



Morning Call

Geneva, April 19, 2022

Market Corner

Asian shares traded cautiously on Tuesday, with investors weighing China's measures to cushion an economic slowdown and the prospect of aggressive Federal Reserve monetary policy tightening.

Investors are also bracing for a barrage of earnings that will help them assess the impact of the Ukraine war and a spike in inflation on company financials. **Netflix, Tesla and Johnson & Johnson** are all to report this week.

Moscow has refocused its ground offensive in Ukraine's two eastern provinces, but Ukrainian President Volodymyr Zelenskiy has vowed to fight on.

Early in the Asian trading day, **MSCI's broadest index of Asia-Pacific shares outside Japan** was down 0.5% while U.S. stock futures, **the S&P 500 e-minis**, were up 0.2%.

Australia's S&P/ASX 200 edged up 0.66%, as strong commodity prices lifted mining and energy stocks, while **Japan's Nikkei** rose 0.18%.

China's blue-chip CSI300 index was 0.06% higher in early trade while the **Shanghai Composite Index** rose 0.24%.

Hong Kong's Hang Seng index opened down 2.4%, pressured by a slump in tech giants listed in the city amid China's latest regulatory crackdown on the sector.

The People's Bank of China (PBOC) said on Friday it would cut the reserve requirement for all banks by 25 basis points (bps), releasing about 530 billion yuan (\$83.25 billion) in long-term liquidity to cushion a slowdown.

Investors, however, felt the smaller-than-expected cut might not be enough to reverse a sharp slowdown in the world's No. 2 economy that could significantly affect global growth.

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
91.6406	2.8568	0.05
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
92.0510	0.8470	-0.06
<u>Indices</u>		<u>% Change</u>
Euro Stoxx 50	3 848.68	0.54
CAC40	6 589.35	0.72
FTSE	7 616.38	0.47
DAX	14 163.85	0.62
SMI	12 475.08	0.78
Dow Jones	34 411.69	-0.11
S&P500	4 391.69	-0.02
Nasdaq Comp.	13 332.36	-0.14
VIX (Volatility Index)	22.17	-2.33

Source: Refinitiv / Bloomberg



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Crypto Corner

A fledgling class of crypto that feasts on risk is outshining a wider market paralyzed by war and inflation.

Coins backed by gold are newer variants of "stablecoins", which are typically pegged to the dollar to tame volatility. The largest, Pax Gold or PAXG, has jumped 7.4% in 2022, while main rival Tether Gold has leapt 8.5%. By contrast, bitcoin has lost over 13% and ether is down 20%.

The reach for gold, a traditional hedge against geopolitical upheaval and inflation, is unsurprising. The demand for gold-backed cryptocurrencies, though, is new.

Stablecoins, a fast-growing breed of crypto, have emerged as a common medium of exchange, often used by traders seeking to move funds around. It is easier to swap major stablecoins for bitcoin or other crypto, for example, than it is to swap traditional money like U.S. dollars for bitcoin.

Tether Gold has been buoyed by bigger investors, including "whales" with \$1 million or more of cryptocurrency, using the token to change a portion of their holdings into gold, according to Paolo Ardoino, Tether's chief technology officer.

Yet gold-backed coins are still a niche novelty in the crypto market at present - PAXG and Tether Gold are barely over two years old - with thin liquidity and little certainty about their long-term fortunes.

PAXG has seen its market value almost double to \$627 million this year, while Tether Gold has risen 9% to above \$209 million. By comparison, the latter's eight-year-old sibling, dollar-pegged Tether - the world's largest stablecoin - has a market cap of over \$83 billion.

According to data from CoinMarketCap, daily PAX gold trading volumes ranged between \$10 million to \$520 million over the past month, compared to ether volumes which fluctuated between \$8.7 billion and \$25 billion in April. Dollar-pegged tether's 24-hour volumes ranged between \$35 billion and \$92 billion.

Crypto Market Cap: **\$1.88T**

24h Vol: **\$89.8B**

Dominance: **BTC: 41.0% ETH: 19.4%**

Bitcoin		40 738.94
Support	Resistance	
36 703.95	41 583.73	
35 185.65	44 945.21	
Circulating Supply (BTC)		
		19 015 725
Market Cap		
\$		774 544 163 354

Ethereum		3 043.75
Support	Resistance	
2 668.78	3 093.88	
2 563.92	3 414.12	
Circulating Supply (ETH)		
		120 437 388
Market Cap		
\$		366 404 036 904



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

Commodity Corner

Gold edged lower on Tuesday as the dollar strengthened, with expectations that prices in the near-term could retest bullion's resistance at the key \$2,000 per-ounce level.

Spot gold was down 0.1% at \$1,977.19 per ounce, as of 04:09 GMT. Gold climbed to \$1,998.10 on Monday, buoyed by safe-haven demand, as the Ukraine crisis dragged on, and inflation concerns mounted. However, the metal later gave up most gains as the dollar and U.S. 10-year Treasury yields firmed.

Spot silver gained 0.1% to \$25.85 per ounce.

Platinum rose 0.8% to \$1,018.48.

Palladium dropped 0.2% to \$2,433.48.

Oil prices rose on Tuesday as investors fretted over tight global supply after Libya was forced to halt some exports and as factories in Shanghai prepared to reopen post a COVID-19 shutdown, easing some demand worries.

Brent crude futures rose 61 cents, or 0.5%, to \$113.77 a barrel at 03:49 GMT, while **U.S. West Texas Intermediate (WTI) crude futures** gained 33 cents, or 0.3%, to \$108.54 a barrel.

Gains were limited with the dollar trading at a fresh two-year high. A stronger dollar hurts oil buyers holding other currencies.

Both benchmark contracts gained more than 1% in the previous session after hitting their highest since March 28 on political crisis in Libya. The country said it could not deliver oil from its biggest oil field and shut another field due to political protests.

<u>Gold</u>	1975.53
Support	Resistance
1966	2050
1899	2066

<u>Silver</u>	25.77
Support	Resistance
25.54	27.65
23.77	27.99

<u>Oil - WTI</u>	107.88
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<u>Nat Gas (HH)</u>	7.7710
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<u>Copper</u>	4.8060
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<u>Baltic Dry Ind.</u>	1977.00
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<u>Corn</u>	818.75
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<u>Wheat</u>	1133.50
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<u>Soybean</u>	1725.50
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<u>Arabica Coffee</u>	223.75
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<u>Cotton</u>	143.71
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<u>Sugar</u>	20.26
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Source: Refinitiv / fxstreet.com / Bloomberg

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FX Corner

The dollar index rose past 101 for the first time since March 2020 on Tuesday, as the greenback set its latest 20-year high on the yen and tested a two-year peak on the euro, supported by high U.S. Treasury yields and expectations of good economic data.

The dollar index, which measures the greenback against six peers, was last at 100.99, up 0.2%, having risen as high as 101.02 in early trade. It has gained 2.6% so far this month.

The dollar's gains have been most striking against the Japanese currency, and on Tuesday it climbed 0.73% to 127.88 yen, its highest level since May 2002. It has risen 4.5% on the yen so far this month, which would be its second-biggest monthly percentage gain since 2016 behind last month's 5.8%.

The euro was at \$1.0776, just off last week's two-year low of \$1.0756, and **sterling** was at \$1.3009, in sight of its 18-month low against the dollar of \$1.2973, also hit last week.

European currencies weren't helped by the latest fighting in Ukraine, which said Russia had started an anticipated new offensive in the east of the country.

The Australian dollar rose 0.3% from Monday's one-month low and was at \$0.737, given some support by minutes published Tuesday from the Reserve Bank of Australia's April policy meeting, which suggested the central bank was edging closer to raising interest rates for the first time in more than a decade due to accelerating inflation.

EURUSD	1.0770
Support	Resistance
1.0591	1.0823
1.0558	1.1022
1.0524	1.1220

GBPUSD	1.2996
Support	Resistance
1.2883	1.3079
1.2829	1.3221
1.2774	1.3362

AUDUSD	0.7376
Support	Resistance
0.7066	0.7386
0.7043	0.7683
0.7021	0.7981

EURCHF	1.0186
Support	Resistance
1.0158	1.0285
1.0058	1.0312
0.9959	1.0340

USDJPY	128.2100
Support	Resistance
126.47	131.11
122.09	131.37
117.72	131.64

USDCAD	1.2579
Support	Resistance
1.2564	1.2840
1.2344	1.2896
1.2124	1.2952

USDCHF	0.9456
Support	Resistance
0.9426	0.9644
0.9222	0.9658
0.9017	0.9671

EURJPY	138.1100
Support	Resistance
136.47	139.31
133.95	139.63
131.44	139.96

USDTRY	14.6494
Support	Resistance
14.3975	14.7723
14.2088	14.9584
14.0202	15.1446

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
19 avr 2022	14:15	Canada	House Starts, Annualized	Mar			247.3k		
19 avr 2022	14:30	United States	Housing Starts Number	Mar	1.738M		1.769M	1.6982M	-0.0398M
19 avr 2022	14:30	United States	Building Permits: Number	Mar	1.820M		1.865M	1.8190M	-0.0010M

Source: Refinitiv

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