



## Morning Call

Geneva, January 11, 2022

# Market Corner

Asian stocks and U.S. futures fluctuated Tuesday ahead of a key inflation print stateside that's expected to strengthen the case for tighter monetary policy.

Shares slipped in Japan, edged up in Hong Kong and were little changed in China. S&P 500 contracts swung between gains and losses after the benchmark posted its longest losing streak since September, though dip buyers emerged late in the session to wipe out almost all intraday losses.

Treasuries were steady, while Australian and Japanese bonds gained after recent losses. On Monday, the U.S. yield curve flattened as market-implied odds of a March rate hike edged higher.

A key measure of U.S. inflation -- set to be released Wednesday -- is anticipated to have increased further in December, putting additional pressure on the central bank to tighten policy.

Investors are mulling the impact of a withdrawal of unprecedented stimulus and the spread of omicron virus that continues to pressure already buckling supply chains and add to inflationary pressures. A drop in liquidity has sparked a rotation out of pricey growth stocks into laggard value names.

Federal Reserve Chair Jerome Powell said the U.S. economy was expanding at a fast pace and the central bank will prevent higher inflation from becoming entrenched. In remarks for his Senate confirmation hearing, he also cautioned that the post-pandemic economy might look different than the previous expansion.

Helping sentiment, New York's virus infections may have reached a peak, about a month after the first case of the omicron variant was identified there. Meanwhile, Pfizer Inc. is developing a hybrid vaccine that shields against the omicron variant. A new study showed high levels of protective immune cells that fight some common colds also made people less likely to contract Covid-19.

US 10Y Govt Bond		Net Change
Price	Yield	
96.5625	1.7569	0.20
EU 10Y Govt Bond		Net Change
Price	Yield	
100.3710	-0.0370	0.01
Indices		% Change
Euro Stoxx 50	4 239.52	-1.54
CAC40	7 115.77	-1.44
FTSE	7 445.25	-0.53
DAX	15 768.27	-1.13
SMI	12 597.35	-1.57
Dow Jones	36 068.87	-0.45
S&P500	4 670.29	-0.14
Nasdaq Comp.	14 942.83	0.05
VIX (Volatility Index)	19.40	3.41

Source: Refinitiv / Bloomberg



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## Crypto Corner

**Bitcoin fell again** on Monday during U.S. trading hours after a small recovery over the weekend. The bearish price move came after U.S. stock market losses deepened as investors brace for actions from a more hawkish Federal Reserve.

The most valued cryptocurrency fell below \$40,000 briefly in early hours before it moved back above \$41,000. At press time, bitcoin was changing hands at over \$41,500, down about 1% in the past 24 hours, according to CoinDesk data.

Crypto Market Cap: [\\$1.95T](#)

24h Vol: [\\$104.8B](#)

Dominance: [BTC: 40.8%](#) [ETH: 18.9%](#)

Bitcoin		42 115.85
Support	Resistance	
34 186.91	43 124.75	
32 441.83	50 317.51	
Circulating Supply (BTC)		
18 925 762.00		
Market Cap		
\$	798 071 915 380.00	

Ethereum		3 109.45
Support	Resistance	
2 250.16	3 215.37	
2 106.47	4 036.89	
Circulating Supply (ETH)		
119 111 782.00		
Market Cap		
\$	370 793 219 641.00	

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Bitcoin / U.S. Dollar, ID: BITSTAMP\_O41842.22 H42395.66 L41570.10 C42129.80 +284.38 (-0.68%)  
Vol: 469



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



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## Commodity Corner

**Gold** prices rose on Tuesday, supported by a weaker U.S. dollar and Treasury yields, as traders awaited December inflation data and weighed bets for quicker interest rate hikes by the Federal Reserve.

**Spot gold** rose 0.4% to \$1,809.22 per ounce by 07:23 GMT.

**Spot silver** was up 0.5% to \$22.57.

**Platinum** gained 0.8% to \$947.41.

**Palladium** rose 1.2% to \$1,934.75.

**Oil prices** climbed on Tuesday, with investors regaining some risk appetite as they await clues from the U.S. Federal Reserve chairman on potential interest rate rises and as some oil producers continued to struggle to beef up output.

**Brent crude futures** gained 60 cents, or 0.7%, to \$81.47 a barrel at 07:40 GMT, after dropping 1% in the previous session.

**U.S. West Texas Intermediate (WTI) crude futures** rose 68 cents, or 0.9%, to \$78.91 a barrel, after falling 0.8% on Monday.

A weaker U.S. dollar helped support oil prices on Tuesday, as it makes oil cheaper for those holding other currencies. A U.S. Senate committee holds hearings this week for Federal Reserve Chair Jerome Powell and vice chair nominee Lael Brainard that could provide new details about the U.S. central bank's plans to tighten monetary policy.

Recent oil price declines had been driven by worries about soaring cases of COVID-19 around the world potentially sapping fuel demand.

Libya, which is exempt from OPEC supply curbs, has been hit by pipeline maintenance work and oil field disruptions. However, on Monday, production resumed at the El Feel oil field, where an armed group halted output last month.

The market is waiting on U.S. oil and product inventory data from the American Petroleum Institute (API), an industry group, due at 21:30 GMT on Tuesday, followed by data from the U.S. Energy Information Administration on Wednesday.

<u>Gold</u>	1808.76
<b>Support</b>	<b>Resistance</b>
1764	1814
1748	1847

<u>Silver</u>	22.59
<b>Support</b>	<b>Resistance</b>
21.33	22.84
20.88	23.90

<u>Oil - WTI</u>	78.93
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<u>Nat Gas (HH)</u>	4.0390
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<u>Copper</u>	4.3885
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<u>Baltic Dry Ind.</u>	2277.00
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<u>Corn</u>	601.50
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<u>Wheat</u>	760.50
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<u>Soybean</u>	1377.00
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<u>Arabica Coffee</u>	234.95
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<u>Cotton</u>	113.38
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<u>Sugar</u>	17.83
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Source: Refinitiv / fxstreet.com / Bloomberg



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### FX Corner

The U.S. dollar hovered near the middle of its recent range against major peers on Tuesday as traders looked to incumbent Fed Chair Jerome Powell's nomination hearing later in the day for new clues on the timing and pace of policy normalization.

In his prepared opening remarks, released Monday, Powell will pledge to prevent high inflation from becoming "entrenched," but will make no mention of plans for the path of monetary policy.

However, he will take questions from senators in his bid for a second four-year term.

The dollar index, which measures the currency against six counterparts, hovered around 95.86 late in the Asian session. It hit a more than 16-month high of 96.938 on Nov. 24 amid increasing hawkishness from Fed policy makers but has since been stuck between that level and 95.544, despite a continued ramping up of rhetoric that now has Wall Street banks forecasting four quarter-point rate hikes this year.

U.S. December consumer inflation data is due to be released on Wednesday, with headline CPI seen coming in at a red-hot 7% on a year-on-year basis, boosting the case for an early increase in interest rates.

Ten-year U.S. Treasury yields rose to an almost two-year high above 1.8% overnight but provided only muted support for the greenback.

The dollar was little changed at 115.26 yen after bouncing off a one-week low of 115.045 on Monday.

The euro was about flat at \$1.1341, stuck in the middle of its trading range since mid-November.

The direction for euro-dollar will be set by a closing break on either side of its recent \$1.1380 to \$1.1270 trading channel, he said.

Sterling was stable at \$1.3594 after easing back from Monday's two-month high of \$1.36025.

The Australian dollar added 0.19% to \$0.7188, getting support from local retail sales data that came in much higher than economists forecast.

EURUSD	1.1336
Support	Resistance
1.1259	1.1375
1.1206	1.1438
1.1154	1.1502

GBPUSD	1.3592
Support	Resistance
1.3536	1.3733
1.3373	1.3767
1.3209	1.3800

AUDUSD	0.7184
Support	Resistance
0.7068	0.7218
0.7022	0.7322
0.6977	0.7427

EURCHF	1.0493
Support	Resistance
1.0447	1.0627
1.0296	1.0656
1.0144	1.0684

USDJPY	115.1700
Support	Resistance
114.37	116.05
113.68	117.04
112.98	118.02

USDCAD	1.2646
Support	Resistance
1.2487	1.2714
1.2434	1.2888
1.2381	1.3062

USDCHF	0.9255
Support	Resistance
0.9212	0.9386
0.9069	0.9417
0.8927	0.9449

EURJPY	130.5700
Support	Resistance
129.71	131.72
128.65	132.67
127.58	133.61

USDTRY	13.7992
Support	Resistance
13.4676	15.9626
11.2048	16.1948
8.9420	16.4270

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	10:00	Italy	Industrial Sales MM SA	Nov		2.8%			
10 janv 2022	10:00	Italy	Industrial Sales YY WDA	Nov		16.9%			
11 janv 2022	00:50	Japan	Foreign Reserves	Dec		1 405.8B			
11 janv 2022	01:01	United Kingdom	BRC Retail Sales YY	Dec		1.8%			
11 janv 2022	06:00	Japan	Coincident Index	Nov		1.2			
11 janv 2022	06:00	Japan	Leading Indicator	Nov		1.3			
11 janv 2022	06:30	Netherlands	CPI YY NSA	Dec		5.2%			
11 janv 2022	10:00	Italy	Retail Sales SA MM	Nov		0.10%			
11 janv 2022	10:00	Italy	Retail Sales NSA YY	Nov		3.70%			
11 janv 2022	12:00	United States	NFIB Business Optimism Idx	Dec		98.40			
11 janv 2022	13:00	United States	MBA 30-Yr Mortgage Rate	7 Jan, w/e		3.33%			
11 janv 2022	14:55	United States	Redbook YY	8 Jan, w/e		18.8%			

Source: Refinitiv

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