

Title: ITM / ATM call options can create more upward pressure at a cheaper price

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****TLDR:** If you've got 6k in cash you can either buy 43 shares at \$140 a share (most recent close), or you can make a broker buy 72 shares (for just 6k). More shares bought means more upward price pressure.**

The current delta of the January 20, 2023 (according to Nasdaq.com option chain greeks) call option with a 130 strike is .71853. This means that if you buy this call option, the broker has to buy roughly 72 shares (71.8 to be exact).

The January 20, 2023 call option with a 130 strike costs \$61.60 dollars x 100 = \$6,160 dollars in total.

The current price of GME at the close on Friday is \$140.

If the entity selling this call option to you delta hedges, they will need to buy 72 shares at the current market price of \$140 dollars. This equals \$10,080 dollars.

If you buy a call option with a delta of .72 right now, you spend \$6,160 dollars while the person who sells it to you spends \$10,080 dollars (if they delta hedge).

Congratulations, you just forced the market maker to buy shares. If you bought shares instead of the call option, you would have bought 44 shares (\$6,160 / 140). Buying this call option (with the strong delta) makes the market maker / seller of the option buy 72 shares. That's roughly 63% more shares bought. That's some great bang for your buck buying pressure.

Now imagine the opposite of this. A put instead of a call. If you were buying a put and forcing the market maker / seller of the option to short 63% more shares because of it, well that'd be a pretty nice way to drive down the stock price.

Some questions have come up when I brought this idea up in a daily discussion, so I'm going to cover them here:

"I'm a simple ape, I'm just going to DRS because it will reduce the supply in the market."

First, none of us are simple. We're all fucking war machines sharpening our skills every day on the battlefield. We are all smart as hell. DRS is great on the NFT dividend hypothesis. But if you want to cause pain to illegal shorts, buying a call such as the one described would cause 63% more buying pressure.

"I don't have $130 \times 100 = \$13,000$ dollars to exercise the call."

You don't need to exercise it to make the seller delta hedge. At the end of the day they will look at all their positions and determine whether or not they need to buy shares or sell shares to become delta neutral.

"Sellers of options / market makers are not delta hedging or if they are, it's not 100% perfect."

Fine, this could be true, but with the above example you've got a 63% margin of error before it becomes detrimental vs buying shares. Sellers of these options also know what happened last January when they didn't properly delta hedge. So they could be scared of it happening again and therefore be more proactive when it comes to delta hedging. I'm sure risk departments would be pulling their hair out.

"I'm fine with the price dropping, I can just buy more shares."

Fuck this mentality. I'm not in this to be nice about letting the share price drop. I want to cause maximum pain to those who have illegally sold counterfeit shares to the public. Anyone who bought shares wants to see it go up. I want to force the price up as hard and as aggressively as possible.

"What if nothing happens for a year?"

If the price remains constant and nothing happens, or the price continues to drop, the option will lose value. If Gamestops stock price is below \$130 a year later, the option is worth \$0, and you would lose your \$6,160 dollars. This is a risk and a cost, but in order to offset this you make the broker buy 63% more shares. That's the trade-off.

Conclusion, the GME subreddits are ripe with fud. I used to not see it, but now it's all I see. Fud is powerful because they know the majority of the population like to be told what to think. Even now as you're read this, you have to decide whether or not this is fud. What makes it so difficult is that I could change a few things in here and it would become fud. This is what the fud community relies on. Follow the math on what I've outline here for you today and decide for yourself. Do not rely on comments or **BIG BOLD LETTERS** to tell you **HOW TO THINK**. If you research this and find it tough, that's great. It means you've hit your knowledge cap and are trying to push through, so keep pushing.

None of this is financial advice.