



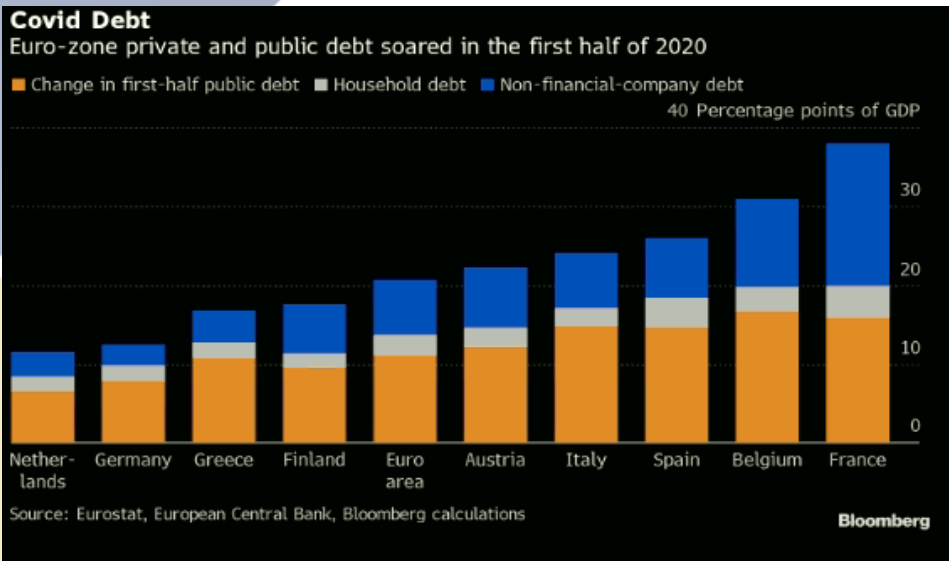
Weekly Report and Outlook on Global Markets

6th November 2020

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MARKET DEVELOPMENTS

France's Debt Surged the most among Eurozone Peers



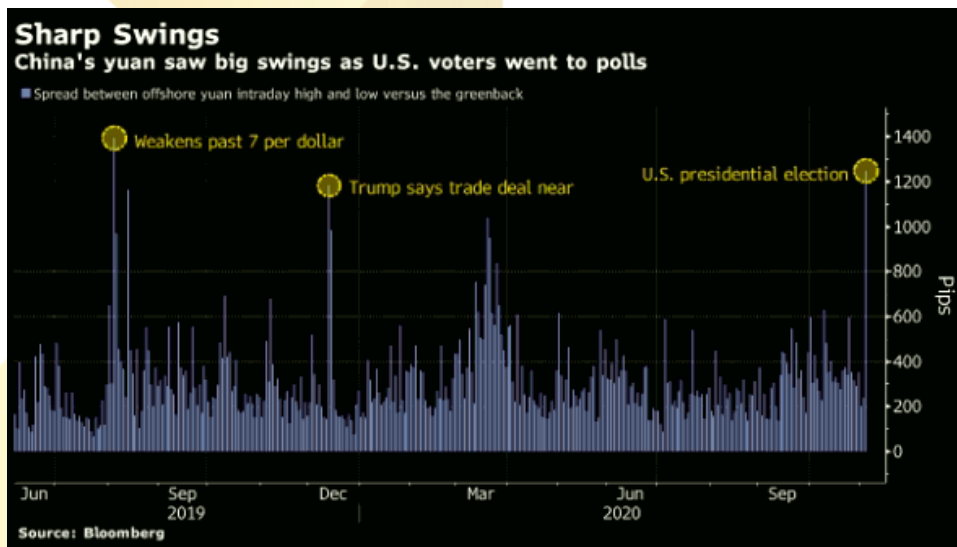
French debt rose double the euro-area average in the first half of the year, with private debt pushing it to outstrip all its European peers, according to Bloomberg calculations based on Eurostat and European Central Bank data.

Company debt in France rose by 18.1 percentage points of gross domestic product compared to 11 percentage points of GDP in Belgium, 7 in Italy and 2.6 in Germany.

Figure 1: The figure depicts Country-wise private and public debt rise with respect to GDP for the H1,2020

Public debt was pretty much comparable for the major debt holders ranging from 13%-16%. States, companies and private individuals are loading up on debt as coronavirus lockdowns cripple the economy.

Chinese Yuan saw a big swing on the US Election day



The Chinese currency traded offshore had its wildest day in more than a year as the results of the U.S. presidential election landed. The currency rose as much as 900 pips early in the session when polls showed a close contest between Trump and Biden. Markets started discounting another four years of tensed relation between US and China.

However, as polls progressed and Biden's chances of winning

Figure 2: The figure depicts spread between intraday high and low on USD/CNH

-progressed, the currency then went down from the top by 1255 pips. This swing is the highest since December 2019 when trump said that US and China were close to a trade deal.

Put to call ratio on S&P 500 Volatility Index back at March levels

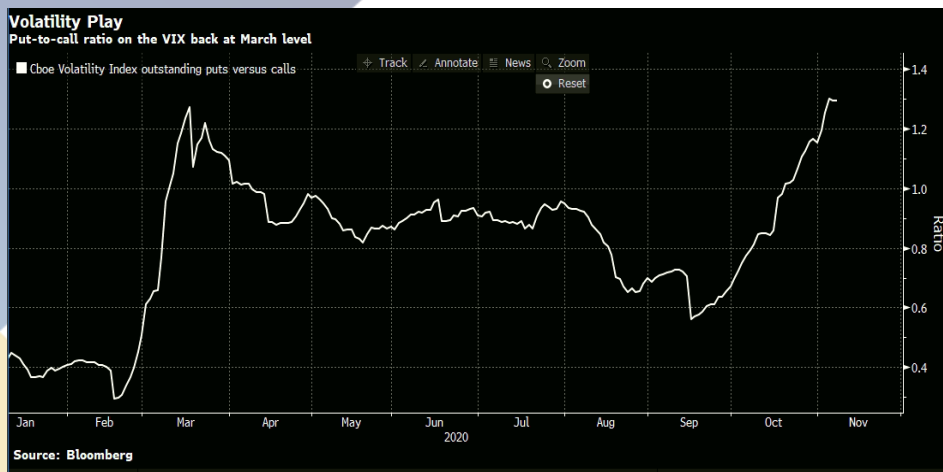


Figure 3: The chart depicts ratio of VIX Futures’ Put option Open Interest to Call Option Open Interest

Last two weeks one saw Volatility Index rising in the run up to US Elections. As a result the dynamics of options on S&P 500 ‘s VIX Index were similar to that of March 2020 where one saw a huge position build up on the put side with respect to the call side.

The difference this time is that even after the elections the ratio isn’t cooling down as it did in March.

Post the elections one has seen VIX falling down from 41.6 to 25.3 but as per the options positions investors are anticipating VIX to fall down even further. Had this not been the case the Put to Call Open Interest ratio would have decreased significantly from the top.

Global supply of bonds with negative yields hits record



Figure 4: The Figure depicts Notional Value of negative yielding debt in US Dollar

A pullback in fiscal stimulus bets and fresh impetus for asset purchase programs has sent investors rushing once more to sovereign bonds, pushing the world’s stockpile of negative-yielding debt to a record.

The market value of the Bloomberg Barclays Global Negative Yielding Debt Index rose to \$17.05 trillion on Thursday, an all-time high. While that increased its share of total

-world debt to 26%, it’s still below the 30% reached last year thanks to a slew of global issuance in 2020 to deal with the impact of the coronavirus.

MAJOR MOVES THIS WEEK

Currencies

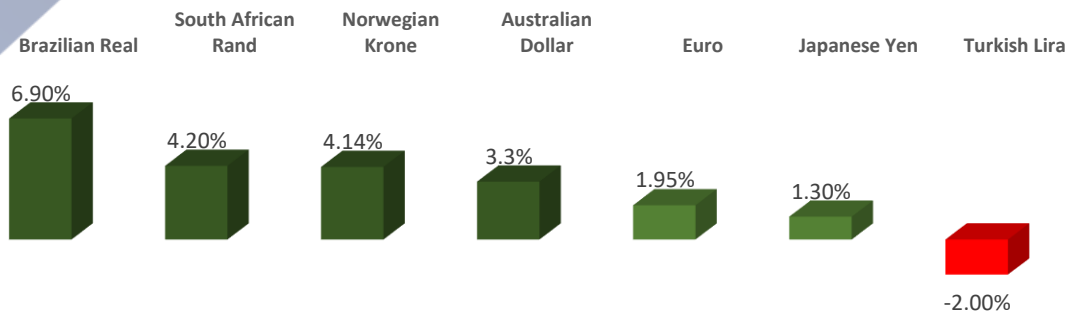


Figure 5: The graph represents Currency returns with respect to US Dollar as the base currency for this week

It was a pretty volatile week for currencies but most of them ended the week on a positive note against US Dollar. During the initial phase of vote count when it appeared that Trump might surpass Biden, currencies depreciated quickly against USD, led by Euro which came down to as low as 1.16. After a bit of clarity on voting numbers investors started discounting Biden as the president. That was the moment when currencies took a U-turn and appreciated handsomely. Turkish Lira continued its downtrend due to regional and political issues.

Equity Indices

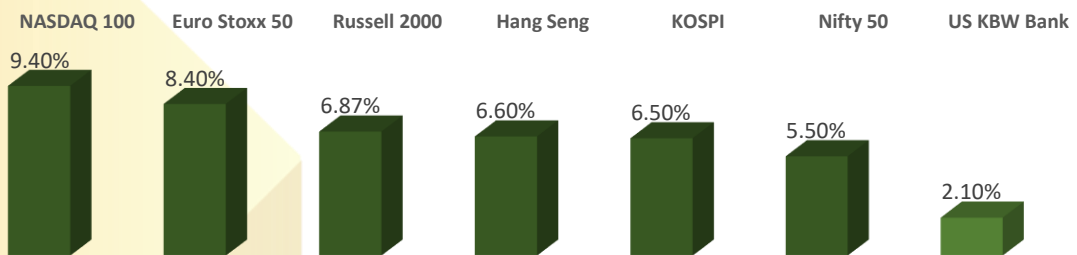


Figure 6: The chart represents the Equity Index returns over this week.

It was an eventful week for the Equities globally. Most of the major Indices gave huge returns led by large cap tech stocks which investors are anticipating will be benefiting from the failure of Democratic sweep in the house and senate, which could have prompted tougher regulatory actions. Emerging market indices also rose sharply due to the optimism that under Biden's rule trading norms will be certain and fruitful for developing nations. US Banking underperformed broader market due to falling long term bond yields.

Commodity Futures

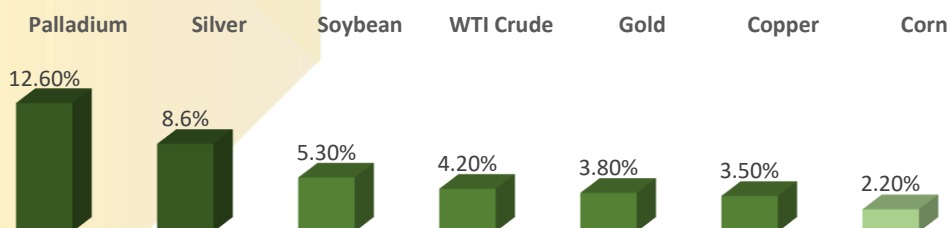


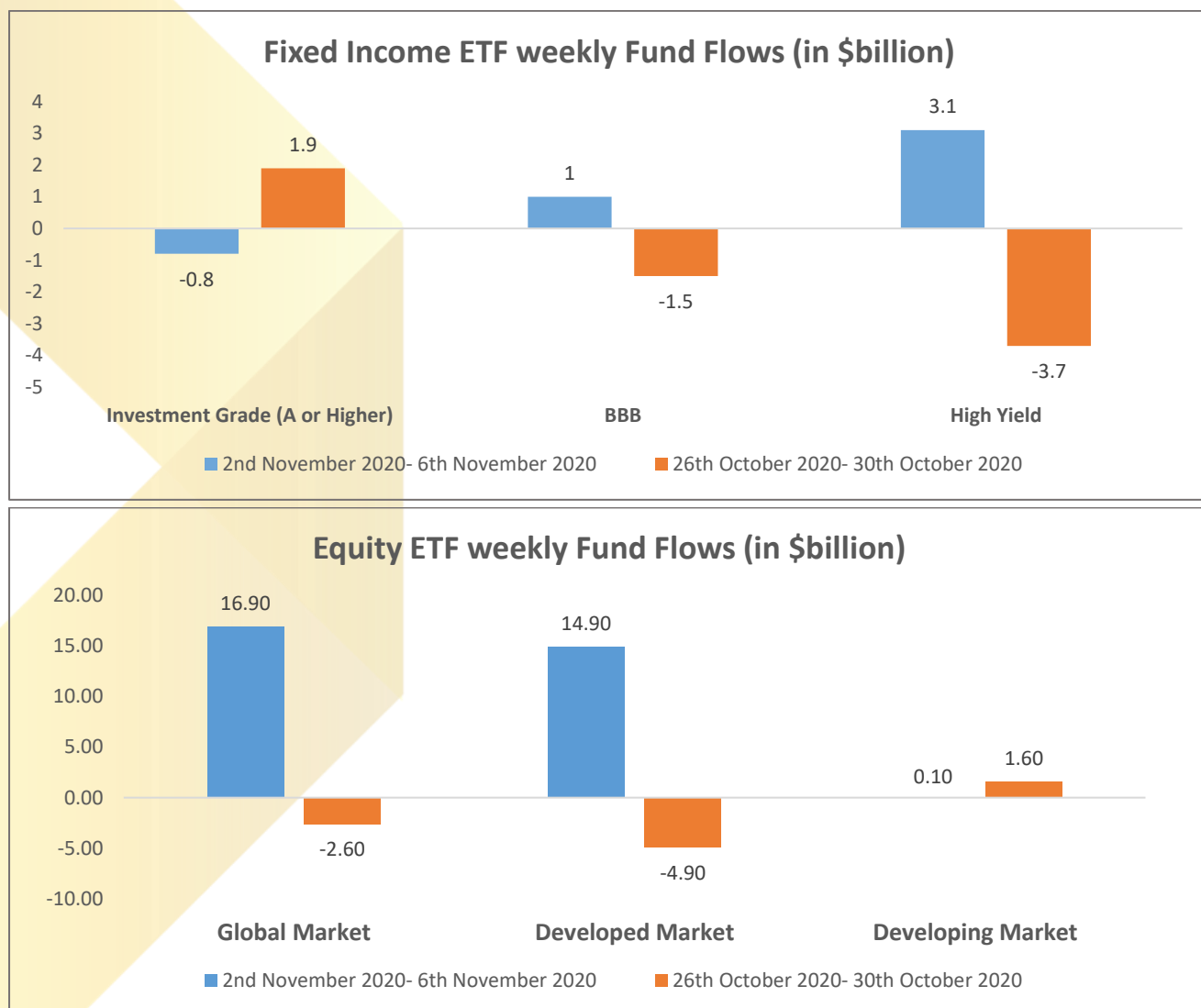
Figure 7: The chart represents the Commodity returns over the week.

Precious metals outperformed the overall commodity segment. Palladium was the outperformer among its peers gaining 12.6%. Industrial metals though closed in green but couldn't imitate precious metals' performance. Copper gained 3.5%, the most among its peers. Among agriculture commodities, soybean and corn continued their decent run with other agro-commodities giving muted returns. Crude oil also jumped after falling intensely in the previous week.

GLOBAL FUND MANAGERS' STATEMENTS

- 1) Jim Rogers (Co-Founder, Quantum Fund): "If I have to invest in the present scenario I will invest my money in Silver, Agriculture commodities, Japanese ETF and Russian Stocks. In the short term period we will see markets rising since election uncertainty is over and central banks continue to print money"—ETPrime, 07 November 2020
- 2) Jeffrey Gundlach(Founder, DoubleLine Capital LP): "The US Market is overvalued. One can consider investing in India and other emerging markets. At some point, the Fed will use yield-curve control to pull rates down, he said. Based on the expectation of a smaller stimulus package, he said rates will not go much higher. In the near term, rates will go down in a flight to safety, and gold will go up."- Evoke Advisors , 05 November 2020

GLOBAL ETF FUND FLOWS



Please note that the Global ETF fund flows under Equity ETF weekly flows category will not be equal to the sum of their respective sub-categories which are mentioned on their right side since there are other sub categories as well

PACE 360'S FUTURE OUTLOOK

“Risk assets are way overextended at this point of time. With Biden having been declared the next US president today we may see a small bump up on Monday but eventually we should have a correction starting soon. We continue to be extremely bullish on Gold and US 30 year Treasuries.”

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