

## Market Corner

**Stocks in Asia fluctuated and Treasuries sold off across the curve as oil jumped, adding to worries about how aggressive central banks will need to be to rein in inflation without derailing growth.**

Technology stocks underpinned gains in Hong Kong, while China rose as data showed factory activity shrinking at a slower pace and a Shanghai Covid lockdown eased. Equities in Japan were little changed. US contracts edged up, while European futures dipped.

Treasury yields jumped more than 10 basis points after German bunds and European bonds sold off. German inflation hit an all-time high, adding to pressure on central bank policy makers to tame rising prices. The dollar advanced.

Crude oil rose to around \$118 a barrel after the European Union agreed to pursue a partial ban on Russian oil in response to the invasion of Ukraine. Higher energy and food costs are keeping upward pressure on prices globally and squeezing consumers.

Global stocks are on track to end the month with modest gains amid skepticism about whether the market is near a trough and as volatility stays elevated. Fears that central bank rate hikes will induce a recession, stubbornly high inflation and uncertainty around how China will boost its flailing economy are keeping investors watchful.

Inflation prints in Europe came before a crucial European Central Bank meeting where officials are set to announce the conclusion of large-scale asset purchases and confirm plans to raise interest rates in July for the first time in more than a decade.

In the US, Federal Reserve Governor Christopher Waller said he wants to keep raising interest rates in half-percentage point steps until inflation is easing back toward the central bank's goal.

Meanwhile, President Joe Biden will hold a rare Oval office meeting on Tuesday with Fed Chair Jerome Powell amid the highest inflation in decades and ahead of US payroll numbers later this week.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	33 212,96	1,76%
<u>S&amp;P 500</u>	4 158,24	2,47%
<u>Nasdaq</u>	12 131,13	3,33%
<u>Eurostoxx 50</u>	3 841,62	0,86%
<u>FTSE 100</u>	7 600,06	0,19%
<u>CAC 40</u>	6 562,39	0,72%
<u>DAX</u>	14 575,98	0,79%
<u>SMI</u>	11 736,26	0,76%
<u>Nikkei</u>	27 279,80	-0,33%
<u>Hang Seng</u>	21 327,41	0,96%
<u>CSI 300</u>	4 079,96	1,26%
<u>VIX Index</u>	26,54	3,19%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	2,8332	3,48%
<u>EUR 10Y</u>	1,0700	1,42%
<u>Swiss 10Y</u>	0,8160	10,27%
<u>UK 10Y</u>	1,99	3,76%

Source: Bloomberg



# Morning Call

Geneva, May 31, 2022

## Crypto Corner

### Bitcoin posts biggest daily price rise in two months, as crypto markets rally broadly

Traditional markets were mostly closed in the U.S. on Monday for a holiday, but bitcoin (BTC) didn't rest. The largest cryptocurrency jumped more than 7% to about \$31,500, in its biggest gain since March 9. The sudden burst higher came as bitcoin had just completed a record nine-week losing streak that took the price down to around \$29,400 from \$37,600.

Now crypto analysts are starting to ask if the market is finding a bottom after the latest downdraft. According to the blockchain analysis firm Glassnode, the recent selling pressure might be easing up. "The price action appeared to have bottomed for the time being," Glassnode wrote Monday in its Uncharted newsletter. Almost all major cryptocurrencies were in the green, with Cardano's ADA gaining some 17%.

Crypto Market Cap: [\\$1.31T](#)

24h Vol: [\\$92,2B](#)

Dominance: [BTC: 45,9%](#) [ETH: 18,2%](#)

Crypto	Last	1D Change
Bitcoin	31 524,57	0,85%
Ethereum	1 965,02	0,61%



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

## Commodity Corner

**Commodity prices traded higher with most of the commodities in non-agro segment traded positive for the second week.**

Bullion prices traded higher on weak global cues on safe-haven buying. Crude oil prices gained by nearly 2% over tight supplies and strong demand ahead of the summer season. Base metals traded firm on demand growth prospectus despite of fall in equity indices.

Gold prices traded higher with spot gold prices at COMEX rose by 0.39% to \$1854 per ounce for the week. ETF holdings witnessed inflows as holdings at SPDR Gold Shares rose to 1070 tons from previous week's 1063 tons. The CFTC data showed that money managers have increased their net long positions by 22924 lots in last week.

**Silver** prices rallied with spot silver prices at COMEX rose by 1.55% to \$22.11 per ounce for the week. MCX Silver May futures gained by 1.15% to Rs. 62116 per KG for the week. Silver prices surged with strong demand outlook for industrial metals and safe haven buying. The CFTC data showed that money managers have decreased their net long positions by 1211 lots to the three year low.

Precious Metals	Last	1D Change
<u>Gold</u>	1 854,04	-0,06%
<u>Silver</u>	21,91	-0,31%
<u>Platinum</u>	965,60	0,49%
<u>Palladium</u>	2 087,20	2,54%

**European Union leaders said for the first time that they would impose an oil embargo on Russia over its invasion of Ukraine, taking a big step forward in an economic fight against Moscow that is already reverberating in global markets.**

The embargo would include an exemption for oil delivered from Russia via pipelines, an amount that makes up one-third of EU oil purchases from Russia. EU officials said that by the end of this year, the embargo would cover 90% of previous Russian oil imports. It would be phased in over several months.

Senior EU officials are expected to meet Wednesday to sign off on the oil embargo, according to European Council President Charles Michel, which would unlock a sixth sanctions package on Russia. The moves include the removal of three Russian banks -- including the largest, Sberbank -- from the Swift financial-transactions network; a ban on three leading Russian broadcasters in the bloc; and targeted sanctions against Russian military officials and other leading figures.

EU leaders labored into the night to agree to broad terms of the oil embargo, which had faced opposition from leaders of countries highly dependent on Russian crude, especially Hungarian Prime Minister Viktor Orban.

Prospects of an EU agreement to curtail purchases of Russian oil, combined with China's tentative emergence from Covid-19 shutdowns, earlier Monday pushed oil prices to their highest level in more than two months.

EU officials for almost two months have haggled over how to constrict energy imports from Russia, for which the bloc pays tens of billions of dollars monthly. European leaders have declared their eagerness to stop funding the Russian government and its ability to wage war in Ukraine. But reliance on Russian gas and oil in many EU countries has impeded those efforts.

World Commodities	Last	1D Change
<u>WTI Crude</u>	119,29	3,67%
<u>Brent Crude</u>	123,75	1,71%
<u>Nat Gas (HH)</u>	8,76	0,32%
<u>Nickel</u>	29 241,00	3,52%
<u>Copper</u>	436,00	1,24%
<u>Corn</u>	771,25	-0,77%
<u>Wheat</u>	1 131,50	-2,25%
<u>Soybean</u>	1 744,50	0,71%
<u>Coffee</u>	229,45	1,26%
<u>Cotton</u>	140,13	0,51%
<u>Sugar</u>	19,61	0,36%

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

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## FX Corner

**EUR/USD** is trading around 1.0750, undermined by an impressive rally in the US Treasury yields and the upbeat market mood. The downside, however, remains cushioned by the renewed US dollar weakness. Eurozone inflation, Biden-Powell meeting eyed.

**GBP/USD** is off the monthly high but defends the 1.2600 level, as the US dollar fades its rebound in early Europe. The renewed upside in the US Treasury yields combined with upbeat risk sentiment limits cable's losses. US data, Biden-Powell meeting awaited.

**USD/JPY** pares daily gains around the one-week top as traders turn cautious ahead of the key meeting between US President Joe Biden and Fed Chair Jerome Powell. That said, the yen pair drops back to 128.00, after refreshing the weekly high with 128.30, heading into Tuesday's European session.

**AUD/USD** is displaying back and forth moves in a narrow range of 0.7176-0.7189 after a minor rebound from intraday's low at 0.7162. Earlier, the asset witnessed a steep fall after failing to sustain above the round-level resistance of 0.7200.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0743	-0,33%
<u>EURCHF</u>	1,0306	0,15%
<u>EURGBP</u>	0,8520	-0,01%
<u>EURJPY</u>	137,30	0,13%
<u>USDCHF</u>	0,9592	-0,20%
<u>USDJPY</u>	127,80	-0,16%
<u>USDCAD</u>	1,2662	-0,06%
<u>USDTRY</u>	16,39	-0,03%
<u>GBPUSD</u>	1,2611	-0,32%
<u>AUDUSD</u>	0,7190	-0,08%
<u>NZDUSD</u>	0,6540	-0,24%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0635	1.0699	1.0739	1.0803	1.0827	1.0891
USDJPY	125.50	126.46	127.02	127.98	128.38	129.34
GBPUSD	1.2515	1.2576	1.2614	1.2675	1.2698	1.2759
USDCAD	1.2514	1.2597	1.2626	1.2709	1.2763	1.2846
AUDUSD	0.7066	0.7123	0.7159	0.7216	0.7237	0.7294
NZDUSD	0.6475	0.6511	0.6533	0.6569	0.6583	0.6619
USDCHF	0.9474	0.9526	0.9549	0.9601	0.9630	0.9682
USDTRY	16.0425	16.1955	16.2903	16.4433	16.5015	16.6545
XAUUSD	1824.40	1840.13	1847.68	1863.41	1871.59	1887.32
XAGUSD	21.2368	21.6405	21.8072	22.2109	22.4479	22.8516

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

ECO Economic Calendars

ECO Calendars View Alerts Export

G8 Browse 08:27:39 05/31/22 - 05/31/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
05/31	10:30	UK				Consumer Credit YoY	Apr	--	--	5.2%	--
05/31	10:30	UK				Net Lending Sec. on Dwellings	Apr	5.7b	--	7.0b	--
05/31	10:30	UK				Mortgage Approvals	Apr	70.5k	--	70.7k	--
05/31	10:30	UK				Money Supply M4 MoM	Apr	--	--	0.1%	--
05/31	10:30	UK				M4 Money Supply YoY	Apr	--	--	5.4%	--
05/31	10:30	UK				M4 Ex IOFCs 3M Annualised	Apr	--	--	5.7%	--
05/31	11:00	EC				CPI Estimate YoY	May	7.8%	--	7.5%	--
05/31	11:00	EC				CPI MoM	May P	0.6%	--	0.6%	--
05/31	11:00	EC				CPI Core YoY	May P	3.6%	--	3.5%	--
05/31	11:00	IT				CPI EU Harmonized YoY	May P	6.7%	--	6.3%	--
05/31	11:00	IT				CPI EU Harmonized MoM	May P	0.5%	--	0.6%	0.4%
05/31	11:00	IT				CPI NIC incl. tobacco YoY	May P	6.3%	--	6.2%	6.0%
05/31	11:00	IT				CPI NIC incl. tobacco MoM	May P	0.6%	--	0.2%	-0.1%
05/31	14:30	CA				Quarterly GDP Annualized	1Q	5.2%	--	6.7%	--
05/31	14:30	CA				GDP MoM	Mar	0.5%	--	1.1%	--
05/31	14:30	CA				GDP YoY	Mar	3.7%	--	4.5%	--
05/31	15:00	US				FHFA House Price Index MoM	Mar	2.0%	--	2.1%	--
05/31	15:00	US				House Price Purchase Index QoQ	1Q	--	--	3.3%	--
05/31	15:00	US				S&P CoreLogic CS 20-City MoM SA	Mar	1.90%	--	2.39%	--
05/31	15:00	US				S&P CoreLogic CS 20-City YoY NSA	Mar	19.80%	--	20.20%	--
05/31	15:00	US				S&P CoreLogic CS US HPI YoY NSA	Mar	--	--	19.80%	--
05/31	15:45	US				MNI Chicago PMI	May	55.1	--	56.4	--
05/31	16:00	US				Conf. Board Consumer Confidence	May	103.8	--	107.3	--
05/31	16:00	US				Conf. Board Present Situation	May	--	--	152.6	--
05/31	16:00	US				Conf. Board Expectations	May	--	--	77.2	--
05/31	16:30	US				Dallas Fed Manf. Activity	May	1.5	--	1.1	--
05/30-06/03		FR				Bank of France Ind. Sentiment	Apr	103	--	103	--

Source: Refinitiv

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