



# Morning Call

Geneva, September 8, 2021

## Market Corner

Asian stocks were steady Wednesday as a rally in Japan moderated, and traders evaluated the risk of a slower recovery from the pandemic due to the delta virus variant.

Shares fluctuated in China, slid in Hong Kong and climbed modestly in Japan, where SoftBank Group Corp. extended gains as investors bet on the possibility of a buyback announcement. U.S. futures were little changed after the S&P 500 fell and the Nasdaq 100 climbed to a record as growth concerns sent investors toward more defensive areas of the market. In China, an investor exodus from China Evergrande Group deepened after its bond and stock ratings were cut further. The shares slid below the 2009 initial public offering price. Warnings are growing that Beijing's campaign to cool its property market -- a vital economic sector -- may go too far.

A selloff across bond markets has intensified in part due to a flood of debt sales. The 10-year U.S. Treasury yield remained around 1.36%. Australian and New Zealand yields climbed too.

The prospect of a slower economic reopening and an eventual reduction in Federal Reserve and European Central Bank pandemic stimulus support is leading to some investor wariness. At the same time, global shares remain near all-time highs, indicating the jitters are relatively contained.

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
- 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

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
<b>Price</b>	<b>Yield</b>	<b>-0.02</b>
98.8594	1.3732	
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
<b>Price</b>	<b>Yield</b>	<b>-0.01</b>
103.1950	-0.3160	
<u>Indices</u>		<u>% Change</u>
<b>Euro Stoxx 50</b>	4 225.01	<b>-0.50</b>
<b>CAC40</b>	6 726.07	<b>-0.26</b>
<b>FTSE</b>	7 149.37	<b>-0.53</b>
<b>DAX</b>	15 843.09	<b>-0.56</b>
<b>SMI</b>	12 344.38	<b>-0.69</b>
<b>Dow Jones</b>	35 100.00	<b>-0.76</b>
<b>S&amp;P500</b>	4 520.03	<b>-0.34</b>
<b>Nasdaq Comp.</b>	15 374.33	<b>0.07</b>
<b>VIX (Volatility Index)</b>	18.14	<b>10.54</b>

Source: Refinitiv / Bloomberg



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## Crypto Corner

**Bitcoin** price recently pierced the \$50,000 barrier in hopes of pushing higher. The fair value gap (FVG) formed during the May 12 crash suggests that BTC should have a resistance-free path up to \$56,361, roughly an 8% ascent. However, this optimistic scenario depends solely on buyers' ability to keep BTC above the \$51,483 level, which is the lower limit of the FVG. If BTC sticks to its boundaries, investors can expect a run-up to \$56,361 and, if the bullish momentum persists, the bellwether crypto could take a jab at the \$60,000 psychological level. However, if BTC breaks below the FVG's lower limit at \$51,483, it will indicate that there is a weakness among buyers. Such a development will lead to further downswings. A breach of the \$50,000 psychological level will invalidate the bullish thesis.

This breakdown could trigger Bitcoin price to a consolidative phase or a move lower.

**Ethereum** price entered the FVG on September 1 as it rallied roughly 11%. However, this ascent fell short mid-way, leading to consolidation. However, considering the highly cautious nature of Bitcoin price action, things could go south quickly for ETH if BTC crashes.

Therefore, investors should expect a minor crash to \$3,524 and, in a bearish case, a 13% descent to the \$3,345 support level.

However, any dips in ETH price below \$3,345 are expected to be brief due to the massive consolidation between August 8 and August 30.

Crypto Market Cap: [\\$2.06T](#)

24h Vol: [\\$241.9B](#)

Dominance: [BTC: 42.2%](#) [ETH: 19.5%](#)

Bitcoin		46 255.86
<b>Support</b>	<b>Resistance</b>	
42 110.31	52 218.40	
37 421.06	57 637.24	
<b>Circulating Supply (BTC)</b>		
		18 809 843.00
<b>Market Cap</b>		
\$		867 706 296 184.00

Ethereum		3 421.22
<b>Support</b>	<b>Resistance</b>	
2 911.84	3 920.94	
2 461.37	4 479.57	
<b>Circulating Supply (ETH)</b>		
		117 434 608.00
<b>Market Cap</b>		
\$		401 367 918 645.00



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



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# Commodity Corner

**Gold** prices recovered from a 1.6% drop in the previous session to approach the key psychological level of \$1,800 on Wednesday as the dollar rally paused.

**Spot gold** rose 0.2% to \$1,797.56 per ounce by 04:34 GMT

**The dollar index** was flat on the day, while yields edged lower in Asian hours.

**Silver** was flat at \$24.30 per ounce.

**Platinum and palladium** were up 0.2% at \$1,000.52 and \$2,376.76, respectively.

**Oil prices** were little changed on Wednesday following overnight losses from a stronger dollar and demand concerns, with a slow production restart in the U.S. Gulf of Mexico providing some support.

**U.S. West Texas Intermediate (WTI)** crude futures rose 11 cents, or 0.2%, to \$68.46 a barrel at 04:29 GMT, after sliding 1.4% on Tuesday following the Labor Day holiday.

**Brent crude** futures fell 2 cents to \$71.67 a barrel after falling 0.7% on Tuesday.

Producers in the U.S. Gulf of Mexico are still struggling to restart operations nine days after Hurricane Ida swept through the region with powerful winds and drenching rain. About 79% of U.S. Gulf production remained offline on Tuesday, with 79 production platforms still unoccupied. About 17.5 million barrels of oil has been lost to the market so far.

Only about 1 million barrels per day of capacity was temporarily closed, down from a peak of more than 2 million bpd, ING said, citing the latest situation report from the Department of Energy.

<b>Gold</b>	<b>1795.78</b>
<b>Support</b>	<b>Resistance</b>
1775	1830
1749	1859

<b>Silver</b>	<b>24.33</b>
<b>Support</b>	<b>Resistance</b>
23.93	25.52
22.83	26.01

<b>Oil - WTI</b>	<b>68.75</b>
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<b>Nat Gas (HH)</b>	<b>4.6130</b>
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<b>Copper</b>	<b>4.2785</b>
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<b>Baltic Dry Ind.</b>	<b>3707.00</b>
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<b>Corn</b>	<b>500.00</b>
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<b>Wheat</b>	<b>708.75</b>
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<b>Soybean</b>	<b>1270.75</b>
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<b>Arabica Coffee</b>	<b>193.95</b>
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<b>Cotton</b>	<b>94.08</b>
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<b>Sugar</b>	<b>19.48</b>
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Source: Refinitiv / fxstreet.com / Bloomberg



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## FX Corner

**The dollar** rose to a one-week peak against major peers on Wednesday, buoyed by higher Treasury yields and a weaker euro ahead of a European Central Bank policy decision.

**The dollar index**, which measures the currency against six rivals, ticked up 0.05% to 92.580, after earlier touching 92.590, a level not seen since Sept. 1.

**The euro** slipped 0.05% to \$1.1836 for the first time since Sept. 2.

**The greenback gained 0.08% to 110.385 yen**, helped by higher U.S. yields.

**The benchmark 10-year Treasury note** rose as high as 1.385% on Tuesday for the first time since mid-July, a climb of almost 6 basis points from Friday's close. Monday was a U.S. holiday.

The dollar index had tumbled to its lowest levels since early August at the end of last week, when a surprisingly soft U.S. payrolls report prompted speculation, the Federal Reserve will forgo announcing a taper of stimulus at a policy meeting this month. At the same time, strong wage growth warned of the potential for inflationary pressures to grow.

Elsewhere, the Reserve Bank of Australia's decision on Tuesday to forge ahead with a taper of bond purchases while adding the dovish concession of extending the programme to February, **helped undermine the Aussie dollar**. It slipped 0.07% to \$0.73825 on Wednesday, extending the previous session's 0.7% slide.

**Canada's loonie** was mostly flat at C\$1.2641 per greenback after tumbling about 0.9% overnight.

EUR/USD is falling towards 1.1800, fading the corrective bounce, as the US dollar regains poise amid a cautious mood. Pre-ECB trading and Delta covid woes keep investors on the edge amid upbeat Eurozone GDP and weaker US Treasury yields.

GBP/USD records third straight day fall on Wednesday. US Dollar Index remains strong above 92.50 despite a downtick in the Treasury yields. Tax hike and Brexit concerns weighed on the prospects of the sterling.

Gold price is attempting a minor bounce from weekly lows of \$1792, as it battles with the \$1800 mark amid a cautious market mood. Resurfacing global growth worries amid spiking Delta covid cases in the US is keeping investors on the edge, weighing on the Treasury yields.

EURUSD	1.1832
Support	Resistance
1.1798	1.1982
1.1669	1.2037
1.1540	1.2092

GBPUSD	1.3763
Support	Resistance
1.3712	1.3925
1.3588	1.4014
1.3465	1.4104

AUDUSD	0.7378
Support	Resistance
0.7340	0.7598
0.7150	0.7666
0.6961	0.7735

EURCHF	1.0889
	Resistance
1.0857	1.1026
1.0704	1.1042
1.0552	1.1059

USDJPY	110.4300
Support	Resistance
109.76	110.60
109.24	110.92
108.73	111.25

USDCAD	1.2649
Support	Resistance
1.2503	1.2722
1.2387	1.2825
1.2270	1.2927

USDCHF	0.9202
Support	Resistance
0.9150	0.9250
0.9075	0.9275
0.8999	0.9299

EURJPY	130.6700
Support	Resistance
130.29	132.28
128.53	132.51
126.76	132.73

USDTRY	8.3528
Support	Resistance
8.2101	8.3870
8.1391	8.4929
8.0681	8.5988

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

Date	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
8 sept 2021	01:50	Japan	Current Account NSA JPY	Jul	2 300.0B	905.1B	2 281.85B	-18.15B
8 sept 2021	01:50	Japan	GDP Rev QQ Annualised	Q2	1.6%	1.3%	1.72%	0.12%
8 sept 2021	01:50	Japan	GDP Revised QQ	Q2	0.4%	0.3%	0.42%	0.02%
8 sept 2021	01:50	Japan	GDP Cap Ex Rev QQ	Q2	2.0%	1.7%	2.02%	0.02%
8 sept 2021	01:50	Japan	GDP QQ Pvt Consmp Revised	Q2		0.8%		
8 sept 2021	01:50	Japan	GDP QQ External Demand R	Q2		-0.3%		
8 sept 2021	07:30	France	Non-Farm Payrolls Rev	Q2		1.2%		
8 sept 2021	08:45	France	Current Account	Jul		-0.5B		
8 sept 2021	08:45	France	Trade Balance, EUR, SA	Jul		-5.82B		
8 sept 2021	08:45	France	Imports, EUR	Jul		47.42B		
8 sept 2021	08:45	France	Exports, EUR	Jul		41.60B		
8 sept 2021	09:30	Sweden	Household Consumption YY	Jul		7.3%		
8 sept 2021	09:30	Sweden	Household Consumption MM	Jul		0.5%		
8 sept 2021	09:30	Sweden	New Orders Manuf. YY	Jul		24.4%		
8 sept 2021	09:30	Sweden	Private Production YY	Jul		10.5%		
8 sept 2021	09:30	Sweden	Private Production MM	Jul		0.8%		
8 sept 2021	09:30	Sweden	Ind Production Val YY	Jul		16.7%		
8 sept 2021	09:30	Sweden	Ind Production Val MM	Jul		1.9%		
8 sept 2021	09:30	Sweden	Construction Prod YY	Jul		2.0%		
8 sept 2021	09:30	Sweden	Construction Prod MM	Jul		0.5%		
8 sept 2021	13:00	United States	MBA 30-Yr Mortgage Rate	3 Sep, w/e		3.03%		
8 sept 2021	14:55	United States	Redbook YY	4 Sep, w/e		18.6%		
8 sept 2021	16:00	United States	JOLTS Job Openings	Jul	10.000M	10.073M	9.8601M	-0.1399M
8 sept 2021	16:00	Canada	BoC Rate Decision	8 Sep	0.25%	0.25%	0.250%	0.000%
8 sept 2021	16:00	Canada	Ivey PMI	Aug		59.8		
8 sept 2021	16:00	Canada	Ivey PMI SA	Aug		56.4		

Source: Refinitiv

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