Worst Day For Momentum Since "Vax Day" 2020

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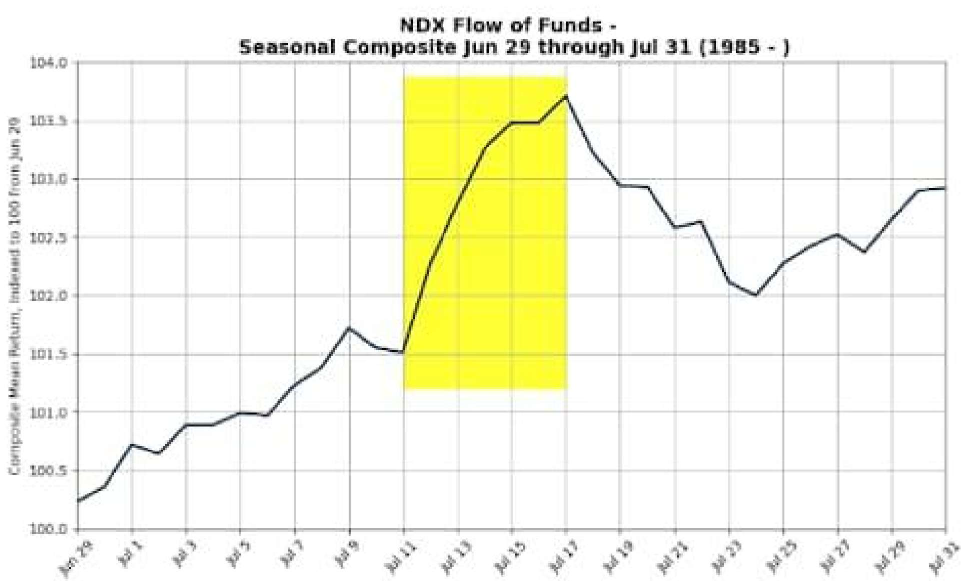
Earlier today, we showed that it's shaping up as one of the [worst days for momentum stocks in a long time](), with the Goldman High Beta Momo basket suffering a more than 10% drop,

Separately, Bloomberg's MLIV team shows that the market's love affair with tech stocks looks to be cooling again as the Philadelphia Semiconductor Index is down more than 5%, and asks readers if the SOX slow down in the latter part of the year, after massive first-half gains? Let us know in the latest Markets Pulse survey.

For a more technical take on today's rout, we go to BTIG technical guru Jonathan Krinsky who highlights "some wild moves out of the gate to start the new month/quarter" and writes that as of ~11am ET, Mag7 vs. SOX +8%, would be its best day on record (back to '15), while long/short high-beta momentum is -10%, the worst day since 'vax-day' in 2020.

Earlier today we touched on the strong seasonalityfor NDX entering July...

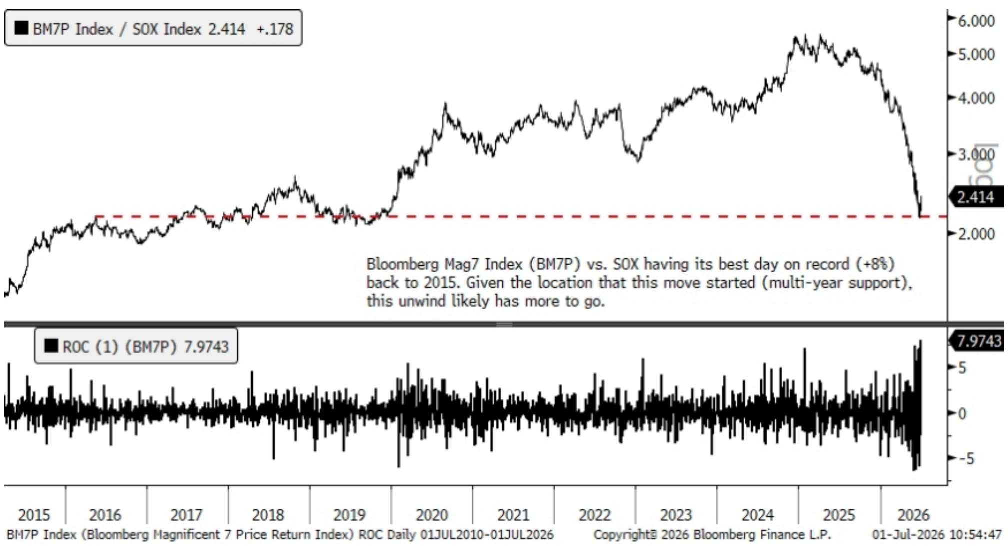


... but as Krinsky correctly counters, "it appears that the 80+% move in the SOX may have front-run that for the semis."

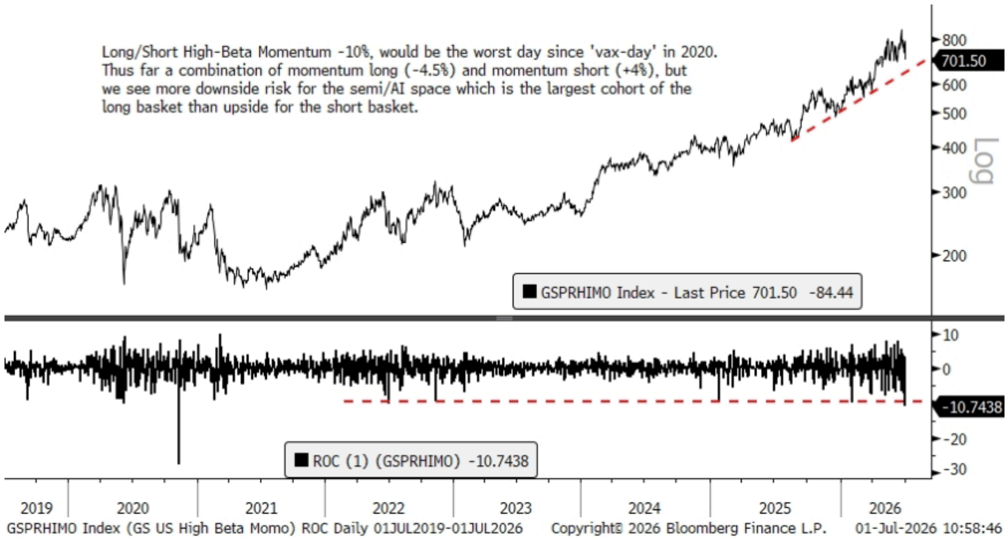
To be sure, we are still seeing strength in parts of the NDX (namely software and Mag7 and NDX A/D is +23), but we continue to see meaningful downside risk for anything momentum-driven, i.e., semi/optical/AI space. Meanwhile, Micron has not closed below its 20 DMA (1049) since April 7th. That's an extremely long stretch given how volatile this name is. Losing the 20 DMA opens up risk down to the 50 DMA (842), or ~20% lower. On the upside, we continue to like REITs, regional banks, and healthcare.

Some more details:

- Mag7 Fighting Back. The Bloomberg Mag7 Index (BM7P) vs. SOX having its best day on record (+8%) back to 2015. Given the location that this move started (multi-year support), this unwind likely has more to go.



- MoMo Unwind. Long/Short High-Beta Momentum -10%, would be the worst day since 'vax-day' 2020. Thus far a combination of momentum long (-4.5%) and momentum short (+4%), BTIG sees more downside risk for the semi/AI space which is the largest cohort of the long basket than upside for the short basket.



- MU Testing 20 DMA. Micron (MU, not rated) has not closed below its 20 DMA (1049) since April 7th. That's an extremely long stretch given how volatile this name is. Losing the 20 DMA opens up risk down to the 50 DMA (842), or ~20% lower.

- REITs still look cheap. They have been coiling below multi-year resistance, and a break above $100 for VNQ would be very constructive. Reminder, VNQ has been green in July for 18 straight years.

- Regional Banks Nearing All-Time Highs. KRE nearing a five-year breakout that would take it to fresh all-time highs.

- Healthcare Close to a Breakout. XLV very close to breaking out from a multi-year base. BTIG likes this set-up into the back-half of '26


Healthcare (XLV) very close
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the back-half of '26
159.73
150
140
130
120
Log
XLV US Equity - Last Price 159.73
2022
2023
2024
2025
2026
XLV US Equity (State Street Health Care Select Sector SPDR ETF) Bar Chart Daily 06JUL2022-01JUL2026
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