



UBS ETF Capital Markets  
Weekly Flow Update  
(20<sup>th</sup> of May – 24<sup>th</sup> of May)

## Market Commentary

MSCI World in USD ended the week down 0.27% with the index being driven downwards by Consumer Discretionary (-2.09%) and Financials (-1.37%) offset by strength in Information Technology (2.98%).

On Tuesday, UK CPI fell but surprised to the upside, with the miss relative to expectations focussed in services. April headline CPI eased by less than expected to 2.3 % y/y (prev. 3.2%), stronger than the 2.1% expected by Bloomberg consensus. Similarly, core CPI eased, to 3.9% y/y (prev. 4.2%), also stronger than the 3.6% expected by Bloomberg consensus. The step down in inflation was largely driven by base effects and the well-expected c.12% fall in the Ofgem cap on household energy bills which led housing and household services to be the largest downside contributor to the change in y/y CPI.

The upside surprise relative to forecasts came entirely from services inflation, which printed at 5.9% y/y, only 10bp lower than the 6.0% in March, and well above consensus and BoE expectations. Meanwhile, unlike last April when core goods (along with services) surprised sharply to the upside, this year core goods inflation was ever so slightly weaker than expectations, at 0.6% y/y. Food, alcohol and tobacco were also broadly in line with our expectations. The hot CPI this week means traders have pushed their first cut forecast out to the 1<sup>st</sup> of August, from June.

On Wednesday, minutes from the Fed's latest policy meeting showed that "various" officials signalled a willingness to hike rates further should more inflation risks materialize, with "many" policymakers uncertain whether the current monetary policy was restrictive enough. This appeared more hawkish than Powell's remarks after the meeting on the 1<sup>st</sup> of May, when he downplayed the need for further rate hikes. Signs of continued labour market strength and stronger-than-foreseen activity sentiment indicators added to the seemingly hawkish tone of the latest FOMC minutes, prompting investors to scale back expectations around Fed rate cuts. US initial claims for state unemployment benefits for the week ending the 18<sup>th</sup> of May dropped by 8,000 to 215,000, lower than an expected 220,000 claims and a second weekly decline. The flash US composite PMI for May rose to 54.4, above the expected 51.2 reading and the highest level in more than two years, with the service sector subcomponent up to 54.8 from a prior 51.3. However, it's important to note that the minutes' commentary predates last week's publication of the US CPI for April, which showed inflation slowing from the trend displayed in the first quarter of 2024.

The AI stock rally aced another key market test on Wednesday, when NVIDIA reported strong quarterly earnings and guidance, extending its "beat and raise" streak that has powered markets higher. NVIDIA shares rose 9.32% the day after, reacting to its above consensus first quarter revenue forecast of USD 26.04bn and second quarter forecast of USD 28bn, alongside a ten-for-one stock split aimed at raising liquidity.

The results offered further confirmation of sustained industry-wide data-centre capital expenditure already signalled in large-cap tech results, aided by a next generation chip launch and growing AI use cases and monetization. Strong tech guidance across the industry helped the Nasdaq hit a fresh all-time high earlier this week, and specialist technology gauges like the SOXX and NYSE FANG+ indexes are up more than 20% year-to-date.

US tech earnings have been among the strongest in the first-quarter reporting season, with revisions in the sector outpacing the rest of the market. However, earnings results also suggest a broadening market: Since March, tech companies excluding Microsoft, NVIDIA, and Apple have revised 2024 profit estimates up by 7%. This wider growth makes global tech valuations of a 24x price-to-earnings ratio for 2025 appear reasonable, in our view (based on MSCI AC World Information Technology Index data).

Next week, we see potential market-moving events as Conference Board consumer confidence for May on Tuesday, US GDP annualised q/q for 1Q24 on Thursday and US Personal income for April on Friday. In addition, we have German IFO Business climate on Monday and China PMI on Friday.

- Monday: China industrial profits; Germany IFO business climate; Hong Kong trade and Israel rate decision.
- Tuesday: Australia retail sales; Mexico international reserves; Sri Lanka trade, rate decision and US Conference Board consumer confidence.
- Wednesday: Brazil unemployment; Germany CPI; Russia industrial production and Vietnam industrial production, CPI, trade.
- Thursday: Australia building approvals; Chile unemployment; Eurozone economic confidence, unemployment, consumer confidence; Italy unemployment; Mexico unemployment; New Zealand building permits; South Africa rate decision; Spain CPI; Sweden GDP; Switzerland GDP; Taiwan GDP and US initial jobless claims, GDP, wholesale inventories.
- Friday: Canada quarterly GDP; Chile industrial production; China official manufacturing and non-manufacturing PMI; Colombia unemployment; Czech Republic GDP; Eurozone CPI; Finland GDP; France GDP, CPI; Hong Kong retail sales; India GDP; Italy CPI, GDP; Japan unemployment, Tokyo CPI, industrial production, retail sales; Poland CPI; Serbia GDP; South Africa trade balance; South Korea industrial production; Sri Lanka CPI; Thailand trade; Turkey GDP and US consumer income and spending.

<b>UBS ETF - Top 5 Net Inflows</b>	<b>USD</b>
Global Equity	793,250,409
North American Equity	63,472,839
EMU Corporate Bonds	23,930,084
EMU Govies	19,757,048
US Corporate Bonds	9,543,750
<b>UBS ETF - Top 4 Net Outflows</b>	<b>USD</b>
EMEA Equity	-150,356,461
APAC Equity	-32,102,977
EM Equity	-32,100,211
Global Govies	-22,061,591
<b>UBS ETF - Top 5 Primary Market Creations</b>	<b>USD</b>
UBS (Irl) ETF plc – MSCI World UCITS ETF (USD) A-acc	288,718,791
UBS (Irl) ETF plc – MSCI World UCITS ETF (USD) A-acc	288,718,760
UBS (Irl) ETF plc – MSCI World UCITS ETF (USD) A-acc	169,932,280
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-acc	53,247,138
UBS (Irl) ETF plc – MSCI World UCITS ETF (USD) A-dis	42,525,433
<b>UBS ETF - Top 5 Primary Market Redemptions</b>	<b>USD</b>
UBS ETF (CH) – SMI® (CHF) A-dis	-80,904,283
UBS ETF (CH) – SPI® (CHF) A-dis	-77,222,884
UBS (Lux) Fund Solutions – MSCI EMU UCITS ETF (EUR) A-acc	-47,458,830
UBS (Lux) Fund Solutions – MSCI Japan Socially Responsible UCITS ETF (JPY) A-acc	-40,803,369
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to CHF) A-acc	-31,147,459

<b>UBS ETF - Top 10 Secondary Market Trades</b>	<b>USD</b>
UBS (Lux) Fund Solutions – MSCI EMU UCITS ETF (hedged to USD) A-acc <i>NAV – Systematic Internaliser</i>	-119,720,000
UBS (Lux) Fund Solutions – MSCI Switzerland 20/35 UCITS ETF (CHF) A-acc <i>NAV – Systematic Internaliser</i>	55,930,000
UBS ETF (CH) – SMI® (CHF) A-dis <i>NAV – Bloomberg RFQE</i>	-43,800,000
UBS ETF (CH) – SMI® (CHF) A-dis <i>NAV – Bloomberg RFQE</i>	-37,060,000
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to CHF) A-acc <i>Risk – Systematic Internaliser</i>	-36,590,000
UBS (Lux) Fund Solutions – MSCI Japan UCITS ETF (JPY) A-acc <i>Risk – Borsa Italiana RFQ</i>	30,610,000
UBS (Irl) ETF plc – Solactive Global Pure Gold Miners UCITS ETF (USD) A-dis <i>Risk – Bloomberg RFQE</i>	-20,270,000
UBS (Lux) Fund Solutions – MSCI Switzerland 20/35 UCITS ETF (CHF) A-acc <i>NAV – Systematic Internaliser</i>	-18,380,000
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-acc <i>Risk – Tradeweb</i>	13,610,000
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-acc <i>Risk – Tradeweb</i>	13,610,000

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