

Morning Call

Geneva, February 9, 2023

Market Corner

Asian stocks were mixed, weighed by real estate and health care, as hawkish comments from Federal Reserve officials renewed concerns over the trajectory of US interest rates.

Shares in China and Hong Kong rose as geopolitical tensions took a breather after President Joe Biden denied that relations with Beijing have suffered a serious blow following a US decision to shoot down an alleged Chinese spy balloon.

Benchmarks in Japan, Australia and Taiwan fell after the most-recent string of Fed speakers reinforced the idea that US rates will need to keep climbing to quash inflation. Asian equities have lost momentum after a strong start to the year, after a US jobs report last week stoked concerns over borrowing costs.

Asian shares will likely remain volatile over the next few months, as the “expected softness in the economic outlook for developed markets may weigh on externally exposed sectors and markets,” said Soo Hai Lim, head of Asia ex-China equities at Barings.

US stocks declined as investors assessed the recent string of Federal Reserve speakers who reinforced the idea that interest rates will need to keep rising to tame inflation.

The S&P 500 Index closed 1.1% lower in New York. The benchmark gained 1.3% on Tuesday as investors brushed off Fed chief Jerome Powell’s comments that borrowing costs may need to peak higher than previously expected, and instead focused on his outlook that 2023 will be a year of significant declines in inflation.

Wednesday morning, Fed Bank of New York President John Williams said there’s still a lot of uncertainty around inflation — while adding that if the situation changes, the central bank could move faster than the 25 basis-point pace of increases. Several Fed officials said earlier this week that January’s strong jobs report raises the odds that officials will have to lift rates to a higher level than previously expected.

World Indices	Last	1D Change	YTD
Dow Jones	33 949.0	-0.61%	2.42%
S&P 500	4 117.9	-1.11%	7.25%
Nasdaq	11 910.5	-1.68%	13.80%
Eurostoxx 50	4 209.2	0.00%	10.95%
FTSE 100	7 885.2	0.26%	5.82%
CAC 40	7 119.8	-0.18%	9.98%
DAX	15 412.1	0.60%	10.69%
SMI	11 276.3	0.38%	5.10%
Nikkei	27 584.4	-0.08%	5.71%
Hang Seng	21 531.3	1.16%	8.85%
CSI 300	4 130.9	1.34%	6.70%
VIX Index	19.6	5.20%	-9.41%

World Bonds	Last	1D Change	YTD
US 10Y	3.6144	0.01	-0.259
EUR 10Y	2.3370	-0.03	-0.234
Swiss 10Y	1.3790	-0.03	-0.238
UK 10Y	3.3130	0.00	-0.359

Source: Bloomberg



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Crypto Corner

Coinbase Global Inc.’s head Brian Armstrong escalated his war of words with the US Securities and Exchange Commission, warning he’d heard rumors the agency wants to ‘get rid of’ crypto staking by retail investors.

“I hope that’s not the case as I believe it would be a terrible path for the U.S. if that was allowed to happen,” he tweeted on Wednesday, while arguing that the practice of staking is “a really important innovation.”

The SEC declined to comment on Armstrong’s tweets. The agency has repeatedly said that most digital tokens are securities that should be subject to its rules. Chair Gary Gensler has previously indicated staking could fall under the regulator’s purview. Armstrong argued that staking is not a security.

Staking involves earning rewards by locking up coins to help order transactions on various blockchains such as Ethereum. Coinbase, Kraken and other crypto exchanges have waded into staking products to diversify revenues.

The firms let users stake coins, without needing specialist computer equipment nor having a minimum amount of 32 Ether and take a cut of the rewards. Staking on Ethereum can earn yields of about 6%. Coinbase has flagged the progress of its staking services to shareholders.

Last August, Coinbase disclosed that it’s being probed by the SEC over its staking programs. The exchange is the second-largest depositor of staked Ether, according to tracker Etherscan.

Armstrong has butted heads with the SEC before, such as over a crypto-lending product that the platform had to cancel due to pressure from the agency.

Staking services have gathered steam in recent months after Ethereum — the biggest commercial highway in crypto — switched over to the so-called proof-of-stake method of ordering blockchain transactions in September last year.

The next phase of Ethereum’s development, an iteration known as Shanghai expected in March, will allow Ether holders to withdraw their staked coins.

Crypto	Last	1D Change	YTD
Bitcoin	22 661.26	-1.30%	36.97%
Ethereum	1 630.24	-1.38%	35.92%

Crypto Market Cap: **\$1.06T**

24h Vol: **\$65.2B**

Dominance: **BTC: 41.3% ETH:18,8%**



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

Commodity Corner

Gold steadied after a three-day rise as a quartet of Federal Reserve policymakers stressed the need to keep raising US rates, hurting the outlook for the non-interest-bearing metal.

The comments — including from New York Fed President John Williams — come as investors reassess bets on how high the central bank will need to push borrowing costs to rein in inflation given the backdrop of a still-robust labor market.

Spot gold was 0.1% lower at \$1,874.07 an ounce at 8:34 a.m. in Singapore after gaining about 0.6% in the three sessions from Monday. Bullion has climbed about 3% so far this year.

Silver for immediate delivery was little changed above \$22 an ounce, palladium was also steady, and platinum headed for the lowest close since early November.

Precious Metals	Last	1D Change	YTD
Gold	1 881.38	0.31%	3.12%
Silver	22.46	0.63%	-6.30%
Platinum	984.74	1.06%	-8.38%
Palladium	1 672.71	1.25%	-6.72%

Oil steadied after rallying around 7% over the previous three sessions as investors assessed the latest commentary from Federal Reserve officials and mixed Energy Information Administration data.

West Texas Intermediate futures traded near \$78 a barrel after closing almost 2% higher on Wednesday. A raft of Federal Reserve speakers reinforced the idea that interest rates will need to keep climbing to combat inflation, putting concerns about a possible drag on demand back in focus.

The EIA report showed refinery utilization rose to the highest since December, while crude stockpiles at the storage hub at Cushing, Oklahoma, swelled to the largest since July 2021. Fuel inventories also expanded more than expected.

World Commodities	Last	1D Change	YTD
WTI Crude	78.53	0.08%	-2.40%
Brent Crude	85.20	0.13%	-0.54%
Nat Gas (HH)	2.38	-0.83%	-42.18%
Nickel	27 207.00	0.54%	
Copper	408.05	1.12%	7.14%
Corn	676.50	-0.29%	-0.26%
Wheat	767.00	0.29%	-3.16%
Soybean	1 516.50	-0.21%	-0.46%
Coffee	175.60	-0.82%	5.21%
Cotton	85.40	0.04%	3.12%
Sugar	21.20	1.73%	6.14%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD has lost its traction and erased a portion of its daily gains after having advanced toward 1.0750 in the early European morning. The data from Germany showed that the annual HICP inflation declined to 9.2% in January from 9.6% in December, weighing on the Euro.

GBP/USD is battling the 1.2100 mark, holding moderate gains in early Europe. The market mood remains upbeat and weighs on the US Dollar, despite hawkish Fed expectations. Renewed UK economic optimism underpins the pair ahead of Bailey's testimony.

USD/JPY seesaws around 131.50 as buyers struggle to extend the previous day's rebound amid a sluggish start to Thursday's trading in Europe. The Yen pair struggles to justify Wednesday's upside break of a downward-sloping resistance line from Monday, as well as the recovery from the 200-bar Exponential Moving Average (EMA).

AUD/USD has recovered firmly from 0.6920 in the Asian session as the US Dollar index (DXY) has lost strength amid an easing risk-off impulse. The Aussie asset has accelerated to near 0.6960 and is expected to continue its upside momentum ahead..

World Currencies	Last	1D Change	YTD
EURUSD	1.0739	0.25%	0.29%
EURCHF	0.9868	-0.02%	0.28%
EURGBP	0.8871	0.04%	0.28%
EURJPY	140.9200	-0.11%	-0.37%
USDCHF	0.9190	0.22%	-0.58%
USDJPY	131.2300	0.13%	-0.11%
USDCAD	1.3417	0.22%	1.00%
USDTRY	18.8334	-0.03%	-0.66%
GBPUSD	1.2105	0.27%	0.15%
AUDUSD	0.6963	0.55%	2.17%
NZDUSD	0.6357	0.79%	0.05%

Devise	S3	S2	S1	R1	R2	R3
EURUSD	1.0626	1.0677	1.0694	1.0745	1.0779	1.0830
USDJPY	129.3000	130.2400	130.8200	131.7600	132.1200	133.0600
GBPUSD	1.1929	1.2001	1.2037	1.2109	1.2145	1.2217
USDCAD	1.3237	1.3328	1.3388	1.3479	1.3510	1.3601
AUDUSD	0.6793	0.6870	0.6897	0.6974	0.7024	0.7101
NZDUSD	0.6215	0.6266	0.6287	0.6338	0.6368	0.6419
USDCHF	0.9107	0.9156	0.9183	0.9232	0.9254	0.9303
USDTRY	18.7814	18.8047	18.8163	18.8396	18.8513	18.8746
XAUUSD	1842.617	1859.817	1867.653	1884.853	1894.217	1911.417
XAGUSD	21.6088	21.9759	22.1474	22.5145	22.7101	23.0772

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars											
G8		Browse		08:34:21		02/09/23 - 02/09/23		Options			
Economic Releases		All Economic Releases				View		Agenda Weekly			
Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
02/09	00:50	JN				Money Stock M2 YoY	Jan	--	2.7%	2.9%	--
02/09	00:50	JN				Money Stock M3 YoY	Jan	--	2.3%	2.5%	--
02/09	00:50	JN				Japan Buying Foreign Bonds	Feb 3	--	¥1127.5b	-¥715.4b	--
02/09	00:50	JN				Foreign Buying Japan Stocks	Feb 3	--	-¥18.6b	¥379.5b	--
02/09	00:50	JN				Foreign Buying Japan Bonds	Feb 3	--	¥231.4b	¥12.4b	--
02/09	00:50	JN				Japan Buying Foreign Stocks	Feb 3	--	-¥543.5b	-¥101.3b	--
02/09	01:01	UK				RICS House Price Balance	Jan	-45%	-47%	-42%	--
02/09	03:00	JN				Tokyo Avg Office Vacancies	Jan	--	6.26	6.47	--
02/09	07:00	JN				Machine Tool Orders YoY	Jan P	--	-9.7%	0.9%	--
02/09	08:00	GE				CPI YoY	Jan P	8.9%	8.7%	8.6%	--
02/09	08:00	GE				CPI MoM	Jan P	1.0%	1.0%	-0.8%	--
02/09	08:00	GE				CPI EU Harmonized MoM	Jan P	1.3%	0.5%	-1.2%	--
02/09	08:00	GE				CPI EU Harmonized YoY	Jan P	10.0%	9.2%	9.6%	--
02/09	08:45	FR				Wages QoQ	4Q P	1.0%	--	1.0%	--
02/09	10:30	IT				Bank of Italy Releases Banks and Money Monthly Statistics					
02/09	14:00	RU				Gold and Forex Reserve	Feb 3	--	--	\$597.7b	--
02/09	14:30	US				Initial Jobless Claims	Feb 4	190k	--	183k	--
02/09	14:30	US				Continuing Claims	Jan 28	1660k	--	1655k	--

Source: Refinitiv

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