
When will the music stop?

Investment Outlook 2025 Geneva

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SYZ PRIVATE BANK



All-time-highs across the board...


US stocks, home prices, bitcoin all at all-time highs, US national debt at all-time highs, US Core CPI Inflation: >3% for 43 straight months And the Fed is cutting rates again this week... What could go wrong Captain Powell ???



“US exceptionalism” is a mega-trend

“America first” in one chart:

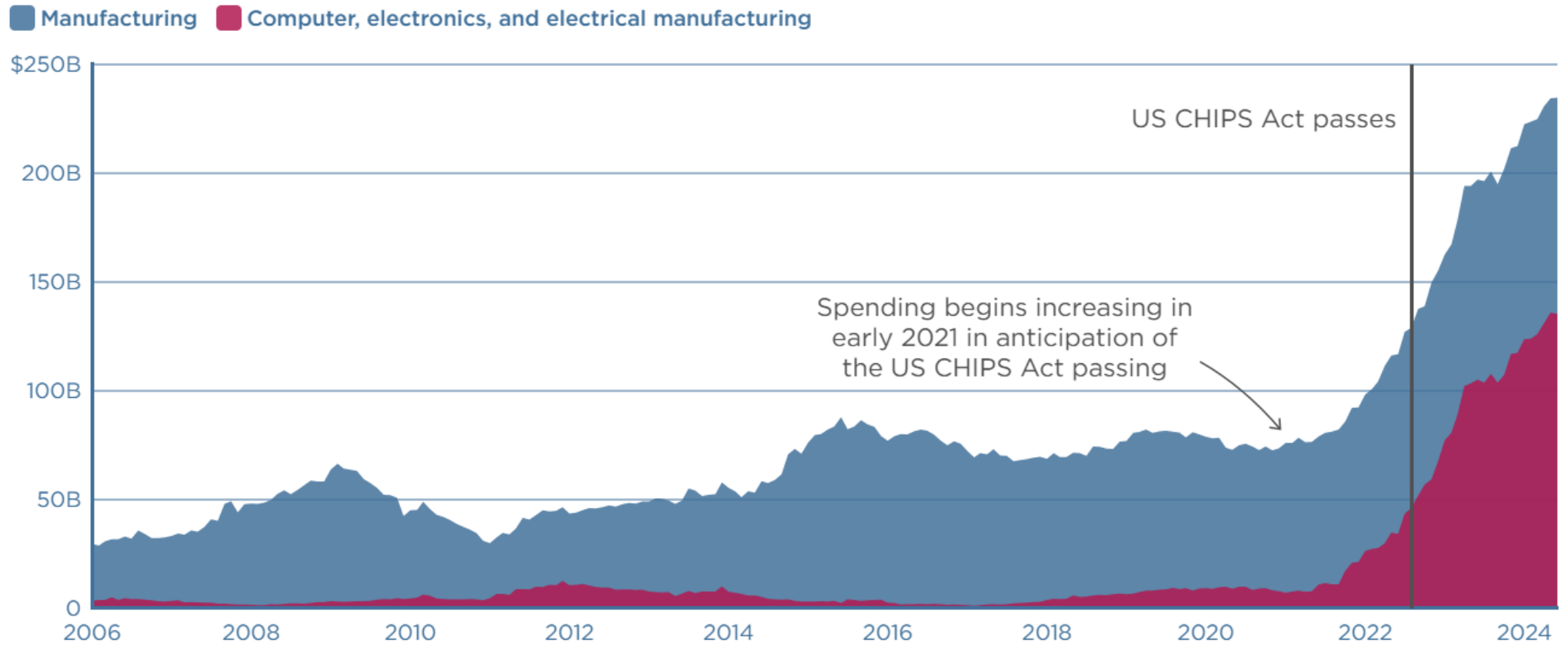


8 out of the Top 10 companies in the world are from the 

Rank	Name	Market Cap
1	Apple (AAPL)	\$3.794 T
2	Microsoft (MSFT)	\$3.357 T
3	NVIDIA (NVDA)	\$3.232 T
4	Amazon (AMZN)	\$2.449 T
5	Alphabet (Google) (GOOG)	\$2.415 T
6	Saudi Aramco (2222.SR)	\$1.813 T
7	Meta Platforms (Facebook) (META)	\$1.575 T
8	Tesla (TSLA)	\$1.486 T
9	Broadcom (AVGO)	\$1.167 T
10	TSMC (TSM)	\$1.048 T

Bidenomics: Industrial renaissance under the CHIPS and IR Acts

US construction finances, billions of dollars, 2006-24



#PIECharts

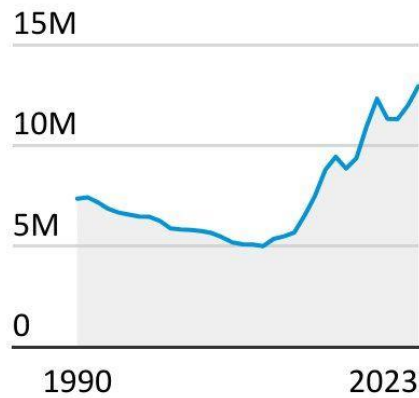
Learn more at [pie.com/research/pie-charts](https://www.pie.com/research/pie-charts)

Bidenomics: The US crude oil and natural gas renaissance

U.S. crude oil and natural gas renaissance (1990-2024)

Crude oil (million barrels per day) Natural gas (billion cubic feet per day)

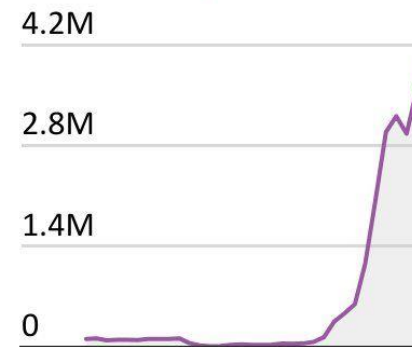
Crude oil: Production



Crude oil: Imports



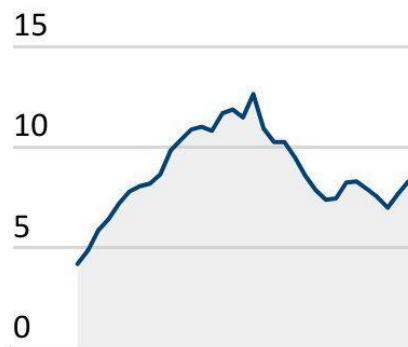
Crude oil: Exports



Natural Gas: Production



Natural Gas: Imports



Natural Gas: Exports

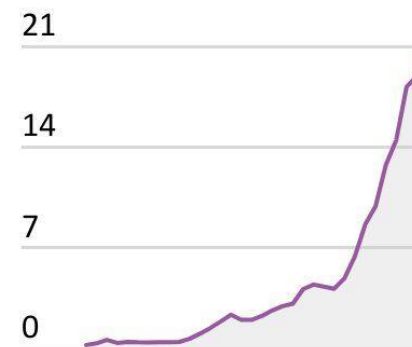


Chart: API • Source: U.S. EIA

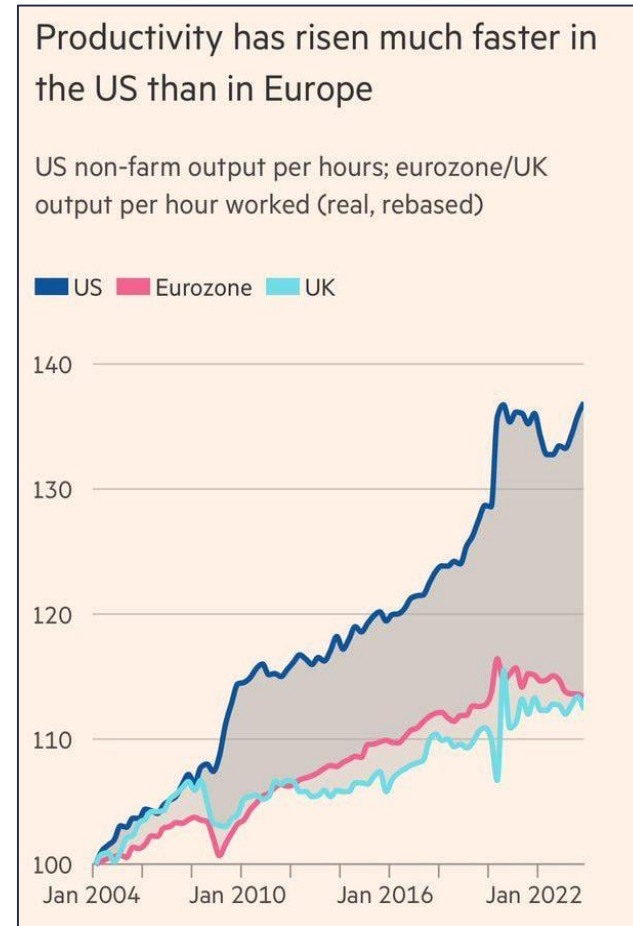
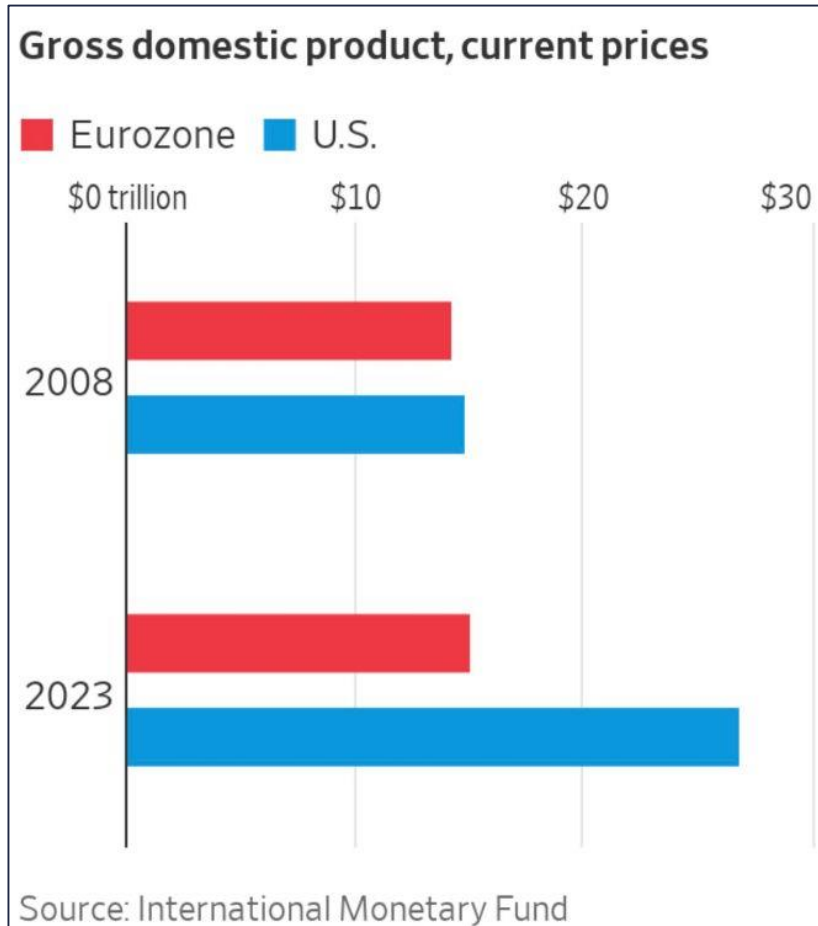




vs.



Mind the gap...



Europe faces existential choices !!!

Trump 2.0 pursues a libertarian vision for the US... and this might lead to an even greater divide between the U.S. and Europe...



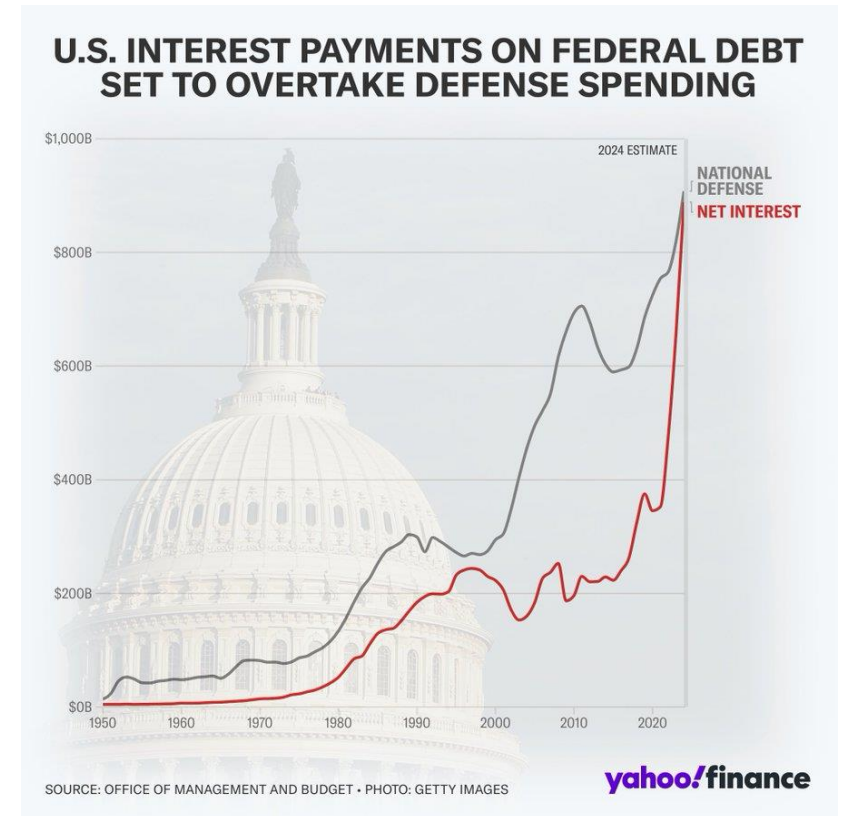
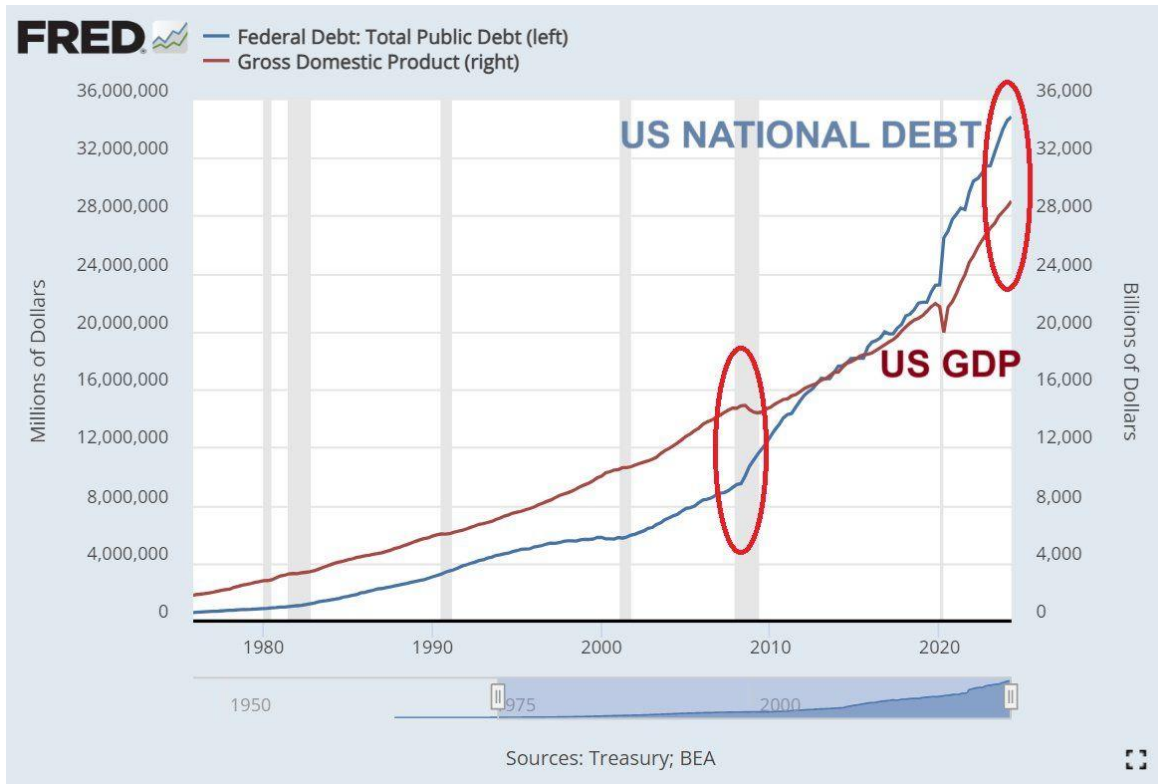
Smaller federal government economic freedom, deregulation, freer markets



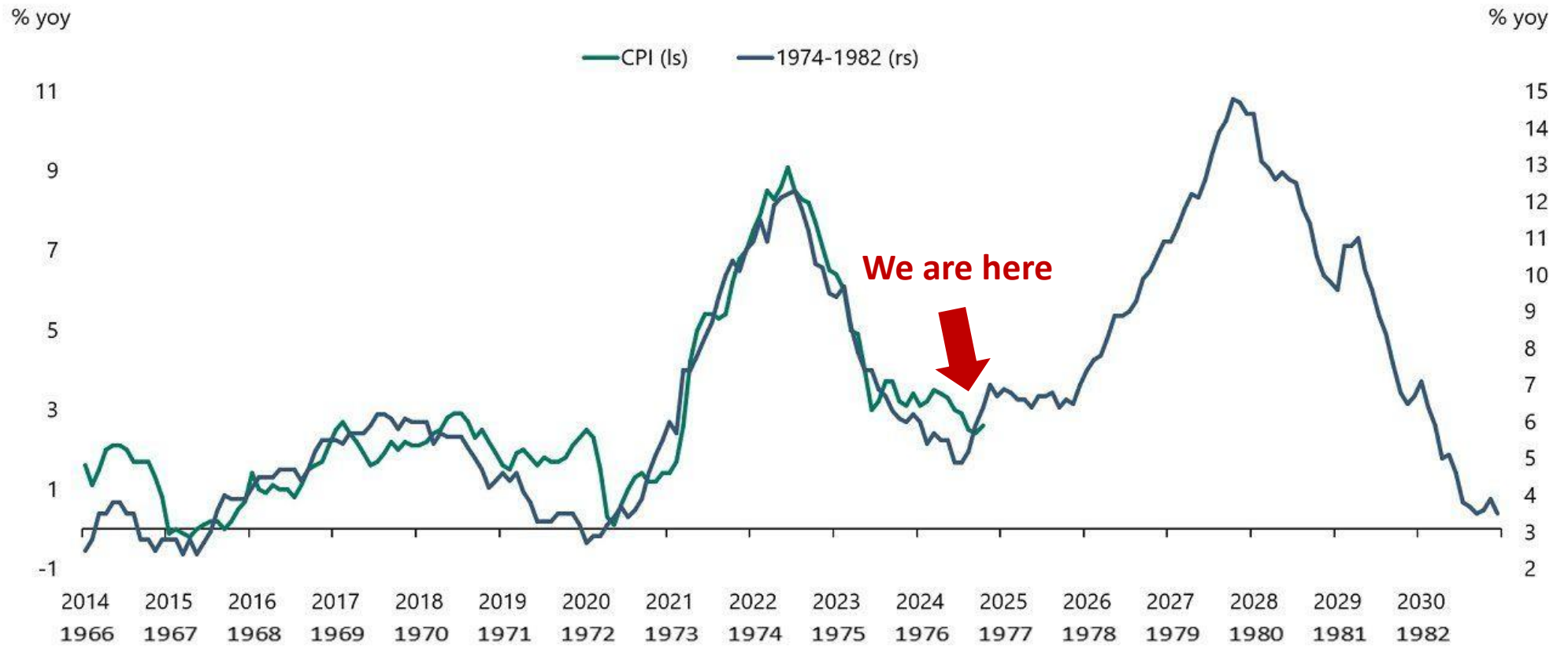
Greater government involvement, stricter regulation, expanded welfare state

US exceptionalism has a cost: ever rising debt and fiscal deficits

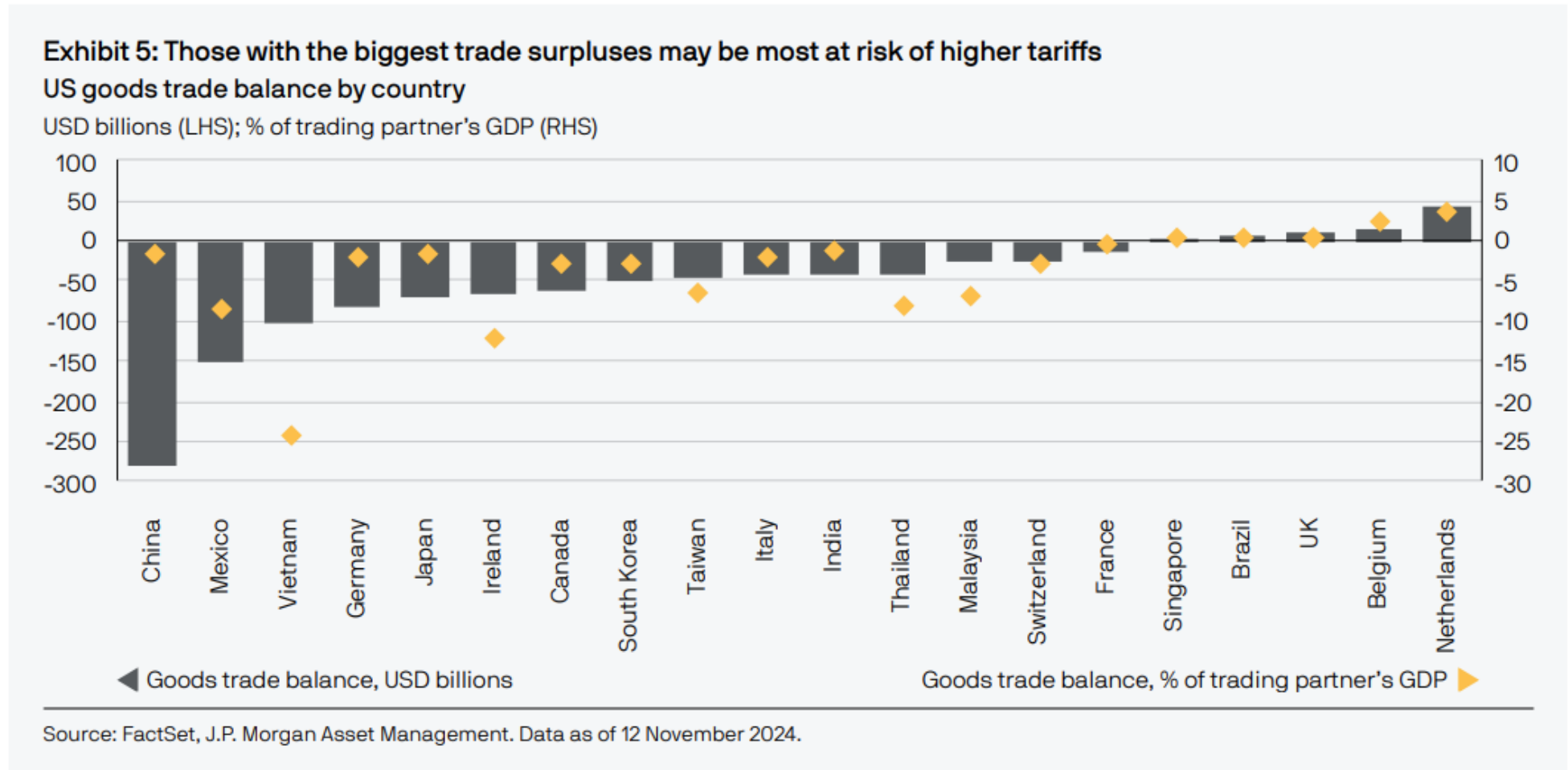
- US fiscal deficits are lifting both growth and the stock market, a phenomenon known as “fiscal dominance”
- With \$36T of public debt and a debt-to-GDP ratio at 122%. The Fed needs to keep REAL interest rates artificially low



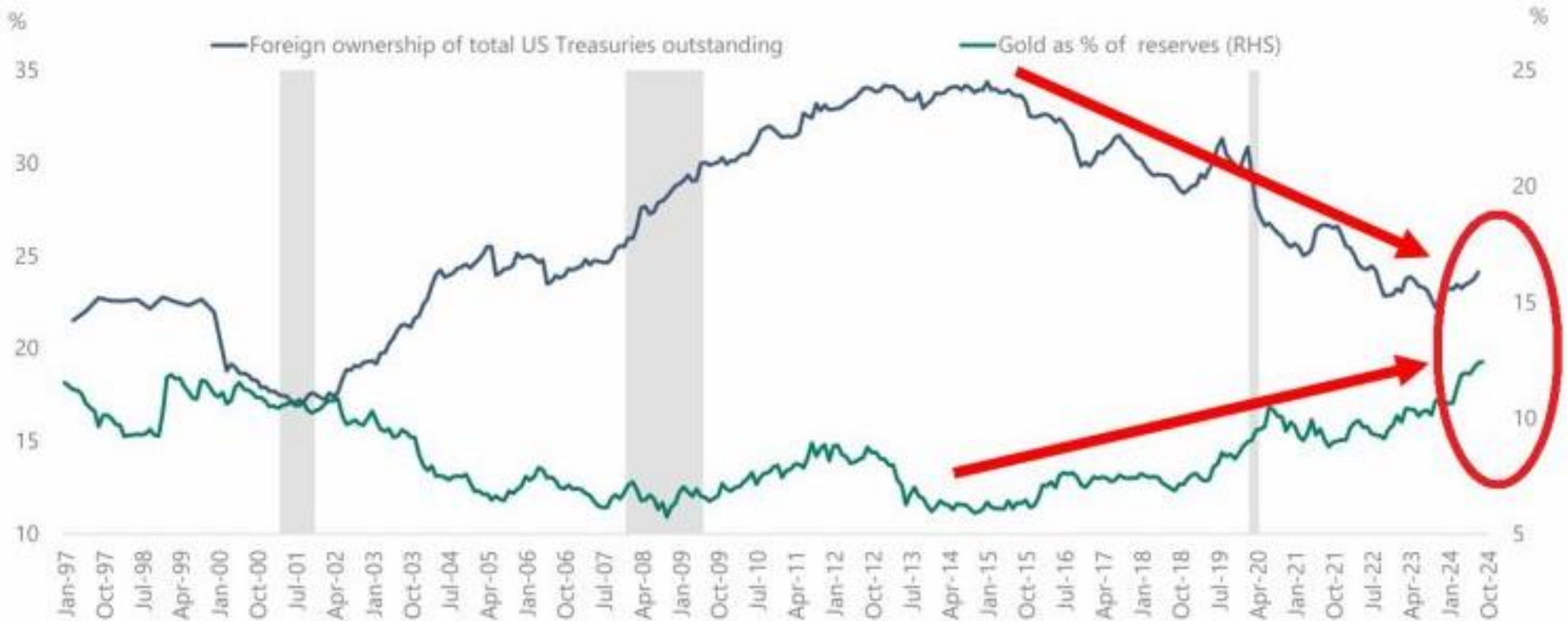
US economy on steroids + China reflating create UPSIDE risks on inflation



Global trade enters a period of turmoil: countries with the biggest trade surpluses may be the most at risk of higher US tariffs



The world is changing: Gold reserves are rising at the expense of US Treasuries. Sanctions are likely playing a role



Source: US Treasury, IMF, Haver Analytics, Apollo Chief Economist.

The Asset Allocation dilemma

S&P 500



- High US GDP nominal growth
- Deregulation, Lower Taxes
- High Sales & EPS growth
- High RoE, High Free Cash Flows
- **Negative net supply**

US Treasuries



- A less dovish Fed?
- Risk of higher inflation
- Risk of lower demand from BRICS+
- Higher correlation with US stocks
- **Over-supply due to ever-rising debt**

Global investors are “ALL IN” US large-caps

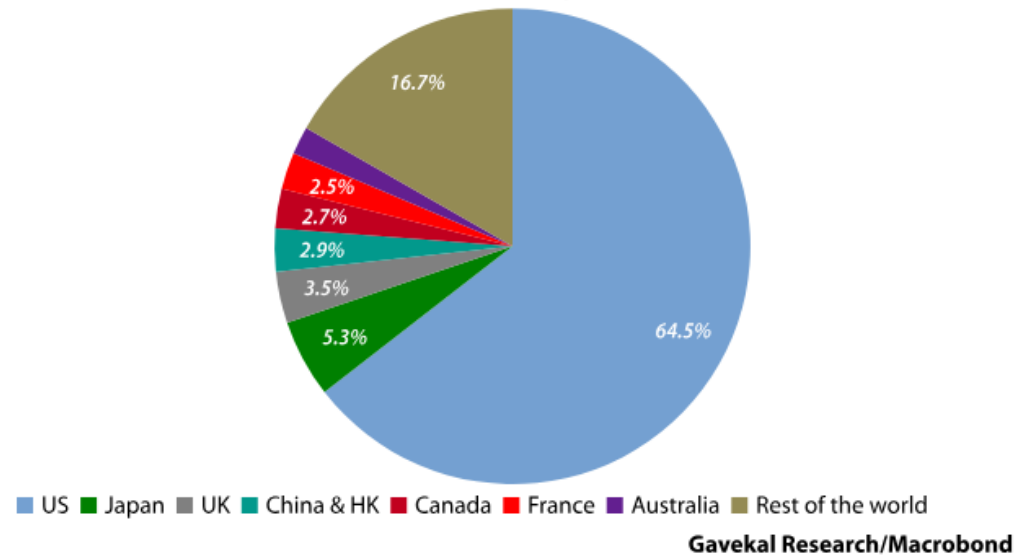
S&P 500 earnings yield FELL below the 10-year Treasury yield for the 1st time in 22 YEARS!

US stocks now account for almost 2/3 of world market cap



US stocks make up nearly two-thirds of the MSCI World index...

MSCI World, country weights



Looking for diversifiers...

Equity diversifiers

- From AI hype to AI reality.
- Innovation beyond the Mag 7: space economy, autonomous vehicle, etc.
- The winners of deregulation (M&A, Infrastructure spending, etc.)
- Emerging markets benefiting from a global growth boom
- Secular themes: nuclear energy, long “good governance”

Liquidity diversifiers

- Hedge Funds
- Litigation Finance
- Private Equity

Income diversifiers

- “Wealthy Nations” sovereigns
- Relative value in credit (e.g. autos, Banks, Airlines, Energy midstream and services, etc.)
- Structured notes to benefit from volatility

Macro diversifiers

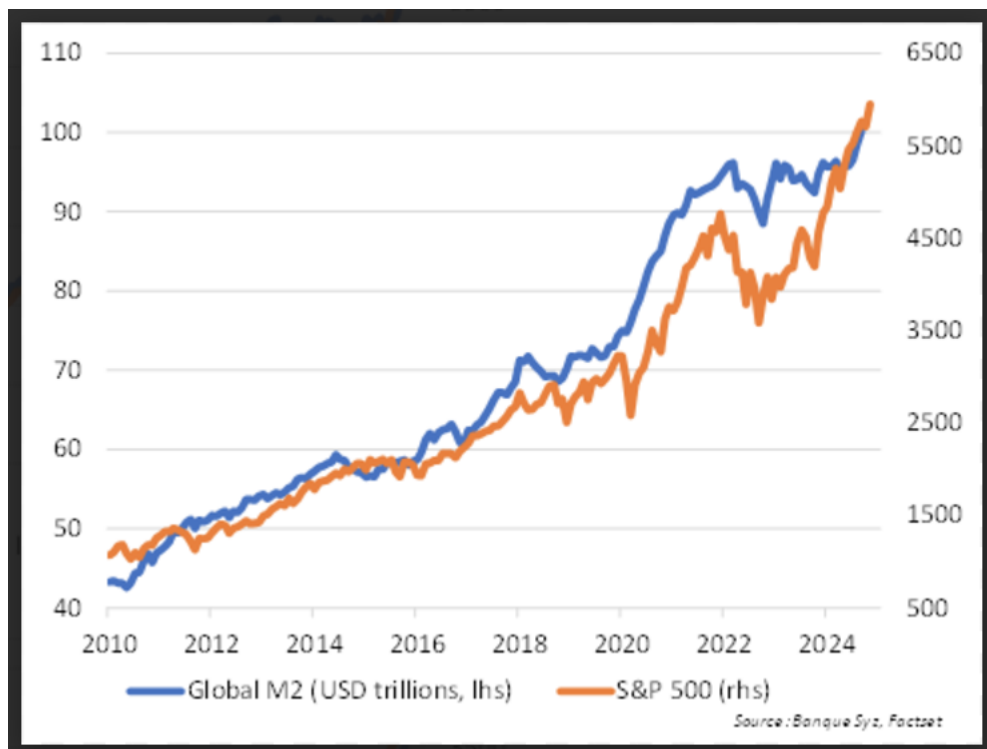
- Gold
- Bitcoin
- Inflation strategies
- Money markets

Key views

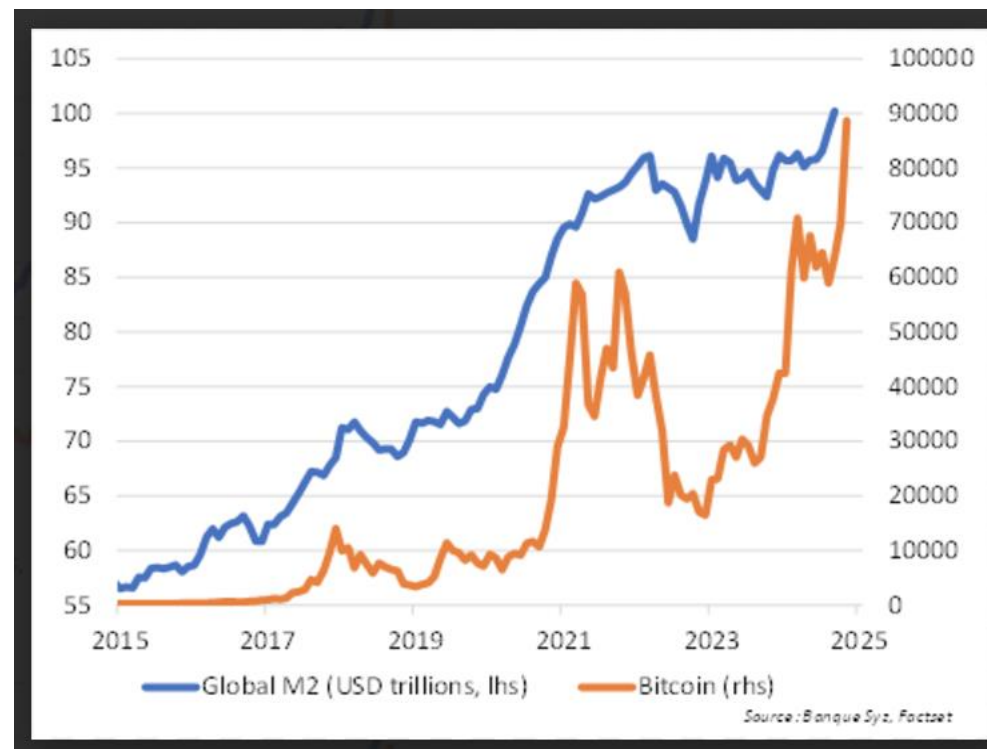
- 🏠 We stay **RISK-ON equities** supported by solid growth and earnings. Real interest rates are likely to move lower (either through rate cuts or rising inflation).
- We expect **volatility to come back with a vengeance** due to unpredictable US policies and/or a rise in bond yields
- **Within equities**, we keep our **preference for US equities and Tech**. But we recommend to continue diversify away from Mag 7.
- **Fixed Income**: We expect **upward pressure on long-term rates** due to higher nominal growth prospects + elevated and rising public deficits and public debt.
- **Forex**: Mixed effects on the **dollar** but net-net positive (except for the **Swiss Franc**).
- **Commodities**: There are mixed signals for oil. **We stay bullish Gold**.
- **Alternatives**: **Hedge funds & private assets** should be considered as portfolio diversifiers.
- **Cryptos**: **Positive**. Trump is the first crypto-friendly administration.

When will the music stop? Watch global M2...

S&P 500 (in orange) vs. Global M2 (in blue)



Bitcoin (in orange) vs. Global M2 (in blue)



Merry Christmas et Happy New Year!





Welcome to Syzyerland