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# TA THRASHER ANALYTICS



## ***Compressed VIX Dispersion & Maestro Model Details***

### **Volatility Update**

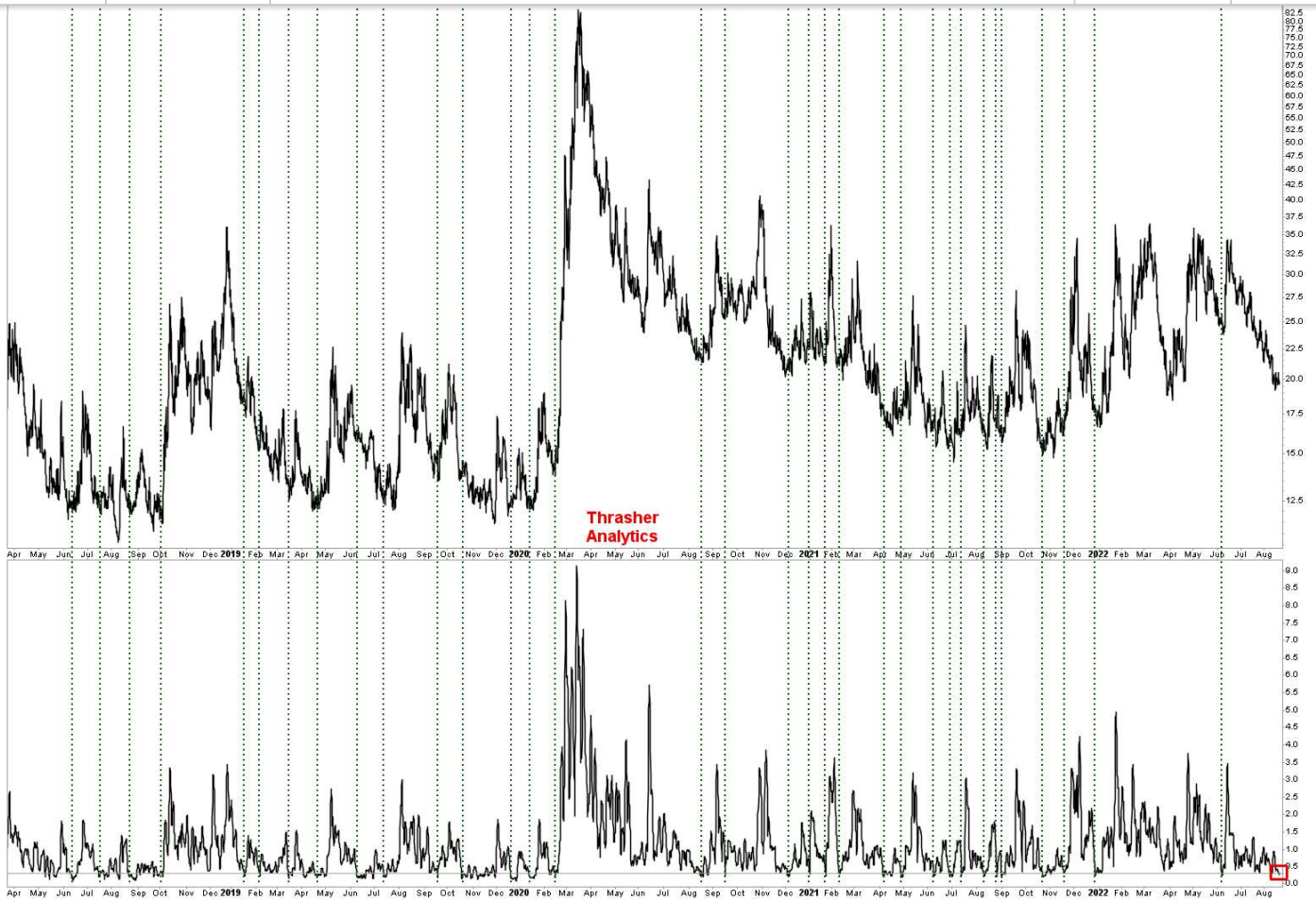
-In Sunday's letter I shared several thoughts on volatility, specifically related to the relationship of VIX and VVIX. The correlation between these two (which normally is positive) had gone negative and since then we've had a negative correlation going back 24 days, which is just the 7th occurrence since 2012. Reactions in volatility to this change in correlation have often lead to higher levels in the VIX.

-Yesterday was VIX expiration and as I also shared in Sunday's letter, many times we see a turning point in spot VIX - with either a notable high or low - after option expiration.

-The Volatility Risk Trigger (VRT) has been elevated for several weeks but we have not seen daily dispersion, as measured within the VRT, reach its necessary threshold. However, on a very short-term basis, the VIX has in fact become compressed. Below is an intraday chart of spot VIX with its standard deviation shown in the bottom panel and vertical green lines when dispersion has contracted. The last time this occurred was in June just before spot VIX went from 24 to 34.40 within a couple of days. I apologize for the hard to see chart, when it comes to intraday price activity, the charts can become harder to see with so much data squeezed together.

-Volatility on an intraday basis is seeing compressed dispersion just as the reaction to the FOMC minutes yesterday underwhelmed. The recent catalyst of the Fed moving more dovish (even though we've had several Fed officials publicly try to combat that notion), something that equities have rallied on the basis of, did not draw the same market reaction. Was this a 'sell the news' type of event as the "soft landing" theme that's helped drive stocks higher in recent weeks no longer enticing buyers? While I'm not overly focused on the "why", the market response is what I find interesting yesterday (Weds.).

-Also important to watch is the inability of the S&P 500 to get above the 200-day moving average and also the Mid, Small, and Micro cap indices all losing their 200-day MA this week as well.



### Maestro Model

The summary PDF for the Maestro Model is complete, giving additional details on each of the major categories. The PDF is linked below and also can be found in the Archive section of the Thrasher Analytics website.

I'll be back Sunday evening with next week's letter.

Sincerely,  
Andrew Thrasher, CMT  
Thrasher Analytics

### Maestro Model Summary

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