

The week  
in seven charts



**Nvidia achieves another record-breaking quarter**

Following its quarterly results, Nvidia's stock surpassed \$1,000 per share. Ether (ETH) saw a significant rise ahead of the anticipated launch of the first spot ETFs and the cost of servicing the US public debt is projected to surpass defence spending. Each week, the Syz investment team takes you through the last seven days in seven charts.

**Charles-Henry Monchau**

*Chief Investment Officer*

**Chart #1**

### Another record-breaking quarter for Nvidia

Following the release of its quarterly results, Nvidia broke the \$1,000 per share barrier for the 1st time.

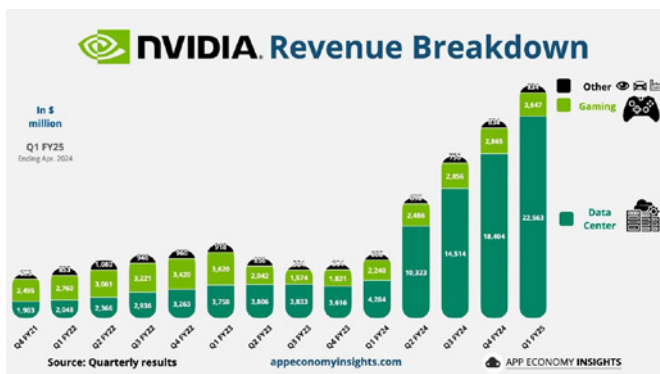
The company posted record quarterly revenues of \$26 billion, +18% on the previous quarter and +260% on the previous year. Operating margin reached 65%, up 3 points on the previous quarter. Net income reached a new record of \$14.88 billion in Q1. This represents an increase of 628% on last year's net income of \$2.04 billion. The dividend was increased by 150%, and the company announced a 10-for-1 stock split (effective June 7).

According to some estimates, Nvidia currently controls 95% of the artificial intelligence (AI) chip market. The AI boom has added trillions to market capitalisation over the past two years, with \$NVDA currently trading with a market capitalisation of over \$2.5 TRILLION for the first time in history. To put this into perspective, Nvidia's market capitalisation is now larger than those of Tesla and Amazon combined.

In addition, Nvidia is now larger than the entire German stock market, as well as, the market capitalisation of the Italian and Australian stock markets combined.

5 years ago, Nvidia's market capitalisation was just \$100 billion. Today, it is the world's third-largest public company, and is fast approaching Apple.

The over 400% increase in data centre revenues (see chart below) demonstrates that AI growth is not slowing down, with Nvidia being the primary beneficiary of this trend.

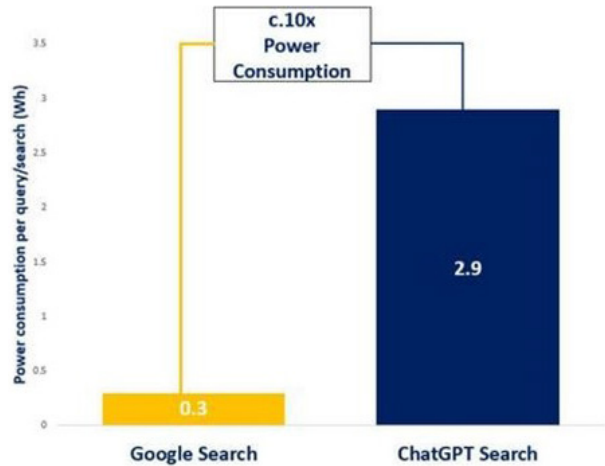


Source: App Economy Insights

**Chart #2**

### AI data centres are energy-intensive

According to the CEO of Emerson Electric: "The racks used to house the IT equipment in AI-dedicated data centres consume much more energy than traditional data centres. For example, a search on ChatGPT consumes 6 to 10 times more energy than a traditional Google search." No wonder, then, to see stocks benefiting from rising electricity demand exploding on the stock market right now.

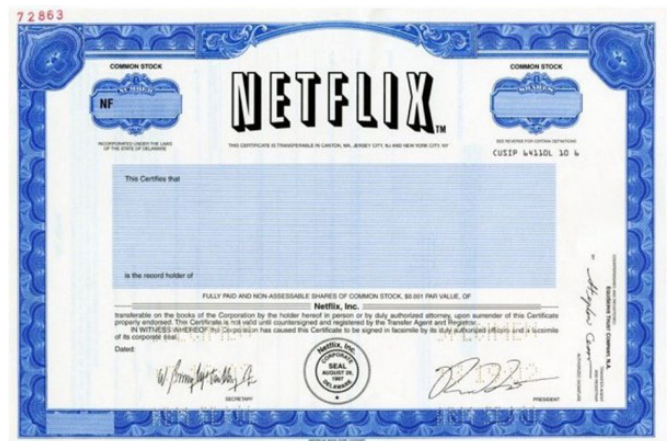


Source: The Transcript

**Chart #3**

### 22 years ago, Netflix went public

\$2,000 invested in Netflix stock in 2002 would be worth \$1 million today...



Source: Jon Erlichman

Chart #4

### The Airbnb “bank”

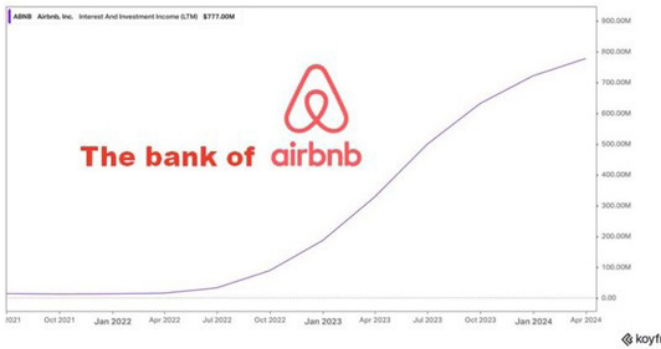
With annual revenues reaching nearly \$10 billion in 2023, and net profit of \$4.8 billion in 2023, Airbnb (ABNB) is a huge business success despite a few difficult years linked to the Covid pandemic.

But the Airbnb business is also a huge “cash machine”. And with rates rising, the cash held on the balance sheet is now making a strong contribution to the group’s results. Indeed, ABNB’s interest income soared to \$777 million over the past 12 months. These revenues are more akin to those of a bank than a tourism company.

ABNB benefits from being the merchant in title, meaning that it is the party that processes and distributes the actual payment for a product or service.

When a customer makes a reservation on Airbnb, Airbnb receives the money in advance. This money is held in the host’s name and paid once the service has been provided.

With last year’s interest rate hikes, Airbnb was able to benefit from investing the cash in short-term U.S. Treasuries before paying it out to hosts.

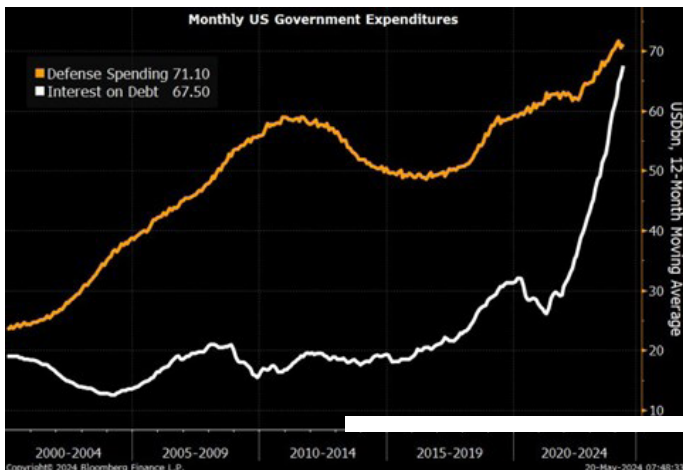


Source: Wolf of Harcourt Street

Chart #5

### The cost of servicing the US public debt is on course to exceed defence spending

The U.S. federal budget has reached a milestone: interest payments are overtaking defence spending. The United States has long had the largest defence budget in the world, with spending expected to approach \$900 billion this year. For the first seven months of fiscal year 2024, which began last October, net interest payments totalled \$514 billion, exceeding defence spending by \$20 billion. Budget analysts expect this trend to continue, making 2024 the first year the U.S. will spend more on interest payments than on national defence.



Source: Bloomberg, Michael McDonough

Chart #6

### Ether (ETH) rises sharply in anticipation of the imminent launch of the first spot ETFs

Ether, often symbolised as ETH, is the native currency of the open source Ethereum blockchain. It is the second largest cryptocurrency capitalisation (\$450 million) after bitcoin.

For several months, the crypto community had been anticipating the launch of a spot ETF on ETH, with the same positive effects as the launch of spot ETFs on bitcoin.

In the space of a week, ETH rose by over 30% following comments by Bloomberg senior analyst Eric Balchunas, who reported that the launch of Ether exchange-traded funds (ETFs) was imminent.

This prediction proved accurate, as the SEC (Securities Exchange Commission) in the USA announced on Thursday evening the approval of 8 ETFs on Ether. These are the following issuers: Grayscale, Bitwise, iShares (Blackrock), VanEck, ARK Invest / 21 Shares, Invesco Galaxy, Fidelity, and Franklin Templeton.

However, these issuers still have a few administrative obligations to settle before they can launch these funds on the stock market. The process could take a few more weeks



Source: Goingecko



## Chart #7

### The de-dollarisation of China's cross-border payments

Since 2010, the majority of China's cross-border payments, like those of many other countries, have been settled in US dollars (USD). But since the first quarter of 2023, the dollar has lost its supremacy.

This chart from the Hinrich Foundation visualises the growing use of the Chinese renminbi (RMB) in domestic and international payments.

The analysis uses Bloomberg data on China's share of payments and receipts in RMB, USD and other currencies from 2010 to 2024.

In the early months of 2010, settlements in local currency accounted for less than 1.0% of China's cross-border payments, compared with around 83.0% in USD.

Since then, China has closed this gap. In March 2023, the RMB's share of Chinese settlements exceeded that of the USD for the first time.

Since then, the de-dollarisation of Chinese international settlements has continued.

In March 2024, more than half (52.9%) of Chinese payments were settled in RMB and 42.8% in USD. This is twice as much as five years earlier. According to Goldman Sachs, the increased willingness of foreigners to exchange RMB-denominated assets has largely contributed to the de-dollarisation in favour of the Chinese currency. In addition, early last year, Brazil and Argentina announced that they would begin to allow trade settlements in RMB.

### For further information

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Source: Visual Capitalist

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