



UBS ETF Capital Markets
Weekly Flow Update
(27th of November – 1st of December)

Market Commentary

MSCI World in USD ended the week up 0.88% with the index being driven upwards by Financials (1.79%), Industrials (1.82%) and Information Technology (0.74%).

The month of November has been great both for equities and bonds with the 2 asset classes delivering the best returns since November 2020 and December 2008 respectively. Subsequently, a global 60:40 portfolio delivered its strongest returns in three years with volatility retracing sharply lower after the spike in October. The relief in rates globally sparked the risk on month with the US 10-year Treasury yield falling c. 50bps, the 10-year Bund by c. 40bps and the 10-year Gilt by c. 36bps. With inflation continuing to surprise on the downside, investors bought bonds and cut short positions in long duration equity assets. In addition, the more rate sensitive parts of the markets like small caps, real estate etc. benefitted. At the same time with the conflict in the Middle East seemingly contained for now, the geopolitical risk premium also has been partially unwound adding to the bullish sentiment. Commodities (especially Oil) and the US Dollar declined delivering the worst returns among the major asset classes last month.

Over the course of the month, developed markets strongly outperformed emerging markets with the tech heavy Nasdaq outperforming the S&P 500 and the US beating Europe. Within Europe, given their duration and cyclical tilt, Sweden, Spain and Germany performed substantially better than the UK with its low weighting to tech and high weighting to commodities. Japanese equities underperformed but returns were still decent as stocks benefit from a weaker Yen. EM equities lagged notably as China underperformance acted as a drag with investors still looking unimpressed with the raft of measures taken by the authorities to boost growth.

On Monday, Chinese industrial profit data showed growth slowed in October to 2.7% y/y, pulling back from the double-digit pace of gains seen in both September and August. YTD through October, profits were down 7.8% against 2022 levels, improving on the 9% pace of decline through the first nine months of 2023. On Thursday, China's official manufacturing PMI edged down to 49.4 in November, below both the 50-point mark separating expansion from contraction, and the market's 49.8 consensus forecast. The survey showed new orders, export orders, and import orders all edged down. The non-manufacturing PMI, which includes construction and services, moderated to 50.2, suggesting slowing service sector consumption as pent-up demand fades. The services part of the measure, which holds an 80% weighting, slipped into contraction amid weaker travel and catering demand. However, on Friday Caixin China PMI data came in ahead of expectations at 50.7 against consensus of 49.6 thus indicating the continued volatility in data. The data arrive just ahead of the Central Economic Work Conference where officials are expected to reveal new policy support measures for the year ahead.

On Thursday, the core US PCE for October showed a 0.2% m/m increase in the prices consumers paid for core goods and services (excluding food and energy costs), in line with expectations. On a y/y basis, core PCE rose 3.5% y/y versus the FOMC's projection of 3.7% in the September Summary of Economic Projections. In the past, Powell noted the FOMC is primarily interested in the six-month trend when determining if the level of inflation is sustainably moving toward the Committee's 2% goal. For October, this six-month measure continued to cool to +2.5% annualized. Slowing growth in the economy was also emphasised by the ISM Manufacturing PMI for November which was unchanged at 47.6 and weaker than consensus expectations. All the sub-indexes were below 50 except for customers' inventories, indicating that inventories are now viewed as too high. Production moved below 50 (48.5 vs. 50.4 in October), and employment was down (45.8 vs. 46.8). This slowdown was noted in public remarks by Powell on Friday where he commented that inflation has slowed in recent months, and economic growth also appears to be moderating in the current quarter after rapid growth in Q3. However, he made it clear that it is still too soon to declare victory on inflation, in particular saying that it is premature to talk about rate cuts.

Next week, we see the key market moving events as US JOLTS job openings for October released on Tuesday; Q3 Eurozone GDP on Thursday and US Non-Farm Payrolls for November (BBG Cons: 175k) and US Consumer sentiment for December on Friday (BBG Cons: 61.3).

- Monday: Spain unemployment and US factory orders, durable goods.
- Tuesday: Australia current account, rate decision, Brazil GDP, China Caixin services PMI, Eurozone S&P Global Services PMI, PPI, France industrial production, Japan Tokyo CPI, Mexico international reserves, Philippines CPI, Singapore retail sales, South Africa GDP, South Korea CPI, GDP, Spain industrial production and US ISM Services, Job openings.
- Wednesday: Australia GDP, Eurozone retail sales, Germany factory orders, Greece GDP, Poland rate decision, Taiwan CPI, Canada overnight rate and US trade.
- Thursday: Argentina industrial production, Australia trade balance, Bulgaria GDP, Chile copper exports, trade, CPI, China trade, forex reserves, Colombia CPI, Eurozone GDP, France trade, Germany industrial production, Italy industrial production, Mexico CPI, Saudi Arabia GDP, South Africa current account, Thailand CPI and US wholesale inventories, initial jobless claims.
- Friday: Germany CPI, India rate decision, Japan household spending, GDP, Russia CPI, Taiwan trade and US jobs report, University of Michigan consumer sentiment.

UBS ETF - Top 5 Net Inflows	USD
UK Equities (hedged)	899,595,243
US Equities Sustainable	131,944,767
UK Equities Sustainable (hedged)	81,311,758
Fixed Income Japan	57,067,144
European Equities Sustainable	54,882,767
UBS ETF - Top 5 Net Outflows	USD
UK Equities	-842,633,675
Sustainable Development Bank Bonds	-203,312,668
UK Equities Sustainable	-80,930,569
US Equities Sustainable (hedged)	-74,166,320
Global Equities Sustainable	-40,945,187
UBS ETF - Top 5 Primary Market Creations	USD
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to USD) A-acc	180,572,937
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to USD) A-acc	178,334,055
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to EUR) A-acc	149,138,835
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to EUR) A-acc	103,039,185
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to CHF) A-acc	89,446,237
UBS ETF - Top 5 Primary Market Redemptions	USD
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (GBP) A-acc	-418,507,975
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (GBP) A-acc	-178,334,045
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (GBP) A-acc	-103,039,194
UBS (Lux) Fund Solutions – Sustainable Development Bank Bonds UCITS ETF (USD) A-acc	-102,830,240
UBS (Lux) Fund Solutions – Sustainable Development Bank Bonds UCITS ETF (USD) A-acc	-100,594,800

UBS ETF - Top 10 Secondary Market Trades	USD
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (GBP) A-acc <i>NAV – Systematic Internaliser</i>	-428,100,000
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (GBP) A-acc <i>NAV – Systematic Internaliser</i>	-326,980,000
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to USD) A-acc <i>NAV – Systematic Internaliser</i>	181,130,000
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to USD) A-acc <i>NAV – Systematic Internaliser</i>	179,900,000
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to EUR) A-acc <i>NAV – Systematic Internaliser</i>	148,770,000
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to CHF) A-acc <i>NAV – Systematic Internaliser</i>	143,470,000
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to EUR) A-acc <i>NAV – Systematic Internaliser</i>	97,850,000
UBS (Lux) Fund Solutions – MSCI United Kingdom UCITS ETF (hedged to CHF) A-acc <i>NAV – Systematic Internaliser</i>	89,260,000
UBS (Irl) ETF plc – MSCI USA Socially Responsible UCITS ETF (USD) A-acc <i>NAV – Systematic Internaliser</i>	87,010,000
UBS (Irl) ETF plc – MSCI United Kingdom IMI Socially Responsible UCITS ETF (hedged to CHF) A-dis <i>NAV – Systematic Internaliser</i>	80,810,000

UBS ETF Capital Markets

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