

Market Corner

Asian stocks fell for a second day as an impasse in US debt ceiling negotiations weighed on sentiment, with Chinese shares poised to wipe out this year's gains amid mounting headwinds.

The MSCI Asia Pacific Index dropped as much as 0.7%, the most in a month, with most sub-sectors declining except utilities. Japanese shares continued to retreat, as some investors took profit after the recent rally brought benchmarks to overbought levels.

Hong Kong benchmarks were the biggest underperformers while the CSI 300 Index of onshore stocks was on track to erase its gain for the year. A fragile economic recovery, rising geopolitical tensions, a weak yuan and the threat of another Covid wave have turned investors away.

Equities dropped Tuesday as market jitters grew after another day without a debt-ceiling deal in Washington and investors assessed the potential for further Federal Reserve policy tightening to tame inflation.

The S&P 500 Index fell 1.1%, its worst session since May 2, as 10 of 11 sectors declined, led by materials and technology stocks. The Nasdaq 100 Index decreased 1.3%, while the Dow Jones Industrial Average fell 0.7%.

"While US stocks teeter on a potential upward breakout, with the debt ceiling being the biggest near-term roadblock, stock-market sentiment remains significantly bearish," said Ivan Feinseth, chief investment officer at Tigress Financial Partners. "Bearish talking points continue to focus on stretched valuation going into a slowing economy."

The pressure to reach a deal has been mounting as banks and Treasury Secretary Janet Yellen said the US will be pressured to make all necessary payments in the first two weeks of June. "Time is of the essence," Citigroup analyst Andrew Hollenhorst wrote in a Tuesday note.

Still, President Joe Biden and House Speaker Kevin McCarthy remain without a deal as negotiations continue, with Biden saying, "default is off the table." Meanwhile, McCarthy told Republicans Tuesday that debt-limit talks still have some distance to go.

World Indices	Last	1D Change	YTD
Dow Jones	33 055.5	-0.69%	-0.28%
S&P 500	4 145.6	-1.12%	7.97%
Nasdaq	12 560.3	-1.26%	20.00%
Eurostoxx 50	4 342.4	-0.99%	14.47%
FTSE 100	7 763.0	-0.10%	4.18%
CAC 40	7 378.7	-1.33%	13.98%
DAX	16 152.9	-0.44%	16.01%
SMI	11 484.9	-0.59%	7.04%
Nikkei	30 791.4	-0.54%	18.00%
Hang Seng	19 204.2	-1.17%	-2.93%
CSI 300	3 880.5	-0.84%	0.22%
VIX Index	18.5	7.67%	-14.49%

World Bonds	Last	1D Change	YTD
US 10Y	3.6804	-0.01	-0.194
EUR 10Y	2.4690	0.01	-0.102
Swiss 10Y	1.0490	0.01	-0.568
UK 10Y	4.1580	0.09	0.486

Source: Bloomberg



Morning Call
Geneva, May 24, 2023

Crypto Corner

The embattled CEO of Twitter and Tesla isn't known for measured takes and a sober public persona. However, Elon Musk doled out a piece of considered financial advice on Tuesday to crypto enthusiasts and fans of Dogecoin.

"I'm not advising anyone to buy crypto or bet the farm on Dogecoin," he said while speaking virtually at a conference in London hosted by the Wall Street Journal.

The CEO's words of caution to prospective investors in the cryptocurrency are a slight departure from Musk's colorful—and legally fraught—history of boosting the token.

Created in late 2013, Dogecoin is arguably the first memecoin, or cryptocurrency that's typically a joke and tool for speculation. As Dogecoin gained popularity—it now has a market capitalization of more than \$10 billion and each is worth approximately 7 cents—Musk joined in on the spectacle, even proclaiming himself the "Dogefather" during a sketch on Saturday Night Live.

Dogecoin lovers became Musk watchers, and when he posted a picture of his dog or tweeted about the cryptocurrency—he once said he would eat a happy meal if McDonald's accepted the cryptocurrency as payment—the cryptocurrency's market capitalization soared.

And in April, the "Chief Twit" briefly changed the logo of the social media application from a bird to a picture of a Shiba Inu, the breed of the dog featured in the Doge meme, causing the cryptocurrency's price to soar.

In fact, Musk's repeated allusions and apparent support of memecoin have prompted investors to file a class action lawsuit against him, accusing the CEO of running a scheme to boost Dogecoin's price.

That hasn't stopped, however, the Dogefather from supporting his beloved Doge.

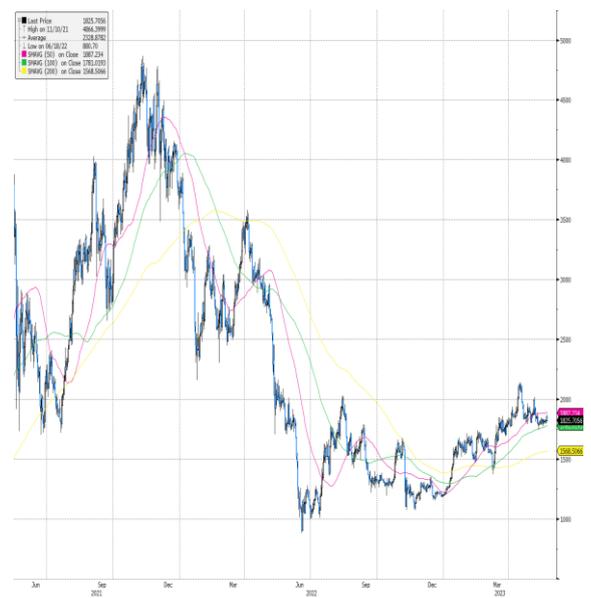
At the conference on Tuesday, despite qualifying that he isn't encouraging laypeople to invest in the token, he said that the coin is still his favorite since it has "the best humor" and "it has dogs."

Crypto Market Cap: 1.12T

24h Vol: **\$28.8B**

Dominance: **BTC: 46.3% ETH:19.6%**

Crypto	Last	1D Change	YTD
Bitcoin	26 764.46	-1.69%	61.81%
Ethereum	1 825.29	-1.58%	52.21%



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

Commodity Corner

Gold edged higher for a second day in Asia, as the threat of a US default supported haven demand.

After tumbling last week to the lowest since early April, bullion has been trading in a tight range as investors wait for more clarity on the debt-ceiling standoff and the Federal Reserve's rate path. Speaker Kevin McCarthy said late Tuesday the two parties had yet to reach a deal on the debt limit, unnerving financial markets.

"Gold is making an attempt to recapture the \$2,000 level and that should hold as debt drama grows," said Ed Moya, senior market analyst at Oanda. "Rising risks to the outlook should keep investors scrambling for safety and that should benefit gold."

Fears about the political standoff are driving up yields on short-dated Treasury bills that are at most risk of being left unpaid in a default scenario. That's helped push near-term rates well over the 10-year benchmark, which slipped slightly on Wednesday. Lower yields on longer-term debt are usually supportive of non-interest-bearing bullion.

Spot gold edged 0.2% higher to \$1,978.78 an ounce as of 1:39 p.m. in Singapore, after adding 0.2% in the previous session. The Bloomberg Dollar Spot Index slipped, after gaining 0.2% on Tuesday. Silver and palladium climbed, while platinum was little changed.

Precious Metals	Last	1D Change	YTD
Gold	1 978.76	0.18%	8.51%
Silver	23.51	0.26%	-1.83%
Platinum	1 058.84	0.26%	-1.44%
Palladium	1 465.75	0.69%	-18.24%

Oil rose for a third session after Saudi Arabia issued a warning to short-sellers, suggesting OPEC+ might reduce output to buoy prices.

West Texas Intermediate climbed toward \$74 a barrel after adding almost 2% over the previous two days. Saudi Arabian Energy Minister Prince Abdulaziz bin Salman told speculators to "watch out," just over a week before the alliance meets to review its production policy for the second half of the year.

That offset a lack of progress in resolving an impasse over the US debt ceiling, which weighed on broader financial markets. Speaker Kevin McCarthy said late Tuesday the two parties had yet to reach a deal to avert a first-ever default.

World Commodities	Last	1D Change
WTI Crude	73.78	1.19%
Brent Crude	77.63	1.03%
Nat Gas (HH)	2.34	0.78%
Nickel	20 922.00	-1.95%
Copper	360.00	-1.14%
Corn	579.25	0.30%
Wheat	622.50	0.04%
Soybean	1 326.75	0.32%
Coffee	187.45	-0.92%
Cotton	83.79	-0.66%
Sugar	25.81	-0.69%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD is advancing toward 1.0800, as the US Dollar remains on the back foot amid a cautiously optimistic market sentiment. Traders look forward to the German IFO survey, ECB Lagarde's speech and the Fed Minutes for a clear directional bias.

GBP/USD is clinging to recovery gains below 1.2450 ahead of the key UK CPI inflation data, which is expected to rise 8.2% YoY in April from March's 10.1% growth. The US Dollar struggles amid a mixed market mood, eyeing the US debt-limit updates and the Fed Minutes.

USD/JPY is displaying signs of a sheer decline in volatility around 138.60 as investors are confused about further action in the FX domain. The asset is struggling to deliver a decisive move amid a lack of clarity as US debt-ceiling issues are not reaching a bipartisan deal.

AUD/USD bears remain in control, battling the 0.6600 level on Wednesday. The pair is tracking the big sell-off in the NZD/USD pair, as the RBNZ hiked rates by 25 bps but turned dovish on its outlook. All eyes now remain on the US debt impasse and the Fed Minutes.

World Currencies	Last	1D Change	YTD
EURUSD	1.0785	0.14%	0.75%
EURCHF	0.9713	-0.05%	1.84%
EURGBP	0.8670	0.07%	1.84%
EURJPY	149.1500	0.08%	-6.22%
USDCHF	0.9007	0.07%	-2.59%
USDJPY	138.3000	0.21%	-5.46%
USDCAD	1.3500	0.03%	0.41%
USDTRY	19.8697	-0.15%	-6.20%
GBPUSD	1.2439	0.21%	2.94%
AUDUSD	0.6599	-0.17%	-3.16%
NZDUSD	0.6168	-1.28%	-2.88%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0662	1.0723	1.0746	1.0807	1.0845	1.0906
USDJPY	137.2400	137.9100	138.2500	138.9200	139.2500	139.9200
GBPUSD	1.2263	1.2337	1.2375	1.2449	1.2485	1.2559
USDCAD	1.3385	1.3449	1.3476	1.3540	1.3577	1.3641
AUDUSD	0.6516	0.6571	0.6591	0.6646	0.6681	0.6736
NZDUSD	0.6124	0.6193	0.6220	0.6289	0.6331	0.6400
USDCHF	0.8898	0.8952	0.8982	0.9036	0.9060	0.9114
USDTRY	19.0376	19.5077	19.6734	20.1435	20.4479	20.9180
XAUUSD	1922.180	1945.650	1960.440	1983.910	1992.590	2016.060
XAGUSD	22.3114	22.8583	23.1537	23.7006	23.9521	24.4990

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars											
G8		Browse		08:30:53		05/24/23		05/24/23			
Economic Releases											
Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
05/24	08:00	JN				Machine Tool Orders YoY	Apr F	--	--	-14.4%	--
05/24	08:00	UK				CPIH YoY	Apr	7.3%	--	8.9%	--
05/24	08:00	UK				CPI MoM	Apr	0.7%	--	0.8%	--
05/24	08:00	UK				CPI YoY	Apr	8.2%	--	10.1%	--
05/24	08:00	UK				CPI Core YoY	Apr	6.2%	--	6.2%	--
05/24	08:00	UK				Retail Price Index	Apr	371.7	--	367.2	--
05/24	08:00	UK				RPI MoM	Apr	1.2%	--	0.7%	--
05/24	08:00	UK				RPI YoY	Apr	11.1%	--	13.5%	--
05/24	08:00	UK				RPI Ex Mort Int.Payments (YoY)	Apr	10.2%	--	12.6%	--
05/24	08:00	UK				PPI Output NSA MoM	Apr	0.2%	--	0.1%	--
05/24	08:00	UK				PPI Output NSA YoY	Apr	5.8%	--	8.7%	--
05/24	08:00	UK				PPI Input NSA MoM	Apr	0.2%	--	0.2%	--
05/24	08:00	UK				PPI Input NSA YoY	Apr	4.8%	--	7.6%	--
05/24	10:00	GE				IFO Business Climate	May	93.1	--	93.6	--
05/24	10:00	GE				IFO Current Assessment	May	94.7	--	95.0	--
05/24	10:00	GE				IFO Expectations	May	91.7	--	92.2	--
05/24	10:30	UK				House Price Index YoY	Mar	4.5%	--	5.5%	--
05/24	12:00	UK				CBI Trends Total Orders	May	-19	--	-20	--
05/24	12:00	UK				CBI Trends Selling Prices	May	21	--	23	--
05/24	13:00	US				MBA Mortgage Applications	May 19	--	--	-5.7%	--
05/24	18:00	RU				PPI YoY	Apr	-13.7%	--	-10.7%	--
05/24	18:00	RU				CPI WoW	May 22	--	--	0.04%	--
05/24	18:00	RU				CPI Weekly YTD	May 22	--	--	2.15%	--
05/24	18:00	RU				PPI MoM	Apr	2.1%	--	2.6%	--
05/24	20:00	US				FOMC Meeting Minutes	May 3	--	--	--	--

Source: Refinitiv

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