



# CROSS WEEKLY

## CROSSINVEST

Wealth & Asset Management  
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Since 1985

18 July 2022

### Brief Weekly Overview

Biden departs Saudi Arabia without any promises for more oil supplies.

Supply chains show signs of unclogging, which could be positive for inflation.

Russia intensifies bombing at a time when advanced Western weapons arrive in Ukraine.

Russia said Ukraine must be a neutral, non-nuclear state and accept losing territory.

Zelensky fired the head of security service and lead prosecutor. He said more than 60 staff belonging to these agencies were collaborating with Russian forces.

China's banking regulator asked banks to supply credit to eligible developers so that they can finish uncomplete projects after buyers stopped paying in 100 developments across 50 cities.

COVID cases in China rise again.

China's PBOC affirmed stronger policies to support economic growth.

| NAME                         | CURR | LAST PRICE | DAILY CHANGE | MTD      | YTD       |
|------------------------------|------|------------|--------------|----------|-----------|
| <b>EQUITIES</b>              |      |            |              |          |           |
| MSCI ACWI Index              | USD  | 598.71     | 1.63%        | 0.32%    | -20.68%   |
| S&P 500 Index                | USD  | 3,863.16   | 1.92%        | 2.05%    | -18.95%   |
| Dow Jones Industrial Average | USD  | 31,288.26  | 2.15%        | 1.67%    | -13.90%   |
| Nasdaq Composite Index       | USD  | 11,452.42  | 1.79%        | 3.84%    | -26.80%   |
| STXE 600 PR Index            | EUR  | 413.78     | 1.79%        | 1.62%    | -15.17%   |
| FTSE 100 Index               | GBP  | 7,159.01   | 1.69%        | -0.14%   | -3.05%    |
| MSCI Asia Ex. Japan Index    | USD  | 628.81     | -0.76%       | -3.72%   | -20.33%   |
| Nikkei 225 Tokyo             | JPY  | 26,788.47  | 0.54%        | 1.50%    | -6.96%    |
| Shanghai A Share Index       | CNY  | 3,382.69   | -1.64%       | -5.03%   | -11.32%   |
| MSCI EM Index                | USD  | 961.85     | -0.37%       | -3.88%   | -21.93%   |
| <b>FIXED INCOME</b>          |      |            |              |          |           |
| US2YT Yield                  | -    | 3.1201     | -1.2bps      | 16.68bps | 238.79bps |
| US10YT Yield                 | -    | 2.9152     | -4.43bps     | -9.78bps | 140.51bps |
| Bunds 10Y Yield              | -    | 1.1330     | -4.5bps      | -20.3bps | 131bps    |
| BBG USD HY Corp              | -    | 8.5600     | -12bps       | -33bps   | 435bps    |
| <b>FOREX</b>                 |      |            |              |          |           |
| Euro/US Dollar               | USD  | 1.0080     | 0.62%        | -3.85%   | -11.35%   |
| US Dollar/Japanese Yen       | JPY  | 138.57     | -0.28%       | 2.10%    | 20.41%    |
| US Dollar/Singapore Dollar   | SGD  | 1.4001     | -0.28%       | 0.69%    | 3.79%     |
| British Pound/US Dollar      | USD  | 1.1855     | 0.26%        | -2.65%   | -12.39%   |
| US Dollar/ Chinese Yuan      | CNY  | 6.7572     | 0.02%        | 0.86%    | 6.31%     |
| Australian Dollar/ US Dollar | USD  | 0.6793     | 0.64%        | -1.59%   | -6.47%    |
| US Dollar Index              | -    | 108.063    | -0.44%       | 3.23%    | 12.95%    |
| <b>GOLD / OIL</b>            |      |            |              |          |           |
| Brent Crude                  | USD  | 101.16     | 2.08%        | -11.89%  | 30.06%    |
| Gold Spot Price              | USD  | 1708.17    | -0.10%       | -5.48%   | -6.62%    |



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#### EQUITIES

- US stocks rose on Friday as hawkish market pricing cools with better-than-expected Retail Sales, NY Fed Manufacturing and University of Michigan Sentiment data, and as the upcoming Q2 earnings season gets underway. The S&P 500 Index closed up 1.9% led by Financials, while the Nasdaq 100 Index and DJIA rose 1.8% and 2.2% respectively.
- European stocks rebounded as traders accessed the prospects of additional rate hikes by the Fed and after Italy's president rejected Mario Draghi's offer to resign as prime minister.
- Asian stocks declined as disappointing China growth data and renewed concerns over the tech crackdown soured sentiments. The MSCI Asia Pacific Index fell 0.2%, led by declines in Alibaba stock and the HSTECH Index.

#### FIXED INCOME

- Inflation pressure remains intense in the US. While declining commodity prices from their sky-high peaks portend some easing of inflation ahead, the pressure is on the Fed to overdeliver. A hawkish Fed is set to keep front-end of the US yield curve well-supported while heightened recession risks mean further curve inversion.

#### FOREX

- A weak EUR exacerbating the inflation problem, recession risk due to the energy crisis and political turmoil in Italy. The ECB will face a tough time solving all its problems at once with monetary policy when it meets on 21 July. The ECB will likely raise policy rates by 25bp and provide a sketch of the anticipated anti-fragmentation tool.

#### MACRO

- European stocks rebounded on Friday, paring some of the week's losses. The Stoxx Europe 600 Index (+1.8%) closed higher on Friday, with the auto and technology sectors rising the most. The benchmark still posted a weekly loss following a hot US inflation print and disappointing bank earnings, and as political turmoil in Italy weighed on the market. The FTSE MIB Index snapped four days of losses after President Sergio Mattarella asked Draghi to stay in a bid to avert a political crisis that would unsettle financial markets and potentially lead to elections in the fall. Among stocks, Burberry (-3.8%) slumped after the British fashion brand surprised investors by reporting a weak quarter in the Americas. Elsewhere, Uniper (6%) jumped after it's majority owner reportedly said it was forced to consider all options to ensure the security of European energy markets.

#### DIRECT EQUITIES

- Citigroup Inc posted better-than-expected Q2 earnings results on Friday, driven by the company's trading division via strong performance from fixed-income products and equity derivatives, which helped offset a 46% slump in investment banking revenue as the market for IPOs and SPACs dried up amid the macroeconomic uncertainty. Total revenue rose 11% to \$19.6 billion, above expectations of \$18.4 billion, while net income amounted to \$4.5 billion, surpassing estimations of \$3.6 billion by analysts. The stock jumped 13.3% on Friday.

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