

Daily Asia Wrap - 14th May 2021

Range Asian Hours
(from Globex open)

14-May-21	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1825.50	1826.10	27.0650	27.0950	1208.50	1211.50	2856.00	2871.00
HIGH	1827.30	1827.90	27.1000	27.1300	1219.00	1222.00	2883.50	2898.50
LOW	1822.50	1823.10	26.9100	26.9400	1207.00	1210.00	2855.00	2870.00
LAST	1822.80	1823.40	26.9200	26.9500	1215.50	1218.50	2863.50	2878.50

MARKETS/MACRO

Equity markets regained some ground overnight after being unsettled by the much stronger than expected consumer price data released earlier in the week. Stronger producer prices suggest there will be there will be upstream pressures for consumer prices in the coming months, but improved labour market data helped settle the markets. The Dow rallied +1.29% to 34,021.45, the S&P500 advanced +1.22% to 4,112.50 and the NASDAQ rose +0.72% to 13,124.99. European equities were mixed with the FTSE100 slumping -0.59% to 6,963.33 and the Euro STOXX 600 dipping -0.14% to 437.32, while the DAX ticked up +0.33% to 15,199.68 and the CAC40 gained +0.14% to 6,288.33. Elsewhere, yields were lower with the 2y falling -0.8 bps to 0.155% and the 10y sliding -2.6 bps to 1.657%. Crude finished lower with the Brent down -2.0% to \$66.96 per barrel and WTI losing -2.1% to \$63.76 / barrel, while base metals declined led by Nickel (-2.7%) and Zinc (-1.7%).

On the data front, US initial jobless claims fell to their lowest level since the pandemic hit. However, this weekly data is volatile and this followed an upward revision of the previous week's data. Nevertheless, the overall numbers claiming jobless benefits are trending down with continuing claims for the first week of May at 3.65 million, indicating ongoing improvement in the US labour market. Still in the US, April Producer Price Index rose +0.6% m/m, which was considerably stronger than the +0.3% anticipated by the market. Core PPI was also much stronger at 0.7%. The price of core final demand goods has risen at an annualised rate of change of 8.8% based on the data for the past three months.

PRECIOUS

Concerns of rising inflationary pressures amid a broader risk off tone across markets saw the precious metals push higher yesterday. The higher factory gate prices in the US saw the USD weaken, while bond yields also slipped. This helped investor demand in the sector with gold rallying throughout NY following some earlier weakness. In Asia yesterday the gold found some support from Chinese investors to help push the price back through \$1820. Some selling in G10 vs the dollar throughout Europe put some pressure on the metal and it tested briefly toward \$1810, but once the US opened for business it was steady buying throughout the session to close a few dollars off the high at \$1825.

Gold remained confined to a tight range in Asia today with little in the way of turnover. We opened around \$1826 and the metal so far has made a gradual decline throughout. Silver, after holding above \$27.00 over the first 30 minutes of the China open has dipped below that level and has been continually trying to push back through but has so far been unsuccessful. Platinum is about \$7 higher on the day, while palladium is flat. Ahead today look out for US retail sales, industrial production and University of Michigan sentiment. Have a good weekend.

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