



UBS ETF Capital Markets
Weekly Flow Update
(20th of November – 24th of November)

Market Commentary

MSCI World in USD ended the week up 1.03% with the index being driven upwards by Healthcare (2.00%), Financials (1.10%) and Information Technology (0.66%).

In a quieter week for markets, given the Thanksgiving holiday in the US on Thursday, we still received a few interesting economic releases. During the month of October, half of the components within the Conference Board's Leading Economic Index (LEI) posted negative annual growth rate changes, taking the index down 0.8% to 103.9 (released on Monday). As a result, the index continued the downtrend which started at the beginning of 2022. Weak new orders, higher interest rates, and lower consumer expectations for business conditions added the most pressure to the index in October. The LEI combines ten components to identify turning points in the business cycle, seven months ahead. Continued weakness in the annual growth rate of the LEI implies pressures and uncertainties may continue for the near term.

The FOMC October meeting minutes (released on Tuesday) showed all policy officials prefer to proceed carefully on monetary policy as the Committee works toward its 2% goal for inflation. The committee also "stressed that further evidence would be required for them to be confident that inflation was clearly on a path to the Committee's 2% objective." While members noted further tightening may be required, depending on incoming data, "all participants judged that it would be appropriate for policy to remain at a restrictive stance for some time until inflation is clearly moving down sustainably toward the Committee's objective". Market expectations continue to expect inflation to cool and economic growth to slow hence they look for the FOMC to begin rate cuts by the middle of the year with 3/4 rate cuts in place by the end of December 2024.

On Wednesday, the UK chancellor delivered few surprises to markets in the Autumn Statement. UK fiscal events have taken on an extra interest for investors since the mini budget proposed by the short-lived Liz Truss government just over a year ago. However, this Autumn Statement provided little for the markets to get excited about. The chancellor announced a 2% cut in the rate of National Insurance contributions and the total cost of all the measures announced by the chancellor sum to a little over GBP20bn. Announcing a fiscal stimulus at a time when inflation, while falling, is still more than twice the BoE's target, is bound to raise questions yet is understandable given a probable election next year. The market reaction to the Autumn Statement was muted. Gilt yields rose following the release of the statement as it signalled that government borrowing is likely to fall by a little less than previously thought in the coming years. However, the moves were not sizeable. After considering the modest fiscal easing announced, the government's budget deficit is set to shrink over the next few years and the debt-to-GDP ratio is forecast to peak and then decline in the next couple of years. In terms of the impact on economic growth, the measures are likely to be marginal in both in the short and medium term.

This week's business activity surveys have also been more positive than expected. The euro area composite PMI for November rose to 47.1. While this still points to a contraction, it was better than the 46.8 expected by economists. UK survey data topped expectations by an even wider margin, with the composite index pointing to the first expansion in activity since July. Partly as a result, investors scaled back expectations of an ECB rate cut by May from an intraday peak of 93% last week to 59%. The chance of a rate cut by June from the BoE is down from 97% on 20 November to 36% and the implied probability of easing from the Fed by May is down from a high of 94% last week to 56%. Finally, Germany had to suspend a constitutional limit on net new borrowing for a fourth consecutive year after Chancellor Scholz's government was forced into a radical budget overhaul by a ruling last week from the nation's top court. The emergency move to lift the so-called "debt brake" will be part of a revised 2023 budget that Finance Minister Lindner plans to present next week. This led yields to rise across the curve with the 10-year Bund moving up nearly 10bps as investors worry about more supply in the future.

Next week, we see the key market moving events as US New home sales for October released on Monday (BBG Cons: 725k); EU money supply on Tuesday; US GDP annualized q/q for Q3 published on Wednesday (BBG Cons: 5.0%) and finally ISM Manufacturing for November on Friday (BBG Cons: 47.7).

- Monday: China industrial profits, Hong Kong trade, Israel rate decision, Mexico trade, Ghana rate decision and US new home sales.
- Tuesday: Australia retail sales, Mexico international reserves, Taiwan GDP and US Conf. Board consumer confidence.
- Wednesday: Australia CPI, Chile unemployment, Eurozone economic confidence, consumer confidence, Germany CPI, New Zealand rate decision, Russia industrial production, unemployment, retail sales, Vietnam industrial production, CPI, trade, Spain CPI, Sweden GDP, Thailand rate decision and US wholesale inventories, GDP.
- Thursday: Australia building approvals, Brazil unemployment, Canada GDP, Chile industrial production, China non-manufacturing PMI, manufacturing PMI, Colombia unemployment, Eurozone CPI, unemployment, Finland GDP, France GDP, CPI, Germany unemployment, Hong Kong retail sales, India GDP, Italy unemployment, CPI, Japan industrial production, retail sales, Mexico unemployment, New Zealand building permits, Poland CPI, Serbia GDP, South Africa trade balance, South Korea industrial production, rate decision, Sri Lanka trade, CPI, Thailand trade, Turkey GDP and US personal income, initial jobless claims, pending home sales.
- Friday: Australia Judo Bank Manufacturing PMI, Brazil industrial production, trade, Canada unemployment, China Caixin Manufacturing PMI, Czech Republic GDP, Eurozone S&P Global Manufacturing PMI, France S&P Global Manufacturing PMI, Germany S&P Global / BME Manufacturing PMI, Hungary GDP, India S&P Global Manufacturing PMI, Indonesia CPI, Italy GDP, Japan unemployment, capital spending, Jibun Bank Manufacturing PMI, Macau casino revenue, Pakistan trade, CPI, South Korea trade, S&P Global Manufacturing PMI, Switzerland GDP, Taiwan S&P Global Manufacturing PMI, UK S&P Global / CIPS Manufacturing PMI and US construction spending, ISM Manufacturing, light vehicle sales.

UBS ETF - Top 5 Net Inflows	USD
US Equities Sustainable	217,777,176
Commodity	90,438,988
EM Equities Sustainable	63,308,435
Swiss Equities	53,846,976
EM Bonds	49,644,838
UBS ETF - Top 5 Net Outflows	USD
US Equities Sustainable (hedged)	-270,253,655
US Corporate Bonds (hedged)	-131,396,250
EM Equities	-32,779,998
US Equities SmartBeta	-20,980,890
Sustainable Development Bank Bonds	-14,454,570
UBS ETF - Top 5 Primary Market Creations	USD
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc	171,983,340
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc	68,137,634
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-dis	63,308,435
UBS (Lux) Fund Solutions – Bloomberg MSCI Euro Area Liquid Corporates Sustainable UCITS ETF (EUR) A-acc	25,521,828
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc	20,348,500
UBS ETF - Top 5 Primary Market Redemptions	USD
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to EUR) A-acc	-233,494,317
UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF (hedged to EUR) A-acc	-131,396,250
UBS (Lux) Fund Solutions – MSCI Emerging Markets UCITS ETF (USD) A-acc	-30,172,800
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to EUR) A-acc	-25,676,876
UBS (Irl) ETF plc – Factor MSCI USA Quality ESG UCITS ETF (USD) A-dis	-21,812,234

UBS ETF - Top 10 Secondary Market Trades	USD
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc <i>NAV – Bloomberg RFQE</i>	48,090,000
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc <i>NAV – Bloomberg RFQE</i>	21,620,000
UBS (Lux) Fund Solutions – J.P. Morgan USD EM Diversified Bond 1-5 UCITS ETF (hedged to EUR) A-acc <i>Risk – Tradeweb</i>	16,270,000
UBS (Lux) Fund Solutions – J.P. Morgan USD EM Diversified Bond 1-5 UCITS ETF (hedged to EUR) A-acc <i>Risk – Tradeweb</i>	15,950,000
UBS (Irl) Fund Solutions plc – CMCI ex-Agriculture SF UCITS ETF (USD) A-acc <i>Risk – Systematic Internaliser</i>	-15,340,000
UBS (Irl) Fund Solutions plc – MSCI ACWI SF UCITS ETF (hedged to JPY) A-acc <i>Risk – Tradeweb</i>	-15,200,000
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to CHF) A-acc <i>Risk – Systematic Internaliser</i>	14,490,000
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-dis <i>Risk – Tradeweb</i>	-11,620,000
UBS (Irl) ETF plc – MSCI USA hedged to EUR UCITS ETF (EUR) A-acc <i>Risk – Bloomberg RFQE</i>	11,050,000
UBS (Lux) Fund Solutions – J.P. Morgan USD EM Diversified Bond 1-5 UCITS ETF (hedged to EUR) A-acc <i>Risk – Tradeweb</i>	10,850,000

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