

## Market Corner

**Asian equities gained for a third straight session, led by stocks in Hong Kong, as investors looked for positive developments in US-China relations and monitored the debt-ceiling debate in Washington.**

The MSCI Asia Pacific Index rose as much as 0.7%, set for a one-month high, as consumer stocks climbed. Tech names such as Alibaba and Tencent contributed the most to the gauge's gains. South Korea's Kospi advanced as much as 1% to the highest in a month as foreign and local funds bought chip stocks.

Sentiment improved after President Joe Biden said he expected ties with China to improve "very shortly." Meanwhile, Biden is scheduled to meet with House Speaker Kevin McCarthy on Monday as time grows short to avert a US default.

The Hang Seng China gauge gained more than 2% as mainland stocks climbed along with Japan and Singapore. Thailand remained one of the outliers, with a stock gauge falling to its lowest in two years as investors waited to see if a planned coalition can get enough votes from lawmakers to form a government.

**US stocks dropped after bipartisan debt-ceiling talks were put on pause in Washington.**

The S&P 500 closed 0.1% lower after setting a new high for the year on Thursday. The Nasdaq 100 Index fell 0.2%, while the Cboe VIX Index rose to around 16.8.

Stocks declined after House Speaker Kevin McCarthy's top debt-ceiling negotiators abruptly left a closed-door debt-ceiling meeting with White House representatives soon after it began Friday morning. That threw the status of talks to avoid a US default into doubt.

World Indices	Last	1D Change	YTD
Dow Jones	33 426.6	-0.33%	0.84%
S&P 500	4 192.0	-0.14%	9.18%
Nasdaq	12 657.9	-0.24%	20.94%
Eurostoxx 50	4 395.3	0.64%	15.86%
FTSE 100	7 756.9	0.19%	4.09%
CAC 40	7 492.0	0.61%	15.73%
DAX	16 275.4	0.69%	16.89%
SMI	11 571.2	1.17%	7.85%
Nikkei	31 086.8	0.90%	19.13%
Hang Seng	19 737.8	1.48%	-0.24%
CSI 300	3 966.5	0.56%	2.45%
VIX Index	16.8	4.74%	-22.43%

World Bonds	Last	1D Change	YTD
US 10Y	3.6650	-0.01	-0.212
EUR 10Y	2.4350	0.01	-0.137
Swiss 10Y	1.0140	-0.02	-0.603
UK 10Y	3.9960	0.04	0.324

Source: Bloomberg



**Morning Call**  
Geneva, May 22, 2023

# Crypto Corner

**Crypto investors' demand for tokenized versions of U.S. Treasury bonds is soaring as rising yields in traditional financial markets attract.**

The combined market capitalization of tokenized money market funds nears \$500 million, and has quadrupled in size this year, according to data compiled by CoinDesk.

Money market funds are traditional investment products that hold short-term government securities and offer a relatively safe way to earn a yield. Investors have been flocking to these funds for their perceived safety from failing banks and their 4-5% interest rate offering compared to bank deposits.

The high yields of government bonds have also captivated digital asset investors discouraged by low lending rates and last year's bankruptcies. Hence, a slew of platforms have produced a way to offer access to them on the blockchain in the form of a token.

The first and largest offering, investment giant Franklin Templeton's Franklin OnChain U.S. Government Money Fund (FOBXX) – which gives a BENJI token on the Stellar blockchain representing one share – grew to \$276 million in assets as of the end of April. This is almost triple the deposits in early January represented by the BENJI token supply, blockchain data shows.

New challengers are quickly catching up in market share. Ondo Finance's OUSG and Matrixdock's SBTB tokenized products both opened for investors in January, and each backed by short-term government bonds, have raked in \$132 million and \$72 million of funds so far, respectively, according to Dune Analytics.

Recent entrants also experienced substantial inflows. Switzerland-based Backed Asset's tokenized short-term government bond fund (bIB01) now has \$4.6 million assets under management since its March release, according to Etherscan.

Singapore-based OpenEden, a platform that lets USDC stablecoin holders invest in a Treasury bond vault by minting yield-generating TBILL tokens, has already gained \$4.8 million of deposits in two months, per Dune data.

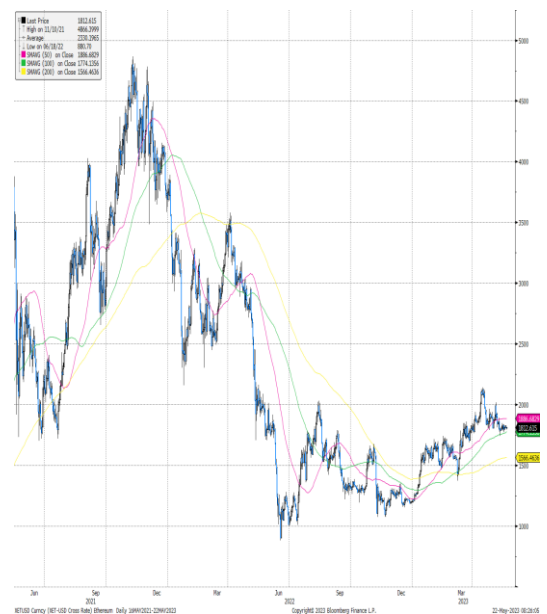
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Crypto Market Cap: 1.11T

24h Vol: **\$21.7B**

Dominance: **BTC: 46.4% ETH:19.4%**

Crypto	Last	1D Change	YTD
Bitcoin	26 881.01	0.11%	62.51%
Ethereum	1 813.00	0.39%	51.20%



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

## Commodity Corner

### Gold steadied as investors weighed signs that policymakers may be nearing a solution to the US debt ceiling standoff.

Republican and Democrat negotiators gathered for extended discussions ahead of a meeting later Monday between President Joe Biden and House Speaker Kevin McCarthy. The two spoke earlier on Sunday and Biden told reporters “it went well.”

Still, investors are girding for more volatility as the deadline for reaching a solution looms. Treasury Secretary Janet Yellen expressed doubt over whether the US would be able to pay all of its bills by mid-June.

Meanwhile, US Federal Reserve Chair Jerome Powell on Friday suggested the central bank will pause interest-rate increases next month. The remarks prompted investors to pare bets on a rate hike next month, helping to support non-interest-bearing bullion.

The precious metal declined 1.6% last week after stronger-than-expected US labor market data highlighted a robust economy.

**Spot gold** slipped 0.1% to \$1,975.66 an ounce as of 1:29 p.m. in Singapore. The Bloomberg Dollar Spot Index was little changed. Silver, palladium and platinum fell.

Precious Metals	Last	1D Change	YTD
Gold	1 975.72	-0.11%	8.36%
Silver	23.72	-0.55%	-0.93%
Platinum	1 066.58	0.00%	-0.68%
Palladium	1 510.05	-0.31%	-15.73%

### Oil declined for a third straight session as investors tracked stop-start negotiations in the US to strike a deal on the debt ceiling, with crude forming part of a broad retreat in commodities as the week kicked off.

Brent crude fell below \$75 a barrel after losing almost 2% over the prior two sessions. President Joe Biden and House Speaker Kevin McCarthy will meet later Monday after negotiators resumed talks. Treasury Secretary Janet Yellen warned the US may be unable to pay its bills by mid-June.

The global crude benchmark is at risk of posting a fifth straight monthly loss in May in what would be the worst run since 2017. In addition to the fallout from the debt-ceiling fight, traders are concerned about the impact on energy demand of China’s lackluster economic recovery and the possibility of a recession in the US. In paper markets, money managers that trade derivatives linked to oil and fuel prices are the most bearish they’ve been in a decade.

World Commodities	Last	1D Change
WTI Crude	70.70	-1.19%
Brent Crude	74.65	-1.23%
Nat Gas (HH)	2.54	-1.62%
Nickel	21 226.00	1.74%
Copper	368.30	-1.06%
Corn	554.25	-0.05%
Wheat	596.75	-1.36%
Soybean	1 306.25	-0.08%
Coffee	192.00	2.87%
Cotton	86.84	0.14%
Sugar	25.78	0.66%

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

# Morning Call

Geneva, May 22, 2023

## FX Corner

**EUR/USD** is consolidating recovery gains above 1.0800 heading toward the European open. The US Dollar remains undermined by falling US Treasury bond yields amid protracted US debt-ceiling talks and a dovish Fed outlook. Focus remains on US debt ceiling meeting.

**GBP/USD** is holding steady near 1.2450 in early Europe, having faded the Asian recovery move. The pair is struggling despite a defensive US Dollar, as the US debt ceiling uncertainty-led cautious risk tone weighs on the risk currency.

**USD/JPY** holds lower ground near 137.70-60 as it prods the multi-month-old support line, previous resistance, during early Monday morning in Europe. In doing so, the Yen pair extends the previous day's U-turn from the highest levels since late November 2022.

**AUD/USD** prods intraday low surrounding 0.6645 as it reverses the early Asian session strength amid mixed macros and a cautious mood ahead of this week's key data/events. It's worth noting, however, that the Aussie pair bounced off the lowest levels in a one-month the previous day but has been struggling to defend the bulls of late.

World Currencies	Last	1D Change	YTD
EURUSD	1.0818	0.12%	1.09%
EURCHF	0.9713	0.08%	1.84%
EURGBP	0.8693	-0.14%	1.84%
EURJPY	149.1700	-0.12%	-6.25%
USDCHF	0.8978	0.21%	-2.91%
USDJPY	137.8900	0.07%	-5.14%
USDCAD	1.3506	-0.01%	0.37%
USDTRY	19.8256	-0.07%	-5.95%
GBPUSD	1.2444	-0.01%	3.03%
AUDUSD	0.6640	-0.17%	-2.52%
NZDUSD	0.6282	-0.02%	-1.06%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0660	1.0729	1.0767	1.0836	1.0867	1.0936
USDJPY	135.4467	136.7467	137.3633	138.6633	139.3467	140.6467
GBPUSD	1.2256	1.2348	1.2397	1.2489	1.2532	1.2624
USDCAD	1.3389	1.3444	1.3475	1.3530	1.3554	1.3609
AUDUSD	0.6532	0.6590	0.6620	0.6678	0.6706	0.6764
NZDUSD	0.6105	0.6188	0.6235	0.6318	0.6354	0.6437
USDCHF	0.8842	0.8926	0.8962	0.9046	0.9094	0.9178
USDTRY	19.4780	19.6244	19.7184	19.8648	19.9172	20.0636
XAUUSD	1911.763	1941.903	1959.857	1989.997	2002.183	2032.323
XAGUSD	22.5129	23.1340	23.4932	24.1143	24.3762	24.9973

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



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## Event Corner

ECO Economic Calendars

G8 Browse 08:49:50 05/22/23 - 05/22/23

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
05/22	01:01	UK				Rightmove House Prices MoM	May	--	--	0.2%	--
05/22	01:01	UK				Rightmove House Prices YoY	May	--	--	1.7%	--
05/22	01:50	JN				Core Machine Orders YoY	Mar	1.4%	--	9.8%	--
05/22	01:50	JN				Core Machine Orders MoM	Mar	0.4%	--	-4.5%	--
05/22	11:00	EC				Construction Output MoM	Mar	--	--	2.3%	2.3%
05/22	11:00	EC				Construction Output YoY	Mar	--	--	2.3%	--
05/22	16:00	CA				Bloomberg May Canada Economic Survey					
05/22	16:00	EC				Consumer Confidence	May P	-16.8	--	-17.5	--
05/22		FR				Retail Sales SA YoY	Apr	--	--	-5.6%	--
05/22-06/09		EC				OECD Publishes Economic Outlook					

Source: Refinitiv

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