

Strategas Daily Macro Brief

Prepared by Strategas Securities, a Baird Company

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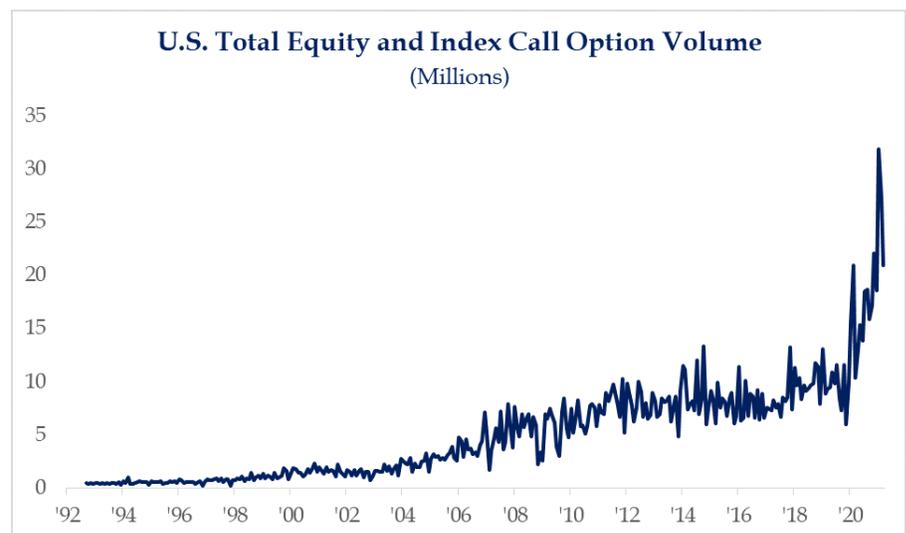
Y/Y PERCENTAGE CHANGE IN MARGIN DEBT IS ELEVATED

Since 1960, the year-over-year percentage change in margin debt has averaged about 11 percent. The latest reading of 49% as of the end of February ranks in the top decile of all readings. Returns are more muted when margin debt growth is this elevated, with the S&P 500 average return of 0.4% over the next three months.



CALL OPTION VOLUME OFF THE HIGHS

Coming off the market low in 2020, total equity and index call option volume had surged along with the market. The notable jump in market interest from the retail space as casual market observers were stuck home seemed like a logical reason for the dramatic increase. As the economy reopens and individuals have more outlets for their cash, options volume has declined. However, it still remains above levels seen following the financial crisis.



Please see the Appendix on page 3 for important disclosures.

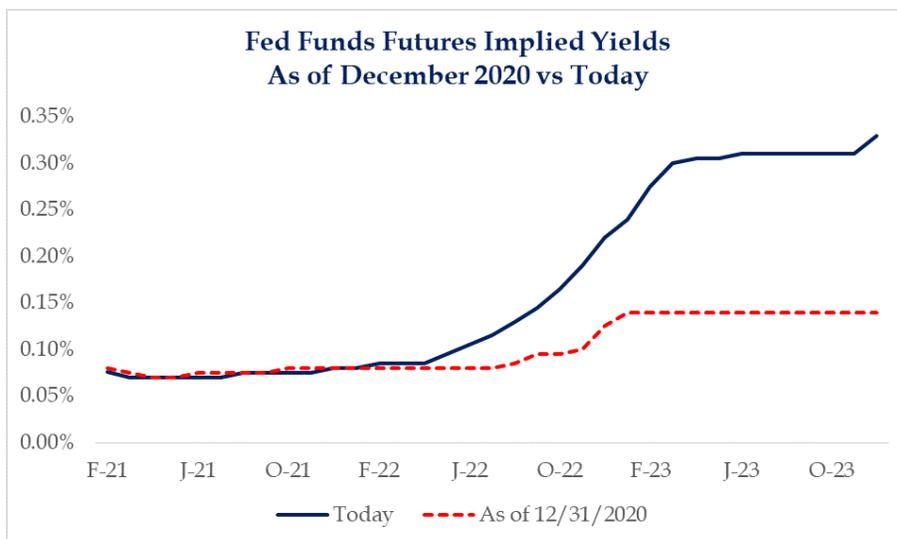
INSIDER SELLERS TO BUYERS RATIO OFF THE HIGHS

The insider seller to buyer ratio remains elevated compared to history, with the current three-month average standing at 14.7 compared to a longer-term average of 10.2. While the number of sellers has been relatively stable over the last six months, the number of insider buyers had fallen likely due to the increase in equity prices overall. The most recent tick lower is due to a rise in buyers.



MARKET LOOKING FOR FIRST HIKE END OF 2022

With the 10-year yield rising to 1.75% last week on an intra-day basis and now falling back to 1.63% currently, we continue to monitor the implied yield from Fed funds futures, suggesting that the first-rate hike may occur by the end of 2022. While these futures contracts can change relatively quickly, it does bear watching.



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