



# CROSS WEEKLY

## CROSSINVEST

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12 December 2022

### Brief Weekly Overview

Republicans and Democrats in Congress are at an impasse over the annual government spending bill for fiscal year 2023, ahead of a December 16 government shutdown deadline. Should no budget be worked out, lawmakers expect an extension to next year and for the next Congress to pass the bill.

Putin reiterated that Russia would defend itself and its allies with any means necessary, pointing to Russia's nuclear arsenal as a deterrent factor. In response, the European Union made public a ninth package of sanctions against Russia.

Most of Russia's oil is trading below the threshold imposed by G-7, as its loss of its historic European markets and increased dependence on small group of faraway buyers mean that the oil must be discounted further to compete with more local supplies.

China continued to ease pandemic measures, lifting restrictions on transport workers to alleviate congestion in the transportation industry. Chinese officials continued to downplay the risks of Covid-19, with a top medical adviser saying the fatality rate from the Omicron variant is in line with influenza.

Japan's households boosted spending in October despite accelerating inflation and falling real wages, suggesting that the release of pent-up demand will aid the economy's return to growth.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
<b>EQUITIES</b>					
MSCI ACWI Index	USD	619.36	0.51%	-1.83%	-17.95%
S&P 500 Index	USD	3,934.38	0.01%	-3.57%	-17.45%
Dow Jones Industrial Average	USD	33,476.46	-0.36%	-3.22%	-7.88%
Nasdaq Composite Index	USD	11,004.62	0.42%	-4.04%	-29.66%
STXE 600 PR Index	EUR	439.13	0.67%	-0.21%	-9.98%
FTSE 100 Index	GBP	7,476.63	-0.17%	-1.27%	1.25%
MSCI Asia Ex. Japan Index	USD	635.75	2.88%	2.27%	-19.45%
Nikkei 225 Tokyo	JPY	27,901.01	0.78%	-0.24%	-3.09%
Shanghai A Share Index	CNY	3,361.46	0.23%	1.77%	-11.87%
MSCI EM Index	USD	978.28	2.04%	0.62%	-20.59%
<b>FIXED INCOME</b>					
US2YT Yield	-	4.3443	8.82bps	3.41bps	361.21bps
US10YT Yield	-	3.5783	16.14bps	-2.71bps	206.82bps
Bunds 10Y Yield	-	1.9330	15.1bps	0.3bps	211bps
BBG USD HY Corp	-	8.5200	-7.01bps	-11.01bps	431bps
<b>FOREX</b>					
Euro/US Dollar	USD	1.0540	0.32%	1.29%	-7.30%
US Dollar/Japanese Yen	JPY	136.56	-0.04%	-1.09%	18.67%
US Dollar/Singapore Dollar	SGD	1.3539	-0.11%	-0.55%	0.36%
British Pound/US Dollar	USD	1.2259	0.46%	1.67%	-9.41%
US Dollar/ Chinese Yuan	CNY	6.9584	-0.17%	-1.89%	9.48%
Australian Dollar/ US Dollar	USD	0.6795	1.04%	0.10%	-6.44%
US Dollar Index	-	104.810	-0.28%	-1.08%	9.55%
<b>GOLD / OIL</b>					
Brent Crude	USD	76.1	-1.39%	-10.92%	-2.16%
Gold Spot Price	USD	1797.32	0.62%	1.63%	-1.74%



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### EQUITIES

- US equities fell following the release of US PPI data which came in hotter-than-expected. Investors are also bracing themselves for the upcoming rate hike announcement. The S&P 500 Index fell 0.7% with energy and healthcare stocks leading the drop.
- European equities rose as investors analyzed economic data and contemplated on monetary policy in advance of the series of upcoming ECB decision. The Stoxx Europe 600 Index rose 0.8% with travel and leisure, and construction and materials stocks leading gains, while energy underperformed.
- Asian stocks rose as the markets maintain hopes on China's reopening. The MSCI Asia Index rose 1.2% with the Hang Seng Index rising 2.3%, leading gains in the region, while Japanese and Taiwanese equity benchmark indices rose more than 1%.

### FIXED INCOME

- The US yield inversion continues to widen, with 2Y10Y reaching 76.8bps.
- Asia sovereign bonds were relatively firm, with the space mainly unchanged and flows biased to bids. In China, markets were muted with higher beta names trading marginally higher.

### FOREX

- The US Dollar drifted higher as markets await a slew of key reports this week, including the U.S. consumer inflation report and the Fed's rate hike announcement.
- The Euro edged lower ahead of the ECB meeting, which is expected to be hawkish as ECB officials have signaled that they care about the underlying inflation which has remained persistently elevated.
- The Yuan inches up as the government relaxes its zero-Covid stance quickly, although there are rising risks of rapid spreading of the virus which will prove tough to handle.

### MACRO

- The Fed's monetary tightening campaign is successfully deflating asset bubbles without upending the financial system, which is potentially helpful in achieving a soft landing.
- Traders currently forecast a peak rate at just under 5% mid 2023, with a full quarter point reduction coming through by around November and the policy rate ending next year at about 4.5%.

### DIRECT EQUITIES

- Microsoft Corporation (MSFT) backed off on their June 30 target to complete the acquisition of Activision Blizzard Inc and stated that they can give no further guidance on the timeline. This came after the US Federal Trade Commission (FTC) sued to block the deal on grounds that this deal will hinder competition. Microsoft's share price slid before rising 1.2%.

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