

## Market Corner

**US equity futures and stocks extended a climb Monday as investors assessed whether inflation is cresting, and recession can be averted.**

An Asian share index jumped over 1.5%, helped by Chinese tech firms. S&P 500, Nasdaq 100 and European contracts were in the green after a 3% Friday surge on Wall Street that cemented the best week for global stocks in a month.

Quarterly portfolio rebalancing by institutional buyers could be helping equities. JPMorgan Chase & Co.'s Marko Kolanovic is calling for stocks to rise 7% this week as pension and sovereign wealth funds shift their exposures.

Treasuries slipped, pushing the rate on the US 10-year note to 3.15%. Yields have retreated from June highs on growth worries, but whether that marks the end of the Treasury bear market is a live debate.

The yen strengthened against the dollar, while a greenback gauge dipped.

Industrial metals rebounded and oil stabilized around \$107 a barrel. A degree of improvement in China's economy amid easing Covid restrictions may be helping sentiment toward raw materials.

Investors are parsing incoming data to work out if the highest inflation in a generation is close to topping out. In time, that could give policy makers latitude to ease up on sharp interest-rate hikes. A more troubling scenario is of lasting price pressures and tighter policy even as the global economy falters.

Federal Reserve Bank of San Francisco President Mary Daly said Friday she favors another 75 basis-point rate increase in July. Meanwhile, Fed Bank of St. Louis President James Bullard said fears of a US recession are overblown.

Elsewhere, Russia defaulted on its foreign-currency sovereign debt for the first time in a century, the culmination of ever-tougher Western sanctions that shut down payment routes.

Traders are monitoring a summit of the Group of Seven leaders, who plan to commit to indefinite support for Ukraine in its defense against Russia's invasion. The G-7 in addition is weighing a price cap on Russian oil.

The US, UK, Japan and Canada also plan to announce a ban on new gold imports from Russia during the G-7 summit. Prices for the precious metal rose.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	31 500,68	2,68%
<u>S&amp;P 500</u>	3 911,74	3,06%
<u>Nasdaq</u>	11 607,62	3,34%
<u>Eurostoxx 50</u>	3 533,17	2,82%
<u>FTSE 100</u>	7 208,81	2,68%
<u>CAC 40</u>	6 073,35	3,23%
<u>DAX</u>	13 118,13	1,59%
<u>SMI</u>	10 823,12	3,54%
<u>Nikkei</u>	26 871,27	1,43%
<u>Hang Seng</u>	22 221,55	2,31%
<u>CSI 300</u>	4 449,09	1,24%
<u>VIX Index</u>	27,23	-6,27%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	3,1602	0,96%
<u>EUR 10Y</u>	1,4710	2,01%
<u>Swiss 10Y</u>	1,3020	1,80%
<u>UK 10Y</u>	2,30	-0,60%

Source: Bloomberg



# Morning Call

Geneva, June 27, 2022

## Crypto Corner

**Crypto is undergoing a historic bout of volatility, but options traders are seeing positive signs within the market in the wake of the ruckus and controversy that overtook digital-asset lenders and others in the sector.**

Chris Bae, chief executive and co-founder at structured-derivative-solutions provider EDG and a former trader at UBS and Goldman Sachs, is looking at open interest and is tracking global exchanges that offer options trading.

“It doesn’t suggest that liquidity has thinned dramatically,” Bae said in an interview. “There’s a lot of data that suggests the maturity of the market has progressed and that in the options market in particular, it’s business as normal, to a large degree, when taking into context the environment that we’re in.” Bae added that bid-ask spreads seem reasonable.

The environment, of course, has been strained by a number of hacks, as well as combustions of stablecoin projects and foldings of big-name crypto hedge funds. Over the past few weeks, lenders have shown instability, with Celsius Network and Babel Finance freezing withdrawals, and Three Arrows Capital, a major crypto hedge fund, facing liquidity troubles. And it’s all coming amid a less-accommodative monetary-policy background, where the Federal Reserve and other global central banks are furiously raising rates to combat price increases.

To be sure, the market is much different than during last year’s bull run. Open interest, or the total number of outstanding contracts, has come way down from its highs. OI is down a little more than \$7 billion from a record of about \$15 billion in October 2021, according to data from Skew. Volume is currently slightly below \$600 million, compared with an all-time high of more than \$8 billion also in October.

Crypto	Last	1D Change
Bitcoin	21 196,75	-0,91%
Ethereum	1 215,69	-2,51%

Crypto Market Cap: **\$951B**

24h Vol: **\$62,9B**

Dominance: **BTC: 42,5% ETH: 15,5%**



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

## Commodity Corner

**The plan by some Group of Seven nations to ban new gold imports from Russia is “largely symbolic” as flows have already been restricted by sanctions, according to analysts.**

The US, UK, Japan and Canada plan to announce the ban during the G-7 summit that started Sunday in Germany. While the UK government said in a statement over the weekend that “this measure will have global reach, shutting the commodity out of formal international markets,” analysts played down the potential impacts as the London Bullion Market Association, which sets standards for that market, removed Russian gold refiners from its accredited list in March.

**Spot gold** rose 0.5% to \$1,835.99 an ounce as of 6:20 a.m. in London on Monday. While bullion surged in March to a near record high as the war in Europe boosted demand for the haven asset, prices are now little changed this year as central banks tighten monetary policy.

Precious Metals	Last	1D Change
<u>Gold</u>	1 835,77	0,49%
<u>Silver</u>	21,41	1,14%
<u>Platinum</u>	913,50	0,27%
<u>Palladium</u>	1 950,98	3,62%

**Crude oil prices were mixed in choppy trade in early deals on Monday. Investors awaited the outcome of a meeting of leaders of the Group of Seven (G7) nations in Germany on Russian oil and gas exports. Demand concerns over slowing economic activity and prospects of a global recession weighed on prices.**

At 10:35 am, the August Brent crude contract on the Intercontinental Exchange was at \$113.17 a barrel, up 0.04% from its previous close. The August contract of West Texas Intermediate was down 0.06% at \$107.56 per barrel.

The prospect of more supply tightness loomed over the market as western governments sought ways to cut Russia's ability to fund its war in Ukraine, even though G7 leaders were also expected discuss a revival of the Iran nuclear deal - which might lead to more Iranian oil exports.

World Commodities	Last	1D Change
<u>WTI Crude</u>	107,28	-0,32%
<u>Brent Crude</u>	112,88	-0,21%
<u>Nat Gas (HH)</u>	6,11	-1,85%
<u>Nickel</u>	22 360,00	-6,82%
<u>Copper</u>	375,35	0,35%
<u>Corn</u>	739,00	-1,50%
<u>Wheat</u>	926,50	0,30%
<u>Soybean</u>	1 611,00	0,02%
<u>Coffee</u>	226,60	-2,52%
<u>Cotton</u>	103,76	-23,88%
<u>Sugar</u>	18,37	-0,05%

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

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## FX Corner

**EUR/USD** is trading back above 1.0550, resuming its recovery towards 1.0600 in early Europe this Wednesday. The US dollar meets fresh supply as the risk rebound extends, despite looming recession fears. ECB Forum, US Durable Goods and Fed speak eyed.

**GBP/USD** is holding onto the latest upside below 1.2300 in early European trading. The risk-on mood dents the US dollar's safe-haven appeal while the UK presses on with changes to the Brexit deal despite EU opposition. US data awaited.

**USD/JPY** takes offers to refresh intraday low around 134.50 following a four-week uptrend. In doing so, the yen pair extends its pullback from a short-term bullish channel's resistance line, as well as a downside break of the 100-HMA.

**AUD/USD** bears struggle to keep reins around 0.6930 even as it rebounds from the previous resistance line heading into Monday's European session. The Aussie pair's recovery from the resistance-turned-support line from early June takes clues from the upbeat MACD signals. That said, buyers aim for the fortnight-long trend line resistance.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0558	0,05%
<u>EURCHF</u>	1,0112	0,00%
<u>EURGBP</u>	0,8603	-0,03%
<u>EURJPY</u>	142,64	0,11%
<u>USDCHF</u>	0,9577	0,06%
<u>USDJPY</u>	135,10	0,10%
<u>USDCAD</u>	1,2884	0,05%
<u>USDTRY</u>	16,58	2,06%
<u>GBPUSD</u>	1,2273	0,04%
<u>AUDUSD</u>	0,6931	-0,20%
<u>NZDUSD</u>	0,6308	-0,19%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0427	1.0486	1.0520	1.0579	1.0604	1.0663
USDJPY	132.89	133.94	134.59	135.64	136.04	137.09
GBPUSD	1.2118	1.2197	1.2233	1.2312	1.2355	1.2434
USDCAD	1.2702	1.2815	1.2853	1.2966	1.3041	1.3154
AUDUSD	0.6793	0.6862	0.6903	0.6972	0.7000	0.7069
NZDUSD	0.6194	0.6250	0.6285	0.6341	0.6362	0.6418
USDCHF	0.9357	0.9468	0.9526	0.9637	0.9690	0.9801
USDTRY	15.1697	16.0516	16.4887	17.3706	17.8154	18.6973
XAUUSD	1795.57	1810.39	1818.64	1833.46	1840.03	1854.85
XAGUSD	19.7813	20.3911	20.7778	21.3876	21.6107	22.2205

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

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G8 Browse 08:44:26 06/27/22 - 06/27/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/27	07:00	JN				Coincident Index	Apr F	--	--	96.8	--
06/27	07:00	JN				Leading Index CI	Apr F	--	--	102.9	--
06/27	14:00	CA				Bloomberg Nanos Confidence	Jun 24	--	--	50.0	--
06/27	14:30	US				Durable Goods Orders	May P	0.1%	--	0.5%	--
06/27	14:30	US				Durables Ex Transportation	May P	0.4%	--	0.4%	--
06/27	14:30	US				Cap Goods Orders Nondef Ex Air	May P	--	--	0.4%	--
06/27	14:30	US				Cap Goods Ship Nondef Ex Air	May P	--	--	0.8%	--
06/27	16:00	US				Pending Home Sales MoM	May	-3.5%	--	-3.9%	--
06/27	16:00	US				Pending Home Sales NSA YoY	May	--	--	-11.5%	--
06/27	16:30	US				Dallas Fed Manf. Activity	Jun	--	--	-7.3	--
06/27-06/30		GE				Import Price Index MoM	May	1.8%	--	1.8%	--
06/27-06/30		GE				Import Price Index YoY	May	31.7%	--	31.7%	--
06/27-07/02		GE				Retail Sales MoM	May	1.0%	--	-5.4%	--
06/27-07/02		GE				Retail Sales NSA YoY	May	--	--	2.5%	3.3%

Source: Refinitiv

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