

Options Flow Scanner

Flags, Explained

A plain-English guide for someone smart but brand new to options. By the end you'll know what every flag in the scanner means, what math is behind it, and why a trader cares when one fires.

READ THIS IF

You opened the dashboard, saw a bunch of colored badges next to each row, and want to know what they actually mean. We start with the basics, then go through every flag in order.

Generated for the Options Flow Scanner. Not financial advice — just a translation guide.

Part 1 — A quick options primer

An option is basically a coupon on a stock. The coupon gives you the right (but not the obligation) to buy or sell 100 shares of a stock at a specific price by a specific date.

There are two flavors:

Call

A call gives you the right to BUY 100 shares at a fixed price (the "strike price"). You buy calls when you think the stock is going UP — because you'd be locking in a low price now.

Put

A put gives you the right to SELL 100 shares at a fixed price. You buy puts when you think the stock is going DOWN — because you'd be locking in a high price to sell at.

The four numbers that describe every option contract

1. Strike price — the price the option lets you buy or sell at.
2. Expiration date — the deadline. After this, the option is worthless if it wasn't used.
3. Premium — what you actually pay to buy the option (much less than the stock's price).
4. Type — call or put.

Two terms that show up constantly in the scanner

Volume

Volume is how many of a specific option contract changed hands TODAY. Think of it as today's foot traffic for that exact contract.

Open Interest (OI)

Open Interest is the number of contracts that are currently "alive" — meaning someone has bought them and not yet closed them out or let them expire. Think of it as the total population that's been holding the contract over time.

WHY BOTH MATTER

If volume is way bigger than open interest, that means today's activity is HUGE compared to the total number of people who've ever cared about this contract. That's exactly the kind of imbalance the flags are looking for.

Part 2 — The 6 flags

Each flag below is a specific pattern the scanner watches for. When the math is true for a contract, the flag fires and shows up as a colored badge in the alerts table. None of them is a "buy this" signal on its own — they're conversation starters that something unusual is happening.

high_vol_oi

Volume bigger than Open Interest

What it means

Today's trading on this contract is larger than the entire population of people holding it. New activity is overwhelming the existing crowd.

The math

```
volume / open_interest > 1.5
```

Why a trader cares

OI grows slowly over weeks or months. When today's volume blows past it, somebody is opening a brand-new position in a hurry. That's the textbook "unusual activity" signal.

ANALOGY

A coffee shop has 10 regulars (open interest). Today 15 strangers showed up (volume). The newcomers outnumber the regulars by 1.5x. Something pulled them in.

high_rel_vol

Volume way above its recent average

What it means

The contract is trading at least 3x more than its average over the last 5 days. It's having a moment.

The math

```
today_volume / avg(last 5 days' volume) > 3.0
```

Why a trader cares

Most contracts have a steady trickle of trades. A sudden 3x jump means someone — or many someones — woke up today and decided this contract specifically was important. That's news (or someone with information) hitting the tape.

ANALOGY

A YouTube channel that usually gets 100 views per video drops one and gets 300 in an hour. Something pushed it onto people's feeds. We don't know what yet, but we know to look.

wide_spread

Bid and ask are far apart

What it means

The price someone is willing to pay (bid) is much lower than the price someone is willing to sell at (ask). The gap is more than 10% of the option's price.

The math

$$(\text{ask} - \text{bid}) / \text{mid_price} > 0.10$$

Why a trader cares

Wide spreads usually mean the contract is illiquid — there aren't many buyers or sellers, so trading it costs you a lot in slippage. This is more of a CAUTION flag than an opportunity flag. If it shows up alongside a juicy unusual-activity flag, it's a hint that the activity might be one or two big players, not a real crowd.

ANALOGY

At a bake sale, the seller wants \$5 for a cookie. The highest bidder is offering \$3.50. Buying or selling now means losing money to the spread. Don't blame the cookie — blame the empty market.

otm_call_spike

Speculative bullish bet

What it means

A call option with a strike at least 5% above the stock's current price ("out of the money") is seeing unusual buying. These are cheap, leveraged bets that the stock will jump.

The math

```
strike > spot_price * 1.05 AND volume / open_interest > 1.5
```

Why a trader cares

Out-of-the-money calls are lottery tickets. They cost less than in-the-money calls, but they only pay off if the stock moves a lot upward, fast. When you see HUGE volume on far-OTM calls, somebody is paying real money for a bet that something specific and bullish is going to happen.

ANALOGY

Buying a coupon that lets you buy a \$100 video game for \$120. Useless... unless the game gets so popular it sells for \$150. If a thousand people buy this coupon today, they all think the boom is coming.

otm_put_spike

Speculative bearish bet

What it means

A put option with a strike at least 5% below the stock's current price is seeing unusual buying. The mirror image of OTM Call Spike — but pointed at a price drop.

The math

```
strike < spot_price * 0.95 AND volume / open_interest > 1.5
```

Why a trader cares

Far-OTM puts only pay off if the stock crashes. Sometimes they're insurance for big shareholders (a hedge), sometimes they're outright bearish bets. Either way, big volume on these is people putting real money on "something is going to drop sharply."

ANALOGY

Buying insurance against your bike being stolen, but only if it's stolen tomorrow. The premium is small, but only useful if the disaster actually happens.

zero_or_low_oi

Fresh contract — brand-new positioning

What it means

A contract where almost nobody was holding it before today (open interest under 10), but it's seeing real volume (100+ contracts traded today). This is a brand-new position being built RIGHT NOW.

The math

```
open_interest < 10 AND volume >= 100
```

Why a trader cares

Volume on contracts that already had big OI could just be people closing existing positions. But volume on a contract that nobody held yesterday? That's pure new positioning — someone is opening fresh exposure today, on this exact strike, on this exact expiration. Hard to fake, hard to hide.

ANALOGY

A new TikTok account with 5 followers suddenly gets 200 likes on its first video. Either it's a brand-new account someone is actively building, or it just went viral. Either way, fresh activity worth watching.

Part 3 — When flags stack

A single flag is a hint. Multiple flags on the same row is a louder hint. Some classic combos to recognize:

zero_or_low_oi + high_vol_oi

A brand-new contract showing volume well above its (still small) open interest. Translation: somebody is actively building a fresh position right now — not adjusting an existing one. One of the cleaner directional signals you'll see.

high_vol_oi + otm_call_spike

Aggressive bullish bet — someone's paying real money on out-of-the-money calls with volume well above existing positioning. Often shows up before earnings or rumored news.

high_rel_vol + wide_spread

Activity is up but liquidity is bad. Treat the signal with caution — it could be one big trader rather than a real crowd, and trading the contract yourself would cost you in slippage.

Part 4 — Read the flags responsibly

A flag firing tells you something unusual is happening. It does NOT tell you what's going to happen next. A few important things to keep in mind:

- Most flags don't lead to anything. Markets are noisy — unusual activity 100 times a day, only a handful of which actually matter.
- Always check the news for the underlying stock when you see a stack of flags. The signal usually has an explanation (earnings, FDA decision, takeover rumor) that the news will tell you about.
- "Unusual activity" can be hedging, not speculation. A big pension fund buying puts on a stock they own is INSURANCE, not a bearish bet. The flag fires the same way.
- These flags work better on liquid tickers (AAPL, SPY, QQQ, big names) than on thinly-traded ones, where the math gets noisy.

THE BOTTOM LINE

Flags are conversation starters, not conclusions. They tell you which rows in the alerts table deserve a closer look — they don't tell you what the right trade is. That's still the human's job.

Built into the Options Flow Scanner. Tunable thresholds live in config.js. Regenerate this PDF with: `npm run generate:pdf`