
Carlsquare/Vontobel weekly trading note: Is VIX-mas coming early?

The VIX is currently trading around 15, compared with a peak of 38.57 in August, when higher Japanese interest rates, among other factors, contributed to a short-lived market shock. This is even though there are several uncertainties that could push the VIX higher again, such as the ongoing wars in Ukraine and the Middle East, and the fact that President-elect Trump will soon try to implement his trade proposals. Weak PMI data at the end of last week increases the likelihood of higher ECB rate cuts on the 12th of December.

The CBOE Volatility Index (VIX) has been on a downward trend since the US elections. Far from the volatility spike seen in August, when it peaked at 38.57, the index is now trading around 15 at the time of writing. We see the wars in Ukraine and the Middle East, where the former has recently escalated, as potential triggers for the VIX. We also have US President-elect Trump, who is about to implement his tariffs on China and the EU, and last but not least, the current political turmoil in Germany.

The eurozone composite PMI fell to 48.1 in November from 50.0 in October. In the US, the economy is more dynamic and the composite PMI rose further to 55.3 from 54.1. The services sector is driving the US economy. Continued weak PMI data has been a key argument for the ECB to cut interest rates.

Please find out more in our weekly letter on certificates Vontobel.com: [Read the weekly newsletter here](#)

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