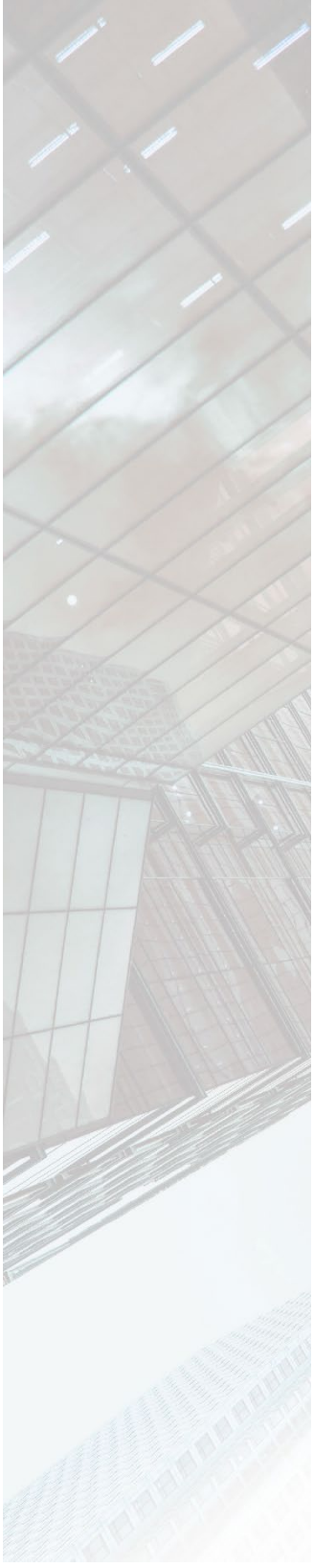
Macro-Economic AI

Model for Macro-Economic Auto-Adjustment In Real-Time As Part Of The Overbond AI Analytics

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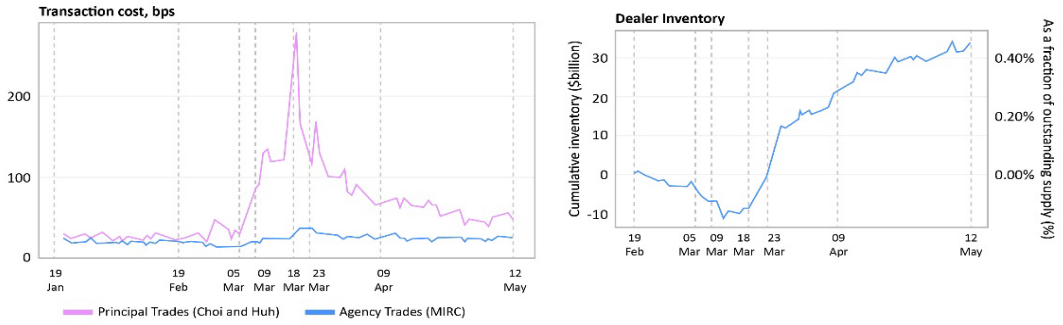
Risks reined in: How Overbond AI is helping traders navigate the current geopolitical climate and turbulent markets

In March 2020, several of the largest banks famously shut down their auto-quoters as the pricing algorithms couldn't keep up with the unprecedented volatility. This withdrawal of liquidity provision, presented a learning opportunity for the algos and the humans at the wheel, and ensured those same auto-quoters to handle more recent volatility e.g., the regional bank crisis) without a hitch." This indicates a need for analytic features that can adapt to and handle extreme market conditions.

Automated fixed income trading is steadily becoming more robust. But as dealers and investors rely more on automation, it becomes ever more imperative to have analytics that can effectively handle macroeconomic shifts, changing market conditions and even extreme market volatility. Sell-side dealers must be able to provide the buy-side with seamless liquidity during turbulent times and buy-side portfolio managers must be able to analyze investment opportunities and manage risk.

March 2020 COVID Market Distress: Dealer Liquidity Risk Premium and Reserve Inventory Increase

At the height of the COVID-induced market panic, with investors rushing to sell assets as quickly as possible and dealers hesitant to absorb assets directly onto their balance sheets, the spread between on-risk and off-risk trades dramatically spiked and dealer inventory increased.



Feb 19	Stock market peak
Mar 5	Beginning of extended fall in equity prices and rise in corporate credit spreads
Mar 9	First day of trading after Saudi Arabia initiated on oil price war with Russia
Mar 18	First day of trading after announcement of PDCF **(Primary Dealer Credit Facility)** in USA
Mar 23	Announcement of SMCCF **(Secondary Market Corporate Credit Facilities)** in USA
Apr 9	Expansion of PMCCF and SMCCF **(Primary Market Corporate Credit Facility and Secondary Market Corporate Credit Facilities)**

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ii. Nations, U. (2023, January 26). With highest number of violent conflicts since Second World War, United Nations must rethink efforts to achieve, sustain peace, speakers tell Security Council | Meetings Coverage and press releases. United Nations. https://press.un.org/en/2023/sc15184.doc.htm
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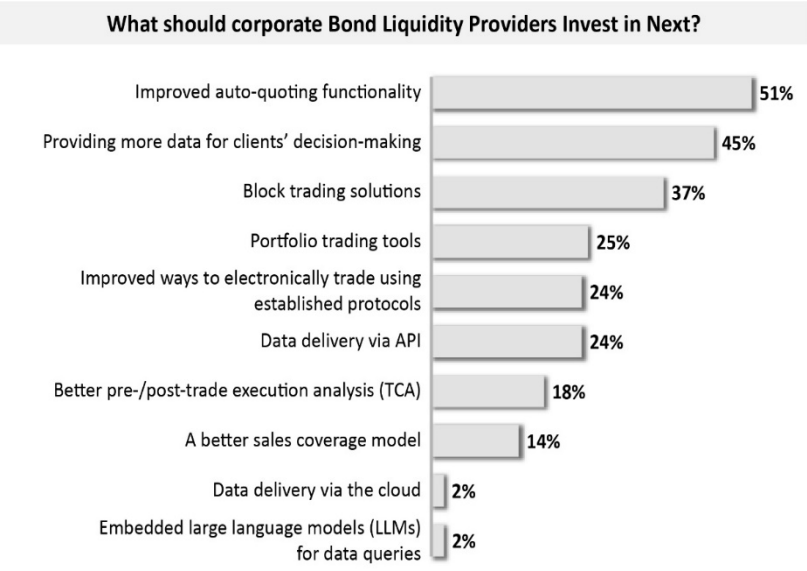
Geopolitical and economic risks remain high

Globally, more voters than ever in history will head to the polls with at least 64 countries (plus the European Union)—representing a combined population of about 49% of the people in the world—are due to hold national elections, the results of which, for many, will prove consequential for years to come.

The U.S. economy continues to boom, but inflation, though much lower, remains stubbornly elevated. At the same time, European economies are slowing, and global central banks' monetary policies are likely to begin diverging. Meanwhile, worldwide shipping—still recovering from the worst of the pandemic—has been recently disrupted by conflict in the Red Sea and low water levels in the Panama Canal.

Recent market volatility necessitates enhanced analytic features capable of adapting to diverse market conditions.

The inability of liquidity provision algorithms to cope with the unprecedented volatility in March 2020 spurred adaptation, enabling auto-quoters to handle subsequent volatility without issues. A survey of 51 corporate bond investors in late 2023 highlighted a demand for improved auto-quoting, emphasizing the immediate necessity for analytics features adept at managing market volatility.



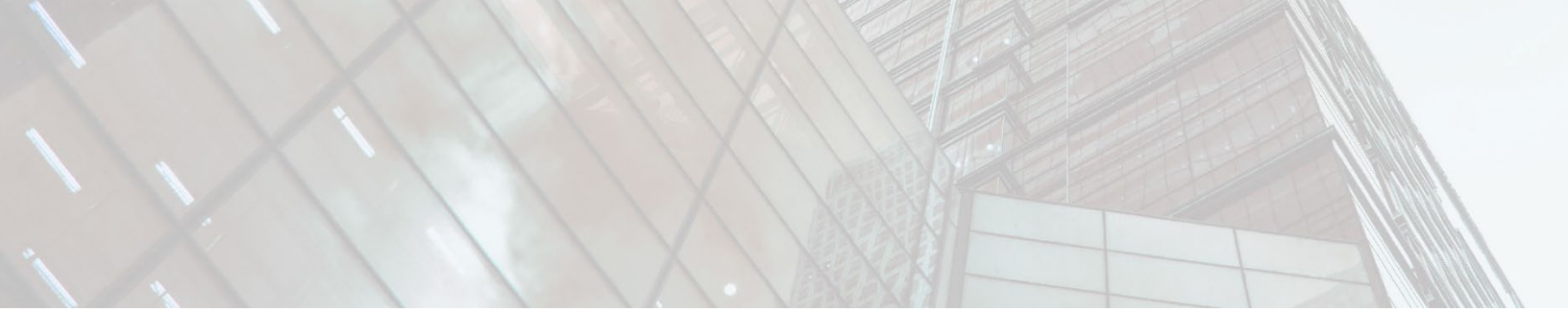
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Overbond AI is continuously evolving to tackle geopolitical and economic risks

Overbond AI is helping traders and portfolio managers navigate this challenging environment by providing precision enhancements to its suite of auto-pricing models. Overbond AI optimisation normalises market signals for individual bonds against a larger universe of similar bonds and macroeconomic indicators to retain robustness during periods of macroeconomic and market volatility.

With the recent addition of new data partners and data sources, the benchmark universe used for optimisation by Overbond AI is now larger. It includes more data points, securities, and key economic indicators such as repo and overnight funding rates as well as long end benchmark bonds and swaps.

This expanded universe is used for historical training and real-time refreshes of AI analytics capable of identifying regime-switching volatility, which provides Overbond clients with increased precision and better pricing performance through changing macroeconomic environments.

Overbond's powerful real-time AI tools can provide a steady analytical hand in turbulent markets.

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About Overbond

Overbond is a developer of process-redefining, AI-driven data and analytics and trade automation solutions for the global fixed income markets. Overbond performs market surveillance, data aggregation and normalization, and deep AI quantitative observation on more than 250,000 corporate bonds and fixed income ETFs. Applying proprietary artificial intelligence to pricing, curve visualization, market liquidity, issuance propensity, new issuance spreads, default risk and automated reporting, Overbond enables trade automation and enhances trade performance and portfolio returns. Clients of Toronto-based Overbond include global investment banks, broker-dealers, institutional investors, corporations and governments across the Americas, Europe and Asia. For more information, please visit www.overbond.com.



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