

Daily Asia Wrap - 28th January 2021

Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------|------------|----------|----------|-----------|
| OPEN | 1843.80/30 | 25.28/31 | 1066/71 | 2304/14 |
| HIGH | 1844.30/80 | 25.29/32 | 1066/71 | 2308/18 |
| LOW | 1833.80/30 | 25.02/05 | 1060/65 | 2302/12 |
| LAST | 1837.90/40 | 25.11/14 | 1063/68 | 2303/13 |

MARKETS/MACRO

Stocks in the U.S. on Wednesday booked the worst daily decline since October on the back of mixed earnings reports and a dovish Fed. The Dow Jones Industrial sunk -2.05% to 30,303.17 points, the S&P 500 cratered -2.57% to 3,750.77 points, while the tech-laden Nasdaq Composite collapsed -2.61% to 13,270.598 points. Both the Dow Jones Industrial Average and the S&P 500 now sit in negative territory for the year at -0.99% and -0.14% respectively. The first FOMC meeting of the year saw the Fed keep interest rates unchanged as expected, while maintaining the pace of asset purchases. Chairman Powell noted that the Fed will remain “patient” and is “much more worried about falling short of a complete recovery, and losing peoples careers”. Across currency majors, the greenback found good support to finish +0.49% higher (DXY basis), withstanding early Asian tests of the 90.00 handle. The Euro (-0.4%) sunk below 1.21 in early New York, however saw late interest to finish toward the figure, while the Japanese Yen (-0.51%) was under pressure as USD/JPY pushed back above 104.00. Treasury yields were under pressure amid the risk-off tone, seeing the two-year decline 0.3bps to 0.117%, while the 10-year fell 2bps to 1.014% after briefly declining under 1.0%. On the data front, U.S. MBA mortgage applications declined -4.1% during the week ended January 22. Durable goods orders in the U.S. increased +0.2% MoM during December (exp: 1.0%) from a +1.2% increase the month prior. Excluding the volatile transportation component, good increased +0.7% MoM (exp: +0.5%) from a +0.8% increase previously, while the closely watched capital goods orders (non-def, ex-air) increased +0.6% MoM from +1.0% previously. Markets across Europe tumbled as concerns over increasing coronavirus cases weigh upon regional sentiment. The pan-European Stoxx 600 finished -1.16% lower to 402.98 points, the German Dax sunk -1.81% to 13,620.46 points, while in London the FTSE 100 fell -1.30% to 6,567.37 points.

PRECIOUS

A soft skew across price action in Asia today as the precious complex battled against dollar headwinds. Gold spent little time above USD \$1,840 after being broadly supported around the figure on Wednesday, easing lower in early session flows, before declines accelerated in Shanghai as USD/Yuan spiked to see off-shore test toward 6.5150. Afternoon pricing was range-bound through USD \$1,835 - \$1.840 amid light flows, with the metal trading heavily below the 200 DMA that now sits around USD \$1,850. Focus remains on dollar flows and U.S. yields as investors look for supportive interest initially around USD \$1,800, while the 200 DMA remains the key near-term pivot for price direction. Silver tested under USD \$25 on Wednesday, however closed above the figure and has thus far held the support today, while the PGM's have seen uninspired price action. Data today includes German CPI, U.S. wholesale inventories, U.S. Initial jobless

claims, U.S. GDP, U.S. personal consumption, Bloomberg U.S. consumer comfort, U.S. leading index and U.S. new home sales.

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