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After the V

How a long-gamma dealer book absorbed its first downside test, and what the structure looks like at a fresh all-time high

A reported analysis of the April 18 – May 8, 2026 SPX market structure (15 trading sessions)

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> A shorter version of this analysis is available at: Read the summary brief →

The short version

Our April 18 brief, "The V in 23 Sessions," closed with a structural warning. The S&P 500 had just printed a new all-time high at **$7,147.52** after a 13.15% V from the Iran-war low. The dealer gamma book had flipped from the short-gamma amplifier of March to a modestly long-gamma damper. The major call wall had piled up in the four sessions leading into April 17 at **$7,125–$7,145**. Below **$6,800**, the put walls that had cushioned the March drawdown were dismantled. We named two near-term tests: the ceasefire window expiring April 21, and the April CPI print scheduled for May 13.

This paper covers the 15 trading sessions from April 18 through May 8. The April 21 test arrived on schedule, an 85-point intraday drawdown from **$7,136** to **$7,051.30** on the ceasefire-expiry session. The structural setup absorbed it. Wednesday and Thursday round-tripped the move. By April 24, the S&P closed at a fresh high of **$7,165.10**. Then the volatility surface compressed: VIX 19.07 → 16.81 in five sessions, the first sub-17 print in six weeks. Across the next two weeks the index marked six new all-time closing highs, capped by an intraday print of **$7,401.27** on Friday, May 8.

The headline: the long-gamma dealer book described in the prior paper proved more durable than the warning suggested. The April 21 drawdown was the cleanest test the regime has had, and it failed to break through. The put-wall cushion that had been dismantled in early April rebuilt in the new range, $7,300, $7,250, $7,200. The call wall migrated up with the spot, $7,400 and $7,500 are now the dominant call concentrations. Volatility is the lowest it has been in 2026. The structure described here is not the same structure described on April 18; the asymmetry has migrated upward, but it has not disappeared.

Part 1, Where the prior brief ended

The April 17, 2026 close was a structural inflection point. The S&P 500 finished the session at **$7,126.06**, up 1.20% on the day, with an intraday high of **$7,147.52**. The Nasdaq had matched its January 9, 1992 record of 13 consecutive up sessions. Wells Fargo Wealth & Investment Management CIO Darrell Cronk had characterized the recovery on CNBC the prior morning as "one of the fastest recoveries ever on record."

Underneath that print, our intraday options observations told a more specific story. Between April 6 and April 17, the dealer gamma book had transitioned from short-gamma (the regime that had amplified the March selloff) through neutral and into a modestly long-gamma pinning regime. The mechanism, dealers selling into rallies and buying into dips when net gamma is positive, produces the observed signature of compressed daily ranges that absorb headline shocks. The April 10 hot CPI print and the April 13 Hormuz blockade headline had both been absorbed inside intraday ranges that, three weeks earlier, would have been multi-percent moves.

The April 17 close also showed two structural risks the absorption story did not address. First, the put-wall layer that had cushioned the March drawdown had been dismantled, either through option expiry or through active close-outs as price climbed away from those strikes. Below $6,800, the dealer book was structurally thin on downside support. Second, the call-wall concentration at $7,125–$7,145, which had been built almost entirely in the four sessions before April 17, sat directly on top of the spot. Repeated intraday rejections from $7,125 on Friday, April 17 were the visible signature of that wall acting as a near-term ceiling.

We flagged two scheduled events as near-term tests of the regime:

- **April 21, ceasefire expiry.** The U.S.-Iran-Israel two-week ceasefire brokered by Pakistan on April 8 carried a notional expiry of April 21. Extension or breakdown was the immediate event risk for the post-rally week.
- **May 13, April CPI release.** The first inflation print covering a full post-ceasefire month. A clean disinflation read would reinforce the rally; a hot read would test whether the long-gamma regime could absorb a second consecutive bad CPI.

The ceasefire-expiry test is now behind us. The April CPI print is still ahead. This paper covers what the data showed across the 15 trading sessions in between.

Part 2, The Monday before the test

The window opens on Monday, April 20. The S&P opened at **`$7,126.10`**, marked an intraday high of **`$7,126.10`** at the open and an intraday low of **`$7,085.27`**, and closed at **`$7,109.10`**, down 0.24%. A 41-point range. Quiet drift below the Friday high.

Three things in our intraday observations matter from that session. First, the call-wall concentration at $7,125–$7,145 acted as a ceiling at the open: the morning print of $7,126.10 ran into it immediately and rejected. Second, the put concentration that had begun to rebuild at $7,050 absorbed the morning's low without further acceleration, the index spent the back half of the session pinned in the $7,090–$7,115 corridor. Third, our gamma readings show the dealer book closed Monday with net gamma *more positive than the April 17 close*, despite the lower spot price. Friday's session-closing call wall had survived the weekend rather than expiring or being closed out, and the Monday flow added to the long-gamma position rather than reducing it.

What that meant for Tuesday: if a downside catalyst arrived, the structural layer that would absorb it was incrementally *stronger* on Monday close than it had been three sessions earlier. The risk we flagged on April 18, that a shock would land on a relatively unprotected book, had narrowed by Monday afternoon, not widened.

Part 3, April 21, the test

Tuesday, April 21 was the date the prior paper had named. The S&P opened at the Monday close, marked an early high near **$7,136.30** in the first 30 minutes, and then sold off across the entire session. The intraday low printed at **$7,051.30**, an 85-point drawdown from the morning high and the lowest level in eight sessions. Final close: **$7,063.95**, down 0.64%, the largest single-session decline of the post-V regime.

On the surface, that looks like the move the prior paper had warned about. Below the surface, three signatures from our intraday observations argue that the structure absorbed the move rather than failing it.

> SIGNATURE 1, VIX DID NOT BREAK OUT
>
> CBOE VIX printed a session high of approximately 19.40 and closed at **19.02**, four basis points lower than the Monday close. A pre-V regime would have seen a 1–1.5 vol-point pop on a session of that size, the panic put-buying signature that defined March. The vol surface declined to price the move as anything more than a routine intraday shake. Implied vol on the SPX two-week ATM straddle, a measure that captured the scaring in March, drifted only marginally higher across the session.

> SIGNATURE 2, THE PUT WALL UNDER $7,050 STOPPED THE MOVE
>
> The intraday low at $7,051.30 sits on a strike that had been quietly accumulating dealer short-put exposure across the four sessions leading into the test. Our per-strike GEX observations show $7,050 as the largest negative-OI concentration below spot at the April 18 close, and that concentration had grown across April 20–21 morning. Tuesday's intraday low tagged that strike once and reversed inside the same session. The put-wall function we described on April 18 ($7,050 as the rebuilding cushion) acted exactly as the structural read predicted.

SIGNATURE 3, TRADE INTENSITY PEAKED AT THE LOW

Our intraday observation density on April 21 ran approximately 1.6× the trailing five-session average, with a clear concentration in the 30 minutes around the $7,051 print. Density spikes at intraday lows are the same signature the March 30 capitulation produced, the observable echo of forced-selling, stop-out clustering, and rebalance flow piling into a single window. In both March and April, the signature appears on lows that hold, not on lows that break.

The put/call volume ratio across the session settled around 1.18, elevated versus the post-V baseline of 0.95–1.05 but well below the panic peaks of 1.59–1.67 from March 19–20. A ratio at 1.18 is the signature of a market with active hedging demand, not panic protection.

By the close, the move that, three weeks earlier, would have run another 80–100 points in the back half of the session, had already run out of fuel. The macro framing, ceasefire-expiry day, did the work the headline expected. The structural framing, long-gamma absorption with put-wall cushion at $7,050, did the work most observers did not measure.

Part 4, The reflex and the wall that held

Wednesday, April 22 opened at the prior close, traded straight up across the entire session, and closed at **$7,137.94**, up **1.04%**. The Tuesday drawdown was fully retraced inside one session. The close that day printed at the session high, the pure-up profile of a long-gamma reflex.

Thursday, April 23 then drifted lower into the call-wall ceiling at $7,125–$7,145. Close: **$7,108.40**, down 0.41%. Friday, April 24 broke through the wall on a controlled run: the index opened at the Thursday close, marked an intraday high of **$7,167.94**, and closed at **$7,165.10**, up 0.80%. The first close above the prior April 17 wall-ceiling.

That Tuesday-to-Friday round-trip is the single most important data sequence in this paper. A regime that tags a flagged-risk-event date with an 85-point intraday drawdown, holds the put-wall cushion, and clears the prior call-wall ceiling on net inside four sessions, is a regime in which the dealer book is doing the absorbing on both sides. The same machinery that had pinned the index through April 14–17 was now pinning a 60-point higher range through April 22–24.

DATE	SPX CLOSE	VIX CLOSE	READ
Apr 17 (prior paper)	$7,126.06	17.50	New ATH
Apr 20	$7,109.10	19.05	Quiet drift below the wall
Apr 21	**$7,063.95**	19.02	**Test day, intraday low $7,051**
Apr 22	$7,137.94	19.36	Reflex retrace
Apr 23	$7,108.40	18.94	Drift back into wall
Apr 24	$7,165.10	19.07	First close above $7,150

SPX OHLC: CBOE end-of-day cash index data, cross-referenced with Investing.com historical (^GSPC). VIX: CBOE historical data; FRED VIXCLS.

Part 5, Compression, the slow signal

The fast signal of an absorbed test is the two-day shake-and-snap on April 21–22. The slow signal is what the volatility surface did across the five sessions that followed.

From the April 24 close at $7,165 through the April 29 close at **$7,136.04**, the index drifted in a 60-point range across four sessions. The largest daily move was 49 basis points. Daily realized volatility on the SPX cash index ran below 0.4%, the quietest four-session window since early February. Inside that quiet, the implied volatility surface compressed materially.

DATE	VIX CLOSE	Δ VS PRIOR	READ
Apr 21	19.02	-0.03	Test day, no vol expansion
Apr 22	19.36	+0.34	Reflex day, vol still elevated
Apr 23	18.94	-0.42	First step lower
Apr 24	19.07	+0.13	New ATH close, vol holds at 19
Apr 25–26	(weekend)	—	—
Apr 27	18.98	-0.09	—

DATE	VIX CLOSE	Δ VS PRIOR	READ
Apr 28	18.17	-0.81	First close below 19 in 5 weeks
Apr 29	17.74	-0.43	First close below 18
Apr 30	**16.81**	-0.93	**First close below 17 in 6 weeks**
May 1	16.99	+0.18	Compression confirmed
May 4	18.29	+1.30	Brief spike, retraces
May 5	17.38	-0.91	Back to compression range
May 6	17.39	+0.01	Spot up 1.46%, vol unchanged
May 7	17.08	-0.31	—
May 8	17.19	+0.11	Compression at the new high

Three observations from the compression sequence.

The compression came after the test, not before it

A skeptic of long-gamma absorption would say the post-V vol surface was always going to compress, because realized volatility had run below its implied counterpart for two weeks. But VIX held above 19 through the April 21 test and the four-session settle that followed. The compression signature, the walk down from 19.07 to 16.81 in five sessions, started only after the April 24 close above $7,165. Compression after a successful absorption is the signature most consistent with structural support; compression before it would have been a setup for a vol spike.

The May 4 vol spike was contained

On Monday, May 4 the index closed at **`$7,200.81`**, down 0.41%, with VIX rising 1.30 points to 18.29. The single-session vol pop on a sub-half-percent down day is the kind of move that, in a fragile regime, would have signalled a vol-spike setup for the rest of the week. Instead, May 5 immediately retraced the vol spike (17.38 close) and the index recovered with a 0.81% advance. Containment.

Compression at the high is the structurally hardest reading

By May 8 close, the SPX had advanced 3.83% from the April 17 high while the VIX had fallen 1.88 points. That combination, new highs at compressed implied volatility, is the regime in which short-vol structures (dealer-implied-vol-selling, 0DTE call-overwriting, leveraged structured-product flow) tend to expand mechanically. Each of those is a structural tail-suppressor in normal regimes and a structural tail-amplifier when the underlying flow finally reverses. We are not saying that reversal is imminent; we are saying that the conditions which produce it accumulate quietly during compression sequences exactly like this one.

Part 6, A new record on schedule

From the April 24 record close at $7,165 through the May 8 record close at $7,398.85, the S&P printed six new closing all-time highs across nine trading sessions. None of them was a 2%+ session. None was driven by a single overnight macro catalyst. The shape is a slow, structural advance.

DATE	SPX CLOSE	DAILY %	NEW ATH?	READ
Apr 27	$7,173.86	+0.12%	✓	New record close
Apr 28	$7,138.81	-0.49%	—	Inside-day consolidation
Apr 29	$7,136.04	-0.04%	—	Quietest session of the period
Apr 30	**$7,209.04**	+1.02%	✓	First close above $7,200
May 1	$7,230.07	+0.29%	✓	Second consecutive ATH
May 4	$7,200.81	-0.41%	—	Brief vol spike
May 5	$7,259.18	+0.81%	✓	Compression resumes
May 6	**$7,365.13**	+1.46%	✓	Largest single-day advance of the period
May 7	$7,337.05	-0.38%	—	Inside-day at the high
May 8	**$7,398.85**	+0.84%	✓	Period close, intraday $7,401.27

The May 6 session is the largest single-session advance of the period. The setup matters: a +1.46% advance on a session in which VIX rose only 0.01 vol points is the textbook signature of long-gamma flow chasing. Dealers who are net long calls (long gamma) are mechanical buyers of the underlying as price rises, both to hedge their delta and to fund their gamma rebalances. That mechanical buying flow runs into the new call-wall concentration at $7,400 (which had begun to build on April 30 and grew through May 1, May 5, and May 6) and dampens further upside extension; that is why May 7 traded inside-day rather than continuing the trend.

The May 8 close at $7,398.85 sits exactly inside the new wall concentration. The intraday high of $7,401.27 tagged the wall once and rejected, the same pattern the April 17 close ran at $7,125–$7,145. The structural trade is being recognized before the wall, not after it.

Part 7, The dealer book at the new high

The April 18 brief described the post-V dealer book in two lines. Modestly long gamma above $7,000, structurally thin below $6,800. That snapshot is now three weeks stale, and the picture has rotated.

The call wall has migrated up with the spot

The April 17 wall sat at $7,125–$7,145. By the May 8 close, the dominant call concentration sits at **`$7,400-$7,425`**, with a secondary cluster at $7,500. Same dealer behavior, same wall structure, repositioned $275 higher. This is the signature of a market being bought systematically rather than chased speculatively, the call wall moves with the index instead of acting as a ceiling.

The put wall has rebuilt under spot

The dismantled put-wall problem the prior brief flagged has materially resolved. New put-strike concentration has built at **`$7,300, $7,250, and $7,200`** across the last six sessions. These are the levels where dealers are now structurally a bid for downside hedges, the same role $7,050 played on April 21. The April 18 read, “below $6,800 the dealer book is structurally thin on downside support,” is no longer accurate; the equivalent thin range as of May 8 is below $7,150.

Total gamma is more positive than at any point in 2026

Our intraday observations show net dealer gamma at the May 8 close materially more positive than the post-V April 17 reading on a sign-and-ordinal-rank basis (the methodology caveats from our prior paper's appendix continue to apply, we report ordinal differences rather than absolute dollar magnitudes). A reading this positive does two things mechanically: it dampens intraday range (visible in the May 1–May 8 daily ranges, all under 1.5%) and it absorbs single-session shocks like the April 21 drawdown without letting them compound. Compare to the March 30 reading at the V low, when net gamma was approximately zero and the prior month had run persistently negative.

Open interest growth confirms the absorption is real money

From April 18 through May 8, total SPX option open interest expanded by approximately **14%**. That is the signature of fresh positioning, both call writing into the new strike concentrations at $7,400–$7,500 and put writing into $7,200–$7,300. Compression-and-expansion of OI as price advances is the cleanest distinguishing signature between an underlying-driven rally (where price runs and option flow follows) and a mechanically-driven rally (where short-covering compresses OI). The April 18 – May 8 window shows the underlying-driven pattern.

> **The trade-off** is the same trade-off that holds in every long-gamma regime. When the long-gamma book finally rolls off, the absorption disappears with it. Long-gamma dealers buy dips and sell rips. They don't do either if the underlying option positions that create the gamma have expired or been closed. The May 13–14 monthly options expiry is the cleanest test of whether the regime is structural or transient: if the book reloads at the new strike concentrations, the regime continues; if it does not, the asymmetry returns.

Part 8, What to watch through May and June

Three indicators rank high on our watchlist for the remainder of May and into the June FOMC, in order of immediacy.

- **May 13 April CPI release.** The first inflation print covering a full month after the April 8 ceasefire. Headline March CPI was 3.3% on the back of the 21% gasoline shock. April's read is the first print where the energy passthrough should ease, retail-gasoline prices peaked around April 9 and have rolled off the WTI curve since. Our read: a mid-3s headline (~3.3–3.5%) is priced into the structural setup; a 4-handle is not. A hot read tests whether the long-gamma regime can absorb a second consecutive bad CPI without cracking, the same test the regime passed on April 10, but on a now-thinner volatility surface.

- **May 13–14 SPX monthly options expiry.** The mid-month standard expiration cycle is the cleanest near-term test of whether the post-V long-gamma damper is structural or transient. If post-expiry positioning rebuilds at the $7,400 calls / $7,300, $7,250, $7,200 puts (the current wall structure), the absorption regime continues. If the book repositions higher (e.g. $7,500–$7,600 calls without rebuilding the put wall), the asymmetry described in the April 18 brief returns at a higher index level. Our intraday gamma reading on May 12 close will be the cleanest leading indicator.
- **June 17–18 FOMC.** The Federal Reserve has been on hold since the March 18 hawkish-in-war hold (3.5–3.75%, 11–1 with the Miran cut dissent). A June pivot toward a cut would be the first directional macro signal that overrides positioning and could reset the rate-of-change for both the curve and the equity multiple. The June meeting still sits five weeks out, but the structural setup that holds together until then is the structure described in this paper.

Two additional indicators rank lower on the immediacy axis but higher on the magnitude-of-impact axis:

- **A reacceleration of Iran tensions.** The April 8 ceasefire framework was a binary, public event that delivered the V on schedule. A reverse-binary event (resumption of strikes, formal Iranian nuclear-threshold declaration, naval incident in the Gulf) would land on the now-rotated dealer book. Below $7,150, the structural read in this paper says the book is thin in the same way it was thin below $6,800 on April 18.
- **An earnings-season miss in the mega-caps.** The Q1 earnings cycle that ran through late April was, on net, supportive of the multiple-expansion thesis. The July season covers the first full quarter post-ceasefire; the

corporate margin response to the war-driven energy spike, if it has not already cleared, would surface there. This is a pricing question for late summer, not for May.

The pin is real. So is its expiry.

Appendix, Data and Methodology

The quantitative claims in this paper rest on two data layers: the daily SPX cash-index OHLC and CBOE VIX series sourced from public end-of-day records, and our internal sub-second SPX options-chain capture covering every regular trading session from April 18 through May 8. Methodology notes follow.

Daily SPX OHLC and VIX

CBOE end-of-day cash-index data, cross-referenced with Investing.com historical (^GSPC) and FRED series VIXCLS. Where our internal options-market spot record disagreed with the public daily close by more than $3, we deferred to the public source. No such case occurred in this window; all reported daily closes match the public records to within $0.50.

Option microstructure, dealer positioning, gamma exposure

Our internal SPX options-market observations covering the 15 trading sessions from April 18 through May 8, captured at sub-second resolution across the regular session each day (approximately 06:30 PT / 09:30 ET to 13:00 PT / 16:00 ET). Per-session measurements are aggregated for downstream analysis. The same artifact-filtering and sign-level reporting conventions that applied in our March 17 – April 17 paper continue to apply here; we report ordinal and signed magnitudes rather than absolute dollar figures, with audit-cross-checked exceptions for gamma-sign-stability claims.

Open-interest growth measurement

The 14% OI expansion figure is computed as the ratio of total SPX option open interest at the May 8 close to total SPX option open interest at the April 18 close, summed across all listed expirations. Quarterly-expiration contributions are included. The ratio is robust to single-session outliers and to the methodology caveats from our prior appendix because it is computed from end-of-session aggregate OI rather than from intraday gamma readings.

Strike-concentration methodology

Call-wall and put-wall identifications use a per-strike open-interest weighting that includes the front-month and next-month listed expirations, with a distance-from-spot dampener so distant strikes do not dominate the rank. Where two adjacent strikes both rank high, we report the range (e.g. $7,400–$7,425) rather than the single rank-1 strike. The same methodology applied to the April 17 close produces the $7,125–$7,145 wall identification used in our prior paper.

Volatility-surface compression measurement

The compression sequence reported in Part 5 uses CBOE VIX daily closes as the public-record proxy for implied volatility on the 30-day SPX horizon. We cross-checked the compression signature against our internal ATM-straddle implied-vol record on the SPX two-week horizon and on the SPX 0DTE chain; the qualitative pattern (steady step-down across April 24 – April 30, brief spike May 4, compression resumes May 5–8) reproduces in both internal series. The May 6 observation, that VIX rose only 0.01 point on a +1.46% spot session, holds in the internal records as well.

Macro events and timeline

References to the April 8 ceasefire framework, the April 21 expiry window, and the May 13 April CPI release date follow the same primary-source set used in our prior paper:

Reuters, CNBC, Federal Reserve calendar, U.S. BLS release archive, and Wells Fargo CIO commentary. This paper makes no novel claims about macro events; the structural focus is the dealer-book response to a known event window.

Prepared by the ZDtE Research Desk. For correspondence on methodology, microstructure derivation, or data access, contact the platform at zdte.ai. Not investment advice; no recommendation, solicitation, or representation of future market behavior is made or implied.

Frequently asked questions

What was the April 21 test?

The U.S.–Iran ceasefire expiry — the event risk our prior paper flagged. The S&P fell 85 points intraday, tagged the rebuilt put wall near $7,050, and reversed; the drawdown was fully retraced within one session.

Why did the market absorb bad news instead of selling off?

Our estimate of the dealer book showed net-positive gamma: dealers hedging by selling rallies and buying dips, which mechanically compresses moves. The same print landing on a negative-gamma book would likely have been amplified instead.

What happened to volatility during this window?

VIX compressed from around 19 to below 17 in five sessions after the April 24 record close — the first sub-17 print in six weeks — while the index marked six new closing highs. Compression after a successful test is the signature most consistent with structural support.

SUMMARY BRIEF

For a shorter version, eight sections, 9-min read, same data:

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