

EQUITIES · NASDAQ · OPTIONS STRATEGY

When The Going Gets *Tough...*

Smart investors buy protection...smartly

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One could be excused for the incredulity of the title — after all S&P is back into new high territory, breadth is better — hardly the stuff of tough narratives. BUT (isn't there always one), when the leader can't lead, can the troops sustain?

Nasdaq's inability to break high ground, and the continued under-performance (vs. SPX) are significant not only for Nasdaq itself, but implications for the broader market given the c40% weighting of tech in the broad market index.

Is it all doom and gloom — not yet — while Nasdaq 100 remains contained in a down channel, a break below 27200-500 (660-680 on QQQ) is needed to calibrate to a larger downtrend.

Insurance is best bought when not needed — rather than await a swoon, the rally since late July and lower volatility *support a case for locking in gains through relatively inexpensive protection* (3-month 92% Put on QQQ costs 1.9%).

Smart protection (Long Put + Call Credit Spread) can be executed for a net credit (max downside 3.8%; upside sacrifice 4.2%) — when the going gets tough, the smart buy protection, smartly!

NASDAQ 100 — RETREATS BACK INTO DOWN CHANNEL



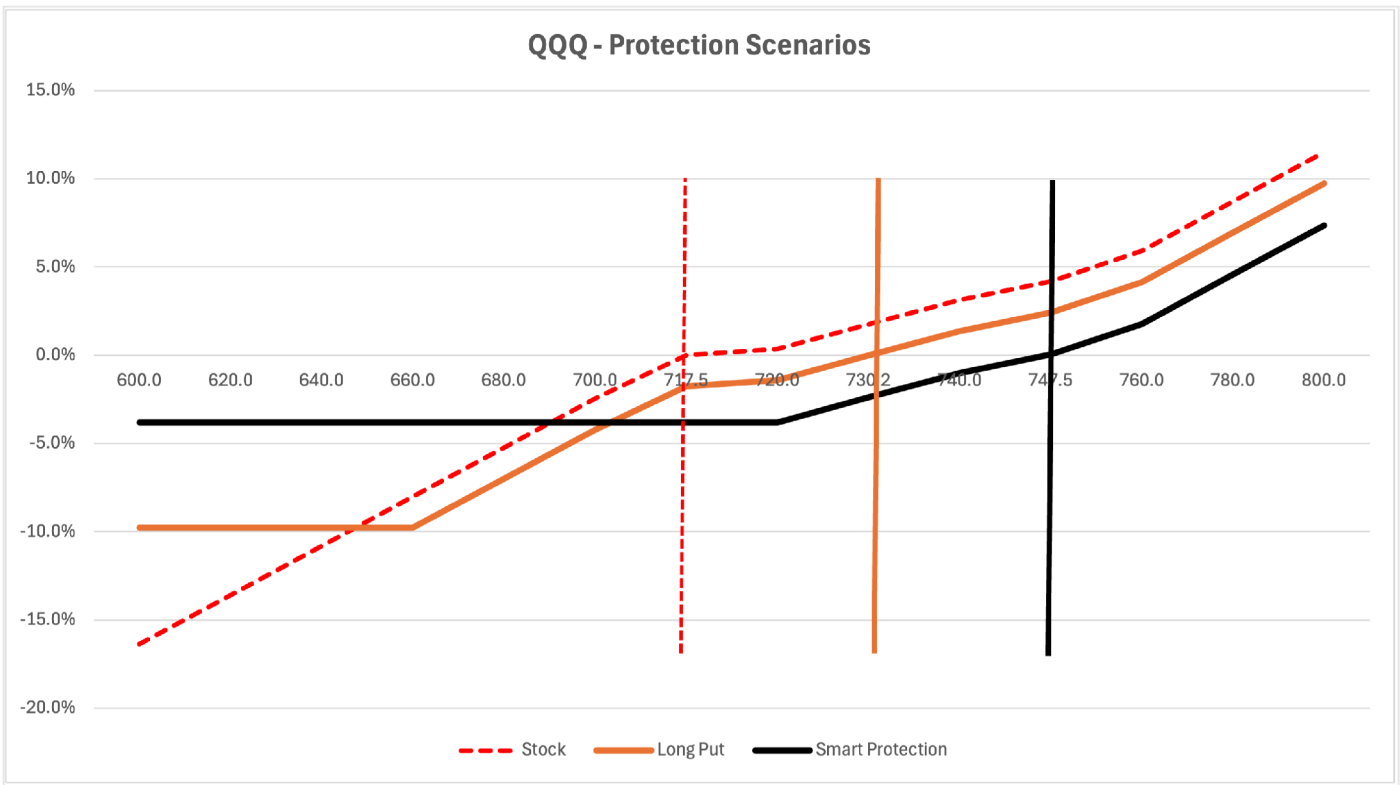
Source: Trading View

NASDAQ VS. S&P — SIGNIFICANT UNDERPERFORMANCE



Source: Trading View

PROTECTION SCENARIOS



Source: Lighthouse Canton, Keenai

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