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Quadruple Witching: When Expiration Becomes a Market Variable

Why the June 2026 expiry deserves attention across equity and multi-asset portfolios

Quarterly expiration is not a market forecast. It is a market-structure event: a moment when hedging, rolls and liquidity conditions can briefly matter as much as the macro narrative.

Every quarter, derivatives markets have a date when the calendar itself becomes a risk factor. Quadruple witching is the simultaneous expiration of four equity-linked derivative families: stock index futures, stock index options, single-stock options and single-stock futures. In practice, the modern focus is usually on the larger index futures, index options, options on exchange-traded funds (ETFs) and single-stock options complex, especially around the S&P 500. It normally falls on the third Friday of March, June, September and December, but the important point is not the name; it is the concentration of hedging, roll* and exercise decisions into a narrow window.

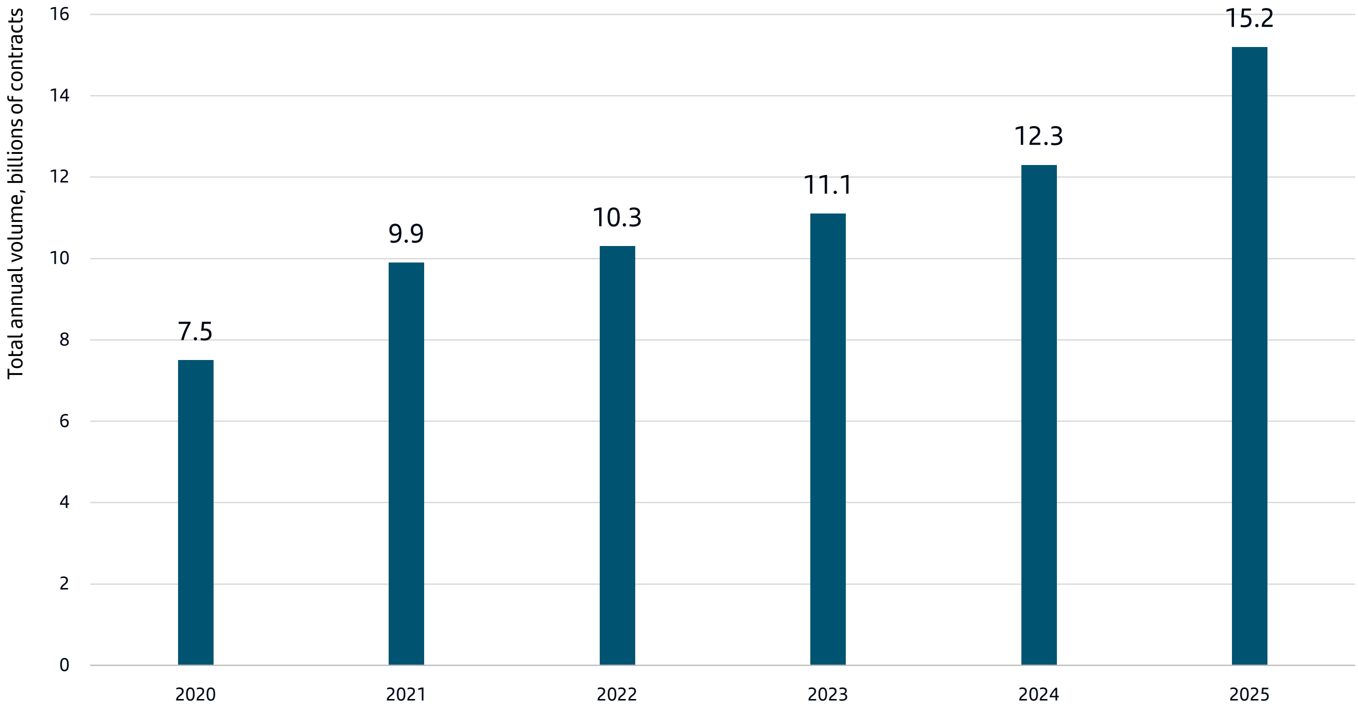
That concentration matters because derivatives do not simply expire; they have to be closed, rolled, exercised, assigned, hedged or allowed to lapse. A portfolio manager long June S&P 500 futures may roll exposure into September. A dealer short near-the-money index options may need to rebalance delta* as the market moves. A stock with large option open interest around a strike* can trade as if that level has become a temporary magnet. None of this means the market must rise or fall, but flows can become less fundamental and more mechanical.

The first visible effect is volume. Empirical work on expiration-day effects has found that recurring futures and options expiries are associated with increased trading volume, and exchange data confirm that listed options activity is much larger than it was only a few years ago. Chicago Board Options Exchange, now Cboe Global Markets (Cboe), reported that total U.S. listed options volume reached 15.2 billion contracts in 2025, a sixth consecutive record year. On witching days, this can create excellent headline liquidity, but not always easy execution. Liquidity may be deep at the index level and around the close, while being more fragile in single names, crowded strikes or auction imbalances.

Graph 1: Options activity has become too large to ignore

U.S. listed options volume has posted six consecutive record years.

Sources: Cboe and OCC, Cboe State of the Options Industry: 2025. Annual values rounded to one decimal.



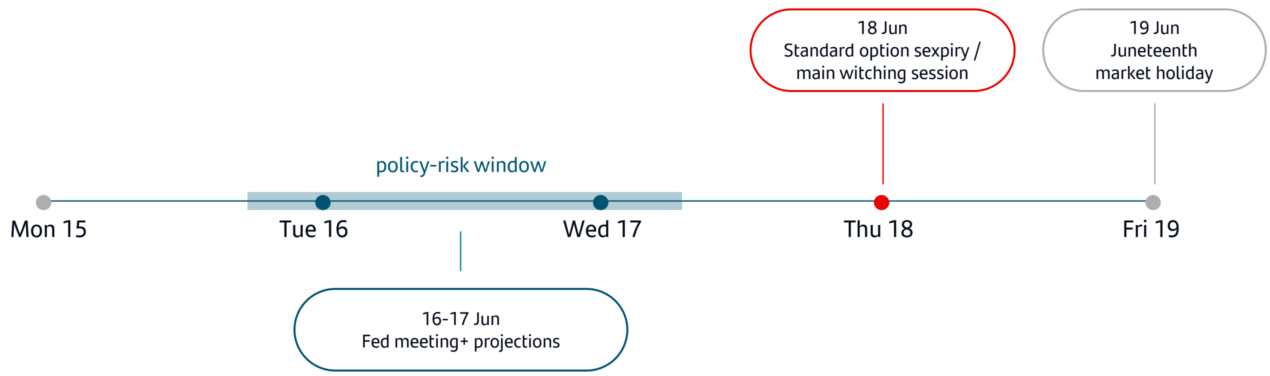
The second effect is gamma*. As options approach expiry, their sensitivity to small movements in the underlying can become very large, especially near the strike. When dealers are long gamma, hedging can dampen moves: they may sell rallies and buy declines. When they are short gamma, they may need to buy as the market rises and sell as it falls, reinforcing intraday momentum. The rapid growth of S&P 500 options with zero days to expiration (0DTE*) has made this more important: Cboe reported that SPX 0DTE options averaged 2.3 million contracts per day in 2025, representing 59% of total SPX volume.

The June 2026 expiry deserves attention for one additional reason: the calendar is unusual. Although the third Friday is June 19, U.S. markets observe Juneteenth (a federal holiday commemorating the end of slavery in the United States) that day. Cboe's 2026 options calendar marks the standard equity, index, exchange-traded fund (ETF) and exchange-traded note (ETN) options expiration on Thursday, June 18, and New York Stock Exchange (NYSE) lists Friday, June 19 as a market holiday. The operational witching session for U.S. equities should therefore be treated as Thursday, June 18, not Friday. It also lands immediately after the June 16-17 Fed meeting, which is associated with updated economic projections. The Fed's latest implementation note placed the federal funds target range at 3.50%-3.75%, so rates remain a live input for equity discount rates, credit spreads, foreign-exchange markets and volatility pricing.

Graph 2 June 2026, a compressed expiry week

Source: Cboe 2026 Options Expiration Calendar; Federal Reserve meeting calendar; NYSE 2026 holiday calendar. Dates subject to change.

The traditional third-Friday expiry falls on a U.S. market holiday, pulling the practical U.S. expiry focus into Thursday, June 18.



> Key point: the operational "witching" session for U.S. equities should be treated as Thursday, June 18, with the June Fed meeting immediately before it.

June 2026 creates a compressed expiry week for U.S. equity derivatives.

The macro backdrop increases the relevance of this expiry because market leadership remains closely linked to growth, productivity and rate expectations. Santander Asset Management's 2026 outlook keeps equities at the core of its strategy and highlights that U.S. earnings growth is broadening beyond AI-related technology. At the same time, the wider Santander market view frames technology, digital infrastructure, automation and artificial intelligence not as a passing theme, but as structural drivers of global growth. For the S&P 500, that combination is particularly relevant: leadership may be broadening, but the index remains sensitive to any reassessment of AI-linked capital expenditure (CapEx), margins, discount rates or terminal growth. Around a quarterly expiry, those macro questions can collide with mechanical derivatives flows. The issue is therefore not whether witching "causes" volatility, but where positioning can abruptly change the liquidity regime.

For investors, the practical response is preparation rather than prediction. In the two weeks before June 18, it is worth mapping the largest S&P 500 and SPY (one of the largest and most liquid S&P 500 ETFs) option open-interest zones, identifying where dealer gamma may change sign, and separating hedges that must be maintained from trades that can be rolled earlier. For portfolios with equity beta, collars*, put spreads* or futures overlays can be reviewed before liquidity becomes more auction-driven. For multi-asset portfolios, the same exercise should extend to Treasury duration, credit beta and USD exposure, because an equity-led volatility shock rarely remains purely equity-specific. Quadruple witching is not a trading signal. It is a reminder that, several times a year, market structure briefly becomes as important as macro narrative.

Source and data notes

For review: options-volume data and 0DTE statistics from public Cboe/Options Clearing Corporation (OCC) market data; June 2026 expiry-week dates from Cboe's 2026 options expiration calendar, the New York Stock Exchange (NYSE) 2026 holiday calendar and the Federal Reserve's 2026 meeting calendar; macro framing informed by Santander Asset Management's 2026 Market Outlook and views on AI, digital infrastructure and automation.

*Glossary of terms

Brief references for the main derivatives concepts mentioned in the article.

Delta	Sensitivity of an option price to a move in the underlying; it is used to estimate and hedge directional exposure.
Strike	The option exercise price; the level at which the buyer can buy or sell the underlying depending on the contract type.
Gamma	Sensitivity of delta to changes in the underlying; it measures how much the hedge may need to adjust as the market moves.
Roll	Closing a contract close to expiry and opening another with a later maturity to maintain or shift the exposure.
0DTE	Options that expire on the same trading day, from zero days to expiration; they can concentrate sensitivity to intraday moves.
Collar	A strategy combining a protective put and a sold call to limit losses and gains within a defined range.
Spread / put spread	A combination of options with different strikes or maturities; a put spread seeks downside protection at lower cost than a simple put, in exchange for capped protection.

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