

Market Corner

Asian stocks fell as softer growth in China's services sector added fresh signs that the nation's economic recovery is faltering.

The MSCI Asia Pacific Index dropped as much as 0.7%, led by consumer discretionary and financial shares. Stocks were down in most markets in relatively light trading following a holiday in the US.

The Hang Seng China Enterprises Index extended losses to as much as 1.9% after the Caixin China services purchasing managers' index came in weaker than in the previous month, the latest key data to show a slowdown. Traders are also monitoring US Treasury Secretary Janet Yellen's China visit on Thursday to see whether that would ease tensions between the world's two superpowers.

US stock futures were little changed on Independence Day as investors assess the first-half rally and brace for the upcoming earnings season.

Contracts on the S&P 500 and Nasdaq 100 dipped 0.1% each at the close of options trading at 12:30 p.m. in New York after the underlying benchmarks made modest gains in a shortened Monday session. Cash trading is closed on Tuesday for the holiday.

Investors are waiting for the start of the earnings season to assess consumer demand and understand how companies have managed against headwinds such as higher interest rates. Among the first major firms to report, JPMorgan Chase & Co. is due to kickstart the season on July 14.

World Indices	Last	1D Change	YTD
Dow Jones	34 418.5	0.03%	3.84%
S&P 500	4 455.6	0.12%	16.05%
Nasdaq	13 816.8	0.21%	32.01%
Eurostoxx 50	4 391.0	-0.16%	15.75%
FTSE 100	7 519.7	-0.10%	0.91%
CAC 40	7 369.9	-0.23%	13.84%
DAX	16 039.2	-0.26%	15.19%
SMI	11 217.3	-0.02%	4.55%
Nikkei	33 289.5	-0.40%	27.60%
Hang Seng	19 178.2	-1.22%	-3.06%
CSI 300	3 876.1	-0.59%	0.13%
VIX Index	13.7	0.96%	-36.78%

World Bonds	Last	1D Change	YTD
US 10Y	3.8546	0.00	-0.020
EUR 10Y	2.4530	0.02	-0.118
Swiss 10Y	0.9420	-0.01	-0.675
UK 10Y	4.4160	-0.02	0.744

Source: Bloomberg



Morning Call
Geneva, July 5, 2023

Crypto Corner

There's one sector of the crypto market that hasn't fully benefited from the widespread rally that's sent the price of bitcoin to near all-time highs for the year: stablecoins.

As noted in a report by ratings agency Fitch, volumes in stablecoins and the aggregate market capitalization of the sector is lower. The Block's data dashboard shows total stablecoin supply has declined from \$138 billion at the start of the year to \$124 billion on July 3.

To be clear, Tether's USDT has bucked this trend — picking up market share from its rivals since USDC's de-pegging event in March.

Still, the monthly average of daily trading volumes of the top ten stablecoins declined from \$53 billion in March 2023 to \$28 billion in May.

However, Fitch notes that there is better liquidity in the assets backing stablecoins. Stablecoins are meant to trade one to one against a fiat currency — typically the US dollar — but are not backed exclusively by them. The underpinnings of stablecoins include a wide range of assets with different liquidity profiles.

"Within USDT's reserve portfolio, the portion of treasury bills and repos rose by 6pp and 5pp in 1Q, respectively, reaching 65% and 10% of reserves by end-1Q23," the firm noted.

Binance also improved the liquidity position of its stablecoins. "The repos in the portfolio are overcollateralized by long-term US treasury securities and are callable daily," Fitch said.

Crypto Market Cap: 1.21T

24h Vol: **\$27.8B**

Dominance: **BTC: 49.6 ETH:19.3%**

Crypto	Last	1D Change	YTD
Bitcoin	30 831.83	0.08%	86.42%
Ethereum	1 934.27	-0.41%	61.30%



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



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Commodity Corner

Gold held steady in subdued trading as traders look ahead to Friday's US nonfarm payrolls report, which may offer fresh hints on the Federal Reserve's monetary-policy path.

Bullion has declined about 6% from a 2023 peak in May, pressured by increased hawkish rhetoric from Fed policymakers. Data on Monday showed factory activity fell to its lowest level in more than three years, adding to optimism the central bank may pause rate hikes, which are generally negative for the non-interest-bearing precious metal.

Holdings in gold-backed exchange-traded funds have fallen for 11 straight days, according to data compiled by Bloomberg

Spot gold was little changed at \$1,926.01 an ounce as of 8:19 a.m. in Singapore, after edging up 0.2% on Tuesday during the Independence Day holiday in the US. The Bloomberg Dollar Spot Index was flat. Silver was steady, while palladium and platinum were higher

Precious Metals	Last	1D Change	YTD
Gold	1 925.45	0.00%	5.56%
Silver	22.96	-0.05%	-4.17%
Platinum	920.80	0.12%	-14.24%
Palladium	1 249.23	0.03%	-30.36%

Oil weakened after rallying more than 2% Tuesday on Saudi Arabian and Russian output cuts, with traders waiting for potentially important commentary from Saudi Energy Minister Prince Abdulaziz bin Salman.

Global benchmark Brent dropped back below \$76 a barrel following the gain in the previous low-volume session due to a US holiday. The two OPEC+ linchpins announced their latest batch of curbs on Monday, with a supply-cut extension by Riyadh and a fresh pledge to reduce production from Moscow.

The Saudi prince is due to address the 8th OPEC International Seminar later Wednesday in Vienna. When announcing the kingdom's unilateral cut last month, the minister pledged to do "whatever is necessary" to stabilize the market.

Morgan Stanley reduced its fourth-quarter forecast for Brent to \$70 a barrel from \$75 in a note published after the latest curbs were made public. "In our base-case scenario, the market loosens in the fourth quarter and turns into surplus in the first half of 2024," it said.

World Commodities	Last	1D Change
WTI Crude	71.01	1.75%
Brent Crude	75.94	-0.41%
Nat Gas (HH)	2.78	2.47%
Nickel	20 384.00	-0.34%
Copper	376.85	-0.28%
Corn	557.25	0.50%
Wheat	628.50	-1.22%
Soybean	1 562.00	0.31%
Coffee	162.50	0.93%
Cotton	83.43	0.71%
Sugar	23.32	2.33%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD is holding steady below 1.0900 heading into the early European morning. The US Dollar is picking up safe-haven bids on renewed US-China trade issues, which is keeping investors cautious. The pair looks to EU data and Fed Minutes for fresh impetus.

GBP/USD edges lower on Wednesday and is pressured by a modest USD strength. Bets for a 25 bps Fed rate hike in July and economic woes lend support to the buck. Investors now keenly await the FOMC minutes before placing fresh directional bets.

USD/JPY aptly portrays the market's indecision around mid-144.00s as traders await the week's key catalysts amid early Wednesday in Europe. The Yen pair seesaws within a symmetrical triangle comprising multiple levels marked since June 30.

AUD/USD has registered a corrective move to near 0.6680 in the Asian session. The Aussie asset has faced selling pressure as investors have turned cautious ahead of the release of the Federal Open Market Committee (FOMC) minutes and the United States labor market data.

World Currencies	Last	1D Change
EURUSD	1.0878	-0.01%
EURCHF	0.9762	-0.02%
EURGBP	0.8560	-0.04%
EURJPY	157.3000	-0.08%
USDCHF	0.8974	-0.04%
USDJPY	144.6000	-0.09%
USDCAD	1.3230	-0.05%
USDTRY	26.0686	-0.26%
GBPUSD	1.2708	-0.04%
AUDUSD	0.6687	-0.07%
NZDUSD	0.6198	0.11%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0813	1.0852	1.0865	1.0904	1.0930	1.0969
USDJPY	143.4633	143.9633	144.2167	144.7167	144.9633	145.4633
GBPUSD	1.2602	1.2657	1.2685	1.2740	1.2767	1.2822
USDCAD	1.3120	1.3174	1.3198	1.3252	1.3282	1.3336
AUDUSD	0.6554	0.6617	0.6654	0.6717	0.6743	0.6806
NZDUSD	0.6038	0.6110	0.6150	0.6222	0.6254	0.6326
USDCHF	0.8906	0.8935	0.8952	0.8981	0.8993	0.9022
USDTRY	25.6321	25.8114	25.9055	26.0848	26.1700	26.3493
XAUUSD	1903.987	1914.687	1920.083	1930.783	1936.087	1946.787
XAGUSD	22.6022	22.7852	22.8760	23.0590	23.1512	23.3342

Source: fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars											
G8		Browse		07:58:24		07/05/23		07/05/23			
Economic Releases											
Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
07/05	02:30	JN				Jibun Bank Japan PMI Composite	Jun F	--	--	52.3	--
07/05	02:30	JN				Jibun Bank Japan PMI Services	Jun F	--	--	54.2	--
07/05	08:00	RU				S&P Global Russia Services PMI	Jun	--	--	54.3	--
07/05	08:00	RU				S&P Global Russia Composite PMI	Jun	--	--	54.4	--
07/05	08:45	FR				Industrial Production YoY	May	0.6%	--	1.3%	--
07/05	08:45	FR				Manufacturing Production MoM	May	-0.3%	--	0.7%	--
07/05	08:45	FR				Manufacturing Production YoY	May	--	--	2.1%	--
07/05	08:45	FR				Industrial Production MoM	May	-0.2%	--	0.8%	--
07/05	09:45	IT				HCOB Italy Composite PMI	Jun	51.0	--	52.0	--
07/05	09:45	IT				HCOB Italy Services PMI	Jun	53.1	--	54.0	--
07/05	09:50	FR				HCOB France Composite PMI	Jun F	47.3	--	47.3	--
07/05	09:50	FR				HCOB France Services PMI	Jun F	48.0	--	48.0	--
07/05	09:55	GE				HCOB Germany Services PMI	Jun F	54.1	--	54.1	--
07/05	09:55	GE				HCOB Germany Composite PMI	Jun F	50.8	--	50.8	--
07/05	10:00	EC				HCOB Eurozone Composite PMI	Jun F	50.3	--	50.3	--
07/05	10:00	EC				HCOB Eurozone Services PMI	Jun F	52.4	--	52.4	--
07/05	10:00	UK				New Car Registrations YoY	Jun	--	--	16.7%	--
07/05	10:00	IT				ECB's Visco speaks in Rome					
07/05	10:30	UK				Official Reserves Changes	Jun	--	--	-\$984m	--
07/05	10:30	UK				S&P Global/CIPS UK Services PMI	Jun F	53.7	--	53.7	--
07/05	10:30	UK				S&P Global/CIPS UK Composite PMI	Jun F	52.8	--	52.8	--
07/05	11:00	EC				PPI MoM	May	-1.7%	--	-3.2%	--
07/05	11:00	EC				PPI YoY	May	-1.3%	--	1.0%	--
07/05	16:00	US				Factory Orders	May	0.8%	--	0.4%	--
07/05	16:00	US				Factory Orders Ex Trans	May	--	--	-0.2%	--
07/05	16:00	US				Durable Goods Orders	May F	1.7%	--	1.7%	--
07/05	16:00	US				Durables Ex Transportation	May F	0.6%	--	0.6%	--
07/05	16:00	US				Cap Goods Orders Nondef Ex Air	May F	--	--	0.7%	--
07/05	16:00	US				Cap Goods Ship Nondef Ex Air	May F	--	--	0.2%	--
07/05	18:00	RU				CPI WoW	Jul 3	--	--	0.16%	--
07/05	18:00	RU				CPI Weekly YTD	Jul 3	--	--	2.77%	--
07/05	18:00	RU				GDP YoY	1Q F	--	--	-1.8%	--
07/05	20:00	US				FOMC Meeting Minutes	Jun 14	--	--	--	--
07/05		US				Wards Total Vehicle Sales	Jun	15.40m	--	15.05m	--

Source: Refinitiv

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