

## Market Corner

Stocks in Asia traded cautiously Monday as investors brace for bond-market volatility and stimulus withdrawal. The dollar rose.

Shares in Hong Kong advanced as technology stocks rebounded. They fell in South Korea, while China edged higher. U.S. futures fluctuated after the S&P 500 posted the worst start to a year since 2016 as expectations of faster-than-anticipated U.S. interest-rate increases roiled bond markets and sparked a rotation out of high-growth equities. Japan is shut for a holiday Monday. European futures gained.

Treasury futures extend losses after posting the biggest one-week decline since February 2021. Australia's 10-year bonds tumbled. Treasury yields climbed across the board last week in a selloff sparked by Federal Reserve minutes signaling a willingness to start hiking rates as soon as March. Cash Treasuries won't trade in Asia because of the Japan holiday.

U.S. inflation data this week will be keenly watched as concerns grow the Fed is behind the curve in tackling elevated price pressures. U.S. employers added fewer staff than expected in December, but wages rose more than forecast, boosting the Fed's case to tighten liquidity.

Markets face increasing volatility as investors grapple with how to reprice assets as the pandemic liquidity that helped drive equities to record highs is withdrawn. Goldman Sachs Group Inc. now expects the Fed to raise rates four times this year and start its balance sheet runoff process in July, if not earlier.

At the same time, the spread of omicron is posing a fresh test for economic activity. China is seeing its first omicron cases in the community, and as the Lunar New Year festivities approach, governments in Taiwan and Vietnam prepared to intensify curbs.

<b>US 10Y Govt Bond</b>		<b>Net Change</b>
<b>Price</b>	<b>Yield</b>	<b>-0.20</b>
96.2500	1.7922	
<b>EU 10Y Govt Bond</b>		<b>Net Change</b>
<b>Price</b>	<b>Yield</b>	<b>0.05</b>
100.3580	-0.0350	
<b>Indices</b>		<b>% Change</b>
<b>Euro Stoxx 50</b>	4 305.83	<b>-0.44</b>
<b>CAC40</b>	7 219.48	<b>-0.42</b>
<b>FTSE</b>	7 485.28	<b>0.47</b>
<b>DAX</b>	15 947.74	<b>-0.65</b>
<b>SMI</b>	12 797.94	<b>0.04</b>
<b>Dow Jones</b>	36 231.66	<b>-0.01</b>
<b>S&amp;P500</b>	4 677.03	<b>-0.41</b>
<b>Nasdaq Comp.</b>	14 935.90	<b>-0.96</b>
<b>VIX (Volatility Index)</b>	18.76	<b>-4.33</b>

Source: Refinitiv / Bloomberg



# Morning Call

Geneva, January 10, 2022

## Crypto Corner

**Proponents believe that institutional demand for Bitcoin could trigger a drop to \$40,000.** Indicators suggest further downside in the Bitcoin price trend as the “death cross” appears.

Bitcoin price suffered a massive drop over the past two weeks. The last Bitcoin price drop was a 56% correction. Mike Novogratz, the CEO of Galaxy Investment Partners, predicted that Bitcoin price could bottom out at \$40,000.

Novogratz believes that there could be a huge institutional demand from investors. Institutions could continue accumulating at \$40,000; it supports Bitcoin price. As firms figure out how to add Bitcoin to their holdings, \$40,000 is considered a great entry point.

The recent Bitcoin price drop continued to extend below \$42,000. According to analysts, Bitcoin price remains at risk of further downside if it stays below the \$43,000 level.

Bitcoin price has settled below the 100-hour simple moving average, below \$43,000. Analysts have noted that the 50-day exponential moving average dropped below the 200-day, forming a “death cross.” Historically, the pattern has predicted a drop in Bitcoin price.

@BitBitCrypto, a pseudonymous crypto analyst, has predicted that the Bitcoin bear market is in, and a real custody Exchange Traded Fund (ETF) launch could change the price trend.

Crypto Market Cap: [\\$1.97T](#)

24h Vol: [\\$71.0B](#)

Dominance: [BTC: 40.3%](#) [ETH: 19.1%](#)

Bitcoin	42 123.01
<b>Support</b>	<b>Resistance</b>
35 152.78	43 209.21
33 806.17	49 919.03
<b>Circulating Supply (BTC)</b>	
18 924 850.00	
<b>Market Cap</b>	
\$	794 488 551 399.00

Ethereum	3 171.73
<b>Support</b>	<b>Resistance</b>
2 374.32	3 270.78
2 237.31	4 030.23
<b>Circulating Supply (ETH)</b>	
119 098 221.00	
<b>Market Cap</b>	
\$	376 726 062 544.00

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Bitcoin / U.S. Dollar, 1D, BITSTAMP O41853.98 H42256.55 L41607.02 C42138.91 +263.10 (+0.63%)  
Vol: 329



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



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## Commodity Corner

**Gold prices** eased on Monday as traders awaited December U.S. inflation data that could stress the need for earlier-than-anticipated interest rate hikes by the Federal Reserve.

**Spot gold** was down 0.2% to \$1,792.43 per ounce by 06:32 GMT, after hitting its lowest level since Dec. 16 of \$1,782.10 on Friday.

**Spot silver** shed 0.4% to \$22.21 an ounce.

**Platinum** was little changed at \$954.05.

**Palladium** fell 0.4% to \$1,926.41.

**Oil prices** edged up on Monday as supply disruptions in Kazakhstan and Libya offset worries stemming from the rapid global rise in Omicron infections.

**Brent crude** gained 16 cents, or 0.2%, at \$81.91 a barrel at 04:06 GMT, while **U.S. West Texas Intermediate (WTI) crude** was up 15 cents, or 0.2%, at \$79.05 a barrel.

Oil prices gained 5% last week after protests in Kazakhstan disrupted train lines and hit production at the country's top oilfield Tengiz, while a pipeline maintenance in Libya pushed production down to 729,000 barrels per day from a high of 1.3 million bpd last year.

If Russia invades Ukraine, it could disrupt Russian crude exports to Europe and push oil prices higher, the bank added. Tens of thousands of Russian troops are gathered within reach of the border with Ukraine in preparation for what Washington and Kyiv say could be an invasion, eight years after Russia seized the Crimea peninsula from Ukraine.

Oil is also drawing support from rising global demand and lower-than-expected supply additions from the Organization of the Petroleum Exporting Countries, Russia and allies, or OPEC+.

OPEC's output in December rose by 70,000 bpd from the previous month, versus the 253,000-bpd increase allowed under the OPEC+ supply deal which restored output slashed in 2020 when demand collapsed under COVID-19 lockdowns.

<b>Gold</b>	<b>1792.09</b>
<b>Support</b>	<b>Resistance</b>
1753	1802
1743	1842

<b>Silver</b>	<b>22.20</b>
<b>Support</b>	<b>Resistance</b>
20.99	22.50
20.71	23.73

<b>Oil - WTI</b>	<b>79.04</b>
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<b>Nat Gas (HH)</b>	<b>4.1460</b>
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<b>Copper</b>	<b>4.3975</b>
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<b>Baltic Dry Ind.</b>	<b>2289.00</b>
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<b>Corn</b>	<b>604.00</b>
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<b>Wheat</b>	<b>755.25</b>
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<b>Soybean</b>	<b>1395.00</b>
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<b>Arabica Coffee</b>	<b>238.30</b>
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<b>Cotton</b>	<b>113.83</b>
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<b>Sugar</b>	<b>18.05</b>
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Source: Refinitiv / fxtreet.com / Bloomberg





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## FX Corner

**The dollar** started the week with support as traders bet U.S. inflation data and appearances from several Federal Reserve officials would bolster the case for higher interest rates.

After dipping on Friday, the greenback rose 0.2% on the euro in the Asia session, climbing back above its 200-day moving average to \$1.1338.

**It firmed 0.2% on the yen to 115.79**, close to last week's five-year high of 116.35. Asia trade was thinned by a holiday in Japan.

Federal Reserve chair Jerome Powell and governor Lael Brainard testify before Senate committees this week regarding their nominations as chair and deputy chair at the Fed. U.S. inflation figures are due on Wednesday, with headline CPI seen climbing to a red-hot 7% year-on-year.

Eventually, though, he added that the greenback would probably run out of steam, and the index head towards 94 once money markets fully price in a Fed hike in March.

**The dollar index** was last up 0.1% at 95.912. U.S.-Russia talks over rising tension in Ukraine also have traders on edge as the two sides seem far apart and failure risks an armed confrontation on Europe's doorstep.

**The Australian dollar** wobbled around \$0.7195, finding a little help from a lift in Aussie bond yields. It faces resistance around \$0.7200 and a major barrier at \$0.7276 that has held for several weeks now.

**The kiwi** was steady at \$0.6773. The dollar had met with some selling late last week after a weaker-than-expected headline U.S. job-creation figure squeezed traders out of long dollar positions. But analysts said better-than-expected unemployment numbers still made a good case for hikes sooner rather than later.

Traders have priced an almost 80% chance of a rate hike in March and a more than 70% chance of another one by June according to CME's FedWatch tool.

**Sterling** was also marginally weaker on the dollar but has been rallying with bets that the Bank of England (BOE) is likely to be hiking in tandem with the Fed.

EURUSD	1.1334
Support	Resistance
1.1288	1.1404
1.1221	1.1453
1.1154	1.1502

GBPUSD	1.3588
Support	Resistance
1.3541	1.3754
1.3356	1.3782
1.3172	1.3811

AUDUSD	0.7195
Support	Resistance
0.7051	0.7201
0.7014	0.7314
0.6977	0.7427

EURCHF	1.0432
Support	Resistance
1.0408	1.0535
1.0302	1.0556
1.0197	1.0578

USDJPY	115.7600
Support	Resistance
115.05	117.11
113.64	117.76
112.22	118.40

USDCAD	1.2641
Support	Resistance
1.2490	1.2718
1.2440	1.2896
1.2391	1.3075

USDCHF	0.9203
Support	Resistance
0.9169	0.9300
0.9069	0.9331
0.8970	0.9363

EURJPY	131.2000
Support	Resistance
130.65	132.89
128.89	133.37
127.12	133.84

USDTRY	13.7523
Support	Resistance
13.5512	16.9777
10.3123	17.1653
7.0735	17.3530

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

Date	Time	Country/Region	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
10 janv 2022	09:30	Sweden	Private Production YY	Nov				6.4%	
10 janv 2022	09:30	Sweden	Private Production MM	Nov				1.5%	
10 janv 2022	09:30	Sweden	Ind Production Val YY	Nov				3.7%	
10 janv 2022	09:30	Sweden	Ind Production Val MM	Nov				1.3%	
10 janv 2022	10:00	Italy	Unemployment Rate	Nov				9.4%	
10 janv 2022	16:00	United States	Wholesale Invt(y), R MM	Nov				1.2%	

Source: Refinitiv

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