



Morning Call

Geneva, August 19, 2022

Market Corner

Asian stocks fell, heading for their first weekly drop in five, as renewed concerns about growth in China, the region's biggest economy, dampened investor sentiment.

The MSCI Asia Pacific Index retreated as much as 0.6% before trimming the loss on Friday, set for a decline of about 0.9% this week. A gauge of China stocks listed in Hong Kong headed for its worst week this month, losing almost 2%. South Korean stocks were also notable losers this week.

Concerns about China's growth resurfaced even as the country planned more fiscal stimulus on a gloomy outlook and as banks were expected to lower borrowing costs next week. Goldman Sachs and Nomura further cut their growth estimates for China's gross domestic product earlier this week, with a power supply crunch adding more uncertainty to the outlook.

US stocks closed higher after a volatile session amid low-volume trading on Thursday as investors parsed a flurry of results from retailers that suggested the consumer was more resilient than expected, even as slowdown fears lingered.

The S&P 500 Index closed up 0.2%. Seven of the 11 major industry groups rose, with energy and information technology sectors leading the advances. The tech-heavy Nasdaq 100 Index gained 0.3%, and the Dow Jones Industrial Average rose about 0.1%. Cisco Systems Inc., Nvidia Corp. and Exxon Mobil Corp. were the biggest contributors to S&P's gains.

The benchmark index flipped between positive and negative throughout the day amid mixed signals. Cisco had an upbeat outlook, saying it is seeing no indication that customers are tightening their budgets. US jobless claims unexpectedly dipped for first time in three weeks, suggesting demand for labor remains healthy, but also raising the possibility that the Federal Reserve may have to cut rates more aggressively than expected.

World Indices	Last	1D Change
<u>Dow Jones</u>	33 999,04	0,06%
<u>S&P 500</u>	4 283,74	0,23%
<u>Nasdaq</u>	12 965,34	0,21%
<u>Eurostoxx 50</u>	3 777,38	0,57%
<u>FTSE 100</u>	7 541,85	0,35%
<u>CAC 40</u>	6 557,40	0,45%
<u>DAX</u>	13 697,41	0,52%
<u>SMI</u>	11 167,59	0,35%
<u>Nikkei</u>	28 919,18	-0,08%
<u>Hang Seng</u>	19 817,39	0,27%
<u>CSI 300</u>	4 167,84	-0,29%
<u>VIX Index</u>	19,56	-1,71%

World Bonds	Last	1D Change
<u>US 10Y</u>	2,9170	1,21%
<u>EUR 10Y</u>	1,1020	1,75%
<u>Swiss 10Y</u>	0,5290	-3,11%
<u>UK 10Y</u>	2,31	0,96%

Source: Bloomberg



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Crypto Corner

Canadian banks and insurers must limit their exposure to crypto assets to a small fraction of their capital under new interim rules from the country's financial regulator.

Financial firms need to notify the Office of the Superintendent of Financial Institutions if their gross exposure to type 2 crypto assets -- which, under the regulator's definition, would likely encompass most cryptocurrencies -- exceeds 1% of their Tier 1 capital, the regulator said Thursday.

Firms also need to notify OSFI if their total net short positions on those assets exceed 0.1% of Tier 1 capital. The rules are effective in the second quarter of 2023.

The interim rules represent the first significant framework for how Canadian financial institutions should treat cryptocurrencies, which are largely unregulated in the country. OSFI said it would update the approach to reflect future developments -- including the government's legislative review of the topic, guidance from the Basel Committee on Banking Supervision and any related developments in the crypto market.

Type 1 crypto assets -- which represent a legal claim on an underlying asset and have other safeguards in place -- may receive credit-risk capital treatment and liquidity treatment that is consistent with that applied to comparable traditional assets, according to the new guidelines.

Crypto Market Cap: [\\$1,08T](#)

24h Vol: [\\$65,7B](#)

Dominance: [BTC: 40,2%](#) [ETH: 20,5%](#)

Crypto	Last	1D Change
Bitcoin	22 797,38	-2,65%
Ethereum	1 813,43	-3,41%



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



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Commodity Corner

Gold headed for the first weekly decline in five as traders weighed mixed signals from Federal Reserve officials on the size of the next interest-rate increase.

Bullion dropped to a three-week low amid an ongoing discussion on whether the Fed will shift to less aggressive rate hikes. The policy makers offered divergent views, with St. Louis's James Bullard urging another 75 basis-point move while Kansas City's Esther George struck a more cautious tone, saying the case for rate rises remains strong but the pace is up for debate.

Spot gold fell as much as 0.4% to \$1,751.91 an ounce, the lowest level since July 28, and traded at \$1,753.18 as of 12:33 p.m. in Singapore. Prices are down 2.7% this week. The Bloomberg Dollar Spot Index rose 0.3% after climbing 0.6% in the previous session. Silver, platinum and palladium all dropped.

Precious Metals	Last	1D Change
<u>Gold</u>	1 756,34	-0,13%
<u>Silver</u>	19,37	-0,88%
<u>Platinum</u>	912,87	-0,18%
<u>Palladium</u>	2 152,83	-0,36%

Oil is heading for a weekly loss as lingering concerns over an economic slowdown overshadowed signs of improving US demand.

West Texas Intermediate futures dipped toward \$90 a barrel on Friday and are down around 2% for the week after another period of choppy trading. While US gasoline demand has picked up after pump prices tumbled, concerns about weakening economic growth continue to hang over the market.

Oil has given up all of the gains put on after Russia's invasion of Ukraine and hit the lowest level in more than six months earlier this week before clawing back some losses. Traders are also watching for any progress on the Iranian nuclear deal, which could lead to more crude flows from the OPEC producer.

The market will also be digesting mixed policy signals from Federal Reserve officials on interest rates. St. Louis's James Bullard urged another 75 basis-point move while Kansas City's Esther George struck a more cautious tone, saying the pace of hikes is up for debate. The dollar has also strengthened this week, adding to headwinds for commodities.

World Commodities	Last	1D Change
<u>WTI Crude</u>	90,08	-0,46%
<u>Brent Crude</u>	96,20	-0,40%
<u>Nat Gas (HH)</u>	9,13	-0,63%
<u>Nickel</u>	21 724,00	-0,49%
<u>Copper</u>	363,30	0,04%
<u>Corn</u>	621,25	0,24%
<u>Wheat</u>	735,25	0,51%
<u>Soybean</u>	1 490,25	-0,35%
<u>Coffee</u>	214,70	-1,26%
<u>Cotton</u>	115,81	-1,12%
<u>Sugar</u>	17,77	-2,58%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD holds lower ground near the monthly bottom, approaching 1.0050 as the US dollar trades firmer amid a sluggish European morning. Fears of German recession, geopolitical concerns and hawkish Fedspeak weigh on the major currency pair.

GBP/USD is off the lows but remains vulnerable amid mixed UK Retail Sales and broad USD strength. The UK Retail Sales surprised positively, with a 0.3% rise MoM in July. On an annualized basis, UK consumer spending fell 3.4% vs. 3.3% expected.

USD/JPY prints a four-day uptrend as it refreshes the monthly peak around 136.40 during early Friday morning in Europe. In doing so, the yen pair justifies the previous day's upside clearance of the one-month-old horizontal area, as well as the 50-DMA.

AUD/USD is trading back above 0.6900, rebounding from two-week lows, as the US dollar stalls its rally amid a cautious mood. Poor set of Australian data combined with US-Sino tensions keep the bearish pressure intact on the aussie.

World Currencies	Last	1D Change
EURUSD	1,0085	-0,02%
EURCHF	0,9663	-0,12%
EURGBP	0,8462	-0,08%
EURJPY	137,42	-0,23%
USDCHF	0,9582	-0,17%
USDJPY	136,26	-0,27%
USDCAD	1,2959	-0,08%
USDTRY	18,10	-0,23%
GBPUSD	1,1917	-0,11%
AUDUSD	0,6914	-0,04%
NZDUSD	0,6239	-0,34%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9894	1.0007	1.0047	1.0160	1.0233	1.0346
USDJPY	132.98	134.23	135.06	136.31	136.73	137.98
GBPUSD	1.1664	1.1821	1.1875	1.2032	1.2135	1.2292
USDCAD	1.2760	1.2846	1.2897	1.2983	1.3018	1.3104
AUDUSD	0.6787	0.6858	0.6887	0.6958	0.7000	0.7071
NZDUSD	0.6141	0.6207	0.6234	0.6300	0.6339	0.6405
USDCHF	0.9399	0.9472	0.9519	0.9592	0.9618	0.9691
USDTRY	17.6463	17.8462	17.9528	18.1527	18.2460	18.4459
XAUUSD	1728.30	1745.24	1751.92	1768.86	1779.12	1796.06
XAGUSD	18.7456	19.2007	19.3699	19.8250	20.1109	20.5660

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars

G8 Browse 08:13:28 08/19/22 - 08/19/22

Economic Releases All Economic Releases

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
08/19	01:01	UK	█	█	█	GfK Consumer Confidence	Aug	-42	--	-41	--
08/19	01:30	JN	█	█	█	Natl CPI YoY	Jul	2.6%	--	2.4%	--
08/19	01:30	JN	█	█	█	Natl CPI Ex Fresh Food YoY	Jul	2.4%	--	2.2%	--
08/19	01:30	JN	█	█	█	Natl CPI Ex Fresh Food, Energy YoY	Jul	1.1%	--	1.0%	--
08/19	08:00	UK	█	█	█	Retail Sales Inc Auto Fuel MoM	Jul	-0.2%	--	-0.1%	--
08/19	08:00	UK	█	█	█	Retail Sales Inc Auto Fuel YoY	Jul	-3.3%	--	-5.8%	--
08/19	08:00	UK	█	█	█	Retail Sales Ex Auto Fuel MoM	Jul	-0.3%	--	0.4%	--
08/19	08:00	UK	█	█	█	Retail Sales Ex Auto Fuel YoY	Jul	-3.1%	--	-5.9%	--
08/19	08:00	UK	█	█	█	Public Finances (PSNCR)	Jul	--	--	12.6b	--
08/19	08:00	UK	█	█	█	Central Government NCR	Jul	--	--	12.3b	--
08/19	08:00	UK	█	█	█	Public Sector Net Borrowing	Jul	--	--	22.1b	--
08/19	08:00	UK	█	█	█	PSNB ex Banking Groups	Jul	3.2b	--	22.9b	--
08/19	08:00	GE	█	█	█	PPI MoM	Jul	0.7%	--	0.6%	--
08/19	08:00	GE	█	█	█	PPI YoY	Jul	31.8%	--	32.7%	--
08/19	10:00	EC	█	█	█	ECB Current Account SA	Jun	--	--	-4.5b	--
08/19	10:00	RU	█	█	█	Money Supply Narrow Def	Aug 12	--	--	14.34t	--
08/19	10:30	IT	█	█	█	Current Account Balance	Jun	--	--	-1251m	--
08/19	14:30	CA	█	█	█	Retail Sales MoM	Jun	0.4%	--	2.2%	--
08/19	14:30	CA	█	█	█	Retail Sales Ex Auto MoM	Jun	0.9%	--	1.9%	--

Source: Refinitiv

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