

Market Corner

U.S. and European stock futures bounced back on Friday and selling pressure on Asian shares eased after the U.S. Secretary of State agreed to a meeting with Russia's foreign minister, raising hopes of a solution to the standoff over Ukraine.

S&P 500 futures jumped 0.7% and **Nasdaq futures** gained 0.8% following the news, while, in early trading, pan-region **Euro Stoxx 50 futures** were up 0.45%, and **FTSE futures** were 0.4% higher.

The positive sentiment ranged across asset classes. Safe-haven currencies such as **the Japanese yen** and **Swiss franc** retreated a little in Asia trade having climbed to two-week highs on the dollar overnight, and gold lost 0.4%.

U.S. Secretary of State Antony Blinken has accepted an invitation to meet with Russian Foreign Minister Sergei Lavrov late next week provided Russia does not invade Ukraine, the U.S. State Department said.

There was slightly less positivity when it came to Asian shares. **MSCI's broadest index of Asia shares outside Japan** was last down 0.24%, but markets in **Tokyo, Hong Kong, Sydney and Seoul** all pared deeper morning losses.

Wall Street had taken a dive overnight, with **the S&P 500** dropping 2.1% and **the Nasdaq** off 2.9% - while gold shot to an eight-month peak - on renewed U.S. warnings of an imminent Russian invasion.

Investors fear a wider war as one of the deepest crises in post-Cold War relations plays out, with Russia wanting security guarantees, including Ukraine's never joining NATO.

Treasuries likewise gave back some overnight gains, with the benchmark **10-year yield** last up two basis points to 1.9877%. **Two-year yields** also rose two basis points to 1.4902%. US/Oil dipped and **Brent crude futures** were last down 0.6% on Friday at \$92.44 a barrel, more than 4% below Monday's peak, and **U.S. crude** fell 0.7% to \$91.07 a barrel.

<u>US 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
98.9688	1.9894	-0.14
<u>EU 10Y Govt Bond</u>		<u>Net Change</u>
Price	Yield	
97.6250	0.2410	-0.09
<u>Indices</u>		<u>% Change</u>
Euro Stoxx 50	4 113.19	-0.58
CAC40	6 946.82	-0.26
FTSE	7 537.37	-0.87
DAX	15 267.63	-0.67
SMI	12 075.27	-0.95
Dow Jones	34 312.03	-1.78
S&P500	4 380.26	-2.12
Nasdaq Comp.	13 716.72	-2.88
VIX (Volatility Index)	28.11	15.73

Source: Refinitiv / Bloomberg



Morning Call

Geneva, February 18, 2022

Crypto Corner

Morgan Stanley Wealth Management recently noted that Ethereum currently takes lead in market share in the decentralized finance (DeFi) and non-fungible token (NFT) sectors. However, analysts believe that Ethereum’s dominance could dwindle as competitors emerge.

Morgan Stanley recently published a report on Ethereum, highlighting that the blockchain could lose its dominance if strong market competition turns up.

According to the report, Ethereum faces more competitive threats, scalability issues and complexity challenges than Bitcoin. The firm further stated that Ether is more volatile than Bitcoin.

Ethereum may lose its dominance as the network faces more competition in the smart contract market than Bitcoin faces in the store-if-value market. Morgan Stanley stated that Ethereum may lose smart contract platform market share to faster and cheaper alternatives.

Morgan Stanley further suggested that Ether poses a bigger investment risk compared to Bitcoin as fewer transactions per user are needed to utilize BTC.

However, Ethereum demand is tied closely to transactions, therefore, the network’s scaling limitations could hurt the demand for ETH more than Bitcoin demand.

In addition, the regulatory status of the DeFi and NFT sector may see stricter oversight in the future, which could reduce demand for Ethereum transactions.

According to Morgan Stanley, Ethereum is less decentralized than Bitcoin, with the top 100 addresses holding 39% of ETH, compared to 14% for BTC.

On a positive note, Morgan Stanley’s report highlighted that Ethereum has greater market potential than Bitcoin, noting its deflationary system through its transaction-based burning mechanism.

Once ETH transitions to a proof-of-stake consensus mechanism, the Ethereum network’s performance could improve significantly.

Crypto Market Cap: **\$1.85T**

24h Vol: **\$84.8B**

Dominance: **BTC: 41.5% ETH: 18.7%**

Bitcoin	40 715.41
Support	Resistance
37 457.52	43 236.87
35 877.40	47 436.10
Circulating Supply (BTC)	
18 961 562.00	
Market Cap	
\$	772 219 731 041.00

Ethereum	2 908.20
Support	Resistance
2 656.55	3 110.42
2 516.36	3 424.10
Circulating Supply (ETH)	
119 627 409.00	
Market Cap	
\$	348 009 706 555.00



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



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Commodity Corner

Gold prices slipped from the \$1,900 level on Friday, as a potential Russia-U.S. meeting next week spurred expectations of a diplomatic solution to the standoff over Ukraine.

Spot gold fell 0.4% to \$1,890.05 per ounce, as of 04:56 GMT, after touching its highest in eight months at \$1,902.22 earlier in the session. The metal on Thursday rose above \$1,900 for the first time since June as investors rushed to the safety of bullion after Ukraine tensions heightened.

Spot silver fell 0.2% to \$23.76 per ounce.

Palladium dipped 0.9% to \$2,345.18, with both set for small weekly gains.

Platinum gained 0.2% to \$1,091.09, setting up its best weekly showing since June.

Oil prices extended losses on Friday, and were headed for a weekly fall, as the prospect of extra supply from Iran returning to the market outweighed fears of a possible supply disruption arising from a Russian invasion of Ukraine.

Brent crude futures fell 47 cents, or 0.5%, to \$92.50 a barrel at 04:10 GMT, extending a 1.9% drop from the previous session.

U.S. West Texas Intermediate (WTI) crude futures shed 62 cents, or 0.7%, to \$91.14 a barrel, after sliding 2% in the previous session.

Both benchmark contracts hit their highest levels since September 2014 on Monday, but were headed for their first weekly fall in nine weeks amid reports of a deal taking shape to revive Iran's 2015 nuclear agreement with world powers. Diplomats said the draft accord outlines a sequence of steps that would eventually lead to granting waivers on oil sanctions. That would bring about 1 million barrels a day of oil back to the market, but the timing is unclear.

Gold	1892.35
Support	Resistance
1876	1987
1777	1999

Silver	23.94
Support	Resistance
23.41	25.37
21.75	25.67

Oil - WTI	91.36
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Nat Gas (HH)	4.4720
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Copper	4.5595
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Baltic Dry Ind.	1886.00
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Corn	647.75
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Wheat	792.00
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Soybean	1595.50
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Arabica Coffee	250.65
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Cotton	120.29
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Sugar	18.28
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Source: Refinitiv / fxtreet.com / Bloomberg



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FX Corner

The safe-haven yen reversed course on Friday, giving up some its gains from earlier this week as markets seemed to take cheer from news of talks between the U.S. and Russia about Ukraine, helping other risk-friendly assets including the Aussie dollar.

The dollar rose 0.2% on the yen, and earlier reached as high as 115.27 yen, having touched a two-week low of 114.78 in early Friday trading.

The yen and rival safe-haven, the Swiss franc, have gained this week amid high tension on the Ukrainian border, though the dollar gained 0.12% on the franc on Friday.

The Australian dollar rose 0.27% on Friday in line with the "risk-on" mood as e-mini futures for the S&P500 rose 0.7% and spot gold shed 0.4%.

One contributor to the shift in tone was U.S. State Department saying late on Thursday that Secretary of State Antony Blinken had accepted an invitation to meet with Russian Foreign Minister Sergei Lavrov late next week provided Russia does not invade Ukraine.

This provided some relief after a jittery Thursday following exchanges of fire between Kyiv's forces and pro-Russian separatists. While the two have been at war for years and a ceasefire is periodically violated, the hostilities renewed Western fears of an imminent Russian invasion. U.S. President Joe Biden said Moscow is preparing a pretext to justify a possible attack.

The euro continued its week of choppy trading based on Ukraine headlines and was at \$1.1365 on Friday, while **the pound** was at \$1.3605 supported by markets betting on more monetary tightening from the Bank of England.

EURUSD	1.1370
Support	Resistance
1.1216	1.1433
1.1138	1.1572
1.1061	1.1712

GBPUSD	1.3614
Support	Resistance
1.3560	1.3720
1.3441	1.3761
1.3323	1.3803

AUDUSD	0.7208
Support	Resistance
0.7117	0.7316
0.6983	0.7381
0.6850	0.7447

EURCHF	1.0478
Support	Resistance
1.0317	1.0494
1.0288	1.0642
1.0258	1.0789

USDJPY	115.1600
Support	Resistance
113.86	115.43
113.53	116.67
113.19	117.90

USDCAD	1.2687
Support	Resistance
1.2620	1.2773
1.2550	1.2856
1.2481	1.2940

USDCHF	0.9212
Support	Resistance
0.9114	0.9225
0.9094	0.9316
0.9075	0.9408

EURJPY	130.9600
Support	Resistance
128.47	131.59
127.69	133.93
126.91	136.27

USDTRY	13.6162
Support	Resistance
13.4583	13.8481
13.1787	13.9583
12.8992	14.0686

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

Date	Time	Country/Region	Indicator Name	Period	Reuters Poll	Actual	Prior	SmartEstimate®	Predicted Surprise
18 févr 2022	00:30	Japan	CPI, Core Nationwide YY	Jan	0.3%		0.5%	0.29%	-0.01%
18 févr 2022	00:30	Japan	CPI, Overall Nationwide	Jan			0.8%		
18 févr 2022	07:00	United Kingdom	Retail Sales MM	Jan	1.0%		-3.7%	1.22%	0.22%
18 févr 2022	07:00	United Kingdom	Retail Sales Ex-Fuel MM	Jan	1.2%		-3.6%	1.07%	-0.13%
18 févr 2022	07:00	United Kingdom	Retail Sales YY	Jan	8.7%		-0.9%	8.25%	-0.45%
18 févr 2022	07:00	United Kingdom	Retail Sales Ex-Fuel YY	Jan	7.9%		-3.0%	8.02%	0.12%
18 févr 2022	08:00	Sweden	CPI MM	Jan	-0.7%		1.3%	-0.73%	-0.03%
18 févr 2022	08:00	Sweden	CPI YY	Jan	3.6%		3.9%	3.56%	-0.04%
18 févr 2022	08:00	Sweden	CPIF MM	Jan	-0.7%		1.3%	-0.64%	0.06%
18 févr 2022	08:00	Sweden	CPIF YY	Jan	3.8%		4.1%	3.86%	0.06%
18 févr 2022	08:45	France	CPI (EU Norm) Final MM	Jan	0.1%		0.1%	0.10%	0.00%
18 févr 2022	08:45	France	CPI (EU Norm) Final YY	Jan	3.3%		3.3%	3.30%	0.00%
18 févr 2022	14:30	Canada	Retail Sales MM	Dec	-2.1%		0.7%	-1.86%	0.24%
18 févr 2022	14:30	Canada	Retail Sales Ex-Autos MM	Dec	-2.0%		1.1%	-2.19%	-0.19%
18 févr 2022	16:00	United States	Existing Home Sales	Jan	6.10M		6.18M	6.117M	0.017M
18 févr 2022	16:00	United States	Exist. Home Sales % Chg	Jan	-1.0%		-4.6%	-0.89%	0.11%

Source: Refinitiv

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