



# CROSS WEEKLY

## CROSSINVEST

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13 February 2023

### Brief Weekly Overview

Powell's interview last week was initially interpreted by investors to be a dovish take on the jobs report, despite his warning of a potentially higher terminal rate.

Sales of newly built homes in China's major cities fell 31% in 2022 and continued to decline, even as the government eases its leverage limits in its "three red lines" policy that exacerbated the housing decline of 2022.

Russia plans to cut its oil output by 500,000 barrels per day starting March, following through their threat to retaliate against energy sanctions. This is equivalent to 5% of its January output, causing oil prices to surge.

Kazuo Ueda, an economist and a former member of the BOJ policy board, was nominated to replace Kuroda for BOJ Chair. The initial market reaction to this news suggested that traders saw Ueda as having a hawkish bent.

A Turkish business group reported that economic losses in the earthquakes could reach US\$84bn, far exceeding previous calculations. Nearly 35,000 people have been confirmed dead across Turkey's southeast and Syria.

Three flying objects were downed over North America in the past 3 days while another was reportedly spotted over a Chinese port city, sparking further tensions between US and China.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
<b>EQUITIES</b>					
MSCI ACWI Index	USD	646.87	-0.33%	-0.23%	6.85%
S&P 500 Index	USD	4090.46	0.22%	0.34%	6.54%
Dow Jones Industrial Average	USD	33869.27	0.50%	-0.64%	2.18%
Nasdaq Composite Index	USD	11718.12	-0.61%	1.15%	11.96%
STXE 600 PR Index	EUR	457.89	-0.96%	1.03%	7.77%
FTSE 100 Index	GBP	7882.45	-0.36%	1.43%	5.78%
MSCI Asia Ex. Japan Index	USD	661.56	-1.20%	-1.25%	6.84%
Nikkei 225 Tokyo	JPY	27670.98	0.31%	1.26%	6.04%
Shanghai A Share Index	CNY	3417.71	-0.30%	0.15%	5.54%
MSCI EM Index	USD	1013.67	-1.06%	-1.73%	5.99%
<b>FIXED INCOME</b>					
US2YT Yield	-	<b>4.5170</b>	<b>3.51bps</b>	<b>31.59bps</b>	<b>9.13bps</b>
US10YT Yield	-	<b>3.7320</b>	<b>7.42bps</b>	<b>22.51bps</b>	<b>-14.28bps</b>
Bunds 10Y Yield	-	<b>2.3640</b>	<b>6.1bps</b>	<b>7.8bps</b>	<b>-20.7bps</b>
BBG USD HY Corp	-	<b>8.3800</b>	<b>24bps</b>	<b>24bps</b>	<b>-58bps</b>
<b>FOREX</b>					
Euro/US Dollar	USD	1.0678	-0.58%	-1.70%	-0.25%
US Dollar/Japanese Yen	JPY	131.3600	-0.17%	0.98%	0.18%
US Dollar/Singapore Dollar	SGD	1.3303	0.35%	1.25%	-0.69%
British Pound/US Dollar	USD	1.2062	-0.49%	-2.09%	-0.17%
US Dollar/ Chinese Yuan	CNY	6.8145	0.41%	0.88%	-1.22%
Australian Dollar/ US Dollar	USD	0.6917	-0.27%	-1.96%	1.53%
US Dollar Index	-	103.6300	0.40%	1.50%	0.10%
<b>GOLD / OIL</b>					
Brent Crude	USD	86.39	2.24%	2.25%	0.56%
Gold Spot Price	USD	1865.57	0.20%	-3.26%	2.28%



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### EQUITIES

- Last week was light on economic data releases, and sensitive markets instead jumped and tumbled on conflicting Fed speak, with officials stressing the possibility of further tightening, while Powell's acknowledgement of disinflation encouraged investors. The S&P 500 fell 1.11%, while the Nasdaq Composite fell 2.41% over the week.
- Hawkish sentiment was not limited to the US, with ECB officials claiming that recent disinflation in Europe was not the result of ECB intervention, and further tightening was still required. Despite a more benign call on the German economy by its Finance Ministry boosting sentiment midweek, the pan-European Stoxx 600 still closed the week down 0.62%.
- Despite an uptick in Japanese equities during the week, losses in Chinese markets pulled down Asian markets, as a combination of profit taking and worries about worsening diplomatic tensions between China and the West led sell offs across Hong Kong and onshore markets. The MSCI Asia Pacific index fell 1.32%, while the Hang Seng Index fell 2.17%, the Hang Seng Tech Index fell 5.87%, and the CSI 300 fell 0.85%.

### FIXED INCOME

- Yields rose last week following the onslaught of hawkish Fed speak, and the yield curve inverted even further, with the 2Y-10Y inversion hitting its worst in 4 decades.

### FOREX

- The US Dollar remains steady as the market waited for US inflation news, portraying its cautious mood amid firmer data and mixed comments from Fed officials.
- The Yen surged as reports surfaced that former BOJ policymaker, Kazuo Ueda, was set to be the next BOJ Chair.

### MACRO

- Despite higher-than-expected jobless claims, markets reacted bearishly to weak earnings reports and are pricing in a higher terminal rate than at the start of January.
- Four different Fed officials at separate events stressed the need for higher interest rates, with some suggesting a higher terminal rate than previously projected.

### DIRECT EQUITIES

- DBS Group Holdings Ltd (SGX: D05), a Singaporean multinational banking and financial services corporation, topped estimates with their profits in the fourth-quarter and announced a special dividend. Net income increased 69% to S\$2.34bn, beating average estimates of S\$2.17bn from analysts. CEO Piyush Gupta stated that rates are likely to increase moderately this year, and that China's border reopening will benefit the region. DBS share price fell 1% on market open as the special dividend was considered.

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