

DAILY WATCH – 2024.01.18

Capital Market Development Department



Share Market		Daily Exchange Rates			Policy Rates
		Currency	Buying	Selling	
ASPI	▼ 10,460.88	USD	316.0759	325.6904	SDFR - 09.00
S&P	▼ 2,957.20	GBP	399.2650	414.9592	
Turnover -	494,123,507.45	EURO	342.5824	356.7391	SLFR - 10.00
Share Volume -	21,823,029	Yen	2.1232	2.2126	

01. Delisting of the ordinary voting shares from the official list of the CSE.

Four listed subsidiaries of Singapore based Goodhope Asia Holdings Ltd (GAHL) related to edible oil, de-listed from Sri Lanka's Colombo stock exchange (CSE)

- Indo Malay PLC
- Good Hope PLC
- Selinsing PLC
- Shalimar (Malay) PLC

03. TSX posts biggest decline in three months on rate cut rethink

Canada's main stock index fell to a near four-week low on Wednesday, with the resource and interest rate-sensitive sectors leading a broad-based sell-off as investors grew less optimistic of an early rate cut by the Federal Reserve.

The Toronto Stock Exchange's S&P/TSX composite index (.GSPTSE), opens new tab ended down 253.07 points, or 1.2%, at 20,695.02, its biggest decline since Oct. 18 and its lowest closing level since Dec. 20.

"Clearly, the market is recalibrating its expectations as to when rate cuts are likely to happen, and that's putting some pressure obviously on equities," said Mike Archibald, vice president and portfolio manager at AGF Investments.

U.S. bond yields rose and Wall Street stocks fell after upbeat U.S. retail sales data eroded expectations the Fed will kick off its interest rate cutting campaign as soon as March.

Inflation in Canada is likely to remain a bigger threat than in the United States due to the high growth in Canadian wages and shelter costs, which could see Canada's central bank shifting to interest rate cuts after the Fed, analysts say. All 10 major sectors on the Toronto market lost ground, including deep declines for stocks that pay high dividends and could particularly benefit from rate cuts. The utilities group lost 1.9% and real estate was down 2.3%.

The energy and materials sectors fell 1.4% and 2.4% respectively as disappointing economic growth in China spurred concerns about the demand outlook for commodities. The price of oil settled 0.2% higher at \$72.56 a barrel but copper fell and gold slid on a stronger U.S. dollar (.DXY), opens new tab.

02. US stocks fall as strong data pushes out rate-cut timelines

US stocks fell and bond yields rose on Wednesday as traders took in strong economic data that further complicates forecasts for speedy rate cuts from the US central bank.

Major indexes ended lower as data showed holiday spending was stronger than expected, helping to drive a 0.6% jump in retail sales in December, above the 0.4% increase economists were expecting. The 10-year Treasury yield rose three basis points to 4.104%.

Robust consumer spending has helped buoy the US economy for the past year, keeping GDP growth strong despite tightening financial conditions.

The fresh data could put pressure on the Fed to keep monetary policy tight, as central bankers are looking for the US economy to show signs it's cooling off and inflation is decisively falling. Consumer Price Index data showed inflation accelerated more than expected in December, with inflation rising 3.4% year-over-year.

Investors are now pricing in a near-100% chance the Fed will keep rates unchanged at its next policy meeting, up from a 90% chance priced in a month ago.

04. Asia stocks stumble as China drags, rate cut bets dwindle

Asian shares struggled to make headway on Thursday, weighed down by a murky economic outlook in China and expectations the global rate easing cycle may not come as early as some had initially thought.

Chinese stocks plumbed multi-year lows as the dour mood over China's shaky economic recovery extended into a second day, while an escalation of geopolitical tensions also kept markets on edge.

MSCI's broadest index of Asia-Pacific shares outside Japan (.MIAPJ0000PUS), opens new tab rose 0.3%, but was still languishing near Wednesday's two-month low of 490.45 points.

China's blue-chip stock index (.CSI300), opens new tab tumbled to a five-year low of 3,171.63 points, while the Shanghai Composite Index (.SSEC), opens new tab likewise bottomed at 2,760.98 points, its weakest since April 2020.

05. Tokyo bourse to make simultaneous English disclosure mandatory for top firms.

The Tokyo bourse plans to require all companies listed on its prime section to publish simultaneously in English and Japanese any information that could impact investment decisions, in an effort to attract more overseas investors.

In a document presented to its reform panel on Wednesday, the Tokyo Stock Exchange (TSE) said it would first make mandatory the simultaneous English publication of financial statements and other key items that require timely disclosure.

The rules will be applied to some 1,600 prime-listed companies, starting in April 2025.

The new rules are the latest of a series of the TSE's reform steps to make the bourse more attractive to overseas investors, including the release this week of a list of companies that have responded to a call to disclose plans to improve capital efficiency.

07. Investors raise billions to buy discounted stakes in start-ups.

Investment firms are raising billions of dollars to buy stakes in venture capital-backed technology start-ups, as a long drought in acquisitions and initial public offerings forces early investors to offload their stock at discounts.

The start-up secondary market, where investors and employees buy and sell tens of billions of dollars' worth of shares in privately held companies, is becoming an increasingly important trading venue, in the absence of traditional ways of cashing out and given a slowdown in start-up funding.

Venture secondaries buyers are primed for a busy year as start-up employees look for a way to sell their stock and investors look to return capital to their own backers or reallocate it elsewhere.

Secondary market specialist Lexington Partners last week announced a new \$23bn fund to buy up stakes from "large-scale investors". Lexington had originally aimed to raise \$15bn, but upped its target on the back of high demand, and said it was "in the early stages of a generational secondary buying opportunity" that could last years.

09. EU Provisionally Agrees Tough Crypto Due Diligence Measures to Combat Money Laundering.

Policymakers in the European Union on Wednesday reached a provisional deal on parts of a comprehensive regulatory package to combat money laundering that will force all crypto firms to run due diligence on their customers.

The Anti-Money Laundering Regulation (AMLR) is a broad-stroke effort to combat sanctions evasion and money laundering. It includes the creation of a single rulebook and sets up a supervisory authority that will also have purview over the crypto sector.

The deal also adds measures to mitigate risks in relation to transactions with self-hosted wallets, Wednesday's announcement said.

06. Oman unveils sustainable finance framework in green push.

Oman unveiled late on Wednesday a sustainable finance framework to help the Gulf country reduce its reliance on fossil fuels and attract environmental, social and governance (ESG) investors.

Under the initiative, the Sultanate plans to issue financial instruments like green, social and sustainability bonds as well as loans and sukuk - bonds that comply with Islamic law - whose proceeds will be used to fund and re-finance renewable energy projects.

08. Vietnam Tightens Limits on Investors' Stakes in Banks.

Vietnam's legislature on Thursday approved new rules that lower the maximum stake investors can hold in domestic banks, a move aimed at reducing risks of market manipulation, but that could make investment in lenders less attractive.

Under the reform, which will take effect from July this year, institutional shareholders, such as investment or pension funds, will be allowed to hold up to 10% of a bank's equity, down from the current 15% limit.

More than 90% of the National Assembly deputies agreed with the amended law.

The move followed the unveiling in late 2022 of Vietnam's largest financial fraud to date under which real estate tycoon Truong My Lan is accused of siphoning off \$12.5 billion from one of Vietnam's largest private banks, Saigon Joint Stock Commercial Bank (SCB), thanks to her effective control of the lender through nominees.

10. RBC's McKay expects 'significant' growth in U.S. capital markets

Royal Bank of Canada's Chief Executive Officer Dave McKay is eyeing expansion in the U.S. market through the bank's capital-markets franchise.

"We have significant opportunities to grow in the US on an organic basis," McKay said in a Bloomberg Television interview Wednesday from the World Economic Forum in Davos, Switzerland.

The Toronto-based bank is seeing greater activity in equity capital markets as well as on the debt side of the market, where "the rate environment's becoming more constructive for that business," McKay said, noting that Royal Bank has built its capital-markets operation into the ninth-largest franchise in the U.S.

Canada's biggest bank also hopes to further expand its wealth-management business internationally, he said. After completing its acquisition of HSBC Holdings Plc's Canadian assets — a deal set to close at the end of March — and rebuilding capital for transactions, wealth-management assets in the U.S., U.K. and Europe will be Royal Bank's main acquisition targets, McKay said.