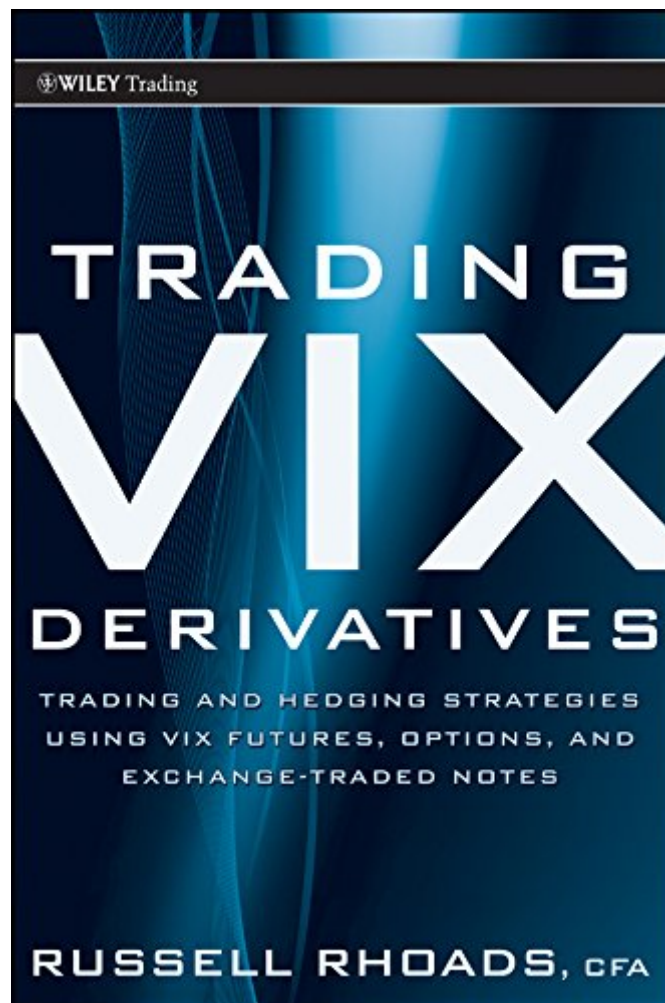


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# Trading VIX Derivatives: Trading And Hedging Strategies Using VIX Futures, Options, And Exchange Traded Notes (Wiley Trading)



## Synopsis

A guide to using the VIX to forecast and trade markets Known as the fear index, the VIX provides a snapshot of expectations about future stock market volatility and generally moves inversely to the overall stock market. Trading VIX Derivatives will show you how to use the Chicago Board Options Exchange's S&P 500 volatility index to gauge fear and greed in the market, use market volatility to your advantage, and hedge stock portfolios. Engaging and informative, this book skillfully explains the mechanics and strategies associated with trading VIX options, futures, exchange traded notes, and options on exchange traded notes. Many market participants look at the VIX to help understand market sentiment and predict turning points. With a slew of VIX index trading products now available, traders can use a variety of strategies to speculate outright on the direction of market volatility, but they can also utilize these products in conjunction with other instruments to create spread trades or hedge their overall risk. Reviews how to use the VIX to forecast market turning points, as well as reveals what it takes to implement trading strategies using VIX options, futures, and ETNs Accessible to active individual traders, but sufficiently sophisticated for professional traders Offers insights on how volatility-based strategies can be used to provide diversification and enhance returns Written by Russell Rhoads, a top instructor at the CBOE's Options Institute, this book reflects on the wide range of uses associated with the VIX and will interest anyone looking for profitable new forecasting and trading techniques.

## Book Information

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## Customer Reviews

I found the book quite accurate in the information it presents (on VIX, its derivatives, and their use for hedging and speculation) -- but a lot of that information can be gleaned for free on the CBOE site, so, to justify its cost, I think a book should offer "added value" via engaging, easy-to-follow, makes-you-want-to-keep-reading writing. Alas, this book's writing style is about as dry as that found on the CBOE site, making it a hard slog to read and digest cover to cover even, though it's a short book. And no, it's not the subject matter that forces such a dry style: McMillan's writings on options and volatility are just as engaging and absorbing as I would wish, for example. The single-chapter intro to some options basics is too short and probably insufficient if you lack that info (there's just too much more you need to know about options!), while it's redundant if you already know that information. Probably inevitable, but still a bit disappointing, is the very incomplete coverage of VIX-centric ETFs and ETNs -- no doubt because the field keeps evolving very fast. For example, while the book does mention ("cover" would be an overbid) thinly-traded, rather-flat inverse-VIX ETN VXX, it does not have a word about fast-moving, highly liquid XIV (almost 10 times larger in market cap and dollar trading volume). I guess an ETN that started trading in November 2010 could not be covered in a book published in August 2011...? So, nothing deeply nor terribly about the book, but -- I think it just doesn't really pull its weight. I'd suggest starting with [cboe.com](http://cboe.com), and [...] for a list of VIX-centric ETF to use as a start for your own research on how each of them is structured and performs.

When I purchased this book, I was under the impression that it would contain actual strategies for speculating the VIX. Nope! It's simply a guide of what VIX derivatives are and how they can be used. If you want to learn actual strategies for predicting the VIX levels you're out of luck. Keep that in mind before you buy this.

Mr. Rhoads does an excellent job in explaining the volatility indexes. For every option trader understanding of the vol. curve is a must-know. Mr Rhoades explains it perfectly. I particularly find very useful Chapters 10-15 where he explains the practical use of VIX derivatives in different

volatility environments. He provides a real example to each strategy, compares it to each other and explains its pros and cons.

Great read with a lot of good info from one of the best in the game. Readers may also find this article helpful - Top 6 Reasons to Trade Volatility

<http://www.vixstrategies.com/top-6-reasons-to-trade-volatility-2/>

Great book a lot of new products is coming out from the CBOE. The technique is the same as all other options that has been used in the past. Keep up the good work CBOE you have done to keep up innovating new products to keep the markets entertaining

If you want to know exactly how the VIX works, how it relates to markets, and the various ways to trade and hedge with it, look no further. There is another review here that calls the accuracy of the title of the book into question. I have the book here in front of me, and I fail to see where it says anywhere on the cover that this book will show you exactly how to predict future VIX movements. That being said, the very first chapter is on implied volatility, one of the biggest factors of option pricing. The very next chapter breaks down how the VIX works as a projection of the 30-day implied volatility of S&P500 options. With all this information and with working knowledge of option pricing, you should at least be able to glean what you need to know to attempt to predict VIX movements, and that's just the first few chapters. Nearly every following chapter lays out strategies based on what your predictions may be (as stated in the title). It's a book of content, not of VIX "tips," and on that basis it deserves five stars.

I personally think the VIX is one of the most misconstrued trading vehicles out there. This book gives one an understanding of the VIX products, how they are different from normal stock, option, and futures trading, and various trading strategies to hedge and make directional trades. I consider myself an intermediate trader with an understanding of options and futures, yet I highlighted plenty of things and marked many pages to refer back too. This book has payout diagrams and quote charts for theoretical trades, and it also takes into account the crash of 2008 in many of the trading scenarios. I took my time going over each trade and found all of them really helpful for a better understanding of the VIX. Rhoads talks about VIX futures, options, ETF's, and ETN's on various products such as gold and oil, but the main focus is on the S&P 500 volatility index. Rhoads breaks up the reading by adding a few highlighted random facts about options and futures to ease the

reading on a rather complicated topic. I would defiantly recommend reading the book and give it significant value, for it has already made me a better trader and has provided me with greater clarity on trading volatility in all its forms.

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