

Europe/US Market Update - 10th May 2021



Europe/US Markets (from Globex open)

7-May-21	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1817.70	1818.30	27.2500	27.2800	1247.00	1250.00	2951.50	2966.50
HIGH	1843.10	1843.70	27.6550	27.6850	1269.00	1272.00	2951.50	2966.50
LOW	1817.30	1817.90	27.1300	27.1600	1239.50	1242.50	2822.50	2837.50
CLOSE	1830.80	1831.40	27.4300	27.4600	1255.00	1258.00	2917.00	2932.00
EFP	0.50	1.10	0.100	0.130	-1.00	2.00	-10.00	5.00
Active Contract	GCM1 Comdty		SIN1 Comdty		PLN1 Comdty		PAM1 Comdty	

MACRO

- April US payroll data fell far short of expectations with +266k jobs created versus an expected +1 mio. Although seasonality issues were flagged as contributing somewhat to the big miss, nothing really seemed untoward. The biggest gains came from leisure and hospitality (+331k), while manufacturing (-18k) and retail (-15k) fell and construction, mining, wholesale trade and IT jobs held fairly steady.
- The US unemployment rate also disappointed, ticking up to 6.1% (6.0% prior), the first increase since April 2020.
- Equities had a strong finish to the week, fuelled by the policy implications of the disappointing employment numbers. The Dow rose 229.23 points to 34,777.76, the S&P 500 gained 30.98 points to 4,232.60 whilst the Nasdaq added 119.40 points to 13,752.24.
- European shares pushed higher also to close the week on strong footing. The FTSE100 gained +0.76% to 7,129.71, the DAX rallied +1.34% to 15,399.65, the CAC40 increased +0.45% to 6,385.51 and the EuroStoxx 600 advanced +0.89% to 444.93.
- The US dollar broadly underperformed on Friday, the DXY finishing lower at 90.23 (-0.7%). The EUR/USD was firmer, closing at 1.2163 after starting the day at 1.2065 whilst the USD/JPY ended the session around 50 pips lower at 108.60.
- Fixed income rallied sharply following the NFP release, yet the move was sold into suggesting the floor in yields may not be too far from current levels. The 2y yield ended up closing down -0.8 bps at 0.145%, while the 10y yield closed up +0.7 bps at 1.576% after briefly trading as low as 1.497%.
- Oil prices remained more or less flat. Brent lost -0.1% to \$68.27 per barrel, whilst WTI was down -0.2% to \$64.81 per barrel.

PRECIOUS

- It was another very strong session for gold on Friday, boosted by the soft NFP figure, a pullback in yields and a debasement of the dollar, ultimately closing at its highest level since February (\$1831) on the back of strong macro demand.
- On top of that, gold posted its biggest weekly gain since November 2020 rising +3.5% from \$1769 to \$1831.
- In early Asian trade on Friday the yellow metal hovered around \$1815 for the morning and eventually crept higher throughout the afternoon. By the time Europe joined the fray we were trading either side of \$1820, where it remained leading into the morning data in the US.
- Right after the NFP data the metal rallied sharply to the days high, where some layered profit taking was seen in the lead up to the 200 dma (~\$1850). This kept the gold capped for the remainder of the session.
- Silver hit fresh highs also, which were last seen in February, breaking through resistance at \$27.50 but coming off from there. There was some wild, choppy trade seen into the close, although it did end in positive territory on the day (+0.5%) at \$27.45.
- Palladium shot abruptly lower following the NFP's, initially trading around \$2950 and then plunging over \$100+ to the daily lows in less than 30 mins. Specs and macros were quick to pay the dip however and it recovered back to close around \$2925.

PRE-ASIA COMMENTS

- Gold so far has held in well above \$1830. Silver went through Friday's peak following the SGE open this morning and is currently sitting at \$27.70.
- Most Asian equities are trading firmer, with the exception of the Shanghai Composite (-0.21%).
- The data calendar is clear of any significant data today.

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