

Market Corner

Asian stocks gained as markets cheered a softer US inflation print ahead of the Federal Reserve's policy decision, while Chinese shares eked out small gains amid Covid disruptions.

The MSCI Asia Pacific Index rose as much as 0.9% Wednesday, led by technology shares. Most markets in the region were in the green, with Taiwan and South Korea leading the advance.

Gauges in China and Hong Kong closed higher after a volatile trading session. The nation planned to proceed with a closely watched economic policy meeting in Beijing this week, opting not to postpone the gathering as Covid infections surge across the capital.

The lower-than-expected readings in both US headline and core inflation bode well for a slowdown in the Federal Reserve's monetary tightening. Investors will closely monitor the decision later Wednesday and Chair Jerome Powell's comments for more clues on its future path.

US equities erased early gains to register declines after the Federal Reserve dashed bullish sentiment by suggesting that rates must rise more than markets may anticipate, even after Wednesday's 50-basis-point hike.

The S&P 500 fell 0.6% in New York after being up that much earlier, with 10 of 11 major industry groups in the red, led lower by the financial and materials stocks. The tech-heavy Nasdaq 100 Index dropped 0.8%, while the blue-chip Dow Jones Industrial Average fell 0.4%. Treasury yields fluctuated, with the policy-sensitive two-year rising to about 4.22% and the 10-year trading at 3.47%.

Following the release of the central bank's rate hike decision Wednesday afternoon, Chair Jerome Powell said the Fed is not close to ending its anti-inflation campaign of interest-rate increases.

He went on to say that the size of the rate increase delivered on Feb. 1 at the Fed's next meeting would depend on incoming data — leaving the door open to another half-percentage point move or a step down to a quarter point. He also pushed back against bets that the Fed would reverse course next year.

World Indices	Last	1D Change
<u>Dow Jones</u>	33 966,35	-0,42%
<u>S&P 500</u>	3 995,32	-0,61%
<u>Nasdaq</u>	11 170,89	-0,76%
<u>Eurostoxx 50</u>	3 975,26	-0,29%
<u>FTSE 100</u>	7 495,93	-0,09%
<u>CAC 40</u>	6 730,79	-0,21%
<u>DAX</u>	14 460,20	-0,26%
<u>SMI</u>	11 160,69	0,22%
<u>Nikkei</u>	28 051,70	-0,37%
<u>Hang Seng</u>	19 394,34	-1,42%
<u>CSI 300</u>	3 951,99	-0,07%
<u>VIX Index</u>	21,14	-6,25%

World Bonds	Last	1D Change
<u>US 10Y</u>	3,4900	0,36%
<u>EUR 10Y</u>	1,9890	2,53%
<u>Swiss 10Y</u>	1,1830	2,87%
<u>UK 10Y</u>	3,32	0,42%

Source: Bloomberg



Morning Call
Geneva, December 15, 2022

Crypto Corner

The grim conditions FTX founder Sam Bankman-Fried is encountering in the Bahamas prison where he's currently being held could change his attitude on extradition to face fraud charges in the US.

At Bankman-Fried's first court appearance on Tuesday, his lawyer said he planned to fight extradition. But that was before the judge denied Bankman-Fried's request to be released on \$250,000 cash bail and an ankle monitor to track his movements and ordered him taken into custody at the Bahamas Department of Correctional Services facility, commonly known as Fox Hill.

Despite its bucolic name, Fox Hill is known for overcrowding, poor nutrition, inadequate sanitation and substandard medical care, according to a 2020 US State Department report. The report described rat and maggot infestation as well as tiny cells with only buckets for toilets.

People familiar with the matter said Bankman-Fried, 30, currently has his own room in the medical block of Fox Hill's maximum-security unit, where he will remain until his Feb. 8 extradition hearing. One person said Bankman-Fried's relatives called the prison Tuesday night to ask whether vegan meals could be delivered to him. He can't receive visitors due to COVID restrictions at the prison.

It's a far cry from the luxury penthouse in Nassau's exclusive Albany community from which Bankman-Fried ran FTX and, according to federal prosecutors in New York, orchestrated a yearslong fraud that diverted billions of customer funds from the cryptocurrency exchange to personal use and risky bets by FTX's sister trading firm, Alameda Research.

Lawyers familiar with the extradition process said Bankman-Fried's failure to win release on bail could change his calculations about returning to the US, especially since extradition battles can drag on for months or even years.

"It would be tough for SBF to withstand that for any period of time," said Bruce Zagaris, a Washington-based lawyer. "He won't get any special treatment from the inmates and the guards, like he did at the Albany condominium. Eventually, he's going to say, 'I don't want to spend another few years at this place, what are my alternatives?'"

Crypto Market Cap: [\\$860](#)

24h Vol: [\\$45,4B](#)

Dominance: [BTC: 39,6%](#) [ETH:18,4%](#)

Crypto	Last	1D Change
Bitcoin	17 734,50	-0,53%
Ethereum	1 290,62	-1,53%



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



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Commodity Corner

Gold fell after Federal Reserve Chair Jerome Powell said the authority isn't close to ending its campaign of rate hikes, with higher-than-expected borrowing costs signaled for next year.

Bullion has been hurt by aggressive monetary tightening to curb price increases and while it has recouped some losses since the start of November, the precious metal is still down about 13% from a peak in March. Gold tends to have a negative correlation with the dollar and bond yields as it is non-yielding and bears no interest.

Spot gold declined 0.9% to \$1,791.25 an ounce as of 1:13 p.m. in Singapore after declining 0.2% on Wednesday. The Bloomberg Dollar Spot Index gained 0.3% after falling 0.3% in the previous session. Silver plunged 3.1%, while palladium and platinum also moved lower.

Precious Metals	Last	1D Change
<u>Gold</u>	1 793,02	-0,79%
<u>Silver</u>	23,33	-2,57%
<u>Platinum</u>	1 017,47	-1,42%
<u>Palladium</u>	1 909,73	-0,63%

Oil slipped after rallying almost 9% over the previous three sessions as TC Energy Corp. restarted a section of the Keystone pipeline, allowing for some flows to resume on the major conduit.

West Texas Intermediate futures retreated below \$77 a barrel, while global benchmark Brent crude declined. A section of the pipeline that extends from Hardisty, Alberta, to Wood River and Patoka, Illinois, was restarted and TC Energy is continuing repair and remediation on the affected segment.

The restart "may help to ease supply concerns as well and drive some near-term volatility," said Yeap Jun Rong, a market strategist at IG Asia Pte. The long-term outlook still revolves around "global economic activities, which is seeing some face-off between hawkish Fed policies and China's reopening."

Oil is still on track to end 2022 marginally higher following a volatile period that's been exacerbated by a persistent lack of liquidity. However, investors are juggling a mixed outlook for commodity demand, including the near-term impact of China's end to Covid Zero, which has sparked a surge in infections.

World Commodities	Last	1D Change
<u>WTI Crude</u>	76,45	-1,07%
<u>Brent Crude</u>	81,97	-0,88%
<u>Nat Gas (HH)</u>	6,47	0,54%
<u>Nickel</u>	28 143,00	0,49%
<u>Copper</u>	382,00	-1,42%
<u>Corn</u>	650,00	-0,08%
<u>Wheat</u>	751,75	0,33%
<u>Soybean</u>	1 477,75	-0,30%
<u>Coffee</u>	168,30	0,69%
<u>Cotton</u>	81,40	0,04%
<u>Sugar</u>	20,29	2,68%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is holding lower ground near 1.0650, as the risk-off mood gains traction, underpinning the US Dollar demand. The Fed projected a higher interest rate peak after announcing a 50 bps rate hike. The Euro awaits the ECB rate decision for fresh impetus.

GBP/USD is trading under pressure below 1.2400 amid a pause in the US Dollar sell-off. Hawkish Fed guidance and recession fears are supporting the US Dollar. All eyes are now on the BOE policy decision, with the voting composition likely to be closely scrutinized.

USD/JPY remains under some selling pressure for the second straight day on Wednesday and drops to over a one-week low, around mid-134.00s heading into the North American session.

AUD/USD stands on slippery grounds as it drops to 0.6825 while refreshing daily low during early Thursday morning in Europe. The Aussie pair reverses from the downward-sloping resistance line from early June. Given the sluggish prints of the RSI and MACD, the latest pullback from an important hurdle is likely to extend.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0652	-0,28%
<u>EURCHF</u>	0,9867	0,07%
<u>EURGBP</u>	0,8601	-0,05%
<u>EURJPY</u>	144,62	0,06%
<u>USDCHF</u>	0,9264	-0,21%
<u>USDJPY</u>	135,77	-0,21%
<u>USDCAD</u>	1,3562	-0,10%
<u>USDTRY</u>	18,65	-0,10%
<u>GBPUSD</u>	1,2385	-0,33%
<u>AUDUSD</u>	0,6825	-0,57%
<u>NZDUSD</u>	0,6435	-0,33%

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

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0514	1.0590	1.0636	1.0712	1.0742	1.0818
USDJPY	132.44	133.89	134.68	136.13	136.79	138.24
GBPUSD	1.2197	1.2301	1.2363	1.2467	1.2509	1.2613
USDCAD	1.3374	1.3467	1.3507	1.3600	1.3653	1.3746
AUDUSD	0.6710	0.6781	0.6823	0.6894	0.6923	0.6994
NZDUSD	0.6309	0.6376	0.6416	0.6483	0.6510	0.6577
USDCHF	0.9091	0.9172	0.9208	0.9289	0.9334	0.9415
USDTRY	18.4499	18.5345	18.5822	18.6668	18.7037	18.7883
XAUUSD	1769.36	1787.56	1797.44	1815.64	1823.96	1842.16
XAGUSD	22.4693	23.1313	23.5389	24.2009	24.4553	25.1173

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars

G8 Browse 08:20:43 12/15/22 - 12/15/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
12/15	00:50	JN				Trade Balance	Nov	-¥1678.7b	--	-¥2162.3b	-¥2166.2b
12/15	00:50	JN				Trade Balance Adjusted	Nov	-¥1238.2b	--	-¥2299.2b	--
12/15	00:50	JN				Exports YoY	Nov	19.7%	--	25.3%	--
12/15	00:50	JN				Imports YoY	Nov	26.9%	--	53.5%	--
12/15	00:50	JN				Japan Buying Foreign Bonds	Dec 9	--	--	¥522.2b	--
12/15	00:50	JN				Foreign Buying Japan Bonds	Dec 9	--	--	-¥1100.6b	--
12/15	00:50	JN				Japan Buying Foreign Stocks	Dec 9	--	--	¥618.2b	--
12/15	00:50	JN				Foreign Buying Japan Stocks	Dec 9	--	--	-¥349.3b	--
12/15	05:30	JN				Tertiary Industry Index MoM	Oct	0.8%	--	-0.4%	--
12/15	08:00	GE				Wholesale Price Index MoM	Nov	--	--	-0.6%	--
12/15	08:00	GE				Wholesale Price Index YoY	Nov	--	--	17.4%	--
12/15	08:00	EC				EU27 New Car Registrations	Nov	--	--	12.2%	--
12/15	08:45	FR				CPI EU Harmonized MoM	Nov F	0.5%	--	0.5%	--
12/15	08:45	FR				CPI EU Harmonized YoY	Nov F	7.1%	--	7.1%	--
12/15	08:45	FR				CPI MoM	Nov F	0.4%	--	0.4%	--
12/15	08:45	FR				CPI YoY	Nov F	6.2%	--	6.2%	--
12/15	08:45	FR				CPI Ex-Tobacco Index	Nov	113.57	--	113.16	--
12/15	08:45	FR				Business Confidence	Dec	101	--	102	--
12/15	08:45	FR				Manufacturing Confidence	Dec	100	--	101	--
12/15	08:45	FR				Production Outlook Indicator	Dec	-8	--	-10	--
12/15	08:45	FR				Own-Company Production Outlook	Dec	15	--	17	--
12/15	10:30	IT				General Government Debt	Oct	--	--	2741.6b	--
12/15	13:00	UK				Bank of England Bank Rate	Dec 15	3.500%	--	3.000%	--
12/15	14:00	RU				Gold and Forex Reserve	Dec 9	--	--	\$571.3b	--
12/15	14:15	EC				ECB Main Refinancing Rate	Dec 15	2.50%	--	2.00%	--
12/15	14:15	EC				ECB Marginal Lending Facility	Dec 15	2.75%	--	2.25%	--
12/15	14:15	EC				ECB Deposit Facility Rate	Dec 15	2.00%	--	1.50%	--
12/15	14:15	CA				Housing Starts	Nov	259.0k	--	267.1k	--
12/15	14:30	US				Empire Manufacturing	Dec	-1.0	--	4.5	--
12/15	14:30	US				Retail Sales Advance MoM	Nov	-0.2%	--	1.3%	--
12/15	14:30	US				Retail Sales Ex Auto MoM	Nov	0.2%	--	1.3%	--
12/15	14:30	US				Retail Sales Ex Auto and Gas	Nov	0.0%	--	0.9%	--
12/15	14:30	US				Retail Sales Control Group	Nov	0.1%	--	0.7%	--
12/15	14:30	US				Initial Jobless Claims	Dec 10	232k	--	230k	--
12/15	14:30	US				Continuing Claims	Dec 3	1670k	--	1671k	--
12/15	14:30	US				Philadelphia Fed Business Outlook	Dec	-10.0	--	-19.4	--
12/15	15:00	CA				Existing Home Sales MoM	Nov	-1.7%	--	1.3%	--
12/15	15:15	US				Industrial Production MoM	Nov	0.0%	--	-0.1%	--
12/15	15:15	US				Capacity Utilization	Nov	79.8%	--	79.9%	--
12/15	15:15	US				Manufacturing (SIC) Production	Nov	-0.2%	--	0.1%	--
12/15	16:00	US				Business Inventories	Oct	0.4%	--	0.4%	--
12/15	22:00	US				Net Long-term TIC Flows	Oct	--	--	\$118.0b	--
12/15	22:00	US				Total Net TIC Flows	Oct	--	--	\$30.9b	--

Source: Refinitiv

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