



CROSS WEEKLY

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13 March 2023

Brief Weekly Overview

US banks Silicon Valley Bank and Signature Bank were placed into receivership by the FDIC. The Treasury have announced that all deposits will be guaranteed, while the Fed has created a new credit facility to improve liquidity conditions.

Citigroup's CFO Mark Mason said that the bank was seeing an increase in US consumers slowing or being unable to repay their growing credit card debts, with average balances on the company's credit cards rising and an uptick in credit losses, particularly to borrowers with lower credit scores.

Powell delivered two days of testimony that gave conflicting signals on the path of rate hikes, emphasizing the Fed's focus on the "totality of the data".

The US and India will sign a memorandum of understanding that will coordinate their chip-industry plans to increase India's role in the global chipmaking supply chain. The US Commerce department plans to include information sharing in return for a commitment to avoid over subsidizing domestic chipmakers in India.

Local governments in China artificially increased their revenues last year by selling properties to their own investment vehicles, with over half of residential property plot sales by local governments being made to their subsidiary financing vehicles.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	616.60	-1.27%	-1.97%	1.85%
S&P 500 Index	USD	3861.59	-1.45%	-2.73%	0.58%
Dow Jones Industrial Average	USD	31909.64	-1.07%	-2.29%	-3.73%
Nasdaq Composite Index	USD	11138.89	-1.76%	-2.76%	6.42%
STXE 600 PR Index	EUR	453.76	-1.35%	-1.59%	6.79%
FTSE 100 Index	GBP	7748.35	-1.67%	-1.62%	3.98%
MSCI Asia Ex. Japan Index	USD	616.13	-1.64%	-1.26%	-0.50%
Nikkei 225 Tokyo	JPY	28143.97	-1.67%	2.54%	7.85%
Shanghai A Share Index	CNY	3385.77	-1.41%	-1.51%	4.56%
MSCI EM Index	USD	955.28	-1.35%	-0.91%	-0.12%
FIXED INCOME					
US2YT Yield	-	4.5862	-28.38bps	-22.96bps	16.04bps
US10YT Yield	-	3.6987	-20.45bps	-22.13bps	-17.61bps
Bunds 10Y Yield	-	2.5080	-13.5bps	-14.3bps	-6.3bps
BBG USD HY Corp	-	8.8300	8.01bps	20bps	-13.01bps
FOREX					
Euro/US Dollar	USD	1.0643	0.59%	0.63%	-0.58%
US Dollar/Japanese Yen	JPY	135.0300	-0.82%	-0.84%	2.98%
US Dollar/Singapore Dollar	SGD	1.3500	-0.24%	0.12%	0.78%
British Pound/US Dollar	USD	1.2030	0.88%	0.07%	-0.44%
US Dollar/ Chinese Yuan	CNY	6.9172	-0.69%	-0.27%	0.27%
Australian Dollar/ US Dollar	USD	0.6580	-0.15%	-2.21%	-3.42%
US Dollar Index	-	104.5760	-0.70%	-0.28%	1.02%
GOLD / OIL					
Brent Crude	USD	82.78	1.46%	-1.32%	-3.64%
Gold Spot Price	USD	1868.26	2.03%	2.26%	2.43%



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EQUITIES

- All eyes were on Powell's testimony at the start of last week as he delivered hawkish messages to Congress on day 1, and mixed messaging on day 2. Additionally, tight employment data during the week, and the collapse of Silvergate Capital and Silicon Valley Bank caused further selling. The S&P 500 fell 4.55%, while the Nasdaq Composite fell 4.71%, with financials leading the fall due to fears of contagion.
- Knock-on effects from fearful markets in the US led to selloffs in Europe as well, and despite mixed economic data showing flagging retail sales and consumer demand against a backdrop of strengthening industrial production, the pan-European STOXX 600 ended 2.26% lower.
- China's National Party Congress concluded with sweeping reforms and a low 2023 growth target of 5%. Weaker economic data from February led to declines in Chinese equities, as falling trade volumes added to fears of the country's economic outlook. The CSI 300 fell 3.96% while the Hang Seng Index fell 5.31%.

FIXED INCOME

- Fears of a breakdown in the financial system after the collapse of SVB led yields to plummet as investors believed that the Fed may be forced to stop its tightening. 2 Year Treasury yields fell from 4.9% to almost 4.6%, while future markets began pricing in a 25bps hike at the next FOMC meeting.
- The flight to safety affected longer term notes as well, with the 10 Year Treasury yields falling almost 27bps over the week, and credit spreads to widen.

FOREX

- The USD weakened further following fears of bank runs after the collapse of SVB, while the JPY saw declines following the BoJ's commitment to its Yield Curve Control policy at Governor Kuroda's final meeting.

MACRO

- US Non-Farm Payrolls growth was 311,000 in February, far above the consensus 225,000, while monthly wage growth fell to 0.2% Month-on Month. However, sectoral breakdowns showed an increase in wages for production and nonsupervisory workers by 0.5%, the biggest in 3 months.
- The Labor Department's Job Openings and Labor Turnover Survey (JOLTS) showed that the number of job openings decreased to 10.8 million in January, slightly above an expected 10.5 million, while the ratio of openings to unemployed people fell slightly to 1.9.

DIRECT EQUITIES

- Oracle Corporation (NYSE: ORCL) fell 5.82% intraday after it missed revenue forecasts in its cloud business, a key segment of Oracle's future growth strategy. Following aggressive moves to win market share including large cloud deals with Uber, the revenue miss led to a larger sell-off despite earnings beating estimates and an optimistic earnings forecast for the next quarter.

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