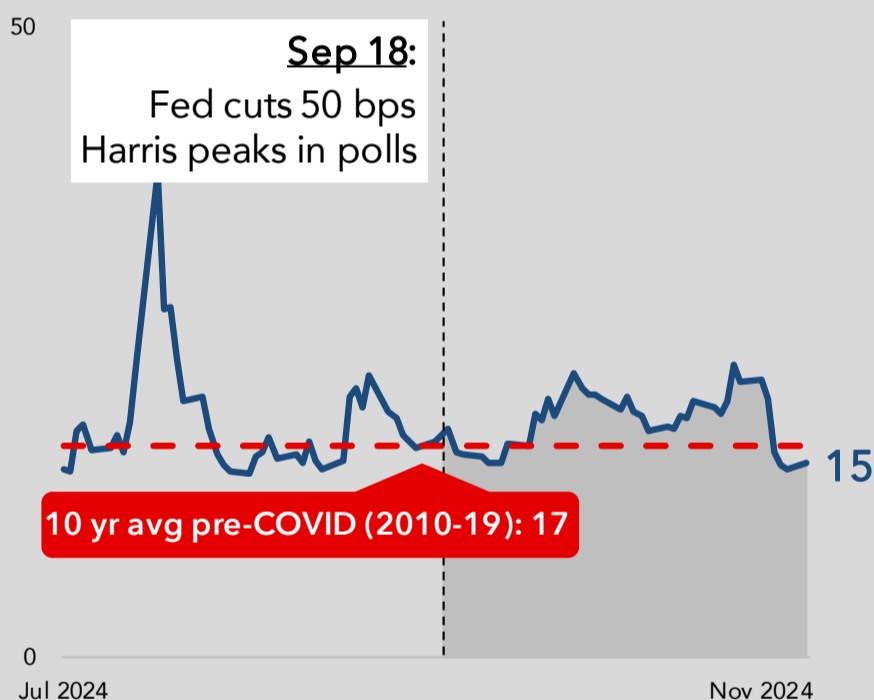


Chart of the Day

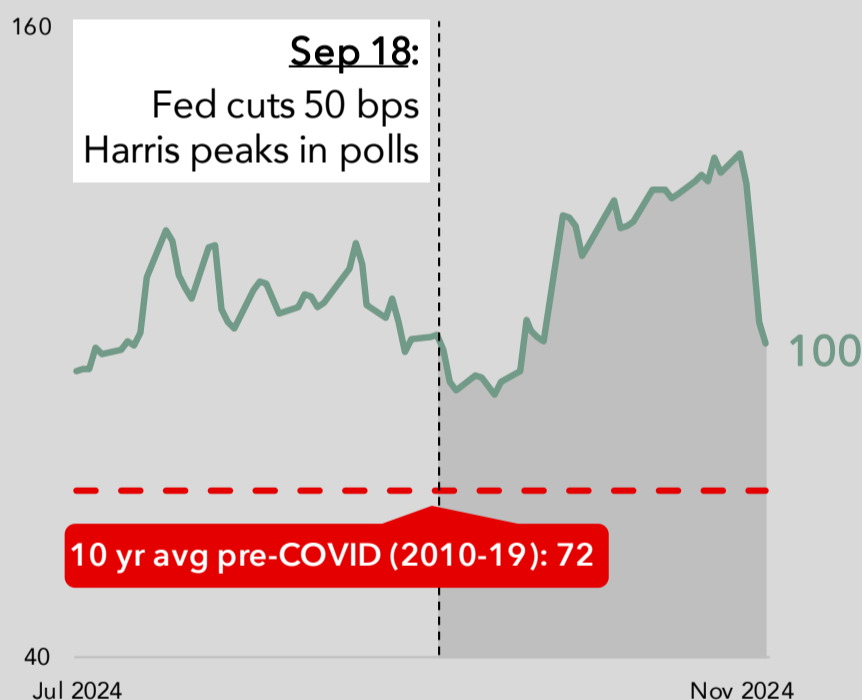


Add “volatility divergence” to the growing list of “Trump trades” which include a stronger Dollar, higher rates, bank stocks, US equities and cryptocurrencies. With the 2017-18 playbook in mind (tax cuts, higher S&P 500 earnings and stock buybacks), rising US stocks have driven equity volatility (VIX) lower. At the same time, rate volatility has remained elevated as the prospect of a “Republican sweep” increases the scale of multi-trillion US fiscal expansion, and related inflation / rate-path uncertainty.

Equity volatility (VIX) since July 21



Rate volatility (MOVE) since July 21



Source: (1-2) Bloomberg. Data as of November 11, 2024.

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“Macro stability isn’t everything, but without it, you have nothing.”