



**PACE 360**

# Weekly Report and Outlook on Global Markets

15th December 2023

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## PACE 360'S FUTURE OUTLOOK

THE CROSS- ASSET RALLY WE HAVE WITNESSED IN LAST 7 WEEKS IS HISTORIC AND ONE OF THE BIGGEST IN MANY MANY DECADES. GLOBAL EQUITIES ARE NOW HORRIBLY OVERBOUGHT AND OVERVALUED. WE BELIEVE A REALITY CHECK WILL HAPPEN OVER THE NEXT FEW WEEKS AND WE COULD SEE A HUGE CORRECTION IN GLOBAL EQUITIES AS THEY ARE COMPLETELY OUT OF SYNC WITH THE FUNDAMENTALS CURRENTLY. INDIA, BRAZIL AND MEXICO ARE LOOKING PARTICULARLY VULNERABLE AFTER THEIR INCREDIBLE BUILDUP OF LAST 7 WEEKS. A 5-7% CORRECTION OVER THE NEXT 3 WEEKS WILL BE PAR FOR THE COURSE. EVEN US LONG TERM TREASURIES ARE LOOKING OVERSTRETCHED AND MAY CORRECT IN THE SHORT TERM EVEN THOUGH WE REMAIN BULISH ON THEM FOR THE NEXT 2-3 YEARS. EM EQUITIES AND EM CURRENCIES LOOK MORE VULNERABLE AS THE DOLLAR INDEX SEEMS TO HAVE BOTTOMED OUT FOR NOW AND AS THE WORLD IS PROBABLY HEADED FOR A BOUT OF RISK-OFF. USD-JPY IS ALSO PROBABLY HEADED UP AFTER A SEVERE BEATING OF LAST TWO WEEKS. GOLD MAY REMAIN SIDEWAYS WITH A BIT OF BEARISH BIAS IN THE NEAR TERM. CASH IS 'KING' YET AGAIN FOR THE NEXT FEW WEEKS.

## MARKET DEVELOPMENTS

### China Traders Betting on rally After key meet may be dismayed.

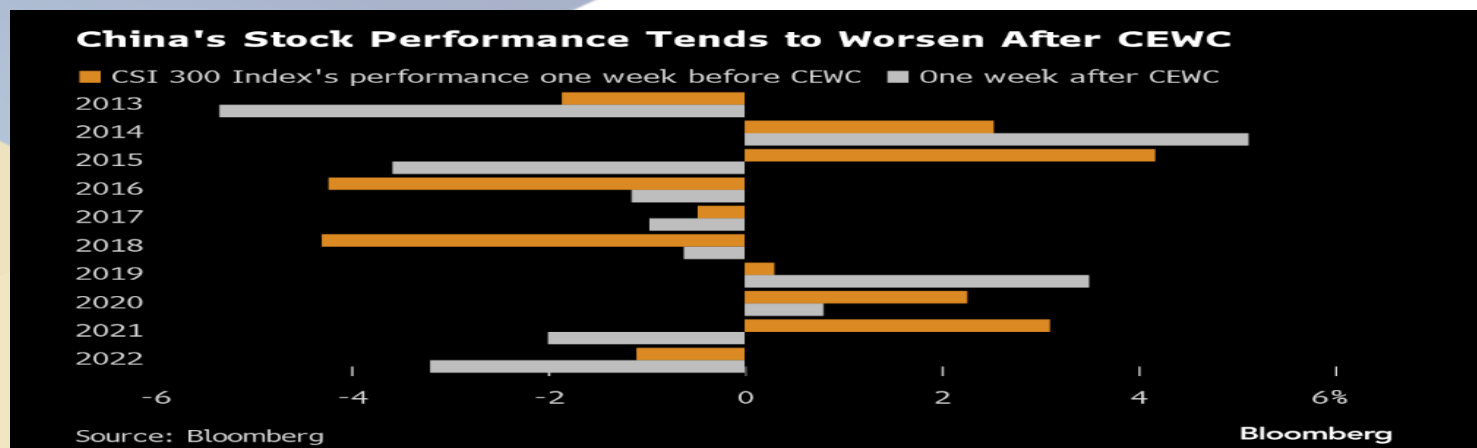


Figure 1: The above chart dictates the expected performance of CSI 300.

The performance of the onshore benchmark CSI 300 Index tends to worsen a week after the release of the readouts from the Central Economic Work Conference compared to the prior week, data compiled by Bloomberg showed. In six of the past ten years, the gauge has either narrowed gains, widened declines, or flipped from advances to losses after the outcomes of the key meeting were unveiled.

### BOE to Cut Rates Three times in 2024.

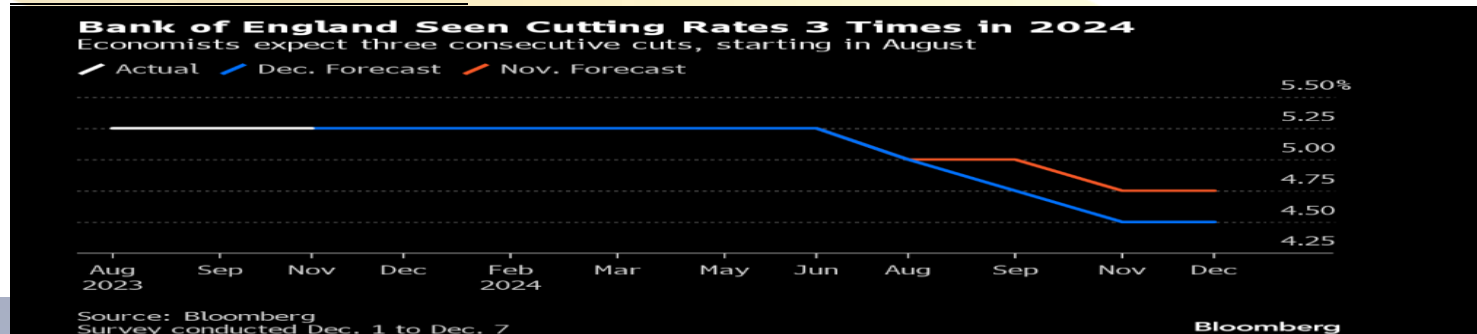


Figure 2: The above chart dictates the expectations of rate cuts by economists.

The Bank of England is expected to cut its policy rate three consecutive times in 2024, starting in August, according to a new Bloomberg survey. The rate is now seen decreasing to 4.50% by the end of 2024, adding one additional cut from what was predicted in the previous survey. Inflation is seen averaging 3.1% in 2024, before falling to the bank's target of 2% in 2025, while growth is forecast to slow to 0.4% next year before picking up to 1.2% in 2025, the survey shows.

## MAJOR MOVES THIS WEEK

### Equity Indices

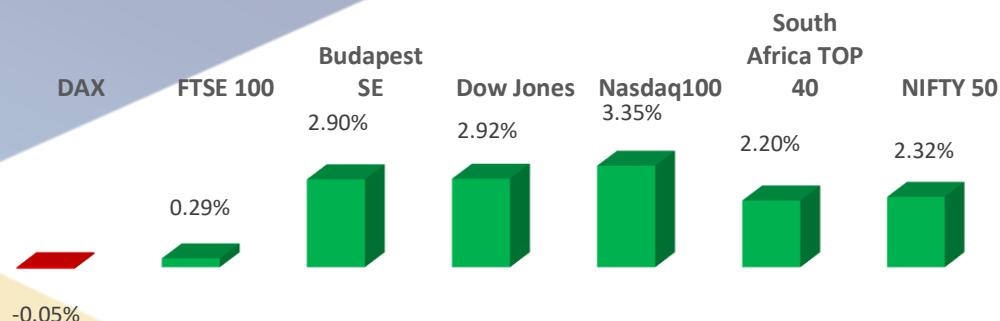


Figure 3: The chart represents the index returns for this week.

Majority of the developed and developing markets have strengthened this week again after performing strongly previous week. Developed markets witnessed a positive performance and saw major upswings as RUSSEL 2000 and Dow Jones were up by 5.55% and 2.88% respectively. In Emerging markets Mexico's S&P /BMV IPC was the best performer.

### Currencies

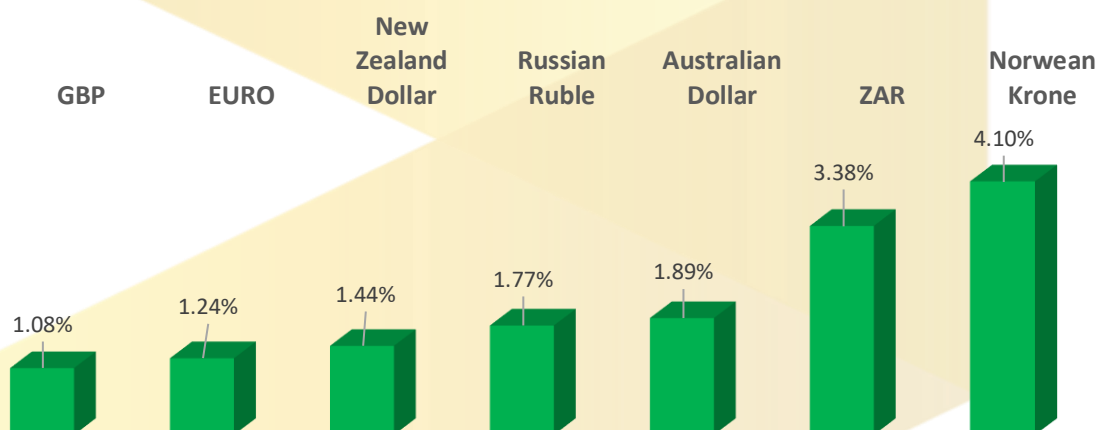


Figure 4: The chart represents the currency returns with respect to US dollar as the base currency for this week.

This week dollar has lost its value against all the global currencies after gaining last week. Dollar gained against Lira, Ringgit, Brazilian Real and Jamaican Dollar. Against the developed currencies dollar has only lost its value. Dollar Index was down by 1.34% this week.

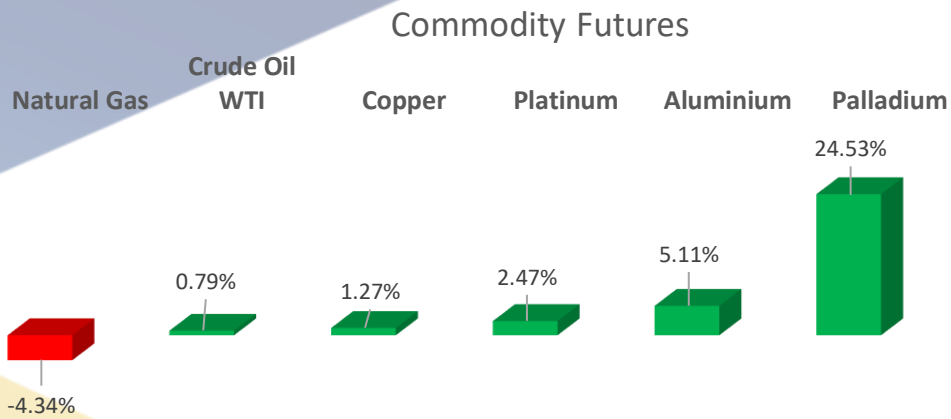
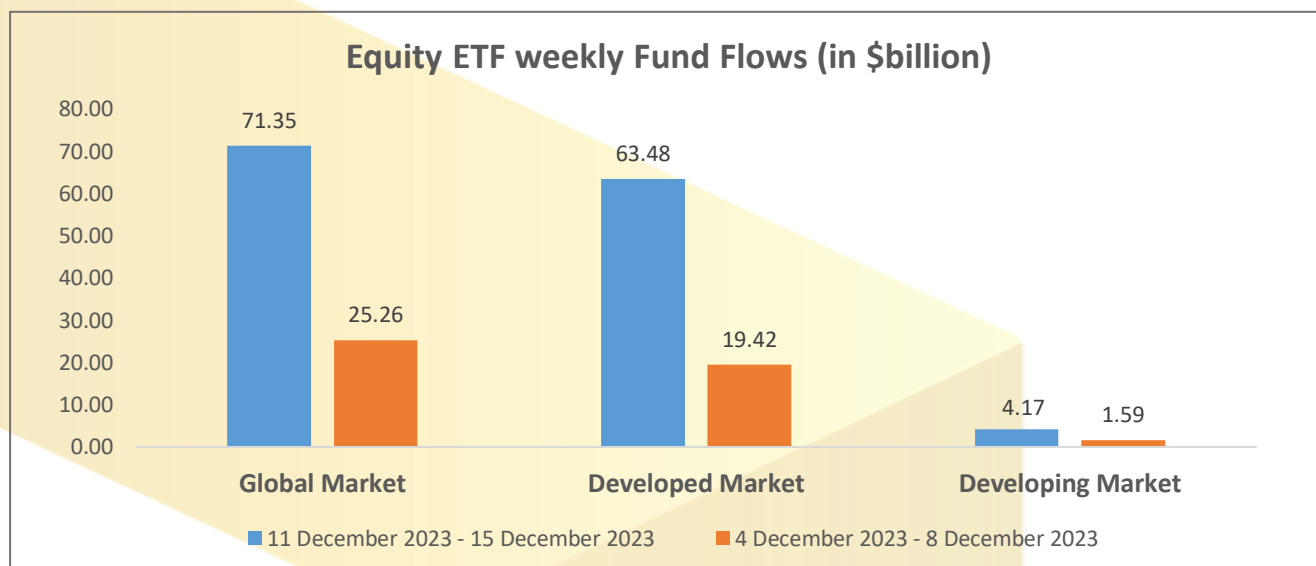
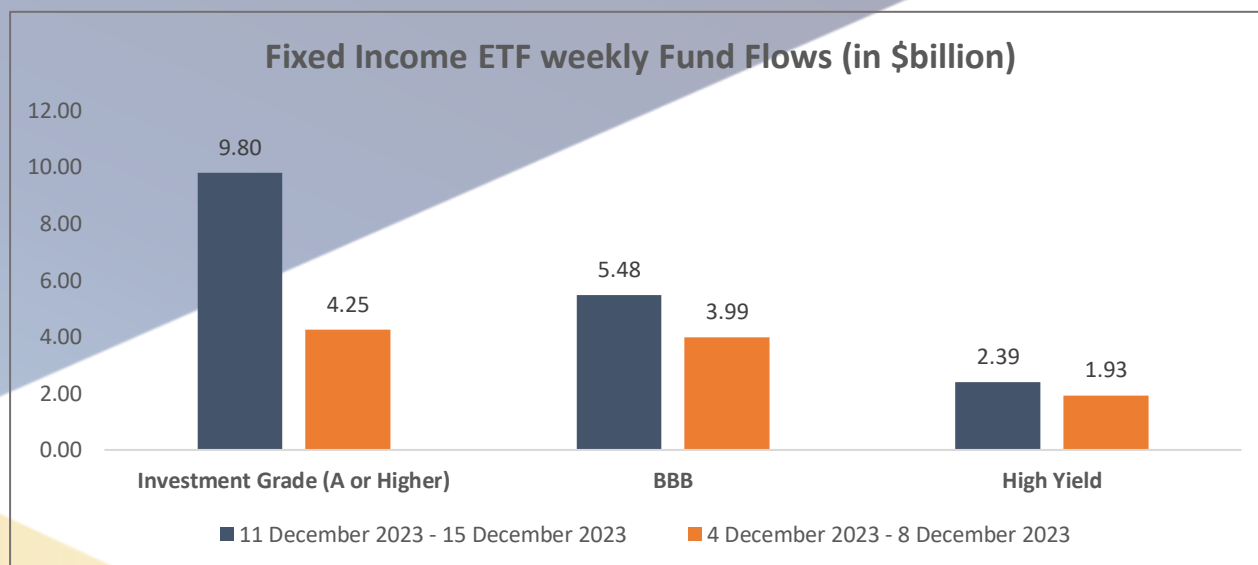


Figure 5: The chart represents the Commodity returns over the week.

All the types of commodities have performed in a mix this week. In Agriculture, Corn is the biggest gainer by 3.6% while sugar is the biggest loser by 5.86%. In Industrial commodities only steel rebar was the loser and rest were gainers. This week palladium was the biggest gainer as United Kingdom's government had new sanctions related to Russian metals other than Palladium.

## 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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