

# THE INFORMATION CONTENT OF TRADING ACTIVITY AND QUOTE CHANGES: EVIDENCE FROM VIX OPTIONS

Wei-Che Tsai, Ying-Tzu Chiu, Yaw-Huei Wang

## Abstract

*We investigate the informational role of trading volume and quote changes in VIX options with regard to future movements in the index, based upon a high-frequency framework. Our results reveal that whilst volume imbalances convey no significant predictive information, quote changes in VIX options can significantly predict changes in the index, with this predictive power being more pronounced for VIX calls around monetary policy announcement periods. Our findings imply that when acting on market-wide information, traders in VIX options may prefer to submit limit orders, as opposed to market orders, leading to such information being contained in the quote changes.*

**Keywords:** VIX index; VIX options; Trading activity; Quote changes.

**JEL Classification:** G12, G14.