



CROSS WEEKLY

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27 February 2023

Brief Weekly Overview

Recent Fed minutes showed most Fed officials supporting slowing rate hikes, with only a few who preferred 50bps hikes. However, all agreed that inflation was still far higher than the target 2%.

Putin stated Russia will suspend remaining nuclear weapons treaty with the US ahead of the one-year anniversary of Ukraine's invasion, blaming the US for the breakdown in relations.

China's economy rebounded after the long holiday, although early indicators point to an uneven recovery with strong consumption but lagging industrial activity. Private activity strengthened as residents returned to work, while small business confidence rose to the highest since 2022.

Economists projected headline inflation in the EU easing after a warm winter sent natural gas prices tumbling. Core index is likely to hold at a record 5.3%, with markets expecting higher rate hikes following hawkish remarks from key figures and more bullish signals on the Euro economy.

Japan's inflation surged to 4.2%, its highest since the early 1980s. Important components of inflation such as hotel fees and car insurance have increased prices, while energy's contributions to prices have slowed. Prime Minister Kishida has proposed a stimulus package aimed at cutting electricity prices to help reduce the pace of inflation.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	628.00	-1.17%	-3.14%	3.74%
S&P 500 Index	USD	3970.04	-1.05%	-2.61%	3.40%
Dow Jones Industrial Average	USD	32816.92	-1.02%	-3.72%	-1.00%
Nasdaq Composite Index	USD	11394.94	-1.69%	-1.64%	8.87%
STXE 600 PR Index	EUR	457.70	-1.04%	0.99%	7.72%
FTSE 100 Index	GBP	7878.66	-0.37%	1.38%	5.73%
MSCI Asia Ex. Japan Index	USD	630.08	-1.49%	-5.95%	1.75%
Nikkei 225 Tokyo	JPY	27453.48	-	0.46%	5.21%
Shanghai A Share Index	CNY	3424.62	-0.62%	0.35%	5.76%
MSCI EM Index	USD	971.87	-1.61%	-5.78%	1.62%
FIXED INCOME					
US2YT Yield	-	4.8136	11.62bps	61.25bps	38.78bps
US10YT Yield	-	3.9432	6.65bps	43.63bps	6.84bps
Bunds 10Y Yield	-	2.5370	5.9bps	25.1bps	-3.4bps
BBG USD HY Corp	-	8.7100	6.01bps	57bps	-25bps
FOREX					
Euro/US Dollar	USD	1.0548	-0.45%	-2.90%	-1.47%
US Dollar/Japanese Yen	JPY	136.4800	1.32%	4.91%	4.09%
US Dollar/Singapore Dollar	SGD	1.3506	0.59%	2.79%	0.83%
British Pound/US Dollar	USD	1.1944	-0.57%	-3.05%	-1.15%
US Dollar/ Chinese Yuan	CNY	6.9601	0.75%	3.03%	0.89%
Australian Dollar/ US Dollar	USD	0.6726	-1.20%	-4.66%	-1.28%
US Dollar Index	-	105.2140	0.59%	3.05%	1.63%
GOLD / OIL					
Brent Crude	USD	83.16	1.16%	-1.57%	-3.20%
Gold Spot Price	USD	1811.04	-0.62%	-6.08%	-0.71%



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EQUITIES

- US equities tumbled amidst fears stemming from hot inflation data that Feds will have to keep policy rates higher. The S&P500 Index plunged 1.1% with 9 of 11 major industry groups falling, led by real estate and information technology sectors.
- European equities declined following key US inflation metric released, fueling bets that the Feds will continue its hawkish path. The Stoxx Europe 600 Index dropped 1%, led by mining, travel and leisure sectors. On the other hand, utilities and personal care sectors rose.
- Asian equities declined after disappointing technology stocks earnings, dragging down China's equity market which notched its fourth-straight weekly losses. The MSCI Asia Pacific Index closed 0.7% lower, led by big Chinese technology names.

FIXED INCOME

- A Bloomberg index tracking IG bonds rose 4% last month, its best start to a year, but gains were wiped after a US labor market report followed by a slew of economic data surprising on the upside were released, tapering expectations that inflation has been tamed.
- Emerging market bonds saw the largest outflow since October 2022, with over U\$7bn outflow of "junk" rated corporate bond funds in February 2023 after U\$3.9bn inflow in the previous month.

FOREX

- The USD hovered near a seven-week peak after strong US economic data reinforced the view that the Fed will have to raise interest rates further and longer.
- The Yen weakened as incoming BOJ Governor Kazuo Ueda cooled speculations of an earlier end to the ultra-easy monetary policy, stating that it must be maintained to support the economy.

MACRO

- US Treasury Secretary Janet Yellen stated that inflation is persisting, although she reiterated that it is possible for inflation to come down while keeping a strong labor market. Yellen's comments came after the Fed's preferred inflation gauges unexpectedly accelerated in January, and consumer spending surged after a year-end slump.
- Ueda, in a parliamentary hearing, has said that the current easing of monetary policy was appropriate, and that the BOJ can move toward normalizing policy once a stable 2% inflation is in sight.

DIRECT EQUITIES

- Nvidia Corporation (NASDAQ: NVDA), an artificial intelligence (AI) company dealing with both hardware and software, forecasted that the growing demand for AI will offset lower demand for personal computer chips. Nvidia's chips are designed to perform well at parallel processing, which allows computers to process large amounts of data, vital for AI processing. ChatGPT has sparked interest towards the AI sector, and Nvidia believes that customization to each customer's needs will be vital in the future. Nvidia's stock rose 13% after the forecast was released.

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