

Daily Packet: 2026-05-20 to 2026-05-21

Trading_and_investment_papers plus Daily Shot when available.

WINDOW PDFS

6

CHART EXTRACTS

15

TOP CHARTS

3

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

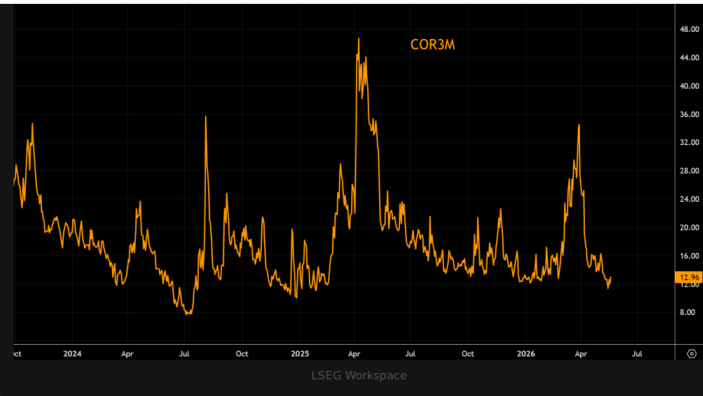
1. upside panic nobody wants protection: Options are shaping the path of the underlying

Page 5 | upside panic nobody wants protection

What it says: upside panic nobody wants protection: LSEG Workspace Fine for now, but... McElligott argues the market has become extremely fragile because investors keep aggressively chasing upside through call options, while leveraged ETF buying has further amplified the melt-up. The problem is that if SPX s...

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.

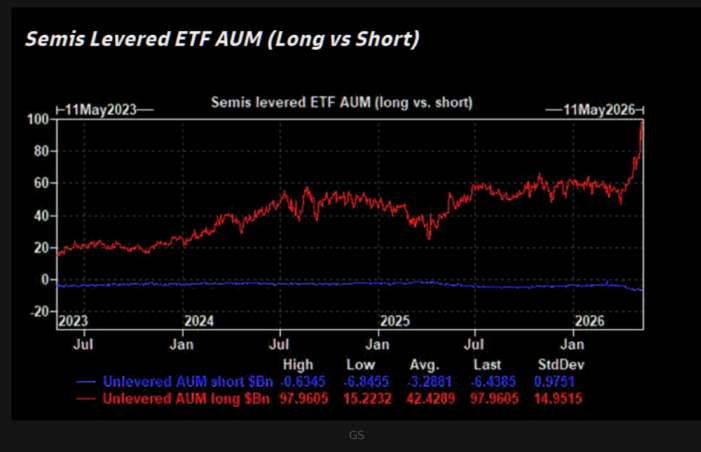
Portfolio/use: Favor defined-risk upside and start adding downside while hedges are ignored.



Fine for now, but...

McElligott argues the market has become extremely fragile because investors keep aggressively chasing upside through call options, while leveraged ETF buying has further amplified the melt-up. The problem is that if SPX suddenly drops 2% or more, volatility could explode higher very quickly. Hedging flows and leveraged ETF rebalancing would likely force even more selling as the market falls, creating a highly asymmetric downside setup where lower prices mechanically force even more selling.

Chart shows SMH levered ETF volume as one example of the recent upside mania.



2. Brent vs Copper: Oil stress is feeding rates, while equities are looking through it

Page 1 | Brent vs Copper

What it says: Brent vs Copper: Brent vs Copper 20 May 2026 person Tallulah Adams Goldman Sachs International Global Banking & Markets Short Brent: Placing more weight on a de-escalation given yield move which was the turning point during tariffs, approaching peak demand season + positive...

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.

Brent vs Copper

20 May 2026



Tallulah Adams
Goldman Sachs International
Global Banking & Markets

Short Brent: Placing more weight on a de-escalation given yield move which was the turning point during tariffs, approaching peak demand season + positive signals around an agreement being reached – (“Work is underway to put the finishing touches on a draft agreement between Washington and Tehran”). Regardless, traffic through the Strait looks to be steadily increasing via bilateral understandings (e.g. IRGC reported 24 ships through the Strait today).

Long Copper: a) de-escalation trade b) pull on LME inventory due to US over-importing given Arb strength + potential tariff tails, c) resource nationalisation theme (supported by headlines out of China today) and continued China demand strength: Whilst cathode demand will likely moderate sequentially (April +7% y/y), May and June growth will remain robust from a combination of i) downstream restocking to compensate for 4q25 de-stock, ii) scrap tightness, and iii) grid. Salient point here is whilst YTD Chinese demand has been met from inventory, further strength should result in higher imports.

Max loss unlimited

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3. schizophrenic markets: AI is becoming a capex, power, and politics story

Page 1 | schizophrenic markets

What it says: schizophrenic markets: Schizophrenic Retail investors continue panic-buying equities, while institutions still look far more cautious, trimming exposure in some of the market's most crowded trades. At the same time, equity allocations just exploded higher, cash levels triggered a...

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.

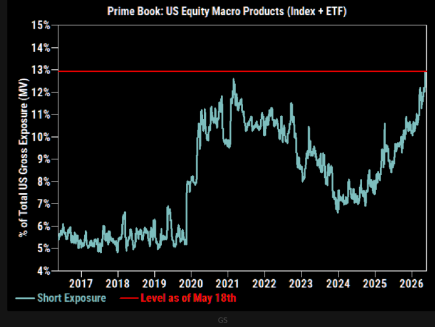
Portfolio/use: Map AI exposure through power, grid, utilities, gas, and capex beneficiaries; be careful where capex consumes free cash flow.

Schizophrenic

Retail investors continue panic-buying equities, while institutions still look far more cautious, trimming exposure in some of the market's most crowded trades. At the same time, equity allocations just exploded higher, cash levels triggered a classic BofA sell signal, semis remain the number one crowded trade globally, and hedge fund short exposure has quietly surged to fresh 10-year highs. The result is a schizophrenic market: everyone feels underinvested while positioning, leverage, and FOMO already look dangerously stretched.

The big short

Short exposure has now moved above pre-Iran ceasefire levels and is sitting at fresh 10-year highs. No wonder upside options are so well bid.



Spot up, vol up

Can the market please move higher so vols can finally catch some bids? Amazing how the market still fears missing upside more than downside.



Far from euphoria

Hedge funds have aggressively added gross exposure lately, pushing leverage to fresh 5-year highs. Yet net exposure remains relatively moderate, suggesting institutional positioning still looks far less euphoric than the extreme behavior currently seen in retail, flows, vol skew, and levered ETFs. Managers have been trimming US Tech exposure into the rally while re-hedging macro and beta risk as inflation and yields move higher. (GS PB)

Daily Shot

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Additional Chart Selection

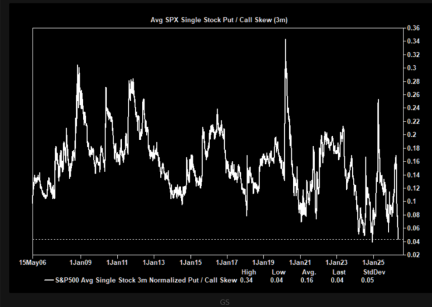
upside panic nobody wants protection

2 additional extracted charts

Chart 1

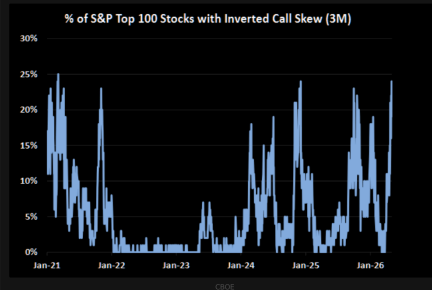
Page 3 | vector-cluster | score 0.800

Downside hedges have rarely been this cheap for those who still believe hedging is a valid risk management tool.



Inverted panic

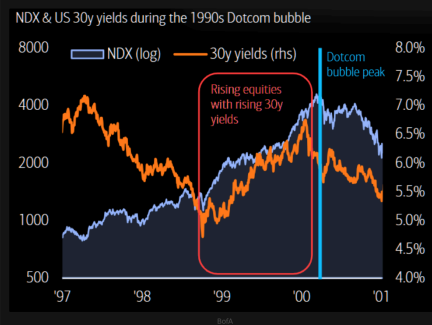
Bullish equity positioning is once again reaching increasingly extreme levels. Investors are no longer paying for protection. They are paying for upside acceleration. Chart shows stocks with inverted call skew have exploded higher.



Resilience

Rising inflation fears and surging long-end yields have finally started slowing the relentless US equity melt-up. Yet despite the macro pressure, several signals still point toward strong equity resilience and continued upside chasing.

One of the biggest disconnects is that rates volatility markets are aggressively pricing downside risk, while equity option markets remain remarkably complacent. BoFA argues this is typical of bubble-like environments, where FOMO can overpower rising yields and worsening macro conditions, similar to the Dotcom era when Microsoft kept surging alongside sharply higher long-end rates.



The vol divide

Chart 2

Page 4 | vector-cluster | score 0.746



schizophrenic markets

2 additional extracted charts

Chart 1

Page 2 | vector-cluster | score 0.726

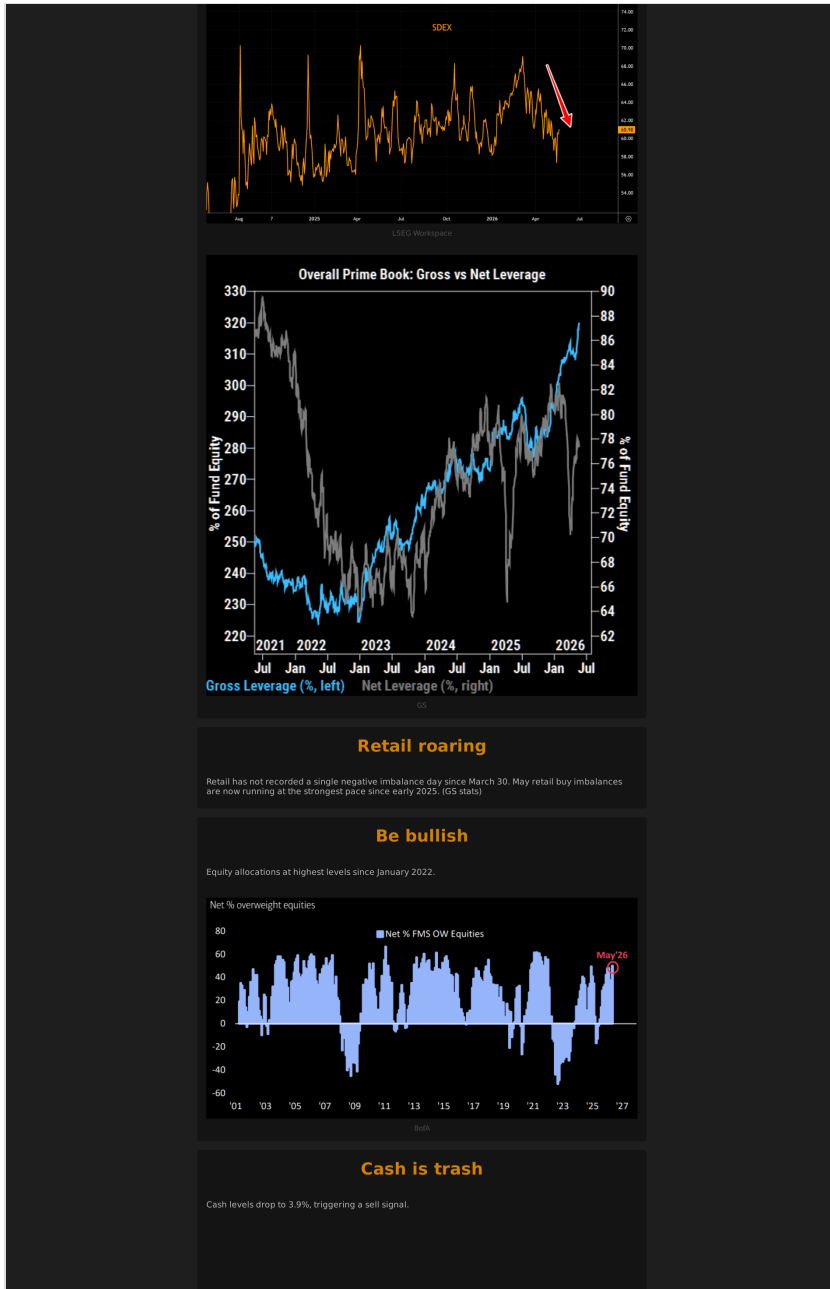
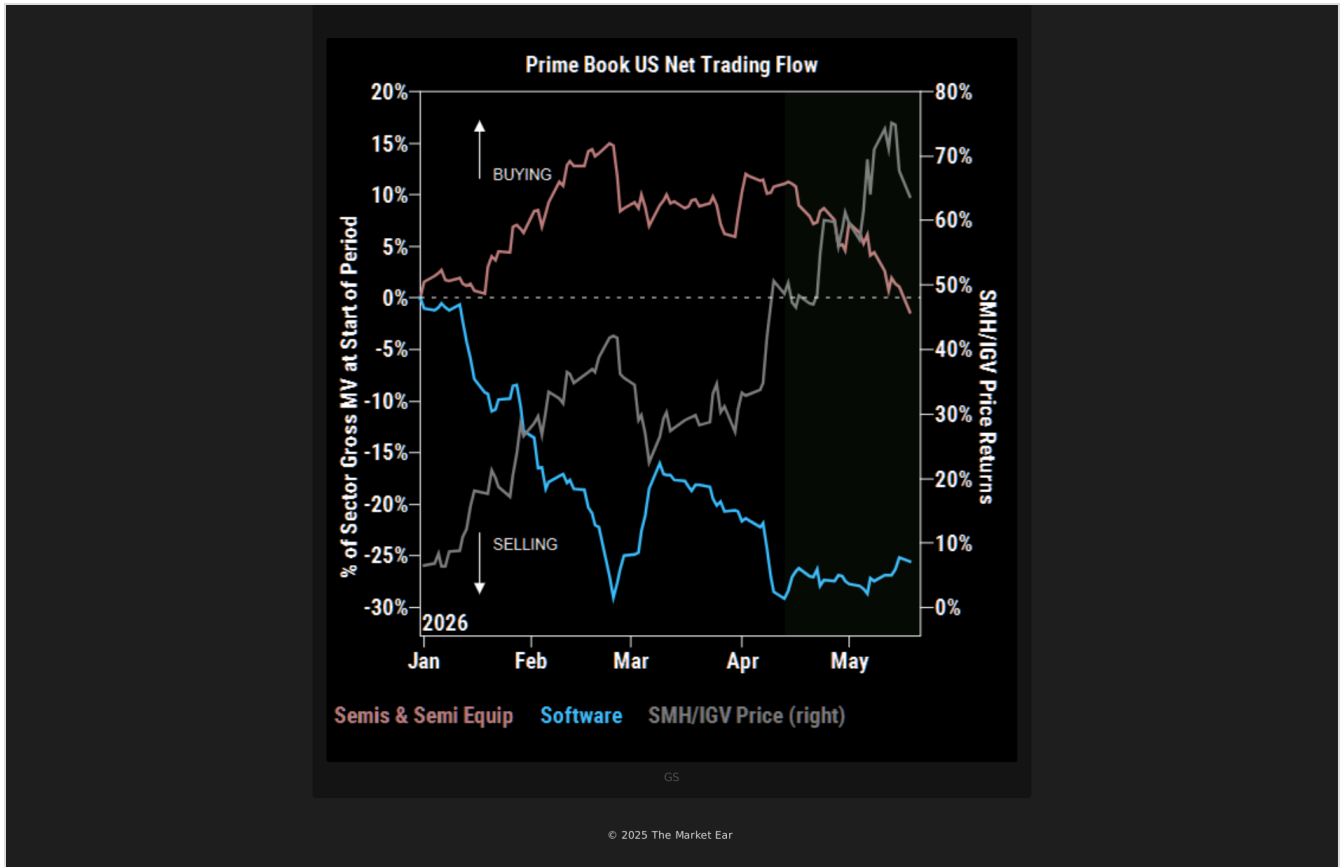


Chart 2

Page 4 | vector-cluster | score 0.815



markets still refuse to believe in king dollar

3 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.800

THE MARKET EAR.COM
Live rates, market analysis & unbiased commentary
part of Lombard Research

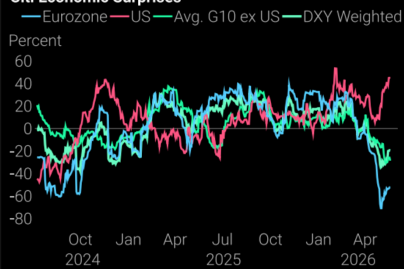
The Dollar Disconnect

The dollar should arguably be much higher right now. US growth and labor data keep outperforming, oil should favor the USD, and Fed expectations keep repricing higher. Yet DXY has barely moved since the Iran conflict escalated. Markets still believe the Strait of Hormuz eventually reopens. But the longer negotiations drag on, the harder it becomes to ignore US macro outperformance. Eventually, the dollar may have to catch up.

Sluggish dollar

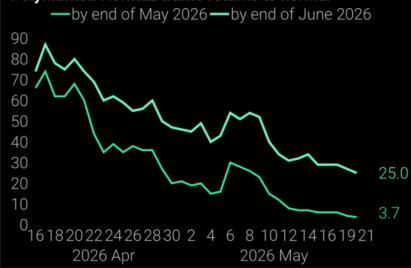
The market still assumes the Strait of Hormuz eventually reopens before serious economic damage kicks in, preventing a full-blown risk washout and keeping the dollar from fully squeezing higher. The longer negotiations drag on, however, the harder it becomes to ignore widening US growth outperformance.

Citi Economic Surprises



To Lombard

Polymarket: Hormuz traffic returns to normal



To Lombard/Polymarket

The Fed

US labor data keeps surprising higher, forcing markets to reprice the Fed path again. Claims remain low, hiring is picking up, and the market is now starting to price a potential hike by March next year. If the Fed validates the recent repricing, the dollar likely has room to catch higher.

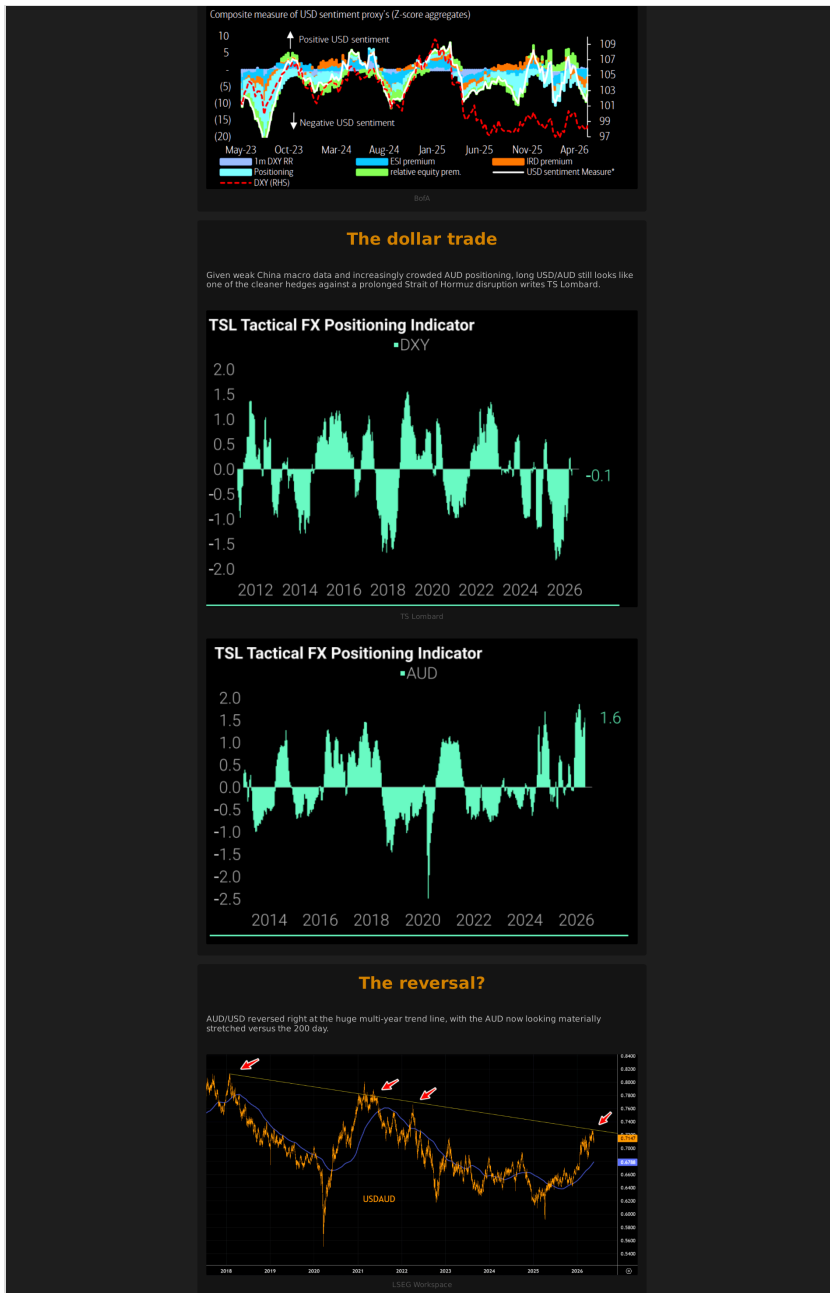
Chart 2

Page 2 | vector-cluster | score 0.725



Chart 3

Page 3 | vector-cluster | score 0.739



US EQUITIES COLOR MO BOUNCE PEACE HOPES NVDA

2 additional extracted charts

Chart 1

Page 1 | vector-cluster | score 0.665

US EQUITIES COLOR: MO BOUNCE + PEACE HOPES + NVDA

20 May 2026



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S&P +108bps closing @ 7,433 w/ a MOC of \$1bn to SELL. NDX +166bps @ 29,298, R2K +256bps @ 2,817, and Dow +131bps @ 50,009. 18.65b shares traded across all US equity exchanges vs ytd daily avg of 19b shares. VIX -343bps @ 17.44, WTI Crude -542bps @ \$98.52, US 10YR -9bps @ 4.57%, gold +143bps @ 4,547, dxy -22bps @ 99.11 and Bitcoin +81bps @ \$77,584.

Equity melted up on peace hopes in the Middle East (crude -5% / US 10YR -8bps to 4.58%) with reports of “finishing touches” on a draft agreement between Washington and Tehran + a 3% bounce in Momentum in anticipation of NVDA earnings tonight. Single stock flows were muted with mkt in “wait and see mode” and content to sit out continued factor chop. Our floor was a 4 on a 1-10 scale in terms of overall activity levels with Asset Mgrs broadly finishing better to buy while HF flows were -flat.

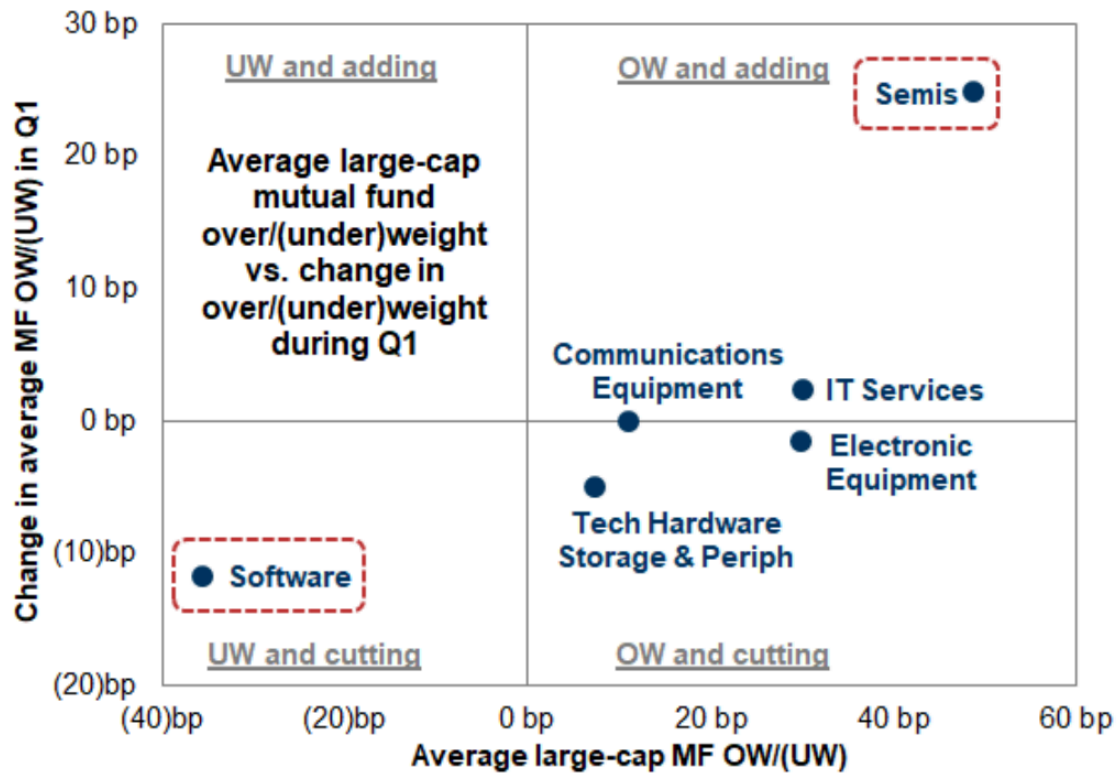
NVDA flattish after hours on a down the fairway print. Solid beat for quarter (Q1 Revs \$81.5bn vs. cons \$79bn), and guiding Q2 above (Q2 Revs \$91bn vs. cons 87bn). Capital returns should be well received (upped authorization by \$80bn / raising div to 25c per qtr). Conf call @ 5pm ET. We had as a 9 on a 1-10 positioning scale. Remains generally well-owned by most investor types, particularly given the recent explosive move higher (+35% since the end-of-March low tick)– but no longer the “max long” it once was (ie Tech specialists have rotated out risk curve to find the “next AI trade”.. Generalists have used NVDA as source-of-funds).

Tomorrow we’ll hear from WMT (along with RL and WSM in the AM and DECK and ROST at night). All 5 of those are companies are expected to beat. WMT: The quarter will almost surely be good. The big question post TGT being -6% on the 2Q debate is whether WMT will point to any slowdown. Most feedback is they will sound great on 1Q and fine on 2Q. We think final comp bogey is WMT US +4.5-5%, with most realistically closer to +5%. As always, the bear case is mainly just valuation at the moment, not the core biz. -TY Feiler

DERIVS As we saw Momentum revert into the green, flows on the vol desk were tilted to hedging activity. Most notably, we saw 3 large clips of 100k VIX 1 week call spreads bought in the market. Flagging that we have also seen many large software Jan28 downside buyers over the course of this week. We saw spot up vol up behavior again today as fixed strike vols went bid in tandem with spot. The market seems as though its realizing more to the upside on good news than to the

Chart 2

Page 3 | image-block | score 0.546



BofA Global Positioning in Stocks Contrarians beware 20260521

3 additional extracted charts

Chart 1

[Accessible version](#)

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Global Positioning in Stocks

Contrarians beware

Well-owned stocks have outperformed

In the last 12 months, contrarian investors may have struggled as the most well-owned stocks globally (top 20% by "Ownership") averaged [47.0%](#), while the "Low Ownership" averaged 32.4%. Currently, [92%](#) of relevant funds globally own TSMC. The other most well-owned stocks globally are ARM (89%), Microsoft (84%), [NVIDIA](#) (75%), Amazon (74%), [Tencent](#) (72%), [ASML](#) (71%), Broadcom (70%), and [Meta](#) (68%).

Long-only funds added Materials and Energy last month

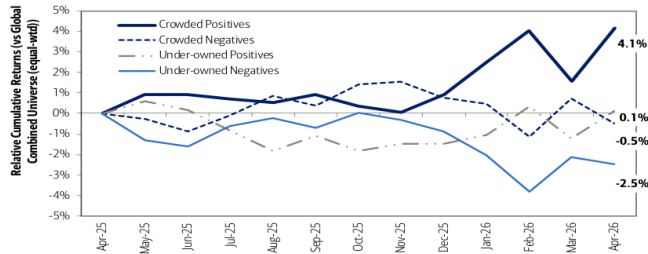
In April, [long-only funds](#) globally added exposure to Materials (+\$6.8bn) and Energy (+\$5.3bn). In contrast, funds reduced exposure to Semis (-\$50.6bn) and sold shares in Diversified Financials (-\$17.0bn), Software (-\$-9.9bn), and Consumer Staples (-\$9.7bn). During the month, long-only funds bought the most shares in Japan (+\$4.9bn) and sold shares in the US (-\$61.4bn) and Emerging Markets (-\$50.9bn).

Crowded Positives vs Under-owned Negatives

In the last 12 months, "Crowded Positives" (well-owned stocks + Positive Triple Momentum) have outperformed by 4.1%. The current [Crowded Positives](#) include TSMC, Siemens Energy, KLA, MediaTek, and TotalEnergies. In the last 12 months, Under-owned Negatives have underperformed by -2.5%. "[Under-owned Negatives](#)" currently include Salesforce, ServiceNow, Intuit, Bharti (Airtel), and Infosys.

Chart 1: Positioning and Triple Momentum relative cumulative performance: Last 12-months

In the last year, Crowded Positives outperformed, Under-owned Negatives underperformed



Source: BofA Global Quantitative Strategy, MSCI, FTSE, FactSet, Bloomberg, 13F Filings, Benchmark Indices, Country Stock Exchanges
Performance is shown relative to the average performance of stocks in the analysis with Ownership, Active Exposure, and Triple Momentum Ranks.

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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.

21 May 2026

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Unless otherwise noted, all links on the front page of this report refer to sections in this research report.

Executive Summary

- [Crowded Positives Screen](#)
- [Crowded Negatives Screen](#)
- [Under-owned Negatives Screen](#)
- [Under-owned Positives Screen](#)
- [Equity Flow](#)
- [Active Exposures \(over/underweights\)](#)
- [Stock Charts \(US, Europe, Japan, APX, EM\)](#)
- [Performance Overview](#)

Chart 2

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Equity Flow –Long-only Funds

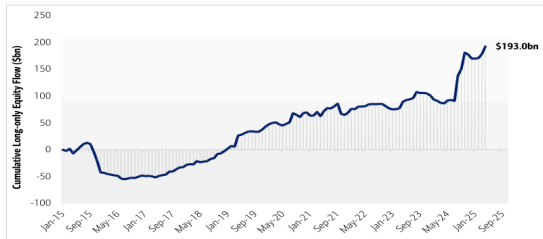
Value of shares bought and sold by long-only funds

In addition to monitoring Active Exposure versus benchmark, we also calculate the value of the shares that long-only funds (active and passive) have bought and sold each month. Each month, we calculate the change in the number of every share held in each portfolio and disclosed by the relevant long-only fund, and multiple this by the respective Volume Weighted Average Price (VWAP) for the month. We believe VWAP is a reasonable approximation of the price at which funds may have bought and sold stocks during the month. It's worth noting the Active Exposure versus benchmark can be impacted by 1) changes to stock holdings, but also 2) changes to benchmark weights, and 3) the performance of stocks (e.g. an underweight position increases in magnitude if a stock outperforms even if no shares were sold).

Client have consistently asked for information on what funds are buying and selling. To address this question we introduce the Equity Flow analysis. We believe Equity Flow effectively determines the contribution to the change in the active exposure from funds buying and selling shares. We aggregate the US dollar value of the change in the declared portfolio holdings by stock, sector, country, and region. The chart below is an example of the value of Active long-only funds' cumulative buying and selling in aggregate for all listed China stocks.

Chart 3: Aggregate Cumulative Long-only Equity Flow

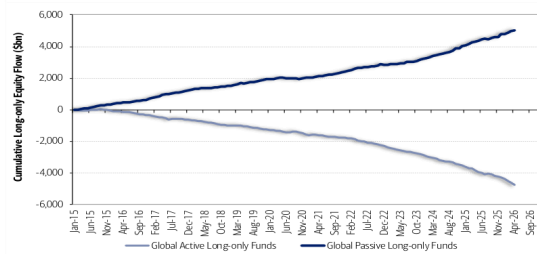
China Cumulative Long-only Equity Flow



Source : BofA Global Quantitative Strategy, MSCI, FTSE, FactSet, Bloomberg, 13F Filings, Benchmark Indices, Country Stock Exchanges
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Chart 4: Global Long-only Active and Passive Funds Cumulative Equity Flow (\$bn)

Long-only funds have been consistently buying Passive Funds and selling shares in Active Funds



Source : BofA Global Quantitative Strategy, MSCI, FTSE, FactSet, Bloomberg, 13F Filings, Benchmark Indices, Country Stock Exchanges
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Chart 3

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Methodology

Funds included in this Analysis

We include funds in this analysis if 1) the value of the fund is at least US\$500m in equities, 2) the fund declares portfolio holdings on a regular basis, and 3) we can identify the benchmark of the fund and we have access to the constituents of the benchmark. We update the list of funds included in the analysis annually. If a fund's declared portfolio holdings are more than 12 months old at any month-end, we omit the fund from the analysis from the calculations at that month-end. The most common "age" of portfolio holdings is 2-3 months, and is dependent on the timing of data availability and when our calculations are performed. To provide a more recent snapshot of the value of the fund managers' equity holdings, we have marked-to-market the holdings using the most recent month-end prices. The monthly analysis does not reflect any changes, other than re-pricing in portfolio holdings after the filing dates. The analysis of Active Exposures includes long-only fund holdings (including passive) relative to benchmark but excludes Passive funds because their holdings tend to mirror the benchmark so their Active Exposures are close to zero. The Equity Flow analysis includes data for both Active and Passive funds because assets under management (AUM) has fallen for Active Long-only Funds but increased for Passive funds over the period of the analysis, so including both types of funds is important for capturing a broad measure of equity flow.

Table 1: Positioning - Long-only Funds Summary Stats

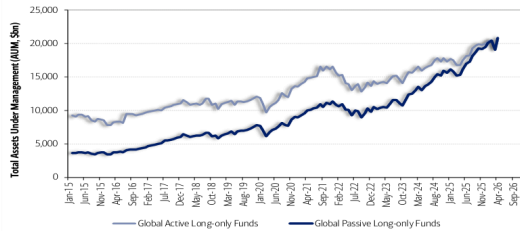
Global long-only funds and benchmarks positioning summary

Total Funds	Characteristics
Number of Funds	6,148
Total Value (Equities) of Long-only Funds (\$US millions)	38,638,905
Unique Benchmarks	965
Total Active Funds	Characteristics
Number of Funds	4,609
Total Value (Equities) of Active Long-only Funds (\$US millions)	18,067,951
Unique Benchmarks	591
Total Passive Funds	Characteristics
Number of Funds	1,539
Total Value (Equities) of Passive Long-only Funds (\$US millions)	20,570,954
Unique Benchmarks	528

Source : BofA Global Quantitative Strategy, MSCI, FTSE, FactSet, Bloomberg, 13F Filings, Benchmark Indices, Country Stock Exchanges
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Chart 7: Global Long-only Active and Passive Funds Total Assets Under Management (AUM)

Total Assets Under Management (AUM) for Passive funds has now crossed \$20 trillion



Source : BofA Global Quantitative Strategy, MSCI, FTSE, FactSet, Bloomberg, 13F Filings, Benchmark Indices, Country Stock Exchanges
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Sources

[Chart report PDF](#)