



Morning Call

Geneva, October 19, 2021

Market Corner

Asian stocks rose Tuesday as technology shares rallied and the prospect of solid corporate earnings helped counter concerns stemming from elevated inflation.

MSCI Inc.'s Asia-Pacific equity index was at its highest since late September. Hong Kong outperformed, and the city's gauge of Chinese tech stocks surpassed its 50-day moving average. U.S. and European futures were little changed after U.S. stocks gained, with the Nasdaq 100 leading the way.

Treasury yields declined and a flattening in the yield curve paused. In Australia, the three-year bond yield was lower after the minutes from the central bank's latest policy meeting put a dampener on early rate-hike bets.

In China, the focus is on debt-laden China Evergrande Group's real-estate unit and its coupon payment due on a local bond.

Markets are taking some comfort from robust earnings but also grappling with the prospect of tightening monetary policy to quell price pressures. Traders are waiting to see if a slate of Federal Reserve speakers this week will try to calm the jitters stemming from the scaling back of pandemic-era policy support.

The oil rally paused with prices around multiyear highs. A natural-gas shortage is spurring demand for products like fuel oil and diesel for power generation. Investors are paying close attention to the earnings season to see how higher costs for energy and raw materials are affecting margins.

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
97.0313	1.5774	0.06
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
101.5520	-0.1570	0.08
<u>Indices</u>		<u>% Change</u>
Euro Stoxx 50	4 151.40	-0.75
CAC40	6 673.10	-0.81
FTSE	7 203.83	-0.42
DAX	15 474.47	-0.72
SMI	11 968.08	0.06
Dow Jones	35 258.61	-0.10
S&P500	448.46	0.34
Nasdaq Comp.	15 021.81	0.84
VIX (Volatility Index)	16.31	0.06

Source: Refinitiv / Bloomberg



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Crypto Corner

Bitcoin price (BTC) has been on a tear these past few days, with bulls breaking \$60,000. To keep the uptrend intact, buyers will want to wait for the daily Relative Strength Index (RSI) to dip back below 70. This dip below 70 in the RSI would coincide with a test of \$60,000 and would offer new buyers a good entry for the next phase in the uptrend toward \$65,087 or new all-time highs.

Ethereum price traded between \$3,619 and \$3,387 for roughly eleven days and showed no affinity to move higher. However, on October 14, ETH finally moved out of the upper barrier and is currently grappling with the \$3,938 hurdle, which sits just below the \$4,000 psychological level.

While Ethereum price closely mirrors Bitcoin price action, it has relatively less volatility, which can be observed in comparing returns for October. ETH has only rallied 31%, but BTC has jumped 44% in the same time.

Although the smart contract token might be slow, its ascent will steepen going forward due to multiple bullish fundamentals.

A decisive close above \$4,000 and its all-time high at \$4,380 will likely propel ETH to \$6,384, coinciding with the 161.8% trend-based Fibonacci extension level.

Crypto Market Cap: [\\$2.50T](#)

24h Vol: [\\$99.4B](#)

Dominance: [BTC: 47.1%](#) [ETH: 18.1%](#)

Bitcoin		62 439.36
Support	Resistance	
59 088.12	68 383.88	
51 697.18	70 288.70	
Circulating Supply (BTC)		18 847 731.00
Market Cap		\$ 1 176 452 876 284.00

Ethereum		3 827.51
Support	Resistance	
3 551.74	4 149.26	
3 162.85	4 357.89	
Circulating Supply (ETH)		117 985 608.00
Market Cap		\$ 451 414 648 502.00

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Bitcoin / U.S. Dollar, 1D, COINBASE O62042.40 H62987.00 L61633.81 C62474.63 +435.35 (+0.70%)



Source: [Refinitiv](#) / [fxstreet.com](#) / [Bloomberg](#) / [Coinmarketcap.com](#) / [TradeView.com](#)



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Commodity Corner

Gold prices gained on Tuesday, with a weaker dollar and U.S. bond yields providing some support to the precious metal, even as central banks move towards easing economic stimulus. Spot gold rose 0.5% to \$1,773.77 per ounce by 03:35 GMT.

Spot silver rose 1.1% to \$23.42 an ounce.

Platinum gained 0.8% to \$1,044.11.

Palladium was up 0.7% at \$2,028.39.

Oil prices fell on Tuesday, with Brent down a second straight day, after Chinese data showed slowing economic growth and U.S. factory output dropped in September, raising fresh concerns about demand amid patchy recovery from the coronavirus pandemic.

Brent crude was down by 43 cents, or 0.5%, at \$83.90 a barrel by 01:32 GMT after falling 0.6% on Monday. The contract is still up nearly 7% this month.

U.S. oil fell 33 cents, or 0.4%, to \$82.11 a barrel, having risen 0.2% in the previous session and nearly 10% this month. Factory output in the United States dropped the most in seven months last month as a global shortage of semiconductors slowed auto production, further evidence that supply constraints are a strain on economic growth.

In China, the world's second-biggest economy, bottlenecks also contributed to a decline in the growth rate to a one-year low as energy shortages and sporadic outbreaks of coronavirus hit the country.

China's daily crude oil processing rate fell again last month to the lowest level since May last year.

<u>Gold</u>	1776.86
Support	Resistance
1730	1785
1710	1820

<u>Silver</u>	23.54
Support	Resistance
22.80	24.22
21.78	24.62

<u>Oil - WTI</u>	82.80
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<u>Nat Gas (HH)</u>	4.9680
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<u>Copper</u>	4.7750
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<u>Baltic Dry Ind.</u>	4732.00
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<u>Corn</u>	531.75
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<u>Wheat</u>	740.00
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<u>Soybean</u>	1228.50
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<u>Arabica Coffee</u>	204.35
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<u>Cotton</u>	105.08
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<u>Sugar</u>	19.35
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The dollar languished near the bottom of its recent range against major peers on Tuesday, knocked back by weak U.S. factory data overnight and on market wagers of faster normalization of monetary policy in other countries.

The dollar index, which measures the greenback against six peers, weakened 0.05% to 93.894 from Monday. It has oscillated for the past three weeks between 93.671 and the one-year high of 94.563, reached last Tuesday.

Over the past week though, it has trended lower, with a tapering of Federal Reserve stimulus as early as next month already priced in, along with a first interest-rate increase next year.

A recovery in risk sentiment has also weighed on the safe-haven U.S. currency.

Elsewhere, Bank of England Governor Andrew Bailey sent a fresh signal for early U.K. rate hikes by saying on Sunday that the central bank will "have to act" to counter rising inflation risks. In New Zealand, bets for faster policy normalization were stoked on Monday by data showing the fastest consumer-price inflation in more than a decade.

However, the U.S. is likely to be insulated by energy market bottleneck that is "casting an ongoing cloud over rebound prospects in Europe and China," which "should leave yield spreads at the front end continuing to drift in the USD's favor," they said, adding that pullbacks in the dollar index should be limited to 93.70.

However, Westpac remains bullish on New Zealand's kiwi dollar - which isn't part of the dollar index - targeting a climb to \$0.74 by year-end and recommending buying any dips to \$0.6985.

The kiwi rose 0.11% to \$0.7093, edging back toward a one-month high of \$0.7105 reached on Monday.

The Aussie dollar gained 0.09% to \$0.74225, approaching a more than one-month high of \$0.7440 touched at the end of last week, even after minutes of the Reserve Bank of Australia's September meeting showed on Tuesday that policymakers are concerned tighter policy could harm the labor market.

Sterling added 0.13% to \$1.37455, nearing Friday's one-month peak at \$1.3773.

The euro advanced 0.09% to \$1.16205, approaching the top of this month's trading range.

Against the safe-haven yen, the dollar was little changed at 114.275, but not far from the almost three-year high of 114.47 touched on Friday.

EURUSD	1.1652
Support	Resistance
1.1577	1.1678
1.1499	1.1701
1.1422	1.1725

GBPUSD	1.3774
Support	Resistance
1.3692	1.3923
1.3501	1.3963
1.3311	1.4004

AUDUSD	0.7462
Support	Resistance
0.7376	0.7591
0.7193	0.7623
0.7009	0.7654

EURCHF	1.0725
	Resistance
1.0668	1.0761
1.0627	1.0813
1.0585	1.0864

USDJPY	114.1000
Support	Resistance
114.04	117.65
110.64	117.86
107.24	118.07

USDCAD	1.2335
Support	Resistance
1.2104	1.2417
1.2063	1.2689
1.2021	1.2960

USDCHF	0.9203
Support	Resistance
0.9174	0.9294
0.9124	0.9364
0.9073	0.9433

EURJPY	132.9700
Support	Resistance
132.30	136.76
128.08	137.00
123.86	137.24

USDTRY	9.3178
Support	Resistance
9.2461	9.7833
8.7675	9.8419
8.2888	9.9004

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
19 oct 2021	14:30	United States	Building Permits: Number	Sep	1.680M		1.721M	1.6833M	0.0033M
19 oct 2021	14:30	United States	Housing Starts Number	Sep	1.620M		1.615M	1.6149M	-0.0051M

Source: Refinitiv

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