

Market Turmoil Ahead? ‘Fear Index’ Shows Unprecedented Activity. Calm Before the Storm?

By [Paul Joseph Watson](#)

Theme: [Global Economy](#)

Global Research, October 22, 2014

[Infowars](#)

The VIX index, a measure of how volatile the S&P 500 is likely to be over the next 30 days, is showing unprecedented activity, feeding into concerns that the financial markets are about to experience huge turmoil.

The Chicago Board Options Exchange Market Volatility Index (VIX) is commonly known as the ‘fear index’ or the ‘fear gauge’ because it is used to predict short-term market expectations.

As [Zero Hedge points out](#), “The last 3 days have seen VIX drop 12.74%, 15.55%, and 13.4% today... VIX has NEVER dropped more than 10% for 3 days in a row ever.”

Last week, VIX spiked to its [highest level in almost three years](#) off the back of concerns about collapsing oil prices, the Ebola virus and weak economic growth.

As [Money Morning explains](#), “When the markets grow, the VIX will generally shrink alongside positive investor sentiment and a growth in the major stock indexes. But in times of uncertainty, such as during a financial collapse or geopolitical turmoil, investors load up on option trading to bet on the market’s downside. The VIX will then spike.”

Could the unprecedented drop in the VIX index over the last three years represent the calm before the storm?

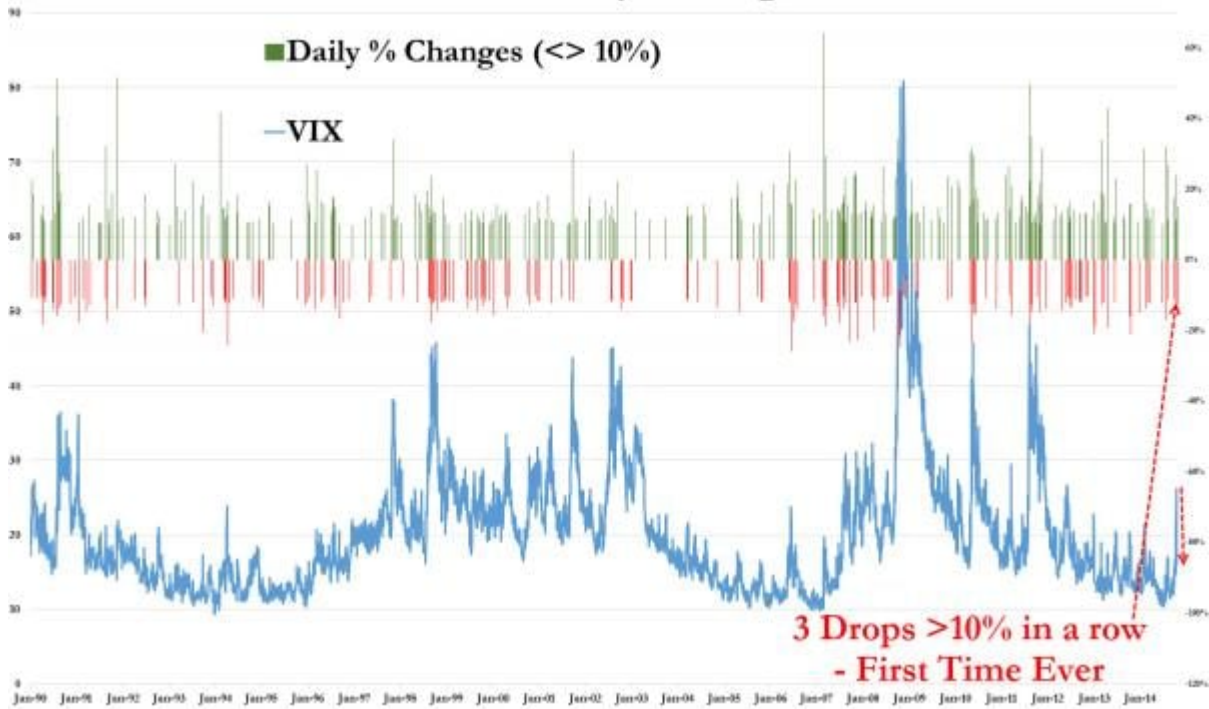
Last week, the Dow Jones suffered a drop of 450 points, its biggest loss in over a year, following weeks of turbulent market action, while the Standard & Poor’s 500 index fell 31 points, or 1.7 percent.

Although stocks have rebounded since, uncertainty about the durability of the economic recovery remains a dominant theme. Last month, the so-called Hindenburg Omen, a technical analysis pattern that is said to forecast a stock market crash, was triggered twice, an event [CBS News described](#) as “another dark sign” for the markets.

Traders also remain wary of a “black swan event,” a surprise incident that could send stocks plummeting. Earlier this month, UBS director of floor operations at the New York Stock Exchange [Art Cashin told CNBC](#) that a shock geopolitical development could cause turmoil.

“People don’t want to get too deeply involved, I don’t think, fearing that some bit of news or rumor could pull the plug on them,” said Cashin.

VIX & Daily Change



Paul Joseph Watson is the editor at large of [Infowars.com](http://infowars.com) and [Prison Planet.com](http://PrisonPlanet.com).

Facebook @ <https://www.facebook.com/paul.j.watson.71>

FOLLOW Paul Joseph Watson @ <https://twitter.com/PrisonPlanet>

The original source of this article is [Infowars](http://infowars.com)
Copyright © [Paul Joseph Watson](http://PaulJosephWatson.com), [Infowars](http://Infowars.com), 2014

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Paul Joseph Watson](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca