

# Volatility Comparison - VCMP <Go>

Bloomberg now offers a single platform for comparison of implied and historical volatility: VCMP <Go>. VCMP allows you to measure market expectations for volatility over time, and to compare those expectations to the actual or realized volatility for the same period. The chart also allows you to measure the skew and term structure of implied volatility over time which can be viewed against historical volatility to see how volatility for specific contract terms compares to the historical volatility of the underlying asset



Choose an applicable security and enter VCMP <Go> (Figure 1). Now select Line 1, 2, 3, or 4 by clicking on the corresponding down arrow to display a dropdown menu of seven categories of volatility and price data (Figure 2). A maximum of thirty price or volatility data points are available (Figure 3). To choose from more than 200 additional data items available, click on the EDIT button.

### Available Data:

At the Money - Weighted average of the at-the- money strikes with a 20 day roll prior to expiration. Normalized terms to expiration are derived using straight line interpolation.



Percent Moneyness - Records volatility for strike levels using out of the money calls and puts, and measures % moneyness as:  $\%(X/S)$ . Term to expiration uses straight line interpolation.

Sigma - Records volatility for strike levels as fixed deviations from the spot using strips of out-of-the money calls and puts. Defined as:  $\log(X/S)/(\sigma\sqrt{T})$ . Term to expiration uses straight line interpolation.

Delta - Measures strike levels by weighted average of options at the 10, 25, 40, 50, 60, 75, 90.

Historical Volatility - Displays the annualized deviation for the underlying security for the 10,30, 60, 90, 180, 200, 260, and 360 days.

Pricing - Allows you to plot price levels of the underlying security.

