



**PACE 360**

# Weekly Report and Outlook on Global Markets

10 Dec 2021

Market Developments	2
Major Moves This Week	3
Global Fund Managers' Statements	4
Global ETF Fund Flows	5
PACE 360's Future Outlook	6

# MARKET DEVELOPMENTS

## World's Largest Equity Deals This Year Have Come Out of Asia

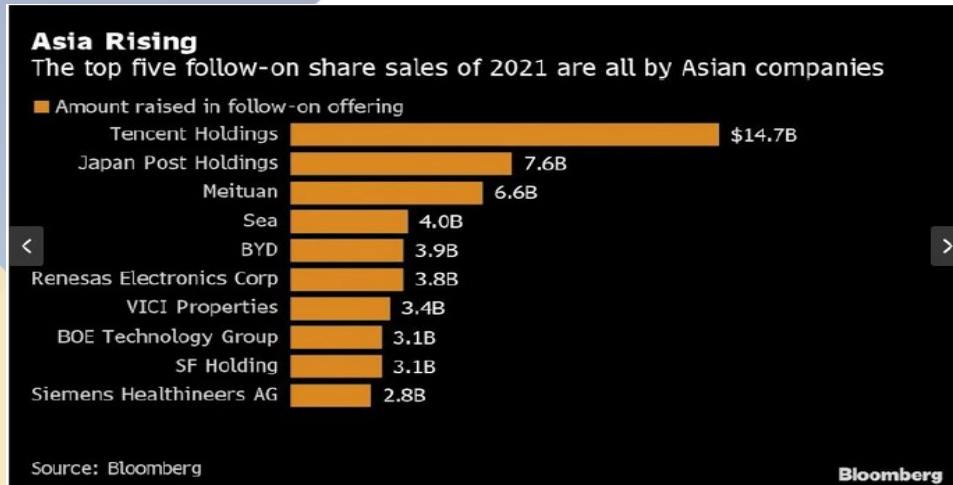


Figure 1: This chart shows amount raised through follow on share by companies

The world's biggest equity capital markets deals of 2021 have almost exclusively come out of Asia, in a sign of the growing clout of the region's companies even as markets teeter going into year-end. A \$14.7 billion secondary share sale in Chinese internet giant Tencent Holdings Ltd. in March is the biggest follow-on offering in 2021 as well as the second-largest block trade on record. The top five additional sales this year are all by Asian firms, including Japan Post Holdings Co. and Singapore's Sea Ltd. On the initial public offerings front, U.S. electric truck-maker Rivian Automotive Inc. nabbed the top spot with its \$13.7 billion listing. But of the top 10 first-time share sales, seven were from Asian companies, data compiled by Bloomberg show. Last year Asian firms accounted for half of the world's 10 biggest IPOs.

## U.S. household wealth increase in Q3 smallest of pandemic era, Fed says

### U.S. wealth gains slowed in latest quarter

Overall recovery since the pandemic recession has massively outpaced that after the prior downturn.

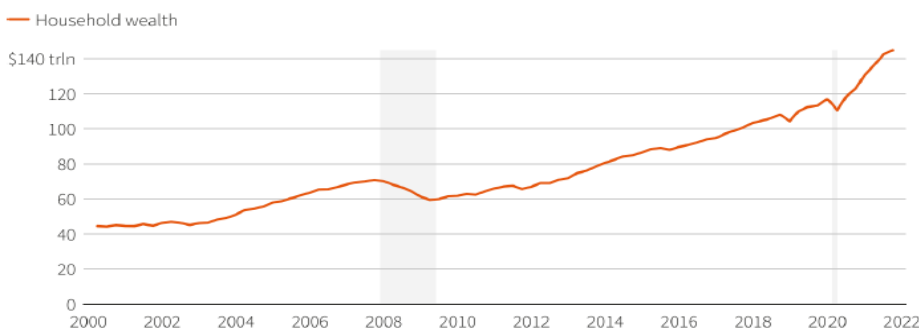


Figure 2: Total US household wealth chart since past twenty years

U.S. household wealth rose to a record \$144.7 trillion at the end of the third quarter, a report from the Federal Reserve showed on Thursday, though the \$2.4 trillion gain over the period was the smallest since the rebound from the coronavirus pandemic began.

Real estate values added around \$1.4 trillion to overall wealth, according to the U.S. central bank's latest quarterly report on household, business and government financial accounts. The value of equities held by households and nonprofits fell by \$300 billion.

The slower growth in U.S. household wealth suggests the boost from an unprecedented period of easy monetary policy and a fiscal firehose of aid initiated by former President Donald Trump and extended under President Joe Biden has begun to wane.

# MAJOR MOVES THIS WEEK

## Currencies

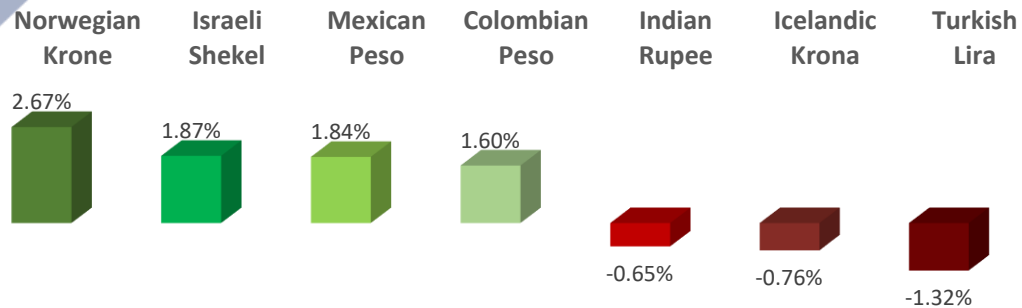


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen mixed performance in the global currencies. Euro remained sideways, Yen depreciated and British Pound appreciated against the Dollar this week. Overall, this week the dollar remained sideways.

## Equity Indices

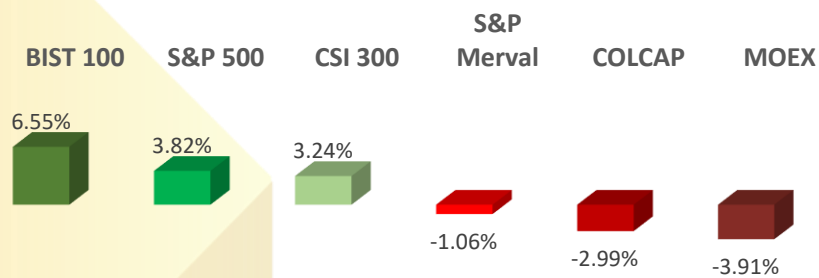


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen strong performance in the global equities markets. European equities have performed strongly, and Developing markets have also performed strongly. Nasdaq 100 and S&P 500 performed strongly during the week.

## Commodity Futures

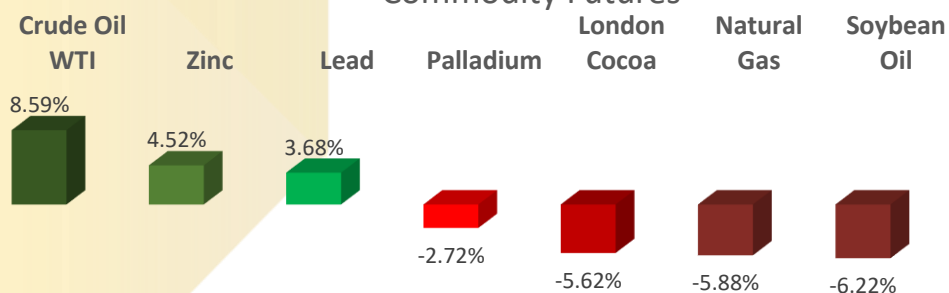


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown a mixed performance during the week. We have seen mixed performance in industrial metals. Natural Gas corrected, while Crude strengthened. Gold, Silver and other precious metals declined. We have seen mixed performance in agricultural commodities.

## GLOBAL FUND MANAGERS' STATEMENTS

**Bill Ackman (Billionaire founder of Pershing Square Capital Management):** Bill Ackman thinks that reported U.S. inflation is understated, even though Labor Department data released Friday showed prices in November rising at their fastest pace since 1982. consumer price index increase could have been as high as 10.1% had a "more empirical measure" of housing costs been used.

"The inflation that households are actually experiencing is raging and well in excess of reported" government statistics.

**Ben Harburg (Managing partner at MSA Capital said):** Chinese technology companies are thinking about expanding overseas much earlier in their lifecycle. That shift has been prompted in part by China's tighter regulatory scrutiny on technology as well competitive pressure in certain sectors, he added.

There has been a rise in China-based tech companies growing their international business. For example, Xiaomi is now the third-largest smartphone player and TikTok has a billion monthly users. "It's also forcing Chinese companies much earlier in their lifecycle to think about going global,".

Harburg said that a few years ago, his venture capital firm was working with social media or cross-border e-commerce companies that were more mature. But today, early-stage companies in sectors from artificial intelligence to health care are going global or "thinking about plotting their globalization strategy," he said. Such Chinese firms could find that their business models work in emerging markets, in particular.

**Leigh Goehring (Goehring & Rozencwajg Associates managing partner):** This will be a "decade of shortage" defined by high inflation and a failed attempt to raise rates – the perfect combo to trigger a massive rally in gold. "We're getting closer to the explosion of gold prices to the upside. I'm a big believer that inflation is not going away. It's going to continue to be a problem. We could be looking at a black swan event in inflation. It could be an oil shock, natural gas shock or agricultural shock," Goehring said. An inflationary black swan event could kick-start that inflationary psychology, which has been missing despite annual U.S. inflation running hot at 6.2%.

"It is going to force the Fed to raise rates. The central bank will start, but that will create such havoc that the Fed will have to stop. In response, gold will first pull back. But that will be the final retreat before the massive gold bull market," Goehring described.

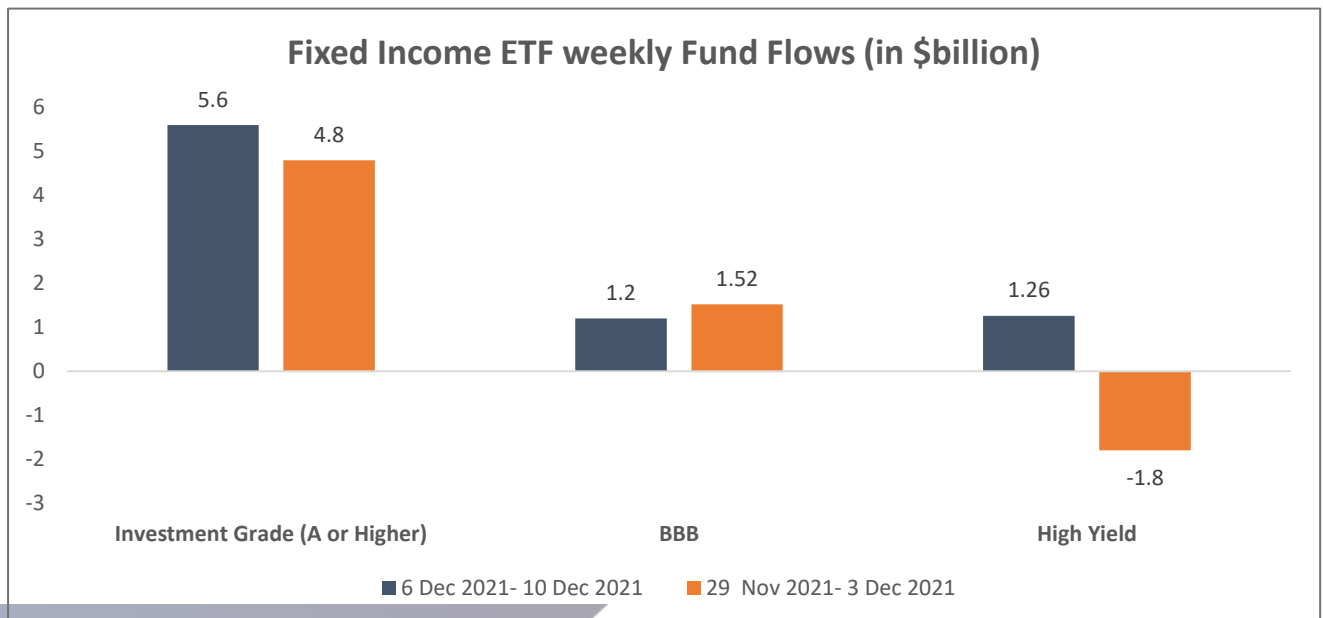
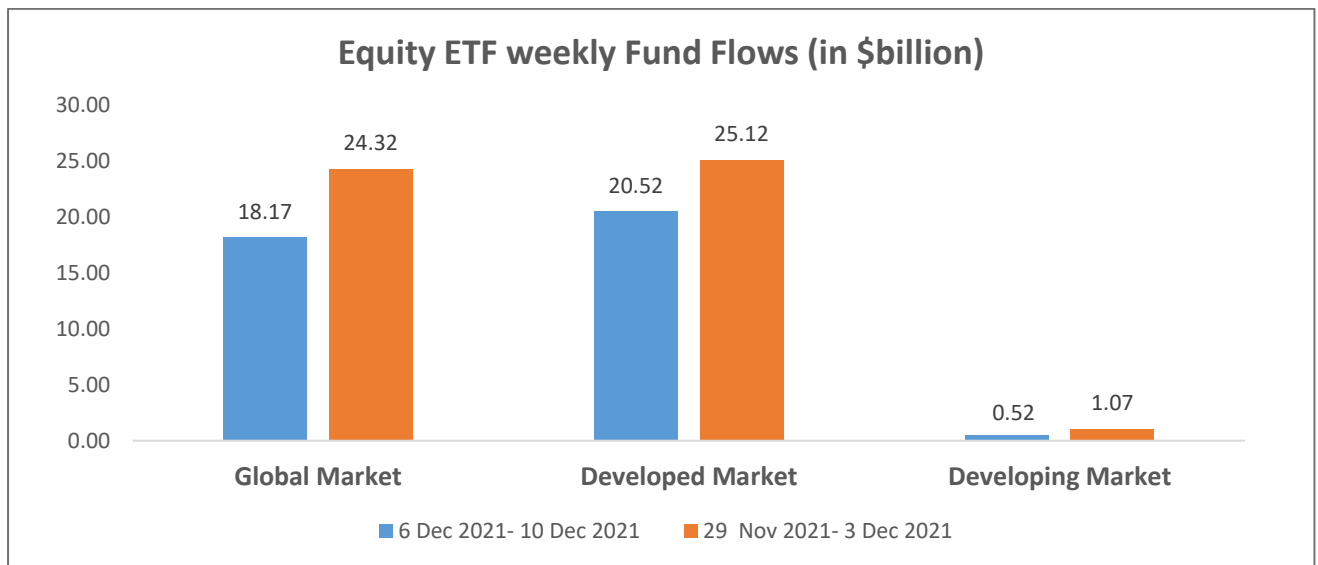
**Ray Dalio (Bridgewater Associates):** First, Ray Dalio foresaw the 2008 financial crisis. Then, he predicted years of long-term financial strain on the U.S. economy from the Covid pandemic. He is given warning of a new economic catastrophe on the horizon — and he wants you to be prepared. "I think we're at risk of a war with China,". Dalio noted that his predictions aren't facts: He's been wrong before, too. But, he said, future catastrophes are inevitable, according to historical patterns over the last 500 years.

In other words, if an upcoming U.S.-China conflict doesn't tank the economy, something else will. Here's why he thinks disaster is on the horizon, and his top two tips on financially preparing for it.

**Anthony Scaramucci (The founder and managing partner of SkyBridge Capital):** Inflationary pressures in the global economy are temporary and won't be long-term problems. he believes rising prices are related to supply chain constraints and will ease once the bottlenecks are resolved. "I don't see the inflation being long term. I think this is a transitory aftermath of the crisis,". Scaramucci also said the Fed is likely to move slowly with regard to reducing the pace of its monthly bond purchases.

That's in part because there are still uncertainties about additional Covid variants, he said, noting that many in the U.S. remain unvaccinated and that could lead to an "elongation" of the pandemic.

# 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

Equity markets had a solid bounce from the very oversold levels of previous week. Risk assets may continue to experience some more positivity from the year end Santa rally. Of course on a longer term basis we remain bearish on all global risk assets. Euro seems to have bottomed out against the USD and should have more upside in the coming weeks. We remain long term bullish on US Treasuries and gold.

## DISCLAIMER

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions –including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt PACE or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold PACE or any of its affiliates or employees responsible for any such misuse and further agrees to hold PACE or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

## CONTACT US



+91-11-4742 1001



info@pace360.in



A-1/291, Safdarjung Enclave, New Delhi – 110029

## FOLLOW US ON SOCIAL MEDIA



Facebook.com/PaceThreeSixty



Twitter.com/PaceThreeSixty



Linkedin.com/company/50145027