IV - THE PRICE TAG

Vajgrt Labs - Education - Lesson 41 of 72 - 3 min read - Updated Oct 21, 2026

TL;DR

- IV is the price tag on an option - what you're really paying for.
- It inflates before big events and collapses in minutes after them (the crush).
- The stock can go up and your call can still lose. Check IV against its recent range first.

THE TAKEAWAYS

- Before a big event IV inflates - options get expensive. After, it collapses in minutes.
- The stock can go UP and your call can still LOSE: the crush outruns the move.
- Check IV against its own recent range before you buy. Cheap IV = wind at your back.

RULE: Never buy the week of a big event without checking IV first.

COMMON MISTAKES

- Buying the morning of a big event without checking IV.
- Assuming right direction = winning trade (the crush doesn't care).
- Paying inflated IV for an expected move smaller than what the premium already expects.

DO IT ON PAPER

In Robinhood, open a SPY option and note its IV today. After the next big report day, check the same option's IV again and compare. Log both numbers in your journal.

Education only - not financial advice. Options involve substantial risk of loss. Examples use real SPY chain data from Oct 9, 2026. Vajgrt Labs - Education.