



**PACE 360**

# Weekly Report and Outlook on Global Markets

2<sup>nd</sup> June 2023

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## MARKET DEVELOPMENTS

### Foreign investors inflows in Indian Markets at 9 months high.

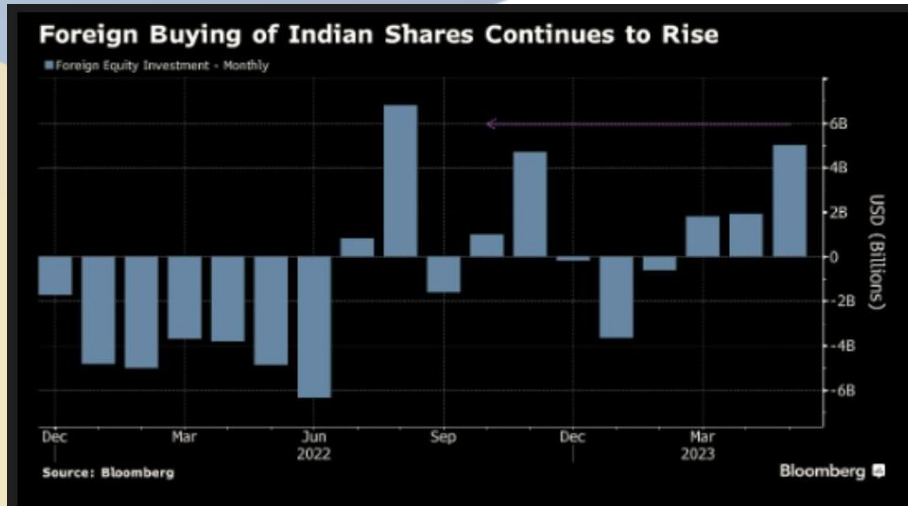


Figure 1: The chart shows amount of buying by foreign investors in Indian markets.

FPI's and FDI's purchased a net of 5 billion dollars' worth of Indian Equities which lead to India becoming the Top gainer in Emerging Market. The above figure is the highest in 9 months. According to Rajiv Jain CIO GQG's chief investment officer, "India will be one of the top two or three markets that will yield double digit corporate earnings for the next five years compared to Europe and even China."

### Highest level shorts of Hedge Fund in US Bonds.

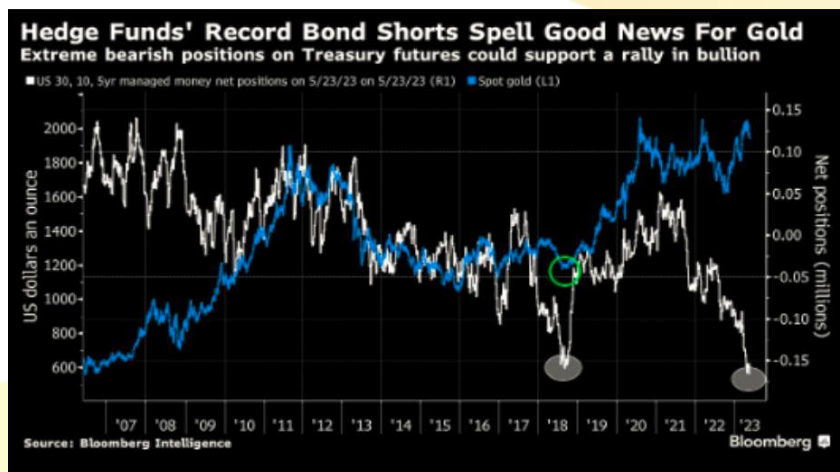


Figure 2: The above chart shows the short build up of US Treasury Bonds by Hedge Funds.

Hedge Funds have placed a record aggregate short bet across long dated Treasury futures, a set up that could spell a rush to bullion if the extreme positioning is unwound in anticipation of a more dovish Federal Reserve, according to Bloomberg Intelligence Senior Micro Strategist Mike McGlone. He sees gold shooting as high as \$3000 an ounce – from close to \$2000 now – as the Fed eases policy and treasury yields retreat in the face of a potential recession. An earlier build-up of bearish Treasury bets presaged the previous metal's big rally through 2019 and 2020.

# MAJOR MOVES THIS WEEK

## Currencies

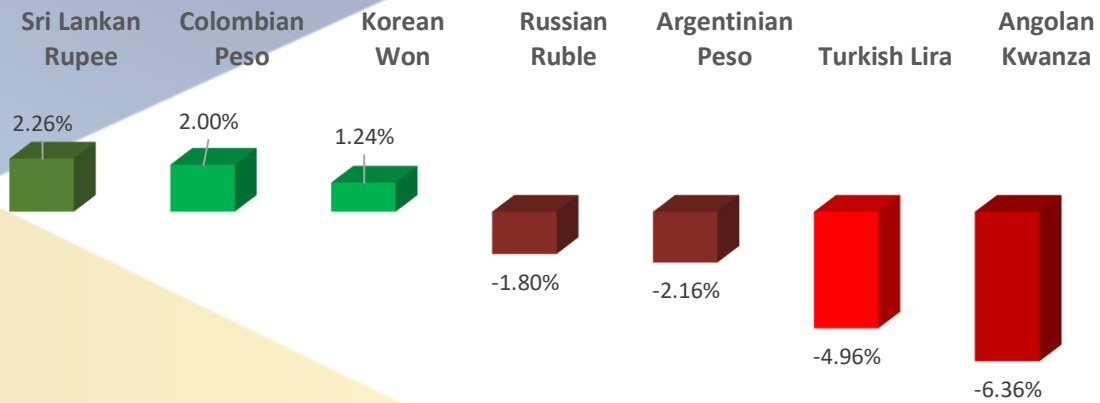


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen mixed moves in the global currencies market. Angolan Kwanza, Turkish lira, Argentinian Peso depreciated against the Dollar this week.

## Equity Indices

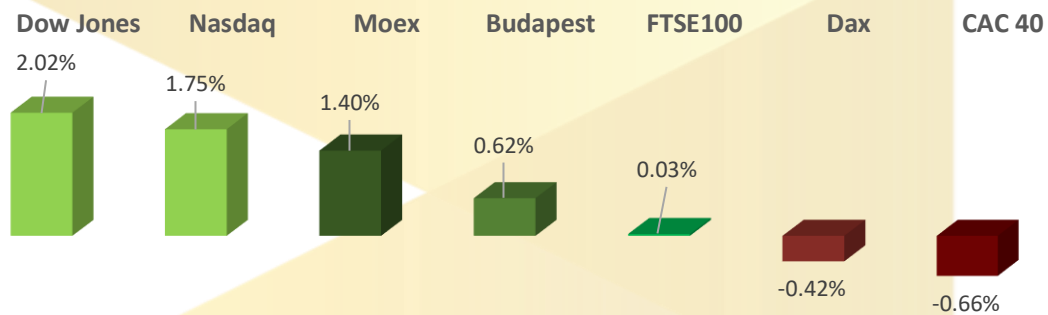


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen positive performance in the global equities markets. Asian and European equities have shown weakness, Indian Equities were down by 0.19%. US markets have shown strength during the week again after performing slightly negative previous week.

### Commodity Futures

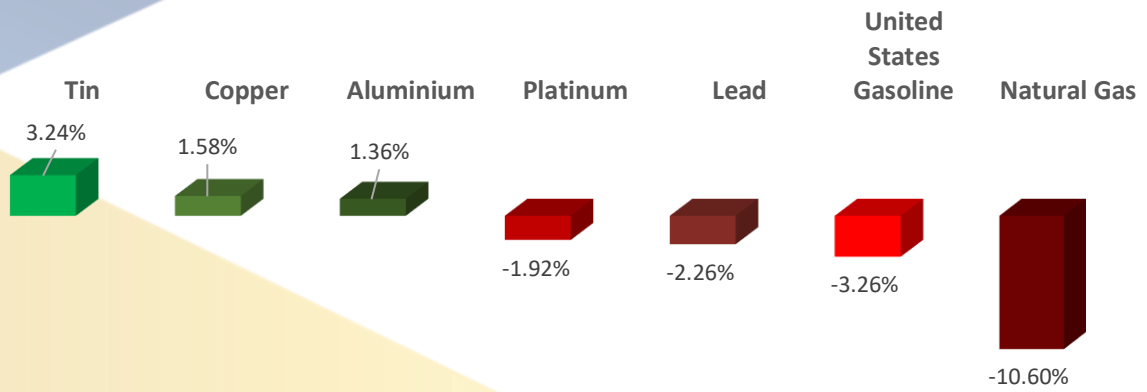
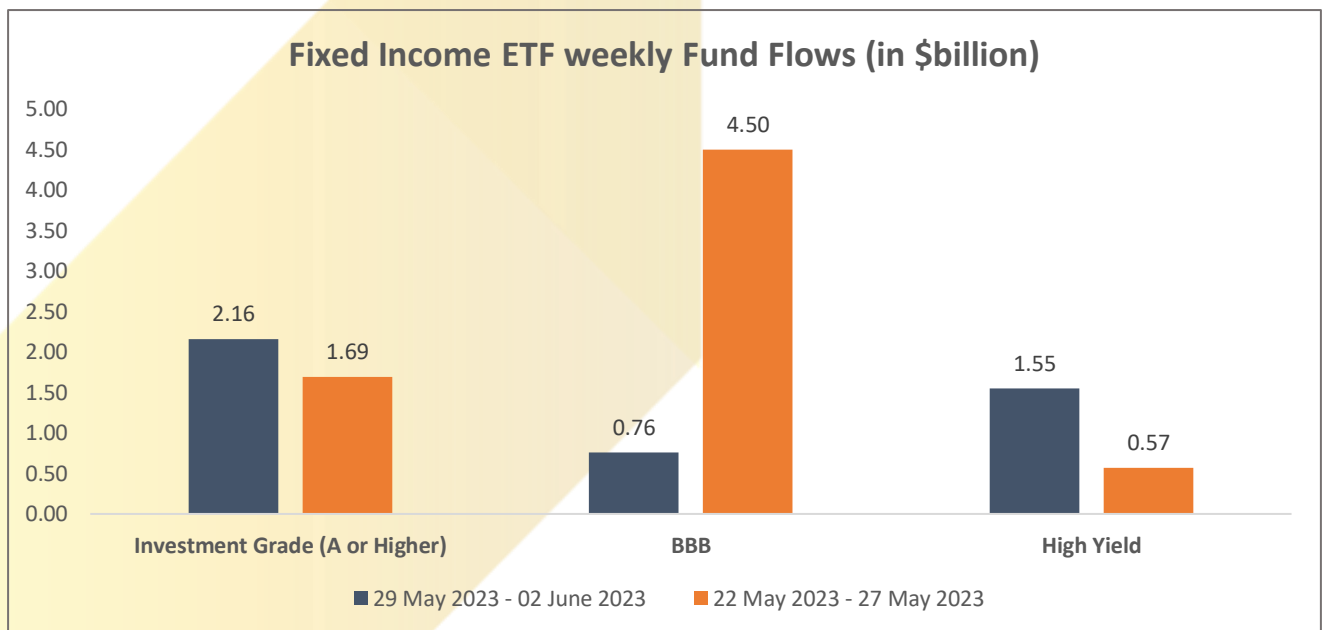
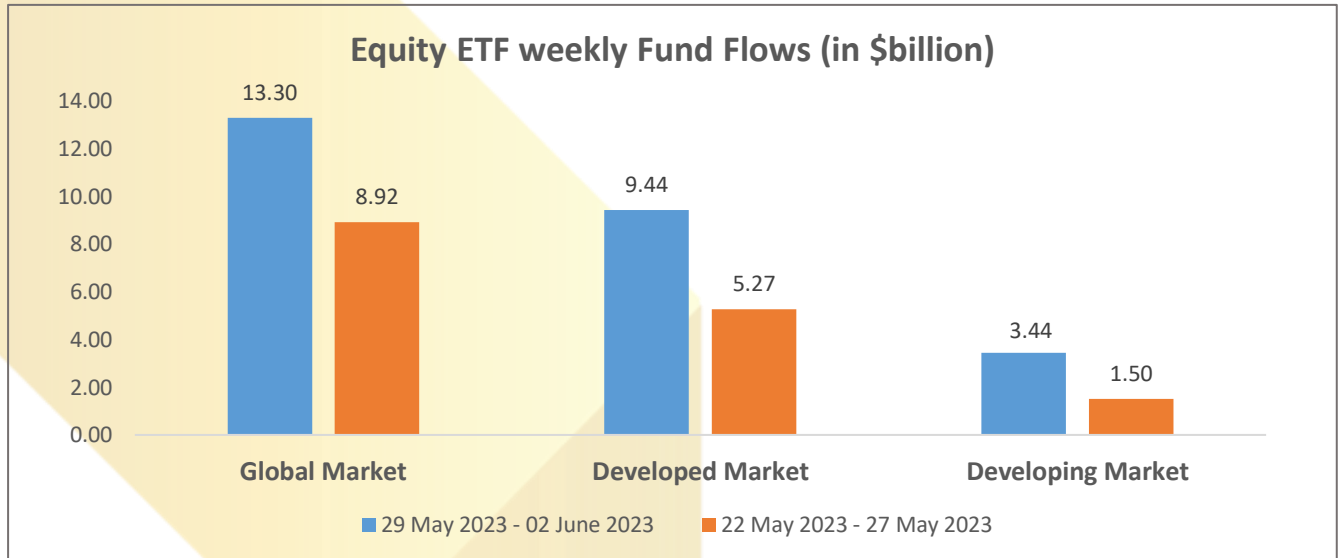


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown weakness in this week. Natural Gas depreciated again after showing weakness in previous week while the Tin appreciated during the week. Gold and silver both appreciated during the week. We have seen mixed performance in the industrial metals.

## 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 subcategories as well.

## PACE 360'S FUTURE OUTLOOK

Global financial markets have had yet another risk-on week. In fact, the equities rally materially broadened with US small caps and some of the EM indices outperforming the Nasdaq 100 in the latter half of the week. We believe that the global equities rally that started in October is at its fag end. It is entirely possible that the indices which led the rally particularly the FANGMA may take a back seat while the under-performers get some tail winds. This reversion to the mean may happen for a few weeks before the entire spectrum of global equities starts the next phase of the global bear market. We continue to see a global recession starting in 2024 and the global risk assets to pre-empt that before the end of CY 2023 with a sharp reversal. We do not see the end of the equity bear market for another 3 years. We believe the long-term Treasury bonds will be the best performing asset class for the next 1-2 years. We believe that gold may remain sideways for some more time before it starts the next wave of its multi-year bull run.

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