

## Daily Asia Wrap - 18th March 2021

Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1744.70/20	26.35/38	1215/19	2577/87
<b>HIGH</b>	1755.50/00	26.61/64	1227/31	2632/42
<b>LOW</b>	1744.70/20	26.31/34	1213/17	2577/87
<b>LAST</b>	1749.90/40	26.42/45	1213/17	2595/05

### MARKETS/MACRO

In their press release this morning, the US Fed kept the target range for the Federal Funds Rate unchanged at 0.0% - 0.25%. The pace of asset purchases was also unchanged at USD \$120bn/month in bonds. The dot plot continues to indicate that the official funds rate is not likely to be raised until 2024, however, the momentum appears to be shifting in the committee, with seven members seeing higher rates in 2023, versus five in the December meeting. The Fed statement acknowledged that the data flow was improved, and its GDP forecasts have risen significantly, with the economy expected to expand 6.5% in 2021, versus 4.2% in their previous forecast. The inflation forecast was also increased, with the Fed seeing inflation rising to 2.4% in 2021, but easing further out as temporary supports fade. US equities ended the day modestly higher, the DOW leading the pack up +0.58% to 33,015.37, the S&P500 advancing +0.29% to 3,974.12 and closing in on 4,000, while the Nasdaq gained +0.4% to 13,525.20. European equities traded narrowly mixed and on light flows ahead of the FOMC, the FTSE100 sliding -0.6% to 6,762.67, the EuroStoxx 600 retreating -0.45% to 424.91, the CAC40 flat at 6,054.82 and the DAX edging up +0.27% to 14,596.61. Long-end US treasury yields trimmed earlier session rises while short-to mid-curve yields were lower, as Chair Powell indicated the Fed won't act on forecasts but will wait for actual data. The 2y yield closed down -1.7 bps to 0.133%, while the 10y yield rose +2.5 bps to close at 1.643%. The USD dropped sharply following the FOMC alongside the lower long-end yields and an improvement in risk appetite. USD/JPY fell from 109.25 to 108.75, EUR/USD jumped from 1.1920 to 1.1985 following the release and AUD/USD jumped a big figure to trade back through 0.78.

Elsewhere on the data front, Euro area inflation remained steady at 0.9% y/y in February on retail sales delays and softness in face-to-face industries that are still struggling with the effects of the pandemic. Meanwhile, US building permits fell -10.8% m/m and housing starts declined -10.3% m/m in February, as winter weather during the month restricted construction activity. However, there's plenty of building work in the pipeline, and a bounce-back in March is expected. US growth has been dented by the severe weather over February, but with more than half of the USD \$1400 stimulus check payments (USD \$242bn) already sent, a strong boost to consumption is expected on the horizon.

### PRECIOUS

The post-FOMC bid across the precious complex continued during early session trade in Asia today, with gold testing back through USD \$1,750 pre-China amid good two-way flows through Comex. The majority of early session interest was however seen across the PGM's as both platinum and palladium broke above the previous session high prints following the Fed's substantial revision to GDP forecasts. The on-shore gold premium in Shanghai opened lower toward USD \$5, however pushed back above \$8 post PBOC CNY fix (6.4859 USD/CNY reference rate). Gold extended to a USD \$1,755.50 high into the Chinese lunch break, however ran into yield headwinds as the U.S. 10-year spiked to 1.6832% to test the New York high print. Afternoon pricing saw the yellow metal decline underneath USD \$1,750, however there remains good interest toward USD \$1,745 - \$1,740 and the metal should remain supported as the greenback remains heavy. Resistance levels through USD \$1,760/65 remain the key pivot for further top-side gains, with any move above this level expected to trigger further short covering. Silver broke above the 50 DMA (USD \$26.39) in early Shanghai pricing and extended to a USD \$26.61 session high before paring gains with gold during the afternoon. The near-term pivot the grey metal sits at the 50 DMA, with extension toward USD \$26.30. Palladium continued to see interest during Asian trade today, ripping higher in early Chinese trade to touch a USD \$2,632 session high, nearly +10% higher since the Norisk headlines 48 hours ago. All eyes on the Bank of England today, while we also see U.S. initial jobless claims, the Philadelphia Fed business outlook, Langer U.S. consumer comfort and the U.S. leading index.

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