EMCORE Volatility Picture

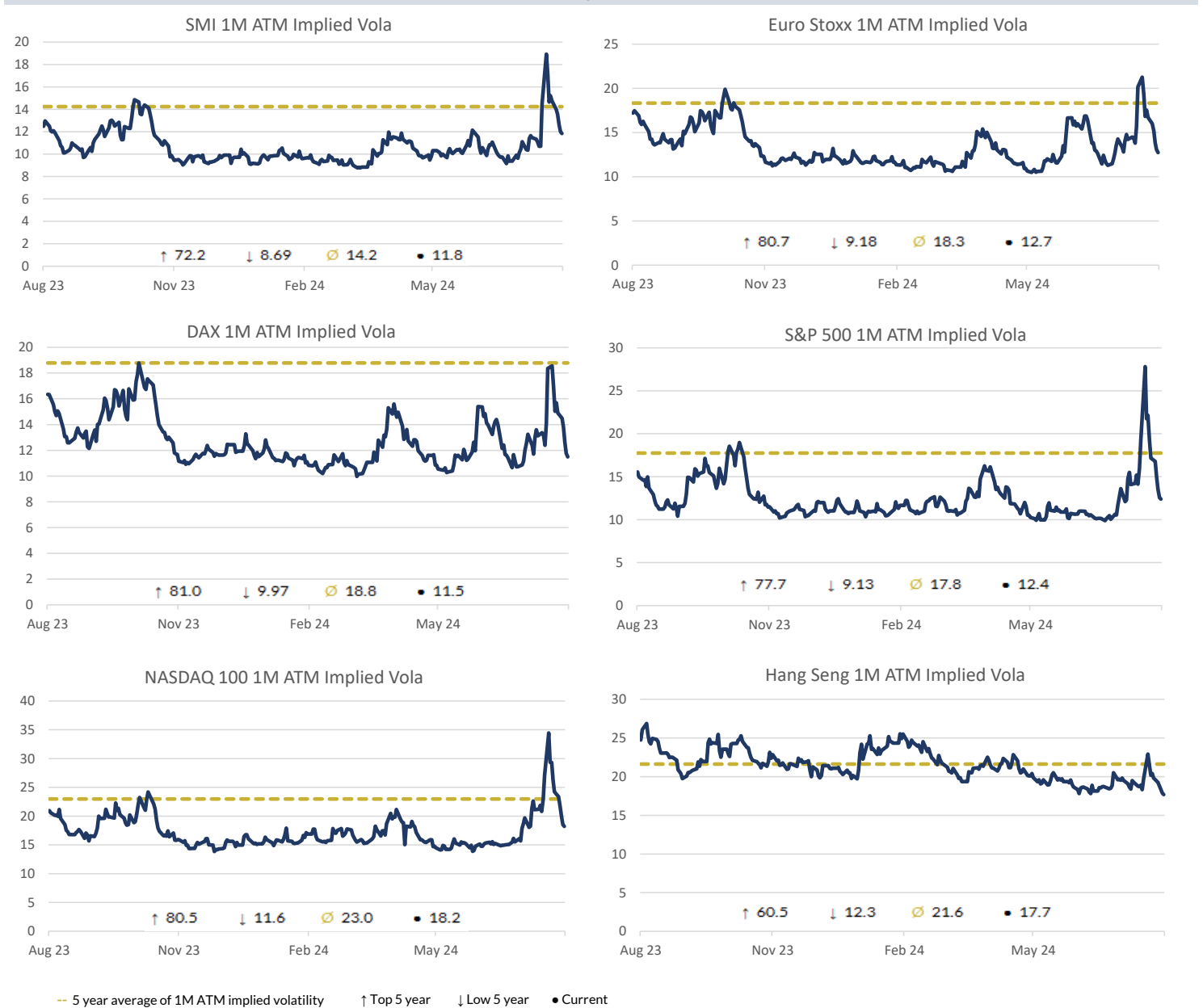$C = SN(d_1) - N(d_2) Ke^{-rt}$

16 August 2024

Vola Headlines

- Global financial markets saw significant fluctuations in early August as recession concerns and economic uncertainty triggered heightened volatility and risk aversion among investors.
- Following the extreme rise in implied volatilities on Monday 5 August (e.g. EuroStoxx50 from 16 to 40), the implied volatilities of global equity indices have settled back into the usual low range.
- Driven by the JPY move, the G10 currencies also experienced extreme fluctuations, which was direct reflected in the rise of implied volatility.

Active market participants unwound their hedges and also took advantage of the attractive constellation to build up short-term anticyclical positions.

Overview							
SMI	11.85	Euro Stoxx	12.73	SPX	12.40	Nikkei	20.26
DAX	11.49	FTSE 100	10.51	NASDAQ	18.23	Hang Seng	17.68

Equities

SMI 1M ATM Implied Vola

↑ 72.2   ↓ 8.69   ∅ 14.2   ● 11.8

Euro Stoxx 1M ATM Implied Vola

↑ 80.7   ↓ 9.18   ∅ 18.3   ● 12.7

DAX 1M ATM Implied Vola

↑ 81.0   ↓ 9.97   ∅ 18.8   ● 11.5

S&P 500 1M ATM Implied Vola

↑ 77.7   ↓ 9.13   ∅ 17.8   ● 12.4

NASDAQ 100 1M ATM Implied Vola

↑ 80.5   ↓ 11.6   ∅ 23.0   ● 18.2

Hang Seng 1M ATM Implied Vola

↑ 60.5   ↓ 12.3   ∅ 21.6   ● 17.7

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

EMCORE Volatility Picture

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

Overview

G10	7.38	USDJPY	10.63	EURGBP	4.36	USDCHF	7.38
EURUSD	5.34	EURCHF	6.23	GBPUSD	5.90	EURJPY	9.55

FX

JPM G10 FX Volatility 1M ATM Index

↑ 19   ↓ 4.5   ∅ 7.9   ● 7.4
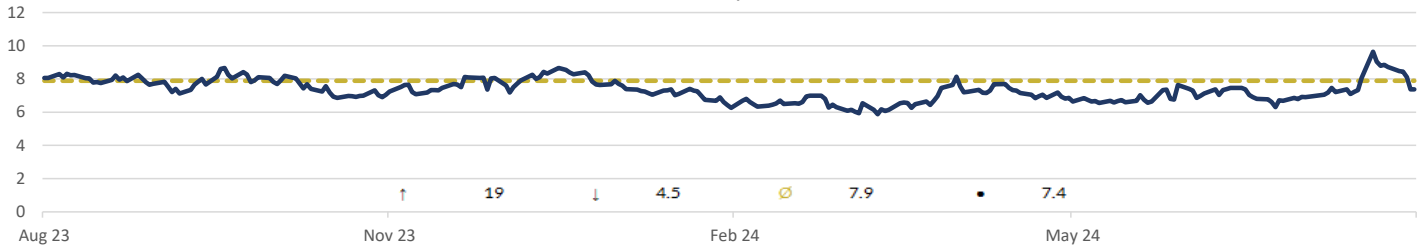
EURUSD 1M ATM Implied Vola

↑ 14.9   ↓ 3.77   ∅ 7.0   ● 5.3
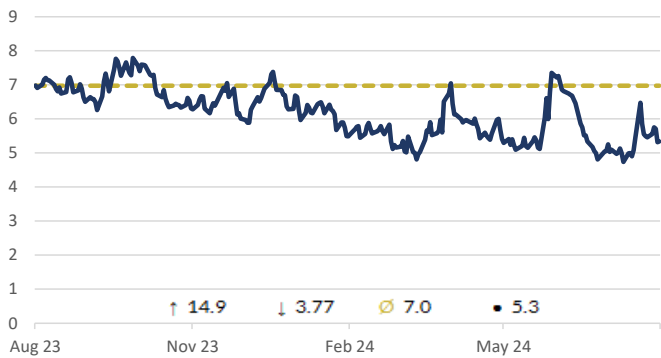
GBPUSD 1M ATM Implied Vola

↑ 22.7   ↓ 5.37   ∅ 8.6   ● 5.9

USDJPY 1M ATM Implied Vola

↑ 21.4   ↓ 3.92   ∅ 8.4   ● 10.6
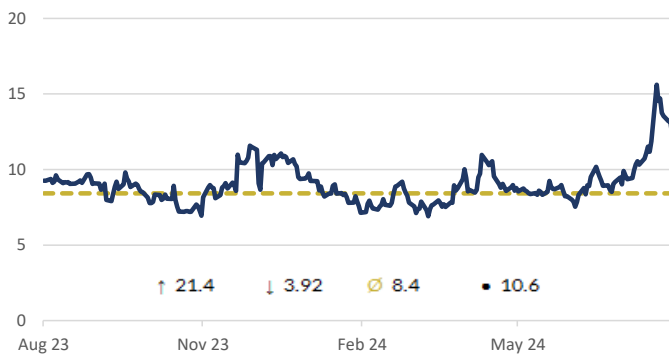
USDCHF 1M ATM Implied Vola

↑ 13.6   ↓ 4.14   ∅ 7.0   ● 7.4
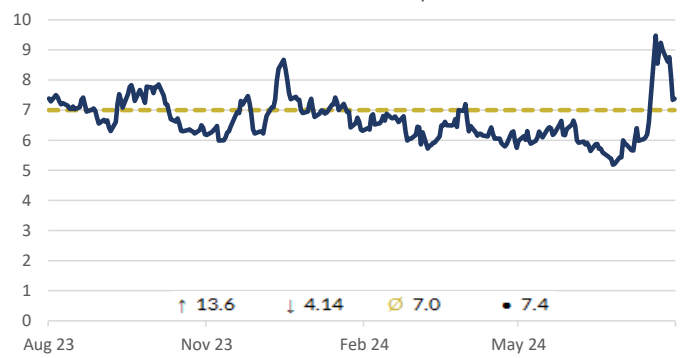
EURCHF 1M ATM Implied Vola

↑ 10.6   ↓ 3.2   ∅ 5.3   ● 6.2

GBPCHF 1M ATM Implied Vola

↑ 19   ↓ 4.9   ∅ 7.8   ● 7.4

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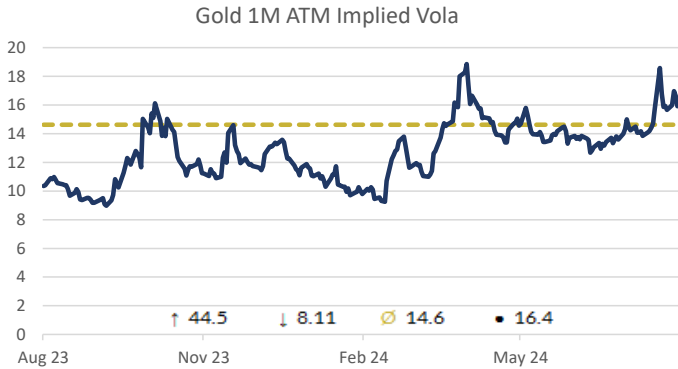
EMCORE Volatility Picture

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

		Overview					
Gold	16.37	Silver	29.92	Platinum	24.96	Palladium	32.86

Metals

Gold 1M ATM Implied Vola

↑ 44.5   ↓ 8.11   Ø 14.6   ● 16.4

Silver 1M ATM Implied Vola

↑ 88.2   ↓ 13.6   Ø 28.4   ● 29.9

Platinum 1M ATM Implied Vola

↑ 90   ↓ 16.6   Ø 27.4   ● 25.0

Palladium 1M ATM Implied Vola

↑ 103   ↓ 23.7   Ø 39.5   ● 32.9
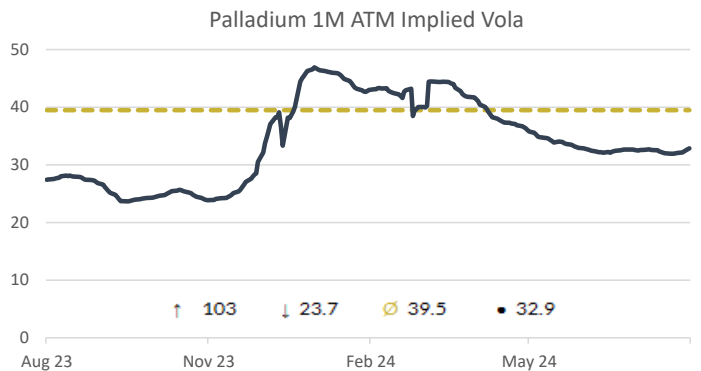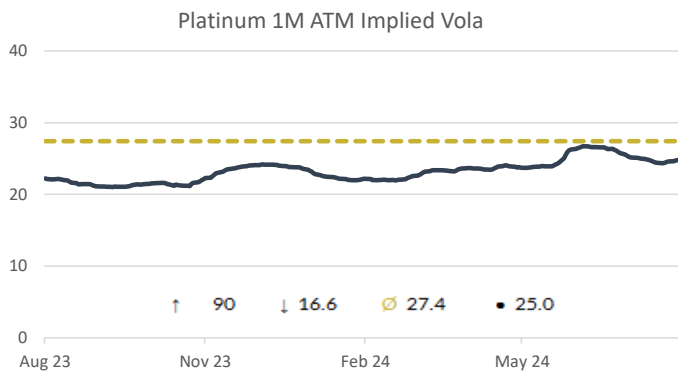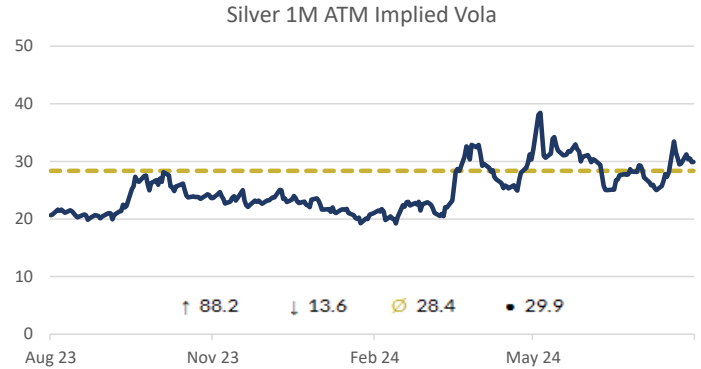
-- 5 year average of 1M ATM implied volatility   ↑ Top 5 year   ↓ Low 5 year   ● Current

VIX Index (CBOE Volatility Index) vs. VXX (exchange-traded note on the short-term VIX futures contracts)

VIX Index — VXX INDEX
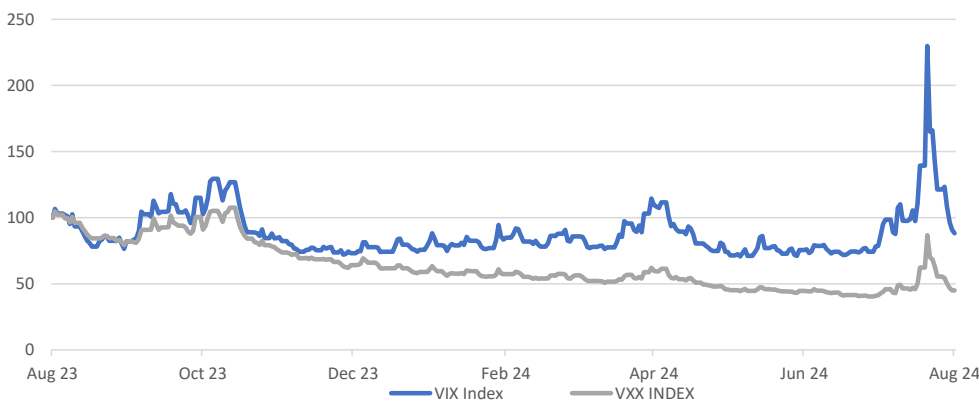
Indirect Correlation: While VXX is related to the VIX, it does not track the VIX directly. Instead, it follows VIX futures contracts, which often leads to a divergence in performance between VXX and the VIX itself.

VXX faces daily roll costs as it rolls from expiring futures contracts into new ones. In a contango environment, this can lead to a decline in VXX's value over time, even if the VIX itself remains stable.

"Never think that lack of volatility is stability."

EMCORE AG
Pflugstrasse 20
9490 Vaduz
Liechtenstein

Phone: +423 239 81 71
info@emcore.li
www.emcore.li

EMCORE Asset Management AG
Schochenmühlestrasse 6
6340 Baar (ZG)
Switzerland

Phone: +41 41 729 70 00
info@emcore.ch
www.emcore.ch