



Morning Call

Geneva, September 7, 2021

Market Corner

Most Asian stocks rose Tuesday as Japan extended a rally and traders took heart from indications that the global recovery is weathering challenges from the delta virus variant.

Japan's Nikkei 225 hit 30,000 for the first time since April as an index reshuffle added to optimism that a new prime minister will usher in favorable policies. China climbed, aided by a continuing rebound in technology stocks and better than expected trade data. S&P 500 and Nasdaq 100 futures edged up ahead of a resumption in U.S. markets after a holiday.

Treasury yields pushed higher, and dollar dipped. New Zealand's 10-year yield rose to the highest since April 2019. Oil retreated amid Saudi Arabia's price cut for Asian buyers and demand threats from the outbreak of the delta variant.

Global shares are at a record, overcoming concerns that the delta strain is hampering economic reopening and exacerbating supply snarls that are fueling inflation. A weak U.S. jobs report has bolstered the view that the Federal Reserve will delay paring the stimulus that has helped financial markets.

What to watch this week:

- U.S. President Joe Biden will likely make his choice this week on whether to renominate Fed Chair Jerome Powell to a second term
- Reserve Bank of Australia rate decision Tuesday
- China trade data will provide clues on its economic recovery, Tuesday
- El Salvador's Bitcoin law takes effect, making the virtual currency legal tender, Tuesday
- Dallas Fed President Robert Kaplan holds a virtual town hall discussion Wednesday
- ECB President Christine Lagarde holds a press conference after the bank's rate decision Thursday
- China PPI, CPI, new yuan loans, money supply, aggregate financing, Thursday

US 10Y Govt Bond		Net Change
Price	Yield	-0.22
99.1094	1.3460	
EU 10Y Govt Bond		Net Change
Price	Yield	0.00
103.7350	-0.3680	
Indices		% Change
Euro Stoxx 50	4 246.13	1.05
CAC40	6 743.50	0.80
FTSE	7 187.18	0.68
DAX	15 932.12	0.96
SMI	12 430.23	0.63
Dow Jones	35 369.09	-0.21
S&P500	4 535.43	-0.03
Nasdaq Comp.	15 363.52	0.21
VIX (Volatility Index)	16.41	0.00

Source: Refinitiv / Bloomberg



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Crypto Corner

Ethereum Ethereum price is coiling up after tagging a crucial psychological level. Investors can expect ETH to shoot higher as the overall outlook of the cryptocurrency market remains optimistic. In a highly bullish case, the smart contract token will likely set up a new all-time high.

Cryptocurrency investment products witnessed an inflow of \$98 million last week, marking the third consecutive week, indicating that investor sentiment has continued to be positive. **Ethereum and Solana** have taken the lead in weekly inflows, as altcoins have gained popularity among institutional investors.

Institutional investors have turned their attention to altcoins, as the altcoin market share now represents 35% of capital locked in digital asset investment products, according to a CoinShares report.

As institutional demand for altcoin exposure continues to rise, altcoins accounted for 40% of last week's inflows into cryptocurrency investment products.

Ethereum has seen the third week of inflows with a total of \$14.4 million, leading the altcoin pack with a record market share at 28%. Although some investors have concerns about the protocol, ETH dominance continues to climb.

Following Ethereum, Solana witnessed weekly inflows totaling \$13.2 million, doubling its total inflows year-to-date. SOL-based investment products saw a 388% increase last week, as its price gained in tandem by roughly 37%. According to CoinShares, Solana products now represent \$44 million in total assets under management.

Other altcoins, including Cardano, Polkadot and Ripple, witnessed inflows of \$6.5 million, \$2.7 million and \$1.2 million, respectively.

On the other hand, Bitcoin has also seen inflows of \$59 million, suggesting that the sentiment has turned positive among investors following weeks of consecutive outflows.

Crypto Market Cap: [\\$2.37T](#)

24h Vol: [\\$144.3B](#)

Dominance: [BTC: 41.7%](#) [ETH: 19.4%](#)

Bitcoin	52 643.59
Support	Resistance
50 762.31	56 572.01
45 676.16	57 295.56
Circulating Supply (BTC)	
	18 808 918.00
Market Cap	
\$	991 259 295 066.00

Ethereum	3 921.73
Support	Resistance
3 847.63	4 736.95
3 049.04	4 827.68
Circulating Supply (ETH)	
	117 421 129.00
Market Cap	
\$	460 795 424 981.00



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



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Commodity Corner

Gold prices were steady near recent highs on Tuesday, supported by expectations that the U.S. Federal Reserve would delay a tapering in its pandemic-era asset purchases, while the European Central Bank's meeting this week was also in focus.

Spot gold was steady at \$1,823.92 per ounce by 03:36 GMT.

The dollar index hovered near a one-month low.

Silver fell 0.1% to \$24.65 per ounce.

Platinum rose 0.2% to \$1,020.59.

Palladium inched up 0.1% to \$2,412.13.

Oil prices were mixed on Tuesday in quiet trade as some investors scooped up bargains following the recent losses while growing fears over slower demand after Saudi Arabia's sharp cuts to crude contract prices for Asia weighed on sentiment.

Brent crude futures for November rose 31 cents, or 0.4%, to \$72.53 a barrel by 04:52 GMT, after falling 39 cents on Monday.

U.S. West Texas Intermediate crude for October was at \$69.14 a barrel, down 15 cents, or 0.2%, from Friday's close, with no settlement price for Monday due to Labor Day holiday in the United States.

Demand woes grew after state oil group Saudi Aramco notified customers that it will cut October official selling prices (OSPs) for all crude grades sold to Asia by at least \$1 a barrel.

The deep price cuts, a sign that consumption in the world's top-importing region remains tepid, come as lockdowns a cross Asia to combat the delta variant of the coronavirus have clouded the economic outlook.

Markets are also contending with a decision by the Organization of the Petroleum Exporting Countries and their allies, a grouping known as OPEC+, to raise output by 400,000 barrels per day a month between August and December.

<u>Gold</u>	1817.08
Support	Resistance
1815	1870
1769	1879

<u>Silver</u>	24.56
Support	Resistance
24.49	26.08
23.10	26.28

<u>Oil - WTI</u>	69.36
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<u>Nat Gas (HH)</u>	4.6990
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<u>Copper</u>	4.3140
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<u>Baltic Dry Ind.</u>	3822.00
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<u>Corn</u>	508.00
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<u>Wheat</u>	718.50
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<u>Soybean</u>	1292.00
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<u>Arabica Coffee</u>	193.00
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<u>Cotton</u>	93.78
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<u>Sugar</u>	19.62
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The dollar hovered near recent lows on Tuesday as traders braced for a slew of central bank meetings from Australia to Europe and Canada this week, looking for any signs that they are making progress towards policy normalization. The possibility of a tapering delay in the United States, after weaker-than-expected jobs data on Friday, has put extra focus on policymakers elsewhere and put pressure on the dollar.

First up is Australia, where an announcement is due at 04:30 GMT. **The Australian dollar** has paused a recent rally as markets wait to see whether lockdowns in Sydney and Melbourne have derailed plans to taper bond purchases.

The Canadian dollar is hovering near its highest level in about three weeks and is above its 200-day moving average at C\$1.2525 per dollar.

The main event of the week falls on Thursday when the European Central Bank meets, with the focus on a potential cut to the pace of bond purchases, particularly following some hawkish comments from policymakers last week.

Most economists polled by Reuters expect a slowdown in ECB bond purchases, especially after data last week showed inflation surging to a 10-year high. But an overnight rally in stocks and a dip in the euro suggests traders may not be betting on such a scenario.

After touching a one-month high in the wake of disappointing U.S. labor data on Friday, **the euro** has been unable to hold above \$1.19 and last bought \$1.1881.

The pan-European STOXX 600 index is within a whisker of a record high.

Elsewhere **the Japanese yen** was firm at 109.76 per dollar and **sterling** was steady at \$1.3848.

The New Zealand dollar edged 0.3% higher as the country appears to be containing a coronavirus outbreak and swaps markets are pricing in nearly 100 basis points of policy tightening by May.

EUR/USD stays directed towards 1.1900 amid fresh US dollar weakness, as the risk-on trading dominates. Firmer Treasury yields could limit the upside in the pair. ECB hawks brace for Thursday, falling covid cases add to the market's optimism. Eurozone GDP revision, German ZEW Survey awaited.

GBP/USD is edging lower below the 1.3850 mark as the US dollar index stalls its renewed downside. Brexit continues to weigh on trade, as the UK extends Northern Ireland's grace periods. The focus remains on the USD price-action and Brexit news amid a light data docket.

Gold kicked off the new week on a softer note and eroded a part of Friday's strong gains to the highest level since mid-July. Rallying US bond yields underpinned the USD and weighed on the commodity. The downside remains cushioned, warranting some caution for bearish traders.

EURUSD	1.1872
Support	Resistance
1.1831	1.2015
1.1685	1.2053
1.1540	1.2092

GBPUSD	1.3831
Support	Resistance
1.3789	1.4002
1.3627	1.4053
1.3465	1.4104

AUDUSD	0.7423
Support	Resistance
0.7403	0.7682
0.7161	0.7719
0.6919	0.7756

EURCHF	1.0861
Support	Resistance
1.0849	1.1030
1.0683	1.1045
1.0517	1.1060

USDJPY	109.8500
Support	Resistance
109.23	110.24
108.81	110.83
108.39	111.42

USDCAD	1.2541
Support	Resistance
1.2366	1.2585
1.2318	1.2756
1.2270	1.2927

USDCHF	0.9147
Support	Resistance
0.9098	0.9198
0.9048	0.9248
0.8999	0.9299

EURJPY	130.4200
Support	Resistance
129.98	132.14
128.20	132.52
126.42	132.90

USDTRY	8.2743
Support	Resistance
8.1277	8.3281
8.0861	8.4869
8.0446	8.6458

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
7 sept 2021	01:30	Japan	Overtime Pay	Jul		18.3%		
7 sept 2021	01:50	Japan	Foreign Reserves	Aug		1 386.5B		
7 sept 2021	07:45	Switzerland	Unemployment Rate Unadj	Aug		2.8%		
7 sept 2021	07:45	Switzerland	Unemployment Rate Adj	Aug	3.0%	3.0%	2.95%	-0.05%
7 sept 2021	08:00	Germany	Industrial Output MM	Jul	0.7%	-1.3%	0.37%	-0.33%
7 sept 2021	08:45	France	Reserve Assets Total	Aug		190 654M		
7 sept 2021	09:00	Switzerland	Forex Reserves CHF	Aug		923 240.00M		
7 sept 2021	11:00	Germany	ZEW Economic Sentiment	Sep	30.0	40.4	31.98	1.98
7 sept 2021	11:00	Germany	ZEW Current Conditions	Sep	33.0	29.3	32.79	-0.21

Source: Refinitiv

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