THE GAMMA ANCHOR — OPTIONS MECHANICS

The Levels Nvidia's Options Desks Are Hedged Into — in Shares They Must Trade

Nvidia carries the largest single-name options book in the market. That is not a sentiment fact — it is a plumbing fact. Every open contract leaves a market-making desk with a directional exposure it is obligated to neutralize, and the neutralizing is done in the underlying stock. This note reads the July 6 open-interest snapshot as what it is: a map of the price levels where the desks are mechanically pushed to buy or sell NVDA to stay flat. Not price targets. The arithmetic of who has to transact, and where.

WHY THE OPTIONS TAIL WAGS THE STOCK

When you buy an NVDA call, someone sold it to you — almost always a market maker who does not want a view on Nvidia. To carry that short call without a directional bet, the desk buys a calculated number of shares (its "delta") and adjusts that share count continuously as the stock moves. The rate at which the required share count changes is *gamma*. With roughly 15.7 million contracts of open interest — over 1.5 billion shares of notional — NVDA's aggregate gamma is large enough that the hedging itself moves the tape. The desks are not speculating. They are obeying an inventory rule, and the rule is public in its logic even when the positioning is not.

> **~$1.5B** Illustrative net dealer gamma per 1% move in NVDA at the July 6 snapshot — i.e. the approximate dollar value of stock the market-making complex must buy or sell for each 1% the price travels, simply to stay delta-neutral. **When that figure is positive, the hedging leans against the move** (sell strength, buy weakness), which dampens range and pulls price toward the heaviest strikes. The sign, not the story, is the tell.

THE ANCHOR LEVELS — WHERE THE HEDGING CONCENTRATES

LEVEL	WHAT IT IS	APPROX. OI	MECHANICAL EFFECT NEAR IT
$220 — Call Wall	Strike carrying the heaviest call open interest above spot	~513K	Desks are long gamma here; hedging *sells* into strength as price approaches — a ceiling that has to be spent through, not a prediction it holds
~$210 — Gamma flip	The price where net dealer gamma crosses from positive to negative	—	Above it, hedging is stabilizing; below it, the same desks buy strength and sell weakness — the regime, not the level, is what changes
$205 — Put Wall	Strike carrying the heaviest put open interest below spot	~192K	Desks hedge long puts by holding short stock; as price falls toward it, that hedge is bought back — a floor of mechanical demand

Read the table as inventory, not augury. Each row is a price at which a countable quantity of hedging shares changes hands for reasons that have nothing to do with anyone's opinion of Nvidia. The walls are not forecasts that the stock stops there; they are the levels at which the marginal, non-discretionary buyer or seller is the options desk — and that is a different, more knowable thing than a target.

HOW A DESK READS THE GAMMA MAP — AND HOW THE TAPE USUALLY DOESN'T

An institutional desk does not treat a Call Wall as a price target; it treats it as a *hedging gradient*. The question is never "will NVDA hit $220" but "how many shares must the complex sell per point as we climb into that strike, and does that supply overwhelm the day's discretionary demand." Near a heavy call strike in a positive-gamma regime, every up-tick manufactures its own supply; the move gets heavier the closer it gets. Below the gamma flip the sign inverts and the same machinery amplifies instead of dampening — which is why the flip level, not the wall, is the one a desk watches most closely.

The retail tape tends to do the opposite. It reads a "$220 call wall" as a prophecy and trades the number, when the number is only the coordinate of a supply curve that re-draws itself every time open interest rolls. The walls move as contracts expire and new ones are written; a level that anchors the tape on Monday can be gone by Friday's expiry. The edge, if any, is in reading the *gradient and its sign*, not in circling a strike.

> **3M+/day**
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> Approximate NVDA option contracts traded daily — one of the deepest single-name options markets in the world, which is exactly why its hedging footprint is large enough to leave marks on the stock. **Depth is the reason the mechanism is legible**: in a thin name the dealer hedge is noise; in Nvidia it is a measurable, recurring flow that resets around each monthly and quarterly expiry.

WHAT WE DO NOT KNOW

We do not know the desks' true net positioning — only its logic and its approximate scale from public open interest. We do not know whether NVDA reaches, rejects, or ignores any level here; gamma shapes the *path*, not the destination, and a large enough discretionary order runs straight through it. What we offer is the part that is written down: the strikes where open interest is concentrated, the sign of the hedging around them, and the level where that sign flips. The old rule holds — *when everyone can see the trade, the trade is already crowded*. Dealer hedging is the most see-able flow in the market. Mapping it is not a promise of direction; it is knowing which hand is forced, and where.

Sources & method: Open-interest, Call/Put Wall, and net-gamma figures are an illustrative snapshot derived from public NVDA options-chain data as of the July 6, 2026 close (aggregate OI ~15.7M contracts; heaviest call strike ~$220, heaviest put strike ~$205). Dealer-gamma sign and hedging direction follow standard market-maker delta-hedging mechanics; the $1.5B/1% and $210 gamma-flip figures are round, illustrative estimates, not measured account-level positioning. Levels re-draw as open interest rolls at each expiry; verify against a live chain before acting. Ananke Alpha is an independent research publisher and is not a registered investment adviser or broker-dealer. This report is general information, not investment advice, and is not an offer or solicitation to transact in any security or option.