

Market Corner

Stocks and US equity futures rose Thursday but were off session highs, hampered by the prospect of a sustained campaign of Federal Reserve interest-rate hikes to get runaway inflation under control.

An Asian share gauge and US contracts rose less than 1% after a Wall Street rally that halted a five-day, 10% rout in the S&P 500.

US equities had advanced as markets focused on Fed Chair Jerome Powell's comment that super-sized hikes will be rare. He was speaking in a briefing after the central bank increased borrowing costs the most since 1994.

Treasury yields had also tumbled Wednesday as traders pared bets on Fed tightening next month -- no longer fully pricing in a three-quarter point move. But the notes subsequently reversed a chunk of that shift in Asian trading.

Powell signaled another big hike in July after the Fed raised rates by three-quarters of a percentage point but added "today's 75 basis-point increase is an unusually large one and I do not expect moves of this size to be common."

Leaning against the risk of a string of jumbo moves spurred the now-ebbing relief rally.

The dollar ticked up and the yen fell.

Cryptocurrencies -- emblematic of market stress due to tighter financial conditions -- pared gains.

Wednesday's decision took the target range for the federal funds rate to 1.5% to 1.75%. Officials projected 3.4% by year-end and 3.8% by the end of 2023. The Fed also reiterated it will shrink its balance sheet by \$47.5 billion a month -- a move that took effect June 1 -- stepping up to \$95 billion in September.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	30 668,53	1,00%
<u>S&P 500</u>	3 789,99	1,46%
<u>Nasdaq</u>	11 099,15	2,50%
<u>Eurostoxx 50</u>	3 532,32	1,64%
<u>FTSE 100</u>	7 273,41	1,20%
<u>CAC 40</u>	6 030,13	1,35%
<u>DAX</u>	13 485,29	1,36%
<u>SMI</u>	10 783,59	0,79%
<u>Nikkei</u>	26 431,20	0,40%
<u>Hang Seng</u>	20 999,35	-1,45%
<u>CSI 300</u>	4 242,82	-0,83%
<u>VIX Index</u>	29,62	-9,39%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	3,3049	0,64%
<u>EUR 10Y</u>	1,6440	-6,49%
<u>Swiss 10Y</u>	1,3050	-2,97%
<u>UK 10Y</u>	2,47	-4,56%

Source: Bloomberg



Morning Call

Geneva, June 16, 2022

Crypto Corner

A rally in beaten-down cryptocurrencies stumbled Thursday on the prospect of a sustained campaign of Federal Reserve interest-rate hikes that will likely suck liquidity from global markets.

Everything from Bitcoin to smaller and sometimes lesser-known tokens -- so-called altcoins -- gave up the bulk of earlier gains. A prolonged selloff has led to a drop of more than \$1 trillion in crypto market value this year.

Bitcoin, which earlier added as much as 6.1%, trimmed the advance to 1.5% by 6:50 a.m. in London and was trading at about \$21,940. Ether -- which at one point added 6.6% to \$1,256 -- was little changed. Cardano, Solana and Dogecoin ranged from flat to up 6%.

Today was a "short-term crypto bear market rally," said Eric Schiffer, chief executive officer of the private equity fund Patriarch Organization in Beverly Hills, California. "This bear market won't go away until the Fed decides that it's going to soften, which I expect at the end of third quarter."

Crypto markets have served up gut-wrenching losses over the past month, but many have welcomed the wring-out of excesses and sky-high speculation.

"The reality is we need to see capitulation where that 'noobishness' gets washed out," said Max Gokhman, chief investment officer for AlphaTrAI, adding that "we need to see the asset class evolve to a more mature state, and I think it's in the process of doing that."

Crypto started sliding late last year on expectations of a less accommodative Fed, with rising interest rates hurting the industry and its prospects.

Crypto Market Cap: **\$943B**

24h Vol: **\$119,9B**

Dominance: **BTC: 44,4% ETH: 15,3%**

Crypto	Last	1D Change
Bitcoin	21 900,99	1,20%
Ethereum	1 181,44	0,27%



Source: fxstreet.com / Bloomberg/Coinmarketcap.com

Commodity Corner

Gold held the biggest advance in more than three months as the US dollar and Treasury yields tumbled Wednesday after Federal Reserve Chair Jerome Powell said that unusually large interest-rate hikes will be rare.

Higher rates would damp the appeal of non-interest-bearing bullion, although fears over an economic slowdown and persistent price pressures have underpinned demand for the haven asset. Powell's remarks were seen as taking the risk of a string of super-sized rate increases off the table.

The US central bank raised rates by 75 basis points Wednesday -- the biggest increase since 1994 -- and Powell signaled another big move next month, intensifying a fight to contain rampant inflation. Policy makers forecast rates would rise even further this year, to 3.4% by December and 3.8% by the end of 2023. That was a big upgrade from the 1.9% and 2.8% that they penciled in for their March projections.

Spot gold was little changed at \$1,833.29 an ounce as of 11:26 a.m. in Singapore, after rising 1.4% on Wednesday, the most since March 8. The Bloomberg Dollar Spot Index was flat after dropping 0.9% in the previous session. Silver, palladium and platinum all edged higher.

Precious Metals		Last	1D Change
<u>Gold</u>		1 832,20	-0,09%
<u>Silver</u>		21,65	-0,16%
<u>Platinum</u>		940,98	-0,23%
<u>Palladium</u>		1 866,62	0,21%

Oil rose after falling almost 5% over the prior two sessions as investors weighed the outlook for supply and demand following a big interest-rate hike from the Federal Reserve and rising US crude output.

West Texas Intermediate futures climbed to trade near \$116 a barrel in Asian trading on Thursday. The Fed raised interest rates by 75 basis points as the central bank seeks to combat surging inflation. US crude production rose to 12 million barrels a day last week, the first time at that level since early 2020, according to data from the Energy Information Administration.

Crude is up more than 50% this year following a tightening of energy markets as an economic rebound coincided with upended trade flows after Russia's invasion of Ukraine. Global supply will struggle to meet rising demand in 2023, the International Energy Agency said in a monthly report on Wednesday.

World Commodities		Last	1D Change
<u>WTI Crude</u>		116,24	0,81%
<u>Brent Crude</u>		119,31	0,68%
<u>Nat Gas (HH)</u>		7,55	1,68%
<u>Nickel</u>		25 797,00	2,38%
<u>Copper</u>		417,50	0,28%
<u>Corn</u>		776,50	0,32%
<u>Wheat</u>		1 053,75	0,36%
<u>Soybean</u>		1 702,50	0,52%
<u>Coffee</u>		228,50	0,68%
<u>Cotton</u>		145,24	1,44%
<u>Sugar</u>		18,46	-1,28%

Source: fxstreet.com / Bloomberg

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FX Corner

EUR/USD is dropping below 1.0450 as the US dollar is attempting a rebound amid a souring market mood. The Fed-driven market cheer fades, although steep losses in the longer-dated Treasury yields could cushion the pair's downside. Eurozone final inflation eyed.

GBP/USD remains under pressure at around 1.2150 in early European trading, as the US dollar licks its Fed-induced wounds amid a tepid risk tone. Investors brace for the BOE interest rate decision, with a 25 bps hike priced in.

USD/JPY picks up bids to refresh intraday high around 134.60 as yields fade the Fed-inspired weakness during early Thursday. The yen's latest gains could also be linked to the comments from Japanese Chief Cabinet Secretary Hirokazu Matsuno.

AUD/USD stays defensive above 0.7000, up 0.21% intraday as it retreats from the daily top during early Thursday in Europe. The Aussie pair's latest weakness could be linked to the nearly overbought RSI conditions, as well as failure to cross the 50% Fibonacci retracement (Fibo.) of June 08-14 downside.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0433	-0,11%
<u>EURCHF</u>	1,0380	0,04%
<u>EURGBP</u>	0,8590	-0,15%
<u>EURJPY</u>	140,06	-0,21%
<u>USDCHF</u>	0,9949	-0,07%
<u>USDJPY</u>	134,24	-0,30%
<u>USDCAD</u>	1,2908	-0,13%
<u>USDTRY</u>	17,28	-0,24%
<u>GBPUSD</u>	1,2146	-0,28%
<u>AUDUSD</u>	0,7002	-0,01%
<u>NZDUSD</u>	0,6284	-0,06%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0139	1.0288	1.0366	1.0515	1.0586	1.0735
USDJPY	130.15	132.23	133.04	135.12	136.39	138.47
GBPUSD	1.1695	1.1910	1.2045	1.2260	1.2340	1.2555
USDCAD	1.2655	1.2786	1.2838	1.2969	1.3048	1.3179
AUDUSD	0.6644	0.6804	0.6903	0.7063	0.7124	0.7284
NZDUSD	0.6064	0.6167	0.6228	0.6331	0.6373	0.6476
USDCHF	0.9739	0.9857	0.9899	1.0017	1.0093	1.0211
USDTRY	17.0490	17.1500	17.1947	17.2957	17.3520	17.4530
XAUUSD	1759.43	1793.62	1813.72	1847.91	1862.00	1896.19
XAGUSD	19.7812	20.6447	21.1663	22.0298	22.3717	23.2352

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

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Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/16	01:50	JN				Trade Balance	May	-¥2040.4b	-¥2384.7b	-¥839.2b	-¥842.8b
06/16	01:50	JN				Trade Balance Adjusted	May	-¥1704.5b	-¥1931.4b	-¥1618.9b	-¥1580.5b
06/16	01:50	JN				Exports YoY	May	16.1%	15.8%	12.5%	--
06/16	01:50	JN				Imports YoY	May	44.0%	48.9%	28.2%	28.3%
06/16	01:50	JN				Foreign Buying Japan Stocks	Jun 10	--	¥206.4b	-¥122.2b	-¥123.0b
06/16	01:50	JN				Foreign Buying Japan Bonds	Jun 10	--	-¥1103.0b	¥59.1b	¥58.8b
06/16	01:50	JN				Japan Buying Foreign Stocks	Jun 10	--	-¥138.2b	¥738.8b	¥742.2b
06/16	01:50	JN				Japan Buying Foreign Bonds	Jun 10	--	-¥867.2b	-¥840.8b	-¥830.7b
06/16	08:00	EC				EU27 New Car Registrations	May	--	-11.2%	-20.6%	--
06/16	10:00	IT				CPI EU Harmonized YoY	May F	7.3%	--	7.3%	--
06/16	10:00	IT				CPI FOI Index Ex Tobacco	May	--	--	109.7	--
06/16	11:00	EC				Labour Costs YoY	1Q	--	--	1.9%	--
06/16	13:00	UK				Bank of England Bank Rate	Jun 16	1.250%	--	1.000%	--
06/16	14:30	US				Housing Starts	May	1693k	--	1724k	--
06/16	14:30	US				Building Permits	May	1778k	--	1819k	1823k
06/16	14:30	US				Housing Starts MoM	May	-1.8%	--	-0.2%	--
06/16	14:30	US				Building Permits MoM	May	-2.5%	--	-3.2%	-3.0%
06/16	14:30	US				Philadelphia Fed Business Outlook	Jun	5.0	--	2.6	--
06/16	14:30	US				Initial Jobless Claims	Jun 11	217k	--	229k	--
06/16	14:30	US				Continuing Claims	Jun 4	1304k	--	1306k	--
06/16	14:30	CA				Wholesale Trade Sales MoM	Apr	0.2%	--	0.3%	--
06/16	15:00	RU				Gold and Forex Reserve	Jun 10	--	--	591.3b	--

Source: Refinitiv

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