

Daily Asia Wrap - 21st April 2021

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1778.30/80	25.85/88	1189/92	2755/65
HIGH	1787.70/20	26.15/18	1205/08	2782/92
LOW	1777.70/20	25.77/80	1188/91	2751/61
LAST	1786.90/40	26.11/14	1203/06	2782/92

MARKETS/MACRO

A risk-off tone across markets saw stocks finish in the red on Tuesday, as participants considered Coronavirus concerns amid a backdrop of strong corporate earnings results. According to the Washington Post, daily new Coronavirus cases hit a record of more than 750,000 on both Sunday and Monday, with Brazil and India major hotspots. Airlines (United -8.5%) saw heavy falls following a warning from the U.S. state department encouraging American's to reconsider international travel, with the department expected to issue specific warnings not to visit approximately 80% of the world's countries. The Dow Jones Industrial Average posted a -0.75% fall to 33,821.30 points, the S&P 500 fell -0.68% to 4,134.94 points, while the tech-laden Nasdaq Composite sunk -0.92% to 13,786.27 points. The greenback paused recent declines to book a modest +0.14% gain on the session (DXY basis) as the DXY bounced off a near six-week low of 90.85 in late Asian trade. The Euro held the 1.20 handle to finish generally flat on the session, while the Japanese Yen reversed late Asian weakness as USD/JPY tested 108.00. Yields traded lower amid the risk-off tone (bonds higher), seeing the two-year 0.8bps lower to 0.1512%, while the 10-year fell 4.2bps to 1.564%. In terms of data, U.K. employment for February showed the unemployment rate averaged 4.9% over the 3-months to February, easing from 5.0% previously. The data showed the unemployment among youth was at a five-year high, largely a result of the closures to non-essential business during the pandemic. Stocks across the region posted heavy falls on the back of rising Covid cases, with banks and travel shares hit the hardest. The pan-European Stoxx 600 finished -1.90% lower at 433.80 points, the German Dax closed -1.55% lower at 15,129.51 points, while in London the FTSE 100 cratered -2.00% to 6,859.87 points as the Pound consolidated recent gains.

PRECIOUS

A positive session across the precious complex during Asian trade today as metals extended back toward the recent highs, with both the dollar and yields showed little fight. The DXY index tracked sideways above the 91.00 handle throughout the session, while the 10-year yield failed to break away from the previous session low around 1.55%. Gold price action skewed higher throughout the session, as the metal pushed back above USD \$1,780 in early Chinese trade, with the on-shore premium remaining buoyant above USD \$8. Both on-shore and off-shore Yuan saw modest strength to decline under underneath the psychological 6.50 figure, however were generally range-bound. Afternoon flows saw price action across the precious complex increase to push gold to a USD \$1,787.70 high, while silver and platinum pushed above their respective USD \$26 and USD \$1,200 psychological pivots. Gold should remain supported by continued physical interest out of both Shanghai and India, while ETF flows are beginning to see recent outflows dry up, even modest inflows on occasion. From a positioning perspective, recent short builds are holding for the time being, however we expect these to be tested through USD \$1,800 to drive price action higher. Data releases

today include U.K. CPI/PPI/RPI, U.S. MBA mortgage applications, Canada CPI and the Bank of Canada rate decision.

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