



**PACE 360**

# Weekly Report and Outlook on Global Markets

11<sup>th</sup> August 2023

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## MARKET DEVELOPMENTS

### **Inflation Rates Range From 1% to 6% Across Big US cities.**

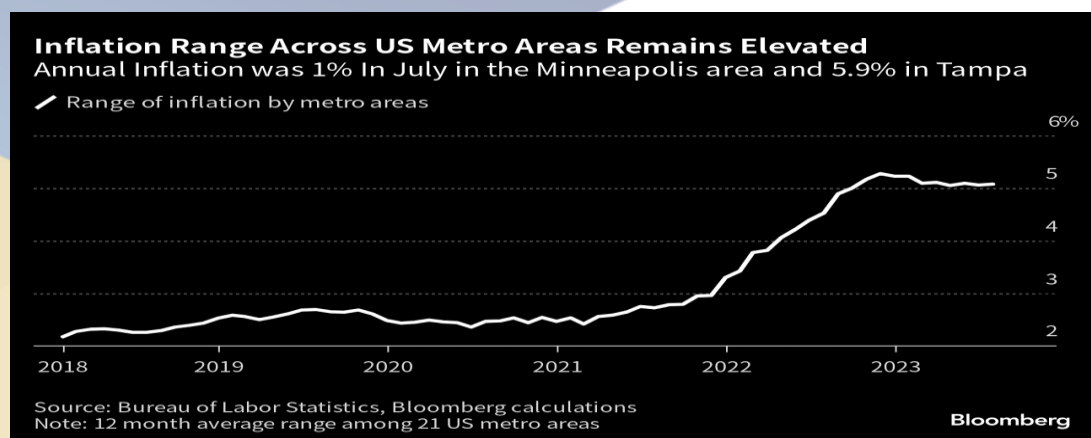


Figure 1: The chart dictates the Inflation range across US metro area.

Inflation has abated nationwide in recent months, but major US metro areas are still seeing significant differences in price pressure. In July, the inflation rate dropped to 1% in Minneapolis while dipping just under 6% in Tampa, Florida — a range that remained close to the highest in data going back to 2018. The divergence makes it more difficult for the Federal Reserve to tame consumer prices across the country with the blunt tool of monetary policy.

### **EM stocks are seen as riskier than US peers.**

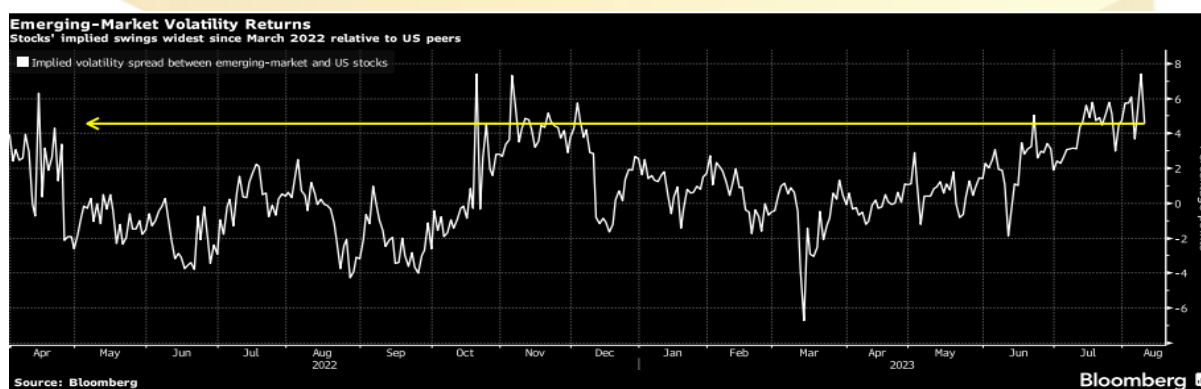


Figure 2: The above chart shows The EM Volatility returns.

Volatility is back in global equity markets and it's making investors cautious about the outlook for emerging markets. Options-implied swings in developing-nation equities widened to the most since March 2022, when compared with the CBOE Volatility Index, also called Vix or Wall Street's fear gauge. A deflationary Chinese economy is reducing demand for emerging-market exports, while elevated borrowing costs are adding to pressures on growth.

## MAJOR MOVES THIS WEEK

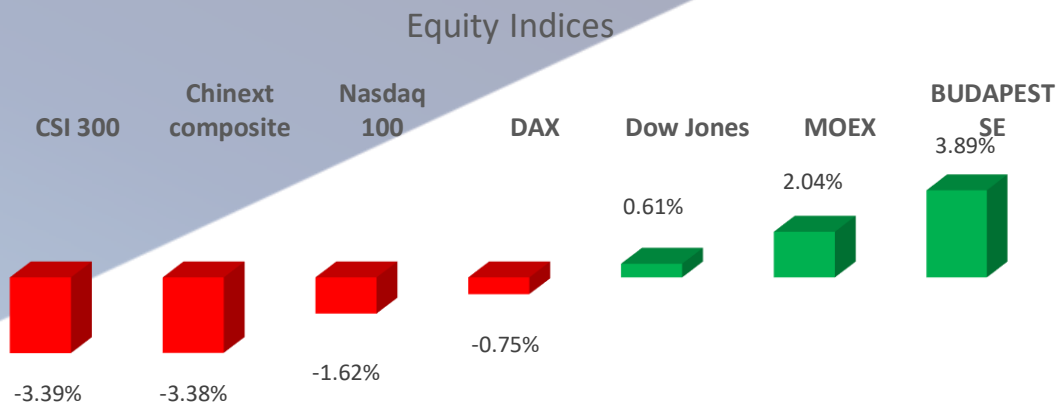


Figure 3: The chart represents the index returns for this week.

This week we have seen most of the indices have shown weakness other than Dow Jones and Budapest Se in Developed markets. While in Emerging markets all the major indices in Asia pack have shown weakness only Topix have outperformed it's Asian peers by gaining 1.27%.

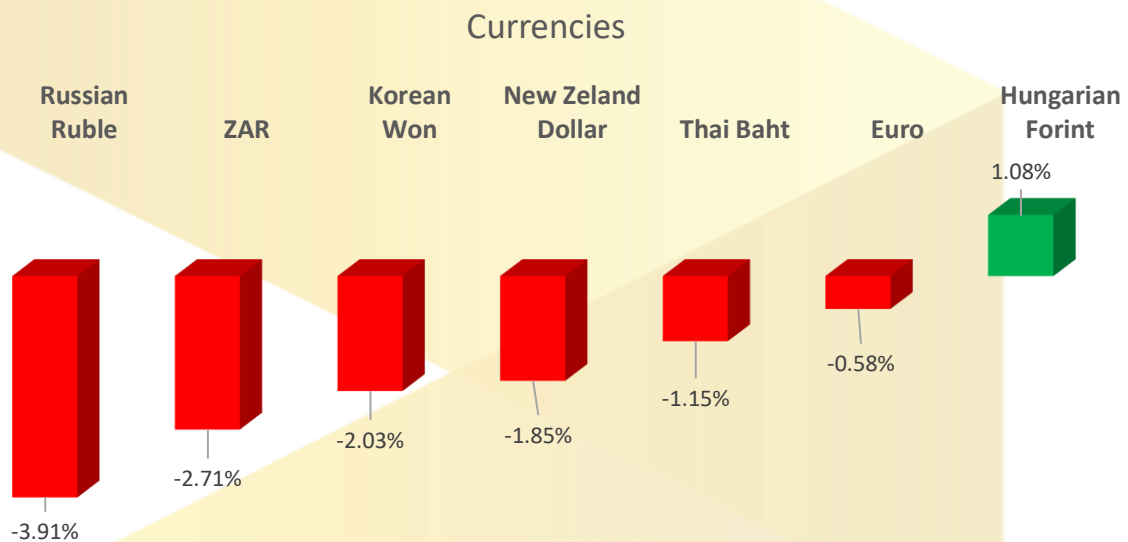


Figure 4: The chart represents the currency returns with respect to US dollar as the base currency for this week.

This week Dollar has performed strongly compared to all the currencies, Dollar has shown weakness only with respect to Hungarian Forint, Mexican Peso and Jamaican Dollar.

## Commodity Futures

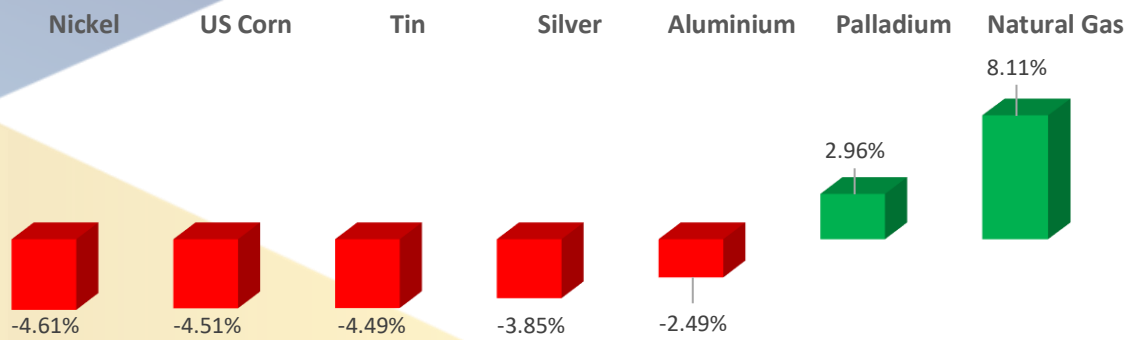
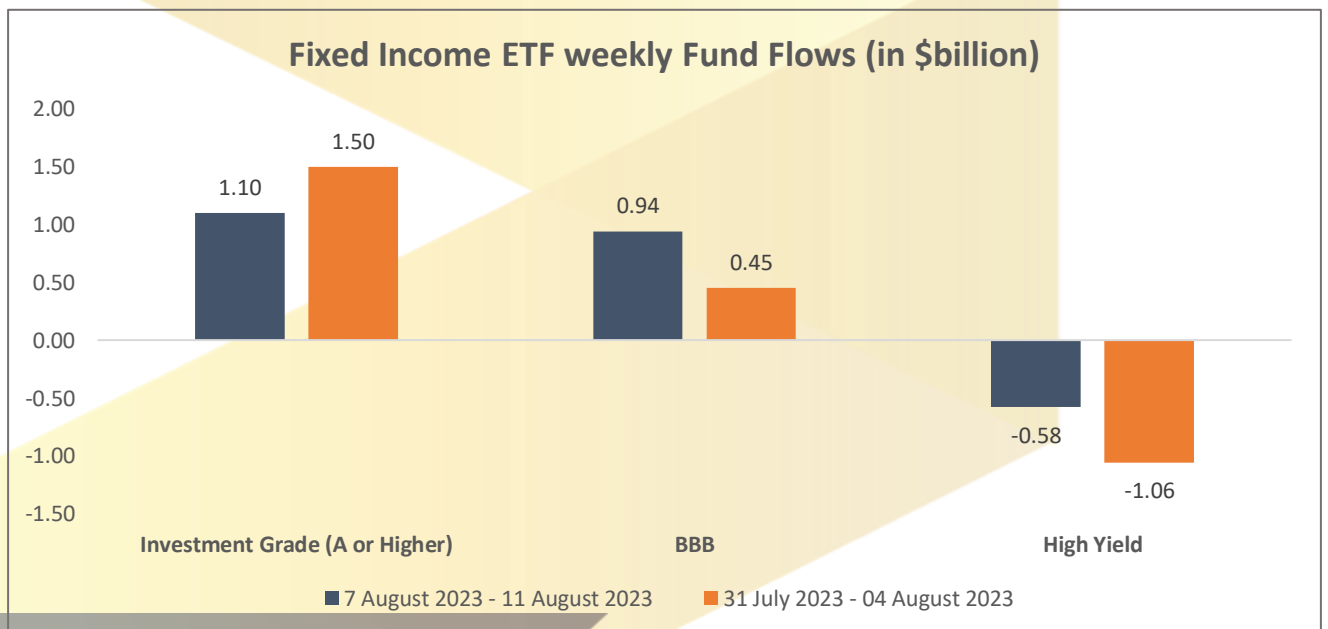
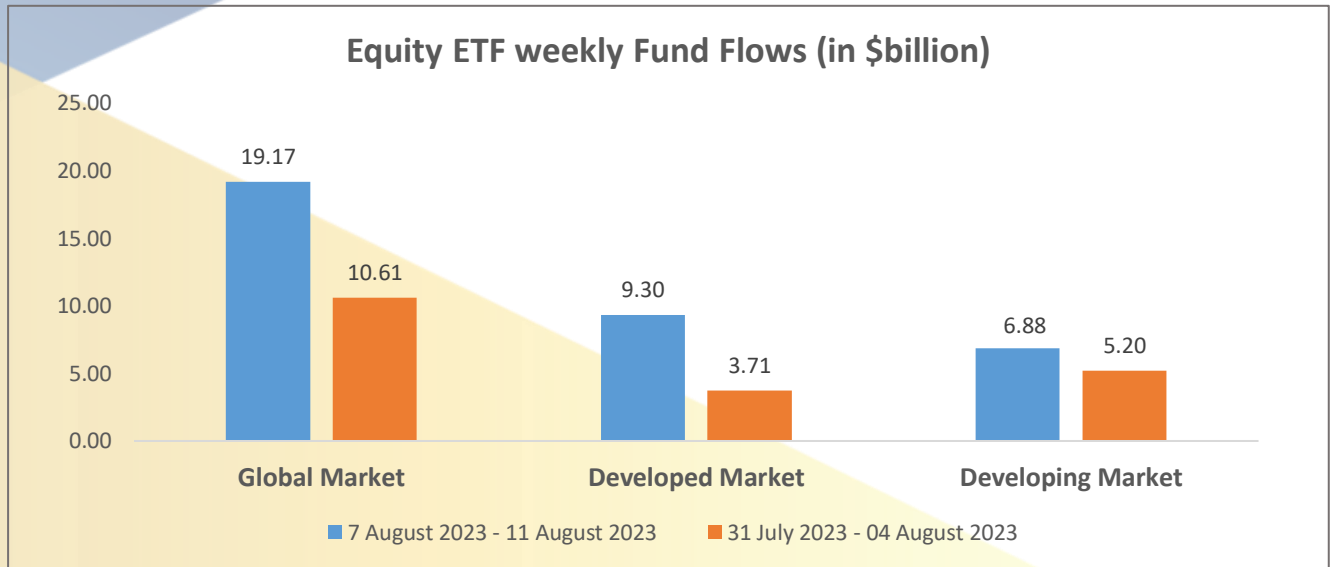


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown mixed performance during this week. Industrial metals have shown mixed performance during the week as Palladium was the gainer while rest of the industrial commodities were losers. Same pattern was witnessed with the Agro commodities as rough rice and heating oil gained while soyabean meal and soyabean oil declined. Natural Gas and Gasoline were the biggest gainers against all of the 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 subcategories as well.

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## PACE 360'S FUTURE OUTLOOK

There has been a savage correction in global equities over the last 2-3 weeks. We believe that on a short-term basis equities may be hitting a bottom even though on a longer term basis the global bear market has a very long way to go. We believe a short-term relief rally in equities could unfold between now and the first week of September but post that the bears should take over for the long term. We continue to see a global recession by middle of CY 2024 and the equity markets should start discounting that scenario by October of this year. We see a massive rally starting in long term US Treasuries and precious metals very soon. We believe gold miner equities will go up by 100% over the next 2 years.

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