



MKS PAMP
GROUP

Daily Asia Wrap - 10th July 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1803.10/4.10	18.62/65	832/42	1935/55
HIGH	1803.60/4.60	18.65/68	834/44	1948/68
LOW	1799.00/0.00	18.56/59	827/37	1932/52
LAST	1801.00/2.00	18.60/63	829/39	1938/58

MARKETS/MACRO

Corona virus anxiety dominated market sentiment in a day where major economic releases were scarce. That left the focus on the high frequency data and daily COVID-19 news. Sadly, Florida reported a record number of hospitalisations and deaths, as evidence mounted that the economic recovery in key metropolitan areas is stalling. New York public transport demand was unchanged in the past week at 53% below pre-crisis levels, whilst Opentable data reported outdoor diners are 95% below year ago levels vs -94% the prior week. The return of indoor dining has been delayed. The next stage of US fiscal stimulus will be announced around 20-31 July according to Treasury Secretary Mnuchin. He indicated that any extension to the PPP program will be a lot more targeted, whilst future unemployment assistance cannot be expected to match 100% of the median salary. In other news, the US Supreme Court rejected President Trump's claim for absolute immunity in shielding his corporate and personal tax returns. US equities ended the session mildly lower after paring back some of its earlier losses. Technology names, however, continued to outperform with the Nasdaq taking another leg higher as investors pile back into familiar trades. The Dow

retreated -1.39% to 25,706.09, the S&P500 eased -0.56% to 3,152.05 and the Nasdaq Composite rose +0.53% to 10,547.75. In Europe, major indices traded in the red also, the FTSE100 slumped -1.73%, the CAC40 fell -1.21%, the EuroStoxx 600 retreated -0.77% and the DAX closed flattish, off -0.04%. Price action in G10 FX was incredibly choppy as the selloff in equities sparked a sharp rally in the USD. EURUSD bounced from near 1.1325 to 1.13485 early in the morning but then sold off aggressively, trading to a low of 1.12855 mid-day on what felt like stop-loss driven move. The move higher in the USD was broad-based as cable fell to 1.2600 and AUDUSD sold off over 40pts to 0.6950.

On the data front US Initial claims were better than expected, falling -99k in the week ended 4 July to 1,314k vs expectations of 1,375k. Encouragingly, continuing claims fell 700k to 18.06m suggesting return to work is continuing despite the recent rise in COVID-19 cases. Across the Atlantic, German May trade balance rebounded partially, rising to EUR7.1bn vs EUR3.6bn in April at the height of the lockdown. Exports rose +9.0% m/m but failed to offset April's -24.0% drop. Imports edged higher, rising +3.5% m/m vs April's -16.6% fall. The data fit the hard evidence on German industrial production, which suggest the output side of the economy is recovering more slowly than the PMI data indicate.

PRECIOUS

After a number of strong successive sessions, gold and silver succumbed to some profit taking and position lightening overnight, spurred on by the firmer dollar. With prices pushing through \$1800 on Wednesday, and a good deal of length added on the move through there, it was always going to be a tough prospect for the metal to continue higher unabated. The firmer dollar overnight was the catalyst after what was a fairly slow day throughout Asia and Europe. Decent sized selling clips emerged around the NYK open in gold dragging it back towards \$1805. It held there for a while, until later in the session where it fell through that level and swiftly traded to the daily low (\$1796.80), catching many by surprise. Around 26,000 contracts (GCQ0) traded hands in the 10 minute long sweep, but the metal quickly rebounded back through \$1800. Towards the end of the session the metal consolidated, sitting quietly just north of \$1800. Silver suffered a similar fate, with longs being caught by surprise. The metal ran higher throughout the morning in NYK testing fresh highs above \$19.00 (\$19.075), but quickly dumping \$0.50 from there. It is the third attempt at the \$19.00-19.10 area this year, so there will likely be some stiff resistance there. The next target after that is \$19.65 (the 2019 yearly high). Platinum was looking strong yesterday, pushing toward \$860, but again couldn't maintain the ground above \$850 and came back to \$830 in line with the firmer Greenback.

A very slow day once again in Asia, with gold opening where we left off around \$1803 and holding steady for the opening few hours. It slowly meandered lower into the early afternoon testing towards \$1800, however there were some decent bids on Comex at the \$1800 cash equivalent, which supported the market. Silver tracked golds moves, remaining steady initially around \$18.65 and dipping off a few cents into the afternoon. Ahead today on the data calendar, look out for French and Italian Industrial Production, Canadian employment and US PPI. Have a great weekend.

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