



PACE 360

Weekly Report and Outlook on Global Markets

2nd February 2024

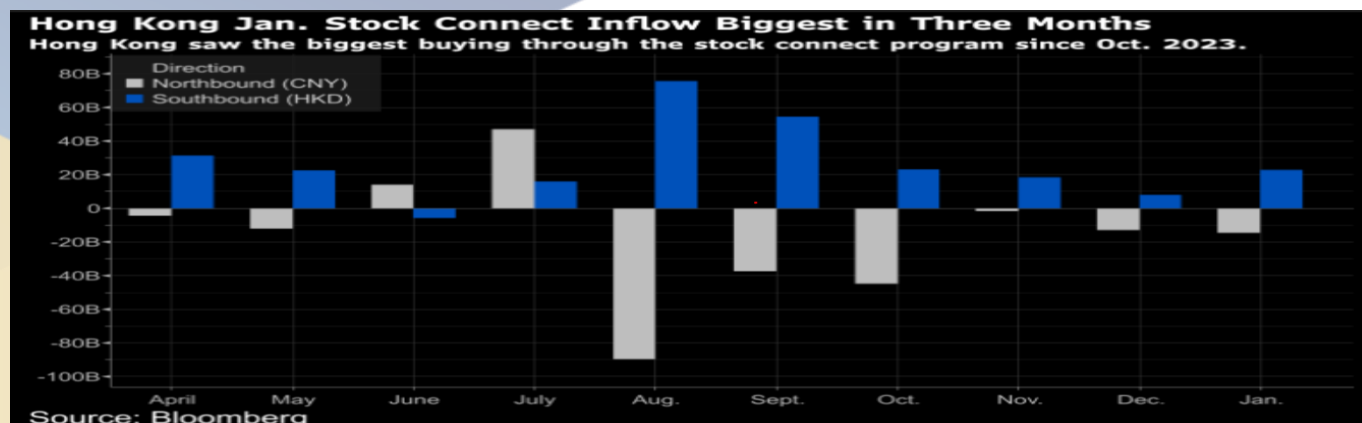
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PACE 360'S FUTURE OUTLOOK

THE GREATEST ECONOMIC AND EQUITY BUBBLE IN CAPITALISTIC HISTORY IS IN THE PROCESS OF WINDING DOWN. WE SEE A 10% CORRECTION IN KEY GLOBAL EQUITY INDICES OVER THE NEXT 2-3 MONTHS WHICH SHOULD EASILY REACH MORE THAN 20% BEFORE THE END OF THE YEAR. OUR MACRO INDICATORS ARE POINTING TOWARDS A NEARLY 80-90% PROBABILITY OF A US LED GLOBAL RECESSION TO BEGIN BY THE H2 OF CY 24. WE CONTINUE TO EXPECT A DEEP, LONG AND PROTRACTED GLOBAL RECESSION THAT MAY CONTINUE WELL INTO CY 2027. WE REMAIN EXTREMELY BULLISH ON GOLD AND LONG TERM US TREASURIES FOR THE NEXT 2-3 YEARS. WE ARE TURNING SUPER BEARISH ON EM CURRENCIES AND EQUITIES FOR THE NEXT 8-10 MONTHS. WE ARE PARTICULARLY BEARISH ON INDIAN EQUITIES WHICH REMAIN THE MOST OVER-HEATED AND OVER-VALUED LARGE EQUITY MARKET IN THE WORLD.

MARKET DEVELOPMENTS

Hong Kong Jan. Stock Connect Inflow Biggest in Three Months.



The above chart dictates the Inflows of Hong Kong Stock Market

Mainland Chinese investors bought a net HK\$22.7 billion (\$2.9 billion) of Hong Kong shares for the month, the seventh month of buying, while there was a net 14.5 billion yuan (\$2.02 billion) outflow the opposite direction through the two-way link.

Excess Turkish Lira Liquidity at New Record.



The above chart dictates the Excess Turkish Lira Liquidity.

The Turkish central bank's earlier liquidity steps this week will likely be followed by other measures if it wants more aggressive steps to withdraw excess lira from the system. Data compiled by Bloomberg and that dates to 2011 show net funding hit a record of -740.8 billion liras (\$24.4 billion) on Jan. 31. Economists attribute the problem to payments related to the FX – protected lira savings tool, low credit to deposit ratios in lenders and bank's reliance on swap transactions with the central bank as their main funding channel.

MAJOR MOVES THIS WEEK

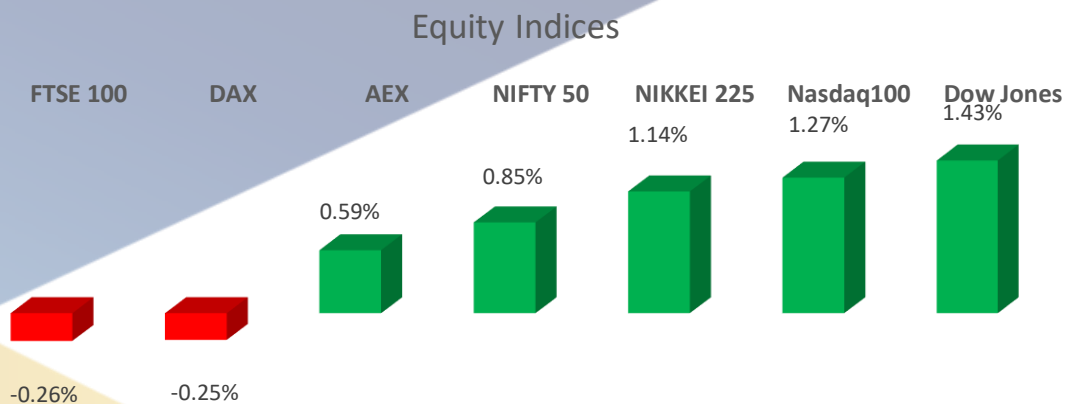


Figure 3: The chart represents the index returns for this week.

Global markets have performed in a mix this week as European equities fell while the American equities gained, continuing the trend of previous week. In emerging markets, Chinese markets were the biggest losers due to the troubled real estate sector. India's NIFTY 50 Index is up by 2.35% continuing the upside trend due to budget and election season in the country.

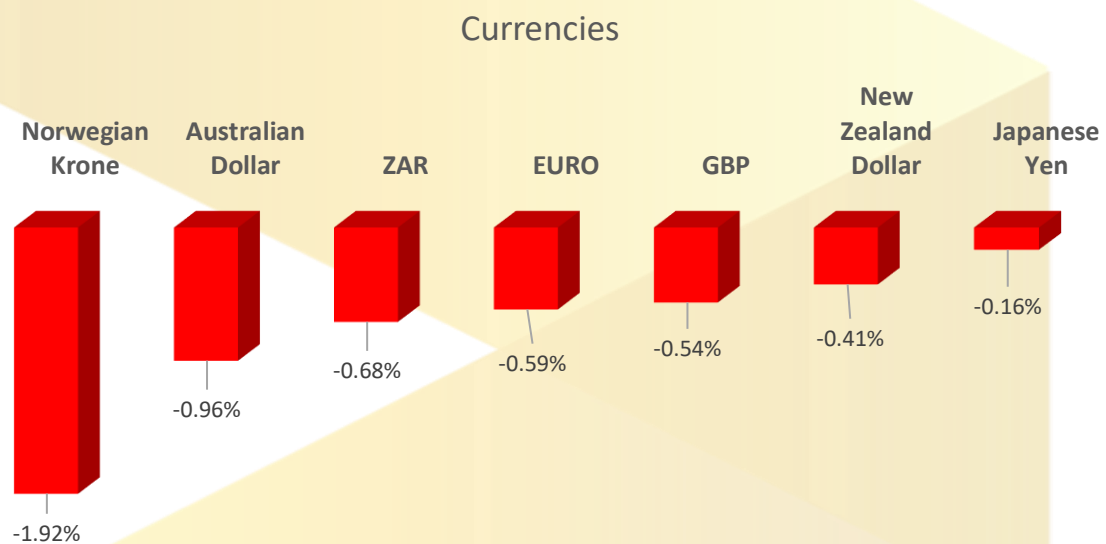


Figure 4: The chart represents the currency returns with respect to US dollar as the base currency for this week.

Dollar is continuously gaining momentum since the last 3 weeks and similar pattern in the DXY has witnessed this week as well, Norwegian Krone lost the most in the emerging market forex space. Looking into the volatility this week, Norwegian Krone and New Zealand Dollar has been the most and least volatile currency respectively.

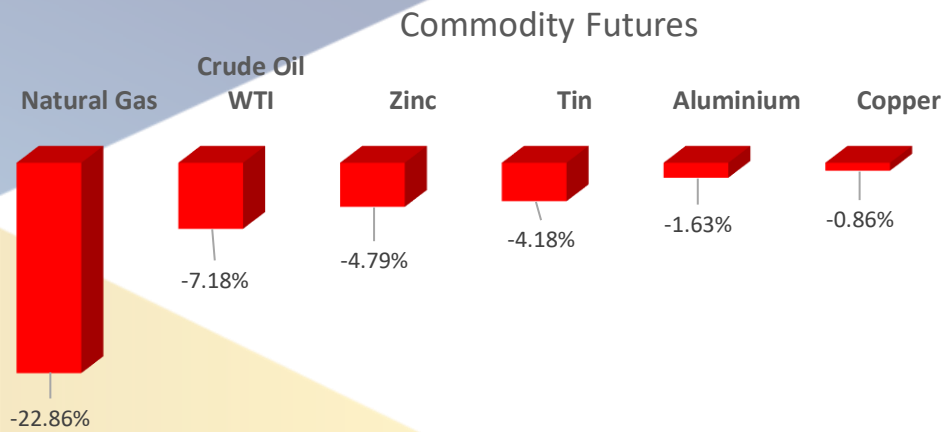


Figure 5: The chart represents the Commodity returns over the week.

Natural Gas has been quite volatile since last 12 weeks which resulted to the downside of 42% at the same time, amid the volatility in Natural Gas this week all the industrial commodities lost their value as they have a limited appetite for the swings of Natural Gas. Industrial commodities will likely generate normal returns once the price of Natural Gas stabilises in Europe.

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