

Getting Started Guide to the VIX & Index/Sector Trading Room

Introduction: What You Can Expect From Us

Mike's Contributions:

- **Intraday Updates:** Timely commentary on VXX, /VX, and VIX.
- **Trade Setups:** Swing and day-trade ideas across volatility products and major indexes — SPY, QQQ, IWM.
- **Weekly Webinars:** Monday afternoons, we review the VXX, SPX, NDX, RUT, ongoing trade setups, open positions, and post-trade forensics.
- **Additional Benefits:** Ongoing market analysis, educational insights, bonus trade opportunities, and access to an active, highly knowledgeable trading community.

Lou's Contributions:

- **Conservative Trade Entries:** A disciplined, risk-managed approach to entering trades.
- **Conservative Trade Exits:** Step-by-step guidance on exiting trades while protecting profits.
- **Performance Tracking:** A detailed trade table monitoring our results. (This is coming soon)
- **Educational Content:** Lou's "Conservative Approach" trade plan is available via video, [here](#) and written sample formats, [here](#).

The above outlines what you will have access to as a VIX Room member. Before we dive deeper, a few important notes about our strategy:

We **buy straight options only** — calls or puts — and we **never sell options** except to close a trade. You do *not* need knowledge of complex options strategies to succeed here.

"Risk comes from not knowing what you are doing." — Warren Buffett

In the VIX Room, we focus on eliminating Execution Risk. We recommend all new members familiarize themselves with how to properly place options trades through their broker. (Most brokers offer webinars or tutorials — take advantage of them.) Double-check every order before you submit it. Carelessness in execution can turn minor errors into major problems.


How to Trade With Us

Mike's Trade Alerts

Every official trade begins with a **Trade Alert** posted by Mike.

Mike's alerts include:

- The **specific options contract** he is buying.
- Any **position sizing** or **risk considerations**.
- A **supporting Elliott Wave chart** showing the setup.
- An **Options Workup Sheet** offering alternative strikes and expirations for different risk profiles.

**Mike - VIX & INDEX/SECTOR TRADING - Setups** 15 Replies

I'm going to grab some 69 puts for tomorrow. Small sized here but using a bit of profits from earlier in the week.

Exp. Date: 11 Apr				Symbol: VXX			
Strike Movement				Potential Gain For Ideal Target (Wave 3)		Potential Gain For Min Target (Wave C)	
PUT STRIKE	Strike Price (Ask)	Delta	Approx Ideal Entry Price	Price @ Target (Expire Date)	Gain/Loss \$	Price @ Target (Expire Date)	Gain/Loss \$
75.00	2.58	0.32	2.58	14.50	\$10.32	12.00	\$5.42
74.00	2.13	0.28	2.13	13.50	\$11.77	11.00	\$6.07
73.00	1.44	0.24	1.44	12.50	\$11.46	10.00	\$6.56
72.00	1.44	0.21	1.44	11.50	\$10.46	9.00	\$7.56
71.00	1.18	0.17	1.18	10.50	\$9.72	8.00	\$6.82
70.00	0.78	0.14	0.78	9.50	\$9.12	7.00	\$6.22
69.00	0.69	0.11	0.69	8.50	\$8.22	6.00	\$5.32
68.00	0.53	0.09	0.53	7.50	\$7.27	5.00	\$4.47
67.00	0.38	0.07	0.38	6.50	\$6.52	4.00	\$3.62
66.00	0.32	0.06	0.32	5.50	\$5.58	3.00	\$2.68
65.00	0.25	0.05	0.25	4.50	\$4.65	2.00	\$1.75

Exp. Date: 4 Apr				Symbol: VXX			
Strike Movement				Potential Gain For Ideal Target (Wave 3)		Potential Gain For Min Target (Wave C)	
PUT STRIKE	Strike Price (Ask)	Delta	Approx Ideal Entry Price	Price @ Target (Expire Date)	Gain/Loss \$	Price @ Target (Expire Date)	Gain/Loss \$
75.00	1.93	1.00	1.93	14.50	\$10.97	12.00	\$10.07
74.00	\$10.65	\$10.65	\$10.65	13.50	\$10.65	11.00	\$10.65
73.00	\$10.65	\$10.65	\$10.65	12.50	\$10.65	10.00	\$10.65
72.00	0.06	0.00	0.06	11.50	\$11.04	9.00	\$10.94
71.00	2.14	0.00	2.14	10.50	\$10.76	8.00	\$10.66
70.00	0.07	0.00	0.07	9.50	\$10.83	7.00	\$10.83
69.00	0.01	0.00	0.01	8.50	\$10.89	6.00	\$10.99
68.00	0.01	0.00	0.01	7.50	\$17.89	5.00	\$14.99
67.00	0.01	0.00	0.01	6.50	\$8.20	4.00	\$3.30

Exp. Date: 11 Apr				Symbol: VXX			
Strike Movement				Potential Gain For Ideal Target (Wave 3)		Potential Gain For Min Target (Wave C)	
PUT STRIKE	Strike Price (Ask)	Delta	Approx Ideal Entry Price	Price @ Target (Expire Date)	Gain/Loss \$	Price @ Target (Expire Date)	Gain/Loss \$
75.00	2.58	0.32	2.58	14.50	\$10.32	12.00	\$5.42
74.00	2.13	0.28	2.13	13.50	\$11.77	11.00	\$6.07
73.00	1.44	0.24	1.44	12.50	\$11.46	10.00	\$6.56
72.00	1.44	0.21	1.44	11.50	\$10.46	9.00	\$7.56
71.00	1.18	0.17	1.18	10.50	\$9.72	8.00	\$6.82
70.00	0.78	0.14	0.78	9.50	\$9.12	7.00	\$6.22
69.00	0.69	0.11	0.69	8.50	\$8.22	6.00	\$5.32
68.00	0.53	0.09	0.53	7.50	\$7.27	5.00	\$4.47
67.00	0.38	0.07	0.38	6.50	\$6.52	4.00	\$3.62

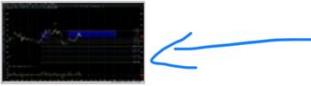
INPUTS

Symbol	VXX
Expected Target Date	
Date For Minimum Target	N/A
Potential Breakeven Date	N/A

Ideal Target for Wave 1	60.10
Minimum Target for Wave C	63.00
Ideal Entry Price	81.22
% Move To Ideal Target	-26.0%
% Move To Min Target	-22.4%

THIS WORKUP DOES NOT REPRESENT A TRADE RECOMMENDATION. FOR INFORMATIONAL PURPOSES ONLY.

Less



- VXX 410 11 3min

Apr 10 14:32:46 Vxx | IntradayChart

Notifications:

Make sure your EWT account settings/Email/SMS/Push Section are updated to receive alerts for:

- "Wave Alerts"
- "VIX Setups"
- "Index/Sector Setups"

VIX & Index/Sector Trading				
VIX Live Video	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Index/Sector Setups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
VIX Setups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
VIX Wave Alerts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Examples of Mike's Setups:

When Mike posts a trade alert, he includes both the chart the setup is based on and an accompanying Options Workup sheet. Mike's trade setups are the foundation of the VIX Room, built around Elliott Wave chart setups. Specifically, he applies Avi Gilbert's Fibonacci Pinball methodology to define entries and targets. His charts most often — though not always — feature two key patterns: **impulsive setups** and **ending diagonal reversals**.

Impulsive Setup Example:



- Pay attention to whether the i-ii setup has completed.
- Targets for wave iii and v are provided (often in a blue box).
- If the wave ii pullback isn't finished, targets can shift — adjust sizing and expiration accordingly.

Ending Diagonal (ED) Reversal Example:



- ED's almost always reverse to the origination point in less time than it took to form the ED and often times in half of the time that it took the ED to form.
- Mike marks **half-time** and **full-time** reversal expectations on the charts (circled in blue).
- Lou generally selects expirations beyond the second (full-time) marker.

Options Workup Sheets

Each trade setup includes a **Workup Sheet** featuring:

- Three expirations to choose from, and
- Up to nine strike selections

Two Targets

Note the table circled in blue. For every setup, Mike prepares for the possibility that the "ideal" move could unfold as a corrective structure rather than a full impulse. To account for this, each Workup provides two targets:

- The Ideal Target if the structure develops impulsively.
- The Minimum Target if the move is merely corrective, such as a c-wave.

Lou has discussed how to approach the Workups in greater detail in our recent live video [here](#), and in the sample trade plan [here](#).

This gives flexibility: members can select options aligned with their goals and risk tolerance.

Exp. Date:14 Mar

Symbol:QQQ

Strike Increment1

CALL STRIKE	Strike Price (Ask)	Delta	Aprox Ideal Entry Price
498	2.83	0.23	2.83
499	2.57	0.22	2.57
500	2.32	0.20	2.32
501	2.11	0.19	2.11
502	1.90	0.18	1.90
503	1.72	0.16	1.72
504	1.54	0.15	1.54
505	1.37	0.14	1.37
506	1.23	0.13	1.23

Potential Gain For Ideal Target (Wave 3)

Price @ Target (Expire Date)	Gain/Loss \$	Gain/Loss %
22.00	\$19.17	677%
21.00	\$18.43	717%
20.00	\$17.68	762%
19.00	\$16.89	800%
18.00	\$16.10	847%
17.00	\$15.28	888%
16.00	\$14.46	939%
15.00	\$13.63	995%
14.00	\$12.77	1038%

Potential Gain For Min Target (Wave C)

Price @ Target (Expire Date)	Gain/Loss \$	Gain @ Min Target
7.50	\$4.67	165%
6.50	\$3.93	153%
5.50	\$3.18	137%
4.50	\$2.39	113%
3.50	\$1.60	84%
2.50	\$0.78	45%
1.50	-\$0.04	-3%
0.50	-\$0.87	-64%
-0.50	-\$1.73	-100%

BREAK EVEN POINT

500.83
501.57
502.32
503.11
503.90
504.72
505.54
506.37
507.23

Exp. Date:17 Mar

Symbol:QQQ

Strike Increment1

CALL STRIKE	Strike Price (Ask)	Delta	Aprox Ideal Entry Price
498	3.31	0.25	3.31
499	3.04	0.24	3.04
500	2.78	0.22	2.78
501	2.53	0.21	2.53
502	2.31	0.19	2.31
503	2.10	0.18	2.10
504	1.90	0.17	1.90
505	1.71	0.16	1.71
506	1.54	0.14	1.54

Potential Gain For Ideal Target (Wave 3)

Price @ Target (Expire Date)	Gain/Loss \$	Gain/Loss %
22.00	\$18.69	565%
21.00	\$17.96	591%
20.00	\$17.22	619%
19.00	\$16.47	651%
18.00	\$15.69	679%
17.00	\$14.90	710%
16.00	\$14.10	742%
15.00	\$13.29	777%
14.00	\$12.46	809%

Potential Gain For Min Target (Wave C)

Price @ Target (Expire Date)	Gain/Loss \$	Gain @ Min Target
7.50	\$4.19	127%
6.50	\$3.46	114%
5.50	\$2.72	98%
4.50	\$1.97	78%
3.50	\$1.19	52%
2.50	\$0.40	19%
1.50	-\$0.40	-21%
0.50	-\$1.21	-71%
-0.50	-\$2.04	-100%

BREAK EVEN POINT

501.31
502.04
502.78
503.53
504.31
505.10
505.90
506.71
507.54

Exp. Date:18 Mar

Symbol:QQQ

Strike Increment1

CALL STRIKE	Strike Price (Ask)	Delta	Aprox Ideal Entry Price
498.00	3.75	0.27	3.75
499.00	3.46	0.25	3.46
500.00	3.18	0.24	3.18
501.00	2.93	0.22	2.93
502.00	2.68	0.21	2.68
503.00	2.44	0.20	2.44
504.00	2.21	0.18	2.21
505.00	2.03	0.17	2.03
506.00	1.84	0.16	1.84

Potential Gain For Ideal Target (Wave 3)

Price @ Target (Expire Date)	Gain/Loss \$	Gain/Loss %
22.00	\$18.25	487%
21.00	\$17.54	507%
20.00	\$16.82	529%
19.00	\$16.07	548%
18.00	\$15.32	572%
17.00	\$14.56	597%
16.00	\$13.79	624%
15.00	\$12.97	639%
14.00	\$12.16	651%

Potential Gain For Min Target (Wave C)

Price @ Target (Expire Date)	Gain/Loss \$	Gain @ Min Target
7.50	\$3.75	100%
6.50	\$3.04	89%
5.50	\$2.32	73%
4.50	\$1.57	54%
3.50	\$0.82	31%
2.50	\$0.06	2%
1.50	-\$0.71	-32%
0.50	-\$1.53	-75%
-0.50	-\$2.34	-100%

BREAK EVEN POINT

501.75
502.46
503.18
503.93
504.68
505.44
506.21
507.03
507.84

INPUTS

Symbol

QQQ

Expected Target Date for Wave 3

Date For Minimum Target

Potential Invalidation Date

Ideal Target for Wave 3

520.00

Minimum Target for Wave C

505.50

Ideal Entry Price

481.54

% Move To Ideal Target

8.0%

% Move To Min Target

5.0%

THIS WORKUP DOES NOT REPRESENT A TRADE RECOMMENDATION. FOR INFORMATIONAL & EDUCATIONAL PURPOSES ONLY.

In summary:

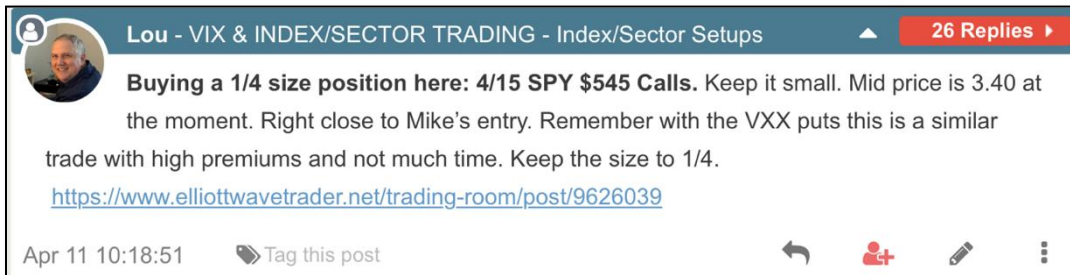
When posting a trade setup, Mike always specifies the exact options contract he is purchasing, along with any additional notes on risk management or sizing.

Mike intentionally avoids a one-size-fits-all model. Instead, the Workup offers a range of choices so that members can select contracts based on their individual goals, timeframes, and risk tolerance.

Lou's Trade Alerts

Lou builds off Mike's trade alerts using a **more conservative, risk-managed approach**.

- Lou may **select different strikes/expiration**s from the Workup.
- He sometimes **tranches** into positions.
- Lou will **post his entries and exits**, explaining the reasoning behind contract selection.



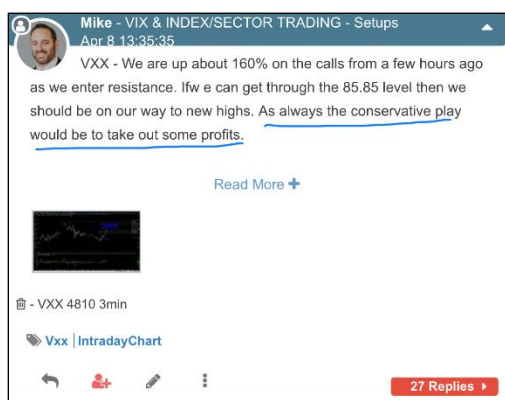
Important:

Lou's trades are **not separate trades** — they are **more conservative executions** of Mike's setups. Members are free to follow Mike, Lou, or find a balance between the two.

Lou will also provide **daily updates** on his open trades, highlighting exits and risk-management adjustments.

Exiting Trades

- Mike and Lou will occasionally hold trades to expiration.
- Lou typically places **GTC limit orders** aiming for **60–150% gains** for an initial exit and will usually hold a balance of the position longer.
- If a position doubles (2x+), expect a **Profit-Taking Alert** from Mike.



The philosophy remains the same: we aim to take consistent profits while managing downside risk carefully.

Lou's approach formalizes this process to demonstrate how **consistent, conservative trading** can still lead to **outsized gains**.

Mike will continue to track trades until they are fully closed out, providing updates as needed.

Risk Management and Position Sizing

One of the most important—and often overlooked—parts of trading is **risk management** and **proper position sizing**. Without discipline in these areas, even the best setups can lead to large drawdowns and account losses over time. Success in the VIX Room depends not just on hitting big trades, but on consistently managing risk so you can stay in the game during inevitable losing streaks.

"Amateurs think about how much money they can make. Professionals think about how much money they could lose."
-Jack Schwager from the book Market Wizards

While the VIX Room offers the potential for significant gains in short periods, it also will come with periods of drawdowns. Whether you follow Mike's more aggressive style or Lou's conservative approach, properly managing risk and sizing positions appropriately is key to long-term account growth.

There's no one-size-fits-all answer, but a common guideline is to risk **1%–5% of your account** on any single trade. The specific percentage should reflect your goals and risk tolerance. For example, a conservative retirement account might risk closer to 1%, while a smaller, high-growth trading account might be comfortable at 3%–5%.

Options Position Sizing Example:

In the VIX Room, we use option premium paid as the total risk. Here is a basic formula to calculate how many contracts you can buy:

$(\text{Your Account Size} \times \text{Risk Percentage}) \div (\text{Option Price} \times 100)$

Example:

- Account Size: \$50,000
- Risk: 5% per trade
- Option Entry Price: \$0.10

Calculation:

$(\$50,000 \times 0.05) \div (\$0.10 \times 100) = 250 \text{ contracts}$

- **Total risk** on the trade: \$2500
 - **Potential reward** (targeting 5x return): \$12,500
 - This sets up a **5-to-1 reward-to-risk ratio**, assuming the trade hits its ideal target and total risk is what you paid for the option premium if the option contract goes to zero due to it not being ITM (In The Money) at expiration.
-

The Power of Consistency (Especially Using Lou's Conservative Approach)

If you aim for just a **4% return per month** — which could equate to **one winning trade hitting the minimum target each month** at a 5% risk model— the compounding effect becomes powerful:

- 4% per month = roughly **60% annual account growth**.
- 8% per month = roughly **150% annual account growth**
- Higher consistency and risk control make large swings unnecessary to achieve strong returns.

Compounded Return Month Over Month			Annualized Return
Starting Capital	\$ 50,000.00		0.00%
Month 1	\$ 54,000.00	8.00%	8.00%
Month 2	\$ 58,320.00	8.00%	16.64%
Month 3	\$ 62,985.60	8.00%	25.97%
Month 4	\$ 68,024.45	8.00%	36.05%
Month 5	\$ 73,466.40	8.00%	46.93%
Month 6	\$ 79,343.72	8.00%	58.69%
Month 7	\$ 85,691.21	8.00%	71.38%
Month 8	\$ 92,546.51	8.00%	85.09%
Month 9	\$ 99,950.23	8.00%	99.90%
Month 10	\$ 107,946.25	8.00%	115.89%
Month 11	\$ 116,581.95	8.00%	133.16%
Month 12	\$ 125,908.51	8.00%	151.82%

Compounded Return Month Over Month			Annualized Return
Starting Capital	\$ 50,000.00		0.00%
Month 1	\$ 52,000.00	4.00%	4.00%
Month 2	\$ 54,080.00	4.00%	8.16%
Month 3	\$ 56,243.20	4.00%	12.49%
Month 4	\$ 58,492.93	4.00%	16.99%
Month 5	\$ 60,832.65	4.00%	21.67%
Month 6	\$ 63,265.95	4.00%	26.53%
Month 7	\$ 65,796.59	4.00%	31.59%
Month 8	\$ 68,428.45	4.00%	36.86%
Month 9	\$ 71,165.59	4.00%	42.33%
Month 10	\$ 74,012.21	4.00%	48.02%
Month 11	\$ 76,972.70	4.00%	53.95%
Month 12	\$ 80,051.61	4.00%	60.10%

Of course there will be some months in which this number is much higher and has been in the past has high as 50% per month and others when there will be a loss.

The goal isn't to swing for the fences on every trade, but to **stack small, consistent wins** while keeping drawdowns manageable. This disciplined approach helps traders stay emotionally steady, avoid FOMO (Fear of Missing Out), and grow their accounts sustainably over time.

Managing Risk and Drawdowns Using a Percentage of Account Model

Another key advantage of using a **percentage-of-account** risk model is effective **drawdown control**. By sizing each trade based on a consistent percentage of your account, you automatically reduce trade size as your account value decreases during losing streaks. This helps mitigate losses and protect your capital.

When you **recalibrate position size regularly** (for example, every four trades, which is roughly the monthly average in our system), it would take more than 12 consecutive losses to reduce your account by 50% at a 5% risk model and 19 consecutive losses at a 2.5% risk model, and far more than that to risk a complete blow-up. *(Just as the percentage-of-account risk model slows the drawdown, it can also accelerate the returns as you size up as shown above)*

While we have **never come close to such a streak** over the past six years, the point remains: **it becomes very difficult to blow up an account** when proper risk management is followed.

The following examples show how recalibrating every four trades (which is the average we aim for each month) would affect account value if every single trade was a loser.

Startig Value	\$50,000	5% Per Trade
Trade 1	\$47,500	(\$2,500.00)
Trade 2	\$45,000	(\$2,500.00)
Trade 3	\$42,500	(\$2,500.00)
Trade 4	\$40,000	(\$2,500.00)
Trade 5	\$38,000	(\$2,000.00)
Trade 6	\$36,000	(\$2,000.00)
Trade 7	\$34,000	(\$2,000.00)
Trade 8	\$32,000	(\$2,000.00)
Trade 9	\$30,400	(\$1,600.00)
Trade 10	\$28,800	(\$1,600.00)
Trade 11	\$27,200	(\$1,600.00)
Trade 12	\$25,600	(\$1,600.00)
Trade 13	\$24,320	(\$1,280.00)
Trade 14	\$23,040	(\$1,280.00)
Trade 15	\$21,760	(\$1,280.00)
Trade 16	\$20,480	(\$1,280.00)
Trade 17	\$19,456	(\$1,024.00)
Trade 18	\$18,432	(\$1,024.00)
Trade 19	\$17,408	(\$1,024.00)
Trade 20	\$16,384	(\$1,024.00)
Trade 21	\$15,565	(\$819.20)
Trade 22	\$14,746	(\$819.20)
Trade 23	\$13,926	(\$819.20)
Trade 24	\$13,107	(\$819.20)
Trade 25	\$12,452	(\$655.36)
Trade 26	\$11,796	(\$655.36)
Trade 27	\$11,141	(\$655.36)
Trade 28	\$10,486	(\$655.36)
Trade 29	\$9,961	(\$524.29)
Trade 30	\$9,437	(\$524.29)
Trade 31	\$8,913	(\$524.29)
Trade 32	\$8,389	(\$524.29)
Trade 33	\$7,969	(\$419.43)
Trade 34	\$7,550	(\$419.43)
Trade 35	\$7,130	(\$419.43)
Trade 36	\$6,711	(\$419.43)
Trade 37	\$6,375	(\$335.54)
Trade 38	\$6,040	(\$335.54)
Trade 39	\$5,704	(\$335.54)
Trade 40	\$5,369	(\$335.54)

Startig Value	\$50,000	2.5% Per Trade
Trade 1	\$48,750	(\$1,250.00)
Trade 2	\$47,500	(\$1,250.00)
Trade 3	\$46,250	(\$1,250.00)
Trade 4	\$45,000	(\$1,250.00)
Trade 5	\$43,875	(\$1,125.00)
Trade 6	\$42,750	(\$1,125.00)
Trade 7	\$41,625	(\$1,125.00)
Trade 8	\$40,500	(\$1,125.00)
Trade 9	\$39,488	(\$1,012.50)
Trade 10	\$38,475	(\$1,012.50)
Trade 11	\$37,463	(\$1,012.50)
Trade 12	\$36,450	(\$1,012.50)
Trade 13	\$34,628	(\$1,822.50)
Trade 14	\$32,805	(\$1,822.50)
Trade 15	\$30,983	(\$1,822.50)
Trade 16	\$29,160	(\$1,822.50)
Trade 17	\$27,702	(\$1,458.00)
Trade 18	\$26,244	(\$1,458.00)
Trade 19	\$24,786	(\$1,458.00)
Trade 20	\$23,328	(\$1,458.00)
Trade 21	\$22,162	(\$1,166.40)
Trade 22	\$20,995	(\$1,166.40)
Trade 23	\$19,829	(\$1,166.40)
Trade 24	\$18,662	(\$1,166.40)
Trade 25	\$17,729	(\$933.12)
Trade 26	\$16,796	(\$933.12)
Trade 27	\$15,863	(\$933.12)
Trade 28	\$14,930	(\$933.12)
Trade 29	\$14,183	(\$746.50)
Trade 30	\$13,437	(\$746.50)
Trade 31	\$12,690	(\$746.50)
Trade 32	\$11,944	(\$746.50)
Trade 33	\$11,347	(\$597.20)
Trade 34	\$10,750	(\$597.20)
Trade 35	\$10,152	(\$597.20)
Trade 36	\$9,555	(\$597.20)
Trade 37	\$9,077	(\$477.76)
Trade 38	\$8,600	(\$477.76)
Trade 39	\$8,122	(\$477.76)
Trade 40	\$7,644	(\$477.76)

Final Notes

- Other analysts may occasionally post trades. If Mike or Lou **officially adopts** the idea, it will be tracked and updated.
 - Member trades are welcomed and encouraged, but they are **not officially tracked** unless adopted by Mike or Lou.
 - Every **Monday afternoon**, Mike hosts a **live Webinar** reviewing market counts, trade setups, and forensic analysis of recent trades. This is your best opportunity to sharpen your understanding of volatility setups and stay aligned with upcoming trade ideas.
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Questions?

We are here to support your growth and success. Please reach out anytime.

Our shared goal is simple: **grow our accounts together**, with discipline and confidence.