

The week in seven charts

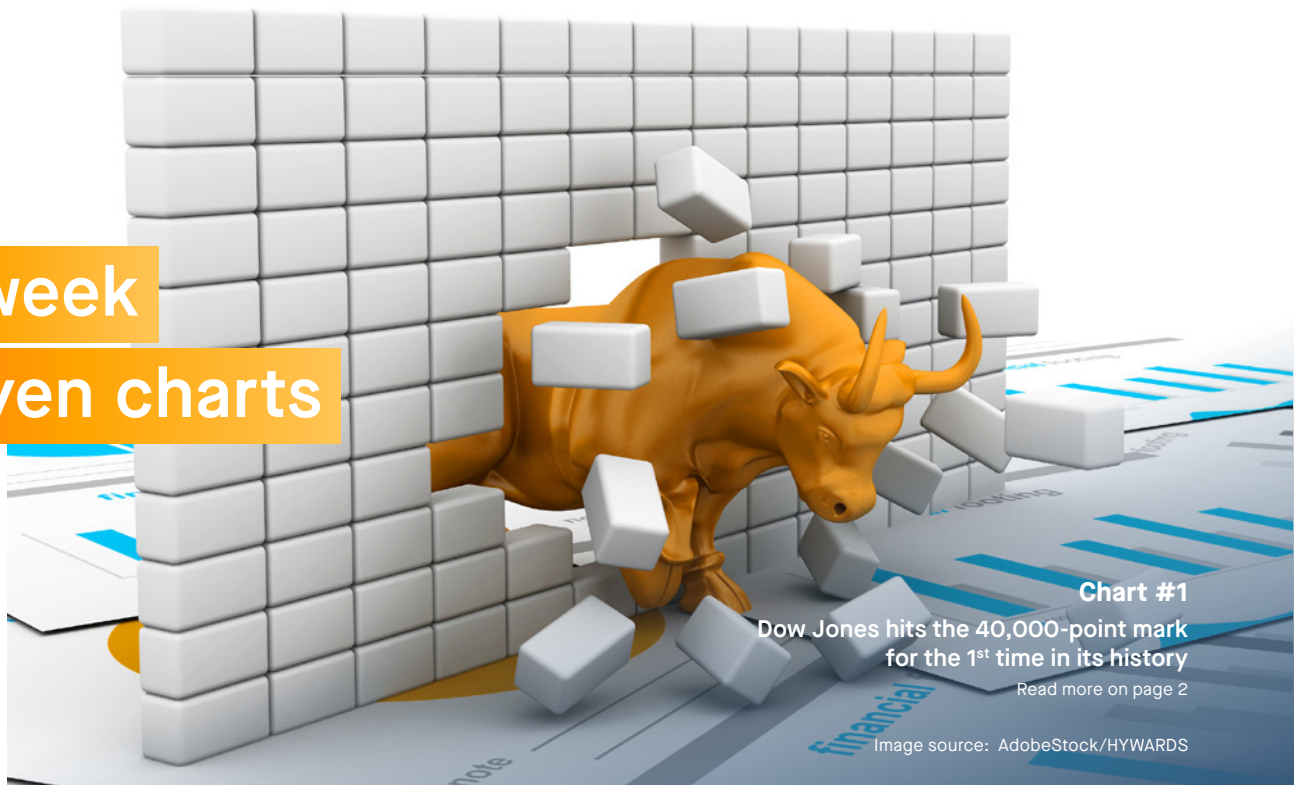


Chart #1
Dow Jones hits the 40,000-point mark
for the 1st time in its history
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Image source: AdobeStock/HYWARDS

Dow Jones breaks historic 40,000 barrier!

The Dow Jones hits the 40,000-point milestone for the first time ever, China offloads a record amount of US debt in Q1, and the copper market experiences significant disruptions. Each week, the Syz investment team takes you through the last seven days in seven charts.

Charles-Henry Monchau
Chief Investment Officer

Chart #1

Dow Jones hits the 40,000-point mark for the 1st time in its history

Early Thursday morning, the Dow Jones Industrials index broke through the mythical 40,000-point barrier. But reaching these levels was a long and winding road. The chart below gives an overview of the Dow's trajectory over the last 20,000 points.

The Dow Jones first closed above 20,000 points in early 2017, when investors began to anticipate a corporate tax cut in the US under former President Donald Trump. These expectations were met towards the end of the year and helped the Dow Jones surpass 25,000 points in January 2018.

However, the Dow struggled in 2018 after enthusiasm for the tax cut waned, trade tensions between China and the US rose and the Federal Reserve raised interest rates. The Dow Jones ended the year down by more than 5%. Then came the Covid-19 pandemic.

The Dow Jones fell 38% from its intraday peak in February 2020 to its March 2020 low of 18213.65. Over the following months, the benchmark index recovered as Covid vaccine development progressed and the Fed and lawmakers took unprecedented steps to support the economy. In November 2020, the Dow Jones closed above 30,000 for the first time.

The momentum generated by the Covid bottom continued into 2021, when the Dow surpassed 35,000 points. However, inflationary pressures and Russia's invasion of Ukraine sent the Dow plummeting to 28,660.51 points at the 2022 low. Since reaching this low, the Dow has rebounded by 40%.

Yet another demonstration of the need for investors to remain invested for the long term.

Dow Jones Industrial Average

Milestones since 2016



Source: FactSet, CNBC

Chart #2

Which bets do fund managers prefer?

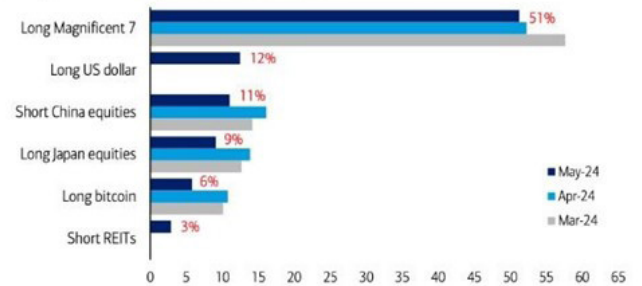
Bank of America's survey of fund managers highlights the most crowded trades in their portfolios, focusing on specific asset classes and themes. It's important to note that this survey reflects their perceptions of market positioning rather than their actual asset allocations.

As the graph below shows, the basket of the magnificent 7 ("Mag 7") remains by far the theme most favoured by managers. However, the percentage has fallen slightly in recent months.

This is followed by a long position on the dollar and short positions on Chinese equities.

Chart 13: "Long Magnificent 7" the most crowded trade

What do you think is currently the most crowded trade?



Source: BofA

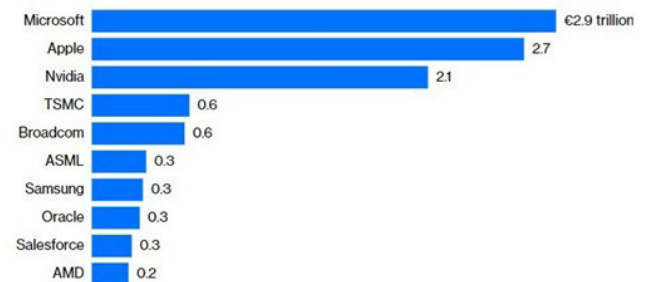
Chart #3

Europe lags behind in the technology sector

Is this the result of too much bureaucracy, over-regulation or lack of innovation? Whatever the case, the old continent seems to be lagging far behind the rest of the world in the technology sector. Among the world's 10 largest tech stocks, only ASML is present. The United States is ultra-dominant in this field.

Europe's Tech Champions Are Lacking

ASML is alone among global peers ranked by market capitalization



Source: Bloomberg

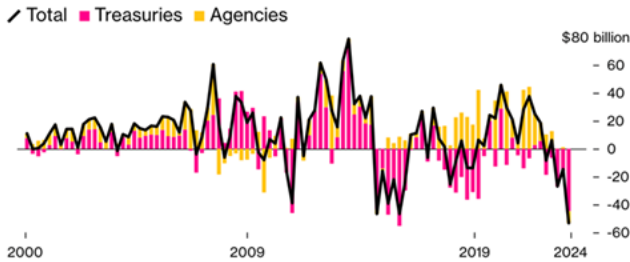
Chart #4

China sells a record amount of US debt

China sold a record number of US Treasury and agency bonds in the first quarter, underlining the Asian giant's desire to diversify away from US assets as trade tensions persist.

Beijing offloaded a total of \$53.3 billion in Treasury bills and agency bonds during the first quarter, according to calculations based on the latest data from the US Treasury Department. Belgium, often regarded as the custodian of Chinese assets, sold \$22 billion of Treasuries during this period.

China's Selling of Treasury and US Agency Debt Rises to Record



Source: Bloomberg, US Department of the Treasury

Chart #5

Dislocations on the copper market

A sharp rise in the price differential between New York-traded copper prices and those observed on other commodity exchanges sent shockwaves through the global industrial metals market. The price differential has triggered a frantic race to supply copper to the United States, as producers have a vested interest in selling their raw material on the market offering the best prices.

The source of this dislocation is a sharp rise in demand for copper while supply remains limited; it is this supply-demand imbalance that has driven up prices on the Comex exchange in recent days. The premium obtained by New York copper futures over the London Metal Exchange price reached an unprecedented level of over \$1,200 per tonne, whereas the usual spread is only a few dollars.



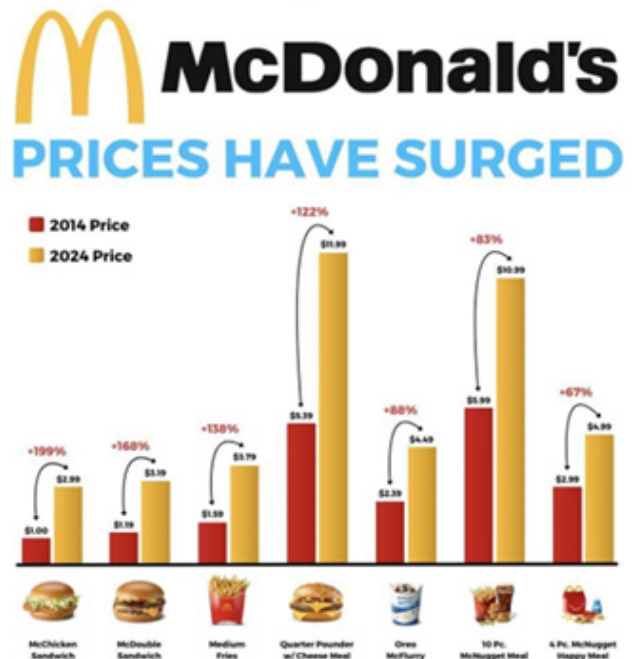
Source: Javier Blas, Bloomberg

Chart #6

McDo-flation

For those who have travelled to the USA recently, the chart below should come as little more than a half-surprise... Prices for goods and services have soared in recent years. Witness the price of Mc Donald's menu items.

In the space of 10 years, the price of Mc Chicken has multiplied by 3. The price of fries has risen by 138%, the Royal Cheese menu by 122% and the Happy Meal by 67%. All of which means eating worse and worse, and more and more expensive...



Source: Markets & Mayhem

Chart #7

New York has the most millionaires in the world

New York City now boasts 349,500 millionaires, more than any other city in the world.

Over the past decade, the number of millionaires in New York has risen by 48%. Meanwhile, in the San Francisco Bay Area, the number of people with seven-figure wealth rose by 82% to 305,700, the second-highest figure in the world. This increase is due to the massive rise in financial markets and real estate prices. Meanwhile, 78% of Americans are living pay check to pay check, according to the latest Payroll-org survey. The rich are getting richer at an unprecedented rate while inequality continues to grow.

New York Tops List of Cities With Most Millionaires

City/Area	Number of millionaires	2013-2023 change
New York City	349,500	48%
The Bay Area	305,700	82
Tokyo	298,300	-5
Singapore	244,800	64
London	227,000	-10
Los Angeles	212,100	45
Paris and Ile-de-France	165,000	12
Sydney	147,000	34
Hong Kong	143,400	-4
Beijing	125,600	90

Source: Henley & Partners, the Kobeissi Letter

For further information

Banque Syz SA
Quai des Bergues 1
CH-1201 Geneva
Tel +41 58 799 10 00
syzgroup.com

Charles-Henry Monchau, Chief Investment Officer
charles-henry.monchau@syzgroup.com

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