



The S&P 500's narrow rally: 10 stocks accounted for 69% of gains

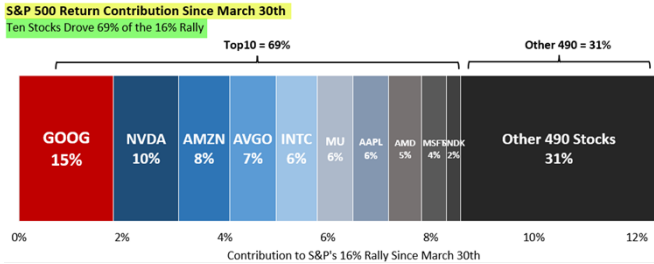
Meanwhile, we compare the AI bubble to the internet bubble. Each week, the Syz investment team takes you through the last seven days in seven charts.

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Chart #1

10 stocks drove 69% of the S&P 500 rally

Since the market lows on 30 March, the S&P 500 has gained 16%. However, most of this rebound came from only 10 companies, which generated nearly 70% of the index's total performance. Alphabet and Nvidia alone contributed about 25% of the rally, showing how concentrated the market gains have become.

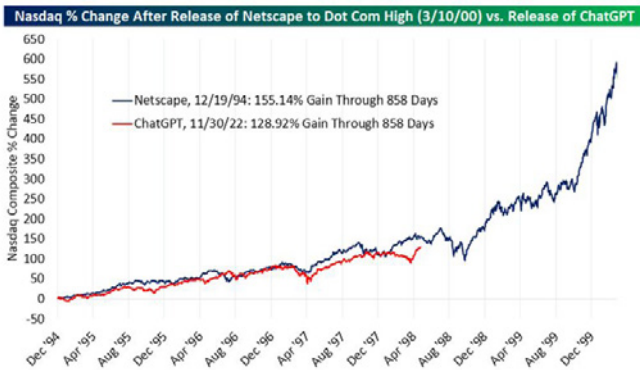


Source: Negligible Capital

Chart #2

The AI bubble vs. the internet bubble

858 days after the launch of ChatGPT, the Nasdaq has risen 129%. By comparison, 858 days after Netscape's release during the internet boom, the Nasdaq had climbed 155%. The comparison suggests that today's AI expansion may still be in its earlier stages, much like the internet buildout in the late 1990s.



Source: Negligible Capital, Bespoke

Chart #3

US stocks spring huge profit surprise

This earnings season, 320 companies from the S&P 500 have already reported results. On average, earnings came in 20% above expectations, marking one of the strongest profit surprise periods in recent years for US companies.

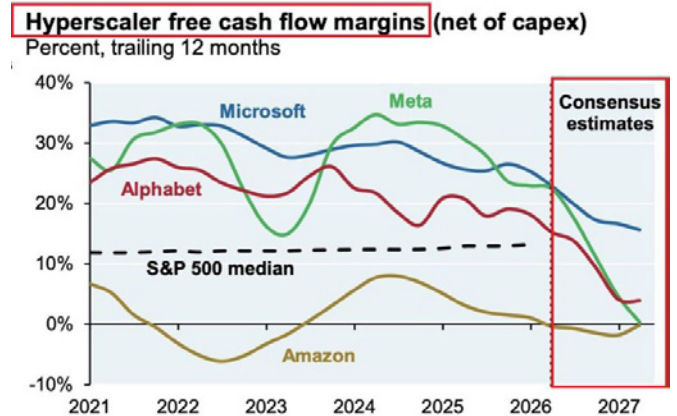


Source: Bloomberg, Negligible Capital

Chart #4

The AI gold rush has a hidden cost... and Big Tech is footing the bill

Big Tech companies are spending enormous amounts to stay competitive in AI. Free cash flow, which peaked around \$300bn in 2024, is expected to fall close to zero by 2026 due to massive capital expenditures approaching \$715bn. Profit margins are shrinking across major firms such as Microsoft, Meta, Alphabet, and Amazon, while debt levels continue to rise. As buybacks slow down and leverage increases, the market structure may become more fragile. AI could shape the future, but the financial cost of building it is already putting pressure on the present.



Source: Bloomberg, JPMAM, April 30, 2026

Source: Global Markets Investor, JPM, Bloomberg

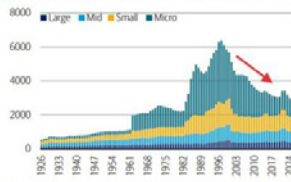
Chart #5

Say goodbye to the ‘US equity shrinkage’ bull case since the early 00s

For years, factors like stock buybacks, private equity growth, low interest rates, and abundant liquidity reduced the amount of publicly traded equity available in the market. According to Bank of America, this trend may now reverse as a wave of new public listings approaches. The world’s three largest private companies alone represent more than \$2tr in value, potentially increasing equity supply significantly in the coming years.

From shrinkage to mega IPOs

Exhibit 1: The shrinkage bull case: dwindling supply of public equities
Number of US public companies by size segment (CRSP deciles: large = 1-2, mid = 3-5, small = 6-8, micro = 9-10), 1926-2026 YTD (as of 2/2026)



Source: CRSP, Center for Research in Security Prices, Graduate School of Business, The University of Chicago. Used with permission. All rights reserved. www.crisp.uchicago.edu BVA GLOBAL RESEARCH

Exhibit 2: Supply shock? IPO proceeds plus potential surge
IPO Proceeds (\$bn, based on IPOs of companies on major US exchanges, excludes SPACs), 2008-2026 YTD (as of 4/2026) plus valuations for three large private companies as of 5/1/2026



Source: Dealogic; data through 2021; FactSet; data 2026-see: BVA US Equity & US Quant Strategy; BVA Global Research; Courtenay (data as of 1 May 2026) BVA GLOBAL RESEARCH

Source: Neil Sethi, BofA

Chart #6

America’s valuation premium over Europe is historically wide

The S&P 500 currently trades at around 21 times forward earnings, compared with about 14 times for the Stoxx Europe 600. This 7-point valuation gap is the largest seen since the 2008 financial crisis. Europe’s dependence on external energy sources and geopolitical tensions have weighed on investor confidence, while the US has benefited from stronger energy independence and continued growth in the technology sector.



Source: FT, Factset, Global Markets Investor

Chart #7

Gold is now America’s biggest export, and has been for the last 5 months

In March, US gold exports exceeded exports of oil, pharmaceuticals, and aircraft engines by a large margin. Much of this gold is moving through Switzerland before reaching China. This unusual trend reflects rising geopolitical uncertainty, inflation concerns, and the growing role of gold in international trade settlements. The fact that the US is exporting gold at record levels to China is an important signal for global markets.

The world’s reserve currency country is shipping its oldest store of value to its biggest rival at a record pace.



Source: Bloomberg, FRED

Welcome to Syzerland®

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