

Market Corner

Stocks and US equity futures fell Tuesday as the dollar and sovereign bonds rose, a pattern highlighting pervasive unease about the economic outlook amid high inflation and China's struggles with Covid.

An Asian share index was dragged lower by the technology sector as well as weakness in Japan, Hong Kong and China. S&P 500, Nasdaq 100 and European contracts shed over 0.5% after a Wall Street slide Monday.

The dollar pushed toward levels last seen at the height of the 2020 market panic over Covid and the yen strengthened, underlining investor caution. The euro-area's common currency, meanwhile, is in sight of parity with the greenback, sapped by the region's energy crisis and acute recession fears.

Treasuries extended gains, taking the US 10-year yield to 2.96%. Bonds also rallied in Australia. Commodities including oil and iron ore were under pressure.

Bitcoin dropped below \$20,000.

Much is riding on upcoming company profit filings and this week's US inflation data. A brief equity rebound from this year's rout is already fizzling ahead of the reports. Risk appetite may struggle to digest a darkening earnings outlook alongside stubborn price pressures that point to more monetary tightening.

Dollar strength will not only "affect this quarter's earnings, but more likely it's going to affect the revenue generation outlook for the next couple of quarters and that, I think, is a big problem," Kimberly Forrest, founder and chief investment officer of Bokeh Capital Partners, said on Bloomberg Radio.

In China, investors are concerned more Covid lockdowns may lie ahead as Beijing continues with a strategy of mass testing and mobility curbs. A government push for stimulus to shore up growth is starting to have an impact: credit jumped last month to the highest on record for June.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	31 173,84	-0,52%
<u>S&P 500</u>	3 854,43	-1,15%
<u>Nasdaq</u>	11 372,60	-2,26%
<u>Eurostoxx 50</u>	3 471,69	-0,99%
<u>FTSE 100</u>	7 196,59	0,00%
<u>CAC 40</u>	5 996,30	-0,61%
<u>DAX</u>	12 832,44	-1,40%
<u>SMI</u>	11 027,16	0,11%
<u>Nikkei</u>	26 339,06	-1,77%
<u>Hang Seng</u>	20 888,83	-1,11%
<u>CSI 300</u>	4 332,14	-0,52%
<u>VIX Index</u>	26,17	6,21%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	2,9743	-0,62%
<u>EUR 10Y</u>	1,2460	-7,36%
<u>Swiss 10Y</u>	0,8850	-3,70%
<u>UK 10Y</u>	2,18	-2,46%

Source: Bloomberg



Morning Call

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Crypto Corner

Bitcoin fell back below \$20,000 on Tuesday after enjoying its strongest week in more than three months last week, as a surge in the greenback rippled through global markets.

The largest cryptocurrency dropped as much as 2.6% to \$19,870, declining for a fourth straight day ahead of US consumer-price data Tuesday. It hit \$22,472 on Friday as risk appetite returned to broader assets. Second-largest Ether slid as much as 4.1% to \$1,090.94. The MVIS CryptoCompare Digital Assets 100 index dropped as much as 2.6%.

“Expect apathetic back-end vol and basis flows in another summer trading week with CPI likely to be the main event on July 13,” Genesis’s Noelle Acheson and Gordon Grant said in a note Monday. “Notwithstanding a modicum of fireworks around last Friday’s weekly options expiry that saw Bitcoin blow through \$22,000 and touch the 200-week moving average, with Ether pushing toward \$1,300 in sympathy, the weekend session saw a resumption of choppy, downwardly oriented price action that has characterized recent months.”

The dollar jumped on Monday ahead of the CPI, which could offer insight into the Federal Reserve’s potential rate-hike path. Bitcoin and other cryptocurrencies have struggled as the central bank works to combat high inflation readings, and have tended to trade along with risk assets for the past couple of years.

Bitcoin is more likely to tumble to \$10,000, cutting its value roughly in half, than it is to rally back to \$30,000, according to 60% of the 950 investors who responded to an MLIV Pulse survey that ran July 5-8. Forty percent saw it going the other way.

Crypto Market Cap: **\$890B**

24h Vol: **\$53,4B**

Dominance: **BTC: 42,9% ETH: 14,9%**

Crypto	Last	1D Change
Bitcoin	20 029,78	-1,86%
Ethereum	1 091,55	-4,03%



Source: fxstreet.com / Bloomberg/Coinmarketcap.com

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Commodity Corner

Gold extended a decline as the dollar strengthened ahead of US inflation data later this week that could influence the size of the Federal Reserve's rate hike.

Bullion slid to its lowest level in more than nine months after posting a fourth weekly decline Friday and sinking further on Monday. Investors concerned about the prospect of a global economic downturn have turned to the dollar, which is up more than 2% this month.

US inflation figures this week may stiffen the resolve of Fed policy makers to proceed with another big increase in interest rates later this month. Economists estimate the gauge climbed 8.8% in June from a year-earlier to a fresh four-decade high.

China is scheduled to unveil economic indicators -- including gross domestic product, retail sales, fiscal revenue and bank borrowing -- that will likely set the pace for monetary and fiscal stimulus for the rest of the year.

Spot gold fell 0.5% to \$1,725.05 an ounce at 9:14 a.m. in Singapore, after falling 0.5% in the previous session. The Bloomberg Dollar Spot Index was 0.2% higher following its 1% gain. Silver, platinum and palladium retreated.

Precious Metals		Last	1D Change
<u>Gold</u>		1 727,70	-0,36%
<u>Silver</u>		18,98	-0,73%
<u>Platinum</u>		861,51	-1,36%
<u>Palladium</u>		2 110,18	-1,81%

Oil extended losses as a Covid-19 resurgence in China added to concerns about a global economic slowdown, with the International Energy Agency warning the worst of the energy crisis may be ahead.

West Texas Intermediate lost over 1% to trade below \$103 a barrel. Bearish sentiment has filtered through commodities as rising virus cases in China and a looming US inflation print stoke concerns about the demand outlook. A rising dollar has added to the pressure, making oil less attractive to investors.

Crude has tumbled since early June on escalating fears the US may be heading for a recession as central banks aggressively raise rates to combat inflation. Nations are experiencing the first global energy crisis and "we might not yet have seen the worst of it," IEA Executive Director Fatih Birol said in Sydney.

President Joe Biden is scheduled to visit Saudi Arabia this week during a tour to the Middle East as he seeks to tame high energy prices that have roiled the global economy. The US believes OPEC has room to raise production should Biden's upcoming visit to the region yield any agreements.

World Commodities		Last	1D Change
<u>WTI Crude</u>		102,14	-1,87%
<u>Brent Crude</u>		105,30	-1,68%
<u>Nat Gas (HH)</u>		6,49	0,98%
<u>Nickel</u>		21 784,00	1,26%
<u>Copper</u>		340,00	-1,09%
<u>Corn</u>		780,25	-0,13%
<u>Wheat</u>		835,00	-1,04%
<u>Soybean</u>		1 641,00	0,66%
<u>Coffee</u>		216,90	-2,69%
<u>Cotton</u>		102,44	-0,17%
<u>Sugar</u>		18,86	-0,84%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD is testing bullish commitments at parity. The US dollar keeps its winning momentum intact amid risk-aversion. Recession fears, the European gas crisis and China's covid lockdown worry sap investors' confidence. ZEW eyed.

GBP/USD is likely to display more losses below 1.1850, as the US dollar keeps rallying amid fresh covid lockdowns in China, which intensify recession fears. UK political uncertainty also adds to the pain in cable.

USD/JPY snaps six-day uptrend as it retreats from 24-year high. Bearish MACD signals, nearly overbought RSI favor corrective pullback. Bulls need validation from 137.50 to aim for mid-1991 peak. Five-week-long ascending trend line, 20-DMA restrict immediate downside.

AUD/USD remains pressured around multi-month lows near 0.6700 amid sour sentiment. The Aussie NAB Sentiment data arrived mixed for June, economic slowdown woes prevail amid record-high US inflation expectations. Risk catalysts hold the key.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0017	-0,23%
<u>EURCHF</u>	0,9859	0,14%
<u>EURGBP</u>	0,8444	-0,02%
<u>EURJPY</u>	137,71	0,18%
<u>USDCHF</u>	0,9842	-0,10%
<u>USDJPY</u>	137,48	-0,03%
<u>USDCAD</u>	1,3024	-0,13%
<u>USDTRY</u>	17,35	0,13%
<u>GBPUSD</u>	1,1864	-0,24%
<u>AUDUSD</u>	0,6725	-0,13%
<u>NZDUSD</u>	0,6106	-0,08%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9786	0.9936	0.9988	1.0138	1.0236	1.0386
USDJPY	133.38	135.21	136.32	138.15	138.87	140.70
GBPUSD	1.1592	1.1762	1.1827	1.1997	1.2102	1.2272
USDCAD	1.2780	1.2890	1.2949	1.3059	1.3110	1.3220
AUDUSD	0.6480	0.6625	0.6679	0.6824	0.6915	0.7060
NZDUSD	0.5943	0.6038	0.6075	0.6170	0.6228	0.6323
USDCHF	0.9648	0.9730	0.9781	0.9863	0.9894	0.9976
USDTRY	17.0528	17.1962	17.2866	17.4300	17.4830	17.6264
XAUUSD	1710.04	1723.35	1728.65	1741.96	1749.97	1763.28
XAGUSD	18.5762	18.8828	19.0024	19.3090	19.4960	19.8026

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
07/11-07/13		RU				Budget Balance YTD	Jun	1350.0b	--	1495.4b	--
07/08-07/15		RU				Consumer Confidence Index	2Q	--	--	-21	--
07/12	01:01	UK				BRC Sales Like-For-Like YoY	Jun	--	--	-1.5%	--
07/12	01:50	JN				PPI YoY	Jun	8.9%	--	9.1%	--
07/12	01:50	JN				PPI MoM	Jun	0.6%	--	0.0%	--
07/12	09:30	UK				Bloomberg July United Kingdom Economic Survey					
07/12	11:00	GE				ZEW Survey Expectations	Jul	-40.0	--	-28.0	--
07/12	11:00	GE				ZEW Survey Current Situation	Jul	-34.5	--	-27.6	--
07/12	11:00	EC				ZEW Survey Expectations	Jul	--	--	-28.0	--
07/12	12:00	US				NFIB Small Business Optimism	Jun	92.5	--	93.1	--

Source: Refinitiv

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