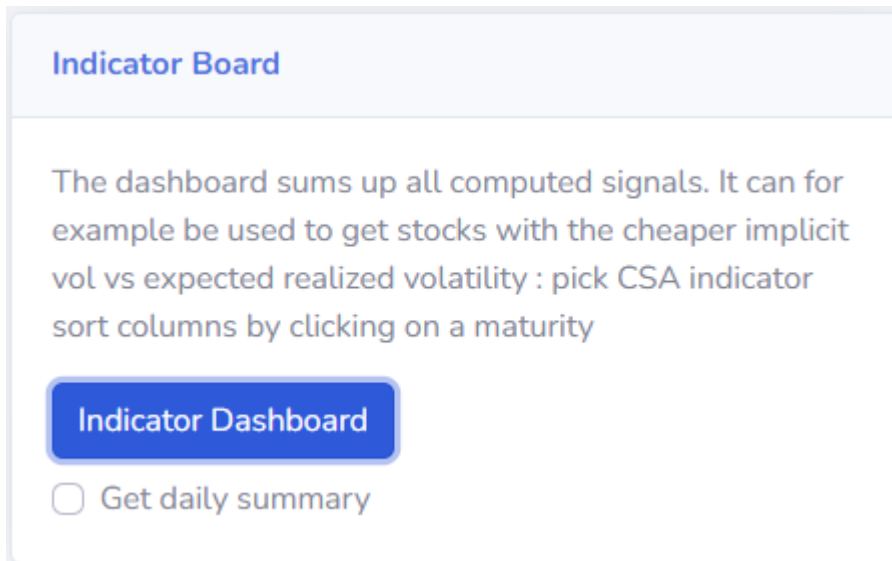


Use case :

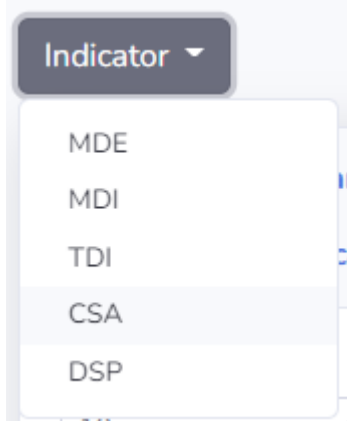
You want to buy equity options in order to take advantage of coming market volatility.
You need to decide which underlying to choose among European stocks.

1/ Visit your canari admin page

2/ Press the "Indicator Dashboard" button :



3/ Select the "CSA" indicator :



Underneath the dropdown menu appears a short explanation of what CSA means :
CSA stands for Cross Sectional ATF (At The money Forward implicit volatility)
This indicator forecasts the spread between the realized and implicit volatility until maturity.

A positive indicator means implicit vol is cheap relative to forecast realized vol.

4/ How it works :

For each stock the AI gathers different kinds of realized volatilities, (different depth, different ways of computing), adjusts them for the effect of special events like earnings releases, and adds other information about spot and vol dynamics completing our set of predictors.

The system simultaneously gathers at the money implicit volatilities based on our live fitting engine.

Phase 1 : Artificial Intelligence (AI) establishes a model linking implicit volatility to predictors.

underlyings	Predictors			AI	Implicit vol
ASML	xxx	...	xxx		37.62
Siemens	xxx	...	xxx		27.33
Nestlé	xxx	...	xxx		15.88
SAP	xxx	...	xxx		25.04
...

Phase 2 : After the learning phase 1, we use the AI to predict the implicit vol for each underlying.

Phase 3 : By comparing the forecast implicit vol (derived from the AI) to the actual one, we see if a stock's implicit vol is over or undervalued and by how much:

The method is similar to a simple IV vs HV ranking but with much more accuracy.

Underlyings	AI generated Implicit Vol	Actual Implicit vol	CSA advice
ASML	34.84	37.62	SELL VOL
Siemens	29.1	27.33	BUY VOL
Nestlé	17.32	15.88	BUY VOL
SAP	22.26	25.04	SELL VOL
...	

5/ The Dashboard :

In order to find the 5 best stocks to buy and hold options on, click on the maturity you are interested in in order to sort the underlyings by decreasing order of their CSA score.

Pick your stocks among the highest ranking underlyings and include your fundamental analysis of the stocks' perspective in the decision.

Show

10

entries

Search:

Underlying	Code	As of	20220617	20220916	20221216
Total	TOTB	2022-02-18 16:15:00 (GMT)	2.55	0.12	1.98
Zurich Insurance Group	ZURN	2022-02-18 16:15:00 (GMT)	2.27	1.04	0.70
Swiss Re	SREN	2022-02-18 16:15:00 (GMT)	2.26	1.24	0.97
Daimler	DAI	2022-02-18 16:15:00 (GMT)	2.00	0.69	0.71
Nestle	NESN	2022-02-18 16:15:00 (GMT)	1.96	1.57	0.77
UBS	UBSN	2022-02-18 16:15:00 (GMT)	1.76	1.03	1.05
Deutsche Bank	DBK	2022-02-18 16:15:00 (GMT)	1.75	1.00	0.85
Bayer	BAY	2022-02-18 10:45:00 (GMT)	1.74	1.32	1.12