



Weekly Report and Outlook on Global Markets

13th January 2023

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MARKET DEVELOPMENTS

Record Week of Bond Sales in Europe Nears €100 Billion



Figure 1: The chart shows the market wide sales in the European bond market.

Europe's public bond market just had its busiest week on record, with more than €99 billion (\$107 billion) of sales, according to data compiled by Bloomberg. Financials have led the way with a 44% share, seizing on lower borrowing costs and easing risk to get deals done before any more interest rate hikes. The region's bond-binge may have further to run, with US banks, non-financials and high-yield borrowers yet to come to the market in a major way.

After a Record Loss, Bonds Look Ready for a Bull Market

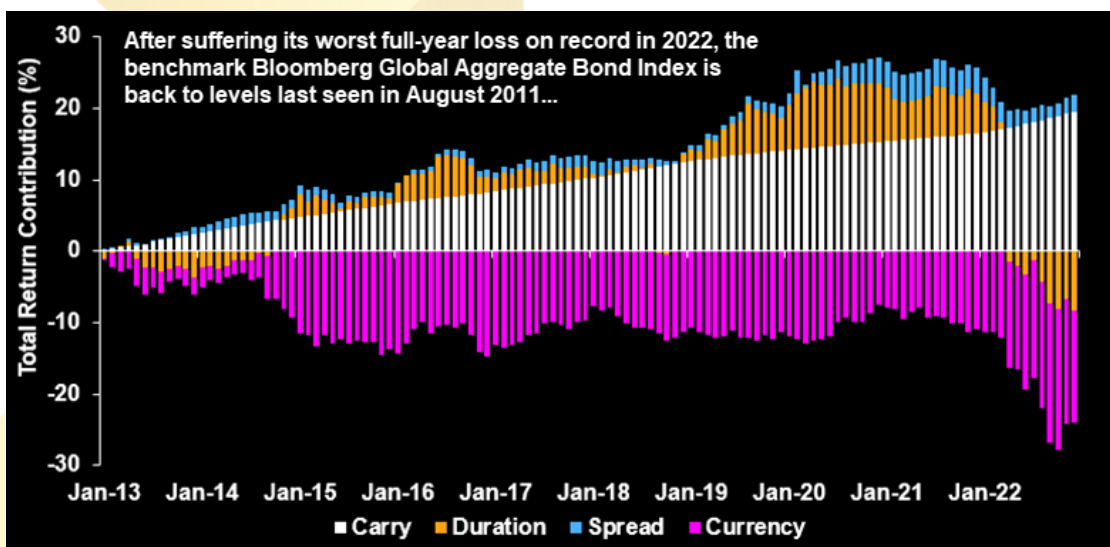


Figure 2: The above chart shows the return contribution for the Global Aggregate Bond index.

It looks like bonds are back. Last year's record loss has left the Bloomberg Global Aggregate Bond Index at levels last seen in August 2011 but fixed-income performance is expected to rebound in 2023, with Bloomberg Intelligence projecting all 13 asset classes under coverage to deliver positive total returns through year-end. Set to lead fixed income with double-digit returns are US mortgages, US Treasuries and US investment grade, BI strategists Damian Sassower and Noel Hebert said in a note Wednesday.

MAJOR MOVES THIS WEEK

Currencies

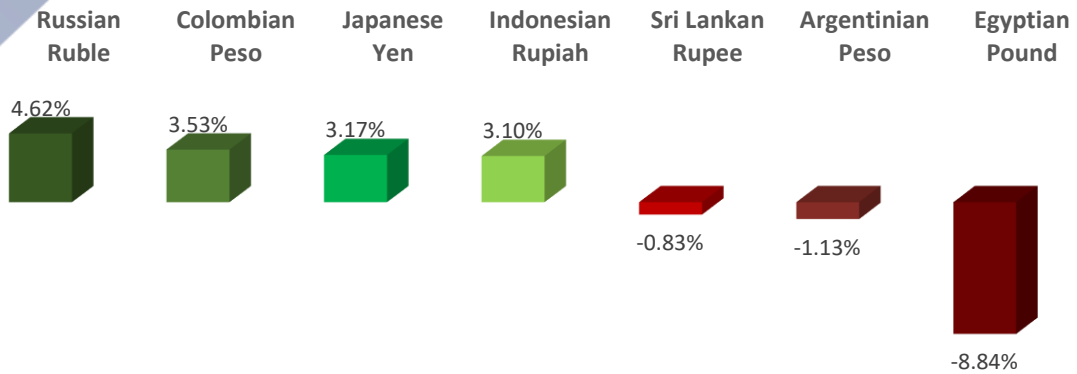


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen strength in the global currencies market. Euro, British pound, and Yen appreciated against the Dollar this week. Asian Currencies led the gain against dollar during the week continuing their outperformance.

Equity Indices

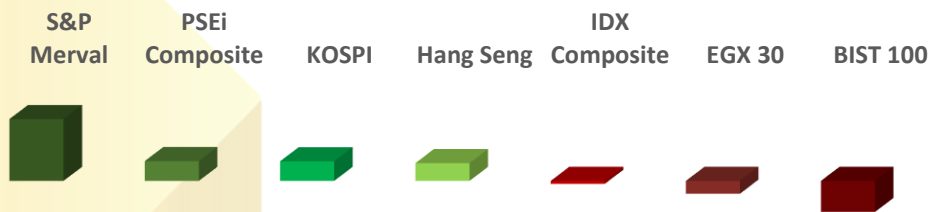


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen strength in the global equities markets. European equities continued their rally, Euro Stoxx 600 has underperformed large-cap indices during the week. Asian Equities have shown strength. US markets have shown strong performance; however, they have outperformed European Indices.

Commodity Futures

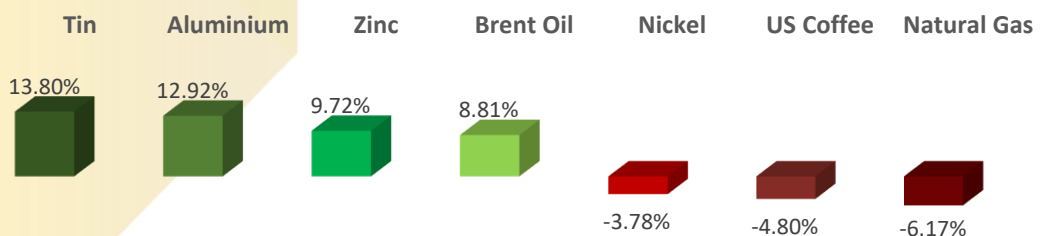
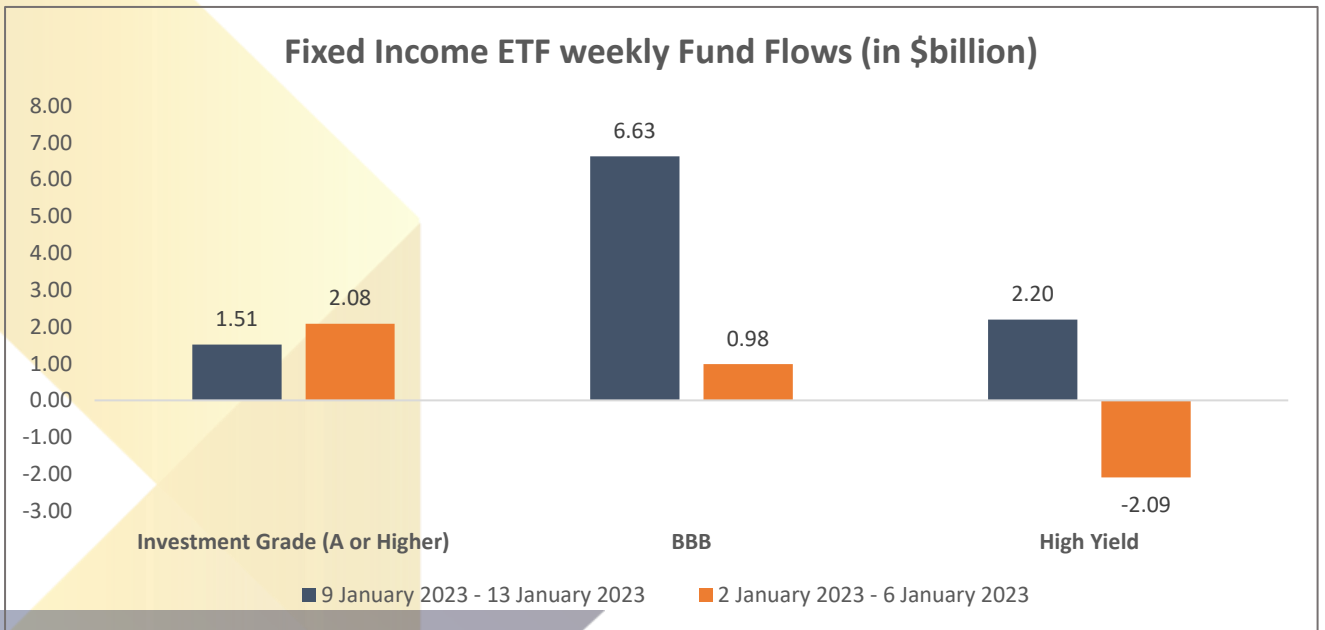
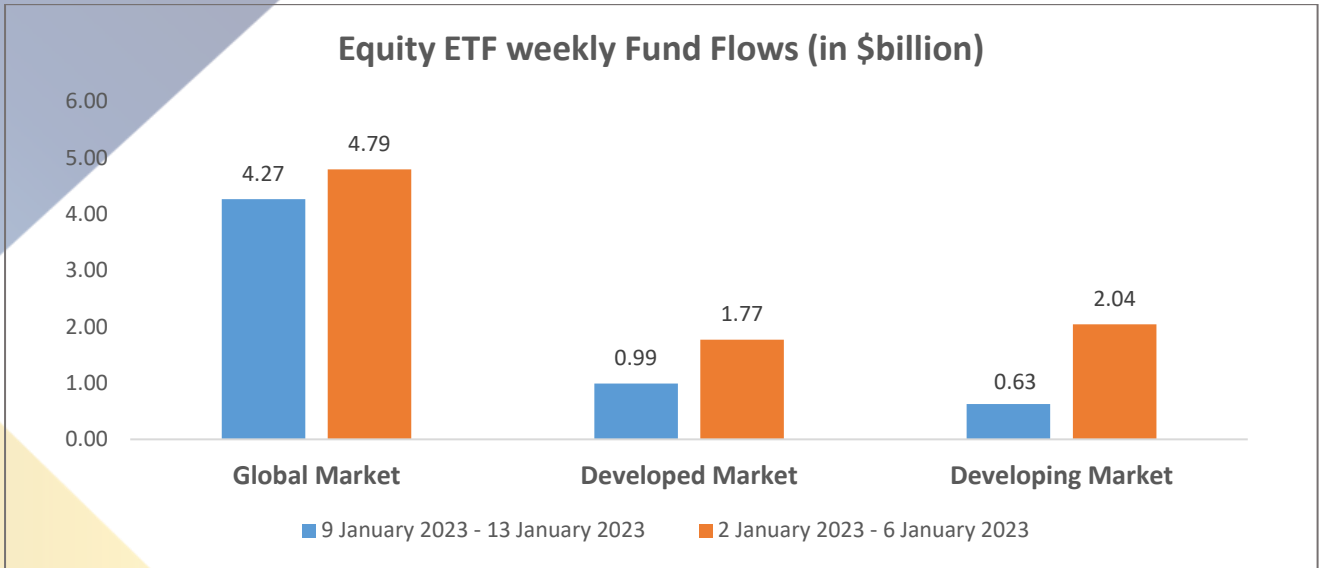


Figure 5: The chart represents the Commodity returns over the week.

Commodities market have shown big moves during this week. We have seen strength in industrial metals. Crude appreciated while natural gas depreciated during the week. Gold and Silver appreciated during the week. We have seen strong performance in the 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 yet another great week with US and European equities leading from the front. We believe global equities are still in an upturn even though they may become sideways in the short term. We continue to be supremely bullish on 30 year US Treasuries. We believe precious metals may become sideways in the near term after the gigantic rally of last few weeks. EM currencies also look over stretched in the short term. All told risk assets should take a breather now after a sharp rally since mid-December.

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