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CLIENT LOGIN

WEEKLY INSIGHTS

Positioning & Sentiment

SUNDAY 22 NOVEMBER 2026 · MARKET DATA TO 20 NOVEMBER

FOR PROFESSIONAL INVESTORS ONLY

GLOBAL MARKETS / POSITIONING & FLOWS

Systematic selling pressure eases, but downside risks persist

Introduction

The S&P 500 fell 3.7% on Friday and the Nasdaq 100 fell 5.6% as the systematic selling flagged in our CIO Report materialised. Heavy dealer short gamma heading into monthly options expiry likely amplified the move. Our estimate of SPY dealer short gamma fell 57% to $6.6bn per 1% move, from $15.5bn on Thursday (chart 6), so hedging flows should have less impact in the week ahead. What is left is concentrated around 7,000 and 6,750 on the S&P 500 (SPY), either side of Friday's close of 6,910, and over a third of it sits within 2% of that close ahead of the 18 December expiry. Dealers' hedging becomes stabilising above 7,330 on the S&P 500 (Libella gamma model), 6% above Friday's close.

Key points

Leveraged ETFs accounted for the largest share of Friday's mechanical selling. Our model implies $39bn of net US equity selling from leveraged ETF rebalancing at Friday's close, 2.3 standard deviations (sd) below the trailing-year mean, the third-largest in a month and the fifth-largest in our data since January 2015 (chart 1). Volatility-control funds and trend followers (CTAs) contributed an estimated $11bn (0.9 sd) and $10bn (2.5 sd) (chart 7). Leveraged ETFs reset daily, buying after an up day and selling after a down day, while trend followers adjust over several sessions.

Trend followers are already short an estimated $12bn of US index futures (chart 2), and our conditional estimates for the next five US cash sessions (US markets closed on 26 November) are modest: $3bn of selling if the S&P 500 is flat and $10bn if it falls 4.7%. Retail investors have tended to sell at the open after sharp falls: on 5 November they sold a net $522m of single stocks in the first 30 minutes (3.9 sd). Hedge fund deleveraging has run at the fastest weekly pace in more than a decade (Morgan Stanley Prime, 11 Nov), which leaves positioning light. Our hedge fund long-book proxy fell 9.9% over the past month, against a 2.5% fall for the short-book proxy.

Mechanical selling pressure should moderate as the week progresses. The S&P 500 was higher five sessions after 12 of 14 daily falls of 2% or more since July 2024, and sentiment is at an extreme: SPY's 14-day RSI is 24.9 and our Fear / Greed score is 0.5, the lowest in our series. Goldman Sachs's trading desk is more cautious (20 November) and expects another substantial wave of systematic selling. Both views have trend followers net short US equities; our model implies most of the mechanical selling in US equities has already happened.

Our CTA model covers S&P 500, Nasdaq 100 and Russell 2000 futures. It shows $58bn of selling over the past month and a $12bn short. Its scenarios for the next five US cash sessions are in Table 1 and chart 8.

Volatility-control funds have cut equity exposure to 46% (chart 5) and would buy about $2bn in a calm week or sell $9bn in a volatile one. Dealers are also short gamma in QQQ and IWM, by $2.0bn and $1.8bn per 1% move. Dealers and trend followers turn supportive in the same area of the S&P 500, roughly 7,280 to 7,330.

Retail-related selling may be concentrated around Monday's open. After 15 daily S&P 500 falls of 2% or more since July 2024, retail investors were net sellers of megacap technology the following morning on 10 occasions and net buyers by the second morning on 10 of 14. At Friday's open they sold a net $190m (1.3 sd; chart 4). Our simulation of retail margin exposure, calibrated to Robinhood's $22.9bn margin book on 31 October, gives $0 to $1.1bn of potential margin-related sales, rising to $2.8bn if brokers raise margin requirements by 10 percentage points.

Our reversal screen has yet to generate a confirmed entry signal. A stock qualifies when it is technically stretched and its option skew (1M 25D RR) is less negative than on the prior session. In our back-test that combination was followed by a mean gain of 6.2% over ten sessions, against a mean loss of 0.6% without the improvement in skew - 78 stretched cases on seven AI stocks, Sept 2024 to Oct 2026: 31 with improving skew and 47 without, of which 27 and 46 have ten-session data (Libella Reversal model). On Friday 17 of our 20 most actively traded option names were stretched, and skew deteriorated in every one. We are monitoring Meta, Amazon, Microsoft, TSMC and Alphabet; calls outnumbered puts by volume in Meta and Amazon on Friday, though by less than their 20-day average.

Much of the immediate systematic selling appears to have occurred, although retail margin exposure and hedge fund deleveraging remain difficult to quantify. We see scope for a tactical rebound if volatility stabilises and mechanical selling stays contained. Company-specific risk remains elevated, particularly in semiconductors. A rebound needs earnings estimates to hold, Asian demand to steady and reported SEC questions about Nvidia's accounting to stay contained to one company. As in Friday's CIO Report, we prefer the broader market to the crowded, expensive leaders, and favour relative value over adding net equity exposure.

We are negative on equities near term, without turning bearish on the cycle. We would treat a rebound as tactical until the high-yield spread (ICE BofA US High Yield index) is below 3.20% (now 3.52%) and the VIX below 25 (now 35.9).

Table 1. Estimated mechanical equity flows

NAME	FRI 20 NOV	VS HISTORY	NEXT FIVE US CASH SESSIONS (CONDITIONAL)
Leveraged ETFs**	**−$39bn**	**−2.3 sd**	Reset daily; buyers after an up day, sellers after a down day
Volatility-control funds	**−$11bn**	**−0.9 sd**	+$2bn in a calm week; −$9bn in a volatile one
Trend followers (CTAs) US index futures	**−$10bn**	**−2.5 sd**	+$2bn at +2.5%; −$3bn if flat; −$7bn at −2.4%; −$10bn at −4.7%

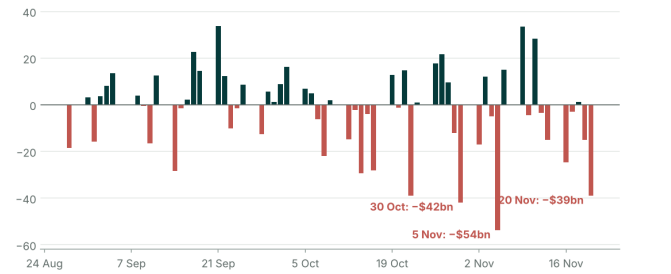
Libella estimates, data as of 20 November 2026. Model outputs, not observed transactions; the three estimates are separate models and may overlap. sd = standard deviations from each model's own daily history since 2010. **Leveraged ETFs are measured against the trailing-year mean because the funds have grown. CTA scenarios are S&P 500 moves over five US cash sessions (23, 24, 25, 27 and 30 November; US markets closed on 26 November).

Next: US PCE inflation and GDP on Wednesday 25 November; US markets closed on Thursday 26 November, with a shortened trading session on Friday; Micron can start repurchases under its $35.16bn authorisation on 9 December, the day of the Fed decision, and reports on 17 December.

Sources: Libella estimates; Micron Technology (10-K, 8 October authorisation; earnings date, 19 November); Goldman Sachs trading desk (20 November); Morgan Stanley Prime Brokerage (11 November); Robinhood October operating data; Libella crowding and merger-arbitrage monitors; FINRA off-exchange trades, Databento; option data, YFDP and EODHD. Data as of 20 November 2026. Method: the CTA model blends five trend speeds (20 to 500 sessions), weighted to match listed managed-futures funds and sized to the US figures reported from Goldman Sachs. Retail flow is net buying in the first 30 minutes (method of Boehmer et al., 2021). The margin range comes from a simulation of synthetic accounts with assumed leverage, concentration and deposit behaviour. Back-tests exclude trading costs. Scenarios are conditional on the path and are not forecasts.

Chart 1. Leveraged ETFs: three large sales in 60 sessions

Estimated US equity buying (+) or selling (–) at the close by leveraged and inverse ETFs, last 60 sessions



Last data: 20 Nov 2026. YFDP = exchanges and data providers redistributed by Yahoo Finance.
Source: Libella estimate from fund assets, leverage and daily index returns (EODHD, YFDP); not reported flows

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Chart 2. Trend followers have flipped from long to short

Estimated position of trend-following funds in S&P 500, Nasdaq 100 and Russell 2000 futures, one year



Last data: 20 Nov 2026.
Source: Libella CTA model; size set to US figures reported from Goldman Sachs; a model estimate, not reported positions

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Chart 3. S&P 500 levels where trend followers act

S&P 500 with the one-year trend level (more selling below) and the level where the blended trend turns up

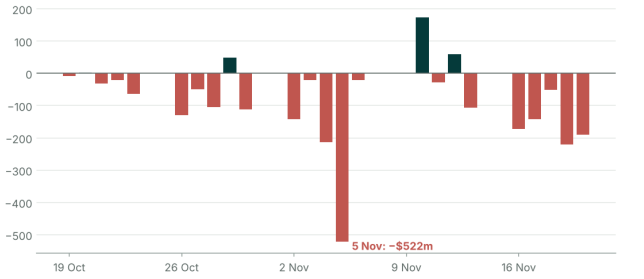


Last data: 20 Nov 2026. YFDP = exchanges and data providers redistributed by Yahoo Finance.
Source: S&P 500 closes, YFDP; Libella CTA model; levels move a little each day

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Chart 4. Retail investors sold most opens, last 30 sessions

Net retail buying (+) or selling (–) of single stocks in the first 30 minutes of trading, last 30 sessions

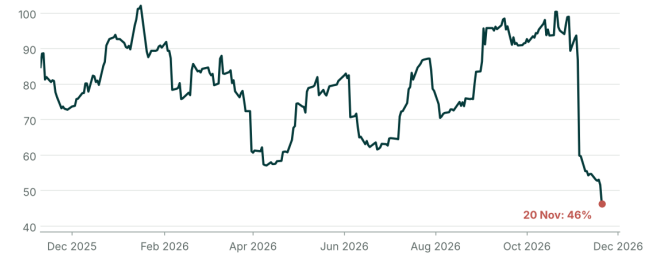


Last data: 20 Nov 2026.
Source: FINRA off-exchange trades, Databento; Libella calculation (sub-penny prints, method of Boehmer et al., 2021)

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Chart 5. Volatility-control exposure cut to 46%

Estimated equity exposure of funds that target 10% volatility, one year

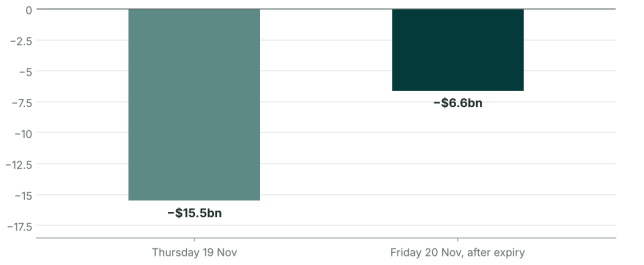


Last data: 20 Nov 2026.
Source: Libella estimate from realised S&P 500 volatility (21- and 63-day average); a model, not reported holdings

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Chart 6. Estimated SPY short gamma fell 57% after expiry

Dealers' estimated net gamma in SPY options at the 19 and 20 Nov closes: negative means their hedging amplifies index moves

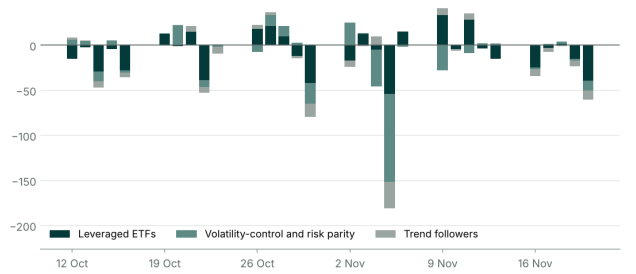


Last data: 20 Nov 2026.
Source: Libella dealer-gamma model; EODHD end-of-day option chains; expiries within 45 days

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Chart 7. Systematic selling, last 30 sessions: 5 Nov largest

Estimated daily US equity flows by type of rules-based investor, last 30 sessions; negative = selling

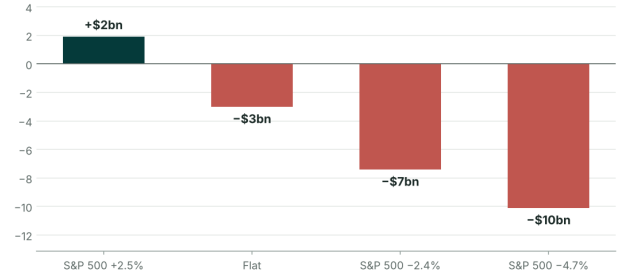


Last data: 20 Nov 2026.
Source: Libella flow and CTA models; estimates, not reported flows

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Chart 8. CTA flows over the next five cash sessions

Estimated buying (+) or selling (–) of US index futures for four S&P 500 paths



Last data: 20 Nov 2026.
Source: Libella CTA model; conditional scenarios of one and two standard deviations, not forecasts

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