

Introduction

US money market funds and deposits reached record levels of \$8.8 trillion, Chinese equity valuations hit all-time low and geopolitics are the main source of concern for investors according to survey. Each week, the Syz investment team takes you through the last seven days in seven charts.

Charles-Henry Monchau

Chief Investment Officer

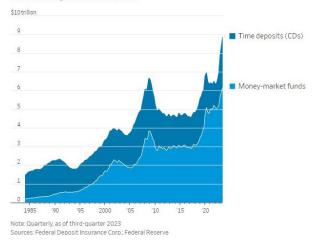


Chart #1

Will the mountains of available cash soon be invested in risky assets?

In the United States, money market funds and deposits reached record levels of \$8.8 trillion. This spectacular craze for risk-free investments is partly explained by rising interest rates. If the US Federal Reserve lowers interest rates, part of this "nest egg" could be reinvested in risky assets (equities, high-yield bonds, etc.).

Assets in money-market funds and CDs



Source: Bloombera

Chart #2

Chinese equity valuations hit all-time lows

You've probably heard that Chinese stocks are cheap. With yet another bearish move last week, an unprecedented milestone has been reached: the price/earnings ratio of Hong Kong's Hang Seng index is now below the Nasdaq's "Price to book" ratio (this ratio expresses the difference between a company's market value, i.e. its capitalization, and its net book value, i.e. its shareholders' equity). Logically, a price/earnings (P/E) ratio should be well above the price-to-book (P/B) ratio. Historically, these two valuation ratios - the P/E of the Nasdaq and the P/B of the Hang Seng - have always been far apart. This crossing of the curves is therefore historic. It demonstrates the high cost of US technology stocks and the very low valuations of Chinese stocks. Caution: this valuation dichotomy could persist.



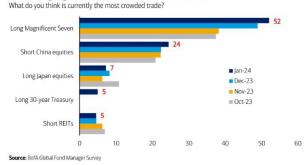
Source: Bloomberg

Chart #3

What are the most popular stock market bets among fund managers?

Every month, Bank of America (BofA) conducts a survey of a panel of mutual fund managers to find out their positioning on different asset classes and sectors. As the chart below shows, artificial intelligence (the "Magnificent 7") is by far the most represented theme in portfolios. This is followed by a short position in Chinese equities and long positions in Japanese equities.

Chart 1: "Long Magnificent Seven" is the most crowded FMS trade



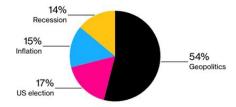
Source: BofA

Chart #4

Geopolitics is the main source of concern for investors

Another investor opinion survey, conducted by Goldman Sachs, attempts to identify the main risks as perceived by asset allocators. Geopolitics comes out on top by a wide margin (54% of those surveyed believe it to be the main threat to financial markets in 2024), ahead of US elections (17%), inflation (15%) and the risk of recession (14%).

Geopolitics Poses Biggest Threat to Markets in 2024: GS Survey



Source: Goldman Sachs Global Investment Research

Chart #5

India has the world's largest order book for commercial aircraft

We all remember the spectacular orders placed with Airbus and Boeing by Middle Eastern airlines such as Emirates and Qatar Airways. Indeed, the Middle East is one of the most important customers of the two leading commercial aircraft manufacturers. But it was India that broke all records in 2023. It was an eventful year for the Indian aerospace industry, with two of the country's airlines placing the world's largest and second-largest orders for passenger aircraft in the space of a few months. In February, Tataowned Air India placed an order for 470 aircraft, followed by another Indian company, IndiGo, which placed a massive order for 500 passenger aircraft with Airbus.

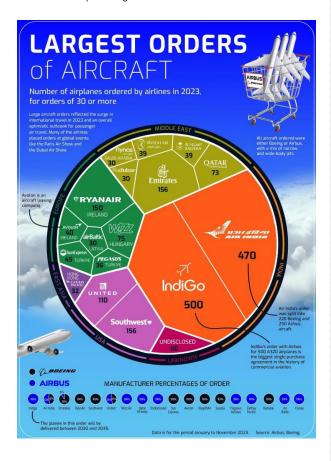
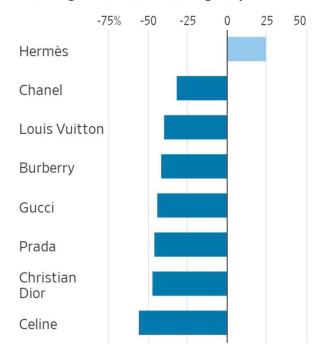


Chart #6

Why Hermès can be considered the "GOAT" of luxury handbags

In the world of tennis, the debate rages as to which of Roger Federer, Raphael Nadal or Novak Djokovic is the "GOAT" ("Greatest Of All Time"), i.e. the best player of all time. In luxury goods, the question could also be asked of Hermès, Channel and Louis Vuitton. The chart below might provide an answer - at least in the handbag segment. On the resale market, only one brand recorded an average increase in value compared with the store price: Hermès, with a 25% rise in the resale price of its handbags. All other brands suffered losses...

Handbag resale values vs. original price



Source: The RealReal

Chart #7

A global price index based on ski passes?

Great skiing in Europe and Switzerland... The image below highlights the high cost of daily ski passes in the USA. For example, a day's skiing at the popular Vail resort in Colorado will cost you no less than \$299 per person, or around 260 Swiss francs. Equivalent rates are charged in Park City, Streamboat and Deer Valley.

Even if we sometimes have the impression of paying high prices to enjoy the white gold in Switzerland, France or Austria, as shown in the image below, we can consider ourselves very lucky compared to the Americans... Have a great ski season!





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

FEATURE | 22 January 2024

This marketing document has been issued by Bank Syz Ltd. It is not intended for distribution to, publication, provision or use by individuals or legal entities that are citizens of or reside in a state, country or jurisdiction in which applicable laws and regulations prohibit its distribution, publication, provision or use. It is not directed to any person or entity to whom it would be illegal to send such marketing material.

Syz Private Banking

This document is intended for informational purposes only and should not be construed as an offer, solicitation or recommendation for the subscription, purchase, sale or safekeeping of any security or financial instrument or for the engagement in any other transaction, as the provision of any investment advice or service, or as a contractual document. Nothing in this document constitutes an investment, legal, tax or accounting advice or a representation that any investment or strategy is suitable or appropriate for an investor's particular and individual circumstances, nor does it constitute a personalized investment advice for any investor.

This document reflects the information, opinions and comments of Bank Syz Ltd. as of the date of its publication, which are subject to change without notice. The opinions and comments of the authors in this document reflect their current views and may not coincide with those of other Syz Group entities or third parties, which may have reached different conclusions. The market valuations, terms and calculations contained herein are estimates only. The information provided comes from sources deemed reliable, but Bank Syz Ltd. does not guarantee its completeness, accuracy, reliability and actuality. Past performance gives no indication of nor guarantees current or future results. Bank Syz Ltd. accepts no liability for any loss arising from the use of this document.