

EMCORE Volatility Picture

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



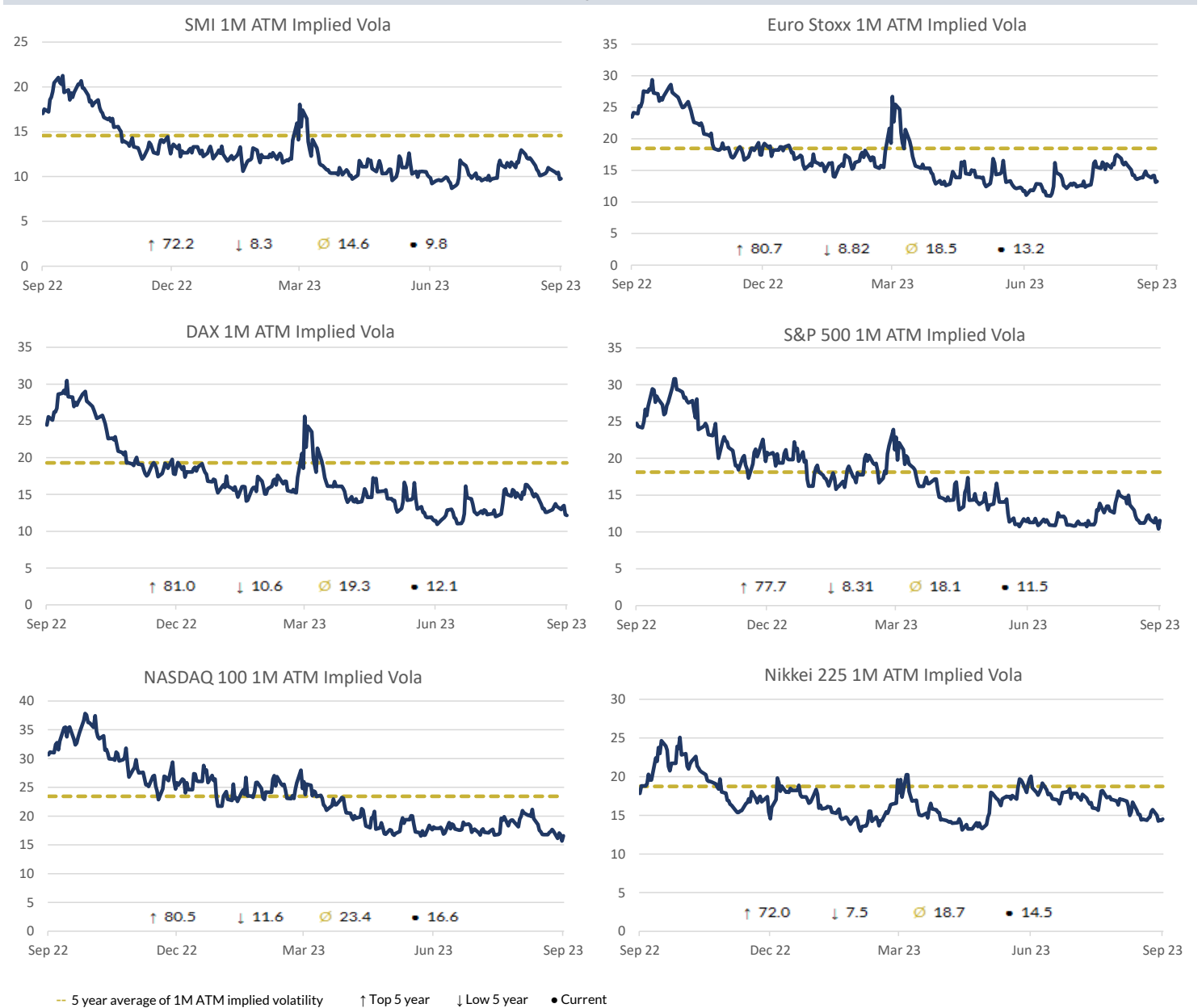
15 September 2023

Vola Headlines

- VIX calls volumes averaging +70% vs the 2019-22 average and call open interest surpassing the 2017 (pre- "volmageddon") peak.
- Poor demand for outright protection drives global volatility and skew parameters to lows.
- Low implied volatilities and flat skews offer ideal conditions for year-end hedging/ upside exposure.
- FX implied volatilities are currently trading near their yearly lows, with only a slight margin above the levels observed in June.

The potential slowdown in U.S. and European growth and widening corporate credit spreads are factors that could put pressure on expected equity returns and increase volatility in the coming months.

Overview							
SMI	9.76	Euro Stoxx	13.25	SPX	11.54	Nikkei	14.51
DAX	12.15	FTSE 100	11.00	NASDAQ	16.57	Hang Seng	19.75



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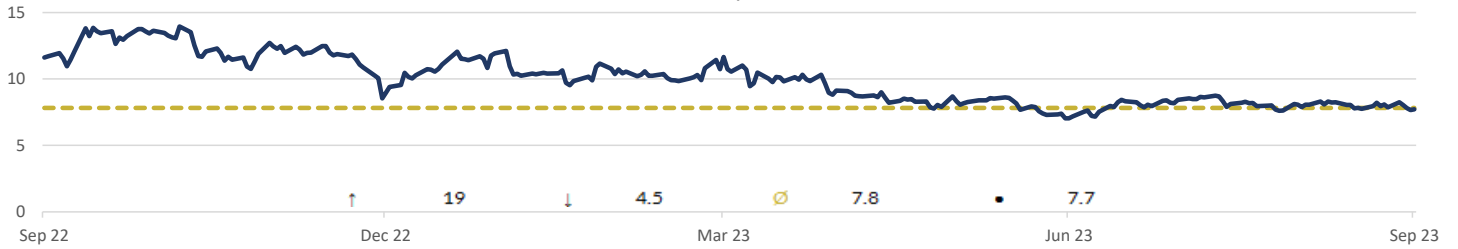


Overview

G10	7.71	USDJPY	9.09	EURGBP	4.69	USDCHF	6.56
EURUSD	6.51	EURCHF	4.82	GBPUSD	7.61	EURJPY	8.60

FX

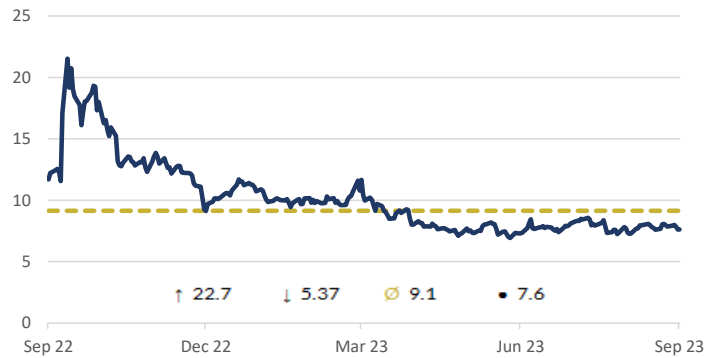
JPM G10 FX Volatility 1M ATM Index



EURUSD 1M ATM Implied Vola



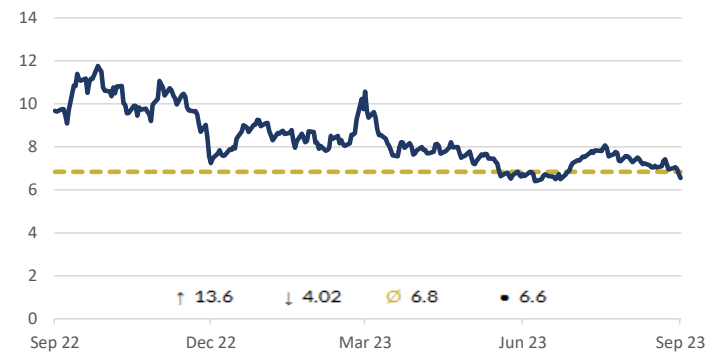
GBPUSD 1M ATM Implied Vola



USDJPY 1M ATM Implied Vola



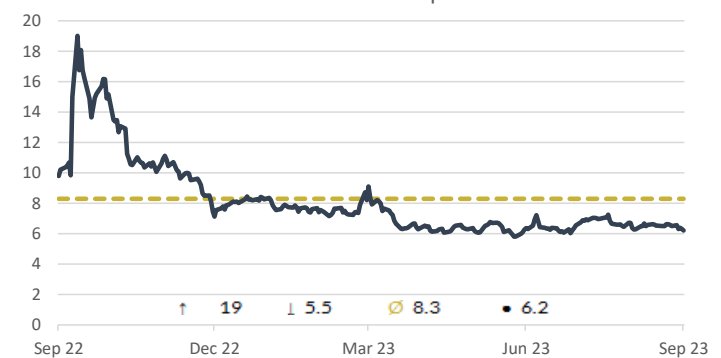
USDCHF 1M ATM Implied Vola



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

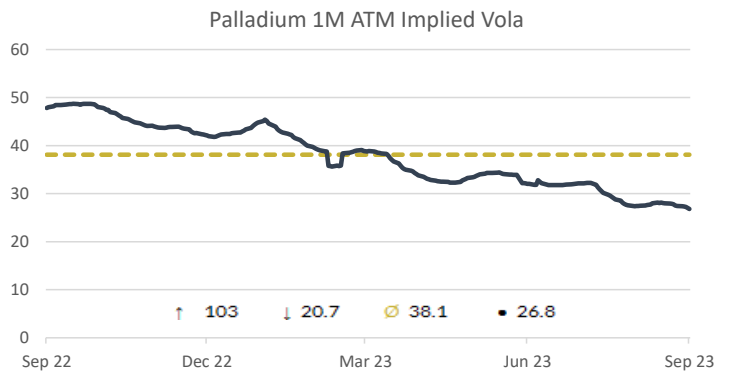
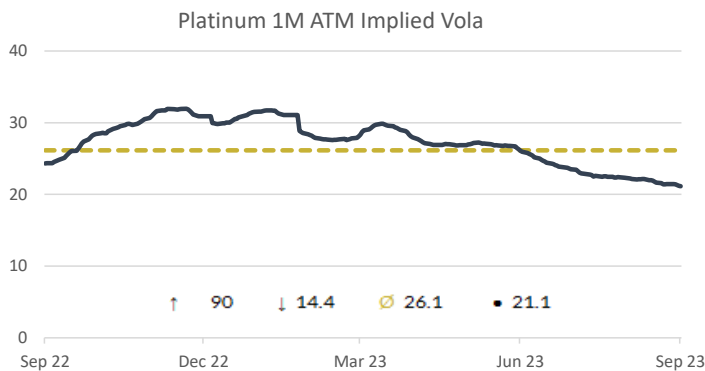
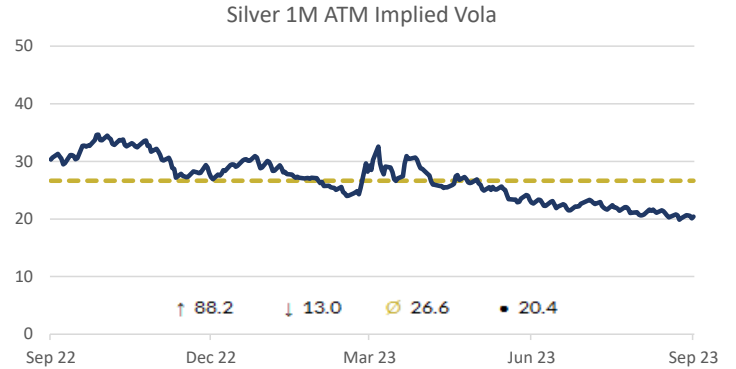
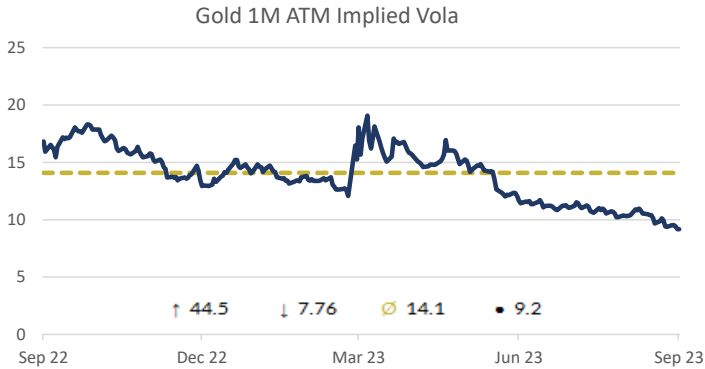
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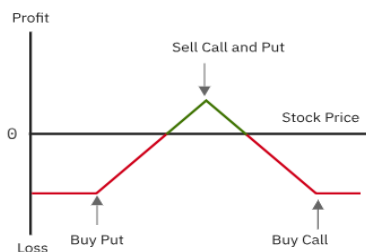
Overview							
Gold	9.18	Silver	20.40	Platinum	21.14	Palladium	26.82
Metals							



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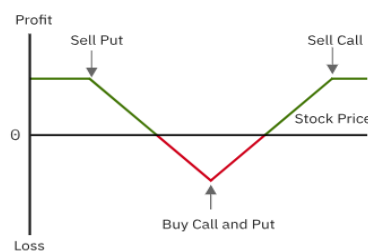
The Butterfly

Short Butterfly



Sell a put and call at the same strike near the stock price. Your view is that the stock wont go down or up, and **Buy a lower Put and a higher call** for protection on both sides just in case you're wrong.

Long Butterfly



Buy a put and call at the same strike near the stock price. Your view is that the stock will go down or up. **Sell a lower put and a higher call** on both sides for reducing premium.

"Zero day options (ODTE) are more sensitive to sudden price movements and market volatility due to their short-term nature."

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