



CROSS WEEKLY

CROSSINVEST

Wealth & Asset Management
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5 September 2022

Brief Weekly Overview

EU unveiled a plan to impose a price cap on Russian energy imports.

Gazprom announced a key gas pipeline to Europe won't reopen as planned due to technical issues, sparking accusations of fallacious pretences from EU countries.

Jobs report on Friday was in line with expectations, adding 315k jobs. However the unemployment rate increased from 3.5% to 3.7%, due to an uptick in the labor participation rate, as more people joined the workforce.

China ramps up military excursions past the median line in the Taiwan Strait in the wake of Nancy Pelosi's visit. (This crosses the line the US drew in 1954 and ups the ante to pressurize the US to reestablish the boundary, sparking potential conflict)

OPEC+ said it could cut supply, as recession fears loom and the prospect of more supplies from Iran loom.

Germany unveils a 65 billion plan to support consumers hit by rampant inflation, which would be funded by taxing energy companies with windfall profits in this environment.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	606.98	-0.22%	-1.00%	-19.59%
S&P 500 Index	USD	3,924.26	-1.07%	-0.78%	-17.66%
Dow Jones Industrial Average	USD	31,318.44	-1.07%	-0.61%	-13.81%
Nasdaq Composite Index	USD	11,630.86	-1.31%	-1.57%	-25.66%
STXE 600 PR Index	EUR	415.97	2.04%	0.20%	-14.73%
FTSE 100 Index	GBP	7,281.19	1.86%	-0.04%	-1.40%
MSCI Asia Ex. Japan Index	USD	623.69	-0.83%	-2.68%	-20.98%
Nikkei 225 Tokyo	JPY	27,650.84	-0.04%	-1.57%	-3.96%
Shanghai A Share Index	CNY	3,339.17	0.05%	-0.49%	-12.46%
MSCI EM Index	USD	972.02	-0.42%	-2.22%	-21.10%
FIXED INCOME					
US2YT Yield	-	3.3873	-11.21bps	-10.56bps	265.51bps
US10YT Yield	-	3.1894	-6.39bps	-0.33bps	167.93bps
Bunds 10Y Yield	-	1.5250	-3.6bps	-1.6bps	170.2bps
BBG USD HY Corp	-	8.4800	-9bps	6.01bps	427bps
FOREX					
Euro/US Dollar	USD	0.9954	0.08%	-0.99%	-12.45%
US Dollar/Japanese Yen	JPY	140.20	-0.01%	0.89%	21.83%
US Dollar/Singapore Dollar	SGD	1.4022	-0.04%	0.37%	3.94%
British Pound/US Dollar	USD	1.1509	-0.31%	-0.97%	-14.95%
US Dollar/ Chinese Yuan	CNY	6.9000	-0.10%	0.14%	8.56%
Australian Dollar/ US Dollar	USD	0.6812	0.35%	-0.44%	-6.21%
US Dollar Index	-	109.534	-0.14%	0.77%	14.49%
GOLD / OIL					
Brent Crude	USD	93.02	0.71%	-3.60%	19.59%
Gold Spot Price	USD	1712.19	0.86%	0.07%	-6.40%



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EQUITIES

- US equities fell on Friday to cap their third straight weekly decline, after a solid August jobs report failed to ease fears that the Federal Reserve would keep aggressively hiking interest rates to fight inflation.
- The pan-European Stoxx 600 ended 2% higher by the close of trade. Autos added 3.8% to lead gains as all sectors and major bourses traded in positive territory.
- Asian shares were mixed and the dollar stood tall on Friday ahead of a key US jobs report as investors braced for more aggressive rate hikes from the Federal Reserve, while commodities took an overnight dive amid new China lockdowns.

FIXED INCOME

- US Treasury yields moved lower Friday, handing the 2-year rate its biggest one-day drop in more than a month, after the August nonfarm payrolls report had traders paring expectations for an aggressive Federal Reserve rate hike later this month. The Treasury yield curve also turned less deeply negative in a sign that pessimism about the outlook might be wavering.

FOREX

- With the latest US NFP report fairly much in line with market expectations, the fate of the Euro, and EUR/USD, lies firmly in the hands of the ECB next week. A 75bp hike and a hawkish press conference should see EUR/USD move back above parity, while a 50bp increase will see the pair tumbling back towards 0.9900 and lower. On the monthly chart, three monthly lows made in late 2002 bottoming at 0.9610 would seem the next logical target for the pair if 0.98475 is broken.

MACRO

- Industrial producer price inflation in the eurozone area rose 4.0% in July, topping the 2.5% consensus estimate, fueled by surging energy prices. The July pace accelerated from 1.3% in June, the EU's Eurostat office said Friday. That comes to a whopping 37.9% increase from July 2021, higher than the 35.8% that economists had expected. By sector, energy PPI jumped 9%, non-durable consumer goods increased 1.2%, and durable consumer goods rose 0.9%. Prices in total industry, excluding energy increased by 0.6%. The biggest increases in industrial producer prices were in Ireland (+26.1%), Hungary (+9.4%), and Bulgaria (+8.0%), and the largest declines were in Portugal (-1.5%), Sweden (-1.2%), and Luxembourg (-0.9%).

DIRECT EQUITIES

- Broadcom Inc., chipmaker and supplier to the largest tech companies presented positive outlook for sales in the current quarter, signalling to investors that not all is doom and gloom in the internet infrastructure space. The company estimated a U\$8.9 billion revenue in fiscal fourth quarter, compared with Bloomberg's average analyst estimate of U\$8.72 billion. After this piece of news, shares were up 2% in late trading. This comes after companies such as Nvidia Corp., Intel Corp. and Micron Technology Inc. presented weaker forecasts, citing slowdown in orders for personal computers and smartphones. In response to Broadcom's rosier outlook, CEO Hock Tan said the company's projected performance is "somewhat surreal".

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