

Three of the Best Ways to Trade the Next Presidential Election

We're still 11 months away from the 2020 presidential election.

However, it's never too early to start thinking about how we can trade it. In fact, one of the best things you can do is prep for potential and sizable volatility.

We can use the:

- iPath S&P 500 VIX Short-Term Futures (VXX)
- ProShares Ultra VIX Short-Term Futures (UVXY)
- VelocityShares Daily 2x VIX Short-Term ETN (TVIX)

That's based on history.

If we just look at historical mid-term election volatility, that's very clear and tradeable.

- In 1990, the VIX jumped from 16 to 36
- In 1994, the VIX jumped from 11 to 18
- In 1998, the VIX jumped from 16 to 45
- In 2006 and 2010, the VIX fell
- In 2014, the VIX jumped from 12 to 40
- In 2018, the VIX jumped from 12 to 37

In fact, in 2018, we used the VXX, UVXY, and TVIX to profit from the intense volatility ahead of the midterms. Each one of those opportunities did explosively well, as the VIX popped.



Ahead of presidential elections, we've seen similar moves in the volatility index.

- In Nov. 1992 election, the VIX exploded from 13 to 20
- In Nov. 1996 election, the VIX popped from 14 to 22
- In Nov. 2000 election, the VIX ran from 17 to 31
- In Nov. 2004 election, the VIX ran from 12 to 14
- In Nov. 2008 election, the VIX ran from 20 to 88
- In Nov. 2012 election, the VIX ran from 15 to 22
- In Nov. 2016 election, the VIX ran from 12 to 22

In 2020, the election will be one that could create sizable volatility.

It's best to start thinking about investing in volatility before that happens. In fact, the best time to start putting money into the above-mentioned opportunities is now, especially with markets becoming aggressively overbought.