

Twitter Thread by Cem Karsan ■



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@jam_croissant



1/x Vanna joined the wheel of fortune on this day in 1982,& 38 years later she's stronger than ever...Friday's into the Mon of qtrly OpEx in particular aren't a time to trifle w/her...As called for, the market continues to try & shake out weak hands from overextended positioning

\U0001f4faOn December 13, 1982, Vanna White joined @WheelofFortune pic.twitter.com/rzrPcBTI59

— RetroNewsNow (@RetroNewsNow) December 13, 2020

2/x by both HF & Retail, but ultimately these moves are no match for our fair lady's charming flows during this window, & should continue to support this market through 12/16 w/ qtrly Vixperation & the Fed upon us....As I highlighted Fri, the minor correction in price/time that

3/x we got down to the 20 day, w/precise technical support at that level, paired w/ increasingly positive Dark Pool (DIX) demand was a textbook buy signal, given the timing...Despite all of this, the real story is not these positive flows nearly as much as the continued reflexive

4/x IVol compression...This is the holiday gift that keeps on giving. Along w/ continued targeted short Vol, massive calendar expansion & dispersion opportunities continue to print \$ with VRP >94th % of occurrences & post 1/8 Vol still at a floor... This \$ train doesn't show any

5/x sign of stopping yet, as I expect lvol oversupply should continue to be the dominant force through at least 12/16 & once we get through 12/21 without incident, likely beyond...W/ lots of imbedded potential energy still in the VRP to fuel more vanna/charm flows in the month to

6/x come, it'll be difficult for any decline to catch meaningful momentum...This said, the narrowing of 20 day RVol as well as the 2 std dev of the 20 day just overhead at 3725 should server as resistance, given the dramatically overextended retail (15-day SMA of P/C equity is

7/x near the lowest in 20 years) & stretched institutional sentiment/positioning. NTM legitimate growing concerns surrounding bank funding at the EOY turn should continue to cap rallies as well...This push/pull, should ultimately continue to keep the market fairly pinned with a

8/x slight upside bias for the next few days... as mentioned before Jan 8th call's on back are still cheap w/ a GA runoff event straddle of now \$66, which given the potential macro-cyclical consequences of the next 2 years of fiscal stimulus (NTM final election resolution on 1/6)

9/x seems absurd. As I've said for almost 2 weeks now...Given all these factors, SPX call calendars continue to be great risk/reward. The dispersion trade should also continue to present great opportunities, w/the likelihood of continued Index IVol compression, while there is

10/x still elevated idiosyncratic risk still on the horizon for single names... this particularly is interesting as it relates to owning IVol in the growth complex relative to SPX, given the coming regulatory/antitrust/duration trade funding risk, NTM the retail short Vol dealer

11/x positioning present in that complex...Come 12/16 midday, we will be slightly more cautious after Vixperation, going into the Fed, as it will be a time to briefly consider a longer gamma position for some short term potential drama or a coming call squeeze...Greater certainty

12/x revolving around a \$1 trillion fiscal stimulus bill seems to be almost a done deal, as predicted, & next up, likely added EOY Fed liquidity could serve to alleviate the funding fears & light a Yuletide ■ under the market into 1/5. The SPX should continue to chop w/holiday-

13/13 accelerated Charm/Vanna flows w/classic wall of worry IVol upside resolution. We'll continue to ride the market from the long side scalping tactically at our levels. But using the quickly ascending 20 day SMA on a closing basis as a trailing stop. Good luck! ! ■ ■ ■