

Market Corner

Asian stocks traded mixed Monday as investors assess the impact of China's Covid policies on growth and the outlook for the world's largest economies.

The dollar and Treasuries retreated.

Equities rose modestly in Japan, but a slide in Chinese tech stocks and a virus outbreak in Beijing weighed on an MSCI Inc. gauge of the region's stocks. Nasdaq 100 and S&P 500 futures jumped about 1% after the S&P 500 dropped for a seventh straight week in a stretch of weakness not seen since 2001.

Beijing reported a record number of Covid cases, reviving concerns about a lockdown. China's stringent adherence to Covid Zero has stifled economic growth and prompted banks last week to cut a key interest rate for long-term loans by a record amount. Still, the one-year loan prime rate -- the de facto benchmark lending rate -- was kept unchanged.

A dollar gauge declined. The Australian dollar gained after a weekend election delivered a clear outcome, with Labor ousting the Liberal-National coalition.

Treasuries pared Friday's advance as traders debate the Federal Reserve's tightening path amid mounting worries about an economic slowdown.

Investors are grappling with concerns about an economic slowdown and prospects for more monetary tightening. The war in Ukraine is fanning commodity prices, and supply chains remain disrupted by China's adherence to its Covid zero policy.

Minutes of the most recent Fed rate-setting meeting will give markets insight this week into the US central bank's tightening path. St. Louis Fed President James Bullard said the central bank should front-load an aggressive series of rate hikes to push rates to 3.5% at year's end, which if successful would push down inflation and could lead to easing in 2023 or 2024.

| <u>World Indices</u> | <u>Last</u> | <u>1D Change</u> |
|----------------------|-------------|------------------|
| <u>Dow Jones</u> | 31 261,90 | 0,03% |
| <u>S&P 500</u> | 3 901,36 | 0,01% |
| <u>Nasdaq</u> | 11 354,62 | -0,30% |
| <u>Eurostoxx 50</u> | 3 657,03 | 0,45% |
| <u>FTSE 100</u> | 7 389,98 | 1,19% |
| <u>CAC 40</u> | 6 285,24 | 0,20% |
| <u>DAX</u> | 13 981,91 | 0,72% |
| <u>SMI</u> | 11 308,98 | 0,00% |
| <u>Nikkei</u> | 26 949,84 | 0,79% |
| <u>Hang Seng</u> | 20 498,37 | -1,06% |
| <u>CSI 300</u> | 4 054,08 | -0,58% |
| <u>VIX Index</u> | 29,43 | 0,27% |

| <u>World Bonds</u> | <u>Last</u> | <u>1D Change</u> |
|--------------------|-------------|------------------|
| <u>US 10Y</u> | 2,8315 | 1,81% |
| <u>EUR 10Y</u> | 0,9440 | -0,53% |
| <u>Swiss 10Y</u> | 0,7030 | -1,26% |
| <u>UK 10Y</u> | 1,89 | 1,50% |

Source: Bloomberg



Morning Call

Geneva, May 23, 2022

Crypto Corner

Ethereum price is one of the top 3 cryptocurrencies not enjoying any brand support from the broad audience. Where usually big names are defended or supported because of their brandings, like Coca-Cola or Boeing, Ethereum price has not seen that type of defense in the price action these past eight weeks. With another consecutive negative close in the making, pressure is mounting for price action to drop and close below \$2,000, opening up more room to the downside towards \$1,404.

Ethereum price has been put in the penalty box as several institutional funds and banks issued price alerts for the top 3 cryptocurrencies. ETH price is being seen as caught in a negative spiral where several technical pressures coincide with global market sentiment going against cryptocurrencies overall. It will be hard for Ethereum price to brush up on its image to overcome all these harmful technical elements outweighing any upside.

ETH price is under the scrutiny of several elements that need to be considered before markets can start to focus on a turnaround and uptrend. First of all, the already mentioned death cross in previous articles is a significant sentiment indicator that is pushing ETH price towards \$1,841 - \$1,720.00, secondly the red descending trend line is almost going alongside the 55-day Simple Moving Average, making it a double corridor to the downside which will be very hard to come by for bulls. At least these two elements are pretty enough to reprice Ethereum around \$1,688.39, and if the dollar would add another round of strength anytime soon, the window is open for a pullback to \$1,404.12, testing the low of March 2021.

Crypto Market Cap: [\\$1.29T](#) 24h Vol: [\\$63,5B](#) Dominance: [BTC: 44,5%](#) [ETH: 19.0%](#)

| Crypto | Last | 1D Change |
|----------|-----------|-----------|
| Bitcoin | 30 326,01 | 1,40% |
| Ethereum | 2 043,33 | 1,84% |



Source: fxstreet.com / Bloomberg/Coinmarketcap.com

Commodity Corner

Gold prices are higher in early Asian trade, supported by safe-haven demand amid worries over economic growth and high inflation, ANZ analysts say in a note. "Gold is comfortably above the \$1,800 level and seems like it could become attractive again as investors anticipate another round of stock market selling," Oanda senior market analyst Edward Moya says in a note. Spot gold is 0.2% higher at \$1,848.69/oz.

| Precious Metals | Last | 1D Change |
|------------------|----------|-----------|
| <u>Gold</u> | 1 852,56 | 0,33% |
| <u>Silver</u> | 21,93 | 0,69% |
| <u>Platinum</u> | 965,45 | 0,87% |
| <u>Palladium</u> | 2 007,27 | 2,16% |

Oil climbed at the start of the week's trading as investors weighed tight product markets including gasoline, and a weaker dollar.

West Texas Intermediate topped \$111 a barrel following four weekly gains, the longest such run since February. Gasoline and diesel prices have rallied to records ahead of the start of the US driving season, which begins in about a week. Money managers have also been boosting their bullish crude bets.

In remarks reported at the weekend, Saudi Arabia signaled it will continue to support Russia's role in the OPEC+ group of producers, undermining US-led efforts to isolate Moscow for its invasion of Ukraine, the Financial Times said. The kingdom was hoping to work out an agreement with OPEC+ which includes Russia, Energy Minister Prince Abdulaziz bin Salman told the newspaper.

Oil has surged this year on rising demand and the complex global fallout from Russia's invasion. The rise in energy costs has contributed to rampant inflation, prompting central banks to raise rates and stoking investor concern growth will slow. At the same time, China has imposed a series of painful lockdowns to quell Covid-19 outbreaks, hurting Asia's largest economy.

An added lift for crude came from a weakening dollar, which makes the commodity cheaper for holders of other currencies. The greenback was lower on Monday following a drop of 1.4% last week, the most since November 2020.

| World Commodities | Last | 1D Change |
|---------------------|-----------|-----------|
| <u>WTI Crude</u> | 111,38 | 1,00% |
| <u>Brent Crude</u> | 113,83 | 1,14% |
| <u>Nat Gas (HH)</u> | 8,12 | 0,42% |
| <u>Nickel</u> | 27 951,00 | -0,91% |
| <u>Copper</u> | 428,10 | -0,09% |
| <u>Corn</u> | 782,50 | 0,48% |
| <u>Wheat</u> | 1 181,75 | 1,11% |
| <u>Soybean</u> | 1 716,75 | 0,67% |
| <u>Coffee</u> | 215,85 | -1,30% |
| <u>Cotton</u> | 143,50 | 0,86% |
| <u>Sugar</u> | 19,95 | 0,91% |

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

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FX Corner

EUR/USD is testing bearish commitments at the 1.0600 barrier. The US dollar selling remains unstoppable amid mixed markets. German IFO survey eyed amid a quiet start to the Fed minutes week.

GBP/USD takes the bids to refresh 12-day high amid risk-on mood. The pair remains firmer around a fortnight's high, extending the previous week's rebound, as British policymakers sound hopeful of overcoming the Brexit and inflation-led economic hardships.

USD/JPY takes offers to refresh intraday low around 127.50 during Monday's Asian session. In doing so, the yen pair justifies Friday's U-turn from the 200-SMA while fading the previous bounce off the one-month-old horizontal support.

AUD/USD grinds higher to retest 0.7100 as investors assess the latest comments from the new Australian PM Albanese. Surging covid cases in Beijing revive lockdown concerns. The aussie soared cheering a change in the Australian political scenario.

| World Currencies | Last | 1D Change |
|------------------|--------|-----------|
| <u>EURUSD</u> | 1,0596 | 0,30% |
| <u>EURCHF</u> | 1,0299 | -0,04% |
| <u>EURGBP</u> | 0,8442 | 0,17% |
| <u>EURJPY</u> | 135,46 | -0,32% |
| <u>USDCHF</u> | 0,9720 | 0,27% |
| <u>USDJPY</u> | 127,85 | 0,02% |
| <u>USDCAD</u> | 1,2792 | 0,38% |
| <u>USDTRY</u> | 15,96 | -0,35% |
| <u>GBPUSD</u> | 1,2552 | 0,58% |
| <u>AUDUSD</u> | 0,7107 | 0,95% |
| <u>NZDUSD</u> | 0,6462 | 1,06% |

| Currencies | S3 | S2 | S1 | R1 | R2 | R3 |
|------------|---------|---------|---------|---------|---------|---------|
| EURUSD | 1.0435 | 1.0500 | 1.0532 | 1.0597 | 1.0630 | 1.0695 |
| USDJPY | 126.36 | 127.13 | 127.51 | 128.28 | 128.67 | 129.44 |
| GBPUSD | 1.2349 | 1.2411 | 1.2445 | 1.2507 | 1.2535 | 1.2597 |
| USDCAD | 1.2646 | 1.2737 | 1.2789 | 1.2880 | 1.2919 | 1.3010 |
| AUDUSD | 0.6895 | 0.6967 | 0.7003 | 0.7075 | 0.7111 | 0.7183 |
| NZDUSD | 0.6291 | 0.6341 | 0.6367 | 0.6417 | 0.6441 | 0.6491 |
| USDCHF | 0.9595 | 0.9665 | 0.9705 | 0.9775 | 0.9805 | 0.9875 |
| USDTRY | 15.6662 | 15.7921 | 15.8505 | 15.9764 | 16.0439 | 16.1698 |
| XAUUSD | 1808.85 | 1825.83 | 1836.17 | 1853.15 | 1859.79 | 1876.77 |
| XAGUSD | 20.8732 | 21.3477 | 21.5613 | 22.0358 | 22.2967 | 22.7712 |

Source: Refinitiv / fxstreet.com / Bloomberg



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Event Corner

ECO Economic Calendars Options

G8 Browse 08:11:33 05/23/22 - 05/23/22

Economic Releases All Economic Releases View Agenda Weekly

| Date | Time | C | A | M | R | Event | Period | Surv(M) | Actual | Prior | Revised |
|-------|-------|----|---|---|---|---------------------------------|--------|---------|--------|--------|---------|
| 05/23 | 01:01 | UK | | | | Rightmove House Prices MoM | May | -- | 2.1% | 1.6% | -- |
| 05/23 | 01:01 | UK | | | | Rightmove House Prices YoY | May | -- | 10.2% | 9.9% | -- |
| 05/23 | 07:00 | JN | | | | Tokyo Condominiums for Sale YoY | Apr | -- | 16.1% | -19.7% | -- |
| 05/23 | 10:00 | GE | | | | IFO Business Climate | May | 91.4 | -- | 91.8 | -- |
| 05/23 | 10:00 | GE | | | | IFO Current Assessment | May | 96.8 | -- | 97.2 | -- |
| 05/23 | 10:00 | GE | | | | IFO Expectations | May | 86.5 | -- | 86.7 | -- |
| 05/23 | 14:30 | US | | | | Chicago Fed Nat Activity Index | Apr | 0.50 | -- | 0.44 | -- |

Source: Refinitiv

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