

Macro Roundup Article

Headline: [7 or 493 stocks: What Matters for the S&P; 500?](#)

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Tweet: Jesper Rangvid notes that, so far this year, seven stocks generated 70% of the S&P; 500 return; they now constitute 27.5% of the S&P; 500.

Summary: In this analysis, I look at the performance of stocks referred to by some as the “Magnificent Seven” (Mag7). These are: Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla. The combined market value of all 500 stocks in the S&P 500 has increased by \$5 trillion or 15.3% in 2023, as mentioned. Leaving Mag7 out of the equation, the value of the remaining 493 shares has risen from \$26 trillion to \$27 trillion today, a return of only 4.5%. Consequently, Mag7 stocks have provided a 10.8% increase in the S&P 500. This means that only 7 out of 500 stocks generated $10.8\%/15.3\% = 71\%$ of the return of the S&P 500 in 2023. The remaining 493 stocks delivered the remaining 29%. One can only speculate whether these shares are bubbles. The spectacular performance of Nvidia, for example, is reminiscent of the performance of hyped stocks during the dot.com bubble at the turn of the millennium.

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