

Morning Call

Geneva, June 3, 2022

Market Corner

Asian shares followed their US peers higher Friday ahead of a key jobs report as traders weighed the outlook for inflation and growth.

Stocks rose in Japan, Korea and Australia while US futures fluctuated. On Thursday, the S&P 500 rose 1.8%, led by gains in consumer discretionary shares, while the tech-heavy Nasdaq 100 added 2.8%.

Markets are shut in Hong Kong and China, where officials have vowed to carry out a slew of government policies to stimulate the economy.

The offshore yuan rose amid thin trading in Asia.

A Bloomberg gauge of the dollar steadied after overnight losses, while the yen held near the psychologically important 130 level against the greenback.

Benchmark Treasury yields edged up to 2.92%.

Investors remain on edge as some fear the pace of US monetary tightening could throw the world's largest economy into a recession. Friday's May labor report is likely to show the smallest gain in jobs since April 2021 alongside a down shift in average hourly earnings growth, Bloomberg Economics said.

Federal Reserve Vice Chair Lael Brainard said it was hard to see a case for a September pause in rate hikes and that increases of 50 basis points in June and July seemed reasonable.

World Indices	Last	1D Change
<u>Dow Jones</u>	33 248,28	1,33%
<u>S&P 500</u>	4 176,82	1,84%
<u>Nasdaq</u>	12 316,90	2,69%
<u>Eurostoxx 50</u>	3 795,13	0,95%
<u>FTSE 100</u>	7 532,95	-0,98%
<u>CAC 40</u>	6 500,44	1,27%
<u>DAX</u>	14 485,17	1,01%
<u>SMI</u>	11 550,20	0,49%
<u>Nikkei</u>	27 745,40	1,21%
<u>Hang Seng</u>	21 082,13	-1,00%
<u>CSI 300</u>	4 089,57	0,16%
<u>VIX Index</u>	24,72	-3,78%

World Bonds	Last	1D Change
<u>US 10Y</u>	2,9113	0,13%
<u>EUR 10Y</u>	1,2370	4,21%
<u>Swiss 10Y</u>	0,9820	5,93%
<u>UK 10Y</u>	2,16	2,57%

Source: Bloomberg



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Crypto Corner

Bitcoin rebounded after slumping along with stocks on Thursday, meeting resistance at the \$30,000 level around which it's been trading for the past month.

The largest cryptocurrency rose as much as 2.5% to \$30,372 during New York trading, while Ether rose 1.4%. Bitcoin's advance largely tracked that of US and European equities. It is down about 55% from a record high in November.

Bitcoin has only briefly deviated from the \$30,000 level since the collapse of the TerraUSD stablecoin triggered a broad crypto selloff in early May. The token could "form a cyclical low" in the second half of this year, based on previous market cycles, Bloomberg Intelligence analyst Jamie Douglas Coutts said Wednesday.

"The technical outlook is neutral at best and Bitcoin really needs to trade back above \$40k before any kind of bullish outlook can be confirmed," Nicholas Cawley, a strategist at DailyFX, wrote in a note Wednesday.

Bitcoin had staged a mini-rally to start the week, rising to a three-week high of \$32,359 on Tuesday and giving some in the markets hope that it might gain upward momentum. Cryptocurrencies have been hit as the Federal Reserve and other central banks hike rates to combat stubbornly high inflation.

Crypto Market Cap: [\\$1.25T](#)

24h Vol: [\\$67,4B](#)

Dominance: [BTC: 46,3%](#) [ETH: 17,6%](#)

Crypto	Last	1D Change
Bitcoin	30 520,61	0,98%
Ethereum	1 825,30	0,13%



Source: fxstreet.com / Bloomberg/Coinmarketcap.com

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Commodity Corner

Gold headed for a third straight weekly advance amid mounting worries over a softening economy, ahead of a key US jobs report which could offer clues on the Federal Reserve's tightening path.

Bullion is trading at the highest level in more than three weeks as demand for haven assets rose on concerns that aggressive interest rate hikes could throw the world's largest economy into a recession. Labor data due later Friday is likely to show the smallest gain in jobs since April 2021 alongside a downshift in average hourly earnings growth, according to Bloomberg Economics.

On Thursday, Goldman Sachs Group Inc. President John Waldron warned of tougher times ahead amid a string of shocks rattling the global economy. His words echoed JPMorgan Chase & Co. Chief Executive Jamie Dimon, who said investors should prepare for an economic "hurricane."

Fed officials raised rates by half a percentage point last month and signaled they'll do so again at the next two meetings as they try rein in the hottest inflation in decades. Vice Chair Lael Brainard said Thursday that it was hard to see a case for a September pause in rate hikes and that increases of 50 basis points in June and July seemed reasonable.

Precious Metals	Last	1D Change
<u>Gold</u>	1 868,82	0,01%
<u>Silver</u>	22,38	0,33%
<u>Platinum</u>	1 025,81	0,26%
<u>Palladium</u>	2 056,14	-0,06%

Oil rose more than 1 per cent on Thursday after US crude inventories fell more than expected amid high demand for fuel, shrugging off Opec+'s agreement to boost crude output to compensate for a drop in Russian production.

Prices were also supported by the European Union's sixth package of sanctions against Russia, which will include an immediate ban on new insurance contracts for ships carrying Russian oil and a six month phase-out on existing contracts. Brent futures settled US\$1.32, or 1.1 per cent, higher at US\$117.61 a barrel, while US West Texas Intermediate (WTI) crude rose US\$1.61, or 1.4 per cent, to US\$116.87.

US crude oil and fuel stockpiles fell last week, as demand continued to outstrip supply, with commercial crude inventories drawing down even as more strategic reserves entered the market, government data showed.

US crude oil stockpiles fell by 5.1 million barrels, compared with analysts' expectations in a Reuters poll for a 1.3 million-barrel drop.

Oil prices fell earlier on Thursday as Saudi Arabia and other Opec+ states agreed to bring forward oil production rises to offset Russian output losses to ease surging oil prices and inflation and smooth the way for an ice-breaking visit to Riyadh by US President Joe Biden.

The Organization of the Petroleum Exporting Countries and allies including Russia, known as Opec+, agreed to raise output about 650,000 barrels per day in the next two months rather than the current 432,000 bpd.

World Commodities	Last	1D Change
<u>WTI Crude</u>	116,39	-0,41%
<u>Brent Crude</u>	117,28	-0,28%
<u>Nat Gas (HH)</u>	8,33	-1,80%
<u>Nickel</u>	28 071,50	-0,98%
<u>Copper</u>	455,35	0,02%
<u>Corn</u>	729,00	-0,17%
<u>Wheat</u>	1 063,00	0,45%
<u>Soybean</u>	1 725,50	-0,22%
<u>Coffee</u>	238,25	-0,50%
<u>Cotton</u>	139,09	-0,01%
<u>Sugar</u>	19,35	-0,46%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is trading better bid around 1.0750, as the US dollar licks its wound amid a cautiously optimistic mood. The pair eases from monthly highs as EUR bulls take a breather due to the pre-NFP trading lull on Friday.

GBP/USD is defending gains above 1.2550, as the US dollar holds the lower ground amid pre-NFP anxiety and light trading. Hawkish expectations from the BOE vs. doubts on the Fed's moves post-September probe bears.

USD/JPY struggles to extend the previous day's pullback around 129.80 during the initial hour of Tokyo opening on Friday. The yen pair bounce off the 50-HMA inside an immediate bullish pennant chart formation. In addition to the 50-HMA and bullish pennant, RSI conditions also suggest the USD/JPY pair's further upside.

AUD/USD is under renewed selling pressure towards 0.7250, retreating from six-week highs after the Australian home lending data fell in April. The aussie meets fresh supply despite the broad US dollar decline and a positive risk tone. All eyes on US NFP.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0757	0,09%
<u>EURCHF</u>	1,0303	-0,11%
<u>EURGBP</u>	0,8555	-0,14%
<u>EURJPY</u>	139,73	-0,13%
<u>USDCHF</u>	0,9578	0,03%
<u>USDJPY</u>	129,89	-0,04%
<u>USDCAD</u>	1,2567	0,02%
<u>USDTRY</u>	16,49	-0,11%
<u>GBPUSD</u>	1,2573	-0,04%
<u>AUDUSD</u>	0,7255	-0,14%
<u>NZDUSD</u>	0,6557	-0,03%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0504	1.0609	1.0678	1.0783	1.0819	1.0924
USDJPY	128.40	129.13	129.49	130.22	130.59	131.32
GBPUSD	1.2311	1.2428	1.2503	1.2620	1.2662	1.2779
USDCAD	1.2365	1.2486	1.2528	1.2649	1.2728	1.2849
AUDUSD	0.6967	0.7096	0.7181	0.7310	0.7354	0.7483
NZDUSD	0.6320	0.6424	0.6492	0.6596	0.6632	0.6736
USDCHF	0.9474	0.9536	0.9558	0.9620	0.9660	0.9722
USDTRY	16.2561	16.3548	16.4123	16.5110	16.5522	16.6509
XAUUSD	1808.50	1834.78	1851.68	1877.96	1887.34	1913.62
XAGUSD	20.9886	21.5618	21.9343	22.5075	22.7082	23.2814

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars											
G8		Browse		08:11:00		06/03/22		06/03/22			
Economic Releases											
All Economic Releases											
Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/03	02:30	JN				Jibun Bank Japan PMI Services	May F	--	52.6	51.7	--
06/03	02:30	JN				Jibun Bank Japan PMI Composite	May F	--	52.3	51.4	--
06/03	08:00	GE				Exports SA MoM	Apr	1.0%	4.4%	-3.3%	-3.0%
06/03	08:00	GE				Imports SA MoM	Apr	-2.0%	3.1%	3.4%	3.2%
06/03	08:00	RU				S&P Global Russia Services PMI	May	44.8	48.5	44.5	--
06/03	08:00	RU				S&P Global Russia Composite PMI	May	45.5	48.2	44.4	--
06/03	08:00	GE				Trade Balance SA	Apr	4.3b	3.5b	3.2b	1.9b
06/03	08:45	FR				Industrial Production MoM	Apr	0.2%	--	-0.5%	--
06/03	08:45	FR				Industrial Production YoY	Apr	0.0%	--	0.1%	--
06/03	08:45	FR				Manufacturing Production MoM	Apr	-0.1%	--	-0.3%	--
06/03	08:45	FR				Manufacturing Production YoY	Apr	--	--	1.5%	--
06/03	09:45	IT				S&P Global Italy Services PMI	May	54.5	--	55.7	--
06/03	09:45	IT				S&P Global Italy Composite PMI	May	53.8	--	54.5	--
06/03	09:50	FR				S&P Global France Services PMI	May F	58.4	--	58.4	--
06/03	09:50	FR				S&P Global France Composite PMI	May F	57.1	--	57.1	--
06/03	09:55	GE				S&P Global Germany Services PMI	May F	56.3	--	56.3	--
06/03	09:55	GE				S&P Global Germany Composite PMI	May F	54.6	--	54.6	--
06/03	10:00	RU				Money Supply Narrow Def	May 27	--	--	14.31t	--
06/03	10:00	EC				S&P Global Eurozone Services PMI	May F	56.3	--	56.3	--
06/03	10:00	EC				S&P Global Eurozone Composite PMI	May F	54.9	--	54.9	--
06/03	11:00	EC				Retail Sales MoM	Apr	0.1%	--	-0.4%	--
06/03	11:00	EC				Retail Sales YoY	Apr	5.4%	--	0.8%	--
06/03	14:30	US				Two-Month Payroll Net Revision	May	--	--	--	--
06/03	14:30	CA				Labor Productivity QoQ	1Q	--	--	-0.5%	--
06/03	14:30	US				Change in Nonfarm Payrolls	May	320k	--	428k	--
06/03	14:30	US				Change in Private Payrolls	May	302k	--	406k	--
06/03	14:30	US				Change in Manufact. Payrolls	May	39k	--	55k	--
06/03	14:30	US				Unemployment Rate	May	3.5%	--	3.6%	--
06/03	14:30	US				Average Hourly Earnings MoM	May	0.4%	--	0.3%	--
06/03	14:30	US				Average Hourly Earnings YoY	May	5.2%	--	5.5%	--
06/03	14:30	US				Average Weekly Hours All Employees	May	34.6	--	34.6	--
06/03	14:30	US				Labor Force Participation Rate	May	62.3%	--	62.2%	--
06/03	14:30	US				Underemployment Rate	May	--	--	7.0%	--
06/03	15:45	US				S&P Global US Services PMI	May F	53.5	--	53.5	--
06/03	15:45	US				S&P Global US Composite PMI	May F	53.8	--	53.8	--
06/03	16:00	US				ISM Services Index	May	56.5	--	57.1	--
06/03-06/10		RU				Wellbeing Fund	May	--	--	\$155.0b	--

Source: Refinitiv

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