

EMCORE Volatility Picture

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

20 October 2023

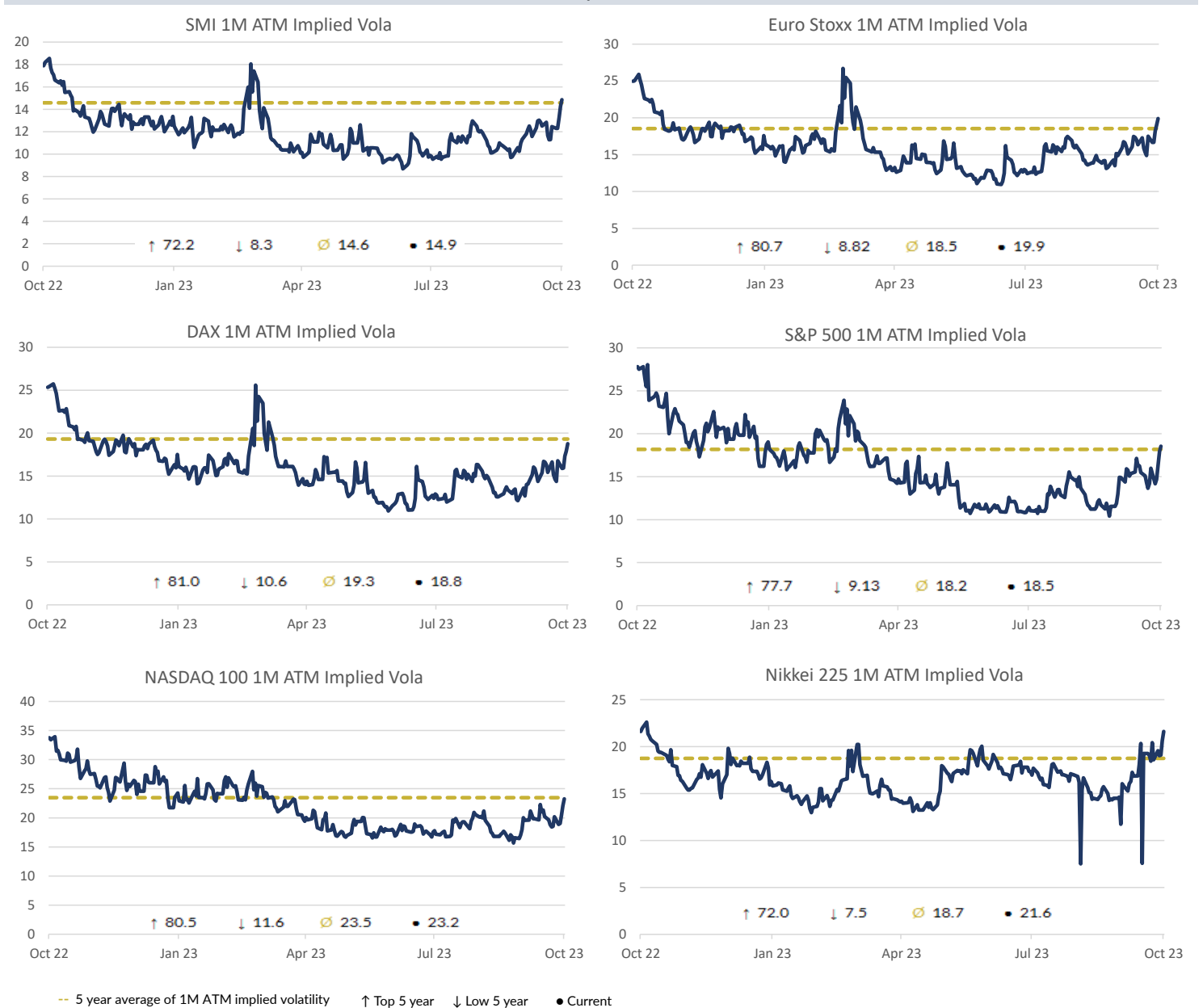


Vola Headlines

- Equity indices implied volatility was relatively calm despite the risk-off sentiment, indicating limited hedging activity.
- Implied volatilities recovered from low levels and are now around the 5-year average - cost-efficient hedges paid off.
- Gold experienced an impulsive rally and a sharp increase in implied volatility.
- The implied volatilities of the G10 currencies are on the move and are trading in the highest quantile of the last 6 months.

The geopolitical escalation in the Middle East triggered a classic reflex, where Gold, Oil, USD and CHF could profit .

Overview							
SMI	14.86	Euro Stoxx	19.89	SPX	18.55	Nikkei	21.61
DAX	18.78	FTSE 100	15.25	NASDAQ	23.25	Hang Seng	24.29



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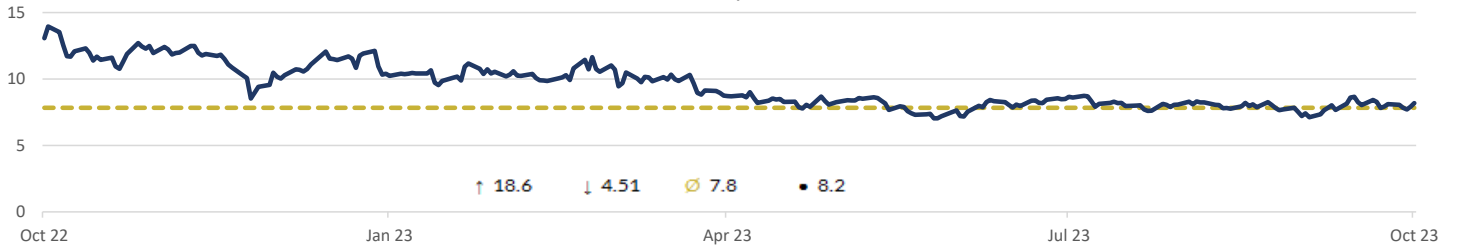


Overview

G10	8.19	USDJPY	8.35	EURGBP	4.91	USDCHF	7.86
EURUSD	7.57	EURCHF	6.16	GBPUSD	8.44	EURJPY	8.91

FX

JPM G10 FX Volatility 1M ATM Index



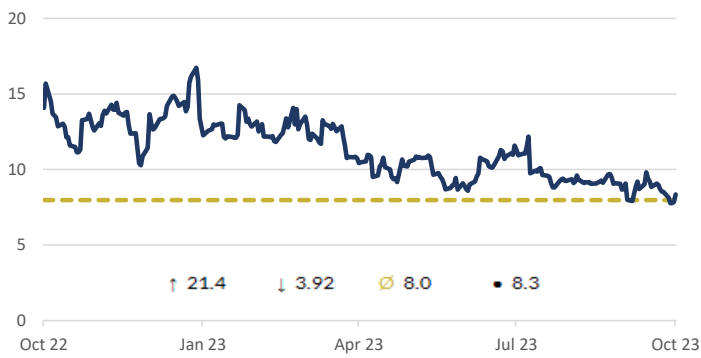
EURUSD 1M ATM Implied Vola



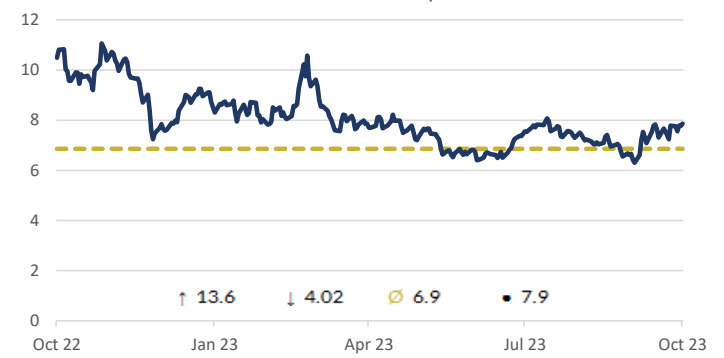
GBPUSD 1M ATM Implied Vola



USDJPY 1M ATM Implied Vola



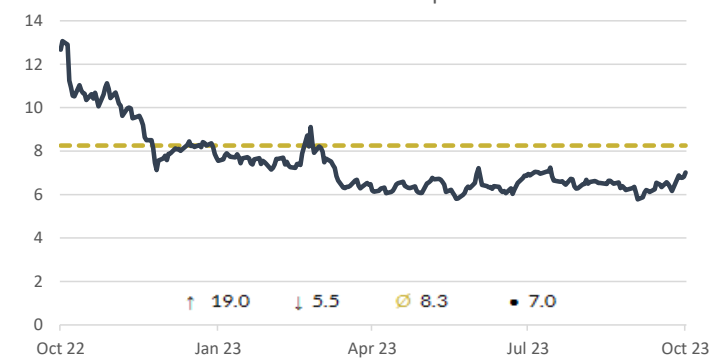
USDCHF 1M ATM Implied Vola



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

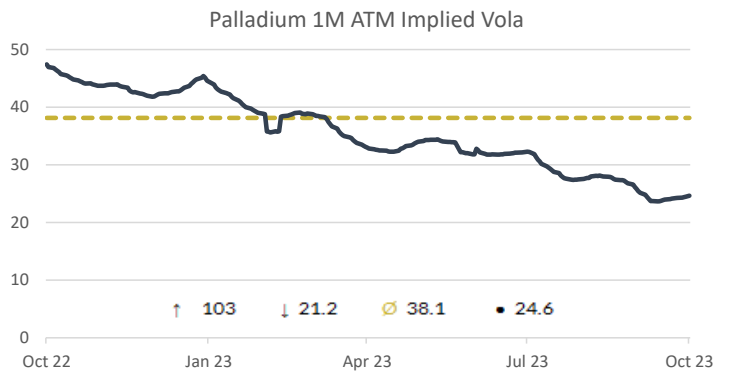
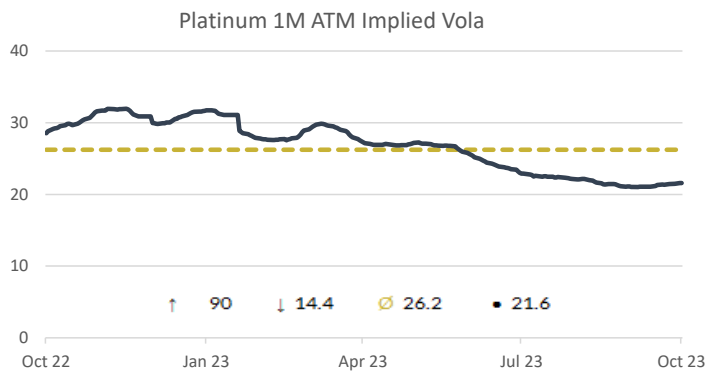
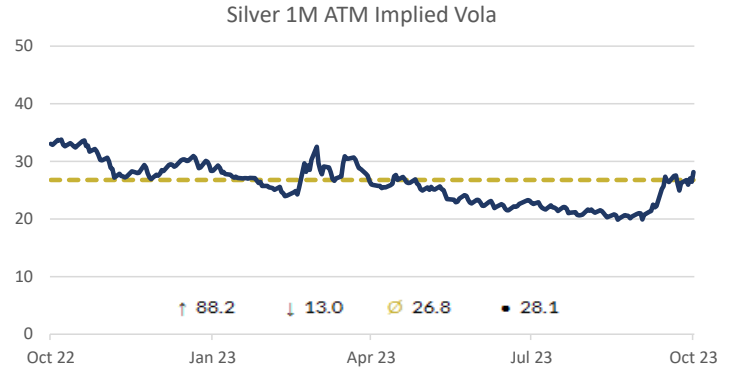
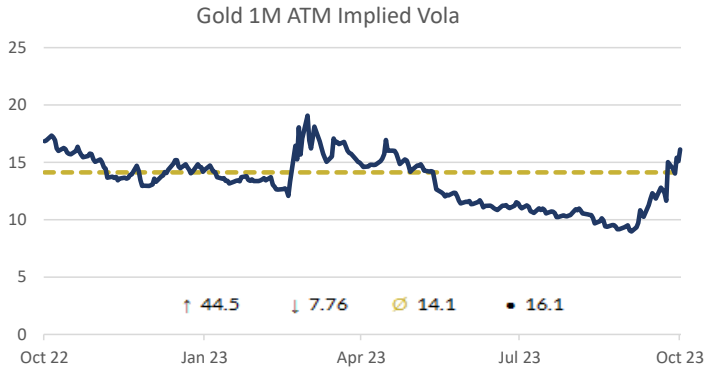
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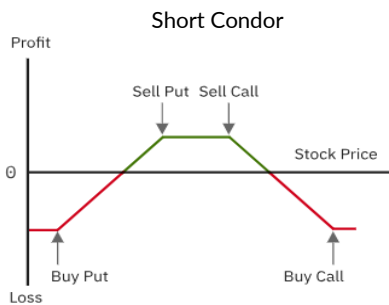


Overview							
Gold	16.13	Silver	28.13	Platinum	21.57	Palladium	24.64
Metals							

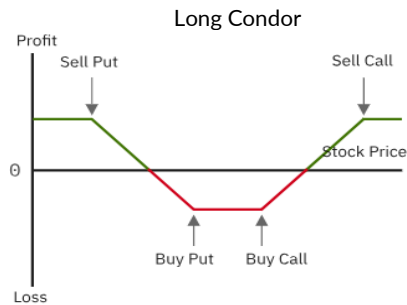


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The Condor



Sell a Put below stock price and sell a Call above the stock price. Your view is that the stock won't cross these strikes. Buy a lower Put and a higher Call for protection on both sides just in case you're wrong.



Buy a Put below stock price; Buy a Call above the stock price. Your view is that the stock will cross these strikes. Sell a lower put and a higher call for reducing premium.

"Share prices fluctuate more than equity values - implied volatility is always zero at expiration."

EMCORE AG
Marktgass 11
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