



PACE 360

Weekly Report and Outlook on Global Markets

28th April 2023

Market Developments	2
Major Moves This Week	3
Global ETF Fund Flows	4
PACE 360's Future Outlook	5

MARKET DEVELOPMENTS

US Crude Inventory Falls to the Lowest Since Feb.

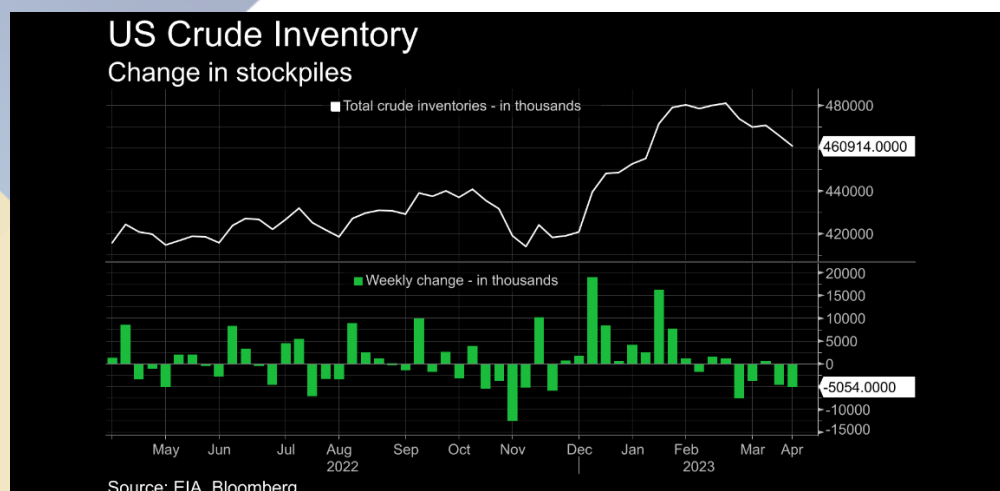


Figure 1: The chart shows the total US Crude oil inventories and weekly changes in the inventory.

The US Crude Oil Total Inventory (excluding Strategic Petroleum Reserve) fell to 460,914 thousand barrels in the week ending April 21, lowest since Feb. 3, 2023. The weekly loss of 5,054 thousand barrels was the largest drop since March 24, 2023.

Thai Equities Are Asia's Worst Performers on Interest Rate Hikes

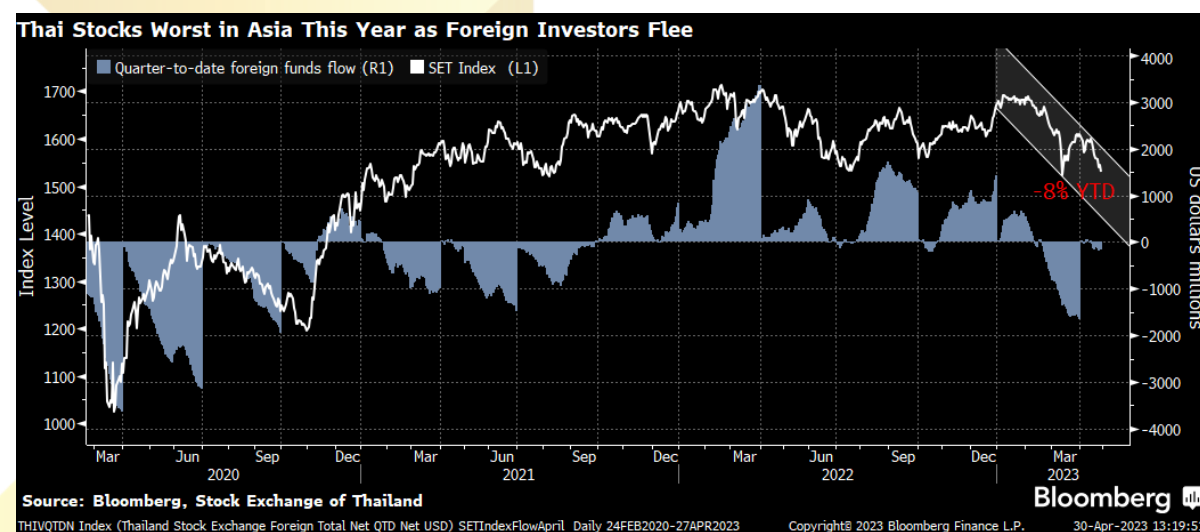


Figure 2: The chart shows the Euro-area consumer confidence indicator.

Thai equities are Asia's worst performers this year, hammered by an exodus of foreign investors, inflationary pressures, and rising interest rates ahead of elections next month.

The SET Index has declined about 8% so far in 2023, compared with a gain of 2.5% in the MSCI Asia Pacific Index. Overseas traders have withdrawn almost \$1.8 billion from Thailand stocks, the biggest outflow in Asia this year after China and India. Thailand's central bank earlier this month flagged further rate hikes, potentially nullifying the typical euphoria surrounding elections.

MAJOR MOVES THIS WEEK

Currencies

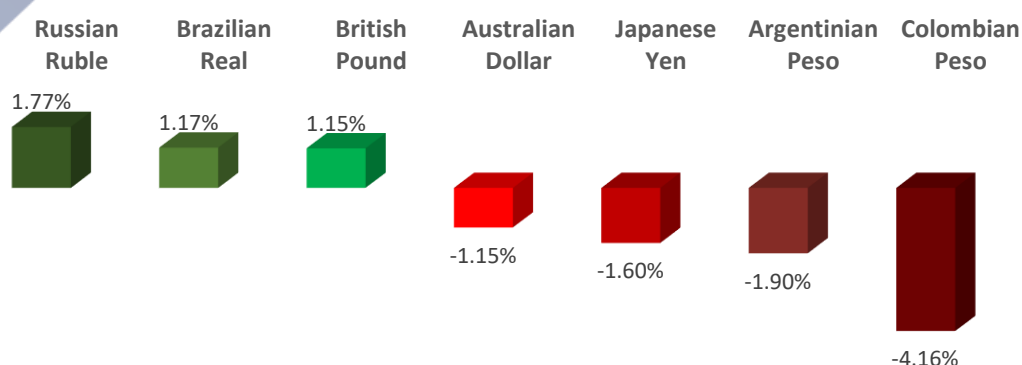


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen weakness in the global currencies market. Euro and British Pound appreciated this week, while Japanese Yen depreciated. Emerging market currencies have weakened. Asian currencies have shown mixed moves against the greenback during the week.

Equity Indices

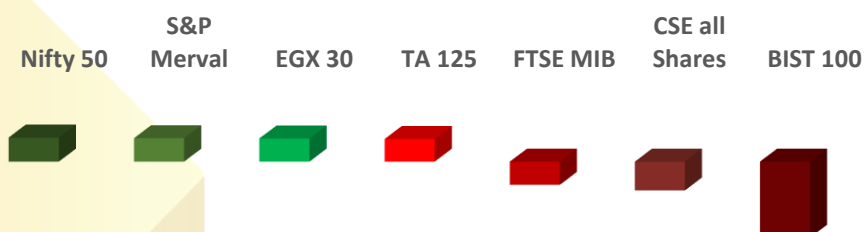


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen mixed performance in the global equities markets. European equities have shown corrections this week, after making new multi month highs; Euro Stoxx 600 and Euro Stoxx 50 depreciated during the week. Asian Equities have shown weakness. US indices were mixed performers where Nasdaq was a gainer, while Russell 2000 was a net loser for the week.

Commodity Futures

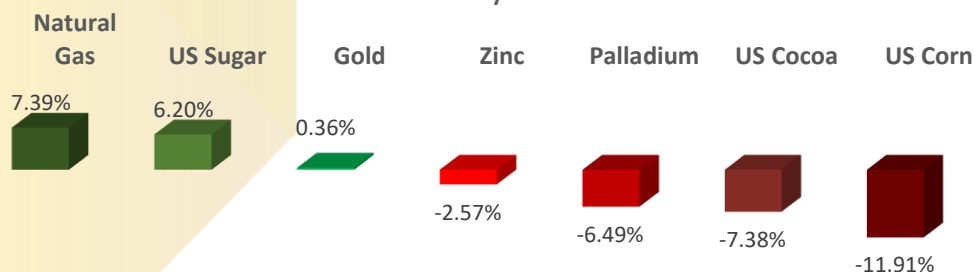
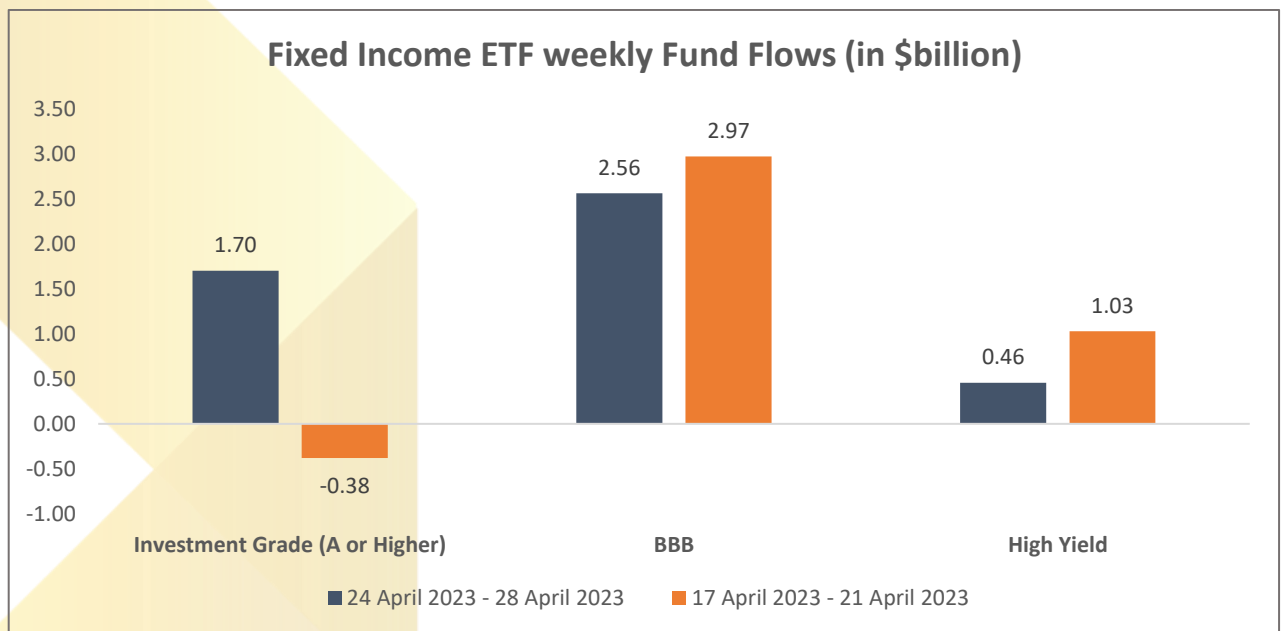
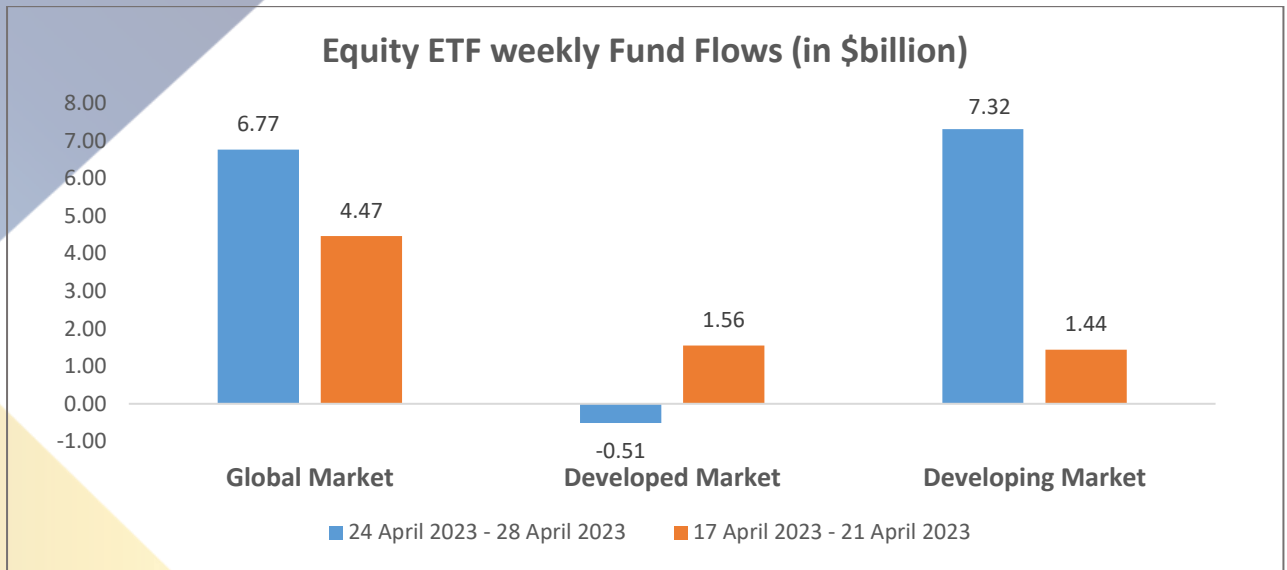


Figure 5: The chart represents the Commodity returns over the week.

Commodities market have shown weak performance during this week. We have seen depreciation in all industrial metals. Crude depreciated while natural gas appreciated during the week. Gold and Silver 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

Last week was a mixed one for global equities though Nasdaq 100 and Indian Nifty managed to make a new high for CY 2023. We believe that more than 90% of the global equity indices will have their 2023 highs in place within the next 7-10 days. S&P 500 Vix and Nasdaq 100 Vix are close to their post Covid lows while India Vix is close to all-time lows. This sea of calm is suggestive of major turbulence to happen in the rest of CY 2023 particularly in the second half of this year. We still expect most equity indices to lose 15-20% from their 2023 highs before the end of this year. We expect a global recession to unfold by the first half of 2024 and we believe it will be a long and protracted one. We expect the private equity valuations in general to fall by 25-30% by the fall of CY 2024. We expect the long-term US Treasuries to be the world's best performing asset class over the next 6 months. Dollar index is in the process of making its intermediate bottom and should see a rally in the second half of this year. The commodity complex would largely see bearish forces in action over the next 6 months and the inflation rates in US and most parts of the world should come down to near zero levels by mid-2024 unleashing powerful rallies in long tenure government bonds across. Gold should continue to see sideways action for a few more months before it takes off to a level of 2400 dollars a Troy ounce by 2024. We expect the corporate bond spreads to go up in most parts of the world with credits connected with commercial mortgages looking particularly vulnerable in US and the UK.

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