



# Morning Call

Geneva, October 14, 2021

## Market Corner

Asian stock markets rose, the dollar eased, and longer-dated bonds rallied on Thursday as investors reckoned on inflation bringing forward rate hikes around the world.

**MSCI's broadest index of Asia-Pacific** shares outside Japan gained 0.4%.

**Japan's Nikkei** climbed 1%.

**The Shanghai Composite** was marginally softer while Hong Kong markets were closed for a holiday.

Overnight figures showed another solid increase in U.S. consumer prices, while minutes from last month's Federal Reserve meeting showed policymakers' growing concern about inflation and a general agreement to start tapering asset purchases soon. Traders responded by bringing forward rate-hike expectations but lowering the projected peak. Fed Funds futures pulled forward the first hike from late in 2022 to almost fully price a 25-basis point hike by September, but pricing also suggests rates hovering around just 1.5% in five years' time.

In the bond market short-term Treasury yields rose while long-term yields fell, flattening the curve. Longer-term yields also fell in Asia on Thursday and the dollar, which rallied through September, pulled back sharply with the decline in longer Treasury yields and took a breather on Thursday.

Overnight on Wall Street **the S&P 500** rose 0.3% and in early Asia trade S&P 500 futures were also up 0.3% .

Wednesday's data showed U.S. consumer prices up 5.4% on a year-on-year basis last month and that increases in rent seemed to be picking up steam - which along with soaring energy costs raises the risk of persistent price pressure. In a change from readouts of Fed meetings over the summer, policymakers were also no longer described as "generally" expecting inflation pressures to ease.

Policymakers talked about the timing and structure of reducing bond buying and the minutes said that if a decision to begin tapering takes place next month, the process could begin in either the middle of November or in mid-December. Ahead on Thursday, markets are awaiting U.S. producer prices and jobless claims figures as well as appearances from Bank of England and Federal Reserve policymakers.

Here are a few events to watch this week:

- China PPI, CPI. Thursday
- U.S. initial jobless claims, PPI. Thursday

US 10Y Govt Bond		Net Change
Price	Yield	-0.05
97.2344	1.5543	
EU 10Y Govt Bond		Net Change
Price	Yield	-0.04
101.2300	-0.1240	
Indices		% Change
Euro Stoxx 50	4 083.28	0.70
CAC40	6 597.38	0.75
FTSE	7 141.82	0.16
DAX	15 249.38	0.68
SMI	11 814.59	0.49
Dow Jones	34 377.81	0.00
S&P500	4 363.80	0.30
Nasdaq Comp.	14 571.64	0.73
VIX (Volatility Index)	18.64	-6.10

Source: Refinitiv / Bloomberg



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## Crypto Corner

**Bitcoin** price fills the extended gap between its close and the Tenkan-Sen, but the slope of the rise may indicate a deeper move south is likely. Ethereum price moved below its Tenkan-Sen and is near the weakest part of the Cloud – the Kumo Twist.

Bitcoin price has been at the center of financial market news over the past two months. While most indexes around the globe have suffered intense selling pressure, the primary risk-on market – cryptocurrencies – have experienced strong appreciation in prices. Bitcoin has been the leader of that move but looks to give back some of those gains.

The Kumo Twist that occurs on October 14th arrives as Bitcoin has made new multi-month highs. This means there is a likelihood of a corrective move. An anticipated retracement to the Kijun-Sen at \$48,750 is likely, but it could extend lower to test Senkou Span B at \$47,000.

**Ethereum** price has a very bearish setup on its daily chart. A rounded top pattern shows signs of a breakdown right at the point of a Kumo Twist in the Ichimoku Kinko Hyo system. The expected behavior of price, when it moves through a Kumo Twist, is rapid and robust. The Kumo Twist acts as a kind of accelerant or propellant that pushes price through ease and force. The first support zone is the Kijun-Sen at \$3,100. However, given the current swing structure, a return to the 50% Fibonacci retracement and 100% Fibonacci expansion at \$2,400 is the next primary support zone.

If bulls can support Ethereum price above the Cloud, then the bearish outlook will likely be invalidated. There is only one condition missing for Ethereum price to achieve a robust bullish breakout on its Ichimoku chart: the Chikou Span closing above the candlesticks and in 'open space.' A daily close above \$3,350 would fulfill that bullish breakout setup.

Crypto Market Cap: **\$2.38T**

24h Vol: **\$111.5B**

Dominance: **BTC: 45.8% ETH: 18.0%**

Bitcoin	57 983.19
<b>Support</b>	<b>Resistance</b>
54 597.78	65 566.52
45 264.52	67 202.00
<b>Circulating Supply (BTC)</b>	
18 843 318.00	
<b>Market Cap</b>	
\$ 1 092 919 768 810.00	

Ethereum	3 642.54
<b>Support</b>	<b>Resistance</b>
3 372.88	3 778.04
3 118.68	3 929.00
<b>Circulating Supply (ETH)</b>	
117 919 572.00	
<b>Market Cap</b>	
\$ 429 517 483 225.00	



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



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# Commodity Corner

**Gold prices** eased off a one-month high on Thursday as better-than-expected U.S. consumer price data raised bets the Federal Reserve would tighten its policy earlier than anticipated.

**Spot gold** fell 0.3% to \$1,788.22 per ounce by 03:52 GMT after hitting its highest since Sept. 16 at \$1,795.81 on Wednesday.

**Spot silver** slipped 0.5% to \$22.95 per ounce.

**Platinum** fell 0.6% to \$1,014.53.

**Palladium** was flat at \$2,106.73.

**Oil prices** climbed on Thursday, reversing previous losses, as a bigger-than-expected draw in U.S. gasoline and distillate stocks prompted buying.

Prices were also buoyed by expectations that soaring natural gas prices as winter approaches will drive a switch to oil to meet heating demand.

**Brent crude** futures gained 52 cents, or 0.6%, to \$83.70 a barrel at 03:30 GMT after falling 0.3% on Wednesday.

**U.S. West Texas Intermediate (WTI)** crude futures climbed 52 cents, or 0.7%, to \$80.96 a barrel, after dropping 0.3% the previous day.

"A larger-than-expected drop in the U.S. gasoline and distillate inventories led to fresh buying," said Kazuhiko Saito, chief analyst at Fujitomi Securities Co Ltd. The American Petroleum Institute (API) said on Wednesday U.S. crude stockpiles rose by 5.2 million barrels for the week ended Oct. 8, but gasoline inventories fell by 4.6 million barrels and distillate stocks fell by 2.7 million barrels, according to market sources who saw the API data.

Gold	1792.06
Support	Resistance
1768	1843
1707	1857

Silver	23.09
Support	Resistance
22.60	24.40
21.12	24.72

Oil - WTI	81.04
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Nat Gas (HH)	5.6740
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Copper	4.5595
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Baltic Dry Ind.	5206.00
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Corn	513.50
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Wheat	723.00
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Soybean	1198.75
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Arabica Coffee	211.60
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Cotton	104.26
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Sugar	19.86
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Source: Refinitiv / fxstreet.com / Bloomberg



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## FX Corner

**The U.S. dollar** touched its lowest point this week against major peers on Thursday, taking a breather from a rally that had lifted it to a one-year high powered by expectations for quicker Federal Reserve interest rate hikes.

**The Australian and New Zealand dollars** reached multi-week highs, while cryptocurrency bitcoin rose to a five-month peak.

**The dollar index**, which measures the greenback against six rivals, was about flat at 94.048, after dropping 0.53% on Wednesday, the most since Aug. 23. The index reached 94.563 on Tuesday, its highest since late September 2020, after surging nearly 3% since early last month.

**The dollar** pulled back even after minutes of the Federal Open Market Committee's September meeting confirmed tapering of stimulus is all but certain to start this year and showed a growing number of policymakers worried that high inflation could persist.

**The dollar rose 0.26% to 113.55 yen**, but still back from the three-year peak of 113.80 yen hit overnight.

**The euro** was mostly flat from Wednesday at \$1.15935, but earlier touched \$1.1601 for the first time since Oct. 5.

**Sterling** edged up to \$1.3666, extending Wednesday's 0.55% advance and approaching its highest level this month.

Meanwhile, **the Australian dollar** was 0.09% higher at \$0.7387, and earlier touched \$0.7396, its highest since Sept. 10.

**New Zealand's kiwi dollar** added 0.16% to \$0.6977, earlier reaching \$0.6982 for the first time since Sept. 28.

EURUSD	1.1597
<b>Support</b>	<b>Resistance</b>
1.1503	1.1620
1.1454	1.1688
1.1406	1.1757

GBPUSD	1.3675
<b>Support</b>	<b>Resistance</b>
1.3592	1.3851
1.3373	1.3891
1.3155	1.3932

AUDUSD	0.7392
<b>Support</b>	<b>Resistance</b>
0.7336	0.7550
0.7146	0.7574
0.6956	0.7598

EURCHF	1.0686
<b>Support</b>	<b>Resistance</b>
1.0591	1.0738
1.0572	1.0866
1.0553	1.0994

USDJPY	113.4700
<b>Support</b>	<b>Resistance</b>
113.03	116.02
110.42	116.40
107.82	116.79

USDCAD	1.241
<b>Support</b>	<b>Resistance</b>
1.2136	1.2470
1.2115	1.2783
1.2095	1.3097

USDCHF	0.9214
<b>Support</b>	<b>Resistance</b>
0.9157	0.9296
0.9123	0.9401
0.9090	0.9507

EURJPY	131.5900
<b>Support</b>	<b>Resistance</b>
130.98	134.11
128.08	134.34
125.19	134.58

USDTRY	9.1629
<b>Support</b>	<b>Resistance</b>
9.0122	9.3134
8.7572	9.3596
8.5023	9.4059

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
14 oct 2021	01:01	United Kingdom	RICS Housing Survey	Sep	68		73	67.4	-0.6
14 oct 2021	09:30	Sweden	CPI MM	Sep	0.6%		0.5%	0.63%	0.03%
14 oct 2021	09:30	Sweden	CPI YY	Sep	2.7%		2.1%	2.71%	0.01%
14 oct 2021	09:30	Sweden	CPIF MM	Sep	0.7%		0.5%	0.67%	-0.03%
14 oct 2021	09:30	Sweden	CPIF YY	Sep	3.0%		2.4%	2.96%	-0.04%
14 oct 2021	14:30	United States	Initial Jobless Clm	9 Oct, w/e	319k		326k	318.8k	-0.2k
14 oct 2021	14:30	United States	Cont Jobless Clm	2 Oct, w/e	2.675M		2.714M	2.6744M	-0.0006M
14 oct 2021	14:30	Canada	Manufacturing Sales MM	Aug	0.5%		-1.5%	0.35%	-0.15%
14 oct 2021	14:30	United States	PPI Final Demand YY	Sep	8.7%		8.3%	8.74%	0.04%
14 oct 2021	14:30	United States	PPI Final Demand MM	Sep	0.6%		0.7%	0.59%	-0.01%
14 oct 2021	14:30	United States	PPI exFood/Energy YY	Sep	7.1%		6.7%	7.13%	0.03%
14 oct 2021	14:30	United States	PPI exFood/Energy MM	Sep	0.5%		0.6%	0.52%	0.02%

Source: Refinitiv

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