Weekly Report and Outlook on Global Markets

4th August 2023

MARKET DEVELOPMENTS

Rise of BYD compared to Tesla.

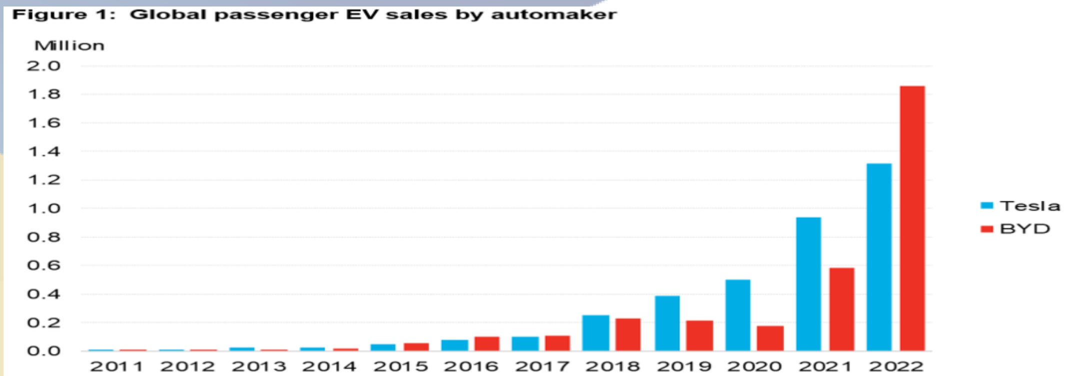

Figure 1: The chart dictates the selling of BYD card vs Tesla.

Last year, BYD leapfrogged Tesla to become the biggest EV maker in the world with over 1.85 million electric cars sold. That's a stunning increase from the 200000 sold in 2019

However, as Cantor notes, it's not exactly an apples-to-apples comparison. Most of BYD's EVs are plug-in hybrids while tesla remains the biggest seller of battery – powered electric vehicles, with 1.3 million sold in 2022.

Euro Area Joblessness is at at Lowest on Record.

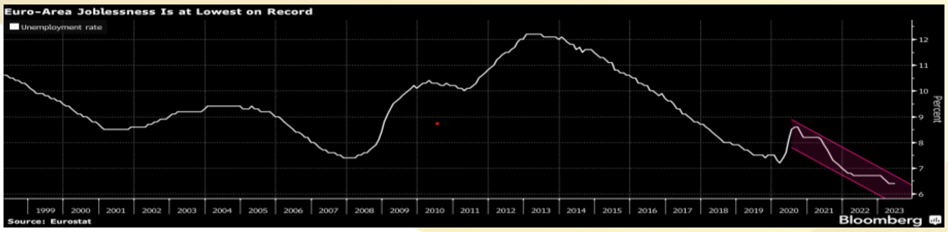

Figure 2: The above chart shows Joblessness data of Euro Area.

Euro-area unemployment was lower than economists estimated in June, staying at a record-low 6.4% that matches the revised figure for May. In Italy, joblessness hit the least since 2009, while July data for Germany showed an unexpected drop. The labour-market resilience comes after European Central Bank President Christine Lagarde warned last week that forward-looking indicators suggest job creation will potentially slow. Business surveys continue to signal a bleak outlook for manufacturing.

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MAJOR MOVES THIS WEEK

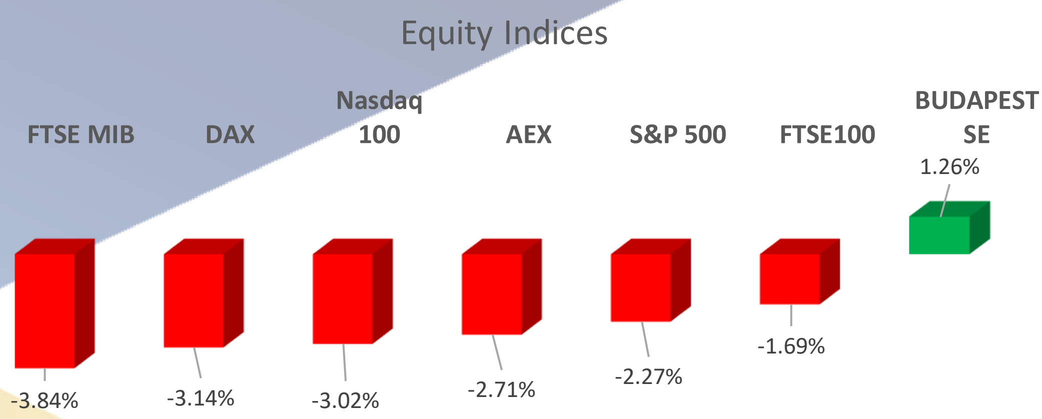


Figure 3: The chart represents the index returns for this week.

This week we have seen mixed performance across all the indices, Asian markets declined while the European indices and American indices also closed on a negative note.

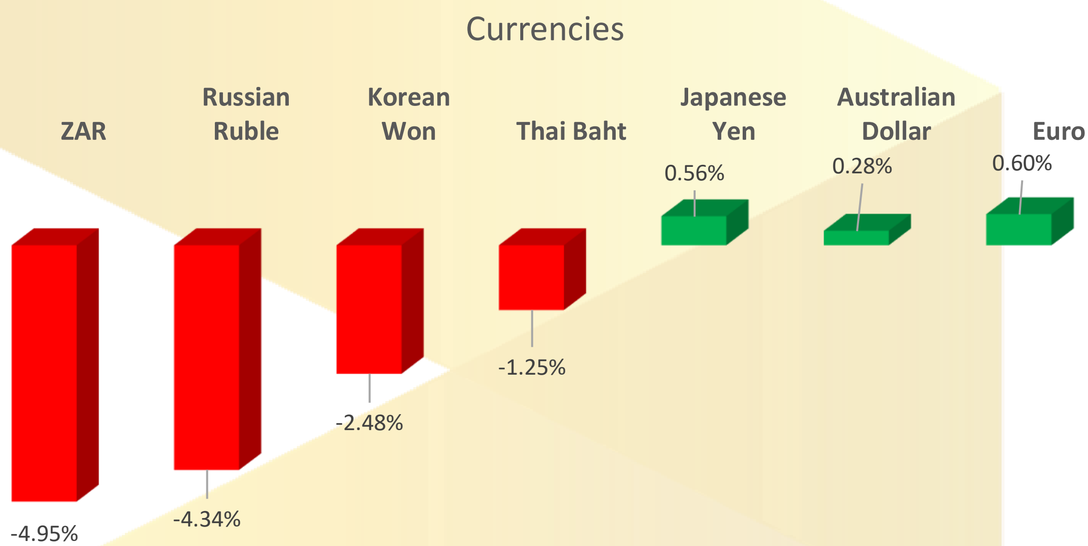


Figure 4: The chart represents the currency returns with respect to US dollar as the base currency for this week.

This week Dollar has shown mixed performance. Dollar has strengthened against the emerging market currencies while it underperformed against the developed currencies.

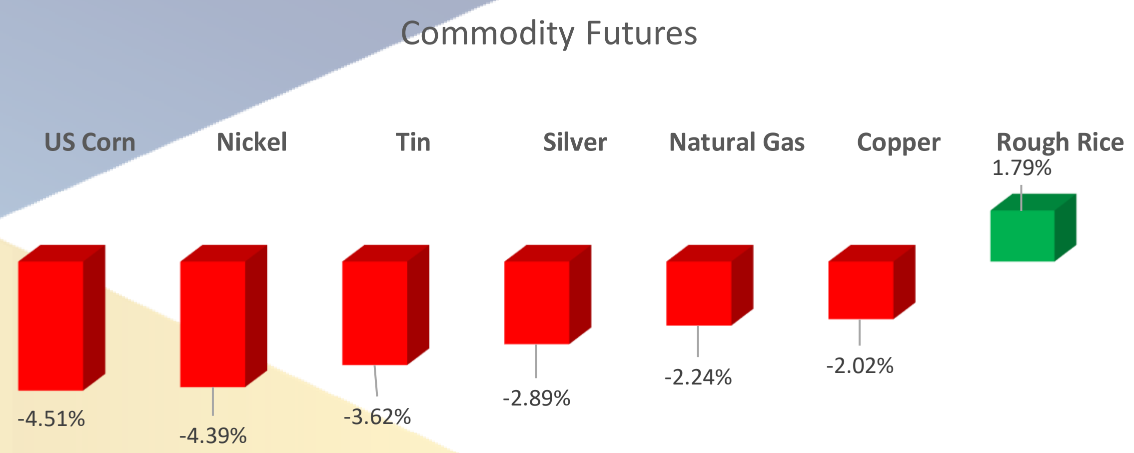
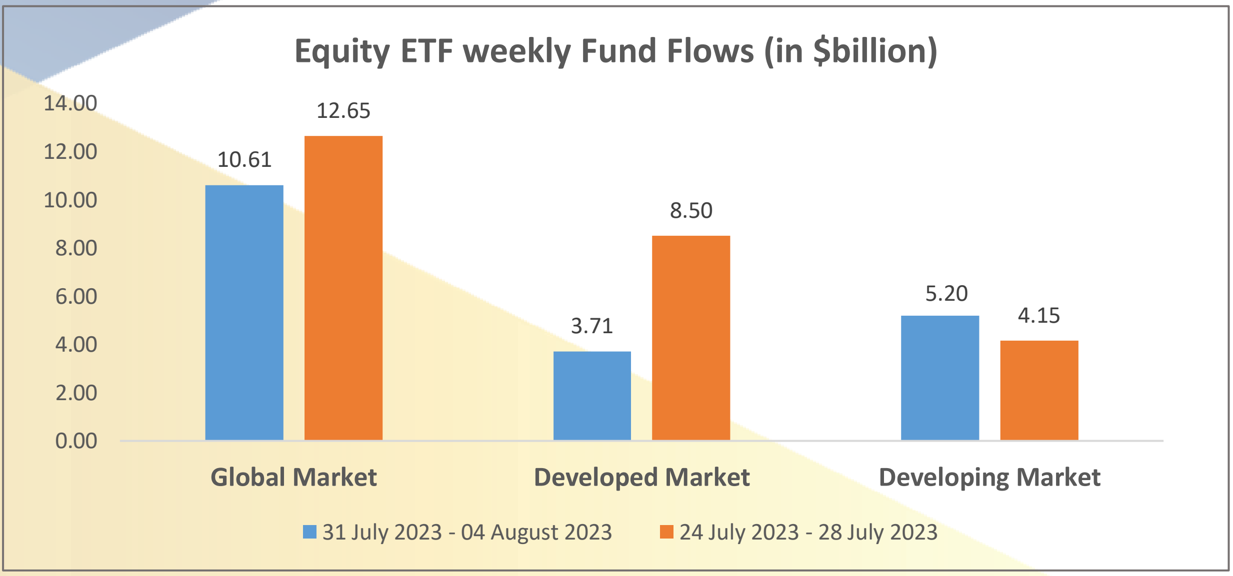
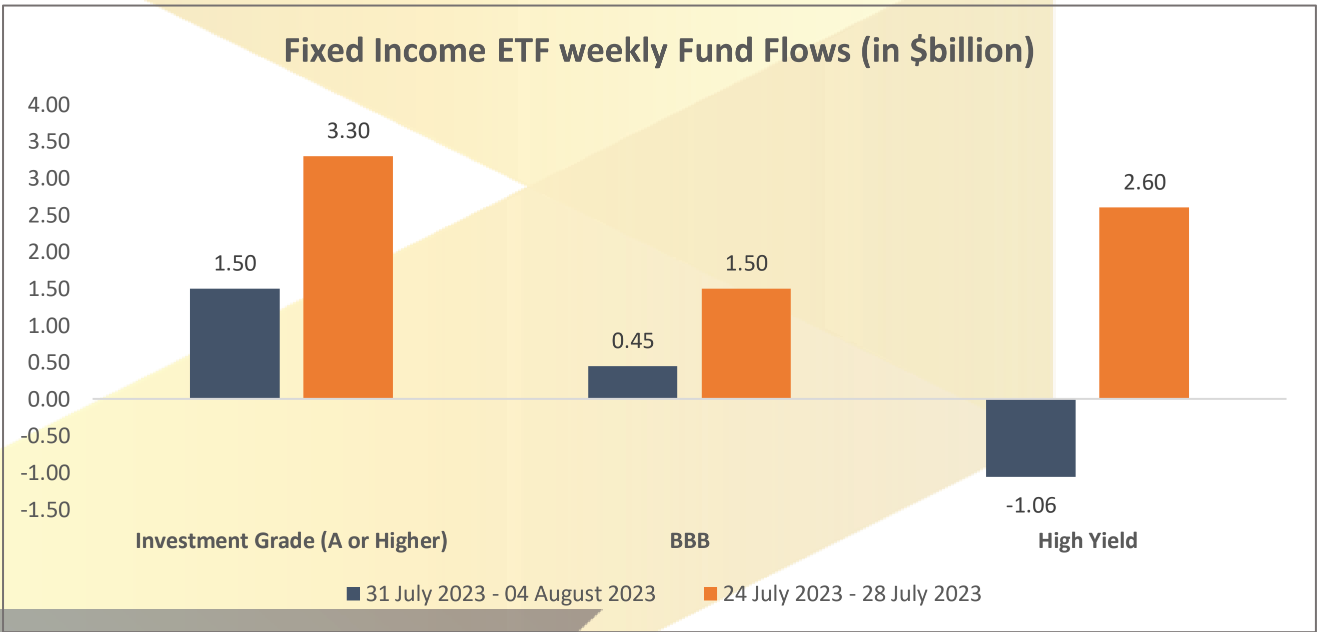


Figure 5: The chart represents the Commodity returns over the week.

Commodities have shown mixed performance during this week. Industrial metals have shown mixed performance during the week as Zinc, Aluminium and Palladium were gainers while rest of the industrial commodities were losers. Same pattern was witnessed with the Agro commodities as rough rice and heating oil gained while soyabeans and corn declined.

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

Last week turned out to be a rather brutal one for most equity markets around the world. We believe that one of the greatest ever equity bull runs has now come to an end. We are now entering a seasonally weak period till October and chances of a sizeable correction are robust. We see most equity indices losing about 10-15% from their July-August peaks over the next 2-3 months. We see massive rallies in US long term Treasury bonds over the same period. We see a global recession starting sometime in the first half of 2024 and markets will start discounting the same by October. Broadly speaking all risk-on asset classes should meaningfully correct while the safe havens will see massive fund flows and rallies in this period. In a nutshell, it's time to position ourselves for an economic and financial Armageddon.

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