

Morning Call

Geneva, June 1, 2022

Market Corner

Stocks in Asia were mixed Wednesday and bond yields extended their advance amid a debate about the scale of monetary tightening to fight inflation.

Equities climbed in Japan as the yen weakened. A pullback in technology stocks and reopening challenges were a drag in Hong Kong. Sluggish Chinese manufacturing data and the government's pursuit of Covid Zero weighed on shares and the yuan. US futures rose after benchmarks retreated Tuesday.

Treasuries extended a decline, pushing 10-year yields closer to 2.9% as traders raised bets on Federal Reserve interest-rate hikes. Euro-zone consumer prices jumped 8.1% to a record from a year earlier in May, further spooking investors. The dollar advanced.

Oil rose to near \$115 a barrel as investors assessed the future of OPEC+ unity, just as ministers from the group prepare to meet on Thursday to discuss its supply policy for July. Crude rose after advancing about 10% in May, stoking inflation worries.

Concerns that central-bank rate hikes may induce a recession are keeping investors guessing about the outlook for the economy as rising food and energy costs squeeze consumers, and volatility has picked up.

President Joe Biden used a rare meeting with Federal Reserve Chair Jerome Powell to declare that he's respecting the central bank's independence - while simultaneously shifting responsibility for taming decades-high inflation ahead of the November midterms. The meeting came ahead of US payroll numbers Friday.

World Indices	Last	1D Change
<u>Dow Jones</u>	32 990,12	-0,67%
<u>S&P 500</u>	4 132,15	-0,63%
<u>Nasdaq</u>	12 081,39	-0,41%
<u>Eurostoxx 50</u>	3 789,21	-1,36%
<u>FTSE 100</u>	7 607,66	0,10%
<u>CAC 40</u>	6 468,80	-1,43%
<u>DAX</u>	14 388,35	-1,29%
<u>SMI</u>	11 611,38	-1,06%
<u>Nikkei</u>	27 417,41	0,50%
<u>Hang Seng</u>	21 174,98	-1,12%
<u>CSI 300</u>	4 064,98	-0,65%
<u>VIX Index</u>	26,19	-1,32%

World Bonds	Last	1D Change
<u>US 10Y</u>	2,8640	0,70%
<u>EUR 10Y</u>	1,1220	6,35%
<u>Swiss 10Y</u>	0,8860	8,58%
<u>UK 10Y</u>	2,10	5,63%

Source: Bloomberg



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Crypto Corner

While Bitcoin is higher for a fourth day, some closely-watched technical measures suggest that prices could drop to the lowest since December 2020 if the largest cryptocurrency fails to maintain support at \$29,000.

Bitcoin is trading above \$30,000 on Tuesday as it recovers from a sharp decline in the past three weeks. However, it's still down 16% in May. Smaller tokens have bounced back as well, with Ether nearing \$2,000 and Cardano's ADA spiking by as much as 25%, partly due to its network upgrade.

But Bitcoin's recent recovery may be a blip before another steep drop, instead of a sustained reversal of its recent decline. Based on the token's price movement patterns in the past, it could sink as low as \$22,130 if it fails to defend its key support level.

In the second half of 2022, seasoned investors will likely turn their attention to Bitcoin halving, which is a pre-programmed update that cuts Bitcoin rewards for miners in half every four years, Coutts wrote. Halving boosts the price of Bitcoin since it results in a smaller supply of the token.

The next such event is expected to take place in mid-May 2024.

Crypto Market Cap: **\$1.30T**

24h Vol: **\$86,5B**

Dominance: **BTC: 46,3% ETH: 18,0%**

Crypto	Last	1D Change
Bitcoin	31 573,66	-0,68%
Ethereum	1 930,52	-1,08%



Source: fxstreet.com / Bloomberg/Coinmarketcap.com

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Commodity Corner

Gold and silver rates today fell sharply in Indian markets as a stronger US dollar put pressure on the yellow metals. Gold fell to its lowest in two weeks as a stronger dollar makes bullion more expensive for buyers holding other currencies. Spot gold dipped to \$1,835.28 per ounce.

“COMEX gold trades modestly lower near \$1840/oz weighed down by rise in US dollar index and bond yields. Despite increasing debate about Fed’s monetary policy, some upbeat US economic readings added to expectations that Fed may continue with its monetary tightening stance. Also weighing on gold price is improving outlook for Chinese economy while ETF outflows show weakening investor confidence. Gold may remain in a range near \$1850/oz as global growth worries counter tightening stance but firmness in US dollar may keep pressure on prices,” said Ravindra Rao, VP- Head Commodity Research at Kotak Securities.

Precious Metals	Last	1D Change
<u>Gold</u>	1 832,18	-0,28%
<u>Silver</u>	21,48	-0,32%
<u>Platinum</u>	968,12	-0,08%
<u>Palladium</u>	2 006,87	0,24%

Crude oil prices extended gains on Wednesday following the European Union’s decision to ban import of Russian oil, albeit in a phased manner.

EU leaders agreed in principle on Monday to cut 90% of oil imports from Russia by the end of 2022, giving way to the region’s toughest sanctions on Moscow following its invasion of Ukraine three months ago.

Import of Russian crude will be phased in over six months and on refined products over eight months. The embargo exempts pipeline oil from Russia as a concession to Hungary and two other landlocked central European countries.

The lifting of lockdown restrictions in China’s financial hub Shanghai boosted demand prospects and supported prices, analysts said.

Crude, however, is trading lower than the highs hit on Tuesday.

At 11:05am today, Brent July futures on the Intercontinental Exchange was at \$116.09 per barrel, up 0.42% from previous close. The West Texas Intermediate futures on the NYMEX rose 0.49% to \$115.23 a barrel.

World Commodities	Last	1D Change
<u>WTI Crude</u>	114,74	0,06%
<u>Brent Crude</u>	115,59	-0,01%
<u>Nat Gas (HH)</u>	8,33	2,23%
<u>Nickel</u>	28 348,00	-3,05%
<u>Copper</u>	426,60	-0,70%
<u>Corn</u>	748,50	-0,66%
<u>Wheat</u>	1 086,00	-0,14%
<u>Soybean</u>	1 685,75	0,15%
<u>Coffee</u>	231,25	0,78%
<u>Cotton</u>	138,27	-0,51%
<u>Sugar</u>	19,40	-1,07%

Source: [fxstreet.com](https://www.fxstreet.com/) / Bloomberg



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FX Corner

EUR/USD drops back to test 1.0700, extending the pullback from monthly highs, as the US dollar holds the latest upside amid souring risk sentiment. Inflation-linked growth concerns and geopolitical tensions underpin the safe-haven dollar. A busy docket ahead.

GBP/USD remains on the back foot around the intraday low as the previous day's downside break of short-term key support, now resistance, favors sellers. The cable pair stays depressed near 1.2590.

USD/JPY has soared on the back of a stronger US dollar on Tuesday that rallied against its major trading partners early doors after the long Memorial Day holiday weekend. The data schedule is busy again this week, with the focus on Friday's May employment report. Investors moved away from risk following the US Federal Reserve Governor Christopher Waller's hawkish remarks the prior day.

AUD/USD has witnessed a steep fall after a downside break of the crucial support at 0.7172. On a broader note, the asset has remained in a consolidation phase this week. The major has traded back and forth in a range of 0.7200-0.7149 after a bullish week. More downside looks visible if the asset drops below Tuesday's low at 0.7149..

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0709	-0,23%
<u>EURCHF</u>	1,0297	0,00%
<u>EURGBP</u>	0,8514	0,05%
<u>EURJPY</u>	138,37	-0,19%
<u>USDCHF</u>	0,9615	-0,21%
<u>USDJPY</u>	129,21	-0,42%
<u>USDCAD</u>	1,2668	-0,17%
<u>USDTRY</u>	16,39	0,08%
<u>GBPUSD</u>	1,2581	-0,17%
<u>AUDUSD</u>	0,7166	-0,15%
<u>NZDUSD</u>	0,6489	-0,38%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0531	1.0631	1.0682	1.0782	1.0831	1.0931
USDJPY	125.64	127.00	127.84	129.20	129.72	131.08
GBPUSD	1.2418	1.2512	1.2557	1.2651	1.2700	1.2794
USDCAD	1.2538	1.2596	1.2622	1.2680	1.2712	1.2770
AUDUSD	0.7069	0.7123	0.7150	0.7204	0.7231	0.7285
NZDUSD	0.6358	0.6439	0.6477	0.6558	0.6601	0.6682
USDCHF	0.9474	0.9533	0.9564	0.9623	0.9651	0.9710
USDTRY	16.2116	16.3023	16.3532	16.4439	16.4837	16.5744
XAUUSD	1799.32	1821.28	1829.32	1851.28	1865.20	1887.16
XAGUSD	20.6044	21.1431	21.3465	21.8852	22.2205	22.7592

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars		Browse		07:55:19		06/01/22 - 06/01/22		Options			
G8		All Economic Releases		View		Agenda		Weekly			
Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/01	01:01	UK				BRC Shop Price Index YoY	May	--	2.8%	2.7%	--
06/01	01:50	JN				Capital Spending YoY	1Q	3.6%	3.0%	4.3%	--
06/01	01:50	JN				Capital Spending Ex Software YoY	1Q	5.5%	5.0%	5.5%	--
06/01	01:50	JN				Company Profits YoY	1Q	9.0%	13.7%	24.7%	--
06/01	01:50	JN				Company Sales YoY	1Q	--	7.9%	5.7%	--
06/01	02:30	JN				Jibun Bank Japan PMI Mfg	May F	--	53.3	53.2	--
06/01	07:00	JN				Vehicle Sales YoY	May	--	-16.7%	-15.0%	--
06/01	08:00	GE				Retail Sales MoM	Apr	-0.5%	--	-0.1%	0.9%
06/01	08:00	GE				Retail Sales NSA YoY	Apr	4.4%	--	-5.4%	-4.4%
06/01	08:00	UK				Nationwide House Px MoM	May	0.6%	--	0.3%	--
06/01	08:00	UK				Nationwide House Px NSA YoY	May	10.5%	--	12.1%	--
06/01	08:00	RU				S&P Global Russia Manufacturing PMI	May	48.3	--	48.2	--
06/01	08:45	FR				Budget Balance YTD	Apr	--	--	-38.3b	--
06/01	09:45	IT				S&P Global Italy Manufacturing PMI	May	53.6	--	54.5	--
06/01	09:50	FR				S&P Global France Manufacturing PMI	May F	54.5	--	54.5	--
06/01	09:55	GE				S&P Global/BME Germany Manufacturing PMI	May F	54.7	--	54.7	--
06/01	10:00	EC				S&P Global Eurozone Manufacturing PMI	May F	54.4	--	54.4	--
06/01	10:00	IT				Unemployment Rate	Apr	8.3%	--	8.3%	--
06/01	10:30	UK				S&P Global/CIPS UK Manufacturing PMI	May F	54.6	--	54.6	--
06/01	11:00	EC				Unemployment Rate	Apr	6.8%	--	6.8%	--
06/01	13:00	US				MBA Mortgage Applications	May 27	--	--	-1.2%	--
06/01	15:30	CA				S&P Global Canada Manufacturing PMI	May	--	--	56.2	--
06/01	15:45	US				S&P Global US Manufacturing PMI	May F	57.5	--	57.5	--
06/01	16:00	CA				Bank of Canada Rate Decision	Jun 1	1.50%	--	1.00%	--
06/01	16:00	US				Construction Spending MoM	Apr	0.5%	--	0.1%	--
06/01	16:00	US				ISM Manufacturing	May	54.5	--	55.4	--
06/01	16:00	US				ISM Prices Paid	May	80.5	--	84.6	--
06/01	16:00	US				ISM New Orders	May	--	--	53.5	--
06/01	16:00	US				ISM Employment	May	--	--	50.9	--
06/01	16:00	US				JOLTS Job Openings	Apr	11300k	--	11549k	--
06/01	18:00	IT				New Car Registrations YoY	May	--	--	-32.98%	--
06/01	18:00	RU				Retail Sales Real YoY	Apr	-5.8%	--	2.2%	--
06/01	18:00	RU				Cargo Shipments YoY	Apr	-5.8%	--	3.5%	--
06/01	18:00	RU				Unemployment Rate	Apr	4.3%	--	4.1%	--
06/01	18:00	RU				Real Wages YoY	Mar	-4.1%	--	2.6%	--
06/01	18:00	RU				Construction YoY	Apr	1.6%	--	5.9%	--
06/01	18:00	RU				Industrial Production YoY	Apr	-1.1%	--	3.0%	--
06/01	18:00	RU				CPI Wow	May 27	--	--	-0.02%	--
06/01	18:00	RU				CPI Weekly YTD	May 27	--	--	11.82%	--
06/01	20:00	US				U.S. Federal Reserve Releases Beige Book					
	06/01	IT				Budget Balance	May	--	--	6.0b	--
	06/01	US				Wards Total Vehicle Sales	May	13.70m	--	14.29m	--
05/30-06/03		FR				Bank of France Ind. Sentiment	Apr	103	--	103	--

Source: Refinitiv

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