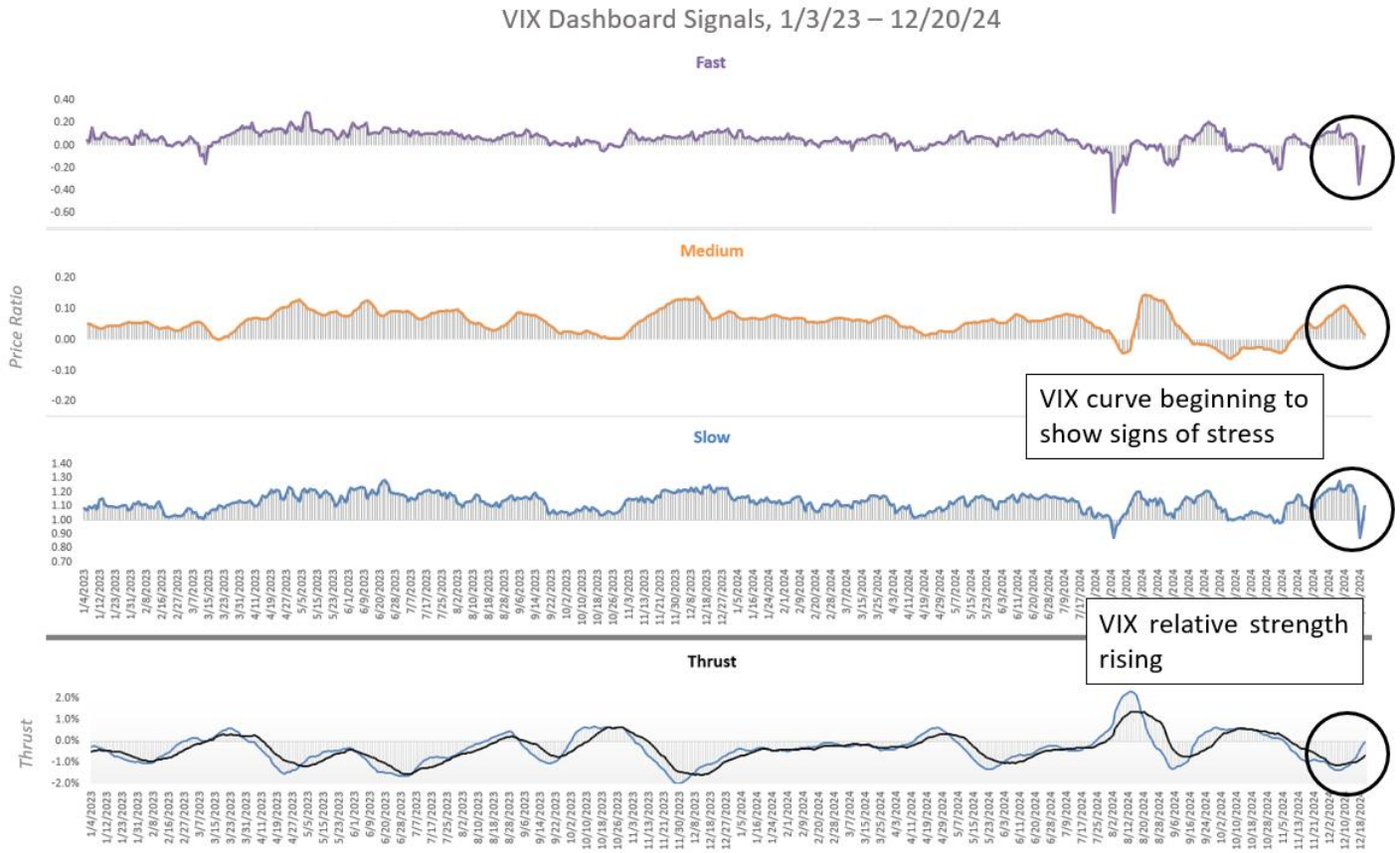
The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

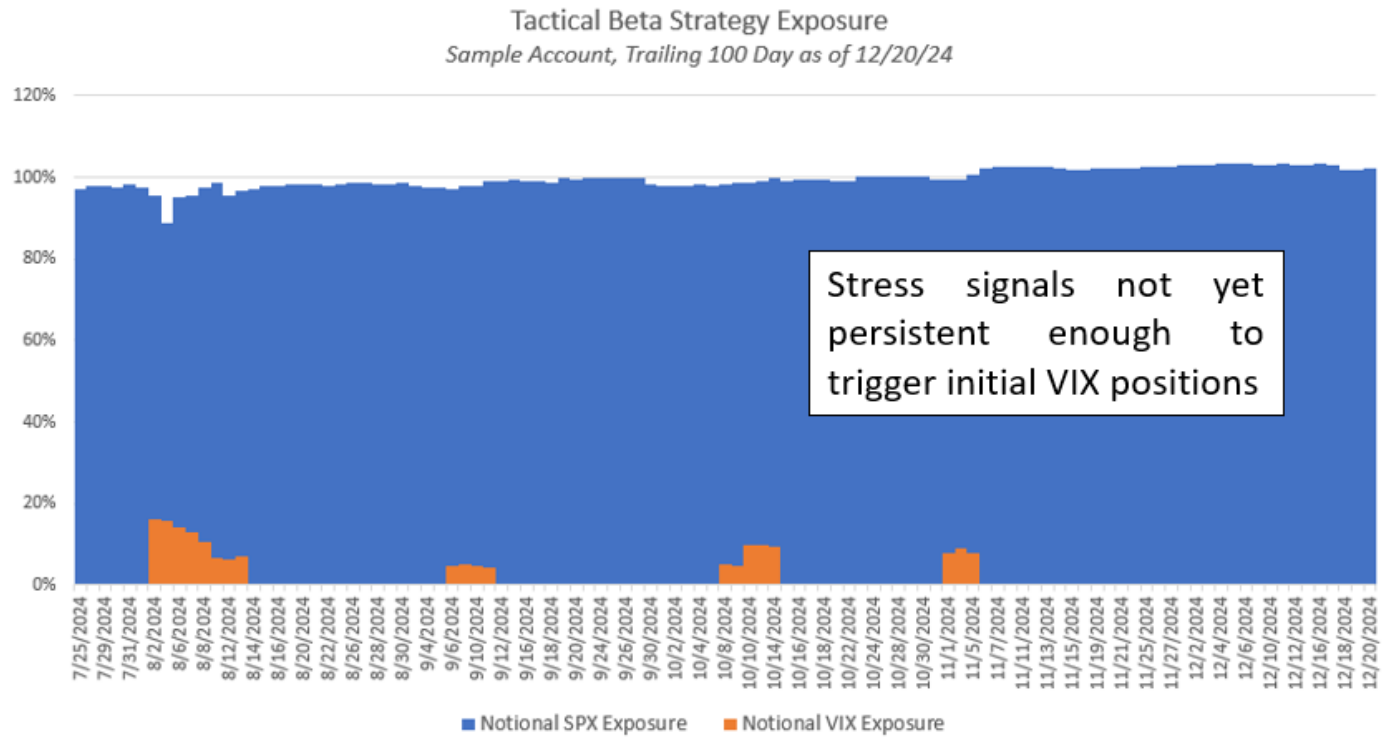
Free weekly delivery

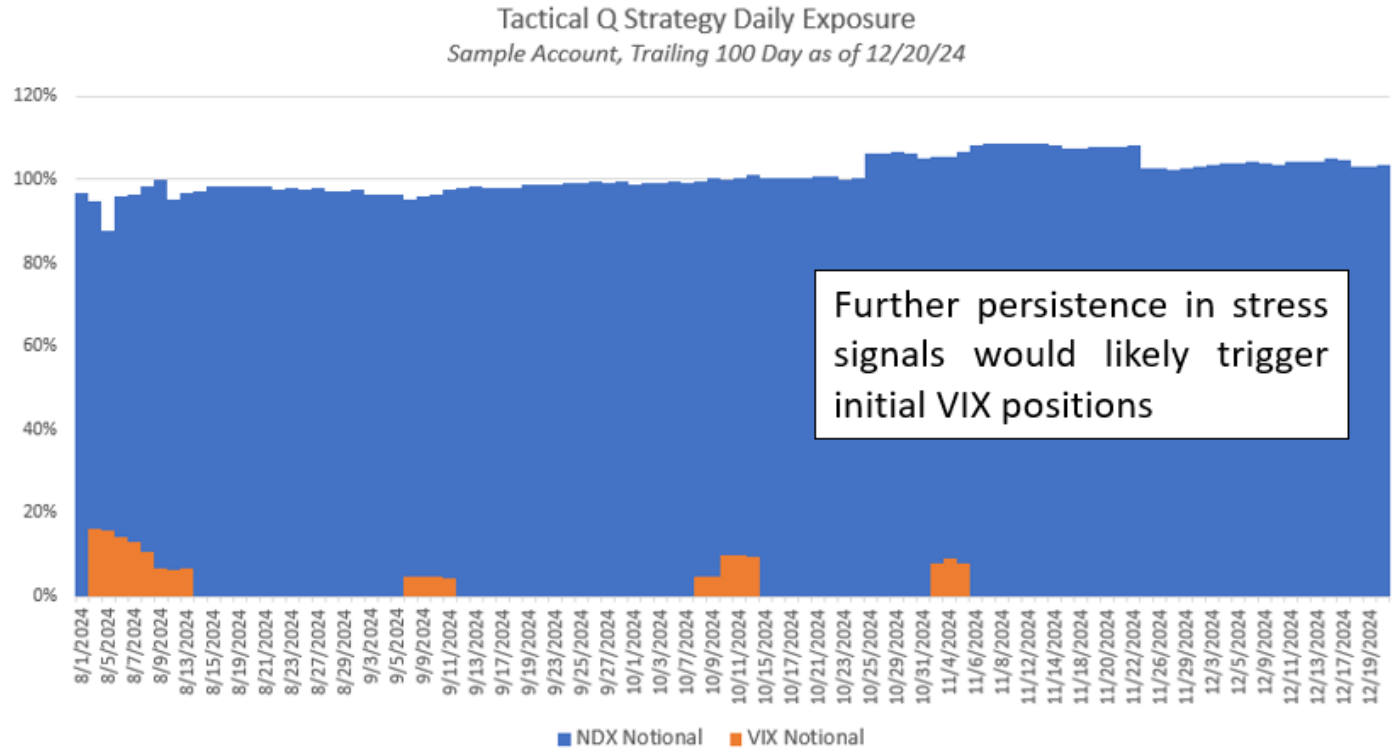
For Week Ending 12/20/2024:

Despite meeting expectations for a 25bps rate cut, a hint from the Fed of a slightly slower than expected pace of rate cuts for 2025 was enough to send bond yields soaring, the VIX spiking and equity markets tumbling on Wednesday and Thursday before a softer-than-expected inflation report sparked a sharp recovery by the week's end. Though unusual during a season not typically known for volatility, last week's shock so far seems to have the signature of an isolated incident and the use of VIX positions (if any) will depend on the persistence of stress signals.



Though last week's shock moved the Dashboard much closer to crisis conditions, Friday's recovery kept initial VIX positions out of Tactical Beta and Tactical Q strategies' portfolios for now.





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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 December 20, 2024. **The Sample Account for the Tactical Q Strategy consists of two accounts managed by Mike and Matt Thompson for portions of the time period between May 1, 2020 through December 20, 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 use substantially the same investment objectives, policies, and principles. 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 Tactical Q strategy referred to herein. TCM is the Source for all 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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