



Quick Update on Volatility

Good Morning,

There's a few charts I wanted to share with you this morning after the move lower in volatility over the last two days. As a reminder, as of Friday we have a generated by the Volatility Risk Trigger (VRT). The VVIX has fallen to historically low levels and the VIX itself has seen a substantial decline. I believe paired the market being stretched to the upside, the risk/reward for the market has shifted. Last night we got more evidence of a global slowdown with PMI data in most of Europe and notably in Germany and Japan. We get U.S. Markit PMI data today at 9:45 and ISM data next week.

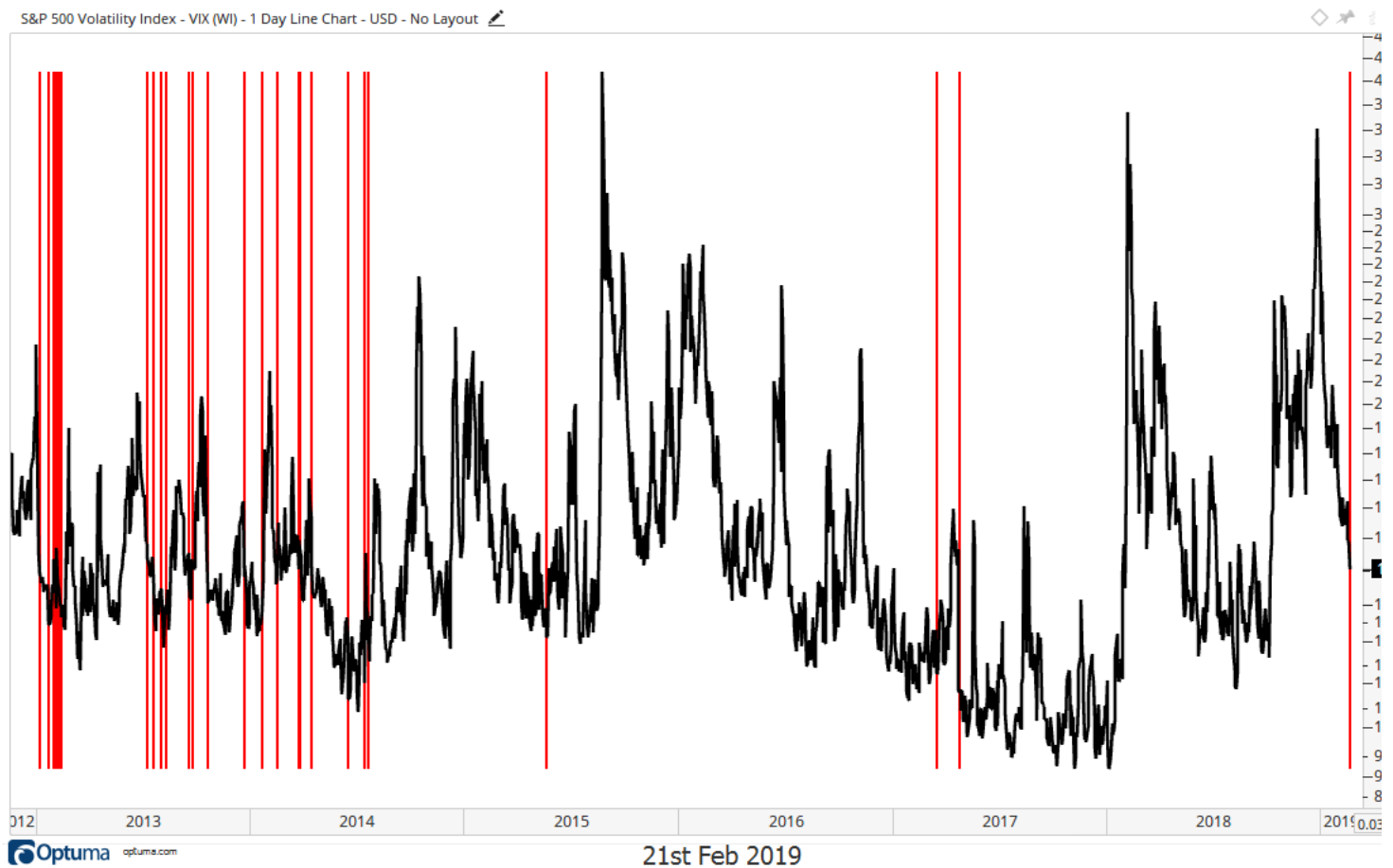
First up, Volatility of the VIX (VVIX) has fallen to its lowest level since May 2015, historically when the VVIX has fallen below 76 the Volatility Index was high three weeks later 73% of the time (since 2012). The chart below shows red lines when VVIX has crossed under 76.

Subscribe

Past Issues

Translate ▾

RSS



Next is a chart looking at the large decline experienced by the Volatility Index (VIX) over the last two months. The VIX has fallen 45% of the last 42 trading days. The red lines on the chart below show when the VIX has fallen by at least 40% over 42 days and was under 20. Over the last ten years, the 'fear index' was higher 75% of the time 50 days later, which is interesting to note that when the VIX has fallen by this degree over an extended period of time (rather than a spike lower) it proceeded to grind higher over the next two months. As you can see on the chart below, after a large decline in volatility, the VIX doesn't immediately spike higher.

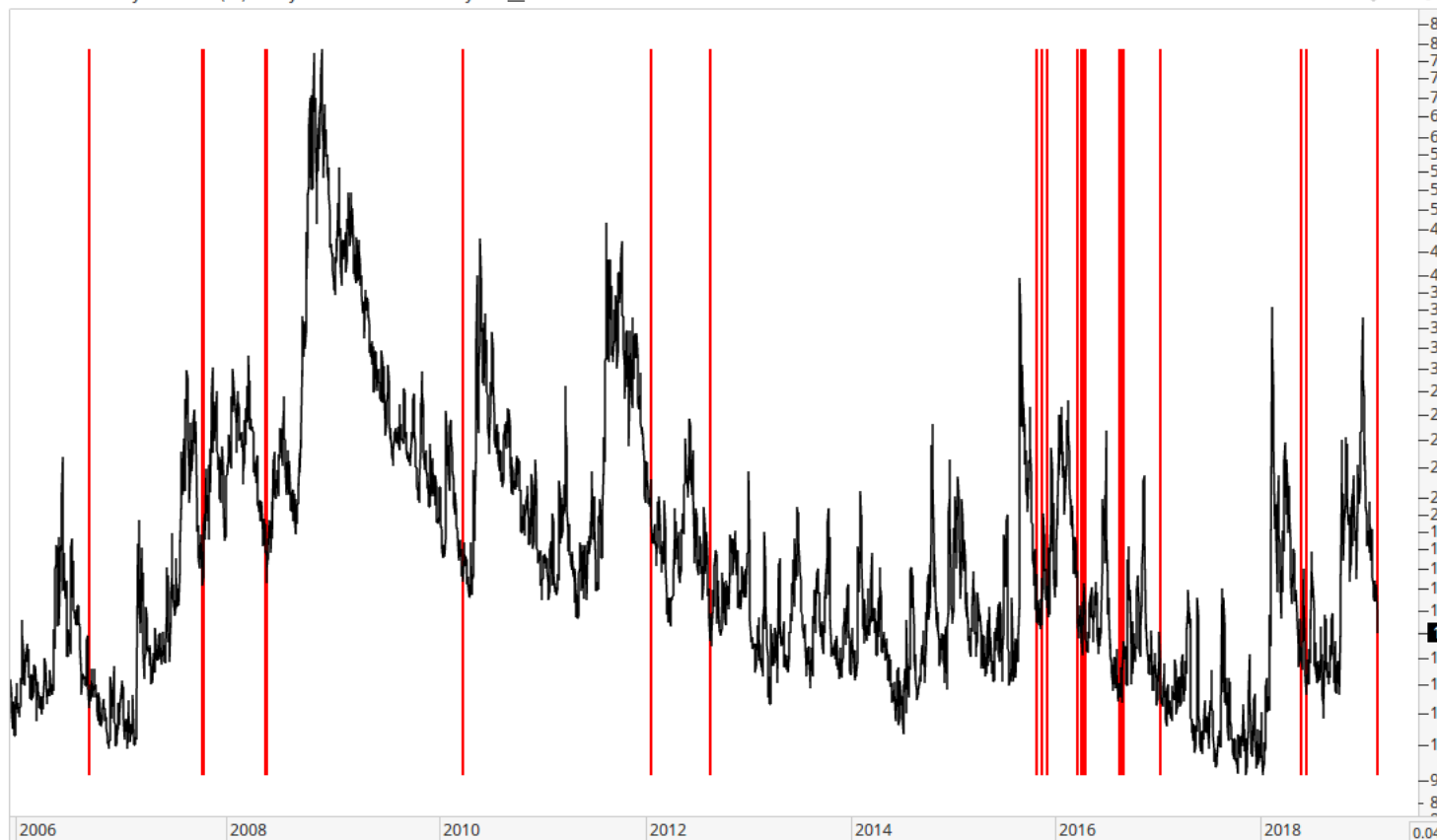
Subscribe

Past Issues

Translate ▾

RSS

S&P 500 Volatility Index - VIX (W) - 1 Day Line Chart - USD - No Layout



Optuma optuma.com

21st Feb 2019

Best Regards,
Andrew Thrasher, CMT

Important Reminder

None of the Content Distributed By Thrasher Analytics May Be Shared or Disseminated Without Prior Approval.

Copyright © 2018 Thrasher Analytics LLC, All rights reserved.

Our website:
www.ThrasherAnalytics.com

Want to change how you receive these emails?
You can update your preferences or unsubscribe from this list.

This email was sent to <<Email Address>>
[why did I get this?](#) [unsubscribe from this list](#) [update subscription preferences](#)
Thrasher Analytics · 15166 ROEDEAN DR · NOBLESVILLE, Indiana 46060 · USA

