



Morning Call

Geneva, July 7, 2022

Market Corner

The technology sector lifted Asian stocks on Thursday, the dollar dipped, and oil stabilized as the prevailing concerns in markets about high inflation and the risk of recession eased a little.

MSCI Inc.'s Asia-Pacific share index added more than 0.5%, aided by a rally in chipmakers after a positive reception for Samsung Electronics Co.'s results. US and European futures were in the green following gains on Wall Street.

Crude oil snapped a slide that's become emblematic of economic growth worries but remained below \$100 a barrel. A dollar gauge edged down and commodity-linked currencies like Australia's pushed higher.

Samsung reported a better-than-anticipated revenue jump, assuaging some fears about weakening consumer demand and soaring material costs. Investors earlier had been focused on the Federal Reserve's determination to tackle inflation even at the expense of slower economic activity.

The minutes of the Fed's June meeting flagged the possibility of "even more restrictive" monetary policy to prevent entrenched inflation. That triggered a slide in Treasuries on Wednesday led by shorter maturities, but they pared some of that move in Asian trading.

The latest market gyrations extend a period of volatility across assets as investors grapple with threats from elevated price pressures and a parlous economic outlook amid tightening monetary settings in much of the world.

Markets see another 75-basis point Fed hike in July. The peak of the tightening cycle in early 2023 is now seen at about 3.4% from around 3.2% earlier. US yield curve inversions are among the signs that higher rates could spark a recession and a reversal by the Fed in favor of looser policy later next year.

In China, Shanghai reported the most virus infections since late May, fueling concern it may find itself back in lockdown in pursuit of Covid Zero. For now, China's central bank looks set to withdraw cash from the financial system in a sign that it's moving toward normalizing monetary policy.

The pound pared losses sparked by the continuing political drama in the UK. Boris Johnson told Cabinet colleagues he will not resign as Conservative leader and prime minister, despite a slew of ministers quitting and some of his closest allies demanding he go.

World Indices	Last	1D Change
<u>Dow Jones</u>	31 037,68	0,23%
<u>S&P 500</u>	3 845,08	0,36%
<u>Nasdaq</u>	11 361,85	0,35%
<u>Eurostoxx 50</u>	3 421,84	1,85%
<u>FTSE 100</u>	7 107,77	1,17%
<u>CAC 40</u>	5 912,38	2,03%
<u>DAX</u>	12 594,52	1,56%
<u>SMI</u>	10 840,60	1,29%
<u>Nikkei</u>	26 452,51	1,32%
<u>Hang Seng</u>	21 575,28	-0,05%
<u>CSI 300</u>	4 451,11	0,61%
<u>VIX Index</u>	26,73	-2,94%

World Bonds	Last	1D Change
<u>US 10Y</u>	2,9133	-0,50%
<u>EUR 10Y</u>	1,2060	2,29%
<u>Swiss 10Y</u>	0,7770	-5,70%
<u>UK 10Y</u>	2,09	2,10%

Source: Bloomberg



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Crypto Corner

BTC bulls are holding \$20,000, but most traders are confident that the price will remain range-bound for at least six more months.

Trading across the cryptocurrency market was relatively subdued on July 5 as the ecosystem continues to digest the fallout from the Three Arrows Capital scandal and Voyager Digital announcing that it has filed for Chapter 11 bankruptcy protection.

Data from Cointelegraph Markets Pro and TradingView shows that the price of Bitcoin (BTC) has spent the day oscillating around the \$20,000 support level, ranging from a low of \$19,775 to an intraday high of \$20,480 on \$25.48 billion in trading volume.

Here's a look at what several analysts are saying about what could come next for Bitcoin and what support and resistance levels to keep an eye on in the event of a sharp move in price.

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Crypto Market Cap: [\\$905B](#)

24h Vol: [\\$67,1B](#)

Dominance: [BTC: 42,4%](#) [ETH: 15,2%](#)

Crypto	Last	1D Change
Bitcoin	20 313,65	-0,33%
Ethereum	1 167,02	0,55%



Source: fxstreet.com / Bloomberg/Coinmarketcap.com



Commodity Corner

Gold held near a nine-month low as minutes showed the Federal Reserve is likely to keep raising interest rates for longer to prevent higher inflation from becoming entrenched.

Bullion has slumped almost 4% over the past two trading sessions, losing out to the US dollar on haven flows, as fears of a recession have mounted. The minutes from the Fed's June 14-15 meeting released Wednesday showed that policy makers "recognized the possibility that an even more restrictive stance could be appropriate if elevated inflation pressures were to persist."

Markets are expecting another 75 basis-point hike in July. Investors are also waiting for US nonfarm payrolls and unemployment data due Friday. The odds of a US recession in the next year are now 38%, according to Bloomberg Economics.

Spot gold rose 0.1% to \$1,740.35 an ounce as of 9:26 a.m. in Singapore, after dropping to \$1,732.33 on Wednesday, the lowest level since Sept. 30. The Bloomberg Dollar Spot Index was flat after rising 1.4% over the last two sessions. Silver and platinum were little changed, while palladium climbed.

Precious Metals		Last	1D Change
<u>Gold</u>		1 746,98	0,47%
<u>Silver</u>		19,37	0,82%
<u>Platinum</u>		864,55	0,58%
<u>Palladium</u>		1 923,25	0,81%

Oil edged higher, paring a deep weekly loss, as investors weighed concerns that a potential global slowdown would hollow out energy demand against signs of still-tight physical markets.

US benchmark West Texas Intermediate crude climbed above \$99 a barrel but remains more than 8% lower this week. Over the past month, escalating fears that a looming recession will erode consumption have driven prices down even as the market continues to show signs that supplies remain tight at present.

Oil's retreat means the world's most crucial commodity has given up the bulk of the gains seen in the wake of Russia's invasion of Ukraine, which lifted the US benchmark above \$130 a barrel in March. Surging inflationary pressures have prompted the Federal Reserve to tighten policy aggressively, which in turn spurred expectations that a demand-sapping recession may lie ahead. The dynamic has largely overshadowed concerns over supply tightness.

World Commodities		Last	1D Change
<u>WTI Crude</u>		98,70	0,17%
<u>Brent Crude</u>		100,81	0,12%
<u>Nat Gas (HH)</u>		5,56	0,82%
<u>Nickel</u>		21 782,00	-3,56%
<u>Copper</u>		348,80	2,05%
<u>Corn</u>		751,00	0,91%
<u>Wheat</u>		792,25	-0,19%
<u>Soybean</u>		1 591,00	0,68%
<u>Coffee</u>		222,50	-0,96%
<u>Cotton</u>		94,69	-5,01%
<u>Sugar</u>		17,99	1,07%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is attempting to extend its recovery above 1.0200 as investors expect a downbeat US NFP. A preliminary estimate for the US NFP is 270k, lower than the prior print of 390k. Stable Average Hourly Earnings in the US may hurt the paychecks of the households.

GBP/USD snaps two-day downtrend at the lowest levels since March 2020. UK PM Johnson refrains from stepping down despite political push, slew of Tory resignations.

USD/JPY snaps a three-day uptrend, retreating below 136.00 during Thursday's Asian session. The yen pair's latest weakness could be linked to the pullback in the US Treasury yields, as well as hawkish hopes from BOJ amid a sluggish session.

AUD/USD is extending its recovery above 0.6800 after the Australian Trade data beat estimates. The US dollar bulls take a breather following the FOMC Minutes-led upsurge. Risk flows return despite renewed covid concerns and lingering recession fears. US jobs data eyed.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0210	0,28%
<u>EURCHF</u>	0,9887	-0,03%
<u>EURGBP</u>	0,8540	-0,01%
<u>EURJPY</u>	138,55	-0,09%
<u>USDCHF</u>	0,9684	0,27%
<u>USDJPY</u>	135,70	0,18%
<u>USDCAD</u>	1,3010	0,25%
<u>USDTRY</u>	17,25	-0,13%
<u>GBPUSD</u>	1,1956	0,25%
<u>AUDUSD</u>	0,6819	0,59%
<u>NZDUSD</u>	0,6182	0,55%

XDSH FX Dashboard My Pivot Points 1 Month - Support / Resi... : IBM US Equity							
Views	Actions	S3	S2	S1	R1	R2	R3
Currencies							
EURUSD		0.9979	1.0093	1.0137	1.0251	1.0321	1.0435
USDJPY		133.54	134.59	135.27	136.32	136.69	137.74
GBPUSD		1.1704	1.1817	1.1872	1.1985	1.2043	1.2156
USDCAD		1.2912	1.2978	1.3010	1.3076	1.3110	1.3176
AUDUSD		0.6661	0.6725	0.6752	0.6816	0.6853	0.6917
NZDUSD		0.6037	0.6097	0.6123	0.6183	0.6217	0.6277
USDCHF		0.9566	0.9637	0.9674	0.9745	0.9779	0.9850
USDTRY		16.6038	16.8775	17.0508	17.3245	17.4249	17.6986
XAUUSD		1666.96	1707.49	1723.18	1763.71	1788.55	1829.08
XAGUSD		18.2450	18.7108	18.9594	19.4252	19.6424	20.1082

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

ECO Calendars View Alerts Export

G8 Browse 08:02:44 07/07/22 - 07/07/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/29-07/08		RU				Consumer Confidence Index	2Q	--	--	-21	--
07/07	01:50	JN				Foreign Buying Japan Stocks	Jul 1	--	--	-¥429.7b	--
07/07	01:50	JN				Foreign Buying Japan Bonds	Jul 1	--	--	¥660.9b	--
07/07	01:50	JN				Japan Buying Foreign Stocks	Jul 1	--	--	¥51.4b	--
07/07	01:50	JN				Japan Buying Foreign Bonds	Jul 1	--	--	-¥1600.6b	--
07/07	03:00	JN				Bloomberg July Japan Economic Survey					
07/07	04:00	JN				Tokyo Avg Office Vacancies	Jun	--	--	6.37	--
07/07	07:00	JN				Leading Index CI	May P	101.5	--	102.9	--
07/07	07:00	JN				Coincident Index	May P	95.5	--	96.8	--
07/07	08:00	GE				Industrial Production SA MoM	May	0.4%	--	0.7%	--
07/07	08:00	GE				Industrial Production WDA YoY	May	-1.8%	--	-2.2%	--
07/07	10:30	UK				Output Per Hour YoY	1Q F	--	--	-0.8%	--
07/07	13:30	US				Challenger Job Cuts YoY	Jun	--	--	-15.8%	--
07/07	14:30	US				Trade Balance	May	-\$84.7b	--	-\$87.1b	--
07/07	14:30	CA				Int'l Merchandise Trade	May	2.50b	--	1.50b	--
07/07	14:30	US				Initial Jobless Claims	Jul 2	230k	--	231k	--
07/07	14:30	US				Continuing Claims	Jun 25	1330k	--	1328k	--
07/07	15:00	RU				Official Reserve Assets	Jun	--	--	587.4b	--
07/07	15:00	RU				Gold and Forex Reserve	Jul 1	--	--	586.1b	--
07/07	16:00	CA				Ivey Purchasing Managers Index SA	Jun	--	--	72.0	--
07/07		IT				Bank of Italy Report on Balance-Sheet Aggregates					

Source: Refinitiv

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