



UBS ETF Capital Markets
Weekly Flow Update
(29th of May - 2nd of June)

Market Commentary

MSCI World in USD ended the week up 1.65% with strong performances in Consumer Discretionary (2.44%), Materials (2.26%) and Industrials (2.24%) offset by weakness in Consumer Staples (-0.19%).

During this holiday shortened week we had numerous CPI releases across the Euro area where the CPI data undershot consensus expectations and reinforced the disinflation narrative across the region. Most of the surge in inflation last year was caused by rising commodity and energy prices because of the conflict in the Ukraine. Given how commodity prices, in particular gas, have fallen it is not unsurprising that inflation has eased especially as base effects start to kick in. Despite continued elevated food prices, the pathway of disinflation should continue as energy costs keep on falling.

Tighter monetary policy by the ECB has additionally supported the disinflation process as the ECB removes excess liquidity from the system and increases interest rates. Coupled with the weakening of the recovery in China EU equities were weaker in the month of May after a stellar run over the past 8 months. Earnings and profit margins have been boosted by inflation, so it is expected as inflation falls this process goes into reverse.

Post the banking stress experienced in March future expectations for monetary policy seem more reasonable with the US curve now largely reflecting the Fed's dot plot. Whilst the ECB is expected to keep on increasing rates, markets believe the peak is soon. Unfortunately, in the UK inflation appears more entrenched and the recent high inflation print has seen a large repricing of future interest rates with higher for longer rates now expected.

On Friday, the US labour report for May showed nonfarm payrolls increasing by 339,000, far above market consensus and there were upward revisions of 93,000 over the prior 2 months. However, the unemployment rate jumped to 3.7%, up from 3.4% in April. Average hourly earnings (up 0.3% mom) and average hours worked (34.3 vs. 34.4 in April) were also soft.

The conflicting trend in the data makes it difficult to discern how tight the labour market is. In May, employment fell by 310,000, so the higher unemployment rate was driven by lower employment rather than people entering the labour force. Earlier in the week, JOLTS job openings surprised to the upside, rising to 10.1mm in April versus consensus expectations of a decline to 9.4mm. Nevertheless, with inflation still above the Fed's target the pressure remains on to tighten monetary policy further in either the June or July meeting despite previous rate rises of 500bps since last March. One to point to note, US CPI is published on the 13th of June, the first day of the Fed's meeting. A strong print may prompt action.

Next week will be quieter for US data, but Chinese CPI is published on Friday. The central banks of Australia and Canada meet, as well as India, Russia, Peru and Poland. They are all expected to hold rates unchanged.

- Monday: China Caixin services PMI, Eurozone S&P Global Eurozone Services PMI, PPI, Indonesia CPI, Singapore retail sales, US factory orders, ISM services and Uganda rate decision.
- Tuesday: Australia current account, rate decision, Eurozone retail sales, Germany factory orders, Japan household spending, Mexico international reserves, Philippines CPI, Poland rate decision, South Africa GDP, Spain industrial production, Taiwan CPI and Thailand CPI.
- Wednesday: Australia GDP, Brazil CPI, Chile copper exports, trade, China forex reserves, trade, Colombia CPI, France trade, Germany industrial production, Greece GDP, Taiwan trade and US trade, consumer credit.
- Thursday: Argentina industrial production, Australia trade balance, Bulgaria GDP, Chile CPI, Eurozone GDP, India rate decision, Japan GDP, Mexico CPI, Peru rate decision, Saudi Arabia GDP, South Africa manufacturing production, current account and US wholesale inventories, initial jobless claims.
- Friday: Canada unemployment, China aggregate financing, PPI, CPI, money supply, new yuan, loans, Italy industrial production, Japan M2 money stock, Malaysia industrial production, Mexico industrial production, Philippines trade, Russia CPI, rate decision, Turkey industrial production and Ukraine GDP.

UBS ETF - Top 5 Net Inflows	USD
Commodity	166,985,270
US Inflation-Linked	72,846,655
APAC Equity	48,892,286
EMU Corporate Bonds	42,241,864
Global Govies	12,203,571
UBS ETF - Top 5 Net Outflows	USD
North-American Equity	-338,694,509
EMEA Equity	-129,186,983
Global Equity	-45,692,499
EMU Govies	-37,459,724
EM Equity	-15,335,962
UBS ETF - Top 5 Primary Market Creations	USD
UBS (Irl) Fund Solutions plc – Bloomberg Commodity Index SF UCITS ETF (CHF) A-acc	295,396,371
UBS (Lux) Fund Solutions – Bloomberg TIPS 10+ UCITS ETF (USD) A-dis	76,941,480
UBS (Lux) Fund Solutions – MSCI Japan Socially Responsible UCITS ETF (JPY) A-acc	52,085,942
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc	21,780,432
UBS (Lux) Fund Solutions – Bloomberg MSCI Euro Area Liquid Corporates 1-5 Year Sustainable UCITS ETF (EUR) A-dis	17,247,495
UBS ETF - Top 5 Primary Market Redemptions	USD
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc	-185,986,188
UBS (Irl) Fund Solutions plc – Bloomberg Commodity CMCI SF UCITS ETF (hedged to CHF) A-acc	-138,289,744
UBS (Lux) Fund Solutions – MSCI USA Socially Responsible UCITS ETF (USD) A-dis	-86,064,150
UBS (Lux) Fund Solutions – MSCI EMU UCITS ETF (EUR) A-acc	-59,194,592
UBS (Irl) ETF plc – MSCI USA UCITS ETF (USD) A-acc	-52,399,600

UBS ETF - Top 10 Secondary Market Trades	USD
UBS (Irl) Fund Solutions plc – Bloomberg Commodity Index SF UCITS ETF (CHF) A-acc <i>Tradeweb – NAV</i>	286,540,000
UBS (Irl) Fund Solutions plc – Bloomberg Commodity CMCI SF UCITS ETF (hedged to CHF) A-acc <i>Tradeweb – NAV</i>	-137,070,000
UBS (Lux) Fund Solutions – MSCI EMU UCITS ETF (EUR) A-acc <i>Tradeweb – NAV</i>	-94,660,000
UBS (Lux) Fund Solutions – MSCI Japan Socially Responsible UCITS ETF (JPY) A-acc <i>Tradeweb – NAV</i>	56,060,000
UBS (Lux) Fund Solutions – MSCI EMU Socially Responsible UCITS ETF (EUR) A-acc <i>Tradeweb – NAV</i>	-47,440,000
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc <i>Systematic Internaliser – Risk</i>	16,140,000
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-dis <i>Systematic Internaliser – Risk</i>	-15,180,000
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to CHF) A-acc <i>Systematic Internaliser – Risk</i>	-15,020,000
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-dis <i>Bloomberg RFQE – Risk</i>	-14,810,000
UBS (Lux) Fund Solutions – Sustainable Development Bank Bonds UCITS ETF (hedged to EUR) A-acc <i>Bloomberg RFQE – Risk</i>	-12,540,000

UBS ETF Capital Markets

Group e-mail: ol-etf-cm@ubs.com

Pravin Bagree CFA

Head of UBS ETF Capital Markets | pravin.bagree@ubs.com | +41 44 235 19 08

Giorgio Cescato

UBS ETF Capital Markets Specialist | giorgio.cescato@ubs.com | +41 44 234 54 85

Gianandrea Grassi

UBS ETF Capital Markets Specialist | gianandrea.grassi@ubs.com | +41 44 234 53 45

[Click here for more information on UBS ETFs](#)

For marketing and information purposes by UBS.

Issuer UBS Asset Management Switzerland AG, c/o UBS AG, Bahnhofstrasse 45, 8001 Zürich, Switzerland

E-mails can involve SUBSTANTIAL RISKS, e.g. lack of confidentiality, potential manipulation of contents and/or sender's address, incorrect recipient (misdirection), viruses etc. UBS assumes no responsibility for any loss or damage resulting from the use of e-mails. The recipient is aware of the inherent risks of use of emails and accepts them, in particular the disclosure of the banking relationship or of confidential data connected thereto to third parties.

UBS may evaluate and analyse the use of email in connection with this newsletter to create profiles. These are used by UBS and its group entities particularly to be able to provide their clients with individual advice, tailor made offers and information about UBS products as well as for market research, marketing and risk management purposes.

Privacy statement

For professional clients / qualified investors only.

The benchmark is the intellectual property of the index provider. The Share Class is not sponsored or endorsed by the index provider. Please refer to the Fund's prospectus or supplement for the full disclaimer.

Before investing in a product please read the latest prospectus carefully and thoroughly. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. Members of the UBS Group may have a position in and may make a purchase and / or sale of any of the securities or other financial instruments mentioned in this document. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose without the written permission of UBS Asset Management Switzerland AG or a local affiliated company. Source for all data and charts (if not indicated otherwise): UBS Asset Management

This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking

statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

More explanations of financial terms can be found at ubs.com/am-glossary

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.