

## Market Corner

**Equities across Asia Pacific dropped for a second straight day, after a smaller-than-expected reduction in China's bank lending rate sparked fresh worries about the largest economy in the region.**

The MSCI Asia Pacific Index slipped as much as 0.8%, with measures in Hong Kong leading declines in the region after Chinese banks decided for a relatively modest reduction to the mortgage reference rate, disappointing investors that were expecting more monetary stimulus. The mainland's CSI 300 fell by a lower magnitude.

Benchmarks in Japan, South Korea and Taiwan also extended recent declines amid uncertainty about China's growth rebound, although Australian shares held up. All sectors barring utilities were in the red, led by consumer discretionary and health care stocks.

This week's declines are pulling the Asian benchmark away from touching a new high for the year, after having clocked its best week since January. The index is lagging the S&P 500 by about seven percentage points this year despite the rally in heavyweight North Asian markets.

**Contracts on US stock indexes slipped in thin trading on the Juneteenth holiday after Wall Street edged lower on Friday amid concern about the economic outlook.**

S&P 500 futures dipped less than 0.2% at 9:42 a.m. in New York. Nasdaq 100 futures also fell 0.2%, while contracts on the Dow Jones Industrial Average fell nearly 0.3%. Global investors are assessing the possibility of more stimulus from China after its State Council stopped short of releasing any specific proposals for new support measures for the economy.

The S&P 500 has rallied for the past five weeks, the longest such streak since November 2021, as investors anticipate the end of the Federal Reserve hiking cycle and on optimism that earnings will hold up better than many had expected.

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	4 362.4	-0.74%	14.99%
FTSE 100	7 588.5	-0.71%	1.84%
CAC 40	7 314.1	-1.01%	12.98%
DAX	16 201.2	-0.96%	16.36%
SMI	11 306.6	-0.70%	5.38%
Nikkei	33 330.8	-0.12%	27.72%
Hang Seng	19 556.4	-1.79%	-1.16%
CSI 300	3 930.2	-0.02%	1.49%
VIX Index	14.2	4.80%	-34.52%

World Bonds	Last	1D Change	YTD
<b>US 10Y</b>	3.7945	0.03	-0.080
<b>EUR 10Y</b>	2.5170	0.04	-0.054
<b>Swiss 10Y</b>	1.0620	0.03	-0.555
<b>UK 10Y</b>	4.4920	0.08	0.820

Source: Bloomberg



# Morning Call

Geneva, June 20, 2023

## Crypto Corner

The International Monetary Fund is “working hard” on a concept of a global infrastructure that would ensure interoperability of settlements between digital currencies issued by national central banks.

Such platform would avoid an underutilization of so-called CBDCs, Managing Director Kristalina Georgieva told a conference in Rabat, Morocco.

“We are working on a principle of interoperability,” she said. Such concept would involve a shared infrastructure that would avoid the emergence of “settlement blocks,” which is the “last thing we want” to avoid further economic fragmentation, Georgieva said.

Driven by a declining use of cash and a rising interest in crypto assets, many monetary policy institutions have been exploring the possibilities of central-bank issued digital currencies.

Ten central banks — out of 14 that are exploring issuing a national digital tender — are “already crossing the finish line,” she said, adding that there’s “a lot that is still not decided” on regulating and organizing CBDCs.

“We will pursue relentlessly together” the development of CBDCs, Georgieva said.

Crypto Market Cap: 1.07T

24h Vol: **\$28.4B**

Dominance: **BTC: 48.5 ETH:19.4%**

Crypto	Last	1D Change	YTD
Bitcoin	26 790.56	0.27%	62.00%
Ethereum	1 727.29	-0.17%	44.00%



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

## Commodity Corner

**Gold edged down in Asia — following a 0.4% drop on Monday — as prospects for more tightening from major central banks and ebbing haven demand dimmed the outlook for the metal.**

Bullion has mainly traded in a fairly narrow range between \$1,940 and \$1,980 an ounce this month, after dropping in May from a near record high, amid a lack of fresh catalysts.

The Federal Reserve paused interest-rate increases last week, but indicated more hikes were likely and that rates would go higher than previously expected. The European Central Bank also said it wasn't done with raising borrowing costs. Higher rates are usually negative for non-interest-bearing bullion.

Meanwhile, a surge in purchases by Chinese residents, driven by pent-up demand after three years of pandemic restrictions and optimism that the economy would quickly rebound, is starting to slow.

Gold has also lost some of its haven support over recent weeks as fears over a regional banking crisis eased and on signs of an improvement in the US-China relationship.

Still, tail risks including a possible US recession and increasing geopolitical tension could soon spark a rally in bullion even as rates are likely to stay elevated for longer, according to VanEck gold strategist Joe Foster. The precious metal could reach \$2,075 an ounce as central banks continue to add to their reserves, helping to support prices, he said in a Tuesday note.

**Spot gold** edged down 0.1% to \$1,948.14 an ounce as of 1:13 p.m. in Singapore. The Bloomberg Dollar Spot Index was 0.1% higher, after climbing 0.2% Monday. Silver, palladium and platinum all fell.

Precious Metals	Last	1D Change	YTD
Gold	1 950.94	0.02%	6.96%
Silver	23.93	-0.09%	-0.08%
Platinum	971.35	-0.75%	-9.57%
Palladium	1 399.27	-0.82%	-21.95%

**Oil edged lower on concern that stimulus to revive China's flagging economic recovery may fall short of expectations.**

West Texas Intermediate for August fell from Friday and was trading near \$71 a barrel. There was no settlement on Monday in the US due to a holiday. Global benchmark Brent dipped again after losing 0.7% in the week's opening session.

While China reduced policy rates on Tuesday, it's gradual roll-out of broader measures for its ailing economy is fueling a debate among traders over how far authorities will go to aid growth. The nation is the top crude importer.

World Commodities	Last	1D Change
WTI Crude	70.76	-1.42%
Brent Crude	75.88	-0.28%
Nat Gas (HH)	2.66	1.10%
Nickel	22 386.99	-2.39%
Copper	384.60	-1.11%
Corn	642.75	0.39%
Wheat	683.75	-0.62%
Soybean	1 477.00	0.72%
Coffee	184.90	-1.12%
Cotton	81.04	-0.52%
Sugar	26.43	1.65%

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



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## FX Corner

**EUR/USD** is holding steady above 1.0900, struggling to gain any meaningful traction early Tuesday. The US Dollar builds on its recent bounce from over a one-month low touched last Friday and edges higher for the third successive day ahead of mid-tier US data and Fed speak.

**GBP/USD** remains defensive near 1.2780 as it struggles to justify the hawkish concerns about the BoE ahead of the UK's inflation data. The recently mixed concerns about the Fed also prod the Pound Sterling traders as it struggles to extend the previous day's U-turn from the highest levels since April 2022.

**USD/JPY** pares intraday gains at the seven-month high amid early Tuesday, falling from a multi-day peak of 142.25 to 142.00. The Yen pair previously cheered the US Dollar run-up and an upbeat start of the week by the Treasury bond yields to refresh the yearly top before retreating on the mixed catalysts.

**AUD/USD** bears occupy the driver's seat around the 0.6800 round figure amid early Tuesday morning in Europe. With this, the Aussie pair not only bears the burden of the Reserve Bank of Australia's (RBA) unimpressive Minutes but also the downbeat updates from the People's Bank of China (PBoC), as well as hawkish concerns about the US Federal Reserve.

World Currencies	Last	1D Change
EURUSD	1.0928	0.06%
EURCHF	0.9795	-0.13%
EURGBP	0.8550	-0.15%
EURJPY	155.2100	-0.08%
USDCHF	0.8963	-0.07%
USDJPY	142.0200	-0.03%
USDCAD	1.3226	-0.12%
USDTRY	23.6409	-0.14%
GBPUSD	1.2782	-0.08%
AUDUSD	0.6799	-0.76%
NZDUSD	0.6177	-0.39%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0847	1.0886	1.0903	1.0942	1.0964	1.1003
USDJPY	140.6867	141.2467	141.6133	142.1733	142.3667	142.9267
GBPUSD	1.2668	1.2734	1.2763	1.2829	1.2866	1.2932
USDCAD	1.3097	1.3151	1.3180	1.3234	1.3259	1.3313
AUDUSD	0.6751	0.6804	0.6828	0.6881	0.6910	0.6963
NZDUSD	0.6118	0.6164	0.6183	0.6229	0.6256	0.6302
USDCHF	0.8873	0.8914	0.8936	0.8977	0.8996	0.9037
USDTRY	23.4274	23.5249	23.5662	23.6637	23.7199	23.8174
XAUUSD	1929.843	1941.053	1945.767	1956.977	1963.473	1974.683
XAGUSD	23.4296	23.7184	23.8356	24.1244	24.2960	24.5848

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



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## Event Corner

ECO Economic Calendars Options

G8 Browse 08:25:42 06/20/23 - 06/20/23

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/20	06:30	JN				Industrial Production MoM	Apr F	--	--	-0.4%	--
06/20	06:30	JN				Industrial Production YoY	Apr F	--	--	-0.3%	--
06/20	06:30	JN				Capacity Utilization MoM	Apr	--	--	0.8%	--
06/20	08:00	GE				PPI MoM	May	-0.7%	--	0.3%	--
06/20	08:00	GE				PPI YoY	May	1.7%	--	4.1%	--
06/20	08:00	JN				Machine Tool Orders YoY	May F	--	--	-22.2%	--
06/20	10:00	EC				ECB Current Account SA	Apr	--	--	31.2b	--
06/20	10:30	IT				Current Account Balance	Apr	--	--	3713m	--
06/20	11:00	EC				Construction Output YoY	Apr	--	--	-1.5%	--
06/20	11:00	EC				Construction Output MoM	Apr	--	--	-2.4%	--
06/20	14:30	US				Housing Starts	May	1400k	--	1401k	--
06/20	14:30	US				Building Permits	May	1425k	--	1416k	1417k
06/20	14:30	US				Building Permits MoM	May	0.6%	--	-1.5%	-1.4%
06/20	14:30	US				Housing Starts MoM	May	-0.1%	--	2.2%	--
06/20	14:30	US				Philadelphia Fed Non-Manufacturing Activity	Jun	--	--	-16.0	--

Source: Refinitiv

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