Cantillon Research

The IVT Regime Playbook

The nine market states the terminal reads, and how to trade each one.

New money moves in a sequence: bonds first, then stocks, then risk assets, then crypto. The regime tells you where the market is in that sequence, and which assets have large buyers behind them right now.

Bonds → **Stocks** → **Risk assets** → **Crypto**

1 · The idea

New money never arrives everywhere at once

The method starts from the Cantillon Effect: the 300-year-old observation that new money does not reach every asset at the same time. It flows through a sequence, bonds first, then stocks, then risk assets, then crypto. Know where the market sits in that sequence and you know which assets have large buyers behind them and which are trading on hope.

The Institutional Volume Terminal (IVT) follows the sequence with three markets, each scored on trend and momentum. The daily brief calls them by what they show:

Money flowing
TLT, the bond market
Where new money lands first

Stocks joining
SPY, the S&P 500
The second stop in the sequence

Risk appetite
BTC, Bitcoin
The last stop: pure appetite for risk

Each layer is on or off, judged by price against its fast moving average, the fast average against the slow one, and the rate of change. Three switches give eight combinations, and with the overrides that makes nine states. Fear adjusts the read: a VIX above 30 takes a point away, below 18 adds one.

> Why it matters: the same setup that pays in full risk-on fails in distribution. The regime is not an opinion about the market. It is the gate every trade passes through before size is even discussed.

Educational content. Not financial advice.

2 · The nine states

From full risk-on to full risk-off

Full risk-on

Bonus +3

Money flowing: on | Stocks joining: on | Risk appetite: on

All three layers are on. New money has travelled the whole sequence, so bonds, stocks and risk assets all have large buyers behind them. This is the strongest market the system recognises.

How to trade it

Long bias, full size on qualified setups. High-beta names and crypto have support, and this is the only state where they get full size. Let winners run. A pullback to the cost line is a place to add, not a warning.

> **The trap**
> Euphoria makes the market feel like skill. This state pays for sloppy entries right up to the day it flips, so keep taking only qualified setups.

Early cycle

Bonus +1

Money flowing: on | Stocks joining: on | Risk appetite: off

Bonds and stocks are bid, but risk appetite has not joined. Money is moving through the sequence and has not reached the speculative end yet.

How to trade it

Buy stocks: leaders and index names that are stronger than the market. Crypto and high-beta names are not supported yet, so trade them smaller or wait. Check risk appetite every day; when it turns on, the whole market upgrades.

> **The trap**
> Buying speculative names early because the regime is turning. It has not turned until the layer is on.

Educational content. Not financial advice.

2 · The nine states, continued

Accumulation

Bonus +2

Money flowing: on | Stocks joining: off | Risk appetite: off

Money is arriving in bonds while stocks have not joined. This is where large investors position early, quietly and at the prices they want, before the stock layer turns.

How to trade it

Build the watchlist. Buy dips in the strongest names at reduced size. Patience is the position: the +2 reflects what tends to follow, not what is moving today.

> **The trap**
> Treating accumulation as a bottom signal. The timing comes from the stock layer turning on, not from the bond bid alone.

Stress recovery

Bonus 0

Same switches as accumulation, but bonds and stocks move together (correlation above 0.35)

The switches match accumulation, but bonds and stocks are moving together. When their 60-bar return correlation is above 0.35, the bond bid is fear, not rotation, and the system cancels the accumulation bonus.

How to trade it

Stand aside or trade the smallest size. The market has to show that the stress has passed. When the correlation drops back under 0.35, the accumulation read returns.

> **The trap**
> Reading a fearful bond bid as large investors accumulating. The correlation check exists because the two states look the same without it.

2 · The nine states, continued

Inflationary pump

Bonus 0

Money flowing: off | Stocks joining: on | Risk appetite: on

Stocks and risk assets rally with no money flowing underneath. The move runs on sentiment and momentum, not on new money.

How to trade it

Short-term trades only: tight stops, early profits, no core positions. Momentum can run further than you expect, but the market is renting this move, not owning it.

> **The trap**
> Staying too long. Moves without money behind them fall back fast, and the exit is crowded when everyone rents the same trade.

Late cycle

Bonus −1

Money flowing: on | Stocks joining: off | Risk appetite: on

Money and speculation are on, but stocks have not confirmed. The middle of the sequence is hollow, which has usually marked froth near the end of a move.

How to trade it

Cut exposure and tighten stops on open longs. New longs only on the strongest signals, at the smallest size.

> **The trap**
> Reading new highs in risk assets as strength. Without stocks joining, those are the last buyers arriving, not the smart ones.

Educational content. Not financial advice.

2 · The nine states, continued

Speculative

Bonus −1

No clean pattern: the layers fit no stage of the sequence

The combination of layers fits no clean stage of the sequence. Flows cut across each other, and the regime gives no edge in either direction.

How to trade it

Only the strongest setups qualify, at the smallest size. On most days in this state the right position is none.

> **The trap**
> Forcing a trade because the scanner found something. A setup without the regime behind it is a coin flip with fees.

Distribution

Bonus −2

Money flowing: off | Stocks joining: on | Risk appetite: off

Stocks hold up while money and risk appetite leave. Someone is selling into the strength, and it is not small investors. The index holding up well is the thing being sold.

How to trade it

No new longs. Short setups qualify. Protect open winners: this is the state where a good quarter gets given back.

> **The trap**
> Buying the dip in the index that keeps holding up. In distribution, that resilience is the exit large investors are using.

2 · The nine states, continued

Full risk-off

Bonus −3

Money flowing: off | Stocks joining: off | Risk appetite: off

Nothing has support. All three layers are off: money is leaving the system, not moving around inside it.

How to trade it

Defence. Cash is a position. Short setups only, and only qualified ones. Oversold snapbacks are counter-trend trades with a defined stop, not calls on the bottom.

> **The trap**
> Catching falling knives because prices look cheap. Cheap is not a level. Buyers coming back is, and the layers will show it.

3 · The adjustments

Three overlays that change the read

Fear (VIX)

Above 30 takes 1 off the regime bonus: a fear tax on every long. Below 18 adds 1: the options market agrees with taking risk. In between, no change.

Strength at the extremes

Strength adds up every active layer. At +7 or higher the bonus gains 1, because broad agreement is information. At −7 or lower it loses 1.

Bonds moving with stocks

A 60-bar rolling correlation of bond and stock returns. Above 0.35 they move together, which is what stress looks like. This is the check that turns accumulation into stress recovery and stops the system buying fear.

4 · Every morning

How to use this with the daily brief

Every weekday the brief opens with the market's state in one line: the regime, its strength, the three layers, fear and the tailwind for longs. It takes five seconds to read, and it decides how aggressive you are allowed to be before you look at a single chart.

That read is free every day. Members also get the board under it: every qualified setup, ranked, with the entry, the trigger, where you are wrong and the size.

Educational content. Not financial advice.

The regime changes every day. This PDF does not.

The nine states are the map. The daily brief is today's position on it, published before every US open, with the market's state and the news that moved it. That part is free.

Members get the board: every qualified setup, ranked, with the exact levels. Every call is published before entry, winners and losers alike, with no edits after the fact.

Get the free brief thecantillonreport.substack.com

Read the market first. Then the volume. Then the price.

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