

the wheel strategy is a great options trading strategy
but there's one major risk and this is when you get assigned a stock and the stock keeps falling because in this case you would make a big loss
and right now i already own two stocks and i might get assigned
another two stocks tomorrow take a look at this
so what now am i in trouble so in this video i'll show you what i do so that you know
what to do if this ever happens to you so let's talk about the wheel strategy just very briefly in a nutshell what we do is just
three easy steps first we're selling put options and by doing so we're collecting premium however if a stock dips below the strike price that we sold
we might get assigned so and sometimes this happens sometimes it doesn't
step number three is when we get assigned
we will sell calls and collect more premium so all of this sounds good
and it's all fun and games until somebody loses an eye
i believe this is what my head coach mark hart said this morning
uh when we were trading with our mastermind and if you look at my account right now you will see
okay there are six positions so it's a little bit more
usually i like to trade up to five positions and i
already own shares in lvs
and i own shares in right
so these two are already assigned and right now you see that

aa is itm in the money
and cwh is in the money and everything
looks red so what do we do in this case
tomorrow i might get a sign so and then
i have four
positions in my account is this
something where i should panic
i want to show you exactly what i'm
doing what i'm thinking
what i'm trading going into the next
week
so let's go through this step by step
let's start with the first one
so the first stock here is aaa earlier
this week
i sold aaa puts with a strike price of
35.
now again they expire tomorrow so a lot
can happen
between today and tomorrow but right now
they're trading below my strike price
meaning that it is very likely that i
get assigned on this one
let's take a look at the other one then
we also have cwh
cw8 camping world i sold
the strike price of 37.50 expiring
tomorrow
so if cw8 is below 37.50 tomorrow i will
also get assigned here
just to give an idea for cwh
i have 27 options so this would be 2
700 shares aaa that we had on the
previous screen
i have 29 so this would be 2 900 shares
let's take a look at the other ones and
then we'll talk about these ones that
seem to be in trouble so jwn
is nordstrom nordstrom i stole the
strike price of 32.50
as you can see right now nordstrom jwn
is still hanging in there
33 44 the current price so i might not
get a sign there tomorrow but
hey i might get a sign if jwn keeps
moving lower

lvs is a stock where i have been assigned
at 58 so i own shares and i own exactly 1700 shares at a strike price of 58 and as you can see today it is trading at 54.29 so what do i do here
losing money right so we need to see what exactly
is the plan then we also have pen there's another one that we traded this week with our mastermind
pen we sold the strike price of 79 right now it is trading at 76.50 but earlier today it was trading at 75.43 so maybe i even get a sign there and uh what then then i
am in what six positions last but not least talk about ride and ride is definitely taking us for a wild ride so originally
was assigned at 21.50 flew a couple of rescue missions my cost basis is 1579 right now the break even is at 14.37 and prices are at 10 33 so i'm also losing money here so let's talk about what
to do and we start in alphabetical order we start with
aaa and again between today and tomorrow a lot of things can happen but i just want to show you off why i am not panicking
just yet i really panic i mean you know me i've been following me on this channel i have a plan and i want to show you right now what
my plan is and again my hope is that this will help you
if you are in a similar position so let's go back here a
so the strike price is 35 and i might get assigned here
but let's take a look and see of what would happen
when i do because this is when we move

on to step number two
which is selling calls see we have
step number one which is selling puts
and then we have
step number two which is selling calls
so this is where
i'm using the powerx calculator to see
exactly what i want to do we'll go back
to lvs here in just a moment
but i first want to talk about aaa aaa
the stock purchase price if i'm getting
assigned
will be 35 so i will get assigned at 35
dollars
i want to look at next week's expiration
since tomorrow on june 18th i might get
a design i would just want to see how
much premium i'm getting
in terms of shares what did i say a a
i was trading 29 so this would be 2
900 shares to start anticipating
and making a plan of what could happen
next week
so for aaa i'm looking right now and i
see that
right now with a strike price of 35
for next week i could sell calls
and would get anywhere between 50 and 56
cents
so we could do this now again since i
cannot do it before i'm getting assigned
it might be
a few days later so let's say that by
monday
some time decay has kicked in and
instead of
50 and 56 cents i might only get
40 cents do you think that's reasonable
40 cents so let's just plug it into
the calculator and see what happens if
with a strike price of 35 i'm selling
calls
so if i'm getting 40 cents next week
in this case i would actually make on
this one
46 annualized you see

the total premium for the amount of
chairs that i'm trading here
would be one hundred and sixty dollars
in one week that is not bad at all that
is not bad at all right
so this is very very cool i like that
idea
see even if next week i'm only getting
30 cents
even if i'm getting only 30 cents you
will see that i'm making
870 dollars in just one week overall
the premium annualized is still 35
so even though today it might look like
ah i'm getting assigned
you know what they say if you don't want
to own the stock
don't sell puts and when i say what they
say
it's my head coach mark hodge and i rule
number one of the wheel club
don't sell puts on stocks that you don't
want to own
honestly if on this one on
aaa next week i can make a
thousand dollars in the week do you want
to know what my reaction is to getting
assigned
yay i want to be a sign and this is the
reaction that you should have
instead of i might get a sign it's like
yes i get assigned and next week i can
sell premium and
i can make a thousand dollars in a week
because that's not bad at all
okay let's take a look at the other one
at cwh
and just start anticipating and again of
course i don't know where premiums will
be on monday
i don't know if the stock is bouncing
back or if it keeps dropping
do you need to fly a rescue mission of
course not not at all
not at all so let's take a look at cwa
so the assigned price is 37.50

if it stays below 37.50 tomorrow so
let's do the same here
so i might get assigned at 37.50 again
expiration would be within one week so
next week
shares let's double check how many would
i get assigned here so i'm switching
over to my account and there we said
2700.
2700 shares okay i'm plugging this in
here the strike price that i want to
sell calls at
is at the assign price or higher but
here i want to do it at the assigned
price and let's see
what we could possibly get next week
so right now if we would sell shares at
37.50 right now we would get what
60 to 75 cents can you see this
so again shall we be conservative let's
be conservative and let's say
on monday when we are selling actually
calls we only get
40 cents what do you think about this
does that sound reasonable 40 cents
instead of right now
60 over 75 cents i think it's it's a
good estimate
so let's plug it in here into the
calculator and let's say
we're getting 40 cents again what you
will see here
that with 40 cents again it's another
thousand dollars so wait 800
900 dollars here another thousand
dollars
just between these two i can collect
around
two thousand dollars in premium in one
week
and this is where i say yes i hope
that i get assigned in cwh because i
like to like collect a thousand dollars
here's the deal when you're trading the
wheel you have to
look for stocks that are worth selling

puts on right and this is where we have
the scanner here and on the scanner you
will see that yeah
something popped up so for example the
ones that i liked today was
pen so pen is a good stock and then also
x
is another good one these are two that
we could possibly trade
for the rest you see i flagged them
either with the red flag
or with an orange flag wasn't the
biggest fan here
some of them i didn't flag at all
because i was only trading this morning
with our mastermind members and after
this
i stepped away from the computer i'm not
hypnotizing the market
all day long because i don't know about
you the market seems to be pretty
unimpressed by
my hypnotizing skills it doesn't do what
i wanted to do
you have to constantly look for it the
cool thing is when
you are assigned you don't have to worry
about this when you're assigned
you're just selling calls and usually
you can sell calls
more aggressively and therefore you're
making more premium
um let me just ask you before we move on
is this helpful
at all that i'm showing you of why i'm
so excited of
getting assigned and what i'm planning
to do next week
if i get assigned and again tomorrow we
might have a rally and
both stocks might be out of the money
again so they might rally up
and i will never get assigned which
would be like
i want to get a shine right so
this is the right attitude when trading

the wheel so let's talk about the next one
jwn well jwn that's that's probably not gonna happen that i'm getting assigned here so switching over to the ipad again right now we're still trading a dollar above this but even if i get a sign again i can collect premium see this is the beautiful thing about the wheel strategy
so step number one is you sell puts and you're collecting premium and then number two
you might or might not get assigned and then in step number three
you're selling calls and when you're selling calls
this is when again you're collecting money and here's the deal
this is the important thing that most beginner traders don't understand
for me as a professional trader for me as i make a living trading right it doesn't matter
whether i collect these dollars or i collect these dollars as long as i collect dollars
i don't care which way it goes okay
let's take a look at the other one so we talked about jwn
let's move on to lvs so lvs is interesting
because i do own 1700 1700 shares at 5800 now first of all over the past few weeks
i have been able to sell calls several times
and by selling calls several times on lbs
i have collected you see it here around 5
300 in premium so that's not bad at all
i already have collected 5 dollars in premium there we go but let's take a look at this

right now so this is why we go back to
the power x optimizer
we enter lvs for next week's expiration
let me just show you so for next week's
expiration
i have 1700 shares at a strike price of
58
and now let's see how much premium we
can get
right now for this and whether it makes
sense to sell
calls against this existing position so
we go to lvs
we look at next week's calls at the 58
and you see right now we're getting 14
over 16 cents so let's say we would get
15 cents and this is where we are going
back and uh
plugging this in here and say okay right
now
we can only get 15 cents and you see
this where the cool thing is
right now power x optimizer tells us
that would only make 10 annualized
right so it would only make 255 dollars
now you might say
255 dollars is better than nothing but
here is what what i think i think i'll
just look at it and say
you know what if this just has a little
pop and today it did have a little pop
see today it popped up as high as
55.60 and i was a little bit aggressive
i wanted to sell
this week's premium should have gone to
next week because then i would have been
able to do this on the pop
so we will just see i mean as you know
yesterday we had the fed meeting so
right now
there's a lot of confusion in the market
if you look at overall what the markets
are doing right now
we see that here the dow is slightly
down for the day
the smp is pretty much flat and the

nasdaq is actually
gaining one and a half percent so growth
stocks are right now
outperforming value stocks which is fine
the sentiment can change again next week
so right now here with this one
i'm waiting to get more premium let's
see what else do we have
what other positions do we have here pen
we already talked about this
so pen the strike price is 75
yeah i can get rid of this order because
i don't want to
i can cancel this order right now and
just let it expire worthless
this way i'm making a little bit more
money and then of course we have right
here and uh right
i mean we've been talking about this
several times my break even
right now is 14.37
so this means that i probably shouldn't
sell calls that are way below my break
even so it might make sense to sell
calls at a strike price of 14 or maybe
even going a little bit higher
at 14.50 and again this is where we're
going back to the calculator
and see okay what happens here if we go
to the calculator
we we're entering right as a ticker
so right the stock purchase price well
this purchase price actually originally
was 21.50 then i lowered my cost basis
to 15.79.
so right now i could just say it is
14.39
right i mean this is my break-even price
expiration if you go to next week i have
10 000 shares here of right
so if you go to a strike price a little
c of 14
so this means if you have a strike price
of 14 let me just show you here
on the stock i would lose three thousand
nine hundred dollars

right because i'm getting called away at
fourteen and my
break even is at fourteen thirty nine so
i lose thirteen thousand nine hundred
dollars however
as you recall if you have been watching
me you know that i already made
fifteen thousand two hundred and eighty
four dollars in premium
so even if i did that right now
if i'm losing around four thousand
dollars and i made already fifteen
thousand dollars
in premium a little bit more here 50 284
so this means it leaves me with a profit
of 11
000 even if i'm selling the 14 call but
let us see if there's
enough premium in there in the 14 call
for next week to make it worth mobile
the 14 call right now disappeared so
let's just say that
the 1350 why not let's take a look at
the 1350 so it probably gets uh like
what
21 cents 22 cents you get the idea
so let's come back on the ipad onto the
calculator
and say okay so for for next week for
the
14 21 cents actually for the 1350
okay so that's not bad at all
did i do this right because that's not
bad
maybe i will go even to the 15. because
let me let me just show you something
okay so this is actually pretty cool
that i can show you this
so i have two possibilities here so
if it is at 14 39 my break even
uh 25th i have 10 000 shares here
the strike price let us go with the 15
the premium here would be
10 cents that's not bad at all
not bad at all for next week okay see
so in this case if i would sell and

right now
for the 15 i could easily get 10 cents
right so
if i do that i would make
six thousand one hundred dollars on the
shares plus an additional one thousand
dollars in premium
so that's not bad here's one of the
reasons why today
i'm holding out on ride a little bit
since i own this stock i've become an
expert
on ride don't want to be an expert on
lordstown motors
but you see when you own the stock you
want to make sure that you
know what's going on with the company so
you know
a lot of things have been going on the
hidden report report
were accusing them of fake orders then
it seemed that they were running out of
cash
they had to restate something in the
filing they said that they had an
ongoing concern
all of these stuff so it all was really
really bad news and this is what was
driving
wardstown lower then on monday
the ceo and the cfo resigned so this
happened on monday
this is why on monday the stock at first
said uh that's so good at all so this
year
is monday where you have this this down
then the interim ceo
angela strand and the i believe it was
the
president they gave an interview on
tuesday
they said you know what we're actually
doing good we have enough orders
so that we can go through 2021
easily and 2022 as well so we have
plenty of orders

this is why the stock went higher and
went as high as 11
then this morning this morning they
actually announced that they bring on a
new vice president and the vice
president is coming from gm
so lots of experience in the automotive
industry and
that was actually good news but
it also turned out that they had to do
another filing today
where they said uh you know what on
tuesday when we said that we have enough
orders
let's rephrase this all of these orders
are not binding orders
so anyhow this is why there's lots of
confusion and if you look at right today
i mean this this
puppy has just a wild swing so today
we went from 1003 to 1107.
that is a one dollar swing on a 10 stock
that is
10 so that's quite a lot especially if
you look at the adr
the average daily range of the last
seven days
so on average lordstown motors
is moving dollar fifty per day
so that's a lot and it's reflected in
the premiums see the premiums
are 185 percent here implied volatility
so it's a lot why am i not selling today
because i do believe
that there is a possibility a very
strong possibility
that maybe tomorrow or on monday it is
quickly jumping up to either
11 again or even to 12. and when this
happens
instead of collecting a thousand dollars
in premium
i'm pretty sure that i can collect two
thousand dollars in premium
long story short here with the you know
one bird in the hand and two birds in

the bush
right now i'm going with two birds in
the bush this stock is so volatile
i believe that there's a good chance
that it might pop up here
i just wanted to show you today what i'm
doing right now
if i would get assigned with these two
stocks
and what i would do is yes sell call
premiums
my goal is every week to make around
three three and a half thousand dollars
and if i can
already collect on these two stocks that
i'm getting assigned to if i can collect
two thousand dollars i'll take this i'm
already halfway there i don't have to do
much
right so that's the cool thing