



Morning Call

Geneva, February 11, 2022

Market Corner

Bonds extended a selloff Friday and stocks struggled after a surprise jump in U.S. inflation stoked bets on faster Federal Reserve interest-rate hikes amid febrile speculation about the policy outlook.

Sovereign notes dropped in New Zealand and Australia, where the three-year yield hit the highest since 2019. Treasury futures edged down. The dollar rose.

U.S. and European equity contracts retreated along with an Asia-Pacific stock gauge. The technology-heavy Nasdaq 100 led U.S. declines as Wall Street snapped a two-day winning run.

Treasuries sank Thursday -- the two-year yield climbed the most since 2009 and the 10-year punched past 2% -- after a surprise jump in U.S. inflation stirred hawkish comments from St. Louis Fed Chair James Bullard.

Bullard said the central bank should hike rates by 100 basis points over the next three meetings. He raised the possibility of considering a move in between scheduled policy reviews.

Other Federal Reserve officials are in no rush to raise rates prior to their meeting next month, nor does a 50-basis points March move appear likely yet.

Markets are struggling to adjust to the withdrawal of pandemic-era stimulus as officials fight inflation. The flattening Treasury yield curve suggests investors expect slowing growth as the Fed increases rates and reduces its balance sheet to curb price pressures.

U.S. inflation hit 7.5% in January, a fresh four-decade high, with goods prices soaring and costs for services also starting to pick up. Swaps traders are pricing in seven regular Fed hikes this year.

US 10Y Govt Bond		Net Change
Price	Yield	0.13
98.7344	2.0154	
EU 10Y Govt Bond		Net Change
Price	Yield	0.11
97.2400	0.2800	
Indices		% Change
Euro Stoxx 50	4 197.07	-0.17
CAC40	7 101.55	-0.41
FTSE	7 672.40	0.38
DAX	15 490.44	0.05
SMI	12 313.16	-0.44
Dow Jones	35 241.59	-1.47
S&P500	4 504.08	-1.81
Nasdaq Comp.	14 185.64	-2.10
VIX (Volatility Index)	23.91	19.79

Source: Refinitiv / Bloomberg



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Crypto Corner

Bitcoin holders consider the asset a hedge against inflation, keeping an eye on the Federal Reserve's response to rising inflation. The increase in US consumer prices is the fastest since 1982, fueling concerns at the Federal Reserve.

US consumer prices soared 7.5%, growing at the fastest pace in 40 years. The spike increased pressure on the Federal Reserve to tighten policy.

The Federal Reserve's response to economic conditions could impact investor sentiment toward Bitcoin and crypto. Though the core Consumer Price Index (CPI) noted a 0.6% increase, the same pace as December 2021, there was a material increase in inflation.

With a limited supply, investors consider Bitcoin a hedge against inflation. Inflation has acted as a driver for extended gains in Bitcoin, as investors flock to BTC during times of uncertainty.

Analysts expect the Federal Reserve to aggressively raise interest rates, higher than previous forecasts. In a recent meeting, the Federal Reserve hinted at interest rate hikes starting in March 2022.

Proponents believe the recovery in the cryptocurrency market and Bitcoin price over the past two weeks was fueled by the Federal Reserve's response to rising inflation. Though the idea that Bitcoin acts as a hedge against inflation is criticized for being theoretical, Scott Bauer, CEO of Prosper Trading Academy, believes that it could have partially contributed to the BTC price rally.

@FeraSY1, a crypto analyst and trader, believes if Bitcoin price sustains above \$38,758, \$49,000 could be the next target. The analyst noted a bearish divergence on the 4-hour candle, looking for an Inverse Head-and-Shoulders formation, predicting a subsequent rise after a bearish trend.

Crypto Market Cap: **\$1.96T**

24h Vol: **\$115.4B**

Dominance: **BTC: 41.7% ETH: 18.7%**

Bitcoin		43 270.08
Support	Resistance	
42 696.19	52 293.30	
34 678.98	53 873.20	
Circulating Supply (BTC)		
		18 954 568.00
Market Cap		
\$		821 385 989 232.00

Ethereum		3 087.91
Support	Resistance	
3 038.64	3 747.04	
2 452.87	3 869.67	
Circulating Supply (ETH)		
		119 532 475.00
Market Cap		
\$		368 826 718 615.00



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



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Commodity Corner

Gold dipped on Friday, as its appeal as an inflation hedge after hot U.S. consumer price data was outweighed by the surge in costs fueling bets for a hefty interest rate hike from the Federal Reserve next month.

Spot gold fell 0.2% to \$1,822.66 per ounce by 06:33 GMT.

Spot silver fell 1.1% to \$22.93 per ounce but is still up about 2% for the week.

Platinum was down nearly 1% to \$1,016.42.

Palladium fell 1.7% to \$2,216.69, set for a second weekly loss.

Oil prices eased on Friday as hot U.S. inflation fanned worries about aggressive interest rate hikes and investors await the outcome of U.S.-Iran talks that could lead to increased global crude supply.

Brent crude futures fell 25 cents, or 0.3%, to \$91.16 a barrel at 03:45 GMT, while **U.S. West Texas Intermediate crude** declined 15 cents, or 0.2%, to \$89.73 a barrel.

The benchmark oil prices are also in line for their first weekly decline after seven consecutive weekly gains, though both contracts had earlier climbed to a seven-year high.

St. Louis Federal Reserve Bank President James Bullard had said he wanted a full percentage point of interest rate hikes by July 1, following the release of U.S. inflation data that saw its biggest annual increase in 40 years.

Investors have also been eyeing indirect talks between the United States and Iran to revive a nuclear deal, which resumed this week after a 10-day break. A deal could see the lifting of sanctions on Iranian oil and ease global supply tightness. White House spokeswoman Jen Psaki said the talks have "reached an urgent point," and that a "deal that addresses the core concerns of all sides is in sight."

<u>Gold</u>	1823.27
Support	Resistance
1818	1880
1767	1892

<u>Silver</u>	22.91
Support	Resistance
22.96	24.70
21.59	25.07

<u>Oil - WTI</u>	89.48
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<u>Nat Gas (HH)</u>	4.0160
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<u>Copper</u>	4.5310
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<u>Baltic Dry Ind.</u>	1940.00
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<u>Corn</u>	639.50
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<u>Wheat</u>	766.75
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<u>Soybean</u>	1570.75
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<u>Arabica Coffee</u>	255.25
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<u>Cotton</u>	123.18
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<u>Sugar</u>	18.30
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The dollar rose Asia on Friday after hotter-than-expected U.S. inflation and hawkish comments from a Federal Reserve official unleashed a wave of bets on aggressive rate hikes, though similar pressures worldwide kept a lid on gains. Thursday data showed U.S. consumer prices up 7.5% year-on-year in January, a fourth straight month above 6% and slightly higher than economists' forecasts for a 7.3% rise. After that, St. Louis Fed President James Bullard told Bloomberg he'd like to see 100 basis points of hikes by July.

Treasury yields leapt and the **dollar jumped to a five-week high of 116.34 yen** during volatile overnight trade. The greenback oscillated against other currencies before turning broadly firmer in the Asia session.

The euro was last down 0.4% at \$1.1382 and the Australian and New Zealand dollars each dropped more than 0.5%.

Rates futures have shifted to price a better-than-two-in-three chance of a 50 bp hike next month and there is even chatter of an emergency hike sooner. More than 160 bps of tightening is priced in by the end of the year.

Markets are already positioned far more aggressively and **the Aussie dollar**, at \$0.7130, is on track for a weekly rise of about 0.7% despite the dollar's Friday strength.

The kiwi, last at \$0.6639, is also heading for a second consecutive weekly gain and a rate hike from the Reserve Bank of New Zealand is all but certain later in the month.

It is the outliers that have been punished, with **the Swedish crown** dunked 2% on Thursday after the central bank stressed that surging inflation is temporary.

The Bank of Japan also affirmed its resolve to anchor borrowing costs and yields on Thursday, promising to buy an unlimited amount of 10-year bonds at 0.25% after several days of selling pressure in Japan's bond market.

EURUSD	1.1380
Support	Resistance
1.1368	1.1744
1.1056	1.1808
1.0743	1.1871

GBPUSD	1.3528
Support	Resistance
1.3502	1.3784
1.3291	1.3855
1.3079	1.3925

AUDUSD	0.7118
Support	Resistance
0.7125	0.7407
0.6904	0.7468
0.6684	0.7530

EURCHF	1.0557
Support	Resistance
1.0543	1.0799
1.0321	1.0833
1.0100	1.0868

USDJPY	116.0500
Support	Resistance
115.53	117.72
113.74	118.12
111.95	118.52

USDCAD	1.2735
Support	Resistance
1.2591	1.2753
1.2532	1.2856
1.2472	1.2958

USDCHF	0.9276
Support	Resistance
0.9173	0.9340
0.9091	0.9425
0.9008	0.9509

EURJPY	132.0800
Support	Resistance
131.89	136.70
127.71	137.33
123.53	137.96

USDTRY	13.5601
Support	Resistance
13.2971	13.8411
12.9366	14.0246
12.5760	14.2080

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
11 févr 2022	08:00	United Kingdom	GDP Est 3M/3M	Dec	1.1%		1.1%	1.09%	-0.01%
11 févr 2022	08:00	United Kingdom	GDP Estimate MM	Dec	-0.6%		0.9%	-0.57%	0.03%
11 févr 2022	08:00	United Kingdom	GDP Estimate YY	Dec	6.3%		8.0%	6.19%	-0.11%
11 févr 2022	08:00	United Kingdom	Industrial Output MM	Dec	0.1%		1.0%	0.19%	0.09%
11 févr 2022	08:00	United Kingdom	Industrial Output YY	Dec	0.6%		0.1%	0.80%	0.20%
11 févr 2022	08:00	United Kingdom	Manufacturing Output MM	Dec	0.1%		1.1%	0.04%	-0.06%
11 févr 2022	08:00	United Kingdom	Manufacturing Output YY	Dec	1.7%		0.4%	1.94%	0.24%
11 févr 2022	08:00	Germany	CPI Final MM	Jan	0.4%		0.4%	0.40%	0.00%
11 févr 2022	08:00	Germany	CPI Final YY	Jan	4.9%		4.9%	4.90%	0.00%
11 févr 2022	08:00	Germany	HICP Final MM	Jan	0.9%		0.9%	0.90%	0.00%
11 févr 2022	08:00	Germany	HICP Final YY	Jan	5.1%		5.1%	5.10%	0.00%
11 févr 2022	08:00	United Kingdom	Business Invest QQ Prelim	Q4			-2.5%		
11 févr 2022	08:00	United Kingdom	Business Invest YY Prelim	Q4			2.6%		
11 févr 2022	08:30	Switzerland	CPI MM	Jan	0.0%		-0.1%	0.04%	0.04%
11 févr 2022	08:30	Switzerland	CPI YY	Jan	1.5%		1.5%	1.50%	0.00%
11 févr 2022	09:00	United Kingdom	GDP Prelim QQ	Q4	1.1%		1.1%	1.09%	-0.01%
11 févr 2022	09:00	United Kingdom	GDP Prelim YY	Q4	6.4%		6.8%	6.39%	-0.01%
11 févr 2022	16:00	United States	U Mich Sentiment Prelim	Feb	67.5		67.2	67.20	-0.30

Source: Refinitiv

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