

Viking Analytics: Gamma Band Update

10/23/2023

We share the Weekly Gamma Bands Update by Viking Analytics. The report uses options gamma to help you better manage risk and your equity allocations.

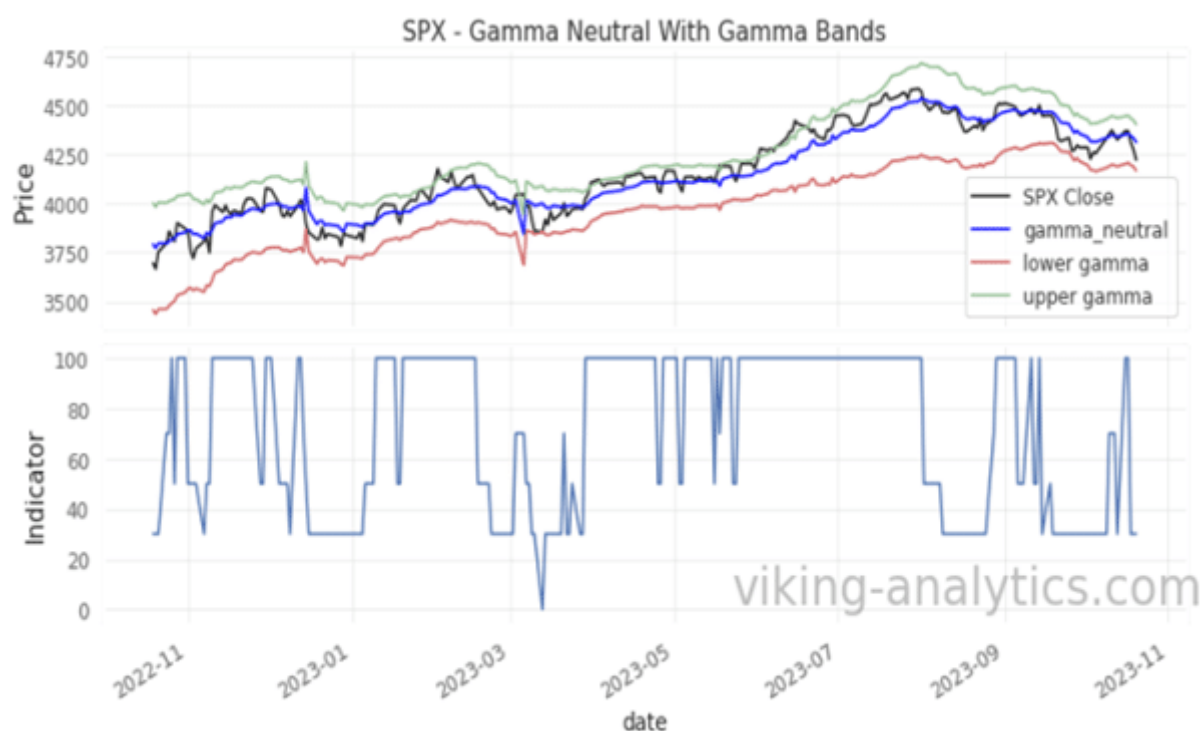
Gamma Bands

The S&P 500 (SPX) finished 104 points lower and right below important monthly support at 4240. The price action was bearish and SPX closed near the lows on the day and week.

The gamma neutral level served as key resistance in the apparent rally, and now we are testing key technical support. The Gamma Band model enters the week with a 30% allocation. Technical signals remain bullish/favorable, while fundamental factors are bearish/neutral.

Gamma Band model will move back to a higher allocation if the market closes above the gamma flip level, currently near 4,315. This model will fall to a 0% allocation if SPX closes below the lower gamma level currently near 4,180.

The chart below shows how price (in black) relates to the gamma flip (in blue) and the lower gamma level (in red). The gamma flip level often serves as a support and resistance level.



The Gamma Band model can be viewed as a trend following model that shows the effectiveness of tracking various levels of market gamma. When the daily price closes below Gamma Flip, the

model will reduce exposure to avoid price volatility and sell-off risk. There is also an allocation adjustment on the trend slope of the gamma flip line.

Market Navigator Signals

Our Market Navigator Report encapsulates data from the broader market and the economy to provide a near-term outlook for stocks. Fundamentally, the market remains cautious due to credit concerns and the inverted yield curve. From a technical perspective, the market maintains all bullish signals.

Indicator Name	Indicator Class	Current State
Overnight	Technical	
Safe Sector	Technical	
Open Interest Put Call Ratio	Technical	
Market Titan	Technical	
Credit Market Support	Fundamental	
US Treasury Curve	Fundamental	

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Authors

Erik Lytikainen, the founder of Viking Analytics, has over twenty-five years of experience as a financial analyst, entrepreneur, business developer and commodity trader. Erik holds an MBA from the University of Maryland and a BS in Mechanical Engineering from Virginia Tech.

Rob McBride has 15+ years of experience in the systematic investment space and is a former Managing Director at a multi-billion dollar hedge fund. Rob has deep experience with market data, software and model building in financial markets. Rob has a M.S. in Computer Science from the South Dakota School of Mines and Technology.
