



CROSS WEEKLY

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Wealth & Asset Management
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Since 1985

30 January 2023

Brief Weekly Overview

US GDP grew by 2.9% in Q4, down from 3.2% in Q3. Components of GDP showed signs of contraction, with final sales to domestic purchasers down from 1.1%. Fixed investment fell 6.7%, with housing-related investment contracting 26.7% and business investment rising just 0.7%.

The IMF warns that the BOJ could cause significant spill over effects into the global financial markets by abruptly adjusting their Yield Curve Control Policy and called for clear communication to maintain flexibility.

The US\$160 billion memory-chip sector is facing multiple issues such as destabilized suppliers and reduced demand from Asian economies, wiping out cash reserves as huge inventories of chips sit in warehouses while product prices plunge.

Salary delays by ailing property developers and Covid-19 test providers in China have led to protests and blockades as workers demand their wages. However, these companies are also struggling to collect receivables from local governments who are short of cash.

The removal of China's travel restrictions has accelerated the exodus of wealthy Chinese and their capital, with about 10,800 rich Chinese emigrants in 2022 compared to less than 500 per year in 2020 and 2021.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	649.94	0.25%	7.36%	7.36%
S&P 500 Index	USD	4070.56	0.25%	6.02%	6.02%
Dow Jones Industrial Average	USD	33978.08	0.08%	2.51%	2.51%
Nasdaq Composite Index	USD	11621.71	0.95%	11.04%	11.04%
STXE 600 PR Index	EUR	455.17	0.26%	7.13%	7.13%
FTSE 100 Index	GBP	7765.15	0.05%	4.21%	4.21%
MSCI Asia Ex. Japan Index	USD	684.51	0.05%	10.54%	10.54%
Nikkei 225 Tokyo	JPY	27382.56	0.07%	4.94%	4.94%
Shanghai A Share Index	CNY	3422.19	0.76%	5.68%	5.68%
MSCI EM Index	USD	1051.19	-0.12%	9.91%	9.91%
FIXED INCOME					
US2YT Yield	-	4.1990	1.64bps	-22.68bps	-22.68bps
US10YT Yield	-	3.5035	0.88bps	-37.13bps	-37.13bps
Bunds 10Y Yield	-	2.2390	2.3bps	-33.2bps	-33.2bps
BBG USD HY Corp	-	8.1100	1bps	-85.01bps	-85.01bps
FOREX					
Euro/US Dollar	USD	1.0868	-0.22%	1.52%	1.52%
US Dollar/Japanese Yen	JPY	129.8800	-0.26%	-0.95%	-0.95%
US Dollar/Singapore Dollar	SGD	1.3136	0.12%	-1.93%	-1.93%
British Pound/US Dollar	USD	1.2382	-0.21%	2.47%	2.47%
US Dollar/ Chinese Yuan	CNY	6.7845	0.13%	-1.65%	-1.65%
Australian Dollar/ US Dollar	USD	0.7100	-0.21%	4.21%	4.21%
US Dollar Index	-	101.9270	0.09%	-1.54%	-1.54%
GOLD / OIL					
Brent Crude	USD	86.66	-0.93%	0.87%	0.87%
Gold Spot Price	USD	1928.04	-0.06%	5.70%	5.70%



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EQUITIES

- US markets had a great week as economic prints emboldened investors that a soft landing may be possible. While mixed earnings on Wednesday spooked some investors, GDP figures beat expectations, and combined with falling Personal Consumption Expenditures (PCE) index of 4.4% YoY, closed the week with a strong rally. The S&P 500 gained 2.47%, while tech-heavy Nasdaq Composite rose 4.32%, led by Tesla's positive guidance while detracted by downside earnings surprise by Microsoft.
- Positive Eurozone economic data encouraged investors as the composite Purchasing Managers' Index (PMI) moved from contractionary to expansionary, while consumer confidence strengthened to its highest since last February. Further hawkish calls by ECB officials continued to depress sentiment midweek, but positive earnings surprises restored confidence to close the week. The pan-European Stoxx 600 gained 0.67%, led by Italy and France.
- Many Asian markets were closed through the week for the Lunar New Year. Japan, being open all week, saw gains as the Nikkei 225 rose 3.12% after Tokyo core CPI rose 4.3% YoY, beyond the Bank of Japan's 2% inflation target. Despite the holiday-shortened week, markets saw significant gains, especially as China reported significant domestic activity during the week-long holiday, with a hastened economic recovery encouraging investors in neighbouring markets. The Hang Seng Index gained 2.96%.

FIXED INCOME

- US yields rose slightly through the week despite hitting a low on Wednesday, implying the inverse correlation between equity and bond prices. While Treasury yields hit a low on Wednesday following fears of further weak earnings, bonds sold off till Friday and ended the week with higher yields.

FOREX

- The USDJPY continues to hover at the 130 mark, as higher-than-expected inflation in Japan reignited hopes of a BOJ tightening in the near-future.

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- The PCE core price index, which excludes food and energy, rose 4.4% in December 2023 while the overall indicator rose 5% YoY. Both are still significantly above the Fed's 2% goal but showed the slowest pace since late 2021 as consumer spending falls.
- Illiquidity in the Japanese Government Bond (JGB) market has led to the March 2032 and March 2024 JGBs being removed from the World Government Bond Index, while the September 2032 and June 2032 tenors will follow suit next month.

DIRECT EQUITIES

- The Adani Group, controlled by Asia's richest man Gautam Adani, was accused by Hindenburg Research of conducting stock manipulation and blatant accounting fraud, taking up a short position against the conglomerate. The Adani Group tried to dismiss the report as malicious and baseless, stating that they will be exploring legal actions against the research firm and releasing a 413-page rebuttal of most of the allegations. More than U\$50bn has been erased in market value from the business empire while one-fifth of Adani's personal fortune was shaved off.

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