



Morning Call

Geneva, October 20, 2021

Market Corner

Asian shares advanced and U.S. long-dated bond yields edged up to a five-month high on Wednesday on rising optimism about the global economy and corporate earnings while the yen slipped to a four-year low on the dollar.

Japan's Nikkei rose 0.8% while MSCI's broadest index of Asia-Pacific shares outside Japan added 0.3%, led by 0.9% gains in Australia.

"Earlier this month, stagflation was the buzzword on Wall Street. But now excessive pessimism is receding, especially after strong U.S. retail sales data on Friday," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities.

In New York, the benchmark **S&P 500 index** gained 0.74% to finish just 0.4% below its early September record close while the CBOE market volatility index .VIX fell 0.6 point after earlier hitting 15.57, its lowest level since mid-August.

"Tech shares and other high-growth shares that would have been sold on rising bond yields are rallying, which clearly shows that there is now strong optimism on upcoming earnings," Fujito said. Earning reports will be in full swings in many countries over coming weeks. Dutch chip-making machine maker ASML Holdings and Tesla are among those that will release results later Wednesday.

The positive mood saw U.S. bond yields rising further, with **the 10-year U.S. Treasuries** yield climbing to 1.662%, a high last seen in May.

Shorter yields dipped, however, with **the two-year yield** slipping to 0.404% from Monday's peak of 0.448% as traders took profits for now from bets that the U.S. Federal Reserve will turn hawkish at its upcoming policy meeting in early November.

Investors expect the Fed to announce tapering of its bond buying and money markets futures are pricing in one rate hike later next year.

US 10Y Govt Bond		Net Change
Price	Yield	
96.3906	1.6497	-0.14
EU 10Y Govt Bond		Net Change
Price	Yield	
101.0520	-0.1070	-0.07
Indices		% Change
Euro Stoxx 50	4 166.83	0.37
CAC40	6 669.85	-0.05
FTSE	7 217.53	0.19
DAX	15 515.83	0.27
SMI	11 942.74	-0.21
Dow Jones	35 457.31	0.56
S&P500	4 518.63	0.74
Nasdaq Comp.	15 219.09	0.71
VIX (Volatility Index)	16.31	0.06

Source: Refinitiv / Bloomberg



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Crypto Corner

Bitcoin hovered below record levels on Wednesday, the day after the first U.S. bitcoin futures-based exchange-traded fund (ETF) began trading, a development that market participants say is likely to drive investment into the digital asset.

The world's leading cryptocurrency was last at \$63,998, off 0.4%, but still within a short jump of its record of \$64,895.22, hit April 14 this year. It reached as high as \$64,499 on Tuesday, late in the U.S. day.

Earlier on Tuesday, the ProShares Bitcoin Strategy ETF BITO.K closed up 2.59% at \$41.94 after its first day of trading, with around \$1 billion worth of shares trading hands on Intercontinental Exchange Inc's Arca exchange.

Trading appeared to be dominated by smaller investors and high-frequency trading firms, analysts said, noting the absence of large block trades indicated that institutions were likely staying on the sidelines.

Crypto ETFs have launched this year in Canada and Europe amid surging interest in digital assets. VanEck and Valkyrie are among fund managers pursuing U.S.-listed ETF products, although Invesco on Monday dropped its plans for a futures-based ETF.

Ether, the world's no. 2 cryptocurrency, was down 0.39% on the day at \$3,861, in sight of a six-week high, but a way away from its all-time high of \$4,380, hit on May 12.

Crypto Market Cap: [\\$2.52T](#)

24h Vol: [\\$89.0B](#)

Dominance: [BTC: 47.6%](#) [ETH: 18.0%](#)

Bitcoin		63 775.48
Support	Resistance	
61 991.02	72 436.74	
52 727.15	73 618.59	
Circulating Supply (BTC)		
		18 848 781.00
Market Cap		
\$		1 204 697 351 186.00

Ethereum		3 848.93
Support	Resistance	
3 616.01	4 213.53	
3 194.98	4 390.02	
Circulating Supply (ETH)		
		117 998 991.00
Market Cap		
\$		455 101 848 305.00



Source: Refinitiv / fxstreet.com / Bloomberg/Coinmarketcap.com/TradeView.com



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Commodity Corner

Gold prices rose on Wednesday, buoyed by a slightly weaker dollar which offset surging U.S. bond yields and lingering fears over sooner-than-expected interest rates hikes.

Spot gold rose 0.3% to \$1,773.65 per ounce by 03:41 GMT. The metal rose as much as 1.2% on Tuesday before giving up most of those gains as Treasury yields rallied.

Spot silver rose 0.4% to \$23.74 an ounce.

Platinum fell 0.4% to \$1,035.85.

Palladium eased 0.4% to \$2,089.68.

Oil prices slipped on Wednesday after the Chinese government stepped up efforts to tame record high coal prices and ensure coal mines operate at full capacity as Beijing moved to ease a power shortage.

Chinese coal prices and other commodity prices slumped in early trade, which in turn pulled oil prices down from an uptick earlier in the day. China's National Development and Reform Commission said late on Tuesday that it would bring coal prices back to a reasonable range and crack down on any irregularities that disturb market order or malicious speculation on thermal coal futures.

Brent crude futures dropped 43 cents, or 0.5%, to \$84.65 a barrel at 05:06 GMT, paring a 75-cent rise in the previous session, but still lingering close to multi-year highs.

U.S. West Texas Intermediate (WTI) crude futures for November, which expires on Wednesday, fell 37 cents to \$82.59 a barrel.

Oil markets in general remain supported on the back of a global coal and gas crunch, which has driven a switch to diesel and fuel oil for power generation. But the market on Wednesday was also pressured by data from the American Petroleum Institute industry group which showed U.S. crude stocks rose by 3.3 million barrels for the week ended Oct. 15, according to market sources.

<u>Gold</u>	1774.03
Support	Resistance
1743	1799
1717	1827

<u>Silver</u>	23.80
Support	Resistance
23.16	25.11
21.69	25.59

<u>Oil - WTI</u>	82.59
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<u>Nat Gas (HH)</u>	5.0310
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<u>Copper</u>	4.6220
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<u>Baltic Dry Ind.</u>	4714.00
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<u>Corn</u>	529.50
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<u>Wheat</u>	740.00
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<u>Soybean</u>	1229.25
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<u>Arabica Coffee</u>	207.00
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<u>Cotton</u>	105.51
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<u>Sugar</u>	18.87
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

U.S. bonds drove currencies on Wednesday, with a rise in long-term rates pushing the dollar to an almost four-year high on the yen, but a decline in shorter-dated yields putting it on the back foot against most other major peers.

The dollar and yen were also under pressure from a global equity rally that sapped demand for assets regarded as safe havens.

The dollar climbed as high as 114.585 yen for the first time since November 2017, with benchmark 10-year Treasury yields touching a fresh five-month high at 1.6630% in Asia. Higher long-term U.S. yields increase the allure of those assets to Japanese investors.

The dollar index - which measures the greenback versus six rivals, including the yen - slipped 0.12% to 93.698, dropping back toward Tuesday's low at 93.501, the weakest level this month. Just last week it hit a one-year high of 94.563 as traders priced in a tapering of Fed stimulus as soon as next month, followed by rate hikes next year.

The U.S. economic outlook got a little less rosy on Tuesday after data showed that U.S. homebuilding unexpectedly fell in September and permits dropped to a one-year low amid acute shortages of raw materials and labor, supporting expectations that economic growth slowed sharply in the third quarter.

The euro added 0.15% to \$1.1649 from Tuesday, when it jumped as high as \$1.1670 for the first time since Sept. 29.

Sterling rose 0.16% to \$1.3810 after touching a one-month peak of \$1.3834 in the previous session.

The Aussie traded 0.31% higher at \$0.7500, after touching the highest since July 7 at \$0.7505.

New Zealand's kiwi dollar climbed 0.32% to \$0.7177, and earlier reached \$0.7179 for the first time since June 11.

EURUSD	1.1645
Support	Resistance
1.1602	1.1748
1.1490	1.1782
1.1377	1.1815

GBPUSD	1.3800
Support	Resistance
1.3732	1.4023
1.3492	1.4074
1.3251	1.4124

AUDUSD	0.7491
Support	Resistance
0.7423	0.7684
0.7193	0.7715
0.6963	0.7746

EURCHF	1.0762
	Resistance
1.0683	1.0776
1.0634	1.0820
1.0585	1.0864

USDJPY	114.5500
Support	Resistance
113.95	117.22
110.94	117.48
107.92	117.73

USDCAD	1.2339
Support	Resistance
1.2055	1.2393
1.2013	1.2689
1.1971	1.2985

USDCHF	0.9241
Support	Resistance
0.9123	0.9253
0.9088	0.9348
0.9053	0.9443

EURJPY	133.4100
Support	Resistance
132.72	137.58
128.09	137.81
123.46	138.04

USDTRY	9.2962
Support	Resistance
9.2205	9.7666
8.7502	9.8424
8.2799	9.9182

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
20 oct 2021	08:00	United Kingdom	CPI MM	Sep	0.4%		0.7%	0.36%	-0.04%
20 oct 2021	08:00	United Kingdom	CPI YY	Sep	3.2%		3.2%	3.18%	-0.02%
20 oct 2021	08:00	United Kingdom	RPI MM	Sep	0.2%		0.6%	0.21%	0.01%
20 oct 2021	08:00	United Kingdom	RPI YY	Sep	4.7%		4.8%	4.70%	0.00%
20 oct 2021	08:00	United Kingdom	RPIX YY	Sep			4.9%		
20 oct 2021	08:00	Germany	Producer Prices MM	Sep	1.0%		1.5%	1.42%	0.42%
20 oct 2021	08:00	United Kingdom	PPI Input Prices MM NSA	Sep	1.0%		0.4%	0.84%	-0.16%
20 oct 2021	08:00	Germany	Producer Prices YY	Sep	12.7%		12.0%	13.01%	0.31%
20 oct 2021	08:00	United Kingdom	PPI Input Prices YY NSA	Sep	11.6%		11.0%	11.47%	-0.13%
20 oct 2021	08:00	United Kingdom	PPI Output Prices MM NSA	Sep	0.5%		0.7%	0.57%	0.07%
20 oct 2021	08:00	United Kingdom	PPI Output Prices YY NSA	Sep	6.8%		5.9%	6.90%	0.10%
20 oct 2021	08:00	United Kingdom	PPI Core Output MM NSA	Sep			1.0%		
20 oct 2021	08:00	United Kingdom	PPI Core Output YY NSA	Sep			5.3%		
20 oct 2021	14:30	Canada	CPI Inflation MM	Sep	0.1%		0.2%	0.17%	0.07%
20 oct 2021	14:30	Canada	CPI Inflation YY	Sep	4.3%		4.1%	4.32%	0.02%
20 oct 2021	14:30	Canada	CPI BoC Core YY	Sep			3.5%		
20 oct 2021	14:30	Canada	CPI BoC Core MM	Sep			0.2%		

Source: Refinitiv

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