

Morning Call

Geneva, February 8, 2023

Market Corner

Asian stocks rose as traders parsed comments by Federal Reserve Chair Jerome Powell that were seen as dovish, even after he reiterated that further interest rate hikes are needed to curb rising inflation.

The MSCI Asia Pacific Index gained as much as 0.6%, driven by rate-sensitive technology shares. Benchmarks in Taiwan and South Korea advanced, while Japanese, Hong Kong and Chinese shares fluctuated.

Powell largely stuck to his previous tone, saying further hikes will likely be needed after strong jobs data, while acknowledging disinflation has begun. The Fed Chair's remarks at the Economic Club of Washington offered traders some relief, who were bracing for a more hawkish recalibration of rate expectations.

US stocks advanced, erasing earlier losses in a volatile session, as traders assessed Jerome Powell's interview for clues on how soon the Federal Reserve will pivot away from its tight monetary policy.

The S&P 500 Index closed 1.3% higher, reversing a decline of as much as 0.6%. The blue-chip Dow Jones Industrial Average gained 0.4%. The tech-heavy Nasdaq 100 Index added 2.1%. Eight of the 11 industry S&P 500 groups advanced, led by energy and communication services firms. Bed Bath & Beyond Inc. sank 49% following a rally on Monday as investors questioned the firm's plan for a \$1 billion capital infusion.

The Fed chief said that additional interest-rate increases will be needed to cool inflation and borrowing costs may need to peak higher than previously expected, if the strong jobs market persists. He also noted that he expects 2023 to be a year of significant declines in inflation, adding that "the disinflationary process has begun."

World Indices	Last	1D Change	YTD
Dow Jones	34 156.7	0.78%	3.05%
S&P 500	4 164.0	1.29%	8.45%
Nasdaq	12 113.8	1.90%	15.74%
Eurostoxx 50	4 209.3	0.09%	10.96%
FTSE 100	7 864.7	0.36%	5.54%
CAC 40	7 132.4	-0.07%	10.17%
DAX	15 320.9	-0.16%	10.04%
SMI	11 233.9	-0.44%	4.70%
Nikkei	27 606.5	-0.29%	5.79%
Hang Seng	21 258.1	-0.19%	7.43%
CSI 300	4 075.5	-0.46%	5.23%
VIX Index	18.7	-3.96%	-13.89%

World Bonds	Last	1D Change	YTD
US 10Y	3.6490	-0.02	-0.226
EUR 10Y	2.3490	0.05	-0.222
Swiss 10Y	1.3560	0.05	-0.261
UK 10Y	3.3170	0.07	-0.355

Source: Bloomberg



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Crypto Corner

Dubai’s crypto regulator plans to quadruple its headcount over the next few months to handle hundreds of license applications after drawing up new rules to attract industry players to the Middle Eastern financial hub.

The Virtual Assets Regulatory Authority expects to deal with around 300 new applications until the end of the year and will start issuing final permits in June for companies that have already obtained authorization under Dubai’s minimum viable product licensing regime, chief executive officer Henson Orser said in his first interview since taking up the role last month.

“It’s been a mad sprint,” Orser said via a video link. It’s a case of “be careful what you wish for. We’ve created a lot of work for ourselves in terms of supervision and enforcement.”

Dubai, which has been working to lure the world’s largest firms with its crypto-friendly policies, set up VARA in March 2022 with two employees and has since expanded to about 20 staff, Orser said. While some financial centers cooled on the sector, many UAE officials have promoted virtual assets as a gold mine for economic growth and pivotal in the nation’s diversification strategy beyond fossil fuels.

On Tuesday, VARA published a final framework of rules governing digital asset companies that will allow them to get a full regulatory license in the city.

After the implosion of FTX and a wave of scandals and bankruptcies that rocked the industry, such events made it important for the United Arab Emirates to be one of the first centers to issue a comprehensive set of rules instead of the “band-aid” approach that other jurisdictions have taken, Orser said without naming any cities.

The new rules will entice international companies to set up in the UAE and boost the sector locally. “We think the rules will stand head and shoulders above the rest,” he said.

Before becoming the CEO of VARA, Orser was the head of Komainu Holdings Ltd., the crypto custodian and infrastructure venture part-owned by Japan’s Nomura Holdings Inc.

Crypto	Last	1D Change	YTD
Bitcoin	23 201.04	0.01%	40.25%
Ethereum	1 674.06	0.37%	39.53%

Crypto Market Cap: [\\$1.08T](#)

24h Vol: [\\$61.1B](#)

Dominance: [BTC: 41.2%](#) [ETH:18,9%](#)



Source: fxstreet.com / Bloomberg/Coinmarketcap.com

Commodity Corner

Gold was little changed amid a lack of fresh directional catalysts, after Federal Reserve Chair Jerome Powell stuck to his message that interest rates need to keep rising to quash inflation.

The precious metal has largely treaded water since tumbling 2.5% on Friday, when unexpectedly strong US jobs data moderated expectations that the Fed will switch to rate cuts this year. Despite weakening recently, bullion remains about 15% above early November levels.

On Tuesday, Powell suggested that borrowing costs may reach a higher peak than traders and policymakers anticipate. Higher rates are negative for non-interest-bearing gold

China boosted its gold reserves for a third month in January as central banks worldwide bolster their holdings of the haven asset

Spot gold was little changed at \$1,874.47 an ounce at 8:06 a.m. in Singapore, after gaining 0.3% in the previous session as the dollar slipped. The Bloomberg Dollar Spot Index was flat. Silver, platinum and palladium edged up

Precious Metals	Last	1D Change	YTD
Gold	1 877.60	0.24%	2.90%
Silver	22.35	0.79%	-6.82%
Platinum	983.22	0.51%	-8.53%
Palladium	1 656.22	0.59%	-7.61%

Oil steadied in Asia after jumping the most in three months on optimism the Federal Reserve will maintain its path on interest-rate hikes without shifting to a more hawkish policy.

West Texas Intermediate traded near \$77 a barrel after closing 4.1% higher in the previous session. Fed Chair Jerome Powell said Tuesday that more rate increases would be needed, but he also highlighted that disinflation had begun. The remarks weren't that much different to his comments last week, and were taken as a positive sign by markets, spurring gains in stocks.

Meanwhile, the American Petroleum Institute reported US crude inventories dropped by 2.2 million barrels last week, according to people familiar with the data. Official government figures are due later Wednesday.

World Commodities	Last	1D Change	YTD
WTI Crude	77.28	0.18%	-3.88%
Brent Crude	83.65	-0.05%	-2.22%
Nat Gas (HH)	2.60	0.70%	-36.60%
Nickel	27 062.00	-0.06%	
Copper	408.10	0.01%	7.10%
Corn	675.25	0.19%	-0.48%
Wheat	751.25	0.20%	-5.11%
Soybean	1 522.75	0.49%	-0.08%
Coffee	177.05	0.77%	6.23%
Cotton	85.00	-0.74%	1.96%
Sugar	20.84	0.87%	5.13%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD is oscillating in a narrow range above 1.0700 ahead of the European open. Investors digest the latest comments from US President Joe Biden and Fed Chair Powell. The US Dollar remains on the back foot with yields ahead of Fedspeak.

GBP/USD is trading at around 1.2050, consolidating the renewed uptick heading into Wednesday's London open. The Cable pair justifies broad-based US Dollar softness amid a mixed market mood and sluggish US Treasury bond yields. A quiet calendar ahead.

USD/JPY has sensed a buying interest after correcting below 131.00 in the Asian session. The asset has picked demand as the risk profile is expressing caution amid commentary from US President Joe Biden while addressing his second State of the Union (SOTU) and first in front of a divided Congress..

AUD/USD is defending the 0.6950 support amid a broadly subdued US Dollar so far this Wednesday. US President Joe Biden's annual State of the Union speech fails to yield any relevant market reaction. US data and Fedspeak coming up next.

World Currencies	Last	1D Change	YTD
EURUSD	1.0735	0.08%	0.23%
EURCHF	0.9895	-0.05%	0.04%
EURGBP	0.8907	-0.04%	0.04%
EURJPY	140.8000	-0.14%	-0.24%
USDCHF	0.9217	0.02%	-0.29%
USDJPY	131.1600	-0.07%	-0.03%
USDCAD	1.3389	0.07%	1.21%
USDTRY	18.8290	-0.06%	-0.64%
GBPUSD	1.2052	0.03%	-0.27%
AUDUSD	0.6973	0.20%	2.35%
NZDUSD	0.6323	-0.05%	-0.43%

Devise	S3	S2	S1	R1	R2	R3
EURUSD	1.0526	1.0623	1.0675	1.0772	1.0817	1.0914
USDJPY	126.9600	129.1900	130.1300	132.3600	133.6500	135.8800
GBPUSD	1.1767	1.1901	1.1974	1.2108	1.2169	1.2303
USDCAD	1.3238	1.3327	1.3363	1.3452	1.3505	1.3594
AUDUSD	0.6731	0.6837	0.6898	0.7004	0.7049	0.7155
NZDUSD	0.6147	0.6233	0.6280	0.6366	0.6405	0.6491
USDCHF	0.9038	0.9136	0.9177	0.9275	0.9332	0.9430
USDTRY	18.7688	18.7962	18.8071	18.8345	18.8510	18.8784
XAUUSD	1835.557	1854.867	1863.983	1883.293	1893.487	1912.797
XAGUSD	21.4034	21.8150	21.9933	22.4049	22.6382	23.0498

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



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Event Corner

ECO Economic Calendars Options

G8 Browse 08:31:30 02/08/23 - 02/08/23

Economic Releases All Economic Releases View Agenda Weekly

Date Time C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
02/08 00:50 JN				BoP Current Account Balance	Dec	¥112.0b	--	¥1803.6b	--
02/08 00:50 JN				BoP Current Account Adjusted	Dec	¥1236.3b	--	¥1918.5b	--
02/08 00:50 JN				Trade Balance BoP Basis	Dec	-¥1115.7b	--	-¥1537.8b	--
02/08 00:50 JN				Bank Lending Incl Trusts YoY	Jan	--	--	2.7%	--
02/08 00:50 JN				Bank Lending Ex-Trusts YoY	Jan	--	--	3.0%	--
02/08 06:00 JN				Eco Watchers Survey Current SA	Jan	48.2	--	47.9	--
02/08 06:00 JN				Eco Watchers Survey Outlook SA	Jan	47.6	--	47.0	--
02/08 08:45 FR				Private Sector Payrolls QoQ	4Q P	0.3%	--	0.6%	--
02/08 10:00 IT				Retail Sales MoM	Dec	-0.7%	--	0.8%	--
02/08 10:00 IT				Retail Sales YoY	Dec	--	--	4.4%	--
02/08 13:00 US				MBA Mortgage Applications	Feb 3	--	--	-9.0%	--
02/08 16:00 US				Wholesale Trade Sales MoM	Dec	-0.2%	--	-0.6%	--
02/08 16:00 US				Wholesale Inventories MoM	Dec F	0.1%	--	0.1%	--
02/08 17:00 RU				CPI WoW	Feb 6	--	--	0.21%	--
02/08 17:00 RU				CPI Weekly YTD	Feb 6	--	--	0.74%	--
02/08 17:00 RU				Retail Sales Real YoY	Dec	--	--	-7.9%	--
02/08 17:00 RU				Cargo Shipments YoY	Dec	--	--	-5.7%	--
02/08 17:00 RU				Unemployment Rate	Dec	--	--	3.7%	--
02/08 17:00 RU				Construction YoY	Dec	--	--	8.7%	--
02/08 17:00 RU				Real Wages YoY	Nov	--	--	0.4%	--

Source: Refinitiv

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