



Morning Call

Geneva, August 5, 2022

Market Corner

Asian stocks rose, boosted by a rally in Taiwan and gains in the region's technology shares.

The MSCI Asia Pacific Index climbed as much as 0.8%, with TSMC and Sony among the biggest contributors to its advance. Tech was also the best-performing sector on the gauge, followed by industrials. Taiwan's equity benchmark was the biggest gainer in the region, jumping as much as 2.2%.

Semiconductor and shipping stocks climbed, helping the Taiwan Stock Exchange Weighted Index recoup all the losses fueled by US House Speaker Nancy Pelosi's visit to the island earlier this week. That's even as China likely fired missiles over Taiwan for the first time during its biggest military drills around the island in decades.

Investors will continue to monitor the ongoing earnings season and the Fed's monetary tightening path as Asian stocks extend their rebound. US payrolls data on Friday is the next key data point for global markets. Cleveland Federal Reserve Bank President Loretta Mester reiterated Thursday the US central bank's determination to quell inflation.

US equities swung between gains and losses Thursday as policy makers reiterated the need of higher rates to combat surging inflation across the globe, while technology shares outperformed ahead of Friday's jobs report.

The S&P 500 Index closed down 0.1% with seven of the 11 major industry groups rising led by the consumer discretionary and information technology sectors. Energy shares plunged as oil fell below \$90 a barrel. The tech-heavy Nasdaq 100 index rose 0.4% to 13,311.04, putting 19% above its June low. If the index closes higher than 13,353.09 it will meet the technical definition of a bull market.

Traders have been trimming bets on a more aggressive stretch of US tightening. Still, central bankers continue to reaffirm their plans to get inflation under control, with the Bank of England delivering its first half-point hike since 1995. Earlier today, Cleveland Federal Reserve President Loretta Mester said interest rates should be lifted to a little above 4% to ease demand.

World Indices	Last	1D Change
<u>Dow Jones</u>	32 726,82	-0,26%
<u>S&P 500</u>	4 151,94	-0,08%
<u>Nasdaq</u>	12 720,58	0,41%
<u>Eurostoxx 50</u>	3 754,60	0,59%
<u>FTSE 100</u>	7 448,06	0,03%
<u>CAC 40</u>	6 513,39	0,64%
<u>DAX</u>	13 662,68	0,55%
<u>SII</u>	11 202,66	0,21%
<u>Nikkei</u>	28 163,70	0,83%
<u>Hang Seng</u>	20 222,98	0,24%
<u>CSI 300</u>	4 136,09	0,84%
<u>VIX Index</u>	21,44	-2,32%

World Bonds	Last	1D Change
<u>US 10Y</u>	2,6863	-0,07%
<u>EUR 10Y</u>	0,8030	-8,12%
<u>Swiss 10Y</u>	0,4270	-10,48%
<u>UK 10Y</u>	1,89	-1,20%

Source: Bloomberg



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Crypto Corner

The crypto winter that has dogged Coinbase Global Inc. for nearly nine months might finally be showing signs of thawing.

Shares of the largest US cryptocurrency exchange gained 10% on Thursday, after earlier surging as much as 44%, following its announcement that it was partnering with BlackRock Inc. to help institutional investors manage and trade Bitcoin. The rally was its third straight day of gains and set it up for a record weekly jump.

For Coinbase investors, the news is a much-needed signal that its status as a giant in the crypto sector remains rock solid. To be sure, shares are still deeply in the red this year, down more than 64%.

The sudden surge added almost \$2 billion in value to the company's market capitalization, nearly bringing it back above \$20 billion for the first time since mid-May. While that's more than double the size of rival Robinhood Markets Inc., it's a far cry from the peak valuation near \$75 billion from November, when Bitcoin was trading at a record high.

The company has faced a wave of headwinds in recent months as its trading volumes dwindled amid a plunge in the price of Bitcoin and other digital tokens. It's also facing a probe from the US Securities and Exchange Commission into whether it improperly lets US customers trade assets that should have been registered as securities.

Short sellers, meanwhile, are taking a beating as the stock extends its sharp rebound from July. While shorts are still up more than \$800 million this year in mark-to-market profits, those returns are 40% lower than they were prior to Thursday's jump, according to S3 Partners' managing director of predictive analytics Ihor Dusaniwsky. "We expect continued short covering in Coinbase as BlackRock's announced partnership puts a python-like squeeze on short sellers," he said.

Shares sank more than 21% on July 26 after funds controlled by Cathie Wood sold roughly \$1.4 million of stock in the company holdings, worth about \$75 million at the time.

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

24h Vol: [\\$64,1B](#)

Dominance: [BTC: 40,8% ETH: 18,6%](#)

Crypto	Last	1D Change
Bitcoin	23 305,03	3,52%
Ethereum	1 671,14	5,02%



Source: fxstreet.com / Bloomberg/Coinmarketcap.com



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Commodity Corner

Gold traded near a one-month high -- after jumping the most since March on Thursday -- as US-China tensions and a deepening global slowdown buoyed demand for haven assets.

Bullion surged 1.5% on Thursday and is heading for a run of three straight weekly gains after China likely fired missiles over Taiwan during military drills. Beijing has responded aggressively to US House speaker Nancy Pelosi's visit to the island this week, the highest-ranking American politician to go there in 25 years.

There were more signs that the fight to cool inflation will weigh on global growth. The Bank of England unleashed its biggest rate hike in 27 years as it warned the UK is heading for more than a year of recession, while Cleveland Federal Reserve Bank President Loretta Mester said US interest rates needed to be raised above 4%.

Spot gold rose 0.1% to \$1,792.60 an ounce as of 11:57 a.m. in Singapore and is up 1.5% this week. It climbed to \$1,794.97 on Thursday, the highest intraday level since July 5. The Bloomberg Dollar Spot Index edged higher. Silver, platinum and palladium advanced.

Precious Metals	Last	1D Change
<u>Gold</u>	1 789,71	-0,09%
<u>Silver</u>	20,23	0,25%
<u>Platinum</u>	939,64	0,90%
<u>Palladium</u>	2 108,26	1,87%

Oil headed for a punishing weekly loss on increasing evidence that a global economic slowdown is spurring demand destruction, with prices collapsing to the lowest level in six months as key time spreads contract.

West Texas Intermediate traded near \$89 a barrel in Asia, with the US benchmark down almost 10% this week. Official data showed US gasoline consumption has softened while crude stockpiles rose. The slump came even as Saudi Arabia has boosted prices, and OPEC+ warned of scant spare capacity.

While oil markets remain in backwardation, a bullish pricing pattern, widely watched differentials have narrowed sharply, signaling an easing of tightness. Brent's prompt spread -- the gap between its two nearest contracts -- was \$1.63 a barrel in backwardation, down from \$6.04 a barrel a week ago.

After surging in the first five months of the year crude's rally has been thrown into reverse, with losses deepening this month after falls in June and July. The sell-off, which has wiped out gains triggered by Russia's invasion of Ukraine, will ease the inflationary pressures coursing through the global economy that have spurred central banks including the Federal Reserve to hike rates.

World Commodities	Last	1D Change
<u>WTI Crude</u>	89,04	0,56%
<u>Brent Crude</u>	94,46	0,36%
<u>Nat Gas (HH)</u>	8,09	-0,42%
<u>Nickel</u>	22 150,00	-0,63%
<u>Copper</u>	353,15	1,44%
<u>Corn</u>	605,75	0,58%
<u>Wheat</u>	784,75	0,29%
<u>Soybean</u>	1 624,75	0,60%
<u>Coffee</u>	219,30	2,17%
<u>Cotton</u>	100,62	0,50%
<u>Sugar</u>	17,55	-1,24%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is heading south towards 1.0200, as the US dollar extends its recovery amid a cautious risk tone. Investors assess the latest German data amid looming recession risks. US Nonfarm Payrolls data is eagerly awaited.

GBP/USD is dropping towards 1.2100, fading its recovery momentum. The US dollar rebounds with yields, as investors remain cautious amid recession fears and ahead of the critical NFP data. The BOE hiked rates by 50 bps on Thursday but forecasted a recession in Q4 2022.

USD/JPY seesaws around the intraday high of 133.35, near 133.10 by the press time, as firmer Treasury yields join mixed Japan data to recall buyers after the previous day's fall. It's worth noting that the cautious mood ahead of the US monthly employment report also seemed to have favored the yen pair's rebound.

AUD/USD is displaying back and forth moves in a narrow range of 0.6945-0.6976 in the Asian session. The asset has turned sideways after a responsive buying action from a cushion below 0.6900. Usually, a responsive buying action indicates the initiation of significant longs by the market participants as they find the asset price a value bet.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0225	-0,21%
<u>EURCHF</u>	0,9786	0,01%
<u>EURGBP</u>	0,8424	0,02%
<u>EURJPY</u>	136,36	-0,15%
<u>USDCNH</u>	0,9570	-0,17%
<u>USDJPY</u>	133,36	-0,35%
<u>USDCAD</u>	1,2870	-0,04%
<u>USDTRY</u>	17,95	-0,17%
<u>GBPUSD</u>	1,2138	-0,18%
<u>AUDUSD</u>	0,6966	-0,07%
<u>NZDUSD</u>	0,6296	-0,10%

XDSH FX Dashboard My Pivot Points 1 Month - Support / Resi... IBM US Equity Options						
Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0020	1.0119	1.0183	1.0282	1.0317	1.0416
USDJPY	130.06	131.71	132.30	133.95	135.01	136.66
GBPUKD	1.1857	1.2001	1.2081	1.2225	1.2289	1.2433
USDCAD	1.2737	1.2795	1.2830	1.2888	1.2911	1.2969
AUDUSD	0.6855	0.6910	0.6941	0.6996	0.7020	0.7075
NZDUSD	0.6178	0.6235	0.6268	0.6325	0.6349	0.6406
USDCNH	0.9412	0.9493	0.9524	0.9605	0.9655	0.9736
USDTRY	17.7957	17.8670	17.8935	17.9648	18.0096	18.0809
XAUUSD	1720.08	1751.65	1771.46	1803.03	1814.79	1846.36
XAGUSD	19.3302	19.7542	19.9663	20.3903	20.6022	21.0262

Source: Refinitiv / fxstreet.com / Bloomberg

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Event Corner

ECO Economic Calendars					
ECO Calendars		View		Alerts	
Date	Time	C	A	M	R
08/05	08:45	FR	🔔	Manufacturing Production MoM	Period
08/05	08:45	FR	🔔	Manufacturing Production YoY	Jun
08/05	10:00	RU	🔔	Money Supply Narrow Def	Jul 29
08/05	10:00	IT	🔔	Industrial Production MoM	Jun
08/05	10:00	IT	🔔	Industrial Production WDA YoY	Jun
08/05	10:00	IT	🔔	Industrial Production NSA YoY	Jun
08/05	11:00	IT		Istat Releases the Monthly Economic Note	Jul
08/05	14:30	US	🔔	Two-Month Payroll Net Revision	--
08/05	14:30	CA	🔔	Net Change in Employment	Jul
08/05	14:30	US	🔔	Change in Nonfarm Payrolls	250k
08/05	14:30	CA	🔔	Unemployment Rate	5.0%
08/05	14:30	US	🔔	Change in Private Payrolls	230k
08/05	14:30	CA	🔔	Hourly Wage Rate Permanent Employees Y...	5.9%
08/05	14:30	US	🔔	Change in Manufact. Payrolls	20k
08/05	14:30	CA	🔔	Participation Rate	64.9%
08/05	14:30	US	🔔	Unemployment Rate	3.6%
08/05	14:30	CA	🔔	Full Time Employment Change	--
08/05	14:30	US	🔔	Average Hourly Earnings MoM	0.3%
08/05	14:30	CA	🔔	Part Time Employment Change	--
08/05	14:30	US	🔔	Average Hourly Earnings YoY	4.9%
08/05	14:30	US	🔔	Average Weekly Hours All Employees	34.5
08/05	14:30	US	🔔	Labor Force Participation Rate	62.2%
08/05	14:30	US	🔔	Underemployment Rate	--
08/05	15:00	RU	🔔	Official Reserve Assets	--
08/05	16:00	CA	🔔	Ivey Purchasing Managers Index SA	--
08/05	21:00	US	🔔	Consumer Credit	Jun \$26.000b
08/05	IT			Bank of Italy Report on Balance-Sheet Aggregates	-- \$22.347b

Source: Refinitiv

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