



MKS PAMP
GROUP

Daily Asia Wrap - 3rd July 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1776.00/7.00	17.94/97	805/15	1902/22
HIGH	1776.60/7.60	18.02/05	811/21	1908/28
LOW	1772.90/3.90	17.92/95	805/15	1900/20
LAST	1773.80/4.80	17.99/02	808/18	1900/20

MARKETS/MACRO

Stronger than expected US payroll numbers lead to a risk-on tone across the markets. The US added 4.8 million jobs in June, well ahead of the 3.7 million figure expected by economists, and the unemployment rate fell to 11.1%. Employment in food and drink venues rose 1.5 million, retail rose 740,000, and education/health rose 568,000. US equities closed higher on the news, the Dow added 92.39 points, or 0.36%, to 25,827.36, the S&P 500 rose 14.15 points, or 0.45%, to 3,130.01, while the Nasdaq gained 53.00 points, or 0.52%, to 10,207.63. There were wins for materials (+1.85%) and energy (+1.13%) while REITs (-0.34%) led the laggards. European equities were higher, the EuroSTOXX put on 7.10 points, or 1.97%, to 368.29, the German DAX advanced 347.89 points, or 2.84%, to 12,608.46, and the London FTSE 100 added 82.40 points, or 1.34%, to 6,240.36. In the currencies, the US dollar gained ground against the EUR on the back of the strong US payroll numbers, the EUR traded down to 1.1228 after being as high as 1.1298 earlier in the session. The US dollar index ended up flat on the day at 97.21, while USD/JPY 107.50. US treasury yields were mixed, the 2 year yield eased 0.6 bps to 0.153% while the 10 year yield was unchanged at 0.669%. Oil prices were higher, Brent rose 1.6% to \$42.76 while WTI gained 1.2% to \$40.28. Base metals were broadly higher, with nickel (+0.8%) leading the gains. In other US economic data, initial jobless claims fell to 1.43 million over the seven days ending June 27, while continuing claims rose slightly to 19.3 million

in the week ending June 20. The US trade deficit widened by 9.7% to \$54.6 billion in May. In Asia today, as I write the Nikkei is at 0.28%, the Shanghai composite is at +1.04%, the Hang Seng is at +0.84%, and the ASX S&P 200 is at +0.00%. No economic data to be released out of the US on Friday due to the Independence Day holiday. We are expecting the Markit Services PMI and Markit Composite PMI out of the eurozone.

PRECIOUS

Gold shrugged off the risk-on tone seen elsewhere in the markets, with continuing concern about the worsening COVID crisis in the US and geopolitical uncertainty helping the precious edge higher. Light selling in Asia saw gold trade down to \$1765 before London came in and bid the metal up to \$1775. The US NFP release put immediate pressure on the market, the yellow metal trading to the session low \$1759. There were still plenty of buy orders sitting around the \$1760 support we saw hold through late June, and gold rebounded strongly to the highs of the day at \$1779. The market stabilised around \$1775 through remaining NY hours, managing a modest increase on the day. Silver followed gold higher in early NY trading but couldn't hold on to the \$18 handle, the grey metal closed slightly lower at \$17.96. PGMs remain rangebound and continue to hold recent supports. The Philadelphia gold and silver index eased 1.25% to 127.06. Quiet trading in Asia today ahead of the US holiday, gold has edged lower and is trading at \$1774 as I write. Silver is trading around the \$18 level, currently sitting at \$17.99. Have a good day ahead.

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