



UBS ETF Capital Markets
Weekly Flow Update
(3rd of June – 7th of June)

Market Commentary

MSCI World in USD ended the week up 1.01% with the index being driven upwards by Information Technology (3.78%) and Healthcare (2.13%) offset by Energy (-3.53%).

It was a very busy week for macro data! On Monday, US ISM data was released. The headline ISM manufacturing index fell to 48.7 points in May, below market consensus of 49.5, and remained within pessimistic territory (below 50). Notably, the ISM's new orders component moved deeper into contraction, declining 3.7 points to 45.4, and marking its lowest level in 12 months. These figures follow a swathe of Fed regional manufacturing surveys which also showed weakness. Then on Tuesday, the US job openings and labour turnover survey (JOLTS) showed US job openings fell by 296,000 in April to 8.06 million, weaker than market expectations. This marked the lowest level since February 2021; the report also included downward revisions for March. The private job openings rate dropped 0.2 percentage points to 5.0%, nearing the pre-pandemic average of 4.8%.

On a busy Tuesday, Indian equities suffered their worst single-day decline in four years, following disappointing election results for Prime Minister Narendra Modi's BJP-led coalition government. Post-vote exit polls over the weekend had raised expectations for a landslide victory and sent the benchmark Nifty 50 index to record highs on Monday. Instead, the BJP captured just 240 seats, falling short of the 272 seats needed for a simple majority. The broader NDA ruling coalition has seen its seat count reduced to 293, down from 353 in the 2019 election. The benchmark Nifty 50 and BSE Sensex indexes both fell around 5.6% on Tuesday, and the Nifty energy and public sector enterprise sub-indexes fell by double digits. Sentiment had stabilized early Wednesday, with defensives doing better than infrastructure and government PSU names but nonetheless investors need to be aware of political surprises given the number of elections in the calendar.

The BoC became the first G7 central bank to kick off an easing cycle on Wednesday, as it lowered the benchmark overnight rate by 25bps to 4.75%. In a move widely expected by markets, policymakers said they're more confident that Canada's inflation is headed to the 2% target, and that it's "reasonable to expect further cuts" if progress continues. The cut came after Canada's annual inflation rate slowed to a three-year low of 2.7% in April, with Governor Macklem saying the central bank doesn't want "monetary policy to be more restrictive than it needs to be to get inflation back to target."

The ECB delivered on its well-telegraphed hints that it would start dialling back policy restriction at the June meeting, cutting all policy rates by 25bps, and leaving the deposit rate at 3.75% and the refi rate at 4.25%. As expected, the Governing Council (GC) also maintained its blueprint for the PEPP phase out. However, the official communication was cautious and non-committal on the future path. Lagarde indicated that she didn't know how long it will take until the next policy move, while highlighting that there could be unexpected bumps on the road, such that decisions will remain data

dependent. Near-term GDP growth was upgraded in the updated forecasts, but the overall narrative of a consumption-led recovery underpinned by recovering real wages was maintained. Inflation projections were also revised up for 2024 and 2025, with higher expected core inflation because of stronger unit labour cost assumptions. Headline inflation is now expected to converge to the 2% target only in Q425.

US Nonfarm payroll employment registered a robust gain in May, rising 272k (consensus 185k). The 3mma average pace, at 249k/m, suggests only modest deceleration from the 261k/m average over the preceding three-month period ended in February, significantly undermining the narrative that underlying growth conditions are deteriorating. As in April, gains were led by the private services sector, particularly healthcare, while government sector payrolls rebounded after a muted increase in the prior month. The unemployment rate rounded up to 4.0%, its highest since late 2021, and in line with the Fed's estimate of the NAIRU. Given the high monthly variability of these estimates, markets may conclude that it is premature to conclude from May's increase that slack has widened materially. Average hourly earnings growth reaccelerated to 0.4% m/m (4.1%) after having softened to 0.2% m/m (4.0% y/y) in April, defying earlier indicators from the JOLTS pointing to a diminishing imbalance between demand and supply.

Next week will be busy with the FOMC rate decision and US CPI for May is on the Wednesday. and on Friday we have the BoJ decision and the University of Michigan sentiment survey for June.

- Monday: Italy industrial production; Japan GDP; Malaysia industrial production; New Zealand home sales; Pakistan rate decision and Turkey current account, industrial production.
- Tuesday: Brazil CPI; Colombia CPI; Japan M2 money stock; Mexico international reserves, industrial production; Philippines trade; South Africa manufacturing production; UK jobless claims, unemployment and Ukraine GDP.
- Wednesday: China PPI, CPI; Germany CPI; India trade, industrial production, CPI; Japan PPI; South Korea jobless rate; Thailand rate decision; UK industrial production and US CPI, FOMC rate decision.
- Thursday: Argentina CPI; Australia unemployment; Eurozone industrial production; Israel trade; Peru rate decision; Russia trade; Spain CPI; Taiwan rate decision; US PPI, initial jobless claims and Ukraine rate decision.
- Friday: Colombia industrial production, retail sales; France CPI; India wholesale prices; Israel CPI; Italy trade; Japan tertiary index, industrial production; New Zealand food prices, PMI; Poland CPI; Russia CPI, GDP; Sri Lanka GDP and US University of Michigan consumer sentiment.

UBS ETF - Top 5 Net Inflows	USD
EMEA Equity	139,452,636
North-American Equity	47,576,476
Global Equity	39,049,325
EMU Govies	28,301,614
Global Corporate Bonds	13,878,953
UBS ETF - Top 4 Net Outflows	USD
APAC Equity	-149,944,424
EM Equity	-68,956,428
Dynamic Option Strategies	-19,250,674
EMU Corporate Bonds	-11,542,348
Global Govies	-9,353,765
UBS ETF - Top 5 Primary Market Creations	USD
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (GBP) A-acc	48,441,251
UBS (Lux) Fund Solutions – MSCI World Socially Responsible UCITS ETF (USD) A-dis	24,033,678
UBS ETF (CH) – SLI® (CHF) A-dis	22,643,605
UBS (Lux) Fund Solutions – Bloomberg EUR Treasury 1-10 UCITS ETF (EUR) A-dis	21,029,162
UBS (Lux) Fund Solutions – EURO STOXX 50 ESG UCITS ETF (EUR) A-dis	19,327,885
UBS ETF - Top 5 Primary Market Redemptions	USD
UBS (Lux) Fund Solutions – MSCI Japan UCITS ETF (JPY) A-acc	-146,990,167
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-acc	-49,613,943
UBS ETF (CH) – SLI® (CHF) A-dis	-23,047,992
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-acc	-20,932,210
UBS (Lux) Fund Solutions – J.P. Morgan EMU Government ESG Liquid Bond UCITS ETF (EUR) A-acc	-14,031,749

UBS ETF - Top 10 Secondary Market Trades	USD
UBS (Irl) ETF plc – MSCI USA Socially Responsible UCITS ETF (USD) A-acc <i>NAV – Systematic Internaliser</i>	-154,140,000
UBS (Lux) Fund Solutions – MSCI Japan UCITS ETF (JPY) A-acc <i>NAV – Tradeweb</i>	-152,200,000
UBS (Lux) Fund Solutions – MSCI Canada UCITS ETF (CAD) A-dis <i>NAV – Systematic Internaliser</i>	114,420,000
UBS ETF (CH) – Gold (USD) A-dis <i>Risk – Tradeweb</i>	96,270,000
UBS (Lux) Fund Solutions – MSCI EMU UCITS ETF (EUR) A-acc <i>NAV – Systematic Internaliser</i>	-51,110,000
UBS ETF (CH) – SLI® (CHF) A-dis <i>NAV – Systematic Internaliser</i>	-50,380,000
UBS (Lux) Fund Solutions – MSCI EMU Small Cap UCITS ETF (EUR) A-dis <i>NAV – Systematic Internaliser</i>	49,700,000
UBS (Lux) Fund Solutions – MSCI EMU UCITS ETF (EUR) A-acc <i>Risk – Bloomberg RFQE</i>	-29,330,000
UBS ETF (CH) – SLI® (CHF) A-dis <i>NAV – Systematic Internaliser</i>	-27,800,000
UBS ETF (CH) – SBI® Corporate ESG (CHF) A-dis <i>NAV – Systematic Internaliser</i>	-25,570,000

UBS ETF Capital Markets

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