

VIBEX Index

This index consists of reflecting the implied volatility of a theoretical at the money option (ATM) for which there are exactly 30 days remaining until maturity. To do so, options with two different maturities are used, one, which we shall call the Short Maturity, has less than 30 days until maturity, whereas the other, which we shall call Long Maturity, has more than 30 days until maturity.

The implied volatilities of the Short Maturity and Long Maturity options are calculated in order to obtain the volatilities at 30 days exactly.

Characteristics:

The method to calculate the index is very simple and robust. However, VIBEX differs from other implied volatility indices because for the time being it is intended to provide the market with a reliable and accurate indicator of the implied volatility of IBEX 35® options. As is well known, implied volatility reflects market participants' expectation of the volatility of an underlying asset.

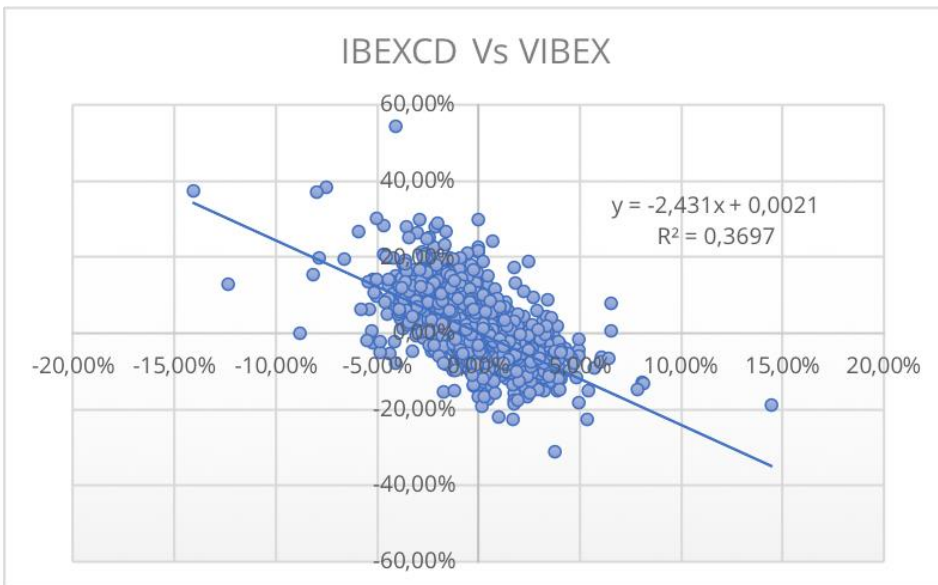
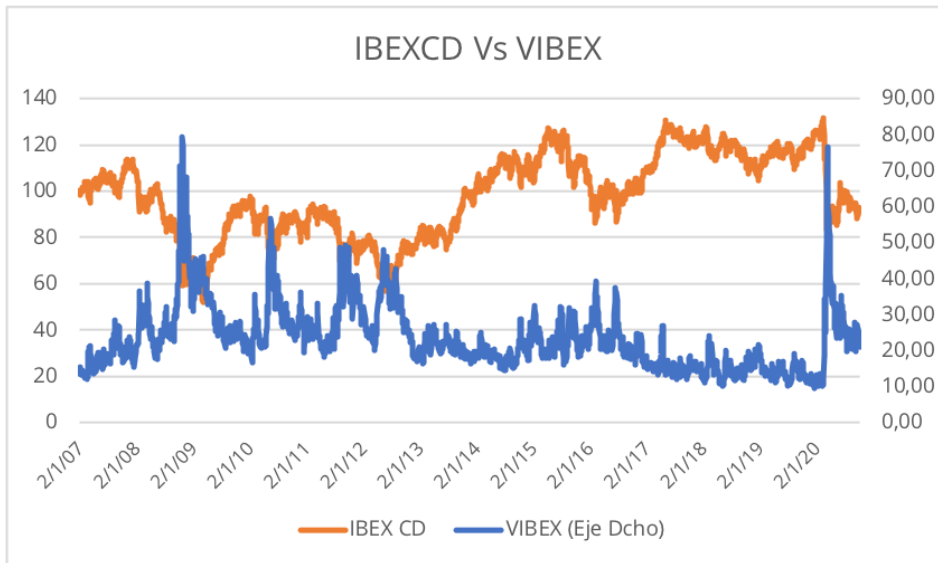
In some other markets the implied volatility index is dubbed the "fear index", because it rises sharply when the market is jittery and sharp corrections are on the horizon. When the index is low, on the other hand, it shows the market is calm. When the IBEX 35® rises, VIBEX usually falls, and vice versa. VIBEX is a fairly excitable index and can move quite sharply.

Utility:

For the time being, VIBEX is not designed to form the basis of indexed products. The usefulness of VIBEX is that volatility is a key element of investment decision-making, especially in the options market. Market sentiment about the future volatility of the IBEX 35® can signal the best time for getting into or out of hedging arrangements.

VIBEX tends somewhat to revert to the mean: when it is very high, it can be expected to decline, and when very low, it is likely to rise. But it usually does not complete these reversions to the mean at the same pace. VIBEX can take its time in rising, but can drop fairly promptly, depending on the nature of the market shock triggering the original rise in volatility.

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Performance	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Oct)
IBEX CD	8,80%	-36,50%	38,27%	-14,44%	-8,06%	0,90%	23,48%	10,33%	-4,27%	5,08%	10,46%	-11,82%	16,43%	-26,55%
VIBEX	30,38%	74,18%	-36,81%	23,08%	18,52%	-29,67%	-5,58%	24,61%	-8,69%	-28,64%	-27,09%	52,23%	-41,31%	84,39%

Volatility	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Oct)
IBEX CD	16,46%	34,17%	25,23%	30,06%	27,93%	27,98%	18,81%	18,42%	21,67%	25,39%	12,85%	13,70%	12,39%	35,29%
VIBEX	99,64%	118,73%	72,61%	93,34%	102,02%	67,15%	66,58%	77,03%	100,49%	82,49%	92,07%	99,42%	89,67%	155,38%