

# The week in seven charts



Chart #1  
The US market gets off to one of the best starts in its history  
Read more on p2

Image Source: money.com/stock-market-strong-start/

## Best start to US markets since 1997

The S&P 500 is now up 15.3% in 2023, the best start to a year since 1997, but the 'magnificent seven' continue to dominate it. And although the Fed chose not to raise interest rates in May, future hikes seem more than likely. Each week, the Syz investment team takes you through the last seven days in seven charts.

**Charles-Henry Monchau**

*Chief Investment Officer*

Chart #1 —

### The US market gets off to one of the best starts in its history

The S&P 500 is now up 15.3% in 2023, the best start to a year since 1997.

S&P 500: Best Performance through First 114 Trading Days (1928 - 2023)				
Rank	Year	Price Return: First 114 Trading Days	Price Return: Day 115 to Year-End	Price Return: Full Calendar Year
1	1933	57.1%	-8.3%	44.1%
2	1975	32.0%	-0.8%	30.9%
3	1987	25.2%	-18.2%	2.3%
4	1943	22.3%	-2.3%	19.4%
5	1997	20.6%	8.7%	31.1%
6	1983	17.7%	-0.4%	17.2%
7	1995	16.8%	14.8%	34.1%
8	1989	16.6%	9.1%	27.3%
9	1986	16.3%	-1.0%	15.2%
10	1954	15.4%	24.9%	44.1%
11	2023	15.3%	?	?
12	2019	15.2%	11.9%	28.9%
13	1967	15.0%	4.4%	20.1%
14	2003	14.9%	10.0%	26.4%
15	1991	14.4%	9.9%	25.7%

CREATIVE PLANNING @CharlieBilello (As of 6/15/23)

Source: Charlie Bilello

Chart #2 —

### Tech's big names dominate the S&P 500

The "Magnificent Seven" dominate the S&P 500, accounting for the majority of this year's gains.

Apple, Microsoft, Alphabet Inc, Amazon, NVIDIA, Tesla and Meta represent a market capitalization of \$10.8 trillion, compared with \$25.8 trillion for the rest of the 493 stocks that make up the S&P 500.

Advances in generative AI and the prospect of an imminent end to the cycle of rising interest rates have sent US stocks soaring.



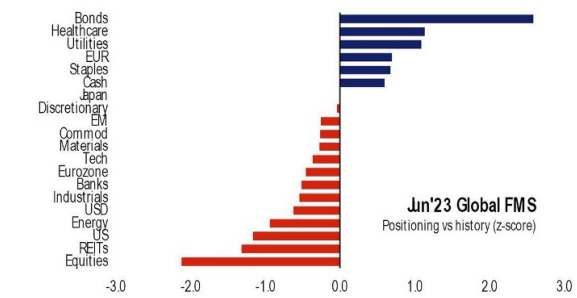
Source: FT

Chart #3 —

### Fund managers remain defensively positioned

The main feature of fund managers' positioning (at least according to the BofA survey) is their overweighting of bonds and underweighting of equities... From a contrarian point of view, this is positive for equities, as it means that many fund managers will have to "chase" the upside.

Chart 24: OW bonds & healthcare, UW equities & REITs vs history FMS positioning vs history (z-score)



Source: BofA

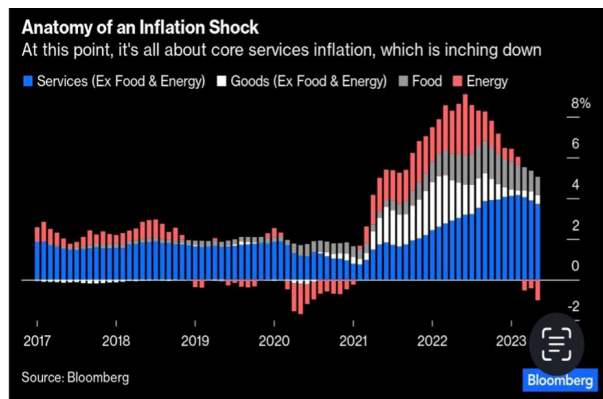
Chart #4 —

### US inflation at 2-year low

The US consumer price index rose at an annual rate of 4% in May, the lowest figure in over two years, reported the US Bureau of Labor Statistics in its latest inflation report.

The "core CPI", which excludes volatile energy and food prices, remained stubbornly high, however. Economists are concerned.

Categories such as housing, car insurance, leisure, household furnishings and operations, as well as new vehicles, are among those that have seen notable annual increases, the bureau said. The chart above (courtesy of John Authers) illustrates the migration of inflationary pressures from goods to services. History has taught central banks not to fall behind in the fight against inflation. Once they do, as has happened to the Fed, inflation becomes more entrenched, less sensitive to interest rates and takes longer to fall back to lower levels.

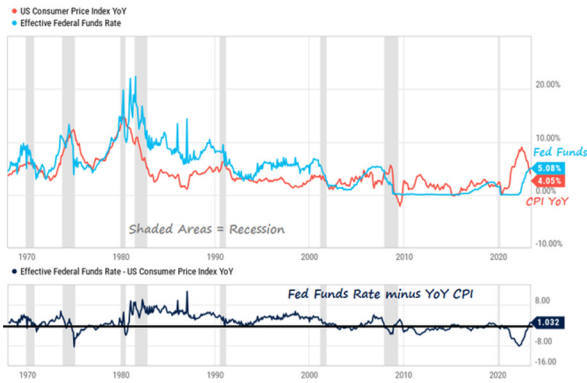


Source: Bloomberg

Chart #5 —

### U.S. Federal Reserve pause in June FOMC

As expected, the Fed chose not to raise interest rates after more than a year of hikes. It did, however, signal that this pause could be temporary. The Fed's projections call for two further 25bp hikes this year. Powell said the process of returning to the 2% target "still has a long way to go". Powell added that long-term inflation expectations seem "well anchored". The federal funds rate is now more than 1% above the US inflation rate. We need to go back to October 2007 to find a positive real interest rate.



Source: www.zerohedge.com, Bloomberg

Chart #6 —

### No respite for the ECB

The ECB raised the interest rate on its main refinancing operations from 3.75% to 4%, as planned. This is the eighth consecutive increase, and the rate is now at its highest level since 2001.

The tone was "hawkish", with Madame Lagarde declaring that the ECB was "very likely" to raise rates in July. Markets estimate the probability of a July hike at 114%.

The ECB significantly increased its core inflation forecast to 5.1% from the 4.6% expected in 2023 - "inflation is likely to remain too high for too long". The ECB has also cut eurozone growth forecasts to 0.9% for 2023 and 1.5% for 2024. In short, higher inflation forecasts, lower growth forecasts...

During the conference call, Ms. Lagarde explained that she was concerned that wage growth was not slowing down.

This is a clear signal that the ECB will continue to raise interest rates. A July hike now seems a foregone conclusion.



Source: Bloomberg

Chart #7 —

### Ranking of average price per m2 in different city centers

These are prices at the end of 2022. Hong Kong, Zurich, and Seoul are in the top three. Geneva is not far behind. Dubai looks cheap...

#### Average Apartment Price/m<sup>2</sup>

Apartments in City Centers, prices in US Dollars

Hong Kong	\$30,351	Vancouver	\$10,284	Doha	\$4,727
Zurich	\$24,021	Milan	\$9,620	Brussels	\$4,097
Seoul	\$20,851	LA	\$9,245	Dubai	\$3,846
Singapore	\$20,032	Prague	\$8,800	Belgrade	\$3,673
Geneva	\$19,122	Auckland	\$8,650	Mexico City	\$3,072
Shanghai	\$17,798	Oslo	\$8,304	Jakarta	\$2,849
Shenzhen	\$17,219	Tokyo	\$8,258	Istanbul	\$2,678
Beijing	\$16,787	Amsterdam	\$8,137	São Paulo	\$2,635
London	\$16,079	Vienna	\$7,995	Buenos Aires	\$2,506
Tel Aviv-Yafo	\$15,704	Copenhagen	\$7,993	Delhi	\$2,497
New York	\$15,349	Helsinki	\$7,487	Kyiv	\$2,304
Sydney	\$15,235	Dublin	\$7,436	Cape Town	\$1,924
San Jose	\$14,908	Moscow	\$7,026	Tbilisi	\$1,900
Taipei	\$13,987	Mumbai	\$6,013	Riyadh	\$1,737
Paris	\$13,233	Lisbon	\$5,953	Lagos	\$890
Munich	\$12,884	Barcelona	\$5,407	Caracas	\$732
San Francisco	\$11,691	Warsaw	\$4,889	Lahore	\$532
Stockholm	\$10,438	Ljubljana	\$4,887	Cairo	\$498

Source: Willem Middelkoop

#### For further information

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