



CROSS WEEKLY

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18 December 2023

Brief Weekly Overview

Fed's dovish 2024 pivot has upended Wall Street's outlooks. New York Fed President John Williams cautioned a March rate cut is premature while Atlanta Fed President Raphael Bostic, separately, expects two rate cuts in 2024 but not starting until Q3.

Fed held interest rates at 5.25% to 5.5% for a third meeting and forecasted a series of rate cuts next year.

US CPI slowed to 3.1% Year-over-Year, in line with expectations, while US CPI Month-over-Month increased 0.1%, higher than consensus of no gain. A 2.3% decline in energy prices was offset by shelter.

Both ECB President Christine Lagarde and BOE Governor Andrew Bailey have expressed their resistance to join US pivot in rate cuts, firming their ongoing stance to tame consumer prices.

US drillers have ramped up production of shale following OPEC+ group's decision on supply curb to stop price declines. This move surprised analysts, pushed output to a record high and thwarted OPEC's pricing strategy.

Vladimir Putin said Russia has no intentions of attacking NATO countries, debunking Biden's claims that Moscow poses a threat to the alliance.

Alternative for Germany's Tim Lochner's victory for mayor of Pirna underscores the country's unhappiness over Germany's current ruling coalition.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	716.45	0.01%	3.18%	18.35%
S&P 500 Index	USD	4719.19	-0.01%	3.31%	22.91%
Dow Jones Industrial Average	USD	37305.16	0.15%	3.77%	12.54%
Nasdaq Composite Index	USD	14813.92	0.35%	4.13%	41.54%
STXE 600 PR Index	EUR	476.61	0.01%	3.25%	12.17%
FTSE 100 Index	GBP	7576.36	-0.95%	1.64%	1.67%
MSCI Asia Ex. Japan Index	USD	627.22	1.18%	1.04%	1.29%
Nikkei 225 Tokyo	JPY	32970.55	0.87%	-1.54%	26.35%
Shanghai A Share Index	CNY	3085.11	-0.56%	-2.88%	-4.73%
MSCI EM Index	USD	1000.89	0.84%	1.40%	4.65%
FIXED INCOME					
US2YT Yield	-	4.4428	5.46bps	-23.74bps	1.71bps
US10YT Yield	-	3.9110	-0.98bps	-41.54bps	3.62bps
Bunds 10Y Yield	-	2.0160	-10.3bps	-43.1bps	-55.5bps
BBG USD HY Corp	-	7.8000	3.01bps	-63bps	-116bps
FOREX					
Euro/US Dollar	USD	1.0895	-0.89%	0.06%	1.77%
US Dollar/Japanese Yen	JPY	142.1500	0.18%	-4.08%	8.41%
US Dollar/Singapore Dollar	SGD	1.3327	0.40%	-0.34%	-0.51%
British Pound/US Dollar	USD	1.2681	-0.67%	0.45%	4.95%
US Dollar/ Chinese Yuan	CNY	7.1215	0.13%	-0.19%	3.23%
Australian Dollar/ US Dollar	USD	0.6699	0.00%	1.42%	-1.67%
US Dollar Index	-	102.5500	0.58%	-0.92%	-0.94%
GOLD / OIL					
Brent Crude	USD	76.55	-0.08%	-7.58%	-10.90%
Gold Spot Price	USD	2019.62	-0.82%	-0.82%	10.72%



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EQUITIES

- US equities continued their seventh consecutive week of gains. The Cboe Volatility Index fell to its lowest level in the post pandemic era. Rates were left unchanged and Fed Chair Powell's lack of resistance on future markets' pricing of rate cuts next year buoyed sentiments. The S&P climbed 2.1% through the week, while the tech-heavy Nasdaq 100 climbed 2.5%.
- European equities recorded higher last week as the ECB left its key deposit rate unchanged at 4% and cut its inflation and growth forecasts. Eurozone PMI fell to 47.0 from 47.6 in November, signalling contract in Eurozone's business activity. The pan-European Stoxx 600 gained 0.6% in a week.
- Japanese equities broadly fell the week. The Nikkei 225 Index gained 0.5% while the Topix retreated 1.1% over the week. Signs of Fed's pivot acted as tailwind for the Yen but simultaneously posed a headwind for Japan's exporters. JGB yield fell 7 basis points to 0.70% at the end of last week on speculations that the BoJ will end its negative interest rate policy lost vigour.
- Chinese equities continued their decline as deflationary stress persist. China's CPI fell 0.5% in November and PPI fell 3% Year-over-Year, foreshadowing a downward spiral of economy. The Shanghai Composite Index declined 1.6% while the CSI 300 fell 2.3%. The Hang Seng Index gained 3.6%. As the PBoC continues to inject liquidity as a mean to counter economic headwinds, analysts predict the central bank will step up policy support in 2024.

FIXED INCOME

- 10-year Treasuries yield fell below 4% for the first time since July on softer inflation data and Fed signals. While Treasuries initially outperformed its investment-grade corporate counterparts before the Fed meeting, corporates outperformed Treasuries after the Fed's dovish pivot.

FOREX

- Risk-on sentiment across global equity markets saw the Japanese Yen ticking lower against the USD. Concerns over deeper global economic downturn, distinctly in China and Eurozone should limit losses for the yen.

MACRO

- Initial jobless claims fell by 19,000 to 202,000 in the week ending Dec. 9, the lowest level since mid-October, below consensus of 220,000 and 221,000 a week before.
- Australia's unemployment rate rose to 3.9%, the highest level since May 2022 from 3.8% a month earlier. The participation rate rose to a record 67.2% in November with the economy adding 61,500 roles.

DIRECT EQUITIES

- Docusign Inc (NASDAQ: DOCU) share price climbed 12.5% after the e-signature software company reported exploring a leveraged buyout. DocuSign's recovery of 16% this year has been underwhelming compared to the Nasdaq Composite's 41%.

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