



CROSS WEEKLY

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05 June 2023

Brief Weekly Overview

The US Congress have passed the debt ceiling deal fully, and President Biden has signed it into law. The Treasury will begin issuing new debt to refill their much-depleted coffers, which dropped to below US\$23bn on 1st June.

Oil surged by 2.5% after Saudi Arabia announced an additional one million barrel-a-day cut in July, although key competitors made no such commitment, and the UAE even increased their 2024 production quota.

Tourism in April has helped pull the Japanese economy out of a recession and helped support wage hikes and demand-led gains in prices. This has helped to lift GDP by 1.1%. Inbound demand is accelerating the momentum of service prices and wage gains, which is a factor supporting the inflation path targeted by the BOJ.

Core Eurozone inflation rose 5.3% from a year earlier in May — down from April's 5.6% increase and less than the 5.5% consensus estimate, while headline inflation rose only 6.1%, a stark decrease from previous months. Disinflation was led by Western European countries, while other Eurozone countries saw stickier and hotter inflation.

Tensions ran high at a defense summit in Singapore as Western and Chinese defense officials traded barbs on aggressive moves from various countries in the South China Sea.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	663.25	1.57%	2.61%	9.56%
S&P 500 Index	USD	4282.37	1.45%	2.45%	11.53%
Dow Jones Industrial Average	USD	33762.76	2.12%	2.60%	1.86%
Nasdaq Composite Index	USD	13240.77	1.07%	2.36%	26.51%
STXE 600 PR Index	EUR	462.15	1.51%	2.30%	8.77%
FTSE 100 Index	GBP	7607.28	1.56%	2.16%	2.09%
MSCI Asia Ex. Japan Index	USD	632.37	2.41%	2.45%	2.12%
Nikkei 225 Tokyo	JPY	31524.22	1.21%	2.06%	20.81%
Shanghai A Share Index	CNY	3385.80	0.79%	0.79%	4.56%
MSCI EM Index	USD	984.36	2.35%	2.69%	2.93%
FIXED INCOME					
US2YT Yield	-	4.4969	15.61bps	9.42bps	7.12bps
US10YT Yield	-	3.6907	9.57bps	4.82bps	-18.41bps
Bunds 10Y Yield	-	2.3120	6.3bps	3bps	-25.9bps
BBG USD HY Corp	-	8.5400	-18.01bps	-27.01bps	-42.01bps
FOREX					
Euro/US Dollar	USD	1.0708	-0.50%	0.18%	0.03%
US Dollar/Japanese Yen	JPY	139.9200	0.81%	0.42%	6.71%
US Dollar/Singapore Dollar	SGD	1.3503	0.19%	-0.10%	0.81%
British Pound/US Dollar	USD	1.2453	-0.58%	0.10%	3.06%
US Dollar/ Chinese Yuan	CNY	7.0986	0.01%	-0.14%	2.90%
Australian Dollar/ US Dollar	USD	0.6610	0.59%	1.65%	-2.98%
US Dollar Index	-	104.0150	0.44%	-0.30%	0.48%
GOLD / OIL					
Brent Crude	USD	76.13	2.49%	4.78%	-11.38%
Gold Spot Price	USD	1947.97	-1.50%	-0.75%	6.80%



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EQUITIES

- US equities gained overall during the holiday shortened week as the debt ceiling deal negotiated by President Biden and House Speaker McCarthy progressed through Congress. High Job Openings reported on Wednesday and outsized Nonfarm Payrolls on Friday partially fuelled investor worries of further rate hikes. However, markets reacted positively to dovish Fed speak, contractionary Manufacturing PMI, and rising unemployment rates, and equities gained, with the S&P 500 rising 1.83%.
- European equities were more mixed as economic and business sentiment surveys in UK and the Eurozone reported widespread pessimism in economic outlooks. Various European inflation came in cooler than expected, with harmonized Eurozone inflation slowing to 6.1%, cooler than expected, but ECB President Lagarde re-emphasised tight monetary policy and pushed back investor sentiment. The pan-European Stoxx 600 inched up 0.16%.
- The Nikkei 225 climbed 1.97% while the broader Topix grew 1.72%, as foreign investment inflows continued through the week. Further dovish comments by BoJ Governor Ueda helped sentiment, and strong tourism data in April further improved Japan's economic outlook. Chinese equities advanced slightly despite weak economic data from a contractionary official manufacturing PMI and falling industrial profits. The private Caixin/S&P Global Manufacturing PMI showed slightly expansionary manufacturing activity however, highlighting key differences in industrial sectors in China. The CSI 300 gained 0.28%, while the HSI added 1.1%.

FIXED INCOME

- Short term yields plummeted as the debt ceiling resolution sent 1-month T-bills falling from 6.02% to 5.28%, while longer term Treasuries also benefitted.

FOREX

- The US dollar weakness was short-lived as Nonfarm payrolls report and US jobs data on Friday saw rate hike expectations for the Fed's June meeting rise once more which offered the US dollar renewed support.
- Gold prices (XAU/USD) have undergone a massive downward correction from its May highs of U\$2,070 due to US interest rate dynamics. The possibility that the FOMC will take its terminal rate higher to restore price stability is a headwind for the metal.

MACRO

- US Nonfarm payrolls rose 339,000 in May, beating estimates of 195,000. April's figure of 253,000 was revised upwards to 294,000. Unemployment rate rose to 3.7% from 3.4% in the same period, while the Labour Force Participation rate remained unchanged at 62.6%. Average Hour Earnings, which measures annual wage inflation, dipped slightly from 4.4% to 4.3%.

DIRECT EQUITIES

- Taiwan Semiconductor Manufacturing Company Limited (TPE: 2330) announced it needs to hire 4,500 Americans at its new plants in Arizona. The chipmaker plans to spend U\$40bn to build two semiconductor foundries which will churn out the world's leading-edge chips by 2024 and 2026.

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