



Morning Call

Geneva, December 1, 2021

Market Corner

Most Asian stocks rose Wednesday along with U.S. equity futures as traders weighed positive regional economic data and the Federal Reserve's signal of stepped-up efforts to curb elevated inflation.

MSCI Inc.'s Asia-Pacific share index jumped the most since mid-October. South Korea led gains on strong export growth, while purchasing managers' gauges pointed to resilient Asian manufacturing. S&P 500, Nasdaq 100 and European futures pushed higher, indicating stabilization after U.S. stocks slumped.

Chair Jerome Powell said the next Fed meeting should discuss whether to wrap up bond purchases a few months sooner and retired the word "transitory" to describe high inflation. That could open the door to earlier interest-rate hikes. Money markets show about 60 basis points of increases priced in by end-2022.

The U.S. 10-year Treasury yield climbed but remained below 1.50%. The gap between yields on 5-year and 30-year Treasuries was around the narrowest since March last year. Crude oil and commodity-linked currencies rebounded.

Volatility is buffeting markets as investors scrutinize whether the pandemic recovery can weather diminishing monetary policy support and potential risks from the omicron virus variant. While central banks are scaling back ultra-loose settings, financial conditions remain favorable in key economies.

The issue of raising or suspending the U.S. debt ceiling is back on the radar. Elevated yields on some Treasury bills maturing in late December are hinting at concern the U.S. will run out of borrowing capacity before the end of 2021.

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
99.1563	1.4664	-0.23
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
103.3900	-0.3430	0.02
<u>Indices</u>		<u>% Change</u>
Euro Stoxx 50	4 063.06	-1.13
CAC40	6 721.16	0.00
FTSE	7 059.45	-0.71
DAX	15 100.13	-1.18
SMI	12 159.69	-0.50
Dow Jones	34 483.72	-1.86
S&P500	4 567.00	-1.90
Nasdaq Comp.	15 537.69	-1.55
VIX (Volatility Index)	27.19	18.42

Source: Refinitiv / Bloomberg



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Crypto Corner

Today Ether (ETH) price briefly touched \$4,760, exciting investors and reminding the world that the altcoin is a mere 2.2% below the \$4,870 all-time high reached 20 days ago. While the spot price action might be intriguing, let's see what's happening in Ether's derivatives markets.

While it is possible to draw a descending channel that shows support at \$3,960, today's 5.4% positive move seems decoupled from Bitcoin's (BTC) negative performance.

Earlier today, commodities and stocks took a hit after the U.S. Federal Reserve acknowledged that inflation is more than just a "transitory" trend and Fed chair Jerome Powell said that the bank's relaxed money policies could end sooner than anticipated.

To understand how confident traders are about Ether's price recovery, one should analyze the perpetual contracts futures data. This instrument is the retail traders' preferred market because its price tends to track the regular spot markets.

In any futures contract trade, longs (buyers) and shorts (sellers) are matched at all times, but their leverage varies. Consequently, exchanges will charge a funding rate to whichever side demands more leverage, and this fee is paid to the opposing side.

Neutral markets tend to display a 0% to 0.03% positive funding rate which is equivalent to 0.6% per week. This indicates that longs are the ones paying and data shows retail traders have been mostly neutral since Nov. 4 and the last move above 0.07% happened on Oct. 21.

Crypto Market Cap: [\\$2.64T](#)

24h Vol: [\\$129.2B](#)

Dominance: [BTC: 40.7%](#) [ETH: 21.2%](#)

Bitcoin	56 885.12
Support	Resistance
54 804.27	61 549.65
50 682.66	64 173.42
Circulating Supply (BTC)	
18 887 743.00	
Market Cap	
\$ 1 076 381 495 769.00	

Ethereum	4 719.88
Support	Resistance
4 398.55	5 239.86
3 737.46	5 420.08
Circulating Supply (ETH)	
118 559 561.00	
Market Cap	
\$ 561 878 147 589.00	



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



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Commodity Corner

Gold rose on Wednesday, as softer bond yields and uncertainty about growth amid fears over the new Omicron variant of coronavirus lifted its appeal.

Spot gold rose 0.5% to \$1,781.86 per ounce by 05:51 GMT.

pot silver rose 0.4% to \$22.88 an ounce.

Platinum gained 2.3% to \$955.37.

Palladium added 2.1% to \$1,774.55.

Oil prices rose more than 2% on Wednesday, recouping some of the steep losses from the previous session, as major producers prepared to discuss how to respond to the threat of a hit to fuel demand from the Omicron variant.

Brent crude futures rose \$1.90, or 2.7%, to \$71.13 a barrel at 05:04 GMT, after a 3.9% slump on Tuesday.

U.S. West Texas Intermediate (WTI) crude futures rose \$1.71, or 2.6%, to \$67.89 a barrel, after a 5.4% drop on Tuesday.

The Organization of the Petroleum Exporting Countries (OPEC) will meet on Wednesday after 13:00 GMT and ahead of a meeting on Thursday of OPEC+, which groups OPEC with allies including Russia.

While some analysts expect OPEC+ to pause plans to add 400,000 barrels per day of supply in January considering the potential hit to demand from travel curbs to rein in the spread of the Omicron variant, several OPEC+ ministers have said there was no need to change course.

Even if OPEC+ agrees to go ahead with its planned supply increase in January, producers may struggle to add that much. A Reuters survey found OPEC pumped 27.74 million bpd in November, up 220,000 bpd from the previous month, but that was below the 254,000-bpd increase allowed for OPEC members under the OPEC+ agreement.

<u>Gold</u>	1788.67
Support	Resistance
1697	1798
1682	1885

<u>Silver</u>	22.95
Support	Resistance
20.62	23.18
20.37	25.49

<u>Oil - WTI</u>	67.97
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<u>Nat Gas (HH)</u>	4.6040
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<u>Copper</u>	4.3340
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<u>Baltic Dry Ind.</u>	3018.00
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<u>Corn</u>	572.75
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<u>Wheat</u>	773.75
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<u>Soybean</u>	1231.50
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<u>Arabica Coffee</u>	232.30
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<u>Cotton</u>	107.55
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<u>Sugar</u>	18.60
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

Riskier currencies bounced from recent lows and safe-havens such as the yen eased against the dollar on Wednesday as traders in Asia lightened some of their worries about the Omicron variant.

The Chinese yuan, a beacon of resilience in a turbulent few days, touched a six-month high of 6.3596 per dollar as it basked in the afterglow of better-than-expected manufacturing data from November.

The Australian and New Zealand dollars also made gains of 0.5%, carrying them up from one-year lows.

The Aussie last bought \$0.7166 and **the kiwi** \$0.6855. AUD/The moves go some way to recouping losses made last week and on Tuesday as concern swirls through financial markets about the resurgence of COVID-19, the virulence and vaccine resistance of the new Omicron strain and the prospect of interest rate rises.

The safe-haven yen and Swiss franc each lost about 0.3% against the dollar and fell further on other crosses.

The yen last traded at 113.48 per dollar and the franc CHF=EBS at 0.9203 per dollar. **The euro** held at \$1.1334 after a 0.4% rise on Tuesday.

There is little new clinical news on Omicron, save for drugmakers differing opinions on the likely efficacy of their shots. A downbeat assessment from Moderna's CEO on Tuesday had driven the dollar and yen higher a day ago.

The United States, Hong Kong and Japan are the latest countries to flag tougher testing or border rules to try and contain the newly-detected variant.

Sterling steadied at \$1.3324, and the **Canadian dollar** bounced with oil prices and rose about 0.4%.

EURUSD	1.1332
Support	Resistance
1.1253	1.1451
1.1119	1.1515
1.0986	1.1580

GBPUSD	1.3322
Support	Resistance
1.3059	1.3379
1.2966	1.3606
1.2873	1.3833

AUDUSD	0.7159
Support	Resistance
0.6931	0.7175
0.6874	0.7362
0.6817	0.7549

EURCHF	1.0424
Support	Resistance
1.0286	1.0442
1.0259	1.0571
1.0232	1.0700

USDJPY	113.4400
Support	Resistance
110.85	113.84
110.19	116.17
109.53	118.50

USDCAD	1.2734
Support	Resistance
1.2722	1.3023
1.2479	1.3081
1.2235	1.3138

USDCHF	0.9195
Support	Resistance
0.9032	0.9249
0.8986	0.9420
0.8939	0.9590

EURJPY	128.5600
Support	Resistance
126.27	128.88
125.57	130.79
124.86	132.69

USDTRY	13.4071
Support	Resistance
12.8571	16.3062
9.8490	16.7472
6.8409	17.1882

Source: Refinitiv / fxstreet.com / Bloomberg

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Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
1 déc 2021	00:50	Japan	Business Capex (MOF) YY	Q3			5.3%		
1 déc 2021	01:30	Japan	Jibun Bank Mfg PMI	Nov			54.2		
1 déc 2021	08:00	United Kingdom	Nationwide house price mm	Nov	0.5%		0.7%	0.35%	-0.15%
1 déc 2021	08:00	United Kingdom	Nationwide house price yy	Nov	9.3%		9.9%	9.17%	-0.13%
1 déc 2021	08:00	Germany	Retail Sales MM Real	Oct	1.0%		-2.5%	0.85%	-0.15%
1 déc 2021	08:00	Germany	Retail Sales YY Real	Oct	-2.0%		-0.9%	-2.24%	-0.24%
1 déc 2021	08:30	Switzerland	CPI MM	Nov	-0.1%		0.3%	-0.07%	0.03%
1 déc 2021	08:30	Switzerland	CPI YY	Nov	1.4%		1.2%	1.45%	0.05%
1 déc 2021	08:30	Sweden	PMI Manufacturing Sect	Nov			64.4		
1 déc 2021	09:00	Netherlands	PMI - Manufacturing	Nov			62.5		
1 déc 2021	09:30	Switzerland	Manufacturing PMI	Nov	64.4		65.4	64.36	-0.04
1 déc 2021	09:45	Italy	Markit/IHS Mfg PMI	Nov	61.1		61.1	61.11	0.01
1 déc 2021	09:50	France	Markit Mfg PMI	Nov	54.6		54.6	54.59	-0.01
1 déc 2021	09:55	Germany	Markit/BME Mfg PMI	Nov	57.6		57.6	57.60	0.00
1 déc 2021	10:30	United Kingdom	Markit/CIPS Mfg PMI Final	Nov	58.2		58.2	58.15	-0.05
1 déc 2021	14:15	United States	ADP National Employment	Nov	520k		571k	516.0k	-4.0k
1 déc 2021	14:30	Canada	Building Permits MM.	Oct	-1.0%		4.3%	-1.72%	-0.72%
1 déc 2021	15:30	Canada	Markit Mfg PMI SA	Nov			57.7		
1 déc 2021	15:45	United States	Markit Mfg PMI Final	Nov			59.1		
1 déc 2021	16:00	United States	Construction Spending MM	Oct	0.4%		-0.5%	0.31%	-0.09%
1 déc 2021	16:00	United States	ISM Manufacturing PMI	Nov	61.0		60.8	61.05	0.05
1 déc 2021	16:00	United States	ISM Mfg Prices Paid	Nov	85.5		85.7	85.07	-0.43

Source: Refinitiv

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