# Weekly Report and Outlook on Global Markets

11th June 2021

## ***Small Cap Valuations surpass larger players in India.***

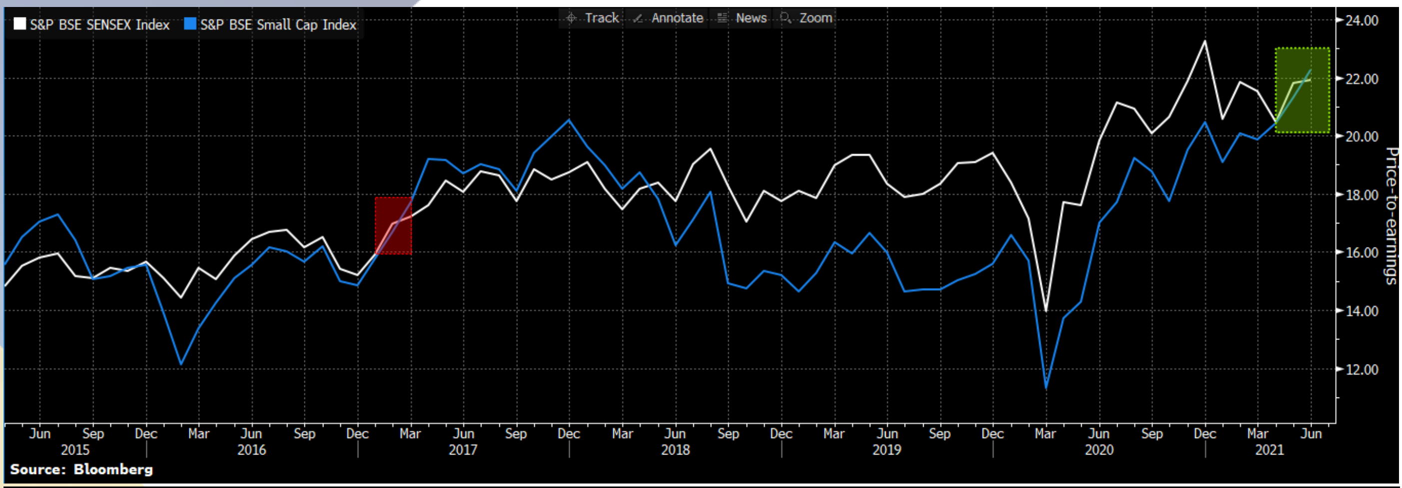



**Figure 1: BSE Sensex PE vs BSE Small Cap PE**

Valuations for a measure of India's small cap stocks crossed above the benchmark index for the first time since 2017, as slowing coronavirus cases has boosted buying by both local and foreign investors. The 12-month forward price-to-earnings for the S&P BSE Small Cap Index is also at the highest since at least 2015. The high valuations for most quality small caps is an indication of a positive earnings outlook and optimism, that the country will recover faster from the pandemic-led disruptions.

## ***Hedge Funds push Bullish wagers on WTI Crude to the highest since 3 years.***

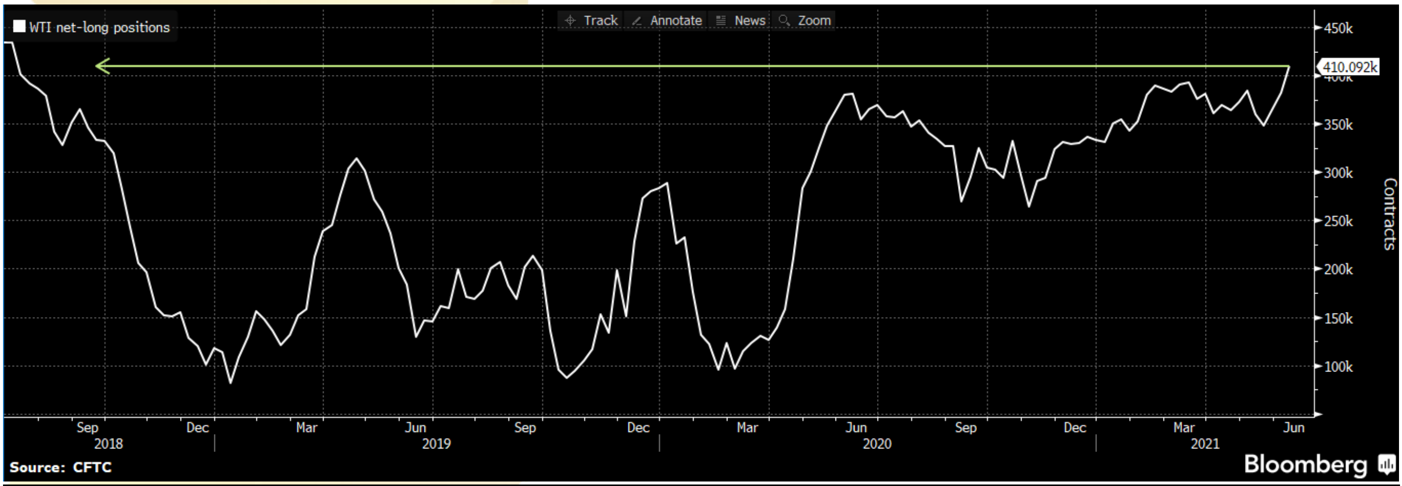



**Figure 2: WTI Net Long positions**

Hedge funds betting on rising U.S. oil prices came back in force in the week ended June 8, boosting net-bullish positions to a nearly three-year high, according to the latest Commodity Futures Trading Commission data. Net-long wagers on West Texas Intermediate crude were the most since July 2018, with the American market strengthening relative to the rest of the world as it enters peak demand season. The U.S. crude demand outlook is becoming even more bullish than anticipated. Everyone's traveling, planning their vacations, setting up for what may be one of the best driving seasons we'll ever see.

***<u>China's new Investors in May dropped to lowest in seven months.</u>***


**Figure 3: China's New Investment accounts**

The number of new stock trading accounts opened in China fell to a seven-month low in May despite a rebound in the benchmark CSI 300 Index, as liquidity concerns continued to weigh on sentiment. Data from China Securities Depository and Clearing show 1.41 million new accounts were opened last month. That marks a 43% decrease from a high in March, when retail investors rushed to buy the dip. Nearly all the new May accounts were opened by individual traders, according to CSDC data.

***<u>Fear Barometer of U.S. Stocks still trading at the highest since 2018.</u>***


**Figure 4: Credit Suisse Fear barometer**

With U.S. stocks a whisker away from a record high and a measure of near-term volatility trading near the lowest since mid-April, you'd be forgiven for thinking that all is well. But anxiety is still raging for what lies ahead. The Credit Suisse Fear Barometer, which tracks the relative cost of bearish-to-bullish 90-day options on the S&P 500 Index, is trading near the highest level since early 2018, despite taking a leg lower last week on the heels of a solid payrolls report and record services figures.

# MAJOR MOVES THIS WEEKS

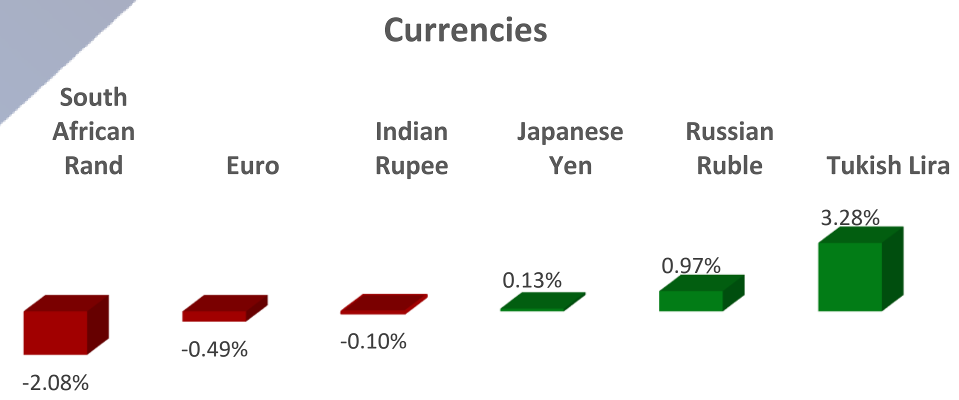



**Figure 4: The graph represents weekly Currency returns with respect to US Dollar as the base currency.**

Russia’s central bank announced an increase in their policy rate by 50 basis points and signalled further hikes in the future. This pushed the Ruble higher against the dollar. Increase in crude prices led to the appreciation of Turkish Lira. With a general risk off sentiment prevailing in the currency market, most EM currencies depreciated against the dollar.

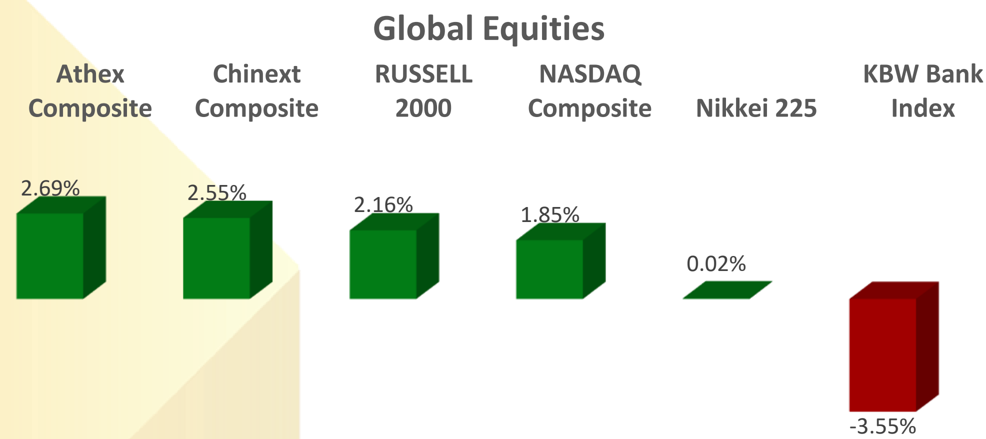



**Figure 5: The chart represents the weekly equity index returns.**

S&P 500 touched new highs this week with volatility reaching its lowest since March 2020. This also pushed most benchmark indices in other countries higher. With fall in Bond yields, the Banking and financial stocks closed in the red.

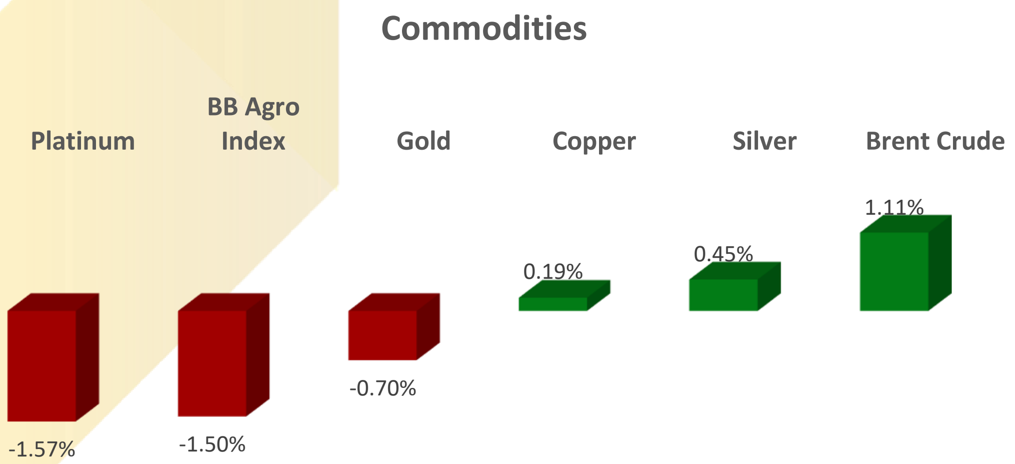


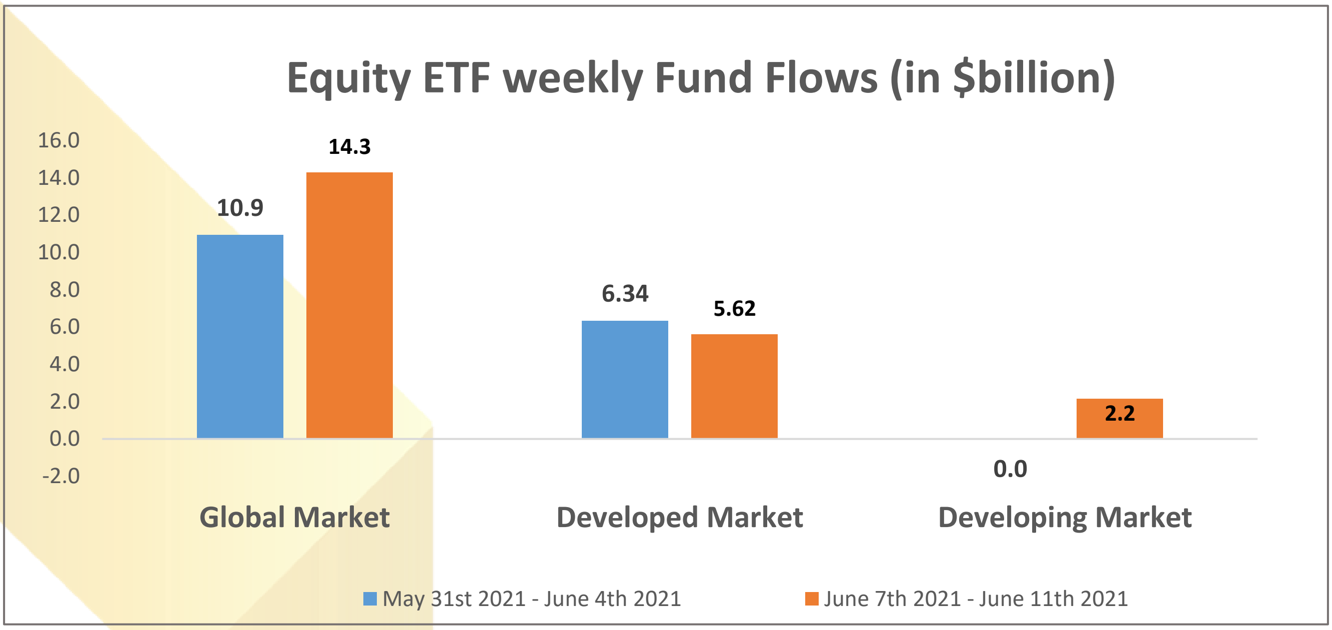

**Figure 6: The chart represents the weekly commodity returns.**

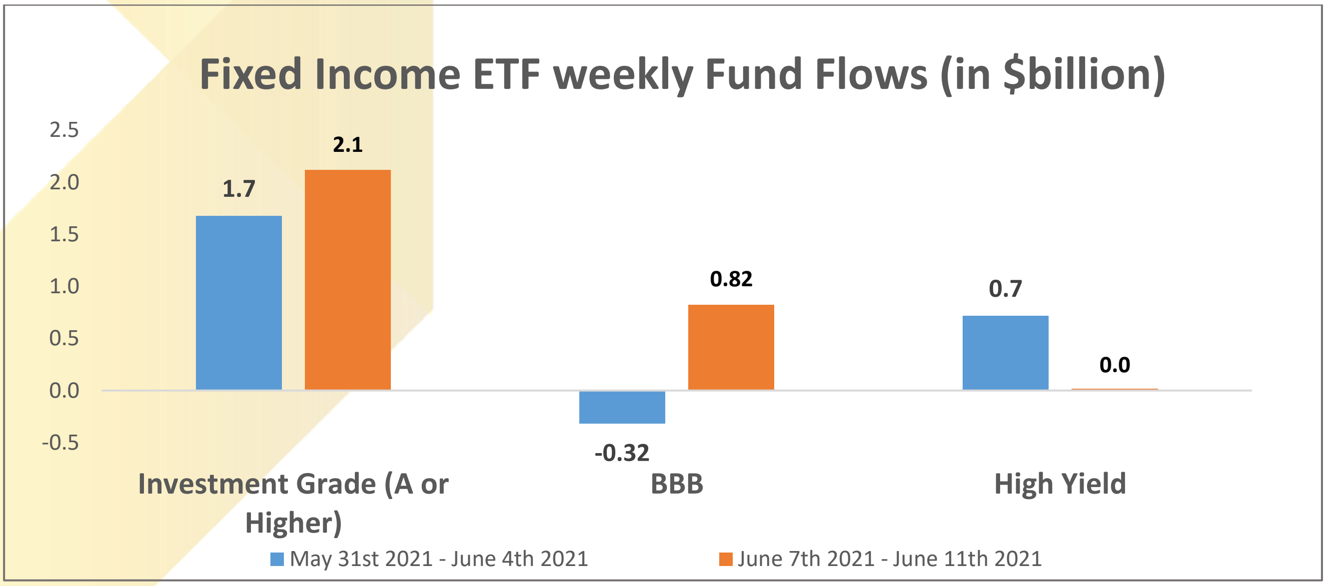
Gold, silver, and other precious metals were range bound this week. Industrial metals appreciated with increased demand from China. With the economies slowly opening and due to hopes of better Summer, crude prices appreciated.

# GLOBAL FUND MANAGERS' STATEMENTS

1) Jeffrey Gundlach (Founder, DoubleLine Capital) : "I turned positive on European stocks, which felt really weird. I've been negative on European stocks relative to US stocks since the founding of DoubleLine 12 years ago. Now European stocks have begun outperforming US stocks." "Ultimately, I think gold will go much higher as the dollar falls and commodities broadly have a further significant leg to the rally that began 15 months ago." - Interview with Business Insider, 10th June 2021
2) Byron Wien (Chairman, Blackstone Advisory Partners) : "U.S. stocks will break out of a two-month slumber and resume their record-breaking rally as the economy recovers and inflation stays in check." He also reiterated his target for the S 500 Index to reach 4,500. – Bloomberg TV June 8th 2021

# GLOBAL WEEKLY ETF 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 subcategories as well.*

# PACE 360'S FUTURE OUTLOOK

"We have had another stellar week for equities and quite a few indices made their fresh all-time highs. We expect the global equities to remain buoyant for next few weeks. Industrial commodities are expected to remain sideways over this period. US Treasuries are close to their bottom end of the range for the near term and may go up by 12-15 bps over next few weeks. We believe EM currencies have topped out and will depreciate by 5-10% over the next three months.  We expect gold to remain rangebound with a slightly bearish bias for next few weeks. We expect Bitcoin to remain weak for the short term to medium term."

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