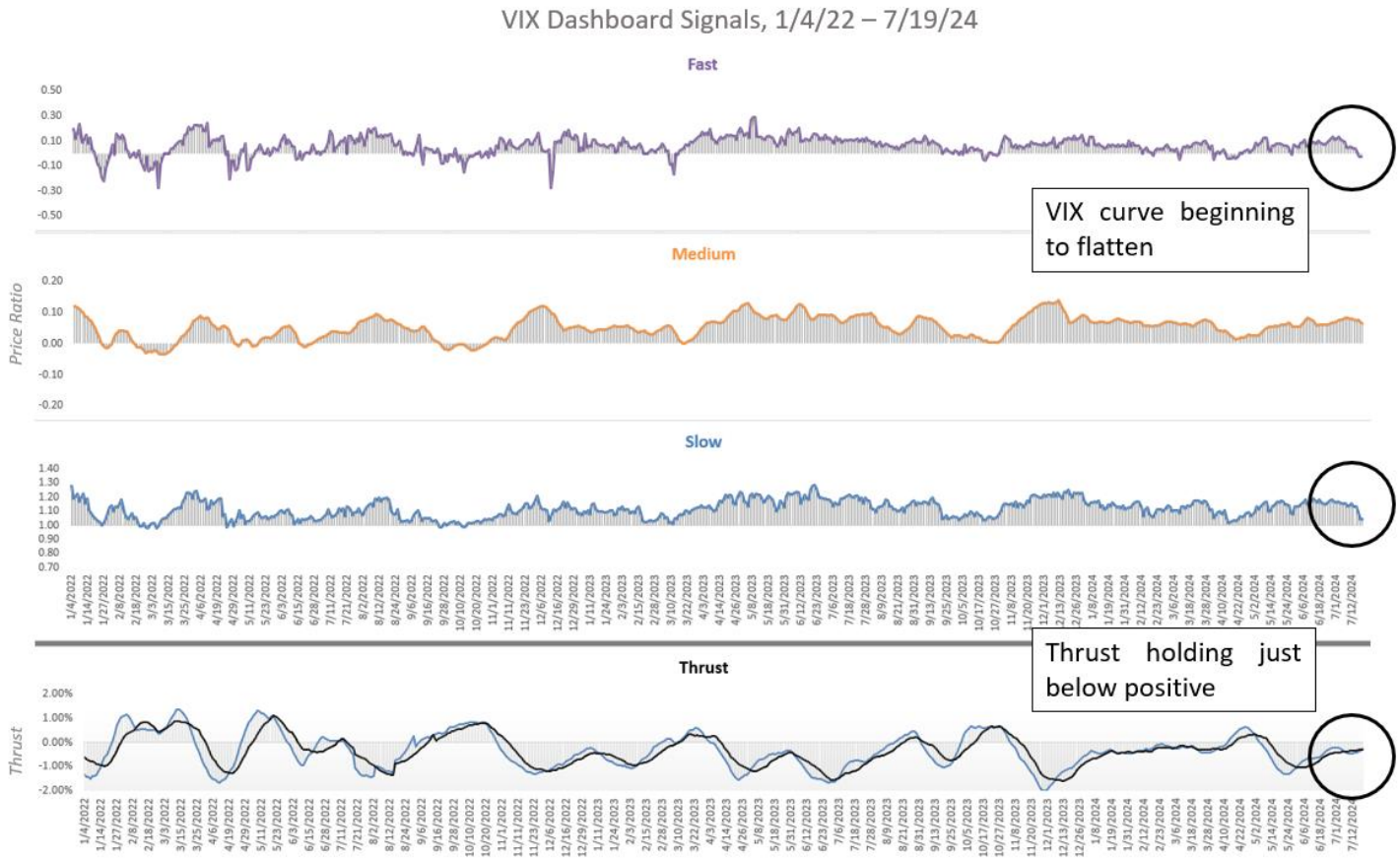
The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

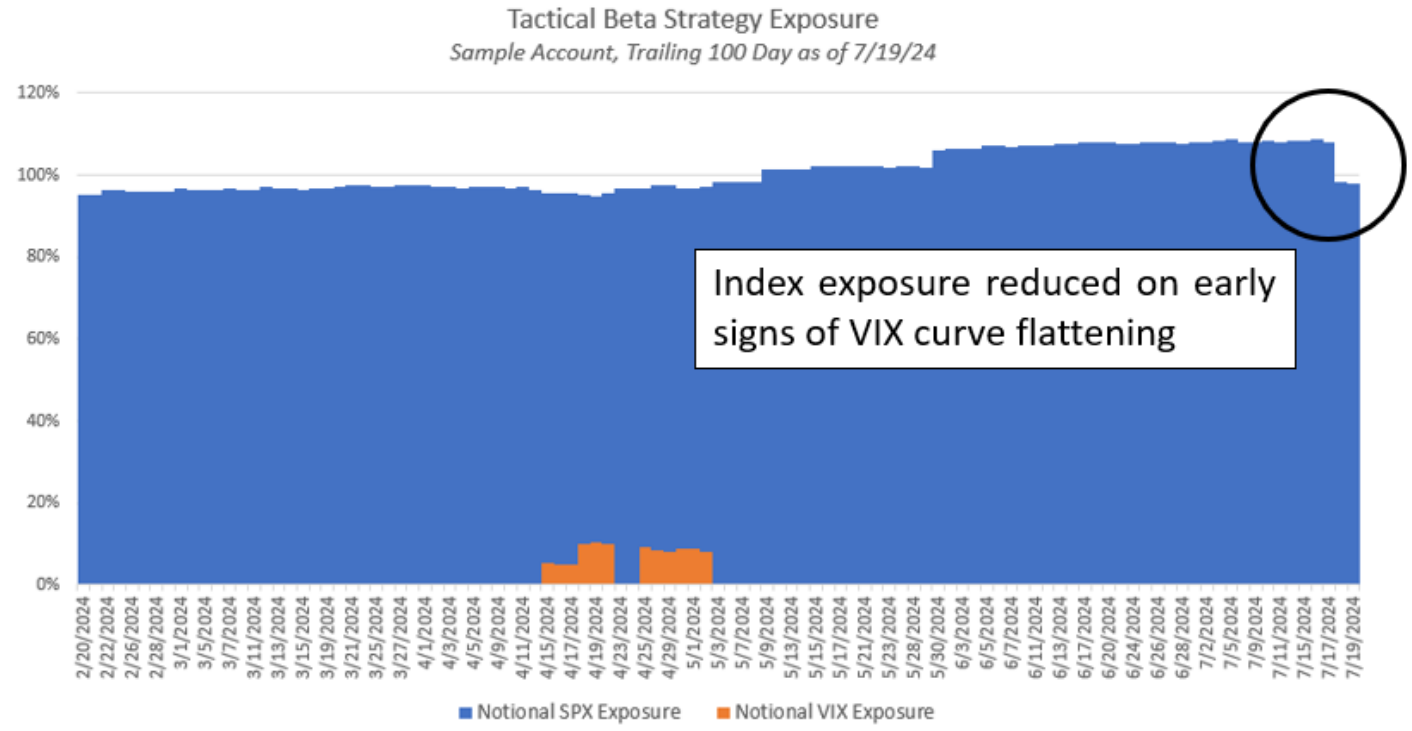
Free weekly delivery

For Week Ending 7/19/2024:

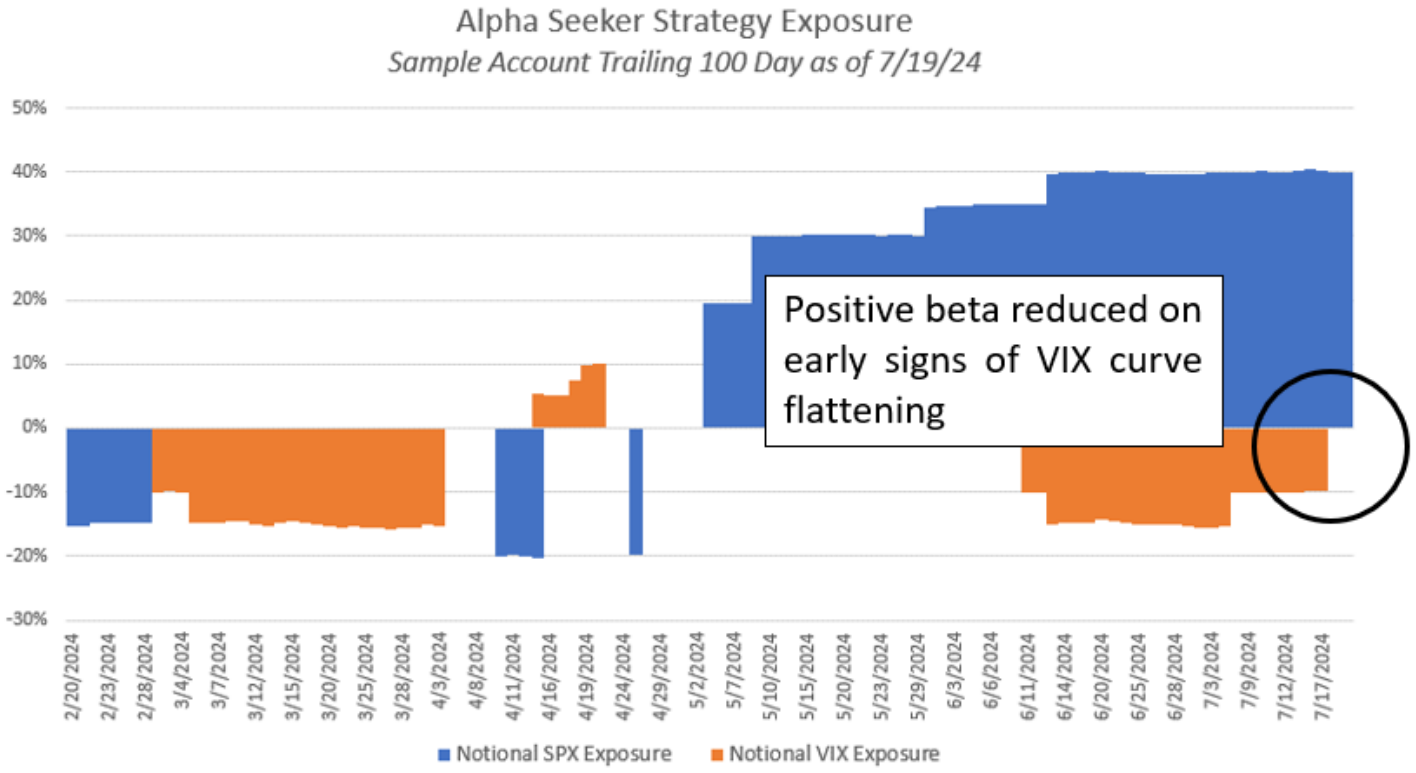
Political uncertainty and a sharp rotation from large/mega-cap winners to small cap stocks snapped the recent calm stretch last week, pushing the VIX index near 17 as large cap stocks faltered. Though still at historically modest levels, early signs of worry from the VIX index became apparent as the index ended the week even with the nearest VIX futures contracts in a sign of growing demand for near-term protection. Heading into an earnings-heavy week, we will be watching closely for signs of further stress.



The Tactical Beta strategy responded to the flattening VIX futures curve by reducing index exposure modestly while also writing covered calls in eligible accounts. The price action this week and its impact on the VIX term structure will determine next steps.* Early indications on Monday July 22nd indicate a modest relief rally.



The Alpha Seeker strategy took further profits on inverse VIX positions while it watches for developments over the next several days.**



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**The Sample Account for the Tactical Beta Strategy (f/k/a U.S. Equity Smart Index strategy) is for the longest tenured account managed by Mike and Matt Thompson from November 1, 2016 through July 19, 2024. **The Sample Account for the Alpha Seeker Strategy consists of three accounts managed by Mike and Matt Thompson for portions of the time period between October 1, 2011 through July 19, 2024 to form one continuous Sample Account. Currently, at Thompson Capital Management LLC (TCM), the Thompsons manage a composite of separately managed accounts for each strategy which has used substantially the same investment objectives, policies, and principles as while the Thompsons were at prior investment management firms. Mike and Matt Thompson, as employees of LHA, will implement the strategies for LHA clients. LHA has an exclusive license from TCM to employ and market the TCM LHA Tactical Beta strategy and the Alpha Seeker strategy referred to herein. TCM is the Source for all of the charts found herein.*

VIX is the ticker symbol for the Chicago Board Options Exchange (Cboe) Volatility Index, which shows the market's expectation of 30-day volatility. References to the S&P 500®, the S&P, and to the market generally are to the Standard & Poor's 500® Index (SPX) which is the market capitalization-weighted index of 500 leading companies in leading industries of the U.S. economy that does not include re-investment of dividends in the calculation of the index total return. The VIX Vol Dashboard™ is a trademark of TCM.

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