



Morning Call

Geneva, October 6, 2021

Market Corner

Asian stocks and U.S. futures dipped Wednesday as Treasury yields extended an advance amid a surge in energy costs that threatens to stoke inflationary pressures. The dollar ticked higher.

MSCI Inc.'s Asia-Pacific index slid for a fourth session, including retreats in Japan and Hong Kong, contrasting with an overnight Wall Street rebound spurred by bargain-hunting in beaten-down technology stocks. S&P 500, Nasdaq 100 and European equity futures all declined.

The 10-year Treasury yield and the 30-year yield both reached the highest since June. Faster-than-expected U.S. service-sector activity and price pressures from spiraling costs for crude oil and natural gas are adding to the case for a reduction in Federal Reserve bond-buying.

Traders are awaiting jobs data this week for more clues about the Fed policy outlook. In New Zealand, the central bank raised interest rates for the first time in seven years and signaled more tightening, whipsawing the currency.

Volatility has picked up in global markets as investors brace for a slower but still robust economic recovery from the pandemic and gradual monetary-policy tightening to contain the cost of living. U.S. political gridlock over the nation's debt ceiling and President Joe Biden's wider economic agenda is contributing to the uncertainty.

The 10-year U.S. breakeven rate -- a proxy for where investors see annual inflation over the next decade -- has climbed to the highest since June. Prolonged supply chain disruptions and jumping raw-material prices are feeding into worries about rising costs.

Here are some events to watch this week:

- Rate decision in New Zealand on Wednesday
- Reserve Bank of India monetary policy decision on Friday
- The U.S. Labor Department releases unemployment and job creation data Friday
- Annual Nobel announcements start on Monday, with the Peace Prize being awarded on Friday

US 10Y Govt Bond		Net Change
Price	Yield	-0.25
97.1875	1.5589	
EU 10Y Govt Bond		Net Change
Price	Yield	-0.29
101.5880	-0.1600	
Indices		% Change
Euro Stoxx 50	4 065.43	1.73
CAC40	6 576.28	1.52
FTSE	7 077.10	0.94
DAX	15 194.49	1.05
SMI	11 587.00	0.04
Dow Jones	34 314.67	0.92
S&P500	4 345.72	1.05
Nasdaq Comp.	14 433.83	1.25
VIX (Volatility Index)	21.30	-7.23

Source: Refinitiv / Bloomberg



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Crypto Corner

The early morning momentum that pushed Bitcoin (BTC) above \$50,000 on Oct. 5 continued throughout the day after bulls took control of the market and bid the price of BTC up near the \$51,900.

Data from Cointelegraph Markets Pro and TradingView shows that after a brief period of consolidation, bulls resumed their drive higher and many analysts are watching to see if BTC price holds the \$50,000 level as support.

Since touching \$40,885 on Sept. 29, BTC price has rallied 26.8% and reignited traders' hope for a year-end close above the \$100,000 mark, a level which has become the de facto price target for the end of 2021.

Crypto Market Cap: [\\$2.21T](#)

24h Vol: [\\$115.4B](#)

Dominance: [BTC: 43.8%](#) [ETH: 18.5%](#)

Bitcoin	51 539.40
Support	Resistance
49 386.07	60 445.09
39 537.43	61 655.47
Circulating Supply (BTC)	
	18 836 137.00
Market Cap	
\$	970 837 382 937.00

Ethereum	3 495.30
Support	Resistance
3 408.38	4 206.01
2 675.51	4 270.77
Circulating Supply (ETH)	
	117 811 551.00
Market Cap	
\$	410 529 697 891.00

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Bitcoin / U.S. Dollar, 1D, COINBASE 051499.77 H51837.48 L50925.00 C51683.56 +189.57 (+0.37%)



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



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Commodity Corner

Gold prices fell on Wednesday, pressured by a firmer dollar and rising U.S. Treasury yields, while investors focused on U.S. non-farm payrolls data that would be crucial to the Federal Reserve's schedule for tapering support.

Spot gold fell 0.4% to \$1,753.23 per ounce by 05:09 GMT.

Spot silver fell 1.1% to \$22.41 per ounce.

Platinum slipped 1.3% to \$948.98.

Palladium was down 0.8% to \$1,898.75.

U.S. oil prices rose for a fifth day on Wednesday to their highest since 2014 amid global concerns about energy supply on signs of tightness in crude, natural gas and coal markets.

Brent crude prices also climbed for a fourth day on the supply anxiety, particularly after the Organization of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+, decided on Monday to say with their planned output increase rather than boosting it further.

U.S. West Texas Intermediate (WTI) oil earlier rose to \$79.18 a barrel, the highest since Nov. 10, 2014. The market was up 0.15%, or 12 cents, at \$79.05 a barrel, as of 0128 GMT.

Brent crude added 0.15%, or 12 cents \$82.68 a barrel after rising to a three-year high in the previous session. On Monday, OPEC+ agreed to adhere to its July pact to boost output by 400,000 barrels per day (bpd) each month until at least April 2022, phasing out 5.8 million bpd of existing production cuts.

Late last month, the OPEC+ Joint Technical Committee (JTC) said it expected a 1.1 million bpd supply deficit this year, which could turn into a 1.4 million bpd surplus next year. Oil prices have surged more than 50% this year, adding to inflationary pressures that crude-consuming nations such as the United States and India are concerned will derail recovery from the COVID-19 pandemic.

<u>Gold</u>	1753.10
Support	Resistance
1732	1798
1693	1826

<u>Silver</u>	22.44
Support	Resistance
21.99	23.74
20.81	24.31

<u>Oil - WTI</u>	79.33
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<u>Nat Gas (HH)</u>	6.4100
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<u>Copper</u>	4.1535
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<u>Baltic Dry Ind.</u>	5409.00
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<u>Corn</u>	536.75
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<u>Wheat</u>	748.50
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<u>Soybean</u>	1248.00
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<u>Arabica Coffee</u>	194.85
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<u>Cotton</u>	113.93
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<u>Sugar</u>	19.85
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The dollar edged higher on Wednesday amid nervousness that surging energy prices could spur inflation and interest rate hikes, and as traders awaited U.S. jobs data for clues on the timing of Federal Reserve policy tightening.

The Reserve Bank of New Zealand lifted its official cash rate for the first time in seven years but its resolutely hawkish tone only seemed to add to expectations that the Fed will follow suit and the kiwi dipped as U.S. yields rose.

The kiwi was last 0.4% weaker at \$0.6928 and **the Australian dollar** fell by the same margin to \$0.7265.

The euro was pinned below \$1.16 and last bought \$1.1589, scarcely higher than the 14-month low of \$1.1563 it struck last week.

The yen fell to a one-week low of 111.72 per dollar in tandem with a rise in Treasury yields, which can draw investment flows from Japan. It was within range of the 18-month trough of 112.08 that it visited last Thursday.

The greenback has won support as investors brace for the Fed to begin tapering asset purchases this year and lay the ground for an exit from pandemic-era interest rate settings well before central banks in Europe and Japan.

"Interest rate differentials are starting to have more of an influence on currencies than they have for quite some time," said Kim Mundy, analyst at the Commonwealth Bank of Australia in Sydney, as an era of suppressed super-low rates starts to end.

Nervousness about higher energy prices dragging on growth or flowing through to broader inflation took the edge from the support that the surge had lent to commodity-linked currencies.

The Canadian dollar eased from a one-month peak and the **Norwegian crown** pulled back from a three-month top.

Sterling has recovered some of last week's sharp selloff against the dollar but lost momentum through the Asia session and it steadied at \$1.3616 and held just below Tuesday's three-week peak on the euro. In New Zealand, a 25-basis point rate hike and familiar hawkish tone from the central bank did little to support the currency, despite expectations for further hikes in November and February.

EURUSD	1.1579
Support	Resistance
1.1443	1.1637
1.1405	1.1793
1.1367	1.1949

GBPUSD	1.3610
Support	Resistance
1.3489	1.3829
1.3280	1.3960
1.3070	1.4090

AUDUSD	0.7262
Support	Resistance
0.7243	0.7391
0.7132	0.7428
0.7020	0.7464

EURCHF	1.0767
Support	Resistance
1.0645	1.0778
1.0621	1.0887
1.0598	1.0997

USDJPY	111.7200
Support	Resistance
110.50	113.46
108.32	114.24
106.15	115.03

USDCAD	1.2599
Support	Resistance
1.2336	1.2626
1.2294	1.2874
1.2251	1.3121

USDCHF	0.9297
Support	Resistance
0.9165	0.9320
0.9112	0.9422
0.9058	0.9523

EURJPY	129.3800
Support	Resistance
127.78	130.34
126.56	131.68
125.35	133.03

USDTRY	8.8932
Support	Resistance
8.7691	9.1488
8.4827	9.2421
8.1963	9.3354

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
6 oct 2021	08:00	Germany	Industrial Orders MM	Aug	-2.1%		3.4%	-2.44%	-0.34%
6 oct 2021	09:30	Sweden	Private Production YY	Aug			10.5%		
6 oct 2021	09:30	Sweden	Private Production MM	Aug			2.0%		
6 oct 2021	09:30	Sweden	Ind Production Val YY	Aug			13.3%		
6 oct 2021	09:30	Sweden	Ind Production Val MM	Aug			1.2%		
6 oct 2021	10:30	United Kingdom	Markit/CIPS Cons PMI	Sep	54.0		55.2	54.38	0.38
6 oct 2021	14:15	United States	ADP National Employment	Sep	428k		374k	407.8k	-20.2k

Source: Refinitiv

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