

## Two sides of the same coin: Risk & Reward

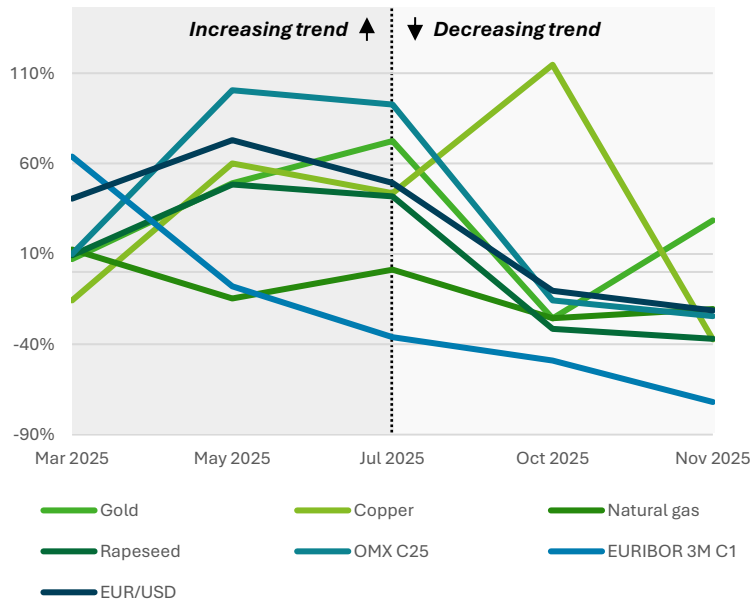
Navigating volatility | 2025 end-of-year view  
Strategy, Risk & Transactions Advisory



# As the new year is on its way, let's take a quick look back into 2025

Volatility in 2025 reflected two contrasting regimes: levels rose early in H1 falling through H2

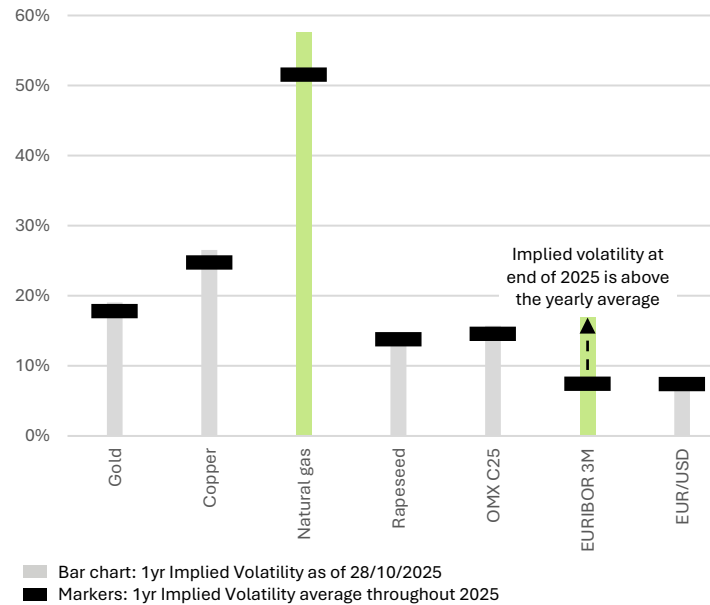
## Rate of change of volatility throughout 2025



Historical volatility in 2025 clearly reflects two distinct regimes:

- **H1 | Increasing trend**  
Elevated volatility driven primarily by heightened risks, however the EURIBOR 3M is an outlier
- **H2 | Decreasing trend**  
The general trend is decreasing, however copper saw a spike

## Implied volatility across 2025



Implied volatility converged towards two distinct outcomes:

- **Generally high but stable IV across markets**  
End of year IV is generally aligned with year average
- **Sector-specific end of year rise**  
Natural gas and EURIBOR 3M, experience higher end-of-year IV compared to 2025 average

## Looking ahead

### Lesson learned from 2025

Managing sharp adverse market moves, e.g. 20% stock price drop in 5 days, is fundamental to being able to navigate markets these days.

Having a well-defined hedging strategy buys you time to assess your exposure, and ask the right questions:

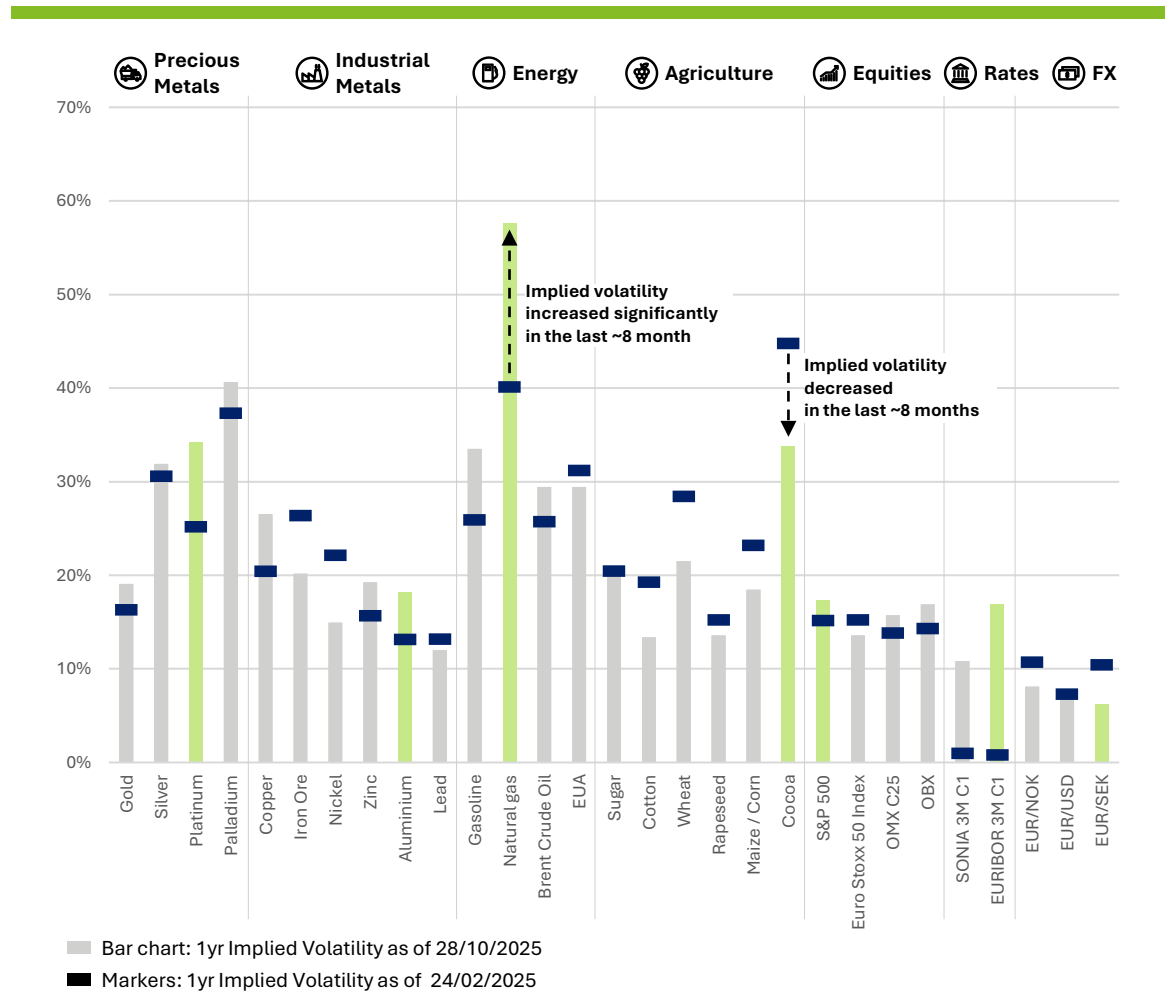
- Is this an opportunity, e.g. is now the time to increase investment?
- Do I need to do something different, e.g. hedges provided some compensation, should I remove exposure?

### Strategic actions for 2026

- Shift your risk strategy from management and mitigation to strategic enabler, e.g. [The risk transformation challenge: Building strategic advantage and resilience](#)
- Identify and capitalize on market shifts when opportunity comes, e.g. [Does Sustainability Pay Off? Insights on EU Taxonomy and the Cost of Capital](#)
- Align your strategy with the economic outlook, by monitoring sector-specific vulnerabilities, e.g. [The Deloitte Economics' Outlook – December 2025](#)
- Explore using AI to limit repetitive process execution, e.g. [Stay in the know: AI trends and early predictions for 2026](#)

# Historical publication | November 2025

Both volatility and liquidity have generally declined over the past 3 months, with Implied volatility tracking realized volatility trends.



(1) Volatility last 3 months/Volatility previous 1 year  
 (2) Liquidity last 3 months/Liquidity previous 1 year, where Liquidity is the impact that trading one contract has on the market price: Liquidity = Average of % change in price/Volume

Data source: Refinitiv Workspace  
 Extraction date: 28/10/2025

Freight index liquidity to be retrieved  
 Implied volatility retrieved at the latest date available on Refinitiv Workspace



Contact us today to explore volatility and risk management together



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