



CROSS WEEKLY

CROSSINVEST

Wealth & Asset Management
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Since 1985

09 October 2023

Brief Weekly Overview

Hamas launched a coordinated attack on Israel over the weekend, with the death toll rising above 1,100, including a large proportion of civilians. Israel has officially declared war. The US is moving an aircraft carrier strike group to the Mediterranean and is planning further support.

Oil plunged last week with West Texas Intermediate dropping below U\$82 and below its 50-day Moving Average, while Brent fell to U\$84.07. However, it spiked on Monday after traders worried of the aftereffects of the conflict in the Middle East.

The Yen broke past the USDJPY 150 level before spiking steeply last Monday. However, the strengthening was smaller than previous government interventions.

US banks were sitting on U\$558bn of unrealised losses in hold-to-maturity securities by June, but Q3 saw further large losses in bond markets as yields climbed to record highs.

The Mortgage Bankers Association reported that 30-year fixed mortgages rose by 12bps to 7.53%, the highest rate since November 2000.

China's Golden Week holiday ended with domestic tourism revenue reaching 753.4bn Yuan (U\$103bn), 1.5% higher than pre-pandemic numbers, and 71% increase from last year.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	654.04	1.00%	-0.42%	8.04%
S&P 500 Index	USD	4308.50	1.18%	0.48%	12.22%
Dow Jones Industrial Average	USD	33407.58	0.87%	-0.30%	0.79%
Nasdaq Composite Index	USD	13431.34	1.60%	1.60%	28.33%
STXE 600 PR Index	EUR	444.93	0.82%	-1.17%	4.72%
FTSE 100 Index	GBP	7494.58	0.58%	-1.49%	0.57%
MSCI Asia Ex. Japan Index	USD	598.89	0.90%	-0.93%	-3.28%
Nikkei 225 Tokyo	JPY	30994.67	-0.26%	-2.71%	18.78%
Shanghai A Share Index	CNY	3261.13	-	0.00%	0.71%
MSCI EM Index	USD	937.34	0.76%	-1.62%	-1.99%
FIXED INCOME					
US2YT Yield	-	5.0813	6.3bps	3.78bps	65.55bps
US10YT Yield	-	4.8009	8.25bps	22.98bps	92.61bps
Bunds 10Y Yield	-	2.8840	0.6bps	4.5bps	31.3bps
BBG USD HY Corp	-	9.2000	-1.01bps	32bps	24bps
FOREX					
Euro/US Dollar	USD	1.0586	0.34%	0.12%	-1.11%
US Dollar/Japanese Yen	JPY	149.3200	0.55%	-0.03%	13.88%
US Dollar/Singapore Dollar	SGD	1.3651	-0.14%	-0.08%	1.91%
British Pound/US Dollar	USD	1.2237	0.37%	0.31%	1.27%
US Dollar/ Chinese Yuan	CNY	7.2980	-	0.00%	5.79%
Australian Dollar/ US Dollar	USD	0.6386	0.25%	-0.76%	-6.27%
US Dollar Index	-	106.0440	-0.27%	-0.12%	2.44%
GOLD / OIL					
Brent Crude	USD	84.58	0.61%	-11.26%	-1.55%
Gold Spot Price	USD	1833.01	0.70%	-0.84%	0.49%



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EQUITIES

- The S&P 500 snapped its four-week losing streak with a Friday rally, edging up 0.48% over the week. The extremely narrow rally was led by mega-cap tech stocks, and the equal weighted S&P 500 lagged the market-cap weighted version by the largest margin since March. The tech-heavy Nasdaq 100 climbed 1.73%. Equity markets looked through the strong headline figure in Nonfarm Payrolls to see that wages were not spiralling.
- European equities fared poorly, with the pan-European STOXX 600 falling 1.18% through the week as European government bond yields climbed and stayed elevated. Falling Eurozone retails sales also hurt sentiment.
- Japanese equities continued their decline as the Nikkei 225 fell 2.7% while the broader Topix Index declined 2.6%. Falling real wages and consumer spending, coupled with fears of global yields staying high, led to sell-offs in Japanese stocks.
- Chinese markets were closed for the Golden Week holiday, but the Hang Seng Index slipped 0.14% after reopening on Tuesday.

FIXED INCOME

- 10-year US Treasuries spiked to another 16-year record of around 4.89% last week as rates sold off on further fears of a higher-for-longer Fed stance.
- Traders priced the probability of a 25bps hike in November at over 30% last Friday, up from 18% the week before, after employment data came in stronger than expected through the week.

FOREX

- The Yen broke past the USDJPY 150 level before rebounding steeply last Monday. However, the strengthening was smaller than previous government interventions.
- The USD, Gold, and Yen rose today in a rush for havens after conflict broke out in Israel over the weekend.

MACRO

- US Non-Farm Payrolls revealed an unexpectedly large increase in employment in September, with 336k jobs added, twice the consensus estimate. Unemployment remained at 3.8%.
- The Fed reported that the interest on consumer credit card balances have reached a record high of 22.8%, up from 16.3% last year, equivalent to U\$40bn more in interest payments over the next year. Credit card spending at retailers fell almost 11% in September, according to Citi's internal data.

DIRECT EQUITIES

- Levi Strauss & Co (NYSE: LEVI) cut its full-year sales forecast, missing 3Q23 consensus as inflation continues to take a toll on consumer demand. The denim retailer's share price has declined 2.42% since the announcement last Thursday. Net revenues is expected to be flat to up 1% year-on-year compared with previous 1.5% to 2.5% growth.

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