

Market Corner

Asian stocks fell for a third day as Chinese equities in Hong Kong extended their slump and worries over the US debt ceiling continued to weigh on sentiment.

The MSCI Asia Pacific Index dropped as much as 0.9%, dragged by communication and consumer discretionary shares. A gauge of Chinese shares listed in Hong Kong headed for its worst week since March and was on track to erase about half of the gains from the reopening rally.

A sub-gauge of technology stocks, including heavyweight TSMC, jumped as much as 1.5% to a three-month high following an upbeat sales outlook from US chipmaker Nvidia. Hardware exporters in the region have been bolstered by the appeal of artificial intelligence and signs that the chip industry is turning a corner.

US equities closed lower in New York trading as debt-ceiling concerns weighed on investors sentiment for a second day.

The S&P 500 Index fell 0.7% with 10 of 11 sectors slumping. Real estate and financial stocks were the worst performers. The Nasdaq 100 Index slid 0.5% after declining as much as 1.1% earlier in the session. The Dow Jones Industrial Average slid 0.8%.

Minutes from the Federal Reserve's latest policy meeting did little to lift shares, with policymakers split on whether further interest-rate increases would be needed to tame inflation.

"US stocks are declining after Wall Street got hit with a one-two punch of rising debt default risks and on fears that inflation might not allow the Fed to pause their tightening cycle," Oanda senior market analyst Ed Moya wrote in a Wednesday note. He said that even if the Fed holds rates steady in June, the central bank may hike in July.

Negotiations on the debt limit continued as Republicans signaled a deal could still be reached, despite noting little progress in recent talks. JPMorgan Chase & Co. warned that there's a roughly one-in-four chance that the US will hit the so-called X-date — at which the government runs out of cash — without a deal to raise the debt cap.

World Indices	Last	1D Change	YTD
Dow Jones	32 799.9	-0.77%	-1.05%
S&P 500	4 115.2	-0.73%	7.18%
Nasdaq	12 484.2	-0.61%	19.28%
Eurostoxx 50	4 263.7	-1.81%	12.39%
FTSE 100	7 627.1	-1.75%	2.35%
CAC 40	7 253.5	-1.70%	12.04%
DAX	15 842.1	-1.92%	13.78%
SMI	11 383.1	-0.89%	6.09%
Nikkei	30 789.0	0.35%	17.97%
Hang Seng	18 632.7	-2.53%	-5.83%
CSI 300	3 820.1	-1.01%	-1.33%
VIX Index	20.0	8.09%	-7.57%

World Bonds	Last	1D Change	YTD
US 10Y	3.7458	0.01	-0.127
EUR 10Y	2.4720	0.01	-0.086
Swiss 10Y	1.0590	0.01	-0.558
UK 10Y	4.2140	0.06	0.542

Source: Bloomberg



Morning Call

Geneva, May 25, 2023

Crypto Corner

Bitcoin fell to the lower end of its recent trading range, sending the cryptocurrency below a key price level that technical analysts warn could suggest further declines.

The largest digital asset by market value fell as much as 4.2% to \$26,082 on Wednesday, sending the price below the 100-day moving average of around \$26,800.

A “meaningful break” below would trigger a further downtrend, according to Miller Tabak + Co.’s Matt Maley. He estimated that could happen if Bitcoin drops to \$25,000, a level not seen since March. Bitcoin has traded roughly in a range of \$26,000 to \$30,000 in the past two months.

Last year, Bitcoin’s 100-day moving average was a key resistance, and since “old resistance” frequently becomes “new support,” this is another reason to worry, Maley said. As for the next leg higher, Bitcoin will need to top \$28,500, he added.

Elsewhere, the price the native token of Multichain, a communication bridge between different blockchains, fell nearly 30% to \$5.25, according to data-tracker CoinGecko. The decline appears to follow complaints from Multichain users about transactions delays. The team at Multichain did not respond to requests for comment via email and direct messages.

Litecoin fell 6.3%, declining a fourth day. It had rallied as much as 20% in the prior two weeks as a surge in Bitcoin fees led to speculation that users would seek a cheaper alternative.

Cryptocurrency prices have been most flat for the past few weeks after a first-quarter surge that saw Bitcoin jump 72%. “Ultimately nothing has changed since last week,” wrote B2C2’s Adam Farthing in a note Wednesday. “Crypto prices remain stuck in a narrow range, volumes and open interest are low, and volatility continues to drift lower. However, the rally yesterday, followed by a rejection today, does look a little negative from a technical perspective.”

For the year though, Bitcoin has still gained 60% having started 2023 at around \$16,600. That far outperforms the tech-heavy Nasdaq’s 24% rally and the S&P 500’s 7% advance. In the past weeks, the close correlation of Bitcoin and equities — particularly growth stocks — has since changed as uncertainty around the Federal Reserve’s path of rate hikes and the bank collapses in March prompted investors in each market to react differently.

Crypto Market Cap: 1.12T

24h Vol: **\$35.6B**

Dominance: **BTC: 46.1% ETH:19.5%**

Crypto	Last	1D Change	YTD
Bitcoin	26 244.97	-0.59%	58.75%
Ethereum	1 783.58	-1.17%	48.77%



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

Commodity Corner

Gold steadied in Asia — after falling 0.9% on Wednesday — as haven demand due to the US debt-ceiling crisis was offset by gains in Treasury yields.

Fitch Ratings put the US on a negative ratings watch that reflects “increased political partisanship,” adding that it still expects a deal to be reached before the government runs out of cash. House Speaker Kevin McCarthy earlier expressed optimism that the two sides would come to an agreement to avert a default.

Selling of US government debt pushed the 10-year Treasury yield to a level not seen since the banking crisis in March on Wednesday. That, along with gains in the dollar, helped spur the decline in non-interest-bearing bullion.

Bond traders are increasing bets on a rate hike from the Federal Reserve by July. US economic data due next month, including a consumer price report that will be published on the first day of the central bank’s two-day meeting on June 13, will be closely watched.

Spot gold was steady at \$1,957.35 an ounce as of 1:19 p.m. in Singapore. The Bloomberg Dollar Spot Index rose 0.2%, gaining for a fourth day. Silver, platinum and palladium all slipped.

Precious Metals	Last	1D Change	YTD
Gold	1 956.79	-0.02%	7.28%
Silver	23.03	-0.12%	-3.87%
Platinum	1 025.31	-0.26%	-4.59%
Palladium	1 413.65	-0.36%	-21.14%

Oil held the bulk of a three-day gain as traders assessed a big draw in US stockpiles and persistent tensions over the US debt-ceiling impasse.

West Texas Intermediate traded above \$74 a barrel after rallying by nearly 4% over the previous three days. US nationwide crude inventories plunged by more than 12 million barrels last week, the biggest drop in six months. That bullish signal followed a stark warning from Saudi Arabian Energy Minister Prince Abdulaziz bin Salman that crude market speculators should “watch out.”

In financial and commodity markets, there’s sustained concern about the fight over raising the US debt limit, and the potential consequences for the global economy and energy demand. Fitch Ratings has warned it may downgrade US credit ratings to reflect the worsening partisanship preventing a deal.

World Commodities	Last	1D Change
WTI Crude	73.88	-0.62%
Brent Crude	77.99	-0.47%
Nat Gas (HH)	2.39	-0.21%
Nickel	20 594.00	-1.57%
Copper	355.35	-2.42%
Corn	588.50	0.21%
Wheat	605.75	-0.08%
Soybean	1 319.50	-0.38%
Coffee	188.00	0.29%
Cotton	81.36	-0.44%
Sugar	25.49	-1.24%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD is falling toward 1.0700 in early Europe after a downward revision to Germany's Q1 GDP. The pair also remains weighed down by the US debt-ceiling uncertainty-led cautious market mood, which buoys the safe-haven US Dollar. ECB-speak and US data eyed.

GBP/USD has shown some recovery after printing a fresh six-week low at 1.2332 in the early European session. The Cable is expected to resume its downside journey after a less-confident pullback as investors have underpinned the risk-aversion theme due to the pending US debt-ceiling raise.

USD/JPY edges higher as it renews the yearly top around 139.65-70 during early Thursday. In doing so, the Yen pair prods the 50% Fibonacci retracement level of its October 2022 to January 2023 downside amid overbought conditions of the RSI (14) line.

AUD/USD occupies the bear's table as it drops for the third consecutive day to refresh a six-month low around 0.6530 during early Thursday. The Aussie pair justifies the previous day's downside break of an 11-week-old support-turned-resistance.

World Currencies	Last	1D Change	YTD
EURUSD	1.0733	-0.16%	0.27%
EURCHF	0.9729	0.01%	1.69%
EURGBP	0.8692	0.02%	1.69%
EURJPY	149.8000	0.09%	-6.69%
USDCHF	0.9064	-0.17%	-1.96%
USDJPY	139.5600	-0.06%	-6.44%
USDCAD	1.3603	-0.06%	-0.36%
USDTRY	19.9098	-0.07%	-6.41%
GBPUSD	1.2348	-0.14%	2.21%
AUDUSD	0.6532	-0.18%	-4.14%
NZDUSD	0.6083	-0.47%	-4.17%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0660	1.0713	1.0732	1.0785	1.0819	1.0872
USDJPY	136.5600	137.8100	138.6400	139.8900	140.3100	141.5600
GBPUSD	1.2174	1.2286	1.2325	1.2437	1.2510	1.2622
USDCAD	1.3346	1.3456	1.3525	1.3635	1.3676	1.3786
AUDUSD	0.6385	0.6475	0.6509	0.6599	0.6655	0.6745
NZDUSD	0.5828	0.5991	0.6052	0.6215	0.6317	0.6480
USDCHF	0.8916	0.8978	0.9014	0.9076	0.9102	0.9164
USDTRY	19.7367	19.8084	19.8526	19.9243	19.9518	20.0235
XAUUSD	1909.573	1937.993	1947.577	1975.997	1994.833	2023.253
XAGUSD	22.1867	22.6960	22.8760	23.3853	23.7146	24.2239

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

G8 Browse 08:02:45 05/25/23 - 05/25/23

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
05/25	01:50	JN				Foreign Buying Japan Stocks	May 19	--	--	¥808.3b	--
05/25	01:50	JN				Foreign Buying Japan Bonds	May 19	--	--	¥1075.5b	--
05/25	01:50	JN				Japan Buying Foreign Bonds	May 19	--	--	¥1121.6b	--
05/25	01:50	JN				Japan Buying Foreign Stocks	May 19	--	--	¥9.6b	--
05/25	08:00	GE				Private Consumption QoQ	1Q	-0.7%	--	-1.0%	--
05/25	08:00	GE				Government Spending QoQ	1Q	-0.4%	--	0.6%	--
05/25	08:00	GE				Capital Investment QoQ	1Q	1.9%	--	-2.5%	--
05/25	08:00	GE				GDP SA QoQ	1Q F	0.0%	--	0.0%	--
05/25	08:00	GE				GDP NSA YoY	1Q F	0.2%	--	0.2%	--
05/25	08:00	GE				GDP WDA YoY	1Q F	-0.1%	--	-0.1%	--
05/25	08:00	GE				GfK Consumer Confidence	Jun	-24.0	--	-25.7	--
05/25	08:45	FR				Business Confidence	May	101	--	102	--
05/25	08:45	FR				Manufacturing Confidence	May	101	--	101	--
05/25	08:45	FR				Production Outlook Indicator	May	-5	--	-4	--
05/25	08:45	FR				Own-Company Production Outlook	May	--	--	5	--
05/25	12:00	UK				CBI Total Dist. Reported Sales	May	--	--	11	--
05/25	12:00	UK				CBI Retailing Reported Sales	May	10	--	5	--
05/25	13:00	CA				CFIB Business Barometer	May	--	--	55.7	--
05/25	14:30	CA				Payroll Employment Change - SEPH	Mar	--	--	62.5k	--
05/25	14:30	US				Chicago Fed Nat Activity Index	Apr	-0.20	--	-0.19	--
05/25	14:30	US				Initial Jobless Claims	May 20	245k	--	242k	--
05/25	14:30	US				Continuing Claims	May 13	1800k	--	1799k	--
05/25	14:30	US				GDP Annualized QoQ	1Q S	1.1%	--	1.1%	--
05/25	14:30	US				Personal Consumption	1Q S	3.7%	--	3.7%	--
05/25	14:30	US				GDP Price Index	1Q S	4.0%	--	4.0%	--
05/25	14:30	US				Core PCE QoQ	1Q S	4.9%	--	4.9%	--
05/25	15:00	RU				Gold and Forex Reserve	May 19	--	--	\$599.5b	--
05/25	16:00	US				Pending Home Sales MoM	Apr	1.0%	--	-5.2%	--
05/25	16:00	US				Pending Home Sales NSA YoY	Apr	-20.3%	--	-23.3%	--
05/25	17:00	US				Kansas City Fed Manf. Activity	May	-12	--	-10	--
05/25		FR				Retail Sales SA YoY	Apr	--	--	-5.6%	--

Source: Refinitiv

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