

**The week in
seven charts**



Chart #7
**Bitcoin is at its highest level
since September 2022**
Read more on p3

Bitcoin is at its highest level since September 2022

US Debt ceiling reached, while funds go big and long on Chinese equities in January. 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 S&P 500 in consolidation mode

The major U.S. stock market indices ended the week mixed, with recession fears seemingly weighing on investor sentiment. The Dow Jones underperformed and gave up some of its year-to-date gains, while the Nasdaq posted a modest gain. Indeed, easing inflation fears have allowed growth stocks to outperform as the prospect of lower interest rates supports their valuation multiples.

The S&P 500 Index remains volatile and continues to oscillate within a long consolidation triangle. The index climbed back above its 200-day moving average on Friday after breaking it to the downside earlier this week.

S&P 500 index with 50 day and 200 day moving average



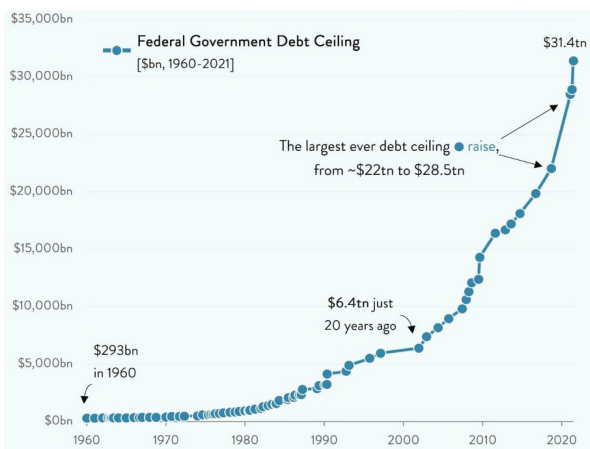
Source: Bloomberg, www.zerohedge.com

Chart #2 —

The come-back of the Debt ceiling debate

On Thursday, the U.S. federal government reached its debt ceiling, the limit on federal budget borrowing, which is currently set at \$31.4 trillion. In the wake of this, the cost of insuring against a U.S. default jumped; the price of one-year CDS is now trading at 69 basis points.

U.S. may have to raise its ever-raising debt ceiling again



Source: chartr

Chart #3 —

Dichotomy between US and European macroeconomic surprise

In a sign that the U.S. economy is slowing, retail sales fell 1.1% in December, about three times the consensus estimate. Industrial production fell 0.7% in December, the largest decline since September 2021, led by a 1.3% drop in manufacturing output.

Meanwhile, inflationary pressures are easing, with producer prices falling 0.5 percent in December, the largest decline since the start of the pandemic. The labor market has remained strong, however, with weekly jobless claims falling to their lowest level since April 2022.

The situation is different in Europe, which is benefiting from fiscal policy measures, while the United States is facing a debt ceiling problem.

Economic surprises index in the US and in Europe



Source: The Daily Shot

Chart #4 —

Is the US equities outperformance cycle over?

The dichotomy in macroeconomic performance between the two economic superpowers is reflected in the performance gap in equity markets. While the S&P 500 is up 3.5% year to date, an index of European and Asian equity performance (MSCI EAFE) is up 7% year to date. After 15 years of U.S. dominance, other developed markets may be making up for some of their lag.

MSCI USA index vs. MSCI EAFE (Europe and Far East) index



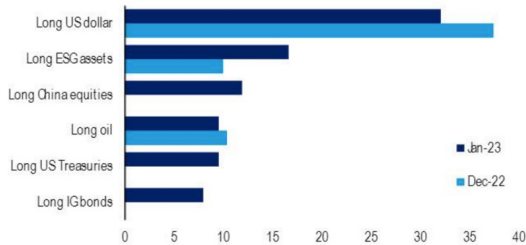
Source: Willie Delwiche

**Chart #5 —
The most “crowded trades”**

According to a Bank of America survey, the most common positions among fund managers in January 2023 are:

- 1) Long the U.S. dollar (32%)
- 2) Long ESG assets (17%)
- 3) Long Chinese equities (12%)
- 4) Long oil (9%)
- 5) Long US Treasuries (9%)
- 6) Long corporate bonds with an investment grade rating

Crowded trades in January 2023 according to BofA survey of fund managers



Source: BofA

**Chart #6 —
For the first time in 50 years, gold outperforms the S&P 500 in the first three months following an equity market low**

In previous bear markets, the S&P 500 index outperformed gold in the three months following the equity market low. We are currently witnessing the opposite scenario.

FEATURE | 23 January 2023

Performance of the S&P 500 and gold in the 3 months following a market low

GOLD > STOCKS SINCE THE OCTOBER S&P LOW... UNUSUAL

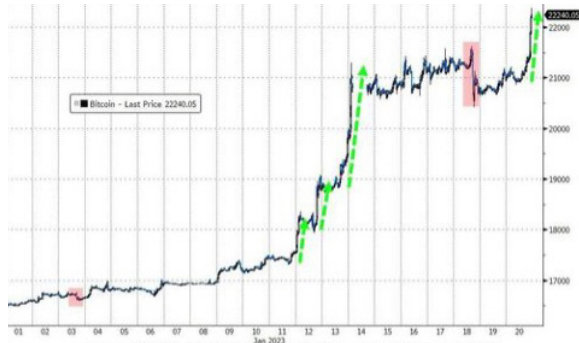
S&P vs. Gold +3 Months Off Major S&P Bottoms			
S&P Low Date	S&P +3 Months	Gold +3 Months	S&P vs. Gold
10/3/1974	14.0%	3.6%	10.4%
8/12/1982	36.2%	17.8%	18.4%
12/4/1987	20.2%	-10.3%	30.5%
10/11/1990	6.2%	1.7%	4.5%
10/9/2002	19.2%	10.7%	8.6%
3/9/2009	38.8%	4.0%	34.8%
12/24/2018	20.6%	2.1%	18.5%
3/23/2020	36.3%	13.2%	23.1%
10/12/2022	11.8%	14.6%	-2.8%

Source: Strategas, Chris Verrone

**Chart #7 —
Bitcoin is at its highest level since September 2022**

Bitcoin has risen in 16 of the last 17 days, closing the week above \$22,000, its highest level since September 2022. Bitcoin is now trading above the levels of November just before the plunge due to FTX's woes.

Bitcoin (BTC) since the start of the year



Source: Bloomberg, www.zerohedge.com

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Syz Private Banking 3/3

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