

## Market Corner

**Asian shares were down while the U.S. dollar held strong** on Tuesday, as Treasury yields spiked to a three year high ahead of U.S. inflation data which could foreshadow even more aggressive interest rate hikes from the Federal Reserve.

**MSCI's broadest index of Asia-Pacific shares outside Japan** was down 0.3%, after U.S. stocks ended the previous session with mild losses.

**Australian shares** were down 0.65%, while **Japan's Nikkei stock index** slid 1.5%. Higher U.S. bond yields were supporting the dollar, with the U.S. currency's index measure against six peers moving back over 100 to test last week's near-two year high.

**The Japanese currency bore the brunt of the losses against the greenback**, which rose to 125.77 yen overnight, its highest since June 2015.

The yen has been under the gun over recent months as the Bank of Japan has committed to ultra easy policy even as many other major central banks, led by the Fed, have embarked on tightening monetary conditions.

**The euro was buffeted by politics**, unable to hold onto gains from its mini-relief rally on Monday after French leader Emmanuel Macron beat far-right challenger Marine Le Pen in the first round of presidential voting. It was last steady at \$1.087.

China's markets gained ground as signs emerged that some of the strict restrictions were starting to ease across the country's financial capital.

World markets have been hit hard in the past few months on worries the Ukraine war, Fed's tightening and China's tough new COVID-19 restrictions could set back global growth.

**Hong Kong's Hang Seng Index** gained 0.6% in early trade on Tuesday, while **China's bluechip CSI300 Index** was up 0.4%.

<b>US 10Y Govt Bond</b>		<b>Net Change</b>
<b>Price</b>	<b>Yield</b>	
91.9375	2.8186	-0.30
<b>EU 10Y Govt Bond</b>		<b>Net Change</b>
<b>Price</b>	<b>Yield</b>	
92.1900	0.8300	-0.15
<b>Indices</b>		<b>% Change</b>
<b>Euro Stoxx 50</b>	3 839.62	-0.49
<b>CAC40</b>	6 555.81	0.12
<b>FTSE</b>	7 618.31	-0.67
<b>DAX</b>	14 192.78	-0.64
<b>SMI</b>	12 528.61	0.17
<b>Dow Jones</b>	34 308.08	-1.19
<b>S&amp;P500</b>	4 412.53	-1.69
<b>Nasdaq Comp.</b>	13 411.96	-2.18
<b>VIX (Volatility Index)</b>	24.37	15.17

Source: Refinitiv / Bloomberg



# Morning Call

Geneva, April 12, 2022

## Crypto Corner

**A crypto platform's pledge to amass \$10 billion worth of bitcoin to back its own "stablecoin" is firing up the market.** It's part of a wider movement to crown bitcoin as the reserve currency of a new age.

Seoul-based Terraform Labs has so far built up nearly 40,000 bitcoin worth \$1.7 billion in a series of purchases via a non-profit affiliate, Luna Foundation Guard, according to publicly available blockchain data.

The spree follows Terraform co-founder Do Kwon's announcement on Twitter last month that the project would buy the \$10 billion worth of bitcoin reserves to underpin Terra USD, breaking ranks with other large stablecoins - a ballooning class of cryptocurrencies that aim to minimize wild price swings and are typically backed by U.S. dollar reserves.

A stablecoin backed by bitcoin reserves, according to Kwon, "will open a new monetary era of the Bitcoin standard", referencing the gold standard that formed the backbone of global finance about a century ago.

The acquisitions, and the anticipation of more to come, are supporting the price of bitcoin, with some market players identifying them as a big driver of bitcoin's climb back towards \$48,000 at the end of March. More significant, perhaps, is whether others will follow Terraform's lead.

Yet other market participants cautioned that an ever-closer embrace between bitcoin and stablecoins like Terra USD could introduce a new risk for crypto markets that raised the prospect of a "death spiral" for investors down the line.

Either way, it'll be worth watching.

In the short term, too, there are pitfalls.

Crypto Market Cap: **\$1.85T**

24h Vol: **\$103.3B**

Dominance: **BTC: 41.0% ETH: 19.5%**

Bitcoin		40 071.51
<b>Support</b>	<b>Resistance</b>	
34 384.95	42 342.37	
32 954.86	48 869.70	
Circulating Supply (BTC)		19 009 368
Market Cap		\$ 762 363 111 924

Ethereum		3 017.31
<b>Support</b>	<b>Resistance</b>	
2 593.78	3 204.59	
2 476.68	3 698.30	
Circulating Supply (ETH)		120 342 986
Market Cap		\$ 363 012 190 698



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

## Commodity Corner

**Gold prices** inched higher on Tuesday as appetite for risk weakened ahead of U.S. inflation data that could support the Federal Reserve's aggressive policy stance to contain rising pricing pressures.

**Spot gold** was up 0.3% at \$1,958.61 per ounce, as of 04:07 GMT, after hitting its highest in nearly a month on Monday. **Auto-catalyst metal palladium** gained 1% at \$2,457.49, after hitting its highest since March 24 at \$2,550.58 on Monday following a sale block by London markets. **Silver** rose 0.4% to \$25.18 per ounce. **Platinum** was up 0.5% at \$981.56.

**Oil prices climbed** on Tuesday as fears of a demand downturn in China eased after Shanghai relaxed some COVID-19 related restrictions, and OPEC warned it would be impossible to increase output enough to offset lost Russian supply. **Brent crude futures** were up \$1.72, or 1.75%, to \$100.20 a barrel, and **U.S. West Texas Intermediate contracts** were up \$1.76, or 1.87%, to \$96.05 a barrel at 04:05 GMT.

Both contracts had settled down around 4% on Monday.

Shanghai said on Monday that more than 7,000 residential units had been classified as lower-risk areas after reporting no new infections for 14 days, and its districts have since been announcing which specific compounds can be opened up. The partial easing of Shanghai lockdowns lifted some of the downward pressure that was starting to be felt on worries about Chinese oil demand, she said.

The European Union is drafting proposals for an EU oil embargo on Russia in the wake of its invasion of Ukraine, some foreign ministers said on Monday. However, there is currently no agreement among members on crude from Russia, which calls its actions in Ukraine a "special operation".

<b>Gold</b>	<b>1957.31</b>
<b>Support</b>	<b>Resistance</b>
1939	2019
1875	2033

<b>Silver</b>	<b>25.16</b>
<b>Support</b>	<b>Resistance</b>
24.70	26.11
23.62	26.44

<b>Oil - WTI</b>	<b>96.51</b>
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<b>Nat Gas (HH)</b>	<b>6.7770</b>
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<b>Copper</b>	<b>4.6710</b>
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<b>Baltic Dry Ind.</b>	<b>2031.00</b>
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<b>Corn</b>	<b>772.25</b>
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<b>Wheat</b>	<b>1104.50</b>
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<b>Soybean</b>	<b>1670.00</b>
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<b>Arabica Coffee</b>	<b>236.55</b>
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<b>Cotton</b>	<b>134.90</b>
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<b>Sugar</b>	<b>20.31</b>
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Source: Refinitiv / fxstreet.com / Bloomberg

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## FX Corner

**The dollar index held firm** on Tuesday, supported by high U.S. yields ahead of inflation data that is expected to show U.S. prices gained the most in over 16 years, reinforcing expectations of aggressive Fed tightening policy.

**The index** rose as high as 100.13, testing last week's near two-year high of 100.19, before hovering just below 100.

**The dollar's recent gains against the yen (JPY) have been its most striking. The U.S. currency was trading choppy at 125.22 yen on Tuesday**, in sight of the overnight intraday high of 125.77, which was near its June 2015 peak of 125.86.

A move past that level would take the dollar to its highest against the yen since 2002. Japanese Finance Minister Shunichi Suzuki on Tuesday declined to comment on specific prices in foreign exchange markets but said that the government was closely watching the yen and that excess volatility and disorderly movements could have an adverse effect on the economy and financial stability.

**The dollar also gained steadily overnight on the offshore Chinese yuan (CNH)**, reaching a two-week high of 6.390 in early trade before softening.

Elsewhere, the euro was unable to hold on to gains from its minor relief rally on Monday after French leader Emmanuel Macron beat far-right challenger Marine Le Pen in the first round of presidential voting.

**The euro was last at \$1.0877, little changed from its Friday close.**

**The Australian dollar** steadied at \$0.7425 after four straight sessions of losses, as lower oil prices weighed on the commodity-linked currency.

**The New Zealand dollar** was steady at \$0.6828, ahead of a closely watched meeting by the Reserve Bank of New Zealand at which a 50-basis-point rate hike is on the cards.

**Sterling** was soft at \$1.30245.

EURUSD	1.0864
Support	Resistance
1.0619	1.0968
1.0552	1.1250
1.0486	1.1533

GBPUSD	1.3014
Support	Resistance
1.2866	1.3069
1.2821	1.3227
1.2776	1.3385

AUDUSD	0.7429
Support	Resistance
0.7203	0.7452
0.7183	0.7681
0.7163	0.7910

EURCHF	1.0119
Support	Resistance
0.9920	1.0186
0.9887	1.0419
0.9853	1.0651

USDJPY	125.5300
Support	Resistance
124.30	128.81
120.53	129.55
116.75	130.28

USDCAD	1.2639
Support	Resistance
1.2583	1.2823
1.2371	1.2851
1.2160	1.2880

USDCHF	0.9312
Support	Resistance
0.9274	0.9455
0.9143	0.9505
0.9012	0.9555

EURJPY	136.4000
Support	Resistance
135.24	138.27
133.24	139.30
131.25	140.34

USDTRY	14.5740
Support	Resistance
14.5179	14.8709
14.3250	15.0310
14.1320	15.1910

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 avr 2022	01:50	Japan	Corp Goods Price YY	Mar	9.3%		9.3%	9.21%	-0.09%
12 avr 2022	01:50	Japan	Corp Goods Price MM	Mar	0.9%		0.8%	0.91%	0.01%
12 avr 2022	08:00	Germany	HICP Final YY	Mar	7.6%		7.6%	7.60%	0.00%
12 avr 2022	08:00	Germany	HICP Final MM	Mar	2.5%		2.5%	2.50%	0.00%
12 avr 2022	08:00	Germany	CPI Final YY	Mar	7.3%		7.3%	7.32%	0.02%
12 avr 2022	08:00	Germany	CPI Final MM	Mar	2.5%		2.5%	2.49%	-0.01%
12 avr 2022	08:00	United Kingdom	Avg Earnings (Ex-Bonus)	Feb	4.0%		3.8%	4.00%	0.00%
12 avr 2022	08:00	United Kingdom	Avg Wk Earnings 3M YY	Feb	5.4%		4.8%	5.32%	-0.08%
12 avr 2022	08:00	United Kingdom	Employment Change	Feb	58k		-12k	55.0k	-3.0k
12 avr 2022	08:00	United Kingdom	ILO Unemployment Rate	Feb	3.9%		3.9%	3.84%	-0.06%
12 avr 2022	08:00	United Kingdom	Claimant Count Unem Chng	Mar			-48.1k		
12 avr 2022	11:00	Germany	ZEW Current Conditions	Apr	-35.0		-21.4	-36.50	-1.50
12 avr 2022	11:00	Germany	ZEW Economic Sentiment	Apr	-48.0		-39.3	-46.18	1.82
12 avr 2022	14:30	United States	CPI YY, NSA	Mar	8.5%		7.9%	8.49%	-0.01%
12 avr 2022	14:30	United States	CPI MM, SA	Mar	1.2%		0.8%	1.18%	-0.02%
12 avr 2022	14:30	United States	Core CPI YY, NSA	Mar	6.6%		6.4%	6.61%	0.01%

Source: Refinitiv

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