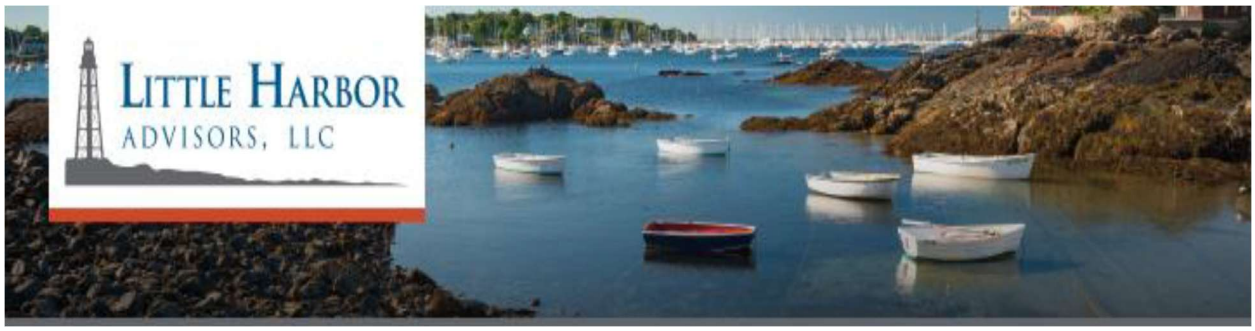


The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

Free weekly delivery

For Week Ending 10/16/2026:

Credit concerns drove a sharp rotation away from AI names that dragged the Nasdaq 100 and S&P 500 indexes to their weakest weeks since June. Selling was concentrated in technology and semiconductors as investors questioned the near-term return on heavy AI spending while the Dow's 0.7% gain underscored the rotation away from growth rather than an indiscriminate selloff. Meanwhile, September CPI and producer prices came in above expectations, adding interest-rate and valuation pressure alongside elevated oil prices.

As pressure rose, the VIX index began to stir with notable flattening in the VIX futures curve during the week before a near-term inversion on Friday as AI worries became acute. Due to factors used to smooth volatile daily changes, Dashboard signals remained just shy of crisis territory through October 16, although clear signs of near-term worry from a negative Fast signal and three-day Thrust just above zero were enough to trigger stage 1 defensive action on Thursday as equity exposure was reduced and initial VIX hedges were added.

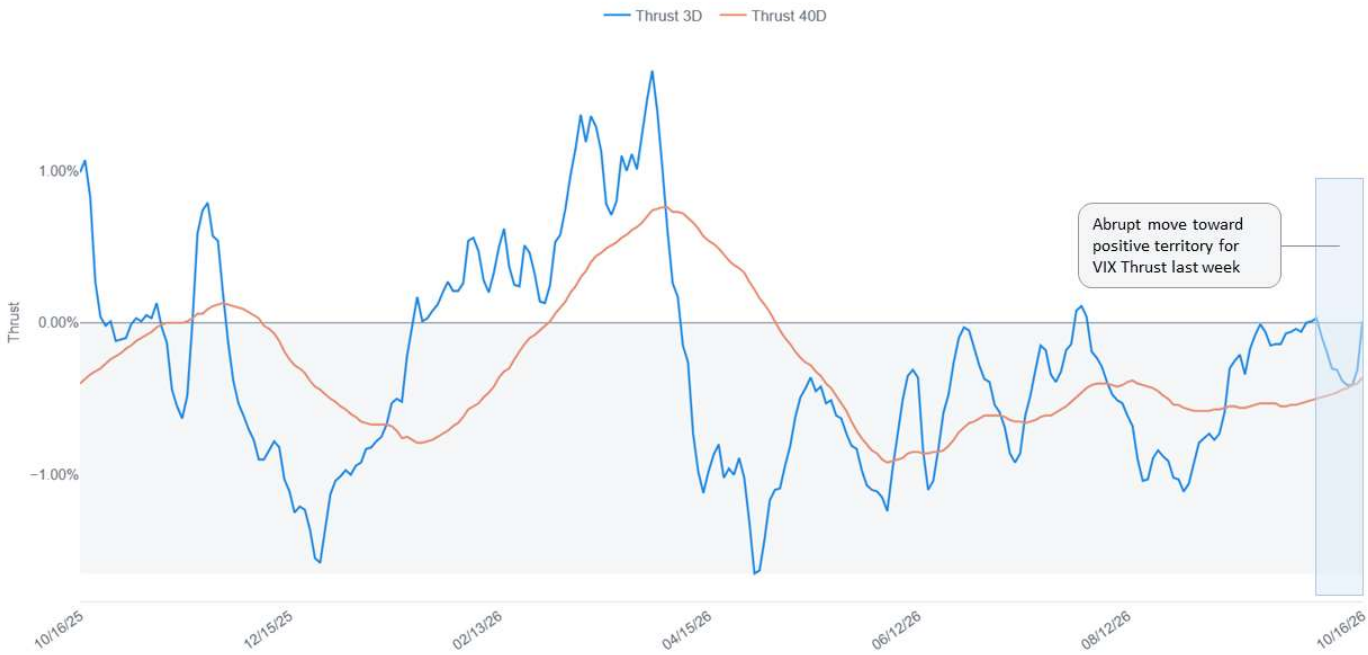
The coming week shifts the focus toward corporate results as tech, airlines and other economically sensitive companies add perspective on consumer demand and cost pressures. Housing data, jobless claims, and final October consumer sentiment will provide a lighter macro check while Federal Reserve officials observe their pre-meeting communications blackout. With technology volatility elevated, guidance surrounding AI spending, monetization and margins may matter more than headline earnings beats; oil prices and Middle East developments remain additional risk factors.

Vol Dash — VIX Curve Signals

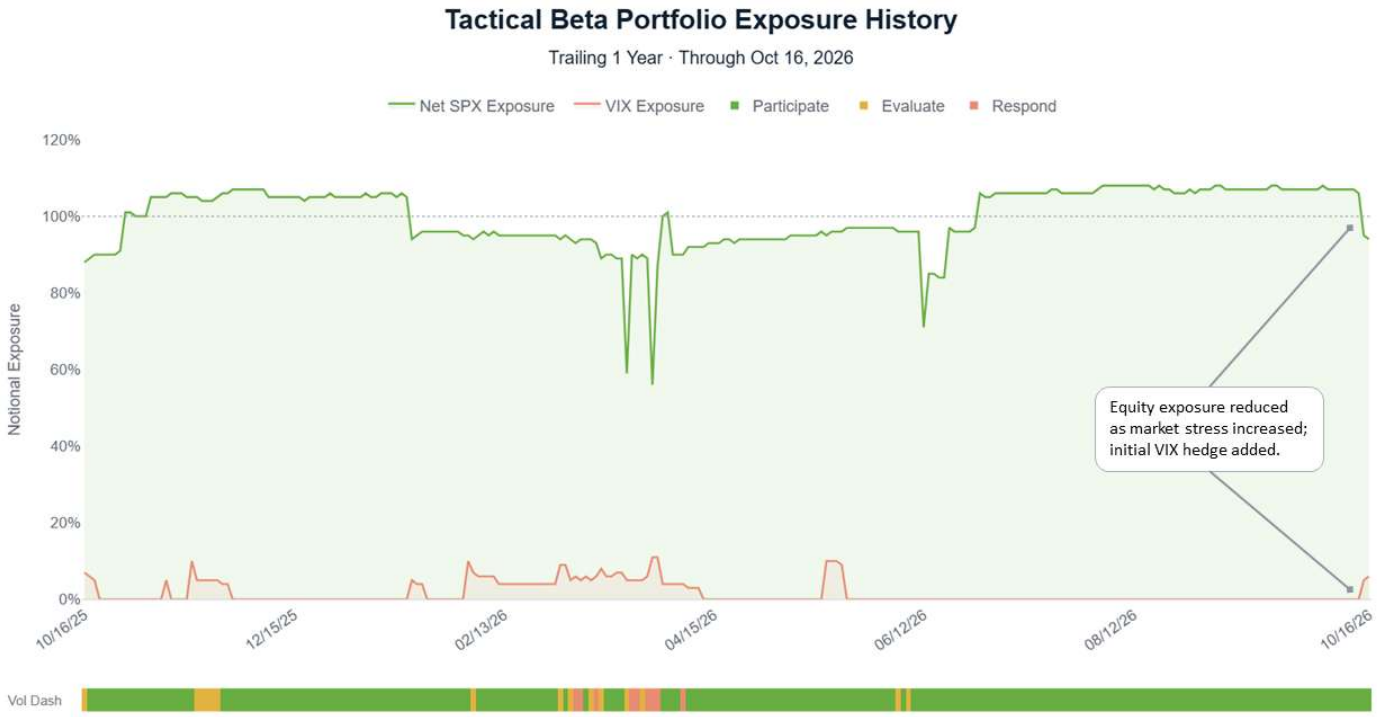
Trailing 1 Year · Through Oct 16, 2026

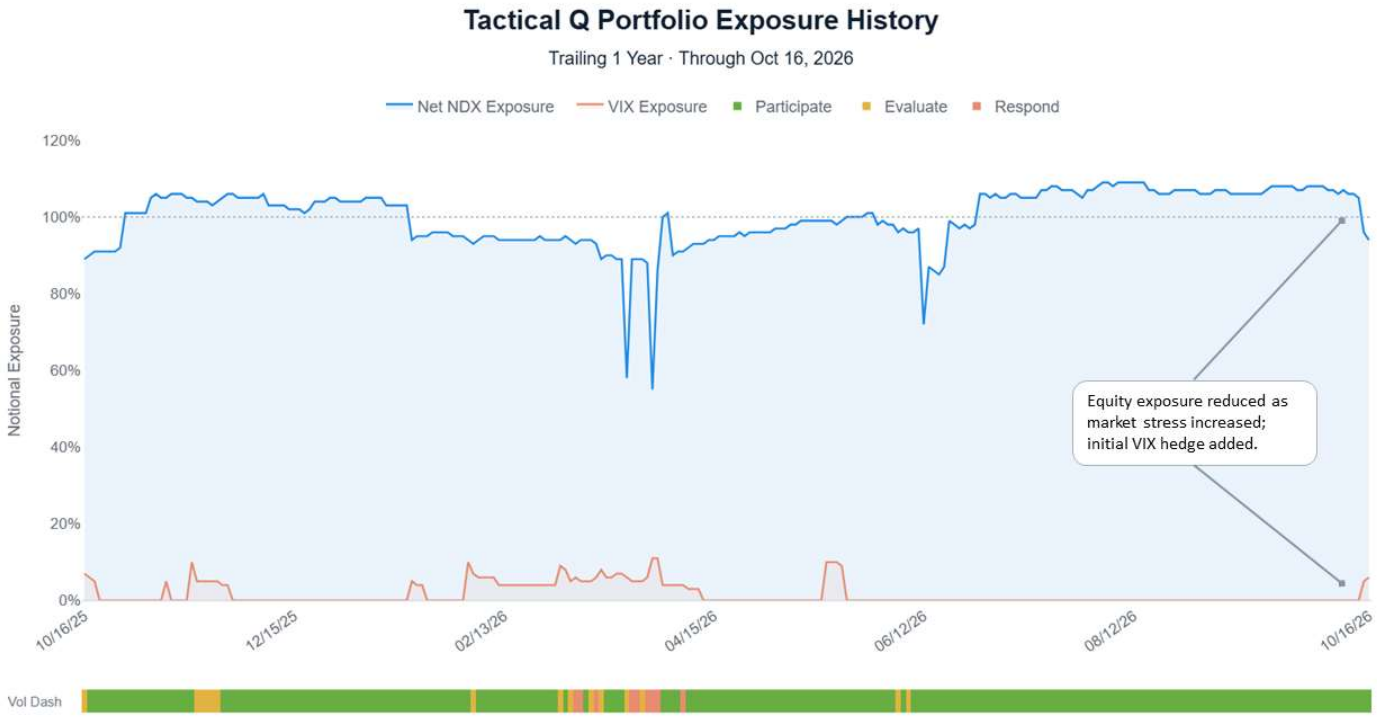
Thrust Signals

Trailing 1 Year · Through Oct 16, 2026



In response to a flattening VIX futures curve and rising stress in corporate credit markets, Tactical Beta and Tactical Q reduced equity exposure from approximately 107% to 95% on Thursday and initiated a 5% VIX position.





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