Title: Is the cloak slowly being lifted? That you Plunge Protection Team?
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Linked Post Content:
>[Pt. 1 - (4/20/22)](https://i.imgur.com/RAoVAtq.jpg)
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>**The rogue VIX spike that leaked out today to spark that morning sell-off has happened three other times since Corona on green market days. In all three other instances the spike has been followed by a 20% volatility increase within two trading days afterwards.**
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>I started to notice a pattern related to the rogue VIX spikes that will appear completely out of nowhere to cause market sell-offs before getting pushed back down by the Fed to keep the markets healthy. In the three other times that these have suddenly leaked out on green market days, there has been a VIX increase of 18-20% occur within 2 trading days afterwards.

>[Pt. 2 - (4/21/22)](https://i.imgur.com/LEXcCUz.jpg)
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> **Update: That rogue VIX spike appearing the middle of a green market yesterday has foretold of major volatility increase 4 times now.**
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>Update to my post yesterday: I recognized something behind the scenes during trading yesterday that I had only observed 3 other times since the corona recovery began. An rogue VIX spike anomaly that seemingly leaks out mid day during an otherwise healthy, green market. It appears briefly enough to disrupt the entire market momentarily before getting smothered back down minutes later. It has only ever happened 3 other times to us during a green market, in that manner and had been followed immediately by a major volatility crash to the market.
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>It would now seem this is somewhat of an undeniable feature, not a glitch as It has now happened 4 times under those exact conditions and every single time it has foretold us that a major volatility increase about to take place within the markets.

Pt. 3 - Volatility, Suppression and Patterns

Here's my assessment of the situation, how I picked up on this strange pattern and what I have concluded is happening. So what is happening? Why would this occur - First let's get you caught up to what VIX even is:

>**The Volatility Index (VIX), measures investors confidence of market health and signals the level of fear or stress in the stock market—using the indexes as a proxy for the broader market—and hence is known as the “Fear Index.” --The higher the VIX, the greater the level of fear and uncertainty in the market, because of this a major increase to VIX will cause markets to systematically sell off in computerized responsive trading.**

You can start to gather from this relationship as to why VIX climbing unchecked at every COVID news update could be problematic to an already tense market in recovery. The Federal Reserve recognized this importance as well and set in motion a plan to prevent it from continue to repeat itself. By June of 2020 it was apparent that the monthly volatility cycles were upending investors and was going to spiral into a larger full blown crash. As part of the Fed's recovery outline, a market recovery team was to be created, affectionately known to us as the plunge protection team. Their algos began to routinely show themselves during trading to prop up the major indexes and provided price support to entire sectors worth of companies stock so our then feeble markets didn't appear outwardly sick in what became known to many as fed pump mornings (fed pumps, money printer go brr etc.). This set in motion a dangerous policy of the Reserve algorithmically suppressing VIX to clamp it down and in the process engineer false market confidence to prevent skittish investors from fleeing the markets at the first sign of trouble.

All of these efforts were unprecedented, it gave them a level of access and control to our financial markets that had never been seen and the unbridled ability to dictate much of the narrative driving the perception of our recovering economy. From that point on an all out market protection war to save us from ourselves was put underway. And it worked, a little too well. It led to one of the strongest continuous bull markets in modern history and set the stage for that V-Shaped recovery that we were so promised.. but at what cost? The cost of lying to the markets, falsely propping it up with strings and cheating volatility as a means to suppress the truth of how bad the situation really was to everyone. And in the process enticing confident investors to pile into positions with margin debt at levels never before seen.

"The suppression of volatility creates a debt to the market that must be paid."

It was in these efforts of market control and suppression that myself, and others, began to notice cracks leaking out that could not be explained. The exaggerated mid-day price movements into end of day collapses, pump like market behavior, inexplicable micro-crashes that dotted the recovery at every few month intervals, and of course the questionable manipulation of VIX that seemingly defied all market health indicators. It became apparent early on that clamping down VIX was something the Fed prized themselves on controlling and for that reason I began watching it just as much as I did my own stocks. My trading grid contained VIX in the #1 spot followed by my long positions/interested stocks and it was because of this setup that I began to pick up on certain irregularities in its' price movement and correlating the effects of these movements on the market as a whole.

To truly understand why these rogue ["spike" movements](https://i.imgur.com/8kqWUwQ.jpg) jumped out at me you must understand that VIX has very unique price pattern tendencies and normally travels very naturally under live trading and has reactionary impulses that correspond to the current market health ie. climbs during red markets, movement that will typically begin gradually while following a back and forth tug and pulling both directions before the next linear climb or drop interval starts

With the anomaly spikes, when they begin you would witness an almost vertical launch formation and price climb happen in just minutes. It would skip entire intervals of numbers per second ie. 11.2 -- 11.3 -- 11.8 --- 12.1 etc. As the spike was forming for these couple minutes the market goes into a state of paralytic shock and most every index starts to decline and sell off immediately in response. The rogue price jump was always such that it went against the ongoing sentiment and movement of the live market and currently trending VIX direction, (large percentage jumps occurring in the midst of a green market) which defied implicit behavior tendencies. In addition there was always an [immediate and successful attempt to crash the spike back](https://i.imgur.com/kmF5cne.jpg) down to regain market stability for the day to calm peoples nerves before giving the market the full VIX dose over the trading days immediately afterwards.

The only way you can witness these is to experience them while trading and observe the market wide effect and price paralysis that occurs when its forming. (If you were watching your stocks every day during Corona recovery markets you definitely experienced this. Whether you noticed the relationship to VIX or not.)

In the past when we have observed this behavior under healthy green markets, it has signaled the point at which the [markets are about to incur the volatility debt](https://i.imgur.com/Z1gsBar.jpg) that the Fed has been sparing us from through their market control measures.

Where it goes from here or how long this market uncertainty lasts is unclear. What is clear is that VIX has a long overdue climb to fulfill and a debt with the markets to reckon with. It will be slowed down and even dialed back for periodic intervals to maintain stability and produce green markets, but its' climb will likely persist as the pressure it creates is released in a controlled manner. Which I do not believe has fully happened, in spite of the pain this past week has wrought.

Position: UVXY calls will be rewarded but should be treated with respect(--take profits), and entered at appropriate times. Puts will print as this process unfolds and the markets reconcile with the true state of affairs.

TLDR: The tape and glue that the fed has employed as a means to prop up a sickly market will spring a leak occasionally showing us how bad of shape the boat is really in-- the day before it takes on water. An unintentional side effect of the Feds efforts in suppressing VIX and propping up our markets has berthed a type of early warning alarm that seems to go off in the days before giving you a chance to get a head of it with your trades. As this most recent one did for me with UVXY calls.