Weekly Report and Outlook on Global Markets

29th April 2022

Taiwan dollar set for biggest monthly drop since 2015

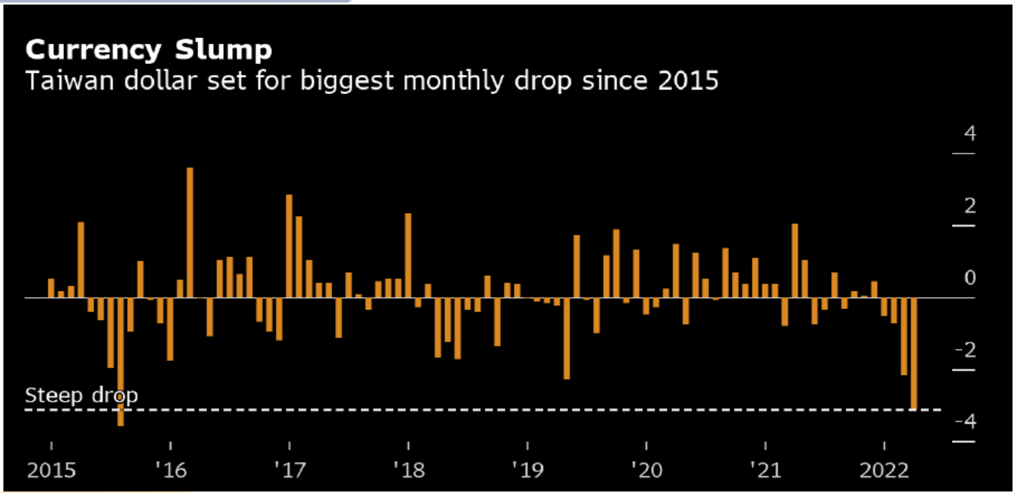


Figure 1: The above chart shows the monthly performance of Taiwan dollar

The Taiwan dollar is poised for its biggest monthly loss in more than six years as the global selloff in technology shares spurs outflows from the island's stock market. Foreign funds have dumped $9.3 billion of Taiwanese equities this month, leading to a drop of more than 3% in the currency.

Samsung accounts for less than 20% of Kospi for the first time since mid-2019

Figure 2: The above shows Samsung Electronics market cap ratio to Kospi market cap

Samsung Electronics Co. 's market value dropped below 20% of the benchmark Kospi for the first time since June 2019. South Korea's largest stock by market capitalization has slumped about 15% this year, outpacing the 10% slide in the equity gauge. Since the start of 2022, Samsung lost about $75 billion of its value as the company's future and the outlook for growth stocks came under scrutiny amid faster-than-expected tightening by the U.S. Federal Reserve. There are a lot of concerns about the company's chip foundry business. Worries about slowing demand for mobile devices has also weighed on the stock price.

MAJOR MOVES THIS WEEK

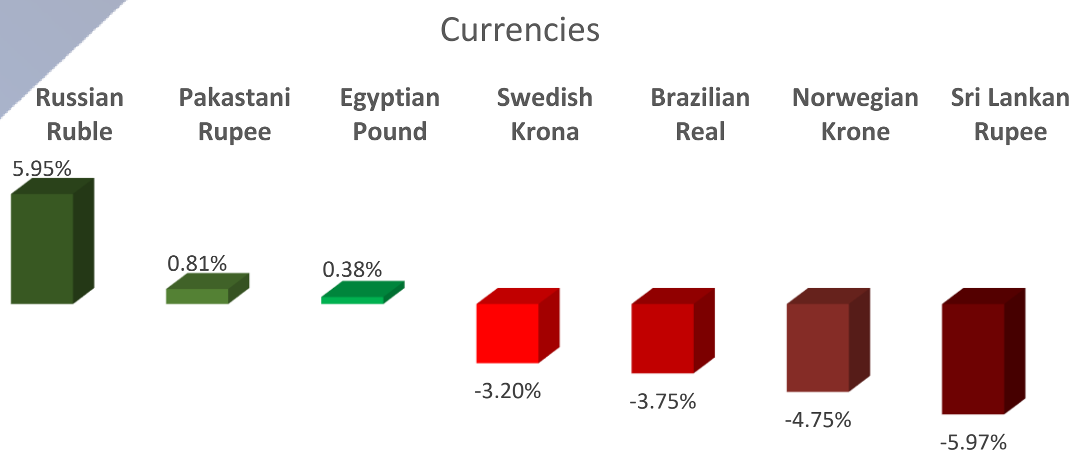


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

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

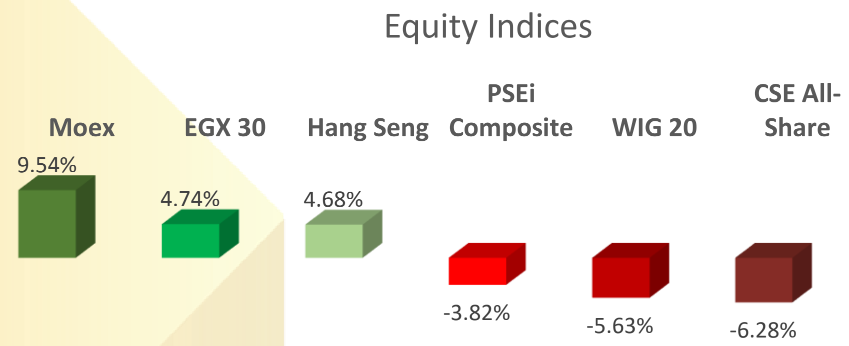


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen weakness in the global equities markets. European equities have given a weak 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.

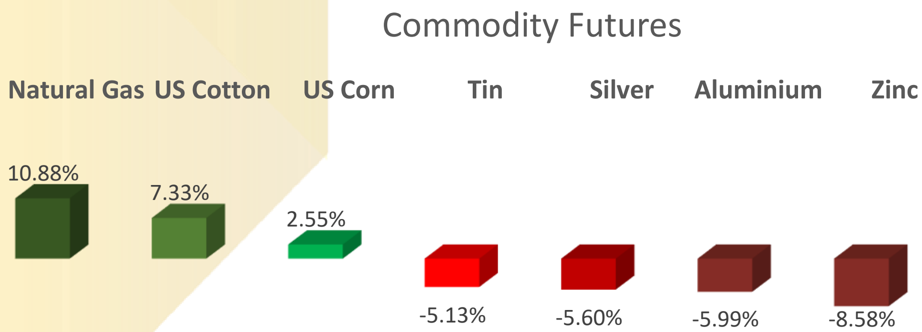


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown a weak performance during the week. We have seen weakness in industrial metals. Crude and Natural gas appreciated strongly during the week. Gold and Silver weakened during the week. We have seen mixed performance in agricultural commodities.

GLOBAL FUND MANAGERS' STATEMENTS

Morgan Stanley strategists : Inflation and rising recession fears ahead of the aggressive central bank tightening have investors on the run and looking for safety. With defensive stocks now expensive and offering little absolute upside, the S&P 500 appears ready to join the ongoing bear market," said Morgan Stanley strategists . "The market has been so picked over at this point, it's not clear where the next rotation lies. In our experience, when that happens, it usually means the overall index is about to fall sharply with almost all stocks falling in unison."

Ting Lu (Japanese investment banks, Chief China economist): "The stringently enforced [zero-Covid strategy] causes a big supply shock to the overall economy, especially to cities under full and partial lockdowns,". "This supply shock may further weaken demand for homes, durable goods and capital goods due to falling income and rising uncertainty," he said. In just about a week, several investment banks have cut their China growth forecasts as Covid lockdowns drag on in the economic hub of Shanghai.

Todd 'Bubba' Horwitz (Chief Market Strategist at Bubba.): We are probably going to have a food shortage next year based on what's going on with Russia and Ukraine, because those two countries supply 30% of the wheat crop,". "Mother nature is not cooperating in the United States, following Australia and Brazil both having bad planting seasons. Inflation is going to the moon; we are only in the early stages of it.".

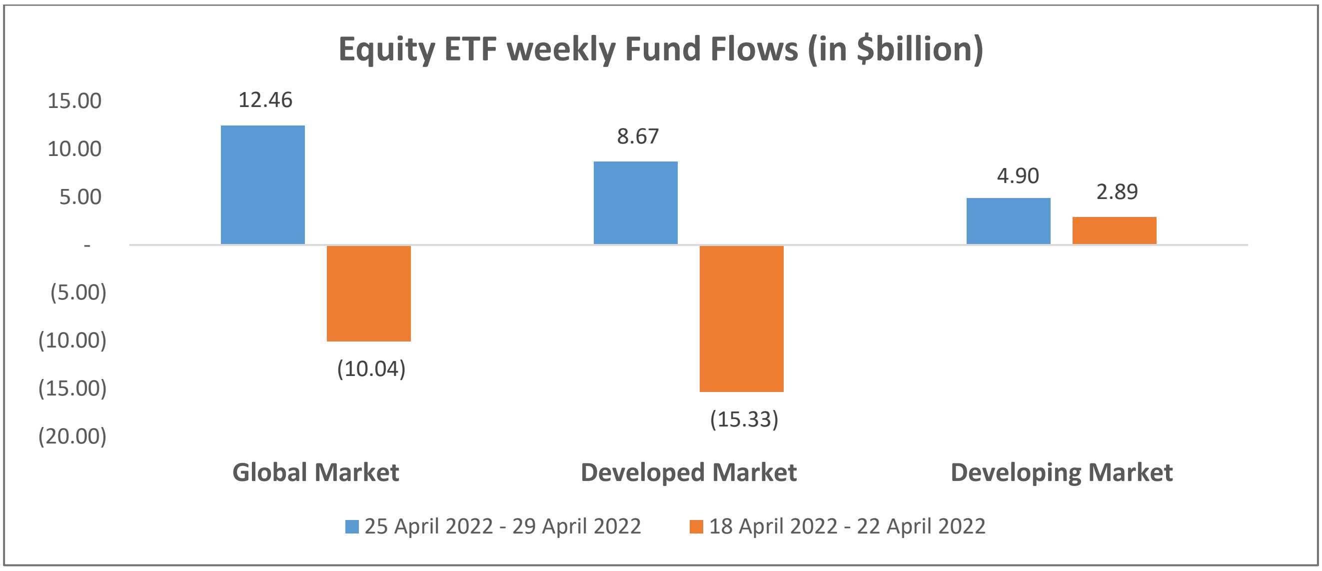
"We already have supply chain issues, so retailers are having a big problem making money, because they are not getting enough goods to sell," Horwitz stated.

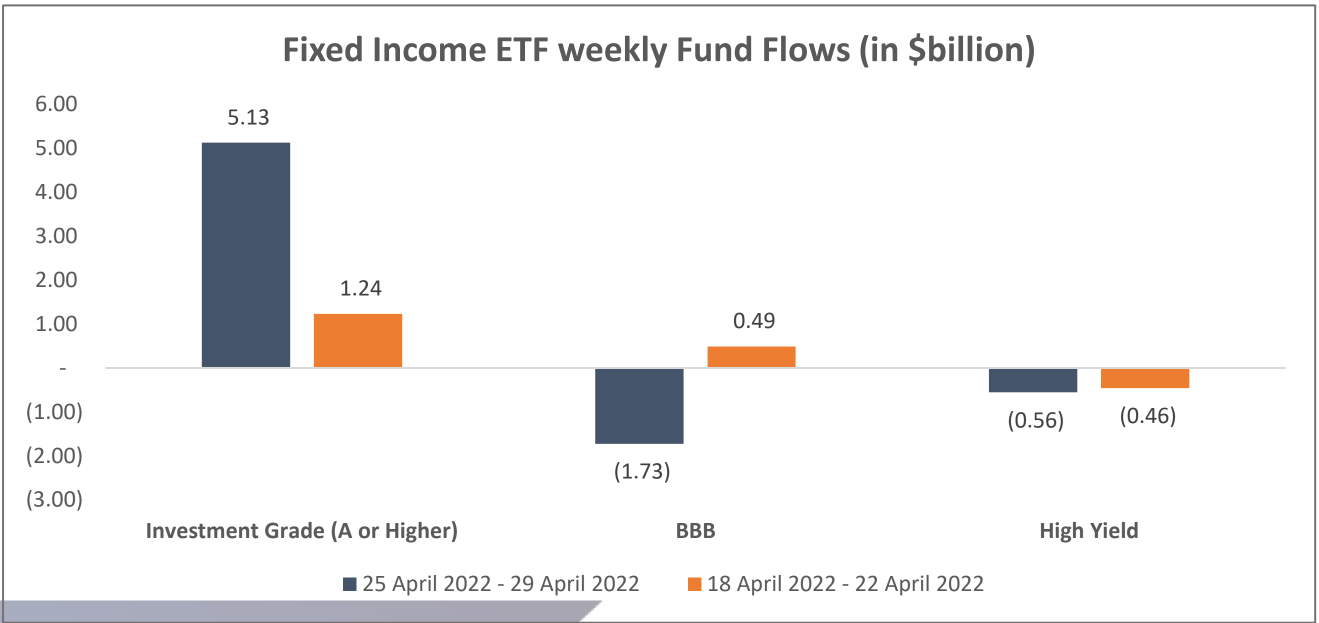
Horwitz explained that food and energy are our number one expenses barring an emergency or if we need something replaced in our homes. "If you have food and energy prices going to Pluto, people must decide how much they can drive versus how much they can eat. We are paying so much more at the pump," Horowitz emphasized. "Oil was $30 a barrel after the election, but now it's about $100 a barrel.""All these prices are going much higher, especially anything that has to do with wheat, soybeans or corn, because those prices are also exploding,".

Alfonso Peccatiello (Author of The Macro Compass.): Attempting to slow down the economy and subdue inflation, the Federal Reserve has already raised interest rates by 25 basis points and is expected to raise rates by 50 basis points at each of its next two meetings in May and June.

"Right now, the wealth effect still dominates the way we engineer economic growth to make sure the balance sheets of consumers become stronger. As asset prices keep going up, consumers' liabilities, debt and leverage get cheaper,". "From 2016 to 2019, the Fed was basically selling the put to the market, putting the floor on the asset prices," he noted. "Right now, the Fed is doing the opposite. They are trying to slow down the demand side of the equation in the economy. They are making your balance sheet weaker, your 401(K) go down a bit, and your second home worthless. This way demand slows down, therefore, inflation slows down."

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

The great bear market in global equities struck with a vengeance this week after a short rally between Wednesday and Thursday. We expect the bear market to last for a few years. However, the market may make a short term bottom this week and attempt to rally post the FED meet outcome on Wednesday. We expect industrial commodities to remain rangebound with a bearish bias for now. We expect US long term Treasury yields to top out soon giving way to a massive bonds rally thereafter. We expect precious metals to consolidate in a range for now, but they are in a powerful long term bull run.

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