



## Morning Call

Geneva, August 23, 2022

# Market Corner

**Asian shares dropped as investors reduced bets on tech and other growth stocks amid receding expectations of slower monetary tightening by the Federal Reserve.**

The MSCI Asia Pacific Index fell as much as 0.8% to the lowest level in about four weeks. TSMC, Sony and Samsung were among the biggest contributors to the drop. Benchmarks in most countries were in the red, with key measures in Japan and the Philippine tumbling more than 1%.

Expectations are building ahead of this week's Jackson Hole central banker meeting that Chair Jerome Powell will double down on the need to tame inflation. That's helped cool the recent equity rally that was fueled by bets on slower rate hikes.

In addition to currency, traders were monitoring the impact of expected tighter Fed policy on bonds, with the 10-year Treasury yield climbing above 3%. Corporate earnings are also in focus, with more than 340 members of the MSCI Asian benchmark reporting this week.

**Stocks sank light summer trading Monday with technology companies leading the selloff as investors await signals on the path of interest-rate hikes at the Federal Reserve's annual Jackson Hole economic symposium later this week.**

The S&P 500 Index dropped 2.1% for its worst day since the index's June 16 bottom, with all 11 major industry groups lower, led by the consumer discretionary and information technology sectors. The tech-heavy Nasdaq 100 Index sank 2.7% for its worst day since late June. The 10-year Treasury yield topped 3% on the prospect of further rate increases, weighing on tech and growth stocks, whose elevated valuations become targets as borrowing costs rise. The blue-chip Dow Jones Industrial Average fell 1.9%.

Investors are unloaded shares ahead of the Fed gathering in Jackson Hole, Wyoming, that starts on Thursday. Minutes from the central bank's July meeting released last week affirmed plans for more rate hikes despite signs of a weaker US economy. Traders fear that aggressive steps to fight decades-high inflation may threaten to derail US economic growth and upend a rally that had added \$7 trillion to the stock market.

World Indices	Last	1D Change
Dow Jones	33 063,61	-1,91%
S&P 500	4 137,99	-2,14%
Nasdaq	12 381,57	-2,55%
Eurostoxx 50	3 658,22	-1,93%
FTSE 100	7 533,79	-0,22%
CAC 40	6 378,74	-1,80%
DAX	13 230,57	-2,32%
SMI	11 085,84	-0,64%
Nikkei	28 459,72	-1,16%
Hang Seng	19 498,42	-0,81%
CSI 300	4 161,91	-0,47%
VIX Index	23,80	15,53%

World Bonds	Last	1D Change
US 10Y	3,0091	-0,18%
EUR 10Y	1,3060	6,18%
Swiss 10Y	0,7360	11,35%
UK 10Y	2,51	4,27%

Source: Bloomberg



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### Crypto Corner

The much-anticipated upgrade of Ethereum will create new participants called builders in the blockchain ecosystem, a move that risks altering the power structure of what is arguably the most commercially important cryptocurrency network.

Under the current system, networks of computers known as miners pluck transactions out of a special data pool and arrange them into blocks that are added to the blockchain. The miners are being eliminated as part of a plan to reduce energy consumption. After the planned September upgrade known as the Merge, the builders will gather transactions into blocks, which they will then send to the validators. The validators will sign off on the order of the blocks that will form the upgraded blockchain.

This seemingly geeky change, part of a portion of the software upgrade that is called MEV-Boost, could potentially make Ethereum more centralized, at least initially. While there are already more than 416,000 validators lined up to order transactions, there are only a handful of participants committed to serving as builders. The largest is Flashbots, which makes open-source software used by trading bots.

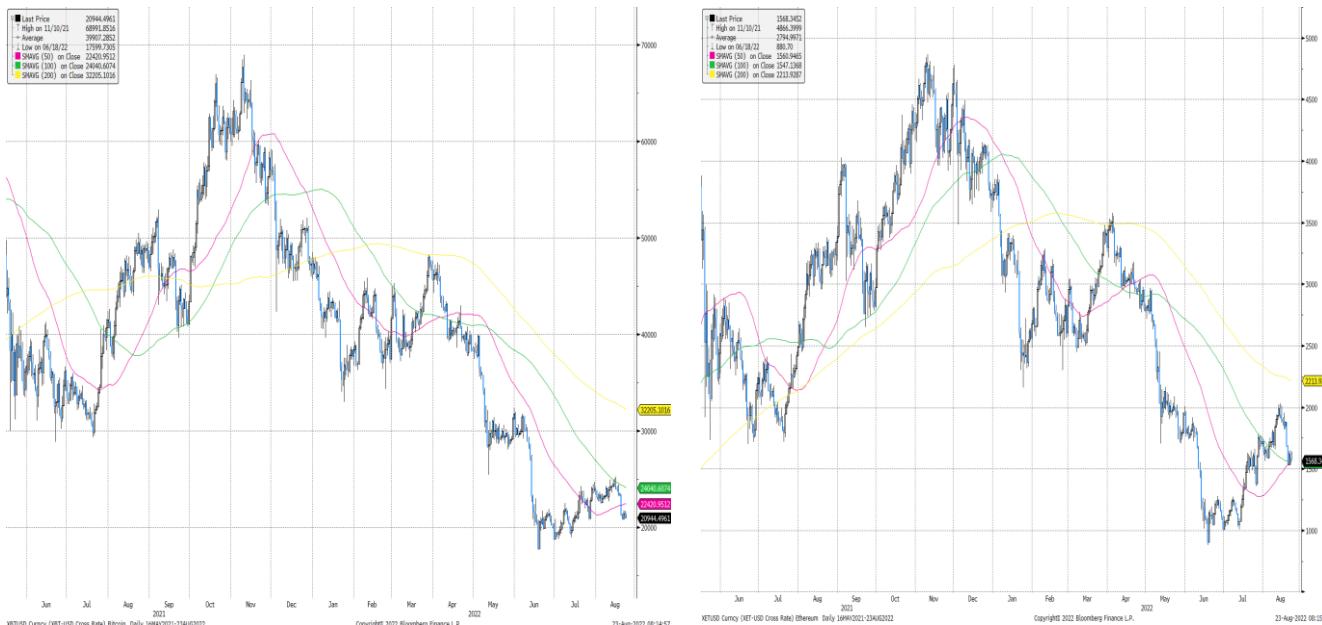
Flashbots is already the dominant way for miners to collect fees from traders by letting their transactions front-run and otherwise step around others. Other participants are considering becoming builders because of concern about Flashbots or similar entities having too much control if a major wallet starts sending all transactions to one builder.

""  
Crypto Market Cap: [\\$1,005T](#)

24h Vol: [\\$71,1B](#)

Dominance: [BTC: 439,9%](#) [ETH: 19,1%](#)

Crypto	Last	1D Change
Bitcoin	20 930,25	-0,92%
Ethereum	1 567,07	-0,77%



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



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## Commodity Corner

**Gold traded near the lowest level in more than three weeks as Treasury yields and the US dollar climbed ahead of the annual gathering of central bankers at Jackson Hole this week.**

Bullion capped six straight days of declines, the longest stretch since June 2021, as some Federal Reserve officials took a hawkish stance, signaling interest rates will rise further to contain price pressures. Chair Jerome Powell's speech on Friday is expected to offer clues on the Fed's tightening path, with hedge funds making record bets that the US central bank will stick to its hawkish script.

**Spot gold** was little changed at \$1,737.06 an ounce as of 1:33 p.m. in Singapore, after tumbling as much as 1.1% to \$1,727.84 on Monday, the lowest level since July 27. The Bloomberg Dollar Spot Index was flat after climbing 0.6% in the previous session. Silver and platinum dropped, while palladium gained.

Precious Metals	Last	1D Change
<u>Gold</u>	1 737,83	0,09%
<u>Silver</u>	18,92	-0,38%
<u>Platinum</u>	874,16	-0,49%
<u>Palladium</u>	2 022,74	1,00%

**Oil rose to trade near \$91 a barrel after Saudi Arabia said OPEC+ may be forced to cut production to stabilize a volatile market.**

"Extreme" volatility and a lack of liquidity means futures are increasingly disconnected from fundamentals; Saudi Arabia's Oil Minister Prince Abdulaziz bin Salman told Bloomberg. That spurred a choppy session on Monday which saw West Texas Intermediate slump almost 5% before closing steady.

Oil has seen a tumultuous period of trading since Russia's invasion of Ukraine in late February upended trade flows. OPEC+ has reversed all of the output cuts made during the pandemic, but Prince Abdulaziz said the cartel may need to tighten production when it meets next month to discuss supply targets.

Futures have lost about a quarter since early June as escalating fears of an economic slowdown threatened the demand outlook. The potential revival of a nuclear deal with Iran, which could lead to a surge in crude exports from the OPEC producer, has also added to the bearish sentiment recently.

World Commodities	Last	1D Change
<u>WTI Crude</u>	90,94	0,64%
<u>Brent Crude</u>	97,02	0,56%
<u>Nat Gas (HH)</u>	9,89	2,21%
<u>Nickel</u>	22 279,00	0,37%
<u>Copper</u>	364,25	-0,25%
<u>Corn</u>	646,50	2,05%
<u>Wheat</u>	772,75	0,29%
<u>Soybean</u>	1 546,75	1,29%
<u>Coffee</u>	224,30	3,87%
<u>Cotton</u>	117,89	-1,55%
<u>Sugar</u>	17,94	-0,83%

Source: fxstreet.com / Bloomberg



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### FX Corner

**EUR/USD** is heading towards 0.9900, refreshing 20-year lows. Investors remain cautious, anticipating a contraction in Germany's manufacturing sector, which will strengthen the odds of a recession. The US dollar finds fresh demand amid risk-aversion ahead of PMIs

**GBP/USD** is resuming the downside towards 1.1700 amid broad risk-aversion and renewed US dollar buying. GBP bulls need an upside surprise in the UK Preliminary business PMIs after surging CPI and soft confidence last week. US PMIs eyed as well.

**USD/JPY** takes offers to renew intraday low around 137.20, extending the pullback from a monthly high during Tuesday's Asian session, as market sentiment dwindles amid mixed signals and a cautious mood ahead of the key data/events.

**AUD/USD** is falling sharply after failing to cross the immediate hurdle of 0.6900 in the Asian session. The downbeat Australian PMI has weakened the aussie bulls. A mixed performance is expected by the US PMI.

World Currencies	Last	1D Change
<a href="#">EURUSD</a>	0,9920	-0,23%
<a href="#">EURCHF</a>	0,9572	0,16%
<a href="#">EURGBP</a>	0,8446	0,05%
<a href="#">EURJPY</a>	136,23	0,35%
<a href="#">USDCHF</a>	0,9649	-0,06%
<a href="#">USDJPY</a>	137,33	0,11%
<a href="#">USDCAD</a>	1,3050	0,05%
<a href="#">USDTRY</a>	18,11	-0,19%
<a href="#">GBPUSD</a>	1,1744	-0,20%
<a href="#">AUDUSD</a>	0,6868	-0,13%
<a href="#">NZDUSD</a>	0,6168	0,00%

XDSH FX Dashboard My Pivot Points 1 Month - Support / Resi... : IBM US Equity						
Views	Actions					
Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9730	0.9851	0.9897	1.0018	1.0093	1.0214
USDJPY	135.38	136.33	136.90	137.85	138.23	139.18
GBPUSD	1.1554	1.1672	1.1720	1.1838	1.1908	1.2026
USDCAD	1.2852	1.2941	1.2999	1.3088	1.3119	1.3208
AUDUSD	0.6755	0.6822	0.6850	0.6917	0.6956	0.7023
NZDUSD	0.6064	0.6122	0.6145	0.6203	0.6238	0.6296
USDCHF	0.9455	0.9540	0.9592	0.9677	0.9710	0.9795
USDTRY	17.9063	17.9955	18.0330	18.1222	18.1739	18.2631
XAUUSD	1695.19	1716.47	1726.39	1747.67	1759.03	1780.31
XAGUSD	18.0889	18.5225	18.7558	19.1894	19.3897	19.8233

Source: Refinitiv / fxstreet.com / Bloomberg



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### Event Corner

ECO Economic Calendars

ECO Calendars View Alerts Export

G8 Browse 09:06:44 08/23/22 - 08/23/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
08/23	02:30	JN	⌚	📊		Jibun Bank Japan PMI Services	Aug P	--	--	50.3	--
08/23	02:30	JN	⌚	📊		Jibun Bank Japan PMI Composite	Aug P	--	--	50.2	--
08/23	02:30	JN	⌚	📊		Jibun Bank Japan PMI Mfg	Aug P	--	--	52.1	--
08/23	07:30	JN	⌚	📊		Nationwide Dept Sales YoY	Jul	--	--	11.7%	--
08/23	07:30	JN	⌚	📊		Tokyo Dept Store Sales YoY	Jul	--	--	13.8%	--
08/23	09:15	FR	⌚	📊		S&P Global France Manufacturing PMI	Aug P	49.0	--	49.5	--
08/23	09:15	FR	⌚	📊		S&P Global France Services PMI	Aug P	53.0	--	53.2	--
08/23	09:15	FR	⌚	📊		S&P Global France Composite PMI	Aug P	51.0	--	51.7	--
08/23	09:30	GE	⌚	📊		S&P Global/BME Germany Manufacturing P...	Aug P	48.0	--	49.3	--
08/23	09:30	GE	⌚	📊		S&P Global Germany Services PMI	Aug P	49.0	--	49.7	--
08/23	09:30	GE	⌚	📊		S&P Global Germany Composite PMI	Aug P	47.3	--	48.1	--
08/23	10:00	EC	⌚	📊		S&P Global Eurozone Manufacturing PMI	Aug P	49.0	--	49.8	--
08/23	10:00	EC	⌚	📊		S&P Global Eurozone Services PMI	Aug P	50.5	--	51.2	--
08/23	10:00	EC	⌚	📊		S&P Global Eurozone Composite PMI	Aug P	49.0	--	49.9	--
08/23	10:30	UK	⌚	📊		S&P Global/CIPS UK Manufacturing PMI	Aug P	51.0	--	52.1	--
08/23	10:30	UK	⌚	📊		S&P Global/CIPS UK Services PMI	Aug P	51.7	--	52.6	--
08/23	10:30	UK	⌚	📊		S&P Global/CIPS UK Composite PMI	Aug P	51.0	--	52.1	--
08/23	12:00	UK	⌚	📊		CBI Trends Total Orders	Aug	3	--	8	--
08/23	12:00	UK	⌚	📊		CBI Trends Selling Prices	Aug	41	--	48	--
08/23	15:45	US	⌚	📊		S&P Global US Manufacturing PMI	Aug P	51.9	--	52.2	--
08/23	15:45	US	⌚	📊		S&P Global US Services PMI	Aug P	50.0	--	47.3	--
08/23	15:45	US	⌚	📊		S&P Global US Composite PMI	Aug P	--	--	47.7	--
08/23	16:00	US	⌚	📊		Richmond Fed Manufact. Index	Aug	-5	--	0	--
08/23	16:00	EC	⌚	📊		Consumer Confidence	Aug P	-28.0	--	-27.0	--
08/23	16:00	US	⌚	📊		New Home Sales	Jul	575k	--	590k	--
08/23	16:00	US	⌚	📊		New Home Sales MoM	Jul	-2.5%	--	-8.1%	--

Source: Refinitiv

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