



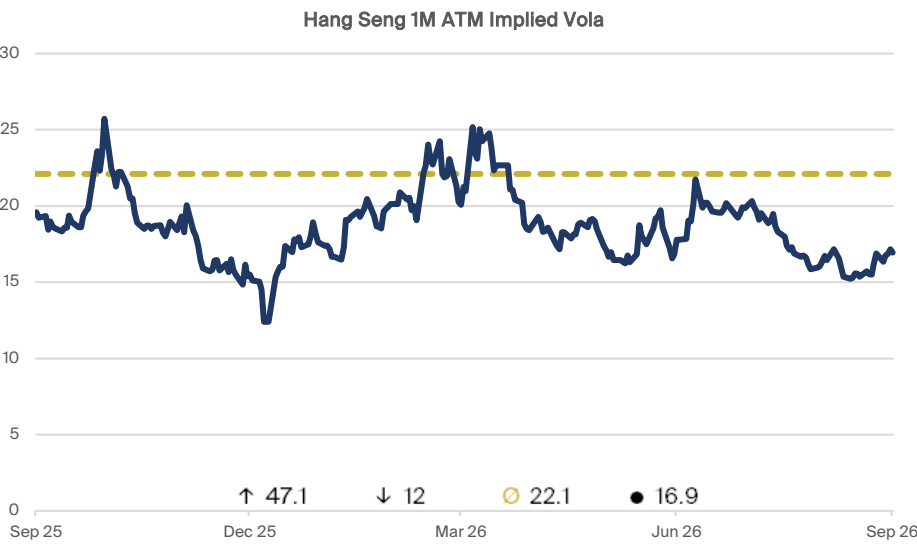
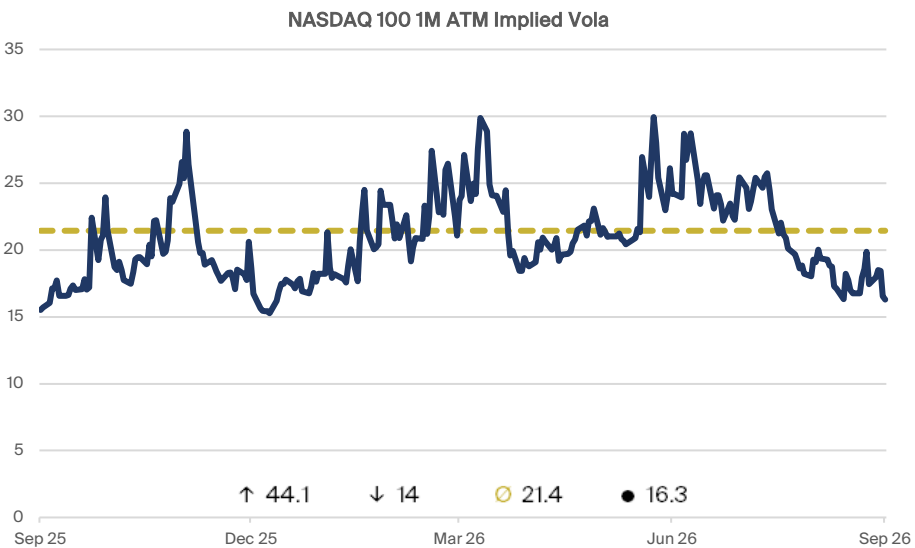
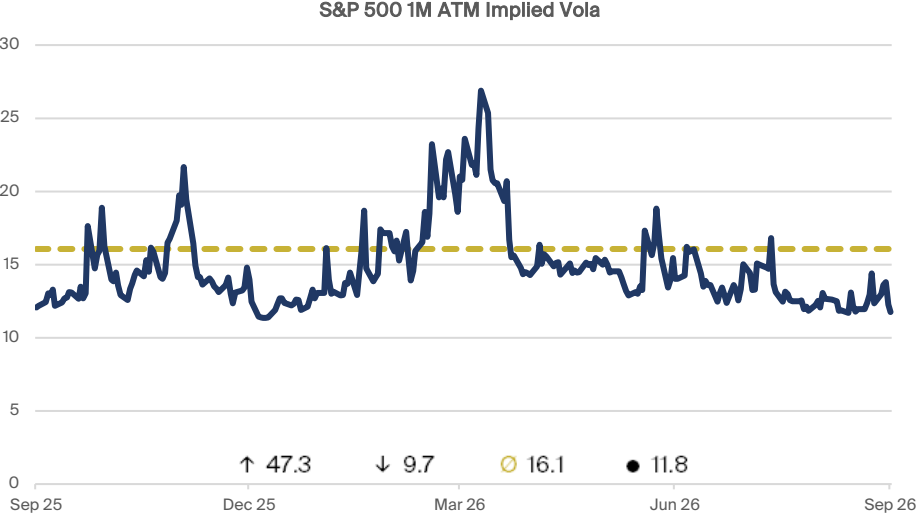
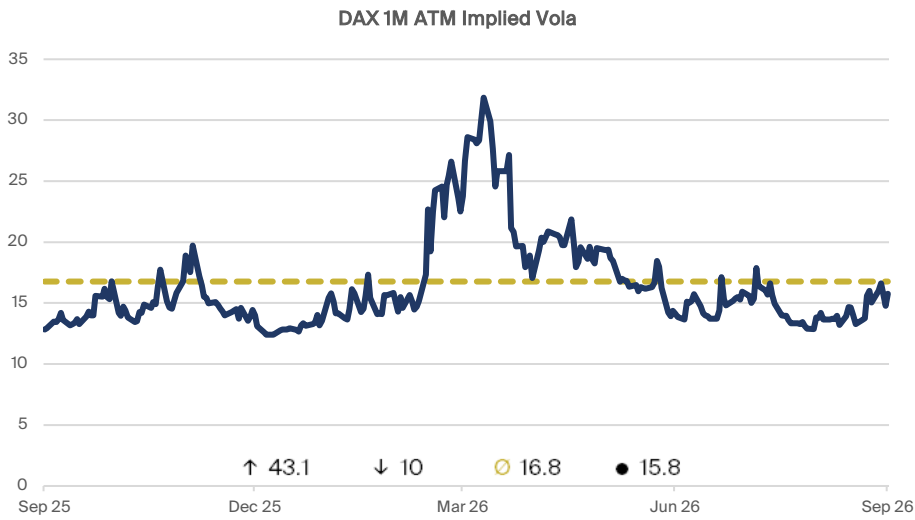
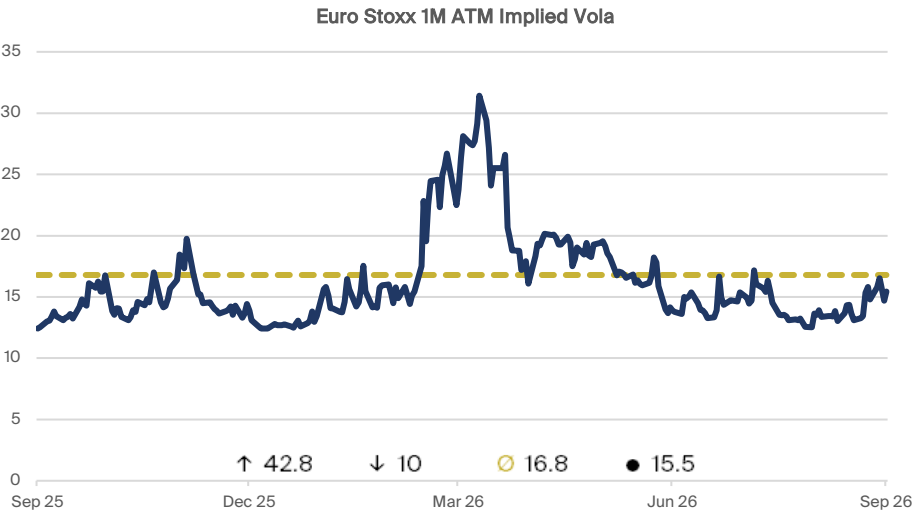
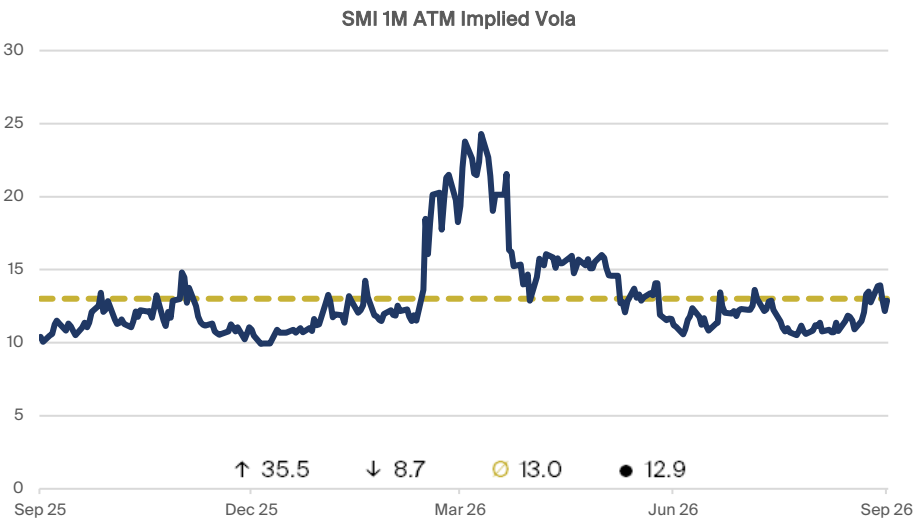
Vola Headlines

- Cross-asset volatility has compressed further through September, leaving two thirds of markets below their five-year averages. Energy and precious metals remain the exceptions, with oil volatility holding up as crude nears \$100.
- Downside equity volatility, particularly in far out-of-the-money put options, has cheapened alongside at-the-money levels, with the S&P 500 now more than a quarter below its five-year average. Japan remains the exception, close to a fifth above.
- FX volatility in the majority of G10 currency pairs continues to grind lower, with the JPM G10 vol index more than a quarter below its five-year average and sterling at a five-year low.
- Bond market volatility has edged up from its lows but remains subdued, with Euro Bund and US Treasury implied vol 22 to 30% below their five-year averages. Oil volatility holds above its long-term average, with WTI an eighth and Brent a quarter above, while natural gas trades a third below. The notable exception remains the metals complex, where gold and silver implied vol have cooled but still trade 20 to 30% above their multi-year averages.

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.

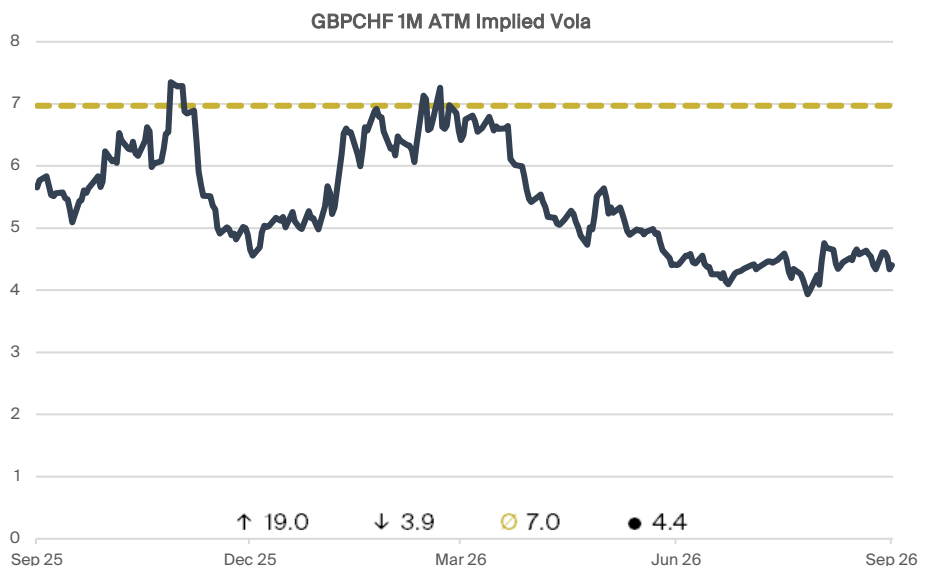
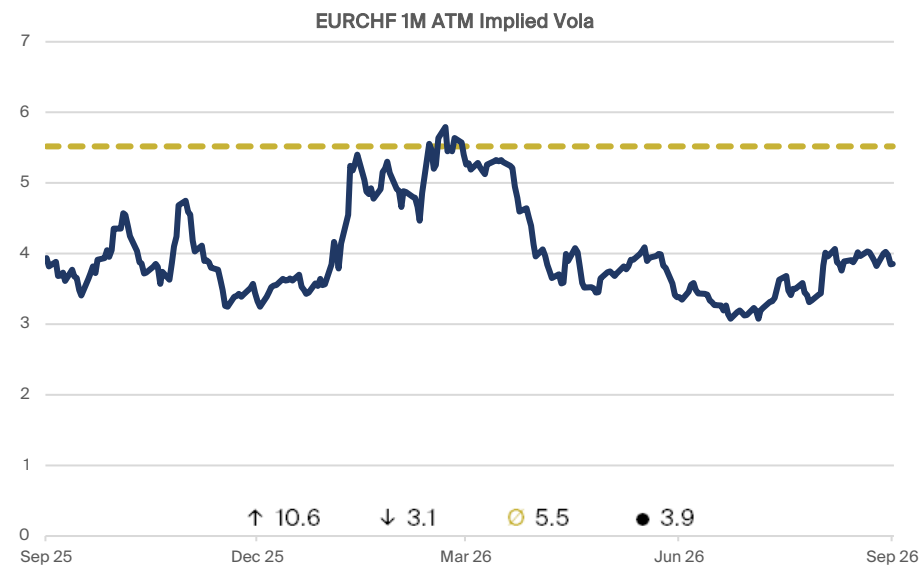
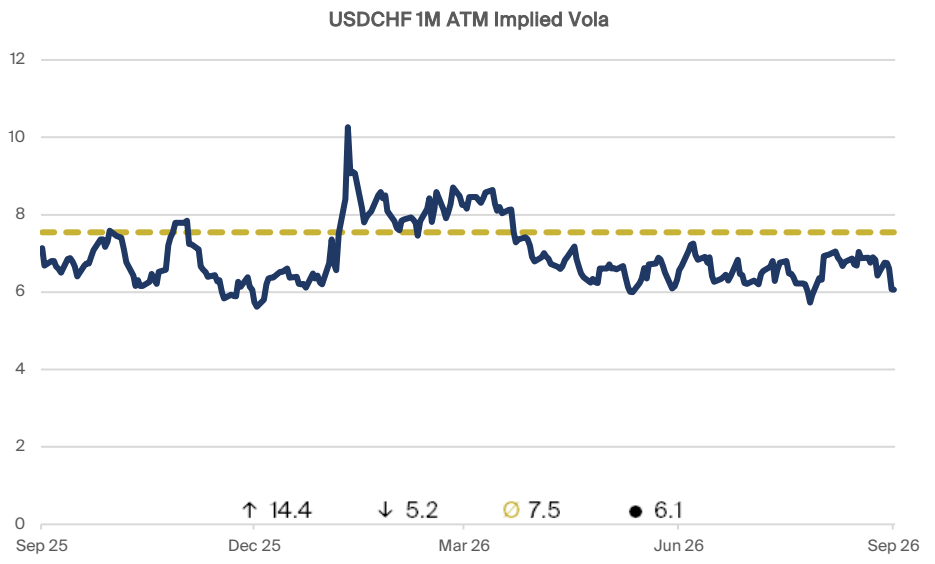
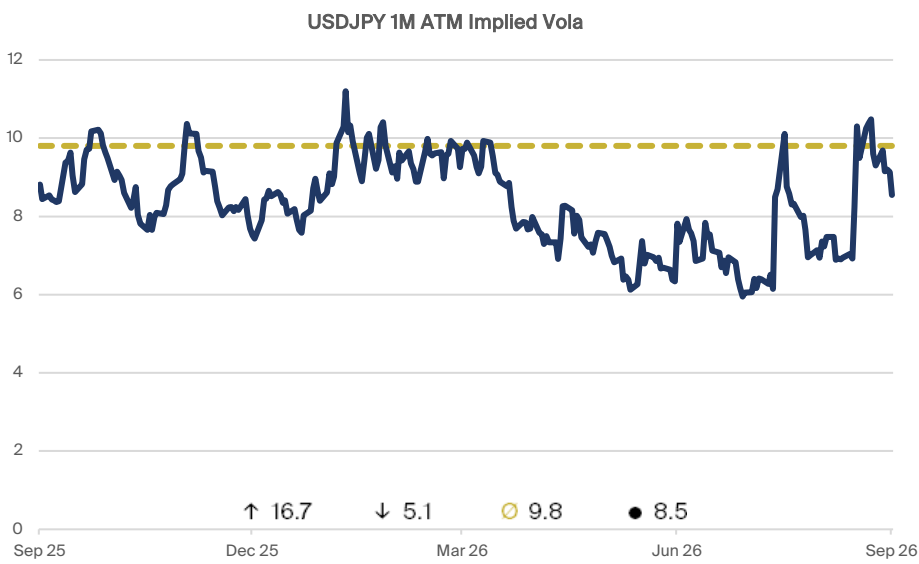
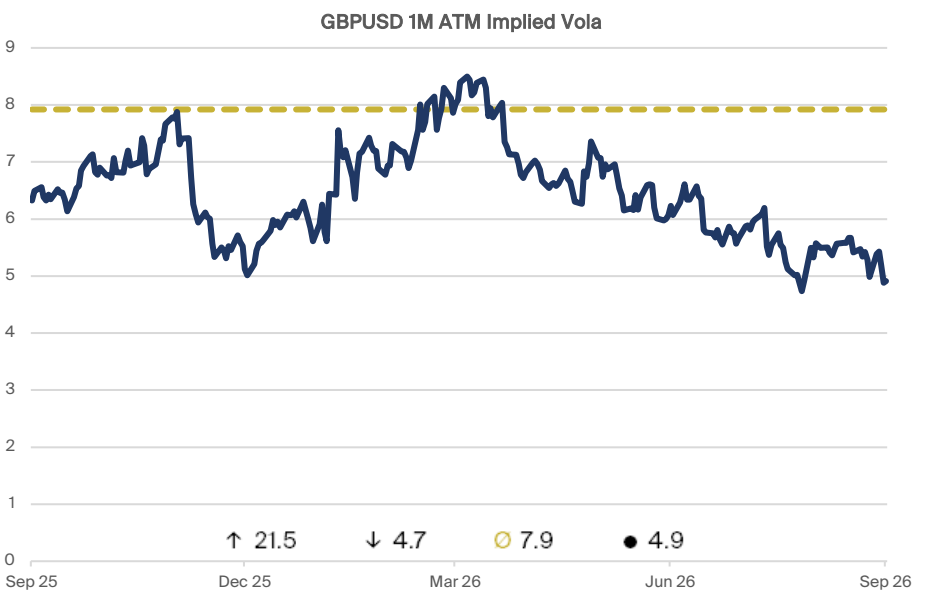
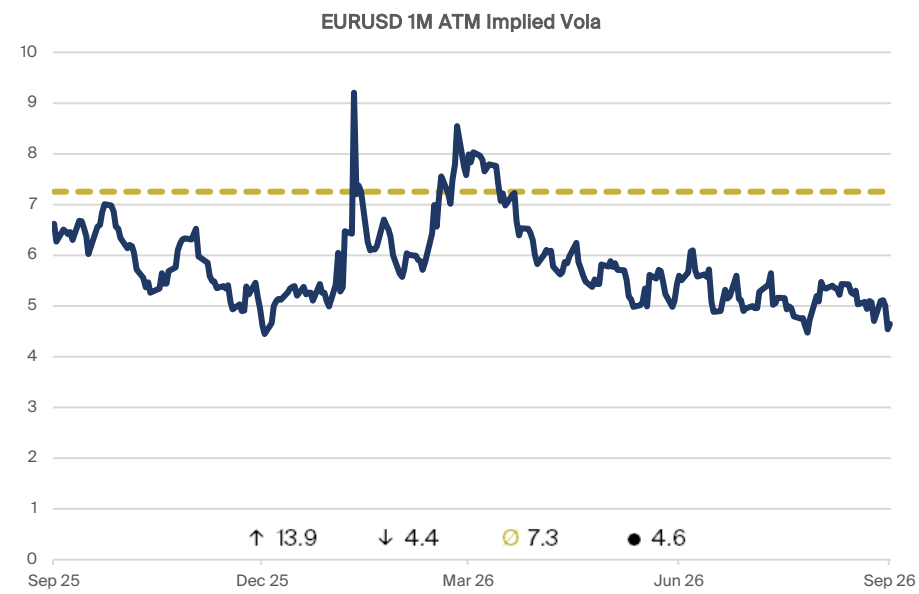
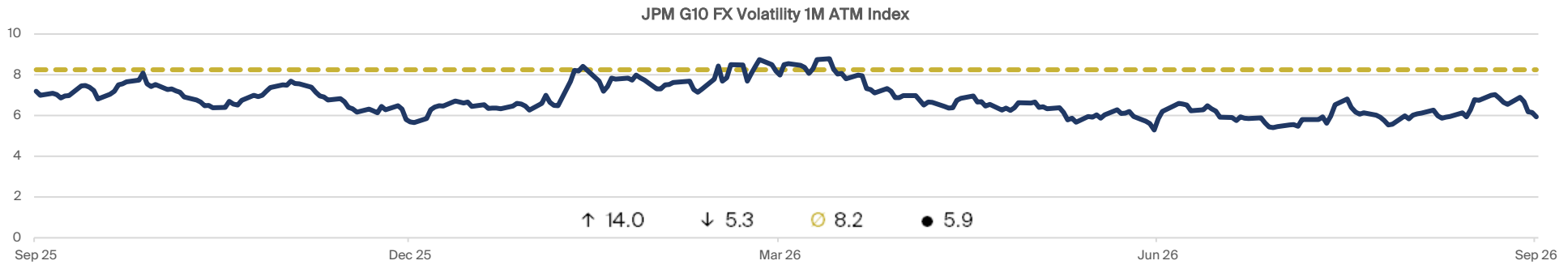
Overview							
SMI	12.87	Euro Stoxx	15.46	SPX	11.77	Nikkei	23.51
DAX	15.76	FTSE 100	12.81	NASDAQ	16.30	Hang Seng	16.94

Equities





Overview							
G10	5.94	USDJPY	8.55	EURGBP	2.80	USDCHF	6.06
EURUSD	4.65	EURCHF	3.86	GBPUSD	4.91	EURJPY	7.98
FX							



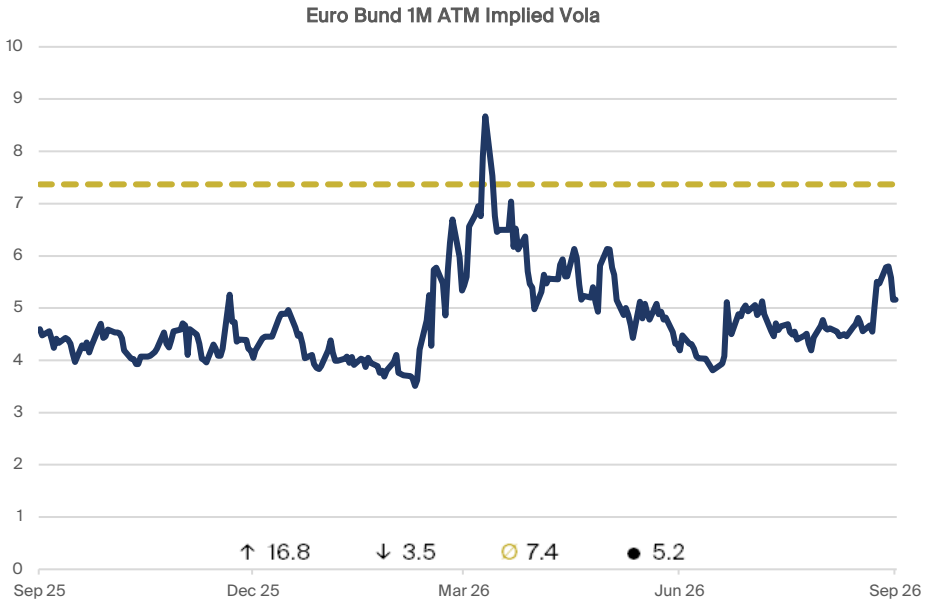
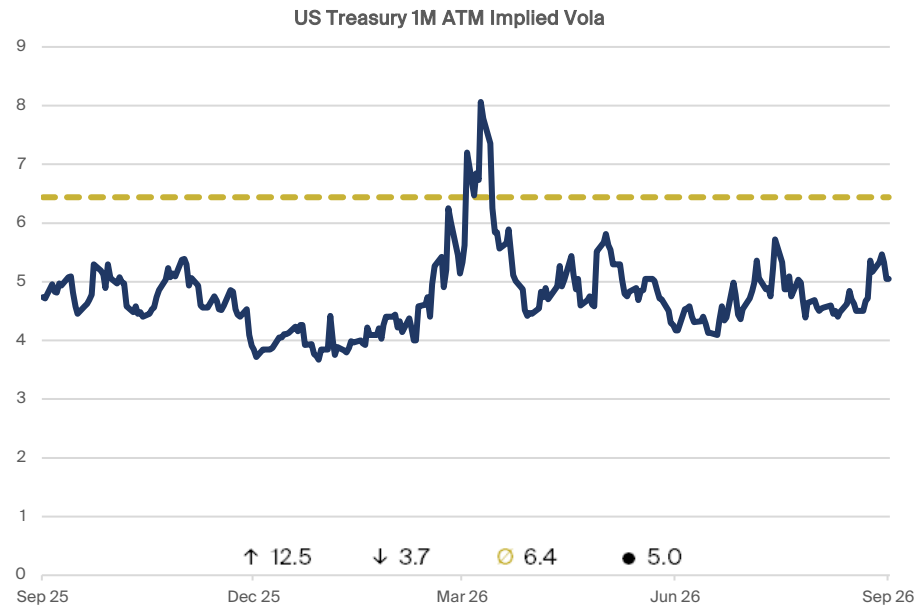
-- 5 year average of 1M ATM implied volatility ↑ Top 5 year ↓ Low 5 year ● Current



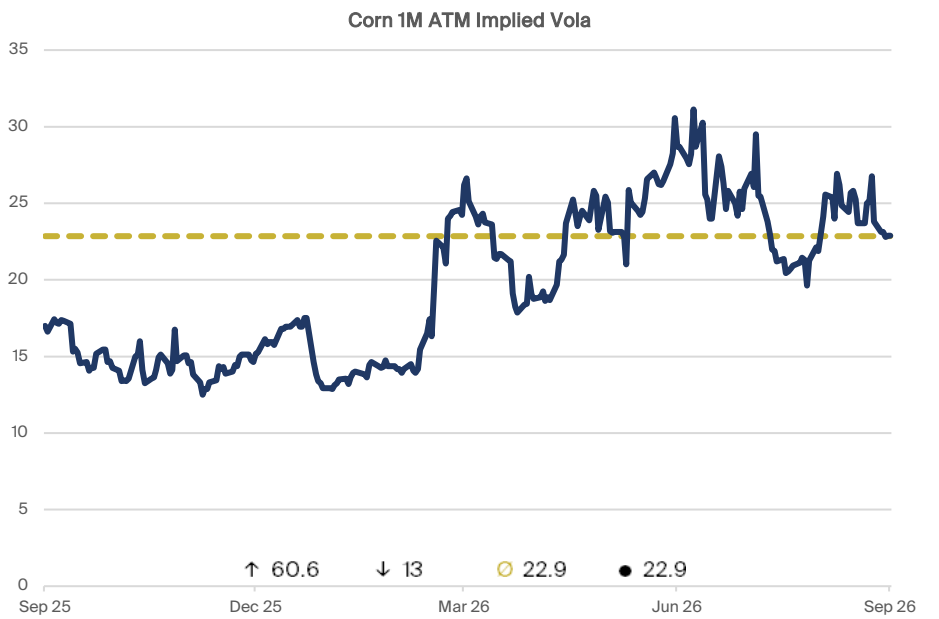
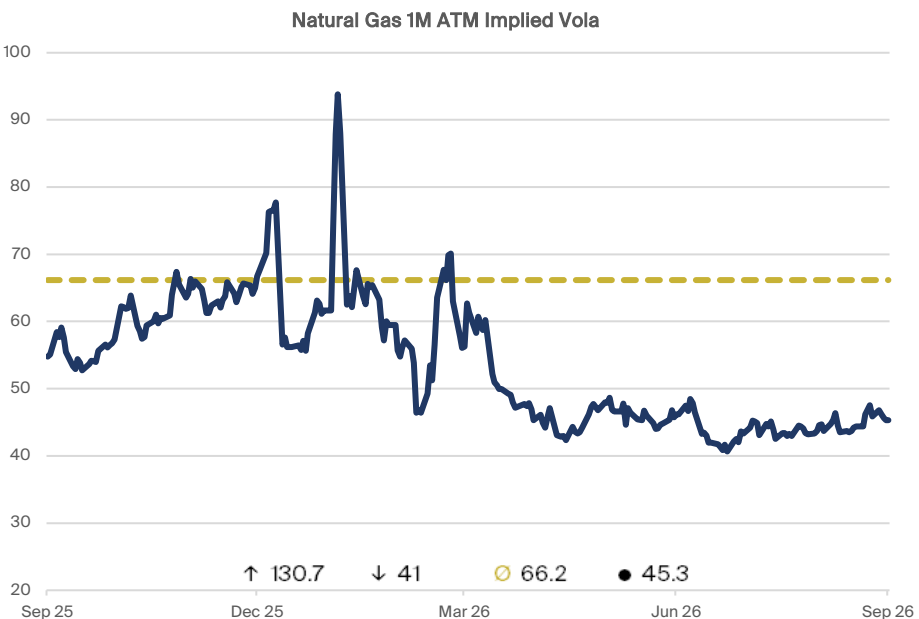
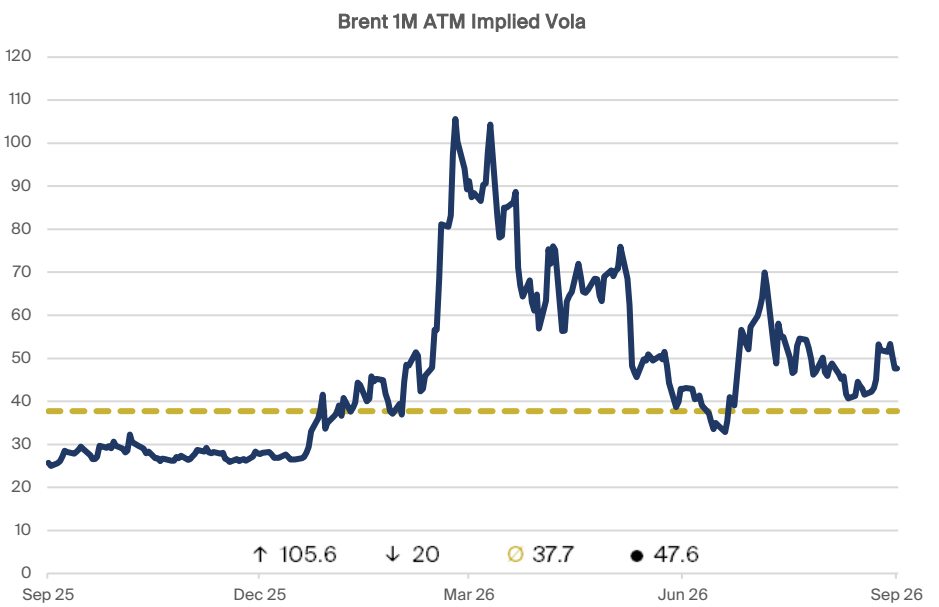
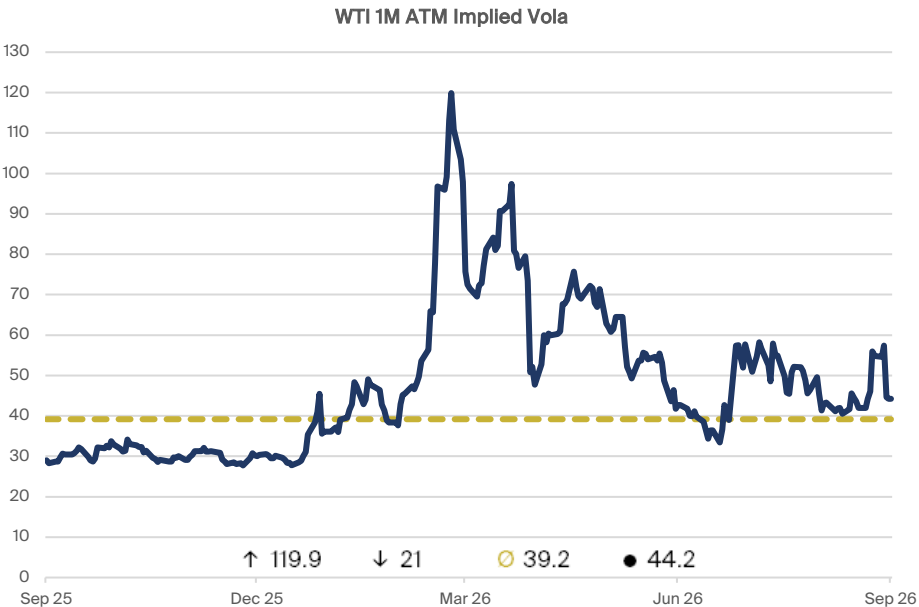
Overview

US Treasury	5.05	Euro Bund	5.16
WTI	44.21	Brent	47.63
Natural Gas	45.30	Corn	22.88

Rates



Commodities



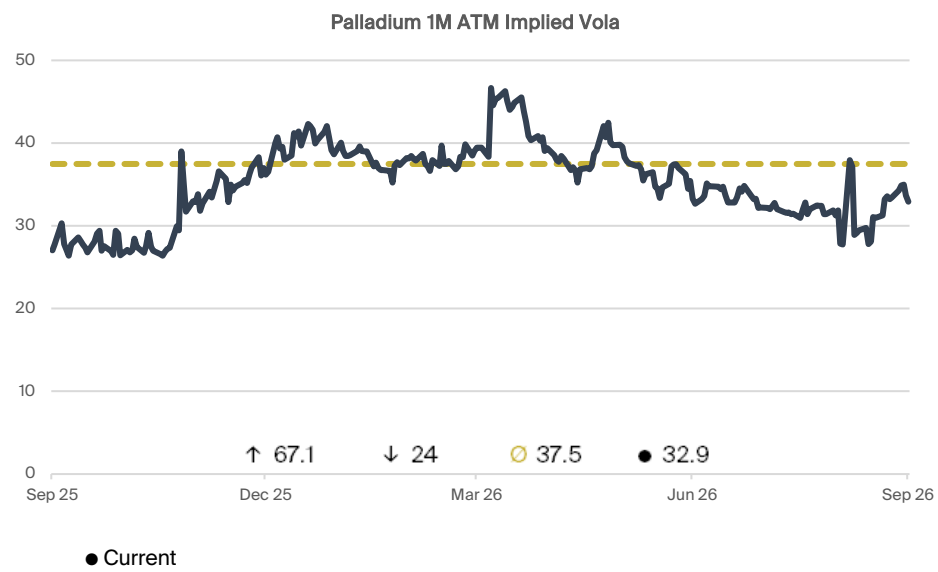
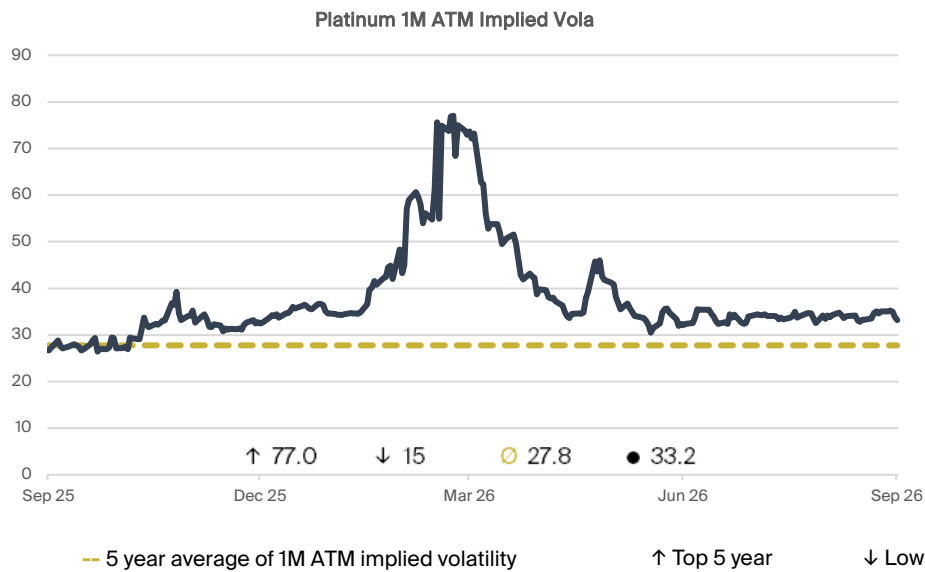
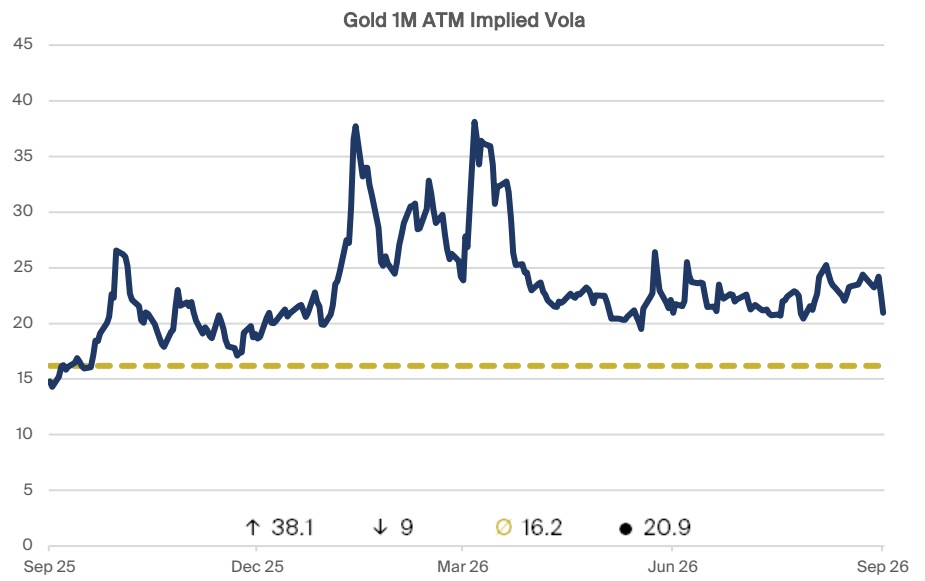
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Overview

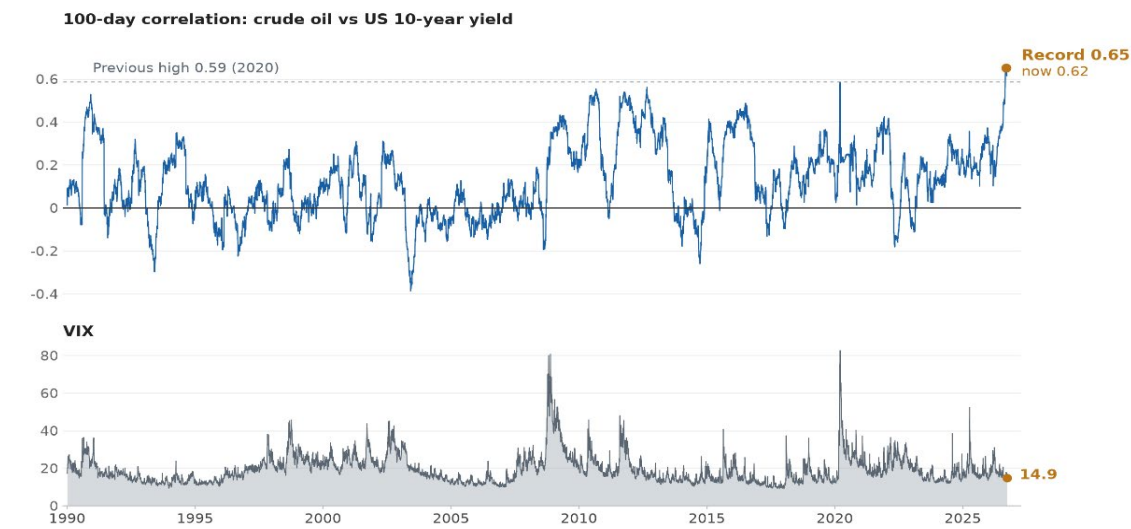
Gold	20.94	Silver	37.37	Platinum	33.19	Palladium	32.92
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Metals



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Crude Awakening



For most of the past three decades, oil and bond yields kept only a loose relationship: an oil shock was an equity problem, and bonds were where investors waited it out. The chart shows that this has changed. The correlation between the two has climbed to 0.65, the highest since the series began, while the VIX beneath it sits near 15, calm by any historical standard.

The cause is inflation. Markets now read a rise in oil as a threat to prices before a threat to growth, and yields climb with it. In that setting a bond no longer offsets an equity loss; it adds to it. The diversification most portfolios rely on is weakest exactly when it would be needed.

For a volatility seller, this changes what the premium is paying for. A low VIX prices an equity market that has seen little stress, not one whose usual cushion has gone. Short-volatility positions deserve sizing for a shock that hits stocks and bonds together. The calm is in the price; the correlation is not.

"A quiet VIX is a fact about the past, not a forecast."

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