



Weekly Report and Outlook on Global Markets

23rd July 2021

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MARKET DEVELOPMENTS

Goldman Sachs says Covid delta variant could 'significantly' hit growth in Southeast Asia

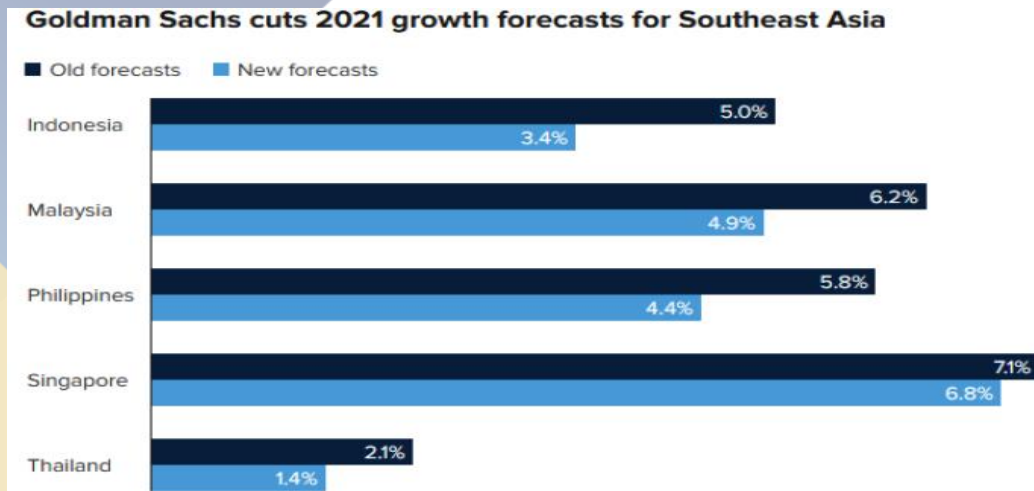


Figure 1: This chart shows GS 2021 growth forecast for southeast Asia

The spread of the more transmissible delta variant has pushed daily Covid cases to record highs in Indonesia, Malaysia and Thailand in recent weeks. That has led to more stringent restrictions in Indonesia and Thailand, and an extension of restrictions in Malaysia. Goldman slashed its growth forecasts by more than 100 basis points for Indonesia, Malaysia and Philippines. Singapore and Thailand saw a smaller cut by the bank. Slow vaccination pace.

The rapid climb in Covid infections across Southeast Asia has come as vaccination progress in the region — except for Singapore — has lagged many countries such as the U.S. and the U.K.

BOJ Joins Global Climate-Change Battle with Green Loan Support

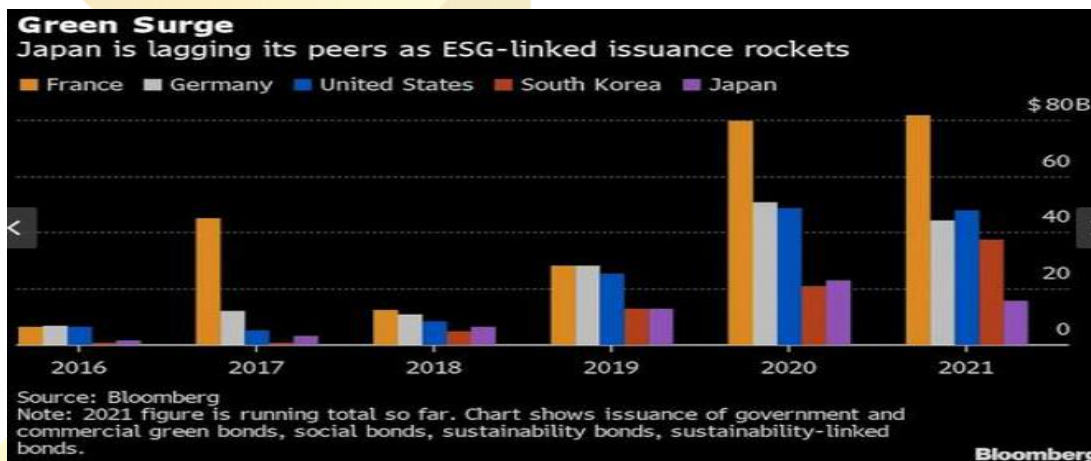


Figure 2: The chart shows issuance of government and commercial green bond, social bond, sustainability bond of various countries year wise

The BOJ said it would offer banks interest-free funds for climate-linked loans or investments and exempt more of their reserves from its negative interest rate. After a two-day meeting, the central bank also left its main policy settings unchanged and tweaked its economic forecasts to reflect the latest virus restrictions as Japan readies for a fan-free Olympics.

While the incentives are the BOJ's first specific steps to support efforts to rein in global warming and demonstrate its willingness to step beyond the conventional bounds of a central bank, most economists had expected the central bank to go further, by paying 0.1% or 0.2% on green lending.

MAJOR MOVES THIS WEEK

Currencies

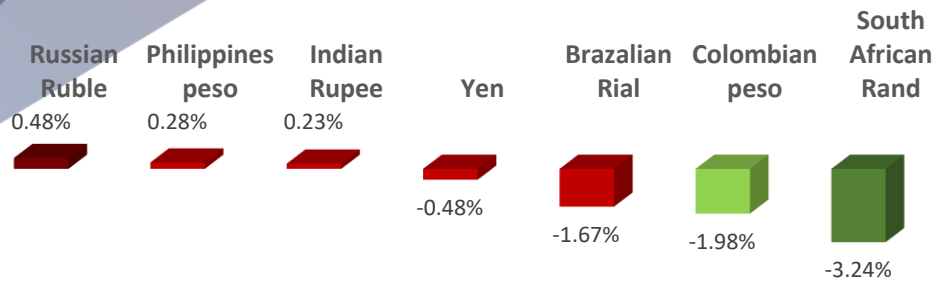


Figure 5: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen major fall in South African rand due to riots & slow vaccination drive, delta variant & vaccination pace also impacted forex move in favour of dollar in Brazil & few Asian currency like Korean won, Malaysian ringgit, Thai baht etc. We have observed sideways move in euro dollar this week with negative bias post ECB policy meet. Broder theme for European currency pair was sideways through current week, while yen we have noticed fall of 50 basis point against dollar.

Equity Indices

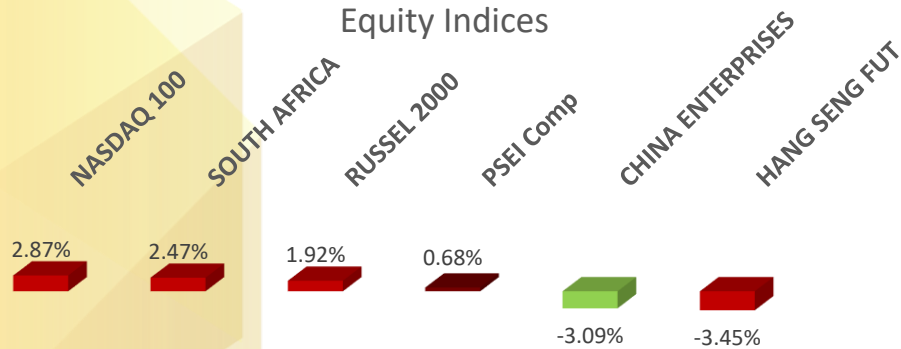


Figure 6: The chart represents the Equity Index returns over this week.

A volatile week was observed for equities especially in the first half. Later on most of world equity indices we have noticed recovery led by S&P 500 & Nasdaq 100, US equities closed at all time high this week supported by liquidity & economic recovery optimism. Dow 30 also touched milestone of 35000 & given close above. We have noticed divergence between South Africa equity & its currency while other Asian indices performed this week Srilanka (+2 %), Bangladesh (+1.55 %), Nikke 225 (+0.92%) .MSCI AC world equity performed this week by+ 1.11%

Commodity Futures

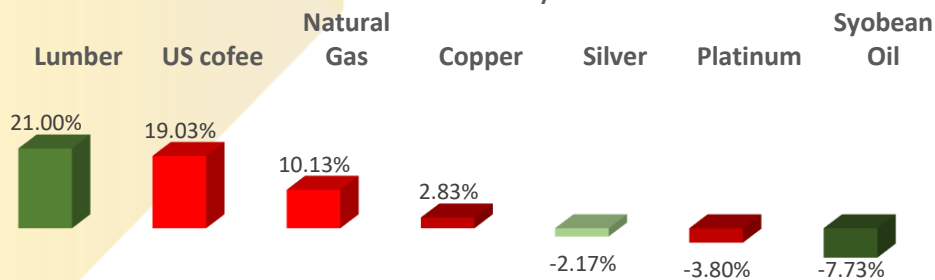


Figure 7: The chart represents the Commodity returns over the week.

We have observed mix performance this week in global commodity, this week we have observed stable performance in industrial metals mainly in copper,nickel,lead,tin .Few agro commodities rebounded this week after fall in past month like lumber, corn. Natural gas seen bullish pressure & “Knock on affect” due to heatwave affect driving up demand. This week Gold & Silver both were down ,while in oil we have observed stable move after fall in recent weeks.

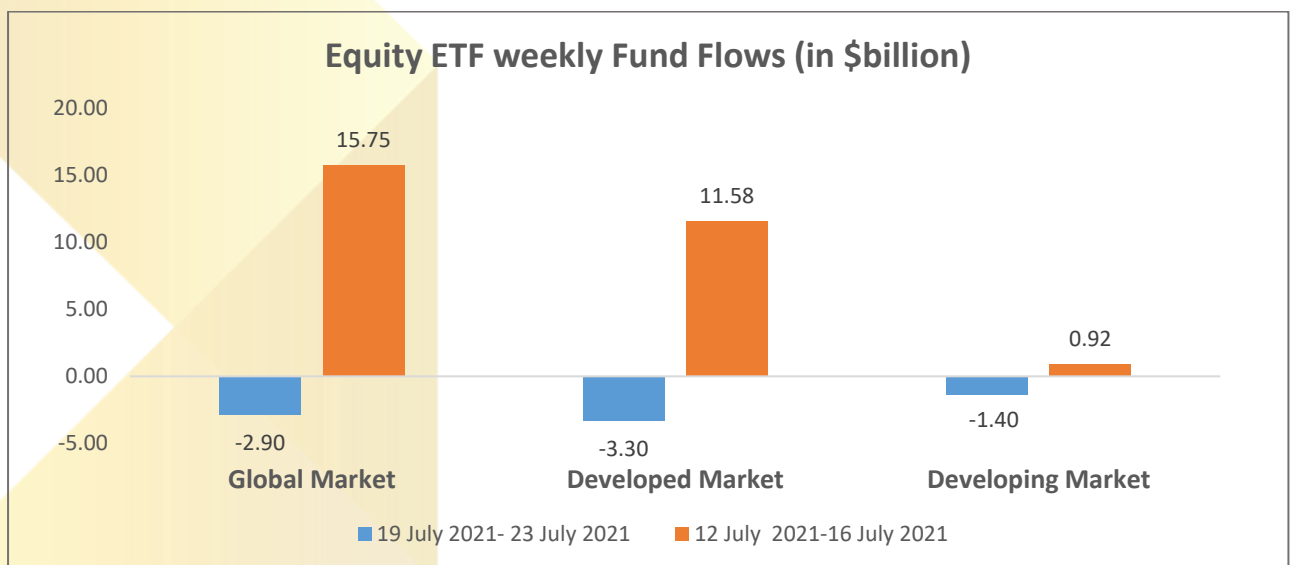
GLOBAL FUND MANAGERS’ STATEMENTS

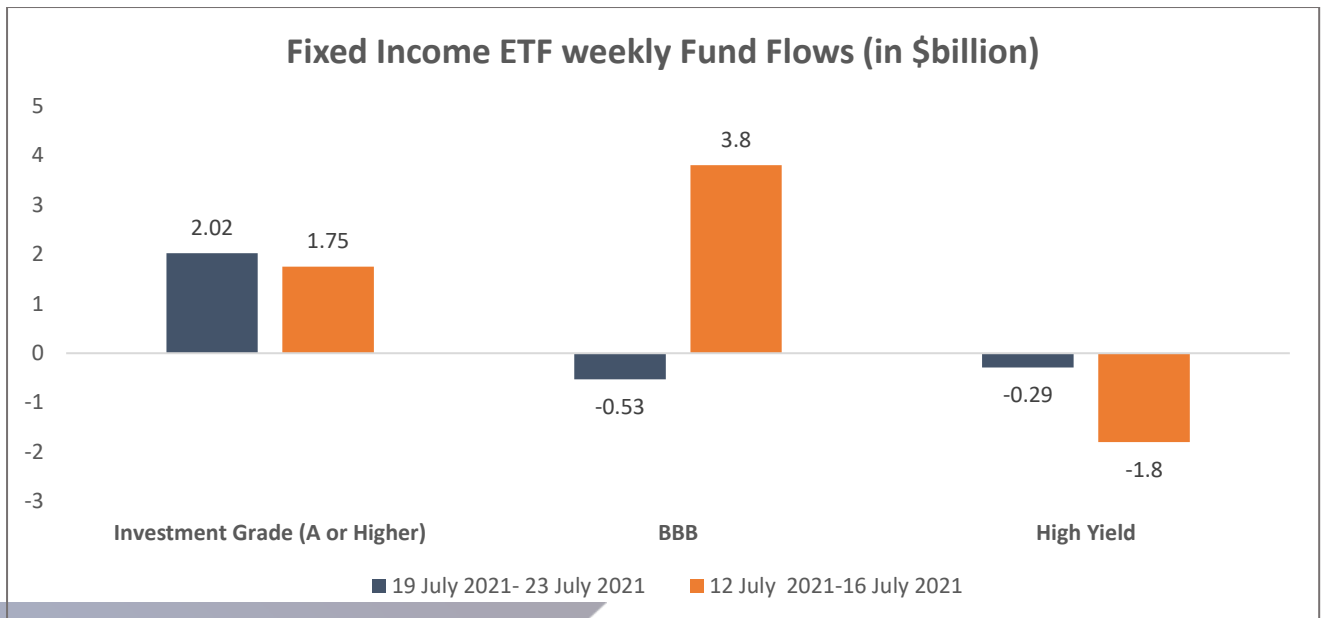
1. Mark Mobius (Founder, Mobius Capital Partners LLP): There are a myriad of investment opportunities outside of domestic U.S. markets, and one legendary investor has proven that the emerging markets (EM) are ripe with such opportunities. “We have some investments in Turkey, in Latin America and Brazil, and in South Africa, in addition to one investment in Kenya, so we're very global," he said.

"In India, we've invested in the healthcare sector, particularly in diagnostics area. Of course, with COVID, the need for diagnosis, testing, is high," he said. "We're also investing in India's software. Of course, there's a great need for enterprise software, not only in India but around in the world. In India, they're doing particularly well. Despite COVID, a lot of people forget that India's got a billion people and not all of them are affected by COVID. Many of them are getting vaccinated, and it's a young population, so they're naturally more resistant to COVID."

2. Scott Miner (Guggenheim) : US equities could drop 15% by the end of October, driven lower by concern over the delta variant of COVID-19 and its impact on global growth, while cryptocurrencies could continue to face pressure, according to Guggenheim's Scott Miner. The chief investment officer told Bloomberg on Wednesday that September and October are likely to be "very rough" months for stocks. “Maybe a pullback of 15% or slightly more," he said, adding that investors could get back into buying by the end of autumn. Stock prices and bond yields recently fell sharply as growth fears sparked by the fast-spreading delta variant dented some of the market optimism. The Dow Jones slumped 2.1% at the start of the week in its biggest one-day drop since October, but stocks have slowly been clawing back gains.

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

We believe that global equities have largely topped out. In the shorter term they may become sideways but over the longer-term equities are very over-extended and should correct. We are long term bullish on gold and the current levels present a very attractive entry point. Bitcoin has yet again taken support from sub 30K levels particularly because of statements made by Elon Musk and Jack Dorsey. We expect Bitcoin to go back to 20K levels in the next six months. We expect Euro and EM currencies to broadly remain sideways in the near term.

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