

Daily Asia Wrap - 18th January 2021

Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------|------------|----------|----------|-----------|
| OPEN | 1829.80/30 | 24.80/83 | 1077/82 | 2385/95 |
| HIGH | 1841.00/50 | 25.13/16 | 1089/94 | 2395/05 |
| LOW | 1802.60/10 | 24.01/04 | 1067/72 | 2365/75 |
| LAST | 1838.90/40 | 25.07/10 | 1084/89 | 2385/95 |

MARKETS/MACRO

A soft session across U.S. stocks on Friday into the Martin Luther King Jr long weekend, as retail sales data disappointed amid waning stimulus euphoria. The Dow Jones Industrial Average ended the session -0.57% lower at 30,814.26 points, the S&P 500 declined -0.72% to 3,768.25 points, while the tech-laden Nasdaq Composite fell -0.87% to 12,998.50 points. The greenback continued to find interest on Friday as the DXY index (+0.6%) consolidated above the 90.00 handle. Across majors, the Euro (-0.65%) ended on the session lows toward 1.2075, while the safe-haven Japanese Yen (-0.1%) eased modestly as USD/JPY tested toward 104.00. Treasury yields tempered to see the two-year decline 0.8bps to 0.135%, while the 10-year sunk 4.5bps to 1.0835%. On the data front, U.S. retail sales declined for a third consecutive month during December, falling -0.7% MoM (exp: flat) to follow a -1.4% decline during November. The University of Michigan's U.S. consumer sentiment gauge eased to 79.2 during January (exp: 79.5) from 80.7 previously as both current conditions and expectations weakened. Producer prices in the U.S. increased modestly during December, adding +0.3% MoM to follow a 0.1% increase during November, while holding at +0.8% YoY. European stocks finished the week broadly lower, seeing the pan-European Stoxx 600 decline -1.01% to 407.85 points, the German Dax fell -1.44% to 13,787.73 points, while in London the FTSE 100 closed -0.97% down at 6,735.71 points.

PRECIOUS

A volatile opening gave way to a relatively sedate session across the precious complex in Asia today, as gold recovered from a sharp early session test toward USD \$1,800 to settle around USD \$1,830 for the majority of the day. Illiquid conditions within the first hour of trade saw a sharp stop-loss run through Friday's USD \$1,824 low print after gold finished trade below the 200 DMA on Friday. Declines extended to a USD \$1,803.10 session low, before reversing back toward opening levels on the back of interest out of both Japan and China, in addition to a moderating greenback. Late afternoon flows skewed higher as the yellow metal attempted to consolidate above USD \$1,840, with near-term direction focused heavily on the 200 DMA currently toward USD \$1,844. With regards to positioning, last week saw modest outflows from ETF's, while the latest COTR data showed speculators cut length. Dollar headwinds and higher yields remain the major roadblocks for further top-side moves as we head into this weeks Presidential Inauguration. Data today included Chinese GDP easing to +2.6% QoQ during Q4 from +3.0% previously, while increasing +6.5% YoY from +4.9% previously. Chinese industrial production improved to +7.3% YoY from +7.0% previously, while retail sales eased to +4.6% YoY from +5.0% previously. There is little further data of note today due to the Martin Luther King Jr Holiday.

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