

Chicago Hedge Fund Uses Heat Maps to Track Markets

KMM Trading, a Chicago-based hedge fund led by JP Morgan veteran James Gislason, is using data visualization software to filter and keep an eye on market data.

By Penny Crosman

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Heat maps — computer-generated visual displays that can give molecular biologists a look at genetic compositions or traders a quick take on a market — are in. The latest Wall Street firm to go public with its use of this type of data visualization is KMM Trading, a Chicago-based hedge fund led by JP Morgan veteran James Gislason, which has implemented software from **Panopticon**.

KMM Trading works with a variety of financial instruments, including equities and options in all sectors of the economy. KMM uses the software to filter and highlight market, pricing, and other data relevant to its trading strategies. The firm uses Panopticon's Treemap visualization as a filter that doesn't necessarily initiate transactions, but brings important data to the trader's attention and shows him where to drill down for more detail.

James Gislason, President of KMM Trading, said, "I employ several strategies, including intra- and inter-sector pairs trading. I'll go long one energy stock and short another, or I'll go short one basket of energy stocks against shorting a basket of basic materials. Panopticon allows me to track individual stocks and sectors, as well as spreads, more easily than I could without this tool."

Gislason continued, "I'm often following between 100 and 150 stocks. Concentrating on those numbers individually and also across various sectors is mentally exhausting and very difficult to do well. There are limits to what you can absorb, so having these visual cues from Panopticon has helped me a lot in my trading."

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