

Viking Analytics: Gamma Band Update 5/8/2023

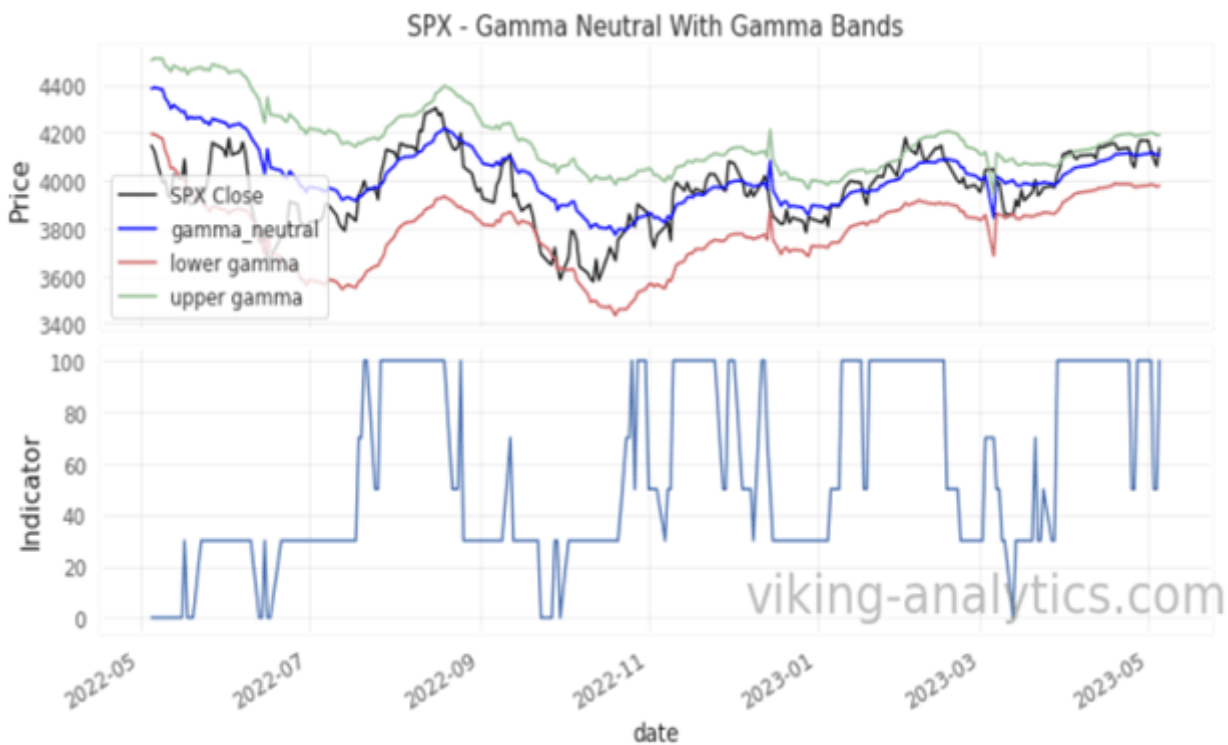
We share the Weekly Gamma Bands Update by Viking Analytics. The report uses options gamma to help you better manage risk and your equity allocations.

Gamma Bands

The S&P 500 (SPX) had another whipsaw week with a blowout Friday rally, in this case closing 33 points lower on the week.

The gamma band model enters the week with a 100% allocation to the SPX. The model will drop to a partial allocation if the market falls and closes below the gamma flip level, currently near 4,110. This model will fall to a 0% allocation if SPX closes below the lower gamma level currently near 3,992.


The chart below shows how price (in black) relates to the gamma flip (in blue) and the lower gamma level (in red). The indicator below the price chart shows the daily positioning allocations.



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.

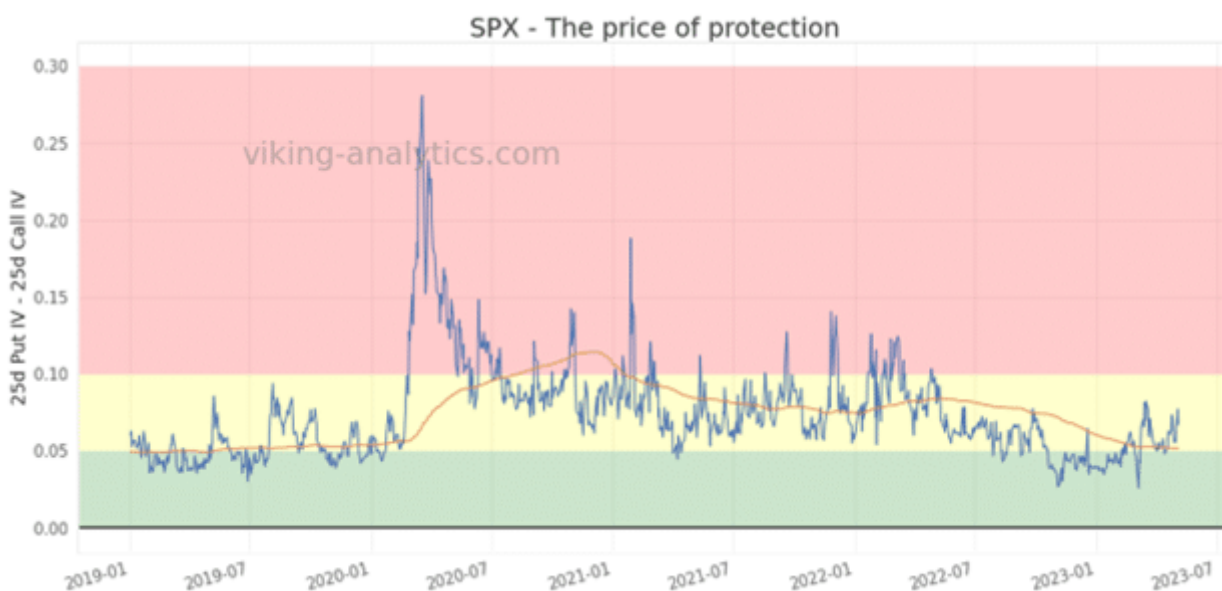
Market Navigator Signals

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 continues to have bullish signals. Our Safe Sector signal is revealing a bearish rotation.

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	

Puts Relatively Expensive

Despite the recent recovery rally, the premium for buying puts over buying calls has increased over the past week and is more consistent with a cautious period than a bullish one.



Please visit our [website](#) for more information or to download sample reports.

Disclaimer

This is for informational purposes only and is not trading advice. The information contained in this article is subject to our [full disclaimer](#) on our website.

[1] The Gamma Band model in our SPX Market Report adjusts position size DAILY based upon the daily closing levels of SPX value and calculated Gamma Neutral. The Weekly Gamma Band model is shown for illustrative purposes only.

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.
