

Market Corner

Stocks climbed in Asia on Tuesday, US equity futures pointed higher, and Treasuries retreated amid steadier investor sentiment compared with last week's rout in global shares.

MSCI Inc.'s Asia-Pacific index snapped an eight-day slide. Japanese and Hong Kong equities led gains, while China was more subdued as traders assessed the possible impact of Covid outbreaks.

The drop in Treasuries took the benchmark 10-year yield toward 3.30%. Further volatility in bonds, under a Federal Reserve intent on sharp interest-rate hikes to tame inflation, could shake global markets anew.

Australian yields pared or reversed increases -- central bank Governor Philip Lowe reiterated additional interest-rate hikes are likely but pushed back on expectations of a 75 basis points move in July.

The dollar dipped and the yen hovered near a 24-year low, sapped by the contrast between a super-dovish Bank of Japan and a hawkish Fed.

But investors continue to face a parlous longer-term outlook. St. Louis Fed President James Bullard warned that US inflation expectations could "become unmoored without credible Fed action," while former Treasury Secretary Lawrence Summers argued that the nation's jobless rate would need to rise above 5% for a sustained period in order to curb price pressures.

Earlier, European Central Bank President Christine Lagarde restated officials' intention to raise interest rates in July and September, signaling that concerns over financial-market tensions aren't derailing the fight against inflation.

Elsewhere, crude oil gained, and gold was little changed. Bitcoin held above \$20,000 after a turbulent period for cryptocurrencies.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	29 888,78	-0,13%
<u>S&P 500</u>	3 674,84	0,22%
<u>Nasdaq</u>	10 798,35	1,43%
<u>Eurostoxx 50</u>	3 469,83	0,91%
<u>FTSE 100</u>	7 121,81	1,50%
<u>CAC 40</u>	5 920,09	0,64%
<u>DAX</u>	13 265,60	1,06%
<u>SMI</u>	10 485,91	0,33%
<u>Nikkei</u>	26 246,31	1,84%
<u>Hang Seng</u>	21 421,83	1,22%
<u>CSI 300</u>	4 299,91	-0,70%
<u>VIX Index</u>	31,03	-0,32%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	3,2730	1,47%
<u>EUR 10Y</u>	1,7490	5,30%
<u>Swiss 10Y</u>	1,4600	4,74%
<u>UK 10Y</u>	2,60	4,24%

Source: Bloomberg



Morning Call

Geneva, June 21, 2022

Crypto Corner

Cryptocurrencies showed tentative signs of recovering from last week's rout as Bitcoin held above \$20,000.

Bitcoin rose as much as 1.6% on Tuesday in Asia and was trading at \$20,665 as of 8:42 a.m. in Tokyo. The MVIS Cryptocompare Digital Assets 100 index climbed 1.5%. So-called altcoins like Solana and Polkadot were among gainers. After a turbulent week that saw Bitcoin plunge below the \$20,000 level for the first time since 2020, some market watchers are pointing to possible signs that prices have bottomed -- at least for now. Realized losses on Bitcoin holdings reached a record \$7.3 billion last week, Glassnode said in a report Monday.

"With forced sellers appearing to drive much of the recent sell-side, the market might begin to eye whether signals of seller exhaustion are emerging over the coming weeks and months," the report said.

Marcus Sotiriou, an analyst at GlobalBlock, pointed to the Glassnode data to say that "a macro bottom, or temporary bottom, could be close," according to a note on Monday. Altcoins haven't suffered the same "cascade in liquidations" as Bitcoin and Ether, which are the tokens primarily used as collateral for leveraged positions, he said.

Any market recovery could prove fleeting, with central banks around the world bent on draining liquidity to combat runaway inflation.

Crypto Market Cap: [\\$919B](#)

24h Vol: [\\$73,7B](#)

Dominance: [BTC: 43,3%](#) [ETH: 15,1%](#)

Crypto	Last	1D Change
Bitcoin	21 032,61	2,96%
Ethereum	1 152,93	2,96%



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

Commodity Corner

Gold was steady as investors weighed the outlook for monetary policy tightening amid concerns over inflation and a slowdown in growth.

Bullion is back to trading in a narrow range after some volatility last week following shock US consumer price index data, and the subsequent 75-basis-point interest rate increase by the Federal Reserve along with hikes by other central banks in Europe. Yields on 10-year Treasuries are edging up again, while global stocks are steadying after last week's rout.

St. Louis Fed President James Bullard warned Monday that US inflation expectations could become "unmoored" without credible action from the Fed, possibly leading to a new regime of high price pressures and volatile real economic performance. Meanwhile, former Treasury Secretary Lawrence Summers argued that the nation's jobless rate would need to rise above 5% for a sustained period in order to curb inflation.

Spot gold edged higher to \$1,840.19 an ounce as of 11:12 a.m. in Singapore, after ending little changed Monday. The Bloomberg Dollar Spot Index fell 0.2% after dropping 0.2% in the previous session. Silver declined, while platinum and palladium climbed.

Precious Metals	Last	1D Change
<u>Gold</u>	1 835,90	-0,15%
<u>Silver</u>	21,56	-0,87%
<u>Platinum</u>	937,52	0,19%
<u>Palladium</u>	1 869,14	0,85%

Oil ticked higher as traders weighed the odds of a recession in the US amid Federal Reserve tightening, with President Joe Biden pushing back against the notion that the world's largest economy faces a contraction.

West Texas Intermediate for August delivery, the contract with the largest open interest and volume, traded above \$109 a barrel after a US holiday on Monday when there was no settlement. Biden said that a recession isn't inevitable, bolstering the outlook for energy consumption. He also said he's aiming to decide this week whether to move to suspend the federal gasoline tax.

Oil is headed for a quarterly gain as traders weigh conflicting forces that have stoked volatility. While prices have been supported by rising demand and supply disruptions spurred by the war in Ukraine, the Fed's pivot toward tighter monetary policy has stoked concerns of an economic slowdown. China's steady emergence from anti-Covid-19 lockdowns is also buttressing gains.

"Global economic worries are seemingly offset by prospects for higher US and China demand in the near term," said Stephen Innes, managing partner of SPI Asset Management. The success of mass testing in Shanghai "reinforces the idea that China will push on with a gradual reopening," he said.

Bloomberg Economics said data from China point to a pick-up in activity this month, including higher refinery run rates and a rise in trucking transport.

World Commodities	Last	1D Change
<u>WTI Crude</u>	111,52	1,79%
<u>Brent Crude</u>	115,01	0,77%
<u>Nat Gas (HH)</u>	6,72	-3,20%
<u>Nickel</u>	25 685,00	0,29%
<u>Copper</u>	398,20	-0,78%
<u>Corn</u>	771,25	-1,69%
<u>Wheat</u>	1 005,00	-2,83%
<u>Soybean</u>	1 684,50	-1,03%
<u>Coffee</u>	227,65	-1,85%
<u>Cotton</u>	143,73	0,20%
<u>Sugar</u>	18,60	0,11%

Source: fxstreet.com / Bloomberg



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FX Corner

A gauge of the dollar fell in Asian trading as stock market gains weighed on demand for haven assets. Treasuries resumed declines Tuesday after a holiday break.

The greenback weakened against most of its G-10 peers, while commodity currencies including the Norwegian krone and Australian dollar led gains. US stock futures advanced along with most Asian stock indices. Leveraged accounts sell the yen against the Australian dollar and euro, Asia-based FX traders say.

“The dollar, along with the yen and Swiss franc are underperformers as stocks are solid, so the general sentiment is risk-on,” said Hiroyuki Machida, director of Japan FX and commodities sales at ANZ in Tokyo, “But trading is lackluster given there is no particular catalyst”

“US data tonight including existing home sales could change the sentiment, if data is weak to fuel concerns about economic slowdown”

St. Louis Fed President James Bullard told US inflation expectations could become unmoored without credible Fed action, possibly leading to a new regime of high inflation and volatile real economic performance

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0516	0,05%
<u>EURCHF</u>	1,0172	-0,01%
<u>EURGBP</u>	0,8585	-0,04%
<u>EURJPY</u>	142,04	-0,08%
<u>USDCHF</u>	0,9673	0,03%
<u>USDJPY</u>	135,07	0,00%
<u>USDCAD</u>	1,2947	0,26%
<u>USDTRY</u>	17,32	0,11%
<u>GBPUSD</u>	1,2249	-0,03%
<u>AUDUSD</u>	0,6954	0,04%
<u>NZDUSD</u>	0,6325	-0,13%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0341	1.0424	1.0467	1.0550	1.0590	1.0673
USDJPY	133.22	134.12	134.59	135.49	135.92	136.82
GBPUSD	1.2084	1.2164	1.2209	1.2289	1.2324	1.2404
USDCAD	1.2870	1.2936	1.2958	1.3024	1.3068	1.3134
AUDUSD	0.6787	0.6870	0.6911	0.6994	0.7036	0.7119
NZDUSD	0.6190	0.6260	0.6297	0.6367	0.6400	0.6470
USDCHF	0.9467	0.9571	0.9623	0.9727	0.9779	0.9883
USDTRY	17.0707	17.1982	17.2657	17.3932	17.4532	17.5807
XAUUSD	1799.85	1820.25	1829.50	1849.90	1861.05	1881.45
XAGUSD	21.0767	21.3692	21.5583	21.8508	21.9542	22.2467

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

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Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/21	10:00	EC				ECB Current Account SA	Apr	--	--	-1.6b	--
06/21	10:30	IT				Current Account Balance	Apr	--	--	-1025m	--
06/21	12:00	UK				CBI Trends Total Orders	Jun	20	--	26	--
06/21	12:00	UK				CBI Trends Selling Prices	Jun	75	--	75	--
06/21	14:30	US				Chicago Fed Nat Activity Index	May	0.47	--	0.47	--
06/21	14:30	CA				Retail Sales MoM	Apr	0.8%	--	0.0%	--
06/21	14:30	CA				Retail Sales Ex Auto MoM	Apr	0.6%	--	2.4%	--
06/21	16:00	US				Existing Home Sales	May	5.40m	--	5.61m	--
06/21	16:00	US				Existing Home Sales MoM	May	-3.7%	--	-2.4%	--

Source: Refinitiv

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