

Market Corner

Asian stocks declined as the Federal Reserve signaled higher interest rates, while a disappointing set of economic data from China soured sentiment.

The MSCI Asia Pacific Index dropped as much as 1.4%, led by consumer discretionary and technology shares. Most markets in the region were in the red, with Hong Kong and South Korea among the worst performers.

A surprisingly hawkish tone by the Fed after an expected half-point hike fueled risk-off mood across Asia. Chair Jerome Powell said the Fed had a “ways to go” in its campaign to rein in inflation. Policymakers projected rates would end next year at 5.1%, higher than previously indicated.

Chinese benchmarks fell, with Hong Kong’s Hang Seng Index dropping more than 1%, as the nation’s economic activity worsened in November. There will likely be more disruption to growth as infections surge after the government abruptly dropped its Zero-Covid policy.

US equities extended losses Thursday, as technology stocks were slammed after the Federal Reserve dashed hopes of a dovish tilt and suggested that it would keep interest rates higher for longer.

The S&P 500 Index fell 2.5% in New York, with all 11 major industry groups in the red, led lower by the communication services and information technology sectors. Apple Inc. was the heaviest weight on the benchmark gauge, in its worst day since September. The tech-heavy Nasdaq 100 Index dropped 3.4%, while the blue-chip Dow Jones Industrial Average shed 2.3%.

US Treasury yields were mixed, with the policy-sensitive two-year hovering around 4.2% and the 10-year trading at 3.5%.

The market was subdued Thursday, as traders grappled with the disappointment of the Fed unexpectedly signaling that rates will have to rise more for the foreseeable future at its meeting on Wednesday afternoon. After Tuesday’s lower-than-expected consumer price index print earlier this week, the market had grown excited and hopeful that the Fed would signal a potential pivot and avoid prospects of a hard landing. But Fed Chair Jerome Powell’s hawkish commentary Wednesday afternoon did little to assuage those fears.

Meanwhile, volatility began to loosen its grip on the market, as the Cboe Volatility Index hovered around 23 after being up above 25 at the start of the week. The VIX, also known as Wall Street’s fear gauge, signals the level of distress and uncertainty in the stock market.

World Indices	Last	1D Change
<u>Dow Jones</u>	33 202,22	-2,25%
<u>S&P 500</u>	3 895,75	-2,49%
<u>Nasdaq</u>	10 810,53	-3,23%
<u>Eurostoxx 50</u>	3 835,70	-3,51%
<u>FTSE 100</u>	7 426,17	-0,93%
<u>CAC 40</u>	6 522,77	-3,09%
<u>DAX</u>	13 986,23	-3,28%
<u>SMI</u>	10 880,14	-2,51%
<u>Nikkei</u>	27 527,12	-1,87%
<u>Hang Seng</u>	19 490,48	0,63%
<u>CSI 300</u>	3 954,23	0,06%
<u>VIX Index</u>	22,83	7,99%

World Bonds	Last	1D Change
<u>US 10Y</u>	3,4822	1,04%
<u>EUR 10Y</u>	2,0830	7,37%
<u>Swiss 10Y</u>	1,2280	6,78%
<u>UK 10Y</u>	3,24	-2,14%

Source: Bloomberg



Morning Call

Geneva, December 16, 2022

Crypto Corner

Embattled crypto firm Amber Group has raised \$300 million mainly for customers who lost money on the platform's products due to FTX's implosion, according to co-founder and Chief Executive Officer Michael Wu.

Amber, a leading crypto trading and lending platform, had planned to raise \$100 million at a \$3 billion valuation in multiple parts, but changed tack once Sam Bankman-Fried's FTX exchange blew up, Wu said in an interview.

"We made a quick decision to basically pause that previous round," he said, adding that the new Series C round is being led by venture capital firm Fenbushi Capital US. The valuation is lower than the \$3 billion achieved in February, Wu said, while declining to give an exact number.

Fenbushi Capital didn't immediately reply to an email seeking comment.

Singapore-based Amber had less than 10% of its overall trading capital on FTX when the exchange collapsed into bankruptcy. That proportion has since expanded as Amber's overall trading volume has shrunk, according to Wu.

The company is cutting costs as it goes back to its roots of only supporting institutional and wealthier clients, according to Wu. He said Amber's workforce will shrink to around 300 people, which was the size of its headcount at the end of 2020 and early 2021.

Crypto platforms are trying to assuage customer worries as contagion ripples out from FTX. Firms like BlockFi Inc. — now in bankruptcy — Blockchain.com and Blockstream recently sought to raise funds at lower valuations, reflecting tough market conditions and plunging interest from venture capitalists.

Crypto Market Cap: **\$860**

24h Vol: **\$45,4B**

Dominance: **BTC: 39,6% ETH:18,4%**

Crypto	Last	1D Change
Bitcoin	17 469,40	0,40%
Ethereum	1 277,63	1,04%



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



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Commodity Corner

Gold is on track for a weekly decline after the Federal Reserve indicated it won't soon abandon an aggressive monetary-tightening policy, triggering a retreat from the non-interest-bearing metal.

Bullion has had a volatile week, surging past the \$1,800 an ounce mark on Tuesday after data showed US inflation slowing. However, the Fed's hawkish comments on Wednesday helped drive gold back below that threshold.

"Gold is weakening as markets worry that global central bank tightening will drive recessionary fears and keep the dollar supported," Ed Moya, senior market analyst at Oanda, said in a note. "Gold will eventually resume its safe-haven status, but first we need to see more traders convinced that the Fed won't follow through with their hawkish threats."

Spot gold was steady at \$1,779.24 an ounce as of 12:15 p.m. in Singapore and is down 1% for the week. The Bloomberg Dollar Spot Index was little changed after gaining 1% the previous session. Silver extended a decline after a 3.6% fall on Thursday, while palladium and platinum advanced

Precious Metals		Last	1D Change
<u>Gold</u>		1 782,78	0,33%
<u>Silver</u>		23,05	-0,14%
<u>Platinum</u>		1 009,27	0,02%
<u>Palladium</u>		1 824,65	1,58%

Oil headed for the biggest weekly gain since early October on signs of tightening supply and the prospect for improved Chinese demand, despite downward pressure from interest-rate hikes.

While West Texas Intermediate fell below \$76 a barrel on Friday, futures are up around 7% for the week. There are signs that Russian flows to Asia are dipping because of the price cap, while the International Energy Agency said this week that oil prices could rally next year as sanctions squeeze the nation's supply.

China's rapid dismantling of its Covid Zero policy has prompted optimism over the long-term outlook for demand, although the near-term outlook is uncertain as virus cases surge. Consumption may recover as early as the second quarter of next year, according to Vitol Group's Asia Head Mike Muller.

World Commodities		Last	1D Change
<u>WTI Crude</u>		76,04	-0,09%
<u>Brent Crude</u>		81,22	0,01%
<u>Nat Gas (HH)</u>		6,65	-4,53%
<u>Nickel</u>		28 106,00	-0,13%
<u>Copper</u>		379,60	0,88%
<u>Corn</u>		654,00	0,08%
<u>Wheat</u>		760,25	0,40%
<u>Soybean</u>		1 477,00	0,24%
<u>Coffee</u>		171,50	1,90%
<u>Cotton</u>		80,83	-0,25%
<u>Sugar</u>		19,98	-1,53%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is consolidating gains near 1.0650 in the early European morning. The US Dollar is reversing the previous recovery, despite a cautious mood and higher Treasury bond yields. All eyes now remain on the Eurozone/ US PMIs.

GBP/USD continues to trade in positive territory at around 1.2200 early Friday. The data from the UK showed that Retail Sales declined by 0.4% in November, compared to the market expectation for an increase of 0.3%, but failed to trigger a noticeable market reaction.

USD/JPY picks up bids to 137.40 as it pares intraday losses during early Friday morning in Europe. In doing so, the Yen pair bounces off an upward-sloping support line from Tuesday. The recovery moves currently aim for the ascending resistance line from December 07, close to 138.10.

AUD/USD has stretched its recovery to near 0.6735 in the Asian session as the risk-off impulse has eased. The Aussie asset rebounded after printing a fresh six-day low at 0.6680.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0659	0,29%
<u>EURCHF</u>	0,9880	-0,11%
<u>EURGBP</u>	0,8735	-0,10%
<u>EURJPY</u>	146,33	0,07%
<u>USDCHF</u>	0,9268	0,17%
<u>USDJPY</u>	137,27	0,37%
<u>USDCAD</u>	1,3624	0,25%
<u>USDTRY</u>	18,65	-0,06%
<u>GBPUSD</u>	1,2203	0,21%
<u>AUDUSD</u>	0,6715	0,18%
<u>NZDUSD</u>	0,6368	0,38%

XDSH FX Dashboard My Pivot Points 1 Month - Support /... : EURUSD BGN Curncy						
Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0368	1.0510	1.0569	1.0711	1.0794	1.0936
USDJPY	131.20	134.13	135.96	138.89	139.99	142.92
GBPUSD	1.1709	1.1982	1.2080	1.2353	1.2528	1.2801
USDCAD	1.3358	1.3491	1.3575	1.3708	1.3757	1.3890
AUDUSD	0.6364	0.6557	0.6630	0.6823	0.6943	0.7136
NZDUSD	0.6083	0.6230	0.6287	0.6434	0.6524	0.6671
USDCHF	0.9110	0.9194	0.9239	0.9323	0.9362	0.9446
USDTRY	18.4966	18.5641	18.6025	18.6700	18.6991	18.7666
XAUUSD	1717.11	1751.81	1764.33	1799.03	1821.21	1855.91
XAGUSD	21.3099	22.3276	22.7065	23.7242	24.3630	25.3807

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendar

G8 Browse 08:44:13 12/16/22 - 12/16/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
12/16	01:01	UK				GfK Consumer Confidence	Dec	-43	--	-44	--
12/16	01:30	JN				Jibun Bank Japan PMI Composite	Dec P	--	--	48.9	--
12/16	01:30	JN				Jibun Bank Japan PMI Mfg	Dec P	--	--	49.0	--
12/16	01:30	JN				Jibun Bank Japan PMI Services	Dec P	--	--	50.3	--
12/16	08:00	UK				Retail Sales Inc Auto Fuel MoM	Nov	0.3%	--	0.6%	--
12/16	08:00	UK				Retail Sales Inc Auto Fuel YoY	Nov	-5.6%	--	-6.1%	--
12/16	08:00	UK				Retail Sales Ex Auto Fuel MoM	Nov	0.3%	--	0.3%	--
12/16	08:00	UK				Retail Sales Ex Auto Fuel YoY	Nov	-5.8%	--	-6.7%	--
12/16	09:00	RU				Money Supply Narrow Def	Dec 9	--	--	15.72t	--
12/16	09:15	FR				S&P Global France Composite PMI	Dec P	48.7	--	48.7	--
12/16	09:15	FR				S&P Global France Manufacturing PMI	Dec P	48.0	--	48.3	--
12/16	09:15	FR				S&P Global France Services PMI	Dec P	49.0	--	49.3	--
12/16	09:30	GE				S&P Global/BME Germany Manufacturing PMI	Dec P	46.3	--	46.2	--
12/16	09:30	GE				S&P Global Germany Services PMI	Dec P	46.3	--	46.1	--
12/16	09:30	GE				S&P Global Germany Composite PMI	Dec P	46.5	--	46.3	--
12/16	10:00	IT				Trade Balance Total	Oct	--	--	-6454m	--
12/16	10:00	IT				Trade Balance EU	Oct	--	--	-1023m	--
12/16	10:00	EC				S&P Global Eurozone Manufacturing PMI	Dec P	47.1	--	47.1	--
12/16	10:00	EC				S&P Global Eurozone Composite PMI	Dec P	47.9	--	47.8	--
12/16	10:00	EC				S&P Global Eurozone Services PMI	Dec P	48.5	--	48.5	--
12/16	10:30	UK				S&P Global/CIPS UK Manufacturing PMI	Dec P	46.5	--	46.5	--
12/16	10:30	UK				S&P Global/CIPS UK Services PMI	Dec P	48.5	--	48.8	--
12/16	10:30	UK				S&P Global/CIPS UK Composite PMI	Dec P	48.0	--	48.2	--
12/16	11:00	EC				Trade Balance SA	Oct	--	--	-37.7b	--
12/16	11:00	EC				Trade Balance NSA	Oct	--	--	-34.4b	--
12/16	11:00	EC				CPI YoY	Nov F	10.0%	--	10.0%	--
12/16	11:00	EC				CPI MoM	Nov F	-0.1%	--	-0.1%	--
12/16	11:00	EC				CPI Core YoY	Nov F	5.0%	--	5.0%	--
12/16	11:00	IT				CPI EU Harmonized YoY	Nov F	12.5%	--	12.5%	--
12/16	11:00	IT				CPI FOI Index Ex Tobacco	Nov	117.8	--	117.2	--
12/16	11:30	RU				Key Rate	Dec 16	7.50%	--	7.50%	--
12/16	14:30	CA				Int'l Securities Transactions	Oct	--	--	-22.27b	--
12/16	14:30	CA				Wholesale Trade Sales MoM	Oct	1.3%	--	0.1%	--
12/16	15:45	US				S&P Global US Composite PMI	Dec P	46.9	--	46.4	--
12/16	15:45	US				S&P Global US Manufacturing PMI	Dec P	47.8	--	47.7	--
12/16	15:45	US				S&P Global US Services PMI	Dec P	46.5	--	46.2	--

Source: Refinitiv

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