

## Market Corner

### Asian stocks advanced, on track to snap a five-day losing streak, amid hopes Hong Kong will move toward easing Covid restrictions.

The MSCI Asia-Pacific Index gained as much as 0.9% as Tencent, Alibaba and TSMC provided the most support. Benchmarks across the region rose.

Indexes in Hong Kong gained at least 1.2%, with one key gauge climbing from the edge of a bear market. Hong Kong's chief executive said the city wants to relax Covid travel curbs after nearly three years of restrictions. The Hang Seng Tech Index advanced more than 2%.

Despite Tuesday's rally, Asian stocks are still near their lowest since the middle of 2020 amid concerns over higher US rates and the dollar's strength.

Investors are betting that the Federal Reserve will hike interest rates by 75-basis-point at a policy meeting on Wednesday. Investors are also awaiting other central bank decisions this week from nations including the Philippines, Indonesia, Taiwan and Japan.

### US stocks were poised to gain for a second day on Tuesday as attention turned to the start of the Federal Reserve's policy meeting amid broader concerns of a possible recession.

Contracts on the Nasdaq 100 and S&P 500 were both up 0.2% by 2:10 a.m. in New York.

The S&P 500 bounced in late trading Monday to erase earlier declines. Still, the gauge has struggled to recover after a hotter-than-expected inflation report last week dashed hopes that the Fed would slow the pace of its rate hikes.

In its meeting this week, the central bank is expected to raise rates by 75 basis points for a third consecutive meeting. Two of 96 economists in a Bloomberg survey predict a full-point move. The Fed will announce its decision at 2 p.m. Washington time Wednesday.

Michael Hewson, chief market analyst at CMC Markets UK, said markets are now growing increasingly concerned about the possibility of a global recession. Although "stock markets have for now proved relatively resilient to these concerns, the main factor spooking markets right now is how much higher will rates have to go," he wrote in a note.

Fears are also rising about the impact of stubbornly high inflation on corporate earnings after a profit warning from FedEx Corp. last week.

World Indices	Last	1D Change
<u>Dow Jones</u>	31 019,68	0,64%
<u>S&amp;P 500</u>	3 899,89	0,69%
<u>Nasdaq</u>	11 535,02	0,76%
<u>Eurostoxx 50</u>	3 499,49	-0,03%
<u>FTSE 100</u>	7 236,68	-0,62%
<u>CAC 40</u>	6 061,59	-0,26%
<u>DAX</u>	12 803,24	0,49%
<u>SMI</u>	10 617,01	0,06%
<u>Nikkei</u>	27 688,42	0,44%
<u>Hang Seng</u>	18 768,63	1,09%
<u>CSI 300</u>	3 925,38	-0,07%
<u>VIX Index</u>	25,76	-2,05%

World Bonds	Last	1D Change
<u>US 10Y</u>	3,4789	-0,33%
<u>EUR 10Y</u>	1,8110	0,33%
<u>Swiss 10Y</u>	1,1360	2,16%
<u>UK 10Y</u>	3,14	0,00%

Source: Bloomberg



# Morning Call

Geneva, September 20, 2022

## Crypto Corner

**The fanfare over a revamp of the Ethereum blockchain is still echoing across the cryptoverse but that's doing little to stem a slide in Ether.**

The network's native token is down 10% since the most commercially important digital ledger last week implemented an upgrade to slash energy use.

The second-largest virtual coin had rallied from mid-June on hype around the software update known as the Merge, but that's fizzling now the shift is done. It's down some 63% this year, a bruising period for cryptocurrencies.

Crypto and many other assets are also quivering ahead of what's likely to be another big Federal Reserve interest-rate hike on Wednesday.

The selloff in Ether is bringing technical patterns into play that hint at more downside risk. Digital-token prices were little changed on Tuesday, with Ether around \$1,350 and Bitcoin just above \$19,000 as of 1:10 p.m. in Tokyo.

Ether has dropped below the second standard deviation of a regression channel drawn from its June lows. The study suggests that this brings a retreat to the third standard deviation -- a level of about \$1,250 -- into play. If that support fails, the next marker is \$1,000.

The price of Ether of late clustered around \$1,800 for a notable period of time, indicated by the horizontal bars below, which capture how much time the token spent at particular levels. That, in effect, became a ceiling it struggled to break, and it has since dropped below a zone of support around \$1,340. For technical analysts, the breach of support raises the risk of more falls.

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Crypto Market Cap: **\$935B**

24h Vol: **\$72,5B**

Dominance: **BTC: 39,6% ETH:17,8%**

Crypto	Last	1D Change
<b>Bitcoin</b>	<b>19 352,44</b>	<b>-0,87%</b>
<b>Ethereum</b>	<b>1 356,53</b>	<b>-0,07%</b>



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



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# Commodity Corner

**Gold steadied as investors remained uncertain over the size of the Federal Reserve’s looming interest rate hikes, which could put renewed pressure on the precious metal.**

Bullion, which hovered above \$1,700 an ounce for the first half of September, plunged below that mark last week. While it has since steadied, a move by the Fed on Wednesday to bump up rates by as much as 100 basis points to counter rampant inflation could trigger another slide in the non-interest-bearing precious metal.

Gold is “demonstrating resilience” ahead of the Fed’s interest-rate decision, Yamana Gold Executive Chairman Peter Marrone said in a Bloomberg Television interview. He saw Asian buyers helping prices, including strong support from countries like India as well as China, where gold jewelry purchases have been crimped by Covid outbreaks.

**Spot gold** was little changed at \$1,674.81 an ounce at 9:33 a.m. in Singapore. The Bloomberg Dollar Spot Index was also steady. Silver and palladium slipped, while platinum was gained.

Precious Metals		Last	1D Change
<u>Gold</u>		1 672,29	-0,21%
<u>Silver</u>		19,44	-0,61%
<u>Platinum</u>		922,86	0,05%
<u>Palladium</u>		2 185,58	-1,97%

**Oil was steady near \$86 a barrel ahead of a Federal Reserve decision on Wednesday that’s expected to see further monetary tightening.**

The Fed and other central banks from Europe to Asia are expected to deliver interest-rate hikes this week as they seek to tame rampant inflation that’s taken a toll on demand. West Texas Intermediate futures closed 0.7% higher on Monday following a choppy session.

Crude has lost about a third of its value since early June, erasing all the gains made in the wake of Russia’s invasion of Ukraine, as concerns about a global slowdown weighed on demand. Liquidity has also thinned, leading to volatile price swings, while a stronger dollar has added to headwinds.

A raft of US companies warned about the macro challenges rippling through the global economy. Automaker Ford Motor Co. said inflation was pushing costs \$1 billion higher than expected in the current quarter, while package-delivery giant FedEx Corp. flagged weakness in Asia and Europe.

World Commodities		Last	1D Change
<u>WTI Crude</u>		85,81	0,09%
<u>Brent Crude</u>		92,23	0,25%
<u>Nat Gas (HH)</u>		7,86	1,42%
<u>Nickel</u>		24 558,00	1,40%
<u>Copper</u>		355,75	-0,10%
<u>Corn</u>		681,25	0,44%
<u>Wheat</u>		833,00	0,30%
<u>Soybean</u>		1 464,00	0,19%
<u>Coffee</u>		224,05	2,75%
<u>Cotton</u>		97,54	-3,65%
<u>Sugar</u>		17,69	-1,06%

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



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## FX Corner

**EUR/USD** is holding steady above 1.0000, unable to sustain the recovery near 1.0050. The pair fails to capitalize on risk flows and retreating Treasury yields amid a tepid bounce in the US dollar. Focus shifts to Lagarde's speech and the Fed decision.

**GBP/USD** is consolidating the renewed upside above 1.1400, helped by an upbeat market mood and a pause in the US dollar recovery. The further upside in cable appears elusive amid the Fed-BOE policy divergence.

**USD/JPY** struggles to defend 143.00, despite a recent pick-up during early Tuesday morning in Europe. In doing so, the yen pair portrays the market's indecision ahead of the key monetary policy meeting decision from the US Federal Reserve (Fed) and the Bank of Japan (BOJ).

**AUD/USD** is rebounding towards 0.6750, as the risk-on mood overshadows the dovish RBA minutes. The PBOC kept the lending rates unchanged this month. The US dollar pauses its recovery, as all eyes turn towards the Fed rate hike decision.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0033	0,09%
<u>EURCHF</u>	0,9675	-0,05%
<u>EURGBP</u>	0,8774	-0,07%
<u>EURJPY</u>	143,80	-0,18%
<u>USDCHF</u>	0,9643	0,02%
<u>USDJPY</u>	143,33	-0,08%
<u>USDCAD</u>	1,3255	-0,03%
<u>USDTRY</u>	18,30	-0,05%
<u>GBPUSD</u>	1,1435	0,04%
<u>AUDUSD</u>	0,6716	-0,16%
<u>NZDUSD</u>	0,5935	-0,42%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9880	0.9943	0.9984	1.0047	1.0069	1.0132
USDJPY	141.19	142.18	142.69	143.68	144.16	145.15
GBPUSD	1.1238	1.1324	1.1377	1.1463	1.1496	1.1582
USDCAD	1.3082	1.3181	1.3216	1.3315	1.3379	1.3478
AUDUSD	0.6587	0.6649	0.6688	0.6750	0.6773	0.6835
NZDUSD	0.5820	0.5892	0.5926	0.5998	0.6036	0.6108
USDCHF	0.9481	0.9566	0.9605	0.9690	0.9736	0.9821
USDTRY	18.1652	18.2228	18.2550	18.3126	18.3380	18.3956
XAUUSD	1631.42	1651.65	1663.74	1683.97	1692.11	1712.34
XAGUSD	18.6116	19.0460	19.3043	19.7387	19.9148	20.3492

Source: Refinitiv / fxstreet.com / Bloomberg



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## Event Corner

ECO Economic Calendars Options

G8 Browse 08:21:39 09/20/22 - 09/20/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
09/20	01:30	JN				Natl CPI YoY	Aug	2.9%	--	2.6%	--
09/20	01:30	JN				Natl CPI Ex Fresh Food YoY	Aug	2.7%	--	2.4%	--
09/20	01:30	JN				Natl CPI Ex Fresh Food, Energy YoY	Aug	1.5%	--	1.2%	--
09/20	08:00	GE				PPI MoM	Aug	2.4%	--	5.3%	--
09/20	08:00	GE				PPI YoY	Aug	36.8%	--	37.2%	--
09/20	10:00	EC				ECB Current Account SA	Jul	--	--	4.2b	--
09/20	10:30	IT				Current Account Balance	Jul	--	--	-1112m	--
09/20	14:30	US				Building Permits	Aug	1609k	--	1674k	1685k
09/20	14:30	US				Building Permits MoM	Aug	-4.5%	--	-1.3%	-0.6%
09/20	14:30	CA				Teranet/ National Bank HPI MOM SA	Aug	--	--	-0.2%	--
09/20	14:30	CA				Teranet/National Bank HPI YoY	Aug	--	--	14.2%	--
09/20	14:30	US				Housing Starts	Aug	1450k	--	1446k	--
09/20	14:30	US				Housing Starts MoM	Aug	0.3%	--	-9.6%	--
09/20	14:30	CA				CPI NSA MoM	Aug	-0.1%	--	0.1%	--
09/20	14:30	CA				CPI YoY	Aug	7.3%	--	7.6%	--
09/20	14:30	CA				Consumer Price Index	Aug	153.0	--	153.1	--
09/20	14:30	CA				CPI Core- Common YoY%	Aug	5.6%	--	5.5%	--
09/20	14:30	CA				CPI Core- Median YoY%	Aug	5.1%	--	5.0%	--
09/20	14:30	CA				CPI Core- Trim YoY%	Aug	5.5%	--	5.4%	--

Source: Refinitiv

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