

## Market Corner

**Asia's stock benchmark headed for its first decline in five sessions, with Hong Kong-listed Chinese shares leading losses ahead of the Federal Reserve's policy decision.**

The MSCI Asia Pacific Index dropped as much as 0.6% in broad-based declines, following the selloff in Wall Street as worries about the financial sector amplified risk aversion ahead of the Fed. Energy stocks were among the biggest losers in the region after oil prices collapsed on Tuesday following softening US employment data that added to recession concerns.

Benchmarks in Hong Kong led the region lower, with ongoing geopolitical concerns further quelling appetite.

**US stocks declined on Tuesday as investors dumped shares of regional lenders the day before the Federal Reserve is expected to deliver another interest-rate increase.**

The S&P 500 Index closed 1.2% lower in what was the biggest drop in a week. The benchmark closed steady on Monday after data showed US factory activity contracted for a sixth-straight month in April, the longest such stretch since 2009. The Nasdaq 100 Index fell 0.9% and the Dow Jones Industrial Average lost 1.1%.

A deal Monday for JPMorgan Chase & Co. to acquire the troubled First Republic Bank briefly boosted optimism that banking turmoil might be easing. But on Tuesday, PacWest Bancorp and Western Alliance Bancorp led a selloff in regional lenders.

The tumble came as data Tuesday showed the number of available positions at US employers decreased in March to 9.59 million from nearly 10 million a month earlier. The yield on a 10-year Treasury note dropped following the release, and as financial stocks widened their losses on the day. All 21 stocks in the KBW Bank Index closed in the red.

World Indices	Last	1D Change	YTD
Dow Jones	33 684.5	-1.08%	1.62%
S&P 500	4 119.6	-1.16%	7.29%
Nasdaq	12 080.5	-1.08%	15.42%
Eurostoxx 50	4 294.9	-1.48%	13.21%
FTSE 100	7 773.0	-1.24%	4.31%
CAC 40	7 383.2	-1.45%	14.05%
DAX	15 726.9	-1.23%	12.95%
SMI	11 423.3	-0.12%	6.47%
Nikkei	29 158.0	0.12%	11.74%
Hang Seng	19 573.0	-1.81%	-1.06%
CSI 300	4 029.1	1.02%	4.07%
VIX Index	17.8	10.57%	-17.95%

World Bonds	Last	1D Change	YTD
US 10Y	3.4239	-0.14	-0.451
EUR 10Y	2.2580	-0.06	-0.313
Swiss 10Y	0.9920	-0.06	-0.625
UK 10Y	3.6690	-0.05	-0.003

Source: Bloomberg



**Morning Call**  
Geneva, May 3, 2023

# Crypto Corner

**Bitcoin climbed Tuesday as renewed fears of stability in the US financial system bolstered the price of cryptocurrencies.**

The largest digital asset by market value rose as much as 4.4% to \$28,892 in New York trading hours, with Ether, the second largest token, also up 3.7%.

The gains come as US regional banks led a selloff in American equities following the collapse and sale of First Republic Bank, which has prompted calls on the Federal Reserve to pause further interest-rate hikes to shield the economy from lagging impacts.

“Ongoing stress associated with vulnerabilities in the banking sector have helped to put a positive spotlight on the value proposition of owning decentralized currencies that can be self-custodied,” Joel Kruger, a market strategist at LMAX Group, said.

Turmoil in the financial sector helps boost the case for a currency outside the purview of any one central bank, advocates say. In its fight against still-high rates of inflation, the US central bank is broadly expected to raise interest rates by a quarter point at its meeting Wednesday. However, traders continue to expect rate cuts by year-end.

“We’re seeing a wave of broad-based US dollar weakness on expectations the Fed will deliver a less hawkish communication at its upcoming meeting,” Kruger said. “This has resulted in yield differentials moving out of the buck’s favor, which in turn has perhaps helped to support crypto assets.”

Eventual cuts to interest rates should bolster risk assets including Bitcoin, which is fueling some of the recent gains in crypto. However, Noelle Acheson, author of the “Crypto Is Macro Now” newsletter, cautioned against expectations for rate cuts in the short term.

“Bringing down inflation has to continue to be a priority for as long as the market can stand it,” she said. “We’re seeing a boost to risk assets, but it might not last for long — a lot depends on the employment data this coming Friday.”

Crypto Market Cap: [1.17T](#)

24h Vol: [\\$34.6B](#)

Dominance: [BTC: 46.9%](#) [ETH:19.1%](#)

Crypto	Last	1D Change	YTD
Bitcoin	28 512.19	-0.64%	72.32%
Ethereum	1 862.68	-0.43%	55.25%



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

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# Commodity Corner

**Gold steadied in Asia after surging 1.7% on Tuesday, the most in a month, as downbeat US economic data and renewed fears about the stability of American banks stoked haven demand.**

A growing selloff in US regional lenders helped spur the flight to safety, while job vacancies fell by more than forecast in March and layoffs jumped. The Federal Reserve is expected to hike interest rates again on Wednesday before a likely pause, which could aid non-interest-bearing bullion, and there's increasing nervousness the debt ceiling standoff could lead to a disastrous default.

All of that has the precious metal trading firmly above the \$2,000 an ounce threshold after jumping more than 10% since the end of February. US-China relations are also deteriorating, and the Asian country's post-virus recovery continues to underwhelm, adding to haven bids. Meanwhile, a host of smaller companies are helping Russia export gold after major western banks pulled out.

**Spot gold** was little changed at \$2,016.32 an ounce as of 8:54 a.m. in Singapore. The Bloomberg Dollar Spot Index was steady after falling 0.2% on Tuesday. Silver and platinum edged lower after sharp gains in the previous session, while palladium fell for a third day.

Precious Metals	Last	1D Change	YTD
Gold	2 016.25	-0.02%	10.52%
Silver	25.25	-0.46%	5.41%
Platinum	1 064.74	-0.18%	-0.91%
Palladium	1 442.80	0.03%	-19.56%

**Oil steadied in Asia after tumbling 5% on Tuesday as data pointed to a possible US recession and investors shunned risk assets.**

Brent held above \$75 a barrel after closing at the lowest in more than five weeks. Crude fell along with other commodities as figures showed a cooling US labor market ahead of what's expected to be the Federal Reserve's final interest-rate hike in its current tightening cycle. Renewed concern about the US banking sector added to selling pressure.

Crude has had a rough ride in 2023 despite China's reemergence from its restrictive Covid Zero policy and sizable cuts to supply by the Organization of Petroleum Exporting Countries and its allies including Russia. The retreat has been spurred by concerns that the US may be headed for a recession, and by Moscow's ability to keep crude exports flowing amid the war in Ukraine.

World Commodities	Last	1D Change
WTI Crude	71.57	-0.13%
Brent Crude	75.29	-0.04%
Nat Gas (HH)	2.22	0.41%
Nickel	24 967.50	3.02%
Copper	383.30	-0.39%
Corn	630.00	-1.25%
Wheat	596.00	0.08%
Soybean	1 434.00	-0.38%
Coffee	190.65	0.74%
Cotton	78.60	-1.18%
Sugar	25.14	-1.57%

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

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## FX Corner

**EUR/USD** picks up bids to refresh intraday high, extends previous day's recovery. Mixed Eurozone inflation, doubts over Fed and ECB's role in banking fallouts challenge Euro pair buyers. US default fears, anxiety ahead of FOMC also act as additional checks for buyers.

**GBP/USD** takes the bids to renew intraday high near 1.2490 as it cheers the broad US Dollar weakness ahead of the key Federal Open Market Committee (FOMC) monetary policy meeting announcements. In doing so, the Cable pair buyers also cheer the latest doubts on the Fed's capacity to further inflate the benchmark rates.

**USD/JPY** renews its intraday low near 136.00 as it extends the previous day's U-turn from a multi-day high during early Wednesday. That said, the Yen pair keeps the earlier moves intact amid holidays in Japan and cautious mood ahead of the Federal Open Market Committee (FOMC) monetary policy meeting announcements.

**AUD/USD** remains mildly bid during a three-day winning streak around 0.6665 heading into Wednesday's European session. The Aussie pair stays within an upward-sloping trend channel while defending the previous day's rebound from the 200-hour Exponential Moving Average (200-EMA).

World Currencies	Last	1D Change	YTD
EURUSD	1.1023	0.22%	2.97%
EURCHF	0.9825	0.00%	0.72%
EURGBP	0.8826	-0.04%	0.72%
EURJPY	149.8800	0.22%	-6.74%
USDCHF	0.8913	0.21%	-3.59%
USDJPY	135.9400	0.45%	-3.68%
USDCAD	1.3614	0.09%	-0.44%
USDTRY	19.4757	-0.05%	-4.09%
GBPUSD	1.2490	0.18%	3.37%
AUDUSD	0.6663	0.00%	-2.20%
NZDUSD	0.6233	0.40%	-1.83%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0851	1.0917	1.0958	1.1024	1.1049	1.1115
USDJPY	133.9800	135.4300	135.9900	137.4400	138.3300	139.7800
GBPUSD	1.2320	1.2396	1.2431	1.2507	1.2548	1.2624
USDCAD	1.3377	1.3487	1.3557	1.3667	1.3707	1.3817
AUDUSD	0.6475	0.6571	0.6617	0.6713	0.6763	0.6859
NZDUSD	0.6086	0.6141	0.6175	0.6230	0.6251	0.6306
USDCHF	0.8808	0.8879	0.8906	0.8977	0.9021	0.9092
USDTRY	19.4306	19.4482	19.4571	19.4747	19.4834	19.5010
XAUUSD	1923.180	1964.040	1990.360	2031.220	2045.760	2086.620
XAGUSD	23.3363	24.2416	24.8066	25.7119	26.0522	26.9575

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



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## Event Corner

ECO Economic Calendars Options

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Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
05/03	08:45	FR				Budget Balance YTD	Mar	--	--	-50.3b	--
05/03	10:00	IT				Unemployment Rate	Mar	8.0%	--	8.0%	--
05/03	11:00	EC				Unemployment Rate	Mar	6.6%	--	6.6%	--
05/03	13:00	US				MBA Mortgage Applications	Apr 28	--	--	3.7%	--
05/03	14:15	US				ADP Employment Change	Apr	150k	--	145k	--
05/03	15:45	US				S&P Global US Services PMI	Apr F	53.7	--	53.7	--
05/03	15:45	US				S&P Global US Composite PMI	Apr F	53.5	--	53.5	--
05/03	16:00	US				ISM Services Index	Apr	51.8	--	51.2	--
05/03	16:00	US				ISM Services Prices Paid	Apr	--	--	59.5	--
05/03	16:00	US				ISM Services Employment	Apr	--	--	51.3	--
05/03	16:00	US				ISM Services New Orders	Apr	--	--	52.2	--
05/03	18:00	RU				Retail Sales Real YoY	Mar	-5.0%	--	-7.8%	--
05/03	18:00	RU				Cargo Shipments YoY	Mar	--	--	-0.4%	--
05/03	18:00	RU				Unemployment Rate	Mar	3.6%	--	3.5%	--
05/03	18:00	RU				Construction YoY	Mar	--	--	11.9%	--
05/03	18:00	RU				Real Wages YoY	Feb	0.9%	--	0.6%	--
05/03	20:00	US				FOMC Rate Decision (Upper Bound)	May 3	5.25%	--	5.00%	--
05/03	20:00	US				FOMC Rate Decision (Lower Bound)	May 3	5.00%	--	4.75%	--
05/03	20:00	US				Interest on Reserve Balances Rate	May 4	5.15%	--	4.90%	--

Source: Refinitiv

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