



MKS PAMP
GROUP

Daily Asia Wrap - 22nd October 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1924.80/30	25.05/08	890/93	2405/25
HIGH	1925.70/20	25.07/10	892/95	2412/32
LOW	1910.80/30	24.64/67	885/88	2396/16
LAST	1915.30/80	24.85/88	891/94	2403/23

MARKETS/MACRO

Stocks in the U.S. posted modest declines on Wednesday as participants awaited updates on stimulus negotiations between House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin. The Dow Jones Industrial Average ended the session -0.35% lower to 28,210.82 points, the S&P 500 declined -0.22% to 3,435.56 points, while the tech-laden Nasdaq Composite dipped -0.28% to 11,484.695 points. The dollar index (DXY) declined -0.48% to a more than three-week low of 92.47, heavy relative to the Euro (+0.31%) as EUR/USD extended gains through 1.18 to a 1.1881 session high, while USD/JPY moved underneath 105.00 to post a -0.86 fall. Treasury yields finished firmer on the back of optimism over fresh U.S. stimulus, with longer dated yields notably higher. The two-year yield inched just 0.2bps higher to 0.147%, while the 10-year jumped 4.5bps to 0.824%. On the data front U.S. MBA mortgage applications eased -0.6% during the week ended October 16, while purchase demand was down nearly -7% compared to four-weeks ago. The Fed Beige Book released on Wednesday showed economic activity in most parts of the country as “slight to modest”. The report covering the period

through October 9 indicated employment levels across the country is increasing, notably within the manufacturing sector. Oil futures traded lower after the EIA reported U.S. crude inventories increased by 1.9 million barrels last month. WTA finished the session -4% lower to USD \$39.75 per barrel, while Brent Crude fell -3.8% to USD \$41.40 per barrel.

PRECIOUS

A softer session across the precious complex during Asian trade date, pressured lower by a firmer dollar and a lack of U.S. stimulus headlines. Offers in early Chinese hours saw gold through support at USD \$1,920 as USD/Yuan found interest post-fix, with both on-shore and off-shore testing toward 6.66. Resting bids broadly through USD \$1,910 - \$1,915 restricted any further declines, with participants happy to pick up the metal ahead of the strong USD \$1,900 support, while the Chinese discount remained sedate toward USD -\$30. Stimulus headlines remain the key for near-term price direction, while focus also turns to Thursday night's final Presidential debate. With regards to dollar flows, we have seen notable gains across both the Euro and the Pound in recent sessions on positive Brexit headlines, and this has the potential to create dollar headwinds into the end of the week and support the precious. Silver lost touch with the USD \$25 handle in Asia today, however remains broadly supported toward USD \$24.50 with good interest throughout the session as the metal sits above the March low uptrend. Data releases today include U.S. initial jobless claims, Bloomberg U.S. consumer comfort, the U.S. leading index and U.S. existing home sales.

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