



UBS ETF Capital Markets  
Weekly Flow Update  
(22<sup>nd</sup> of July – 26<sup>th</sup> of July)

### Market Commentary

MSCI World in USD ended the week down 0.82% with the index being driven downwards by Information Technology (-2.38%) and Communication Services (-2.26%) offset by Healthcare (1.44%).

This was the busiest week of the results season, with a third of market cap reporting. Y/y EPS growth is positive again but results have failed to lift market sentiment, with Europe looking softer than the US. Q2 EPS growth y/y is tracking 2% in Europe and 5% in US with both regions in positive territory for the first time since 3Q22. Both EPS beats and margins have declined in Europe but have improved in the US. Cyclical are lagging on beats in both regions, while Financials have delivered stronger numbers. In terms of surprises, EPS beats have picked up in the US to the highs but in Europe EPS beats declined marginally to average levels. Meanwhile, sales beats improved somewhat in Europe from low levels but has slid to below average levels in US. The strength in EPS beats compared to top line surprises indicates that margins have surprised to the upside in the US and vice versa in Europe. The recent soft patch in activity data like PMIs also corroborates with the subdued guidance seen from companies so far. One has started to see EPS revisions flip downwards following the move lower in PMIs.

On Thursday the PBoC unexpectedly cut the one-year medium-term lending facility (MLF) rate to 2.3% from 2.5%, the first cut since August 2023 and the largest cut since April 2020. The decision follows from the central's bank decision to cut the seven-day reverse repo rate on Monday. The rate cut also follows weaker than expected second quarter GDP data and the Third Plenum. The latest move, together with the net liquidity injection via the MLF, sends a strong signal that monetary policy is turning more supportive to ensure ample market liquidity, in response to softening economic momentum and subdued credit demand. The Third Plenum's overall message promoted high-quality growth with a focus on new productivity, fiscal/tax and social welfare reforms, risk alleviation, support for the private sector, and the opening up of markets. The late-July Politburo meeting offers another window to announce new near-term policies.

It has certainly been a volatile week in currency markets. The USDJPY fell sharply this week hitting an intraday low of 152.25. This occurred as financial markets repriced their expectations regarding a rate hike by the BoJ meeting scheduled for the 30<sup>th</sup> to the 31<sup>st</sup> of July—the probability of a 10bps hike surged from 43% on Tuesday to 72% on Thursday. The 10-year JGB yield also reacted, rising over these two days from 1.06% to a high of 1.10% on Thursday morning. Markets expect a gradual USDJPY downtrend (to 155 in December 2024 and 150 in June 2025), with an assumption of a moderate US economic slowdown and a moderate Fed cutting cycle.

Next week, we see potential market-moving events as US Conf. consumer confidence for July and Eurozone GDP y/y for 2Q24 on Tuesday; the Fed and BoJ policy decision & Eurozone countries CPI

for July on Wednesday; the BoE rate decision and US ISM Manufacturing for July on Thursday and US change in NFP for July on Friday.

- Monday: Israel industrial production; Pakistan rate decision and Sri Lanka trade.
- Tuesday: Australia building approvals; Czech Republic GDP; Eurozone economic confidence, GDP, consumer confidence; France GDP; Germany CPI, GDP; Hungary GDP; Italy GDP; Japan unemployment; Mexico international reserves, GDP; Singapore unemployment; Spain GDP, CPI and US consumer confidence.
- Wednesday: Australia CPI, retail sales; Brazil unemployment, rate decision; Chile unemployment, industrial production, rate decision; China manufacturing PMI, non-manufacturing PMI; Colombia unemployment, rate decision; Eurozone CPI; France CPI; Germany unemployment; Hong Kong GDP; Italy CPI; Japan industrial production, retail sales; New Zealand building permits; Poland CPI; Russia unemployment; Saudi Arabia GDP; Serbia GDP; South Africa trade balance; South Korea industrial production; Sri Lanka CPI; Taiwan GDP and Thailand trade.
- Thursday: Australia trade balance; China Caixin manufacturing PMI; Eurozone S&P Global Eurozone Manufacturing PMI, unemployment; France S&P Global France Manufacturing PMI; Germany S&P Global / BME Germany Manufacturing PMI; Hong Kong retail sales; India S&P Global India Manufacturing PMI; Indonesia CPI; Italy unemployment; Macau casino revenue; Pakistan trade, CPI; South Korea trade; UK S&P Global / CIPS UK Manufacturing PMI and US construction spending, initial jobless claims, ISM Manufacturing, light vehicle sales.
- Friday: Brazil industrial production; France industrial production; Italy industrial production; Mexico unemployment; South Korea CPI; Spain unemployment and US employment, factory orders.

<b>UBS ETF - Top 5 Net Inflows</b>	<b>USD</b>
US Equities Sustainable	107,172,886
Swiss Equities	64,997,100
Global Equities	50,512,994
EM Bonds	48,603,053
Global Equities (hedged)	36,028,576
<b>UBS ETF - Top 4 Net Outflows</b>	<b>USD</b>
EM Equities	-30,750,510
US Equities	-26,189,791
US Equities SmartBeta	-25,249,186
Japanese Equities Sustainable	-25,072,447
US Equities (hedged)	-17,849,693
<b>UBS ETF - Top 5 Primary Market Creations</b>	<b>USD</b>
UBS (Lux) Fund Solutions – J.P. Morgan CNY China Government 1-10 Year Bond UCITS ETF (USD) A-acc	52,396,722
UBS (Irl) ETF plc – MSCI World UCITS ETF (hedged to CHF) A-acc	46,863,041
UBS (Irl) ETF plc – MSCI World UCITS ETF (USD) A-acc	45,726,562
UBS (Lux) Fund Solutions – MSCI USA Socially Responsible UCITS ETF (USD) A-dis	44,852,260
UBS (Irl) ETF plc – MSCI USA Climate Paris Aligned UCITS ETF (USD) A-acc	30,891,360
<b>UBS ETF - Top 5 Primary Market Redemptions</b>	<b>USD</b>
UBS (Lux) Fund Solutions – MSCI Emerging Markets UCITS ETF (USD) A-acc	-20,487,780
UBS (Irl) ETF plc – MSCI World Small Cap Socially Responsible UCITS ETF (USD) A-dis	-17,051,091
UBS (Irl) ETF plc – MSCI USA hedged to EUR UCITS ETF (EUR) A-acc	-16,636,884
UBS (Lux) Fund Solutions – Bloomberg Euro Inflation Linked 1-10 UCITS ETF (EUR) A-dis	-15,749,656
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-dis	-14,591,002

<b>UBS ETF - Top 10 Secondary Market Trades</b>	<b>USD</b>
UBS (Lux) Fund Solutions – MSCI USA Socially Responsible UCITS ETF (USD) A-dis <i>Bloomberg RFQE</i>	49,330,000
UBS (Irl) ETF plc – MSCI World UCITS ETF (hedged to CHF) A-acc <i>Tradeweb</i>	47,000,000
UBS (Irl) ETF plc – MSCI USA Climate Paris Aligned UCITS ETF (USD) A-acc <i>Bloomberg RFQE</i>	44,230,000
UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF (hedged to EUR) A-acc <i>Tradeweb</i>	22,830,000
UBS (Lux) Fund Solutions – Bloomberg EUR Treasury 1-10 UCITS ETF (EUR) A-dis <i>Tradeweb</i>	19,260,000
UBS (Lux) Fund Solutions – MSCI Japan Socially Responsible UCITS ETF (JPY) A-dis <i>Tradeweb</i>	19,030,000
UBS (Lux) Fund Solutions – MSCI Japan UCITS ETF (JPY) A-dis <i>Tradeweb</i>	17,040,000
UBS (Lux) Fund Solutions – EURO STOXX 50 ESG UCITS ETF (EUR) A-dis <i>Bloomberg RFQE</i>	16,020,000
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-acc <i>Tradeweb</i>	15,370,000
UBS (Irl) ETF plc – MSCI World Small Cap Socially Responsible UCITS ETF (USD) A- dis <i>Tradeweb</i>	15,330,000

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