



CROSS WEEKLY

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19 May 2025

Brief Weekly Overview

Moody's downgraded the US credit rating from Aaa to Aa1, citing rising debt and interest payment levels. This led to declines in stock futures and the dollar, while gold prices rose. Treasury yields climbed, indicating market anxiety.

US Treasury Secretary Scott Bessent attended the G7 finance leaders' meeting in Banff, Alberta, Canada, focusing on trade imbalances and non-market economic practices, particularly those attributed to China.

A crucial UK-EU summit aimed to reset post-Brexit relations through agreements on defense, trade, and geopolitical solidarity. Prime Minister Keir Starmer sought to present a more stable and pragmatic UK, contrasting recent turbulent years and restoring international confidence.

Russia launched on Sunday its largest drone attack on Ukraine since the start of the war, destroying homes and killing at least one woman a day before US President Donald Trump is due to discuss a proposed ceasefire with Russia's Vladimir Putin.

Portugal's centre-right Democratic Alliance (AD) won an early parliamentary election on Sunday, but again fell short of the full majority needed to end a long period of political turmoil, while the centre-left Socialists and far-right Chega were nearly tied for second place.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	880.62	0.48%	5.65%	4.67%
S&P 500 Index	USD	5958.38	0.70%	6.99%	1.30%
Dow Jones Industrial Average	USD	42654.74	0.78%	4.88%	0.26%
Nasdaq Composite Index	USD	19211.10	0.52%	10.12%	-0.52%
STXE 600 PR Index	EUR	549.26	0.42%	4.13%	8.20%
FTSE 100 Index	GBP	8684.56	0.59%	2.23%	6.26%
MSCI Asia Ex. Japan Index	USD	762.56	-0.07%	6.23%	8.30%
Nikkei 225 Tokyo	JPY	37753.72	0.00%	4.74%	-5.37%
Shanghai A Share Index	CNY	3529.24	-0.40%	2.70%	0.45%
MSCI EM Index	USD	1172.38	-0.10%	5.35%	9.01%
FIXED INCOME					
US2YT Yield	-	3.9995	3.88bps	39.68bps	-24.21bps
US10YT Yield	-	4.4770	4.56bps	31.51bps	-9.2bps
Bunds 10Y Yield	-	2.5900	-3.2bps	14.6bps	22.3bps
BBG USD HY Corp	-	7.4600	-2.01bps	-44bps	-3.01bps
FOREX					
Euro/US Dollar	USD	1.1163	-0.21%	-1.46%	7.81%
US Dollar/Japanese Yen	JPY	145.7000	0.02%	1.84%	-7.32%
US Dollar/Singapore Dollar	SGD	1.3004	0.21%	-0.45%	-4.78%
British Pound/US Dollar	USD	1.3283	-0.17%	-0.35%	6.13%
US Dollar/ Chinese Yuan	CNY	7.2136	0.09%	-0.79%	-1.17%
Australian Dollar/ US Dollar	USD	0.6406	0.00%	0.06%	3.52%
US Dollar Index	-	101.0920	0.21%	1.63%	-6.82%
GOLD / OIL					
Brent Crude	USD	65.41	1.36%	3.63%	-12.37%
Gold Spot Price	USD	3203.65	-1.12%	-2.59%	22.07%



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EQUITIES

- The US equity market posted strong gains for the week ending May 16, with the S&P 500 rising by 5.3%, the Dow Jones Industrial Average by 3.4%, and the Nasdaq Composite surging 7.2%. Market momentum was fueled by robust corporate earnings, with 78% of S&P 500 companies surpassing EPS expectations, alongside renewed optimism in AI investments and a temporary easing of US-China trade tensions following a 90-day tariff stand-down. Despite the rally, concerns remain around market valuations, as the S&P 500's forward price-to-earnings ratio rose to 21.5—well above its five-year average.
- European equity markets posted solid gains, with the STOXX 50 up 2.4%, DAX rising 1.1%, CAC 40 advancing 1.8%, and FTSE 100 gaining 1.5%. Sentiment was supported by steady Eurozone inflation at 2.2% and Germany's manufacturing output hitting a 37-month high. Defense stocks surged amid expectations of higher European military spending, with Rheinmetall and BAE Systems among top performers. SAP became Europe's largest company by market cap, lifting the tech sector after strong cloud growth. Meanwhile, Deutsche Bank applied for ECB approval to launch a second-half share buyback, signaling balance sheet strength.
- The Nikkei 225 rose 0.7% for the week ending May 16, 2025, closing at 37,753.72, driven by a US-China tariff deal. Despite a stronger yen and Q1 GDP contraction, the index held gains. The Bank of Japan maintained rates at 0.5%, staying dovish amid inflation pressures. The yen's strength pressured exporters, while April's record foreign equity purchases signaled global confidence.
- Chinese equity markets showed positive performance for the week ending May 16. The Shanghai Composite gained 0.8%, the CSI 300 rose 1.1%, and the Hang Seng increased 2.1%. Market sentiment was boosted by President Trump's potential softer stance on China tariffs, improving investor confidence.

FIXED INCOME

- US Treasury yields climbed, with the 10-year reaching 4.5% and 30-year nearing 5.0% by May 19, 2025, driven by Moody's US debt downgrade, inflation concerns, heavy Treasury issuance, and the Fed's cautious stance on rate cuts, with a 33% chance of a July cut.

FOREX

- The US dollar fell against major currencies after Moody's downgraded the US credit rating, sparking volatility in the foreign exchange market.

MACRO

- US retail sales rose 0.4% in April 2025, beating expectations, while industrial production weakened, signaling mixed economic recovery momentum.

DIRECT EQUITIES

- Contemporary Amperex Technology Co. Ltd. (CATL) raised US\$4.6 billion in Hong Kong's largest 2025 direct equity share sale, pricing 117.9 million H-shares at HK\$263 despite US scrutiny, driven by its EV battery leadership.

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