



CROSS WEEKLY

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14 November 2022

Brief Weekly Overview

The US midterm elections returned stronger-than-expected results for the Democrats, with a Senate majority all but assured. Republican control of the House is expected to be razor-thin.

Fed Governor Christopher Waller, a known hawk, cautioned that the tightening cycle is far from over as inflation still runs high at 7.7%, although conceding that smaller hikes are possible.

Russia ordered troops to leave Ukraine's city of Kherson, the first major regional center seized in its invasion, citing heavy losses otherwise and marking a highly symbolic setback for Putin.

China eased some of its Covid restrictions, despite highest number of cases in the past 6 months. Quarantine periods were shortened, testing has been reduced, and airline penalizations have been scrapped.

The ECB stated that they expect interest rates to rise beyond the point at which they constrain demand and weaken growth to bring down inflation, pushing back any ideas of a dovish pivot soon.

Customers of FTX are facing diminishing hopes of recovering their deposits from the collapsed crypto exchange, which held just US\$900m in liquid assets against US\$9b of liabilities before it filed for bankruptcy.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	618.66	1.81%	5.51%	-18.04%
S&P 500 Index	USD	3,992.93	0.92%	3.12%	-16.22%
Dow Jones Industrial Average	USD	33,747.86	0.10%	3.10%	-7.13%
Nasdaq Composite Index	USD	11,323.33	1.88%	3.05%	-27.62%
STXE 600 PR Index	EUR	432.26	0.09%	4.87%	-11.39%
FTSE 100 Index	GBP	7,318.04	-0.78%	3.15%	-0.90%
MSCI Asia Ex. Japan Index	USD	591.62	6.29%	12.96%	-25.04%
Nikkei 225 Tokyo	JPY	28,263.57	2.98%	2.45%	-1.83%
Shanghai A Share Index	CNY	3,235.80	1.69%	6.70%	-15.17%
MSCI EM Index	USD	935.73	5.19%	10.32%	-24.05%
FIXED INCOME					
US2YT Yield	-	4.3321	-24.75bps	-297.29bps	359.99bps
US10YT Yield	-	3.8125	-27.98bps	-349.25bps	230.24bps
Bunds 10Y Yield	-	2.1600	-1.2bps	-514.5bps	233.7bps
BBG USD HY Corp	-	8.9100	-41bps	-21bps	470bps
FOREX					
Euro/US Dollar	USD	1.0347	3.36%	4.71%	-9.00%
US Dollar/Japanese Yen	JPY	138.81	-5.23%	-6.66%	20.62%
US Dollar/Singapore Dollar	SGD	1.3718	-2.21%	-3.16%	1.69%
British Pound/US Dollar	USD	1.1830	4.16%	3.15%	-12.58%
US Dollar/ Chinese Yuan	CNY	7.0973	-1.98%	-2.84%	11.66%
Australian Dollar/ US Dollar	USD	0.6703	4.23%	4.75%	-7.71%
US Dollar Index	-	106.292	-3.85%	1355.06%	11.10%
GOLD / OIL					
Brent Crude	USD	95.99	3.60%	1.22%	23.41%
Gold Spot Price	USD	1771.24	3.78%	8.43%	-3.17%



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EQUITIES

- Thursday's CPI data sent waves through global markets, after a weak start to the week ahead of the release. Thursday saw a massive 5.5% intraday gain in the S&P 500, and market exuberance continued through Friday, with the S&P 500 ending the week up 5.9%, while the Nasdaq Composite jumped 8.1% over the week.
- Europe saw similar moves on Thursday, and a strong start to the week was further buoyed by positive data releases across the pond. The pan-European Stoxx 600 gained 3.4% intraday, and 3.7% over the week.
- Asia saw massive gains over the week, while gains extend into Monday. While Asia was also buoyed by the CPI release on Thursday, the release of China's adjustments to the Covid Zero Policy on Friday morning sent Asian markets rallying further, and weekend news of wide-ranging property developer support in China added more exuberance to the market. MSCI Asia Pacific gained 8.4% over the week, and the HSI saw a 7.3% climb.

FIXED INCOME

- US bond markets were closed on Friday for Veterans' Day but saw strong buying on Thursday after the CPI release. 10Y yields fell sharply by 28bps in one day, further inverting the yield curve. Overall, 10Y yields fell 34.6bps over the week.
- 2Y yields followed closely, falling 30bps upon the CPI release. Overall, 2Y yields fell 32.6bps over the week.

FOREX

- The US Dollar extends losses as data on consumer inflation points at slower rate increases from the Fed, experiencing its biggest two-day decline of 3.0% since March 2009.
- Japanese authorities warned of intervention after the Dollar-Yen was hit by a massive USD sell-off, reiterating that they are closely monitoring currency market movements and will respond appropriately if necessary.

MACRO

- US inflation cooled in Oct by more than forecast at 7.7% versus forecasted rate of 8.0%, offering hope that price increases are slowing and giving the Fed room to slow down their steep rate hikes. Core CPI rose 6.3% YoY, below expectations of 6.5%.
- China's exports growth fell for the first time in more than two years, losing 0.3% in October versus a projected 4.5% gain, as demand weakens on rising risks of a global recession. Imports also fell for the first time since August 2020, marking a 0.7% loss.

DIRECT EQUITIES

- Qualcomm, a semiconductor company providing wireless technology services, cut revenue guidance by 25% for Q4, citing a gloomy near-term outlook for the smartphone industry. The company reported that a rapid deterioration in demand and easing of supply constraints have resulted in elevated channel inventory. Qualcomm shares fell 7.7% the day after releasing guidance.

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