



Morning Call

Geneva, January 12, 2022

Market Corner

Asian stocks followed a rebound in the U.S. after Federal Reserve Chair Jerome Powell reassured investors the central bank will tackle inflation to extend the economic expansion.

Hong Kong shares rose to the highest in about five weeks. Chinese technology stocks rallied as cheap valuations and the prospect of looser monetary conditions enticed buyers. Japan also gained, and Chinese shares edged higher after an inflation report fueled rate-cut calls to cushion an economic slowdown in the world's second-largest economy. U.S. futures fluctuated after the S&P 500 halted a five-day slide and the Nasdaq 100 outperformed.

Treasuries found support after a solid three-year note sale. The yield on the 10-year note held a drop, while the curve flattened. The dollar resumed a slide, while oil prices held gains.

Powell told the Senate Banking Committee that officials won't hesitate to act if needed to contain price pressures. He also said the Fed will probably start shrinking its balance sheet this year. He noted the runoff would be quicker than the last time the central bank reduced asset purchases because the economy was in a much stronger position.

The next focus for traders is Wednesday's U.S. consumer price index print that is expected to show unrelenting price pressure. Markets have been buffeted by volatility at the start of the year on the prospect of faster interest-rate increases to deal with the surge in inflation.

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
96.7500	1.7357	0.09
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
100.2100	-0.0210	0.00
<u>Indices</u>		<u>% Change</u>
Euro Stoxx 50	4 281.54	0.99
CAC40	7 183.38	0.95
FTSE	7 491.37	0.62
DAX	15 941.81	1.10
SMI	12 709.71	0.89
Dow Jones	36 252.02	0.51
S&P500	4 713.07	0.92
Nasdaq Comp.	15 153.45	1.41
VIX (Volatility Index)	18.41	-5.10

Source: Refinitiv / Bloomberg



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Crypto Corner

Bitcoin price action shows evidence that a bottom may be forming, denying bears any further movement lower. Ethereum price has developed a ridiculously extended hidden bullish divergence condition on its weekly chart, warning of an imminent bullish reversal.

Bitcoin price has developed an excellent theoretical long setup on its \$1,000/3-box reversal Point and Figure chart. The long entry idea is a buy stop at \$44,000, a stop loss at \$40,000, and a profit target at \$61,000. This trade represents a 4.25:1 reward/risk setup with an implied target of 40.5% from the entry. A trailing stop of two or three boxes would help protect any profit generated post entry.

The profit target is based on the vertical profit target method in Point and Figure analysis, but it may be too conservative. However, if Bitcoin price moves to \$61,000, it will more than likely fulfill all the requirements for an Ideal Bullish Ichimoku Breakout on its weekly Ichimoku chart. If that scenario plays out, Bitcoin will be well on its way to new all-time highs.

Because of this Point and Figure setup structure, there is no invalidation point for the theoretical long entry. If Bitcoin continues to slide south, the entry and stop move in tandem – but the profit target remains.

Crypto Market Cap: [\\$2.01T](#)

24h Vol: [\\$88.1B](#)

Dominance: [BTC: 40.1%](#) [ETH: 19.2%](#)

Bitcoin	42 633.09
Support	Resistance
36 150.00	45 087.84
33 423.38	51 299.06
Circulating Supply (BTC)	
18 926 643.00	
Market Cap	
\$ 809 963 605 959.00	

Ethereum	3 235.00
Support	Resistance
2 472.87	3 438.08
2 217.83	4 148.25
Circulating Supply (ETH)	
119 125 450.00	
Market Cap	
\$ 387 173 505 088.00	

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Bitcoin / U.S. Dollar, 1D, BITSTAMP O:42754.44 H:42976.41 L:42471.17 C:42641.47 -94.53 (-0.22%)
Vol: 258



TradingView

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



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Commodity Corner

Gold prices held steady near a one-week high on Wednesday, as traders kept an eye out for U.S. inflation data for rate clues after less hawkish comments from the Federal Reserve chief fueled a bullion rally in the previous session.

Spot gold was little changed at \$1,819.90 per ounce by 06:34 GMT, after scaling a near one-week high of \$1,822.91 on Tuesday.

Spot silver was up 0.2% to \$22.81 an ounce.

Platinum edged up 0.1% to \$971.81.

Palladium was flat at \$1,922.09.

Oil prices steadied on Wednesday, following steep gains in the previous session after the U.S. Federal Reserve chief signaled the central bank may raise rates more slowly than expected, which should help support oil demand.

Brent and U.S. crude oil are trading at their highest levels since the highly contagious COVID-19 Omicron emerged in late November, as it has not hit fuel demand the way previous variants did.

U.S. West Texas Intermediate (WTI) crude futures rose 20 cents, or 0.3%, to \$81.42 a barrel at 0555 GMT, adding to a 3.8% jump in the previous session.

Brent crude futures were up 6 cents, or 0.07%, at \$83.78 a barrel, after jumping 3.5% in the previous session.

Federal Reserve Chairman Jerome Powell said on Tuesday the economy should weather the current COVID-19 surge with only "short-lived" impacts and was ready for the start of tighter monetary policy.

Data from the American Petroleum Institute (API) industry group, however, painted a weaker picture on fuel demand, with a smaller decline in crude stockpiles than expected and bigger builds than expected in gasoline and distillate inventories.

Crude stocks fell by 1.1 million barrels for the week ended Jan. 7, according to market sources citing API figures. That was less than the 1.9 million barrel draw that 10 analysts polled by Reuters had expected.

<u>Gold</u>	1819.47
Support	Resistance
1798	1848
1765	1864

<u>Silver</u>	22.75
Support	Resistance
21.94	23.41
21.20	24.14

<u>Oil - WTI</u>	81.22
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<u>Nat Gas (HH)</u>	4.1890
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<u>Copper</u>	4.4815
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<u>Baltic Dry Ind.</u>	2151.00
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<u>Corn</u>	600.75
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<u>Wheat</u>	766.50
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<u>Soybean</u>	1376.75
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<u>Arabica Coffee</u>	237.00
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<u>Cotton</u>	113.89
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<u>Sugar</u>	18.11
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The dollar slid to its weakest since mid-November against major peers on Wednesday, after Federal Reserve Chair Jerome Powell said it may take several months to decide on running down the central bank's \$9 trillion balance sheet. In testimony at his renomination hearing on Tuesday, Powell said the U.S. economy was ready for higher interest rates and a runoff of its asset holdings - dubbed quantitative tightening (QT) - to combat inflation. But he said policymakers were still debating approaches to reducing the Fed's balance sheet, and that it could sometimes take two, three or four meetings for them to make such decisions.

Powell's comments were less hawkish than those of some of his colleagues, allaying market fears for a sudden withdrawal of monetary support. Atlanta Fed President Raphael Bostic, for example, said on Monday that high inflation and a strong recovery warrant a rapid rundown of Fed asset holdings.

The dollar index, which measures the greenback against six major peers, dipped to 95.543 in the Asian session, the lowest since Nov. 18. U.S. consumer inflation data is due later in the global day, 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 rates.

Money markets currently price about 85% odds of a rates lift-off by March, and a total of at least three quarter-point hikes by year-end.

The Australian dollar, often considered a liquid proxy for risk appetite, touched its highest in almost a week at \$0.72195. **Sterling** rose to \$1.3645 for the first time since Nov. 4.

The euro traded near the top of its range of the past two months at \$1.13755. A climb above \$1.1387 would take it to its highest since mid-November.

Against the yen though, the dollar recovered to 115.340, from a one-week low of 115.045 at the start of the week.

EURUSD	1.1362
Support	Resistance
1.1313	1.1429
1.1234	1.1466
1.1154	1.1502

GBPUSD	1.3635
Support	Resistance
1.3585	1.3815
1.3380	1.3840
1.3176	1.3866

AUDUSD	0.7213
Support	Resistance
0.7106	0.7256
0.7042	0.7342
0.6977	0.7427

EURCHF	1.0498
Support	Resistance
1.0486	1.0673
1.0311	1.0685
1.0137	1.0698

USDJPY	115.3400
Support	Resistance
114.37	116.05
113.67	117.03
112.98	118.02

USDCAD	1.2563
Support	Resistance
1.2378	1.2650
1.2334	1.2878
1.2291	1.3107

USDCHF	0.9238
Support	Resistance
0.9214	0.9391
0.9069	0.9423
0.8924	0.9455

EURJPY	131.0700
Support	Resistance
130.21	132.17
128.94	132.86
127.68	133.56

USDTRY	13.7683
Support	Resistance
13.4290	15.6110
11.4985	15.8625
9.5680	16.1140

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
12 janv 2022	00:00	Japan	Reuters Tankan Man'f Idx	Jan			22		
12 janv 2022	06:00	Japan	Economy Watchers Poll SA	Dec			56.3		
12 janv 2022	08:00	Germany	Wholesale Price Index MM	Dec			1.3%		
12 janv 2022	08:00	Germany	Wholesale Price Index YY	Dec			16.6%		
12 janv 2022	14:30	United States	Core CPI MM, SA	Dec	0.5%		0.5%	0.49%	-0.01%
12 janv 2022	14:30	United States	Core CPI YY, NSA	Dec	5.4%		4.9%	5.41%	0.01%
12 janv 2022	14:30	United States	CPI Index, NSA	Dec	278.738		277.948	278.7230	-0.0150
12 janv 2022	14:30	United States	Core CPI Index, SA	Dec			283.20		
12 janv 2022	14:30	United States	CPI MM, SA	Dec	0.4%		0.8%	0.43%	0.03%
12 janv 2022	14:30	United States	CPI YY, NSA	Dec	7.0%		6.8%	7.02%	0.02%
12 janv 2022	14:30	United States	Real Weekly Earnings MM	Dec			-0.2%		
12 janv 2022	17:00	United States	Cleveland Fed CPI	Dec			0.5%		
12 janv 2022	17:00	United States	Refinitiv IPSOS PCSI	Jan			56.53		
12 janv 2022	17:00	Canada	Refinitiv IPSOS PCSI	Jan			52.28		
12 janv 2022	20:00	United States	Federal Budget,\$	Dec	-25.00B		-191.00B	-19.202B	5.798B

Source: Refinitiv

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