



MINDFORGE INTELLIGENCE

MARKET STATE DETECTOR

THE CRISIS CLASSIFICATION BRIEF

[CRISIS TIMING & LEAD-TIME AUDIT]

OVERVIEW

Quick Skim

DEEP DIVE

Full Analysis

SYSTEM CONTEXT

Market State Detector (MSD) — Daily regime classification. Delivered pre-market. Research tool, not trading signal.

CRISIS — MSD market regime classifications: Volatility Spike + Systemic Stress. Historically 2.69% of trading days.

CORE FINDING

Traditional triggers fire after crashes start.

MSD timestamps regime shifts pre-market.

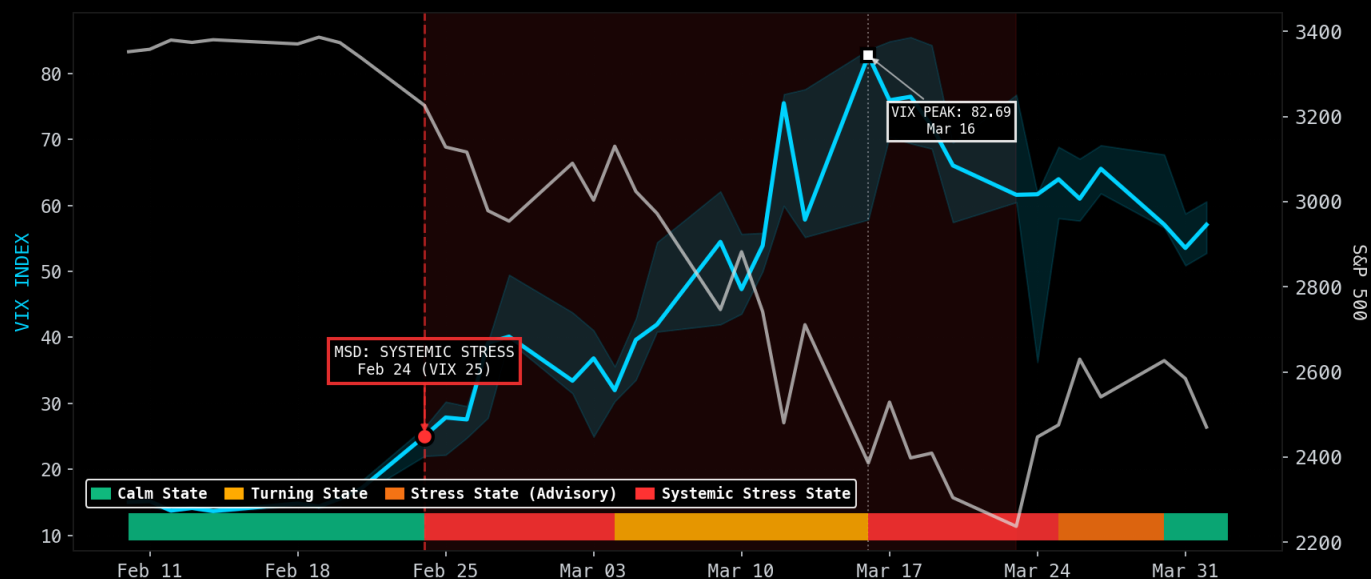
Backtest window: 2012–2024 + 2025 QO5 • 100% hit rate (Systemic Stress), 93% (Vol Spike) • mindforge.tech/terms

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Baselines trigger late. MSD timestamps Systemic Stress early.

COVID-19 Crash – March 2020

VIX PEAKED 15 TRADING SESSIONS AFTER CLASSIFICATION



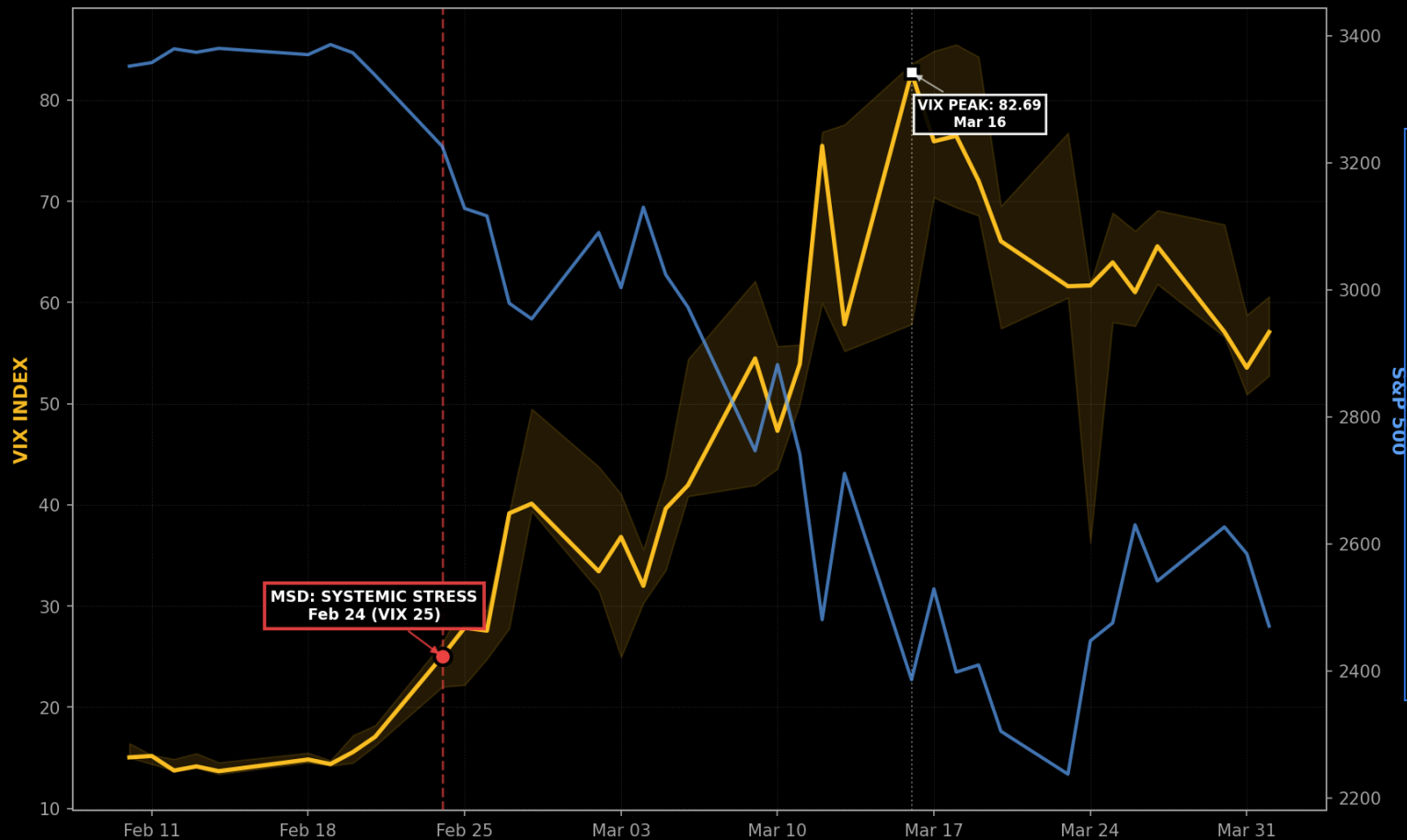
The red marker timestamps MSD Systemic Stress on Feb 24; the dashed line shows the classification date on the series. VIX then peaked on Mar 16 (15 trading sessions later), which is the lead-time highlighted in the headline.

BASELINES TRIGGER LATE. MSD TIMESTAMPS SYSTEMIC STRESS EARLY.

MSD CLASSIFICATION	Systemic Stress (Feb 24, 2020)
LEAD TIME (DEFINITION)	Trading sessions between MSD classification timestamp and subsequent VIX peak.
LEAD TIME (COVID)	VIX peaked 15 trading sessions later (Mar 16, 2020)
WHY IT MATTERS	Early classification = cheaper hedges. VIX-based triggers fire after premium spikes.

COVID-19 CRASH — SYSTEMIC STRESS CLASSIFICATION

VIX PEAKED 15 TRADING DAYS AFTER CLASSIFICATION



TECHNICAL ANALYSIS

Signal: Feb 24 (VIX 25) | Reactive
Baselines: Not yet triggered

Contrast: VIX peaked 15 trading days after MSD classification

Context: Observed during the fastest 30% drawdown in history

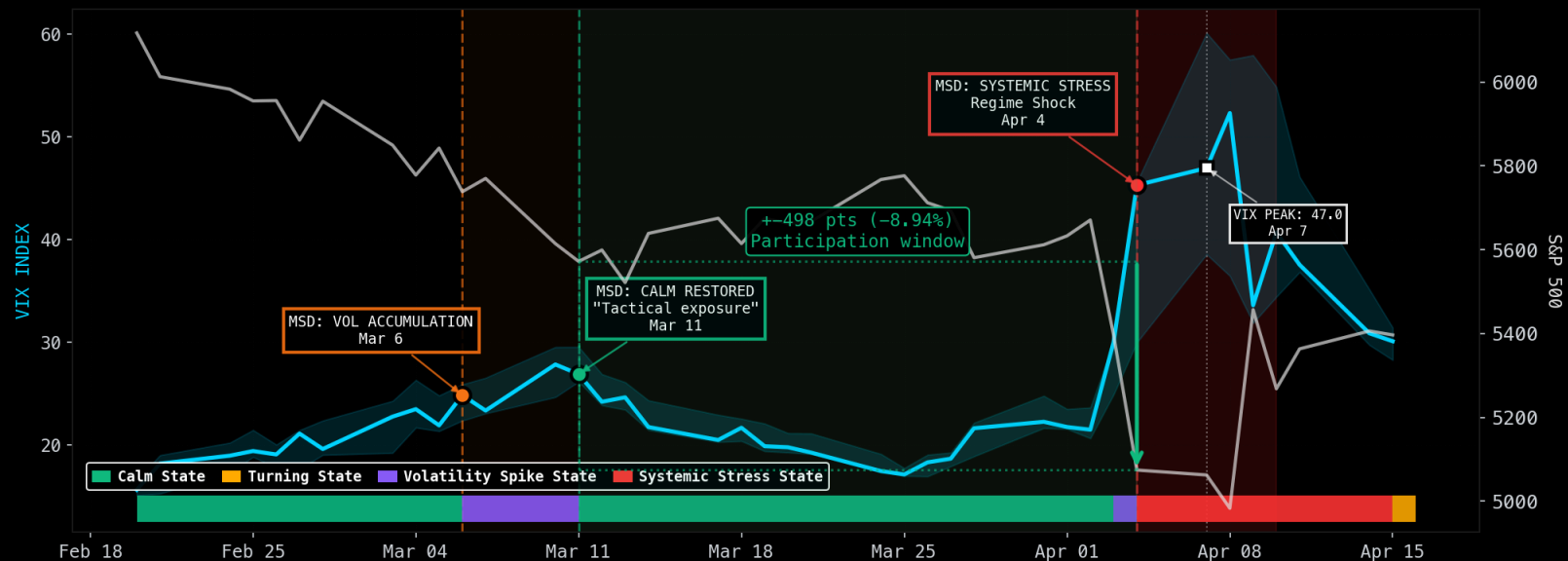
Value: High-conviction positioning enabled while baselines lagged

Validation: Pre-market delivery before the 15-day liquidation cascade

After a spike, baselines wait. MSD timestamps re-entry.

April 2025 Tariff Crisis – Multi-Phase Navigation

VIX HIT 60 | REGIME NAVIGATION OBSERVED



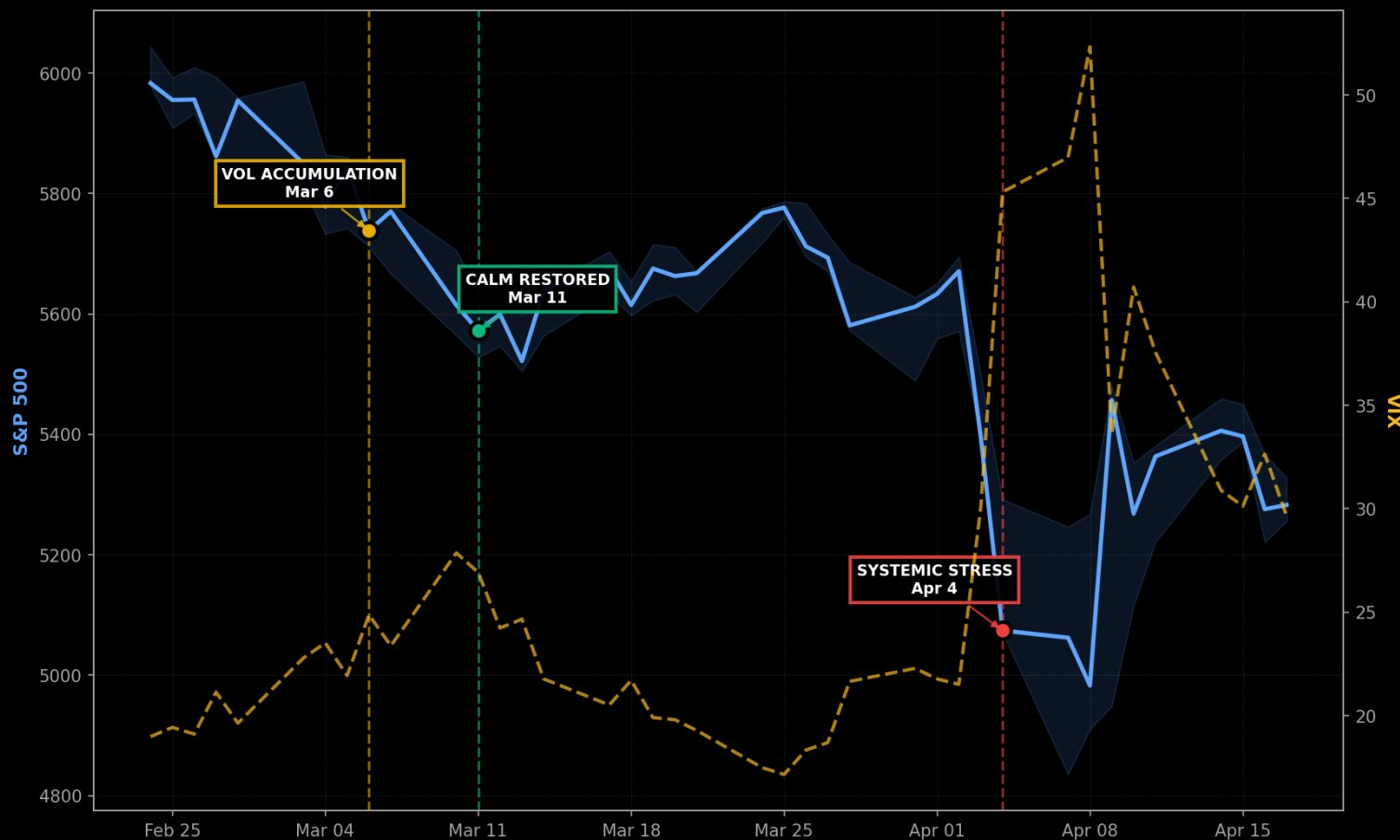
The green marker on Mar 11 shows 'Calm restored' (re-entry). The chart then shows the subsequent regime shock on Apr 4; the bracket quantifies the participation window between those two timestamps.

AFTER A SPIKE, BASELINES WAIT. MSD TIMESTAMPS RE-ENTRY.

RE-ENTRY	Calm Restored (Mar 11) — participation window timestamped before the Apr 4 regime shock.
SEQUENCE	Early warning → Calm (Restored) → Systemic Stress (multi-phase navigation)
WHY IT MATTERS	Round-trip capability: the chart highlights both protection and participation (re-entry).

APRIL 2025 TARIFF CRISIS — MULTI-PHASE NAVIGATION

EARLY WARNING → CALM (RE-ENTRY) → SYSTEMIC STRESS



TECHNICAL ANALYSIS

Mar 6: Vol Accumulation classified (Early Warning)

Mar 11: Calm State restored (Tactical re-entry allowed)

Contrast: Static models remained locked out during the Mar 11-Apr 4 window

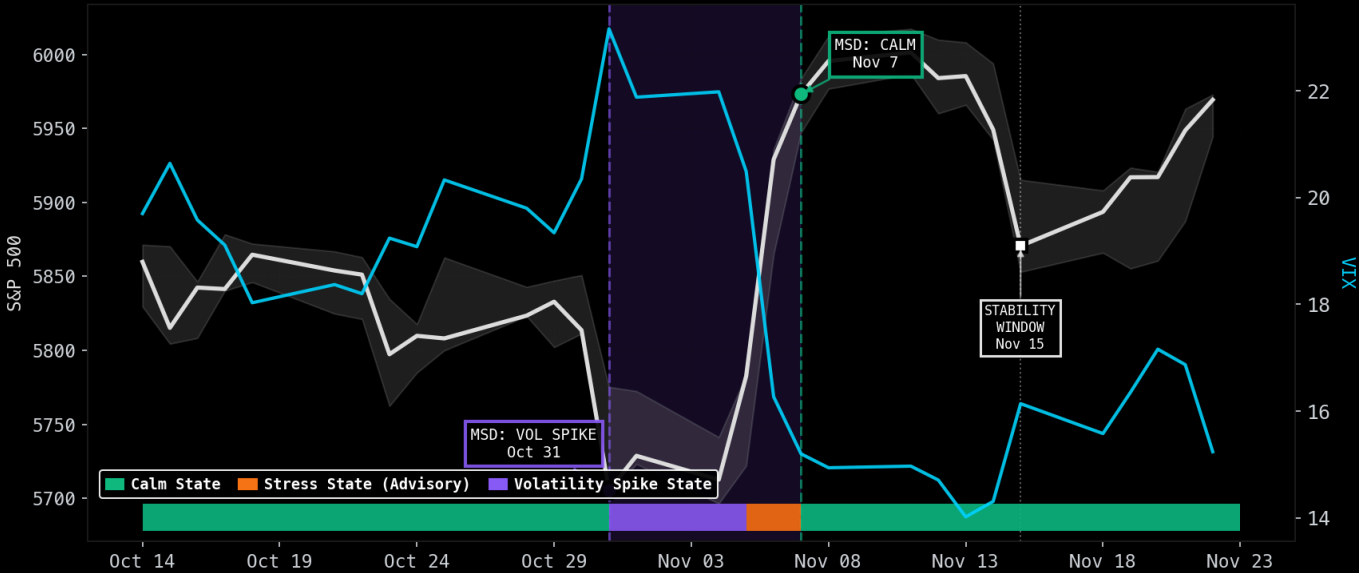
Apr 4: Systemic Stress State (Regime shock observed)

Value: Captured tactical exposure while baselines remained defensive

Avoid whipsaw. Classify a spike without crash posture.

Late-2024 Volatility Shock – Oct-Nov 2024

CALM RESTORED IN 5 TRADING SESSIONS (NO WHIPSAW)

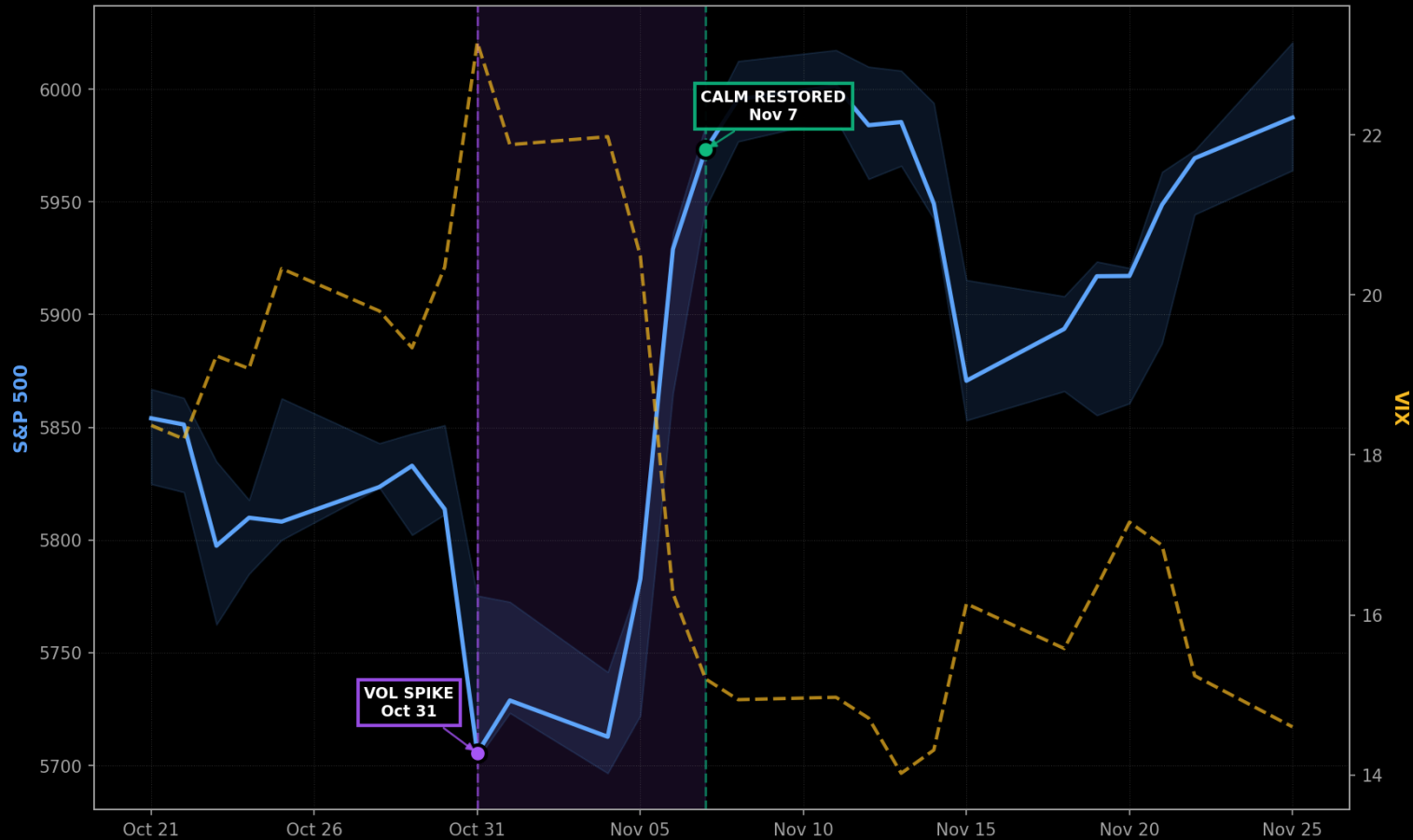


The purple marker timestamps a Volatility Spike (not Systemic Stress). The green marker shows Calm restored 5 trading sessions later—this is the 'no forced whipsaw' window the headline calls out.

AVOID WHIPSAW. CLASSIFY A SPIKE WITHOUT CRASH POSTURE.

CLASSIFICATION	Volatility Spike (NOT Systemic Stress)
CALM RESTORED	Nov 7 — 5 trading sessions after Oct 31 classification
WHY IT MATTERS	No forced liquidation. MSD distinguishes spikes from systemic episodes.

TRADITIONAL THRESHOLDS FIRED DURING SPIKE — MSD RESTORED CALM
IN 5 TRADING DAYS (NO WHIPSAW)



TECHNICAL ANALYSIS

Oct 31: Volatility Spike classified (Non-systemic noise)

Contrast: Traditional VIX thresholds triggered forced liquidation

Nov 7: Calm Restored (5 trading days after spike; no crash posture)

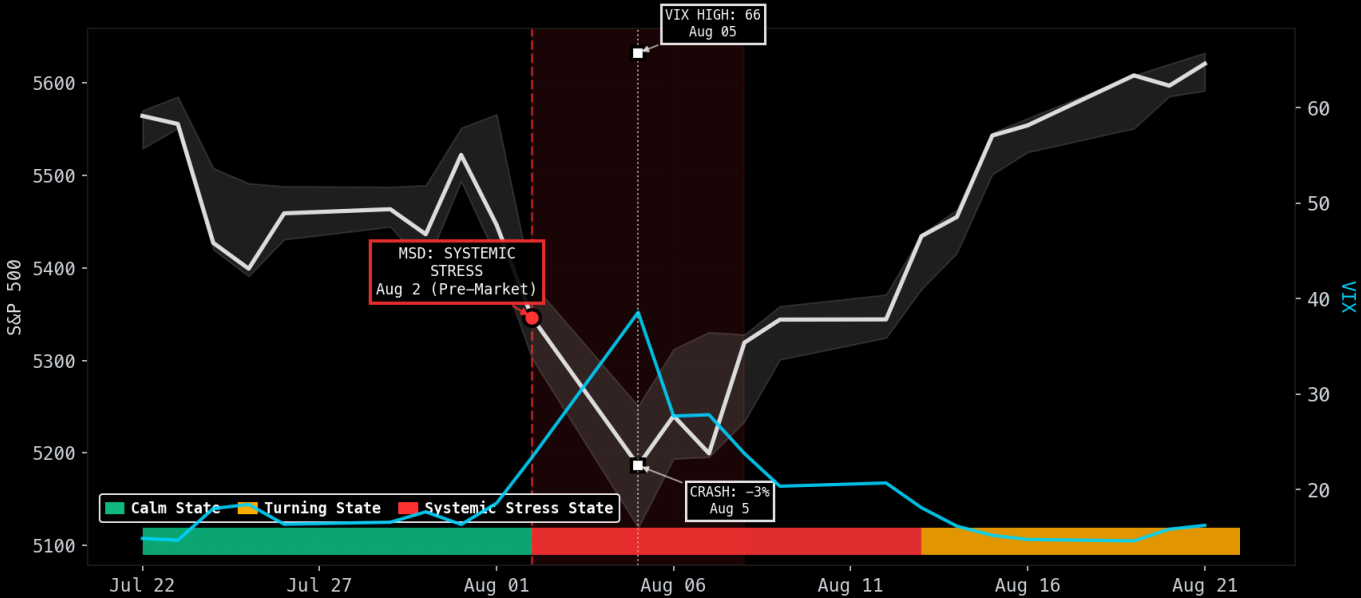
Outcome: Volatility normalized; no forced liquidation at lows

Value: Reduced whipsaw risk vs static threshold-only triggers

The failure mode is false calm. MSD timestamps stress pre-market.

Yen Carry Unwind – August 2024

VIX HIGH REACHED 66 | 0 TRADING SESSIONS AFTER CLASSIFICATION

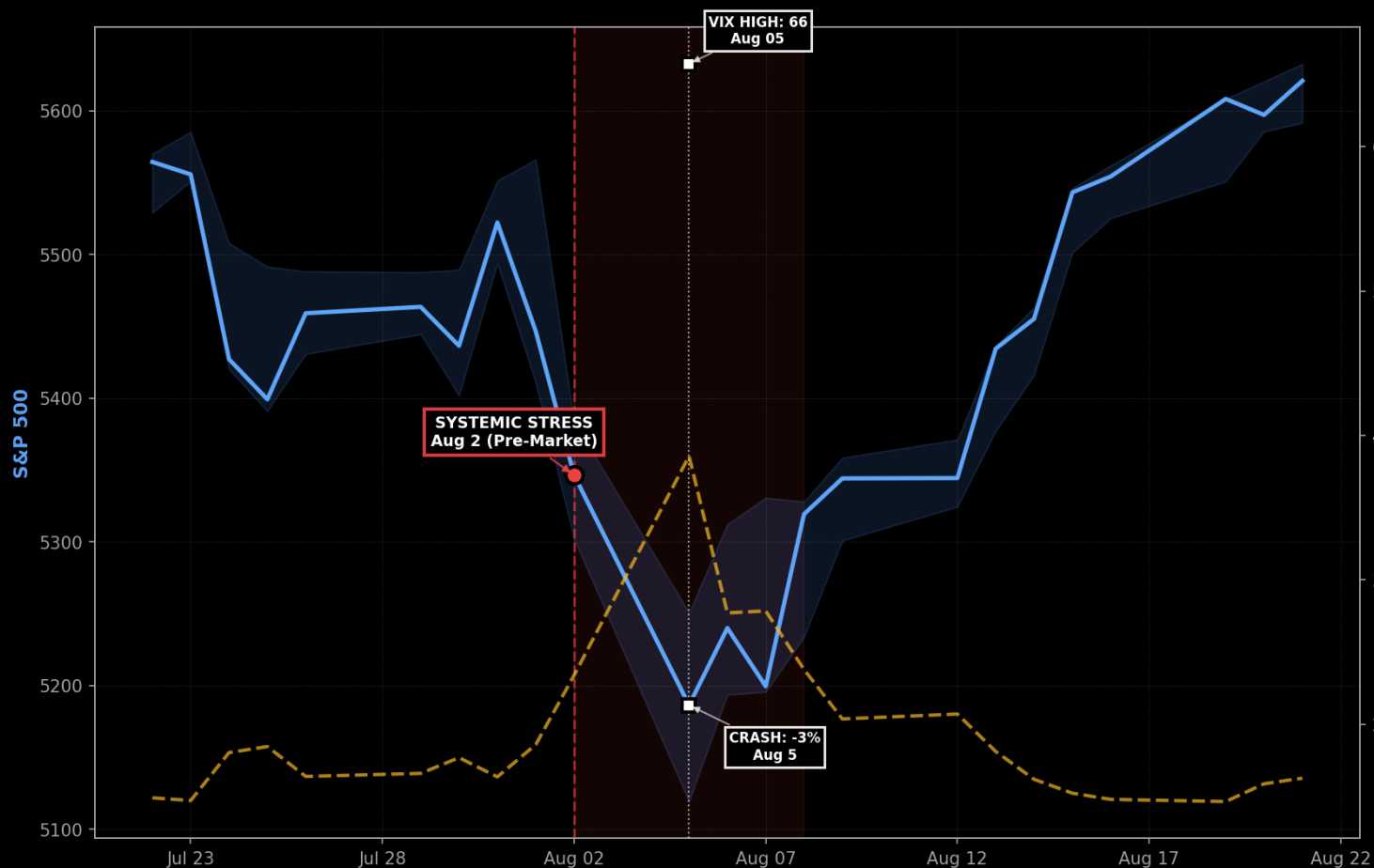


The Systemic Stress marker timestamps Aug 2 (pre-market), and the chart explicitly marks the subsequent VIX high (66) reached 0 trading sessions later.

THE RISK IS FALSE CALM. MSD TIMESTAMPS STRESS PRE-MARKET.

MSD CLASSIFICATION	Systemic Stress (Aug 2; pre-market delivery)
LEAD TIME (AUG 2024)	VIX high reached on the next trading session (Aug 5 window)
WHY IT MATTERS	Turns 'false calm' into a timestamped regime shift before dislocation.

THE RISK IS FALSE CALM — MSD TIMESTAMPS STRESS PRE-MARKET
VIX HIGH REACHED 66 | 1 TRADING SESSIONS AFTER CLASSIFICATION



TECHNICAL ANALYSIS

Signal: Aug 2 (Pre-market classification at 05:30 ET)

Contrast: Standard models triggered only after the Aug 5 -3% open

Timing: VIX hit 66 1 trading session after MSD classification

Value: Positioning enabled before the carry-unwind cascade

Precision: Avoided false calm during vol expansion

THE LEAD TIME QUESTION

What was 15 trading days worth in February 2020?

Feb 24 Classification	VIX 25
Mar 16 Peak	VIX 82
Hedge Cost at VIX 25	~2.0%
Hedge Cost at VIX 50+	~6.0%

THE RESTRAINT QUESTION

What was avoiding a late-2024 whipsaw worth?

MSD Classification	VOL SPIKE
Decision	NO FORCED ACTION
Static VIX Models	LIQUIDATE AT LOWS
Outcome Window	VOL NORMALIZED

THE VALUE PROPOSITION

6x

ILLUSTRATIVE MULTIPLE (HYPOTHETICAL)

Illustrative arithmetic only — not a performance guarantee.

Tail-risk impact (hypothetical) **\$500,000**

(hypothetical: 0.10% of \$500M AUM)

Annual license **\$80,000**

ONE CORRECT CLASSIFICATION IN A TAIL EVENT
PAYS FOR DECADES OF RESEARCH.

Early adopter pricing • Subject to 2026 adjustments

VERIFY IT LIVE

90 DAYS. FULL ACCESS.

INCLUDES

- Daily classification via email or API
- 12 years of historical backtest + 2025 00S

QUALIFICATION

Complimentary evaluation for qualified institutional research teams.

RESTRICTED TO INSTITUTIONAL USE

CALM + CRISIS

This brief: how MSD timestamps regime shifts pre-market.

To see how MSD-informed sizing reduces hedge costs during Calm (71% of trading days), see [The Calm Dividend Brief](#).

EVALUATION PORTAL

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