

## VIX Futures Open Interest

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**eResearch Corporation** is pleased to provide a weekly commentary, authored by Tom McClellan, entitled "The McClellan Chart-In-Focus", which is a free technical analysis article published each week.

In this article, Mr. McClellan looks at the VIX as a predictor of market performance and concludes that stocks still have a ways to run.

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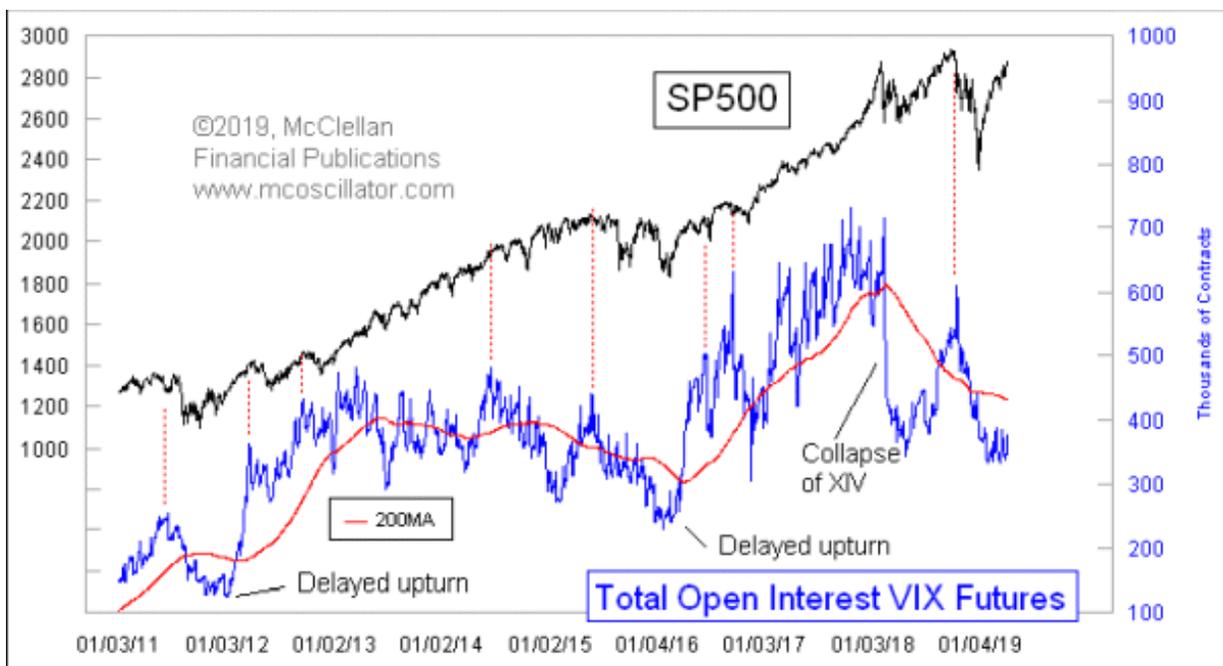
## The McClellan Chart-In-Focus

by Tom McClellan (bio at end)

### VIX Futures Open Interest

VIX futures contracts have only been a thing since March 2004, and they were not a big thing when they first started. In more recent years, they have become an important tool for a lot of hedge funds and other portfolios, and they have also become important in terms of giving us information about what lies ahead

This week's chart looks at the total open interest in all of the different VIX futures contracts which are open at any given time. It does an interesting job of correlating well with what stock prices are doing, as modeled here by the S&P500. Extremely high readings for VIX open interest do a good job of marking meaningful price tops, although it is not always easy to detect in the moment that open interest is making such a peak. Tops are that way, sometimes more diffuse and less focused.



Very low readings, well below the 200-day simple moving average, are good markers for price bottoms. This point gets even more fun when prices are rising, and the total open interest remains low. That is the condition we are seeing now, and it is a sign that the speculators who employ VIX futures are not yet adjusting their positions for the evident new uptrend.

That is really fun because, in the past, when the total open interest numbers stay low into a new uptrend, it means that the uptrend has a lot longer yet to run. The risk of a meaningful top only comes after the open interest numbers start to rise, and they climb up well above the 200MA. It is nowhere near that situation right now. That means the uptrend which started off of the December 24, 2018 low should have a lot longer to run.

Tom McClellan, Editor,  
The McClellan Market Report

**BW: Information on Tom McClellan and *The McClellan Market Report* and *The Daily Edition* is provided below.**

## ABOUT THE AUTHOR



### Tom McClellan

Tom McClellan has done extensive analytical spreadsheet development for the stock and commodities markets, including the synthesizing of the four-year Presidential Cycle Pattern. He has fine-tuned the rules for inter-relationships between financial markets to provide leading indications for important market and economic data.

Tom is a graduate of the U.S. Military Academy at West Point, where he studied aerospace engineering, and he served as an Army helicopter pilot for 11 years. He began his own study of market technical analysis while still in the Army, and discovered ways to expand the use of certain indicators to forecast future market turning points.

Tom views the movements of prices in the financial market through the eyes of an engineer, which allows him to focus on what the data really say rather than interpreting events according to the same "conventional wisdom" used by other analysts.

In 1993, he left the Army to join his father in pursuing a new career doing this type of analysis. Tom and his Father spent the next two years refining their analysis techniques and laying groundwork.

In April 1995 they launched their newsletter, The McClellan Market Report, an 8-page report covering the stock, bond, and gold markets, which is published twice a month. They utilize the unique indicators they have developed to present their view of the market's structure as well as their forecasts for future trend direction and the timing of turning points.

A [Daily Edition](#) was added in February 1998 to give subscribers daily updates on their indicators and also provide market position indications for stocks, bonds, and gold. Their subscribers range from individual investors to professional fund managers. Tom serves as editor of both publications, and runs the newsletter business from its location in Lakewood, WA.

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