

Market Corner

Asian stocks declined as UBS Group's historic deal to buy Credit Suisse failed to quell investor concerns about the health of the global financial system. Chinese shares bucked a broad regional selloff.

The MSCI Asia Pacific Index fell as much as 1.1%, reversing most of its gain from Friday, with tech names among the biggest drags. Hong Kong gauges led losses in the region as financial stocks including HSBC and AIA Group fell due to worries over risky bond exposures. China's onshore equity benchmark edged higher after its central bank unexpectedly cut the reserve requirement ratio late Friday.

While the takeover of Credit Suisse is seen to reduce the immediate systemic risk for the banking sector, investors are worried over further repercussions from its bonds. Traders are also focused on the Federal Reserve's rate decision later this week.

Stock futures in the US and Europe gave up initial gains notched in wake of UBS Group AG's agreement to buy Credit Suisse Group AG, as investors remained skeptical about how far the deal will boost confidence in the global financial system.

S&P 500 futures were up 0.1% as of 11:32 a.m. in Hong Kong, paring an early rise of nearly 0.8%. Euro Stoxx 50 futures erased gains after surging almost 1.4% earlier.

UBS will pay about \$3.3 billion for its rival, with the price per share representing a 99% decline from Credit Suisse's peak in 2007. The deal will trigger a "complete write-down" of Credit Suisse's additional tier 1 (AT-1) bonds in order to increase core capital, a Swiss regulator said. Some Asian banks' AT-1 bonds fell by a record Monday morning.

"Willing or not, the epic emergency takeover of the 166-years old global lender is a strong wake-up call to those who still believe that we are not yet in a crisis," said Hebe Chen, an analyst at IG Markets. "The fall of Credit Suisse may have just been the tip of the iceberg."

The KBW Bank Index plunged 28% over the past two weeks, with financials rattled by concerns over Credit Suisse as well the recent failures of Silicon Valley Bank and two other US lenders. Gains in tech stocks have helped support the overall market, however, as investors look for a safe haven.

World Indices	Last	1D Change	YTD
Dow Jones	31 862.0	-1.19%	-3.88%
S&P 500	3 916.6	-1.10%	2.01%
Nasdaq	11 630.5	-0.74%	11.12%
Eurostoxx 50	4 065.0	-1.26%	7.15%
FTSE 100	7 335.4	-1.01%	-1.56%
CAC 40	6 925.4	-1.43%	6.98%
DAX	14 768.2	-1.33%	6.07%
SMI	10 613.6	-0.98%	-1.08%
Nikkei	26 945.7	-1.42%	3.26%
Hang Seng	18 866.1	-3.34%	-4.56%
CSI 300	3 937.1	-0.55%	1.70%
VIX Index	25.5	10.96%	17.72%

World Bonds	Last	1D Change
US 10Y	3.3097	-0.12
EUR 10Y	2.1080	-0.18
Swiss 10Y	0.9950	-0.10
UK 10Y	3.2840	-0.14

Source: Bloomberg



Morning Call

Geneva, March 20, 2023

Crypto Corner

Turmoil in the banking sector, hotter-than expected inflation data, and renewed hopes for a dovish Federal Reserve has Bitcoin reaching levels not seen in about nine months.

The largest digital asset topped \$28,000 for the first time since June 2022, trading for as much as \$28,258 on Sunday. Since the start of the year, Bitcoin's price has risen almost 70%. Other digital assets rallied as well — with Ethereum up about 17% since the start of last week and so-called altcoins like Solana and Cardano advancing, too.

Traders waded high levels of uncertainty last week in markets. US two-year yields fluctuated wildly, and the Cboe Volatility Index, the so-called fear gauge also known as the VIX, spiked above 30. But Bitcoin kept steadfast — and straight up.

“Bitcoin is correlated with liquidity conditions and real rates. Real rates have declined, liquidity conditions have expanded, and it looks as if we’re entering a new regime,” said Ilan Solot, co-head of digital assets at Marex.

Broader markets fluctuated in the past week after a handful of US lenders failed, and fresh concerns arose around Credit Suisse Group AG before UBS Group AG agreed to buy its fellow Swiss bank on Sunday. In the fallout, some investors have called on the Fed to pause interest rate hikes. But midweek data showed that core CPI advanced more than expected, a reminder that the fight against inflation is far from done. It’s unclear how the central bank will respond to the conflicting signals at this week’s Fed meeting.

That uncertainty troubled many corners of the financial world but emboldened Bitcoin bulls who see the digital asset as a hedge against inflation, despite last year’s evidence to the contrary. In 2022, a series of bankruptcies and scandals pushed the price of Bitcoin down more than 60%.

The token also rose in spite of internal strife in the digital asset space. USD Coin briefly lost its peg with the dollar this month, and the US Securities & Exchange Commission is doubling down on the belief that most digital assets qualify as securities.

The S&P 500 dropped 1.1% on Friday. If Bitcoin were still trading like it did for much of 2022, the token would have slumped alongside US stocks. But this month, the correlation between the digital asset and the S&P 500 has dissipated.

“In this instance, we are definitely seeing people look to Bitcoin,” said David Martin, head of institutional coverage at digital asset prime brokerage FalconX.

Crypto	Last	1D Change	YTD
Bitcoin	27 779.34	-0.70%	68.41%
Ethereum	1 766.21	-1.83%	47.50%

Crypto Market Cap: [1.15T](#)

24h Vol: [\\$72.7B](#)

Dominance: [BTC: 46% ETH:18.6%](#)



Source: fxstreet.com / Bloomberg/Coinmarketcap.com

Commodity Corner

Gold fell from a one-year high year on Monday as investors weighed the impact of a proposed bailout of Credit Suisse Group AG, which eased demand for safe-haven assets.

UBS Group AG has agreed to buy Credit Suisse in an emergency, government-brokered deal aimed at containing a crisis of confidence. The woes at the Swiss lender and the collapse of some regional US banks had rattled markets, triggering a 6.5% surge in gold last week in its biggest weekly gain since March 2020.

Spot gold fell 0.6% to \$1,976.53 an ounce as at 9:52 a.m. in Sydney, after closing Friday at its highest since mid-March last year. The Bloomberg Dollar Spot Index dipped 0.1%. Silver declined after surging 4.2% on Friday, while platinum and palladium both eased lower.

Precious Metals	Last	1D Change	YTD
Gold	1 996.17	0.35%	9.53%
Silver	22.55	-0.25%	-5.94%
Platinum	968.67	-1.05%	-9.90%
Palladium	1 408.98	-1.01%	-21.46%

Oil prices sank, with West Texas Intermediate plunging below \$65 a barrel, as escalating investor concerns about a global banking crisis eroded appetite for risk assets including commodities.

US benchmark crude futures retreated as much as 2.8% to \$64.89 a barrel, the lowest level since December 2021 on Monday. The decline came despite Swiss authorities orchestrating a rescue of Credit Suisse Group AG by UBS Group AG over the weekend. In addition, the Federal Reserve and five other central banks announced coordinated action to boost liquidity in US dollar swaps.

WTI for April delivery traded at \$64.90 a barrel on the New York Mercantile Exchange at 2:51 p.m. in Singapore.

World Commodities	Last	1D Change
WTI Crude	64.90	-2.76%
Brent Crude	70.92	-2.81%
Nat Gas (HH)	2.34	0.17%
Nickel	23 228.00	0.57%
Copper	392.40	0.27%
Corn	625.75	-1.34%
Wheat	695.50	-2.11%
Soybean	1 465.00	-0.78%
Coffee	183.00	-1.35%
Cotton	77.96	0.17%
Sugar	20.67	-0.43%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD is keeping its range below 1.0700, as the key week begins on a positive note. The pair is buoyed by the news of the UBS-Credit Suisse deal, but fears persist over the global banking crisis, underpinning the US Dollar's safe-haven demand. Lagarde's speech awaited.

GBP/USD is consolidating the latest upside, struggling below 1.2200 ahead of the London open. The pair is feeling the heat from a cautious risk tone, as investors turn anxious amid the global banking crisis and ahead of the Fed and the BoE policy announcements this week.

USD/JPY has corrected sharply below 132.00 in the Asian session. The appeal for the Japanese Yen as a safe-haven has improved amid potential fears of global banking turmoil led by rising interest rates by western central banks.

AUD/USD is paring back gains, trading below 0.6700 in Monday's Asian trading. The Aussie pair is weighed down by resurgent US Dollar demand even as risk sentiment remains firmer on the session, following the UBS-Credit Suisse deal.

World Currencies	Last	1D Change	YTD
EURUSD	1.0649	-0.20%	-0.51%
EURCHF	0.9872	0.06%	0.21%
EURGBP	0.8748	0.12%	0.21%
EURJPY	139.4900	0.85%	0.60%
USDCHF	0.9270	-0.10%	0.30%
USDJPY	130.9700	0.67%	0.05%
USDCAD	1.3742	-0.08%	-1.35%
USDTRY	19.0181	-0.02%	-1.65%
GBPUSD	1.2174	0.01%	0.76%
AUDUSD	0.6674	-0.34%	-2.04%
NZDUSD	0.6250	-0.30%	-1.57%

Devise	S3	S2	S1	R1	R2	R3
EURUSD	1.0500	1.0577	1.0624	1.0701	1.0731	1.0808
USDJPY	127.9900	130.1900	131.0200	133.2200	134.5900	136.7900
GBPUSD	1.1961	1.2060	1.2116	1.2215	1.2258	1.2357
USDCAD	1.3537	1.3632	1.3682	1.3777	1.3822	1.3917
AUDUSD	0.6536	0.6613	0.6655	0.6732	0.6767	0.6844
NZDUSD	0.6060	0.6152	0.6210	0.6302	0.6336	0.6428
USDCHF	0.9145	0.9206	0.9234	0.9295	0.9328	0.9389
USDTRY	18.9352	18.9757	18.9947	19.0352	19.0567	19.0972
XAUUSD	1823.470	1894.570	1941.910	2013.010	2036.770	2107.870
XAGUSD	20.3940	21.3433	21.9726	22.9219	23.2419	24.1912

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

G8 Browse 08:08:22 03/20/23 - 03/20/23

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
03/20	01:01	UK				Rightmove House Prices MoM	Mar	--	--	0.0%	--
03/20	01:01	UK				Rightmove House Prices YoY	Mar	--	--	3.9%	--
03/20	08:00	GE				PPI MoM	Feb	--	--	-1.0%	--
03/20	08:00	GE				PPI YoY	Feb	--	--	17.8%	--
03/20	11:00	EC				Trade Balance SA	Jan	--	--	-18.1b	--
03/20	11:00	EC				Trade Balance NSA	Jan	--	--	-8.8b	--
03/20	13:00	CA				Bloomberg Nanos Confidence	Mar 17	--	--	48.4	--

Source: Refinitiv

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