



# CROSS WEEKLY

## CROSSINVEST

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24 July 2023

### Brief Weekly Overview

UK CPI fell to a 15-month low of 7.9% in June, a larger than expected decrease of 8.2%, a welcoming sign of disinflation.

US oilfield services groups reported declines in their quarterly revenues following dwindling demand from oil and gas drillers in the US.

The four largest US banks have surpassed analysts' expectations for equity and debt underwriting in the second quarter, signaling a revival in investment banking. However, the banks warn of coming squeezes in Net Interest Income.

Russia has pulled out from a UN-brokered deal to export Ukrainian grain across the Black Sea, endangering about 33mn metric tonnes of food exports, more than half of which was meant for developing countries. Russia has warned it will regard all vessels en route to Ukraine's ports as military and signaled its intention to reimpose a naval blockade on Ukraine.

Turkey's dollar bonds rallied after the UAE pledged to buy US\$8.5bn of sukuk from Ankara, a move which may alleviate the government's funding pressures.

Spain, the EU's fourth largest economy, saw an electoral deadlock on Sunday as both the right and left parties failed to secure enough votes for an outright majority to form a government.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
<b>EQUITIES</b>					
MSCI ACWI Index	USD	697.43	-0.07%	2.14%	15.21%
S&P 500 Index	USD	4536.34	0.03%	1.93%	18.15%
Dow Jones Industrial Average	USD	35227.69	0.01%	2.38%	6.28%
Nasdaq Composite Index	USD	14032.81	-0.22%	1.78%	34.07%
STXE 600 PR Index	EUR	465.40	0.32%	0.75%	9.53%
FTSE 100 Index	GBP	7663.73	0.23%	1.76%	2.84%
MSCI Asia Ex. Japan Index	USD	644.12	-0.42%	2.14%	4.02%
Nikkei 225 Tokyo	JPY	32304.25	-0.57%	-2.67%	23.80%
Shanghai A Share Index	CNY	3320.70	-0.06%	-1.07%	2.55%
MSCI EM Index	USD	1014.58	-0.34%	2.54%	6.09%
<b>FIXED INCOME</b>					
US2YT Yield	-	4.8372	-0.16bps	-5.83bps	41.14bps
US10YT Yield	-	3.8349	-1.54bps	-0.18bps	-3.99bps
Bunds 10Y Yield	-	2.4690	-2.11bps	7.7bps	-10.2bps
BBG USD HY Corp	-	8.3200	-4bps	-18bps	-64.01bps
<b>FOREX</b>					
Euro/US Dollar	USD	1.1124	-0.05%	1.97%	3.91%
US Dollar/Japanese Yen	JPY	141.7300	1.19%	-1.79%	8.09%
US Dollar/Singapore Dollar	SGD	1.3307	0.28%	-1.60%	-0.66%
British Pound/US Dollar	USD	1.2854	-0.11%	1.19%	6.38%
US Dollar/ Chinese Yuan	CNY	7.1876	0.11%	-0.91%	4.19%
Australian Dollar/ US Dollar	USD	0.6729	-0.74%	0.98%	-1.23%
US Dollar Index	-	101.0710	0.19%	-1.79%	-2.37%
<b>GOLD / OIL</b>					
Brent Crude	USD	81.07	1.80%	8.24%	-5.63%
Gold Spot Price	USD	1961.94	-0.39%	2.22%	7.56%



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### EQUITIES

- US equities broadly advanced last week as resilient economic data and a modest beginning to the earnings season raised hopes of a soft landing while inflation returns to target. The S&P 500 rose 0.61% through the week, while the equal-weighted version beat it by rising 1.38%. Meanwhile, tech-heavy Nasdaq Composite pulled back -0.42% after weak earnings reports from Netflix and Tesla, while negative forecasts from semiconductor companies TSMC hurt sentiment in the cyclical chips space.
- Europe also saw some gains, with the pan-European Stoxx 600 rising 0.95% after Eurozone Q1 GDP was revised higher to avoid a contraction. Cooler than expected UK inflation was also followed by 2 ECB hawks shifting their stance to become more dovish, raising hopes of an earlier end to the Eurozone hiking cycle.
- Japanese equities was mixed, with the Nikkei 225 dipping 0.3% but the broader Topix rose 1.0%. This was due to June's core CPI coming in hot but in line with consensus, worrying investors that an end to the BoJ's ultra-loose monetary policy was near. However, a Friday report that the BoJ was unlikely to tweak its Yield Curve Control helped equities rebound.
- Chinese equities tumbled after GDP growth disappointed, rising 6.3% in Q2 but missing expectations. Despite further releases on government support for the economy, the proposed supports failed to spark excitement investors. The CSI 300 fell 1.98%, while the Hang Seng Index fell 1.74%.

### FIXED INCOME

- As the Fed's July meeting draws nearer, bond markets began pricing a hike, with 2 Year Treasury yields climbing through the week, while the 10 Year yields stayed mostly flat. Investment Grade issuances following big bank earnings reports were oversubscribed.

### FOREX

- The US Dollar Index retreated to near 101.07, reflecting that losses post-US CPI was not excessive. Increasing optimism for a US soft landing has affirmed USD bears and hinting further USD downside.
- Gold prices oscillated in a narrow trading band ahead of key central bank policy meeting. Despite forecasts of rate hikes in the coming week, the XAU/USD was still supported by growing concerns over slowing economic growth in China and worsening of US-China trade ties and geopolitical risks.

### MACRO

- Japan's balance of trade turned positive for the first time since July 2021 as imports dropped 12.9% and export rose 1.5%. The trade surplus was at 43bn yen (U\$308mn), beating analysts' forecast of 46.7bn yen deficit.

### DIRECT EQUITIES

- American Express Company (NYSE: AXP) share price fell 5% after keeping its annual profit forecast flat despite record spending on its credit cards by consumers, signaling a potential slowdown. Amex reported Q2 EPS of U\$2.89, beating estimates of U\$2.81.

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