

EMCORE Volatility Picture

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

18 August 2023

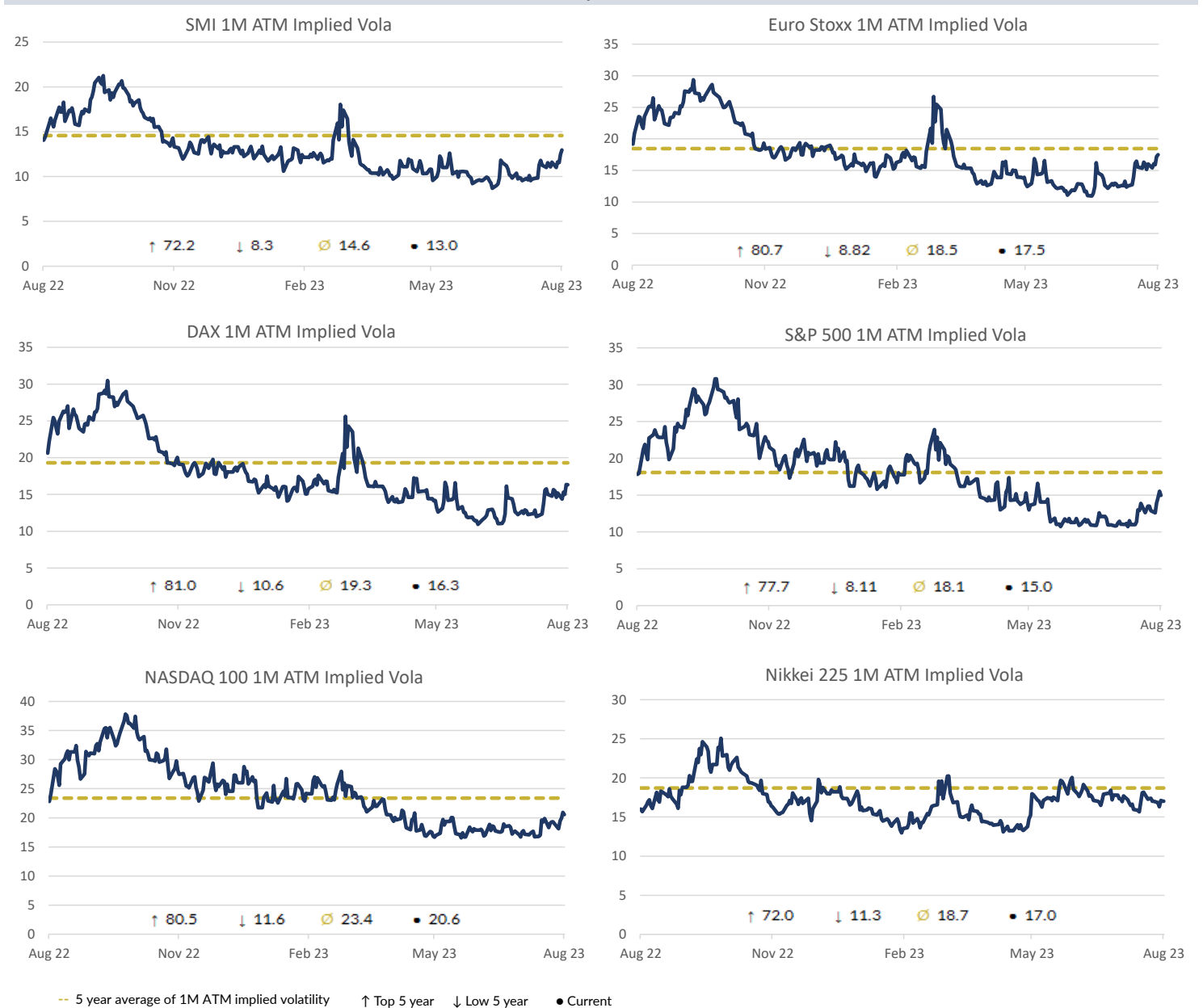


Vola Headlines

- The implied volatility of stock indices rose considerably from historically low levels in July in the first trading days of August.
- S&P same-day-expiry options have recently traded more vs all other expiries combined.
- The FX Volas in the G10 universe are still trading at elevated levels compared to the 5 year average, despite a decline since the beginning of the year. Implied Volatilities in precious metals remain under pressure.

It can be assumed that the implied volatilities of the stock indices have bottomed out and will rise moderately in the coming months.

Overview							
SMI	12.96	Euro Stoxx	17.48	SPX	14.98	Nikkei	17.02
DAX	16.33	FTSE 100	13.65	NASDAQ	20.56	Hang Seng	26.05



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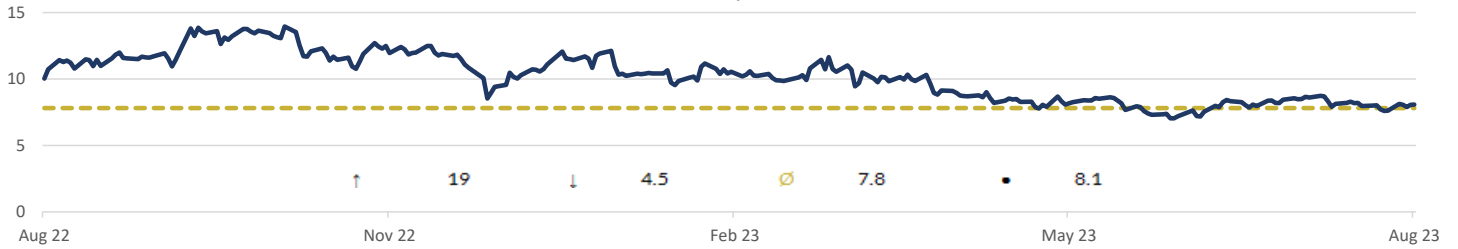


Overview

G10	8.07	USDJPY	9.26	EURGBP	5.13	USDCHF	7.29
EURUSD	6.91	EURCHF	5.11	GBPUSD	7.31	EURJPY	9.30

FX

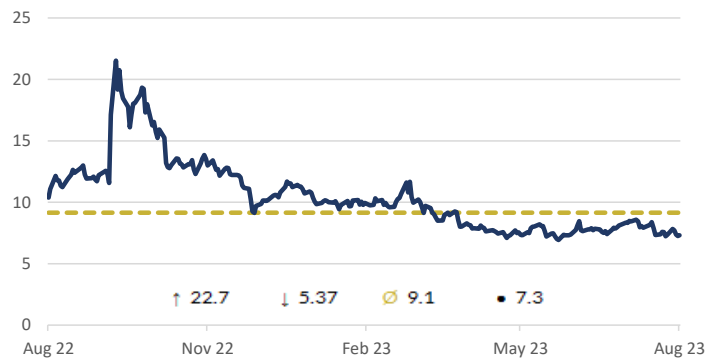
JPM G10 FX Volatility 1M ATM Index



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



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

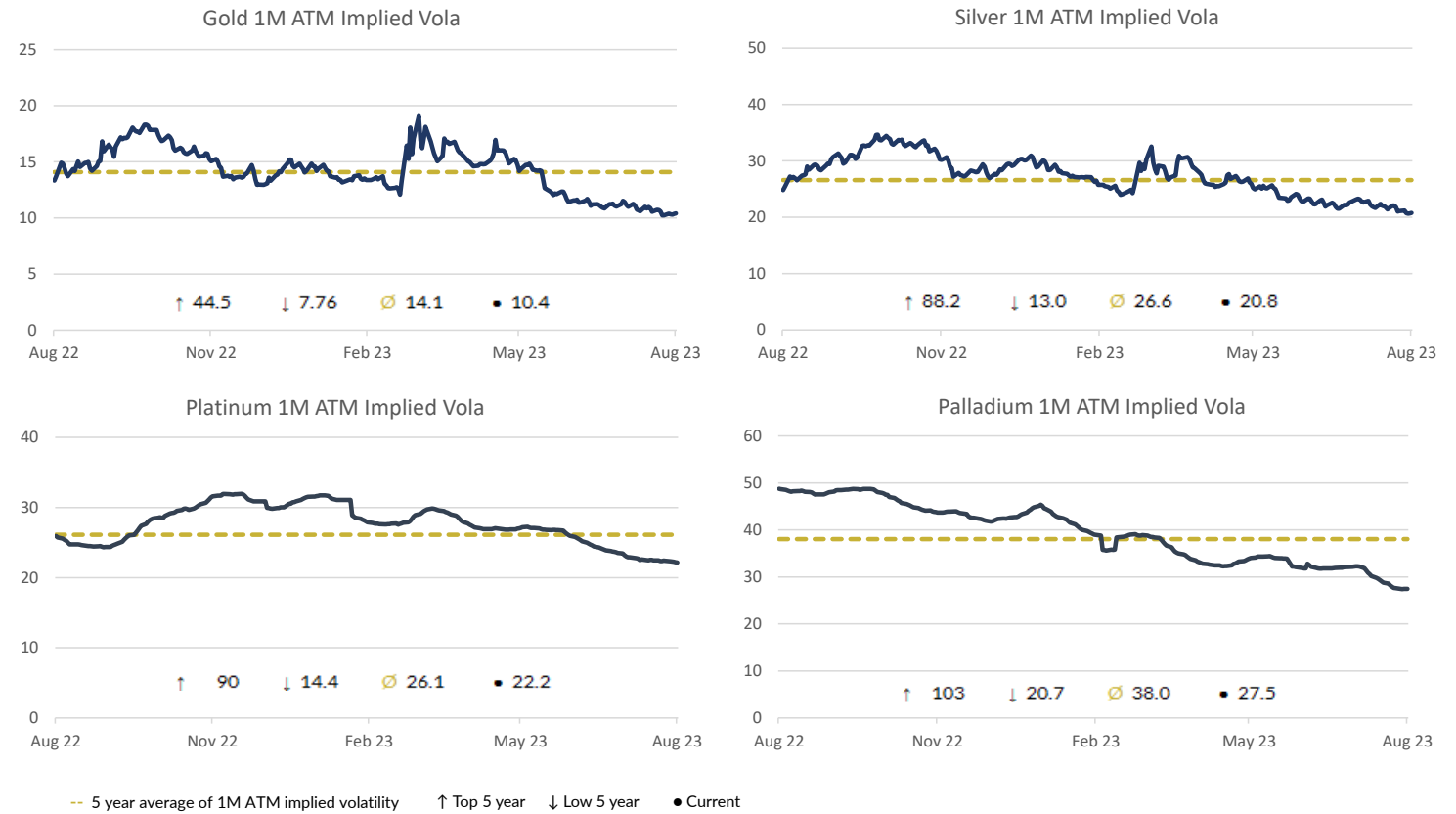
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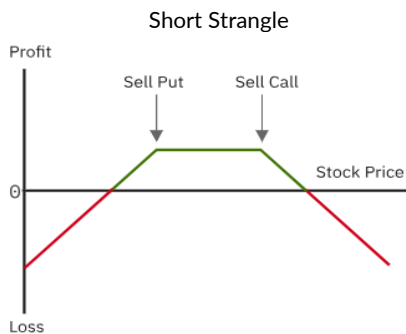
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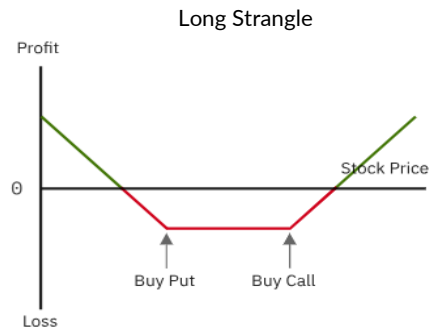
Overview			
Gold	10.40	Silver	20.78
Platinum	22.16	Palladium	27.47



The Straddle



Sell a Put below stock price and sell a Call above the stock price.
Your view is that the stock will not cross the call or put strikes.



Buy a Put below stock price and buy a Call above the strike price.
Your view is that if there is a breakout, the stock will cross either of these strikes by a margin.

"The goal is to make good returns with less risk. Risk is not the same as volatility. It's very hard to measure risk."

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