



Weekly Report and Outlook on Global Markets

20th January 2023

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MARKET DEVELOPMENTS

Global Stocks, Bonds Have Never Moved Together Like Now

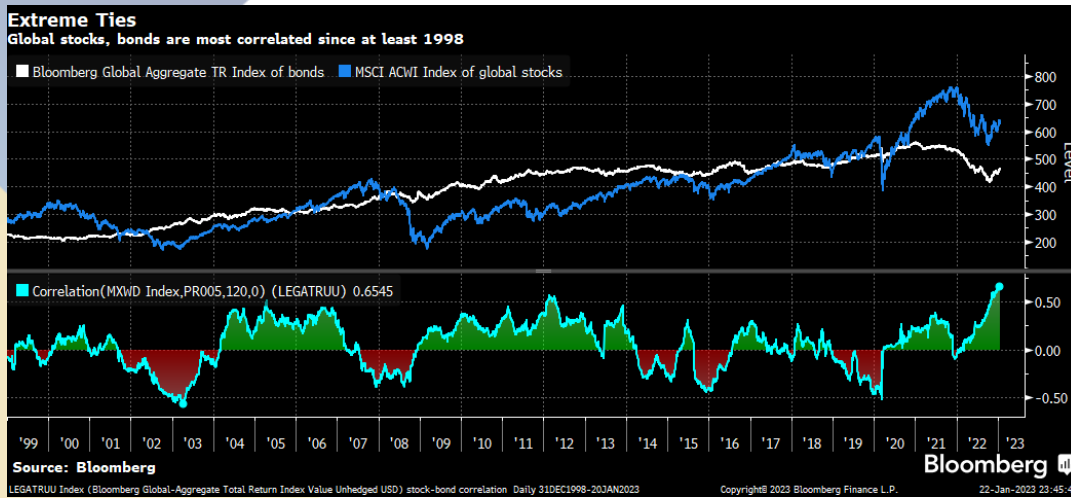


Figure 1: The chart shows the Bloomberg Aggregate Bond TRI and MSCI All country world index, and the correlation between the two indices

Global stocks and bonds are moving in sync like never before, thanks to expectations for a Federal Reserve pivot as well as a Chinese economic rebound. The 120-day rolling correlation between the MSCI ACWI Index for world equities and the Bloomberg flagship gauge for bonds has reached the highest in data going back to 1998. The unusual level suggests the correlation could start to wind down, meaning the two asset classes are likely to start moving in opposite directions.

Chinese Stocks Notch Longest Streak of Foreign Buying Since 2020



Figure 2: The above chart shows the No of consecutive net inflow days for the Chinese stock market

Foreign buyers continue to help drive gains in onshore Chinese stocks this year, with their net purchases extending to a 13th straight session, the longest stretch since 2020. Friday's net inflow of 9.3 billion yuan (\$1.4 billion) pushed the streak's total to 112.5 billion yuan, with buying on track for a monthly record. The benchmark CSI 300 Index extended its 2023 gain to 8%, following last year's 22% loss amid tepid foreign purchases.

MAJOR MOVES THIS WEEK

Currencies

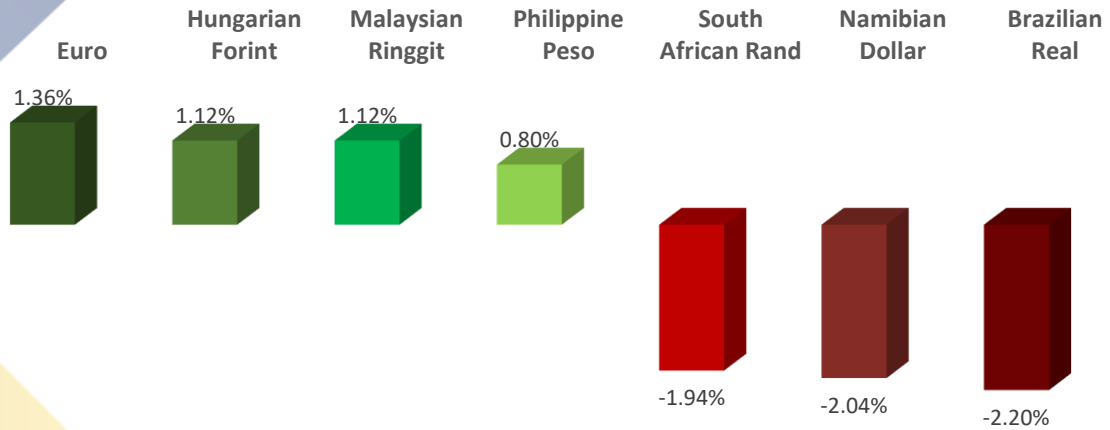


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen strength in the global currencies market. Euro and British pound appreciated, while the Yen depreciated against the Dollar this week. Asian Currencies have shown a mixed performance against the greenback during the week.

Equity Indices

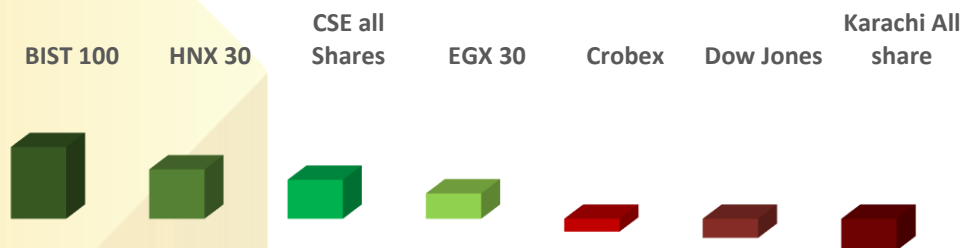


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen sideways move in the global equities markets. European equities weakened; Euro Stoxx 600 has outperformed large-cap indices during the week. Asian Equities have shown strength. US markets have shown mixed performance; however, they have outperformed European Indices.

Commodity Futures

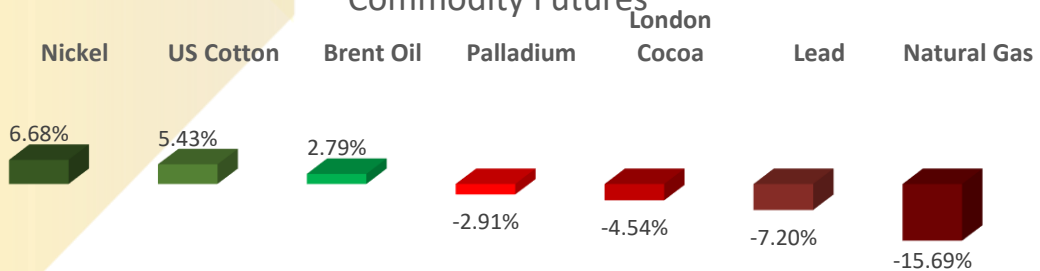
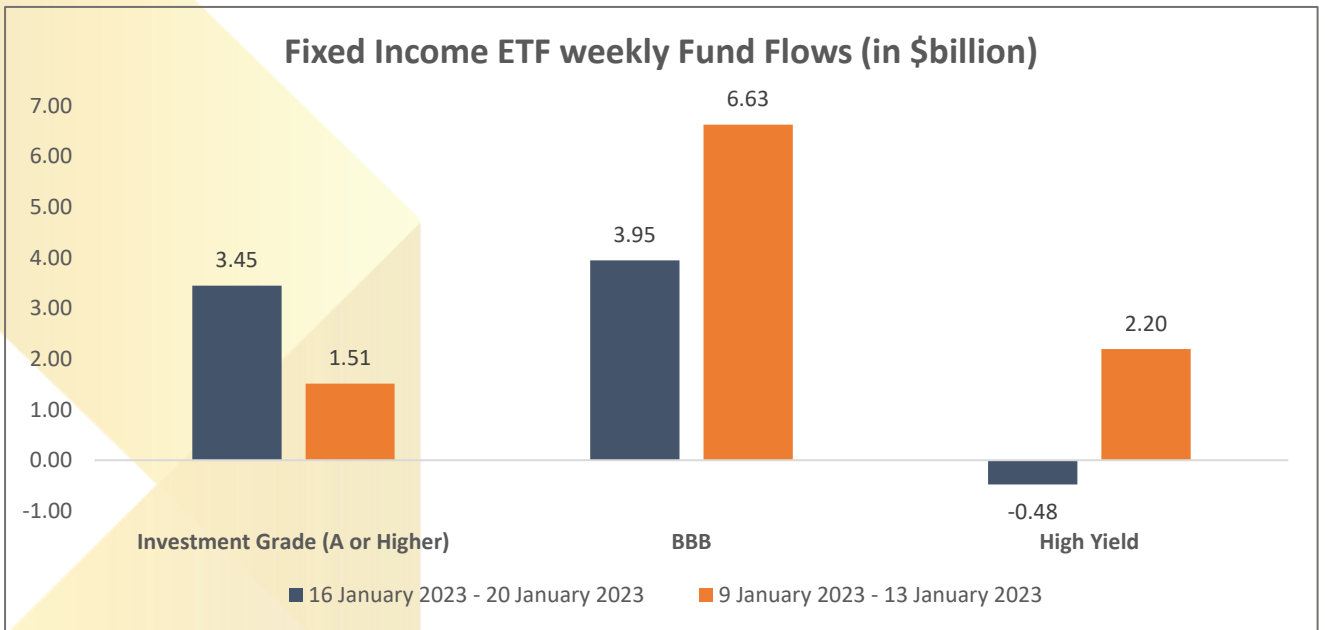
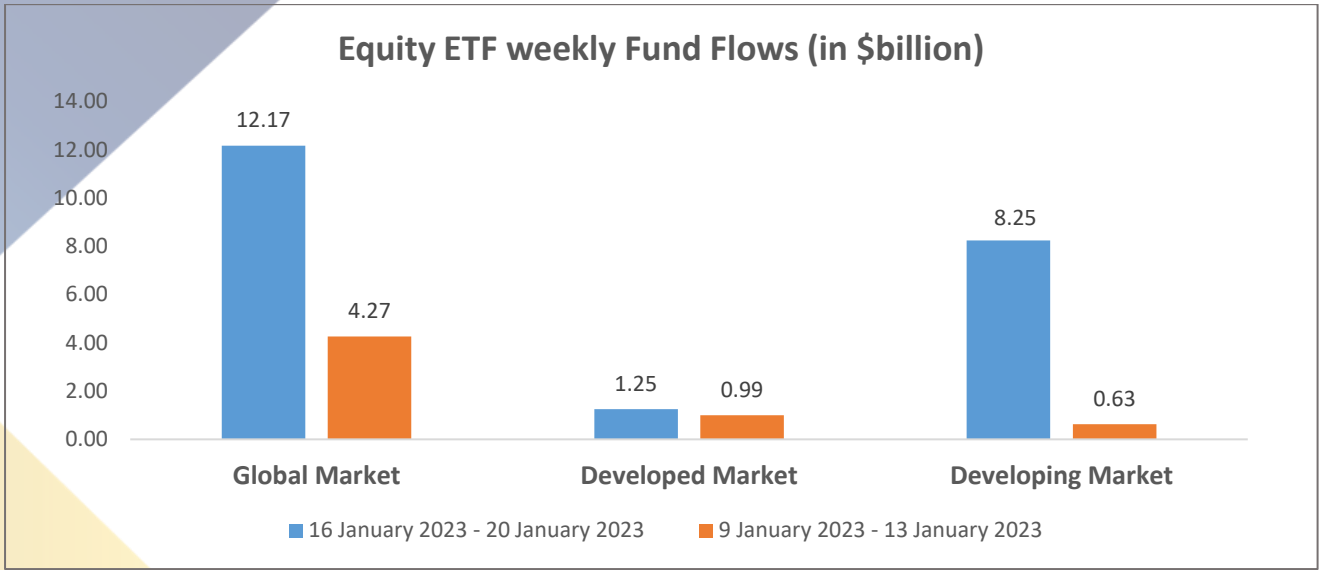


Figure 5: The chart represents the Commodity returns over the week.

Commodities market have shown mixed performance during this week. We have seen strength in industrial metals. Crude appreciated while natural gas depreciated during the week. Gold appreciated and Silver depreciated during the week. We have seen mixed 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 had a mixed week with MSCI world index largely closing flattish after getting a drubbing in the middle of the week. We believe global equities will continue to be rangebound albeit with a bullish bias for the next few weeks. We believe Nasdaq 100 could lead the global indices from now till the middle of February as the powerful FANGMA companies declare their results, which are going to be negative but will most likely be better than the worst market fears. We continue to believe that the war against inflation has largely been won and the central banks' hawkishness is going to gradually fade out. This will continue to support the global equities even as we inch closer to the powerful global recession that surely lies ahead of us. We remain ultra- bullish on US 30-year Treasuries which should be the best asset class for the CY 2023. We believe gold and silver could take a breather now after a massive rally of last few months, even though they will probably be the world's best asset classes over the next 5 year period. We expect the Dollar index to consolidate after the drubbing of last few months even though on a longer-term basis US dollar continues to be in a vicious bear market. We continue to believe that the relief rally in crypto assets is an opportunity to sell rather than a chance to buy.

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