



# Weekly Report and Outlook on Global Markets

23<sup>rd</sup> December 2022

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# MARKET DEVELOPMENTS

## Japan's Topix Trades in Tightest Annual Range Since 1980

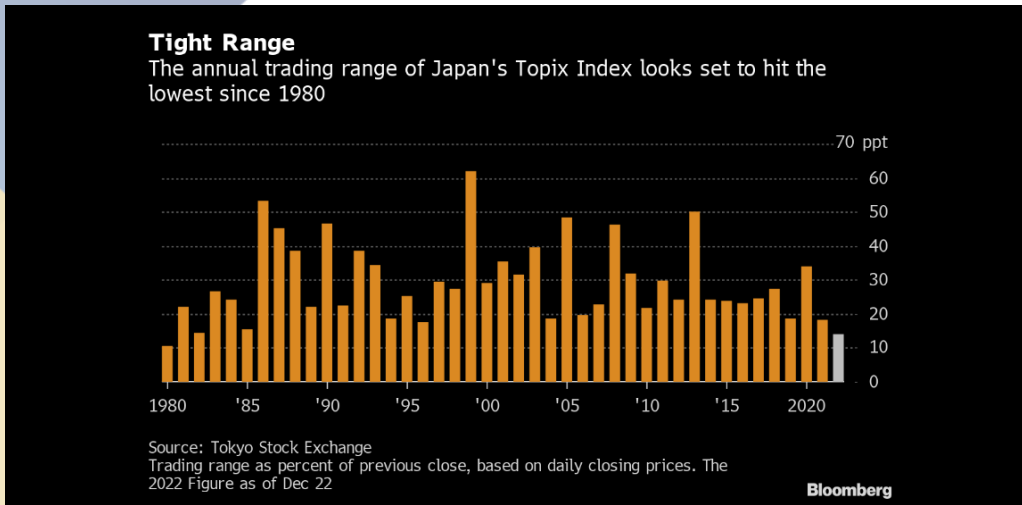


Figure 1: The chart shows trading range of Topix index based on percentage change compared to previous day closing value

Despite heightened geopolitical risks and an uncertain global economic outlook, Japan's Topix Index is likely to end 2022 with the narrowest annual trading range in more than 40 years. The Topix has moved within a 280.38 point spread so far this year. At this year's high, marked on Jan. 5, it was up 2.4% from last year's close and down 11.7% on March 9 in the wake of Russia's invasion of Ukraine. The annual range of 14.1 percentage point was the narrowest since 1980, when it moved within a 10.7 percentage point gap. A weaker yen and Japan's gradual economic reopening have helped cushion the impact of global monetary policy tightening.

## Easing Financial Conditions Mean Fed May Keep Peak Rates

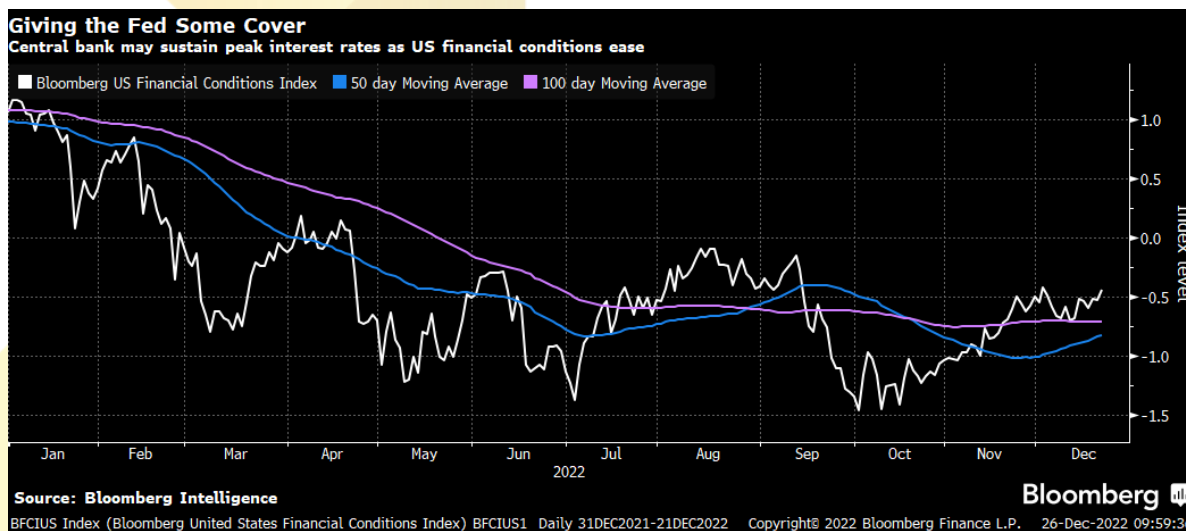


Figure 2: The above chart shows the US Financial conditions Index along with 50 day and 100 day moving averages

Markets pricing in Federal Reserve interest-rate cuts for the second half of next year may be jumping the gun. Easing financial conditions since October despite a string of rate hikes could give the Fed an excuse to maintain peak interest rates for longer than expected, Bloomberg Intelligence strategists Ira Jersey and Will Hoffman said in a note. Markets, convinced the Fed lacks resolve in its inflation fight, should instead anticipate rates will stay near the peak through next year before deeper cuts start in 2024 given Bloomberg Economics' outlook for inflation and the economy, they said.

# MAJOR MOVES THIS WEEK

## Currencies

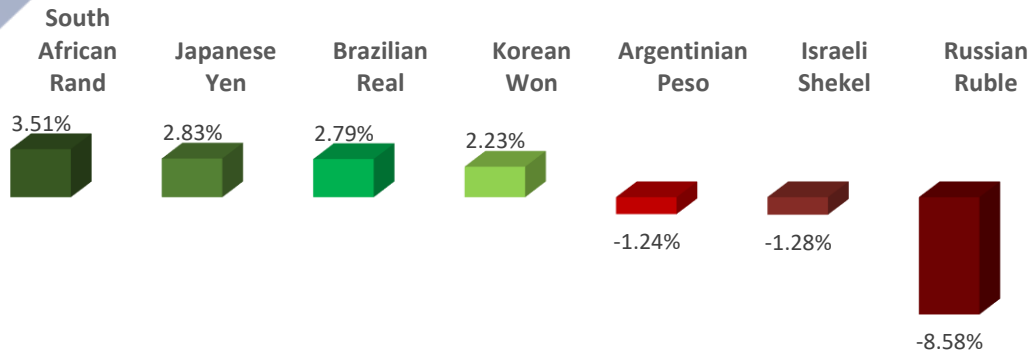


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen strength in the global currencies market. Euro and Yen appreciated while British pound depreciated against the Dollar this week. Asian Currencies performed weakly against dollar during the week.

## Equity Indices

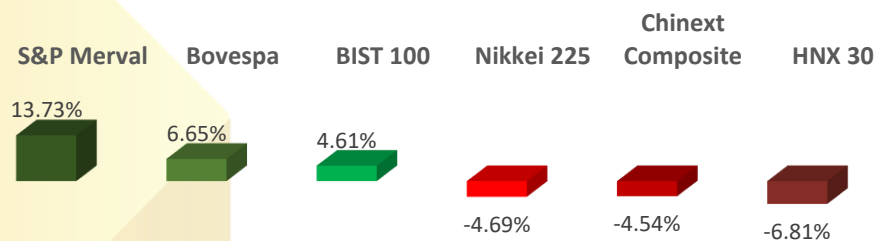


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen mixed performance in the global equities markets. European equities have shown strength, Euro Stoxx 600 has outperformed large-cap indices during the week. Asian Equities have shown weakness. US markets have shown mixed performance, with the tech stocks being the losers.

## Commodity Futures

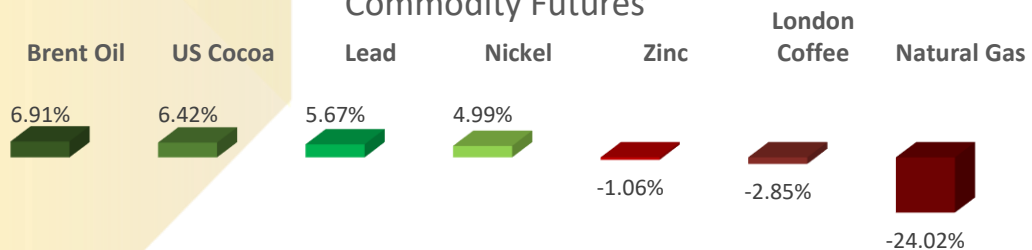
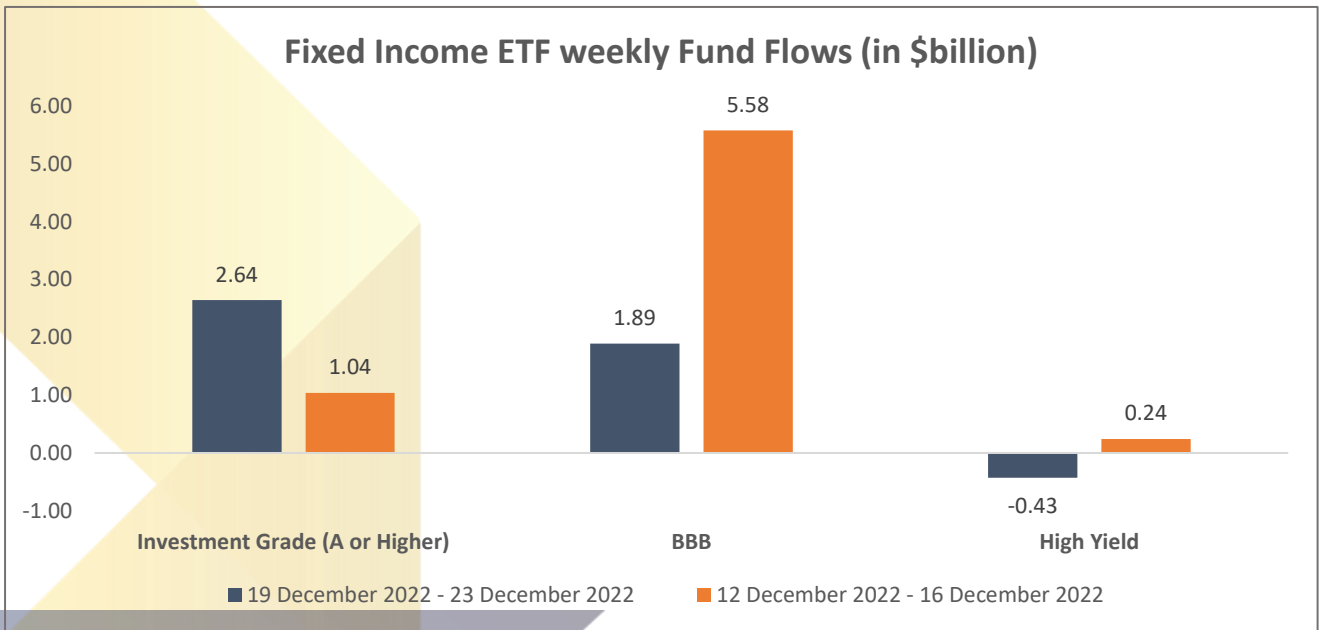
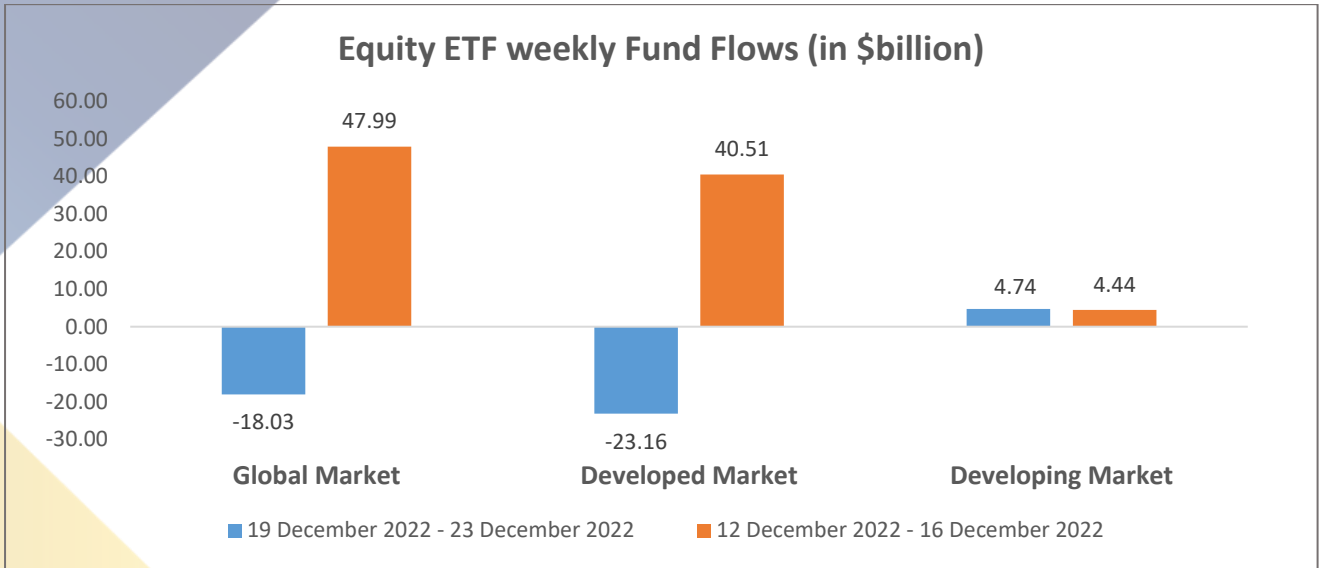


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown strength during this week. We have seen strength in industrial metals. Crude appreciated while the natural gas depreciated sharply during the week. Gold and Silver appreciated during the week. We have seen strength in agricultural commodities.

# 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 with Nasdaq, Chinese, Indian and Japanese equities going down while the rest of the world did reasonably well, led by Brazil which exhibited a stunning outperformance. We expect global equities to do well over the coming 5-6 weeks with Nasdaq potentially leading from the front once again. We expect EM currencies and equities outside China and India to continue to outperform. We remain extremely bullish on US 30 year Treasuries for the next two years.

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