Three Top Ways to Trade the Short Side of Volatility

It's been an absolute blood bath.

Over the last few weeks, the Dow Jones Industrials fell 10,000 points. The S&P 500 gave up 1,1100, as the NASDAQ dropped nearly 2,900 points.

All on coronavirus fears, which we've profited from using four VIX-based opportunities.

ProShares Ultra VIX Short-Term Futures ETF (UVXY)

Since mentioning the UVXY in early March 2020, the UVXY ran from \$23.25 to \$91. Consider selling it here to secure that win.

Velocity Shares Daily 2x VIX Short-Term ETN (TVIX)



Since early March 2020, TVIX ran from \$108.54 to \$608. Consider selling it here for the win.

iPath S&P 500 VIX Short-Term Futures (VXX)

The ETN soared from \$23 to \$60.55. Consider selling for a win.

However, we now believe the fear is a bit overdone. And while others are still running scared from the markets, it's time for us to start trading the downside of volatility. That's because, at 85, the Volatility Index (VIX) is at unsustainable all-time highs. Once fear subsides, the VIX could quickly retreat back to \$15 in weeks.



There are a few ways to trade that potential move.

Opportunity No. 1 – Pro Shares Short VIX Short-Term Futures ETF (SVXY)

ProShares Short VIX Short-Term Futures ETF provides short exposure to the S&P 500 VIX Short-Term Futures Index, which measures the returns of a portfolio of monthly VIX futures contracts with a weighted average of one month to expiration, according to Pro Shares.

Opportunity No. 2 – Velocity Shares Daily Inverse VIX Medium-Term (ZIV)

The ETN seeks returns that are -1x the returns of the S&P 500 VIX Mid-Term Futures Index ER for a single day, says Velocity Shares.



Opportunity No. 3 – iPath Barclays Inverse S&P 500 VIX Short-Term Futures ETN (XXV)

The Index offers exposure to a daily rolling long position in the first and second month VIX futures contracts and reflects market participants' views of the future direction of the VIX index at the time of expiration of the VIX futures contracts comprising the Index.