



MKS PAMP
GROUP

Daily Asia Wrap - 12th August 2020



Range Asian Hours (from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1911.30/2.30	24.79/82	934/37	2074/24
HIGH	1926.60/7.60	25.92/95	947/50	2120/70
LOW	1862.90/3.90	23.44/47	916/19	2065/15
LAST	1894.80/5.80	24.66/69	939/42	2108/58

MARKETS/MACRO

A late sell off in US equities saw the three major bourses give up early gains to close lower. The Dow lost 104.53 points, or 0.38%, to 27,686.91, the S&P 500 fell 26.78 points, or 0.80%, to 3,333.69, while the Nasdaq shed 185.53 points, or 1.69%, to 10,782.82. The utilities (-2.13%) and REITs (-1.87%) sectors led the losses, while financials (+1.30%) were the only real bright spot. European equities were higher as German investor expectation data outperformed expectations, the EuroSTOXX added 6.11 points, or 1.68%, to 370.76, the German DAX gained 259.36 points, or 2.04%, to 12,946.89, and the London FTSE 100 rose 103.75 points, or 1.71%, to 6,154.34. In the currencies, the US dollar lagged against the EUR during early European hours before finding broad support later in the session. The US dollar index ended up flat at 93.64, the EUR peaked at 1.1804 before retreating to 1.1744, USD/JPY was firmer at 106.66. US treasury yields were higher as higher than expected PPI data fueled inflation concerns, the 2 year yield added 1.8 bps to 0.151% while the 10 year yield firmed 6.1 bps to 0.642%. Oil prices were lower, Brent sold off 1.3% to \$44.60 while WTI lost 1.4% to \$41.67. Base metals were mixed, with zinc (+0.5%) leading the gains. In US economic data, the producer price index surged 0.6% in July, well ahead of the 0.3% rise expected by economists, while core PPI rose 0.3%. The NFIB small business index slipped to 98.8 in July. In Asia today, as I write the Nikkei is at +0.48%, the Shanghai composite is at -1.99%, the Hang Seng is at -0.19%, and the ASX

S&P 200 is at -0.52%. Tonight we have the consumer price index, core CPI, and federal budget out of the US; along with industrial production out of the eurozone.

PRECIOUS

A shocking session for the precious saw the metals heavily sold as bond yields rallied. Gold opened at \$2027 and drifted lower through Asian hours. The sell off accelerated into the London open and the market dropped another \$20 during the AM session to be \$1980 as NY came in. Better than expected PPI numbers saw the greenback bounce off the low and bonds get sold off, which sent the yellow metal tumbling. Gold gave up over \$120 on the day to the \$1902 low, closing deep in the red at \$1911. Silver dropped an amazing \$4.50 after being absolutely decimated in NY trading. The grey metal ended the session at \$24.79, almost 15% lower on the day. PGMs didn't escape the heavy selling, with platinum and palladium closing well lower at \$931 and \$2098 respectively. The Philadelphia gold and silver index dropped 7.55% to 141.75. Very whippy trading in Asia today as the extreme volatility continues. Gold traded to a high of \$1926 in early Asian hours before dumping \$50 to \$1872. The metal rebounded toward \$1900 and dropped again to the low of \$1862. There has been another tick up in late Asian trading and the yellow metal is sitting at \$1894 as I write. Silver found a bid right out of the gate and rocketed to a high of \$25.92 within the first 30 mins of trading, before swiftly slashing 10% to print the low of \$23.33. The grey metal has since picked up over \$1 to be trading at \$24.66 as I write. Have a good day ahead.

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