

Daily Asia Wrap - 23rd December 2020

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1860.10/60	25.18/21	1003/06	2307/27
HIGH	1867.30/80	25.46/49	1010/13	2314/34
LOW	1860.10/60	25.06/09	1001/04	2305/25
LAST	1866.70/20	25.35/38	1009/12	2312/32

MARKETS/MACRO

Protracted Brexit talks and fears over a new virus strain continue to grip markets as we approach the end of the year, with the USD still remaining pretty well supported as short Dollar positions continue to gradually be unwound. Despite missing many soft deadlines over issues like fisheries, a deal is still expected to be in place as the remaining differences hold very little economic value. Further, Michael Barnier also mentioned overnight he is optimistic that a UK/EU trade deal could come before Christmas and the prospect of a "controlled" no-deal situation in January, while negotiations get ratified, looks fairly benign. Equity markets in the US overnight were mixed, with the Dow dialing back -0.67% to 30,015.51 and the S&P500 retreating -0.21% to 3,687.26, meanwhile the Nasdaq pushed to fresh all time highs, closing up +0.51% on the day at 12,807.918. European shares pushed higher on optimism over a Brexit deal, the FTSE100 gaining +0.57% to 6,453.16, the DAX surged +1.3% to 13,418.11, the CAC40 advanced +1.36% to 5,466.86 and the EuroStoxx 600 ticked up +1.18% to 391.25. US treasury yields were mixed, the 2 year yield +0.4 bps to 0.121% while the 10 year yield eased 1.2 bps 0.920%. Crude oil was lower with the Brent off -2.0% to \$49.82 and the WTI falling -2.2% to \$46.73.

PRECIOUS

Metals continued to pair back gains as the Greenback remained rather resilient overnight. Gold pushed higher during the Asian hours yesterday rallying ~\$7+ to a peak of \$1883 over the course of the am. Some profit taking proceeded through the early afternoon and the yellow metal started to cave back towards the \$1860's, where some retail buying was seen from SE Asia and supported the market. The European day saw little action and only limited flows, gold angling slowly higher throughout. We hit just shy of the Asia peak just after the NYK open, but ultimately the stronger USD diminished interest and the metal descended quite rapidly towards \$1860. It had a brief bounce back but some good supply ahead of \$1870, which capped any further recovery, gold ultimately closing pretty much on the lows just above \$1860. It was another volatile day for silver, looking strong early in the Asia session and pushing to the daily high of \$26.56 during the 2 hours following the Shanghai open. As gold gave way, silver followed and proceeded to fall back through \$26.00 where some stops went through. The metal fell all the way back toward \$25.60, yet recovered to trade back around \$26 for most of the Europe day. We continued lower into the NY session in line with the rising dollar and we traded down toward \$25.10 and closed just off that.

It has been an inside day for metals thus far in Asia today. Gold opened at the lows for gold and has seen some very light buying since. It has been very limited, with low

volumes however as the holidays bear down on us. Gold will need to hold the \$1848-50 support or risk a deeper correction toward the 200 dma at \$1821. We like to buy dips towards this support level for a move back to \$1900 in the short term. Silver has gradually inched its way higher today, despite a couple of sharp pull-backs that have been paid into. We expect the silver to remain volatile over the holidays, especially when more liquidity is pulled out of the market next week. Platinum has held above \$1000 today, despite a brief trip below there overnight although is starting to look a little ominous in our opinion. Have a good day ahead.

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