



MKS PAMP
GROUP

Daily Asia Wrap - 21st October 2020



Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|------|------------|----------|----------|-----------|
| OPEN | 1907.20/70 | 24.66/69 | 875/78 | 2395/25 |
| HIGH | 1920.10/60 | 25.11/14 | 883/86 | 2401/31 |
| LOW | 1907.20/70 | 24.66/69 | 874/77 | 2387/17 |
| LAST | 1917.10/60 | 24.94/97 | 879/82 | 2398/28 |

MARKETS/MACRO

There were a lot of decent soundbites out last night from both the White House and House Democrats who appeared to inch closer to a pre-election stimulus deal. It seems for the most part that no one wants to take the blame for killing the stimulus talks, though Republican Senators tempered down expectations, saying the two sides remain fairly far apart on several key issues, including the size of the overall package. Nevertheless, markets welcomed the news, US equities pushing higher on the day the Dow up +0.4% to 28,038.79, the S&P500 advancing +0.47% to 3,443.12 and the Nasdaq gaining +0.33% to 11,516.49. The rising number of COVID-19 cases in Europe and the accompanying steeper restrictions kept European equity's in check. The FTSE100 inched up +0.08% to 5,889.22, the CAC40 remained unchanged at 4,929.28, the Euro Stoxx 600 retreated -0.35% to 365.51 and the DAX plunged -0.92% to 12,736.95. In FX, the dollar generally remained offered against the majors. Euro saw some decent buying, continuing on the momentum we saw yesterday, while the Aussie failed to break the September low last night and instead we saw some decent take profits come through helping to bring the pair back towards the 71c region. US

treasury yields were mixed, the 2y yield down -0.2 bps to 0.145% and the 10y rising +3.2 bps to 0.797%, while crude firmed, Brent up +1.7% to \$42.98 and WTI rising +2.2% on the day to \$41.46.

On the data front US September housing starts rose +1.9% m/m to 1.42m. Construction of single-family homes climbed to a 13-year high and accounted for 78% of all the home building. Permits, which are an indicator of future activity, rose an impressive +5.2% m/m to 1.55m. These data suggest construction is blazing a trail as the economy normalises amid the COVID-19 crisis, echoing the strength reflected in the NAHB survey published earlier in the week.

PRECIOUS

It was more of the same last night for metals, the precious complex advancing within recent ranges following the rhetoric on a possible stimulus deal. Gold traded mostly sideways during the Asia morning, flirting with \$1900 on the downside but never breaking through that level over the morning. As we ventured into the pm however, we broke through \$1900 and some spec length was seen in offering their interest. The market dropped sharply toward \$1895 although recovered quickly and went back to hovering just above \$1900. The yellow metal after a flat European session, gained ground in early NYK and pushed through \$1910 and didn't look back. It did finish on a softer tone however at \$1907. Silver had a constructive session getting within striking distance of \$25 again, but falling short. Ultimately it closed at \$24.65, up +\$0.30 on the day. PGM's were the standout and palladium in particular, surging in NYK from \$2350 to break \$2400 and close at \$2405 (mid).

It was a strong day for metals in Asia today, with decent buying seen across gold and silver in particular. The yellow metal opened at \$1907 where we closed and immediately pushed through \$1910 at the open. The metal then began to grind its way higher as the session moved on pushing through \$1920 briefly this afternoon, but some decent resting COMEX supply there capped it from punching higher. Silver had a choppy ride higher today, opening just under \$24.70 and trading through \$25.00 and near that for now. Ahead today on the data calendar look out for UK CPI and PPI, Canadian CPI and the Fed Beige book. All the best and have a good day ahead.

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