

Daily Asia Wrap - 4th March 2021

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1710.70/20	26.08/11	1166/70	2354/64
HIGH	1720.15/65	26.28/31	1171/75	2358/68
LOW	1706.20/70	25.89/92	1154/58	2347/57
LAST	1718.90/40	26.23/26	1170/74	2356/66

MARKETS/MACRO

Further weakness across U.S. stocks on Wednesday as benchmark bond yields resumed their push higher. The Dow Jones Industrial Average eased -0.39% to 31,270.09 points, the S&P 500 declined -1.31% to 3,819.72 points, while the tech-laden Nasdaq Composite sunk -2.70% to 12,997.754 points. Treasury yields pushed higher as President Biden pledged to have enough vaccine doses for every adult in the nation by the end of May, two months earlier than initially expected. The closely watched 30-year yield added 8.9bps to finish toward 2.281%, the 10-year tested 1.50% and finished around 9bps higher, while the two-year moved 2.1bps higher to 0.14%. Currency majors booked modest declines relative to the greenback to see the DXY index +0.2% higher on the session. The Euro (-0.22%) failed to hold the 1.21 handle, while the Japanese Yen eased -0.31% as USD/JPY finished toward 107.00. On the data front, ADP employment in the U.S. increased just 117k during February, undershooting both the 205k expected and January's positively revised 195k (prev: 174k). The Markit gauge of U.S. services during February picked up to 59.8 from an earlier flash print of 58.9, while conversely the ISM measure of U.S. February services dropped to 55.3 (exp: 58.7) from a two-year high of 58.7 during January as new orders declined.

PRECIOUS

A mixed session across the precious complex in Asian trade today as gold broke down underneath USD \$1,710 on multiple occasions, before finding interest into the European open. A firmer dollar continued to weigh upon the precious and participants were happy to offer the metal on early session moves toward USD \$1,715. Chinese demand provided little in the way of price direction as the on-shore premium remained fixed around USD \$6 as USD/Yuan price action held range-bound. A tempering of U.S. yields during afternoon trade provided a period of respite and saw gold pop through USD \$1,715 to a USD \$1,720 session high, however there was little follow through interest to sustain the move. ETF outflows continue to create headwinds to top-side moves and the risk remains to the down-side for the time being. The key USD \$1,700 figure has thus far restricted any sustained move lower, however stops around the level could see a sharp test toward USD \$1,650 over the near-term. Silver once again traded heavily through USD \$26 today, however was able to find bids to restrict a further leg lower. The grey metal remains heavy underneath USD \$26.50/55 (50 DMA) and much like gold, looks susceptible to a test lower over the near-term, with targets extending initially to USD \$25.55 (Fib retracement March 2020 low – August 2020 high). Data releases today include Eurozone employment, Eurozone retail sales, U.S. initial jobless claims, U.S. durable goods orders, U.S. factory orders and U.S. capital goods orders.

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