

# Morning Call

Geneva, February 14, 2022

## Market Corner

Asian shares and European stock futures sagged on Monday as warnings that Russia could invade Ukraine at any time sent oil prices to seven-year peaks, boosted bonds and belted the Euro.

**EUROSTOXX 50 futures** shed 1.6% and **FTSE futures** 0.5%.

**S&P 500 futures** edged up 0.3% and **Nasdaq futures** 0.2% after steep losses on Friday.

The United States on Sunday said Russia might create a surprise pretext for an attack, as it reaffirmed a pledge to defend "every inch" of NATO territory.

The cautious mood saw **MSCI's broadest index of Asia-Pacific shares outside Japan** drop 1.4%.

**Japan's Nikkei** lost 2.2%, while **Chinese blue chips** fell 0.7%. Markets have been in convulsions since an alarmingly high U.S. inflation reading sparked speculation the Federal Reserve might raise rates by a full 50 basis points in March.

There was even chatter about an emergency inter-meeting hike. That was spurred in part by the timing of a closed Fed Board meeting for Monday, though the event seemed routine.

The talk was tamped down when the Fed released an unchanged bond buying schedule for the coming month, since the central bank has said it would only hike after its buying had ceased.

San Francisco Fed President Mary Daly also played down the need for a half-point move in an interview on Sunday, saying being too "abrupt and aggressive" on policy could be counter-productive.

Attention will now be on an appearance by St. Louis Fed President James Bullard later on Monday, given he recently called for 100 basis points of tightening by June. All the rate chatter sent Treasury yields to peaks last seen in 2019, before geopolitical tensions prompted a safe-haven rally late on Friday.

**Yields on 10-year notes** were last at 1.94%, having been as high as 2.06% last week.

The yield curve also flattened markedly and almost inverted between seven and 10-year maturities, as investors wagered the coming Fed tightening would slow economic growth.

**The risk of war in Ukraine has seen the euro retreat to \$1.1345**, from last week's top of \$1.1495.

**The safe-haven yen** regained some ground to leave the dollar at 115.50 yen, from a peak of 116.33. The Bank of Japan conducted an unlimited bond buying offer on Monday to restrain yields there.

US 10Y Govt Bond		Net Change
Price	Yield	-0.11
99.2031	1.9632	
EU 10Y Govt Bond		Net Change
Price	Yield	0.00
97.1400	0.2910	
Indices		% Change
Euro Stoxx 50	4 155.23	-1.00
CAC40	7 011.60	-1.27
FTSE	7 661.02	-0.15
DAX	15 425.12	-0.42
SMI	12 231.97	-0.66
Dow Jones	34 738.06	-1.43
S&P500	4 418.64	-1.90
Nasdaq Comp.	13 791.15	-2.78
VIX (Volatility Index)	27.36	14.43

Source: Refinitiv / Bloomberg



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## Crypto Corner

**Ethereum** transaction fees have reached its lowest level since July 28, 2021, as ETH price dropped below \$3,000. According to on-chain analytics platform Santiment, low fees usually correlate with a bounce in the asset's price. The figure represents a decrease of over 75% of the average fee price since November 2021, when fees reached over \$60 on average.

Ethereum fees have been critical to the sustainability of the blockchain network, as users who create transactions must be involved in a bidding process to have their operations processed more quickly. The higher fees paid to miners, the faster the confirmation process is for the transaction.

To ease the burden of paying high transaction fees is the Ethereum Consensus Layer, formerly known as ETH 2.0, which aims to introduce proof-of-stake and scalability solutions such as sharding which could increase the transaction processing capacity to nearly 100,000 transactions per second.

Vitalik Buterin, co-founder of Ethereum recently introduced the concept of a "near-future hard fork" that would include "blob-carrying transactions" which could temporarily relieve scalability concerns before sharding begins. The proposed solution is expected to be adopted in the Shanghai hard fork.

Ethereum price could be headed for a 25% rise to tag the upper boundary of the ascending parallel channel at \$3,584 on the 12-hour chart.

The first line of resistance will emerge at the 21 twelve-hour Simple Moving Average (SMA) at \$3,039, coinciding with the 78.6% Fibonacci retracement level. ETH may also encounter a hurdle at the 100 twelve-hour SMA at \$3,131, intersecting with the middle boundary of the governing technical pattern.

Crypto Market Cap: **\$1.87T**

24h Vol: **\$64.4B**

Dominance: **BTC: 42.7% ETH: 18.3%**

Bitcoin		42 170.38
Support	Resistance	
38 727.22	47 781.94	
33 236.89	51 346.33	
Circulating Supply (BTC)		
		18 957 643.00
Market Cap		
\$		799 546 603 959.00

Ethereum		2 869.78
Support	Resistance	
2 523.34	3 161.95	
2 265.02	3 542.24	
Circulating Supply (ETH)		
		119 573 213.00
Market Cap		
\$		343 307 772 496.00



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



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# Commodity Corner

**Gold prices** eased on Monday from a three-month high touched in the previous session, pressured by stronger U.S. dollar and bond yields, although losses were limited as rising tensions surrounding Ukraine supported safe-haven demand for bullion.

**Spot gold** was down 0.3% at \$1,854.45 per ounce, as of 06:01 GMT. In the previous session, prices jumped the most since mid-October and hit their highest level since Nov. 19 at \$1,865.15.

**Spot silver** rose 0.4% to \$23.66 per ounce.

**Platinum** gained 0.7% to \$1,034.37.

**Palladium** jumped 2.6% to \$2,367.57 per ounce.

**Oil prices** on Monday hit their highest in more than seven years on fears that a possible invasion of Ukraine by Russia could trigger U.S. and European sanctions that would disrupt exports from the world's top producer in an already tight market.

**Brent crude futures** was at \$95.61 a barrel by 05:06 GMT, up \$1.17, or 1.2%, after earlier hitting a peak of \$96.16, the highest since October 2014.

**U.S. West Texas Intermediate (WTI) crude** rose \$1.41, or 1.5%, to \$94.51 a barrel, hovering near a session-high of \$94.94, the loftiest since September 2014. Comments from the United States about an imminent attack by Russia on Ukraine have rattled global financial markets.

Russia could invade Ukraine at any time and might create a surprise pretext for an attack, the United States said on Sunday.

<b>Gold</b>	<b>1851.13</b>
<b>Support</b>	<b>Resistance</b>
1832	1913
1768	1929

<b>Silver</b>	<b>23.57</b>
<b>Support</b>	<b>Resistance</b>
23.03	24.77
21.63	25.11

<b>Oil - WTI</b>	<b>94.48</b>
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<b>Nat Gas (HH)</b>	<b>4.0710</b>
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<b>Copper</b>	<b>4.4990</b>
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<b>Baltic Dry Ind.</b>	<b>1977.00</b>
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<b>Corn</b>	<b>654.00</b>
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<b>Wheat</b>	<b>809.25</b>
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<b>Soybean</b>	<b>1583.00</b>
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<b>Arabica Coffee</b>	<b>252.05</b>
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<b>Cotton</b>	<b>122.55</b>
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<b>Sugar</b>	<b>18.26</b>
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Source: Refinitiv / fxstreet.com / Bloomberg



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## FX Corner

The dollar and safe-haven currencies held firm and riskier ones struggled for traction on Monday, with traders on edge about the prospect of war in Europe and unsettled by soaring inflation.

The risk of war in Ukraine pushed the euro down on Friday and it was nursing losses at \$1.1346 EUR on Monday, well below last week's top of \$1.1495.

The Australian and New Zealand dollars were also pinned below last week's levels and the Russian rouble was struggling after the spectre of sanctions sparked its sharpest fall in nearly two years on Friday.

The safe-haven yen has climbed to 115.53 yen from a five-week low of 116.34 last week. Russia could invade Ukraine at any time and might create a surprise pretext for an attack, the United States said on Sunday. German Chancellor Olaf Scholz, who heads to Kyiv on Monday and Moscow for talks with President Vladimir Putin on Tuesday, warned of sanctions if Moscow did invade.

The flashpoint adds to stress already evident in markets' volatile response to hotter-than-expected U.S. inflation data last week, which unleashed bets on the Federal Reserve lifting rates more than 160 basis points before the end of the year.

The dollar index crept up to 96.059 in the Asia session. Analysts see the euro, which dropped 1.2% on the yen on Friday, and oil importers' currencies as most at risk from conflict in Ukraine. Oil prices have surged.

Sterling held at \$1.3542 on Monday as investors are convinced the Bank of England is hiking rates next month and pricing about a 40% chance of a 50-basis point rise.

The New Zealand dollar fell 0.5% to \$0.6622, and the Australian dollar eased 0.2% to \$0.7119.

EURUSD	1.1337
Support	Resistance
1.1243	1.1601
1.1011	1.1727
1.0779	1.1853

GBPUSD	1.3528
Support	Resistance
1.3478	1.3737
1.3301	1.3819
1.3125	1.3902

AUDUSD	0.7112
Support	Resistance
0.7036	0.7306
0.6872	0.7412
0.6708	0.7518

EURCHF	1.0495
Support	Resistance
1.0425	1.0676
1.0268	1.0770
1.0110	1.0863

USDJPY	115.3800
Support	Resistance
114.72	116.91
113.34	117.72
111.95	118.52

USDCAD	1.2741
Support	Resistance
1.2650	1.2803
1.2566	1.2872
1.2481	1.2940

USDCHF	0.9256
Support	Resistance
0.9178	0.9345
0.9093	0.9427
0.9008	0.9509

EURJPY	130.8100
Support	Resistance
129.49	134.23
126.58	136.06
123.67	137.89

USDTRY	13.5033
Support	Resistance
13.2954	13.8371
12.9369	14.0203
12.5783	14.2034

Source: Refinitiv / fxstreet.com / Bloomberg



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### Event Corner

No figures scheduled today.

Source: [Refinitiv](#)

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