



Morning Call

Geneva, January 21, 2022

Market Corner

U.S. equity futures fell along with Asian stocks Friday and bonds rallied as shaky company earnings and the prospect of tighter Federal Reserve monetary policy buffeted sentiment.

Nasdaq 100 and European contracts fell over 1%, as did MSCI Inc.'s Asia-Pacific equity index. Demand for havens pushed the 10-year U.S. Treasury yield below 1.80% and made the yen the top performer in the Group-of-10 currency basket.

An unnerving, late-session Wall Street reversal Thursday wiped out the day's gains before marooning the tech-heavy Nasdaq 100 in a correction. The S&P 500 also turned lower and is now more than 5% off its January high.

Investors are grappling with the prospect of reduced stimulus in the Fed's effort to quell high inflation. Company developments also soured the mood, with Netflix Inc. plunging on a disappointing subscriber outlook. A report that Washington is allowing some Baltic states to send U.S.-made weapons to Ukraine stoked concerns about a standoff with Russia.

Oil was lower on a surprise climb in U.S. crude stockpiles. The White House also said it can work to accelerate the release of strategic reserves.

Receding pandemic-era stimulus is whipsawing a range of assets. Markets face a one-two punch of Fed rate hikes and the possible reduction of its \$8.8 trillion balance sheet to fight price pressures.

The U.S. company reporting season so far has been uneven, highlighting the risk that it may fail to enliven animal spirits in the stock market. Peloton Interactive Inc., the onetime darling of the stay-at-home trade, plummeted in regular trading on a report of temporary production halts.

In the latest U.S. data, jobless claims reached a three-month high, suggesting the omicron variant may be having a bigger impact on the labor market.

Elsewhere, Bitcoin weakened, falling below the \$40,000 level.

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
96.3125	1.7865	0.42
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
100.5400	-0.0540	0.29
<u>Indices</u>		<u>% Change</u>
Euro Stoxx 50	4,299.61	0.73
CAC40	7,194.16	0.30
FTSE	7,585.01	-0.06
DAX	15,912.33	0.65
SMI	12,560.70	0.28
Dow Jones	34,715.39	-0.89
S&P500	4,482.73	-1.10
Nasdaq Comp.	14,154.02	-1.30
VIX (Volatility Index)	25.59	1.74

Source: Refinitiv / Bloomberg



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Crypto Corner

Bitcoin (BTC) has dumped 7.5% in the past 12 hours, plunging to 6-month lows from \$43,328 at 4pm UTC yesterday to \$38,258 by 4am UTC today. Today's price crash has so far wiped about \$50 billion from the overall crypto market. The total crypto market cap has been on a slow decline since early November 2021 when it reached a peak of \$3 billion. Without a single bombshell piece of news that many could blame the dump on, investors are wondering what caused the price action. Some pointed to macro indicators, with tech stocks on Nasdaq entering into "correction territory" and several interest rate hikes are expected to come in 2022.

Ethereum price has dropped below two significant footholds on January 21, as selling pressure increased. ETH could be at risk of declining an additional 14%, a pessimistic forecast given by the bearish chart pattern.

Crypto Market Cap: [\\$1.845T](#)

24h Vol: [\\$102.1B](#)

Dominance: [BTC: 40.2%](#) [ETH: 18.7%](#)

Bitcoin	39,068.96
Support	Resistance
39,638.77	42,945.67
38,737.99	45,351.79
Circulating Supply (BTC)	
18,935,862.00	
Market Cap	
\$ 742,419,250,211.00	

Ethereum	2,880.53
Support	Resistance
2,875.00	3,240.95
2,778.22	3,510.12
Circulating Supply (ETH)	
119,233,938.00	
Market Cap	
\$ 344,905,167,834.00	

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Bitcoin / U.S. Dollar, 1D, COINBASE O40671.77 H41127.79 L38242.24 C39108.41 -1502.56 (-3.84%)
Vol 15.966K



TradingView

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



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Commodity Corner

Gold prices edged higher on Friday and were set for a second weekly gain as safe-haven demand and retreating U.S. bond yields lifted the metal's appeal, while auto-catalyst palladium hovered near a two-month high scaled in the previous session.

Gold has gained about 1.3% so far this week and is poised for a second weekly rise. A little bit of rumbling to the upside in gold could be an initial knee-jerk appreciation that risk is actually tilted toward a dovish surprise, even if the Fed doesn't do anything different, just because of where the market's state of mind is, Spivak said.

Gold XAU was up 0.2% at \$1,842.46 per ounce, as of 0719 GMT, inching towards Thursday's two-month high of \$1,847.72.

Silver XAG rose 0.4% to \$24.54 per ounce, set for its best week in a year, having risen 6.9% so far.

Palladium XPD eased 0.3% to \$2,053.41 per ounce, but was poised for a weekly gain of about 9.2%.

Platinum XPT was up 0.1% at \$1,040.36, set for its best week since last June.

Oil prices fell on Friday, after rising to seven-year highs this week, as investors took profits after a build in U.S. crude and fuel inventories, though overall sentiment remained solid due to concerns over tight supply and geopolitical risks.

The recent rally in crude prices appeared to run out of steam on Thursday when Brent and WTI ended the trading session with slim losses, but both benchmarks have gained more than 10% so far this year. Gasoline inventories in the United States, the world's biggest oil consumer, rose by 5.9 million barrels to their highest since February 2021, according to the U.S. Energy Information Administration (EIA). Crude stockpiles rose by 515,000 barrels last week, against industry expectations. The EIA also reported a slight decline in refinery runs, indicating lower demand for crude.

Brent crude dropped \$1.52, or 1.7%, to \$86.86 a barrel by 0606 GMT. The contract earlier fell by as much as 3%, the most since Dec. 20. The global benchmark touched \$89.50 a barrel on Thursday, its highest since October 2014.

U.S. West Texas Intermediate (WTI) crude slid \$1.66, or 1.9%, to \$83.89 a barrel. The contract earlier fell as much as 3.2%, also the most since Dec. 20, after rising to its highest since October 2014 on Wednesday.

<u>Gold</u>	1838.56
Support	Resistance
1833	1899
1775	1906

<u>Silver</u>	24.46
Support	Resistance
24.08	26.88
21.60	27.20

<u>Oil - WTI</u>	84.34
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<u>Nat Gas (HH)</u>	3.9290
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<u>Copper</u>	4.5290
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<u>Baltic Dry Ind.</u>	1474.00
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<u>Corn</u>	609.00
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<u>Wheat</u>	786.00
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<u>Soybean</u>	1418.75
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<u>Arabica Coffee</u>	243.80
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<u>Cotton</u>	118.94
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<u>Sugar</u>	18.93
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The safe-haven Yen gained while riskier bets like the Australian dollar and cryptocurrencies slid on Friday amid rekindled fears of heated inflation and aggressive Federal Reserve policy tightening. The dollar took a breather from recent gains as a rally in U.S. Treasury yields stalled, but was still headed for its best week in a month against a basket of major peers ahead of a Federal Reserve policy meeting next week. The **Aussie AUD** - often considered a liquid proxy for risk appetite - sank as much as 0.99% to 81.67 Yen AUDJPY, its weakest level in a month, and was last down 0.50% at \$0.71900 AUD.

The greenback slipped 0.27% to 113.78 Yen JPY, a one-week low.

Wall Street suffered a sharp selloff in the final hours of trading, while Treasury yields retreated from multi-year highs. S&P 500 futures EScv1 point to a further 0.7% decline at the reopen. The advance in U.S. yields has been driven by market expectations that the Fed will tighten monetary policy at a faster pace than anticipated, with Fed funds futures now fully priced for a rate increase in March and a total of four in 2022.

The Federal Open Market Committee (FOMC) convenes a two-day policy meeting starting on Tuesday, at the conclusion of which market participants will closely parse the committee's statement regarding the tightening timeline.

The **Dollar index USD** - which measures the currency against six rivals - eased 0.05% to 95.714 after touching a more than one-week high of 95.864 on Thursday. For the week, it is up 0.58%, rebounding from last week's 0.61% slide.

The **Euro EUR** rose 0.11% to \$1.13225, climbing off its weakest level since Jan. 10. European Central Bank President Christine Lagarde speaks on a panel at the World Economic Forum later in the day about the global economic outlook.

Sterling GBP was about flat at \$1.3589, hovering near its lowest since Jan. 11.

In cryptocurrencies, Bitcoin BTC tumbled as much as 6.1% to \$38,250 for the first time since early August, while smaller peer ether ETH dropped as much as 6.43% to \$2,806.70, the lowest since late September.

EURUSD	1.1328
Support	Resistance
1.1171	1.1370
1.1127	1.1525
1.1084	1.1681

GBPUSD	1.3574
Support	Resistance
1.3478	1.3700
1.3391	1.3835
1.3304	1.3970

AUDUSD	0.7195
Support	Resistance
0.7157	0.7344
0.7049	0.7423
0.6940	0.7501

EURCHF	1.0366
Support	Resistance
1.0248	1.0389
1.0239	1.0521
1.0229	1.0652

USDJPY	113.8200
Support	Resistance
112.34	114.91
111.62	116.76
110.90	118.61

USDCAD	1.2517
Support	Resistance
1.2248	1.2531
1.2206	1.2772
1.2165	1.3014

USDCHF	0.9149
Support	Resistance
0.9043	0.9231
0.8973	0.9349
0.8902	0.9466

EURJPY	128.9600
Support	Resistance
127.29	129.74
126.93	131.83
126.57	133.92

USDTRY	13.4194
Support	Resistance
12.8373	13.6643
12.5577	14.2117
12.2780	14.7590

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
21 Jan 2022	00:30	Japan	CPI, Core Nationwide YY	Dec	0.6%	0.5%	0.5%	0.60%	0.00%
21 Jan 2022	00:30	Japan	CPI, Overall Nationwide	Dec		0.8%	0.6%		
21 Jan 2022	07:00	United Kingdom	Retail Sales MM	Dec	-0.6%	-3.7%	1.4%	-0.71%	-0.11%
21 Jan 2022	07:00	United Kingdom	Retail Sales Ex-Fuel MM	Dec	-0.5%	-3.6%	1.1%	-0.46%	0.04%
21 Jan 2022	07:00	United Kingdom	Retail Sales YY	Dec	3.4%	-0.9%	4.7%	3.24%	-0.16%
21 Jan 2022	14:30	Canada	Retail Sales MM	Nov	1.2%		1.6%	1.19%	-0.01%
21 Jan 2022	16:00	Euro Zone	Consumer Confid. Flash	Jan	-9.0		-8.3	-8.95	0.05
21 Jan 2022	16:00	United States	Leading Index Chg MM	Dec	0.8%		1.1%	0.75%	-0.05%

Source: Refinitiv

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