

10 charts
to remember



Chart #9
Commodities posted a very strong July
[Read more on p3](#)

July monthly review

July was a strong month for risk assets, the Dow Jones experienced its longest positive streak since 1987 and the global economy, particularly the US, has shown resilience, with strong performance in the equity market. Additionally, inflation continues to cool. Here are 10 charts to help you look back on what happened in the markets during the month of July.

Charles-Henry Monchau
Chief Investment Officer

Chart #1 –

A strong month for risk assets

After a mixed performance in June, July was largely positive for assets across the board. The MSCI World (in \$) recorded a 3.7% gain over the month. The S&P 500 was up 3.1% ; a 5th straight monthly gain while the Nasdaq advanced by 4.1%. While the strong equity performance in H1 was mainly sparked by the enthusiasm around Artificial Intelligence (AI), market leadership has been broadening recently as economically sensitive parts of the market, including small-cap stocks and cyclical sectors, have outperformed in recent weeks. From a regional perspective, the MSCI Emerging markets (+6.3%) outperformed the MSCI Developed markets (+3.4%). Fixed income also recorded positive returns overall, with global bonds rallying 0.7% over the month. Commodity prices reversed some of their year-to-date losses, with the broad Bloomberg Commodity Index rising 6.3% over July (see chart #9).

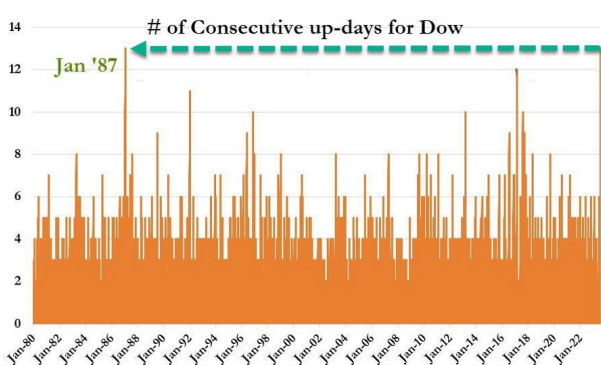
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	July '23
Global REITS 23.0%	Small cap 52.5%	Global REITS 22.1%	Growth 3.5%	Small cap 13.3%	MSCI EM 37.8%	Global Agg -1.2%	Growth 34.1%	Growth 34.2%	Global REITS 32.6%	Cmnty 16.1%	Growth 31.0%	MSCI EM 6.3%
MSCI EM 18.6%	Value 27.5%	Growth 6.5%	Global REITS 0.6%	Value 13.2%	Growth 28.5%	Global REITS -4.9%	DM Equities 28.4%	MSCI EM 18.7%	Cmnty 27.1%	Value -5.8%	DM Equities 19.3%	Cmnty 6.3%
Small cap 27.4%	DM Equities 5.5%	DM Equities 0.1%	Small cap 0.1%	Cmnty 11.8%	Small cap 23.2%	Growth -6.4%	Small cap 26.8%	DM Equities 16.5%	Value 22.8%	Global Agg -16.2%	Small cap 13.3%	Small cap 4.9%
Growth 16.4%	Growth 27.2%	Value 4.4%	DM Equities -0.3%	MSCI EM 11.6%	DM Equities 23.1%	DM Equities -8.2%	Global REITS 24.4%	Small cap 16.5%	DM Equities 22.3%	DM Equities -17.7%	MSCI EM 11.7%	Value 3.9%
DM Equities 16.5%	Global REITS 2.3%	Small cap 2.3%	Global Agg -3.2%	DM Equities 9.2%	Value 18.0%	Value -10.1%	Value 22.7%	Global Agg 9.2%	Growth 21.4%	Small cap -16.4%	Value 8.5%	DM Equities 3.4%
Value 16.4%	MSCI EM -2.3%	Global Agg 0.6%	Value -4.1%	Global REITS 6.5%	Global REITS 8.0%	Cmnty -11.2%	MSCI EM 18.9%	Value -0.4%	Small cap 16.2%	MSCI EM -19.7%	Global REITS 4.1%	Global REITS 3.4%
Global Agg 4.3%	Global Agg -2.6%	MSCI EM -1.6%	MSCI EM -14.6%	Growth 3.2%	Global Agg 7.4%	Small cap -13.5%	Cmnty 7.7%	Cmnty -3.1%	MSCI EM -2.2%	Global REITS -23.7%	Global Agg 2.1%	Growth 2.9%
Cmnty -1.1%	Cmnty -9.5%	Cmnty -17.0%	Cmnty -24.7%	Global Agg 2.1%	Cmnty 1.7%	MSCI EM -14.2%	Global Agg 6.8%	Global REITS -10.4%	Global Agg -4.7%	Growth -9.1%	Cmnty -2.0%	Global Agg 0.7%

Source: JP Morgan

Chart #2 –

A very long positive streak for the Dow Jones

The Dow Jones (DJIA) delivered 13 consecutive positive days in July. This is the longest positive streak for the index since 1987 .

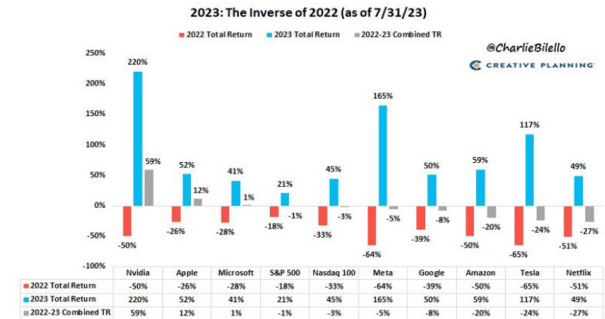


Source: www.zerohedge.com

Chart #3 –

So far, 2023 has been a mirror image of 2022

2023 has been so far the exact opposite of 2022 in terms of assets returns. This is best illustrated by the performance of the Nasdaq 100 and the “magnificent 7” in particular.



Source: Charlie Bilello

Chart #4 –

The US economy continues to surprise on the upside

Part of the strong performance of the equity market over the recent months can be explained by the resilience of the global economy and the US in particular. While manufacturing sector continues to struggle, services remain strong. We note that the Citi US Economic Surprise Index is at the highest level since early 2021.



Source: Bloomberg

Chart #5 –

Inflation continues to cool down

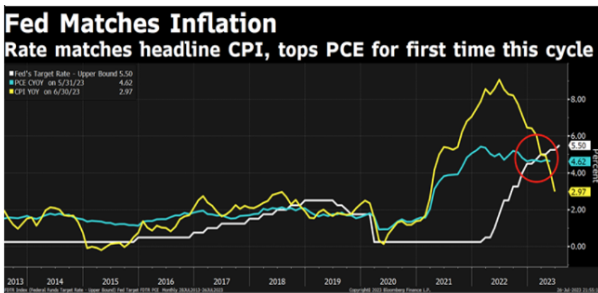
Global inflation continues to move lower. In the US, June inflation numbers showed signs of cooling faster than expected with the Fed’s favourite gauge of inflation, the PCE index, slowing to 3% in June, down from 3.8% in May and the lowest monthly change in more than 2 years. The same trend can be observed in most countries.

Global Inflation Rates		
Country/Region	CPI Inflation (YoY %)	Trend vs. Prior Reading
CHINA	0.0%	Lower
THAILAND	0.2%	Lower
SWITZERLAND	1.6%	Lower
TAIWAN	1.6%	Lower
SPAIN	2.2%	Higher
SOUTH KOREA	2.2%	Lower
SAUDI ARABIA	2.7%	Lower
CANADA	2.6%	Lower
US	3.0%	Lower
INDONESIA	3.1%	Lower
PORTUGAL	3.1%	Lower
BRAZIL	3.2%	Lower
RUSSIA	3.2%	Higher
JAPAN	3.3%	Higher
FRANCE	4.3%	Lower
SINGAPORE	4.5%	Lower
NETHERLANDS	4.6%	Lower
INDIA	4.8%	Higher
MEXICO	5.1%	Lower
EUROZONE	5.3%	Lower
PHILIPPINES	5.4%	Lower
SOUTH AFRICA	5.4%	Lower
AUSTRALIA	5.4%	Lower
NEW ZEALAND	6.0%	Lower
ITALY	6.0%	Lower
IRELAND	6.1%	Lower
GERMANY	6.2%	Lower
FINLAND	6.3%	Lower
UK	7.5%	Lower
SWEDEN	9.2%	Lower
POLAND	10.8%	Lower
TURKEY	30.2%	Lower
ARGENTINA	116%	Higher
VENEZUELA	429%	Lower

Source: Charlie Bilello

Chart #6 – A “dovish” hike?

In light of the cooling down of inflation, markets have been progressively anticipating the end of the US interest rate hiking cycle. At the July FOMC, the FED raised interest rates by a quarter point (as expected) to the highest level in 22 years and left the door open for additional increases as officials fine-tune their effort to further quell inflation. But there were some dovish statements as well. Indeed, the FED said they are taking a "meeting by meeting" approach to future interest rate policy. For the 1st time in this cycle, Fed rates match headline CPI but also tops Personal Consumption Expenditure (PCE) index. This fuels speculation that the Fed is nearly done.

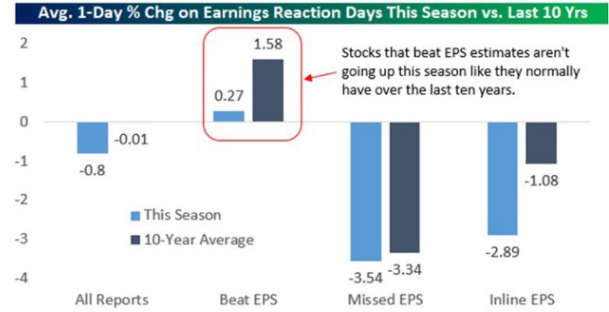


Source: Bloomberg

Chart #7 – Strong corporate earnings but no love for beats so far

More than 50% of S&P 500 companies have now reported their Q2 earnings. Of these companies, 80% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 73%. However, we note that stocks that have beaten EPS estimates this season aren't going up like they normally have over the last 10 years. They have averaged a one-day gain

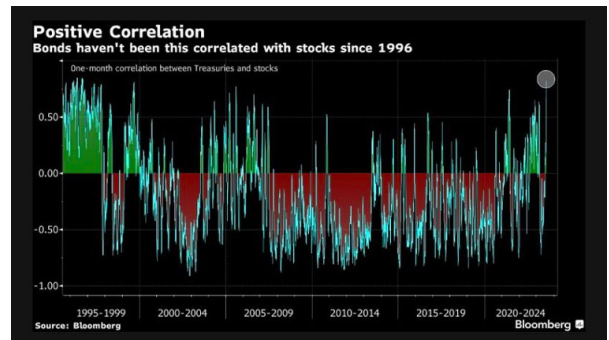
in share price of just 0.27% in reaction to the beat. Over the last ten years, an earnings beat has resulted in a much bigger one-day gain of 1.58%. At the same time, stocks that have missed EPS estimates this season have averaged a one-day drop in share price of 3.54%. That's worse than the normal drop of 3.34% across all earnings misses over the last ten years.



Source: Bespoke

Chart #8 – Bonds and equities correlation spikes

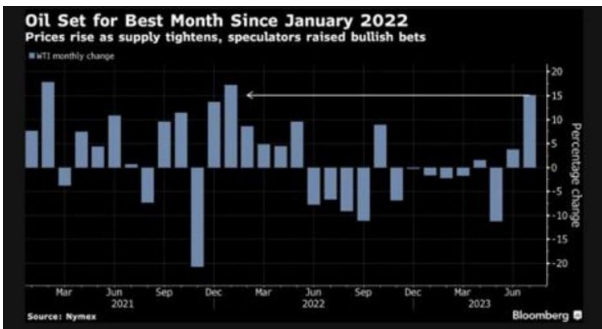
US Treasuries haven't been this ineffective as a stock hedge since the 1990s. The one-month correlation between the two assets is now at its highest reading since 1996.



Source: Bloomberg

Chart #9 – Commodities posted a very strong July

The Goldman Sachs Commodity Index (GSCI) is up over 10% in July, driven mostly by oil which had its best month since January 2022. WTI Oil rose from a low of \$67 in late June to way above \$80 in July on better than expected global growth, China stimulus talk and supply concerns. Meanwhile, Russia's cancellation of the Black Sea grain export deal contributed to price rises in certain agricultural commodities. A weaker USD was also beneficial to commodities more broadly.



Source: Bloomberg

Chart #10 — An “X” story

Twitter owner Elon Musk officially changed the company’s famous bird logo to an “X” on July 23rd as part of the rebranding strategy. Musk, who acquired the platform for \$44 billion late last year, wrote in a post that the company would soon “bid adieu to the twitter brand and, gradually, all the birds.”

As of now, the domain X.com directs users to Twitter’s homepage, though Twitter.com also remains live. This is part of his plan to create an “everything app” that would incorporate shopping, banking, and other features. Elon Musk founded the first http://X.com in 1999 (it became PayPal) then SpaceX and now xAI.



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