

Market Corner

Asian stocks rose amid investor optimism over the outcome of US midterm elections, while Chinese shares pulled back after a two-day rally as pandemic concerns flared once again.

The MSCI Asia Pacific Index advanced as much as 0.8%, poised for a third-straight day of gains, driven by gains in technology stocks. Benchmarks in Japan, South Korea and Taiwan led gains, while Indian markets were closed for a holiday.

China's Covid cases surged by the most since April, halting a recent rally in equities in Hong Kong and on the mainland. Chinese shares had been rising on growing hopes for eventual reopening even as health officials reiterated a strict adherence to Covid Zero policy.

The market is wagering that a US Congress split between Democrats and Republicans will be good for stocks. A post-election rally could provide some respite from ongoing concerns over the Federal Reserve's ongoing monetary-policy tightening.

Equities rallied late to close Monday up almost 1% on optimism the US midterm elections and Thursday's inflation report will provide a positive catalyst.

After initially wavering between gains and losses, the S&P 500 surged through the afternoon, led by the communication services and energy sectors, as 369 stocks rose and 134 fell. The Dow Jones climbed 1.3% while the Nasdaq 100 jumped 1.1% as Facebook owner Meta Platforms rallied on reported plans to cut thousands of jobs.

Morgan Stanley's Michael Wilson encouraged investors to stay bullish on equities ahead of this week's US midterm elections because a Republican win in at least one chamber of Congress may provide support for higher equity prices.

Other analysts are looking beyond the midterms to the release of inflation data this week for signs the Federal Reserve could slow its pace of interest rate hikes. "It is still all about inflation and while this report might not be as hot as the last few, it still should show that rents and the core-service sector part of the economy are still hot," Oanada Corp. senior market analyst Ed Moya wrote in a Monday note on the coming inflation data.

Investors are wagering that Thursday's release will show a slight cooling in consumer prices for October. On Monday, Federal Reserve data showed a larger than expected drop in consumer credit.

World Indices	Last	1D Change
<u>Dow Jones</u>	32 827,00	1,31%
<u>S&P 500</u>	3 806,80	0,96%
<u>Nasdaq</u>	10 564,52	0,85%
<u>Eurostoxx 50</u>	3 708,80	0,55%
<u>FTSE 100</u>	7 299,99	-0,48%
<u>CAC 40</u>	6 416,61	0,00%
<u>DAX</u>	13 533,52	0,55%
<u>SMI</u>	10 750,39	-0,35%
<u>Nikkei</u>	27 872,11	1,25%
<u>Hang Seng</u>	16 487,75	-0,65%
<u>CSI 300</u>	3 749,33	-0,69%
<u>VIX Index</u>	24,35	-0,81%

World Bonds	Last	1D Change
<u>US 10Y</u>	4,2202	0,16%
<u>EUR 10Y</u>	2,3440	0,04%
<u>Swiss 10Y</u>	1,1940	0,34%
<u>UK 10Y</u>	3,64	2,86%

Source: Bloomberg



Morning Call

Geneva, November 8, 2022

Crypto Corner

Bitcoin and Ether dropped to their lowest in two weeks on Tuesday, following a renewed slump in cryptocurrency exchange FTX's token and amid broader caution ahead of US midterm elections and inflation data.

The top digital currency fell as much as 6.4% to \$19,370, while its next-biggest rival Ether lost up to 9% to \$1,434, both at levels unseen since Oct. 25. Solana plunged nearly 20%.

"It seems Bitcoin is still set on being a risky asset and that means it might struggle to do anything before we get past both the midterm elections and inflation report," Ed Moya, senior market analyst at Oanda Corp., wrote in a note Monday. Partly triggering the selloff was the FTX token's tumble below a level suggested by an affiliate as an offer price, after an increase in withdrawals that was triggered when competitor Binance Holdings Ltd. announced plans to sell all its token. Virtual currencies have struggled this year along with other risk assets as major central banks hiked interest rates to combat soaring inflation.

On Sunday, Changpeng Zhao, CEO of top crypto exchange Binance, announced plans to sell the bourse's roughly \$530 million holding of FTT, the native token of Sam Bankman-Fried's FTX. Caroline Ellison, the CEO of Bankman-Fried's trading house Alameda Research, later offered to buy all of Binance's FTT tokens at \$22.

"Concerns around FTX and Alameda seem to be causing nervousness in the markets, which is impacting all of crypto currently," said Vijay Ayyar, vice president of corporate development and international at crypto platform Luno.

Bitcoin's break below \$20,039 argues for a possible further decline to test \$18,000, Mark Newton, head of technical strategy at Fundstrat, wrote in a note Monday. "Any daily close back under \$18,000 would be quite negative and certainly postpone a rally."

Crypto Market Cap: **\$981B**

24h Vol: **\$118,2B**

Dominance: **BTC: 38,7% ETH:18,5%**

Crypto	Last	1D Change
Bitcoin	19 770,10	-4,42%
Ethereum	1 482,90	-5,89%



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



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Commodity Corner

Gold fell for a second day as attention turned to the US, where the latest inflation readings and the outcome of midterm elections may provide fresh clues on the precious metal's direction.

Bullion has been whipsawed this year by aggressive Federal Reserve rate hikes aimed at cooling inflation, with rallies in the dollar and US bond yields also pressuring the metal. Prices have declined almost 20% from a peak in March.

The October US inflation reading due Thursday will be watched carefully after the core consumer price index rose more than forecast to a 40-year high in September.

There's still a "very plausible" path for the US economy to avoid a recession, said Jan Hatzius, Goldman Sachs Group Inc.'s chief economist.

Spot gold declined 0.3% to \$1,670.32 an ounce as of 6:07 a.m. in London, after falling 0.4% in the previous session. The Bloomberg Dollar Spot Index rose 0.1%. Silver, platinum and palladium fell.

Precious Metals		Last	1D Change
<u>Gold</u>		1 669,91	-0,34%
<u>Silver</u>		20,66	-0,68%
<u>Platinum</u>		981,68	-0,39%
<u>Palladium</u>		1 891,79	-0,67%

Oil fell as investors weighed China's renewed commitment to strict anti-Covid policies, and the dollar rose before US midterm elections.

West Texas Intermediate futures dropped toward \$91 a barrel, after easing almost 1% in the week's opening session as China reaffirmed its commitment to Covid Zero, including demand-sapping movement curbs and lockdowns. On Monday, more than 7,000 local cases were reported in the world's largest crude importer, the highest daily number in more than six months.

A Bloomberg gauge of the US dollar halted a two-day loss as investors awaited midterm elections, with voters heading to the polls to decide control of both chambers of Congress, the governorship in 36 states, and other local races. Ahead of the contests, President Joe Biden ordered the release of millions of barrels of crude from strategic stockpiles to help rein in gasoline prices.

Crude has slumped by about a quarter from its June highs as signs of a global slowdown, tighter monetary policy, and a strong US dollar weighed on prices. In addition, oil traders are watching further curbs on Russian flows from December, and the impact of an OPEC+ supply cut that takes effect this month.

World Commodities		Last	1D Change
<u>WTI Crude</u>		91,49	-0,33%
<u>Brent Crude</u>		97,73	-0,19%
<u>Nat Gas (HH)</u>		6,58	-5,21%
<u>Nickel</u>		23 292,00	-1,82%
<u>Copper</u>		359,90	-0,12%
<u>Corn</u>		675,25	-0,07%
<u>Wheat</u>		839,50	-0,74%
<u>Soybean</u>		1 440,50	0,03%
<u>Coffee</u>		170,55	-2,96%
<u>Cotton</u>		86,74	-0,86%
<u>Sugar</u>		18,68	-0,16%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is trading at around parity, under pressure amid a renewed uptick in the US Dollar. Investors remain on the sidelines in anticipation of the critical US inflation data later this week. Eurozone Retail Sales data and US mid-term elections are in focus.

GBP/USD is extending losses below 1.1500 heading into the European open. The US Dollar finds its feet amid higher Treasury yields and a cautious market mood. Speeches from the BoE and Fed officials eyed along with the US mid-term elections.

USD/JPY prints the first daily gains in three around 146.65 during Tuesday's Asian session. In doing so, the Yen pair extends the previous day's rebound from a support line of the two-week-old symmetrical triangle.

AUD/USD renews intraday low as market sentiment sours during a sluggish session. China reports highest fresh covid numbers since April, fresh statistics from Australia arrived mixed. Light calendar could restrict the pair's moves ahead of US/China inflation, RBA's Lowe could entertain intraday traders.

World Currencies	Last	1D Change
<u>EURUSD</u>	0,9995	-0,25%
<u>EURCHF</u>	0,9911	-0,07%
<u>EURGBP</u>	0,8713	-0,12%
<u>EURJPY</u>	146,82	0,04%
<u>USDCHF</u>	0,9915	-0,29%
<u>USDJPY</u>	146,89	-0,18%
<u>USDCAD</u>	1,3517	-0,17%
<u>USDTRY</u>	18,59	-0,77%
<u>GBPUSD</u>	1,1472	-0,36%
<u>AUDUSD</u>	0,6453	-0,40%
<u>NZDUSD</u>	0,5910	-0,49%

XDSH FX Dashboard My Pivot Points 1 Month - Support / ... : EURUSD BGN Currency

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	0.9712	0.9848	0.9934	1.0070	1.0120	1.0256
USDJPY	143.80	145.28	145.96	147.44	148.24	149.72
GBPUSD	1.0947	1.1198	1.1356	1.1607	1.1700	1.1951
USDCAD	1.3329	1.3417	1.3455	1.3543	1.3593	1.3681
AUDUSD	0.6281	0.6369	0.6424	0.6512	0.6545	0.6633
NZDUSD	0.5708	0.5809	0.5874	0.5975	0.6011	0.6112
USDCHF	0.9690	0.9803	0.9845	0.9958	1.0029	1.0142
USDTRY	18.0752	18.2956	18.3724	18.5928	18.7364	18.9568
XAUUSD	1644.95	1659.88	1667.76	1682.69	1689.74	1704.67
XAGUSD	19.4898	20.1105	20.4548	21.0755	21.3519	21.9726

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

G8 Browse 08:32:53 11/08/22 - 11/08/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
11/07-11/10		RU				Wellbeing Fund	Oct	--	--	\$188.0b	--
11/08	00:30	JN				Household Spending YoY	Sep	2.6%	--	5.1%	--
11/08	00:30	JN				Labor Cash Earnings YoY	Sep	1.7%	--	1.7%	--
11/08	00:30	JN				Real Cash Earnings YoY	Sep	-1.8%	--	-1.7%	--
11/08	01:01	UK				BRC Sales Like-For-Like YoY	Oct	--	--	1.8%	--
11/08	06:00	JN				Leading Index CI	Sep P	97.8	--	101.3	--
11/08	06:00	JN				Coincident Index	Sep P	101.1	--	101.8	--
11/08	08:45	FR				Private Sector Payrolls QoQ	3Q P	--	--	0.5%	--
11/08	08:45	FR				Trade Balance	Sep	-14650m	--	-15301m	--
11/08	08:45	FR				Current Account Balance	Sep	--	--	-5.1b	--
11/08	10:00	IT				Retail Sales MoM	Sep	0.2%	--	-0.4%	--
11/08	10:00	IT				Retail Sales YoY	Sep	--	--	4.3%	--
11/08	11:00	EC				Retail Sales MoM	Sep	0.4%	--	-0.3%	--
11/08	11:00	EC				Retail Sales YoY	Sep	-1.1%	--	-2.0%	--
11/08	12:00	US				NFIB Small Business Optimism	Oct	91.3	--	92.1	--
11/08		IT				Bank of Italy Report on Balance-Sheet Aggregates					

Source: Refinitiv

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