



Weekly Report and Outlook on Global Markets

17 Sep 2021

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MARKET DEVELOPMENTS

Europe's Energy Crunch Sparks Panic in Asia and Dash to Buy Fuel

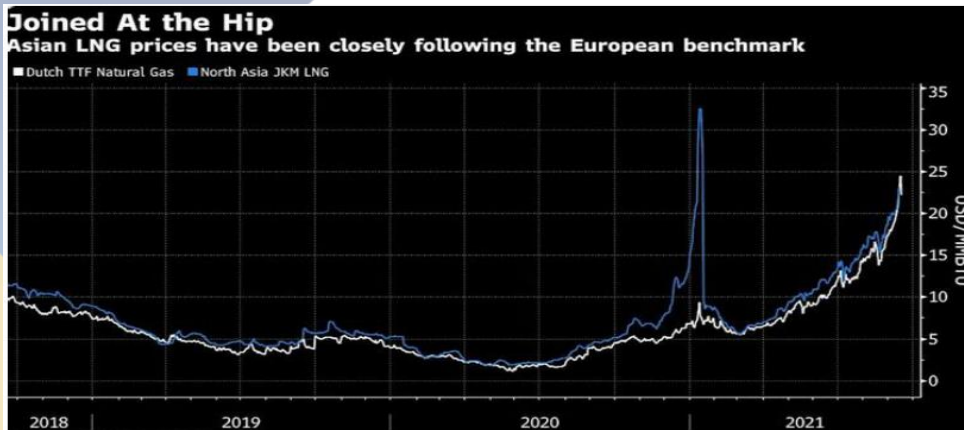


Figure 1: This chart shows price performance of Dutch TTF and JKM LNG

The energy crunch in Europe is sparking panic among Asian fuel buyers, causing importers from Japan to India to pay a hefty price for supplies. Worried the eye-watering price of natural gas in Europe will spill over, LNG traders in Asia say they're paying record prices for this time of year. Buyers in China and Pakistan have also pushed up the price of gas, coal, propane and fuel oil in order to compete with the U.K. and Spain. The scramble for fuel isn't likely to subside any time soon, with the weather getting colder and energy shortages worldwide. The global price rally is expected to continue through this winter when demand in the northern hemisphere peaks, fueling inflation and putting the fragile economic recovery at risk.

Lagging India Auto Stocks Face Risk of Festival Season Fizzle

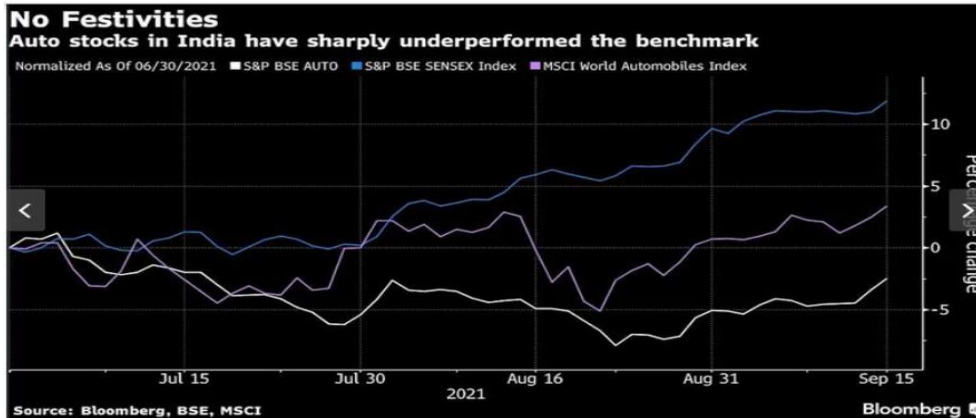


Figure 2: This chart shows performance of Indian auto stocks against Sensex index and MSCI World Automobiles Index

Investors counting on India's upcoming festival season to help revive the fortunes of the nation's automobile stocks could be in for a disappointment. Below-normal monsoon rains that have impacted rural demand and the risk of an impending third coronavirus wave are posing a challenge for Indian vehicle makers. That's in addition to the problems of rising input costs and a semiconductor shortage the global auto industry is faced with. A gauge of Indian automobile shares has lost 2.5% so far this quarter, the only loser among the BSE Ltd.'s 19 sector groups. The benchmark S&P BSE Sensex has rallied 12% during this period, while the MSCI World Automobiles Index is up 3.4%.

MAJOR MOVES THIS WEEK

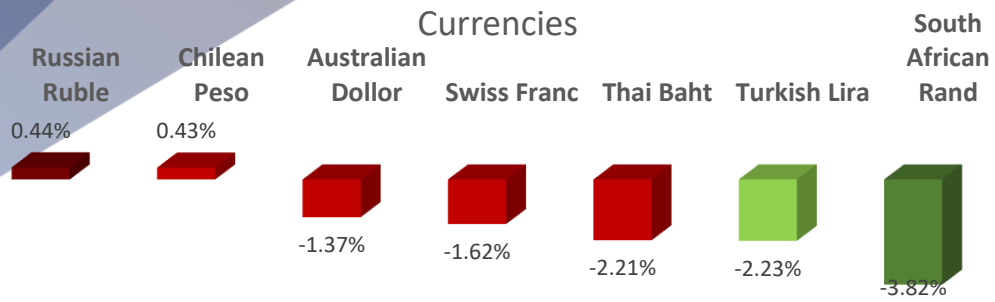


Figure 5: The graph represents Currency returns with respect to US Dollar as the base currency for this week

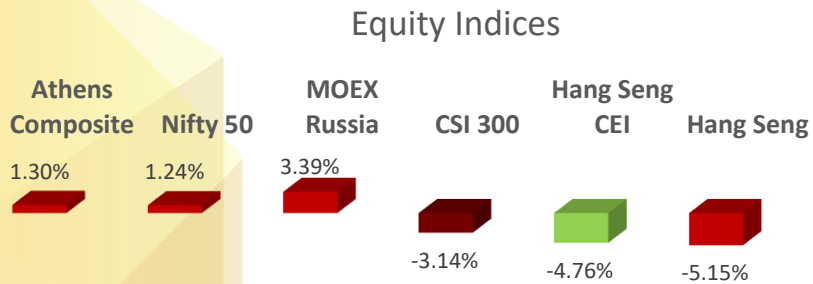


Figure 6: The chart represents the Equity Index returns over this week.

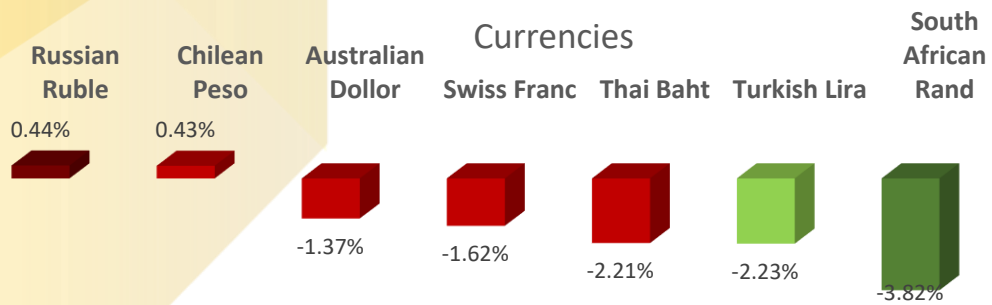


Figure 7: The chart represents the Commodity returns over the week.

GLOBAL FUND MANAGERS' STATEMENTS

Ray Dalio (X Co-chief investment officer, Bridgewater Associates): He believes regulators would ultimately take control of bitcoin if the cryptocurrency gains mainstream success. "I think at the end of the day if it's really successful, they will kill it and they will try to kill it. And I think they will kill it because they have ways of killing it,". "You have El Salvador taking it on and you have India and China getting rid of it. And you have the United States talking about how to regulate it and it could still be controlled," Dalio said. "There are so many things in a historical perspective that didn't have intrinsic value and had perceived value. And then it went hot and it became cold. It could be either way. You just have to know what it is. It could be tulips in Holland," Dalio said.

Teresa Kong (Head of fixed income, Matthews Asia): "China Evergrande has committed "two cardinal sins" which have led to the debt crisis it's now facing — and investors are "definitely sweating,". The first "sin" is that the cash-strapped property giant has borrowed too much money. The second is that the firm has "questionable corporate governance." "So when you have the two together, it's like having a really dry forest and the tinder to really ignite," said Kong. Kong warned that there's "a lot of leverage" in the system. "That's why... it's really important to make sure that there continues to be liquidity, and there continues to be confidence,".

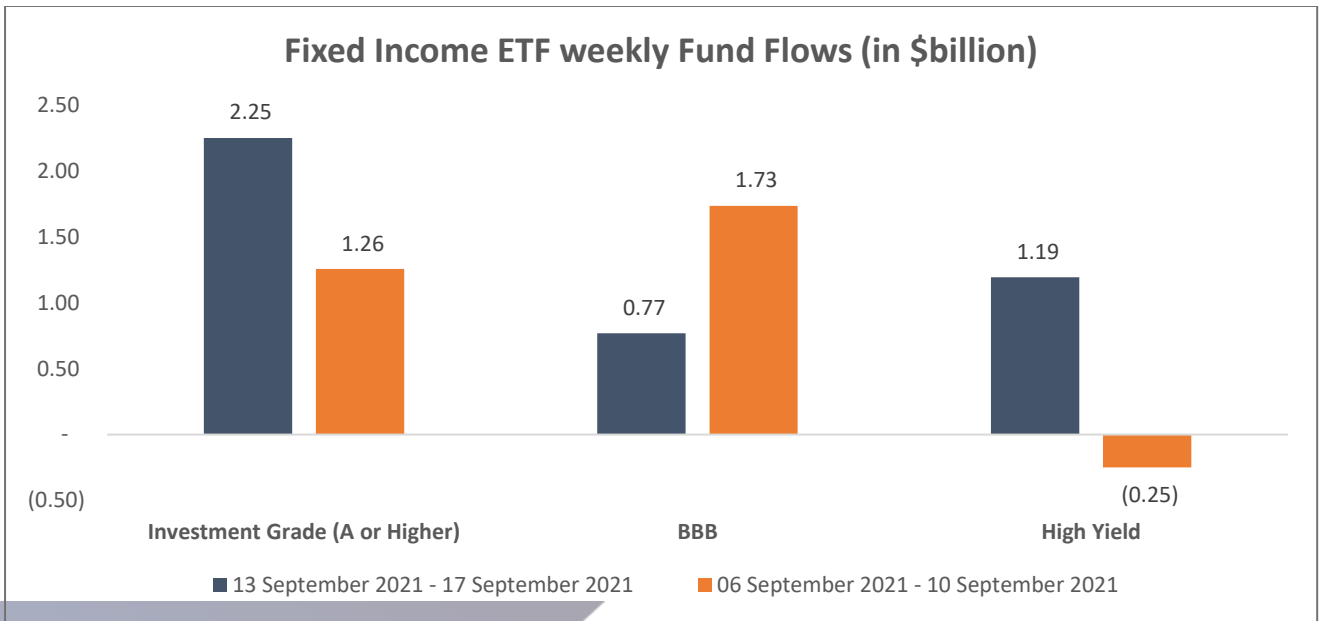
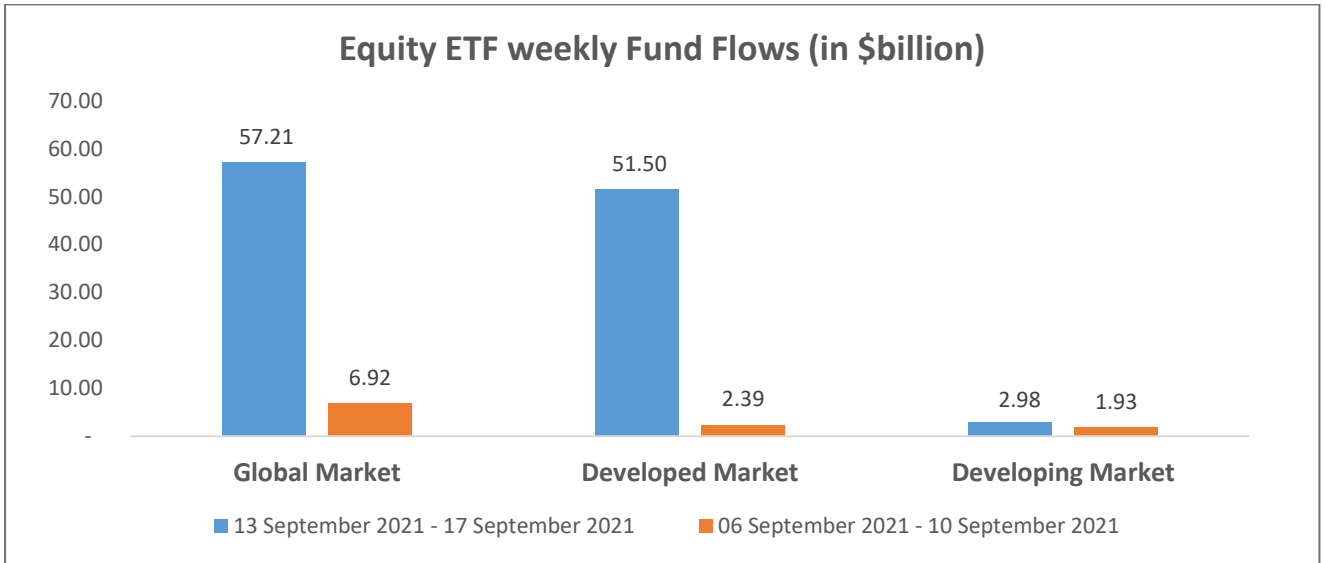
Nouriel Roubini (Chairman of Roubini Macro Associates LLC): We aren't talking about the reiteration of a decade long Nouriel "Dr. Doom" Roubini type call for a stock market crash due to the always easy excessive valuation and bloated government debt arguments (the S&P 500 is up 506% since March 1, 2009). Instead, we are referencing stock market correction calls of at least 10% by some of the brightest minds on Wall Street, whose work I really respect.

Tavi Costa (Portfolio manager of Crescat Capital): Several structural problems in the U.S. could cause a slowdown in economic growth soon, with stagflation hitting and lasting for the next six months. "I am in the of sort of a more of a stagflationary environment in the next six months or so. It's difficult to see stagflation over a long period of time...but it's possible to have periods of that and I think we're getting into one, On the stock markets, Costa said that valuations for the broad equity markets in the U.S. are overstretched, and that the correction that Chinese and emerging markets equities saw could be repeated for domestic markets.

Kevin O'Leary (Chairman of O'Shares ETFs): Kevin O'Leary says he wants to at least double his cryptocurrency holdings by the end of 2021, and predicts that "trillions of dollars" could pour into the market if crypto becomes a new asset class.

The "Shark Tank" investor had previously said bitcoin was "garbage," but he later changed his mind. "I want to raise my exposure to crypto — currently at 3% — to 7% by the end of the year," "I don't want to get involved in crypto if the regulator says it's not okay," he said. "I can't afford to be offside, I cannot afford to be non-compliant."

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



The correction in global equity markets is underway. We expect the correction to deepen further over next 2-4 weeks. We expect industrial commodities and EM assets to weaken further from the current levels. We also believe that gold should be accumulated over the next three weeks, and it presents an extraordinary buying opportunity for the next 4-5 years.

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