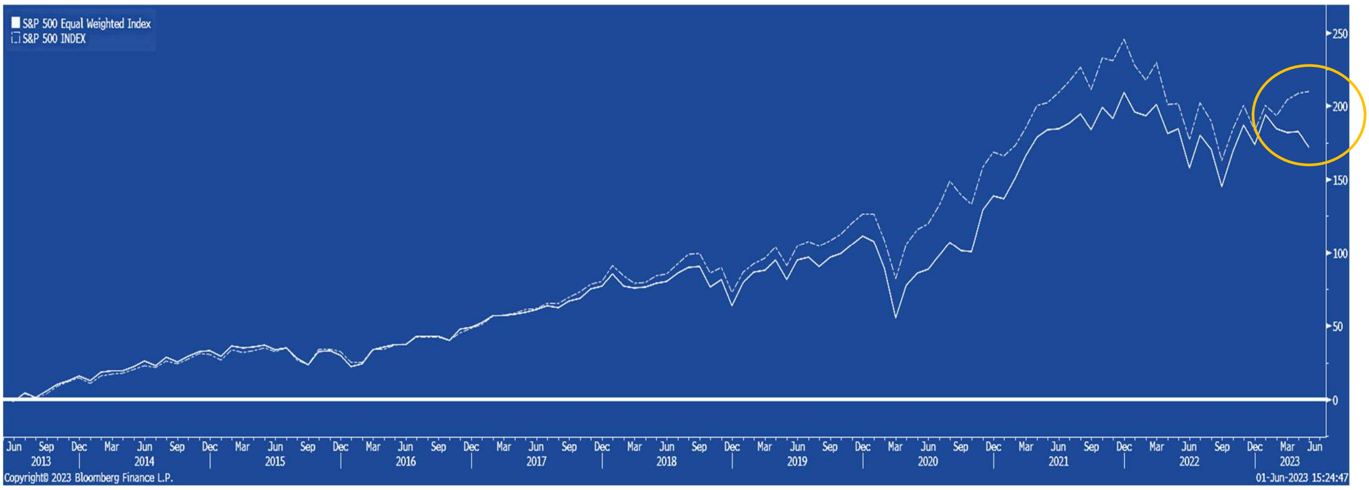
Dear readers,

Most stock markets lost some ground in May with the notable exceptions of the US S&P500 index (particularly buoyed by technology stocks) and the Japanese Nikkei 225 index.
As I mentioned last month, the spread between the S&P500 "standard" and "equal weight" indices widened significantly.
While the "standard" index has gained 8.86% since the beginning of the year, the equal-weight version of the index has fallen by 1.43%, i.e. a difference of more than 10%! (See the Bloomberg graph below, showing that despite divergences in certain years, the two indices meet regularly).



The biggest technology companies alone account for well over 50% of the index, which is considered the US benchmark.
Most professionals believe that good diversification is essential to preserve and effectively manage wealth assets. This may explain why some private clients feel their managers could have generated higher performances since the start of the year.
Sound management often requires a little patience and equanimity.

There have been mixed trends in the economic and geopolitical environment over the past month.
Growth in the United States and Europe slowed but remained positive (except in Germany where a "technical" recession started to take shape).
The US labour market remained buoyant and macroeconomic indicators, although slightly below expectations, gave no clear confirmation that we are on the verge of a recession.
Earnings releases by both US and European companies were fairly reassuring, even though some business leaders are showing caution as regards the months ahead.

While inflation figures continued to dip, we are still a long way from the target levels of the major central banks.
To fuel still rather high consumption, US households appear to be taking on considerable debt.
Much of this can be explained by the fact that the benefits of the aid granted during the Covid crisis have faded.

Relations between China and the United States were strained, weighing on the recovery of the Chinese economy, which is well below expectations.

Key interest rates were again raised by a quarter of a percent on both sides of the Atlantic.
A pause during the summer is possible, but I would not yet wager that the work is done and a rate cut is on the horizon.

In the US, the bipartisan negotiations on raising the debt ceiling passed a crucial vote, which should avert the risk of an acute crisis over the next two years.

Main markets in 2023

	May 2023	from 01/01 to 31/05/2023
Euro Stoxx 50	-3.24%	+11.19%
S&P 500	+0.25%	+8.86%
BEL 20	-6.97%	-4.44%
MSCI WORLD	-1.25%	+7.60%
Nikkei 225	+7.04%	+18.37%
Hang Seng, Hong Kong	-8.35%	-7.82%

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