



UBS ETF Capital Markets  
Weekly Flow Update  
(10<sup>th</sup> of June – 14<sup>th</sup> of June)

#### Market Commentary

MSCI World in USD ended the week up 0.41% with the index being driven upwards by Information Technology (5.53%) and Communication Services (0.57%) offset by Financials (-2.55%).

Aside from the political situation in France, the FOMC rate decision and US CPI for May were the key highlights of the week.

US CPI data for May was released on Wednesday PM before the FOMC decision and it came in better than expected. CPI edged up just 0.01% m/m, helped by falling gasoline prices. Core CPI (which excludes food and energy) rose by 0.16% m/m, the smallest increase since August 2021 and well below consensus forecasts.

Owners' equivalent rent, one of the main drivers of inflation, actually accelerated slightly in m/m terms (0.43% vs. 0.42%), but this was offset by a broad-based slowdown in other categories. Auto insurance, which had increased rapidly in previous months, fell 0.1% m/m. Airfares, new vehicles, apparel, and many other items in the CPI basket also declined, in line with anecdotal evidence that some businesses had cut prices in the face of pushback from consumers.

The FOMC left policy unchanged following Wednesday's meeting, in line with market expectations. The FOMC statement included only one significant change, noting "modest" progress on inflation following the lower-than-expected CPI data for May.

The median "dot" for end-2024 now indicates only one 25bps rate cut vs. three cuts in the previous dot plot in March. This was somewhat surprising given the favourable inflation data but one must also note that the Fed's economic projections are relatively optimistic. Their GDP growth forecasts remained unchanged despite weaker-than-expected growth in 1Q. They also look for the unemployment rate, which has been trending higher over the past 12 months, to rise no further over the remainder of 2024. The CPI data suggests that core PCE, the Fed's preferred inflation measure, will fall to around 2.6% y/y in May, but the Fed sees inflation rising to 2.8% by year-end, reversing the downward trend over the past 18 months.

In his press conference, Powell noted that they still view the current monetary policy stance as restrictive, which implies that rates cannot be held at their current level forever without triggering an economic slowdown. Powell downplayed the importance of the dots, noting that they will consider the totality of the incoming data when making policy decisions. The inflation data combined with the Fed's optionality on proceeding with rate cuts and the recent labour market data should increase investor conviction in the economy's soft-landing trajectory, and thereby continue the macro tailwind for the markets.

Finally, the BoJ decided to maintain the current policy settings at its June meeting. Regarding bond purchases, the BoJ said it will formulate a reduction plan at the July meeting and initiate quantitative tightening (QT). The BoJ's QT is expected to proceed at a gradual pace. Considering the delayed recovery in demand while markets are only pricing a 30% probability of a July rate hike with a full hike expected by October.

Next week we see potential market-moving events as US retail sales m/m for May & Zew Survey expectations for June on Monday / Tuesday respectively and the BoE policy decision & Eurozone consumer confidence for June on Thursday.

- Monday: Canada housing starts, existing home sales; China property prices, retail sales, industrial production, unemployment; Italy CPI; Japan machinery orders; Philippines overseas remittances; Spain trade; US Empire manufacturing and Ukraine GDP.
- Tuesday: Australia rate decision; Chile rate decision; Eurozone CPI; Germany ZEW survey expectations; Mexico international reserves; Singapore trade and US retail sales, business inventories, industrial production, cross-border investment.
- Wednesday: Argentina trade; Brazil rate decision; Indonesia trade; Japan trade; Philippines balance of payments; South Africa CPI, retail sales and UK CPI.
- Thursday: China loan prime rates; Colombia trade; Eurozone consumer confidence, new car registrations; Hong Kong jobless rate; Indonesia rate decision; Israel unemployment; Malaysia trade; New Zealand GDP; Norway rate decision; Switzerland rate decision; Taiwan export orders; UK BOE rate decision and US housing starts, initial jobless claims.
- Friday: Canada retail sales; Eurozone S&P Global Manufacturing PMI, S&P Global Services PMI; France S&P Global Manufacturing PMI; Germany S&P Global / BME Manufacturing PMI; Hong Kong CPI; India S&P Global Manufacturing PMI; Japan CPI; UK S&P Global / CIPS Manufacturing PMI and US existing home sales, Conf. Board leading index.

<b>UBS ETF - Top 5 Net Inflows</b>	<b>USD</b>
US Equities Sustainable	120,311,739
Global Equities Sustainable (hedged)	42,173,132
Global Equities Sustainable	20,740,507
Euro Treasury Bonds	18,358,147
UK Equities	13,386,958
<b>UBS ETF - Top 4 Net Outflows</b>	<b>USD</b>
Swiss Equities (hedged)	-91,542,370
US Equities SmartBeta (Value)	-83,455,066
Swiss Equities Sustainable	-39,256,211
Japanese Equities Sustainable	-33,881,859
Asian Equities Sustainable	-27,814,262
<b>UBS ETF - Top 5 Primary Market Creations</b>	<b>USD</b>
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc	85,808,808
UBS (Irl) ETF plc – Global Gender Equality UCITS ETF (hedged to CHF) A-acc	39,037,558
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (USD) A-acc	35,753,670
UBS (Lux) Fund Solutions – MSCI Europe UCITS ETF (EUR) A-dis	18,627,457
UBS (Irl) ETF plc – Factor MSCI USA Quality ESG UCITS ETF (USD) A-dis	13,490,249
<b>UBS ETF - Top 5 Primary Market Redemptions</b>	<b>USD</b>
UBS ETF (CH) – MSCI Switzerland hedged to USD (USD) A-dis	-49,287,960
UBS ETF (CH) – SPI® (CHF) A-dis	-48,949,549
UBS ETF (CH) – SPI® ESG (CHF) A-acc	-46,332,506
UBS ETF (CH) – MSCI Switzerland hedged to EUR (EUR) A-dis	-45,922,078
UBS (Irl) ETF plc – MSCI USA Value UCITS ETF (USD) A-dis	-30,000,140

<b>UBS ETF - Top 10 Secondary Market Trades</b>	<b>USD</b>
UBS ETF (CH) – MSCI Switzerland hedged to USD (USD) A-dis <i>NAV – Systematic Internaliser</i>	-49,670,000
UBS (Irl) ETF plc – Global Gender Equality UCITS ETF (USD) A-acc <i>Risk – Tradeweb</i>	37,820,000
UBS (Irl) ETF plc – MSCI USA Value UCITS ETF (USD) A-dis <i>Risk – Bloomberg RFQE</i>	-28,650,000
UBS (Lux) Fund Solutions – MSCI EMU UCITS ETF (hedged to USD) A-dis <i>Risk – Systematic Internaliser</i>	-27,300,000
UBS (Lux) Fund Solutions – MSCI China ESG Universal Low Carbon Select UCITS ETF (USD) A-dis <i>Risk – Bloomberg RFQE</i>	-27,000,000
UBS (Irl) ETF plc – MSCI ACWI Socially Responsible UCITS ETF (hedged to EUR) A- acc <i>Risk – Bloomberg RFQE</i>	26,420,000
UBS (Irl) ETF plc – Factor MSCI USA Prime Value ESG UCITS ETF (USD) A-dis <i>Risk – Bloomberg RFQE</i>	-19,270,000
UBS (Lux) Fund Solutions – MSCI EMU Value UCITS ETF (EUR) A-acc <i>NAV – Systematic Internaliser</i>	-19,090,000
UBS (Lux) Fund Solutions – EURO STOXX 50 ESG UCITS ETF (EUR) A-dis <i>Risk – Bloomberg RFQE</i>	-18,620,000
UBS (Lux) Fund Solutions – MSCI EMU Value UCITS ETF (EUR) A-acc <i>NAV – Systematic Internaliser</i>	-18,360,000

### **UBS ETF Capital Markets**

Group e-mail: [ol-etf-cm@ubs.com](mailto:ol-etf-cm@ubs.com)

#### **Pravin Bagree CFA**

Head of UBS ETF Capital Markets | [pravin.bagree@ubs.com](mailto:pravin.bagree@ubs.com) | +41 44 235 19 08

#### **Giorgio Cescato**

UBS ETF Capital Markets Specialist | [giorgio.cescato@ubs.com](mailto:giorgio.cescato@ubs.com) | +41 44 234 54 85

#### **Gianandrea Grassi**

UBS ETF Capital Markets Specialist | [gianandrea.grassi@ubs.com](mailto:gianandrea.grassi@ubs.com) | +41 44 234 53 45

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