

Market Corner

Asian equities declined as China extended lockdowns in key cities and the dollar further strengthened, dampening the outlook for the region's assets.

The MSCI Asia Pacific Index fell as much as 0.8% to the lowest since June 2020, with all but two sectors in the red. Benchmarks in Hong Kong and China led declines in the region as a widening lockdown in megacity Chengdu and a US plan to restrict investments in Chinese tech sparked a fresh sell-off.

The dollar marched higher as investors swarmed to the safe haven, with the US August jobs report doing little to ease concerns about the Fed's aggressive rate hike path. The energy crunch in Europe looks set to worsen following a decision by Gazprom PJSC to keep the crucial Nord Stream pipeline shut, fueling concerns that the situation may spiral into an economic crisis that ripples across other markets.

Hawkish central banks "and concerns regarding China's growth due to its Covid strategy will likely remain near-term headwinds for Asian stocks," wrote Nomura strategists including Chetan Seth in a note.

The Asian benchmark has had only brief bouts of recoveries since it began a slide last year, and is down more than 30% since February 2021 on elevated input costs, higher interest rates and China's ongoing zero-Covid strategy. The gauge just clocked its worst weekly decline since mid June.

Investors are finding some solace, however, in markets that are supported by domestic demand such as India and parts of Southeast Asia.

US equities erased a Friday rally and slid into the red on weakness in tech shares as concerns linger around the Federal Reserve's upcoming interest rates decision despite encouraging jobs data showing the economy.

The S&P 500 Index was down 0.3% as of 1:19 p.m. in New York, after rising as much as 1.3% earlier, with eight of 11 major sectors declining led by communication services and real estate. The tech-heavy Nasdaq 100 Index slipped 0.7%, while the Dow Jones Industrial Average fell 0.3%. Volume was light heading into the three-day weekend in the US and Canada. All three benchmarks are on track for a third week of declines.

Stocks had rallied after the jobs report as Fed swaps showed traders started paring the amount of rate-hike premium priced in for the central bank's upcoming decision on Sept. 21.

World Indices	Last	1D Change
<u>Dow Jones</u>	31 318,44	-1,07%
<u>S&P 500</u>	3 924,26	-1,07%
<u>Nasdaq</u>	11 630,86	-1,31%
<u>Eurostoxx 50</u>	3 544,38	2,54%
<u>FTSE 100</u>	7 281,19	1,86%
<u>CAC 40</u>	6 167,51	2,21%
<u>DAX</u>	13 050,27	3,33%
<u>SMI</u>	10 891,71	2,14%
<u>Nikkei</u>	27 619,61	-0,11%
<u>Hang Seng</u>	19 201,16	-1,29%
<u>CSI 300</u>	4 000,50	-0,57%
<u>VIX Index</u>	25,47	-0,35%

World Bonds	Last	1D Change
<u>US 10Y</u>	3,1894	0,00%
<u>EUR 10Y</u>	1,4990	-1,71%
<u>Swiss 10Y</u>	0,8410	-2,32%
<u>UK 10Y</u>	2,92	1,36%

Source: Bloomberg



Morning Call

Geneva, September 5, 2022

Crypto Corner

Bitcoin trended downward through the weekend after a solid unemployment report offered mixed implications for the Federal Reserve as it contemplates its path on interest rates.

The largest cryptocurrency spent time below \$20,000 for a ninth consecutive day on Sunday, a session in which it failed to crack above that round-number level at all. On several of the days, it's fallen into the \$19,500 range but not below \$19,511, its then-record peak from December 2017.

Bitcoin dropped as much as 0.8% to \$19,591 on Sunday and was little changed as of 7:50 a.m. in New York.

“The Fed is busy ‘burning’ money as well (a.k.a. quantitative tightening) to restore the credibility of the US dollar,” a report sent Sunday from Gavekal Research said. “That presents a significant headwind for all cryptocurrencies.”

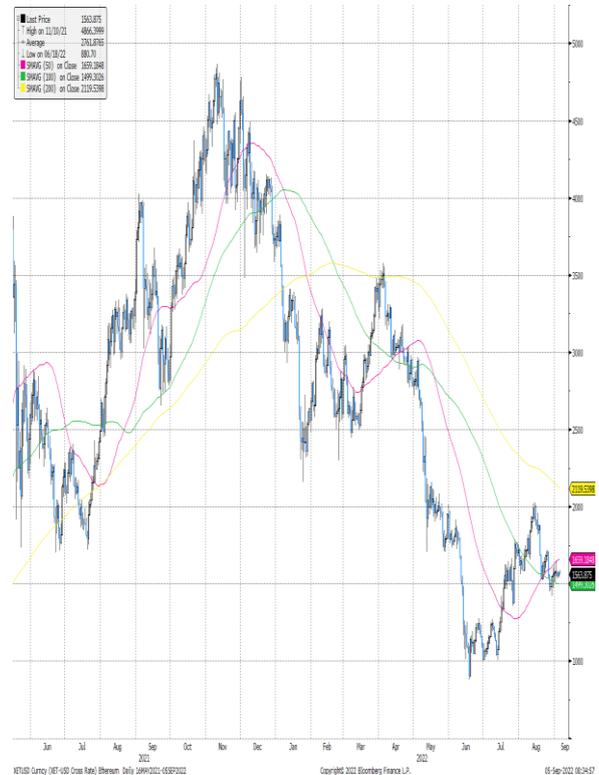
Bitcoin has traded largely in the same direction as other risk assets like the Nasdaq 100 as the Fed boosts interest rates amid stubborn inflation. Meltdowns like those of the Terra/Luna ecosystem and hedge fund Three Arrows Capital have depressed sentiment as well, and numerous crypto firms have declared bankruptcy or are struggling to survive.

Crypto Market Cap: **\$976B**

24h Vol: **\$50,6B**

Dominance: **BTC: 38,7% ETH: 19,6%**

Crypto	Last	1D Change
Bitcoin	19 751,40	-0,76%
Ethereum	1 563,31	-0,47%



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



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Commodity Corner

Gold was steady, as mounting concerns over a worsening energy crisis in Europe drove investors to the greenback over the euro.

Bullion climbed Friday to pare a third straight weekly drop after a US jobs report showed employers added a healthy number of jobs in August and a steady stream of people entering the workforce lifted the unemployment rate. This suggested some easing in the tight labor market and offered mixed implications for the Federal Reserve's monetary policy tightening path.

Central banks globally are set to keep raising interest rates to fight inflation, weighing on non-yielding assets like gold. There are growing expectations for the European Central Bank to hike by 75 basis points as soon as Thursday, but the decision remains a challenging one as chief Christine Lagarde and her colleagues manage the twin problems of high price pressures and an impending recession.

Spot gold was flat at \$1,713.37 an ounce as of 5:39 a.m. in London, after rising 0.9% on Friday. The Bloomberg Dollar Spot Index advanced 0.3%. Silver and platinum steadied, while palladium traded higher.

Precious Metals		Last	1D Change
<u>Gold</u>		1 710,63	-0,09%
<u>Silver</u>		18,10	0,34%
<u>Platinum</u>		841,39	0,28%
<u>Palladium</u>		2 040,65	0,82%

Oil surged at the week's open as OPEC+ faced a critical decision on production and Europe's energy crisis worsened dramatically.

West Texas Intermediate advanced toward \$89 a barrel as European natural gas futures surged by as much as 35%. The Organization of Petroleum Exporting Countries and allies including Russia will meet later Monday to set supply levels for October after Saudi Arabia flagged the possibility of a reduction.

Crude has retreated by about a quarter since early June as the global economy slowed and central banks hiked interest rates, erasing all of the gains since Moscow's invasion of Ukraine. Last week, Russian energy giant Gazprom PJSC said gas flows along a key pipeline to Germany would not resume, just after G-7 ministers had endorsed a US-led initiative to cap the price of Russian oil.

World Commodities		Last	1D Change
<u>WTI Crude</u>		88,68	2,08%
<u>Brent Crude</u>		95,21	2,35%
<u>Nat Gas (HH)</u>		8,94	1,76%
<u>Nickel</u>		20 468,00	1,10%
<u>Copper</u>		342,50	0,10%
<u>Corn</u>		669,00	1,63%
<u>Wheat</u>		793,00	2,26%
<u>Soybean</u>		1 510,50	2,56%
<u>Coffee</u>		232,65	-1,57%
<u>Cotton</u>		108,39	-4,33%
<u>Sugar</u>		18,15	0,89%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD has breached the 0.9900 mark for the first time since Dec 2020 amid unrelenting safe-haven demand for the US dollar. Risk-off flows dominate amid the worsening European energy crisis-led global recession fears.

GBP/USD slides to the fresh low since March 2020 as the cable traders await the UK PM Leadership results on Monday. Firmer US dollar cheers fears of worsening energy crisis to exert downside pressure on the pair. Thin trading to extend amid US holiday.

USD/JPY picks up bids to print mild gains around 24-year high. Bearish candlestick, overbought RSI (14) signal pullback moves amid sluggish session. Ascending trend line from April, June 1998 high lure the bulls. Sellers need validation from a three-week-old ascending

AUD/USD is displaying topsy-turvy moves in a narrow range of 0.6774-0.6800 in the Asian session. After a gap down open, the aussie bulls attempted a break above the critical hurdle of 0.6800, however, the risk-off market tone strengthened the greenback bulls.

World Currencies	Last	1D Change
<u>EURUSD</u>	0,9898	-0,56%
<u>EURCHF</u>	0,9721	0,47%
<u>EURGBP</u>	0,8637	0,14%
<u>EURJPY</u>	138,99	0,42%
<u>USDCHF</u>	0,9821	-0,09%
<u>USDJPY</u>	140,41	-0,15%
<u>USDCAD</u>	1,3154	-0,15%
<u>USDTRY</u>	18,22	-0,17%
<u>GBPUSD</u>	1,1461	-0,42%
<u>AUDUSD</u>	0,6792	-0,29%
<u>NZDUSD</u>	0,6094	-0,15%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9795	0.9886	0.9920	1.0011	1.0068	1.0159
USDJPY	138.43	139.36	139.79	140.72	141.22	142.15
GBPUSD	1.1345	1.1438	1.1474	1.1567	1.1624	1.1717
USDCAD	1.2936	1.3031	1.3083	1.3178	1.3221	1.3316
AUDUSD	0.6666	0.6741	0.6776	0.6851	0.6891	0.6966
NZDUSD	0.5918	0.6008	0.6056	0.6146	0.6188	0.6278
USDCHF	0.9668	0.9743	0.9778	0.9853	0.9893	0.9968
USDTRY	18.0367	18.1236	18.1584	18.2453	18.2974	18.3843
XAUUSD	1662.51	1685.48	1698.83	1721.80	1731.42	1754.39
XAGUSD	16.9549	17.4906	17.7660	18.3017	18.5620	19.0977

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
09/05	02:30	JN				Jibun Bank Japan PMI Services	Aug F	--	--	49.2	--
09/05	02:30	JN				Jibun Bank Japan PMI Composite	Aug F	--	--	48.9	--
09/05	08:00	RU				S&P Global Russia Services PMI	Aug	--	--	54.7	--
09/05	08:00	RU				S&P Global Russia Composite PMI	Aug	--	--	52.2	--
09/05	09:45	IT				S&P Global Italy Services PMI	Aug	--	--	48.4	--
09/05	09:45	IT				S&P Global Italy Composite PMI	Aug	--	--	47.7	--
09/05	09:50	FR				S&P Global France Services PMI	Aug F	--	--	51.0	--
09/05	09:50	FR				S&P Global France Composite PMI	Aug F	--	--	49.8	--
09/05	09:55	GE				S&P Global Germany Services PMI	Aug F	48.2	--	48.2	--
09/05	09:55	GE				S&P Global Germany Composite PMI	Aug F	47.6	--	47.6	--
09/05	10:00	UK				New Car Registrations YoY	Aug	--	--	-9.0%	--
09/05	10:00	EC				S&P Global Eurozone Services PMI	Aug F	--	--	50.2	--
09/05	10:00	EC				S&P Global Eurozone Composite PMI	Aug F	--	--	49.2	--
09/05	10:30	UK				Official Reserves Changes	Aug	--	--	\$31m	--
09/05	10:30	EC				Sentix Investor Confidence	Sep	--	--	-25.2	--
09/05	10:30	UK				S&P Global/CIPS UK Services PMI	Aug F	52.5	--	52.5	--
09/05	10:30	UK				S&P Global/CIPS UK Composite PMI	Aug F	--	--	50.9	--
09/05	11:00	EC				Retail Sales MoM	Jul	--	--	-1.2%	--
09/05	11:00	EC				Retail Sales YoY	Jul	--	--	-3.7%	--
09/05-09/09		RU				Wellbeing Fund	Aug	--	--	\$198.3b	--

Source: Refinitiv

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