



Gammath Works

Guide for Gammath™ SPOT gScores

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PURPOSE

The purpose of this document is to explain how to interpret details of gScores that are computed by Gammath™ SPOT.

OVERVIEW

Gammath SPOT (patent pending) algorithmically computes the gScore ('g' is for Gammath™) for each stock in the watch list to express its opinion on degree at which the stock is trading at a perceived premium or at a perceived discount. The gScore can then be used like an indicator in making buy/sell/hold decision on the stock.

- The computed gScore is between -1 and +1.
- If the gScore is closer to +1 then it means that the algorithm perceives the stock to be trading at a discount
- If the gScore is closer to -1 then it means that the algorithm perceives the stock to be trading at a premium.
- Below is an example of gScores presented for a sample watchlist from the past (This is NOT current data):

overall_gscores

Ticker	final_gscore	Note
PFE	-0.39	
AAPL	-0.21	
AMD	-0.12	
NVDA	-0.07	
MSFT	-0.05	
FB	0.05	
NFLX	0.05	
INTC	0.09	
AMZN	0.11	
BAC	0.18	
SBUX	0.29	
C	0.29	
GOOGL	0.4	
WMT	0.48	
TWTR	0.52	
PYPL	0.66	

Trading at a
perceived premium

Trading at a
perceived discount



WHERE DO I FIND GSCORES?

gScores (for entire watchlist) are saved in a file name 'overall_gscores.csv' in the 'tickers' directory. The three columns in this file are:

- a) ticker: Stock ticker symbol of the company
- b) final_gScore: Final gScore between -1 and +1
- c) Note: Special notes e.g., 'INVALID_STOCK_HISTORY' indicates that stock history is not valid (stale/incomplete) so the gScore for that stock should NOT be used

WHERE DO I FIND DATA USED FOR ANALYSIS?

The stock-specific data used and formatted by Gammath SPOT can be found in 'tickers/<ticker_symbol>' directory. For example, data used for analysis of Apple, Inc's stock can be found in 'tickers/AAPL' directory.

WHAT TYPE OF DATA IS USED/SAVED FOR ANALYSIS/REFERENCE?

Depending on the data availability, one can find all or some of the following data saved in CSV and HTML formats:

1. <ticker_symbol>_calendar.csv: Information such as next earnings date (if available) can be found in this file
2. <ticker_symbol>_call_<date>.csv: Information about calls (options data if available) can be found in this file
3. <ticker_symbol>_put_<date>.csv: Information about puts (options data if available) can be found in this file
4. <ticker_symbol>_history.csv: Information about Price history (if available) can be found in this file
5. <ticker_symbol>_qbs.csv: Information about quarterly balance sheet (if available) can be found in this file
6. <ticker_symbol>_qcf.csv: Information about quarterly cash flow (if available) can be found in this file
7. <ticker_symbol>_qe.csv: Information about quarterly earnings flow (if available) can be found in this file
8. <ticker_symbol>_qf.csv: Information about quarterly financials (if available) can be found in this file
9. <ticker_symbol>_reco.csv: Information about Industry Analysts' recommendations (if available) can be found in this file
10. <ticker_symbol>_summary.csv: Information about Stock summary (if available) can be found in this file
11. <ticker_symbol>_st_page.html: HTML page referenced for sentiment score from stocktwits website (if available) can be found in this file



HOWTO USE GSCORE

We think that gScore is a clear, easy, and effective way of comprehending stock analysis results. Following are some ways in which we have used gScore that has served us very well:

1. We use gScore for better dollar cost averaging i.e., Instead of buying our favorite stock on arbitrary days, we choose buying over a period when gScore is relatively higher (for example in above list, we would choose buying PYPL when its gScore is 0.74 as opposed to when its gScore is -0.2).
2. We consider buying (meaning we put the stock on close watch list) a stock in small quantity over time when stock's gScore is more than 0.5 (higher the better unless we have strong reasons to buy at lower gScore).
3. We consider selling (meaning we put the stock on close watch list) a stock when its gScore is less than 0 or when any of our sell criteria are met.
4. We diversify as much as possible i.e., if there are 20 stocks in our watchlist that have a gScore of more than 0.5 then we try to buy stock(s) of many of those 20 companies that we like (in small quantity) and have higher gScore.
5. We tend not to buy when the stock price is falling. So, as mentioned in point 2 above, once the gScore is above 0.5, we put the stock on closer watch, and we prefer to buy only when the stock price starts rising. Similarly, when gScore is negative, we put the stock on closer watch, and we prefer to sell only when the stock price starts falling (and our sell criteria is met)
6. We check the news of specific company before deciding to buy/sell.
7. We check the general news affecting the markets before deciding to buy/sell.
8. If you run Gammath SPOT on your machine, then the stock's signal.txt file can be checked for finer detail (described later in this document) before making buy/sell decision. There are many criteria logged in it and can be used to match personal preference (automated in your code or manually).
9. If you run Gammath SPOT on your machine, then the stock's charts can be checked for graphical visualization of indicators.
10. The significant component of this algorithmic analysis is the historical price data. As a result, we prefer to invest in stocks that have at least 5-years price history.
11. We prefer to invest in stocks that have a positive 5-years and 1-year return on investment.

WHERE DO I FIND CHARTS GENERATED BY GAMMATH SPOT?

The stock-specific charts generated by Gammath SPOT can be found in 'tickers/<ticker_symbol>/<ticker_symbol>_charts.png'. For example, charts generated as part of analysis of Apple, Inc's stock can be found in 'tickers/AAPL/AAPL_charts.png' file.



WHERE DO I FIND ANALYSIS/SIGNALS FROM GAMMATH SPOT?

The stock-specific analysis/signals from Gammath SPOT can be found in 'tickers/<ticker_symbol>/signal.txt'. For example, charts generated as part of analysis of Apple, Inc's stock can be found in 'tickers/AAPL/signal.txt' file.

HOW DO I INTERPRET SIGNAL.TXT FILE FROM GAMMATH SPOT?

The stock-specific algorithmic analysis' output from Gammath™ SPOT's is saved in signal.txt for reference. It can be used to get finer details on gScore to help make criteria-specific decision on respective stock. Following micro-gScores (when possible) can be found in signal.txt:

- 1) Price
- 2) RSI
- 3) Bollinger Bands
- 4) MACD
- 5) Kalman Filter
- 6) Ordinary Least Squares
- 7) MFI
- 8) Stochastic
- 9) Options data
- 10) Analysts' recommendations (or in case this information is not available then fundamental analysis based on available information such as PE, PEG, Beta, Institutional holdings, Insider holdings, Quarterly balance sheet, PBR)
- 11) Sentiment scores (scraped from stocktwits website)

These micro-gScores make up the overall gScore for the stock and can be used for more detailed selection criteria (manually or automated in your code). There is more information embedded for each of these micro-gScores in signal.txt as follows:

Price:

[price direction (rising/falling)] [bottom, middle, top quantile (based on historical data analysis) for consecutive days count rising/falling] [current price] [quantile based on 52-week range] [price gScore (10% weightage in overall gScore)] [note indicating if new 52-week low/high was detected]

Relative Strength Index (RSI):

[RSI level compared to mean below, above or average] [oversold or overbought or normal] [rising or falling or unclear] [bottom or middle or top quantile (based on historical data analysis) for consecutive days in oversold or overbought level] [RSI gScore (10% weightage in overall gScore)]



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Bollinger bands:

[Price is below/above middle Bollinger band] [Price is closer to lower, middle or upper Bollinger band] [Bollinger band gScore (10% weightage in overall gScore)]

Moving Average Convergence/Divergence (MACD):

[Trend is positive or negative] [Price when buy/sell signaled] [bottom, middle, top quantile (based on historical data analysis) for days in this trend] [bottom, middle, top quantile for current difference] [MACD gScore (10% weightage in overall gScore)]

Kalman Filter (KF):

[negative/positive days i.e., price is below or above “filtered average” respectively] [bottom, middle, top quantile for days in this trend] [bottom, middle, top quantile (based on historical data analysis) for current difference compared to “filtered average”] [KF gScore (10% weightage in overall gScore)]

Ordinary Least Square (OLS):

[fit score indicating how well stock price chart fits OLS model. Fit score ≥ 0.9 is considered a great fit] [1Y slope: positive or negative] [5Y slope: positive or negative] [positive or negative difference compared to Least Squares line (“expected average”)] [bottom or middle or top quantile (based on historical data analysis) for current difference compared to “expected average”] [OLS gScore (10% weightage in overall gScore)]

Money Flow Index (MFI):

[MFI level compared to average: below, above or average] [rising or falling or unclear] [oversold, overbought or blank] [MFI gScore (10% weightage in overall gScore)] [Indicator for possible price reversal: price could start rising or falling]

Stochastic Indicator (stochs):

[stochs-slowd level compared to average: below, above or average] [oversold, overbought or blank] [Last slowk/slowd crossover date] [stoch gScore (5% weightage in overall gScore)]

Options data (options):

[short ratio] [options gScore (10% weightage in overall gScore)]

Analysts’ recommendations (reco):

[reco gScore (10% weightage in overall gScore)]

In the absence of analysts’ recommendations, if fundamental data is available then that is used with 10% weightage in overall gScore:



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Fundamental data (optional):

PE:

[Trailing PE (TPE) [Average TPE of sector if stock is in S&P500 list] [Forward PE (FPE)]
[Average FPE of sector if stock is in S&P500 list] [PE gScore]

PEG:

[PEG value] [PEG gScore]

Beta:

[Beta value] [Beta gScore]

Institutional holding:

[Institutional holding percentage value] [IHP gScore]

Insider holding:

[Insider holding percentage value] [INHP gScore]

QBS:

[Debt to capital ratio value] [QBS gScore]

PBR:

[Price to Book ratio value] [PBR gScore]

Sentiment and message volume Score (st_sv):

[st_sv on stocktwits gScore (5% weightage in overall gScore)]

If you have any questions, please use the “contact” form on <https://www.gammathworks.com>.

Happy SPOTing!