HALCYON WATERS

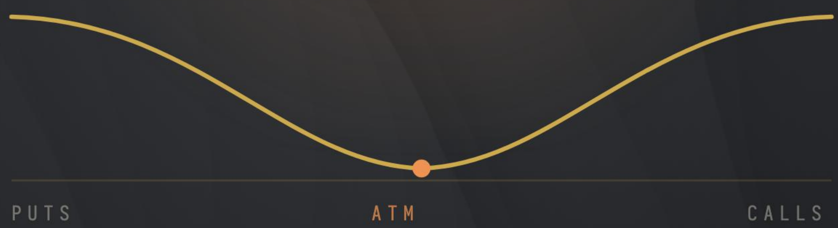
ISSUE 01

BITCOIN

20 JULY 2026

THE CRYPTO-OPTIONS POSITIONING REPORT

SOUNDINGS



POSITIONING, NOT PREDICTIONS.

ONE OPTION IS NOISE · HUNDREDS ARE SIGNAL

READING THE TAPE OF

Deribit by coinbase

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ISSUE 01

IN THIS ISSUE

THE WEEK

THE REGIME LINE

BTC volatility is cheap and cooling. The Cayo Vol Index reads 34.9, near the low third of its three-month range, up 1.3 on the day, and all six coins sit in the expansion phase of their volatility cycle. BTC is 46 days into that expansion with vol-of-vol decaying, the coil already discharged.

The variance premium runs two ways at once. In absolute terms it stays cheap, yet it just firmed to the 97th percentile of its own thirty-day range, thin but rebuilding fast. Downside protection is quiet at the long end, with thirty-day put skew resting right at the elevated line and longer tenors calm.

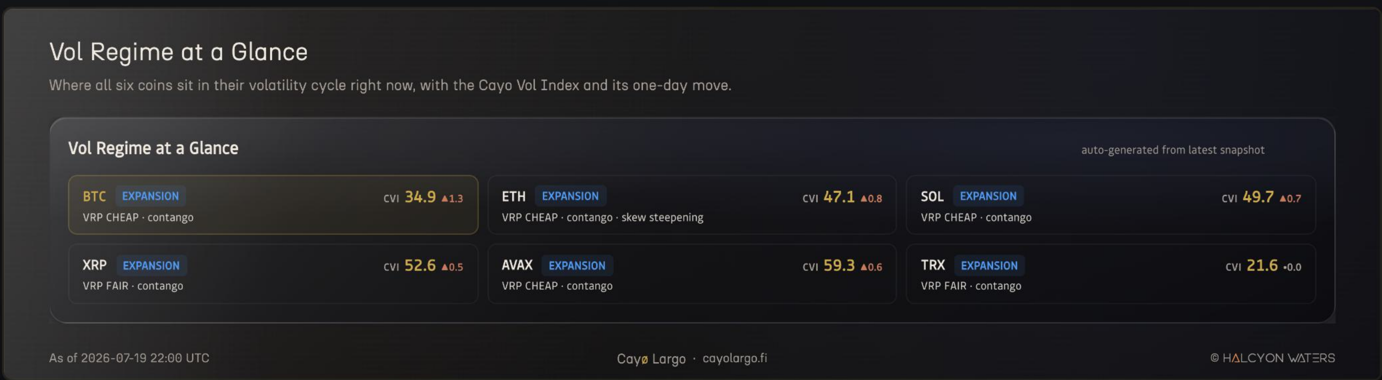
This week the book stripped vol-convexity above anything else. The gamma terrain into the 24 July weekly stacks stabilizing above spot toward a 66k ceiling, with a heavier 70k wall building into month-end, and taker flow flips that 66k magnet to a short-gamma pocket, a level where hedging would amplify a move rather than dampen it.

> CHEAP AND COOLING, YET THE PREMIUM JUST FIRMED TO THE TOP OF ITS OWN MONTH. THIN, NOT RICH, AND REBUILDING FAST.

THE WATCH LINE

On the 24 July weekly the 66k strike carries the most gamma, and the two reads of it disagree. Unsigned, it looks like a stabilizing ceiling. Taker-flow-signed, it flips to amplifying. Watch whether spot approaching 65k to 66k accelerates through the level rather than slowing into it. That is the tell for which read the book is actually running.

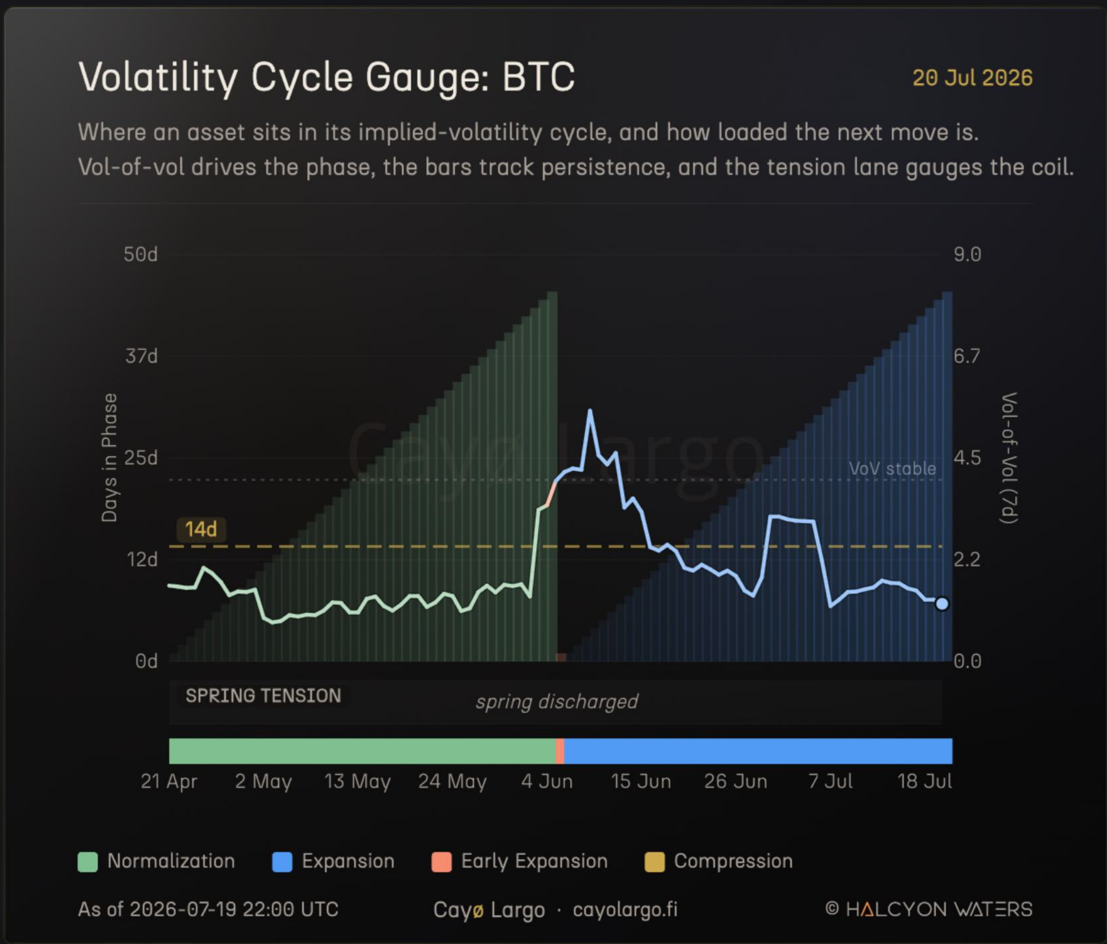
VOL REGIME AT A GLANCE · ALL SIX COINS



01 THE CYCLE

WHERE BTC SITS IN ITS VOL CYCLE

Forty-six days into expansion, and the coil has discharged.



Forty-six days into expansion, and the coil that drove it has discharged. Vol-of-vol, the thing that drives the phase, has decayed back to stable, and the tension lane reads spent. The market is in the expanded state, not winding up for the next leg. This is the week in one picture, before any of the detail.

02 THE REPOSITIONING

WHAT THE BOOK ADDED AND SHED THIS HOUR

This hour the book trimmed convexity, not direction.

Greek repositioning now: BTC

Latest-hour repositioning per exposure, ATM, 8-30d. Blue added, orange removed.

Exposure	Latest hour	Size vs its normal	Last 168h
DEX · Direction	added 4	15%	
GEX · Pinning	removed -0	16%	
VegaEX · Vol level	removed -46.4k	12%	
ThetaEX · Time decay	added 255.2k	15%	
VannaEX · Spot-vol link	added 2	21%	
CharmEX · Delta drift	removed -9	20%	
VommaEX · Vol swings BIGGEST	removed -5.7k	36%	
VetaEX · Vega decay	added 760.3k	16%	
ZommaEX · Gamma vs vol	added 0	15%	
ColorEX · Gamma drift	removed -0	18%	

Size vs its normal reads the latest move against its own 30-day range, where 100% sits at or above its monthly extreme. The **BIGGEST** tag marks the widest, the one worth drilling.

Cohort ATM, 8-30d · last 7d · dealer sign · OI-weighted

As of 2026-07-20 07:00 UTC

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Read against each exposure's own thirty-day normal, the standout was vol-convexity coming off. VommaEX, the vol-of-vol risk, was the biggest unwind at 36 percent of its monthly extreme, tagged here as the one worth drilling. Time-decay and vega-decay risk were added. The tape says traders trimmed convexity this hour, not direction.

03 THE HEARTBEAT

THE WEEK'S REPOSITIONING, HOUR BY HOUR

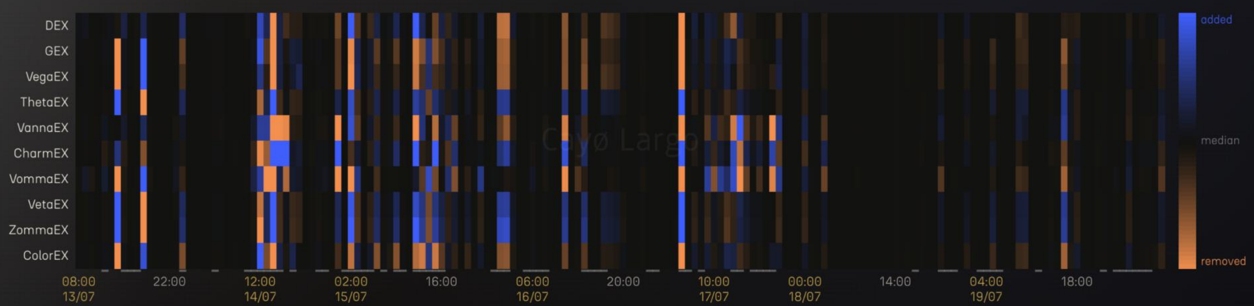
The heaviest prints ran through the spot-vol and convexity family.

Options repositioning: BTC

Where traders added (blue) or removed (orange) each kind of options risk, hour by hour, versus a normal month.

Per Greek: $R_h = \Sigma\ \varphi \cdot G \cdot \Delta OI$ over continuing strikes; cell = $\mathrm{clip}(R_h / P_{95}|R|, -1 \ldots +1)$

Dealer sign. Which side the market-makers are on, from the last 24 hours of trades (falls back to calls minus puts where trading is thin).



Cohort ATM, 8-30d · 7d · hourly · OI-weighted

As of 2026-07-20 07:00 UTC

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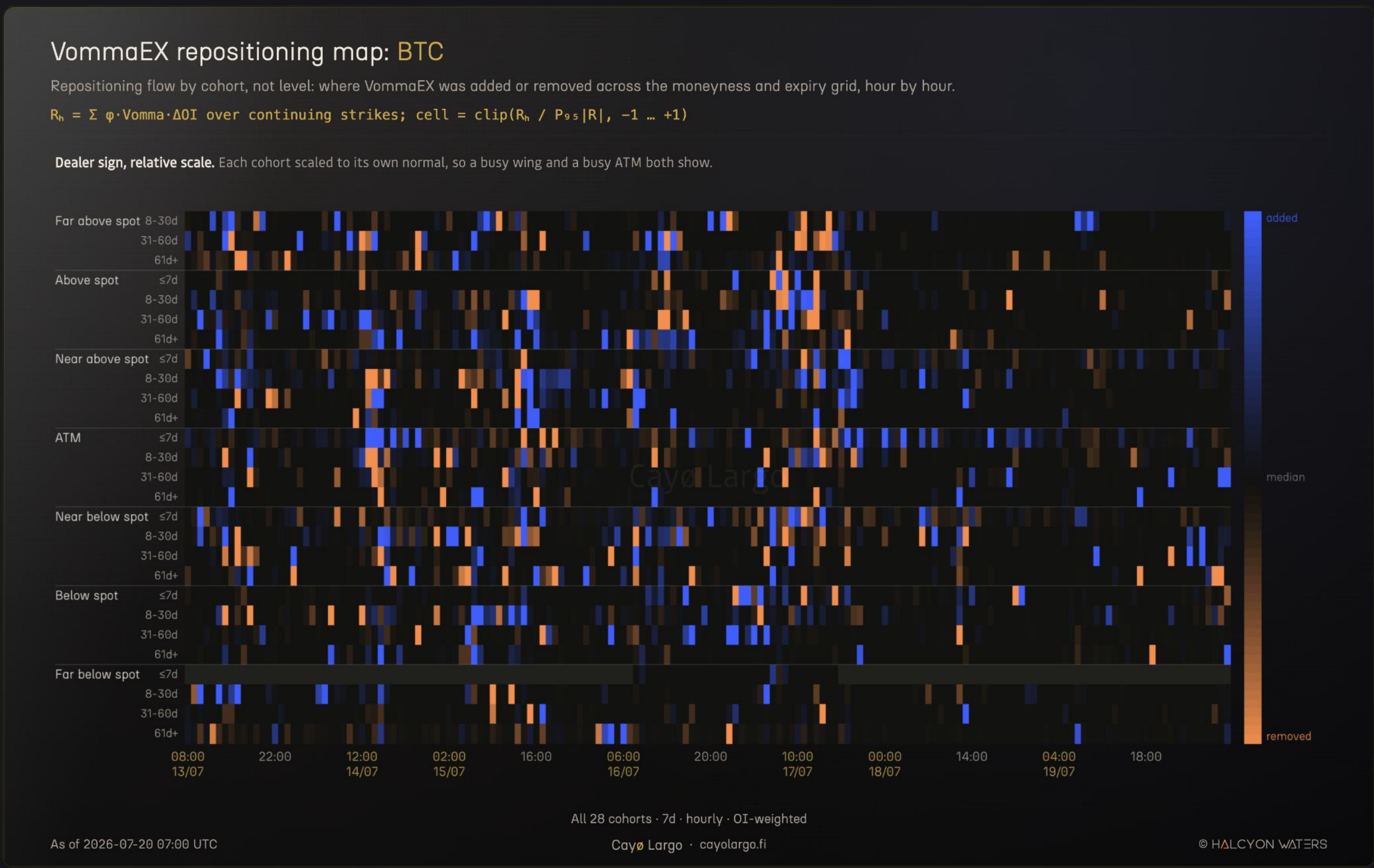
Blue is risk added, orange is risk removed, dealer-signed, measured against a normal month. The activity clustered from 14 to 17 July and has gone quiet since. The heaviest prints ran through vanna, charm and vomma, the spot-vol and convexity family, rather than the first-order Greeks. This is the heartbeat of the book, and nobody else publishes it.

04 THE FINGERPRINT
WHERE THE VOL-CONVEXITY MOVED

The vomma flow concentrated above spot and at the money.

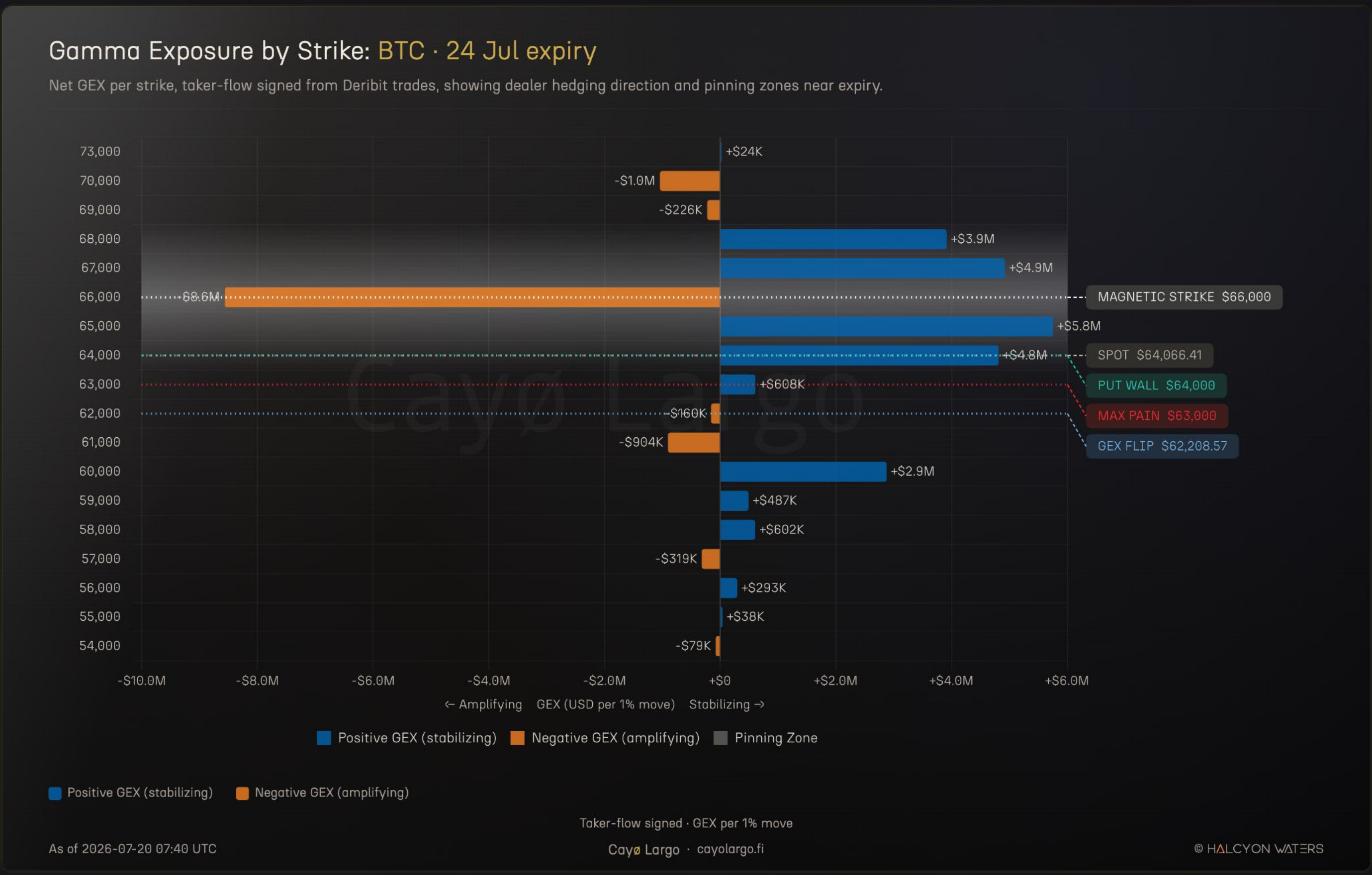


The same VommaEX flow, resolved onto the moneyness and expiry grid. The repositioning concentrated above spot and at the money, in the near and mid tenors, not out in the wings. This is the book fingerprint, the layer a smoothed surface removes by construction.

05 GAMMA TERRAIN

THE GAMMA TERRAIN INTO THE 24 JULY WEEKLY

The dominant strike disagrees with itself, raw versus taker-signed.



LEVEL	STRIKE	VS SPOT	GEX STRENGTH
Call Wall	$66,000	+2.9%	$8.5M
Magnetic Strike	$66,000	+2.9%	$8.5M
Spot	$64,151.74	0.0%	
Put Wall	$64,000	-0.2%	$2.7M
Max Pain	$63,000	-1.8%	
Gamma Flip	$62,206.706	-3.0%	

Spot sits below the 66k magnet, above the 62.2k gamma flip, with a put wall pinned at 64k right where price is. The nuance is at 66k itself. Unsigned it reads as a stabilizing ceiling, the largest gamma strike on the board. Signed by real taker flow it flips to amplifying. The dominant strike disagrees with itself depending on whether you assume dealer positioning or measure it. Above the flip, dealer hedging is set up to dampen. Through that 66k pocket, it is set up to amplify.

06

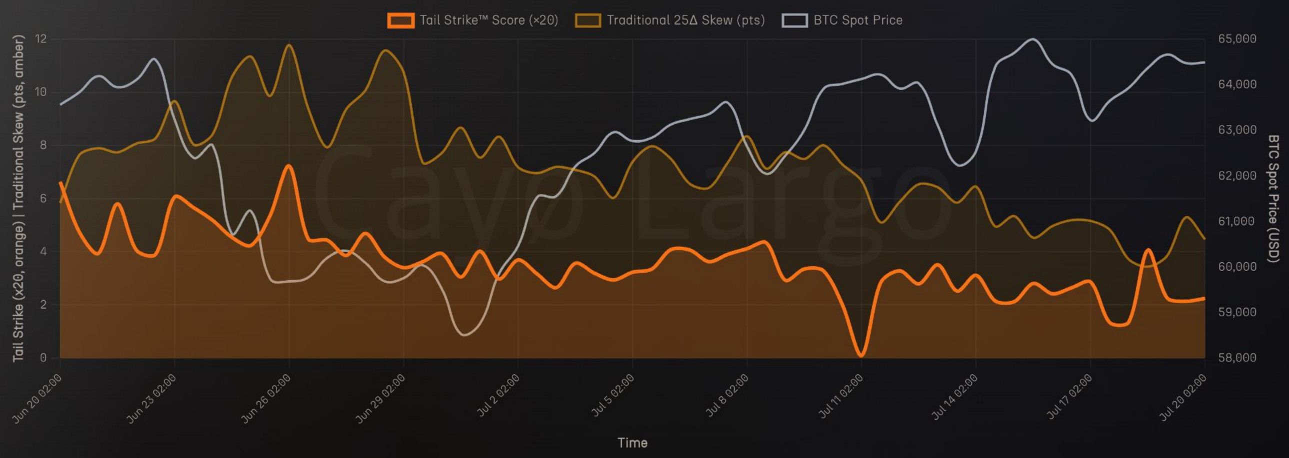
THE PROTECTION

TAIL POSITIONING AGAINST TRADITIONAL SKEW

Both fear measures low and easing. This is a calm week.

Tail Strike vs Traditional 25-Delta Skew

Bitcoin tail positioning acceleration set against the traditional 25-delta skew, both on the same axes with spot overlaid.



As of 2026-07-20 07:50 UTC

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Our tail-acceleration score and the traditional 25-delta skew, both on one axis, with spot overlaid. Both are low and easing as spot recovered from its 11 July dip. Deep-wing fear is not being bid here. The commodity measure and ours agree this week, and both read calm. When they diverge, that is the interesting week. This is not it.

DEFINITION · TAIL STRIKE

Traditional 25-delta skew reads the market's baseline fear. Tail Strike isolates the acceleration in the deep wing, how far the ~10-delta put tail is bid beyond the standard ~25-delta skew, each normalized by at-the-money volatility so the signal holds across regimes.

$$\text{Tail Strike} = \frac{\sigma_{10\Delta} - \sigma_{\text{ATM}}}{\sigma_{\text{ATM}}} - \frac{\sigma_{25\Delta} - \sigma_{\text{ATM}}}{\sigma_{\text{ATM}}}$$

σ is implied volatility, Δ is option delta. A positive score means the put tail is building, past 0.20 is extreme.

07 THE PREMIUM

HOW RICH THE PREMIUM IS, IN CONTEXT

Cheap in absolute terms, at the top of its own month.

VRP Historical Percentile: BTC

Where today's VRP sits against the last 30 days. Below the 20th percentile the premium is historically thin; above the 80th it is historically wide. Extreme readings tend to mean-revert.

As of 2026-07-19 22:00 UTC · Cayø Largo · cayolargo.fi · © HALCYON WATERS

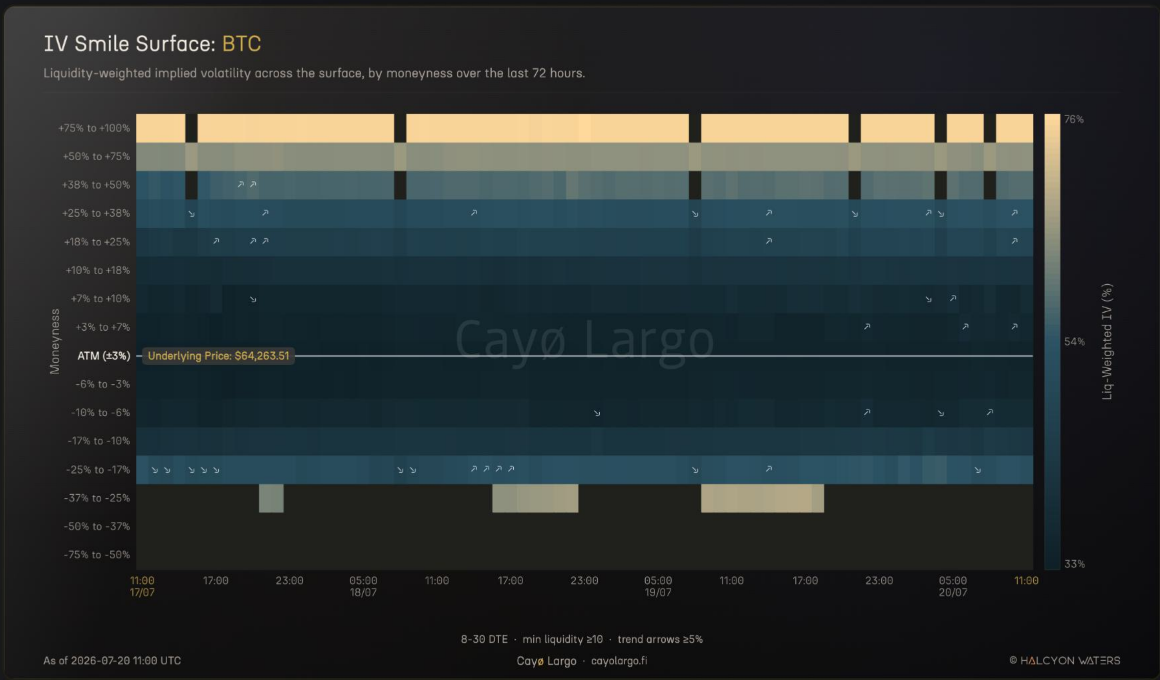
The variance premium against its own thirty-day range. Today it sits at the 97th percentile, near the top of that range. In absolute terms the premium is still thin, so this is not a rich market. It is a cheap market that just firmed to the high end of where it has traded this month. Both facts are true, and reading only one of them is how you misprice the week.

08 SURFACE & STRUCTURE

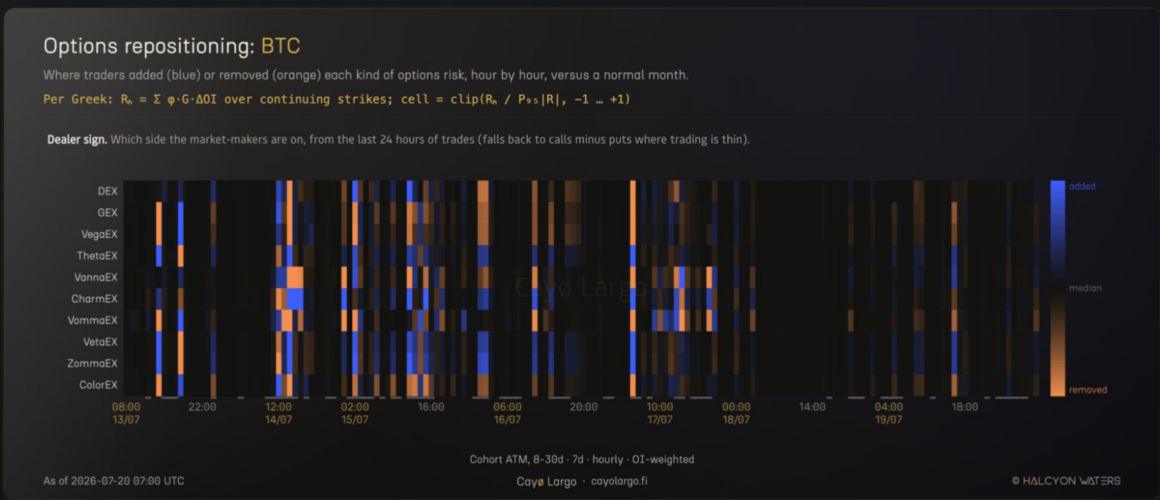
THE SURFACE, AND THE STRUCTURE IT SMOOTHS AWAY

Same market, two depths. The product lives in the gap.

THE SURFACE, REPRODUCIBLE FROM ANY PUBLIC CHAIN



THE STRUCTURE, DEALER-SIGNED, THAT ONLY WE PRODUCE



Above, the implied-vol smile a pricing screen shows. Placid, deep puts bid, nothing moving across three days. Below, the same recent window of dealer-signed repositioning on the same tenor bucket. The upper panel is reproducible from any public options chain. The lower one is not. Same market, two depths, and the whole product lives in the gap between them.

THE FINE PRINT

STANDING NOTES

SCORECARD

Begins next issue. From Issue 02 we grade how the prior week's structural reads held up, misses included.

COVERAGE

Where taker-flow data is thin, the chart says so. Showing the uncertainty is part of the read, not a blemish on it.

TIMING

The volatility-cycle, Cayo Vol Index and variance-premium panels are midnight-snapshot daily objects. The gamma, repositioning and skew panels are intraday. All figures were re-pulled the morning of publication.

SOUNDINGS · ISSUE 01 · PREPARED BY
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Cayø Largo

Halcyon Waters' crypto-options analytics and valuation platform, reading Deribit's, Derive.xyz's, and Thalex's books every ten minutes into volatility and positioning intelligence across 7+ crypto-assets.

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