



Morning Call

Geneva, January 19, 2022

Market Corner

Stocks extended a global selloff Wednesday in the wake of a surge in Treasury yields, as the prospect of Federal Reserve monetary tightening to fight high inflation weighs on markets.

MSCI Inc.'s Asia-Pacific share index fell for a fifth session, led lower by a 3% slump in Japan. U.S. and European futures slid after the S&P 500 suffered a broad drop and the tech-heavy Nasdaq 100 sank.

The benchmark 10-year Treasury yield held a jump to 1.87%. Expectations are growing that it will top 2% amid speculation that the Fed may deliver more than a quarter-percentage point interest-rate hike in March. Bonds in Australia and New Zealand declined. A dollar gauge edged lower.

Oil extended a rally -- underscoring global price pressures -- after a pipeline running from Iraq to Turkey was hit by an explosion, taking out crucial supply.

In China, where policy is diverging from the U.S., the central bank has pledged to use more monetary policy tools to aid the economy and ease credit stress amid a real-estate slump.

Global equities have had a volatile start to the year, hurt by a more hawkish Fed stance, economic disruptions from the omicron virus strain and risks to company profits due to rising costs. Higher bond yields are forcing investors to rethink valuations across a range of assets.

The latest U.S. data showed a gauge of New York state manufacturing slumped in January, suggesting omicron caused a pullback in activity.

Investors are wrestling with the prospect whether the Federal Reserve will need to tighten monetary policy to guide inflation lower, or if a softening in economic growth will allow the central bank to be less aggressive in tightening.

In company developments, Microsoft Corp. retreated after unveiling a \$69 billion deal for Activision Blizzard Inc. Goldman Sachs Group Inc.'s worse-than-expected fourth-quarter trading revenue weighed on banks.

Elsewhere, Bitcoin retreated, falling below \$42,000.

| US 10Y Govt Bond | | Net Change |
|------------------------|-----------|------------|
| Price | Yield | -0.16 |
| 95.4375 | 1.8862 | |
| EU 10Y Govt Bond | | Net Change |
| Price | Yield | -0.31 |
| 99.8600 | 0.0140 | |
| Indices | | % Change |
| Euro Stoxx 50 | 4,257.82 | -1.03 |
| CAC40 | 7,133.83 | -0.94 |
| FTSE | 7,563.55 | -0.63 |
| DAX | 15,772.56 | -1.01 |
| SMI | 12,529.56 | -0.82 |
| Dow Jones | 35,368.47 | -1.51 |
| S&P500 | 4,577.11 | -1.84 |
| Nasdaq Comp. | 14,506.90 | -2.60 |
| VIX (Volatility Index) | 22.79 | 3.60 |

Source: Refinitiv / Bloomberg



Morning Call

Geneva, January 19, 2022

Crypto Corner

Bitcoin (BTC) price action sees bulls struggling to keep the positive momentum going as bears stand firm at \$44,088. At the moment, \$50,000 is still nowhere near in sight, and investors are getting impatient about when the promised rally in BTC will finally kick in. Expect more interest to start fading, with investors pulling their funds and seeing a return to sub \$40,000 before price reaches an attractive discount. BTC price will start to go sideways or slip lower towards \$39,780, which means breaking below the psychological \$40,000 handle again.

Ethereum price witnessed a minor uptrend as it bounced off a crucial support level. This bull rally failed to catch traction, leading to a steep correction back to the aforementioned foothold. Here, ETH contemplates its next course of action with its odds slightly skewed in favor of bulls.

Crypto Market Cap: **\$1.94T**

24h Vol: **\$82.44B**

Dominance: **BTC: 40.2% ETH: 18.8%**

| Bitcoin | 41,294.99 |
|---------------------------------|-------------------|
| Support | Resistance |
| 39,657.51 | 44,473.92 |
| 37,237.85 | 46,870.67 |
| Circulating Supply (BTC) | |
| 18,933,737.00 | |
| Market Cap | |
| \$ 782,135,792,762.00 | |

| Ethereum | 3,066.36 |
|---------------------------------|-------------------|
| Support | Resistance |
| 2,915.28 | 3,400.63 |
| 2,678.96 | 3,649.66 |
| Circulating Supply (ETH) | |
| 119,218,238.00 | |
| Market Cap | |
| \$ 364,677,967,197.00 | |

Published on TradingView.com, Jan 19, 2022 07:59 UTC



TradingView

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



Morning Call

Geneva, January 19, 2022

Commodity Corner

Gold prices were steady on Wednesday, near the previous session's one-week low that was driven by the prospect of aggressive U.S. interest rate hikes. Expectations of rate hikes by the U.S. Federal Reserve have pulled benchmark Treasury yields higher and reduced the appeal of non-yielding bullion, which is viewed as a hedge against inflation.

Spot gold XAU was little changed at \$1,812.72 per ounce by 0742 GMT, after falling to a one-week low of \$1,805 an ounce on Tuesday.

Spot silver XAG rose 0.4% to \$23.54 an ounce.

Platinum XPT fell 0.5% to \$976.04.

Palladium XPD was down 0.7% to \$1,883.23.

Oil prices rose for a fourth day on Wednesday as an outage on a pipeline from Iraq to Turkey increased concerns about an already tight supply outlook amid worrisome geopolitical troubles in Russia and the United Arab Emirates.

The tensions raise the prospect of supply disruptions at a time when OPEC, Russia and their allies, together called OPEC+, are already having difficulty meeting their agreed target to add 400,000 barrels per day of supply each month.

Brent crude rose 39 cents, or 0.5%, to \$87.90 a barrel at 0740 GMT, adding to a 1.2% jump in the previous session. The benchmark contract climbed to as much as \$89.05 earlier in the session, its highest since Oct. 13, 2014.

U.S. West Texas Intermediate (WTI) crude climbed 64 cents, or 0.8%, to \$86.07 a barrel, adding to a 1.9% gain on Tuesday. WTI earlier jumped to \$87.08, its highest since Oct. 9, 2014.

| | |
|----------------|-------------------|
| Gold | 1813.14 |
| Support | Resistance |
| 1798 | 1845 |
| 1766 | 1861 |

| | |
|----------------|-------------------|
| Silver | 23.62 |
| Support | Resistance |
| 22.94 | 24.64 |
| 21.58 | 24.98 |

| | |
|------------------|--------------|
| Oil - WTI | 86.08 |
|------------------|--------------|

| | |
|---------------------|---------------|
| Nat Gas (HH) | 4.2520 |
|---------------------|---------------|

| | |
|---------------|---------------|
| Copper | 4.4205 |
|---------------|---------------|

| | |
|------------------------|----------------|
| Baltic Dry Ind. | 1644.00 |
|------------------------|----------------|

| | |
|-------------|---------------|
| Corn | 604.50 |
|-------------|---------------|

| | |
|--------------|---------------|
| Wheat | 774.75 |
|--------------|---------------|

| | |
|----------------|----------------|
| Soybean | 1372.25 |
|----------------|----------------|

| | |
|-----------------------|---------------|
| Arabica Coffee | 239.50 |
|-----------------------|---------------|

| | |
|---------------|---------------|
| Cotton | 118.78 |
|---------------|---------------|

| | |
|--------------|--------------|
| Sugar | 18.66 |
|--------------|--------------|

Source: Refinitiv / fxstreet.com / Bloomberg



Morning Call

Geneva, January 19, 2022

FX Corner

The **Dollar** held firm on Wednesday after the previous day's surge in U.S. yields resulted in sharp gains against the euro and put the greenback above support levels established in recent months amid mounting expectations for U.S. interest rate increases. The **Euro EUR** is back on its 50-day moving average at \$1.1327 after falling about 0.7% on Tuesday, its sharpest daily drop in a month.

The greenback also held **Sterling GBP** below its 200-day moving average ahead of British inflation figures due later Wednesday, as talk of a leadership challenge to Prime Minister Boris Johnson added uncertainty. Annual headline inflation in Britain is seen hitting an almost decade-high 5.2% and a surprise could trigger further bets on Bank of England rate hikes and renew the pound's rally.

The dollar has been boosted by U.S. Treasury yields rising further ahead of next week's Federal Reserve policy meeting at which traders are starting to fear another hawkish surprise. Two-year Treasury yields US2YT have leapt 15 basis points over two sessions to cross 1% and benchmark 10-year yields US10YT inched up on Wednesday to touch a new two-year high of 1.9%. US Fed funds futures are pricing three more hikes in 2022.

Moves in the U.S. bond market unsettled equity investors, providing some support on Wednesday to the safe-haven **Yen JPY**, which was at 114.41 to the dollar, slightly firmer on the day.

The overall result was that the **U.S. Dollar Index** held onto most of its 0.5% gain Tuesday, to trade at 95.676. Traders also kept a wary eye on a delicate situation in Ukraine. U.S. Secretary of State Antony Blinken will seek to defuse a crisis with Moscow when he meets Russia's foreign minister in Geneva this week.

The **Australian dollar AUD** was at \$0.7192, still struggling to break resistance just below 73 cents. The **Kiwi NZD** was pinned at \$0.6787.

| EURUSD | 1.1334 |
|---------|------------|
| Support | Resistance |
| 1.1224 | 1.1431 |
| 1.1146 | 1.1560 |
| 1.1068 | 1.1689 |

| GBPUSD | 1.3596 |
|---------|------------|
| Support | Resistance |
| 1.3469 | 1.3730 |
| 1.3347 | 1.3869 |
| 1.3226 | 1.4009 |

| AUDUSD | 0.7185 |
|---------|------------|
| Support | Resistance |
| 0.7071 | 0.7258 |
| 0.7006 | 0.7380 |
| 0.6940 | 0.7501 |

| EURCHF | 1.0379 |
|---------|------------|
| Support | Resistance |
| 1.0294 | 1.0471 |
| 1.0226 | 1.0580 |
| 1.0157 | 1.0688 |

| USDJPY | 114.3700 |
|---------|------------|
| Support | Resistance |
| 113.15 | 115.92 |
| 111.93 | 117.47 |
| 110.70 | 119.01 |

| USDCAD | 1.2508 |
|---------|------------|
| Support | Resistance |
| 1.2226 | 1.2590 |
| 1.2155 | 1.2883 |
| 1.2085 | 1.3177 |

| USDCHF | 0.9157 |
|---------|------------|
| Support | Resistance |
| 0.9043 | 0.9231 |
| 0.8972 | 0.9348 |
| 0.8902 | 0.9466 |

| EURJPY | 129.6500 |
|---------|------------|
| Support | Resistance |
| 128.83 | 130.75 |
| 128.29 | 132.13 |
| 127.76 | 133.52 |

| USDTRY | 13.5968 |
|---------|------------|
| Support | Resistance |
| 12.9604 | 13.8654 |
| 12.5412 | 14.3512 |
| 12.1220 | 14.8370 |

Source: Refinitiv / fxstreet.com / Bloomberg



Morning Call

Geneva, January 19, 2022

Event Corner

| Date | Time | Country/Region | Indicator Name | Period | Reuters Poll | Actual | Prior | SmartEstimate® | Predicted Surprise |
|-------------|-------|----------------|-----------------------|--------|--------------|--------|--------|----------------|--------------------|
| 19 Jan 2022 | 08:00 | United Kingdom | CPI YY | Dec | 5.2% | 5.4% | 5.1% | 5.20% | 0.00% |
| 19 Jan 2022 | 08:00 | Germany | HICP Final YY | Dec | 5.7% | 5.7% | 5.7% | 5.70% | 0.00% |
| 19 Jan 2022 | 09:00 | South Africa | CPI YY | Dec | 5.7% | 5.9% | 5.5% | 5.74% | 0.04% |
| 19 Jan 2022 | 14:30 | United States | Housing Starts Number | Dec | 1.650M | | 1.679M | 1.6543M | 0.0043M |
| 19 Jan 2022 | 14:30 | Canada | CPI BoC Core YY | Dec | 3.5% | | 3.6% | 3.46% | -0.04% |
| 19 Jan 2022 | 14:30 | Canada | CPI BoC Core MM | Dec | | | 0.0% | | |

Source: Refinitiv

Disclaimer: "This information, including any opinion, news and reports is based on publicly available source, but its accuracy cannot be guaranteed and may be subject to change without notice. BankMed (Suisse) does not guarantee the accuracy, timeliness, continued availability or completeness of such information. Neither the information provided nor any opinion expressed therein, constitutes a solicitation, offer, personal recommendation or advice. BankMed (Suisse) is not acting as an adviser to you and you are free to rely or not on such information at your own risk. Certain transactions involving securities give rise to substantial risks, including currency and volatility risk, and are not suitable for all investors."