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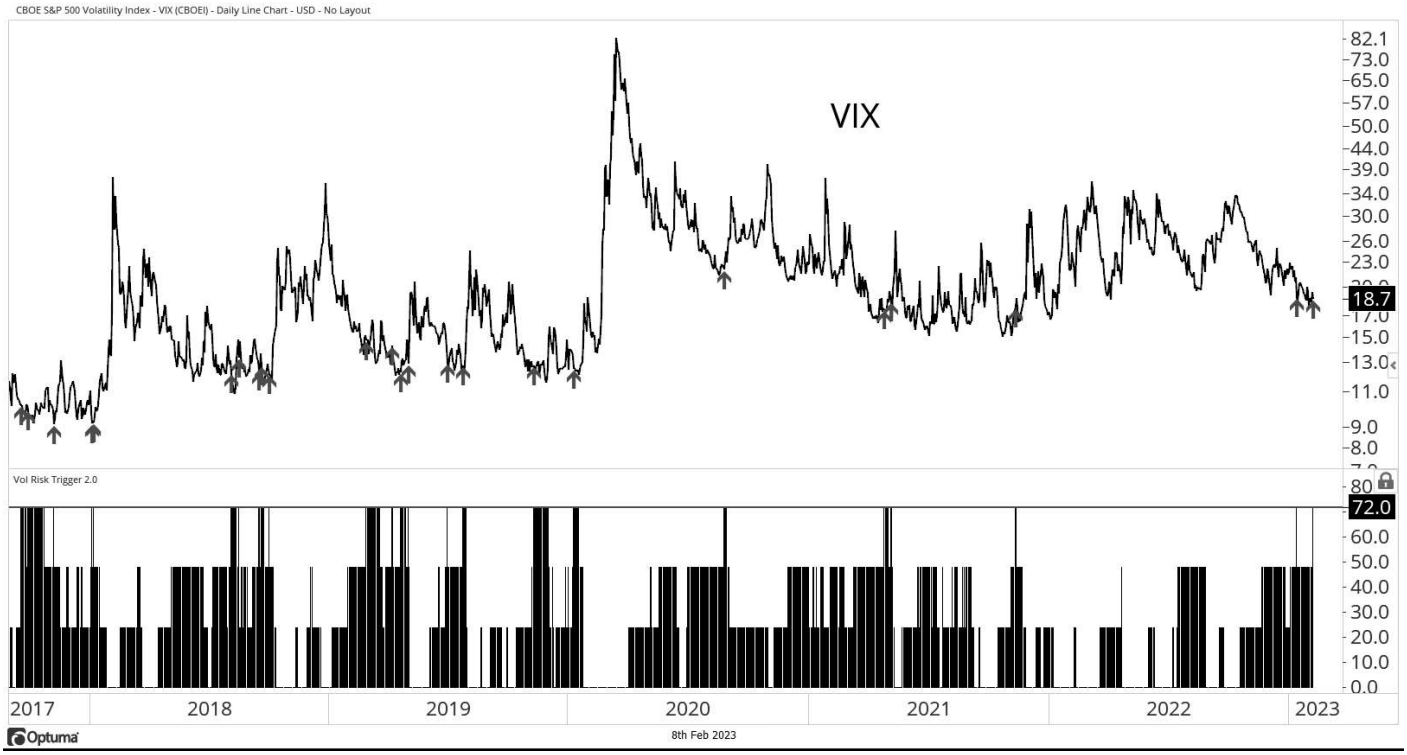
THRASHER ANALYTICS

Compressed VIX Dispersion & VRT Signal

Volatility Update

VIX hit a 6-month low just after the Volatility Risk Trigger signal produced in January, preventing the likelihood of a spike in volatility to follow. Since then, volatility has continued to compress with the other inputs of VRT staying 'active'. This has now produced another VRT signal. The model's focus is on spot VIX, but I also track it for the Nasdaq 100 VIX and Russell 2000 VIX. What makes the latest VRT signal interesting, is that it's occurring on all three VIX indices. The VIX for the S&P 500 and Nasdaq 100 and Russell 2000 have all compressed and are in an environment where a spike could occur. We last saw all three signal in April of 2021, January 2020, July 2019, and April 2019 - each were followed by a material move higher in volatility.

As a reminder, these signals note when the environment is ripe for a spike in volatility and are diminished should VIX see a 6-month low which would be a close under 17.87.



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

Sincerely,
Andrew Thrasher, CMT
Thrasher Analytics

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