



CROSSINVEST

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27 September 2021

Overnight Market Brief

The S&P 500 and the Dow Jones Industrial Average eked out gains on Friday, wrapping up a volatile week on Wall Street. A move by China to ban cryptocurrencies weighed on the technology sector and Nike shares fell as supply chain issues stemming from the pandemic hit the sneaker giant. The Dow Jones Industrial Average gained 33.18 points, or 0.10%, to 34,798.00. The S&P 500 edged 0.15% higher to 4,455.48 and the Nasdaq Composite ticked down 0.03% to 15,047.70. The VIX Index (-4.72%) declined to 17.75. The ICE US Dollar Index (-0.20%) fell on Friday but was up about 0.1% for the week.

Singapore shares ended lower last Friday amidst the rise in Covid-19 cases that dampened investors' outlook of economic recovery. Last-mile logistics company Ninja Van has raised U\$578 million in a Series E funding round, with Alibaba Group among the list of investors.

Key Events

Two exit polls suggested that in Germany's federal election the two biggest parties each secured about 25% of the vote. The election will bring to an end Angela Merkel's 16 years as chancellor.

CROSS WEEKLY

| NAME | CURR | LAST PRICE | DAILY CHANGE | MTD | YTD |
|------------------------------|------|------------|--------------|----------|----------|
| EQUITIES | | | | | |
| S&P 500 Index | USD | 4,455.48 | 0.15% | -1.49% | 18.62% |
| Dow Jones Industrial Average | USD | 34,798.00 | 0.10% | -1.59% | 13.69% |
| Nasdaq Composite Index | USD | 15,047.70 | -0.03% | -1.39% | 16.75% |
| STXE 600 PR Index | EUR | 463.29 | -0.90% | -1.61% | 16.10% |
| FTSE 100 Index | GBP | 7,051.48 | -0.38% | -0.96% | 9.15% |
| MSCI Asia Ex. Japan Index | USD | 808.78 | -0.54% | -3.45% | -4.05% |
| Nikkei 225 Tokyo | JPY | 30,248.81 | 0.38% | 7.69% | 10.22% |
| Shanghai A Share Index | CNY | 3,786.72 | -0.80% | 1.95% | 4.02% |
| S&P/ASX 200 | AUD | 7,342.62 | -0.37% | -2.55% | 11.47% |
| FIXED INCOME | | | | | |
| US2YT Yield | - | 0.2695 | 0.88bps | 6.02bps | 14.84bps |
| US10YT Yield | - | 1.4509 | 2.09bps | 14.21bps | 53.77bps |
| Bunds 10Y Yield | - | -0.2280 | 3bps | 15.5bps | 34.1bps |
| BBG USD HY Corp | - | 3.8900 | 5.01bps | 2bps | -29bps |
| FOREX | | | | | |
| Euro/US Dollar | USD | 1.1720 | -0.16% | -0.75% | -4.06% |
| US Dollar/Japanese Yen | JPY | 110.73 | 0.36% | 0.65% | 7.24% |
| US Dollar/Singapore Dollar | SGD | 1.3537 | 0.38% | 0.65% | 2.39% |
| British Pound/US Dollar | USD | 1.3679 | -0.30% | -0.55% | 0.07% |
| US Dollar/ Chinese Yuan | CNY | 6.4662 | 0.11% | 0.09% | -0.93% |
| Australian Dollar/ US Dollar | USD | 0.7262 | -0.45% | -0.74% | -5.61% |
| US Dollar Index | - | 93.327 | 0.26% | 0.76% | 3.77% |
| GOLD / OIL | | | | | |
| Brent Crude | USD | 78.09 | 1.09% | 6.99% | 50.75% |
| Gold Spot Price | USD | 1750.42 | 0.44% | -3.48% | -7.79% |



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CROSS WEEKLY

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EQUITIES

- US markets closed higher last Friday, except for the NASDAQ, amidst the Chinese central bank's decision to ban crypto proceedings.
- European markets closed negative last Friday as investors assessed China's regulatory crackdown on crypto and contagion risks from China Evergrande Group.
- Asian markets closed mixed last Friday, amidst optimism from the US Federal Reserve's economic outlook and fading concerns about Evergrande's debt woes.

FIXED INCOME

- US Treasuries 10-year yield fell on Friday by 2.4bps to 1.46%. The 30 yields rose 4.8bp and the 5s30s curve resumed steepening on Friday to ~103bp. The US Treasury Department said in a statement that around U\$70 billion of headroom remained as of 22 September under extraordinary measures that have been put in place to avoid the government breaching its debt ceiling.

FOREX

- Global yields were on the move following a broad-based G10 government bond sell-off, precipitated by hawkish central bank shifts from the Bank of England (BoE), Norges Bank and the Fed. Interestingly, higher global rates came amid weaker-than-expected September flash PMIs for the US, Euro area, the UK, underlining the Covid-19 damage. But much of fading survey momentum is probably in the rearview mirror at least for the time being. The improving Covid-19 backdrop, both in the US and globally, provides scope for renewed optimism over global growth, which in turn could reinforce JPY's status as a funding currency and keep us cautious on gold's outlook.

MACRO

- Shares of Nike Inc. (-6.3%) fell about after the sportswear maker reported quarterly sales that fell short of Wall Street expectations, and said wages and overhead expenses weighed on revenue. Costco Wholesale (+3.3%) shares rose as the retailer topped U\$60 billion in net sales in a single quarter for the first time, hit U\$5 billion in annual profit and grew at its fastest pace in more than 20 years. Shares of Carnival Corp (+3%) rose about after the cruise operator provided an update on its third quarter. Deutsche Bank analyst Michael Linenberg has launched a "short-term catalyst call buy" on Delta Air Lines Inc.'s stock (+1.84%) Friday, saying he believes the underperformance so far this year will flip to outperformance in the coming months. Shares of Roku (-3.8%) fell after Wells Fargo analyst Steven Cahall downgraded the stock to equal weight from overweight.

DIRECT EQUITIES

- Netflix finalised its largest acquisition, agreeing to spend more than U\$700 million to buy Roald Dahl Story Co., which owns characters and creations like "Charlie and the Chocolate Factory" and "Matilda." Dahl fits Netflix's specific criteria for acquisitions in keyways. Dahl has little overhead costs and employees compared to legacy media companies, and controls television and film rights to a catalogue of books that has sold more than 300 million copies worldwide. The books have a global appeal and are popular among kids, an area of programming where Netflix has had less success in.

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