

Morning Call

Geneva, February 6, 2023

Market Corner

Asian stocks fell as concerns over US-China geopolitical tensions fueled risk-off sentiment in the region, with traders also mulling the prospect of further interest rate hikes by the Federal Reserve.

The MSCI Asia Pacific Index dropped as much as 1.4%, the most in over seven weeks, dragged by technology shares. Chinese stocks took a dive after the US shot down an alleged Chinese spy balloon off the South Carolina, prompting threat of retaliation from Beijing.

Also weighing on sentiment was an unexpectedly strong US jobs report, seen as giving the Federal Reserve room to remain aggressive in its fight against inflation. Investor optimism had risen recently on signs of a moderation in Fed rate hikes as well as China's post-pandemic reopening.

US equities slumped in a volatile session Friday, after data showing an unexpectedly strong labor market sparked worries that the Federal Reserve could keep interest rates higher for longer.

The S&P 500 Index fell 1% with all 11 major industry groups lower, led by consumer discretionary and communication services. The Nasdaq 100 Index slumped 1.8% after technology bellwethers Apple Inc., Amazon.com Inc. and Alphabet Inc. reported earnings that showed an economic slowdown is choking demand for their businesses. The Dow Jones Industrial Average lost 0.4%.

The S&P 500 snapped a three-day advance Friday that had pushed its gain in 2023 toward 9%. But losses were even heavier in the Nasdaq 100 after big tech's earnings disappointed. Friday's session capped an eventful week filled with economic data, earnings and the Fed's latest interest rate decision.

World Indices	Last	1D Change	YTD
Dow Jones	33 926.0	-0.38%	2.35%
S&P 500	4 136.5	-1.04%	7.73%
Nasdaq	12 007.0	-1.59%	14.72%
Eurostoxx 50	4 258.0	0.40%	12.24%
FTSE 100	7 901.8	1.04%	6.04%
CAC 40	7 233.9	0.94%	11.74%
DAX	15 476.4	-0.21%	11.15%
SMI	11 349.4	1.44%	5.78%
Nikkei	27 693.7	0.67%	6.13%
Hang Seng	21 200.5	-2.12%	7.11%
CSI 300	4 086.9	-1.32%	5.56%
VIX Index	18.3	-2.14%	-15.41%

World Bonds	Last	1D Change	YTD
US 10Y	3.5430	0.02	-0.334
EUR 10Y	2.2410	0.04	-0.335
Swiss 10Y	1.2450	0.03	-0.377
UK 10Y	3.0550	0.05	-0.617

Source: Bloomberg



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Crypto Corner

Bitcoin's 2023 rally is stalling after coming tantalizingly close to forming a trading signal last seen when the token was setting records.

The coin's near 4% slide in the seven days through Sunday was the largest weekly drop since November, paring its year-to-date gain to 38%.

Bitcoin remains on the cusp of a golden cross, where the 50-day average price tops the 200-day. This pattern occurred before bull runs in 2020 and 2021.

"Most instances of a golden cross have resulted in favorable returns for Bitcoin, and many have occurred at critical long-term inflection points," Sean Farrell, Fundstrat Global Advisors' digital-asset strategy head, wrote in a note.

Over the past five years, Bitcoin rose an average 22% in the 60 days after a golden cross, according to data compiled by Bloomberg. But the glaring difference between the easy-money era of 2020 and 2021, when some crosses preceded rallies to all-time highs, and the current backdrop is that central banks are hiking interest rates to fight inflation.

A blowout US jobs report Friday dented expectations that such policy tightening will soon end and perhaps reverse this year, dovish bets that had powered a January revival across global markets. That rally swept up large and small tokens alike — ranging from Bitcoin and Ether to Axie Infinity and Decentraland.

The payrolls report pushed up Treasury yields, which have been a key factor in influencing demand for riskier investments, according to John Toro, head of trading at digital-asset exchange Independent Reserve.

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Crypto Market Cap: [\\$1.06T](#)

24h Vol: [\\$51.07B](#)

Dominance: [BTC: 41.5%](#) [ETH:18,8%](#)

Crypto	Last	1D Change	YTD
Bitcoin	22 843.68	-0.26%	38.19%
Ethereum	1 631.55	0.57%	36.16%



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

Commodity Corner

Gold steadied in Asia after tumbling 2.5% on Friday after a jobs report that came in much stronger-than-expected damped optimism the Federal Reserve would turn less hawkish this year.

The reading reduces the chances the Fed will be able to switch to rate cuts later in 2023 and prompted a jump in the dollar and US bond yields, a negative for non-interest-bearing bullion. The metal snapped a six-week rally to slump 3.3% last week, the most since July.

Gold has rallied since early November amid drops in the dollar and debt yields in anticipation of a less hawkish Fed. Investors in exchange-traded funds have yet to back it with fresh money, bringing its sustainability into question

Spot gold added 0.1% \$1,866.49 an ounce as of 8:43 a.m. in Singapore. The Bloomberg Dollar Spot Index rose 0.3% after surging 1.2% Friday. Silver and palladium declined, while platinum edged higher

Precious Metals	Last	1D Change	YTD
Gold	1 875.03	0.54%	2.80%
Silver	22.49	0.62%	-6.08%
Platinum	978.05	0.13%	-8.99%
Palladium	1 629.02	-0.17%	-9.11%

Oil steadied after sinking to the lowest close in about a month as traders took stock of the outlook for demand in China and the latest sanctions on Russian energy flows came into effect.

West Texas Intermediate held above \$73 a barrel after losing more than 3% on Friday as a bumper US jobs report bolstered the case for more rate rises from the Federal Reserve. International Energy Agency Executive Director Fatih Birol said at the weekend that China could be poised for a stronger-than-anticipated rebound that'll boost demand for crude. That positive view was echoed by the chief executive officer of Kuwait Petroleum Corp. on Monday.

World Commodities	Last	1D Change	YTD
WTI Crude	73.89	0.68%	-8.13%
Brent Crude	80.63	0.86%	-5.86%
Nat Gas (HH)	2.45	1.66%	-40.25%
Nickel	28 447.00	-3.99%	
Copper	406.50	0.21%	6.67%
Corn	677.25	-0.04%	-0.18%
Wheat	761.00	0.56%	-3.95%
Soybean	1 528.75	-0.21%	0.31%
Coffee	172.80	-2.87%	3.29%
Cotton	85.10	-0.39%	2.03%
Sugar	21.24	-1.94%	5.99%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD is holding steady just shy of the 1.0800 mark in the early European morning. The US Dollar is consolidating the upside amid a cautious market tone, as investors assess Friday's US NFP blowout and hawkish Fed expectations. Eurozone data coming up next.

GBP/USD has attempted to extend its rebound move above the critical resistance of 1.2050 in the Tokyo session. The Cable gauged an intermediate cushion around 1.2000 amid subdued performance by the US Dollar Index (DXY).

USD/JPY retreats a few pips from over a three-week high touched earlier this Monday. The risk-off mood benefits the safe-haven JPY and acts as a headwind for the major. A combination of supporting factors should help limit any meaningful intraday decline.

AUD/USD is finding its footing while extending the rebound toward 0.6950 amid the upbeat Australian Retail Sales data. The Aussie shrugs off the looming US-China tensions even as Chinese stocks are down over 1% so far. Pre-RBA anxiety could keep AUD bulls on the edge.

World Currencies	Last	1D Change	YTD
EURUSD	1.0790	-0.05%	0.78%
EURCHF	0.9988	0.09%	-0.89%
EURGBP	0.8946	0.11%	-0.89%
EURJPY	142.1600	-0.38%	-1.23%
USDCHF	0.9257	0.04%	0.10%
USDJPY	131.7600	-0.43%	-0.47%
USDCAD	1.3399	-0.01%	1.14%
USDTRY	18.8322	-0.03%	-0.66%
GBPUSD	1.2061	0.04%	-0.20%
AUDUSD	0.6936	0.19%	1.81%
NZDUSD	0.6325	-0.09%	-0.38%

Devise	S3	S2	S1	R1	R2	R3
EURUSD	1.0549	1.0696	1.0745	1.0892	1.0990	1.1137
USDJPY	124.5000	127.3700	129.2800	132.1500	133.1100	135.9800
GBPUSD	1.1689	1.1906	1.1981	1.2198	1.2340	1.2557
USDCAD	1.3150	1.3264	1.3331	1.3445	1.3492	1.3606
AUDUSD	0.6649	0.6812	0.6867	0.7030	0.7138	0.7301
NZDUSD	0.6052	0.6216	0.6274	0.6438	0.6544	0.6708
USDCHF	0.8900	0.9057	0.9159	0.9316	0.9371	0.9528
USDTRY	18.7536	18.7888	18.8079	18.8431	18.8592	18.8944
XAUUSD	1767.350	1824.510	1844.740	1901.900	1938.830	1995.990
XAGUSD	20.1183	21.4341	21.8936	23.2094	24.0657	25.3815

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

G8 Browse 08:35:44 02/06/23 - 02/06/23

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
02/06	08:00	GE				Factory Orders MoM	Dec	2.0%	3.2%	-5.3%	-4.4%
02/06	08:00	GE				Factory Orders WDA YoY	Dec	-11.6%	-10.1%	-11.0%	-10.2%
02/06	09:30	GE				S&P Global Germany Construction PMI	Jan	--	--	41.7	--
02/06	10:00	UK				New Car Registrations YoY	Jan	--	--	18.0%	--
02/06	10:30	EC				Sentix Investor Confidence	Feb	-13.5	--	-17.5	--
02/06	10:30	UK				S&P Global/CIPS UK Construction PMI	Jan	48.5	--	48.8	--
02/06	11:00	EC				Retail Sales MoM	Dec	-2.5%	--	0.8%	--
02/06	11:00	EC				Retail Sales YoY	Dec	-2.7%	--	-2.8%	--
02/06	14:00	CA				Bloomberg Nanos Confidence	Feb 3	--	--	45.8	--
02/06	16:00	CA				Ivey Purchasing Managers Index SA	Jan	--	--	33.4	--
02/06-02/10		RU				Light Vehicle Car Sales YoY	Jan	--	--	-50.2%	--
02/03-02/06		FR				Budget Balance YTD	Dec	--	--	-159.3b	--

Source: Refinitiv

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