



Morning Call

Geneva, December 29, 2021

Market Corner

Asian stocks slipped on Wednesday, following a mixed Wall Street session as the region's investors positioned their portfolios for the new year and grappled with increasing global numbers of Omicron coronavirus cases. MSCI's broadest index of Asia-Pacific shares outside Japan lost 0.3%, after six sessions of gains, following volatile U.S. trade.

There were losses in Hong Kong HSI, down 0.99% and hurt by declines in mainland tech stocks while Chinese blue chips CSI300 shed 1.4%. In China, the city of Xian entered its seventh day of lockdown on Wednesday after it reported 151 domestically transmitted COVID-19 infections with confirmed symptoms the prior day. Japan's Nikkei slid 0.76% Wednesday after hitting a one-month high on Tuesday.

But in Australia, the ASX 200 closed 1.21% for the day even though the country's most populous state New South Wales announced 11,201 new coronavirus cases.

Volatile markets are common in late December as fund managers prepare to rule off their books for the year and holidays thin trading volumes in some major markets like Australia. The rising Omicron case numbers are not spooking investors as much as first feared given fatality rates have not soared and the prospects of global lockdowns remains slim. In early European trades, the pan-region Euro Stoxx 50 futures STXEc1 were down 0.14%, German DAX futures FDxc1 were off 0.18% and FTSE futures FFic1 rose 0.58%.

U.S. stock futures, the S&P 500 e-minis ESC1, were up 0.14%. The Dow Jones Industrial Average .DJI rose 0.26% on Tuesday. The S&P 500 .SPX hit a record intraday high during the session but weakened to end the day off 0.10%.

The Nasdaq Composite lost 0.56%. Yields on benchmark 10-year Treasury notes US10YT were at 1.4756% compared with its U.S. close of 1.481% on Tuesday. The two-year yield US2YT, which rises with traders' expectations of higher Fed fund rates, touched 0.7402% after hitting 0.758% the previous session, a near two-year high.

This, along with the more cautious mood for equities, helped the dollar firm slightly. The dollar index, which measures the greenback against six peers, was at 96.19, up from a low of 95.958 on Friday.

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
99.0938	1.4739	0.06
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
102.3220	-0.2380	-0.03
<u>Indices</u>		<u>% Change</u>
Euro Stoxx 50	4 311.93	0.56
CAC40	7 372.10	-0.02
FTSE	7 372.10	0.57
DAX	15 963.70	0.81
SMI	12 970.53	0.81
Dow Jones	36 398.21	0.26
S&P500	4 786.35	-0.10
Nasdaq Comp.	15 781.72	-0.56
VIX (Volatility Index)	17.54	-0.14

Source: Refinitiv / Bloomberg



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Crypto Corner

Bitcoin, the oldest cryptocurrency, dropped by more than 6% to under \$48,000 during the U.S. trading day on Tuesday, despite continued muted spot market activities. While the spot trading volume of bitcoin remained mostly unchanged from a day ago, its price turbulence came as the market headed into monthly options expiration.

A total of 129,800 option contracts worth more than \$6 billion are set to expire on Friday, according to data provided by Skew. As CoinDesk reported previously, data shows that bitcoin tends to move toward the “max pain” point in the lead-up to an expiration and sees a solid directional move in days after settlement.

Crypto Market Cap: [\\$2.24T](#)

24h Vol: [\\$95.20B](#)

Dominance: [BTC: 40.3%](#) [ETH: 20.1%](#)

Bitcoin	47 640.62
Support	Resistance
45 282.81	51 837.01
42 139.67	55 248.07
Circulating Supply (BTC)	
18 913 850.00	
Market Cap	
\$ 905 139 787 849.00	

Ethereum	3 791.35
Support	Resistance
3 607.88	4 007.93
3 481.42	4 281.52
Circulating Supply (ETH)	
118 934 203.00	
Market Cap	
\$ 451 863 593 209.00	

BankMed-Advisory published on TradingView.com, Dec 29, 2021 07:27 UTC



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Commodity Corner

Gold inched higher on Wednesday in thin range-bound trading as lower U.S. Treasury yields boosted the bullion's appeal, keeping prices above the key level of \$1,800 per ounce.

Spot gold XAU was up 0.1% at \$1,806.93 per ounce by 0620 GMT.

Spot silver XAG was up 0.4% at \$23.09 an ounce.

Platinum XPT was 1.2% lower at \$963.74.

Palladium XPD dropped 2% to \$1,949.42.

Oil prices edged higher on Wednesday after rallying overnight as industry data showed a decline in U.S. inventories, boosting demand sentiment.

Brent crude rose 16 cents, or 0.2%, at \$79.10 a barrel by 0441 GMT.

U.S. West Texas Intermediate (WTI) crude climbed 5 cents, or 0.07%, to \$76.03 a barrel.

Asset classes from oil to equities have clawed back losses from late November, when the Omicron variant of COVID-19 sent investors scurrying for safety. American Petroleum Institute data showed U.S. crude stocks fell by 3.1 million barrels in the week ended Dec. 24, market sources said late on Tuesday, in line with expectations of nine analysts polled by Reuters. Gasoline inventories registered a lower-than-expected decline of 319,000 barrels, while distillate stocks dropped by 716,000 barrels compared with hopes of a 200,000 barrels drop.

Oil prices have been underpinned by three oil producers declaring forces majeures this month on part of their oil production because of maintenance issues and oilfield shutdowns.

Investors are awaiting an OPEC+ meeting on Jan. 4, at which the alliance will decide whether to go ahead with a planned production increase of 400,000 barrels per day in February. At its last meeting, OPEC+ stuck to its plans to boost output for January despite Omicron.

Gold	1804.82
Support	Resistance
1799	1866
1743	1876

Silver	23.07
Support	Resistance
22.80	24.83
21.09	25.15

Oil - WTI	76.17
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Nat Gas (HH)	4.1400
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Copper	4.4005
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Baltic Dry Ind.	2217.00
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Corn	602.75
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Wheat	779.25
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Soybean	1356.50
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Arabica Coffee	225.65
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Cotton	108.73
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Sugar	18.96
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The US dollar inched up on Wednesday as a recent rally in shares showed signs of petering out, but holiday-thinned trading meant markets were showing little real direction.

The dollar index USD, which measures the greenback against major peers rose as high as 96.240 during the session versus Monday's close of 96.068, moving up against most other majors after **the Euro** lost 0.14% on Tuesday. The common currency was last at \$1.1305 and **the pound GBP** slipped from a five-week high to \$1.3433. But with many traders having taken time off for Christmas or the end of the year, analysts said it was hard to read too much into the moves

The Fed is widely expected to begin hiking rates before several other major central banks such as the European Central Bank, and this has helped the dollar index to have its best year in 2021 since 2015.

The yen JPY, which had been weakening alongside those advances in shares, stemmed its losses on Wednesday. It was last at 114.82 per dollar compared with Tuesday's month-low of 114.94. The dollar was also supported by a rise in two-year Treasury yields which hit 0.758% on Tuesday, a near two-year high, before slipping marginally to 0.7461%.

The Australian dollar AUD was steady at \$0.7232. Moves were more stark in cryptocurrencies, which often see sharp swings in low liquidity periods such as weekends and holidays.

EURUSD	1.1298
Support	Resistance
1.1260	1.1400
1.1170	1.1450
1.1080	1.1500

GBPUSD	1.3423
Support	Resistance
1.3411	1.3702
1.3145	1.3727
1.2879	1.3752

AUDUSD	0.7230
Support	Resistance
0.7210	0.7393
0.7053	0.7419
0.6897	0.7446

EURCHF	1.0365
Support	Resistance
1.0291	1.0389
1.0281	1.0477
1.0270	1.0564

USDJPY	114.8800
Support	Resistance
114.69	116.51
112.99	116.63
111.30	116.76

USDCAD	1.2819
Support	Resistance
1.2658	1.2862
1.2607	1.3015
1.2555	1.3167

USDCHF	0.9172
Support	Resistance
0.9053	0.9190
0.9037	0.9311
0.9020	0.9431

EURJPY	129.8500
Support	Resistance
129.55	132.27
127.17	132.61
124.78	132.94

USDTRY	11.8500
Support	Resistance
5.0888	13.3922
3.4222	20.0290
1.7556	26.6658

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
28 déc 2021	00:30	Japan	Jobs/Applicants Ratio	Nov	1.16	1.15	1.2%	1.159	-0.001
28 déc 2021	00:30	Japan	Unemployment Rate	Nov	2.7	2.8	2.7%	2.68	-0.02
28 déc 2021	00:50	Japan	Industrial O/P Prelim MM!	Nov	4.8	7.2	1.8%	4.87	0.07
28 déc 2021	15:00	United States	CaseShiller 20 MM SA	Oct	0.9		1.0%	0.96	0.06
28 déc 2021	15:00	United States	CaseShiller 20 YY	Oct	18.5		19.1%	18.5	0

Source: Refinitiv

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