

Market Corner

Asian stocks tumbled, with the regional benchmark approaching a two-year low reached mid-July, as investors fled risk assets after the Federal Reserve signaled it will keep raising interest rates to rein in inflation.

The MSCI Asia Pacific Index slumped as much as 2.3%, the most since June 13, with technology, financials and industrials the worst-performing sectors. Key equity gauges in Japan and Taiwan led regional losses, sliding close to 3% each.

Most of the world's top central bankers, including Chair Jerome Powell, delivered a stern message on the need to curb inflation as they gathered at the Jackson Hole symposium last week. Rates are heading higher and will stay there "for some time," Powell said in a speech Friday, dashing hopes for investors betting the Fed will shift to rate cuts next year as growth slows.

Monday's loss extended the Asian stock benchmark's year-to-date decline to more than 18%, trailing European and US peers. The region's equities have faced selling pressure this year amid rising global interest rates and the impact of China's Covid lockdowns.

US stocks extend losses on Friday after Jerome Powell signaled that interest rates will stay higher for some time, raising the prospect of a potential recession as the Federal Reserve stays hawkish in its fight against inflation.

After some initial volatility, the S&P 500 extended losses to 2.1% at 1:10 p.m. in New York on Friday and was set for its second week of declines. The tech-heavy Nasdaq 100 fell as much as 3%, also down for a second week, while the Dow Jones Industrial Average fell 1.7%.

In his speech in Jackson Hole, Wyoming, the Fed Chair reiterated that another "unusually large" rate increase could be appropriate next month and remained firm on the need for price stability. "We must keep at it until the job is done," he said.

Powell's speech "threw cold water on the market's belief that the Fed will move to marginally restrictive policy and then pause," Thornbug Investment Management co-head of investments Jeff Klingelhofer said. Pantheon Macroeconomics chief economist Ian Shepherdson echoed the sentiment. The comments left "nothing for doves," he said.

World Indices	Last	1D Change
<u>Dow Jones</u>	32 283,40	-3,03%
<u>S&P 500</u>	4 057,66	-3,37%
<u>Nasdaq</u>	12 141,71	-3,94%
<u>Eurostoxx 50</u>	3 603,68	-1,93%
<u>FTSE 100</u>	7 427,31	-0,70%
<u>CAC 40</u>	6 274,26	-1,68%
<u>DAX</u>	12 971,47	-2,26%
<u>SMI</u>	10 942,16	-1,10%
<u>Nikkei</u>	27 914,82	-2,54%
<u>Hang Seng</u>	20 039,78	-0,65%
<u>CSI 300</u>	4 081,46	-0,64%
<u>VIX Index</u>	25,56	17,36%

World Bonds	Last	1D Change
<u>US 10Y</u>	3,1098	2,27%
<u>EUR 10Y</u>	1,3900	5,54%
<u>Swiss 10Y</u>	0,8260	6,86%
<u>UK 10Y</u>	2,60	-0,57%

Source: Bloomberg



Morning Call

Geneva, August 29, 2022

Crypto Corner

Bitcoin extended its drop below \$20,000 on Monday as part of a wider cryptocurrency-market retreat, amid concern about the Federal Reserve’s rate-hike path.

The largest token fell as much as 2.3% on Monday to \$19,527. That’s on course for a fifth straight day of declines, coming after US stocks fell on Friday following Fed Chair Jerome Powell’s speech at the Jackson Hole conference. The wider crypto market retreated Monday, with the MVIS CryptoCompare Digital Assets 100 Index dropping as much as 2.5%.

“Money is flowing out of risky assets. Crypto followed the sharp adjustment of the U.S. stock market” after Powell’s remarks, said Cici Lu, chief executive officer at consulting firm Venn Link Partners. “Markets didn’t like what he had to say and Bitcoin is resuming as a high-beta asset.”

The \$20,000 level acted as support for Bitcoin when it hit lows in recent months, but the cryptocurrency had worked its way higher in recent weeks. Before Saturday, it hadn’t been below \$20,000 since July 14, and had even crossed above \$25,000 earlier in August.

The gyrations have come amid uncertainty about the path and magnitude of Fed rate hikes, and the effect they could have on riskier assets.

Numerous strategists have flagged \$20,000 as a key point for Bitcoin, though levels of support could lie lower as well.

Crypto Market Cap: [\\$952B](#)

24h Vol: [\\$55,8B](#)

Dominance: [BTC: 39,8%](#) [ETH: 18,6%](#)

Crypto	Last	1D Change
Bitcoin	19 774,78	-1,07%
Ethereum	1 445,55	-2,53%



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

Commodity Corner

Gold dropped for a second day after Federal Reserve Chair Jerome Powell pushed back against hopes the US central bank would start easing monetary policy soon, signaling instead that interest rates would keep rising and remain elevated to stamp out inflation.

Bullion has tumbled to the lowest level in a month and is heading for a fifth monthly decline, the longest such stretch in four years, after the Fed raised rates, dulling the allure of the non-interest-bearing metal. A stronger dollar has also weighed on gold priced in the US currency. The two-year Treasury yield reached the highest since 2007.

Spot gold fell as much as 1% to \$1,721.29 an ounce, the lowest level since July 27, and traded at \$1,723.40 as of 6:29 a.m. in London. The Bloomberg Dollar Spot Index rose 0.6% after climbing 0.5% in the previous session. Silver and platinum declined, while palladium advanced.

Precious Metals		Last	1D Change
<u>Gold</u>		1 723,01	-0,87%
<u>Silver</u>		18,60	-1,55%
<u>Platinum</u>		855,92	-1,27%
<u>Palladium</u>		2 131,04	1,05%

Oil climbed as traders weighed risks to the supply outlook against pledges from leading central banks to raise interest rates further.

West Texas Intermediate rose above \$94 a barrel, reversing an early decline, after gaining 2.5% last week. In Libya, clashes between militias in the capital left at least 23 dead, sparking fears of further upheaval in the OPEC nation that may again put oil shipments at risk just as Europe reels from an energy crisis.

Iran, meanwhile, said exchanges with the US over a European Union proposal to revive a nuclear deal will drag on into next month, undercutting speculation that an agreement paving the way for increased oil flows was imminent.

Crude is on course for a third straight monthly drop on concern global growth will slow as central banks tighten policy aggressively, hurting consumption. Federal Reserve Chair Jerome Powell has warned of the need for higher rates, while a top European Central Bank official said that there was "little choice" but to press on even if the region's economy tipped into recession.

To counter the weakness, Saudi Arabia raised the possibility last week that the Organization of Petroleum Exporting Countries and its allies could cut output, drawing support from fellow members. Separately, loadings from an export terminal for Kazakhstan crude have seen interruptions.

World Commodities		Last	1D Change
<u>WTI Crude</u>		94,00	1,01%
<u>Brent Crude</u>		101,58	0,58%
<u>Nat Gas (HH)</u>		9,55	2,68%
<u>Nickel</u>		21 562,00	-0,19%
<u>Copper</u>		360,60	-2,46%
<u>Corn</u>		675,75	1,05%
<u>Wheat</u>		789,50	0,61%
<u>Soybean</u>		1 607,75	0,16%
<u>Coffee</u>		242,00	-0,58%
<u>Cotton</u>		122,12	4,22%
<u>Sugar</u>		18,47	3,18%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD remains pressured towards 0.9900, eyeing a fresh two-decade low in early Europe. US dollar marches higher with yields amid Fed Powell's hawkish stance and risk-aversion. ECB-speak and German fiscal stimulus news fail to rescue EUR bulls.

GBP/USD is trading around 1.1650, vulnerable at the lowest levels since March 2020. Cable suffers amid broad US dollar strength and UK recessionary fears on surging energy costs. The UK Summer Bank Holiday could exaggerate moves.

USD/JPY refreshes five-week high as rush to risk safety propels US dollar, yields. Fed's Powell appears sturdy on his way to rate hikes, BOJ's Kuroda repeats his love for easy money policies. Fears of recession escalate amid doubts about central bankers' capacity to tame inflation.

AUD/USD takes offers to refresh six-week low, justifies downside break of short-term key support. Multiple levels marked during mid-July lure sellers, oversold RSI (14) challenges additional weakness. Bulls need clear break of 100-SMA to retake control.

World Currencies	Last	1D Change
<u>EURUSD</u>	0,9926	-0,40%
<u>EURCHF</u>	0,9625	0,03%
<u>EURGBP</u>	0,8508	-0,27%
<u>EURJPY</u>	137,69	-0,36%
<u>USDCHF</u>	0,9697	-0,41%
<u>USDJPY</u>	138,71	-0,77%
<u>USDCAD</u>	1,3067	-0,26%
<u>USDTRY</u>	18,19	-0,12%
<u>GBPUSD</u>	1,1666	-0,66%
<u>AUDUSD</u>	0,6861	-0,52%
<u>NZDUSD</u>	0,6110	-0,44%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9715	0.9858	0.9912	1.0055	1.0144	1.0287
USDJPY	134.33	135.75	136.70	138.12	138.59	140.01
GBPUSD	1.1459	1.1626	1.1685	1.1852	1.1960	1.2127
USDCAD	1.2715	1.2854	1.2944	1.3083	1.3132	1.3271
AUDUSD	0.6689	0.6810	0.6854	0.6975	0.7052	0.7173
NZDUSD	0.5970	0.6069	0.6103	0.6202	0.6267	0.6366
USDCHF	0.9455	0.9545	0.9601	0.9691	0.9725	0.9815
USDTRY	18.0883	18.1310	18.1475	18.1902	18.2164	18.2591
XAUUSD	1694.30	1719.06	1728.60	1753.36	1768.58	1793.34
XAGUSD	17.8464	18.4491	18.6728	19.2755	19.6545	20.2572

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

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Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
08/28-09/03		UK				Nationwide House PX MoM	Aug	0.2%	--	0.1%	--
08/28-09/03		UK				Nationwide House Px NSA YoY	Aug	9.0%	--	11.0%	--
08/29	07:00	JN				Leading Index CI	Jun F	--	--	100.6	--
08/29	07:00	JN				Coincident Index	Jun F	--	--	99.0	--
08/29	14:00	CA				Bloomberg Nanos Confidence	Aug 26	--	--	47.8	--
08/29	16:30	US				Dallas Fed Manf. Activity	Aug	-12.2	--	-22.6	--
08/29-09/02		GE				Import Price Index MoM	Jul	3.0%	--	1.0%	--
08/29-09/02		GE				Import Price Index YoY	Jul	28.6%	--	29.9%	--
08/29-09/02		GE				Retail Sales MoM	Jul	0.5%	--	-1.6%	-1.5%
08/29-09/02		GE				Retail Sales NSA YoY	Jul	--	--	-9.8%	-9.6%

Source: Refinitiv

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