

Daily Asia Wrap - 30th March 2021

Range Asian Hours
(from Globex open)

30-Mar-21	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1712.30	1712.90	24.6300	24.6600	1176.00	1179.00	2533.00	2548.00
HIGH	1714.20	1714.80	24.6800	24.7100	1181.00	1184.00	2540.50	2555.50
LOW	1703.60	1704.20	24.5050	24.5350	1171.00	1174.00	2523.00	2538.00
LAST	1704.20	1704.80	24.5200	24.5500	1173.50	1176.50	2540.00	2555.00

MARKETS/MACRO

US equity markets were relatively steady in the aftermath of the Archegos difficulties and associated US \$20 billion margin-call block trades last Friday that spooked markets and hit a few stocks particularly hard (<https://www.cnbc.com/2021/03/29/the-archegos-blowup-and-its-ripple-effect-across-markets.html>). The Dow touched another fresh record high overnight despite this, up +0.3% to close at 33,171.37, meanwhile the S&P500 ticked back -0.09% to 3,971.09 and the NASDAQ retreated -0.6% to 13,059.65. European equities were on an upward trajectory, the DAX gaining +0.47% to 14,817.72, the CAC40 advancing +0.45% to 6,015.51, the Euro Stoxx 600 up +0.16% to 427.61, while the FTSE100 lagged a touch, down -0.07% to 6,736.17. US treasury yields strengthened, the 2y accelerating +0.6 bps to 0.141% and the 10y picking up +6.0 bps to 1.712%. We have seen the dollar break through some fairly significant technical levels across the G10 complex of late, and against USD/CNH. USD/JPY 110 is the next key level on the horizon with continuing dips being well bought into and gamma contracts remaining fairly well bid with spot at these levels, despite realized remaining quite low. Flows and positioning are very light, so it's mostly driven by market makers wary of an extension of the spot move so any consolidation back towards 109 will likely see vols come under pressure again. EURUSD has been trading down towards recent lows and we expect decent supply to emerge on a move back toward the 200 dma – 1.1850-75 area. Crude rose as expectations of another rollover of OPEC production cuts rose, although was tempered by the fact the Suez canal is now open, even if it will take weeks to clear the backlog of ships. WTI rose +2.8% to \$61.56/bbl and the Brent advanced +2.3% to \$65.01/bbl.

On the data front, The March Dallas Fed index rose to 28.9 vs 17.2. That was the highest reading since August 2018 and compares well with a dreadful -69.3 in March last year. The sub-components were very strong. The production index surged to 48 vs 19.9, capacity utilisation rose to 46.1 vs 16.5 and new orders rose to 30.5 vs 13.0. Inflation indicators also firmed. Prices paid were 66 vs 57.4, prices received were 32.2 vs 23.0 and delivery times jumped to 31.2 vs 9.5. Along with the other regional Fed data, it indicated a sharp acceleration in growth at the end of Q1 and highlighted the challenging environment that lies ahead for fixed income markets.

PRECIOUS

It was the quarter end spot date yesterday and large sale volumes were seen on the gold auctions which indicated producer selling and rebalancing interest. Gold commenced the week on the backfoot, touching its lowest levels in nearly 2 weeks overnight (\$1706.40), with rising yields and USD weighing on the metal. A technical sell-off was triggered after the XAU broke through \$1720-25 during NYK – with a host of sellers ranging from macro, HF, private bank and producers smacking the market. There was little in terms of respite, the yellow metal managing to rebound back to \$1715 from the lows with sellers remaining firmly in control for the rest of the session. Gold ultimately closed -1.15% on the day at \$1712 and looks set to test \$1690-\$1700 in the coming sessions. Silver after holding above \$25 last week (apart from one single downtick), gave way with the stronger dollar and yields and some robust ETF selling. We busted through \$25 in Asia and never really looked back, trading below \$24.50 early in NYK, running back to \$24.80 and ultimately closing at \$24.65. Palladium was the worst hit of the bunch, holding around \$2675-85 for most of Asia, but plummeting to \$2570 during Europe. It recovered back above \$2600 but as soon as NYK opened and the USD began to run the white metal plunged a second leg to as low as \$2531 and closed weakly at 2540 (-5.3% on the day). The move was mostly attributed to headlines that flooding at the closed Norilsk PGM mines has now been contained.

We opened in Asia today and the precious complex has remained under pressure with yields continuing their upward momentum – 10y currently up +3.4 bps at 1.742% and 2y +0.5 bps at 0.146%. Gold traded between \$1711-1714 for the opening few hours of trade this morning, although gradually began to decline once Shanghai opened for business. USDCNH & USDCNY dipped on the

China open and failed to provide any support for gold, instead the premium over spot declined and dragged the actual spot gold price lower. This afternoon, as yields have continued to grind higher, gold has broken through the overnight lows to fresh 2 week lows, yet has not run away. I suspect we will see some retail/physical support beneath \$1700, but if yields and the dollar maintain momentum it is hard to view gold running meaningfully higher in the short term. Silver has kept very quiet today and some light offers emerging on Ecomex have taken us gradually lower this afternoon. Palladium has held mostly flat following last nights rout, with very light two-way flows seen. Have a good day ahead.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.

MKS PAMP GROUP B.V. | World Trade Center - B Tower, 867 Strawinskylaan, Amsterdam, 1077XX
Netherlands

[Unsubscribe {recipient's email}](#)

[Update Profile](#) | [Customer Contact Data Notice](#)

Sent by news@mkspamp.com