



Charts That Matter

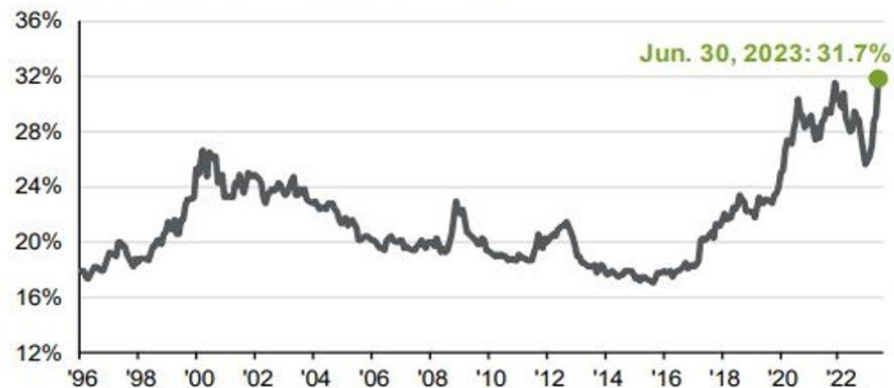
14th July 2023



Despite the fact that the combined market capitalization of the top 10 companies in the S&P 500 constitutes an unprecedented 31.7% of the index, their earnings contribution has been drastically declining and now stands at only 21.5%.

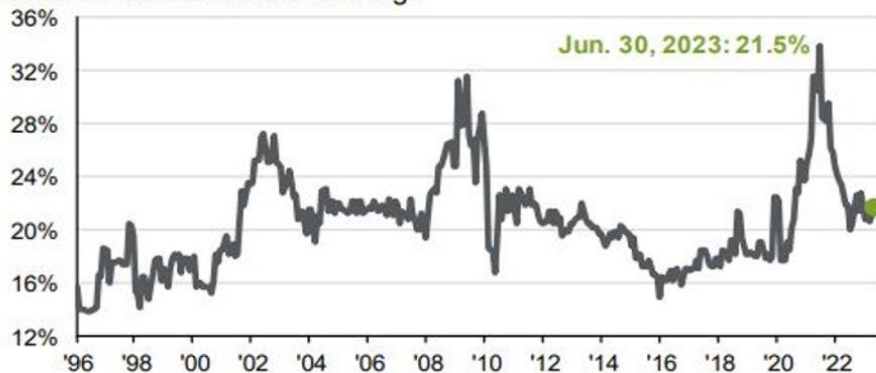
Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Earnings contribution of the top 10 in the S&P 500

Based on last 12 months' earnings



Headline CPI set to tumble to 3.1% Y/Y in June from 4.0%, at which point it reverses higher again.

Chart 7: Unless MoM CPI stays <0.2%, inflation heads higher by '24
US inflation assumptions



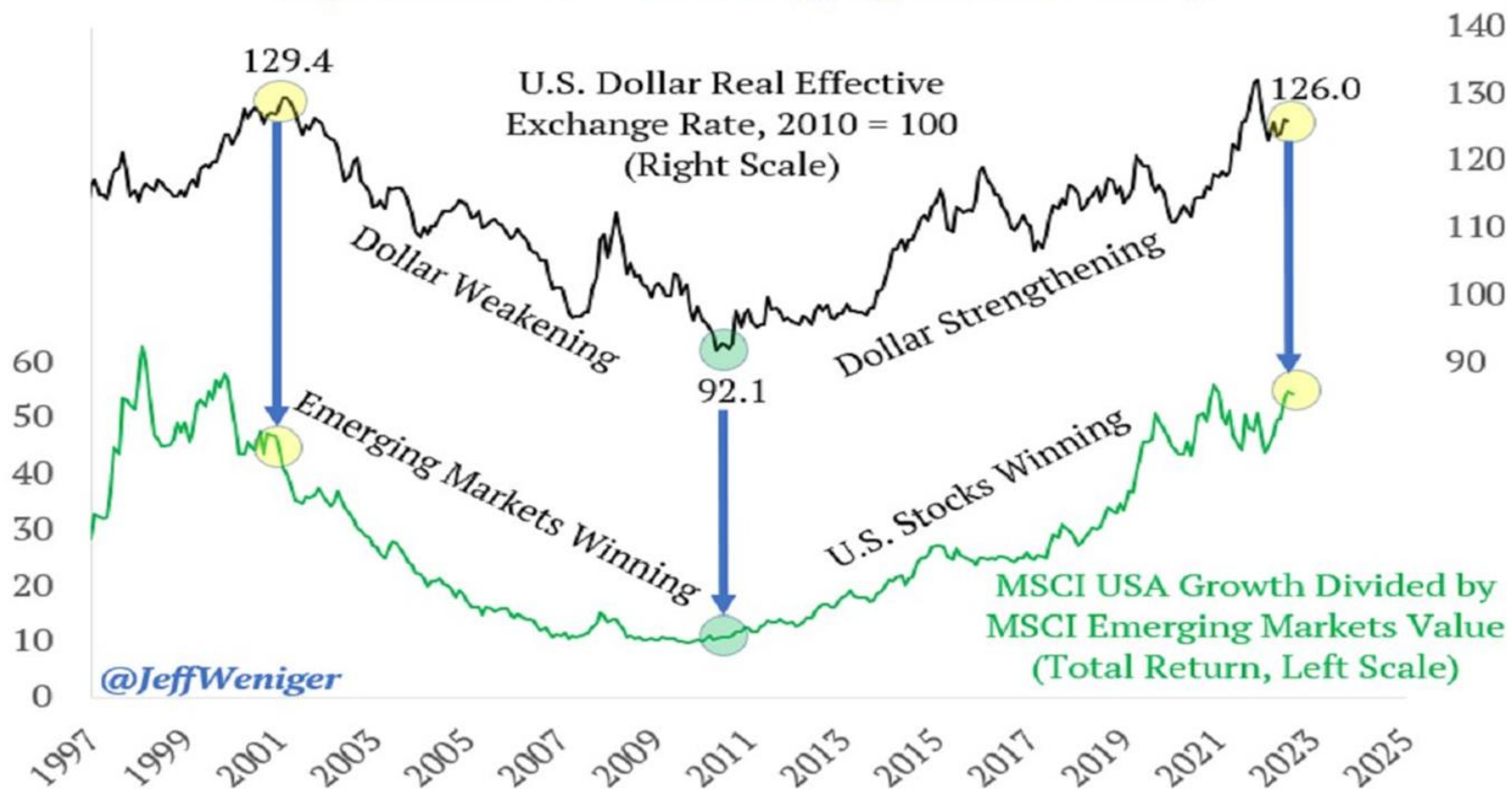
Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH



The US dollar is as strong as it was at the turn of the century. Tons of people locked and loaded US stocks, all-in on Growth stocks too. Just like in the year 2000.

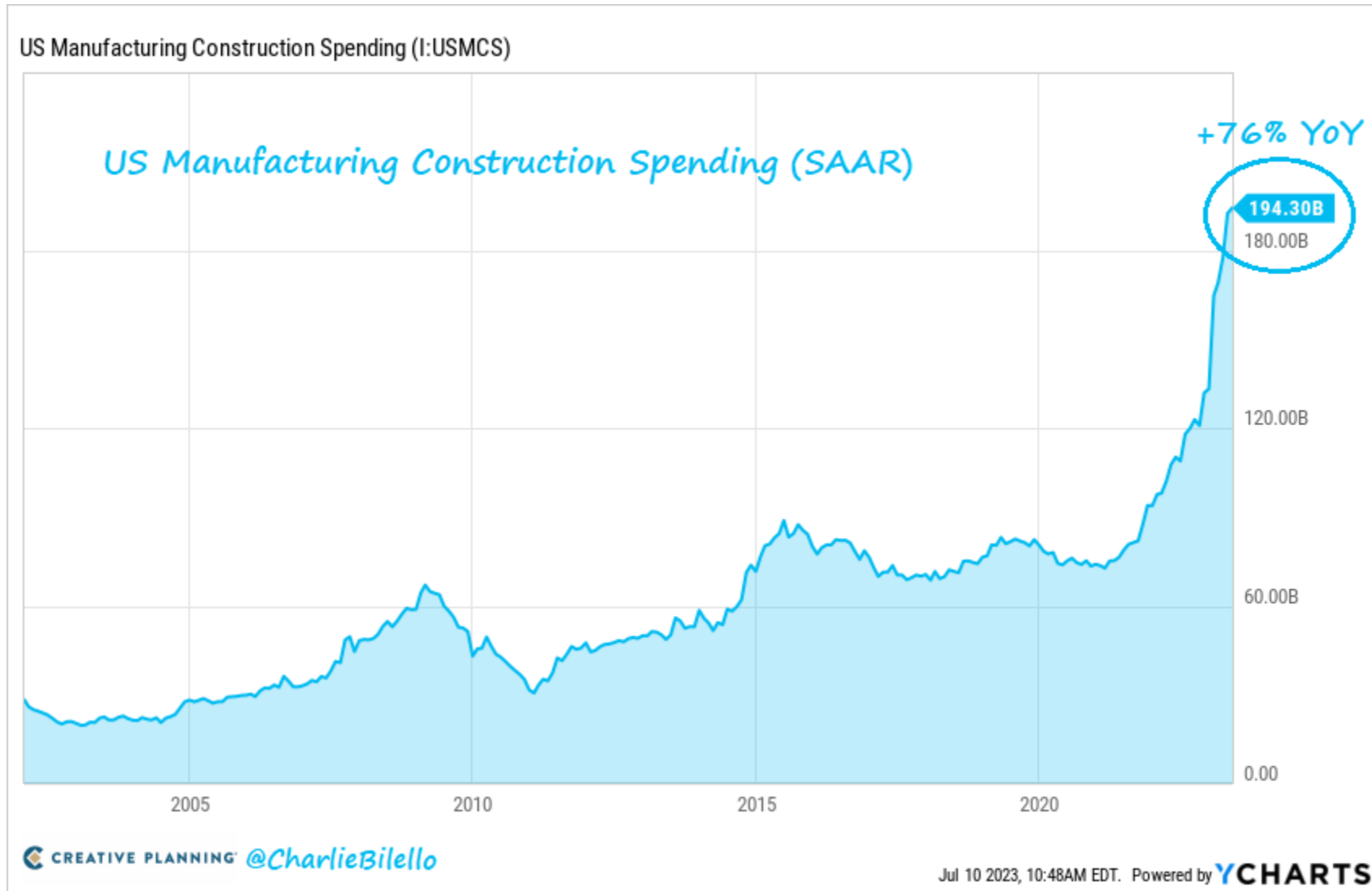
Expensive USD: An Emerging Markets Setup



Source: Refinitiv, JPM, as of 7/6/2023. File #0222



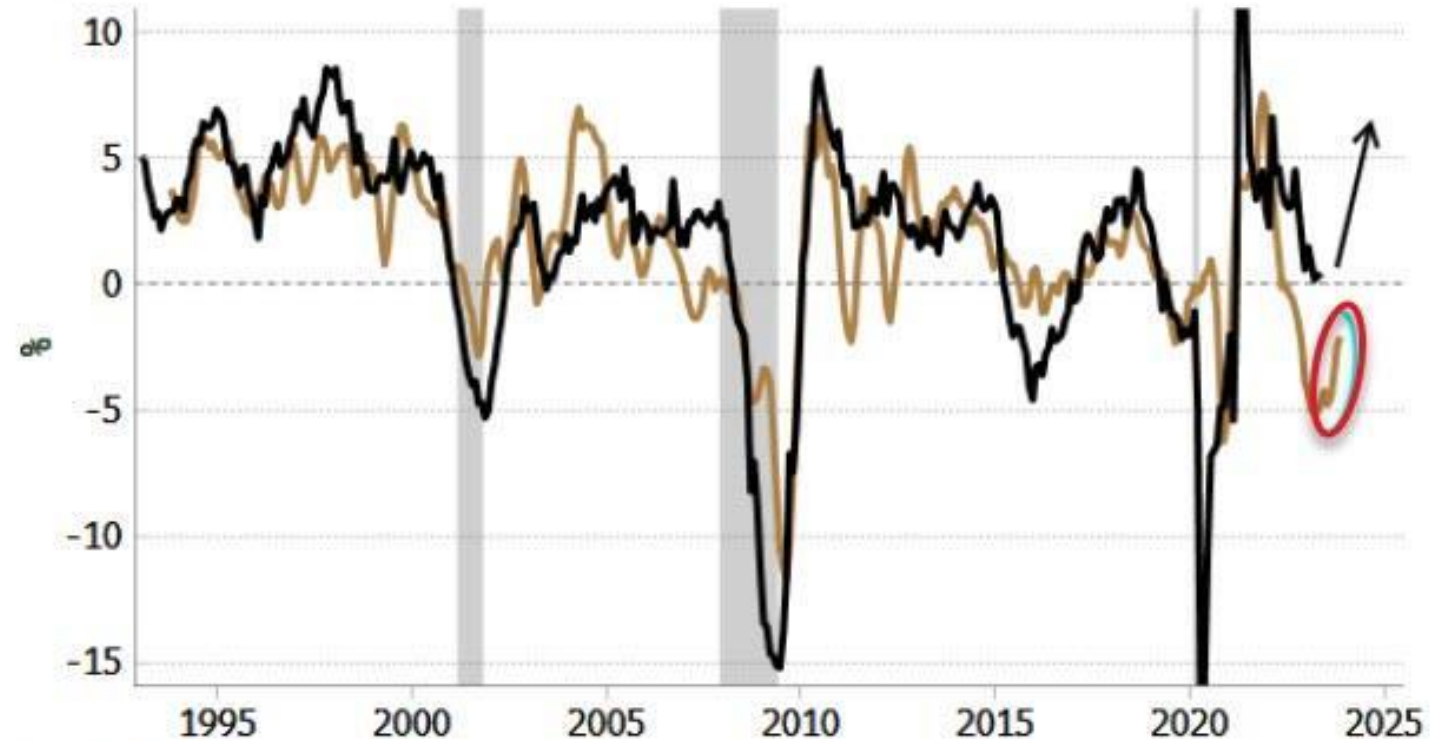
Manufacturing Construction Spending in the US continues to hit new highs, increasing 76% over the last year. US is reindustrializing.



Recession risk to equities is becoming less severe as odds rise the next downturn will be mild.

Upturn Ahead for US Business Cycle?

— US Industrial Production YoY — US Leading Indicator (Pushed Forward 6 Months)



Source: Bloomberg



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