



Weekly Report and Outlook on Global Markets

6th March 2021

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MARKET DEVELOPMENTS

U.S. Inflation expectations jumps on strong Jobs report.

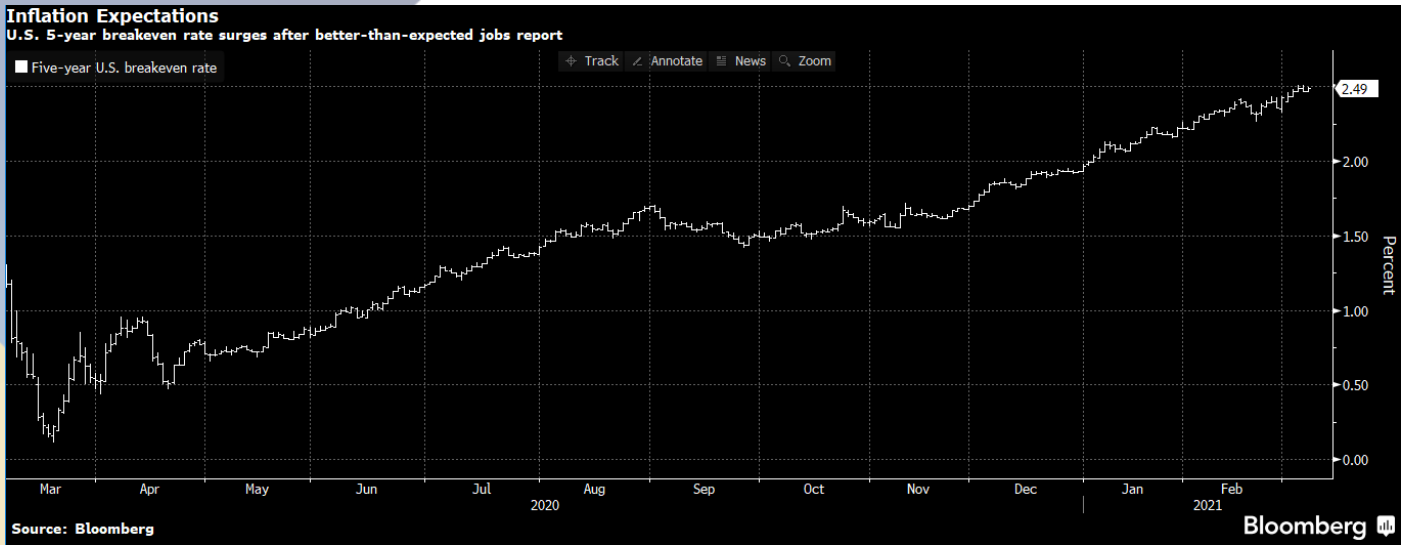


Figure 1: U.S. 5 year

The five-year Treasuries breakeven rate, a market proxy for anticipated annual inflation for the next half-decade, climbed to almost 2.5% after Friday's release of stronger-than-forecast U.S. payrolls data. The Non-Farm payroll roll change was 379 thousand vs the expected figure of 200 thousand jobs. The Break-even rate has been rising for months as traders bet that the rollout of vaccines and additional government stimulus will spur the economy's rebound from the pandemic. The rate exceeded 2.5% this week for the first time since 2008.

Gold's slump Fuels Record buying frenzy at Perth Mint

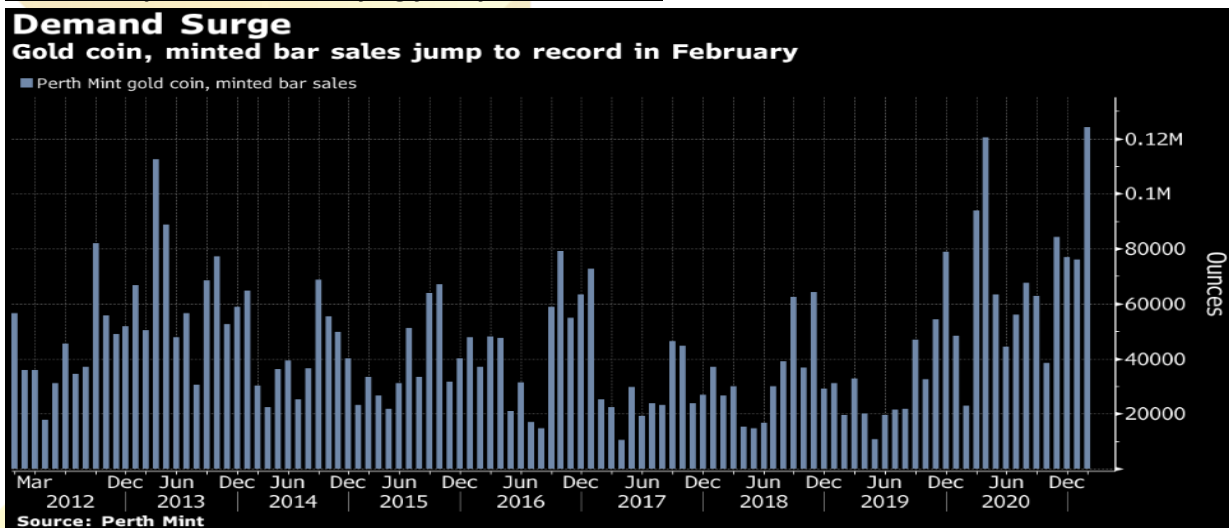


Figure 2: Daily Minted bar sales at Pert mint.

Gold's biggest monthly decline in four years fuelled a buying frenzy at Australia's Perth Mint, which sold a record amount of bullion in February. The mint said sales of gold coins and minted bars jumped more than 400% from a year earlier, with demand driven by customers in the U.S. While retail purchases are surging, investor interest is waning -- recent outflows from exchange-traded funds backed by the metal have pushed holdings to the lowest since early July.

Japan's Investors sell record Foreign bonds over the last two weeks.

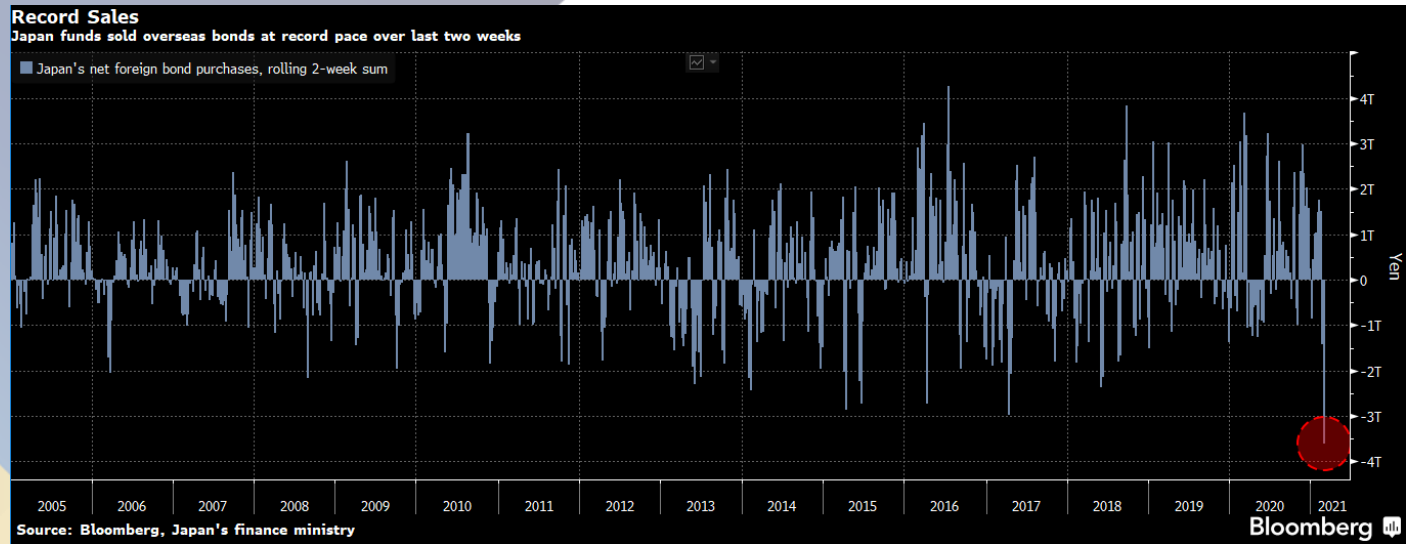


Figure 3: Japan's net foreign bond purchases.

Japanese investors sold a record amount of overseas bonds in the last two weeks of February, based on the nation's preliminary portfolio flow data. Net sales in the two weeks through Feb. 26 totalled 3.61 trillion yen (\$33.7 billion) as the benchmark U.S. yield reached a one-year high. Japanese investors unwound overseas bond holdings to cut losses amid the increase in volatility with fiscal year-end approaching.

Cyclical outperformance shows faith in European Stocks.



Figure 4: Ratio of Stoxx 600 Optimised cyclicals vs Stoxx 600 Optimised defensive

Outperformance of sectors geared to economic growth signals investors are willing to take risks, and even with European stocks volatile over the past week, an index of cyclicals is outperforming that of defensives. The ratio between the two, which has often tracked the path of the overall Stoxx Europe 600 Index, is at the highest in almost three years. With the reopening trade continuing to ripple through markets, cyclicals' leadership can probably prevent a deep short-term rout in European stocks. For more market commentary

MAJOR MOVES THIS WEEKS

Currencies

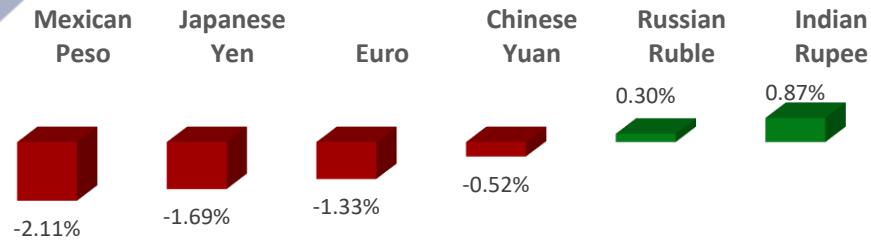


Figure 5: The graph represents weekly Currency returns with respect to US Dollar as the base currency.

Bullishness in dollar pushed most currencies down this week. The exceptions were the Oil exporting countries which appreciated because of the discipline in OPEC+'s decision to stick to the schedule for production hikes.

Global Equities

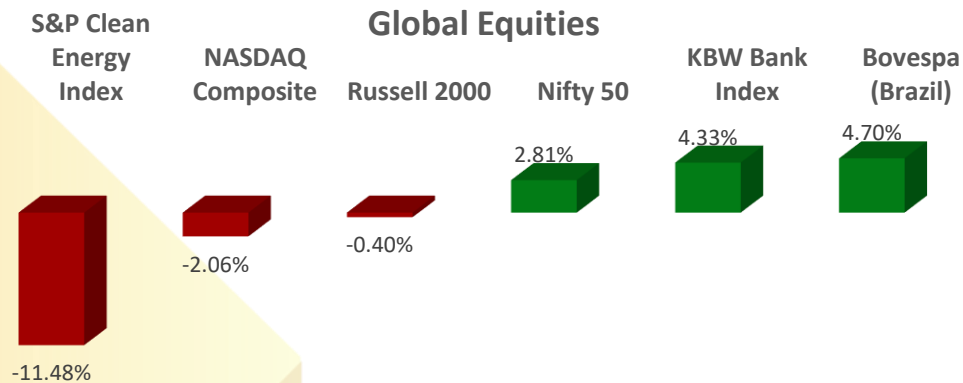


Figure 6: The chart represents the weekly equity index returns.

There was a risk off rally this week because of Powell's decision to not act on the increasing bond yields. The value stocks such as banking stocks went up because of the steeper yield curve.

Commodities

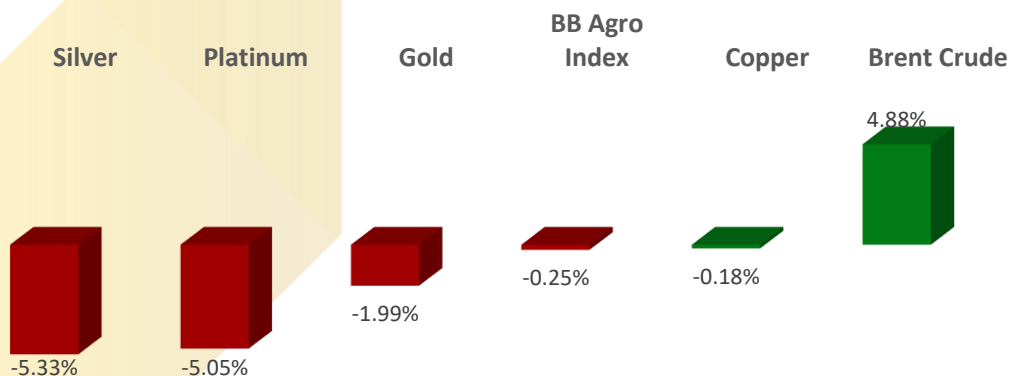


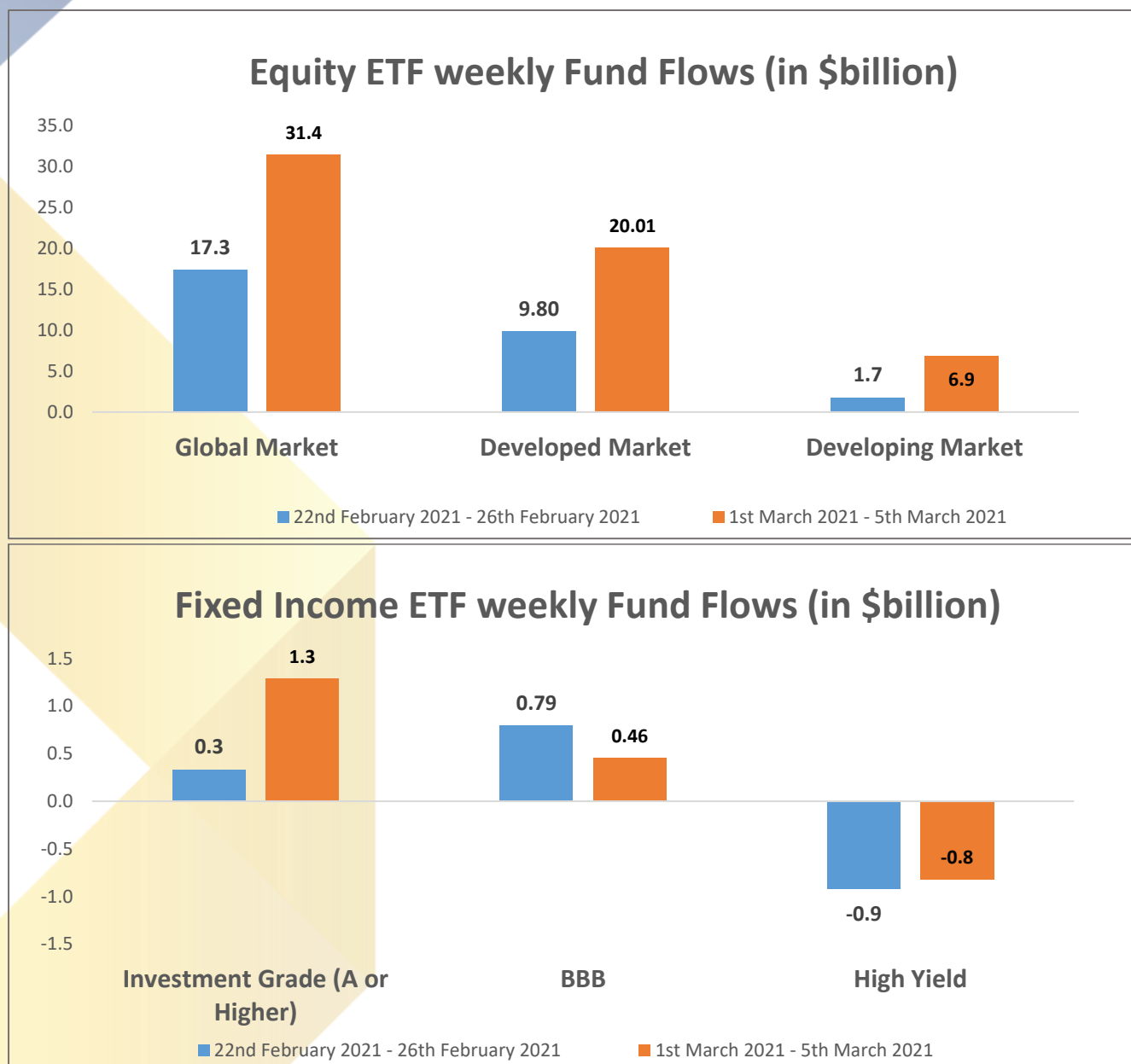
Figure 7: The chart represents the weekly commodity returns.

The market's expectation for the OPEC+ to stick to the production hike schedule pushed Crude to multi-month high. Commodities across the board showed weakness this week because of the risk-off rally throughout the world.

GLOBAL FUND MANAGERS' STATEMENTS

- 1) Scott Miner (Guggenheim CIO): "the five-year Treasury yield could fall to an all-time low of 0.10% and suggested the 10-year equivalent could drop below zero as a surge in cash holdings from federal stimulus programs finds its way into government bonds and other fixed-income securities." The firm's model for benchmark yields projects them troughing at minus 0.50% in January 2022. – 3rd March, 2021

GLOBAL WEEKLY ETF 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 subcategories as well

PACE 360'S FUTURE OUTLOOK

" Risk assets have taken a beating this week. We believe that the bulk of the cyclical correction may be behind us and markets are expected to stabilise in the near term. We largely expect the markets to remain range-bound over the next couple of weeks. We believe that gold is finally bottoming out and the downside potential seems to be limited from current levels. We remain long-term bullish on Gold. We expect the dollar to remain well bid in the near term."

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