

Daily Asia Wrap - 24th March 2021

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1727.10/60	25.06/09	1168/71	2598/08
HIGH	1734.20/70	25.22/25	1175/78	2612/22
LOW	1724.00/50	24.98/01	1160/63	2594/04
LAST	1729.50/00	25.13/16	1170/73	2612/22

MARKETS/MACRO

US yields fell in the wake of the joint appearance of Secretary Yellen and Chair Powell before the US House of Representatives. Their prepared remarks reiterated previous messages that the recovery has been quicker than expected, but it has also been uneven and the output gap is unlikely to close until next year. The US 10y yield eased -4.7 bps to 1.619% and the 2y yield held relatively flat at 0.147% as a result. Risk traded on the backfoot across the board, struggling to recover following a rather poor show in Asia. Equities ended the session lower with the Dow declining -308.05 points to 32,423.15, the S&P 500 falling -30.07 points to 3,910.52 and the Nasdaq shedding -149.85 points to 13,227.70, losses heaviest amongst Materials (-2.1%) and Industrial (-1.76%) sectors. In Europe it was a similar scenario with modest losses across most indices, the EuroSTOXX 600 slipping -0.20%, the UK FTSE down -0.40% the CAC40 easing -0.39%, while the German DAX crept up 0.03%. Oil prices plunged -5.7% overnight (WTI \$57.53) as rising COVID case numbers triggered lockdowns across several European countries. Germany, France and Italy have extended lockdowns this month, which is expected to dent oil demand over coming months. Subdued pricing pressures in oil markets could see OPEC reluctant to boost future supply when they meet next week. In the FX domain, the apprehension in risk assets did put a decent bid beneath the dollar, with the currency rising against most of its G10 peers. It was enough to push Euro beneath its 200 day moving average, the last significant break being in June 2020, when the pair broke to the topside. On the day the US dollar index firmed 0.66% to 92.34, the EUR traded down to 1.1849, while USD/JPY lower at 108.61.

On the data front, New home sales in the US declined -18.2% m/m in February, well below expectations of a -5.7% drop. Part of this drop reflects freezing weather in February reducing activity in some parts of the US, alongside limited supply. The median sales price rose +5.3% y/y. The unemployment rate in the UK dropped to -5.0% in January, down from 5.1% previously, beating market expectations of a slight increase to 5.2%. However, this masks weakness in the labour market. With employment dropping 147,000, it was people dropping out of the labour market (ie the denominator of the unemployment rate) which saw the headline unemployment number improve. The furlough scheme is also continuing to buffer against the impact of lockdown measures in the UK.

PRECIOUS

The firmer USD weighed on the precious metals overnight, with the exception of palladium which held in reasonably well. Gold looked weak from the onset of the Tocom opening yesterday, trading from \$1740+ in early trade down to \$1731 over the first few hours of Shanghai opening. The yellow metal bounced fairly well from there however, recovering throughout much of the European day to trade back to the daily peak just short of \$1742. Around the NYK open however the dollar began to surge and the metals tumbled. Gold tripped stops at \$1730 and came off to \$1726. The metal gyrated around between \$1725-30 for the remainder of the session. Silver and platinum followed a similar trajectory to gold, the former selling off sharply in NYK toward \$25.00 but did have some decent fast money buying there in support. Meanwhile palladium was volatile traversing some ~\$75 on the day, managing to close the day down only around \$10. With the capitulation in oil, dollar strength and yields remaining high, the metals appear to have their work cut out over the coming sessions.

We opened in Asia today and the metals were all very subdued up until China opened for business. Gold and silver saw a sharp sell-off, right on the SGE open down to the daily lows, although supply quickly dissipated and prices reversed sharply gold tracking back above \$1734 and silver towards \$25.20. We held in fairly well above \$1730 and \$25.15 respectively, although as I write, early European traders are on the offer and gold is retreating back through \$1730 and silver to \$25.10.

Metals feel a little soft as of now and suspect we test lower initially today. All the best and good day ahead.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.

MKS PAMP GROUP B.V. | World Trade Center - B Tower, 867 Strawinskylaan, Amsterdam, 1077XX
Netherlands

[Unsubscribe {recipient's email}](#)

[Update Profile](#) | [Customer Contact Data Notice](#)

Sent by news@mkspamp.com