

Morning Call

Geneva, June 2, 2023

Market Corner

Asian stocks climbed, on track to cap their best week since March, helped by gains in Chinese tech shares amid bets that the Federal Reserve won't raise rates this month.

The MSCI Asia-Pacific Index rose as much as 1.6%, with Tencent, Alibaba and TSMC the biggest drivers. Hong Kong led gains among regional benchmarks with the Hang Seng surging more than 3%. South Korea's Kospi headed for a bull market on the continued rally in chip stocks.

Tech also boosted key gauges in Japan and Taiwan as sentiment improved after US senators passed legislation to suspend the nation's debt ceiling and a Fed official signaled a possible rate hike pause in June. Singapore and Indonesia were closed for holidays.

Despite the rally, concerns remain on corporate health and the pace of economic recovery in China. Goldman Sachs cut its target price on the MSCI China Index by 12.5% on lower earnings forecast and a weaker yuan while staying overweight on the country's equities given valuations.

US stocks rebounded Thursday ahead of Friday's jobs report as interest-rate sensitive Big Tech stocks rallied on speculation the Federal Reserve will be able to pause its policy-tightening campaign this month.

The Nasdaq 100 Index led major indexes higher, climbing 1.3% to post its best day in nearly a week while rounding out its best May since 2005. The S&P 500 Index rose 1% to top its 4,200 mark, with nine of the 11 sectors finishing higher, led by gains in the information technology sector. The blue-chip Dow Jones Industrial Average advanced 0.5%.

Stocks got a boost on hints from Fed officials that the central bank could pause its hiking cycle in June, while progress was made by Congress to avert a debt default. Fed officials Philip Jefferson and Patrick Harker, voting members of the central bank's policy-setting committee, endorsed holding interest rates steady in June. In an essay Thursday, St. Louis Fed President James Bullard — a non-voting member but influential voice — said he believes rates are at the low end of what's likely to be sufficiently restrictive to bring down inflation.

World Indices	Last	1D Change	YTD
Dow Jones	33 061.6	0.47%	-0.26%
S&P 500	4 221.0	0.99%	9.94%
Nasdaq	13 101.0	1.28%	25.17%
Eurostoxx 50	4 257.6	0.94%	12.23%
FTSE 100	7 490.3	0.59%	0.52%
CAC 40	7 137.4	0.55%	10.25%
DAX	15 853.7	1.21%	13.86%
SMI	11 296.3	0.70%	5.28%
Nikkei	31 474.0	1.05%	20.60%
Hang Seng	18 848.5	3.47%	-4.69%
CSI 300	3 851.2	1.16%	-0.52%
VIX Index	15.7	-12.76%	-27.78%

World Bonds	Last	1D Change	YTD
US 10Y	3.6142	0.02	-0.261
EUR 10Y	2.2490	-0.03	-0.322
Swiss 10Y	0.8840	-0.01	-0.733
UK 10Y	4.1160	-0.07	0.444

Source: Bloomberg



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Crypto Corner

Michael Novogratz, chief executive at crypto investment manager Galaxy Digital, said while bitcoin and ether have recently been rangebound with low trading volume, they are still "the two best assets to invest in over two years, three years, six months" on a risk-adjusted basis.

Bitcoin 's volatility has recently come down, while it is still elevated compared to most other assets. The crypto has rallied over 60% so far this year but is still down over 60% from its all-time high in November 2021, according to CoinDesk data.

"You shouldn't buy as much bitcoin as you do JPMorgan (JPM) stock, but volatility adjusted it's been a much better bet than JP Morgan," Novogratz said in an interview Thursday with CNBC Squawk Box.

Bitcoin's tight range for the past few months "means you could pierce either side of the range and have a quick move," Novogratz said. He added that he expected bitcoin to rally once the Federal Reserve starts cutting its key interest rate later this year.

There have been small new buyers of bitcoin, but not many institutions, Novogratz said. "That's stopped by a combination of Sam and Gary," Novogratz said.

He was referring to Sam Bankman-Fried, former chief executive at bankrupt crypto exchange FTX, and Gary Gensler, chairman of the U.S. Securities and Exchange Commission.

After FTX's collapse resulted in billions of dollars in investors' losses, U.S. regulators have been doubling down its effort to increase oversight of the crypto industry.

Novogratz also said we are now in an "AI bubble" and expect it to last a lot longer. "Bubbles always happened around things that fundamentally changed the way we live. They've almost happened around the real thing. Just the story is so powerful, and people buy way in advance and get caught up in the frenzy."

Crypto Market Cap: 1.14T

24h Vol: **\$29.6B**

Dominance: **BTC: 46% ETH:19.9%**

Crypto	Last	1D Change	YTD
Bitcoin	27 192.72	1.21%	64.31%
Ethereum	1 895.64	1.40%	57.97%



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

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Commodity Corner

Gold is on track for its best week since early April as investors look to US jobs data later Friday that could sway Federal Reserve policymakers to pause interest rate hikes ahead of their June meeting.

The precious metal was steady on Friday, up 1.7% for the week. Traders have pared bets on further tightening following a flurry of data that showed some progress on getting inflation under control. US manufacturing figures Thursday unveiled a drop in prices and new orders, and forecasters project a moderation in the pace of US hiring when non-farm payrolls figures are released.

Softer jobs figures on Friday would be interpreted as “unfavorable” to the dollar against emerging market currencies, as the data will likely not be enough to damage global growth expectations, according to Stephen Innes, managing partner at SPI Asset Management. That would be positive for gold, which appears the “best buy” on weak labor data, he added.

Spot gold was steady at \$1,979.31 an ounce as of 1:30 p.m. in Singapore. The Bloomberg Dollar Spot Index dipped, while other precious metals edged higher.

Precious Metals	Last	1D Change	YTD
Gold	1 981.17	0.18%	8.64%
Silver	23.98	0.53%	0.17%
Platinum	1 014.36	0.46%	-5.58%
Palladium	1 406.86	0.66%	-21.52%

Oil headed for its biggest weekly loss in a month as persistent concerns about demand hang over the market ahead of an OPEC+ meeting.

While West Texas Intermediate rose toward \$71 a barrel on Friday amid a risk-on tone, futures are still down around 3% for the week. OPEC+ gathers over the weekend to discuss the group’s production policy against the backdrop of a sluggish economic recovery from China, despite the end of Covid Zero.

Most market watchers expect OPEC+ to keep output levels unchanged, although the group did unveil surprise cuts in April and Saudi Arabia’s energy minister recently warned speculators to “watch out.” Crude is down around 13% this year, in part due to resilient crude exports from Russia.

Equity markets across Asia rose on Friday as concerns over further interest-rate hikes from the Federal Reserve eased, while news that Congress had passed legislation to avert a US default added to positive sentiment.

World Commodities	Last	1D Change
WTI Crude	70.54	0.63%
Brent Crude	74.76	0.65%
Nat Gas (HH)	2.17	0.60%
Nickel	21 220.00	3.65%
Copper	373.00	0.51%
Corn	589.50	-0.51%
Wheat	610.25	-0.08%
Soybean	1 326.75	-0.21%
Coffee	183.05	2.46%
Cotton	86.40	-0.02%
Sugar	24.88	-0.72%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD clings to mild gains around 1.0760-65 as it lacks follow through of the previous day's heavy run-up amid the market's cautious mood ahead of the key US employment data. Softer Eurozone inflation, mixed comments from ECB officials prod Euro buyers.

GBP/USD aptly portrays the pre-NFP anxiety in markets during early Friday as it seesaws around 1.2530 by the press time. In doing so, the Cable pair also justifies the latest challenges to the upside momentum flagged from London.

USD/JPY has found intermediate support near 138.50 in the Asian session. The asset is expected to deliver more downside as the US Dollar Index (DXY) has not shown any recovery signs after a healthy downside.

AUD/USD is extending its rally above 0.6600, helped by a risk-on market profile on the US NFP day. Investors cheer the Congressional approval of the US debt-ceiling suspension, which will avert a US default. China techs rally and broad US Dollar weakness aid the Aussie.

World Currencies	Last	1D Change	YTD
EURUSD	1.0769	0.07%	0.61%
EURCHF	0.9743	0.03%	1.55%
EURGBP	0.8591	0.01%	1.55%
EURJPY	149.6100	-0.16%	-6.57%
USDCHF	0.9047	0.09%	-2.15%
USDJPY	138.9300	-0.09%	-5.96%
USDCAD	1.3430	0.14%	0.91%
USDTRY	20.9072	-0.47%	-11.68%
GBPUSD	1.2536	0.08%	3.75%
AUDUSD	0.6615	0.67%	-2.95%
NZDUSD	0.6097	0.43%	-4.00%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0519	1.0625	1.0693	1.0799	1.0837	1.0943
USDJPY	136.0667	137.5667	138.1833	139.6833	140.5667	142.0667
GBPUSD	1.2211	1.2350	1.2438	1.2577	1.2628	1.2767
USDCAD	1.3194	1.3342	1.3396	1.3544	1.3638	1.3786
AUDUSD	0.6352	0.6449	0.6510	0.6607	0.6643	0.6740
NZDUSD	0.5874	0.5960	0.6016	0.6102	0.6132	0.6218
USDCHF	0.8954	0.9014	0.9035	0.9095	0.9134	0.9194
USDTRY	20.6359	20.7156	20.7621	20.8418	20.8750	20.9547
XAUUSD	1912.033	1941.723	1959.667	1989.357	2001.103	2030.793
XAGUSD	22.3950	23.0413	23.4496	24.0959	24.3339	24.9802

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

G8 Browse 07:56:21 06/02/23 - 06/02/23

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/02	01:50	JN				Monetary Base YoY	May	--	-1.1%	-1.7%	--
06/02	01:50	JN				Monetary Base End of period	May	--	¥672.3t	¥680.4t	--
06/02	08:45	FR				Industrial Production MoM	Apr	0.3%	--	-1.1%	--
06/02	08:45	FR				Industrial Production YoY	Apr	1.2%	--	-0.1%	--
06/02	08:45	FR				Manufacturing Production MoM	Apr	0.1%	--	-1.1%	--
06/02	08:45	FR				Manufacturing Production YoY	Apr	--	--	0.7%	--
06/02	10:00	RU				Money Supply Narrow Def	May 26	--	--	17.59t	--
06/02	14:30	US				Two-Month Payroll Net Revision	May	--	--	--	--
06/02	14:30	US				Change in Nonfarm Payrolls	May	195k	--	253k	--
06/02	14:30	US				Change in Private Payrolls	May	165k	--	230k	--
06/02	14:30	US				Change in Manufact. Payrolls	May	5k	--	11k	--
06/02	14:30	US				Unemployment Rate	May	3.5%	--	3.4%	--
06/02	14:30	US				Average Hourly Earnings MoM	May	0.3%	--	0.5%	--
06/02	14:30	US				Average Hourly Earnings YoY	May	4.4%	--	4.4%	--
06/02	14:30	US				Average Weekly Hours All Employees	May	34.4	--	34.4	--
06/02	14:30	US				Labor Force Participation Rate	May	62.6%	--	62.6%	--
06/02	14:30	US				Underemployment Rate	May	--	--	6.6%	--

Source: Refinitiv

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