Vola Headlines

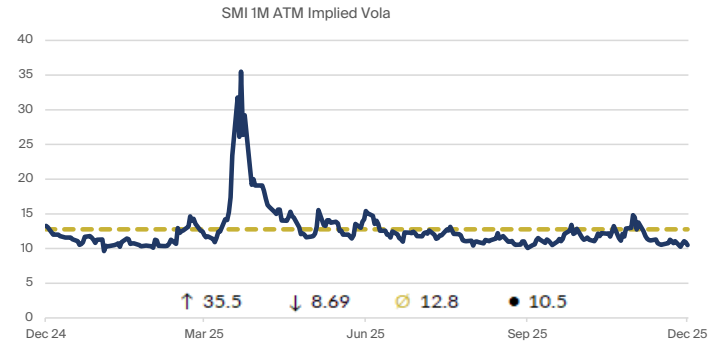
- Cross-asset volatility has seen a month of compression, now reverting back to levels clearly lower than its historical average.
- Equity volatility has mean-reverted rapidly, consistent with expectations, and is currently trading within its lowest historical quantiles.
- FX volatility continues to trade lower and is approaching year-to-date lows across G10 currency pairs.
- Bond and commodity volatility are trading below their five-year averages and, in several instances, within the lowest historical quantiles. The notable exception is the metals complex, where implied volatility remains elevated.

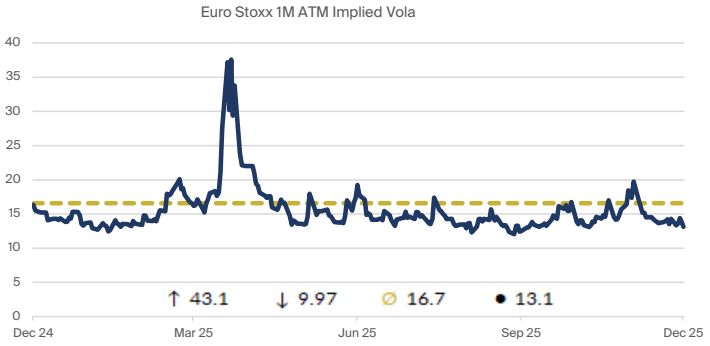
The prevailing market regime supports dynamic volatility strategies with quantile-based exposure scaling, either by accumulating vega at low levels of implied volatility and systematically monetizing it in elevated regimes, or by adding portable alpha through disciplined volatility selling at high quantiles. Both approaches resulting in a structurally improved risk-adjusted return.

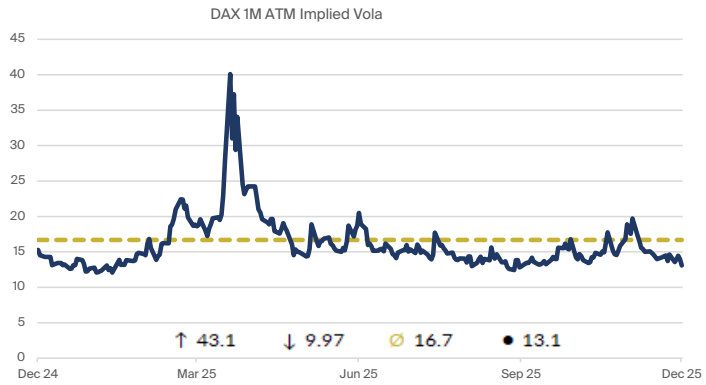
Overview

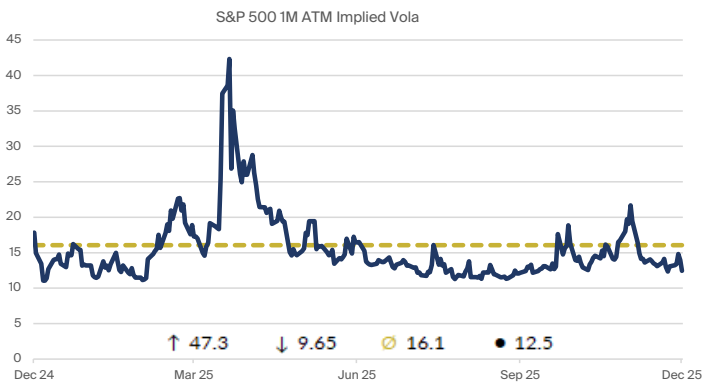
SMI	10.49	Euro Stoxx	13.11	SPX	12.46	Nikkei	22.72
DAX	13.10	FTSE 100	10.02	NASDAQ	16.72	Hang Seng	15.11

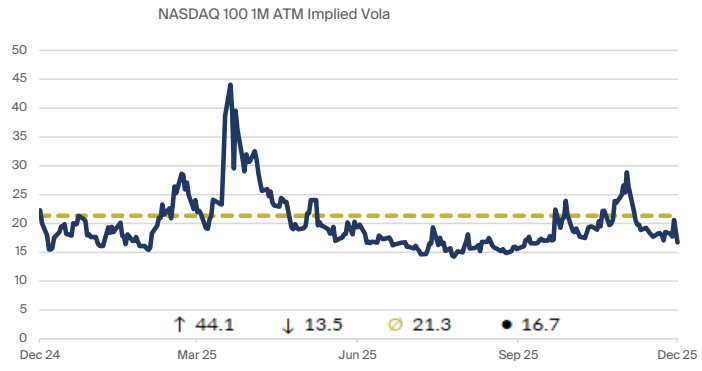
Equities

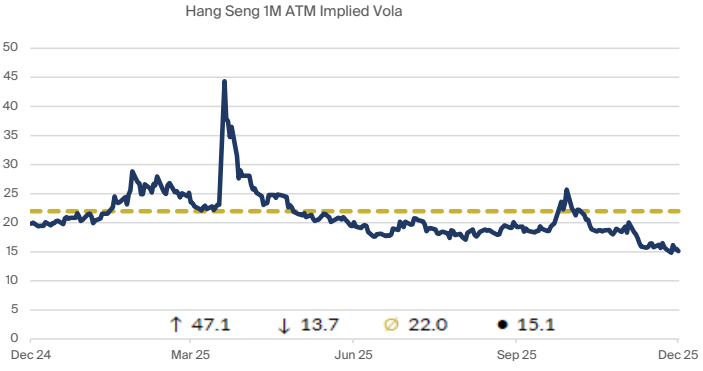










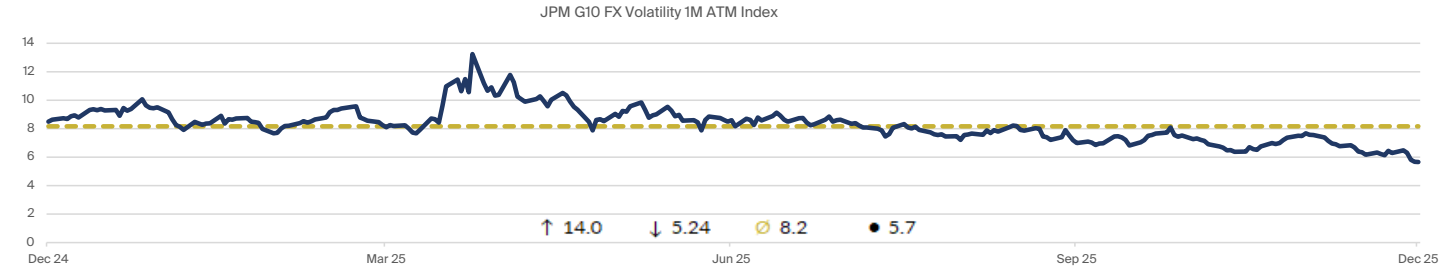


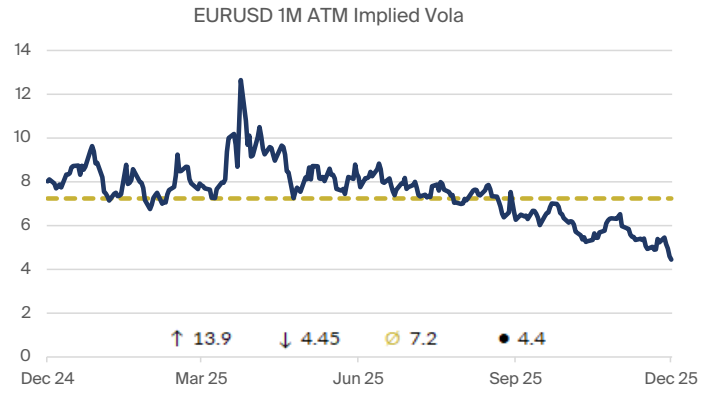
-- 5 year average of 1M ATM implied volatility ↑ Top 5 year ↓ Low 5 year ● Current

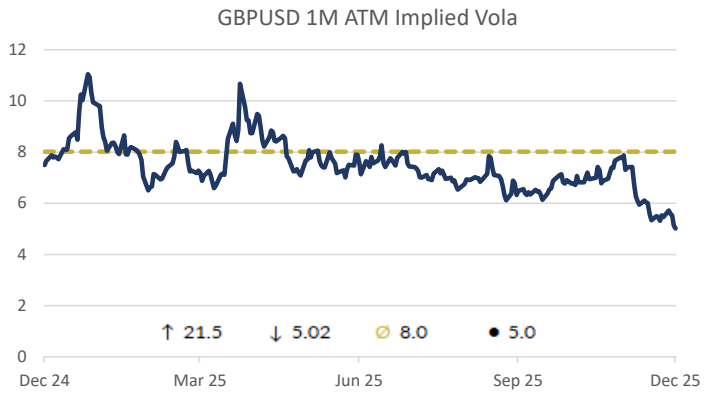
Overview

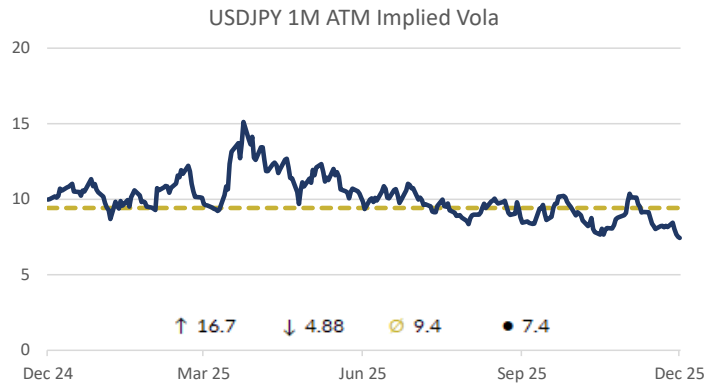
G10	5.66	USDJPY	7.44	EURGBP	3.29	USDCHF	5.62
EURUSD	4.45	EURCHF	3.25	GBPUSD	5.02	EURJPY	6.35

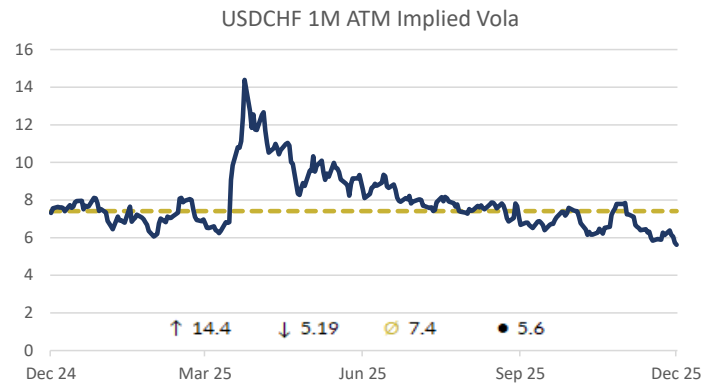
FX

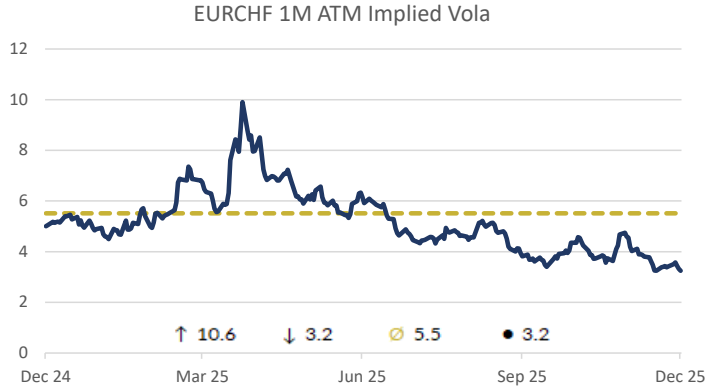


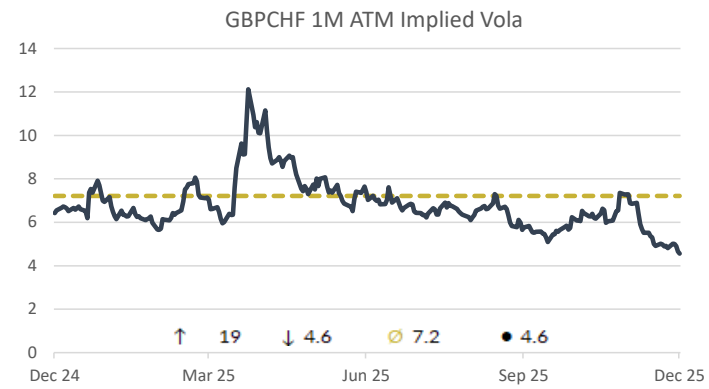












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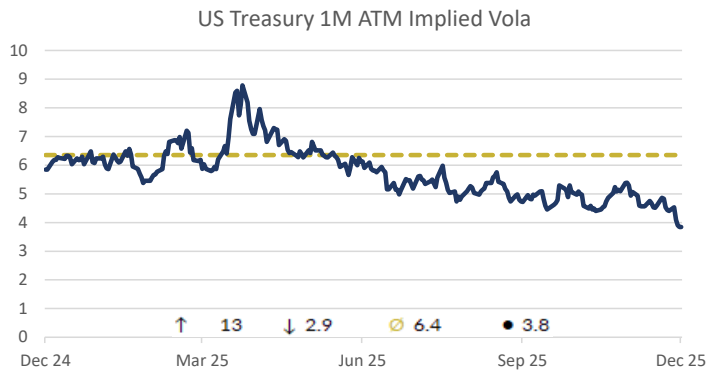
Volatility Picture

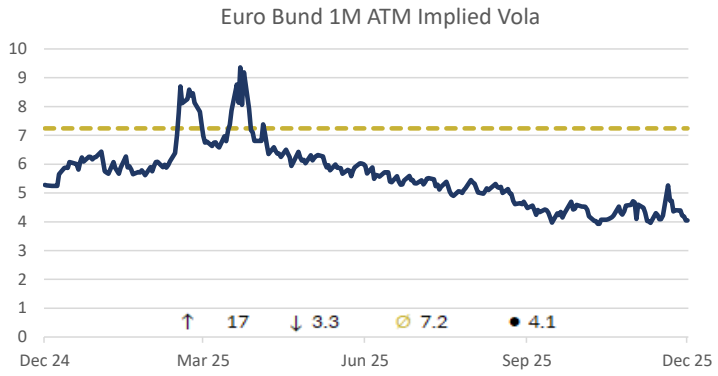
November 2025

Overview

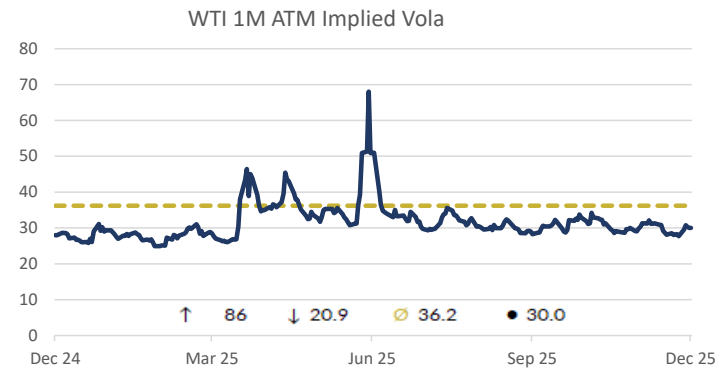
US Treasury	3.84	Euro Bund	4.05				
WTI	30.01	Brent	27.72	Natural Gas	66.68	Corn	15.19

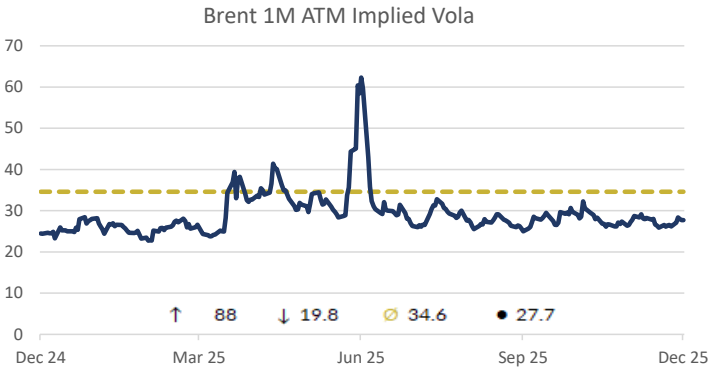
Rates

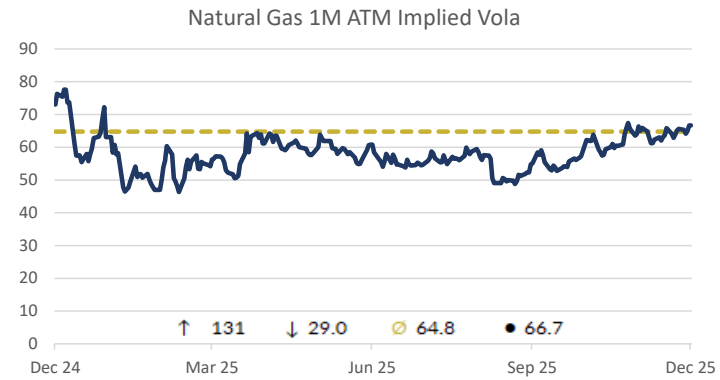


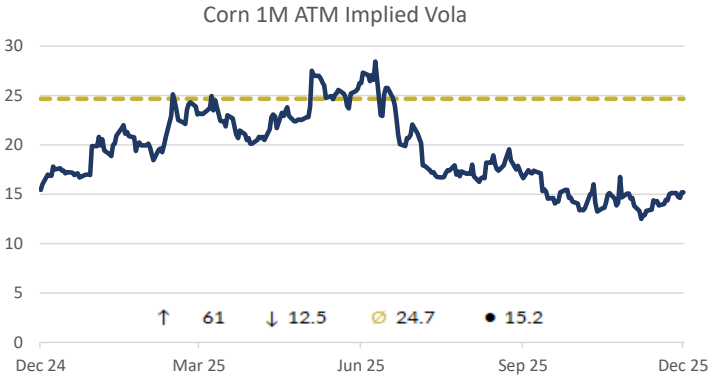


Commodities









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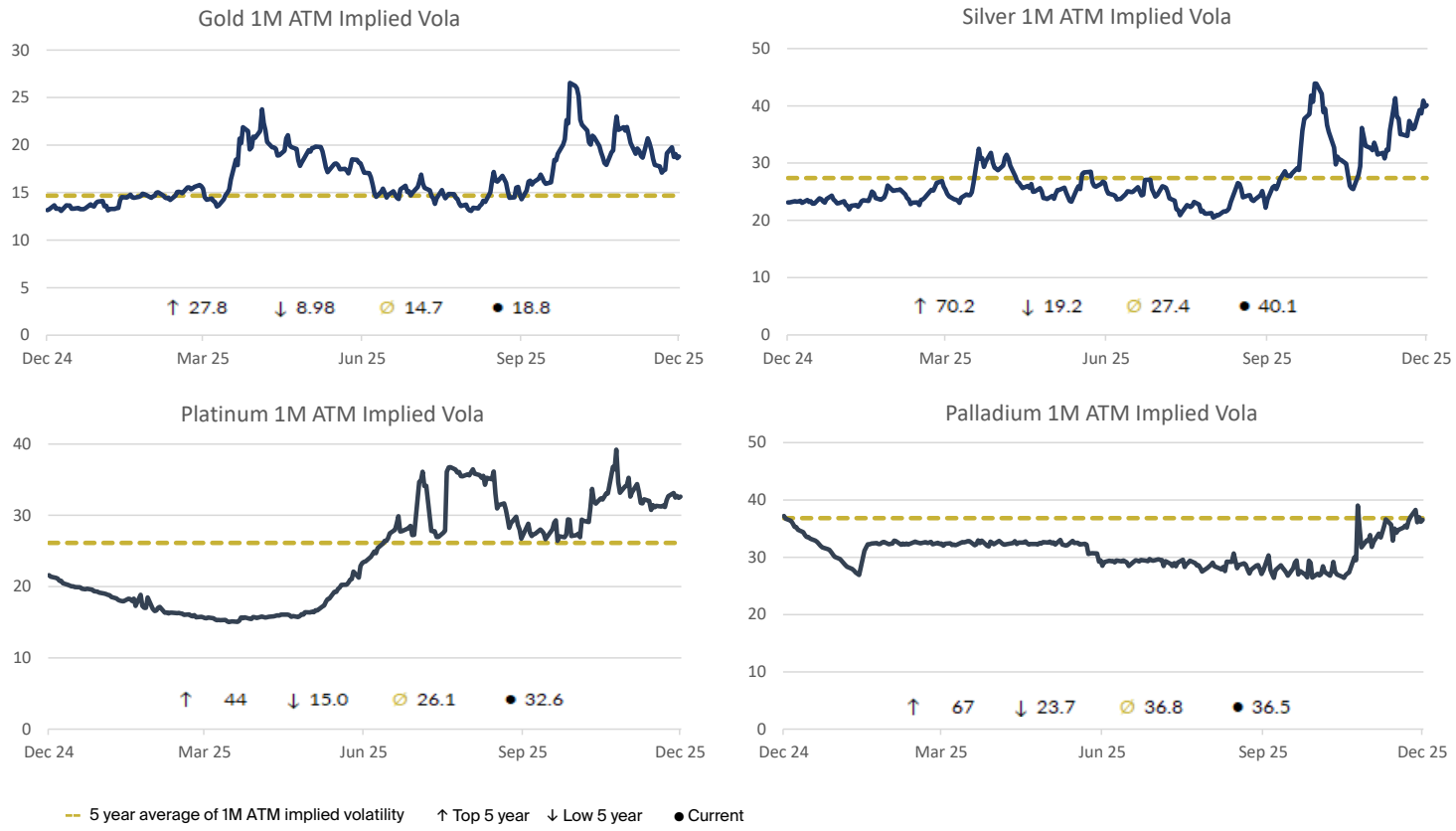
Volatility Picture

November 2025

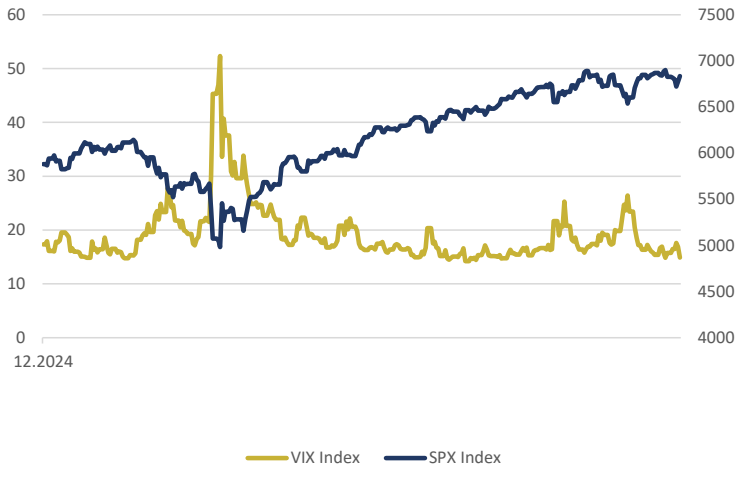
Overview

Gold	18.80	Silver	40.09	Platinum	32.61	Palladium	36.52

Metals



VIX vs S&P 500



A key characteristic of volatility, as captured by the VIX, is its strong mean-reverting tendency. Unlike the SPX, which trends upward over time due to economic growth and fundamentals, volatility rarely sustains extremes and reliably reverts to its historical average.

This often plays out during market stress, where even modest SPX drawdowns (e.g., 5-10%) trigger extreme, disproportionate VIX spikes (to 40+ or higher) driven by investor panic, creating asymmetric opportunities.

Selling volatility when the VIX spikes during these episodes tends to have a statistical edge if timed and risk-managed properly, as the subsequent mean reversion reward the trade more predictably than directional bets on the SPX itself.

"Fear can be an asymmetric opportunity in disguise"

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