Weekend Study Session

November 6, 2026

Dan provided an in-depth analysis of the recent market volatility, focusing on the relationship between the VIX (fear index) and market movements. He explained how the VIX and S&P 500 typically move in perfect correlation, with the VIX rising as the market falls and vice versa. Dan examined historical data showing that after significant VIX spikes, the market often recovers within one to six months, with median returns of 3.4% one month later and over 11% at three to six months. He discussed the recent 70% jump in the VIX and 3.5% drop in the S&P 500, noting that while this represented a significant move, it was not an extreme decline relative to historical crashes. Dan emphasized the importance of proper risk management and not selling into panic spikes, sharing his personal trading experiences to illustrate the dangers of emotional decision-making during market downturns. He concluded by suggesting that while the market may recover in the coming weeks, there could be additional damage to come, and recommended staying on the sidelines in cash positions until clearer signs of a bottom emerge.

Next Steps:

1. Dan: Continue monitoring the VIX and S&P 500 price action to determine if the current market behavior aligns more with a "first crack" top or a selling climax bottom.
2. Dan: Keep the active trade list updated, specifically monitoring Amazon, Joy, THC, and CNC for exit or hold decisions based on price action and moving averages.
3. Dan: Review and share the 7-8 slide presentation with the group to provide a better understanding of the market dynamics discussed.
4. Attendees: Provide feedback to Dan via the trading room or email (dan@stockmarketmentor.com) on whether these types of market analysis presentations are helpful.
5. Attendees: Read the book and provide feedback to Dan once the hardcovers/paperbacks are received.

Transcript:

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00:00:01.660 --> 00:00:17.310

Dan Fitzpatrick: Okay, Dan Fitzpatrick here, StockMarketMentor.com, and today was kind of an interesting day because of some of the earnings, that we got yesterday. We got Apple and SanDisk and, Western Digital.

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00:00:17.310 --> 00:00:26.779

Dan Fitzpatrick: And so, I want to go through, just SanDisk. I don't think I have time to go through all of them, but SanDisk is the most important one. So I'm going to share my screen here.

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00:00:29.250 --> 00:00:39.990

Dan Fitzpatrick: Okay, so, this is how the stock looked yesterday at the close. Note that it had closed right around 540, give or take, a little bit. And so.

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00:00:39.990 --> 00:00:53.130

Dan Fitzpatrick: This box here is what the implied move was. And the implied move, you get that from the options market, and you look at the front month, like the most…

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00:00:53.460 --> 00:01:11.920

Dan Fitzpatrick: the near-term options, the ones that are going to expire the quickest. It used to be it's, like, the third Friday of every month, now it's every week. Most of the… most options, most chains on… on most stocks have weekly options. So, here, I was looking at the Friday.

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00:01:12.460 --> 00:01:24.439

Dan Fitzpatrick: options that were gonna expire to get a sense of how far the stock was gonna go, one way or the other. And so, it actually measures out to about one standard

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00:01:24.440 --> 00:01:41.300

Dan Fitzpatrick: deviation, what the options market prices it at, so it's about a two-thirds chance of being right. Two-thirds… so there's, like, a two-thirds chance of the stock being in this box. Okay, I'll get more to that in just a second, but…

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00:01:42.200 --> 00:01:47.440

Dan Fitzpatrick: Being in the box, how? When? What? Like, what does that mean?

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00:01:47.470 --> 00:01:59.929

Dan Fitzpatrick: Okay, being in the box at expiration. At the expiration of the contract, which is… I'm doing this at 12.49 or 3.49 Eastern, so…

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00:01:59.950 --> 00:02:09.630

Dan Fitzpatrick: This stock has, like, a 2 in 3 chance of going out today somewhere in this box by the close today.

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00:02:09.870 --> 00:02:13.389

Dan Fitzpatrick: the… Spoiler alert, it is.

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00:02:13.400 --> 00:02:37.670

Dan Fitzpatrick: So, that's… but that's the way this is calculated yesterday. Like, yesterday, like, this is where the stock is gonna trade, somewhere in that box. And so, it's fine to say, oh, it's one standard deviation. All right, well, how the heck do I find that, man? I'm not a statistician. So you look at the options chain and say, okay, $540 is the price that it's at, so that's at the money.

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00:02:37.670 --> 00:02:53.360

Dan Fitzpatrick: options. So, you would look at the 540 call and the 540 put. Those are the two options that are at the money, and then you say, okay, well, if I want to buy a straddle.

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00:02:53.360 --> 00:03:01.729

Dan Fitzpatrick: Meaning, I want to buy the 540 call and the 540 put. How much am I going to have to spend for that?

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00:03:01.780 --> 00:03:11.259

Dan Fitzpatrick: And whatever that total is, that's what the implied move is. And so, if, for example, these aren't the numbers.

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00:03:11.260 --> 00:03:34.809

Dan Fitzpatrick: But if, for example, the call costs $10, and the put costs 10 bucks, add them together, that's 20 bucks. So the implied move isn't 10 bucks in this direction and 10 bucks in that direction. No. The implied move then is 20 bucks here, and 20 bucks there. That's what the implied move is, and so we add those together.

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00:03:34.810 --> 00:03:43.669

Dan Fitzpatrick: Add the call, add the put together, and you get a certain number. Okay, so that number, I got, yesterday.

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00:03:43.690 --> 00:03:46.680

Dan Fitzpatrick: And… what was it?

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00:03:48.300 --> 00:04:01.450

Dan Fitzpatrick: about 50… I think it was 50, 52, 57 was what it was. So you go 57 up, 57 down, here's my box. And so then what happens to the stinkin' stock? Alright.

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00:04:04.660 --> 00:04:08.340

Dan Fitzpatrick: Stock caps way up, way up high.

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00:04:11.030 --> 00:04:13.249

Dan Fitzpatrick: Way outside of this box.

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00:04:13.300 --> 00:04:24.369

Dan Fitzpatrick: And… but if you look at it during the day, like, it just traded… I don't know why TC… I gotta get rid of TC2000, man. It is so… it's like buggy whips.

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00:04:24.380 --> 00:04:35.209

Dan Fitzpatrick: Anyway, so the stock gapped up, and then right away, just started trading down. But gradually, over time, by the noon hour, it was indeed into…

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00:04:35.210 --> 00:04:57.769

Dan Fitzpatrick: this box, and then it kept going. Now it's rebounding a little bit, probably closed a bit higher, but it will definitely stay inside this box. So, the reason that I'm mentioning this is, when you see this type of… when you… you draw this box yourself, but when you see a stock go way outside the box, either one way or the other.

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00:04:58.690 --> 00:05:18.300

Dan Fitzpatrick: you have to assume that that's a stretched rubber band, and it's gonna snap back the other way. So we saw that, even with SanDisk. Now, the stock, it still closed, 5% above the prior close, so that's pretty cool. But at one point this morning, it was up…

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00:05:18.320 --> 00:05:25.140

Dan Fitzpatrick: 27%. And so, from this, I could go here, whatever.

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00:05:25.630 --> 00:05:33.469

Dan Fitzpatrick: it was up 23%. So, for this to be up 23% at one point, and wind up up only 5%,

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00:05:34.360 --> 00:05:56.069

Dan Fitzpatrick: That's kind of a bad trade if you're still hanging on to it. But… and it's also a real bearish sign. So, the point that I want to make is these boxes mean things, and they do drag prices in. They definitely drag prices in, but if you see this type of thing, you gotta get out. I did the similar thing with WDC.

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00:05:56.910 --> 00:06:13.270

Dan Fitzpatrick: We'll get rid of that. That was for something else. WDC, the stock stayed, around in the box for a lot of the morning, and then gradually sold off. Well, guess what? Here it is. 247.21. The projected move was 248. Who knows?

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00:06:14.430 --> 00:06:22.719

Dan Fitzpatrick: Yep. We could be getting a run right back up into that box. And so, I think I did this for Apple as well. Yep.

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00:06:22.870 --> 00:06:28.269

Dan Fitzpatrick: This was the box for Apple. It's behaving like a good little boy, right in the middle.

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00:06:28.270 --> 00:06:43.430

Dan Fitzpatrick: So, anyway, I hope these implied… hope this little lesson on implied moves, works for you. You can absolutely use it to your advantage when you are trading, because it's a really… it's about as close as you can get

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00:06:43.430 --> 00:06:58.659

Dan Fitzpatrick: to a prediction that tends to be pretty accurate. I can't predict squat, but if I look at what the implied moves are, at least I have a range that I can make decisions in. So, okay, listen, 59-minute trader.

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00:06:58.770 --> 00:07:17.089

Dan Fitzpatrick: That's a course that I've taught several times, and it's effectively a day trading course. But it's more just about understanding the opening rotation, and I was in there this morning with about 50 people, and we were actually looking at

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00:07:18.370 --> 00:07:20.990

Dan Fitzpatrick: SanDisk. We were looking at that.

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00:07:23.250 --> 00:07:38.439

Dan Fitzpatrick: Here's the daily 5-minute, 15 minute, 30 minute. So, we were… and we'd had positions in this since way down. Like, this was a monster trade. And so, we're looking at this going, alright, great earnings.

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00:07:38.440 --> 00:07:57.740

Dan Fitzpatrick: Is this a time to be, maybe buy more, because the stock is kind of sticking around there, at least for 5 minutes. Maybe it's time to buy more, maybe we're gonna sell? I don't know, let's wait and see. And then the stock starts drifting down below this orange line here, that's the volume-weighted average price.

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00:07:58.380 --> 00:08:00.029

Dan Fitzpatrick: Time to sell the stock.

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00:08:00.650 --> 00:08:12.810

Dan Fitzpatrick: So, if you're just going by the VWAP, which was what we are, you got out of this really pretty dead balls close to the very top. So the reason that I'm mentioning that to you is the stuff that I teach.

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00:08:12.810 --> 00:08:32.190

Dan Fitzpatrick: works. It works really, really well, and if you're not using it, you definitely should. I'm just telling you, you definitely should. I got just a lot of feedback from people just today on this session that I taught, and I'm gonna be doing that every once in a while.

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00:08:32.190 --> 00:08:33.900

Dan Fitzpatrick: for,

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00:08:34.220 --> 00:08:42.329

Dan Fitzpatrick: 59… I call them 59-minute tiers for people that have taken the 59-minute trader course, so if you haven't done that.

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00:08:42.900 --> 00:08:44.089

Dan Fitzpatrick: Check it out.

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00:08:44.200 --> 00:09:01.049

Dan Fitzpatrick: You'll find it on the website, so check that out. You're gonna make money, and part of making money is knowing when to sell. You don't have to be day trading, but you do have to understand how trades work. You gotta understand that, okay? So…

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00:09:01.050 --> 00:09:06.700

Dan Fitzpatrick: That's all I got for you today. Hope you all have an awesome weekend, and I'll see you Monday.