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Author: disoriented_llama
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https://preview.redd.it/m9wfl9urk5181.png?width=847&format;=png&auto;=webp&s;=77f3041791b2a7a5e784a852ff8516ae655cb4ca

Part V: Deja Vu

So now what you've all been waiting for...

Section 1: A Look Forward

Quick Recap

* **We own the float**
* The November - January cycle has **not one but three** ETF gamma exposure dates, two of which represent the **largest amount of exposure on GME throughout the entire year**
* GameStop is significantly more illiquid now than last January the buying, holding, and registering of the float have pushed the bid/ask spread on GME to the limits and the stock is **ripe for a squeeze**
* This illiquidity means when MM, APs, and SHFs need liquidity to hedge massive price movements there is none available at market
* Retail owning open contracts forces the MM to hedge. If they do not and those contracts are pushed into the money, and/or exercised **there are no shares available for them to deliver**. They must increase the price to create liquidity (supply held means demand must be raised)

We are about to enter another November - January cycle so let's look at what we can expect if the mechanics at play this last year hold true.

Let's first look at what could happen if they roll.

ROLL CYCLE

[Possible Nov - Jan Roll Cycle](https://preview.redd.it/io286e77m2181.png?width=2453&format;=png&auto;=webp&s;=03bcfb9a45a9f92b5fe50179eca91049f187d52a)

FAIL CYCLE

[Possible Nov - Jan Fail Cycle](https://preview.redd.it/svrupu7im2181.png?width=2449&format;=png&auto;=webp&s;=bc693e1e44d6036c35b1accbf03acffacef7305f)

A day-by-day repeat of last Nov - Jan cycle, scaled to current price.

[January 2020 on repeat](https://preview.redd.it/96r0ow93ky081.png?width=2461&format;=png&auto;=webp&s;=697de5fcec59b24e060e6ff7a654071b7fd15608)

Smooth Version

[Simple breakdown of Roll V. Fail](https://preview.redd.it/ov3z5qaemy081.png?width=2455&format;=png&auto;=webp&s;=cbc779bca94714be6137e7837593dd90f1b4d592)

^(These price targets are theoretical, upwards movement on GME is difficult to predict because of the wide bid/ask spread. These examples are to show movement only. At any point during this outside factors like FOMO, announcements from GameStop, or regulation could accelerate the process. This simply defines the movements expected on GME due to the underlying market mechanics presented in Book 1 & 2.)*

So as you can see here it doesn't matter which route they go the end result is nearly identical a massive amount of price improvement on GME (there are advantages to each for the shorts which we will discuss later).

Section II: Illiquidity & Buy and Hold

This entire cycle is defined by this last January retail did something nobody ever predicted, in their anger at the system and fuckery that had taken place between January 27th - February 2.

Hundreds of thousands of individuals bought the dip, and not only that dip but every single day since retail has bought shares. Retail bought the shares, they bought the synthetics, they bought the float and then they bought more.

Why?

They, liked the stock.

Then recently they started registering them, which serves to exacerbate the narrow conditions under which the short positions are already forced to operate.

This ownership of the free float of GME is what allows us to see this entire cycle play out each quarter as liquidity dries up it becomes more and more obvious.

[GME Price moves inverse to it's volume traded](https://preview.redd.it/yr3k3o10ty081.png?width=1618&format;=png&auto;=webp&s;=4524af251222920fefc70d5c263acd599230457e)

DRS accelerates this effect.

[Increased slope of both \(+ price\) and \(- volume\)](https://preview.redd.it/wrma2a1rty081.png?width=1618&format;=png&auto;=webp&s;=b6cddc8690f1d9c127a3a413b1f6f6d46bf4ab61)

And when FTDs come due after a failure to roll forward the futures contracts we see the effects on those T+35 dates when SHFs are most desperate for shares

[FTD spikes multiplied by DRS](https://preview.redd.it/956flurnuy081.png?width=1780&format;=png&auto;=webp&s;=946a45eda2023473850bd205f1069874493d68fd)

So we are starting to see some data that supports the case for DRS in the market.

So with Buy, Hold and DRS already pushing the cycle to the bleeding edge what can retail do to push it over the top.

Part VI: The Final Straw

Section 1: So what if retail is more like DFV?

What would this cycle look like If contracts were carried through the full range of the exposure on these cycles?

>****remember last year retail's options were cash-settled before the FTD settlements were complete***
>

>**I have been asked by the mods of this sub not to promote collusion or market manipulation. I will do my best to abide and respect this forums rules.*

If retail had held contracts dated further out and the MMs had been forced to continue hedging those contracts through their exposure dates then Last January would have looked a lot more like this.

[Had retail been holding more contracts further out the hedging and internalization would have had to continue much longer and we would have run into the the ETF exposure date in late February at a significantly higher price point.](https://preview.redd.it/98e5b34h0z081.png?width=2459&format;=png&auto;=webp&s;=c5a9b21367ca019854d91ecdc8fcde02e45f4eb0)

>I want to note here that this means that shutting the buy button off right before retail could FOMO into the following weeks (February 5th) calls, means that act was likely pre-meditated and well thought out, probably more nefarious than indicated in the SEC report. By cash settling large numbers of contracts before the exposure over the next T+2 days and cutting off retail buying simultaneously, they ensured their gamma exposure would be minimal the following week and that enough liquidity would be generated to allow them to settle FTDs. **The timing was perfect.**

The opportunity was present again in June

[But due to the share offering many options were once again cash-settled. This subsequently led to ETFs re-balancing GME at a lower market cap and thus caused more selling. This liquidity \(\~12m shares\) allowed diminished FTDs in the September roll cycle.](https://preview.redd.it/l83w4oov1z081.png?width=2446&format;=png&auto;=webp&s;=be5469a5552e7ecfbb5e8585369fd318a8879c8c)

But all that is behind us and 3^(rd) time is the charm right?

So let's be like DFV I think scaling his position will not be market manipulation but simply a look at what his position would look like today and it's effects.

So DFV had April 16, 2021 $12c, on this same day of last years cycle GME was trading at $12.46.

When DFV bought these in late 2019 they were seriously OTM, but the exposure during this cycle made him a millionaire, and an absolute fucking legend.

If everyone had FOMO'd into late dated far OTM options at the beginning of this cycle last year January would have looked a lot more like this

[They would have remained exposed to a significant amount of open interest and be forced to continue to hedge into their gamma exposure. GME's market cap would have remained high and it's weight in ETFs would have increased. If this didn't directly cause MOASS the exposure from ETFs\/GME options on February 24th would have.](https://preview.redd.it/0vaf1ijj6z081.png?width=2449&format;=png&auto;=webp&s;=0bc0f5640196f50b496580b1175683327bb0db84)

>This thesis points to this is all happening again... So if GME experiences the same Climb this year as last, and instead retail holds and exercises far dated contracts (beyond the January exposure). We create can create our own margin call and our own MOASS.

[As we see here in this earlier figure if last years price action is repeated exactly GME can peak at around $8000 dollars.](https://preview.redd.it/o6q2colf7z081.png?width=2461&format;=png&auto;=webp&s;=1d0f43a8213e6076e79875bfe6d541d77536b93a)

This means that basically every option now matter how far OTM **should** increase far beyond the value of exercising it.

So the closest example I currently have of a contract mirroring DFVs position is an April 14 460c, 2022. When DFV bought his 12c GME was trading around $6, so $12 was about 100% OTM.

Currently an April 460c costs 21.25 or $2,125 and is 100% OTM.

If even 10% of the price action expected occurs and we test $954 on January 25th, this contract would be worth $69,416

https://preview.redd.it/ajvyh7rzi2181.png?width=1059&format;=png&auto;=webp&s;=99be417c073df62ad0c86326fc6a7497fd9b7c95

The cost to exercise this contract $46,000

so for $2125, that's 21.25 per share. Someone could potentially obtain 100 shares of GME.

People holding these contracts through the exposure dates and then exercising at the moment the MMs and SHFs are weakest, they can call the margin themselves.

[January calls miss the most significant part of Options and FTD exposure which occurs between late January and Early February.](https://preview.redd.it/3f9vsw7pdz081.png?width=2452&format;=png&auto;=webp&s;=7900648bb2a542df8b6ff04de8fb200dc89217b9)

https://preview.redd.it/fflbzwbkl2181.jpg?width=747&format;=pjpg&auto;=webp&s;=865466af7066108251092af29576e1f548b9ee6d

Section 2: Exercising

So I want to clear up some misinformation regarding exercise and present a couple strategies

Strategy One: Cashless Exercise

Most American brokers offer some from of this and It almost always requires that you call and speak with a representative or the options desk/trading desk.

Essential what happens here is your contract is exercised by the brokerage and then shares are sold to cover the cost of exercise.

So using our earlier example of an April 14^(th) 2022 $460c $21.25.

@ a test of 300 on January 25th with IV + 100% the contract value would be $69.38 or $6,983 and can be sold to buy 23 shares at $300

@ a test of 350 on January 25th with IV+100% the contract value would be 118.46 or $11,846 and can be sold to buy 33 shares at $350

@ a test of 500 on January 25th with IV +538% (same as last January) the contract value would be worth $462.69 or $46,269 and could be exercised for 100 shares of GME. At only $40 ITM this contract could be exercised for the full 100 shares.

The upfront cost $2125

Ok that's great but what if nothing happens?

If by January 25th nothing happens and we remain at 230 with no price improvement (sideways) the contract will be worth $8.56 netting the holder a loss of $1,269.

The 2 for 1 Strategy

This is my preferred strategy for buy options on this cycle I intend to buy them in even lots (2/4/6/8)

This way on a run that surpasses my options strike price by 100% I can sell 1 call and exercise the other with the cash from the first and this way I only lose 50% of my IV value as opposed to 100% with a single contract.

That means any contract that exceeds 100% of it's strike value, you can sell 1 and exercise the second.

So if you have 2 x 250c and the value of the contracts hits $250.00 then you can sell one exercise the second and also capture half the additional value from the sold contract.

For 4 x 250c you can sell 3 at a value of $83.33

So for example a $250c for FEB 18 2022 is worth 32.25 currently.

with 4 contracts totaling $12,900 you could reasonably obtain 100 shares of GME the current market value of which is $22,900 for 100 shares.

The Average Down

I know many people cannot afford far dated calls even out of the money and so the strategy to profit has to become a bit more complex, this strategy is a bit more high risk but when you have a smaller amount of capital you generally need to take more risk.

Say someone where to purchase a FEB 18 510c current value 11.80 You could sell this contract on every run outlined in this cycle and use that addition capital to buy back in on the dip.

Potentially multiplying your initial capital 4x over the course of the cycle and this compounds.

so here is an example.

[By buying the dip and selling the peak that initial investment could multiply significantly by the final run.](https://preview.redd.it/rv7bl6aqd2181.png?width=2455&format;=png&auto;=webp&s;=a1a2343214caeef3db6b5d3d5a9d4ee7f636b4c3)

Say someone plays it safe and takes profit at 200% (very conservative) that initial $1,180 could grow like this.

1,180 --- 2,360 --- 4,720 --- 9440

at 300% profits

1,180 --- 3,540 --- 10,620 --- 31,860

Now if you factor in increased leverage on each buy netting extra contracts per run and 300% profits

1x contract 1180 --- 3x contract 3540 --- 6x contract 31,860 --- 12x contract 1,146,960

This highlights how quickly that initial investment can grow if the profits are continually rolled forward into more leverage.

(This is not a recommendation to buy these contracts, they are simply used so that I could calculate the data accurately, the range of strikes and dates that apply in this situation are nearly limitless, and should be based on each individuals risk tolerance and preference)

Part VII: Disclaimer

There are many opportunities to profit on this cycle and greed clouds judgement so I will reiterate something that should be heeded.

If you do not understand options this is NOT for you, buy and hold is the only thing that makes this possible. The value of GME shares should increase exponentially, you have your moon tickets, hodl!

For those of you that do understand what I am presenting here the opportunity not only for profit, but likely the essential catalyst for MOASS is outlined very clearly in these three DDs.

The risk for long calls is the premium paid for the contract you cannot lose more than you spend upfront, but, you can lose all of what you spend up front. Never spend more than you can afford to lose, nothing is a guarantee and money can be lost just as easily as it is made.

Part VIII: Conclusion

So tomorrow we enter the T+2 period for gamma exposure on the GME monthly options and ETF quarterly options.

We closed $30 above max pain meaning that a significantly larger portion of the options chain is in the money.

I expect GME will see some fairly significant Gamma Exposure not only from it's monthly expiration but from ETF quarterly expiration as well.

My conservative price targets for the upcoming exposure that should finalize by close on Wednesday is $250 -$280 given our current floor.

If you read through all this then you understand a dip is possible tomorrow as it will serve to drop the price and shake people out of options that were purchased for Nov 11/26. The benefits for them are twofold.

1. The have fewer open contracts to hedge while covering this weeks exposure.
2. People cash settling options will also reduce their exposure for next week.

So if you bought contracts for a run this week as I'm sure many did, they are cheap and retail likes cheap options remember that they have till Wednesday to cover exposure.

I will continue to discuss this DD and give as much information and insight as I can over the next few months on my [Livestream during market hours Monday - Friday](https://www.youtube.com/channel/UCYmgi8psSbIWiSR2tefHbug).

On here when I can but the messages pile up.

Further reading, watching, confirmation, and correlating theories.

I highly suggest you delve into these as well to gain better insight.

[Book 1](https://www.reddit.com/r/Superstonk/comments/qvyjap/moass_the_trilogy_book_one/)

[Book 2](https://www.reddit.com/r/Superstonk/comments/qxbzim/moass_the_trilogy_book_two/)

u/Zinko83's Volatility, Variance, and Dispersion, Oh My! (a great look into the effects of Volatility Hedging)

u/Turdfurg23's The ETF Money Tree

[All of my stream clips for the last several weeks](https://www.youtube.com/playlist?list=PLLZAlefVs0gKFMRbLBVK9rRPMkuFexGZ1) (sort by date)

[Interview with Houston Wade where I lay out this Theory](https://www.youtube.com/watch?v=mntHdNqltkw) a huge thanks to my Quants for helping me with all this research over the last 5 months.

and u/criand and u/leenixus for helping break through some of the misinformation surrounding options.

Finally, I want to thank all of you. The people of this community every ape that pushed me to complete this DD and get the word out there in time, my viewership for their words of encouragement and support, even when I was wrong. Without all of you I never would have had the motivation.

I hope everyone takes the time to read through these, and understand what I'm presenting.

See you tomorrow...

■❤■

\- Gherkinit

Disclaimer

** Although my profession is day trading, I in no way endorse day-trading of GME not only does it present significant risk, it can delay the squeeze. If you are one of the people that use this information to day trade this stock, I hope you sell at resistance then it turns around and gaps up to $500.* ■

**Options present a great deal of risk to the experienced and inexperienced investors alike, please understand the risk and mechanics of options before considering them as a way to leverage your position.*

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