Title: Total Destruction of the Call Options Chain
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This is my DD. There are other great DD out there, find one that suits your bias if you disagree with mine. I'm sharing this because this is what I think is going on.

TLDR: Hedgies are fuk. Retail is holding more shares and fewer options now since Jan. DRS.

Petterfy spoke the truth

So I was thinking about the Thomas Petterfy interview a while back and he had some interesting things to say about the open interest in options for GameStop.

[Petterfy Interview](https://youtu.be/_TPYuIRVfew)

Over 270 million shares of exposure, 150 million in options alone. For a stock that only had a float of 50 million at the time. The result would've been catastrophic, he said. Yeah.

I was wondering if that has that's changed as of today. Since interest in GME has only grown since January.

I pulled the **Open Interest data** for the last year. I paid a few dollars for a premium service to get that data. What I found was actually quite shocking. Apes are holding. Apes are not selling. But when it comes to options the story is completely different. It's impossible to Diamond Hand options. They expire. And so ... they have.

Here I specifically want to talk about Call Options. In the event of MOASS put options have absolutely no value, they go to zero. So we can effectively ignore them. Call options on the other hand will be exercised or converted to cash at the current share price. That makes them incredibly dangerous to hedges. It is in their best interest to get rid of as many of these open call options as possible prior to the MOASS, to minimize their exposure.

[Total Open Call Interest for Jan 2021 to Nov 2021](https://preview.redd.it/2nuz1sv9ru181.png?width=1398&format;=png&auto;=webp&s;=bba558efc39bcb8864fc56e55ab3fb40e141af1c)

And how successful has been been since January? Extremely successful! We reached a peak call open interest of 1.7 million calls in January, and persisted similar amounts even through February. Since then open interest has decayed dramatically. Some of the biggest drops occurred with the monthly options expiration dates.

Where do we sit as of today? We have just 147,000 open call options and over 50,000 of those will expire tomorrow. This will leave us with less than 100,000 open option contracts, which is the lowest number of options we've had since 2020. In other words the hedge funds have been successful at almost completely eliminating all our open call interest.

At 100 shares per contract, that is only 10 million shares. That's a lot compared to our float of 69 million shares, but that's a far cry from the 170 million shares of exposure they had in February. So, Hedgies are fuk, just slightly less fuk.

Checked the OBV and yup, Apes are still not selling their shares!

So, about that rip we were expecting last Tuesday …

I was looking at the 13% drop we had on Tuesday. If we needed a little reminder the hedges are still in **complete control of the price action**, we got it. They lost control in January, but ever since then all the price action has been almost completely under their control. Even the rips. That's my premise here, ok. Deal.

I have spent months trying to understand the price action. Looking for a cause, something that would explain the periodic explosive upward rips. We've looked at T +2, T +35, T plus X, quarterly, monthly, weekly cycles. Swaps, volatility swaps, all manner of exotic instruments. **And I do not want to poo poo on anyone else’s solid research or theories!** (Respect.) But there was one thing that we have yet to consider, the most obvious answer: the hedge funds ripped it.

Why on earth would they do such a thing?? What possible advantage could there be to them moving the price up? They're short! They profit when the price falls! This is not like any other stock. On one side you have hedge funds and citadel. On the other side is retail. It’s not about the company any more. This stock has become a battlefield.

[We are good at the HYPE part and we like Bananans](https://preview.redd.it/3g97fnudru181.jpg?width=1000&format;=pjpg&auto;=webp&s;=1e1bf20abb0426cc97a66ddc5c5fcd1fcedfe14d)

The answer is they rip the price when the call open interest is low. Retail buys in when premiums are high. They smash the price when they call open interest is high.

On the way up the amount of value the options increase by his minimized on the way down the destruction of option value is maximized. They take profits in the difference.

Ever week and every month they try and get as many Lemmings onto the boat as possible before they sink it.

Hype - Rip - Smash - Expire - Rinse - Repeat

The key here is the increase in the total value of all the call options for the next expiry date while the price action moves up vs the subsequent decrease in their value when they move the price action down. Very similar to Max Pain theory, but only calls are relevant and the price action is completely under Hedgie/MM control and the goal is not to minimize financial losses but rather minimize total call OI knowing the future value of every call could be in the millions of dollars.

Every week options expire, and we've seen them bring the price action down to maximum pain time and time again. Every week more and more call options expire, reducing the total amount of expulsion exposure they have. After large chunks of options expire call open interest drops so we need to reload. They rip the stock up. People get excited. They buy more options. Every single week every single month they do this and we have been smashed time and time again. We've been punched in the face so many times that most people on the sub say don't mess around with options, just buy and hold! We are being trained every single week to get out of options. Which is what they wanted all along. From 1.7 million to 100,000, open call interest

Where rip?

So where was the rip last Tuesday? There was no need for them to rip the price. This sub, had already hyped up Tuesday like crazy. We bought over 50,000 options! They didn't need to jack the price action up we did it for them. On Tuesday they were more than happy to take our money, smash the price down to $210 and wipe out 50,000 call options. We thought the Tuesday rip was some inevitable quarterly spike for Futures or some shit. We never thought the hedges were the ones who were spiking the price action.

How do they rip the price? Simple. They cover. (**wtf?**) They don't cover the est 1000%+ short interest they still have on their books. They just need to cover some call, not all, of the massive numbers of points and shorts they created when the stock was at $350. By covering just a small fraction of that they can cause the stock to move up as much or as little as they like. They have total control over the daily price action of GameStop.

With less than 100k open call options remaining, hedges are as ready for MOASS as they will ever be. At least in terms of minimizing losses due to an impossible number of calls going ITM.

Complete control?

While the Hedgies may control the price action completely, months of watching them bring the price into Max Pain week after week, month after month, was like watching a pilot land a 747 on a runway. Perfect. However, there are still consequences to their actions. If they rip the price, they trigger FOMO. If they drop the price, Apes buy the freaking dip! Apes buying more shares is the last thing they want, which I believe explains why they chose to let GME run in the $170 to $320 range. Higher price means Apes can afford fewer shares. Also, the mega-dump of naked shorts they initiated in Jan at $350 puts an upper limit on how high they can let it run before margin calls.

Within this range they can jerk the price around to try and shake Apes off the options chain.

Is there any proof this is what they are doing?

Looking at the chart of open call interest … yes.

Call open interest lags from the price action. Let's talk about the big three quarterly rips we've seen, that we thought were a result of Futures Expiry, Gamma Exp, FTD's or other shit.

Feb 19th: 1.2M call options open, down from 1.8M on Feb 8th, stock closes at $40.69. We ran up to $91 three days later. Call open interest jumped to 1.5M.

May 21st: 923k call options open, stock closes at $180. We ran up to $254 three days later. 113k of call interest expired but it jumped right back to 907k.

Aug 20th: 396k call options open, stock closes at $159. We ran up to $205 three days later. Call open interest jumped right back up to 457k.

And what about the November spike? Where is our quarterly spike!! The big green dong!

Nov 19th: Retail yolo's into call options, cranking them up from 171k to 315k, stock closes at $228.

Nov 26th: Over 50k worth of those calls will expire.

They can cover **whenever they want to** and move the price up. For November, they didn't need to. We hyped up a date, loaded up on options and **caused** the spike we were all expecting, just a day or two early. They smashed the price on Hype Tuesday and took all our premiums. Tomorrow, the 25th, is the last day the Dark Pools could have been used to hide a rip after last Friday op ex. (24hrs from order entry Wednesday morning, +1 day for Thanksgiving.) If we run up 100% tomorrow, then this DD is wrong and the original Hype Tuesday rip was correct after all. Well, sorry. I am too smooth.

Ok, so are Hedgies still fuk?

Yes yes yes! Hedgies are still completely, utterly fuk.

There is simply **no way** for them to get Apes to sell their shares. Options may expire and they can make money jerking the price action around every week and month, but they cannot make us sell our shares. Ever.

Best they can do, get open calls down as low as possible. Over the last 10 months, they succeeded and at less than 100k open right now, this is as good as it gets for them. They still have to cover the 500-700 million naked shorts (or whatever it really is!) they created but at least they don't have to pay out for an extra 270 million shares from exercised calls.

No sauce for the goose, but their goose is still *cooked*.

Knowing their options and price strategy we can at least defend ourselves against it. Don't sit on options that expire any time soon. Don’t yolo into weeklies, or even monthlies or leaps, time is not on our side when it comes to options, Theta will wipe us out sooner or later. It has wiped over 90% of our options since Jan. If you have a little extra cash, yeah, buy the dip!

And of course ... Buy! Hold! DRS! **Shares do not expire!**

Am I saying options are bad? No. They are tools. Like a knife they can cut both ways. There has been a lot of FUD regarding options lately. I am not say they are good or bad, but I am saying we have a *tiny fraction* of the open call interest we once had. Maybe Apes sold options and are sitting on shares! Is that good? Is that better? I wanna say ... yes, because Apes with options can't win vs an opponent that has dominant control over the price action.

Don’t try to time the MOASS. Apes don’t have to sell, ever. Hedgies don’t have to cover, ever. Nine months of this stalemate. Until there is an NFT dividend, share recall due to DRS or something else that breaks the stalemate. Who knows when. I certainly don't. :/

EDIT: **Specifically, when are options ok or good?** When you are making money on your options. Every dollar of profit is a dollar less in a Hedge wallet. **When are options a bad idea?** When you are losing money, every dollar your lose gets handed over to a hedgie. You wanna be a baller and play at the big boys table, fine, just *don't lose any money*. If *you* can anticipate how *they* will move the price action, and enter and exit an option at the right times, and avoid the inevitable Theta decay, and turn a profit, then go forth Sir Ape-a-lot, and smite these Hedgies with your Rubber Chicken of Doom!

What this means for future price action? If this is what they are really doing?

We are at the lowest, number of open call options they’re gonna have for a long time. Flush with cash from crushing options for eight months, as ready for MOASS as they are ever going to be. From here on, they will try to keep jerking the price to keep Call OI as low as possible. Running the price up when call OI is low right after expiry dates and again smashing it down into the next expiry date. After they burn this weeks options by holding it at $212, they can run it up to $250 next week since there’s very little open interest below that strike right now, it’s a clear run.

There is a ton of Call OI in Dec and Jan, but it’s all at $300 to $950, so if they move GME to $299 they can keep option premiums high, Apes buy fewer shares with their pay checks and they can wait until Jan 21st when the vast majority of the remaining Call OI will expire worthless.

Hedgies will try to run out the options clock, keep the price as high as they can, below $300 until Jan Op Ex whatever price causes us the Maximum Call Pain.

Come on RC, let’s go!