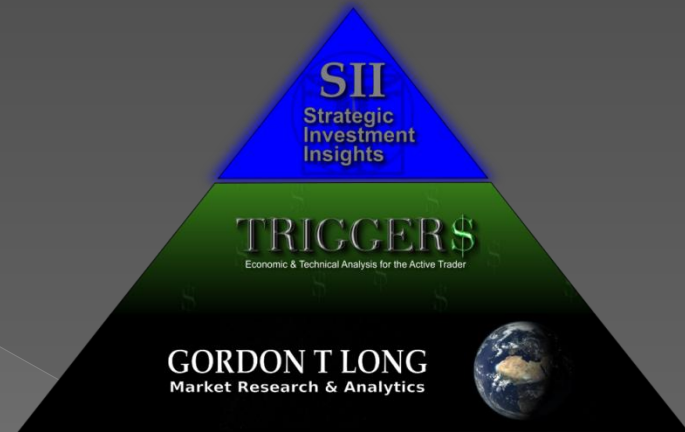




GORDON T LONG
CO-FOUNDER MATASII.COM



Advanced Technical Analysis



It's the Gamma Meme Strategy Stupid!

NOTE

Slides are for discussion and educational purposes ONLY!

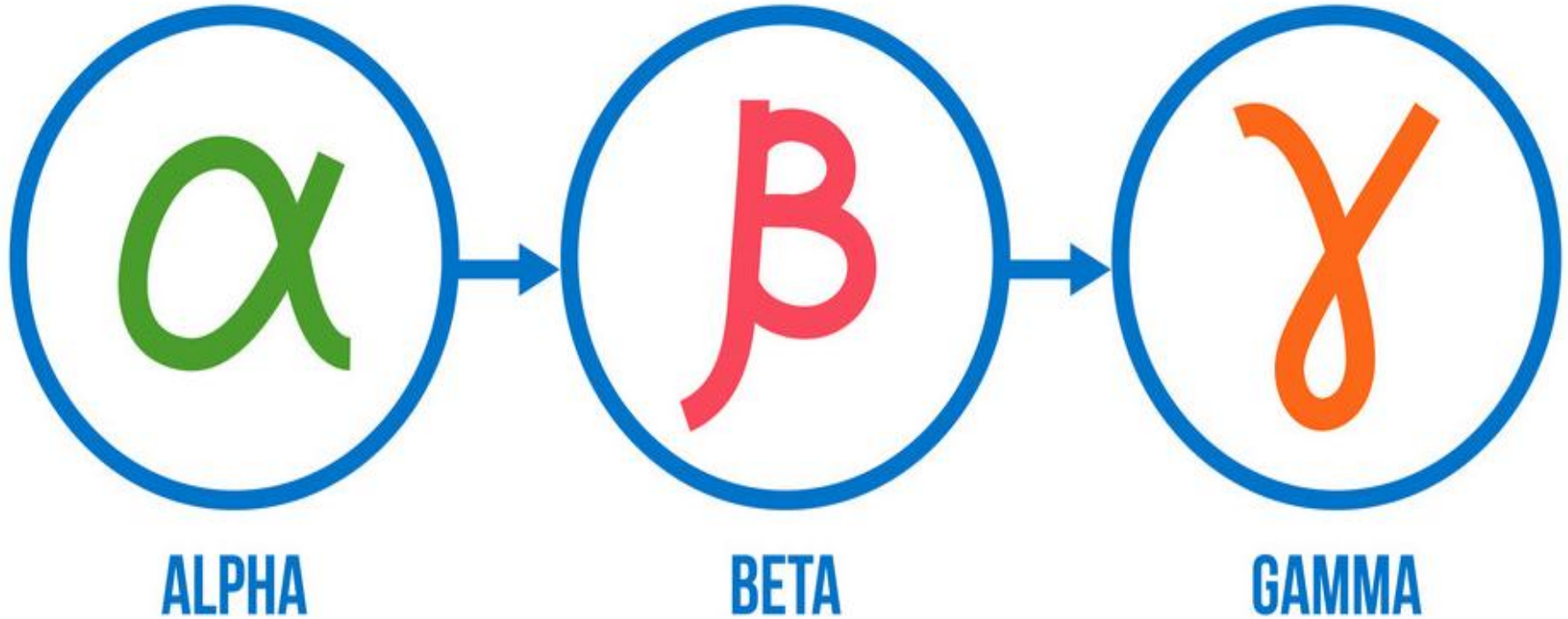
Do not Trade from Any of these Charts.

The participants are not giving investment advice nor should be construed as such.

Always consult a professional investment advisor before making any investment decisions.

The content of this slide should not be considered investment advice of any sort, nor should it be used to make investment decisions. Use of this slide is considered to be your explicit acceptance of the Disclosure Statement and the Terms of Use found on the last page of this document.

IT'S THE GAMMA MEME STRATEGY STUPID!



AGENDA

EUPHORIC Yet FEARFUL??

FEELS LIKE THE FALL OF 1999
FANG > FAANG > TAAAMN
DIMINISHED STOCK POOLS
CALL / PUT OPTION GROWTH
HEDGING, LEVERAGE & SKEW

MEME STOCKS

MEME STOCKS?
ONLINE FORUMS: Reddit, WSB, Robinhood, YOLO'ers ..
SOPHISTICATION: Technical Analysis, Platforms, Tools

MEME GAMMA TRADING STRATEGY

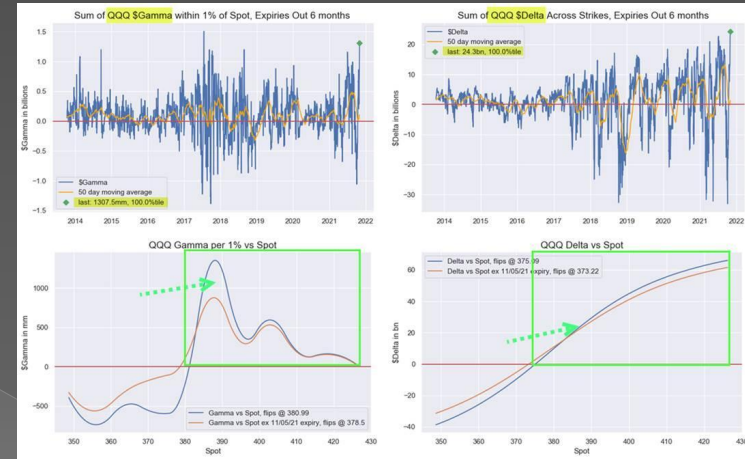
GAMMA, SPOT GAMMA

EXAMPLES

"TESLA: WEAPONIZED" GAMMA
DOW TRANSPORTS, THE PPT & PAINTING MARKETS

CONCLUSION

HOW LONG CAN THIS GO ON?
WHAT SHOULD BE THE REAL QUESTIONS??



If Your Desktop Doesn't
Look Like This
You Are Old School!

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EXTREME GREED???

But, less visible has been a massive change in the underlying structure of markets:

1. The death of market making and risk taking by banks.
2. The transfer of risk from large banks with their genetic credit DNA into a very much more diverse asset management and retail investors taking direct risk. (Regulators think they have changed risk appetites – all they have done is shunt it under another carpet.)
3. The lack of experience across trading floors and dealing rooms at banks, investors, and brokers of market instability – anyone under 40 in finance has never seen real market mayhem.
4. A changing financial mindset – from risk trading to risk avoidance, caused by regulation, compliance and a process driven approach to any aspect of finance the regulators think they can control.
5. The Gamification of investment into fantasy – even as fewer and fewer small stocks are covered by any real research..

PROFESSIONALS

"The market is insanely overvalued, but until now has proven that what is insane can become more insane.

So you can't short it.

Frankly all price signals are broken

.... and we could be in a "crack up boom??".

POST 2000 ENTRANTS

FOMO (Fear of Missing Out)

- The panic to chase stuff is huge.
- Seasonality is strong and
- Money is free.

Fear & Greed Index

What emotion is driving the market now?



2021: 26.9322% 1999: 101.9504%

NDX 1999 vs Now



Fall 1999

SEASONALITY PERIOD

Now

130.0000%
125.0000%
120.0000%
115.0000%
110.0000%
105.0000%
100.0000%
95.0000%
90.0000%
85.0000%
80.0000%
75.0000%
70.0000%
65.0000%
60.0000%
55.0000%
50.0000%
45.0000%
40.0000%
35.0000%
30.0000%
25.0000%
20.0000%
15.0000%
10.0000%
5.0000%
0.0000%
-5.0000%
-10.0000%
-15.0000%



Remember Stanley Druckenmiller and the dot.com bubble?

One of the greatest traders ever did during the upside panic in 1999.

“I bought \$6 billion worth of tech stocks, and in six weeks I had lost \$3 billion in that one play. You asked me what I learned. I didn’t learn anything. I already knew that I wasn’t supposed to do that. I was just an emotional basket case and I couldn’t help myself. So maybe I learned not to do it again, but I already knew that.”



Drukenmiller's
Buys Stocks

DOTCOM
BUBBLE

NDX log

2008
FINANCIAL CRISIS

COVID

USD
16,359.377

Auto



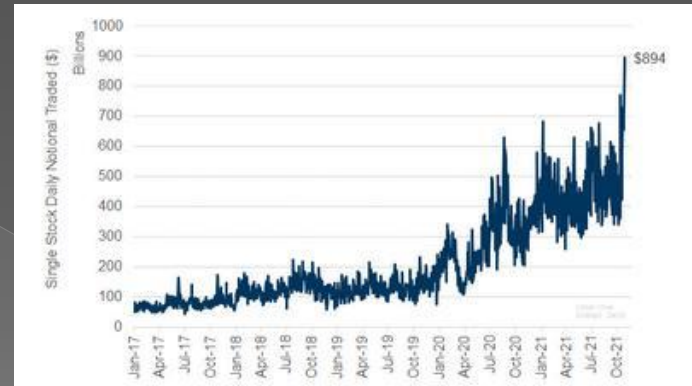


CALL OPTION ACTIVITY

TAAAMN

• TAAAMN is the new FAANG. (Facebook Out, TSLA, MSFT In)

- Tesla
- Apple
- Amazon
- Alphabet
- Microsoft
- Netflix



- “Microsoft, Apple, Amazon, Tesla, Alphabet, Meta and Nvidia are at **26.41% of SPY** and those same stocks are **50.76% of QQQ**,
- It matters a whole heck of a lot when we see QQQ options posting \$Gamma and \$Delta [in the] 100%ile”. (Nomura’s McElligott)

STOCK POOLS – LONGWave – April 2018

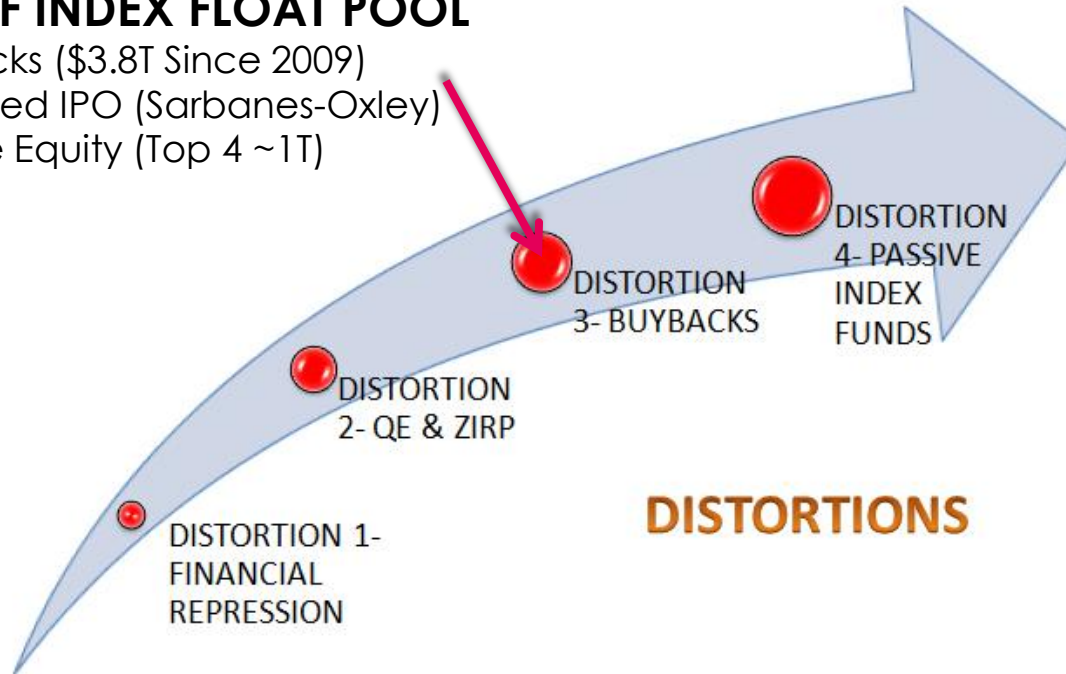


<https://youtu.be/xTj3mQamjSw>

MARKET DISTORTIONS

SIZE OF INDEX FLOAT POOL

- Buybacks (\$3.8T Since 2009)
- Reduced IPO (Sarbanes-Oxley)
- Private Equity (Top 4 ~1T)

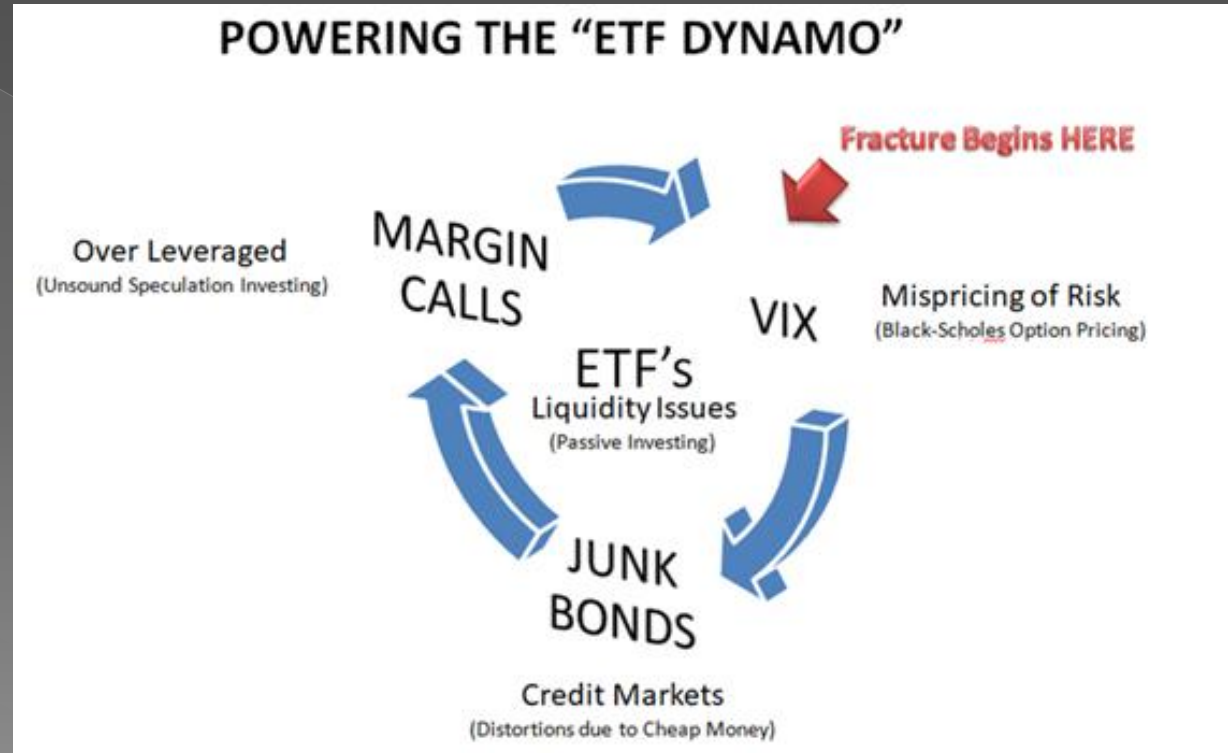


WAVE 4- ETF EXPLOSION

THE DISAPPEARING STOCK FLOAT

Underpinned by the shift to:

Passive Investing,



S&P 500

Monthly

USD
10000.00
7600.00
5600.00
4697.54
22d 9h
3350.00
2550.00
1950.00
1450.00
1050.00
810.00
610.00
460.00
280.00
220.00
170.00
130.00
100.00
76.00
58.00
44.00
34.00
26.50



CALL OPTION ACTIVITY

- A record \$538bn of single stock options traded on the average day in Oct-2021, including \$894bn on 29-Oct, a single-day high.
- The options market is now 1.4X the underlying shares volume in Oct-2021.

PLAYERS

ETF FUNDS

MEME STOCKS

SHORT SQUEEZE

PPT

Shrinking Stock Pulls (< # of Shares, > Restricted Stock)

S&P 500

Monthly

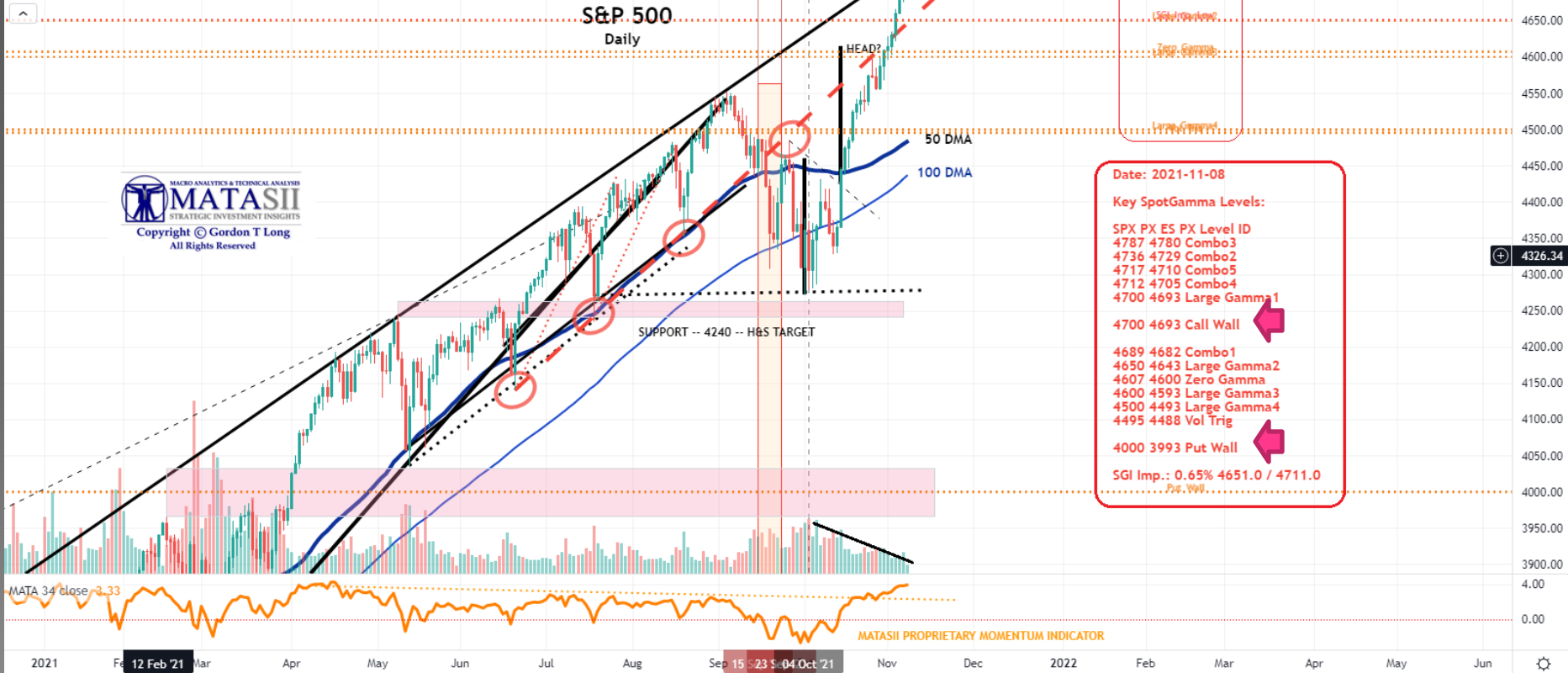
USD
10000.00
7600.00
5600.00
4697.54
22d 9h
3350.00
2550.00
1950.00
1450.00
1050.00
810.00
610.00
460.00
280.00
220.00
170.00
130.00
100.00
76.00
58.00
44.00
34.00
26.50



"SKEW" WALLS

S... Date: 2021-11-08 Key SpotGamma Levels: SPX PX ES PX Level ID 4787 4780 Combo3 4736 4729 Combo2 4717 4710 Combo5 4712 4705 Combo4 4700 4693 Large Gamma1 4700 4693 Call Wall 4689 4682 Combo1 4650 4643 Large Gamma2 4607 4600 Zer...

Vol - 50.85K
 MA 50 close 0 3773.67
 MA 100 close 0 3624.80
 MA 200 close 0



- Combo3
- Combo2
- Large Gamma2
- Zero Gamma
- Large Gamma1

Date: 2021-11-08

Key SpotGamma Levels:

- SPX PX ES PX Level ID
- 4787 4780 Combo3
- 4736 4729 Combo2
- 4717 4710 Combo5
- 4712 4705 Combo4
- 4700 4693 Large Gamma1
- 4700 4693 Call Wall
- 4689 4682 Combo1
- 4650 4643 Large Gamma2
- 4607 4600 Zero Gamma
- 4600 4593 Large Gamma3
- 4500 4493 Large Gamma4
- 4495 4488 Vol Trig
- 4000 3993 Put Wall

SGL Imp.: 0.65% 4651.0 / 4711.0

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ONLINE FORUMS

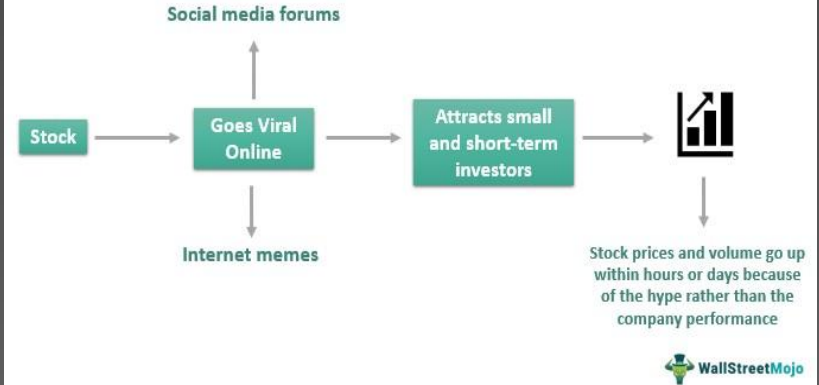
Reddit, WSB, Robinhood,
YOLOers et al.

WHAT ARE MEME STOCKS

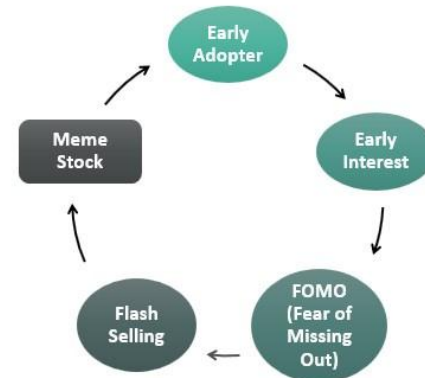
“A Meme Stock is a stock that has seen an increase in volume not because of the company’s performance, but rather because of hype on social media and online forums like Reddit.

For this reason, these stocks often become overvalued, seeing drastic price increases in just a short amount of time.”

What Are Meme Stocks?



Meme Stock Cycle



Meme Scene

U.S. speculative trading volume gauge hits highest since July

■ Call options traded, 20-day moving average



Source: Bloomberg

Bloomberg 

Small Trader Call Buying

— SPX — Small Trader Call Buying (Last = 0.51) — Large Trader Call Buying (Last = 0.43)

Zoom 3m 6m YTD 1y 3y 5y 10y 15y 20y All

From Oct 29, 2018 To Oct 29, 2021



Large & small option traders are mostly buying speculative calls

- Heavy call buying by retail as well as institutions is back!
- Sentiment Trader notes that both are in the top 2% of all weeks since the dot.com bubble.
- They write: *"There were about 8 million options traded on Tesla last week. There were over 100 million call options traded on all stocks across all U.S. exchanges."*
- There is nothing wrong with buying calls, but it depends on how you are using those calls.
- Replacing longs with calls makes a lot of sense to us.
- Markets are elevated, thus selling out longs and replacing them with cheap calls is a rational trade, especially as vols have stayed relatively low.
- Hedging melt up risks with cheap calls is another rational trade.
- Let's see if the pure speculative call options will evaporate due to theta burning quickly should some of the hot names reverse/take a pause

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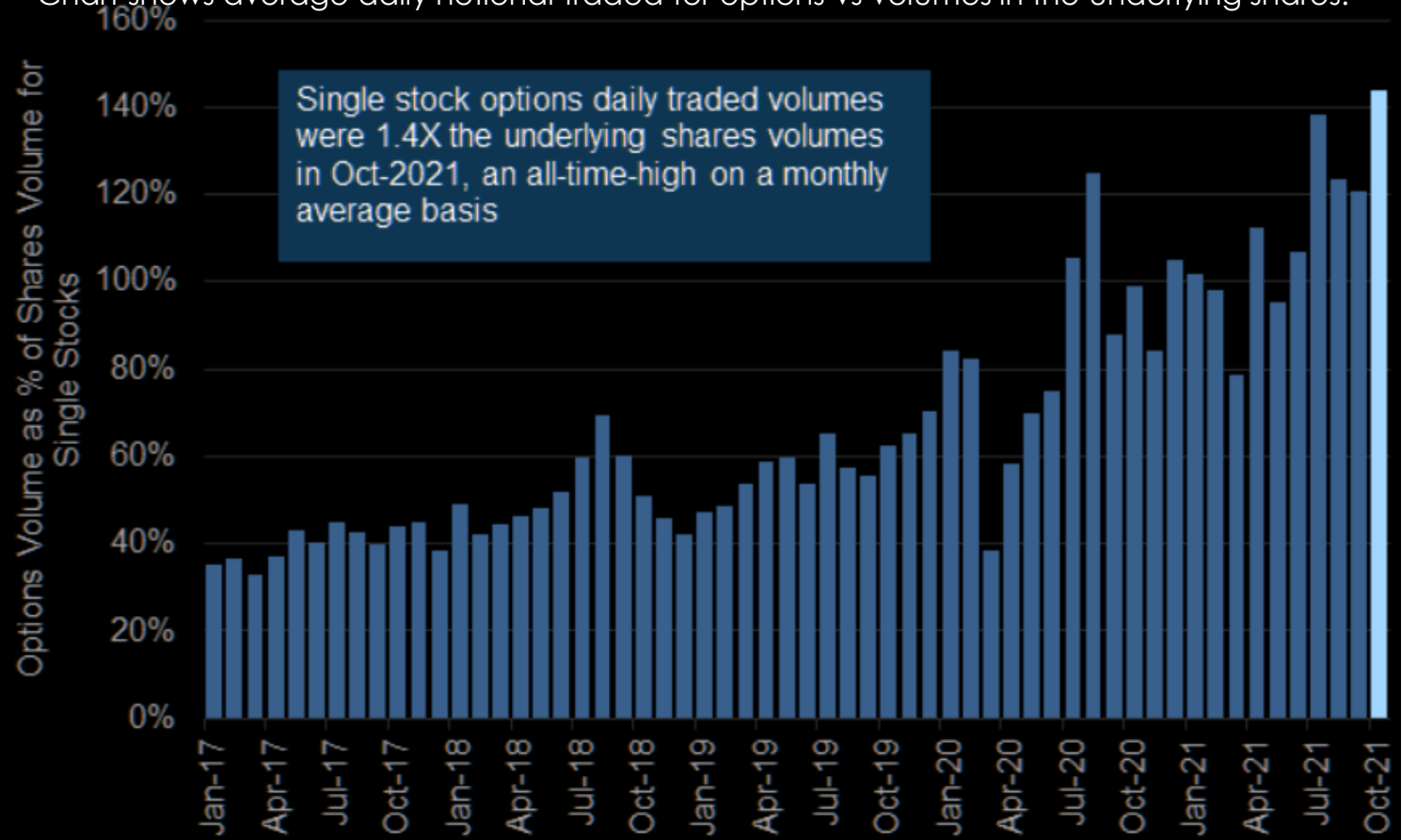
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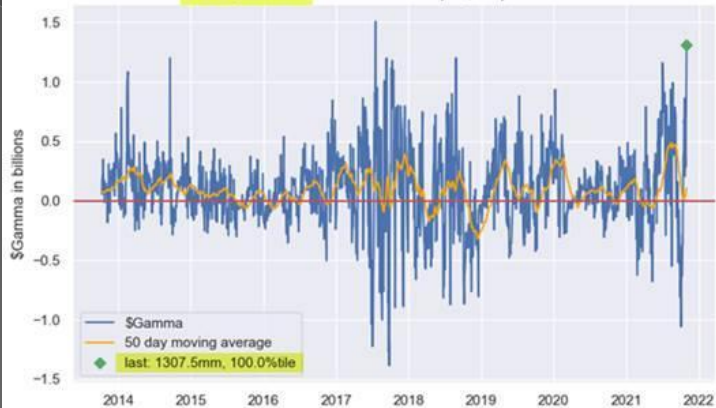
THE MEME GAMMA BULL STRATEGY

1. Select thinly traded, low volume, stocks to gain the greatest impact from this manipulation tactic.
2. Find a stock with relatively high put options volume, send the word out to “the group” to buy the stock “en masse.” [The raison d’etre of Robinhood, Reddit, WSB]
3. The sudden and coordinated unusual high volume buying raises the price of the stock, since the number of shares outstanding is limited. This forces the put options holders to cover positions and join in the buying, or to hedge their put options positions by buying call options on the stock.
4. With the price gains in the stock, the meme Gamma Bull groupies also buy call options on margin. This results in massive call options purchases, outlier volume, which forces the underwriters of the call options to go in and buy the actual stock to protect their exposure.
5. Result, a high-volume mega-mass of buying energy in a low volume stock, with limited stock outstanding, forcing an explosive short-term rise in the price of this otherwise uninteresting stock.

Chart shows average daily notional traded for options vs volumes in the underlying shares.



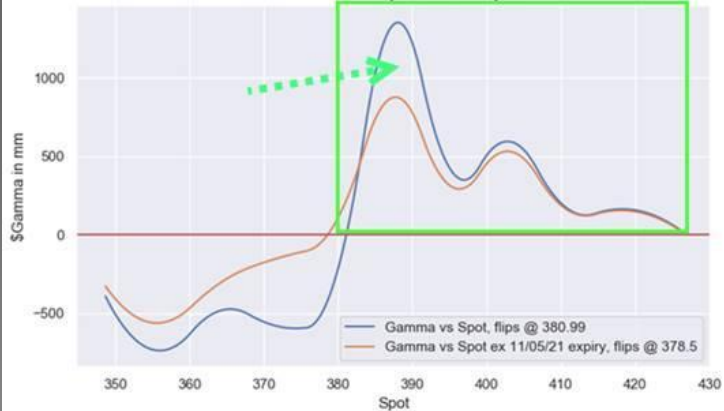
Sum of QQQ \$Gamma within 1% of Spot, Expiries Out 6 months



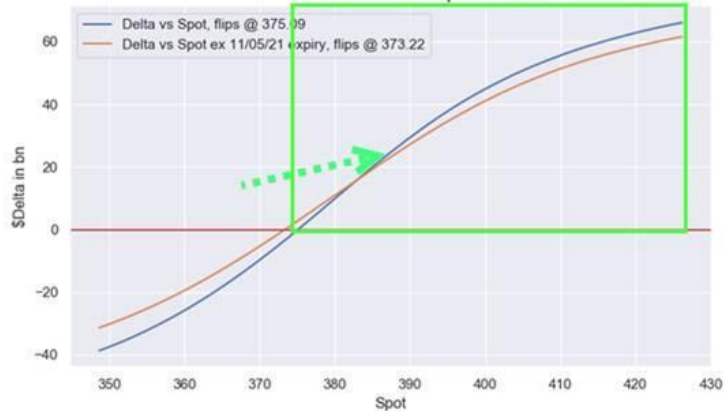
Sum of QQQ \$Delta Across Strikes, Expiries Out 6 months



QQQ Gamma per 1% vs Spot



QQQ Delta vs Spot



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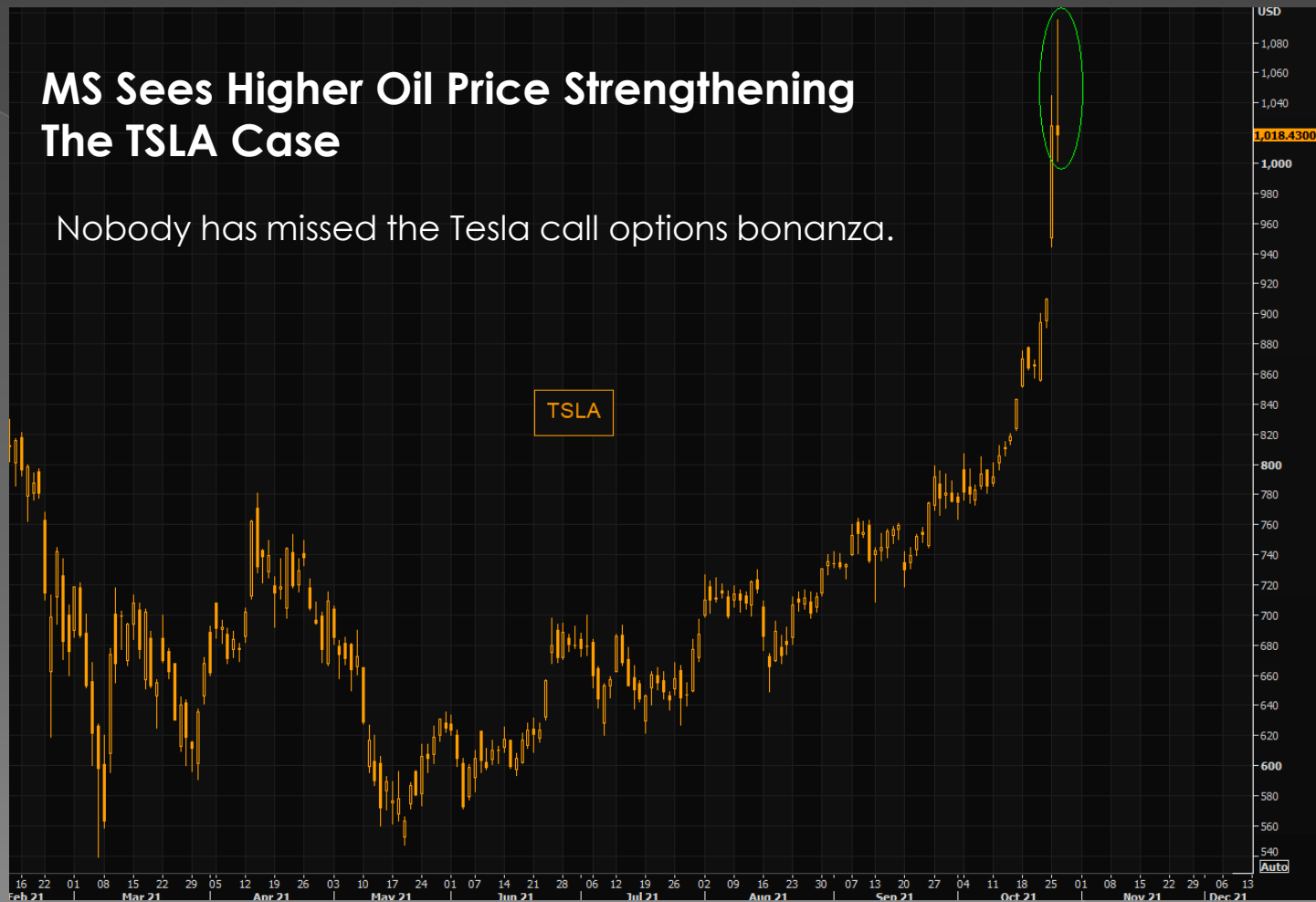
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MS Sees Higher Oil Price Strengthening The TSLA Case

Nobody has missed the Tesla call options bonanza.

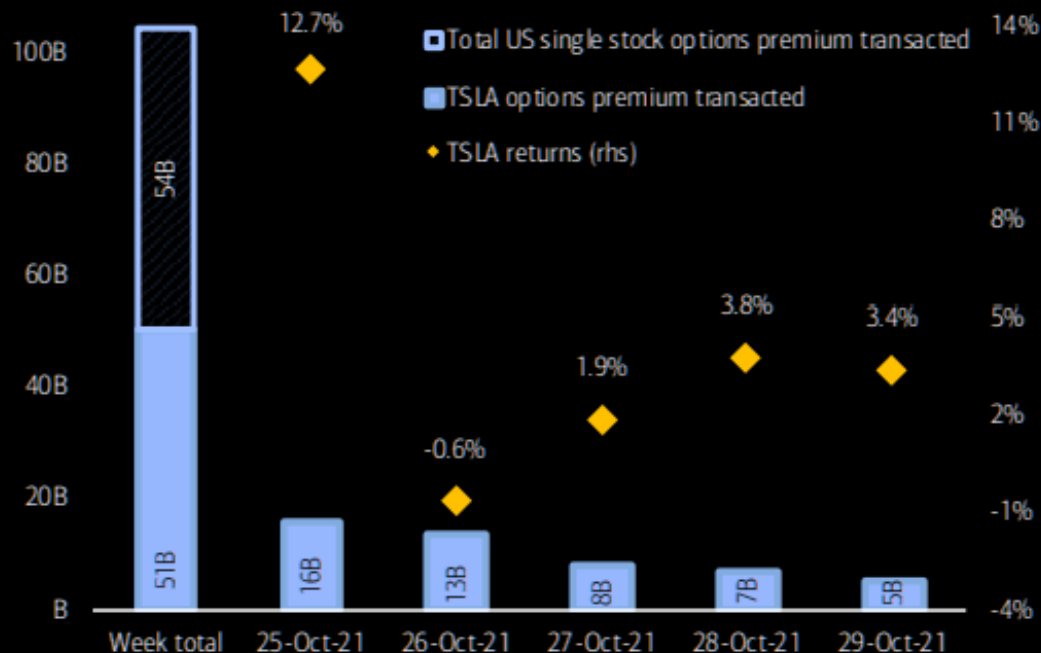


Morgan Stanley Sees Higher Oil Price Strengthening The TSLA Case

- Tesla Inc: \$84 Crude and EVs: Payback Periods Improving.
- Oil prices have a direct impact on the economic payback period of EVs, influencing desirability and penetration.
- Recent moves in oil markets (Crude at \$84 today) and ESG/policy forces have improved the payback of EVs vs. ICE.
- Rental/final mile/robo-taxi fleets take this to new levels.

Exhibit 25: TSLA options volume rises sharply, driven by bullish bets

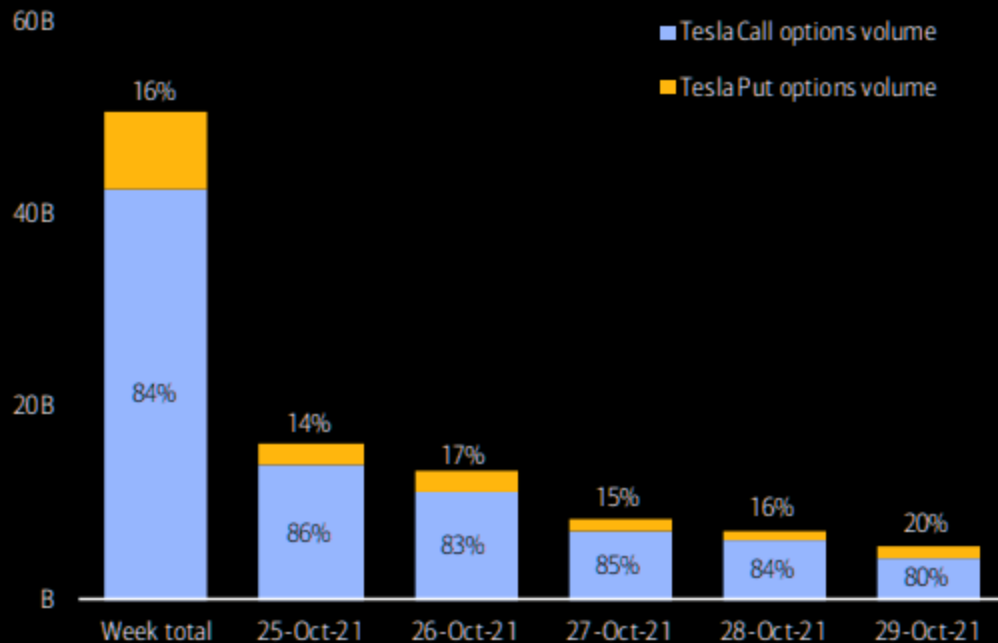
On Monday Oct 25, Tesla stock climbed nearly 13% as option traders piled on bullish bets. The total premium that exchanged hands during the week represented nearly 50% of the total single stock options.



Source: BofA Global Research, OCC, Bloomberg. Data from 25-Oct-19 to 29-Oct-21. Premium transacted is calculated using VWAP.

Exhibit 26: Bullish bets on call options accounted for ~85% of volume

The soaring volume was primarily due to call options, which accounted for nearly 85% of the total premium transacted in TSLA options



Source: BofA Global Research, OCC, Bloomberg. Data from 25-Oct-19 to 29-Oct-21. Premium transacted is calculated using VWAP.

TESLA CALL OPTIONS

Fascinating facts via BofA's global derivatives:

- "...~\$51bn in premium exchanged hands last week in TSLA options, accounting for almost 50% of the total single stock premium transacted in the US during the week".
- The investment bank shows that 85% of all Tesla volumes was in call options.

Fund managers that still aren't trading options in order to manage risk/take advantage of volatility are dinosaurs.

The biggest problem with current options traders is the fact that few have bothered reading Hull or Taleb. Most will learn what theta is the hard way...



AVIS, one of 20 component stocks for Trannies, get's Meme Gamma Bullied Tuesday, November 2nd.

AVIS' price tripled intraday, doubled at the close, November 2nd.

AVIS' is chosen for Manipulation in part because of typically weak volume. The Meme Gamma Bull Trade explodes volume higher during the price manipulation.

\$TRAN Dow Jones Transportation Average INDEX © StockCharts.com
 2-Nov-2021 **Close** 17039.38 **Volume** 208.7M **Chg** +1132.80 (+7.12%) ▲

▲ RSI(14) 74.07

Trannies Megaphone Top.

C, (E) V, (V), {III}

▲ \$TRAN (Weekly) 17039.38
 — MA(50) 14340.71
 — MA(200) 11361.96
 ■ Volume 206.71M, EMA(60) 544.76M

(C)

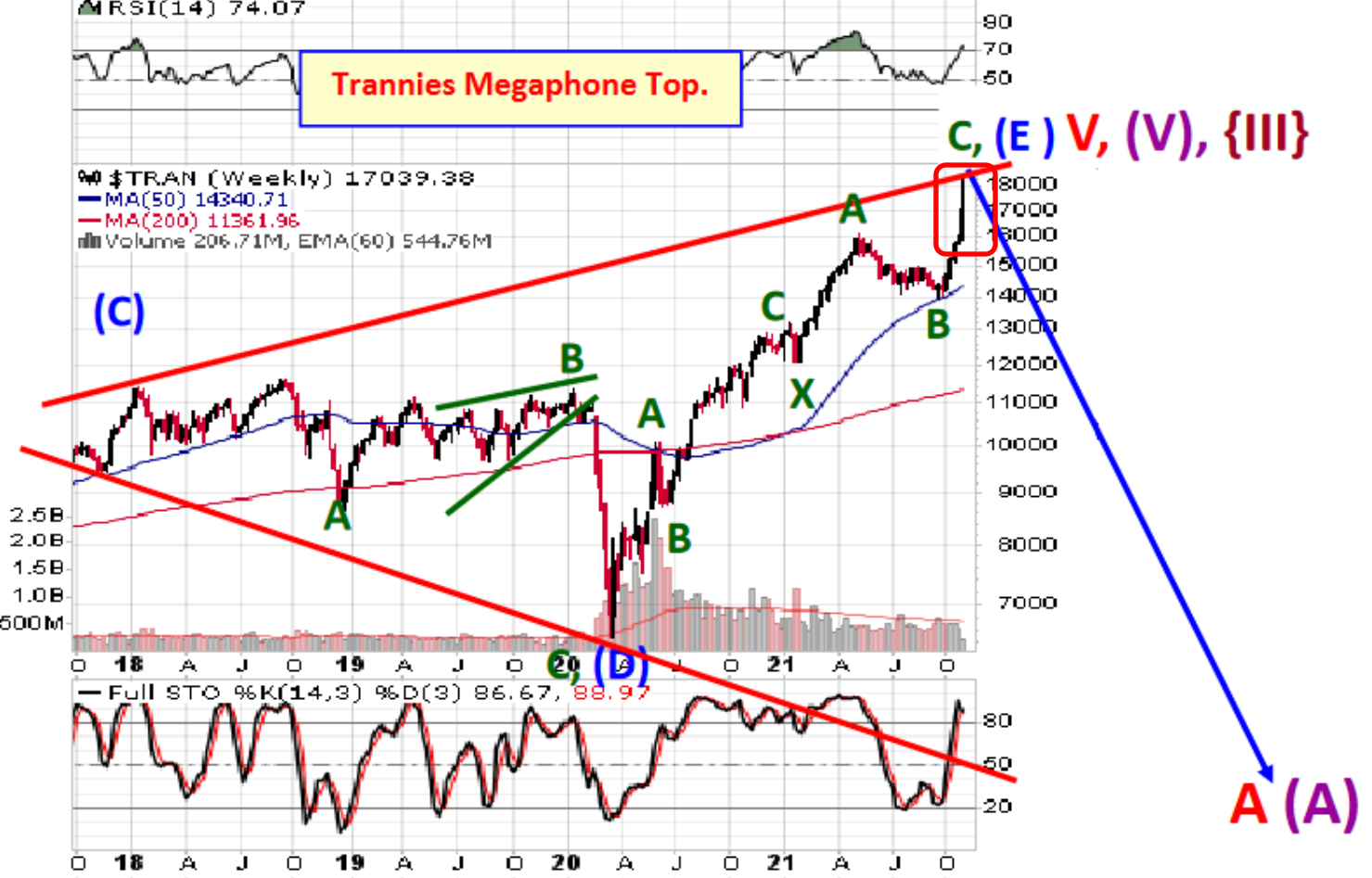
2.5B
2.0B
1.5B
1.0B
500M

0 18 A J O 19 A J O 20 A J O 21 A J O

— Full STO %K(14,3) %D(3) 86.67, 88.97

0 18 A J O 19 A J O 20 A J O 21 A J O

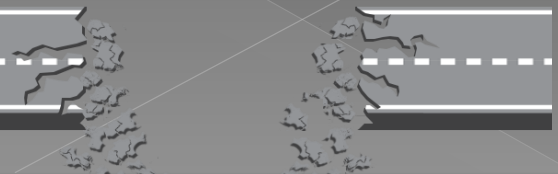
A (A)



The trucks are not running, the cargo ships are still unloaded, plane flights are still being canceled, etc.. . Smoke and mirrors are not the tent poles of reality.



HOW RISING TRANSPORTATION CHALLENGES ARE AFFECTING THE SUPPLY CHAIN



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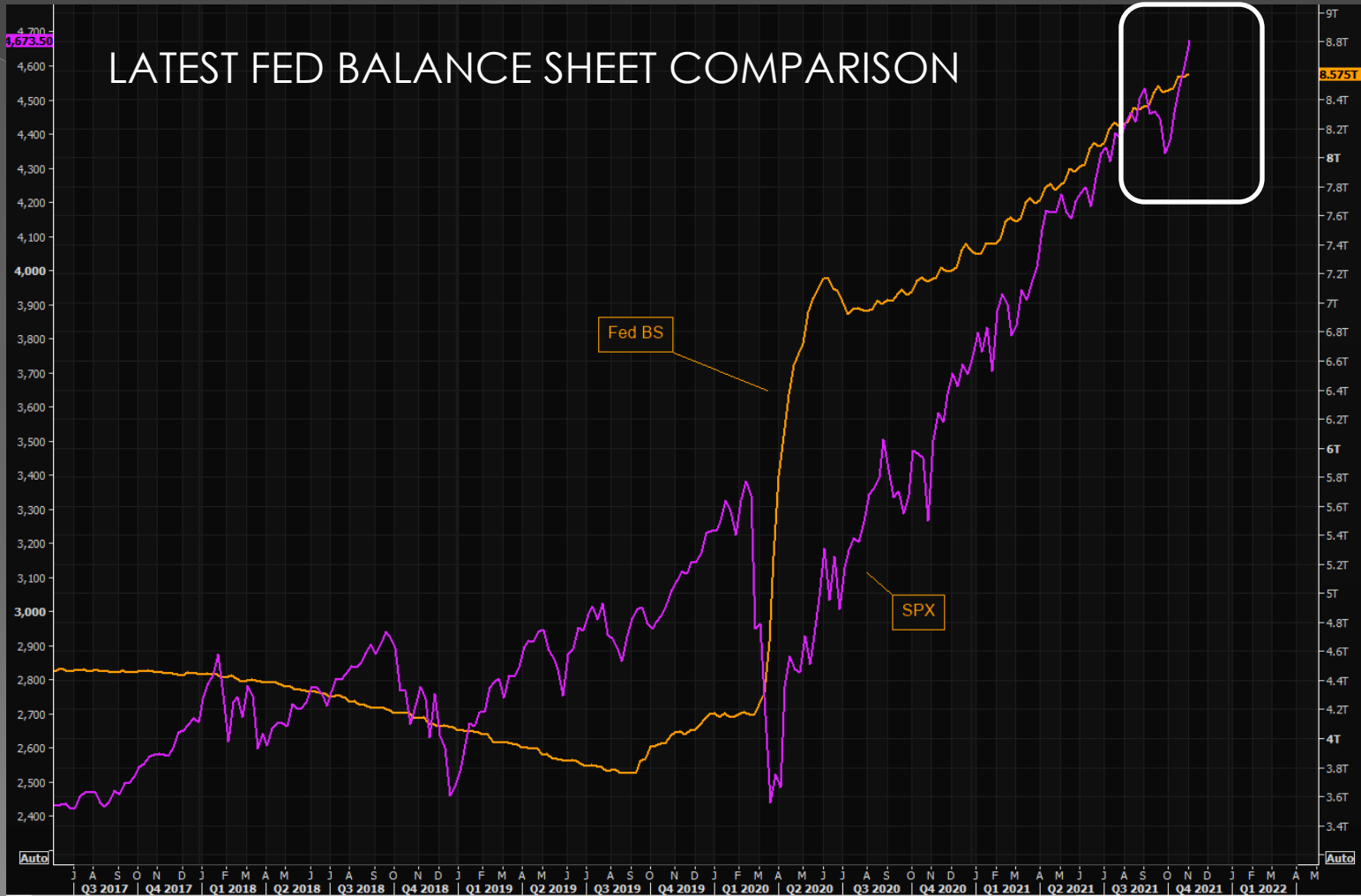
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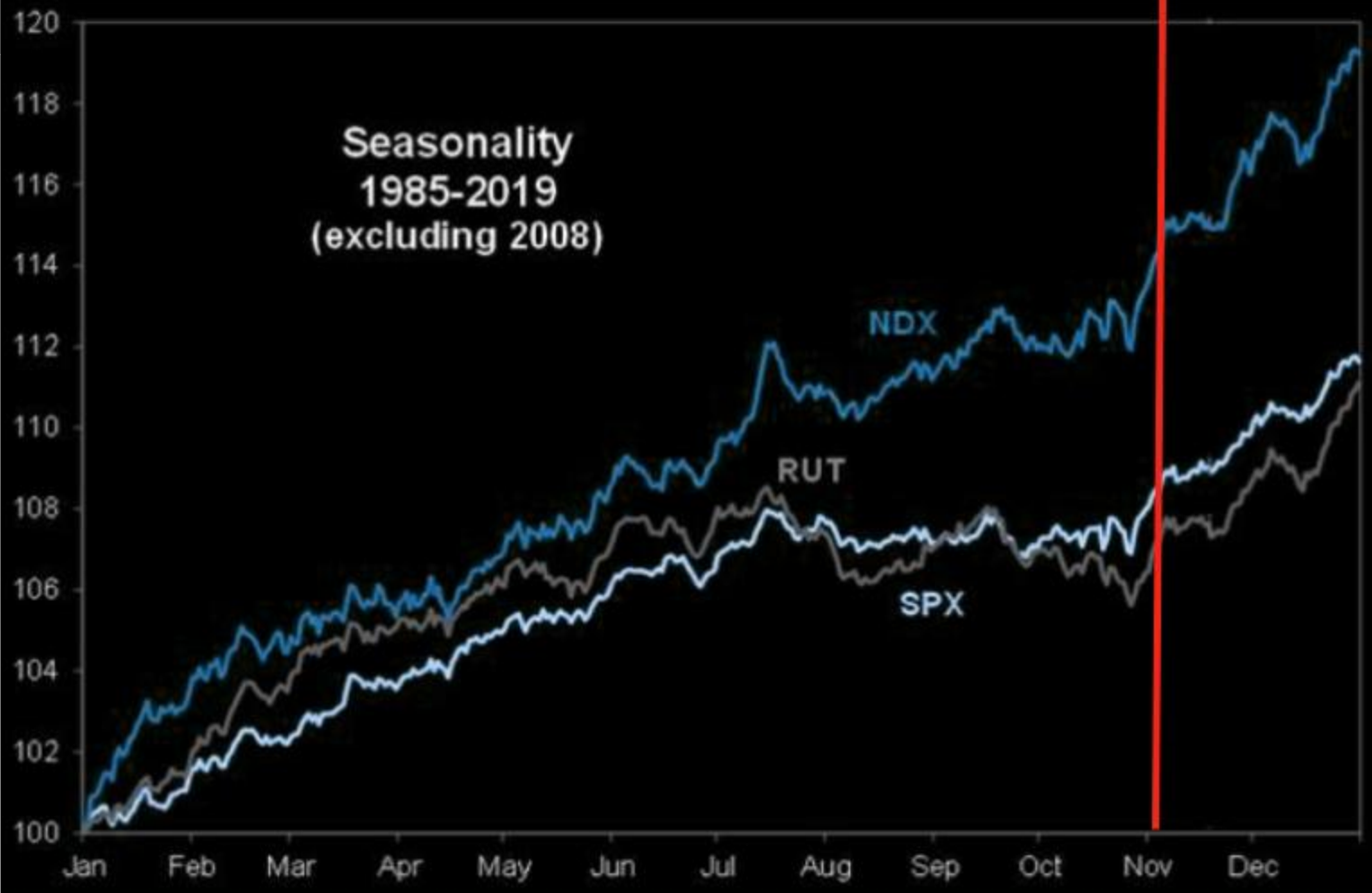
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LATEST FED BALANCE SHEET COMPARISON



**Seasonality
1985-2019
(excluding 2008)**



Equity Inflow Again Starts To Resemble A Tsunami

Net flows into global equity funds picked up further from already elevated levels (+\$28bn vs +\$25bn the prior week), reflecting firmer demand for developed economy shares.

	Global Fund Flows Summary			
	Millions USD		% AUM	
	4wk sum	27-Oct	4wk avg	27-Oct
Equity	77,407	28,060	0.11	0.16
Fixed Income	18,430	8,662	0.06	0.12
of which: EM	-2,769	965	-0.11	0.15
Money Markets	83,198	79,749	0.31	1.20
FX Flows*	35,521	10,307	0.09	0.10

AN AVALANCHE:

It Will Be Like An Avalanche.
Both in what triggers it and the
ramifications!

TRIGGER:

*What snowflake is going to be
the last one before it breaks
free?*

RAMIFICATIONS:

*Lock Limit Down! Closed
Markets*



ADMINISTRATIONS CHANGE – BUT THE PRINTING NEVER DOES ...

DON'T WORRY, THEY WILL PRINT THE MONEY!

EVERYONE IS NOW IN PLACE & READY!!





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WE WELCOME YOUR COMMENTS!

WE READ ALL COMMENTS FOR
FEEDBACK THAT WILL IMPROVE OUR
RESEARCH ANALYSIS



WORLD CLASS MINDS FOLLOW THIS
CHANNEL & WE VALUE HEARING
FROM YOU!

IT IS THE ONLY PAYMENT WE ACCEPT
FOR POSTING THIS FREE YOUTUBE
CONTENT