Twitter Thread by Cem Karsan ■

Cem Karsan ■
@jam_croissant

1/x Vanna is back & ready to turn back on the charm! Overnight the market hit our weeklong target of **3705 and pulled back... We were able to take profits & play for a bit of morning digestion. It's been a nice +3.5% in a week w/a few extra scalps along the way...But the best



2/x part has been the gift of Vol compression, which along w/ short Vol profits, has given us significant calendar expansion & dispersion opps, as predicted. I expect this to continue this week as well, as Ivol oversupply should continue to be the dominant force until 12/11.This,

3/x paired w/ the significantly increasing Vanna & Charm flows, will make it hard for any decline until 12/14 to catch meaningful momentum. This said, the narrowing of 20 day RVol as well as the 2 stddev of the 20 day just overhead should cap any rallies, given the dramatically

4/x overextended retail (8-day SMA of P/C equity is the lowest in 20 years) & institutional positioning. This push/pull, should ultimately keep the market fairly pinned this week...Jan 8th call's on back are incredibly cheap w/ a GA runoff event straddle of only $55, which given

5/x the potential macro-cyclical consequences of the next 2 years of fiscal stimulus seems absurd...& In terms of a more short term trade,Tesla Vol is either too high or 12/18 on back calendar spreads in the SPX are too low, as there's no premium being priced in for the inclusion

6/x of Tesla on 12/21. Given all these factors, index call calendars continue to likely be the best trade in town! Especially as these LT Ivols continue to approach a floor. The dispersion trade should continue to present opportunities as well w/the prospects of continued Index

7/x IVol compression, but remaining elevated idiosyncratic risk still on the horizon for names...Come 12/14 it'll be time to briefly consider a long gamma position for some short term potential drama or a coming call squeeze, as the prospects for final resolution of the electoral

8/x college on 12/14, >certainty surrounding a $1 trillion fiscal stimulus bill + govt shutdown resolution, & likely supplemental EOY Fed liquidity @ their 12/16 meeting, FDA approval of PFE/MRNA vaccines on 12/17, NTM qrtrly Dec VIX & SPX expiries, will likely all converge

9/x to light a X-Mas fire under the market into EOY. Hop on board as the market chops w/seasonality-accelerated Charm/Vanna flows supplemented w/Ivol 'wall of worry' resolution. We'll continue to opportunistically ride this market long, scalping tactically at levels. Good luck!■