



MKS PAMP
GROUP

Daily Asia Wrap - 11th August 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	2028.50/00	29.16/19	975/80	2220/35
HIGH	2029.80/30	29.24/27	984/89	2230/45
LOW	2005.10/60	28.45/48	972/77	2219/34
LAST	2010.70/20	28.63/66	972/77	2219/34

MARKETS/MACRO

It was a largely mixed session overnight for global markets with US equities ending the session moderately higher, led by industrials, while some larger tech favourite's lagged, investors still cautious following Trump's potential ban on TikTok and WeChat. The S&P500 as a result inched higher +0.27% to 3,360.47, the DJIA advanced +1.3% to 27,791.44 and the tech heavy NASDAQ sagged -0.39% to 10,968.36. European equities also edged higher on the day, the FTSE100 up +0.31% to 6,050.59, the DAX ticking up +0.1% to 12,687.53, the CAC40 climbing +0.41% to 4909.51 and the Euro Stoxx 600 gaining +0.3% to 365.55. Elsewhere, Treasury Secretary Steve Mnuchin, confirmed what everyone seemed to already know – that some key hurdles remain in fiscal negotiations with the Democrats. Among some of the key demands is almost \$1 trn in federal aid to state and local governments. Despite the deadlock, the dollar continued its recent gains, with Euro extending its consolidation back towards the mid 1.17s. There has been some decent take profit flows seen in the Euro over the past 24 hours, though we do expect some dip buying support on approach to the 1.17 level. US Treasuries yields were higher on the day, the 2y yield up +0.1 bps to 0.129% and the 10y yield rose +1.5 bps to

0.579%, meanwhile WTI crude rose +0.4% to \$41.98 as did Brent up +0.3% to \$44.99.

On the data front, US job openings for June rose to 5.889m, beating expectations of a 5.3m gain. The quit rate rose to 2% from 1.6% in June. The job openings number remains more than 1m lower than its pre-pandemic level, a number all the worse considering 16m people were jobless in July according to last week's non-farm payrolls report. In Europe, the Bank of France's industrial sentiment index rebounded to 99 - up nicely from its earlier reading of 89, and trumping expectations of a lift to 92 - the highest level since mid-2020. Capacity utilisation rose to 71.5% from 69.1% in June. That said, the Bank of France noted that economic activity was 7% below normal in July, compared to a 9% gap in June. While an improvement, it does indicate that the rate of improvement has slowed. Business leaders are expecting stability in August.

PRECIOUS

Rising geo-political tensions and expectations of further stimulus measures helped push gold (briefly) back towards its record high achieved last week. In Asia, the metal shot lower to kick off the week trading down to \$2020 in thin opening trade, although rebounded \$10 to trade a \$2028-35 range throughout the remainder of the Asia session. Things remained contained in a similar range throughout London, although burst higher right at the NYK open as the Greenback shot lower. The yellow metal rallied sharply to just short of \$2,050 (\$2,049.50 high), before quickly reversing as some chunky macro profit taking was seen. In the end the gold closed modestly lower for the day at \$2027. Silver had another roller coaster session to kick off the week, traversing a lot of ground in terms of price. The metal opened and was sold off aggressively below \$28.00, finding support a couple of times at \$27.80. In early European trade it caught a bid and progressed up towards \$28.60 then consolidated between \$28.20-50. The white metal took off in line with gold on the US open surging \$1.00 in quick time to the days high. It then held in rather well in comparison to gold and closed at \$29.10, managing to hold the 29 handle. Platinum tested \$1000 yet again, once again being unable to sustain a meaningful move through there, despite further supply concerns from South Africa.

So far today it has been a much quieter session for gold, the metal opening and remaining steady for the opening hour before turning lower and trading back through Mondays lows of \$2019.60. We have bounced off the \$2014-15 area a few times now, but we are seeing active selling on bounces into the mid-\$2020's. As I write we are trading through \$2010 on the downside. Silver rallied initially this morning, but ran into Chinese based selling above \$29. As a result we have moved lower in a choppy fashion and believe it will be another volatile day ahead. On the data calendar today we have US PPI and NFIB small business index, as well as Euro Zone ZEW economic sentiment index. All the best and good luck.

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