UBS ETF Capital Markets
Weekly Flow Update
(4th of March – 8th of March)

Market Commentary

MSCI World in USD ended the week up 0.53% with the index being driven upwards by Financials (1.99%), Industrials (1.19%) and Health care (0.98%) offset by relative weakness in Consumer Discretionary (-1.63%) and Information Technology (-0.69%).

This week saw Powell testifying to the House Financial Services Committee and the Senate Banking Committee. Powell's remarks echoed a consistent message from other Fed officials in recent weeks that policymakers will not cut rates until they have greater confidence that inflation is moving sustainably toward 2%. During Powell's testimony, he indicated the level of confidence required for rate cuts "is not far." Fed officials have pointed out that the path down to the central bank's inflation goal could be bumpy. Accompanying his testimony was a plethora of US economic data. Wednesday's US labour market data was in line with expectations as the ADP private payrolls report showed growth in private employment, especially within the leisure & hospitality segment of the services sector. Meanwhile, the January JOLTs report revealed a marginal decline in job openings, with a small increase in the job openings rate and slight reductions in both the hiring rate and the quits rate. The update to the Federal Reserve's Beige Book highlighted modest improvement in US economic activity, with consumers showing increased price sensitivity and a pullback in discretionary spending for retail goods, restaurants, and hotels. The Beige Book indicated that businesses are finding it more challenging to pass on higher costs to price-conscious customers yet provided an economic outlook over the next six to 12 months that was generally positive given expectations for stronger demand and easing financial conditions.

The ECB left policy unchanged at its March meeting on Thursday but lowered its inflation and growth forecasts. The central bank also indicated that discussions over some policy easing have started, acknowledging recent progress in bringing inflation under control. However, as in previous meetings, the language in the press conference continued to emphasize the risks to inflation from strong wage growth and the need to see more evidence that it is cooling before interest rates can be brought down. The ECB's new projections show that the central bank now expects inflation to return to the 2% target throughout next year, six months earlier than forecast in December. ECB policymakers have previously highlighted the importance of not waiting too long for inflation to be brought back to target, so this accelerated timeline should allow the ECB to start easing policy rates soon. Markets continue to expect a first cut in June for the ECB, as much of the data on contractual terms for workers are only published in May and June.

Released on Friday, the US labour report for February showed nonfarm payrolls increasing by 275,000, above consensus forecasts of 200,000. However, payrolls for the prior two months were revised lower by a total of 167,000. The three-month moving average now stands at 264,000, down from 289,000 a month ago, which is still strong from a historic perspective. Some other data in the report was weaker. The unemployment rate rose to 3.9% from 3.7% in January, and average hourly earnings edged up by only 0.1% m/m.

Next week, we see potential market-moving events as US CPI m/m for February released on Tuesday (BBG Cons - 0.4%); US retail sales m/m for February on Thursday (BBG Cons - 0.8%) and University of Michigan Sentiment for March on Friday (BBG Cons – 77). In addition, we have February money supply data for China published next week too.

- Monday: Japan M2 money stock, GDP and Kenya GDP.
- Tuesday: Argentina CPI; Australia business confidence; Brazil CPI; Germany CPI; India industrial production, CPI; Japan PPI; Malaysia industrial production; Mexico international reserves, industrial production; Philippines trade; Turkey industrial production, current account; UK jobless claims, unemployment and US CPI.
- Wednesday: Eurozone industrial production; India trade; Israel trade; New Zealand food prices; Russia trade, CPI; South Korea jobless rate and UK industrial production.
- Thursday: India wholesale prices; Saudi Arabia CPI; South Africa manufacturing production; Spain CPI; Ukraine rate decision and US PPI, retail sales, initial jobless claims, business inventories.
- Friday: Canada housing starts; China property prices; Colombia industrial production, retail sales; France CPI; Indonesia trade; Israel CPI; Italy trade, CPI; Japan tertiary index; New Zealand PMI; Nigeria CPI; Philippines overseas remittances; Poland CPI; Sri Lanka GDP and US industrial production, University of Michigan consumer sentiment, Empire Manufacturing.

| **UBS ETF - Top 5 Net Inflows** | **USD** |
|---|---|
| Swiss Equities | 309,690,946 |
| Swiss Equities Sustainable | 119,268,746 |
| Fixed Income Japan | 50,306,583 |
| Asian Equites | 33,143,971 |
| Euro Treasury Bonds | 19,908,964 |
| **UBS ETF - Top 5 Net Outflows** | **USD** |
| EM Equities Sustainable | -49,613,193 |
| Euro Corporate Bonds Sustainable | -39,981,483 |
| US Inflation-linked | -28,549,582 |
| EM Bonds | -27,752,984 |
| Global Equities (hedged) | -13,956,147 |
| **UBS ETF - Top 5 Primary Market Creations** | **USD** |
| UBS ETF (CH) – SPI® ESG (CHF) A-acc | 105,644,707 |
| UBS ETF (CH) – SPI® (CHF) A-dis | 78,661,054 |
| UBS ETF (CH) – SPI® (CHF) A-dis | 74,520,998 |
| UBS ETF (CH) – MSCI Switzerland (CHF) A-dis | 50,968,690 |
| UBS ETF (CH) – MSCI Switzerland (CHF) A-dis | 44,884,935 |
| **UBS ETF - Top 5 Primary Market Redemptions** | **USD** |
| UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-dis | -37,701,000 |
| UBS (Lux) Fund Solutions – Bloomberg TIPS 10+ UCITS ETF (USD) A-dis | -27,153,920 |
| UBS (Irl) ETF plc – MSCI USA Value UCITS ETF (USD) A-dis | -20,640,120 |
| UBS (Lux) Fund Solutions – Bloomberg MSCI Euro Area Liquid Corporates Sustainable UCITS ETF (EUR) A-dis | -18,843,890 |
| UBS (Lux) Fund Solutions – Bloomberg MSCI Euro Area Liquid Corporates Sustainable UCITS ETF (EUR) A-dis | -18,225,903 |

| **UBS ETF - Top 10 Secondary Market Trades** | **USD** |
|---|---|
| UBS (Lux) Fund Solutions – Bloomberg TIPS 10+ UCITS ETF (hedged to EUR) A-acc<br>*Bloomberg RFQE - NAV* | -27,580,000 |
| UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-dis<br>*Bloomberg RFQE – NAV* | -26,580,000 |
| UBS ETF (CH) – SPI® (CHF) A-dis<br>*Bloomberg RFQE – NAV* | 24,870,000 |
| UBS (Lux) Fund Solutions – Bloomberg MSCI Euro Area Liquid Corporates Sustainable UCITS ETF (EUR) A-dis<br>*Bloomberg RFQE - Risk* | -18,900,000 |
| UBS (Lux) Fund Solutions – Bloomberg MSCI Euro Area Liquid Corporates Sustainable UCITS ETF (EUR) A-dis<br>*Bloomberg RFQE – Risk* | -18,860,000 |
| UBS (Irl) ETF plc – MSCI USA Socially Responsible UCITS ETF (USD) A-acc<br>***Systematic Internaliser – NAV*** | 16,360,000 |
| UBS (Irl) ETF plc – MSCI USA Value UCITS ETF (USD) A-dis<br>*Tradeweb – Risk* | -16,140,000 |
| UBS (Lux) Fund Solutions – Bloomberg Japan Treasury 1-3 Year Bond UCITS ETF (JPY) A-acc<br>*Tradeweb – Risk* | 16,080,000 |
| UBS (Irl) ETF plc – Factor MSCI USA Prime Value ESG UCITS ETF (USD) A-dis<br>*Tradeweb – Risk* | 16,020,000 |
| UBS (Lux) Fund Solutions – Bloomberg Japan Treasury 1-3 Year Bond UCITS ETF (JPY) A-acc<br>*Bloomberg RFQE – Risk* | 15,800,000 |

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