



Communication Services Select Sector SPDR XLC (Put Options)

DEC. 25, 2018

BEARISH TRADE

Scan here with your mobile device to get future updates.

Earlier this year, stocks like Alphabet, Facebook, Netflix, and Verizon were re-categorized into a newly formed S&P 500 sector called "communication services." The group includes media, software services, and retailing stocks.

The **Communication Services Select Sector SPDR ETF (XLC)**, which tracks this group of 26 stocks, has nearly 40% of its equity exposure to Facebook and Alphabet (A and C shares) alone. We like to think of XLC as the "almost FAANG ETF." Although XLC doesn't own Apple or Amazon.com, the fund's performance and volatility is still highly correlated with the group.

Although XLC has declined sharply this past quarter, we're anticipating even lower prices ahead. **We're buying JAN 2020 \$20 XLC put options (XLC200117P00040000) at current prices near \$450-475 per contract.** Since there are no inverse FAANG ETFs, this is our best choice. Also, we get to customize the length of our trade, extending it one-year vs. being constricted to super short-term daily or weekly trades with inverse leveraged ETFs. While our XLC puts expire on Jan. 17, 2020, we may sell the position sooner, if XLC drops and we're able to lock in a profit. As XLC declines, the value of our put options will increase.

(Take our course [Profit During Crashing Markets: A Step-by-Step Guide](#). Use promo code **BIGBEAR** for a 20% discount off enrollment. Real time trade alerts are available to [premium members](#) via text and our premium Twitter feed.)

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 and we won big.	-	12/21/18 (expired worthless)	+100%
Direxion Daily Small Cap Bull 3x (TNA)	10/12/18 @ \$62.50	A busted seasonal trade that never got traction.	-	12/17/18 @ \$47.21	-24.5%
ProShares Short-Term VIX Futures ETF (VIXY)	12/17/18 @ \$34.73	Quick in and out volatility trade. We'll be back for more later.	-	12/24/18 @ \$40.41	+16.3%
Direxly Daily Biotech 3x Bull (LABU)	10/4/18 @ \$88.87	A rarely misguided trade that went off the rails.	-	12/24/18 @ \$26.05	-70.5%
Direxion Daily Tech 3x Bear (TECS)	12/17/18 @ \$27.17	Tech is in a bear market: Don't let any short term bounces fool you.	\$30	OPEN	
FXE JAN 2020 \$100 put options (FXE200117P00100000)	12/13/18 @ \$80 per contract	The euro experiment is a slow moving train-wreck and	-	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	
ProShares Short High Yield ETF (SJB)	3/22/18 @ \$23.50	We've been sitting on this trade since March. And it's just starting to pop to life.	-	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've now turned our paper loss into a paper profit.	-	OPEN	
iShares MSCI Global Gold Miners (RING)	10/20/16 @ \$21.10	A surge in gold would be good for this trade.	-	OPEN	

Brokerage Products / Not FDIC-Insured / No Bank Guarantee / May Lose Value / Investors should always read the prospectus for objectives, risk, charges, expenses, and other information before investing. This information is provided for general informational purposes only and should not be considered an individualized recommendation or personalized investment advice. No dissemination or reproduction of this report is permitted without ETFguide's written prior consent is approved. Past performance is not a guarantee or warranty of future performance. © 2018 ETFguide, LLC All Rights Reserved.

