



UBS ETF Capital Markets
Weekly Flow Update
(January 9 – January 13)

Market Commentary

MSCI World ended the week up 3.27% led by strong performances in Consumer Discretionary (5.58%), Information Technology (5.04%) and Materials (4.47%).

This week saw the release of CPI data for the US. CPI for December fell 0.1% mom. In yoy terms, the inflation rate slowed to 6.5%, the lowest since October 2021 and down from the peak of 9.1% last June. Core CPI, which excludes food and energy prices, increased 0.3% mom. The data was in line with consensus forecasts.

Consumer spending is continuing to shift away from goods, and many supply-side bottlenecks have eased, reducing inflationary pressure. Core goods prices fell for the 3rd month in a row, helped by big declines in used auto prices, which were down another 2.5% in December. By contrast, core service prices are still rising, driven mostly by shelter, which increased by 0.8%. However, it is important to keep in mind that shelter prices are a lagging indicator. Timely data on new leases shows rent growth slowing or even turning negative in some cities. Core CPI excluding shelter has fallen by 0.1% in each of the last 3 months.

Despite the in-line inflation data many analysts still expect a 25bps increase at the FOMC meeting on the 1st February down from 50bps in December and 75bps in the 4 preceding meetings. The labour market remains very tight, keeping upward pressure on wages and until there are visible signs of softening it is unlikely the Fed will be confident in meeting their 2% inflation target.

As we approach Q4 earning season it is important to keep expectations in check. Equities must manage substantial headwinds including an aggressive Fed, a normalization in demand for goods popular during the pandemic, a stronger USD, and higher costs because of more expensive labour. There are also some positives such as job gains, pent-up savings, and China reopening but many analysts predict a sharp slowdown in revenue growth to the 4–5% range, and a continued normalization in profit margins from higher-than-average levels last year.

Equity market valuations are higher than where they were on the eve of the last two earnings reporting seasons. The S&P 500 forward P/E is at 17.3x compared to the 15–16x range prevailing before the Q2 and Q3 reports. This suggests that even if results are a bit better than investors expect, the upside market potential may be somewhat limited. At the same time, downside risks remain elevated, and stocks could fall 15–20% if the economy enters a full-blown recession.

The World Economic Forum in Davos is next week, and 19 central bank heads are scheduled to speak, including Christine Lagarde. But the big focus will be the BoJ where there's speculation about further adjustments to the yield curve control policy. Meanwhile US debt-ceiling headlines are likely

to become increasingly strident. Treasury Secretary Yellen already announced the government would start taking special measures on the 19th of January.

- Monday: China property prices, medium-term lending; Japan PPI; UK Rightmove house price index; Canada existing home sales; Australia inflation; Israel GDP.
- Tuesday: US Empire State manufacturing survey; Germany ZEW survey, CPI; UK unemployment; China GDP, retail sales, industrial production, jobless; Italy CPI; Canada CPI, housing starts; Australia consumer confidence.
- Wednesday: US retail sales, PPI, industrial production, MBA mortgage applications, business inventories; Eurozone CPI, UK CPI; Canada industrial product prices; Taiwan GDP, unemployment.
- Thursday: US initial jobless claims, housing starts, Philadelphia Fed index; ECB monetary-policy account; Japan trade; Australia, Brazil unemployment; Turkey rate decision.
- Friday: US existing home sales; Germany PPI; UK, Canada retail sales; China loan prime rates.

UBS ETF - Top 5 Net Inflows	USD
Commodity	59,273,148
US Corporate Bonds Sustainable	54,186,240
US Equities Sustainable (hedged)	52,249,390
European Equities Sustainable	39,603,955
Euro Corporate Bonds	16,783,800
UBS ETF - Top 5 Net Outflows	USD
US Equities Sustainable	-146,698,362
Asian Equities Sustainable	-23,727,146
Global Equities (hedged)	-19,887,702
Japanese Equities (hedged)	-18,317,813
EM Bonds	-14,025,702
UBS ETF - Top 5 Primary Market Creations	USD
UBS (Lux) Fund Solutions – Bloomberg MSCI US Liquid Corporates 1-5 Year Sustainable UCITS ETF (USD) A-acc	54,186,240
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to EUR) A-acc	31,031,569
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc	29,489,070
UBS (Lux) Fund Solutions – MSCI EMU Socially Responsible UCITS ETF (EUR) A-acc	25,499,462
UBS (Irl) Fund Solutions plc – CMCI Commodity Carry SF UCITS ETF (hedged to EUR) A-acc	24,248,325
UBS ETF - Top 5 Primary Market Redemptions	USD
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-dis	-77,532,768
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc	-35,393,652
UBS (Lux) Fund Solutions – MSCI Pacific Socially Responsible UCITS ETF (USD) A-dis	-20,468,910
UBS (Lux) Fund Solutions – J.P. Morgan USD EM IG ESG Diversified Bond UCITS ETF (USD) A-acc	-15,617,420
UBS (Irl) ETF plc – MSCI USA Socially Responsible UCITS ETF (USD) A-dis	-11,547,536

UBS ETF - Top 10 Secondary Market Trades	USD
UBS (Lux) Fund Solutions – Bloomberg MSCI US Liquid Corporates 1-5 Year Sustainable UCITS ETF (hedged to EUR) A-acc <i>Risk – Tradeweb</i>	55,280,000
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to EUR) A-acc <i>Risk – Tradeweb</i>	37,030,000
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc <i>Risk – Tradeweb</i>	-36,720,000
UBS (Irl) ETF plc – MSCI ACWI Socially Responsible UCITS ETF (USD) A-acc <i>Risk – Tradeweb</i>	35,450,000
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc <i>NAV – Systematic Internaliser</i>	32,250,000
UBS (Irl) Fund Solutions plc – MSCI ACWI SF UCITS ETF (hedged to EUR) A-acc <i>Risk – Bloomberg RFQE</i>	23,520,000
UBS (Irl) Fund Solutions plc – CMCI Commodity Carry SF UCITS ETF (hedged to EUR) A-acc <i>NAV – Systematic Internaliser</i>	22,510,000
UBS (Irl) ETF plc – MSCI ACWI ESG Universal Low Carbon Select UCITS ETF (hedged to CHF) A-acc <i>Risk – Tradeweb</i>	-22,310,000
UBS (Irl) ETF plc – MSCI ACWI Socially Responsible UCITS ETF (hedged to EUR) A-acc <i>Risk – Tradeweb</i>	-19,560,000
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to EUR) A-acc <i>Risk – Tradeweb</i>	18,560,000

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