

Market Corner

A fresh selloff hit Asian equities on Wednesday as concerns over a stronger dollar and rising global interest rates added to pressure on capital flows.

The MSCI Asia Pacific Index dropped as much as 1.7% to its lowest since May 2020 as most sectors were in the red. Tech shares led declines, given the sector's sensitivity to higher borrowing costs and the global economy. Benchmarks in South Korea, Taiwan and Hong Kong fell the most.

The "strong dollar is never good news for Asian markets," Sanford C. Bernstein strategists including Rupal Agarwal wrote in a note late Tuesday. "It tends to increase the cost of foreign debt, results in higher capital outflows and puts pressure on central banks to maintain the attractiveness of their exports and the yield spreads."

The region's currencies were also under pressure, with the Korean won at its lowest in more than 13 years and the Philippine peso dropping past 57 per dollar for the first time. Such rapid depreciation can further damp appetite for Asian assets.

By contrast, Chinese equities held up relatively well. The CSI 300 Index was little changed as chipmakers advanced after President Xi Jinping called for a stronger effort to advance key technologies. Still, the nation's Covid-19 lockdowns continue to expand, keeping a cap on equity gains.

US equities fell Tuesday after stronger-than-expected economic data added to concerns about the Federal Reserve's plans for interest rate hikes as bond yields surged.

The S&P 500 Index was down 0.4% as of 2:07 p.m. in New York, sinking to its lowest intraday level since July 18, with eight of the 11 major industry groups falling, led by declines in the communications services and energy sectors. The tech-heavy Nasdaq 100 Index slid 0.8%, while the Dow Jones Industrial Average lost 0.5%.

The Institute for Supply Management's services index for August unexpectedly rose to 56.9 from 56.7, underscoring the US economy's resilience but also fueling angst that the Fed will need to deliver bold rate increases to fight inflation. The S&P 500 is coming off three consecutive losing weeks, during which the benchmark has fallen 8.3%.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	31 145,30	-0,55%
<u>S&P 500</u>	3 908,19	-0,41%
<u>Nasdaq</u>	11 544,91	-0,74%
<u>Eurostoxx 50</u>	3 500,14	0,29%
<u>FTSE 100</u>	7 300,44	0,18%
<u>CAC 40</u>	6 104,61	0,19%
<u>DAX</u>	12 871,44	0,87%
<u>SMI</u>	10 834,18	0,14%
<u>Nikkei</u>	27 408,33	-0,79%
<u>Hang Seng</u>	18 856,01	-1,81%
<u>CSI 300</u>	4 051,39	-0,02%
<u>VIX Index</u>	26,91	3,54%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	3,3436	-0,17%
<u>EUR 10Y</u>	1,6380	4,80%
<u>Swiss 10Y</u>	0,9590	7,51%
<u>UK 10Y</u>	3,10	5,51%

Source: Bloomberg



Morning Call

Geneva, September 7, 2022

Crypto Corner

Bitcoin is flirting with a test of this year's lows following a cryptocurrency selloff that again pushed the sector's overall market value below \$1 trillion.

The largest digital token has shed more than 6% so far this week and was trading at about \$18,620 as of 10:28 a.m. in Singapore. Crypto market capitalization has fallen by a similar proportion in the past 24 hours, according to CoinGecko. Surging real interest rates -- seen as the true cost of borrowing -- are heaping pressure on a range of risk assets and crypto is no exception. The retreat in Bitcoin is taking it closer to a nadir of about \$17,600 that was hit in June in the wake of blowups at crypto lenders and hedge funds.

"The macro narrative is very hard to be able to let go and will drive risk assets," Kevin Loo, head of investment insights at IDEG Asset Management Ltd., said on Bloomberg Television. "Bitcoin is below \$20,000. We have been here before and it's likely that we could go slightly lower."

At the same time, there remains residual optimism from the upcoming upgrade of the Ethereum network, which some analysts hope will draw investment flows into Ether and other digital assets.

"Bitcoin was at \$3,000 in the first crypto winter and if you measure trough to trough, the trend is we are heading higher in the longer term," Loo said.

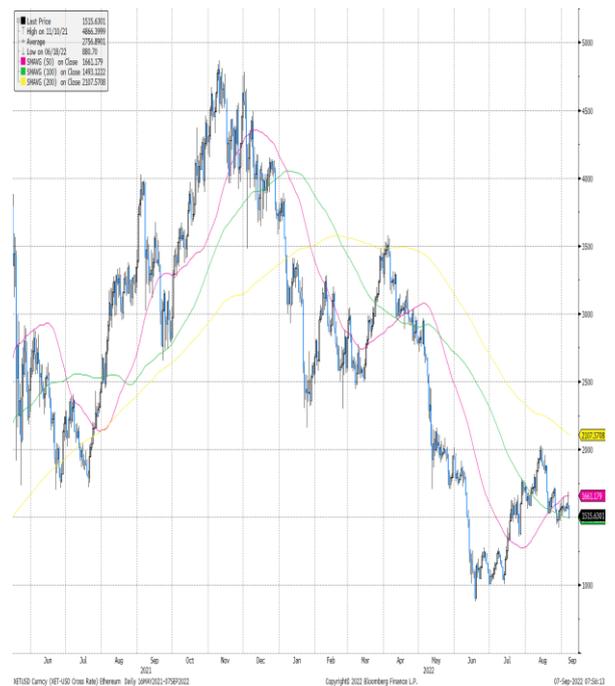
The MVIS CryptoCompare Digital Assets 100 index of the largest tokens is down about 60% this year. Bitcoin has tumbled from a pandemic-era peak of almost \$69,000 in November last year.

Crypto Market Cap: **\$938B**

24h Vol: **\$86.8B**

Dominance: **BTC: 38,3% ETH:19,7%**

Crypto	Last	1D Change
Bitcoin	18 783,78	-1,03%
Ethereum	1 517,25	-4,02%



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



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Commodity Corner

Gold fell for a third day as a gauge of the US dollar hit a record and Treasury yields surged amid expectations of further monetary tightening by the Federal Reserve.

Bullion has dropped below the \$1,700 an ounce level as central banks globally raise interest rates to combat inflation, dulling the allure of the non-interest-bearing asset.

A deluge of corporate debt offerings and a stronger-than-expected gauge of service-sector activity saw Treasury yields advance Tuesday. This helped buoy the greenback against almost all of its major developed-market counterparts, and spurred bets for another 75-basis points Fed hike.

Spot gold fell 0.3% to \$1,697.06 an ounce as of 8:23 a.m. in Singapore, after dropping 0.6% in the previous two days. The Bloomberg Dollar Spot Index hit an all-time high after rising 0.2%. Silver, platinum and palladium declined.

Traders will also be monitoring the European Central Bank's policy decision Thursday. Money markets scaled back rate-hike expectations amid mounting concerns about the health of the region's economy.

Precious Metals	Last	1D Change
<u>Gold</u>	1 694,92	-0,42%
<u>Silver</u>	17,95	-0,38%
<u>Platinum</u>	850,54	-0,66%
<u>Palladium</u>	1 991,31	-0,89%

Oil sank to the lowest since January as the dollar surged to a record and global demand concerns escalated, including in lockdown-hit China.

West Texas Intermediate fell toward \$85 a barrel as risk assets from equities to commodities slumped, with a gauge of the dollar hitting an all-time high. The currency's ascent makes oil more expensive for buyers outside the US.

Crude has made a weak start to September, extending a run of three-monthly losses that's the worst streak in more than two years. With central banks jacking up rates to quell inflation, investors are concerned economies may tip into recession. In China, virus curbs are damping demand, with centers from Chengdu to Shenzhen extending lockdowns or adopting movement controls.

Crude prices have erased a gain driven by a decision from the Organization of Petroleum Exporting Countries and its allies on Monday to pare output, a move championed by Saudi Arabia. Still, reflecting the market softness, Riyadh also reduced prices for customers in Asia and Europe for next month's shipments.

World Commodities	Last	1D Change
<u>WTI Crude</u>	85,19	-1,95%
<u>Brent Crude</u>	91,27	-1,68%
<u>Nat Gas (HH)</u>	7,99	-1,89%
<u>Nickel</u>	21 527,00	0,56%
<u>Copper</u>	341,80	-1,47%
<u>Corn</u>	675,25	-0,81%
<u>Wheat</u>	800,00	0,88%
<u>Soybean</u>	1 485,25	-0,32%
<u>Coffee</u>	233,90	0,54%
<u>Cotton</u>	108,29	-0,09%
<u>Sugar</u>	17,98	-0,94%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD has slipped to near 0.9880 as the DXY has strengthened after a rebound in Services PMI. Investors should brace for a 50 bps rate hike announcement by the ECB. The Eurozone energy crisis will deepen further as the winter season will have more gas demand.

GBP/USD extends the previous day's pullback towards four-month-old support line. Oversold RSI (14), lower line of the monthly bearish channel acts as additional downside filters. 10-DMA guards immediate upside, buyers need validation from July's low.

USD/JPY remains firmer around multi-day top, cheers upside break of bullish channel. Overbought RSI tests bulls on their way to an ascending resistance line from late April. Bears need to conquer 139.40 to retake control.

AUD/USD is back to test 0.6700, as Chinese trade data disappoint and add to growth concerns. The US dollar rally regains momentum amid risk-aversion and hawkish Fed bets. Investors digest Aussie Q2 GDP while awaiting the Fed speak.

World Currencies	Last	1D Change
<u>EURUSD</u>	0,9890	-0,14%
<u>EURCHF</u>	0,9745	0,06%
<u>EURGBP</u>	0,8618	-0,24%
<u>EURJPY</u>	142,53	-0,77%
<u>USDCHF</u>	0,9853	-0,17%
<u>USDJPY</u>	144,11	-0,91%
<u>USDCAD</u>	1,3186	-0,25%
<u>USDTRY</u>	18,24	-0,08%
<u>GBPUSD</u>	1,1475	-0,39%
<u>AUDUSD</u>	0,6714	-0,31%
<u>NZDUSD</u>	0,6010	-0,48%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9674	0.9796	0.9850	0.9972	1.0040	1.0162
USDJPY	136.40	139.22	141.01	143.83	144.86	147.68
GBPUSD	1.1311	1.1426	1.1473	1.1588	1.1656	1.1771
USDCAD	1.2994	1.3067	1.3110	1.3183	1.3213	1.3286
AUDUSD	0.6555	0.6660	0.6698	0.6803	0.6870	0.6975
NZDUSD	0.5880	0.5974	0.6006	0.6100	0.6162	0.6256
USDCHF	0.9631	0.9726	0.9781	0.9876	0.9916	1.0011
USDTRY	18.1086	18.1667	18.1943	18.2524	18.2829	18.3410
XAUUSD	1655.98	1682.79	1692.46	1719.27	1736.41	1763.22
XAGUSD	16.8985	17.5409	17.7798	18.4222	18.8257	19.4681

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars

ECO Calendars View Alerts Export

G8 Browse 08:42:52 09/07/22 - 09/07/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
09/05-09/09		RU				Wellbeing Fund	Aug	--	--	\$198.3b	--
09/07	07:00	JN				Leading Index CI	Jul P	100.2	--	100.9	--
09/07	07:00	JN				Coincident Index	Jul P	100.0	--	98.6	--
09/07	08:00	GE				Industrial Production SA MoM	Jul	-0.6%	--	0.4%	--
09/07	08:00	GE				Industrial Production WDA YoY	Jul	-2.1%	--	-0.5%	--
09/07	10:00	IT				Retail Sales MoM	Jul	0.2%	--	-1.1%	--
09/07	10:00	IT				Retail Sales YoY	Jul	--	--	1.4%	--
09/07	11:00	EC				Govt Expend QoQ	2Q	--	--	-0.3%	-0.2%
09/07	11:00	EC				Gross Fix Cap QoQ	2Q	--	--	0.1%	-0.5%
09/07	11:00	EC				Household Cons QoQ	2Q	--	--	-0.7%	-0.4%
09/07	11:00	EC				Employment QoQ	2Q F	--	--	0.3%	--
09/07	11:00	EC				Employment YoY	2Q F	--	--	2.4%	--
09/07	11:00	EC				GDP SA QoQ	2Q F	0.6%	--	0.6%	--
09/07	11:00	EC				GDP SA YoY	2Q F	3.9%	--	3.9%	--
09/07	13:00	US				MBA Mortgage Applications	Sep 2	--	--	-3.7%	--
09/07	14:30	US				Trade Balance	Jul	-\$70.3b	--	-\$79.6b	--
09/07	14:30	CA				Int'l Merchandise Trade	Jul	3.83b	--	5.05b	--
09/07	15:00	RU				Official Reserve Assets	Aug	--	--	576.9b	--
09/07	16:00	CA				Bank of Canada Rate Decision	Sep 7	3.25%	--	2.50%	--
09/07	16:00	CA				Ivey Purchasing Managers Index SA	Aug	--	--	49.6	--
09/07	18:00	RU				CPI WoW	Sep 5	--	--	-0.16%	--
09/07	18:00	RU				CPI Weekly YTD	Sep 5	--	--	10.38%	--
09/07	20:00	US				U.S. Federal Reserve Releases Beige Book					
09/07		IT				Bank of Italy Report on Balance-Sheet Aggregates					

Source: Refinitiv

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