



Morning Call

Geneva, July 5, 2022

Market Corner

Asian stocks and US equity futures pared gains Tuesday amid a jump in Treasury yields and as an earlier lift to investor sentiment from a potential improvement in US-China ties ebbed.

An Asian share index came off session highs, in part as China turned lower. S&P 500 and Nasdaq 100 contracts made modest gains from Friday's close. US markets were shut Monday for the Independence Day holiday.

The US may announce the rollback of some China levies as soon as this week to counter high inflation. Officials could also unveil a probe into industrial subsidies, which might lead to more duties in strategic areas like technology.

Chinese Vice Premier Liu He held a video talk with US Treasury Secretary Janet Yellen Tuesday morning on tariffs and supply chains.

The drop in Treasuries was led by shorter maturities, including a surge of as much as 13 basis points in the two-year yield. That extended a global bond retreat that began in Europe on Monday.

Speculation has intensified that President Joe Biden may reduce some Trump-era tariffs on \$300 billion in Chinese imports. Policy makers are under pressure to tackle inflation, which has forced interest-rates higher, sapped economic expansion and contributed to steep equity and bond losses this year.

Aside from developments related to China, traders are also monitoring Australia's interest-rate decision. The central bank -- among more than 80 to have raised rates this year -- is expected to implement back-to-back half-percentage point rate hikes for the first time ever.

Elsewhere, Brent crude hovered at \$113 a barrel. Bitcoin retook the \$20,000 level.

Bitcoin versus Ether? Stablecoins versus central bank digital currencies? What are NFTs really? What is the next shoe to drop in the crypto washout and where will the next bubble inflate? Click here to participate in this week's MLIV Pulse survey, which takes only one minute and is anonymous.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	31 097,26	1,05%
<u>S&P 500</u>	3 825,33	1,06%
<u>Nasdaq</u>	11 127,84	0,90%
<u>Eurostoxx 50</u>	3 452,42	0,12%
<u>FTSE 100</u>	7 232,65	0,89%
<u>CAC 40</u>	5 954,65	0,40%
<u>DAX</u>	12 773,38	-0,31%
<u>SMI</u>	10 881,97	1,04%
<u>Nikkei</u>	26 425,57	1,04%
<u>Hang Seng</u>	21 876,84	0,21%
<u>CSI 300</u>	4 458,63	-0,83%
<u>VIX Index</u>	27,53	3,11%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	2,9483	2,36%
<u>EUR 10Y</u>	1,3330	8,20%
<u>Swiss 10Y</u>	0,9560	9,89%
<u>UK 10Y</u>	2,20	5,27%

Source: Bloomberg



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Crypto Corner

It's a perennial exercise whenever an asset is mired in a prolonged and deep drawdown: People look at the charts, they go over this or that indicator and they get their checklists out to try to figure out when it might find a floor. For Bitcoin, there's plenty of such action happening right now, with technical signals that in the past have suggested just such a formation.

Analysts at Glassnode track several gauges -- from instances when Bitcoin dips below a moving average to when it closes below the so-called balance price measure, which reflects a market price that matches the value paid for coins minus the value ultimately realized. What they're seeing now is that many of these measures are all flashing in similar fashion, something that rarely happens.

Over the last five years, the analysts say, there have only been six other similar stretches, some of which have coincided with bear-market bottoms, such as in November 2018 and March 2020. But might this time prove otherwise?

"The case for Bitcoin bottom formation is one grounded in observable dominance of strong-hand investors, historically significant lows in numerous macro-oscillators, and a strong confluence with prices hovering in striking distance of several bear-market pricing models," Glassnode's analysts wrote. "However, can these HODLers hold the line?"

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Crypto Market Cap: [\\$913B](#)

24h Vol: [\\$56,5B](#)

Dominance: [BTC: 42,4%](#) [ETH: 15,3%](#)

Crypto	Last	1D Change
Bitcoin	20 296,06	2,73%
Ethereum	1 156,92	3,27%



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



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Commodity Corner

Gold dropped as Treasury yields rose and investors weighed the possible scrapping of some US tariffs on Chinese consumer goods that could help ease inflation.

Bullion fell as much as 0.5% in Asian trading, after rising by a similar amount over the previous two sessions. President Joe Biden may announce a rollback of some levies as soon as this week, people familiar with the deliberations said, although the timing could slip, and a final decision made.

It would mark Biden's first major policy step on trade ties with China and appears to be aimed at curbing inflation, which has spurred sharp rate hikes and damped the appeal of non-interest-bearing gold. China's Vice Premier Liu He discussed US tariffs in a call with Treasury Secretary Janet Yellen.

Spot gold fell 0.3% to \$1,811.10 an ounce as of 12:20 p.m. in Singapore, after rising 0.3% Monday. The Bloomberg Dollar Spot Index was steady. Silver and palladium, rose, while platinum edged lower.

Precious Metals		Last	1D Change
<u>Gold</u>		1 811,22	-0,29%
<u>Silver</u>		20,13	0,72%
<u>Platinum</u>		887,97	-0,28%
<u>Palladium</u>		1 942,89	0,65%

Oil held gains as investors assessed still-strong underlying market signals against concerns a recession will eventually sap demand.

West Texas Intermediate traded above \$110 a barrel in Asia after a long holiday weekend in the US. The benchmark is more than 1% higher than Friday's close as there was no settlement on Monday. Key market time spreads remain robust, indicating that there's solid demand for near-term supplies.

Oil has started the third quarter in strong form after dropping in June, when concerns about an economic slowdown spurred the commodity's the first monthly loss this year. While Russia's invasion of Ukraine has roiled crude flows and lifted prices, the jump in energy costs has fanned inflation. That's pushed central banks to raise rates, triggering risks growth will stall.

"I don't think sentiment has fundamentally shifted to a positive tone yet," said Daniel Hynes, senior commodities strategist at Australia & New Zealand Banking Group Ltd. "Further signs of tightness in the physical market will be required."

Still, the crude market remains in backwardation, a bullish structure marked by near-term prices trading above longer-dated ones. Brent's prompt spread -- the difference between its two nearest contracts -- was above \$4 a barrel in backwardation on Tuesday, up from about \$2.50 a barrel a month ago.

World Commodities		Last	1D Change
<u>WTI Crude</u>		109,92	1,37%
<u>Brent Crude</u>		113,19	-0,27%
<u>Nat Gas (HH)</u>		5,82	1,48%
<u>Nickel</u>	22 448,00		3,13%
<u>Copper</u>		357,35	-1,26%
<u>Corn</u>		754,50	1,45%
<u>Wheat</u>		831,25	-4,32%
<u>Soybean</u>		1 626,00	-2,93%
<u>Coffee</u>		228,45	-2,20%
<u>Cotton</u>		103,68	-0,25%
<u>Sugar</u>		18,07	-2,32%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is aiming to violate 1.0440 as investors see eurozone PMI stable. The DXY is displaying a subdued performance as the focus has shifted to the Fed minutes. The ECB may announce its first interest rate hike after a span of 11 years.

GBP/USD fails to cheer US dollar pullback amid Brexit fears, political woes at home. Labor Party steps back from Brexit rejections, UK PM Johnson struggles to defend position amid partygate scandal. US Factory Orders, final readings of UK PMIs will be important for fresh impulse.

USD/JPY extends the recent recovery to recapture 136.00 in Asia this Tuesday. The pair's upside could be linked to the market's positive sentiment and firmer Treasury yields. Sino-American headlines, BOJ chatters keep the buyers hopeful.

AUD/USD is trading pressured towards 0.6850, meeting fresh supply on the expected 50 bps RBA rate hike announcement. Investors resorted to 'sell the fact' trading in the aussie, as a 50-bps increase was fully baked in.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0446	0,23%
<u>EURCHF</u>	1,0031	-0,12%
<u>EURGBP</u>	0,8622	-0,13%
<u>EURJPY</u>	142,32	-0,67%
<u>USDCHF</u>	0,9603	0,09%
<u>USDJPY</u>	136,24	-0,46%
<u>USDCAD</u>	1,2849	0,09%
<u>USDTRY</u>	16,83	-0,14%
<u>GBPUSD</u>	1,2116	-0,02%
<u>AUDUSD</u>	0,6870	0,07%
<u>NZDUSD</u>	0,6221	0,21%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0342	1.0388	1.0405	1.0451	1.0480	1.0526
USDJPY	133.43	134.41	135.02	136.00	136.37	137.35
GBPUSD	1.1963	1.2043	1.2080	1.2160	1.2203	1.2283
USDCAD	1.2729	1.2799	1.2830	1.2900	1.2939	1.3009
AUDUSD	0.6659	0.6754	0.6810	0.6905	0.6944	0.7039
NZDUSD	0.6086	0.6151	0.6179	0.6244	0.6281	0.6346
USDCHF	0.9481	0.9540	0.9576	0.9635	0.9658	0.9717
USDTRY	16.6137	16.7058	16.7585	16.8506	16.8900	16.9821
XAUUSD	1784.68	1798.80	1807.67	1821.79	1827.04	1841.16
XAGUSD	19.4702	19.6930	19.8396	20.0624	20.1386	20.3614

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

ECO Calendars View Alerts Export

G8 Browse 08:13:24 07/05/22 - 07/05/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
07/05	02:30	JN				Jibun Bank Japan PMI Composite	Jun F	--	--	53.2	--
07/05	08:00	RU				S&P Global Russia Services PMI	Jun	49.0	--	48.5	--
07/05	08:00	RU				S&P Global Russia Composite PMI	Jun	--	--	48.2	--
07/05	08:45	FR				Industrial Production MoM	May	0.2%	--	-0.1%	--
07/05	08:45	FR				Industrial Production YoY	May	0.4%	--	-0.3%	--
07/05	08:45	FR				Manufacturing Production MoM	May	0.4%	--	-0.4%	--
07/05	08:45	FR				Manufacturing Production YoY	May	1.7%	--	0.8%	--
07/05	09:45	IT				S&P Global Italy Services PMI	Jun	51.5	--	53.7	--
07/05	09:45	IT				S&P Global Italy Composite PMI	Jun	50.6	--	52.4	--
07/05	09:50	FR				S&P Global France Services PMI	Jun F	54.4	--	54.4	--
07/05	09:50	FR				S&P Global France Composite PMI	Jun F	52.8	--	52.8	--
07/05	09:55	GE				S&P Global Germany Services PMI	Jun F	52.4	--	52.4	--
07/05	09:55	GE				S&P Global Germany Composite PMI	Jun F	51.3	--	51.3	--
07/05	10:00	UK				New Car Registrations YoY	Jun	--	--	-20.6%	--
07/05	10:00	EC				S&P Global Eurozone Services PMI	Jun F	52.8	--	52.8	--
07/05	10:00	EC				S&P Global Eurozone Composite PMI	Jun F	51.9	--	51.9	--
07/05	10:00	IT				Deficit to GDP YTD	1Q	--	--	7.2%	--
07/05	10:30	UK				Official Reserves Changes	Jun	--	--	-\$365m	--
07/05	10:30	UK				S&P Global/CIPS UK Services PMI	Jun F	53.4	--	53.4	--
07/05	10:30	UK				S&P Global/CIPS UK Composite PMI	Jun F	53.1	--	53.1	--
07/05	14:30	CA				Building Permits MoM	May	-1.3%	--	-0.6%	--
07/05	16:00	US				Factory Orders	May	0.5%	--	0.3%	--
07/05	16:00	US				Factory Orders Ex Trans	May	--	--	0.3%	--
07/05	16:00	US				Durable Goods Orders	May F	0.7%	--	0.7%	--
07/05	16:00	US				Durables Ex Transportation	May F	0.7%	--	0.7%	--
07/05	16:00	US				Cap Goods Orders Nondef Ex Air	May F	0.5%	--	0.5%	--
07/05	16:00	US				Cap Goods Ship Nondef Ex Air	May F	--	--	0.8%	--

Source: Refinitiv

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