



Morning Call

Geneva, July 6, 2022

Market Corner

Stocks dipped in Asia on Wednesday as fears of an economic downturn lingered over financial markets, leaving the dollar hovering at the highest level in more than two years.

Falls in Japan, China and Hong Kong hit Asian shares. US futures wavered after a volatile Wall Street session saw equities close up but with little conviction that global shares can escape the clutches of a bear market anytime soon.

The prevailing worries about recession amid a campaign of monetary tightening to fight high inflation spurred a plunge in oil to under \$100 a barrel on Tuesday. It struggled to retake that level in Asian trading.

Treasuries slipped, leaving the US 10-year yield just above 2.80%.

A dollar gauge was firm, and the yen edged up amid the ongoing caution in markets. Bitcoin suffered another swoon, retreating below \$20,000.

Slivers of comfort such as the possible rowing back of some US tariffs on Chinese goods are proving no match for the dour mood in markets. A looming energy crisis in Europe amid Russia's war in Ukraine and threats to company earnings from a slowing US economy are among the risks investors face.

The odds of a US recession in the next year are now 38%, according to latest forecasts from Bloomberg Economics. Bond traders are penciling in a policy turnaround by the Federal Reserve, with current hawkishness giving way to interest-rate cuts in the middle of 2023.

Elsewhere, the pound trimmed losses sparked by turmoil in British politics. Boris Johnson's premiership is on the brink after the resignation of two of the most senior Cabinet members, but he's digging in as UK prime minister.

In China, Shanghai launched mass testing for Covid in nine districts after detecting cases the past two days, fueling concerns that the financial hub may once again find itself locked down in pursuit of Covid Zero.

World Indices	Last	1D Change
<u>Dow Jones</u>	30 967,82	-0,42%
<u>S&P 500</u>	3 831,39	0,16%
<u>Nasdaq</u>	11 322,24	1,75%
<u>Eurostoxx 50</u>	3 359,83	-2,68%
<u>FTSE 100</u>	7 025,47	-2,86%
<u>CAC 40</u>	5 794,96	-2,68%
<u>DAX</u>	12 401,20	-2,91%
<u>SMI</u>	10 702,50	-1,65%
<u>Nikkei</u>	26 135,15	-1,09%
<u>Hang Seng</u>	21 429,45	-1,94%
<u>CSI 300</u>	4 419,90	-1,55%
<u>VIX Index</u>	27,54	0,04%

World Bonds	Last	1D Change
<u>US 10Y</u>	2,8181	0,45%
<u>EUR 10Y</u>	1,1790	-11,55%
<u>Swiss 10Y</u>	0,8240	-13,81%
<u>UK 10Y</u>	2,05	-6,69%

Source: Bloomberg



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Crypto Corner

Core Scientific Inc., a top crypto miner, sold the bulk of its Bitcoin holdings in June as a steep drop in digital assets squeezes finances for even the leaders of the industry.

Core Scientific sold 7,202 mined coins for \$167 million last month, leading to a 79% drop in Bitcoin holdings on its balance sheet, according to the company's monthly update. The Austin, Texas-based company now holds 1,959 coins.

Crypto miners are struggling to repay debt and complete large purchase orders of expensive mining machines they made during the bull run several months ago. Operational costs have exceeded mining revenue for some miners as Bitcoin had its worst quarter in more than a decade. High-profile crypto blowups are battering the industry, helping contribute to declines in the world's biggest cryptocurrency, which fell below \$20,000 last month for the first time since 2020.

"Our industry is enduring tremendous stress as capital markets have weakened, interest rates are rising, and the economy deals with historic inflation," said Mike Levitt, Core Scientific's chief executive officer.

Founded in 2017, Core Scientific is one of the largest Bitcoin miners in the world with 180,000 servers and nearly 10% of the current computing power that secures the entire Bitcoin blockchain network as of June 30, according to the latest public filing.

Public mining companies often hold most of their mined Bitcoin to serve as a proxy in the stock market drawing investors that want to get cryptocurrency exposure while not holding the tokens directly. Some firms believe large Bitcoin holdings will boost their balance sheet in the long run as the token appreciates in value over time.

While Bitcoin-hoarding public miners such as Marathon Digital Holdings Inc. and Hut 8 Mining Corp. have not sold any Bitcoin so far, others have started large sales to keep afloat. Canadian crypto miner Bitfarms Ltd. sold about half of its mined coins in June and used part of the proceeds to pay down a loan while Riot Blockchain Inc. had its first sale earlier this year.

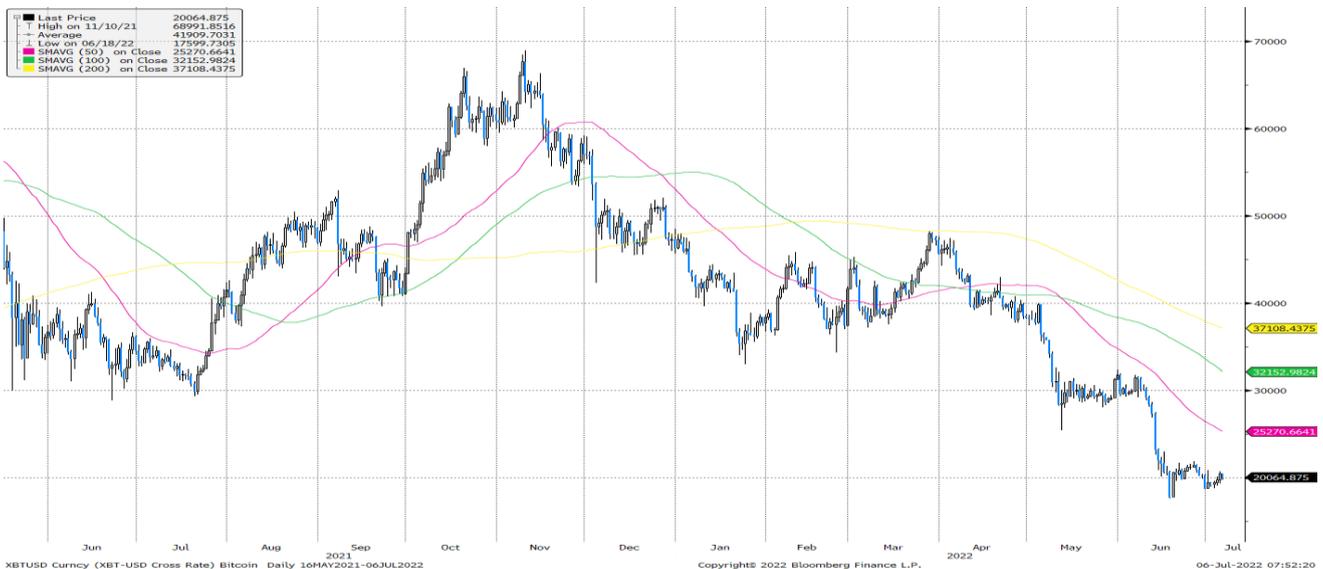
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Crypto	Last	1D Change
Bitcoin	20 069,22	-1,82%
Ethereum	1 134,93	-1,62%

Crypto Market Cap: **\$905B**

24h Vol: **\$67,1B**

Dominance: **BTC: 42,4% ETH: 15,2%**



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



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Commodity Corner

Gold held near the lowest level in more than six months as investors sought the US dollar as a haven asset amid growing recession fears that have damped risk sentiment.

Bullion declined 2.4% Tuesday as the greenback rose to the highest since March 2020 on concerns of a looming downturn as central banks globally tighten monetary policy to tame inflation.

Signs of a rapidly deteriorating US economic outlook have spurred bond traders to pencil in a complete policy turnaround by the Federal Reserve in the coming year, with interest-rate cuts in the middle of 2023. The odds of a US recession in the next year are now 38%, according to latest forecasts from Bloomberg Economics.

The minutes of the Fed's latest meeting due Wednesday will be parsed for further clues on the central bank's tightening path and whether it's likely to hike by 50 or 75 basis points at its July 26-27 gathering. Investors will also be awaiting US nonfarm payrolls and unemployment data due Friday.

Spot gold rose 0.3% to \$1,770.46 an ounce as of 11:47 a.m. in Singapore, after dropping to \$1,764.07 on Tuesday, the lowest level since Dec. 15. The Bloomberg Dollar Spot Index was steady. Silver was little changed, while platinum and palladium fell.

Precious Metals		Last	1D Change
<u>Gold</u>		1 764,59	-0,01%
<u>Silver</u>		18,97	-1,29%
<u>Platinum</u>		859,95	-1,01%
<u>Palladium</u>		1 926,72	-0,53%

Oil steadied near \$100 a barrel as banks including Goldman Sachs Group Inc. said a plunge driven by fears a recession will hurt demand was overdone, and the outlook for energy consumption in China improved.

West Texas Intermediate was little changed after collapsing by 8% to the lowest close since late April as mounting angst about a slowdown spurred a sell-off in commodities including crude. Goldman Sachs said global consumption was running ahead of supply, and inventories were nearing critically low levels, although Citigroup Inc. has warned prices could fall below \$70 a barrel.

Oil has opened the third quarter on a volatile footing as concerns about a potential recession rattled financial markets. With central banks including the Federal Reserve jacking up interest rates to tame inflation, investors have been pricing in the consequences of a slowdown even as physical crude markets continue to show signs of vigor and the war in Ukraine drags on.

World Commodities		Last	1D Change
<u>WTI Crude</u>		99,23	-0,27%
<u>Brent Crude</u>		103,06	0,28%
<u>Nat Gas (HH)</u>		5,57	0,76%
<u>Nickel</u>		22 586,00	0,61%
<u>Copper</u>		338,70	-1,11%
<u>Corn</u>		747,00	1,49%
<u>Wheat</u>		791,00	-0,35%
<u>Soybean</u>		1 564,00	-0,71%
<u>Coffee</u>		224,65	-1,66%
<u>Cotton</u>		99,68	-3,86%
<u>Sugar</u>		17,80	-1,49%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is dropping towards 1.0200, resuming the previous selling spiral in early Europe. The US dollar regains upside traction, as risk sentiment remains sour amid looming recession risks and China's renewed covid concerns. EU data, Fed Minutes in focus.

GBP/USD is approaching 1.1900, sitting at the lowest level since March 2022. UK's three key diplomats resigned, destabilizing PM Johnson's government. Brexit and recession risks lurk weighing on the pair. The US dollar firms up again ahead of the Fed Minutes.

USD/JPY remains pressured towards 135.00 amid a renewed US dollar demand. The bears are lurking in a risk-off setting and lower US yields are supporting a bid in the yen. US ISM, Fed Minutes awaited.

AUD/USD is recovering ground above 0.6800, having plunged to two-year lows on recession fears. The aussie bounces amid a broad US dollar retreat, as Australian banks pass on the RBA rate hike in full. China's covid lockdown woes cap the pair's upside. Fed minutes eyed.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0248	-0,18%
<u>EURCHF</u>	0,9922	0,23%
<u>EURGBP</u>	0,8590	0,04%
<u>EURJPY</u>	138,62	0,60%
<u>USDCHF</u>	0,9682	0,03%
<u>USDJPY</u>	135,27	0,43%
<u>USDCAD</u>	1,3051	-0,14%
<u>USDTRY</u>	17,05	-0,26%
<u>GBPUSD</u>	1,1930	-0,14%
<u>AUDUSD</u>	0,6785	-0,25%
<u>NZDUSD</u>	0,6153	-0,31%

XDSH FX Dashboard My Pivot Points 1 Month - Support / Resi... : IBM US Equity							
Currencies	S3	S2	S1	R1	R2	R3	
EURUSD	0.9889	1.0103	1.0185	1.0399	1.0531	1.0745	
USDJPY	134.25	135.08	135.47	136.30	136.74	137.57	
GBPUSD	1.1538	1.1764	1.1856	1.2082	1.2216	1.2442	
USDCAD	1.2507	1.2747	1.2890	1.3130	1.3227	1.3467	
AUDUSD	0.6554	0.6687	0.6744	0.6877	0.6953	0.7086	
NZDUSD	0.5971	0.6073	0.6122	0.6224	0.6277	0.6379	
USDCHF	0.9437	0.9549	0.9617	0.9729	0.9773	0.9885	
USDTRY	16.3860	16.6657	16.8356	17.1153	17.2251	17.5048	
XAUUSD	1684.08	1732.21	1748.49	1796.62	1828.47	1876.60	
XAGUSD	17.3085	18.4074	18.8109	19.9098	20.6052	21.7041	

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

ECO Calendars View Alerts Export

G8 Browse 08:00:42 07/06/22 - 07/06/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
07/04-07/08		RU				Wellbeing Fund	Jun	--	--	\$197.7b	--
06/29-07/08		RU				Consumer Confidence Index	2Q	--	--	-21	--
07/06	08:00	GE				Factory Orders MoM	May	-0.5%	--	-2.7%	--
07/06	08:00	GE				Factory Orders WDA YoY	May	-5.0%	--	-6.2%	--
07/06	09:30	GE				S&P Global Germany Construction PMI	Jun	--	--	45.4	--
07/06	10:30	UK				S&P Global/CIPS UK Construction PMI	Jun	55.0	--	56.4	--
07/06	11:00	EC				Retail Sales MoM	May	0.4%	--	-1.3%	--
07/06	11:00	EC				Retail Sales YoY	May	-0.3%	--	3.9%	--
07/06	13:00	US				MBA Mortgage Applications	Jul 1	--	--	0.7%	--
07/06	15:45	US				S&P Global US Services PMI	Jun F	51.6	--	51.6	--
07/06	15:45	US				S&P Global US Composite PMI	Jun F	51.2	--	51.2	--
07/06	16:00	US				ISM Services Index	Jun	54.0	--	55.9	--
07/06	16:00	US				JOLTS Job Openings	May	11000k	--	11400k	--
07/06	18:00	RU				CPI WoW	Jul 1	--	--	0.00%	--
07/06	18:00	RU				CPI Weekly YTD	Jul 1	--	--	11.51%	--
07/06	20:00	US				FOMC Meeting Minutes	Jun 15	--	--	--	--
07/06		RU				Light Vehicle Car Sales YoY	Jun	--	--	-83.5%	--

Source: Refinitiv

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