



Morning Call

Geneva, October 18, 2021

Market Corner

Most Asian stocks and U.S. futures slid Monday as surging energy prices cemented worries about inflation and as Chinese growth slowed. Bond yields rose.

MSCI Inc.'s gauge of Asia Pacific shares was on track for its first decline in four sessions as equities dropped in Japan, Hong Kong and China, where economy slowed in the third quarter. U.S. contracts dipped after American stocks advanced on Friday, with the S&P 500 chalking its best week since July as earnings buoyed sentiment.

Bond yields in New Zealand and Australia jumped after New Zealand's inflation accelerated to the fastest pace in 10 years. Yields on Australia's three-year bond surged as much as 18 basis points to the highest since January. Ten-year Treasury yields extended a climb back toward 1.6%, while the dollar edged higher.

Oil prices built on their eighth weekly gain with West Texas Intermediate crude rising above \$83 a barrel to the highest since 2014. Brent approached \$86 a barrel.

Investors continue to grapple with worries about inflation amid surging energy shortages that are prompting more production cuts and sending bond yields higher. At the same time, the economic recovery remains patchy while central bankers are inching closer to paring back stimulus. U.S. consumer sentiment fell unexpectedly in early October, but retail sales advanced.

Bank of England Governor Andrew Bailey said the central bank will "have to act" to curb inflationary forces and warning higher energy costs mean price pressures will linger. Mohammed El-Erian, the chief economic adviser at Allianz SE and a Bloomberg columnist, said investors should prepare for increased market volatility if the Federal Reserve pulls back on stimulus measures set in motion by the Covid-19 pandemic.

In China, headwinds from a property slump to an energy crisis and subdued consumer spending weighed on growth. People's Bank of China Governor Yi Gang said authorities can contain risks posed to the Chinese economy and financial system from the struggles of China Evergrande Group.

US 10Y Govt Bond		Net Change
Price	Yield	-0.20
96.8438	1.5984	
EU 10Y Govt Bond		Net Change
Price	Yield	-0.20
101.4530	-0.1470	
Indices		% Change
Euro Stoxx 50	4 182.91	0.82
CAC40	6 727.52	0.63
FTSE	7 234.03	0.37
DAX	15 587.36	0.81
SMI	11 961.34	0.58
Dow Jones	35 294.76	1.09
S&P500	4 471.37	0.75
Nasdaq Comp.	14 897.34	0.50
VIX (Volatility Index)	16.30	-3.32

Source: Refinitiv / Bloomberg



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Crypto Corner

Bitcoin hovered near a six-month high early on Monday on hopes that U.S. regulators would soon allow cryptocurrency exchange-traded funds (ETF) to trade, while global inflation worries also provided some support. Bitcoin last stood at \$62,359, near Friday's six-month high of \$62,944 and not far from its all-time high of \$64,895 hit in April. The U.S. Securities and Exchange Commission (SEC) is set to allow the first American bitcoin futures ETF to begin trading this week, Bloomberg News reported on Thursday, a move likely to lead to wider investment in digital assets.

Cryptocurrency players expect the approval of the first U.S. bitcoin ETF to trigger an influx of money from institutional players who cannot invest in digital coins at the moment. Rising inflation worries also increased appetite for bitcoin, which is in limited supply, in contrast to the ample amount of currencies issued by central banks in recent years as monetary authorities printed money to stimulate their economies. But some analysts noted that, after the recent rally, investors may sell bitcoin on the ETF news.

Crypto Market Cap: **\$2.50T**

24h Vol: **\$89.6B**

Dominance: **BTC: 46.9% ETH: 18.3%**

Bitcoin		62 273.33
Support	Resistance	
58 911.15	68 242.65	
51 572.96	70 235.96	
Circulating Supply (BTC)		
		18 846 956.00
Market Cap		
\$		1 175 756 464 334.00

Ethereum		3 862.57
Support	Resistance	
3 690.66	4 288.18	
3 232.30	4 427.34	
Circulating Supply (ETH)		
		117 973 277.00
Market Cap		
\$		457 987 763 929.00

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Bitcoin / U.S. Dollar, 1D, COINBASE 061530.07 H62562.50 L61414.70 C62259.37 +732.26 (+1.19%)



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



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Commodity Corner

Gold prices were nearly flat on Monday, struggling to recover from a steep sell-off in the previous session as both U.S. bond yields and the dollar climbed, further weighing on bullion.

Spot gold was little changed at \$1,768.06 per ounce by 04:18 GMT, after slipping 1.6% on Friday.

Spot silver rose 0.1% to \$23.31 per ounce.

Platinum eased 0.4% to \$1,050.76.

Palladium fell 0.4% to \$2,063.55.

Oil prices hit their highest level in years on Monday as demand recovers from the COVID-19 pandemic, boosted by more custom from power generators turning away from expensive gas and coal to fuel oil and diesel.

Brent crude oil futures rose 90 cents, or 1.1%, to \$85.76 a barrel by 04:45 GMT, after hitting a session-high of \$86.04, the highest price since October 2018.U.S.

West Texas Intermediate (WTI) crude futures climbed \$1.23, or 1.5%, to \$83.51 a barrel, after hitting a session-high of \$83.73, highest since October 2014.Both contracts rose by at least 3% last week.

Japanese Prime Minister Fumio Kishida said on Monday that the country will urge oil producers to increase output and take steps to cushion the blow to industries hit by the recent spike in energy costs.

Still, supply could increase from the United States, where energy firms last week added oil and natural gas rigs for a sixth week in a row as soaring crude prices prompted drillers to return to the wellpad. The U.S. oil and gas rig count, an early indicator of future output, rose 10 to 543 in the week to Oct. 15, its highest since April 2020, energy services firm Baker Hughes Co said last week.

Gold	1762.47
Support	Resistance
1751	1807
1720	1831

Silver	23.22
Support	Resistance
23.00	24.42
21.88	24.72

Oil - WTI	83.47
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Nat Gas (HH)	5.1210
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Copper	4.7840
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Baltic Dry Ind.	4854.00
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Corn	525.00
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Wheat	736.25
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Soybean	1215.75
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Arabica Coffee	206.25
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Cotton	106.18
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Sugar	19.80
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Source: Refinitiv / fxtstreet.com / Bloomberg



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FX Corner

The U.S. dollar found a footing on Monday as soft economic data in China and climbing oil prices jangled investors' nerves that inflation will drive interest rates higher.

In the Asia session the greenback climbed a touch along with U.S. yields to arrest a dip it suffered last week. It rose about 0.2% against the euro and about 0.1% against the yen to take the Japanese currency close to a fresh three-year low.

The kiwi was an outlier, having jumped almost 0.5% to a one-month high of \$0.7105 before easing back to flat at \$0.7071 after a decade-high quarterly inflation reading.

Sterling also managed to hold on close to steady after hawkish weekend remarks from Bank of England Governor Andrew Bailey who said policymakers "will have to act" as energy prices drive consumer prices higher.

The dollar last bought 114.35 yen, traded at \$1.1579 against **the euro** and was up roughly 0.2% at \$0.7402 per Australian dollar.

The dollar index rose 0.1% to 94.102, edging it back toward last week's one-year high of 94.563.

EURUSD	1.1573
Support	Resistance
1.1563	1.1680
1.1485	1.1719
1.1406	1.1757

GBPUSD	1.3722
Support	Resistance
1.3686	1.3929
1.3486	1.3972
1.3287	1.4016

AUDUSD	0.7395
Support	Resistance
0.7402	0.7617
0.7205	0.7635
0.7009	0.7654

EURCHF	1.0719
	Resistance
1.0628	1.0752
1.0591	1.0839
1.0554	1.0926

USDJPY	114.3000
Support	Resistance
113.73	117.38
110.45	117.75
107.16	118.11

USDCAD	1.2402
Support	Resistance
1.2076	1.2397
1.2045	1.2687
1.2013	1.2976

USDCHF	0.9261
Support	Resistance
0.9160	0.9280
0.9117	0.9357
0.9073	0.9433

EURJPY	132.2800
Support	Resistance
131.94	136.39
127.90	136.80
123.87	137.22

USDTRY	9.2816
Support	Resistance
9.1779	9.6375
8.7667	9.6859
8.3554	9.7342

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
18 oct 2021	14:15	Canada	House Starts, Annualized	Sep			260.2k		
18 oct 2021	15:15	United States	Industrial Production MM	Sep	0.2%		0.4%	0.05%	-0.15%
18 oct 2021	15:15	United States	Capacity Utilization SA	Sep	76.5%		76.4%	76.43%	-0.07%
18 oct 2021	16:00	United States	NAHB Housing Market Indx	Oct	76		76	76.0	0.0

Source: Refinitiv

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