

Minute 1:

Today, if you guys look at the price action, we've already had a pretty sharp rally. Right now, we're already trading 5990. So what was it, Friday? The way I presented some of this stuff was through the lens of tests and ranges. I like to look at the price action this way because I think of it in terms of either there's an implied drift, whether up or down, or it could just be sideways, obviously. Or there is something that interacts with price action that causes it to be compressed and, you know, gamma creates resistance or support or creates accelerant or tests. And so I'll try to do this more often in the TLDR and also in the way I present the potential paths because I think it's easy to think about. So Friday, for example, we had a series of tests and ranges. In fact, coming into 5900 on Friday was like the first test. There was negative gamma around 5895 through 5905, specifically with a big negative gamma strike position at 5900. When we cross through it, you can see here... You'll see here that we had this kind of violent oscillation for a little while until we established a foothold above 5905.

Minute 2:

Once we did that, we actually did experience something like a passive drift higher. Now, what I said Friday was that the next test after this series would be between 5920 and 5930. And you can see that kind of is where we consolidated next before breaking out again higher. As we got to extended highs, like the extension of the range on the upside, the two places of resting or consolidation would have been 5940 and 59 half. Just because of the extent of dealer long positioning at those strikes. And we actually respected 5900 as pretty much a ceiling and wound up pinning pretty close to 5940. Just keep these frameworks in mind when you think about the positions. And I'll do this more often so it becomes second nature because I do think it's a nice easy way to think about positioning and also to plan your own trades. Today, this is the way I see it. Unfortunately, some of this is already behind us, so it's less informative.

Minute 3:

But we came into the day with interesting positioning where Friday's close was one of the longer gamma strikes for dealers. Around that was actually a little bit of balance. So when I say balance, I mean, there's shorts to the downside and longs to the upside. There was a wider drift implied, but the two big things was an iron condor sold to dealers in around 3,000. It looks like we're already through that, so we expect more tomorrow, bigger size. And there was a little bit of negative gamma or hedging at 5960 or 65. This strike would have kind of offset some of the drift implied. Overall, what it creates is a little bit of a balance where we have local long gamma, a bit of neutral range on both sides. Which in some ways act as tests. So today I saw that 5965 would

be kind of the test, and it's not super specific. You don't need to think about it as exactly that line. In fact, that line preceded the inventory of the iron condor. So I'm switching ahead a little bit here just to show you where I'm getting these things. 5965 would be the largest short gamma strike here.

Minute 4:

And then we have the iron condor at 5975-5980 today. So this whole structure here, in my view, kind of acts like sort of a test. We moved through it, rewinding again. So we moved through that pretty early. Again, overnight moves can happen with even more force because sometimes we don't have as much of the gamma hedging going on as we do compared to regular trading hours. So we moved through that. Now we've kind of cleared it pretty severely. So look at this rally here. The difference in the price action between kind of the slow grind up and this fast move through the positions. Now we're in a new range. This new range is clearly associated with these features that you have on these profiles. So these troughs in gamma, for example, gamma is not explicitly directional. There was a bit of a conversation about that. I think over the weekend I caught a little bit about it. And I need to follow up as well. But the point is somebody was saying that gamma is directional. It sounded like and gamma itself is not directional, but gamma is arising out of features and options that have directional implications.

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So it's not technically directional, but there is... there are things going on here that create directional influences. And it's all related in the end. And so these minimum gamma points, once we pass through them, we find ourselves likely in a new range defined by a different trend bias. And so broadly speaking, we either have no trend, which is difficult to observe on a gamma chart, obviously, or we have passive buying, passive selling. With different degrees of strength. So speed, which is a difference in gamma across spot levels, is going to be related to charm, as you'll see over time. But you can infer trend or directional bias from the gamma profile. You just be looking for essentially distances between the yellow and the green. So a trend would never be implied as such where you would attract from green to yellow. In a strange way, we talk about the yellow as point of least resistance or path of least resistance. And that is true through the sense of there's less counterbalancing flow from dealers into exogenous flows.

Minute 6:

So they're not meeting the market with as much force. That is true. But when you think about trend, it's sometimes helpful to imagine trend as external to this thing, right? Trend, in my view,

happens more out of an automatic, like a background tape. Trend is something that doesn't necessarily need to have exogenous participants or external participants meeting dealers. This is more just about what are dealers doing. And so this is sometimes difficult to understand or wrap your head around, but it's the duality of options. So even though this is the path of least resistance when there is buying, the trend in this range would be implied bearish. If we were starting out from 5970, we'd imply a bearish trend from yellow to green. Whereas the opposite here, you can't really see the green here on the top, but you just know that the stronger the gamma and the gradient, the speed change, price should flow in the direction of the speed, if that makes sense. So from yellow to this dense blue, we should experience a passive trend, at least a passive trend bias, because of the decay flows associated with the positioning.

Minute 7:

And so you flip to charm, charm confirms this kind of stuff. This, I think, going through this process in your head and through like different types of dealer profiles and maps and doing it daily, I think helps to kind of cement this duality, because sometimes it's frustrating because it seems like you can be saying two things at the same time. Well, not exactly. Gamma just defines how dealers interact with price, interact with flows. But charm actually does define how dealers can create trends out of their decay flows. Right now we find ourselves in this next test. I wouldn't even call this one a test. This is more just a range. I see us as likely to just kind of grind higher and consolidate into 6000 and with obviously 6020 or 60 quarter being a potential pin. But obviously we'd have to get through some increasingly long gamma in this range here, too. So we're going to have passive buying flows implied, but we're also going to have those slow down as they run into increasingly dense gamma.

Minute 8:

And so this looks like those call wall features that we tend to see with ascending strikes. These are not huge yet. But again, like anything, I would watch these intraday. So that's all I got for today. A bit of a short meeting. Obviously, I'm going to get back into the swing of things. If you guys have questions, if you find this lens helpful, I do intend to do this more often. I think it's nice and clean. And I think somebody also asked about maybe like end of day recaps. I think it's helpful, too. I'll aim to start that this week, even just like very simple stuff. Actually, this all came about because somebody on my Twitter just took my comments and put it on a trading view chart. And I was like, Oh, it looks pretty good. But I'll try to do that more often. So it won't be like a post day meeting or anything, but just like a quick wrap up slide to throw in there at the end of the trading day instead of like in the morning, too. So yeah, and slides I intend to have, actually, I'm going to aim to put

them out at like seven thirty because I'm also going to have a commitment in the morning sometimes. Thank you, guys.