



## Morning Call

Geneva, August 27, 2021

# Market Corner

Asian stocks were steady Friday as Chinese technology shares advanced, while U.S. futures rose ahead of a key Federal Reserve gathering that may offer clues about the timeline for tapering stimulus.

MSCI Inc.'s Asia-Pacific gauge eked out a gain. Chinese tech names rallied on bets that the most intense phase of Beijing's regulatory crackdown has passed. China's central bank also supported sentiment after signaling targeted steps to cushion the economy.

U.S. futures rose as traders awaited Fed Chair Jerome Powell's Jackson Hole symposium speech. President Joe Biden's advisers are considering backing Powell for a second term, people familiar with the matter said, a step that could bolster expectations of continuity in accommodative monetary policy.

Treasury yields edged lower, and the dollar held a climb. A flood of Treasury options expiring Friday raise the prospect for volatility after Powell's remarks. Some Fed officials overnight said the time to start tapering stimulus is near, weighing on the S&P 500, which slipped from a record.

The recovery from the pandemic and elevated inflation are supporting calls for monetary policy normalization. But the recent spread of the delta virus strain has complicated economic reopening. Markets are waiting to see how Powell balances these competing factors in his comments.

While investor mood ahead of Jackson Hole "arguably points to an accommodative enough Fed tilt to keep markets buoyed, thin trading in the U.S. bond markets this week suggests latent caution, and sideline bias in search of more clarity," Vishnu Varathan, head of economics and strategy at Mizuho Bank Ltd. in Singapore, wrote in a note.

Among Fed officials, Dallas President Robert Kaplan said he favors the start of tapering in October or shortly after. St. Louis's James Bullard called for a start in the fall. Kansas City Fed's Esther George urged an early move to begin this year. None of them vote on policy in 2021.

Here are some events to watch this week:

- Fed officials attend the Jackson Hole Economic Policy Symposium from Thursday through Saturday
- 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	0.00
99.1250	1.3441	
EU 10Y Govt Bond		Net Change
Price	Yield	-0.06
104.1720	-0.4100	
Indices		% Change
Euro Stoxx 50	4 169.87	-0.27
CAC40	6 666.03	-0.16
FTSE	7 124.98	-0.35
DAX	15 793.62	-0.42
SMI	12 409.03	0.36
Dow Jones	35 213.12	-0.54
S&P500	4 470.00	-0.58
Nasdaq Comp.	14 945.81	-0.64
VIX (Volatility Index)	18.84	12.21

Source: Refinitiv / Bloomberg



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## Crypto Corner

Traders say a correction to lower support levels and standard profit-taking was expected after Bitcoin's swift ascension to \$50,000. The euphoria seen across the cryptocurrency ecosystem over the past couple of weeks was tampered down on Aug. 26 as an early morning attempt by bulls to push the price of Bitcoin to \$50,000 was soundly rejected.

Ethereum Classic (ETC) is not doing so great these past few days or even two weeks for that matter. After buyers tried to attack \$80, price action faded lower, and ETC fell into a bearish triangle. The triangle got formed on August 15 with the last moment when buyers were very much in control.

Crypto Market Cap: [\\$2.00T](#)

24h Vol: [\\$109.1B](#)

Dominance: [BTC: 44.1%](#) [ETH: 18.2%](#)

Bitcoin	47 075.02
Support	Resistance
44 530.76	51 126.27
40 935.12	54 126.14
Circulating Supply (BTC)	
18 798 575.00	
Market Cap	
\$ 886 035 242 012.00	

Ethereum	3 106.41
Support	Resistance
2 901.06	3 332.30
2 710.56	3 573.04
Circulating Supply (ETH)	
117 272 668.00	
Market Cap	
\$ 365 475 068 667.00	



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



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# Commodity Corner

Gold prices rose on Friday as an increasingly deteriorating security situation in Afghanistan spurred safe-haven demand, though investors were largely focused on Fed chief Jerome Powell's speech for guidance on stimulus tapering plans.

**Spot gold** gained 0.3% to \$1,798.22 per ounce by 03:41 GMT and was up about 1% for the week.

The hawkish comments helped **the dollar index** bounce off a one-week low marked in the previous session.

Elsewhere, **silver** rose 0.3% to \$23.60 per ounce, and was headed for its biggest weekly gain since May.

**Platinum** climbed 0.6% to \$985.24 but was down about 1% for the week.

**Palladium** advanced 0.6% to \$2,405.83 and was headed for its best weekly performance since late June with a rise of 5.8%.

Oil prices rose on Friday, on track to post big gains for the week, on worries about near term supply disruptions as energy companies began shutting in production in the Gulf of Mexico ahead of a potential hurricane forecast to hit on the weekend.

**U.S. West Texas Intermediate (WTI)** crude futures climbed 16 cents, or 0.2%, to \$67.58 a barrel at 01:11 GMT, clawing back a 1.4% loss on Thursday. WTI is headed for a weekly gain of more than 8%, which would be its strongest rise since early February.

**Brent crude** futures similarly rose 16 cents, or 0.2%, to \$71.23 a barrel, after falling 1.6% on Thursday. Brent is on track for a rise of more than 9% this week, its biggest weekly jump since June 2020 mostly on relief that China has contained an outbreak of the Delta variant.

Companies started airlifting workers from Gulf of Mexico oil production platforms on Thursday and BHP and BP said they have begun to stop production at offshore platforms as a storm was brewing in the Caribbean Sea, forecast to barrel through the Gulf on the weekend.

<b>Gold</b>	<b>1802.01</b>
<b>Support</b>	<b>Resistance</b>
1770	1829
1731	1848

<b>Silver</b>	<b>23.69</b>
<b>Support</b>	<b>Resistance</b>
23.26	24.36
22.51	24.71

<b>Oil - WTI</b>	<b>68.42</b>
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<b>Nat Gas (HH)</b>	<b>4.2300</b>
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<b>Copper</b>	<b>4.2295</b>
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<b>Baltic Dry Ind.</b>	<b>4195.00</b>
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<b>Corn</b>	<b>551.25</b>
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<b>Wheat</b>	<b>728.75</b>
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<b>Soybean</b>	<b>1359.75</b>
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<b>Arabica Coffee</b>	<b>188.00</b>
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<b>Cotton</b>	<b>94.09</b>
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<b>Sugar</b>	<b>19.68</b>
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Source: Refinitiv / fxstreet.com / Bloomberg



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## FX Corner

**The dollar** paused on Friday as investors awaited a highly-anticipated speech by Federal Reserve Chair Jerome Powell later in the day, following small gains the previous day after fresh calls for early tapering from a few hawkish Fed policymakers.

A dovish tone from the Fed's chief could counter worries about economic damage from the Delta coronavirus variant and fears about political fallout from a bomb attack in Kabul, possibly spurring bids in riskier currencies against the dollar.

**The dollar index** stood at 93.030, bouncing back from Thursday's low of 92.807 as **the euro** traded at \$1.1755, having eased from the previous day's high of \$1.1779.

**Sterling** ticked down to \$1.3695. Against the safe-haven **yen**, the dollar eased slightly to 109.98-yen.

Dallas Federal Reserve President Robert Kaplan suggested he expects the Fed to start raising interest rates next year, a comment that analysts took as more hawkish than last week when he appeared nervous about the potential impact of the Delta variant's spread on the economic recovery.

Elsewhere, the **Australian dollar** fetched \$0.7243, little changed after data showing Australian retail sales plunged in July due to the spread of the Delta variant.

**The New Zealand dollar** dipped slightly after Prime Minister Jacinda Ardern announced the lockdown in Auckland, the country's biggest city, is likely to remain in place for further two weeks. The kiwi last stood down 0.1% at \$0.6939.

EUR/USD is holding the higher ground above 1.1750, as the US dollar takes a breather ahead of key event risks. Risk appetite improves despite simmering geopolitical tensions. Treasury yields ignore Fed's hawkish view. US PCE inflation, Powell awaited.

GBP/USD is keeping its range around 1.3700, consolidating the previous losses amid risk reset. The US dollar retreats in tandem with the Treasury yields, as investors gear up for Fed Chair Jerome Powell's Jackson Hole speech. US PCE Inflation data will be eyed as well.

Well, the Fed speculation on monetary policy normalization has once again turned in favor of the hawks heading into Chair Jerome Powell's Jackson Hole showdown. However, the Kabul airport bombing and pre-Powell anxiety are keeping safe-haven gold buoyed.

EURUSD	1.1761
Support	Resistance
1.1711	1.1853
1.1616	1.1900
1.1520	1.1946

GBPUSD	1.3698
Support	Resistance
1.3559	1.3836
1.3441	1.3995
1.3323	1.4154

AUDUSD	0.7243
Support	Resistance
0.7116	0.7393
0.6971	0.7525
0.6827	0.7658

EURCHF	1.078
	Resistance
1.0718	1.0864
1.0633	1.0925
1.0548	1.0986

USDJPY	109.9600
Support	Resistance
109.68	111.03
108.71	111.41
107.75	111.80

USDCAD	1.2677
Support	Resistance
1.2358	1.2809
1.2202	1.3104
1.2046	1.3399

USDCHF	0.9161
Support	Resistance
0.9088	0.9229
0.9023	0.9305
0.8957	0.9380

EURJPY	129.3400
Support	Resistance
129.13	130.97
127.60	131.28
126.08	131.60

USDTRY	8.3810
Support	Resistance
8.1592	8.4818
8.0464	8.6916
7.9336	8.9014

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

Date	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
27 août 2021	08:00	Germany	Import Prices MM	Jul	0.8%	1.6%	1.07%	0.27%
27 août 2021	08:00	Germany	Import Prices YY	Jul	13.6%	12.9%	13.69%	0.09%
27 août 2021	09:00	Sweden	Overall Sentiment	Aug		122.4		
27 août 2021	09:00	Sweden	Manufacturing Confidence	Aug		129.2		
27 août 2021	09:00	Sweden	Total Industry Sentiment	Aug		122.9		
27 août 2021	09:30	Sweden	GDP Final YY	Q2		10.0%		
27 août 2021	09:30	Sweden	GDP Final QQ	Q2	0.9%	0.9%	0.79%	-0.11%
27 août 2021	09:30	Sweden	Trade Balance	Jul		10.3B		
27 août 2021	09:30	Sweden	Swedish Exports (BLN SEK)	Jul		144.2B		
27 août 2021	09:30	Sweden	Swedish Imports (BLN SEK)	Jul		133.9B		
27 août 2021	10:00	Italy	Mfg Business Confidence	Aug	115.0	115.7	115.48	0.48
27 août 2021	14:30	United States	Personal Income MM	Jul	0.2%	0.1%	0.33%	0.13%
27 août 2021	14:30	United States	Personal Consump Real MM	Jul		0.5%		
27 août 2021	14:30	United States	Consumption, Adjusted MM	Jul	0.3%	1.0%	0.33%	0.03%
27 août 2021	14:30	United States	Core PCE Price Index MM	Jul	0.3%	0.4%	0.34%	0.04%
27 août 2021	14:30	United States	Core PCE Price Index YY	Jul	3.6%	3.5%	3.59%	-0.01%
27 août 2021	14:30	United States	PCE Price Index MM	Jul		0.5%		
27 août 2021	14:30	United States	PCE Price Index YY	Jul		4.0%		
27 août 2021	14:30	United States	Adv Goods Trade Balance	Jul		-92.05B		
27 août 2021	14:30	United States	Wholesale Inventories Adv	Jul		1.1%		
27 août 2021	14:30	United States	Retail Inventories Ex-Auto Adv	Jul		0.5%		
27 août 2021	14:30	Canada	Producer Prices MM	Jul	0.1%	0.0%	0.08%	-0.02%
27 août 2021	14:30	Canada	Producer Prices YY	Jul		16.8%		
27 août 2021	14:30	Canada	Raw Materials Prices MM	Jul		3.9%		
27 août 2021	14:30	Canada	Raw Materials Prices YY	Jul		38.1%		
27 août 2021	17:00	Canada	Budget Balance, C\$	Jun		-13.98B		
27 août 2021	17:00	Canada	Budget, Year-To-Date, C\$	Jun		-23.76B		
27 août 2021	18:00	United States	Dallas Fed PCE	Jul		2.3%		

Source: Refinitiv

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