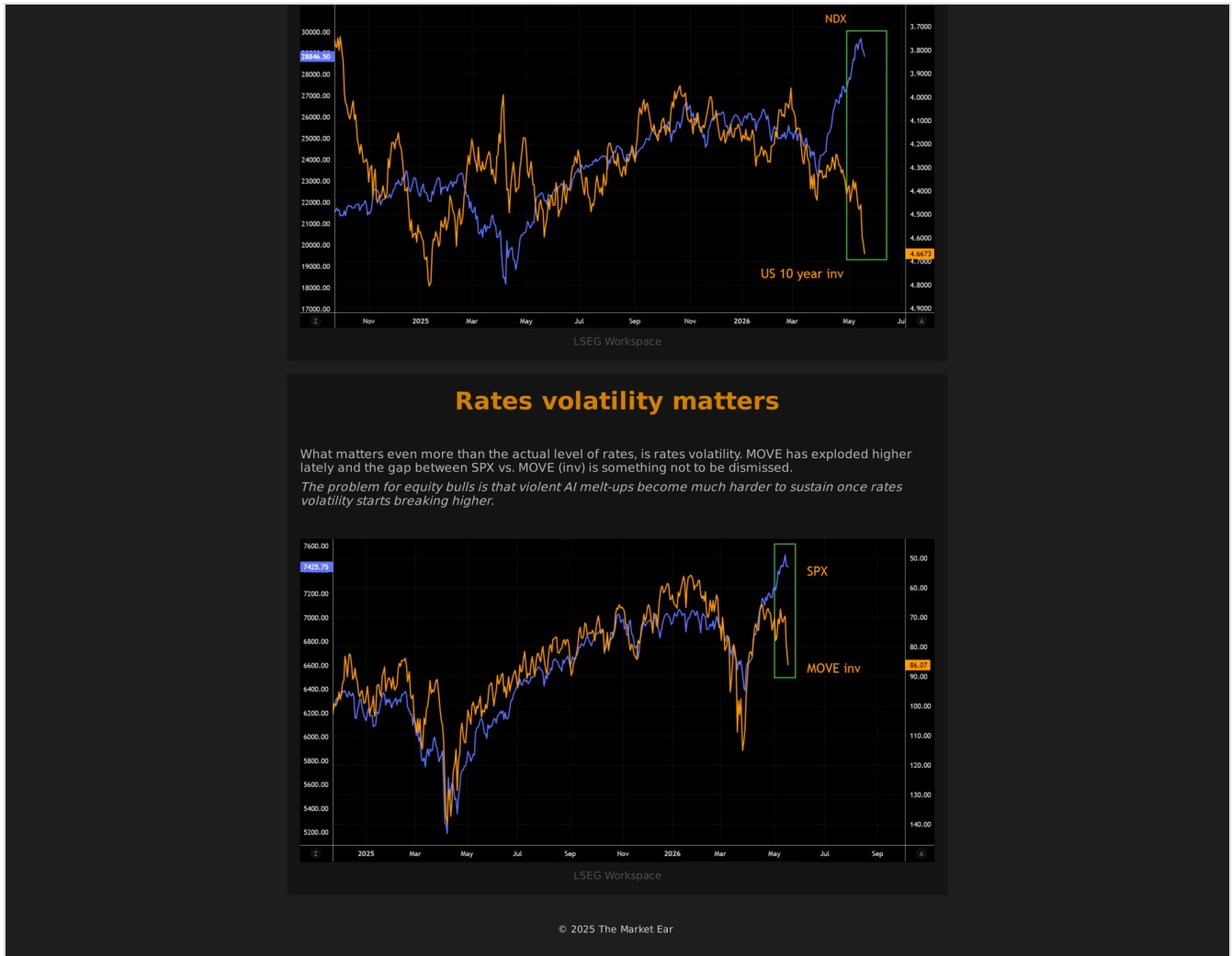


Rates matter

Over the [weekend](#) we argued that the AI melt-up may finally be running into the one thing investors stopped worrying about: rates. We reminded our readers *Bond volatility is exploding higher just as hyperscalers enter the most capital-intensive spending cycle in modern tech history.* NASDAQ versus inverse US 10-year yields remains one of the biggest macro dislocation charts out there.

Chart 2

Page 2 | vector-cluster | score 0.744



lot of moves

3 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.654

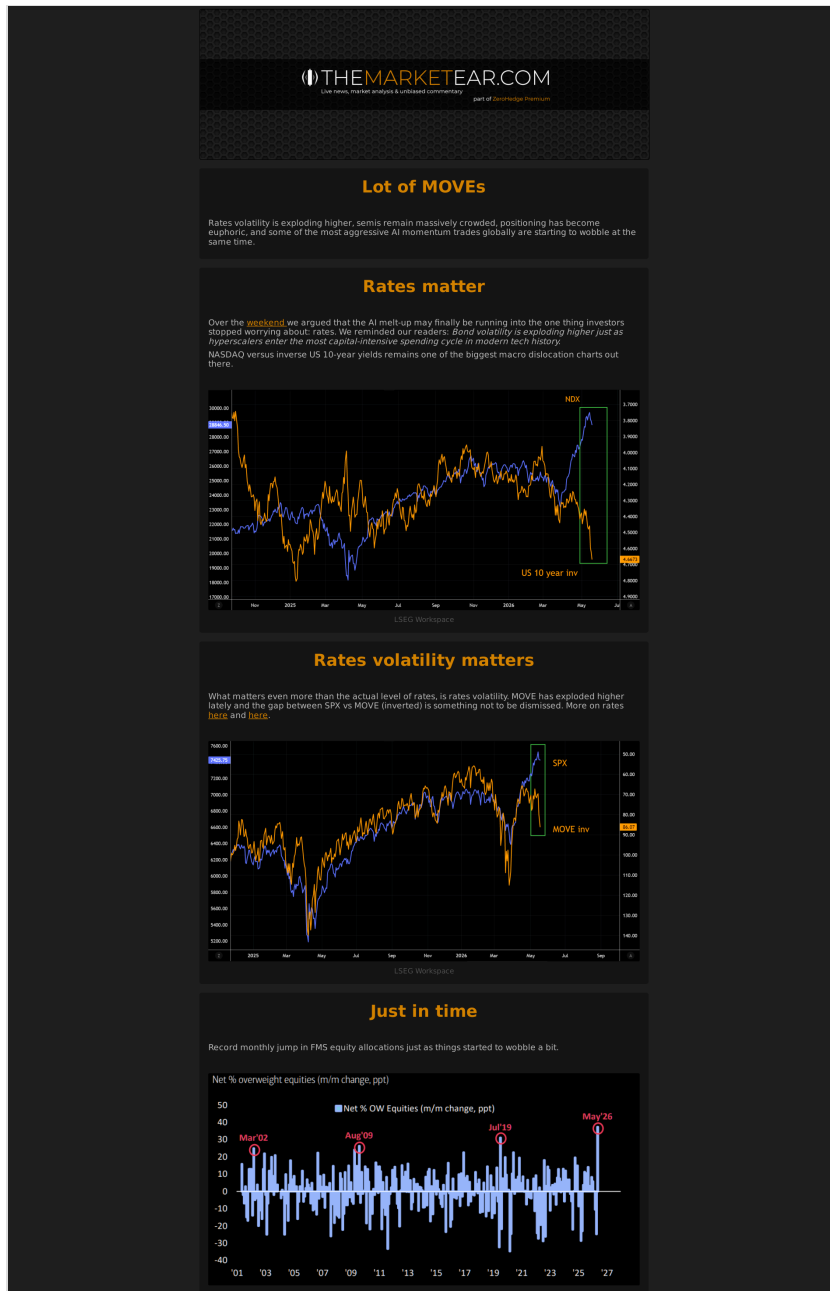


Chart 2

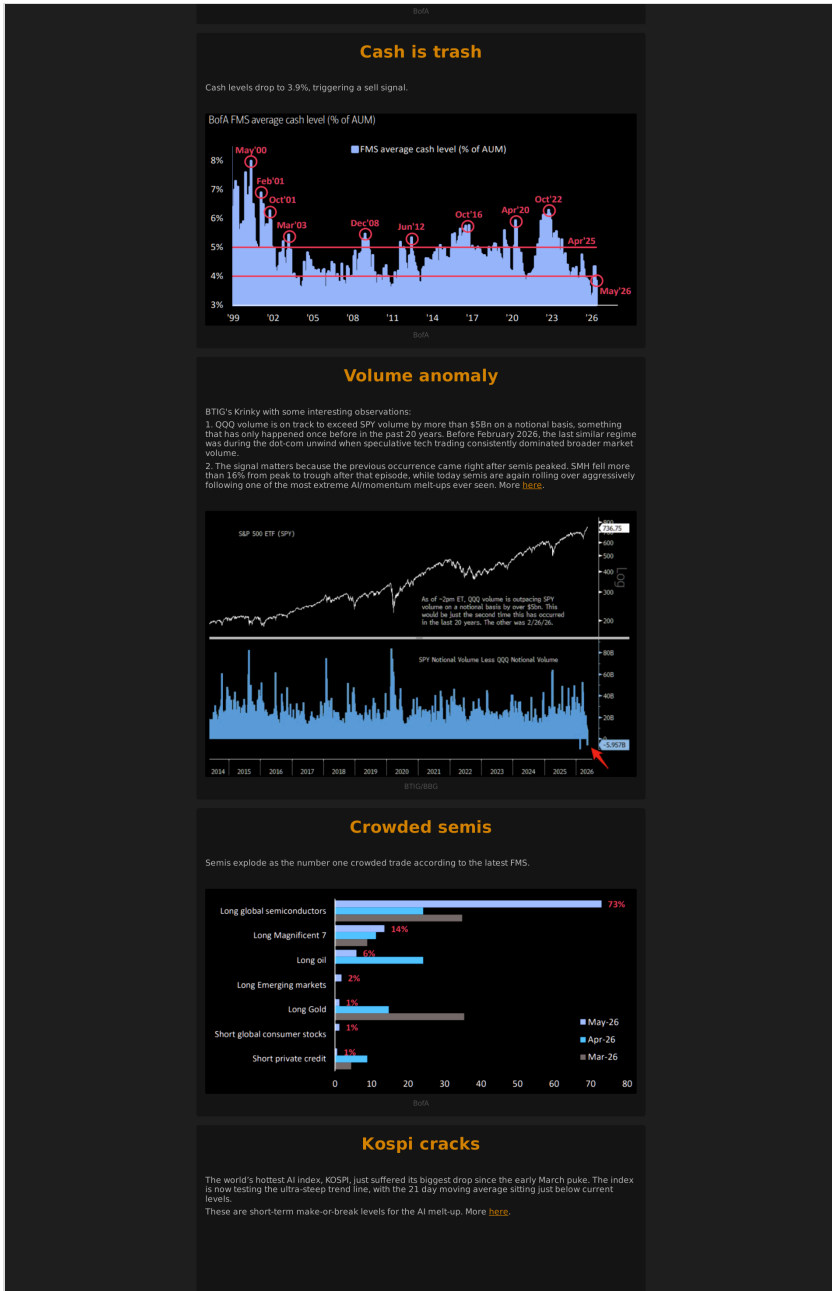
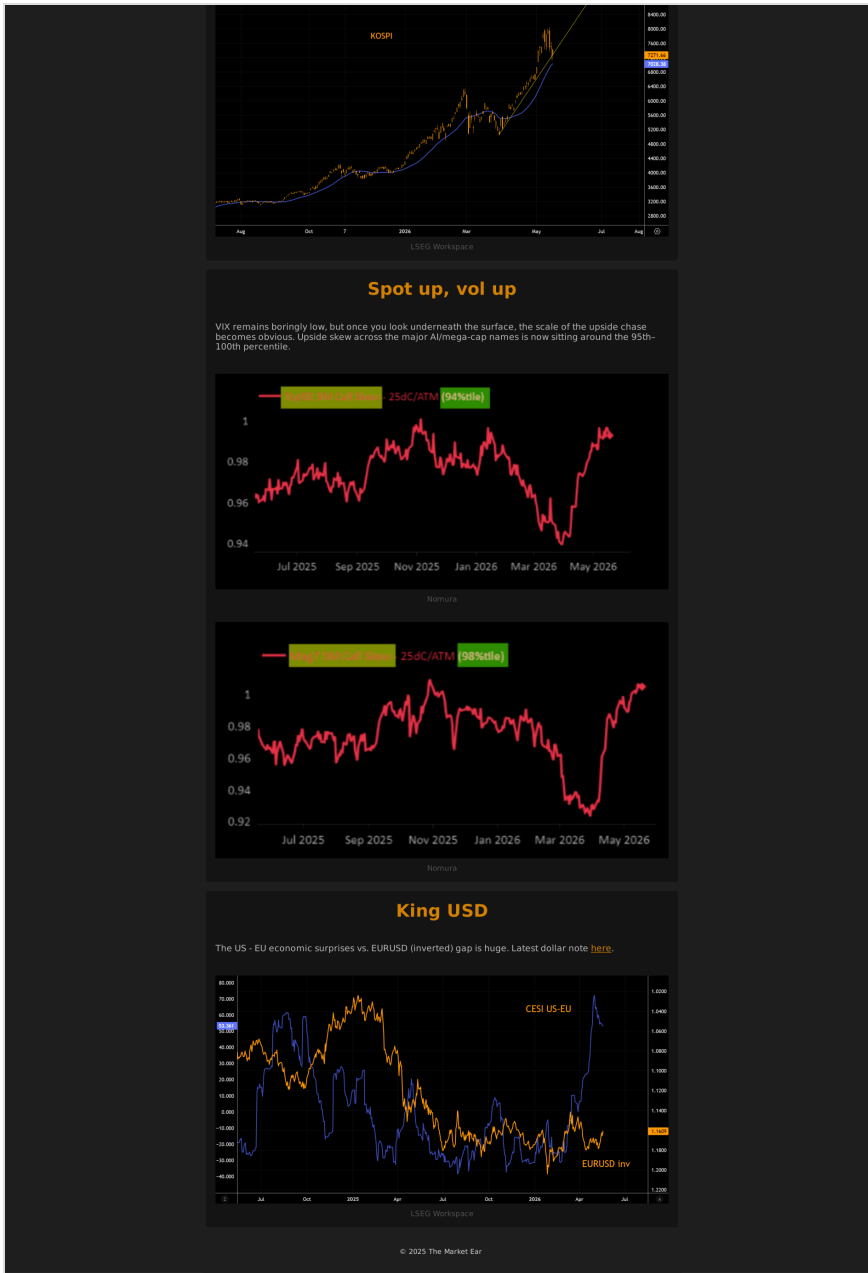


Chart 3

Page 3 | vector-cluster | score 0.766



Jamie Dimon s Favorite FX Brain Is Buying Dollars Again

2 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.728

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Changing

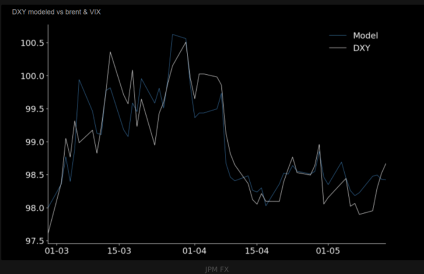
For most of this year, betting against the dollar became one of Wall Street's favorite consensus trades. But JPMorgan's Meera Chandan argues the backdrop is changing: U.S. data is surprising higher, the Fed may stay tighter for longer, and bearish dollar sentiment now looks crowded.

More dollar positive

"Overall, the conditions for being long USD now versus March are different - especially with the Fed back in the picture. We turned tactically bullish on the dollar as a hedge after the onset of this conflict. This iteration of dollar-bullishness, by contrast, reflects the improvements in the US picture specifically its pivot towards low-grade US exceptionalism with inflation beats vs entrenched EMU weakness - and evidence that the Fed is softening its asymmetric reaction function." (Chandan, JPM FX)

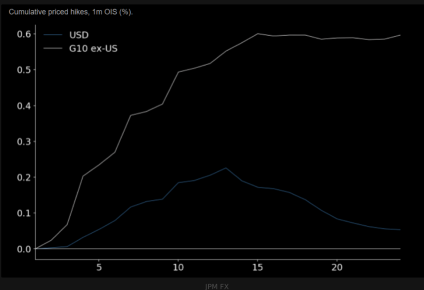
USD has been held down

USD has been held down by low vol/positive risk, despite oil prices still elevated.



CB expectations

CB expectations still have room to compress in USD's favor. The market has started to decisively entertain the prospects of hikes over the next 12m, even despite persistent uncertainty ahead of the new Chair's first FOMC meeting, and the Fed's generally more-cautious approach to the inflation spike than the ECB, BoE etc.

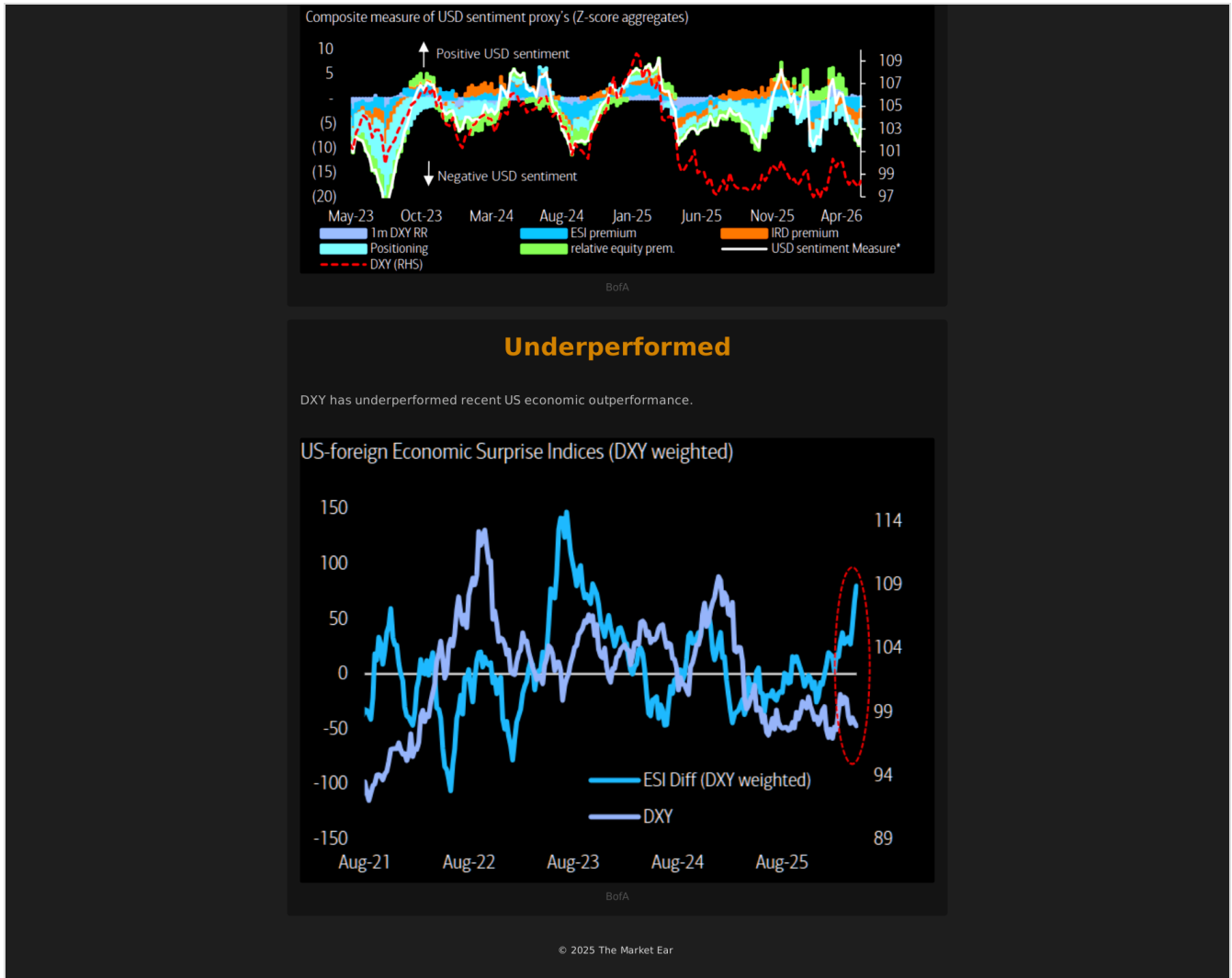


Screens cheap

USD screens cheap on some real rate measures.

Chart 2

Page 3 | vector-cluster | score 0.794



deepseek blues deja vu

3 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.832

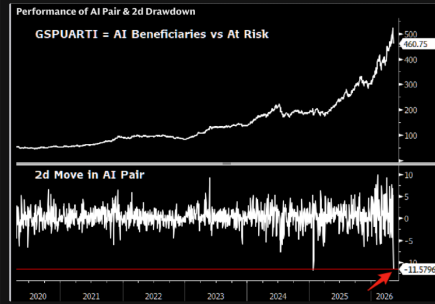
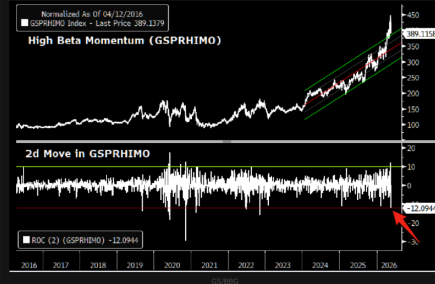
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DeepSeek Blues

The AI melt-up is starting to wobble. Momentum is suffering its worst unwind since 2022 just as semis crack, volume anomalies emerge, and one of the market's most crowded trades starts losing momentum fast.
The key question now is whether this is just another short-term shakeout, or the start of a larger unwind in AI momentum.

MOMO carnage

Momentum is suffering its worst 2-day unwind since 2022, with winners getting crushed while past losers outperform. The selloff is now hitting AI hard too, with the AI pair posting its worst drop since DeepSeek Monday according to GS.

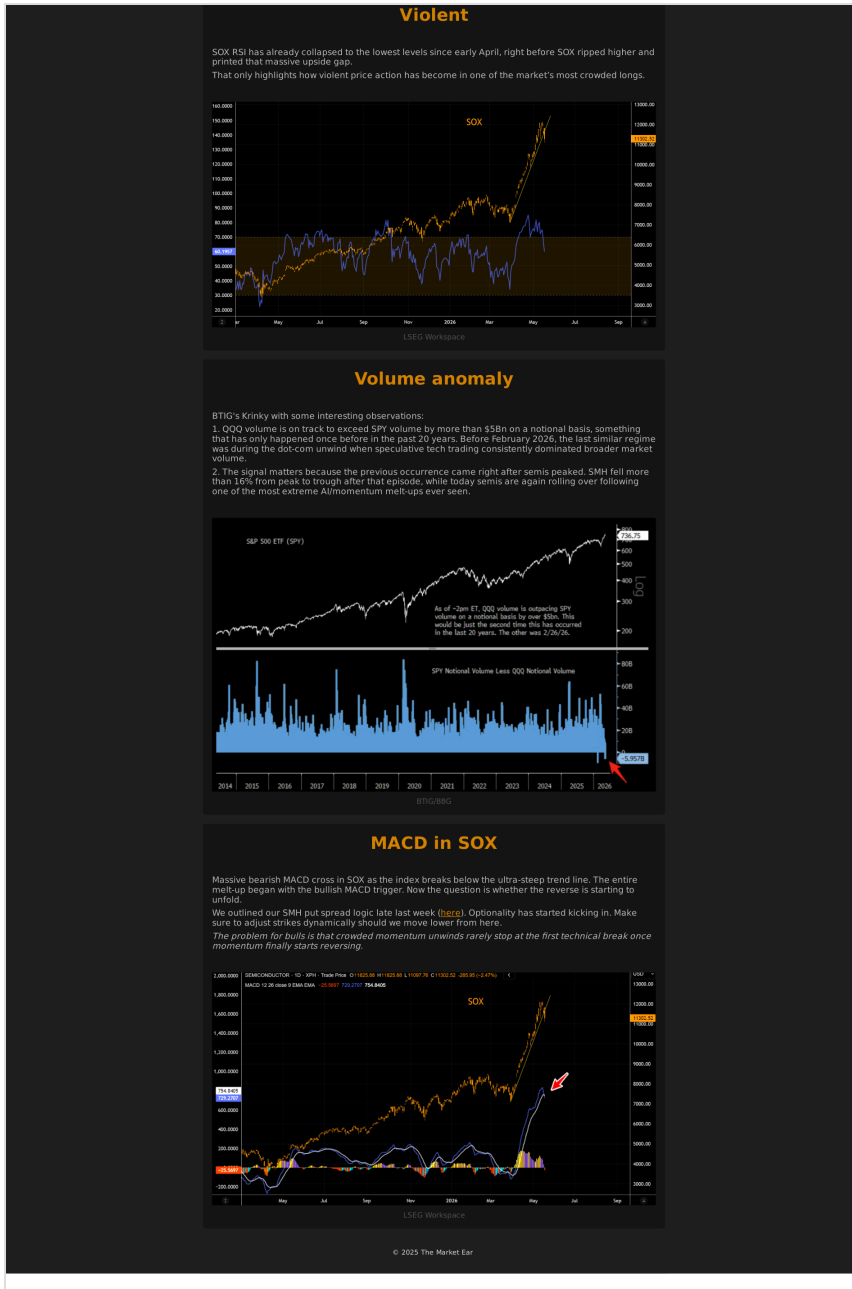


Momentum peaks

Momentum reversed right at the highs. GS thinks the setup is increasingly starting to resemble the 2022 unwind.

Chart 3

Page 3 | vector-cluster | score 0.917



crowded leveraged fragile

2 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.773

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Melt-Up Cracks

Semis are finally wobbling just as positioning, leverage and momentum remain dangerously stretched. The crowd kept chasing upside instead of hedging downside, while the same reflexive flows that powered the vertical melt-up are now starting to work in reverse. At the same time, gold is approaching a major technical inflection point again, while Europe keeps looking like the macro weak link as geopolitical stress quietly builds underneath the surface.

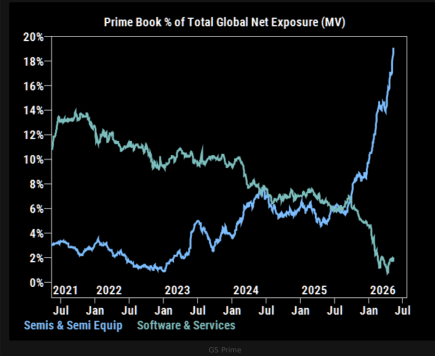
SOX cracks

SOX is printing its biggest downside candle since the melt-up began. The index is now breaking below the steep trend line while slipping under the 8 day moving average. The 21 day sits lower (next meaningful support), while the 50 day remains far below current levels.



Crowded

Semis are close to 20% of all hedge fund net exposure. Hedged they say...More [here](#).



100%tile

Coming into the latest semis wobble, SMH 3m ATM sat in the 100th percentile, yet the crowd didn't chase downside protection via puts. They were all still focused on chasing the upside.

Chart 2

Page 3 | vector-cluster | score 0.796



Sources

[Chart report PDF](#)