



MKS PAMP
GROUP

Daily Asia Wrap - 24th August 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1940.00/50	26.81/84	919/24	2176/96
HIGH	1940.75/25	26.81/84	923/28	2176/96
LOW	1930.00/50	26.32/35	912/17	2143/63
LAST	1935.20/70	26.53/56	917/22	2150/70

MARKETS/MACRO

Stocks in the U.S. pushed to fresh record high prints on Friday, buoyed by positive data prints and a record high for Apple (+5.15%). The DJIA ended the session +0.69% higher to 27,930.33 points, the S&P 500 gained +0.34% to a fresh record closing high of 3,397.16 points, while the Nasdaq Composite also booked a fresh record closing high, finishing +0.42% higher at 11,311.80 points. The greenback booked a firm session on Friday as positive U.S. data buoyed the dollar and disappointing European PMI prints weighed upon the Euro. The DXY index tacked on +0.77% to move above 93.00, firmer relative to the Euro (EUR/USD -0.54%) as the pair lost touch with the 1.18 handle, while the safe-haven Japanese Yen finished relatively unchanged underneath 106.00. Treasury yields finished mixed as the long end eased to flatten the curve. The two year ended the session unchanged toward 0.145%, while the 10-year declined 3bps to 0.628%. On the data front, the Markit U.S. PMI prints were stronger during August (provisional), indicating business activity continues to expand. The composite PMI increased to 54.7 from 50.3 previously to mark the highest print since February 2019 as the services PMI

improved to 51.0 from 50.0 previously and the manufacturing PMI moved to 52.0 from 50.9 previously. Markit noted that stronger client demand drove the uptick in output and total new business rose for the first time since February. Existing home sales data out of the U.S. for July spiked a record 24.7% MoM to an annualised seasonally adjusted rate of 5.86 million. The supply of existing homes meanwhile cratered -21.1% on an annualised basis, while the median price in July increased +8.5% to USD \$304,100. European markets finished generally lower on Friday as regional PMI prints disappointed. The Europe Stoxx 600 eased -0.15% to 365.09 points, the German Dax slumped -0.51% to 12,764.80 points, while in London the FTSE 100 slipped -0.19% to 6,001.89 points.

PRECIOUS

A narrow range to begin the week during Asian trade today, as the greenback tracked sideways and regional equities added modest gains. Early session offers weighed upon gold to see the metal lose touch with USD \$1,940, moving USD \$10 sharply lower before underlying bids toward USD \$1,930 restricted any further declines in thin trade. Bullion received a modest boost once Tocom opened to keep pricing buoyant, while Chinese demand provided little in the way of direction as the on-shore discount remained heavy toward USD -\$80. Offers scaled through to USD \$1,950 should keep gold pinned underneath the figure over the near-term as participants await Fed Chair Jerome Powell's speech this week at Jackson Hole. From a technical perspective, gold remains above the USD \$1,921 pivot level (2011 high print), however the metal is building into a wedge that may test down-side support at the key psychological level of USD \$1,900. In focus will be ETF flows to see whether they continue to build after a number of sessions of net outflows in recent weeks after the failure at USD \$2,000. Silver followed gold lower on the open, sinking USD \$0.40 to USD \$26.40, before being bid back toward opening levels amid illiquid early session flows. The Chinese on-shore discount saw further weakness to extend to USD -\$0.60 to see the grey metal break lower once again, touching a session low of USD \$26.32 and settling into a narrow range either-side of USD \$26.50 during the afternoon. Focus this week turns to the virtual Jackson Hole Central Bank symposium (August 27 – 28), with all eyes on Fed Chairman Jerome Powell's speech on Monetary Policy Framework Review, while the U.S. Republican convention gets underway today. On the data front today we see the Chicago Fed National activity index.

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