



UBS ETF Capital Markets
Weekly Flow Update
(8th of April – 12th of April)

Market Commentary

MSCI World in USD ended the week up 0.17% with the index being driven upwards by Information Technology (2.24%), Communication Services (1.94%) and Consumer Discretionary (0.66%) offset by relative weakness in Financials (-1.77%).

The highlight of the week was US CPI data released on Wednesday. Headline CPI and core CPI (which excludes food and energy) both rose 0.4% m/m in March, above consensus expectations. This triggered a strong market reaction, with only two Fed rate cuts now priced in by year-end instead of three. Core inflation continues to be driven by services. Core goods prices were down 0.7% y/y, while core service prices were up 5.4%. The Fed has been particularly focused on core services excluding shelter since these prices are considered sensitive to wage growth and the strength of demand. Prices in this category jumped 0.65% m/m, an increase that strongly argues against Fed rate cuts. Key drivers included auto repair (+3.1% m/m), auto insurance (+2.6% m/m), and hospital services (+1.2% m/m). Markets still expect inflation to trend lower over time as the high level of interest rates weighs on economic growth. Consumer spending has been surprisingly strong so far this year, but more households have used up the excess savings built during the pandemic. Credit card rates are at a record high and more people are carrying debt, which implies that spending will have to slow at some point. Thursday's US PPI report showed US producer prices rose 2.1% in the year to March. While this was the largest annual increase in 11 months, the details of the report were relatively reassuring. Several categories that feed into the PCE index – the Fed's favourite measure – were softer than expected – including healthcare and portfolio management. This raised hopes that the PCE gauge for March, released toward the end of this month, will point to more muted price pressures than this week's CPI.

Chinese CPI softened again after a holiday boost. CPI retreated to 0.1% y/y in March (consensus: 0.3%) after a one-off jump to 0.7% y/y in February, reflecting a payback of the CNY holiday effect. Food deflation deepened to -2.7% y/y in February in a broad-based decline led by vegetables and pork on weaker post-CNY demand, which contributed to near half of the headline decline. Non-food inflation also moderated to 0.7% y/y, with weaker service and transport prices (especially travel-related). Core CPI inflation (ex-food & energy) eased back to 0.6% y/y from 1.2% y/y in February.

PPI deflation continues. March PPI deflation slightly widened at -2.8% y/y (consensus: -2.7%) from -2.7% y/y in February, remaining negative for 18 straight months. PPI for producer goods (75% weight) remained subdued at -3.5% y/y, mainly dragged by coal, steel, cement, EV, and battery sectors, partly offset by rising oil and some metal prices. PPI for consumer goods (25% weight) softened to -1% y/y.

CPI inflation is likely to stay low and hover at 0–1% throughout most of the year, given weak pricing power across consumer goods and supply-tilted policy support. Meanwhile, PPI inflation is likely to

turn less negative and climb toward zero in 2H with a more favourable base effect and rising oil prices.

Finally, the ECB stuck to its signals to the market and kept policy rates unchanged at 4% at its April meeting. The ECB was non-committal about when its policy might change and indicated that it remains data dependent. The recent European inflation data for March, alongside labour market activity, continue to point to inflation heading sustainably toward the ECB's 2% target next year. Notwithstanding episodes of volatility, the tight monetary policy stance against a backdrop of subdued economic activity suggests the likelihood of the ECB achieving its target before too long is rising. Markets expect this outlook to be reflected in the ECB's next set of economic forecasts, which will be released at the June meeting, and pave the way for a 25bps interest rate cut at the same meeting.

Next week, we see possible market-moving events as China policy rate decision, US Empire Manufacturing for April and US retail sales for March on Monday; US housing starts for March on Tuesday and Eurozone CPI m/m for March on Wednesday.

- Monday: Canada housing starts; Colombia industrial production, retail sales; Eurozone industrial production; India trade, wholesale prices; Israel unemployment, CPI; Japan machinery orders; Nigeria CPI; Philippines overseas remittances; Poland CPI; Saudi Arabia CPI and US retail sales, empire manufacturing, business inventories.
- Tuesday: Canada CPI; China property prices, retail sales, industrial production, GDP; Germany ZEW survey expectations; Israel GDP; Italy trade, CPI; Mexico international reserves; UK jobless claims, unemployment and US housing starts, industrial production.
- Wednesday: Eurozone CPI; Japan trade; New Zealand home sales, CPI; Singapore trade; South Africa retail sales, CPI; Turkey current account; UK CPI and US cross-border investment.
- Thursday: Argentina trade; Australia unemployment; Eurozone new car registrations; Hong Kong jobless rate; Japan tertiary index and US Conf. Board leading index, existing home sales, initial jobless claims.
- Friday: Colombia trade; Japan CPI; Malaysia trade, GDP; Philippines balance of payments and Spain trade.

UBS ETF - Top 5 Net Inflows	USD
Swiss Equities	87,137,581
Commodity	51,860,086
Swiss Equities Sustainable	27,664,061
European Equities SmartBeta (Small Cap)	25,153,143
EM Bonds	13,807,641
UBS ETF - Top 5 Net Outflows	USD
Japanese Equities Sustainable	-86,193,417
US Equities SmartBeta (Value)	-59,943,363
Global Equities Sustainable	-39,570,034
US Equities Sustainable (hedged)	-38,011,750
Global Government Bonds Sustainable (hedged)	-35,406,028
UBS ETF - Top 5 Primary Market Creations	USD
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc	36,891,939
UBS (Lux) Fund Solutions – J.P. Morgan USD EM Diversified Bond 1-5 UCITS ETF (USD) A-dis	29,226,175
UBS (Lux) Fund Solutions – Bloomberg TIPS 1-10 UCITS ETF (USD) A-dis	20,803,320
UBS ETF (CH) – SMI® (CHF) A-dis	17,937,462
UBS ETF (CH) – MSCI Switzerland (CHF) A-dis	17,654,508
UBS ETF - Top 5 Primary Market Redemptions	USD
UBS (Lux) Fund Solutions – MSCI Japan Socially Responsible UCITS ETF (JPY) A-dis	-38,833,465
UBS (Lux) Fund Solutions – J.P. Morgan Global Government ESG Liquid Bond UCITS ETF (hedged to EUR) A-acc	-35,406,028
UBS (Irl) ETF plc – MSCI ACWI ESG Universal Low Carbon Select UCITS ETF (USD) A-dis	-17,930,360
UBS (Irl) ETF plc – S&P 500 ESG UCITS ETF (hedged to EUR) A-acc	-17,260,822
UBS (Lux) Fund Solutions – MSCI Emerging Markets Socially Responsible UCITS ETF (USD) A-acc	-15,948,900

UBS ETF - Top 10 Secondary Market Trades	USD
UBS (Lux) Fund Solutions – MSCI Japan Socially Responsible UCITS ETF (JPY) A-dis <i>Risk – BTS RFQ</i>	-34,650,000
UBS (Lux) Fund Solutions – J.P. Morgan USD EM Diversified Bond 1-5 UCITS ETF (hedged to EUR) A-acc <i>Risk – Bloomberg RFQE</i>	29,220,000
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc <i>Risk – Systematic Internaliser</i>	28,150,000
UBS (Irl) ETF plc – MSCI ACWI ESG Universal Low Carbon Select UCITS ETF (USD) A-dis <i>Risk – Tradeweb</i>	-24,270,000
UBS (Lux) Fund Solutions – J.P. Morgan Global Government ESG Liquid Bond UCITS ETF (hedged to EUR) A-acc <i>Risk – Bloomberg RFQE</i>	-21,850,000
UBS ETF (CH) – MSCI Switzerland (CHF) A-dis <i>Risk – Bloomberg RFQE</i>	17,760,000
UBS (Lux) Fund Solutions – MSCI EMU Small Cap UCITS ETF (EUR) A-dis <i>Risk – Tradeweb</i>	15,960,000
UBS (Lux) Fund Solutions – Sustainable Development Bank Bonds UCITS ETF (USD) A-acc <i>Risk – Systematic Internaliser</i>	15,810,000
UBS (Irl) ETF plc – MSCI ACWI Socially Responsible UCITS ETF (hedged to EUR) A- acc <i>Risk – Bloomberg RFQE</i>	-15,440,000
UBS (Irl) Fund Solutions plc – CMCI Composite SF UCITS ETF (USD) A-acc <i>Risk – Systematic Internaliser</i>	13,170,000

UBS ETF Capital Markets

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