



CROSS WEEKLY

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5 December 2022

Brief Weekly Overview

Powell signaled that upcoming rate hikes will be slowed down, while stressing that borrowing costs will need to keep rising and remain restrictive for some time to beat inflation. He also highlighted the overly strong labor market and emphasized the need for below-trend growth to reduce inflation.

The Kremlin stated that they will not accept the price cap for its crude oil, which was agreed upon by the EU at US\$60/barrel. The nation's crude oil might be prohibited to be sold to anyone participating in a price cap mechanism.

Opec and allies made clear that they are ready to intervene immediately to stabilize global oil markets, a day ahead of the sweeping new restrictions on Russia's oil exports.

Chinese authorities pushed on with accelerating towards reopening the economy, with Shanghai and Hangzhou easing some Covid restrictions after protests against the nation's stringent policies.

Europe is importing a record amount of seaborne Russian gas, despite the Ukraine conflict disrupting gas flows via pipeline. Such imports rose over 40% year to date and has made Russian natural gas more expensive.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	633.54	0.41%	0.41%	-16.07%
S&P 500 Index	USD	4,071.70	-0.21%	-0.21%	-14.57%
Dow Jones Industrial Average	USD	34,429.88	-0.46%	-0.46%	-5.25%
Nasdaq Composite Index	USD	11,461.50	-0.06%	-0.06%	-26.74%
STXE 600 PR Index	EUR	443.29	0.74%	0.74%	-9.12%
FTSE 100 Index	GBP	7,556.23	-0.22%	-0.22%	2.32%
MSCI Asia Ex. Japan Index	USD	625.39	0.61%	0.61%	-20.76%
Nikkei 225 Tokyo	JPY	27,777.90	-0.68%	-0.68%	-3.52%
Shanghai A Share Index	CNY	3,308.06	0.15%	0.15%	-13.27%
MSCI EM Index	USD	973.85	0.16%	0.16%	-20.95%
FIXED INCOME					
US2YT Yield	-	4.2717	-3.85bps	-3.85bps	353.95bps
US10YT Yield	-	3.4862	-11.92bps	-11.92bps	197.61bps
Bunds 10Y Yield	-	1.8560	-7.41bps	-7.41bps	203.3bps
BBG USD HY Corp	-	8.3800	-25bps	-25bps	417bps
FOREX					
Euro/US Dollar	USD	1.0535	1.24%	1.24%	-7.34%
US Dollar/Japanese Yen	JPY	134.31	-2.72%	-2.72%	16.71%
US Dollar/Singapore Dollar	SGD	1.3516	-0.72%	-0.72%	0.19%
British Pound/US Dollar	USD	1.2280	1.84%	1.84%	-9.25%
US Dollar/ Chinese Yuan	CNY	7.0535	-0.55%	-0.55%	10.97%
Australian Dollar/ US Dollar	USD	0.6790	0.03%	0.03%	-6.51%
US Dollar Index	-	104.545	-1.33%	-1.33%	9.28%
GOLD / OIL					
Brent Crude	USD	85.57	0.16%	0.16%	10.02%
Gold Spot Price	USD	1797.63	1.65%	1.65%	-1.73%



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EQUITIES

- Although US stocks fell slightly on Friday following the release of US wage growth and non-farm payrolls data which both came in higher than expected, they still ended last week higher after the big rally last Wednesday from Powell's signaling that rate hikes will slow down. The S&P 500 Index fell 0.1% on Friday with energy and information tech stocks leading the drop.
- European equities retreated lower after hotter-than-expected US jobs data reignited worries of an extended tight Fed monetary policy. The Stoxx Europe 600 Index dropped 0.2% with energy, utilities and tech stocks leading the decline while real estate and retail stocks gained.
- The MSCI Asia Pacific Index fell 0.9% with energy and utility stocks leading the drop. Japan and South Korea equities were among the worst performers as investors await more clues on China's reopening prospects and economic policy at the upcoming Politburo meeting in early December.

FIXED INCOME

- The US yield inversion continues to widen, with 2Y10Y reaching 78.5bps.
- Asian bonds were lifted aggressively after reports of China's top four state-owned banks being ordered to issue offshore loans to help property developers repay overseas debt were released.

FOREX

- The US Dollar has hit a five-month low against a basket of major currencies, due to Powell's dovish speech and deflationary economic data.
- The offshore Yuan exceeded the 7-per-dollar level, as the Chinese authorities continued their push towards reopening the economy.
- The Yen has bounced back from a 32-year low, soaring over 13% since October 2022 as signs emerged that domestic institutions may start pouring money back into Japan.

MACRO

- US employers added more jobs than forecast and wages surged by the most in nearly a year. Nonfarm payrolls increased 263,000 in November, while unemployment rate held at 3.7%.
- The ISM factory activity gauge shrank to 49 last month, below expectations of 49.7 as output weakened for the third month in a row. Input prices fell at the fastest pace while inventories shrank at the slowest rate in over 2 years, signs that goods inflation and demand are beginning to fall.

DIRECT EQUITIES

- Lithia Motors, Inc. (LAD) recently bolstered its footprint in Texas with the purchase of Meador Chrysler, Dodge, Jeep, and Ram ("CDJR"). This acquisition continues the expansion of LAD's nationwide network as part of the company's 2025 plan to reach U\$50b in revenue. LAD shares have lost 16.8% over a year against the industry's 0.9% rise.

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