

## Daily Asia Wrap - 27th April 2021

Range Asian Hours  
(from Globex open)

27-Apr-21	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1781.10	1781.70	26.2000	26.2300	1245.50	1248.50	2917.50	2932.50
HIGH	1783.80	1784.40	26.2700	26.3000	1255.00	1258.00	2928.50	2943.50
LOW	1773.70	1774.30	26.0450	26.0750	1239.00	1242.00	2905.00	2920.00
LAST	1782.40	1783.00	26.1850	26.2150	1247.00	1250.00	2921.00	2936.00

### MARKETS/MACRO

Financial markets had a subdued start to the week ahead of the FOMC meeting this Wednesday. Expectations are for no change in policy guidance from the Fed, as the FOMC continues to position itself firmly behind a robust recovery in output, jobs and inflation. US equity indices were mixed to kick off the week, with cyclical and small cap names leading the gains and big tech names also holding their weight. Thus far earnings season has proved rather resilient with generally healthy beats across the street and decent upward revisions to forecasts. The Dow dipped -0.18% to 33,981.57, the S&P500 ticked up +0.18% to 4,187.62 and the Nasdaq led the pack, gaining +0.87% to a fresh all-time high close of 14,138.78 and its highest level since mid-February. European equities continued to grind higher, the FTSE100 advancing +0.35% to 6,963.12, the DAX inching up +0.11% to 15,296.34, the CAC40 climbing +0.28% to 6,275.52 and the Euro STOXX 600 improved +0.26% to 440.20. In FX, the dollar continues to hover around some key support levels amidst mixed two way flows for the majors. The high beta and commodity pairs meanwhile continue to outperform, seeing decent demand for AUD and Aussie topside in the options space through all three time-zones yesterday, as front-end copper and iron ore contracts continue to push through fresh YTD highs. Treasury yields were mixed on Monday, the 2y yield gaining +1.0 bp to 0.168%, while the 10y softened -0.5 bps to 1.567%, the latter remaining pinned to 1.55% of late. Oil prices gained ground with Brent up +0.5% to \$65.72 and WTI climbing +0.7% to \$61.91 and base metals also rose on the day.

On the data calendar, US March core durable goods orders rose +0.9% m/m vs a -0.8% m/m decline in February. The volatile headline index rose +0.5% m/m, after dropping -0.9% m/m previously. The data reverse the weather-related weakness in February but fell short of expectations, as it has yet to reflect President Biden's expansionary fiscal stance. Across the Atlantic, the preliminary read of the euro zone composite PMI for April rose to 53.7, beating expectations of a slight fall. The details were strong, with services expansionary (50.3 vs 49.6 previously) for the first time since August 2020. Combined with a record high manufacturing read (63.3), this data will make it harder for the ECB to hold down longer-term rates. Still in Europe, Germany's April IFO business sentiment index edged higher to 96.8 vs 96.6. The breakdown was mixed as the current assessment improved (94.1 vs 93.1) but expectations dipped (99.5 vs 100.3).

### PRECIOUS

Gold traded a modest range to kick off the week as focus moves to the FOMC mid-week. Fed chair Powell is expected to signal no rush to tightening, despite a slew of recent favourable data. This should see an overshoot on inflation, which should keep the yellow metal supported for the interim. Gold opened a touch lower yesterday just above \$1775, before picking up following the Tocom open. It ground its way to the daily high (\$1783.20) during the Asian afternoon, finding offers as European traders began to man their desks. We sharply sold off to the lows late in Europe, but the metal quickly bounced back and remained flat throughout the bulk of the NY session – ultimately closing higher on the day. Palladium soared once again, chalking up a new fresh high toward \$2940, with supply concerns and an increase in physical demand continuing to drive prices higher. Silver was choppy either side of \$26 yesterday, testing the 100dma a few times (\$25.96) but ultimately closing above there.

It was a slow and rangebound session for gold today, with the only real action occurring around the Shanghai open. The metal opened at \$1781.50 and traded sideways into the SGE open. There was a very brief spike to the highs in the opening minutes, but that quickly gave way as the USDCNY and USDCNH shot higher. Gold was sold off aggressively to the days lows, but, did find some retail & fast money bids sub-\$1775, which quelled the purge. Over the afternoon we have seen the metal steadily push back to be trading above \$1782 once again. Silver followed gold rising into the SGE open and

swiftly punching lower. It did manage to hold onto the \$26 handle and has crept back up towards \$26.20 again. Palladium has shown no signs of retracing, clinging to \$2910-20 for the day, in what feels like a run to \$3,000 occurring imminently. Ahead on the data calendar today, look out for US consumer confidence and Richmond Fed manufacturing index. Best of luck.

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