



Weekly Report and Outlook on Global Markets

03rd March 2023

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MARKET DEVELOPMENTS

German Unemployment Unexpectedly Increases



Figure 1: The chart shows the Unemployment rates and Month on Month changes in Jobless claims.

German unemployment unexpectedly rose in February even as Europe's largest labor market shows resilience in the face of a looming recession. Joblessness rose by some 2,000 jobs, compared with economist estimate for drop of 10,000. Still, the seasonally adjusted unemployment rate held at 5.5%, the Federal Labor Agency said on Wednesday. While the Bundesbank has warned that the strong labor market could support higher wages and in turn fan prices, consumer price data due later Wednesday are set to show the inflation rate slowed to 9% last month.

Hedge Funds Cut Brent Short Positions to 11-Year Low

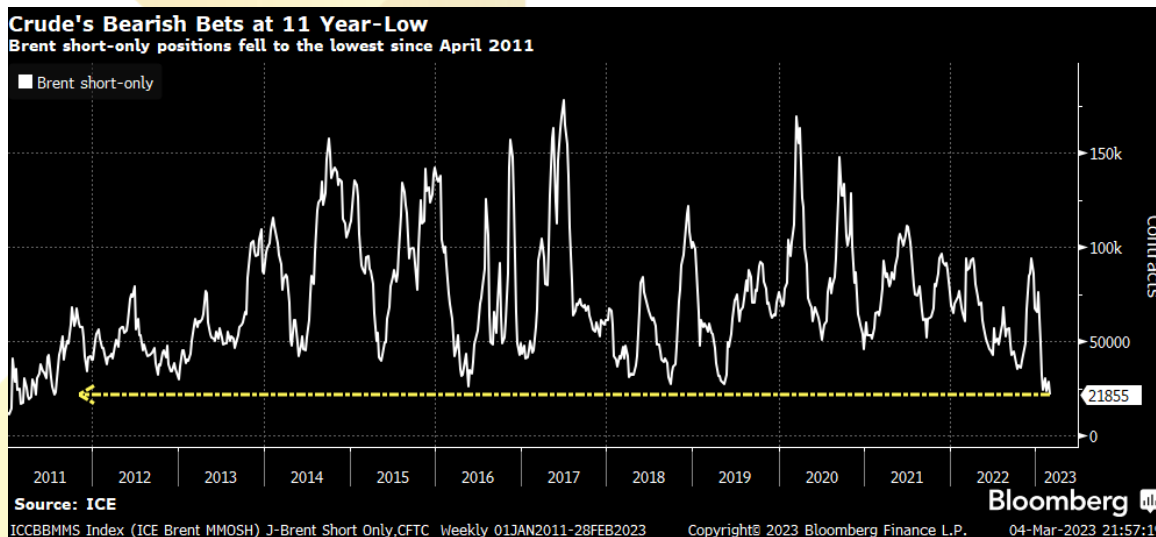


Figure 2: The chart shows the Hedge funds short positions on Brent oil.

Money managers' short-only positions on Brent crude dropped to the lowest level since 2011, according to data from the ICE. The retreat from bearish positions suggest oil traders are betting on higher prices as confidence in China's recovery offsets concerns of growing US stockpiles.

MAJOR MOVES THIS WEEK

Currencies

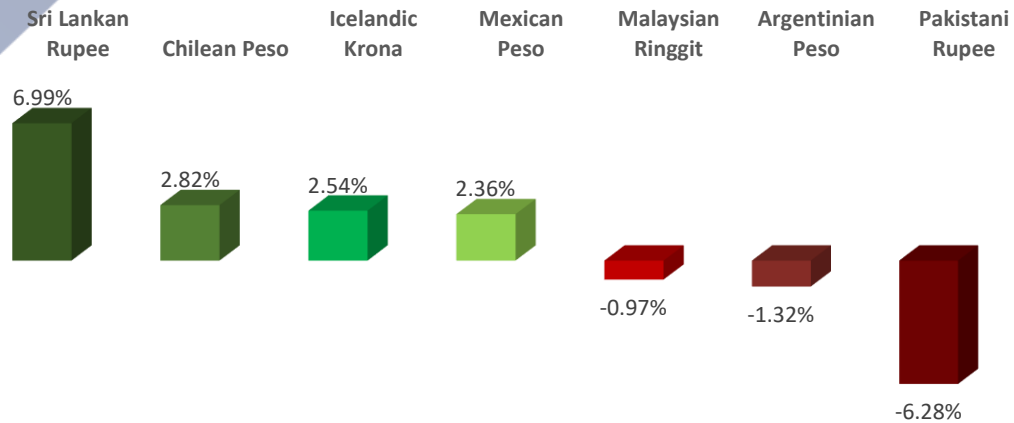


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week. This week we have seen strength in the global currencies market. Euro, Yen, and British pound all appreciated against the Dollar this week. Asian Currencies have shown a strong performance against the greenback during the week.

Equity Indices

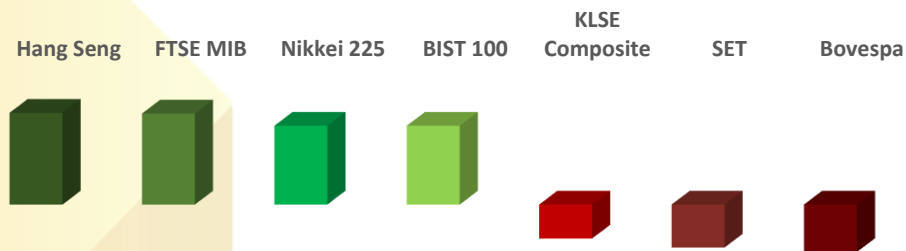


Figure 4: The chart represents the Equity Index returns over this week. This week we have seen strength in the global equities markets. European equities have gained back their upward momentum; Euro Stoxx 600 has outperformed large-cap indices during the week. Asian Equities have shown strength. US have rallied strongly during the second half of the week.

Commodity Futures

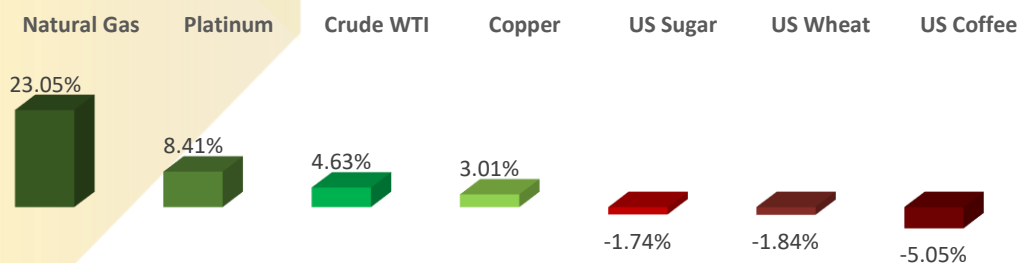
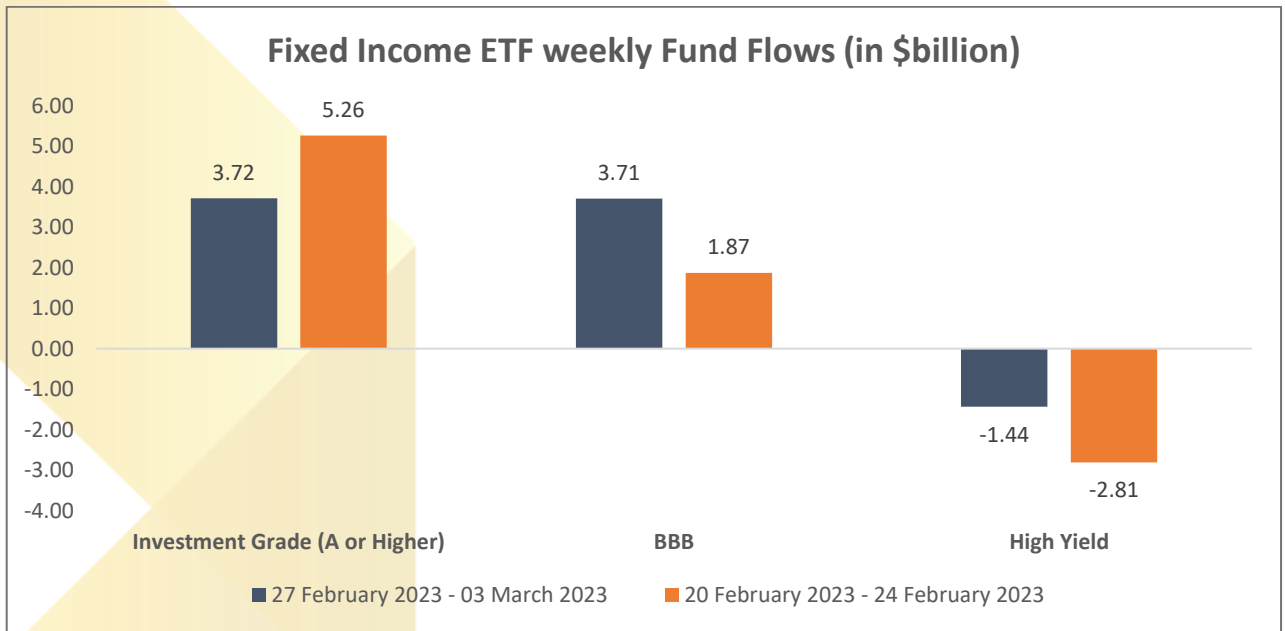
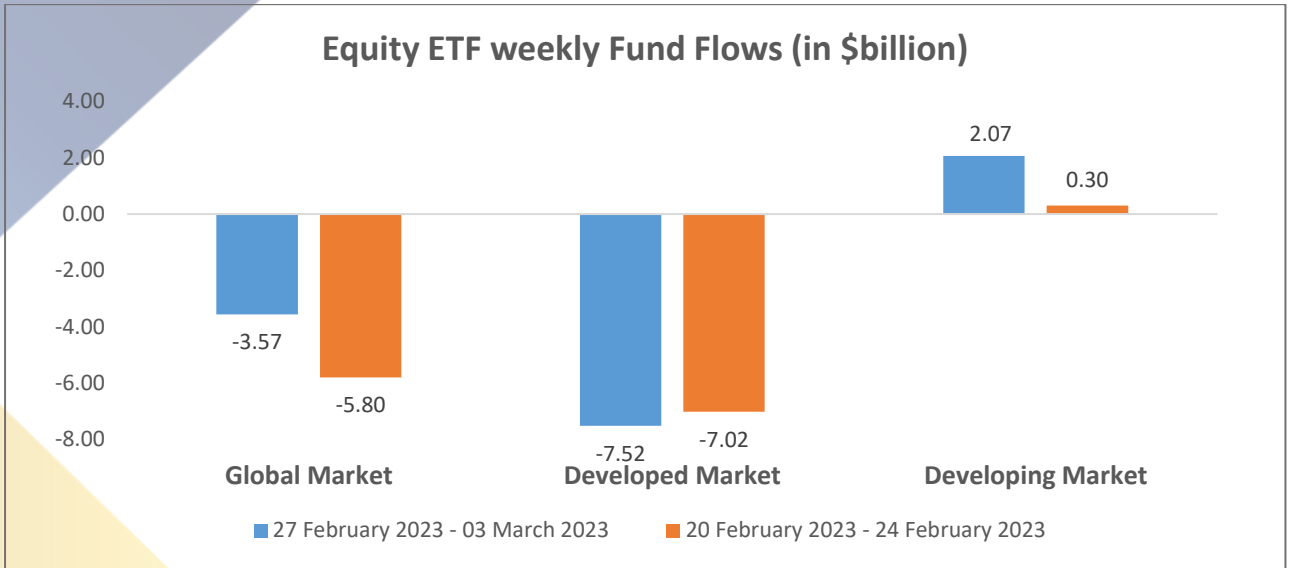


Figure 5: The chart represents the Commodity returns over the week. Commodities market have shown strong performance during this week. We have seen strength in industrial metals. Crude appreciated and natural gas appreciated during the week. Precious metals have appreciated during the week. We have seen 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

There was a dramatic bottoming out in multiple asset classes this week. Global equities, long term government bonds, Euro, precious metals and even many industrial commodities dramatically bottomed out in the middle of the week and we saw massive rallies across asset classes over the next two days. We believe that all the above asset classes have bottomed out for now but for very different time horizons. Bonds may have bottomed out for the long term, precious metals for at least the medium term and Equities for the next few months. While we expect all the asset classes to rally from here we believe the pace of acceleration in the last two days was a bit excessive. Hence we see them consolidating over the next few days or a couple of weeks before they continue to climb higher. We expect equities to eventually top out by the end of April or first half of May. There is no doubt in our minds that on a long term basis, global equities have not bottomed out yet and that the eventual bear market bottoms are a couple of years away from now.

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