



Morning Call

Geneva, August 26, 2021

Market Corner

Asian stocks fell Thursday amid a retreat in Chinese technology shares and caution ahead of a Federal Reserve gathering that may provide more clues about its approach to paring stimulus.

MSCI Inc.'s Asia-Pacific gauge snapped a three-day rally, with Chinese tech names slumping on disappointing earnings and Beijing's crackdown on private industries. South Korean shares dipped after the nation became the first major Asian economy to raise interest rates since the onset of the pandemic.

U.S. equity futures declined following another record close for the S&P 500 and Nasdaq 100. The 10-year U.S. Treasury yield held an advance. Traders are looking ahead to the Jackson Hole symposium, which may offer fresh insight on how the Fed intends to scale back bond purchases.

The uncertainty over China "is going to continue, we don't know how long or how far-reaching this regulatory crackdown is going to last," Esty Dwek, head of global market strategy with Natixis Investment Managers, said in a Bloomberg Television interview. But she added the worst of the clampdown could well be over.

Views are split on whether Chairman Jerome Powell's speech to the Jackson Hole meeting Friday will provide a clearer guide on tapering emergency Fed support. While the ongoing economic rebound and elevated inflation add to the case for starting policy normalization, the fast-spreading delta virus strain threatens a slower pace of recovery than some had expected.

Here are some events to watch this week:

- Fed officials attend the Jackson Hole Economic Policy Symposium from Thursday through Saturday
- U.S. GDP, initial jobless claims Thursday
- July U.S. personal income and spending data Friday. Investors will scrutinize the personal consumption expenditures price index; an inflation measure closely watched by the Fed.

US 10Y Govt Bond		Net Change
Price	Yield	0.09
99.2188	1.3339	
EU 10Y Govt Bond		Net Change
Price	Yield	0.09
104.3400	-0.4260	
Indices		% Change
Euro Stoxx 50	4 181.12	0.07
CAC40	6 676.48	0.18
FTSE	7 150.12	0.34
DAX	15 860.66	-0.28
SMI	12 364.57	-0.58
Dow Jones	35 405.50	0.11
S&P500	4 496.19	0.22
Nasdaq Comp.	15 041.86	0.15
VIX (Volatility Index)	16.79	-2.50

Source: Refinitiv / Bloomberg



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Crypto Corner

As Ethereum gas fees surge, it is getting expensive to transact on the Ethereum blockchain. Lower value non-fungible tokens may be hit hard with rising Ethereum gas fees that could eliminate the bottom of the NFT market. \$2 billion worth of Ethereum deposited to exchange wallets may belong to whales looking to take profits. Ethereum's climb toward its May all-time high of \$4,356.99 is interrupted by the ongoing consolidation. Nearly 600,000 Ether was deposited to Binance, triggering concerns of a sell-off.

Analysts note a drop in illiquid supply ratio as dormant Bitcoins move, hold a short-term bearish outlook. Bitcoin balance on exchanges spikes, largest single-day inflow since "Black Thursday," likely to trigger a mass sell-off. Decrease in holdings of whales' Bitcoin wallet addresses observed, likely meaning whales are waiting to begin accumulating. Historically, an increase in Bitcoin inflows to exchanges – an activity being observed now – comes before a price dip. Analysts fear further consolidation in the asset before it resumes an uptrend.

Crypto Market Cap: [\\$2.02T](#)

24h Vol: [\\$116.5B](#)

Dominance: [BTC: 43.9%](#) [ETH: 18.1%](#)

Bitcoin	47 162.33
Support	Resistance
46 033.76	52 629.27
41 686.62	54 877.64
Circulating Supply (BTC)	
18 797 656.00	
Market Cap	
\$	886 210 258 108.00

Ethereum	3 126.18
Support	Resistance
2 974.69	3 405.93
2 747.38	3 609.86
Circulating Supply (ETH)	
117 258 727.00	
Market Cap	
\$	366 106 615 998.00



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



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Commodity Corner

Gold prices inched lower on Thursday as investors turned cautious ahead of U.S. Federal Reserve Chair Jerome Powell's speech this week, which could provide cues to the central bank's plans over tapering of economic stimulus.

Spot gold fell 0.1% to \$1,788.17 per ounce by 0316 GMT. Prices fell 0.7% in the previous session, its biggest one-day decline in more than two weeks.

The dollar index inched higher, weighing on the greenback-denominated bullion.

Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.3% to 1,001.72 tons on Wednesday, its lowest level since April 2020.

Silver was little changed \$23.85 per ounce, while **platinum** fell 1% to \$986.35.

Palladium slipped 1.5% to \$2,393.22.

Oil fell on Thursday for the first session this week as renewed concerns about demand recovery amid rising COVID-19 infections cut short a three-day rally.

Brent crude was down 37 cents, or 0.5%, at \$71.88 a barrel by 04:40 GMT, having risen 1.7% on Wednesday.

U.S. oil was down 50 cents, or 0.7%, at \$67.86 a barrel, after gaining 1.2% in the previous session.

The U.S. Energy Information Administration (EIA) reported that American crude inventories fell last week for a third consecutive week and overall fuel demand increased to the most since March 2020, boosting prices around 10% through Wednesday. But the demand picture is not entirely bullish.

<u>Gold</u>	1785.54
Support	Resistance
1774	1843
1723	1861

<u>Silver</u>	23.71
Support	Resistance
23.60	24.70
22.68	24.88

<u>Oil - WTI</u>	68.02
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<u>Nat Gas (HH)</u>	3.9260
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<u>Copper</u>	4.2445
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<u>Baltic Dry Ind.</u>	4193.00
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<u>Corn</u>	551.25
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<u>Wheat</u>	714.25
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<u>Soybean</u>	1351.50
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<u>Arabica Coffee</u>	186.35
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<u>Cotton</u>	93.88
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<u>Sugar</u>	19.73
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The safe-haven dollar traded near a one-week low versus major peers on Wednesday as concerns eased that the highly contagious Delta coronavirus variant could derail a global economic recovery, lifting commodity-linked currencies like the Aussie.

Risk appetite in global markets has strengthened since the U.S. Food and Drug Administration granted full approval to the COVID-19 vaccine developed by Pfizer PFE.N and BioNTech 22UAY.DE in a move that could accelerate U.S. inoculations.

The dollar index, which tracks the currency against six rivals, was little changed at 92.955, after dipping to 92.804 the previous day for the first time since Aug. 17.

Australia's dollar, which isn't part of the index, was roughly flat at \$0.7254 after climbing as high as \$0.7271 on Tuesday, also a one-week high.

The greenback has rallied in recent weeks, with the dollar index hitting a 9 1/2-month high of 93.734 on Friday, not just on fear about Delta's economic impact, but also the Federal Reserve signaled a tapering of stimulus was likely this year. However, with Delta clouding the outlook, expectations are diminished that Fed Chair Jerome Powell will indicate a timeline when he speaks at the Fed's annual economic symposium at Jackson Hole, Wyoming, on Friday.

Against the euro, the dollar slipped 0.08% to \$1.17475 on Wednesday, after touching a one-week low of \$1.17655 overnight.

It edged up 0.13% to 109.82 yen, another safe-haven currency, but remained around the middle of the trading range since early July.

EUR/USD is on the defensive below 1.1800 amid a tepid US dollar rebound. The pair hovers in a very narrow trade band with a negative bias, as the market mood remains cautious heading into the Fed's Jackson Hole Symposium. ECB minutes and US GDP data eyed as well.

GBP/USD remains offered towards 1.3750, snapping a three-day uptrend. UK supermarkets warn of food shortages over Christmas due to Brexit, virus. The US dollar cheers risk-off mood, ignores depressed Treasury yields before the GDP report and Powell's showdown at Jackson Hole.

After testing the high of \$1,805 in the overnight session, gold prices edge lower on Thursday. Prices dip toward \$1780 in the US session but bounced back above \$1,800. Again, the precious metal started the journey to the south after breaking the \$1,800 level.

EURUSD	1.1764
Support	Resistance
1.1708	1.1850
1.1614	1.1898
1.1520	1.1946

GBPUSD	1.3750
Support	Resistance
1.3602	1.3880
1.3462	1.4018
1.3322	1.4156

AUDUSD	0.7260
Support	Resistance
0.7144	0.7421
0.6986	0.7540
0.6827	0.7658

EURCHF	1.0762
	Resistance
1.0648	1.0794
1.0598	1.0890
1.0548	1.0986

USDJPY	109.9900
Support	Resistance
109.27	110.71
108.46	111.34
107.66	111.98

USDCAD	1.2614
Support	Resistance
1.2261	1.2713
1.2153	1.3057
1.2044	1.3400

USDCHF	0.9146
Support	Resistance
0.9034	0.9175
0.8996	0.9278
0.8957	0.9380

EURJPY	129.4300
Support	Resistance
128.78	130.56
127.46	131.02
126.14	131.48

USDTRY	8.3807
Support	Resistance
8.1196	8.4992
7.9981	8.7573
7.8766	9.0154

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
26 août 2021	Switzerland	Non-Farm Payrolls	Q2			5.101M		
26 août 2021	France	Business Climate Mfg	Aug	109		110	108.7	-0.3
26 août 2021	Sweden	PPI MM	Jul			1.5%		
26 août 2021	Sweden	PPI YY	Jul			9.6%		
26 août 2021	Sweden	Unemployment Rate	Jul			10.3%		
26 août 2021	Sweden	Unemployment Rate SA	Jul			9.5%		
26 août 2021	Sweden	Total Employment	Jul			5.144M		
26 août 2021	Italy	Industrial Sales MM SA	Jun			-1.0%		
26 août 2021	Italy	Industrial Sales YY WDA	Jun			40.2%		
26 août 2021	United States	Corporate Profits Prelim	Q2			1.7%		
26 août 2021	United States	GDP 2nd Estimate	Q2	6.7%		6.5%	6.66%	-0.04%
26 août 2021	United States	GDP Sales Prelim	Q2			7.7%		
26 août 2021	United States	GDP Cons Spending Prelim	Q2			11.8%		
26 août 2021	United States	GDP Deflator Prelim	Q2	6.0%		6.1%	6.09%	0.09%
26 août 2021	United States	Core PCE Prices Prelim	Q2	6.1%		6.1%	6.18%	0.08%
26 août 2021	United States	PCE Prices Prelim	Q2			6.4%		
26 août 2021	United States	Initial Jobless Clm	21 Aug, w/e	350k		348k	349.1k	-0.9k
26 août 2021	United States	Jobless Clm 4Wk Avg	21 Aug, w/e			377.75k		
26 août 2021	United States	Cont Jobless Clm	14 Aug, w/e	2.790M		2.820M	2.7828M	-0.0072M
26 août 2021	United States	KC Fed Manufacturing	Aug			41		
26 août 2021	United States	KC Fed Composite Index	Aug			30		

Source: Refinitiv

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