Weekly Report and Outlook on Global Markets

10th June 2022

MAJOR MOVES THIS WEEK

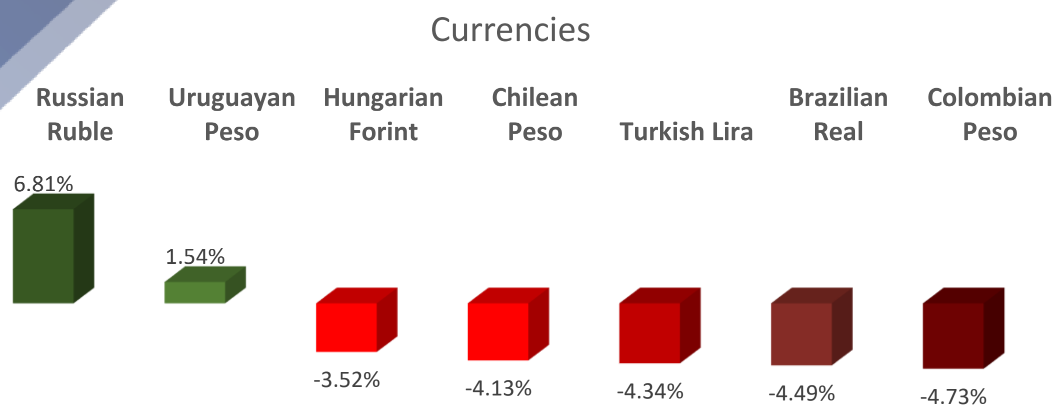


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen weakness in the global currencies. Euro, British pound, and Yean depreciated appreciated against the Dollar this week. Overall, this week dollar has strengthened.

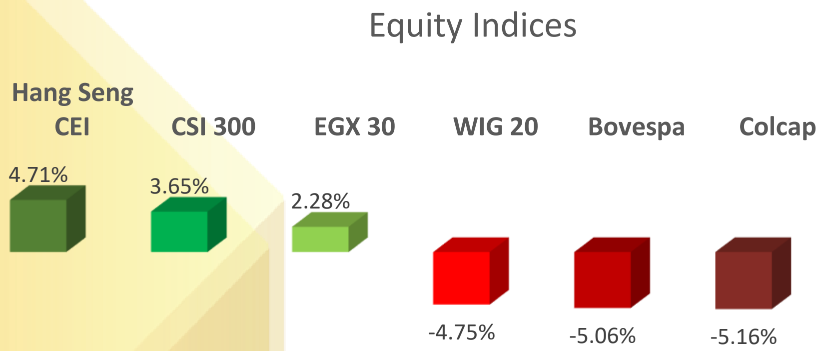


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen weakness in the global equities markets. European equities have performed very weak, Euro Stoxx 600 lost ground during the week. Developing markets have performed very weak. Nasdaq 100 and S&P 500 have also depreciated during the week.

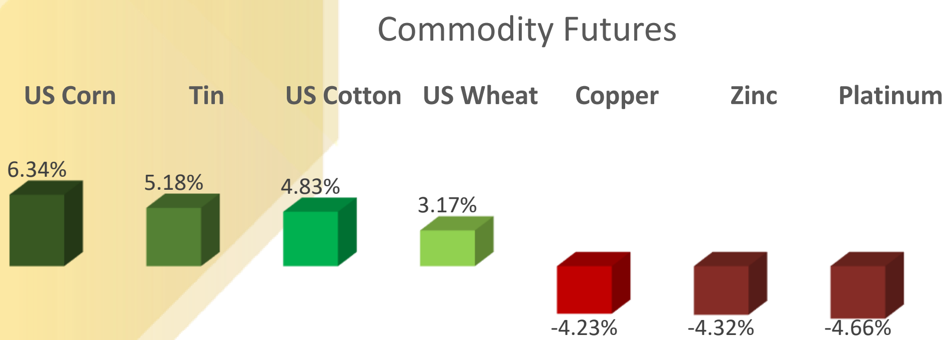


Figure 5: The chart represents the Commodity returns over the week.

Commodities have performed mixed during the week. We have seen weakness in industrial metals. Crude and Natural gas extended gains during the week. Gold and silver and other precious metals appreciated. We have seen strong performance in agricultural commodities.

GLOBAL FUND MANAGERS' STATEMENTS

Ray Dalio (Bridgewater founder): Ray Dalio says central banks around the world will have to start cutting interest rates again in two years to rebuild their economies following a damaging bout of stagflation. stagflation – low growth and high prices – would end up hurting the US economy so much that central banks would have to cut rates again in 2024, the year of the next presidential election.

"We believe that we are in a tightening mode that can cause corrections or downward moves to many financial assets," he said.

"The pain of that will become great and that will force the central banks to ease again, probably somewhere close to the next presidential elections in 2024." He ascribed stubbornly high inflation to continued spending by governments and corporations, with diminishing returns in both cases.

"There is going to be a great deal more spending than there will be earnings. There will be deficits. That will continue for a long time and for that reason, we don't want to be in cash or bonds," he said."There are assets to hold during a tightening and there are assets to hold during an easing. And in both cases, right now, we don't want to own debt assets. We favour inflation hedged assets."

Jeff Christian (Managing Director of CPM Group): You still have historically low interest rates," he said. "… And you also have negative interest rates on an inflation-adjusted basis… In addition to that, the increase in interest rates reflects concerns about inflation, which are positive for gold prices."

He remarked that increasing "volatility and uncertainty" are bullish for gold.

Wagner added that the Federal Reserve's asset sales would affect the demand for gold, "They're reducing their balance sheet. Both [higher interest rates and asset sales are] putting a strong effect on the demand side because it's more expensive to do business, more expensive for goods." He added that the purported peg of 5,000 RUB to 1 gram of gold is "inaccurate." In the early days of the Ukraine conflict, said Christian, "there was a tremendous demand for gold from investors within Russia, and they were paying a premium to the world price. The 5,000 ruble per gram was a discount to the world price. So the refiners were saying, why would we sell to the central bank at a discount… when we can get a premium by selling to investors? So after about a week or so, the central bank of Russia actually pulled back and said, no, we will buy gold from domestic producers and refiners at a negotiated price relative to the international price... there was no peg."

Prem Watsa (Founder, chairman and CEO of Toronto-based Fairfax Financial Holdings): The expectation that the share of state-owned enterprises in the overall market cap will decline in India also bodes well for the country, he said. Listed public sector enterprises make up 10% of the combined market cap of the top 50 companies in India, compared to 45% in China.

Finally, according to him, manageable public debt levels, comfortable foreign reserves and the possibility of a large section of the population moving into the middle class with development make India the number one investment spot.

Marko Kolanovic (JPMorgan'schief global markets strategist and co-head of global research): believes the U.S. economy is strong enough to handle oil prices as high as $150 a barrel.

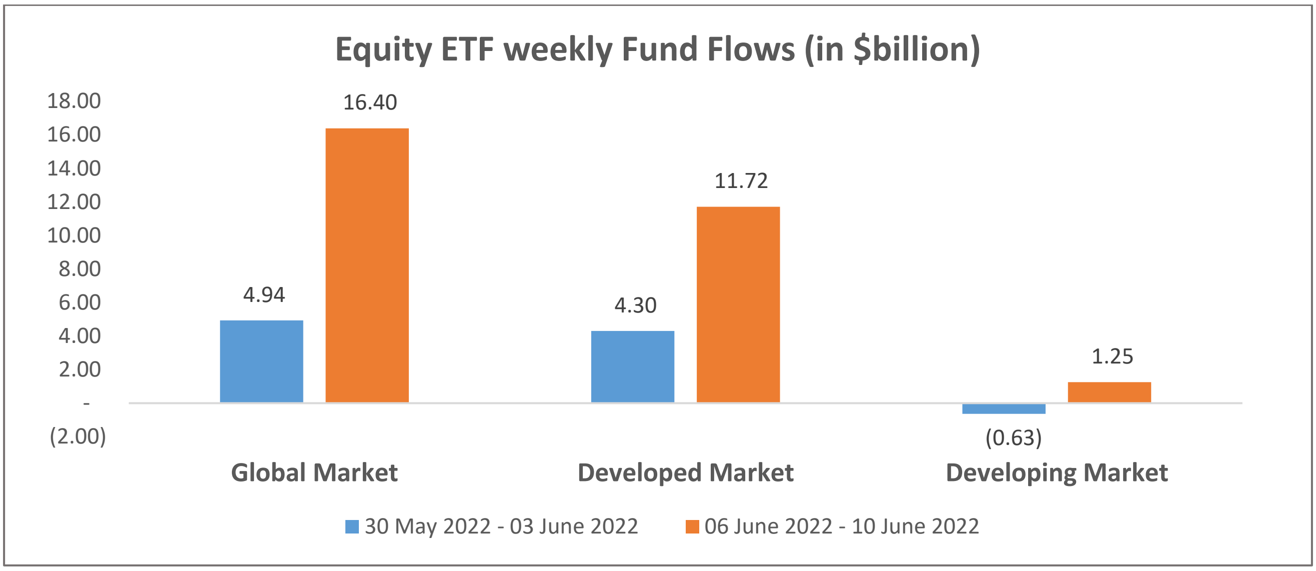
"There could be some potential further spikes in oil, especially given... the situation in Europe and the war. So, we wouldn't be surprised. "We think the consumer can handle oil at $130, $135 because we had that back in 2010 to 2014. Inflation adjusted, that was basically the level. So, we think the consumer can handle that," said Kolanovic, who has earned top honors from Institutional Investor for accurate forecasts multiple years in a row.

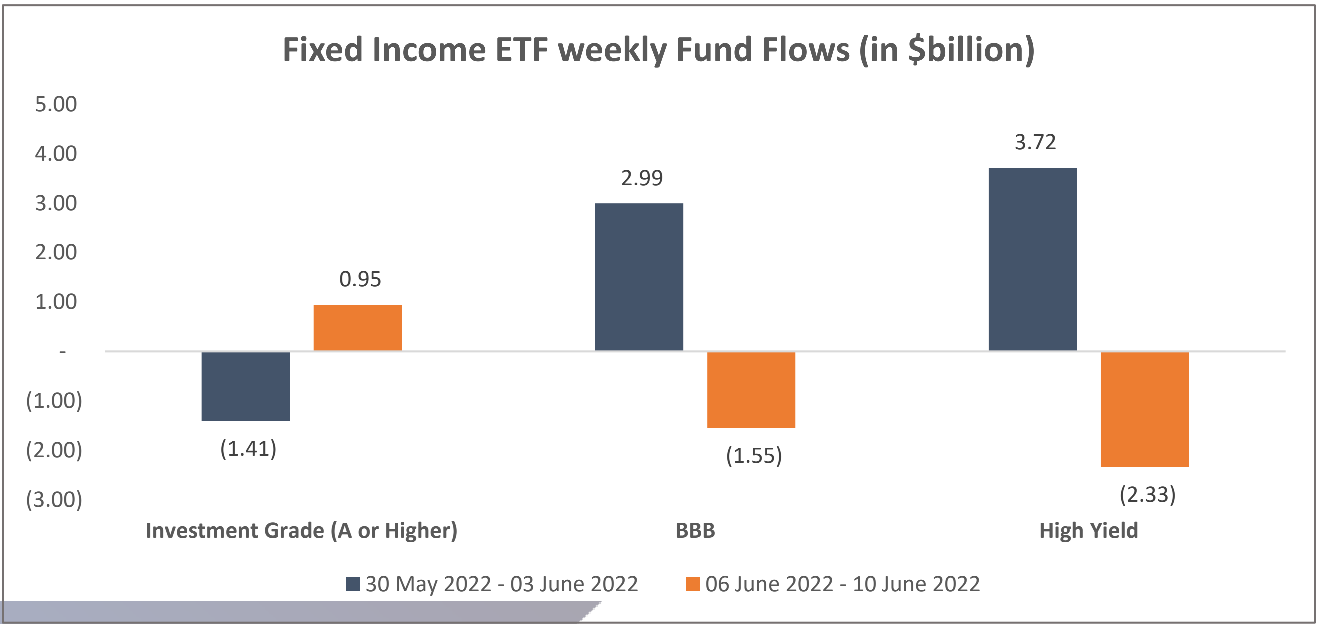
His base case is the U.S. and global economy will avoid a recession. Kolanovic contends it's vital to be ready for all possibilities.

"We do forecast some slow down," he said. "Nobody is saying that there are no problems."

His firm's official S&P 500 year-end target is 4,900. But in a recent note, Kolanovic speculated the index would end the year around 4,800, still on par with all-time highs hit on Jan. 4. Right now, the S&P is 16% below its record high.

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

Global equities had a rough week with US equities sliding sharply on Friday. We believe that the bear market in global risk assets has come back alive after being in a pause mode for the last few weeks. We see global risk assets taking a deep tumble over the next few weeks and most global indices could make fresh 52 week lows in this period. We believe gold has embarked on yet another bull rally which will take it significantly higher over next few months. We are extremely bullish on 30 year US Treasuries from their current levels. We see an imminent collapse in crypto currencies to new multi year lows.

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