

Daily Asia Wrap - 4th June 2021

Range Asian Hours
(from Globex open)

4-Jun-21	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1870.40	1871.00	27.4100	27.4400	1160.50	1163.50	2839.00	2854.00
HIGH	1874.00	1874.60	27.4550	27.4850	1161.50	1164.50	2840.50	2855.50
LOW	1856.10	1856.70	27.2200	27.2500	1150.00	1153.00	2809.50	2824.50
LAST	1872.70	1873.30	27.3650	27.3950	1155.50	1158.50	2816.00	2831.00

MARKETS/MACRO

Strong jobs data out of the US, with private sector jobs increasing by 978,000 in May according to the ADP report, the rise was well in excess of the 680,000 forecast increase. Also, Initial jobless claims fell to 385,000 in the week ending May 29, the lowest level since March 2020. US equities recouped most of the sharp early losses but the three major bourses still finished in the red. The Dow lost 23.34 points, or 0.07%, to 34,577.04, the S&P 500 fell 15.27 points, or 0.36%, to 4,192.85, while the Nasdaq shed 141.82 points, or 1.03%, to 13,614.51. Utilities (+0.52%) came out ahead while consumer discretionary (-1.22%) and tech (-0.91%) led the laggards. European equities were mixed, the EuroSTOXX slipped 0.55 points, or 0.12%, to 450.79, the German DAX added 29.96 points, or 0.19%, to 15,632.67, and the London FTSE 100 gave up 43.65 points, or 0.61%, to 7,064.5. In the currencies, the strong jobs data fueled broad support for the US dollar, with the DXY index firming 0.60% to 90.51. The EUR traded down to 1.2124 while USD/JPY was as high as 110.32. US treasury yields were higher, the 2 year yield rose 1.0 bps to 0.157%, while the 10 year yield advanced 3.4 bps to 1.623%. Oil prices were lower, Brent eased 0.7% to \$71.37 while WTI softened 0.5% to \$68.91. Base metals were broadly lower on the stronger greenback, with copper (-3.5%) leading the losses. In other US economic data, the rise in first quarter productivity was revised to 5.4% and unit labour costs increased by 1.7%. The ISM services index rose to 64% in May while the Markit services PMI increased to 70.4. In Asia today, as I write the Nikkei is at -0.43%, the Shanghai composite is at +0.21%, the Hang Seng is at -0.46%, and the ASX S&P 200 is at +0.50%. Tonight we have nonfarm payrolls, unemployment rate, average hourly earnings, and factory orders out of the US; along with construction PMI, and retail sales out of the eurozone.

PRECIOUS

Heavy losses across the precious complex as rising bond yields and a stronger greenback spark a sharp sell off. Gold opened at \$1908 and dropped below the psychological \$1900 level during Asian hours with the SGE discount printing as low as -\$50 vs loco London. The market stabilized during early European hours, remaining within the \$1892-97 range. As NY came in the US dollar rose sharply on the positive jobs data release, investors promptly dumped the yellow metal to a 2 week low \$1866. Gold was pinned around the lows for the remainder of the session with treasury yields and USD remaining buoyant. Silver dropped almost \$1.20 off the high to test toward \$27, the metal closing deep in the red at \$27.43. PGMs were also sold off in NY trading, platinum tested the support at \$1150 while palladium managed to pare most of the losses. The Philadelphia gold and silver index eased 159.96. Metals are seeing choppy trading in Asia today, with gold dropping \$12 on the SGE open to the days low at \$1856. However, a strong rebound off the low sees the yellow metal in positive territory for the day, sitting at \$1873 as I write. Silver got to \$27.25 before finding a bid, the grey metal is currently trading at \$27.37. Have a good day ahead.

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