

# The month in 10 charts



**Chart #1**  
Economic data in May  
was softer than expected  
[Read more on p2](#)

## Economic shift: US slows, Europe rises, Asia mixed

As mid-2024 nears, the US economy shows signs of moderation, Europe gradually recovers, and Asia sees mixed performance with strong Chinese exports and a stabilising outlook in Japan despite a weak yen. Nvidia continues to live up to the hype, GameStop trading mania is back and in a surprising move, the U.S. SEC approved eight applications for spot Ethereum ETFs. Each month, the Syz investment team takes you through the last month in ten charts.

**Charles-Henry Monchau**

*Chief Investment Officer*

**Chart #1**

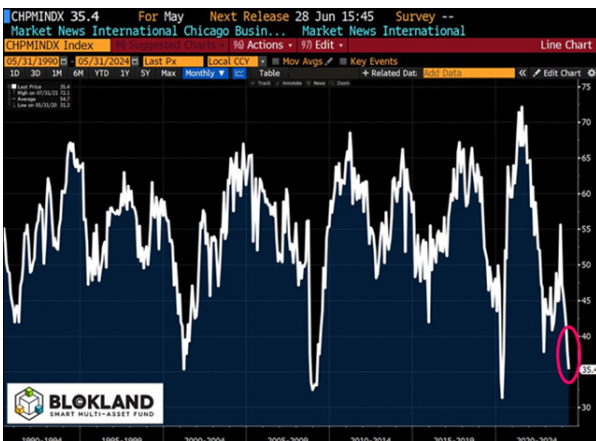
### Economic data in May was softer than expected

As we move closer to the first half of 2024, the US economy exhibited signs of moderation in May. The April employment reports posted weaker job creation numbers and lower wage growth, while the unemployment rate held at 3.9% (near a 50-year low). The Chicago PMI dropped to outright recession levels (see below). Meanwhile, the second reading of US Q1 2024 GDP fell to 1.3% QoQ, below the initially reported growth of 1.6% last month. This is ~60% less than the 3.4% growth seen in Q4 2023.

In Europe, economic activity improved, driven by a rebound in both the services and manufacturing sectors. The Eurozone is gradually recovering, Q1 GDP growth was recorded at 0.3% quarter-over-quarter.

In Asia, Chinese economic data exceeded expectations, though weak domestic demand remains a concern, and necessitates a reliance on strong export growth. Challenges in the real estate sector remain unresolved.

Japan's economic sentiment was impacted by a weak yen, which affected consumer confidence negatively, yet the overall outlook saw some stabilisation.



Source: Bloomberg, Blokland

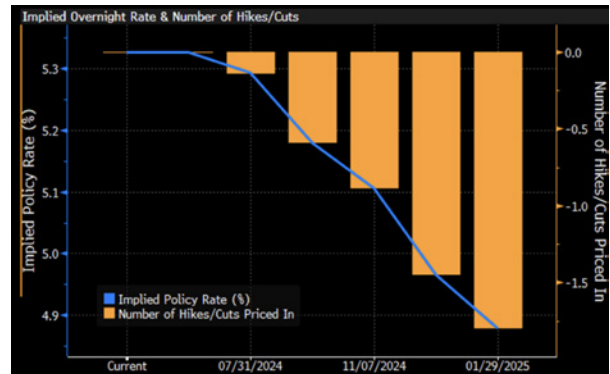
**Chart #2**

### Varied policy expectations across central banks

The Federal Reserve is still concerned about its progress in steering inflation towards the 2% target. The concern was, however, muted when the April Consumer Price Index (CPI) increased by a softer-than-expected 0.3% and 3.4% YOY. FOMC minutes revealed that Chairman Powell's and other FED officials maintained a cautious stance, indicating no immediate rate cuts were expected, but further increases are unlikely.

In the Eurozone, the ECB is more optimistic about disinflation and signals signaled potential rate cuts in June despite the acceleration of European inflation rates in May to 2.6% for headline inflation and 2.9% for core inflation.

On the other hand, the Bank of Japan faces the challenge of supporting a weak yen. Further rate hikes seem necessary to support a very weak currency, but there are risks of inflation returning.



Source: Rate hike odds in the U.S., Nasdaq, Bloomberg

**Chart #3**

### The equity market is defying "sell in May and go away"

The US equity market saw robust performance driven by strong corporate earnings and investor optimism. All major benchmarks finished higher in May, with the Nasdaq (+6.9%), Dow (+2.3%), and S&P 500 (+4.8%) reaching new all-time highs. The tech sector overall saw a robust gain of 10%, although software stocks underperformed. Utilities added 9%, driven by AI trade and strong earnings. Energy declined by 0.4% due to falling oil prices, while Consumer Discretionary gained 0.3%.

Growth outperformed Value mainly due to expectations of falling interest rates, with the Russell 1000 Growth Index up 6% and the Russell 1000 Value Index up 3.6%. Small caps regained momentum, delivering returns of 4.6%, in line with the performance of large cap peers.

In Europe, markets benefited from economic recovery. European equities excluding the UK yielded 3.6% in May, while UK equities were up by 2.4%. Japan's equity market lagged other regions, returning only 1.2% in May, primarily due to the negative impact of a weak yen on consumer sentiment.

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	May '24
Japan TOPIX 54.4%	US S&P 500 13.7%	Japan TOPIX 12.1%	UK FTSE All-Share 16.8%	MSCI Asia ex-Japan 42.1%	US S&P 500 -4.4%	US S&P 500 31.5%	MSCI Asia ex-Japan 25.4%	US S&P 500 28.7%	UK FTSE All-Share 0.3%	Japan TOPIX 28.3%	Japan TOPIX 18.4%	US S&P 500 5.0%
US S&P 500 32.4%	Japan TOPIX 10.3%	MSCI Europe ex-UK 9.9%	US S&P 500 12.0%	MSCI EM 37.8%	UK FTSE All-Share -9.5%	MSCI Europe ex-UK 27.5%	MSCI Europe ex-UK 24.4%	Japan TOPIX -2.5%	US S&P 500 26.3%	MSCI Europe ex-UK 12.0%	MSCI Europe ex-UK 3.6%	
MSCI Europe ex-UK 24.2%	MSCI Europe ex-UK 7.4%	US S&P 500 1.4%	MSCI EM 11.6%	Japan TOPIX 22.2%	MSCI Europe ex-UK -10.6%	UK FTSE All-Share 19.2%	US S&P 500 18.4%	UK FTSE All-Share 18.3%	MSCI Europe ex-UK -12.2%	MSCI Europe ex-UK 17.3%	US S&P 500 11.3%	UK FTSE All-Share 2.4%
UK FTSE All-Share 20.8%	MSCI Asia ex-Japan 5.9%	UK FTSE All-Share 1.0%	MSCI Asia ex-Japan 5.5%	US S&P 500 21.8%	MSCI Asia ex-Japan -14.5%	MSCI EM 18.9%	Japan TOPIX 7.4%	Japan TOPIX 12.7%	US S&P 500 -18.1%	MSCI EM 10.3%	UK FTSE All-Share 8.7%	MSCI Asia ex-Japan 1.6%
MSCI Asia ex-Japan 3.3%	UK FTSE All-Share 1.2%	MSCI Asia ex-UK -8.9%	MSCI Europe ex-UK 3.2%	MSCI Europe ex-UK 14.5%	MSCI EM -14.2%	MSCI Asia ex-Japan 18.5%	MSCI Europe ex-UK 2.1%	MSCI EM -2.2%	MSCI Europe ex-UK -19.4%	UK FTSE All-Share 7.9%	MSCI Japan 5.4%	Japan TOPIX 1.2%
MSCI EM -2.3%	MSCI EM -1.8%	MSCI EM -14.6%	Japan TOPIX 0.3%	UK FTSE All-Share 13.1%	Japan TOPIX -16.0%	Japan TOPIX 18.1%	UK FTSE All-Share -9.8%	MSCI Asia ex-Japan -4.5%	MSCI EM -19.7%	MSCI Asia ex-Japan 6.3%	MSCI EM 3.5%	MSCI EM 0.6%

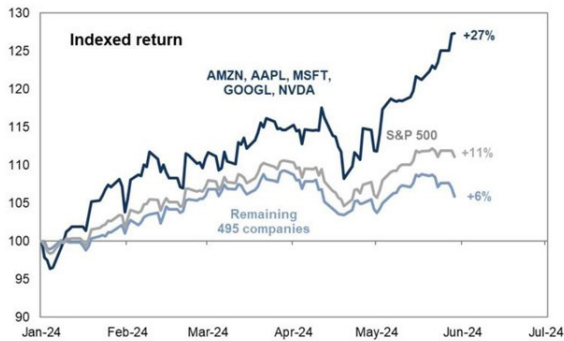
Source: FTSE, LSEG Datastream, MSCI, S&P Global, TOPIX, J.P. Morgan Asset Management. All indices are total return in local currency, except for MSCI Asia ex-Japan and MSCI EM, which are in US dollars. Past performance is not a reliable indicator of current and future results. Data as of 31 May 2024.

Source: Stock market returns, JP Morgan

**Chart #4**

### Market breadth divergence

Year-to-date, the S&P 500's gains have largely been driven by five mega tech stocks: the tech combo (Nvidia, Apple, Microsoft, Amazon and Alphabet) have returned 27% since the beginning of the year. Despite the index's overall positive performance, fewer than half of its members are trading above their 50-day moving average. And while 78% of S&P 500 companies beat Q1 2024 EPS estimates, the earnings growth rate for the S&P 500 excluding the "Magnificent 7" stocks, is -1.80%, raising the issue of market breadth divergence.

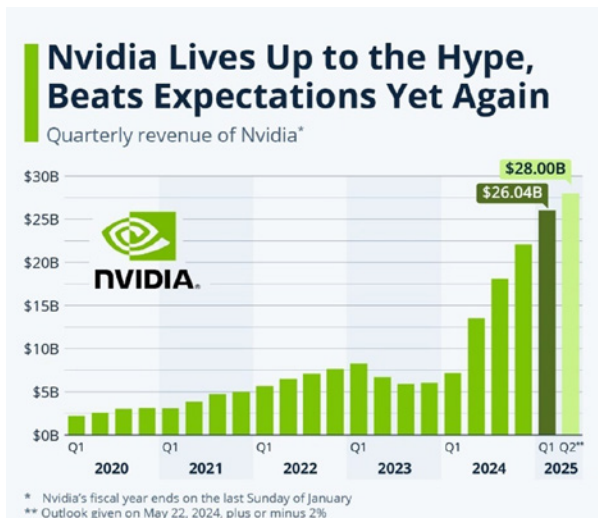


Source: Goldman Sachs, Factset, HolgerZ

**Chart #5**

### Nvidia lives up to the hype

As of the end of May, Nvidia shares exceeded \$1,000 for the first-time, following fiscal first-quarter results that surpassed expectations with revenue of \$26.04 billion. The company reported a remarkable 262% increase in sales. Nvidia contributed to a quarter of the S&P 500's gains this year and added a market cap equivalent to LVMH just last week. Nvidia's market value now surpasses that of the entire German, Australian, and Korean stock markets combined. This monumental growth has prompted Nvidia to announce a 10-for-1 stock split, effective June, 10.



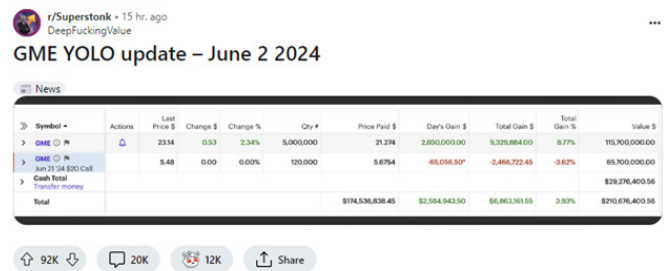
Source: Nvidia, Statista

**Chart #6**

### GameStop trading mania is back

In 2021, speculators on Reddit and other social media platforms inflated the prices of stocks heavily shorted by institutional investors. This caused a short squeeze, where short sellers were forced to buy back shares to cover their losses, driving prices even higher.

Recently, a post by social media influencer Keith Gill, known as "Roaring Kitty," led to GameStop's shares surging by more than 70% in a single day, standing at \$26.5 at the time of our writing. This resurgence has also rekindled interest in other meme stocks like AMC Entertainment (\$AMC), Reddit (\$RDDT), Spirit Airlines (\$SAVE), and Lucid Motors (\$LCID), which have reached new all-time highs in May. How high can this go?

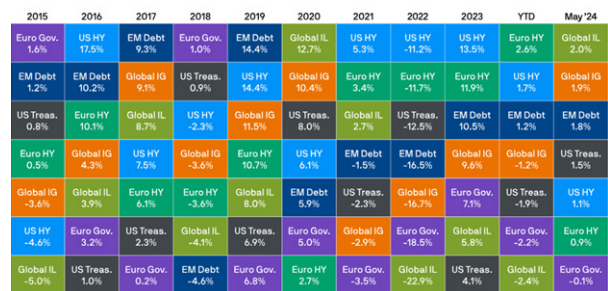


Source: Keith Gill's holdings on GameStop, Reddit

**Chart #7**

### A decent month for Fixed Income

The drop in interest rates expectations and the weakening of hard macro data pushed the greenback lower. The dollar index tumbled 3% in November - its biggest monthly decline since Nov 2022 (and 2nd biggest since July 2020). Note that Positioning remains a headwind for the greenback; hedge funds now have the largest long position in the US Dollar since February 2022.



Source: Bloomberg Barclays, LSEG Datasream, J.P. Morgan Asset Management. All indices are Bloomberg Barclays benchmark government indices. All indices are total return in local currency, except for global, which is in US dollars. Past performance is not a reliable indicator of current and future results. Data as of 31 May 2024.

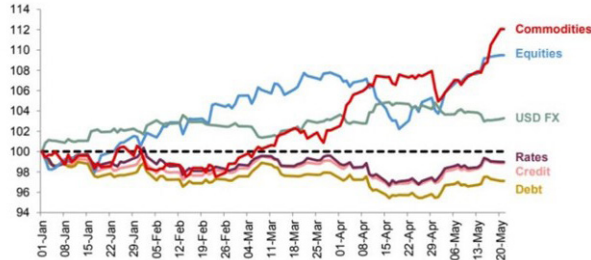
Source: Fixed income sector returns, J.P. Morgan

**Chart #8**

**Commodities, the silent bull market**

In May, oil prices retreated after peaking in April, with oil futures retreating by 6%. Nevertheless, broader commodity indices achieved positive returns of 1.8%, driven by solid global demand and ongoing conflicts in the Middle East and Ukraine. Silver returned 12%, while gold, copper, and nickel reached new all-time highs.

CHART OF THE WEEK: COMMODITIES OUTPERFORMING SO FAR IN 2024  
MAJOR CROSS-ASSET PERFORMANCE (REBASED 1 JANUARY 2024 = 100)



Source: Ronnie Stoeferle, MUFG

**Chart #9**

**China is accumulating gold**

As trade tensions with the U.S. intensify, the People’s Bank of China (PBoC) is reducing its holdings of U.S. bonds and increasing its gold reserves to diversify away from American assets. In the first quarter of this year, China’s U.S. Treasuries and agency bonds holdings dropped by nearly \$40 billion and \$10 billion, respectively. Meanwhile, the share of gold in China’s official reserves climbed to 4.9% in April, the highest level since 2015, reflecting a strategic shift in the nation’s asset management.



Source: Crescat Capital, Bloomberg

**Chart #10**

**The SEC approves 8 Ethereum ETFs**

In a surprising move, the U.S. Securities and Exchange Commission (SEC) approved eight applications for spot Ethereum ETFs, including from BlackRock and Fidelity. This decision allows Ethereum trading on Wall Street, although ETF issuers still need have their S-1 registration statements approved, a process that can take several weeks. This approval marks a significant step for cryptocurrency investments. It is expected to boost market participation and liquidity to the second largest cryptocurrency.

Issuer (Ticker)	Ticker	Company	19b-4 Filed Date	First Deadline	Second Deadline	Third Deadline	Final Deadline
VanEck Ethereum ETF	N/A	VanEck	9/6/23	11/19/23	12/15/23	3/24/24	5/23/24
ARK 21Shares Ethereum ETF	ARKE	21Shares & ARK	9/6/23	11/11/23	12/18/23	3/25/24	5/24/24
Hashdex Nasdaq Ethereum ETF	N/A	Hashdex	9/20/23	11/17/23	1/1/24	3/31/24	5/30/24
Grayscale Ethereum Futures Trust	ETH	Grayscale	9/19/23	11/17/23	1/1/24	3/31/24	5/30/24
Grayscale Ethereum Trust Conversion	ETHE	Grayscale	10/2/23	12/11/23	1/25/24	4/24/24	6/23/24
Invesco Galaxy Ethereum ETF	N/A	Invesco & Galaxy	10/20/23	12/23/23	2/6/24	5/6/24	7/5/24
Fidelity Ethereum Fund	N/A	Fidelity	11/17/23	1/20/24	3/5/24	6/3/24	8/1/24
iShares Ethereum Trust	N/A	BlackRock	11/21/23	1/25/24	3/10/24	6/8/24	8/7/24
Franklin Ethereum ETF	N/A	Franklin	2/22/24	4/17/24	6/11/24	9/9/24	11/8/24
Bitwise Ethereum ETF	N/A	Bitwise	3/28/24	5/23/24	7/17/24	10/5/24	12/4/24

Note: Dates are estimates and/or deadlines, so they may come earlier. Red Dates have already been delayed/denied.

Source: Bloomberg

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