



UBS ETF Capital Markets
Weekly Flow Update
(May 1st – 5th)

Market Commentary

MSCI World in USD ended the week down 45bps led by declines in Energy (-4.61%), Financials (-2.18%) and Communication Services (-1.93%) offset by strength in Information Technology (0.73%).

It was a busy week as we are still in corporate earnings season and we had interest rate decisions from the FED and ECB accompanied by payrolls data for the US.

On Wednesday, the FED raised rates by 25bps to 5.25%, the highest level since 2007. The FED indicated that it is open to a pause in the rate hiking cycle. Prior wording in the FOMC statement said "some additional policy firming may be appropriate" was replaced by more open-ended language, saying "in determining the extent to which additional policy firming may be appropriate". In the press conference Powell reiterated that the FOMC would decide on a meeting by meeting basis whether to raise rates further. It would seem the FED is potentially willing to see the effects of previous rate hikes, the ongoing reduction in the size of the balance sheet and the tightening in credit conditions due to the regional banking crisis. Inflation is still above the FED's target so it is possible we may see no rate cuts this year (market is pricing in c. 50bps by year end). This view is further supported by robust labour market conditions and private sector demand still holding up.

On Thursday the ECB slowed its pace of interest rate hikes to 25bps and Lagarde maintained that the ECB is in data-dependent mode but hinted that more hikes are likely ahead. With underlying inflation pressures still high and likely to persist near term (Eurozone inflation rose for the first time in 6 months to 7% yoy in April, from 6.9% in March), the market is predicted another 25bps in either June or July. The ECB also announced it will be ending the bond reinvestments in its Asset Purchase Programme in June. The pace of balance sheet reduction increase from EUR15bn to around EUR25bn per month. Though again, Lagarde was keen to stress that the Governing Council will maintain flexibility here.

The cautious hawkish momentum has been maintained by both the RBA and the BoJ. The RBA hiked interest rates by 25bps to 3.85% amid a tight labour market, and elevated services and energy inflation. The BoJ removed references in its statement last week on the need to guard against risks from the pandemic and dropped the expectation for "short- and long-term policy interest rates to remain at their present or lower levels".

On Friday we had US NFP which increased by 253,000 in April, while the unemployment rate fell to 3.4%. The 253,000 increase was above market expectations but there were downward revisions in the previous 2 months of 149,000. The unemployment rate fell to 3.4%, down from 3.5% in March and equalling the lowest level since the 1960s. Average hourly earnings also surprised to the upside, rising 0.48% mom, the highest since March 2022. Earlier in the week, JOLTS job openings fell to 9.6m in March, around 1m below January's level and 2.4m below the peak hit last March. The high

wage growth corroborates the FED's thinking that the labour market is still too strong to allow an interest rate pivot. On the positive side, the labour supply has been improving, helped by returning workers and new immigrants, so potentially some better news on the horizon with respect to wage growth.

This week will be quieter, for central banks at least. The BoE is expected to follow the Fed and ECB with a quarter-point increase, but the EM banks meeting next week: Chile, Peru, Poland and Romania are all forecast to hold. We will also have CPI in the US and UK GDP.

- Monday: Australia building approvals, Chile copper exports, CPI, trade, Germany industrial production, Taiwan trade and US wholesale inventories.
- Tuesday: Argentina industrial production, Australia consumer confidence, China aggregate financing, trade, money supply, new yuan loans, France trade, Japan household spending, Malaysia industrial production, Mexico international reserves, CPI and Philippines trade.
- Wednesday: Brazil industrial production, Germany CPI, Italy industrial production, New Zealand home sales, Poland rate decision, South Korea jobless rate, Hungary CPI, Turkey industrial production and US CPI.
- Thursday: China PPI, CPI, New Zealand food prices, Peru rate decision, Philippines GDP, South Africa manufacturing production, Turkey current account, UK BOE rate decision, industrial production, GDP and US PPI, initial jobless claims.
- Friday: Argentina CPI, Brazil CPI, Chile rate decision, Colombia industrial production, retail sales, France CPI, Hong Kong GDP, India industrial production, CPI, Japan M2 money stock, Malaysia GDP, Mexico industrial production, New Zealand PMI, Norway GDP
- Russia CPI, Spain CPI and US University of Michigan consumer sentiment.

UBS ETF - Top 5 Net Inflows	USD
US Equities SmartBeta (hedged)	33,791,121
Global Equities Sustainable	27,913,586
UK Equities Sustainable	25,574,980
Fixed Income Japan	20,396,254
Commodity	10,559,983
UBS ETF - Top 5 Net Outflows	USD
Swiss Equities	-277,647,197
US Corporate Bonds	-62,378,402
Global Government Bonds Sustainable (hedged)	-30,769,270
Asian Equities Sustainable	-25,770,796
European Equities SmartBeta	-21,922,392
UBS ETF - Top 5 Primary Market Creations	USD
UBS (Irl) ETF plc – MSCI United Kingdom IMI Socially Responsible UCITS ETF (GBP) A-dis	23,778,182
UBS (Irl) ETF plc – Factor MSCI USA Quality UCITS ETF (USD) A-dis	19,431,544
UBS (Irl) ETF plc – MSCI World Socially Responsible UCITS ETF (hedged to EUR) A-acc	19,102,073
UBS (Irl) ETF plc – Factor MSCI USA Quality UCITS ETF (hedged to CHF) A-acc	14,735,350
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc	12,656,761
UBS ETF - Top 5 Primary Market Redemptions	USD
UBS ETF (CH) – SPI® (CHF) A-dis	-131,951,914
UBS ETF (CH) – SPI® (CHF) A-dis	-95,126,550
UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF (USD) A-dis	-57,503,040
UBS ETF (CH) – MSCI Switzerland (CHF) A-dis	-46,855,905
UBS (Lux) Fund Solutions – J.P. Morgan Global Government ESG Liquid Bond UCITS ETF (hedged to EUR) A-acc	-33,183,944

UBS ETF - Top 10 Secondary Market Trades	USD
UBS (Lux) Fund Solutions – MSCI EMU Select Factor Mix UCITS ETF (EUR) A-acc <i>Tradeweb</i>	-28,870,000
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc <i>Systematic Internaliser</i>	-19,990,000
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc <i>Systematic Internaliser</i>	19,210,000
UBS (Irl) ETF plc – Factor MSCI USA Quality UCITS ETF (USD) A-dis <i>Tradeweb</i>	12,860,000
UBS (Lux) Fund Solutions – MSCI Emerging Markets UCITS ETF (USD) A-dis <i>Tradeweb</i>	12,700,000
UBS (Irl) ETF plc – Factor MSCI USA Prime Value UCITS ETF (USD) A-dis <i>Bloomberg RFQE</i>	-12,220,000
UBS (Lux) Fund Solutions – MSCI China ESG Universal Low Carbon Select UCITS ETF (USD) A-dis <i>Tradeweb</i>	-11,650,000
UBS (Lux) Fund Solutions – MSCI Japan UCITS ETF (JPY) A-acc <i>Tradeweb</i>	10,660,000
UBS (Irl) ETF plc – MSCI ACWI Socially Responsible UCITS ETF (USD) A-acc <i>Tradeweb</i>	-10,600,000
UBS (Irl) ETF plc – MSCI USA Value UCITS ETF (USD) A-dis <i>Tradeweb</i>	-10,270,000

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