



Morning Call

Geneva, August 18, 2021

Market Corner

Asian stocks rose Wednesday, and U.S. equity futures edged up as investors assessed the economic recovery and risks from the resurgent coronavirus. The dollar trimmed an advance.

MSCI Inc.'s gauge of Asia-Pacific shares was on course to snap a four-day losing streak, with Japan, China and Hong Kong posting gains. U.S. equity contracts reversed a decline and turned higher. Overnight, the S&P 500 posted the largest retreat in a month, while the Nasdaq 100 also fell.

Treasuries were little changed ahead of the release of the latest Federal Reserve minutes amid a highly uncertain outlook for yields. Traders are evaluating the spread of the delta virus variant, the prospect of reduced stimulus support and whether elevated inflation will prove transitory.

The virus and worries that economic growth is peaking are among the risks for global stocks after a 90% climb from last year's pandemic lows. The Jackson Hole symposium next week -- the Fed's most-prominent annual conference -- may offer clues on when and how the central bank will taper bond purchases.

Adding to some recent soft data, U.S. retail sales fell in July by more than forecast, reflecting a steady shift in spending toward services and indicating consumers may be growing more price conscious as inflation picks up.

In a town hall meeting Tuesday, Fed Chair Jerome Powell flagged that the pandemic is "still casting a shadow on economic activity" but didn't discuss the outlook for monetary policy or make specific comment on growth and the risks from the delta variant.

Here are some events to watch this week:

- Reserve Bank of New Zealand policy decision and briefing by Governor Adrian Orr Wednesday
- FOMC minutes released Wednesday
- Bank Indonesia rate decision and Governor Perry Warjiyo briefing Thursday

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
99.7500	1.2767	-0.17
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
104.7740	-0.4660	-0.01
<u>Indices</u>		<u>% Change</u>
Euro Stoxx 50	4 196.40	-0.14
CAC40	6 819.84	-0.28
FTSE	7 181.11	0.38
DAX	15 921.95	-0.02
SMI	12 477.44	0.47
Dow Jones	35 343.28	-0.79
S&P500	4 448.08	-0.71
Nasdaq Comp.	14 656.18	-0.93
VIX (Volatility Index)	17.91	11.10

Source: Refinitiv / Bloomberg



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Crypto Corner

After a few days of growth, bears have seized the initiative, and most of the coins are in the red zone. Solana (SOL) and Polkadot (DOT) are the only exceptions to the rule.

BTC/USD

Yesterday's attempt by buyers to break through the resistance of \$48,000 was unsuccessful. The pair rolled back to the support of \$46,000 and remained in sideways consolidation until the end of the day.

Last night, the bears managed to pierce this support level, but in the morning the price of Bitcoin (BTC) recovered to the two-hour EMA55. If buyers cannot hold above the moving average EMA55, then the decline may continue to the support of \$44,000.

Bitcoin is trading at \$45,984 at press time.

Crypto Market Cap: [\\$1.92T](#)

24h Vol: [\\$127.9B](#)

Dominance: [BTC: 44.2%](#) [ETH: 18.7%](#)

Bitcoin	45 350.19
Support	Resistance
42 922.60	48 299.05
40 174.69	50 927.59
Circulating Supply (BTC)	
18 789 625.00	
Market Cap	
\$	850 749 342 715.00

Ethereum	3 071.51
Support	Resistance
2 910.62	3 360.54
2 677.11	3 576.95
Circulating Supply (ETH)	
117 151 114.00	
Market Cap	
\$	359 779 793 183.00



Source: [Refinitiv](#) / [fxstreet.com](#) / [Bloomberg](#)/[Coinmarketcap.com](#)/[TradeView.com](#)



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Commodity Corner

Gold prices were unchanged in early Asian trade on Wednesday, as the precious metal was caught between a firmer dollar and safe-haven demand driven by the Delta coronavirus variant fears.

Spot gold was flat at \$1,785.66 per ounce by 01:03 GMT, after hitting its highest since Aug. 6 at \$1,795.25 on Tuesday.

The dollar hit a nine-month high against the euro on Wednesday and held near recent peaks on other majors.

Silver rose 0.1% to \$23.65 per ounce.

Platinum rose 0.2% to \$999.53, after falling 2.5% in the previous session.

Palladium rose 1.1% to \$2,516.22, having tumbled 4.5% on Tuesday.

Oil prices steadied on Wednesday, after four days of declines with investors still wary about prospects for stronger fuel demand as the use of rail, air and other forms of transport remained constrained amid surging COVID-19 cases worldwide.

After flitting around Tuesday's close in Asian morning trade, Brent crude was up 23 cents or 0.3% at \$69.26 a barrel by 05:12 GMT.

U.S. oil gained 24 cents or 0.4% to \$66.83 a barrel.

In the United States, more supply is set to hit the market if official forecasts prove right.

U.S. shale oil production is expected to rise to 8.1 million barrels per day (bpd) in September, the highest since April 2020, according to the government's Energy Information Administration's monthly drilling output report.

Crude and gasoline inventories in the United States are expected to have fallen last week, while distillate stockpiles are likely to have risen for a third straight week, an extended Reuters poll showed.

Based on the average estimates of nine analysts polled by Reuters, crude stocks dropped by around 1.1 million barrels in the week to Aug. 13.

<u>Gold</u>	1789.29
Support	Resistance
1742	1890
1640	1934

<u>Silver</u>	23.74
Support	Resistance
21.41	24.92
20.20	27.22

<u>Oil - WTI</u>	66.89
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<u>Nat Gas (HH)</u>	3.8350
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<u>Copper</u>	4.2415
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<u>Baltic Dry Ind.</u>	3657.00
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<u>Corn</u>	557.50
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<u>Wheat</u>	734.25
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<u>Soybean</u>	1363.75
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<u>Arabica Coffee</u>	182.00
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<u>Cotton</u>	95.04
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<u>Sugar</u>	20.02
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The dollar hit a nine-month high against the euro and held broad gains elsewhere on Wednesday as investors have cut exposure to riskier currencies, mostly on virus concerns, while the kiwi was sent on a loop when central bank held fire on rate hikes.

The euro touched \$1.1702 early in the Asia session, its lowest since November 2020, before recovering slightly to \$1.1718.

The kiwi, heavily sold on Tuesday, fell further to also make a nine-month trough at \$0.6868 after the Reserve Bank of New Zealand held off on raising rates amid a snap lockdown in the country over seven COVID-19 cases. However, it soon recovered, climbing to \$0.6933 because hikes were still on the horizon.

Sterling and the commodity-exposed Australian and Canadian dollars all hovered near recent lows against the dollar as the market mood remained cautious.

The dollar index held at 93.068, just below the one-week high it hit on Tuesday.

The Japanese yen eased on the dollar overnight but rose against other currencies and touched a 5-1/2-month high of 128.21 per euro EURJPY= in the Asia session. It last traded at 109.55 per dollar.

The commodity-exposed **Canadian dollar** recovered slightly from an overnight one-month low.

EUR/USD is attempting a bounce above 1.1700, retracing from fresh 2021 lows. The US dollar eases across the board amid a risk recovery. Traders resort to repositioning ahead of the Eurozone inflation data and the key Fed's July meeting minutes.

GBP/USD consolidates the heaviest fall in five months below 1.3750 amid the US dollar's pullback ahead of the UK inflation data. The cable's corrective bounce could be linked to the softer greenback and hopes that the recent UK vaccine optimism could help ease the Delta covid variant woes. Focus on FOMC minutes.

Gold price witnessed good two-way price movements on Tuesday but remained within a \$15 range. The yellow metal finished the day marginally lower at \$1786, having faced rejection just below \$1800. Gold price awaits the Fed minutes for a fresh direction.

EURUSD	1.1715
Support	Resistance
1.1566	1.1761
1.1538	1.1928
1.1509	1.2094

GBPUSD	1.3741
Support	Resistance
1.3587	1.3820
1.3539	1.4005
1.3491	1.4190

AUDUSD	0.7258
Support	Resistance
0.7128	0.7313
0.7092	0.7462
0.7056	0.7611

EURCHF	1.0713
	Resistance
1.0601	1.0743
1.0579	1.0863
1.0556	1.0982

USDJPY	109.6200
Support	Resistance
108.10	110.18
107.36	111.52
106.63	112.87

USDCAD	1.2611
Support	Resistance
1.2579	1.2757
1.2436	1.2792
1.2292	1.2826

USDCHF	0.914
Support	Resistance
0.9020	0.9246
0.8905	0.9357
0.8790	0.9468

EURJPY	128.4200
Support	Resistance
126.91	128.69
126.68	130.24
126.46	131.80

USDTRY	8.4230
Support	Resistance
8.1705	8.4921
8.1035	8.7467
8.0364	9.0012

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 août 2021	01:50	Japan	Machinery Orders MM	Jun	-2.8%		7.8%	-2.23%	0.57%
18 août 2021	01:50	Japan	Machinery Orders YY	Jun	15.8%		12.2%	16.68%	0.88%
18 août 2021	01:50	Japan	Exports YY	Jul	39.0%		48.6%	38.89%	-0.11%
18 août 2021	01:50	Japan	Imports YY	Jul	35.1%		32.7%	33.72%	-1.38%
18 août 2021	01:50	Japan	Trade Balance Total Yen	Jul	202.3B		384.0B	248.02B	45.72B
18 août 2021	08:00	United Kingdom	PPI Input Prices MM NSA	Jul	0.5%		-0.1%	0.45%	-0.05%
18 août 2021	08:00	United Kingdom	PPI Input Prices YY NSA	Jul	9.1%		9.1%	9.08%	-0.02%
18 août 2021	08:00	United Kingdom	PPI Output Prices MM NSA	Jul	0.4%		0.4%	0.46%	-0.04%
18 août 2021	08:00	United Kingdom	PPI Output Prices YY NSA	Jul	4.4%		4.3%	4.39%	-0.01%
18 août 2021	08:00	United Kingdom	PPI Core Output MM NSA	Jul			0.3%		
18 août 2021	08:00	United Kingdom	PPI Core Output YY NSA	Jul			2.7%		
18 août 2021	13:00	United States	MBA 30-Yr Mortgage Rate	13 Aug, w/e			2.99%		
18 août 2021	14:30	United States	Building Permits: Number	Jul	1.610M		1.594M	1.6101M	0.0001M
18 août 2021	14:30	United States	Build Permits: Change MM	Jul			-5.3%		
18 août 2021	14:30	United States	Housing Starts Number	Jul	1.602M		1.643M	1.5978M	-0.0032M
18 août 2021	14:30	United States	House Starts MM: Change	Jul			6.3%		

Source: Refinitiv

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