

Whale watching for new ideas

FEBRUARY.26. 2024

Summary

Tracking what world's best investors doing

Many world's most accomplished investors, from Warren Buffett to Bridgewater and Duquesne, must disclose their portfolios every quarter. These 13F's are published 45 days after quarter end and are a source of new ideas and insights. The latest from Feb. 14 show broad embrace of tech stocks but caution on the consumer. Whilst retail investors can also hold heads high, with Q4 positioning very long tech and successful picks from long NVO to cautious SNAP. [See Page 4](#)

A positive week of new stock market records

Strong NVDA results and AI 'tipping point' drove biggest increase in stock market cap. ever and new US index records. All-time-highs also Europe's Stoxx 600 and Japan Nikkei 225, after 34 years. China stocks rose after surprise rate cut as reopened after its NY holiday. Beats from WMT, MRNA and big misses PANW to HSBC, RIVN. COF buying DFS in large M&A See our 2024 Outlook [HERE](#) and twitter [@laidler_ben](#). [See Page 2](#)

NVIDIA versus market bubbles and CISCO

Semis and [AI giant NVDA](#) beats and raises again, lifting whole market. It's not a bubble. Only 1 of 3 'bubble' indicators are in place, and it's still 1/3 valuation of dot-com peer CISCO. [See Page 2](#)

Dollar well-priced as macro differences rise

Dollar (DXY) won from US [macro exceptionalism](#), with Sterling (GBP) close behind and Yen (JPY) laggard. But DXY is now better priced and the macro divergence is just starting. [See Page 2](#)

Super-sized Switzerland due a catchup

A world-leading 85% sales from abroad, makes super-sized and consumer (NESN.ZU) and healthcare focused [Swiss market](#) (EWL) a winner from the weak Franc (CHF) outlook. [See Page 2](#)

A lithium price turnaround may take time

'White gold' [plunge -80%](#) hit ALB to SQM with a supply glut as EV demand growth stalls, but battery benefit for TSLA and others. [See Page 2](#)

Ethereum leading up versus Bitcoin

The 2nd largest crypto near \$3,000 as Dencun upgrade and SEC spot ETF deadline near, as catches up with BTC recent outperformance. BTC consolidating above \$50,000 as spot ETF inflows top \$5 billion and futures open interest \$6.5 billion. ECB publishes downbeat BTC view. See latest [Weekly Crypto Roundup](#). [See Page 3](#)

Commodities sees some rare relief

As China stepped up macro policy stimulus and strong US dollar eased. China-focused industrial metals benefitted the most. Dramatic US natgas plunge stabilised as top producers CHK and EOG reigned in their production outlook. Nickel off lows on new Russia supply sanctions. Miners GLEN.L to AAL.L Q4 results plunged. [See Page 3](#)

The week ahead: Inflation, earnings, March

1) Fed favourite PCE inflation (Thu) est. pick up vs EU est. fall to 2.5% (Fri). 2) End of strong +10% S&P 500 earnings w/ CRM, DELL, AMT, BUD, LOW. AMZN into DJIA (Mon), and Barcelona WMC. 3) Borderline 50 China PMI (Fri) with 'Two sessions' ahead. 4) End of strong Feb (Thu) led by tech and crypto, with politics a March focus. [See Page 3](#)

Our key views: Outlook for a different 2024

We see a stronger but very different 2024. Lower inflation and coming interest rate cuts as growth slows, and the earnings outlook idiosyncratically accelerates. Will drive an investor rotation from 2023 US and big tech winners to rate sensitive losers from Europe to real estate. [See Page 5](#)

Top Index Performance

| | 1 Week | 1 Month | YTD |
|--------|--------|---------|--------|
| DJ30 | 1.30% | 2.68% | 3.83% |
| SPX500 | 1.66% | 4.04% | 6.69% |
| NASDAQ | 1.40% | 3.50% | 6.56% |
| UK100 | -0.07% | 0.93% | -0.35% |
| GER40 | 1.76% | 2.70% | 3.99% |
| JPN225 | 2.47% | 7.90% | 16.84% |
| HKG50 | 2.36% | 4.85% | -1.89% |

*Data accurate as of 26/02/2024

Market Views

A positive week of new stock market records

- Strong NVDA results and AI 'tipping point' drove biggest increase in stock market cap. ever and US indices to new records. All-time-highs also seen in Europe's Stoxx 600 and Japan Nikkei 225, after 34 years. China stocks rose after surprise rate cut as reopened after its NY holiday. Beats from WMT, MRNA and big misses PANW to HSBC, RIVN. COF buying DFS in large M&A deal. See 2024 Outlook [HERE](#) See [Page 6](#) for resources and videos.

NVIDIA, CISCO, and market bubbles

- Semis and [AI giant NVIDIA](#) (NVDA) again reported very strong results, with its \$22 billion sales near four times YoY \$6 billion, and guidance above consensus. And was a relief to the broader market with 'Magnificent 7' big tech performance and earnings concentration at historic highs.
- NVIDIA's short-term GPU semiconductor chip position is dominant. Its customers are very well-funded. And its valuation is undemanding. And comparisons with dot-com era 'picks-and-shovel' CISCO (CSCO) or tech 'bubble' concerns overdone. Market unbalanced but not a bubble. [See Page 2](#)

Dollar well-priced as macro differences rise

- US [dollar \(DXY\)](#) near highest since Nov. and best performing G-10 currency this year. As markets react to US growth strength and stickier inflation. Pushing bond yields and widening differentials. Delaying start and magnitude of forecast US rate cuts. But US exceptionalism is now better priced, much of dollar outperformance behind us, and impacts from commodities to EM been limited.

- But conditions are diverging and to drive more FX dispersion. Sterling (GBP) much in common with dollar and kept pace. Whilst Yen (JPY) round-tripped and been big laggard. New Zealand (NZD) ready for more hikes, but ECB (EUR) early cutter. [See Page 2](#)

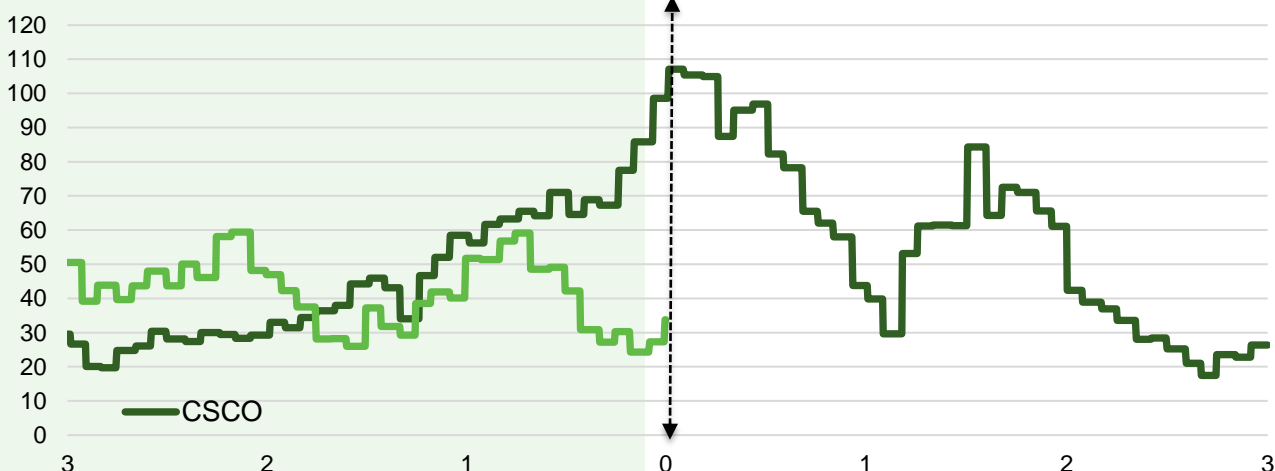
Super-sized Switzerland due a catch up

- [Swiss market](#) is supersized, increasingly attractive, and due a catch up. It's been lagging recent records in US, Japan, and Stoxx 600. But it's the market with the greatest proportion of overseas sales. Making very sensitive to the catalyst of the weaker Swiss franc (CHF), as the central bank now changes focus.
- This competitiveness boost should add to market's (XSMI.DE) attractive 10% earnings growth. The SMI index is dominated by defensive consumer staples and healthcare stocks, like Nestle (NESN.ZU) with large dividend yield. Its 17x fwd. P/E valuation is in line with its long-term average. [See Page 2](#)

A lithium price turnaround may take time

- Lithium plunged 77% the past year, despite 'white gold' moniker. The worst of [battery materials](#) rout with cobalt -20% and nickel -40%. With glut of new supply and EV demand slowdown. Turnaround may be slow, from ALB to SQM, despite low sentiment.
- With lithium prices still above pre-2022 levels and above the industry cost-curve. But it's also a competitiveness silver-lining for battery and EV makers, from Tesla (TSLA) to @BatteryTech. As they try to rekindle growth with lower prices. Lithium-ion battery pack costs are 30% the total of an EV and fell 14% last year to \$139/kWh. [See Page 2](#)

CSCO (1997-2003) 12m fwd. P/E valuation vs NVDA (2021-)



Market Views

Ethereum leading versus Bitcoin

- Second largest crypto asset Ethereum (ETH) has lengthened its year-to-date outperformance of Bitcoin (BTC), as it nears the \$3,000 level. In a sharp reversal of 2023's relative performance. As ETH's Dencun upgrade and first SEC spot ETH ETF decision deadline come into sharper focus.
- The BTC price consolidated above the \$50,000 level after its asset-class leading rally so far this year. Spot BTC ETF inflows have continued to build, to over a net \$5.2 billion since approval. Whilst futures open interest topped \$6.5 billion.
- The ECB published a downbeat view on BTC, and spot ETF approvals, saying the 'fair value' of BTC is zero. See latest [Weekly Crypto Roundup](#).

Commodities see some rare relief

- The asset class saw some relief as China stepped up policy stimulus, with a surprise mortgages rates cut, and the US dollar eased back. This particularly benefitted China-demand centric industrial metals, led by copper.
- The dramatic US natgas price crash stabilised as producers, including the largest CHK and EQT, began to reign in drilling and production growth targets in response to sub-\$2MMBtu 25-year low.
- Nickel prices rallied off lows as the US threatened additional sanctions against major producer Russia. Whilst miners Q4 results from GLEN.L to AAL.L showed profits more than halving.

The week ahead: Inflation, China, earnings

- Triple-**inflation** bill led by Fed-favourite PCE (Thu) pick up vs last 2.6%, with EU est. fall (Fri) to 2.5%, and Japan (Mon) also down vs last 2.6%. As central banks push back against early rate changes.
- End of strong **earnings** season with 78% S&P 500 'beating' and profits +10%. This week see CRM, DELL, ZM, BUD, TGT, LOW. AMZN replaces WBA in **DJIA** (Mon). Barcelona World **Mobile** Congress on.
- Focus **China** as authorities step up policy stimulus measures and stock market stabilises. February PMI due (Fri) vs last borderline expansionary 50.9. ahead of March 'Two sessions' macro policy meet.
- End of another strong **month** (Thu). As earnings surprise offset interest rate cut pushback. Crypto led asset classes and bonds fell. It's political heavy March, from Super Tuesday to the Russia election.

Our positive key views for 2024

- See a stronger 2024 performance as investors look ahead to the final <3% hard inflation yards, a slowing but not recessionary US economy, and coming mid-year interest rate cuts on both sides of the Atlantic. This is set to come alongside an idiosyncratic and broadening AI and profit margin led 10%+ US earnings growth acceleration.
- Early focus on defensive growth and long duration assets, from healthcare to big tech, and bonds to crypto. With coming big rotation away from these 2023 US and big tech winners to the interest rate sensitive 'losers' from Europe to real estate in 2H.

US Equity Sectors, Themes, Crypto assets

| | 1 Week | 1 Month | YTD |
|------------|--------|---------|--------|
| IT | 1.56% | 4.04% | 9.48% |
| Healthcare | 1.34% | 5.46% | 7.81% |
| C Cyclical | 1.14% | 5.55% | 3.75% |
| Small Caps | -0.79% | 2.05% | -0.51% |
| Value | 1.51% | 3.39% | 3.60% |
| Bitcoin | -1.54% | 30.01% | 21.27% |
| Ethereum | 6.24% | 34.27% | 27.66% |

Source: Refinitiv, MSCI, FTSE Russell



Fixed Income, Commodities, Currencies

| | 1 Week | 1 Month | YTD |
|-------------|--------|---------|--------|
| Commod* | -0.88% | -3.42% | -3.29% |
| Brent Oil | -3.39% | -2.73% | 4.76% |
| Gold Spot | 1.01% | 1.37% | -1.25% |
| DXY USD | -0.32% | 0.51% | 2.59% |
| EUR/USD | 0.41% | -0.29% | -1.95% |
| US 10Y Yld* | -3.31 | 10.79 | 37.01 |
| VIX Vol. | -3.44% | 3.70% | 10.44% |

Source: Refinitiv. * Broad Bloomberg index. * Basis points

Focus of Week: Whale watching for your portfolio

Many the world's most accomplished investors disclose their portfolio ideas every quarter

Every quarter many of the US's most successful managers ('whales'), from Warren Buffett on down, disclose their portfolios and what they have been buying and selling. Despite drawbacks that we discuss below, this can be fertile ground for new idea generation and a window into their thinking. February 14th saw the latest of these 13F disclosures, with a broad embrace of tech and caution on consumer. Whilst our latest look at the biggest retail investor portfolio changes shows they can also hold their heads high.

13F's need to be disclosed 45 days after the end of every quarter

So-called 13F's are a regulatory report all US based investment managers with over \$100 million of assets need to report to the SEC. They are published 45-days after the end of the quarter and often generate headlines. The latest report was Feb. 14th and the upcoming publication dates are May 15th (of Q1), August 14 (of Q2) and Nov. 14th (of Q3). Understanding the context of this data is important, as it comes with caveats. 1) You only see their long positions, and not the potentially offsetting short positions. 2) Only stock holdings, not those in other asset classes. 3) Its best for managers with low turnover, given the 45-day reporting delay. 4) And focusing on the larger positions, as a reflection of manager conviction.

1,000 of managers including many of the greats from Duquesne to Bridgewater

These are some of the world's most successful managers. With different backgrounds, strategies, and investment focus. From Buffett's Berkshire Hathaway (BRKb) to \$70 Billion Bill & Melinda Gates Foundation. To Bridgewater Associates, the world's largest hedge fund, and Stanley Druckenmiller's Duquesne, famous for never having had a down year. To Bill Ackman's Pershing Square, known for its long-term concentrated investments and activism, and David Tepper's 30-year outperformance record at Appaloosa.

Latest ideas show broad embrace of tech stocks and caution on the consumer

Our table highlights [the largest buys and sells](#) from six of the more established manager's last quarter. From Buffett's adding to out-of-favour oil stocks and trimming back on outperformed homebuilders. To Duquesne and Bridgewater agreeing on NVIDIA (NVDA) versus Appaloosa, and some caution on Alphabet (GOOG). With broad caution on the consumer with sales across food, beverage and retail stocks.

Whilst retail investors can hold their heads up high, long tech and picks from Novo to Snap

We do our own version of the 13F process, but for [retail investors on our platform](#) and quicker. They have performed well. With the top ten holdings all made up of the big tech stocks that been the performance leaders this year. With the most popular Q4 purchases included weight-loss leader Novo-Nordisk (NVO) that has soared. Whilst the stocks that saw the biggest reduction in holders included social media app Snapchat (SNAP) that has plunged but also smartphone chip ARM Holdings (ARM) which has soared.

Top three portfolio buys and sells in latest Q4 13F disclosures, by manager

| Rank | Buffett | Duquesne | Bridgewater | Apaloosa | Gates Foundation | Pershing Sq |
|------|------------|-------------|-------------|----------------|--------------------|---------------|
| 1 | Siruis XM | NVIDIA | Eli Lilly | Oracle | Veralto | Howard Hughes |
| 2 | Occidental | Seagate | NVIDIA | ARK Innovation | | |
| 3 | Chevron | Arista | MSCI Brazil | UPS | | |
| 1 | HP | Lamb Weston | Pepsico | NVIDIA | Berkshire Hatheway | Lowes |
| 2 | DR Horton | Alphabet | P&G | Alphabet | Deere | |
| 3 | Paramount | T-Mobile | Coca Cola | JD.com | Danaher | |



Key Views

The eToro Market Strategy View

Global Overview

We see a stronger but very different 2024 rally than in 2023. With lower inflation and coming interest rate cuts as growth slows, and the earnings outlook idiosyncratically accelerates. This should drive an investor rotation from 2023 US and big tech winners to interest rate sensitive losers from Europe to real estate. See our 2024 Outlook [HERE](#).

Traffic lights*

Equity Market Outlook

| | |
|--|--|
| United States | World's largest equity market (60% of total) seeing strong but slowing GDP growth and <4% inflation, opening door to 4+ rate cuts starting mid-year. Earnings growth accelerating back to 10% with idiosyncratic AI and profit margin drivers. But Valuations already full and dominant big tech performed well. See rotation and leadership change. |
| Europe & UK | First into the 2023 economic slowdown, with Germany firmly in recession, and inflation plunged to 3%, setting ECB up for 4+ rate cuts this year, starting by mid-year. Against backdrop of already heavily discounted valuations and much more cyclical market, led by financials, and with earnings depressed and set to rebound later in 2024. |
| Emerging Markets (EM) | China, Korea, Taiwan dominate EM (60% wt), and more tech-centric than US. China a contrarian call with growth stabilising and policy easing, with valuations and sentiment very depressed. Rest of EM to benefit from similarly depressed valuations and poor sentiment, alongside benefits of lower interest rates and a weaker US dollar. |
| Other International (JP, AUS, CN) | Japan remains in focus with JPY rallying off world's most depressed levels as BoJ moves to slowly tighten policy, and equity performance in world's no3 market rotates from exporters to domestic sectors, alongside stronger growth. Australia and Canada held back by their commodity and financials heavy markets with little tech. |

Traffic lights*

Equity Sector & Themes Outlook

| | |
|-------------------|---|
| Tech | Tech' sectors of IT, communications, consumer discretionary (Amazon, Tesla), dominate US and China. Expect more subdued performance after huge 2023 outperformance, with earnings already growing strongly and valuations full. But are structural stories with good growth, high margins, fortress balance sheets, and AI tailwinds. |
| Defensives | In focus as economic growth slows along with interest rates and bond yields. Consumer staples, utilities, real estate attractive defensive cash flows, Healthcare most attractive, with cheaper valuations, more growth, and misspriced weight loss drug risks. Real Estate the most leveraged sector and biggest rate cut beneficiary. |
| Cyclicals | We expect cyclicals - consumer discretionary (autos, apparel, restaurants), industrials, energy, and materials - to be the most positively benefitted by our base case macro view of a 2024 economic soft landing and significant interest rate cuts. Valuations are cheap, and earnings depressed and set to pick up significantly. |
| Financials | Similarly sensitive to base case of soft landing and rate cuts. Reduces loan loss risks and boost capital markets activity. Lower interest rates boost bond portfolios but trim net interest margins. One of the cheapest sectors, with significant dividend yield. Is biggest sector in Europe and much of EM. |
| Themes | A better year for high dividend yield, after huge 2023 underperformance, as interest rate competition eases. And for lagging and sensitive small cap, as economic growth bottoms and turns up, and valuation discount to large caps near record. Overweight Value rotation and recovery in 2024 vs Growth. |

Traffic lights*

Other Assets

| | |
|---------------------|---|
| Currencies | USD to gradually be undermined by outlook for 4-6 Fed interest rate cuts during 2024, providing support to other currencies, commodities, EM, and US tech. JPY to benefit from slowly tightening BoJ policy and world's cheapest major FX valuation. EUR to see stronger 2H as leads 2024 growth recovery after ECB starts cutting rates. |
| Fixed Income | Prices to benefit from outlook for steadily easing inflation and policy rate cuts, after unprecedented three years of poor returns, focused on longer duration assets. Returns moderated by big pull forward of gains with Q4 2023 rally. Credit to benefit from economic soft landing. |
| Commodities | A better year after leading 2023 asset class losses. As Chinese growth stabilises as policy response builds, the USD weakens modestly as Fed cuts interest rates, and remains heavily under-invested on supply side with carbon transition demand picking up further. But held back by weaker US economic growth and demand. |
| Crypto | Supported by many 2024 catalysts, from spot ETF's for BTC and ET; the April BTC halving; mid-year Fed interest rate cuts; US accounting and Global bank reg changes to encourage ownership; and eventual central banks BTC ownership. All significant in context of still very small, very young, and very retail dominated asset class. |

*Methodology:

Our guide to where we see better risk-adjusted outlook. Not investment advice.

Positive

Overall positive view and expected to outperform the asset class on a 12-month view.

Neutral

Overall neutral view, with elements of strength and weakness on a 12-month view.

Cautious

Overall cautious view and expected to underperform the asset class on a 12-month view.

Analyst Team

Global Analyst Team

| | | | |
|-----------------------|---|---------------------|-------------------------------|
| CIO | Gil Shapira | Italy | Gabriel Debach |
| Global Markets | Ben Laidler | Holland | Jean-Paul van Oudheusden |
| United States | Bret Kenwell | Iberia/LatAm | Javier Molina |
| United Kingdom | Adam Vettese Mark Crouch Simon Peters | Nordics | Jakob Westh Christensen |
| Germany | Maximilian Wienke | Poland | Pawel Majtkowski |
| France | Antoine Fraysse Soulier | Romania | Bogdan Maioreanu |
| | | Australia | Josh Gilbert Farhan Badami |

Research Resources

Research Library

[eToro Plus](#): In-Depth Analysis. Dive deeper into market insights: Read daily, weekly and quarterly summaries, catch up on the latest market trends and get the most recent, in-depth overview of markets.

Presentation

Find our twice monthly global markets presentation on the multi-asset investment outlook.

Webinars

eToro CLUB members can join our live Weekly Outlook webinars every Monday at 1pm GMT. Also see the other online courses and webinars.

Videos

Subscribe to our timely video [updates](#) on market moving events, and the 'week ahead' view

Twitter

Follow us on twitter at [@laidler_ben](#),

COMPLIANCE DISCLAIMER

This communication is for information and education purposes only and should not be taken as investment advice, a personal recommendation, or an offer of, or solicitation to buy or sell, any financial instruments. This material has been prepared without taking into account any particular recipient's investment objectives or financial situation and has not been prepared in accordance with the legal and regulatory requirements to promote independent research. Any references to past or future performance of a financial instrument, index or a packaged investment product are not, and should not be taken as, a reliable indicator of future results. eToro makes no representation and assumes no liability as to the accuracy or completeness of the content of this publication.