

Morning Call

Geneva, June 9, 2022

Market Corner

Stocks fell Thursday and bonds were again on the back foot, weighed down by the impact of high inflation.

A fizzling rally in Chinese tech shares contributed to a drop in an Asia-Pacific equity index. US futures dipped after Wall Street snapped a two-day climb.

An advance in oil past \$122 a barrel has stoked worries about rising costs and monetary tightening. Sentiment also took a knock after Shanghai said it will lock down a district on Saturday morning for Covid testing -- the first major movement restriction since the city exited curbs earlier this month.

Benchmark Treasury yields pushed further above 3%, while New Zealand's 10-year yield touched the highest level in seven years.

The dollar-yen pair is dominating foreign-exchange markets, with the weakness in Japan's currency putting the 2002 high of 135.15 in play. China could see the trend as an unfair competitive advantage, said Jim O'Neill, former chair of Goldman Sachs Asset Management.

Data in China showed exports grew at a faster pace in May than the previous month as Covid-related disruptions eased. The offshore yuan strengthened.

Markets remain fixated on the risk of a downturn triggered by interest-rate hikes across much of the world to quell price pressures.

<u>World Indices</u>	<u>Last</u>	<u>1D Change</u>
<u>Dow Jones</u>	32 910,90	-0,81%
<u>S&P 500</u>	4 115,77	-1,08%
<u>Nasdaq</u>	12 086,27	-0,73%
<u>Eurostoxx 50</u>	3 788,93	-0,47%
<u>FTSE 100</u>	7 593,00	-0,08%
<u>CAC 40</u>	6 448,63	-0,80%
<u>DAX</u>	14 445,99	-0,76%
<u>SMI</u>	11 467,39	-0,58%
<u>Nikkei</u>	28 246,53	0,04%
<u>Hang Seng</u>	21 817,74	-0,89%
<u>CSI 300</u>	4 180,64	-0,93%
<u>VIX Index</u>	23,96	-0,25%

<u>World Bonds</u>	<u>Last</u>	<u>1D Change</u>
<u>US 10Y</u>	3,0326	0,37%
<u>EUR 10Y</u>	1,3610	0,52%
<u>Swiss 10Y</u>	1,0600	0,86%
<u>UK 10Y</u>	2,25	1,45%

Source: Bloomberg



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Crypto Corner

Ethereum, the world's most used cryptocurrency blockchain network, passed a milestone test ahead of a highly anticipated technical upgrade without any major glitches.

Developers ran the latest software for the upgrade known as the Merge on Ropsten, which is one of the oldest so-called testnets of the network. The testnets are used by developers to find potential bugs and glitches before moving their applications to the blockchain. While the Merge has been carried out on other testnets earlier this year, Ropsten was seen as providing the most realistic technical environment and the best estimate for the outcome of the final process.

The first post-Merge block of transactions was finalized around 12 pm in New York time, which means the Merge on the testnet was complete, said Tim Beiko a computer scientist who coordinates Ethereum developers.

While the Merge has faced multiple delays in the past few years, Ethereum co-founder Vitalik Buterin said recently that it can take place as soon as August. The upgrade will enable the network to move from the proof-of-work consensus mechanism, where miners use powerful computers to authenticate and order transactions to secure Ethereum, to proof-of-stake. Holders of the network's native token Ether will perform the same tasks after the switch.

Investors have considered the revamp as a bullish signal for the network and its token as the switch is seen reducing Ethereum's carbon footprint by 99% and addressing concerns from environmentalist groups. It will also slow issuance of new tokens, which some observers says could give a boost to the price of the second-largest cryptocurrency by market value after Bitcoin.

Crypto Market Cap: **\$1.24T**

24h Vol: **\$64,8B**

Dominance: **BTC: 46,5% ETH: 17,5%**

Crypto	Last	1D Change
Bitcoin	30 279,91	0,33%
Ethereum	1 796,44	0,06%



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



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Commodity Corner

Gold was steady as traders awaited decisions from key central banks on their monetary policy outlook amid the risks of persistently high inflation and slowing growth.

The European Central Bank is set to announce an imminent end to large-scale asset purchases when it meets on Thursday, paving the way for a first increase in interest rates in more than a decade next month. Meanwhile, the Federal Reserve is expected to increase rates by 50 basis points at its June 14-15 gathering.

Bullion has been trading in a narrow range this month as central banks raise borrowing costs to contain inflation, although concerns over a global economic downturn has underpinned demand for the haven asset. The OECD said the global economy will pay a “hefty price” for the war in Ukraine encompassing weaker growth, stronger inflation and potentially long-lasting damage to supply chains, echoing a similar warning from the World Bank.

Spot gold was little changed at \$1,853.83 an ounce at 1:31 p.m. in Singapore. The Bloomberg Dollar Spot Index was steady after rising 0.3% in the previous session. Silver and palladium climbed, while platinum edged lower.

Meanwhile, broader market sentiment took a hit after Shanghai said it will lock down a district on Saturday morning for Covid testing -- the first major restriction since the city exited a two-month shutdown earlier this month.

Precious Metals	Last	1D Change
<u>Gold</u>	1 850,19	-0,17%
<u>Silver</u>	22,00	-0,25%
<u>Platinum</u>	995,10	-1,40%
<u>Palladium</u>	1 948,26	0,14%

Oil held gains near the highest close in three months after crude stockpiles shrunk at a key US storage hub and gasoline inventories fell for a 10th week, exacerbating market tightness.

West Texas Intermediate futures traded near \$122 a barrel after settling 2.3% higher on Wednesday. Crude supplies at the Cushing hub sunk to the least since early March, while gasoline inventories are at the lowest seasonal level in eight years, according to Energy Information Administration data.

The four-week average for motor fuel demand rose to 9 million barrels a day for the first time this year following the Memorial Day weekend, the traditional start of the US summer driving season. Consumption is rising even as the retail price for gasoline -- already at a record -- approaches \$5 a gallon.

Crude has maintained its upward momentum this year as economies rebounded from the pandemic, with Russia’s invasion of Ukraine upending trade flows and leading to further tightening. Prices are “nowhere near” their peak and China’s recovery from virus outbreaks threatens to strain the market, according to the United Arab Emirates, a major OPEC producer.

China is cautiously emerging from strict virus curbs, although Shanghai will lock down a district on Saturday for mass testing, highlighting the uncertain outlook. China National Petroleum Corp., the country’s biggest oil and gas producer, predicted oil demand growth next quarter but warned of possible further disruptions this year due to more outbreaks.

World Commodities	Last	1D Change
<u>WTI Crude</u>	121,95	-0,13%
<u>Brent Crude</u>	123,48	-0,08%
<u>Nat Gas (HH)</u>	8,25	-5,20%
<u>Nickel</u>	28 784,50	-2,14%
<u>Copper</u>	442,25	-0,72%
<u>Corn</u>	762,25	-0,29%
<u>Wheat</u>	1 068,75	-0,56%
<u>Soybean</u>	1 738,25	-0,10%
<u>Coffee</u>	231,85	-0,13%
<u>Cotton</u>	139,90	-0,51%
<u>Sugar</u>	18,98	0,05%

Source: fxstreet.com / Bloomberg



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FX Corner

EUR/USD is holding onto gains above 1.0700, as the US dollar fails to capitalize on the cautious market mood. The shared currency remains buoyed by the upbeat Eurozone GDP data and expectations of a hawkish ECB outcome.

GBP/USD is heading towards 1.2500, trading on the back foot in early European trading. The US dollar is struggling to find demand despite firmer Treasury yields. British Chambers of Commerce warned UK economic growth will 'grind to a halt, as 10% inflation is on the way.

USD/JPY has witnessed some offers after hitting a low of 133.82 in the Asian session. A minor pullback move after sliding from Thursday's high at 133.56 looks weak and is expected to resume its downside journey sooner. The asset faced principal selling pressure from 133.56 as it was a weak test of Wednesday's high.

AUD/USD remains on the back foot below 0.7200, uninspired by the upbeat Chinese trade figures. Bears retain control amid renewed China's covid concerns, global growth worries and pre-ECB market anxiety.

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0712	-0,04%
<u>EURCHF</u>	1,0485	0,02%
<u>EURGBP</u>	0,8559	-0,13%
<u>EURJPY</u>	143,43	0,30%
<u>USDCHF</u>	0,9789	-0,04%
<u>USDJPY</u>	133,90	0,26%
<u>USDCAD</u>	1,2572	-0,10%
<u>USDTRY</u>	17,20	-0,31%
<u>GBPUSD</u>	1,2515	-0,18%
<u>AUDUSD</u>	0,7173	-0,29%
<u>NZDUSD</u>	0,6442	-0,09%

XDSH FX Dashboard My Pivot Points 1 Month - Support / Resi... : IBM US Equity							
Views	Actions						
Currencies	S3	S2	S1	R1	R2	R3	
EURUSD	1.0558	1.0635	1.0675	1.0752	1.0789	1.0866	
USDJPY	129.99	131.88	133.06	134.95	135.66	137.55	
GBPUSD	1.2379	1.2464	1.2501	1.2586	1.2634	1.2719	
USDCAD	1.2454	1.2501	1.2530	1.2577	1.2595	1.2642	
AUDUSD	0.7082	0.7142	0.7168	0.7228	0.7262	0.7322	
NZDUSD	0.6341	0.6400	0.6424	0.6483	0.6518	0.6577	
USDCHF	0.9631	0.9698	0.9742	0.9809	0.9832	0.9899	
USDTRY	16.1004	16.5628	16.8542	17.3166	17.4876	17.9500	
XAUUSD	1822.65	1837.62	1845.50	1860.47	1867.56	1882.53	
XAGUSD	21.1445	21.5918	21.8219	22.2692	22.4864	22.9337	

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars

ECO Calendars View Alerts Export

G8 Browse 08:35:49 06/09/22 - 06/09/22

Economic Releases All Economic Releases View Agenda Weekly

Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
06/09	01:01	UK				RICS House Price Balance	May	76%	73%	80%	--
06/09	01:50	JM				Money Stock M2 YoY	May	3.6%	3.2%	3.6%	3.4%
06/09	01:50	JM				Money Stock M3 YoY	May	3.2%	2.9%	3.2%	3.1%
06/09	01:50	JM				Foreign Buying Japan Stocks	Jun 3	--	-¥122.2t	¥0.9b	-¥12.3b
06/09	01:50	JM				Foreign Buying Japan Bonds	Jun 3	--	¥59.1b	-¥26.2b	-¥27.4b
06/09	01:50	JM				Japan Buying Foreign Stocks	Jun 3	--	¥738.8b	-¥274.4b	-¥273.9b
06/09	01:50	JM				Japan Buying Foreign Bonds	Jun 3	--	¥840.8t	-¥1138.9t	-¥1137.7t
06/09	04:00	JM				Tokyo Avg Office Vacancies	May	--	6.37	6.38	--
06/09	07:30	FF				Private Sector Payrolls QoQ	1Q F	0.3%	0.3%	0.3%	--
06/09	07:30	FF				Total Payrolls	1Q	0.3%	0.3%	0.4%	0.6%
06/09	08:00	JM				Machine Tool Orders YoY	May P	--	23.7%	25.0%	--
06/09	13:45	EC				ECB Main Refinancing Rate	Jun 9	0.000%	--	0.000%	--
06/09	13:45	EC				ECB Marginal Lending Facility	Jun 9	0.250%	--	0.250%	--
06/09	13:45	EC				ECB Deposit Facility Rate	Jun 9	-0.500%	--	-0.500%	--
06/09	14:30	US				Initial Jobless Claims	Jun 4	206k	--	200k	--
06/09	14:30	US				Continuing Claims	May 2t	1303k	--	1309k	--
06/09	15:00	RU				Gold and Forex Reserve	Jun 3	--	--	589.6b	--
06/09	15:00	US				Bloomberg June United States Economic Survey					
06/09	16:00	CA				Bloomberg June Canada Economic Survey					
06/09	18:00	US				Household Change in Net Worth	1Q	--	--	\$5297b	--
06/09-06/14		RU				Budget Balance YTD	May	1165.0b	--	1041.2b	--

Source: Refinitiv

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