



CROSS WEEKLY

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29 January 2024

Brief Weekly Overview

US Core PCE eased to 2.9% in December Year-over-Year, below consensus of 3.0%, while real personal spending rose 0.5% in December for a second month. Inflation retreated at a stronger-than-anticipated rate amid a resilient job market.

A drone attack by Iran-backed militants in Northeast Jordan left three service members killed and 25 others injured, with Joe Biden vowing retaliation. Oil spiked as much as 1.5% in early Asian trading.

China has announced on Sunday to curb short selling starting Monday in a bid to support China's slumping stock markets and weak sentiment. CSI 300 Index has lost about 60% since February 2021.

Singapore maintained the slope, width and center of the S\$NEER band for a third straight time amid expectations that inflation will only ease later this year. The MAS maintained its 2024 core inflation projection of 2.5%–3.5%.

The ECB held deposit rates at 4% for a third straight meeting, as expected, with officials forecasting the loosening monetary policy to be around June. The price growth is expected to return to the 2% target in 2025.

Tokyo CPI Year-over-Year cooled to 1.6%, a steeper than forecasted slowdown of 2.0% consensus, complicating the inflation picture and casting doubt over the BoJ's timing over a widely expected rate hike.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	733.77	0.08%	0.93%	0.93%
S&P 500 Index	USD	4890.97	-0.07%	2.54%	2.54%
Dow Jones Industrial Average	USD	38109.43	0.16%	1.11%	1.11%
Nasdaq Composite Index	USD	15455.36	-0.36%	2.96%	2.96%
STXE 600 PR Index	EUR	483.84	1.11%	1.01%	1.01%
FTSE 100 Index	GBP	7635.09	1.40%	-1.27%	-1.27%
MSCI Asia Ex. Japan Index	USD	612.84	-0.56%	-4.47%	-4.47%
Nikkei 225 Tokyo	JPY	35751.07	-1.34%	6.83%	6.83%
Shanghai A Share Index	CNY	3051.06	0.14%	-2.18%	-2.18%
MSCI EM Index	USD	985.10	-0.32%	-3.77%	-3.77%
FIXED INCOME					
US2YT Yield	-	4.3489	5.58bps	9.91bps	9.91bps
US10YT Yield	-	4.1373	1.89bps	25.82bps	25.82bps
Bunds 10Y Yield	-	2.2990	0.9bps	27.5bps	27.5bps
BBG USD HY Corp	-	7.7500	-5bps	16bps	16bps
FOREX					
Euro/US Dollar	USD	1.0853	0.06%	-1.68%	-1.68%
US Dollar/Japanese Yen	JPY	148.1500	0.33%	5.04%	5.04%
US Dollar/Singapore Dollar	SGD	1.3411	0.07%	1.58%	1.58%
British Pound/US Dollar	USD	1.2703	-0.04%	-0.22%	-0.22%
US Dollar/ Chinese Yuan	CNY	7.1774	0.05%	1.09%	1.09%
Australian Dollar/ US Dollar	USD	0.6575	-0.15%	-3.48%	-3.48%
US Dollar Index	-	103.4330	-0.14%	2.07%	2.07%
GOLD / OIL					
Brent Crude	USD	83.55	1.36%	8.45%	8.45%
Gold Spot Price	USD	2018.52	-0.11%	-2.16%	-2.16%



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EQUITIES

- US equities recorded gains last week which brought the S&P 500 to fresh record highs, with the gains more broad based and leaving eight of the 11 S&P 500 sectors higher. The Advance Q4 GDP report came in at 3.3% annualised driven by consumer resilience and S&P PMI of 50.3 in January brought pleasing data on ongoing strength of the economy and cooling inflation. The S&P 500 climbed 0.8% while the tech-heavy Nasdaq 100 climbed 0.5% through the week.
- A combination of ECB President Christine Lagarde's dovish tone, ECB leaving interest rates unchanged, and China's additional stimulus measures acted as tailwinds for European equities. Eurozone business activity slowed at a slower rate, a sign that the current economic downturn might be stabilising. The pan-European Stoxx 600 gained 2.3% in a week.
- The Nikkei 225 Index fell 2.2% while the Topix fell 1.9% over the week. Despite the increased likelihood of Japan reaching its inflation target, expectations of a shift in ultra-accommodative monetary policy was somewhat tempered after softer-than-expected Tokyo area inflation print was released.
- The PBoC cut its required reserve ratio for commercial banks by 50 bps. PBoC Governor Pan Gongsheng announced that the central bank will lower interest rates by 25 bps to support small businesses from January 25. The Shanghai Composite Index climbed 5.9% while the CSI 300 gained 3.6%. The Hang Seng Index gained 6.6%.

FIXED INCOME

- 10-year US Treasury yield rose 5bps last week to 4.16% on the back of stronger US purchasing managers' index numbers and a weaker US\$61 bn five-year Treasury auction. Expectations for a March rate cut have been reduced to about 50%. The yield on the benchmark 10-year German, Swiss and French sovereign bonds declined on a more dovish outlook.

FOREX

- Weaker Tokyo Core CPI released on Friday undermined the JPY against the US Dollar. However, a weaker tone around equity markets could benefit the yen's safe-haven status and capping of the USD/JPY pair.

MACRO

- US GDP annualized Quarter-over-Quarter came in at 3.3%, beating consensus of 2.0%, while personal spending accelerated at 2.8%, above consensus of 2.5%, as cooling inflation fueled consumer spending and ignored recession calls.
- The Central Bank of the Republic of Türkiye is likely to proceed with an eighth and final hike on Thursday with the benchmark rate rising from 42.5% to 45% to combat inflation.

DIRECT EQUITIES

- Reddit Inc., a social media company, is targeting a valuation of at least US\$5 bn in IPO but the figure is dependent on the IPO market's recovery. A possible listing could be as early as March.

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