Weekly Report and Outlook on Global Markets

10th March 2023

MARKET DEVELOPMENTS

Stock Volatility Spikes as SVB Fuels Broader Banking Woes

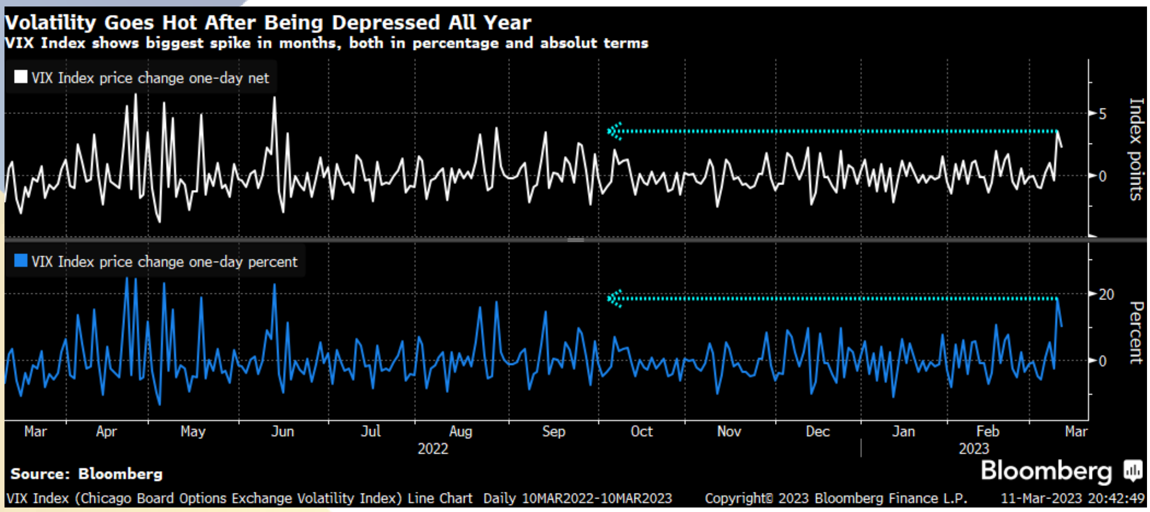


Figure 1: The chart shows the change in VIX in absolute terms and percentage change in VIX.

The Cboe VIX Index of US stock market volatility posted its biggest spike since June yesterday and continued to rise today as signs of distress at Silicon Valley Bank spurred broader worries over the US banking sector's debt holdings. The gauge rose 18% or 3.5 points on Thursday and extended small gains on Friday. Stock market volatility has been low for the better part of the past six months as a rally in equities caused the VIX Index to fall as low as 17.87 points last month.

Hawkish Powell Sends Dollar-Yen Above Technical Level

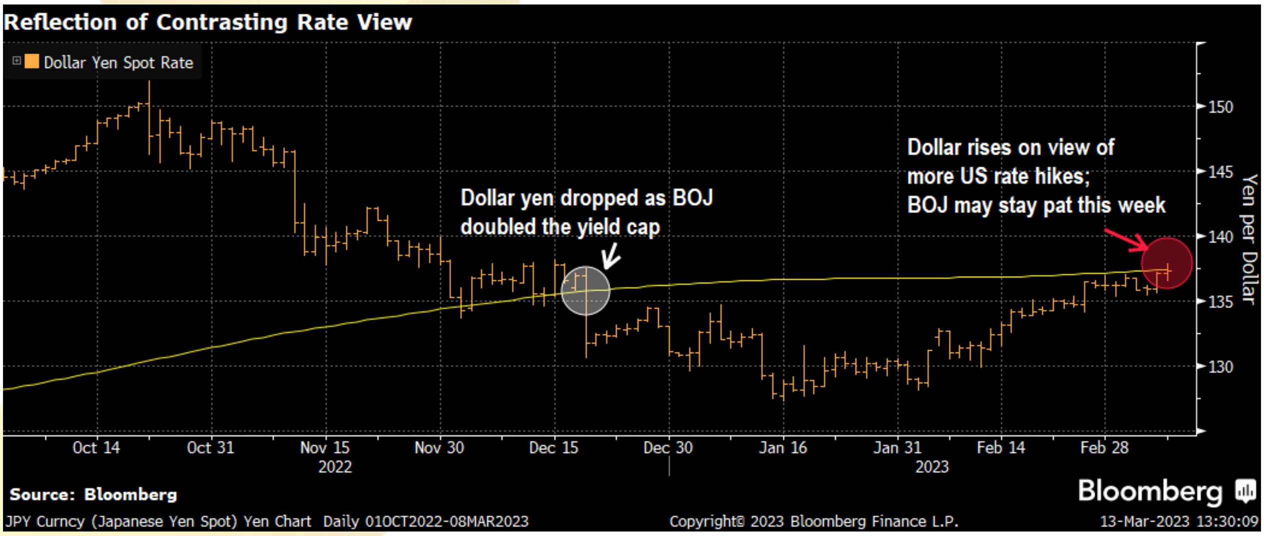


Figure 2: The chart shows the Dollar Yen spot rates and 200 day simple moving average for the currency pair

Federal Reserve Chair Jerome Powell's hawkish tilt, in combination with the view that Japan's central bank will keep policy unchanged this week, is maintaining downward pressure on the yen. The dollar-yen currency pair has risen above the 200-day moving average for the first time since the Bank of Japan's surprise tweak of yield-curve control pushed the pair down below that line on Dec. 20. "It is clear the strong dollar is a trigger for this move and as long as US rates rise, the dollar/yen will continue to try the upside," said Junichi Ishikawa, IG Markets Ltd.'s senior FX strategist, who sees the next target at 138 per dollar.

MAJOR MOVES THIS WEEK

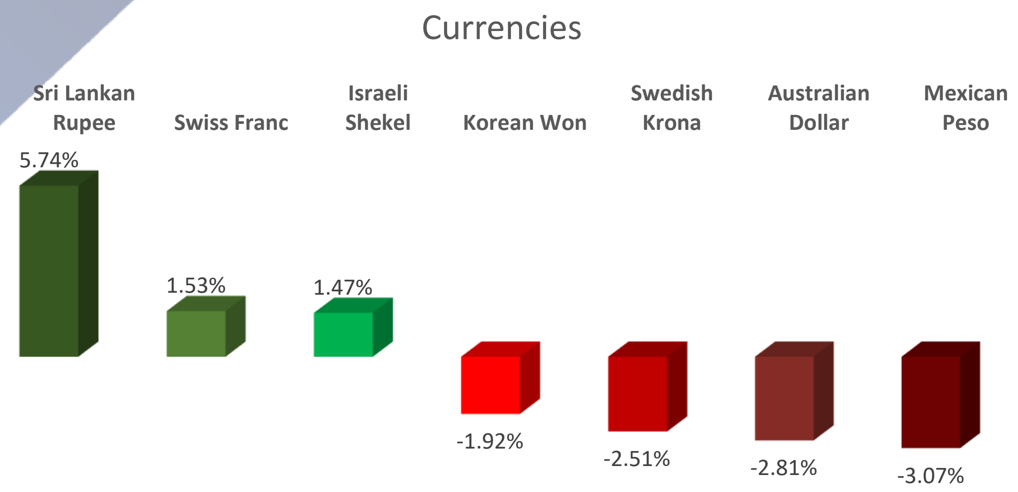


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen Safe haven shift in the global currencies market. Swizz frank appreciated sharply this week. Euro and Japanese Yen appreciated, while British pound depreciated against the Dollar. Asian and other Emerging market Currencies have depreciated sharply against the greenback during the week.

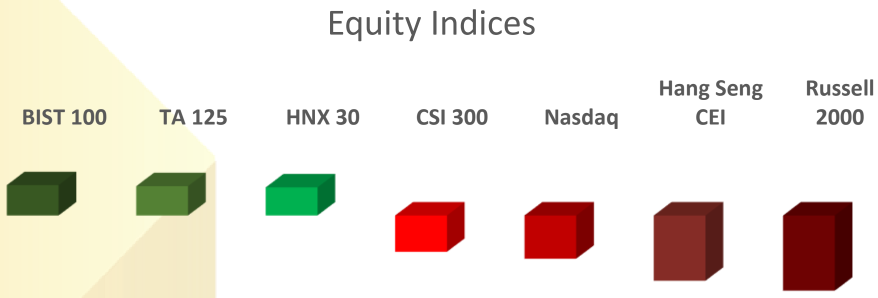


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen weakness in the global equities markets. European equities have lost some of their recent gains; Euro Stoxx 600 has underperformed large-cap indices during the week. Asian Equities have shown weakness. US indices were among the worst performers globally, lead by the losses in US smallcap and Banking stocks after the SVB crisis.

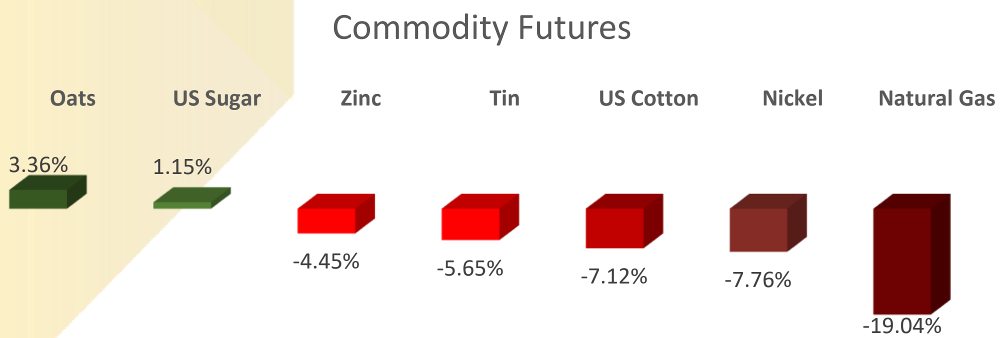
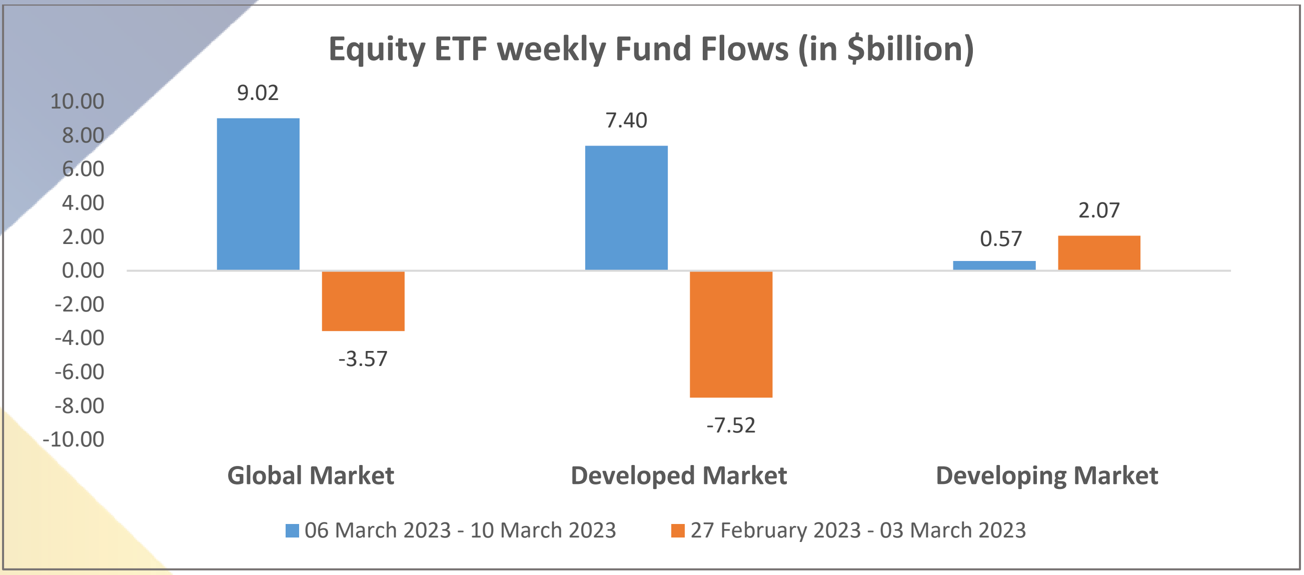
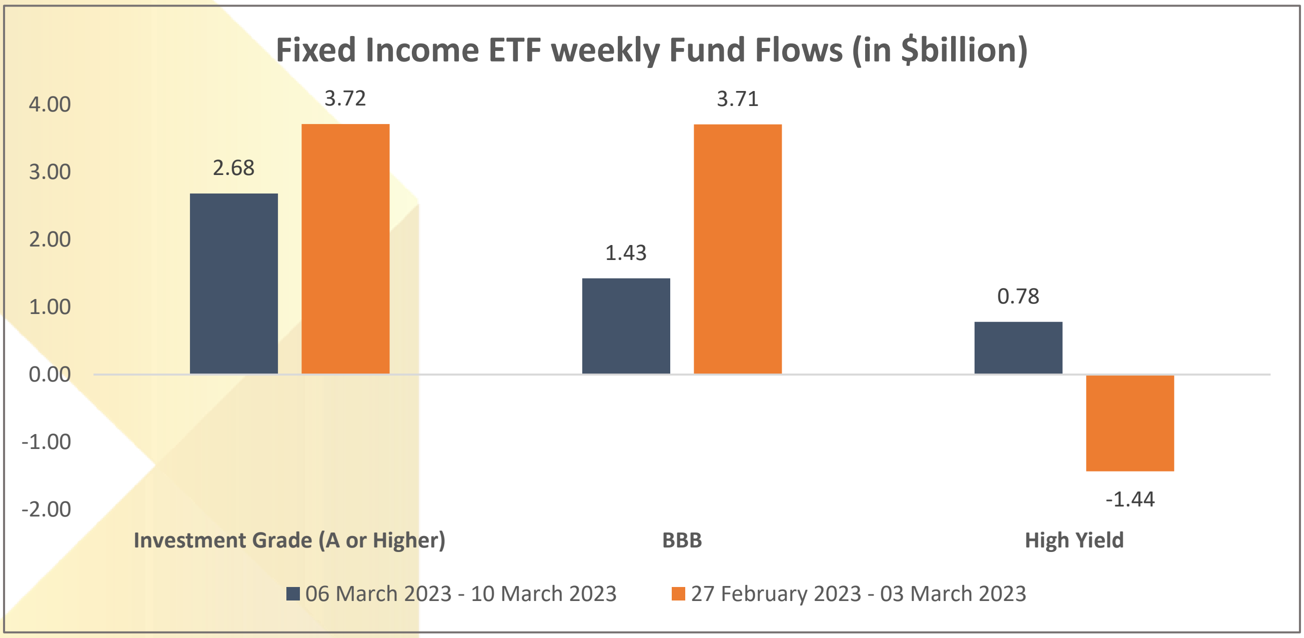


Figure 5: The chart represents the Commodity returns over the week.

Commodities market have shown very weak performance during this week. We have seen sharp corrections in industrial metals. Crude appreciated and natural gas depreciated during the week. Gold appreciated during the week amid haven demand. 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

Global equities took a deep tumble last week mostly triggered by the collapse of Silicon Valley Bank in US. We believe the current risk off sentiment across risk assets is not the beginning of a more sinister move downward. We believe that there will be damage control moves from the US FED and FDIC over the next few days to arrest the contagion and make sure that the current correction does not snowball into a bigger wave down. We still see this correction as an opportunity to accumulate equities for a near term rally. We see global equities rallying from here till April end before they resume their longer term downward journey in a multi-year bear market. We see haven assets like Gold, long term US Treasuries and CHF taking a back seat for the next few weeks allowing risk assets like Equitues and Industrial commodities to be on the forefront of a relief rally in the global financial markets.

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