



Morning Call

Geneva, October 1, 2021

Market Corner

Asian stocks and U.S. futures started October on the back foot, after overnight losses in the S&P 500 capped its biggest monthly selloff since March 2020.

Shares slumped in Japan and Australia, and a gauge of Asian stocks hit its lowest in more than a month. U.S. and Europe futures retreated. China began a week-long holiday and Hong Kong's market was shut Friday. U.S. benchmarks fell Thursday even after confirmation that the House passed a nine-week spending bill to avert a U.S. government shutdown. The S&P 500 closed at the lowest level since July, extending its September losses to almost 5%. Economically sensitive companies like industrials and financials were among the worst performers.

Treasuries edged higher, with the 10-year yield dipping below 1.50%. The dollar added to gains for the week. Crude oil fluctuated after a tumultuous session during which China was said to order its top energy companies to secure energy supplies at all costs amid shortages, prompting the White House to reiterate its own concerns over rising prices.

As investors brace for the Federal Reserve to wind down its stimulus, fears are mounting about slowing economic growth, elevated inflation, supply-chain bottlenecks, a global energy crunch and regulatory risks emanating from China. A near-record technical streak for the U.S. equity benchmark has some bulls worried that a sharp pullback is overdue.

Political wrangling in Washington is threatening to push the U.S. into default and force President Joe Biden to scale back his spending agenda. House Speaker Nancy Pelosi was pressing ahead with a vote on a bipartisan infrastructure bill, even though progressive Democrats said they have the numbers to stall it until the Senate agrees on a more expansive tax and spending package.

Biden late Thursday signed the government funding bill that averts a shutdown.

Here are some events to watch this week:

- U.S. manufacturing PMI, Friday

US 10Y Govt Bond		Net Change
Price	Yield	0.42
97.8906	1.4806	
EU 10Y Govt Bond		Net Change
Price	Yield	0.25
102.1900	-0.2200	
Indices		% Change
Euro Stoxx 50	4 048.08	-0.79
CAC40	6 520.01	-0.62
FTSE	7 086.42	-0.31
DAX	15 260.69	-0.68
SMI	11 642.45	0.12
Dow Jones	33 843.92	-1.59
S&P500	4 307.54	-1.19
Nasdaq Comp.	14 448.58	-0.44
VIX (Volatility Index)	23.14	2.57

Source: Refinitiv / Bloomberg



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Crypto Corner

Bitcoin price has been sloping downward since the September 7 swing high at \$52,956. Since then, BTC set up multiple lower highs and lower lows that converged as descent progressed. Connecting trend lines with these swing points reveals the formation of a falling wedge.

Although Bitcoin price has rallied over the past day or two, it has failed to retest the upper trend line. Assuming the buying pressure continues to rise, a breakout confirmation will arrive after BTC produces a decisive close above \$44,893. In which case, Bitcoin price could likely continue climbing to retest \$46,856 and its intended target at \$49,725.

On the other hand, if the BTC price fails to break out of the trend line, it will indicate weakness among the bulls. Such a development could give the sellers the upper hand, pushing it toward the 50% Fibonacci retracement level at \$41,126. However, a breakdown of \$38,287 will create a lower low and invalidate the bullish thesis.

Unlike the big crypto, **Ethereum** price set up lower highs and lower lows that do not converge. Connecting the swing points formed since September 3 using trend lines results in a descending parallel channel.

So far, ETH has managed to scrape the upper trend line of this setup. A decisive close above \$3,204 will confirm the start of a new uptrend. In such a situation, Ethereum price can rally 13% to tag the immediate resistance barrier at \$3,619. In a highly bullish case, Ethereum price might extend this ascent and retest the \$3,952.

Crypto Market Cap: [\\$1.93T](#)

24h Vol: [\\$80.1B](#)

Dominance: [BTC: 42.7%](#) [ETH: 18.3%](#)

Bitcoin	43 836.50
Support	Resistance
40 506.86	46 094.29
37 244.50	48 419.36
Circulating Supply (BTC)	
18 831 156.00	
Market Cap	
\$	825 084 035 269.00

Ethereum	3 016.20
Support	Resistance
2 708.21	3 233.76
2 416.05	3 467.15
Circulating Supply (ETH)	
117 744 500.00	
Market Cap	
\$	354 829 647 322.00



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



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Commodity Corner

Gold prices edged lower on Friday, as a resilient dollar pressured the safe-haven metal, though support from a dip in U.S bond yields and equities kept the metal above the key \$1,750 mark.

Spot gold eased 0.2% to \$1,753.21 per ounce by 04:03 GMT, after a slip in the dollar drove the metal to a one-week high on Thursday.

Silver fell 0.7% to \$22.05 per ounce.

Platinum was down 0.8% at \$955.49.

Palladium dropped 0.3% to \$1,905.06.

Oil prices dropped on Friday on the prospect that the OPEC+ supplier alliance might step up a planned increase in output to ease supply concerns, with soaring gas prices spurring power producers to switch from gas to oil.

Brent crude futures fell 7 cents, or 0.1%, to \$78.24 a barrel at 04:15 GMT, but were still heading for a small rise on the week, marking a fourth straight week of gains.

U.S. West Texas Intermediate (WTI) crude futures slipped 6 cents to \$74.97 a barrel, though the contract remained on track to post a sixth consecutive week of rises.

All eyes are now on a meeting of the Organization of the Petroleum Exporting Countries (OPEC) and allies led by Russia, together known as OPEC+, on Monday, where producers will discuss whether to go beyond their existing deal to boost production by 400,000 barrels per day (bpd) in November and December.

Four OPEC+ sources said adding more oil was being looked at as a scenario, without giving details on volumes or dates, against a backdrop of oil hovering near a three-year high and pressure from consumers for more supply.

<u>Gold</u>	1751.50
Support	Resistance
1707	1774
1681	1814

<u>Silver</u>	21.98
Support	Resistance
20.78	22.53
20.21	23.71

<u>Oil - WTI</u>	74.94
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<u>Nat Gas (HH)</u>	5.9340
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<u>Copper</u>	4.0655
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<u>Baltic Dry Ind.</u>	5167.00
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<u>Corn</u>	533.00
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<u>Wheat</u>	729.00
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<u>Soybean</u>	1252.25
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<u>Arabica Coffee</u>	196.80
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<u>Cotton</u>	105.78
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<u>Sugar</u>	20.34
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Source: Refinitiv / fxtreet.com / Bloomberg



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FX Corner

The dollar began the last quarter of 2021 near its highest levels of the year and headed for its best week since June, as currency markets braced for U.S. interest rates to rise before those of major peers.

The euro slipped 0.1% early on Friday to \$1.1572 and has fallen 1.3% this week, tumbling through major support around \$1.16 to touch its lowest levels since July 2020.

The yen is down 0.6% for the week and twice as much in a fortnight as higher U.S. Treasury yields have drawn flows out of the Japanese yen into dollars. U.S. Treasury yields have surged on growing market expectations of U.S. tapering by year-end and rate hikes in 2022.

The yen bounced from a 19-month low of 112.08 per dollar on Thursday as yields settled, last trading at 111.41 per dollar.

The dollar index stood at 94.327, having gained 1.1% so far this week, the largest weekly rise since late June. A Federal Reserve meeting last week reinforced expectations for asset purchase tapering beginning this year and rate hikes starting in 2022 or early in 2023.

Commodity currencies made a bounce on the dollar on Thursday following a Bloomberg report which said China had ordered energy companies to secure supplies for the winter at all costs, citing unnamed people familiar with the matter. Beijing is scrambling to deliver more coal to utilities to restore supply amid a power crunch that has unsettled markets due to the likely hit to economic growth.

The Australian dollar rose 0.7% overnight but that was hardly enough to offset a slide in the quarter as prices for Australia's major export, iron ore, fell. The Aussie slumped 3.6% in the third quarter - the worst performance of any G10 currency against the dollar. The Aussie hit one-month lows earlier this week and was last just above those levels at \$0.7222. **The New Zealand dollar** also lifted from a month-low on Thursday and last sat at \$0.6892.

EURUSD	1.1576
Support	Resistance
1.1380	1.1607
1.1357	1.1811
1.1334	1.2015

GBPUSD	1.3450
Support	Resistance
1.3123	1.3525
1.3066	1.3870
1.3008	1.4214

AUDUSD	0.7207
Support	Resistance
0.7114	0.7267
0.7065	0.7371
0.7015	0.7474

EURCHF	1.0789
Support	Resistance
1.0671	1.0827
1.0648	1.0960
1.0626	1.1094

USDJPY	111.1900
Support	Resistance
110.97	113.93
108.56	114.48
106.15	115.03

USDCAD	1.272
Support	Resistance
1.2483	1.2789
1.2383	1.2995
1.2283	1.3201

USDCHF	0.9318
Support	Resistance
0.9296	0.9451
0.9177	0.9487
0.9058	0.9523

EURJPY	128.7100
Support	Resistance
127.89	130.45
126.62	131.74
125.35	133.03

USDTRY	8.8801
Support	Resistance
8.8174	9.2971
8.4069	9.3663
7.9963	9.4354

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®
1 oct 2021	Japan	Jobs/Applicants Ratio	Aug	1.14		1.15	1.142
1 oct 2021	Japan	Unemployment Rate	Aug	2.9%		2.8%	2.86%
1 oct 2021	Japan	Foreign Reserves	Sep			1 424.3B	
1 oct 2021	Japan	Consumer Confid. Index	Sep			36.7	
1 oct 2021	Germany	Retail Sales MM Real	Aug	1.5%		-5.1%	1.77%
1 oct 2021	Germany	Retail Sales YY Real	Aug	1.9%		-0.3%	2.08%
1 oct 2021	Sweden	PMI Manufacturing Sect	Sep			60.1	
1 oct 2021	France	Budget Balance	Aug			-166.64B	
1 oct 2021	Netherlands	PMI - Manufacturing	Sep			65.8	
1 oct 2021	Switzerland	Manufacturing PMI	Sep	65.5		67.7	65.35
1 oct 2021	Italy	Markit/IHS Mfg PMI	Sep	59.4		60.9	59.33
1 oct 2021	France	Markit Mfg PMI	Sep	55.2		55.2	55.19
1 oct 2021	Germany	Markit/BME Mfg PMI	Sep	58.5		58.5	58.47
1 oct 2021	United Kingdom	Markit/CIPS Mfg PMI Final	Sep	56.3		56.3	56.28
1 oct 2021	United States	Personal Income MM	Aug	0.3%		1.1%	0.24%
1 oct 2021	United States	Personal Consump Real MM	Aug			-0.1%	
1 oct 2021	United States	Consumption, Adjusted MM	Aug	0.6%		0.3%	0.66%
1 oct 2021	United States	Core PCE Price Index MM	Aug	0.2%		0.3%	0.22%
1 oct 2021	United States	Core PCE Price Index YY	Aug	3.6%		3.6%	3.54%
1 oct 2021	United States	PCE Price Index MM	Aug			0.4%	
1 oct 2021	United States	PCE Price Index YY	Aug			4.2%	
1 oct 2021	Canada	GDP MM	Jul	-0.2%		0.7%	-0.11%
1 oct 2021	United States	All Car Sales	Sep			3.010M	
1 oct 2021	United States	All Truck Sales	Sep			10.040M	
1 oct 2021	Canada	Markit Mfg PMI SA	Sep			57.2	
1 oct 2021	United States	Markit Mfg PMI Final	Sep			60.5	
1 oct 2021	United States	Construction Spending MM	Aug	0.3%		0.3%	0.27%
1 oct 2021	United States	ISM Manufacturing PMI	Sep	59.6		59.9	59.78
1 oct 2021	United States	ISM Mfg Prices Paid	Sep	78.5		79.4	79.50
1 oct 2021	United States	ISM Manuf Employment Idx	Sep			49.0	
1 oct 2021	United States	ISM Manuf New Orders Idx	Sep			66.7	
1 oct 2021	United States	U Mich Sentiment Final	Sep	71.0		71.0	71.15
1 oct 2021	United States	U Mich Conditions Final	Sep			77.1	
1 oct 2021	United States	U Mich Expectations Final	Sep			67.1	
1 oct 2021	United States	U Mich 1Yr Inf Final	Sep			4.7%	
1 oct 2021	United States	U Mich 5-Yr Inf Final	Sep			2.9%	
1 oct 2021	United States	Dallas Fed PCE	Aug			3.2%	

Source: Refinitiv

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