

## Market Corner

**Asian stocks rose, led by China, as expectations grew that authorities would provide more policy support to revive the region's biggest economy.**

The MSCI Asia Pacific Index rose as much as 0.4%, driven by gains in the communications services and real estate sectors. Chinese tech names Tencent, NetEase and Baidu were among the biggest contributors to the gauge's gains. Benchmarks in Hong Kong were the best performers, and stocks in Taiwan and South Korea also rose.

Hong Kong stocks climbed amid optimism for further policy support from the central government to boost growth. This comes after authorities asked the nation's biggest banks to lower their deposit rates and US Secretary of State Antony Blinken's plan to visit China in the coming weeks.

**US stocks closed higher on Tuesday as investors weighed the prospect of a potential pause in the Federal Reserve's interest-rate hikes next week and the odds for a soft landing of the economy.**

The S&P 500 Index closed 0.2% higher, while the Nasdaq 100 Index ended the day little changed. The Russell 2000 Index jumped 2.7%. The Cboe VIX Index dipped to below 14. The S&P 500 failed to clinch its bull-market level after reaching the milestone in intraday trading Monday.

US equity gauges are fluctuating as investors assess the rally of the past several weeks on optimism about developments in artificial intelligence and expectations that the Fed will pause its monetary tightening at least temporarily.

"The market appears to be looking for new themes," Louis Navellier, chief investment officer of Navellier & Associates, wrote in a note. "The debt ceiling is behind us. Whether the Fed increases in June or pauses until July, no one is expecting them to go much higher than another 25bps increase unless inflation heats up again."

Apple Inc. fell 0.2%, extending its Monday decline amid the stock market's cool response to the launch of its mixed-reality headset.

World Indices	Last	1D Change	YTD
Dow Jones	33 573.3	0.03%	1.29%
S&P 500	4 283.9	0.24%	11.57%
Nasdaq	13 276.4	0.36%	26.85%
Eurostoxx 50	4 295.2	0.05%	13.22%
FTSE 100	7 628.1	0.37%	2.37%
CAC 40	7 209.0	0.11%	11.36%
DAX	15 992.4	0.18%	14.86%
SMI	11 468.3	0.47%	6.89%
Nikkei	32 114.6	-1.21%	22.99%
Hang Seng	19 336.0	1.24%	-2.25%
CSI 300	3 802.8	-0.14%	-1.81%
VIX Index	14.0	-5.23%	-35.58%

  

World Bonds	Last	1D Change	YTD
US 10Y	3.6583	0.00	-0.217
EUR 10Y	2.3720	-0.01	-0.199
Swiss 10Y	0.9260	-0.01	-0.691
UK 10Y	4.2070	0.00	0.535

Source: Bloomberg



**Morning Call**  
Geneva, June 7, 2023

## Crypto Corner

**Coinbase Global Inc. knew all along that it could be courting trouble with regulators.**

**More than two years ago, when the crypto exchange filed with the US Securities and Exchange Commission to start publicly trading its shares, it said there was a “high degree of uncertainty” regarding the legality of its operations, warning that “regulators may disagree” with the company’s view that it wasn’t covered by their rules.**

That possibility became reality on Tuesday, when the SEC sued Coinbase for failing to register with the agency as a broker, an exchange or a clearing firm — all roles that the company plays in a cryptocurrency market where many tokens are, according to the agency, unregistered securities. The regulator also alleged that Coinbase’s staking program, which allows customers to lock up their coins in return for a share of rewards offered by various blockchains, violates securities laws, as well.

The charges came a day after the SEC brought a similar case against rival Binance Holdings Ltd., marking a sharp escalation of its efforts to rein in a shadowy industry that burned investors with blowups like the collapse of FTX last year. The SEC’s push is particularly fraught for Coinbase, which generated over 80% of its revenue in the US last year and is now facing a near existential threat to its business model.

“For Coinbase, this case is life or death since it is more concentrated on the US market,” said Ashok Ayyar, counsel at Ashbury Legal. “Expect Coinbase to litigate this vigorously — it is alleged that virtually their entire US business is illegal.” Chairman and Chief Executive Officer Brian Armstrong responded to the suit on Twitter, saying he’s proud to represent the industry in court. He repeated his defense that the SEC had reviewed its business and allowed Coinbase to become a public company when it registered the stock. Yet the regulator made it clear in its complaint that approving the company’s plan to go public was not the equivalent of giving its business model a green light: “Declaring effective a Form S-1 registration statement does not constitute an SEC or staff opinion on, or endorsement of, the legality of an issuer’s underlying business.”

Legal experts are inclined to agree.

“Coinbase has publicly asserted that going public means the SEC has somehow approved their business or its legality — that is mistaken,” said Ayyar. “Going public just means the SEC reviews the offering prospectus and that the document meets the filing requirements. It is not a stamp of approval for the company, its products or businesses.”

Armstrong indicated that the company plans to challenge the SEC to get more legal clarity for his industry. One major issue will be which of the thousands of cryptocurrencies on the market are considered securities. Altcoins — tokens other than Bitcoin and Ether — made up almost half of Coinbase’s trading revenue in the first quarter of this year, according to a letter to shareholders. In its lawsuit, the SEC said several such coins are securities.

Oppenheimer & Co. analyst Owen Lau anticipates a long-term legal battle. While the company may operate normally in the short term, he said, the potential reputational damage caused by the SEC’s claims could lead users to pull their money from the platform. During the first quarter, Coinbase’s revenue was already less than a third of its late 2021 peak. Over the past two days, its shares have tumbled 20%.

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Crypto	Last	1D Change	YTD
Bitcoin	26 895.60	-0.18%	62.61%
Ethereum	1 878.57	0.09%	56.69%

Crypto Market Cap: 1.12T

24h Vol: \$46.4B

Dominance: BTC: 46.4% ETH:20.1%



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



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# Commodity Corner

**Gold was steady for a second day, as traders weighed the outlook for more rate hikes in the US that could affect the precious metal's next direction.**

US Treasury yields climbed on Tuesday, which is typically negative for non-interest-bearing bullion, after Pimco's Richard Clarida said the Federal Reserve would probably raise rates again in this cycle and would be unlikely to cut them until next year.

Investors are on the lookout for support from Beijing for its tepid economic recovery, after authorities asked the nation's biggest banks to lower their deposit rates

They're also considering a potential improvement to geopolitical relations, with US Secretary of State Antony Blinken set to have talks in coming weeks with top officials in China

**Spot gold** was steady at \$1,965.13 an ounce as of 9:25 a.m. in Singapore. The Bloomberg Dollar Spot Index slipped 0.1%. Silver, platinum and palladium all edged higher

Precious Metals	Last	1D Change	YTD
Gold	1 964.12	0.03%	7.68%
Silver	23.56	-0.05%	-1.68%
Platinum	1 041.04	0.34%	-3.09%
Palladium	1 421.63	0.53%	-20.70%

**Oil trading volumes in a key Asian pricing period have surged over the last few sessions, with a spate of selling by China's Uniprec bucking a months-long trend of lackluster activity.**

Several hundred partial contracts have traded in the so-called Dubai window over the last four days, with volumes reaching the highest since September 2020, according to S&P Global, which operates the pricing window.

The biggest trader by volume over that period was Uniprec, the trading arm of China's largest refiner Sinopec, which has been a seller of partials. The contracts allow traders to buy or sell a fraction of a cargo, and when enough of them have been accumulated they can be delivered as physical barrels.

The exact motivations of the moves are unclear as traders often buy or sell Dubai partials contracts for a variety of reasons. Ultimately, they help set the value of the Dubai oil benchmark, against which a swath of physical crude supplies are priced.

Dubai also trades as a spread to other benchmarks like Brent and West Texas Intermediate. Open interest on the June Brent-Dubai contract is currently more than 70,000 contracts, according to ICE Futures Europe data, the highest for the nearest month at any time since at least 2015. Total open interest across all Brent-Dubai months also hit a record in late-May.

World Commodities	Last	1D Change
WTI Crude	71.32	-0.59%
Brent Crude	75.85	-0.58%
Nat Gas (HH)	2.26	-0.18%
Nickel	20 886.00	0.41%
Copper	376.40	-0.12%
Corn	606.75	-0.21%
Wheat	625.75	-0.32%
Soybean	1 353.75	0.04%
Coffee	182.60	-0.27%
Cotton	85.05	-0.34%
Sugar	24.58	0.74%

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

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## FX Corner

**EUR/USD** has witnessed some selling interest after facing stiff barricades around 1.0700 in the early European session. The major currency pair is consistently defending the crucial support of 1.0670, therefore, a breakdown of the same would result in wider bearish ticks.

**GBP/USD** remains pressured for the fourth consecutive day, fades bounces off intraday low. Fears of British economic woes, sluggish markets allow Cable bears to keep the reins. Political news, Fed vs. BoE chatters will direct Pound Sterling traders.

**USD/JPY** is trading with mild losses below 139.50 in Wednesday's early European hours. The pair is undermined by the ongoing sell-off in the US Treasury bond yields, which is dragging the US Dollar lower. Focus shifts to Japanese Q1 GDP data, in the absence of top-tier US economic data.

**AUD/USD** enters a bullish consolidation phase on Wednesday and oscillates in a narrow trading band just below over a three-week high touched during the Asian session. Weaker-than-expected economic data from Australia and China turns out to be a key factor acting as a headwind for the major.

World Currencies	Last	1D Change	YTD
EURUSD	1.0687	-0.06%	-0.17%
EURCHF	0.9697	0.08%	2.01%
EURGBP	0.8606	0.01%	2.01%
EURJPY	148.8000	0.35%	-5.98%
USDCHF	0.9073	0.03%	-1.86%
USDJPY	139.2300	0.29%	-6.19%
USDCAD	1.3407	-0.03%	1.08%
USDTRY	22.5511	-4.14%	-20.54%
GBPUSD	1.2419	-0.04%	2.78%
AUDUSD	0.6678	0.10%	-1.98%
NZDUSD	0.6073	-0.08%	-4.38%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0566	1.0632	1.0662	1.0728	1.0764	1.0830
USDJPY	137.7933	138.6833	139.1567	140.0467	140.4633	141.3533
GBPUSD	1.2291	1.2358	1.2391	1.2458	1.2492	1.2559
USDCAD	1.3291	1.3353	1.3378	1.3440	1.3477	1.3539
AUDUSD	0.6505	0.6580	0.6626	0.6701	0.6730	0.6805
NZDUSD	0.5967	0.6021	0.6049	0.6103	0.6129	0.6183
USDCHF	0.8941	0.9005	0.9041	0.9105	0.9133	0.9197
USDTRY	20.6815	21.0989	21.3582	21.7756	21.9337	22.3511
XAUUSD	1937.590	1949.520	1956.520	1968.450	1973.380	1985.310
XAGUSD	22.6848	23.1230	23.3456	23.7838	23.9994	24.4376

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



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## Event Corner

ECO Economic Calendars											
G8		Browse		08:31:31		06/07/23		06/07/23			
Economic Releases		All Economic Releases				View		Agenda			
Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/06-06/07		RU				Budget Balance YTD	May	--	--	-3424.0b	-3423.9b
06/07	07:00	JN				Leading Index CI	Apr P	98.2	--	97.7	--
06/07	07:00	JN				Coincident Index	Apr P	99.0	--	98.8	--
06/07	08:00	GE				Industrial Production SA MoM	Apr	0.6%	--	-3.4%	--
06/07	08:00	GE				Industrial Production WDA YoY	Apr	1.5%	--	1.8%	--
06/07	08:45	FR				Trade Balance	Apr	-7700m	--	-8023m	--
06/07	08:45	FR				Current Account Balance	Apr	--	--	1.4b	--
06/07	09:00	EC				OECD Publishes Economic Outlook					
06/07	10:00	IT				Retail Sales MoM	Apr	0.3%	--	0.0%	--
06/07	10:00	IT				Retail Sales YoY	Apr	--	--	5.8%	--
06/07	13:00	US				MBA Mortgage Applications	Jun 2	--	--	-3.7%	--
06/07	14:30	CA				Int'l Merchandise Trade	Apr	0.50b	--	0.97b	--
06/07	14:30	CA				Labor Productivity QoQ	1Q	--	--	-0.5%	--
06/07	14:30	US				Revisions: US Trade in Goods and Services					
06/07	14:30	US				Trade Balance	Apr	-\$75.8b	--	-\$64.2b	--
06/07	15:00	RU				Official Reserve Assets	May	--	--	595.8b	--
06/07	16:00	CA				Bank of Canada Rate Decision	Jun 7	4.50%	--	4.50%	--
06/07	18:00	RU				CPI WoW	Jun 5	--	--	0.08%	--
06/07	18:00	RU				CPI Weekly YTD	Jun 5	--	--	2.27%	--
06/07	21:00	US				Consumer Credit	Apr	\$22.000b	--	\$26.514b	--

Source: Refinitiv

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