



# Morning Call

Geneva, August 12, 2021

## Market Corner

Data on Wednesday hinted that U.S. inflation may have peaked, reassuring investors that the Federal Reserve will not feel obligated to hasten plans to rein in emergency-level support of the economy, but they remained worried that rising prices could continue to weigh on everything from bond prices to corporate margins.

Data showed on Wednesday that U.S. consumer price increases slowed in July even as they remained at a 13-year high on a yearly basis. The S&P 500 .SPX and the Dow Jones Industrial Average closed at record levels, while U.S. Treasury yields fell across most maturities.

Some investors said the data bolstered the Fed's assertion that jumps in inflation will be relatively fleeting, partly reflecting supply chain bottlenecks that will ease with time.

But they added that inflation remains elevated, which can sap profit margins and erode the value of bonds.

Other concerns: corporate earnings growth appeared to be hitting a peak; rising coronavirus cases could threaten the economy; and stocks are generally trading at historically high valuations.

The Fed has dropped interest rates to rock-bottom levels and is currently making \$120 billion in monthly bond purchases, as it has aimed to spur spending and borrowing. The question of when and at what pace it expects to taper those purchases looms large over markets.

Here are some key events to watch out for this week:

- Cleveland Fed President Loretta Mester; Kansas City Fed President Esther George among Fed speakers through the week
- OPEC Monthly Oil Market Report due Thursday

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
<b>Price</b>	<b>Yield</b>	
99.0781	1.3489	0.09
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
<b>Price</b>	<b>Yield</b>	
104.7620	-0.4640	0.05
<u>Indices</u>		<u>% Change</u>
<b>Euro Stoxx 50</b>	4 206.33	0.44
<b>CAC40</b>	6 857.99	0.55
<b>FTSE</b>	7 220.14	0.83
<b>DAX</b>	15 826.09	0.35
<b>SMI</b>	12 387.90	0.21
<b>Dow Jones</b>	35 484.97	0.62
<b>S&amp;P500</b>	4 447.70	0.25
<b>Nasdaq Comp.</b>	14 765.14	-0.16
<b>VIX (Volatility Index)</b>	16.06	-4.35

Source: Refinitiv / Bloomberg



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## Crypto Corner

The Labor Department reported Wednesday that the consumer price index posted a 0.5% month-to-month gain, compared with a 0.9% increase in June. The price rose 5.4% from the year-ago level.

Despite cooler – but still high – inflation data in July and the U.S. Senate’s passage of a \$1 trillion infrastructure bill that could impose certain taxes and restrictions on the cryptocurrency sector, bitcoin’s price climbed to \$46,502 on Wednesday, its highest level since mid-May, with retail investors returning to the market. The cryptocurrency was trading at \$46,433 as of press time, up 2.45% on the day.

Meanwhile, the total cryptocurrency market cap has topped \$2 trillion for the first time since May, according to CoinGecko.

Crypto Market Cap: [\\$1.88T](#)

24h Vol: [\\$132.4B](#)

Dominance: [BTC: 45.0%](#) [ETH: 19.4%](#)

Bitcoin		45 229.62
<b>Support</b>	<b>Resistance</b>	
45 447.75	54 980.05	
36 580.07	55 644.67	
<b>Circulating Supply (BTC)</b>		
		18 783 500.00
<b>Market Cap</b>		
\$		846 688 530 778.00

Ethereum		3 139.80
<b>Support</b>	<b>Resistance</b>	
3 145.04	3 979.53	
2 376.50	4 045.48	
<b>Circulating Supply (ETH)</b>		
		117 070 063.00
<b>Market Cap</b>		
\$		366 035 882 677.00



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



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# Commodity Corner

Gold prices steadied on Thursday after rising more than 1% in the previous session, as worries of an early tapering in economic support eased after data showed U.S. consumer price inflation cooled in July.

Spot gold inched 0.1% lower to \$1,749.62 per ounce by 03:29 GMT, having recorded its biggest one-day percentage gain since May 6 on Wednesday.

Silver fell 0.5% to \$23.40 per ounce. Platinum eased 0.2%, to \$1,014.99 and palladium was down 0.1% to \$2,633.19.

Oil prices were steady on Thursday following two days of gains after a call from the United States, the world's top oil consumer, for major producers to boost output reinforced supply concerns as economies ease their coronavirus restrictions.

They were also boosted by a pullback in U.S. dollar, which can send speculative investors into greenback-denominated assets like commodities.

Brent crude futures edged higher by 8 cents, or 0.1%, to \$71.52 a barrel by 05:02 GMT while U.S. West Texas Intermediate (WTI) crude CL1 futures gained by 5 cents to \$69.30.

The U.S. Senate late on Tuesday passed a \$1 trillion infrastructure bill that will expand transportation systems and likely lead to several energy-consuming construction projects.

Biden's administration on Wednesday urged the Organization of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+, to boost oil output to tackle rising gasoline prices that they see as a threat to the global economic recovery.

OPEC agreed in July to boost output each month by 400,000 bpd over the previous month, starting in August, until the rest of their record cuts of 10 million bpd, about 10% of world demand, made in 2020 are phased out.

However, there are still concerns that the increase will not be enough to meet demand as the U.S. and Europe ease their coronavirus-induced movement restrictions.

Gold	1750.90
Support	Resistance
1653	1801
1595	1891

Silver	23.41
Support	Resistance
20.87	24.38
19.93	26.95

Oil - WTI	69.22
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Nat Gas (HH)	4.0570
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Copper	4.3975
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Baltic Dry Ind.	3410.00
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Corn	553.75
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Wheat	724.25
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Soybean	1411.50
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Arabica Coffee	187.00
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Cotton	91.56
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Sugar	19.47
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Source: Refinitiv / fxstreet.com / Bloomberg





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## FX Corner

The dollar held near a four-month peak against major peers on Thursday after retreating overnight as a cooling in consumer inflation tempered bets for an earlier tightening of U.S. monetary policy.

The dollar index, which measures the greenback against a basket of six rivals, was little changed at 92.881, following a 0.19% decline from Wednesday, when it rose as high as 93.195, a level not seen since April 1. "Further slippage in coming days (for the dollar is) likely, but it's unlikely to develop into anything meaningful," Westpac strategists wrote in a client note.

The dollar index "should continue to find support in the 91.5-92.0 area" and "could see new highs beyond 93.50," when taper talk gathers momentum later this quarter, they wrote.

The euro was little changed at \$1.17435 after retreating from a four-month low of \$1.1706 on Wednesday, which brought it just two tenths of a cent from the weakest level since early November.

The dollar was mostly flat at 110.40-yen, after pulling back from a five-week high of 110.80 overnight.

The consumer price index rose 0.5% last month, in line with economist estimates but down from the 0.9% advance in June. Inflation eased in some areas where Fed policymakers had indicated price pressures would likely prove temporary, such as used cars.

The Fed has made a labor market recovery a condition for phasing out its asset purchase programme and raising interest rates, while generally viewing current inflationary pressures as transitory, although there has been debate about how long those pressures could last.

EUR/USD is advancing towards 1.1750, as the US dollar eases in tandem with the yields. Softer US CPI data lifts the pressure off the Fed for an imminent tapering. US PPI and Jobless Claims in focus.

GBP/USD keeps its range below 1.3900, holding steady on mixed UK growth and industrial numbers. The risk-off mood and the US dollar's weakness leave the cable in a tight trading range. Focus shifts to US data.

EURUSD	1.1742
Support	Resistance
1.1553	1.1758
1.1526	1.1936
1.1499	1.2114

GBPUSD	1.3871
Support	Resistance
1.3724	1.3906
1.3671	1.4035
1.3619	1.4165

AUDUSD	0.7362
Support	Resistance
0.7295	0.7407
0.7249	0.7473
0.7202	0.7538

EURCHF	1.0819
	Resistance
1.0809	1.0917
1.0710	1.0926
1.0610	1.0934

USDJPY	110.3900
Support	Resistance
110.20	112.28
108.42	112.58
106.63	112.87

USDCAD	1.2506
Support	Resistance
1.2436	1.2607
1.2342	1.2684
1.2247	1.2760

USDCHF	0.9212
Support	Resistance
0.9199	0.9425
0.8994	0.9446
0.8790	0.9468

EURJPY	129.6300
Support	Resistance
128.75	130.17
128.23	131.07
127.70	131.96

USDTRY	8.6029
Support	Resistance
8.5457	8.9553
8.2031	9.0223
7.8604	9.0892

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
12 août 2021	01:01	United Kingdom	RICS Housing Survey	Jul	76		83	76.4	0.4
12 août 2021	01:50	Japan	Corp Goods Price MM	Jul	0.5%		0.6%	0.56%	0.06%
12 août 2021	01:50	Japan	Corp Goods Price YY	Jul	5.0%		5.0%	5.05%	0.05%
12 août 2021	08:00	United Kingdom	GDP Est 3M/3M	Jun	4.8%		3.6%	4.83%	0.03%
12 août 2021	08:00	United Kingdom	GDP Estimate MM	Jun	0.8%		0.8%	0.86%	0.06%
12 août 2021	08:00	United Kingdom	GDP Estimate YY	Jun	14.9%		24.6%	15.10%	0.20%
12 août 2021	08:00	United Kingdom	Industrial Output MM	Jun	0.3%		0.8%	0.21%	-0.09%
12 août 2021	08:00	United Kingdom	Industrial Output YY	Jun	9.4%		20.6%	9.28%	-0.12%
12 août 2021	08:00	United Kingdom	Manufacturing Output MM	Jun	0.4%		-0.1%	0.19%	-0.21%
12 août 2021	08:00	United Kingdom	Manufacturing Output YY	Jun	13.5%		27.7%	13.27%	-0.23%
12 août 2021	08:00	United Kingdom	Construction O/P Vol MM	Jun	0.9%		-0.8%	0.78%	-0.12%
12 août 2021	08:00	United Kingdom	Construction O/P Vol YY	Jun	32.0%		56.6%	31.96%	-0.04%
12 août 2021	08:00	United Kingdom	Goods Trade Balance GBP	Jun	-9.100B		-8.481B	-8.7656B	0.3344B
12 août 2021	08:00	United Kingdom	Goods Trade Bal. Non-EU	Jun			-4.196B		
12 août 2021	08:00	United Kingdom	GDP Prelim QQ	Q2	4.8%		-1.6%	4.82%	0.02%
12 août 2021	08:00	United Kingdom	GDP Prelim YY	Q2	22.1%		-6.1%	22.21%	0.11%
12 août 2021	10:00	Italy	Trade Balance EU	Jun			0.859B		
12 août 2021	10:00	Italy	Global Trade Balance	Jun			5.642B		
12 août 2021	14:30	United States	Initial Jobless Clm	7 Aug, w/e	375k		385k	373.3k	-1.7k
12 août 2021	14:30	United States	Jobless Clm 4Wk Avg	7 Aug, w/e			394.00k		
12 août 2021	14:30	United States	Cont Jobless Clm	31 Jul, w/e	2.880M		2.930M	2.9527M	0.0727M
12 août 2021	14:30	United States	PPI Final Demand YY	Jul	7.3%		7.3%	7.37%	0.07%
12 août 2021	14:30	United States	PPI Final Demand MM	Jul	0.6%		1.0%	0.60%	0.00%

Source: Refinitiv

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