

The week in seven charts



Chart #1
Fed matches inflation
Read more on p2

Are we in a Goldilocks economy? Neither too hot nor too cold?

The US economy remains resilient despite another hike, the IMF lifts 2023 GDP forecasts and the S&P 500 earnings are predicted to accelerate in 2024. Each week, the Syz investment team takes you through the last seven days in seven charts.

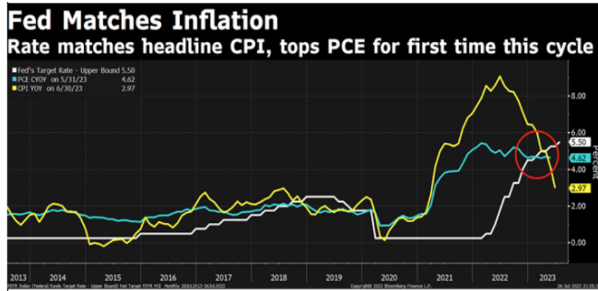
Charles-Henry Monchau

Chief Investment Officer

Chart #1 —

Fed matches inflation

Last week was another one of “goldilocks data”, i.e the economy is running neither too hot nor too cold. A batch of data published over the last few days points to a higher probability of a soft landing. Indeed, recent figures show that the US economy has remained resilient despite the most aggressive rate hike cycle since the ‘80s. Meanwhile, inflation continues to cool down. For the 1st time in this cycle, Fed rates match headline CPI but also tops PCE (Personal Consumption Expenditure) index. This fuels speculation that the Fed is nearly done.

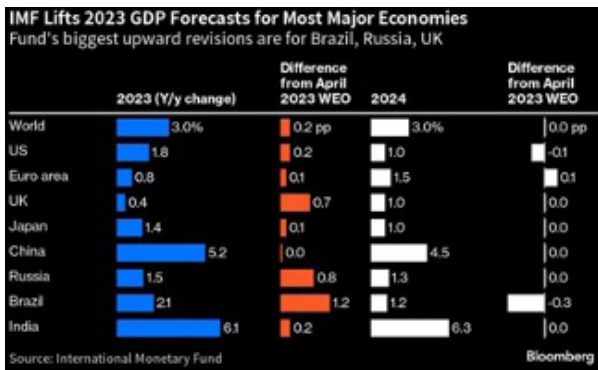


Source: Bloomberg

Chart #2 —

IMF lifts 2023 GDP forecasts for most major economies

Latest outlook from IMF shows expectation for global growth this year up to +3% year/year; 2024 growth also at +3% ... expectation is for U.S. to grow 1.8% this year, 0.2%-point increase from April; China expected to grow 5.2%, unchanged from April.



Source: Bloomberg

Chart #3 —

The Nasdaq vs. US Treasury divergence

The chart below courtesy of Crescat Capital / Tavi Costa is a reminder of the divergence between rising US Treasury yields and the highly valued Nasdaq index. Is this divergence sustainable?



Source: Crescat Capital

Chart #4 —

S&P 500 earnings are expected to re-accelerate in 2024

While S&P 500 earnings per share are expected to contract by 7% yoy in 2Q 2023, consensus is pricing in robust growth and no recession next year.

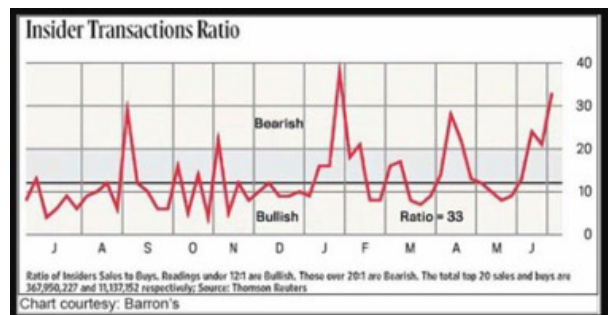


Source: Morgan Stanley

Chart #5 —

US insiders are bearish

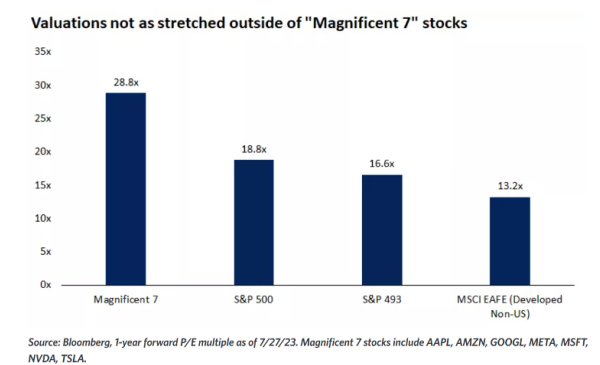
Barron's insider ratio has turned bearish. What do they know that retail investors don't? (This is the ratio of insider's sales to buys - readings under 12:1 are bullish. Those over 20:1 are bearish)



Source: Barron's

Chart #6 — Not all equity valuations are equal

The valuations of the seven leading large-cap technology stocks (Magnificent 7), which are much higher than the rest of the S&P 500 and International stocks.



Source: Bloomberg

Chart #7 — 3 companies own the soft drink market

Coca-Cola, PepsiCo and Keurig Dr Pepper combined market share of the soft drink market is above 90%.



Source: Genuine impact

For further information

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