

Daily Asia Wrap - 7th June 2021

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1890.30/60	27.77/79	1170/73	2833/43
HIGH	1891.80/10	27.79/81	1175/78	2842/52
LOW	1885.00/30	27.54/56	1166/69	2830/40
LAST	1886.90/20	27.60/62	1167/70	2840/50

MARKETS/MACRO

A positive session across U.S. equities on Friday as May payrolls data underwhelmed. The Dow Jones Industrial Average ended +0.52% higher to 34,756.39 points, the S&P 500 added +0.88% to 4,229.89 points, while the tech-laden Nasdaq Composite jumped +1.47% to 13,814.49 points. Nonfarm payrolls out of the U.S. for May printed below expectations at 559k (exp: 675k), while March and April saw modest upwards revisions of 27k combined. The unemployment rate dipped to 5.8% as the participation rate declined, while average hourly earnings outpaced expectations at +0.5% MoM. Factory orders in the U.S. disappointed to decline -0.6% MoM during April (exp: -0.2%) from +1.4% previously, while durable goods orders held unchanged from earlier estimates at -1.3%. The greenback declined sharply on the back of the U.S. jobs data, seeing the DXY index -0.37% lower to test the recent 90.00 figure. The Euro found good interest around the 1.21 handle to add +0.32% on the session, while the Japanese Yen jumped +0.72% as USD/JPY broke underneath 109.50. Treasury yields collapsed post-NFP as the 10-year sunk 7.3bps to 1.553%. Stocks across Europe ended firmer as the pan-European Stoxx 600 gained +0.39% to 452.57 points, the German Dax also added +0.39% to finish at 15,692.90 points, while in London the FTSE 100 inched +0.07% higher to 7,069.04 points.

PRECIOUS

Modest dollar gains and firmer U.S. yields weighed upon price action across the precious complex in Asian trade today. Gold tracked a narrow range throughout the session, testing support toward USD \$1,885 after trading above USD \$1,890 pre-China. Shanghai continued to see a deep on-shore discount, with gold holding around -\$20 relative to London spot. Gold remains well supported through USD \$1,850 to the 200 DMA at USD \$1,841, while top-side price action continues to be limited by offers toward USD \$1,900. Vols have tempered modestly today as gold sits back within its recent trading range, seeing 1m back under 13.0 and 6m around 14.80, while ETF creations continue to provide support. Silver has tested back down toward USD \$27.50 today, breaking down through the uptrend instigated in late March as the Shanghai on-shore discount held toward -\$0.50. Currency majors traded little changed relative to the greenback today, with the Pound (-0.33%) the main driver of a firmer DXY (0.13%) as the Euro and Japanese Yen traded sideways. Data today included Chinese May exports (+27.9% vs. 32.1% exp) and imports (51.1% vs. 53.5% exp), while we also see German factory orders and U.S. consumer credit. All eyes later in the week on U.S. CPI.

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