



# Morning Call

Geneva, July 6, 2023

## Market Corner

### Asian stocks fell as the Federal Reserve’s minutes showed a hawkish tilt, denting risk sentiment ahead of key US economic data releases.

The MSCI Asia Pacific Index dropped as much as 1.1%, led by material and financial shares. Most markets in the region were down, with Hong Kong, Japan and Australia the worst performers. The Hang Seng Index fell more than 2% as traders await US Treasury Secretary Janet Yellen’s visit to China.

The Fed minutes showed policymakers were split on the decision to pause interest rate increases in June’s meeting, and see more hikes ahead. The US jobs data due later this week will offer more clues on the Fed’s policy path.

“It’s very difficult for the Fed to be pivoting anytime soon,” said Sue Trinh, co-head of global macro strategy for Manulife Investment Management, on Bloomberg Television. Prior pivots have occurred with core inflation around half current levels, suggesting more tightening ahead, she said.

### US equities dropped Wednesday as Federal Reserve meeting minutes signaled more rate hikes are coming and disappointing economic data reignited concerns about a slowdown in growth worldwide.

The S&P 500 Index dropped 0.2% on the day, led by materials stocks, after weak economic data from China fueled concerns about the outlook for the global economy. Notable decliners in the sector include copper giant Freeport-McMoRan Inc. and Steel Dynamics Inc., which were both among the worst decliners in the index. The tech-heavy Nasdaq 100 ended the day flat while the Dow Jones Industrial Average fell 0.4%.

Stocks extended their losses after the Federal Open Market Committee’s most recent minutes revealed that central bankers were not entirely united in pausing in June and some favored additional hikes.

World Indices	Last	1D Change	YTD
Dow Jones	34 288.6	-0.38%	3.44%
S&P 500	4 446.8	-0.20%	15.82%
Nasdaq	13 791.7	-0.18%	31.77%
Eurostoxx 50	4 350.7	-0.92%	14.68%
FTSE 100	7 442.1	-1.03%	-0.13%
CAC 40	7 310.8	-0.80%	12.93%
DAX	15 937.6	-0.63%	14.46%
SMI	11 193.9	-0.21%	4.33%
Nikkei	32 787.2	-1.65%	25.63%
Hang Seng	18 532.0	-3.03%	-6.32%
CSI 300	3 839.2	-0.76%	-0.85%
VIX Index	14.2	3.50%	-34.56%

World Bonds	Last	1D Change	YTD
US 10Y	3.9495	0.02	0.077
EUR 10Y	2.4780	0.03	-0.093
Swiss 10Y	0.9610	0.02	-0.656
UK 10Y	4.4940	0.08	0.822

Source: Bloomberg



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## Crypto Corner

**BlackRock Inc. Chief Executive Officer Larry Fink called Bitcoin an “international asset” and said the money manager wants to use its heft to make it less expensive and easier to invest in the cryptocurrency.**

“It costs a lot of money right now to transact Bitcoin,” Fink said Wednesday in an interview on Fox Business. “We hope our regulators look at these filings as a way to democratize crypto.”

The money management giant filed paperwork last month to set up an exchange-traded fund that invests directly in Bitcoin, which prompted a flurry of similar applications from rival issuers and a rally in Bitcoin’s price to more than \$30,000. Bitcoin rose more than 12% in June alone and is up more than 80% year-to-date.

Nasdaq recently refiled BlackRock’s application, adding details about the proposal to indicate that Coinbase Global Inc. will provide market surveillance for the new product. BlackRock wants to hear from US regulators such as the Securities and Exchange Commission, Fink said.

“We look at this as an opportunity,” Fink said. “We work really closely with our regulators.”

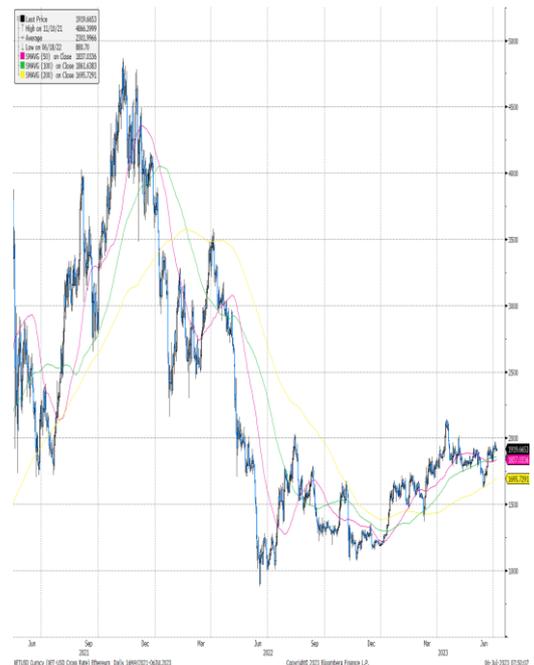
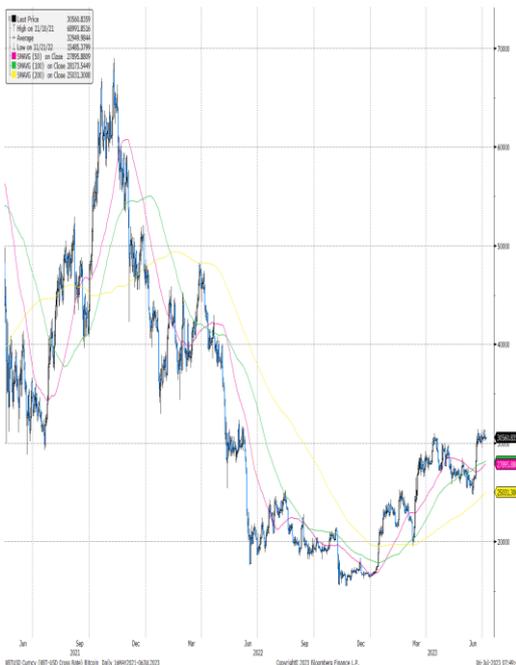
Bitcoin can represent an alternative, international asset akin to “digitizing gold,” Fink said. Initially, he said, he was skeptical because “it was heavily used for, let’s say, illicit activities.”

Crypto Market Cap: [\\$1.19T](#)

24h Vol: [\\$32.1B](#)

Dominance: [BTC: 49.7%](#) [ETH:19.3%](#)

Crypto	Last	1D Change	YTD
Bitcoin	30 585.04	0.38%	84.95%
Ethereum	1 920.13	0.51%	60.12%



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



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# Commodity Corner

**Gold held steady in Asia, after slumping 0.5% in the previous session, as traders weighed hawkish signals from the Federal Reserve's latest meeting minutes.**

The Wednesday report from the Fed's June 13-14 meeting showed division among policymakers over the decision to pause interest-rate increases, with the voting members on track to tighten further this month. Yields on US Treasuries climbed following the release, pressuring non-interest-bearing bullion.

Looking ahead, traders will be focusing on the upcoming earnings season and additional data, including Friday's nonfarm payrolls, for more information on the health of the economy

**Spot gold** edged 0.1% higher to \$1,916.78 an ounce as of 7:43 a.m. in Singapore. The Bloomberg Dollar Spot Index was steady, after climbing 0.2% on Wednesday. Silver climbed, palladium slipped, and platinum was little changed

Precious Metals	Last	1D Change	YTD
Gold	1 921.16	0.31%	5.29%
Silver	23.18	0.29%	-3.33%
Platinum	919.76	-0.03%	-14.43%
Palladium	1 252.92	-0.30%	-30.12%

**Oil steadied as traders assessed the impact of the latest round of supply cuts from OPEC+ and a US industry report that pointed to another drawdown in nationwide commercial inventories.**

West Texas Intermediate traded just below \$72 a barrel, after rising by almost 3% over the previous two sessions following announcements from Saudi Arabia and Russia that they would cut production in a bid to stem a slide in prices.

The American Petroleum Institute estimated that nationwide US crude inventories declined by 4.4 million barrels last week, according to people familiar with the data. Official figures will follow later on Thursday, with stockpiles last reported at the lowest level in almost six months.

Crude remains about 10% lower this year, with China's lackluster economic recovery and tighter monetary policy in the US and Europe weighing on the outlook for demand. The surge in borrowing costs is leading to lower global oil inventories, possibly setting prices up for spikes further down the line.

A large majority of US Federal Reserve officials agreed that more tightening will likely be needed this year, the minutes from the Fed's latest meeting showed. Further hikes would aid the dollar, potentially making commodities priced in the currency less attractive. The greenback traded flat on Thursday.

World Commodities	Last	1D Change
WTI Crude	71.69	-0.14%
Brent Crude	76.40	-0.33%
Nat Gas (HH)	2.65	-0.19%
Nickel	21 077.00	3.40%
Copper	374.20	-0.31%
Corn	556.75	1.55%
Wheat	662.00	5.33%
Soybean	1 538.25	-0.58%
Coffee	161.05	-0.89%
Cotton	82.45	-1.17%
Sugar	23.53	0.90%

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

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## FX Corner

**EUR/USD** picks up bids to consolidate recent losses around the weekly low as it bounces off 1.0842 to 1.0850 amid very early Thursday morning in Europe. The Euro pair prepares for the top-tier statistics from Eurozone and the United States.

**GBP/USD** lacks any firm intraday direction and oscillates in a narrow range on Friday. Bets for more Fed rate hikes, a softer risk tone underpins the USD and caps the pair. Looming recession risks act as a headwind for the GBP and favours bearish traders.

**USD/JPY** has slipped sharply to near 144.00 in the Tokyo session. The asset has registered a fresh weekly low at 143.92 as fears of intervention in the currency market by the Bank of Japan (BoJ) have soared.

**AUD/USD** has found some support near 0.6640 in the late Asian session. The Aussie asset has sensed some buying interest after mild pressure in the US Dollar Index (DXY). The USD Index has witnessed a minor sell-off after printing a fresh four-day high at 103.40.

World Currencies	Last	1D Change
EURUSD	1.0846	-0.07%
EURCHF	0.9740	0.16%
EURGBP	0.8535	0.10%
EURJPY	155.9200	0.71%
USDCHF	0.8981	0.08%
USDJPY	143.7600	0.63%
USDCAD	1.3296	-0.11%
USDTRY	26.0764	0.04%
GBPUSD	1.2707	0.02%
AUDUSD	0.6658	0.05%
NZDUSD	0.6185	0.10%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0757	1.0814	1.0834	1.0891	1.0928	1.0985
USDJPY	143.1900	143.8400	144.2500	144.9000	145.1400	145.7900
GBPUSD	1.2615	1.2662	1.2683	1.2730	1.2756	1.2803
USDCAD	1.3119	1.3192	1.3237	1.3310	1.3338	1.3411
AUDUSD	0.6579	0.6624	0.6639	0.6684	0.6714	0.6759
NZDUSD	0.6123	0.6155	0.6167	0.6199	0.6219	0.6251
USDCHF	0.8916	0.8949	0.8968	0.9001	0.9015	0.9048
USDTRY	25.8027	25.9346	26.0107	26.1426	26.1984	26.3303
XAUUSD	1881.500	1901.600	1908.450	1928.550	1941.800	1961.900
XAGUSD	21.9939	22.5275	22.8181	23.3517	23.5947	24.1283

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



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## Event Corner

ECO Economic Calendar

07/06/23 - 07/06/23

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
07/06	01:50	JN				Foreign Buying Japan Stocks	Jun 30	--	--	-¥543.8b	--
07/06	01:50	JN				Foreign Buying Japan Bonds	Jun 30	--	--	-¥560.9b	--
07/06	01:50	JN				Japan Buying Foreign Bonds	Jun 30	--	--	¥155.6b	--
07/06	01:50	JN				Japan Buying Foreign Stocks	Jun 30	--	--	¥70.4b	--
07/06	04:00	JN				Tokyo Avg Office Vacancies	Jun	--	--	6.16	--
07/06	08:00	GE				Factory Orders MoM	May	1.0%	--	-0.4%	--
07/06	08:00	GE				Factory Orders WDA YoY	May	-9.7%	--	-9.9%	--
07/06	09:30	GE				HCOB Germany Construction PMI	Jun	--	--	43.9	--
07/06	10:30	UK				S&P Global/CIPS UK Construction PMI	Jun	51.0	--	51.6	--
07/06	10:30	UK				DMP 3M Output Price Expectations	Jun	--	--	5.4%	--
07/06	10:30	UK				DMP 1 Year CPI Expectations	Jun	--	--	5.9%	--
07/06	11:00	EC				Retail Sales MoM	May	0.2%	--	0.0%	--
07/06	11:00	EC				Retail Sales YoY	May	-2.7%	--	-2.6%	--
07/06	13:00	US				MBA Mortgage Applications	Jun 30	--	--	3.0%	--
07/06	13:30	US				Challenger Job Cuts YoY	Jun	--	--	286.7%	--
07/06	14:15	US				ADP Employment Change	Jun	225k	--	278k	--
07/06	14:30	CA				Int'l Merchandise Trade	May	1.20b	--	1.94b	--
07/06	14:30	US				Trade Balance	May	-\$69.0b	--	-\$74.6b	--
07/06	14:30	US				Initial Jobless Claims	Jul 1	245k	--	239k	--
07/06	14:30	US				Continuing Claims	Jun 24	1750k	--	1742k	--
07/06	15:00	RU				Gold and Forex Reserve	Jun 30	--	--	\$586.9b	--
07/06	15:45	US				S&P Global US Services PMI	Jun F	54.1	--	54.1	--
07/06	15:45	US				S&P Global US Composite PMI	Jun F	--	--	53.0	--
07/06	16:00	US				JOLTS Job Openings	May	9900k	--	10103k	--
07/06	16:00	US				ISM Services Index	Jun	51.3	--	50.3	--
07/06	16:00	US				ISM Services Prices Paid	Jun	--	--	56.2	--
07/06	16:00	US				ISM Services Employment	Jun	--	--	49.2	--
07/06	16:00	US				ISM Services New Orders	Jun	--	--	52.9	--
07/06		RU				Light Vehicle Car Sales YoY	Jun	--	--	112.1%	--

Source: Refinitiv

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