



# Weekly Report and Outlook on Global Markets

06<sup>th</sup> January 2023

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# MARKET DEVELOPMENTS

## Historically Low US Unemployment Belied by Weak Sentiment

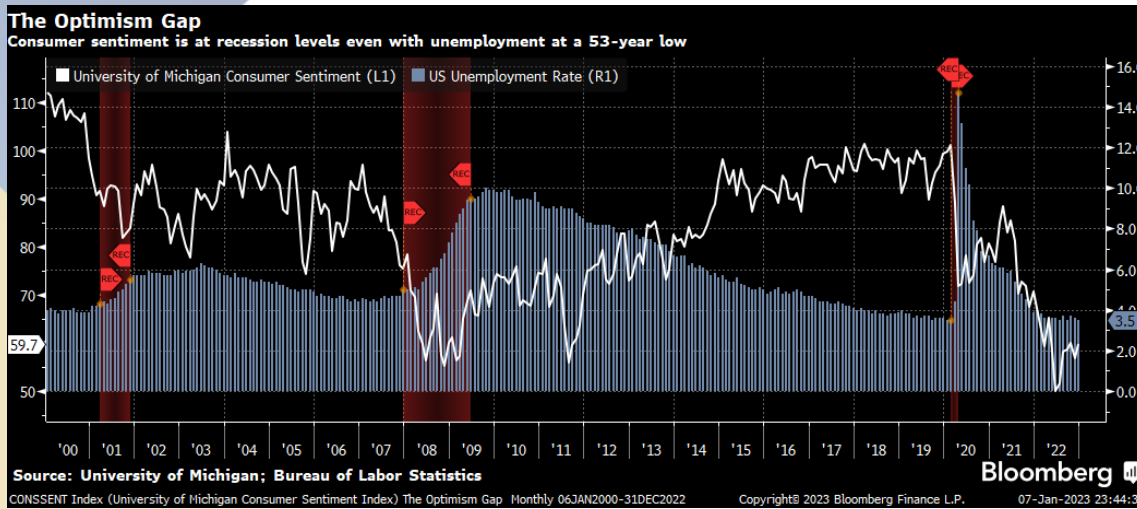


Figure 1: The chart shows the University of Michigan Consumer Sentiment and US Employment rate

The US unemployment rate, which exploded to 14.7% in April 2020 during the early months of the pandemic, fell at the end of last year to the lowest since 1969. Consumer sentiment about the economy, however, has not recovered along with it. As measured by the University of Michigan, views on the economy remain at recession levels as households contend with high inflation.

## US-China Goods-Trade Gap Shrinks to Smallest Since 2020



Figure 2: The above chart shows the Us Merchandise Export to China and Imports from China, and Goods-trade balance between US and China

The US merchandise-trade deficit with China narrowed in November to a more than two-year low as American imports of Chinese goods plunged. The gap shrank 22% — the largest narrowing since April 2015 — to a seasonally adjusted \$20.4 billion. Imports plummeted by almost \$8 billion on an unadjusted basis, the most since the start of the pandemic in February 2020, Commerce Department data showed Thursday. Economic activity in China — the biggest US trading partner for merchandise — slumped in November as Covid outbreaks spread and people protested virus restrictions. At the same time, elevated inflation is limiting US consumer spending and many retailers are contending with excess inventories.

# MAJOR MOVES THIS WEEK

## Currencies

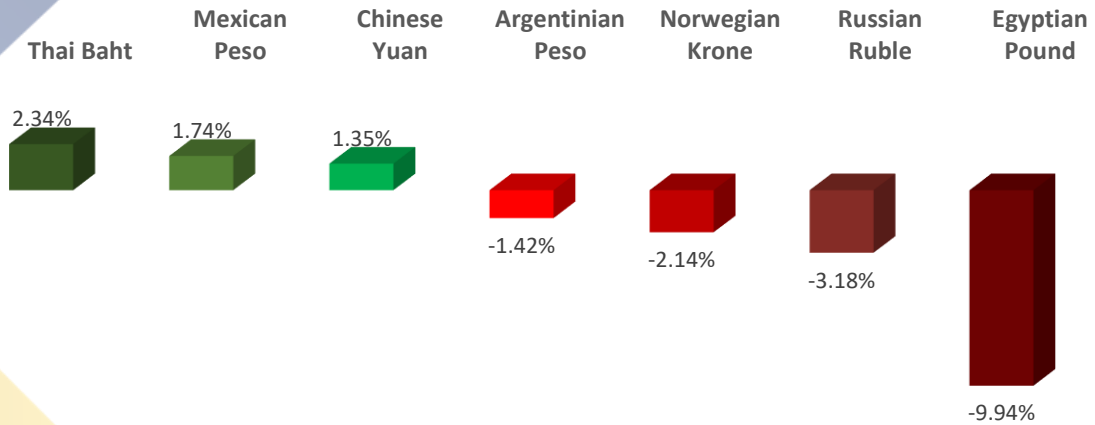


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen weakness in the global currencies market. Euro, British pound, and Yen depreciated against the Dollar this week. Asian Currencies performed strongly against dollar during the week after a week of underperformance.

## Equity Indices

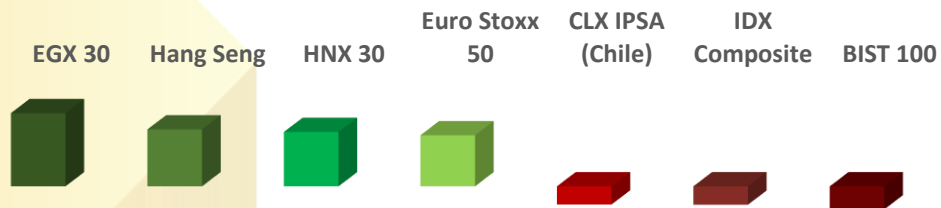


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen strength in the global equities markets. European equities are the best performers, 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 underperformed European Indices.

## Commodity Futures

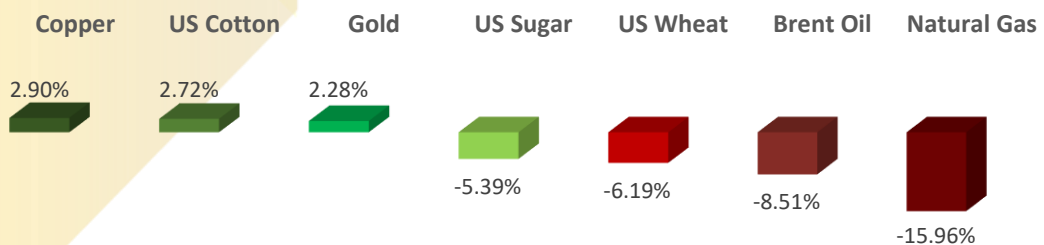
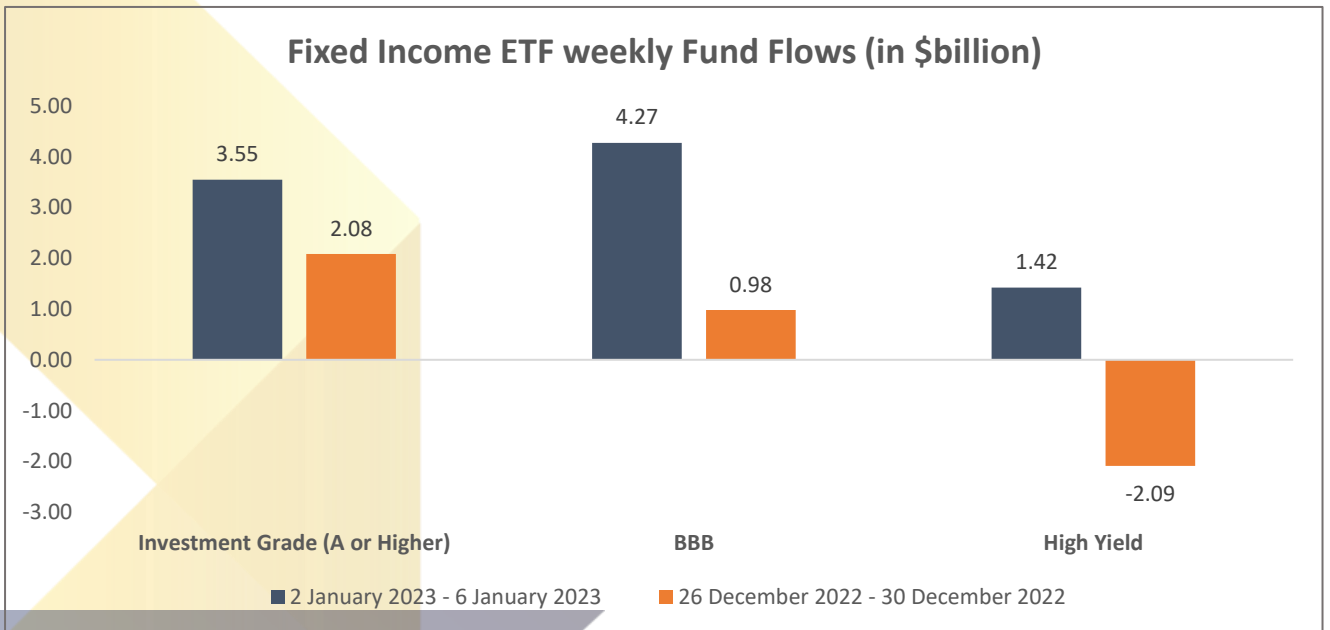
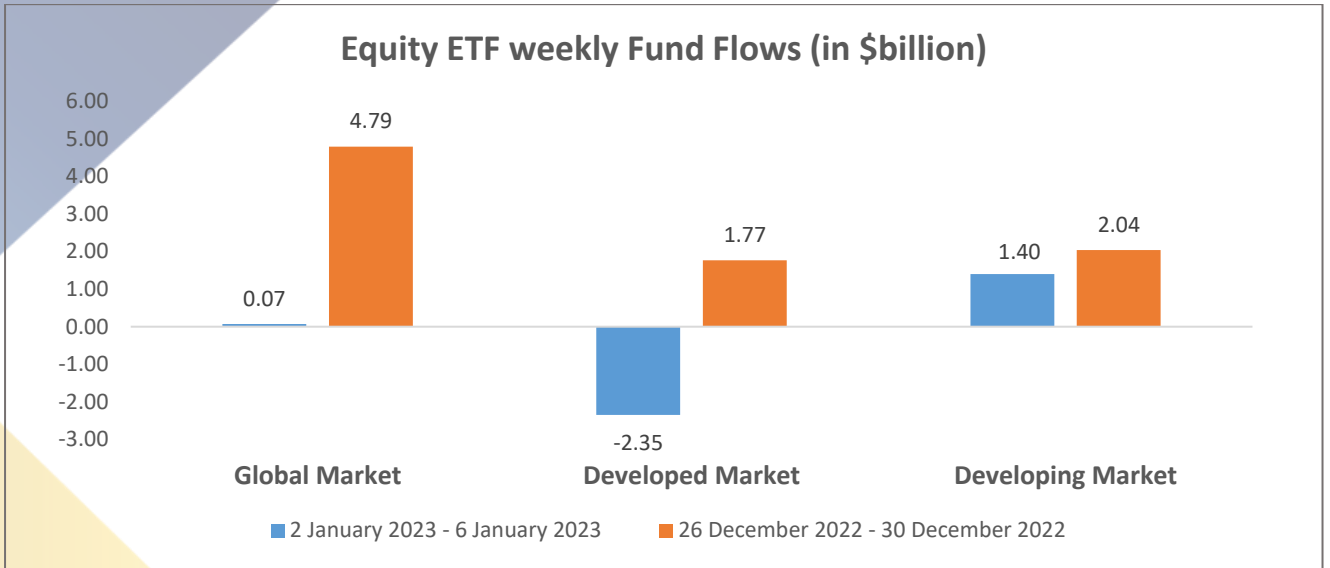


Figure 5: The chart represents the Commodity returns over the week.

Commodities market have shown big moves during this week. We have seen strength in industrial metals. Crude and natural gas depreciated sharply during the week. Gold and Silver appreciated during the week. We have seen sharp corrections 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

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# PACE 360'S FUTURE OUTLOOK

Global equities have had a largely positive week with the exception of some markets like India. We expect equities to continue to do well in the near future with Nasdaq 100 expected to lead from the front. US 30 year Treasuries have had a great new year so far and should easily be the best performing asset class of 2023. We expect precious metals to continue their bull run while EM currencies should continue their upturn against the US dollar. We expect the high yield bonds to outperform the high grade ones over the next few weeks.

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