



Morning Call

Geneva, October 5, 2021

Market Corner

A selloff in stocks continued in Asia on Tuesday and the dollar strengthened amid a mood of caution over debt woes in China's property sector and elevated inflation fueled by commodity prices.

MSCI Inc.'s Asia-Pacific share index slumped as much as 1.7% before paring some losses. The energy sector was among the few to rise on a rally in crude oil. Japan and South Korea underperformed, while Hong Kong edged up. U.S. futures were in the green, reversing earlier losses, after technology shares led a Wall Street slump overnight.

Oil held near the highest since 2014 following OPEC+'s decision to maintain a gradual supply hike even as a natural-gas crisis boosts crude demand. The Bloomberg Commodity Spot Index hit an all-time peak.

China's indebted property sector continues to vex traders. Fantasia Holdings Group Co. failed to repay a dollar bond due Monday, adding to the strains caused by China Evergrande Group's cash crunch. The nation's high-yield dollar bonds slumped. China's stock market is closed for a holiday and will reopen Friday.

Global stocks have dropped more than 5% from a record in early September, hurt by a looming reduction in Federal Reserve stimulus, spiraling energy costs and the possibility of slower growth in China due to Beijing's property-sector curbs. U.S. lawmakers are also continuing their brinkmanship over the nation's debt ceiling, with President Joe Biden warning that the government is at risk of breaching the legal limit this month.

In the latest Fed comments, St. Louis President James Bullard said elevated price pressures may be changing the mentality of businesses and consumers by making them more accustomed to higher inflation. Australia's central bank kept its monetary settings unchanged.

Here are some events to watch this week:

- Reserve Bank of Australia policy decision Tuesday
- Rate decision in New Zealand on Wednesday
- Reserve Bank of India monetary policy decision on Friday
- The U.S. Labor Department releases unemployment and job creation data Friday
- Annual Nobel announcements start on Monday, with the Peace Prize being awarded on Friday

US 10Y Govt Bond		Net Change
Price	Yield	-0.11
97.7813	1.4928	
EU 10Y Govt Bond		Net Change
Price	Yield	0.00
102.0530	-0.2060	
Indices		% Change
Euro Stoxx 50	3 996.41	-0.96
CAC40	6 477.66	-0.61
FTSE	7 011.01	-0.23
DAX	15 036.55	-0.79
SMI	11 582.35	0.06
Dow Jones	34 002.92	-0.94
S&P500	4 300.46	-1.30
Nasdaq Comp.	14 255.48	-2.14
VIX (Volatility Index)	22.96	8.56

Source: Refinitiv / Bloomberg



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Crypto Corner

Institutional investors are pivoting back to digital gold with Bitcoin (BTC) investment products posting a third consecutive week of inflows.

According to CoinShares' latest Digital Asset Fund Flows Weekly report, BTC investment products generated \$68.7 million worth of inflows between Sept. 27 and Oct. 1, representing a 36% increase in exposure week-over-week.

While products tracking BTC have now dominated inflows to digital asset products for two weeks in a row, the bullish turn comes fresh off a record streak of outflows that persisted for eight consecutive weeks until early September.

Total inflows for digital investment products were \$90 million for the week, marking the seventh consecutive week of inflows as institutional investors continue to increase exposure to digital assets.

Institutional investors also snapped up a significant amount of Ethereum (ETH) investment products, with inflows totaling \$20.2 million. BTC and ETH products gained roughly 7.4% and 3.2% for the week, respectively.

There was also a mixed appetite for altcoins last week. Products tracking Cardano (ADA), and Solana (SOL) posting inflows of \$1.1 million and \$700,000 respectively, while Polkadot (DOT) and Binance Coin (BNB) fund shed \$800,000 each. Multi-asset funds also saw minimal inflows of \$1.9 million.

Institutional demand for Solana appears to have bottomed out, with inflows to products tracking SOL crashing by 98% since posting highs of \$38.9 million five weeks.

Crypto Market Cap: [\\$2.16T](#)

24h Vol: [\\$106.4B](#)

Dominance: [BTC: 43.0%](#) [ETH: 18.5%](#)

Bitcoin	49 289.61
Support	Resistance
47 433.52	56 186.65
39 714.10	57 220.36
Circulating Supply (BTC)	
18 835 118.00	
Market Cap	
\$ 929 077 447 011.00	

Ethereum	3 380.29
Support	Resistance
3 272.22	4 021.14
2 631.78	4 129.62
Circulating Supply (ETH)	
117 798 134.00	
Market Cap	
\$ 398 967 350 545.00	



Source: [Refinitiv](#) / [fxstreet.com](#) / [Bloomberg](#)/Coinmarketcap.com/TradeView.com



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Commodity Corner

Gold fell on Tuesday as the dollar rose but concerns that rising energy prices could dampen economic activity dented appetite for riskier assets and kept bullion close to a more than one-week peak hit in the previous session.

Spot gold fell 0.4% to \$1,761.69 per ounce by 02:54 GMT, after hitting \$1,770.41 on Monday, its highest since Sept. 23.

Silver fell 0.8% to \$22.47 per ounce.

Platinum shed 0.6% to \$960.89.

Palladium was little changed at \$1,905.18.

Oil prices climbed on Tuesday, hitting their highest levels in at least three years, extending gains triggered during the previous session after the world's major oil producers announced they had decided to keep a cap on crude supplies.

Brent crude was up by 40 cents or 0.5% at \$81.66 a barrel by 0341 GMT, having rising 2.5% on Monday.

U.S. West Texas Intermediate (WTI) oil rose 30 cents or 0.4% to \$77.92, after gaining 2.3% the previous session.

The Organization of the Petroleum Exporting Countries (OPEC) and its allies including Russia, collectively known as OPEC+, said on Monday it would maintain an agreement to increase oil production only gradually, ignoring calls from the United States and India to boost output as the world economy recovers, if patchily, from the coronavirus pandemic. Oil prices have already surged more than 50% this year, a rise that has added to inflationary pressures that crude-consuming nations are concerned will derail recovery from the pandemic.

Despite the pressure to ramp up output, OPEC+ was concerned that a fourth global wave of COVID-19 infections could hit the demand recovery, a source told Reuters a little before the vote. Russian Deputy Prime Minister Alexander Novak said after the talks he believed the market is now balanced.

Gold	1756.51
Support	Resistance
1737	1804
1696	1829

Silver	22.42
Support	Resistance
21.97	23.72
20.80	24.30

Oil - WTI	77.76
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Nat Gas (HH)	5.8760
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Copper	4.2070
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Baltic Dry Ind.	5267.00
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Corn	538.25
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Wheat	753.75
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Soybean	1232.25
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Arabica Coffee	203.25
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Cotton	105.83
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Sugar	19.69
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Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The **U.S. dollar** edged back toward a one-year high versus major peers on Tuesday ahead of a key payrolls report at the end of the week that could boost the case for the Federal Reserve to start tapering stimulus as soon as next month. The safe-haven greenback was also supported by an equity sell-off that spread from Wall Street to Asia. The risk-sensitive **Australian dollar** was among the biggest decliners, with the Reserve Bank of Australia reiterating it doesn't expect to raise interest rates until 2024 after keeping policy steady, as expected.

The **U.S. dollar index**, which measures the currency against six rivals, rose 0.16% to 93.987, moving back toward Thursday's peak at 94.504, its highest since late September 2020. The index had rallied as much as 2.8% since Sept. 3 as traders rushed to price in tapering this year and possible rate rises for 2022. The dollar has also benefited from haven demand amid worries spanning the risk of global stagflation to the U.S. debt ceiling standoff.

Meanwhile, an index of Asia-Pacific equities skidded 0.92%, following a 1.3% tumble overnight for the S&P 500.

The **Aussie** dropped 0.34% to \$0.7263, retreating further from Monday's four-day high of \$0.73045.

The **New Zealand dollar** declined 0.34% to \$0.6939, also backing away from a four-day peak at \$0.6981. The Reserve Bank of New Zealand decides policy on Wednesday, with markets priced for a quarter point rate hike.

The dollar gained 0.25% to 111.19 **yen**, while the **euro** slid 0.21% to \$1.15965.

Sterling slipped 0.12% to \$1.35875. While the consensus view is for further gains for the greenback - with speculators pushing net long bets to the highest since March 2020 - TD Securities warns that headroom may be limited.

EURUSD	1.1594
Support	Resistance
1.1476	1.1670
1.1422	1.1810
1.1367	1.1949

GBPUSD	1.3590
Support	Resistance
1.3438	1.3778
1.3254	1.3934
1.3070	1.4090

AUDUSD	0.7260
Support	Resistance
0.7242	0.7390
0.7131	0.7427
0.7020	0.7464

EURCHF	1.0745
	Resistance
1.0631	1.0786
1.0603	1.0913
1.0576	1.1041

USDJPY	111.2100
Support	Resistance
109.92	112.88
108.03	113.95
106.15	115.03

USDCAD	1.2615
Support	Resistance
1.2349	1.2644
1.2303	1.2893
1.2258	1.3143

USDCHF	0.9268
Support	Resistance
0.9157	0.9312
0.9108	0.9418
0.9058	0.9523

EURJPY	128.9500
Support	Resistance
127.43	129.99
126.39	131.51
125.35	133.03

USDTRY	8.8553
Support	Resistance
8.7436	9.1343
8.4589	9.2403
8.1743	9.3464

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Time	Country	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
5 oct 2021	01:30	Japan	CPI Tokyo Ex fresh food YY	Sep	0.2%		0.0%	0.17%	-0.03%
5 oct 2021	01:30	Japan	CPI, Overall Tokyo	Sep			-0.4%		
5 oct 2021	01:30	Japan	CPI Tokyo Excl Food & Energy Y/Y	Sep			-0.1%		
5 oct 2021	01:30	Japan	CPI Tokyo Excl Food & Energy M/M	Sep			0.1%		
5 oct 2021	02:30	Japan	Services PMI	Sep			42.9		
5 oct 2021	08:30	Sweden	PMI Services	Sep			64.7		
5 oct 2021	08:45	France	Industrial Output MM	Aug	0.4%		0.3%	0.32%	-0.08%
5 oct 2021	09:45	Italy	Markit/IHS Svcs PMI	Sep	56.5		58.0	56.52	0.02
5 oct 2021	09:45	Italy	Composite PMI	Sep			59.1		
5 oct 2021	09:50	France	Markit Serv PMI	Sep	56.0		56.0	55.99	-0.01
5 oct 2021	09:50	France	Markit Comp PMI	Sep	55.1		55.1	55.08	-0.02
5 oct 2021	09:55	Germany	Markit Services PMI	Sep	56.0		56.0	56.00	0.00
5 oct 2021	09:55	Germany	Markit Comp Final PMI	Sep	55.3		55.3	55.30	0.00
5 oct 2021	10:00	United Kingdom	New Passenger Cars Registration	Sep			68 033		
5 oct 2021	10:30	United Kingdom	Markit/CIPS Serv PMI Final	Sep	54.6		54.6	54.58	-0.02
5 oct 2021	10:30	United Kingdom	Composite PMI Final	Sep	54.1		54.1	54.13	0.03
5 oct 2021	10:30	United Kingdom	Reserve Assets Total	Sep			201 711.94M		
5 oct 2021	12:00	Canada	Business Barometer	Sep			67.08		
5 oct 2021	14:15	Canada	Reserve Assets Total	Sep			106 539M		
5 oct 2021	14:55	United States	Redbook YY	2 Oct, w/e			16.5%		
5 oct 2021	15:45	United States	Markit Comp Final PMI	Sep			54.5		
5 oct 2021	15:45	United States	Markit Svcs PMI Final	Sep			54.4		
5 oct 2021	16:00	United States	ISM N-Mfg PMI	Sep	60.0		61.7	60.30	0.30
5 oct 2021	16:00	United States	ISM N-Mfg Bus Act	Sep	59.5		60.1	59.18	-0.32
5 oct 2021	16:00	United States	ISM N-Mfg Employment Idx	Sep			53.7		
5 oct 2021	16:00	United States	ISM N-Mfg New Orders Idx	Sep			63.2		
5 oct 2021	16:00	United States	ISM N-Mfg Price Paid Idx	Sep			75.4		

Source: Refinitiv

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