



CROSS WEEKLY

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10 January 2022

Overnight Market Brief

Last week was all about a repricing of expectations of Fed action around QT in 2022 and its' impact across asset classes. A few of the moves to contextualize the repricing and transmission to equities (all 1 week moves): 10y real yields moved +33bps with nominals making up +25bps of that move, Unprofitable tech companies sold off -12%, and value outperformed growth by 9%. Gold sold off -1.8%. Within the bullishness on growth, Omicron risks being faded, and increased geopolitical tensions oil rose +5%. Dollar was unchanged. Dollar didn't budge last week, but fundamentals point to upside. Dollar was unchanged this week, potentially due to some of the volatility in asset classes related to the repricing of Fed expectations, but the case for further upside remains there. Paul Meggyesi notes this shift towards a steeper curve and higher real yields is likely to be accompanied with somewhat broader USD strength given that high-beta currencies are historically much more negatively correlated with real yields than they are nominal yields.

Key Events

Britain's foreign secretary, Liz Truss, signalled her readiness to suspend part of the Brexit deal with the European Union, should forthcoming talks with the European Commission fail.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	743.18	-0.11%	-1.54%	-1.54%
S&P 500 Index	USD	4,677.03	-0.41%	-1.87%	-1.87%
Dow Jones Industrial Average	USD	36,231.66	-0.01%	-0.29%	-0.29%
Nasdaq Composite Index	USD	14,935.90	-0.96%	-4.53%	-4.53%
STXE 600 PR Index	EUR	486.25	-0.39%	-0.32%	-0.32%
FTSE 100 Index	GBP	7,485.28	0.47%	1.36%	1.36%
MSCI Asia Ex. Japan Index	USD	784.83	0.76%	-0.56%	-0.56%
Nikkei 225 Tokyo	JPY	28,478.56	-0.03%	-1.09%	-1.09%
Shanghai A Share Index	CNY	3,751.34	-0.18%	-1.65%	-1.65%
MSCI EM Index	USD	1,226.10	0.74%	-0.48%	-0.48%
FIXED INCOME					
US2YT Yield	-	0.8621	-0.36bps	12.99bps	12.99bps
US10YT Yield	-	1.7620	4.09bps	25.19bps	25.19bps
Bunds 10Y Yield	-	-0.0430	1.8bps	13.4bps	13.4bps
BBG USD HY Corp	-	4.6000	7bps	39bps	39bps
FOREX					
Euro/US Dollar	USD	1.1360	0.56%	-0.09%	-0.09%
US Dollar/Japanese Yen	JPY	115.56	-0.23%	0.42%	0.42%
US Dollar/Singapore Dollar	SGD	1.3557	-0.37%	0.50%	0.50%
British Pound/US Dollar	USD	1.3588	0.41%	0.41%	0.41%
US Dollar/ Chinese Yuan	CNY	6.3778	-0.08%	0.34%	0.34%
Australian Dollar/ US Dollar	USD	0.7181	0.27%	-1.13%	-1.13%
US Dollar Index	-	95.719	-0.62%	0.05%	0.05%
GOLD / OIL					
Brent Crude	USD	81.75	-0.29%	5.10%	5.10%
Gold Spot Price	USD	1796.55	0.30%	-1.78%	-1.78%



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EQUITIES

- US main indexes were mixed in choppy trading on Friday after data pointed to weaker-than-expected job growth last month, further fueling bets of an aggressive monetary policy tightening by the Federal Reserve.
- European shares slipped on Friday on concerns over rising inflation and surging coronavirus infections, while investors were uncertain over how weak US payrolls data would influence the Federal Reserve's plans for tightening policy.
- Asian shares' relative price valuations hit a more than 18-year low compared to their global counterparts last week, after regional equities dropped in 2021 due to investor concerns over slower growth amid COVID-19-induced curbs.

FIXED INCOME

- The bond market could again set the course for the week ahead, after rapidly rising interest rates gave stocks a choppy start to the new year. In the coming week, key inflation reports are expected, and Federal Reserve Chairman Jerome Powell is slated to testify Tuesday at his nomination hearing before a Senate panel, while the hearing on Fed Governor Lael Brainard's nomination to the post of vice chair is set for Thursday.

FOREX

- AUD/USD keeps the previous day's recovery moves as it approaches 0.7200 threshold, up 0.11% intraday during early Monday. The Aussie pair bounced off the 23.6% Fibonacci retracement of (Fibo.) October-December downside, around 0.7125 on Friday. However, the quote remains below stays below the 20-DMA level surrounding 0.7195, not to forget keeping the pullback from the 100-DMA.

MACRO

- Stocks in London were trading lower Monday, amid concerns over rapidly spreading COVID cases and the potential for further lockdowns in the UK. The FTSE 100 index UKX, +0.47% fell 1.1% to 7,188.19, with the pound GBPUSD, -0.01% slipped 0.2% against the dollar. The UK stock index, with its heavily weighted energy stocks BP BP, +2.08% BP, +2.99% and Royal Dutch Shell RDSA, +1.07% RDS.B, +1.13%, was weighed by a 5% loss for oil, which drove those names 5% and 3% lower, respectively.

DIRECT EQUITIES

- Next generation payment processing company, Radar Payments by BPC, has been selected to tackle eCommerce fraud prevention by Singapore's largest home-grown online payment solutions fintech Red Dot Payment (RDP), an e-commerce enabler focused primarily on serving the e-commerce and hospitality verticals.
- iFAST has announced that the Group has signed an agreement with partner, Eagles Peak Holding Limited, to acquire BFC Bank Limited ("BFC Bank" or "UK bank") from Bahrain-based BFC Group Holdings. The Group will have an 85% stake in the UK bank. BFC Bank is a full licensed UK bank operating under the Financial Services Compensation Scheme, and is authorised by the Prudential Regulation Authority of the United Kingdom ("PRA") and Financial Conduct Authority of the United Kingdom ("FCA").

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