

## Daily Asia Wrap - 17th May 2021

Range Asian Hours  
(from Globex open)

17-May-21	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1842.50	1843.10	27.3950	27.4250	1230.50	1233.50	2889.00	2904.00
HIGH	1855.20	1855.80	27.7550	27.7850	1233.00	1236.00	2904.50	2919.50
LOW	1841.20	1841.80	27.3400	27.3700	1223.50	1226.50	2880.50	2895.50
LAST	1854.10	1854.70	27.6750	27.7050	1231.50	1234.50	2901.00	2916.00

### MARKETS/MACRO

The frantic price action post the surprising data releases over the past week has placed greater focus on the data ahead of the next CPI and NFP prints in particular, and even as the string of numbers that came in on Friday fell below market expectations, the Dollar was relatively stable to close out the week while equities managed to stage a relief rally. Equities finished on a positive note after a rough week, the Dow regaining +1.06% to 34,382.13, the S&P500 advancing +1.49% to 4,173.85 and the Nasdaq leading the pack and rallying +2.32% to 13,429.98. Energy and tech were the big winners on the day ticking up +3.2% and 2.1% respectively. In Europe, there was a similar breath of vitality with markets all sitting in the green to round out the week. The FTSE100 rose +1.15% to 7,043.61, the DAX climbed +1.43% to 15,416.64, the CAC40 jumped +1.54% to 6,385.14 and the EuroStoxx 600 advanced +1.19% to 442.53. US treasuries rallied on the day, with the 2y yield falling -0.8 bps to 0.147% and the 10y yield sliding -2.4 bps to 1.628%. Crude had a strong day Friday with Brent surging +3.0% to \$68.71/barrel and WTI gaining +2.8% to \$65.37/barrel.

On the data front Friday, US April retail sales were flat m/m following a 10.7% m/m rise in March. That was weaker than expected, but a sharp fall was inevitable from March's stimulus-led surge and revisions left the level much as expected. In the bigger picture, private consumption is trending up strongly. Meanwhile, April IP and manufacturing data were pretty much in line with expectations. The latest Atlanta Fed GDPNow guesstimate for Q2 is 10.5% saar. Consumers don't set prices, but when they expect inflation it certainly makes it easier for retailers to pass higher costs on without fear of backlash. In the University of Michigan survey, the one-year inflation expectation rose to 4.6% vs 3.4%, and the five- to ten-year expectation rose to 3.1% vs 2.7% – its highest level in 11 years.

### PRECIOUS

It was a constructive week for gold last week as the speculative crowd gathered to step back into it, following the strong inflation reading coupled with Fed speakers reasserting their patience with regards to hiking rates. Friday saw the yellow metal rally further in line with the softer Greenback, softer yields and mixed data. Gold opened at \$1826 and drifted lower throughout the Asia morning, finding some demand and support around \$1820. As early European traders began to man their desks the metal pushed through \$1830 and continued to progress to \$1840 during early NY. It could not manage to push through the 200 dma (\$1845.50), however, managed to close more or less on the daily high around \$1843.50. Silver similarly traded softer during the early Asian hours, testing through \$27.00 but finding some decent spec bids beneath that level. By close in NY, we were trading back towards \$27.50. PGM's remained within their respective ranges but both Pt and Pd closed firmer on the day up +1.5% and +1.1% respectively.

Gold continued its climb in early trade this morning, managing to break through the 200 dma, which has proven very stubborn resistance over the past week. Decent buying from macro and retail names at the Asia open today took us swiftly up to \$1848, before trickling back to the opening levels just before the Shanghai open. They were decent buyers on the day as well, with Japanese and private banks also jumping in with some demand. As a result, the metal has pushed through the elusive \$1850 level and has happily held above that level since lunch. The weaker than expected data out of China has underpinned the demand throughout the afternoon and with the ongoing rhetoric surrounding inflation and the Fed determined to keep rates low regardless, perhaps this is the technical push needed to shoot gold towards \$1900 in the near term? Time will tell. Silver has advanced too today and is currently sitting within the recent resistance zone of \$27.65-85. There has been good scaled up visible offers today above \$27.70 cash, but if gold can catch a bid, I suggest we silver above \$28.00. It is a fairly quiet day ahead in terms of data, Italian CPI, Canadian housing starts and US Empire manufacturing the only releases of note. All the best.

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