

Market Corner

Wall Street ended a volatile trading day higher on Monday and benchmark U.S. Treasury yields breached the 3% mark as investors braced for a widely anticipated U.S. Federal Reserve interest rate hike.

All three major U.S. stock indexes gyrated between positive and negative territory throughout the session, and the 10-year Treasury yield touched its highest level in more than three years.

Wall Street's last-minute rally came on the heels of the S&P 500's worst January-April percentage drop since 1932, as market participants steadied themselves for any signs of increased hawkishness from the Fed at the conclusion of its monetary policy meeting on Wednesday.

The Dow Jones Industrial Average rose 84.29 points, or 0.26%, to 33,061.5, the **S&P 500** gained 23.45 points, or 0.57%, to 4,155.38 and the **Nasdaq Composite** added 201.38 points, or 1.63%, to 12,536.02.

At its low point for the day, the S&P 500 was down as much as 1.7%.

The glum China factory data dragged European stocks to a sharply lower close, although the STOXX 600 pared its losses following a sudden 3% plunge earlier in the session - what some brokers called a "flash crash" caused by an erroneous trade.

The pan-European STOXX 600 index lost 1.46% and **MSCI's gauge of stocks across the globe** shed 0.05%.

| <u>US 10Y Govt Bond</u> | | <u>Net Change</u> |
|-------------------------------|--------------|-------------------|
| Price | Yield | |
| 90.5781 | 2.9927 | 0.03 |
| <u>EU 10Y Govt Bond</u> | | <u>Net Change</u> |
| Price | Yield | |
| 91.0000 | 0.9690 | -0.08 |
| <u>Indices</u> | | <u>% Change</u> |
| Euro Stoxx 50 | 3 732.44 | -1.83 |
| CAC40 | 6 425.61 | -1.66 |
| FTSE | 7 544.55 | 0.47 |
| DAX | 13 939.07 | -1.13 |
| SMI | 11 971.73 | -1.29 |
| Dow Jones | 33 061.50 | 0.26 |
| S&P500 | 4 155.38 | 0.57 |
| Nasdaq Comp. | 12 536.02 | 1.63 |
| VIX (Volatility Index) | 32.34 | -3.17 |

Source: Refinitiv / Bloomberg



Morning Call

Geneva, May 3, 2022

Crypto Corner

Scared of being left in the digital dust, private equity investors are stampeding towards crypto projects - blockchain-based apps and platforms fueled by cryptocurrencies that are native to the virtual economies of the metaverse and Web3. VC investment in such projects totaled \$10 billion globally in the first quarter of this year, the largest quarterly sum ever and more than double the level seen in the same period a year ago, according to data from Pitchbook.

A trickle has become a torrent: the full-year totals for 2019, 2020 and 2021 were \$3.7 billion, \$5.5 billion and \$28 billion. "You're seeing a lot of VC investment into a lot of protocols because they all believe, as we do, that some of these protocols are the infrastructure of the future," said Steve Ehrlich, CEO of crypto brokerage firm Voyager Digital. Such projects, which can range from crypto and NFT exchanges to decentralized finance applications and token issuers, are often known as protocols in reference to the rules embedded in their computer code.

The recent action is different from the past when venture investment levels tended to track the price of bitcoin, albeit with a short delay, according to Alex Thorn, head of firmwide research at blockchain-focused bank Galaxy Digital in New York.

Investment levels in crypto have continued to grow during a bitcoin BTC=BTSP price slump this year - it's down about 16% - as well as during another decline last summer, Thorn notes.

"This decoupling is demonstrative of investors' disbelief that a prolonged bear market in digital assets is forthcoming, as well as the significant amount of dry powder held by funds seeking to allocate to the sector," he wrote last week.

The VC crypto craze in 2022 has also coincided with a slump in the tech-heavy Nasdaq .IXIC benchmark, which is down 21%.

Crypto Market Cap: **\$1.75T**

24h Vol: **\$79.3B**

Dominance: **BTC: 42.3% ETH: 19.7%**

| Bitcoin | | 38 475.12 |
|--------------------------|------------|--------------------|
| Support | Resistance | |
| 35 965.75 | 39 389.47 | |
| 34 951.51 | 41 798.95 | |
| Circulating Supply (BTC) | | 19 029 175 |
| Market Cap | | \$ 732 750 238 854 |

| Ethereum | | 2 842.83 |
|--------------------------|------------|--------------------|
| Support | Resistance | |
| 2 600.96 | 2 921.00 | |
| 2 498.59 | 3 138.67 | |
| Circulating Supply (ETH) | | 120 624 554 |
| Market Cap | | \$ 342 842 460 562 |



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



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Commodity Corner

Gold prices dropped on Tuesday towards their lowest since mid-February, as an elevated dollar and an imminent interest rate hike by the U.S. Federal Reserve dampened bullion's appeal as an inflation hedge.

Spot gold was down 0.3% at \$1,858.10 per ounce, as of 05:10 GMT. Bullion fell more than 2% on Monday to its lowest since Feb. 16, as the dollar and yields strengthened on increased prospects for faster rate hikes by the U.S. central bank.

Spot silver dipped 0.5% to \$22.52 per ounce.

Platinum eased 0.1% to \$934.94.

Palladium advanced 0.8% to \$2,234.12.

Oil prices reversed course to settle in positive territory on Monday on a rally in the diesel market and fears that supply might be crimped by a potential European Union ban on Russian crude.

Brent crude futures gained 44 cents, or 0.4%, to settle at \$107.58 a barrel, while **U.S. West Texas Intermediate (WTI) crude futures** rose 48 cents to settle at \$105.17 a barrel.

Diesel futures continued to rally after rolling over to the June contract on Monday, rising 5% to \$4.0172 per gallon as a low supply of inventories globally put pressure on WTI and Brent prices.

Both benchmarks fell by more than \$2.00 earlier in the session on news that the European Commission may spare Hungary and Slovakia from a Russian oil embargo as it prepares to finalize its next batch of sanctions on Russia on Tuesday.

The EU is leaning toward banning Russian oil imports by the end of the year, according to two EU diplomats, after talks between the European Commission and EU member states over the weekend.

Hungary will not vote for any measures prepared by the European Union that could endanger the security of its oil or gas supply, Foreign Minister Peter Szijjarto said, reiterating the country's position on Monday to RTL television.

Around half of Russia's 4.7 million barrels per day (bpd) of crude exports go to the EU, supplying about a quarter of the bloc's oil imports in 2020.

| <u>Gold</u> | 1861.22 |
|----------------|-------------------|
| Support | Resistance |
| 1763 | 1890 |
| 1745 | 2000 |

| <u>Silver</u> | 22.62 |
|----------------|-------------------|
| Support | Resistance |
| 19.07 | 22.95 |
| 18.64 | 26.40 |

| <u>Oil - WTI</u> | 105.08 |
|------------------|--------|
|------------------|--------|

| <u>Nat Gas (HH)</u> | 7.6770 |
|---------------------|--------|
|---------------------|--------|

| <u>Copper</u> | 4.3220 |
|---------------|--------|
|---------------|--------|

| <u>Baltic Dry Ind.</u> | 2404.00 |
|------------------------|---------|
|------------------------|---------|

| <u>Corn</u> | 815.75 |
|-------------|--------|
|-------------|--------|

| <u>Wheat</u> | 1043.50 |
|--------------|---------|
|--------------|---------|

| <u>Soybean</u> | 1671.50 |
|----------------|---------|
|----------------|---------|

| <u>Arabica Coffee</u> | 215.90 |
|-----------------------|--------|
|-----------------------|--------|

| <u>Cotton</u> | 151.23 |
|---------------|--------|
|---------------|--------|

| <u>Sugar</u> | 18.85 |
|--------------|-------|
|--------------|-------|

Source: Refinitiv / fxstreet.com / Bloomberg



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FX Corner

The dollar index rose on Monday, buoyed by weak China data and lockdowns, which hinted at slower global growth in the near-term, and a further rise in Treasury yields and short-term rates.

The U.S. benchmark 10-year Treasury yield hit 3% for the first time since December 2018 and Eurodollar interest rate futures fell, enhancing the dollar's appeal, particularly against currencies of countries whose central banks are not expected to keep pace with the Fed.

EUR/USD fell 0.46%, ending NorAm a shade below 1.05. The euro found support just ahead of 2022's low at 1.0470 put in on April 28. Despite expectations of rising euro zone rates in 2022, the ECB's normalization path is significantly slower than the Fed's, which should keep EUR/USD from making any serious moves higher.

Euribor futures were indicating +91bps in hikes by the December 2022 ECB meeting, whereas the Fed is expected to hike rates 248bps by year-end.

USD/JPY backed away from recent lows by 129.30, put in after making a new 2022 high by 131.25 on April 28. With Fed expectations for a 50bp hike on Wednesday and near 75bps at the June 2022 meeting, the low-rate yen, which futures see remaining steady into year-end 2022, is expected to remain weak, barring bouts of intermittent profit taking as entrenched longs take profits after the move higher from early 2022 lows by 115.

GBP/USD remains severely dominated by the hawkish Fed even though the BoE is well along its normalization path and expected to hike rates 25bps at Thursday's MPC meeting.

The BoE's slower and lower hike path is setting up GBP/USD traders for a further test of the 2022 low by 1.2412.

| <u>EURUSD</u> | 1.0506 |
|---------------|---------------|
| Support | Resistance |
| 1.0105 | 1.0571 |
| 1.0054 | 1.0986 |
| 1.0004 | 1.1402 |

| <u>GBPUSD</u> | 1.2510 |
|---------------|---------------|
| Support | Resistance |
| 1.1949 | 1.2631 |
| 1.1837 | 1.3201 |
| 1.1726 | 1.3772 |

| <u>AUDUSD</u> | 0.7117 |
|---------------|---------------|
| Support | Resistance |
| 0.6647 | 0.7076 |
| 0.6623 | 0.7481 |
| 0.6599 | 0.7886 |

| <u>EURCHF</u> | 1.0276 |
|---------------|---------------|
| Support | Resistance |
| 1.0153 | 1.0346 |
| 1.0069 | 1.0455 |
| 0.9985 | 1.0564 |

| <u>USDJPY</u> | 130.0700 |
|---------------|-----------------|
| Support | Resistance |
| 128.90 | 133.21 |
| 125.76 | 134.38 |
| 122.62 | 135.55 |

| <u>USDCAD</u> | 1.2857 |
|---------------|---------------|
| Support | Resistance |
| 1.2840 | 1.3297 |
| 1.2419 | 1.3333 |
| 1.1999 | 1.3370 |

| <u>USDCHF</u> | 0.9783 |
|---------------|---------------|
| Support | Resistance |
| 0.9727 | 1.0085 |
| 0.9400 | 1.0116 |
| 0.9073 | 1.0147 |

| <u>EURJPY</u> | 136.7000 |
|---------------|-----------------|
| Support | Resistance |
| 133.95 | 139.18 |
| 131.74 | 142.20 |
| 129.54 | 145.23 |

| <u>USDTRY</u> | 14.8991 |
|---------------|----------------|
| Support | Resistance |
| 14.8246 | 15.2282 |
| 14.4625 | 15.2697 |
| 14.1004 | 15.3112 |

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 |
|------------|-------|----------------|---------------------------|--------|--------------|--------|---------|----------------|--------------------|
| 3 mai 2022 | 09:55 | Germany | Unemployment Chg SA | Apr | -15k | | -18k | -14.7k | 0.3k |
| 3 mai 2022 | 09:55 | Germany | Unemployment Rate SA | Apr | 5.0% | | 5.0% | 4.97% | -0.03% |
| 3 mai 2022 | 10:30 | United Kingdom | S&P GBLB/CIPS Mfg PMI FNL | Apr | 55.3 | | 55.3 | 55.27 | -0.03 |
| 3 mai 2022 | 16:00 | United States | Factory Orders MM | Mar | 1.1% | | -0.5% | 1.28% | 0.18% |
| 3 mai 2022 | 16:00 | United States | JOLTS Job Openings | Mar | 11.266M | | 11.266M | 11.1062M | -0.1598M |

Source: Refinitiv

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