Vola Headlines

- Equity indices are rallying to all-time highs, marking a strong start to 2025, while implied volatility remains below the five-year average.
- Implied volatilities in the G10 universe have remained stable over the past month but continue to trade at the five-year average.
- Volatility in 10-year US Treasury Notes has declined, while demand for Gold derivatives has increased.

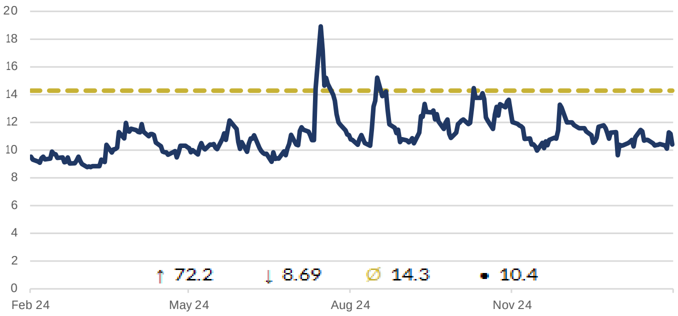
The remarkable first 50 days of the year, driven by a strong equity rally, present new challenges for financial markets. Investors can optimize their risk-return profile by selling OTM calls to help finance downside protection through put purchases. We also observe a shift from long equity positions to long-dated call options, allowing investors to retain upside potential while implementing capital protection.

Overview

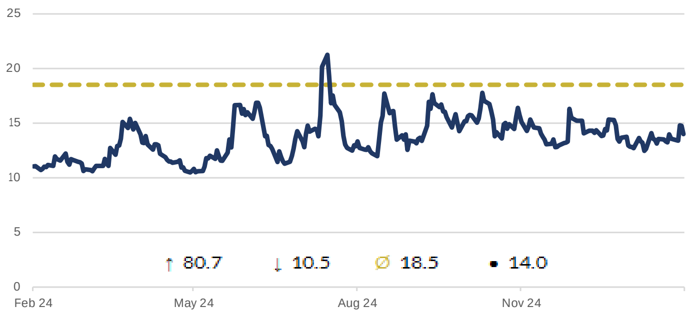
SMI	10.40	Euro Stoxx	14.01	SPX	14.10	Nikkei	16.45
DAX	15.55	FTSE 100	10.09	NASDAQ	18.30	Hang Seng	26.62

Equities

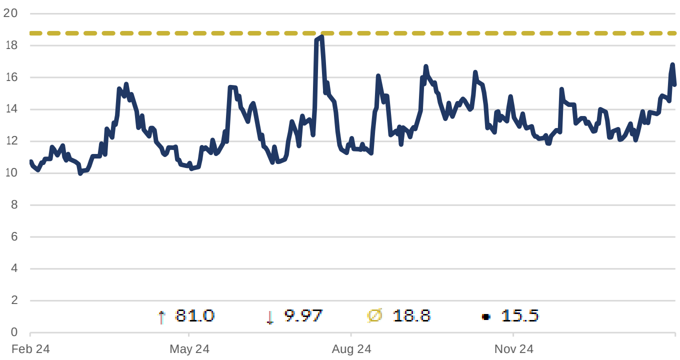
SMI 1M ATM Implied Vola



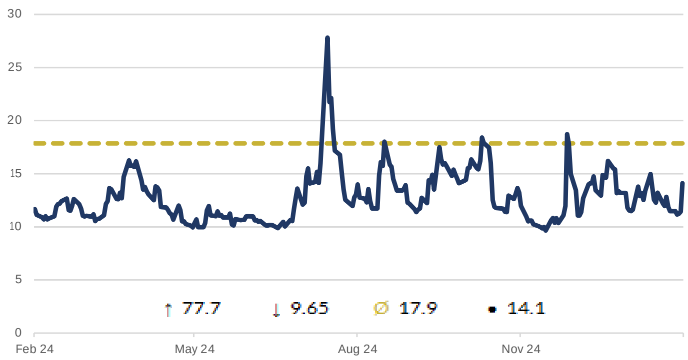
Euro Stoxx 1M ATM Implied Vola



DAX 1M ATM Implied Vola

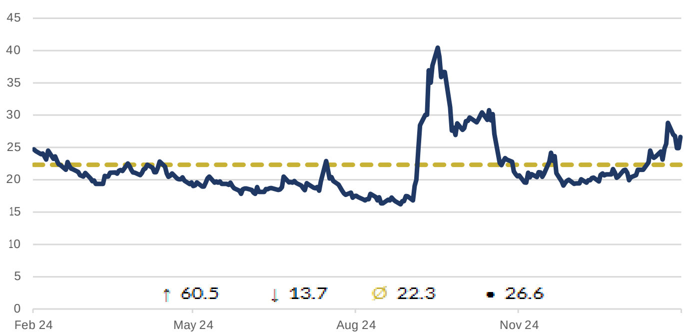


S&P 500 1M ATM Implied Vola



NASDAQ 100 1M ATM Implied Vola

Hang Seng 1M ATM Implied Vola



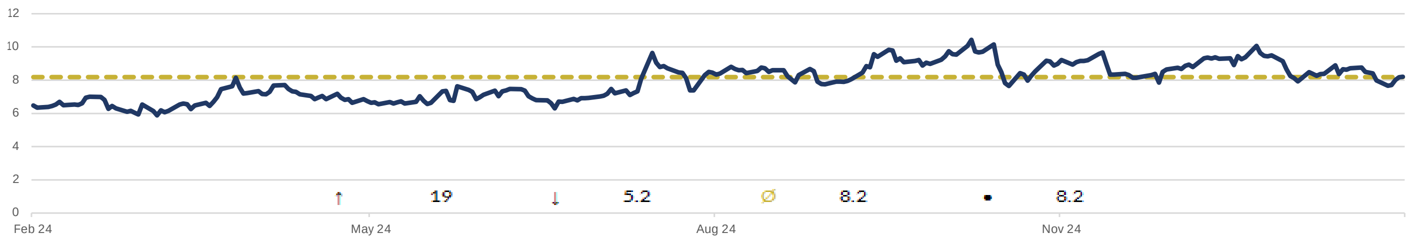
-- 5 year average of 1M ATM implied volatility ↑ Top 5 year ↓ Low 5 year ● Current

Overview

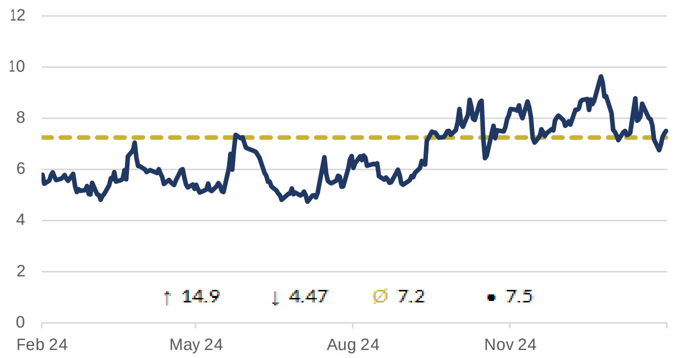
G10	8.21	USDJPY	10.59	EURGBP	4.23	USDCHF	7.02
EURUSD	7.50	EURCHF	5.53	GBPUSD	7.11	EURJPY	10.68

FX

JPM G10 FX Volatility 1M ATM Index

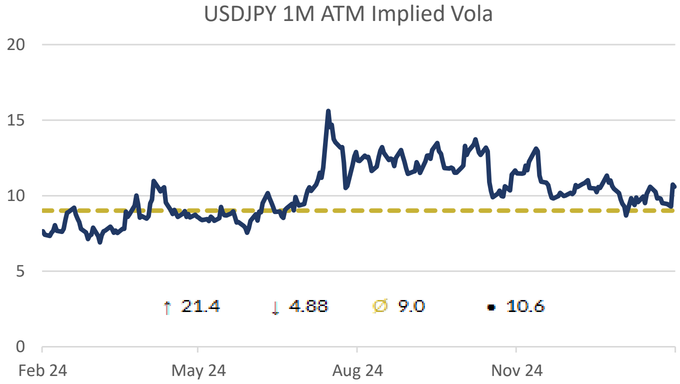


EURUSD 1M ATM Implied Vola

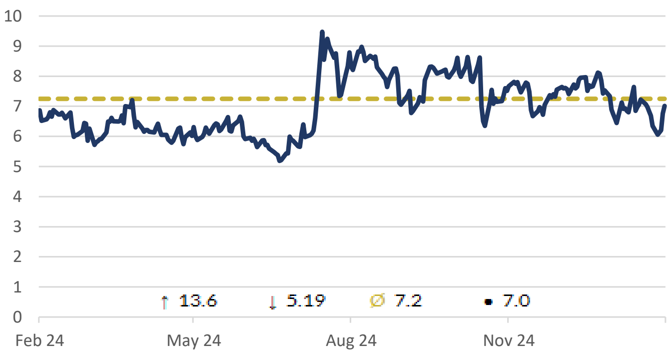


GBPUSD 1M ATM Implied Vola

USDJPY 1M ATM Implied Vola

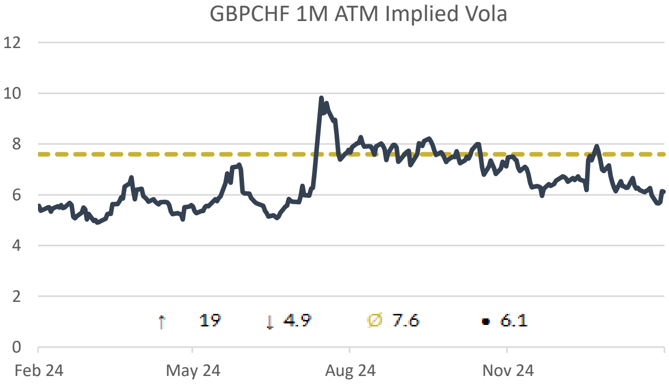


USDCHF 1M ATM Implied Vola



EURCHF 1M ATM Implied Vola

GBPCHF 1M ATM Implied Vola



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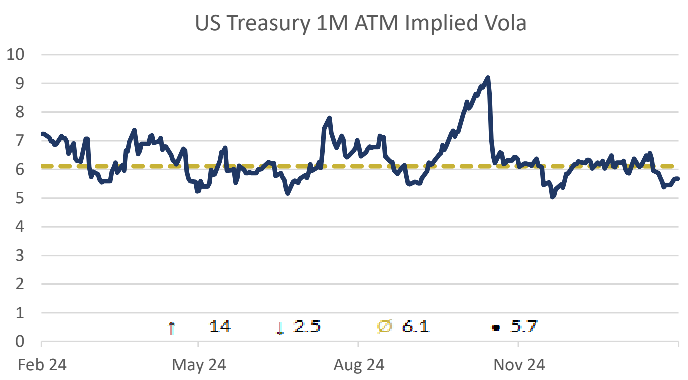
Volatility Picture

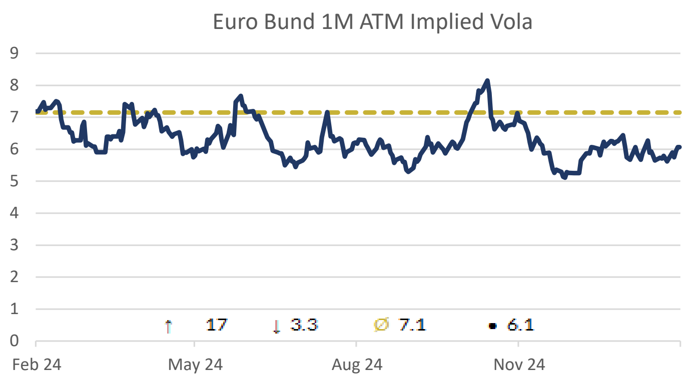
February 2025

Overview

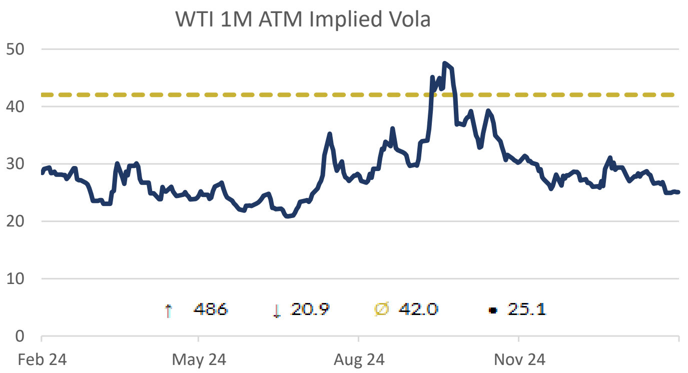
US Treasury	5.67	Euro Bund	6.07				
WTI	25.06	Brent	22.75	Natural Gas	55.92	Corn	19.06

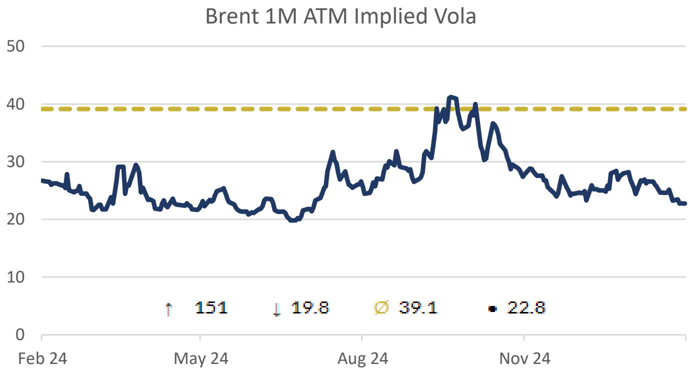
Rates

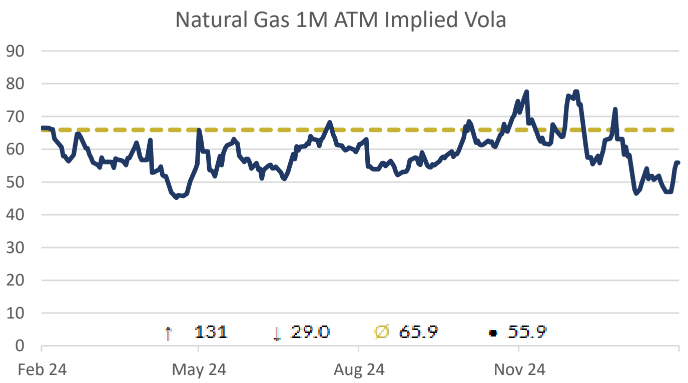


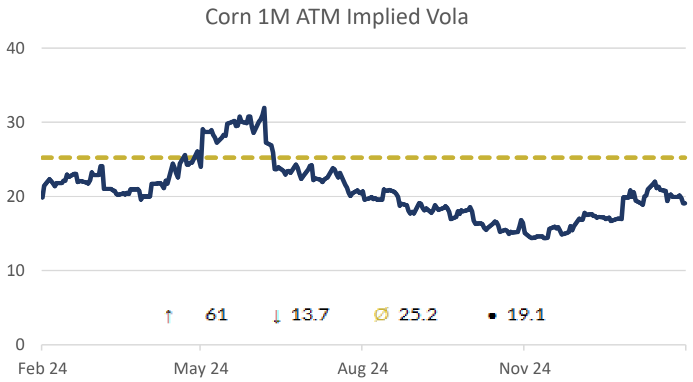


Commodities









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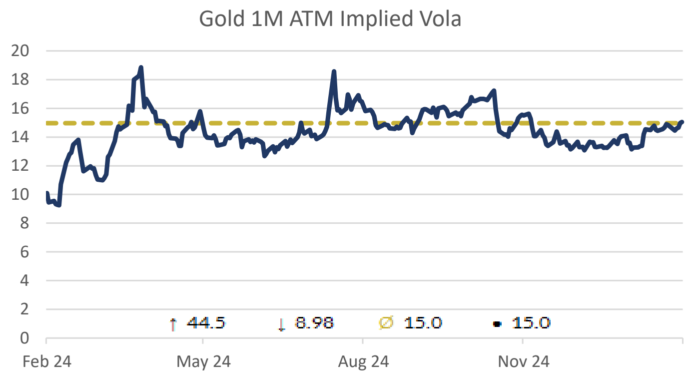
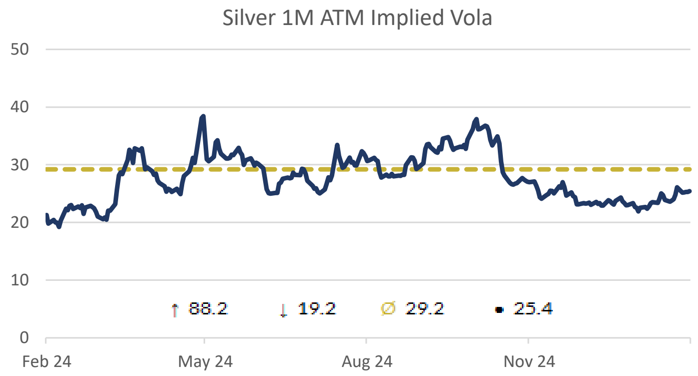
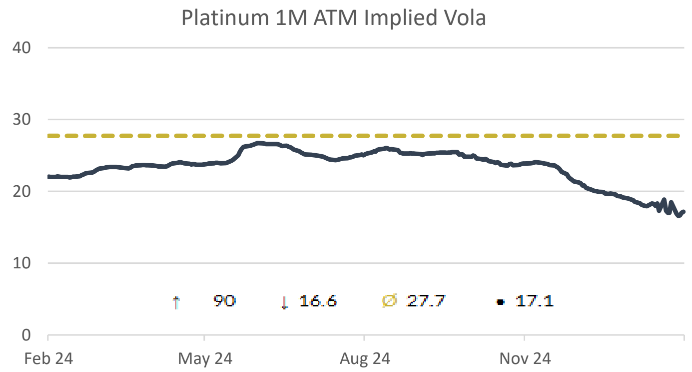
Overview

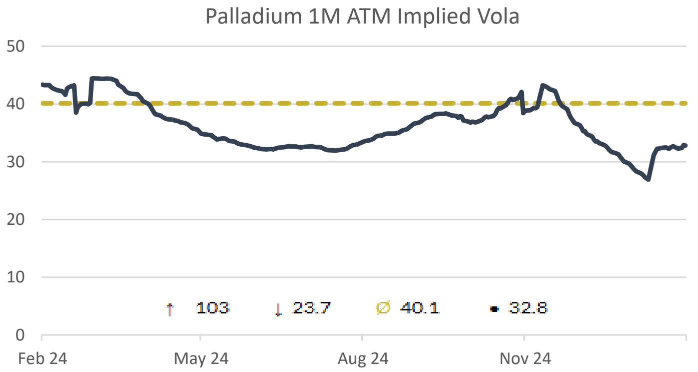
Gold	15.04	Silver	25.44	Platinum	17.15	Palladium	32.82

Metals









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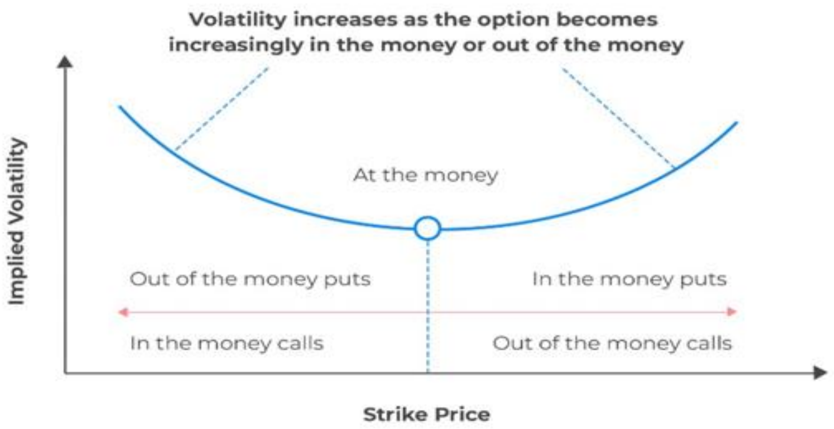
Volatility Smile



A common graphical form that results from plotting the strike price and implied volatility of a group of options with the same expiration date. The volatility smile is so named because it looks like a smiling person. Implied volatility is derived from option pricing models and volatility adjusts depending on the maturity and the moneyness of the option. This curvature in implied volatility suggests that market participants are pricing options not only based on the expected future volatility of the underlying asset, but also in response to factors such as demand imbalances and tail risk perceptions.

"Volatility is not risk. Instead, volatility is a tool that can be used to lower risk and increase returns for disciplined investors"

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