



MKS PAMP
GROUP

Daily Asia Wrap - 1st September 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1967.00/50	28.11/14	931/36	2240/60
HIGH	1989.50/00	28.81/84	947/52	2289/09
LOW	1965.80/30	28.06/09	928/33	2239/59
LAST	1987.20/70	28.63/66	945/50	2285/05

MARKETS/MACRO

U.S. stock finished mostly lower on Monday after China flagged the potential to block any sale of social media app TikTok. The S&P 500 ended trade -0.22% lower to 3,500.31 points, the DJIA slumped -0.78% to 28,430.05 points, however declines were largely a result of a stock reweighting (Apple reduced from 12% to 2.9%), while the Nasdaq Composite outperformed to add +0.68% to 11,775.457 points as Apple and Tesla rallied following stock splits. Over the month of August, the S&P 500 gained +7% to mark a fifth consecutive monthly gain and the DJIA added +7.6% over the period. The greenback continued to decline on Monday (DXY -0.20%), losing ground relative to the Euro (EUR/USD +0.33%) as the pair consolidated a move above 1.1900, while month end flows saw USD/JPY briefly above 106.00. Yields in the U.S. diverged as the longer dated were pressured lower by month-end buying. The two-year yield inched 0.5bps higher to 0.131%, while the 10-year declined 1.4bps to 0.7048%. On the data front, the Dallas Fed manufacturing index improved during August, jumping 11 points to 8.0 (exp: 0.0). The headline print was led by gains across new orders and employment components, while

capacity utilisation eased. In Germany, the preliminary read of CPI for August disappointed, sliding -0.2% MoM (exp: 0.0%) to see the annualised figure to -0.1% from flat previously. Markets in Europe finished in the red to see the Stoxx Europe 600 fall -0.62% to 366.51 points, the German Dax decline -0.67% to 12,945.38 points, while in London the FTSE 100 slumped -0.61% to 5,963.57 points.

PRECIOUS

A firm session across the precious complex to start the month as the dollar extended recent declines. Gold booked an outside session to break above recent resistance through USD \$1,975 - \$1,980, driven by the Euro testing strong resistance toward 1.20, while USD/JPY remained heavy underneath 106.00. Demand out of China was limited, however the on-shore premium tightened further to sit toward USD -\$55, providing a level of underlying supportive interest to spot. From a technical perspective the move through the USD \$1,975 - \$1,980 resistance band should open up a fresh move toward USD \$2,000 - \$2,015 over the near-term, however the current negative correlation with the dollar is the key for further near-term extension. The DXY index has broken down underneath 92.00 during Asian trade today, the lowest level since April 2018 as the post Jackson Hole decline accelerates. There are a number of Fed speakers this week that may dictate price direction over the near-term and cause choppy pricing for the DXY and in turn metals, however the underlying trend should remain. Silver posted a strong session to move within sight of 29.00 after finding good support toward USD 28.00. The metal will look to pivot through USD \$29.40 \$29.50 for a test of the recent high around USD \$29.85. The white metals remain buoyant as platinum attempts to pivot above USD \$950, while palladium is finding some resistance around USD \$2,300. Data today includes U.S. ISM manufacturing, U.S. ISM prices paid and U.S. ISM construction spending.

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