Twitter Thread by Cem Karsan ■



Cem Karsan ■
@jam_croissant

1/x The window we have been targeting for 2 months has officially opened... i Can not imagine a more textbook display of the power of Vanna at expiration as we saw on Friday. The capital building was overrun by an insurrection, but all that that meant was a bigger late day rally.



2/x that ended at ATH on the close. Between Gary the ■ & his RVol suppression & his hand off to late day Ivol compression & the Vanna index bid, the ■'s never had a chance... but Gary's getting tired after 2 months battling complacency & Vanna's 2 week vacation, 1 of her only

3/x 2 week departures of the year (a 5 week OpEx) is quickly approaching on 1/15 morning. That means she'll be increasingly absent as she prepares for her trip. W/ a $59 1 week straddle & $50 1 day range on Friday, & another $30 overnight drop, it's hard to see why you wouldn't

4/x want to take a chance on a little long gamma at this juncture. Especially given the obvious warning signs coming from the steepening of the yield curve, underperformance of the Growth complex, complacency in sentiment & positioning, anecdotal signs of bubbles in BTC & TSLA,

5/x NTM the growing exuberance surrounding a fiscal stimulus deal near $2 Trillion. The wall of worry of 3 months ago is gone. The vaccine is being deployed, the election is resolved, fiscal stimulus was passed & w/2 Georgia ■ ■, ever moar ■■is on the way. But what happened

6/x to antitrust fears, tax fears, & the fear of higher rates? ■ ■ ■... 'The best lack conviction, while the worst R full of passionate intensity' right now...Intraday Rvol is increasing as we break, The Generals are fading, & the market is increasingly kicking & trying to

7/x break free of what seems an impossible battle w/Gary the ■. Yet there is no fear... It almost always seems like the party will never end at the end. But I have exited from the back door. It's never easy. It takes conviction and a willingness to miss the last hour of fun.

8/x But no one wants to be there when the ■■■■ ■■■■ show up. As we drag along a well defined floor in the VIX & approach an important inflection point. The Risk Reward is unmistakable. It is time to pull back on those incredibly successful dispersion trades & concentrate on the

9/x indices . It is time to opportunistically take a shot on a decline in the market at our levels...Our long held 3811 ■has been met & though it's possible for us to still see 3837 ***as the market attempts to shake the grip of IVol amidst a pain trade. Tremendous idiosyncratic

10/x risk sits around the corner, increasingly w/out the structural support it once enjoyed... A Classic correction this week would involve stair steps down with regular charm support flows struggling to underpin the increasingly negative flows. By Friday EOD, if we are to see

11/x anything more than a correction in time, we should at a minimum see a close below the 20 day. & by 1/22 we should see a close below the 1std dev of the 20 day, if we can't manage a move at least close to this by then, the window will begin to close... look for narratives

12/x surrounding more domestic political unrest, potential geopolitical challenges in Asia, & the Middle East amidst political transition to percolate as the market inexplicably trembles. Keep an ■ on p/c equity ratios on any rally, as well as NDX, TSLA & BTC weakness. Rising

13/13 Fixed strike vols, in the back will also be a canary in the coal mine. Vanna flows'll continue to be concentrated around 1-3pm CST & increasingly in the mornings until 9am. It won't be easy... Scalp from the short side & Take profits @ levels along the way. Good luck! ■