

Europe/US Market Update - 18th May 2021



Europe/US Markets (from Globex open)

17-May-21	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1853.10	1853.70	27.6800	27.7100	1235.00	1238.00	2890.00	2905.00
HIGH	1868.20	1868.80	28.2650	28.2950	1245.50	1248.50	2904.00	2919.00
LOW	1844.10	1844.70	27.4300	27.4600	1227.00	1230.00	2876.50	2891.50
CLOSE	1866.70	1867.30	28.1600	28.1900	1242.00	1245.00	2893.50	2908.50
FFP	0.85	1.35	0.125	0.145	0.00	3.00	-10.00	2.00
Active Contract	GCM1 Comdty		SIN1 Comdty		PLN1 Comdty		PAM1 Comdty	

MACRO

- It was a cautious start to the week for global financial markets as equities were under pressure and bond yields edged higher.
- The Dow slipped 54.34 points to 34,327.79, the S&P 500 weakened 10.56 points to 4,163.29, Nasdaq was down 50.93 points to 13,379.05.
- Energy was up 2.30%, whilst Utilities (-0.86%) and Communication Services (-0.88%) declined.
- The VIX gauge was up 4.84% to 19.72.
- The US dollar was at 90.18, EUR finished stronger at 1.2159, USD/JPY was at 109.18.
- The 2 year yield was up 1.0bps to 0.155%, the 10 year yield rose 3.1bps to 1.649%.
- The EuroSTOXX weakened 0.05%, the German DAX declined 0.13%, the UK FTSE lost 0.15%.
- Base metals were stronger, led by Zinc (+2.6%) and Nickel (+2.1%)
- Oil prices continued to rise. Brent was up 1.7% to \$69.57 per barrel, WTI gained 1.9% to \$66.37 per barrel.
- U.S. Empire State manufacturing index was 24.3 for the month of May.

PRECIOUS

- The increasing inflation chatter in the market, outsized CPI print last week and most importantly of all, stable nominal yields in the US have all helped to contribute to the momentum seen in gold over the past few weeks.
- Yesterday that momentum continued on the technical break of the 200 dma (\$1846) and upon pushing through a previous series of highs last week (\$1840-48) - the metal ignoring the lower bond prices and flattish USD.
- Decent demand from spec and retail customers was seen from the open with the metal pushing through the 200 dma. Early offers were seen at \$1848, which held up until Shanghai opened.

- Good buying interest was seen at the SGE open and the metal shot through \$1850 and held above there into the Asian afternoon. During European hours the metal made a slow descent back to the opening levels, but macro, model and retail players aggressively paid the market at the NY open and continued to do so to push it \$20 higher. It never backed off from there, remaining between \$1864-68 to close out the day.
- Technically this opens the door for a move back through \$1900.
- Silver was exceptionally strong too, fleeting with the recent highs throughout Asia (\$27.65-85) and finally pushing through in NYK.
- It burst through the previous highs and well through \$28.00, on the back of aggressive spec buying, holding above that key level easily to close at \$28.17 area. Next resistance sits between \$28.35-45, with little in the way of technical resistance thereafter until \$30.00.
- PGMs were firmer, yet played a second fiddle to gold and silver.

PRE-ASIA COMMENTS

- Buy side interest has remained intact for gold as we open in Asia this morning and both gold and silver are holding in well.
- SGE has just opened and after a brief push through \$1870 for gold, Chinese traders are largely on the offer. The supply so far is being absorbed with the price only ticking back a few dollars as of writing (\$1,868.50 last).
- Silver has hit fresh highs as I write around \$18.35.
- Ahead today:
- UK employment figures
- EU GDP
- US housing starts and building permits

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