

## Morning Call

Geneva, April 6, 2023

# Market Corner

### Asia stocks declined as mounting recession fears and deepening tensions between the US and China dented investor sentiment.

The MSCI Asia Pacific Index dropped as much as 0.9%, its biggest loss in over two weeks. Most benchmarks in the region were in the red with Japan and South Korea leading declines. Gauges in Hong Kong fluctuated while those in mainland China and Taiwan fell as traders returned from holidays. Markets in the Philippines and Thailand were closed for a holiday.

Chip-related stocks such as Samsung, TSMC and Tokyo Electron were the biggest drags on the Asian gauge amid worries over an escalating US-China technology trade spat. A report by Yomiuri said Asia's largest economy has urged the World Trade Organization to probe practices of US and its allies over their export curbs. Meanwhile, Samsung was expected to report its worst profit in at least 14 years on Friday.

### US stocks dropped Wednesday while bonds rallied as another soft employment print reignited investor worries about a recession.

The S&P 500 closed down 0.3% in New York. The Nasdaq 100 sank 1%, falling for a third day. Semiconductors weighed on the technology sector after China reprimanded a move by Japan to join the US in restricting exports of chipmaking gear to the nation. Nvidia Corp., Intel Corp., and Micron Technology Inc. all ended the trading session lower. The 10-year Treasury yield reached its lowest level since mid-September.

Private employers added 145,000 payrolls last month, ADP's National Employment report showed, trailing Bloomberg's consensus estimate of 210,000. The reading comes after the Labor Department's Job Openings and Labor Turnover Survey, or JOLTS, said vacancies fell below 10 million for the first time since 2021. A key non-farm payrolls report is due Friday.

World Indices	Last	1D Change	YTD
Dow Jones	33 482.7	0.24%	1.01%
S&P 500	4 090.4	-0.25%	6.53%
Nasdaq	11 996.9	-1.07%	14.62%
Eurostoxx 50	4 298.4	-0.39%	13.31%
FTSE 100	7 662.9	0.37%	2.83%
CAC 40	7 316.3	-0.39%	13.01%
DAX	15 520.2	-0.53%	11.47%
SMI	11 115.4	0.38%	3.60%
Nikkei	27 460.0	-1.27%	5.23%
Hang Seng	20 192.5	-0.40%	2.04%
CSI 300	4 089.2	-0.34%	5.56%
VIX Index	19.1	0.42%	-11.95%

World Bonds	Last	1D Change	YTD
US 10Y	3.2921	-0.02	-0.581
EUR 10Y	2.1820	-0.07	-0.389
Swiss 10Y	1.1790	-0.10	-0.438
UK 10Y	3.4280	-0.01	-0.244

Source: Bloomberg



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## Crypto Corner

**Bitcoin’s rally this year has caught a lot of attention. Yet the coin has seemingly stopped its advance at \$28,000, a key trading point around which it’s been meandering in recent days.**

The largest cryptocurrency has hit a proverbial wall at that level, moving slightly above or below it in what analysts are calling range-bound trading. For the last three weeks of trading, Bitcoin has been trading within 15% of a key trendline — its average price over the past 30 days. Bitcoin was little changed at around \$28,280 as of 4:25 p.m. in New York.

“It’s chopping around that level right now,” Alex Coffey, TD Ameritrade senior trading strategist, said in an interview. “It’s sort of just drifting.”

Bitcoin, in the wake of the fallout of a handful of US lenders last month, staged a rally that brought it from around \$20,000 to \$28,000 in a matter of days. As reasons for its surge, investors resurfaced longtime narratives — that the coin is a hedge against inflation and can be a safe haven amid turmoil at traditional banking institutions. The uptick — along with a broader year-to-date surge — helped it score the top spot among major assets in terms of performance in the first quarter.

But the fact that the coin’s advance has stalled out is no surprise to Aya Kantorovich, former head of institutional coverage at FalconX.

Bitcoin faithfuls drove the upward price action in March, but fundamentally, little has changed in the world of digital assets.

“You’re not necessarily seeing net new users,” said Kantorovich. Chaos in the financial sector inspired Bitcoin bulls to buy more Bitcoin, but institutional investors sought safety elsewhere in products like ETFs or mutual funds. “The immediate reactions will typically be either retail or already engaged crypto traders or institutions.”

Crypto has done little to inspire new buy-in. There’s not necessarily “a narrative for any price action currently,” Kantorovich added.

Meanwhile, speculators have turned their attention to other tokens such as Dogecoin, which surged as much as 30% this week after Twitter featured the dog meme on the home button to the site. Dogecoin was lower for the first time this week at about 10 cents.

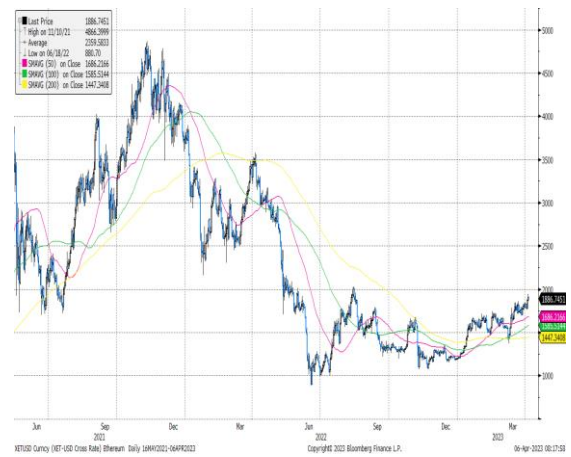
Other diversions included Donald Trump-themed NFTs, which saw a rise in sales volume when the former US president was indicted Tuesday.

Crypto	Last	1D Change	YTD
Bitcoin	28 024.28	-0.47%	69.48%
Ethereum	1 886.28	-1.03%	57.31%

Crypto Market Cap: [1.18T](#)

24h Vol: [\\$40.8B](#)

Dominance: [BTC: 45.7%](#) [ETH:19.2%](#)



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



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# Commodity Corner

**Gold held near a 13-month high to remain above \$2,000 an ounce, as traders digested the latest data from the US and its potential impact on the Federal Reserve's interest-rate path.**

Recession concerns increased after data on Wednesday showed the US service sector expanded in March at a much slower pace than projected, while companies added fewer jobs than forecast. Those economic-cooling signals may help spur the central bank to ease its monetary-tightening path, which would be positive for non-interest-bearing bullion.

Investors will be closely watching for more signs the Fed may be taking the heat out of the economy and putting the brakes on inflation when crucial monthly nonfarm and unemployment figures are released on Friday

Spot gold was little changed at \$2,019.75 an ounce as of 8:03 a.m. in Singapore, after earlier in the week surging to within sight of its record of \$2,075.47. The Bloomberg Dollar Spot Index was flat. Silver edged down, platinum gained, while palladium was steady

Precious Metals	Last	1D Change	YTD
Gold	2 015.33	-0.27%	10.47%
Silver	24.87	-0.31%	3.74%
Platinum	1 006.08	0.28%	-6.34%
Palladium	1 430.37	-0.12%	-20.22%

**Oil headed for a third straight weekly gain after OPEC+ surprised the market with a production cut and US inventories dropped.**

West Texas Intermediate futures eased toward \$80 a barrel, but are still almost 6% higher this week. Monday's surge was the largest in a year after an unexpected move by the Organization of Petroleum Exporting Countries and its allies to shave more than 1 million barrels of daily output from next month. Saudi Arabia has since hiked prices of all its oil sales to customers in Asia.

Crude has risen about 25% since mid-March, when it collapsed to a 15-month low on the back of a banking crisis that prompted a flight from riskier assets. The move by OPEC+ took out some speculative short sellers, pushing prices higher just as expectations of a recovery in Chinese demand, shrinking US inventories, and a weakening dollar also lifted the commodity's allure.

World Commodities	Last	1D Change
WTI Crude	80.15	-0.57%
Brent Crude	84.58	-0.48%
Nat Gas (HH)	2.13	-1.07%
Nickel	22 522.00	-1.83%
Copper	400.80	0.54%
Corn	648.75	-0.61%
Wheat	678.25	-0.55%
Soybean	1 505.00	-0.40%
Coffee	180.15	3.03%
Cotton	81.83	0.94%
Sugar	22.95	2.14%

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

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## FX Corner

**EUR/USD** is trading close to 1.0900 early Thursday, consolidating a short series of daily bullish closes. Risk-aversion is underpinning the US Dollar recovery, despite a run of weak US data. Upbeat German Industrial Output data fails to impress.

**GBP/USD** is trading on the defensive near 1.2450 early Thursday amid a modest USD strength. Looming recession fears weigh on investors' sentiment and benefit the safe-haven Greenback. Bets for an imminent Fed rate-hike pause could cap the USD and help limit losses for the major.

**USD/JPY** consolidates intraday losses around 131.20 as the US Dollar defends the previous day's rebound from two-month low heading into Thursday's European session. Even so, the Yen pair remains on the way to reversing the last week's gains, the first in five, amid downbeat Treasury bond yields.

**AUD/USD** is keeping the red at around 0.6700, unperturbed by the mixed Australian trade data and strong Chinese Caixin Services PMI. Renewed US-China tensions are weighing on the higher-yielding Aussie amid risk aversion-led US Dollar strength.

World Currencies	Last	1D Change	YTD
EURUSD	1.0898	-0.06%	1.79%
EURCHF	0.9881	0.08%	0.16%
EURGBP	0.8754	-0.02%	0.16%
EURJPY	143.1600	-0.03%	-1.94%
USDCHF	0.9066	0.02%	-1.94%
USDJPY	131.3900	-0.05%	-0.21%
USDCAD	1.3481	-0.17%	0.55%
USDTRY	19.2542	-0.01%	-2.91%
GBPUSD	1.2450	-0.10%	3.05%
AUDUSD	0.6696	-0.36%	-1.69%
NZDUSD	0.6286	-0.51%	-0.98%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0764	1.0843	1.0873	1.0952	1.1001	1.1080
USDJPY	128.8667	130.0667	130.6933	131.8933	132.4667	133.6667
GBPUSD	1.2308	1.2389	1.2425	1.2506	1.2551	1.2632
USDCAD	1.3342	1.3399	1.3428	1.3485	1.3513	1.3570
AUDUSD	0.6520	0.6623	0.6671	0.6774	0.6829	0.6932
NZDUSD	0.6139	0.6233	0.6276	0.6370	0.6421	0.6515
USDCHF	0.8915	0.8983	0.9025	0.9093	0.9119	0.9187
USDTRY	19.1465	19.1960	19.2239	19.2734	19.2950	19.3445
XAUUSD	1977.143	1999.063	2009.897	2031.817	2042.903	2064.823
XAGUSD	23.9198	24.4134	24.6775	25.1711	25.4006	25.8942

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



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## Event Corner

ECO Economic Calendars Options

G8 Browse 08:03:44 04/06/23 - 04/06/23

Economic Releases All Economic Releases View  Agenda  Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
04/05-04/10	RU					Wellbeing Fund	Mar	--	--	\$147.2b	--
04/06 01:50	JN					Japan Buying Foreign Bonds	Mar 31	--	--	¥1182.0b	--
04/06 01:50	JN					Foreign Buying Japan Bonds	Mar 31	--	--	-¥1682.6b	--
04/06 01:50	JN					Japan Buying Foreign Stocks	Mar 31	--	--	-¥42.2b	--
04/06 01:50	JN					Foreign Buying Japan Stocks	Mar 31	--	--	-¥1285.8b	--
04/06 04:00	JN					Tokyo Avg Office Vacancies	Mar	--	--	6.15	--
04/06 08:00	GE					Industrial Production SA MoM	Feb	-0.1%	--	3.5%	--
04/06 08:00	GE					Industrial Production WDA YoY	Feb	-2.0%	--	-1.6%	--
04/06 09:30	GE					S&P Global Germany Construction PMI	Mar	--	--	48.6	--
04/06 10:30	UK					S&P Global/CIPS UK Construction PMI	Mar	53.5	--	54.6	--
04/06 13:30	US					Challenger Job Cuts YoY	Mar	--	--	410.1%	--
04/06 14:30	CA					Part Time Employment Change	Mar	--	--	-9.3k	--
04/06 14:30	CA					Net Change in Employment	Mar	10.0k	--	21.8k	--
04/06 14:30	CA					Full Time Employment Change	Mar	--	--	31.1k	--
04/06 14:30	US					Revisions: Jobless Claims					
04/06 14:30	US					Initial Jobless Claims	Apr 1	200k	--	198k	--
04/06 14:30	US					Continuing Claims	Mar 25	1700k	--	1689k	--
04/06 14:30	CA					Unemployment Rate	Mar	5.1%	--	5.0%	--
04/06 14:30	CA					Hourly Wage Rate Permanent Employees YoY	Mar	5.5%	--	5.4%	--
04/06 14:30	CA					Participation Rate	Mar	65.7%	--	65.7%	--
04/06 15:00	RU					Gold and Forex Reserve	Mar 31	--	--	\$594.6b	--
04/06 16:00	CA					Ivey Purchasing Managers Index SA	Mar	--	--	51.6	--
04/06	RU					Light Vehicle Car Sales YoY	Mar	--	--	-62.1%	--

Source: Refinitiv

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