



Weekly Report and Outlook on Global Markets

02nd December 2022

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MARKET DEVELOPMENTS

Foreigners Buy Most Emerging Asia Shares in Two Years



Figure 1: The chart shows Monthly foreign flows into emerging Asia ex-China Stocks

Global investors were a sizable part of Asia’s biggest stock rally in over two decades in November. Foreigners net bought a net \$15.7 billion worth of shares in emerging Asia excluding China, the biggest monthly amount in two years, with Taiwan and India accounting for a majority of the flows, according to data compiled by Bloomberg. China’s moves to reopen and optimism about the Federal Reserve moderating its pace of rate hikes have given regional equities a boost, with the MSCI Asia Pacific Index inching closer to a bull market.

EChina Sells Most Special Debt Since June to Boost Growth

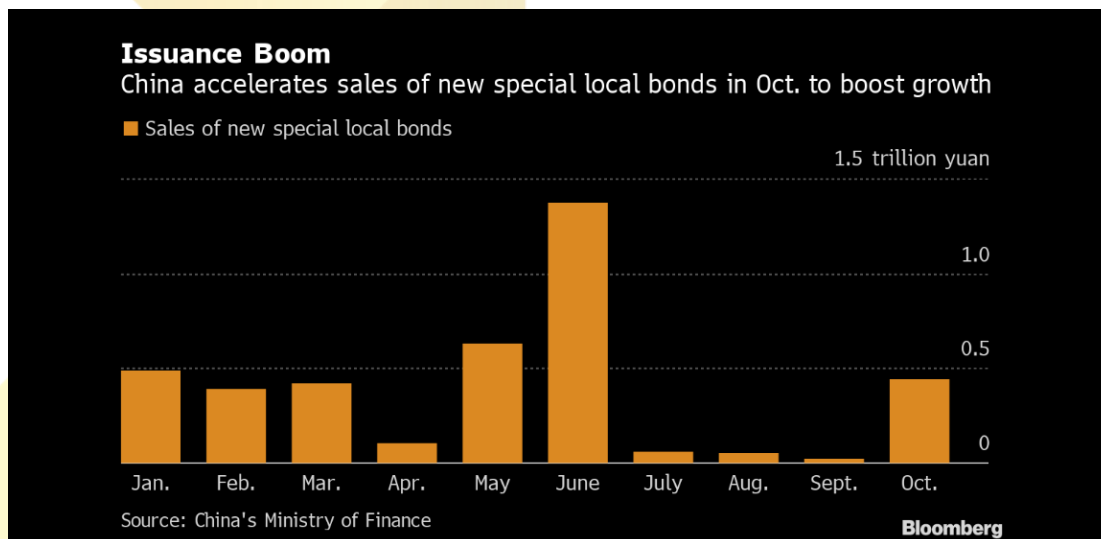


Figure 2: The above chart shows the Sales of Special Local bonds in Trillion Yuan

Chinese provinces in October issued the highest amount of new special bonds since June as they sped to meet Beijing’s deadline to use up 500 billion yuan (\$70 billion) in additional debt quota. Local governments sold 439.9 billion yuan worth of notes in October, the Ministry of Finance said in a statement -- more than triple what was issued in the previous three months combined. A total of 3.98 trillion yuan of the debt was sold in January-October, bolstering infrastructure investment as a rare bright spot this year as China’s economy has been battered by Covid and a property downturn.

MAJOR MOVES THIS WEEK

Currencies

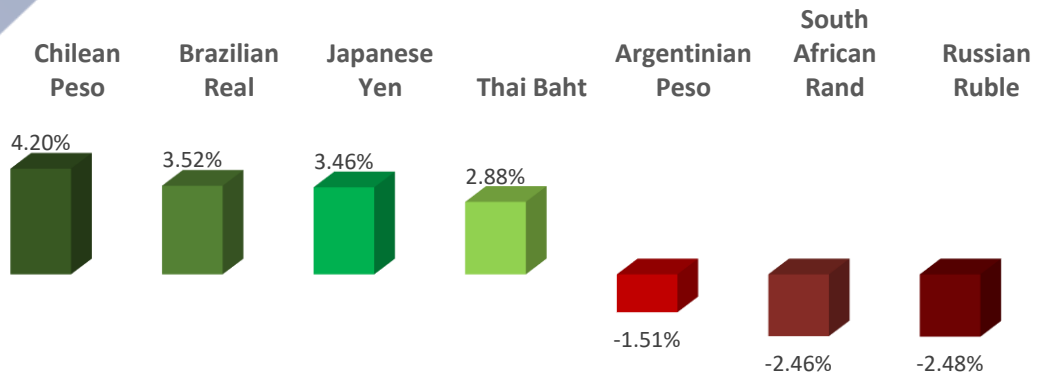


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen strength in the global currencies market. British pound, Euro and Yen appreciated strongly against the Dollar this week. Asian currencies have performed very strongly against dollar Index.

Equity Indices

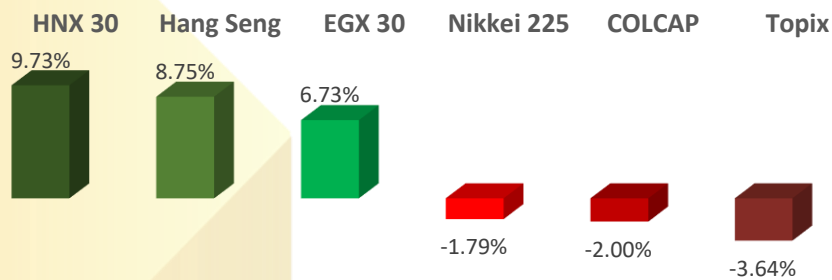


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen strength in the global equities markets. European equities have shown mixed performance, Euro Stoxx 600 has performed well against large-cap indices during the week. Asian Equities have performed very strongly. US markets have shown some gains during the week after performing volatile in wake of multiple data reports and Fed event during the latter half of the week.

Commodity Futures

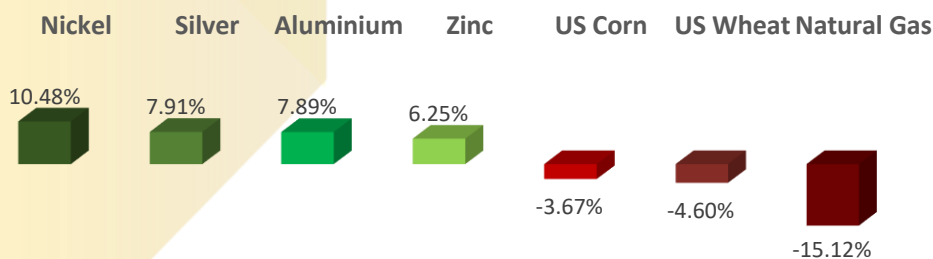
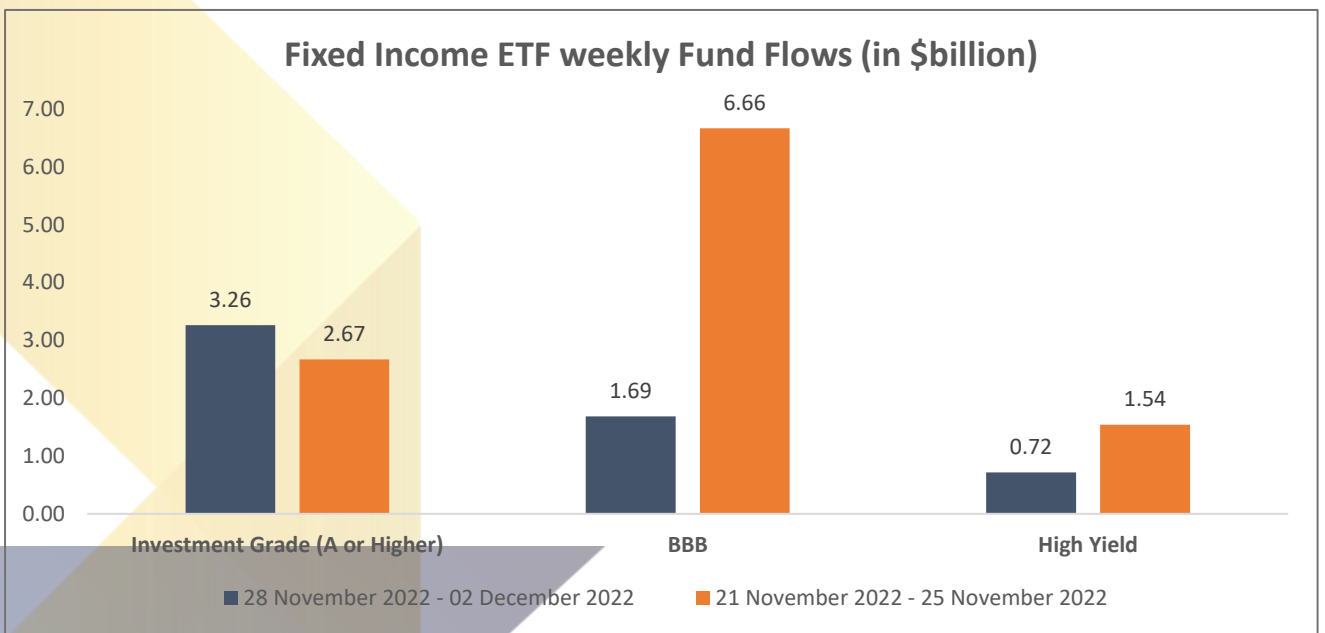
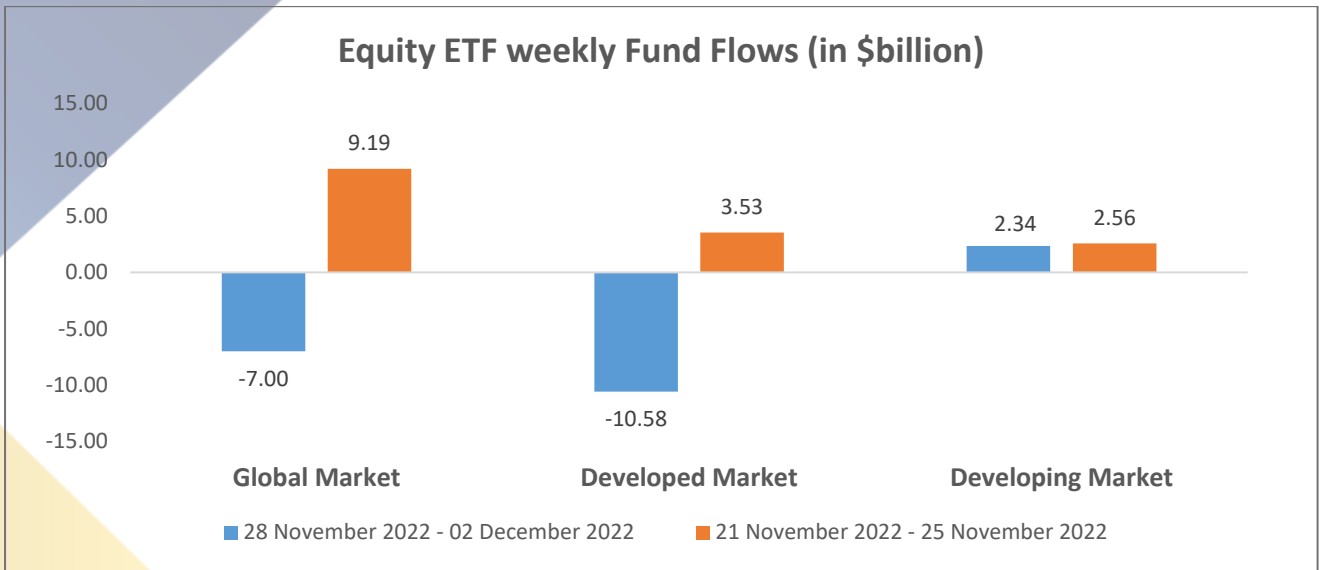


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown strength during this week. We have seen sharp appreciation in industrial metals in wake of loosening restriction in China. Crude appreciated while the natural gas depreciated during the week. Gold and Silver appreciated during the week. We have seen weakness 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

PACE 360'S FUTURE OUTLOOK

Global equities have had a phenomenal run over the last 8 weeks. We believe that the global bear market rally in equities is almost over and the risk assets do not have much of an upside from the current levels. We do not foresee a sharp downside though. We see the markets going sideways for the next few weeks before the real down move starts. We believe gold and silver may also become sideways before their next up move. We see the US long term Treasuries taking a breather before resuming their long term bull market. We believe dollar index is close to an intermediate bottom while longer term it is in a multi-year bear market.

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