



CROSS WEEKLY

CROSSINVEST

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Since 1985

31 October 2022

Brief Weekly Overview

Russia suspended a UN-brokered safe corridor for ships carrying grain from Ukrainian ports, affecting 218 ships of grain. Ships are likely to continue moving, but grain prices are expected to shoot up as a result.

Putin denied discussing the use of nuclear weapons, claiming that Russia only hinted at it in response to repeated western discussion of a possible nuclear conflict. He also softened his stance and called for mutual respect between Russia and the west.

The US is exporting record volumes of oil and taking on a bigger role as a fuel supplier in response to the global energy crunch, with combined exports of crude oil and refined petroleum surging to 11.4mn barrels a day.

SK Hynix and other semiconductor companies are seeing unprecedented drop in demand, yet another sign of a slowing economy as electronics demand fall in the face of a potential recession.

Germany's opposition to common borrowing to address the energy crisis further stokes tension among EU states after unilateral moves, such as its €200bn relief plan for German businesses and households.

PM Kishida announced a 71.6 trillion yen (US\$490 billion) economic stimulus package to ease the impact of rising prices and support growth.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	574.70	0.84%	3.85%	-23.86%
S&P 500 Index	USD	3,797.34	1.19%	5.90%	-20.33%
Dow Jones Industrial Average	USD	31,499.62	1.34%	9.66%	-13.32%
Nasdaq Composite Index	USD	10,952.61	0.86%	3.56%	-29.99%
STXE 600 PR Index	EUR	401.84	1.40%	3.61%	-17.62%
FTSE 100 Index	GBP	7,013.99	0.64%	1.74%	-5.02%
MSCI Asia Ex. Japan Index	USD	521.77	-2.89%	-6.48%	-33.89%
Nikkei 225 Tokyo	JPY	26,974.90	0.31%	4.00%	-6.31%
Shanghai A Share Index	CNY	3,120.10	-2.02%	-1.56%	-18.20%
MSCI EM Index	USD	842.76	-2.58%	-3.77%	-31.59%
FIXED INCOME					
US2YT Yield	-	4.5046	3.24bps	22.59bps	377.24bps
US10YT Yield	-	4.2424	2.57bps	41.38bps	273.23bps
Bunds 10Y Yield	-	2.3300	-8.7bps	22.2bps	250.7bps
BBG USD HY Corp	-	9.5700	-5bps	-11bps	536bps
FOREX					
Euro/US Dollar	USD	0.9874	0.12%	0.73%	-13.16%
US Dollar/Japanese Yen	JPY	148.91	0.85%	2.88%	29.40%
US Dollar/Singapore Dollar	SGD	1.4224	0.51%	-0.90%	5.44%
British Pound/US Dollar	USD	1.1278	-0.22%	0.97%	-16.66%
US Dollar/ Chinese Yuan	CNY	7.2630	0.45%	2.07%	14.27%
Australian Dollar/ US Dollar	USD	0.6312	-1.05%	-1.38%	-13.09%
US Dollar Index	-	111.989	-0.02%	-0.11%	17.06%
GOLD / OIL					
Brent Crude	USD	93.26	-0.26%	6.03%	19.90%
Gold Spot Price	USD	1649.78	-0.48%	-0.65%	-9.81%



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EQUITIES

- Weak manufacturing data the previous week reassured investors that the Fed's efforts were working. Strong US Q3 GDP data during the midweek and weak earnings from Big Tech and Industrials killed momentum, but Friday saw high gains from strong energy sector earnings and falling PCE data. The S&P 500 rose 3.95%, while tech-heavy Nasdaq Composite rose only 2.24%.
- The European Stoxx 600 gained 3.65% over the week, buoyed in the early part of the week by strong earnings and promises of lower gas prices. Markets stayed resilient as the ECB rate hike of 75bps was in line with expectations, with investor hopes raised by dovish guidance. Lower pre-market trading on Friday was quickly pared back before the week ended.
- MSCI Asia Pacific tumbled on Monday as the Chinese Party Congress concluded with the Politburo filled with Xi loyalists, and spooked investors fled the region. However, oversold conditions led to strong rebounds over the midweek, but tumbled on Friday to end -0.18% over the week as lockdowns in China extend.

FIXED INCOME

- 10Y yields fell from 4.22% to 4.01% after poor earnings reflected slowing demand, and investors started buying Treasuries.
- 2Y yields had a volatile week, falling to 4.26% at one point, but ended only 6bps lower than where it started from 447bps to 441bps.

FOREX

- The Sterling showed recovery as market turmoil and policy uncertainties cooled off.
- Increase in investor concern surrounding China's leadership reshuffle pushed the USDCNY to 7.25.

MACRO

- The US economy rebounded in the third quarter after contracting for the first six months of this year, with GDP increasing 2.6% on an annualized basis.
- Mortgage rates have more than doubled this year with the average 30-year fixed loan rising to 7.08% from 6.94% last week, the first time it has climbed past 7% since 2002.
- The ECB doubled its key interest rate to the highest level in more than a decade to 1.5%, signaling its progress in battle with record inflation.

DIRECT EQUITIES

- Amazon.com, Inc. projected the slowest holiday-quarter growth in the company's history as shoppers cut back on spending in the face of a likely recession. Amazon Web Services, the cloud-computing division, reported disappointing revenue growth as well. Amazon shares fell 11% to US\$98.00.

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