



## Morning Call

Geneva, June 18, 2021

# Market Corner

Asian stocks drifted Friday after a rally in U.S. technology shares and Treasuries Thursday, as investors unwound some of this year's dominant reflation trades.

The dollar held gains and commodities steadied after overnight losses.

Equities climbed in Hong Kong and Australia and slipped in Japan after a central bank meeting. In China, shares retreated after U.S. regulators proposed a ban on products from Huawei Technologies Co. and four other Chinese electronics companies.

U.S. futures edged higher after a fresh bout of rotation from cyclical stocks pushed the tech-heavy Nasdaq gauge to another record. The benchmark S&P 500 ended the U.S. session flat.

Treasury yields pared a slide spurred by speculation investors were unwinding bets on a steeper curve, after Federal Reserve officials signaled monetary-policy tightening could start sooner than previously thought, helping to rein in the risk that inflation might get out of hand. Australian 10-year yields fell.

The Bloomberg Dollar Spot Index dipped after a fifth day of gains, its longest winning streak since March 2020. Its advance has made commodities that are priced in greenback more expensive, driving declines across the complex.

Copper is headed for its worst week since the start of the pandemic and oil slipped Friday.

Investors are now debating when the Federal Reserve is likely to start trimming its monthly bond purchases, after Chairman Jerome Powell flagged in his post-meeting press conference that policy makers are ready to discuss the prospect. The meeting also showed the central bank is likely to start raising interest rates sooner than its prior guidance suggested, with two hikes penciled in by the end of 2023.

Here are some key events to watch this week:

- The Bank of Japan's monetary policy decision is on Friday

US 10Y Govt Bond		Net Change
Price	Yield	0.02
101.0625	1.5090	
EU 10Y Govt Bond		Net Change
Price	Yield	0.03
101.9610	-0.1910	
Indices		% Change
Euro Stoxx 50	4 158.14	0.15
CAC40	6 666.26	0.20
FTSE	7 153.43	-0.44
DAX	15 727.67	0.11
SMI	12 011.11	0.24
Dow Jones	33 823.45	-0.06
S&P500	4 221.86	-0.04
Nasdaq Comp.	14 161.35	0.87
VIX (Volatility Index)	17.75	-2.20

Source: Refinitiv / Bloomberg



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## Crypto Corner

Ethereum price has not been spirited higher during the recent bounce in Bitcoin. Instead, the smart contracts giant has been locked in a symmetrical triangle, struggling to hold the lower trend line. Like other altcoins, ETH increasingly faces a bearish fate moving forward unless a compelling catalyst emerges.

Crypto Market Cap: [\\$1.57T](#)

24h Vol: [\\$79.3B](#)

Dominance: [BTC: 45.0%](#) [ETH: 17.4%](#)

Bitcoin	37 612.94
<b>Support</b>	<b>Resistance</b>
35 107.58	45 405.64
27 917.26	48 513.38
<b>Circulating Supply (BTC)</b>	
	18 737 625.00
<b>Market Cap</b>	
\$	708 635 244 066.00

Ethereum	2 336.64
<b>Support</b>	<b>Resistance</b>
2 073.07	2 481.66
1 960.75	2 777.93
<b>Circulating Supply (ETH)</b>	
	116 336 676.00
<b>Market Cap</b>	
\$	273 202 834 658.00

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 COINBASE:BTCUSD, 1D 37645.58 ▼ -449.59 (-1.18%) O:38103.94 H:38216.22 L:37223.32 C:37645.72



TradingView

Source: Refinitiv / fxstreet.com / Bloomberg/Coinmarketcap.com/TradeView.com



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## Commodity Corner

Gold prices rose on Friday but were set for their worst week since March 2020 after the U.S. Federal Reserve's hawkish turn lifted the dollar and dented the safe-haven metal's appeal.

Spot gold climbed 0.5% to \$1,781.96 per ounce by 05:28 GMT but was down 5% for the week.

Elsewhere, palladium gained 1.9% to \$2,543.61 per ounce but was on track for its worst week since late March following a sharp drop on Thursday.

Silver rose 0.7% to \$26.09 per ounce but was down more than 6% for the week. Platinum climbed 0.6% to \$1,064.77.

Oil prices fell for a second consecutive day on Friday as the U.S. dollar soared on the prospect of interest rate hikes in the United States but were nevertheless on track to finish the week flat - only slightly off multi-year highs.

Brent crude futures were down 52 cents, or 0.7%, at \$72.56 a barrel as of 0227 GMT, extending a 1.8% decline on Thursday.

U.S. West Texas Intermediate (WTI) crude futures were down 48 cents, or 0.7%, at \$70.56 a barrel, after retreating 1.5% on Thursday.

On Wednesday, Brent settled at its highest price since April 2019 while WTI settled at its highest since October 2018. The dollar has rocketed in the two sessions since the U.S. Federal Reserve projected possible rate hikes in 2023, earlier than market watchers previously expected. A rising dollar makes oil more expensive in other currencies, curbing demand.

<u>Gold</u>	<b>1785.16</b>
<b>Support</b>	<b>Resistance</b>
1673	1810
1651	1925

<u>Silver</u>	<b>26.13</b>
<b>Support</b>	<b>Resistance</b>
24.31	26.86
23.75	28.85

<u>Oil - WTI</u>	<b>70.51</b>
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<u>Nat Gas (HH)</u>	<b>3.1950</b>
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<u>Copper</u>	<b>4.1960</b>
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<u>Baltic Dry Ind.</u>	<b>3267.00</b>
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<u>Corn</u>	<b>635.25</b>
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<u>Wheat</u>	<b>645.50</b>
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<u>Soybean</u>	<b>1358.25</b>
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<u>Arabica Coffee</u>	<b>151.60</b>
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<u>Cotton</u>	<b>84.73</b>
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<u>Sugar</u>	<b>16.55</b>
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Source: Refinitiv / fxstreet.com / Bloomberg

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## FX Corner

A hawkish shift from the Federal Reserve has woken up a slumbering dollar, sending the U.S. currency to its highest level in months and stoking expectations that an unwind of bearish positions could fuel more gains.

The dollar was on track for its biggest two-day percentage increase against a basket of major currencies in 15 months on Thursday and stands at its highest level since mid-April, a day after the central bank shifted its first projected rate increase into 2023 in the face of surging inflation.

Betting against the dollar has been a popular trade for months, as the Fed's insistence that it would maintain its ultra-dovish stance despite rising inflation drove the currency to a near 3-year low earlier this year.

The slightly hawkish shift in Wednesday's statement appears to be changing that calculus: the prospect of a sooner-than-expected rise in U.S. rates boosts the dollar's attractiveness to yield-seeking investors over currencies such as the euro and yen. Both Goldman Sachs and Deutsche Bank, for instance, after the Fed meeting recommended investors cut their bets on the euro rising against the buck.

EUR/USD attempts a bounce above 1.1900, recovering from two-month lows amid a light docket. US dollar steps back on the way to the highest weekly gains since September 2020. US Treasury yields seesaw amid declining inflation expectations, stimulus hopes.

The appreciative move in the US dollar keeps GBP/USD under pressure around 1.3900 ahead of UK Retail Sales. Uptick in US treasury yields underpins the US dollar demand. The pair broke the consolidating range of 1.4100-1.4220 on Monday and continued to skid lower.

Gold (XAU/USD) portrays a corrective pullback during the worst week for bulls since March 2020, up 0.57% near \$1,783. Inflation expectations, stimulus hopes back mildly upbeat sentiment, options market remain most bearish since late February.

EURUSD	1.1905
Support	Resistance
1.1650	1.1978
1.1606	1.2262
1.1562	1.2546

GBPUSD	1.3906
Support	Resistance
1.3681	1.3987
1.3634	1.4246
1.3588	1.4506

AUDUSD	0.7542
Support	Resistance
0.7379	0.7617
0.7339	0.7815
0.7299	0.8013

EURCHF	1.0925
	Resistance
1.0864	1.0962
1.0817	1.1013
1.0770	1.1064

USDJPY	109.9800
Support	Resistance
109.96	111.60
108.75	112.03
107.53	112.45

USDCAD	1.2374
Support	Resistance
1.2287	1.2612
1.2007	1.2657
1.1727	1.2702

USDCHF	0.9175
Support	Resistance
0.9102	0.9365
0.8882	0.9408
0.8661	0.9450

EURJPY	130.9600
Support	Resistance
129.59	132.39
128.90	134.50
128.21	136.61

USDTRY	8.7167
Support	Resistance
8.5927	9.0909
8.1722	9.1686
7.7518	9.2464

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
18 juin 2021	08:00	Germany	Producer Prices MM	May	0.7%		0.8%	0.73%	0.03%
18 juin 2021	08:00	Germany	Producer Prices YY	May	6.4%		5.2%	6.35%	-0.05%
18 juin 2021		Japan	JP BOJ Rate Decision	18 Jun	-0.10%		-0.10%	-0.100%	0.000%

Source: Refinitiv

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# Earnings Corner

No Earning Scheduled

Source: [Refinitiv](#)

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