

The 4 Layers of Market Structure with GEX

Gamma Classification Engine — Visual Reference Guide

1 Regime → 2 Structure → 3 Positioning → 4 Flow

LAYER 1 Volatility Regime



Where price sits vs **HVL**, **cT**, and **pT** defines the **gamma profile** — full map in the next panel.

REGIME · PRICE LOCATION

Gamma profile

Horizontal map of spot vs dealer gamma posture. Anchors **P1** / **C1** tie to Layer 2 walls; **HVL** and transitions frame how vol behaves.

PUT SIDE · LOWER STRIKES

Neg. Extension Below P1 Negative Gamma P1 → pT Lower Trans. pT → HVL Upper Trans. HVL → cT Positive Gamma cT → C1 Pos. Extension Above C1

Above HVL DEALERS LONG GAMMA

- ↓ Volatility **suppressed**
- ↔ Price moves **dampened**, mean-reverting
- ♥ Dealer hedging **absorbs** momentum

Below HVL DEALERS SHORT GAMMA

- ↑ Volatility **expanded**
- ↕ Price moves **amplified**, directional
- ⚡ Dealer hedging **accelerates** momentum

pT → HVL Lower Transition — weakly negative gamma, may still compress

HVL → cT Upper Transition — weakly positive gamma, compressed behavior

⚠ **EXTENSION ZONES** — In the **Neg. Extension** (below P1) and **Pos. Extension** (above C1) zones, potential positive or negative **gamma squeeze** conditions exist. If price stays in these zones, **structural repositioning** may occur as dealers aggressively hedge directional exposure.

LAYER 2 GEX Structure Net Gamma Exposure Walls + Absolute GEX

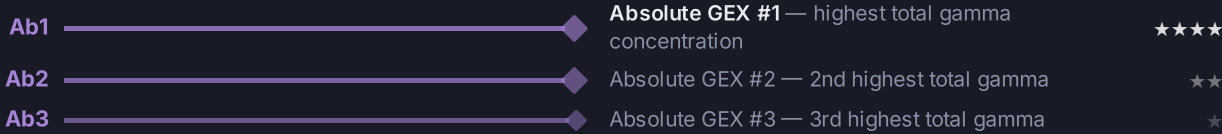
CALL GAMMA CLUSTER C6 → C1 · outer to primary · higher strikes toward the top



cT
HVL
pT

TRANSITION ZONE → see Layer 1 for details

Absolute GEX Levels — highest combined gamma (call GEX + put GEX)



LAYER 3 Positioning Open Interest + DEX



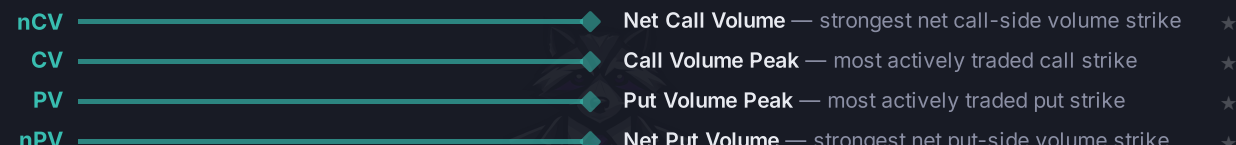
- Shows where **real exposure and positioning** is built — actual commitments from market participants
- AbOI** = total positioning peak regardless of call/put side — highest market engagement at a single strike
- Validates or challenges GEX structure — a gamma wall backed by heavy OI is **structurally reinforced**
- Net OI** (nCOI/nPOI) reveals call vs. put dominance — directional positioning bias at a strike

DELTA EXPOSURE DEX



NOTE — Structural repositioning may occur when price crosses the **D+ / D-** boundary. **Gamma** is the *first-order derivative of delta* with respect to underlying price; **GEX** maps that gamma structure across strikes. A D+/D- flip signals a fundamental shift in dealer hedging-flow direction.

LAYER 4 Flow Volume



- Shows what is happening **right now** — today's session activity (pre-market shows previous day's values)
- Positioning + fresh flow** at the same strike = active reinforcement of structure
- Adds **timing context** to structure — a level with fresh flow is more actively engaged
- No flow** at a positioned level = structure may be aging or less relevant in current session

★ Confluence When Layers Align

- A level becomes more relevant when **multiple independent metrics** converge on the same strike. That is confluence.
- cT and pT** are **excluded** from confluence count — they are computed logical boundaries, not mass-based levels.

2×

Moderate

2 levels converge — this strike may function as a reaction zone

3×

Strong

3 levels converge — notable structural engagement at this strike

4+×

Exceptional

4+ levels converge — heavy exposure concentration, highest-attention zone

EXAMPLE — EXCEPTIONAL CONFLUENCE AT A SINGLE STRIKE

C1 + **Ab1** + **COI** + **nCV** = **4× Exceptional Confluence**

At this strike: dealers care (gamma), positioning is concentrated (OI), the market is actively trading (volume), and absolute gamma is highest. This is a level where the market is **structurally engaged** across all layers.



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