

Market Corner

US equity futures stabilized Friday from a stock rout triggered by fears of an economic downturn, while the yen slid as the Bank of Japan stuck with super-easy monetary policy.

S&P 500 contracts rose 0.5%, signaling steadier sentiment compared with Thursday's plunge in US shares to the lowest since late 2020. Asian stocks shed over 1% though Hong Kong bucked the trend with a smattering of gains.

Japan kept monetary easing and yield curve control, defying pressure to track a global trend toward tighter settings. The yen sank but Treasuries pared losses as the decision resolved some of the uncertainty gripping bond markets.

Japan's 10-year bond yield retreated below the Bank of Japan's cap of 0.25%, after earlier hitting 0.265%, the highest since 2016. Doubts about the sustainability of the central bank's stance continue to linger.

The monetary authority did make a rare reference to currency risks, with the yen languishing around the weakest level versus the dollar in 24 years.

The greenback bounced from its worst two-day drop since 2020.

Markets are rounding off a week buffeted by interest-rate increases, including the Federal Reserve's biggest move since 1994, a shock Swiss National Bank hike that energized the franc and the latest boost in UK borrowing costs.

Rate hikes are draining liquidity, sparking losses in a range of assets. Global stocks face one of their worst weeks since pandemic-induced turmoil of 2020.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	29 927,07	-2,42%
<u>S&P 500</u>	3 666,77	-3,25%
<u>Nasdaq</u>	10 646,10	-4,08%
<u>Eurostoxx 50</u>	3 427,91	-2,96%
<u>FTSE 100</u>	7 044,98	-3,14%
<u>CAC 40</u>	5 886,24	-2,39%
<u>DAX</u>	13 038,49	-3,31%
<u>SMI</u>	10 475,37	-2,86%
<u>Nikkei</u>	26 046,46	-1,46%
<u>Hang Seng</u>	21 119,32	1,31%
<u>CSI 300</u>	4 309,82	1,41%
<u>VIX Index</u>	32,95	11,24%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	3,2332	1,19%
<u>EUR 10Y</u>	1,7140	4,26%
<u>Swiss 10Y</u>	1,4390	6,99%
<u>UK 10Y</u>	2,52	1,99%

Source: Bloomberg



Morning Call

Geneva, June 17, 2022

Crypto Corner

The selloff in the digital-asset space accelerated Thursday, with losses in US equities also snowballing, a day after the Federal Reserve raised interest rates by the most in decades.

Ether, down as much as 8.3% on Thursday to trade around \$1,080, is facing a tougher road than most. The native token for the Ethereum blockchain is on pace to decline for a 10th straight day, the longest losing streak in Bloomberg records back to February 2018. It has lost about 40% since the start of June alone.

Bitcoin, meanwhile, held up relatively better, though it still shed 4.2% at one point during the session. Many investors say the largest cryptocurrency by market value often serves a place of refuge for crypto investors during volatile periods.

“Bitcoin has proven its resilience time and again,” LMAX Group Chief Executive Officer David Mercer said at the Bloomberg New York office. “This is an asset that has been around 14 years now and it’s been through various cycles.” Still, he added that “Bitcoin today is a risk on-off asset. It’s no different from stocks. Why should anyone be surprised with the volatility?”

Cryptocurrencies and other risk assets have been under pressure, with the S&P 500 on Thursday falling to its lowest close since the end of 2020, and the tech-heavy Nasdaq 100 dropping 4%. It’s happening as the Federal Reserve raises interest rates to combat red-hot inflation, creating an unfavorable environment for speculative areas of the market. The prolonged downturn has led to a drop of more than \$1 trillion in crypto market value this year.

Crypto Market Cap: [\\$943B](#)

24h Vol: [\\$119,9B](#)

Dominance: [BTC: 44,4%](#) [ETH: 15,3%](#)

Crypto	Last	1D Change
Bitcoin	20 779,78	0,50%
Ethereum	1 099,41	0,11%



Source: [fxstreet.com / Bloomberg/Coinmarketcap.com](https://fxstreet.com/Bloomberg/Coinmarketcap.com)

Commodity Corner

Gold is heading for a weekly decline as traders weigh the impact of tighter monetary policy on global growth.

While higher rates will damp the appeal of non-interest-bearing bullion, deepening fears over an economic slowdown driven by rampant inflation have supported demand for the haven asset. The global stock and bond rout continued this week after the Federal Reserve raised rates by 75 basis points, the biggest increase since 1994, and central banks in Europe lifted borrowing costs.

The Bank of Japan held firm with its rock-bottom interest rates Friday, resisting an intensifying global wave of central bank tightening and market pressure on the yen and government bonds. On Thursday, the Swiss National Bank unexpectedly increased rates for the first time in 15 years, while the Bank of England raised its lending rate to its highest since 2009 and cautioned of more to come.

Spot gold fell 0.8% to \$1,843.44 an ounce as of 12:15 p.m. in Singapore, and is down 1.5% this week. The Bloomberg Dollar Spot Index rose 0.5% after capping its biggest two-day drop since March 2020. Silver and platinum declined, while palladium advanced.

Precious Metals	Last	1D Change
<u>Gold</u>	1 844,97	-0,67%
<u>Silver</u>	21,86	-0,45%
<u>Platinum</u>	950,87	-0,47%
<u>Palladium</u>	1 912,01	1,53%

Oil is heading for the first weekly decline since April after a period of choppy trading as investors weigh the prospect of further monetary tightening from central banks to curb rampant inflation.

West Texas Intermediate fell to trade below \$117 a barrel on Friday after rising 2% in the previous session. Federal Reserve Chair Jerome Powell this week openly endorsed for the first-time raising interest rates well into restrictive territory, a strategy that's often resulted in an economic downturn. The bank hiked rates the most since 1994 on Wednesday to combat inflation.

Russia's invasion of Ukraine has fanned inflation and helped to drive up the cost of everything from food to fuels. US retail gasoline prices have repeatedly broken records and the national average recently topped \$5 a gallon. The White House is weighing limits on fuel exports to try and alleviate the pump pain.

Crude is still up more than 50% this year as rebounding demand combined with upended trade flows from Russia to squeeze the market. Prices could withstand an economic slowdown because supplies are tighter than other recessionary periods, S&P Global Inc. Vice Chairman Daniel Yergin said this week.

World Commodities	Last	1D Change
<u>WTI Crude</u>	117,39	-0,17%
<u>Brent Crude</u>	119,67	-0,12%
<u>Nat Gas (HH)</u>	7,38	-1,13%
<u>Nickel</u>	25 204,00	-2,30%
<u>Copper</u>	410,70	-0,02%
<u>Corn</u>	791,50	0,41%
<u>Wheat</u>	1 074,25	-0,37%
<u>Soybean</u>	1 717,25	0,45%
<u>Coffee</u>	231,95	1,51%
<u>Cotton</u>	143,73	0,14%
<u>Sugar</u>	18,58	0,65%

Source: fxstreet.com / [Bloomberg](https://www.bloomberg.com/)

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FX Corner

EUR/USD is heading closer towards 1.0500, as the US dollar holds onto its renewed upside amid a cautious market mood. The central bank divergence theme and fragmentations risks undermine the euro. EU's final inflation and Powell in focus.

GBP/USD has tumbled below 1.2300 as the negative market mood has trimmed the risk appetite. The DXY has climbed above 104.00 and is expected to balance above the same. The BOE is unable to explore more tightening measures amid lower GDP and higher unemployment.

USD/JPY is keeping its range around 134.00, having witnessed a volatile Asian session amid the dovish rhetoric from the Bank of Japan. The BOJ kept the policy forward guidance unchanged. The US dollar rebounds amid a risk-off market profile.

AUD/USD takes offers to refresh intraday low around 0.7020, snapping a two-day rebound during early Friday morning in Europe. The Aussie pair's latest weakness could be linked to the pullback from the 200-SMA. However, an upward sloping trend channel from Tuesday challenges the pair bears.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0519	-0,28%
<u>EURCHF</u>	1,0198	0,00%
<u>EURGBP</u>	0,8564	-0,25%
<u>EURJPY</u>	141,12	-1,17%
<u>USDCHF</u>	0,9694	-0,29%
<u>USDJPY</u>	134,15	-1,45%
<u>USDCAD</u>	1,2963	-0,10%
<u>USDTRY</u>	17,31	-0,03%
<u>GBPUSD</u>	1,2284	-0,55%
<u>AUDUSD</u>	0,7011	-0,51%
<u>NZDUSD</u>	0,6337	-0,36%

Currencies	S3	S2	S1	R1	R2	R3
EURUSD	1.0070	1.0290	1.0420	1.0640	1.0730	1.0950
USDJPY	126.44	129.62	130.91	134.09	135.98	139.16
GBPUSD	1.1539	1.1903	1.2127	1.2491	1.2631	1.2995
USDCAD	1.2709	1.2818	1.2884	1.2993	1.3036	1.3145
AUDUSD	0.6770	0.6895	0.6971	0.7096	0.7145	0.7270
NZDUSD	0.6004	0.6167	0.6263	0.6426	0.6493	0.6656
USDCHF	0.9048	0.9405	0.9536	0.9893	1.0119	1.0476
USDTRY	17.0553	17.1671	17.2346	17.3464	17.3907	17.5025
XAUUSD	1759.73	1801.63	1829.48	1871.38	1885.43	1927.33
XAGUSD	20.5309	21.1446	21.5502	22.1639	22.3720	22.9857

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
06/17	04:43	JN				BOJ Policy Balance Rate	Jun 17	-0.100%	-0.100%	-0.100%	--
06/17	04:43	JN				BOJ 10-Yr Yield Target	Jun 17	0.000%	0.000%	0.000%	--
06/17	10:00	RU				Money Supply Narrow Def	Jun 10	--	--	14.16t	--
06/17	11:00	EC				CPI YoY	May F	8.1%	--	7.4%	--
06/17	11:00	EC				CPI MoM	May F	0.8%	--	0.8%	--
06/17	11:00	EC				CPI Core YoY	May F	3.8%	--	3.8%	--
06/17	11:00	IT				Trade Balance Total	Apr	--	--	-84m	--
06/17	11:00	IT				Trade Balance EU	Apr	--	--	420m	--
06/17	14:30	CA				Teranet/ National Bank HPI MOM SA	May	--	--	2.0%	--
06/17	14:30	CA				Teranet/National Bank HPI YoY	May	--	--	18.8%	--
06/17	14:30	CA				Teranet/National Bank HP Index	May	--	--	310.97	--
06/17	14:30	CA				Industrial Product Price MoM	May	0.1%	--	0.8%	--
06/17	14:30	CA				Int'l Securities Transactions	Apr	--	--	46.94b	--
06/17	14:30	CA				Raw Materials Price Index MoM	May	--	--	-2.0%	--
06/17	15:15	US				Industrial Production MoM	May	0.4%	--	1.1%	--
06/17	15:15	US				Capacity Utilization	May	79.2%	--	79.0%	--
06/17	15:15	US				Manufacturing (SIC) Production	May	0.3%	--	0.8%	--
06/17	16:00	US				Leading Index	May	-0.4%	--	-0.3%	--
06/17	18:00	RU				GDP YoY	1Q P	3.5%	--	3.5%	--

Source: Refinitiv

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