



MKS PAMP  
GROUP

## Daily Asia Wrap - 10th August 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	2032.80/3.80	28.36/39	967/70	2156/06
HIGH	2035.40/6.40	28.45/48	977/80	2168/18
LOW	2019.10/0.10	27.82/85	962/65	2150/00
LAST	2028.20/9.20	28.00/03	974/77	2154/04

### MARKETS/MACRO

It was a bumper payrolls report out on Friday night, which saw US unemployment for the month of July fall to 10.2%, with 1.763 million new jobs being created over the reporting period. Other indicators also showed signs of improvement, with wages getting a lift and permanent job losses stabilizing. Equity markets were mixed at the end of the day assisted by the better data, yet erring on the side of caution at the close following Trump's comments that TikTok and WeChat could effectively be banned in the US – hurting tech stocks (see below for more). In the end the S&P500 gained +0.6% to 3,351.28, the DOW rose +0.17% to 27,433.48 and the NASDAQ Composite eased -0.87% to 11,010.98. In Europe, equities were assisted by a pleasant surprise in Industrial Production, the DAX climbing +0.66% to 12,674.88, the CAC40 creeping up +0.09% to 4,889.52, the Euro Stoxx 600 advancing +0.29% to 363.55 and the FTSE100 ticking up +0.08% to 6,032.18. Both rates and the dollar bounced off their lows with decent buying against most G10 crosses led by discretionary names and asset managers. Most now expect to see some consolidation around these levels, though a number of banks aren't of the view this marks a turning point for the dollar, especially considering the looming fiscal

cliff in the US. The DXY firmed +0.66% to 93.44 on Friday, while the 2y treasury yield rose +1.8bps to 0.129% and the 10y yield jumped +4.6 bps to 0.564%. Crude was lower on the back of the rising geopolitical tensions the WTI sliding -1.6% to \$41.22 and Brent down -1.4% to \$44.40

Trump announced on Friday that US residents would be banned from doing business with ByteDance's TikTok and Tencent's WeChat in 45 days, hitting tech stocks. The move would affect Apple's phone sales in China as it would not be able to distribute the ubiquitous, even essential, WeChat app on its phones. To be fair, 45 days is a long time, and the market will hope the ruling is softened. But with an election looming, talking tough on China appears to be the strategy, and markets should probably expect more volatility from this source.

## **PRECIOUS**

The precious metals sector couldn't escape the selling pressure on Friday, with gold giving back some of the impressive gains achieved throughout the week. With the USD stronger on better than expected US jobs data, investors took the opportunity to lock in some profits – with discretionary and private banks seen selling on the day. Nevertheless, the yellow metal managed to hold onto the key psychological support of USD2,000/oz. Given the ongoing fiscal spending and monetary easing, geopolitical tension and the ongoing regional spikes in Corona Virus infections, we still feel the metal will be well supported on pullbacks despite the rampant rise since March. The rest of the precious sector was also weaker, with silver and the platinum group metals all down around -3% in Friday's session. Silver fell below \$28.00 (\$27.345 low) after touching \$29.85 shortly after the Asian open. The metal remains extremely volatile, and trying to catch a bottom on some of the corrective moves is akin to catching a falling sword... We expect this volatility to remain for the foreseeable future.

Metals have remained under pressure today, following on from Friday's sell-off. Gold was quickly swept lower early this morning to trade towards \$2020, but has since stabilised around \$2027-30 for the afternoon. Silver followed suit and sharply fell below \$28.00 on the open, then recovered towards the opening levels and has since stabilised around \$28.00 on moderate to decent sized volumes. Not a great deal out in terms of data today – US job openings the only real thing of note. Have a good day ahead.

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