Gold retreats from near 5-month peak on firmer yields, equities

June 2 (Reuters) - Gold prices on Wednesday retreated from a near five-month high marked in the previous session, as an uptick in bond yields weighed on the safe-haven metal while strong U.S. economic data prompted the shift back into riskier assets.

* Spot gold was down 0.1% at $1,898.58 per ounce, as of 0053 GMT, after hitting its highest since Jan.8 at $1,916.40 on Tuesday.

* U.S. gold futures eased 0.2% to $1,901.90 per ounce. * Data showed that U.S. manufacturing activity picked up in May as pent-up demand in a reopening economy boosted orders. But unfinished work piled up because of shortages of raw materials and labour. * The U.S. 10-year Treasury yield rose to a more than one-week high overnight, increasing the opportunity cost of holding non-interest bearing gold. * Risk sentiment in wider finical markets remained upbeat as investors weighed the latest U.S. economic data for signs of a rebound and higher inflation reading. * Euro zone inflation surged past the European Central Bank’s elusive target in May, heightening a communications challenge for policymakers who will happily live with higher prices for now, but may face a backlash from irate consumers. * Higher inflation is compounding the plight of savers and the ECB should respond by raising its interest rates from 0%, Bavaria’s Finance Minister Albert Fueracker told daily Bild in comments published on Wednesday. * Market participants’ focus this week will be on U.S. payrolls data due on Friday for further clarity on economic recovery and near-term Federal Reserve policy action.* SPDR Gold Trust, the world’s largest gold-backed exchange-traded fund, said its holdings rose 0.3% to 1,045.83 tonnes on Tuesday from 1,043.21 tonnes on Friday.* Palladium fell 0.1% to $2,856.82 per ounce, silver edged 0.1% lower to $27.88, and platinum was steady at $1,191.51. (Reporting by Brijesh Patel in Bengaluru, Editing by Sherry Jacob-Phillips)