Weekly Report and Outlook on Global Markets

15th April 2022

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

U.K. living standards fell at the fastest pace in more than eight years in February as wages lagged further behind the rate of inflation

Figure 1: The above chart shows U.K. average earnings excluding bonuses adjusted for inflation

Average earnings excluding bonuses rose 4.1% from a year earlier. Adjusted for prices over the same period, however, they dropped 1.3%, the most since late 2013. The figures show how the soaring cost of living is depriving Britons of the benefits of a strong labor market. Unemployment fell to 3.8% in the three months through February, the lowest since the end of 2019 and matching levels not seen since the 1970s. Meanwhile, job vacancies rose to a new record of almost 1.28 million in March, reflecting an acute shortage of workers.

Global cost of refinancing bonds climbs to highest since 2009

Figure 2: The above chart shows Global Aggregate Corporate Index yield spread over coupon

The rise in bond yields is beginning to bite, even for the safest global companies, in a sign financing conditions are becoming more challenging. A gauge of the cost of borrowing to refinance maturing debt has climbed to the highest since 2009, around the time of the global credit crisis. The spread between the average yield and current coupon on the Bloomberg Global Aggregate Corporate Index -- a measure of investment-grade debt in both developed and emerging markets -- jumped into positive territory this year for the first time in well over a decade, bar a brief spike at the beginning of the pandemic.

MAJOR MOVES THIS WEEK

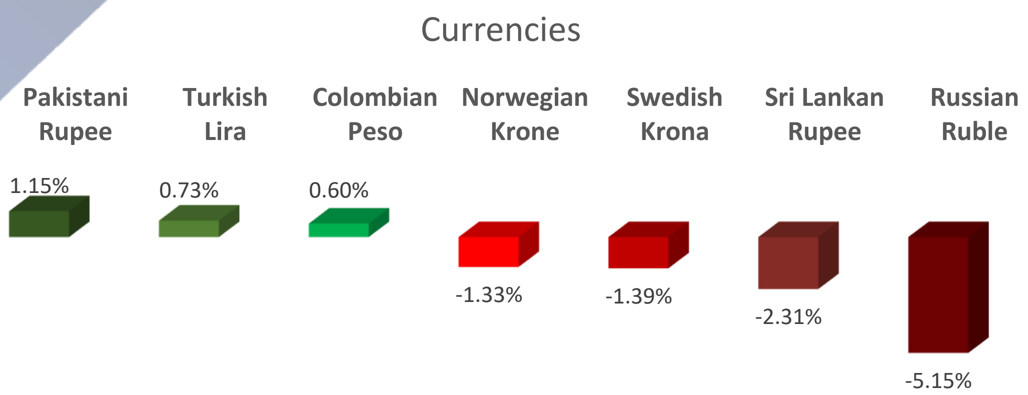


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen weak performance in the global currencies. Euro and Yen depreciated against the Dollar, while British pound appreciated against the Dollar this week. Emerging market currencies have given weak performance against the dollar.

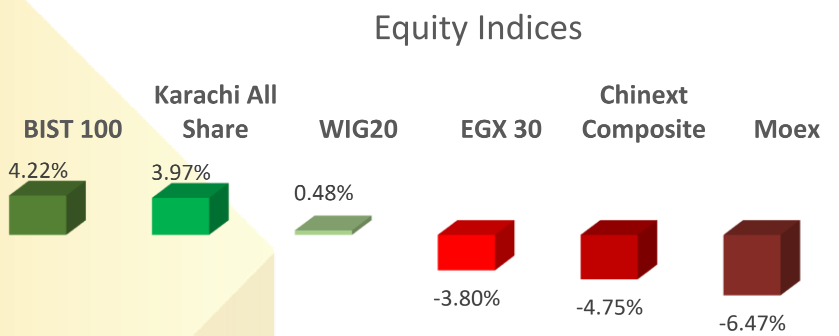


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen weakness in the global equities markets. European equities have given a mixed performance, Euro Stoxx 600 was a looser during the week. Emerging market equity indices depreciated. Nasdaq 100 and S&P 500 have shown sharp declines during the week.

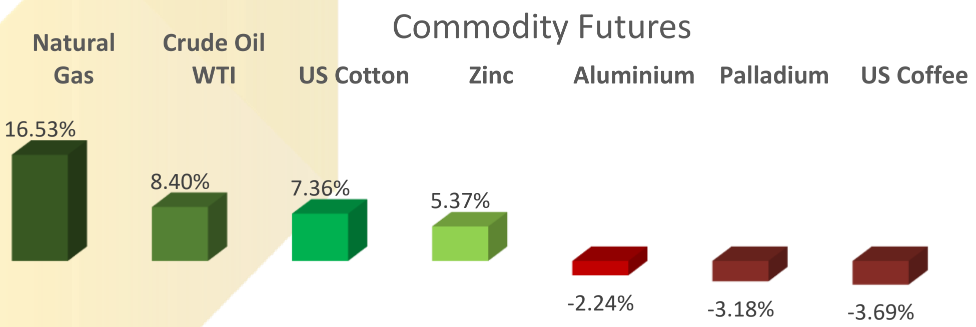


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown a strong performance during the week. We have seen weakness in industrial metals. Crude and Natural gas appreciated strongly during the week. Gold and Silver strengthened during the week. We have seen overall strength in agricultural commodities.

GLOBAL FUND MANAGERS' STATEMENTS

Jeffrey Gundlach (DoubleLine Capital CEO): The latest 8.5% print on inflation should be seen as a sign that price increases are peaking, although he worried that the economy will have to deal with the impact for some time. "We've probably peaked but it's going to be sticky and it's going to be frustratingly elevated," At the same time, Gundlach suggested that the Federal Reserve remains behind the curve in its conception of longer-term inflation, despite expectations that the central bank would aggressively raise interest rates for the rest of the year.

"It's almost laughable that the Fed is still talking about 2%," Gundlach contended, adding that "everybody knows" that the increases in worker's wages, a traditionally sticky form of inflation, "is real."

Looking to the stock market, Gundlach spotlighted defensive stocks as a way to play the inflationary environment, specifically targeting consumer staples as a potential opportunity through the rest of 2022. At the same time, the investor also advised shorting cyclical names.

The DoubleLine Capital CEO also spoke cautiously of tech, comparing last year's action in the Nasdaq to the height of the dot-com bubble in the late 1990s."The Nasdaq is very, very volatile and it's had the same type of run into September of last year as it had into the latter part of 1999," he stated.

Ray Dalio (Bridgewater Associates founder and co-chief investment officer): Ray Dalio is concerned about the potential for a stagflationary economic backdrop to take form amid persistently high levels of inflation and rising interest rates. "I think that most likely what we're going to have is a period of stagflation. And then you have to understand how to build a portfolio that's balanced for that kind of an environment,".

"So what you have is an enough tightening by the Federal Reserve to deal with inflation adequately, and that is too much tightening for the markets and the economy. So the Fed is going to be in a very difficult place a year from now as inflation still remains high and it starts to pinch on both the markets and the economy," Dalio explained..

Michael Burry (investor of "The Big Short" fame.): "Nigh perched with a multiple problem," Burry tweeted, attaching a chart tracking the price-to-sales ratio of the S&P 500 equal-weight index. The ratio was below 1.0 for most of the 1990s and 2000s, but it has nearly doubled over the past decade to north of 1.9 today, the chart showed.

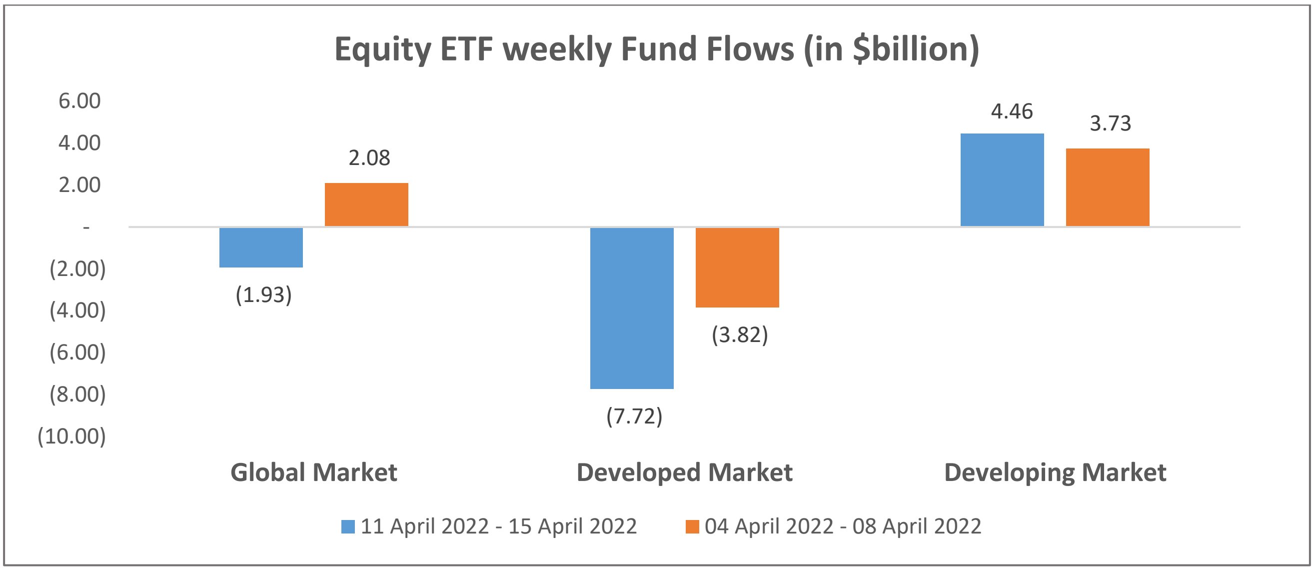
Presumably, Burry wanted to show the index is trading at nearly twice the revenue of its constituents — indicating the valuation multiples on America's largest public companies have stretched to unsustainable heights. The investor likely used the price-to-sales ratio because it's more speculative than price-to-earnings, or price-to-book value. It compares a company's market capitalization to its revenues, instead of its profits or net assets.

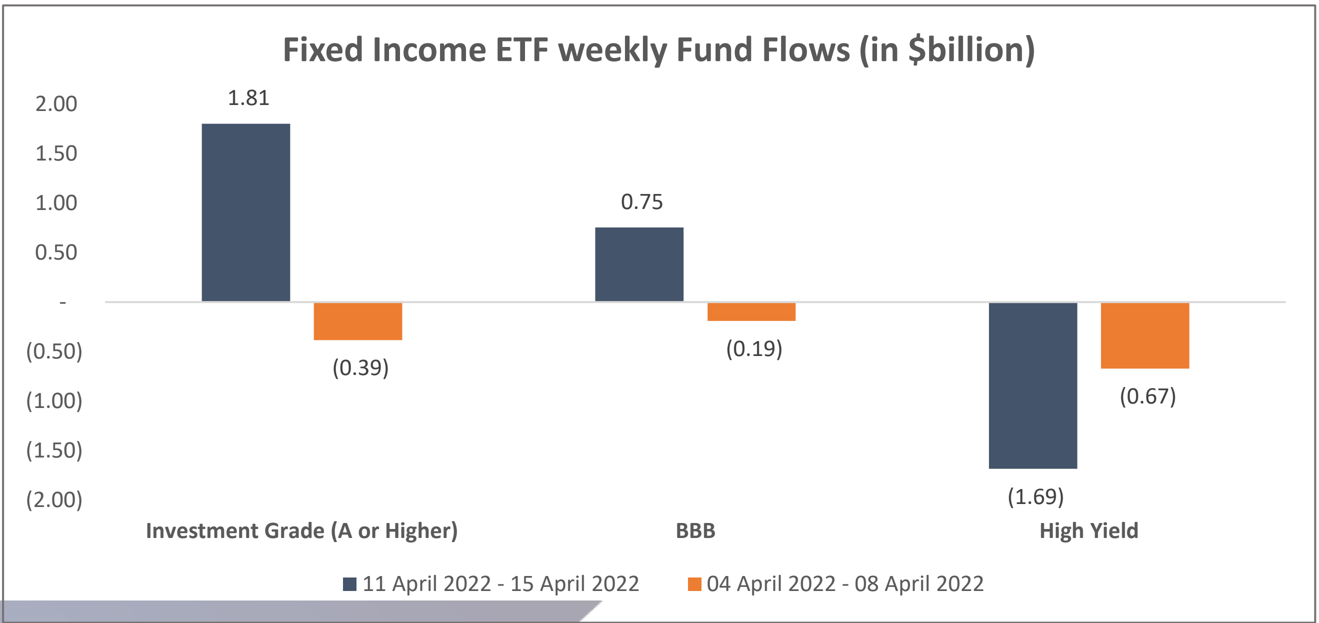
Marko Kolanovic (JPMorgan's chief global markets strategist): US stocks have managed to partially rebound from big losses so far this year, bringing investors to a point when it's time to take some profit as prospects for slower economic growth and other hazards hang over the market, JPMorgan's chief global markets strategist Marko Kolanovic said Monday.

JPMorgan is still "pro-risk" and holds an overweight recommendation on equities as it sees support in part from a solid labor market, healthy consumer and corporate balance sheets, and fiscal efforts by several countries to offset part of the pull from high energy prices.

"However, markets have recovered a majority of their early-March sell-off and thus no longer look oversold, while risks remain elevated around geopolitics, policy tightening and growth. As such, we take profit on the tactical increase to our equity OW initiated last month," wrote Kolanovic in the note.

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

Markets had yet another down week with Nasdaq emerging as one of the worst performing major global indices. We believe that the relief rally in global equities peaked out around end March, and we expect global equities to remain rangebound for now while remaining below the relief rally's peak levels made earlier. We expect industrial commodities to remain rangebound. We remain bullish on longer term US Treasuries and Japanese Yen.

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