



Morning Call

Geneva, September 3, 2021

Market Corner

Most Asian stocks rose Friday and the dollar held a drop after cyclical led Wall Street to a record high ahead of a U.S. jobs report that will shape views on the outlook for Federal Reserve monetary policy.

MSCI Inc.'s Asia-Pacific gauge climbed for a sixth day, the longest streak since January, aided by Japan, where equities jumped amid signs that Prime Minister Yoshihide Suga plans to resign after his approval ratings slid. U.S. futures advanced after energy shares helped the S&P 500 to a new peak.

Chinese technology stocks fell, with investors continuing to weigh Beijing's regulatory crackdown. President Xi Jinping said the nation will set up a new stock exchange to provide financing for innovative smaller firms. Traders were also monitoring the twists at indebted developer China Evergrande Group.

The payrolls report will color expectations about when the Fed might taper pandemic-era stimulus and how long it can wait before hiking interest-rates. The U.S. probably added 725,000 jobs in August -- a more moderate pace versus the prior two months, but stronger than early 2021. The U.S. 10-year Treasury yield was little changed, and the dollar was at a four-week low.

The jobs figures are another potential test of the prevailing calm in financial markets, which so far have weathered risks to economic reopening from coronavirus variants and the prospect of less expansive monetary policy. Goldman Sachs Group Inc. strategists said concerns about economic expansion are overdone, pointing to possible gains in cyclical assets in the near future.

Here are some key events to watch this week:

- U.S. jobs report Friday

US 10Y Govt Bond		Net Change
Price	Yield	
99.5938	1.2937	0.00
EU 10Y Govt Bond		Net Change
Price	Yield	
103.8900	-0.3830	-0.02
Indices		% Change
Euro Stoxx 50	4 232.10	0.11
CAC40	6 763.08	0.06
FTSE	7 163.90	0.20
DAX	15 840.59	0.10
SMI	42 432.46	0.00
Dow Jones	35 443.82	0.37
S&P500	4 536.95	0.28
Nasdaq Comp.	15 331.18	0.14
VIX (Volatility Index)	16.41	1.86

Source: Refinitiv / Bloomberg



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Crypto Corner

The majority of El Salvadorans are skeptical of the country's impending Bitcoin Law, with 90% of locals describing their understanding of crypto as poor or non-existent. With less than a week to go before El Salvador's Bitcoin Law takes effect on Sept. 7, most citizens surveyed are opposed to government-mandated cryptocurrency adoption.

All major cryptocurrencies climb. Ethereum was the first of the top digital assets to move this time. ETH broke violently higher from its August range, rising some 15% over the last four sessions and pulling well ahead of bitcoin. In the view of economists at BBH, Ethereum is set to consolidate its gains.

"Multiple forces are supporting Ethereum, including EIP 1559, which embeds a burn mechanism in transaction fees to reduce supply, leading to ETH inflation rate dropping from around 3% to 1%."

"The boom in non-fungible tokens (NFT) and blockchain gaming continues. There are also some major developments to improve ETH's scaling and lower transaction costs in what is known as 'layer 2' solutions, such as Optimism and Arbitrum, which just went live. These solutions may reinvigorate appetite for decentralized finance protocols, which are still recovering from the slump in Q3.

"All of this could mean the continued outperformance of ETH against BTC and a greater risk of a 'flipping' – when the market cap of ETH (\$434 bln) surpasses that of BTC (\$906 bln)."

Crypto Market Cap: **\$2.23T**

24h Vol: **\$129.3B**

Dominance: **BTC: 41.6% ETH: 19.9%**

Bitcoin	49 489.10
Support	Resistance
48 338.45	52 502.68
45 192.49	53 520.95
Circulating Supply (BTC)	
18 804 943.00	
Market Cap	
\$	931 545 120 008.00

Ethereum	3 800.99
Support	Resistance
3 738.57	4 529.30
3 001.05	4 582.51
Circulating Supply (ETH)	
117 368 165.00	
Market Cap	
\$	446 247 330 825.00

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Bitcoin / U.S. Dollar, 1D, COINBASE O49279.38 H49747.95 L48349.66 C49510.48 +231.11 (+0.47%)
Vol. 3.127K
SMAs (8, 50, 100, 200, close, close, close, close) 48569.88 42555.35 38889.39 46103.64



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



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Commodity Corner

Gold prices rose on Friday after the dollar weakened, with investors awaiting the U.S. jobs data to gauge the Federal Reserve's plans to start tapering asset purchases, although for the week, the metal was headed for its first decline in four.

Spot gold rose 0.2% to \$1,813.15 per ounce by 03:27 GMT and was down 0.2% on a weekly basis.

The dollar index fell to a one-month low, bolstering gold's appeal to those holding other currencies. The greenback was headed for second straight weekly decline.

Silver rose 0.2% to \$23.92 per ounce.

Platinum edged 0.2% higher to \$1,001.36.

Palladium climbed 0.3% to \$2,406.65.

Oil prices marked time in Asia on Friday after a strong rise in the previous session on a weaker dollar and a fall in U.S. crude stocks and were set for modest weekly gains ahead of a highly anticipated U.S. monthly jobs report.

Brent crude futures were up 1 cent to \$73.04 a barrel at 04:37 GMT, **while U.S. West Texas Intermediate (WTI)** crude futures were down 14 cents, or 0.2%, at \$69.85 a barrel.

Both benchmark oil contracts jumped 2% on Thursday, putting WTI on track to climb 1.6% for the week, while Brent headed for a 0.5% weekly gain.

The move down in WTI was likely due to traders squaring positions ahead of the U.S. non-farm payrolls report for August, on worries the report may be weaker than consensus forecasts, said Stephen Innes, managing partner at SPI Asset Management.

However, some analysts see room for further oil price gains amid tightening crude supplies and signs of recovering fuel demand.

<u>Gold</u>	1812.31
Support	Resistance
1797	1845
1763	1858

<u>Silver</u>	23.93
Support	Resistance
23.63	25.06
22.52	25.38

<u>Oil - WTI</u>	69.97
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<u>Nat Gas (HH)</u>	4.6220
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<u>Copper</u>	4.3205
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<u>Baltic Dry Ind.</u>	4001.00
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<u>Corn</u>	511.50
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<u>Wheat</u>	704.00
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<u>Soybean</u>	1279.25
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<u>Arabica Coffee</u>	194.35
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<u>Cotton</u>	93.77
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<u>Sugar</u>	19.90
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Source: Refinitiv / fxtreet.com / Bloomberg



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FX Corner

The dollar's direction is in limbo as financial markets await a clearer path from the U.S. Federal Reserve, according to a Reuters poll of FX strategists who were split on where they expected the currency to trade over the next three months. On the back foot even before Fed Chair Jerome Powell's comments last Friday at Jackson Hole, the greenback has lost almost 1.4% since it hit a nine-month high about two weeks ago. But it is still up around 3% for the year.

While analysts in the Aug. 30-Sept. 2 poll of nearly 60 FX strategists expected the greenback to give up most of those gains over the coming year, they were increasingly uncertain about both the short- and medium-term outlook. Eventual Fed tapering of its \$120 billion of monthly bond purchases, which an over 75% majority of 51 analysts expected the central bank to announce in the final quarter of this year, should help U.S. Treasury yields to move higher.

EUR/USD takes a breather around monthly peak below 1.1900, despite staying up for the six consecutive days, heading into Friday's NFP. The US dollar tracks sluggish Treasury yields amid weak economic data. Covid jitters battle receding fears of Fed's tapering amid a pre-NFP trading lull.

GBP/USD is off the monthly highs, easing towards 1.3800 as the US dollar attempts a bounce amid pre-NFP cautious trading. UK PM Johnson's tax hike fears and Brexit concerns cap the gains in the cable. UK PMI and US NFP in focus.

Gold prices step back from an intraday high surrounding \$1,815, up 0.12% on a day near \$1,812 heading into Friday's European session. In doing so, the yellow metal rises the most in three days inside a bullish chart pattern ahead of the key US NFP.

EURUSD	1.1876
Support	Resistance
1.1845	1.2059
1.1647	1.2075
1.1448	1.2090

GBPUSD	1.3834
Support	Resistance
1.3784	1.4023
1.3572	1.4050
1.3361	1.4078

AUDUSD	0.7421
Support	Resistance
0.7365	0.7670
0.7082	0.7692
0.6799	0.7714

EURCHF	1.0856
	Resistance
1.0837	1.1003
1.0684	1.1016
1.0532	1.1030

USDJPY	110.0300
Support	Resistance
109.54	110.55
108.97	110.99
108.39	111.42

USDCAD	1.2542
Support	Resistance
1.2207	1.2611
1.2174	1.2982
1.2140	1.3352

USDCHF	0.9141
Support	Resistance
0.9098	0.9198
0.9049	0.9249
0.8999	0.9299

EURJPY	130.6900
Support	Resistance
130.24	132.90
127.76	133.08
125.27	133.25

USDTRY	8.2895
Support	Resistance
7.9940	8.3072
7.9634	8.5898
7.9328	8.8724

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
3 sept 2021	02:30	Japan	Services PMI	Aug		47.4		
3 sept 2021	08:30	Sweden	PMI Services	Aug		69.1		
3 sept 2021	08:45	France	Budget Balance	Jul		-131.29B		
3 sept 2021	09:30	Sweden	Current Account QQ	Q2		78.3B		
3 sept 2021	09:45	Italy	Markit/IHS Svcs PMI	Aug	58.5	58.0	58.55	0.05
3 sept 2021	09:50	France	Markit Serv PMI	Aug	56.4	56.4	56.39	-0.01
3 sept 2021	09:50	France	Markit Comp PMI	Aug	55.9	55.9	55.88	-0.02
3 sept 2021	09:55	Germany	Markit Services PMI	Aug	61.5	61.5	61.46	-0.04
3 sept 2021	09:55	Germany	Markit Comp Final PMI	Aug	60.6	60.6	60.59	-0.01
3 sept 2021	10:30	United Kingdom	Markit/CIPS Serv PMI Final	Aug	55.5	55.5	55.76	0.26
3 sept 2021	10:30	United Kingdom	Reserve Assets Total	Aug		178 114.56M		
3 sept 2021	14:30	United States	Non-Farm Payrolls	Aug	750k	943k	721.4k	-6.6k
3 sept 2021	14:30	United States	Private Payrolls	Aug	665k	703k	637.9k	-27.1k
3 sept 2021	14:30	United States	Manufacturing Payrolls	Aug	25k	27k	26.2k	1.2k
3 sept 2021	14:30	United States	Government Payrolls	Aug		240k		
3 sept 2021	14:30	United States	Unemployment Rate	Aug	5.2%	5.4%	5.22%	0.02%
3 sept 2021	14:30	United States	Average Earnings MM	Aug	0.3%	0.4%	0.34%	0.04%
3 sept 2021	14:30	United States	Average Earnings YY	Aug	4.0%	4.0%	3.97%	-0.03%
3 sept 2021	14:30	United States	Average Workweek Hrs	Aug	34.8	34.8	34.80	0.00
3 sept 2021	14:30	United States	Labor Force Partic	Aug		61.7%		
3 sept 2021	14:30	United States	U6 Underemployment	Aug		9.2%		
3 sept 2021	14:30	Canada	Labor Productivity Rate	Q2		-1.7%		
3 sept 2021	15:45	United States	Markit Comp Final PMI	Aug		55.4		
3 sept 2021	15:45	United States	Markit Svcs PMI Final	Aug		55.2		
3 sept 2021	16:00	United States	ISM N-Mfg PMI	Aug	61.5	64.1	61.65	0.15
3 sept 2021	16:00	United States	ISM N-Mfg Bus Act	Aug	62.8	67.0	63.65	0.85
3 sept 2021	16:00	United States	ISM N-Mfg Employment Idx	Aug		53.8		
3 sept 2021	16:00	United States	ISM N-Mfg New Orders Idx	Aug		63.7		
3 sept 2021	16:00	United States	ISM N-Mfg Price Paid Idx	Aug		82.3		

Source: Refinitiv

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