



Morning Call

Geneva, November 4, 2022

Market Corner

Asian stocks snapped a three-day advance, with Chinese shares among the worst performers, as the Federal Reserve’s tightening signals and Beijing’s Covid Zero adherence sapped risk sentiment.

The MSCI Asia Pacific ex-Japan Index fell as much as 2.1%, led by consumer discretionary and tech shares. Nearly all markets in the region were down, with Australia slumping almost 2% and tech-heavy market Taiwan dropping nearly 1%. Japan was closed for a holiday.

Fed Chair Jerome Powell’s comments that tightening still has “some ways to go” were perceived to be more aggressive and hawkish than before, triggering a reversal in US shares that spilled over into Asia. The Fed raised interest rates by 75 basis points for the fourth time in a row.

The Nasdaq 100 was poised to trim its biggest weekly drop since the start of the year, driven by rate-hike concerns, as optimism about China’s reopening boosted Wall Street futures contracts.

Nasdaq 100 contracts rose 0.8% by 2:53 a.m. in New York after the tech-heavy gauge plunged 7.4% this week, erasing \$1.1 trillion in market capitalization. Those on the S&P 500 gained 0.5%, putting the underlying gauge on track to pare a 4.6% weekly decline -- the steepest since September.

Sentiment got a boost on Friday after Bloomberg News reported China is working on plans to scrap a system that penalizes airlines for bringing virus cases into the country, a sign authorities are looking for ways to ease the impact of the Covid Zero policy.

Still, the Nasdaq 100 closed at the lowest level since July 2020 as technology stocks have fallen out of favor this year while the Federal Reserve tightened its monetary policy. Prices of expensive growth stocks, like tech, are based on expected future earnings, which are devalued when interest rates rise. Big Tech earnings have already showed signs of weakness this quarter, sending shares in companies like Amazon.com Inc. and Meta Platforms Inc. tumbling.

World Indices	Last	1D Change
<u>Dow Jones</u>	32 001,25	-0,46%
<u>S&P 500</u>	3 719,89	-1,06%
<u>Nasdaq</u>	10 342,94	-1,73%
<u>Eurostoxx 50</u>	3 593,18	-0,80%
<u>FTSE 100</u>	7 188,63	0,62%
<u>CAC 40</u>	6 243,28	-0,54%
<u>DAX</u>	13 130,19	-0,95%
<u>SMI</u>	10 710,59	-0,89%
<u>Nikkei</u>	27 199,74	-1,68%
<u>Hang Seng</u>	16 305,55	6,30%
<u>CSI 300</u>	3 767,18	3,27%
<u>VIX Index</u>	25,64	1,34%

World Bonds	Last	1D Change
<u>US 10Y</u>	4,1584	0,28%
<u>EUR 10Y</u>	2,2450	4,86%
<u>Swiss 10Y</u>	1,2010	5,72%
<u>UK 10Y</u>	3,52	3,59%

Source: Bloomberg



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Crypto Corner

Fidelity Investments is set to launch a retail crypto trading platform, starting with zero-commission trading for Bitcoin and Ethereum.

The brokerage has opened up a wait list for its new service Fidelity Crypto, according to its website. It will offer custody and trading of the two tokens, while allowing users to have an integrated view of both crypto and traditional investments. Fidelity doesn't have a date identified for when customers will receive access, the firm said in an FAQ. Invitations will be sent based on timing of sign-ups and state eligibility.

Fidelity will collect a spread at no more than 1%, according to its website. A spread is the difference between the price users buy or sell crypto and the price at which the brokerage fills their order. Additional cryptocurrencies are being evaluated, the website says.

Retail investors buying digital assets typically use crypto exchanges such as FTX Trading Ltd., Coinbase Global Inc. or brokerage apps such as Robinhood Markets Inc. Boston-based Fidelity pushed into crypto in 2018, when it began offering hedge funds, family offices and trading firms custody services for their digital assets. But until now, it has held off on extending crypto trading to its more than 35 million retail customers.

Already a giant in mutual funds and financial advice, the firm has been looking for ways to reach younger clientele. It has recently designed a new mobile app targeting young adults and introduced an investment account for teenagers.

In October, Fidelity said it's hiring an additional 100 people for its digital assets unit, which will bring Fidelity Digital Assets's headcount to roughly 500 by the end of next year's first quarter.

Citadel Securities and Virtu Financial Inc. have been developing a cryptocurrency trading platform along with retail brokerages Fidelity Investments and Charles Schwab Corp., Bloomberg News reported in June.

Crypto Market Cap: **\$1,02T**

24h Vol: **\$83,2B**

Dominance: **BTC: 38,5% ETH:18,8%**

Crypto	Last	1D Change
Bitcoin	20 573,27	1,65%
Ethereum	1 577,44	2,38%



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

Commodity Corner

Gold fell as the dollar gained after Federal Reserve Chair Jerome Powell signaled monetary policy would need to be tightened more than previously anticipated to tame inflation.

The Fed raised interest rates by another 75 basis points at its November meeting, though noted it could be appropriate to slow the pace of increases as soon as the next one. Bullion slid following the statements and extended its drop Thursday as traders pared bets on a more rapid halt to tightening.

The metal slid further after Bank of England Governor Andrew Bailey said markets were overestimating the peak of its own hiking cycle, even as it matched the Fed's rate increase. The pound extended losses against the dollar following the decision, putting pressure on gold which is priced in the US currency.

Earlier Thursday, gold traded at its lowest level in over a month, weighed down by the hawkish Fed which has sent prices tumbling more than 20% since a peak in March. Higher interest rates diminish the appeal of the non-yielding metal.

Spot gold declined 0.5% to \$1,627.52 an ounce as of 1:08 p.m. in New York, after dropping 0.8% in the previous session. The Bloomberg Dollar Spot Index advanced 0.7%, extending Wednesday's gain. Silver rose while platinum and palladium fell.

Precious Metals		Last	1D Change
<u>Gold</u>		1 647,42	1,10%
<u>Silver</u>		19,74	1,40%
<u>Platinum</u>		931,93	0,99%
<u>Palladium</u>		1 838,00	1,85%

Oil jumped above \$90 a barrel as commodities and stocks in Asia rallied on optimism over China potentially easing its Covid restrictions.

West Texas Intermediate futures surged almost 3%, putting crude on track for a second weekly advance, after rumors circulated on social media that China may change its Covid Zero policy. Oil got a further boost from news that the nation is working on plans to scrap a system that penalizes airlines for bringing virus cases into the country. China is the world's biggest crude importer.

China's Covid Zero strategy relies on lockdowns and mass testing to stamp out infections and has weighed heavily on the nation's economy this year. Bank of China International Ltd. estimates the country's oil demand will decline by 400,000 barrels a day in 2022 due to virus curbs.

World Commodities		Last	1D Change
<u>WTI Crude</u>		90,38	2,51%
<u>Brent Crude</u>		96,83	2,28%
<u>Nat Gas (HH)</u>		6,09	1,99%
<u>Nickel</u>		22 706,00	-5,65%
<u>Copper</u>		350,95	2,41%
<u>Corn</u>		683,50	0,63%
<u>Wheat</u>		849,75	1,10%
<u>Soybean</u>		1 439,75	0,91%
<u>Coffee</u>		172,20	-5,46%
<u>Cotton</u>		83,66	0,80%
<u>Sugar</u>		18,47	0,00%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is consolidating the recovery gains below 0.9800 in early Europe. Upbeat sentiment contributes to the typical pre-NFP trading amid the US Dollar repositioning. Firmer yields and hawkish Fed keep bears hopeful. Lagarde's speech eyed as well.

GBP/USD is holding onto the recovery gains above 1.1200 as risk flows return early Friday, triggering a corrective downside in the US Dollar. The Fed-BoE policy contrast continues to limit the pair's rebound, as the focus shifts to the US NFP report.

USD/JPY is displaying a topsy-turvy performance above the critical support of 148.00 in the Tokyo session as investors have shifted their focus towards the release of the US employment data. The risk impulse is still favoring safe-haven assets as anxiety ahead of the US Nonfarm Payrolls (NFP) data is accelerating.

AUD/USD is extending the bounce above 0.6300 early Friday, as the US dollar retreats amid a better market mood and firmer Treasury yields. Investors assess the RBA Monetary Policy Statement and Australian Retail Sales data ahead of the critical US NFP.

World Currencies	Last	1D Change
EURUSD	0,9777	0,29%
EURCHF	0,9872	0,10%
EURGBP	0,8721	0,20%
EURJPY	144,65	-0,06%
USDCHF	1,0097	0,36%
USDJPY	147,95	0,21%
USDCAD	1,3665	0,59%
USDTRY	18,62	0,00%
GBPUSD	1,1211	0,46%
AUDUSD	0,6339	0,80%
NZDUSD	0,5809	0,62%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9553	0.9663	0.9706	0.9816	0.9883	0.9993
USDJPY	145.26	146.60	147.43	148.77	149.28	150.62
GBPUSD	1.0705	1.0975	1.1067	1.1337	1.1515	1.1785
USDCAD	1.3496	1.3621	1.3683	1.3808	1.3871	1.3996
AUDUSD	0.6111	0.6211	0.6250	0.6350	0.6411	0.6511
NZDUSD	0.5588	0.5686	0.5730	0.5828	0.5882	0.5980
USDCHF	0.9811	0.9953	1.0043	1.0185	1.0237	1.0379
USDTRY	18.5517	18.5860	18.6016	18.6359	18.6546	18.6889
XAUUSD	1580.54	1604.81	1617.15	1641.42	1653.35	1677.62
XAGUSD	17.8642	18.5739	19.0227	19.7324	19.9933	20.7030

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

G8		Browse		08:41:23		11/04/22		11/04/22		
Economic Releases		All Economic Releases				View		Agenda		
Date	TimeC	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
11/03-11/10	RU				Wellbeing Fund	Oct	--	--	\$188.0b	--
11/04 00:50	JN				Japan Buying Foreign Bonds	Oct 28	--	--	¥164.5b	--
11/04 00:50	JN				Japan Buying Foreign Stocks	Oct 28	--	--	¥45.9b	--
11/04 00:50	JN				Foreign Buying Japan Bonds	Oct 28	--	--	-¥1391.2b	--
11/04 00:50	JN				Foreign Buying Japan Stocks	Oct 28	--	--	-¥356.6b	--
11/04 01:30	JN				Jibun Bank Japan PMI Services	Oct F	--	--	53.0	--
11/04 01:30	JN				Jibun Bank Japan PMI Composite	Oct F	--	--	51.7	--
11/04 08:00	GE				Factory Orders MoM	Sep	-0.5%	--	-2.4%	--
11/04 08:00	GE				Factory Orders WDA YoY	Sep	-7.2%	--	-4.1%	--
11/04 08:45	FR				Private Sector Payrolls QoQ	3Q P	--	--	0.5%	--
11/04 08:45	FR				Industrial Production MoM	Sep	-1.0%	--	2.4%	--
11/04 08:45	FR				Industrial Production YoY	Sep	1.2%	--	1.2%	--
11/04 08:45	FR				Manufacturing Production MoM	Sep	-1.3%	--	2.7%	--
11/04 08:45	FR				Manufacturing Production YoY	Sep	--	--	3.1%	--
11/04 09:00	RU				Money Supply Narrow Def	Oct 28	--	--	15.67t	--
11/04 09:45	IT				S&P Global Italy Services PMI	Oct	48.5	--	48.8	--
11/04 09:45	IT				S&P Global Italy Composite PMI	Oct	47.4	--	47.6	--
11/04 09:50	FR				S&P Global France Services PMI	Oct F	51.3	--	51.3	--
11/04 09:50	FR				S&P Global France Composite PMI	Oct F	50.0	--	50.0	--
11/04 09:55	GE				S&P Global Germany Services PMI	Oct F	44.9	--	44.9	--
11/04 09:55	GE				S&P Global Germany Composite PMI	Oct F	44.1	--	44.1	--
11/04 10:00	UK				New Car Registrations YoY	Oct	--	--	4.6%	--
11/04 10:00	EC				S&P Global Eurozone Services PMI	Oct F	48.2	--	48.2	--
11/04 10:00	EC				S&P Global Eurozone Composite PMI	Oct F	47.1	--	47.1	--
11/04 10:30	UK				S&P Global/CIPS UK Construction PMI	Oct	50.3	--	52.3	--
11/04 11:00	EC				PPI MoM	Sep	1.7%	--	5.0%	--
11/04 11:00	EC				PPI YoY	Sep	42.0%	--	43.3%	--
11/04 13:30	CA				Net Change in Employment	Oct	10.0k	--	21.1k	--
11/04 13:30	CA				Full Time Employment Change	Oct	--	--	5.7k	--
11/04 13:30	CA				Part Time Employment Change	Oct	--	--	15.4k	--
11/04 13:30	US				Two-Month Payroll Net Revision	Oct	--	--	11k	--
11/04 13:30	US				Change in Nonfarm Payrolls	Oct	200k	--	263k	--
11/04 13:30	CA				Unemployment Rate	Oct	5.3%	--	5.2%	--
11/04 13:30	US				Change in Private Payrolls	Oct	200k	--	288k	--
11/04 13:30	CA				Participation Rate	Oct	64.7%	--	64.7%	--
11/04 13:30	US				Change in Manufact. Payrolls	Oct	12k	--	22k	--
11/04 13:30	CA				Hourly Wage Rate Permanent Employees YoY	Oct	5.1%	--	5.2%	--
11/04 13:30	US				Unemployment Rate	Oct	3.6%	--	3.5%	--
11/04 13:30	US				Average Hourly Earnings MoM	Oct	0.3%	--	0.3%	--
11/04 13:30	US				Average Hourly Earnings YoY	Oct	4.7%	--	5.0%	--
11/04 13:30	US				Average Weekly Hours All Employees	Oct	34.5	--	34.5	--
11/04 13:30	US				Labor Force Participation Rate	Oct	62.3%	--	62.3%	--
11/04 13:30	US				Underemployment Rate	Oct	--	--	6.7%	--
11/04 15:00	CA				Ivey Purchasing Managers Index SA	Oct	--	--	59.5	--

Source: Refinitiv

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