

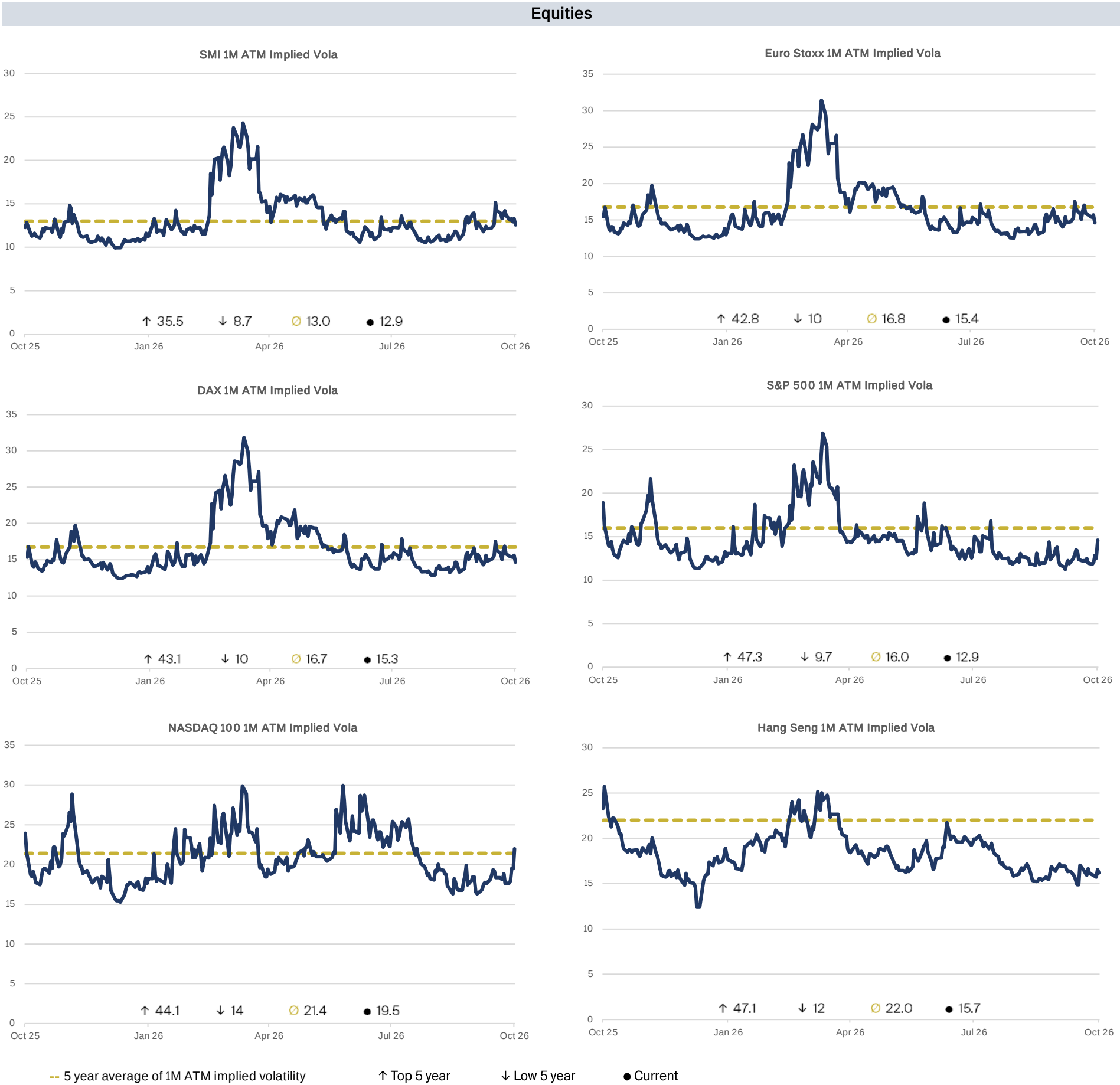


Vola Headlines

- Cross-asset volatility has lifted off its September lows, with currencies, equities and rates all higher over the month, yet two thirds of markets still trade below their five-year averages. Energy, precious metals and Japanese equity are the main exceptions.
- Downside equity volatility, particularly in far out-of-the-money put options, has been bid where at-the-money levels have not: S&P 500 skew has widened to its 89th percentile, while at-the-money vol, up a quarter on the month, is back only at its median. Japan is the exception at over 40% above average, Hang Seng close to a five-year low.
- FX volatility in the majority of G10 currency pairs has turned higher, with the JPM G10 vol index a fifth below its five-year average and sterling off last month's five-year low.
- Bond market volatility has normalised, with US Treasury vol up nearly a quarter to its five-year average and the Euro Bund a sixth below. Oil volatility holds above its long-term average, WTI by a seventh and Brent a fifth, while natural gas has jumped two fifths to its average. The metals premium has narrowed: gold a fifth above, silver and platinum under a tenth.

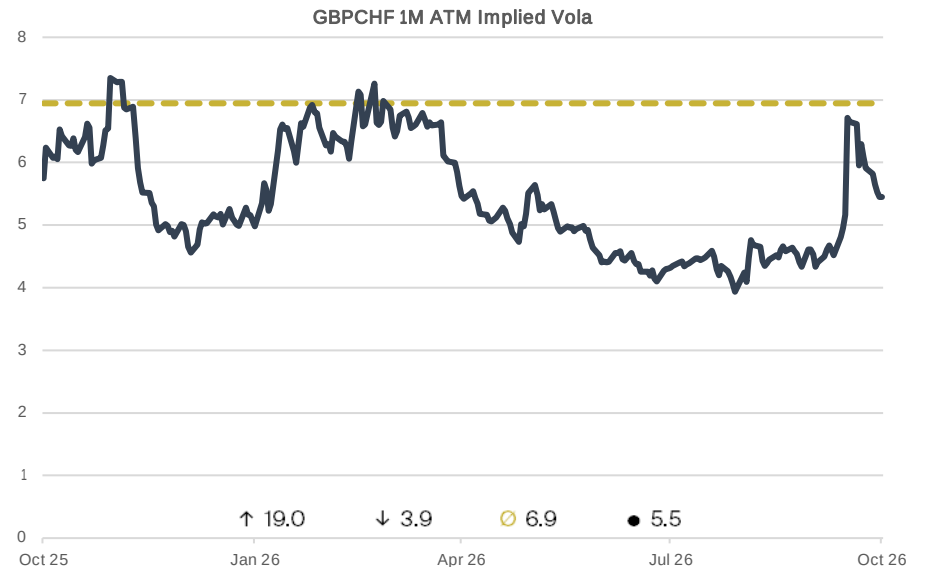
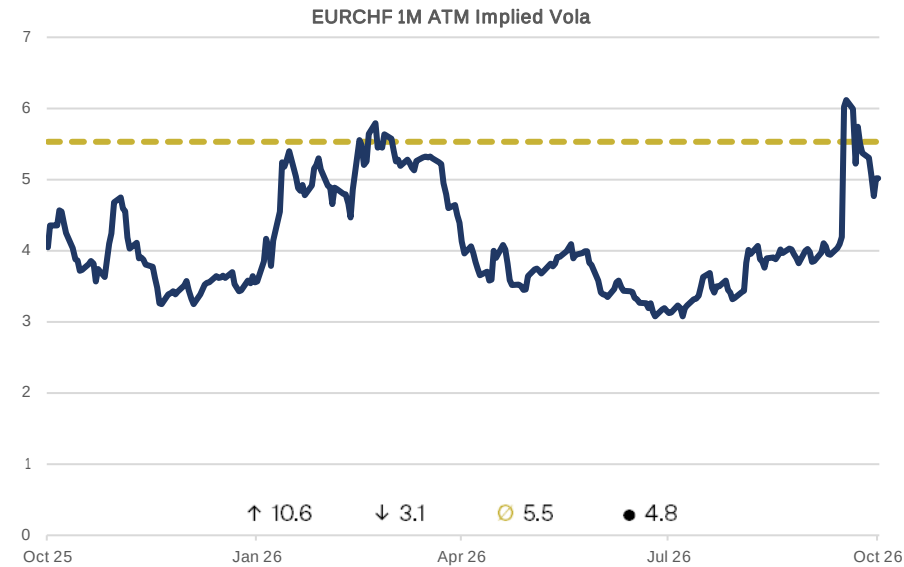
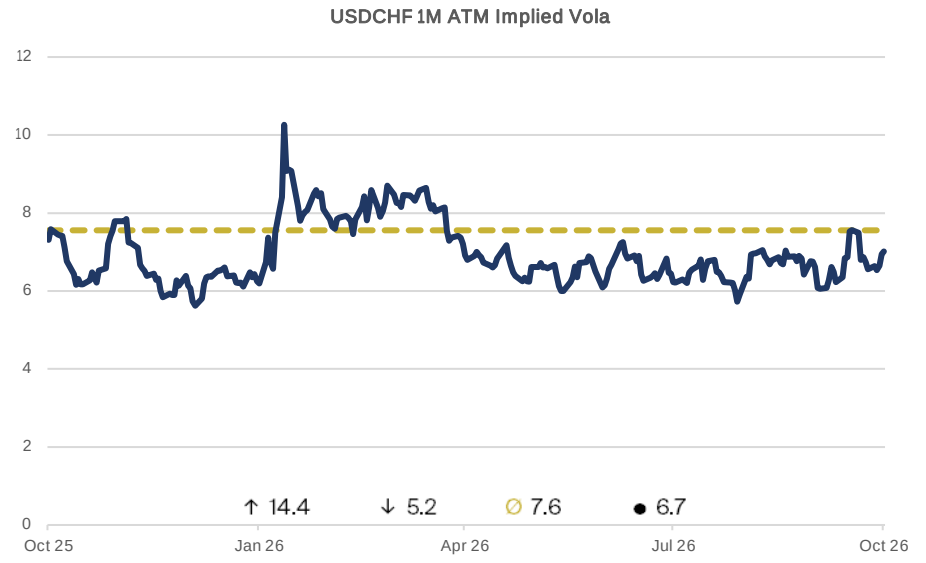
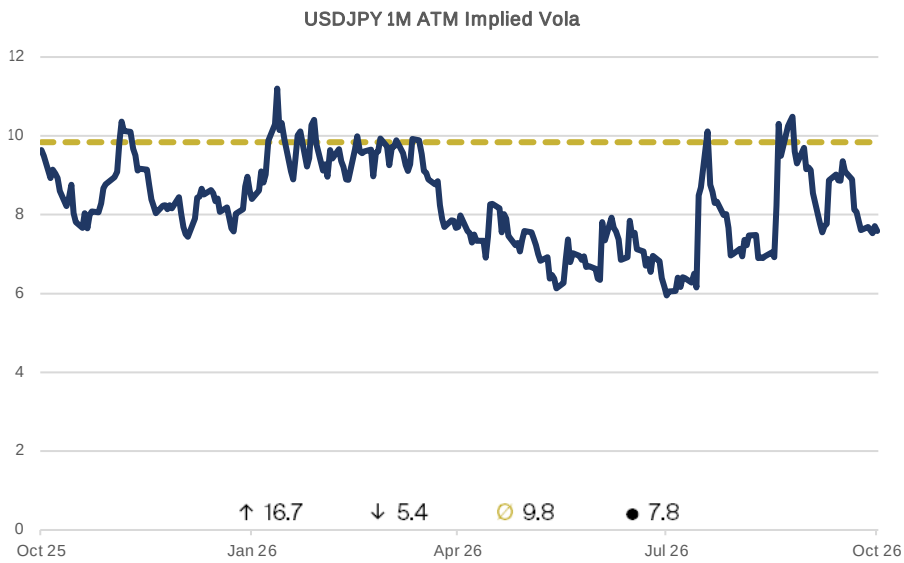
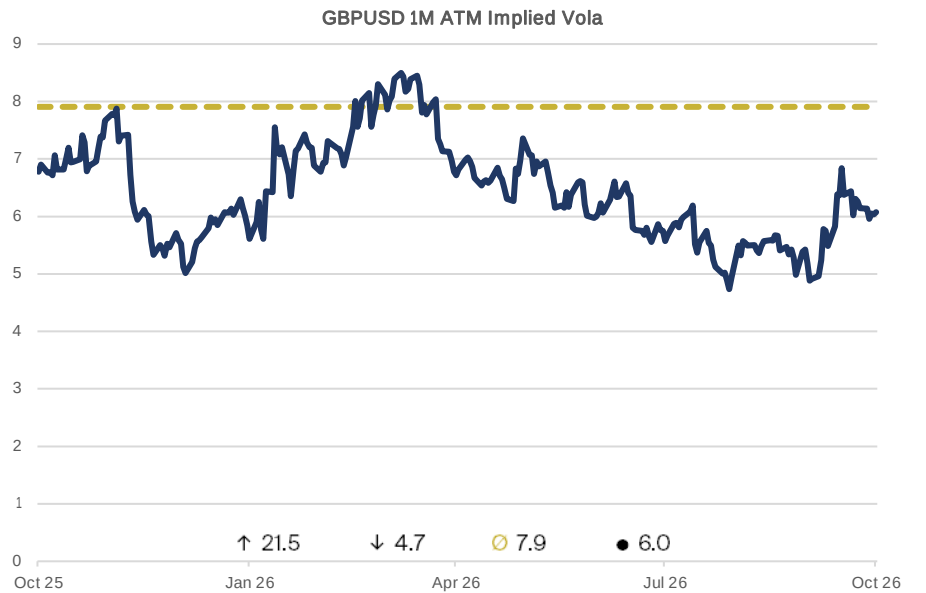
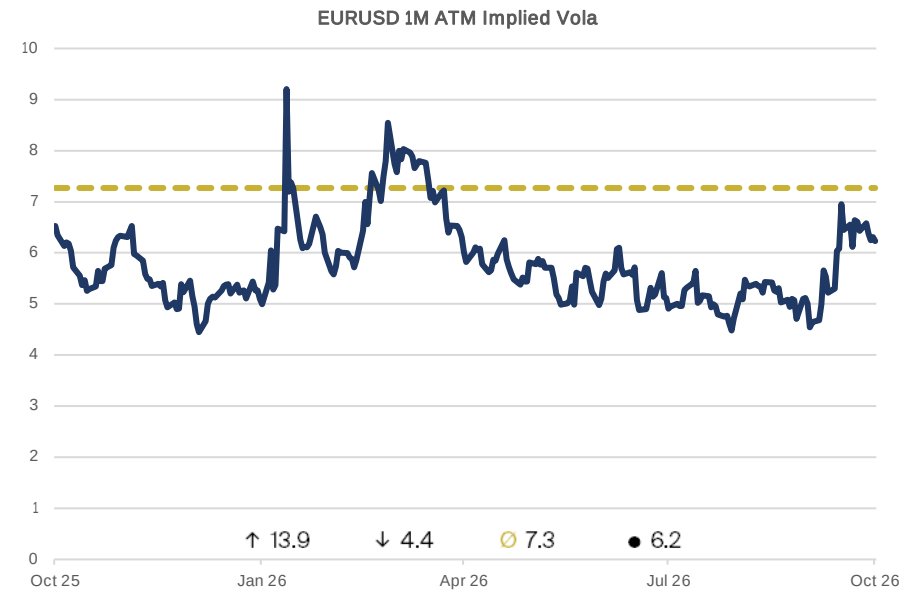
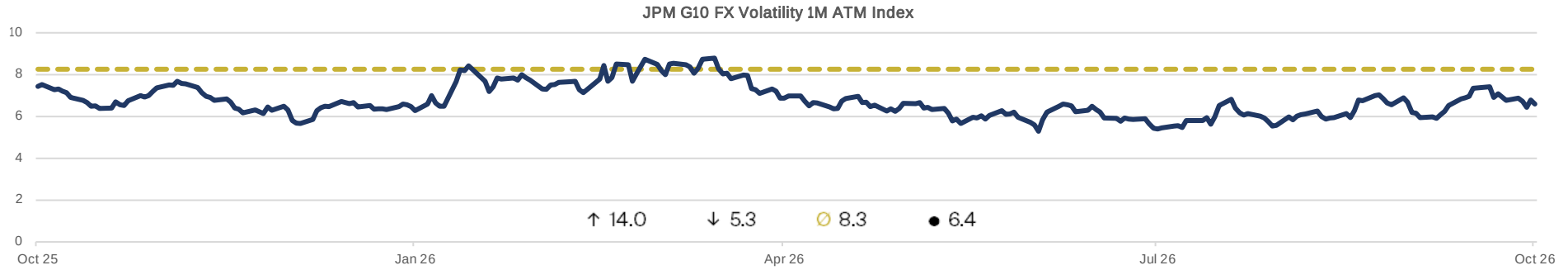
Despite geopolitical uncertainty, inflation risks and monetary policy uncertainty, implied volatility remains low, leaving scope for renewed spikes. Buying convex protection at low volatility levels and combining it with carry from low-correlated asset classes offers an attractive risk–reward profile, supporting portfolio resilience and potential outperformance into year-end.

Overview							
SMI	12.93	Euro Stoxx	15.36	SPX	14.59	Nikkei	24.52
DAX	15.35	FTSE 100	11.97	NASDAQ	19.52	Hang Seng	15.74





Overview							
G10	6.43	USDJPY	7.78	EURGBP	#N/A N/A	USDCHF	6.70
EURUSD	6.24	EURCHF	4.76	GBPUSD	6.02	EURJPY	#N/A N/A



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

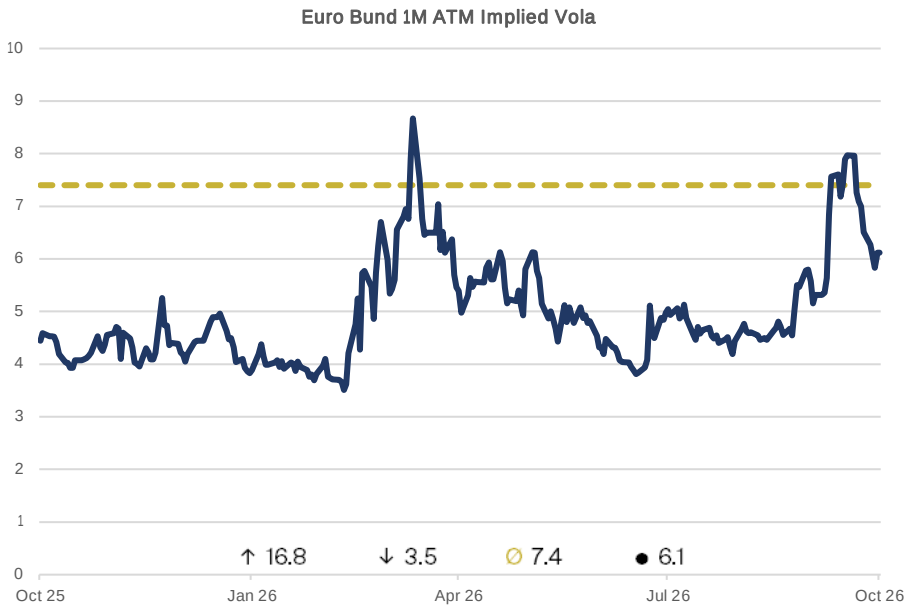
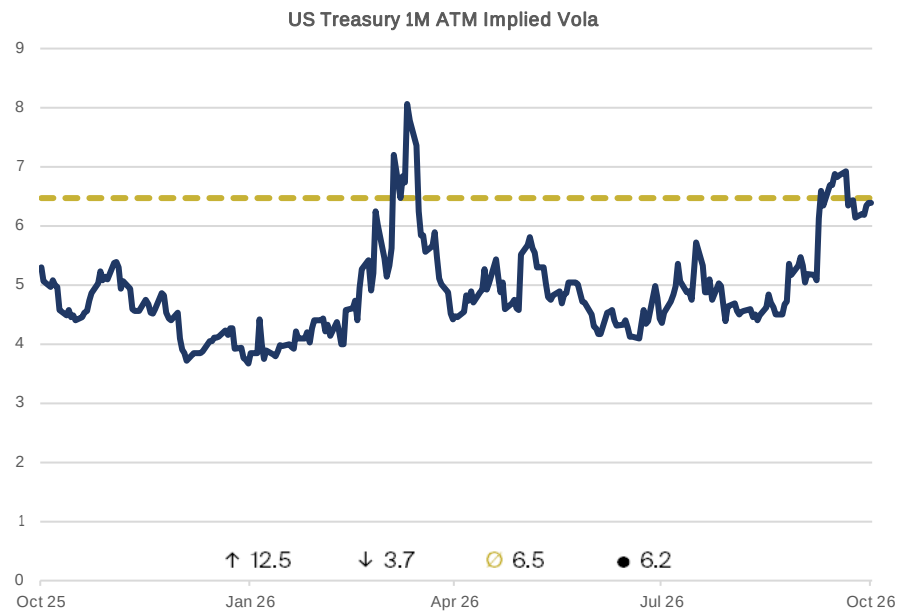




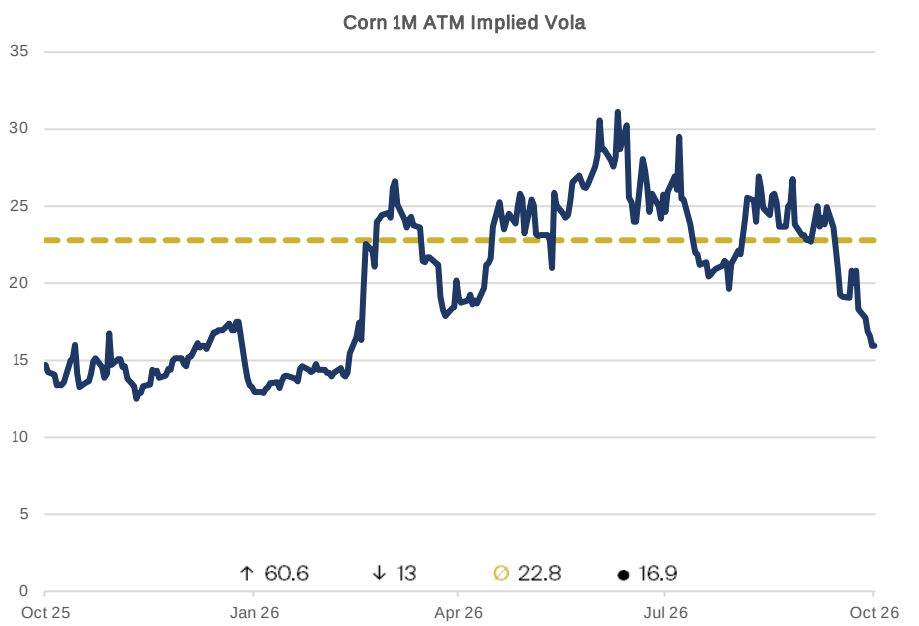
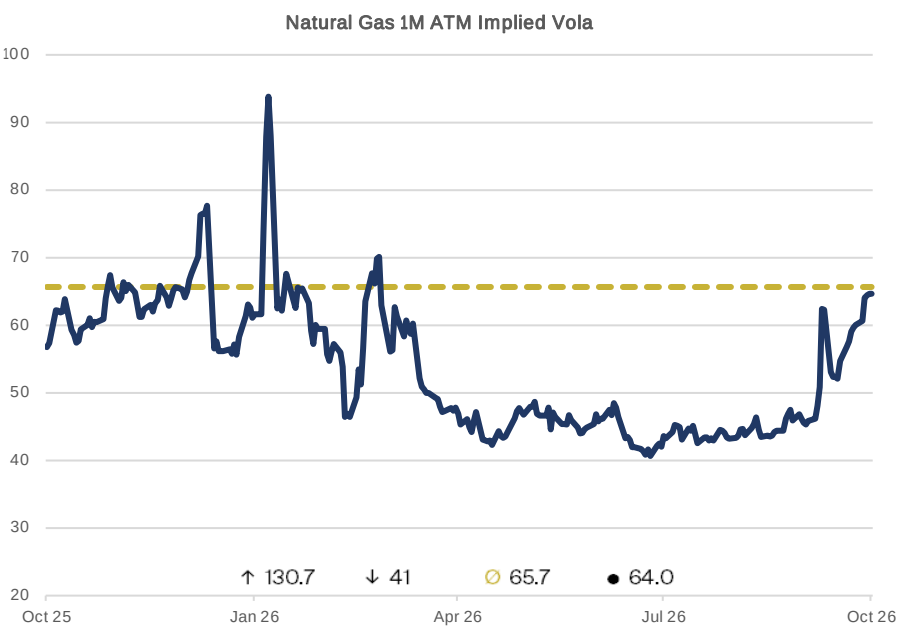
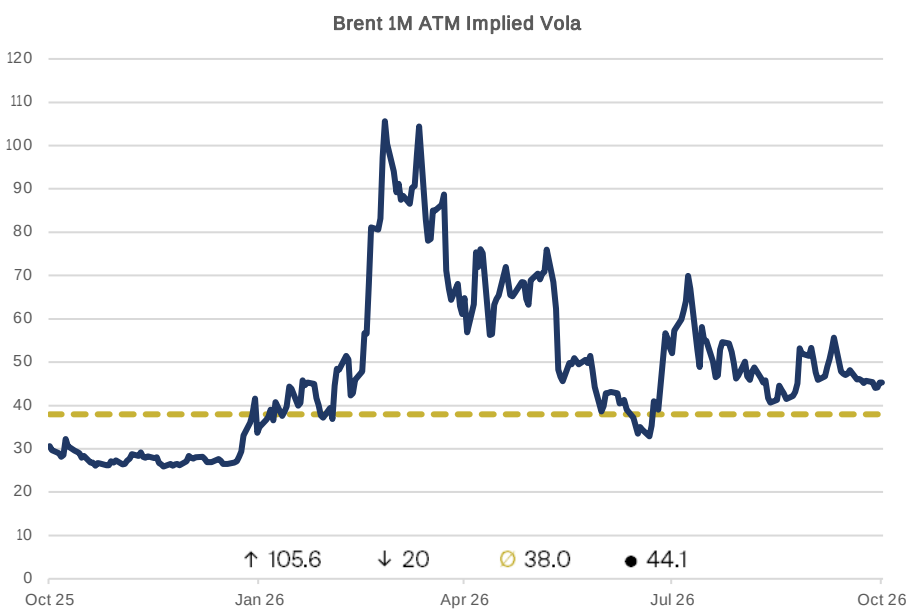
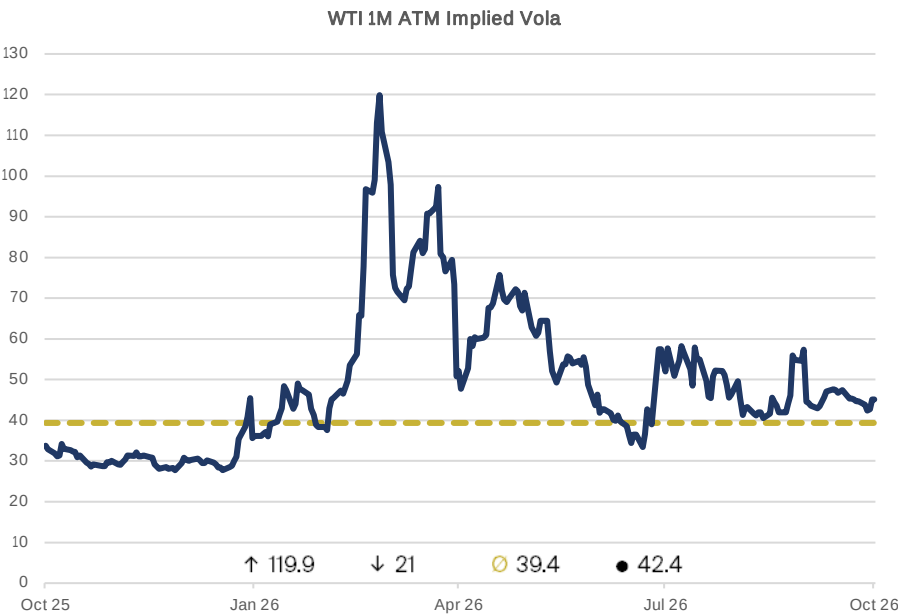
Overview

US Treasury	6.19	Euro Bund	6.05
WTI	42.39	Brent	44.08
Natural Gas	64.03	Corn	16.88

Rates

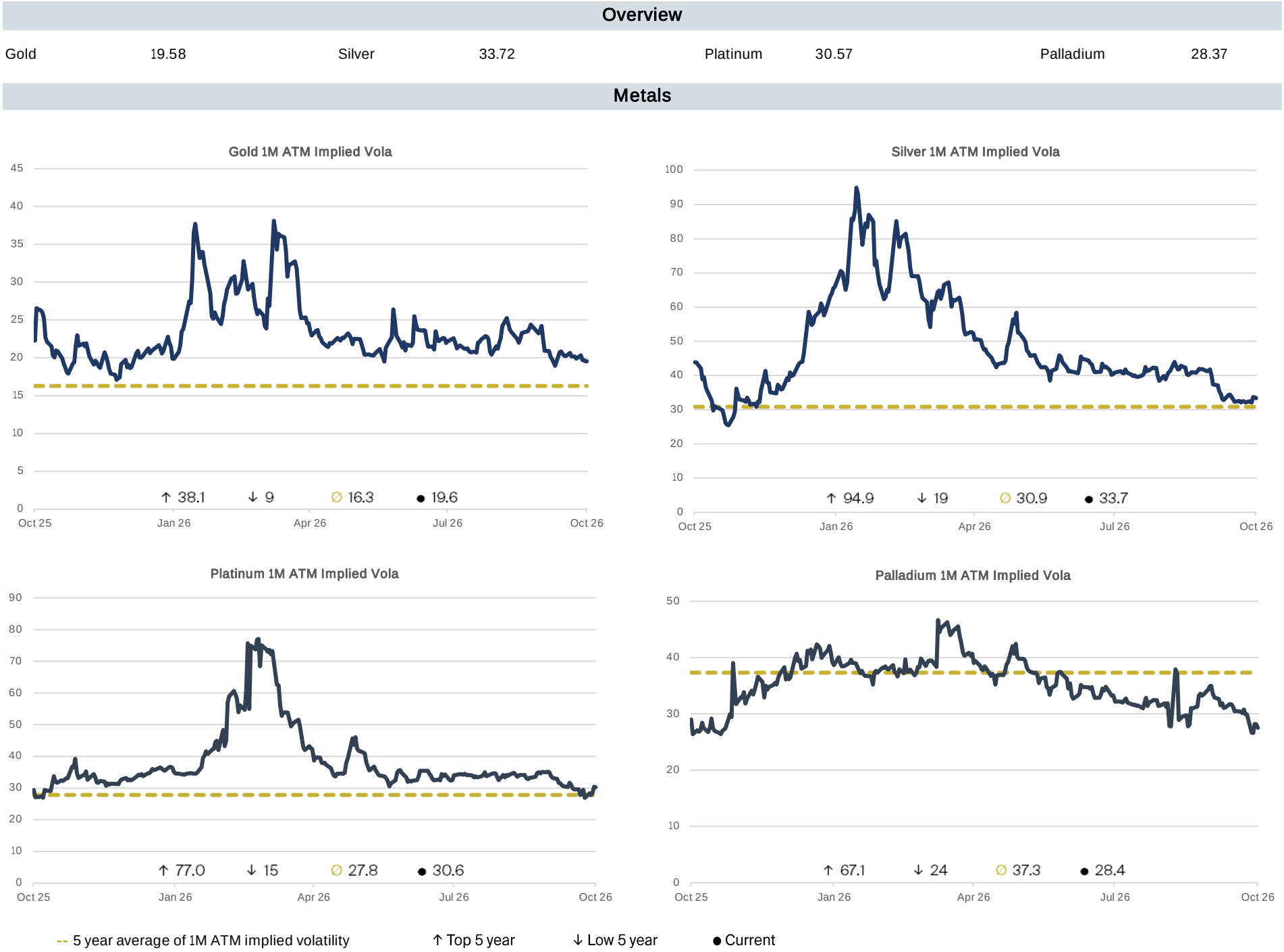


Commodities

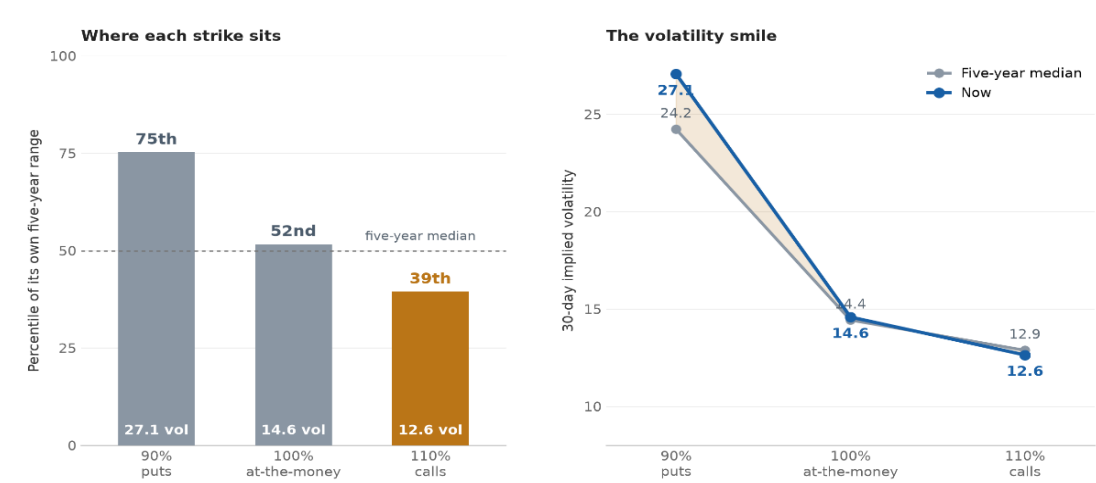


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Insurance, Not Exposure



The VIX rose from 14.8 on 9 October to 20.0 on the 16th, a gain of more than a third in five sessions. Over the same stretch, volatility on 90% S&P 500 puts rose by more than a fifth, to 27.1, while volatility on 110% calls rose 2%, to 12.6. Almost the entire move happened on one side of the surface.

That asymmetry is what the VIX picks up: it weights out-of-the-money puts, so it climbs faster than at-the-money volatility whenever protection is bid. At-the-money vol is only back at its five-year median, and calls remain below theirs, while the gap between the wings, the skew, is wider than on 89% of days in five years.

For a volatility seller the two wings no longer pay the same way. Puts are expensive against their own history, and expensive for a reason, since the demand behind them is real. Calls sit close to their lows, so writing them surrenders the same upside for very little income. Fear has a strike price.

"Protection is priced by demand, not by danger."

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