

Daily Asia Wrap - 17th March 2021

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1731.70/20	25.95/98	1215/19	2497/07
HIGH	1737.60/10	25.95/98	1217/21	2502/12
LOW	1729.70/20	25.75/78	1208/12	2485/95
LAST	1736.90/40	25.92/95	1212/16	2485/95

MARKETS/MACRO

A mixed session across stocks in the U.S. on Tuesday as participants shrugged off softer retail sales data and instead turned focus to the FOMC meeting. The Dow Jones Industrial Average ended the session -0.39% lower to 32,825.95 points, the S&P 500 declined -0.16% to 3,962.71 points, while the tech-laden Nasdaq Composite outpaced to finish +0.09% higher at 13,471.566 points. The greenback experienced whipsaw price action across the session, ultimately ending modestly higher (DXY +0.1%) after the DXY index pared back a test above the 92.00 handle. The Euro (-0.25%) declined underneath 1.19, however managed to reclaim the figure into the close, while the Japanese Yen (+0.12%) booked a modest gain as USD/JPY tested underneath 109.00. U.S. yields remained elevated to see the 10-year (+1.4bps) rally late in trade and finish toward 1.625%, while the two-year ended unchanged on the session at 0.151%. On the data front, U.S. retail sales disappointed during February, falling -3.0% MoM (exp: -0.5%) to follow an upwardly revised +7.6% gain during January. Core sales meanwhile fell -2.7% MoM (exp: +0.1%) from an upwardly revised +8.3% previously. Industrial production in the U.S. sunk -2.2% during February (exp: +0.3%) to follow an upwardly revised +1.1% increase previously, while capacity utilisation declined to 73.8% (exp: 75.5%) from 75.5% previously. In Europe, German ZEW survey results improved during March, with notably the expectations survey results outpacing expectations to print 76.6 (exp: 74.0) from 71.2 previously. European equities posted positive sessions as participants largely ignored the decision by many European nations to suspend the AstraZeneca vaccine due to reported complications. The pan-European Stoxx 600 finished the session +0.88% higher to 426.82 points, the German Dax closed +0.66% higher at 14,557.58 points, while in London the U.K. FTSE gained +0.80% to 6,803.61 points.

PRECIOUS

A relatively firm session across the precious complex during Asian trade today, albeit range-bound headed into today's FOMC meeting. Gold found good support toward USD \$1,730 in early session flows, with interest picking up from the Chinese open as the dollar reversed an early session bid tone. The on-shore premium in China tempered modestly toward USD \$9 over London spot, as both on-shore and off-shore Yuan held toward 6.50, while gold lacked the follow through interest to re-test USD \$1,740 as participants look to position themselves for the upcoming FOMC meeting. Price action remains constructive toward USD \$1,730, however risks to a firmer dollar remain with many expecting upwards revisions to growth and inflation expectations from the committee. It is worth highlighting the recent build in shorts however, with the potential for a near-term short squeeze should the FOMC meeting disappoint markets. Palladium gave back some of Tuesday's gains today following the +4.5% move post-Norilsk reduction in production, however with forecasts of a deficit this year we expect price action to remain firm. All eyes today are undoubtedly on the FOMC, with particular focus on growth/inflation expectations and whether there are any changes to the dot plot. In

addition, we see Eurozone CPI, U.S. MBA mortgage applications, U.S. housing starts and U.S. building permits.

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