EMCORE Volatility Picture

$C = SN(d_1) - N(d_2)Ke^{-rt}$

17 May 2024

Vola Headlines

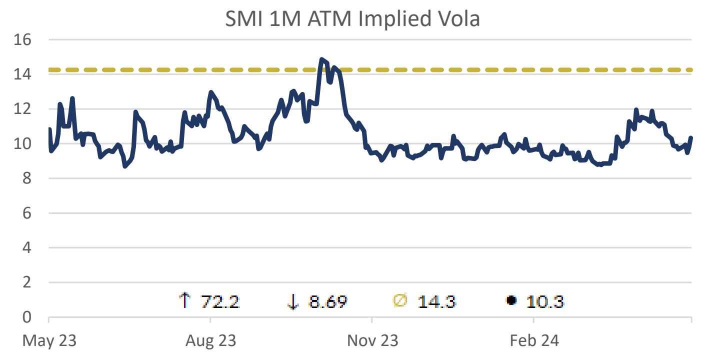
- Overall, implied volatility fell as confidence in the financial markets quickly returned despite the geopolitical tensions
- After the volatile April 2024, the implied volatilities of the equity indices are back at historically low levels
- The G10 currencies have also calmed down after the exceptional April and are back below the 5-year average
- The implied volatility of gold and silver is trading at or above the long-term average

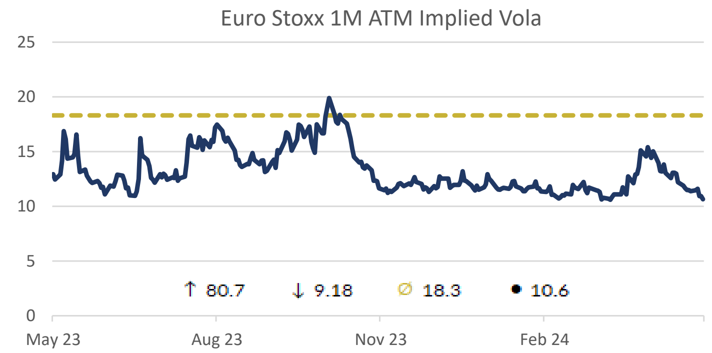
Given the current environment of low implied volatilities across all asset classes, this is a favourable time to use derivative strategies. This scenario is particularly favourable when it comes to hedging positions or incorporating upside exposure with capital protection into portfolios. These conditions allow for cost-effective derivative solutions that enable investors to manage risk more efficiently

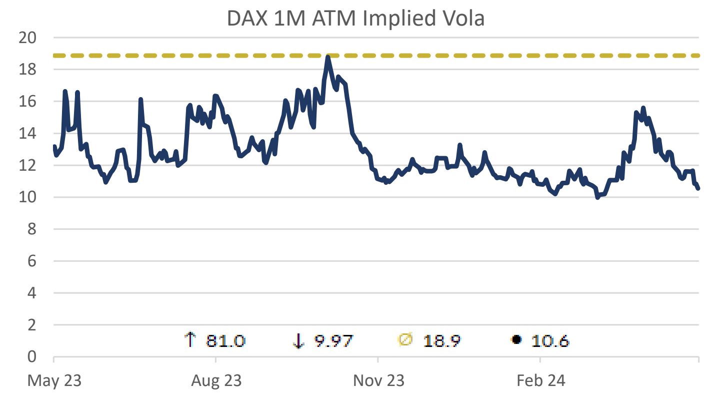
Overview

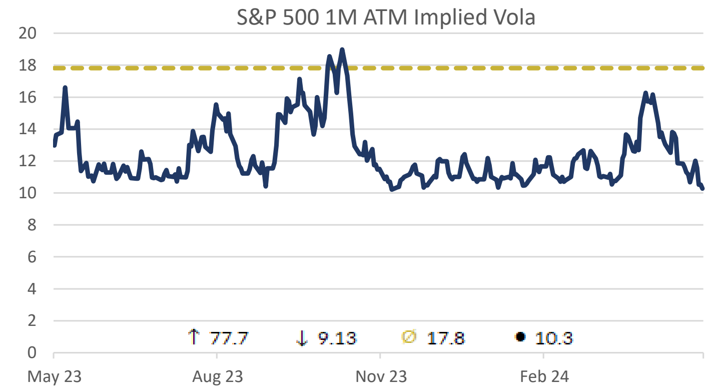
SMI	10.32	Euro Stoxx	10.64	SPX	10.28	Nikkei	15.30
DAX	10.55	FTSE 100	9.82	NASDAQ	14.49	Hang Seng	19.87

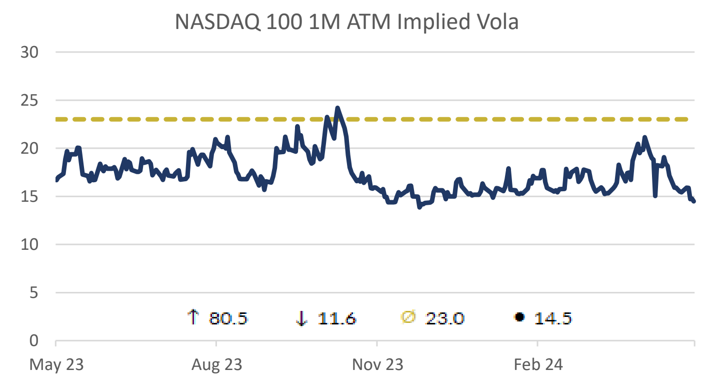
Equities

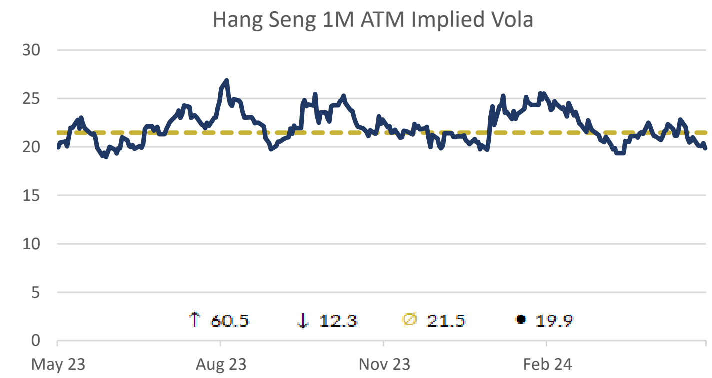












-- 5 year average of 1M ATM implied volatility ↑ Top 5 year ↓ Low 5 year ● Current

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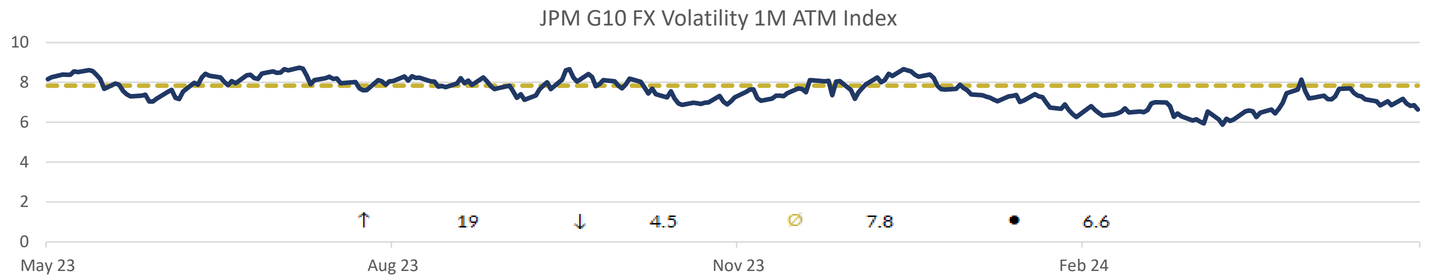
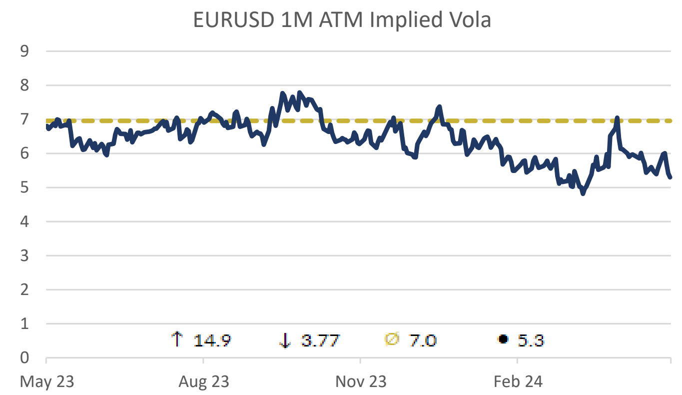
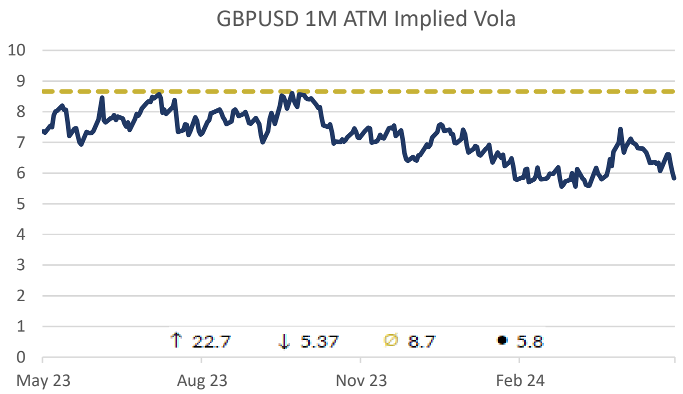
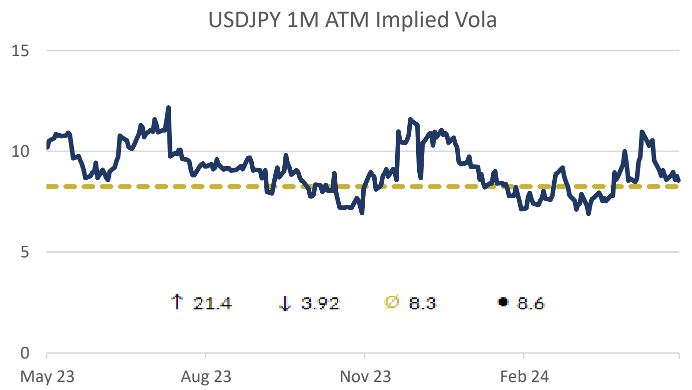
Overview							
G10	6.64	USDJPY	8.56	EURGBP	3.36	USDCHF	5.98
EURUSD	5.30	EURCHF	4.88	GBPUSD	5.83	EURJPY	7.81

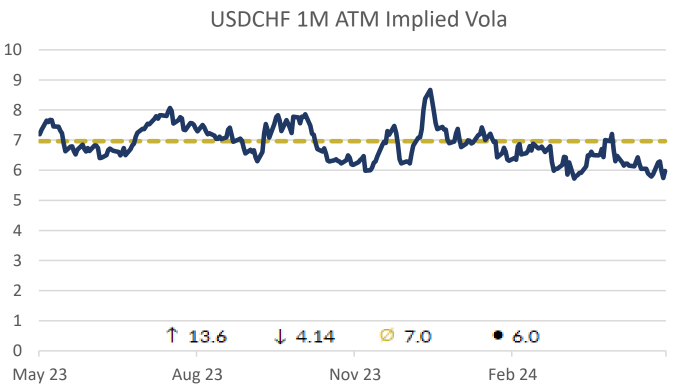
FX

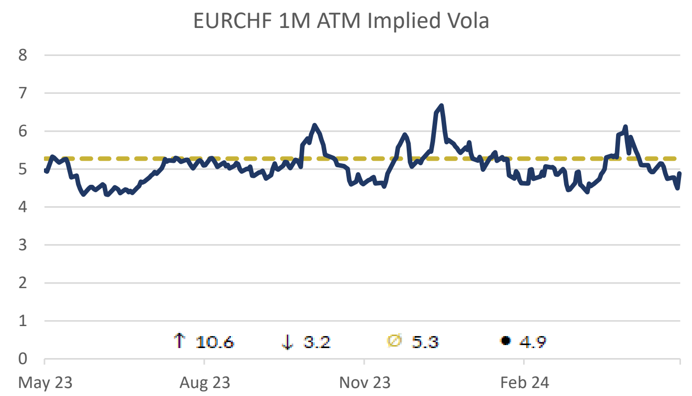


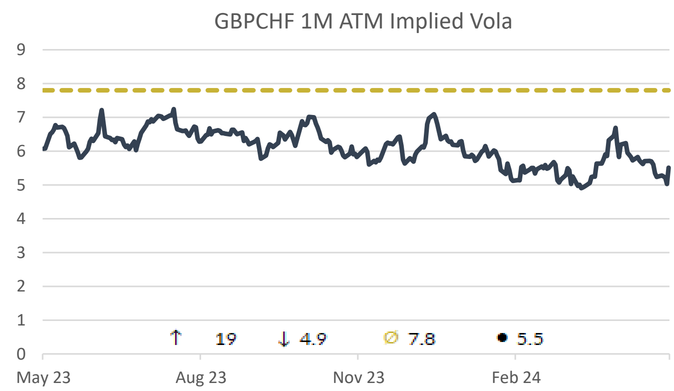












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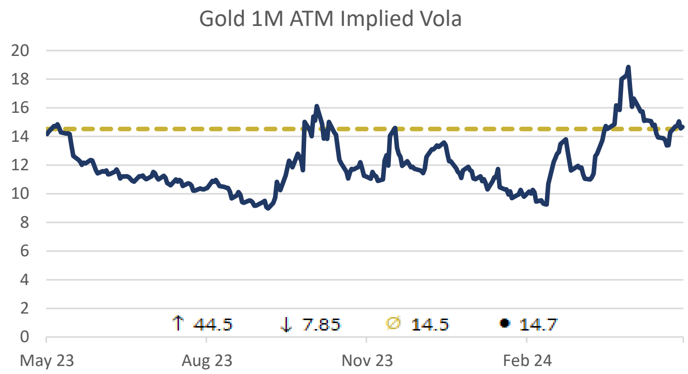
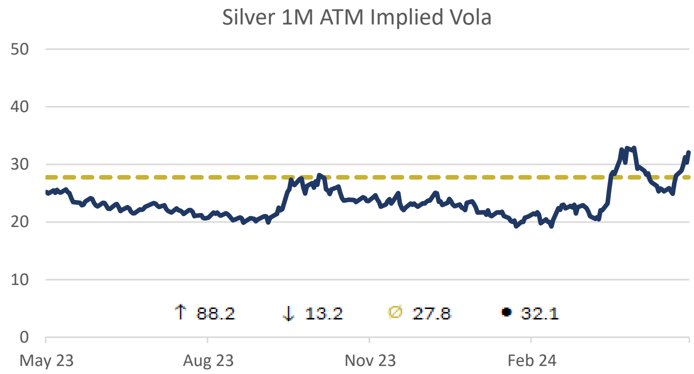
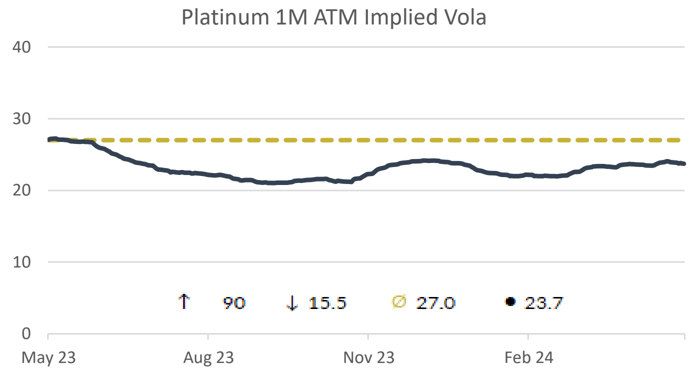
Overview

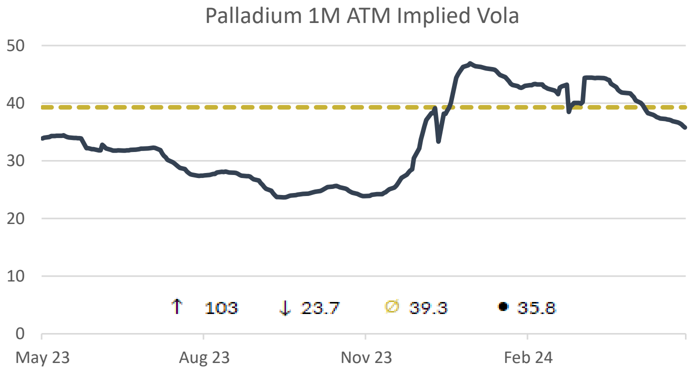
Gold	14.67	Silver	32.09	Platinum	23.71	Palladium	35.79

Metals









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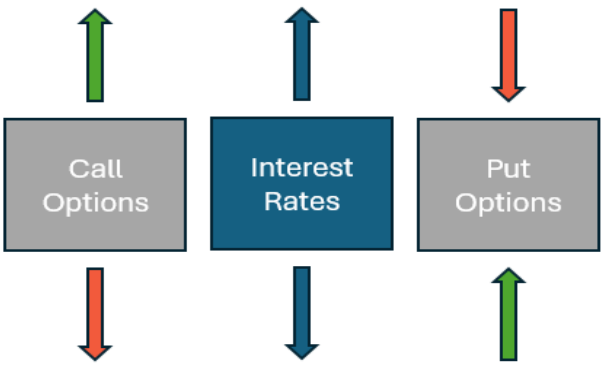
What is Rho?

The effects of interest rate changes on the option price



Rho is the change in option value that results from movements in interest rates.

The value is represented as the change in theoretical price of the option for a 1 percentage point movement in the underlying interest rate.

"Implied volatility is not a measure of risk....
Risk results from the nature of the underlying asset."

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