

## Morning Call

Geneva, March 6, 2023

### Market Corner

**Asia stocks were on track to reach their highest level in about two weeks as tech stocks climbed amid lower bond yields. Chinese equities fell after Beijing's modest economic growth target dampened hopes for stronger stimulus.**

The MSCI Asia Pacific Index climbed 1% to a level last seen on Feb. 21, with tech-heavy gauges in South Korea and Taiwan higher as the 10-year US Treasury yield slipped below 4%. Stocks in Hong Kong and mainland China whipsawed as the country's annual parliamentary meetings entered their second day.

Meantime, Vietnam's measure led gains in the region after developers jumped on news that companies will be allowed to use other assets to make principal and interest payments on bonds. Thailand was closed for a holiday.

Investors will watch Federal Reserve Chairman Jerome Powell's testimonies before Senate and House committees this week. Expectations for US nonfarm payrolls data due Friday will also drive trading as traders assess the Fed's policy path and the ability for the US to navigate a potential recession.

**The S&P 500 rallied again on Friday, closing out its first winning week in a month as fears eased over the size and pace of Federal Reserve rate hikes.**

The benchmark S&P 500 jumped 1.6%, bringing weekly gains to 1.9%, while the tech-heavy Nasdaq 100 climbed by 2% on the day and benchmark Treasury yields retreated from the 4% level. Oil prices surged as UAE officials denied reports of plans to leave the Organization of Petroleum Exporting Countries.

After some dovish Fed speak sparked a rally on Thursday, new data on Friday showed the US service sector grew in February by more than expected. The week's data has overall reflected an economy that's closer to hot, but it's failing to unravel Wall Street's shift back to risk-on mode, Oanda analyst Ed Moya wrote in a note on Friday.

World Indices	Last	1D Change
Dow Jones	33 391.0	1.17%
S&P 500	4 045.6	1.61%
Nasdaq	11 689.0	1.97%
Eurostoxx 50	4 294.8	1.28%
FTSE 100	7 947.1	0.04%
CAC 40	7 348.1	0.88%
DAX	15 578.4	1.64%
SMI	11 190.1	0.22%
Nikkei	28 237.8	1.11%
Hang Seng	20 595.0	0.13%
CSI 300	4 109.0	-0.52%
VIX Index	18.5	-5.62%

World Bonds	Last	1D Change	YTD
US 10Y	3.9284	-0.02	0.054
EUR 10Y	2.6540	-0.06	0.084
Swiss 10Y	1.5510	-0.01	-0.066
UK 10Y	3.8490	-0.03	0.177

Source: Bloomberg



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## Crypto Corner

**Silergate Capital Corp. discontinued the payments network that has served as a vital hub for investors in the cryptocurrency industry, days after the firm raised questions about its own viability.**

“Effective immediately Silvergate Bank has made a risk-based decision to discontinue the Silvergate Exchange Network,” the firm said Friday on its website. “All other deposit-related services remain operational.”

The company’s payments platform was its flagship offering. Silvergate has called SEN “the heart” of its group of services for crypto clients. The system offered customers the ability to move cash to each other around the clock, with the slogan: “Goodbye, regular banking hours. Hello, 24/7.”

“This is a very bad sign. By waiting after the close of business to announce this, now none of the money can leave,” J. Austin Campbell, an adjunct professor of Columbia Business School, said in a phone interview after Silvergate’s announcement. “The good news is a lot of crypto people have already cut relationships with Silvergate and moved away from them — it’s less catastrophic than it could be.”

Silergate said in a Wednesday filing it may have to evaluate its viability after suffering a \$1 billion loss at the end of the fourth quarter and further losses in January and February. Clients have moved to distance themselves from the bank amid mounting uncertainty, advising customers to direct funds elsewhere while assuring them their funds are safe.

The move comes after banking regulators issued multiple comments warning financial institutions they supervise of the dangers of exposure to crypto, including volatility.

“This is an interesting event for the crypto industry as SI was the highest regulated and most transparent counter-party in the institutional trading market,” KBW analysts led by Michael Perito said in a note this week prior to the bank’s announcement, “bringing into question what the banking rails of crypto could look like in the future.”

Crypto Market Cap: [\\$1.02T](#)

24h Vol: [\\$29.3B](#)

Dominance: [BTC: 42.3%](#) [ETH:18.7%](#)

Crypto	Last	1D Change	YTD
Bitcoin	22 414.88	-0.32%	35.53%
Ethereum	1 563.81	-0.53%	30.39%



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

## Commodity Corner

**Gold dipped after posting its biggest weekly gain since mid-January, after China — the world's biggest consumer of the precious metal — announced a modest growth target for 2023 while avoiding major new economic stimulus measures.**

The cautious tone at the National People's Congress disappointed some market-watchers and provided little incentive to buy bullion. Gold has fluctuated in the past two months but remains little changed since the start of the year.

Eyes will be on Federal Reserve Chair Jerome Powell, who will testify before a Senate panel on Tuesday and a House committee Wednesday and is expected to underscore that interest rates will go higher than policymakers anticipated just weeks ago. Higher rates are generally negative for non-interest-bearing gold.

**Spot gold** fell 0.2% to \$1,853.23 an ounce as of 8:17 a.m. in Singapore after surging 2.5% last week. The Bloomberg Dollar Spot Index was little changed. Silver, platinum and palladium all declined.

Precious Metals	Last	1D Change	YTD
Gold	1 855.78	-0.04%	1.75%
Silver	21.25	-0.06%	-11.34%
Platinum	979.05	-0.37%	-8.95%
Palladium	1 445.78	-0.87%	-19.38%

**Oil declined at the start of the week after China set a modest growth target for this year and avoided any large stimulus, while concerns lingered over further monetary tightening from the Federal Reserve.**

West Texas Intermediate dropped toward \$79 a barrel after closing more than 4% higher last week. China's Premier Li Keqiang announced a goal for gross domestic product of around 5% at the annual National People's Congress on Sunday, lower than economists had expected. The nation, the world's largest oil importer, ended its restrictive Covid Zero policy late last year.

Investors will be watching speeches from Fed Chair Jerome Powell and jobs data this week for clues on the path for monetary tightening. Federal Reserve Bank of San Francisco President Mary Daly reiterated in a speech on Saturday the central bank's willingness to leave borrowing costs higher for longer.

World Commodities	Last	1D Change
WTI Crude	79.18	-0.63%
Brent Crude	85.24	-0.69%
Nat Gas (HH)	2.70	-10.24%
Nickel	24 412.92	0.84%
Copper	407.05	-0.18%
Corn	645.25	0.00%
Wheat	692.25	-0.50%
Soybean	1 528.00	-0.16%
Coffee	180.80	-1.71%
Cotton	84.37	1.83%
Sugar	20.92	3.00%

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



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## FX Corner

**EUR/USD** is extending gains to near 1.0660 early Monday, underpinned by renewed US Dollar weakness. Markets shrug off disappointing China's GDP growth target, as they adjust their positions ahead of a busy week. Eurozone Sentix and Retail Sales data coming up next.

**GBP/USD** is trading on the back foot below 1.2050 in the early European morning. The pair fails to benefit from a broadly subdued US Dollar, as the market sentiment remains mixed and Brexit optimism fades. US economic data and Powell's testimony are in focus.

**USD/JPY** retreats to 135.80 as it reverses the bounce off intraday low amid a sluggish start to the key week. The Yen pair trader's cautious mood ahead of the Bank of Japan (BoJ) monetary policy meeting and Federal Reserve (Fed) Chairman Jerome Powell's half-yearly Testimony appears the key filters for the Yen pair.

**AUD/USD** trends water on a daily basis around 0.6760-70, despite recently picking up bids to pare the early losses heading into Monday's European session. It's worth noting that the Aussie pair marked the first weekly gain in three amid broad US Dollar weakness in the last week.

World Currencies	Last	1D Change	YTD
EURUSD	1.0648	0.12%	-0.50%
EURCHF	0.9950	0.05%	-0.56%
EURGBP	0.8847	-0.19%	-0.56%
EURJPY	144.3800	0.21%	-2.87%
USDCHF	0.9345	0.18%	1.06%
USDJPY	135.5900	0.21%	-3.42%
USDCAD	1.3590	0.06%	-0.28%
USDTRY	18.9059	-0.56%	-1.05%
GBPUSD	1.2037	0.01%	-0.38%
AUDUSD	0.6758	-0.18%	-0.82%
NZDUSD	0.6216	-0.06%	-2.09%

Devise	S3	S2	S1	R1	R2	R3
EURUSD	1.0521	1.0571	1.0603	1.0653	1.0671	1.0721
USDJPY	134.0567	135.0967	135.4833	136.5233	137.1767	138.2167
GBPUSD	1.1797	1.1903	1.1970	1.2076	1.2115	1.2221
USDCAD	1.3421	1.3510	1.3554	1.3643	1.3688	1.3777
AUDUSD	0.6657	0.6707	0.6738	0.6788	0.6807	0.6857
NZDUSD	0.6120	0.6169	0.6195	0.6244	0.6267	0.6316
USDCHF	0.9252	0.9317	0.9339	0.9404	0.9447	0.9512
USDTRY	18.5953	18.7158	18.7575	18.8780	18.9568	19.0773
XAUUSD	1807.570	1828.640	1842.560	1863.630	1870.780	1891.850
XAGUSD	20.2775	20.7015	20.9814	21.4054	21.5495	21.9735

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



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## Event Corner

ECO Economic Calendars											
G8		Browse		08:54:55		03/06/23		03/06/23			
Economic Releases		All Economic Releases				View		Agenda			
Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
03/03-03/11		RU				Wellbeing Fund	Feb	--	--	\$155.3b	--
03/06	09:30	GE				S&P Global Germany Construction PMI	Feb	--	--	43.3	--
03/06	10:00	UK				New Car Registrations YoY	Feb	--	--	14.7%	--
03/06	10:30	EC				Sentix Investor Confidence	Mar	-7.5	--	-8.0	--
03/06	10:30	UK				S&P Global/CIPS UK Construction PMI	Feb	--	--	48.4	--
03/06	11:00	EC				Retail Sales MoM	Jan	1.5%	--	-2.7%	--
03/06	11:00	EC				Retail Sales YoY	Jan	--	--	-2.8%	--
03/06	14:00	CA				Bloomberg Nanos Confidence	Mar 3	--	--	47.0	--
03/06	16:00	CA				Ivey Purchasing Managers Index SA	Feb	--	--	60.1	--
03/06	16:00	US				Factory Orders	Jan	-1.5%	--	1.8%	--
03/06	16:00	US				Factory Orders Ex Trans	Jan	--	--	-1.2%	--
03/06	16:00	US				Durable Goods Orders	Jan F	--	--	-4.5%	--
03/06	16:00	US				Durables Ex Transportation	Jan F	--	--	0.7%	--
03/06	16:00	US				Cap Goods Orders Nondef Ex Air	Jan F	--	--	0.8%	--
03/06	16:00	US				Cap Goods Ship Nondef Ex Air	Jan F	--	--	1.1%	--
03/06		RU				Light Vehicle Car Sales YoY	Feb	--	--	-63.1%	--

Source: Refinitiv

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