



The week in
seven charts

Chart #3 Will Nvidia's market capitalisation outpace that of the Nikkei index?

[Read more on page 2 - Image Nvidia](#)

Can Nvidia's market cap surpass the Nikkei index?

Nvidia's market capitalisation possibly overtaking the Nikkei index, investors back the Magnificent 7 and global easing accelerates. Each week, the Syz investment team takes you through the last seven days in seven charts.

Charles-Henry Monchau

Chief Investment Officer

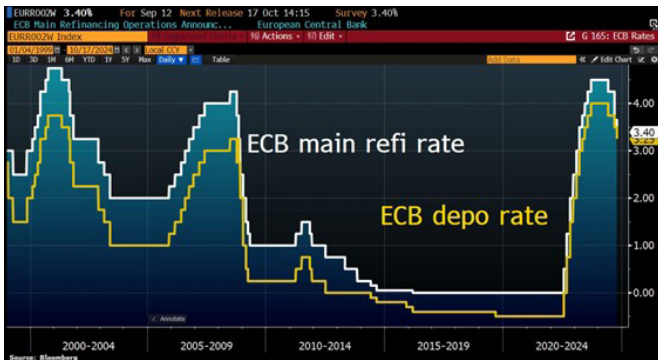
Chart #1

The ECB cuts key rates by 25 basis points

The ECB cut key rates by 25bps as expected. The deposit rate was lowered to 3.25%, and the main refinancing rate to 3.4%. Guidance is unchanged: ECB to follow data-dependent, meeting-by-meeting approach.

Even after this third rate cut of the year, the monetary policy remains restrictive in Europe, with the real short-term rate still at a level not seen over the past 15 years. Given the ongoing dynamics in economic activity and inflation, this implies that the ECB will have to continue to lower rates in the coming months, in order to bring its monetary policy to a neutral stance at minimum.

Rate cuts at the coming meetings are therefore to be expected, in December and in 2025. Given the worrying trend in economic activity data, an acceleration in the pace of rate cuts, with a possible 50bp cut at the December meeting, cannot be ruled out. If growth in the Eurozone stalls, a faster pace of rate cuts to remove the restrictiveness of the monetary policy, or even to move it into supportive territory, might prove to be warranted.



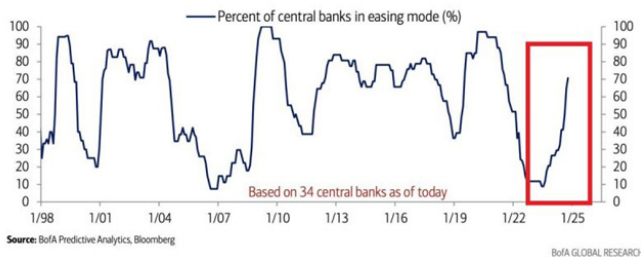
Source: Bloomberg, ECB

Chart #2

A global and synchronised monetary easing

71% of major central banks are now easing monetary policy, the highest figure since the COVID-19 crisis in 2020. This percentage also matches those of the financial crisis and the 2001 recession.

Exhibit 16: 71% of major central banks are in easing mode versus only 9% at the lows in July-2023
Percent of central banks in easing mode: Based on 34 central banks as of today



Source: BofA

Chart #3

Will Nvidia's market capitalisation outpace that of the Nikkei index?

With a market capitalisation of \$3.4 trillion, Nvidia is not far from surpassing the total value of the Japanese Nikkei 225 index.



Source: Jeff Weniger

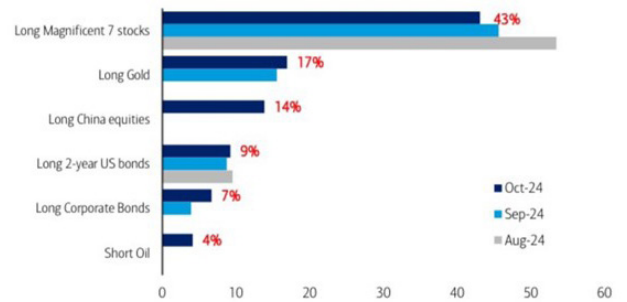
Chart #4

The Magnificent 7 are still favoured by investors

What are investors' favourite themes? According to Bank of America's survey of fund managers, the Magnificent 7 (Nvidia, Apple, Microsoft, Amazon, Alphabet, Tesla, and Meta) continue to be courted by Wall Street, even if the response rate (43%) is lower than in previous months (54% in August). Next in line are long positions in gold (17%) and China (14%).

Chart 15: "Long Magnificent 7" is still the most crowded trade

What do you think is currently the most crowded trade?



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

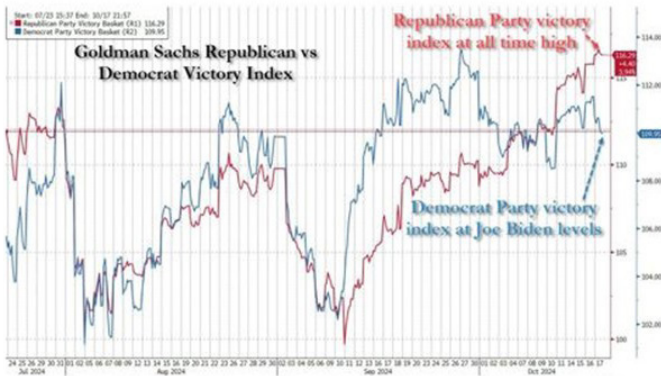
Source: BofA

Chart #5

Markets are betting on a Trump victory

US investment bank Goldman Sachs has created baskets of stocks designed to capitalise on the win of one of the two candidates. As can be seen below, the Republican Party basket (in red) has just reached a new record high, while the Democratic Party basket is at the same level as when Joe Biden was still a candidate.

Investment bank JP Morgan also reported that hedge funds were accumulating stocks that would benefit from a Trump victory.

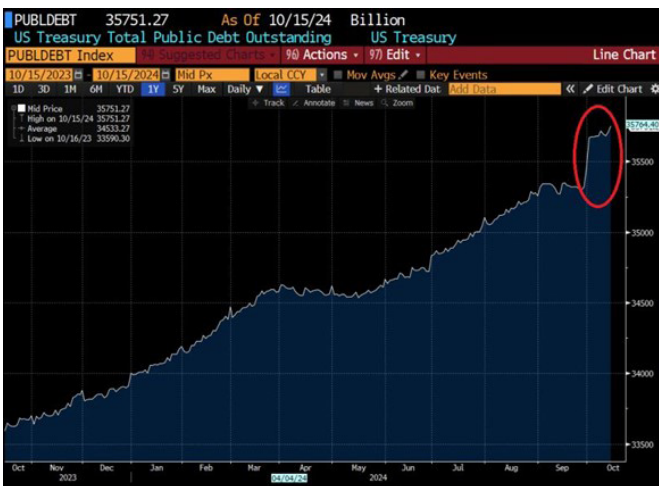


Source: www.zerohedge.com, Bloomberg

Chart #6

US debt reaches a new high

With the elections just weeks away, the Biden administration is spending like crazy to keep economic growth afloat. Creating millions of new government jobs requires additional debt. As the graph below shows, the pace of increase in US debt is accelerating. At this rate, we could reach \$36 trillion in debt before the end of the year.



Source: Bloomberg

Chart #7

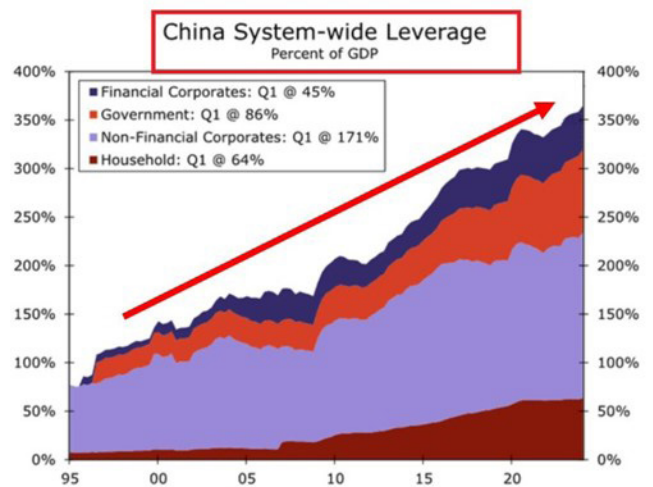
China's massive debt burden

Considering all economic entities (government, companies, households), China's debt-to-GDP ratio stood at 366% in the first quarter of 2024, a record level. Since 2008, this ratio has more than doubled.

Here's how it breaks down:

- › Non-financial companies: 171
- › Government: 86
- › Individuals: 64
- › Financial companies: 45

Even with this massive debt, China does not seem to be on track to meet its 5% annual GDP growth target. How much more debt does China need to boost growth? And at what cost?



Source: Global Markets Investor, IIF, Wells Fargo

For further information

Charles-Henry Monchau, Chief Investment Officer

charles-henry.monchau@syzgroup.com

Banque Syz SA

Quai des Bergues 1

CH-1201 Geneva

T. +41 58 799 10 00

syzgroup.com

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.

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.