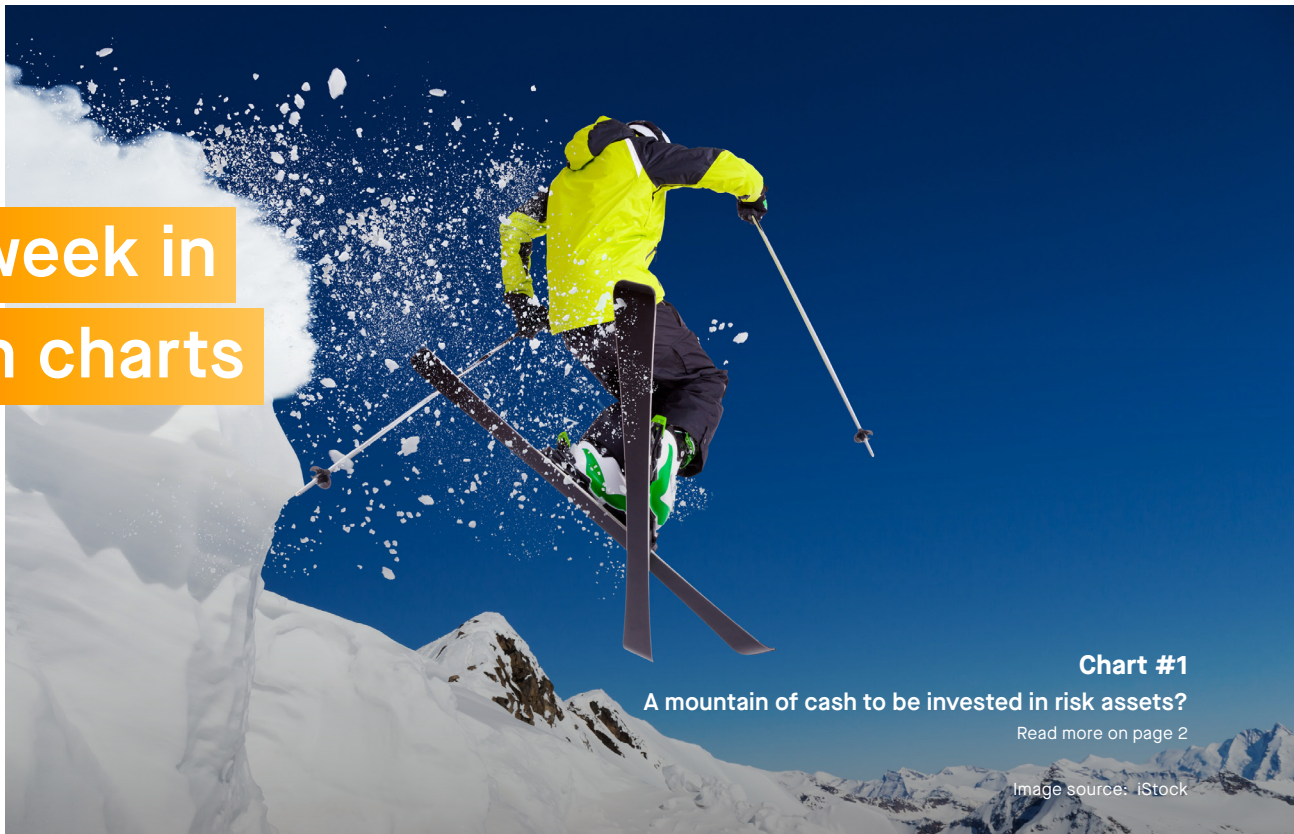


# The week in seven charts



## Chart #1

A mountain of cash to be invested in risk assets?

[Read more on page 2](#)

Image source: iStock

## 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.

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**Charles-Henry Monchau**

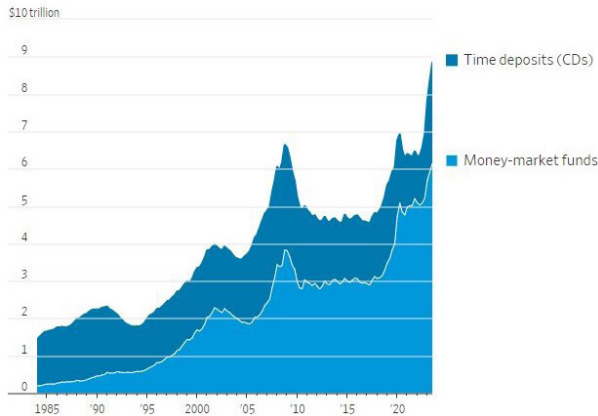
*Chief Investment Officer*

**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



Note: Quarterly, as of third-quarter 2023  
Sources: Federal Deposit Insurance Corp.; Federal Reserve

Source: Bloomberg

**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

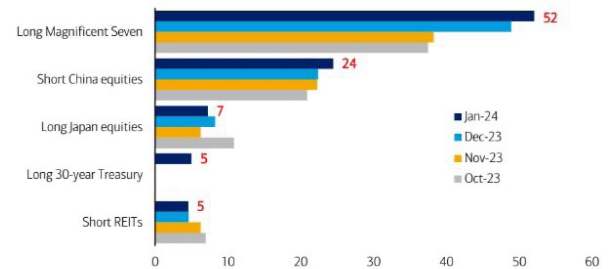
**Chart #3**

**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

What do you think is currently the most crowded trade?



Source: BoFA Global Fund Manager Survey

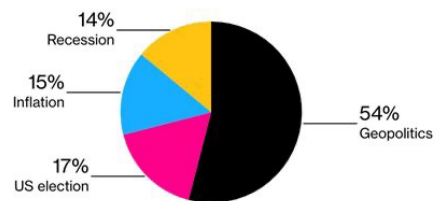
Source: BoFA

**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



## For further information

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