The AI-Augmented Trader

A practitioner's guide to SPX 0DTE options strategy, GEX mechanics, and building a professional-grade trading framework with AI

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SAMPLE CHAPTER

Chapter 7

Parsing the Structure

Levels That Matter

A companion-site sample chapter from the book.
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Chapter 7

Parsing the Structure — Levels That Matter

> *A level is not a number. It is a piece of the map, and the map is only useful when every piece is read for what it actually is.*

At 9:47 in the morning, SPX is holding 5,412. The gamma flip is at 5,400. Resistance sits at 5,435. The Call Wall is at 5,475. The expected move upper boundary is 5,430. There is a pin developing at 5,405.

That is not a list of numbers. It is a map. And like any map, it is only useful if you know what each element represents, how it was derived, and what it means for the decision in front of you.

Chapter 2 introduced the mechanics of gamma exposure. Chapter 4 covered where the data comes from and how to get it into a form AI can reason about. This chapter is where those two threads converge into a working framework. Every level in the map has a name, a source, a structural meaning, and a specific role in the entry and exit logic this framework uses. By the end of this chapter, you will know all of them. And you will understand why they are not interchangeable.

The Day's Magnitude Reads — Expected Move and Realized Move

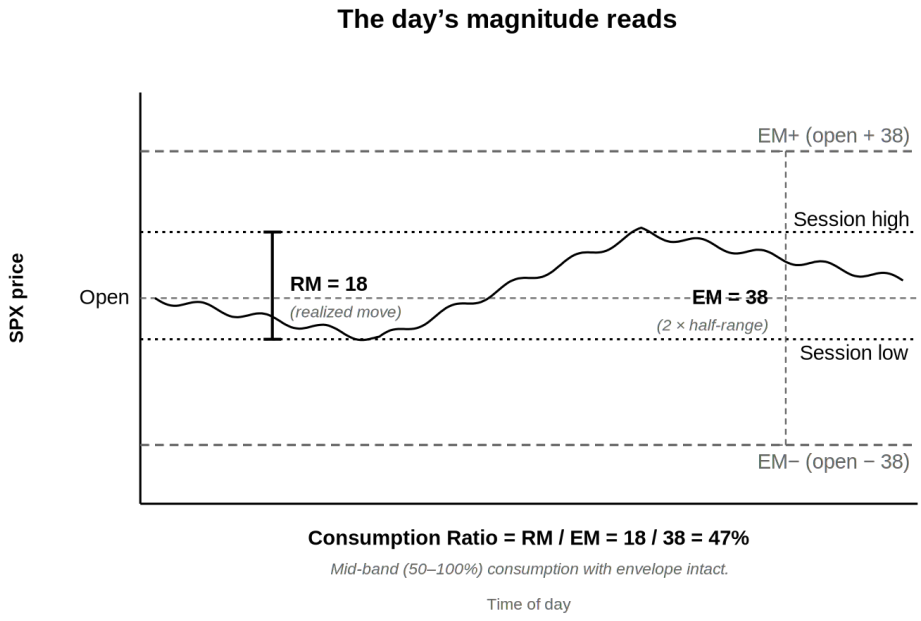

Figure 7.1 — *The magnitude reads: EM, RM, Consumption Ratio*
The level map tells the trader where structure lives. It does not tell the trader how big a day to expect. That number is a separate read, and the framework treats it as load-bearing alongside the GEX levels themselves. Every session begins with a forecast of the day's magnitude, and every session is read against that forecast as it unfolds.

Two named values carry the read. Expected Move is the forecast at open. Realized Move is the consumption read through the session. The ratio between them is what the trader watches as

the day develops. Both are canonical to the framework. Both are referenced by name in every chapter that follows.

Expected Move (EM) — the at-open forecast. Expected Move is the options market's forecast of how far SPX is expected to move in either direction from the cash session open by the close of the same day. It is derived from the at-the-money straddle at open: the price of the ATM call plus the price of the ATM put, multiplied by 0.85. The result is the one-standard-deviation expected range, meaning the options market is pricing roughly a 68% probability that the day's close lands within plus or minus EM of the open. A day that opens at 5,800 with an ATM straddle priced at 47 has an EM of approximately 40 points. The framework reads that as a day expected, with 68% probability, to close between 5,760 and 5,840. EM is set once at open and held as the day's forecast envelope. It is not recalculated through the session. The framework uses EM in three operational roles: as the structural range boundary integrated with the GEX level map (treated in depth in the EM+ and EM− section later in this chapter), as the input to the EM-tiered contract-sizing filter (the framework's sizing discipline — under 20 points authorizes likely no-trade, 30 to 50 authorizes scaled sizing, 50 and above authorizes standard sizing), and as the denominator in the consumption ratio described below.

A note on terminology. Some retail platforms and education sources use the term Implied Move (IM) interchangeably with Expected Move. The two terms describe the same calculation. The framework uses Expected Move only. A reader encountering IM elsewhere should read it as EM under a different label.

Realized Move (RM) — the intraday consumption read. Realized Move is the framework's name for how much of the day's expected magnitude has actually been delivered at any given moment in the session. There is no settled industry term for this measurement; the framework defines it explicitly. RM is the larger of two simple calculations, taken continuously through the session: the absolute value of the cash session open minus the current price, or the absolute value of the session high minus the session low. Whichever is bigger is the current Realized Move. The two-pronged definition matters because the day's magnitude can express itself in two structurally distinct ways. A day that opens at 5,800 and trades to 5,830 with no meaningful retracement has consumed 30 points by directional travel from the open. Open-versus-current is the bigger of the two. A day that opens at 5,800, runs to 5,825, falls back to 5,790, and trades sideways has produced an open-versus-current read of only 10 points but a high-versus-low read of 35 points. The range read is the bigger of the two and is what the framework reads. The maximum-of-two rule captures the day's actual magnitude regardless of which form the day chooses to express it in.

The EM Consumption Ratio — RM divided by EM. The ratio of Realized Move to Expected Move is the operational quantity the framework reads through the session. A consumption ratio of 50% means the day has delivered half of its expected magnitude. There is structural room left within the forecast envelope. A ratio of 100% means the day has fully delivered its forecast. Price has reached or matched the boundary the options market priced in at open. A ratio above 100% means the day is exceeding its forecast envelope, which is structurally informative in a way the framework treats as a regime signal. Most sessions resolve with consumption ratios between 60% and 110%. That is the band the framework was built around. Sessions that finish below 50% are quiet sessions where premium decay carried the day; sessions that finish above 130% are days where something the morning forecast did not anticipate has expressed itself, and the framework treats the entire session under elevated caution from the moment that ratio prints.

How the framework reads the magnitude trio in operation. EM is set at open and submitted as a fixed input to every prompt that runs in the session. It is part of the Premarket Setup output

and carries forward as context through Intraday Update, Trade Setup Evaluation, Position Monitor, and EOD Post-Mortem. RM is calculated by the trader continuously through the session, at every Intraday Update, at every Trade Setup Evaluation moment, and at any decision point where the day's magnitude is structurally relevant. The consumption ratio is the read the trader runs in the head: how much room is left in the day before the forecast envelope is reached, and what does the proximity to that envelope imply for the structural setup currently being evaluated. The trio is not a calculation exercise. It is a single-glance read that takes seconds once the trader has been doing it long enough that the reflex is built, exactly the same kind of read the trader runs against the GEX level map. Magnitude reads and structural reads are the two sides of how the framework processes a session; both are required, and both are fast.

The Full Level Taxonomy

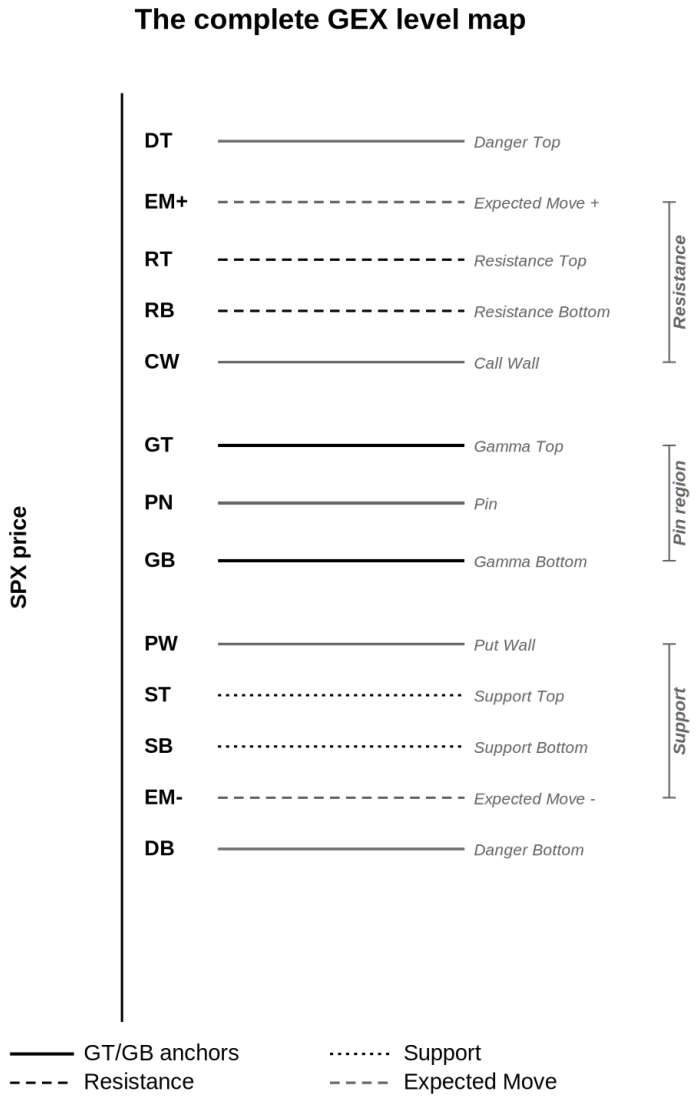

Figure 7.2 — *The complete GEX level map*
The framework uses eleven named structural levels plus two expected move boundaries. Each is derived from a specific feature of the gamma exposure data. Each carries a specific weight in

the entry, strike placement, and exit logic. They are introduced here in hierarchy order, from the most fundamental to the most contextual.

The table below is the complete reference. The sections that follow explain each level in depth, its derivation, its structural meaning, and the specific framework rules that apply to it.

Label	Name	Source	Structural role
GT	Gamma Top	CSV zero-crossing / panel	Upper boundary of the gamma flip zone. The defining anchor of the framework. Above GT, dealers are gamma long, stabilizing. Below GT, regime is transitional or short.
GB	Gamma Bottom	Panel value (takes precedence)	Lower boundary of the gamma flip zone. GT and GB together define the flip region — not a line, but a zone. Price between GT and GB is transitional; framework treats this range with elevated caution.
RT	Resistance Top	Dominant call gamma cluster above GT	Primary resistance node above the flip zone. Significant call gamma concentration. Short call strikes must clear RT by the required margin.
RB	Resistance Bottom	Secondary call gamma cluster or lower bound of RT zone	Lower edge of the resistance zone. Used for fade entry placement — bear call spread short strike targets just above RB on second test.
ST	Support Top	Upper bound of dominant put gamma cluster below GT	Upper edge of the primary support zone below the flip. Used for fade entry

			placement — bull put spread short strike targets just below ST on second test.
SB	Support Bottom	Lower bound of dominant put gamma cluster	Lower edge of the primary support zone. Price breaking through SB with conviction is a structural warning; the put floor is failing.
DT	Danger Top	Outer call gamma boundary above RT	The upper outer boundary of the framework's structural map. Beyond DT, gamma structure thins. Price reaching DT has cleared the primary resistance zone — risk profile for short call positions is elevated.
DB	Danger Bottom	Outer put gamma boundary below SB	The lower outer boundary. Beyond DB, put gamma structure thins and negative gamma amplification intensifies. Short put positions below DB carry elevated tail risk.
CW	Call Wall	Highest absolute call gamma concentration	The extreme upper gamma concentration — the hard ceiling in the current dealer structure. Price approaching CW faces intense dealer selling pressure. Short call strikes must clear CW by the minimum required margin.
PW	Put Wall	Highest absolute put	The extreme lower

		gamma concentration	gamma concentration — the hard floor. Note: PW is subject to skew asymmetry. Put gamma concentrates more steeply at lower strikes; PW proximity carries elevated caution relative to the equivalent distance on the call side.
PN	Pin / Magnet	Single-strike gamma concentration near GT	A gravity point — a single strike where gamma concentration exerts a magnetic pull on price in the final hours of the session. Offset 5–10 points above GT when both would land on the same strike. Pin confidence degrades when GT migrates within 25 points of PN in the final 90 minutes.
EM+	Expected Move Upper	Derived from options chain at open	The upper boundary of the market-implied range for the session. Not a gamma level — a probability boundary. Price trading above EM+ is outside the range the chain has priced in. Used as a structural range check on all level placements.
EM−	Expected Move Lower	Derived from options chain at open	The lower boundary of the market-implied range. Subject to skew asymmetry — the put side of the expected move is often wider than the

			call side. EM− is not a floor; it is the point beyond which price action is statistically uncommon but not structurally impossible.

GT and GB — The Flip Zone

Everything in this framework is organized relative to the gamma flip zone. It is not hyperbole to say that GT is the single most important input the framework uses. Every entry decision begins with the same question: where is price relative to GT?

GT, Gamma Top, marks the upper boundary of the zone where aggregate dealer gamma transitions from net long to net short. GB, Gamma Bottom, marks the lower boundary of that same zone. Together they define a region rather than a line. This is the correction Chapter 2 introduced and the framework enforces consistently: the gamma flip is not a strike. It is a zone with width, and that width is information.

A note on nomenclature: other platforms and providers use different labels for the same underlying concept. What this framework calls GT, the upper boundary of the flip zone, is most commonly labeled the Gamma Flip on provider dashboards, including Barchart. Other providers may label the same concept Gamma Neutral or GN, sometimes referring to the midpoint of the flip zone rather than its upper boundary. These are not errors in their labeling; they reflect different modeling choices about how to represent the transition. The framework uses GT and GB specifically because a single label implies a single strike, and the flip is not a single strike. GT anchors the upper boundary. GB anchors the lower boundary. The zone between them is the transition region. When you encounter Gamma Flip, Gamma Neutral, or GN in any provider's interface, treat that value as your GT reference, the upper structural anchor of the flip zone, and derive GB from the same panel's lower stated boundary or from the Barchart CSV reconciliation. The concept is identical across providers. The labels are not.

The source distinction between GT and GB matters operationally. GT is derived from the CSV as the operative zero-crossing nearest spot, the sign change within the expected-move band rather than the first crossing encountered, and that CSV-derived crossing is GT's hard mechanical anchor. A provider's panel may also state a smoothed Gamma Flip level; that figure is a settled, often all-expiration end-of-day scalar, and it is read as corroboration and reference for the CSV-derived anchor, not as a value that overrides it. When the smoothed panel value and the operative CSV crossing diverge materially, the divergence is itself information about an unsettled flip and is handled under the wide-flip-zone treatment described below, not resolved by deferring to the panel. GB is derived from the panel-stated value when available and serves as the soft lower boundary of the flip zone for visualization; GT, the CSV operative crossing, remains the anchor every mechanical rule measures from.

When Barchart CSV and panel data are submitted together, Claude derives the flip zone by reconciling both inputs. The zone is anchored to the operative CSV zero-crossing nearest spot — that crossing is GT, the hard mechanical anchor — with the smoothed panel Gamma Flip read as corroboration and as the soft GB boundary. If the two values are within a few points, the zone is tight and well-anchored. If they diverge materially, the zone is wide. And a wide flip zone carries its own framework implication, covered in Chapter 8.

The framework rule for GT is absolute: GT must hold, meaning price must be trading above GT and holding there on the one-minute chart, before any iron condor or credit spread entry is valid. This is the first of three required signals. No GT hold, no entry. There are no exceptions.

One additional condition applies in the final ninety minutes of the session: if GT migrates within 25 points of the dominant pin (PN), pin confidence degrades. The structural gravity that PN exerts is partially cancelled by the proximity of the flip zone. The framework does not abandon the pin in this scenario, it applies elevated caution to any entry or hold that depends on PN holding through the close.

RT, RB, ST, SB — The Resistance and Support Zones

Above the flip zone, call gamma concentrates at specific strikes where dealers have accumulated significant short call exposure. The most significant of those concentrations above GT defines the resistance zone. RT marks the top of that zone, the strike or cluster with the highest call gamma concentration in the primary resistance band. RB marks the lower boundary of the same zone.

Below the flip zone, the mirror image: the dominant put gamma concentration defines the support zone. ST marks the upper boundary of that zone, SB the lower boundary.

These levels are not arbitrary. They represent the strikes where dealer hedging activity is most concentrated, where the mechanical buying and selling required to maintain delta neutrality is largest. Price approaching a resistance node faces structural selling pressure from dealers hedging their short gamma. Price approaching a support node faces structural buying pressure from the same dynamic. This is the force Chapter 2 described; RT, RB, ST, and SB are where that force concentrates.

Strike placement rule: Short strikes in iron condor and credit spread entries are placed just outside the nearest named GEX level. For a bear call spread, the short call must clear the highest absolute call gamma node within 20 points by the required margin. For a bull put spread, the short put is placed just below ST. The distance between short and long strikes, the wing width, determines the maximum loss. The placement relative to GEX levels determines the structural validity of the entry.

The classification of the dominant call node within 20 points of the short call matters for how much clearance the strike needs. A single dominant call node is classified as concentrated, and the short call must clear it by a minimum of 10 points. Distributed call gamma across multiple strikes is classified as distributed, standard placement applies. The distinction is derived from the CSV: a concentrated node shows a single strike with dramatically higher absolute gamma than its neighbors; a distributed node shows gamma spread across a range with no single dominant spike.

DT and DB — The Danger Zone Boundaries

Beyond the resistance and support zones, gamma structure thins. DT, Danger Top, marks the outer call gamma boundary above RT. DB, Danger Bottom, marks the outer put gamma boundary below SB. Between SB and DB on the downside, and between RT and DT on the upside, sits the low-gamma corridor the framework calls the Danger Zone.

The Danger Zone is not a no-man’s land. It is a structural warning. Price entering the Danger Zone has cleared the primary resistance or support node and is now moving through territory where dealer hedging flows thin out. In a positive gamma regime, this thinning means dealers

provide less stabilizing force. In a negative gamma regime, below GB, the thinning means dealers are amplifying price movement rather than damping it.

CW often sits inside or near the upper boundary of the Danger Zone, not at the outer edge. The Danger Zone's geometry is defined by the gamma cluster positions, not by a fixed distance. When building the level map, DT and DB are identified from the top GEX panel: the outer boundary of the low-gamma corridor between the dominant put cluster below and the dominant call cluster above.

The framework does not target Danger Zone entries. DT and DB are context levels; they tell you how much structural space exists beyond the primary zones, and they inform the position monitor assessment of whether a held position is approaching territory where the structure provides less protection.

CW and PW — The Walls

The Call Wall and Put Wall are the extreme gamma concentrations in the current dealer structure, the strikes where absolute gamma exposure is highest across the entire chain. They function as hard structural ceilings and floors, respectively, because the dealer hedging flows at those strikes are the largest in the system.

CW is the most operationally critical of the two for iron condor and bear call spread entries. The framework rule is explicit: the short call must clear the highest absolute call gamma node by a minimum of 10 points. This is a hard constraint, not a guideline. A short call positioned at or inside CW is placed inside the most intense dealer hedging zone in the chain. If price moves toward CW, the structural pressure that was supposed to be working for the position is now working against it.

PW carries a specific caution that CW does not: put wall proximity is subject to skew asymmetry. The volatility smile, covered in the next section, embeds a structural bias toward higher implied volatility on the put side. This means put gamma concentrates more steeply at lower strikes than call gamma does at equivalent distances above the market. A put wall 30 points below current price carries more structural weight than a call wall 30 points above it. When PW is far out-of-the-money and above CW structurally, a configuration that signals an invalid provider output, the nearest put gamma cluster below the gamma flip is used as PW instead.

PN — The Pin

The pin is a gravity point. It is a single-strike gamma concentration near GT that exerts a magnetic pull on price in the final hours of the session, typically after 1:00 PM ET as time decay accelerates and dealers' hedging flows concentrate around the strikes carrying the heaviest same-day traded volume.

PN is offset 5 to 10 points above GT when both would otherwise land on the same strike. The offset prevents the pin label from overlapping the GT/GB zone visually and reflects the slight upward bias that pinning behavior tends to exhibit when call-side and put-side traded volume are balanced near GT.

The pin is a positioning tool, not an entry signal. It informs where price is likely to spend time in the afternoon, which affects strike selection for late-session entries and the hold logic for positions entered earlier in the day. A session with a well-defined, isolated PN that remains stable through the early afternoon is a session where the afternoon structural picture is relatively

clear. A session where PN migrates, or where GT moves within 25 points of PN in the final 90 minutes, is a session where the pinning force is contested, and the framework applies accordingly.

The Volatility Smile — Why the Put Side Is Different

Chapter 2 introduced the volatility smile in a single paragraph and promised a full treatment here. This is that treatment, because understanding skew is prerequisite to using the put-side levels correctly.

In a frictionless, theoretically ideal options market, implied volatility would be the same across all strikes for a given expiration. It is not. In practice, and consistently across equity index options, implied volatility is higher for out-of-the-money puts than for equivalent out-of-the-money calls. Plot implied volatility by strike and the result is not a flat line. It is a curve that slopes upward as you move from at-the-money toward the put side. This is the volatility smile. In index options, it is more accurately called the volatility skew. The curve is not symmetric; the put side is structurally elevated.

The reason is straightforward: the market prices in the asymmetric fear of a downside event. A rapid 5% decline in SPX is historically more common than a rapid 5% rally. Institutions that hold equity portfolios buy put protection, not as speculation but as insurance, and that persistent demand for downside protection keeps put implied volatility structurally elevated. Dealers who sell that protection charge more for it, and that premium is reflected in the higher implied volatility on the put side.

For a GEX-based framework, this has three direct consequences.

First: put wall proximity requires asymmetric caution. Because put gamma concentrates more steeply at lower strikes, a put wall at a given distance from current price carries more structural weight than a call wall at the equivalent distance on the upside. The framework treats PW proximity with elevated caution relative to CW proximity at the same point spacing. When evaluating whether a bull put spread's short strike is safely placed, the distance to PW is weighted more heavily than the equivalent distance to CW would be on the call side.

Second: put-side node weights are asymmetric. When identifying ST and SB from the CSV, the absolute gamma values at put strikes are influenced by the elevated implied volatility on that side. A put node with the same absolute gamma as a call node is not structurally equivalent, the put node reflects a denser hedging obligation from dealers who have sold higher-IV options. This asymmetry is embedded in the data; it does not require a separate calculation. But it does require that put-side level caution be calibrated accordingly.

Third: EM− is wider than EM+ by structural design. The expected move is derived from the options chain's implied volatility. Because put-side IV is higher, the downside expected move boundary is often wider than the upside boundary, sometimes by 5 to 15 points in a normal session, more in elevated volatility environments. This is not a data anomaly. It is the chain correctly encoding the market's asymmetric assessment of downside risk. The framework reads EM− as a wider boundary than EM+ and does not treat them as symmetric when evaluating structural range.

The practical summary: the put side of the map is not the mirror image of the call side. It is heavier, more concentrated, and more consequential when breached. Every framework rule that involves put-side levels — short put placement, PW clearance, SB interpretation, applies with this asymmetry in mind. Chapter 8 will return to this when discussing why negative gamma

regimes produce more violent downside breaks than the equivalent upside moves in positive gamma environments.

EM+ and EM− — The Expected Move as a Structural Boundary

The expected move is not a gamma level. It is a probability boundary. The range the options chain has priced in for the current session. But it belongs on the same map as the GEX levels because it provides a structural range check that none of the gamma levels alone can supply.

Building on the EM derivation established earlier in this chapter, EM+ is current SPX price plus the EM value; EM− is current SPX price minus the EM value. These two levels define the range within which the chain has priced approximately 68% probability of price remaining for the session.

The expected move is pulled from the live chain at the open, not from the prior session's data, and not from the GEX CSV, which is settled data from the prior close. EM+ and EM− are intraday inputs derived fresh each session. They are submitted to Claude as part of the Expected Move script block, which places them on the chart as boundaries alongside the GEX level map.

The framework uses EM+ and EM− in three ways.

As a level placement sanity check: GEX levels that fall outside the expected move boundaries are structurally valid but contextually distant. A call wall at EM+ plus 30 points is not going to be tested in a normal session. The expected move frames which GEX levels are operationally relevant for the day and which are background structure.

As a strike validation input: When placing the short call of an iron condor or bear call spread, the short call should not sit inside EM+. A short call positioned between current price and EM+ is inside the range the market considers probable. That is not where short strikes belong. The expected move upper boundary provides a structural minimum for how far above current price the short call must be placed, independent of the GEX level requirements.

As a contextual read on session character: A wide expected move, a straddle price that is large relative to recent sessions, signals elevated implied volatility and a market that is pricing in significant movement. In this environment, GEX levels that appeared to be solid floors and ceilings in previous sessions may not hold with the same authority. A narrow expected move signals the opposite. The expected move does not change the framework rules, but it calibrates the confidence with which those rules operate.

One critical timing note: the expected move is derived at the open from the live chain and does not update during the session. It is a fixed structural boundary for the day, not a rolling calculation. As the session progresses and time value decays, the chain's implied range compresses, but EM+ and EM− remain fixed at their opening values. The framework reads them as the session's starting probability frame, not a live estimate.

Reading the Map as a System

The eleven GEX levels and two expected move boundaries are not independent data points. They are a system, a layered structural picture of where dealer positioning creates gravity, resistance, support, and amplification for the session ahead. Reading them individually is necessary. Reading them as a system is the skill.

A well-structured session map has internal coherence. GT and GB define a narrow, well-anchored flip zone. RT sits clearly above the flip, SB clearly below it. CW is outside EM+. The hard ceiling is beyond the probable range, which means it is a backstop rather than an immediate constraint. PW is outside EM−, similarly providing a floor that is real but not immediately in play. PN is developing cleanly near GT. The expected move boundaries are symmetric enough that the session character reads as balanced.

A contested map looks different. GT and GB are wide, the flip zone spans 15 or 20 points and models disagree on where the transition is. RT and the CW are close together, compressing the room for short call placement. PW is unusually close to current price, reflecting elevated put demand and a market that is pricing in downside risk more aggressively than normal. The expected move is asymmetrically wide on the downside. EM− is substantially further from current price than EM+. PN is absent or migrating.

Both maps are valid starting points. The difference is what each one tells you about the session's structural character, and by extension, which entries are appropriate, where strikes should be placed, and how much confirmation the three-signal entry rule needs to produce before a position is opened.

That reading, translating the level map into a session character assessment, is the work of the Premarket Setup prompt. The map is the input. The session character is the output. What to do with the session character is the subject of Chapter 8.

> *The structure is not a prediction. It is a description of where the forces are. Your job is to read it accurately and act on it with discipline.*

The next chapter establishes the two-regime framework that organizes every entry decision: Dealer Gamma Long and Dealer Gamma Short. Understanding the level map is prerequisite. You have it. Now the question is what regime you are operating in. And what that means for what you do next.

That is Chapter 8.