



Morning Call

Geneva, September 14, 2022

Market Corner

Asian stocks fell as hotter-than-expected US inflation data fueled bets on outsized interest rate increases by the Federal Reserve.

The MSCI Asia Pacific Index slumped as much as 2.1% Wednesday, the most in two weeks, following the steepest drop in US shares in more than two years. All markets in the region were down, led by Australia, Hong Kong and Japan. A gauge of technology stocks dropped about 3%.

US consumer prices advanced by more than expected in August, dashing hopes for a peak in inflation and forcing traders to ramp up expectations of a full-point rate hike in the Fed meeting next week. That hammered a nascent recovery in appetite for risk assets, including rate-sensitive tech stocks.

US equities tumbled Tuesday in their worst session in over two years, after a hotter-than-expected inflation report sent markets spiraling into disarray and harshly punished technology shares.

The S&P 500 Index closed down 4.3%, snapping a four-day winning streak and marking its worst day since June 2020. Almost no corner of the market was spared, with all 11 major industry groups in the red, led by the communication services and information technology sectors, and only five stocks in the broad benchmark ending the day higher.

The rout in technology stocks was among the worst since the depth of the pandemic, with the Nasdaq 100 Index sinking 5.5% in its biggest daily drop since March 2020. For the first time since then, all 100 shares in the index closed lower. The Dow Jones Industrial retreated 3.9%. Meanwhile, the Cboe Volatility Index, or VIX, climbed above 27.

Megacap technology stocks were the biggest contributors to the S&P 500's drop, led by Apple Inc., Microsoft Corp. and Amazon.com Inc.

Tuesday's CPI figures came as a rude surprise to investors after a sharp stock-market rally over the past four sessions that was driven by hopes that the data would show a cooling in inflation.

| World Indices | Last | 1D Change |
|---------------------|-----------|-----------|
| <u>Dow Jones</u> | 31 104,97 | -3,94% |
| <u>S&P 500</u> | 3 932,69 | -4,32% |
| <u>Nasdaq</u> | 11 633,57 | -5,16% |
| <u>Eurostoxx 50</u> | 3 586,18 | -1,65% |
| <u>FTSE 100</u> | 7 385,86 | -1,17% |
| <u>CAC 40</u> | 6 245,69 | -1,39% |
| <u>DAX</u> | 13 188,95 | -1,59% |
| <u>SMI</u> | 10 891,54 | -0,90% |
| <u>Nikkei</u> | 27 831,98 | -2,74% |
| <u>Hang Seng</u> | 18 825,54 | -2,59% |
| <u>CSI 300</u> | 4 061,44 | -1,21% |
| <u>VIX Index</u> | 27,27 | 14,24% |

| World Bonds | Last | 1D Change |
|------------------|--------|-----------|
| <u>US 10Y</u> | 3,4120 | 0,12% |
| <u>EUR 10Y</u> | 1,7300 | 4,66% |
| <u>Swiss 10Y</u> | 1,0760 | 11,85% |
| <u>UK 10Y</u> | 3,17 | 2,89% |

Source: Bloomberg



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Crypto Corner

BitGo is suing Mike Novogratz’s Galaxy Digital Holdings for more than \$100 million in damages after Galaxy abandoned its planned \$1.2 billion acquisition of the crypto custodian.

The lawsuit, filed Monday in Delaware Chancery Court, cited Galaxy’s “wrongful repudiation and willful and intentional breach” of the merger agreement, according to public filings tied to the case. The complaint was filed under seal and will be made public on Thursday, in case Galaxy wishes to redact some of the allegations, according to Brian Timmons, a lawyer at Quinn Emanuel Urquhart & Sullivan, which is representing BitGo.

Last May, Galaxy announced its plan to buy BitGo in a cash and stock transaction to broaden its institutional offering and geographic reach. At the time, the deal represented one of the biggest acquisitions in the crypto industry. In August, Galaxy said it was ending the deal with no termination fee payable, citing BitGo’s failure to deliver audited 2021 financial statements by a deadline.

BitGo has said it honored its obligations so far, including the delivery of the audited financials. A spokesperson for Galaxy reiterated Tuesday that “BitGo’s claims are without merit, and we will defend ourselves vigorously.”

Galaxy, which offers crypto financial services, posted a net comprehensive loss of \$554.7 million in the second quarter. BitGo, which was founded in 2013 by Mike Belshe, offers crypto custody, trading, lending and borrowing.

Crypto Market Cap: [\\$999B](#)

24h Vol: [\\$100,3B](#)

Dominance: [BTC: 439,0%](#) [ETH:19,7%](#)

| Crypto | Last | 1D Change |
|-----------------|------------------|--------------|
| Bitcoin | 20 281,28 | 0,20% |
| Ethereum | 1 613,61 | 0,34% |



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



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Commodity Corner

Gold was steady after closing down the most in two months in the wake of higher-than-expected US inflation data.

Bullion ended 1.3% lower on Tuesday after the consumer-price index figures were released. It had been on an upward trend this month before the inflation data surprised markets.

Economists had expected the CPI to rise 8.1% in August from a year earlier, but the actual figure was 8.3%, prompting stocks to plummet and the dollar and Treasury yields to surge.

Bullion dipped below the \$1,700 mark, which has been seen by some market analysts as a floor for the gold price so far this month. That threshold could be threatened as the CPI report will keep the Federal Reserve on a hawkish track ahead of its meeting next week. Higher rates tend to weigh on non-interest-bearing bullion.

| Precious Metals | | Last | 1D Change |
|------------------|--|----------|-----------|
| <u>Gold</u> | | 1 701,58 | -0,03% |
| <u>Silver</u> | | 19,33 | -0,02% |
| <u>Platinum</u> | | 885,68 | 0,15% |
| <u>Palladium</u> | | 2 075,94 | -1,46% |

Oil retreated on concern that a further round of severe US monetary tightening to combat inflation will hurt demand, and an industry report pointed to a hefty increase in American commercial stockpiles.

West Texas Intermediate fell below \$87 a barrel after a volatile session on Tuesday, when prices were buffeted by data showing elevated US inflation, and a possible Biden administration plan to refill strategic reserves. Crude's latest drop came with losses in equities and other commodities including copper.

Oil hit the lowest since January earlier this month as traders attempted to price in a possible global slowdown, tighter monetary policy, and lower energy demand. The hotter-than-expected US inflation figures have set the scene for another round of aggressive hikes from the Federal Reserve, as well as further gains in the dollar, which is already near a record. There's growing concern that the US central bank may tip the world's largest economy into recession.

| World Commodities | | Last | 1D Change |
|---------------------|--|-----------|-----------|
| <u>WTI Crude</u> | | 86,95 | -0,41% |
| <u>Brent Crude</u> | | 92,80 | -0,40% |
| <u>Nat Gas (HH)</u> | | 8,40 | 1,41% |
| <u>Nickel</u> | | 24 252,00 | -1,14% |
| <u>Copper</u> | | 357,20 | -0,25% |
| <u>Corn</u> | | 709,00 | -0,46% |
| <u>Wheat</u> | | 842,75 | 0,18% |
| <u>Soybean</u> | | 1 534,25 | -1,00% |
| <u>Coffee</u> | | 223,95 | -1,67% |
| <u>Cotton</u> | | 106,32 | -3,53% |
| <u>Sugar</u> | | 18,38 | 0,16% |

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



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FX Corner

EUR/USD has displayed a short-lived pullback around 0.9960, more weakness is imminent. Soaring core CPI indicates a sheer rise in durable goods prices. Eurozone bulls have weakened amid rising pessimism in the trading bloc.

GBP/USD manages to hold steady at around 1.1500 in the early European session on Wednesday. The data from the UK showed that the Core CPI edged higher to 6.3% on a yearly basis in August from 6.2% as expected, failing to trigger a significant reaction.

USD/JPY is extending losses below 144.00, reversing sharply from daily highs of 144.96 on reports that the BOJ reportedly conducted a rate check in apparent preparation for currency intervention.

AUD/USD is attempting to recover after a bloodbath. The asset slipped vertically to near 0.6725 after the release of an elevated US inflation rate. An attempt of a rebound could be a dead cat bounce as strength is not visible. In the late Tokyo session, the major is juggling in a narrow range of 0.6723-0.6747.

| World Currencies | Last | 1D Change |
|------------------|---------------|---------------|
| EURUSD | 0,9977 | 0,07% |
| EURCHF | 0,9594 | -0,07% |
| EURGBP | 0,8680 | -0,08% |
| EURJPY | 143,43 | 0,52% |
| USDCHF | 0,9616 | -0,01% |
| USDJPY | 143,76 | 0,57% |
| USDCAD | 1,3182 | -0,11% |
| USDTRY | 18,25 | -0,02% |
| GBPUSD | 1,1494 | 0,01% |
| AUDUSD | 0,6718 | -0,18% |
| NZDUSD | 0,5993 | -0,07% |

| Currencies | S3 | S2 | S1 | R1 | R2 | R3 |
|------------|---------|---------|---------|---------|---------|---------|
| EURUSD | 0.9601 | 0.9821 | 0.9896 | 1.0116 | 1.0261 | 1.0481 |
| USDJPY | 137.60 | 140.62 | 142.60 | 145.62 | 146.66 | 149.68 |
| GBPUSD | 1.1082 | 1.1328 | 1.1411 | 1.1657 | 1.1820 | 1.2066 |
| USDCAD | 1.2657 | 1.2878 | 1.3023 | 1.3244 | 1.3320 | 1.3541 |
| AUDUSD | 0.6413 | 0.6602 | 0.6666 | 0.6855 | 0.6980 | 0.7169 |
| NZDUSD | 0.5700 | 0.5874 | 0.5936 | 0.6110 | 0.6222 | 0.6396 |
| USDCHF | 0.9270 | 0.9423 | 0.9519 | 0.9672 | 0.9729 | 0.9882 |
| USDTRY | 18.1549 | 18.1983 | 18.2246 | 18.2680 | 18.2851 | 18.3285 |
| XAUUSD | 1641.01 | 1675.70 | 1688.93 | 1723.62 | 1745.08 | 1779.77 |
| XAGUSD | 18.2992 | 18.9181 | 19.1258 | 19.7447 | 20.1559 | 20.7748 |

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

| ECO Economic Calendars | | | | | | | | | | | |
|------------------------|-------|--------|---|----------|---|--------------------------------|--------|----------|--------|--------|---------|
| G8 | | Browse | | 08:44:56 | | 09/14/22 | | 09/14/22 | | | |
| Economic Releases | | | | | | | | | | | |
| Date | Time | C | A | M | R | Event | Period | Surv(M) | Actual | Prior | Revised |
| 09/14 | 01:50 | JN | | | | Core Machine Orders MoM | Jul | -0.6% | -- | 0.9% | -- |
| 09/14 | 01:50 | JN | | | | Core Machine Orders YoY | Jul | 6.6% | -- | 6.5% | -- |
| 09/14 | 06:30 | JN | | | | Industrial Production MoM | Jul F | -- | -- | 1.0% | -- |
| 09/14 | 06:30 | JN | | | | Industrial Production YoY | Jul F | -- | -- | -1.8% | -- |
| 09/14 | 06:30 | JN | | | | Capacity Utilization MoM | Jul | -- | -- | 9.6% | -- |
| 09/14 | 08:00 | UK | | | | CPIH YoY | Aug | 8.7% | -- | 8.8% | -- |
| 09/14 | 08:00 | UK | | | | CPI MoM | Aug | 0.6% | -- | 0.6% | -- |
| 09/14 | 08:00 | UK | | | | CPI YoY | Aug | 10.0% | -- | 10.1% | -- |
| 09/14 | 08:00 | UK | | | | CPI Core YoY | Aug | 6.2% | -- | 6.2% | -- |
| 09/14 | 08:00 | UK | | | | Retail Price Index | Aug | 345.2 | -- | 343.2 | -- |
| 09/14 | 08:00 | UK | | | | RPI MoM | Aug | 0.6% | -- | 0.9% | -- |
| 09/14 | 08:00 | UK | | | | RPI YoY | Aug | 12.3% | -- | 12.3% | -- |
| 09/14 | 08:00 | UK | | | | RPI Ex Mort Int.Payments (YoY) | Aug | 12.3% | -- | 12.3% | -- |
| 09/14 | 08:00 | UK | | | | PPI Output NSA MoM | Aug | 0.9% | -- | 1.6% | -- |
| 09/14 | 08:00 | UK | | | | PPI Output NSA YoY | Aug | 17.5% | -- | 17.1% | -- |
| 09/14 | 08:00 | UK | | | | PPI Input NSA MoM | Aug | 0.2% | -- | 0.1% | -- |
| 09/14 | 08:00 | UK | | | | PPI Input NSA YoY | Aug | 22.4% | -- | 22.6% | -- |
| 09/14 | 10:30 | UK | | | | House Price Index YoY | Jul | -- | -- | 7.8% | -- |
| 09/14 | 11:00 | EC | | | | Industrial Production SA MoM | Jul | -1.0% | -- | 0.7% | -- |
| 09/14 | 11:00 | EC | | | | Industrial Production WDA YoY | Jul | 0.2% | -- | 2.4% | -- |
| 09/14 | 13:00 | US | | | | MBA Mortgage Applications | Sep 9 | -- | -- | -0.8% | -- |
| 09/14 | 14:30 | US | | | | PPI Ex Food and Energy YoY | Aug | 7.1% | -- | 7.6% | -- |
| 09/14 | 14:30 | US | | | | PPI Final Demand MoM | Aug | -0.1% | -- | -0.5% | -- |
| 09/14 | 14:30 | US | | | | PPI Ex Food and Energy MoM | Aug | 0.3% | -- | 0.2% | -- |
| 09/14 | 14:30 | US | | | | PPI Ex Food, Energy, Trade MoM | Aug | 0.2% | -- | 0.2% | -- |
| 09/14 | 14:30 | US | | | | PPI Final Demand YoY | Aug | 8.8% | -- | 9.8% | -- |
| 09/14 | 14:30 | CA | | | | Manufacturing Sales MoM | Jul | -0.9% | -- | -0.8% | -- |
| 09/14 | 14:30 | RU | | | | PPI Ex Food, Energy, Trade YoY | Aug | 5.5% | -- | 5.8% | -- |
| 09/14 | 18:00 | RU | | | | CPI WoW | Sep 12 | -- | -- | -0.13% | -- |
| 09/14 | 18:00 | RU | | | | CPI Weekly YTD | Sep 9 | -- | -- | 10.24% | -- |

Source: Refinitiv

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