

# CHART OF THE WEEK

July 16, 2020

## WHAT COMES AROUND...

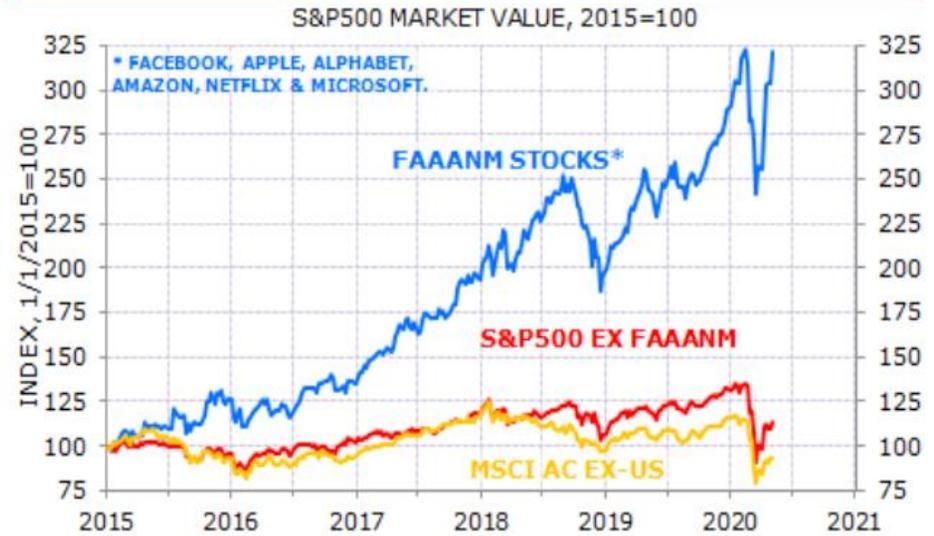
Given all the excitement and media attention surrounding the ascent of the NASDAQ in recent weeks, we decided to dedicate some time and space to the subject. Our Chart of the Week would make it seem like the COVID-19 pandemic has been the best thing for the NASDAQ since the beginning of the dot com era. The dominance of the NASDAQ—most specifically, the FAAANM names with the recent addition of Microsoft to the lineup—has been astounding. This chart also helps explain why global diversification has seemingly gone by the wayside, at least in terms of the chatter among all the newly-minted day traders out there. Interestingly, if you were to exclude the FAAANM stocks from the global marketplace, you would be looking at a near zero return for U.S. and International stocks over the past five years.

### S&P v MSCI world ex US



Source: Gerard Minack, Downunder Daily

### FAAANM stocks account for most of S&P outperformance



Source: <https://heisenbergreport.com/2020/05/28/albert-edwards-faamg-stocks-are-nonsense-on-stilts-embrace-the-coming-crash/>

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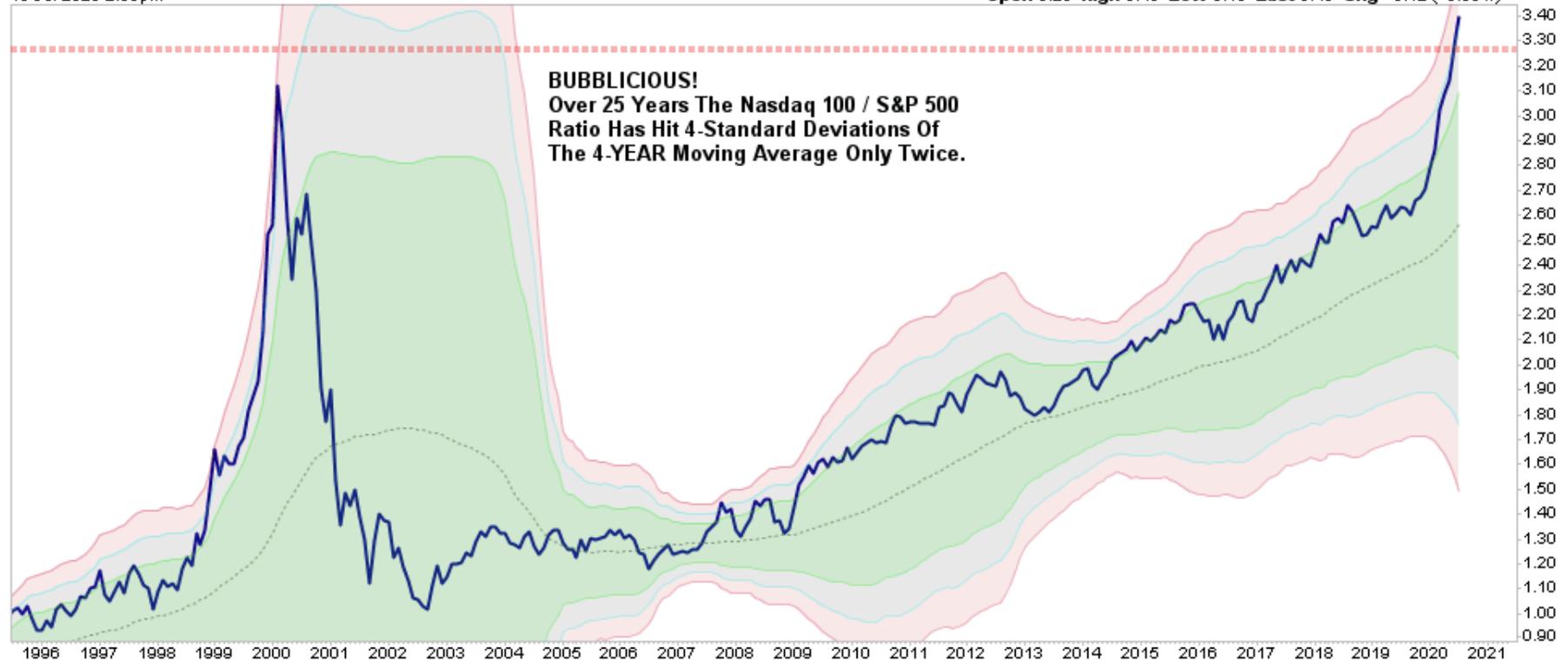
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## ALREADY WENT AROUND?

The second chart, which is a bit more technical, shows the incredible strength of the tech sector over the past two and a half decades. The chart illustrates the ratio of the NASDAQ to the S&P 500. Not since the highs of the 2000 dot com bubble has the NASDAQ been so strong relative to the S&P 500. We have talked about the seismic shifts the COVID-19 pandemic is causing in the technology space, but this narrative may be a bit of a stretch. Of course, whether or not this time is different remains to be seen.

**\$NDX:\$SPX** Nasdaq 100 Index/S&P 500 Large Cap Index INDX  
10-Jul-2020 2:53pm

© StockCharts.com  
**Open 3.20 High 3.40 Low 3.19 Last 3.40 Chg +0.12 (+3.69%) ▲**



Source: <https://www.zerohedge.com/markets/nutsagain-reducing-risk-tech-goes-full-1999>

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