



MKS PAMP
GROUP

Daily Asia Wrap - 25th November 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1807.20/70	23.26/29	962/65	2334/64
HIGH	1811.90/40	23.38/41	966/69	2340/70
LOW	1801.60/10	23.18/22	958/61	2316/46
LAST	1805.40/90	23.21/24	963/66	2328/58

MARKETS/MACRO

US equities ripped higher overnight with the Dow symbolically breaking through 30,000 for the first time ever, leaving it up more than +60% from its March lows as President-elect Joe Biden officially begins his transition period and Pennsylvania followed Michigan in certifying his win. News that former Fed chair Janet Yellen is Biden's choice for Treasury Secretary was also welcomed by markets. Yellen has been critical of the tariffs Trump imposed on China, so if her appointment is approved, we could see a more collaborative approach to trade issues. The markets also expect Yellen to bring in more economic stimulus and to have fiscal and monetary policy working closer together. US equities surged as a result, the DOW holding onto to the 30 handle and finishing up +1.54% at 30,046.24 on the day. The S&P rallied an impressive +1.62% to 3,635.41 and the Nasdaq jumped +1.31% to 12,036.785. European equities shared in the euphoria and carved out some solid gains, the FTSE100 advancing +1.55% to 6,432.17, the DAX accelerating +1.26% to 13,292.44, the CAC40 up +1.21% to 5,558.42 and the EuroStoxx 600 gaining +0.91% to 392.39. Elsewhere, US treasury yields were higher, the 2 year yield was flat at 0.162%, while the 10 year yield firmed +1.2 bps to 0.878%. Ahead of the OPEC meeting next week, oil prices have also climbed to their highest levels since March with the forward curves pricing in a vaccine-induced boost to demand by the middle of next year. Active contracts for the WTI crude rallied +3.1% on the day to \$44.85 and Brent ticked up +2.9% to \$47.80.

On the data front, Consumer confidence in the US fell more than expected in November, but the survey was conducted before the vaccine news came out. Confidence in both the present situation and future expectations fell. Also, the Richmond Fed Manufacturing Index for November was considerably weaker than expected with businesses struggling to find skilled workers. US house prices are showing no signs of easing with the lift in both the Federal Housing Index and S&P CoreLogic 20-City index beating expectations. Across the Atlantic, Germany's economy is performing better than expected. GDP data for Q3 lifted +8.5% q/q and is now tracking down +3.9% y/y with the economy benefiting from additional consumer spending. The IFO survey of Business Climate and Current Assessment also came in better than expected for November. However, the 'expectations' component was weaker than expected having retreated from 95.0pts to 91.5pts, indicating the vaccine news hasn't altered the outlook for most businesses.

PRECIOUS

Easing political uncertainty and positive news on the vaccine front weighed on the precious sector yesterday, as gold and silver continued to capitulate to their lowest levels since July and October respectively. Gold opened in Asia on what would be the session highs at \$1838.50 and shortly after began to give way. We were trading around \$1835 (spot) in the lead up to the Shanghai open, and once the SGE opened for business there was little support seen. Spot gold continued to give way to the low \$1820's before finding any semblance of support, which came in the form of fast money profit taking. The metal tested briefly back above \$1830 during the European morning, but further selling came in leading up to the AM gold auction and we broke through \$1820. Gold remained suppressed throughout the US day, touching a low of \$1801.60 and failing to bounce any significant amount off this level. ETF outflows continue and weigh on the spot price and one gets the feeling a test of the 200 DMA (\$1798.10) is just around the corner for gold. Silver had a heavy session also, opening around \$23.60 and falling toward \$23.25 during Asia. It briefly dipped below \$23 in early NY but steadily recovered from there to close at \$23.25. Platinum benefitted from the Risk-on moves and continued to grind it's way higher throughout Asia and Europe. The private bank selling that had capped the metal throughout dried up in NYK and we closed just off the daily highs at \$962.

Gold opened and made its way slowly higher this morning to trade just north of \$1810 on the back of some initial retail/physical buying and light profit taking. We tried again through that level right on the SGE open with a brief round of buying ending rather abruptly. Decent supply on COMEX was persistent throughout the day above \$1810 (cash) however and capped things for any further topside advance. As I type gold is sitting at \$1805 and still looking precarious. Quite a bit of data today ahead of the Thanks giving holiday. Look out for US MBA mortgage applications, initial jobless claims, wholesale inventories, GDP, durable goods, personal income/spending, Uni of Michigan sentiment, new home sales and the FOMC minutes to round it off. All the best and good luck.

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