



## Morning Call

Geneva, June 19, 2023

# Market Corner

**Asia stocks fell, paring gains after their best week since January, as excitement over China's stimulus measures and easing geopolitical tensions with the US lost steam.**

The MSCI Asia Pacific Index slid 0.8%, with gauges in Hong Kong and China among the biggest decliners in the region. Heavyweight tech shares Tencent and Alibaba were among the biggest drags on the regional gauge, even after Chinese e-commerce pioneer Jack Ma made a rare appearance at an event co-organized by the latter.

There was some disappointment after the State Council meeting on Friday fell short of expectations on stimulus announcements. The Hang Seng gauge of Chinese companies dropped more than 1% while the mainland's CSI 300 Index was also lower, after both measures had their best week in several months.

**US stocks recorded their biggest weekly gain since March amid growing optimism about the US monetary policy and the fate of the country's economy.**

The S&P 500 rose 2.6%, marking its fifth straight week of gains. However, the index fell 0.4% Friday, pulling back slightly after the sharp rally. The tech-heavy Nasdaq 100 ended the week 3.8% higher, while the Dow Jones Industrial Average climbed 1.3%. It is the S&P's biggest weekly jump since March 31.

"We are at or near the end of the Fed's 15-month-long rate hike cycle as inflation continues to move in the right direction," said Arthur Hogan, chief market strategist at B. Riley Wealth. "That has caused a shift in investors' reaction function to incoming data to a more intuitive 'good news for the economy is good news for markets.'"

Global risk sentiment is benefiting from expectations that the Federal Reserve will soon end its tightening cycle and that the Chinese government will boost spending. Despite some hawkish signals from the US central bank, "relatively weak" economic data support bets for only one last possible hike in July, according to Christian Kopf, head of fixed income at Union Investment Privatfonds in Frankfurt.

World Indices	Last	1D Change	YTD
Dow Jones	34 299.1	-0.32%	3.48%
S&P 500	4 409.6	-0.37%	14.85%
Nasdaq	13 689.6	-0.68%	30.79%
Eurostoxx 50	4 394.8	0.68%	15.85%
FTSE 100	7 642.7	0.19%	2.56%
CAC 40	7 388.7	1.34%	14.13%
DAX	16 357.6	0.41%	17.48%
SMI	11 386.3	0.74%	6.12%
Nikkei	33 382.9	-0.96%	27.93%
Hang Seng	19 804.3	-1.18%	0.13%
CSI 300	3 929.8	-0.85%	1.48%
VIX Index	13.5	-6.62%	-37.52%

World Bonds	Last	1D Change	YTD
US 10Y	3.7613	0.00	-0.114
EUR 10Y	2.4740	-0.03	-0.097
Swiss 10Y	1.0360	-0.02	-0.581
UK 10Y	4.4120	0.03	0.740

Source: Bloomberg



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### Crypto Corner

**Binance.US and the US Securities and Exchange Commission reached an agreement that avoids a total asset freeze at the cryptocurrency trading platform while the regulator's suit against it proceeds.**

Under the pact announced Saturday, Binance Holdings, BAM Management US, BAM Trading Services and founder Changpeng "CZ" Zhao will repatriate Binance.US customer assets. Binance.US is prohibited from spending corporate assets other than to cover the costs of running its business and US customers are permitted to redeem from the platform, according to the order filed by US judge Amy Berman Jackson in Washington federal court.

The decision by the judge finalized an agreement struck between the parties to protect billions of dollars in customer funds without shutting the exchange down. The SEC had originally sought a total asset freeze at Binance.US, the trading platform owned by Binance Holdings Ltd. co-founder Zhao. Binance.US, which is fighting the SEC's suit and says customer assets are safe, argued that blocking the flow of all funds would cripple its business and hurt customers.

Binance.US on Saturday said it was "pleased" that the disagreement over the SEC's request was resolved on mutually acceptable terms, though it maintains that the call for a freeze was "entirely unwarranted," according to a spokesperson.

"User funds have been and always will be safe and secure on all Binance-affiliated platforms," the spokesperson said.

In its June 5 lawsuit, the SEC accused Binance and Zhao of mishandling customer funds, misleading investors and regulators, and breaking securities rules. It also asked for the repatriation of crypto belonging to US customers — a request made only when there is a risk assets may be lost or concealed.

Among the allegations in the lawsuit, the SEC claims Binance improperly moved billions of dollars of customer funds to a bank account for an entity controlled by Zhao. Those funds were transferred to a third party and then appeared to be used to purchase and sell crypto, according to the complaint.

In a memorandum, the SEC said, "Zhao and Binance have a pattern and practice of commingling customer funds" as well as "moving funds outside of the US and/or on the blockchain where they are outside of this court's reach."

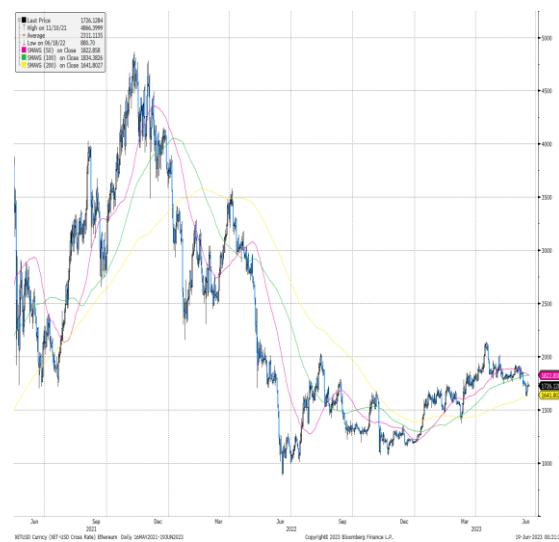
The memorandum said Binance.US customer assets total over \$2.2 billion and described Zhao as "a foreign national who has made overt his views that he is not subject to the jurisdiction of this court."

Crypto Market Cap: 1.06T

24h Vol: \$20.4B

Dominance: BTC: 48.1 ETH:19.5%

Crypto	Last	1D Change	YTD
Bitcoin	26 449.93	-0.08%	59.91%
Ethereum	1 726.39	-0.20%	43.94%



Source: fxstreet.com / Bloomberg/Coinmarketcap.com



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### Commodity Corner

**Gold was steady in Asia after its first weekly decline in three as the prospect of more monetary tightening and ebbing haven demand kept prices subdued.**

Bullion dipped 0.2% last week on signs the Federal Reserve and the European Central Bank will keep raising interest rates, a negative for non-interest-bearing gold. The precious metal has mainly traded in a narrow range between \$1,940 and \$1,980 an ounce this month.

Haven assets such as gold are struggling for impetus as markets enter a risk-on mood, following positive signs of a thaw in Sino-US relations and optimism that China will unleash more stimulus to boost its flagging recovery

**Spot gold** was little changed at \$1,956.75 an ounce as of 1:17 p.m. in Singapore. The Bloomberg Dollar Spot Index was flat after falling 1% last week. Silver and platinum declined, while palladium was little changed

Precious Metals	Last	1D Change	YTD
Gold	1 955.06	-0.15%	7.20%
Silver	24.08	-0.49%	0.57%
Platinum	982.89	-0.40%	-8.50%
Palladium	1 416.09	-0.04%	-21.01%

**Oil fell as investors fretted that China's plans to support the economy lacked follow-through, with crude tracking other materials lower.**

West Texas Intermediate fell below \$71 a barrel after climbing by more than 2% last week as China cut interest rates and hinted that further, robust support would be delivered. Still, a key State Council meeting in Beijing on Friday ended with little detail on a new package in the world's largest crude importer.

Crude-trading volumes, especially for WTI, may be lower than usual on Monday as the US marks the Juneteenth holiday. With some trading desks thinned out, the US crude benchmark's prompt spread remains firmly in contango, a bearish pricing pattern that indicates ample near-term supply.

Oil has retreated in the first half of the year as China's recovery from Covid Zero underwhelmed and global supplies remained abundant, including from Russia. In a bid to stem the slide, the Organization of Petroleum Exporting Countries and its allies have announced supply cuts, including a voluntary reduction from Saudi Arabia of 1 million barrels a day that'll start from July.

World Commodities	Last	1D Change
WTI Crude	70.97	-1.13%
Brent Crude	75.75	-1.12%
Nat Gas (HH)	2.59	-1.71%
Nickel	22 955.75	0.23%
Copper	387.10	-0.46%
Corn	640.25	2.73%
Wheat	688.00	4.01%
Soybean	1 466.50	2.68%
Coffee	184.90	-1.12%
Cotton	81.46	1.02%
Sugar	26.43	1.65%

Source: fxstreet.com / Bloomberg



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## FX Corner

**EUR/USD** is trading on the defensive below 1.0950 in early Europe this Monday. The pair is weighed down by the US Dollar bounce and risk aversion, as investors digest US-Sino headlines amid mounting Chinese growth fears. ECB-speak will be in focus. US markets are closed on account of Juneteenth.

**GBP/USD** is attempting a bounce above 1.2800, resuming its recent uptrend toward 14-month highs. Broad-based US Dollar recovery combined with a cautious market mood is capping the further upside in the pair. Thin trading is likely to extend in the day ahead.

**USD/JPY** is retreating on Monday, having faced rejection just shy of the 142.00 mark, its highest level since November 2022. Risk aversion fuels the demand for the safe-haven Japanese Yen, dragging the pair lower, despite a broad US Dollar rebound.

**AUD/USD** is extending its drop toward 0.6800 in the early European morning. The pair is losing ground as China's growth worries roil markets and revive the US Dollar's haven demand. Hawkish Fed commentary underpins the US Dollar rebound.

World Currencies	Last	1D Change
EURUSD	1.0935	-0.02%
EURCHF	0.9776	0.04%
EURGBP	0.8529	0.04%
EURJPY	154.9100	0.20%
USDCNH	0.8940	-0.02%
USDJPY	141.6600	0.11%
USDCAD	1.3203	-0.02%
USDTRY	23.6567	-0.10%
GBPUSD	1.2822	0.04%
AUDUSD	0.6862	-0.19%
NZDUSD	0.6225	-0.18%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0836	1.0889	1.0913	1.0966	1.0995	1.1048
USDJPY	137.0567	139.1267	140.4733	142.5433	143.2667	145.3367
GBPUSD	1.2653	1.2732	1.2775	1.2854	1.2890	1.2969
USDCAD	1.3084	1.3145	1.3172	1.3233	1.3267	1.3328
AUDUSD	0.6787	0.6832	0.6853	0.6898	0.6922	0.6967
NZDUSD	0.6155	0.6193	0.6215	0.6253	0.6269	0.6307
USDCNH	0.8836	0.8883	0.8910	0.8957	0.8977	0.9024
USDTRY	23.2073	23.4029	23.5176	23.7132	23.7941	23.9897
XAUUSD	1930.550	1945.160	1951.570	1966.180	1974.380	1988.990
XAGUSD	23.3282	23.7042	23.9521	24.3281	24.4562	24.8322

Source: fxstreet.com / Bloomberg



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# Event Corner

G8 Economic Releases										06/19/23		06/19/23	
Date	TimeC	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised			
06/19 01:01	UK	🔔	📊		Rightmove House Prices MoM	Jun	--	--	1.8%	--			
06/19 01:01	UK	🔔	📊		Rightmove House Prices YoY	Jun	--	--	1.5%	--			
06/19 07:00	JN	🔔	📊		Tokyo Condominiums for Sale YoY	May	--	--	-30.3%	--			
06/19 14:00	CA	🔔	📊		Bloomberg Nanos Confidence	Jun 16	--	--	52.8	--			
06/19 14:30	CA	🔔	📊		Industrial Product Price MoM	May	--	--	-0.2%	--			
06/19 14:30	CA	🔔	📊		Raw Materials Price Index MoM	May	--	--	2.9%	--			
06/19 16:00	US	🔔	📊		NAHB Housing Market Index	Jun	51	--	50	--			

Source: Refinitiv

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