

Daily Asia Wrap - 1st February 2021

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1861.80/30	28.38/41	1096/01	2239/54
HIGH	1866.90/40	29.01/04	1113/18	2254/69
LOW	1849.80/30	28.01/04	1090/95	2210/25
LAST	1864.90/40	28.81/84	1113/18	2253/68

MARKETS/MACRO

U.S. stocks booked declines on Friday on the back of mixed data release and concerns over delays to President Biden's planned stimulus measures. The Dow Jones Industrial Average finished the session -2.03% lower at 29,982.62 points, the S&P 500 declined -1.93% to 3,714.24 points, while the tech-laden Nasdaq Composite fell -2.00% to 13,070.69 points. The greenback saw mixed trade on Friday, ultimately ending the session flat after paring early session gains. The Euro held the 1.210 handle to finish trade +0.15% higher toward 1.214%, while the Japanese Yen traded heavily to see USD/JPY add +0.5%. Treasury yields diverged as the curve steepened to see the two-year 1bp lower at 0.1093%, while the 10-year gained 2bps to 1.065%. On the data front, U.S. core PCE for December increased +0.3% MoM to exceed expectations centered around +0.1%, while personal income spiked +0.6% MoM from -1.3% the month prior. The Chicago MNI PMI increased 5.1 points to 63.8 (exp: 58.5) from 58.7 previously as gains across production and new orders underpinned the headline figure. Pending home sales in the U.S. moderated recent declines during December, easing -0.3% MoM to follow a -2.5% fall in November. December's print marked the fourth successive monthly fall as higher prices and record low supply weighs upon sales. The university of Michigan gauge of consumer sentiment saw a modest revision from earlier estimates, easing to 79.0 from 79.2 estimated previously and 80.7 during December. Markets across Europe booked heavy declines to see the pan-European Stoxx 600 finish -1.87% lower at 395.85 points, the German Dax sunk -1.71% to 13,432.87 points, while in London the FTSE 100 declined -1.82% to 6,407.46 points.

PRECIOUS

The 'silver squeeze' was once again the major focus during Asian trade today, as the grey metal opened around +5.5% higher than Friday's closing level. Relentless bids through Comex over the first 30min of trade took the metal as high as USD \$29 before gains tempered into the Chinese open. The discount in China deepened toward USD -\$0.65 at the open and saw spot back through opening levels, testing toward the USD \$28 handle. Afternoon pricing was relatively orderly either-side of USD \$28.50, with demand evident on dips to underpin the metal. Silver vols have exploded on the back of the recent price action, with 1-week trading around 100 mid, while 1m sits around 75 mid. Expect the volatility to continue over the near-term as the Reddit crowd receive more airtime and look to put further pressure on shorts, however thus far there looks to be ample supply of physical metal as both China and Indian physical demand remains muted. Top-side targets for the metal extend to the August 2020 high of USD \$29.85. Gold pricing lagged that of silver today, however importantly held above the 200 DMA that currently sits toward USD \$1,851. Platinum added around +3% on the session to reclaim the USD

\$1,100 handle, while palladium pivoted back above USD \$2,250. Data today includes German retail sales, Markit manufacturing PMI prints for Germany, France, Italy, the U.K., the Eurozone and the U.S. We also see U.S. construction spending, U.S. ISM manufacturing PMI and U.S. ISM price paid.

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