Title: Large GME Delta Sensitivity Spike Ever Happening Now!

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TLDR: Conditions are primed right now for a significant increase in hedgie buying power. The delta sensitivity test spike is a harbinger of change, and more often then not... significant price increases....

Background

My work is built on the idea that the market is largely unpredictable, but one particular kind of behavior is certain - hedgies gonna hedge. It's written into their algorithms. Specifically, they like to delta hedge and gamma hedge. This work tries to profit on this one particular type of buying/selling behavior, and works well for giving guardrails for stocks with high options volume relative to the underlying equity volume.

The primary indicators included in these graph include:

- **Delta Neutral (DN)** \- This represents the underlying price that would create a total market delta of 0 across all options (all expiration dates) for a given date and ticker. In general, it acts like a floor to the underlying price, but if the price drops below the delta neutral, then it tends to shoot back up above that line.
- **Gamma Maximum (GM)** \- This represents the underlying price that would create the maximum gamma across the market. The GM seems to act like a ceiling, but fun things happen when the underlying crossing that threshold!
- **Delta Sensitivity Test** \- This represents the % change in the total market delta associated with a 5% increase in the underlying stock price. Significant spikes represent unusually large hedging patterns based on the options mix, and can indicate the potential for significant buying / selling power on the underlying ticker.

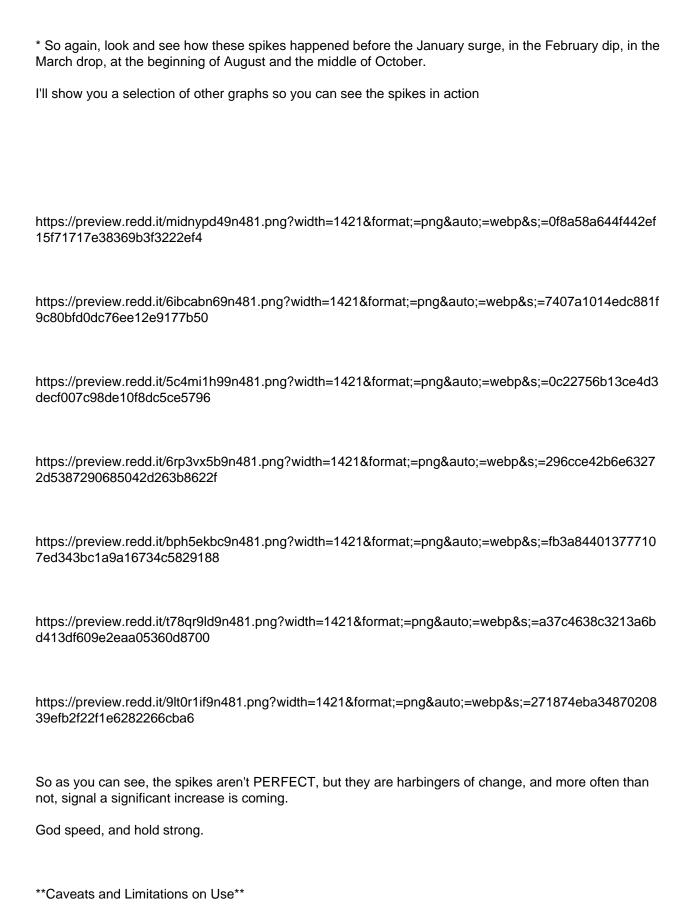
Graphs

Here's GME below, with the mother of all delta spikes (green), along with the other indicators you're used to seeing, the DN (grey), gamma max (red) and close (blue).

https://preview.redd.it/2pojhah19n481.png?width=1421&format;=png&auto;=webp&s;=7736f343b7644f25 97240d15f096bb5fbb1399e1

Here are the key points I want you to take away from this:

- * The underlying is back below the DN, but notice that the DN isn't dropping quickly with it. This means that the options market thinks the equilibrium is still around \$200, not \$150, and options buyers/sellers aren't buying/selling like the underlying price should be \$150.
- * Because the options mix is not dropping with the price, and the market equilibrium is still back at \$200, it's created a situation where small changes in price result in much higher levels of purchasing than usual.
- * As you can see above, these delta sensitivity test peaks occur BEFORE surges, so small price increases in the underlying tomorrow will get bonus buys from hedgies, to the tune of an 814% increase in hedgie buying with a 5% increase in the underlying.



These graphs contain output from my personal model. I am not qualified to provide financial advice, and have no experience trading professionally. This model has not been peer reviewed, so use this output at your own risk.

This model serves to help Redditors make investment decisions, but still requires Redditors to consider other relevant information, including earnings reports, news, relevant events, momentum and reversion to the mean in the underlying stock. Redditors should think critically about emerging information, and not make decisions solely based on this output.

In performing this analysis, I relied on raw daily options summaries from historical options data.com. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of this analysis may likewise be inaccurate or incomplete.

These graphs are not predictions of the future; they are indicators based on the assumptions. Emerging results should be carefully monitored with assumptions adjusted as appropriate.

TLDR (in case you dumb dumbs didn't find it at the very top): Conditions are primed right now for a significant increase in hedgie buying power. The delta sensitivity test spike is a harbinger of change, and more often then not... significant price increases....