



CROSSINVEST

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4 October 2021

Overnight Market Brief

Singapore shares ended lower last Friday tracking regional peers, following another round of selloffs on Wall Street. Singapore Technologies Engineering (ST Engineering), the engineering and aerospace giant has agreed a deal of US\$2.68 billion in cash to buy two US-based firms that provide technical solutions and engineering services to the transportation industry. The mainboard-listed firm's acquisition of the entire interests in TransCore Partners and TLP Holdings will boost the growth of its smart city business and position it as a market leader in smart mobility.

Stagflation concerns added to the wall of worry, as the sharp rise in energy costs amplifies downside risks to growth even as it adds to inflation in the near term. Deterioration in the growth to inflation balance is negative for risk assets and USD supportive. Separately, the importance of the OPEC+ meeting today has risen in significance amid international pressure on the group to increase the pace of supply quota increases. This Friday's US payrolls for September are set to increase by 500k, a strong enough jobs gain for the Fed to announce at its next meeting in November that it will start tapering its quantitative easing.

Key Events

The Japanese parliament reconvenes on Monday to elect a prime minister.

CROSS WEEKLY

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
S&P 500 Index	USD	4,357.04	1.15%	1.15%	16.00%
Dow Jones Industrial Average	USD	34,326.46	1.43%	1.43%	12.15%
Nasdaq Composite Index	USD	14,566.70	0.82%	0.82%	13.02%
STXE 600 PR Index	EUR	452.90	-0.42%	-0.42%	13.50%
FTSE 100 Index	GBP	7,027.07	-0.84%	-0.84%	8.77%
MSCI Asia Ex. Japan Index	USD	795.10	-0.75%	-0.75%	-5.67%
Nikkei 225 Tokyo	JPY	28,771.07	-2.31%	-2.31%	4.83%
Shanghai A Share Index	CNY	3,739.57	0.00%	0.00%	2.72%
S&P/ASX 200	AUD	7,185.55	-2.00%	-2.00%	9.09%
FIXED INCOME					
US2YT Yield	-	0.2638	-1.17bps	-1.17bps	14.27bps
US10YT Yield	-	1.4616	-2.58bps	-2.58bps	54.84bps
Bunds 10Y Yield	-	-0.2240	-2.5bps	-2.5bps	34.5bps
BBG USD HY Corp	-	4.0300	-1bps	-1bps	-15bps
FOREX					
Euro/US Dollar	USD	1.1596	0.14%	0.14%	-5.08%
US Dollar/Japanese Yen	JPY	111.05	-0.22%	-0.22%	7.55%
US Dollar/Singapore Dollar	SGD	1.3571	-0.04%	-0.04%	2.65%
British Pound/US Dollar	USD	1.3546	0.53%	0.53%	-0.91%
US Dollar/ Chinese Yuan	CNY	6.4448	0.00%	0.00%	-1.26%
Australian Dollar/ US Dollar	USD	0.7258	0.43%	0.43%	-5.67%
US Dollar Index	-	94.035	-0.21%	-0.21%	4.56%
GOLD / OIL					
Brent Crude	USD	79.28	0.97%	0.97%	53.05%
Gold Spot Price	USD	1760.98	0.23%	0.23%	-7.24%



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EQUITIES

- US markets closed higher last Friday as investors assessed a batch of mixed economic data.
- European stocks closed lower last Friday on concerns over an energy crunch and less optimistic profit outlook.
- Asian markets closed lower, except for the Shanghai Composite and Shenzhen Composite, amidst concerns over the outcome of the US. infrastructure bill and China's order for energy companies to secure supplies for the winter.

FIXED INCOME

- The Treasury yields on Friday ended richer by up to 3bp across the belly of the curve with the 10- year yields at 1.47% after the Dow climbed 480 points and S&P was up 1.3%. The yield on the 30-year Treasury slid more than 5 basis point to 2.04% as the Treasury yield curve remained steeper.

FOREX

- Europe is at the center of the latest energy price shock with regional natural gas prices surging over the past three months. Stagflation concerns and a dovish ECB is likely to weigh on the EUR. 1.1500 remains a key support for the EURUSD. ECB President Lagarde was dovish, emphasising that there were "no signs that the inflation pickup is becoming broad-based" and that she expected "tighter alignment" between lift-off pricing and "the most likely" inflation outlook. The Eurozone Economic Sentiment Index crept up marginally for September and remained at an elevated level. But the encouraging reading was largely ignored by the EUR that was instead weighed down by building risks from the energy situation, especially surging natural gas prices. Stagflation conditions are often not comfortable for policymakers. Germany's elections were the market's hope for a stronger EUR, but the currency barely reacted.

MACRO

- Friday marked the first trading day of October and the final quarter of 2021. The major averages rose that day on news of a new oral treatment for Covid-19, which boosted stocks tied to the economic reopening. However, investors will need to hang on tight during the typically tumultuous ride in October, which saw 36% higher volatility when compared with the average for the other 11 months. One of the first hurdles markets face in the new quarter is Friday's closely watched employment report, which could spur the Federal Reserve's decision on when to taper its bond-buying program.

DIRECT EQUITIES

- Sun Life Financial Inc., Canada's largest group-benefits company, agreed to buy US-based dental-benefits provider DentaQuest for about U\$2.48 billion, more than doubling its employee-benefits revenue. Private equity firm Centerbridge Partners LP will sell its minority stake in closely held DentaQuest as part of the transaction and the deal is expected to close in the first half of 2022. The acquisition gives Sun Life the second-largest provider of dental benefits in the US, bolstering its portfolio of health and group benefits in the country. Boston-based DentaQuest, founded in 2001, has more than 33 million customers in 36 states and about 2,400 employees.

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