

## 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.

**Charles-Henry Monchau** 

Chief Investment Officer

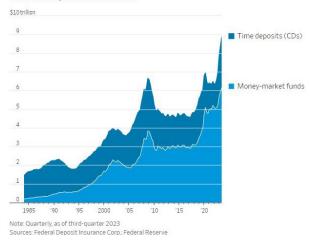


## Chart #1

# 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



Source: Bloombera

### 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.



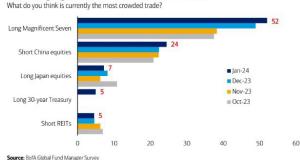
Source: Bloomberg

### 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



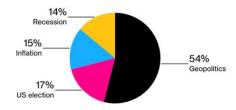
Source: BofA

### 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

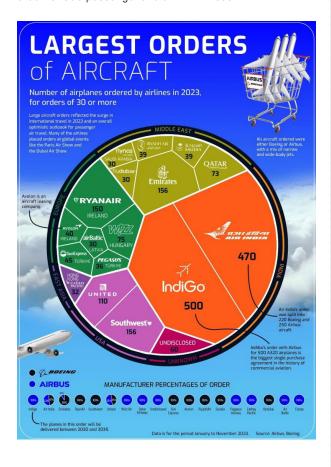


Source: Goldman Sachs Global Investment Research

### Chart #5

# India has the world's largest order book for commercial aircraft

We all remember the spectacular orders placed with Airbus and Boeing by Middle Eastern airlines such as Emirates and Qatar Airways. Indeed, the Middle East is one of the most important customers of the two leading commercial aircraft manufacturers. But it was India that broke all records in 2023. It was an eventful year for the Indian aerospace industry, with two of the country's airlines placing the world's largest and second-largest orders for passenger aircraft in the space of a few months. In February, Tataowned Air India placed an order for 470 aircraft, followed by another Indian company, IndiGo, which placed a massive order for 500 passenger aircraft with Airbus.

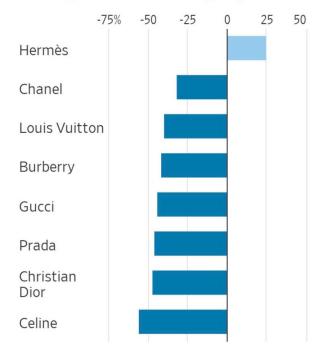


## Chart #6

# Why Hermès can be considered the "GOAT" of luxury handbags

In the world of tennis, the debate rages as to which of Roger Federer, Raphael Nadal or Novak Djokovic is the "GOAT" ("Greatest Of All Time"), i.e. the best player of all time. In luxury goods, the question could also be asked of Hermès, Channel and Louis Vuitton. The chart below might provide an answer - at least in the handbag segment. On the resale market, only one brand recorded an average increase in value compared with the store price: Hermès, with a 25% rise in the resale price of its handbags. All other brands suffered losses...

## Handbag resale values vs. original price



Source: The RealReal

### Chart #7

# A global price index based on ski passes?

Great skiing in Europe and Switzerland... The image below highlights the high cost of daily ski passes in the USA. For example, a day's skiing at the popular Vail resort in Colorado will cost you no less than \$299 per person, or around 260 Swiss francs. Equivalent rates are charged in Park City, Streamboat and Deer Valley.

Even if we sometimes have the impression of paying high prices to enjoy the white gold in Switzerland, France or Austria, as shown in the image below, we can consider ourselves very lucky compared to the Americans... Have a great ski season!





### For further information

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