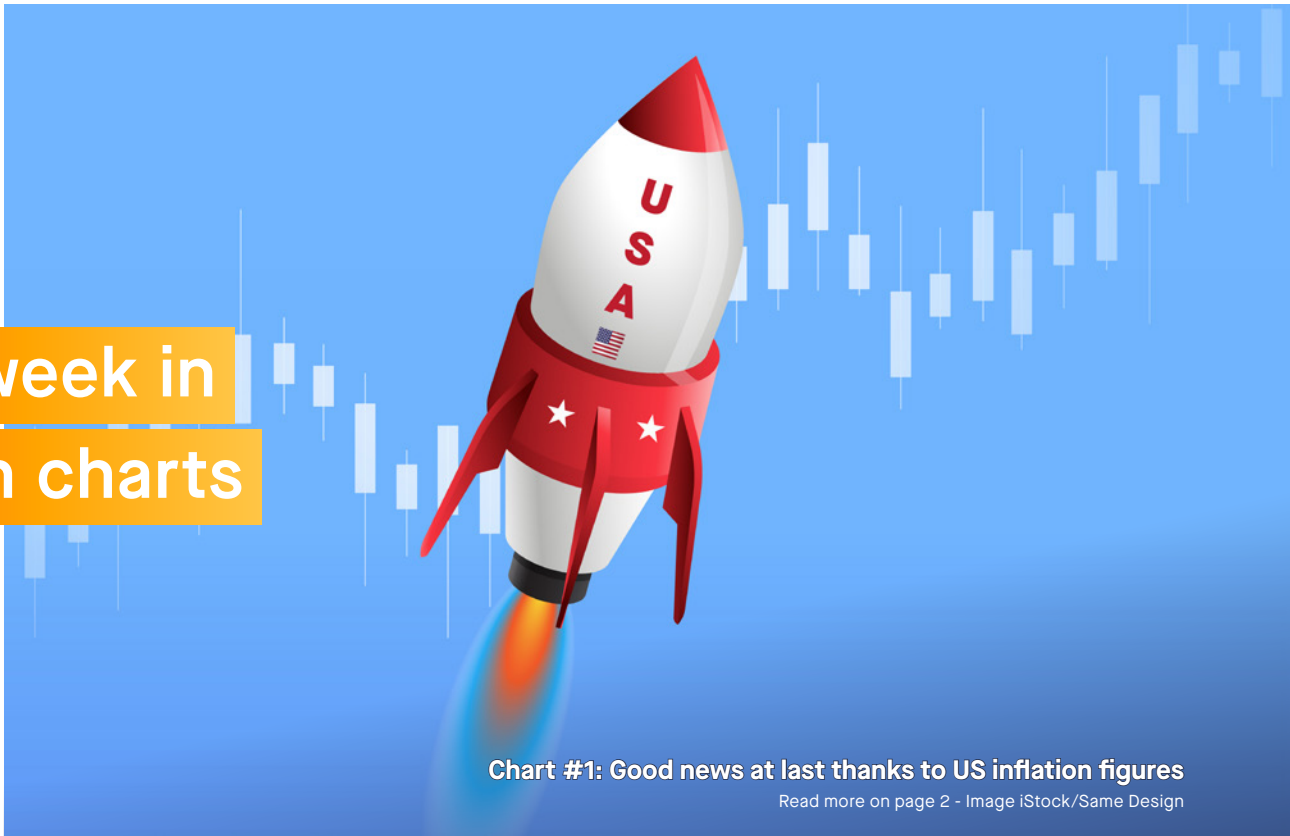


**The week in  
seven charts**



**Chart #1: Good news at last thanks to US inflation figures**

Read more on page 2 - Image iStock/Same Design

**US markets rebound on strong bank earnings  
and cooling inflation**

Equity allocation hits record highs, US productivity outpaces other developed nations, and markets rebound on cooling inflation. Each week, the Syz investment team takes you through the last seven days in seven charts.

**Charles-Henry Monchau**

*Chief Investment Officer*

**Chart #1**

### Good news at last thanks to US inflation figures

The US fourth-quarter earnings season is off to a strong start, driven by better-than-expected results from banks. Adding to the positive momentum, December's US inflation data brought more good news. The core CPI (excluding energy and food) slowed to 3.2%, down from 3.3% in November, defying analysts' expectations of no change. Meanwhile, the headline CPI remained steady at 2.9%, aligning with forecasts. These encouraging figures led to a drop in bond yields, which helped equity markets rebound.



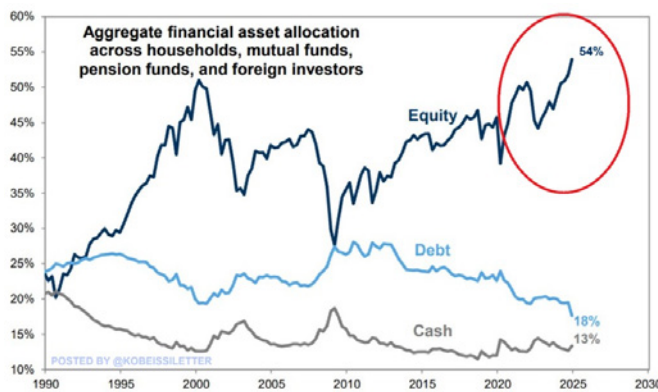
Source: Bloomberg, HolgerZ

**Chart #2**

### Allocation to US equities at an all-time high

The combined allocation to US equities by households, mutual funds, pension funds, and foreign investors has reached a record high of 54%. Since the 2009 low, this figure has doubled, surpassing the peak of 51% reached during the Dot-Com bubble in 2000.

In contrast, the allocation to bonds has fallen by 9 percentage points to an all-time low of 18%. At the same time, the proportion of cash has fallen to 13%, close to the lowest level ever recorded. Investors are betting everything on equities.



Source: Federal Reserve, Goldman Sachs Global Investment Research

Source: Goldman Sachs

**Chart #3**

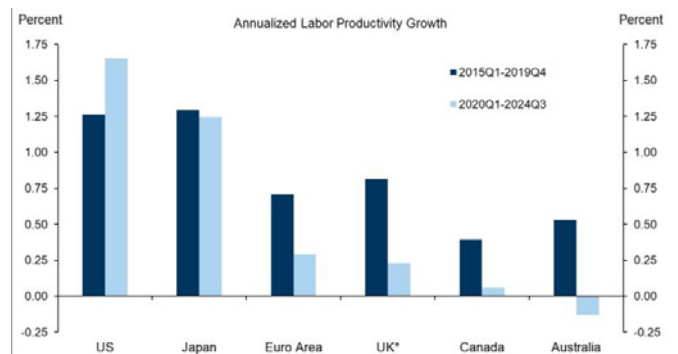
### US productivity significantly outpaces that of other developed nations

An astonishing chart from Goldman Sachs: the outperformance of US productivity growth is remarkable, particularly since COVID.

In Germany, labour productivity has either stagnated or declined since 2020. At the same time, US companies embraced the benefits of AI and recently achieved significant productivity gains.

It should be noted that productivity trends in the Eurozone and the US have diverged since 1999, which could also be linked to the introduction of the euro.

Since the euro became undervalued in Germany from at least from 2004 onwards, German companies have had less pressure to improve their productivity. This may also be true in other European countries.



Note: Labor productivity is defined as total-economy real value-added per hour worked. \*UK 2024Q3 productivity is a GS forecast.

Source: Goldman Sachs

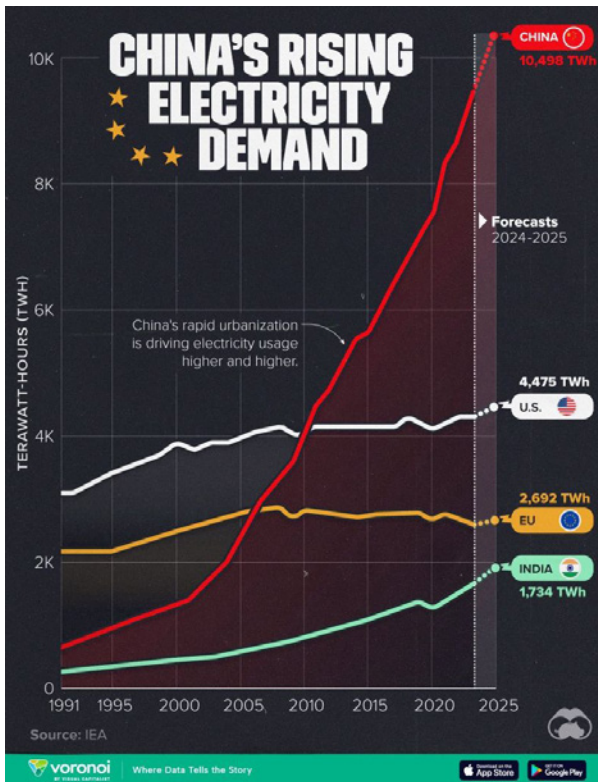
**Chart #4**

### Skyrocketing electricity demand in China

Critics of China's economic growth need only consider the steady growth in electricity demand.

Since the 1990s, China's rapid industrialisation led to an increase in demand for electricity for factories and infrastructure, while massive migration to the cities and improved living conditions are pushing up demand. According to estimates from China's National Department of Statistics, a 1% increase in the rate of urbanisation increases total energy consumption by at least 60 million tonnes of coal.

Additionally, it has been proven that energy consumption per capita is 50% higher in urban households compared to rural ones.



Source: Voronoi, IEA

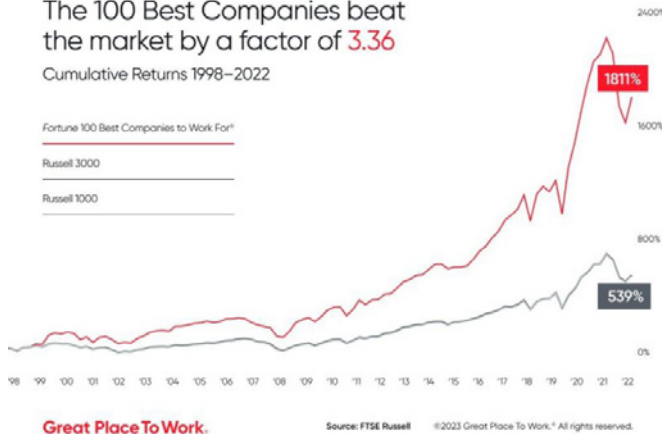
**Chart #5**

**The importance of company culture**

A study shows that a portfolio of the 100 best US companies to work for strongly outperformed the main US equity indices over the period 1998-2022.

**The 100 Best Companies beat the market by a factor of 3.36**

Cumulative Returns 1998-2022



Source: investinassets, ftserussel

**Chart #6**

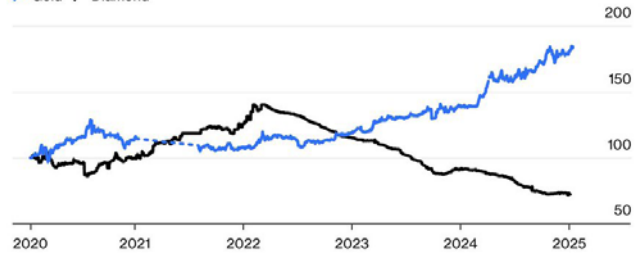
**Diamonds are not forever...**

While gold hovers around its all-time highs, diamond prices continue to fall. One of the main reasons for the current fall in diamond prices is the reduced demand for rough and polished diamonds. The preference for gold, and lab-grown diamonds, which can be up to 85% cheaper than natural diamonds, also plays a critical role in driving down prices of natural diamonds. This slowdown is particularly evident in key markets such as the United States and China, which have historically been drivers of luxury goods consumption. The current economic uncertainty in these countries is prompting consumers to review their spending priorities, favouring essential goods over non-essentials such as diamonds, leaving natural diamonds struggling to keep their sparkle.

**Diamonds Are Not Forever**

The price of gold has soared while diamonds have slumped

Gold Diamond



Source: Bloomberg  
Data is normalized with factor 100 as of January 17, 2020.

Source: Bloomberg


**Chart #7**

**Do as I say, not as I do...**

Jamie Dimon, CEO of JPMorgan Chase, has reiterated his harsh criticism of bitcoin, saying last week that bitcoin is "a Ponzi scheme" that "has no intrinsic value". However, Mr. Dimon admits that cryptocurrencies could play a role in the future of finance. His views on bitcoin have fluctuated over time, highlighting a certain inconsistency, while his own bank operates in favour of bitcoin. Do as I say, not as I do...

**«Do as I say, not as I do»**

<p><b>What Jamie just said</b></p> <p>Bitcoin is "a Ponzi scheme" that "has no intrinsic value."</p>	<p><b>What JP Morgan is doing</b></p> <ul style="list-style-type: none"> <li>JP Morgan says Bitcoin is becoming a structurally important part of portfolios.</li> <li>JP Morgan becomes Authorised Participant for BlackRock's Spot Bitcoin ETF</li> <li>Bitcoin 'debasement trade' is here to stay, says JP Morgan</li> <li>JP Morgan says Bitcoin has already surpassed Gold in investor portfolio allocations</li> </ul>
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**J.P.Morgan**

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