



CIO Insights: Here Today, Gone Tomorrow...

That major markets will have a sharp rally today, is definitely presumptuous. But it stands to reason - the exemption of smartphones, computers and chips is likely to be seen as a major positive for the battered tech sector, a major component of market indices. Market positioning also supports the case for a rally, at least at the beginning of the week - the bigger question though is the sustainability of such a move and whether this is yet another opportunity to de-risk?

Macro data continues to suggest moderate weakness and although inflation prints last week bettered expectations, it's too soon to have reflected any tariff related shenanigans. And then there is the potential turmoil in the treasury markets prompting a "what it takes" kind of statement from the FED.

Market positioning, supportive initially, shows deterioration as we head into the monthly expiry at the end of the week.

Meanwhile, policy remains volatile with POTUS saying he will rely on "instinct". There may be specific tariffs on these industries or for that matter specific companies. The reality of policy is "here today, gone tomorrow". Just as tariffs are "instinct" dependent, our "instinct" is to use rallies to de-risk.

Market Positioning

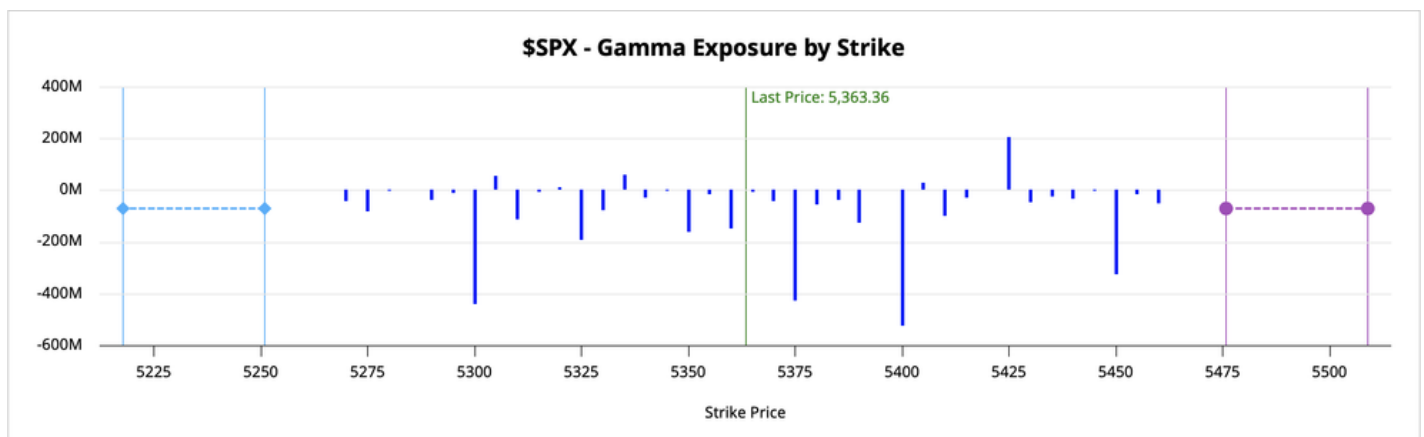
Analysing gamma positioning has been a useful guide in the recent extreme volatility period. For some time, major indices have had net negative gamma positioning (accelerates selling as the index falls). S&P, for the next few days, actually has positive gamma (prompts buying when the index declines, but also selling on rallies), which will likely support any rallies but also see resistance some 1% above Friday's close.

Nasdaq's positioning is more supportive and in sync with a market rally led by tech heavyweights, following tariff exemption announcements.

However...

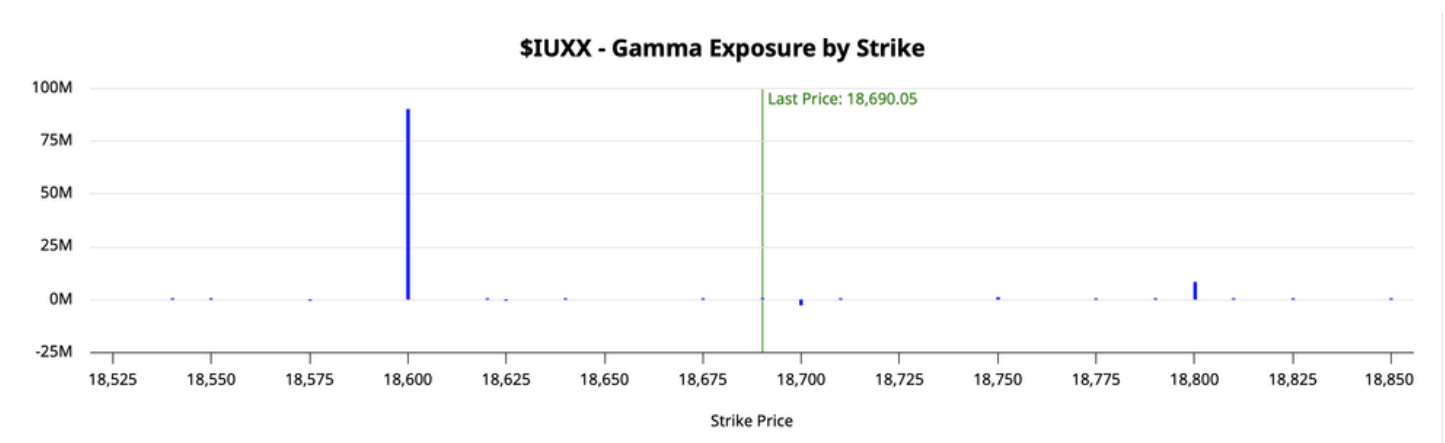
As we head into the monthly expiry (17th April), positioning is still negative for both S&P and Nasdaq. While this is not as egregiously negative as in recent weeks, this does suggest the possibility of a short-term rally, fading within the week.

S&P - Negative Gamma Positioning Persists



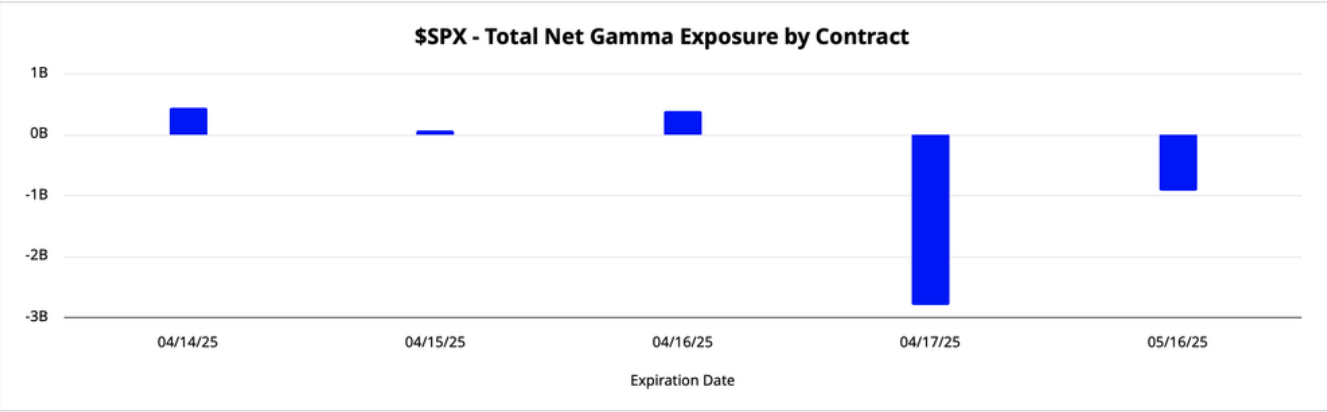
source: Barchart.com

Nasdaq Has Positive Gamma - better support



source: Barchart.com

Back to Negative Gamma on Monthly Expiry



source: Barchart.com

LIGHTHOUSE CANTON

Singapore

Lighthouse Canton Pte Ltd

16 Collyer Quay #11-02
Collyer Quay Centre
Singapore 049318

☎ +65 67130570

Dubai

Lighthouse Canton Capital DIFC Pte Ltd

The Exchange Gate Village 11,
Unit 204 Dubai International
Financial Centre
PO Box 507026
Dubai, UAE

☎ +971 45 861500

India

Lighthouse Canton India Private Limited

Unit No 104A, First Floor, Worldmark 2, Asset
Area No. 8
Hospitality District Aerocity, IGI Airport,
New Delhi 110037

☎ +91 9650473961

Unit 507 & 508, INS Tower,
Bandra Kurla Complex,
Bandra East,
Mumbai - 400051

☎ +91 9650473961

1st Floor, WeWork37, Cunningham Cross
Rd,
SRT Road, Vasant Nagar, Bengaluru-
560001

☎ +91 9900096873

✉ info@lighthouse-canton.com

✉ service@lighthouse-canton.com

🌐 Lighthouse Canton

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