

Market Corner

Asian stocks rebounded, inching closer to bull market territory, as Chinese equities resumed their rally on further relaxation of Covid rules in Asia's biggest economy.

The MSCI Asia Pacific Index climbed as much as 1.4%, led by communication services and consumer discretionary shares. Benchmarks in Hong Kong led gains in the region with the Hang Seng Tech Index soaring more than 9% and the Hang Seng China Enterprises Index up roughly 5%.

Investors cheered latest signs of China pivoting from its strict virus rules as authorities eased Covid testing requirements across major cities over the weekend, including the financial hub of Shanghai. The move fueled gains in reopening stocks in China and its neighboring countries such as South Korea. Markets were closed in Thailand for a holiday.

The moves coincided with growing bullish calls from Wall Street banks on Chinese equities, with more market watchers calling a bottom in the nation's shares. Morgan Stanley upgraded China stocks to overweight from an equal-weight position held since January 2021, while abrdn's Asia Pacific chief executive Rene Buehlmann urged investors to "go back" into Chinese markets.

US equities slumped by the most in over three weeks Monday as strong economic data bolstered speculation the Federal Reserve will keep raising interest rates, fueling concern that this quarter's stock gains may be overdone.

The S&P 500 Index closed 1.79% lower to 3,998.84, with 94% of its members finishing the day in negative territory. All the 11 major industry groups declined, led by the consumer discretionary and energy sectors. The tech-heavy Nasdaq 100 index fell 1.73%, while the Russell 2000 sank 2.78%.

The unexpected increase in a US service-sector gauge added to hotter-than-expected jobs data on Friday, leading swaps traders to price in that the Fed's rate will peak at close to 5% next year. A higher terminal rate risks undermining the outlook for both economic activity and corporate earnings.

"The negatives out there are significant, and valuation is expensive," said Michael O'Rourke, chief market strategist at JonesTrading.

The S&P 500 is heading for a fourth-quarter gain of over 11% amid signs of cooling US inflation, but market participants have been flagging uncertainties, including downside risks to corporate earnings and the specter of a recession next year. The benchmark stock gauge closed above its 200-day moving average for the first time since April last week.

World Indices	Last	1D Change
<u>Dow Jones</u>	33 947,10	-1,40%
<u>S&P 500</u>	3 998,84	-1,79%
<u>Nasdaq</u>	11 239,94	-1,93%
<u>Eurostoxx 50</u>	3 956,53	-0,54%
<u>FTSE 100</u>	7 567,54	0,15%
<u>CAC 40</u>	6 696,96	-0,67%
<u>DAX</u>	14 447,61	-0,56%
<u>SMI</u>	11 194,67	-0,03%
<u>Nikkei</u>	27 885,87	0,24%
<u>Hang Seng</u>	19 445,38	-0,37%
<u>CSI 300</u>	3 968,20	0,54%
<u>VIX Index</u>	20,75	8,87%

World Bonds	Last	1D Change
<u>US 10Y</u>	3,5900	0,46%
<u>EUR 10Y</u>	1,9000	1,06%
<u>Swiss 10Y</u>	1,0940	1,02%
<u>UK 10Y</u>	3,10	-1,59%

Source: Bloomberg



Morning Call

Geneva, December 6, 2022

Crypto Corner

Digital-asset exchange Binance Holdings Ltd. saw a substantial boost in trading activity as Sam Bankman-Fried’s FTX crypto empire collapsed in November.

Trading activity on the largest crypto exchange jumped by 30% last month, when FTX had a liquidity crunch that eventually led to its bankruptcy and wrecked havoc on the crypto market. The catalyst for the collapse was Binance Chief Executive Officer Changpeng “CZ” Zhao’s Nov. 6 announcement that the exchange was selling its holdings of FTT because the native token of FTX was too risky. FTX had operated the second-largest spot and derivatives exchanges.

“Monthly trade volume jumped by 23% to \$705 billion for the largest exchanges in November, bolstered by FTX-related volatility.” researcher Kaiko noted in a Dec. 5 newsletter. “The increase was mainly driven by Binance.”

The Bloomberg Galaxy Crypto Index tumbled about 18% in November. The index is down about 67% this year.

Users seeking to pull their funds from FTX sparked the contagion spreading across the crypto industry. Genesis Global Trading warned of bankruptcy if it could not raise enough funding. The difficulties at Genesis prompted crypto exchange Gemini to halt redemptions from its Earn product. Binance disclosed its assets and wallet addresses where the exchange stores the customers’ funds to improve transparency.

“Binance may benefit, despite not having an official headquarters, because it has projected an image of strength through the crisis with the best liquidity of any centralized exchange,” according to the newsletter.

The fall of FTX can also benefit US-regulated exchanges such as Coinbase and Kraken, which have gone through significant layoffs. Trading volume from the exchanges were on the rise in November as well, while activity on smaller exchanges fell, given the higher volume from users and institutions who have become wary of off-shore exchanges, according to the newsletter.

Crypto Market Cap: [\\$853B](#)

24h Vol: [\\$37,4B](#)

Dominance: [BTC: 38,5%](#) [ETH:18,1%](#)

Crypto	Last	1D Change
Bitcoin	17 005,13	0,19%
Ethereum	1 260,54	0,09%



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

Commodity Corner

Gold edged higher as traders weighed the impact of unexpectedly robust US services data on the Federal Reserve's monetary policy, as well as the easing of China's Covid-Zero policies.

Stronger-than-expected US services data on Monday renewed pressure on the Fed to keep interest rates higher for longer and triggered a slide in the precious metal. Aggressive interest-rate hikes this year have hurt bullion, although gold managed to rise above \$1,800 an ounce last week on signs the central bank was becoming less hawkish.

"Gold's good run in recent weeks is largely based on US dollar weakness and market expectations that the Federal Reserve will start to ease monetary policy before the end of 2023," said Philip Klapwijk, managing director of Hong Kong-based consultant Precious Metals Insights Ltd.

All eyes will be on Friday's US producer price report, which will be one of the final pieces of data Fed officials see before their policy meeting next week

Spot gold climbed 0.2% to \$1,772.28 an ounce as of 12:01 p.m. in Singapore, after dropping 1.6% on Monday from a five-month high. The Bloomberg Dollar Spot Index was little changed after advancing 0.8% the previous session. Silver, platinum and palladium gained

Precious Metals		Last	1D Change
<u>Gold</u>		1 770,78	0,12%
<u>Silver</u>		22,40	0,67%
<u>Platinum</u>		1 000,23	-0,22%
<u>Palladium</u>		1 894,34	0,80%

Oil rose after a two-day drop on more signs China is moving away from its strict Covid Zero policy, and as investors assessed the implications for global flows from the price cap imposed on Russian crude.

West Texas Intermediate climbed toward \$78 a barrel following a roller-coaster session on Monday, when a broad shift away from risk assets saw prices close down 3.8% after earlier gains. The city of Beijing will scrap Covid testing requirements at public venues following similar moves in other centers, bolstering the outlook for demand in the world's largest crude importer.

World Commodities		Last	1D Change
<u>WTI Crude</u>		77,60	0,87%
<u>Brent Crude</u>		83,49	0,98%
<u>Nat Gas (HH)</u>		5,53	-0,82%
<u>Nickel</u>		28 562,00	-0,66%
<u>Copper</u>		380,05	0,29%
<u>Corn</u>		630,75	0,32%
<u>Wheat</u>		715,75	0,03%
<u>Soybean</u>		1 448,00	0,71%
<u>Coffee</u>		160,15	0,00%
<u>Cotton</u>		84,94	0,78%
<u>Sugar</u>		19,55	0,36%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is trading under pressure below 1.0500, as traders await more clues in early Europe. The US Dollar finds fresh demand amid a negative shift in the market's risk perception and hawkish Fed tightening view.

GBP/USD remains offered toward 1.2150, as traders turn cautious in early Europe. Risk-off flows seep back and revive the demand for the safe-haven US Dollar. The greenback also cheers the robust US data and renewed hawkish Fed outlook.

USD/JPY is clinging onto recovery gains near 137.00 after the Japanese Yen tumbled on BoJ Governor Kuroda talks about exiting the easy monetary policy. The US Dollar picks up fresh bids despite weaker Treasury yields.

AUD/USD is jumping back toward 0.6750, as bulls cheer the RBA's hawkish statement on the interest rates outlook. The RBA hiked OCR by 25 bps to 3.10%, as widely expected. Meanwhile, the US Dollar consolidates recent gains amid an upbeat market mood.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0483	-0,08%
<u>EURCHF</u>	0,9899	-0,08%
<u>EURGBP</u>	0,8593	0,14%
<u>EURJPY</u>	143,81	-0,22%
<u>USDCHF</u>	0,9442	-0,17%
<u>USDJPY</u>	137,18	-0,31%
<u>USDCAD</u>	1,3596	-0,06%
<u>USDTRY</u>	18,64	-0,02%
<u>GBPUSD</u>	1,2200	0,08%
<u>AUDUSD</u>	0,6723	0,37%
<u>NZDUSD</u>	0,6311	-0,10%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0294	1.0408	1.0450	1.0564	1.0636	1.0750
USDJPY	130.45	133.18	134.97	137.70	138.64	141.37
GBPUSD	1.1866	1.2049	1.2120	1.2303	1.2415	1.2598
USDCAD	1.3086	1.3306	1.3447	1.3667	1.3746	1.3966
AUDUSD	0.6417	0.6581	0.6640	0.6804	0.6909	0.7073
NZDUSD	0.6074	0.6214	0.6266	0.6406	0.6494	0.6634
USDCHF	0.9188	0.9293	0.9359	0.9464	0.9503	0.9608
USDTRY	18.5631	18.6028	18.6193	18.6590	18.6822	18.7219
XAUUSD	1693.38	1737.45	1753.06	1797.13	1825.59	1869.66
XAGUSD	19.9492	21.2975	21.7751	23.1234	23.9941	25.3424

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars											
G8 Browse 08:51:43 12/06/22 - 12/06/22											
Economic Releases All Economic Releases View Agenda Weekly											
Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
12/05-12/09		RU				Wellbeing Fund	Nov	--	--	\$184.8b	--
12/06	00:30	JN				Household Spending YoY	Oct	0.9%	--	2.3%	--
12/06	00:30	JN				Labor Cash Earnings YoY	Oct	2.0%	--	2.1%	2.2%
12/06	00:30	JN				Real Cash Earnings YoY	Oct	-2.2%	--	-1.3%	-1.2%
12/06	01:01	UK				BRC Sales Like-For-Like YoY	Nov	--	--	1.2%	--
12/06	08:00	GE				Factory Orders MoM	Oct	0.1%	--	-4.0%	--
12/06	08:00	GE				Factory Orders WDA YoY	Oct	-4.7%	--	-10.8%	--
12/06	09:30	GE				S&P Global Germany Construction PMI	Nov	--	--	43.8	--
12/06	10:00	IT				Istat Releases Economic Forecast					
12/06	10:30	UK				S&P Global/CIPS UK Construction PMI	Nov	52.0	--	53.2	--
12/06	14:30	US				Trade Balance	Oct	-\$80.0b	--	-\$73.3b	--
12/06	14:30	CA				Int'l Merchandise Trade	Oct	0.90b	--	1.14b	--
12/06	16:00	CA				Ivey Purchasing Managers Index SA	Nov	--	--	50.1	--
12/06		RU				Light Vehicle Car Sales YoY	Nov	--	--	-62.8%	--

Source: Refinitiv

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