

STOCK BUYBACK

The week
in seven charts



Chart #2

Rising share buybacks should help sustain
US stock market rally

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Image source: AdobeStock/Andrii Dodonov

Rising share buybacks set to sustain us stock market rally

Rising share buybacks, led by Apple, expected to sustain US stock market rally. US household savings have shrunk considerably just as the US labour market is starting to deteriorate. Each week, the Syz investment team takes you through the last seven days in seven charts.

Charles-Henry Monchau

Chief Investment Officer

Chart #1

Sell in May and Go Away?" Maybe not this year...

Should we follow the famous stock market adage and get rid of our shares in May? Beware, because equity market seasonality hasn't worked very well over the past decade (see chart below) and tends not to apply at all in US presidential election years. Indeed, history shows that the summer period is very strong during election years. The S&P 500 has generated average returns of 7.27% during the months of June to August in presidential election years, according to data going back to 1928. June and July are the strongest periods of the year for election years, with the S&P 500 up 75% of the time for an average return of 7.27%.

'Sell in May' Strategy Has Faded in the Past Decade



Source: Bloomberg

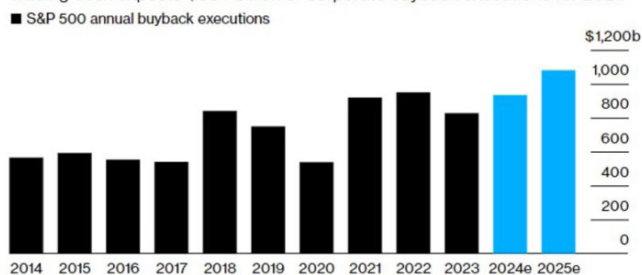
Chart #2

Rising share buybacks should help sustain US stock market rally

According to Goldman Sachs, around one-sixth of the \$934 billion planned for share buybacks this year is expected to be deployed in May and June. Major share buybacks have been announced this year, notably by the tech giants. Apple approved a \$110 billion share buyback, making it the largest ever in the US. This announcement follows plans to buy back Alphabet and Meta for \$70 billion and \$50 billion respectively. These initiatives should provide support for equity markets this year, as the Federal Reserve has signaled its intention to keep interest rates high in order to curb inflation.

Goldman Sachs Sees Soaring US Buybacks

Trading desk expects \$934 billion of corporate buyback executions for 2024

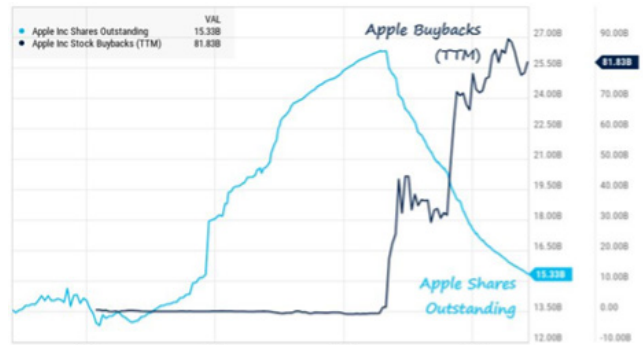


Source: Goldman Sachs, Bloomberg

Chart #3

Apple, the uncontested king of share buybacks

Apple has repurchased no less than \$625 billion worth of its own shares over the past ten years, which is more than the market capitalization of 492 S&P 500 companies... The delisting of such a large number of shares partly explains the stock's excellent performance over the past decade.



Source: Charlie Bilello

Chart #4

Cash is king

Here are the companies with the largest cash holdings: Berkshire Hathaway (\$167 billion), Google (\$108 billion), Amazon (\$85 billion), Microsoft (\$80 billion), Apple (\$67 billion) and Meta (\$58 billion). At Berkshire Hathaway's latest shareholders' meeting, Warren Buffett mentioned that "I don't mind at all, under current conditions, building the cash position. When I look at what's available in equity markets and the composition of what's going on in the world, we find it quite attractive."



Source: Patient Investor

Chart #5

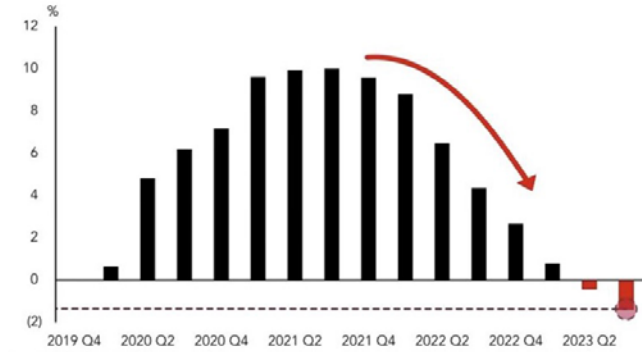
US household savings have shrunk considerably

US households have now used up all their excess savings. Current levels are worse than 2019 levels. Add to this the fact that this is happening just as the US labour market is starting to deteriorate

Household Excess Savings



Household Excess Savings as Share of GDP



Dates: Q4 2019 Through Q3 2023. Source: de Soyres, F., Moore, D., and Julio Ortiz. FEDS Notes. Excess savings = savings accumulated when the household savings rate is above trend. Based on a Hamilton filter.

Source: Game of Trades

Chart #6

The US will pay staggering interest on its debt

U.S. net interest payments as a percentage of federal revenues are expected to reach 34% by 2054.

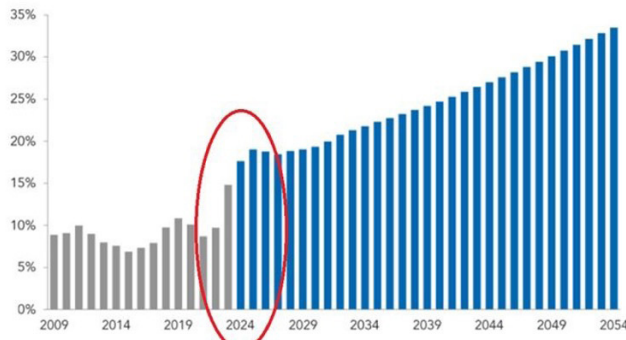
This means that one-third of all government revenue is expected to be devoted to servicing the national debt alone. Over the past eight years, this percentage has already doubled to around 15%. It is the highest it has been for thirty years.

Meanwhile, annualised nominal interest payments have exceeded \$1 trillion for the first time in history. By the end of the year, annual interest charges could rise to \$1.6 trillion if the Fed doesn't cut rates.

The US government needs lower interest rates. We expect fiscal policy to exert a strong influence on monetary policy in the US in the years ahead.

PETER G. PETERSON FOUNDATION Net interest costs will account for 34 percent of federal revenues by 2054

Net Interest (% of Revenues)



SOURCE: Congressional Budget Office, The 2024 Long-Term Budget Outlook, March 2024, and Office of Management and Budget, Historical Tables, Budget of the United States Government: Fiscal Year 2025, March 2024.

Source: The Kobeissi Letter, Peter G. Peterson

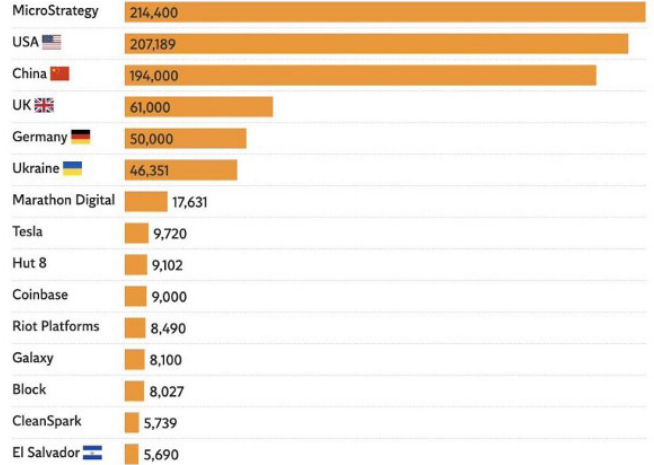
Chart #7

Who are the largest holders of bitcoin?

MicroStrategy now owns more bitcoins than any country in the world: 214,400 bitcoins valued at over \$13.5 billion.

Who owns the most bitcoin?

Public companies and countries with the largest bitcoin holdings



Data from 6 May, 2024. Source: Bitcoin Treasuries



Source: Bitcoin Treasuries, The Independent

For further information

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