

Europe/US Market Update - 3rd March 2021



Europe/US Markets (from Globex open)

2-Mar-21	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1721.80	1722.40	26.2125	26.2325	1181.50	1183.50	2354.50	2369.50
HIGH	1738.60	1739.20	26.8900	26.9100	1215.50	1217.50	2384.50	2399.50
LOW	1715.60	1716.20	25.9000	25.9200	1174.00	1176.00	2340.50	2355.50
CLOSE	1736.90	1737.50	26.8625	26.8825	1214.50	1216.50	2379.50	2394.50
EFP	-2.00	0.00	0.0300	0.0900	0.00	6.00	-15.00	-5.00
Active Contract	GC1 Comdty		SIH1 Comdty		PL1 Comdty		PAM1 Comdty	

MACRO

- U.S. equities finished the day softer Tuesday as risk markets consolidated following Monday's steep gains.
- The Dow cooled -143.99 points to 31,391.52, the S&P 500 fell -31.53 points to 3,870.29 and Nasdaq declined 230.04 points to 13,358.79.
- European shares inched higher. The EuroSTOXX 600 advanced +0.19%, the German DAX gained +0.19% whilst the UK FTSE added +0.38%.
- The US dollar index finished lower at 90.80, EURUSD turned higher to close at 1.2090, AUDUSD rallied back above 0.78 and USDJPY eased modestly, finishing the session at 106.69.
- US treasury yields were mixed. The 2 year yield gained +0.2bps to 0.121% whilst the 10 year yield dipped -2.5bps to 1.391%.
- Oil prices were choppy ahead of the OPEC+ meeting later this week - traversing gains and losses all session.
- German data on January retail sales and unemployment disappointed. Retail sales fell 4.5% m/m in response to the extended lockdown and unemployment rose 10k, marking the first rise in joblessness in seven months. The data added to expectations that the ECB will act decisively to counter any tightening in monetary conditions.
- February's European HICP rose +0.9% y/y unchanged from January. Core eased back to +1.1% y/y from +1.4% y/y - in line with the consensus. Services inflation rose +1.2% y/y, down from +1.4% y/y in and non-energy industrial goods inflation rose +1.0% y/y from +1.5% y/y. Further moderation in the key components of inflation is expected in coming months. The data again indicated the scale of the task facing the ECB in returning inflation to target.

PRECIOUS

- It was a session of two halves for the precious metals, with a steep sell-off in Asia giving way to gains throughout Europe and NY.
- XAU opened at 1725 and after a brief tick higher in the lead up to the SGE open, was aggressively sold off through the previous sessions lows at \$1719.
- The gold pushed down to \$1710 before finding some moderate support from retail names. A second wave of selling during the Asian afternoon saw us hit the daily low of \$1,707.50, but more retail demand and some fast money profit taking helped to push gold higher.
- This continued throughout London and into NYK, gradually ascending in an orderly fashion to close more or less on the highs at \$1738.
- Silver traded similarly to to gold with a significant fall seen over the Asia morning, only to be bid back into European/NY trade and closing the day in positive territory (+0.7%).
- Silver dipped below \$26.00 briefly on two occasions, but there was strong demand from private banks and macro accounts beneath there which supported the market well.
- The PGM's were quite choppy throughout the day - particularly palladium - with both Pt and Pd closing firmer intra-day. Platinum closed above \$1200.

PRE-ASIA COMMENTS

- Gold inching higher in early Asian trade, just poking above \$1740, but reversing from there as I write.
- Currencies are currently unmoved from the close.
- Ahead today on the data calendar: Australian and Italian GDP, China Caixin Services and Composite PMI, European and US Services and Composite PMI's, US Mortgage Applications and Building Permits, ADP Employment Change and US Fed Beige Book.

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