Weekly Report and Outlook on Global Markets

16th April 2021

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Forward PE ratios make US growth and value stocks much cheaper

Figure 1: The chart represents TTM PE ratio and forward PE ratio for Russell 1000 Growth and Russell 1000 Value Indices

Projected earnings make U.S. stocks even less costly than usual relative to past results. Comparisons using the Russell 1000 growth and value indexes show as much. The growth index's forward price-earnings ratio was 29% lower than the P/E derived from results for the previous four quarters. This gap was the biggest since February 2004, according to data compiled by Bloomberg. The comparable spread for the value index was 37%, the widest since December 2009.

VIX falls to pandemic low while its own volatility gauge is rising

Figure 2: The chart represents Ratio of volatility of S&P 500 VIX (CBOE VVIX Index) and S&P 500 VIX Index (CBOE Volatility Index)

The Cboe Volatility Index fell Thursday to its lowest level in about 14 months, while a gauge of its own volatility -- the VVIX Index -- rose to the highest in three weeks. That's caused a ratio of the two measures to climb to a level not seen since the coronavirus pandemic roiled global markets last year. The upward moves in VVIX signals increasing risk of a more-dramatic spike as the VIX drops.

Leveraged Loans Top $101 Billion to Claim Best Start in 8 Years

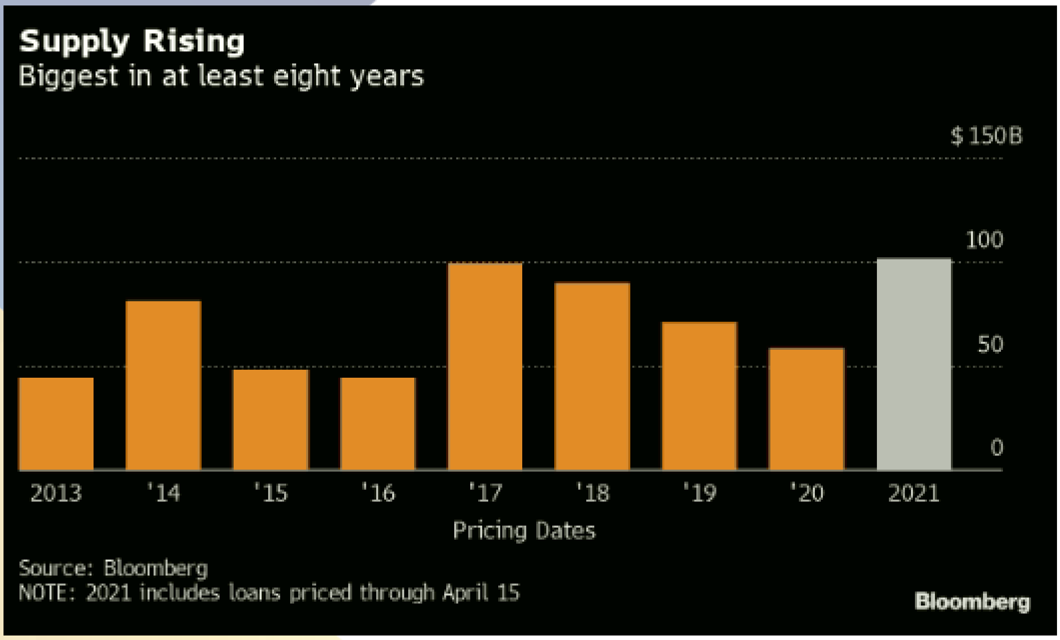


Figure 3: The chart above represents leveraged loans issuances from 1st January- 15th April every year since 2013

Leveraged loans backing acquisitions, buyouts and dividends have driven volume over $101 billion in the fastest start for issuance since at least 2013, according to data compiled by Bloomberg.

Priced new money totalled $101.29b through April 15, the most since Bloomberg began tracking launch dates in 2013, an indicator of broadly syndicated deals. Demand continues to be strong as CLOs, the biggest buyers of leveraged loans, continue to be churned out and investors seek yield in a rising rate environment.

Australian consumer confidence surges to highest since 2010

Figure 4: The chart represents Australian consumer confidence

Australian households are set to keep driving the economy's recovery, brushing aside the withdrawal of fiscal stimulus with the expiry of the government's JobKeeper wage subsidy, as confidence soared to the highest level in 11 years. Consumer sentiment surged 6.2% to 118.8 points in April from a month earlier, Westpac Banking Corp. said in a statement Wednesday. The index is now at its highest since August 2010, when the economy was in its post-2008 crisis rebound and at the peak of a mining investment boom.

MAJOR MOVES THIS WEEK

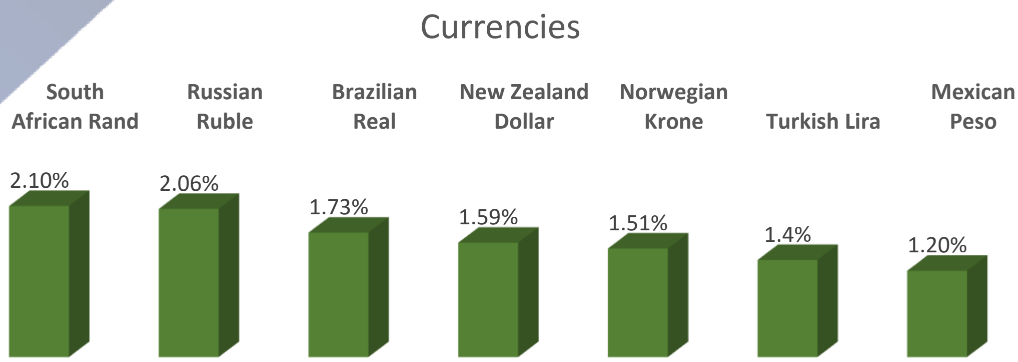


Figure 5: The graph represents Currency returns with respect to US Dollar as the base currency for this week

Emerging market and developed market currencies both had a decent week against US Dollar. Due to weak bond yields and positive equities overall the scenario was pretty good for currencies. South African Rand and Russian Ruble were the outperformer by gaining more than 2%. Commodity linked currencies like Australian and New Zealand Dollar also shot up against USD.

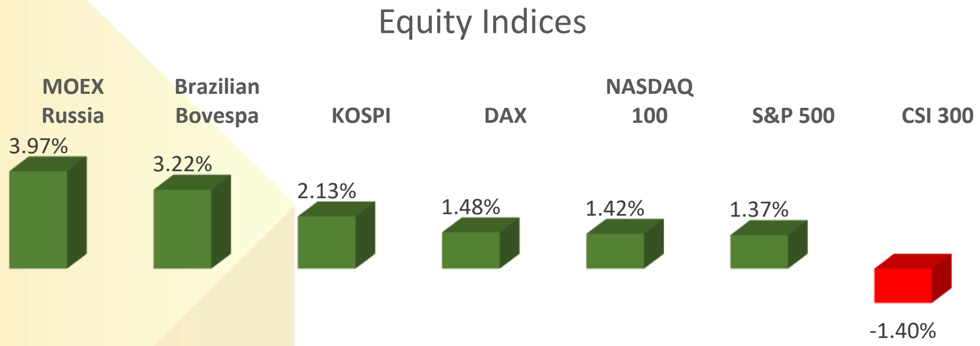


Figure 6: The chart represents the Equity Index returns over this week.

This week most of the global equities closed in green. Russian Equities rose the maximum among major equity indices falling just short of gaining 4%. The market took Biden's proposal to meet Putin "as a sign of a de-escalation of the recently increased tensions over the situation in eastern Ukraine. Brazilian Bovespa was the second highest gainer. Within US equities NASDAQ (Technology Sector) was the outperformer though not by much. Falling bond yields is good for the sector. Among Asian indices Chinese CSI300 and Indian Nifty 50 were the underperformers rest other indices were flat to positive.

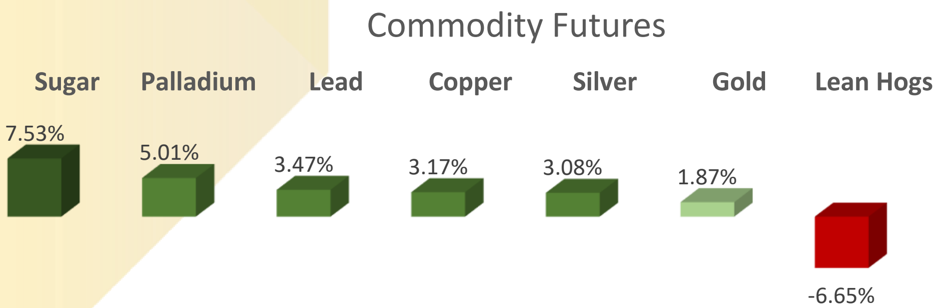


Figure 7: The chart represents the Commodity returns over the week.

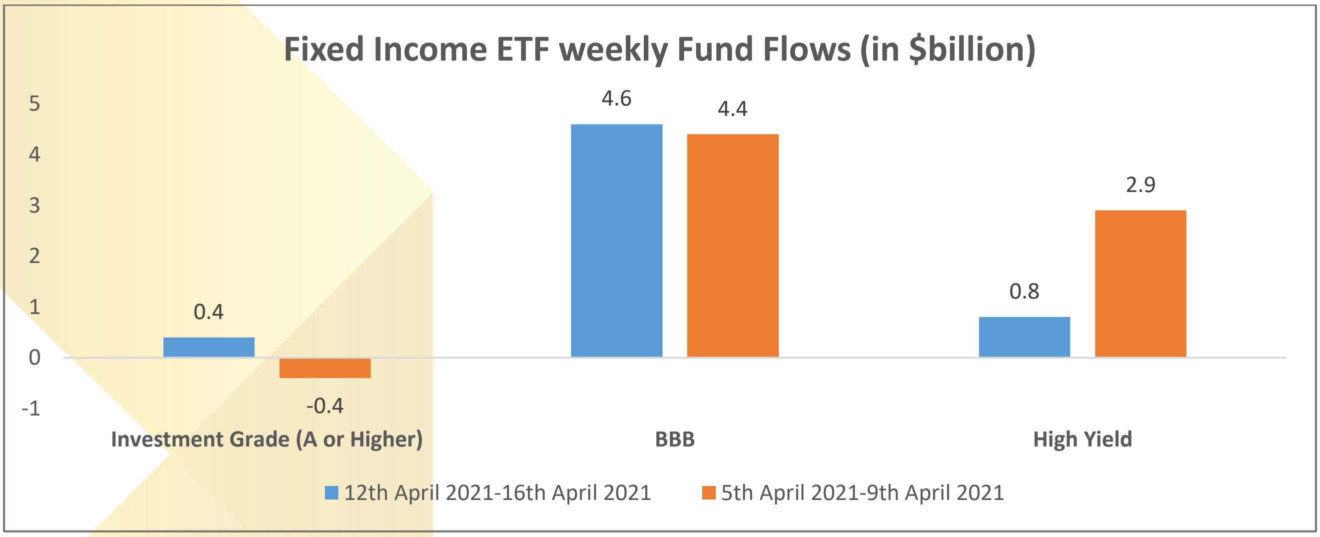
Precious metals had a decent week with palladium outperforming its peers. Gold has finally broken out of the technical resistance level of $1760. Industrial metals also shot up this week due to expected rise in the demand. Among agriculture commodities sugar gained the most with 7.5% and lean hogs saw some profit booking after rallying a lot in the last few weeks.

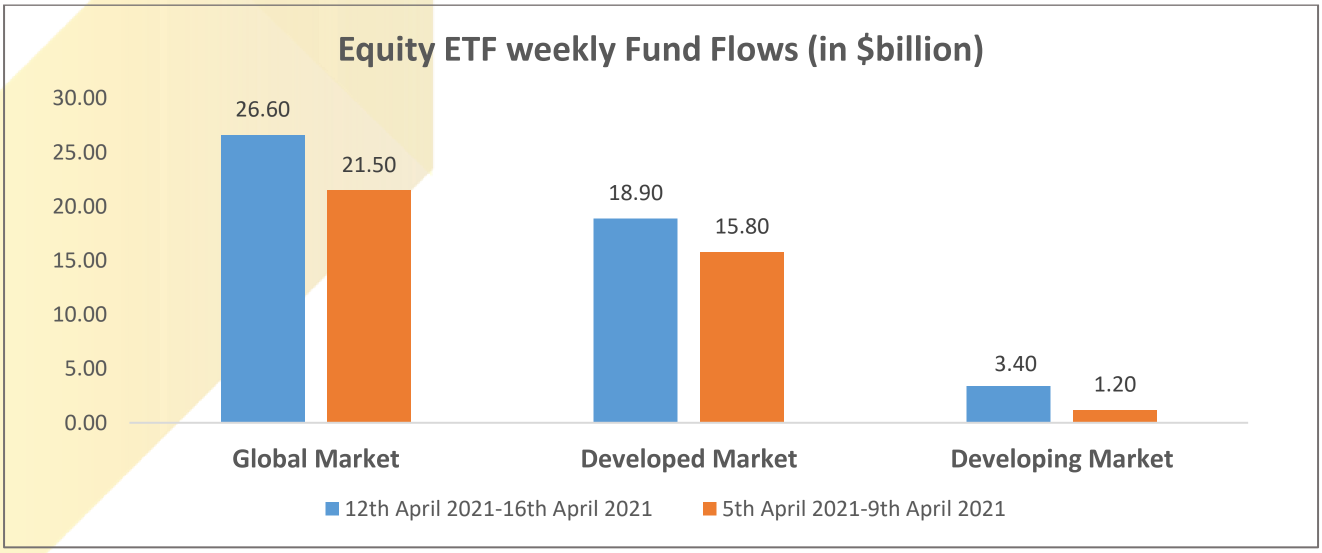
GLOBAL FUND MANAGERS' STATEMENTS

1) Jim Paulsen (CIS, Leuthold Group): "This is the right time to take advantage of upward revision of macro data. I feel US GDP growth will be north of 8 % instead of the common consensus of 6%. S&P 500 Earnings estimate this year is expected to be $180 but I see it to be over $200. This is good for those companies that have greater profit leverage which are the small caps. They have been underperforming since the last one month. It's a perfect time to accumulate them, growing economy will benefit them the most. They are selling at a big discount to the large cap even now."- CNBC , 16th April 2021

2) Mark Mobius (Founder, Mobius Capital Partner): "I do not think Bitcoin is a good asset class for the average investor. However, gold at this level sounds like a good investment. In fact, I have added some gold to my own portfolio because I think it has reached a sort of turning point where we are going to see a recovery in gold prices. But even if you are not following gold on a day-to-day basis, from a long-term point of view, you are better off with 10% or 15% of assets in physical gold."-ETimes, 9th April 2021

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

"US equities had a very strong last week and led the global stocks from the front. We expect equity markets and other risk assets to be somewhat sideways for some time as they absorb the recent spikes higher. We remain very bullish on Gold and silver for the long term but they may also become sideways for some time after last week's gains. US Treasury yields have topped out but may also remain rangebound for some time. We believe that crypto currencies are in the process of making their long term peaks and expect them to fall drastically over the next decade or so."

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