EMCORE
House of Asymmetry

Volatility Picture - March 2025

Vola Headlines

- After the expiry date in February, implied volatilities on the equity markets rose spectacularly: The VIX jumped from around 15 to over 28 points and reached its highest level on the 11th of March.
- The average implied volatility in the G10 universe has fluctuated heavily over the past 30 days and is currently trading at the 5-year average.
- Traded volatility in 10-year US and EUR bonds, commodity and metal moved up and down in line with other asset classes.

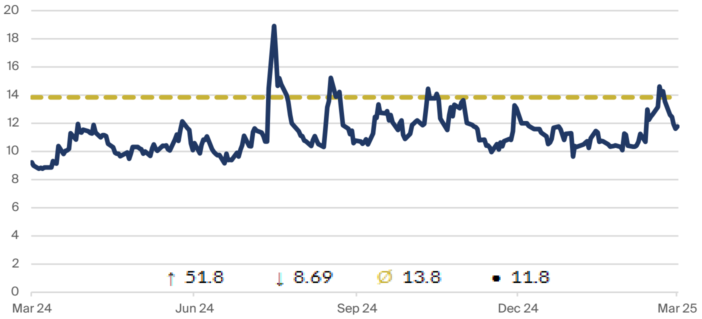
Active market participants reduced their long vega positions and utilised the attractive market constellation for short-term, anti-cyclical trades. These positions are currently being unwound, while sophisticated long vega strategies are being build up again.

Overview

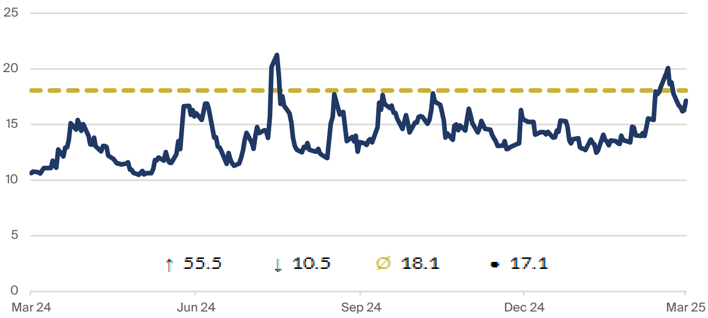
SMI	11.77	Euro Stoxx	17.15	SPX	17.02	Nikkei	18.07
DAX	19.61	FTSE 100	11.16	NASDAQ	21.72	Hang Seng	22.82

Equities

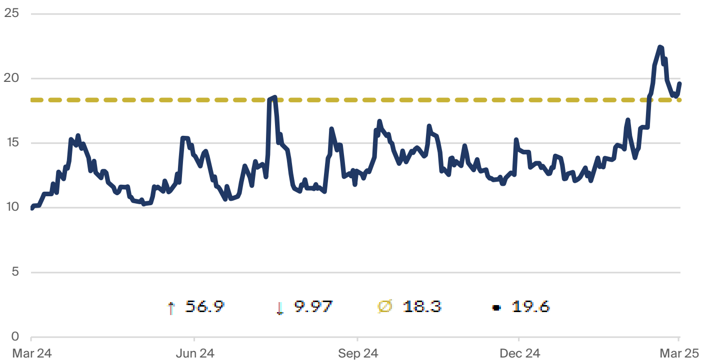
SMI 1M ATM Implied Vola



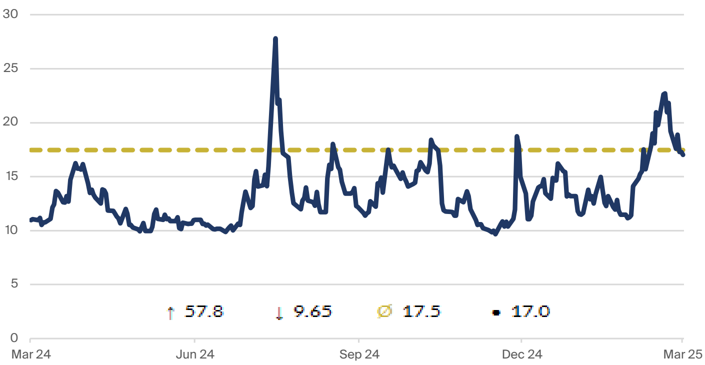
Euro Stoxx 1M ATM Implied Vola



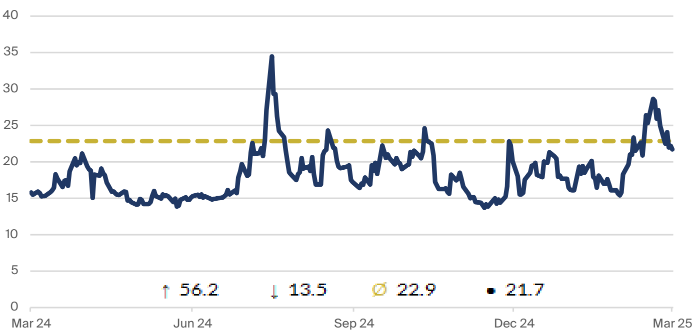
DAX 1M ATM Implied Vola



S&P 500 1M ATM Implied Vola



NASDAQ 100 1M ATM Implied Vola



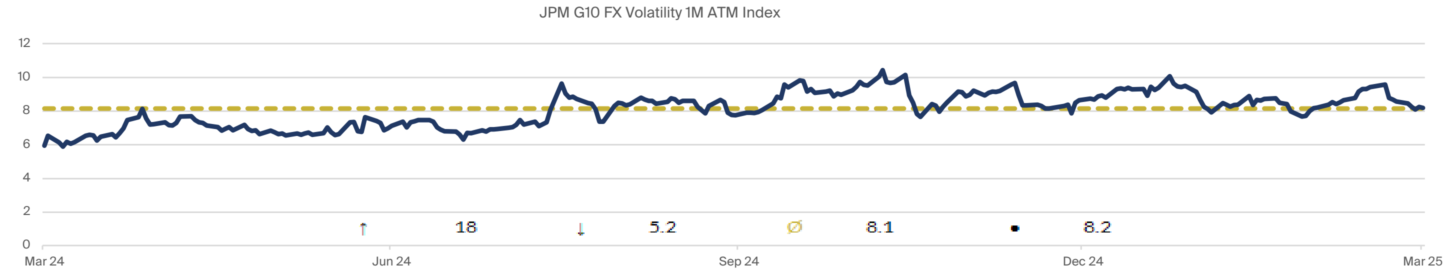
Hang Seng 1M ATM Implied Vola

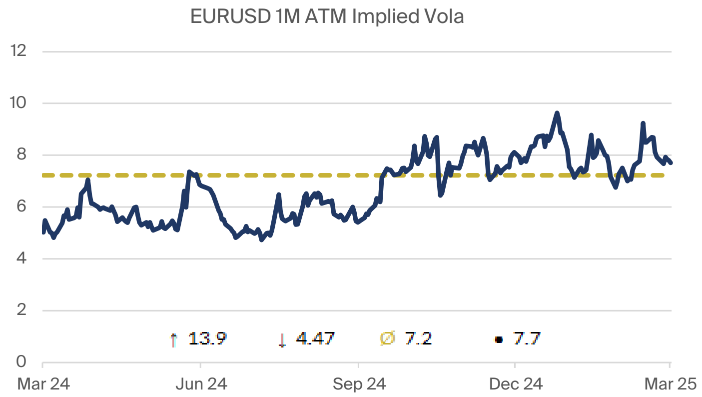
-- 5 year average of 1M ATM implied volatility ↑ Top 5 year ↓ Low 5 year • Current

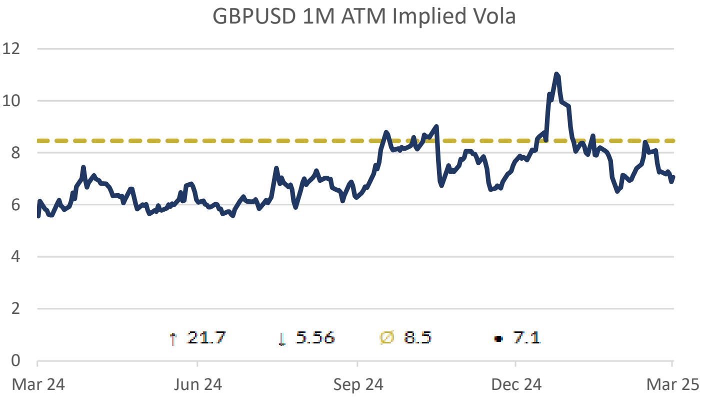
Overview

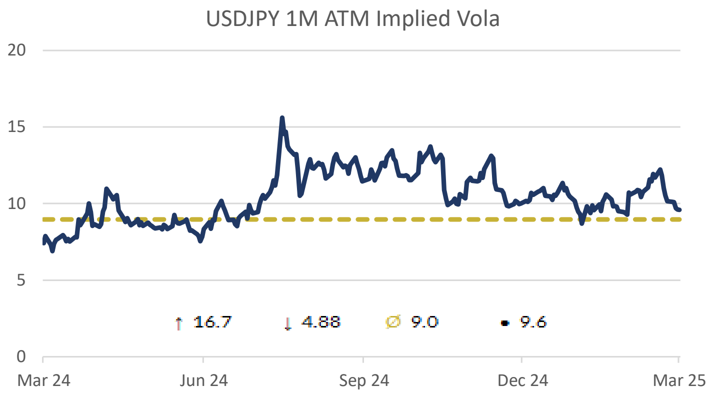
G10	8.19	USDJPY	9.60	EURGBP	5.05	USDCHF	6.51
EURUSD	7.71	EURCHF	6.36	GBPUSD	7.06	EURJPY	10.29

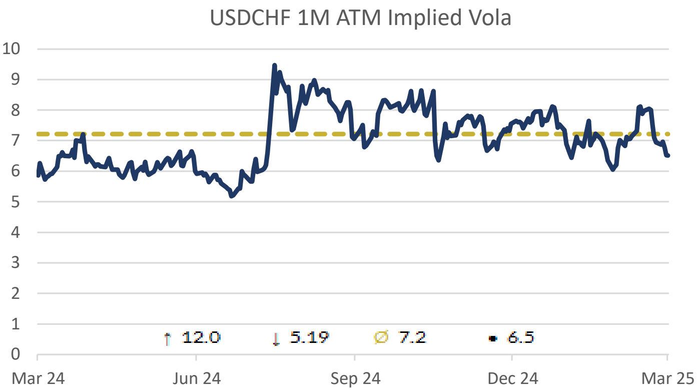
FX

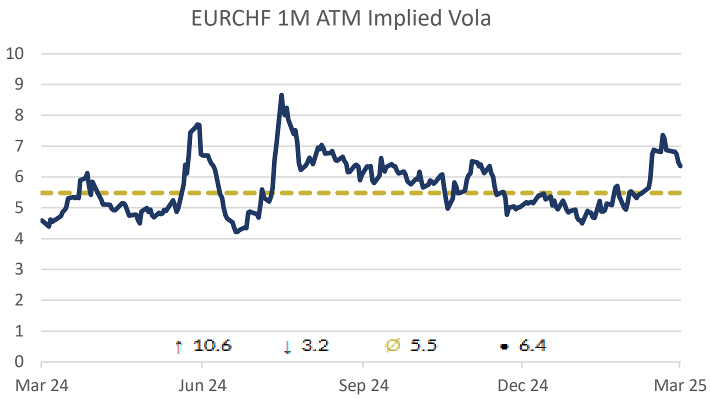


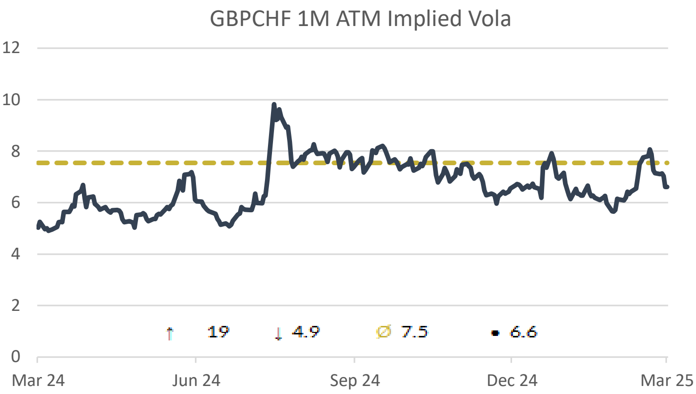












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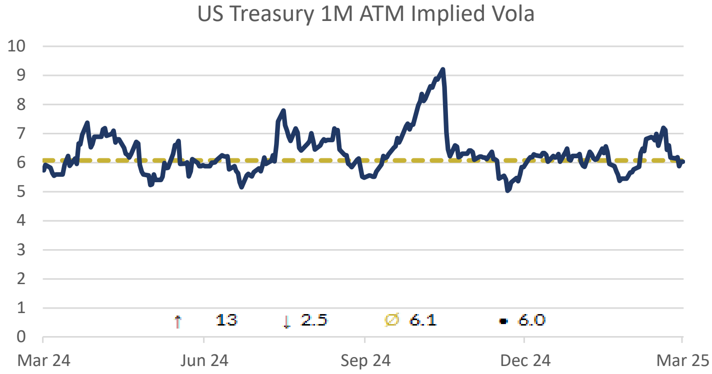
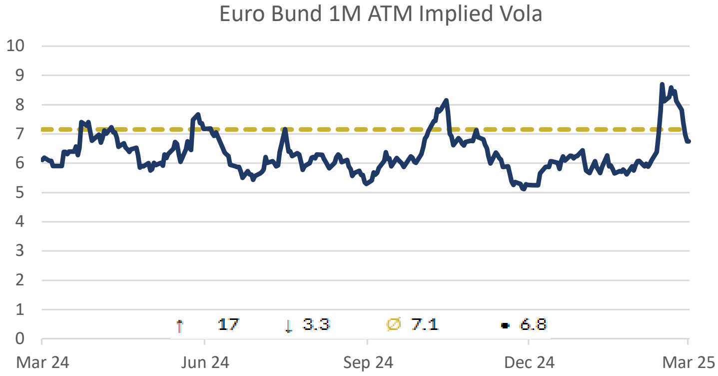
Overview

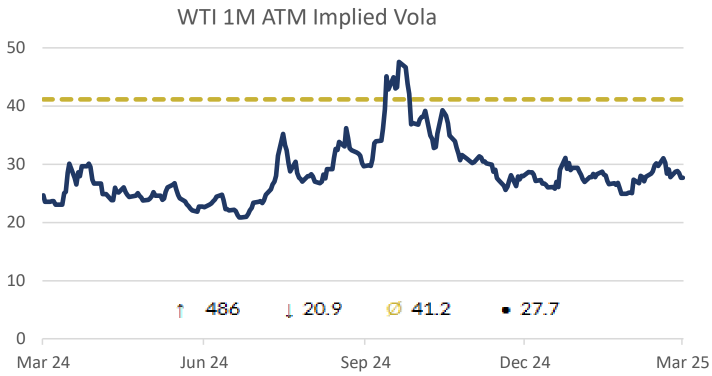
US Treasury	6.03	Euro Bund	6.75				
WTI	27.72	Brent	25.07	Natural Gas	56.46	Corn	23.13

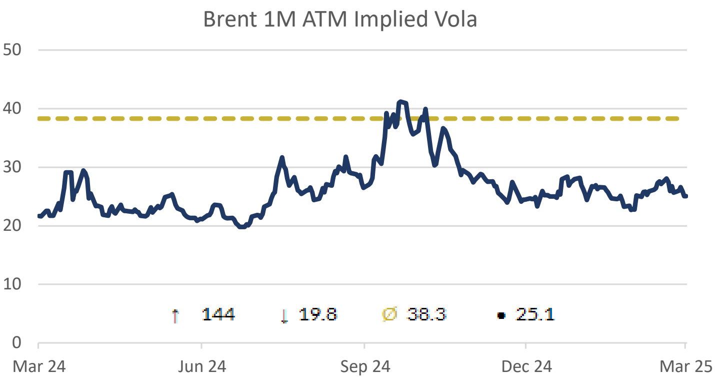
Rates

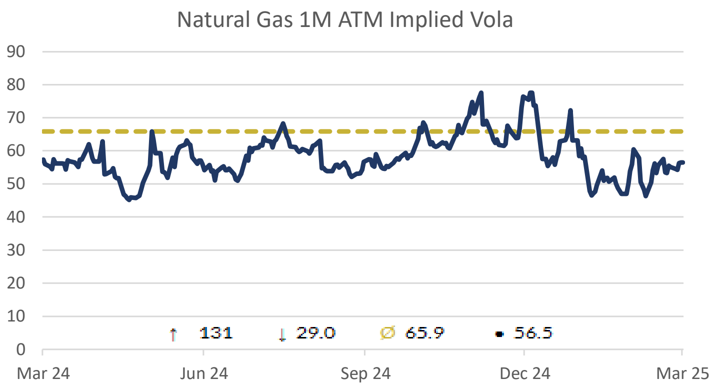


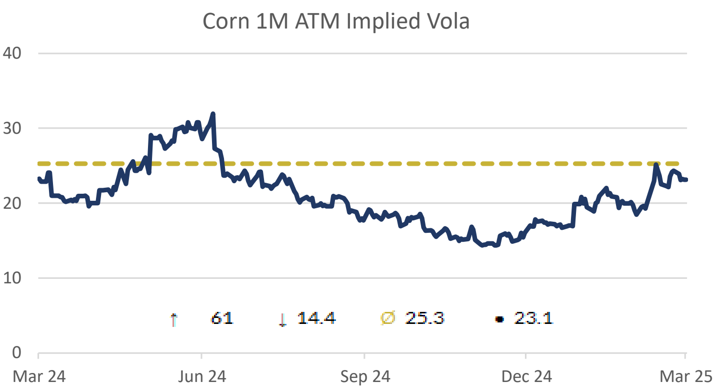


Commodities









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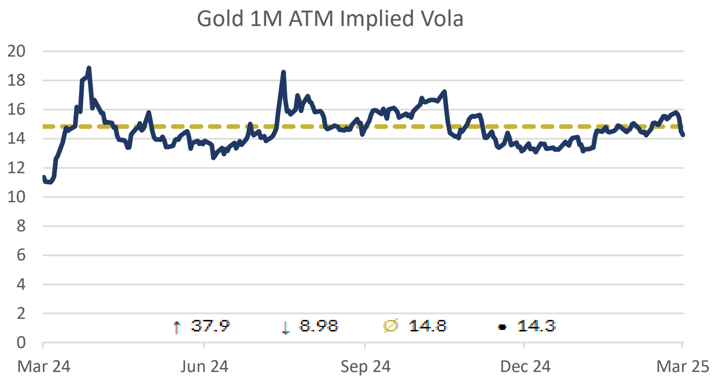
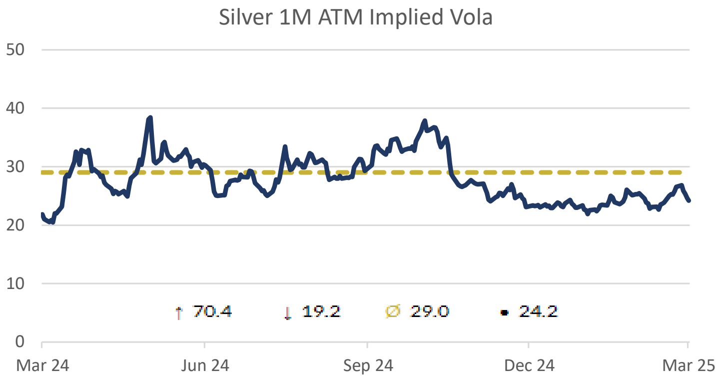
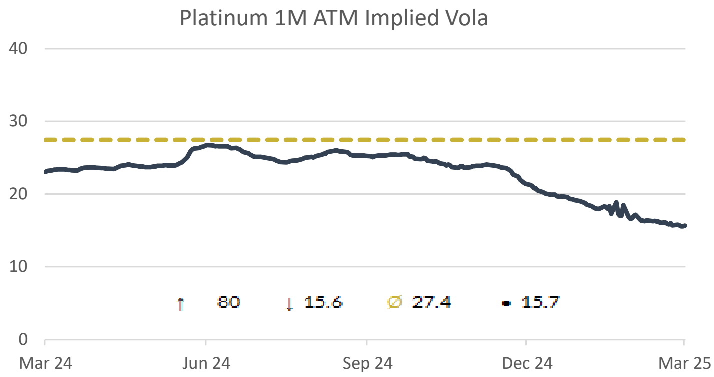
Overview

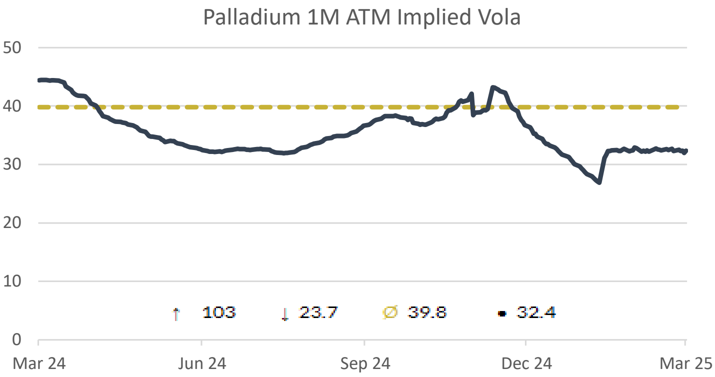
Gold	14.26	Silver	24.18	Platinum	15.67	Palladium	32.35

Metals









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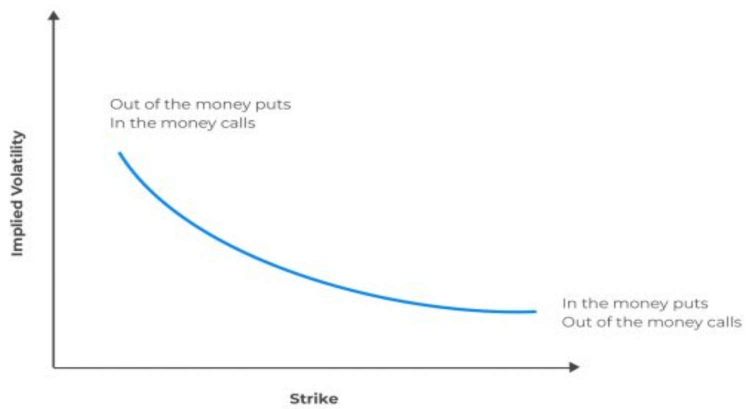
Volatility Skew



Volatility skew describes the phenomenon that options with the same underlying and the same term, but different strike prices, have different implied volatilities.

This typically manifests itself as follows:
- Out-of-the-money puts often have higher implied volatilities.
- At-the-money options have moderate volatilities.
- Out-of-the-money calls usually have lower volatilities.

Reasons for the volatility skew:
Hedging against downside risk: Extreme price movements to the downside occur more frequently and more violently than to the upside, which increases implied volatilities and the price of puts (hedges).
Market psychology: The fear of market slumps increases the demand for 'protection options'.

"Implied volatility is the market's forecast of a likely movement in a security's price."

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