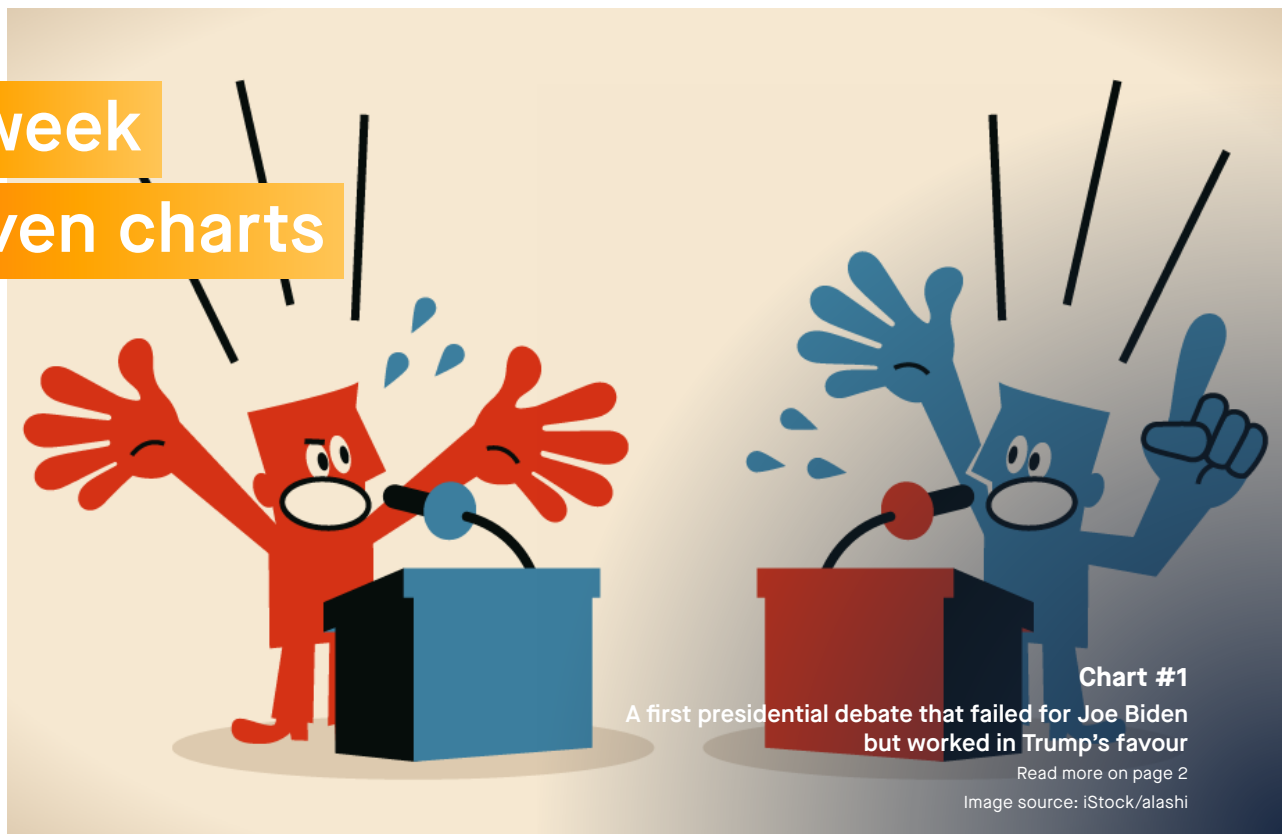


The week in seven charts



Debate fumble: Biden stumbles, Trump soars

Biden stumbles in his first debate, credit card interest rates soar in the US, and Hoka's dream ascent continues. Each week, the Syz investment team takes you through the last seven days in seven charts.

Charles-Henry Monchau

Chief Investment Officer

Chart #1

A first presidential debate that failed for Joe Biden but worked in Trump's favour

The first presidential debate between Trump and Biden was mediocre in terms of content. However, it was the format that truly made an impact: Joe Biden appeared to be in a physical and mental state that could hinder his chances of re-election. Consequently, according to the betting website Predictit, Trump's chances of winning the presidential election have risen to 60% (represented by the red line below), while Biden's have significantly decreased (indicated by the blue line below).

As the Politico website points out, the Democrats started sounding the alarm the second Biden began speaking in a hoarse, hesitant voice. A few minutes into the debate, he tried to defend his economic record, but quickly got tangled up. He then failed to describe the key healthcare initiatives he has placed at the centre of his re-election bid, saying "we finally beat Medicare" and incorrectly stating how much his administration has cut the price of insulin. On Afghanistan, he got himself into an impasse by referring to his administration's botched withdrawal without being invited to talk about it.

He repeatedly confused the words "billion" and "million" and very often found himself on the defensive during this 90-minute debate.

And when he wasn't talking, Mr. Biden stood frozen behind his podium, wide-eyed and unblinking, for seemingly endless minutes...

Rumours are circulating that the Democrats will replace their candidate while there's still time.



Source: Bloomberg, HolgerZ

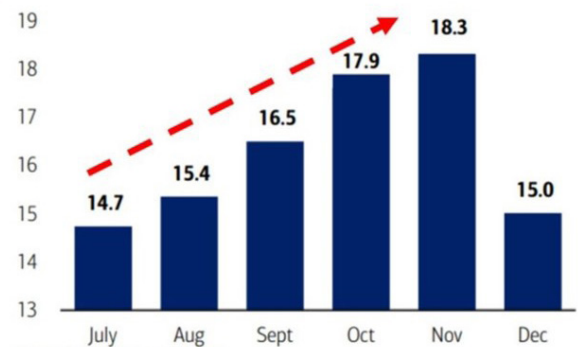
Chart #2

What does the US presidential election mean for market volatility?

The VIX volatility index rises by an average of 25% between July and November during election years, mainly because investors hedge their positions with options due to the uncertainty surrounding the election. This also coincides with an average 3-5% decline in the S&P 500 a month before the election. After the election, volatility falls by an average of 18% between November and December. Historically, this has triggered an average market rise of 9.5% between election day and the end of the year.

Exhibit 3: 25% increase in volatility from July-Nov of election years

Average monthly volatility (VIX 1990-present, monthly average of daily S&P 500 return volatility 1928-1989) for US election years since 1928



POSTED BY @KOBESSILETTER

Source: Bloomberg, FactSet, BofA US Equity & Quantitative Strategy

BofA GLOBAL RESEARCH

Source: BofA

Chart #3

Soaring credit card interest rates in the US

In the United States, credit card interest rates reached an alarming 21.47%. At the same time, credit card debt passed the \$1 trillion mark, while personal interest payments exceeded \$500 billion. To make matters worse, excess household savings are now depleted.

Credit Card Interest Rate Above 20%

Commercial Bank Interest Rate on Credit Card Plans, All Accounts



Dates: November 1994 Through Q4 2024.
Source: Federal Reserve Board, Game of Trades.

Source: Game of Trades

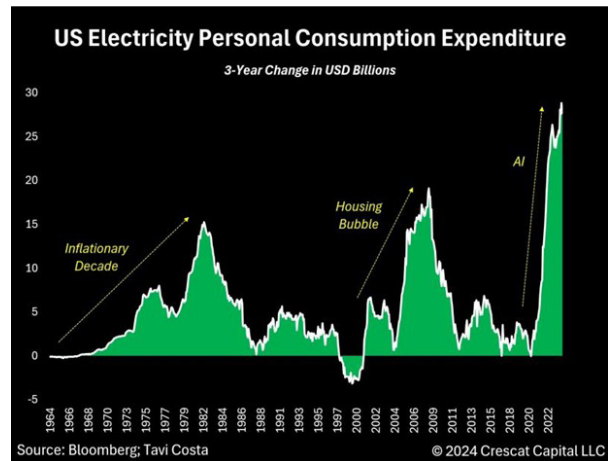
Chart #4

Electricity is likely to become increasingly expensive

Electricity consumption has exploded, and that's only the beginning. The rise of electric cars, electric heating and advances in artificial intelligence are dramatically increasing energy requirements. This trend raises two crucial questions:

1. Is the global economy ready for these changes?
2. Could artificial intelligence be inflationary in the short term and deflationary in the long term?

Indeed, the massive infrastructure required to harness AI demands a significant expansion in demand for productive investment, while raw materials, and metals in particular, remain constrained on the supply side.



Source: Crescat Capital, Bloomberg

Chart #5

Moscow to Mumbai

The International North-South Transport Corridor (INSTC) is making daily progress. It's a 7,200 km multimodal network of sea, rail and road links for the transport of goods between India, Iran, Azerbaijan, Russia, Central Asia and Europe. The corridor aims to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, Bandar Abbas, Astrakhan and Bandar Anzali. The Russia-Iran-India corridor is a real logistical and geopolitical feat, and a potential game-changer for international trade.

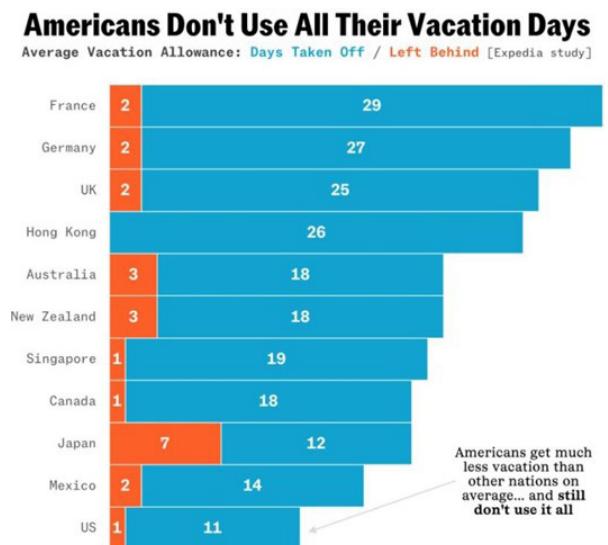


Source: S.L. Khantan

Chart #6

Ah, holidays...

The French enjoy the highest number of vacation days per year, with an annual average of 31 days. By comparison, Americans have far fewer vacations, averaging just 12 days a year. What's more, they don't use all their available vacation days...



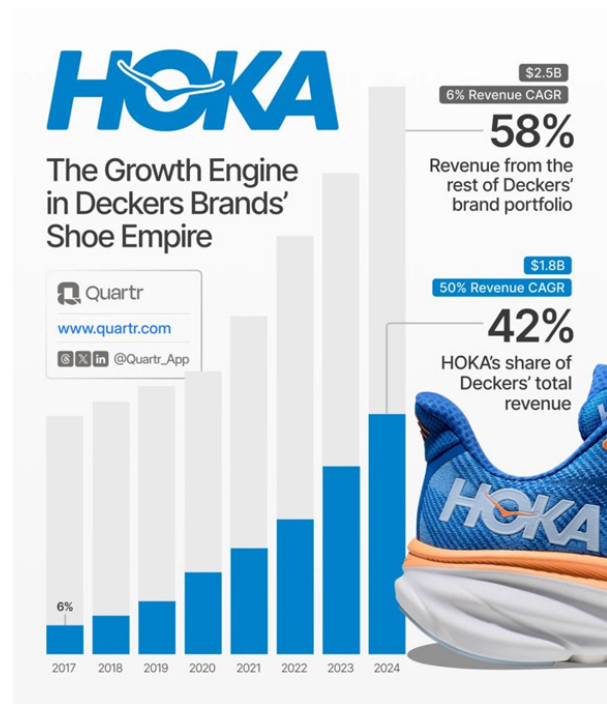
Source: Expedia Vacation Deprivation Report 2024 | N = 11,980 respondents across 11 nations

Chart #7

HOKA, running shoes with thick soles

Hoka One is a French sports equipment manufacturer specialising in sports footwear for trail running, cross-country running and athletics. The company was founded in 2009 in Annecy by two passionate mountain runners, Jean-Luc Diard and Nicolas Mermoud, joined by Sébastien Mazars, and Christophe Aubonnet, a designer at Salomon.

In 2012, Deckers Outdoors (DECK) acquired the running shoe brand HOKA for around \$1.1 million. Ten years later, the company has managed to increase HOKA's revenues from less than \$3 million to more than \$1.4 billion for fiscal year 2023. That's a spectacular increase of almost 500 times. Is HOKA one of the most impressive consumer product acquisitions of all time?



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