

## Market Corner

### Asian stocks stopped a three-day losing streak, as investors assessed remarks from Federal Reserve officials on the trajectory for US interest rates.

The MSCI Asia Pacific Index climbed as much as 0.3% as Japanese benchmarks advanced, with the Topix rising to a fresh 33-year high. Markets in Greater China, which have been a drag on sentiment in the region this week as the stimulus trade faded, were closed for a holiday.

Investors took remarks from Fed Chair Jerome Powell in stride. The dollar fell overnight even after he said policymakers expect interest rates will need to move higher to contain price pressures, which may come at the cost of US growth. However, Atlanta Fed President Raphael Bostic's comments were less hawkish, as he supported maintaining rates for the rest of 2023.

"Fed Chair Powell continued to make a case for two more rate hikes, but other Fed member commentaries leaned dovish," Charu Chanana, market strategist at Saxo Markets, wrote in a note.

### US equities slid Wednesday as Federal Reserve Chair Jerome Powell reinforced the central bank's hawkish messaging during the start of his two-day semi-annual testimony before Congress.

The S&P 500 Index extended its slump a third day, falling 0.5%. Five of 11 major industry sectors were in the red, with information technology and communication services the worst performers. The tech-heavy Nasdaq 100 Index dropped 1.4%, while blue-chip Dow Jones Industrial Average shed 0.3%.

Powell said policymakers expect interest rates will need to move higher to reduce US growth below its long-term trend and contain price pressures, with the timing of additional increases based on incoming data.

Investors remain apprehensive after last week's pause in interest-rate hikes as Fed officials continue to signal that more upward moves are still likely.

The second-quarter stock rally also appears to be fizzling out as crowded bullish positioning, high valuations and pricing of a growth outlook that is more optimistic than estimates weigh on investor sentiment. Attractive alternatives to equities are the major reasons for funds to consider hedging their S&P 500 exposure, according to Goldman Sachs.

World Indices	Last	1D Change	YTD
Dow Jones	33 951.5	-0.30%	2.43%
S&P 500	4 365.7	-0.52%	13.70%
Nasdaq	13 502.2	-1.21%	29.00%
Eurostoxx 50	4 322.8	-0.47%	13.95%
FTSE 100	7 559.2	-0.13%	1.44%
CAC 40	7 261.0	-0.46%	12.16%
DAX	16 023.1	-0.55%	15.08%
SMI	11 173.7	-0.38%	4.14%
Nikkei	33 267.4	-0.92%	27.50%
Hang Seng	19 218.4	-1.98%	-2.85%
CSI 300	3 864.0	-1.53%	-0.20%
VIX Index	13.2	-4.90%	-39.09%

World Bonds	Last	1D Change	YTD
US 10Y	3.7344	0.01	-0.142
EUR 10Y	2.4350	0.03	-0.136
Swiss 10Y	0.9810	0.01	-0.636
UK 10Y	4.4050	0.07	0.733

Source: Bloomberg



# Morning Call

Geneva, June 22, 2023

## Crypto Corner

**A Bitcoin rally moderated near \$30,000 as investors assessed a flurry of US applications to start exchange-traded funds investing in the token's spot market, products American regulators have so far resisted.**

The largest digital asset bobbed around the round-number level on Thursday following a 22% surge since BlackRock Inc.'s surprise June 15 filing with the Securities and Exchange Commission for permission to launch such an ETF.

The climb has outstripped a 13% jump in an index of the largest 100 virtual coins over the same period. Bitcoin's performance has also split from stocks, turning a short-term correlation between the token and the Nasdaq 100 gauge of technology shares negative for the first time since 2021.

Aside from BlackRock — the world's largest asset manager — Invesco, WisdomTree and Bitwise have submitted similar plans in recent days. The SEC has resisted allowing such funds, citing risks such as fraud and manipulation in the token's spot market, but BlackRock's stature and approach triggered speculation that the agency might be appeased.

BlackRock's application and investor "expectations of more stimulus in China" to bolster the nation's ailing economy are supporting Bitcoin, Tony Sycamore, a market analyst at IG Australia Pty, wrote in a note.

Bitcoin edged up 1% to \$30,315 as of 6:38 a.m. in London on Thursday after adding more than 5% in each of the prior two days. Smaller tokens such as Ether, Cardano and Solana also posted gains.

Bitcoin "has been the standout outperformer in this move higher and feels to be dragging the rest of the crypto complex with it," said Spencer Hallarn, derivatives trader at crypto investment firm GSR.

Crypto sentiment also got a boost this week from the start of a digital-asset exchange, EDX Markets, backed by firms including Citadel Securities, Fidelity Digital Assets and Charles Schwab Corp.

Before the latest bout of optimism, an SEC crackdown had sapped sentiment and contributed to depressed liquidity in crypto markets. The regulator is suing exchange operators Binance Holdings Ltd. and Coinbase Global Inc. and in the process has designated a raft of digital tokens as unregistered securities.

Other hurdles include the prospect of tighter monetary policy and indications that Bitcoin's rally is getting stretched — a momentum gauge known as the 14-day relative strength index flashed an overbought signal.

Bitcoin has rebounded 83% this year after a rout in 2022 that erased \$1.5 trillion from digital assets. The token remains roughly \$39,000 below its 2021 peak.

Crypto	Last	1D Change	YTD
Bitcoin	30 128.46	0.48%	82.17%
Ethereum	1 908.08	1.50%	59.10%

Crypto Market Cap: 1.13T

24h Vol: [\\$45.2B](#)

Dominance: [BTC: 49.3](#) [ETH:19.3%](#)



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



## Commodity Corner

### Gold slipped in Asia, hit by higher Treasury yields after Federal Reserve Chair Jerome Powell reiterated the central bank will continue raising interest rates.

Two more hikes this year was “a pretty good guess,” Powell said in his semi-annual testimony to Congress on Wednesday, underscoring his commitment to bringing inflation back down to its 2% target. Yields on 10-year Treasuries climbed on Thursday as markets digested Powell’s comments — pressuring non-interest-bearing bullion. Investors are focusing on the growing number of developed central banks turning more hawkish this month. Traders are now betting the Bank of England will have to accelerate the pace of interest-rate hikes after data Wednesday showed inflation remained at 8.7%, higher than expected for a fourth month.

Still, a key segment of the Treasury yield curve inverted by a percentage point following the Fed Chair’s speech. That suggests bond investors are worried about the chance of a recession, which could boost gold’s haven appeal.

Bullion is struggling to regain strength after losing support over recent weeks due to the chance of US rate cuts this year all but disappearing, while fears over a banking crisis eased. It’s down about 6% from a peak in early May.

**Spot gold** fell 0.2% to \$1,928.68 an ounce as of 1:36 p.m. in Singapore. The Bloomberg Dollar Spot Index edged slightly higher after declining 0.3% Wednesday. Silver, palladium and platinum all dropped.

Precious Metals	Last	1D Change	YTD
Gold	1 930.68	-0.10%	5.88%
Silver	22.59	-0.19%	-5.62%
Platinum	940.50	-0.59%	-12.43%
Palladium	1 340.13	-1.06%	-25.25%

### Oil edged lower as the head of the US central bank lined up behind raising interest rates further in the second half, and traders looked ahead to key crude stockpiles data.

West Texas Intermediate for August fell toward \$72 a barrel after jumping on Wednesday on signs of a pick-up in Asian demand. Federal Reserve Chair Jerome Powell, who will deliver additional remarks on Thursday, warned yesterday that further rate hikes were likely warranted to quell inflation.

Official prints on US stockpiles are due later after holdings at the key hub in Cushing, Oklahoma, hit a two-year high last week. Ahead of that snapshot, people familiar with data from the industry-funded American Petroleum Institute said its outlook pointed to a drop nationwide, but small rise at Cushing.

Oil has declined this half even as China, the world’s largest crude importer, has taken steps to shore up its economy after a disappointing recovery since ditching its restrictive Covid Zero stance. To try to arrest the slide the Organization of Petroleum Exporting Countries and its allies has agreed to curb production.

World Commodities	Last	1D Change
WTI Crude	72.20	-0.45%
Brent Crude	76.75	-0.48%
Nat Gas (HH)	2.59	-0.42%
Nickel	21 116.00	-3.64%
Copper	389.90	-0.37%
Corn	665.00	-0.89%
Wheat	727.75	-0.92%
Soybean	1 511.00	-0.25%
Coffee	172.00	-3.07%
Cotton	79.43	0.15%
Sugar	25.88	-1.30%

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

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## FX Corner

**EUR/USD** has surrendered the majority of intraday gains added in the Asian session. The major currency pair has faced some selling pressure while attempting to recapture the psychological resistance of 1.1000.

**GBP/USD** is trading in a narrow range near 1.2750 ahead of the key BoE decision on Thursday. Pound Sterling ignores rising bets for a 50 bps BoE lift-off, following hot UK inflation data. A modest US Dollar bounce weighs on the pair.

**USD/JPY** picks up bids to pare intraday losses around 141.75 amid early Thursday morning in Europe. In doing so, the Yen pair justifies recently dovish commentary from a Bank of Japan (BoJ) Official, versus the hawkish bias of Federal Reserve (Fed) Chairman Jerome Powell.

**AUD/USD** is trading with modest losses below 0.6800, progressing toward the European morning. Risk sentiment remains fragile amid expectations of more rate hikes by major global central banks, offering some respite to the US Dollar. Fedspeak, US data next in focus.

World Currencies	Last	1D Change
EURUSD	1.0985	-0.01%
EURCHF	0.9809	0.03%
EURGBP	0.8610	-0.07%
EURJPY	155.7700	0.08%
USDCHF	0.8930	0.01%
USDJPY	141.8000	0.06%
USDCAD	1.3162	0.02%
USDTRY	23.5555	0.08%
GBPUSD	1.2759	-0.09%
AUDUSD	0.6764	-0.49%
NZDUSD	0.6189	-0.21%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0791	1.0876	1.0931	1.1016	1.1046	1.1131
USDJPY	139.7033	140.7733	141.3267	142.3967	142.9133	143.9833
GBPUSD	1.2532	1.2643	1.2707	1.2818	1.2865	1.2976
USDCAD	1.3011	1.3100	1.3132	1.3221	1.3278	1.3367
AUDUSD	0.6653	0.6717	0.6757	0.6821	0.6845	0.6909
NZDUSD	0.6068	0.6130	0.6166	0.6228	0.6254	0.6316
USDCHF	0.8794	0.8872	0.8901	0.8979	0.9028	0.9106
USDTRY	23.1828	23.3675	23.4714	23.6561	23.7369	23.9216
XAUUSD	1890.060	1910.270	1921.410	1941.620	1950.690	1970.900
XAGUSD	21.3975	22.0845	22.3604	23.0474	23.4585	24.1455

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



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## Event Corner

ECO Economic Calendars

G8 Browse 07:57:05 06/22/23 - 06/22/23

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/22	01:50	JN				Foreign Buying Japan Stocks	Jun 16	--	--	¥1324.9b	--
06/22	01:50	JN				Foreign Buying Japan Bonds	Jun 16	--	--	¥186.4b	--
06/22	01:50	JN				Japan Buying Foreign Bonds	Jun 16	--	--	¥14.7b	--
06/22	01:50	JN				Japan Buying Foreign Stocks	Jun 16	--	--	-¥74.4b	--
06/22	08:45	FR				Business Confidence	Jun	100	--	100	--
06/22	08:45	FR				Manufacturing Confidence	Jun	98	--	99	--
06/22	08:45	FR				Production Outlook Indicator	Jun	-11	--	-10	--
06/22	08:45	FR				Own-Company Production Outlook	Jun	1	--	4	--
06/22	13:00	UK				Bank of England Bank Rate	Jun 22	4.750%	--	4.500%	--
06/22	14:30	US				Chicago Fed Nat Activity Index	May	-0.10	--	0.07	--
06/22	14:30	US				Current Account Balance	1Q	-\$217.1b	--	-\$206.8b	--
06/22	14:30	US				Initial Jobless Claims	Jun 17	259k	--	262k	--
06/22	14:30	US				Continuing Claims	Jun 10	1785k	--	1775k	--
06/22	15:00	RU				Gold and Forex Reserve	Jun 16	--	--	\$585.7b	--
06/22	16:00	US				Existing Home Sales	May	4.25m	--	4.28m	--
06/22	16:00	US				Existing Home Sales MoM	May	-0.7%	--	-3.4%	--
06/22	16:00	US				Leading Index	May	-0.8%	--	-0.6%	--
06/22	16:00	EC				Consumer Confidence	Jun P	-17.0	--	-17.4	--
06/22	17:00	US				Kansas City Fed Manf. Activity	Jun	-5	--	-1	--

Source: Refinitiv

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