FEATURE

MONTHLY MARKET REVIEW

June 2024

The month in 10 charts

Populism, the new political mega-trend

Populism is on the rise, the first Presidential debate sparked renewed concerns over Biden's mental acuity and both the S&P500 and the Nasdaq 100 reach new all-time highs. Each month, the Syz investment team takes you through the last month in ten charts.

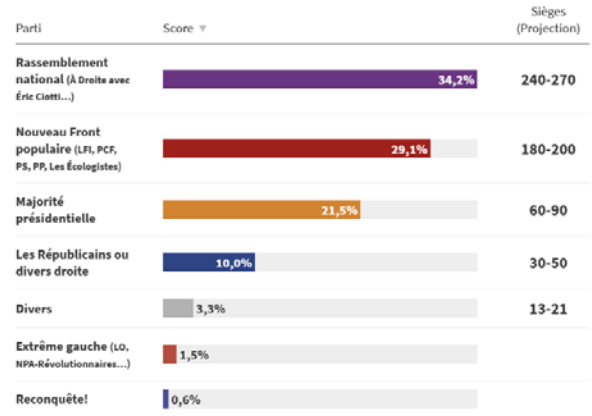
Charles-Henry Monchau
Chief Investment Officer

PRIVATE BANKING

Chart #1

The populist mega-trend

Populism seems to be on the rise across the board, becoming the new mega-trend in global geopolitics. This shift is especially evident in Europe, where the recent election had right-wing parties topping the polls in several countries. However, nowhere has the shift been as pronounced as in France, where Marine Le Pen's RN party walked off with 31.4% of the votes. The European election results were so skewed towards RN, that Macron called for snap elections. The first round of these French elections, held June 30th, already show RN leading the way with approx. 34% of the votes. Factors contributing to this surge include rising wealth inequality, which in many countries is nearing/at all-time-highs, immigration issues, and a growing skepticism of the traditional political elites.



Source: Markets & Mayhem

Chart #2

Presidential debate and candidate uncertainty

The mental acuity of the sitting US president has been a topic of debate for some time now, however the first presidential debate between Republican candidate Trump, and current president, Biden, appears to be the straw that broke the camel's back. Going into this debate, the odds for either candidate winning the race was fairly close, with Trump as the slight favorite. That stopped being the case after Biden's performance on June 27th, which shot the odds of Trump winning upwards of 60% and plummeted the odds of a Biden reelection to 30%. Many are now speculating if Democrats are going to stick to their nominee and continue to run Biden, who by the way will be 82 years old by the time elections roll around. Possible names of replacements being floated around the media currently include VP Kamala Harris, Michigan Governor Gretchen Whitmer, California Governor Gavin Newsom, and even Michelle Obama, among others.

Source: Bloomberg

Chart #3

S&P500 & QQQ continue to make all-time highs

Both the S&P500 and the Nasdaq100 reached new all-time highs during the month of June. The indices are up over 15% and over 19% YTD, respectively, with small-caps and tech stocks performing best in June, and growth style outperforming value. For the S&P500, this marks one of the top-seven best starts to a year out of the last 35 years, setting more than 30 new all-time-highs so far in 2024. US equity markets however appear to be getting tired, with the S&P500 unable to hold highs and unable to make further progress, and the Nasdaq100 recording two consecutive weeks closing at or near it's week lows.

Chart #4

S&P500 enters buyback blackout period

The buyback blackout period has officially begun, creating a headwind for both Big Tech and the S&P500 index. To put it into perspective, since 2000, US corporations have bought back more than $5.5T of equities, a figure far surpassing the demand of any other market participant. Strategists at Deutsche Bank are warning that such a blackout period for equity buybacks ahead of the earnings season increases the risk of triggering another short-term pullback following the recent all-time highs for the S&P500 and the Nasdaq Composite. This period, which is estimated to have begun on June 14th, could see companies representing approx. 50% of the S&P500 market cap enter a blackout period by the first week of July.

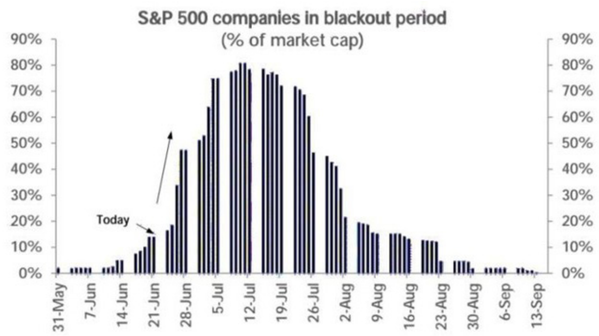


Chart #5

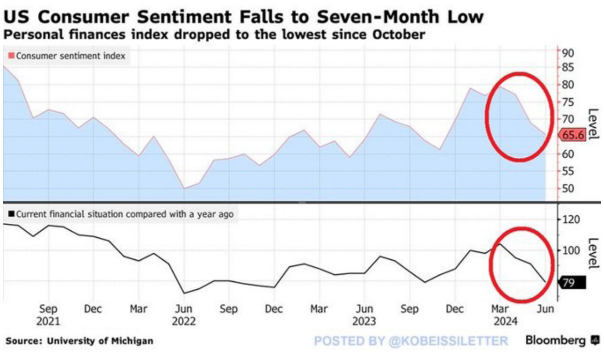
Real disinflation or underestimation?

Headline CPI slowed by 10bps in May to 3.3% YoY vs 3.4% expected. Core CPI slowed to 3.4% in May vs the expected 3.5%. Even more notable however was Super Core CPI turning negative -0.05% MoM, representing its first drop since September 2021 (YoY level still above 5%). These data points are likely a relief for the Fed and decrease the probability of hawkish surprises and significant revisions to the upside on the expected path of the Fed Fund rates in 2024 and 2025.

Chart #6

Consumer sentiment continues to deteriorate

June marked the third consecutive month of decline in US consumer sentiment, reaching its lowest level since November 2023. The consumer sentiment index fell from 69.1 in May to 65.6 in June, which is well below the expectations of 72. American's perception of their personal finances has also plummeted, dropping by 12 points down to 79, its lowest level since October 2023. Consumers' assessment of economic conditions has also declined to its lowest level since December 2022. Meanwhile, buying conditions for durable goods recorded their lowest level in 19 months, as prices continue to remain elevated.



Source: The Guardian

Chart #7

EU-China Tariffs

The European Commission announced they will impose extra duties of up to 38.1% on imported Chinese electric vehicles. These duties are set to take effect starting on July 4th, with the investigation set to continue until November 2nd, at which point definitive duties (typically lasting 5 years) could be imposed. With prices of Chinese EV's typically 20% below the EU manufactured models, policymakers in the EU are attempting to avoid a repeat of what happened last decade with solar panels, where the limited action to curb imports from China contributed to the collapse of many European manufacturers. Several European car manufacturers have spoken out against the tariffs, with Volkswagen warning that "negative side effects of tariffs would outweigh any potential benefits especially for the German Automotive Industry", Mercedes Benz stating that "Germany did not need increased barriers to trade", and BMW saying that the planned tariffs were "the wrong way to go". While some fear retaliation, the Chinese Passenger Car Association seems less worried, stating: "The EU's provisional tariffs come basically within our expectations, averaging around 20%, which won't have much of an impact on the majority of Chinese firms" – CPCA Secretary General, Ciu Dongshu.

Chart #8

Strong Retail Sales in China

Retail sales in China beat expectations in May, rising 3.7% YoY, significantly above the expected 3% rise. This strong growth in retail spending is particularly notable given the continued pressure on the property sector, which has had negative spillovers into household sentiment. These data points are surely a relief to a government looking to reset its economy over time. The Chinese macro picture isn't all successes however, as other economic metrics came in below expectations. Namely, industrial output, which grew by 5.6% YoY, vs its expected increase of 6%. Additionally, fixed asset investment increased by 4% YoY, coming in slightly below forecasts of 4.2%.

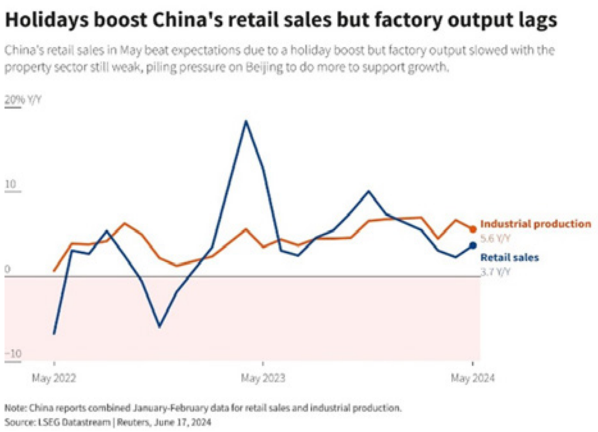
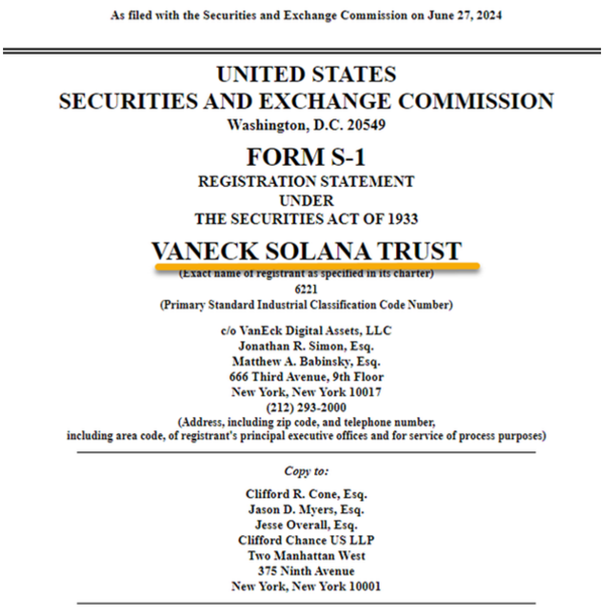


Chart #9
Solana ETF's up next?

2024 has already been a huge year for cryptocurrency mainstream adoption, with the Bitcoin Spot ETF's being approved in January by the SEC, and quickly becoming the most successful ETF in history, as measured by a number of metrics. Following the BTC Spot approval, investors began to speculate whether we would see any "altcoin" ETF's getting approved this year. Despite a bleak outlook by many, the SEC finally approved the Ethereum Spot ETF's in May. It has only been a couple of weeks since then, and players in the market are already hungry for more, with industry leaders such as VanEck and ArkInvest/21Shares already filing for spot Solana ETF's. Time will tell whether the Crypto ETF train will come to a halt, but many argue that following the ETH ETF, the SEC has opened a pandoras box to Crypto related ETF's that they may not be able to close again.



As filed with the Securities and Exchange Commission on June 27, 2024

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VANECK SOLANA TRUST
(Exact name of registrant as specified in its charter)

6221
(Primary Standard Industrial Classification Code Number)

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Jonathan R. Simon, Esq.
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(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices and for service of process purposes)

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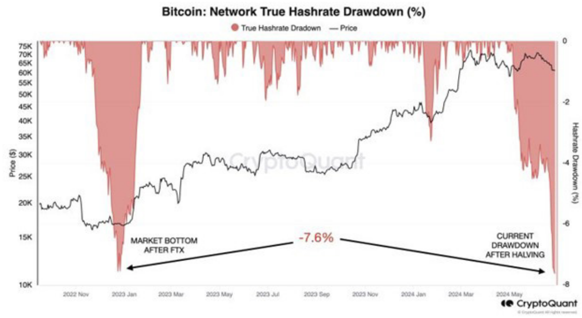
Chart #10
BTC Sellers Not Yet Exhausted

Following all prior Bitcoin halving's, the industry has experienced Bitcoin miner capitulations, as the effective cost for mining a single bitcoin often exceeds its current market price. The current cost to mine a bitcoin is up to $80 thousand following the fourth halving, a price level significantly higher than the current BTC price of around $62 thousand. This has caused miners to become heavy sellers in recent months, contributing to BTC's mostly sideways price-action. Miner capitulation is now at levels comparable to December 2022, which marked the market bottom following the FTX collapse. Time will tell if this hashrate drawdown will provide a similar benchmark.



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