

Daily Asia Wrap - 7th January 2021

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1918.80/30	27.30/32	1104/09	2441/51
HIGH	1924.30/80	27.32/34	1109/14	2449/59
LOW	1914.90/40	26.92/94	1094/99	2430/40
LAST	1921.90/40	27.26/28	1104/09	2449/59

MACRO

Stocks in the U.S. finished generally firmer on Wednesday amid violent protests on Capital Hill and results on the Senate run-off in Georgia leaning toward the Democratic nominees. The Dow Jones Industrial Average jumped +1.44% to 30,829.40 points, the S&P 500 finished +0.57% higher to 3,748.14 points, while concerns over Democratic-led regulation on tech saw the Nasdaq Composite slip -0.61% to 12,740.793 points. The greenback ended a volatile session modestly lower (DXY -0.1%), tempering New York gains late in trade as the Euro pivoted back above 1.23. Treasury yields spiked on the positive risk sentiment, seeing the two-year add 1.6bps to 0.1369%, while the 10-year pushed through 100bps and finished 8bps higher at 1.037%. On the data front, U.S. ADP employment disappointed during December, decreasing by 123,000 jobs relative to an expected increase of 75,000. The Markit U.S. services PMI declined during December, falling to 54.8 from an earlier estimate of 55.3. The print was notably lower than November's 58.4 as new business growth softened as virus cases increased. Factory orders in the U.S. improved +1.0% during November (exp: +0.7%) to follow an upwardly revised +1.3% in October, while durable goods orders improved +1.0% (exp: +0.9%) in November and the closely watched capital goods orders (nondefense ex-air) increased +0.5%.

PRECIOUS

A range-bound session across the precious complex during Asian trade today following a whipsaw session on Wednesday. Gold remained buoyant above the key psychological USD \$1,900 figure throughout today's session, finding demand on declines toward USD \$1,915 and remaining pinned either-side of USD \$1,920 for the majority of the session. The on-shore discount in China tightened toward USD -\$5, however failed to provide directional flows across the spot market, while the greenback inched higher in generally muted trade. The Democratic control of the Senate should see increased stimulus measures in the U.S. and underpin inflation expectations to support price action over the near – medium term. We remain constructive to bullion through USD \$1,850 - \$1,900, while a top-side move through the recent highs toward USD \$1,950 – \$1,965 should see USD \$2,000 breached. Data today includes German factory orders, Eurozone retail sales, Eurozone CPI, U.S. initial jobless claims, U.S. trade balance, Bloomberg U.S. consumer confidence and ISM U.S. services index.

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