

Three of the Best Ways to Trade Wild Volatility

Markets have been extremely volatile.

Last Friday, the Dow fell about 1,000 points. On Monday, markets rebounded nicely, with many traders believing the bottom was in. By Tuesday, the Dow was down another 411 points.

That's insanity.

Here's my concern. If the markets fail to find and hold support at current levels, it could test March double bottom support. Then, if that fails to hold, we could dive further. All thanks to fears about big tech earnings, inflation, recession, and uncertainty with Russia.

So, how can we trade the current volatility out there?

We can trade ETFs and ETNs, which track the Volatility Index.

Pro Shares Ultra VIX Short-Term Futures ETF (UVXY)

As the VIX pops, so does the UVXY ETF.

Since the start of 2022, the ETF ran from a low about \$11.16 to a recent high of \$16. From here, the Volatility Index and the UVXY ETF could see higher highs. All thanks to uncertainty about what could possibly happen next. For those of you that are new to the UVXY, the ETF was designed to match two times (2x) the daily performance of the S&P 500 VIX Short-Term Futures Index. As the VIX moves higher, the UVXY typically follows.

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

The VXX ETN, which provides exposure to the S&P 500 VIX Short-Term Futures Index. The VXX last traded at \$25.54 and could see \$30.

ProShares VIX Short-Term Futures ETF (VIXY)

ProShares VIX Short-Term Futures ETF provides long 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. It last traded at \$18.99 and could test \$25.