

# Founder's Note: Thu, October 02, 2025 at 7:00 AM ET

## Macro Theme:

Key dates ahead:

- 10/2: Jobless Claims
- 10/3: Shutdown as canceled NFP

**Update 10/2:** We raise our key risk off level to 6,680 (from 6,600). We prefer remaining long of stocks while above that level, with an short term upside target of 6,750-6,765. If 6,680 breaks, we would look for a test of 6,600. Of note: Single stock skews are getting objectively rich, and the CBOE COR1M at ~9 is also flagging this excess bullishness. Should that metric get sub 8 we will be sharply reducing upside exposure.

~~9/30: The vol complex remains odd, which we think can induce volatility. If 6,600 breaks, we would look for an *initial* market low of 6,500. Over 6,600 the market has potential upside to 6,740, which can happen quickly if the US avoids a shutdown and if this weeks data is benign.~~

Key SG levels for the SPX are:

- Resistance: 6,750, 6,765
- Pivot: **6,680** (bearish <, bullish >) *Sub 6,680 implies a test of 6,600.*
- Support: 6,700, 6,680, 6,600

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## Founder's Note:

ES futures are +15bps, NQ +40bps.

Resistance: 6,750, 6,765

Support: 6,700, 6,680 (below 6,680 we flip to risk off)

NFP will apparently not be released tomorrow due to the shutdown, but weak ADP yesterday has all but locked in the October cut (+98% chance per CME).

What we see in terms of positioning was purple (*blue!*) positive gamma strikes across the board, and with the key close up over 6,700 we think traders will be looking to sell short dated options around

6,700, which supports S&P. Based on current data, <6,680 is flat gamma, and we see some other dynamics which could drive sharp selling (see below).



A key dynamic we've flagged to help propel an October directional breakout (or breakdown) was vol, which is interestingly a touch higher vs yesterday. That being said, the current ATM IV for Monday is just 8%. There is not risk priced into that...

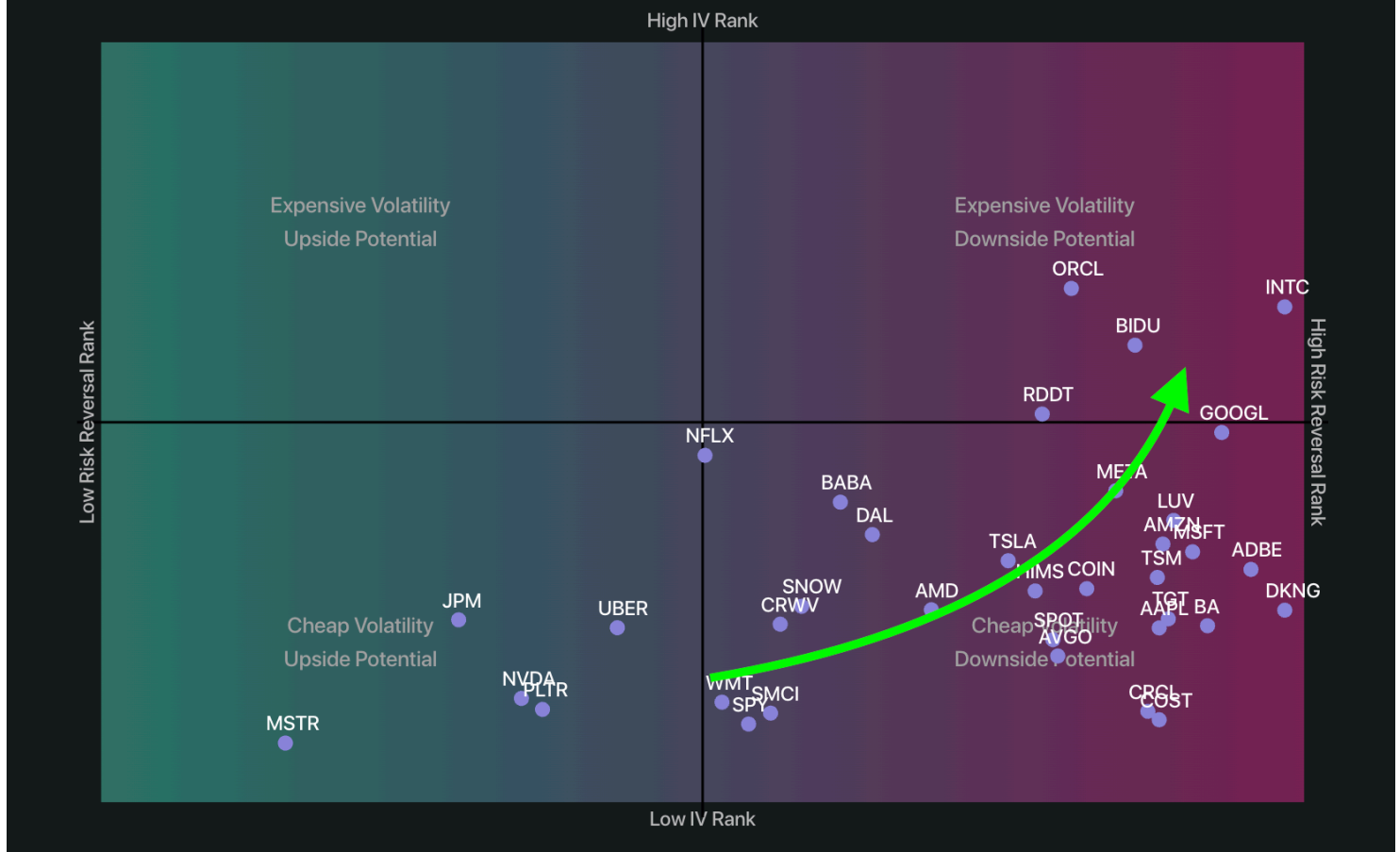
The VIX is also off about 1 pt to 16 from yesterdays highs near 17, and just to troll options purists out there we've flagged a nice wedge on the VIX chart. Ignoring our VIX technical indicators, the point here is that a sinking VIX its a shot in the arm for equity bulls.

Remember: 1-month realized SPX vol is just at 6.3%, and that is dang near as low as it gets. Given that, fair value for ~1-month SPX IV and/or VIX is around 9-10. SPX is not far from that, but VIX is obviously well above. As we've speculated, the way you cover that high VIX carry cost (i.e. VIX futures decay) could be to pound the heck out of short dated SPX vol. That keeps ODTE volumes up, and may enable Seek & Destroy.



**TV** TradingView

In yesterday's note we also griped about the rich call IV's, saying stocks with high call skews needed to earn those rich skews "or else"...well what do you know...they *apparently* earned it as those rich call skews are now turning into fairly rich implied vols (i.e. higher on the Compass chart). *This is the kind of thing blow-off tops are made of.* The million dollar questions being: is it just starting, or just ending?



Our way to navigate this breaks down as follows:

1. Positive vs negative gamma zones (currently we hold positive while **>6,680**, under there price action can accelerated to downside)

Once we enter a negative gamma dynamic, what are the fuels?

1. Vols: VIX has a pretty big premium to bottom-basement SPX realized vol. This gives some padding for SPX realized to jump before VIX/vol may have to have a react, but short dated SPX vols need to jump. This could foster short, but violent, downside SPX price spasms
2. Single stock action: getting very rich, and single stocks will think they will have to pay the bearish piper - just a question of when. Could be today, could be 5% or 10% from now.

The best way to "indexify" this single stock risk dynamic is via a chart of single stock correlation (CBOE COR1M). This metric is now at 9 after imploding over the last week. This tells us that single stock IV's are quite rich to SPX IV - a signal of excessive bullishness. This should have your watchful eye, because its a brewing risk issue. Should we get to  $<8$  on this metric then I think we have a bearish bat signal (ex: SPX price action in July 24 or Feb 25)



 TradingView

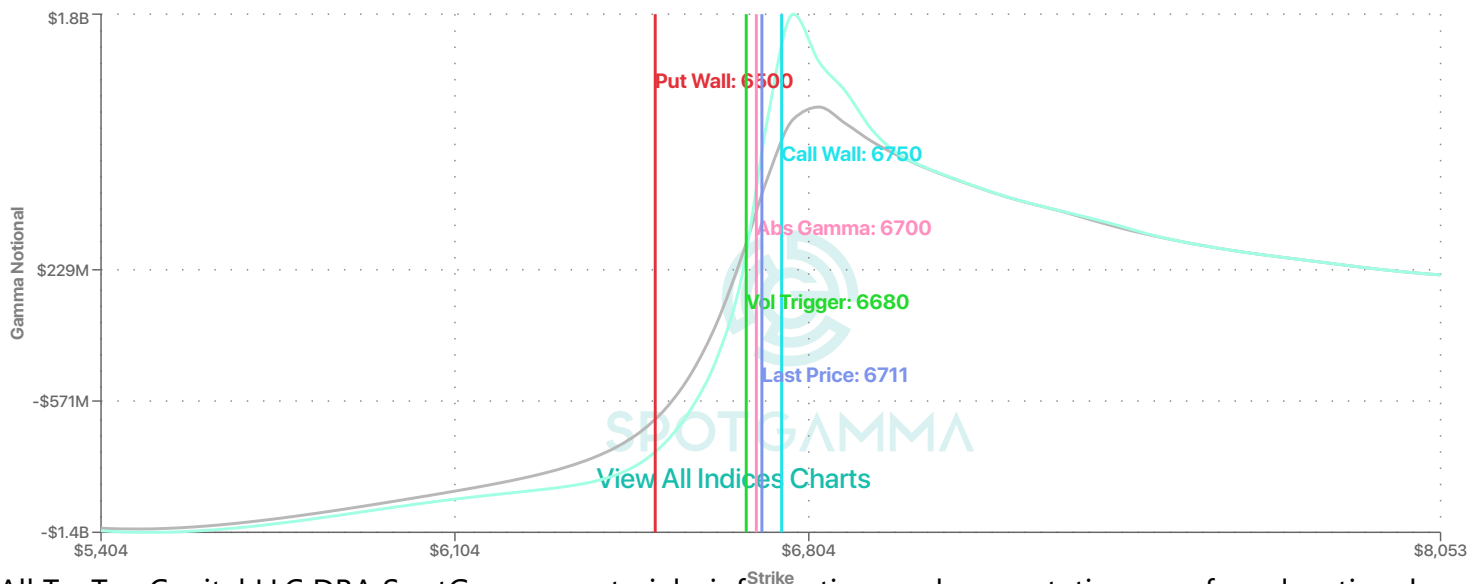
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|                             | /ESZ25   | SPX        | SPY        | NDX     | QQQ   | RUT    | IWM   |
|-----------------------------|----------|------------|------------|---------|-------|--------|-------|
| Reference Price:            | \$6760.2 | \$6711     | \$668      | \$24800 | \$603 | \$2442 | \$242 |
| SG Gamma Index™:            |          | 3.215      | -0.068     |         |       |        |       |
| SG Implied 1-Day Move:      |          | 0.61%      | 0.61%      |         |       |        |       |
| SG Implied 5-Day Move:      |          | 1.43%      |            |         |       |        |       |
| SG Implied 1-Day Move High: |          | After open | After open |         |       |        |       |
| SG Implied 1-Day Move Low:  |          | After open | After open |         |       |        |       |
| SG Volatility Trigger™:     | \$6729.2 | \$6680     | \$667      | \$24390 | \$599 | \$2450 | \$242 |
| Absolute Gamma Strike:      | \$6749.2 | \$6700     | \$670      | \$24525 | \$600 | \$2450 | \$240 |
| Call Wall:                  | \$6799.2 | \$6750     | \$670      | \$24525 | \$610 | \$2460 | \$245 |
| Put Wall:                   | \$6549.2 | \$6500     | \$660      | \$24660 | \$590 | \$2390 | \$230 |
| Zero Gamma Level:           | \$6671.2 | \$6622     | \$667      | \$24185 | \$602 | \$2455 | \$244 |

|                         | SPX        | SPY         | NDX       | QQQ        | RUT        | IWM         |
|-------------------------|------------|-------------|-----------|------------|------------|-------------|
| Gamma Tilt:             | 1.446      | 0.946       | 2.059     | 0.892      | 0.829      | 0.779       |
| Gamma Notional (MM):    | \$908.353M | -\$119.504M | \$28.991M | -\$99.882M | -\$23.566M | -\$329.378M |
| 25 Delta Risk Reversal: | -0.046     | -0.028      | -0.053    | -0.036     | -0.024     | -0.006      |
| Call Volume:            | 833.714K   | 1.207M      | 12.837K   | 552.203K   | 11.616K    | 257.238K    |
| Put Volume:             | 1.167M     | 2.128M      | 14.482K   | 1.088M     | 23.668K    | 285.102K    |
| Call Open Interest:     | 7.332M     | 5.029M      | 67.528K   | 3.352M     | 241.883K   | 3.241M      |
| Put Open Interest:      | 12.883M    | 12.176M     | 87.774K   | 5.85M      | 436.776K   | 7.704M      |

| Key Support & Resistance Strikes   |
|--|
| SPX Levels: [6700, 6000, 6750, 6650]   |
| SPY Levels: [670, 665, 660, 669]   |
| NDX Levels: [24525, 24500, 24800, 24700]   |
| QQQ Levels: [600, 590, 595, 610]   |
| SPX Combos: [(7027,70.52), (7000,99.33), (6973,72.60), (6953,93.65), (6926,85.61), (6899,98.24), (6872,90.40), (6852,98.01), (6825,94.76), (6819,72.51), (6812,81.09), (6798,99.78), (6792,91.87), (6785,78.32), (6778,99.05), (6772,90.45), (6765,96.66), (6758,98.17), (6751,99.87), (6745,97.51), (6738,99.79), (6731,97.04), (6725,99.53), (6718,99.07), (6711,94.88), (6704,91.09), (6698,99.17), (6678,84.41), (6658,84.44), (6637,73.66), (6624,88.89), (6617,76.96), (6604,68.10), (6584,75.99), (6577,92.69), (6557,76.41), (6550,85.38), (6537,71.67), (6523,85.60), (6503,91.02), (6483,73.91), (6476,77.34), (6449,71.28), (6423,83.61), (6402,88.59)] |
| SPY Combos: [667.51, 672.18, 677.51, 697.49]   |
| NDX Combos: [24900, 24528, 24801, 25074]   |
| QQQ Combos: [596.77, 599.77, 600.97, 594.97]   |

|     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|
| SPX | SPY | NDX | QQQ | RUT | IWM |
|-----|-----|-----|-----|-----|-----|



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