



# CROSS WEEKLY

## CROSSINVEST

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30 December 2024

### Brief Weekly Overview

US continuing claims rose to 1.91 mn, above consensus of 1.88 mn, in the week ended Dec. 14, indicating that unemployed are taking longer to find a job, some softness in labour market.

Defaults in the global leveraged loan market have increased to 7.2% in the 12 months to October, the fastest rate in four years, underscoring the toll higher interest rates have had on heavily indebted US businesses.

François Bayrou, France's new Prime Minister, has selected Eric Lombard, head of Caisse des Dépôts, as Finance Minister.

China has permitted a total of 500 bn yuan (US\$93 bn) to be raised by two state-owned enterprises in the form of CGFV with the aim of expanding investment and stabilising the economy, a modified LGFV.

India foresees growth of 6.5% for the year through March from a 8.2% a year before, after the economy unexpectedly slowed in Q3. Growth momentum intact.

The Japanese government is anticipated to unveil a record budget of ¥115.5 tn (US\$735 bn) for the next fiscal year, with an increase in defense spending.

Turkey raised the minimum wage by 30% for 2025, in line with expectations. With wage adjusted to expected inflation for 2025, the chance of a rate cut is higher.

Russia attacked Ukraine's energy infrastructure on Christmas Day, limiting power supplies.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
<b>EQUITIES</b>					
MSCI ACWI Index	USD	851.62	-0.57%	-1.26%	17.14%
S&P 500 Index	USD	5970.84	-1.11%	-1.02%	25.18%
Dow Jones Industrial Average	USD	42992.21	-0.77%	-4.27%	14.07%
Nasdaq Composite Index	USD	19722.03	-1.49%	2.62%	31.38%
STXE 600 PR Index	EUR	507.18	-	-0.60%	5.89%
FTSE 100 Index	GBP	8149.78	-	-1.66%	5.39%
MSCI Asia Ex. Japan Index	USD	709.23	-0.13%	0.81%	10.55%
Nikkei 225 Tokyo	JPY	40281.16	1.80%	5.43%	20.37%
Shanghai A Share Index	CNY	3564.19	0.06%	2.22%	14.27%
MSCI EM Index	USD	1082.87	-0.17%	0.40%	5.78%
<b>FIXED INCOME</b>					
US2YT Yield	-	4.3262	-0.21bps	17.53bps	7.63bps
US10YT Yield	-	4.6253	4.27bps	45.68bps	74.62bps
Bunds 10Y Yield	-	2.3960	-	30.8bps	37.2bps
BBG USD HY Corp	-	7.5000	3.01bps	36bps	-9bps
<b>FOREX</b>					
Euro/US Dollar	USD	1.0426	0.04%	-1.43%	-5.55%
US Dollar/Japanese Yen	JPY	157.8700	-0.08%	5.41%	11.93%
US Dollar/Singapore Dollar	SGD	1.3585	-0.04%	1.42%	2.89%
British Pound/US Dollar	USD	1.2578	0.42%	-1.23%	-1.20%
US Dollar/ Chinese Yuan	CNY	7.2961	-0.02%	0.68%	2.76%
Australian Dollar/ US Dollar	USD	0.6217	-0.06%	-4.53%	-8.73%
US Dollar Index	-	107.9980	-0.12%	2.14%	6.58%
<b>GOLD / OIL</b>					
Brent Crude	USD	74.17	1.24%	1.69%	-3.73%
Gold Spot Price	USD	2621.40	-0.46%	-0.82%	27.07%



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### EQUITIES

- US stocks rose last week, an extension from the prior week's rally driven by large-cap growth stocks. A slight pullback following Wednesday's market close pared some of the earlier week's gains. US consumer confidence fell in December to 104.7 from 112.8 in November, with consumers citing concerns over politics and tariffs. Durable goods orders also surprised to the downside in November at a 1.1% decline, below a consensus of a 0.2% rise. The S&P 500 rose 0.7% while the tech-heavy Nasdaq 100 rose 0.9% through the week. We remain cautiously optimistic on US economy/market.
- Major European indices ended higher over the holiday-shortened week. Trump threatened the European Union last Monday to buy more US oil and gas or risk facing tariffs. Analysts foresee the EU will be increasing purchases of US energy exports and simultaneously reduce reliance on Russian supplies. Lagarde acknowledged progress on inflation but raised concerns over services. The pan-European Stoxx 600 rose 1% in a week. We are neutral on Eurozone.
- Japan equity markets rose over the week. The yen weakened to around 157 against the dollar, supportive of Japan's export-heavy industries. November's economic data was mixed as industrial production fell 2.3% while retail sales rose a better-than-expected 1.8%. The Nikkei 225 Index rose 4.1% while the Topix fell 3.7% in a week. We are cautiously optimistic on Japanese economy/market.
- Chinese equities climbed on hopes of further stimulus to support growth. Chinese authorities have agreed to issue 3 tn yuan (US\$411 bn) of special treasury bonds next year. On the macroeconomic front, industrial firms profits fell 7.3% in November Year-over-Year, a fourth straight monthly decline, underscoring policies have yet to tackle the decline in corporate earnings. The Shanghai Composite Index rose 1% while the CSI 300 climbed 1.4% through the week. The Hang Seng Index climbed 1.9%.

### FIXED INCOME

- The yield of 10y JGB remained steady at 1.09%, the highest in five weeks, following Tokyo's inflation data and the uncertainties underlined in the BoJ's December Summary of Opinions.

### FOREX

- The US Dollar Index traded on a tight range near 108 on Friday on muted trading. The DXY is expected to be bullish in 2025 amid Fed's hawkish stance and inflation risks.

### MACRO

- Tokyo's CPI excluding fresh food rose 2.4% in December, slightly below consensus of 2.5%.
- Singapore's annual inflation rate rose to 1.6% in November from October's 1.4%, but it remained below market expectations of 1.8%.

### DIRECT EQUITIES

- Toyota Motor shares rose by 4.57% after reporting that the company plans to double its ROE target to 20%. Toyota's ROE in recent years has ranged from 9% to 16%. Nidec Offers US\$1.6 Billion for Makino in a rare unsolicited bid. Maker of HDD and EV motors hunts for higher-margin arenas. Japanese Corporates which are now more shareholder focused/driven will attract international investors' interest.

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