



Weekly Report and Outlook on Global Markets

3rd April 2021

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MARKET DEVELOPMENTS

Less Volatile U.S. stocks are seen rebounding from weakest period since 2001



Figure 1: Charts showing performance of S&P 500 Low Volatility Index/S&P 500 Index and S&P 500 Low Volatility Index

Shares of companies least affected by U.S. stock swings may be just starting to recover from a bout of relative weakness. The ratio between the S&P 500 Low Volatility Index and the S&P 500 in a report might have taken a turn in the upward direction. The indicator started this month by reaching its lowest level since July 2001, according to data compiled by Bloomberg, after losing 28% in about 18 months. Then the ratio rebounded 4.4% through. The Low volatility index majorly comprises of about Consumer staple companies, Health Care companies and industrials.

Unemployment Rate in U.S. falls to 6%

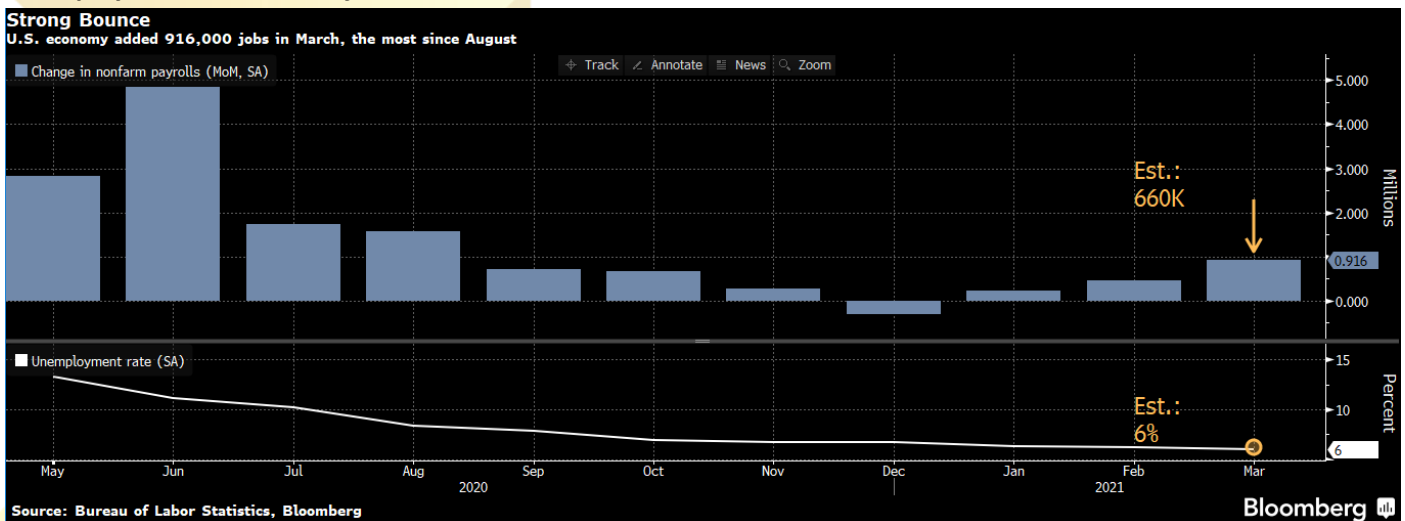


Figure 2: Charts showing performance of S&P 500 Low Volatility Index/S&P 500 Index and S&P 500 Low Volatility Index

The recovery in the U.S. labor market took a strong step forward in March amid more vaccinations and fewer business restrictions. Nonfarm payrolls increased by 916,000 last month after an upward revision in the prior period from 379,000 to 468,000 Labor Department figures showed Friday. That topped the median forecast in a Bloomberg survey of economists. The unemployment rate fell to 6%, matching estimates.

China's Diverging PMI's Show slow recovery for small firms



Figure 3: Caixin PMS Vs NBS PMS in China

A private gauge of China's manufacturing unexpectedly fell last month, pointing to subdued activity among smaller businesses, data showed Thursday. The Caixin manufacturing purchasing managers index declined to 50.6 in March, the lowest level since April 2020, and well below economists' projection for a gain to 51.4. The drop in the Caixin gauge is in contrast to Wednesday's official manufacturing PMI, which tracks larger companies, and showed a better-than-expected gain to 51.9 last month because of stronger domestic spending and export growth.

U.S. Home prices Jump by the most since 2006

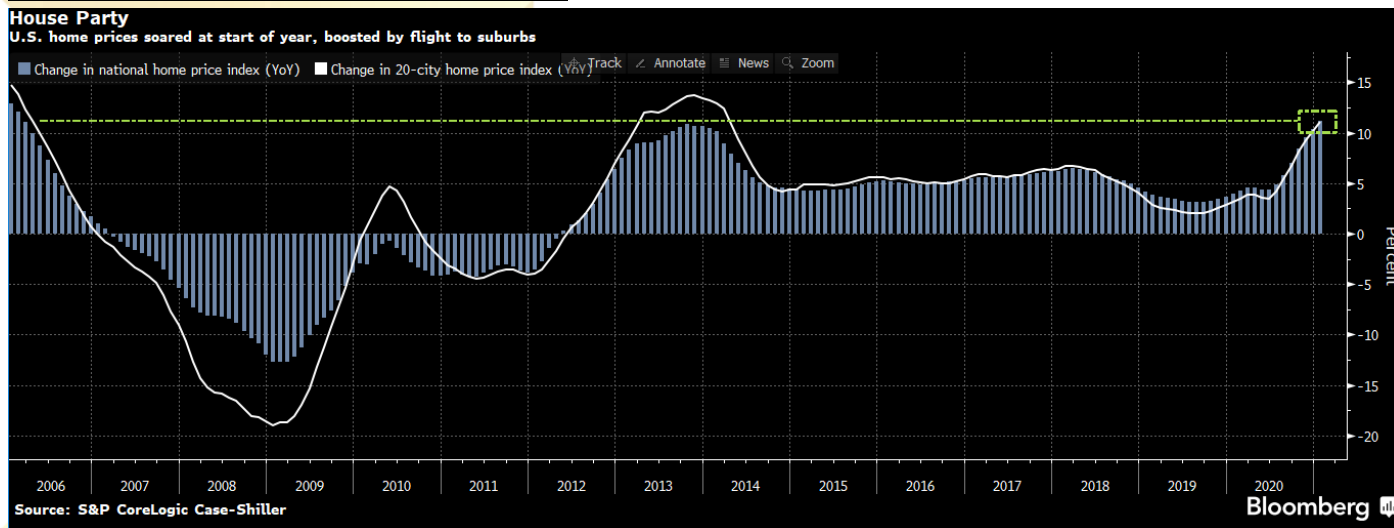


Figure 4: Change in 20 city home price index

U.S. home prices surged in January, jumping the most since 2006 as historically low mortgage rates fueled the pandemic real estate rally. The S&P CoreLogic Case-Shiller index of national property values climbed 11.2%, beating the median estimate of 10.5% in a Bloomberg survey of economists. The increase followed a 10.4% gain in December and was the biggest advance since February 2006.

MAJOR MOVES THIS WEEKS

Currencies

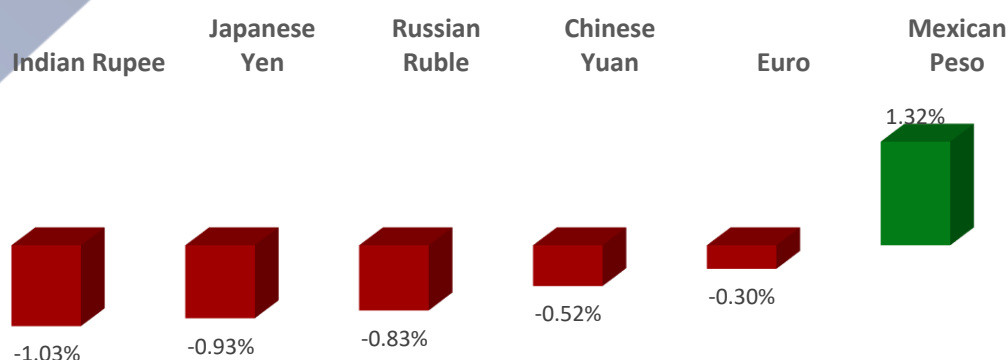


Figure 5: The graph represents weekly Currency returns with respect to US Dollar as the base currency.

The bond yields making multi month highs pushed the dollar stronger wrt to most currencies this week. A few currencies such as Mexican Peso, Chilean Peso etc appreciated this week owing to bets on rate hikes.

Global Equities

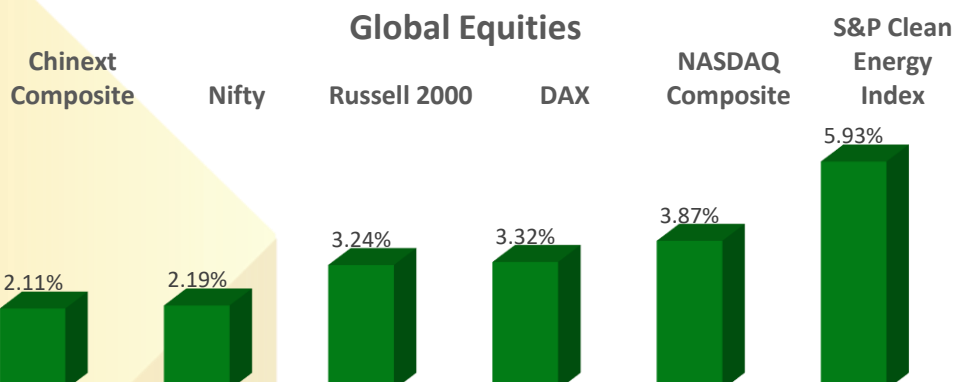


Figure 6: The chart represents the weekly equity index returns.

With S&P 500 making a new all time high and crossing the 4k mark, there was a risk on sentiment in the equity markets despite the bond touching new multi month highs. Indices which corrected the most in the last couple of weeks outperformed the larger Indices.

Commodities

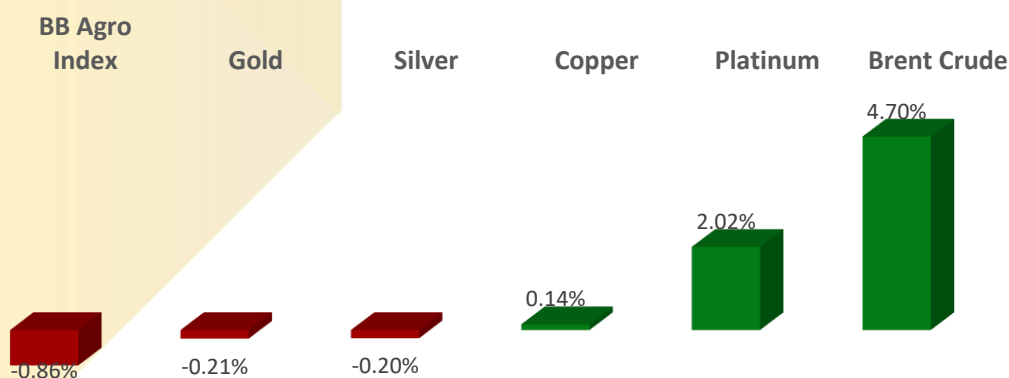


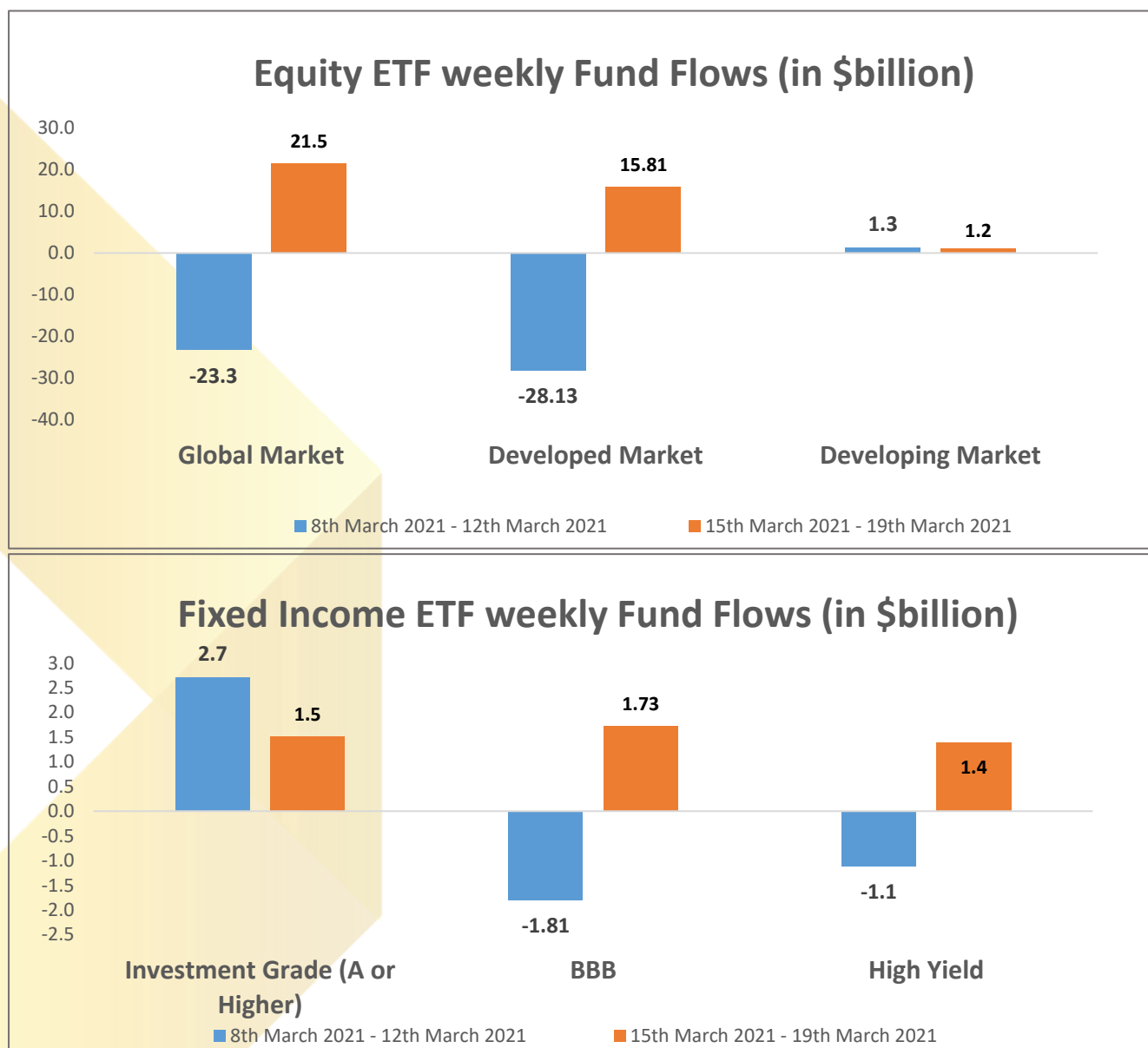
Figure 7: The chart represents the weekly commodity returns.

Higher dollar and higher real yields pushed precious commodities such as gold and silver down. Brent and other industrial commodities went up because of the risk on sentiment.

GLOBAL FUND MANAGERS' STATEMENTS

- 1) Scott Miner (Guggenheim CIO): "Bond seasonality is turning bullish. April-August tends to deliver stronger-than-average returns, with a cumulative median -30 bps yield change in the bullish months vs +30 bps in the bearish months. There is also a bullish skew in the distribution." – Twitter, March 29th 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

"Equities should continue to have an upside bias over the coming days and weeks as we head into the earnings season. US long term bond yields should continue to be sideways. Silver may outperform gold in the near term."

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