



Weekly Report and Outlook on Global Markets

17th February 2023

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MARKET DEVELOPMENTS

VVIX Jump Shows Traders Expecting Bigger Swings

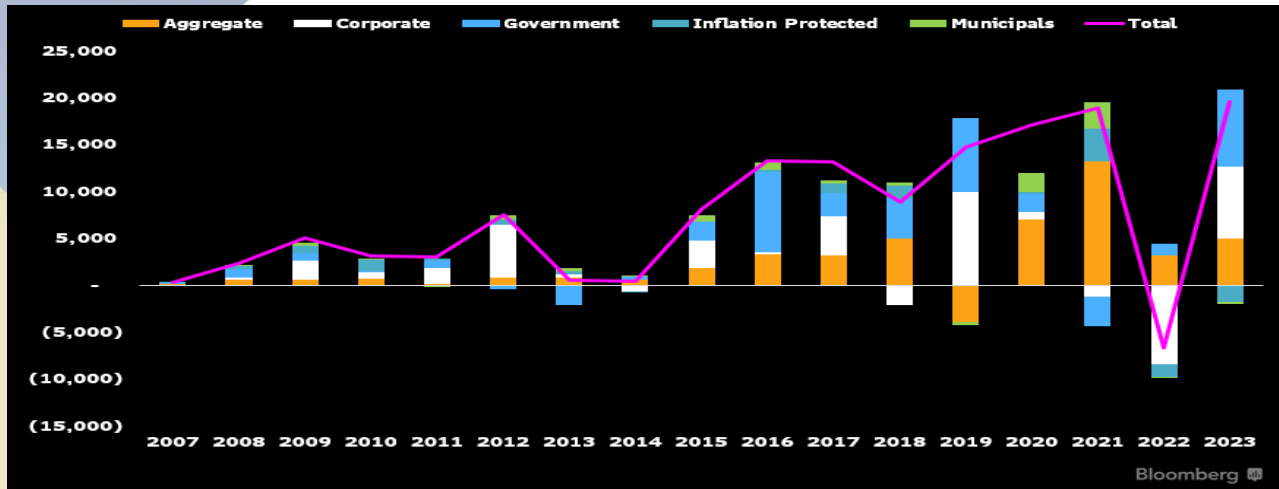


Figure 1: The chart shows the total ETF inflows for the month of January.

The initial shock of higher interest rates has faded, leading to the strongest start to a year ever for fixed-income exchange-traded funds. After tighter monetary policy spurred a shift out of bond ETFs, funds resetting at higher rates have drawn investors back to the asset class, taking in \$19.5 billion in January, an all-time high for the month, Bloomberg Intelligence analysts Athanasios Psarofagis and Eric Balchunas said in a note Tuesday. Inflows this year could top 2022’s record of \$210 billion, bolstered by a secular shift away from mutual funds and a widening range of products, they said.

Healthy US Consumer Keeps Retail Sales Growing Rapidly

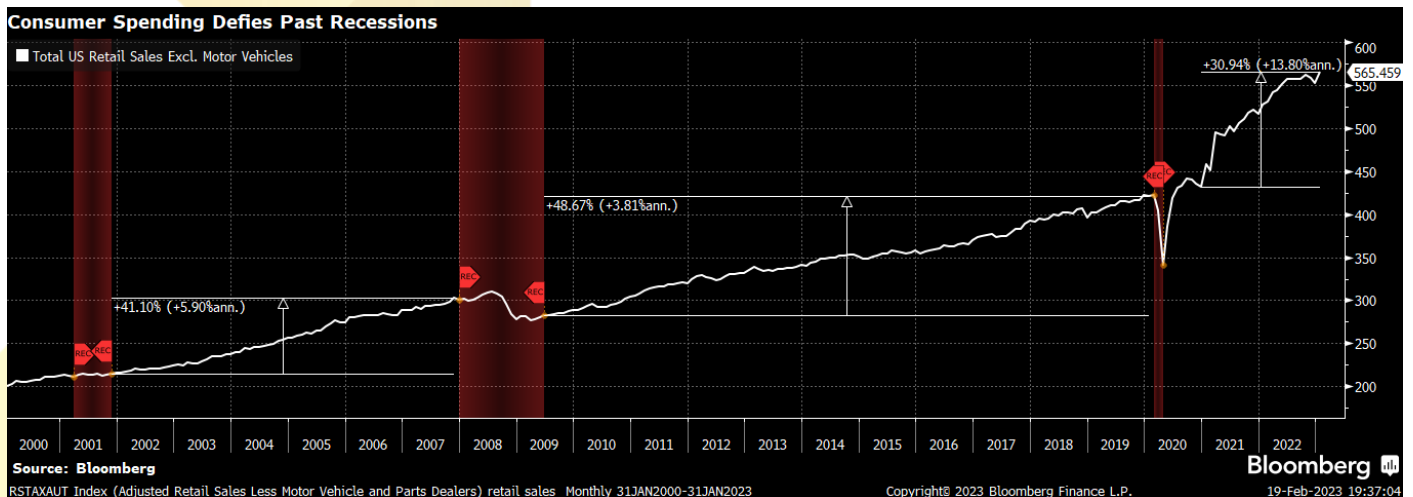


Figure 2: The chart shows the Total US Retail Sales Excluding Motor Vehicles.

US retail sales are climbing three times faster than in the past two economic cycles, reflecting higher prices and stronger demand growth, complicating matters for the Federal Reserve as it tries to squelch inflation, Bloomberg Intelligence strategist Gina Martin Adams and analyst Gillian Wolff said in a note Thursday. Retail sales are up nearly 31% since the end of 2020, hitting a new high just three months after their low. After the 2009 recession, it took 25 months to reach new highs.

MAJOR MOVES THIS WEEK

Currencies

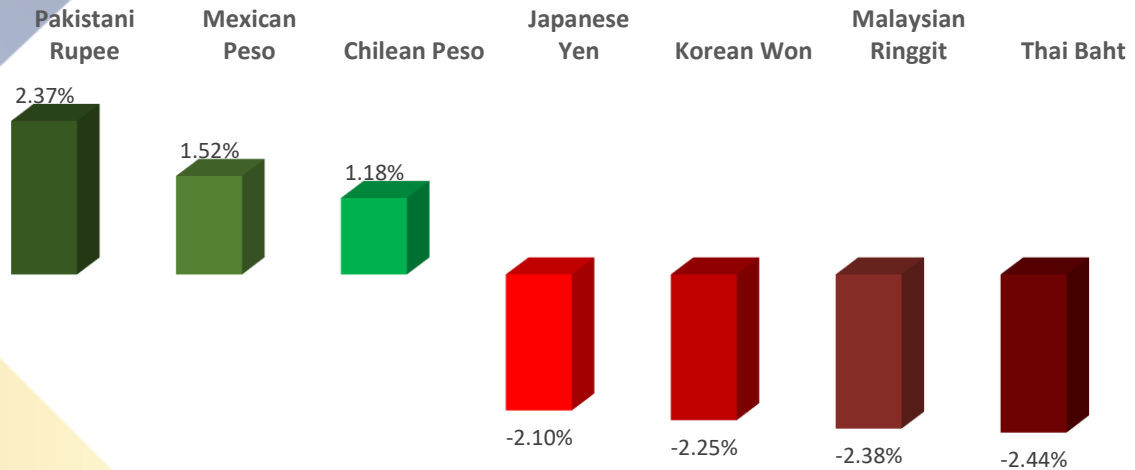


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

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

Equity Indices

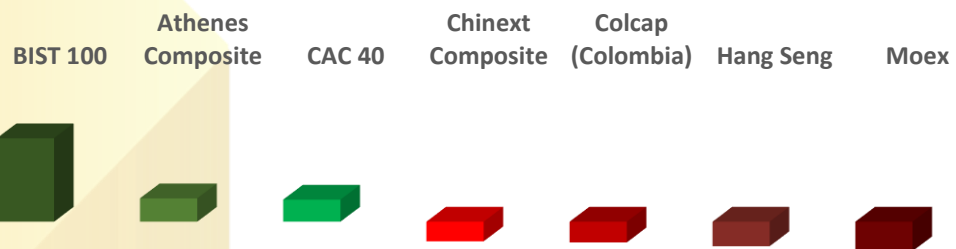


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen weakness in the global equities markets. European equities have however made new 52 Weeks highs this week; Euro Stoxx 600 has underperformed large-cap indices during the week. Asian Equities have shown weakness. US small-cap and Nasdaq have recorded strong gains this week, while S&P lost some gains during this week.

Commodity Futures

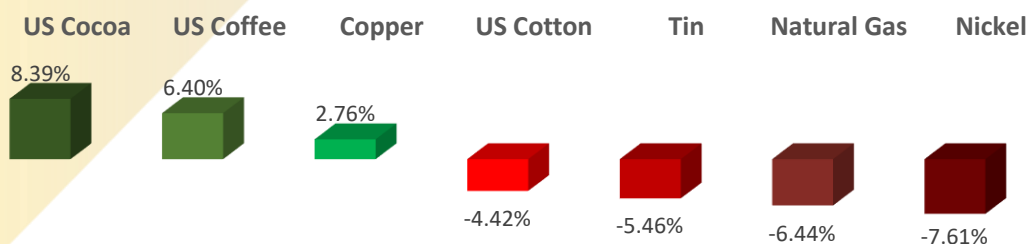
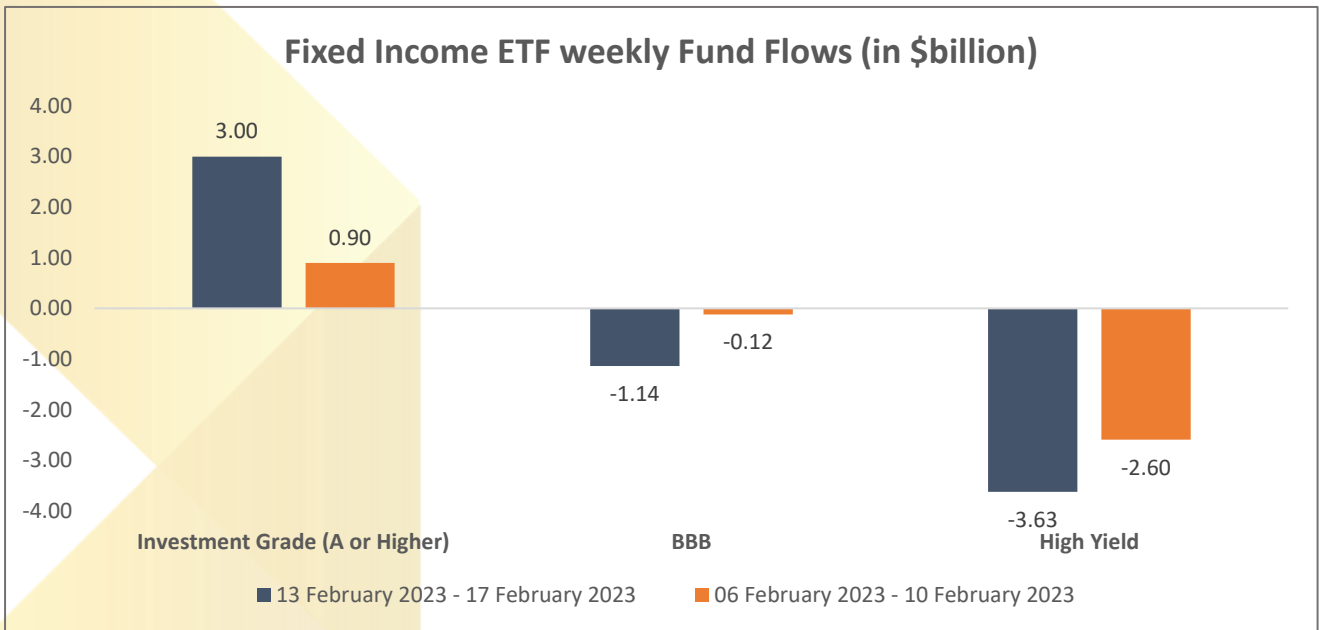
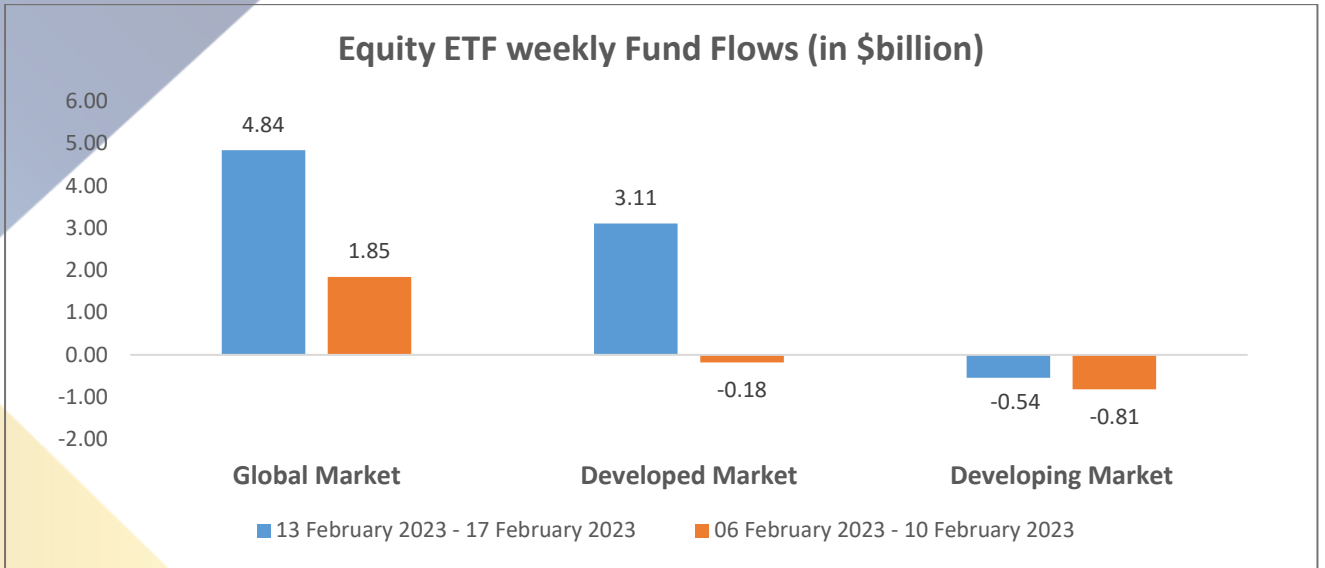


Figure 5: The chart represents the Commodity returns over the week.

Commodities market have shown weak performance during this week. We have seen weakness mixed performance in industrial metals. Crude and natural gas depreciated during the week. Gold and Silver depreciated during the week. We have seen weakness 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

We believe the sugar high from the China reopening, the US festive and year end celebrations, the mild weather in Northern hemisphere, the Chinese New Year celebrations and the alleviation of the energy crisis in Europe is now behind us. We believe the economic data from North America and Western Europe could soften in the months to come as the Western world goes into a gradual slowdown. This will not necessarily be equities negative as we expect the economic slowdown to assuage the inflation concerns and cause the bond yields to fall. Hence, we expect global equities to remain in a range for now. We expect long term US Treasuries to start the next phase of their multi-year bull run very soon. We expect precious metals to remain in a range for now while having very little downsides from the current levels. We expect the regulations on crypto world to continue to evolve keeping crypto assets on a tight leash. We remain crypto bears for the long term.

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