



Morning Call

Geneva, August 5, 2021

Market Corner

Asian stocks were mixed Thursday as investors assessed mixed U.S. economic data and comments from a Federal Reserve official that the central bank is on course to taper stimulus support.

Equities edged up in Japan and fluctuated elsewhere including Hong Kong and China, where Beijing's regulatory curbs continue to dominate the agenda. The S&P 500 fell from a record overnight, led lower by energy shares, while the technology sector proved more resilient. U.S. contracts climbed in Asian trading.

Vice Chairman Richard Clarida said the Fed is on track for a liftoff in interest rates in 2023 and an announcement later this year on paring bond purchases. Clarida's comments helped to cement money-market bets for an initial rate hike in early 2023. Treasury yields advanced and the dollar held a climb.

Clarida painted an upbeat picture of the outlook while acknowledging that the rapid spread of the delta virus strain poses a downside risk. Global stocks remain close to all-time highs as investors assess the Fed outlook, robust earnings and the challenges to economic reopening from Covid-19. China's regulatory crackdown on private industries also remains in focus.

The latest economic data showed a much softer-than-expected ADP employment report but a record expansion for U.S. service industries. U.S. jobs numbers are due Friday.

Here are some key events to watch this week:

- Bank of England is expected to keep its benchmark interest rate and its bond-buying target unchanged Thursday
- Reserve Bank of India monetary policy decision, briefing Friday
- The U.S. jobs report is expected to show another robust month of hiring Friday

| <u>US 10Y Govt Bond</u> | | <u>Net Change</u> |
|-------------------------------|--------------|-------------------|
| Price | Yield | |
| 103.9375 | 1.1969 | -0.13 |
| <u>EU 10Y Govt Bond</u> | | <u>Net Change</u> |
| Price | Yield | |
| 105.1230 | -0.4980 | 0.06 |
| <u>Indices</u> | | <u>% Change</u> |
| Euro Stoxx 50 | 4 144.90 | 0.65 |
| CAC40 | 6 746.23 | 0.33 |
| FTSE | 7 123.86 | 0.26 |
| DAX | 15 692.13 | 0.88 |
| SMI | 12 178.74 | 0.13 |
| Dow Jones | 34 792.67 | -0.92 |
| S&P500 | 4 402.66 | -0.46 |
| Nasdaq Comp. | 14 780.54 | 0.13 |
| VIX (Volatility Index) | 17.97 | -0.39 |

Source: Refinitiv / Bloomberg



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Crypto Corner

Roughly 75% of Ethereum nodes are ready for the upcoming upgrade, the London hard fork. The ETH London upgrade is expected to take place on block 12,965,000, scheduled to occur on August 5.

One of the most highly anticipated events in Ethereum history, the London hard fork is expected to go live soon, as 75% of ETH nodes are fully prepared for the occasion. Node operators must update the client version that they run in order to be compatible with the upgrade.

The London hard fork will introduce five Ethereum Improvement Proposals (EIPs), including EIP-1559, an eagerly awaited proposal that will present a base-fee burning mechanism.

EIP-1559 changes the way transactions get processed on the Ethereum blockchain, by indicating transparent pricing on the base transaction fee that is paid to miners in Ether. Part of the tokens will be burned and taken permanently out of the ETH circulating supply.

The annual supply change of Ether could be reduced by 1.4%, and around 6,000 ETH would be burned per day. As transactions occur on the Ethereum network, ETH could become increasingly deflationary.

Crypto Market Cap: [\\$1.62T](#)

24h Vol: [\\$80.9B](#)

Dominance: [BTC: 45.5%](#) [ETH: 19.5%](#)

| Bitcoin | | 39 348.26 |
|--------------------------|-------------------|-----------------------|
| Support | Resistance | |
| 35 448.20 | 43 827.34 | |
| 30 645.59 | 47 403.87 | |
| Circulating Supply (BTC) | | 18 776 556.00 |
| Market Cap | | \$ 739 177 490 959.00 |

| Ethereum | | 2 705.85 |
|--------------------------|-------------------|-----------------------|
| Support | Resistance | |
| 2 533.65 | 3 118.53 | |
| 2 046.94 | 3 216.70 | |
| Circulating Supply (ETH) | | 116 975 598.00 |
| Market Cap | | \$ 316 471 192 846.00 |

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 COINBASE:BTCUSD, 1D 39349.99 ▼ -372.42 (-0.94%) Q:39718.90 H:39831.00 L:39166.13 C:39349.99



TradingView

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



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Commodity Corner

Gold prices eased on Thursday as the dollar held firm after remarks from a top U.S. Federal Reserve official signaled the possibility of bringing forward policy tightening.

Spot gold fell 0.1% to \$1,809.96 per ounce by 02:55 GMT.

Elsewhere, silver was little changed at \$25.34 per ounce, having hit a near three-week peak on Wednesday.

Platinum earlier hit an over seven-month low of \$1,005.50 and was last down 1.5% at \$1,010.51.

Palladium eased 0.1% to \$2,644.58.

Oil prices rose on Thursday, supported by tensions in the Middle East, but failed to recoup most of the previous day's losses after a surprise build in crude stockpiles in the United States, the world's top oil consumer.

Brent crude oil futures rose by 19 cents, or 0.3%, to \$70.57 a barrel by 04:38 GMT, while U.S. West Texas Intermediate (WTI) crude futures increased by 23 cents, or 0.3%, to \$68.38 a barrel.

Both benchmarks fell by more than \$2 a barrel on Wednesday.

| | |
|----------------|-------------------|
| Gold | 1808.39 |
| Support | Resistance |
| 1800 | 1843 |
| 1774 | 1859 |

| | |
|----------------|-------------------|
| Silver | 25.33 |
| Support | Resistance |
| 25.09 | 26.64 |
| 24.00 | 27.10 |

| | |
|------------------|--------------|
| Oil - WTI | 68.23 |
|------------------|--------------|

| | |
|---------------------|---------------|
| Nat Gas (HH) | 4.1550 |
|---------------------|---------------|

| | |
|---------------|---------------|
| Copper | 4.3375 |
|---------------|---------------|

| | |
|------------------------|----------------|
| Baltic Dry Ind. | 3318.00 |
|------------------------|----------------|

| | |
|-------------|---------------|
| Corn | 548.75 |
|-------------|---------------|

| | |
|--------------|---------------|
| Wheat | 715.75 |
|--------------|---------------|

| | |
|----------------|----------------|
| Soybean | 1400.00 |
|----------------|----------------|

| | |
|-----------------------|---------------|
| Arabica Coffee | 178.70 |
|-----------------------|---------------|

| | |
|---------------|--------------|
| Cotton | 90.57 |
|---------------|--------------|

| | |
|--------------|--------------|
| Sugar | 17.93 |
|--------------|--------------|

Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

After a recent spill, the dollar looks a bit rudderless, waiting for direction on U.S. monetary policy, according to foreign exchange strategists polled by Reuters who predicted the currency will have ceded more ground 12 months from now. Having fallen from a 15-week high set a fortnight ago, the dollar is still up over 2% for the year, although that gain is expected to be erased within 12 months.

At its July meeting, the Fed offered no clear path on when it would begin to taper its \$120 billion in monthly asset purchases. Markets are looking to the annual meeting at Jackson Hole that the Fed will host later this month for any hints.

The Aug 2-4 poll of over 60 foreign exchange strategists showed expectations for the dollar to weaken against most major currencies in 12 months, a broad view they have held for over a year.

When asked how confident they were in that weaker dollar outlook, a strong majority of 39 of 62 - over 60% - said they were not confident or not at all confident. The remaining 23 said they were either confident or very confident.

Over 55% of forecasters, 36 of 63, who answered an additional question said volatility in currency markets over the next three months would increase. Twenty-three said it would stay the same and only four said it would decrease.

EUR/USD is holding steady below 1.1850, undermined by a stronger US dollar amid a cautious market mood and hawkish Fed speak. Rising Treasury yields and growing Delta covid variant spread in Europe keep the bearish pressure intact. US data in focus.

GBP/USD is licking its wounds around weekly low below 1.3900 on BOE's Super Thursday. Covid, Fed speak underpin US dollar while the BOE is expected to reiterate status-quo, economic forecasts, tapering hints eagerly awaited.

Gold pares all the previous day's gain and falls back to the familiar trading range. After testing the high of \$1,835 in the overnight session, gold prices edge lower on Thursday. The US Treasury yields bounce off their lows following Fed's official's hawkish comments.

| EURUSD | 1.1834 |
|---------------|---------------|
| Support | Resistance |
| 1.1801 | 1.1958 |
| 1.1698 | 1.2012 |
| 1.1595 | 1.2066 |

| GBPUSD | 1.3890 |
|---------------|---------------|
| Support | Resistance |
| 1.3834 | 1.4128 |
| 1.3614 | 1.4202 |
| 1.3395 | 1.4277 |

| AUDUSD | 0.7390 |
|---------------|---------------|
| Support | Resistance |
| 0.7357 | 0.7468 |
| 0.7280 | 0.7502 |
| 0.7204 | 0.7537 |

| EURCHF | 1.0737 |
|---------------|---------------|
| | Resistance |
| 1.0618 | 1.0739 |
| 1.0608 | 1.0850 |
| 1.0599 | 1.0962 |

| USDJPY | 109.6500 |
|---------------|-----------------|
| Support | Resistance |
| 107.99 | 109.86 |
| 107.41 | 111.15 |
| 106.84 | 112.45 |

| USDCAD | 1.2529 |
|---------------|---------------|
| Support | Resistance |
| 1.2464 | 1.2653 |
| 1.2347 | 1.2725 |
| 1.2229 | 1.2796 |

| USDCHF | 0.9071 |
|---------------|---------------|
| Support | Resistance |
| 0.8886 | 0.9091 |
| 0.8848 | 0.9258 |
| 0.8811 | 0.9426 |

| EURJPY | 129.7700 |
|---------------|-----------------|
| Support | Resistance |
| 128.46 | 129.88 |
| 128.08 | 130.92 |
| 127.70 | 131.96 |

| USDTRY | 8.5091 |
|---------------|---------------|
| Support | Resistance |
| 8.2559 | 8.6113 |
| 8.0852 | 8.7960 |
| 7.9146 | 8.9808 |

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

| Date | Time | Country | Indicator Name | Period | Reuters Poll | Actual | Prior | SmartEstimate® | Predicted Surprise |
|-------------|-------|----------------|------------------------|-------------|--------------|--------|---------|----------------|--------------------|
| 5 août 2021 | 08:00 | Germany | Industrial Orders MM | Jun | 1.9% | | -3.7% | 1.87% | -0.03% |
| 5 août 2021 | 08:45 | France | Industrial Output MM | Jun | 0.6% | | -0.3% | 0.71% | 0.11% |
| 5 août 2021 | 10:30 | United Kingdom | Markit/CIPS Cons PMI | Jul | 64.0 | | 66.3 | 64.51 | 0.51 |
| 5 août 2021 | 13:00 | United Kingdom | BOE Bank Rate | Aug | 0.10% | | 0.10% | 0.100% | 0.000% |
| 5 août 2021 | 13:00 | United Kingdom | GB BOE QE Gilts | Aug | 875B | | 875B | 875.0B | 0.0B |
| 5 août 2021 | 13:00 | United Kingdom | GB BOE QE Corp | Aug | 20B | | 20B | 20.0B | 0.0B |
| 5 août 2021 | 13:30 | United States | Challenger Layoffs | Jul | | | 20.476k | | |
| 5 août 2021 | 14:30 | United States | International Trade \$ | Jun | -74.1B | | -71.2B | -73.83B | 0.27B |
| 5 août 2021 | 14:30 | United States | Initial Jobless Clm | 31 Jul, w/e | 384k | | 400k | 385.2k | 1.2k |
| 5 août 2021 | 14:30 | United States | Jobless Clm 4Wk Avg | 31 Jul, w/e | | | 394.50k | | |
| 5 août 2021 | 14:30 | United States | Cont Jobless Clm | 24 Jul, w/e | 3.260M | | 3.269M | 3.2524M | -0.0076M |
| 5 août 2021 | 14:30 | Canada | Trade Balance C\$ | Jun | -0.68B | | -1.39B | -0.758B | -0.078B |
| 5 août 2021 | 14:30 | Canada | Exports C\$ | Jun | | | 49.53B | | |
| 5 août 2021 | 14:30 | Canada | Imports C\$ | Jun | | | 50.92B | | |

Source: Refinitiv

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