

## DISCLOSING VIX SECRET

Summer's July heat may have tempted investors to take a break and cool off, but nary a dull moment in global markets. Even so, a deep-dive reading is likely of little interest to most people partaking in summer solace so will endeavor to lighten the load in this edition.

Eye catching this month was the spike in the volatility metric, which significantly eased in the first half of the year but now suddenly has changed its year's color from red to green in one monthly fell swoop. The measure in the crosshairs is the VIX, found in the very bottom row of the monthly market numbers. It's so far down there that most readers surely completely ignore it.

For those of learned aspirations, we turn to Investopedia for VIX guidance<sup>1</sup>:

- ❖ "...created by the CBOE (aka Chicago Board Options Exchange) and is maintained by CBOE Global Markets."
- ❖ "...real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index (SPX)."
- ❖ "...generates a 30-day forward projection of volatility..."
- ❖ "...important index in the world of trading and investment because it provides a quantifiable measure of market risk and investor's sentiments."

For some, that may be a mouth full. Most readers probaly tuned out after the second point. That would be unfortunate as the third and fourth are likely the most relevant to investors. Why? Back to Investopedia for more<sup>1</sup>:

"Volatility, or how fast prices changes, is often seen as a way to gauge market sentiment, and in particular the degree of fear among market participants."

So, how what does one perceive its readings? Quite simple. An increasing or high VIX reading suggests growing or heightened concerns and worries abound in the investment markets. A decreasing or low VIX reading points to a cooling and calm investment collective. Naturally, the next logical question would be, what level is normal/high/low?

"The long-run average of the VIX has been around 21. High levels of the VIX (normally when it is above 30) can point to increased volatility and fear in the market, often associated with a bear market."<sup>1</sup>

The VIX closed July at 16.37, so still below the long-run average of 21. That said, over the course of July's 31 days, it rose 26.12%. Significant? Hard to say precisely. The last time the VIX closed above 30 (Investopedia's level of increased fear), was in September 2022. It's been falling and below average since.

Is the VIX a dependable gauge to track? It may be valuable within a larger set of tools but hardly on its own. One issue is whether to use it as a leading or lagging indicator, viz. is it telling us that risk and fear *will* increase? Or *has* increased? There's a marked difference between the two. Yet further proof that there exists absolutely no magic silver bullet when it comes to investing.

On that unsatisfying note, it's time to head back to basking in the summer sun. If these Market Pulse segments have incentivized you to reassess your own investment portfolio and you would like to engage with insights and strategies beyond the conventional, connect with us so we can arrange a no obligation discussion about your goals and aspirations. If nothing else, the coffee, tea or milkshake is on us.

All My Best,

Adrian Harasymiw  
Investment Advisor

1. [www.investopedia.com/terms/v/vix.asp](http://www.investopedia.com/terms/v/vix.asp)

### QUOTE OF THE MONTH

"The greatest lesson in life is to know that even fools are right some times."

~ Sir Winston Churchill

<u>10-YEAR BOND YIELDS</u>	<u>July 2024</u>	<u>June 2024</u>	<u>Quarter 2 2024</u>	<u>Year-to-Date 2024</u>
Canada	-13.54%	-2.66%	0.86%	-2.04%
U.S.	-8.55%	-2.16%	4.76%	4.32%
Switzerland	-20.04%	-39.31%	-28.40%	-43.63%
Japan	-3.25%	-2.05%	40.88%	68.34%

  

<u>MAJOR STOCK INDICES</u>	<u>July 2024</u>	<u>June 2024</u>	<u>Quarter 2 2024</u>	<u>Year-to-Date 2024</u>
S&P/TSX (Canada)	5.77%	-1.74%	-1.40%	10.56%
DOW (U.S.)	4.23%	1.06%	-1.73%	8.72%
S&P 500 (U.S.)	0.94%	3.08%	3.85%	16.38%
Nasdaq (U.S.)	-1.81%	5.44%	7.67%	16.17%
NYSE (U.S.)	3.79%	-0.32%	-1.56%	11.02%
FTSE 100 (U.K.)	2.50%	-1.34%	2.66%	8.21%
Euro Stoxx 50 (EUR)	-1.04%	-2.28%	-3.98%	7.61%
Nikkei 225 (Japan)	-1.85%	2.19%	-2.62%	17.80%
Shanghai (China)	-0.89%	-3.84%	-2.68%	-1.14%

  

<u>MAJOR COMMODITIES</u>	<u>July 2024</u>	<u>June 2024</u>	<u>Quarter 2 2024</u>	<u>Year-to-Date 2024</u>
Gold (USD)	5.86%	-0.36%	3.56%	19.31%
Silver (USD)	-1.72%	-3.48%	17.58%	20.36%
WTI Crude Oil	-4.35%	5.94%	-1.92%	8.65%
Natural Gas	-21.12%	-1.70%	47.31%	-21.73%
Uranium	-1.46%	-4.57%	-1.78%	-8.13%
Wheat	-8.06%	-15.43%	2.03%	-16.13%
Cotton	-5.09%	-4.52%	-20.60%	-14.69%

  

<u>OTHER</u>	<u>July 2024</u>	<u>June 2024</u>	<u>Quarter 2 2024</u>	<u>Year-to-Date 2024</u>
USD Index	-1.73%	1.17%	1.30%	2.60%
CAD/USD	-0.89%	-0.38%	-1.02%	-4.02%
Bitcoin	2.94%	-7.06%	-11.94%	52.83%
Ethereum	-5.90%	-8.65%	-5.68%	41.61%
VIX	26.12%	-4.82%	-8.52%	23.83%

For more investment information, be sure to check out the INVESTMENTS segment of [www.PinnacleSovereign.com](http://www.PinnacleSovereign.com)

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**High Interest Savings Fund (net): 4.21% (CAD) & 4.91% (USD)**

**1-Year GIC (net): 4.61% (CAD) & 4.95% (USD)**

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