



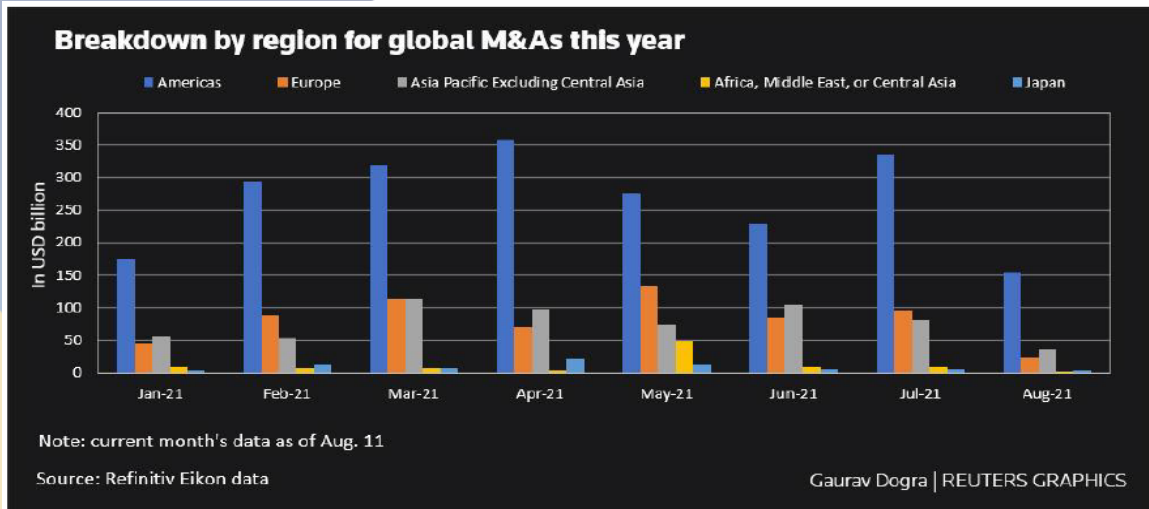
# Weekly Report and Outlook on Global Markets

13<sup>th</sup> Aug 2021

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# MARKET DEVELOPMENTS

## Global M&A volumes hit new record in 2021, overtaking last year's haul



Global merger and acquisition (M&A) activity has breached new highs, building on the record-breaking dealmaking streak from the beginning of the year that has been aided by low interest rates and soaring stock prices.

The total value of pending and completed deals announced in 2021 has already touched \$3.6 trillion year-to-date, surpassing the full-year tally of \$3.59 trillion in 2020. So far this year, 35,128 deals have been announced, a 24% jump over last year.

## Hedge Fund Winners and Losers of China's Sudden Crackdown



A meltdown in Chinese stocks last month caught at least half a dozen Asia-based hedge fund managers flat-footed, leaving them nursing losses and pondering Xi Jinping's next move. Franchise Capital, Brilliance Asset Management and Snow Lake Capital's China fund were among the casualties after sweeping moves to rein in the private sector caught the wider market by surprise. The gyrations sent others surging as CloudAlpha Capital Management, and Mingshi China Optima Master Fund scored double-digit gains, while Dantai Capital and Anatole Investment Management also made money,

# MAJOR MOVES THIS WEEK

## Currencies

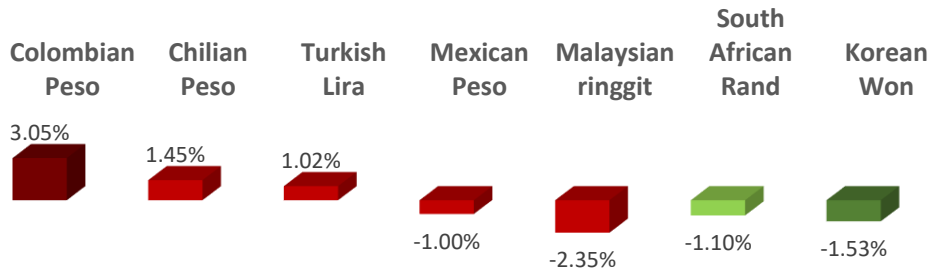


Figure 5: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week both Emerging market and developed market currencies were sideways. Euro has closed higher this week against dollar. In the first half we saw volatile move in major currency & few popular currency pair from European nation also depreciated. Latin American currency shown sideways move this week & Colombian Peso worst performer currency pair for the week.

## Equity Indices

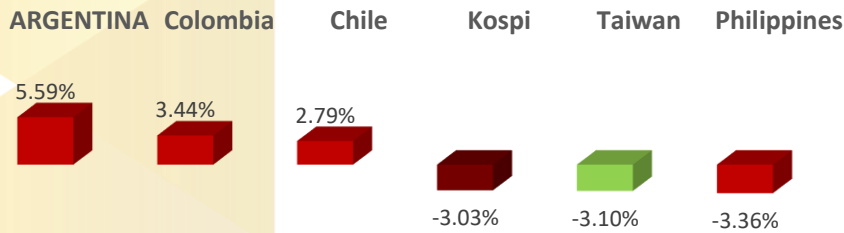


Figure 6: The chart represents the Equity Index returns over this week.

A stable week was observed for equities mainly in developed nation. In US small caps and value stocks underperformed the broader market. Asian, China Equities underperformed while we have noted outperformance in Indian indices, broader Asia is not performed this week as Taiwan & Korea also fallen current week. In last trading session of this week, we have observed stable move in US equities despite of bearish sentiment data from University of Michigan.

## Commodity Futures Natural

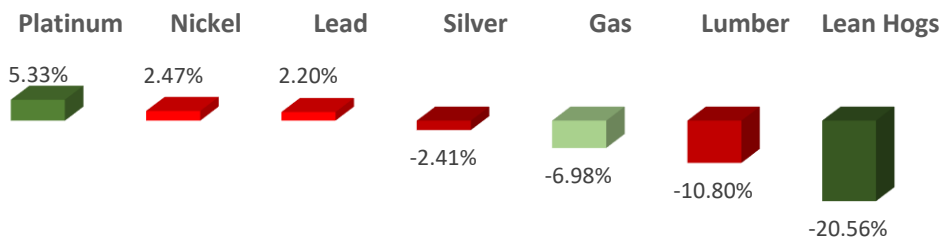


Figure 7: The chart represents the Commodity returns over the week.

We have observed positive performance this week in industrial commodity, Gold has shown stable performance current week supported by fall in US yields. Industrials metals performed this week despite of fall in China indices. Oil also closed sideways this week, In energy segment natural gas price fallen down due to weather forecast & build up in inventory level.

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## GLOBAL FUND MANAGERS' STATEMENTS

**Mark Mobius (Founder Mobius Capital partners):** India, the United States and parts of other emerging markets have seen fund inflows redirected from China as recent regulatory crackdowns in the world's second-biggest economy have spooked markets, "I would say half the money has just left ... But I think that is temporary, it will not last,". Mobius said his firm was "heavily concentrated in India", with about a 20% allocation, adding that he was bullish on sectors ranging from medical testing to industrial equipment.

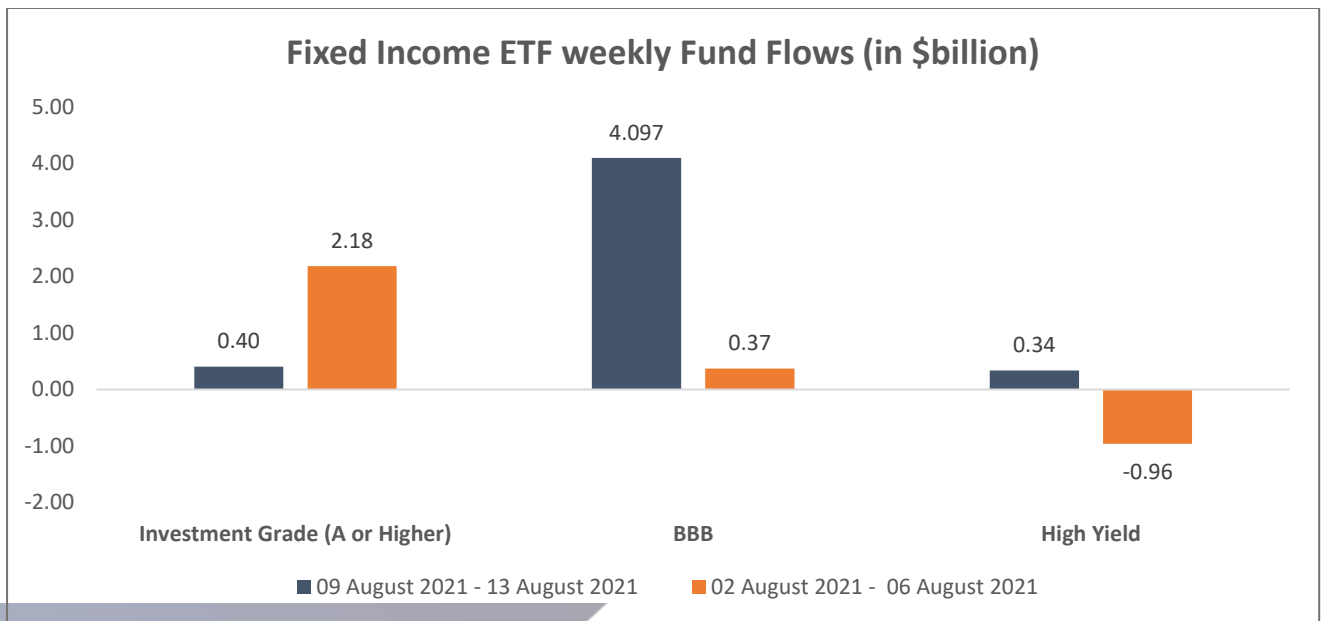
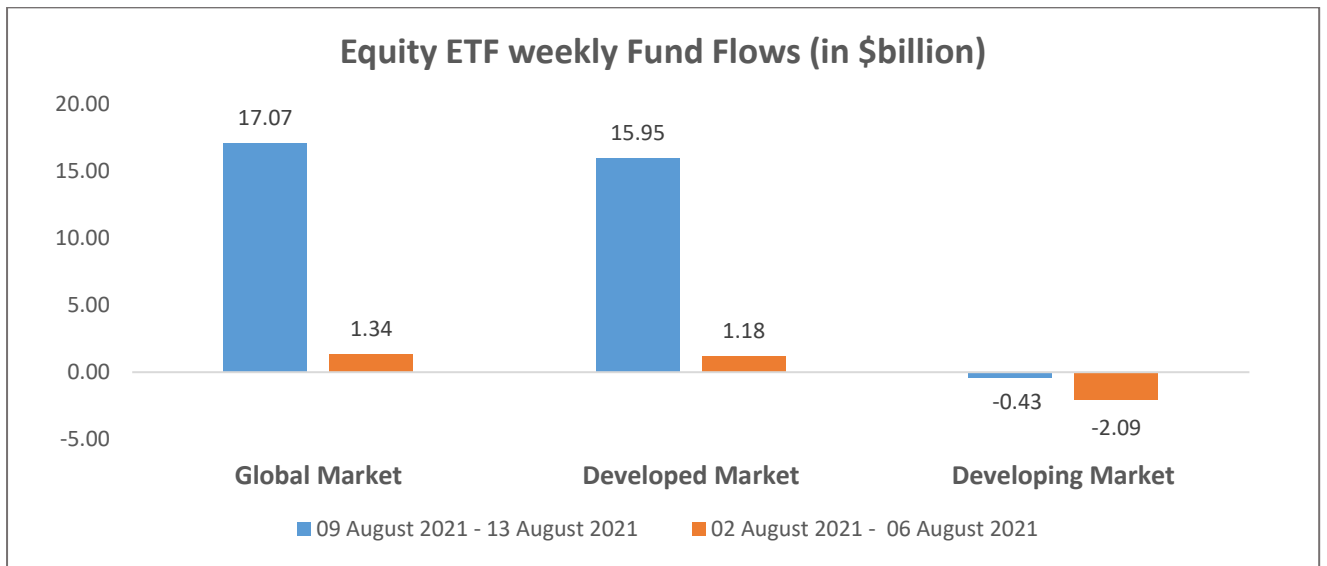
**Chris Wood (Global head, Jefferies):** Gold has given up its historic correlation with real interest rates in US dollar terms, moving flat while the real 10-year Treasury yield has declined by 40 basis points since mid-June. However, despite this, Jefferies' global head (equity strategy) is not giving up on gold and gold mining stocks. "GREED & fear will not give up on gold and gold mining stocks while it is also worth noting that investor positioning favours a rally in gold in the sense that net long positions are rising again,".

**On Bitcoin Chris** has decided to maintain his 5% allocation to Bitcoin starting in December 2020 when the cryptocurrency was trading at a price of \$22,779. Reiterating support for Bitcoin, Chris Wood said he intends to add to his position if the cryptocurrency falls to \$20,000 price level again but adds that it may be a level that is never seen again. "Certainly, the one-day intraday 18% rally from \$34,453 to \$40,545 on July 26 looks like a climatic liquidation of leveraged short positions

**Rich Bernstein (CEO and CIO of Richard Bernstein Advisors):** is waving the red flag on long-duration assets ranging from Big Tech to bitcoin to Reddit rebellion stocks to long-term bonds. "We are right in maybe the biggest bubble of my career,". "The Fed has so distorted the long-end of the curve that we are seeing a very natural reaction among long-duration assets which is then taking on a life of its own," Anybody who's out there in these long-duration assets has to be firmly convinced that long-term interest rates are not going to go up because that's the kryptonite for this bubble."

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# 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

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# PACE 360'S FUTURE OUTLOOK

Global equities had a mixed week as US and European markets went up while some of the Asian markets like Taiwan, South Korea and Philippines had a down week. We believe that global equities are completely overstretched at current levels and could reverse course anytime now. We expect a sizeable correction between now and September end. We believe that US 10-year bond yields have made a medium term top this week and should go down over the next two months. We see a correction in industrial commodities too over the same time frame. Gold has probably made a bottom last Monday when it traded at sub 1700 levels. We see gold as an attractive long term buy at the current levels. Bitcoin is looking toppish once again and should resume its long-term downtrend sooner than later.

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