



**PACE 360**

# Weekly Report and Outlook on Global Markets

16<sup>th</sup> June 2023

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# MARKET DEVELOPMENTS

## **Nikkei 225 Rises for Tenth Week in Longest Streak in a Decade.**

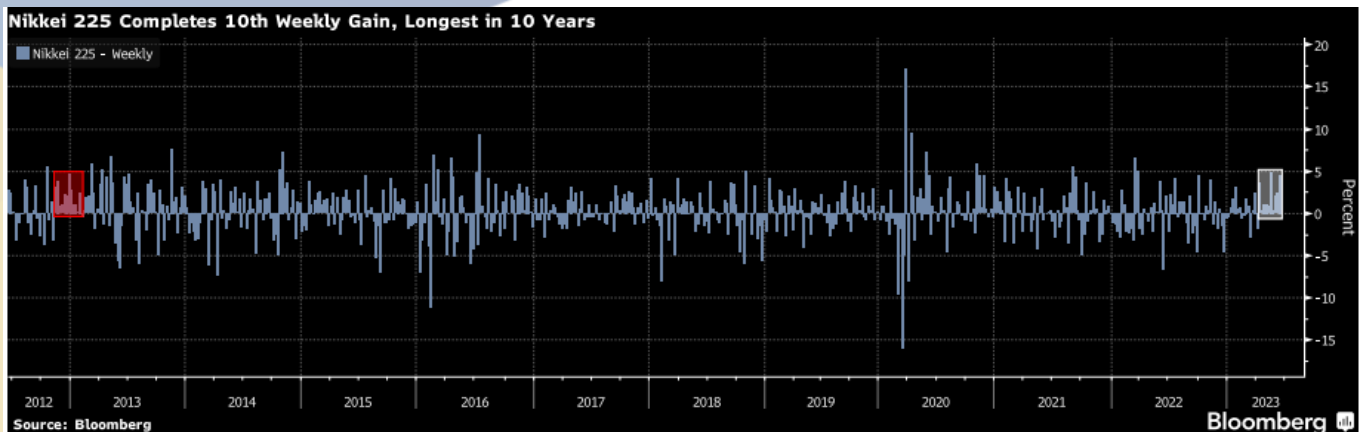


Figure 1: The chart shows Nikkei weekly moves.

FPI's have bought 9.9 billion dollars' worth of stocks in the last week, which is the highest amount since April 2013. BOJ board members left their negative interest rate and yield curve control program unchanged Friday, defying the global central-bank trend of raising rates to fight still-high inflation. By contrast, Federal Reserve officials have indicated they're likely to further raise rates this year.

## **China's Easing ramps up Pressure on Bank Margins.**

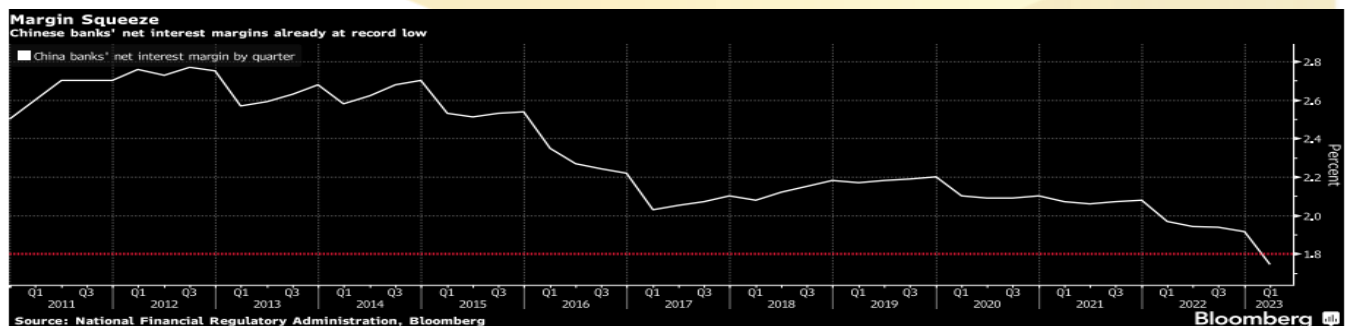


Figure 2: The above chart depicts the drop in NIM in Chinese banks.

China's interest rate cut along with pressure of more easing to support the world's second-largest economy are fresh warning signs for the nation's commercial banks. Their net interest margin slid to a record low of 1.74% in March, according to data from the National Financial Regulatory Commission, below a 1.8% threshold that's regarded in the industry as necessary to maintain reasonable profitability. The easing measures are expected to hit the margins and earnings at banks next year, Citigroup analysts led by Judy Zhang said in a note on Tuesday.

## MAJOR MOVES THIS WEEK

### Currencies

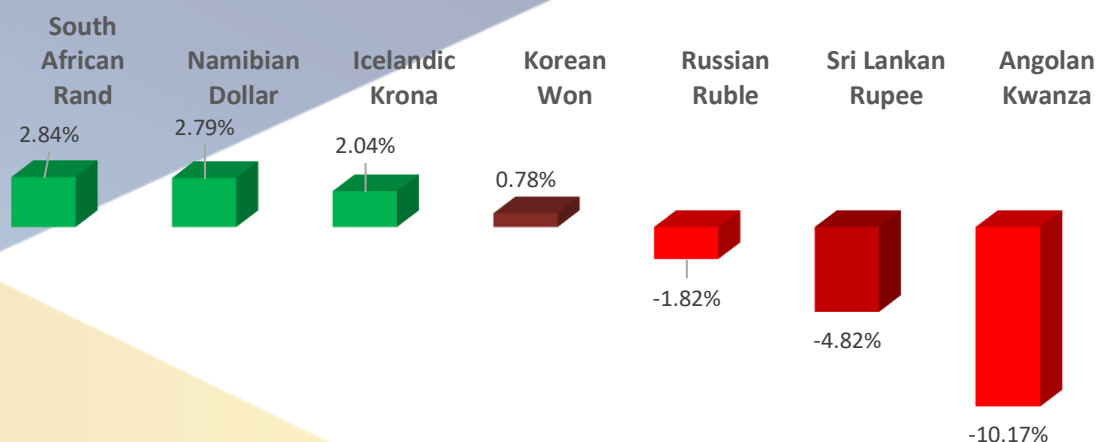


Figure 3: The graph represents Currency returns with respect to US Dollar as the base currency for this week.

This week we have seen gainers in the global currencies market. Angolan Kwanza, Turkish lira were again biggest losers against the US dollar this week.

### Equity Indices

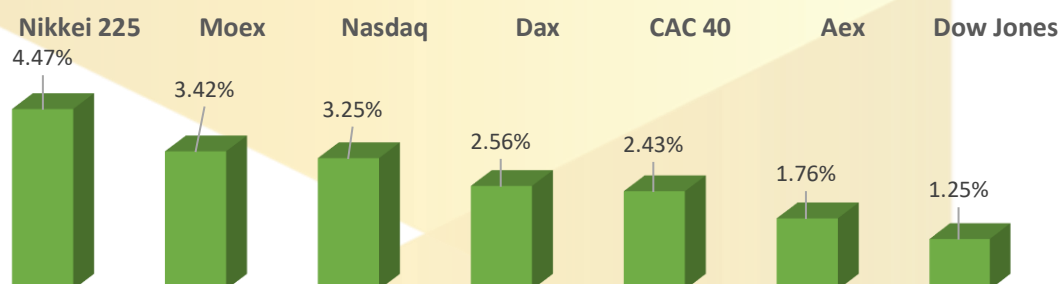


Figure 4: The chart represents the Equity Index returns over this week.

This week we have seen only gainers in the developed market equities. Biggest gainer of all is Japan which has been rising for the 10<sup>th</sup> straight week.

### Commodity Futures

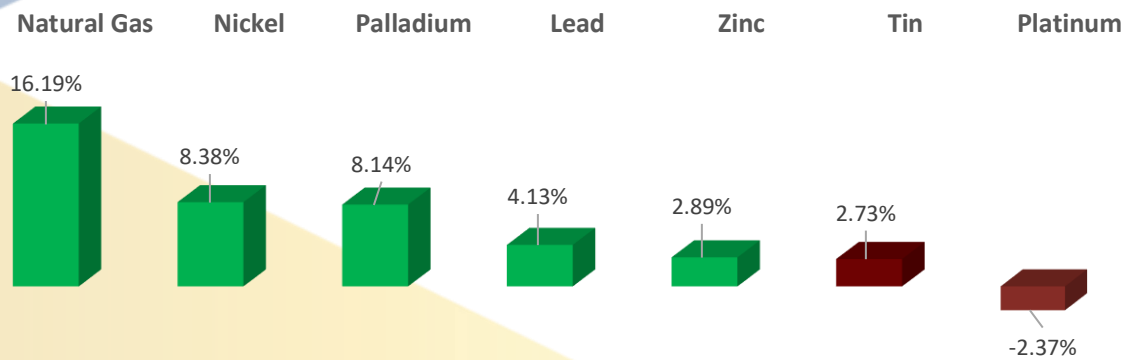
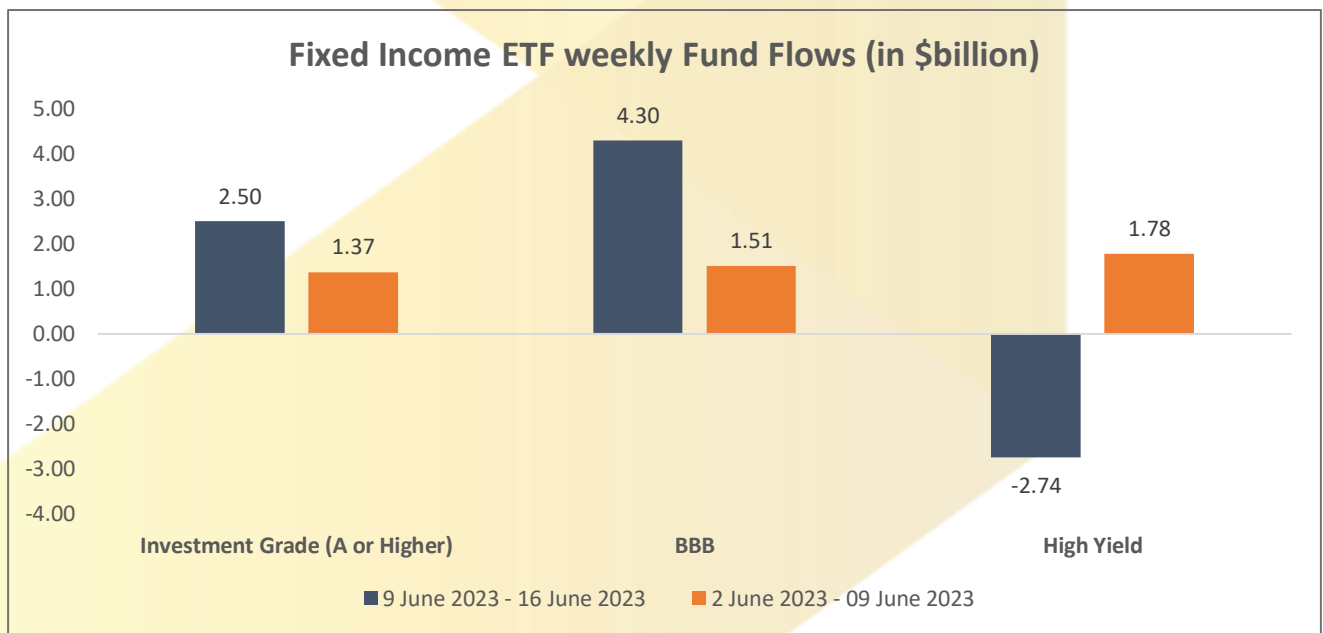
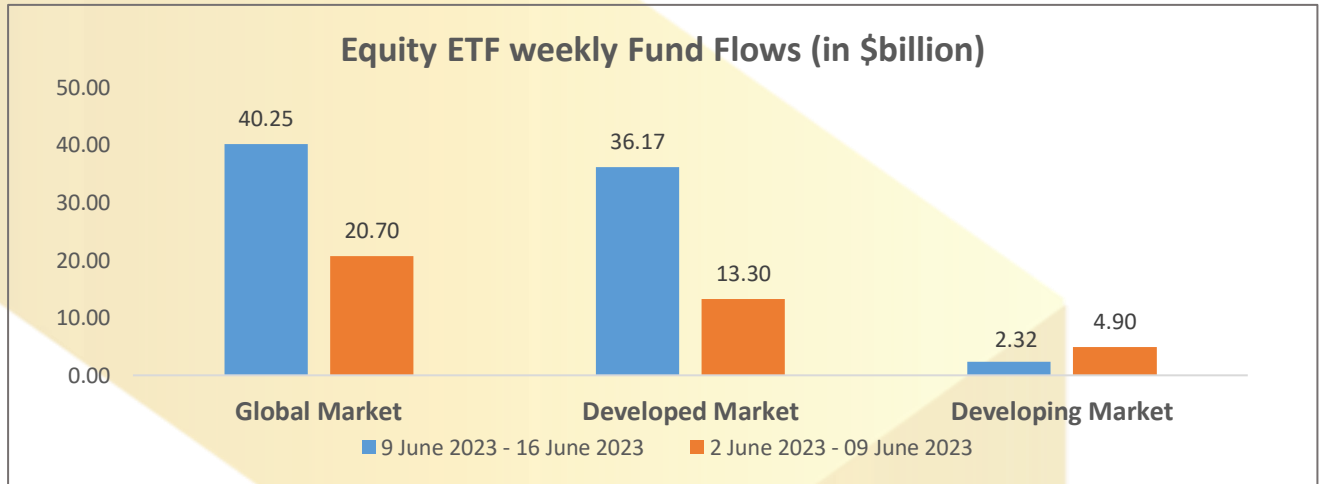


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown strength in this week. Natural Gas Appreciated again after gaining previous week while the Platinum was the only Industrial metal which depreciated. Gold and Silver both depreciated this week

## 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

We saw yet another week of risk-on in global equities and EM currencies last week. We believe Nasdaq 100 is a bigger bubble now than it was even at its all-time high in November 2021. This is because this rally is much narrower and is led by a very few stocks triggered by an all-encompassing AI frenzy. We believe shorting Nasdaq 100 now is an opportunity of a lifetime. Most of the other global equity indices are also a great short, though they may not be a bubble of as gigantic proportions as Nasdaq 100. Some of the equity indices may go on to make a higher peak over next few weeks but their potential upsides pale in front of their potential downsides. When we will look back on the global equities bear market, then the summer of 2023 will be a bigger candidate for the topping out of the equities bubble than the winter of 2021-22. The historic bear market that will follow suit will of course make the summer of 2023 as important a reference point as the March of 2000, which paved the way for the popping of the tech bubble and the bear market that came with it. We see the first wave of the bear market to hit by October of this year. The bear market could probably bottom out by 2025-26. The average downsides could be as much as 50% from the tops made in the summer of 2023.

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