



Invesco CurrencyShares Euro FXE (Put Options)

DEC. 12, 2018

BEARISH TRADE

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“How did you go bankrupt?” Bill asked. “Two ways,” Mike said. “Gradually and then suddenly.” The dialogue above is from Ernest Hemingway’s 1926 novel, *The Sun Also Rises*. We mention it, because we think it’s an apt description for what faces the euro currency.

The undoing of the euro is a major investment theme. And while it’s been a slow moving train wreck, it’s happening nonetheless. The euro is battling an bevy of risks: Political crisis, economic crisis, institutional crisis, identity crisis, etc.

Since the start of October, the **Invesco CurrencyShares Euro Trust (FXE)** has slid around 2.5%. Currently, the fund isn’t in a strong enough downtrend to warrant a leveraged bearish ETF trade like EUO.

In the meantime, we’re trading in the same direction as EUO, but with a longer time window. **We’re buying JAN 2020 \$100 FXE put options (FXE200117P00100000) at current prices near \$80 per contract.** This is a naked out-of-the-money put options trade and the FXE puts expire on Jan. 17, 2020. The trade is “naked” because we don’t own FXE. We want FXE to fall below the \$100 strike price by the Jan. 17, 2020 expiration date. Depending on how FXE behaves, we’ll ride them all the way to expiration or we’ll sell them for a profit.

(Check out our [online courses](#) to learn more about ETFguide’s approach to portfolio construction.)

TABLE OF OPEN & CLOSED TRADES

CLOSED Positions

CHANGED our stop loss price

ETF Positions & Ticker	Date opened & price	Strategy & update	Stop loss price	Date closed & price	Gain/Loss
DEC 2018 \$100 SMH call options (SMH181214C00100000)	11/15/18 @ \$90	Sold out-of-the-money naked calls on SMH. We’re good so far.	-	OPEN	
Direxion Daily Small Cap Bull 3x (TNA)	10/12/18 @ \$62.50	Looking for a small cap rebound, which could be fueled by a US/China trade deal.	-	OPEN	
XHB JAN 2020 \$34 put options (XHB200117P00034000)	10/12/18 @ \$215	How could we NOT be short a sector that relies on low interest rates and confident consumers to succeed?	-	OPEN	
Direxly Daily Biotech 3x Bull (LABU)	10/4/18 @ \$88.87	Thus far, not a good trade. But we’re not bailing yet.	-	OPEN	
ProShares Short High Yield ETF (SJB)	3/22/18 @ \$23.50	We’ve been sitting on this trade since March. And if we don’t see some upside action soon, we’re bailing.	-	OPEN	
Global X Lithium ETF (LIT)	3/15/18 @ \$36.04	A long-term investment theme we like, but one that at the moment, trades ugly.	-	OPEN	
ProShares UltraShort Real Estate (SRS)	2/22/18 @ \$34.75	Rising interest rates are bad for this industry sector. Still waiting for this busted trade to come around.	-	OPEN	
ProShares Short S&P 500 (SH)	2/9/18 @ \$31.35	Strictly a defensive trade. We’re patiently holding on, despite a modest paper loss.	-	OPEN	
iShares MSCI Global Gold Miners (RING)	10/20/16 @ \$21.10	A surge in gold would be good for this trade.	-	OPEN	

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