



MKS PAMP  
GROUP

## Daily Asia Wrap - 18th November 2020



### Range Asian Hours (from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1880.10/60	24.48/51	930/33	2311/41
HIGH	1882.70/20	24.50/53	931/34	2311/41
LOW	1875.70/20	24.32/35	923/26	2304/34
LAST	1878.80/30	24.45/48	927/30	2311/41

### MARKETS/MACRO

It was a mixed and subdued session overnight as the boost from positive vaccine developments were somewhat deflated by weaker than expected US retail sales data. US equities were lower on the day with the DOW losing -167.09 points to 29,783.35, the S&P 500 falling -17.38 points to 3,609.53 and the Nasdaq shedding -24.79 points to 11,899.34. In Europe, it was a similar situation as COVID cases and deaths continue to rise and Brexit negotiations drag on. The FTSE100 declined -0.87% to 6,365.33, the DAX inched down -0.04% to 13,133.47, the EuroStoxx 600 retreated -0.24% to 388.82, while the CAC40 bucked the trend and rose +0.21% to 5,483.00. In FX, the US dollar index eased -0.11% to 92.44, the EUR moved as high as 1.1893, while USD/JPY was down to 104.08. US treasury yields were lower, the 2 year yield slipped -0.4 bps to 0.173% while the 10 year yield gave up -3.9 bps to 0.872%. Elsewhere, oil prices were lower with Brent selling off -0.6% to \$43.92 and the WTI pulling back -0.2% to \$41.54.

On the data front, retail sales in the US disappointed, increasing just +0.3% m/m in October. The data was considerably weaker than expected and well down on the +1.6% recorded in September. Sales of vehicles and petrol were weak and the rate of sales fell for furniture, food & beverage, and clothing. The cost of goods imported into the US in October decreased, while export prices firmed.

Lower petrol prices kept the cost of imports in check, while stronger prices for agricultural goods boosted export returns. The data indicate inflation is relatively weak at present. Meanwhile, confidence in the US housing sector lifted to record levels – according to a survey, which gauges the opinions of builders. The NZHB/Wells Fargo Housing Market Index lifted to a high of 90pts, up from October's 85pts.

## **PRECIOUS**

Gold remained in a tight \$7 range throughout the majority of the day yesterday, falling off late in NYK after news that Pfizer may be within days of filing for an emergency use authorisation for its COVID-19 vaccine – basically meaning that it had collected the safety data necessary from its phase 3 trials. Gold tracked an \$1885-1892 range throughout Asia and London, with small pockets of retail buying countering ongoing ETF and macro liquidation. Once the Pfizer news surfaced the yellow metal sharply shot from \$1885 down to the days low of \$1877.50 and closing at \$1880. A number of banks in their market commentary are becoming increasingly concerned with golds inability to push through \$1900 and the fact that it is making continual lower highs. The fact that we have now seen the 50 dma cross the 100 dma, ETF outflows continuing and have a vaccine seemingly around the corner, also strengthens the case to be cautious in the short term. First significant support sits at \$1850, with a breach of that opening the door to a test of the 200 dma at \$1792.00. To the topside \$1900 remains the first important hurdle. Silver remains supported by its 100 dma for now (currently \$24.405), but similar to gold we are seeing narrowing trading ranges against this support which raises concern. The white metal needs to push and hold above the key \$25 level to resume the uptrend, or risk a move back to \$23.00-23.20 area. Platinum continues to remain solid, although has seen some resistance around \$930.

Gold and silver have been fairly quiet throughout the Asian session so far, with both moving slowly lower from their opening levels. Gold opened just above \$1880 and initially pushed up toward \$1883 on light volumes. Once China opened for business, however, some supply emerged and the metal pushed below the overnight high to \$1876.00. It has remained under pressure for much of the afternoon and has been unable to push back through \$1880. Silver has followed suit and remained heavy throughout the day, yet has held the \$24.40 support (100 dma) for now. We continue to keep our eyes on vaccine news and any stimulus headlines out of the US. Have a good day ahead.

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