



MKS PAMP
GROUP

Daily Asia Wrap - 9th September 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1931.50/00	26.66/69	902/05	2288/08
HIGH	1934.50/00	26.82/85	908/11	2295/15
LOW	1923.35/85	26.47/50	899/02	2270/90
LAST	1926.30/80	26.47/50	900/03	2270/90

MARKETS/MACRO

The equity rout continued in the U.S. on Tuesday, once again led by heavy declines across the technology sector as the Nasdaq Composite settled more than -10% lower than its September 2nd record high. Returning from the Labor Day weekend the DJIA fell -2.25% to 27,500.89 points, the S&P 500 sunk -2.78% to 3,331.84 points, while the Nasdaq Composite cratered -4.11% to 10,847.691 points as Tesla collapsed -21.06% and Apple slumped -6.73%. The greenback posted a strong session (DXY +0.46%), extending gains above 93.00 as the Euro broke down underneath 1.18, while the safe-haven Japanese Yen firmed +0.22% to see USD/JPY underneath 106.00. Treasury yields were mixed as risk appetite deteriorated, seeing the 10-year once again fail to hold the 0.72% handle, falling 4bp to settle around 0.68%. The two-year yield meanwhile inched modestly higher, adding less than 1bp to 0.14%. On the data front, small business optimism in the U.S. improved during August according to the latest NFIB survey results. The index firmed to 100.2 (exp: 99.0) from 98.8 previously as seven of ten components within the survey improved. Eurozone GDP for 2Q sunk -11.8% QoQ (exp: -12.1%) from

an earlier estimate of -12.1%. The print saw the annualised figure to -14.7% from a previous estimate of -15.0%. Stocks in Europe finished the session lower to reverse much of the previous session gains, seeing the Stoxx Europe 600 fall -1.15% to 363.75 points, the German Dax declined -1.01% to 12,968.33 points, while in London the FTSE 100 eased -0.12% to 5,930.30 points. Oil futures declined on Tuesday on the back of concerns over demand, settling at their lowest level since June. WTI fell -7.6% to USD \$36.76 per barrel, while Brent Crude sunk -5.3% to USD \$39.78 per barrel.

PRECIOUS

Another Asian session pinned to the USD \$1,930 handle, driven by dollar flows as the Euro found favour in afternoon trade to bounce off a 1.1757 low, while U.S. 10-year yields opened 2bps lower toward 0.665% and tracked sideways throughout the afternoon. The Shanghai open saw a brief spate of offers across spot to drive gold to the session low of USD \$1,923.35 as the on-shore discount remained toward USD -\$50, however the yellow metal soon pushed back toward USD \$1,930 and extended gains throughout the afternoon. The metal continues to see support through USD \$1,920 - \$1,900 as it tracks the uptrend from March and respects the 50 DMA. Directional flows remain tied to the greenback and real yields, while near-term pricing may remain choppy while equity markets see high levels of volatility. Gold vols have tightened marginally due to the recent range, seeing 1 month back in toward 19, while 3m sits just above 20. Silver saw the USD \$26 support briefly broken in New York on Tuesday, however remained buoyant above USD \$26.50 in Asia today and looks to USD \$26.50 - \$26.00 as a near-term supportive band. Platinum has held USD \$900 today within a narrow range, while palladium sits underneath USD \$2,300 after losing touch with the figure on Tuesday. Data today includes U.S. MBA mortgage applications and U.S. JOLTS job openings.

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