



# Morning Call

Geneva, October 12, 2021

## Market Corner

Stocks and U.S. equity futures fell Tuesday, hurt by concerns about elevated inflation stoked by energy costs and the possibility of a widening regulatory crackdown in China. Treasury yields were steady.

MSCI Inc.'s Asia-Pacific index snapped a three-day climb, with the technology sector leading losses and South Korea underperforming. Signs that Beijing is widening its scrutiny of private and state enterprises soured the broader mood. U.S. and European futures retreated following declines on Wall Street as the prospect of a slowing recovery from the pandemic shadowed trading.

Oil held above \$80 a barrel amid a power crisis from Europe to Asia. China's thermal coal futures surged to a record for a second day. The energy crunch is squeezing supplies of aluminum, whose price hit a 13-year high. Other industrial metals have also rallied, fueling inflationary pressures.

The 10-year U.S. Treasury yield was little changed as the cash market reopened from a holiday. Aside from inflation, investors also face a looming reduction in Federal Reserve bond purchases. The dollar trimmed an advance.

Global markets are struggling to shake off worries that inflation -- spurred by an energy crunch and pandemic-related supply-chain snarls -- will sap company profits and economic expansion. Financial firms this week will kick off the third-quarter earnings season, heralding a key test of investor confidence. The debt crisis at China Evergrande Group continues to simmer. Some holders of two Evergrande U.S. dollar bonds with coupons due Monday said they had yet to receive payment, the latest sign of the property developer's woes.

Here are a few events to watch this week:

- IMF/World Bank annual meetings start in Washington. Through Oct. 17
- Bank of Korea policy decision and briefing. Tuesday
- Atlanta Fed President Raphael Bostic speaks on inflation. Tuesday
- U.S. FOMC minutes and CPI. Wednesday
- JPMorgan Chase & Co. kicks off the reporting season. Wednesday
- China PPI, CPI. Thursday
- U.S. initial jobless claims, PPI. Thursday

| US 10Y Govt Bond       |           | Net Change |
|------------------------|-----------|------------|
| Price                  | Yield     | -0.09      |
| 96.6875                | 1.6154    |            |
| EU 10Y Govt Bond       |           | Net Change |
| Price                  | Yield     | -0.01      |
| 101.2240               | -0.1240   |            |
| Indices                |           | % Change   |
| Euro Stoxx 50          | 4 072.52  | -0.02      |
| CAC40                  | 6 570.54  | 0.16       |
| FTSE                   | 7 146.85  | 0.72       |
| DAX                    | 15 199.14 | -0.05      |
| SMI                    | 11 771.57 | 0.06       |
| Dow Jones              | 34 496.06 | -0.72      |
| S&P500                 | 4 361.19  | -0.69      |
| Nasdaq Comp.           | 14 486.20 | -0.64      |
| VIX (Volatility Index) | 20.00     | 6.55       |

Source: Refinitiv / Bloomberg



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## Crypto Corner

**Bitcoin price** is now trading at the same levels that preceded the -50% corrective move from May 12th to June 22nd. **Ethereum price** is currently forming one of the most sought-after bullish candlestick patterns, the bullish engulfing candlesticks pattern, while also attempting to complete an Ideal Bullish Ichimoku Breakout entry.

Bitcoin price continues its rally that began with the significant bullish breakout above the Cloud on October 4th. Since the beginning of October, Bitcoin has gained 30%. In addition to the significant rally, it has nullified all recent hidden bearish divergences, confirming a sustained move. New all-time highs are very likely if the momentum continues.

There may be a pause in the rally around October 20th when the next Kumo Twist rears its ugly head. If Bitcoin continues to push higher with the same momentum near the October 20th date, then Bitcoin price could experience a swift corrective move and a return to the Tenkan-Sen or Kijun-Sen – roughly a -15% to -33% drop. But that pullback will likely be a regular and fast corrective move. Near-term support is the Tenkan-Sen at \$52,000.

Ethereum price currently shows a rare and overwhelmingly bullish breakout setup. First, the Ideal Bullish Ichimoku Breakout entry is complete and confirmed if Ethereum can close the daily candlestick at or above \$3,580. Second, the candlestick pattern itself, a bullish engulfing candlestick, is one of the strongest bullish candlesticks in Japanese analysis. It's rare even to have these two conditions play out simultaneously, and it should represent the beginning of an explosive move higher over the next couple of trade days.

Crypto Market Cap: [\\$2.29T](#)

24h Vol: [\\$103.5B](#)

Dominance: [BTC: 46.6%](#) [ETH: 17.9%](#)

| Bitcoin                         | 57 466.59         |
|---------------------------------|-------------------|
| <b>Support</b>                  | <b>Resistance</b> |
| 55 121.26                       | 66 090.00         |
| 45 526.26                       | 67 463.74         |
| <b>Circulating Supply (BTC)</b> |                   |
| 18 841 350.00                   |                   |
| <b>Market Cap</b>               |                   |
| \$ 1 074 747 507 884.00         |                   |

| Ethereum                        | 3 508.32          |
|---------------------------------|-------------------|
| <b>Support</b>                  | <b>Resistance</b> |
| 3 318.19                        | 3 734.06          |
| 3 080.62                        | 3 912.36          |
| <b>Circulating Supply (ETH)</b> |                   |
| 117 891 806.00                  |                   |
| <b>Market Cap</b>               |                   |
| \$ 411 906 278 510.00           |                   |



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



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# Commodity Corner

**Gold prices** edged higher on Tuesday, supported by simmering concerns over inflation, though gains were capped by a firm dollar and expectations that the U.S. Federal Reserve will announce a tapering of its bond purchases next month. **Spot gold** rose 0.3% to \$1,758.25 per ounce by 03:53 GMT.

**Spot silver** rose 0.1% to \$22.59 per ounce.

**Platinum** was up 0.2% at \$1,010.38.

**Palladium** fell 0.4% to \$2,104.01, having hit its highest since Sept. 10 at \$2,182.67 on Monday.

**Oil prices** edged lower on Tuesday, dropping for the first time in four days in what analysts called a breather after weeks of gains fueled by a rebound in global demand that is contributing to energy shortages in major economies.

**Brent crude** was down 6 cents at \$83.59 a barrel at 04:40 GMT, after touching three-year highs on Monday on the way to a 1.5% advance.

**U.S. oil** fell 13 cents to \$80.39 a barrel, having also gained 1.5% in the previous session, in which it reached the highest in around seven years.

Power prices have risen to records in recent weeks, driven by energy shortages in Asia, Europe and the United States. Soaring natural gas prices are also encouraging power generators to swap the cleaner-burning fuel for oil.

Switching to oil from natural gas for power production may boost global demand for crude by between 250,000 to 750,000 barrels per day, analysts have estimated. In China, where major industrial regions are grappling with power shortages, thermal coal futures were on the rise again on Tuesday with prices gaining more than 10%.

The government also announced it would fully liberalize the country's thermal power market.

|                |                   |
|----------------|-------------------|
| <b>Gold</b>    | <b>1761.57</b>    |
| <b>Support</b> | <b>Resistance</b> |
| 1728           | 1789              |
| 1694           | 1815              |

|                |                   |
|----------------|-------------------|
| <b>Silver</b>  | <b>22.68</b>      |
| <b>Support</b> | <b>Resistance</b> |
| 22.04          | 23.85             |
| 20.81          | 24.43             |

|                  |              |
|------------------|--------------|
| <b>Oil - WTI</b> | <b>80.77</b> |
|------------------|--------------|

|                     |               |
|---------------------|---------------|
| <b>Nat Gas (HH)</b> | <b>5.4160</b> |
|---------------------|---------------|

|               |               |
|---------------|---------------|
| <b>Copper</b> | <b>4.2970</b> |
|---------------|---------------|

|                        |                |
|------------------------|----------------|
| <b>Baltic Dry Ind.</b> | <b>5488.00</b> |
|------------------------|----------------|

|             |               |
|-------------|---------------|
| <b>Corn</b> | <b>532.00</b> |
|-------------|---------------|

|              |               |
|--------------|---------------|
| <b>Wheat</b> | <b>732.50</b> |
|--------------|---------------|

|                |                |
|----------------|----------------|
| <b>Soybean</b> | <b>1228.50</b> |
|----------------|----------------|

|                       |               |
|-----------------------|---------------|
| <b>Arabica Coffee</b> | <b>207.20</b> |
|-----------------------|---------------|

|               |               |
|---------------|---------------|
| <b>Cotton</b> | <b>107.80</b> |
|---------------|---------------|

|              |              |
|--------------|--------------|
| <b>Sugar</b> | <b>20.33</b> |
|--------------|--------------|

Source: Refinitiv / fxstreet.com / Bloomberg



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## FX Corner

The yen hit a fresh three-year low on Tuesday, before steadying as traders doubled down on expectations U.S. rates will rise well ahead of peers, while assuming the Bank of Japan would be among the last major central banks to raise rates.

A day after its worst session against the dollar in five months, the yen fell further to 113.49 per dollar in early trade, its weakest since December 2018, before steadying to 113.33.

The yen also stayed in sight of a multi-month lows against other majors with sterling, the euro and the Aussie dollar all trading just off three-month highs hit against the Japanese currency the previous day, when the Aussie enjoyed its best session against the yen in eleven months.

The dollar index, which measures the greenback against a basket of peers, was at 94.33, not far from its one-year high of 94.504 touched at the end of September, as traders positioned themselves for the U.S. Federal Reserve to announce a tapering of its massive bond buying programme in November.

This would also raise the possibility of U.S. interest rate hikes in late 2022, and hunt for the best yields was a dominant factor behind the dollar's gains.

| EURUSD  | 1.1560     |
|---------|------------|
| Support | Resistance |
| 1.1420  | 1.1596     |
| 1.1386  | 1.1738     |
| 1.1351  | 1.1879     |

| GBPUSD  | 1.3607     |
|---------|------------|
| Support | Resistance |
| 1.3516  | 1.3823     |
| 1.3310  | 1.3924     |
| 1.3103  | 1.4024     |

| AUDUSD  | 0.7356     |
|---------|------------|
| Support | Resistance |
| 0.7303  | 0.7507     |
| 0.7134  | 0.7542     |
| 0.6964  | 0.7576     |

| EURCHF  | 1.0724     |
|---------|------------|
| Support | Resistance |
| 1.0583  | 1.0745     |
| 1.0561  | 1.0885     |
| 1.0538  | 1.1024     |

| USDJPY  | 113.2700   |
|---------|------------|
| Support | Resistance |
| 112.48  | 115.08     |
| 110.35  | 115.55     |
| 108.21  | 116.01     |

| USDCAD  | 1.2474     |
|---------|------------|
| Support | Resistance |
| 1.2171  | 1.2501     |
| 1.2142  | 1.2802     |
| 1.2114  | 1.3104     |

| USDCHF  | 0.9272     |
|---------|------------|
| Support | Resistance |
| 0.9172  | 0.9311     |
| 0.9131  | 0.9409     |
| 0.9090  | 0.9507     |

| EURJPY  | 130.9600   |
|---------|------------|
| Support | Resistance |
| 130.03  | 132.93     |
| 127.72  | 133.52     |
| 125.42  | 134.12     |

| USDTRY  | 9.0093     |
|---------|------------|
| Support | Resistance |
| 8.9207  | 9.1337     |
| 8.7553  | 9.1813     |
| 8.5900  | 9.2290     |

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

| Date        | Time  | Country        | Indicator Name           | Period | Reuters Poll | Actual | Prior   | SmartEstimate® | Predicted Surprise |
|-------------|-------|----------------|--------------------------|--------|--------------|--------|---------|----------------|--------------------|
| 12 oct 2021 | 01:50 | Japan          | Corp Goods Price MM      | Sep    | 0.3%         |        | 0.0%    | 0.30%          | 0.00%              |
| 12 oct 2021 | 01:50 | Japan          | Corp Goods Price YY      | Sep    | 5.9%         |        | 5.5%    | 5.96%          | 0.06%              |
| 12 oct 2021 | 08:00 | United Kingdom | Claimant Count Unem Chng | Sep    |              |        | -58.6k  |                |                    |
| 12 oct 2021 | 08:00 | United Kingdom | ILO Unemployment Rate    | Aug    | 4.5%         |        | 4.6%    | 4.47%          | -0.03%             |
| 12 oct 2021 | 08:00 | United Kingdom | Employment Change        | Aug    | 243k         |        | 183k    | 238.2k         | -4.8k              |
| 12 oct 2021 | 08:00 | United Kingdom | Avg Wk Earnings 3M YY    | Aug    | 7.0%         |        | 8.3%    | 7.01%          | 0.01%              |
| 12 oct 2021 | 08:00 | United Kingdom | Avg Earnings (Ex-Bonus)  | Aug    | 5.9%         |        | 6.8%    | 5.99%          | 0.09%              |
| 12 oct 2021 | 11:00 | Germany        | ZEW Economic Sentiment   | Oct    | 24.0         |        | 26.5    | 23.34          | -0.66              |
| 12 oct 2021 | 11:00 | Germany        | ZEW Current Conditions   | Oct    | 29.5         |        | 31.9    | 28.37          | -1.13              |
| 12 oct 2021 | 16:00 | United States  | JOLTS Job Openings       | Aug    | 10.925M      |        | 10.934M | 10.9246M       | -0.0004M           |

Source: Refinitiv

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