EMCORE
House of Asymmetry

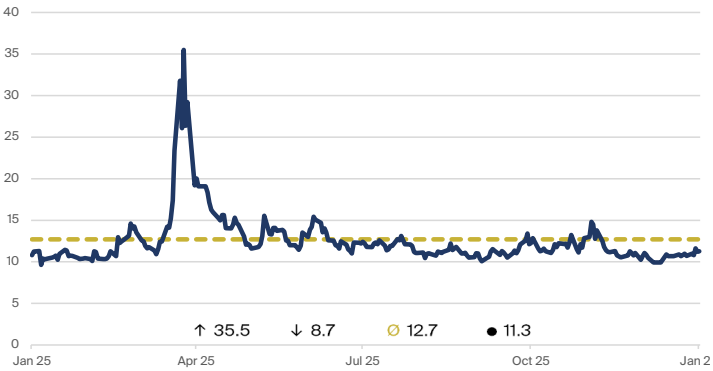
Vola Headlines

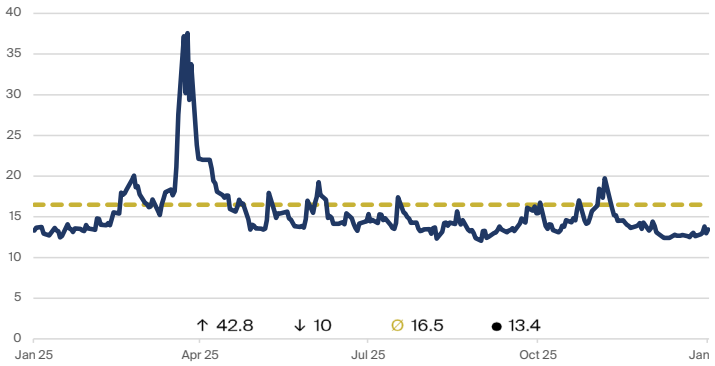
- Cross-asset volatility has rebounded from the 2025 lows observed around the December expiry, yet continues to trade within the lower quantiles.
- Downside equity volatility, particularly in far out-of-the-money put options, has moved higher following the Christmas period.
- FX volatility in the majority of G10 currency pairs continues to trade materially below the five-year average.
- Bond market volatility is currently in the lowest historical quantiles, whereas oil and gas prices are trading close to their long-term levels.
- An exception is the metals complex, where implied volatility remains elevated, with silver trading in the highest quantiles.

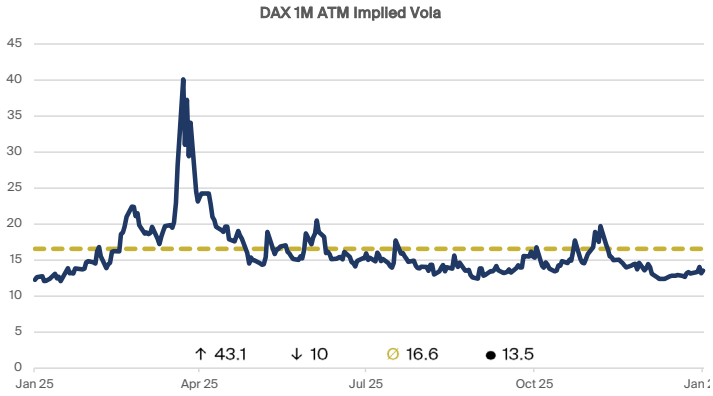
For the coming month, markets are likely to face elevated uncertainty, primarily driven by geopolitical tensions and crowded, leveraged positioning, increasing the risk of heightened volatility and abrupt dislocations. Low-correlated, capital-efficient return generation, combined with an optimised risk–reward profile through convex positioning, is key to navigating the current market environment.

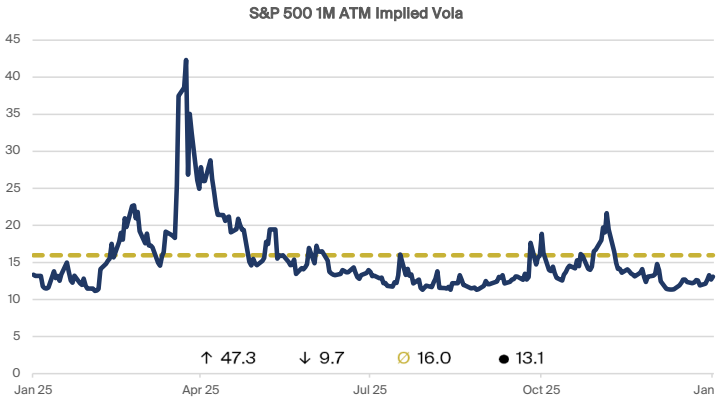
Overview							
SMI	11.27	Euro Stoxx	13.44	SPX	13.07	Nikkei	24.76
DAX	13.54	FTSE 100	10.60	NASDAQ	18.21	Hang Seng	17.63

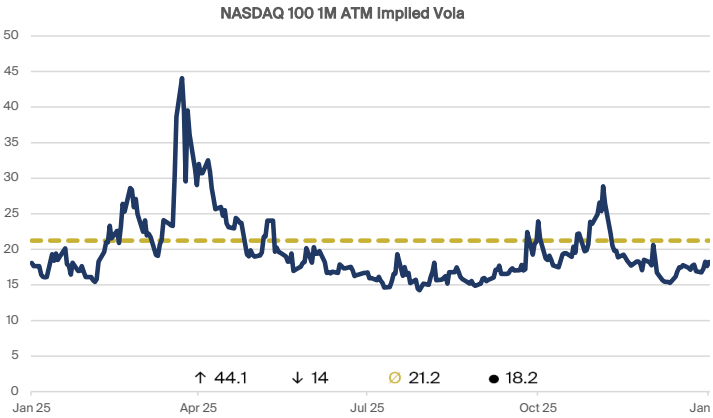
Equities

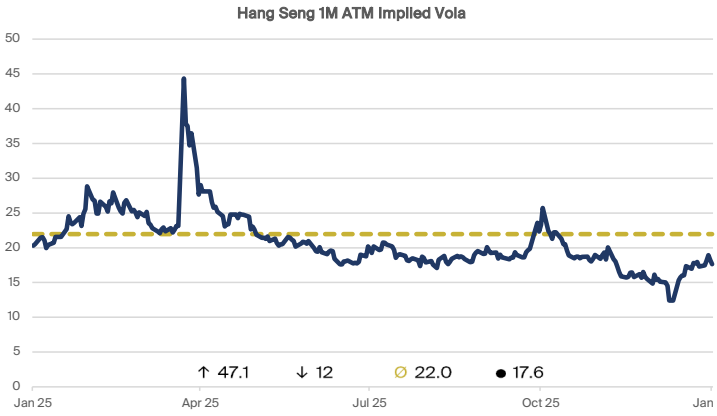










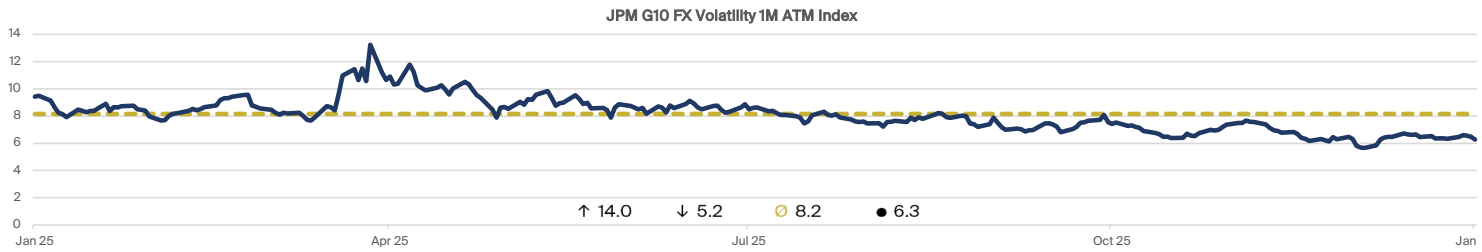


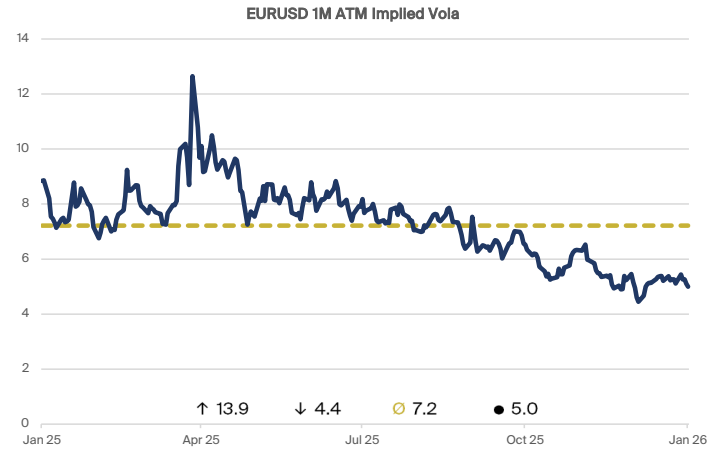
-- 5 year average of 1M ATM implied volatility ↑ Top 5 year ↓ Low 5 year ● Current

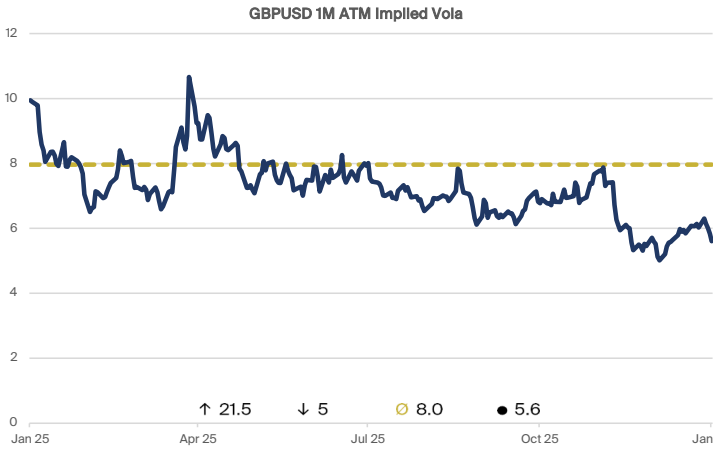
Overview

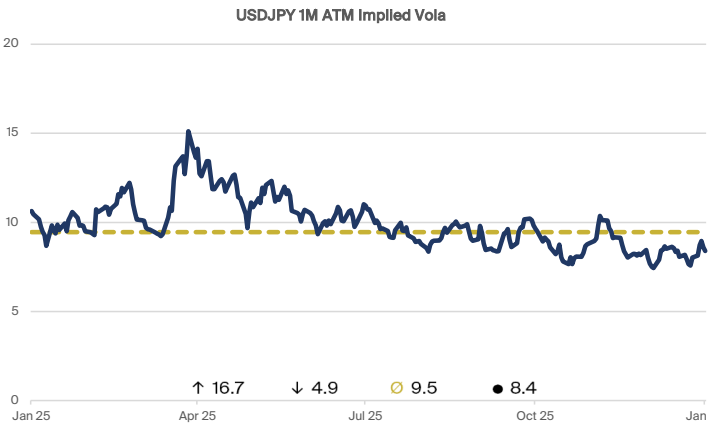
G10	6.27	USDJPY	8.40	EURGBP	3.49	USDCHF	6.20
EURUSD	4.99	EURCHF	3.57	GBPUSD	5.61	EURJPY	7.36

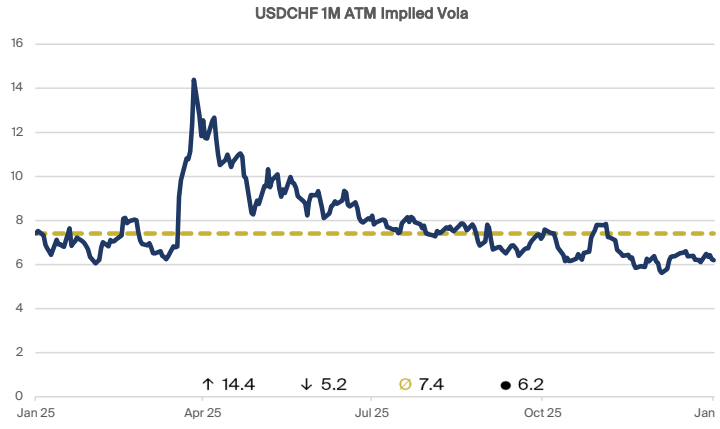
FX

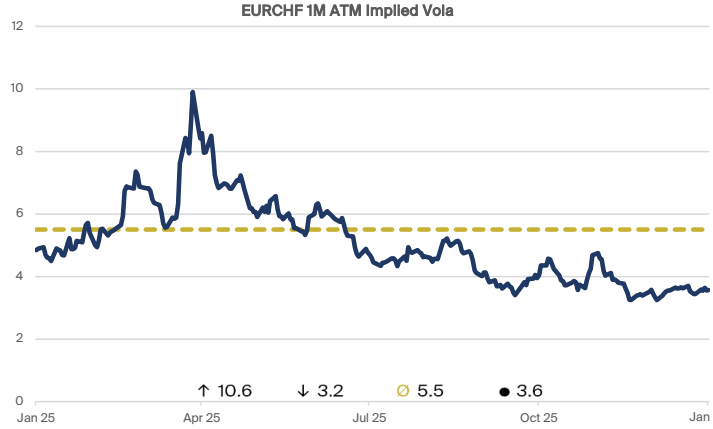


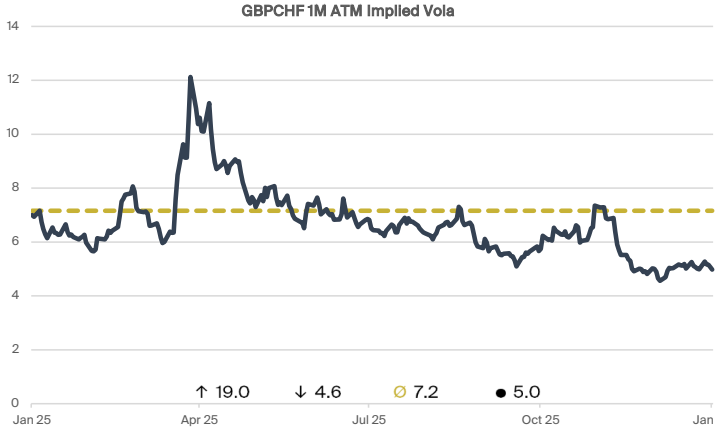












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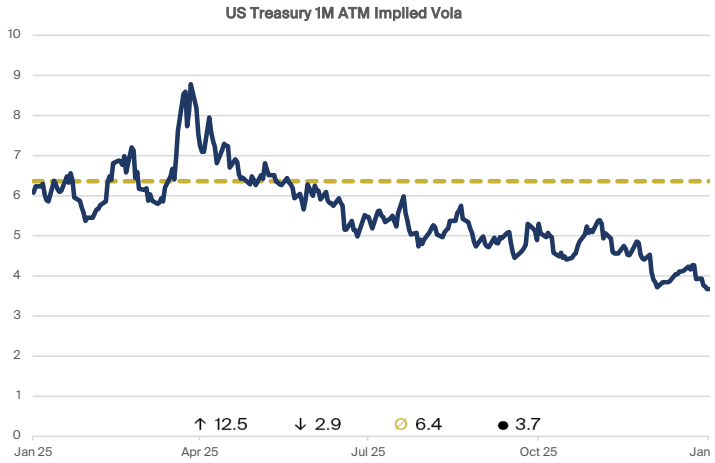
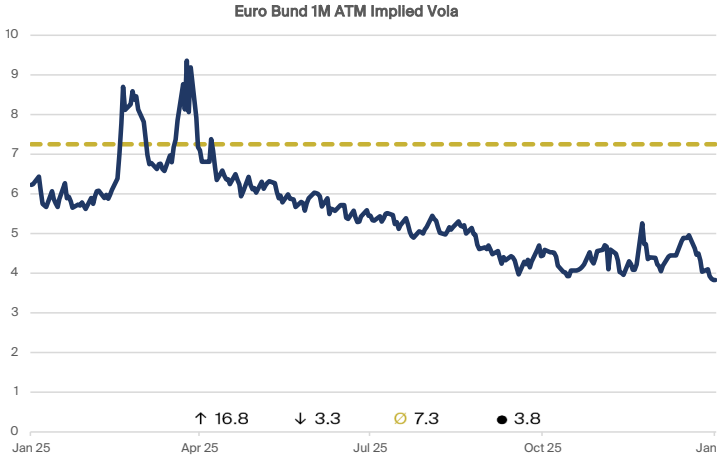
Overview

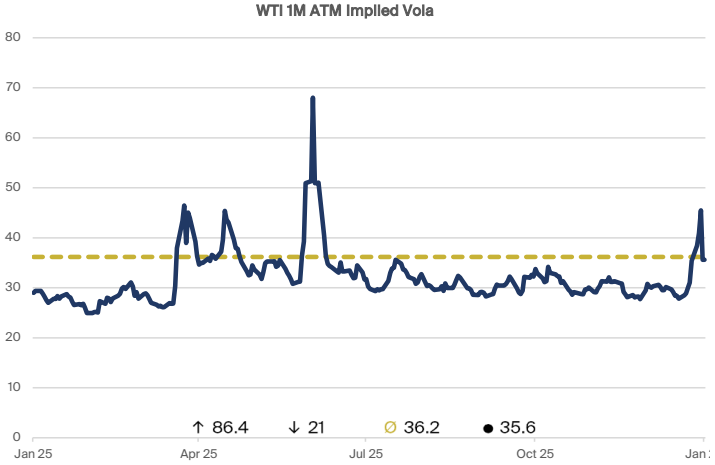
US Treasury	3.67	Euro Bund	3.83				
WTI	35.58	Brent	33.68	Natural Gas	61.11	Corn	13.25

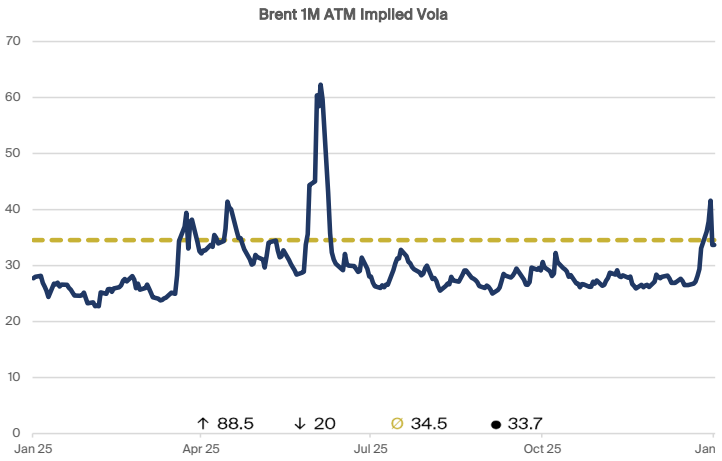
Rates

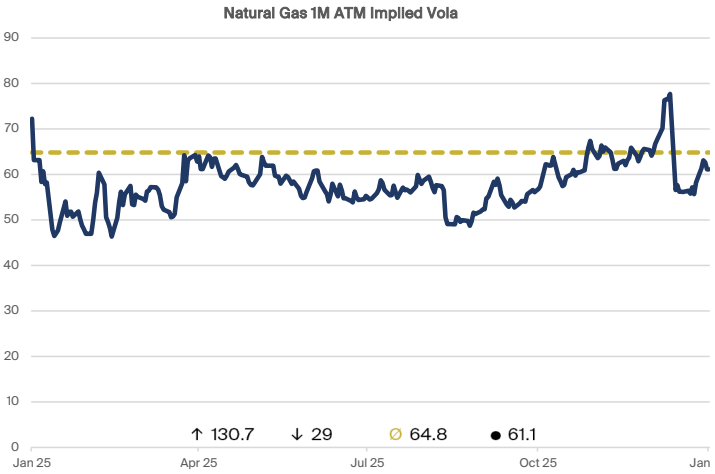


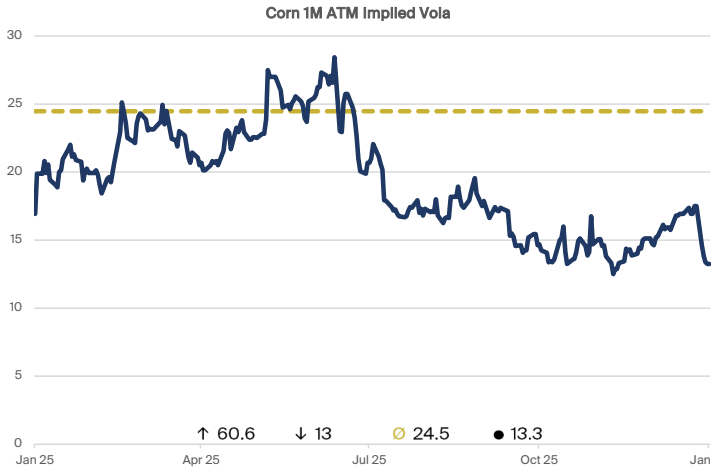


Commodities









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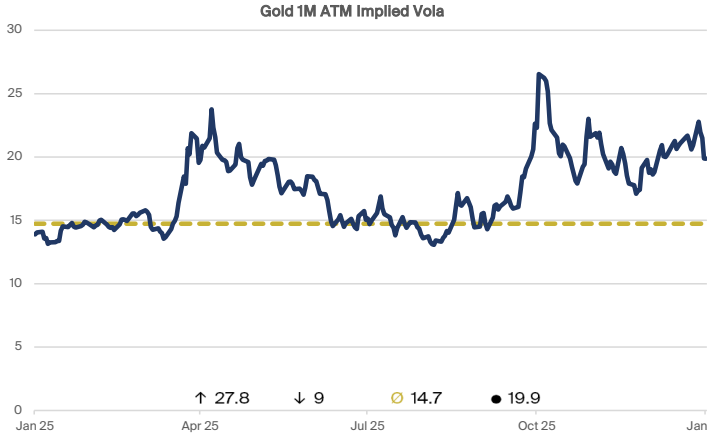
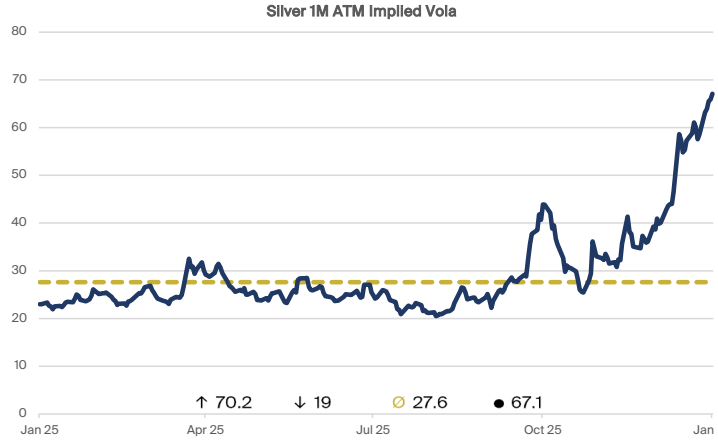
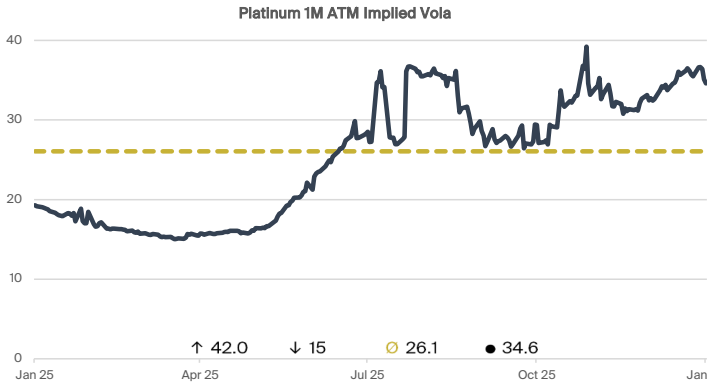
Overview

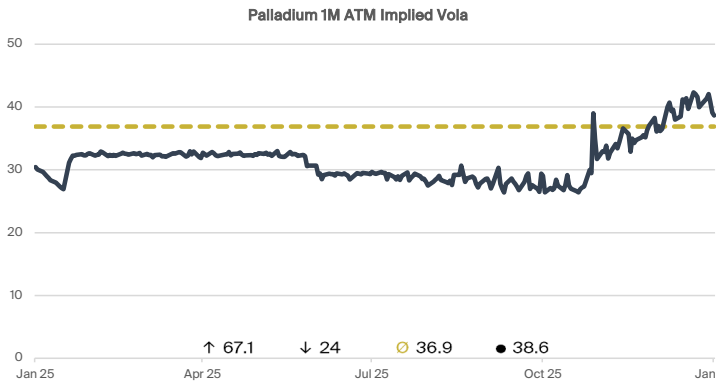
Gold	19.87	Silver	67.09	Platinum	34.61	Palladium	38.64

Metals









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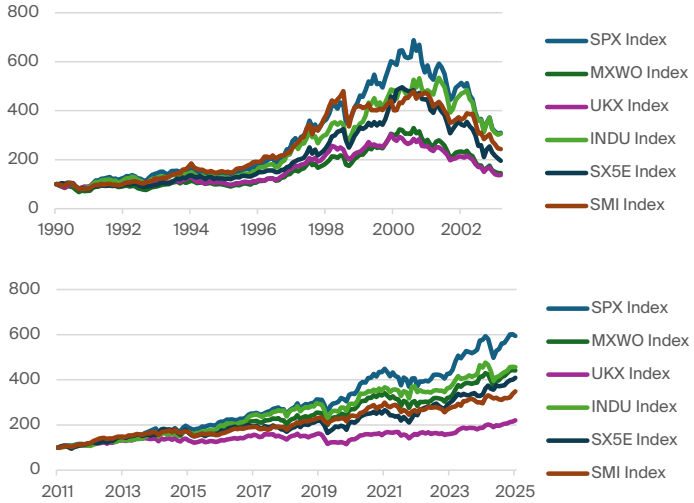
Déjà Vu at the Top: Today's Elevated Markets Echo the Dot-Com Bubble



Elevated markets and confident narratives once again coexist with unusually low volatility. History shows that when volatility is deflated, risk is often being mispriced—encouraging crowded positioning and leaving portfolios exposed to sharp, asymmetric downside. Calm conditions can unwind quickly when sentiment shifts.

Cheap volatility is both a warning and an opportunity. Rather than chasing returns, this environment favors proactive positioning:
buying volatility and convex protection while it remains inexpensive.
History may not repeat, but it often rhymes and suppressed volatility at market highs has rarely ended quietly.

"History is a vast early warning system."

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